

TOWN OF FAYAL
4375 SHADY LANE, EVELETH, MN 55734

Heidi Coldagelli, Clerk/Treasurer

Anthony Tammaro, Chairman

Supervisors: Lee Branville, Dave Ochis, Richard Sather, Patrick Ziegler

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REGULAR MEETING OF THE FAYAL TOWN BOARD

MARCH 1, 2016

The Regular Meeting of the Fayal Town Board of Supervisors was called to order at 9:00 AM by Chairman Tammaro. Present were: Chairman Tammaro, Supervisor Branville, Supervisor Sather, Supervisor Ochis and Clerk/Treasurer Coldagelli. Supervisor Ziegler was absent.

Audience members in attendance were Greg Buckley, Eveleth Police Chief Tim Koivunen, Deputy Police Chief Jesse Linde, Dennis Pernu, Pam Sarvela, Steve Shykes and Cal Turner.

Motion to approve the minutes of the Regular Board Meeting of February 16th, 2016, made by Supervisor Branville, support from Supervisor Sather. Motion carried unanimously.

SCHEDULED GUESTS

Pam Sarvela from MN Energy was present to discuss the potential natural gas extension along the Long Lake area. The goal for the New Area Surcharge is to remain under \$25 per month. The installation would be a combination of two-inch and four-inch pipe for approximately 26,500 feet of pipe to service roughly 180 customers. Filing with Minnesota Public Utility Commission (MPUC) was delayed as it was discovered that the tap located on Thunderbird Trail had some issues that may add a 40% increase to the project. MN Energy is waiting to see if that number is accurate. The project could still proceed if that cost is accurate but it would drive the term from a 20-year term to a 30-year. MN Energy is regulated by the MPUC and they determine how much of the net revenue from potential customers be applied to the construction of an expansion. The MPUC allows MN Energy to finance the customer's portion upfront. Anyone that connects is charged the New Area Surcharge. Ms. Sarvela addressed that when the Ely Lake expansion was originally presented, the St. Mary's Lake project would have required those residents to come up with roughly \$16,000. The New Area Surcharge was reran and now it would no longer cost the residents on St. Mary's Lake that upfront fee to connect. Ms. Sarvela also encouraged residents located to the south on Miller Trunk Road to call in and request the cost for natural gas.

Next steps for MN Energy would be to finalize construction costs and rerun the model to see if the New Area Surcharge would be \$25 or less. Ms. Sarvela felt that the surcharge would fall within those lines with the 30-year term, but she did like to extend the term out that long. The New Area Surcharge rider would then need to be filed with the MPUC. Customer communication process would run parallel with filing with the Commission. Construction goal would be July-August and would be complete within 90 days. Ely Lake Drive is still going to be a promoted area as well. There will be an open house for the Long Lake project but it will be nothing to the extent of the Ely Lake project.

AUDIENCE CONCERNS

Steve Shykes updated the Board that for FDIC training the Fire Department needs to pay their registration fee but they will be reimbursed.

REPORTS

Clerk/Treasurer's Report- For the period of January 1, 2015 through December 31, 2015:

General Fund- Beginning balance was \$275,745.72, there were \$212,395.68 in revenues and \$182,925.02 in expenditures and a \$5,000 transfer to Employee Benefits, leaving an unreserved balance of \$305,216.38.

Buildings & Grounds- Beginning balance was \$ 0.42, revenues received were \$53,000 in levy funds, \$1,600 in Town Hall rent, insurance reimbursements of \$2,285 and a miscellaneous refund of \$306 for a total of \$57,191 in revenues. Expenditures were \$47,323.33, leaving of reserve of \$9,868.09.

Fire Dept.- Beginning balance was \$745.33. Revenues were: \$66,000 in levy funds, State Fire Aid of \$14,991.65, refunds/reimbursements of \$2,815, DNR grant of \$7,990 and Mining effects of \$10,000 for a total of \$101,796.65 in revenues. Expenditures were \$104,148.03, leaving a negative reserve of (\$1,606.05).

Rec.- Beginning balance was \$10,753.44. Revenues were levy funds of \$20,000. Expenditures were \$18,795.15 leaving a reserve of \$11,958.29.

Capital Equipment- Beginning balance was \$141,569.90. Revenues were \$30,000 in levy funds. Expenditures were \$13,916.39 for Fire Truck Repairs, \$42,032 for Fire Truck purchase and \$9,037 for Building and Grounds mower for a total of \$64,985.39 in expenditures, leaving a reserve of \$106,584.51.

Police- Beginning balance was \$1,800.61. Levy funds received were \$40,000, fines received were \$506.55 for a total of \$40,506.55. Expenditures were \$41,638.52, leaving a reserve of \$668.64.

Town Hall- Beginning balance was \$10,000. Revenues were \$10,000 in levy funds, leaving a reserve of \$20,000.

Road & Bridge- Beginning balance was \$302,437.39, revenues were \$229,132.55 in levy funds, fiscal disparities of \$8,725.35, taconite aid of \$37,245.85, town road aid of \$15,922.87, unmined taconite of \$1,444.71, and miscellaneous of \$383.66 for total revenues of \$292,854.99. Expenditures were \$412,396.69, leaving a reserve in this fund of \$182,895.69.

Public Utilities- Beginning balance was (\$4,844.57), franchise fees received were \$9,994.86. Expenditures were \$9,033.88, leaving a negative reserve of (\$3,883.59).

Mining Effects- Beginning balance was \$0.00. Revenue received was \$55,476.00, expenditures were: Transfer to Fire Department for \$10,000, transfer to Building and Grounds for kitchen improvements for \$20,000 leaving a reserve of \$25,476.00. Remainder will be transferred to fund 602 for the SCADA project when final bill is received from contractor and engineer and if any remaining funds they will go to the Fire Dept for FDIC training expenses.

Employee Benefits-Beginning balance was \$117,959.65, revenues were a transfer in from general of \$5,000 for total revenues of \$5,000. Expenditures were \$18,717.65 for retiree health savings account, leaving a reserve of \$104,242.00.

Lodging Tax- Beginning balance was \$0, revenues were \$1,201.70, leaving a reserve of \$1,201.70. This amount, less 5% will be sent to Iron Range Tourism Bureau in 2016.

Fayal Water Company Contingency- Beginning balance was \$43,316.52, designated for the year was \$4000.08, leaving a reserve of \$47,316.60.

Fayal Sewer Company Contingency- Beginning balance was \$50,123.31, designated for the year was \$9,000, leaving a reserve of \$59,123.31.

Fayal Water Company Depreciation-Beginning balance was \$73,625.26. Designated for the year was \$4,330.80, leaving total funded depreciation of \$77,956.06.

Fayal Sewer Company Depreciation- Beginning balance was \$213,000 designated for the year was \$20,000, leaving total funded depreciation of \$233,000.

PUC Truck Depreciation- Beginning balance was \$27,216.50 designated for the year was \$4,354.08. \$28,241.78 was spent on a PUC truck for an ending balance of \$3,328.80.

Sewer Replacement Fund- This is a fund required by the PFA to allocate ten cents per thousand gallons of wastewater to be placed in a special sewer replacement fund. Beginning balance was \$47,414.55. Those funds were approved for the SCADA project and disbursed. Set aside for the 2015 year was \$2,755.68 for an ending balance of \$2,755.68.

Fayal Water Company- For the year ending 12/31/2015, the Fayal Water Company ended with a balance of \$121,740.27. Accumulated within this balance are Maintenance Contingency of \$47,316.60, Depreciation

not in CD \$12,992.40, Standby Water Fees of \$21,305.53, leaving a cash balance of \$40,125.74. This compares with a cash balance for the year of 2014 ending with \$28,003.26.

Fayal Sewer Company- For the year ending 12/31/2015, the Fayal Sewer Company ended with a balance of \$347,922.11. Accumulated within this balance are Maintenance Contingency of \$59,123.31, Depreciation not in CD of \$60,000, PUC Truck Depreciation \$3,328.80, Sewer Access Charges \$30,990.27, leaving a cash balance of \$194,479.73. This compares with a cash balance for the year ending 2014 of \$128,867.13.

<u>Reconciled Balances of 12-31-2015 for all accounts:</u>		<u>As of 12-31-2014</u>
Miners National Bank-	\$918,373.25	\$635,995.78
Mt. Iron Bank Checking-	\$16,548.59	\$322,102.22
CD Savings	\$490,931.72	\$537,791.67
Assessment Savings-	\$455,011.17	\$458,207.58
<u>Total, All Accounts</u>	<u>\$1,880,864.73</u>	<u>\$1,954,097.25</u>

Bank statements for the month of February have not been received so this report is tentative. Revenues were \$112,747.90 and expenditures were \$122,890.98. Mining Effects Funds (1st half) were deposited for \$23,780.00.

Ending balances for the month of February are:

Miners Checking- \$865,250.79

Assessment Savings- \$463,177.75

Mt Iron Checking- \$7,549.91

Motion to approve the 2015 and February Clerk/Treasurer's Report, made by Supervisor Branville, support from Supervisor Ochis. Chairman Tammaro asked if Fayal was under or overfunded in the employee retirement accounts. Clerk Coldagelli believed they were slightly underfunded but the auditor was currently working on those final numbers. Chairman Tammaro thought that the window purchase was supposed to come out of the Town Hall Fund, not Building and Grounds. Supervisor Branville was unsure which fund it was paid out of and Clerk Coldagelli stated she would look into it. Supervisor Branville asked how often Clerk Coldagelli would provide the detailed reports that she had created. Clerk Coldagelli stated that she wanted to provide those at a minimum of quarterly, but ideally monthly. ***Motion carried unanimously.***

Other Reports- None at this time.

CORRESPONDENCE-

February 16th-SLCAT Lobby Day, Tuesday, April 5th, 2016. For those interested in going a bus is departing and the deadline is March 31st. Placed on file.

February 19th- Letter on behalf of St. Louis County Board for hosting their Board Meeting on January 26th. Placed on file.

February 19th-Letter from St. Louis County for tentatively scheduling our 2016 Local Board of Appeal & Equalization meeting for April 13th from 1-2 PM at the Fayal Town Hall. Clerk will need to organize and prepare for.

February 22nd- Flyer from Minnesota Association of Townships regarding the 2016 Spring Short Courses. Interested Supervisors, Deputy Clerk Dickson and Clerk Coldagelli will be registering.

February 24th- Email from the Franklin BEARS PTA seeking donations for their 8th Annual Family Bingo. 2015 Donation was \$100.00. Referred to New Business.

February 24th- Email from League of Minnesota Cities. Accepting Nominations of Cities and Leaders for a 2016 League Award, deadline is May 2nd. Placed on File.

February 24th- Letter from Century Link asking that government agencies involve them early in the planning process of road construction and city improvement projects as required by Minnesota Statute. Placed on file and shared with Road & Bridge.

February 25th- RAMS Board Meeting Minutes from January 28th meeting. Placed on file.

February 25th- Letter from Minnesota Energy providing notices for evidentiary and public hearings regarding

rate case pending before the MPUC. Meeting will be held Monday, March 28th at 7 PM at the Cloquet Chamber of Commerce. Placed on file.

February 25th - Email and website comment from Princeton Township regarding awareness of annexation issue that is affecting Minnesota Townships. They are urging Fayal to take a look into bill 919 that will be presented at the next Legislative Session in March. Change to the bill reads, "property subject to an orderly annexation agreement is not subject to any type of annexation by any city not a party to the orderly annexation agreement, and any petition or other filing by a nonparty city shall be denied as soon as the parcel to be annexed is identified as being subject to an orderly annexation agreement. An Ordinance adopted by a city not a party to the orderly annexation seeking to annex property subject to an orderly annexation is void." Placed on file.

February 25th - Letter from Mediacom regarding transforming its TV channel line-up to all digital. This will move channels 2-17 through 95 to a permanent digital home. Enclosed was a sample customer letter sent to Mediacom customers in our area. Next day Fayal also received our own letter from Mediacom regarding the need for digital adaptors. These are currently at no cost through March 31st, 2017. Clerk Coldagelli will stop in to Mediacom to pick up one for the Town Hall and one for the Fire Hall.

February 26th - Letter from St. Louis County regarding a public hearing on Thursday March 10th at 10 AM regarding Mike Johnson's conditional use permit for a commercial borrow pit as an Extractive Use Class II. Clerk Coldagelli added that the Planning Committee sent a letter to St. Louis County for their favorable response of the conditional use permit. There were also some corrections to the application that they sent to the County. Share with Planning Committee and placed on file.

Chairman Tammaro asked Tim Koivunen the progression of the in-squad computer grant. Chief Koivunen clarified that they were waiting for Steve Peterson to order the equipment. Everything will be billed to Fayal, the grant will reimburse 50% and then the City of Eveleth will reimburse Fayal for what was paid. Chairman Tammaro asked if the car was complete to accommodate the dog, which it was currently in Duluth receiving the necessary updates.

OLD BUSINESS

Supervisor Sather-

Gas Line- Pam Sarvela, scheduled guest presented progression.

SCADA- Waiting for final paperwork from Telemetry Process Controls and Short Elliot Hendrickson.

Supervisor Branville-

Part-Time Help- No further updates.

Town Hall Fees- Supervisor Branville brought forward the Hall usage fees. The key deposit fee in the future will be waived for all employees.

Motion to approve Resolution 2016-02, A Resolution to Establish Policy for the Rental and Use of the Fayal Town Hall, made by Supervisor Branville, support from Supervisor Ochis. Motion carried unanimously.

Supervisor Ochis-

Motion for Road & Bridge to spend \$1,400 to contract with St. Louis County for road striping, made by Supervisor Ochis, support from Supervisor Sather. Motion carried unanimously.

Chairman Tammaro-

Fire Department Coop- No new information.

Joint Powers Eveleth, Gilbert, Fayal, Leonidas Sewer- Meetings with the public works directors have occurred.

Ballfield Road- No updates.

Annual Meeting Agenda- Chairman Tammaro asked everyone to get their reports over to Clerk Coldagelli for in the minutes.

Job Descriptions-

Motion to table the job description changes until next meeting when Supervisor Ziegler returns, made by Chairman Tammaro, support from Supervisor Ochis. Motion carried unanimously.

Planning Committee Bylaw Changes- Clerk Coldagelli read the resolution for the changes to the Planning Committee Bylaws.

Motion approve Resolution 2016-03, made by Chairman Tammaro, support from Supervisor Sather. Motion carried unanimously.

Chairman Tammaro suggested that the PUC Bylaws be reviewed. Cal Turner questioned how far our records go back. Clerk Coldagelli stated that record retention varies depending on the item. Mr. Turner specifically had questions regarding minutes and how far back were retained. Clerk Coldagelli stated that she did have minutes in the office that went back to 1998 but if there were any specific years prior that he was looking for Clerk Coldagelli should be able to find them.

NEW BUSINESS

Motion to approve the Preliminary 2015 Audit Report, made by Supervisor Branville, support from Supervisor Ochis. Motion carried unanimously.

Motion for Lodging Tax payment of \$1,141.61 to be paid to Iron Range Tourism Bureau and \$60.09 to be retained by Fayal for the 5% administrative costs, made by Supervisor Ochis, support from Supervisor Branville. Motion carried unanimously.

Motion to donate \$100.00 to the Franklin PTA, made by Supervisor Ochis, support from Supervisor Branville. Motion carried unanimously.

Chairman Tammaro brought forward a map regarding the property of Marcia Ulland. She is currently in the process of selling a parcel to Mr. Peterson. When Ms. Ulland split up her large parcel into multiple parcels, the benefitted property no longer carried the paid assessment on Fayal's records. Chairman Tammaro expressed that Fayal should take no action to move the paid assessment to the benefitted property until Fayal Township receives written authorization from the current property owners, the Waldorf's. Chairman Tammaro reiterated that he had no problem moving the paid assessment to the benefitted property, but not until written documentation is received from the Waldorf's expressing their approval of the change. Supervisor Ochis stated that Waldorf's property could never have sewer because it is further than 300 feet. As the way it stands, Mr. Peterson would be assessed a \$7,000 sewer access charge. Supervisor Ziegler did approach the Waldorf's and the Board is just awaiting to hear back from them.

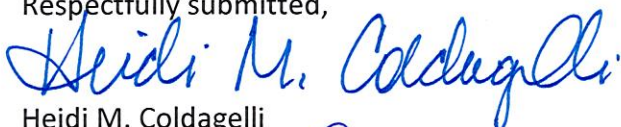
Chairman Tammaro read a copy of the letter that St. Louis County sent to residents of Fayal regarding the sewer assessment payment changes on the property taxes. St. Louis County had an issue with the calculation and how the interest and principle were applied. Clerk Coldagelli clarified that at the end of the project everyone will have paid the same amount of interest and principle as was originally calculated. No one is actually paying any more money than was originally calculated, it is being distributed to account for the correct principle and interest and to include the \$51.66 that was interim interest in the beginning of the project. This also reduces the original final \$548 payment to a more manageable payment of \$487.

Motion to pay the claims, made by Supervisor Branville, support from Supervisor Ochis. Chairman Tammaro abstained. Motion carried.

Motion to adjourn the regular meeting by Supervisor Branville.

Chairman Tammaro adjourned the regular meeting at 9:54 AM.

Respectfully submitted,



Heidi M. Coldagelli

Clerk/Treasurer Town of Fayal

Approved:



Chair

Date:

4-5-16

Attest:



Clerk