

TOWN OF FAYAL
4375 SHADY LANE, EVELETH, MN 55734

Judy M. Sersha, Clerk/Treasurer

Steven J. Kniefel, Chairman

Supervisors: Tony Tamaro, James Pernu, Lee Branville, Mike Erjavec

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REGULAR MEETING OF THE FAYAL TOWN BOARD

FEBRUARY 15, 2011

The Regular Meeting of the Fayal Board of Supervisors was called to order at 7:00 by Chairman Kniefel. Present were: Chairman Kniefel, Supervisor Erjavec, Supervisor Pernu, Supervisor Branville, Supervisor Tamaro and Clerk Sersha.

Audience members in attendance were: Steve Shykes, Scott Smith, Harvey Thompson, Jerry Ulman, Brad Reifsteck and Jim Johnson.

Motion to approve the minutes of the February 1, 2011 Regular Meeting, made by Supervisor Branville, support from Supervisor Pernu. Motion carried unanimously.

REPORTS

Clerk/Treasurer's Report- For the period of February 1-14, 2011 there have been \$14,775.03 in receipts and \$31,482.39 in expenditures. Tentative balances as of this date are:

Miners Bank- \$57,938.11
Assessment Savings- \$451,688.75
Mt. Iron Checking- \$826,225.96

Balances for the period of January 1, 2010 to December 31, 2010 for all funds and departments are as follows:

General Fund- Beginning balance was \$186,700.97, there were \$220,771.70 in revenues and \$207,717.47 in expenditures, leaving a reserved balance of \$7,923.08 and an unreserved fund balance of \$191,822.12.

Buildings & Grounds- Beginning balance was \$15,356.06, revenues received were \$45,000 in levy funds, and \$665.00 in town hall rent for revenues of \$45,665.00. There were \$39,271.59 in expenditures, leaving an ending balance of \$21,799.50.

Fire Dept.- Beginning balance was \$-1,242.83. Revenues were: \$59,700.00 in levy funds, \$10,640.00 FEMA grant, \$1,560 DNR firefighting, State Fire Aid- \$9,602.00, Local Grant, City of Eveleth as fiscal agent- \$71,537.63, Mining Effects- \$17,965.00 and Refunds/Reimbursements of \$80.84 for a total of \$171,085.47 in revenues. Expenditures were \$142,519.49, leaving an ending balance of \$2,604.33.

Rec- Beginning balance was \$47,970.12. No levy funds were received. Expenditures were \$25,116.49, leaving an ending balance of \$22,853.63.

Capital Equipment- Beginning balance was \$198,880.61, revenues were \$30,000 in levy funds, CD interest of \$3,681.48 for a total of \$33,681.48. Expenditures were \$4,733.14 for new doors in the cold storage building and \$906.20 for the electrical work, leaving an ending balance of \$226,922.75.

Police- Beginning balance was \$15,769.43. Revenues were \$36,000 in levy funds and fines of \$514.69, total \$36,514.69. Expenditures were \$27,675.01, leaving an ending balance of \$24,609.11.

Road & Bridge- Beginning balance was \$276,353.62, revenues were \$191,761.55 in levy funds, \$19,294.00 in mining effects for the Scout Camp Road project, Taconite Aid- \$34,594.46, Town Road Aid of \$13,059.48 and miscellaneous of \$759.25 for a total of \$259,468.74. Expenditures were \$322,345.07, leaving an ending balance of \$213,477.29.

Public Utilities- Beginning balance was \$20,305.86, franchise fees received were \$9,661.99, expenditures were \$4,838.70, leaving a balance of \$25,129.15.

Mining Effects- Beginning balance was \$101,992.07. Revenue received was \$52,271.00, expenditures were: Fire Trailer & Compressor- \$14,200, Scout Camp Road- \$19,294, Fire Radio grant match- \$3,765, Eveleth Ambulance- \$20,000. Designated funds are: Bike Trail (prior years)- \$46,533.22, Fayal Sign Project- \$20,000, Town Hall Air Conditioning- \$8,777, and remainder of radio grant match- \$765, leaving an ending balance of \$97,004.07.

Employee Benefits- Beginning balance was \$96,550.14, revenues were \$3,192.23 in CD interest and \$5,000 transfer from General, leaving a balance of \$113,410.42.

Lodging tax- Beginning balance was \$4,305.49, revenues were \$1,037.37, leaving a balance of \$5,342.86.

Assessment Account Interest- This fund is interest earned from the assessment savings account that can be used for purchases for the Fayal Sewer Company. Beginning balance was \$62,595.85, interest earned was \$3,232.93, ending balance is \$65,828.78.

Special Assessment Interest- This fund is interest earned from the difference charged to benefitted property owners versus what the town pays on the PFA loans. These funds can be used to pay for administrative costs, such as audit fees, or to pay down the debt on the loans. Beginning balance was \$163,485.71, interest earned was \$34,383.31, expenses were \$5,300.00 for auditing, leaving a balance of \$197,869.02.

Differding Point Sewer Interest- This fund is interest earned from the difference charged to benefitted property owners versus what the town pays on the Differding Point PFA loan. Beginning balance was \$18,054.28, interest earned was \$1,618.55, ending balance is \$18,054.28.

Fayal Water Company Contingency- Beginning balance was \$16,013.62 revenues were \$11,650.08, ending balance is \$27,663.70.

Fayal Sewer Company Contingency- Beginning balance was \$17,176.21, revenues were \$9,000.00, expenditures were \$0.00, leaving an ending balance of \$26,176.21.

Fayal Water Company Depreciation- Designated for the year was \$4,330.80, CD interest earned was \$1,444.81, total funded depreciation is \$64,903.31.

Fayal Sewer Company Depreciation- Designated for the year was \$30,000, interest earned was \$6,652.64. Total funded depreciation is \$307,403.12.

PUC Truck Depreciation- Beginning balance was \$5,442.60, designated for the year was \$4,354.08 for an ending balance of \$9,796.68.

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 \$31,092.27, CD interest earned was \$805.98, set aside for the year was \$3,713.94, ending balance is \$34,806.21.

Balances as of 12-31-2010 for all accounts:

Miners National Bank-	\$196,996.59
Mt. Iron Bank Checking-	\$768,747.05
Assessment Savings-	\$450,552.07
Employee Benefits CD-	\$108,410.42
Capital Equipment CD-	\$125,025.79
Sewer Replacement CD-	\$28,785.52
FWC Depreciation CD-	\$51,601.02
FSC Depreciation CD-	\$232,730.60
<u>Total 12-31-10</u>	<u>\$1,962,849.06</u>

<u>Interest Earned for the year 2010-</u>		<u>2009</u>
Miners Bank-	\$225.32	\$499.37
Mt Iron Checking-	\$6,296.86	\$22,270.94
Assessment Savings-	\$3,232.93	\$9,742.46
CD Interest, total-	\$14,923.39	\$18,591.26
<u>Total Interest 2009-</u>	<u>\$24,678.50</u>	<u>\$50,604.66</u>

Motion to approve the Clerk/Treasurer's Report made by Supervisor Erjavec, support from Supervisor Branville. Motion carried unanimously.

Motion to accept the February 9, 2011 EFGSD Joint Rec Regular Meeting minutes, made by Supervisor Tamaro, support from Supervisor Branville. Motion carried unanimously.

Motion to accept the Special Meeting minutes of the Eveleth-Fayal Joint Cable TV Commission, made by Supervisor Tamaro, support from Supervisor Pernu. Motion carried unanimously.

CORRESPONDENCE

SLC Auditor- We must levy at least \$90,895 in 2012 to receive gas tax money. Placed on file.

Lorraine Klobuchar- Response letter regarding snow on easement between her property and Ron Beldo property. Placed on file.

Fayal Fire Dept- Requesting reimbursement of \$3,632.00 to the fire budget from capital equipment fund for a repair to Engine 91. Referred to New Business.

Fire Chief Shykes- Requesting approval for annual firefighter physicals, cost \$2,100. Referred to New Business.

Qwest- Request to include them in any early planning for road construction projects as required by MN Statute 216.D. Placed on file.

Jackpine Web Design- Offer to establish a township website. Placed on file.

MN Assn of Twps- 2011 Shortcourse will be March 31, Sawmill Inn, Grand Rapids or April 1, Black Bear Resort, Carlton. Placed on file.

Brad Reifsteck, SEH- Copy of letter sent to Mike Darrow, Clerk of Gilbert, requesting information on Gilbert water usage and sewer treatment costs. Placed on file.

OLD BUSINESS

Supervisor Erjavec-

Gilbert Effluent Agreement- We have heard nothing from Gilbert. SEH Engineer Brad Reifsteck has contacted Gilbert requesting information on their water usage and sewer treatment costs and is working on a rate plan.

Supervisor Erjavec reported the PUC voted to start billing Gilbert monthly for their 56 customers using Fayal's wastewater infrastructure, and also to back-bill for the last two years.

Motion to bill Gilbert monthly for their 56 customers using Fayal's infrastructure, and also back-bill for the past two years, made by Supervisor Erjavec, support from Supervisors Tamaro. Motion carried unanimously.

Supervisor Branville-

Building Committee- Supervisor Branville will be meeting with Steve Shykes and John Damberg to go over the SEH and Architectural Resources proposals and will have a report at the next meeting.

Supervisor Tamaro-

Road Improvements- Brad Reifsteck will be meeting again with Steve Verkovich regarding the proposed projects, will have a report at the next meeting.

NEW BUSINESS

Supervisor Pernu reported there are some cracks in the floor tiles in the town hall that may have to be addressed.

Supervisor Tamaro reported he will have more information on the truck specs at the next meeting.

Supervisor Tamaro reported the PUC has recommended we pull out of the joint cable tv commission.

Motion to withdraw, as appropriate, in one year from the Eveleth-Fayal Joint Cable TV Commission, made by Supervisor Tamaro, support from Supervisor Erjavec. Motion carried unanimously.

Chairman Kniefel deferred the levy discussions to the end of the meeting.

Motion to authorize physicals for the fire department at a cost of \$2,100, to be paid from the fire budget, made by Chairman Kniefel, support from Supervisor Tamaro. Motion carried unanimously.

Motion to approve the reimbursement from the capital equipment fund to the fire fund of \$3,632 for repairs to Engine 91, made by Supervisor Tamaro, support from Supervisor Branville. Motion carried unanimously.

CITIZEN CONCERNS AND COMMENTS

Fire Chief Steve Shykes informed everyone the Fire Department Spaghetti Feed will be March 27, Fayal Town Hall.

Chief Shykes reported on costs to repair the water tender, as requested by Supervisor Tamaro at the last meeting. The wiring harness is not replaceable and would have to be built at a cost of \$5,000, the tank is not repairable and cost to replace would be \$5,000, the pump would cost \$8,500.

Jerry Ulman, Brad Reifsteck, Jim Johnson and Harvey Thompson had no comment.

2012 Levy

Chairman Kniefel stated that at the last meeting the board had tentatively agreed to present to the freeholders of the town a levy proposal of \$519,500, which is the same that was proposed last year and approved the year before. With the levy reduction last year, it is actually about a 7 1/2 percent increase over last year. Chairman Kniefel stated the fire department has requested a \$65,000 levy, but Kniefel had penciled in a \$62,000 levy. Kniefel stated that in looking at the year end balance, the fire department is carrying over about \$2,600 in funds for this year, the bill for the truck repair of \$3,632 has been replenished from capital equipment, and it was his recommendation the levy for fire could be left at \$62,000. Chairman Kniefel stated if an unexpected large expense comes up, the board does have the discretion to move funds around, as needed.

Supervisor Tamaro stated the rec fund will probably be depleted by year end, but suggested we leave the levy at 0, since other funds are available.

Supervisor Erjavec suggested decreasing the police levy by the amount the fire levy was increased, which would be \$2,300 or a police levy of \$33,700.

Supervisor Branville stated he is going to stand by his discussion at the last meeting. Branville suggested the following:

- Lay off the township police officer for one year to 18 months, on a trial basis and zero out the police budget.
- 70 other townships in the county use county law enforcement

- The people at last year's Annual Meeting wanted to save the \$36,000 and they will be back again this year to make that point.
- Government everywhere is trying to cut budgets, and we cannot afford to have the luxury of spending those kind of dollars, when the county is doing more than adequate coverage.
- During the trial period, we could mothball the police equipment.

Supervisor Tammaro questioned how many townships have additional police protection? Supervisor Branville stated Breiting, Duluth and Fayal Townships are the only ones in the county with their own police departments.

Supervisor Erjavec stated the way he is looking at it is, there was 23 people at the Annual Meeting last year that voted not to have police, and questioned if 23 people should tell what 2,000 people want? Supervisor Branville stated he thought there would be a lot bigger response this year. Supervisor Pernu stated he wished the issue would have been put on the ballot at the last election—then we would have all the people speaking, not just a certain amount. Supervisor Branville stated people that come to the Annual Meeting care about grassroots government and are active. Branville stated he is not asking to put it on the ballot to eliminate the police department and cited Biwabik Township as still having a police department, but it is not funded or staffed at the moment. Branville reiterated that if it is found that we need police after a year or two, we would still have all the equipment and supplies and he is not advocating we get rid of the police department.

Much discussion on law enforcement provided by the county and the costs to have additional law enforcement from the county.

Supervisor Erjavec stated that right now our police officer is under contract here for two more years, and if he is laid off, we will have to pay unemployment. Supervisor Branville stated the unemployment insurance costs will be much less than his wages and the additional coverages we have to carry for liability and vehicle costs.

Chairman Kniefel asked for clarification and stated there seemed to be kind of a two-pronged position made by Supervisor Branville. Kniefel stated we were discussing the levy to present to the townspeople in March and an amount was penciled in for the police department, but Branville is stating that amount for the police should not be there, and the police officer should be laid off, and those are two separate issues that need to be dealt with separately.

Supervisor Branville then made the following motion:

Lay off the police officer as of a certain date on a trial basis, with the option to at any time, re-hire a police officer based on need, need would be the blanket term crime or whatever, if at any time public safety was found jeopardized.

Chairman Kniefel clarified by asking if the motion was to lay off the police officer? Supervisor Branville stated yes. Chairman Kniefel asked if there was a second on this motion? There was no second. Chairman Kniefel stated the motion dies for lack of a second. Supervisor Branville stated we want to get that in the record.

Chairman Kniefel stated he disagrees with Branville's approach and states 1) There is a need and 2) There is adequate funding to maintain the service.

Clerk Sersha stated if we do not have a police department, and strictly go with the sheriffs who will not enforce our ordinances, we would still have the ordinances with no means of enforcement. Discussion regarding the ordinances and how often they are enforced. Sersha states there is liability on the township if we have ordinances and no way to enforce them. Branville states we will repeal the ordinances, or for as little as one hour per week we could have somebody hired by St. Louis County to enforce an ordinance as need be, and that would cover the legal aspect for a very small amount of money and that would cover us during our trial basis.

Supervisor Erjavec questioned if Supervisor Branville had read the police contract? Supervisor Branville stated he had not read it recently. Supervisor Erjavec stated we cannot lay off our police officer, and then hire a sheriff, because our police officer has rights. Supervisor Branville stated those are issues that would have to be looked at. Supervisor Branville stated this board is penny pinchers and he questioned why they would not want to save another \$36,000?

Supervisor Pernu stated that amount of money is pretty cheap for the welfare of our citizens and questioned how good the coverage is from the sheriffs. There was then discussion on how many calls there are in Fayal every year. Chief Thompson stated he had 97 calls this year, the sheriff had 400 calls. Thompson stated he is out here 12% of the time- 20 hours out of 168 in a week- and he does 20% of the calls, and that he will be present at the Annual Meeting this year. Thompson asked for the record if the motion by Branville was to lay him off? Chairman Kniefel answered that was the motion. Branville stated it died for lack of a second, in case Thompson did not hear that part.

The board then turned to discussion on the 2012 levy recommendation.

Motion by Supervisor Tammaro, support from Supervisor Erjavec to present a levy recommendation of \$519,500.00 to the people at the Annual Meeting. Tammaro, Erjavec, Pernu and Kniefel voted yes. Branville voted no. Motion carried.

Supervisor Erjavec questioned historically, if the township has ever had an attorney at the Annual Meetings to clarify what the citizens can and cannot do? Clerk Sersha answered no, not to her knowledge. Chairman Kniefel stated there really is not a need. Any action can be taken at the Annual Meeting by the people, it does not mean it is binding. Discussion on what the people can and cannot do at the Annual Meeting. Steve Shykes suggested some guidelines should be passed out at the Annual Meeting, and the moderator can also inform the people at the beginning of the meeting. Supervisor Branville suggested an article from the MN Township Association. Clerk Sersha will prepare a guideline for the people at the Annual Meeting.

Motion to pay the bills made by Supervisor Erjavec, support from Supervisor Tammaro. Motion carried unanimously.

Motion to adjourn by Supervisor Tammaro.

Chairman Kniefel adjourned the Regular Meeting at 8:07 PM.

Respectfully submitted,

Judy M. Sersha
Clerk of Fayal

Approved: _____
Chair

Date: _____

Attest: _____
Clerk

