

**TOWN OF FAYAL**  
**4375 SHADY LANE, EVELETH, MN 55734**

*Judy M. Sersha, Clerk/Treasurer*

*Anthony Tamaro, Chairman*

*Supervisors: James Pernu, Lee Branville, Mike Erjavec, Heidi Coldagelli*

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**REGULAR MEETING OF THE FAYAL TOWN BOARD**

**FEBRUARY 18, 2014**

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

Audience members in attendance were Scott Smith, Steve Shykes, Jerry Ulman and SEH Engineer Emily Major.

***Motion to approve the minutes of the January 21, 2014 Regular Meeting made by Supervisor Branville, support from Supervisor Pernu. Motion carried unanimously.***

**SCHEDULED GUESTS**

SEH Engineer Emily Major was in attendance. Ms. Major presented a cost estimate to connect sewer line to the IRRRB. The IRRRB has requested connection to our municipal line. The preliminary plan is to run a gravity line from Golf Course Road and directional drill from there to the IRRRB site. Supervisors Erjavec and Tamaro will be meeting with Mike Skenzich on Thursday and will forward the preliminary plan and cost estimate to him at that time. A meeting will also be set with the IRRRB on the matter.

Ms. Major also reported the plans and specifications are almost done on the Pleasant Lane Culvert project, and SEH is wrapping up the information for the DNR permitting. Construction is slated for August.

**AUDIENCE CONCERNS**

Jerry Ulman was in attendance and reported on the proposed 2014 dates for the Yardwaste Site. The site will be open Noon to 5:00 PM on May 2,3,4,9,10,11,16,17,18 and October 10,11,12,17,18,19,24,25,26.

Motion to have the Yardwaste Site open, as proposed, for the 2014 season, subject to change due to the weather, made by Supervisor Pernu, support from Supervisor Coldagelli. Motion carried unanimously.

Mr. Ulman suggested we rent a chipper instead of burning the yardwaste. Supervisor Pernu will get a cost.

Steve Shykes reported the fire department underwent an ISO review last week. All looks good and we will be keeping our fire rating at 6. Mr. Shykes also reported there are funds available for a study to look at consolidating fire departments.

Scott Smith had no comment.

**REPORTS**

**Clerk/Treasurer's Report-** For the period of January 1, 2013 through December 31, 2013:

**General Fund-** Beginning balance was \$142,501.85, there were \$268,331.70 in revenues and \$261,420.19, leaving an unreserved balance of \$150,111.58.

**Buildings & Grounds**- Beginning balance was (\$9,596.61), revenues received were \$45,000 in levy funds, \$1,720.00 in town hall rent and Mining Effects of \$56,032.00 for a total of \$102,752.00 in revenues. Expenditures were \$39,657.76 for buildings & grounds and \$69,988.54 for the Storage Building Project, for a total of \$109,646.30. This brings the excess expense over revenue in Buildings & Grounds to (\$32,059.74), leaving a negative reserve of (\$16,490.91)

**Fire Dept.**- Beginning balance was \$1,365.24. Revenues were: \$62,000.00 in levy funds, State Fire Aid of \$12,070.03, and refunds/reimbursements of \$2,630.00, transfer in from general of \$10,105.00 for the Heart Start defibrillators, and sale of trailer \$656.00 for total revenues of \$87,461.03. Expenditures were \$108,095.11, leaving a negative reserve of (\$19,268.84.)

**Rec-** Beginning balance was \$29,625.72. Revenues consisted of donations for the ballfield project in the amount of \$3,550.00, a transfer in from general of \$15,000 and reimbursements of \$156.95, for a total of \$18,550.00. Expenditures were \$27,051.41 for the ballfield project and other expenditures of \$16,866.06 for a total of \$43,917.47, leaving a reserve of \$4,415.20.

**Capital Equipment**- Beginning balance was \$137,878.12, revenues were \$30,000 in levy funds. A transfer out to General was made in the amount of \$30,803.00 for the warning sirens project, leaving a reserve of \$137,074.30.

**Police-** Beginning balance was \$2,965.87. Levy funds received were \$36,000.00, reimbursements were \$691.70 and sale of police car was \$731.00 for a total of \$37,422.70 in revenues. Expenditures were \$37,894.54, leaving a reserve of \$2,494.03.

**Road & Bridge**- Beginning balance was \$303,191.17, revenues were \$217,002.76 in levy funds, fiscal disparities of \$6,531.56, taconite aid of \$37,640.01, town road aid of \$14,794.33, miscellaneous of \$4,360.84 for total revenues of \$280,329.67. Expenditures were \$337,200.67, which includes an amortized amount of \$11,480 for Class 5 and tailings inventory and \$9,389.00 for retiree health benefits, leaving a reserve in this fund of \$246,320.00.

**Public Utilities**- Beginning balance was (\$2,715.75) franchise fees received were \$9,736.52. Expenditures were \$9,336.00 leaving a negative reserve of (\$2,315.23).

**Mining Effects**- Beginning balance was \$0.00. Revenue received was \$56,032.00, expenditures were: Transfer to Buildings & Grounds for Storage Building and warning sirens- \$56,032.00, leaving a reserve of \$0.00.

**Employee Benefits**- Beginning balance was \$128,376.65, revenues were a transfer in from general of \$5,000, leaving a reserve of \$133,376.65.

**Lodging tax**- Beginning balance was \$6,334.70, revenues were \$1,323.95, leaving a reserve of \$9,063.84.

**Fayal Water Company Contingency**- Beginning balance was \$37,316.36 designated for the year was \$4000.08, There were no expenditures leaving a reserve of \$41,316.44.

**Fayal Sewer Company Contingency**- Beginning balance was \$41,708.77, designated for the year was \$9,000.00, leaving a reserve of \$50,141.83.

**Fayal Water Company Depreciation**- Beginning balance was \$75,808.45. Designated for the year was \$4,330.80, leaving total funded depreciation of \$80,139.25.

**Fayal Sewer Company Depreciation**- Beginning balance was \$221,060.90, designated for the year was \$25,000.00, leaving total funded depreciation of \$246,060.90.

**PUC Truck Depreciation**- Beginning balance was \$18,508.34 designated for the year was \$4,354.08 for an ending balance of \$22,508.34.

**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 \$41,708.77. Set aside for the year was \$2,822.90, ending balance is \$44,531.67.

Clerk Sersha advised the next three funds should no longer be reported in the future.

**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 \$69,329.46, interest earned was \$639.06, ending balance is \$69,968.52.

**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 \$234,340.83 interest earned was \$25,691.99, expenses were \$6,000.00 for auditing, leaving a balance of \$260,032.82.

**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. Balance is \$21,561.73.

Clerk Sersha explained that the last three funds should be removed from the annual report, and they are not reported in the audit. All funds are needed for repayment of the PFA loan. Referred to New Business.

<b><u>Reconciled Balances of 12-31-2013 for all accounts:</u></b>		<b><u>As of 12-31-2012</u></b>
Miners National Bank-	\$501,542.34	\$568,718.62
Mt. Iron Bank Checking-	\$185,619.95	\$252,585.31
CD Savings	\$471,564.46	\$430,027.72
Assessment Savings-	\$457,049.88	\$471,564.46
<b>Total, All Accounts</b>	<b>\$1,615,776.63</b>	<b>\$1,723,169.11</b>

For the month of January 2014 all bank statements were received and reconciled. Revenues were \$57,051.66 and expenditures were \$88,003.23.

### **CORRESPONDENCE**

Iron Range Youth in Action- Request for donation. Referred to New Business.

Mediacom- Installation rates will be increasing on Feb. 22, 2014 and an activation fee of \$10 will also be charged to all new customers. Placed on file.

Phil Chapman, Clerk of County Board- The SLC Board of Commissioners will conduct a public hearing on Tuesday, Feb. 25, 2014 at the Hibbing City Council Chambers for the purpose of receiving citizen comments on the proposed Ordinance 61, Subsurface Sewage Treatment System Regulation. Placed on file.

MN Dept of Commerce- List of public information and environmental report scoping meetings for the application of MN Power for a certificate of need for the great northern high voltage transmission line project. Placed on file.

SLC- 2014 Recycling Bin Grant Application. Placed on file.

Pipeline Safety- The free annual pipeline safety emergency response program will be held March 20, 2014 at Coates Plaza Hotel in Virginia. Meal served at 6 pm, program begins 30-45 minutes following registration. Placed on file.

MN Power Foundation- 2013-2014 Community Investment Report. Placed on file.

SLC Assessor- Fayal Board of Equalization will be held at the Virginia Assessor's Office on April 16, 2014, 1-2 PM. Catch up training will be held Tuesday, March 18 6-9, Cotton Community Center. Placed on file.

City of Gilbert- The Gilbert City Council has approved a new rate and fee schedule for the City of Gilbert for sanitary sewer rates. Supervisors Erjavec and Tamaro will be meeting with Gilbert officials on Thursday.

City of Virginia- Requesting we adopt a resolution in support of PolyMet Mining NorthMet Project. Referred to New Business.

### **OLD BUSINESS**

Supervisor Branville reported the fire department wall has been damaged and he is seeking quotes for repair.

Supervisor Pernu reported the Road department will be plowing tomorrow for the Bobber Stop Fishing Contest. A storm is expected on Thursday, so the road crew may not be able to plow it again prior to the contest on Saturday.

Supervisor Coldagelli reported she received the current Conflict of Interest policy, and will incorporate it along with the Code of Ethics policy.

### **NEW BUSINESS**

Supervisor Erjavec reported the hydrant by the skating shack is broken and cannot be fixed until spring. Steve Shykes requested the fire hydrants in the town be plowed out/shoveled. Supervisor Erjavec stated that Dale and Charlie have been doing that.

Supervisor Erjavec reported he and Chairman Tammaro will be meeting with Gilbert officials on Thursday. They will be discussing the increase in sewer rates, and also a rate for water. Currently, we have customers on Gilbert water on Differding Point.

Clerk Sersha reported a representative from MN Energy, Pam Sarvela, contacted her this week regarding extension of the natural gas line in Fayal. They are interested in an extension project for the Ely Lake area and a portion of St. Mary's Lake for the 2014 season. Ms. Sarvela will be attending our April 1 meeting to explain to the board the project process. Chairman Tammaro stated the PUC members should be informed and asked to attend the meeting as well.

Supervisor Branville reported there is ice buildup on the fire hall portion of the town complex, and water is running in the walls at the fire department. Branville will be seeking quotations for additional ceiling insulation for that portion of the building. An estimate from North Country Snow & Ice Removal, in the amount of \$1,650 was also obtained for snow removal on the roof of the town complex. Supervisor Branville stated he will seek other quotes to see if it can be done for less, or if we can have the fire department portion of the building done for now.

Supervisor Pernu reported the new plow truck broke down again and it was towed to Skubic's for fuel injector problems.

Supervisor Coldagelli explained that our police department has been using the SLC Sheriff's ICU number for many years, but we now can obtain our own unique number for tickets issued by the Fayal Police Department. Supervisor Coldagelli brought forward Resolution 2014-01.

***Motion to adopt Resolution 2014-01 Approving State of Minnesota Joint Powers Agreements With the Township of Fayal On Behalf of Its Police Force, made by Supervisor Coldagelli, support from Supervisor Pernu. Motion carried unanimously.***

Chairman Tammaro stated he would like to implement a freeze on unnecessary spending, due to several departments being over budget.

Chairman Tammaro stated we need a volunteer to sit on the E-G Cable TV board, and we will need two volunteers for the PUC. Discussion. A flyer will be put in along with the utility bills asking for volunteers.

Chairman Tammaro stated he would like Supervisor Coldagelli to work with the Fire Relief Association and look at going onto the state retirement program. Supervisor Coldagelli will work with the members.

Fire Chief Shykes reported he has a DNR grant coming, and will need matching funds to receive the grant. The board agreed there will be funds available to match the grant.

Discussion on Resolution 2014-02.

**Motion to adopt Resolution 2014-02 Supporting the PolyMet Mining NorthMet Project, made by Supervisor Coldagelli, support from Supervisor Pernu. Coldagelli, Pernu, Tamaro and Branville voted yes. Erjavec voted no. Motion carried.**

**Motion not to report the assessment interest on the annual financial statements given by Clerk Sersha, made by Supervisor Erjavec, support from Supervisor Branville. Motion carried unanimously.**

**Motion to donate \$100.00 to the Iron Range Youth in Action, made by Supervisor Branville, support from Supervisor Pernu. Motion carried unanimously.**

Discussion on the 2015 levy proposal.

**Motion to deny the claim from fire department members to attend the fire training in Indianapolis, made by Chairman Tamaro, support from Supervisor Erjavec. Tamaro, Erjavec, Branville and Pernu voted yes. Coldagelli did not vote. Motion carried.**

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

Motion to adjourn by Supervisor Branville.

Chairman Tamaro adjourned the Regular Meeting at 8:30 PM.

Respectfully submitted,

Judy M. Sersha  
Clerk of Fayal

**Approved:** \_\_\_\_\_ **Date:** \_\_\_\_\_  
**Chair**

**Attest:** \_\_\_\_\_  
**Clerk**