

TOWN OF FAYAL
4375 SHADY LANE, EVELETH, MN 55734

Judy M. Sersha, Clerk/Treasurer

Steven J. Kniefel, Chairman

Supervisors: Tony Tammaro, James Pernu, Lee Branville, Joe Stewart

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REGULAR MEETING OF THE FAYAL TOWN BOARD

FEBRUARY 6, 2007

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

Audience members in attendance were Scott Smith, Mike Erjavec, DeLyle Pankratz and Boyd Carlblom.

Motion to approve the minutes of the January 16, 2007 Regular Meeting , made by Supervisor Pernu, support from Supervisor Branville. Chairman Kniefel abstained, due to his absence from the meeting. Motion carried.

SCHEDULED GUESTS

Boyd Carlblom, Fayal's representative on the EFGSD Joint Rec Board was in attendance to report on the rec board budget. Fees to the entities have remained unchanged, but there have been increases to fees for participation in the programs to offset costs. Short discussion on several rec items.

DeLyle Pankratz was in attendance to ask for a letter of support to the Trailhawks Snowmobile Club. They are proposing a snowmobile trail to run from Hwy. 37W to Hwy. 37 E, which would run along the outermost area of Hwy. 53 right-of-way. Grant funds are available to the club from the National Recreation Trail Grant and the Capital Improvements Grant, which is sponsored by St. Louis County, which also acts as the fiscal agent for the grant. The trail will be for snowmobiles only, no ATV's. Application deadline is February 28. Referred to New Business.

REPORTS

Clerk/Treasurer's Report- For the month of January 2007, there were \$64,350.09 in total receipts and \$80,804.14 in expenditures. Ending balances are as follows:

Mt. Iron Checking-	\$626,738.52
Miners Bank-	\$98,745.80
Assessment Savings-	\$412,294.32

For the year 2006, January 1-December 31 activity in the individual departments was as follows:

Buildings & Grounds- Beginning balance (-\$4,952.60), total receipts, including \$10,000 transfer from unreserved funds were \$44,478.15, expenditures were \$40,815.78, leaving an ending balance of (-\$1,290.23).

Fire Department- Beginning balance was \$60,179.03, receipts were \$211,427.38, expenditures were \$270,916.36, leaving an ending balance of \$690.05.

Police- Beginning balance was \$22,612.57, receipts were \$34,400.56, expenditures were \$27,864.68, leaving an ending balance of \$29,148.45

Recreation- Beginning balance was \$56,359.68, receipts were \$35,000.00, expenditures were \$16,231.03, leaving an ending balance of \$75,128.65.

Road & Bridge- Beginning balance was \$188,355.86, receipts and transfers were \$310,975.35, expenditures were \$434,228.10, leaving an ending balance of \$65,103.11.

Capital Equipment- Beginning balance was \$215,836.13, receipts were \$24,900.76, expenditures

were \$75,075.71, leaving an ending balance of \$165,661.18.

Mining Effects- Beginning balance was \$46,533.02, funds received for 2006 were \$47,192.00, expenditures were \$10,645.91, leaving a reserve of \$83,076.11 and \$36,546.09 in funds that have not been designated.

Public Utilities- Beginning balance was \$17,124.11, receipts in the form of franchise fees received were \$9,737.16 expenditures were \$5,750.92, leaving an ending balance of \$21,110.35

Employee Benefits- Beginning balance was \$66,729.14, interest and a transfer in the amount of \$10,000 was received, leaving a reserve of \$78,957.28.

Lodging Tax- Beginning balance was \$1,397.99, receipts were \$335.39, leaving a reserve of \$1,733.38

Capital Purchases Interest- This is interest earned from assessments on deposit that can be used for capital purchases for the sewer company. Beginning balance was \$15,330.18, Interest received this year was \$12,449.99, leaving a balance of \$27,780.17.

MPFA Township Interest- This is the interest earned by the town on the difference between what the town is charging for the assessments versus what it is paying. The beginning balance was \$117,536.11, interest earned in 2006 was \$45,373.78, expenditures for auditing and accounting services were \$5,720.00 and a transfer of \$100,000 was made to buy down the 3rd loan for the sewer company, leaving the reserve at \$57,189.89.

Diff. Pt. Waterline Assessments/Interest- Beginning balance was \$8,077.63 and \$2,609.92 was received in 2006, leaving a reserve of \$10,171.83. The loan was paid off in 2003.

MPFA Diff. Pt. Sewer Town Interest- Beginning balance was \$9,752.50, interest received in 2006 was \$2,609.92, leaving a reserve of \$12,362.42.

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

Motion to accept the EFG Joint Cable TV Regular Meeting minutes of December 7, 2006, made by Supervisor Tammaro, support from Supervisor Branville. Motion carried unanimously.

CORRESPONDENCE

A basic beginner cross country ski trail is available for use on the DNR property on Hwy. 53 & 37. Access can be made from a parking area just inside and to the left of the DNR gate on Hwy 37, the trail is being groomed by Ed Karkoska and questions may be directed to him at 744-1956. To be posted.

MPCA- Accepting Project Proposals for State Revolving Fund Loan Programs. Refer to PUC, placed on file.

MN Dept. Of Health- Drinking Water Revolving Fund is accepting submissions for 2008 Priority list. Refer to PUC, placed on file.

Walker, Giroux & Hahne- Peer review report and letters of comment received by WGH during the period of time they have had a contract with us. 2006 peer review attached. Placed on file.

NESCU- GASB 45 seminar on Feb 15, 1 PM, need to RSVP. Sersha to attend.

CARE Commission- Request for donation for Post-Grad party. Referred to New Business.

SLC Public Works- 2007 fee schedule for plowing. Referred to R & B, placed on file.

IRR- Fact sheet for 2006 relating to mining effects and request for 2006 calendar year report. Referred to New Business.

Scott Neff- Refund of \$500 for the cost bond deposit in connection with the KGM vs. Town of Fayal. Deposited.

OLD BUSINESS

Supervisor Tamaro-

Kaleva Island- Defer to spring.

Gilbert Utility Rate- The PUC held a special meeting earlier today to study the rate report prepared by Julie Kennedy of SEH. Ms. Kennedy has determined the Gilbert rate structure is not appropriate for the services that Fayal receives. The PUC has recommended that the Board approach Gilbert with the study and discuss with them an appropriate rate. Discussion. Chairman Kniefel will respond to Gilbert and reject their rate proposal and suggest a committee be formed to meet, and negotiate. We will provide to Gilbert the points that should be considered in setting our rate.

Motion to check the invoice in tonight's claims, received for utility services from the City of Gilbert, to see if the bill has been calculated at the new rate, and until a new agreement and contract is signed, the staff is to calculate and pay the bill at the old rate and not the new rate, made by Chairman Kniefel, support from Supervisor Tamaro. Kniefel stated a note should be included with the payment explaining we are paying at the old rate. Motion carried unanimously.

Motion to authorize the Chair to draft a letter to the City of Gilbert suggesting a negotiation by a working group from both entities to include engineering to possibly work out the rate study analysis to come up with a fair and equitable rate, made by Chairman Kniefel, support from Supervisor Tamaro. Tamaro commented that it could lead into some type of a sewer district. Kniefel stated the letter will be sent prior to the end of the 60 day deadline. Motion carried unanimously.

License Agreement- Kniefel reported he had again been contacted by Dan England regarding the license agreement for the sewer line located on property owned by the Eveleth Fee Office. Kniefel explained to Mr. England that no survey had been received from John Jamnick showing where the line is located. Kniefel contacted Jamnick, and Jamnick assured Kniefel that he will have a member of his staff get right on it. At this time, we have not received any info from Jamnick.

Town Assessor- Kniefel gathered the info on independent assessors, as requested by the Board at the last meeting. Discussion.

Motion to have the Chair draft a letter proposal for assessing services for Fayal Township to be sent to independent assessors to obtain a non-binding cost proposal from the independent assessors, made by Supervisor Branville, support from Supervisor Pernu. Branville, Pernu, Stewart and Pernu voted yes. Kniefel voted no. Motion carried.

Department Water Charges- Following the decision by the Board at the last meeting to charge each the Fire, Rec and Buildings & Grounds departments \$600 per year for water usage, Kniefel suggested the retirement of the debt on the water loan be accelerated instead of actually taking funds from each department and transferring them to the water company. Discussion.

Motion to increase the retirement of the water company loan at an accelerated pace, made by Chairman Kniefel, support from Supervisor Tamaro. Motion carried unanimously.
Short discussion on the Joint Rec budget. The township's annual dues remain unchanged from 2006.

Motion to approve the 2007 Joint Rec budget as presented, made by Supervisor Tamaro, support from Supervisor Branville. Motion carried unanimously.

NEW BUSINESS

Motion to have Chairman Kniefel write a letter of support to the Trailhawks Snowmobile Club for the proposed snowmobile trail, made by Supervisor Branville, support from Supervisor Stewart. Motion carried unanimously.

Park Improvements- Remnants of the brush pile will be removed this spring. Supervisor Pernu reports that costs for topsoil, mulch and seed will run about \$3,500, if we use compost from the waste site. This would deplete our supply and we would also have to purchase additional soil. Discussion. The Board does not want to deplete our supply so that there is nothing left for the residents. Pernu will find out the cost to purchase all of the soil for the project.

Office Improvements- The carpeting has been ordered and the offices and town hall will be painted in the spring.

Road Grader Repair- Supervisor Tammaro reported the grader was brought to Ziegler, the problem was caught in time, and the costs will not be as high as anticipated. Tammaro stated the grader is slated for replacement in 2015, but advises that if we purchase a blade for the loader, the grader purchase could be put off for another 5 years.

Motion to spend up to \$16,000.00 from the Capital Equipment fund to purchase a blade for the loader, made by Supervisor Tammaro, support from Chairman Kniefel. Motion carried unanimously.

Twp. Rd. 6715, North Airport Drive- Upgrading the minimum maintenance status was discussed, and it was decided to wait until spring.

Fire Department Mutual Aid Agreements- Fire Chief Shykes has updated the agreements for reciprocal fire service with the Cities of Eveleth, Gilbert, Mt. Iron, Virginia and Townships Biwabik, Clinton, Cherry and McDavitt. The agreements need board approval.

Motion to approve the above mentioned fire agreements and authorize the Chair to sign them, made by Chairman Kniefel, support from Supervisor Stewart. Motion carried unanimously.

Discussion on 2006 Mining Effects tax received and how to designate the balance.

Motion to transfer the balance of \$36,546.09 in mining effects to Road & Bridge, retroactive to December 31, 2006, for roads that were paved in 2006 in conjunction with St. Louis County, made by Chairman Kniefel, support from Supervisor Branville. Motion carried unanimously.

Motion to donate to the CARE Commission for the All-Night Grad Party the same amount as last year, made by Supervisor Branville, support from Supervisor Tammaro. Motion carried unanimously. (Clerk's Note- The amount donated to the CARE Commission was \$100.00)

CITIZEN CONCERNS AND COMMENTS

DeLyle Pankratz, Mike Erjavec and Scott Smith were in attendance but had no comment.

The Board discussed the 2008 levy, and tentatively set it at \$511,610.00, but decided to discuss it further at the next meeting.

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

Motion to adjourn made by Supervisor Tammaro, support from Supervisor Pernu. Motion carried unanimously.

Regular Meeting adjourned at 8:56 PM.

Respectfully submitted,

Judy M. Sersha
Clerk of Fayal

Approved: _____
Chair

Attest: _____
Clerk