

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, Mike Erjavec

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SPECIAL MEETING

MARCH 16, 2010

The Special Meeting was held at Fayal Town Hall to discuss sewer rates with members of the Fayal Town Board, Fayal Public Utilities Commission and representatives from the City of Gilbert. PUC Chair Peter Bertucci called the meeting to order at 4:00 PM. Present from the Fayal PUC were: Peter Bertucci, Donna O'Connor and John Damberg. Present from the Fayal Town Board were: Mike Erjavec, Steve Kniefel, Tony Tammaro and Jim Pernu. Clerk Sersha was not in attendance. Present from the City of Gilbert were: Councilors Garrity, Mayor Bellerud, Clerk Gary Mackley, and Engineer John Jamnick.

The first issue brought forth by Supervisor Erjavec was the question of the restricted portion of Fayal's fee to Gilbert, which is almost \$400,000, was spent properly. After much discussion, the consensus was there should be at least \$200,000 left in the fund.

Much discussion occurred in regards to 45% of the cost for operating the Gilbert sewer system, and 45% for their treatment plant upgrades. The Gilbert representatives thought this was fair, with Fayal arguing that it should be based on our flow, which we believe was 27% prior to Gilbert adding Sparta and Differding Point to their system. John Jamnick stated he believed Fayal's usage was 28%.

Mayor Bellerud said if Fayal was not going to remain with Gilbert, they still had to do an \$800,000 "band-aid" fix to the sewer plant. The rest of the project was to increase the plant capacity so Gilbert could handle the sewage from McKinley and Biwabik. Supervisor Erjavec asked if the second part of the project is necessary to handle Fayal's sewage? Gilbert agreed it was not.

Fayal brought up that nowhere in Gilbert's proposal did it address Gilbert's residents in Sparta and Differding Point using Fayal's infrastructure to deliver sewage to the treatment facility. Gilbert believes they already have paid and should not have to pay yearly or monthly for using our infrastructure.

After the Gilbert representatives left, Fayal officials continued meeting to work on a counteroffer. After some wording corrections, it was decided to offer to pay 27% of the sewer total operating expenses, 27% of the total sewer plant upgrade, less the \$200,000 remainder of the restricted fund, and request a credit of \$40 per month times the number of Gilbert residences using our infrastructure. It was also decided to offer a 20 year contract. A complete copy of the counteroffer to Gilbert is attached to these minutes.

The meeting was adjourned at 6:30 PM.

Respectfully submitted,

Mike Erjavec
Supervisor, Fayal Town Board

Approved: _____ **Date:** _____

Attest: _____