

PUBLIC UTILITIES COMMISSION

REGULAR MEETING

OCTOBER 10, 2017

The regular meeting of the Fayal Public Utilities Commissioners was called to order at 7:00 p.m. by Chairman Dennis Pernu. Present were: Commissioners Dennis Pernu, Cal Turner, Greg Buckley, Chris Erickson, Amy Jackson and Deputy Clerk Diane Dickson.

Audience members in attendance were Town Board Chairman Tony Tamaro, John West and Kevin Bird.

APPROVAL OF MINUTES

- **Motion to approve the regular PUC meeting minutes of September 12, 2017 made by Cal Turner, second from Chris Erickson. Motion carried unanimously.**
- **Motion to approve the Public Hearing Pine Dr. Sewer Extension minutes of October 3, 2017 made by Chris Erickson, second by Cal Turner. Turner praised Diane for a job well done on the lengthy minutes. Motion carried unanimously.**

CORRESPONDENCE

Delinquency Report as of 9-26-17 \$25,838.71. Chairman Tamaro asked when we certify on the taxes.

Dickson explained the customers who are late in October will be notified and we will certify in December, which will be 90 days late at that point. Placed on file.

September Water Wastewater report. Report was reviewed and placed on file.

10-2-17 MN Dept. of Health- Lead/Copper tap water monitoring report. Lead 90th percentile =<0.001 mg/l. The action level for lead is 15.0 ug/l. Copper 90th percentile = 0.318 mg/l. The action level for copper is 1300 ug/l. Based on these results your public water system has not exceeded the action level for Lead or Copper. Placed on file.

GUESTS

Chairman Tamaro- explains he recommended John West attend the PUC meeting regarding his Water Access Charge. We researched and found a list of relevant documents which have been provided. John West asks since he hooked up in 2003 has there been anything on the Township side that shows an act of ownership like repairing the water or hooking us up to the main? Chairman Tamaro says Eveleth formerly took over the line in 2007, and off of the top of his head he can't answer that. We gave the line to Eveleth until we decide to put a meter in and take it back. Fayal received the grant and put the line in and it was our line. In theory it's always ours we just gave it to them because there is no way to control the water. Greg says because there is no way to meter the water on that line. John West says in 2003 he was hooked up by Eveleth and he pays all his bills to Eveleth. Tony restates but it was Fayal's line in 2003. And the connection fee was established in 1995. John West past out a paper from the MN Public Utilities Commission section 216B.03 Reasonable rates. Chairman Tamaro says there is no doubt it was our line. John West said, "This will supersede anything whose line that is. This is a matter of are you treating us right." John reads a statement saying, "It is only right to refund the Pine Dr. residents because we have the exact same class of consumers. If you want to look at Eveleth, if you want to look at me, we are identical. We are twins and also the exact condition of service. It is not fair or consistent to refund that road of residents vs. the Pine Dr residents. It is on record that Lee Branville stated when they reimbursed the original three or four, he went on record and stated. "Those residents are paying Eveleth for their water and Eveleth is servicing those lines, so it is redundant for them to pay both entities." So there is showing some kind of a doubt that this is getting done right. And then also, Patrick Ziegler also recommended those people be refunded." Tamaro asks when that was said. John West said, "He has been fighting the whole time he has told me that." Tamaro said he has never made a motion at a board meeting to refund it. Tamaro replies all I'm telling you is what the paperwork says. Chairman Tamaro asks the PUC if they have had time to go over the documents with a fine tooth comb. We do want an answer and that's why he sent him to the PUC. John West states this shows doubt as to the reasonableness of how this went down. John West said, "I am asking for a recommendation for refunding those, because... it should be result in the favor of the consumer, according to that statute, rule whatever you want to call it." Chris Erickson states the document is

31 pages long and he just got it yesterday. He is not prepared to make any recommendations today. He would like more time to get up to speed.

Greg Buckley asks John are you saying you didn't receive a benefit therefore you don't owe a fee? Tony says, no he paid \$3500 to hookup and his bill is coming from Eveleth and Eveleth is maintaining the line now. Greg asks again and receiving no benefit from Fayal? John agrees. Greg states at the time the water access charge was set in 1995, and the board determined that was the reasonable fee at the time and that was set in place 7 years ahead of time. And turning it over to Eveleth for maintenance 5 or 6 years later shouldn't have anything to do with the decision. You can't foresee and then go back. Amy Jackson asks we charged the people on Golf Course Rd to access the line and then refunded because that is Eveleth's waterline. Chairman Tammaro says Pat Ziegler was sent a letter saying he should have come to the Town and did his research and have all the facts before telling a resident he should be refunded. Chairman Pernu says we will review all of the information and come back next month. Chairman Tammaro says remember if you refund John it will be Mr. Maloney to. Kevin Bird 7914 Pine Dr. is here about the sewer extension.

Chris Erickson had Diane send out the ordinance's governing when people need to hook up, and when they have to pay the sewer access charge. Chris explains once the sewer line goes by someone's property even if there is no building on the property, the ordinance says they will pay the SAC. If someone splits off land and sells to someone else then the new owner pays the sewer access charge. That is a separate issue from whether a person has to connect. Chris states at last month's meeting the concept was to defer the \$9300 to later. In terms of the hookup we thought to push that back. We conceptually tried to push things as far back, given the unique situation of the commercial business going in. It's different than when Fayal was trying to clean up the lakes. Chris read the ordinance more closely after the last meeting. In terms of the ordinance, if a person has a functional septic. Our motion was to defer until failure or change of ownership. Then I found the ordinance says the connection can be deferred to a date to be determined by the Town Board, as opposed to when it fails. One concern is the septic could be kept in perpetuity. We should have a hookup date. Chris is wondering if change of ownership should matter, maybe say if it has 15 years of useful life defer until then. Kevin and Chris had discussed that. What is the life of a mound system? 20 years 40 years it depends on the soil. Kevin has 2 main sticking points, the cost of the access fee and the time of when hook up takes place. He doesn't like point of sale he would rather have failure. The county issues a certificate of compliance it is good for ten years. Maybe if you have one then it's still good. His septic is 6 years old. Chairman Tammaro explains the county ordinance says if the sewer goes by you have to hook up. Chris does not believe someone should be allowed to have a septic system in perpetuity, we need to agree on a date. This is a unique situation due to the business coming in. John West proposes Fayal allows him to connect for free and he will connect right away and become a paying customer. Cal Turner stated Commissioner Nelson said the connection deadline is 2 years. Keith Nelson did not recall talking to Mr. Bird. Cal Turner reminds us the contractor is going to bring the service across the road to the edge of right of way. Cal and Tony cannot agree with waiving these 3 residents connection fee. It's not fair for everyone else. Tony states we have given a payment plan to other residents to pay in 5 years or so. Kevin Bird asks if the grant does not go is Fayal still putting in the line. Tammaro said no. Kevin feels that line is specifically for that business. Their gain should not be on the backs of the residents affected by that line as it comes through. Cal Turner states when the PUC looked at expanding future lines to go in that was number one on the list. We did not know it would happen this quick. Cal says in 3 years when we are done paying for the other line we could look at it. Tammaro says we are looking at getting it across the Hwy. Mrs. Maki was unable to attend and she is requesting the line go across the Hwy. Tony believes the project is going to be a go with the IRRRB. John West asks about the moratorium. Cal said Keith Nelson stated if it is enforced it is 2 years, where practical and it is left up to the local entity. We are trying not to force this on anyone. Cal said the PUC was asked to look at offering and upfront payment, and then there would be a discount of the previous rate of \$7,000 instead of the \$9,300. Dennis Pernu stated he had a brand new sewer when the line went in. His second dry well had nothing in it. So, there were a lot of residents who were made to connect. There was an option if they had a new septic they could have 5 years but they didn't get the 100' of sewer pipe. In the project they got 100' if they connected as the line went through. Amy Jackson said laws could change and there is a potential down the road you wouldn't have a choice to connect. John West asks about his storage buildings. He has no water in them, so he will not have to connect. His property is contiguous so there would only be one Sewer Access Charge.

Chairman Tamaro states they are going to have the attorney draw up a document stating if the project goes thru and there would be change orders to exceed the grant. The Town will not pay any of it. The developer will have to pick it up. They believe there is a second grant from somewhere to come up with the \$400,000 stated in the proposal.

The PUC discusses the ordinance and coming up with an offer. The ordinance states point of sale must be connected it also states or a time to be determined by the Town. There was the timeline of 5 years the Town previously gave to owners with a new septic. Chairman Tamaro talks about the IRRRB and maybe Heidi can talk to them in the morning and see what is available. We have some time to think about it before we make a decision. Chris asks how many projects were there. Two Differding Point, & IRRRB. Differding Point was a separate project and everything was the same for connection and fees. We had to take out extra money to make sure it got done. It had to be coordinated with Gilbert because we went through Gilbert to get to Differding Pt. IRRRB was the other one and it was only for them with no one able to connect to it. It is a pressurized line. You can connect to it but it is more difficult.

Greg believes we already voted on this issue to leave it as is last month. We would have to amend our motion. Greg said we could say if they hook up with in one year then you could pay the old hook up fee within a close time frame and they would have the option to finance. After that there would be no discount.

- Motion by Greg within the time period we allow them to hook up and they would pay the old Sewer access charge of \$7000, and they would have the option to finance it, look back to see what we did before, 5 years with a palpable finance rate. That's up for discussion 12 months or less. Leave the piece we already have of point of sale or failure and at that point they would have to pay the \$9300. We will think about adding the time frame of 5 years. This is not going to happen this month, so we have time. Dennis asks John West what he feels. John would like to connect as soon as possible and not pay the SAC but pay the monthly fees. Or he would take the one year and then connect and pay the \$7000. Kevin Bird agrees with the \$7000 if you pay now and hook up you get a discount for it. That is good it's the same as everyone else. If you wait you have to pay the \$9300 he would like to show the certificate of compliance septic for as long as possible. He's not sure what Keith Maloney would say his system is older. He is doesn't want to replace his system as long as it is still working. Dennis Pernu states he just wants it to be fair here.

- **Table it until the next meeting.**

Amy Jackson says she just wants it to be fair. Cal Turner said we allowed a new system 5 years to connect. If they took it they didn't get the 100' of service line. Chris Erickson still sees it different because the reason for the big project was to clean up the lakes. It was a public benefit and you had to require everyone to hook up, if not now soon. Otherwise we had free riders and we needed the whole Township to pitch in to pay the bill. Maybe there is a public benefit down the road but this project is for a private benefit. He sees it a little bit different and maybe give more flexibility on this one. Dennis Pernu thanks Mr. West and Mr. Bird for coming.

OLD BUSINESS

SCADA- IRC found the big generator at the Town Hall needs repair or replacement, Tony is working on it he found one just making sure its compatible.

Cal Turner brings up the issue Bertucci brought up no one understands where he was coming from.

Chris Erickson asks if we got any back lash from the letter of the increase. We did have one complaint.

PINE DR. SEWER EXTENSION- Review the Ordinance 98-1 and St. Louis County ordinance language regarding a municipal sewer line coming by a property with an onsite sewer system.

Chairman Tamaro would like the PUC to consider the SAC for this project to go back to \$7,000 if they pay now 100%, due to the timing of rate change and \$9,300 if they pay later as an incentive to pay now.

- **Tabled**

BILL WHITE SUMP PUMP- We rcvd a call from Attorney Colosimo questioning if there was a variance for the sump pump. Dale talked to him and said no, our ordinance states no ground water and he has a constant flow. Diane gives the history he bought the cabin Dale inspected found they are pumping the sump into the sewer. They asked for time to remedy which we gave them and he corrected. Dale was doing manhole inspections and found it running, this is a dead end manhole and they are the only one connected. Dale found the pipe in the

yard capped, we sent a letter and they directed the sump back in the yard and contacted the attorney. They wanted a variance to allow it to pump into the sewer in the winter. I told them we don't do that.

WAC- John West attended the Town Board meeting he is asking why he had to pay a WAC charge. Heidi researched and found a lengthy list of documents. I have included the timeline.

Tabled for further review.

NEW BUSINESS

Nothing at this time.

TREASURER REPORT

Treasurer report by Chris Erickson provided by Clerk Coldagelli as of 9-31-2017. Year to date.

FWC Beginning balance \$52,793.31 Revenues \$60,575.16 Expenditures \$46,459.56.

Current cash balance \$63,934.83. The Water Co. is cash flow positive.

FSC Beginning balance \$223,502.32 Revenues \$398,615.96 Expenditures \$405,408.25.

Current cash balance \$226,238.60. The Sewer Co. year to date is slightly cash flow negative. Our expenses are a little bit front end skewed due to our sewer payments. They should come into balance as the year goes on.

CABLE

Greg reports there was no meeting.

GAS

Nothing at this time.

STREET LIGHTS

Nothing at this time.

FYI

Next PUC meeting will be November 14, 2017 at 7:00 p.m.

Open house at the hanger housing the North Memorial Air Wednesday from 2:00-4:00 p.m.

ADJOURNMENT

- **Motion to adjourn the regular meeting made by Cal Turner, support from Chris Erickson.**

Motion carried unanimously.

Chairman Pernu adjourned the regular meeting at 8:14 p.m.

Respectfully submitted,



Diane Dickson

Fayal Township Deputy Clerk

PUC Coordinator/Billing Clerk

Approved 11.14.2017

