

**PUBLIC UTILITIES COMMISSION
REGULAR MEETING
DECEMBER 11, 2018**

The regular meeting of the Fayal Public Utilities Commissioners was called to order at 7:00 p.m. by Vice Chairman Greg Buckley. Present were: Commissioners Greg Buckley, Chris Erickson, and Ed Vest. Amy Jackson was late.

Audience members present were: Town Chairman Tony Tammaro, Town Supervisor Pat Ziegler, John West, Jim Pernu, Keith Maloney & Mike Sertich.

Greg Buckley welcomed new commissioner Ed Vest. The Town Board approved Ed Vest as the new Public Utilities Commissioner at the November 20, 2018 meeting.

APPROVAL OF MINUTES

- **Motion to approve the regular PUC meeting minutes of November 13, 2018 made by Chris Erickson, second from Ed Vest. Motion carried unanimously.**

GUESTS

Nothing at this time.

CORRESPONDENCE

12-3-18 Letter of Resignation from Dennis Pernu effective immediately. PUC thanked Dennis for his many years of service. We do not have anyone else volunteering at this time. We will send out a note in the bills.

Delinquency Report as of 11-23-18 \$ 10,816.09. Chairman Tammaro noted we received a large payment on delinquent. Ed asked if it was from being on the taxes, yes it was the second half payment. Certification fee is \$200 the people are notified and called.

November 2018 Water Wastewater report. Reviewed and placed on file.

11-20-18 St Louis County Tax apportionment received \$20,417.26 Delinquent plus \$1,866.98 Certification fee. Total of \$22,284.24.

7:06 Amy Jackson arrives.

11-26-18 Response from Steve Fenske, MN Assoc. of Townships re: legality of Ordinance water and sewer connection charges.

Comments: John West felt the letter was misleading, his big question is are the fees proportional to the cost. Chris Erickson felt the letter states there is no question that Fayal had every right to charge these fees. Chris asks John if he is in agreement that Fayal has the legal right to charge the fees, John agrees. John's only issue is the size of the fees, and he wants an explanation.

Chairman Tammaro tells John to write the questions and we will get the answers. Greg Buckley says finding the cost from 18 years ago, none of them were on the PUC 18 years ago. They will have to research the files. John goes on to say, it's been explained already, the \$3,500 was based on an extension around 1995. He believes that has nothing to do with the original system. No one had to pay an assessment from the original line. He feels if you are on the original line you should not have to pay, just as the original people. He understands the extension came with a cost and so the assessment. Tony says in response to, are your fees proportional, legally we can charge whatever we want. Ed Vest agrees, he read the ordinance just this morning. Chris Erickson states we are going to be reviewing our monthly rates and can look at all of the fees, at that time. Amy asks if he is retaining an attorney John says no. Amy Jackson says you need to specifically state what you want. It is pointless for us to go round and round without a specific

questions. Chris asks if the wording proportionment is in the statute, he has not read all of the statutes. No answer. Greg asks if John has questions. John submits a letter to Steve Fenske and a long list of questions. John has not submitted the letter to Fenske but would like to Town to submit it on his behalf. Amy says it should be sent electronically so everyone can view it.

- **Motion by Greg Buckley to forward the letter from John West to the Town Board, second by Chris.**
- **Motion carried unanimously.**

Ed Vest expects if you consider the value of the system that is in place and the number of customers on it, you might come up with a number bigger than \$3,500. And that is what you're paying to get on that system. He would personally have been happy to pay \$3,500 instead of \$6,500 for a well he does not like.

OLD BUSINESS

Bulk Water Agreement- We have not heard a response back from Eveleth since our meeting. Tony felt we had a very good meeting and it felt like they were coming off of the \$15 and willing to go to a percentage possibly 13% which would be fair. Eveleth said their customers' bills will be going up 13%, so we said that makes sense to raise our volume fees by 13%. They were supposed to bring it to the council meeting. There would be no debt service fee.

4 M Fund- The Town Board approved the resolution. Those funds will be transferred, Chris will get with Heidi and get this going.

Water Standby- Greg states we are talking about changing the standby so you wouldn't be paying forever. There was discussion with the Chairman Tammaro about the fee being transferable. We talked about if a person has been paying the fee and they stop then the next owner would keep the credit and just pay the difference of the current Water Access Charge at the time of connection to the system. The \$11 was to keep from having to pay the \$3,500. Mike Sertich says his place has been on standby when he bought it. He is questioning why is he paying the standby if the previous owners paid to have the tap into the waterline of \$900 already. Tony says they only paid for the tap not the WAC. So, when Mike wants to connect to the water it will not come out of his pocket. The \$900 was for the tap in line and has nothing to do with the WAC.

Jim Pernu had the tap put in so he can advertise his house as city sewer and city water available when he sells. Paid \$950 for the standby water, then later he got the billing for the standby water which he was not aware of. He maybe would not have had it run into the property. His well did fail and he repaired the well. Chris says the water line was running by Jim's house and way back Fayal gave everybody a year for free to hook up. Then Fayal is going to impose the Water Access Fee of \$3500 to hook up to the water system. So if they would hook up now for free and Fayal gave people a grace period. And if people still didn't want to hook up then but maybe in the future then they gave them a great olive branch saying were not going to charge you the \$3500 next year if you change your mind. Just pay \$11 a month and avoid that \$3500. It was to avoid a future possible big bill. Ed states if a person paid the \$11 and kept current on it, when they decided to hook onto the waterline they didn't have to pay the \$3500. Yes that is how it was put in place. Ed says basically you're paying some money for the system that is sitting in front of your house and you never paid any money for it to begin with. Tony says yes and everyone will still have to pay a contractor a fee possibly \$950 to tap in and run the line into the house. That is separate from the access charge. The \$950 is like getting the 100' with the sewer line that we paid \$6600. Jim says he paid the \$950 just to tap the line and bring it into his yard and the stand pipe with the shut off. He will still have to pay to bring it the rest of the way into the house. Or you can continue paying for 27 years at no interest. The WAC was in 2003. Greg states the main

goal is so people are not paying forever and it is unreasonable. Pat says so in 1999 they could have connected for free in 2003 it costs \$3500. Amy says what's the purpose of the charge for anybody. To maintain the lines to make sure they have water etc. Chris says that's the essence of it. Is the \$3500 a reimbursement to pay to send Dale out and keep things running or is it a legitimate way to help Fayal's finances for projects and expansion. That is the big question. Amy asks what is the difference, if it is both or one or the other. Pat believes the Access Charge can only be used to support certain things.

Greg states we should stick with one topic for now and if we are fine with moving forward maybe we can have a motion to amend the standby water charge and the fees are another topic.

- **Motion by Chris Erickson to change the Standby Water Charge to say the Standby Water shall be paid ever month up to the maximum, of the then current Water Access Charge. The monthly Standby Water Fee shall be transferable to future property owners. Any payments already made may be applied to the current Water Access Charge if the property owner ceases to make monthly payments and decides to connect in the future. Second by Amy Jackson.**
- **Motion carried unanimously.**

Discussion: Ed confirms it is the accrued total. Jim asks when he can stop paying, he makes a yearly payment. Tony says after this is passed by the Town Board.

NEW BUSINESS

Officer elections for 2019 PUC chairman, vice chairman, secretary, treasurer.

- **Motion by Amy Jackson to nominate Greg Buckley for Chairman, second by Ed Vest.**
- **Motion carried unanimously.**
- **Motion by Chris Erickson to nominate Amy Jackson for Vice Chairman, second by Ed Vest.**
- **Motion carried unanimously.**
- **Secretary is Diane Dickson so no nomination.**
- **Motion by Greg Buckley to nominate Chris Erickson for Treasurer, second by Ed Vest.**
- **Motion carried unanimously.**

Water line break -on November 16, 2018 at 4546 Cedar Island Dr. Eveleth called there pumps could not keep up. Scott Smith found it and called Dale. Jola and Sopp did the repair, the bill was \$2,300. It is a 10" waterline, our water bill was \$4,400. Greg states our cash reserves can get used up quickly.

Annual rate review- Tony talked to Jim Paulson interim clerk Gilbert and they do not have the final bill yet, the project is running over. So, we will hold off on this for now. Chris will look at the certification fee and do more research. He has been researching water access charge on google and he is confused. Some things say cost reimbursement only and then other articles say you can charge whatever you want and it can go in the general fund. So, he is getting conflicting information. Tony reiterates our ordinances have been written and reviewed by the attorneys that is why we passed it. Greg wonders if there is a GASB statement on that.

TREASURER REPORT

Chris reports our big picture is the Water Company is still in decent shape financially, the cash balance is higher than the year started. The Sewer Company the cash has declined by about \$30,000 this year. Part is due to the loan payment it drops off and then it builds back up. The other part is because we did the cleaning and televising the lines. That caused a negative balance

in the maintenance contingency of \$-19,000. Heidi is checking with the auditor to see if she can move general money into that to cover it. Chris is assuming she can. Tony questions that he thought there was enough money. We also had a major pump repair. Pat asks if we can move from depreciation into the Maintenance Contingency. Chris will check with Heidi.

Treasurer report provided by Clerk Coldagelli as of 11-30-2018. Year to date.

FWC Beginning balance \$60,098.98 Revenues \$75,460.62 Expenditures \$63,747.71.

Current cash balance \$69,545.97.

FSC Beginning balance \$245,958.83 Revenues \$847,875.36 Expenditures \$575,610.65.

Current cash balance \$213,579.66.

CABLE

Media Com is still putting cable in the ground. There has been poor on signage and clean up.

GAS

Nothing at this time.

STREET LIGHTS

Mike Sertich asks how he can get a street light. Tony explains you have to petition, then it is evaluated.

FYI

Next PUC meeting will be Tuesday January 8th at 7:00 p.m.

Jim Pernu thanks everyone for their time.

Chris will not be attending the January meeting if anyone else is absent there will not be a quorum.

ADJOURNMENT

- **Motion to adjourn the regular meeting made by Amy Jackson, support from Ed Vest.
Motion carried unanimously.**

Vice Chairman Greg Buckley adjourned the regular meeting at 7:52 p.m.

As transcribed by,



Diane Dickson
Fayal Township Deputy Clerk
PUC Coordinator/Billing Clerk

Approved 1.8.2019
