

PUBLIC UTILITIES COMMISSION
FAYAL TOWN HALL
FEBRUARY 12, 2019

Immediately following the Variance Hearing for Alex Peritz.

The regular meeting of the Fayal Public Utilities Commissioners was called to order at 7:05 p.m. by Chairman Greg Buckley. Present were: Commissioners Greg Buckley, Ed Vest, Chris Erickson & Amy Jackson. Recording secretary Diane Dickson was absent.

There were no audience members present.

APPROVAL OF MINUTES

- **Motion to approve the regular PUC meeting minutes of January 8, 2019 made by Ed Vest, second from Amy Jackson. Motion carried unanimously.**

GUESTS

No guests.

CORRESPONDENCE

Delinquency Report as of 12-31-18 \$13,332.99. Ed Vest asks if the amounts that were certified to the county are included in this report. Greg states no, we only see that once a year. It used to be around \$25,000 total certified. Placed on file.

January 2019 Water Wastewater report.

OLD BUSINESS

Bulk Water Agreement- Chris reported Jerry Rosati called and said they met but the paperwork has not come to us yet. It sounds like they are going along with our recommendation of a 13% increase, that's what we think at this time.

4 M Fund- Looking for recommendations for which funds to use and what accounts possibly Depreciation CD savings, PUC truck depreciation, Sewer Access Funds. Chris asks Greg what his thoughts are. Greg thinks moving depreciation and any set aside funds should be easily moved to begin with. Chris thinks funds that are more static where there is no money in and out. Move them over and let Heidi and Diane get comfortable with it for a while then reevaluate in a couple of months and see where to go from there. Just put it into the money market to start. You can do 3 month or 2.5 month treasuries or whatever. Just get it in there first. Greg didn't see much benefit in putting it in anything longer. Greg looked today and he saw 2.9%. Chris said you can just ACH the money from Miners into the 4M Fund online. It should be in the next day. Chris says Heidi and Diane should be moving forward on it. Chris says the funds called CD's are just a label they used to be in CD's but not anymore. Ed asks about penalties for the CD's.

Water Standby- Chris has something to add. Chris called Steve Fenske who is the MN Association of Townships attorney and asked him what can we use money for, does the water access charge have to be dedicated for xyz. Chris learned a couple of things. The first thing he said was we have the Fayal Water Company and the Fayal Sewer Company and right away he asked what you mean company. Generally without specific legislation Townships just can't start companies. So I read the auditor's report and it seems Fayal Water Co and Fayal Sewer Co are more of an accounting construct and it is an Enterprise Fund and not sure what that means legally but it is still under the total control of the Town supervisors. It's not like it's its own independent company, Fayal can reach in and take money out and put money in. I'm sure there are guidelines on that but ultimately just a company to make it more fair amongst the residents. That's what Chris took away from the conversation. It is not its own legal entity, more of an

accounting mechanism. And the other thing what can the water access charges be used for do they have to be dedicated for capital improvements or something? Steve Fenske said you can use it for anything you want it doesn't have to be dedicated. Does it have to stay in the Fayal Water Company, he said no. The Town has the right to move it all around. The only thing that has to be legally dedicated separately is the road fund, and if someone makes a gift or donation or bequest for a specific purpose. Chris asked what about the separate sewer assessment fund we are paying back the 20 year sewer assessments. If you want to but you don't even have to do that. Greg says sometimes when you go and get a bond it says you have to create a fund to collect and then you pay out of that fund. Chris says that may be where additional restrictions are pursuant to that contract. It is very flexible when all is said and done. Greg states so they are unrestricted assets. Amy asks who it was again. Attorney Steve Fenske with the MN Association of Townships, he is available as a resource when people have questions. Greg thanks Chris for making the call that certainly helps. Amy states that helps when we have been questioned as to detailed accounting of these access charges and what they have been used on. Chris says we were seeing different court cases from different states like Michigan every state has its own deals and parallels but ultimately it comes down to Minnesota. Just keep the road money separate and do what's fair with the rest.

John West request- I think we are done with it, but we will see.

Annual rate review- Table until we here from Gilbert, Greg will look at it and get an updated rate schedule.

NEW BUSINESS

Greg states Heidi and Diane and Tony were looking at possibly paying off some debt early it would allow us to keep our rates low if and when Gilbert hits us with another rate increase. Contrary to them paying debt off early as we deplete our liquidity in case we would have any type of significant repairs or would need to use our cash for anything. Greg mentioned before he likes liquidity and keeping the interest on the loans. Chris says what he forgot we are spending \$40k every year televising these lines. And maybe it is better to not pay off the sewer 3rd and Differding Pt loans early, maybe it's better to run a deficit for the next year until its paid off and keep the liquidity. It still ends up at pretty much the same point. But you have more liquidity in the meantime to pay for these big televising bills. It will come out of our excess cash which is around \$232k

Table paying off the loans for now per the discussion and wait and talk to Tony about this.

Greg asks for any other input regarding paying off the loans early. Chris says they talked about the 3rd Sewer loan and there is the Differding Pt loan but to me I think that is out of the special assessment account and I don't think that would affect the rates at all from the operating budget. We can bring that up next month. I think it's just the Sewer 3rd loan that is coming out of the operating budget that would go with the monthly charges.

TREASURER REPORT

Chris reported these numbers are old the same as the last month. But it does show our cash is up in the FWC and slightly down in the FSC. The Treasurer report is not current provided by Clerk Coldagelli as of 12-30-2018. Year to date.

FWC Beginning balance \$60,098.98 Revenues \$82,620.95 Expenditures \$73949.83.

Current cash balance \$66,460.18.

FSC Beginning balance \$245,958.83 Revenues \$916,309.88 Expenditures \$618,058.27.

Current cash balance \$222,415.74.

- **Motion to approve the treasurer's report by Amy Jackson, second by Ed Vest. Motion carried unanimously.**

CABLE

Greg reports nothing to exciting looking at going HD. Greg asks if anyone watches Channel 12? Ed asks about the franchise fees. Greg explains the cable company charges the customers this fee and they send it the Township and the Joint Cable charges the Town the fees to fund the Channel 12 operation. Fayal pays about \$3,000 a Qtr. and Eveleth pays about \$7,000. So, the operating budget is prorated to the number of subscribers to each entity. Gilbert used to be involved but they bowed out. Ed says the franchise fee went up considerably Greg is not sure who controls that. Channel 12 has the entities approve the budget. Greg thinks the fees are pretty much a breakeven.

GAS

Nothing at this time.

STREET LIGHTS

Nothing at this time.

FYI

The Annual Town Meeting will be held on the 2nd Tuesday of March. All should attend.

Next PUC meeting will be Tuesday March 19th

ADJOURNMENT

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

Chairman Greg Buckley adjourned the regular meeting at 7:30 p.m.

As transcribed by,



Diane Dickson

Fayal Township Deputy Clerk

PUC Coordinator/Billing Clerk

Approved 3.19.2019



**PUBLIC HEARING
REQUEST FOR VARIANCE
FAYAL TOWN HALL
FEBRUARY 12, 2019 7:00 P.M.**

The meeting was called to order at 7:02 pm. by Chairman Greg Buckley. Present were Chairman Greg Buckley, Ed Vest, Chris Erickson & Amy Jackson. Diane Dickson was absent.

The Applicant is: Alex Peritz

Address of applicant: 4544 Cedar Island Dr. Eveleth, MN 55734

Service Address: 4546 Cedar Island Dr. Eveleth, MN 55734

Parcel Code: 340-0042-00020 & 340-0042-00030

PURPOSE:

Alex is requesting a variance from Sewer Use Ordinance 98-1, requiring each structure to have a separate building sewer line and pay separate sewer user fees for each connection. Alex has purchased the property adjacent to his house at 4546 Cedar Island Dr. The cabin has been gutted and the shell is existing, there is no water. The previous owner disconnected and capped the sewer line it was inspected by Dale Dickson the Senior Water Wastewater operator. He is requesting the monthly sewer service charge be waived.

GUESTS: Name and address for the record.

Alex Peritz **4544 Cedar Island Dr**

Greg Buckley **PUC**

Ed Vest **PUC**

Chris Erickson **PUC**

Amy Jackson **PUC**

INPUT: Will only be taken regarding this variance for Alex Peritz 4544 Cedar Island Dr.

Chris Erickson reported he did some checking on this and we changed the ordinance a couple years ago, because it was kind of vague as to when we could waive the monthly fee. We changed the ordinance to say if the structure is uninhabitable, because we didn't want to get in the business of there is a vacant house for 6 months so can I have my monthly charge waived. So, if it was uninhabitable and Dale certified as such that we could go ahead and waive it. Chris checked with Diane to make sure, this circumstance is consistent with others in which they have been waived. And in Chris's opinion it is. Greg Buckley agrees with the statement. Ed Vest asks if the only other building is the garage near it? Alex states there is a garage up by the road. The water curb stop is up there but there is no other. Ed states there was no public comment.

- **Motion by Chris Erickson to recommend the Town Board Approve the variance request to waive the second monthly sewer billing, so Alex is only paying one monthly sewer charge. Second by Ed Vest.**
- **Ayes: Greg Buckley, Chris Erickson, Ed Vest and Amy Jackson**
- **Nays: None**
- **Motion carried unanimously.**

Chairman Greg Buckley adjourned the meeting at 7:05.

As transcribed by ^x



Diane Dickson

Fayal Township Deputy Clerk

PUC Coordinator/Billing Clerk

Approved 2.19.2019

