

PUBLIC UTILITIES COMMISSION

FAYAL TOWN HALL

JUNE 11, 2019

The regular meeting of the Fayal Public Utilities Commissioners was called to order at 7:00 p.m. by Vice Chairwoman Amy Jackson. Present were: Commissioners Amy Jackson, Ed Vest, Cam Jayson, Chris Erickson and recording secretary Diane Dickson. Absent: Chairman Greg Buckley. Town Board Chairman Tony Tammaro was also present.

Vice Chairwoman Amy Jackson welcomed our new commissioner Cam Jayson and thanked him for volunteering and he was introduced to Town board chairman Tony Tammaro the PUC liaison.

APPROVAL OF MINUTES

- **Motion to approve the regular PUC meeting minutes of May 14, 2019 made by Ed Vest with the corrected time of 5:00 p.m., second from Chris Erickson. Motion carried unanimously.**

GUESTS

Town Chairman Tony Tammaro nothing at this time.

CORRESPONDENCE

Delinquency Report as of 5-23-19 \$24,116.74. Cam Jayson questioned the process for old debt collection. Tony Tammaro explained we put it onto their property taxes and we add a \$200 certification fee, and they are charged 10% each month on the delinquent amount. At the end of the year they are paying almost double. Eventually we collect it. Diane explained several do not pay the monthly bill but they pay their taxes. The customers are given fair warning. The process will start with the July late bills. Notices will be sent and that will be the amount posted on the taxes. If they owe less than \$200 they get a pass.

Updated Roster with the new commissioner.

May 2019 Water Wastewater report. Reviewed and placed on file.

MPI letter notifying us of the energy metering rates because we generate our own power. Amy did not realize we had solar power. Tony explained we produce enough power to run the building during the day. We used a grant to install at a cost of \$10,000. Some of the panels are going bad and Silicon Energy is out of business with no replacements. The letter is informing us of a rate change. Tony stated the Town is using all LED everywhere.

5-3-19 letter from Jack Bradach, City of Gilbert regarding Wellhead Protection Plan, Part 1. Wellhead protection area, drinking water supply area, well and supply vulnerability assessment. For our information, they already had a meeting. We get a small amount of water for Differding Pt from Gilbert. All of our lines are interconnected.

OLD BUSINESS

Rates- Meeting with Chris, Greg, Tony, Diane and Heidi was held. Discussion of options and costs.

Copy of letter regarding the rate increase sent to customers. Chris explained we did the math and figured an increase of \$8 a month will keep us cash flow neutral. We believe we can absorb \$4 because we paid off the loan. This is assuming we don't do the \$40k of televising, which we will probably do the project. We do have a bit of excess reserves and we were comfortable spending that on the televising project. Normally we would have made a recommendation to the Town Board but Greg and Chris wanted to get the increase started, otherwise it would have been another month before we started. We hope no one is offended by that. That way we had time to get the notification in the mail. Chairman Tammaro apologized for not sending out an email. Tony looked at reducing the Depreciation by 10,000 but it was an insignificant amount so they didn't do that. We also looked at paying off the second loan but it would have used up all of the cash, so we did not do that. Chris stated this was the lowest we felt comfortable increasing the rate. We did have 2 complaints. Cam said he pays an average of \$80 a month in Virginia. Ed Vest asks what the Eveleth Park pays. Eveleth has only the buildings connected to the sewer plus a dump station. They pay as a commercial user based on gallons plus \$1 per dump at the camper dump station. We are trusting them to count and they need to keep the top locked at the dump station. Chris stated he is cautious about sending out mass emails or calls, due to the open meeting law where three commissioners cannot be talking about the same issue.

Tony could have sent out an email and he apologized. Diane stated we talked about paying for the televising out of the 4M Depreciation Fund and Chris would like to leave that money alone so it can earn interest and just use the cash, which makes more sense.

John West- Chairman Tammaro reported the Town sent it to Scott Neff. We are still waiting for an answer from Scott. Tony told John West this is the last time and we are done. Ed Vest explained the history John West is questioning the WAC of \$3500 which he was charged and paid many years ago and the statute of limitations have past. Fayal owned the waterline when he connected and paid the WAC. Then we made an agreement to turn the line over to Eveleth until such time we would put in a meter. John is asking for his money back.

NEW BUSINESS

Proposal dated 4-22-19 from Great Lakes Pipe Service, Inc. to clean and video inspection of 22,067 ft of 8" sewer line with 6 days of easement rental for \$41,173.90. Tony reported the Town Board accepted and passed this proposal. The PUC did talk about this previously.

Estimate dated 5-21-19 from Aquapower to clean and video 22,067 ft of 8" sewer line with easement machine estimate for total price of \$45,458.02.

Dale forwarded this to the Town Board for approval so he can get on the schedule for this year. This is the \$40k Chris has been talking about.

6-6-19 We received 2 SAC's of \$6,625 each from the Korpela subdivision and sale of property. We have been working with this family for years. Tony was surprised she paid after having her attorney review it. We have talked about this before. The family did a property split creating new parcels that are benefited by the sewer line and they changed ownership. Parcel 1 has been sold and they plan to build a home. Parcel 5 they are keeping but under new ownership. The SAC was paid on both parcels #1 & #5. Tony explained this is how we do it. Diane explained the properties that about the sewer line are benefited properties whether or not they connect. Ed stated he had one of these properties and paid the SAC. John West is also contesting this process of the SAC, sewer access charge. The assessments were paid on the taxes at the time of the construction project. You cannot add and assessment later, so we have the Sewer Access Charge of \$6625. Typically we would ask for the money upfront if there is a sale that we are aware of, sometimes we are not made aware at the time. Sometimes the Town Board will give a promissory note to a resident with a good credit history.

TREASURER REPORT

Treasurer report by Chris Erickson, provided by Clerk Coldagelli as of 4-31-2019 and 5-31-19 Year to date. FWC Beginning balance 2019 \$55,549.10 4-31-19 Revenues \$24,198.20 Expenditures \$26,458.99. Current cash balance \$52,623.37. The May 31, 2019 Revenues \$33,956.13 Expenditures \$30,714.94 the current cash balance is \$56,576.95 these entities are designed to stay relatively cash flow neutral. And that is the case with the Water Co.

FSC Beginning balance 2019 \$247,045.40 4-31-19 Revenues \$202,640.86 Expenditures \$266,412.60. Cash balance \$271,474.85. May 31, 2019 Revenues \$249,739.87 Expenditures \$315,052.14 Current Cash balance \$273,135.47. We were cash flow positive with the loan being paid off, but after the \$8 increase we will probably be cash flow neutral going forward and the \$40k expense is going to come out of the \$273k. Cam asked about the televising. We have broken it down into a 5 year plan so we will only be doing one section. We have not televised previously. Tony stated we are mandated to do it. At the end of the 5 years then we can wait a little while before we start again. Chris explains the \$275k is uncommitted cash and we have the \$204k in the 4M Fund. Chris explains the 4M Fund is a money market endorsed by the State of MN. It is over 2% interest and beats the local banks. It is a liquid fund which we can take at any time. Cam is wondering how much income we should have on hand. Chris stated we did talk about that at our subcommittee meeting. We do not know what that rule of thumb is. Our gut feeling is we probably have more in reserve than most cities. Which is why we are comfortable spending it down a little. We do not have actual numbers. Cam is wondering what percentage other cities have in reserve. When we put in our system they told us we had to put \$50k a year into the depreciation fund and we only put \$30k, now I think we are only putting in \$20k a year. We are actually funding the depreciation. Discussion about our current agreement we have with the City of Gilbert. It is a 25 year contract, whenever Gilbert raises there

customers the same amount is charged to us. Chris has had the contract looked at and found nothing we could do to get out of it.

Chris explained we just got the spreadsheet on the PUC whose revenues come from the cable tv of \$9K-\$10K a year and expenditures go out for the joint cable and some other small charges. It is showing a negative \$3,000 balance, Tony says attorney fees come out of there also, so we need to look at increasing the fund. The Town used to fund it, but the franchise fees were sufficiently handling the expenditures. Now it is not. Ed is wondering if Fayal gets all of the franchise fees that are on his bill. We will table this until Greg is here.

PUC Beginning balance \$-3,188.26 Revenues \$2,488.95 Expenditures \$2,454.78. Ending balance - \$3,154.09. May 2019 Rev \$4,855.44 Expend \$4,797.89 Ending Balance -\$3,130.71.

Depreciation 4M Fund \$204,798.85 PUC Truck Depreciation 4M Fund \$19,306.98.

CABLE

Ed Vest called and talked to the construction Co. doing the work and complained about the lack of restoration. They came and sprayed seed over the mess and told him they are coming back and doing more work. He feels the Town should call and request the restoration be properly completed.

Tony reported the Town gave the Chamber of Commerce \$1,000 for a grant to install fiber. They are looking at a fiber project in Cherry Tony asked if they would look at doing a fiber project in Fayal. They installed fiber to the Town Hall but they did not get it into the office so we can use it. You can pick it up on your phone if you stand in the window. Paul Bunyan will not allow us to have the passwords so we could get it connected. So we are still on Media Com but the fiber is in the ground.

STREET LIGHTS

Nothing at this time.

FYI

Next PUC meeting will be Tuesday July 9th at 7:00 p.m. 2019.

ADJOURNMENT

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

Vice Chairman Amy Jackson adjourned the regular meeting at 7:52 p.m.

Respectfully submitted,

Diane Dickson



Fayal Township Deputy Clerk
PUC Coordinator/Billing Clerk

Approved 7.9.2019

