

**PUBLIC UTILITIES COMMISSION**  
**REGULAR MEETING**  
**AUGUST 7, 2018**

The regular meeting of the Fayal Public Utilities Commissioners was called to order at 4:00 p.m. by Chairman Dennis Pernu. Present were: Commissioners Dennis Pernu, Cal Turner, Greg Buckley, Chris Erickson and Amy Jackson.

Audience members in attendance were Town Board Supervisor Pat Ziegler, Jim Pernu, Mike Sertich & John West.

**APPROVAL OF MINUTES**

- **Motion to approve the regular PUC meeting minutes of July 10, 2018 made by Greg Buckley, second from Cal Turner. Motion carried unanimously.**

**GUESTS**

Mike Sertich & Jim Pernu from Lakeside Dr. John West from Pine Dr. Nothing at this time.

**CORRESPONDENCE**

Delinquency Report as of 7-25-18 \$ 35,654.96. Dennis questions if our by-laws prohibit a Town Board member from serving if they have a delinquent. The Town Board are elected and are governed by State Statute and we cannot remove them for that reason. Diane reported the certified notice has been generated and sent out, they will have that amount certified to the tax role if it remains unpaid.

List of paid delinquent was reviewed.

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

4:04 Town Board supervisor Pat Ziegler enters the meeting.

**OLD BUSINESS**

*Sandy Ahlin sink hole*-Sandy did not agree to sign the form provided. She asked to be on the Town Boards agenda. She is not agreeing with the one time fix.

*Bulk Water Agreement*- Nothing yet.

*Sewer Line Cleaning*- Great Lakes Pipe Service, Inc. has not started cleaning section #1 yet.

*4 M Fund*- Chris is working on this with Heidi they drew up an investment policy and the auditor was looking at it and it is on the next Town Board agenda.

*Water Standby Charge*- Customer list, spreadsheet of total payments made and Resolutions re: standby & WAC provided by Diane.

**NEW BUSINESS**

*98-2 Amendment 4 Sewer Service Charge Ordinance*- changes to the dates on page 10. Diane and Chris worked on it to follow the current state statute with the dates in order to not miss certifying delinquent prior to St. Louis County forfeits a property, and cleaning up the wording.

- **Motion by Chris Erickson to amend Sewer Service Charge Ordinance 98-2 to reflect the recommendations provided by Diane, second by Greg Buckley. Motion carried unanimously.**

*Standby Water Ordinance*- Chris asks what happens when a stand by customer choses to hook-up. Diane stated the customer hires a contractor to make the connection and our Water Wastewater Operator is there during the hook up for inspection.

Jim Pernu gives a historical, Fayal started the stand by water charge in July of 2000. Jim had his water curb stop connected to the line before that time, in case his well were to fail, and he felt it would increase the value of his home when he decides to sell it. He paid Jola and Sopp \$900 Mavec and Essella had there's put in at the same time. Mike Sertich is now in Essella's house. 1972 his well was installed it

worked until last year and he updated his well pump because he does not like city water. He feels he has no benefit from the \$132 a year standby charge. \$2,217 has been paid and another 9.7 years before it would meet the \$3500. He would like to quit paying and he would like his balance to be carried forward for a new owner. Also, what is the Town doing with the money? Chris Erickson states when Fayal decided to have a water connection fee of \$3,500, people had a period of time to connect for free or in the future it will be \$3500. If you aren't sure you could pay this monthly "insurance premium" so if you change your mind you don't have to pay the entire \$3,500. It is like term insurance where you pay a premium if you don't die you still pay the premium. Chris is just having trouble with the amount. It was set to go along with the Differding Pt assessment. Chris has been reading something provided by John West and is creating some questions. Chris doesn't have a problem with the standby as an insurance policy. Mike Sertich had no idea there was a standby charge when he purchased the property. Chris explained you can cancel at any time and like insurance then you get nothing that was an expense you were willing to incur. Cal Turner stated the people had a choice at the time. Chris is thinking maybe we could make a change, regarding the amount paid in. Cal Turner states he believes the amount came from when Differding Point came on line. Pat Ziegler said when they did the Point they agreed to put in the waterline and the amount was assessed and then that carried throughout the Township.

4:23 Amy Jackson arrives.

Pat questions what is included for the \$3,500 now, does Fayal pay for the tap in to the mainline.

Discussion on the timing of Jim Pernu's tap and standby. Diane read the water resolution.

John West submitted a letter to the Public Utilities Commission from his attorney. The WAC goes into the Fayal Water Co. not sure what sub account it goes into. Greg Buckley states we have talked about putting a cap on the standby water fee to not exceed the \$3500. He would consider allowing people credit if you cease paying to get a credit if you would ever connect in the future, but not transferring to the next owner. You are buying an option. Amy says they could have chosen to connect at any time while they are paying. If they chose not to and didn't connect that is money they chose to spend for that option. Jim tied into waterline before Fayal had a water connection fee. Lengthy discussion about assuming the timing of the line construction, and when the tap was made and the costs. Greg explains the Sewer Co. Fayal uses about half for our operating budget the rest goes to Gilbert we try to keep our rates as low as possible. Mike Sertich asks if we ever considered our own sewer plant. Cal said we looked at it and going with Eveleth and forming a sewer district. And nothing worked out. Gilbert is updating the plant to keep compliant with the MPCA mercury standards. Greg asks if everyone paid for their own water tap. Cal remembers customers paid the contractor for the tap as the waterlines were installed for fire protection. Probably back in 89-90 IRRRB was funding for fire protection that's when we put in waterlines.

Chris reviews some of the questions in the letter from John West. What sub account the standby goes to. The number of people who have been charged the \$3500. ~~Chris still does not agree with the Attorney as it was Fayal's asset and our right to charge the connection fee.~~ Chris says it was Fayal's asset and our right to charge a connection fee. Cal states the Town did have to put in some matching funds when the waterlines were put in for fire protection. The only time we did not have to put in matching funds was to get under the Hwy 53 and down to Mary Maki's due to mining interrupted the water. Cedar Island Dr. was with matching funds. Amy says when you are working on infrastructure and doing something for the community there are costs on both sides. There still has to be a responsibility by the community. Pat explains assessments are for the project costs. Lots of discussion with no decision. Water Access Charges came from attending conferences and MPCA and MRWA pushed for Cities and Towns to adopt this due to the fact you have costs that are incurred that's when Fayal adopted it. Our costs are higher because we are not as dense as Cities. We are miles per customer not feet. Pat says yes our costs

to install the line are higher but once the line is in, then parts wise our costs are the same amount. So, then the access charge is used for maintenance and operation Greg says we will have to look at the definition of that. Diane said everyone should review the ordinances, the resolutions, State Statutes and minutes. And the letter will have to go to the Town Board. Amy says we can't make a decision by guessing and we need to know what we are being asked. John West says he wants to know the actual cost of the waterline and making sure the fee is not just a revenue generating fee and it goes towards the cost of the line or a pump. Chris wants to know how many people have paid the \$3,500. Greg states the water company does not make much money. The PUC minutes are available for review. John provides a letter with information from Michigan. Amy disregards it because we don't know where it came from. More discussion about when the lines went in and where they went.

- **Motion by Cal Turner to forward the letter from the John West's attorney to the Town Board, second by Dennis Pernu. Motion carried unanimously.**

#### **TREASURER REPORT**

Chris reviews the treasurer report provided by Clerk Coldagelli as of 6-30-2018. Year to date.

FWC Beginning balance \$60,098.98 Revenues \$41,686.91 Expenditures \$30,865.95.

Current cash balance \$67,687.47. Cash flow positive.

FSC Beginning balance \$245,958.83 Revenues \$291,049.18 Expenditures \$275,921.50.

Current cash balance \$261,086.51. Cash flow positive. There are no concerns now but there will be concerns with the finances if our sewer rates with Gilbert change and Chris states there is going to be maintenance Dale is doing that will be pricey and it will have a negative impact on our expenditures in a big way.

#### **CABLE**

Greg reports there is no update.

Media Com Franchise fees rcvd July 27<sup>th</sup> \$2,343.98 April 1, 2018 to June 30, 2018.

#### **GAS**

Nothing at this time.

#### **STREET LIGHTS**

Nothing at this time. Jim Pernu questions if we are going to add any. The procedure is via a neighborhood petition, and then the police look at it we have a procedure we follow.

#### **FYI**

Next PUC meeting will be Tuesday September 11<sup>th</sup> at 7:00 p.m.

#### **ADJOURNMENT**

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

Chairman Dennis Pernu adjourned the regular meeting at 5:15 p.m.

Diane Dickson  
Fayal Township Deputy Clerk  
PUC Coordinator/Billing Clerk

Approved *as corrected*  
9.11.2018  
*Diane Dickson*