

PUBLIC UTILITIES COMMISSION

FAYAL TOWN HALL

January 12, 2021

The regular meeting of the Fayal Public Utilities Commissioners was called to order at 7:00 p.m. by Chairman Greg Buckley. Present were Commissioners: Greg Buckley, Ed Vest, Gina Brascugli & recording secretary Diane Dickson. Chris Erickson and Amy Jackson attended via conferencecall.com. Also, present Town Board Chairman Tony Tammaro.

APPROVAL OF MINUTES

- **Motion to approve the regular PUC meeting minutes of December 8, 2020 made by Ed Vest, second by Gina Brascugli. Motion carried unanimously.**

GUESTS

Chairman Tony Tammaro nothing at this time.

CORRESPONDENCE

Delinquency Report~ as of 12-23-2020 \$8,043.75 Reviewed and placed on file.

December Water Wastewater Report~ was reviewed lift station A-1 has a temporary fix. MN Pump works will be setting up the data logger soon in order to verify the correct pump. Greg asks if the Road & Bridge are charged when Rick is plowing roads and working in that department. Tony states yes, it is charged to R&B. Placed on file.

End of Year Wastewater Reports~ PFA Replacement, yearly and 5-year averages, 2015-2020 Call outs. 2020 the gallons were up. Chris will discuss the PFA later there is \$14k in that fund.

12-28-20 MN Pollution Control Agency-Notice of Public Hearing re: Proposed amendments to water Quality Standards. Virtual public hearing 2:00 pm February 4, 2021 for anyone who is interested.

Updated PUC Roster placed on file.

OLD BUSINESS

SEH Matt Reid Horseshoe Lake Sewer Extension~ The work has been completed but did not pass the video inspection. Town Board sent it back to Jola & Sopp. Matt was meeting onsite with Joe to re-shoot the elevations and come up with a plan. Tony says the Town has not paid for anything yet. Matt is concerned with the dips. We don't want to have a problem line. The line has not been turned over to the Town, so we have not sent a bill to the landowners on the line for the SAC.

TPC Telemetry & Process Controls, Inc.~ Charlie installed the new SCADA computer and program in October. The bill has been paid.

GIS SEH~ The discrepancies will be completed in the Spring.

Access to Availability Ord 98-1 & 98-2~Amy, Greg and Diane will be working on this to update wording from Access to Availability and SAC Resolution 2018-13 & 2000-14- Twin homes 98-2. Greg reports nothing new on this.

State of MN-Eveleth Gravel Pit~ They are not going to be using the site.

Rates~ Chris is jumping to the Treasurers report.

NEW BUSINESS

Nothing new.

TREASURER REPORT

Chris reported he talked with Clerk Coldagelli and the sewer company is no longer cash flow neutral it's going to be \$-80K. It looks like it is going to be -\$70k next year. His first thought was to run a deficit and use the funds in the assessments, but Chris agrees with Greg, from an operating stand point, the operating revenues and expenses should be in balance. If we fund the depreciation at \$40k a year and if we keep putting \$2,900 into the PFA account. We will be at \$7-\$8 per customer per month deficit. One thought is, if you add all of the depreciation accounts together there is about \$300k now. And the sewer assessment fund has another \$400k that could go into the depreciation. And then not funding the depreciation for a number of years then we could reduce it to \$2 or \$3 a month cash flow negative. Tony is wondering if we have to fund the depreciation to follow the GASB rules, maybe not all of the \$40k. Tony says that's how we kept the rate lower for years by not funding the depreciation at the rate Walker Giroux and Hahne recommended. Maybe we put away \$10k or \$20k instead of \$40k or \$50k. Tony says we need to have a plan for the future are we going to be doing any development. \$700k is an amount that people could question. But we don't want to raise the bill \$7-or \$8 a month. Greg believes there is no reason to have that PFA account if we are no longer needing it and simplify the accounts. Chris would like to see a \$1-\$2 increase and if we want to be in balance then it

would be a \$3 increase, these are all assumptions. Gina is wondering if the PUC ever discussed the bill being based on the number of people in the household? Why are 10 people paying the same amount as one person? Tony says that could be accomplished by water meters but we would have to pay for that. Otherwise, it would be a nightmare to monitor how many people are in the house. Then new billing procedures would have to be written. Ed states Hermantown does do both but they have different rates for the metered and non-metered sewer customers. Maybe we could look at re-formatting our rates and go to a tiered system. We have 200 water and 700 sewer customers. Greg would like to come up with a pro forma spreadsheet looking at the rates. Chris reminds us, Heidi has to send out a letter to the customers. Diane remembers GASB wants the depreciation to be funded so you could rebuild your entire system at the end of its useful life. The depreciation funds will be there to rebuild and repair the system. Greg believes we should keep steadily raising the rates so it's not zero for 5-years then \$10 at once. Ed asks how long the \$72 has been in Chris says it has been 1.5 years. Tony states and we bought the rate down by eating some of the increase from Gilbert. Greg and Chris will work on a spreadsheet and bring it to the next meeting.

Chris reports the revenues for the Water Co. last year \$79k and expenditures were \$77k. We do not need to adjust the water rates. Sewer Co. the revenues are \$667k and expenditures were \$747k which is the \$-80k discrepancy, which needs to be addressed. Amy is wondering what the major factors are affecting that. Chris is remembering pump repairs, and line cleaning at \$45K and we still have a couple more years to complete the entire system. Tony says we just paid out more than we took in. Amy is asking why we can't use the depreciation funds. Tony says you can you just have to decide. It will be transferred over and zeroed out. Amy is not following the logic of how it is tracked.

Reviewed by Chris Erickson, provided by Clerk Coldagelli as of 12-31-2020 Year to date.

FWC Beginning balance 2020 \$52,690.12 Revenues \$ 79,683.74 Expenditures \$77,000.50

Cash balance \$45,064.10.

FSC Beginning balance 2020 \$185,921.48 Revenues \$667,159.36 Expenditures \$747,214.65 Cash balance \$88,222.92.

PUC Beginning balance \$0 Revenues \$10,175.75 Expenditures \$10,159.90. Cash bal \$15.85. Depreciation 4M Fund \$227,497.89 (2,699.04 int.)

PUC Truck Depreciation 4M Fund \$24,903.02 (269.90 int.)

- **Motion by Greg Buckley second by Ed Vest to approve the Treasurer's report.**
- **Motion carried unanimously.**

CABLE

Nothing at this time.

STREET LIGHTS

Nothing at this time.

FYI

Next PUC meeting will be Tuesday February 9, 2021 at 7:00 pm.

- **Motion by Ed Vest to adjourn the meeting, second by Gina Brascugli. Motion carried unanimously.**

Chairman Greg Buckley adjourned the regular meeting at 7:36 p.m.

Respectfully submitted,



Diane Dickson
Fayal Township Deputy Clerk
PUC Coordinator/Billing Clerk

Approved 2.9.2021
