

# PUBLIC UTILITIES COMMISSION

FAYAL TOWN HALL

FEBRUARY 9, 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. Chris Erickson and Amy Jackson attended via conferencecall.com. Absent was recording secretary Diane Dickson. Also, present Town Board Chairman Tony Tamaro. Heidi Coldagelli attended via conferencecall.com

## APPROVAL OF MINUTES

- **Motion to approve the regular PUC meeting minutes of January 12, 2021 made by Ed Vest, second by Gina Brascugli. Motion carried unanimously.**

## GUESTS

Chairman Tony Tamaro and Heidi Coldagelli nothing at this time.

## CORRESPONDENCE

*Delinquency Reports* as of 1-25-2021 \$10,193.34. Reviewed and placed on file.

*January Water Wastewater Report.* Rick stated the 2020 gallons were up due to everyone was staying home due to CoVid-19. Report reviewed and placed on file.

List of Special Assessment Balance from St Louis County as of 12-31-2020 delinquent is \$55,267. Reviewed and placed on file.

## OLD BUSINESS

*Horseshoe Lake Sewer Extension, SEH Matt Reid* ~ The work has been completed. The line was cleaned and re shot the elevations, there was debris in the line, everything is fine. We have paid the bill for the project.

*GIS SEH*~ discrepancies will be dealt with in the Spring. Nothing new.

*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.* No update.

*Rates*~ Chris talked to Heidi, they went over the actual expenditures for 2020. They came up with the best estimate of what they might be in 2021. Looking at the actual cash expenditures, assuming they are the same next year, we are looking at a cash flow negative \$2 a month per user. If we raise it \$2 per user we would be cash flow neutral in actual cash in and out. That is assuming we do not fund the depreciation at all. Chris throws out the idea of funding the depreciation by drawing down the \$400k depreciation pot. Then you can still fund it, but you don't have to raise the rates anymore than the \$2 to keep us neutral. That is assuming no inflation on anything. The last time the rates were raised is May of 2019. If we raise the rates \$3 we would go to \$75 which is 4% but that is in 2 years is 2% per year and that is not out of line with the real world inflation. Heidi and Chris came up with the numbers and Heidi agrees with that statement. Tony asked if they thought about it is a contract year. Heidi said they only looked at where they are this year, Chris restated they assumed this year to be the same as last year. So, \$2 just keeps us even maybe \$3 would be better to account for increases. Tony does not like to see \$3 and says he could get money from somewhere. Greg says if we do \$2 now, we could do a big reminder in December and do another \$1 in 2022. Chris would like to keep the increase to a minimum. Heidi thinks the notification is maybe 60 days.

- **Motion by Ed Vest to recommend the Town Board raise the sewer rates by \$2 for both residential and commercial users as soon as it can be made effective, discussion about the rate.** Our expenditures are more that our revenues in the everyday expenses. We ate almost \$5 of the Gilbert bill and we did say, we would see how long we could do that. Amy feels it should be \$3 now. Greg states the \$2 gets us cash flow neutral and we still have the \$400k for any significant capital expenditures that may come up. **Second by Chris Erickson for the \$2. Motion carried unanimously.**

Chris brings up from the last meeting we talked about not setting aside the MPFA requirement because we do not have the loan anymore and we need to make a motion to do that.

- **Motion by Chris Erickson to no longer set aside funds for the MPFA requirement and whatever is in that pot of money to put it into the general Fayal Sewer fund pot instead of keeping all the small buckets of money, second by Ed Vest. Motion carried unanimously.**

# PUBLIC UTILITIES COMMISSION

FAYAL TOWN HALL

FEBRUARY 9, 2021

Chris asks if we need a motion for the depreciation. Heidi said we do not have to fund the depreciation according to Patty at Walker, Giroux and Hahne. The depreciation balance with this year's contribution is \$270k. Chris was bringing it up for discussion. We can not fund it and use it as needed or formerly send \$40k over to it yearly. Originally it started off at \$10k, Heidi says the 4M Fund has been moved to the savings account because it is paying more. Tony and Heidi feel, just leave the depreciation alone this year, and look at it at the end of the year. GASB does do it on paper when they finalize our statements at the end of the year. Chris says that would be easier. Greg agrees to look at the depreciation at the end of the year.

- **Motion by Chris Erickson to Not fund the depreciation on a monthly basis and see where we are standing at the end of the year and deal with it then. Second by Ed Vest. Motion carried unanimously.**

*MN DOT Relocation*~ Ed Vest reports they did have a zoom meeting with the Department of Transportation. They are still interested in using the Eveleth gravel pit but only to build an administrative building. They would not bring the trucks and the shop. They are not sure if the Driver's License would move. They would be bringing the State Patrol and the impound lot, it was suggested they put the impound lot across the road, and continue to look at the Bertucci pit. They will be looking at that. The project is still alive, they do have money set up for the design work and they want to move on this. There are maybe 30 cars that would be using this building, they did look at something in Mt. Iron but then it was unavailable. Ed said it sounds like a good compromise. The local home owners asked the State to purchase the whole site.

## NEW BUSINESS

*MN Pump Works for Lift Station A-1*~ Quotes to Replace one pump in Lift Station A-1 our largest pump in Sparta \$17,187 OR Replace one pump and also 2 base elbows. \$25,866. See the attached email from MN Pump Works.

Rick is recommending replacing the pump and the elbows to take advantage of the technicians are already here.

Ed asks about version 3 with the discounts applied, discount was 5% off. Quotes do not include shipping.

- **Motion by Ed Vest to recommend the Town Board approve the larger quote to include the new elbows etc.** Heidi says there should be about half in maintenance contingency to cover half of it.

**Second by Gina Brascugli. Motion carried unanimously.**

*Pat Ziegler Pine Dr. Land Split* ~ Heidi reports it appears he is wanting to split his parcel. He has 2 service lines running on each parcel, it is a private line that he installed. That is the problem he has one line that goes from his garage to a manhole and the house has a line that also goes to the manhole. Tony says he wants to split his property where his manhole is. Then the garage would have a sewer service but not the house. Pat told the County he would have city sewer to both properties but it would not be for the house. Ed questions he wants to separate the house and the garage and the whole property is serviced by the 2" line that Pat put in and runs down the road to Fayal's manhole. Heidi said Rick did talk to the County and inform them if he does this there is not City Sewer at the house. Tony says this is just a heads up as to what may be coming.

*Dennis Longar Cedar Island Dr. Land Split* ~Tony explains Dennis is wanting to subdivide the property so each of his siblings would get a lot. Heidi explains he wants to split the property and get 4 lots and sell the house. The house has sewer and water and a paid sewer assessment. He first asked the planning commission and the Town Board to spot zone and was told no. Now he wants to get a variance from the zoning. This size lot is not allowed, he can only have 2.5 acres lots there. While reviewing the variance Rick noted the force main runs in front of 4 of the lots so he can't actually connect to a force main. He did want water and sewer for those lots and that's going to be a problem. Heidi talked to the County and Dennis the purple lot has a manhole which they could connect to, the other 3 would not be able to connect. Dennis is not sure what to do now and probably will pull his variance application. Dennis may possibly bring in his own line with an approved contractor and every property would be subject to the

# PUBLIC UTILITIES COMMISSION

FAYAL TOWN HALL

FEBRUARY 9, 2021

SAC of \$6625. He does have different options and he may come back with more questions. He did ask if he could dig in his own line and Heidi said she didn't know but thought it had to be a contractor. Tony states it has to be a bonded contractor. This is very similar to Horseshoe Lake sewer extension project we just did. He did think maybe he could get it installed and turn it over to us and then each \$6625 could possibly come off of that. Possibly apply for a grant. If there is a variance hearing all of the neighbors would be able to comment on it. Chris is concerned with responding to the County. Heidi said the County is aware of the issues. He does have access to the manhole for the purple lot. Ed thinks it is similar to the Horseshoe Lake Extension. Greg says we will keep this under advisement. Heidi did respond to the County and said we have multiple concerns.

7:42 Tony leaves the meeting.

## TREASURER REPORT

Chris says they are still waiting for the year end reports from the auditor. There will be various entries that will affect the starting balances. No report at this time.

## CABLE

Ed says the Cable bill went up about 18% on the franchise fee. Heidi said we got a check for \$2,600 and all of that money goes to channel 12. Ed called and asked why the increase and who is receiving it and he did not get a good answer. Heidi will check into it.

## STREET LIGHTS

Nothing at this time.

## FYI

Next PUC meeting will be changed to the 3rd Tuesday March 16, 2021 at 7:00 pm. Town Annual Meeting will be held the 2nd Tuesday of March 9th, 2021. Plan on attending.

- **Motion by Ed Vest to adjourn the meeting, second by Amy Jackson. Motion carried unanimously.**

Chairman Greg Buckley adjourned the regular meeting at 7:46 p.m.

Respectfully submitted,



Transcribed by Diane Dickson  
Fayal Township Deputy Clerk  
PUC Coordinator/Billing Clerk

Approved 3.16.2021  
