

PUBLIC UTILITIES COMMISSION

FAYAL TOWN HALL

MAY 9TH, 2023

The regular meeting of the Fayal Public Utilities Commission was called to order at 7:00 p.m. by Chairman Ed Vest. Members present in person are Commissioners Chris Erickson, Dave Hamalainen, and Amy Jackson. Members absent are Eugene O'Brien. Audience members are Town Board Chairman Tony Tamaro.

APPROVAL OF MINUTES

- **Motion to approve the Regular PUC Meeting Minutes of April 11th, 2023 made by Commissioner Dave Hamalainen and supported by Chris Erickson. Motion carries unanimously.**
- **Motion to approve the Special Meeting Minutes of April 18th, 2023 made by Commissioner Dave Hamalainen and supported by Chris Erickson. Motion carries unanimously.**

GUEST

None

CORRESPONDENCE

Mediacom Franchise Fee – Payment of \$2,777.47 received in April for the first quarter of the year.

Delinquency Reports – not much change from previous month.

Water/Wastewater Reports – Commissioner Chris Erickson created a graph of the last 36 months sewer usage. The graph shows that our sewer usage is steadily increasing in volume each year. This is due to surface water from snowmelt/rain and possibly due to residents having their sump pumps connected to the sewer. Fayal Township does not allow sump pumps to be connected to the sewer. The above average snowfall created a lot of water this spring. Lift Station data can show how many times the pumps ran each month to find the areas of problem. Commissioner Chris Erickson requests the same data for the last 36 months in lift station run time, volume format, or electricity usage to attempt to find the problem areas, wondering if all the lift stations run more during the month of April or is it a select few. Commissioner Amy Jackson joins the meeting at 7:10 p.m. Noting that this April 2023 was the all-time record in the last 3 years. Overall, the sewer system is aging. It's over 20years old now.

City of Gilbert Utility Rates – Utility rate letter received from Gilbert on May 2, 2023.

March Financials – discussed under treasurer report

OLD BUSINESS

City of Gilbert Utility Rates – Clarification that the fee schedule was approved by the City of Gilbert on April 4, 2023 and amended on April 25, 2023. The volume rate is increasing by \$0.144 cents, changing from \$0.696 per 100 gallons to \$0.84 per 100 gallons. Discussion on Gilbert's sewer increase, it should be the same or at least very close to the \$0.144 increase that Fayal Township residents are receiving. When converting that \$0.144 increase per customer and average annual volume of 31,333,000 gallons breaks down to about \$5.15 per customer. The increase in our volume fee based on this 36-month average would be \$5.15 per resident and then another \$5.25 for the membrane debt service which comes to \$10.40. The \$10.40 is what is going directly to Gilbert. Discussion on the Fayal Township rate increase. PUC to remain vigilant, if Gilbert wins their lawsuit, will money be returned to our residents and is Gilbert hiring another water treatment plant employee. Commissioner Ed Vest did have a discussion with someone from Gilbert and they weren't sure a new employee was needed. If Gilbert does not hire a new employee, Fayal Township would need to have a discussion about that. Current debt service that residents are paying is \$19.50 and \$5.70. Out of the \$74.00 of the current bill, about \$25.00 stays in Fayal and about \$49.00 goes to Gilbert and the Gilbert portion is the combination of the debt service and volume.

Fayal Sewer Rates – Discuss increasing the Fayal Township sewer rate by \$1.60 or \$2.60. If we only increased the \$1.60, in another couple of years we will have to increase by at least another dollar again. Commissioner Chris Erickson recommends the \$2.60 increase. The Gilbert rate increase is based on the past usage and we already know that the sewer volume being sent to Gilbert is increasing. It would be wise to have the larger increase now knowing that the volume is increasing. Another way to look at the increase is. If you take the \$25.00 that stays in Fayal Township and increase it by \$1.60 that is about a 6-7% cost increase in 2 years. The increase of \$2.60 is about a 11% increase in 2 years and inflation is more than 11% in the last 2 years.

- **Commissioner Amy Jackson motions to increase the Fayal Township residential and commercial sewer rate by \$2.60 plus the Gilbert sewer rate increase of \$10.40 for a total increase in sewer rates of \$13.00 per resident and/or commercial business. Supported by Commissioner Dave Hamalainen. Motion carries unanimously.**

Town Board Chairman Tony Tammaro shares that this will be effective July 1st, 2023 and payable on the bill received in August with a bill due date of August 20th, 2023.

- **Commissioner Amy Jackson motions to amend the sewer rate increase to include that this new \$13.00 rate increase is effective on July 1st, 2023 payable on bill received in August with payment due date of August 20th, 2023. Supported by Commissioner Dave Hamalainen. Motion carries unanimously.**

Running Water Credits – There were a few residents running water to prevent water lines from freezing. This is now over for the year.

Saint Mary's Lake development – No new information.

Eveleth Water Agreement – no new information

NEW BUSINESS

T-Mobile Cell Tower – There is a meeting on Thursday May 11th about a cell tower that will be installed near Bullfrog's restaurant. Commissioner Amy Jackson wants to attend the meeting. The company is not meeting the size dimensions and Commissioner Amy Jackson believes the company is seeking a variance. Meeting is by telephone.

Differding Water Residents – City of Gilbert approached the Fayal Township and asked if we would be willing to turn the 33 residents on Fayal Township Water Utilities in the Differding Point area of Ely Lake over to City of Gilbert. Town of Fayal Clerk Heidi Coldagelli looked into the financial impact and it wasn't much. Those 33 residents do already get their water from Gilbert. Commissioner Amy Jackson suggests that if Gilbert is interested in taking on those residents as water customers, then they need to make contact with each resident and let the residents decide for themselves. If the residents are interested in it, then they can come to the Town Board and we can work with them.

- **Motion made by Commissioner Amy Jackson that if Gilbert wants to take on those 33 Differding Point area residents for water service, then Gilbert needs to make contact with them. If those residents want to become water utility customers of Gilbert, then the Fayal Township will help to facilitate that arrangement. Supported by Dave Hamalainen. Motion carries unanimously.**

Discussion on how the sewer system works in the area of Differding Point to Sparta. Can Fayal Township differentiate between the sewer usage that is from Fayal residents vs. those in Sparta that are Gilbert sewer residents when all the sewer goes to A-1 lift station and out to Gilbert for treatment. Does Gilbert water treatment plant and the Eveleth water treatment plant dispel water into the sewer? Is the sewer billing system able to bill a volume-based sewer charge for commercial business?

Treasurer Report – PUC account year to date is in balance with revenues and expenses. Water company is in balance \$19,000.00 revenues vs \$18,000.00 expenses. The sewer company first quarter revenue is \$165,000.00 expenditures is \$135,000.00 Treasurer Chris Erickson thinks something is missing there because there is an additional \$30,000.00 in revenue. Fayal Town Clerk Heidi Coldagelli was out of the office prior to the meeting and Treasurer Chris Erickson was unable to speak with her to clarify, he will talk with her when she is back in the office.

- **Motion to approve the Treasurer report made by Commissioner Dave Hamalainen and supported by Commissioner Amy Jackson. Motion carries unanimously.**

Next PUC meeting to be held on June 13th, 2023 at 7:00 p.m.

- **Motion to adjourn made by Dave Hamalainen and supported by Commissioner Amy Jackson. Motion carries unanimously.**

Chairman Ed Vest adjourned meeting at 7:55 p.m.

Respectfully submitted by,

Rebecca Waldorf

Rebecca Waldorf

Town of Fayal PUC Coordinator/Billing Clerk

Approved 6-11-2023