

**PUBLIC UTILITIES COMMISSION
SPECIAL MEETING FAYAL TOWN HALL
TUESDAY, APRIL 16TH, 6:00 PM**

The Special Meeting of the Fayal Public Utilities Commission, was called to order at 6:00 by Chairman Ed Vest. Members present were Dave Hamalainen, Chris Erickson, Amy Jackson, Town Board Chairman Tony Tammaro, Clerk Heidi Coldagelli, and Recording Secretary Terry Hiti. Also present were Gilbert Public Utilities Commission, Mayor Tom Smith, Nick Ouke, and Leo Skrbec, and Fayal Differding Pt Residents, Todd Manninen, Jack and Patricia Alexander, John Torma, Patricia Brascugli, Gina Brascugli, Sandra Owen, Tammy Crohn, Jim Koski, and Craig Johnson.

Chairman Vest introduced to the Differding Pt residents the Fayal's PUC Commission members, Town Board Chairman Tammaro, Clerk Coldagelli, along with the Gilbert Mayor, and their 2 PUC members.

BUSINESS

a. **Differding Point Waterline Increase/Ownership Transfer-** Chairman Vest started by saying this meeting is being held as we received word from Gilbert they want more money from our water residents on Differding Point. Vest wanted the stakeholders up to date on this information.

Leo Skrbec started by saying they want to update the rigs, that the residents on Differding Point do not pay what the Gilbert residents pay and feels it needs to be raised. Rates were .675 and on November 2023 they raised them to .0742 for Gilbert. Gilbert residents pay \$16.50 base fee, which is operations, and a bonding charge of \$14.45, and are paying the debt service which includes improvements to 2 water towers and new water meters. Tammaro asked if the new water line was included in this, and Ouke stated no. There is a discrepancy in the price to Fayal as the \$14.45 would be a couple dollars less due to the new water meters were included in that charge.

Ouke stated they haven't increased Fayal's water rates in years, and Tammaro corrected him and said, that Fayal residents always paid more than Gilbert residents. Skrbec went on to say that the balance has shifted, as rates have gone up through the years but never raised Fayal's. Skrbec said it is grossly unfair that he as a citizen of Gilbert has to pay more than Fayal residents. Ouke went on to say Summitville, Broadview Manor apts., and all the duplexes pay more.

Tammaro pointed out that Differding Point is our waterline, and Gilbert is theirs. Commenting that our bulk rates should have been raised every time Gilbert raised theirs, but it was not. All agreed that falls on the City of Gilbert for not taking care of that when they should have.

Erickson's solution is to go back and see what exactly those proportionate volume raises would have been and discuss that, that's fair, not \$31.00 a resident. They are Fayal's customers and there's three things to that, which is the billing and when a line breaks Fayal fixes it, so in saying 2 out of 3 functions are Fayal's responsibility and we absorb those costs.

Skrbec is offering to sell their new handheld meters so our residents would not have to read manually, but that is more cost to the Differding residents. Erickson commented that sewer rates are higher in Fayal already and from the resident's standpoint that increasing another \$31.00 on water would be really sticking it. We have the second longest network of lines in the state, which adds cost. Skrbec said not their problem. Tammaro points out that Gilbert started Fayal at high prices from the beginning and we were held hostage for this service. Skrbec claims its an estimated volume, one meter is a best guess estimate, and Vest points out Gilbert doesn't pay the I and I, whereas Fayal residents do.

Ziegler explained the sewer draw down system we have. Tammaro brought up how we pay if there is a waterline break. Jackson pointed out the same as Gilbert is supporting theirs, Fayal is supporting their own. Skrbec stated they are here today to see if we can resolve their situation and enter into a contract that would be good. Skrbec said he read up that Gilbert can only do a 10-year contract, interesting as the sewer contract was 20 years.

Vest asked how much of that debt service is water meter debt service? Ouke would have to get the figures, but thinks in the last 4-5 years, they have spent 350 – 400 thousand dollars to keep the water plant going. Skrbec went on to say that in a couple years they hope to put in a new water plant, hoping to make it more efficient. Koski suggests making a 5-year contract then if the new water plant is up and running, Fayal can re-negotiate the water prices. Koski went onto discuss being seasonal resident and cost, asking what he gets out of his payment. Gilbert used to have a seasonal rate, but is now eliminated. Jackson points out it is a privilege to have water and to stay on the topic. Discussion went back and forth about the water and sewer prices. Skrbec feels the discrepancy is because Fayal pays per gallon. Vest points out that Fayal is one customer. Fayal is a bulk water customer.

Ouke stated anytime they improve the infrastructure in Gilbert that it is improving Fayal's service and Tamaro pointed out, that is incorrect. Because Fayal is one customer so that all stays the same. Discussion was made that Gilbert did the process backwards, and now they're trying to get money from us in something that is not our problem. It was agreed that Gilbert is due more money but its how they come to that figure. Clerk Coldagelli explained how Eveleth charges Fayal.

Resident Manninen brought forward, Gilbert is losing citizens because they cannot keep their costs down. Their budget needs to be balanced. Fayal made a huge investment in infrastructure; we have to be cautious who we as Fayal residents tie ourselves to. Gilbert has tremendous failing infrastructure. Manninen further questioned Gilbert as to what have they done with Legislature to reach out for money? \$19 billion dollars has been allotted and how much of that has Gilbert received? Mayor Smith stated they are receiving 6.2 million from IRRRB.

Smith went onto to say that is not what Gilbert is looking for, were looking to make a deal with Fayal for the next pay raise, that when the debt services need to be raised. Smith acknowledged Gilbert's blemishes should not be Fayal's problem.

Manninen went on to say he isn't interested in being a Gilbert customer and Vest agreed that isn't what Fayal is looking at either. But something has to be done as Differding residents are already being supplemented, a small bit, from Fayal. Vest also stated if the Fayal Water Company starts losing money that everybody in Fayal would have to pay more. Comments stated from the audience asking how much should zero water usage cost? Jackson did go on to explain how the infrastructure still has to be supported, we have administrative costs, repair costs, especially if a line needs repair immediately, and none of this is free. But agreed we are not going to subsidize all of Gilbert's customers.

Skrbec continued to let us know that in the future Gilbert will be building a new water plant, they are seeking money from the state, but this project will be approximately \$13 million. Wanted Fayal to know this as it will come into play at some point, because Gilbert won't get 100% financing. Smith made mention Gilbert will be putting in a million dollars, but Jackson tabled saying this discussion is for another time.

Mayor Smith explained Gilbert just wants everyone to know what's going on and they are not looking to price gauge Fayal. Tamaro commented, we cannot have another sewer project Tamaro informed them, that Gilbert needs to tell us when these projects are happening as Fayal could help. Smith agreed, moving forward Gilbert will work with the Town of Fayal. Jackson went on to say the shorter contract would be better since there are so many unknowns yet. Tamaro said ultimately, we have to work out something as our residents cannot have this big increase.

Jackson questioned how many users does Gilbert have? Skrbec replied they go off the number of 820.

Tamaro responded that Fayal has never been asked to go in on any decisions or looking for money, and we should be as we could help.

Ouke commented that when the sewer project was coming in, Gilbert had all the money except one million, but half of it got cut as they finally added the customers. Tamaro commented that the sewer project was done all wrong,

Mayor Vlasisavljevich and Tamaro were invited to the meeting, and by the time they got to Gilbert, Mayor Kutsi said, Gilbert was going into it by themselves. In hindsight, we could have saved significantly.

Moving forward, Erickson believes we should be billed as one customer, because Fayal is one bulk customer and if the raises that were supposed to occur were to be added in the past years, then figure out how much that is and we can discuss that figure, not the \$31.00 per resident. Water tower and volume rates to be discussed also. Coldagelli explained how Eveleth charge's Fayal.

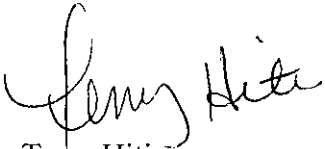
Gilbert will work on getting these numbers together and can all sit down and come up with something.

Vest added that the rates Gilbert have are 44% higher than what Eveleth charges. Ouke commented that Eveleth's system is different than Gilbert's so you can't follow their rate. There's a lot of seasonal people on Differding Pt. There are in Gilbert also, Ouke pointed out. Skrbec goes on to say the City was in the red \$46k last year just for the garbage alone so they need to balance it out. Discussion on new contract, but we haven't received one from Gilbert for almost 20 years. Vest asks if anyone has anything else to discuss: Manninen strongly encourages Gilbert to bring their representative to their meeting and encourage the residents to attend. Mayor Smith said he wished they could get people to come to these meetings. Manninen went on to say other government agencies that were paying taxes will help a smaller community. Skrbec went on to restate that we are to be billed as one bulk customer. Small discussion on Gilbert's lawsuit with the engineer for the sewer plant company. Agreed to meet when Gilbert has more figures so we can discuss the new contract.

ADJOURNMENT

6:53 pm Chairman Vest adjourned the meeting.

Respectfully submitted by,



Terry Hiti
Deputy Clerk/Billing Coordinator

Approved May 14th 2024