

Clear Lake/Clearwater Sewer Authority
Regular Meeting Minutes
April 28, 2022

CALL TO ORDER

Vice Chair Goenner called the meeting to order at 5:30 p.m. at Clear Lake City Hall.

ROLL CALL

- Present: Vice Chair Goenner, White, and Gilliland. Member Crandall arrived at 6:05 p.m.
- Absent: Chair Lawrence.
- Staff Present: Director Smythe, Chief Operator Forsell, Treasurer Johnson.
- A quorum was declared present.
- No guests were present.

1. APPROVAL OF AGENDA

MOTION by White to approve agenda as presented, seconded by Gilliland, all voted aye. **MOTION CARRIED 3-0.**

2. PUBLIC FORUM

None.

3. CONSENT AGENDA

- a. **Approval of Minutes from February 17, 2022 Regular Meeting**
- b. **Approval of Minutes from March 25, 2022 Special Meeting**
- c. **Approval of Claims/Accounts Payable for February 2022**
- d. **Approval of Claims/Accounts Payable for March 2022**
- e. **Quarterly Financial Report Q4-2021**
- f. **Quarterly Financial Report Q1-2022**

MOTION to approve the Consent Agenda as presented was made by White, seconded by Gilliland, all voted aye. **MOTION CARRIED 3-0.**

4. OLD BUSINESS

a. Solar Proposals – Consultant’s Analysis

- Director Smythe explained that consultant James Bride from Energy Tariff Experts had updated his final report – the new presentation was handed out at the meeting and added to the Agenda Packet. Smythe and Chief Operator Forsell again outlined their concerns about the complexity of the on-site facility proposal and reiterated that the amount of savings when compared to the solar garden subscription do not seem to be sufficient to offset the other issues.
- Member Gilliland stated that because he is new to the Board he doesn’t feel he has had sufficient time to review the draft agreements. He asked to have the draft agreements for both proposals sent to him. The rest of the Board asked for them to be re-sent to all members.
- Vice Chair Goenner stated that he would be more comfortable making a decision on these proposals with the full board present.
- **MOTION TO TABLE** was made by Gilliland for more time to review the draft contracts and for the full Board to be present for a decision. Motion was seconded by White, all voted aye. **MOTION CARRIED 3-0.**

5. NEW BUSINESS

a. Sewer Authority Finance

- Director Smythe explained the charts in the packet and highlighted that the Sewer Authority has been running deficits for several years. Several items are contributing. One is that the revenues are tied to sewer flows. Since flows have been down, the Sewer Authority revenues are also down, running below budget. A second issue is that capital expenses are far exceeding budget. Because the plant does not have any equipment reserves, when things break, we have unexpected expenditures. The plant is nearing 15 years old, so some parts are reaching the end of their useful life. A third issue is that rates for 2022 were set below the staff recommendation and that low flows are making the issue worse. Staff believe cash reserves will drop below the recommend 50% of operating expenses sometime next year unless changes are made.
- Smythe recommends eliminating the flow rate method of billing and billing the two cities a flat rate that is based on the budgeted revenue amount. She also recommends building a capital reserve each year even when there are no planned capital expenditures.

Member Crandall arrived at 6:05 p.m. and joined the discussion in progress.

- Forsell stated that some cities have used a surcharge addition to utility bills rather than raising rates, as it seems to be less controversial. Smythe reminded the Board that the Sewer Authority has just the two cities as clients and that the method of billing residents is up to the two cities.
- Members considered options. Members would like to see a proposal that shows a mix of flow rate with a surcharge for billing the cities, along with a flat-rate proposal. They would also like to have the capacity amount annualized and added to the flow rate chart.

b. Plant Capacity and User Shares

- Smythe explained that staff had searched for an agreement to split capacity and one could not be found. The only place where the 80% Clearwater/20% Clear Lake split is discussed is in the attached Policy Manual. Smythe noted that the Policy Manual was very outdated and that the other documents that accompanied it had all since been amended. She also pointed out that the Policy Manual is just a guideline and does not have the legal effect of a contract. She recommended that the Policy Manual be repealed and that the capacity splits and significant user agreements be built into the Joint Powers Agreement and By-laws.
- Member Crandall asked to have the suggested amendments brought back to the next meeting.
- **MOTION TO TABLE** was made by Crandall, seconded by Gilliland, all voted aye. **MOTION CARRIED 4-0.**

c. Other Business

None.

6. REPORTS

- Forsell reported that things are running well at the plant, but that several projects are being pushed back due to supply chain issues. Items we have ordered early this year may not arrive until this fall.
- Forsell also reported that new member Gilliland had toured the plant and he urged others to do the same.
- Smythe reported that the audit was completed and would be presented at the next meeting.
- Smythe also reported that Treasurer Johnson has created quarterly financial reports for the Board and expects these will be included in packets going forward.

- Member White asked if the City of Clear Lake was able to get agendas/minutes for their website. Smythe stated that these items were provided to City Clerk Koren.

7. NEXT MEETING DATE

Next regular meeting will be June 16, 2022 at 5:30 p.m. at Clear Lake City Hall.

8. ADJOURN

MOTION to adjourn by White, seconded by Crandall, all voted aye. **MOTION CARRIED 4-0.** Meeting adjourned at 6:32 p.m.

ATTEST:

APPROVED:



Annita M. Smythe, Director



Andrea Lawrence Wheeler, Chair