

Clear Lake/Clearwater Sewer Authority
Regular Meeting Minutes
June 16, 2022

CALL TO ORDER

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

ROLL CALL

- Present: Chair Lawrence, Vice Chair Goenner, Members White, Crandall, and Gilliland.
- Absent: None.
- Staff Present: Director Smythe, Chief Operator Forsell.
- A quorum was declared present.
- Guest Janel Bitzan from Bergan KDV was also present.

1. APPROVAL OF AGENDA

MOTION by Gilliland to approve Agenda as presented, seconded by Goenner, all voted aye.
MOTION CARRIED.

2. PUBLIC FORUM

None.

3. CONSENT AGENDA

- a. **Approval of Minutes from April 28, 2022 Regular Meeting**
- b. **Approval of Claims/Accounts Payable for April 2022**
- c. **Approval of Claims/Accounts Payable for May 2022**

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

4. OLD BUSINESS

a. Solar Proposals – Consultant’s Analysis

- Director Smythe gave a summary of the steps taken to date to review the proposals and noted the final report from consultant James Bride from Energy Tariff Experts. Given the previously discussed concerns about the solar facility proposal and the consultant’s analysis showing only a modest difference in the projected savings between the two proposals, staff are recommending that the Board authorize the solar subscription proposal.
- Members discussed pros and cons of each proposal and the expenses already incurred to review them. There was general agreement that the facility proposal was more complex than the Board felt was prudent and the amount of savings proposed didn’t seem sufficient to justify those complexities. The Board was also concerned about the long-term costs to operate or decommission the facility at the end of the contract term.
- **MOTION** by Lawrence to reject the solar facility proposal and accept the solar subscription proposal, seconded by Gilliland, all voted aye. **MOTION CARRIED.**
- **MOTION** by Lawrence to authorize the staff and Board’s attorney to execute an agreement based on the last draft contract and utilizing the maximum subscription amount available, seconded by Gilliland, all vote aye. **MOTION CARRIED.**

b. Revenue Alternatives

- Members considered the revenue alternatives discussed at the last meeting. Staff produced an exhibit which shows the estimated impact of each to projected revenues. Member Gilliland had questions about capital items and their impact to the expenditure budget. Smythe and Chief Operator Forsell explained that this is an issue that will be addressed in the upcoming budget. Historically, the Sewer Authority has only budgeted for capital when there was a planned project. As a result, the expenditures have moved up and down inconsistently. Staff are proposing a flat allocation for future capital projects to help smooth this trend.
- **MOTION** by Gilliland to authorize moving Sewer Authority billed revenues to the method which uses current flows but adds a \$10 surcharge per household to the invoiced amounts, seconded by Crandall, all voted aye. **MOTION CARRIED.**

c. Consider Amendment to Joint Powers Agreement

- Smythe explained the proposed amendment based on the discussion at the last meeting. Member Gilliland questioned where the 80%/20% split came from. Chair Lawrence explained the historical usage and capacity of the plant. Smythe pointed out that the debt service for construction of the plant was split 80/20 between the two cities.
- **MOTION** by Crandall to recommend adoption of the amendment to the two cities, seconded by Gilliland, all voted aye. **MOTION CARRIED.**

d. Consider Repeal of Outdated Policy Manual

MOTION to repeal in its entirety was made by Crandall, seconded by Gilliland, all voted aye. **MOTION CARRIED.**

5. NEW BUSINESS

a. 2021 Audit Report

Janel Bitzan from Bergan KDV gave the auditor's report for the 2021 audit. She noted that the Board has received an unmodified opinion known as a "clean" opinion. She pointed out one finding, which is the lack of segregation of accounting duties. This is due to the small staff size. She noted that it is common for smaller entities to have this finding based on it being too costly to add sufficient staff to avoid it. The Board should be mindful of this and continue to review the financial data provided in the agendas. She also noted that the entity has been losing money over the last several years. The Board's goal has been to cover 25% of the depreciation costs each year, but none was covered in 2021. She also pointed out that the target cash balance is to have on hand 50% of the next year's planned expenditures. Unless something changes, the Sewer Authority is on track to dip below this threshold next year. She was glad to hear the earlier discussions about addressing the revenue shortfalls and the capital improvement expenses.

b. Authorize Disposal of Surplus Steel Tanks

- Forsell requested authorization to dispose of the old steel tanks that have been replaced when steel prices are good. Members questioned whether the supplier of the new tanks was supposed to be taking the old tanks. No one could recall. There was no mention of this in the minutes. Smythe stated that it may have been listed on the project quote, she could check.
- **MOTION** by Lawrence to authorize staff to dispose of tanks if nothing is mentioned in the tank replacement project quote, seconded by Gilliland, all voted aye. **MOTION CARRIED.**

c. Other Business

Forsell noted that there is an air conditioning unit at the plant with a crack that has been getting recharged 2-3 times each year at \$450 each time. A new unit would be about \$4,800. This is

within staff's authorization level but he wanted the Board to be aware as it is an extra cost that was not in the budget.

6. REPORTS

None.

7. NEXT MEETING DATE

Next regular meeting will be August 18, 2022 at 5:30 p.m. at Clearwater City Hall.

8. ADJOURN

MOTION to adjourn was made by Goenner, seconded by White, all voted aye. **MOTION CARRIED.**

Meeting adjourned at 6:26 p.m.

ATTEST:

APPROVED:

Annita M. Smythe, Director

Andrea Lawrence Wheeler, Chair

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