

**Clear Lake/Clearwater Sewer Authority
Workshop Meeting Minutes
December 16, 2021**

CALL TO ORDER

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

ROLL CALL

- Present: Chair Goenner, Members Lawrence, and White. Member Petty arrived at 5:58 p.m.
- Absent: Ranum.
- Staff Present: Director Smythe, Operator Forsell.
- A quorum was declared present.
- Guests Dave Anderson from Kennedy & Graven and Rich Ragatz, Chris Psihos from Ideal Energies were present.

1. SOLAR PROPOSALS

a. Board Attorney Review of Proposals

b. Board Questions

- Board Attorney Dave Anderson gave an overview of the property hurdles that need to be addressed in order to pursue the proposal by Ideal Energies to build a solar facility on the wastewater property.
 - o Property is owned by the two cities and is leased to the Sewer Authority
 - o The cities entered into agreements with the state related to the RIBs upgrade project, which placed deed restrictions on the property.
 - o To facilitate the project, the cities would need to subdivide and sell the portion of the property needed for the solar facility. It would need to be sold at fair market value and the proceeds of the sale would go to the state.
 - o There would also need to be a Conditional Use Permit and Rezoning obtained from the City of Clear Lake to facilitate this construction.
 - o Although Ideal Energies has done a lot of these projects, this one is more complex. The Board would need to add contingencies to any agreement to make sure all of the complexities are addressed.
 - o The deal would take time and would require approval by the state MMB office.
 - o This deal is also different than some others because the energy would be used to operate our wastewater facility, which has special needs and is highly technical. This is not the same energy needs as a City Hall, for example. Plant Operator Forsell had raised concerns about the stability of the electrical current.
 - o Mr. Anderson is not an expert on the finances of the proposal. He recommends the Board consider having an independent consultant review the projections and assumptions to analyze if the project makes financial sense.
- Member Lawrence asked how much land is needed.
 - o Mr. Ragatz responded that they would need about 2 acres of land.
- Member Lawrence asked if the state could disallow following the subdivision.
 - o Mr. Anderson responded that it would take time but as long as the property is sold for fair market value, the state would remove the deed restriction.
- Member Lawrence asked about the solar subscription agreement that was proposed by IPS Solar. She thought the Board had approved that deal already.

- Mr. Anderson stated that the deed restriction would not impact that proposal, the Board could proceed with that agreement without any issues if it chose to do so.
- Director Smythe explained that the previous agreement had been approved but then rescinded by the Board because both projects could not proceed as drafted. There is a limited amount of energy usage that can be covered by these project proposals. The subscription agreement from last year would have used all available energy, making the Ideal Energies proposal not possible. The current proposals split the energy use between them. The Board could still choose to just do the solar subscription if it so chose.
- Mr. Anderson noted that the solar facility would likely generate more savings for the Sewer Authority but is also a much more involved project.
- Chair Goenner asked what happens to the land.
 - Mr. Anderson explained that the Sewer Authority would purchase the 2 acres for fair market value from the two cities and would own that 2 acres and the facility. The purchase price would be sent to the state.
 - Mr. Anderson noted the state will require an independent appraisal.
 - Mr. Psihos stated that the cost of the appraisal was a part of the project that would be covered by Ideal Energies once an agreement is in place.
- Member Lawrence stated that she is pro-solar but also likes the idea of having an independent consultant review the financial projections. She wants to spend dollars wisely. She would also like an idea of the fair market value of the land before proceeding. Other members concurred.
 - Mr. Anderson stated that his firm has worked with an outside consultant out of Massachusetts on past projects. The consultant would charge around \$5,000 to perform an analysis of this project. It's possible the consultant would review both the solar facility proposal and the solar garden subscription proposal for this price.
- Mr. Anderson advised the Board not to approve any contracts at this point until many other details are worked out. He suggested the Board focus on their direction to staff on how to next proceed if the project is moved along.
- Smythe noted that the staff have reached out to the references provided by Ideal Energies, but have not yet received feedback.
- Operator Forsell noted that there is another agreement with Xcel Energy related to summer usage at the plant. He's not sure how this project would impact that. Mr. Anderson responded that he can check into that, as his firm has another client with the same type of agreement.

Member Petty arrived at 5:58 p.m. and joined the discussion in progress.


- Forsell noted that our flow meters and other parts of the plant are very delicate and are sensitive to changes in energy flow.
 - Mr. Psihos stated that there is new technology that can address these issues. He stated that Elko-New Market uses this type of facility at their wastewater plant and the new technology manages these issues.
- Chair Goenner is concerned overall with future energy supplies and the ability of the market to manage it. He predicts increases in blackouts in future.
- Mr. Anderson reiterated that staff are looking for direction from Board.
- Mr. Psihos stated they are just hoping for an opportunity to deliver.
- Member Petty asked what guarantees are in contract.

- Smythe noted this is premature – the agreement has not yet been reviewed due to the other hurdles that need to be addressed first.
- Mr. Psihos stated that the agreement was “right-sized” to favor the customer.
- Members to consider further action at regular meeting.

2. **ADJOURN**

MOTION to adjourn by Lawrence, seconded by White, all voted aye. **MOTION CARRIED 4-0.**
Meeting adjourned at 6:05 p.m.

ATTEST:



Annita M. Smythe, Director

APPROVED:



Tim Goenner, Chair