

**MINUTES OF THE REGULAR MEETING
OF THE BOARD OF COMMISSIONERS
OF COAL CREEK UTILITY DISTRICT
OF KING COUNTY, WASHINGTON**

Held on July 26, 2017

A regular meeting of the Board of Commissioners of Coal Creek Utility District was held at the District Office, 6801 – 132nd Place SE, Newcastle, Washington, on July 26, 2017. Commissioner Ric Anderson, Board President, called the meeting to order at 5:00 p.m. Commissioner Pam Martin, Board Vice President, and Commissioner Doug Kunkel, Board Secretary, were also in attendance. District Staff Robert Russell, General Manager, Patrick Martin, Operations Manager, and Tish Hunter, Finance Manager, were present. Dave Hutley, consulting engineer, and John Milne, general counsel, was also present.

APPROVAL OF AGENDA

Russell advised that Commissioners Kunkel and Martin had requested some revisions to the May 23, June 28, and July 12, 2017, draft Board meeting minutes and suggested the approval of those minutes be moved from the consent agenda to be a separate agenda item. Following discussion, Commissioner Kunkel made the motion to approve the agenda as amended to consider the approval of those minutes as a separate agenda item. Commissioner Martin seconded the motion, which carried unanimously.

CONSENT AGENDA

Approval of Minutes – Special Board meeting – July 19, 2017

The Shops at Newcastle – Developer Extension Agreement – Water and Sewer Design
Approval

Commissioner Kunkel made a motion to approve the consent agenda. Commissioner Martin seconded the motion, which carried unanimously.

CITIZENS' COMMENTS / CONCERNS

Mr. Richard Chan, 13505 SE 83rd St., Newcastle, addressed the Board regarding certain repair work which would soon be undertaken on the sewer line located in a District sewer easement on his property. He indicated the repair work was unique and expressed concern regarding property damage or liability he may incur relating to the work. Therefore, he requested the District provide him with a written statement that he would be relieved of all liability relating to the repair work, or proof of agency for the work to be performed.

Milne advised he had been consulted by District staff regarding the work. A contractor on behalf of Connor Homes had installed the sewer line in the District's easement (granted in 1988) as part of a developer extension agreement, the District had accepted ownership of the line, the line was still in the two year warranty period covered by a maintenance bond, but District staff had determined one length of sewer pipe had a "sag" of approximately 1/4", which does not meet design specifications and now required replacement under warranty. District staff had discussed the matter with Mr. Chan several times, advised him of the District's easement rights, and had notified Mr. Chan by letter dated July 19, 2017, of the District's intent to have Connor, through its contractor, replace the pipe on July 27, 2017. The letter also addressed several concerns Mr. Chan had raised, including the property would be restored as nearly as reasonably possible to its condition prior to disturbance from the work, six dead trees would be replaced, and that Connor and Connor's contractor would be responsible for any damage to Chan's property related to the work. Milne also advised Connor and its contractor would have insurance, the work was subject to the maintenance bond, a new warranty period would be provided for the new pipe, and that the contractor would be licensed and bonded. The pipe would also be accessed from an adjacent property, and not over the Chan property. Further, the sewer system would be shut down at a

manhole upstream from the Chan property while the work was undertaken. The District would also continuously inspect the work. Therefore, given the District was simply exercising its easement rights to have the pipe replaced, the work was not unique, and given the other protections in place, Milne did not recommend the District provide a limitation or release of liability to Chan as requested. Otherwise the District would be expected to provide such to other property owners in the future as a condition of exercising its easement rights, and the District had hundreds, if not thousands, of utility easements throughout the District.

Following discussion, given Milne's recommendation to decline to provide the release or limitation, Commissioner Martin made the motion to decline Chan's request. Kunkel seconded the motion, which carried unanimously.

COMMISSIONER TRAVEL

Russell reported to the Board regarding his communications with a representative of the State Auditor's Office regarding Commissioner Martin's travel accommodations to attend the AWWA National Conference held in Philadelphia on June 10-15, 2017. She had submitted a charge on the District credit card for first class airfare travel from Philadelphia to Seattle at a cost of \$551.94. She had advised that the one-way first class airfare was less than the airfare round-trip cost of \$589.96. She has also advised she was paying for an Amtrak ticket from Seattle to Philadelphia herself. The Board had authorized her to attend the Conference, but had requested she provide a written explanation of her travel plans to share with the State Auditor's Office before she attended the conference to make sure the plans were in accordance with State law. However, that was not her understanding and she had provided the written explanation on July 17, 2017. Russell then spoke with an auditor at the State Auditor's Office who had advised it was not appropriate to compare a round-trip airfare to one way because that was not an equivalent

comparison. The auditor had advised it was acceptable for the District to take the cost of the round-trip airfare and divide that by two as the comparison. That comparison resulted in a cost difference of \$256.96 that Commissioner Martin could then reimburse the District for. However, Commissioner Martin thereafter had submitted a request for reimbursement of the Amtrak travel cost from Seattle to Philadelphia of \$986.20. Russell again discussed the travel arrangements with the state auditor, and was advised the District could reimburse Martin up to the cost of one-way coach airfare. That reimbursement would be in the amount of \$294.98. Therefore, Commissioner Martin would then be entitled to a net reimbursement of \$37.99, being the difference between what she owed the difference and what the District owed her.

Commissioner Martin felt the auditor had validated her travel arrangements and the cost differential.

Commissioner Anderson questioned why Commissioner Martin was requesting reimbursement for the cost of her Amtrak fare to Philadelphia now when she previously stated she would pay for that herself. He repeated concerns he previously stated that Commissioner Martin should have obtained Board approval of her travel plans because they were out of the ordinary before she confirmed them. He was also concerned about the time and expense the District and the Board had incurred to consider the matter.

Commissioner Martin advised she had requested reimbursement for her Amtrak travel expense because the auditor had advised she was entitled to round-trip coach travel, and the train was the equivalent of round-trip travel. She also said the District's current travel policy did not exclude travel by Amtrak, nor did it exclude first class airfare.

Commissioner Kunkel thought that, regardless of what the District current travel policy stated, the Commissioners needed to use common sense in making travel arrangements to attend

District business and must be responsible in spending ratepayer funds. He further stated that the commissioner travel policy could not anticipate or address all possible travel situations and that it relies on good judgment by the commissioners to be responsible with ratepayer funds.

Commissioner Martin stated the updated travel policy now being prepared by District staff could further define the policy, and she felt she had done everything right and was not required to obtain Board approval before she made the plans. Therefore, she requested the reimbursement of \$37.99 as identified by Russell in his accounting. Again, she noted the auditor had advised the District could consider both directions, and could base the cost analysis on round-trip coach airfare.

Milne then summarized two possible motions for the Board's consideration as follows:

1. Consider her purchase of one-way first class airfare and reimbursement for the cost of her one-way Amtrak cost to Philadelphia as addressed in Russell's accounting, which would result in a reimbursement to Martin by the District of \$37.99; or
2. Only consider the cost of the one-way first class airfare as compared to the one-way coach airfare cost, which would require Martin to reimburse the District the amount of \$256.99.

Following discussion, based on the auditor's opinion the Board could consider the cost of round-trip coach airfare as a comparison to Commissioner Martin's cost to take Amtrak to the Conference and her first class one-way return airfare, Commissioner Kunkel made the motion to approve reimbursement to Commissioner Martin in the amount of \$37.99 as documented in Russell's accounting of the travel expenses. Commissioner Martin seconded the motion, which carried by a vote of 2-1, Commissioner Anderson voting against.

WATER SYSTEM HYDRAULIC MODELING PROPOSAL

Hutley presented a proposal dated July 20, 2017, in the amount not to exceed \$47,010 to update the District's existing water system hydraulic model to reflect current conditions and to move the model into GIS-based software. It has been quite some time since any update of the model has been performed, and there have been many developer extension and capital improvement projects over the years to be incorporated into the model.

Following discussion, because the work was essential to updating the District's water system, Commissioner Martin made the motion to approve the proposal. Commissioner Kunkel seconded the motion, which carried unanimously.

SEPA RESOLUTION – PUBLIC HEARING

Commissioner Anderson convened the public hearing on the proposed revision of District rules and procedures required by Chapter 43.21C RCW, the State Environmental Policy Act (SEPA). He introduced the Commissioners, District staff and consultants, and invited Milne to report on the matter. He advised that the public would have the opportunity to address the Board before the proposed updated rules and procedures were considered for adoption.

Milne advised that Chapter 43.21C RCW and WAC 197-11 required the District to adopt and update SEPA rules and procedures applicable to the District. He reported on SEPA procedure, noted the General Manager was the District's responsible SEPA official, and that the District had last adopted SEPA rules and procedures by Resolution No. 754 in September, 1984. He also advised the District was required to hold a public hearing before adopting updated rules and procedures, and notice of the public hearing had been posted at the District office, places on the District's website, and published in the District's newspaper of record, the Seattle Times, on July 14 and 15, 2017. He then reviewed the provisions of the updated SEPA rules and procedures as set forth in draft Resolution No. 1851.

Commissioner Anderson then opened the portion of the public hearing for public comment and invited comments from the public on the proposed adoption of revised District SEPA rules and procedures. As there were no comments from the public in attendance on the proposed SEPA revisions, Commissioner Anderson then closed the portion of the public hearing for public comment. He then identified the options for the Board relative to the proposed updated SEPA rules and procedures including (1) adopting a resolution approving the proposed revised SEPA rules and procedures, (2) taking the proposed adoption of the revised SEPA rules and procedures under advisement, or (3) requesting the proposed rules and procedures be revised for further consideration at a future Board meeting.

Following discussion, Commissioner Martin made the motion to adopt Resolution No. 1851 approving revised District SEPA rules and procedures. Commissioner Kunkel seconded the motion, which carried unanimously.

Commissioner Anderson then closed the public hearing.

ATTORNEY'S COMMENTS

Milne reported that he and Russell had presented the issues relating to Doxo's third party billing process to the Washington Association of Sewer and Water District Board of Directors at the Association's July 24, 2017, Board meeting. The District Board had previously authorized and directed them to advise the Association Board regarding the Doxo issues and request the Association fund legal research on whether Doxo's practices violated any federal or state laws or regulations. Doxo had established a website which was confusing to District customers and Milne and Russell had determined that Doxo had established websites for almost all other water-sewer districts state-wide, including for the Association. Milne advised the Association Board had taken the District's request under advisement for further discussion at the Association's

Board meeting scheduled for August 28, 2017. He and Russell will keep the Board further advised.

ENGINEERS REPORT

Hutley reported on the status of the 440 Reservoir Recoating Project. The Project was significantly delayed, and the contractor was now contending temperatures were too hot to complete the recoating work. Hutley also noted an issue with white streaks on the tank after the shell was pressure washed. Hutley had advised the contractor not to apply a clear coat over the white streaks. The contractor will either further clean the shell or apply another coat of paint on the shell to address the streaks. Hutley will keep the Board further advised.

APPROVAL OF VOUCHERS

The Board approved for payment Water/Sewer Maintenance Fund Voucher Nos. 1801 through 1829 in the amount of \$53,723.15.

FINANCE MANAGER'S COMMENTS

The Finance Manager had no comments.

OPERATIONS MANAGER'S COMMENTS

The Operations Manager had no comments.

GENERAL MANAGER'S COMMENTS

The General Manager had no comments.

COMMISSIONERS' COMMENTS

Commissioner Martin reporting on her attendance at the July 24, 2017, State Association Board meeting.

Commissioner Anderson reported on his attendance at the July 24, 2017, State Association Board meeting.

Commissioner Anderson advised he planned to attend the Emergency Preparedness committee meeting on July 25, 2017.

BOARD MINUTES

Following discussion, the Board approved the minutes of the May 23, 2017, Special Board meeting as amended.

Following discussion, the Board approved the minutes of the June 28, 2017, Regular Board meeting as amended.

Following discussion, the Board approved the minutes of the July 12, 2017, Board meeting as amended.

District staff will have revised copies of the approved Board meeting minutes for signature at the August 9, 2017, regular Board meeting.

ADDITIONAL CITIZEN'S COMMENTS

There were no comments from the citizens in attendance.

EXECUTIVE SESSION – RCW 42.30.110 (1) (G)

Russell requested an executive session pursuant to RCW 42.30.110(1) (g) to evaluate the qualifications of applicants for public employment. Following discussion, Commissioner so moved on that basis. Commissioner Kunkel seconded the motion, which carried unanimously. Before convening the executive session at 7:25 p.m., Commissioner Anderson advised the executive session would conclude at approximately 7:40 p.m. The Commissioners and management staff then attended the executive session, and Hutley and Milne were excused from the Board meeting.

At 7:40 p.m., the executive session was extended to 7:50 p.m., which was publicly announced.

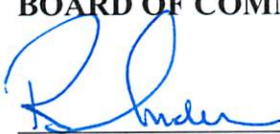
At 7:50 p.m., the executive session concluded and open public meeting reconvened.

Following discussion, Commissioner Martin made a motion to authorize the General Manager to make offers of employment to the two candidates selected by District management staff as water and sewer technicians. Commissioner Kunkel seconded the motion, which carried unanimously. The Board requested that Russell keep the Board further advised whether the candidates accept the offers of employment.

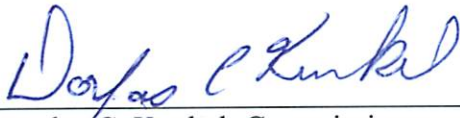
OTHER DISTRICT BUSINESS

As there was no further business or persons to be heard, the meeting concluded at 7:55 p.m.

BOARD OF COMMISSIONERS



Richard D. Anderson, Commissioner



Douglas C. Kunkel, Commissioner



Pamela A. Martin, Commissioner