

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

Held on November 8, 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 November 8, 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 Anne Paige, Finance Manager, were present. Dave Hutley, consulting engineer, and John Milne, general counsel, were also present.

APPROVAL OF AGENDA

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

CONSENT AGENDA

Approval of Minutes – Regular Board meeting – October 25, 2017

Resolution No. 1854 – Special Project Fund (signature only)

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

CITIZENS' COMMENTS / CONCERNS

The citizen in attendance had no comment.

FCS GROUP – RATE STUDY PRESENTATION

Sergey Tarasov, the District's rate consultant with FCS Group, presented a study dated November 8, 2017, reporting on District water and sewer rates for the next five year period. The study considered the District's fiscal policies and revenue requirements. Although the prior study had predicted the need for a 2.0% water service rate increase in 2018, he recommended the rate increase be deferred due to higher than expected revenue. However, he recommended the previously predicted increases of 2.0% for the years 2019 and 2020 still be implemented. With respect to sewer rates, similar to water rates, the prior study had predicted the need for a 3.5% sewer service rate increase in 2018. However, he recommended the rate increase be deferred due to higher than expected revenue, but that increases of 2.0% for 2019 and 2.0% for 2020 be implemented.

The commissioners thought the study results and conclusions were good news for District ratepayers for no rate increases in 2018, and only modest increases to keep up with inflation in the two years thereafter. Staff then confirmed the scheduling of a public hearing on Wednesday, December 13, 2017, at the District office commencing at 5:30 p.m. or as soon thereafter as can be heard on the proposed adoption of water and sewer rates for the next three years.

RETROSPECTIVE RATING PROGRAM PARTICIPATION

Russell reported the agreement for the District's participation in the retrospective rating group had been updated and recommended the District continue participating in the group plan. If approved, the agreement would be effective November 1, 2017. Following discussion, Commissioner Martin made the motion to approve the agreement by the adoption of Resolution No. 1855. Commissioner Kunkel seconded the motion, which carried unanimously.

ATTORNEY'S REPORT

Milne reported on the status of King County's plan to charge utilities rent for the use of County right-of-way. The County had recently released a draft rule to implement the charges. Milne advised his office would be providing comments on the draft rule on behalf of the group of water-sewer districts his office represented and that some districts with significant unincorporated area within their service area were encouraging their utility customers to comment on the draft rule and the proposed rental charge/tax. He also reported a meeting of the district group had been scheduled for November 13, 2017, at his office commencing at 10:00 a.m. to discuss options regarding the rental charge. He will keep the Board further advised.

ENGINEER'S COMMENTS

Hutley reported he had discussed the District's position regarding the assessment of liquidated damages with the 440 Reservoir Recoating project contractor do to the contractor's completion of the project work approximately one year late. He had also sent a letter to the contractor regarding the issue but had not heard further from the contractor. He will keep the Board and staff further advised.

APPROVAL OF VOUCHERS

The Board approved for payment Water/Sewer Maintenance Fund Voucher Nos. 2020 through 2057 in the amount of \$212,735.37.

The Board approved for payment Water/Sewer Maintenance Fund – Direct Deposit – Payroll in the amount of \$126,756.86.

FINANCE MANAGER'S COMMENTS

No report.

OPERATIONS MANAGER'S COMMENTS

Mr. Martin reported on the recent Washington State Department of Health (DOH) sanitary survey of the District's water system. The report was very positive and the next survey will be conducted by DOH in three to five years.

Mr. Martin requested Board approval to reimburse the City of Renton the amount of \$17,668.00 to adjust District utility facilities including valves and manholes in the right-of-way during and after the City's completion of its May Valley Road Overlay project. Mr. Martin felt the amount was reasonable and appropriate given the work that was performed on the District's utility facilities. Following discussion, Commissioner Kunkel made the motion to approve the payment of the City invoice. Commissioner Martin seconded the motion, which carried unanimously.

GENERAL MANAGER'S COMMENTS

Russell reported the District's budget for legal fees related to the King County right-of-way rental charge was almost expended. He and Milne will report further to the Board regarding the matter at the next Board meeting.

COMMISSIONERS' COMMENTS

Commissioner Martin reported on her attendance at the most recent State Association Board of Directors meeting.

Commissioner Martin reported on her attendance at the most recent Seattle Operating Board meeting.

Commissioner Anderson reported on his attendance at the most recent State Association Board of Directors meeting.

Commissioner Kunkel thanked District staff for their hard work to maintain the District's water system which resulted in the recent positive DOH survey.

ADDITIONAL CITIZEN'S COMMENTS

There were no additional comments from the citizen in attendance.

EXECUTIVE SESSION – RCW 42.30.140 (4) (b) – COLLECTIVE BARGAINING

Russell requested an executive session to discuss the status of negotiations with the union representing the District field employees. Following discussion, Commissioner Martin so moved on that basis. Commissioner Kunkel seconded the motion, which carried unanimously. Before convening the executive session at 6:25 p.m., Commissioner Anderson advised the executive session would conclude at approximately 6:35 p.m. The commissioners, Russell, Mr. Martin and Milne then attended the executive session. At 6:35 p.m., the executive session concluded and open public meeting reconvened.

Following discussion, Commissioner Kunkel made the motion to approve a collective bargaining agreement with the union representing the field employees for the time period of January 1, 2018, through December 31, 2020, by the adoption of Resolution No. 1856. Commissioner Martin seconded the motion, which carried unanimously. District staff will now finalize the agreement, have a union representative sign the agreement, and then submit the agreement to the Board for signature.

Russell reported that the conditions identified by the Board at the October 25, 2017, Board meeting to allow District employee Curtis White to work for the union representing the field employees four days a month were acceptable to White. Following discussion, the Board directed

Russell to confirm the conditions of the arrangement by letter to White. White must then sign the letter to confirm his agreement of the arrangement before it will be effective.

EXECUTIVE SESSION – RCW 42.30.110(1) (g) – REVIEW EMPLOYEE PERFORMANCE

Russell requested an executive session to discuss the performance of certain District employees. Following discussion, Commissioner Martin so moved on that basis. Commissioner Kunkel seconded the motion, which carried unanimously. Before convening the executive session at 6:40 p.m., Commissioner Anderson advised the executive session would conclude at approximately 7:50 p.m. The Commissioners, Russel, Mr. Martin, and Milne then attended the executive session. At 7:15 p.m., Mr. Martin left the executive session. At 7:25 p.m., Russell left the executive session. At 7:35 p.m., Russell was invited to attend the executive session. At 7:50 p.m., the executive session concluded and open public meeting was reconvened.

Following discussion, Commissioner Kunkel made the motion to approve a two (2) percent salary increase for District employee Calvin Megiveron’s salary together with a cost of living adjustment, effective January 1, 2018. Commissioner Martin seconded the motion, which carried unanimously.

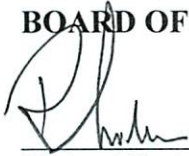
Following further discussion, Commissioner Kunkel made the motion to approve a two (2) percent salary increase for District employee Patrick Martin’s salary together with a cost of living adjustment, effective January 1, 2018. Commissioner Martin seconded the motion, which carried unanimously.

Following discussion, the Board directed Russell and Milne to prepare updated management contracts for Russell and Mr. Martin for consideration at the next regular meeting.

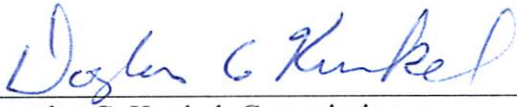
OTHER DISTRICT BUSINESS

As there was no further business or persons to be heard, the meeting concluded at 8:00 p.m.

BOARD OF COMMISSIONERS



Richard D. Anderson, Commissioner



Douglas C. Kunkel, Commissioner

Pamela A. Martin, Commissioner