

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

Held on January 25, 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 January 25, 2017. Commissioner Ric Anderson, Board President, called the meeting to order at 5:00 p.m. Commissioner Pamela 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. John Milne, general counsel, was also present.

APPROVAL OF AGENDA

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

CONSENT AGENDA

Approval of minutes – Regular Board Meeting of January 11, 2017

Approval of minutes – Special Board Meeting of January 20, 2017

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

CITIZENS' COMMENTS / CONCERNS

There were no citizens in attendance.

2017 MANAGEMENT CONTRACTS

Russell advised that the Board of Commissioners at the November 16, 2016, regular meeting had approved adjustments in the annual compensation for the General Manager, Finance

Manager, and Operations Manager to be effective January 1, 2017. The Board had also approved a cost of living (COLA) adjustment in annual compensation for all management staff, also to be effective January 1, 2017, of one hundred (100) percent of the COLA once the COLA for 2016 was available. The 2016 COLA is normally available later in January of the following year, and the Board had taken the management contracts under advisement for consideration at the January 25, 2017, Board meeting. Russell then reported that the COLA for 2016 was 2.30%, and the management compensation had been adjusted accordingly to include the COLA as authorized by the Board. He then presented contracts for all management staff for final Board review and approval. Following discussion, Commissioner Kunkel made the motion to approve the management contracts for 2017, and to authorize and direct the Board President to sign the contracts on the District's behalf after they are signed by management staff. Commissioner Martin seconded the motion, which carried unanimously.

KING COUNTY FRANCHISE STATUS

Milne reported that, in cooperation with the Washington Association of Sewer and Water Districts (WASWD), his office had proposed to collectively represent the water-districts with respect to King County's recent adoption of an ordinance increasing the costs to obtain a franchise for utilities located in King County right-of-way, including a "rental fee" for the use of the right-of-way. Many districts opposed the "rental fee", and Milne advised there were strong legal arguments the County lacked authority to impose such a charge. Milne advised there would likely be approximately twenty water-sewer districts which would participate in the group, in addition to WASWD, to share legal costs. He further reported that a group of utility representatives had met with King County staff on January 12, 2017, and he provided the Commissioners and staff with copies of a summary of the discussion at that meeting. King

County staff fully expected the rental charge to be litigated, and it was not likely King County would agree to modify or amend the ordinance to address utility concerns.

Milne also advised a meeting of all districts and cities concerned about the franchise ordinance had been scheduled for February 6, 2017, at the Cascade Water Alliance office. The purpose of the meeting was to share information and further strategize efforts in opposition to the ordinance. He will keep the Board further advised.

APPROVAL OF VOUCHERS

The Board approved for payment Water/Sewer Maintenance Fund Voucher Nos. 1384 through 1410 in the amount of \$61,032.39.

FINANCE MANAGER'S COMMENTS

Ms. Hunter thanked the commissioners for attending the exit conference with the representatives from the State Auditor's Office. Commissioner Martin commended District management staff for a positive audit report.

OPERATIONS MANAGER'S COMMENTS

There were none.

GENERAL MANAGER'S COMMENTS

Russell thanked the commissioners for their approval of the management contracts.

COMMISSIONERS' COMMENTS

Commissioner Kunkel thanked management staff for their hard work to obtain a good audit report.

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

Commissioner Martin reported she was unable to attend the Seattle Public Utilities Conservation Technology Forum meeting that was held yesterday. Russell advised that District staff had attended the meeting and would share the information obtained.

Commissioner Martin reported on the results of the recent State Association Initiatives survey. The State Association sought to decrease its reserves and had identified initiatives to fund. The matter will be further discussed at the State Association Spring conference to be held in Yakima in April, 2017.

Commissioner Martin inquired whether the District's interlocal agreement with the Washington State Healthcare Authority (HCA) had been finalized. District staff advised the agreement had been finalized, signed by HCA and District representatives, and was being implemented.

Commissioner Martin reported on an issue involving the West Sound Utility District. She reported that the Kitsap County Board of Commissioners had reportedly reduced the district's service area and had included the area in the Silverdale service area. West Sound was expected to contest that action.

Commissioner Martin reported on the status of the State Association Retrospective Rating Committee. It was her understanding the group had a solid basis.

Commissioner Martin reported that HDR, an engineering consultant, was working with the State Association to promote careers in the utility industry.

Commissioner Anderson also commended District management staff for the clean audit.

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

Commissioner Anderson advised he had not be able to attend the State Association Training and Conference committee meeting.

Commissioner Anderson thanked staff for the sample emergency water filter.

ADDITIONAL CITIZEN'S COMMENTS

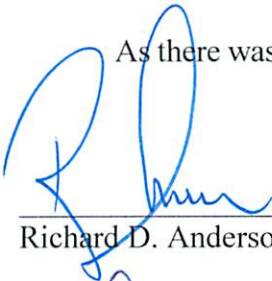
There were no comments from the citizens in attendance.

EXECUTIVE SESSION

There was no need for an executive session

OTHER DISTRICT BUSINESS

As there was no further business or persons to be heard, the meeting concluded at 5:55 p.m.



Richard D. Anderson, Commissioner



Douglas C. Kunkel, Commissioner



Pamela A. Martin, Commissioner