

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

**Held September 24, 2014**

A regular meeting of the Board of Commissioners of Coal Creek Utility District was held at the District Office, 6801 – 132<sup>nd</sup> Place SE, Newcastle, Washington, on September 24, 2014. Commissioner Anderson called the meeting to order at 5:00 p.m. Commissioner Martin was present. District Staff Robert Russell, Todd Hynek and Pam Nelson were present. John Milne, General Counsel, was also present. Commissioner Kunkel attended the meeting later due to heavy traffic as these minutes indicate.

Commissioner Anderson recognized District employee William Kodad who had recently passed away for his contributions to the District.

**CONSENT AGENDA**

Approval of minutes - Regular Board Meeting of August 27, 2014.

Martin made the motion to approve the consent agenda. Anderson seconded the motion, which carried unanimously.

**CITIZENS' COMMENTS AND CONCERNS**

There were no comments from the citizens in attendance.

**BANKING SERVICES**

The Board at the August 27, 2014 meeting authorized District staff to terminate the District's banking relationship with Key Bank and establish a banking relationship with HomeStreet Bank as soon as possible. Nelson reported staff and Milne had reviewed and provided HomeStreet Bank with comments on its ACH (Automated Clearing House) Agreement and were waiting to hear back from HomeStreet on that agreement.

Commissioner Kunkel arrived at the meeting at 5:10 p.m.

Russell reported the ACH Agreement required the District to designate whether the District would have a “dual control” process for ACH origination requests to reduce the risk of internal or external fraud, or to not require that. Russell advised the District had not required “dual control” in its previous ACH Agreements for several reasons because, from a risk management standpoint, due to the electronic nature of the ACH reporting, fraudulent requests would be difficult to make. The District also had minimal office staffing and there would be frequent occasions when only one District employee was available to enter and transmit ACH transactions, and therefore they could not be made if there was a dual control requirement. Following discussion, the Board determined to not require dual control and directed staff to complete the ACH Agreement accordingly.

Nelson advised she intended to transfer the District’s accounts at Key Bank to HomeStreet Bank on or about October 1 and to commence banking services with HomeStreet as of that date. She will then obtain a banking services agreement from HomeStreet for approval by resolution at a Board meeting in October, 2014.

#### **DEPARTMENT OF COMMERCE – PWTF – LOAN AGREEMENT**

Russell reported the District had received a letter dated September 15, 2014, from the State Department of Commerce (DOC) requesting the amendment of the District’s PWTF loan repayment date. DOC is requesting the loan repayment date be modified to June 1 from July 1. Russell reported the District had also received an email from the WASWD Executive Director addressing the DOC’s loan repayment date amendment. WASWD is recommending districts not agree to the DOC request for the reasons stated in the email. According to the WASWD email, it appears the Department of Commerce is trying to obtain more PWTF loan repayments prior to July 1, 2015, so those funds will be available for the State’s General Fund. WASWD also reported that funds taken from the PWTF fund in the past have not been returned to that fund by

the State, but rather had been used for other purposes. If the District now agreed to move its repayment date up so that its payment was received prior to July 1, 2015, in the present State biennium, and not July 1 or later as presently provided, that payment, and payments made by other municipalities with PWTF loans, would be transferred to the State's General Fund.

Milne provided further information about the DOC request, and advised it did not appear there was any benefit to the District to agree to modify its loan agreement as requested. Therefore there was no contractual "consideration" to support the amendment of the contract.

Following discussion, based on WASWD's recommendation to not agree to the loan amendment, the Board determined to not agree to modify the loan agreement as requested by DOC, and therefore no further action regarding the request was necessary.

#### **COMMISSIONER COMPENSATION – SECRETARY**

Russell advised applicable State law provided the Board secretary be paid a reasonable sum for clerical services provided to the District. He further advised the Board Secretary's monthly compensation was \$75 as established by Resolution No. 1192 in November, 1989. As part of the District resolution codification project, Russell requested Board direction whether the Board Secretary's compensation should be increased and updated. Following discussion, the Board determined not to increase the monthly compensation and to leave the compensation at \$75 per month.

#### **ATTORNEY COMMENTS**

Milne reported on the requirements of the Open Government Training Act (Act), which had recently been enacted by the State Legislature effective July 1, 2014. The Act required the commissioners to receive training in the Open Public Meetings Act, the Public Records Act, and public records retention requirements. Milne advised the commissioners could receive the training through at least three avenues: through on-line course study, through WASWD

webinars, and he offered training in the three areas. He advised he had prepared materials for the three subjects and could provide them to the District for the commissioners' self-study. Following discussion, the Commissioners requested he provide his materials to District staff for posting on Dropbox to be available for commissioner self-study.

### **OPERATIONS MANAGER'S COMMENTS**

Hynek reported on the status of the District's master meters used to report water conveyed to the City of Bellevue. Hynek had previously reported to the Board that almost all of the meters had developed problems of either over-reporting or under-reporting water usage. Therefore, they needed to either be fixed or replaced. Due to age of the meters and the cost to have them sent to California for repair, he recommend the meters be replaced and advised he had obtained a quote to purchase the meters through S&B, Inc., the District's telemetry consultant. Following discussion, the Board determined to purchase new meters and authorized and directed staff to obtain additional quotes if possible, and due to the significant problems with the existing meters, to award the meter purchase to the lowest responsible bidder to acquire and install the meters as soon as possible.

Hynek reported bids had been received for asphalt work as a small works project. He recommended the project be awarded to AA Asphaltting as the lowest responsible bidder in the amount of \$22,405, not including tax. Following discussion, Kunkel so moved. Martin seconded the motion, which was carried unanimously.

Hynek reported the City of Newcastle planned to relocate a storm water line in the China Creek area away from the creek due to erosion and slides which threatened the storm line. The District also maintained a sewer line near the creek, which was also being threatened by erosion. The City project would be performed in the summer of 2015 and City staff had requested if the District was interested in sharing the cost of bank stabilization work and potentially some other

costs. Hynek recommended the District participate with the City on the project to protect the District sewer line. Following discussion, the Board concurred the District should participate with the City on the project based on terms, conditions and a funding level to be later identified and agreed upon.

Hynek reported on the status of the 1060 telemetry building project and showed the Commissioners pictures of the building's construction for their information.

Hynek and Russell reported on a situation at a Church located on SE May Creek Park Dr. where, in the course of changing a water meter serving the Church building, it had been determined another structure was also connected to and served by the water meter and service line. Long-standing District policy required a separate meter and service line for each habitable structure on a property. They reported another house located on the Church property had a separate meter and service line. They reported the District had no documentation permitting the variance. They will ask the Church whether the Church has any documentation authorizing the variance, will obtain additional information, and will then report back to the Board.

#### **GENERAL MANAGER'S COMMENTS**

Russell advised a service for District employee William Kodad would be held on October 11, 2014 at a time and place to be announced. Remembrances can be made to the Swedish Heart Failure Program. Russell advised Kodad will be deeply missed and expressed his sympathies to Bill's family.

Russell advised the District's Water-Sewer Comprehensive Plan had been approved by the King County Council by Ordinance No. 17859 adopted on August 29, 2013.

Russell advised he had been advised by the City Manager of the City of Newcastle that the Newcastle City Council had voted on September 16, 2014, to approve the purchase of the District's former operations center based on the terms and conditions as identified in a "letter of

intent” dated May 14, 2014 (LOI), between the parties with modest revisions. However, Russell has not yet received a signed LOI from the City. He will keep the Board further advised.

Russell provided the Commissioners with a sample resolution approving the recodification of Chapter 2.04 of the District’s Code regarding the Board of Commissioners. The Chapter was revised and updated based on current State laws and District resolutions, policies and procedures. He proposed to update each District Code chapter likewise over the course of the next several months for Board consideration and approval. The Code recodification project will be completed once all changes are updated. The Board concurred with that approach.

### **COMMISSIONERS' COMMENTS**

Martin thanked District staff for the District apparel.

Martin complimented District staff on appearance of the May Valley building.

Martin reported on her attendance at the State Association Fall Conference. She reported she had been elected to another three year term as a WASWD Director.

Kunkel advised he had attended an informational meeting presented by Puget Sound Energy, which had been held at the Newcastle Golf Course on September 18 regarding a proposed power line project in the City of Newcastle. He reported the meeting had not been as well-attended as he expected, but that it was likely because only Newcastle Chamber of Commerce members had been invited.

Anderson reported on his attendance at the State Association Fall Conference.

Anderson felt the District’s informational booth at the Newcastle Days Festival had been successful and he thanked all who had participated on behalf of the District.

### **OTHER DISTRICT BUSINESS**

Russell reported the developer now acquiring the Mutual Materials site had requested the water and sewer utility design work for the proposed project commence before the developer

closed the purchase of the property. Russell advised that the District had allowed another developer to proceed with utility design work prior to entering into a developer extension agreement with the District conditioned on the developer providing a deposit to the District to pay for the design review work and other terms and conditions. The developer of the Mutual Materials site would enter into a developer extension agreement with the District once the purchase of the property closed, which was scheduled for January, 2015. Following discussion, Martin made the motion to authorize staff and Milne to prepare an agreement with the developer allowing the preliminary design work conditioned on the developer paying all fees and costs to prepare the agreement. Kunkel advised that his company was performing some environmental consulting work on the project site and asked if he had a conflict of interest regarding the preliminary design review agreement. Milne advised he felt there was no conflict of interest because the work did not involve utilities and there was no direct contractual relationship between Kunkel and the developer. However, he suggested Kunkel could abstain from voting on the matter to avoid any appearance of a conflict of interest. Anderson then seconded the motion, which carried by a vote of 2-0, with Kunkel abstaining from the vote.

#### **ADDITIONAL CITIZENS' COMMENTS AND CONCERNS**

Gordon Bisset, a City of Newcastle City Council member, reported there may not have been many citizens at the September 18 PSE meeting, but that many citizens had contacted the City with concerns regarding the proposed power line project. He also advised that PSE was paying for the cost of a consultant on behalf of the City to review its proposal.

Bisset advised the City Council had approved the LOI regarding the City's acquisition of the District's former operations center with the additional condition the City and the District could mutually agree on an assumption of the District by the City before the termination of the ten year non-assumption agreement addressed in the LOI.

Bisset attended almost all District Board meetings and stated he felt he learned a lot in the meetings and found them to be informative.

**APPROVAL OF VOUCHERS**

The Board approved for payment Water/Sewer Maintenance Fund Voucher Nos. 043009 through 043045 in the amount of \$414,680.85.

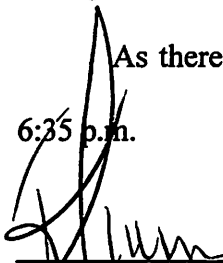
The Board approved for payment Water/Sewer Maintenance Fund Voucher Nos. 043046 through 043069 in the amount of \$22,889.89.

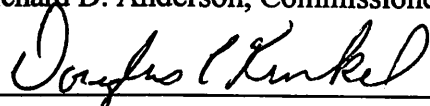
The Board approved for payment Water/Sewer Maintenance Fund Voucher Nos. 010360 through 010372 in the amount of \$13,250.00.

The Board approved for payment Water/Sewer Maintenance Fund Voucher Nos. 010373 through 010395 in the amount of \$107,133.22.

The Board approved for payment Water/Sewer Maintenance Fund Voucher Nos. 010396 through 010408 in the amount of \$13,250.00.

As there was no further business or persons to be heard, the meeting was concluded at 6:35 p.m.

  
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Richard D. Anderson, Commissioner

  
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Douglas C. Kunkel, Commissioner

  
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Pamela A. Martin, Commissioner