

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

Held on April 24, 2024

A regular meeting of the Board of Commissioners of Coal Creek Utility District was held in-person and by remote means at the District Office, 6801 132nd Place SE, Newcastle, Washington, on April 24, 2024. Commissioner Doug Kunkel, Board President, attended by Zoom, and called the meeting to order at 2:00 p.m. Commissioner Suzi O’Byrne, Board Secretary, and Commissioner Peter Zevenbergen, Board Vice President, attended in person. District staff Robert Russell, General Manager, and Jamie Crookston, Finance Manager, attended in person. Bill Reynolds, District Engineer, attended by Zoom and Rosemary Larson, legal counsel, attended in person.

The District provided the public with ability to attend the meeting by Zoom or conference call, and provided notice of the call-in and remote access information to the public and a speaker in the meeting room which allowed all persons attending to hear each other at the same time.

APPROVAL OF AGENDA – ADDITIONS OR DELETIONS

Commissioner O’Byrne made a motion to approve the agenda. Commissioner Zevenbergen seconded the motion, which passed unanimously.

CONSENT AGENDA

Approval of Minutes -- Regular Meeting of April 10, 2024

Commissioner O’Byrne made a motion to approve the consent agenda. Commissioner Zevenbergen seconded the motion, which passed unanimously.

APPROVAL OF VOUCHERS

Commissioner O’Byrne made a motion to approve the following Vouchers. Commissioner Zevenbergen seconded the motion, which passed unanimously:

Water/Sewer Maintenance Fund – Accounts Payable - Voucher Nos. 5520 to 5521 in the amount of \$98,433.62.

Water/Sewer Maintenance Fund – Accounts Payable - Voucher Nos. 5522 to 5536 in the amount of \$67,082.07.

Water/Sewer Maintenance Fund – Accounts Payable - Voucher Nos. 5537 to 5551 in the amount of \$66,172.36.

Water/Sewer Maintenance Fund – Payroll in the amount of \$20,750.00.

Water/Sewer Maintenance Fund – EFT in the amount of \$41,323.69.

CITIZENS’ COMMENTS AND CONCERNS

No citizens were present.

STATE AUDITOR’S OFFICE EXIT CONFERENCE

Kevin Lee, Audit Lead, Haji Adams, Audit Manager, and Lorraine Nitta, Assistant Audit Manager, of the State Auditor’s Office, attended the meeting by Zoom. Mr. Adams opened the discussion of the Auditor’s Office’s Accountability and Financial Statements Audits for January 1, 2022 through December 31, 2022. The Audit Report is available to the public and will be posted on the Auditor’s Office website by next week.

Mr. Lee presented the Audit results. Mr. Lee thanked District staff, and in particular Ms. Crookston, for timely assistance during the Audit. Mr. Lee reported that the Audit Report contains no “findings.” This year, the Accountability Audit focused on Procurement, Payroll, Open Public Meetings Act compliance, and Financial Conditions. There were no issues with Payroll, Open Public Meetings Act compliance or Financial Conditions. Regarding Procurement, the Audit

reflects one issue relating to procurement using a cooperative purchasing process, also known as “piggybacking.” The Auditor’s Office’s recommendations are stated in a letter to management on the matter. Regarding the Financial Statements Audit, the Auditor’s Office issued an unmodified opinion that the District’s Financial Statements are accurate in all material respects.

Ms. Nitta provided closing remarks. She noted that the Audit’s cost was within the cost estimate. The District’s next audit is expected to occur in the Fall of 2024, for the year 2023.

Commissioner Kunkel thanked the State Auditor’s Office staff for their work on the Audit. Mr. Russell expressed disappointment that the Auditor’s Office issued a management letter. He appreciates that the Auditor’s Office has prepared Guidelines for “piggybacking” procurement and noted that the District is incorporating these Guidelines into the District’s procurement policies.

FCS GROUP UPDATE

Mr. Russell stated that Sergey Tarasov of FCS Group was asked to join the meeting at 2:30 p.m. This Item will be postponed until Mr. Tarasov arrives.

ADMINISTRATIVE FEE RESOLUTION

Mr. Russell informed the Commissioners that the agenda contains the most recent draft of the Resolution relating to the District’s administrative fees. The Resolution has been revised to include the comments made when the Commissioners recently discussed the updates to the District’s fees. Ms. Larson commented that the primary change is found on pages 5 and 6 of the Resolution relating to the service installation fees. The Commissioners indicated that they had no additional questions regarding the Resolution.

Commissioner O’Byrne made a motion to approve Resolution No. 1930, relating to the District’s Administrative Fees and Charges. Commissioner Zevenbergen seconded the motion, which passed unanimously.

ATTORNEY'S COMMENTS

Ms. Larson had no additional comments.

ENGINEER'S COMMENTS

Mr. Reynolds reported that the Decant Facility Project and the Sewer Rehabilitation Project are underway.

MANAGERS' COMMENTS

Ms. Crookston reported that the City of Newcastle inquired about the District's participation in sponsoring the Newcastle Days event. Last year, the District participated at the "Silver" level, at a cost of \$1000. Mr. Russell commented that the District benefits from participation in Newcastle Days. "Gold" level participation, which costs \$2500, would provide the additional benefit of having the District's logo on a banner, among other things. Commissioner Kunkel commented that Newcastle Days provides a good opportunity for District officials and staff to meet with ratepayers and provide information regarding the District and topics such as water conservation, which is consistent with the District's mission statement. Commissioner O'Byrne spoke in favor of "Gold" level participation, as having the District's logo on the banner will highlight that the District has an information booth, and that the District is a distinct entity. Commissioner Zevenbergen commented that this sponsorship is an important method for informing the community about the District and its operations, services and conservation. Commissioner Kunkel agreed.

At 2:30 p.m., Sergey Tarasov joined the meeting.

Commissioner O'Byrne made a motion to approve participation in a Newcastle Days sponsorship at the "Gold" level and to authorize payment for the same in the amount of \$2500. Commissioner Zevenbergen seconded the motion, which passed unanimously.

FCS GROUP UPDATE (CONTINUED)

Mr. Russell introduced Mr. Tarasov of FCS Group and informed the Commissioners that the purpose of this Item is to provide an update on the rate and GFC/LFC study being performed by FCS Group.

Mr. Tarasov provided an overview of the District's rates and charges, focusing on the distinction between monthly service charges and connection charges.

The Commissioners, staff and Mr. Tarasov discussed the rate and connection charge establishment process. Mr. Tarasov described the elements that may be included in the connection charge calculation, based on the relevant statutes. In response to a question from Commissioner Kunkel, Mr. Tarasov confirmed that FCS Group uses a conservative growth rate for planning purposes. Mr. Tarasov discussed the need for a stable reserve balance. He commented that a number of capital projects were postponed, due to Covid, related supply chain issues, and other factors. Also, development in the District has occurred at a higher rate than was included in prior forecasts, resulting in the collection of more connection charges than was estimated. Mr. Tarasov and Mr. Russell responded to questions regarding the District's existing facilities and future capital projects. Mr. Tarasov commented that the District's reserves are primarily composed of connection charges and cannot be used for operations and maintenance expenses. Mr. Russell commented that the District is working on a Capital Improvements List, which will be brought to the Commissioners for their review and input at a future meeting.

MANAGERS' COMMENTS (CONTINUED)

Ms. Crookston informed the Commissioners that the carpet will be installed next week, during evening hours so as not to disrupt the District's operations. She also reported that Invoice Cloud began operating last week, and the transition is going smoothly.

Mr. Russell reported that he, Ms. Crookston and Commissioner O'Byrne attended the WASWD Spring Conference. The presentations were informative and the conference provided good networking opportunities.

COMMISSIONERS' COMMENTS

Commissioner O'Byrne agreed that the WASWD Spring Conference was excellent. The classes presented a variety of topics, all of which were very beneficial.

Commissioner Zevenbergen had no additional comments.

Commissioner Kunkel thanked staff for another successful audit. He appreciates that the Auditor's Office always compliments the District on staff's organization. He agreed with Mr. Russell's comments regarding the Audit.

OTHER DISTRICT BUSINESS

None.

ADJOURNMENT


As there was no further business or persons to be heard, the meeting concluded at 3:08 p.m.

BOARD OF COMMISSIONERS

Douglas Kunkel, Commissioner



Suzi O'Byrne, Commissioner



Peter A. Zevenbergen, Commissioner