

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

Held on May 23, 2017

A special meeting of the Board of Commissioners of Coal Creek Utility District was held at the District Office, 6801 – 132nd Place SE, Newcastle, Washington, on May 23, 2017. Commissioner Ric Anderson, Board President, called the meeting to order at 2:00 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. Commissioner Anderson advised the purpose of the special meeting was to conduct a Board workshop to discuss the matters on the agenda and to consider any other business that may come before the Board. Commissioner Anderson noted the special meeting was also in lieu of the regular Board meeting scheduled for Wednesday, May 24, 2017, which had been cancelled.

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 May 10, 2017

Monterey Meadows – Water Developer Extension Agreement – Final Acceptance

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.

RESOLUTION NO. 1370 – WHISTLEBLOWER PROTECTION POLICY

Russell advised that State law required the District to have an adopted policy encouraging employees to report improper governmental actions of government officials and employees, and to protect employees who make good-faith reports from retaliation for such reporting. The District Board had previously adopted such a policy by Resolution No. 1370 on December 9, 1992. Russell recommended the policy now be updated and readopted to comply with certain changes in the law and to update the list to be included in the policy of federal, state and local agencies that employees could report improper governmental actions to. Although not subject to collective bargaining, Russell had also provided a draft of the policy to the Union representing the field employees and had been advised the Union was not opposed to the adoption of the updated policy.

Following discussion, Commissioner Martin made the motion to approve an updated whistleblower protection policy by the adoption of Resolution No. 1848. Commissioner Kunkel seconded the motion, which carried unanimously.

Management staff will now provide copies of the updated policy to all District employees, obtain written acknowledgment of receipt, and incorporate the updated policy into the District's Employee Manual.

RESOLUTION NO. 1620 – EMPLOYEE RECOGNITION

Russell reported that the State auditors in the recent District audit recommended the District clarify its policy to provide employees meals during employee recognition events. The District historically scheduled two events on an annual basis to recognize employees, but had

also recognized employees on special occasions such as the retirement of an employee. The auditors recommended the District clarify its policy to include special recognition events as authorized and approved by the Board. Following discussion, the Board authorized and directed staff and counsel to revise existing Resolution No. 1620 to include other special occasions as employee recognition events as approved by the Board or the Board President. Staff will provide a resolution for Board consideration at the next regular meeting.

RESOLUTION NO. 1796 – CONFERENCE ATTENDANCE, TRAVEL EXPENSE REIMBURSEMENT, AND DISTRICT VEHICLE USE POLICIES

Russell reported that the State auditors in the recent District audit recommended the District clarify and update the District's policies on conference attendance, travel expense reimbursement, and District vehicle use for commissioners and staff. The Board had also requested the review and update of such policies, as presently set forth in Resolution No. 1796.

Milne provided the Commissioners with copies of RCW 57.12.010 which provided for the reimbursement to commissioners of reasonable expenses actually incurred in connection with District business, including subsistence and lodging while away from the commissioner's place of residence, and mileage for the use of a privately owned vehicle at the mileage rate authorized by law. He also presented various provisions in Resolution No. 1796 that the commissioners may want to modify and update.

Russell advised that the auditors had questioned a hotel upgrade fee for a commissioner that included buffet meals and internet access while attending a conference. The District's current policy did not expressly authorize such expenditures. The commissioners noted the meal plan included in the hotel upgrade was less expensive than a la carte meals and was therefore appropriate to save the District money. Further, basic internet service was essential for

continuous communication with commissioners who were traveling. Therefore, the Board authorized and directed staff and counsel to update the District's expense and reimbursement policy to include "basic internet service" and a hotel "basic meal package", unless meals were provided through the conference or activity attended.

The commissioners then discussed the various options for meals when not provided through the conference or activity: (1) actual expense reimbursement; (2) a basic hotel meal plan; and (3) a GSA per diem to be used to pay for meals.

The commissioners also discussed transportation policies related to attendance at conferences and other activities relating to District business held away from the District and determined as follows:

1. Commissioners and staff may only take round trip "coach" air transportation on common carriers; otherwise, if fares other than coach were incurred, the commissioner and staff would be required to reimburse the District for the difference in fare cost.
2. If commissioners or staff elected to drive to a conference or activity which was held out of the region, mileage reimbursement cannot exceed standard non-peak round trip coach air fare on a common carrier (the terms "non-peak" and "common carrier" will be later defined in a formal written policy).
3. If commissioners or staff elects to drive to a conference or activity out of the region which could be reached by air in one day, the expenses of only one travel day would be reimbursed.
4. There may be no travel days for travel to destinations out of the Puget Sound area (PSA) less than 150 miles from the area – such as Ocean Shores, Yakima and

Wenatchee, depending on when the activity starts and ends; whereas, destinations such as Spokane, Kennewick, and Pasco greater than 150 miles from the PSA may be allotted two travel days if required, depending on the mode of transportation and when the activity starts and ends.

5. With respect to non-management staff, the Board determined to revise the policy that restricted such staff to attending not more than one conference per year to allow such staff to attend not more than two conferences or activities per year, provided additional conferences could be attended with prior Board approval.
6. The Commissioners reviewed the list of referenced national and regional conferences commissioners and management staff may attend with prior Board approval and determined to update the lists to include additional organizations and conferences, such as the Evergreen Rural Water Association (regional).
7. Russell reported there was an unwritten policy prohibiting all management staff from attending the same conference at the same time; it was Russell's understanding the purpose of the unwritten policy was to maintain coverage at the District. However, given the continuous nature of electronic communications today, Russell felt the policy was no longer necessary and resulted in some management staff missing beneficial training opportunities. Following discussion, the Board felt it was appropriate to allow management staff to determine staffing levels during conference attendance and to no longer prohibit all management staff from attending conferences at the same time.

Following further discussion, the Board authorized and directed the General Manager and counsel to prepare an updated draft conference attendance, travel expense reimbursement, and District vehicle use policy for further consideration by the Board at a future meeting.

CONSERVATION PROGRAM

Commissioner Martin reported on the status the District's compliance with water use efficiency (WUE) goal-setting as required by the WUE rule set forth in WAC 246-290-800 et. seq. which was effective in 2007. The WUE rule required purveyors to adopt water efficiency goals at least every six years. As a purveyor purchasing all of its water supply from Seattle Public Utilities (SPU) on a wholesale basis, the District also had the option to participate in WUE goal-setting through SPU, and the Operating Board which was established through the District's SPU wholesale contract representing SPU and all SPU wholesale suppliers. The District had previously participated with SPU in WUE goal setting, and, as the District's appointed designate to the SPU Board, Commissioner Martin recommended the District continue to do so. She advised that the next goal-setting period was for the year period of 2018-2027. She reported that the SPU Operating Board would next meet on June 1, 2017, and she requested Board direction to provide input to the Operating Board on which water use efficiency goals best meet the region's ten-year goal for conservation. Following discussion, given the expertise of District staff relative to water conservation measures, the Board authorized and directed Commissioner Martin to work with appropriate staff to identify the WUE options the District felt best promoted water conservation, and then Commissioner Martin was authorized and directed to provide that input to the SPU Operating Board on the District's behalf.

OTHER DISTRICT BUSINESS

Hunter advised the District will not be able to meet the June 1, 2017, filing deadline for the District's 2016 financial statements due to issues with the District's billing and financial systems. The District upgraded those systems within the last year and continued to experience issues with implementation and data reporting. However, it was her understanding there was a grace period to file the required statements with the State.

Milne suggested Hunter contact the State Auditor's Office to report the issues and the probable late filing, and confirm the contact in writing.

EXECUTIVE SESSION – EMPLOYEE PERFORMANCE REVIEW

Russell requested an executive session pursuant to RCW 42.30.110(1) (g) to review the performance of a District employee. Following discussion, Commissioner Kunkel so moved on that basis. Commissioner Martin seconded the motion, which carried unanimously. Before convening the executive session at 4:15 p.m., Commissioner Anderson advised the executive session would conclude at approximately 4:25 p.m. The Commissioners, Russell and Milne then attended the executive session. At 4:25 p.m., the executive session concluded.

APPROVAL OF VOUCHERS

The Board approved for payment Water/Sewer Maintenance Fund Voucher Nos. 1652 through 1685 in the amount of \$28,513.61.

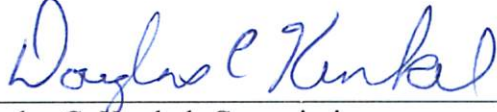
The Board approved for payment Water/Sewer Maintenance Fund – Direct Deposit – Payroll in the amount of \$12,600.00.

As there was no further business or persons to be heard, the meeting concluded at 4:35 p.m.

BOARD OF COMMISSIONERS



Richard D. Anderson, Commissioner



Douglas C. Kunkel, Commissioner



Pamela A. Martin, Commissioner