

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

**Held on September 25, 2019**

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 25, 2019. Commissioner Kunkel, Board President, called the meeting to order at 5:00 p.m. Commissioner Ric Anderson, Board Vice-President, and Commissioner Pam Martin, Board Secretary, were also in attendance. District staff Robert Russell, General Manager, Patrick Martin, Operations Manager, and Anne Paige, Finance Manager, were present. John Milne, District legal counsel, was also present.

**APPROVAL OF AGENDA**

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

**CONSENT AGENDA**

Approval of Minutes – Regular Board Meeting of August 28, 2019.

Design Approval – May Creek Grove, LLC – DEA Sewer

Design Approval – Avalon Lot 6 – DEA Water/Sewer

Final Acceptance – Notch Apartments (GRE Newcastle II, LLC) – DEA Water/Sewer

Stormwater Discharge Agreement Amendment – Avalon Lot 6

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

**CITIZENS' COMMENTS/CONCERNS**

There were no comments from the citizen in attendance.

## **LEGAL SERVICES – INSLEE BEST – KING COUNTY FRANCHISE ORDINANCE**

Russell requested approval of a proposed third amendment to agreement for legal services with the law firm of Inslee Best related to the King County franchise ordinance litigation. The water-sewer districts, including Coal Creek, had prevailed at the trial court level to invalidate the King County rental charge to maintain utility facilities in King County rights-of-way, but King County had appealed the ruling to the Washington State Supreme Court. Milne reported on the oral argument before the Supreme Court which occurred on September 17, 2019. Inslee Best represented a group of water-sewer districts, including the District, and was now requesting expenditure approval of an additional \$1,500 from each district to pay for legal services and costs in the matter. Following discussion, Commissioner Anderson made the motion to approve the additional contribution and to authorize the General Manager to sign the third amendment on the District's behalf. Commissioner Martin seconded the motion, which carried unanimously.

## **SURPLUS PROPERTY**

Russell recommended the District surplus a vehicle which was no longer needed by the District. If the Board determined to surplus the vehicle, it will be sold at public auction. Following discussion, Commissioner Martin so moved by the adoption of Resolution No. 1884. Commissioner Anderson seconded the motion, which carried unanimously.

## **FERGUSON/SENSUS SETTLEMENT AGREEMENT**

Russell and Mr. Martin reported on the proposed settlement and release agreement with Ferguson Enterprises and Sensus USA regarding defective iPERL water meters the District had purchased from those entities which had been defective. Ferguson/Sensus will agree to replace all of the defective meters, and install new meters with an extended warranty at their cost. They will also agree to reimburse the District for its attorneys' fees up to a maximum of \$7,500. They will

also conduct a one year pilot project to test the Sensus AMI system which includes hardware and software at no cost or obligation to the District. Therefore, they and Milne recommended the proposed settlement and release agreement with Ferguson/Sensus be approved and implemented. Following discussion, Commissioner Martin made the motion to approve the agreement to be executed on the District's behalf by the General Manager. Commissioner Anderson seconded the motion, which carried unanimously.

### **STATE AUDITOR'S OFFICE – CITIZEN HOTLINE COMPLAINT**

Russell reported that a citizen hotline complaint had been submitted to the State Auditor's Office (SAO) regarding the District's financial contribution to the City of Newcastle relating to the recent Newcastle Days festival. The District's contribution enabled the District to promote various District programs at the festival such as water conservation, water use efficiency, and the District's cross-connection control program. District legal counsel provided the District with a legal opinion that the District's contribution and participation was lawful due to the benefits received by the District in doing so. The SAO will assess the complaint and decide how to proceed. Russell will keep the Board further advised.

### **ATTORNEY'S COMMENTS**

Milne reported on the status of the litigation challenging a city's authority to impose an excise tax on the revenues of a water-sewer district.

### **ENGINEER'S COMMENTS**

There was no engineer's report.

### **APPROVAL OF VOUCHERS**

The Board approved the Water/Sewer Maintenance Fund – Accounts Payable - Voucher Nos. 1133 to 1139 in the amount of \$32,987.25.

The Board approved the Water/Sewer Maintenance Fund – Accounts Payable - Voucher Nos. 1140 to 1167 in the amount of \$469,248.36.

The Board approved the Water/Sewer Maintenance Fund – Accounts Payable - Voucher Nos. 1168 to 1197 in the amount of \$64,036.35.

The Board approved Water/Sewer Maintenance Fund – Payroll in the amount of \$63,547.88.

The Board approved Water/Sewer Fund – Payroll Draw in the amount of \$22,600.00.

The Board approved Water/Sewer Maintenance Fund – EFT in the amount of \$96,290.86.

### **FINANCE MANAGER'S COMMENTS**

Paige reported the SAO was expected to conclude their audit of the District by October 23, 2019, and an exit conference with SAO representatives and the Board may be scheduled for the November 13, 2019, regular Board meeting. She will keep the Board further advised.

The Commissioners indicated that the draft financial statement for the year ending June 30, 2019, that Paige had previously provided to them look good.

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

Mr. Martin reported on the status of the Meadowview Lift Station generator update project. He thanked the District staff who had worked on the project and stated he was very pleased with the work.

Mr. Martin reported he had recently toured Seattle's Lake Youngs treatment facility and was very impressed.

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

Russell reported on his attendance at the recent Retrospective Rating Committee meeting. A claims report for the 2016-17, 2017-18, 2018-19 and 2019-20 had been presented. Nominations

were made for the terms expiring September 30, 2019. The next meeting is scheduled for February 4, 2020.

Russell proposed a special meeting October 9, 2019, starting at 4:00 p.m. for a presentation from Sergey Tarasov, FCS Group financial consultant. The Board tentatively approved the special meeting.

**COMMISSIONERS' COMMENTS**

Commissioner Anderson reported on his attendance at the recent Newcastle Days festival and thanked participating District staff for their time and interest.

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

**OTHER DISTRICT BUSINESS**

There was no further District business.

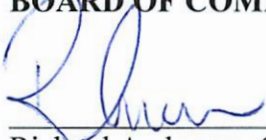
**ADDITIONAL CITIZEN'S COMMENTS**

There were no comments from the citizen in attendance.

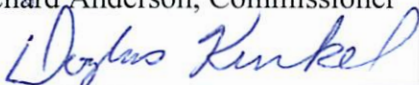
**ADJOURNMENT**

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

**BOARD OF COMMISSIONERS**



Richard Anderson, Commissioner



Douglas Kunkel, Commissioner



Pam Martin, Commissioner