

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

Held on October 9, 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 October 9, 2024. Commissioner Peter Zevenbergen, Board Vice President, attended in person, and called the meeting to order at 2:01 p.m. Commissioner Suzi O’Byrne, Board Secretary, attended in person. District staff Robert Russell, General Manager, and Jamie Crookston, Finance Manager, and Rosemary Larson, legal counsel, also 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 September 11, 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:

Maintenance Fund 0010 – AP - Voucher Nos. 5941 to 5958 and 5960 to 5972 in the amount of \$45,669.65.

CIP Reserve Fund 3030 – AP - Voucher No. 5959 in the amount of \$19,315.89.

Maintenance Fund 0010 – AP – Voucher Nos. 5973 to 5989 in the amount of \$48,300.81.

CIP Reserve Fund 3030 – AP - Voucher No. 5990 in the amount of \$15,444.28.

Maintenance Fund 0010 – AP – Voucher No. 5991 in the amount of \$9,542.90.

Maintenance Fund 0010 – AP – Voucher Nos. 5992 to 6002 in the amount of \$274,992.33.

CIP Reserve Fund 3030 – AP - Voucher Nos. 6003 to 6005 in the amount of \$9,028.35.

Maintenance Fund 0010 – AP – Voucher Nos. 6006 to 6030 in the amount of \$304,663.35.

Maintenance Fund 0010 – Payroll in the amount of \$87,818.39.

Maintenance Fund – EFT in the amount of \$18,409.26.

Maintenance Fund – EFT in the amount of \$3,659.70.

CITIZENS' COMMENTS AND CONCERNS

No citizens were present.

WEBSITE UPDATE

Mr. Russell reported that this item follows up on the discussion at a prior meeting regarding updates to the District's website. Mr. Russell obtained a proposal from Sindelar Communications, the District's current consultant, which is in the meeting materials. Sindelar Communications is proposing to build a new website for the District with approximately 28 pages, not to exceed \$4400, which is a very reasonable cost. Commissioner Zevenbergen agreed.

After discussion, Commissioner O'Byrne made a motion to approve an agreement with Sindelar Communications for the services to build a new District website, not exceeding \$4400,

and authorizing the General Manager to execute the same. Commissioner Zevenbergen seconded the motion, which passed unanimously.

NEWCASTLE 113TH LLC -- REQUEST

Mr. Russell informed the Commissioners that Newcastle 113th LLC has requested that the District allow it to construct 152 feet of sewer line near its development and use this line to discharge construction stormwater into the District's sewer line. King County has already granted a permit for this discharge. Ms. Larson stated that the developer would be required to sign the District's standard construction dewatering discharge agreement, which incorporates the terms of the King County permit. The Commissioners, Mr. Russell and Ms. Larson discussed the request.

After discussion, Commissioner Zevenbergen made a motion to approve Newcastle 113th's request for the construction dewatering discharge agreement. Commissioner O'Byrne seconded the motion, which passed unanimously.

SPU CONTRACT NEGOTIATIONS EXTENSION

Mr. Russell reported that the SPU contract is nearing the end of the current term. The negotiations for the new contract are almost complete, but the parties need additional time to complete the negotiations, and are requesting an additional one-year extension, in accordance with the letter in the agenda packet. Staff recommend the approval of the one-year extension.

After discussion, Commissioner O'Byrne made a motion to approve a one-year extension of the current SPU contract, and to authorize the Board Vice-President to execute the letter extending the contract on behalf of the District. Commissioner Zevenbergen seconded the motion, which passed unanimously.

TRANSFER OF FUNDS

Mr. Russell informed the Commissioners that District staff estimate that from the present date until June 2025, the District will spend approximately \$5,000,000 on capital projects. Thus, it is necessary to transfer \$4,000,000 to the District's CIP Reserve Fund, to ensure that there are adequate funds in the CIP Reserve Fund to pay for those Projects. Staff recommend that these funds be moved from the District's Special Purpose Fund to the CIP Reserve Fund. State law requires that transfers between District Funds be authorized by a resolution. The Commissioners agreed that this transfer of funds was appropriate and necessary.

After discussion, Commissioner O'Byrne made a motion to approve Resolution No. 1937, authorizing, approving, ratifying and confirming the transfer of \$4,000,000 from the District's Special Purpose Fund to the District's CIP Reserve Fund, and directing the King County Finance Division to accomplish the transfer. Commissioner Zevenbergen seconded the motion, which passed unanimously.

RESERVE FUNDS PROPOSAL

Mr. Russell reported that he researched the typical funds that utility districts maintain. Many if not all of the districts had a separate Rate Stabilization Fund, to protect against having to raise rates due to fluctuations in revenues. In the past, there have been times when the District's primary operating fund was negative due to wetter-than-normal weather. At the time, the District's financial consultant recommended that the District either raise rates or cut costs to correct the situation, and the Commissioners determined to increase rates by two percent per year for several years. In 2019, the financial consultant indicated that the rate increases were not necessary at that time, as the Fund balances were increasing and could support the District's anticipated expenditures. Now, Mr. Russell believes that the District should establish a separate

Rate Stabilization Fund, as a prudent and efficient means to protect against the need for abrupt rate increases. Mr. Russell recommended that the Rate Stabilization Fund have a balance of ten percent of the District's annual operating expenses, and that money be transferred from the District's Special Purpose Fund for this purpose.

At approximately 2:25, Kim Lane joined the meeting remotely.

Mr. Russell also recommended that the Special Purpose Fund be renamed as the "Replacement and Refurbishment Reserve Fund," which better reflects the Fund's purpose.

Commissioner Zevenbergen agreed with both proposals. He noted that a Rate Stabilization Fund will help the District to manage its finances and avoid rate increases which benefits the customers, and the current Fund name "Special Purpose" is not well-defined. In response to a question from Commissioner Zevenbergen, Mr. Russell stated that the ten percent target would require an approximate \$900,000 transfer from the Special Purpose Fund to the Rate Stabilization Fund. Commissioner O'Byrne commented that she agreed with both proposals. The Commissioners' consensus was to move forward with both items, and that Ms. Larson should prepare an appropriate resolution for the Board's consideration.

The Commissioners provided an opportunity for public comment. Mr. Lane commented that he agreed with the Commissioners' consensus regarding the Funds.

MANAGERS' CONTRACTS

Mr. Russell noted that there is an executive session in the agenda for this topic.

ATTORNEY'S COMMENTS

Ms. Larson had no additional comments.

ENGINEER'S COMMENTS

The Engineer was not present. Mr. Russell stated that there is an Engineer's status report in the agenda materials, and he likes the new format of the report.

MANAGERS' COMMENTS

Ms. Crookston reported that the audit has begun. She also informed the Commissioners that she received a handwritten thank you letter from the City of Newcastle for the District's sponsorship.

Mr. Russell reported that he has begun work on the next District newsletter. He invited the Commissioners to provide topics that they would like addressed in newsletter articles.

Mr. Russell also reported that he met with the Audit Team and completed the Risk Assessment. The District will be participating in the SAO's cybersecurity audit.

COMMISSIONERS' COMMENTS

Commissioner O'Byrne reported that she participated in the interviews for the new WASWD Executive Director. They anticipate a selection by the end of next week.

Commissioner Zevenbergen commented that he was sorry to have missed the WASWD conference due to illness; he reimbursed the District for his airfare. He welcomed Kim Lane to the Board of Commissioners.

OTHER DISTRICT BUSINESS

None.

EXECUTIVE SESSION – RCW 42.30.110(1)(g) – To review the performance of public employees

Commissioner Zevenbergen announced that there would be an executive session under RCW 42.30.110(1)(g) to review the performance of public employees, which would be for ten minutes and conclude at 2:48 p.m. Commissioner Zevenbergen convened the executive session at

2:38 p.m., with the Commissioners, Mr. Russell, Ms. Crookston, and Ms. Larson attending. Mr. Russell turned the audio and visual functions off for Mr. Lane and other members of the public.

At approximately 2:45 p.m. Mr. Reynolds joined the meeting remotely, without audio or visual ability to the executive session. Mr. Lane departed the meeting.

At 2:48 p.m., Commissioner Zevenbergen announced that the executive session would be extended for seven minutes, and conclude at 2:55 p.m. Mr. Russell and Ms. Crookston departed the meeting room, and Mr. Reynolds departed the meeting.

At 2:55 p.m., Commissioner Zevenbergen announced that the executive session would be extended for two minutes, and conclude at 2:57 p.m.

At 2:57 p.m., the executive session was concluded and open session resumed. Mr. Russell and Ms. Crookston rejoined the meeting. Mr. Lane was invited to re-join the meeting, but no one was on the remote line. Commissioner Zevenbergen stated that the Commissioners would like updated information regarding manager salaries at comparable utility districts. No other action was taken.

ADJOURNMENT

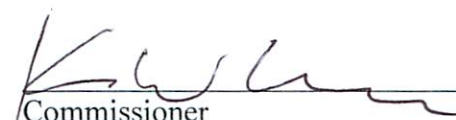
As there was no further business or persons to be heard, the meeting concluded at 2:59 p.m.

BOARD OF COMMISSIONERS



Suzi O'Byrne, Commissioner

Peter A. Zevenbergen, Commissioner



Commissioner