

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

Held on November 20, 2019

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 November 20, 2019. Commissioner Kunkel, Board President, called the meeting to order at 4:00 p.m. Commissioner Ric Anderson, Board Vice-President, and Commissioner Pam Martin, Board Secretary, were also in attendance. District staff Robert Russell, General Manager, Anne Paige, Finance Manager, and Patrick Martin, Operations Manager, were present. John Milne, legal counsel, was also present.

APPROVAL OF AGENDA

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

CONSENT AGENDA

Approval of Minutes – Special Board Meeting of October 23, 2019.

Approval of Minutes – Regular Board Meeting of November 13, 2019

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

STATE AUDITOR’S OFFICE – 2018 AUDIT EXIT CONFERENCE

Wendy Choy, Program Manager, and Sarah Childers, Audit Lead, from the Washington State Auditor’s Office (SAO), conducted an exit conference with the Board relative to their audit of the District for the year 2018. They presented a draft accountability audit report and a draft financial statement audit for 2018. With respect to the audited financial statements, it was their opinion there were no uncorrected misstatements. Further, there were no material misstatements

in the financial statements corrected by management during the audit. Therefore, there were no findings or other issues related to the District audit. Unless the District had any comments to the reports, the reports would now be finalized and published on the SAO web site. As the District had no comments, the reports will now be finalized and published. Choy and Childers also reported that the cost of the audit had been less than budgeted, but the next audit may cost more due to adjusted SAO audit rates.

Choy and Childers also noted they had reviewed a citizen concern provided to the SAO “hotline” relating to the District’s financial contribution to the City of Newcastle “Newcastle Days” festival. They concluded the District had the legal authority to contribute to and participate in the festival and will respond to the citizen accordingly. They then thanked District staff for their cooperation and timely response to their information requests during the audit, and for staff participation in the audit process.

The Commissioners thanked Choy and Childers for their efforts and support, and expressed their appreciation to Paige, Russell, and all other District staff for their work relating to the audit. Paige expressed her appreciation to District office staff for their assistance in the audit process.

2020 UTILITY RATES

Russell requested Board direction regarding utility rates for 2020. Commissioners and District staff had met with Sergey Tarasov, the District’s financial consultant from FCS Group, on October 23, 2019 to review the results of a water and sewer rate study update. Based on Tarasov’s determination of the annual revenue necessary to fund obligations, and to balance the District’s financial needs and minimize customer impacts, Tarasov reported that no change in the District’s water and sewer utility rates would be necessary in the study period. Russell noted that the Board had previously established utility rates for the years of 2018, 2019, and 2020 by the adoption of

Resolution No. 1857 on December 13, 2017. That resolution provided for a two (2) percent increase in utility rates for the year 2020. Given Tarasov's current opinion that there was no increase necessary for the study period, Russell recommended the District's utility rates for 2020 not be increased.

Commissioner Kunkel felt it was appropriate to follow the consultant's recommendation to not increase District utility rates for 2020 if the increase was not necessary. The other commissioners concurred.

Following discussion, Commissioner Martin made the motion to amend the provisions of Resolution No. 1857 to rescind the two (2) percent rate increase for the year 2020, and that there be no increase in utility rates for 2020 by the adoption of Resolution No. 1889. Commissioner Anderson seconded the motion, which carried unanimously. Russell advised the District will again conduct a rate review in September 2020 to determine appropriate rates at that time for the following three-year period of 2021, 2022, and 2023.

OTHER DISTRICT BUSINESS

There was no further District business.

ADJOURNMENT

As there was no further business or persons to be heard, the meeting concluded at 4:45 p.m.

BOARD OF COMMISSIONERS


Richard Anderson, Commissioner


Douglas Kunkel, Commissioner


Pam Martin, Commissioner