

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

**Held on December 8, 2021**

A regular meeting of the Board of Commissioners of Coal Creek Utility District was held by remote means and in-person at the District Office, 6801 – 132<sup>nd</sup> Place SE, Newcastle, Washington, on December 8, 2021, pursuant to the Washington State Governor’s Proclamation No. 20-28, as extended. Commissioner Pam Martin, Board President, attended in-person, and called the meeting to order at 5:03 p.m. Commissioner Suzi O’Byrne, Board Vice-President, and Commissioner Doug Kunkel, Board Secretary, attended in-person. District staff Robert Russell, General Manager, Patrick Martin, Operations Manager, and Jamie Crookston, Finance Manager, and Rosemary Larson, legal counsel, attended in-person. Bill Reynolds, District engineer, and Sergey Tarasov, of FCS Group, attended by telephone conference. Two State Auditor’s Office Representatives attended in-person.

In compliance with Proclamation No. 20-28, as extended, the District provided the public with the ability to attend the meeting by telephone conference, provided notice of the call-in number and information to the public, and provided a speaker phone in the Board meeting room which allowed all persons attending the meeting to hear each other at the same time.

**APPROVAL OF AGENDA**

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

**CONSENT AGENDA**

Approval of Minutes – Regular Board Meeting of November 10, 2021

DEA Approval – 5 Rivers – Sewer Only

DEA Final Acceptance – Larson Sewer Extension -- Sewer Only

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

**CITIZENS’ COMMENTS AND CONCERNS**

There were no citizens in attendance.

**SAO EXIT CONFERENCE**

Two representatives of the Washington State Auditor’s Office conducted the Exit Conference and presented the Audit Report for the District’s 2020 Fiscal Year Audit. Auditor Sarah Childers described the District’s Audit Report. She confirmed that the Audit Report concludes that the District has complied with all laws and regulations for the accountability audit for Fiscal Year 2020, which focused on third party receipting, utility adjustments, and small and attractive assets. Regarding the financial statement audit, the Audit Report is a “clean” opinion; there are no findings against the District. The District’s financial statements are materially correct and stated fairly, and there are no significant deficiencies in internal controls. The District’s next audit is scheduled for September of 2022. Ms. Childers thanked District staff for their timely response to all of the Auditors’ questions and requests during the audit, which made the audit process go very smoothly.

**FCS RATE STUDY**

Sergey Tarasov of FCS Group presented the rate study. Mr. Tarasov provided a power point presentation, describing the rate setting process and the study’s conclusions. FCS Group used the 2021 budget as the baseline, and then determined and reviewed the District’s projected revenues and expenses for the next five years, through 2026. FCS Group’s conclusion is that at

this time, the District does not need to increase water service rates, or the District's portion of sewer service rates.

The Commissioners discussed the rate study with Mr. Tarasov and District staff. In response to questions from Commissioner Kunkel, Mr. Tarasov indicated that the rate study assumes that SPU charges will increase by three percent each year. If SPU increases its charges by more than that, the numbers should be reviewed, but the District still would not need to increase its rates immediately. Regarding the sewer rates, District staff confirmed that the District must pass the King County Sewer Treatment Plant charges through to customers. The District has no control over these County charges, and the amount of future County rate increases is not yet known. Therefore, the total customer sewer bill may increase, but not the District's portion of the charges. Regardless, the consultant recommends no rate increases for the District's water service charges and the District's portion of the sewer service charges, but to monitor the District's financial situation in the future.

The Commissioners stated that they were pleased with the results of the rate study, given the uncertainties resulting from the Covid pandemic and severe weather events during 2021. They thanked Mr. Tarasov and FCS Group for their work.

**SMALL AND ATTRACTIVE ASSETS POLICY**

Mr. Russell informed the Commissioners that the Auditor recommends that the District formalize a small and attractive assets policy, to help protect assets that are susceptible to loss or theft. The Policy in the agenda packet is consistent with the District's existing practices, and is similar to Policies adopted by other local governments.

Commissioner Kunkel made a motion to approve Resolution No. 1910, adopting a small and attractive assets policy. Commissioner O’Byrne seconded the motion, which passed unanimously.

**CROSS CONNECTION CONTROL PROGRAM**

Mr. Martin informed the Commissioners that District staff would like to revisit the recent amendments to the District’s Cross Connection Control Program, which changed the timing for property owners to inspect and test their backflow prevention devices. Staff and the Commissioners discussed returning to the prior practice, which did not require that all tests be performed by a date certain in the Spring. Mr. Russell and Mr. Martin spoke in favor of rescinding the recent change, and researching further any updates to the Program.

After discussion, Commissioner Kunkel made a motion to repeal Resolution No. 1908, amending the District’s Cross Connection Control Program. Commissioner O’Byrne seconded the motion, which passed unanimously.

**ENGINEERING CONSULTING AGREEMENT**

Mr. Russell informed the Commissioners that it has been several years since the District’s agreement with PACE, the District’s consulting engineer, has been updated. The proposed agreement in the agenda packet updates the current agreement and includes the new fees for 2022, which are increased by an average of five percent over the 2021 fees. Mr. Reynolds explained that PACE experienced higher than average cost increases in 2021.

Commissioner Kunkel made a motion to approve the Agreement for Professional Engineering Services with PACE and authorize the General Manager to execute the Agreement. Commissioner O’Byrne seconded the motion, which passed unanimously.

**SCADA COMPUTER UPDATE**

Mr. Russell informed the Commissioners that the District's existing SCADA program is past its normal life-cycle. S & B, Inc. has submitted a proposal to update the SCADA hardware and software. Mr. Reynolds responded to the Commissioners' questions regarding the SCADA system and the S & B, Inc. proposal.

After discussion, Commissioner O'Byrne made a motion to approve the S & B, Inc. proposal in the amount of \$29,903.16, including tax. Commissioner Kunkel seconded the motion, which passed unanimously.

### **2022 WASWD DUES**

Mr. Russell presented a letter from the Washington Association of Sewer and Water Districts, which informs the District that the WASWD dues for 2022 will be \$13,917.47. The Commissioners spoke in favor of the District's continued participation in WASWD.

Commissioner Kunkel moved to approve payment of the 2022 WASWD dues in the amount of \$13,917.47. Commissioner O'Byrne seconded the motion, which passed unanimously.

### **MAY CREEK GROVE – REIMBURSEMENT AGREEMENT**

Mr. Reynolds presented the May Creek Grove Sewer Extension Reimbursement Agreement, which is in the agenda materials. The Agreement was discussed at a Board meeting several months ago. Notice was sent to the owners of the properties that are subject to the Agreement. One owner, Mr. Phillips, responded and provided information that the purchase and sale agreement between the Phillips and the Developer requires the Developer to pay the reimbursement amount that would otherwise be assessed against the Phillips property. Accordingly, a note has been placed on Exhibit C2, stating that the Developer is required to pay the Phillips property's share.

In response to questions from the Commissioners, Mr. Reynolds stated that the District's 20% charge stated in Section 3 of the Agreement is consistent with the District charge in other District Reimbursement Agreements. Mr. Russell stated that he supports the approval of this Reimbursement Agreement.

Commissioner Kunkel moved to approve the May Creek Grove Sewer Extension Reimbursement Agreement, and to authorize the General Manager to execute the Agreement on behalf of the District. Commissioner O'Byrne seconded the motion, which passed unanimously.

**LIVENGOOD REQUEST**

Ms. Crookston informed the Commissioners that the Livengood's daughter contacted the District regarding a high water bill for the Livengood property. District staff inspected the meter and related lines, and did not find a leak. The Livengoods request that the situation be treated as a water leak adjustment in accordance with District policy and practice. Ms. Crookston confirmed that the District has granted bill adjustment requests in a few similar situations in the past, consistent with the District's leak adjustment policy. Commissioner Kunkel also recalled granting bill adjustments for similar situations.

After discussion, Commissioner Kunkel moved to approve granting the Livengood request for a bill adjustment credit, pursuant to and in accordance with the District's leak adjustment policy. Commissioner O'Byrne seconded the motion, which passed unanimously.

**FULLER REQUEST**

Mr. Russell informed the Commissioners that Tyler Fuller submitted a written request for permission to install a temporary "spaghetti" service line to provide water service on a temporary basis to his property on 113<sup>th</sup> Place SE. Mr. Russell stated that the owners of other properties on 113<sup>th</sup> Place SE have been granted permission to install temporary service lines. If the request is

granted, Mr. Tyler would need to provide a temporary service agreement, similar to the other property owners.

Mr. Martin provided information regarding the services in the area, and indicated that the Tyler temporary service line would be approximately 200 to 300 feet long. Staff supports this request, for consistency with other properties on the same street. Ms. Larson commented that the temporary service agreement would only allow temporary service to one residence on the property.

After discussion, Commissioner Kunkel moved that based on consistency with past precedent, the Board of Commissioners approve the Fuller request for permission to install a temporary service line to provide water service to the Fuller property on 113<sup>th</sup> Place SE, subject to the Fullers executing a temporary service agreement with the District. Commissioner O'Byrne seconded the motion, which passed unanimously.

#### **KING COUNTY FRANCHISE ORDINANCE -- LEGAL SERVICES**

Mr. Russell informed the Board that the special legal services for litigation and issues relating to the King County Franchise Ordinance are over the budget established in the last amendment to the legal services agreement with Inslee Best. Inslee Best is requesting that the District approve a Sixth Amendment to the Agreement for Legal Services Relating to King County Franchise Ordinance, to increase the budget for the District's share by \$1750, for a total of \$34,550.

After discussion, Commissioner O'Byrne made a motion to approve the Sixth Amendment to the Agreement for Legal Services Relating to King County Franchise Ordinance, to increase the the District's portion of the costs by \$1750, for a total contract amount of \$34,550, and to authorize the General Manager to execute the Sixth Amendment on behalf of the District. Commissioner Kunkel seconded the motion, which passed unanimously.

**MANAGER CONTRACTS**

Mr. Russell stated that the Manager Contracts will be part of the executive session.

**ATTORNEY’S COMMENTS**

Ms. Larson presented the proposed Agreement for Legal Services with Inslee Best, for general counsel services for the calendar years 2022 and 2023. The proposed Agreement is identical to the current Agreement, except that it revises the rate schedule to remove retired attorneys, add attorneys who have been hired since the last Agreement, and increase the rates for certain attorneys by \$10 per hour, to \$320 per hour.

Commissioner Kunkel made a motion to approve the Agreement for Legal Services with Inslee Best for the years 2022 and 2023, and to authorize the General Manager to execute the Agreement for Legal Services on behalf of the District. Commissioner O’Byrne seconded the motion, which passed unanimously.

Ms. Larson reported that she prepared the attorney audit letter, which is in the meeting agenda materials.

**ENGINEER’S COMMENTS**

Mr. Reynolds provided an update on the 580 Reservoir Project. The work on the interior of the larger tank is almost complete. That tank should be back in service by the end of December. Work will then commence on the smaller tank.

**APPROVAL OF VOUCHERS**

The Commissioners approved the vouchers listed below.

Water/Sewer Maintenance Fund – Accounts Payable - Voucher Nos. 3221 to 3243 in the amount of \$47,733.90.



Water/Sewer Maintenance Fund – Accounts Payable - Voucher Nos. 3244 to 3257 in the amount of \$74,592.84.

Water/Sewer Maintenance Fund – Accounts Payable - Voucher Nos. 3258 to 3261 in the amount of \$6634.33.

Water/Sewer Maintenance Fund – Accounts Payable - Voucher Nos. 3262 to 3274 in the amount of \$300,067.13.

Water/Sewer Maintenance Fund – Accounts Payable - Voucher Nos. 3275 to 3300 in the amount of \$64,870.46.

Water/Sewer Maintenance Fund – Accounts Payable - Voucher Nos. 3301 to 3304 in the amount of \$442,458.21.

Water/Sewer Maintenance Fund – Payroll in the amount of \$22,350.00.

Water/Sewer Maintenance Fund – EFT in the amount of \$24,870.57.

### **MANAGER'S COMMENTS**

Mr. Martin reported that the replacement pipe truck should arrive by the end of the year from Allied Body. The crane truck should arrive in February.

Mr. Martin also reported that Sensus and Ferguson has provided the AMI collector as part the AMI meter reading pilot project that it agreed to perform. They are waiting for Verizon to provide a Sim card, and then the pilot project will begin.

Mr. Martin congratulated Ms. Crookston and the Finance team on the good audit.

Ms. Crookston reported that the employee recognition lunch will occur on December 23. The event will be socially distanced in accordance with Covid guidelines, and will be held outside if necessary. Commissioners are invited to attend.

Mr. Russell congratulated Ms. Crookston on the excellent audit report.

## **COMMISSIONERS' COMMENTS**

Commissioner O'Byrne thanked Ms. Crookston for her work on the District's audit.

Commissioner Kunkel also congratulated Ms. Crookston on the District's good audit report, and commented that it takes a good leader to achieve these results.

Commissioner Martin joined in the congratulatory comments for Ms. Crookston.

## **OTHER BUSINESS**

None.

## **EXECUTIVE SESSION – RCW 42.30.110(1)(g) – Review the Performance of a Public Employees**

Mr. Russell requested an executive session under RCW 42.30.110(1)(g) to review the performance of District employees, and advised the executive session would be for 15 minutes. Mr. Reynolds, Ms. Crookston, and Mr. Martin were excused from the meeting.

Commissioner Martin convened the executive session at 7:10 p.m., with the Commissioners, Mr. Russell, and Ms. Larson attending. At 7:25 p.m., Mr. Russell announced that the executive session was extended for 10 minutes. At 7:35 p.m., Mr. Russell announced that the executive session was extended for 5 minutes, and Mr. Russell did not re-enter the executive session. At 7:40 p.m., Commissioner O'Byrne announced that the executive session was extended for 5 minutes. At 7:45 p.m., the executive session concluded and the open meeting was reconvened.

After discussion, Commissioner Kunkel made a motion, based on employee performance, to approve an increase in salary for Jamie Crookston to consist of a five percent (5%) merit raise plus the District's standard Cost of Living Adjustment, and to consider Ms. Crookston's

compensation again in June, 2022. Commissioner O’Byrne seconded the motion, which passed unanimously.

Commissioner O’Byrne made a motion, based on employee performance, to approve an increase in salary for Calvin Megiverson to consist of a two percent (2%) merit raise plus the District’s standard Cost of Living Adjustment. Commissioner Kunkel seconded the motion, which passed unanimously.

Commissioner Kunkel made a motion, based on employee performance, to approve an increase in salary for Patrick Martin to consist of a three percent (3%) merit raise plus the District’s standard Cost of Living Adjustment. Commissioner O’Byrne seconded the motion, which passed unanimously.

Commissioner Kunkel made a motion, based on employee performance, to approve an increase in salary for Robert Russell to consist of a two percent (2%) merit raise plus the District’s standard Cost of Living Adjustment. Commissioner O’Byrne seconded the motion, which passed unanimously.

**ADJOURNMENT**

As there was no further business or persons to be heard, the meeting concluded at 7:50 p.m.

**BOARD OF COMMISSIONERS**



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Pam Martin, Commissioner

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Suzi O’Byrne, Commissioner



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Douglas Kunkel, Commissioner