

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

Held on January 11, 2017

A regular meeting of the Board of Commissioners of Coal Creek Utility District was held at the District Office, 6801 – 132nd Place SE, Newcastle, Washington, on January 11, 2017. Commissioner Ric Anderson, Board Vice President, called the meeting to order at 5:00 p.m. Commissioner Pamela Martin, Board Secretary, was also present. Commissioner Doug Kunkel attended the meeting later as these minutes indicate. District Staff Robert Russell, General Manager, Patrick Martin, Operations Manager, and Tish Hunter, Finance Manager, were present. Dave Hutley, PACE Engineers, and John Milne, general counsel, were also present.

APPROVAL OF AGENDA

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

CONSENT AGENDA

Approval of minutes – Regular Board Meeting of December 14, 2016

Approval of minutes – Special Board Meeting of December 22, 2016

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

CITIZENS' COMMENTS / CONCERNS

There were no comments from the citizens in attendance.

ELECTION OF BOARD OFFICERS – 2017

Consistent with the Board's policy that the Board rotates officer positions, Commissioner Martin made the motion that Commissioner Anderson serve as Board President for the year

2017, that she serve as Board Vice President for the year 2017, and that Commissioner Kunkel serve as Board secretary for the year 2017. Commissioner Anderson seconded the motion, which carried unanimously.

COOPER LEAK ADJUSTMENT/SERVICE RATE DISCOUNT REQUEST

District customer Sharon Cooper, 8802 123rd Ave. SE, had experienced a significant leak in her private water system that had been repaired on or about November 1, 2016. Her billing for the period during the leak was \$4,783.85, but she had qualified for the District leak adjustment policy and the bill had been reduced by \$3,399.98, leaving a balance of \$1,383.87. However, Cooper stated paying the balance was a significant financial hardship. Staff have advised her that she could pay the balance through a payment plan, but had not be able to agree on an acceptable installment payment. Cooper also qualified for the District's senior rate discount and that had now been offered to her. However, Cooper had requested the senior discount rate be applied retroactively to her account for the last three years. Cooper stated King County had reduced her property taxes retroactively for the last three years due to her financial status.

Commissioner Kunkel arrived at the meeting at 5:22 p.m.

Milne advised the District had the legal authority to offer a payment plan for Cooper to pay off the balance of the leak credit adjustment, and to secure the payment of the balance by lien recorded against Cooper's property. However, Milne advised the District did not have the legal authority to retroactively apply the District senior rate discount to her account, and that status could only be prospective once her application for that program was approved by District staff.

Following discussion, Commissioner Martin made the motion to authorize staff to extend a payment plan to Cooper to pay the balance of the leak adjustment amount by payments of \$100 per month without interest until the balance was paid off, provided Cooper must pay the

cost to record the lien against her property relative to that amount, and provided further the District reserved the right to take all further and necessary collection actions if Cooper failed to pay the leak adjustment balance as authorized. Commissioner Kunkel seconded the motion, which carried unanimously. Staff will work with Cooper to arrange the monthly installment payments.

FARRELL – CONNECTION CHARGE FINANCE REQUEST

Darval Farrell, 8221 116th Ave. SE., addressed the Board regarding his request to connect his property to the District's sewer system due to a failing septic system. However, Farrell was required to pay the District's general facility connection charge (GFC) of \$1,850, a local facility connection charge (LFC) of \$36,422.54, and a side sewer permit of \$200. He had requested the right to pay some or all of the connection charges in installments. District staff advised the District had only allowed the payment of connection charges in installments for the Windtree and Lake Boren areas. Milne advised state law granted the District the authority to allow the payment of connection charges in installments, but the District had only exercised that authority in special cases. If the District now allowed Farrell to pay his connection charges through installments, he suggested the Board reconsider its present connection charge payment policy before the Board allowed such.

Farrell then suggest he immediately pay the GFC and the cost of the side sewer permit, and then pay the LFC in full within ten days. Milne advised that District could approve that payment arrangement, but if Farrell failed to make the required payment in full within the ten day period, District staff should then record an installment payment agreement to be signed by Farrell in advance to protect the District's position to collect the LFC owing.

Following discussion, Commissioner Martin made the motion to authorize the connection of Farrell's property to the District sewer system on the condition Farrell pay the GFC and the

side sewer permit cost, and pay the LFC owing within ten days thereafter, conditioned on Farrell signing an agreement requiring the payment of the LFC in full within a specified period, and if Farrell failed to do so, District staff would record the agreement against his property and take all necessary action to obtain payment of the LFC owing from Farrell together with applicable penalties and interest. Commissioner Kunkel seconded the motion, which carried unanimously.

KING COUNTY FRANCHISE STATUS

Milne reported that, in cooperation with the Washington Association of Sewer and Water Districts, his office had proposed to collectively represent the water-districts with respect to King County's recent adoption of an ordinance increasing the costs to obtain a franchise for utilities located in King County right-of-way, including a "rental fee" for the use of the right-of-way. Many districts opposed the "rental fee", and Milne advised there were strong legal arguments the County lacked authority to impose such a charge. The ordinance also required utilities obtaining a franchise for water utilities to be responsible for the cost to provide fire suppression facilities and service, and to indemnify the County against any damages arising from a fire event. Milne advised it was also his opinion the County lacked the legal authority to unilaterally require utilities to agree to such terms. Milne provided the commissioners with a proposed budget for legal work relative to the ordinance, addressing the first phase of work to include information gathering and pre-litigation efforts to have the ordinance rescinded or modified to the districts' satisfaction. The second phase of legal work would be to challenge the offensive portions of the ordinance through litigation. The budgeted cost for the first phase of the work was not to exceed \$34,000; twelve districts had already expressed interest in being part of the collective legal effort. Therefore, the cost to each participating district would probably be less than \$3,000.

Milne also provided the commissioners with “talking points” which had been prepared by an attorney group he was working with relative to the ordinance. He further advised that a group of utility representatives planned to meet with King County staff in early January, 2017, to discuss the ordinance and express their concerns.

Following discussion, Commissioner Kunkel made the motion to authorize the District to participate in the group at a cost for the first phase of the work not to exceed \$2,800. Commissioner Martin seconded the motion which carried unanimously. Milne will keep the Board further advised.

2017 COMMITTEE ASSIGNMENTS

The commissioners provided Russell with changes to the Commissioner and Staff Committee assignment listing. Russell will revise the Committee Assignments matrix as directed and provide an updated matrix at the next Board meeting and on Dropbox for any further comment.

HCA/PEBB INTERLOCAL AGREEMENT

District staff and Milne reported on the District’s interlocal agreement with the Washington State Healthcare Authority (HCA) which provided medical insurance for participating District commissioners and staff. The HCA had advised District staff in December, 2016, that the District’s existing healthcare interlocal agreement needed to be updated and approved by the Board. District staff provided the commissioners with a draft of the interlocal agreement and recommended the agreement now be approved by the adoption of Resolution No. 1842. Following discussion, Commissioner Martin so moved. Commissioner Kunkel seconded the motion, which carried unanimously. Russell will sign the agreement on the District’s behalf, and staff will forward the signed agreement to HCA staff for processing.

ATTORNEY'S COMMENTS

There were none.

ENGINEER'S COMMENTS

Hutley reported on the status of various District engineering projects as set forth in a memo dated January 11, 2106.

APPROVAL OF VOUCHERS

The Board approved for payment Water/Sewer Maintenance Fund Voucher Nos. 1352 through 1383 in the amount of \$335,814.80.

The Board approved for payment Water/Sewer Maintenance Fund - Direct Deposit – Payroll in the amount of \$113,214.62.

FINANCE MANAGER'S COMMENTS

Ms. Hunter reported that the exit conference with the representatives from the State Auditor's Office has been scheduled for Friday, January 20, 2017, at the District office at 2:00 p.m. The meeting will be scheduled and noticed as a special board meeting if a Board quorum attends the conference.

OPERATIONS MANAGER'S COMMENTS

Mr. Martin advised he was communicating with City of Bellevue staff regarding the status of the 440 Reservoir recoating project. The City shares the reservoir facility with the District and is therefore responsible for a portion of the recoating project cost.

Mr. Martin reported District staff had obtained a bid in the amount of \$5,808, not including tax, to replace lighting at the District's operations center with LED lighting. Staff will now proceed with the work.

Mr. Martin reported he is working with Hutley to provide WSDOT comments on the preliminary design of I-405 improvements relative to their impact on adjacent District utilities. Depending on the WSDOT final design, certain District utilities may have to be protected or relocated, all at WSDOT cost. He will keep the Board further advised.

GENERAL MANAGER'S COMMENTS

Russell suggested a Board workshop to review the revised draft employee manual; procurement procedure could be another topic for this or another workshop. Following discussion, the Board determined to hold a workshop to discuss the draft employee manual. Staff will work with the commissioners to identify a date and time and then confirm the identified date with the commissioners.

COMMISSIONERS' COMMENTS

Commissioner Kunkel agreed to be the District's primary representative to the State Association Section IV committee.

Commissioner Martin reported on her attendance at the recent State Association Board of Directors' meeting.

Commissioner Martin reported on her attendance at the most recent Seattle Operating Board meeting. She advised the Soos Creek General Manager Ron Speer had be selected as the Board Chair for 2017.

Commissioner Martin advised she planned to attend the SPU Conservation Technology Forum meeting on January 24, 2017, and will report back to the Board.

Commissioner Anderson reported on his attendance at the recent Sno-King Alliance meeting.

Commissioner Anderson advised he planned to attend the State Association Government Relations committee meeting the following day, and will report back to the Board.

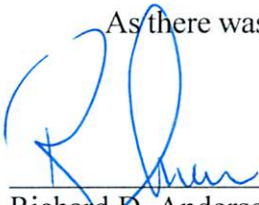
Commissioner Anderson requested that District staff place the matter of “Executive Session” at the end of future regular Board meeting agendas. The other commissioners concurred.

ADDITIONAL CITIZEN’S COMMENTS

There were no comments from the citizens in attendance.

OTHER DISTRICT BUSINESS

As there was no further business or persons to be heard, the meeting concluded at 6:55 p.m.



Richard D. Anderson, Commissioner



Douglas C. Kunkel, Commissioner



Pamela A. Martin, Commissioner