



MINUTES OF REGULAR MEETING OF THE BOARD OF COMMISSIONERS

September 7, 2021

The meeting was called to order at 3:00 p.m. by Board President Patricia Hale. The meeting was held in a hybrid format. Commissioners and staff had the option to attend in person or by call in. Members of the public were invited to attend via conference call.

Commissioners Participating

Commissioner Patricia Hale, President
Commissioner Ron Ricker, Vice President
Commissioner Charlotte Haines, Secretary

Staff Participating

Diane Pottinger, District Manager
Denny Clouse, Operations Manager
Kern Maresca, Director of Finance
Theresa Harrington, Executive Assistant
Jesse Foss, Utility Worker IV

PUBLIC COMMENT

Members of the public were invited to participate by telephone conference call. The dial-in number was posted at the drive-up window at the District administrative offices and posted with the agenda on the District website. Mr. Toby Bigger was also present and had no comment.

APPROVAL AND/OR ADJUSTMENTS TO AGENDA

District Manager Diane Pottinger presented an amended agenda with the following additional item; 7 c. Resolution 2021.09.30 Approving Municipal Advisory Agreement for Assistance from Martin Nelson & Company with refunding the 2011 Bonds. Commissioner Haines moved to approve the amended agenda as presented. Commissioner Ricker seconded the motion. The motion passed unanimously.

District Attorney Joe Bennett informed the Board that he would need to depart the meeting by 4:30 p.m. District Manager Diane Pottinger proposed the legal report be moved after item 6 to accommodate his schedule. Commissioner Haines moved to approve the adjusted agenda and Commissioner Ricker seconded the motion. The motion passed unanimously.

APPROVAL OF MINUTES

Commissioner Haines made a motion to approve the August 17 regular meeting minutes as presented. Commissioner Ricker seconded the motion. The motion passed and the commissioners signed the minutes.

APPROVAL OF VOUCHERS

Commissioner Ricker moved to approve vouchers numbers 6364-6379 and 117935-117978 in the amount \$403,006.69 from the maintenance fund and voucher numbers 652-658 in the amount of \$37,182.63 from the capital fund. Staff and commissioners reviewed and discussed the vouchers. Commissioner Haines seconded the motion, which passed unanimously. The Commissioners signed the vouchers.

OLD BUSINESS

a. NCWD's COVID-19 Response

Ms. Pottinger updated the Board on the status of overdue accounts. Since the last meeting, the number of customers with balances over 120 days past due has increased slightly. Currently the amount past due is approximately \$600 per account. The Governor's moratorium on the assessment late fees and shutoffs will expire on September 30, 2021. Due to the District's bi-monthly billing cycle, Ms. Pottinger recommended that the District wait to resume late fees and shutoffs until after October 31st to allow for equitable notice to all customers. Commissioner Ricker made a motion for the District to revert to normal billing practices, including the assessment of late fees and service disconnection for delinquent accounts beginning November 1, 2021. Commissioner Haines seconded the motion and the motion passed unanimously. The

Board instructed the District Manager to bring a resolution affirming this decision to the next meeting.

LEGAL REPORT

District Attorney Joe Bennett updated the Board on the current recommendation from King County Department of Health regarding masking and social distancing considering the rising rates of COVID in the community.

Mr. Bennett also reported on *Associated General Contractors of Washington, et al. v. State of Washington*, a recent court of appeals case that affects the computation of prevailing wages required for public contracting. The case involves the constitutionality of SSB 5493 which altered the methodology used to compute the prevailing wage. The Court of Appeals held that SSB 5493 is unconstitutional. Mr. Bennett will continue to update the Board on the case as it moves through the courts.

NEW BUSINESS

a. Introduction of the new Director of Finance Kern Maresca

District Manager Diane Pottinger formally introduced and welcomed NCWD's new Director of Finance Mr. Kern Maresca. Mr. Maresca provided the Board with a summary of his professional background and expressed his excitement to be joining the team. The Board welcomed him to the District.

b. 2011 Bond Refinancing

Director of Finance Kern Maresca informed the Board that the 2011 water revenue bonds are eligible for redemption on or after October 1, 2021. Mr. Maresca reported on the current favorable market conditions and recommended that District pursue refinancing as soon as possible. Mr. Maresca reviewed two options for refinancing the bonds debt: reissuance or a ten-year bank loan. The commissioners reviewed and discussed the options and preferred the ten-year bank loan as a more favorable option. District Attorney Joe Bennett recommended a consultation with a bond attorney to advise the District. Staff agreed to consult with special counsel on the matter. Mr. Maresca recommended the District work with and Martin Nelson & Company, an independent financial services company, to assist with the project. The commissioners agreed with this recommendation.

c. Resolution 2021.09.30 Approving Municipal Advisory Agreement for Assistance From Martin Nelson & Company With Refunding the 2011 Bonds

Mr. Maresca presented a resolution to sign a municipal advisory agreement with Martin Nelson & Company to assist the District with the bond refinancing. Commissioner Hale made a motion to approve the resolution. The motion was seconded by Commissioner Haines then passed unanimously. The Board and District Attorney signed the resolution.

d. Per Diem Rate for Out of State Conference

District Manager Pottinger informed the Board that industry conferences are being offered in-person once again, including national conferences. In the past, the Board has set the rate for out of state per diem. Ms. Pottinger asked the commissioners if they would like to continue with the \$135 per day rate that has been used for several years for out-of-state conferences for the remainder of 2021. After discussion, Commissioner Ricker motioned to set the per diem rate for attendance at national conferences in 2021 to \$135 per day. Commissioner Haines seconded the motion and the motion passed unanimously.

e. Resolution 2021.09.28 Appointing Auditing Officers for the Purpose of Authorizing the Issuance of Warrants and Electronic Transactions Prior to Approval

District Manager Diane Pottinger reported that the decision to change the Finance Manager title to Director of Finance has prompted the need to update signatory forms with King County. Ms. Pottinger presented the Board with a resolution to appoint the auditing officers, reaffirm electronic voucher procedures, and update the accounts payable authorized signature form. The commissioners reviewed the resolution. Commissioner Ricker made a motion to approve the resolution. The motion was seconded by Commissioner Haines then passed unanimously. The Board and District Attorney signed the resolution.

f. Status of the Director of Operation/Engineering Recruiting

District Manger Diane Pottinger gave a status report on the hiring process for a Director of Operations/Engineering to replace Mr. Clouse upon retirement in November. The open position was listed in job postings with AWWA, PNWS-AWWA, WASWD as well as the *Seattle Times*. The District received seven applicants. Of these, five have been selected for first round interviews which will take

place virtually on September 8th. Second interviews of the top candidates will be scheduled shortly thereafter. Ms. Pottinger reported she is hoping to make an offer of employment on or before early next week.

g. Resolution 2021.09.29 Approving Contract with Harkness Construction LLC for the Ballinger Way – Forest Park Drive Water Service Replacement

Operations Manager Denny Clouse informed the Board that the bid opening for this project took place at 10:00 a.m. on September 1, 2021, in the District's parking lot. Bids were solicited from six qualified contractors on District's small works roster. Two contractors attended the mandatory walk through on Monday, August 23, 2021. Harkness Construction was the sole contractor to submit a bid. The bid was certified by the District's engineering consultant DEA. Mr. Clouse presented the Board with a resolution to approve the contract with Harkness Construction, LLC for the Ballinger Way-Forest Park Drive Water Services Replacement Project (CIP 2021.03). Commissioner Hale made a motion to approve the resolution. The motion was seconded by Commissioner Ricker then passed unanimously. The Board and District Attorney signed the resolution.

h. AWWA Benchmark Survey Results 2020

District Manager Diane Pottinger shared the results report for the 2020 AWWA Benchmark Survey with the commissioners. This annual industry survey tracks utility performance indicators with the goal of improving operational efficiency and managerial effectiveness for all utilities. Board and staff reviewed and discussed the results.

i. Personnel Manual Proposed Review Schedule

During the salary and benefits survey, District consultants Trupp HR identified some areas of the District's personnel manual in need of updating. District Manager Diane Pottinger shared a timeline for reviewing and adopting changes. The process will take several months with a goal of adoption in January of 2022.

MANAGER REPORTS

a. Finance Manager

Director of Finance Kern Maresca reported that the District is undergoing a Washington State Department of Revenue excise tax audit. Mr. Maresca and Ms. Pottinger will work with the State to complete the audit remotely. Mr. Maresca also reported that he will be working to schedule the District's 2020 annual financial audit as well as the accountability audit.

b. Project Status Report/Operation Manager

Mr. Clouse updated the Board on the status of several new projects in the District.

- Inland Group is working on the development of a 155-unit senior housing development at 17127 15th Avenue NE.
- Connection charges were collected for 19 new services going in at the corner of 12th Ave NE and NE 180th Street.
- Arcadia Holmes will be developing three lots off 8th Avenue NE.
- Joseph Iron and his wife's property at 1517 NE 170th Street will be upgrading the water service due to some extensive remodeling.
- Sound Transit is set to install a new hydrant at the corner of NE 205th Street and I-5 the week of September 13-17, 2021.

c. District Manager

District Manager Diane Pottinger updated the Board on several items.

• **Employee Services Awards**

Six District employees celebrated milestone employment anniversaries over the past year. Due to COVID, these employees did not receive their recognition letters. Letters will be sent out soon to thank employees for their years of service to the District.

• **SPU Contract Negotiations**

The 17 wholesale water customers will be meeting via Zoom Thursday, September 9 at 1:00 p.m. to discuss how to respond to SPU's proposed contract.

• **Sale of the Old Maintenance Facility Building**

The waiting period for the purchase and sale agreement on the maintenance facility property is set to expire at the end of the day. If the District does not hear from the buyer by this time,

the contract will expire. However, Ms. Pottinger is expecting to hear from the buyer by the end of the day.

- **WASWD Fall Conference**

WASWD is considering canceling the in-person WASWD Fall Conference scheduled for next week. There will be a meeting on Thursday to discuss the topic. Staff will inform commissioners as soon as there is a decision.

- **ATT Electricity Charges**

AT&T has not paid NCWD for electricity used at the pump station since the City of Seattle removed their meters from the site. AT&T have requested access to the site to upgrade their system. Management has informed AT&T that they will not be granted access until AT&T have paid past due balances.

COMMISSIONER REPORTS

Commissioner Haines had no report at this time.

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Commissioner Hale reported that she watched the 2.0 MG reservoir inspection on August 26. Engineers from Murraysmith, DN Tanks and District staff used inflatable kayaks to inspect the reservoir interior and plan for any capital improvements if need be.

Commissioner Hale concluded the meeting at 4:58 p.m.

The next regular meeting of the Board will be on Tuesday, September 21, at 3:00 p.m. in a hybrid remote/in-person format.

Patricia M. Hale

Ron Ricker

Charlotte Haines