

**Konocti County Water District
Special Board Meeting Minutes
December 6, 2023**

Time: 1: 00P.M.
Location: 15844 35th Ave
Clearlake, Ca, 95422

1.0 Call to Order- President Priebe called the meeting to order at 1:00 pm

Board Members Present: All Board members were present

Staff Present:
General Manager Costner
Auditor/Board Secretary Gallizioli

1.0 Call to Order

2.0 Adoption of the Agenda: This is the time to remove any Consent Agenda item(s) to discuss separately after the motion to approve the Consent Agenda.

3.0 Public Comment: This is the time for any member of the public to address the Board on any matter not on the agenda that is within the subject matter of the jurisdiction of the Board. Please complete a Board Meeting Public Comment Slip and present it to the Clerk prior to the start of the meeting. The Brown Act, with limited exceptions, does not allow the Board or staff to discuss issues brought forth under Public Comment. The Board cannot take action on non-agenda items. Please note that comments from the public will also be taken on each agenda item before consideration by the Board. Comments shall be limited to three minutes per person.

CONSENT AGENDA: All items listed under Consent Agenda are considered to be routine in nature and will be approved by one motion. There will be no separate discussion of these items unless a member of the Board or audience requests otherwise, or if staff has requested a change under Adoption of the Agenda, in which case the item will be removed for separate consideration. Any item so removed will be taken up following the motion to approve the Consent Agenda.

Consent Items:

4.0 New Business

4.1 ** Review of Audited Financial Statements, Reports on accounting controls & procedures for year end June 30, 2023 Auditor Gallizioli informed the Board that she was going to try to condense the whole audit packet into segments to try to explain the numbers. She started with cash. She explained it was the cash in the general fund and LAIF. Then the receivables are what our customers owe us for billing. She then points out that other income was money owed us by other sources. \$11,092.71 was owed by Tim Harrington from 2021. \$2559.58 was owed by an employee who is no longer employed with us. There was much discussion why they owed this money. General Manager Costner explained to the new directors that there was a project to do 20 homes that the city sold to this developer and they were supposed to pave the road. The General Manager collected \$14,000 for time and materials to put in the services for these properties but they still owe us the \$11,092.71. They never were required to pay the \$143,000 (7150.49 each for all the meters we installed). This has caused problems from day one. Per General Manager Costner the 17 lots need to have a lien filed on them. The Auditor said she does not have the correct apn numbers

or addresses for all these properties. The General Manager said he would take care it. It was also noted we needed a policy for this type of situation and employee benefits when they are on leave.

Auditor Gallizioli also pointed out that inventory has increased by \$26,605. Accounts payable also increased by \$338,000 but noted we owed T&S around \$360,000 at year end. Overall water sales were down \$85,000 from previous year. With 48 hour posted notices taking the biggest hit in other revenue. It was under budget by \$40,000. And overall other revenue was down \$14,000 which is included in the 85,000. Director Cook mentioned maybe we should increase the number of 48-hour notices posted if it was there second offense. Auditor Gallizioli stated we have to pay many expenses like the pension whether we have income or not.

On another sheet the Auditor showed a seven-year sales comparison. She pointed out that six of the seven years our operating expenses were over our operating income. But with other income we only had four out of seven years of net loss.

Another item was something the external auditor pointed out the district has a \$1mill board designated capital improvement reserve, pursuant to board motion in 2014. With monthly transfers of \$8700 being made. It was recommended to have management review the carryforward schedule and determine the efficacy of this reserve with the Board. There was much conversation on why this was happening. Bottom line is KCWD needs to start making its reserve with money transfers and not just a journal entry. Auditor Gallizioli said we just need to fix this. The Board should recommend on a monthly basis how much money to fund for restricted cash for capital improvements.

After all the discussions on our audit the Board seems to believe and agree with the General Manager that we really didn't lose \$260,000 last year because we had money in our general fund and LAIF. General Manager Costner said he had a weird encounter with our Auditor Mary. She said that General Manager that run companies like this don't last long and should be fired. Auditor Gallizioli believes that Mary the external Auditor should come in and talk to the Board.

4.2 Discussion about office employee posting door knockers and 48- hour notices. Auditor Gallizioli put this on the agenda because she felt it would be cheaper if one of her staff did door knockers and 48-hour notices instead of the GM's staff. General Manager Costner said he didn't agree. Auditor Gallizioli said it was just a question. It was suggested to bring this back to the table in two weeks. The discussion was tabled. General Manager Costner said he was going to hire a full-time employee. Vice President Stanley talked about how many employees the other water companies have. General Manager Costner said that the office is only allowed one full time and one part time employee. Auditor Gallizioli reminded him that the Board gave her permission for two full time employees. There was much conversation and disputes on this topic and the timing of the 48-hour notices. Auditor Gallizioli said this was only supposed to be an open forum to discuss not fight over. It was suggested by one of my employees. Vice President Stanley said he is sick of the arguing and this has been going on for years. General Manager Costner said this has never been a problem before. He said that they had a meeting that morning about being prompt for the 48 hours notices and doing everything we can to accommodate Paula. He said they have had several of these meetings. If this has never been a problem, why would they have had several meetings about it?

General Manager Costner said if the offices use their own vehicle not a company vehicle and they have to do all the notices then go for it. He said they won't lock off on Fridays because his guys will get all the calls. He said they will lock off on Friday if Paula takes all the calls over the weekend. The General Manager was upset that the Auditor didn't talk to him first about this topic. Auditor Gallizioli said she tried to talk to the General Manager about this and he got mad. His demeanor changed and he was un approachable. The auditor's staff even knew that he was mad at her. In her

defense she did try and when that didn't work, she went to the President. The President suggested we put it on the agenda. Everyone received a copy of the agenda. The General Manager said he brought his employee Tom Parks to tell the Board that we try to comply. Auditor Gallizioli thought it was terrible that he put his employee in that position. Auditor Gallizioli said we aren't getting anywhere lets just call it and table this. President Priebe called the meeting at 3:34.

5.0 Adjournment 3:34pm

Please Note: Agenda items listed with asterisks (**) have additional information available for public review at the business office.

CONSIDERATION OF ITEMS NOT APPEARING ON THE POSTED AGENDA – Consideration of items not appearing on the posted agenda, if necessary, requires the following board action prior to consideration; 1) a determination by a majority vote of the board that an emergency situation exists (as defined in section 54956.9 of the Brown Act); 2) a determination by a two-thirds vote of the legislative body or, if less than two-thirds vote of the members are present, a unanimous vote of those members present, that there is a need to take immediate action and that the need for action came to the attention of the District subsequent to the agenda being posted.

REQUEST FOR DISABILITY – RELATED MODIFICATION OR ACCOMMODATION: A request for a disability-related modification or accommodation necessary to participate in the Konocti County Water District Board Meeting should be made in writing to the Auditor/Secretary at least 48 hours prior to the meeting.

Submitted by:
Paula Gallizioli, Auditor/Secretary

Approved by:
Kirsten Priebe, President