SPALDING COMMUNITY SERVICES DISTRICT



BOARD OF DIRECTORS

MEETING AGENDA MAY 20, 2022 3:00 PM

MEMBERS OF THE BOARD
MIKE ARNOLD, BOARD CHAIR
TED THOMAS, BOARD VICE CHAIR
LARRY DOSS, DIRECTOR
ED LAWSON, DIRECTOR
RON LOBUE, DIRECTOR

MEETING LOCATION
EAGLE LAKE COMMUNITY CENTER
502-907 MAHOGANY WAY, SUSANVILLE, CA 96130
530-825-3258

WELCOME TO THE SCSD BOARD MEETING - PLEASE SIGN IN

Welcome to the SCSD Board Meeting! Members of the public may provide public comment on any item on the Board's agenda, or on any item that is within the subject matter jurisdiction of this Board. Public comments are limited to five (5) minutes (unless the Chairman of the Board grants a longer period of time). Comments by members of the public on an item that appears on the agenda will only be allowed during consideration of the item by the Board.

Ted Thomas	Larry Doss
Ron LoBue	
	and consens recovery descriptions

- 1. PLEDGE OF ALLEGIANCE
- 2. <u>PUBLIC COMMENT</u> Members of the public may provide public comment on any item on the Board's agenda, or on any item that is within the subject matter jurisdiction of this Board. Public comments are limited to five (5) minutes (unless the Chairman of the Board grants a longer period of time).
- 3. APPROVAL OF THE AGENDA
- 4. APPROVAL OF MINUTES
 - A. Submitted for approval are the minutes from April 22, 2022 Board of Directors Meeting.
 - B. Submitted for approval are the minutes from May 2, 2022 Special Board of Directors Meeting.
- 5. FIRE CHIEF REPORT TO BOARD
- 6. GENERAL MANAGER REPORT TO BOARD
 - A. SCSD Resolution 0522-01 Amending Policy 4048 and creating Policy 4049 District Auditor Annual Financial Audit
 - B. Budget Report 2021 2022 through April 30, 2022.
- 7. BOARD MEMBER REPORTS / BOARD MEMBER COMMENTS

8. <u>NEW BUSINESS</u>

9. <u>CONTINUING BUSINESS</u>

- A. Update information regarding kitchen stove purchase no new data.
- B. 2022 SCSD Sewer Rate Increase No new data waiting on NorthStar.

10. ADJOURN

NEXT REGULAR MEETING IS SCHEDULED FOR JUNE 17, 2022, AT 3:00 PM

APPROVAL OF MINUTES

SPALDING COMMUNITY SERVICES DISTRICT SPECIAL BOARD MEETING May 2, 2022

APPROVED	BY DIRECTO	May 2, 2022 ORS:
MEETING CAL	LED TO ORDE	R: Mike Arnold, 10:00 am
Roll Call	Present	Not Present
Mike Arnold Ted Thomas Larry Doss Ed Lawson Ronald LoBue	X X X X	X
	F ALLEGIANCE of Allegiance w	
2. APPROVA	L OF THE AGE	NDA .
Motion: First: Roll Call:	Larry Doss	ecial meeting agenda Second: Ed Lawson ss, Mike Arnold, Ed Lawson Id LoBue
3. PUBLIC CO	<u>OMMENT</u>	
There was no p	ublic comment.	

4. CONTINUING BUSINESS

There was some discussion regarding the history behind the 2020-2021 audit. Mike provided background and why it was necessary to get an Auditor hired asap. Ron questioned the process in getting proposals from the three Auditors.

Motion:

Approve hiring Auditor Larry Bain for the 2020-2021 year

First:

Ed Lawson

Second: Larry Doss

Roll Call: Yes: La

Yes: Larry Doss, Mike Arnold, Ed Lawson

Abstain: Ronald LoBue

ADJOURN

The meeting was adjourned at 10:20 am

Motion:

Motion to adjourn

First:

Ed Lawson

Second: Larry Doss

Roll Call:

Yes: Larry Doss, Mike Arnold, Ed Lawson,

Abstain: Ronald LoBue

Respectfully submitted by: Marlane Morse

SPALDING COMMUNITY SERVICES DISTRICT SPECIAL BOARD MEETING April 22, 2022

BY DIREC	CTORS:
	ENT: MIKE ARNOLD - CHAIR, TED THOMAS – VICE-CHAIR, N, RONALD LOBUE
LED TO OR	DER: Mike Arnold, 3:00 pm
Present	Not Present
X X X X	
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1. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was spoken. Mike welcomed the audience to the Board meeting, and made an adjustment to the agenda by reversing the order of #3 and #2 so that in the future, Public Comment would come after the Approval of the Agenda. Mike asked if anybody had any issue with the change in the agenda.

Ron had comments about the agenda: per government code #54956 – SCSD did have a right to set a special meeting – but only if there was only one specific issue to be discussed – and there are specific policies and requirements to follow regarding notification. Ron continued with his comments about why the meeting had been cancelled and ended with his determination that the meeting was illegal.

Arguments ensued, a guest interrupted with some comments, Ron continued insisting that the meeting was illegal and could not continue. The argument continued, bringing items not on the agenda into the conversation, with public guests interspersing argumentative comments. Mike informed Ron that the meeting was going forward as scheduled, and he was welcome to leave if he did not want to participate. Ron abstained under protest and yielded the floor. There were further statements from Board Members and the public.

The item before the Board: Approve the agenda with the change in sequence – bringing item #3 (Approval of the Agenda) forward to #2, and moving item #2 (Public Comment) to the #3 position.

2. APPROVAL OF THE AGENDA

Motion: Approve the agenda with changes

First: Ed Lawson Second: Larry Doss

Roll Call: Yes: Larry Doss, Mike Arnold, Ted Thomas, Ed Lawson

Abstain: Ronald LoBue

3. PUBLIC COMMENT

Amy Hagen – Questioned Enterprise accounts – what they were and if the CSD was legally supposed to be funding the accounts. She felt that they were underfunded but mentioned that fees would possibly need to be increased. Mike provided a broad explanation of the reserve accounts.

Keri Gratin – No questions – made a comment regarding past Board actions of failing to follow their own policies or the Brown Act. She felt that the current meeting was not an actual "regular" meeting and was not properly scheduled as a "special" meeting if the reason was to suppress public comment. She quoted some of the Brown Act regarding "special" meetings.

Diane Gratin – Regarding the Brown Act and Government code #54950 et. seq. – She reserved the right to make public comment at all SCSD public meetings as protected by this Act. She does not surrender her right to the Board or its employees.

Tammy LoBue – She stated that mail had been tampered with from their mail box, and the issue had not been resolved. Mike provided history of the installation of the current mail boxes. USPS is the only one who has access to the boxes. He also explained that the Postmaster is responsible for the entirety of the post office boxes in Spalding and SCSD has nothing to do with the boxes.

Ron requested to respond to the above statement – he provided some background regarding alleged tampering of his mail and a conversation he had with the Postmaster in Susanville. Disorder ensued regarding this section of comment with Ron yelling at Board members, the public (the public interrupted and yelled back) and refusing to "relinquish the floor" when requested. He refused to remove himself from the meeting, twice, at the request of the Board Chair.

The meeting was adjourned at 3:29 pm for 15 minutes and all participants were requested to leave the meeting room.

The meeting was called back to order at 3:44 pm

Ron continued with his statements regarding the postal service and refused to "relinquish the floor". After further arguing, and further disruption, Mike continued with the meeting without Ron's consent.

4. APPROVAL OF MINUTES

The minutes from the March 18, 2022 meeting were approved with a change.

Motion: Approve the minutes with change

First: Larry Doss Second: Ted Thomas

Roll Call: Yes: Larry Doss, Mike Arnold, Ted Thomas, Ed Lawson

Abstain: Ronald LoBue

5. GENERAL MANAGER REPORT TO THE BOARD

- A. SCSD Policy 2210 Marly provided some background regarding an email from S. Alvernaz questioning the hiring of an SCSD employee and not following correct hiring procedures. She stated that, while she did not know the circumstances behind the hiring, there were parts of the policy that were not followed. Marly stated that SCSD would follow proper hiring practices in the future.
- B. SCSD Policy 4050 Members of the Board of Directors Marly read this policy in open meeting.
- C. Update on the StarLink purchase Marly provided some history regarding the purchase of the StarLink internet system. Per SCSD's legal counsel, the CSD is not considered either a residential or business in terms of purchasing this system and has full ability to purchase either system offered by StarLink.

6. FIRE CHIEF REPORT TO BOARD

No report.

7. BOARD MEMBERS REPORTS

Ed Lawson – talked with Chris Gallagher regarding Green Waste – hoping to schedule their coming for 2 days in May (13/14), 2 days in July (29/30), and 2 days in September (23/24). No charge to residents (hopefully) but is dependent on Chris being successful in scheduling.

8. NEW BUSINESS

- A. Memorandum to District Counsel who has access to District Counsel Policy 4048. Some discussion regarding what SCSD's policy states, and the recommendation from legal counsel of better language. It will need to be changed through Resolution. Marly also suggested removing the Auditor language from 4048 and put the Auditor policy under a separate policy number. The Board suggested bringing a couple different options for the Board to review for 4048 and to create a new policy for the Auditor.
- B. SCSD Auditor 2021 and 2022 Audits Marly provided an update regarding the proposals which were submitted. Three auditors were contacted and proposals requested for both 2021 and 2022. Two auditors responded; the cost would be under \$10,000 per year. There was some discussion regarding the need to get the 2021 year completed asap due to possible fines from the State.

9. CONTINUING BUSINESS

- A. Fire District regarding kitchen oven donations no new business.
- B. CA Lease Term for maintenance and operation of an existing marina facility shows that the lease term ends in 2028. There was some discussion and explanation of the lease to the public.
- C. 2022 SCSD Sewer Rate Study NorthStar Engineering. Mike explained that the numbers that North Star provided to the Board were very preliminary. He explained that further information was needed for the Board in order to be able to make good decisions regarding fee increases; this information includes amounts needed in the reserve accounts. It was suggested to look at the original 2011 SSMP document to start looking at the amounts needed for the reserve accounts. Some further discussion regarding the sewer system ensued.

ADJOURN

The meeting was adjourned at 5:00 pm

Motion:

Motion to adjourn

First:

Ted Thomas

Second: Larry Doss

Roll Call:

Yes: Larry Doss, Mike Arnold, Ted Thomas, Ed Lawson

Abstain: Ronald LoBue

The next regular meeting scheduled for May 20, 2022

Respectfully submitted by: Sharon Moats & Marlane Morse

RESOLUTION 2022-03

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SPALDING COMMUNITY SERVICES DISTRICT AMENDING POLICY 4048 OF THE SPALDING CSD POLICY HANDBOOK TO BE REFLECTIVE OF LEGAL COUNSEL, REMOVING AUDITOR LANGUAGE FROM THE POLICY, AND CREATING NEW POLICY 4049 – DISTRICT AUDITOR.

WHEREAS, the Spalding Community Services District (herein referred to as District) is a local government agency formed and operating in accordance with Section §61000 et seq. of the California Government Code; and

WHEREAS, the District Board of Directors on 02/26/2010 adopted a Manual of Policies, being a comprehensive listing of the rules and regulations enacted by the Board from time to time; and

WHEREAS, the Board of Directors enacted policy 4048 – Legal Counsel and Auditor - which provides instruction on the appointment and duties of Legal Counsel and the District Auditor; and

WHEREAS, the Board of Directors desires to change this policy to exclusively reflect the applicable issues and activities of Legal Counsel, remove Auditor language, and create Policy 4049: District Auditor – Annual Financial Audit.

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED by the Board of Directors of the Spalding Community Services District, as follows:

- The Spalding Community Services District Board of Directors Policy 4048 Legal Counsel - attached hereto as Exhibit "A" is hereby approved and adopted.
- 2. The Spalding Community Services District Board of Directors Policy 4049 District Auditor attached hereto as Exhibit "B" is hereby approved and adopted.
- 3. Any and all prior versions of the Spalding Community Services District Policy 4048 Legal Counsel and Auditor are hereby repealed.

PASSED, APPROVED and ADOPTED this 20th day of May, 2022 by the following vote:

AYES:	NAYS:
ABSTAIN:	ABSENT:
ATTEST:	
Secretary of the Board	
APPROVED:	
Chairman of said Governing Boa	rd

Spalding Community Service District

POLICY HANDBOOK

POLICY TITLE: Legal Counsel

POLICY NUMBER: 4048

4048 The Board of Directors shall appoint a Legal Counsel to assist the Board and District in all applicable issues and activities.

4048.1 Legal Counsel shall be the legal adviser of the District and shall perform such duties as may be prescribed by the Board of Directors. Legal Counsel is required to review and approve as to form District legal documents, i.e., contracts, agreements, etc. The Legal Counsel may present and report on all legal issues and Closed Session items before the Board. The Legal Counsel shall serve at the pleasure of the Board, and shall be compensated for services as determined by the Board.

4048.2 The District has a limited budget for general counsel services; therefore, it is important that inquiries to Counsel be limited to those issues determined by the Board to be appropriate for submission to Counsel for analysis and/or advice.

4048.3 The following individuals are authorized to seek advice from the District's Legal Counsel for District related matters:

- 1. The General Manager
- The Board Chair
- 3. The Board Vice Chair: The Board Vice Chair may only contact Legal Counsel in special circumstances or when the Board Chair and General Manager are not available. They do not have the authority to approve other members of the Board's ability to contact Legal Counsel.

It is required of the above individuals that they will review the yearly budget to determine the appropriateness of any expenditure prior to any request to Legal Counsel for oversight.

4048.4 No Board member may request a legal opinion of Legal Counsel without the concurrence by one of the above authorized individuals. It is a requirement that issues regarding differences of opinion or the following of policies/procedures will be discussed and preferably solved without or prior to the involvement of Legal Counsel.

Spalding Community Service District

POLICY HANDBOOK

POLICY TITLE: District Auditor – Annual Financial Audit

POLICY NUMBER: 4049

4049 Policy: The integrity of the financial records of the Spalding Community Services District constitutes a vital obligation of its elected Board of Directors. To assure accuracy of these records and to ensure the independence of the firm selected to perform District audit services, the Board will consider, at its discretion and when necessary, soliciting proposals for an audit service contract in accordance with the provisions of California Government Code Section 12410.6 (b).

CA Government code 12410.6 states:

- (a) An audit for any local agency, including those submitted to the State Controller pursuant to subdivision (a) of Section 12410.5, shall be made by a certified public accountant or public accountant, licensed by, and in good standing with, the California Board of Accountancy.
- (b) A local agency shall not employ a public accounting firm to provide audit services to a local agency if the lead audit partner or coordinating audit partner having primary responsibility for the audit, or the audit partner responsible for reviewing the audit, has performed audit services for that local agency for six consecutive fiscal years. The State Controller may waive this requirement if it is found that another eligible public accounting firm is not available to perform the audit.
 - **4049.01 Audit Services Limitations:** The District shall not employ a public accounting firm to provide audit services if the lead audit partner or coordinating partner having responsibilities for the audit, or audit partner responsible for reviewing the audit, has performed audit services for the District for six consecutive fiscal years.
 - **4049.02 Best Practices:** In addition, any California-licensed public accounting firm engaged by the District to perform an audit shall comply with California Government code section 12410.6 (b) regarding changing the lead audit partner or coordinating audit partner having primary responsibility for the audit, and/or the audit partner responsible for reviewing the audit.
 - **4049.03 Auditing Bidding Process:** The District may, in its discretion, reengage the public accounting firm that provides audit services after six consecutive fiscal years if the firm has complied with the provisions of Section 4049.02 or if the Office of the Controller has made a finding that another eligible accounting firm is not available to perform the audit. The General Manager is responsible for supervising the contracting for the District's Auditor and bringing suitable options to the Board for

approval. The selected Auditor shall be appointed by the Board by a majority vote in a noticed public meeting.

4049.1 Audit Term: An independent financial audit shall be performed annually as soon as practical after the end of the fiscal year.

4049.2 Audit Approval: Audit findings will be reviewed in draft form by the Board Chair and General Manager, including the Auditor if needed. The findings will be reported to the Board for its review and approval. The Board will also consider findings, if any, which may be contained in a Management Letter and direct the General Manager to take appropriate action. Relevant financial information contained in the Final Audit, showing Fund Balances and tying them to the budget, will be integrated into the Final Budget document for publication and distribution as the District's operating budget.

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			EX	EXPENSES							
			225 Fire Fund		23	231 Rec Fund		22	227 Sewer Fund	-	21/22 FY
		21/22	21/22		21/22	21/22		21/22	21/22		TOTAL
Account #	Balances and Income	Budget	actual	-/+	Budget	actual	-/+	Budget	actual	-/+	BUDGET
3000100	Salaries and Wages	2,000.00		2,000.00	1,430.00		1,430.00	116,956.00	55,156.66	61,799.34	65,229.34
3000100	Volunteer Firefighter Stipend										
3000211	Special District Benefits	245.00		245.00	172.00		172.00	14,995.00	18,100.20	(3,105.20)	(2,688.20)
3001100	Clothing and Personal	500.00		500.00							500.00
3001200	Communications	4,500.00	86.94	4,413.06				25,381.00	21,080.48	4,300.52	8,713.58
3001300	Food	500.00	24.00	476.00				65.00		65.00	541.00
3001400	Household Expenses							322.00	447.00	(125.00)	(125.00)
3001500	Insurance (workers Comp/auto/Liability)	14,450.00	7,882.79	6,567.21		2.00	-2.00	14,817.00	17,755.21	(2,938.21)	3,627.00
3001700	Maintenance Equipment		642.99	(642.99)				12,456.00	21,028.10	(8,572.10)	(9.215.09)
3001701	Maintenance Vehicles & Fuel	8,000.00	3,532.20	4,467.80				4,446.00	5,945.55	(1,499.55)	2.968.25
3001800	Maintenance Building/Improvements	2,000.00	70.62	1,929.38				2,719.00	617.54	2,101.46	4,030,84
3001900	Medical Supplies	192.00	138.35	53.65				350.00		350.00	403.65
3002000	Memberships							1,970.00	2,038.79	(68.79)	(68.79)
3002200	Office Expenses	125.00		125.00				2,208.00	3,717.61	(1,509.61)	(1,384.61)
3002201	Postage							1,430.00	1,318.00	112.00	112.00
3002205	Grant Expenditures										
3002300	Professional and Specialized Services		9.00	(00.9)				22,879.00	30,484.17	(7,605.17)	(7,611.17)
3002400	Publications and Legal Notices							4,676.00	4,067.12	608.88	608.88
3002500	Rents and Leased Equipment							3,600.00	4,492.68	(892.68)	(892.68)
3002700	Small Tools and Minor Equipment	2,175.00	1,002.00	1,173.00				3,000.00	245.94	2,754.06	3,927.06
3002800	Special Department Expense							750.00	23.48	726.52	726.52
3002900	Transportation and Travel	500.00		500.00				2,000.00	529.17	1,470.83	1,970.83
3002901	Conferences and Training	500.00	264.00	236.00				1,500.00	625.00	875.00	1,111.00
3003000	Utilities	300.00		300.00				10,758.00	7,371.34	3,386.66	3,686.66
3006100	Buildings/Improvements - Capital Improv.										
3006200	Equipment										
3007000	Administrative Allocation - Transfer Out		1,628.21	(1,628.21)					7,818.42	(7,818.42)	(9,446.63)
3008500	Bond/Solar (Special Items)							4,800.00		4,800.00	
	Capital Reserves %										
Total Expense	Total Expenses & Input to Reserve Accounts	35,987.00	15,278.10	20,708.90	1,602.00	2.00	1,600.00	252,078.00	202,862.46	49,215.54	66,724.44
Budget Balan	Budget Balance (Revenue Minus Total Expenses)		20,708.90	42%		1,600.00	%0		49,215.54	%08	220,708.74
	TRUST ACCOUNTS		BALANCE	New Bal							77%
7603302	Recreation Trust	1,523.77	(8.70)	1,532.47							
7603383	Capital Improvement Fees (Fire)	17,879.00	(4,493.44)	22,372.44							
225	Fire Parcel Assessment Fees (Fire)	114,051.00	74518.72	188,569.72							
GPR	General Purpose Revenue Fund (Fire)	6,475.00									
7603405	Capital Replacement Fund (Sewer); USB 8000	300,050.85	10,539.24	289,511.61					25,000		
7603374	Bond Redemption Fund (Sewer); USB 8001	201,910.88	50,764.70	151,146.18							
7603500	Renew and Replace Fund (Sewer) US Reserve Fund 8005	71,127.64	56,115.51	15,012.13							
7603376	Refunding Improvement Bond (Sewer) USB Reserve Fund 8003	472,454.00	8,240.64	464,213.36							
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Revenue

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		2	225 Fire Fund		2:	231 Rec Fund	~	22	227 Sewer Fund		21/22 FY
		21/22	21/22		21/22	21/22		21/22	21/22		Remaining
Account #	Balances and Income	Budget	actual	-/+	Budget	actual	-/+	Budget	actual	-/+	Budget
0100000	Cash Balance										0.00
2011200	Rental Income (chairs, tables, building)										0.00
2011200	Rental Income (Directory Signs)										0.00
2011200	Fire Apparatus Rental										0.00
2011200	Misc Income (Donations, Equipment Sales, Etc.)		585.00	(585.00)		16.30			272.00	272.00	(313.00)
2012200	Operating Transfers In (Trust Account Transfers)		7,818.42	(7,818.42)	1,602.00		1,602.00	50,000.00	57,803.21	57803.21	51,586.79
2000904	Fire Parcel Assessment Fee (225 Fund)	32,724.00	31,033.31	1,690.69							1,690.69
2000905	Fire Parcel Assessment Fee Prior Year	2,110.00	917.23	1,192.77							1,192.77
2003000	Interest (Finance Charges)	1,439.00	96'829	760.04					261.47	261.47	1,021.51
2006200	State Grants		3,375.00	(3,375.00)							(3,375.00)
2007200	Federal Grants					- 1					0.00
2012200	Capital Improvement (Dev Imp Fees)										0.00
2008106	Sewer Service Fees										0.00
2010600	Sewer Operations/Maintenance Assessments							201,486.00	184,662.28	16823.72	16,823.72
2000600	Other Charges Current Services							592.00		592.00	592.00
2001300	Annual Parking Permits										0.00
2001300	Day Use Fees										0.00
2001300	Dock Permit & Slip Sales		44								0.00
2020000	Revenue - Special Districts		10.00	(10.00)							(10.00)
	Revenue, Transfers In & Cash	36,273.00	44,417.92	8,144.92	1,602.00	16.30	1,618.30	252,078.00	242,998.96	9,079.04	287,433.18