

**SPALDING COMMUNITY SERVICES DISTRICT
BOARD OF DIRECTORS
SPECIAL MEETING
May 22, 2026
DRAFT**

APPROVED BY DIRECTORS

Kathy Claytor _____
Ellen Stallings _____
Jerald Oliver _____
Scott Hagen _____

1. CALL TO ORDER by Kathy Claytor at 1:00 pm

2. <u>ROLL CALL</u>	<u>Present</u>	<u>Not Present</u>
Kathy Claytor	<u> x </u>	
Ellen Stalling	<u> x </u>	
Scott Hagen	<u> x </u>	
Jerald Oliver	<u> x </u>	

3. APPROVAL OF THE AGENDA

Motion: To approve the agenda for the special meeting on May 22, 2026.

First: Director Oliver

Second: Director Hagen

Roll Call: Ayes - Kathy Claytor, Ellen Stallings, Jerald Oliver, Scott Hagen

Board Discussion: None

Public Comment: GM Garcia read into the record an email from a community member.

4. OES GRANT APPROVAL VC3 BID

GM Garcia received a proposal for OES Grant for hardware and services intended to improve cybersecurity, reliability, and overall technology infrastructure. Garcia worked with VC3 to identify compatible enterprise-grade equipment and associated support services while maintaining costs within the approved grant budget. Comparable pricing information was provided.

Motion: To move forward with the VC3 Bid for hardware and services.

First: Chairwoman Claytor

Second: Director Oliver

Roll Call: Ayes - Kathy Claytor, Ellen Stallings, Jerald Oliver, Scott Hagen

Board discussion: The board discussed the other bid options. Previous administrations already contracted with VC3 to provide services. The board felt that it made more sense to accept their bid for equipment and installation as they will be responsible for monitoring and maintaining the system. There was also discussion about the services covered by VC3's bid. Director Stallings asked about where reimbursements for equipment already spent. Garcia reported they are moving forward with this. Garcia explained how the system works with Star Link.

Public comment: None

5. DISCUSSION AND CONSIDERATION OF RESOLUTION 2023-9 SEWER RATE ADJUSTMENT

GM Garcia present information regarding the California Consumer Price Index adjustment applicable for the current year (2.5%) outlined in Board Resolution 2023-9. This increase will result in approximately \$3.23 per quarter. The district's goal is to operate and maintain the sewer system as efficiently and responsibly as possible while minimizing financial impact to the community. Incremental adjustments are intended to reduce the likelihood of larger future increases resulting from deferred maintenance or infrastructure needs. Garcia reported that additional funds are necessary to maintain the system and recommended moving forward slowly until the district has a better handle on the budget. This item was necessary to bring forth at a special meeting to get the raise on the July 1, 2026 billing.

Motion: To move forward and implement Resolution 2023-9 adjusting quarterly sewer billings by 2.5% allowed by the California Consumer Price Index for the July billing.

First: Chairwoman Claytor

Second: Director Stallings

Roll Call: Ayes - Kathy Claytor, Ellen Stallings, Jerald Oliver, Scott Hagen

Board discussion: The board discussed the increase was already approved in Resolution 2026-9 and the sewer is already budgeted well below needs. Looking at comparisons with other similar districts Spalding is well below what other districts charge. Other discussion centered on the process of

disconnecting individuals with delinquent fees and responsibilities of homeowners for sewer and well maintenance.

Public comment: GM Garcia read an email from a community member (see attached). Garcia explained how Bond funds are allocated through several accounts and are not available for general use. There was a question on delinquent accounts. The district will start moving forward with collecting on these fees July 1, 2026 as discussed at the May 14, 2026 regular meeting.

6. SEWER SYSTEM OPERATIONS AND INFRASTRUCTURE UPDATE

GM Garcia provided an update on sewer system operations and maintenance activities.

- The pond liner repairs went well. Approximately 20 tears and/or cracks were repaired. Pond 2 is now ready for use and open. It was recommended by the sewer community that Pond 1 be closed permanently as Pond 2 and Pond 3 take care of the district's needs.
- Dave Hernandez, Brad Mallory's mentor, was here this week reviewing the district's system and will be working with a team at his home office to help the district establish a maintenance schedule,
- Lift Station 4 was inspected Friday after the regular meeting where a possible issue was brought up by a community member. Lahontan was contacted to discuss what steps/tests need to be taken to ensure the integrity of the station/system. The Station was pressure tested with no evidence that anything was wrong but additional testing will be explored. The homeowner reported they had their well cleaned and tested again with clean results. This issue has raised concerns with the district that regular testing needs to be done.

Board discussion: The board discussed the above topics including developing Best Practices for Sewer Maintenance for homeowners to be posted on the website with references homeowners can contact if an issue arises. The district takes these concerns seriously.

Public comment: A community member suggested including information about property owners checking sewer filters.

Power was lost at this point so meeting was adjourned.

7. ADJORNMENT

Motion: To adjourn the meeting at 2:02 pm

First: Director Hagen

Second: Director Oliver

Roll Call: Ayes – Kathy Claytor, Ellen Stallings, Jerald Oliver, Scott Hagen

May 21, 2026

To: Spalding Community Services District Board of Directors & General Manager Garcia

RE: Public Comment for May 22, 2026 Special Board Meeting

Dear Board Members and General Manager Garcia,

Please accept this correspondence as a formal written public comment regarding the Special Board Meeting scheduled for May 22, 2026, at 1:00 p.m. I respectfully request that this statement be distributed to all Board members prior to the meeting and included in the official meeting record.

I am writing to express serious concerns regarding the priorities, transparency, and public participation framework surrounding this Special Meeting agenda, particularly in light of ongoing wastewater infrastructure concerns and reported groundwater safety issues within the community.

1. Public Health and Infrastructure Concerns

Item 6 of the agenda is listed as a "Sewer System Operations and Infrastructure Update – No Action to be Taken," despite referencing pond liner repairs, field observations, operational planning, and other ongoing sewer system matters.

At the same time, residents have reported positive bacterial screening results in several nearby private wells located in proximity to aging sewer infrastructure and lift station concerns. While no formal causation determination may yet exist, these reports raise legitimate public health concerns warranting transparent discussion and meaningful public review.

The District's core statutory responsibility includes the safe management of wastewater infrastructure to protect groundwater and public health. Given the existence of documented regulatory compliance issues involving the sewer system, many residents reasonably expect infrastructure integrity and groundwater safety concerns to be treated as a primary District priority.

2. Use of a Special Meeting for Substantive Financial Action

While Government Code § 54956 permits Special Meetings, the compressed notice structure of such meetings inherently limits public review and participation compared to Regular Meetings.

Item 5 concerns implementation and discussion of sewer rate adjustments associated with Resolution 2023-9 and the Proposition 218 process. According to the agenda, the adjustment is based upon a previously adopted multi-year schedule tied to CPI increases.

Given that the District already has a Regular Meeting scheduled for June 11, 2026, residents may reasonably question why this matter is being advanced through a Special Meeting rather than allowing additional time for broader public review of supporting documentation and infrastructure conditions.

This concern is particularly significant where unresolved infrastructure issues, reported groundwater concerns, and ongoing regulatory compliance matters remain active topics within the community.

Under California Proposition 218, all revenue collected for the sewer system must be used **exclusively** for sewer-related expenses. While some of what the district is doing may technically fall within legal boundaries, it is **deeply inappropriate and irresponsible** to raise rates before ratepayers are given a **clean, independent audit** showing exactly how past sewer funds and bond funds were spent.

Ratepayers have a right to know:

- Where did the bond money go?
- How were our quarterly sewer payments used?
- Were all expenditures lawful and restricted to sewer operations as Prop 218 requires?

Until these questions are answered through a transparent, third-party forensic audit, any proposal to increase rates is premature and undermines public trust. Accountability must come **before** additional financial burden is placed on the community.