

**SPALDING COMMUNITY SERVICES DISTRICT
BOARD OF DIRECTORS**

MINUTES of REGULAR MEETING

June 11, 2026

Approved July 9, 2026

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 Stallings	<u> x </u>	
Jerald Oliver	<u> x </u>	
Scott Hagen	<u> x </u>	

3. PLEDGE OF ALLEGIANCE

Chairwoman Claytor led the Pledge of Allegiance

4. PUBLIC COMMENT

There was no public comment.

5. APPROVAL OF THE AGENDA

Motion: To approve the agenda for June 11, 2026.

First: Director Oliver

Second: Director Stallings

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

Board Discussion: None

Public Comment: None

6. APPROVAL OF MINUTES

Motion: To approve the minutes for special meeting May 1, 2026.

First: Chairwoman Claytor

Second: Director Oliver

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

Board Discussion: None

Public Comment: None

7. APPROVAL OF MINUTES

Motion: To approve the minutes for regular meeting May 14, 2026.

First: Director Stallings

Second: Director Oliver

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

Board Discussion: None

Public Comment: None

8. APPROVAL OF MINUTES

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

First: Director Oliver

Second: Chairwoman Claytor

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

Board Discussion: None

Public Comment: None

9. PRESENTATION FROM SMITH'S PUMPS

Brett Smith, owner of Smith Pumps, a water well drilling and pump service contractor, explained that private well owners are responsible for maintaining, testing, and protecting their own wells. He recommended keeping wellheads clean and free from potential contaminants such as chemicals, pesticides, or fuel and encouraged homeowners to periodically test their well water through a certified laboratory, especially if they suspect a problem. He also advised residents not to consume water if they suspect contamination until laboratory results confirm it is safe.

? **Well Maintenance Recommendations**

- Recommended chlorinating private wells every 3–5 years or whenever work is performed on the well.
- Pump service includes chlorination after pump removal or repairs to sanitize the well.
- Offered assistance to homeowners unfamiliar with chlorinating their wells.
- Noted that many Eagle Lake wells are located in pits or have older well seals, making maintenance more difficult.

? **Water Testing**

- Stated that home tests are useful as an inexpensive preliminary screening tool.
- Recommended confirming any positive home test with certified laboratory testing.
- Explained that bacteria samples have strict holding times and require proper collection techniques.
- Described how improper sample collection can produce false positive results.

- Shared an example where a contaminated handshake resulted in a false positive E. coli test.
- Emphasized sanitizing faucets, removing aerators when possible, allowing water to run several minutes before sampling, and avoiding contamination during collection.

UV treatment systems effectively disinfect bacteria when properly maintained. Smith recommended replacing UV bulbs annually and suggested periodic laboratory testing even when UV systems are installed.

Board Discussion:

Board members thanked Brett Smith for his thorough and informative presentation.

Public Comments:

- GM Garcia reported receiving an email from a resident concerned about positive home water tests. After a follow-up professional testing it was determined the well itself was clean, with contamination occurring somewhere between the well and the home's plumbing. The resident later acknowledged the issue originated within the home's plumbing system and resolved it.
- A community member asked about the best location to collect water samples. Smith recommended kitchen faucet after proper sanitization and advised removing faucet aerators when possible before sampling. He also confirmed that dedicated sampling equipment is used for professional testing.

10. GENERAL MANAGERS REPORT

GM Garcia reported it was another busy month.

Meeting with LAFCO:

- LAFCO acknowledged the district's progress and will continue monitoring and supporting the district over the next year.
- LAFCO discussed potential consequences if the district were unable to remain self-governed, including possible county, state, or private management, all of which could result in less local control and higher costs.

Fiscal audit update:

- Staff are cleaning up QuickBooks records before soliciting audit bids to reduce audit costs.
- GM Garcia and the bookkeeper are reorganizing accounts, eliminating duplicate account usage, and improving the chart of accounts without deleting historical records.
- The audit bid process expected to begin after accounting cleanup is completed.

Budget preparation:

- Preliminary budget has been developed as a working document that will be refined as additional financial information becomes available.

Legal expenses:

- Legal costs have been significantly reduced. Having only 1.1 billable hours in April and 5.8 billable hours in May compared to 20 hours in previous months.

Received 76 Cure and Correct requests and general complaints during the month.

- General responses have been provided, and staff is requesting patience with further responses while balancing the daily district operations.

Billing update:

- Quarterly sewer bills were mailed ahead of schedule.
- The staff is reviewing previous policy regarding acceptance of annual payments and working with accounting to process payments more efficiently.
- Invoice improvements have been made to display total account balances, including past-due amounts.
- The staff continue researching historical account balances and encouraging customers to contact the office directly with billing questions rather than relying on social media.

11. SEWER REPORT

GM Garcia reported for Brad Mallory who is currently taking care of an electrical concern at lift station 3. The SCADA system was reporting the pump was running when it was not, so no flow was being reported. An electrician is looking into the cause.

- Pond liner repairs were completed with approximately 15 -20 repairs done. Garcia is pursuing reimbursement through the Repair & Replace fund.
- Mentorship and training have begun Grade IV operator Dave Hernandez

12. FIRE REPORT

The Fire Department responded to two medical calls, one traffic collision, and 1 wildland fire which later was determined to be a training dispatch.

- Water tender repairs have been completed. The DEF sensor failed which disabled the water pump. Fire chief Muse is working with the manufacturer for a bypass solution for future emergencies.
- The department is continuing with water tender drafting and pumping training.
- Pancake Breakfast was very successful. 203 meals were served, which was an all-time high and raised \$1,385.

13. BOARD REPORT

Kathy Claytor reported on the Recreation Committee meeting:

- Only seven annual launch ramp passes sold due to low lake levels.
- Boat launching is now primarily limited to kayaks, canoes, and other small watercraft.
- No Fourth of July recreation event planned.
- Labor Day activities are being considered.

Ellen Stallings reported on Budget Committee meeting:

- Reviewed prior budgets and financial statements and the preliminary FY 2026-2027 budget.
- Potential future cost-saving measures were discussed and aligning budget timelines with State budget requirements.

Jerald Oliver – No report

Scott Hagen reported on the Sewer Committee meeting:

- Items were previously discussed during the sewer report

Board Discussion: None

Public Comment: None

OLD BUSINESS

14. SEWER UPDATE LIFT STATION 4, LAHONTAN TEST, SMITH'S PUMPS RECAP

Lahontan staff conducted testing on 8 private wells at Lahontan's expense. The results: 6 wells had no detected contaminants, 1 was positive for coliform but negative for E. coli and 1 was inconclusive due to sample quantity. Coliform may appear from environmental sources such as dust, soil, etc. and does not indicate E. coli contamination.

Board Discussion:

The board expressed satisfaction with the results.

Public Comment:

A resident asked whether individuals who reported E. coli from an at-home test shared follow-up testing results with the district. The district has not received the follow-up testing results from the individual only social-media comments.

Board Discussion

Public Comment:

14. CURE & CORRECT MINUTES FROM REGULAR MEETING ON NOVEMBER 13, 2025

Motion: To approve the corrected minutes for regular meeting November 13, 2025.

First: Director Oliver

Second: Chairwoman Claytor

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

A request was submitted to remove a name from November 13, 2025 minutes public comment section. (Item # 13) Residents are not required to state their name during public comment. Minutes have been corrected to reflect this request.

Board Discussion: None

Public Comment: None

16. CURE & CORRECT BOARD POLICY 1050 COPYING PUBLIC DOCUMENTS

GM Garcia reviewed Board Policy 1050 Copying Public Documents which stated a cost of \$0.35 cents per page. Garcia could find no further documentation for increasing these costs so the current Board Policy will remain in effect. The staff will gather information justifying an increase in the cost per page fee and bring back to the board at a future meeting.

Board Discussion: None

Public Comment: None

17. SEWER SERVICE RATE INCREASE

The increase is part of a 5-year plan approved in 2023 which includes a 2.5% cost-of-living adjustment for Year 4 (2026-2027). This increase is approximately \$1.11 per month or \$3.26 per quarter. A special meeting was held to approve the COLA adjustment so this quarter's billing could be sent on time. GM Garcia addressed the public's concern that the board voted on a new rate increase without a new rate study. The board emphasized the increase was already authorized in 2023 and the board only voted to apply the COLA allowed for.

NEW BUSINESS

18. RESOLUTION NO. 2026-3: A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SPALDING COMMUNITY SERVICE DISTRICT REQUESTING CONSOLIDATION OF ITS ELEWCTION WITH THE NOVEMBER 3, 2026 STATEWIDE GENERAL ELECTION

Motion: To approve Resolution No. 2026-3.

First: Director Oliver

Second: Chairwoman Claytor

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

This resolution is required to consolidate the upcoming election and place board seats on the ballot. Three board seats are up for election: the long-term vacancy, Ellen Stallings and Kathy Claytor whose terms end December 5, 2026. Chairwoman Claytor asked for volunteers to fill the vacant seat.

Board discussion: None

Public comment: None

19. BOAD POLICY 3105 STATE OF CALIFORNIA BUDGET CODE

The updated board policy aligns the district's budget timelines with California Government Code 61110.

- Key changes include:
 - Preliminary budget must be presented in May for a first reading with final adoption in June, ensuring completion before July 1.
 - General Manager will share the draft budget with Chair and Vice Chair.
 - Public hearings may occur during regular board meetings.

- The policy wording has been made flexible to avoid future changes if state requirements shift.

Board discussion: None

Public comment: None

20. FINALIZED/PRELIMINARY BUDGET

A preliminary budget was presented with a final vote scheduled for July. The budget includes 6–7 pages of explanatory notes for public clarity. At the bottom of each department spreadsheet is commentary to how the numbers were arrived at. Bond funds have been separated into their own department to avoid misinterpretation: *“The bond money is a debt repayment... not money that we have access to.”* GM Garcia is working with the bookkeeper to correct issues with account categorization

- Fire Department:
 - shows one-time reimbursements from money deposited in the wrong account so future revenue will decrease
- Sewer Department:
 - Legal fees were budgeted at \$25,000 to repay past legal debt
- Bond Fund:
 - Should net to zero; surplus goes to renew/replace account
 - Bond payoffs average ~\$80,000/year. (This is not district income)
- Recreation:
 - Small revenue increases anticipated with increased social activities and easier ways to pay parking fees (e.g., QR code for marina payments)
- Wage section updated with current salaries and average hours.

Board discussion:

Board appreciated work done to clarify the status of the budget and felt it was a good place to start

Public comment: None

21. GENERAL MANAGER CONTRACT LANGUAGE REGARDING BONDING VS INSURANCE

Motion: To ratify general manager contract once written confirmation or certificate from the insurance representative is obtained stating the district’s coverage is sufficient without additional bonding needed.

First: Chairwoman Claytor

Second: Director Stallings

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

GM is required by contract to obtain a bond within 60 days. Insurance representative advised existing crime coverage already exceeds bond protection: *"The bond itself would protect you less than the coverage you're already paying for."*

Board discussion:

Board discussed whether bonding is necessary if the current insurance would be enough coverage. The board would like something in writing from the insurance company stating this.

Public comment

A member of the public suggested obtaining annual certificates of insurance which can be renewed each year.

22. REVIEW AND DISCUSSION OF COST ALLOCATION METHODOLOGY BETWEEN SEWER, FIRE, AND RECREATION

GM Garcia asked for a discussion on fair allocation of shared costs between departments (internet, payroll, etc.). Some expenses are clearly allocated to specific departments such as fuel (gas & diesel) while other expenses are hard to allocate such as payroll and utilities. Garcia suggested a percentage-based cost sharing based on revenue or a simple blanket percentage.

Board discussion:

The Board discussed these methodology and asked Garcia to research how other districts allocate expenses.

Public comment: None

23. CLOSED SESSION

The Board adjourned to closed session at 2:34 pm to confer with legal counsel regarding a litigation case.

24. OPEN SESSION

Chairwoman Claytor opened the regular meeting at 2:47 pm. There was no reportable action taken during closed session.

25. ADJOURNMENT

Motion: To adjourn the meeting at 2:48 p.m.

First: Director Hagen

Second: Director Stallings

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