

**SPALDING COMMUNITY SERVICES DISTRICT
 BOARD OF DIRECTORS
 REGULAR MEETING
 September 13, 2024
 Minutes - DRAFT**

APPROVED BY DIRECTORS:

Ted Thomas _____
 Larry Doss _____
 Frank Muse _____
 Barbara Willard _____
 Kathy Claytor _____

1. CALL TO ORDER 3:00 PM

<u>Roll Call</u>	<u>Present</u>	<u>Not Present</u>
Ted Thomas	<u>X</u>	_____
Larry Doss	<u>X</u>	_____
Frank Muse	<u>X</u>	_____
Barbara Willard	<u>X</u>	_____

3. PLEDGE OF ALLEGIANCE

Recital of the Pledge of Allegiance.

4. APPROVAL OF THE AGENDA

Public Comment:

None.

Board Comment:

Chairman Thomas noted that the minutes of the Special Meeting on July 29th, were not listed on the agenda. Director Willard stated that thus the minutes should not be considered for approval at this meeting.

Motion: Approve the meeting agenda, as amended.

First: Frank Muse

Second: Larry Doss

Roll Call: Ayes – Ted Thomas, Larry Doss, Frank Muse, Barbara Willard.

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5. PUBLIC COMMENT

None.

6. APPROVAL OF MINUTES

Submitted for approval are the Minutes for the:

- Special Meeting, May 24th, 2024
- Regular Meeting, June 14th, 2024
- Special Meeting, June 28th, 2024
- Regular Meeting, July 12th, 2024
- Special Meeting, July 25th, 2024
- Regular Meeting, August 9th, 2024

Minutes for the Special Meeting on July 29th, 2024 were removed from the agenda (not listed on agenda).

Public Comment:

T. LeBou –

- a) Regarding the minutes for the Special Meeting for May 24th, 2024, inquired as to policy regarding the residency of the Fire Chief.
- b) Regarding the minutes for Special Meeting for May 24th, 2024, inquired as to the status of the Zoom meeting. Director Thomas advised that the setup of Zoom for Board of Director's meetings is still being evaluated.
- c) Regarding the June 14th, Regular Meeting with the Larry Bain CPA regarding the recent Audit; advised State Controller's Office requires managerial report.

Board Comment:

Chairman Thomas – Regarding the minutes for May 24th, 2024 Special Meeting, correction to adjournment time.

Director Willard - Regarding the minutes for the Regular Meeting on August 9th, 2024, should reflect in minutes that the meeting was cancelled.

Motion: Approve minutes as a whole- as amended.

First: Muse

Second: Willard

Roll Call: Ayes – Ted Thomas, Larry Doss, Barbara Willard, Frank Muse.

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7. FIRE CHIEF REPORT TO BOARD

Incidents Report for July - 1 medicals, 2 fire calls – one in Willow Valley for which a water tender was deployed overnight and a substitute crew. One weekend in July with multiple lightning strikes – resulting in 5 calls, with two actual fires.

Incidents Report for August – 2 fire calls, no medical call, and two traffic collision calls, both of which were cancelled before arrival.

Fourth of July Tri-Tip BBQ – successful in fundraising just over a \$1000.

Lead Up to Labor Day Weekend – successful in fundraising from the Firewood Raffle at \$1055; 119 meals were served at the Pancake Breakfast bringing in \$969 in donations while the Quilter’s Club donated quilt brought in \$806.

8. BOARD VACANCY

Board Vacancy - California Gov. Code Sec. 61042 & 1780.

Director Thomas - advised that the Board of Directors intends to appoint and fill the vacancy on the Board of Directors at this meeting and that one application for the vacancy was received. Director Thomas invited the applicant, Kathy Claytor, to speak to their experience.

K. Claytor - spoke to her experience, time, and prior community service in the community with Eagle Lake Guardians.

Public Comment:

S. Alvernaz – inquired as to the number of applicants, the application period and the closing date.

Director Thomas – advised that the appointment must be made within 60 days according to the California Government Code. One other application was received, but that application was not valid as the applicant was already a registered candidate in the forthcoming election.

Board Comment:

Director Willard – inquired as to the applicants direct experience with budgeting and management for a government entity.

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K. Claytor - spoke to her professional experience in the mortgage banking industry – including building, construction, appraisal, and land acquisition – as well as government mortgage loans administration and budgeting for a branch office with 125 employees; ten years of service on the board of the Eagle Lake Guardians, a non-profit organization.

Motion: Appoint Kathy Claytor to fill the vacancy on the Board of Directors previously occupied by Ed Lawson.

First: Ted Thomas

Second: Larry Doss

Roll Call: Ayes – Ted Thomas, Larry Doss, Barbara Willard, Frank Muse.

The Oath of Office was read and signed by Chairman Thomas and Director Claytor.

9. GENERAL MANAGER VACANCY

General Manager Vacancy - California Gov. Code Sec. 61050(a).

Director Thomas - advised that the Board of Directors intends to appoint and fill the vacancy for General Manager at this meeting.

Public Comment:

T. LoBue – inquired as to when the Board of Directors decided to hire the General Manager.

Director Thomas – advised the public that the Board of Directors had not yet made a decision to appoint a General Manager. The Board previously decided to appoint Interim Volunteer General Manager. The Interim Volunteer General Manager hired Mr. Rogers as an Administrative Assistant, resultant the General Manager recruitment process. Subsequently, after a time in service as Administrative Assistant, the Interim Volunteer General Manager resigned with the recommendation to appoint Mr. Rogers to General Manager.

S. Alvernaz – inquired as to whether the Chairman was speaking on behalf of the full Board of Directors.

Director Thomas – advised the public that public comment was still open and that the decision to appoint was still subject to a vote of the Board of Directors.

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Board Comment:

Director Willard – spoke to the government code regarding appointments of the General Manager, which requires an appointment within 60 days, the committee effort for recruitment, interview and evaluation process, and advised that Board of Directors move to appoint, so long as the Board of Directors agrees on the qualifications and readiness of Mr. Rogers.

G. Johnson – inquired as to the General Manager recruitment process, whether re-opening recruitment was necessary, the number of applicants, the application period, closing date, and the would-be General Manager’s qualifications, and advised that an application was recently submitted. Mr. Johnson also spoke to the process of elections, versus appointments to the Board of Directors.

Director Willard – advised that the General Manager recruitment process was closed for some time, and that an appointment should be made within 60 days of the resignation of the previous General Manager.

Director Thomas – advised that Mr. Rogers went through the General Manager application and interview process, was hired as Administrative Assistant, and was recommended upon the resignation of the previous General Manager. Mr. Rogers qualifications and background would be shared with the public.

Director Willard – requested Mr. Rogers summarize his qualifications for the public.

Director Doss – advised the public that Mr. Rogers has been serving the district office for some time.

E. Stallings – inquired as to the timing of the Ad Hoc Committee for General Manager’s Recruitment, noting that the intention was to identify a replacement for the Interim Volunteer General Manager.

T. LoBue – spoke to the composition and formation of the Ad Hoc Committee.

V. Rogers – described his experience and qualifications as was relevant to the management of special districts.

Motion: Appointment of Vince Rogers to General Manager.

First: Larry Doss

Second: Frank Muse

Roll Call: Ayes – Ted Thomas, Larry Doss, Barbara Willard, Frank Muse, Kathy Claytor.

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10. BOARD MEMBER REPORTS/BOARD MEMBER COMMENT

Director Thomas –

- a) Volunteer Fire Chief – applications are still open; Frank Muse has been asked to stay on the Board of Directors through the election to ensure quorums are held.

Director Doss – recommended a November 1st close of application.

Director Willard – advised that the resolution for qualifications of the fire chief should be passed before appointment.

Director Muse – requested Resolution and Draft Fire Chief Qualifications by the October Regular Meeting.

Director Willard – Provided her notice of resignation.

Director Thomas accepted the resignation and thanked Director Willard.

Director Muse – thanked Director Willard for her service.

Director Muse – No Report

Director Doss – No Report

11. STAFF REPORTS

- a) Administrative Assistant’s Report – Mr. Rogers provided his report which aims to move towards a situational awareness based reporting system, in response to concerns expressed by members of the Board of Directors. Mr. Rogers invited questions as to the contents of the report.

Public Comment

T. LoBue – inquired as to the resumption of regular Financial Reporting, which has paused since fraud was first detected, the liabilities of the district, the accuracy of billing and assessment, and managerial reporting during audits.

Mr. Rogers – stated that the resumption of Financial Reporting is a priority for managerial accounting and that he will be working with the newly contracted Bookkeeper to resume reporting as soon as possible, stating that banking administration transitions with staff changes and enrollment in fraud prevention services

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have been the immediate priority. Enrollment in the fraud prevention services requires staff to reinstate financial controls by necessity. The fraudulent transactions make reporting challenging. Previous volunteer staff made good progress to reclaim those funds. In agreement with Director Willard, there is much work to be done.

Board Comment:

Director Muse – inquired as to the progress on fraud prevention.

Mr. Rogers – advised the Board that the district has been enrolled in the financial institution’s effectively issuing a ‘stop payment’ unless preauthorized. The focus has been authorizing payment for the districts essential operating expenses only.

Director Muse – inquired as to the progress of procurement of a CPA for a forensic audit. Director Muse could provide a list of firms who might be willing to assume this work.

Mr. Rogers – advised the Board that he is aware of some of the progress made by previous staff, has inquired with CPAs whose contact info was found in the office, but no request for proposals has been released yet or contracts secured. Mr. Rogers stated that the end of the year would be the soonest feasible timeline for procurement.

Director Muse – inquired as the schedule for winterization of the recreation department facilities.

Mr. Rogers – replied that staff would be directed to initiate that work in the coming weeks.

Director Muse – inquired as to the status or correspondence in follow-up to site visits by the Lahontan Region of the State Water Resources Control Board Water Quality Division.

D. Handy – replied that no correspondence has been received yet – Water Board staff were approaching family leave at the time.

Director Muse – inquired as to the status of the registration of the district as a non-profit organization.

Mr. Rogers - advised the Board that he was yet unaware of the progress on registration for non-profit status. Inquired as to the scope of operations included in the registration – whether it would support the Recreation Department or additional operations. More research would be required.

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Director Muse – inquired as to the status of the Development Impact Fees and Fire Assessment distributions as discussed in the Public Hearing Budget Workshops.

Mr. Rogers – advised that some funds have been received from Fire Assessment fees. A comprehensive solution would be to convene a conference with relevant Lassen County staff to begin the development of a Memorandum of Understanding that articulates these procedures.

Director Willard – inquired as to the status of the engineer’s opinion on the lift station repairs.

Mr. Rogers – replied that the opinion has not yet been received – follow-up is required.

b) Sewer Operator’s Report

Public Comment:

T. LoBue – inquired as to the liability associated with volunteer support as identified in the report.

S. Alvernaz - acknowledged the importance of strategic planning and the breadth of reporting provided.

Director Thomas – reviewed the recent Strategic Planning Ad Hoc Committee process, the implementation of which is now in the responsibility of staff.

Mr. Rogers – explained that he would be reviewing the regulatory reporting process in detail as soon as time permits.

Board Comment:

Director Muse – thanked staff for the detailed reporting.

12. CONTINUING BUSINESS

Spalding CSD 2024-2025 budget. Presented is the Draft Budget for Fiscal Year 2024-2025 updated August 9th, 2024

Materials Provided:

- Draft Budget for FY 24-25 - UPDATED for August 9th, 2024
- July 12th, 2024 - Budget Workshop Summary

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- July 25th, 2024 - Budget Workshop Summary
- Staff Report - Administrative Services

Mr. Rogers – reviewed the budgetary planning process to date, including past workshop proceedings, recommendations of the previous General Manager, the close of the public hearing process, and the need for Board of Directors approval for further changes and appropriations.

Public Comment:

S. Alvernaz – inquired as to increase in certain line item expenses including communications, food & beverages, insurance, equipment maintenance, building maintenance, medical supplies, and others. Inquired as to the process for determining estimates, the process for administrative allocation transfers and the status of the solar panel system liabilities.

G. Johnson – advised that is critical to keep financial management software systems updated to the latest version to avoid file corruption issues and recommended modeling and forecasting outside of the accounting system in a spreadsheet program like Microsoft Excel.

Board Comment:

Director Willard – Advised that the budget is a tool for estimating revenues and bills, while the funds utilized are viewed differently by various entities regulating the financial management of the government. Some funds are more general, while others are more restrictive for their revenue sources and use. For example, fire department funds are typically utilized as a general fund, while sewer funds are generally more restrictive to support maintenance and capital improvements for that system. There are internal controls and procedures to ensure these practices regarding general or restricted funds are followed. So much of this is provided as estimates. It is normal to perform a mid-year budget review and make any necessary adjustments.

Director Thomas – advised that a mid-year budget review would take place.

Mr. Rogers – advised the board and public that little in the way of detailed budget tracking was left by previous staff in recent years. Much of the work for mid-year budget review recommended in the public hearing budget workshops, for example, data entry and analysis for fuel logs, would need to be completed by current staff for recent year's expenses to provide an accurate picture. Further back in time, budget tracking was better, typically performed on a quarterly basis.

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Estimates provided by the Interim Volunteer General Manager seem fairly accurate. Though some expenses listed may be high, costs have almost all increased due to inflation. It's a priority for the General Manager to implement better tracking practices – the district has refunded capital improvements in the past and approved a rate study and increased rates – the community and the board have done their part, now it is time to take a critical look at operating expenses.

Director Muse – inquired as to the tracking improvements made possible by migrating to the latest bookkeeping software.

Mr. Rogers – advised the board that tracking improvements would be made possible; migration is a priority and necessity due to the end of support maintenance on the existing software. Existing software installations and data are on a cloud platform hosted by a third party, not the software publisher. This service, along with others like cell phone modems, SCADA system, would fall into the communications category, many of which are expenses that could be reduced. Additionally, there is a lack of storage capacity with this third-party service and file corruption issues can occur.

Director Doss – inquired as to the timeline for recruitment of a replacement Administrative Assistant.

Mr. Rogers – replied that recruiting additional staff is a priority due to workload demands. Additionally, training and supporting existing staff to do their jobs well is a significant priority as well.

Director Doss – inquired as to additional salary costs for the Wastewater Operations Technician.

Mr. Rogers – replied as to the necessity for this increase to reflect costs of full compliance for 24-hour coverage as well as the need to offer an appealing position for the eventual recruitment of a replacement when existing sewer operations staff eventually plan to retire. Generally, staffing resources is a priority to support existing staff in their workloads.

Director Muse – emphasized the importance of the mid-year budget review.

Motion: Motion to approve the FY2024-2025

First: Barbara Willard

Second: Frank Muse

Roll Call: Ayes – Ted Thomas, Larry Doss, Barbara Willard, Frank Muse, Kathy Claytor.

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13. MEETING SCHEDULE

- Special Meeting, September 27th, 2024
- Regular Meeting, October 11th, 2024
- Regular Meeting, November 8th, 2024

Motion: Motion to schedule the date and time for the Special Meeting on September 27th for 4:00 p.m.

First: Chairman Thomas

Second: Frank Muse

Roll Call: Ayes – Ted Thomas, Larry Doss, Barbara Willard, Frank Muse, Kathy Claytor.

14. ADJOURN

Motion: Motion to adjourn to the meeting.

First: Chairman Thomas

Second: Frank Muse

Roll Call: Ayes – Ted Thomas, Larry Doss, Barbara Willard, Frank Muse, Kathy Claytor.

Meeting Adjourned at 4:27 p.m, September 13, 2024.