SPALDING COMMUNITY SERVICES DISTRICT

BOARD OF DIRECTORS

MINUTES of REGULAR MEETING

October 9, 2026

DRAFT

APPROVED BY DIRECTORS

Kathy Claytor _____

Ellen Stallings _____

Jerald Oliver _____

Scott Hagen _____

Kathie Muse _____

1. CALL TO ORDER by Kathy Claytor at 3:00 pm
2. ROLL CALL

	Present	Not Present
Kathy Claytor	x	
Ellen Stallings		x
Jerald Oliver		x
Scott Hagen	x	
Kathie Muse	x	

3. PLEDGE OF ALLEGIANCE

   Chairwoman Claytor led the Pledge of Allegiance.

4. PUBLIC COMMENT

   There was no public comment.

5. AGENDA APPROVAL

   Motion: To approve the agenda for October 9, 2026.

   First: Director Hagen

   Second: Director Muse

   Roll Call: Ayes – Kathy Claytor, Scott Hagen, Kathie Muse

   Absent – Ellen Stallings, Jerald Oliver

   Board Discussion: None

   Public Comment: None

6. APPROVAL OF MINUTES

Motion: To table the approval of the minutes of the September 10, 2026 regular meeting.

First: Chairwoman Claytor

Second: Director Hagen

Roll Call: Ayes – Kathy Claytor, Scott Hagen, Kathie Muse

Absent – Ellen Stallings, Jerald Oliver

GM Garcia reported that a question was raised before the meeting about whether the amendment to Policy No. 5010 and the regular meeting schedule resolution were voted on as separate items. He recommended tabling the minutes until the record is verified, and the minutes will be brought back at the next meeting.

Board Discussion: None

Public Comment: None

7. GENERAL MANAGER REPORT

GM Garcia reported on:

- **County Reconciliation:** Garcia has been working with the county to trace county funds received since the district took over its treasury and determine which went to the bond account and which to fire. Two fire payments still need to be moved out of the bond account: one from the May payment and one from 2024. The bond treasury has asked for documentation, and the transfer will be made once the review is complete. The county will now deposit funds directly into the fire and bond accounts. The ACH process set up last month will still be used for bond prepayments. Final figures will be reported when available.
- **Bond Renew/Replace Reimbursement:** Repairs at Lift Station 3 were submitted to the bond treasury, and the district has received reimbursement from the Renew/Replace account.
- **OES Grant:** Garcia plans to make the reimbursement paperwork his top priority and believes he has the documentation needed for the reimbursement.
- **Bookkeeping:** Staff and board members met with the bookkeeper and made significant progress. The figures received from the county are helping to correct the district's starting balances. The goal is to bring an accurate financial report to the Board next month.
- **Governance:** Recently adopted policies and resolutions are being dated and added to the district's policy and resolution binders.

- **Technology:** All workstations are running except for final work on the Fire Chief's laptop. The network switch funded by the OES grant is backordered, and the IT vendor will install the switch, firewall, and wireless access point together. The district may pay for the equipment before installation so the reimbursement process can begin.

Board Discussion: There was discussion on a time limit for reimbursement of the switch. Garcia said the limit is the grant's reimbursement deadline; the deadline for the 2022 grant funds was extended to December 31, and the 2023 funds have a later deadline. The director recommended seeking reimbursement promptly.

Public Comment: None

8. SEWER REPORT

Sewer Technician Brad Mallory reported on:

- **Lift Station 3:** The automatic transfer switch failed to make contact with either generator or utility power. It has been repaired, and SCADA is reporting normally.
- **Compliance:** Third-quarter sampling is complete. Results for the first three quarters were sent to the sewer mentors, Kathy Stone and Dave Hernandez, for review before submission to the state. The district's notice of exemption is in process with the State Water Resources Control Board.
- **CRWA Site Visit:** A representative of the California Rural Water Association visited the district and will be a resource for ongoing support and funding.
- **Operations:** The tractor is back in service and was used to clear a fire break around the perimeter of the ponds.

GM Garcia added that the Lift Station 3 repairs are complete and have been reimbursed.

Board Discussion: None

Public Comment: A member of the audience asked about the sewer truck replacement. Garcia said the district bid on a replacement truck at an auction and was outbid, and that the truck would be discussed under the Sewer Truck Replacement item.

9. FIRE REPORT

Volunteer Fire Chief Frank Muse reported that the department was dispatched to five medical calls and one fire last month. Burn permits remain suspended, and only warming and cooking fires are allowed; some residents have received citations for burning. Muse thanked residents who attended the Lookout Fire Department's Buck Hunters Ball, which drew an estimated 150 to 200 people, and noted that Lookout was one of the first departments to respond to the Whaleback Fire. A Cal/OSHA hearing is scheduled for the following week.

Board Discussion: A director asked when the Cal Fire Grasshopper station will close for the season. Muse said it is usually around December 15, depending on weather, with the Eagle station closing a week or two earlier.

Public Comment: A member of the audience referred to the Cal/OSHA investigative report and asked for an update on the training deficiencies it describes. Muse declined to comment because of current and potential litigation.

10. BOARD REPORTS

Kathy Claytor reminded residents that the last green waste days of the year are the following Friday and Saturday.

Ellen Stallings - Absent

Jerald Oliver - Absent

Scott Hagen - None

Kathie Muse reported that the Standing Financial Committee is receiving weekly updates from the bookkeeper as the books are corrected, including the bond account discrepancy. Muse asked that changing the office hours to include Fridays be made a priority.

GM Garcia said he had not yet determined whether the office hours change requires a policy or resolution. It was noted that the Board's direction was for staff to work Wednesday through Friday instead of Tuesday through Thursday, with no additional paid hours. Garcia will make it a priority.

Board Discussion: None

Public Comment: None

11. GENERAL MANAGER TRANSITION UPDATE

GM Garcia reported that he began working remotely as of this meeting. The General Manager position was posted in several places and has received only a few inquiries, which have not gone forward. Garcia committed to not charging for hours when he cannot be productive remotely, and repeated that remote work is a temporary arrangement and that the district is best served by a General Manager in the office. He recommended that someone who can give recruitment more focused effort take it over, including posting at Lassen Community College and the county office.

Board Discussion: Chairwoman Claytor said she would work with Ken Ward on advertising the position, and thanked Garcia for his work.

Public Comment: A member of the audience asked whether an ad hoc committee had been considered. It was noted that the district had an ad hoc recruitment committee in the past.

12. FISCAL AUDITS

GM Garcia reported that independent fiscal audits are required by the state and are generally done annually. The district has not had an audit since 2023, and three years of audits are now past due. Audits are costly, with estimates ranging from $5,000 to $15,000 a year. A district in good standing may be able to move to audits every other year, which would require a Board vote and county approval. Garcia expects this could be considered in two to three years, after the backlog is cleared.

Board Discussion: Director Muse reported that requests for bids have gone to three CPAs, with a fourth in progress, and that quotes so far start at $10,500 per year. She is also contacting a recommended retired CPA who audits special districts. Garcia noted that auditors must rotate after a set number of years, so the district's previous auditor likely cannot be used.

Public Comment: None

13. ADOPTION OF RESOLUTION NO. 2026-08– BANK ACCOUNTS AND AUTHORIZED SIGNERS

Motion: To adopt the resolution as presented.

First:	Director Muse
Second:	Director Hagen
Roll Call:	Ayes – Kathy Claytor, Scott Hagen, Kathie Muse
	Absent – Ellen Stallings, Jerald Oliver

GM Garcia explained that, because of past check fraud on the sewer account, the current sewer account will be placed in dormant status so its history is kept, and a new sewer account with a new account number will be opened. The resolution also opens an administrative account, funded by set contributions from recreation, fire, and sewer, to pay shared administrative expenses. Authorized signers are designated by position: Board Chair, Board Vice Chair, and General Manager.

Board Discussion: Board members raised ongoing problems caused by fraud alerts on the district's US Bank accounts, including returned checks, a process requiring cashier's checks, and checks being returned even after manual approval. It was noted that the fire account has also had fraud. Directors recommended moving the district's accounts to a different bank. Garcia said changing banks could not be voted on at this meeting and will be brought back as a future agenda item, noting that the bond treasury is also held at US Bank.

Public Comment: None

14. VACTOR TRUCK BIDS

Motion: To table the item until the next meeting so staff can gather additional information.

First: Director Hagen

Second: Director Muse

Roll Call: Ayes – Kathy Claytor, Scott Hagen, Kathie Muse

Absent – Ellen Stallings, Jerald Oliver

GM Garcia explained that a Vactor truck is needed to clean the lift station vaults, which may not have been done in many years and was among the district's notices of violation. Bids received: a company in Lodi at $465 an hour plus lodging and travel, with no time estimate; APS of North Highlands at 28 hours, including CCTV inspection; and Steve Stump of Susanville at $275 an hour, estimated at about two days (about $4,400) plus $175 per disposal load. A bid from Big Valley Sanitation of Redding is pending. Garcia recommended Steve Stump as the lowest bid and a valuable local resource.

Board Discussion: The Board discussed setting a not-to-exceed amount of about $5,000 and asked staff to find out from Steve Stump and Big Valley Sanitation where they dispose of the material, the cost per load, and the size and capacity of their trucks before a decision is made.

Public Comment: None

15. SCADA BIDS UPDATE

GM Garcia reported that he met with Aqua Sierra Controls, which installed the district's SCADA system. The software is outdated and no longer fully supported, and updates can cause it to stop working. An upgrade quoted at about $35,000 would provide the same information on currently supported software and allow the system to be expanded, such as adding pond level and flow monitoring. Other vendors are available, and the sewer mentors suggested comparing them. Garcia noted the Renew/Replace account holds about $100,000 and recommended addressing the upgrade within the next six months to a year.

Board Discussion: Directors asked whether the quote includes ongoing support and for how long, and asked that other bids be compared on the same basis. The Board agreed staff should get additional bids and expressed willingness to move forward with the right option.

Public Comment: A member of the audience asked whether CRWA could help with funding. Garcia said CRWA agreed SCADA is the first step and that grant applications open around January on a first-come basis, but some state grants require year-round occupancy that the district may not meet.

16. AD VALOREM (AB 8) BASELINE TAX ALLOCATION

GM Garcia reported that, during the county reconciliation, he learned the district may qualify for a share of county property tax revenue under the AB 8 ad valorem baseline allocation but is not on the list. The amount would likely be a few hundred to a few thousand dollars a year. Garcia is following up with LAFCO and the county.

Board Discussion: Director Muse asked whether past amounts could be recovered. Garcia said the county does not pay retroactively.

Public Comment: None

17. SEWER TRUCK REPLACEMENT

Motion: To authorize staff to purchase a replacement sewer truck for up to $15,000, with any amount over $15,000 requiring Board approval.

First: Director Muse

Second: Director Hagen

Roll Call: Ayes – Kathy Claytor, Scott Hagen, Kathie Muse

Absent – Ellen Stallings, Jerald Oliver

GM Garcia reported that the sewer utility truck was declared a total loss. Repairs were estimated at about $21,000 and the truck's value at about $12,000. The insurer will pay about $12,000, or about $9,300 if the district keeps the truck. With the Chair's agreement, staff bid $4,000 on a comparable truck at an auction in Chico and was outbid. Garcia asked the Board for directions on price, features, and how to proceed when a truck is found.

Board Discussion: The Board discussed looking at county and other public auctions; a 2500-class gas truck rather than a heavier diesel; a utility bed or a flatbed with toolboxes; and whether the bent crane is suited to pulling pumps. The Board agreed the district should not buy back the truck and should take the full insurance payment. The snowplow from the old truck would be surplus, and the tractor can be used for plowing.

Public Comment: A member of the audience offered to help evaluate replacement trucks. A member of the public participating remotely recommended not buying back the truck and a cap of about $15,000.

18. ADJOURN

Motion: To adjourn the meeting at 4:20 p.m.

First:	Chairwoman Claytor
Second:	Director Hagen
Roll Call:	Ayes – Kathy Claytor, Scott Hagen, Kathie Muse
	Absent – Ellen Stallings, Jerald Oliver