

Stallion Springs Community Services District
Response To Grand Jury Report Dated January 16, 2024

This response is respectfully submitted. The following has been drafted by research and conducting staff interviews. Please be aware that I was not employed as the General Manager at the time of the Grand Jury's investigation.

Laura Lynne Wyatt

Findings:

F1. The Wastewater Treatment Plant has been neglected resulting in an urgent situation to become State compliant.

F1- Disagree partially- The Wastewater Treatment Plant is not neglected and is an important division of the Public Works Department. The District Public Works Department has a full-time employee solely dedicated to the wastewater plant. The employee holds a Grade D3 Water Distribution Operator License with the State of California Water Resources Control Board, is a Grade T2 Water Treatment Operator and a Grade 3 Wastewater Treatment Plant Operator. At the request of a resident, an inspector from the State Water Resources Control Board conducted a routine inspection of the wastewater plant and lake in March of 2023. Following that inspection there were no unsatisfactory findings relayed to the district.

F2. The State Time Schedule Order deadline is quickly approaching (2025), with insufficient CSD funds to make necessary improvements to satisfy the State mandates.

F3. The failure to implement scheduled sewer rate increases, which have now expired, has caused operational and capital improvement costs to be underfunded requiring a new Prop 218 study to be conducted.

F-2 & F-3 – Disagree partially - All state required testing and reporting is completed on time and the wastewater treatment plant is within current compliance with the State Water Resources Control Board. The plant is over 50 years old. With only 411 rate paying customers, modern upgrades, and the ability to have a state-of-the-art facility is a major financial challenge. The State of California continues to require new unfunded mandates, increasing the fees for testing and high cost of required chemicals. At the December 2023 board meeting, the Board of Directors approved a contract for an independent sewer rate study to be conducted by IB Consulting and is expected to be completed this year.

F4. The progress of the Grant application submitted to the CWSRF in November 2021 is not being routinely monitored.

F-4 – Agree – There have been many personnel changes within the State of California grant application department, and they have admitted to district staff that the grant application had not been given the attention it should have been. In an effort to be more proactive, staff has implemented a schedule of routine contact calls to the state. Other grants are also being actively reached by the consultant firm California Consulting.

F5. If grants are rejected, then a loan may be more economical for the sewer customers over the necessity of installing an engineered system on their parcels, which could cost between \$ 10,000 - \$20,000. An example of the loan repayment:

\$3,000,000 Loan for Upgrade of Wastewater Treatment Plant	
Example at 6% interest	
10 year	
Monthly Payment \$33,306 divided by 380 users	\$87.65
Bi-monthly	\$175.30
20 year	
Monthly Payment \$21,492 divided by 380 users	\$56.56
Bi-monthly	\$113.12

Generated by Grand Jury

F-5 – Disagree Wholly – Installation of engineered systems on sewer customers parcels is not an option. Kern County Ordinance 8-62-070 prohibits the installation of an engineered septic system on any parcel where connection to sewer is available within 200 feet of the property. Therefore, the district has no plans to obtain a loan for this purpose.

F6. The reasons for the sewer rate increases not being implemented annually, and the financial situation of the Wastewater Treatment Plant, were not communicated effectively to the affected customers.

F-6 – Agree – Stallion Springs CSD Resolution No. 2019-20 approved by the board did have an increase scale in place. That scale was paused during COVID and never resumed. The fact that the rate increase steps were paused could have been better communicated to rate payers.

F7. It is not practical to expect residents to attend board meetings as their only source of information due to scheduling and space limitations, leaving them uninformed.

F-7 – Disagree wholly – Attending board meetings is just one of many methods of communication with residents. The district maintains a comprehensive website, has a community message board, an email software program allowing bulk emails to be sent, a public phone number to call and ask questions, a bi-monthly newsletter, open door business hours of 7AM-Noon (closed for lunch) and 1PM-5:30PM Monday thru Thursday and the ability to mail notifications using USPS. The board of directors is also considering bi-annual public meetings held on Saturdays.

F8. The CSD followed CA Public Contract Code §22030 regarding the water meter replacement project; however, residents were not completely informed of the bidding process, causing distrust.

F-8 – Agree

F9. The CSD failed to identify the contents of records to be destroyed in the Board Meeting agenda of August 2023, creating suspicion.

F-9 – Agree, the district has implemented a better labeling system to document contents of records boxes.

F10. The Policies and Procedures governing the District are not available on the CSD website, resulting in a lack of transparency.

F-10 – Agree

F11. CSD Ordinance 160 does not explain the Administrative Citation enforcement process regarding collection of fines, trash facility access suspension and termination of services, causing complaints.

F-11 – Agree

F2. Much of the 40 acres of property on Pellisier Road purchased by the CSD may be underutilized.

F-12 – Agree

F 3. The library, situated two miles from the center of Stallion Springs, is not easily accessible to residents with limited transportation.

F-13 – Agree

F14. The Stallion Springs Police Department is engaged with the community and performs its duties professionally and impartially with limited personnel and struggles to be competitive.

F-14 – Agree

F5. The Public Works Department is doing an excellent job for the community with minimal staffing.

F-15 – Agree

RECOMMENDATIONS:

The 2023-2024 Kem County Grand Jury recommends that:

R1. A contingency plan to service affected sewer customers in the event of treatment facility closure due to non-compliance should be put in place by the CSD no later than July 1, 2024. (Finding 1)

R-1 – The recommendation will not be implemented. At this time, the state has not indicated that the plant would be shut down for non-compliance.

R2. The CSD initiate a new sewer rate increase study in accordance with Prop. 218 by July 1, 2024, to ensure that future operating costs and capital improvements are funded. (Finding 3)

R-2 - The recommendation has been implemented – At the December 16, 2023 Board of Directors meeting, the board approved contract services with IB Consulting to conduct a water and wastewater rate study.

R3. The CSD implement future scheduled increases as recommended by all Prop. 218 studies. (Finding 3)

R-3 - The recommendation has not yet been implemented, but will be considered after completion and review of the IB Consulting report.

R4. The CSD assign a watchdog no later than July 1, 2024, to track the grant application process monthly and report to the General Manager. (Finding 4)

R-4 - The recommendation has been implemented with staff implementing a scheduled routine to call and check on grant status and no longer relying on the state to contact the district.

R5. The CSD should, by July 1, 2024, diligently investigate the feasibility of securing a loan for State mandated Wastewater Treatment Plant capital improvements. (Finding 5)

R-5 - The recommendation will not be implemented. The district is not in a financial position to take on additional loan payments. Available grants are being monitored by California Consulting.

R6. The CSD should keep affected customers informed of any deferred sewer rate increases within 30 days of deferment. (Finding 6)

R-6 – Agree

R7. Effective by July 1, 2024, the CSD should timely communicate important issues with all affected residents, using bill inserts, The Bridge Newsletter and/or Town Hall meetings. (Finding 7)

R-7 – This is already implemented and common practice.

R8. The CSD keep the affected customers informed semi-annually of the Wastewater Treatment Plant's financial situation, effective July 1, 2024. (Finding 7)

R-8 – This is already implemented. Financials are available on the district website and budgets are audited by independent audit firm Nigro & Nigro. The audit report is discussed in a public meeting, auditor is present to answer any questions and posted on the district website.

R9. Effective by July 1, 2024 the CSD should hold Town Hall or Special meetings to promote transparency with the residents for future major projects requiring bids. (Finding 8)

R-9 – This is already implemented and common practice.

R10. The CSD ensure that records are properly labeled per CA Govt Code §60201 in the board meeting agendas and allow time for approval from the Board prior to destruction, effective July 1, 2024. (Finding 9)

R-10 - The recommendation has been implemented.

R11. The CSD update their website to include Policies and Procedures by July 1, 2024. (Finding 10)

R-11 – District titles are in the process of being updated and will be posted to the website as soon as that is completed and revisions are approved by legal and the Board of Directors.

R12. The CSD Board amend Ordinance 160 to specifically state the authority of the district to suspend health related services (water, sewer, or trash) as permitted by law, in the enforcement of Administrative Citations. This recommendation should be implemented by July 1, 2024. (Finding 11)

R-12 – Agree

R13. The CSD revisit alternate uses by July 1, 2024, of the surplus acreage as explored by the previous General Manager on the board meeting agenda of March 19, 2019. (Finding 12)

R-13 - The recommendation will not be implemented at this time due to pending grant applications for water blending projects. These projects could require use of the acreage referenced.

R14. The CSD consider the feasibility by July 1, 2024, of relocating the library to a more accessible location for the residents of Stallion Springs. (Finding 13)

R-14 - The recommendation will not be implemented at this time. The Stallion Springs Community Library is run by volunteers and open to all residents, not just residents of Stallion Springs. The current location is central and available to residents in the other outlying areas also.

R15. The CSD consider by July 1, 2024, initiating a special assessment tax to fund additional staff for Police and Public Works. (Findings 14 and 15)

R-15 - The recommendation requires further analysis, with an explanation and the scope and parameters of an analysis or study, and a timeframe for the matter to be prepared for discussion by the officer or head of the agency or department being investigated or reviewed, including the governing body of the public agency when applicable. The district already has rate studies being conducted for roads assessment, water rates and wastewater rates at this time. The addition of studies for police and public works is not in the plans.