

Minutes of a Regular Meeting of the Board of Directors of the  
PAUMA VALLEY COMMUNITY SERVICES DISTRICT (PVCSD)

Held on June 26, 2023

Directors Present: Jodie Lawston, Michael Esparza, Roland Skumawitz, Richard Collins, & Betty Potalivo  
Also Present: Residents: Larry Curtis, Sam Logan, Charles Mathews, Jane Scott, Pam Martello; Cindy Byerrum  
MPA/CPA with Eide Bailly, Jeff Pape of Dudek, Jeff Morris of DPMC, Director of RPMWC Scott  
Shinner, Treasurer of RPMWC Bruce Knox, Secretary of RPMWC Laurie Kariya, Director of  
RPMWC Linda Shoaff; Jeffrey Armstrong, General Manager Eric Steinlicht, and Administrative  
Assistant Marissa Fehling

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1. Call to Order: Regular Meeting was called to order at 9:00 a.m. by President Lawston.
2. Pledge of Allegiance: The Pledge of Allegiance was begun by President Lawston.
3. Roll Call: Fehling verified that a quorum was present.
4. Public Comment Period:  
None.

**--CLOSED SESSION--**

5. The Board of Directors Will Meet in a Closed Session to Discuss:
  - A. CONFERENCE WITH LEGAL COUNSEL –  
Potential/Threatened/Anticipated Litigation  
Significant Exposure to Litigation Pursuant to Government Code Section  
54956.9(b) (Three (3) Matters)

The Board went into closed session at 9:02 am.

6. Open Session
  - A. Reportable Actions

The meeting was reconvened to open session at 9:23 am with no reportable actions.

**--DISCUSSION ITEMS--**

7. Organizational Restructuring Ad-Hoc Committee Update – President Lawston  
Lawston informed the public that the Board was aware of some inaccurate rumors that had been spread around the community and made some clarifications. Lawston explained what PVCSD takes care of as an organization. Lawston clarified the rumors in regard to the split between RPMWC and PVCSD. Lawston informed that PVCSD is a Special District and must work through a General Manager and explained what PVCSD's mission is. She explained some of the items PVCSD maintains are the sewer system, backup generators, 24-hour Security personnel, and 3 gates including 1 manned 24-7. Lawston explained the timeline of events on how PVCSD and RPMWC eliminated their agreement for Administrative Services starting back in August of 2021. Potalivo informed that PVCSD has attempted to communicate with RPMWC three times now to get things going and has received no response. Potalivo added that the rumors going around the community about the PVCSD GM are incorrect and insulting to not just him but to the Board. Potalivo informed that RPMWC's Board has costed our community \$50,000. Potalivo reminded that the Board of Directors are all volunteers with nothing to gain and are just trying to do things correctly. Potalivo explained in detail why the Board chose to hire GM, Eric Steinlicht, stating that in the last six months, he has sustained operations and has been working with experts to fix accounting errors with CalPERS. Potalivo informed that they have

witnessed his passion, drive, and commitment to the organization and has valuable knowledge and background. Potalivo mentioned the projects Steinlicht is currently working on and how the Board is very proud of his accomplishments. Potalivo informed that the Board has proposed that RPMWC staff can use the vacant CHP office. Esparza informed that he is not afraid to share the GM's qualifications with the community. Knox informed that he found out about the former GM's situation through him himself. Knox informed that the CalPERS errors were former Management's (Hauser and Graziano) responsibilities and thought it was great that it was caught. Knox informed that he has nothing to say about Steinlicht managing PVCSD, just that he is not qualified to run a water company. Lawston stated that she is hoping things can move forward, and the rumors need to stop. Shoaff stated that the PVCSD Board is also guilty of spreading inaccurate rumors. Lawston asked her to be specific. Shoaff refused to give details and stated that they also want the best for all and doesn't believe the PVCSD Board is being fair, and the Boards need to learn to communicate. Shinner stated that the greatest thing to do now is just move forward. Shinner added that the times he has worked with Steinlicht have been great and appreciates how helpful he has been. Mathews informed that the District Office land was previously owned by PVCC and was leased by CSD with the intent to be mutually shared with RPM.

**--CONSENT ITEMS--**

Items 8-12 appearing on the Consent Calendar may be voted on by single motion. Items shall be removed from the Consent Calendar if any member of the Board of Directors, or the public, requests removal prior to a vote on a motion to approve the items. Such items removed will be considered separately for action by the Board.

8. Minutes of the Regular Board Meeting of May 27, 2023
9. Review of Balance Sheet, Revenue, and Expense for May 2023
10. Accounts Receivable Report for May 2023
11. Notice of Violations Issued
12. PVCSD Security Report

Knox inquired about what item 163 on the Balance Sheet represents. Byerrum explained the history of accounting records. Potalivo informed that this would be further looked into. Upon a motion by Director Esparza, seconded by Director Potalivo, and a unanimous vote, items 8-12 were approved as presented.

**--ACTION ITEMS--**

13. Presentation and Public Hearing for the Fiscal Year 2024 Proposed Budget  
The Board of Directors schedules a public hearing prior to the consideration and adoption of the Proposed Fiscal Year Budget.

Staff Recommendation:

1. Authorize General Manager Steinlicht to present the Fiscal Year 2024 Proposed Budget.
2. Conduct a Public Hearing.
3. Discuss and take other action as appropriate.

Lawston opened the Public Hearing and explained the process. Steinlicht gave a presentation on the Proposed 2024 Budget. Steinlicht thanked Fehling for her help. Steinlicht explained the CSD service overview, budget factors, projected cash balance, and administrative services. Steinlicht explained the Salary Schedule and informed that there was the addition of an Office Clerk. Steinlicht informed that a rate increase for Gates and Patrol charges would be needed to either break even or add to revenues. Steinlicht went over the Capital Expenditure Budget and informed that things may change as Armstrong works on the Strategic Planning with him. Steinlicht informed that he will be working with Armstrong to develop a plan for success. Armstrong informed that he helped Steinlicht develop a budget and informed that he has

35 years of experience in developing budgets. Armstrong thanked the Board for this opportunity and informed them that Steinlicht has really shown that he is trying to take this community to where they want to see it and how it has been a pleasure to work with him. Potalivo asked how they could monetize the Solar Project. Steinlicht informed that plans from the county were retrieved and explained the status of the project. Shoaff inquired on whether the spare units would be relocated and how they would make revenue on the charging stations. Kariya mentioned it may be a liability to use the District Office as a public charging station. Curtis inquired why administrative costs went up. Steinlicht explained that CSD is taking the full burden of administrative costs now. Esparza said that Steinlicht gave an excellent presentation. Esparza asked if the budget included the increase for Gates and Patrol fee increases. Steinlicht informed that it does not. Mathews asked for clarification on which budget was being proposed for approval. Steinlicht explained. Mathews inquired on why they would approve a budget that was showing losses for fees for services. Armstrong explained that there are a lot of one-time nonrecurrent expenses in the budget and that a long-term financial plan is needed to determine an appropriate increase amount for these items. Pape informed that GIS will no longer host CSD's plans. Public Hearing was closed at 10:56 am.

14. Adoption of the Fiscal Year 2024 Proposed Budget.

The Board of Directors considers and adopts the Proposed Fiscal Year Budget in June of each year.

Staff Recommendation:

1. Consider and adopt the Fiscal Year 2024 Proposed Budget.
2. Discuss and take other action as appropriate.

Steinlicht thanked staff, the Board, Jeff Armstrong, and Cindy Byerrum for their help with the Budget process. Upon a motion by Director Collins, seconded by Director Potalivo, and a unanimous vote, the proposed 2024 Budget was approved and adopted as presented.

15. Approve a New Administrative Position and Resolution for the Fiscal Year 2024 Salary Schedule

Due to the organizational change a new administrative position is required to sustain PVCSD administrative functions. Additionally, the Board of Directors implements a Resolution adopting a new Salary Schedule each new fiscal year.

Staff Recommendation:

1. Approve the creation of a new full-time administrative employee.
2. Consider and adopt the resolution for the Fiscal Year 2024 Salary Schedule.
3. Discuss and take other action as appropriate.

Kariya inquired about the Office Clerk's salary range, being that the duties are pretty comprehensive. Steinlicht informed that the duties would most likely be modified. Knox asked if they had any candidates. Steinlicht informed that they did not. Upon a motion by Director Skumawitz, seconded by Director Collins, and a unanimous vote, the New Administrative Position, Office Clerk, was approved and adopted.

16. CalPERS Funding

A recent financial records audit conducted by Eide Bailly, a regional certified public accounting and business advisory firm, discovered the PVCSD monthly payments provided to CalPERS over the last decade have been insufficient by approximately \$91,000 as of June 9<sup>th</sup>, 2023.

Staff Recommendation:

1. A representative from Eide Bailly will be present to provide the Board of Directors with a presentation detailing this funding shortfall.
2. Authorize the General Manager to Contact CalPERS to discuss options for closing this funding gap.
3. Discuss and take other action as appropriate.

Steinlicht explained the issues at hand. Byerrum explained her findings and what informed the corrections and recommended enhancements for the administrative staff to include IT issues. Skumawitz asked if she thought QuickBooks was an option for doing business. Byerrum stated that she believed it was great for this size agency. Skumawitz inquired whether the CalPERS reporting was tasked to a particular employee. Byerrum informed that according to her findings, it had been done correctly prior to September of 2013 and that the instructions left by prior management were incorrect. Shinner recommended Cloud QuickBooks. Shinner asked the Board what they plan on doing to do a better job. Collins suggested periodic audits. Esparza stated that third-party validation is very important. Esparza informed that they plan to speak to legal to make sure things are handled correctly. Collins motioned to authorize the General Manager to contact CalPERS to discuss options for closing the funding gap and plan to move forward with getting the computer speeds and QuickBooks up to date, seconded by Skumawitz, and a unanimous vote, the items were authorized.

17. Authorization to Provide Notice of Intent to Terminate Contract with Dudek and Engage Water Quality Specialists (WQS) for Wastewater Compliance Services.

A Notice to Terminate PVCSD's operational contract for wastewater treatment compliance services with Dudek requires four months advance notification.

Staff Recommendation:

1. Authorize the General Manager to provide Dudek with an "Intent to Terminate" its contract with PVCSD for Wastewater Treatment Compliance Services.
2. Authorize the General Manager to engage Water Quality Specialists for Wastewater Treatment Compliance Services upon Dudek's conclusion of service.
3. Discuss and take other action as appropriate.

Steinlicht explained the history behind Water Quality Specialists and explained that third parties were brought in for financials for operations to continue. Steinlicht explained the issues at hand. Steinlicht informed that misinformation was going around regarding TDS levels and informed that they were a little high and that PVCSD does not have a required limit to stay under. Steinlicht informed that WQS and Carollo have been giving ideas for addressing issues with the sludge expansion. Steinlicht mentioned that WQS would take on the compliance reporting and give us 5 days a week of coverage including weekends. Steinlicht explained two different proposals. Steinlicht added that Jon Coombs of WQS would also be assisting Utility Supervisor Oehlert in getting his Grade 3 certification. Pape informed that he had been running the treatment plant since 2012 and monitoring the reporting. Pape mentioned that he had never received an email or phone call from Steinlicht and that the only time a violation was given was when WQS ran the treatment plant. Kariya asked if this would be the 3<sup>rd</sup> time PVCSD brought on WQS. Steinlicht informed that since he came on board with PVCSD communication with Pape has not been desirable or helpful and was never offered solutions. Steinlicht mentioned that he would like to work with a more cohesive team. Potalivo stated that the Board needs to support their General Manager to make this work and trust that he will do so. Upon a motion by Director Skumawitz, seconded by Director Potalivo, and a unanimous vote, the General Manager was authorized to provide Dudek with an "Intent to Terminate" its contract with PVCSD for Wastewater Treatment Compliance Services and authorize the General Manager to engage Water Quality Specialists for Wastewater Treatment Compliance Services upon Dudek's conclusion of service.

18. Authorization to Engage Carollo Engineers for As-Needed Sanitation Consulting and Engineering Professional Services.

As a public utility, the PVCSD requires professional engineering services related to its capital improvement, condition assessment, and wastewater treatment programs. Carollo Engineers is a highly reputable firm that successfully provides professional engineering services for similar public utilities in southern California. Contracting with Carollo Engineers will provide the General Manager with as-needed support when approaching complex projects and wastewater treatment challenges.

Staff Recommendation:

1. Authorize the General Manager to contract with Carollo Engineers for as-needed professional engineering services.
2. Discuss and take other action as appropriate.

Steinlicht explained why he recommended contracting with Carollo Engineers on an as-needed basis for professional engineering services. Upon a motion by Director Esparza, seconded by Director Skumawitz, and a unanimous vote, General Manager was authorized to contract with Carollo Engineers for as-needed professional engineering services.

**--DISCUSSION ITEMS--**

19. Strategic/Financial Planning Facilitation Services Update – General Manager, Eric Steinlicht

Steinlicht informed that he will be working with Jeff Armstrong on Financial Planning.

20. Update on Solar Project – General Manager, Eric Steinlicht

Steinlicht gave an update on the Solar Project.

21. Sanitation Operational Report – General Manager, Eric Steinlicht

Steinlicht informed that all remains as expected and will be working with Dudek for the next four months.

22. Gate Access and Road Usage Policy Investigation Update – General Manager, Eric Steinlicht

Steinlicht informed that is being reviewed by legal.

**--INFORMATIONAL ITEMS--**

23. General Manager's Report –

Steinlicht presented the General Manager's Report.

24. Miscellaneous Items

- A. Requested items for future agendas (Directors and Staff Only)
  - i. Email List
  - ii. Website Revamp and Transparency Update
  - iii. Cost of Living Adjustment for 2023
  - iv. Employee Handbook Revisions
  - v. Service Agreement with Rancho Pauma Mutual Water Company (RPMWC)
  - vi. Agreement with RPMWC for SGMA
  - vii. CHP Satellite Office Update and Consideration

- viii. Tasers for Security
  - ix. Analysis for Outsourcing Security and Gate Services
  - x. Salary Survey
  - xi. Update on Policy Handbook
  - xii. Criteria for Restricting RFID Access to Dangerous Individuals
  - xiii. Critical Spare Part Inventory Replacement Program
  - xiv. Computerized Maintenance Management System
  - xv. Treatment Plant Rehabilitation and Improvement
  - xvi. Public Hearing on Delinquent Accounts Placement on the County Tax Roll for collection
- B. Board Comments – None
  - C. Announcements – None
  - D. Next Regular Meeting on July 24<sup>th</sup>, 2023, at 10 AM

**--CLOSED SESSION--**

- 25. The Board of Directors Will Meet in a Closed Session to Discuss:
  - 1. CONFERENCE WITH LEGAL COUNSEL – Existing Litigation Pursuant to Government Code Section 54956.9(a) San Luis Rey Indian Water Authority v. Pauma Valley Groundwater Sustainability Agency, et. al., (SDSC No. 37-2022-00029027-CU-WM-NC)

The Board went into closed session at 11:50 am.

- 26. Open Session
  - A. Reportable Actions

The meeting was reconvened to open session at 12:23 pm with no reportable actions.

- 27. Adjournment
  - With nothing further to discuss, a motion was made by Director Skumawitz to adjourn at 12:25 p.m., seconded by Director Collins unanimously approved.

*Marissa Fehling*

Marissa Fehling, Recording Secretary