

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

Held on May 22, 2023

Directors Present: Jodie Lawston, Michael Esparza, Roland Skumawitz, & Betty Potalivo

Directors Absent: Richard Collins

Also Present: Residents: Larry Curtis, Tom Cerruti, Charles Mathews; Pam Degen, Ronald Krohn, Steve Wehr, Gabriela Knox, Darlene Shiley, Eleanor Swinehart, Ron Slifka, Bill Jacobs, William Tibbet, Judge Buskuhl, Cindy Byerrum MPA/CPA with Eide Bailly; Treasurer of RPMWC Bruce Knox, Secretary of RPMWC Laurie Kariya, Director of RPMWC Linda Shoaff, General Manager Eric Steinlicht, and Administrative Assistant Marissa Fehling

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1. Call to Order: Regular Meeting was called to order at 10:00 a.m. by President Lawston.
2. Pledge of Allegiance: This item was canceled for this meeting.
3. Roll Call: Fehling verified that a quorum was present.
4. Public Comment Period:  
Kariya inquired about moving the closed session item to the end of the meeting. Lawston informed that it was not possible due to the attorney's availability.

**--CLOSED SESSION--**

1. 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) (One (1) Matter)
  - B. CONFERENCE WITH LEGAL COUNSEL –  
Potential/Threatened/Anticipated Litigation  
Significant Exposure to Litigation Pursuant to Government Code Section 54956.9(b) (One (1) Matter)

The Board went into closed session at 10:02 am.

2. Open Session
  - A. Reportable Actions

The meeting was reconvened to open session at 10:50 am with no reportable actions.

**--CONSENT ITEMS--**

Items 3-12 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.

3. Minutes of the Regular Board Meeting of March 27, 2023
4. Minutes of the Special Board Meeting of April 11, 2023

5. Minutes of the Special Board Meeting of May 4, 2023
6. Review of Balance Sheet, Revenue, and Expense for March Through April 2023
7. Accounts Receivable Report for March Through April 2023
8. Notice of Violations Issued
9. PVCSD Security Report
10. Draft Budget 2023-2024 (General Manager, Eric Steinlicht)
11. Capital Expenditure Plan (General Manager, Eric Steinlicht)
12. Sewer Rate Increase Effective July 1, 2023 (General Manager, Eric Steinlicht)

Steinlicht informed that items 10 and 11 are drafts due to current structuring and will be finalized depending on future movement. A discussion was made by Mathews regarding pulling an item for further discussion. Esparza pulled item 10 for further discussion. Upon a motion by Director Esparza, seconded by Director Potalivo, and a unanimous vote, items 3-9 and 11 and 12 were approved as presented.

Mathews inquired about the operational loss shown on the draft budget. Mathews inquired about what PVCSD plans are regarding the operational budget losses. Potalivo informed that the Staff and the Board are working on addressing this matter. Knox inquired about other income in item 664. Shiley informed that rates should not be raised without discussing it. Steinlicht informed that PVCSD has an expert in this who is currently reviewing Watkins's draft budget and it will be brought back to the public at the next meeting. Potalivo informed that the proposed Sewer rate increases for the next few years were approved and passed by Resolution 105 on June 28, 2021. Esparza explained Prop 218 and the previous approval of rate increases for Sewer and how they had not been raised last year. Esparza informed that the rates for Sewer would be increased effective July 1, 2023. Knox commented on the Capital Expenditure Budget. Potalivo informed that the current Board Members are all fairly new and are attempting to get their hands around everything to get it all figured out.

#### **--ACTION ITEMS--**

13. Administrative Service Agreement Between PVCSD and RPMWC (General Manager, Eric Steinlicht)  
As recommended by the Organizational Restructuring Ad-Hoc Committee, the Board of Directors will consider termination of the Administrative Services Agreement between PVCSD and RPMWC.

Staff Recommendation:

1. Approve Notice to Terminate the Administrative Services Agreement with RPMWC.
2. Authorize the General Manager to continue contracting for interim administrative support services with Eide Bailly.
3. Discuss, provide direction to staff, and take other action as appropriate.

Curtis thanked the Board for all their work and informed them that this is a simple problem. He mentioned that they shouldn't be separating and it will only be raising expenses. Curtis mentioned the estimated legal fee amounts spent by both entities. Jacobs mentioned that he is not aware of any business that can be run without proper management. Jacobs noted that he was shocked that RPMWC was putting our water quality in the hands of administrative staff. Jacobs informed that RPMWC needs to hold partial responsibility for SMGA and needs strong representatives. Kariya informed that in the past both entities worked through a strong management team and as of late they have not. Kariya informed that RPMWC will continue to work with Jeff Pape of Dudek for expert assistance and the admin will continue

to run the administrative tasks. Jacobs noted that they would need to outsource HR for employees. Mathews inquired on whether the Administrative Contract Term was for clause or notice. Lawston informed it was for notice. Mathews asked that PVCSD reconsider that their GM cannot provide the needs of RPMWC. Skumawitz informed that the purpose of this action item is to start a six-month clock to sort out the details for a future possible model. Potalivo added that all members of the PVCSD Board of Directors are also community members and looking out for what is in the best interest of the community. Kariya inquired about the staff status. Lawston reminded that this matter was initiated by the RPMWC Board of Directors and informed that a letter was sent in by Bandy on behalf of RPMWC. Lawston reminded that PVCSD is required to work through a General Manager. Lawston informed that an Ad-Hoc committee was formed and all appropriate steps have been followed. Lawston informed that at a previous Ad-Hoc meeting, RPM requested to hire two of our administrative employees and two of our utility employees, which may possibly work out for both entities. Kariya informed that at the last Ad-Hoc committee meeting she recalled that Bandy wanted to restructure things and PVCSD asked for a “divorce”. Upon a motion by Director Skumawitz, seconded by Director Potalivo, and a unanimous vote, the Board authorized staff to give notice to terminate the Administrative Services Agreement with RPMWC, authorize the General Manager to continue contracting for interim administrative support services with Eide Bailly, and discuss, provide direction to staff, and take other action as appropriate.

14. Gate Access and Road Usage Policy (General Manager, Eric Steinlicht)  
Radio Frequency Identification (RFID) is issued and limited to permanent and temporary residents, contractors and service persons, Country Club Members, as well as current employees. As per the existing Gate and Access and Road Usage Policy, parking on roadways is only authorized if the vehicle has written authorization.

Staff Recommendation:

1. Review and consider updating the existing Gate Access and Road Usage Policy.
2. Discuss and take other action as appropriate.

Steinlicht explained the purpose of this item and the current concerns and debates that are being dealt with in the community in regard to parking on the roadways of PVCCE. Wehr inquired on whether the previous GM, Bobby Graziano has access to enter the community. Steinlicht explained his suggested changes regarding the parking and guest pass issues that have recently been an issue in the community. Esparza inquired about the current parking rules for confirmation, Steinlicht explained. Esparza suggested that Steinlicht come back to a future meeting with proposed changes to the policy since the current language is unclear in the policy. Steinlicht informed that he would have the language reviewed by legal. Wehr inquired again on whether the previous GM has authorization to enter the community. Esparza informed him that, that is confidential information. Steinlicht explained we are adhering to the current table in the Gate Access and Road Usage Policy for whom we permit access. Potalivo added that if he does not have proper authorization, he should not have an activated RFID on his vehicles. Jacobs gave some historical information from when he was on the Board for PVCSD. Jacobs mentioned that Pauma Valley Roadway Association (PVRA) has wanted PVCSD to turn off the RFID’s of their customers who were delinquent, and PVCSD felt it was a harsh action to move forward with. Jacobs informed that on December 17, 2021, President Esparza at that time announced that the PVRA agreed to withdraw their request for PVCSD to turn off the RFID’s of their delinquent customers, which enabled the final resolution and issuance of the Gate and Access and Road Usage Policy. Skumawitz informed that there is no reference to a government code in the policy and recommends having legal

review it. Esparza reminded that PVCSD would need to make sure it is in line with LAFCO's guidelines. This item was deferred and Steinlicht will report back to Board with updates.

**--DISCUSSION ITEMS--**

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

Steinlicht informed that Jeff Armstrong is in the process of signing the agreement to start assisting with the District's financial planning. Shiley inquired about the anticipated start date. Potalivo informed that they are waiting for legal. Wehr questioned why they are outsourcing these services. Potalivo informed that the district needs to start building reserves and needs expert advice. Esparza informed that it is not unusual to hire a professional to guide a GM in Strategic and Financial Planning.

16. Solar Project – General Manager, Eric Steinlicht

Steinlicht gave an update on the Solar Project and informed that he still working on figuring out some issues that the previously approved permit had.

17. Lighting for Teslas and Radios for Patrol/Gates – Board Secretary, Betty Potalivo

Potalivo suggested that our Patrol Vehicles should be equipped with security lights for safety issues. Steinlicht informed that staff would get formal quotes for this and report back.

**--INFORMATIONAL ITEMS--**

18. General Manager's Report –

Steinlicht presented the General Manager's Report. Steinlicht gave a thorough update on district matters and the accomplishments and challenges he has faced since he came on board on January 3, 2023. Esparza thanked Steinlicht for all he has accomplished and for discovering things that had not been discovered by previous management. Knox inquired on whether outsourcing was in place. Steinlicht informed that proposals were in the works. Knox inquired on whether accountants had been changed for PVCSD. Steinlicht informed that they had not.

19. 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. Agreement with RPMWC for SGMA
- vi. Tasers for Security
- vii. Analysis for Outsourcing Security and Gate Services
- viii. Salary Survey
- ix. Update on Policy Handbook
- x. Criteria for Restricting RFID Access to Dangerous Individuals
- xi. Critical Spare Part Inventory Replacement Program
- xii. Computerized Maintenance Management System
- xiii. Treatment Plant Rehabilitation and Improvement

- B. Board Comments – Esparza noted to have item 14 moved to a future agenda.
- C. Announcements – None
- D. Next Regular Meeting on June 26<sup>th</sup>, 2023, at 10 AM

20. Adjournment

With nothing further to discuss, a motion was made by Director Esparza to adjourn at 12:10 p.m., seconded by Director Lawston unanimously approved.

*Marissa Fehling*

Marissa Fehling, Recording Secretary