

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

Held on June 28, 2021

Directors Present: Sam Logan, Michael Esparza, Bill Jacobs, Bill Schultz, and Jim Cipriano  
Also Present: Residents Michael Martello, Charles Mathews, Ron Krohn, General  
Manager Bobby Graziano, Office Manager Amber Watkins,  
Administrative Assistant Marissa Fehling

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- 6.1 Call to Order: Regular Meeting was called to order at 10:02 a.m. by President Sam Logan.
- 6.2 Roll Call: Graziano took roll call.
- 6.3 Open for Public Comments: Mathews inquired on whether PVCSD could be responsible for putting together an evacuation or wildfire protection plan for the community. Esparza informed that law enforcement has jurisdiction for deploying evacuation plans for the community and gave some tips. Esparza informed it was a good idea to give the community a notice of what to do in case of emergency. Jacobs informed that he has the San Diego County emergency application on his phone and informed he does not believe it updated correctly with this last fire incident. Mathews reminded that in a past fire scenario PVCSD was very proactive in alerting the community with any updates they had.
- 6.4 Approval of Previous Minutes:
  - a. Regular Meeting May 24, 2021 – Cipriano made a correction to the wording to one of his statements in the minutes. Cipriano motioned to approve the Regular Meeting Minutes of May 24, 2021, with the changes requested herein, seconded by Logan and unanimously adopted.
- 6.5 Financial Report:
  - a. Review of BS, P&L as of 05/31/2021 - Cash Assets reflect \$1,251,791, Accounts Receivable of \$34,442 and Accounts Payable of \$22,667. Watkins informed that Rancho Pauma Mutual Water Company (RPMWC) dues for May of \$30,159 have been paid in full. Watkins reported that the Profit and Loss reflects the property tax revenue received which puts that item better than budget. Watkins reported that \$1000 was received in May for the sales of Radio Frequency Identification Device (RFID) tags. Logan inquired as to why the Operator Contract Services was double the budgeted amount; Watkins informed that is the new contracted rate monthly since RPMWC is no longer utilizing Dudek. Logan inquired on the Engineering dues; Watkins informed that it was the cost of the mandatory 5 year update to the Sewer System Management Plan (SSMP) Cipriano inquired on when the Sustainable Groundwater Management Act (SGMA) payment of \$50,000 would be paid; Graziano informed it would be paid during the next fiscal year and is accounted for in the budget. Cipriano informed that PVCSD paid legal fees of \$16,000 and will receive \$27,000 in the settlement reimbursement for the Hillside Fire of 2019. Cipriano motioned to adopt the financial report as presented, seconded by Esparza, and unanimously adopted.
  - b. Accounts Receivable – Watkins explained that at the next meeting a Public Hearing will be held to consider placing delinquent accounts on the County Tax Roll for collection. Watkins presented a list of accounts that will be recommended if payment is not received prior to the next meeting.
- 6.6 Security Report:
  - a. Daily Activity Report - Graziano presented the Security Report. Jacobs inquired on a particular incident, asking why a guest was let in without permission. Graziano informed that this would be discussed at the next staff meeting. Cipriano asked for an update on the Patrol Survey results. Graziano informed that he would email them over. Upon a motion by Cipriano, second by Logan and unanimous vote, the Daily Activity Report was accepted and ordered filed.

b. Gate Penalty Assessment Report - Presented for review. Esparza inquired whether non-residents should be paying a penalty for 1<sup>st</sup> time gate penalties. Jacobs explained why that would not work and why it needs to be the same terms for everyone driving in Pauma Valley Country Club Estates.

- 6.7 General Manager's Report: Graziano presented the report. Jacobs informed that typically lawyers only take a 1/3 of settlements and next time we have a case we should inform Best Best & Krieger (BB&K) that we expect to be charged standard litigation fees. Graziano explained that we operate under an agreement for hourly charges with BB&K. Esparza inquired on what the contract with BB&K is; Graziano informed that PVCSD is billed hourly. Martello indicated that a firm like BB&K typically works off of a retainer agreement with extra work performed at a "rack" rate and that it would be odd for a firm like BB&K to do work for a contingency fee arrangement. Esparza questioned if Graziano was aware of any reimbursements for government agencies available for Covid-19 Personal Protective Equipment costs. Graziano informed that there were none that he knew of and added that masks were donated to staff by the County Water Authority. Esparza stated that he is aware that Graziano has done a lot of homework on the cost analysis of the new vehicles purchased but feels that large purchases should be presented to the Board for final approval. Graziano explained why the purchase was done with this year's budget and verified in previous minutes that the Board agreed with him on purchasing Tesla Model 3's over other models. Graziano reminded the Board of the deliberation in prior meetings related to the budget set for two security vehicles. Jacobs mentioned that the district has 3 vehicles that are at the end of their life and a decision had to be made and thinks Graziano made a great decision. Schultz also applauded the acquisition and graphics organized by Graziano and suggested sending a notice out to the community with a photo of the vehicles and an explanation of the cost savings to the district. Logan added that Graziano did not make this purchase decision on his own. Logan also mentioned he thought the vehicles are fantastic and that security staff is very happy. Esparza stated that he did not recall approving this purchase order. Jacobs asked to what level the Board needs to be involved or give the General Manager authority to make decisions for the community on his own and he feels the Board should not be engaged so closely in administrative functions. Esparza suggested the Board review the Purchase Policy and informed that he believes the right decision was made, although procedures could have been handled a little better. Jacobs suggested reviewing the Purchase Policy at a future meeting. Graziano explained his vendor review process for the Solar Project and explained what the vetting process will be. Martello suggested incorporating payment milestones as part of the contract and highlighted how important payment terms are to projects like this. Graziano presented the draft 25 year Lease Agreement between PVCSD and Pauma Valley Country Club (PVCC) for use of the PVCC owned hangar's roof. Cipriano suggested doing a longer-term agreement. Cipriano suggested a minimum of 99-year term agreement. Martello advised checking with legal on whether a 99-year lease agreement is even possible. Cipriano suggested adding insurance terms to this agreement. Graziano informed that the district would be insuring the system. Esparza suggested quantifying the exact change in electrical usage by the tenants of the hangers that would cause action. Mathews pointed out two issues he noticed and made suggestions. Graziano mentioned that this was a very fair deal for CSD and he has worked for months with Larry Taylor to develop PVCC's support of such a project. Graziano stated the project had great benefits to the district. Graziano cautioned that pushing too hard for new terms could jeopardize the support being given to the project by PVCC and reminded the Board of the #6 bridge project. Graziano informed that he would discuss these lease terms with Larry Taylor of PVCC. The Board asked Graziano to present a bid analysis comparing three contractors and a recommendation at the earliest possible meeting so the Board could authorize the project.

- 6.8 Public Hearing on 2021-22 Budget -
  - a. Public comments- Logan opened the Public Hearing on the 2021-22 Proposed Budget. Graziano explained the proposed budget and informed that there is a proposed 5% increase for the Gate Service fees and 2% increase for the Sewer Service fees. Graziano showed a 5-year cash projection and explained that a 2% increase to revenue yearly for the next 5 years builds cash reserves in a responsible manner. Cipriano mentioned that we are still not dealing with the PERS Unfunded Liability and additional revenue is needed to do so. Cipriano reiterated his request for a \$5 increase to each of the revenue sources. Graziano explained there is no rationale for such a significant increase based on the 5 year cash project, and current budget. Graziano talked about a strategy being explored to pay off CalPERS Unfunded Liability by borrowing funds from Rancho Pauma, and dramatically reducing the interest expense related to the CalPERS liability. Graziano highlighted how this strategy would address the CalPERS Unfunded Liability without the significant increase proposed. Esparza inquired on whether the proposed Sewer Service Rate increase is appropriate to cover the Sewer System operating costs. Graziano confirmed that it was. Esparza stated that he was comfortable with the proposed increases.
- 6.9 Close Public Hearing on 2021-22 Proposed Budget – Logan closed the Public Hearing for the 2021-2022 proposed budget.
- 6.10 Open Public Hearing on Sewer Rate Increases -
  - a. Public comments – Logan opened the Public Hearing for the 2021-22 Sewer Rate Increases. Esparza inquired on why the standby fees for Sewer were not being increased. Graziano explained. Mathews inquired on Exhibit A and asked when the last time an Equivalent Dwelling Unit (EDU) audit was performed. Graziano informed it had been a number of years. Mathews suggested having staff review for accuracy.
- 6.11 Close Public Hearing on Sewer Rate Increases – Logan closed the Public Hearing on Sewer Rate Increases.
- 6.12 Open Public Hearing on Security and Gate Rate Increases –
  - a. Public comments - Cipriano asked for clarification on whether the public hearing implied there would be an increase to both Security and Gate fees. Graziano explained the public hearing was called for both of these Prop 26 items but does not mean each will be adjusted. At this time only Gates will be adjusted.
- 6.13 Close Public Hearing on Security and Gate Rate Increases – Logan closed the public hearing on Security and Gate Rate Increases.
- 6.14 Consider Adoption of FY 2021-22 Proposed Budget – Cipriano motioned to adopt Fiscal Year 2021-22 Budget as presented to include the sewer and gate services increases, seconded by Esparza, and unanimously adopted.
- 6.15 Consider Approval of Resolution 105 for Sewer Rate Increases – Cipriano motioned to approve Resolution 105 for Sewer Rate Increases as presented, seconded by Logan, and unanimously approved.
- 6.16 Lease Agreement – Airport Hangar Lease for Solar System
  - a. The Board will consider the lease agreement with Pauma Valley Country Club for use of the club owned airplane hangar rooftop and electrical appurtenances for the installation of a solar system. – This item was tabled.

6.17 Employee Handbook

- a. The Board will consider approving updates to the Employee Handbook – This item was tabled.
- i. Creation of Senior Patrol Officer and Senior Gate Attendant positions.
  - ii. Recommended updates for Utility Worker II criteria and other general updates.

6.18 Ordinance 55 Gate Access and Road Usage Within Pauma Valley Country Club Estates –

- a. Second Reading of Ordinance 55 – Gate Access and Road Usage Within Pauma Valley Country Club Estates. Graziano read the summary of Ordinance 55. Esparza motioned to adopt Ordinance 55 Gate access and Road Usage as presented, seconded by Logan, and unanimously adopted.

6.19 Other Business:

- a. Requested items for next or future agendas (Directors and Staff Only)- Graziano informed that the following items would be on the future agenda; Employee Handbook, SSMP, Lease Agreement between PVCSD and PVCC, Solar Bids, and SGMA updates. Cipriano requested a discussion of the clean up of lease agreements with other entities.

- b. Board comments- None

6.20 Adjournment:

- a. Regular Meeting scheduled on July 26, 2021, at 10 a.m. - The next meeting date is scheduled for July 26, 2021 at 10:00 am. Upon a motion from Cipriano, second by Logan and unanimous vote, the meeting adjourned at 12:38 pm.

*Marissa Fehling*

Marissa Fehling, Recording Secretary