

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

Held on July 26, 2021

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

- 7.1 Call to Order: Regular Meeting was called to order at 10:00 a.m. by President Sam Logan.
- 7.2 Roll Call: Graziano took roll call.
- 7.3 Open for Public Comments: Logan stated that he understands that some may be upset that not all requested items are on the agenda. Logan expressed that he understands that there are some policies that need some refreshing and informed that they would be updated in time. Cipriano inquired on who should be contacted if he sees a violation to the "Road Access Policy". Graziano informed that the Front Gate should be contacted to dispatch Security. Cipriano expressed that he believes customers should have been informed that an increase in rates was coming and hopes this can be fixed. Cipriano mentioned that the Board's goal should be to communicate with the community. Graziano stated that when one comment is received, we should not always feel the need to react. Graziano informed that the District did give the community a 45-day notice of potential rate increases, which invited the public to get involved. Graziano added that the minutes are stored on the website and are also very informative about everything going on within the District. Esparza mentioned that we do have an opportunity to keep our community informed and share the few things we have going on and the reasoning behind it. Graziano mentioned that a discussion occurred to consider sending out a notice to the community regarding the new vehicles and it was decided not to send it out. The Board and Staff agreed with Cipriano on notifying the community on major items by mail and that a notice could be developed to highlight the progresses made.
- 7.4 Approval of Previous Minutes:
- a. Regular Meeting June 28, 2021 - Cipriano suggested that item 6.7 lines 14 and 15 were inaccurate and should reflect the inaccuracy of the transaction. Jacobs informed that a considerable amount of time was spent trying to decide what would be done with the 3 Ford Explorers. Jacobs informed that the Board officially approved the purchase of the new vehicles via the budget approval, noting that he had suggested the Tesla Model 3 during that time. Jacobs noted that according to our policy all the right decisions and correct steps were taken. Esparza informed that minutes reflect what was said, so therefore cannot be changed whether we agree or disagree on the comments made. Jacobs mentioned that he confirmed with legal counsel this morning that the budget does approve the expenditures. Mathews disagreed. Esparza stated that he believes the public should see the contract. Esparza made a motion to share the contract with the community. Logan informed he would seek legal advice on this. Motion was not seconded, therefore Esparza withdrew his motion. Graziano noted it is important to be consistent and stated he feels Cipriano is singling out this particular acquisition because they were Tesla's. Cipriano disagreed with Graziano's statement. Cipriano made a correction stating that section 6.19 Other Business, should include his request for the lease agreement cleanup between PVCSD and Pauma Valley Roadway Association. Esparza motioned to approve the Regular Meeting Minutes of June 28, 2021, with the changes requested herein, seconded by Cipriano, and unanimously adopted.
- 7.5 Financial Report:
- a. Review of BS, P&L as of 06/30/2021 - Cash Assets reflect \$1,182,205, Accounts Receivable of \$24,853 and Accounts Payable of \$47,730. Watkins noted that these financial statements are

preaudit and subject to change upon completion of the audit. Watkins informed that this was the final month in this fiscal year and noted that she has begun working with the auditor to close out the financial statements. Watkins reported that the Profit and Loss reflects the property tax revenue received which puts that item better than budget for the year. Watkins reported that \$1275 was received in June for the sales of Radio Frequency Identification Device (RFID) tags. Watkins informed that the P&L also reflected miscellaneous items needed for the new security vehicles. Watkins reported that roughly \$10,000 of the year end total for Legal fees were SGMA related. Jacobs inquired on where the income from the sale of the old Patrol vehicles were reflected; Watkins informed it would be in the next Fiscal Year. Jacobs mentioned that we did great on the budget. Graziano reported that we budget for CalPERS expenses based on the bi-weekly payroll percentage and then the accountant makes adjustments based on year end reporting from CalPERS and that is the reason the P&L shows a negative net income. Cipriano motioned to adopt the financial report as presented, seconded by Schultz, and unanimously adopted.

b. Accounts Receivable – Presented for review.

c. Fiscal year end audit – Watkins noted that the 2020-2021 Financial statements audit is scheduled for August.

7.6 Security Report:

a. Daily Activity Report - Graziano presented the Security Report. Jacobs inquired on whether unit 2's AC was working; Graziano confirmed that it is. Esparza inquired on whether the radios and frequencies were pulled out of the Explorers prior to selling them. Graziano informed that they were sold "As Is". Graziano noted that all decals on vehicles were removed right away by the purchaser. Upon a motion by Esparza, second by Cipriano and unanimous vote, the Daily Activity Report was accepted and ordered filed.

b. Gate Penalty Assessment Report - Presented for review.

7.7 Open Public Hearing on FCSA Delinquent Accounts – The public hearing on FCSA delinquent accounts was opened by Logan. Watkins presented that the report listing all parcels and amounts owed to be considered for placement on county Tax Rolls for collection.

7.8 Close Public Hearing on FCSA Delinquent Accounts – Logan closed the public hearing on the FCSA Delinquent Accounts.

7.9 Resolution 106:

a. Consider Adoption of Resolution 106 to place delinquent accounts on County Tax Rolls for collection – Cipriano motioned to adopt Resolution 106 to place the delinquent accounts as presented on County Tax Rolls for collection, seconded by Schultz and unanimously adopted.

7.10 Sewer System Management Plan (SSMP) 5 Year Update:

a. Board will consider adoption of the revised SSMP prepared by V.W. Housen & Associates – Esparza inquired on whether there are training requirements for the SSMP. Graziano informed that training is scheduled with V.W. Housen & Associates. Esparza inquired on whether the District would follow county specifications. Graziano informed that for sewer we could follow county specifications. Esparza motioned to adopt the updated Sewer System Management Plan as presented, seconded by Cipriano and unanimously adopted.

b. Weblink: <https://www.paumavalleycsd.com/sewer-system-management-plan>

- 7.11 General Manager's Report: Graziano presented the report. Jacobs gave a detailed bid analysis that was performed by himself and Graziano. He informed that the bidding process they conducted of the final three contractors and informed that they would have the bid analysis and a recommended contractor ready for presentation at the next meeting. Graziano discussed the different CalPERS Unfunded Accrued Liability (UAL) payoff options and informed that he presented a business case to the Rancho Pauma Mutual Water Company (RPMWC) Board of Directors for paying off the UAL. Graziano informed that RPMWC did not pay their portion of the fiscal years ending 2016, 2017, 2018, 2019 totaling \$97,382 and informed that this amount would be invoiced to them as it is an administrative correction. Graziano discussed taking a loan from RPMWC and noted that legal was consulted. Graziano informed that legal advises PVCSD is limited of 5% of yearly revenues with a payback period of 5 years or less. Legal provided an alternative option of selling an asset to RPMWC and buy it back over time with interest. Esparza inquired on taking the funds out of our reserves and replenish the reserves with the savings overtime. Graziano informed that was a possibility as well. Esparza inquired on how the district would cover a catastrophic emergency if the reserves are depleted. Graziano informed that PVCSD has insurance for those types of scenarios and assured that the reserves would be replenished quickly. Cipriano inquired on the 2011 agreement between PVCSD and RPMWC, stating RPMWC pays 50% of fully loaded employee costs. Graziano explained the breakdown and how they came up with 37.28% through a 5-year payroll analysis and reminded that the UAL total includes all departments, RPMWC only pays a percentage for Utility and Administrative staff. Graziano informed he will request a pay-off statement from CalPERS for some time in November. Mathews noted that although he does believe paying down the UAL debt as soon as possible is a great idea, the issue with draining down the reserves and possibility of needing the funds could put the district in a dangerous situation. Mathews suggested reaching out to a financial institution regarding a Standby Facility Note. Mathews also suggested showing on paper how the district will rebuild reserves over 5 years. Graziano informed he would map this out. Graziano suggested that RPMWC could likely serve as a Standby Facility institution if we decided to use reserves.
- 7.12 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 – Graziano explained the details of the final lease agreement. Esparza inquired on how we would monitor the usage. Graziano informed that the bill shows usage patterns, and we would investigate if needed. Cipriano questioned if Best Best & Krieger reviewed the final lease. Graziano confirmed. Cipriano inquired on whether the charging stations would be open to rate payers. Graziano informed that the idea is not to open to the public, but they will be available to the PVCC members through this lease agreement as a benefit after office hours and by appointment. Upon a motion by Logan, second by Schultz and unanimous vote, the Airport Hangar Lease for the Solar System was approved. Logan executed the document.
- 7.13 Amendment 2 to the Memorandum of Understanding for Development of a Groundwater Sustainability Plan for the San Luis Rey Valley Groundwater Basin:
a. The Board will consider authorizing President Logan to sign the amendment updating the basin boundary map – Graziano presented the updated basin boundary map and explained the boundary changes. Upon a motion by Cipriano, seconded by Jacobs and unanimous vote the amendment updating the basin boundary map was authorized. Logan executed the document.
- 7.14 Employee Handbook –
a. The Board will consider approving updates to the Employee Handbook – Jacobs informed that Esparza took the lead on the changes, and he reviewed the modifications. Graziano suggested having counsel review these modifications prior to adopting. Esparza explained the review

process and suggested tabling this item until legal has reviewed. Jacobs stated he feels that the Senior Security position should be a daytime position. Esparza informed that in his experience there should only be one Senior position per department. Esparza suggested having Graziano seek advice on this matter from legal. Jacobs informed that he disagrees with employees working under 20 hours a week should be not eligible for benefits. Esparza explained his views on life insurance and how employees should be enrolled in it right away.

7.15 Purchasing Policy Update:

a. The Board will consider an update to the Purchasing Policy – Esparza explained the suggested changes to the purchasing policy. Graziano stated that he would like a chance to give his input on any policies that affect his position and suggested setting up a workshop to discuss this further prior to considering approval. Esparza stated that the policies should be followed or fixed and that all the Board has good intentions for the community.

7.16 Other Business:

a. Requested items for next or future agendas (Directors and Staff Only)- None

b. Board comments- None

7.17 Adjournment:

a. Regular Meeting scheduled on August 23, 2021, at 10 a.m. – The next meeting date is scheduled for August 23, 2021, at 10:00 am. Upon a motion from Logan, second by Schultz and unanimous vote, the meeting adjourned at 12:17 pm.

Marissa Fehling

Marissa Fehling, Recording Secretary