

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

Held on May 26th, 2026

Directors Present: Fred Nelson, Richard Collins, Michael Esparza, and Zan Villanueva
Directors Absent: Lolo Levy
Staff Present: General Manager Eric Steinlicht, Office Manager Marissa Fehling, and Administrative Assistant Maritza Chaloux
Also Present: Barry Willis with LAFCO, James Fischer with Fischer Compliance, LLC via Zoom, and Jefferey Morris of DPMC

1. Call to Order: The Regular Meeting was called to order at 10:00 a.m. by Director Nelson
2. Pledge of Allegiance: The Pledge of Allegiance was led by General Manager Steinlicht.
3. Roll Call: Office Manager Fehling conducted roll call and confirmed that a quorum was present.
4. Approval of the Agenda: The agenda was reviewed. No changes to the agenda were requested in the meeting notes.
5. Public Comment Period:
Barry Willis addressed the Board regarding LAFCO matters and regional agricultural concerns.

– CONSENT ITEMS –

Items 6-14 appearing on the Consent Calendar may be voted on by a single motion. Items shall be removed from the Consent Calendar if any member of the Board of Directors or 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.

6. Minutes of the Regular Board Meeting on March 23rd, 2026
7. Minutes of the Special Board Meeting on March 24th, 2026
8. Review of Variance Report, Balance Sheet, Revenue and Expense Report
9. Accounts Receivable Report
10. Security Division Report
11. Reinstatement of the Loan Agreement with Collective Sun for the Solar Project
12. Resolution Number One Hundred and Thirty-Seven: Local Agency Formation Commission (LAFCO) Authorizing Parcel Annexations and Service Boundary Adjustments
13. Resolution Number One Hundred and Thirty-Eight: Cost-of-Living Adjustment for Fiscal Year 2027
14. Resolution Number One Hundred and Thirty-Nine: Formal Adoption of January 1st, 2026, Salary Schedule

Director Nelson pulled item No. 11 for separate discussion. The Board approved the remaining Consent Calendar Items 6-10 and 12-14.

Motion: Approve Consent Calendar Items 6-10 and 12-14.

Result: Approved (Unanimous)

Moved by: Director Esparza

Seconded by: Director Nelson

Regarding Item No. 11, the Board discussed the reinstatement and modification of the Collective Sun loan agreement associated with completion of the Solar Project. It was clarified that the original loan would be reactivated and adjusted due to increased project costs, including an SDG&E transformer upgrade. The Board approved Item No. 11 separately.

Motion: Approve Consent Calendar Item 11, Reinstatement of the Loan Agreement with Collective Sun for the Solar Project.

Result: Approved (Unanimous)

Moved by: Director Nelson

Seconded by: Director Collins

– ACTION ITEMS –

15. Sewer System Management Plan (SSMP) Proposal Acceptance for Required Update

The Board of Directors will consider approving a proposal associated with updating the District's SSMP satisfying a regulatory deadline and required elements that must be addressed in the specific update.

Staff Recommendation:

1. Approve the Fischer Compliance, LLC proposal for Fiscal Year 2027.
2. Discuss and take action as appropriate.

The Board considered proposals for the required SSMP update due by August 2, 2026. General Manager Steinlicht and James Fischer discussed the regulatory deadline, the need to replace the current lengthy plan with a more usable document, and the training component included in the Fischer Compliance LLC proposal. The Fischer Compliance proposal was discussed as the lower-cost proposal and included regular staff training, online regulatory review, and in-person emergency drills. The Board also discussed the possibility of inviting the local fire department and Rancho Pauma Water Company to future training drills for improved inter-agency coordination.

Motion: Approve the Fischer Compliance, LLC proposal for the required SSMP update.

Result: Approved (Unanimous)

Moved by: Director Esparza

Seconded by: Director Villanueva

– DISCUSSION ITEMS –

16. Pauma Valley Country Club Equivalent Dwelling Unit (EDU) Assignment

The Board discussed the Country Club's request for a possible downward adjustment to its EDU assignment. The Board reviewed the prior consultant-based calculation methodology and discussed that EDU assignments must be based on maximum potential capacity rather than average use. It was clarified that any recent adjustment was a recalculation based on verified seating counts and not a discount or deviation from the established formula.

17. Chain of Command and Board Director Communication Protocols

President Nelson discussed the importance of maintaining formal procedures, respecting chain-of-command expectations, and ensuring that changes to staff or Director responsibilities are properly documented and brought back through the Board process when needed.

18. Long-Range Financial Plan Coordination and Strategic Plan Initiatives

The Board discussed long-range financial plan coordination and the role of the Treasurer and advisory input. Treasurer Levy offered to assist with the long-range financial plan, and the Board discussed using an ad hoc advisory approach while maintaining staff responsibility for preparation and implementation.

19. **Radio Frequency Identification Device (RFID) Policy Implementation, Communication, and Schedule**
The Board discussed RFID policy implementation, gate access practices, and vendor/contractor access. The Board discussed concerns with checking member insurance at the gate, including practicality, traffic impacts, and legal risk, and reached consensus that insurance checks should not be performed at the gate. The Board also discussed contractor management, potential use of the back gate, gate-specific RFID access, vendor accounts, and the need to revisit vendor liability provisions. Office Manager Fehling will review whether RFIDs can be programmed to restrict access to a specific gate and will investigate options for placing vendors under their own accounts. Ordinance 55 and vendor liability provisions will be brought back for future Board discussion.
20. **Homeowners Association one: Walkway Improvement, Administrative Support Request, and Direction to Staff**
The Board discussed HOA-related requests and the District's current practice of providing uncompensated administrative assistance to Roadway and other homeowner associations, including email notices and property-owner list requests. The Board also received an update that the HOA walkway improvement proposal was declined due to liability concerns, resulting in no further action on that project. The Board discussed that uncompensated administrative assistance is not sustainable and that a reasonable policy or fee structure should be considered.
21. **Rancho Pauma Mutual Water Company Ad-Hoc Committee Update**
The Board discussed the status of property and lease-related matters involving Rancho Pauma Mutual Water Company, including safety and access concerns associated with chlorine gas storage and emergency response access. The Board discussed that the matter should be reviewed with legal counsel before further action is taken. The matter was referred for discussion with legal counsel in Closed Session.
22. **Security Division Ad-Hoc Committee Update**
The Board received updates related to Security Division matters, including gate operations, contractor access, and communication practices addressed under the RFID and HOA discussion items.
23. **Local Agency Formation Commission Annexation Efforts Status Update**
General Manager Steinlicht and the Board discussed the status of LAFCO annexation efforts and the unexpected increase in costs for required legal descriptions and mapping. The Board discussed whether existing official county legal descriptions could be used to reduce or avoid additional survey expenses. Staff will continue to investigate cost-saving options, including whether existing legal descriptions may be used. General Manager Steinlicht will investigate the process, capacity, and requirements for potential sphere-of-influence expansion north of Highway 76 and report back to the Board.
24. **District Transparency Certificate of Excellence Status Update**
The Board received an update that the District's transparency review process had been completed and would be submitted to CSDA.

– ACTION ITEMS –

25. **Emergency Sewer Mainline Repair**
The Board of Directors will consider the available proposals to repair a section of the sewer mainline resulting from chunks of asphalt illegally discharged into the system.

Staff Recommendation:

Discuss and take action as appropriate.

The Board considered emergency repairs for a sewer mainline on Spring Valley Road after a 3-4 foot section of pipe was found blocked with asphalt. The Board discussed unsuccessful clearing attempts, preservation of evidence, potential responsibility by outside contractors or public agencies, and the need to pursue reimbursement from the responsible party. The Board reviewed the available bids and discussed the Super Stormers proposal.

Motion: Approve an emergency repair contract with Sewer Stormers for the sewer mainline repair.
Result: Approved (Unanimous)
Moved by: Director Esparza
Seconded by: Director Collins

26. Annual Public Hearing for the Recruitment and Retention Efforts Report

The Board of Directors will conduct a Public Hearing pursuant to Assembly Bill Number 2561 to review the District's current employment vacancies and retention strategies.

Staff Recommendation:

1. Conduct a Public Hearing
2. Receive and file the report on Recruitment and Retention Efforts.
3. Discuss and take other action as appropriate

The Board conducted the annual public hearing pursuant to Assembly Bill 2561 to review current employment vacancies and retention strategies. The Board received and filed the Recruitment and Retention Efforts Report.

Motion: Receive and file the Recruitment and Retention Efforts Report.
Result: Approved (Unanimous)
Moved by: Director Esparza
Seconded by: Director Collins

27. Employee Handbook Policy Revisions

These updates include revisions to the "Meal" and "Rest Period" sections, new compensation language for administrative staff members who obtain and maintain their professional "Notary" license, and language that fairly compensates on-call Utility staff when managing wastewater operations remotely via Supervisory Control and Data Acquisition (SCADA).

Staff Recommendation:

1. Approve the Employee Handbook Policy Revisions.
2. Discuss and take other action as appropriate.

The Board considered revisions to the Employee Handbook, including updates to meal and rest period sections, compensation language for administrative staff maintaining a professional notary license, and on-call compensation language for Utility staff managing wastewater operations remotely through SCADA.

Motion: Approve the Employee Handbook Policy Revisions.
Result: Approved (Unanimous)
Moved by: Director Esparza
Seconded by: Director Collins

28. Preliminary Fiscal Year 2027 Draft Budget

The Board of Directors will consider the preliminary draft budget prior to its formal adoption in June of 2026.

Staff Recommendation:

1. Receive and file the Preliminary Fiscal Year 2027 Draft Budget.
2. Provide alternative direction to staff, if any.
3. Discuss and take action as appropriate.

The Board reviewed the Preliminary Fiscal Year 2027 Draft Budget. The Board discussed adding employee dental coverage to the formal budget for consideration in June and including additional LAFCO annexation costs so the project may move forward when funded.

Motion: Receive and file the preliminary Fiscal Year 2027 Draft Budget.

Result: Approved (Unanimous)

Moved by: Director Esparza

Seconded by: Director Collins

29. General Manager's Job Description Amendment

The Board of Directors will consider approving an update to the General Manager's Job Description.

Staff Recommendation:

Discuss and take action as appropriate.

The Board considered an amendment to the General Manager's job description. The discussion clarified the hands-on nature of the General Manager role and the expectation that the General Manager respond operationally when necessary.

Motion: Approve the amendment to the General Manager's job description.

Result: Approved (Unanimous)

Moved by: Director Esparza

Seconded by: Director Collins

30. Audit Firm Engagement for Fiscal Year 2026

The Board of Directors will consider approving the Audit Engagement Letter prepared by Nigro and Nigro to continue providing the District auditing services covering the Fiscal Year 2026.

Staff Recommendation:

1. Approve the Nigro and Nigro Audit Engagement Letter.
2. Discuss and take action as appropriate.

The Board considered the Audit Engagement Letter prepared by Nigro and Nigro for Fiscal Year 2026 auditing services.

Motion: Approve Nigro and Nigro Audit Engagement Letter for Fiscal Year 2026.

Result: Approved (Unanimous)

Moved by: Director Nelson

Seconded by: Director Esparza

– INFORMATIONAL ITEMS –

31. General Manager's Report

General Manager Steinlicht provided his report. A live demonstration of the new SCADA system was provided, including VPN security, lift station and pump monitoring, performance analytics, and system usability. Future SCADA-related improvements were discussed

32. Miscellaneous Items

A. Requested Items for future agendas (Directors and Staff Only)

- a) Salary and Total Compensation Study (In Progress)
- b) Critical Spare Part Inventory/Replacement Program and Computerized Maintenance Management System (CMMS) (In Progress)
- c) Employee Satisfaction Survey (In Progress)

B. Next Regular Meeting of the Board:

- a) Monday, June 22nd, 2026, at 10:00 AM

– CLOSED SESSION –

33. The Board of Directors Will Meet in a Closed Session to Discuss:

A. CONFERENCE WITH LEGAL COUNSEL

Existing Litigation

Pursuant to Government Code Section 54956.9(d)(1)

Rancho Pauma Mutual Water Company vs Pauma Valley Community Services District
(San Diego Superior Court Case No. 37-2023-00038164-CU-BC-NC)

B. CONFERENCE WITH REAL PROPERTY NEGOTIATORS

Pursuant to Government Code Section 54956.8 Property: 33129 Cole Grade Road, Pauma Valley, CA 92061 (Former CHP Office) Agency Negotiators: President, Fred Nelson and Vice President Rich Collins
Negotiating Parties: Rancho Pauma Mutual Water Company Negotiation: Price, terms of payment and/or conditions

C. CONFERENCE WITH LEGAL COUNSEL

Potential/Threatened/Anticipated Litigation

Significant Exposure to Litigation Pursuant to Government Code Section 54956.9(b)
(Four (4) Matters)

The Board entered closed session at 12:20 p.m.

34. Open Session

A. Reportable Actions.

The Board reconvened to open session at 1:41 p.m. with no reportable actions.

35. Solar Project Completion, Final Acceptance, Followed by Ribbon Cutting Ceremony

The Board of Directors will consider authorizing final acceptance of the District's Solar Project.

Staff Recommendation:

1. Authorize final acceptance.
2. Discuss and take other action as appropriate.

The Board considered final acceptance of the District's Solar Project. The Board discussed project completion, loan reinstatement matters previously addressed under the Consent Calendar, and final closeout of the project.

Motion: Authorize final acceptance of the District's Solar Project.

Result: Approved (Unanimous)

Moved by: Director Collins

Seconded by: Director Esparza

36. Adjournment

With nothing further to discuss, the meeting adjourned at 1:45 p.m.

Marissa Fehling

Marissa Fehling, Recording Secretary