

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

Held on January 24, 2022

Directors Present: Michael Esparza, Bill Jacobs, Jim Cipriano, Jodie Lawston, and Betty Potalivo  
Also Present: Residents Andy Mathews, Michael Martello, Ronald Krohn and Judge Buskuhl, Paul Kaymark of Nigro and Nigro, Joey Sanchez of BB&K, General Manager Bobby Graziano, Office Manager Amber Watkins, and Administrative Assistant Marissa Fehling

---

- 1.1 Call to Order: Regular Meeting was called to order at 10:00 a.m. by President Esparza.
- 1.2 Roll Call: Esparza requested a Roll Call. Fehling verified that all directors were present at that time, to constitute a quorum.
- 1.3 Open for Public Comments:
  - a. Any person may address the Board at this time upon any subject not identified on this Agenda, but within the jurisdiction of the District; however, any matter not on the agenda that requires action will be referred to staff for a report and action at a subsequent Board meeting. As to matters on the agenda, an opportunity will be given to address the Board when the matter is considered– Mathews inquired on why the December 31, 2021 balance sheet was not reflecting the amount paid out to CalPERS. Mathews questioned why the need for a continuous Closed Session item with the Labor Negotiator was on the agenda again and why there hasn't been a clear resolution regarding the General Manager's evaluation. Mathews stated this gives the wrong message to the General Manager Graziano. Esparza informed that item 5c would be pulled for further discussion. Martello recommended striking the Closed Sessions from today's Agenda due to possible Brown Act violations each Board Member could face. Potalivo asked for Martello to elaborate on this concern. Martello explained.
- 1.4 Appoint Officer Positions for CY2022:
  - a. Nominate and Appoint officer positions of the Board – Jacobs motioned to table this item until the Regular February Meeting when all Board seats would be filled. He mentioned that the VP position could temporarily be filled sooner by either Potalivo or Lawston if necessary. Upon a motion by Jacobs, seconded by Cipriano, and unanimous vote this item was tabled.
- 1.5 Consent Calendar: All items 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 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.
  - a. Minutes of the Special Board Meeting of January 10, 2022-
  - b. Review of BS, P&L as of Nov 30, 2021
  - c. Review of BS, P&L as of Dec 31, 2021
  - d. Accounts Receivable
  - e. Notice of Violation Summary
  - f. Daily Activity Report
  - g. AB 361 – Hybrid Meetings

Esparza noted that item 5c had been pulled for further discussion. Cipriano informed that it was noted that the P&L as of November 30, 2021, was way over budget for Repairs and Maintenance and Watkins informed him that sewer cleaning project was \$38,000, prices for fuel had increased for Utility vehicles, Tesla spare tires were purchased, and the engineering final 4k payment for the SSMP update was made. Item 5d was pulled due to Cipriano requesting an explanation on the property tax income being under budget. Item 5e was pulled. Cipriano requested additional

information on the NOV summary report. Fehling informed Cipriano she would email over a copy of the letters sent out to the violators. Graziano informed that per our accountant the Balance Sheet would not be updated until later in the year. Mathews questioned why the Balance Sheet still shows a liability of \$280k if a payment was made. Graziano informed that adjustments were made to the Balance Sheet under direction of our Accountant. Mathews questioned whether the Board would be accepting and filing the Balance Sheet as is. Graziano recommended for the Board to accept and file the Balance Sheet as is with further explanation to come at the next meeting from the accountant. Potalivo inquired if it could just be deferred until the next regular board meeting. Upon a motion by Potalivo, seconded by Esparza and unanimously vote, the review of BS, P&L as of Dec 31, 2021, was tabled until the February 28, 2022 meeting. Regarding item 5d, Graziano informed that the property tax income comes in at different times of the year and in different amounts. Jacobs motioned to approve the consent calendar with the changes made herein, seconded by Potalivo and upon a unanimous vote was adopted.

- 1.6 Outsourcing vs Insourcing of Security Personnel – Director Cipriano
  - a. Discussion item – The Board to discuss position on further studies of outsourcing or continuation of insourcing our Security Department – Jacobs informed that the first outsource vs staff security study was conducted by the Board June 27, 2020. He informed that the community was solicited for their opinion via a survey issued August 30, 2020. Jacobs informed that only 47 responses were received out of 316 residents and informed that 36 % wanted current staff, 17% wanted to outsource, and 48% did not care either way. Jacobs informed that on October 27, 2020, the Board voted against going forward with the study. Jacobs mentioned that even though there has been a high turnover within Security Personnel, there has never been any reduction to the services provided. He informed that the savings were minimal with an outsourcing company and recommended keeping the staff at hand at this time. Jacobs informed that he has provided the Board with the cost analysis for future inquires. Cipriano mentioned that Jacobs has done an exceptional job gathering this data and suggested that the Board reevaluate this idea 2-3 times a year. Potalivo inquired on if it were less expensive to outsource. Jacobs informed that it was kind of a push and possibly only slightly less expensive to outsource. Potalivo inquired on what the possible risks would be to outsourcing. Jacobs informed that there are many unknowns to outsourcing and based on past experience with the Securitas contract, staffing problems may actually be worse for the District. Jacobs informed that most companies do not offer snake removal services. Cipriano noted that up until about 5 years ago the gate attendants were outsourced. Esparza recommended deferring this topic to another time. Jacobs informed that if this topic is reviewed in the future, he would be happy to assist.
- 1.5 b. Review of BS, P&L as of Nov 30, 2021 – Graziano welcomed CPA, Paul Kaymark with Nigro and Nigro. Mathews inquired with Kaymark why the payout date to CalPERS was not in line with net liability shown on the Balance Sheet. Kaymark gave an explanation on how the CalPERS payments are calculated and how reporting is 1-2 years behind with CalPERS. Potalivo inquired on the accrual process and how the district could start budgeting for this. Kaymark recommended tabling this discussion so he could come back and provide a presentation on this matter. Kaymark left the meeting at 11:09 a.m.
- 1.7 Pauma Valley Roadway Association Discussion – Director Cipriano & Jacobs –
  - a. The Board will discuss the Pauma Valley Roadway Association – Cipriano informed that this item was on the agenda to record the negotiations between PVRA and PVCSD relative to the PVRA request to eliminate the Rules of the Road and have the Gate Access and Road Usage Policy become the governing guideline. Upon a motion by Esparza, seconded by Cipriano, and unanimous vote the information was accepted and filed.
- 1.8 Gate Access & Road Usage Policies and Procedures – Director Cipriano & Jacobs –

- a. The Board will consider an update to the Gate Access and Road Usage Policies and Procedures – Cipriano explained the recommended revisions made to article 13 and made a motion to adopt the revised Gate Access & Road Usage Policy. Martello argued against the motion, explaining that PVCS D is a government and not a non-profit corporation and cannot make these types of rules. Martello informed that PVCS D does not have police powers. Esparza recommended deferring this item until the next meeting to do further research on Martello’s points.
- 1.9 General Manager’s Report – General Manager, Graziano – Graziano presented the report. Esparza inquired on the status of the office closure. Graziano recommended extending the office closure date through February due to the recent spike in COVID cases. Esparza agreed and stated that it may be a good idea to encourage staff to get vaccinated.
- 1.10 Employee Cost of Living Adjustment (COLA) – General Manager, Graziano –
- a. The Board will consider a cost of living adjustment for employees – Esparza informed that the cost of living has gone up and would like to recommend presenting all employees with a 2% cost of living increase in pay. Jacobs mentioned that any proposed cost of living amount has not been accounted for in the 2021-2022 budget and recommends holding off until July. Esparza mentioned his concern with losing employees due to higher paying jobs. Graziano showed a graph of employees pay and budget. Jacobs questioned where the funds would come from. Graziano informed that the year to date salary budget is under spent and there is room in the budget for this COLA. Potalivo suggested waiting until June and giving a bigger percentage or doing 2% now and more then. Jacobs recommended to be prepared to answer why only 2% was authorized when the social security COLA has increased by 5.9%. Upon a motion by Esparza, seconded by Jacobs and unanimous vote the COLA adjustment of 2% effective January 1, 2022 was approved.
- 1.11 District Wide Sewer System Cleaning – General Manager, Graziano –
- a. The Board will consider authorizing the expenditure – Graziano gave an update on the previously Board authorized District Wide Sewer System Cleaning and explained the new recommended proposal from Downstream and the alternative options. Esparza inquired on how the pricing of the new bid was compared to the last. Graziano informed that the pricing was in line with the original bid. Potalivo suggested inquiring about payment terms with a zero interest rate. Cipriano inquired on when the work would start if approved. Graziano informed it would start in February. Potalivo suggested asking for a 90 day payment terms and if they do not agree, postpone. Potalivo motioned to approve the proposed bid with the understanding that it would be paid within 90 days with a contingency to start work in 90 days, seconded by Cipriano and unanimously approved.
- 1.12 Equivalent Dwelling Unit (EDU) Audit – General Manager, Graziano –
- a. The Board will discuss and consider possible action on the results of the audit conducted specific to the non-residential sewer customers – Graziano explained that on behalf of resident Andy Mathews suggestion the Board approved for the district to contract with Housen & Associates to perform a sewer EDU audit to determine if the amount assigned to each commercial operation is still accurate. Graziano presented the results and the recommended increases. Graziano recommended that before taking action the Board should direct staff to draft a letter to each entity that would be affected specifically stating the financial impact with a copy of the audit. Jacobs suggested that Graziano do a face to face with Larry Taylor of PVCC. Cipriano gave accolades to Andy Mathews for urging the district to do this audit. Cipriano questioned what the Boards position should be if any entity tries to challenge this. Cipriano asked what the total monthly increase would be. Graziano informed, \$4,054 a month. Esparza suggested that staff send out a notice to each entity and give them 30 days to respond. Esparza suggested implementing the new EDU’s next fiscal year. Mathews informed that doing so would be

considered a gift of public funds and informed that the Board has no choice in implementing the new EDU's now or change their ordinance. Mathews informed that this is not a rate increase, but a correction in reconfigurations. Potalivo suggested giving Graziano some time to meet explain with each entity. Esparza asked Graziano if this could be done by the end of February. Graziano confirmed that he would reach out to each entity by the end of February. Jacobs suggested adding this item to the April agenda. Mathews questioned why this matter couldn't be handled by the end of next week.

1.13 Closed Session -

a. Session with Labor Negotiator

i. Conference with Labor Negotiators (§54957.6)

ii. Agency Designated Representative: Mike Esparza & Bill Jacobs

iii. Unrepresented Employee: General Manager

Lawston made an objection to going into Closed Session to prevent any Brown Act violations. Esparza informed that he has no concerns about violating the Brown Act and informed that any actions would be explained in Open Session. Potalivo questioned whether they could go into Closed Session and if they feel the discussion is a Brown Act violation, end the meeting right away. Martello strongly advised to defer this item and informed that there is great concern of violations related to the Brown Act. Esparza informed that with the advice of Martello he would like to make a motion to defer this item, seconded by Lawston, and upon a unanimous vote item 13 was deferred.

1.14 Open Session

a. Reportable action(s) from Closed Session – N/A

1.15 General Manager's Compensation Update

a. The Board will consider and act on adjustment to the General Manager's compensation – Esparza recommended going into break to reach out to legal to confirm that they could proceed with item 15. Esparza brought Joey Sanchez with BB&K on the phone at 12:15 p.m. Sanchez recommended going forward with item 15. Esparza informed that he and Jacobs met with Graziano regarding his 2021 evaluation, and both RPMWC and the PVCSD Board agreed to present Graziano with a 10% increase for his performance over the 2021 Review Period of January 1, 2021 to December 31, 2021. Esparza informed that Graziano's new salary of \$141,398.40 would be effective January 1, 2022. Upon a motion by Esparza, seconded by Jacobs and unanimous vote, the General Manager's pay increase as described will be effective the first pay period of 2022.

1.17 Closed Session -

a. Conference with Legal Counsel – Anticipated Litigation

i. Significant exposure to litigation pursuant to Government Code Section 54956.9(d)(2) – (1 case)

Esparza asked for the permission of the Board to go straight to item 17 since he had legal on the phone. Martello explained his issues with the Board going into Closed Session. Joey Sanchez with BB&K informed that there was no reason to believe there would be an issue with the Board going into Closed Session. Lawston asked Graziano if he felt there was significant exposure to litigation. Graziano stated that after a discussion with Joey Sanchez a few weeks ago it was explained to him there was no real case. Joey Sanchez informed the Board that the conversation they are having is inappropriate. Joey Sanchez recommended delaying this and adding it to a future meeting agenda. Item 17 was deferred.

1.18 Open Session

a. Reportable actions from Closed Session – N/A

1.16 General Manager Goals & Initiatives for 2022

a. The General Manager will present his first draft 2022 G&I's – Graziano explained that his job continues to grow each year especially as the Board changes and explained his strategy. Potalivo asked if any major changes were made from the Board's version. Graziano informed that he came up with an honest list of G&I's that he felt would be achievable on top of a very busy day to day job and went into detail. Esparza asked Graziano how he felt about getting certified as a General Manager. Graziano informed he would pursue one conference during the year. Jacobs informed he would like more time to review this and will give his input on Thursday. Potalivo suggested for Graziano to put together a list of deferred maintenance on the current district assets. Cipriano informed he would like to hold off to accept the General Manager's Goals and Initiatives until February. All agreed.

1.19 Other Business

a. Requested items for next or future agendas (Directors and Staff Only) – Acceptance of General Manager's G&I's, and discussion regarding CalPERS with Paul Kaymark of Nigro and Nigro.

b. Board comments – None.

1.20 Adjournment:

a. Special Meeting on January 27, 2022, at 10:00 a.m. – It was noted this meeting time will change to 2:00 p.m.

b. Regular Meeting on February 28, 2022, at 10:00 a.m. –

The next meeting date is scheduled for February 28, 2022, at 10:00 a.m. With nothing further to discuss and upon a motion from Potalivo, second by Cipriano and unanimous vote, the meeting adjourned at 1:04 p.m.

*Marissa Fehling*

Marissa Fehling, Recording Secretary