

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

Held on April 11, 2023

Directors Present: Jodie Lawston, Michael Esparza, Richard Collins, & Roland Skumawitz

Directors Absent: Betty Potalivo

Also Present: Richard E. Romero of Devaney Pate Morris & Cameron LLP; Treasurer of RPMWC Bruce Knox, General Manager Eric Steinlicht, and Administrative Assistant Marissa Fehling

1. Call to Order: Regular Meeting was called to order at 11:01 a.m. by President Lawston.

2. Pledge of Allegiance: President Lawston led the Pledge of Allegiance to the flag.

3. Roll Call: Fehling verified that a quorum was present.

4. Public Comment Period:

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 – Knox informed he had a public comment; Lawston requested that he complete a “Request to Speak” form.

--ACTION ITEMS--

5. Appoint Special Legal Counsel (General Manager, Eric Steinlicht)
The board will vote on appointing special legal counsel to represent the district.

Staff Recommendation:

Authorize the General Manager to approve Devaney, Pate, Morris & Cameron in representing the Pauma Valley Community.

Steinlicht informed there was a revision to the documents attached for item 5 and informed the revised version was attached. Steinlicht informed that an ad-hoc committee including Potalivo, Skumawitz, and himself had met and received proposals from three law firms. Steinlicht gave some brief background information on each of the firms and then explained why he believed authorizing Devaney, Pate, Morris & Cameron (DPMC) to represent PVCSD would be the best option. Skumawitz said he and Potalivo met with each of the firms and explained their thoughts. Skumawitz informed that Potalivo asked him to relay that they both concur with going with DPMC. Knox questioned whether the new firm would be the representative for them for SGMA matters as well. Lawston informed they were still trying to figure that out. Esparza asked Romero whether his firm represented any other Special Districts. Romero listed other agencies they represent and gave some background information on their firm. Esparza inquired whether they are CSDA members. Romero confirmed that they were. Esparza stated he supports the committee’s work and suggestions but thinks PVCSD should stick with Best Best & Krieger for SGMA related matters. Upon a motion by Skumawitz, seconded by Esparza and unanimously carried, Steinlicht was authorized to approve Devaney, Pate, Morris & Cameron in representing the Pauma Valley Community Services District.

--DISCUSSION ITEMS--

6. Rancho Pauma Mutual Water Company's Examinations Pertaining to the Administrative and Operational Relationship with the Pauma Valley Community Services District – (President Jodie Lawston)

Lawston explained that Rancho Pauma Mutual Water Company (“RPMWC”) and PVCSD have historically worked together and currently split the costs for administrative and utility employees. Lawston informed that in late 2022 RPMWC informed PVCSD that they no longer wanted to pay for a General Manager and informed that PVCSD being a Special District must work through a General Manager. Lawston informed that RPMWC had verbally proposed at a previous meeting to take 2 of PVCSD's administrative staff members. Lawston mentioned that last week, RPMWC held a closed-session meeting at the District Office and dismissed the administrative staff early. Skumawitz stated he believes a full analysis is needed at this point, noting that dismissing District employees is considered gifted funds. Skumawitz requested that Steinlicht conduct a study gathering financial data to determine if PVCSD can afford to separate from RPMWC. Lawston requested that Steinlicht also gather information on outsourcing employees if the two entities decide to split. Esparza stated his concerns with RPMWC, noting he was under the impression that he thought they were very receptive and wanted to be included in decision-making with PVCSD. Esparza mentioned that he and Potalivo previously met with the RPMWC board, and they had agreed to give the new General Manager a chance and do not feel there has been much cooperation from them. Esparza stated that RPMWC is a private agency subject to private laws. Esparza expressed that perhaps we should fill their request and terminate the contract between PVCSD and RPMWC. Collins said he was also on the ad-hoc committee and was told they wanted to re-negotiate. Collins suggested working through an ad-hoc committee to figure things out. Lawston informed that she was part of an ad-hoc committee and the RPMWC board expressed they only needed two of the administrative staff members. Collins expressed that PVCSD needs to raise dues as soon as possible. Knox explained that they dismissed staff the day of RPMWC's closed session meeting because he had been informed that the noise comes through the walls, and they were only trying to protect staff by keeping the meeting information private. Knox informed they would like to work with PVCSD for Utility purposes and separate from PVCSD for Administrative purposes. Knox mentioned that they no longer wanted the former General Manager working for them since they had the standpoint that Office Manager, Amber Watkins had been running the company for six months and felt comfortable with it. Knox noted that they don't think the current General Manager can offer anything to them at this point. Lawston mentioned to Knox how stressful this has all been for employees. Lawston asked for Steinlicht to bring back financial data, and they would then get an ad-hoc committee together. Steinlicht stated that with respect to RPMWC, there has been a lot of work he has done for the company, and he believes there is a lot of value he could bring to the company. Lawston informed that she and Collins have agreed to form the ad-hoc committee to resolve these issues. Steinlicht informed that he would meet with the CPA to get a full understanding of the financial standpoint. Lawston asked Steinlicht to ask what our financial standpoint would look like given the different options discussed, such as for the additional utility worker and potential administration split. Knox reminded that RPMWC would be willing to pay a higher percentage if not 100% for a fourth utility worker. Skumawitz asked Steinlicht to ask RPMWC for a written statement confirming the percentage they will be paying for the fourth utility worker before hiring. Esparza recommended that Steinlicht discuss this with legal counsel.

7. Adjournment-

With nothing further to discuss, a motion was made by Director Skumawitz to adjourn at 11:47 a.m., seconded by Director Lawston unanimously approved.

Marissa Fehling

Marissa Fehling, Recording Secretary