

RANCHO PAUMA MUTUAL WATER COMPANY ("RPMWC")
MINUTES OF THE
REGULAR MEETING OF THE BOARD OF DIRECTORS
HELD September 16, 2024

Directors Present: Chuck Bandy, Laurie Kariya via Zoom, Bruce Knox, Linda Shoaff and Scott Shinner
Directors Absent: None

Also Present: Shareholders Steve Wehr, Charles Mathews; Administrative Manager Amber Watkins and
Office and Compliance Manager Kim Alvarado

1. **Call to Order:** Meeting was called to order at 2:00 p.m. by President Bandy. This meeting was held in person and via Zoom.
2. **Shareholder Comments:** None.
3. **Approval of Previous Minutes**
 - a. **Minutes of August 19, 2024 - Regular Meeting:** Upon a motion by Knox, seconded by Shinner, the minutes of the Regular Meeting held on August 19, 2024, were approved as presented by unanimous vote.
4. **Administrative Manager's Report:** Watkins reported that the semiannual lead and copper sample collections will be completed this week. Watkins further noted that once the lead and copper test results have been received from the laboratory a notification letter will be sent to each participant informing the property owners of their results. Watkins moved on to discuss the current status of the former CHP/Patrol Building renovation project along with the results of the permit research. Watkins completed a search of County records, finding no evidence that the Pauma Valley Community Services District ("PVCSD") obtained county permits for any of the renovation projects to the administrative office building. Watkins noted that the original plan check permit from 1993 identified that an administrative office and garage would be constructed for both the water and sewer agencies. Watkins also noted that sometime over the last two decades and without any County permits, the space was converted from a garage to the former CHP/Patrol offices. Watkins reported that the current renovation project began on September 12, 2024, with a lowered scope of work and with an estimated completion time of four weeks. Watkins reported that the Risk Management Plan requires a 5-year update due in December 2024 to the County Department of Environmental Health. Watkins noted that staff recently facilitated a visit from the consultant hired to complete the update verifying the accuracy of the document and updating any needed changes with a date of completion ahead of the due date. Watkins reported on a property that has been vacant for roughly three years with the water meter in lock off status due to non-payment. Watkins was made aware of the change in ownership of the property last week through a foreclosure process taking place at the end of August. Watkins received a call from a representative of the new property owner to start the water service, Watkins provided the account balance due to reinstate the water service. Watkins noted that two days after the account balance was provided, Utility staff arrived at the property to make sure the service was still off after observing multiple people at the property. Watkins was informed by Utility staff that the RPMWC lock had been cut and the meter had been placed back into service. Watkins had Utility staff turn the water service back off, place a new lock to secure the service and remove the water meter to prevent any further vandalism to the RPMWC equipment. Watkins gladly noted that with the help of legal counsel, the payment for the account (past due amounts, water stock transfer fee and meter reconnection fee) should be received soon. Watkins lastly noted that once the payment in full is received, the change in ownership will be processed, and the water service will be restored. Wehr questioned the property's ownership status. Watkins reported that Legal counsel confirmed that the property vesting is correct. Bandy provided a brief summary of the letter provided to the property owner from legal counsel. Wehr noted that the property is likely going to be placed back on the market for sale within the next 10 days. Watkins noted that the future sale of the property most likely will involve the assistance of an escrow company. Shinner questioned the prior water usage at the property. Watkins noted that the property usage prior to the water being shut off was average and since the shut off the invoicing has been minimal with the fixed costs and late payment fees.
 - a. **Operations Report:** Watkins reported that Well 41, situated at the end of the airport runway closer to Cole Grade Road, has been repaired as of last Friday. Watkins noted the repair involved the use of a boom truck and thanked Shinner for the assistance with closing the runway to keep both the pilots and work crew safe. Watkins further noted that the repair involved a new delivery pipe and a new submersible pump and motor. Watkins stated that the work scheduled for Well 39 has been approved and that we are waiting for the start date. Watkins

reminded that the cost for the well repair could be \$93,000 if the contractor determines that a new pump and motor are needed, if the pump and motor are in working order the cost for the repair will be reduced by roughly \$50,000. Shinner questioned if multiple bids were received for the project. Bandy noted that there are three local contractors that have provided bids. Knox questioned which contractors have provided services in the past. Watkins noted that the most recent repair at Well 43 was handled with Stehly. Watkins went on to note that the small reservoir tank safety and compliance work has not been completed due to the extreme heat conditions, the contractor reported that the steel was too hot for the coating repairs needed on the top of the small reservoir tank. Watkins stated that the contractor will return once the weather is cooler to complete the coating work. Knox questioned if the cost associated with the reservoir tank repair was configured in the current budget. Watkins replied yes. Watkins moved on to discuss the valve replacement project by noting that she and Pape have reviewed the multiple bids received to replace five valves. Watkins and Pape have prioritized the valves by importance bringing the replacement cost closer to the capital expenditure budget of \$25,000 as previously discussed in the August Board meeting by prioritizing two of the five valves for immediate replacement. Watkins noted that the cost for the two replacement valves range from \$36,000 to \$50,000. Watkins questioned if she should stay within the original budgeted amount of \$25,000 by replacing only one valve or replace the two identified valves by increasing the capital expenditure budget for this year and placing the remaining three valves into the 2024-2025 budget. Bandy questioned the location of the two valves designated for immediate replacement. Watkins noted that one of the valves is located on Womsi Road with the nearest cross street of Taspas Court and the other valve is located on Luiseno Circle Drive just past the entrance to Well 40. Upon a motion by Knox, seconded by Shinner, the Board unanimously approved the replacement of the two valves within the 2023-2024 budget, leaving the remaining three valves to be replaced in the next fiscal year's budget.

b. Account Totals: Watkins presented the Board with the August Account Totals, with a total revenue for August of \$228,291. Watkins reported that there were 107,607 units of water sold in August. Watkins noted the year-to-date units of water sold stand at 524,241 generating revenue of \$716,983 in water sales. Shinner noted the great come back. Bandy inquired on the start date for the PVCC annual closure for the golf course overseeding schedule. Shinner stated the closure will begin on September 23, 2024 with a target reopen date of October 25, 2024 to complete the project and will require a larger than average use of water on the course.

c. Water Report: Watkins stated that the Water Report reflects the slippage year to date average of 1.15% that is slightly lower than the previous month's total but is well below the average goal of most districts of 5% slippage. Watkins noted that the units lost percentage varies monthly based on system and service items that arise such as, faulty meters, leaks, hydrant flushing, the service line damage and the leaking valves.

5. Financials

a. B/S, R&E, 2-year Comparison as of August 31, 2024: Watkins presented the August financial report for review. Watkins reported a cash total of \$1,402,244 as of August 31, 2024. Watkins noted the Accounts Receivable of \$240,652, the Accounts Payable at \$72,889. Watkins noted that the Certificate of Deposit ("CD") account ending in 6801 is set to mature tomorrow. Watkins will renew the CD later this week. Knox inquired on the interest rate for the renewed CD. Watkins stated that the interest rate should be relatively in line with current rates but noted that the Federal Reserve meets this week as well and may adjust that. Watkins noted the Revenue and Expense Report reflects the PVCSD shared office expenses through August. Watkins noted that line item 603.2 – Meter Repairs/Replacement reflects the recent purchase of both 1inch and 2inch meters for inventory, allowing for a fast repair response time for a faulty meter. Watkins also noted the Direct Employee Costs in line item 607.6 for the month of August reflect just two pay days. Watkins lastly noted the \$8,500 of the expense in line item 618- Legal Other is related to building matters and the remainder is for general legal needs. Wehr inquired on the status of the building ownership. Bandy noted that RPMWC and PVCSD have jointly agreed to the placement of a stay with regards to the administrative office building in exchange for the execution of a Joint Lease Agreement involving the former CHP/ Patrol office space and the Utility shop buildings. Bandy further noted that a Tolling Agreement is in draft form waiting for both entities to come to a final agreement. Watkins noted the 2-year comparison reflects the difference in expense categories which shows the past numbers reflecting shared employee costs under the previous arrangement with PVCSD versus the current cost with five full-time employees.

b. 2024 – 2025 Rate Workshop Discussion: Bandy noted the series of workshops that have taken place prior to this meeting to compile the primary objectives; cost of operations, capital improvement projects and to address

the prior year loss from 2022-2023. Bandy stated that per the RPMWC bylaws the following fiscal year's budget must address/incorporate the prior year's loss. Bandy noted that Mathews created a budget model which also included the allocation rationale. Bandy asked Watkins to review the 2024-2025 draft budget model. After further Board discussion, Bandy would like to schedule a Special Board meeting on Monday, September 23rd at noon to further discuss the 2024-2025 draft budget. Knox complimented Mathews, Watkins and Pape for their budget preparation efforts.

6. **RPMWC and PVCSD update:** Bandy reported that RPMWC and PVCSD have been in discussions to finalize the Tolling Agreement. Bandy noted that he is hopeful PVCSD will agree to the most recent draft agreement. Bandy further noted that the continuance of the office remodel project should symbolize an improvement in the relationship with the PVCSD.
7. **Upper San Luis Rey Groundwater Management Authority Update (SGMA Update):** Bandy reported that the invoicing for the water extraction and well head fees were recently mailed out to continue the funding for the required reporting and compliance needs. Bandy noted that RPMWC has received the initial invoice from the JPA for the period of October 1,2022 to September 30,2023 which has been configured into the 2024-2025 budget.
8. **Closed Session**
 - a. **Pursuant to California Corporations Code Section 14305(b)(2) – Potential Litigation, 1 case:** The Board entered into Closed Session at 3:33 p.m.
9. **Open Session**
 - a. **Action Taken:** The Board reconvened to open session at 4:04 p.m. The Board will continue the building improvements at the newly leased office space/former CHP office.
10. **Adjournment**
 - a. Special Meeting Date at 12:00 pm – Monday, September 23, 2024
 - b. Regular Meeting Date at 2:00 pm – Monday October 21, 2024: With the next meeting date set and no further business to discuss, Kariya motioned to adjourn the meeting, motion was seconded by Shoaff and upon unanimous vote the meeting adjourned at 4:07 pm.

Kim Alvarado

Kim Alvarado, Recording Secretary