

RANCHO PAUMA MUTUAL WATER COMPANY ("RPMWC")
MINUTES OF THE
REGULAR MEETING OF THE BOARD OF DIRECTORS
HELD November 18, 2024

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

Also Present: Shareholders Steve Wehr, Charles Mathews, Fred Nelson; Zoom Attendees Michael Esparza, Lolo Levy, Dudek Consultant Jeff Pape; 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.

Bandy thanked Mathews for his participation and contributions during the 2024-2025 budget process.

2. **Shareholder Comments:** None.

Bandy thanked the newly elected Pauma Valley Community Services District ("PVCSD") Board members for attending today's RPMWC Board meeting. Esparza, Levy and Nelson thanked the Board for the meeting invitation.

3. **Approval of Previous Minutes**

a. Minutes of September 16, 2024 - Regular Meeting: Bandy requested a revision to the Water Report. A motion was made by Knox to approve the minutes with the revision, seconded by Kariya, the minutes of the Regular Meeting held on September 16, 2024, were approved with the requested change by unanimous vote.

b. Minutes of September 23, 2024 – Special Meeting: Upon a motion by Knox, seconded by Kariya, the minutes of the Special Meeting held on September 23, 2024, were approved as presented by unanimous vote.

c. Minutes of September 30, 2024 – Special Meeting: Upon a motion by Kariya, seconded by Shoaff, the minutes of the Special Meeting held on September 30, 2024, were approved as presented by unanimous vote.

4. **Administrative Manager's Report:** Watkins reported that the RPMWC office renovation project was completed in early October and the relocation into the new office space took place soon thereafter. Watkins noted that all of the RPMWC staff worked together to set up the new office space, assembling furniture, hanging artwork and transferring IT equipment. Watkins noted that the newly renovated office space still contains the hot water heater and the circuit breaker panels that may need to be accessed by PVCSD in the event of an emergency. Watkins has provided the PVCSD General Manager with a key and an alarm code if access is needed to those items outside of normal business hours. Nelson questioned if the newly renovated office space contains a restroom. Watkins noted that the office space does not have a restroom. Knox asked for an update on the window installation. Bandy stated that this topic is tabled for now. Watkins has received positive feedback from staff on the new office space along with many community members that have stopped in to make a payment. Watkins noted that notifications have been sent to shareholders, contractors and vendors advising them of the new office location. Watkins reported that the semiannual Lead and Copper testing of 20 homes was completed in September with all participating property owners receiving a letter informing them of their test results as well as a copy of the laboratory test result. Watkins reported that after roughly 18 months of testing throughout the distribution system on a quarterly basis and the semiannual lead and copper sample collections at the private residences with laboratory results receiving no exceedance levels, RPMWC proactively reached out to the State Water Resources Control Board, Division of Drinking Water ("SWRCB – DDW") to clarify that a Corrosion Control Study would no longer be required. Watkins is happy to announce that she has received an official letter from the SWRCB - DDW stating that RPMWC is not required to complete the Corrosion Control Study at this time, the SWRCB – DDW has asked RPMWC to continue to perform the semiannual sample collections at the 20 private residences until further notice. Kariya complimented staff for their proactive follow through. Watkins gave an update on the completion status of the Risk Management Plan - 5-year update, noting the update has been completed and will be submitted to the County Department of Environmental Health ahead of the December 2024 deadline. Watkins announced the fulfillment of the part time administrative position (25 hours a week) that was created during the 2024-2025 budget process. Watkins noted today was Carson's first day and we are happy to welcome her to the team. Watkins gave a follow up report to a property that was placed as a water shut off customer for roughly the past three years for non-payment, noting a payment was received for the balance due and the water has been restored. Shinner arrived at 2:10 p.m. Watkins reported that earlier in the month of November a forecasted wind event arrived and thankfully was uneventful for RPMWC. Watkins further noted that the Utility staff did a great job preparing for a

possible prolonged SDG&E power outage and the completion of the semi-annual maintenance at the generators for the wells and the District Office was completed on November 1st. Watkins lastly noted that the 2024-2025 notice to shareholders was mailed in early October outlining the newly adopted water rates, fixed costs and pass through charges. Watkins also noted that the option to downsize a meter was included, Watkins has not received any feedback from the notice. Esparza questioned the Hazmat Plan for RPMWC and asked if RPMWC would provide a copy to the PVCSD General Manager. Esparza also noted that he had recently completed a tour of the Utility Shop area and the District Office, noting mostly positive feedback with a few areas that could use some cleanup.

a. Operations Report: Watkins reported that the repair work at Well 39 began in September with the contractor examining the original pump and determining that the pump needs to be replaced. Watkins noted that with the need to order and replace the pump the estimated completion date is set for the first week in December depending on the freight delivery. Watkins noted that Geoscience scheduled a site visit in early October to collect the static levels from the wells listed in the Groundwater Sustainable Plan for the Sustainable Groundwater Management Act. Watkins further noted that Utility Supervisor Ferrara facilitated the visit by ensuring all of the preselected wells were shut down over night and accompanied the Geoscience representative to the various sites. Wehr asked Pape if he was involved with the Geoscience visit. Pape noted that the utility staff are able to assist with the site visits. Watkins gave an update on the two properties that sit above the Reservoir Tanks that have a private pump station at the reservoir tank site. Watkins noted that one of the property owners has had the pump refurbished to increase the efficiency of their private water system. Watkins stated that with the pump refurbish completion, the property owner requested the backflow prevention device be reinstalled at the private pump station. Watkins scheduled utility staff to complete the backflow device installation, which was followed by the backflow device certification completed by Temecula Valley Backflow. Watkins sent an invoice to both property owners for 1/3 of the original installation cost as decided by the Board last year. Pape noted that the one homeowner did a great job designing their water system. Watkins reported that the two valves designated for replacement on Luiseno Circle Drive and Taspas Court/Womsi Road have been replaced. Watkins stated that both of the valve replacements were completed as scheduled with the water restored to shareholders by the estimated restoral time. Watkins noted that she will continue to gather bids for the remaining valves that have been identified as non operational. Watkins noted that starting in 2025 utility staff will begin conducting pressure testing on segments of pipeline on a quarterly basis to assist in developing a plan for replacing inoperable/nonfunctioning aging infrastructure. Kariya received a comment from a shareholder whose property was affected by the water shut down for the valve replacement, the shareholder commented that they were very pleased with the notification of the water shut off, giving shareholders advance notice and the notification of when the water was restored.

b. Account Totals: Watkins presented the Board with the year end Account Totals, with a total revenue for October of \$241,437. Watkins reported that there were 114,976 units of water sold in October. Watkins noted the year end total units sold for the fiscal year 2023-2024 was 816,489 generating a revenue of \$1,042,023 in water sales.

c. Water Report: Watkins stated that the year end Water Report reflects a 0.14% overall loss for slippage which is considered minimal with the average goal for most water districts set at 5%. Bandy and Kariya both commended the efforts put forth to obtain the minimal slippage percentage. Shinner questioned the negative total noted for units lost in the month of October. Watkins noted that the negative number reflects the use of water that was already in inventory.

5. Financials

a. B/S, R&E, 2-year Comparison as of September 30, 2024: This topic was discussed in agenda item 5b.

b. B/S, R&E, 2-year Comparison as of October 31, 2024: Watkins presented the unaudited financial report for the fiscal year end 2023-2024 for review. Watkins reported a cash total of \$1,449,820 as of October 31, 2024. Watkins noted the Accounts Receivable at \$269,206 and the Accounts Payable at \$87,845. Watkins referenced the monthly Revenue and Expense report noting the detailed explanation per line item with an example noted on line item 580 – Reimbursement Revenue in the amount of \$7,717 for the 2/3 cost for the recent backflow device installation for the two property owners above the reservoir tanks. Watkins noted the costs listed in line item 610 – Office Supplies reflect a cost of \$19,316 for October with much of the cost associated to the office relocation. Watkins stated that the Reservoir Tank coating has been completed and the cost of \$52,000 has been captured in the 2023-2024 year-end totals. Mathews noted the cost associated with the electrical pass-through charge is currently 26% for the year, which reflects a 10% decrease in the overall cost from the previous year. Mathews questioned the operational change for the cost reduction. Pape stated that a portion of the savings could be attributed to the off peak well pumping hours. Mathews referenced the labor cost topic discussed at the last PVCSD Board meeting held in September, inquiring if the newly elected PVCSD Board and the RPMWC Board would consider the implementation of a shared utility worker. Mathews further stated that due to the separation of PVCSD and RPMWC labor costs have increased substantially. Bandy addressed

Mathews statement by noting that labor costs have increased as RPMWC has had to onboard five employees to oversee the day-to-day operations. Mathews lastly noted that the RPMWC website reflects an out-of-date Reserve Policy and Accounting Policy, these policies were created when both the PVCSD and RPMWC were operating together. After further discussion Bandy suggested scheduling a series of meetings to address the policy concern. Watkins reported the unaudited year end revenue and expense versus budget reflects actual expenses roughly \$82,000 less than projected. Watkins noted that the meter repairs/replacement cost were lower for the year end total cost but to keep in mind that many of the meters within the district are older with the budget reflecting the need for possible meter replacements in 2024-2025. Watkins also noted the cost for asphalt repairs will be higher this fiscal year due to the aging infrastructure that is located within the roadway. Watkins reported that we are still awaiting the invoice for the Risk Management Plan update noting that is the reason the cost for Engineering and Maps line item is under budget. Nelson questioned the standard term a meter should be operable for. Pape stated that many of the district's meters are older and has discussed the topic of standardizing the districts meters within the next few years to allow RPMWC to electronically obtain a monthly meter read. Mathews commented that the meter upgrades should not be considered a current concern. Bandy stated that the meter upgrades would enhance the detection of water loss while providing the availability for staff to obtain a meter read electronically benefiting a small district. Nelson questioned if the current monthly meter reading was handled electronically or manually. Pape noted the meter reads are read manually each month. Nelson questioned if the budgeted reserve fund includes the cost for meter replacement. Bandy stated that the Capital Improvement Plan does not yet include the cost for a meter replacement program. Watkins further reported that RPMWC has proactively purchased meters equipped for automated meter reading wiring in an effort to make the transition smoother in the future should the Board decide to make the transition. Pape further discussed the benefits of the smart meters with all in attendance. Upon a motion by Kariya, seconded by Shoaff and unanimous vote, the October 31st financials were approved as presented.

6. **RPMWC and PVCSD update:** Bandy reported that the Tolling Agreement has been finalized and submitted. Bandy also made note that RPMWC is looking forward to working with the PVCSD Board. Nelson stated that the newly elected Board is looking forward to working with the RPMWC Board. Bandy moved on to discuss the recent inquiry made by PVCSD regarding the chlorine storage building, Bandy noted that RPMWC has provided multiple documents outlining RPMWC's compliance and permits required for the location in question. Bandy further suggested that a special meeting with members of both Boards will be scheduled to further outline these areas of concern. Nelson suggested the PVCSD General Manager be included in the upcoming meeting.
7. **Upper San Luis Rey Groundwater Management Authority Update (SGMA Update):** Bandy reported that the JPA recently sent out the initial invoicing for the water pumped and per well head fees to the smaller community entities in the basin. Bandy noted that RPMWC has received the initial invoice that totaled roughly \$44,000. Bandy further noted that the JPA has adjourned their meetings until December, items to attend to are at a standstill. Mathews questioned if the JPA expense was captured on the current fiscal years balance sheet. Watkins noted that the November financial statements will reflect this new pass through expense.

Esparza asked Pape for a status update on the alarm monitoring for the chlorinated sites. Pape stated that the project was completed earlier this year. Pape noted that all of the chlorine sites are monitored through the Supervisory Control and Data Acquisition system and that the notifications of a warning or alarm are immediately sent to RPMWC staff.

8. **Adjournment**

a. Regular Meeting Date at 2:00 pm – Monday December 16, 2024: With the next meeting date set and no further business to discuss, Kariya motioned to adjourn the meeting, motion was seconded by Shinner and upon unanimous vote the meeting adjourned at 2:56 pm.

Kim Alvarado

Kim Alvarado, Recording Secretary