

RANCHO PAUMA MUTUAL WATER COMPANY ("RPMWC")
MINUTES OF THE
REGULAR MEETING OF THE BOARD OF DIRECTORS
HELD March 15, 2023

Directors Present: Chuck Bandy, Bruce Knox, Laurie Kariya, Scott Shinner

Directors Absent: Linda Shoaff

Also Present: Tribal Chairman of the Pauma Tribal Counsel Temet Majel, Pauma Band of Mission Indians Water Department Manager Ruben Bentancourt, Pauma Valley Community Services District ("PVCSD") Board of Director Richard Collins, Roland Skumawitz, Shareholders Brigitte Bandy, Charles Mathews, John Baxter, Eleanor Swinehart, Bill Jacobs, Judge Buskuhl, Zoom user Tom, Paul Kaymark of Nigro and Nigro, General Manager Eric Steinlicht, Office Manager Amber Watkins, and Water Quality Data Tech and Compliance Administrator Kim Alvarado

1. **Call to Order:** Meeting was called to order at 10:19 a.m. by President Bandy. This meeting was held in person and via Zoom. Bandy introduced the newly elected Board Representatives to all in attendance.
2. **Shareholder Comments:** Mathews asked the board to complete a formal water rate survey to determine if the current shareholder water tier rates are fairly divided amongst all shareholders. Mathews noted that the water must be sold at the cost of production, not below. Bandy agreeing with Mathew's suggestion, noted that this topic has been made a long-term goal, Bandy foreseeing an elevation in cost for the current Tier 1 rates relieving the pressure placed on the Tier 2 and Tier 3 water rates.
3. **Approval of Previous Minutes**
 - a. Minutes of Sep 30, 2022- Special Meeting (possible amendment): Kariya suggested revising section 5a to read; Reportable Actions: Reconvened to Open Session at 4:49 p.m. Conference with legal counsel, approval to authorize payment to former General Manager. Upon a motion by Kariya, seconded by Knox, the minutes of the Special Meeting held on September 30, 2022, were approved with the amendment requested herein by unanimous vote.
 - b. Minutes of Feb 6, 2023- Regular Meeting: Upon a motion by Kariya, seconded by Knox, the minutes of the Regular Meeting held on February 6, 2023, were approved as presented by unanimous vote.
4. **Election of New Officers:** Bandy opened the discussion for nominations of officers for 2023. The board approved the placement of Directors as follows; Chuck Bandy to continue as President, Scott Shinner appointed as Vice President, Bruce Knox to continue as Treasurer, Laurie Kariya to continue as Secretary and Linda Shoaff appointed as Director.
5. **General Manager's Report:** Steinlicht presented the General Manager's Report.
 - a. Operations Report: Steinlicht noted that operations have been sustained throughout the wet weather events with utility staff working hard to maintain service and infrastructure assets. Steinlicht noted that a main break near the PVCC cottages, off Pauma Valley Drive occurred during the month of February in the middle of the wet weather event. Steinlicht also noted that Utility worked very hard throughout the wet weather event to supply shareholders with temporary water while working on isolating the leak. Steinlicht thanked the PVCC for their assistance with public outreach and coordination efforts allowing Utility Supervisor Oehlert to focus his primary efforts on remedying the problem. Steinlicht noted that utility has been placing gravel at the well sites, the gravel will help with the foliage growth, pests burrowing issues and the cleanliness of the well site. Steinlicht noted that utility have also been working on asphalt repair and continuing with the needed valve replacements. Steinlicht noted that a recent site inspection was conducted

by the County of San Diego Hazardous Materials Division (CUPA inspection), the inspector commending staff efforts to comply with the required regulations. Steinlicht also noted his recent accomplishments; the implementation of a calendar system to record deadlines, projects, on call status etc., attended his first Upper San Luis Rey Sustainable Groundwater Management (SGMA) Joint Powers Agreement (JPA) meeting as a Board Director and authorized representative of the PVCSD, created an Employee Assistance Program for all employees to use, incorporated cross-training of all administrative staff, researched training and certification as it relates to potable water and treatment, started researching the use of a Computerized Maintenance Management System (CMMS) for Utility day to day needs. Bandy questioned how the CMMS would benefit utility, Steinlicht explained that the CMMS is a work order system custom designed to the utility needs, that would assist in the assigning of tasks with the ability to be used by a cell phone. Kariya questioned if individual licenses would need to be purchased for each utility staff or anyone else needing to use the system. Knox questioned the cost associated with CMMS program, if there was a monthly and yearly fee involved. Steinlicht noted that he has only reached out to one vendor to have a formal demo presented with staff and the cost associated with that vendor was \$20,000 that would include the initial set up and monthly fees. Steinlicht will meet with a few more vendors and report back to the board with the finalized proposals to compare. Kariya questioned Steinlicht's timeline for obtaining the required Water Treatment 1 and Water Distribution 1 certifications. Steinlicht noted he will look into the needed requirements to get a more accurate timeline. Steinlicht also noted that Bandy approved the addition of the PVCSD Security Patrol Officer's to the RPMWC auto insurance policy as authorized drivers to operate the RPMWC utility trucks for emergency situations; referenced the fact that the PVCSD Security Patrol Tesla's were unable to be of complete use during the recent rain/flooding that took place in January. The RPMWC utility vehicle was staged on the opposite side of the river in case of an emergency call. Steinlicht discussed the status of resumes received for the additional Utility Worker 2 position. The Utility Worker 2 position was posted on BC Water Jobs website. Currently Steinlicht has received only three resumes, two of the resumes have certifications. Bandy asked Steinlicht if these resumes have been forwarded to the ADHOC committee for review. Steinlicht will forward the resumes with certifications to the PVCSD Board Chair to review and discuss at the next PVCSD Board meeting scheduled on March 27th. Collins noted that the current compensation rate is considered low in comparison to other districts and suggested the ADHOC Committee schedule a meeting to discuss further. Kariya asked Steinlicht if he initially found the General Manager position listed in the BC Water Jobs. Steinlicht replied yes. Steinlicht lastly noted that the CUPA inspector suggested that the Supervisory Control and Data Acquisition Control System (SCADA) alarm should be set up to detect a chlorine gas leak, Steinlicht will obtain a quote to add this capability to the SCADA system. Kariya asked if the SCADA system was currently detecting the chlorine gases. Steinlicht replied not at this time.

- b. Account Totals:** Steinlicht presented the February Account Totals. Steinlicht noted the agriculture tier 1 usage allotted for the majority of the February account totals. Steinlicht proceeded to give an overview of the remaining potable and domestic agriculture tiered water usage and finalized his review with the total billed of \$57,009 with an average price noted at \$1.45. Bandy noting that while the rain is a huge help to the basin, the water sales have drastically reduced. Knox noted that the water sales should start to increase by mid-April or May. Bandy noted that the tier 2 and Tier 3 usage by McMillan will depict the recovery.
- c. Water Report:** Steinlicht noted the report reflects a slippage at 7% overall loss for the fiscal year, with a unit loss of 2,642 in November 2022 and a unit loss of 2,351 in December 2022. Steinlicht noted that the higher slippage percentage is attributed to the recent leak near the Pauma Valley Country Club in mid-February. Kariya noted that the slippage has been consistently over the average. Knox noted that the April slippage might still reflect a higher than average percentage of loss. Watkins was made aware of a zoom participant, Shareholder Swinehart, who was unable to participate in the earlier shareholder comments due to technical difficulties, Watkins was able to assist Swinehart with the use of audio by usage of a cell phone. Bandy at this point asked Amber to place the cell phone on the board room table allowing Swinehart the opportunity to voice her comments/questions. Swinehart asked the board who is the new general manager, then proceeded to ask Steinlicht if he has the qualifications to lead both

PVCSD and RPMWC. Steinlicht responded to Swinehart stating that he formerly worked in the public sector for the City of Vista and currently has a Collections 2 certification, and 4 separate degrees. Swinehart asked Steinlicht if he currently has the certificates needed for RPMWC. Steinlicht replied that he currently does not have the required certifications but has researched the requirements on obtaining the required certifications for the potable water needs. Swinehart questioned if PVCSD is the only contributing entity paying the General Manager's salary and if the position is considered part time or full time. Steinlicht responded by stating that the General Manager's salary is a shared cost between PVCSD and RPMWC and the role of the General Manager is considered a full-time position.

6. Financials

- a. Draft Audit Report for fiscal year ending Oct 31, 2022: Kaymark presented the draft audit report for the fiscal year ending October 31, 2022. Kaymark noted the operating revenues are at an increase compared to the 2021 report, this increase is primarily from the payment received from the PVCC. Kaymark pointed out the payoff of the CalPERS Unfunded Accrued Liability was a positive for RPMWC, Knox agreeing with Kaymark's comment and thanking Kaymark for his help. Kaymark also noted that the 2022 overall fiscal year looked great and moving forward would like to suggest the placement of a specific set amount of funds in a Certificate of Deposit ("CD") account that is within the Federal Deposit Insurance Corporation ("FDIC") guidelines. Knox noted that he will review the current CD rates that are FDIC insured. Bandy motioned to approve the draft audit report as presented, Knox seconded and upon a unanimous vote the Audit Report for fiscal year ending Oct 31, 2022 was approved.
- b. B/S, P&L, 2 yr Comparison as of January 31, 2023: Watkins presented the financial report for review noting the total cash at \$1,681,002 and an accounts receivable balance of \$84,599. Watkins also noted that the project at Well 14R, replacement of pump and motor should be completed soon, and the valve replacements will continue as scheduled. Watkins noted the accounts payable at \$55,233 and noted that the Prepaid Customer Fees balance is currently at \$400,834, due to the pre-payment received from McMillan Farm Management. Knox noted that the current balance in the California Bank and Trust account is above the FDIC limit, this balance was left at a higher-than-normal balance to determine if a portion of the funds would be needed for the reservoir tank maintenance. Knox discussed the parameters of the investment policy, suggested reducing the checking account balance below the FDIC limit of \$250,000 and placing the remaining funds into either a high yield savings or CD accounts allowing the funds to still be placed into a liquidity type of account. Watkins noted the water sales for January were down considerably due to the vast amount of rain received. Watkins also noted that the line item keeping track of direct employee costs has been segregated back to the Utility Personnel line item. Kariya asked Watkins if PVCSD reimbursed RPMWC for work performed by Oehlert. Watkins informed not yet. Lastly, Watkins noted that the requested additional line item segregating the legal SGMA expenses has been added. Upon a motion by Shinner, seconded by Kariya and a unanimous vote, the financial report for January 2023 was approved as presented.

7. **Reservoir Tank Rehabilitation Update:** Steinlicht began the discussion correcting the previously stated capacity sizes for both reservoir tanks, noting the correct capacity for the small tank is 750,000 gallons and the large tank capacity is 1,500,000 gallons for a total capacity of 2.25 million gallons. Steinlicht noted that the original reservoir tank repair quotes obtained from the 2021 dive report have expired. Bandy asked Steinlicht to set up a meeting within the following week with Utility Supervisor Oehlert, Bandy and Steinlicht to discuss the OSHA related repair issues. Bandy also noted the suggestion by Jeff Pape, with Dudek, to hire a second contractor to complete a second dive report for both the small and large reservoir tanks to compare. Bandy would like a follow up report at the April board meeting.

8. SGMA Update

- a. Steinlicht reported that he attended his first SGMA JPA meeting in February as the PVCSD authorized representative to the JPA.
- b. Steinlicht noted that a Grant writer has been selected to assist with the completion of the State reimbursement grants. Steinlicht also noted that the State Funding may not be available.
- c. Steinlicht reviewed the items in review for the newly commenced rate setting study.
- d. Steinlicht noted that Geo Science has been approved to complete the Annual State of the Basin update. With the topic of the basin in discussion, Kariya asked Steinlicht to display the SCADA system on the large television screen in the board room for all in attendance to have the ability to visually understand the basin discussion. Knox asked Steinlicht if the utility staff currently conduct a monthly sounding at each well. Mathews asked Steinlicht to access the SCADA screen that depicts the aquifer levels at each well for the last 12 months. Watkins noted that the potable trending was not loading at that time and was able to guide Steinlicht to the static level information. Watkins noted that the potable system is displaying a discrepancy due to an issue with the transducers.

On a separate note, Kariya asked for an updated status on the 2 large parcels within the district that have metered water usage concerns. Steinlicht noted that a service agreement was sent by certified mail to both property owners, no response has been received from either property owner. Bandy suggested that Steinlicht receive a second backflow proposal for usage between the two large parcels. Steinlicht has contacted Temecula Valley Backflow to prepare the requested second proposal and will provide the proposal to Bandy once received.

9. Adjournment

- a. Next Regular Meeting Date at 2:00 p.m. – April 17, 2023. With the next meeting date set and no further business to discuss, Bandy motioned to adjourn the meeting, motion was seconded by Knox and upon a unanimous vote the meeting adjourned at 11:14 a.m.

Kim Alvarado

Kim Alvarado, Recording Secretary