

RANCHO PAUMA MUTUAL WATER COMPANY ("RPMWC")
MINUTES OF THE
REGULAR MEETING OF THE BOARD OF DIRECTORS
HELD February 6, 2023

Directors Present: Chuck Bandy, Bruce Knox, Laurie Kariya and Steve Wehr

Directors Absent: Larry Taylor

Also Present: Pauma Valley Community Services District ("PVCSD") Board of Director Michael Esparza, Shareholders Linda Shoaff, Charles Mathews, Ron Krohn; General Manager Eric Steinlicht, Dudek Consultant Jeff Pape, Utility Supervisor Jake Oehlert, Office Manager Amber Watkins, and Water Quality Data Tech and Compliance Administrator Kim Alvarado

1. **Call to Order:** Meeting was called to order at 2:04 p.m. by President Bandy. This meeting was held in person and via Zoom.
2. **Shareholder Comments:** Wehr noted he would like the record to reflect the letter insinuating allegations regarding PVCSD staff and Yuima staff, addressed to Bandy, were untrue. Mathews questioned at what meeting the settlement agreement was approved as well as the amount. Bandy reported that this discussion took place in the closed session portion of the December 22nd Special Meeting. Knox stated that the December 22nd Special Meeting Minutes reflect a reportable action regarding the settlement.
3. **Approval of Previous Minutes**
 - a. Minutes of Dec 19, 2022- Regular Meeting: Upon a motion by Wehr, seconded by Knox, the minutes of the Regular Meeting held on December 19, 2022, were approved as presented by unanimous vote.
 - b. Minutes of Dec 22, 2022- Special Meeting: Upon a motion by Knox, seconded by Wehr, the minutes of the Special Meeting held on December 22, 2022, were approved as presented by unanimous vote.
 - c. Minutes of Jan 4, 2023- Special Meeting: Upon a motion by Kariya, seconded by Knox, the minutes of the Special meeting held on January 4, 2023, were approved as presented by unanimous vote.
4. **General Manager's Report:** Steinlicht presented the General Manager's Report.
 - a. Account Totals: Steinlicht presented the December Account Totals. Steinlicht noted agriculture tier one revenue was \$16,874 and that the overall water usage for January significantly dropped due to the abundance of rainfall received in January.
 - b. Water Report: Steinlicht noted the report reflects slippage at a 6 percent overall loss for this year thus far. A possible reason for the higher percentage of loss could be attributed to the water main break off Womsi and the recent valve replacements. Kariya asked Steinlicht why the slippage report loss for November 2022 was so high, Watkins noted that the percentage is in line with the November 2021 report. Steinlicht reported that Well 38 was offline due to a motor failure but is currently in operation. Knox questioned what the standard number should be at for the overall slippage, Pape stated that an average of 5 percent is a consistent overall level. Oehlert noted that during the month of November utility staff replaced several faulty meters. Wehr questioned what the cost was for a typical meter replacement, Oehlert stating that the cost associated with a smaller meter was approximately \$150.00 in parts. Knox inquired about the cost associated with switching to an automated meter. Pape suggested reaching out to a few companies to receive a few quotes and offered to provide some contact information to Steinlicht. Wehr questioned the long-term savings and Pape noted that the automated meters are much more accurate allowing a customer to track their own usage and staff could be alerted of a possible leak much quicker. Bandy noted that another benefit of automated meters would be the part time residents

would have better optics of their water usage, versus leaving complete usage control to the landscape contractors. Pape suggested that all meter changes moving forward include a 3-wire meter to allow for a smoother transition at some point in the future to the AMI-MR meters. Knox asked staff to gather a few bids and report back to the board. Bandy asked Alvarado to give an update on the lead and copper testing. Alvarado noted that utility staff will be performing the lead and copper sampling at the 20 selected homes. The testing will begin on Wednesday, February 8th thru Thursday, February 16th.

- c. Operations Report: This item was not discussed. At the request of President Bandy, the next agenda item discussed was agenda item 6.

5. Financials

- a. B/S, P&L, 2 yr Comparison as of December 31, 2022: Knox noted that he is aware of the current balance in the checking account stands at roughly \$690,000 and suggests leaving as liquid capital for the time being to allow for the large ticket items such as the reservoir tank work and well rehabilitation to take place. Knox noted that this will be revisited in the future as needed. Watkins presented the financial report for review noting the total cash at \$1,664,243 and an accounts receivable balance of \$127,609. Watkins also noted that Construction in Process consists of \$49,000 for a new pump and motor at Well 14R, and the installation of 2 new valves. Watkins noted the accounts payable at \$53,491 and noted that Prepaid Customer Fees is the prepayment received from McMillan. Bandy inquired if the accounts receivable are current, Watkins informed yes and noted the payment arrangement is being kept current. Watkins also noted the Direct Employee Cost was associated with the time frame Oehlert was a RPMWC employee. Knox stating that during Oehlert's 4-month employment with RPMWC, Oehlert continued to complete the necessary daily operations of the PVCSD Utility Department. Knox would like to resolve the issue by sending PVCSD an invoice to cover the time/cost for work performed by Oehlert for PVCSD matters. Esparza asked for the board to clarify the statement made by Knox. The board responded by stating that Oehlert was employed only by RPMWC but continued to complete PVCSD utility department work on a daily basis. Knox noted that 35% seems reasonable. The board continued to discuss the upcoming expenses, noting Well 38 repair work to be completed and the SGMA legal expenses. Bandy asked Watkins to add an additional legal expense line item for SGMA costs to help separate the legal expenses moving forward. Upon a motion by Knox, seconded by Wehr and a unanimous vote, the financial report for December 2022 was approved as presented.

6. **Reservoir Tank Rehabilitation:** Two separate quotes for repair and maintenance work at both the small and large reservoir tanks were received and reviewed. Bandy questioned which priority repairs were needed at the large tank and if a warranty for work performed in the past was still available. Pape noted that the warranty was only valid for one year after work was completed. Steinlicht noted that the small tank needs to be renewed and that the large tank has a budgeted expense of \$65,000 for repair work to be completed in 2023. Pape noted that the current condition of both the large and small tanks are in fine working order, recommended fixing a few of the small items noted in the original dive report from June 2021. Pape also suggested obtaining 3 to 4 additional quotes before moving forward with larger noted repair work outlined in the original dive inspection report. Pape suggested that the RPMWC authorize another dive and this time authorize them to perform epoxy repairs smaller than a quarter while they are completing the dive. Bandy noted that the safety items must be completed right away. A motion was made by Bandy that staff obtain a few more quotes to complete all safety concerns at both tanks and to complete the needed repair work at the small tank including the small epoxy repairs, motion was seconded by Knox and unanimously approved. At the conclusion of this item, the Board returned to agenda item 5.

7. **Status Update on Hiring New Utility Worker:** Steinlicht reported that the Utility Worker 1 position was posted at 3 separate online sites this past Friday, February 3rd. Steinlicht also noted that PVCSD has only approved the posting of the position but has not approved the position itself and that PVCSD has budgeted for a D1/T1 certified worker. Esparza stated that while PVCSD did approve the position they had not approved the budget for the position. Esparza also noted that PVCSD would consider a candidate with higher

qualifications. Wehr asked if a Utility Worker 1 was chosen, would that be sufficient as a backup for the Utility Supervisor? Bandy stated that a Utility Worker 2 would be needed to fulfill the required needs of a backup to the Utility Supervisor. Knox requested that Esparza direct Steinlicht to look for a Utility Worker 2. Esparza stated he would go back to the PVCSD board but would ask that the RPMWC give the PVCSD board specific direction. Bandy will work with Steinlicht to create the formal direction.

8. **SGMA JPA Update:** Knox reporting that the Yuima General Manager is looking into grant funding. The individual hired to complete the grant fund application has been put on hold due to a needed Proposition 218 vote. The board is working to develop an application process for the development of any new wells within the JPA boundaries. Bandy also noted that the basin has held up remarkably, even throughout the summer months, with the assistance of the Supervisory Control And Data Acquisition Control System.

On a separate note, Pape discussed with the board a current situation concerning two large parcels within the district that have metered water usage concerns as well as transfer of underutilized shares in place. Pape provided a brief history, and an update on what the current situation is. Pape suggested that a document should be drawn up noting that each property will need to apply for a 1-inch meter for the household usage and a 2-inch or 3-inch meter for their irrigation needs and that the document should also contain the appropriate verbiage covering the remaining pipeline, booster pump and electrical requirements needed to supply water to these 2 individual properties. That document should clearly define how RPMWC wants to move forward with this division of water delivery. After much discussion, Knox suggested that the board receive a legal opinion prior to moving forward.

9. **Adjournment**

- a. Annual Meeting Date at 10:00 a.m. – Wednesday, Mar 15, 2023
- b. Organizational Meeting at 10:30am – Wednesday, Mar 15, 2023: With the next meeting date set and no further business to discuss, Kariya motioned to adjourn the meeting, motion was seconded by Knox and upon a unanimous vote the meeting adjourned at 3:52 p.m.

Kim Alvarado

Kim Alvarado, Recording Secretary