

RANCHO PAUMA MUTUAL WATER COMPANY ("RPMWC")  
MINUTES OF THE  
REGULAR MEETING OF THE BOARD OF DIRECTORS  
HELD August 21, 2023

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

Directors Absent: None

Also Present: Shareholders Bill Winn, Ron Krohn, 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 2:01 p.m. by President Bandy. This meeting was held in person and via Zoom.
2. **Shareholder Comments:** Winn, who participated in the most recent ad hoc committee meeting along with other past Pauma Valley Community Services District ("PVCSD") Presidents and Larry Taylor of the Pauma Valley Country Club ("PVCC") to discuss the current relationship between RPMWC and PVCSD. Winn noted that in this most recent committee meeting a draft agreement/ term sheet was to be created and circulated amongst the meeting attendees. Winn noted that he was hopeful that the document created with input from the persons present at the meeting would prove helpful, Winn was then made aware that some of the PVCSD Board members were not provided the draft agreement. Winn asked RPMWC Board and staff to communicate and work together with the PVCSD Board and staff. Winn noted he will communicate the same message to the PVCSD. Winn exited the meeting at 2:51 p.m.
3. **Approval of Previous Minutes**
  - a. Minutes of July 17, 2023 - Regular Meeting: Upon a motion by Knox, seconded by Shinner, the minutes of the Regular Meeting held on July 17, 2023, were approved as presented by unanimous vote.
  - b. Minutes of August 10, 2023 – Special Meeting: Upon a motion by Kariya, seconded by Shoaff, the minutes of the Special Meeting held on August 10, 2023, were approved as presented by unanimous vote.
4. **Administrative Manager's Report**
  - a. Operations Report: Watkins reported that she and Alvarado recently completed a district tour which included all of the potable and non-potable wells and the 2 reservoir tanks. Watkins noted that these visits will be a regular occurrence allowing for the opportunity to see changes over time as well as ensure compliance related items are being handled. Watkins made note of the upcoming installation of an isolation valve that will be installed near the PVCC Club House this year, during the PVCC closure from September 20 to October 26. This area was identified as being in need of an isolation valve (by Utility) to minimize the need to shut off large sections of water in the event of leak(s). Bandy informed that the recently installed 4" backflow device (on the private water system above the tanks serving two shareholders), has been temporarily removed to further investigate the water pressure issues and the current electrical set up as referenced by both of the property owners. Bandy also noted that a meeting is scheduled for August 28, 2023 with both property owners to discuss the property owners' concerns. Knox suggested giving the authority to Bandy and Pape to resolve these matters, Shoaff made a motion to grant Bandy and Pape with the authority to resolve these matters with the two property owners, Shinner seconded the motion and upon a unanimous vote the motion was approved.
  - b. Account Totals: Watkins presented the board with the July Account Totals, with total revenue at \$191,826. Watkins noted that over 100,000 units were sold in July which was a little higher than the estimation made at the previous meeting.

- c. **Water Report:** Watkins informed that the year to date slippage continues to improve reflecting less than 5% loss for the year, a portion of the improvement is attributed to the continual identification of failing meters. Bandy stated that with just three months left in the fiscal year, the projected 700 units may not be reached.

Watkins presented the Board with a summary of Meter Installation and Capacity Charges of neighboring districts compared against the rates charged by RPMWC. Watkins also made note that currently there are 32 vacant lots remaining within the community. Knox asked to further discuss this topic at a future meeting as this policy needs to be reviewed and updated. Watkins presented the Call for Candidacy flyer, Kariya, at the suggestion of some shareholders, asked that candidates provide a brief summary of their qualifications. Watkins will update the flyer and distribute it to all shareholders with the August water invoices. Watkins will also place the Call to Candidacy flyer on the website. Watkins made note that an employee handbook has been created and noted that she is waiting to receive the retirement benefits package to complete; once received the handbook will be presented to the Board for review. Watkins proceeded to discuss the upcoming Lead and Copper testing taking place in the second and third weeks of September. Watkins also noted that Utility will be updating the inventory list which was last completed in October 2022. Watkins questioned if the budget should be updated adding the cost associated with a fourth utility worker. Bandy would like more time to decide.

## **5. Financials**

- a. **B/S, R&E, 2-year Comparison as of June 30, 2023:** Watkins presented the financial report for review, noted that the financial report should be considered a draft form until PVCSD sends the June totals due. Watkins noted the accounts receivable at \$148,179 and the accounts payable at \$144,298. Knox questioned the current total cash. Watkins stated the current total cash balance is just above \$1.5 million. Watkins noted a new line item has been added to the Revenue and Expense Report to capture administrative employees full cost and an additional line item for the utility employee costs will appear on next month's financial report.

## **6. Draft Budget for fiscal year 2023-2024**

- a. **Capital Improvement Plan:** Bandy began the discussion by stating this is a first draft review allowing all Board members the opportunity to place their input on items that need adjustment, essentially a workshop format. The Board then discussed the cost associated with the remodeling of the former CHP office. After much discussion. Bandy asked to remove the proposed costs associated with remodeling the former CHP office from the draft budget. The Board discussed three water rate options, noting the minimum requirements for the reserve account per the policy. The Board found water rate options 1 and 3 to be favorable but noted that feedback is important. After further discussion, Bandy asked that Board members review the draft budget materials and provide feedback. Bandy noted that the next meeting/workshop will be scheduled within the next few weeks.

## **7. Transfer of Underutilized Water Allocation**

- a. **The Board will consider approval of requested transfer:** Bandy noted that Larry Taylor recently provided RPMWC with a letter from TY Nursery allowing PVCC the usage of a portion of TY Nursery's water use shares through the end of the fiscal year. Watkins confirmed the total available water use shares from TY Nursery are 116.3. Bandy asked for a motion to approve the share transfer as presented, Kariya motioned to approve, Knox seconded the motion, motion was unanimously carried.

8. **RPMWC and PVCSD Update:** This topic was previously discussed in Agenda item 2.
9. **Upper San Luis Rey Groundwater Management Authority Update (SGMA Update):** Bandy reported that recently the Upper San Luis Rey Groundwater Management Authority received an announcement that \$1.3 million in grant funds will be awarded in October. Bandy noted these funds will help with the ongoing costs (with the exception of litigation costs) for monitoring, metering, and annual updates etc.
10. **Closed Session**
  - a. Pursuant to California Corporations Code Section 14305(b)(2) – Potential Litigation. The Board entered into Closed session at 4:38 pm.
11. **Open Session**
  - a. Reportable actions: Reconvened to Open Session at 4:52 pm. The injunction has not been filed.
12. **Adjournment**
  - a. Next Regular Meeting Date at 2:00 p.m. – September 18, 2023. With the next meeting date set and no further business to discuss, Knox motioned to adjourn the meeting, motion was seconded by Shinner and upon a unanimous vote the meeting adjourned at 4:53 p.m.

*Kim Alvarado*

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Kim Alvarado, Recording Secretary