

RANCHO PAUMA MUTUAL WATER COMPANY ("RPMWC")  
MINUTES OF THE  
REGULAR MEETING OF THE BOARD OF DIRECTORS  
HELD September 22, 2025

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Directors Present: Chuck Bandy, Laurie Kariya, Linda Shoaff and Scott Shinner via zoom

Directors Absent: None

Also Present: Shareholder Bruce Knox and Charles Mathews; 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 3:04 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 18, 2025 - Regular Meeting:** Upon a motion by Shoaff, seconded by Kariya, the minutes of the Regular Meeting held on August 18, 2025, were approved as presented by unanimous vote.
  - b. **Minutes of September 8, 2025 – Special Meeting:** Upon a motion by Kariya, seconded by Shoaff, the minutes of the Special Meeting held on September 8, 2025, were approved as presented by unanimous vote.
  - c. **Minutes of September 12, 2025 – Special Meeting:** Upon a motion by Kariya, seconded by Shoaff, the minutes of the Special Meeting held on September 12, 2025, were approved as presented by unanimous vote.
4. **Administrative Manager’s Report:** Watkins was happy to report that all 20 semiannual lead and copper samples have been collected and noted that the laboratory results will be sent to each of the participating properties upon receipt. Watkins further noted that she received several compliments from participating property representatives noting that staff were very accommodating and professional throughout the sample collection. Bandy questioned the number of homes that exceeded the copper contaminant levels. Watkins stated two of the participating homes. Pape explained that the water system has been tested for lead and copper with the laboratory results indicating no detection for either lead or copper. Pape further noted that the detection is within the interior plumbing of the homes. Bandy inquired on the reservoir tank update. Watkins will provide the update in the Operations Report. Watkins reported on the status of the Geographic Information System (“GIS”), explaining that the 2024-2025 Capital Improvement Project (“CIP”) included the approval of \$100,000 over a 2-year period to transition to a new GIS hosting service and make any necessary updates. Watkins was pleased to announce that she has established a new GIS hosting service with a California Rural Water Association preferred provider. Watkins reported that a discounted hosting subscription fee of \$22 per month with no set up fees was offered due to our membership. Watkins noted the establishment of the new GIS hosting service included importing all of the existing GIS data layers in a very timely manner allowing for a quick and seamless transition. Watkins stated that the budget presentation will reflect the removal of the \$100,000 from the CIP and a placeholder of \$50,000 over the next 5 years has been added in the event unforeseen costs arise with the new hosting service. Watkins was thanked for her oversight on this project. Watkins provided a follow up report regarding the property owner that sits above the reservoir tank site disputing the charges dating back to 2023. Watkins has received a payment in full and has sent a lien release to the San Diego County Records Office for recording. Watkins moved on to discuss the recent unannounced inspection conducted by the Air Pollution Control District in mid-August. Watkins noted that these inspections are conducted on an annual basis with the inspector complimenting the organization of the paperwork during the site visit. Watkins lastly noted that the August billing included a 2026 Call For Candidacy insert for all interested candidates to submit in writing by the deadline of 10/31/2025, while also noting the notice may also be found on the RPMWC website.

**a. Operations Report:** Watkins has begun collecting bids to replace valves at four intersections on Luiseno Circle Drive, the bids will include a 3-way isolation at each of the intersections. Watkins added that this project will minimize the number of customers affected by a repair by allowing utility staff to isolate smaller segments of pipeline. Watkins noted upon the receipt of the two contractors bids, she and Pape will review and determine which bid addresses our needs prior to moving forward. Watkins noted the temporary meter placed at Well 36 has also failed, noting the prior month's slippage report reflected a negative number due to the original meter failing. Watkins is awaiting word from McCrometer on the completion of the original meter repair and will have the meter installed as soon as possible. Watkins stated that the small reservoir tank project has been completed by the contractor, allowing the Utility staff to complete the installation of a new valve next to the small reservoir tank. Watkins further noted that the new valve will provide the ability to isolate segments of pipeline for repair needs, reducing the number of customers affected by a repair in that area. Pape further explained the steps Utility have been tasked with to complete the valve replacement and noted upon the valve replacement the contractor will return to complete the required disinfection prior to bringing the small reservoir tank back into the system. Watkins made note that all wells are online and functioning as designed.

**b. Account Totals:** Watkins presented the August Revenue of \$ 279,897 with 119,208 units of water sold. Watkins noted the total units sold thus far is roughly 138,000 more units sold from the same period in 2023-2024. Currently tracking for total units sold of roughly 930,000 units at year end. Bandy noted the water totals have flattened out.

**c. Water Report:** Watkins stated that the slippage report reflects a negative figure due to the temporary meter placed at Well 36 found to be failing, not capturing the true production. Kariya noted the overall loss rate is still considered low.

## 5. Financials:

**a. B/S, R&E, 2-year Comparison as of August 31, 2025:** Watkins presented the financials for August 31, 2025, noting a cash total of \$ 1,560,000. Watkins stated the Accounts Receivable of \$ 294,316, noting the amount due in line-item number 150 – Due from PVCSD has been received. Watkins stated the Accounts Payable of \$5,242, further noting that all invoices received are continually paid in a timely manner. Bandy complimented the status of the Accounts Payable. Watkins noted the Revenue and Expense report reflects a year-to-date total revenue of \$1,464,030. Watkins referenced the newly added line-item number 603.1 – Fire Hydrant, to further capture the repair and maintenance expenses for fire hydrants. This expense was previously placed in line-item number 603 – Repair and Maintenance. Watkins also noted that employee costs have been segregated by department, then to a total employee cost for Administrative and Utility Department in line-item number 607.6 – Direct Employee Costs. Watkins referenced line-item number 613 – Rent, outlining the \$3,750 for August 2025 rent paid to the PVCSD. Watkins pointed out the Net Income of \$341,070 as of August 31, 2025. Bandy questioned if the Board should consider retiring the 2022-2023 deficit of \$164,000, suggesting the Board review the current 2-year comparison prior to making a final decision. Bandy further stated the Financial Report is a great example of how sales dependent RPMWC truly is. The financial statements were approved, seconded and unanimously approved.

**b. 2025-2026 Draft Budget:** Bandy asked Watkins to review the 2025-2026 Draft Budget Notes with all in attendance. Watkins began the discussion noting the increased basin draw of 900,000 units that would be used to determine the total cost per billing unit. Watkins further noted the increased basin draw would provide an increase of water available in both Tier 1 and Tier 2 which in this model provides a lower cost per billing unit. Watkins stated the Draft Water Rates Model includes a rate increase of 3% - 5% across all tiers to address inflationary costs. Watkins noted all fixed charges would increase by 3.5% to also address

inflationary costs. Kariya questioned if there were any requests received to downsize meters after last years rate adjustment. Watkins noted only one request was received. Watkins pointed out the 2025-2026 Draft Budget also includes the newly adopted fees for the Upper San Luis Rey Groundwater Management Authority (“SGMA JPA”) of \$300.00 per well annually (\$3,900), the groundwater extraction fee of \$24.59 per acre foot for the time period of October 1, 2023 to September 2024. Watkins further noted the 2025-2026 Draft Budget also includes the annual fixed charges received from the Yuima Municipal Water District (“YMWD”) that currently are set at \$59,000 annually with a change in rate expected in January 2026. Watkins noted that the YMWD fixed charges will continue as a pass through to shareholders and that the charges will remain the same since the calculations are not yet available. Bandy noted he has some positive news to share regarding the SGMA JPA charges, this discussion will be provided in Agenda item 9. Watkins noted the Direct Employee Costs adjustment of 3% for all employees and a \$10,000 total discretionary performance-based increase for employees. Watkins also noted the 2025-2026 Draft Budget includes the assumption of the final year of the two-year recapture of the prior year (2022-2023) loss of \$164,000 as previously discussed, the Capital Improvements proposed cost of \$478,000 that would address some of the aging infrastructure needs as shown in the five-year forecast and the consideration of the historical water rates. Bandy further noted that Mathews’ model was used as a starting point in the initial budget creation and asked Mathews to provide his comments. Mathews made note this budget is not cost based, referencing the revenue numbers, while also noted the adverse effect placed on the Agriculture Tiers. Mathews requested an additional review of the revenue prior to approving the proposed 2025-2026 Draft Budget. After further discussion Bandy suggested scheduling an additional budget committee meeting to discuss further. Bandy asked Shinner if the CEO of Pacific Golf Management Larry Taylor will be able to attend the budget committee meeting. Watkins asked for a tentative meeting date. Bandy asked to schedule the Budget Committee Meeting for this Friday, September 26<sup>th</sup> at 3:30 p.m. to further continue this discussion along with the review of the Capital Improvement Plan and the proposed Fixed Charges costs.

**6. Bylaw Update**

**a. The Board will consider approval of the amendments to the Bylaws:** Bandy asked Watkins to provide a brief review of the steps leading up to this point. Watkins referenced the CalMutuals Compliance Checkup of the Bylaws that was provided through our membership at no cost. The findings from the Compliance Checkup were presented by Jim Ciampa LLP at the May 28, 2025 Board Meeting. The Board authorized the proposed budget to make the proposed amendments. Watkins also had these draft Bylaws reviewed by Best Best and Krieger for their suggestions/edits. Watkins informed the changes as presented today align the Bylaws with AB240. Mathews referenced the Bylaws, section 3.13, suggesting the revision to state “other than a shareholder must provide 24 hours written notice to attend a Board meeting”. After further discussion Bandy asked the Board to reread the proposed amendments for further discussion at a later date.

- 7. Transfer of Underutilized Water Allocation:** Bandy stated the Pauma Valley Country Club (“PVCC”) has submitted a transfer agreement request between PVCC and Pauma Valley Investors, LLC for the remainder of the 2024-2025 fiscal year for the Board to consider. Mathews questioned the amount of shares that has been agreed upon. Watkins provided the portion of shares (62.3 Shares) historically used with these requests. Mathews stated that by using the term “a portion” is a bit vague. After a brief discussion, Bandy discussed the possible update to the wording to reflect a specified share amount or to reflect all of the shares. Kariya motioned to approve the request with the provision to state either a specified share amount or to state the use of all shares, motion was seconded by Shoaff, and unanimous vote. Shinner recused himself from the vote.
- 8. RPMWC and PVCSD Update:** Bandy reported that the RPMWC Board has sent a letter of response to the Pauma Valley Community Services District (“PVCSD”) Board President Nelson stating that the RPMWC Board is unable to accept the proposal as written but is interested in the proposed joint meeting option noted in the PVCSD proposal.

9. **Upper San Luis Rey Groundwater Management Authority Update (SGMA Update):** Bandy began the discussion noting he had two items to discuss that could impact the RPMWC budget in a positive direction. Bandy noted the first item was the confirmation received from the State for the approval of the Formational Grant Funds with a rough estimate of \$150,000 received that will allow a percentage of the grant funds to be returned back to the JPA participants who contributed towards the formational costs. Bandy stated the second item pertained to the 2024 collection process for the well and extraction fees that were previously billed. Billing adjustments were needed to correct some missed property billings. Rather than send these property owners a bill for two years at once, the costs will roll out one year later than initially planned. Bandy further noted that the large water purveyors have already provided their payments, and those payments will be applied as a credit for 2025 charges.

Bandy stated that the RPMWC is still trying to clarify the upcoming YMWD fixed pass-through charges. Pape noting RPMWC is trying to obtain the methodology used to configure the YMWD fixed pass-through charges. Knox asked Pape to provide him with an email outlining the information he is looking to obtain regarding the YMWD fixed pass-through configuration.

10. **Adjournment**

**a. Regular Meeting Date at 2:00 pm – Monday, October 27, 2025:** With the next meeting dates set and no further business to discuss, Bandy motioned to adjourn the meeting and upon unanimous vote the meeting adjourned at 4:15 p.m.

*Kim Alvarado*

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Kim Alvarado, Recording Secretary