

RANCHO PAUMA MUTUAL WATER COMPANY ("RPMWC")  
MINUTES OF THE  
REGULAR MEETING OF THE BOARD OF DIRECTORS  
HELD December 18, 2023

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

Directors Absent: Scott Shinner

Also Present: Shareholders Thomas Cerruti, zoom attendees, Charles Mathews and "M"; Utility employees Eddie Ferrara, Mateo Sinohui, Jesus Verduzco; 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 introduced the Utility staff to all in attendance, welcoming the recently hired Utility Supervisor Eddie Ferrara and Utility Worker Mateo Sinohui. The three Utility staff exited the meeting at 2:05 p.m.
2. **Shareholder Comments:** None.
3. **Approval of Previous Minutes**
  - a. Minutes of October 30, 2023 - Regular Meeting: Bandy noted that a correction needed to be made in Agenda item 6a, revising a sentence to state Watkins also noted that adjustments to each of these models were made based on work completed by Mathews that factored a basin draw of 750,000 billing units to 850,000 billing units. Upon a motion by Kariya, seconded by Knox, the minutes of the Regular Meeting held on October 30, 2023, with the correction requested herein were approved by unanimous vote.
4. **Administrative Manager's Report:** Watkins provided a copy of the updated rate structure reflecting the fees and water rates as approved with the adoption of the 2023-2024 Operating Budget. Watkins reminded that this is provided to shareholders monthly on the back of their invoice. Bandy added that a letter from the Board was distributed to shareholders with the November billing. Watkins was happy to announce that the Utility Supervisor position has been filled. Kariya inquired if the new Utility Supervisor has any certifications. Watkins stated that the new Utility Supervisor currently has a Water Distribution Grade 2 certification and a Water Treatment Grade 2 certification. The Board discussed the importance of obtaining a strong benefits package to attract and retain quality employees. Watkins noted that an inventory of the utility vehicles was completed, this information was used to outline the tools needed in each vehicle to respond to any water issues that may arise. The cost for the additional tools was roughly \$500.00, each tool will be color coded to easily identify which vehicle they belong in. Kariya questioned if Utility staff have rain gear. Watkins noted that rain gear will be purchased by weeks end in preparation of the forecasted rain event next week. Watkins reported that a field emergency list has been created, the list contains vendors that are available to respond in an emergency for large scale issues. Watkins stated that the 2022-2023 annual audit of financial statements is underway, upon completion, the draft report will be presented to the Board for review. Watkins reported that the Retirement Defined Contribution Plan is almost complete, Watkins has been working with Best, Best and Krieger and Knox on the creation of the 401K profit sharing plan over the past several months. Once the draft is in final form Watkins will present to the Board for review. Watkins also noted that the office will be closed for Christmas and New Years day. Kariya questioned the utility on call status over the next two holiday weekends. Watkins confirmed that Utility will be monitoring the system over the holiday weekends with the use of the Supervisory Control and Data Acquisition ("SCADA") system.
  - a. **Operations Report:** Watkins completed a district wide tour with the former Utility Supervisor Oehlert prior to his departure to obtain system specific information. Watkins and Pape will be disseminating the information to the Utility Department staff. Watkins reported that the annual maintenance at the chlorine stations has been completed. Watkins noted that the Utility department has completed the annual valve

exercising throughout the district, which included fire hydrant valves. Watkins stated that the submersible pump and motor will be placed at Well 43 this week. Watkins is currently working on identifying a sand filter service provider to service the sand filters at Well 36. Bandy suggested that Watkins reach out to Temecula Valley Backflow to obtain a quote for the sand filter service. Watkins brought the Board up to speed on the current status of the private pump station that services two property owners above the reservoir tanks. Pape gave an overview of the current electrical status at the reservoir tanks. Pape and Watkins are still working to identify an electrical sub meter that can measure the amperage serving the miscellaneous RPMWC equipment, the private pump station and the Pauma Heights Gate.

- b. **Account Totals:** Watkins presented the Board with the October Account Totals, with a total revenue of \$199,944. Watkins noted that 103,117 units were sold in October. Watkins presented the fiscal 2022 – 2023 overview, with a total revenue of \$ 1,412,902 ending the year with 62% of water sales generated by the large agricultural customers; and 38% of water sales generated by potable customers. Watkins also provided the November total revenue at \$129,188 and a total of 64,688 units sold.
- c. **Water Report:** Watkins presented the 2022-2023 slippage report which depicted an overall percentage of 4.34% for the fiscal year. Bandy questioned the slippage totals for November. Watkins attributed the slippage percentage to the annual valve cycling, a leak at a fire hydrant as well as a leak at the sand filters at Well 36.

## 5. Financials

- a. **B/S, R&E, 2-year Comparison as of September 30, 2023:** Watkins presented the financial report for review, noting that an agreement had been reached for the September and October payable amounts owed to Pauma Valley Community Services District (“PVCSD”). Knox questioned the total cash. Watkins reported a cash total of \$1,430,000, which includes 4 certificate of deposit (“CD”) accounts earning roughly 5% annual percentage yield. Cerruti questioned if all 4 CD accounts were housed at Comerica Bank. Watkins informed that the CD’s are placed at separate financial institutions. Knox noted that the placement of the CD accounts at separate financial institutions allows for compliance with the Federal Deposit Insurance Corporation limits. Watkins noted that with the exit of former Utility Supervisor Oehlert, RPMWC will no longer have a shared employee. Knox questioned the working relationship with PVCSD in closing out each month’s payable costs. Watkins noted that both parties continue to work together. Knox noted that even with the vast amount of rain received last winter along with the restructuring of employees, the overall numbers depict a net cash profit. Cerruti questioned if a cash flow analysis was available and how the Board configured the projected costs. Bandy noted that the Board used historical figures as a leading attribute and increased the billing units from 750,000 to 850,000. Bandy stated that it is very difficult to project costs based on weather assumptions. Bandy also noted the increased costs associated with on boarding of all employees and the legal matters over the past year. After further discussion, Watkins was asked to provide Cerruti with a copy of the operating budget. Upon a motion by Knox, seconded by Kariya and unanimous vote, the September and October financials were approved as presented.
- b. **B/S, R&E 2-year Comparison as of October 31,2023:** This topic was previously in Agenda item 5a.

- 6. **Request from Eric, GM of PVCSD, to remove Front Gate phone number as after hours contact for water emergencies:** Watkins received an email request from PVCSD General Manager Eric Steinlicht asking for RPMWC to remove the Front Gate phone number from the RPMWC website and voicemail recording for afterhours water related emergencies. Watkins informed the Board that the Risk Management Plan outlines the training and guidelines for the chlorine facilities. Watkins discussed the importance of the oversight of all chlorine facilities that are currently monitored after business hours by PVCSD Security. Watkins suggested adding the chlorine alarm monitoring to the SCADA system. Bandy noted that he would like to move forward

with the chlorine alarm monitoring update to the SCADA system. Kariya questioned if Utility would receive the notification through the SCADA system. Pape replied yes, all Utility staff have the SCADA system setup on their cell phones. After further discussion related to community safety, the Board agreed to send a letter to the PVCSD Board regarding this matter.

7. **Remove PVCSD from RPMWC SCADA system:** Watkins gave a brief background of the initial RPMWC SCADA system installation. Watkins noted that shortly after the initial RPMWC SCADA system set up, PVCSD tied into the RPMWC SCADA system adding a single page for all wastewater needs. Pape gave an overview of the SCADA system as it pertains to the needs of RPMWC and the importance of securing all RPMWC system pages. After further discussion, Bandy would like Pape to report back to the Board a possible solution for securing all RPMWC SCADA system pages.
8. **Request received for Shareholder names and shares:** Watkins recently received a telephone request from TY Nursery asking RPMWC to provide a list of all shareholder names and their total shares. Cerruti noted that per section 1600 of the California Code, a shareholder that owns a minimum of 5% is entitled to the requested information. Bandy will reach out to legal counsel for further clarification.
9. **RPMWC and PVCSD Update:** Bandy recently had a conversation with the PVCSD Board President Roland Skumawitz, along with a member of the PVCSD legal counsel and member of RPMWC's legal counsel to discuss the office building appraisal process. Bandy noted that to date no appraiser has been ascertained.
10. **Upper San Luis Rey Groundwater Management Authority Update (SGMA Update):** Bandy reported that the Groundwater Sustainability Plan is still awaiting review by the State. Bandy also noted that there has been no update provided to the JPA concerning the groundwater extraction fees study as of yet.
11. **Adjournment**
  - a. Next Regular Meeting Date at 2:00 pm – Monday, January 22, 2024.
  - b. Annual Meeting Date at 2:00 p.m. - February 26, 2024
  - c. Organizational Meeting – Monday at 2:30 p.m., February 26, 2024. With the next meeting dates set and no further business to discuss, Bandy motioned to adjourn the meeting, motion was seconded by Knox and upon unanimous vote the meeting adjourned at 3:14p.m.

*Kim Alvarado*

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Kim Alvarado, Recording Secretary