

RANCHO PAUMA MUTUAL WATER COMPANY ("RPMWC")
MINUTES OF THE
REGULAR MEETING OF THE BOARD OF DIRECTORS
HELD March 18, 2024

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

Also Present: Shareholder Charles Mathews; Jeff Pape of Dudek; Administrative Manager Amber Watkins, and Office and Compliance Manager Kim Alvarado

1. **Call to Order:** Meeting was called to order at 1:59 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 February 26, 2024 - Annual Meeting: Upon a motion by Knox, seconded by Kariya, the minutes of the Annual Meeting held on February 26, 2024, were approved as presented by unanimous vote.
 - b. Minutes of February 26, 2024 – Regular Meeting: Upon a motion by Kariya, seconded by Shoaff, the minutes of the Regular Meeting held on February 26, 2024, were approved as presented by unanimous vote.
4. **Administrative Manager’s Report:** Watkins noted that during the February invoicing process RPMWC staff noted several payments were not received for the January invoices. Watkins proceeded to note that after the mailing of the February invoices RPMWC staff began receiving phone calls from shareholders indicating that they had mailed payments on schedule and that their checks had in fact cleared their bank accounts. Watkins requested that each of the shareholders provide a copy of the canceled check to verify if the payment was misapplied by RPMWC. RPMWC was unable to locate the payments in question. The shareholders discovered that the Pauma Valley Community Services District (“PVCSD”) had deposited the shareholder checks even though they were made payable to RPMWC. Kariya questioned if PVCSD had informed RPMWC of this matter. Watkins received an email from PVCSD on March 12th informing RPMWC that thirteen checks made payable to RPMWC were deposited into the PVCSD bank account on February 13, 2024. Watkins noted that PVCSD has reimbursed RPMWC for five of those payments after reaching out to the shareholders. RPMWC also reached out to the shareholders listed who had not yet contacted RPMWC to inform them the finance charges (if applicable) had been waived. Watkins noted that RPMWC was able to connect with twelve of the thirteen shareholders, the one remaining shareholder was contacted and a voicemail was left but they have not yet returned the call. Kariya asked if the PVCSD monthly invoice charge was a standard fixed amount. Watkins replied that to the best of her knowledge yes. Watkins is currently awaiting a response from PVCSD to understand what procedure will be implemented by PVCSD to prevent a reoccurrence of this issue when the mail is sorted. Watkins also noted that a separate incident involving the separation of delivered mail took place last week, PVCSD placed a piece of personal mail addressed to Kariya in the RPMWC intake receptacle. RPMWC staff retrieved the envelope and called Kariya to notify her that an envelope was misdelivered to the office building. Kariya explained that upon arrival to pick up the envelope from the RPMWC staff, Kariya noticed the envelope was previously opened and taped closed. Kariya explained that she then asked RPMWC staff if they had opened the envelope, RPMWC staff stated they did not open the envelope. Kariya took the envelope to the PVCSD counter to confirm if PVCSD staff had opened the envelope, PVCSD Office Clerk confirmed that it was mistakenly opened by her. Bandy asked Watkins to email the PVCSD General Manager to confirm the procedure for receiving all mail at the shared office building. Watkins noted that the results of the lead and copper tests for the 20 property owners tested in February, have been received from the laboratory. Watkins explained that a confirmation letter and a copy of the test result will be mailed to all participating shareholders. Bandy inquired on the remaining procedures to be followed with the lead and copper testing requirements. Watkins stated that the continuance of the quarterly distribution testing and a second – semi-annual shareholder

testing will take place later this year. Watkins noted that with the implementation of the new Utility after-hours emergency phone number, staff has updated the monthly billing invoices, the after-hours phone greeting and the website. As part of the update, RPMWC has ordered new signage for the chlorine stations that will direct the public to call the Utility duty phone in the event that a chlorine alarm has been triggered. Watkins reported that weekly staff meetings have been implemented and noted this has become a positive communication tool. Knox stated that the meetings would create a more cohesive unit. Watkins lastly noted that in the month of February PVCSD made two separate connections to the RPMWC water system by use of a fire hydrant without prior communication, which is against policy as a protective measure for our water system. The first connection was a planned sewer maintenance, and the second connection was on an after hours emergency basis. After the first illegal connection occurred, Watkins provided via email the procedure to General Manager Steinlicht for obtaining temporary water service which requires PVCSD to contact the RPMWC office 5 days prior for staff to set a construction meter on their behalf. After the second illegal connection occurred, RPMWC provided a second option to PVCSD allowing them to establish a temporary water service account which would allow PVCSD to rent a construction meter with a monthly infrastructure charge, a meter deposit fee and the water usage billed at a tier 3 rate and the pumping electrical fees. This option will ultimately allow PVCSD to connect the RPMWC issued construction meter to any fire hydrant within our service area for planned or emergency needs. Watkins is still awaiting a response as to how PVCSD would like to proceed. Kariya questioned if PVCSD or their vendor is aware of the proper fire hydrant hook up procedure. Watkins noted that the Construction Meter Application Package outlines the provisions required by RPMWC to safeguard the water system.

a. Operations Report: Watkins noted that the Utility staff recently replaced a non-operational curb stop on Taspas. The Utility team noted that the valve to isolate that specific service line and completely stop the flow of water would not seal all the way making the replacement process and glue drying difficult. The Utility Supervisor has identified this valve as a possible replacement. Watkins stated that two days later the RPMWC office received a report that the Taspas location was leaking again and after reassessing the area the Utility team was able to successfully make the repair. Watkins also noted that on the same day there was a service line break at the John Wayne House. The Utility Supervisor was present at the John Wayne House with the Pauma Valley Country Club ("PVCC") staff when the break occurred. Prior to the water line break, a repair plan was coordinated in the morning of the following day with the PVCC Superintendent, to allow RPMWC time to notify all affected shareholders that their water service would be off for the duration of the repair. While the PVCC staff were working on their side of the meter, a break occurred on the water company side of the meter which created an emergency need to shut the other shareholders off without notice. Watkins informed that with the two service line breaks occurring simultaneously the utility crew were on site until 9:45 p.m. to ensure that all shareholders had water restored. Pape noted that had the PVCC crew waited and allowed for the scheduled work to be performed the next morning no overtime would have been required. Knox questioned the current status of the 401K establishment. Watkins will be scheduling meetings/interviews with the top two client representatives.

b. Account Totals: Watkins presented the Board with the February Account Totals, with a total revenue for February of \$43,654. Watkins noted that 6,794 units were sold in February. Kariya asked if the delinquent penalty/late fees total included the finance charges for the 13 shareholders affected by the PVCSD check cashing error. Watkins stated that the finance charges were previously reimbursed to shareholders and the total of \$523.75 is the total for the remaining delinquent accounts. Watkins also noted that currently a large shareholder is slated for shut off due to the age of the past due amount, the past due amounts are finance charges which began last year and have not been paid. Bandy questioned how long the account has been past due. Watkins noted since October 2023. Knox questioned if the shareholder has been in contact to resolve the issue. Watkins has not been contacted. Kariya questioned the total amount that was past due. Watkins stated that the total past due was over \$4,000.00. Bandy suggested that as Treasurer, Knox meet with the shareholder to discuss the outstanding balance due.

c. Water Report: Watkins presented the February slippage report noting the minimal percentage of slippage.

5. Financials

a. B/S, R&E, 2-year Comparison as of February 29, 2024: Knox began the conversation by noting he is aware of the current balances in the certificate of deposit accounts which are slightly above the Federal Deposit Insurance Corporation limit. Watkins presented the financial report for February for review, noting that PVCSD has not sent the shared building expenses due for February as of yet. Knox asked Watkins what RPMWC has as the estimated February payables due to PVCSD, Watkins noted that those expenses average about \$2,000 per month (not including any SGMA JPA Reimbursements). Watkins reported a cash total of \$1,434,000 for February. Watkins noted the Accounts Receivable of \$65,578 and the Accounts Payable at \$41,920. Kariya inquired on the communications concerning the payables due between RPMWC and PVCSD on a monthly basis. Watkins noted that both entities are working together with no issues to report. Watkins proceeded to review the Revenue and Expense Report, noting the line item for well maintenance receiving the majority of the expense for the sand filter upgrade at Well 36. Watkins also noted she has not yet received the February Procopio invoice. Watkins stated that the report currently reflects an operating loss of \$27,866 for the month of February due to low water sales. Knox stated that RPMWC has had two brutal years in terms of large rain fall amounts affecting the water sales. Watkins noted the 2-year comparison reflects an employee cost last year of \$124,425 and a comparison cost for this fiscal year of \$154,000. Watkins reminded that the employee cost differences between the two years comes from having five full time employees now versus seven shared employees under the previous agreement. Knox noted the positive change involving the certificate of deposit reinvesting. Upon a motion by Kariya, seconded by Knox and unanimous vote, the February financials were approved as presented.

6. **RPMWC and PVCSD Update:** Bandy noted that RPMWC and the PVCSD are close to reaching an agreement. Knox stated that the entire Board needs to be in agreement with the terms presented.

7. **Upper San Luis Rey Groundwater Management Authority Update (SGMA Update):** Bandy noted that the JPA will be meeting on Tuesday, March 19 with Geoscience presenting the annual report. Mathews asked if there was an update on the IWA lawsuit. Bandy noted that there has not been much movement on this and that this topic will likely be discussed in closed session by the JPA.

8. **Closed Session**

a. **Pursuant to California Corporations Code Section 14305(b)(2) – Potential Litigation, 1 case:** The Board entered into Closed Session at 2:45 pm.

9. **Open Session**

a. **Action Taken:** Reconvened to Open Session at 3:34 pm. The Board has received the updated memorandum of understanding between RPMWC and PVCSD with suggested edits.

10. **Adjournment**

a. Regular Meeting Date at 3:30 pm – Monday April 15, 2024. With the next meeting date set and no further business to discuss, Bandy motioned to adjourn the meeting, motion was seconded by Kariya and upon unanimous vote the meeting adjourned at 3:36 pm.

Kim Alvarado

Kim Alvarado, Recording Secretary