

RANCHO PAUMA MUTUAL WATER COMPANY ("RPMWC")
MINUTES OF THE
REGULAR MEETING OF THE BOARD OF DIRECTORS
HELD October 30, 2023

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

Directors Absent: None

Also Present: Pauma Band of Mission Indians Water Department Manager Ruben Bentancourt, Shareholders Charles Mathews, Larry Curtis, Janet Scott, Pam Martello, Angela Sturdivant, Ron Krohn, Mike Esparza, Ken Grant, Fred Nelson, 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.
2. **Shareholder Comments:** Mathews questioned why the current fiscal year and next fiscal year are forecasted at a loss and secondly pointed out that the separation between RPMWC and PVCSD has increased operating costs. Bandy addressed the budget question by stating that the historical figures help depict a consistent basin draw. Bandy proceeded to address the costs associated with the separation, noted that RPMWC originally discussed with PVCSD, in the May meeting, a restructuring not a separation and also pointed out the tremendous benefit to having a joint agreement between the two entities. Bandy noted that the operating costs are going to be increased due to the separation of the two entities.
3. **Approval of Previous Minutes**
 - a. Minutes of September 18, 2023 - Regular Meeting: Bandy noted that a correction needed to be made in Agenda item 9, revising the sentence to state the meter discussions are currently underway. Upon a motion by Knox, seconded by Kariya, the minutes of the Regular Meeting held on September 18, 2023, with the requested correction were approved as presented by unanimous vote.
 - b. Minutes of September 29, 2023 – Special Meeting: Upon a motion by Kariya, seconded by Shoaff, the minutes of the Special Meeting held on September 29, 2023, were approved as presented by unanimous vote.
4. **Administrative Manager's Report:** Watkins reported that the deadline for the Call For Candidacy is tomorrow, October 31st. Watkins noted that the Lead and Copper testing at all 20 homes has been completed. Watkins reported that roughly 25 customers notified our office that their September payment was not applied to their RPMWC account; all of the customers reported they were using online bill pay through their banking institutions. Watkins further explained that paper checks are sent on behalf of the customers (using online bill pay) and are received in large batches from the USPS, these payments have not been received as of today. Watkins informed of the implementation of a vehicle equipment inventory for utility to complete on a quarterly basis, to ensure the entire fleet is prepared to respond with little to no notice. Watkins reported that a Risk Management Plan ("RMP") Audit was conducted by Kazarians, the audit included staff interviews and a thorough review of the RMP documents. This audit is in preparation for our triennial reporting due by the end of this year. Watkins discussed the current status of the Supervisory Control and Data Acquisition ("SCADA") system located in the office building near the PVCSD General Manager's office. Watkins noted that currently PVCSD has one page designated to wastewater needs but has full access to the water related pages as well. Pape suggested moving the system to the Administration Office. Knox asked Watkins to obtain a quote to relocate the SCADA computer. Watkins noted that a resignation was received from a Utility staff member, a job vacancy has been posted.
 - a. Operations Report: Watkins provided the Operations Report updates noting the booster pump on Indian Bend has been replaced, informed that RPMWC supplied all the water for the commercial fire that

erupted in late September, and that the isolation valve near Pauma Valley Country Club was installed without issue. Watkins reported that well 43 has been pulled and videoed. Watkins is collecting bids to make the necessary repairs to bring this well back online soon. Watkins also provided an update that one of the property owners, of the private pump station that serves the two properties above the tanks, is working on a new system plan design and will continue to update RPMWC on the progress.

- b. **Account Totals:** Watkins presented the Board with the September Account Totals, with a total revenue of \$175,158. Watkins noted that 83,172 units were sold in September, with 63% of the units sold to the Agriculture Shareholders and 37% of the remaining units sold to the Residential Shareholders.
- c. **Water Report:** Watkins reported that the September slippage (units loss) totals are slightly higher due to the water needed to fight the fire at the El Rey Restaurant/Marthas Market. Watkins also noted that she has reached out to the Cal Fire Chief for a total on water used.

5. Financials

- a. **B/S, R&E, 2-year Comparison as of August 31, 2023:** Watkins presented the financial report for review, noting that an agreement has not been reached for the July and August amounts owed to PVCSD as of yet. Watkins reported the accounts receivable at \$201,880 and the accounts payable at \$89,320. Watkins noted the prepaid customer fees balance of \$179,112 is largely from the McMillan Farms prepayment. Knox questioned if the September financial statements were available. Watkins noted that she is still working with PVCSD to reach an agreement for the July, August and September payables, once completed the September financials will be available. Watkins lastly noted that 3 of the 4 certificates of deposit accounts have recently been renewed with an annual percentage yield of roughly 5%. Upon a motion by Kariya, seconded by Shoaff and unanimous vote, the August financials were approved as presented.

6. Draft Budget for fiscal year 2023-2024

- a. **Capital Improvement Plan:** Bandy asked Watkins to give a brief overview of the two water rate options for consideration. Watkins described both water rate option 1 and 1a noting the basis of the total draw was depicted at 850,000 billing units and also taking into account the historical usage percentages. Watkins reviewed the additional assumptions used in creating both budget models. 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. After some discussion, a motion was made by Knox to adopt the budget model using water rate option 1, seconded by Kariya and unanimous vote, the 2023-2024 Budget using water rate option 1 was approved as presented.

- 7. **RPMWC and PVCSD Update:** Bandy reported that both RPMWC and PVCSD submitted to a mediation process last week and that both parties have been told not to discuss the matter with anyone.

- 8. **Upper San Luis Rey Groundwater Management Authority Update (SGMA Update):** Bandy reported that as of the last meeting held on October 17, a brief update was given on the Groundwater Sustainability Plan (GSP) will be reviewed by the State by January 31, 2024.

9. Adjournment

- a. **Next Regular Meeting Date at 2:00 pm – Monday, November 20, 2023.** With the next meeting date set and no further business to discuss, Shinner motioned to adjourn the meeting, motion was seconded by Knox and upon unanimous vote the meeting adjourned at 2:48 p.m.

Kim Alvarado

Kim Alvarado, Recording Secretary