

RANCHO PAUMA MUTUAL WATER COMPANY ("RPMWC")  
MINUTES OF THE  
REGULAR MEETING OF THE BOARD OF DIRECTORS  
HELD November 19, 2018

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Directors Present: Charles Mathews, Brad Smith, Chuck Bandy, Son Do and Laura Kariya  
Also Present: Shareholders Jim Cipriano, Bruce Knox, Steve Wehr; General Manager of PVCC Paul Devine; CEO of Steele Canyon Larry Taylor; Jeff Pape of Dudek; General Manager Bobby Graziano and Office Manager Amber Watkins

1. **Call to Order:** Meeting was called to order at 2:00 p.m. by President Mathews.
2. **Shareholder Comments:** Knox asked for the annual meeting date; Mathews informed that the board has not yet set that date as of yet. Devine reported that the golf course irrigation system will be upgraded with work beginning next summer. Pape and Graziano asked to meet with the irrigation designer to determine if RPMWC projects can line up with the work to be performed. Mathews inquired on the potable line that will run up to Pauma Valley Drive; Pape informed that this line is no longer needed as McMillan Farm has a direct connection to Yuima MWD. Mathews asked Pape to explain the SCADA program to PVCC's Larry Taylor. Pape reviewed the data and explained the different water systems that are managed through SCADA. Mathews noted that the board believes with the conservation efforts put into place a few years back that the water supply appears to have stabilized. Mathews also noted that the McMillan direct connect to YMWD has been a tremendous relief on the water system and that the reallocation of the TY Nursery water will be a 20% reduction on the cost of water. Mathews also explained that the PVCSD wastewater treatment plant is having Total Dissolved Solids level problems, noting that this can be corrected if the water quality going into the plant is improved.
3. **Approval of Previous Minutes:**
  - a. Minutes of October 24, 2018: Kariya noted a typo on item 4g; staff will correct. Graziano reported that the Pauma Indians will be planting 1-5 acres of grapes and 30 acres of olive trees on the land adjacent to the office; the timeframe for the completion is unknown; Bandy noted that the water needed for these crops will not be substantial. Mathews asked if Devine had met with RPMWC staff to discuss the annual allocation as discussed at the previous meeting. Devine stated that a meeting was held with Graziano the Friday before the meeting. PVCC will provide direction on how they would like billing to take place. Graziano to coordinate. Upon a motion by Bandy, second by Kariya and unanimous vote, the minutes of the meeting held October 24, 2018 were adopted pending the change requested herein.
4. **Operation & Discussion Items:**
  - a. Sources and Usage Report: Pape reported that total basin draw for the year was 591,922 units with 127,125 units purchased from Yuima.
  - b. Account Totals: Presented for review. Graziano reported the ATY will no longer appear as McMillan will purchase this water directly from YMWD.
  - c. Slippage Report & Well Data: Presented for review; staff informed that the meter at Well 39 was not registering the proper usage which led to the increase in slippage for the month. Graziano informed that the leak detection survey is currently underway and should be completed tomorrow.
  - d. Acquisition of Backhoe: Graziano reported that the FARMER/Moyer grant was researched and noted that it does not seem worth the wait until August of 2019 to get a payment of \$15,000 toward the purchase. Graziano went on to explain that no guarantee will be given for the grant money and that if a better qualified candidate applies RPMWC will be removed from the list. Graziano noted that the machine price is anticipated to increase January 1, and no moneys could be collected through the sale of

the existing machine since the grant program requires the machines destruction. This meant the potential grant money would be offset by the price increase, and loss of revenue from the sale of the existing machine. Graziano requested authorization to move forward with the purchase of the Caterpillar backhoe as proposed. Mathews motioned to authorize staff to move forward with the purchase as requested, seconded by Smith, upon a vote all were in favor with the exception of Bandy; motion was approved 4 to 1 majority.

**e. SCADA:** Previously discussed.

**f. Reservoir Project Update:** Pape reported that the contractors need to physically inspect the inside of the tank after the coating has been removed. Pape reported that a customer has boosters that pulls water directly from the large tank; this will need to be addressed. Mathews asked that staff add an alarm to the transducer to prevent any communication loss. Pape noted that the inspection will likely take place in mid January.

**g. By-law Update:** Mathews noted that section II.7 used the word cumulate twice and both had different meanings. Legal was asked to provide the wording to correct this; draft wording was presented for review. Motion was made to authorize the change as proposed by legal, second was made by Kariya and upon a vote was unanimously carried.

**h. Fiscal Year Discussion:** Mathews reported that the accounting software used by staff does not support the 14 month year that was approved two meetings ago. Mathews also reported that changing the account fiscal year to a calendar year will cause all historical records to be incorrect. Staff recommends leaving the water year as is and proposes to change the accounting year back to Nov 1- Oct 31. Mathews motioned to authorize this change based on staff recommendation, seconded by Bandy and unanimously approved.

## **5. Financial Report**

**a. B/S, P&L as of October 31, 2018:** Watkins reported that the total Cash Assets are \$1,450,014, Accounts Receivable of \$194,114 and Accounts Payable of \$97,961. Watkins noted that these financial statements are pre-audit and noted that changes may be made. Mathews inquired on the McMillan-Yuima meter installation charges; Graziano informed that the job was a time and material contract with Patriot Pipeline who was strongly recommend by YMWD. Graziano also noted that the project was completed one week early which saved McMillan roughly \$5,000 in water. Mathews asked that Graziano prepare a repair and maintenance program to reduce the Repair costs; Mathews noted that the expenses are over budget and would like the issue addressed. Graziano explained that the current budget will be better in line with expenses as the proration was done in August based on actual amounts spent. A motion was made by Kariya to adopt the financial statements as presented, seconded by Smith and unanimously approved.

**b. Accounts Receivable:** Presented for review. Mathews reminded the Board of its policy that customers that receive shut off notices are required to pay only the past due amount to avoid interruption of water service while customers that are actually shut off for nonpayment are required to pay the entire account balance and reconnection fee to have services restored. Mathews verified that the board agrees with the policy as is.

**c. Revised CapEx schedule:** Graziano presented that updated schedule noting that this is not needing approval and is just a tool to monitor money spent and future needs. Smith asked that additional columns be added to the current year to include YTD spent and proposed. Do suggested adding a cost recovery time for the items. Pape explained that not all capital investments have a quantifiable ROI, and some of

investments made to improve water quality. Mathews asked that a third column be created in the current year for the placeholders.

6. **SGMA Updates:** Mathews reported that the County withdrew from the MOU which had made them liable for the costs for development of the GSP and covered the legal exposure; with the withdrawal of the County the local agencies now need to determine funding. PVCSD discussed these issues this morning; Mathews noted that a new PVCSD board is coming so it is unclear what PVCSD will do at this time. Mathews believes that the exposure to PVCSD is too great and feels it would be best that they withdraw from the MOU. Mathews noted that PVCSD can still be the GSA for their boundaries, but the costs for developing the GSP would fall entirely on them and the costs would be too great. Ultimately it will be PVCSD decision how to move forward, Mathews stated that RPMWC will support PVCSD anyway possible.
7. **Adjournment:**
  - a. Next Regular meeting date January 21, 2019 at 10 a.m.: Staff was asked to include the proposed annual meeting date on the next agenda. With the next meeting date set and no further business to discuss and upon motion made, seconded and unanimously carried the meeting adjourned at 4:06 p.m.

*Amber Watkins*

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Amber Watkins, Recording Secretary