

RANCHO PAUMA MUTUAL WATER COMPANY ("RPMWC")  
MINUTES OF THE  
REGULAR MEETING OF THE BOARD OF DIRECTORS  
HELD October 24, 2018

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Directors Present: Charles Mathews, Brad Smith, Chuck Bandy, Son Do and Laura Kariya  
Also Present: Shareholders Tom Cerruti, Jim Cipriano, Bruce Knox, Steve Wehr; General Manager of PVCC Paul Devine; Superintendent of PVCC Scott Lewis; Jeff Pape of Dudek; General Manager Bobby Graziano and Office Manager Amber Watkins

1. **Call to Order:** Meeting was called to order at 10:00 a.m. by President Mathews.
2. **Shareholder Comments:** Cipriano took a moment to publicly compliment GM Graziano for his assistance during the recent Wiskon Way East paving project that led to a water line break. Cipriano reported that Graziano was ready and willing to help as soon as he was made aware of the break. Devine reported that the PVCC transfer of ownership documents have been provided; Devine noted that if any of the entities need any additional information to please contact him. Devine also reported that the agreement with TY Nursery has not yet been finalized; Devine noted that PVCC still intends to enter into the agreement; Mathews noted that in previous discussions it was stated that the agreement will be a "clean" deal.
3. **Approval of Previous Minutes:**
  - a. Minutes of September 19, 2018: Bandy noted that item 4a should capture that Pape reported that the tank proposal will allow the work to be completed in a two-part process where the work will be identified, and a subsequent proposal will be provided to complete that work. Bandy also noted that 4a states that he "suggested" and should be "supported Mathews." Smith noted that item 4a also contains a sentence with "aggravated" this should be removed. Knox commented that item 2 is not correctly reflecting what he stated; to clarify the confusion Mathews asked him to provide his sentence in writing. Upon a motion by Kariya, second by Bandy and unanimous vote, the minutes of the meeting held September 19, 2018 were adopted pending the changes requested herein.
4. **Operation & Discussion Items:**
  - a. Sources and Usage Report: Pape reported that total basin draw is anticipated around 590,000 units which is below the 600,000 units limit for the year. Smith noted that the September usage was historically high; noting that PVCC has been heavily irrigating the entire golf course which is probably the major factor. Pape reported that a water quality issue has come up for PVCSD. Pape explained that the treatment plant has reached the permit limit on Total Dissolved Solids. Pape noted that the discharge standard in the area is much lower than other areas and would be difficult for PVCSD to increase. Pape noted that RPMWC has done a good job in obtaining volume of water but now the quality needs to be addressed. Pape noted that SGMA will need to address these issues. Pape also noted that RPMWC is taking steps to improve the inbound water quality. Pape reviewed the PVCC pond showing that four wells are currently able to add water; Pape suggested that Well 42 which is now approved as a potable well be removed from the pond and Well 40 which is now above the MCL for Nitrates as N be placed into the pond. Do asked if other areas have been checked for high quality water; Pape informed that we are looking for additional high-quality water locations. Mathews explained that the issue is PVCC is using potable water for non-potable purposes. Mathews noted that the McMillan Farms direct connect to Yuima MWD is a huge relief on the system. Devine noted that samples are needed as the treatment for the water is done at the other end of the irrigation system, Graziano will discuss further with him; Pape noted that would not be a problem. Pape noted that Well 37 has been setup to service Bandy in a complex new system. Well 41 is setup to service Pauma Indians.
  - b. Account Totals: Presented for review.

**c. Slippage Report & Well Data:** Pape noted that leaks at the check valves at RPMWC wells have been noted and that water is not being lost but pulled back into the wells. Pape noted that some wells get air in them and cause higher usage to appear which may be the reason slippage is high this month.

**d. Leak Detection Survey:** Graziano presented a proposal for a leak survey. Kariya asked if any other bids were obtained. Smith informed that is not needed as the amount is \$7,000. Staff was authorized to move forward with the survey as presented.

**b. Account Totals:** Smith asked to discuss this item. Smith noted that the total units billed are roughly 4,000 units over the Sources and Usage Report total. Graziano explained that this is due to PVCC and a “take or pay” scenario the difference are units that PVCC received from TY Nursery. Pape reminded that PVCC needs to have an operations meeting for the annual allocation which begins in a few days. Pape informed that the daily maximum of water to be delivered needs to be determined.

**e. Acquisition of Backhoe:** Graziano presented purchase and lease options for a backhoe from multiple companies after it was determined that retrofitting was not an option, Graziano recommends Caterpillar. Bandy suggested that grant options be reviewed. Bandy informed of a Carl Moyer grant that may be an option to help pay for this and suggested that a used compliant machine be checked. Knox asked what the life expectancy is, Graziano informed 20 years. Both Knox and Cerruti suggested that lease options be explored. Smith asked that the grant process be reviewed. Do suggested a deadline of next meeting if the information is ready.

**f. Acquisition of Valve Cycling Machine:** Graziano reported that valve cycling has been outsourced and feels that staff should be able to provide this service to RPMWC. Graziano feels this machine will help staff build a knowledge of the valves and the areas each valve controls. Mathews proposed resolution to authorize staff to purchase the valve cycling machine as proposed with an expenditure limit of \$37,000, made by Smith, seconded by Bandy and unanimously carried.

**g. SCADA:** Pape presented the SCADA data. Pape reported that Well 14 is at 139.9'; Well 36 is back in operation; Well 39 had an aeration problem which was corrected. Pape reported that a pressure transducer will be installed at the small reservoir tank; this will allow the potable system and SCADA to run using the small tank and the large tank to be emptied and contractors to enter to provide a bid. Pape reported that PVCC is using a large amount of water; McMillan project was completed and became operational October 15<sup>th</sup> when Pape, Graziano and the Utility Staff christened the reconfigured ag system. Pape noted that the Pauma Indians use minimal water, but usage would increase once the property is planted. Mathews noted the degree of control that has been made possible with the SCADA system. Devine reported that PVCC will replace its entire irrigation system beginning next summer; the timeline is still unclear; Bandy suggested that Graziano talk with PVCC management to discuss lining up the work with the irrigation system upgrade. Mathews asked Cerruti if an easement would be possible on the Pauma Valley Investors parcel behind Wiskon Way East. Cerruti noted it would depend on the location and suggested that a proposal be submitted for review as this is the first he heard of it. Devine noted that the entire berm is PVCC land. Mathews asked staff to meet with PVCC and Cerruti to develop proposals to connect well 40 to the PVCC pond without crossing the golf course and to explore other opportunities resultant from the reconfiguration of the golf course irrigation system.

**h. Reservoir Project Update:** Pape reported that the tank will be emptied in the next few weeks. Mathews noted that the McMillan project equipment needs to be protected and asked staff to accelerate it. Pape explained that once emptied and inspected RPMWC will have the ability to hold the contractor to the bid price. Pape is not concerned at all about running the system off of the small tank. Staff was instructed to move forward as discussed.

**5. Financial Report**

a. B/S, P&L as of September 30, 2018: Watkins reported that the total Cash Assets are \$1,273,899, Accounts Receivable of \$263,931 and Accounts Payable of \$82,623. Watkins noted that two of the four Certificate of Deposits will mature in February 2019. Watkins reported that the total of the two CDs is \$250,000 and noted that the imprest account has \$80,000 for the reservoir rehabilitation project. Watkins reported that TY Nursery was invoiced for the three vacant lots in September as agreed upon and noted that legal expenses were low as not much activity took place. Watkins noted that the total cash generated for September was \$114,742. A motion was made by Smith to adopt the financial statements as presented, seconded by Bandy and unanimously approved.

b. Accounts Receivable: Presented for review.

c. Revised CapEx schedule: Graziano noted that the Well 40 conversion to non potable via a pipeline to the golf course is presented in this version. Mathews suggested that a discussion happen to see if RPMWC and PVCC can work out a share of cost plan for the pipeline project. Graziano reported that Utility staff are working to keep spare parts on hand to make any repair to all aspects of the system. Graziano believes once fully stocked it will cost between \$20,000 - \$30,000. Smith requested that this plan show the previous three years of expenditures so that money spent can be reviewed as well. Bandy asked if the SGMA budgeted funds should be outlined on this plan; Mathews reported that the costs are unknown and these items are expense items which will not appear in the CapEx projects.

**6. SGMA Updates:** Smith reported that the Request for Qualifications is ready for distribution on Friday; Smith reported that the firms will have one month to submit their proposals. Mathews noted that the RFQ requires an agreement amongst the parties which has not yet been reached. Mathews noted that County staff has withdrawn from the group and responsibilities outlined in the original MOU. Mathews explained that it is unclear what will happen as the County Board of Supervisors entered into the agreement. Mathews reported that at the meeting last week it was brought to the attention of the Board of Supervisors that the original MOU needs to be modified and/ or terminated or the County must conform to the original MOU.

**7. Adjournment:**

a. Next Regular meeting date November 19, 2018 at 2 pm: With the next meeting date set and no further business to discuss and upon motion made, seconded and unanimously carried the meeting adjourned at 12:05 p.m.

*Amber Watkins*

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Amber Watkins, Recording Secretary