

RANCHO PAUMA MUTUAL WATER COMPANY  
REGULAR MEETING OF THE BOARD OF DIRECTORS  
December 5, 2016

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Directors Present: Charles Mathews, Brad Smith, Chuck Bandy, Laura Kariya and Chris Reeber

Also Present: Shareholders Jim Cipriano and Todd Nicol, Bobby Graziano of Rancho Estates Mutual Water Company, Jeremy Jungreis of Rutan and Tucker, Jeff Pape of Dudek, Administrator Mindy Houser 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:** Nicol sent an email to President Mathews regarding what he believes to be a wheeling agreement with McMillan Farm Management and asked to read it to the board. Nicol suggested that further discussion and consideration be given to the proposal to include those most heavily impacted by the drought such as himself and his farming operation. Mathews advised that this topic is to be discussed later in the meeting.
3. **Approval of Previous Minutes:**
  - A. October 24, 2016 regular: Bandy asked for some clarification on the minutes as there is no mention of the vote for the capital expenditure for the two new wells which total \$278,000. Bandy also asked Pape to re-state his belief mentioned in Section 6 regarding McMillan's Well 12. Pape noted that he believes there is a correlation between Bandy's well field and our wells in the east end as our water levels drop when McMillan's well is running. Staff was asked to clarify Pape's statement in the minutes. Upon a motion by Smith, seconded by Reeber and unanimous vote, the minutes of the Regular meeting held on October 24, 2016 were approved pending the requested change.
4. **Administrative Report:**
  - A. October water sales: Houser reported that of the 80,562 units billed in October, a total of 13,078 units were purchased from Yuima MWD - most of which were at customers' request. The year-end total draw from the basin was 657,294 units which is well below the basin goal of 700,000 units.
  - B. YTD graphs: Houser presented graphs depicting historical well production over the past 8 years and monthly production for 2015-16 fiscal year. Mathews commended staff for year-end totals and noted that production decreased by 1% over the previous year. Pape presented graphs which compare historical static and pumping levels to actual rainfall at Well 14 which is centrally located in the boundaries. When asked what this data depicts, Pape explained that water levels would need to come up about 20' in order to maintain the same draw from the basin as we currently draw. Pape explained that maintaining the basin is difficult, but by including the previous month's Tier III units for domestic use with the AG requests for the month should be helpful. Pape noted that he is monitoring the flows to ensure that no overflow at the reservoirs occurs when McMillan is not irrigating. Pape will obtain a proposal to install a clay valve, pending Yuima's approval, which will automate the import water so that staff can use SCADA to turn on or off as needed. In the meantime, Bandy will maintain a 7-day constant flow to assist staff with the import water purchase.
  - C. Well sites easements: Houser reported that with a blanket easement at the northwest end of the boundaries, the drilling for the new AG well has begun. The well, #43, will have a specific

easement recorded when completed. The easement for the potable Well 42 has been signed by Pauma Valley Investors and recorded. Fain will begin drilling this well once the permit has been secured and approved by the WQCB and after completion of Well 43 drilling.

**D.** Lot clearing-Pauma Heights Road: Houser reported that the property with the reservoirs has been cleared of dead foliage after a shareholder complaint was received. Houser noted that this portion of the property is across the street from the reservoirs and that the parcel cannot be divided based on the County's 2020 Plan. Nicol stated that he had previously expressed interest in leasing this portion of the parcel for his farming operation.

**E.** Valve exercising schedule: Houser reported that all valves belonging to RPMWC are exercised annually. R & M Services are currently on site performing this requirement.

**F.** November billing: Having just completed the November billing, Houser presented the month's totals. Having already received several comments regarding the cost increase, staff was asked to include a rate structure change reminder with the December billing.

## **5. Financial Report**

**A.** BS, P&L as of 10/31/16: Houser presented the pre-audited financial report which reflects Cash Assets totaling \$704,409; Accounts Receivable of \$192,652; and, Accounts Payable of \$403,448. Trying to expense out on this year's taxes, Houser noted that \$278,000 for well repairs will be adjusted out and recorded as a Capital Asset in the new fiscal year. Mathews asked staff to review the depreciation schedule to see if any of the items can be depreciated at a quicker rate. Mathews also suggested that monies in the bond funds be moved to a long term Certificate of Deposit with the bond rates starting to decline. Bandy agreed with the move and advised staff to act as quick as possible. Upon a motion from Bandy, seconded by Smith and unanimously voted, the financial report was adopted as presented pending the \$278,000 adjustment.

**B.** Account receivables: Houser states one meter has been locked off for non-payment.

**C.** Audit Schedule: Houser reported that Nigro and Nigro, CPAs were on-site last week to perform the audit. Houser anticipates a draft report to be received before the January meeting.

## **6. Operations & Maintenance Report**

**A.** SCADA review: Pape presented Well 14 data. Pape noted that Well 40 is currently offline, and will be off through winter, as water needs to be blended due to high nitrates. Pape noted that Well 39 is also offline as it was causing air in the system.

**B.** Drilling new wells: This item was discussed earlier in the meeting.

**C.** McMillan Farm Mgmt options: Pape suggested that a swap of water between McMillan and TY Nursery could easily be achieved without converting McMillan's well to potable status. Staff was asked to provide a checklist of what it will take to convert McMillan's newest well to potable and explore the option of buying water from McMillan so that demand is less on RPMWC's potable system. Counsel was asked to look into the requirements of CEQA to help determine if this well could be converted due to its close location to the river.

Due to scheduling conflicts, Reeber exited the meeting at 3:16 p.m.

## **7. Other Business:**

**A.** SGMA updates: Mathews reported that since he is no longer on the PVCSD board, he was replaced as the SGMA representative. New President Dick Nolan will continue to attend the

Working Group meetings with Jungreis as the alternate representative. Legal is currently researching the tax exempt bonds concern that Ron Watkins, representing YMWD, raised in opposition to mutual water companies joining the JPA. Mathews stated the County has proposed to move forward as the GSA and pay associated costs if an agreement between all the parties is not reached by the January meeting. If the County becomes the GSA, it was proposed that the local parties form an advisory group to the County for preparing and implementing the GSP. Mathews solicited the directors' opinion of this proposal. Following discussion, it was agreed that Mathews will meet with Nolan to convey that the water board feels having RPMWC as a signatory to the JPA is more preferred over having the County's proposal accepted.

**B.** Rutan & Tucker conflict issue: Houser asked that this item be moved to Closed Session; board agreed and item was moved.

**8. Closed Session:**

**A.** Conference with Legal Counsel - Entered into closed session at 3:43 p.m.

**9. OPEN Session:**

**A.** Report Actions from Closed Session – Reconvened at 4:25 p.m. with no reportable action. Board gave direction to staff and counsel.

**B.** 2017 Annual meeting - Houser noted that Kariya and Reeber will be up for re-election in 2017 and confirmed the desire of Kariya to seek another 4 years. The date and time scheduled for the Annual Meeting is February 13<sup>th</sup> at 1:00 p.m. Monthly board meeting to convene directly thereafter.

**10. Adjournment:**

**A.** The next meeting date is set for Monday, January 23<sup>rd</sup> at 2:00 p.m. With no further business to discuss, a motion to adjourn was made by Smith, seconded by Kariya and unanimously carried at 4:25 p.m.

*Amber Watkins*

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Amber Watkins, Recording Secretary