



Raineri Mutual Water Company

Annual Members Meeting, July 13, 2026

Meet the Board of Directors



Stephanie Massei
Treasurer



Westin Bolliger
Secretary



Alison Armstrong
Board Member



Wade Bastien
President



Rod Fagan
Vice President



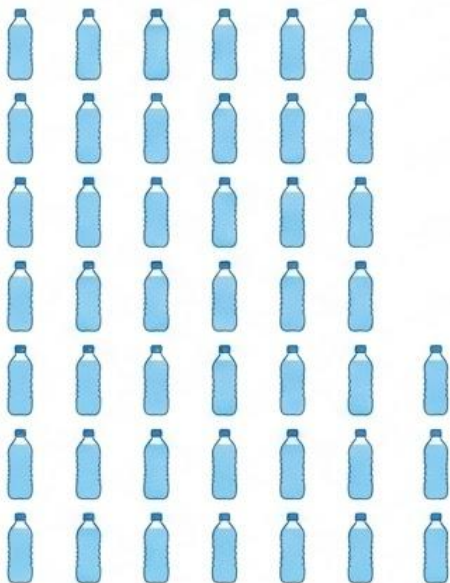


Agenda

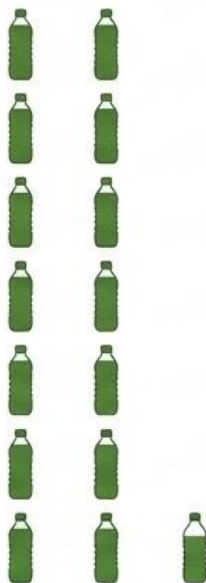
- Call for Volunteers
- Year in Review (Operations & System Overview)
- Water System Operator Transition
- Regulatory and Compliance Update
- RMWC Financials
- Administrative Update - Bookkeeping Transition
- Billing Policy Update
- Rate Increase Discussion
- Cross Connection Control Planning
- Capital Projects Update
- Insurance and Risk Management
- New Board Member Voting
- Open Forum - Q&A

Call for Volunteers - RMWC Board of Directors

45 TOTAL MEMBERS (100%)
of Raineri Mutual



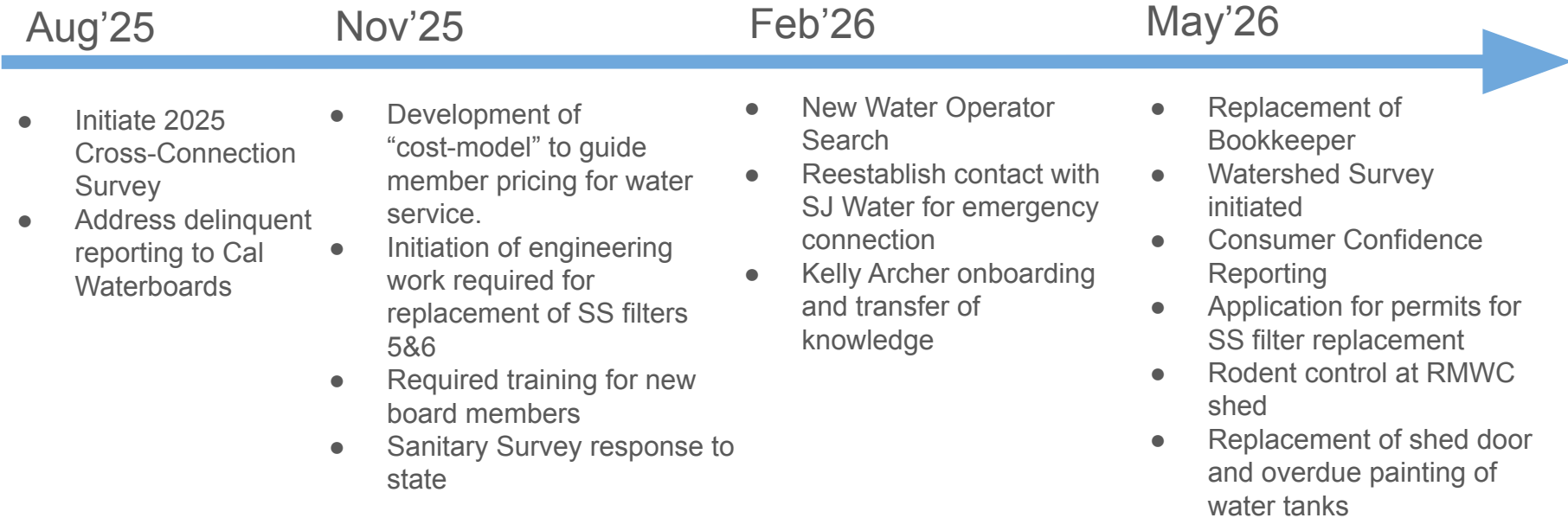
15 MEMBERS HAVE
VOLUNTEERED (33%)



30 MEMBERS HAVE NOT
VOLUNTEERED (67%)



The High Level Year-in-Review



Water System Operator (WSO) Transition - Wade

- Our former Water System Operator (WSO) ceased progress on several reports he had contractually agreed to prepare and submit in 2023. By 2025, this issue had expanded to include nearly all deliverables outlined in his contract.
- Wade, Rod, and Stephanie each participated in conference calls with the former WSO; however, these discussions did not result in meaningful progress toward resolving the outstanding backlog.
- Rod and Wade obtained a list of qualified WSOs from the California Water Boards. From this pool, one candidate, Kelly Archer of Archer Engineering, emerged as an excellent fit. She has since been engaged as our new WSO.
- In April, Kelly and her assistant, Zav Hershfield, collaborated with the former WSO to facilitate a comprehensive knowledge transfer regarding our plant operations and related infrastructure.
- Kelly has since completed the full backlog of overdue reports. In addition, both Kelly and Zav have made measurable progress on repairs and system improvements identified by the California Water Boards.

Regulatory & Compliance Update (Kelly)

- Consumer Confidence Report just posted to RMWC website
- Surface Water Treatment Rule - Doing great, meeting treatment and disinfection requirements
- Disinfection Byproducts - Doing well, continuous effort to manage
- Cross Connection Surveys - Everyone's responses are required for compliance
- New regulator - Scott Miller
- Lead and Copper Rule - All clear. Next sampling in 2027
- PFAS Initial sampling (forever chemical) - Results came back non-detect

RAINERI MUTUAL WATER COMPANY

Treasurer's Report

Annual Membership Meeting • Fiscal Year 2025–2026

Prepared by Stephanie, Treasurer



Financial Highlights

A one-minute overview before the details



~\$95,000

Total Revenue, up year-over-year



~\$218,000

Total Cash on Hand



\$85,000+

Infrastructure Reserve Fund

WHAT'S NEW THIS YEAR



Implemented electronic payment options

Members can now pay by bank transfer, credit, or debit card.



Adopted a late payment policy

A clear, consistent standard for on-time member payments.



Updated historical financial reporting

Depreciation is now included so all years are presented consistently.

Governance & Financial Reporting Improvements



Bookkeeping Transition

The Board transitioned RMWC's bookkeeping to a new bookkeeper to strengthen financial oversight.

- Improve responsiveness to member billing questions
- Ensure timely monthly and year-end financial reporting
- Strengthen day-to-day recordkeeping and account reconciliations



Financial Reporting Improvement

As part of the bookkeeping transition, the new bookkeeper identified that depreciation had been included on RMWC's tax returns — but had never been recorded in the accounting records.

Working with our CPA, we obtained the depreciation schedule, updated the books, and revised historical comparisons so all years are presented consistently.

Result: all years now presented on a consistent accounting basis.

Depreciation, Explained



What We Found

Depreciation was on RMWC's tax returns, but had never been recorded in the accounting books.



What We Did

Working with our CPA, we obtained the depreciation schedule and updated the books.



Result

Historical financial statements now presented consistently across all years.



Depreciation is a non-cash accounting expense.

It reduces reported net income — but does not affect RMWC's cash balance or infrastructure reserves.

Cost Drivers



Hydrologist Study

One-time project

\$1,500 to date

\$6,441.50 remaining — carries into FY 2026–27.



Water Compliance Testing

+\$4,300

Additional regulatory testing requirements.



Water Processing Materials

\$6,958.57

Now tracked as its own line item.



Insurance Premium

Two consecutive years of double-digit increases

FY 2024–25

\$9,020



+20%

FY 2025–26

\$10,851



+10%

FY 2026–27

\$11,985

Income Statement

TOTAL INCOME

\$95,231.50

TOTAL EXPENSES

\$84,281.57



OPERATING INCOME

\$10,949.93

RMWC's core operating performance, before non-cash depreciation

Operating Income

\$10,949.93



Less: Depreciation Expense
(non-cash)

(\$9,577.00)



Add: Interest Income

\$233.99



Net Income

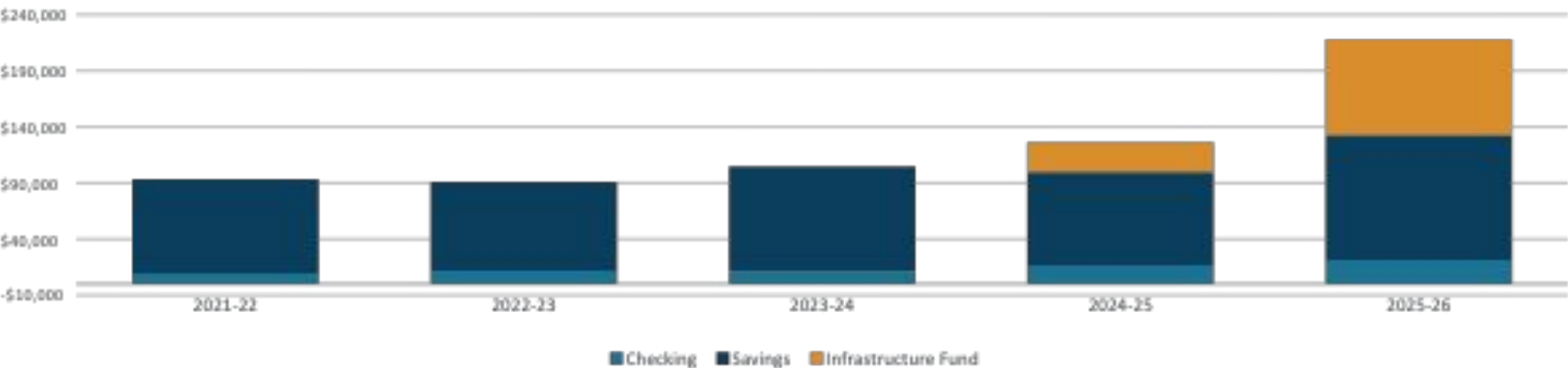
\$1,606.92

Depreciation is a non-cash accounting expense and does not impact RMWC's cash balance.

Note: RMWC's fiscal year runs April 1–March 31, and insurance policy periods also run April 1–April 1. This statement reflects expenses as paid, not strictly the period each cost covers — so line items like insurance can shift between fiscal years independent of the actual premium trend (see Cost Drivers).

FIVE-YEAR TREND

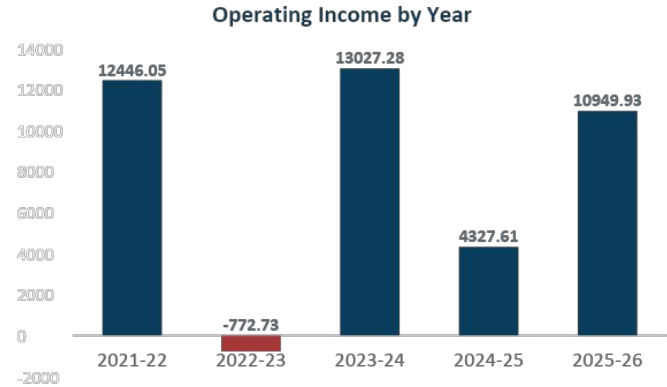
Five-Year Cash Position



FIVE-YEAR TREND

Five-Year Operating Results

	2021-22	2022-23	2023-24	2024-25	2025-26
Revenue	\$75,294	\$73,544	\$72,863	\$79,408	\$95,232
Operating Expenses	\$62,848	\$74,317	\$59,836	\$75,081	\$84,282
Operating Income	\$12,446	(\$773)	\$13,027	\$4,328	\$10,950
Depreciation	(\$9,577)	(\$9,577)	(\$9,577)	(\$9,577)	(\$9,577)
Net Income	\$2,869	(\$10,350)	\$3,450	(\$5,249)	\$1,607



Operating income reflects annual operating performance before non-cash depreciation and interest income.

Historical financial statements have been updated to include depreciation, so all years are presented on a consistent accounting basis.

FIVE-YEAR TREND

Expense Comparison

Highlighted rows saw the largest year-over-year change

Expense	'22	'23	'24	'25	'26
Repairs and Maintenance	40,992	55,295	41,094	52,838	48,929
Water Compliance Testing	2,040	2,288	2,162	1,396	5,767
Electrical – PG&E	1,217	1,120	1,222	1,469	1,220
Business Licenses & Permits	500	570	676	677	677
Membership Fees	50	50	75	75	75
Insurance Expense	7,726	5,006	5,683	9,067	8,138
Office Supplies	877	780	605	702	1,377
Bank Expenses	142	36	136	–	35
Postage and Delivery	146	182	–	410	129

Expense	'22	'23	'24	'25	'26
Bookkeeping	6,000	6,050	6,000	6,000	6,000
CPA – Taxes	510	400	410	425	450
Legal Expenses	–	–	–	–	150
Taxes – Property	1,577	1,050	1,048	1,223	1,258
Taxes – California	1,071	664	800	800	800
Computer & Internet	–	825	–	–	–
Water Processing Materials	–	–	–	–	6,959
Meter Reading	–	–	–	–	750
Legal & Professional Fees	–	–	–	–	1,568

TOTAL EXPENSES

\$62,848

\$74,317

\$59,836

\$75,081

\$84,282

Highlighted: Water Compliance Testing, Insurance, Water Processing Materials, Legal & Professional Fees — the most significant year-over-year changes.

Billing Policy Update



1. Late Fee Policy

Members have 30 days from the invoice date to pay before a late fee applies.



2. New Payment Options

Members can now pay by bank transfer, credit card, or debit card. Accounts electing these options are billed quarterly.



3. Why It Was Implemented

- A significant number of members were paying 60+ days late
- Chasing overdue accounts was a major, recurring burden on the Board
- Late payments strain the cash flow that funds operations and reserves



4. Goals

- Ensure consistent, predictable cash flow for operations and reserves
- Promote fairness — all members held to the same standard
- Reduce time spent chasing overdue accounts

Financial Outlook – FY 2026–27



Financial Priorities

- Continue building the Infrastructure Reserve Fund
- Maintain strong operating cash reserves
- Continue improving financial reporting and transparency
- Monitor operating cost trends
- Plan for future infrastructure funding needs

Known Budget Changes

Water System Operations

FY 2024–25	\$42,684.83
FY 2025–26	\$51,990.46
FY 2026–27 Budget	\$66,469.00*

**Routine operating services under the Archer Engineering agreement. Emergency work remains outside the agreement and requires Board authorization.*

The FY 2026–27 budget reflects the Board’s decision to transition to Archer Engineering as RMWC’s Water System Operator. This results in higher planned operating costs than prior years and has been incorporated into the FY 2026–27 budget. The operational reasons for this transition were discussed earlier in today’s presentation.

Rate Increase Discussion - (Wade)

- The monthly membership fee is structured to cover the fixed costs required to operate the water system, regardless of individual water usage. These costs include insurance, property taxes, system operations, laboratory testing, and a planned allocation for ongoing repairs and maintenance.
- The usage tiers are tied to actual water use. These charges cover the costs of treating and delivering water, such as filters, chlorine, and other materials.
- The Board reviews rates regularly and makes adjustments when needed. If rising costs start to reduce our repair and maintenance budget below what we typically need, that's when rate increases are considered.
- Over the past few years, costs have gone up across the board. Insurance alone has increased by about 20% each of the last two years—more than 40% overall—and most other expenses have also risen significantly.

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Cross Connection Control Survey

Why it is important



State regulations require RMWC to have knowledge of the infrastructure that could cause backflow contamination in our public water system.

The survey that you have been asked to complete is the least invasive and most cost-effective way to learn about potential backflow sources. If RMWC doesn't receive completed surveys from all member households, each member could be asked to pay for the following:

- A licensed "Cross Connection Control Specialist" (CCCS) who would visit every home to collect detailed information about all sources they find. This could cost every member \$700 (or more). All homes would have to be surveyed by this expert. Information from completed surveys would not be considered.
- Every home may be required to install a backflow prevention device between their meter and the rest of their plumbing infrastructure. Every member would be responsible for installation of these devices on their property (probably \$1000-\$2000).
- Every home would have to periodically hire a licensed Cross Connection Control Tester (CCCT) to ensure their backflow prevention devices were functioning as expected (likely \$200+ per test).

RMWC needs to get from our current 80% of completed surveys to 100% of completed surveys. This is a serious matter. RMWC could possibly levy fines or even disconnect service if these surveys aren't completed by each member. Please fill out the survey or send a message to info@rainerimutual.org to get help completing your survey.

Cross Connection Control Emergency Plan

RMWC's emergency plan reduces the time, stress, and effort to resolve cross connection issues in a manner that complies with state and county regulations. This plan leverages the survey responses to notify close neighbors who might experience associated contamination issues.

RMWC will work with our water system operator, a CCCS, and other officials to locate and resolve the source of contamination.

If there is actual contamination, RMWC will have to take the following actions:

- **Find and disconnect the member that caused the problem. Reconnection will be allowed after that member can prove they have corrected the cross connection issue they caused and have paid all fines, fees, and professional invoices associated with the problem they created.**
- Issue a boil order or other appropriate notices.
- Write reports required by the Calwaterboards to describe the cause and the remedy actions taken.

The Cross Connection Control Plan is linked to <https://rainerimutual.org/>

How to avoid causing a Cross Connection Control issue

- **Never connect a well, San Jose Water Company, or any other water source to plumbing served by RMWC. Such connections ensure you need to hire licensed plumbing specialists (CCCS and CCCT) to ensure your infrastructure is not a cross connection hazard.**
- File construction permits for all plumbing improvements, and ensure your improvements pass all plumbing, fire department, and other construction code inspections. Share your permits and inspection reports with RMWC to help convince Cal Waters that the community does not need to hire a CCCS to audit the entire water system.
- If you have any plumbing infrastructure between your meter and your home, that infrastructure needs to have a backflow-prevention device that meets or exceeds the plumbing code.

Capital Projects Update (Westin / Wade)



- ✓ Shed roof repair
- ✓ Shed door replacement
- ✓ Shed rodent abatement
- ✓ Satellite internet
- ✓ Tree work between tanks 1 & 2
- G Tank exterior cleaning + painting
- G Slow sand filter project
- G Tank 1 remote thermometer
- G Tank 2 remote level sensor
- G SJWC emergency connection
- Warning signs for shed door
- Source collection box repair
- Tank 1 hatch repair

- | | |
|---|---------------|
| ✓ | Completed |
| G | In Progress |
| ● | To start soon |



Drought Planning (CA Senate Bill 552)

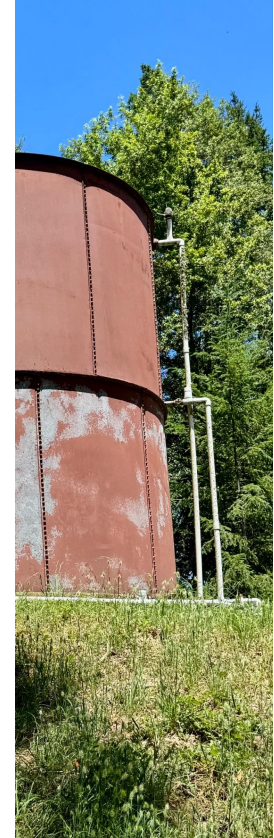
We are required to have an emergency backup water provider per CA SB 552.

If we need a secondary source for water for several months, hooking up to San Jose Water Company is much more economical than water haulers.

We signed an agreement with SJWC for $\frac{3}{4}$ inch service earlier this year. There will be at least a few more rounds of paperwork before we can start working on permits and construction before we can actually hook up.

We will have to add infrastructure to break down chlorination chemicals in SJWC water to allow us to use both SJWC water and water from our source. We need permits for all necessary infrastructure.

The monthly cost of this hookup when we do not use water will be the fee for a $\frac{3}{4}$ inch meter (currently \$55.33). Refer to SJWC website for “Mountain District” rates if you are curious about expenses if we need to draw water.



Insurance and Risk Management

- Equipment and property insurance with Inland Counties Insurance Services - through CA Mutuals membership
- Covers the two RMWC parcels - Upper Raineri and Tank 3 at Idylwild/Hwy 17
- Current premium is \$11,985 - up 10% from 2025 (High Wildfire Zone Score)
- Does not include Flood or Earthquake coverage
- Risk mitigation of water service interruption by secondary connection to SJ Water (In progress)



What do RMWC board members do?

- The officers (President, Vice President, Treasurer, and Secretary) have some default responsibilities, but most of the regulatory and improvements goals could be worked on by any RMWC member (with small efforts over a few months). The more people participating on the board (or volunteering periodically through the year), the easier it will be to complete all goals.
- Attend board meetings. Learn about issues and goals, propose and vote on action plans.
- Learn about how the water system works (conversations with the rest of the board, the water system operator ,etc.)
- Follow through on things they volunteered to do. Ask for help when having difficulty with some goal. Seek help from other board members, our community, or hire an expert on difficult goals.
- Ensure that RMWC members have high quality water and rarely experience water outages.
- Trained and certified on **AB54 & AB250** - Fiduciary responsibilities of water board directors

New Board Member Voting

- 2026 RMWC Election Term – Voting for 3 new board of director members and a minimum of 2 alternates.
- Volunteers for the board! Come join the RMWC team!
 - Learn about the system that provides our homes with water.
 - Help the community by contributing your time and ideas!
 - The more the merrier! The more volunteers/alternates that RMWC has, the lighter the work is for everyone.
- Each active, paid-in-full membership in good standing is allowed 1 vote.
- A 3-stage process:
 - Collection of nominations from the community.
 - The community votes on the nominees selected for the term.
 - The new board with its elected members will then vote on specific director positions.

The RMWC Voting Process

- Collect all nominations from members of the RMWC community via email [1st Stage].
- All nominations with bio-blurb due by 8/02/2026. Examples from previous elections will be provided to you for inspiration.
 - Send nominations and bio-blurbs to westin.bolliger@gmail.com
 - Please, only submit nominations for yourself.
- Once the collection time for nominations expires at the set date, nominees will be organized into the electronic ballot system (**Survey Monkey**), ready for the voting process [2nd Stage].
 - Electronic/Email ballot format.
 - Multiple choice questions.
 - Free-type forms for questions directed at the RMWC board members.
 - The electronic voting process will have a specific due date that is TBD.
 - Nominees with the most votes will be on the board of directors.
 - Other nominees will become board member alternates.
- After members and alternates are elected, at a later date, the new board of directors will vote for board officer positions [3rd Stage].

RMWC Water Distribution System



Open Forum - Q&A

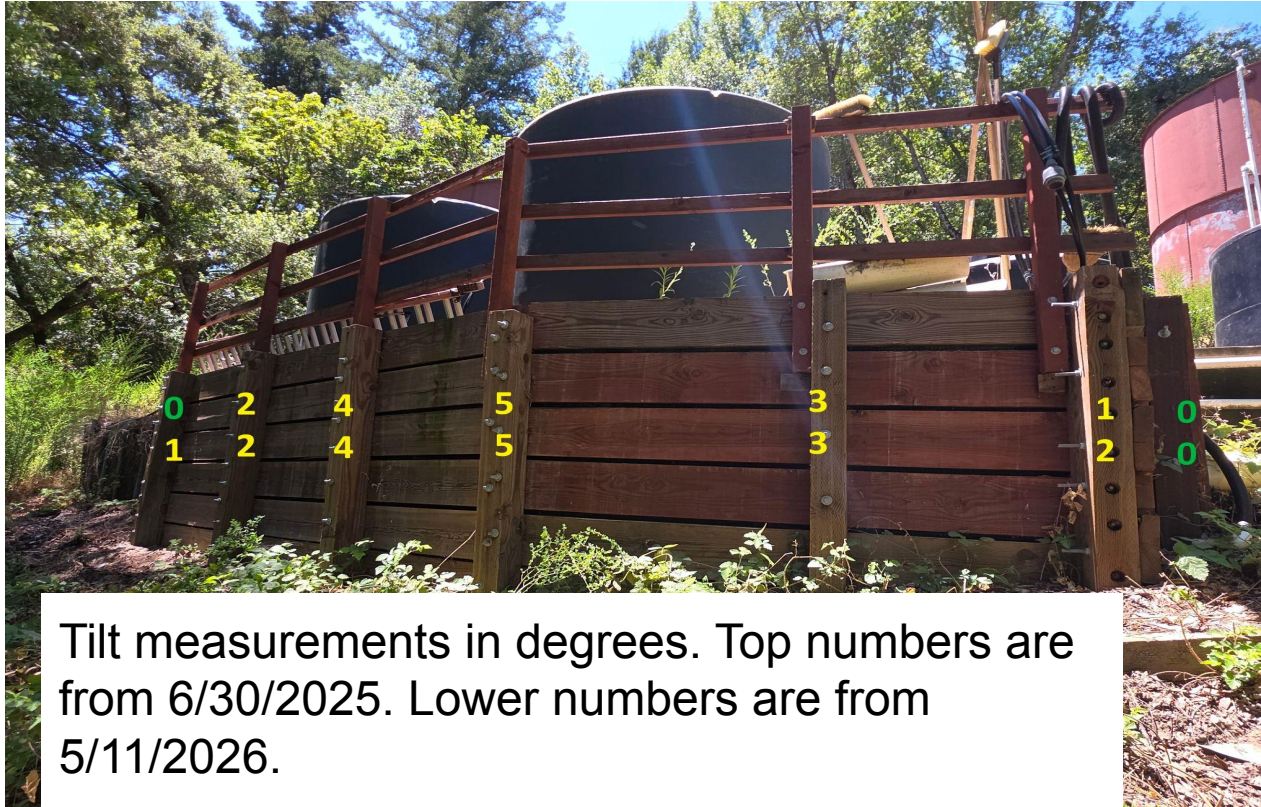


Thank You!

The image shows a close-up of a textured, ribbed surface, likely the cover or endpaper of an old book. The texture consists of many parallel, slightly raised ridges running diagonally from the top-left towards the bottom-right. A prominent diagonal crease or fold line runs across the center of the image, separating the left and right halves. The color is a warm, aged tan or light brown. The word "Backup" is printed in a large, black, sans-serif font on the left side of the image.

Backup

Retaining Wall Tilt



Adding a hydro-electric generator does not make sense.

Water pressure after rough filtering is ~25 psi. Typical home water pressure is 40-60 psi, which means we would generate very little electricity. We would not generate enough electricity to drive the pressurization pump we use to push water up hill after slow sand filtration (see the items outlined in yellow), let alone all of the plant's electricity needs. Adding a hydro-electric generator also increase our insurance and the generator would also require regular maintenance.

