

MINUTES
Forest Lakes Mutual Water Company
Board of Directors Meeting On-line Meeting
May 14, 2024 - 7:00 p.m.
Public Session
910 Fern Avenue, Felton CA

This meeting was conducted by video/teleconference. Shareholders are welcome to attend all public session meetings via Zoom.

CONVENE MEETING/ROLL CALL: The meeting was called to order at 7:01 p.m by President Pete Gonda. Attending: Directors Baer, Dennis, Gonda, Kelly, Wade, West. Absent with notice: Dir. Linstrum. Staff: General Manager Cortez. Shareholder: D. Pattillo.

ADDITIONS/DELETIONS TO AGENDA: None.

SHAREHOLDER/PUBLIC COMMENTS:

- No shareholder/public comments.
- Forest Lakes Firewise and Safety Association Update: Cortez provided an update on behalf of FLFSA liaison S. Greco: FLFSA is awaiting on CalFire approval of submitted proposed Firewise work. Upon approval, FLFSA will be able to gather quotes for the proposed work in lower Forest Lakes. FLFSA has reserved Roaring Camp for July 21, and is trying to contact all the Firewise programs in SLV to participate. This will be a learning event/BBQ.

APPROVAL OF MINUTES:

- Minutes of April 9, 2024 public session meeting: A motion to approve the April 9, 2024 minutes with one amendment was seconded. The motion carried with 5 “aye” votes and one abstention by a director who was not present at that meeting.
- Minutes of April 23, 2024 special session meeting: A motion to approve the April 23, 2024 special session minutes was amended to include a clarification. The motion was seconded and passed with 5 “aye” votes and one abstention by a director who was not present at that meeting.

COMPANY REPORTS:

- Financial Reports: Cortez provided the April, 2024 Financial Summary as follows: Cash on hand at beginning of month: \$1,422,744.41. End of month: \$1,384,710.50. YTD income: \$716,756.92. YTD expenses: \$204,067.16. Net income: \$512,689.76. Three overages reported last month are now in line with budget projections. New overages: An overage for water testing resulted from the timing of the tests and payments; for telecommunications, due to the renewal of the Zoom agreement; for insurance, for increased rates as has been previously noted; and for taxes, because quarterly deposits must now be made due to taxable interest income. Cortez also detailed the investments made in the month, as follows: \$500,000 invested in a 4-week treasury bill on April 2 at 5.285% matured on 4/30/24 netting \$2,055.23 in interest. On 4/16/24, \$200,000 was invested in a 4-week treasury bill at a rate of 5.27%, will mature on 5/14 with a yield of \$818.78 in interest. On 4/30/24, \$500,000 was invested in a 4-week treasury bill at 5.27%, will mature on 5/28/24 yielding \$2055.28 in interest. After discussion, a motion to approve the April, 2024 financial report was seconded. Motion carried.
- Operations Report: Production for April, 2024: 968,158 gals. Granite Quarry: 283,700. Acre ft. was 4.6. There was a loss rate of 19.2%, thought to result from having to run well 3A to waste two times to clear iron and manganese prior to installation of new valve; a leak at 3 following the installation; a hydrant leak at 1521 Scenic; a sample tap leak at 10A; and overflow at Tank 2 when the valve was in manual open/close mode. Additionally, the meter at 111 Madrona is broken, so water use [if any] by that customer would not have been accounted for. Work performed by staff included installing sample taps at 3a/3b as part of repair/monitoring of canister 4. It is hoped that testing this week will show continued improvement after the replacement and repair of the canister. The pressure pump in the Ferrari system was replaced. Debris from the lake enclosure was cleared and hauled away following the community work day. Repairs within the lake enclosure were made. In compliance with the streambed alteration plan for the reservoir, data loggers were installed; calculations of the wetted width, flow and velocity were taken; pre-installation photos were taken and the dam boards installed. Potholes were filled.

ADVISORY COMMITTEE REPORTS:

- Water Conservation and Water Committee: No report.
- Recreation Committee: See under New Business.
- HR Committee: Report in Executive Session.
- Road & Safety Committee: Discussion in New Business.
- Rules Committee: No report.
- Finance Committee: Financial review scheduled for 5/25/24.
- Strategic Planning Committee: No report.
- Community Fire Prevention Committee: No report.

NEW BUSINESS:

1. **Discussion/Action Item:** Review/approval of estimates for concrete pad at corporation yard: Estimates from 3 different companies were reviewed and compared. The lowest bidder [Whitlow Concrete] was the only contractor who included the adjustment or replacement of existing forms, which we have. Adequacy of materials proposed was noted. Cortez stated that Whitlow is well-known, has positive feedback and shows no issues. They are licensed and should be available within 2-3 weeks for this small job. She recommended approval of the Whitlow's estimate of \$6050.00. A motion to accept the bid of \$6050 was seconded. The motion carried.
2. **Discussion/Action item:** Review/approval of geotechnical engineering estimate for Scenic Tank replacement: The proposal for geotechnical services submitted by CMAG Engineering Inc. was reviewed and discussed. The work is required prior to structural design and complete engineering of the tank replacement project. As outlined in the proposal, the cost for the geotechnical investigation report is \$8900. Scope of services was reviewed. Possible additional geotechnical requirements for the project were discussed. Cortez noted that the principal engineer for the project completed the geotechnical work for the UCSC Marshall Road project, and so is familiar with the area and its geology. He has worked on numerous projects with FLMWC and is held in high regard by all the agencies we have worked with. Cortez recommends approval of the proposal for \$8900, and also recommends that the Board either recognize in the approval that there may be additional fees associated with the project or consider approving the \$8900 with a cap of an additional \$2000, to avoid having to convene an urgent meeting to approve any unexpected additional amounts that arise in the process. After further discussion, a motion to approve CMAG Engineering, Inc.'s proposal for geotechnical services in the amount of \$8900, with an additional NTE \$2000 for contingencies, was seconded. The motion carried.
3. **Discussion/Action Item:** Review/approval of engineering proposal for Scenic Tank replacement: The proposal submitted by C2G Civil Consultants Group for engineering design services for the Scenic tank replacement was reviewed. The proposal is similar to the original submittal, but it can be noted in the document that Phases I and II of the project have already been completed. The total estimated cost for current engineering would be \$18,900.00. Todd Creamer of C2G has approved the change of cost of services to the fixed fee to reflect that. Cortez explained aspects of getting the project permitted; both Santa Cruz County and the State Water Resources Control Board must approve, and sequencing of the project involves timing those approvals. Cortez explained that structural calculations are the responsibility of the tank manufacturer, although there could be an additional cost depending on the geological report. All potential additional costs were explored. There was a question as to how long the project will take, and whether we should include an estimated time schedule. Answering a question regarding whether the project could be completed within this budget year, Cortez replied that there are sufficient funds to complete it this year. After discussion, there was a motion to approve the C2G proposal for engineering services for a 40,000 gallon water tank, to include all tasks through Phase IV, cost not to exceed of \$18,900.00 with a contingency of \$3,100 for a total NTE \$22,000.00. The motion was seconded and carried with unanimous approval.
4. **Discussion:** Planning for annual shareholder meeting and election: Cortez indicated that as in past years she will pick up the lunch supplies. Jeff Cortez will man the BBQ, as well as clean the office floor and set up sound equipment. Board help is requested for help with setting up the canopies, moving benches, etc. Deana will staff the voting table. Placement of the mic and/or use of wireless mic to capture shareholder questions and comments was requested to facilitate record-keeping. Ideas for increasing voter circulation were offered, including sending emails to shareholders and posting signage. Dir. Wade said that the Recreation Committee can help with signage. Also, consider for posting on the community Facebook page. Directors should plan to arrive by 10:30 to help with setup. It was noted that in the past, Board members were responsible for the entire event.
5. **Discussion/Update:** Recommendations on signage for hazardous corners, blind spots, unmarked drop-offs or ambiguity as to where the road goes: Dir. Wade shared a tract map on which he has identified areas with hazardous corners, blind spots, or places where there is ambiguity about where the road goes. He offered recommendations for signage. There was discussion. Cortez answered a question about cost of the recommended signs and indicated an estimate of \$1200 for parts, depending on what kind of signs are chosen. In discussion, it was recommended that the Road and Safety Committee f/u. New signs should be consistent with existing signage and be compatible with neighborhood appearance. Exact placement of signs would have to be decided. Recommended: Road and Safety Committee to decide exact sign style and placement, preferably at the most troublesome spots, and also to consider polling the community as in the past there have been esthetic objections to "too many signs." Community involvement could also include a "gentle positive awareness campaign" as it is well known that drivers routinely speed and disregard posted stop signs.
6. **Discussion:** Roads, ditches, current policy and rules, potential ideas for change and preventive maintenance: Dir. Wade recommended that the Board look at our road maintenance and repair practices. Although we have a rule that owners should keep their roadside ditches and culverts cleared, there is no means of enforcement. In discussion there was a comment that there are many new residents who may not understand this. Dir. Wade emphasized the value of preventive maintenance in avoiding costly road repairs, and asked that as he ends his Board term this year, that someone bring this recommendation to the new Board after the election.
7. **Discussion/Action item:** Selling of merchandise to supplement recreation budget; funding, and associated accounting: Dir. Wade proposed that the Board consider allowing the Recreation Committee to sell FLMWC branded merchandise with profits to go into an account for Recreation expenses. Merchandise could include items like T-shirts, mugs, or hats, particularly items that could be memorabilia for FLMWC's 100th Anniversary. Cortez stated that she could set up a separate account but would have to check with

the accountant to see if profits would be taxable. [FLMWC is not taxed by the State on income from assessments or fees but may be taxed for other forms of income.] After discussion, there was a motion to approve the concept of selling merchandise for the purpose of promoting and funding the activities of the recreation committee, pending investigation of ramifications. The motion was seconded; motion carried.

8. **Discussion/Update:** 100 Year Anniversary: Cortez said she has received 2-3 histories that people want to share. Dir. Wade previously emailed a photo of a banner from Paradise Park noting their centennial. Item to be continued next month.

PUBLIC MEETING ADJOURNMENT TO CLOSED SESSION: The public meeting was adjourned to closed session at 9 p.m.

RECONVENE TO OPEN SESSION FOR CLOSED SESSION ACTION ITEM REPORTING: The open session was reconvened at 9:56 p.m. to report that action was taken regarding lifeguard pay.

MEETING ADJOURNED: The meeting was adjourned at 9:56 p.m.

Pete Gonda, President

Louise West, Secretary