

MINUTES
Forest Lakes Mutual Water Company
Board of Directors Meeting On-line Meeting
July 12, 2022 7:00 p.m.
Public Session
910 Fern Avenue, Felton CA

This meeting will be 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 7:03 p.m. by President Gonda. Attending: Directors Dennis, Gonda, Kelly, Maskolunas, Mobley, Wade, and West. Staff: G.M. Cortez. Shareholder: C. Barauskas

ADDITIONS/DELETIONS TO AGENDA: None.

SHAREHOLDER/PUBLIC COMMENTS:

APPROVAL OF MINUTES: Dir. Dennis moved to approve the minutes of the June 14, 2022 public session meeting and the minutes of the June 20, 2022 emergency on-line meeting. The motion was seconded. Motion passed.

COMPANY REPORTS:

- **Financial Reports:** General Manager Cortez provided the financial report for the month ending June 30, 2022, noting the following: Beginning cash on hand, \$922,330.18; ending cash on hand, \$849,547.41, with YTD income of \$663,100.49 and YTD expenses of \$366,842.81. Net income to date was \$296,257.68. There were no new overages to report. Dir. West moved to approve the financial report for June, 2022. The motion was seconded. Motion passed.
- **Operations Report:** Cortez reported operations as follows: Production was 1,073,115 gallons; there was one service line leak. Average use was 100 gpd. There were 13 excessive users, two of whom reported repaired leaks. Loss rate 9%. Statis well levels remain within normal summer ranges. Staff repaired leaks at one of the Scenic tanks, and quotes have been requested for replacing the tanks, quotes to include the three main types of tanks: welded steel, bolted steel, and poly. Cortez has inquired with the County re: permitting requirements. Cortez requested Joel to ask for price for the 3 tanks currently on the list of capital improvements needed, staggering them to allow for plumbing installation and operation. The 2021 CCR was completed and sent to shareholders and mailed to all properties with tenants. Only one bid was submitted for the Scenic slide. That bid, by Reber Construction, was for \$475,872.00. As this estimate was well above expected cost, additional contractors were contacted; awaiting further bids. The budgeted and Board-approved truck was purchased.

ADVISORY COMMITTEE REPORTS:

- **Water Conservation and Water Committee:** See under New Business
- **Recreation Committee:** Movie night planned for 7/16.
- **HR Committee:** See under New Business
- **Road & Safety Committee:** See under New Business
- **Rules Committee:** Met to discuss use policy. Defer until August Board meeting.
- **Finance Committee:** See under New Business
- **Strategic Planning Committee:** No report
- **Community Fire Prevention Committee:** No report

NEW BUSINESS:

- **Discussion/Action item:** FLMWC logo for trucks and apparel: With the purchase of the new truck, staff suggested that a new logo might be in order for the trucks, employee apparel and any future merchandise. Water Operator Daniel Flores created a new design, which all the staff like. Examples of the logo currently on company trucks, the one on company apparel, and Daniel's design were presented, with the new design favorably received with one suggestion, to include the date FLMWC was established [1925]. A motion to approve the new design, with the addition of the 1925 date, was seconded and passed.
- **Discussion/Action item:** Adoption of water connection fee: Cortez explained that the current connection fee is only \$5,000, which is extremely low for Santa Cruz County. The fee has not been raised in many years. The committee

suggests raising that to \$10,000, which is close to other districts' fees. As there is still a moratorium on new connections, the increase is not expected to be exercised in the near future. Discussion included whether the increased fee covers all our costs for labor and materials [it does]. A motion to accept the committee's recommendation of increasing the connection fee to \$10,000 to bring FLMWC into general parity with other districts was seconded, and the motion passed.

- **Discussion/Action item:** Parking and towing policies: Dir. Wade reported on problems caused by vehicles partially or wholly blocking roads. This has been particularly troublesome in one location, with inappropriately parked vehicles forcing traffic onto the shoulder, resulting in broken pavement and drainage problems. On some occasions, delivery or service vehicles have been obstructed, and there have been concerns about access by emergency response vehicles. The Road and Safety and the Rules Committees have reviewed existing policy and recommend the addition of a policy specifying the three conditions under which vehicles blocking roads can be towed without notice: [1] When fully blocking a road; [2] when partially blocking a road in such way that traffic is forced to detour off the road or onto the shoulder; and [3] unlicensed vehicles, vehicles with expired registration, or inoperable vehicles may not be stored on Forest Lakes property or roads. In the case of #2, a first event will be tagged with a courtesy notice; second incident will result in a warning, and a third incident will result in towing.

References to the California Vehicle Code on Authority to Remove Vehicles was cited, together with the Fire Code of Santa Cruz County.

After discussion, a motion to approve the suggested policy as a modification of the existing, Board-approved policy on parking was seconded and passed. Once it has been folded into the existing policy, FLMWC will move forward with a communication plan. Signage has already been purchased and will be installed according to legal requirements as explained by the towing company.

- **Discussion/Action item:** Estimate for removal of trees on Scenic as required for road replacement: An estimate has been received from Gentle Ben's tree service, in the amount of \$3350. Motion to accept this bid was seconded and the motion passed.

Discussion/Action item: Removal of dead oak on hillside below Well/Tank 4: A bid in the amount of \$2450, was also submitted by Gentle Ben's, for removal a dead oak below Well 4 plus brush mitigation. The tree and brush are on a shareholder's property. Ben reviewed the site and recommended these actions, noting that removing other trees there could endanger hillside stability. The oak and brush are on a shareholder's property, permission would have to be granted for FLMWC to have the work performed. There was discussion of whether FLMWC or the shareholder should pay for remediation of potential risk to FLMWC infrastructure. It was noted that Rules was to have taken up this question regarding another property, so this situation was referred back to Rules for action.

- **Discussion/Action item:** Review outline for a FLMWC investment policy: Director Gonda reported that the Finance Committee had initiated a discussion about investment policies. Two committee members met with a financial planner to seek information, and further information applicable to government agencies was found on-line. This was shared with the Board. The recommended "next step" is to develop a policy. No action needed at this time.
- **Discussion/Action item:** Conducting an infrastructure risk assessment: Responding to query about the progress of an infrastructure risk assessment, Cortez indicated the following: The tanks on Scenic are a top priority, as is Tank 8 in the Corp. yard. Staff is putting all infrastructure into a spreadsheet, noting dates of installation, current condition, estimates of cost to repair/replace, and prioritizing according to current condition.

Dir. Gonda noted that the Strategic Plan specifies a 3-5 year plan for replacement. An inventory of hazards should be created. He asked if beyond the work of staff, should an outside company be utilized to conduct an assessment? Cortez suggested staff completing its own plan first [completion expected by August or September] then bringing in someone to answer questions.

She noted that the Granite treatment plant is the oldest, and is Granite's responsibility.

With respect to underground pipes, FLMWC has records of leak locations; these may point to lines most susceptible to breaks.

Asked if there are parts of our present infrastructure that are prone to failure, Cortez flagged the Scenic tanks for which there is a replacement plan with a staggered process.

The need for emergency planning to incorporate risk assessment and long-term capital improvement plans was noted.

Recommended: Finance and Strategic Planning Committees be involved in the process.

- **Discussion/Action item:** Approval of FLMWC Covid policy: Dir. West explained the Human Resource Committee's recommendation of FLMWC's Covid policy with respect to employees and Covid. The policy reflects current CDC guidelines with respect to the workplace, as well as FLMWC's pay practices for employees who are either ill and unable to work because of Covid or who per CDC and State guidelines must be excluded from the workplace. Motion to approve the new policy was seconded; motion passed.

PUBLIC MEETING ADJOURNMENT TO CLOSED SESSION: The public meeting was adjourned at 8:35 p.m.

RECONVENE TO OPEN SESSION FOR CLOSED SESSION ACTION ITEM REPORTING: The public meeting was reconvened at 9:43 p.m. to report that an action was taken on a request for a water moratorium exception.

MEETING ADJOURNED: The meeting was adjourned at 9:45 p.m.

Louise West, Secretary

Pete Gonda, President