

MINUTES
Forest Lakes Mutual Water Company
Board of Directors Meeting On-line Meeting
July 11, 2023 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, Linstrum, Wade, West. Staff: General Manager Cortez. Absent with notice: Dir. Kelly.
Shareholders: L. Taylor, M. Ball, S. Hector, S. Knoepler.

ADDITIONS/DELETIONS TO AGENDA: None.

SHAREHOLDER/PUBLIC COMMENTS:

- Shareholder Ball asked if there has been discussion or action taken toward charging for water use rather than a flat fee. She noted that she pays for one and one-half assessments because of a second unit on the property, which was not disclosed by previous owner. Household use averages only 100 gpd. Pres. Gonda stated that it is part of the Strategic Plan to move toward a fee structure. Dir. Wade commented that ADU's are an evolving issue. The State requires that FLMWC be prepared to meet our biggest service day every day, a requirement that was considered in developing the policy regarding ADU's. The context of more ADU's was part of the rationale for structuring assessments, in order to prepare for possible increased demand.
- Shareholder Hector inquired about the status of the Redwood project. Cortez said that the start date is set for 8/7/23.

APPROVAL OF MINUTES:

- Minutes of June 13, 2023 public session meeting: A motion to approve the minutes of the June 13, 2023 public session was seconded and passed by unanimous vote to approve.

COMPANY REPORTS:

- Financial Reports: General Manager Cortez provided the financial report for June, 2023, noting the following: Beginning cash on hand, \$923,462.24; cash on hand at end of month, \$911,214.66. YTD income was \$785,214.41; YTD expenses, \$285,391.59, for a net YTD income of \$499,822.22. Overages not previously reported were noted and explained. The Education and Training budget overage included \$1500 to enroll an employee in a backflow testing class in order to enable FLMWC to meet SWRCB cross-connection control compliance.
Office Payroll is over budget as office staff are taking over clerical reporting of monthly and quarterly reports previously completed by the Operations Manager, who is presently working very limited hours. Operations Payroll is significantly under budget, with the Operations Manager working reduced hours and a new operations manager not having been found.
\$267,800 was received via electronic transfer from the SBA, completing our loan modification request for additional funding to cover the cost of the Scenic Road replacement project.
Investments: On 7/5/23, \$150,000.00 was invested in an 8-week T-bill, maturing 8/29/23. Yield of 5.19% at maturity: \$1,189.38.
\$175,000.00 was invested in a 4-week T-bill on 7/11/23, maturing 8/8/23, with a yield of 5.15% for \$700.97. Cortez explained the reasoning for investing in these short term bills, noting the timing of start of various projects that will require payment.
A motion to approve the June, 2023 Financial Report was seconded and passed by unanimous vote to approve.
- Operations Report: Cortez provided the operations report for June, 2023 noting the following:
Production was 1,019,145, up from 965,492 in May. There were 8 excessive users, four of which resulted from customer leaks and one customer who, with advance notice, needed water for a new septic installation. The loss rate of 12.1% included a leak on Lakeview plus cleaning of the backwash tank at 10D treatment plant. There was an after hours call out due to a low tank alert at Scenic. Staff prepped the park for the annual meeting; repaired a leak at the 10D filter plant, and trouble-shot a valve issue. Chlorinator at well 4C was repaired. Service line leak was repaired at Sylvan and Lakeview. A leak on Redwood was located. Patching was done on Redwood and on William Way. Work was performed on Willow Way in preparation for Valley Paving contracted repair. Ongoing issue with water in the road at 1500 Lakeside was investigated. A backwash pit was dug in the Corp. yard to backwash 10D. Lake sampling and temperature monitoring began in June. The lake was briefly closed as a precaution due to an erroneous lab report, but was reopened as soon as lab analysis showed the water was safe for body contact.

ADVISORY COMMITTEE REPORTS:

- Water Conservation and Water Committee: No report

- Recreation Committee: Dir. Wade reported that there was a good turnout for the BBQ at the lake, and thanked Dir. Baer for her assistance in helping the event go well. Some shareholders are interested in the possibility of pickleball in the park; Dir. Wade indicated he may send something out to the community to judge interest. Movie nights are being planned. There will be an end-of-summer dog swim after the lake is closed for human use.
- HR Committee: Will report in Executive Session.
- Rules Committee: No report
- Finance Committee: No report
- Strategic Planning Committee: Dir. Gonda to schedule a meeting
- Community Fire Prevention Committee: Dir. Wade noted that the heavy rain of winter combined with lengthening summer days has promoted lots of growth. Now is the time for shareholders to trim, cut, mow and chip. People should track time and expense for the fire safety report. It was suggested that an email go out to shareholders with this information.

NEW BUSINESS:

1. **Discussion/Action item:** Review and approval of Quarry Road culvert replacement project: General Manager Cortez summarized the history of the project, noting that none of the contractors who attended the walkthrough submitted a bid. RCD, which is able to single-source an estimate, contacted 3 contractors. Cal West Construction submitted an estimate of ~\$223,000, significantly over what was anticipated. RCD has gone back to Cal West to see if they can offer any cost savings. RCD has \$100,000 budgeted for the project, leaving FLMWC responsible for \$123,000 as well as some of the construction observation services. The total, which includes moving and replacing pipe [see Discussion/Action item #2, below] could be close to \$150,000. Construction observation services were previously approved in the engineering package and have not been spent. Cortez noted that should we not complete the project this year, RCD would lose ½ of their funding, while costs would continue to rise. An emergency meeting will have to be called as RCD provides firm numbers. The project has a window from 8/15-9/30/23 for completion. There is no action to take at this time.
2. **Discussion/Action item:** Review and approval of Jim Walters estimate to relocate pipe prior to Quarry Road culvert replacement and secondary estimate to install new water line during culvert replacement project: Cortez described how prior to the culvert replacement, existing water lines will have to be moved. Walters provided an estimate of \$10,211.11 to cap the existing galvanized line, install a valve in the existing 4" C900 line and connect a 2" HDPE into that line, routing water cross country and out of the construction field. This will then be connected at the other end of the project and serve customers until a permanent line can be run. There are no additional quotes as no one else was willing to commit to the required timeframe. Absent a final estimate for this project, Cortez recommended that the board approve the estimate upon the condition of later approval of the culvert replacement which will come up for approval in an emergency meeting of the Board.
The second part of this agenda item involves work required following the installation of the new culvert, to install a new HDPE water line in the existing trench prior to completion of the RCD project. Cortez emailed the Board an estimate from Walters to install this water line and connect it to the existing C900 line. It includes tapping the 4" line and installing a corp stop to serve the one customer on Quarry currently served by the galvanized line. FLMWC will then complete the service line between the corp stop and the existing meter. Cortez recommended the approval of Walters' estimate of \$5,485.14 for the installation of the 4" line.
In discussion, Cortez answered questions regarding some line items on the bids. There being no further questions, there was a call for a motion. Dir. Linstrum moved to conditionally approve both of the Walters bids, pending final approval of the Quarry project. The motion was seconded and passed with unanimous vote
3. **Discussion/Action item:** Draft Vegetation Mitigation Policy: Pres. Gonda shared the draft policy, noting that its purpose is to establish a basic policy for both the company and shareholders and outline shareholder responsibility and liability. Different points were highlighted, including the last section which refers to easements involving shared ownership. The policy would establish proportional cost-sharing for access to FLMWC facilities. This part of the policy is general, because there are so many easements in the tract.
There were questions about penalties for noncompliance, and if FLMWC is not an enforcement agency, who is? Dir. Dennis stated that the fire department can make recommendations, and write a letter, but cannot assess fees or cite violations; only Cal Fire can do that. Felton Fire would have to involve Cal Fire. In discussion, it was noted that there is an inconsistency in the policy language, i.e. that FLMWC "is not an enforcement entity" while also stating that shareholders "may be assessed penalties." There was a suggestion that language should be added regarding a reasonable time frame between notifying a shareholder of noncompliance and taking action, in order to allow the shareholder with time to correct the problem.
A motion to approve the draft with the discussed changes was made and then withdrawn, to allow directors to see a final draft before approving. Pres. Gonda to incorporate the suggestions, and if possible present a final draft at the expected emergency meeting to approve the Quarry project.
4. **Discussion/Action item:** Revision to bylaws - ratification of board appointments by election: Pres. Gonda presented a draft revision to the bylaws, intended to address the circumstance of filling vacated Board seat/s. Questions were addressed and discussed. There were concerns about the timing of any special elections and the difficulty of assuring a quorum. It was suggested that in the interests of transparency, appointments could be ratified by shareholders and opportunity provided for shareholder input. Decided: Gonda to review minutes of the May 13, 2023 emergency executive session in which the lack of candidates to fill vacated seats was discussed.

5. **Discussion/Action item:** Return to in-person board meetings: Dir. West said there has been some interest has been expressed in resuming in-person board meetings. Conducting all meetings by Zoom only, as has been the case since early 2020, has had the quantifiable benefit of increasing shareholder attendance and participation. Having meetings via Zoom also enables us to meet the requirement of holding open meetings, although it was noted that not all shareholders have access to Zoom. Because of the limited space at the office, in-person meetings there are not practical. "Hybrid" meetings might be possible, to allow directors to meet in-person with shareholders able to attend by Zoom, and/or possibly hybrid meetings quarterly and Zoom for the rest. Dir. Linstrum said that the challenge will be capturing audio; Cortez said that connectivity at the office can be an issue at times. Gonda suggested testing out some options for a hybrid approach would be prudent; he would be happy to be part of a pilot test run.

PUBLIC MEETING ADJOURNMENT TO CLOSED SESSION: The meeting was adjourned at 8:51 p.m.

RECONVENE TO OPEN SESSION FOR CLOSED SESSION ACTION ITEM REPORTING: The executive session was reconvened to open session to report that no actions were taken.

MEETING ADJOURNED: The meeting was adjourned at 9:10 p.m.

Pete Gonda, President

Louise West, Secretary