

**MINUTES**  
**Forest Lakes Mutual Water Company**  
**Board of Directors On-line Meeting**  
**April 9, 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 7:03 pm by President P. Gonda. Attending: Directors Baer, Gonda, Linstrum, Wade, and West. Absent: Dir. Kelly. Absent with notice: Dir. Dennis. Staff: General Manager Cortez. Shareholders: S. Greco, and joining later, G. Perkins and K. Swick.

**ADDITIONS/DELETIONS TO AGENDA:** None.

**SHAREHOLDER/PUBLIC COMMENTS:**

- None.
- Forest Lakes Firewise and Safety Association Update: Per S. Greco, at least 4 homeowners have signed up for the RCD chipping program. The process of receiving grant funding is moving along; required documents have been submitted to CalFIRE. FLFSA may organize some volunteer projects, such as clearing around tank perimeters. The FLFSA dinner at the Felton Community Hall had a good turnout, which was attended by sponsors who were happy to meet with residents.

**APPROVAL OF MINUTES:**

- Minutes of March 12, 2024 public session meeting: A motion to approve the minutes of the March 12, 2024 public session meeting was seconded. The motion carried.

**COMPANY REPORTS:**

- Financial Report: General Manager Cortez provided the financial report for March, 2024, as follows:  
Cash on hand on 2/29/24, \$1,399,909.76; cash on hand 3/31/24, \$1,422,744.41. Income through 3/31/24: \$667,168.15; expenses through 3/31/24, \$133,348.54. Net income through 3/31/24: \$533,819.61.  
New overages: Account 970 Outside Services: Board-approved tree removal at 1722 View, to protect the water line. An overage is anticipated for account 840 Insurance Liability and Property. Only two underwriters [Nautilus and JPrima] have offered to write a general liability policy. No underwriter is willing to write excess liability. Our agent is pursuing other underwriters, has found only these two at this point. Last year's premium was \$11,000.00. Anticipated cost this year will be approximately \$5,000.00 over budget. [The budget did plan for increased costs given the insurance market overall.]  
Investments: In compliance with our investment policy, the following investments were made: On 3/28/24, \$500,000.00 was invested in a 4-week treasury bill. Auction results: 5.28%; funded 4/2/2024, yielding \$2055.28 interest on maturity.

A motion to approve the Financial Report for March, 2024 was seconded. Motion carried.

- Operations Report: Production was 961,779 gals. There were 8 excessive users, one customer leak and one company leak. The loss rate of 15.4% has decreased over the last two months as expected and reported last month. It is still slightly higher than usual, likely due to additional backwashing at the 3A/3B filter plans and a leak on the 10D line.  
Staff had to manually pump wells on 8c, 8f and the booster to tank 7 for a couple of weeks due to a relay failing. The relay has been replaced and normal operation resumed. Tank 2 continues to be filled manually until the Cla-Val can be repaired.  
To accommodate tree removal, water was turned off to 1711 Scenic in order to assure the security of water lines. The tree was successfully removed with no damage to existing water line.  
Staff fenced the area around the failed septic tank at the office, cleared debris left by Davey Tree, and met with J. Busa to go over operation of Corp yard facilities. A line leak at 10D was repaired. The 3A/3B filter plant is not working properly. Staff have been working to resolve the problem; results were initially favorable, but the problems have not resolved and the manufacturer has been brought in to troubleshoot and provide direction. A part has been ordered.

**ADVISORY COMMITTEE REPORTS:**

- Water Conservation and Water Committee: No report.
- Recreation Committee: Dir. Wade reported that there was a good turnout at the Easter Egg Hunt. Some attendees expressed willingness to donate toward purchase of sand for play areas. A work party for park clean-up is needed.
- HR Committee: No report.
- Road & Safety Committee: The committee did a walking and driving tour of roads to assess the needs for repair. See Item 1 in New Business for details.
- Rules Committee: No report.
- Finance Committee: The Financial Review scheduled for 4/13 had to be postponed, and will be rescheduled.
- Strategic Planning Committee: No report.

- Community Fire Prevention Committee: No report.

## NEW BUSINESS:

1. **Discussion/Action Item:** Review/approval of Valley Paving road repair estimate(s): Cortez provided a detailed summary of road repairs needed, noting those that are recommended and those that can be deferred. She explained the criteria used by the committee to prioritize recommended projects, as follows:
  - Roads that are main ingress/egress routes, and/or main roads for general use [e.g. Lakeside, Laurel, Willow].
  - Condition of road: Is it sustainable? Will it require engineering?
  - Drainage and culverts.
  - Whether or not FLMWC staff can do the repairs.
  - Presence of a water line associated with the road. Example: a 4" main runs through the section on Willow Way that is flagged for repair. This main serves Willow Way, Brookside Way, and parts of Lakeview and Redwood Rd. Similarly, a main line runs under 1500 Lakeside and along the edge of Quarry.

Road construction projects that were described in detail included Upper Laurel; 4 areas on Scenic; 745 Willow Way; 1175 Quarry; Quarry culvert #41; 1830 Lakeside; 1500 Lakeside; 1050 Laurel; and 1811 Pool.

After discussion, a motion was made to approve the following:

#10324:	Option 2, Upper Laurel:	\$31,500.00
	Option 3, Scenic Rd.:	\$32,650.00
#10402	Option 1, 745 Willow:	\$22,500.00
	Option 2, 1175 Quarry:	\$ 3,325.00
	Option 3, Culvert #41:	\$10,650.00
	Option 3A, Culvert#41	\$19,900.00 for full width of road with curb
	Option 7, 1830 Lakeside	\$7,925.00
	Option 8, 1500 Lakeside	\$20,800.00
	Option 9, 1056 Scenic:	\$6,075.00
	Option 10, 1121B Scenic	\$7,925.00
	Option 11, 1121 Scenic	\$1,500.00
	Option 13, 1121AScenic	\$13,800.00
#10411	Option 1, 1811 Pool Dr.	\$3,700.00
	Option 3, 1050 Willow W.	\$13,200.00
	Option 3A, 1050 Willow	\$ 6,250.00 Add whole road width

The total of all the projects, excluding the options to include the whole road width [i.e. both sides of the road] is \$174,290.

Valley Paving will give a discount for all projects. Cortez contacted RCD to try to obtain a recommendation for other providers, but they had none. Valley Paving is known to us and has done good work here.

Responding to a question about the gap between estimated costs and what was budgeted, Cortez commented that because of the return on investments as noted in the Financial Report, approximately \$29,750.00 in additional income may be expected. Even so, reserve funds might have to be used. However, she noted that Scenic *must* be repaired to avoid losing the road. At 1550 Lakeside, ongoing drainage and road failure issues must be addressed, and the integrity of the existing culvert and water main verified. Willow Way has a water main under it, and the road is continuing to sink and deteriorate. Willow Way is one of our emergency routes for ingress/egress, as is Laurel. Pool is a small side road, but a drainage problem is eating away the road and damage will continue unless it is repaired. There is a water main on the eroded side of Quarry which feeds the line on Willow Way.

There was a question about how often we have gone into reserves. Cortez said that reserves were tapped to cover road expenses until the SBA funds came in. That said, reserves have been increased, and State-required reserves have never been tapped.

Pres. Gonda screen-shared a graph showing how much road costs have increased over the years. We know we also have tank replacement costs to fund. Usually, we have come out OK at the end of the year. Carryover funds from 2023 of ~\$177,000.00 went to capital improvement and emergency reserves. We may need to spend down some reserves, and plan for a minimum of 5% annual increase in assessments.

After thorough discussion, Cortez recommended approval of \$189,790 for the recommended road repairs listed above. A motion to approve the General Manager's recommendation to accept the full road options as written, in the amount of \$189,790.00, with a 6% discount was seconded. The motion carried.

2. **Discussion/Action Item:** Review engineers' options for Scenic tanks and approve preferred option: C2G consultants' assessment and analysis of Scenic tank options was not received in time for directors to evaluate. As this will be a significant expense, more time is needed for careful review and discussion. A motion to defer discussion of this project was seconded. Motion carried.

3. **Discussion/Update:** 100-yr Anniversary: Suggestions included sending an e-mail to shareholders to solicit ideas of what people might like to see. Having possible commemorative items for purchase [coffee cups, souvenirs] was mentioned. Recommended: Add as an agenda item to the annual Shareholder's meeting in June.

**PUBLIC MEETING ADJOURNMENT TO CLOSED SESSION:** The public meeting was adjourned to closed session at 8:08 p.m.

**RECONVENE TO OPEN SESSION FOR CLOSED SESSION ACTION ITEM REPORTING:** The open session was reconvened at 8:56 p.m. to report that action was taken on a shareholder excessive use fee, and that follow-up action will be taken relative to shareholder interest in the General Manager position.

**MEETING ADJOURNED:** The meeting was adjourned at 8:57 pm.

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Pete Gonda, President

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Louise West, Secretary