

MINUTES
Forest Lakes Mutual Water Company
Board of Directors Meeting April 13, 7:00 p.m.
Public Session
910 Fern Avenue, Felton CA
On-line meeting due to COVID 19 Shelter-in-place order

CONVENE MEETING/ROLL CALL: The meeting was called to order at 7 p.m. by President D. Wade. Attending: Directors Wade, Dennis, Gonda, Smith-Berdan. Absent with notice: Directors Davidson, West, Yatson. Staff: D. Cortez. Shareholders present via Zoom: C. Barauskas, C. Maskolunas, M. Fabian, C. Johnston, D. Dondero, A. Baptista, C. Wade, H. Burnett

ADDITIONS/DELETIONS TO AGENDA: None.

SHAREHOLDER/PUBLIC COMMENTS:

- There was a request for results of the fire safety and tree maintenance survey, and specific reference to a tree trunk that could roll down onto Lakeview. Dir. Smith-Berdan responded that the Felton Fire chief is also concerned. The County [since Lakeview is a county road] has been contacted and this will be brought up along with other tree issues.
- There was a complaint about speeding: Dir. Wade noted that the County contracts with CHP for enforcement. The best approach to address concerns about speeders is to get a description of the vehicle, including the license if possible, and contact the CHP headquarters in Aptos to report. Past discussions about speed bumps were reprised, including the fact that the various fire departments discourage same. It may be possible to get the County to put in a STOP sign at Brookside. Dir. Wade noted the difficulty of turning from Brookside onto Lakeview, absent a STOP sign on the latter. Regarding fire safety, Dir. Gonda stated that the ad hoc committee is actively recruiting volunteers to help.
- G.M. Cortez read a shareholder's email expressing thanks for the ice cream truck/Easter activity at the park.
- There was a request to open the lake as soon as possible.

APPROVAL OF MINUTES:

- March 9, 2020 Board of Directors Meeting, Public Session: Dir. Dennis moved to approve the 3/9/21 minutes. Dir. Gonda seconded. Motion passed.

COMPANY REPORTS:

- Financial Reports: G.M Cortez reported the following:
 - ✓ Cash on hand, beginning of month: \$1,022,590.28
 - ✓ Cash on hand, 3/31/21: \$1,021,113.45
 - ✓ Revenue through 3/31/21: \$522,397.49
 - ✓ Expenses through 3/31/21: \$132,828.89
 - ✓ Net income: \$389,568.60

She noted an overage to the office expense account. Given the known and anticipated expenses, this account may be over what was budgeted in 2021. Lake supplies, repair and maintenance is also going to be well over budget. Over \$2500.00 has been spent thus far for materials to replace all of the rotted fencing and conduct other repairs. In the March Board meeting, Cortez suggested creating a new expense account for professional expenses related to roads and culverts, and moving engineering expenses for the SBA loan projects to that account, in order to facilitate tracking. This was discussed with Treasurer L. Dennis. The account was created and SBA engineering costs in 2021 moved to that account. Amounts in this expense account will not be reported as overages as they are related to the SBA loan.

- Operations Report: G.M. Cortez reported the following:
 - Production was: 1,150,303; metered use was 920,180. There were 3 excessive users, one due to a leak. The loss rate for the month will be elevated because of water used in drilling Well 4.

- Drilling of well 4 was completed on 4/12 and equipment removed. Pumping the well to begin 4/14 and will take approximately 2 weeks, dependent upon how much material has to be pumped out before the water is clear.
- Staff cleaned well 1D which seems to have increased its production by about 2 gpm, i.e. 2,880 gpd
- Staff performed general maintenance, repairs and cleaning up the area around the lake to prepare for filling. They are currently replacing the piping and securing it so that the fire department can more effectively draw water should there be a need. The cost for materials for all of the necessary repairs including piping and new fencing in the upper beach area is double the budgeted amount. All repairs are necessary to either maintain the ability to draw water for fire protection or to protect the public when the lake opens.
- Chief Gray was involved with work on piping and hydrants to assure compatibility. In response to a question, Dir. Dennis noted that FFD does have a map of FLMWC fire hydrants.

ADVISORY COMMITTEE REPORTS:

- Water Conservation Committee: The Water Conservation Committee met but has not finished work on a policy regarding excessive use.
- Recreation Committee: No report.
- HR Committee: Cortez reported that the HR Committee reviewed the results of a wage survey of other water companies. This survey will assist in both succession and strategic planning.
- Water Committee: Nothing to report.
- Road & Safety Committee: Nothing to report.
- Rules Committee: Did not meet; needs to work on policy regarding excessive use.
- Finance Committee: Did not meet.
- Strategic Planning Committee: To be discussed in "New Business."
- Community Fire Prevention Committee: Update:

There followed a lengthy discussion of this complicated process which involves both the fire safety and hazardous tree ad hoc committees. Dirs. Wade and Smith-Berdan have been involved, together with Shareholders H. Burnett and D. Dondero.

Dir. Wade reported that FLMWC apparently does not qualify for a Cal Fire grant for risk reduction. We were referred to FireSafe Santa Cruz. Dir. Wade is trying to secure a meeting with them.

It was reported that Capt. Audrey Dawson of FFD is available to help communities with fire safety. She can also help individual owners identify what they need to do.

Some of the points noted in the discussion included the following:

- Fire and Tree Safety is a multi-dimensional matrix involving owners and multiple agencies. It is hard to know how the pieces fit together.
- Although prompt action to reduce fuel reduction is urgent given the exceptionally dry winter, there is a benefit to patience and developing a community plan. Right now foresters are mostly engaged with the aftermath of the 2020 fires, and having a comprehensive plan for the tract has a number of advantages.
- An arborist is needed to do an in-depth assessment of tree health and to evaluate risk. This differs from a Firewise walkthrough designed to look at fuel reduction.
- The problem of what to do with trees once they have been cut is being looked into. H. Burnett has found some possibilities but none are interested in Doug firs. He is working on a pilot project, involving his own property, on what to do with trees that need to be taken down.
- D. Dondero said that the riskiest trees are the largest old firs, which are not only tall but have diameters up to 50". These must be cut into 5-6 20" segments per tree. He also spoke of the importance of removing "loser" redwoods, leaving the most healthy in a grove to become the "mother trees" in the future.
- Smith-Berdan provided info that redwood is valuable and could help pay for the removal of firs.
- There is a need to get more info out to owners about what they as individuals can do. A work group is needed to attack high-risk areas, with the help of a forester.
- Dir. Gonda pointed out that a major role of FLMWC is keeping roadways safe. This is essential for assuring the production and delivery of water. Dir. Wade noted that the by-laws specify that the company is responsible for water and roads, and for anything needed to keep the company running. With respect to that, D. Dondero noted that the area around the Corp yard definitely needs attention for fuel reduction. We need to encourage people to sign up for a work party to do this.

- There was mention of the Quarry wells. One of these is on the property of a shareholder; two are not. We do not know who those owners are, but this could be discoverable through County records. There are easements but ideally owner permission to conduct fuel reduction would be desirable.
- D. Dondero asked if we want an arborist or forester to come in and consult, or do we want to implement standards about trimming to 12' above ground, and removal of smaller trees? Smith-Berdan commented that a forester would likely be able to help us save more redwoods in the long run.
- Re: Trees along Lakeview: Chief Gray is willing to write a letter to owners of parcels along that part of the road, notifying them of hazardous conditions on their properties.
- D. Dondero suggested having a forester provide a quote on the high risk areas: What would it cost to have a detailed plan for remediation? It would be helpful to include owners who know the tract well, plus Lead Water Operator Marchessault.
- The committee was encouraged to work to bring ideas back to the Board. Although the Board supports moving ahead rapidly to address the identified needs, the discussion was not an agenda item and no action can be taken tonight. That does not exclude the possibility of an emergency on-line meeting if the group has a specific proposal, such as approval of a quote for the suggested work.

NEW BUSINESS:

- **Discussion/Action item:** Review of Strategic Planning Committee process: Dir. Gonda reported that he met on 3/4/21 with G.M. Cortez to review and refine the tasks and priorities set out by the Committee, in order to assure complete accuracy before calling a community meeting. He reiterated that the work of the SPC is grounded in the desire to create a plan that will guide the Company for the next 5 years; noted structural budget issues; and referred to the market survey. Dir. Wade noted that the document the Committee submitted is clear, comprehensive, and provides a path forward.
Dir. Gonda will plan for a Zoom community meeting; this will allow the sharing of graphics. It was noted that in order to comply with the Brown Act, if Board members attend no Board actions may be taken in a meeting that is merely informational. Gonda will pick a date and send out a blast email with an agenda to contain the 5 priority values that have been formally adopted by the Board.
- **Discussion/Action item:** Revision of excessive use policy modification: A brief meeting was held to discuss both excessive water use and water waste during an emergency. "Excessive" water use may be defined as so extreme that a penalty is incurred immediately. The policies of other water departments have been compared.
- **Discussion/Action item:** Official recognition for hazardous trees/fire safety work groups: Dir. Smith-Berdan moved that the Hazardous Tree Committee and Fire Prevention Committee, having merged, be recognized by the Company as an official committee. The motion was amended by Dir. Gonda to state that said committee may now make recommendations to the Board. The motion was seconded and passed.
- **Discussion/Action item:** General liability insurance: G.M. Cortez stated that the company which has been our insurer refused to renew the coverage due to the one loss in 10 years, when the Fern main broke. The insurance agent sought other coverage. Of 14 contacted, all but one declined, because of the previous claim and also because of the existence of the dam. Of the company that will insure us, if there are no claims this year the cost will be re-evaluated with respect to cost and also with the exclusion of ground subsidence.
Dir. Wade asked about other vulnerabilities, and whether additional SCADA equipment might prevent failure to detect leaks that occur in the middle of the night, such as what happened with the Fern break. Cortez explained why SCADA equipment on some tanks might not work. She also said that staff is working on a plan to replace the old main quickly, and agreed that it is a good idea to see if additional monitoring would be helpful on some facilities.
Cortez needs to sign and bind the policy ASAP. As there is no other option for coverage, it was agreed to accept the offered coverage although it exceeds budget. Formal motion to approve is not needed as the GM is empowered to sign. The purpose of placing the item on the agenda was informational.
- **Action item:** Approval of letter to Granite regarding Well 10A: Concern about the Granite wells was discussed at the November, 2020 Board meeting at which time it was decided to draft a letter to Granite outlining our concerns and to run the letter by Counsel. This was done. The letter addresses the problem that if Granite

should lose power for any length of time [as happened in the August, 2020 fires] it would be unable to provide FLMWC with water and hence would be out of compliance with their permit. In response to questions, Cortez explained that the question turns not on whether we use the water, but on the ability of Granite to provide the water. After discussion/clarification, Dir. Smith-Berdan moved to approve the letter; Dir. Dennis seconded. Motion passed. A copy will be sent to the County, which is timely as Granite is in the process of renewing its permit.

- **Discussion/Action item:** Term for streambed alteration plan: G.M. Cortez explained that the reason for inquiring about a 10-20 year term was with the idea of securing recognition that the reservoir will be in operation for at least that length of time. [The current approved plan expires May 31, 2021.] However, in discussions with RCD and CDFW, it was learned that such a plan comes at a high cost *and* that CDFW would not assure that current requirements remain the same. Given this and the cost difference, Cortez recommended approving the application for a term of 5 years or less, at a cost of \$627.75, to include as much specific info as CDFW will allow for the riparian mitigation. Cortez has written specific instructions in the Manager's procedure manual for all required notifications, installations, monitoring and reporting, and can add instructions for the completion of a streambed alteration plan application so that future management will understand the process. Cortez said she will wait to get info from the planned 4/22 meeting in order to obtain details of the language required.
- **Discussion/Action item:** Lake opening status: The Board must decide if, when, and how to open the lake in a way that assures safety and compliance with all applicable regulations. There is concern that given the weak stream flow, the lake may not even fill by the time allotted by CDFW. Cortez will ask if we can put up the dam boards sooner than specified in the agreement. If the decision is made to open the lake, she will need to recruit lifeguards and probably volunteers will also need to be recruited. It was suggested that 6/15 would be a good date to open. After discussion, Dir. Gonda moved to have a goal of opening on 6/15, subject to first coming up with everything needed to assure safety and compliance with all regulations. Dir. Dennis seconded. The motion passed.
- **Discussion item:** Annual Shareholder meeting and election of officers: Traditionally, this meeting has been held on the 1st Sunday in June. There was discussion about whether to hold it in person or via Zoom, and when. June 13 was selected as an appropriate date, with tentative approval for an in-person meeting at the park unless for some reason it must be virtual/Zoom. Three candidates are needed to fill positions that will be open. Cortez will send out an email asking for candidates, and tentatively planning for June 13. "BYO lunch" was suggested as one option.
- **Discussion item:** Info to Shareholders and Residents re: evacuation routes, fire safety, etc.: Cortez said she has an evacuation map to send out with minutes. She can send out additional info about fire safety/FireWise if the committee gets it to her. This could be in a separate email.
- **Discussion item:** Call for volunteers: Community engagement committees, possible Board openings, possible community work parties are needed. Dir. Wade suggested that there could be a regular iteration of this in company emails.

PUBLIC MEETING ADJOURNMENT TO CLOSED SESSION: The meeting was adjourned to closed session at 10 p.m.

RECONVENE TO OPEN SESSION FOR CLOSED SESSION ACTION ITEM REPORTING:

The meeting was reconvened to open session to report the following action items:

- There were no closed session action items to report.

MEETING ADJOURNED: The meeting was adjourned at 10:15 p.m.