

MEETING MINUTES
Forest Lakes Mutual Water Company
Board of Directors Meeting June 18 2019 -- 7:00 p.m.
Public Session
910 Fern Avenue, Felton CA

CONVENE MEETING/ROLL CALL: The meeting was called to order at 7:05 p.m. by President Wade. Directors attending: Dennis, Gonda, Wade, Wood, West, Yatson. Absent with notice: Smith-Berdan. Staff: Cortez. Shareholder: C. Barauskas.

ADDITIONS/DELETIONS TO AGENDA: None

SHAREHOLDER/PUBLIC COMMENTS: Ms.Barauskas suggested installing"Share the Road" signage between the office and the lake; the suggestion was referred to the Road Committee.

APPROVAL OF MINUTES:

- May 14, 2019 Board of Directors Meeting, Public Session: Dir. Dennis moved to approve; Gonda seconded; motion passed.
- May 20, 2019 Board of Directors Special Emergency e-mail meeting: Dir. Gonda moved to approve; Dennis seconded; motion passed.
- June 2, 2019 Shareholder meeting minutes: Dir. Dennis moved to approve; Wood seconded; motion passed.

COMPANY REPORTS:

- Financial Reports: G.M. Cortez reviewed the financial report, noting beginning cash on hand for May was \$816,490.65; ending cash on hand, \$677,153.68. The monthly expense overview showed an expense of \$162,375.23; this included the withdrawal from savings of the FEMA de-obligated funds [\$127,375], which have been returned to CalOES so that the application for SBA funds can proceed. There was a correction to the Annual Revenue Overview, noting that YTD income is actually \$460,843.53 and YTD budget \$333,468.53 [these figures were reversed on the printed report]. YTD expenses \$340,667.39; overage of \$120,176.14 includes the withdrawal and return of the FEMA funds. Dir. Wood moved to approve the Financial Report with the noted correction; Gonda approved; motion passed.
- Operations Report: Cortez reported that water production was up; there was one leak. Well 4A specs have been sent out; attempting to find a well driller. She noted that not all drillers have the equipment for working in confined spaces. 3A & 3B: all the parts are here; just have to build the building around the plant. Tank 7 electrical: Agreement pending with shareholder to move the power pole that will serve this plant. The Electronic Annual Report [EAR] and Consumer Confidence Report [CCR] required by the State were completed. EAR submitted on time; CCR to be distributed to consumers by 7/1/19.

ADVISORY COMMITTEE REPORTS:

- Water Conservation Committee: Gonda asked if the Water Conservation report can be combined, in the future, with the Operations Report. In the future, this will be done. For May, it was noted that the loss rate increased from 7% to 21.5% mainly due to leaks. June loss rate is also expected to be high because of leaks found in June but which probably started in May.
- Recreation Committee: Nothing to report
- HR Committee: Will be addressed in Executive Session
- Water Committee: Nothing to report
- Road & Safety Committee:

- ✓ Updates on projects: Repairs to Laurel started and will be completed soon. Patching continuing, potholes being filled. Shareholders have commented on the work done by staff. Gonda asked about the condition of lower Glengarry, which is in bad shape. This is the part that is not in FLWC's service area. Fern-Quarry culvert project: Dawana and Joel trying to get another quote. Contractor for approved bid is having some issues and the priority for that contractor is to finish Ferrari, hence the effort to find another provider.
- ✓ Update on SBA status: All estimates but one have been obtained. An engineering proposal is needed. A "proposal to put together the proposal" is about \$3,000, which would include coordinating with subcontractors. There was discussion about how this should be addressed. An emergency meeting may be needed at some point, with an Action Item requesting approval for NTE \$3,000 for the proposal. \$77,000 is budgeted for Roads. Gonda moved to authorize the GM to investigate what it will take to get a cost estimate for the SBA loan application, and to authorize an expense not to exceed \$3,000 for an engineering firm to come up with the estimate. West seconded; there were no questions; motion carried.
- ✓ Update on plan to meet Riparian Mitigation requirements: Kelly Camara [RCD] sent a letter to CDFW with timetable for our contribution to the Branciforte project. Monica Oey [CDFW] seems to be in favor of the idea. FLMWC still has questions regarding what we must do to meet the requirement; how much money is required; and when we must pay the amount agreed. A streambed alteration plan must be submitted. Cortez said she can write the plan based on the previous form. Plan must be submitted not only because permit is expiring but because, if we want to extend the period of operation of the reservoir, these elements must be included. Presently we have only 2 weeks in Spring to fill the reservoir; and in the fall, fire season may not have ended by the time the flash boards must be removed.
- Rules Committee:
- ✓ Follow-up: Multiple water connections: See Discussion Item below.
- Finance Committee: No report
- Strategic Planning Committee: See Discussion item

NEW BUSINESS:

- **Action item:** Approval of filter plant building re-bid due to contractor declining the project: Cortez explained the events that led to problems with original plan. Cortez said that FLMWC staff has the skills to build the structure, and that shareholder Zimmerman would be able to supervise the process. Another bid was obtained but provider lacks insurance and declined when told we would need insurance, so no action is needed on this bid. In the meantime, original contractor is again available. If something happens that *he* cannot do the project, "Plan B" will be for FLMWC staff to do the construction with supervision as needed by Zimmerman.
- **Action item:** Approval of 2075 G.G. License agreement revisions: Homeowner has requested a change in the license agreement. Cortez explained what the shareholder is requesting. Our attorney has not looked at the requested changes. The wording that the shareholder requested be revised was discussed. Following the discussion, Dir. West moved that the the license agreement revisions to 2075 Gold Gulch be approved. Wood seconded. Motion carried.
- **Action item:** Approval of Valley Paving bid to remove failed culvert on Pine, create a swale to redirect water, and repair/repave damaged area: Pine was originally part of the FEMA project. It has been cold patched, but there is a significant drainage problem and there is concern that waiting until after the coming winter could result in road failure. Dir.

Wood asked if a priority list for road repairs has been prepared. Proposals from Valley Paving, Santana Paving and Grading, and Earthworks were reviewed. The proposals all included work on Lakeside as well as Pine, but Lakeside is not a priority. Evaluating the relative bids of the companies required comparing material and labor costs not just total cost as total costs included both locations. The amounts included in Santana bid was from a year ago, when project was bid as part of the FEMA projects. If we sought new bids now, to be able to make more exact comparisons, costs would probably be higher. The Valley Paving bid is current [4/8/19]. The bids of Valley Paving and Santana were compared to the extent possible. Dir. Gonda then moved to approve the Valley Paving bid for Pine, in the amount of \$8,300. Yatson seconded. Motion carried.

- **Discussion item:** AB 54 training: Reminder that all Directors are required to have this training. Dirs. Smith-Berdan and Yatson need to do this; West needs to renew by year end.
- **Discussion item:** Establishing committees for 2019-2020: What they will be, who will chair them, and selection of members: Dirs. Volunteered for various committees. Some committees were combined, reflecting realignment of some tasks. It was noted how much work Cortez does now, that was once done by a former Director, and discussion of whether she could be relieved of some tasks. *Revised list of 2019-2020 committees attached.*
- **Discussion item:** Follow-up on return of de-obligated FEMA funds: The check was sent to CalOES; it was delivered and signed for by Rudy Gorman. We have copies of the check and of the closed account to provide to SBA.
- **Discussion item:** CDFW diversion extension: CalFire criteria for calling the end of fire season: Dir. Dennis spoke with a CalFire captain who said there is no fixed date any longer. The end of fire seasons is considered to be when “the first sustained, measurable rainfall” occurs.
- **Discussion item:** Follow-up: Fleet gas card: Per Board approval, cards were obtained.
- **Discussion item:** UCSC expansion and impact on our water supply: f/u from May meeting: The campus appears to be within the Santa Cruz City water district. [A shareholder had expressed this question at the annual meeting.] The concern would be if the city were to try to put wells in our aquifer, and if they did, how would we know?
- **Discussion item:** Letter to Shareholders re: by-law change and application of “second kitchen” rule: The By-law changes were approved. A notification to Shareholders had been discussed but had not been composed. It was suggested that perhaps former Rules chair Mobley could be asked to do this. Dir. Wood said she would f/u with Mobley and if he can’t, she will work on a draft if Gonda will send her the essential points, as he was on the committee that came up with the changes. Cortez suggested that a list of known properties with “second kitchens” be developed, and if directors are aware of such, to notify her. A letter to all shareholders must be composed, and also a secondary notification to known shareholders with second units.
- **Discussion item:** Structure and charge of Strategic Planning Committee: Dir. Gonda will put together the first meeting, will frame an outline of what shall be accomplished, and bring it back to the Board for ratification. Dir. Dennis suggested that the Committee could consider assessment increases. It’s early for budgeting but needs to be part of the budget process. Other considerations for the plan will include water capital improvements; for example, a new tank will be needed to replace Tank 10 in the Corp. yard.

PUBLIC MEETING ADJOURNMENT TO CLOSED SESSION: The public portion of the meeting was adjourned at 8:45 p.m.