

MINUTES
Forest Lakes Mutual Water Company
Board of Directors Meeting June 8, 11, 2021 7:00 p.m.
Public Session
910 Fern Avenue, Felton CA
On-line meeting due to COVID 19 Shelter-in-place order

Shareholders are welcome to attend all public session meetings via Zoom: <https://us02web.zoom.us/j/85869216023>

CONVENE MEETING/ROLL CALL: The meeting was called to order at 7:02 p.m. by President D. Wade. Attending: Dirs. Davidson, Dennis, Gonda, Smith-Berdan, and Wade. Absent with notice: Dirs. West and Yatson. Staff: G.M. Cortez. Shareholders: D. Dondero, C. Barauskas.

ADDITIONS/DELETIONS TO AGENDA: None.

SHAREHOLDER/PUBLIC COMMENTS:

Shareholder D. Dondero asked about the Firewise program dates and whether data can still be submitted. Dir. Smith-Berdan clarified the time frames and said 90 questionnaires have been collected to date. She noted that this process will have to be repeated annually.

APPROVAL OF MINUTES:

Dir. Gonda moved to approve the minutes of the May 11, 2021 Board of Directors Public Session meeting and the May 18 and May 26 emergency Board of Directors emergency on-line meeting. Smith-Berdan seconded. Motion passed.

COMPANY REPORTS:

Financial Reports:

General Manager Cortez provided a summary of the financial report for May, 2021.

Cash on hand at beginning of month, \$1,005,536.27; end of month, \$1,003,173.23. YTD revenue = \$594,706.04; YTD expenses \$228,249.14. Net income through May was \$366,456.90.

The only new overages were for gas and oil, due to increased fuel prices plus additional trips to the landfill and also to Monterey to drop off water tests.

Dir. Smith-Berdan moved to approve the financial report. Dennis seconded. Motion passed.

Operations Report:

Cortez reported that water production was 1,178,593 gallons. There was one leak. There were 7 excessive users. The loss Rate was 14.3%, down from 18.8% the previous month. This is expected to decrease further as the reported figure included water use related to the new well and also for flushing all main lines.

Staff continue to work diligently to clear brush from FLMWC property on Pine.

After repeated treatments by the well drillers, Well 4 finally cleared. Test pumping was completed on June 3. Multiple other steps must be completed before bringing the well on line, including installing the long term pump, required water testing, pouring a foundation for and creating the building, completing required electrical and erecting a fence as required by the SWRCB.

Approved culvert projects were completed by Valley Paving. Parts have been ordered to finish the installation at the inlet of the Ferrari culvert.

Madrona paving was completed.

There were questions about how the Operations reports are recorded. Cortez stated that she keeps complete documentation of the reports, and that staff keeps daily written records of work performed. Dir. Dennis noted that the Operations report is also documented in the minutes of each monthly Board meeting. Dir. Wade requested that a written Operations report be included in the monthly Board packet.

Dir. Wade asked if barriers to debris will be placed at the Ferrari culvert. Cortez stated that the on-order parts [an elbow and a flared end section] address this issue.

ADVISORY COMMITTEE REPORTS:

- Water Conservation Committee: Nothing to report.
- Recreation Committee: Nothing to report.
- HR Committee: Nothing to report.
- Water Committee: Nothing to report.
- Road & Safety Committee: Nothing to report.
- Rules Committee: See under New Business
- Finance Committee: See under New Business
- Strategic Planning Committee:
- Community Fire Prevention Committee: Dir. Smith-Berdan reported progress in organizing the community. There is a Webinar scheduled for June 28, 6-7:30 p.m., on evacuation procedures. It will be recorded. She said Jory will generate a form to help people self-audit their homes and property for hazards. The Committee will meet with Audrey Dawson of Felton Fire to continue assessment and planning. A project plan covering a multi-year time frame will be needed. The Committee hopes to submit the documentation to Firewise in early July
 There was a suggestion to encourage residents to place reflective house numbers on their property. This assists firefighters. Blue reflectors have already been placed on paved roads to indicate the location of hydrants. It has been suggested that red lines be painted on road edges where roads are narrow, to discourage people from parking there and possibly to allow cars to be towed. [It is not clear if that would be legal.]
 In the consultations with fire personnel, it was noted that FLMWC is vulnerable to embers, e.g. if there is a fire in Bonny Doon. Fire would likely spread uphill and residents in the upper portions of Forest Lakes should be aware. With this in mind, CalFire might be able to work with neighbors on Empire Grade to revisit the issue of emergency egress and access. Smith-Berdan also wondered if CalFire could press UCSB to maintain their fire roads.
 Wade said that Shareholder Dondero had contacted a forester and an arborist. Wade will meet with them next week to look at how best to protect FLMWC infrastructure.

NEW BUSINESS:

- **Discussion/Action item:** Approval of revised Water Waste and Excessive Use policy: Dir. Davidson explained that the revised policy was written with intent to consolidate and clarify existing policies about the “tier” structure as well as when excessive use fees apply. He noted that as water conservation stages become more severe, warnings and fines apply sooner. The right of Shareholders to appeal was also added, providing an opportunity for Shareholders to request reconsideration and/or for the Board to review and respond to individual circumstances.
 Dir. Gonda moved to approve the Revised Water Waste and Excessive Use Policy. Smith-Berdan seconded. Motion passed.
- **Discussion/Action item:** Assessment of redwood tree on Quarry: Per Huerta’s inspection, the root structure of this tree is significantly undermined. Its roots are also intertwined with the roots of an adjacent tree, and both would need to be removed. Huerta will provide an estimate for the work. Smith-Berdan asked if it might be possible to sell the redwood to Big Creek.
- **Discussion/Action item:** Upgrades to Quarry well and site security: Dir. Wade provided background information about the RV fire that burned near that well, and also the lack of power to the well during the CZU fire of August, 2020. GM Cortez has written and emailed Granite’s head of Operations, reiterating our concerns. There has been some confusion at Granite with different personnel involved; Cortez will f/u. Granite will remove the remains of the RV. FLMWC will request that Granite put up a gate or otherwise block vehicle access to the area.
 Wade noted that there have been reports of someone living in an RV in that area. It’s not clear if these reports involved the RV that was burned or if there is new activity. Wade will check with the reporting shareholder.
- **Discussion/Action item:** Estimates for repair of the Scenic slide: Cortez briefly summarized the engineering reports presented at the May meeting, one with piers and one without. She has received an estimate of the cost without piers for \$245,900. This would be the lesser of the two ways to repair the road. We do not yet have an estimate for the cost with piers, as more info is still needed about the depth and spacing that would be required. Cortez pointed out that the approved SBA loan amount for the project is \$73,300. We can request additional funding. Cortez will ask if the current

engineering plans can be submitted to the County, to get the process started. Smith-Berdan commented on the importance of the road with respect to egress and access.

- **Discussion/Action item:** Approval of rollover of reserves CD: Cortez summed up the discussion of the Finance Committee with respect to the maturing CD holding FLMWC'S operational reserves of approximately \$174,000.00 The Committee's recommendation is for a 12-month 0.25% rollover, which will allow time to investigate other opportunities to increase return. It was noted that interest rates are low everywhere. The difficulty of getting 3 Board members together, even if another institution was found with marginally better returns, was also noted. Liberty Bank might offer a better rate, but Dir. Dennis observed that putting the money there would be putting "all our eggs in one basket." Dennis moved to let this CD roll over for one year at 0.25% at Santa Cruz Bank. Davidson seconded. Motion passed.
- **Discussion/Action item:** Approval to consult B. Choi regarding laws relating to the investing of Mutual Water Company funds for the purpose of increasing yields of reserve accounts: Dir. Davidson commented that we should know what kind of investments we can have, what restrictions may exist, and what policies we should have about investments. Gonda adds that there are many State restrictions regarding local agencies, and we should know what are the potential limitations and options for planning to maximize ROI. Davidson moved to approve to consult Choi regarding this subject; Dennis seconded. In discussion, Gonda asked if there should be a cap to the legal fee, and suggested the Board establish a maximum amount. Davidson then rescinded his initial motion, and restated it to approve consulting counsel regarding laws related to investing Mutual Water Company funds, the maximum amount of the legal fees not to exceed \$2000. The motion was seconded and approved.
- **Discussion/Action item:** Plans & sign-ups for June 26 Shareholders Meeting: Cortez detailed plans for the annual sharehold meetings, as follows: Jeff Cortez will clean the office floor. Deana and Dawana will be in the office on Friday 6/25 to count ballots. Louise will count ballots on election day. Dawana will pick up drinks and water. Jeff will set up the sound system. Staff will bring down tables. Dave will prepare signs. Needed: a couple of coolers. Volunteers to help with set up.

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

RECONVENE TO OPEN SESSION FOR CLOSED SESSION ACTION ITEM REPORTING: The open meeting was reconvened at 8:30 pm to report the following action items: Approval of the revised Water Waste and Excessive Use Policy; follow-up on the undermined tree on Quarry; follow-up on site security at the Quarry well; follow-up on bids to repair the Scenic slide; approval to roll over the CD at Santa Cruz Bank with FLMWC's operational reserves; and approval to consult Counsel regarding laws applicable to the investment of Mutual Water Compan funds.

MEETING ADJOURNED: The meeting was adjourned at 8:35 p.m.

David Wade, President

Louise West, Secretary

MINUTES
Forest Lakes Mutual Water Company
Board of Directors Meeting June 14, 2021
Emergency Online Meeting
910 Fern Avenue, Felton CA
On-line meeting due to COVID 19 Shelter-in-place order

CONVENE MEETING/ROLL CALL: An emergency online meeting was requested by General Manager D. Cortez, via e-mail to the Board, to address adding to address a problem regarding the paving project on Lakeside. An immediate decision as required.

Dir. West moved to hold the emergency on-line meeting; Dir. Davidson seconded; Davidson, Dennis, West and Wade voted yes to proceed with the meeting. Motion passed.

AGENDA:

- **Action/Discussion item:** Due to a misunderstanding that occurred involving project quotes in 2019 and 2021. As a result, the cost of doing both sections of Lakeside is \$8400 over what was expected and previously approved. Of this overage, the contractor has agreed to take 1/3 off the estimate, leaving \$5600 in unanticipated costs. Because the contractor had expected to repave two contiguous sections of Lakeside, today both of them were ground down. If payment of the additional \$5600 is not approved, only part of the project would be repaved, leaving one section ground but not paved.
 - There was discussion of options. It was noted that Lakeview is a critical access route for shareholders and corporate infrastructure; that before the contract was approved, we agreed that it would be a good idea to do both sections; that doing one part and leaving the other would result in higher cost later as equipment would have to be brought in again; and that leaving the prepped but unpaved section without proper surface would not be a good option.
 - After discussion, Dir. West moved to approve payment of the additional \$5600 to Valley Paving to complete the project that was originally approved at a lesser amount. She noted that the Board likely would have approved the greater amount in the first place, in order to get this critical route in good repair before another winter, and that in fact because Valley Paving reduced the cost because of the mistake, the total cost will be less than what we might have approved at the outset.
 - Dir. Dennis seconded the motion. Pres. Wade called for the vote. Dirs. Wade, Dennis, Smith and West voted Aye. Motion passed.

D.M. Wade, President

L. West, Secretary