

**MINUTES**  
**Forest Lakes Mutual Water Company**  
**Board of Directors Meeting December 10, 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 PM by President D. Wade. Attending: Directors P. Gonda, S. Smith-Berdan, L. Dennis, and H. Wood. Absent with Notice: Dir. L. West, S. Yatson  
Staff: D. Cortez  
Shareholders: C. Barauskas, L. Zimmerman

**ADDITIONS/DELETIONS TO AGENDA:** none

**SHAREHOLDER/PUBLIC COMMENTS:** none

**APPROVAL OF MINUTES:**

Dir. Gonda proposed a clarification to the minutes in the section regarding the strategic planning committee. More specifically, the intent was to talk through the costs regarding drastic infrastructure changes if needed in future. Additionally, to clarify the need for staff support in some of those future measures. GM D. Cortez suggested amending the wording in the November minutes to specifically say "If we had to change to advanced metering infrastructure to support tiered rates". Dir. Gonda has offered to write a clarification of intent to insert into the November meeting minutes.

L. Dennis moved to approve the minutes of the meeting minutes from November with those noted changes; Smith-Berdan seconded the motion. Motion approved by unanimous vote.

**COMPANY REPORTS:**

- Financial Reports:  
General Manager D. Cortez reviewed the financial report, highlighting beginning cash on hand on of \$468,832.96; ending cash on hand of \$ 417,103.88; Monthly expenditures were \$53,047.01, budgeted was \$35,414.06. Revenue to year-to-date was \$ 528,513.06. Expenses to date \$670,425.68 showing a deficit of \$141,912.62, however that includes the return of FEMA funds, so the actual deficit was \$14,537.62.
  - ✓ Dir. Gonda moved to approve the financial report; Dir. Dennis seconded the motion. Motion approved by unanimous vote.
- Operations Report:  
The written Water Operations Report for November was reviewed.
  - ✓ Well 3A, 3B Update – GM D. Cortez relayed the electrical work at new filter plant was completed. ATEC has come out and found issues with the system that need to be addressed before system is started. Iron and Manganese tests will then begin, and once all tests are cleared, the well will be put back into production (currently on bypass).
  - ✓ Well 4A Replacement – GM D. Cortez received proposal for drilling replacement well; concrete foundation will still need to be removed.

**ADVISORY COMMITTEE REPORTS:**

- Water Conservation Committee: Monthly Conservation Update
  - ✓ 3 excessive users; 1 shareholder leak; average gpd for all shareholders – 87 gpd
  - ✓ Loss rate at 12.1% - increase includes the water used to flush the line for the 3A, 3B filter

- Recreation Committee: no updates
- HR Committee: no updates
- Water Committee: no updates
- Road & Safety Committee: No updates
- Rules Committee: No updates
- Finance Committee: No updates
- Water Future -Due Diligence Committee:

## **NEW BUSINESS:**

- **Action Item:** Change of name of line item from “Emergency Operating Reserves” to “Operation and Management Reserves”
  - GM D. Cortez has completed much research regarding state requirements for line item nomenclature and proposes changing this line item in FLMWC budget to “Operation and Management Reserves” because this is in keeping with the original intent of these reserve funds. Furthermore, D. Cortez recommends setting aside the extra funds from state required balances to have a separate “Emergency Reserves” line item.
  - Dir. Gonda moved to approve the change in nomenclature; Dir. Smith-Berdan seconded the motion. Motion approved by unanimous vote.
- **Discussion/Action Item:** Review of estimates for drilling new William Way well
  - Board members compared bid sheets between Landino Drilling Co. and Maggiora Bros. Drilling – costs were noticeably different
  - Maggiora Bros. Drilling bid was lower, and the hydrogeologist agreed their lower cost methods are appropriate for this particular project.
  - Project would be scheduled to begin in Spring; estimated start date February 10<sup>th</sup> bid is good for 180 days
  - Clarifications on costs should water not be found upon drilling.
  - Dir. Gonda moved to approve the Maggiora Bros Drilling bid for William Way well project; Dir. Smith-Berdan seconded the motion. Motion approved by unanimous vote.
- **Discussion Item:** 2020 Budget
  - GM D. Cortez shared additional information which affected the budget planning to highlight why it is an unusual budget planning season compared to years past:
    - New costs of taking on a large, long-term debt to repair the storm damage to roads from 2017 in addition to the completion of a large water capital improvement project, and getting estimates for the drilling of a new well have illustrated these types of costs have been under-budgeted in years past.
    - FLMWC being fully staffed, while accomplishing much more, has also pushed us closer to our budgeted costs
    - State regulations continue to become more stringent, and we have been provided a list from the state on issues that will need to be addressed in the coming years. This includes the need for new wells and capital improvements to increase production as required by the state. At the same time, state agencies recommend consolidation, and has the authority to force consolidation if not all requirements are met.
    - Deferred maintenance, while in the short term saved money, is proving to be costly in the long term.
  - GM D. Cortez outlined the changes made to the draft budget that was presented in the November board meeting:
    - Capital reserves have been decreased from \$204,706.17 to \$164,706.17, which is the amount currently forecasted to remain in the reserves account until year-end.
    - A column was added showing the actual expenditures through November 2019
    - Decreased expense account 542 System Regulatory Fees to \$3,000 and increased account 520 Supplies and Fittings and by \$500 (to \$8,500), and increased account 521 Disinfection Treatment by

- Loan Servicing accounts 890 & 892 were increased based on the loan amount increases since the last draft budget

- **Action Item:** Approval of 2020 Assessment change
  - Dir. Dennis moved to approve the assessment increase at 20%, making the assessment \$1,825.20 with the addition of the change to the payment plan structure, increasing to an 11-month term; Dir. Wood seconded the motion. Motion approved by unanimous vote.

- **Action Item:** Approval of 2020 Budget, based on approved Assessment change
  - Dir. Gonda moved to approve the 2020 budget based with the 20% assessment and a suggestion to review the budget in depth at the 6-month mark; Dir. Dennis seconded the motion. Motion approved by unanimous vote.

- **Discussion Item:** Scheduling Board “SWOT” exercise
  - Dir. Gonda wants this to be more of a priority setting exercise, for board members to outline their top priorities for FLMWC in the next 5 years. All board members should be present for this exercise. Dir. Gonda will send an email to all board members to schedule the meeting and send materials that need to be completed in advance.

**PUBLIC MEETING ADJOURNMENT TO CLOSED SESSION:** The meeting was adjourned at 9:09 PM

**RECONVENE TO OPEN SESSION FOR CLOSED SESSION ACTION ITEM REPORTING**

The executive session was adjourned at 10:08 PM and immediately reconvened to open session to report the following:

- ✓ No action items approved in closed

**MEETING ADJOURNED** at 10:09.