

**MINUTES**  
**Forest Lakes Mutual Water Company**  
**Annual Shareholders' Meeting**  
**June 2, 2019**  
**910 Fern Avenue, Felton CA**

**CALL TO ORDER:** The meeting was called to order at 1:10 PM by President David Wade, who welcomed all attending and led the assembly in saluting the flag.

**INTRODUCTION OF CURRENT AND RETIRING DIRECTORS AND OFFICERS:**

Pres. Wade introduced the current directors: V.P. Max Mobley, Treasurer L. Dennis, Secretary L. West, and Directors S. Smith-Berdan and P. Gonda. Director H. Wood was unable to attend.

**REMARKS BY BOARD CANDIDATES/CALL FOR NOMINEES:**

There were no nominations from the floor.

**REMARKS BY RETIRING BOARD MEMBER:**

President Wade presented Dir. Mobley, who is retiring this year, with a certificate of appreciation for his service. Dir. Mobley expressed appreciation for his experience on the Board and for the opportunity to serve the community. He spoke about the delicate nature of our organization, which relies on the support and work of the Board, the Staff, and Shareholders. He mentioned the talent and dedication of the staff. He singled out Dawana Cortez as “the face of Forest Lakes” and cited her hard work to keep the company on course.

**QUESTIONS FOR CANDIDATES / BOARD MEMBERS:**

- Are we to capacity on water storage? D. Cortez said that all our wells are performing well. Pres. Wade noted that last year, well levels dropped some but that with this current rain season, we expect the levels to rise as it takes time for the water to percolate down. That said, the Board is looking at ways to increase capacity.
- Are we still on Stage II Conservation? Yes. President Wade pointed out our need to stay conservation-minded at all times in this area. GM Cortez added that we have 2 wells out of production and until they are replaced, we need to conserve.
- Will there be any new water connections? Per President Wade, No.

**[BREAK FOR VOTING]**

**OPERATIONS REPORT:** General Manager Dawana Cortez thanked Shareholders and the Board for the support and consideration shown to staff this past year. She then provided a summary of operations for

the past year, highlighting conservation efforts, water system improvements, water development plans, road repairs completed and pending, and budget challenges related to infrastructure damage from the 2016-2017 storms. The full text of the operations report is appended to these minutes.

**FIRE SAFETY UPDATE:** Director Stephanie Smith-Berdan has been working with local agencies on fire safety. There are several ways for residents to get information about fire conditions, some on line sources include NextDoor; the Santa Cruz dispatch center; and the Pulse Point app.

If there were to be a fire here, first responders would direct any evacuations. It is important for all residents to be familiar of routes out of the community.

One of the fire hazards we currently face is Sudden Oak Death. Shareholders are encouraged to keep their parcels free of dead trees, brush, and Scotch broom. Talk to your neighbors and work together. There are helpful sites for tips for "Firewise Living."

If residents have questions, or if they would like the FD/Sheriff to come speak with the community again, Dir. Smith-Berdan will be happy to set that up.

REMINDER: NO FIREWORKS PERMITTED IN FOREST LAKES!

**RECREATION UPDATE:** The Lake will open June 6 at 2 PM. We have 3 new lifeguards and one returning lifeguard. There was a question about any AirB&B guests using the lake. Cortez stated that they do not have access to the lake.

**STRATEGIC PLANNING:** Dir. Pete Gonda addressed efforts to assure the long-term viability of FLMWC as an independent water company. He referenced the estimated cost of retoring Scenic as one of our challenges. To this purpose, the Strategic Planning Committee has been charged with developing a 5-year plan to develop priorities and goals with specific action steps to achieve those goals.

#### **QUESTIONS AND COMMENTS FROM SHAREHOLDERS:**

- Safety and security: Several shareholders reported having observed apparently homeless persons camping within FLMWC boundaries. Residents are strongly encouraged to contact the Sheriff *immediately* if they see such, not only on their own parcels but also on easements such as the Corp. yard. This is not only a matter of personal security but also of fire safety; many small fires were started last summer in the Valley because of illegal camping.
- Questions about Scenic: Pres. Wade said this is being looked at.
- PG&E plans to shut off power in high wind situations: Will we have water? Pres. Wade said we have purchased a new generator so that we can power pumps and treatment plants if need be.

Also, PG&E does identify “critical facilities” and we can call PG&E to request assistance. G.M. Cortez said we could use the mobile generator to power some facilities. Also, our tanks contain a water supply sufficient for several days.

- Santa Margarita Water Basin: Do we have a voice in that? Pres. Wade said that FLWC is just outside this basin and have no role.

**ELECTION RESULTS:** President Wade announced that there was a quorum, and that all three candidates on the ballot were elected: Laurie Dennis and Stephanie Smith-Berdan were elected for another term, and Steve Yatson, who was unable to be present today, was also elected to a full term.

**ADJOURNMENT:** There being no further business or questions, the meeting was adjourned at 2:15 PM.

First I would like to thank the board of directors. Each of these board members has volunteered their time, energy and talents to serve their community and Forest Lakes Mutual Water Company for multiple terms of office. Without their willingness and commitment and without the commitment of those board members who came before them there would be no operations report to give. I would also like to thank shareholders who have expressed their appreciation to our staff in words and treats. These gestures are always sincerely appreciated.

Shareholders have been doing an excellent job conserving water. Despite more homes being occupied year round water use continues to decrease. The board and staff greatly appreciate your ongoing efforts. Excessive use is minimal and leaks are being found and repaired very quickly.

After having diligently sought leaks within our system and having a leak locating firm survey our pipes we have gone from monthly loss rates in the 10s and 20s to a historical low of 7% in April of this year.

Remote monitoring for tank 4 was completed allowing for increased security and savings. Alerts are sent to staff so that if there are any issues with the tank levels they can be addressed right away. Long term we can add remote controls that allow for turning systems on and off remotely and analyze chlorine residuals remotely. Automated controls were also installed on the booster to tank 5. These automated systems decrease losses by providing early notifications, helping us to prevent tank overflow and making sure tanks remain at optimum levels to prevent customer water loss. These system save staff time currently involved to locate and evaluate problems on non-automated systems. Remote monitoring is already planned for tank 7 and we hope to continue to slowly add automation to the other locations.

The slabs have been constructed for the 3A/3B filter plant, the plant is in place and construction on the building should begin shortly. This plant will remove Iron and Manganese from both wells bringing 3B back into use and allowing us to eventually tie those wells into the central system. Adding additional security to our largest system.

Design and engineering for drilling of a new well to replace well 4 has been completed. The bid package is currently in the hands of well drillers and we are awaiting estimates.

The next project we will begin working on is a booster station to the Scenic system to be located on Scenic Drive. This will add a level of security to that system allowing us to boost water from the central system should the need arise.

Many smaller projects have been completed by staff.

In 2018 we were able to repair the slide on Lakeside that occurred during the 2017 storms.

Contracted pavement repairs were made on Madrona, Laurel and Willow Way.

Failing culverts were replaced on Laurel, Willow Way and Scenic

and a spring abatement and road repair project was completed on Quarry Road.

Laurel Road is scheduled for additional repairs at the new culvert site due to failure of the base. These repairs will be made at the contractors expense.

A culvert replacement and corner reshaping project at Fern and Quarry is under contract and should begin as the weather continues to be dry.

Additionally with new tools our staff has begun completing patching of roads as time and weather has allowed. As many of the water facility projects wrap up and as we now have a full staff they will be focusing more time and attention to road repairs. There is a lot of maintenance to be done and it will take a considerable amount of time but staff will divide their time between the many areas in need so that work is being completed throughout the entire Forest Lakes Tract. Staff appreciates those of you who have been very patient when we have had to close your roads to make repairs. While we would like to maintain the flow of traffic, on very narrow roads it is not always feasible, and many of you have been extremely supportive and understanding, which helps things to move along as quickly as possible.

As many of you know we were told by both FEMA and CalOES that damage from the 2016-2017 storms, including the Scenic slides and the Ferrari culvert would qualify and be covered primarily by FEMA and CalOES grants. FEMA did, in fact send us \$127,000+ dollars in funding, only to send a letter of determination the following month indicating that we did not qualify. As a result those projects were stalled as the board reached out to elected officials to explain our situation and seek their assistance in supporting our request for a late application for a low

interest disaster loan from the Small Business Administration. We have been assured by SBA that they have accepted our application and upon submission of additional estimates the loan process will move forward.

To date we have estimates for smaller repairs that total close to \$100,000.00. We are awaiting the engineering estimates for the Scenic slides and the Ferrari culvert. Engineering estimates alone may be close to \$100,000.00 with repairs estimated by FEMA of 300 - 500,000.00.

We have a very long and costly road ahead. Construction will likely not begin until 2020 on these larger projects. We will be looking at taking on considerable debt in order to make these necessary repairs and those costs will be reflected in FLMWC budgets going forward.

Our goal will be to address as much of the storm damage as possible and continue to improve both water and road infrastructure in the coming year.