

**MINUTES**  
**Forest Lakes Mutual Water Company**  
**Board of Directors Meeting On-line Meeting**  
**February 14, 2023 7:00 p.m.**  
**Public Session**  
**910 Fern Avenue, Felton CA**

**This meeting will be conducted by video/teleconference. Shareholders are welcome to attend all public session meetings via Zoom.**

**CONVENE MEETING/ROLL CALL:** The meeting was called to order at 7:03 p.m. by President P. Gonda. Attending: Directors Dennis, Gonda, Kelly, Maskolunas, Wade, West. Staff: General Manager Cortez. Shareholders: C. Barauskas, K. Moyer.

**ADDITIONS/DELETIONS TO AGENDA :** Dir. Maskolunas said she would like to discuss the MOU with FireWise, and asked if the Board could discuss the possibility of instead of having the Community Fire Prevention Committee give committee reports, have FireWise give updates. Pres. Gonda noted that this would require disbanding an official committee, and suggested instead adding New Business Item 10, to have a brief discussion to disband the Board-approved committee and substitute FireWise. Item 10 added accordingly.

**SHAREHOLDER/PUBLIC COMMENTS:**

C. Barauskas indicated there is a Douglas fir she is concerned about, and has called PG&E about. Dir. Gonda suggested calling Cortez during business hours to discuss her concerns.

**APPROVAL OF MINUTES:**

- Minutes of December 6, 2022 public session meeting
- Minutes of Emergency on-line meeting January 24, 2023

Dir. Wade's motion to approve the Minutes of December 6, 2022 and the on-line meeting of January 24, 2023 was seconded. Motion carried by unanimous vote

**COMPANY REPORTS:**

- Financial Reports:

2022 Year-end: Cortez reviewed the December, 2022 Financial Summary, noting the following:

Beginning cash on hand, \$273,969.53; ending cash on hand, \$211,600.34. YTD expenses were \$1,086,005.95 with an overage of \$304,833.13, of which \$198,300 was covered by SBA funding received in January, for a total deficit of \$106,533.13. Overages were noted in the financial summary. \$88,375.28 of the deficit is attributed to regular expense accounts; the remaining \$18,157.85 is an SBA shortfall, although the actual SBA shortfall is greater as more than \$58,000.00 received from SBA is designated for the replacement of the culvert on Ferrari.

Discussion: Dir. Gonda asked how we are covering the remaining deficit. Cortez said that reserves were used, exclusive of reserves required by law. For example, budgeted funds were not transferred to the Source Development fund. All other reserves were folded into the Liberty Bank Money Management account, including \$100,000 that would have gone to other accounts. Dir. Kelly asked if expenses were more than normal. Cortez replied that there were unusual costs, specifically the Scenic slide and professional fees.

January, 2023: Beginning cash on hand, \$211,600.34; ending cash on hand, \$910,031.05; YTD income, \$545,826.78 with YTD expenses of \$40,318.91. There were no January overages. Net income YTD was \$505,507.87.

Dir. Kelly's motion to approve both the December, 2022 and January, 2023 financial reports was seconded and carried by unanimous vote.

- Operations Report for January, 2023:

January production was 863,911 gals. There were 7 excessive users, two customer leaks, and a main leak on Pine with hydrant flushing following the leak. Loss rate was 13.8%. Staff repaired the leak on Pine; cleared culverts, cleaned up debris, branches and slides resulting from storm events; used Aquaphalt where absolutely necessary to repair potholes during the storms, and placed rock in potholes that could not be patched. Once the rain stopped, staff began to fill potholes where possible. Exposed water lines on Lakeview were monitored. 10D was repaired, flushed, and put back on line. SWRCB has new drought reporting requirements effective 1/1/22. Cortez has established FLMWC's account and begun completing the required monthly reports to be submitted quarterly. SWRCB has completed our new permit; Cortez has answered many of their remaining questions with Busa to complete the rest next week.

Cortez shared information about damages and operations during the two recent severe storm events. Highlights included the following: There were no problems with the water supply, despite an extended power outage. Having begun purchasing generators in 2013, we were able to maintain sufficient water supply with a minor loss to stored reserves. There was no damage to our water mains, tanks or wells.

We were able to run the office remotely throughout, so there were no issues with office functions  
 Cortez was able to locate a specific PG&E rep willing to provide updates, most of which were accurate, about power restoration  
 A tree which fell across Lakeview broke a customer service line. That line was immediately shut off by staff.  
 There was a slide above the new roadway on Scenic. Our engineering firm inspected and agreed that slide material should remain in place pending a few days of clear weather. This was cleared but then additional surface material slid during the next storm. The road is completely passable. F/u with the engineer indicated no concern, but staff is monitoring that area daily.  
 The older culvert that was part of the original project, but could not be replaced pending DFW streambed alteration plan, did overflow at the height of the rain. Engineering for its replacement includes a larger culvert meant to handle a 100-yr storm. Staff placed wattles to assure that overflow was directed to mitigate any potential flooding or damage to the downslope. The new roadway has not been impacted at all. The retaining wall on Scenic closer to Fern Ave. that was installed following the 2016-17 storms held through the recent events.  
 The area of Lakeside Dr. that suffered damage and was repaired following the 2016-17 storms has shown increased cracking and failure as each system moved through. Valley Paving to provide an estimate for repair. This site was inspected by the County in 2017; 3 of their engineers said to simply keep repaving as any "permanent" resolution would cost in the millions.  
 A tree fell on the shop building. The recreation storage building leaked; most materials are in sealed bins. Damage if any unknown.  
 The road across the creek to Well 10D was impassable for a time, and San Lorenzo Ave. was closed, so staff could not reach 10D or 10A. Neither of these wells ran during the power outage.  
 Redwood Road and Willow Way, both with known issues and designated as needing repairs, were impacted by increased traffic while Lakeview was closed.  
 The "No Name" road off Tollhouse was closed due to continuing deterioration. The side of Tollhouse continued to deteriorate due to water flow in the ditch.  
In sum, as has been the case for the last 10 years, the biggest threats to FLMWC have been related to land movement, too much water, and falling trees. Going forward: The central generator needs to be serviced. One of the portable generators is not working well and needs repair. We will need to purchase at least 2 additional generators to fully secure the system and not require staff to move generators from site to site. We need a new shop building ASAP.

#### ADVISORY COMMITTEE REPORTS:

- Water Conservation and Water Committee: No report
- Recreation Committee: Creating a pickleball court has been suggested
- HR Committee: To be discussed in Executive Session
- Road & Safety Committee: Written report was provided with the Board packet and will be discussed in Action Items
- Rules Committee: Dir. Wade has forwarded to Cortez and M. Mobley his comments on a draft policy on excessive use. He noted that many of the appeals have been about plumbing leaks and this should be taken into account. He expects to have something next month.
- Finance Committee: No report.
- Fire Prevention and Hazardous Trees Committee: Dir. Maskolunas said they are applying for their first grant, specifically for trees that can block roadways. Pres. Gonda asked for clarification: Is the Committee, or FireWise, applying for the grant? Dir. Maskolunas said there was no specific committee report.

#### NEW BUSINESS:

1. **Discussion/Action item:** SBA update: Cortez detailed why the process has taken so long. The balance of the loan was finally disbursed in January, and SBA has agreed to the requested reallocation of funds. The next step could be to request additional funds to bridge the gap between the current loan amount and actual costs for the Scenic slide repair. Since we are well outside the 2-year limit for requesting more funds, extensive documentation is required of *why* the extra time is needed. Cortez has prepared all the documentation required, and indicated that the Board needs to decide if FLMWC wants to go forward with the application for additional funds. She added that the only potential downside might be whether this could impact a request for funding for the January storms. She recommended discussing this in conjunction with Item 6 on the agenda.
2. **Discussion/Action item:** Ratify tree removal contract: Cortez called Huerta to remove a fallen tree that was blocking a road. In an emergency, which this was, she is authorized to act. She notified the President and Secretary of her action, and requests ratification of the \$1800 paid for removal of the tree. Dir. West's motion to ratify the contract was seconded. In discussion, Dir. Kelly asked if a shareholder work party could have done the work. Cortez said that she had spoken to shareholders, but given the location and placement of the tree, it was not something they could safely do. The motion carried by unanimous vote.
3. **Discussion/Action item:** Bid for removal of tree on Scenic: Cortez described a large Douglas fir on Scenic. It is split at the top into two trunks and is leaning in the direction of the Scenic repair. It is not on shareholder property, is outside FLMWC boundaries, and is on an undeveloped lot. It is not known who the owner is. Dir. Kelly asked if we can remove the tree. Cortez said that as the tree is on our right-of-way, we can. It is right above the new roadway and slide area; if it falls, it would block a major route in and out and could also destabilize the hillside. Dir. Wade noted the criticality of the location.  
 There was discussion about contacting the owner and seeing if we could negotiate a cost-share for the approx. \$8000 to fell the tree, cut, chip, and haul away.  
 Dir. Kelly moved that we fund removal of the tree above the Scenic slide, and talk with Huerta about a more cost-effective way to do this, e.g. falling the tree but not chipping and hauling away, and also billing the property owners. The motion was seconded. There was extensive discussion about

possible need for documentation of the hazard before taking any action. The motion was then amended to provide for first hiring an arborist and then notifying the owner. The amended motion died for lack of a second. Dir. Kelly then amended the motion: That we engage an arborist to make an assessment; that if the tree is deemed hazardous, that we immediately remove the tree and notify the owner; and that we ask Huerta to provide a less costly option. The motion was seconded. It was decided that Dir. Maskolunas will provide Cortez with her contact information for an arborist; that Cortez will contact the arborist; and that the item be tabled pending obtaining more information. A motion to table the item was seconded and carried by unanimous vote. An on-line meeting will be held once essential information is available.

4. **Discussion/Action item:** Approval of contract for paving repair on Early: Cortez presented Valley Paving's bid to repair paving on Early caused by a main water line leak. There was discussion, including question of whether staff could do the work. However, the scope of this project is beyond what they can do. Dir. West's motion to approve the Valley Paving bid in the amount of \$3,700 was seconded. Motion carried by unanimous vote.
5. **Discussion/Action item:** Road repairs including Redwood Rd., "No Name" Road, Tollhouse Road, Willow Way: Dir. West referred to the Road and Safety Committee report, which detailed the Committee's recommendations for options to repair these roads. Cortez described the reasons for the Committee's recommendations. Pres. Gonda noted that the total comes to almost \$200,000 and asked what the Road budget is for 2023. Cortez said that of the budgeted amount, \$77,000 is designated for the replacement of the Quarry culvert. After discussion, Dir. West moved to table further discussion on these repairs until after the next item on the agenda [funding road repairs] has been discussed. The motion was seconded and carried by unanimous vote.
6. **Discussion/Action item:** Funding of road repairs: Cortez stated that the total of the road repairs recommended by the Committee and staff is \$78,500. FLMWC could apply for an extension of the existing SBA loan; could apply for a new SBA loan; or could apply for FEMA, if we want to proceed with outside funding. If applying for additional SBA funds from the existing approved loan, that would only be for damages from the 2016-2017 storms. She noted that any additional funding is not guaranteed. She questioned whether damage from the 2023 storms would qualify for FEMA, as the impacted roads had been flagged prior to the storms as needing work. I.e., the storms exacerbated but did not cause the damage. If we were to qualify for additional SBA loan funds, it could be for \$200,000 for the gap in Scenic funding. Pres. Gonda asked if we submitted a new claim for 2023, would that rule out asking for additional funds from the existing loan. Cortez said she will speak with the SBA rep to ascertain their opinion.  
After discussion, Pres. Gonda summarized that we do want to apply for additional SBA funds for "gap" funding [the difference between what has been approved and actual costs].  
Cortez indicated that at the very least, some patching is needed on Redwood and Willow Way.  
Pres. Gonda's motion that we continue applying for gap funding for the storms of 2016-17, followed by investigating an application for funds for this year, was seconded. There was discussion. Cortez pointed out that FLMWC does have a credit line at Liberty Bank, which has never been used. It could be to our advantage not to renew it as it is tied to our assessments. USDA has low-interest loans for road repairs, and would want assessments as security. [The deed to FLMWC property is already used as security for the SBA loan.] Finance Committee should meet to discuss.  
Dir. Dennis then moved to reopen Discussion/Action Item #5 to address the Redwood repair and approve the Valley Paving bid of \$7500. The motion was seconded. Dir. Kelly amended the motion to reflect the fact that County crews will soon be working on Lakeview: The amendment added to the approval of the bid, to specify that the work not interfere with any closures of Lakeview. The amended motion was seconded and passed by unanimous vote.  
The other road repairs specified in Item 5 will be tabled until there is more information about funding options.
7. **Discussion/Action item:** Committee assignments: Directors' and staff committee assignments were reviewed and confirmed, as follows: Water: Wade, Kelly, Cortez. Road, Safety and Facilities: West, Wade, Kelly, Cortez. Recreation: Wade. Finance: Gonda, Dennis, West, Cortez. Rules: Wade, Maskolunas, Cortez. HR: West, Dennis, Gonda, Cortez. Strategic Planning: Gonda, Cortez. Fire Prevention and Hazardous Trees: Maskolunas, Wade.
8. **Discussion/Action item:** Excessive water use policy: Dir. Wade said that a draft of policy changes is being circulated. Expect revised draft to be presented in March.
9. **Discussion/Action item:** Hazard mitigation plan: Nothing to report.
10. **Discussion/Action item:** To potentially disband the Hazardous Trees/Fire Prevention Committee, in favor of monthly reports from Forest Lakes Firewise and Safety Association: Dir. Maskolunas asked if the committees could be merged, and give a monthly report to the Board. Dir. Kelly said he would endorse that. Pres. Gonda noted that the Hazardous Trees/Fire Prevention Committee is a Board-approved committee, while Firewise is a separate nonprofit organization with its own goals. Cortez suggested that Firewise reports be added to the monthly agenda. Decided: Monthly agendas to include Firewise reports/updates.

**PUBLIC MEETING ADJOURNMENT TO CLOSED SESSION:** The meeting was adjourned at 9:48 p.m.

**RECONVENE TO OPEN SESSION FOR CLOSED SESSION ACTION ITEM REPORTING:** The meeting was reconvened to Open Session at 10:09 to report the following:

We considered two employee items; made a decision regarding a shareholder's excessive use appeal; and a decision regarding a shareholder's request to waive the annual assessment.

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

---

Pete Gonda, President

---

Louise West, Secretary