

Minutes
Forest Lakes Mutual Water Company
Board of Directors Meeting, Public Session
In Person and On-line Meeting
February 11, 2025 - 7:00 p.m.
910 Fern Avenue, Felton CA

This was a hybrid meeting conducted in person at 910 Fern Ave. and by video/teleconference.

CONVENE MEETING/ROLL CALL: President P. Gonda called the meeting to order at 7:03. Also present were General Manager D. Cortez; Directors W. Baer, M. Baptista, L. Dennis, C. Kelly, C. Linstrum; Shareholder T. Nicholson. Joining remotely were Firewise Liaison S. Greco, HR Committee member L. West, and shareholders S. Hector and B. Amos; Absent with notice, Director D. Pattillo.

Note: Audio for remote attendees was not reliable due to laptop limitations.

SHAREHOLDER/PUBLIC COMMENTS:

Forest Lakes Firewise and Safety Association Update: S. Greco reported that FLFSA coordinated a calendar with other FW organizations in the San Lorenzo Valley and plans to present information to insurance companies. On Feb 22, there will be a FW get-together at Felton Community Hall to integrate new territories; there will be three speakers, including the Chief of Zayante Fire Dept; and pizza from Redwood Pizzeria and beverages will be provided. Another get-together is being planned for residents in new territories (Q&A). FW continues to coordinate with Zayante Fire to promote and provide reflective address signs. FLFSA will focus on promoting Zone Zero (first 5 feet defensible space around the house).

APPROVAL OF MINUTES:

There was a motion to approve the minutes of January 14, 2025, public session meeting, the motion was seconded, and the motion passed.

COMPANY REPORTS:

- Financial Reports: Manager Cortez reported on Company finances. As of Jan. 31, 2025: Cash on Hand: \$1,532,371.09; Total Revenue: \$559,791.08; Year-to-Date Expenses: \$41,899.07; Net Income to Date: \$517,892.01. There was an overage due to an increase in System Regulatory fees; the amount earmarked for these fees should be increased by 10% in the next budget.

Cortez also reported on investments and their earnings.

There will be a change to the Company's auto insurance carrier, and a property insurance increase of 25%.

There was a motion to approve the financial report, the motion was seconded, and the motion passed.

- Operations Report: Cortez reported that in January, production was 1,213,202 gallons with a higher-than-normal loss rate of 35%. There were two excessive users and one shareholder service line leak. An unexpected increase in production raised a red flag:
 - Staff worked diligently and put in extra hours to find and repair a leak in the booster tank between Tanks 6 and 5, and then to monitor flow.
 - Staff installed a meter on Tank 8 and learned that we were losing 800-1000 gallons per day due to overflow; floats were adjusted to shut off sooner, leaving room for extra flow into Tank 8.
 - After troubleshooting, staff found that the float in Tank 2 was malfunctioning, causing a malfunction in the cla-val. The float was replaced by our electrician.
 - Staff performed routine repairs and maintenance to pipes, valves, roads, structures, vehicles, and tools.

Production is back to normal levels, and after meter-reading, we will see whether all sources of excessive loss have been addressed. Tank 8 is still overflowing, so staff will meet to strategize next steps.

Cortez reported that complaints about water quality had been made. Residual chlorine was experienced by residents on Brookside and Redwood due to a combination of factors—location at the end of the line, and extra chlorine added some time ago, as reported, to Tanks 7, 6, and 5 to address immediate need. Chlorine never exceeded regulatory safety levels. Chlorine has since been dialed back and water quality is returning to normal.

A property owner made a complaint on Facebook about water quality. Staff followed up with the property owner, who tasted and smelled their tap water and said that there was no problem. No further action was required.

In answer to a question about what might have caused the damage to the line between Tanks 6 and 5, Cortez proposed several possible causes, including a fallen boulder. There was discussion about the most cost-effective way to address the loss rate and how best to measure loss. Cortez explained some of the complications in the process of measuring loss. Gonda pointed out that, historically, we have spent very little on underground pipe replacement. We should probably plan on spending more on underground pipes.

It is important for shareholders to report puddles and waterflow that might indicate a leak.

ADVISORY COMMITTEE REPORTS:

- Water Conservation and Water Committee: no report
- Recreation Committee: no report
- HR Committee will be discussing GM hire in closed session
- Road & Safety Committee: no report
- Rules Committee: no report
- Finance Committee: no report
- Strategic Planning Committee: no report
- Community Fire Prevention Committee: no report

NEW BUSINESS:

1. Discussion/Action Item: Designation of Carryovers to reserve accounts. Manager Cortez presented the board with information on reserves and carryover funds. Of the total \$126,092.97 carryover, \$20,000.00 are pre-designated in the budget to be applied to source development reserves and to Redwood Road Engineering. Cortez recommended applying \$40,000.00 to State mandated reserves and rounding Recreation's unspent \$603.89 to \$604.00 to apply back to Recreation.

There was discussion about how to designate the remaining \$65,488.97.

There was a motion to approve Cortez's recommended designations, and to apply \$10,000.00 more to the Redwood Road project, \$5,000 to Recreation for a shade structure at the Office Park, and the balance (\$50,488.97) to the capital improvement/catastrophic reserves.

The motion was seconded and approved.

A discussion of logistics and options for the shade structure followed.

2. Discussion/Scheduling: 2025 Review of 2024 Books

Cortez described the process of financial review to new board members, explaining that the board is instrumental in maintaining the financial integrity of the organization. The review will be scheduled to take place within the next 3-4 weeks.

Public meeting adjourned at 8:12.

Reconvened at 9:03 to report that the board considered two employees' annual reviews and approved raises for both.