

MINUTES OF THE FIVE HUNDRED AND SEVENTY-FOURTH REGULAR MEETING
OF THE BOARD OF DIRECTORS OF THE RIO ALTO WATER DISTRICT HELD ON
WEDNESDAY, JANUARY 17, 2018, AT 6:30 P.M., AT THE DISTRICT BOARD ROOM.

DIRECTORS PRESENT:

Dave Anders, President
Craig Weaver, Vice-President (Participating by telephone)
Joe Adams, Director
Don Moitoza, Director
Louise Wilkinson, Director

STAFF PRESENT:

Martha Slack, General Manager

ALSO PRESENT:

Steve Gibbs, Homeowner
Diane Anders, Homeowner
Scott Russell, Employee Rio Alto Water District

ABSENT:

All Board Members were present (Director Weaver participating by telephone).
Terri Taggart, District Secretary

1 The meeting was opened at 6:30 p.m., by President Anders who chaired the meeting.

2

3 Agenda Item #1 - Public Comment. There were no comments from the public.

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5 Agenda Item #2 – Approval of Excused Absences. The General Manager explained that Vice-

6 President Weaver would be attending this meeting by telephone due to illness. All Board

7 members were present. The District Secretary was absent.

8

1 Agenda Item #3 – Manager’s Report. The General Manager presented the Manager’s Report
2 Update through January 17, 2018 (see attached Addendum A to the minutes). The Board
3 President asked the General Manager to put a caveat on our monthly newsletter which is
4 published in the Lake California POA newsletter stating that the Water District is not affiliated
5 with the Property Owner’s Association.

6
7 Agenda Item #4- Motion to Rescind appointment of Steve Gibbs to replace Future Board
8 Vacancy of Director Anders . The General Manager explained that it was necessary to rescind
9 the motion made to appoint Steve Gibbs to replace the future vacancy of Board President Anders
10 because it specifically identified the appointment as filling Director Anders’ position. Director
11 Anders is unsure if he will be resigning and this rescission will allow Steve Gibbs the
12 opportunity to apply for the vacancy created by resigning Director Adams. Director Wilkinson
13 made the motion to rescind the motion to appoint Steve Gibbs to the future vacancy of Board
14 President Anders. Director Adams seconded the motion. The motion was carried 5-0.

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16 Agenda Item#5 – Discussion on Cell Tower Revenue Allocations. Director Moitoza made a
17 motion to change the cell tower income allocation from water to sewer. Director Wilkinson
18 seconded the motion pending discussion. Director Moitoza went on to explain his position.
19 Director Moitoza is concerned because the sewer district income is barely covering its expenses
20 and in another year it will most likely be negative. Director Moitoza doesn’t feel comfortable
21 raising rates because the sewer district just completed a 5 year staged increase that more than
22 doubled rates in addition to the \$240.00 special tax included on their property taxes for the next
23 40 years for the Wastewater Treatment Plant Project. He feels that the cost of the project

1 includes the wetlands and the water customers get to enjoy the amenity without any cost to the
2 water customers. Director Moitoza believes that the auditor's position on the allocation is based
3 solely on the location of the tower and is not adequate and notes the comment that it is a legal
4 issue. Director Moitoza points out that legal counsel has said this is discretionary income and the
5 directors can determine to allocate the funds as they see fit. President Anders stated that he is
6 firmly and adamantly opposed to changing the allocation from water to sewer. President Anders
7 went on to explain his position; President Anders feels that the revenues have to benefit all of the
8 customers equally within Lake California and this would not be the case if the revenues were
9 allocated to sewer. He feels that approximately 500 customers have already paid to have septic
10 systems installed on their properties and they cannot benefit from the revenue going into sewer.
11 President Anders asserts that if any cell tower revenue is allocated to sewer it is penalizing the
12 septic customers. President Anders pointed out that the water district has carried the sewer
13 district for many years in the beginning and we are doing the right thing now by setting up a
14 payment plan to repay the water district as instructed by the accountant. President Anders feels
15 the only way to help the sewer district is to set up an additional payable to the water district for
16 operating expenses only for any shortages. In effect this would increase the payable owed to the
17 water district and postpone a rate increase. Director Moitoza asked Director Wilkinson for her
18 position. Director Wilkinson stated that she was faced with this question many times while she
19 was a director on the POA Board and she believes the revenue should be allocated 50/50.
20 Director Moitoza asked Director Adams his position and he stated that he believed it should be
21 allocated 50/50. Director Moitoza asked President Anders if he was going to call for a vote and
22 President Anders stated that he felt we were not ready to bring it to the floor and that he wanted
23 to have further clarification from legal counsel. Director Moitoza withdrew his original motion

1 and restated a new motion to allocate the cell tower revenue 50/50 to water and sewer. Director
2 Wilkinson seconded the motion. Director Moitoza asked President Anders if he was prepared to
3 call for a vote on the new motion to which he replied that he still wanted to seek further legal
4 review. President Anders asked Director Wilkinson if she was ready to call for the vote and she
5 said she was ready to vote, her decision was not going to change. President Anders asked
6 Director Adams if he was ready to call for the vote and he stated that he didn't see why the vote
7 could not wait until they had received further legal advice. President Anders asked Vice-
8 President Weaver if he was ready to call for the vote and he said he was. President Anders called
9 for the vote. The motion carried with a 3-2 vote. (Directors Moitoza, Wilkinson and Vice-
10 President Weaver in favor and President Anders and Director Adams against.)

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12 Agenda Item #6 – Motion to change the February Regular Board Meeting Date from February
13 21, 2018 to February 14, 2018. Director Wilkinson made a motion to change the regular board
14 meeting date from February 21, 2018 to February 14, 2018. Director Moitoza seconded the
15 motion. The motion was carried 5-0.

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17 Agenda Item#7- Analysis of lab costs versus outsourcing for daily bacti testing. The General
18 Manager explained that the analysis included in the board package shows that we are definitely
19 still saving money by being a certified lab and conducting our own in-house daily bacti testing.
20 The analysis concludes we are still saving approximately \$13,000 by performing these tests in-
21 house. President Anders thanked the General Manager for the analysis and recommends we
22 perform the analysis periodically to make sure it remains cost effective.

23

1 Agenda Item #8 – Approval of the Minutes from the Five Hundred and Seventy-Third Regular
2 Meeting of the Board of Directors held on December 13, 2017. Director Wilkinson made a
3 motion, seconded by Director Moitoza, to approve the minutes from the Five Hundred and
4 Seventy-Third Regular Meeting. The motion was carried 5-0.

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6 Agenda Item # 9 Income/Expense Reports for the Period Ending 12/31/17. The General
7 Manager presented the Income/Expense Reports for the period ending 12/31/17. The General
8 Manager pointed out that both the Water and Sewer District are above budget on revenues and
9 below budget on expenditures. The General Manager explained discrepancies on budget lines.

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11 Agenda Item #10 – Approval of the November 2017 Disbursement Reports. Director Wilkinson
12 made a motion, seconded by Director Moitoza, to approve the December 2017 Disbursement
13 Reports. The motion was carried 5-0.

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15 Agenda Item # 11 – Acceptance of Resignation of Director Adams. Director Adams presented
16 his letter of resignation to the board of directors and explained that this was necessary for health
17 reasons. Director Wilkinson made the motion to accept the resignation of Director Adams.
18 Director Moitoza seconded the motion. The motion was carried 5-0. The Directors and staff
19 expressed their sadness to see him resign and their gratitude for his 28 plus years of selfless
20 commitment to this District.

21
22 Agenda Item #12 – Call for a Special Meeting of the Board of Directors to be held on February
23 7, 2018 to Review Applications and Appoint a Director to Replace Director Adams. Director

1 Wilkinson made the motion to call for a Special Meeting of the Board of Directors to be held on
2 February 7, 2018. Director Moitoza seconded the motion. The motion was carried 5-0.

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4 Agenda Item #13 – Communications – Directors. Director Moitoza said he had been asked by a
5 member of the community why the District does not provide return envelopes with our bills.
6 The General Manager explained that we could start doing this now with the new folding and
7 stuffing machine. Director Moitoza asked how many customers hand deliver their payments and
8 the General Manager replied about 50 percent of the metered customers. The General Manager
9 will look into the cost of providing envelopes for the availability billings which generally are
10 mailed to out of area customers. Director Wilkinson informed the Directors that although she
11 would love to be there, she will not be able to attend the luncheon for Joe Adams on January 31,
12 2018 due to a prior commitment.

13 Communication- Staff The General Manager reminded the Directors of the luncheon for Joe
14 Adams to be held at the board room on January 31, 2018 at 1:00 p.m. She also reminded the
15 Directors to mark the dates of the Special Board Meeting on February 7, 2018 at 6:30 p.m. and
16 the Regular Board Meeting change of date to February 14, 2018 on their calendars.

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18 Having no further business to conduct, Director Wilkinson made a motion, seconded by Director
19 Adams, to adjourn the meeting at 8:15 p.m. The motion was carried 5-0.

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21 Respectfully submitted,

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23 Martha Slack, General Manager