

A REGULAR MEETING OF THE BOARD OF DIRECTORS
OF STOCKTON EAST WATER DISTRICT
WAS HELD AT THE DISTRICT OFFICE, 6767 EAST MAIN STREET, STOCKTON, CA
ON TUESDAY, FEBRUARY 5, 2008 AT NOON

A. PLEDGE OF ALLEGIANCE AND ROLL CALL

President Panizza called the meeting to order. The pledge of allegiance was lead by Director Sanguinetti.

Present at roll call were Directors Cortopassi, Latimer, McGaughey, McGurk, Panizza, Sanguinetti and Watkins. Also present were Manager Kauffman, Assistant Manager Thomas, Superintendent Yoshimura, Finance Director Jamosmos, Accountant Perez, Office Manager Stephens and Legal Counsel Zolezzi.

B. CONSENT CALENDAR (None)

C. PUBLIC COMMENT

President Panizza informed the Board The Record ran the district's response to Eddie Torres' January 29, 2008 Letter to the Editor today. The Editor substantially re-wrote the district's response.

D. SCHEDULED PRESENTATIONS AND AGENDA ITEMS

1. Minutes of the 01/29/08 Regular Meeting

A motion was moved and seconded to approve the January 29, 2008 Regular Meeting Minutes, as presented.

Vote: Unanimous approval

2. Expenses

- a. Fund 59 – Municipal Dry Year Reserve Fund
- b. Fund 67 – Agriculture Fund
- c. Fund 70 – Administration Fund
- d. Fund 91 – Vehicle Fund
- e. Fund 94 – Municipal & Operations Fund
- f. Summary
- g. Short Names/Acronym List

Finance Director Jamosmos reported the expense on page 13, line item 3 for AD Consultants in the amount of \$10,140.00 for the SEWDSIM covers the period from May – December 2007.

A motion was moved and seconded to approve the January 22, 2008 Expenses, as presented.

Vote: Unanimous approval

3. Audited Financial Statement Fiscal Year 2006-2007 Presentation by Croce & Company
Manager Kauffman introduced Mark Croce and Jared Van Zwaluwenburg from Croce & Company Accountancy Corporation. Mr. Croce apologized to staff and the Board for the delay in finalizing the Fiscal Year 2006-2007 Financial Statement. Mr. Croce met with staff and the Board and is confident the audit process for Fiscal Year 2007-2008 will be more timely and expedient. In addition, Mr. Croce thanked Finance Director Jamosmos and Accountant Perez for their cooperation in completing the audit process.

Mr. Van Zwaluwenburg presented the district's Fiscal Year 2006-2007 Audited Financial Statement, Independent Auditor's Report and Management Discussion and Analysis.

Mr. Croce reminded the Board in July 2004 the Government Accounting Standards Board (GASB) issued Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits other than Pensions. This Statement requires state and local governmental employers who provide other postemployment benefits (OPEB) as part of the total compensation offered to employees to recognize the expense and related liabilities (assets) in the Financial Statement. The District will be required to implement the provision of this Statement for the year ended March 31, 2009. Mr. Croce is encouraging the district to engage an actuary to compute the expenses and related liabilities associated with the OPEB. Once the computations are complete, the district can choose to fund the OPEB or not. If the district chooses to fund the liability, the district will have to create a separate fund account solely for the pre-funding.

Manager Kauffman reported there is a difference of \$1.6 million between the budgeted amount and actual amount for the Base Monthly Payment (BMP) for Fiscal Year 2006-2007. This amount would normally be applied to adjust the BMP for the next Fiscal Year 2008-2009. The district will account for the budget amendment after Manager Kauffman has had the opportunity to discuss this credit issue with the SAWS group. Finance Director Jamosmos reported the \$1.6 million difference was a combination of: a) a timing issue rather than an error due to the Peters Pipeline Lining Project in the amount of \$374,059 being included in the BMP in the prior year, and b) excess actual revenue for groundwater rate equalization of approximately \$700,000 over budgeted amounts.

Manager Kauffman thanked Mr. Croce and Mr. Van Zwaluwenburg for completing the audit.

A motion was moved and seconded to accept the Fiscal Year 2006-2007 Audited Financial Statement, as presented.

Vote: Unanimous approval

4. Sponsorships
 - a. March Washington, DC Forum (Groundwater Resources Association)
Manager Kauffman provided the Board with information from the Groundwater Resources Association requesting support and participation in the upcoming National

Research Council “Managed Underground Storage Policy” Forum to be held March 19, 2008 in Washington DC. The requested support is \$1,000-\$4,000. Manager Kauffman felt there could be some advantage to having a San Joaquin County entity support the program. Director McGurk indicated this type of educational effort could be beneficial nationwide. Director Cortopassi felt this was a small contribution to receive recognition at the Forum. Director McGurk agreed with Director Cortopassi. Mel Lytle stated this issue will be addressed at the February 13, 2008 GBA meeting. District staff will make a recommendation to the GBA Board and report back to this Board on Tuesday, February 19, 2008.

- b. March Salmonid Conference in Lodi
Manager Kauffman reported the Salmonid Restoration Foundation is looking for sponsorship for the upcoming conference in Lodi. Participation at the Conference will be mainly fishery biologists. Legal Counsel Harrigfeld felt this type of Conference does not address issues on the Calaveras River. Manager Kauffman reported this district has not supported this event in the past.

E. COMMITTEE REPORTS (None)

F. REPORT OF THE GENERAL MANAGER

1. M&O Superintendent’s Report (None)

Superintendent Yoshimura reported there is approximately 146,666 AF in storage at New Hogan. Current release from New Hogan is 60 cfs. There is approximately 1,500,000 AF in storage at New Melones. The water treatment plant is currently processing 35 mgd. Total rainfall to date is 14.05 inches.

2. Information Items

Manager Kauffman noted items F2a-1, F2a-2, F2a-3, F2a-6, F2a-7 and F2a-9.

Manager Kauffman reported on the following issues:

- Manager Kauffman reported he received a call from Senator Machado thanking the Board of Directors for the Isolated Conveyance Facility Resolution.

3. Water Supply Crisis Forum Meeting

Manager Kauffman will be participating in a Water Supply Crisis Forum Meeting at California State University Fresno on the Thursday, February 7, 2008. The Forum is an effort being put together by Kathy Wood, California Water Institute-California State University Fresno. The California Partnership for the San Joaquin Valley group will also be in attendance.

G. DIRECTOR REPORTS

Director McGurk inquired on EBMUD’s Boat Inspection Program. Gerald Schwartz replied a Boat Inspection Program will be implemented this recreational season in an attempt to keep destructive mussel species (quagga and zebra mussels) from entering the waters at Pardee and Camanche Reservoirs.

H. REPORT OF COUNSEL

1. Water Right Application and Contract News
Legal Counsel Zolezzi provided the Board with information on ongoing Water Rights issues.

2. Comments to Notice of Preparation for Grasslands Bypass Project
Legal Counsel Zolezzi provided the Board with comments on the Grasslands Bypass Project Extension/Notice of Preparation.

President Panizza adjourned the meeting to closed session at 1:37 p.m. to discuss closed session items. The regular meeting reconvened at 2:54 p.m. with no reportable action.

I. COMMUNICATIONS (None)

J. AGENDA PLANNING FOR THE NEXT MEETING

1. San Joaquin County and Delta Water Quality Coalition Meeting, 8:30 a.m., 02/06/08

2. Mokelumne Forum Meeting, 9:00 a.m., 02/07/08

3. Mountain Counties Water Resources Association Meeting, 10:00 a.m., 02/08/08

K. ADJOURNMENT

The meeting was adjourned at 2:55 p.m.

Respectfully submitted,

Kevin Kauffman
Secretary of the Board

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