

**STOCKTON
EAST WATER
DISTRICT**
www.sewd.net

Providing Service
Since 1948

DIRECTORS

Richard Atkins
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Division 1

Andrew Watkins
President
Division 2

Alvin Cortopassi
Division 3

Melvin Panizza
Division 4

Paul Sanguinetti
Division 5

Loralee McGaughey
Division 6

Thomas McGurk
Division 7

Kevin M. Kauffman
General Manager

Jeanette R. Thomas
AGM - Operations

John M. Green
AGM - Administration

Elpedio "Jun" Jamosmos, Jr.
Finance Director

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April 14, 2009

CALIFORNIA WATER SERVICE COMPANY
P.O. Box 940001
San Jose, CA 95194

Subject: Fiscal Year 2009-2010 Base Monthly Payment

On March 31, 2009, the Board of Directors of SEWD adopted Resolution No. 08-09-20 which sets the Revised Base Monthly Payments for the period 04/01/09 - 03/31/10.

Enclosed is a certified copy of the Resolution, and a copy of the Proration of the Base Monthly Payment for 2009-2010 Fiscal Year (04/01/09 - 03/31/10).

The Revised Base Monthly Payment for California Water Service is \$451,465.29.

Very truly yours,

KEVIN M. KAUFFMAN
General Manager

KK/jj
Enclosure

Cc: Ross Moilan
Jay Perrine
Stan Ferraro

**RESOLUTION OF THE BOARD OF DIRECTORS
OF STOCKTON EAST WATER DISTRICT**

RESOLUTION NO. 08-09-20

SETTING A REVISED BASE MONTHLY PAYMENT
FOR PERIOD APRIL 1, 2009 TO MARCH 31, 2010,
PURSUANT TO THE SECOND AMENDED CONTRACT AMONG THIS DISTRICT
AND THE CALIFORNIA WATER SERVICE CO., THE CITY OF STOCKTON,
THE LINCOLN VILLAGE MAINTENANCE DISTRICT,
AND THE COLONIAL HEIGHTS MAINTENANCE DISTRICT,
PROVIDING FOR THE SALE OF TREATED WATER

WHEREAS, on September 25, 1987, the Stockton East Water District entered into a Second Amended Contract among the California Water Service Company, the City of Stockton, the Lincoln Village Maintenance District, and the Colonial Heights Maintenance District, providing for the sale of treated water; and

WHEREAS, the Stockton East Water District pursuant to Section 6D(1) of the Second Amended Contract shall announce an estimated new base monthly payment on or before the first day of October annually and this estimated base monthly payment is subject to revision upon the adoption of the Stockton East Water District Annual Budget prior to December 15 of each year under Sec. 9.2(d) of the District Act; and

WHEREAS, the Board of Directors of the Stockton-East Water District has determined that the budgeted costs for the Contract period April 1, 2009 to March 31, 2010 should be as follows:

6A(1)	Debt Service	\$2,955,927
6A(3)	Operation & Maintenance	11,301,876
6A(4)	Administration	3,397,866
6A(5)	Insurance	90,000
6A(7)	Payment into the Major Repair & Replacement Fund	35,000
6A(8)	Payment into the Water Treatment Facilities Reserve Fund	100,000
		<u>\$17,880,669; and</u>

WHEREAS, paragraph 6D(3) of said Second Amended Contract states that Stockton East shall annually levy a municipal groundwater assessment, pursuant to its enabling legislation such that the cost of groundwater use is equivalent to the cost of surface water use; and

WHEREAS, the 2009-10 budget estimates the amount of \$17,880,669 to be paid from base monthly payments, municipal groundwater assessments and other revenue as follows:

Base Monthly Payments	\$12,176,228
Municipal Groundwater Assessments (22,500 AF X \$141.11)	3,174,975
Prior Fiscal Year 2007-2008 Net Adjustment	432,597
Transfer-In from Surplus Fund	445,000
Credit from Prior Year Charges attributed To Groundwater Production Section	1,445,869
Other Revenue	<u>206,000</u>
Total	\$17,880,669

NOW, THEREFORE, BE IT RESOLVED, that pursuant to said Second Amended Contract, this Board hereby establishes the **Revised** Base Monthly Payment to be paid by the Contractors pursuant to said Contract for the period April 1, 2009 to March 31, 2010, at $\$12,176,228/12 = \$1,014,685.68$.

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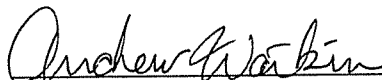
PASSED AND ADOPTED BY THE BOARD OF DIRECTORS OF THE STOCKTON-EAST WATER DISTRICT ON THE 31st DAY OF MARCH, 2009, BY THE FOLLOWING VOTE:

AYES: Atkins, Cortopassi, McGaughey, McGurk, Panizza, Sanguinetti
and Watkins

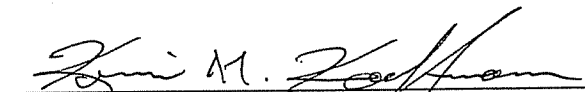
NOES: None

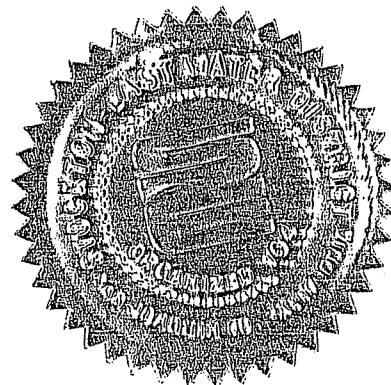
ABSENT: None

ABSTAIN: None


ANDREW WATKINS, President
Board of Directors
Stockton-East Water District

ATTEST:


KEVIN M. KAUFFMAN, Secretary
Board of Directors
Stockton-East Water District



**STOCKTON EAST WATER DISTRICT
CALCULATION OF RATE EQUALIZATION GW ASSESSMENT &
REVISED BASE MONTHLY PAYMENT
FY 2009-2010 BUDGET**

CALCULATION OF RATE EQUALIZATION GW ASSESSMENT

(A) Assumed Groundwater Pumping Cost:

Power cost per acre foot	70.00
Operation & Maintenance cost	36.00
Replacement costs	10.00
Total GW Pumping Cost	<u>116.00</u>

(B) Calculation of Rate Equalization Groundwater Assessment:

2008 - 2009 (Budget)	Water Production	\$ Cost/AF	Amount
Ground water	16,000 AF	116.00	1,856,000.00
Surface water	54,000 AF	304.88	16,463,588.26
Totals	<u>70,000 AF</u>		<u>18,319,588.26</u>
GW Rate Equalization Assessment:	\$18,319,588.26 / 70,000		\$261.71
Less: GW Pumping Cost			(116.00)
2008-2009 GW Rate Equalization Assessment			<u>\$145.71</u>
2009 - 2010 (Budget)	Water Production	\$ Cost/AF	Amount
Ground water	26,500 AF	116.00	3,074,000.00
Surface water	55,000 AF	325.10	17,880,668.83
Totals	<u>81,500 AF</u>		<u>20,954,668.83</u>
GW Rate Equalization Assessment:	\$20,954,668.83 / 81,500		\$257.11
Less: GW Pumping Cost			(116.00)
2009-2010 GW Rate Equalization Assessment			<u>\$141.11</u>

BASE MONTHLY PAYMENT CALCULATION (Revised)

Treatment Plant Budget - FY 2009-2010	<u>17,880,668.83</u>
Revenue - Groundwater Rate Equalization	22,500 AF 141.11 3,174,975.00
Interest Income - M&O Funds	56,000.00
Transfer-In from Surplus Fund (Fund 95)	445,000.00
Payment from CSJWCD	150,000.00
BMP adjustment (credit) for prior fiscal year 2007-2008	432,597.00
Total Revenues before Base Monthly Payment	<u>4,258,572.00</u>
Total Base Monthly Payment	(a) 13,622,096.83
Less: BMP adjustment (credit) from charges attributable to Groundwater Production Section previously credited to Water Fund No. 97 of \$2,377,802)	(b) <u>(1,445,868.72) *</u>
Total - Adjusted Base Monthly Payment - FY 2009-2010	<u><u>12,176,228.11 *</u></u>
 Total BMP per month - (a) divided by 12 months	 1,135,174.74
Total BMP adjustment credit per month - (b) divided by 12 months	(120,489.06)
Total Adjusted BMP - FY 2009-2010 per month	<u><u>1,014,685.68</u></u>

**PRORATION OF REVISED BASE MONTHLY PAYMENT
FOR FISCAL YEAR 2009-2010 (04/01/09 - 03/31/10)**

Total **Revised** Base Monthly Payment FY 2009-2010 (per month) 1,135,174.74
 BMP Prior Fiscal Year Credit (from charges attributable to
 Groundwater Production Section previously credited to Water Fund No. 97
 of \$2,377,802) (120,489.06) *
 Total Adjusted Monthly Base Monthly Payment FY 2009-2010 1,014,685.68

	2007-2008 Water Use (AF)			Percentage	2009-2010 Base Monthly Payment	2008-2009 Base Monthly Payment **	Difference
	Surface	Well	Total				
City of Stockton	27,029	11,373	38,402	52.526664%	\$ 532,980.54	506,979.79	\$ 26,000.75
Lincoln Village	931	713	1,644	2.248049%	\$ 22,810.63	23,605.61	\$ (794.98)
Colonial Heights	454	82	535	0.732170%	\$ 7,429.22	7,749.99	\$ (320.77)
Cal Water	23,844	8,685	32,529	44.493117%	\$ 451,465.29	476,350.29	\$ (24,885.00)
Totals	52,258	20,852	73,110	100.000000%	\$ 1,014,685.68	1,014,685.68	\$ (0.00)

* Per direction from the Urban Contractors, this prior fiscal year credit will stabilize the Base Monthly Payment for FY 2009-2010 and will be at the same level as FY 2008-2009 BMP.
 ** Adopted under Board Resolution No. 07-08-13 dated March 13, 2008.