

ISLAND RECLAMATION DISTRICT No. 2062

STEWART TRACT – SAN JOAQUIN COUNTY

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July 15, 2015

VIA EMAIL AND FIRST CLASS MAIL

San Joaquin County Grand Jury
222 E. Weber Avenue, Room 605
Stockton, CA 95202
Attn: Trisa L. Martinez
Email: grandjury@sjcourts.org

Subject: Response to 2013-2014 Final Report on Reclamation Districts

Dear Presiding Judge:

This letter constitutes the response of Island Reclamation District 2062 (“RD 2062”) to the 2013-2014 Final Report. We apologize for the late filing of this response, which should have been submitted by our governing board on or before September 14, 2014 and filed with the Superior Court. Please accept and file this report on behalf of RD 2062.

All Reclamation District Boards of Directors are required to respond to Findings F.1.1, F.1.2, F.1.3, F.2.1 and F.2.2, and Recommendations R.1.1, R.1.2, R.1.3 and R.2.

Below are the responses of RD 2062:

Finding F.1.1: A number of Reclamation Districts do not have signed contracts for some of their professional services which may affect reimbursement for costs incurred in an emergency. ***Response: Please be advised that RD 2062 has fully executed contracts for its legal firm (Herum\Crabtree, dated July 25, 2001) and its engineering firm (MBK Engineers, dated July 30, 2003). Copies of these contracts were included in RD 2062’s response to the Grand Jury’s request for information from San Joaquin County Reclamation Districts.***

Finding F.1.2: Some Reclamation District contracts do not identify all of the services by the legal firm. ***Response: Our engagement letter with Herum\Crabtree is very broad in scope, sufficient to identify the law firm’s services and includes the following description of the scope: “general matters relating to the operation of Reclamation District 2062, and such other matters as you may from time to time direct. Our firm shall provide those legal services reasonably required to represent the District.”***

Finding F.1.3: Having professional services contracts with legal and engineering firms in place and approved may assist Districts to recover funds from federal and state agencies following an emergency. ***Response: Agreed.***

Recommendation R.1.1: No later than November 1, 2014, the Board of Trustees of each Reclamation District is to review their current legal services contract to assure it contains all services provided by the law firm and that the contract contains all relevant information required under Federal and State laws and regulations to assure reimbursement of permitted costs in the event of an emergency. ***Response: The***

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legal services that Herum\Crabtree provides include advising on the operations of RD 2062 including assistance during emergency situations.

Recommendation R.1.2: No later than November 1, 2014, the Board of Trustees of each Reclamation District without a current written contract for legal services adopt a legal services contract that contains all services provided by the law firm and all relevant information required under Federal and State laws and regulations to assure reimbursement of permitted costs in the event of an emergency. ***Response: No action required; RD 2062 has a written contract for legal services.***

Recommendation R.1.3: No later than November 1, 2014, the Board of Trustees of each Reclamation District is to review their current engineering services contract to assure it contains all relevant information required under Federal and State laws and regulations to assure reimbursement of permitted costs in the event of an emergency. ***Response: RD 2062 has reviewed its contract with MBK Engineers, a copy of which was included in RD 2062's response to the Grand Jury's request for information from the San Joaquin County Reclamation Districts. RD 2062 is in the process of updating the form of contract to comply with the Grand Jury's recommendations and will have a new contract in place shortly.***

Finding F.2.1: Many small Districts are unable to maintain the separation of financial duties that are recommended by generally accepted accounting practices due to their size and lack of financial resources. ***Response: RD 2062 maintains separate financial records in accordance with generally accepted accounting practices.***

Finding F.2.2: Some Districts do not prepare and adopt annual budgets which outline its proposed expenditures for the forthcoming fiscal year and which results in diminished transparency about the District's finances. ***Response: RD 2062 prepares and adopts an annual budget each year, which outlines its proposed expenditures for the forthcoming fiscal year. The budget for FY 2011-2012 was included in RD 2062's response to the Grand Jury's request for information from San Joaquin County Reclamation Districts.***

Recommendation R.2 No later than December 31, 2014, all Districts that do not have an adopted annual operating budget are to prepare the framework for an annual budget and utilize it for all subsequent fiscal years. ***Response: No response required; RD 2062 adopts an annual budget.***

Please call me with any questions, at 209-879-7900.

Sincerely,



Susan Dell'Osso
President, Board of Trustees

Cc: Karna Harrigfeld, Esq., counsel to RD 2062
Mr. Gilbert Cosio, District Engineer
Mr. Ramon Batista, Member, Board of Trustees
Mr. William C. Scott, Jr., Member, Board of Trustees