[CHANGES TO WATER NET ASSETS]

During the last eight years, the City has improved almost $20 million in Wells, Boosters Pumps and Reservoirs. The funding has been a combination of Federal Grants, San Gabriel Valley Water District Loans, and Bond Income. Even with this, $2.66 million dollars was needed from Operating Revenue, generated through water rates.

	FY 03-04	FY 04-05	FY 05-06	FY 06-07	FY 07-08	FY 08-09
Operating Revenue	2,330,266	2,427,133	3,054,798	3,271,593	3,368,375	3,039,138
Federal Grants	1,606,097	233,760	271,576	1,140,585	701,192	1,043,645
SGVWD					1,545,000	
Investment Income	101,129	-	271,576	193,401	215,505	183,169
Bond Income		3,201,550				3,218,904
Revenues	**4,037,492**	**5,862,443**	**3,597,950**	**4,605,579**	**5,830,072**	**7,484,856**
Utility Billing	81,577	85,697	116,630	102,044	75,000	95,000
Water Personnel	365,875	437,119	413,212	561,507	546,889	509,993
Purchased Supplies and Services	297,114	342,395	350,974	376,588	688,325	343,740
Electricity	451,573	402,356	329,933	516,626	514,303	517,326
Cost Allocation	329,960	348,589	440,408	478,786	586,043	587,017
Capital-Budgeted	2,899,366	919,066	690,545	3,180,142	7,845,188	2,132,469
Debt Payments	853,421	853,339	852,586	856,033	853,655	850,615
Expenses	**5,278,886**	**3,388,561**	**3,194,288**	**6,071,726**	**11,109,403**	**5,036,160**
Change In Net Assets	**(1,241,394)**	**2,473,882**	**403,662**	**(1,466,147)**	**(5,279,331)**	**2,448,696**

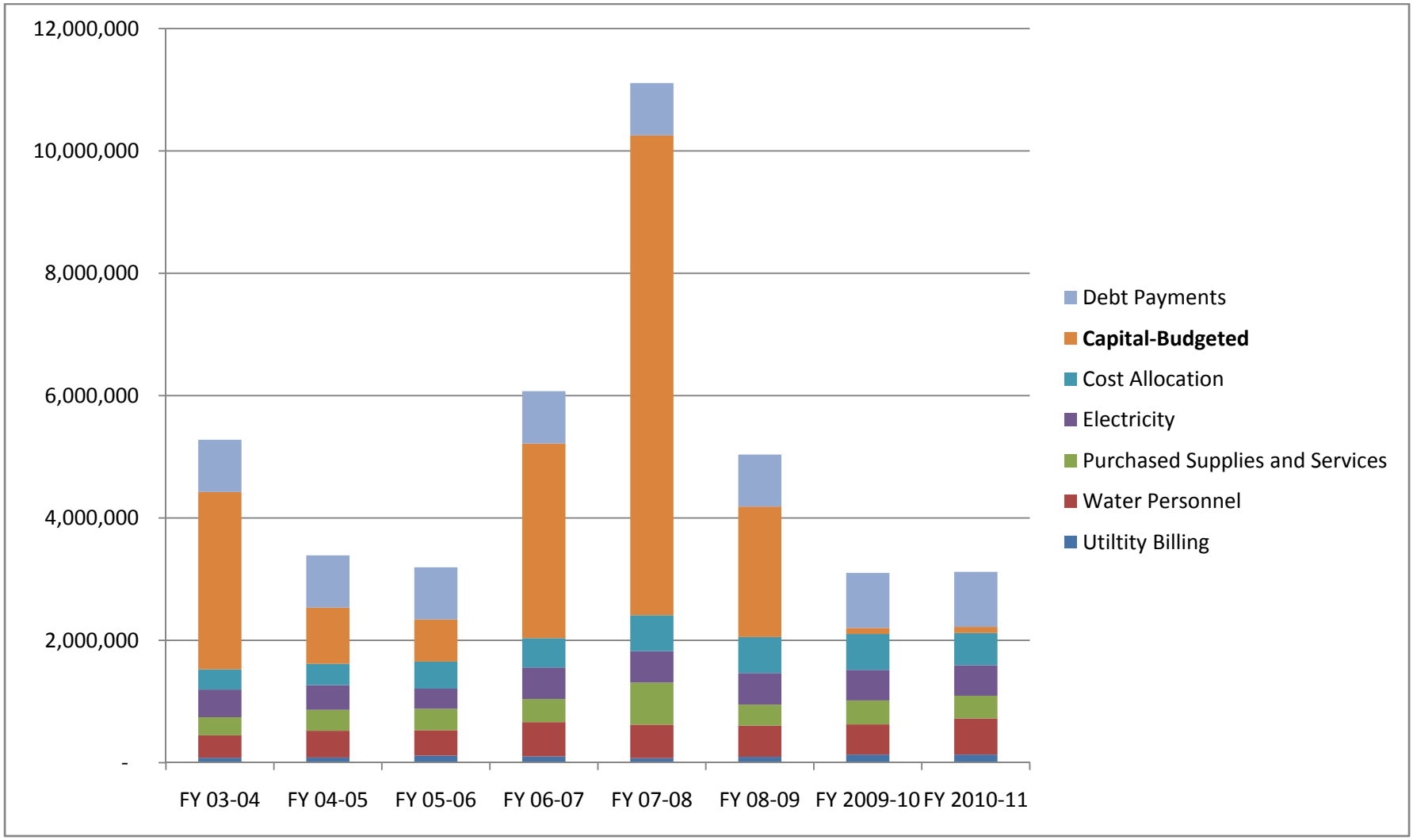
[CHANGES TO WATER NET ASSETS]

Below is the projected Changes to Water Net Assets **without** approval of the water rate increases. The current fiscal year ending June 30, 2009 reflect the only positive year. This is because the City received one last Federal payment for the Reservoirs. The projected Changes in Net Assets show no capital projects budgeted, other than the radio water meter project currently under way. Based upon the estimated fund balance of $2.5 million, if the Water Fund were to continue year over year in a deficit, it would exhaust reserves by FY 2015-16.

WITHOUT REVENUE INCREASE

	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15
Operating Revenue	2,918,461	3,037,500	3,037,500	3,037,500	3,037,500	3,037,500
Federal Grants	242,500					
Revenues	**3,160,961**	**3,037,500**	**3,037,500**	**3,037,500**	**3,037,500**	**3,037,500**
Utility Billing	133,095	133,095	135,091	137,118	139,175	141,262
Water Personnel	492,254	589,523	598,366	607,341	616,451	625,698
Purchased Supplies and Services	391,436	372,077	385,100	398,578	412,528	426,967
Electricity	500,000	500,000	525,000	551,250	578,813	607,753
Cost Allocation	587,017	525,535	543,929	562,966	582,670	603,064
Capital-Budgeted	100,000	100,000	100,000	100,000	100,000	100,000
Debt Payments	898,773	898,773	1,044,460	1,044,460	1,044,460	1,044,460
Expenses	**3,102,575**	**3,119,003**	**3,331,946**	**3,401,714**	**3,474,097**	**3,549,204**
Projected Change In Net Assets	**58,386**	**(81,503)**	**(294,446)**	**(364,214)**	**(436,597)**	**(511,704)**

Without City funds, the projects listed on the City's Capital Improvement Projects will not go forward, because the Federal, State and County projects will all require some amount of City match; typically 40-50%.



Bond Covenants*: *SECTION 4.7 Rates and Charges. The City shall fix, prescribe, revise and collect rates, fees and charges for the services and facilities furnished by the Water Enterprise during each Fiscal Year, which are at least sufficient, after making allowances for contingencies and error in the estimates, to yield Gross Revenues sufficient to pay the following amounts in the following order of priority:

(a) All Operation and Maintenance Costs estimated by the City to become due and payable in such Fiscal Year;

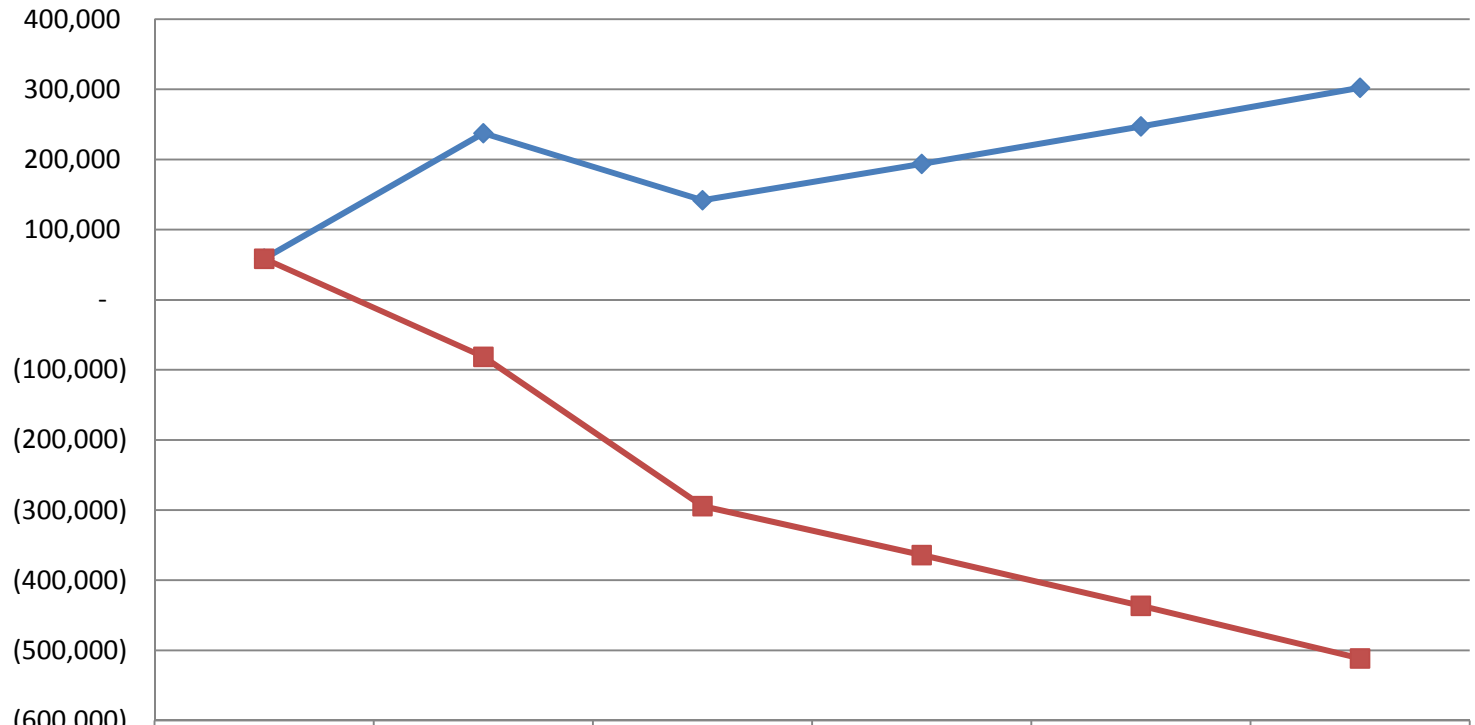
(b) All Installment Payments and payments of principal of and interest on any Parity Obligations as they become due and payable during such Fiscal Year, without preference or priority, except to the extent Installment Payments or interest on any Parity Obligations are payable from proceeds of the Bonds or Parity Obligations deposited for such purpose;

(c) All amounts, if any, required to restore the balance in the Reserve Fund to the full amount of the Reserve Requirement; and

(d) All payments required to meet any other obligations of the City which are charges, liens, encumbrances upon, or which are otherwise payable from, the Gross Revenues or the Net Revenues during such Fiscal Year.

In addition, the City shall fix, prescribe, revise and collect rates, fees and charges for the services and facilities furnished by the Water Enterprise during each Fiscal Year which are sufficient to yield Net Revenues which are at least equal to one hundred twenty percent (120%) of the amount described in the preceding clause (b) for such Fiscal Year.

The Blue Line below considers the percentage increases of 15.75% and 3.5% annually to the revenues. With this the Water fund will have a small surplus to add to reserves for future capital needs. However, it should be noted that City has a goal of 10% water conservation it hopes to accomplish with the implementation of the three tier water consumption fees. This would mean that the potential surplus each year would be reduced with the water conservation.



	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15
WITH INCREASE	58,386	237,227	141,753	193,564	247,015	302,147
WITHOUT INCREASE	58,386	(81,503)	(294,446)	(364,214)	(436,597)	(511,704)

Sample Water Bill Calculation

Assumptions: ¾" meter, 40 units of consumption*

¾" meter bi-monthly connection fee	$46.30
Tier 1 Consumption (<18 units/month)	
34 @ $2.072/unit	$70.448
Tier 2 Consumption (18-33 units/month)	
6 @ $2.126/unit	$12.756
Total water bill	$129.50**

*Water meters are read bi-monthly. Tier thresholds are thus doubled.

** Under the current rates, this bill would be $111.60

The increase of $17.90 (or 14%) per bill equals a monthly increase of **$8.95**