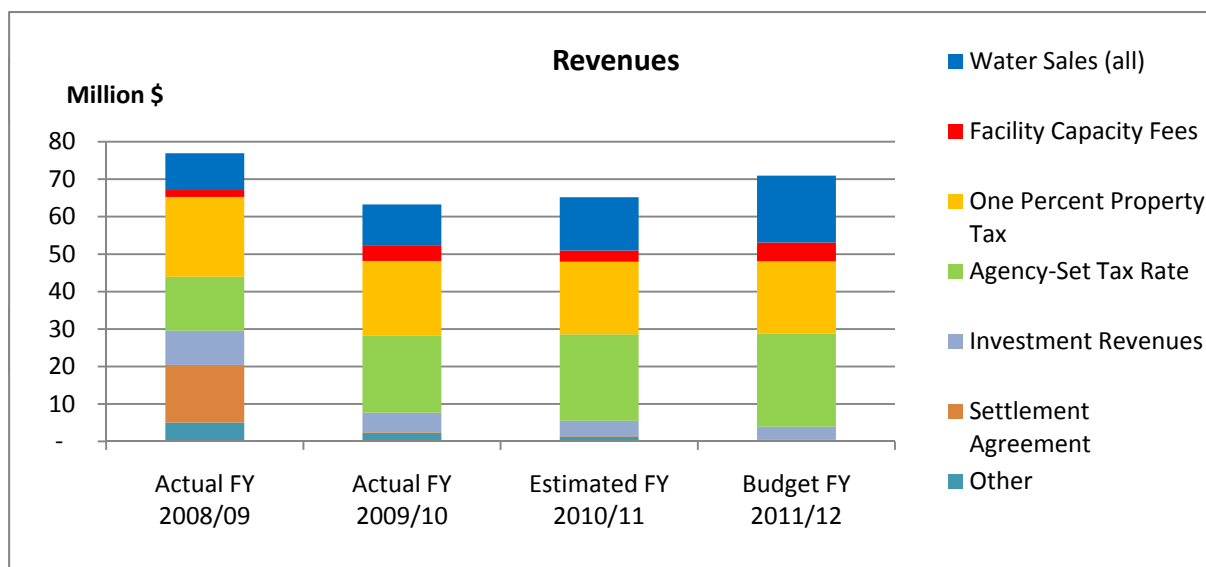


Revenues
FY 2011/12 Budget

	Actual FY 2008/09	Actual FY 2009/10	Estimated FY 2010/11	Budget FY 2011/12
General Fund/Operating				
Water Sales - Purveyors - Variable	\$ 9,717,294	\$ 10,928,237	\$ 13,170,200	\$ 16,564,700
Water Sales - Purveyors - Reserves	-	-	624,000	706,000
Water Sales - Ranch	7,114	6,434	96,700	-
Water Sales - Recycled	114,116	146,127	156,000	156,000
Water Sales - Saugus 1 and 2 Wells	-	-	169,200	397,700
Laboratory Revenues	95,082	91,951	82,000	82,000
Communications Revenues	150,798	153,048	157,000	157,000
Settlement Agreement (O&M)	-	-	20,000	20,000
Investment Revenues	-	-	-	-
Other	45,731	301,519	100,000	-
Total General Fund/Operating	\$ 10,130,135	\$ 11,627,316	\$ 14,575,100	\$ 18,083,400
Capital Improvement Program				
Facility Capacity Fees	\$ 1,824,712	\$ 4,016,683	\$ 3,000,000	\$ 5,000,000
One Percent Property Tax Revenues	21,296,561	19,971,314	19,367,100	19,367,100
Settlement Agreement (CIP)	15,401,531	161,715	52,800	175,600
Investment Revenue	8,822,903	5,009,002	3,617,800	2,976,800
Other	4,744,156	1,778,475	988,400	-
Total Capital Improvement Program	\$ 52,089,863	\$ 30,937,189	\$ 27,026,100	\$ 27,519,500
State Water Contract Fund				
Agency-Set Tax Revenues	\$ 14,396,026	\$ 20,489,869	\$ 23,081,000	\$ 24,800,000
Investment Revenue	254,052	43,155	35,400	27,600
Total State Water Contract Fund	\$ 14,650,078	\$ 20,533,024	\$ 23,116,400	\$ 24,827,600
Debt Service Fund				
Certificates of Participation				
Investment Revenue	\$ 54,083	\$ 169,281	\$ 405,200	\$ 405,200
Total Debt Service Fund	\$ 54,083	\$ 169,281	\$ 405,200	\$ 405,200
Total Revenues	\$ 76,924,159	\$ 63,266,810	\$ 65,122,800	\$ 70,835,700



1990

continued

- 1995 — City of Santa Clarita forms a redevelopment agency. Agency proposes to use part of its Bouquet Canyon Road site for the benefit of the community.
- Construction of the Rio Vista Water Treatment Plant is completed (30 million gallons per day capacity) and put into service.
- Monterey Agreement is negotiated between the Department of Water Resources and the State Water Project contractors.
- New Agency headquarters on Bouquet Canyon Road opens. Site includes Rio Vista Water Treatment Plant, a Conservatory Garden and Learning Center.
- Agency School Education Program expands to include grades 4-6.
- 1997 — Perchlorate is first detected in certain groundwater wells in the Santa Clarita Valley.
- Agency School Education Program wins the Theodore Roosevelt Environmental Award for excellence in natural resources management from the Association of California Water Agencies (ACWA).
- 1998 — Agency leases 137 acres to the City for Central Park for a token amount of one dollar per acre per year.
- Agency initiates recycled water system construction.
- Agency establishes its website – www.clwa.org.
- 1999 — Agency acquires the Santa Clarita Water Company and renames it the Santa Clarita Water Division.
- Agency acquires rights to an additional 41,000 acre-feet of State Water Project contract amount from Kern County Water Agency.
- Agency Landscape Education Kiosk wins the ACWA Theodore Roosevelt Environmental Award.

MAJOR SOURCES OF REVENUE

Water Sales to Purveyors

During FY 2011/12, the Agency will sell three types of supplemental water to the four local retail water purveyors – CLWA Santa Clarita Water Division (SCWD), Los Angeles County Waterworks District No. 36, Newhall County Water District (NCWD) and the Valencia Water Company. The three types of water include (1) imported water from the State Water Project and other sources, (2) treated groundwater from the Saugus 1 and 2 wells and (3) recycled water. During FY 2011/12, it is estimated that 39,700 acre-feet (AF) of water will be provided by the Agency’s supplemental water, based on estimates provided by each of the purveyors, as follows:

Purveyor	Imported AF	Saugus 1 and 2 Well AF	Recycled AF	Total AF
CLWA Santa Clarita Water Division	14,400	3,000	--	17,400
Valencia Water Company	16,400	--	300	16,700
Newhall County Water District	3,900	1,100	--	5,000
L.A. County Waterworks District #36	600	--	--	600
Total	35,300	4,100	300	39,700

Wholesale Water Rate Revenues

The wholesale water rate is applied to sales of imported water. In August 2009, the Board adopted a rate structure for calendar years 2010, 2011 and 2012 that is designed to recover operating costs. The rates that have been established are as follows: \$420/AF effective January 1, 2010, \$478/AF effective January 1, 2011 and \$507/AF effective January 1, 2012. Beginning in July 2010 and thereafter, a portion of the wholesale water rate totaling \$20/AF is designated for operating reserves. Based on purveyor requests, FY 2011/12 revenue is estimated at \$16,564,700, net of reserves, as follows:

Purveyor	Imported Water July-December 2011 (AF)	WWR* Revenue at \$458/AF	Imported Water January-June 2012 (AF)	WWR* Revenue at \$487/AF	Total WWR* Revenue
CLWA Santa Clarita Water Division	8,700	\$ 3,984,600	5,700	\$ 2,775,900	\$ 6,760,500
Valencia Water Company	9,900	4,534,200	6,500	3,165,500	7,699,700
Newhall County Water District	2,700	1,236,600	1,200	584,400	1,821,000
L.A. County Waterworks District #36	300	137,400	300	146,100	283,500
Total	21,600	\$ 9,892,800	13,700	\$ 6,671,900	\$ 16,564,700

* Wholesale water rate.

Water Sales – Reserves

In addition to the wholesale water rates shown above, \$20/AF is collected for Operating Reserves. The FY 2011/12 Budget amount of \$706,000 is based on sales of 35,300 AF.

Water Sales – Saugus 1 and 2 Wells

Groundwater treatment of Saugus 1 and 2 wells became operational in late FY 2009/10. This operation is intended to contain the spread of perchlorate contamination emanating from the Whittaker-Bermite site and restoring a certain amount of lost pumping capacity due to the contamination. In accordance with the Memorandum of Understanding (MOU) between the Agency and the purveyors, the Agency operates the wells and sells 4,100 AF of the water per year at the current operating and maintenance costs of extracting, disinfecting and delivering groundwater from the Saugus Formation. The treated groundwater is delivered to the Newhall County Water District and the Santa Clarita Water Division in quantities reported in the MOU and shown below. For FY 2011/12 the cost is \$97/AF, of which \$87/AF is for energy and \$10/AF is for operations and maintenance.

FY 2011/12 revenue is estimated at \$397,700, as follows:

Purveyor	Saugus 1 and 2 Well AF (AF)	Revenue at \$97/AF
CLWA Santa Clarita Water Division	3,000	\$ 291,000
Newhall County Water District	1,100	106,700
Total	4,100	\$ 397,700

The MOU requires the Agency to provide 4,100 AF of water per year at the Saugus 1 and 2 well rate (FY 2011/12 rate of \$97/AF). However, the wells are anticipated to provide 3,325 AF of water assuming a 12-month operation during FY 2011/12. In adopting the wholesale water rate structure in August 2009, the Board of Directors determined that the operating and maintenance costs incurred to deliver treated imported water under the provisions of the MOU be funded by one percent property tax revenues rather than wholesale water rates to avoid a subsidy among purveyors. For FY 2011/12, it is estimated that one percent property tax revenues will be used to fund the differential cost for 775 AF (4,100 AF less well production of 3,325 AF). The actual quantity of treated groundwater for FY 2011/12 will be used to determine the amount of one percent property tax revenues required to fund the MOU. For the FY 2011/12 Budget, the total cost is estimated to be about \$291,000, as follows:

	July-December 2011	January-June 2012	Total
AF of differential	387	388	775
Charge at WWR (\$458/AF through December; \$487/AF thereafter)	\$ 177,246	\$ 188,956	\$ 366,202
Charge at Saugus 1 and 2 Well rate	(37,539)	(37,636)	(75,175)
Total	\$ 139,707	\$ 151,320	\$ 291,027

Recycled Water

The Agency began recycled water sales during FY 2003/04. Sales are estimated to be 336 AF during FY 2011/12. Recycled water is sold to the Valencia Water Company to provide service for the golf course and median landscaping in the Westridge development. The next phase of recycled water service is anticipated to be operational in late 2012 or 2013. At an estimated rate of \$464/AF, FY 2011/12 revenue is estimated to be \$156,000.

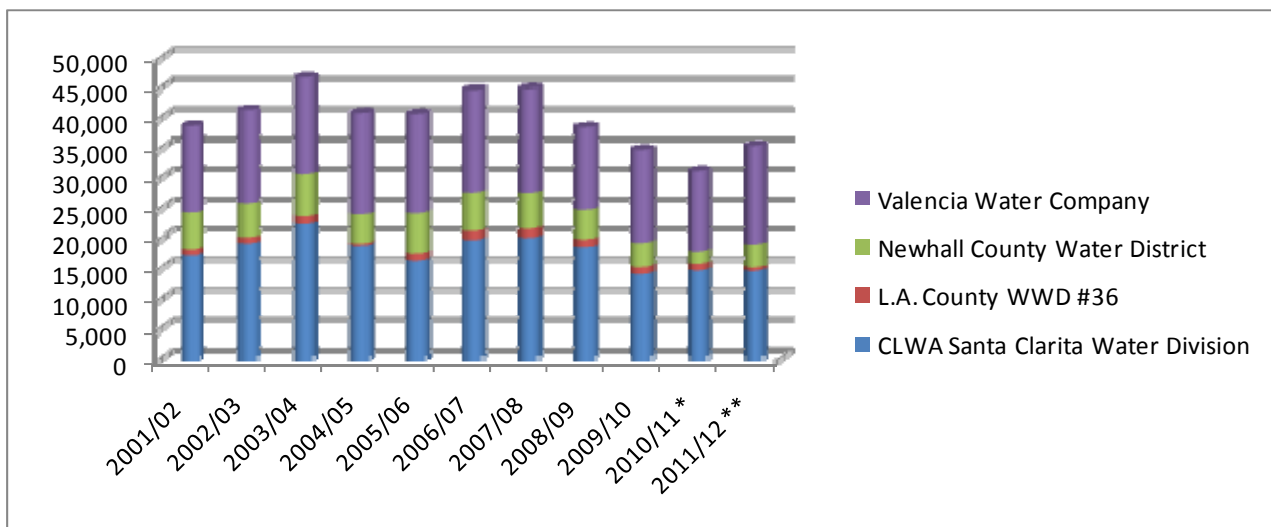
Recycled Water Sales in Acre-Feet

Fiscal Year	AF	Rate/AF	Revenue
2003/04	259	\$ 316	\$ 81,844
2004/05	418	331	138,432
2005/06	406	328	133,364
2006/07	380	327	124,263
2007/08	437	366	159,987
2008/09	296	386	114,116
2009/10	338	432	146,127
2010/11 *	336	464	156,000
2011/12*	336	464	156,000

* Estimated.

Purveyor Water Sales – Imported Water Only – Last Ten Fiscal Years

Fiscal Year	CLWA Santa Clarita Water Division	L.A. County WWD #36	Newhall County Water District	Valencia Water Company	Total	Revenue
2000/01	14,818	779	5,630	12,590	33,817	\$ 5,050,974
2001/02	17,109	1,014	6,057	14,341	38,521	5,307,405
2002/03	19,119	1,057	5,556	15,482	41,214	5,738,667
2003/04	22,223	1,309	6,925	16,107	46,564	7,002,983
2004/05	18,695	374	4,799	16,792	40,660	7,359,265
2005/06	16,162	1,236	6,661	16,446	40,505	7,233,011
2006/07	19,640	1,410	6,510	16,939	44,499	8,528,995
2007/08	20,044	1,388	6,058	17,246	44,735	9,875,546
2008/09	18,499	1,288	4,848	13,641	38,276	9,717,294
2009/10	13,908	1,179	4,110	15,451	34,648	10,928,237
2010/11 *	14,500	1,100	2,100	13,300	31,000	13,078,600
2011/12 **	14,400	600	3,900	16,400	35,300	16,564,700

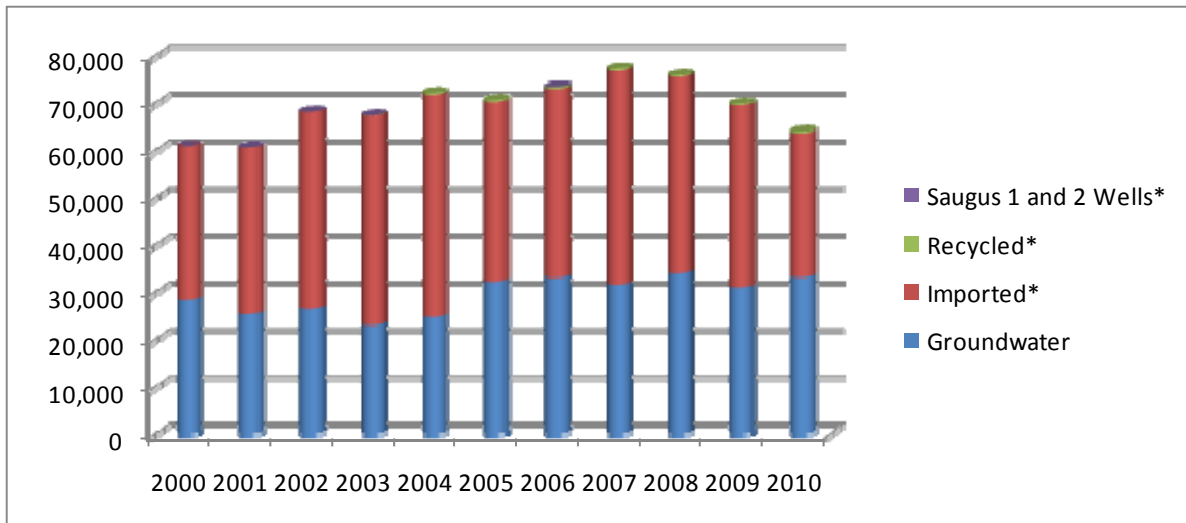


* Estimated.

** FY 2011/12 Budget.

Calendar Year Water Production in Acre-Feet

Year	Groundwater	Imported *	Recycled *	Saugus 1 and 2 Wells*	Total
2000	28,409	32,579	-	-	60,988
2001	25,322	35,414	-	-	60,736
2002	26,457	41,763	-	-	68,220
2003	22,978	44,416	50	-	67,444
2004	24,671	47,205	420	-	72,296
2005	32,316	37,997	418	-	70,731
2006	33,061	40,048	419	-	73,528
2007	31,690	45,151	470	-	77,311
2008	33,884	41,705	311	-	75,900
2009	31,100	38,546	328	-	69,974
2010	33,154	30,578	337	-	64,069



* Provided by Castaic Lake Water Agency.

One Percent Property Tax Revenues

One percent property tax revenues are dedicated to fund existing users' share of the COP debt and capital improvement projects and repair programs, as well as core non-SWP water supplies. FY 2011/12 revenues are estimated at \$19.4 million, assuming no change in assessed valuation from FY 2010/11. This compares to Los Angeles County as a whole, where the County Assessor is projecting a 0.76 percent increase in assessed valuation for FY 2011/12.

This budget estimate also assumes that the State does not divert these funds. During FY 2004/05 and FY 2005/06, the State diverted over 65% of the Agency's one percent property tax revenues. The Agency was able to absorb the two-year loss due to sufficient cash and reserves to maintain debt coverage and to fund the capital budget. During FY 2009/10, the State invoked a Proposition 1A borrowing of eight percent of the Agency's allocation of one percent tax revenues, or approximately \$1.7 million, intended to be repaid by FY 2012/13. The Agency participated in the State of California Proposition 1A Receivables Program to securitize the receivable, and received the entire amount during FY 2009/10.

Any future diversions by the state will impact the Agency's ability to fully fund existing users' share of the COP debt service and capital improvement projects and repair programs. At this time, it is uncertain if the State of California will again shift some amount of property tax revenue away from the Agency in FY 2011/12. The Agency continues to monitor the situation at the State level, and is working with its legislative advocates and advocacy groups to inform the Legislature and other groups of the impacts to the Agency of such a shift. ***If the property tax formula is permanently changed in the future, it would impact the Agency's ability to maintain debt coverage and fund the capital budget.***

In FY 2011/12, \$5.2 million of COP debt service for existing users will be funded by one percent property tax revenues. If one percent property tax revenues were not available for this purpose and debt service for existing users was funded by the wholesale water rates, this would equate to approximately \$146/AF. This is based on the FY 2011/12 projected water sales of 35,300 AF (39,700 AF of total requests less 4,100 AF provided by Saugus 1 and 2 wells and 300 AF of recycled water).

In addition, in FY 2011/12, \$7.4 million of capital improvement and repair programs for existing users will be funded by one percent property tax revenues and \$5.9 million will be used for the purchase of the Buena Vista/Rosedale Rio Bravo (BV/RRB) water supply. If one percent property tax revenues were not available for these purposes and the programs were funded by the wholesale water rates, this would equate to the following approximate rates for existing users:

Capital Improvement and Repair programs - \$209/AF
 BV/RRB water supply - \$168/AF

Again, this is based on the FY 2011/12 projected water sales of 35,300 AF.

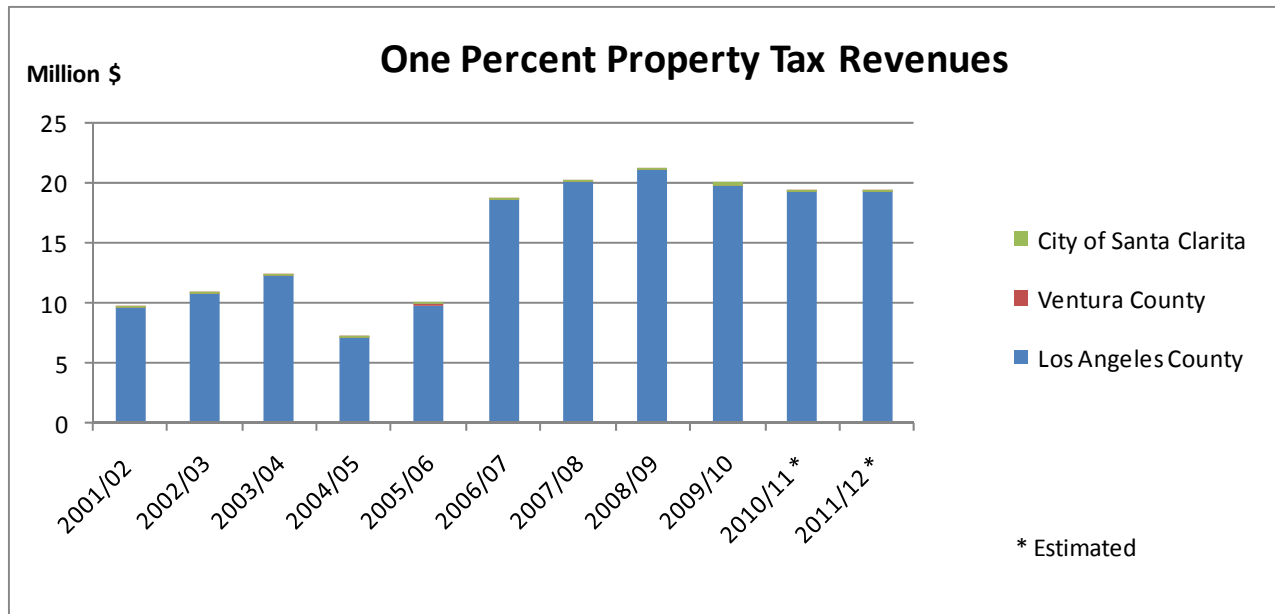
A history of the change in service area assessed valuation is as follows:

Year	Change from previous year
FY 2010/11	(1.1%)
FY 2009/10	(5.6%)
FY 2008/09	5.0%
FY 2007/08	9.2%
FY 2006/07	12.9%
FY 2005/06	19.3%
FY 2004/05	13.4%
FY 2003/04	12.9%
FY 2002/03	10.7%
FY 2001/02	10.7%
FY 2000/01	11.4%

One Percent Property Tax Revenues – Last Ten Fiscal Years

Fiscal Year	Los Angeles County	Ventura County	City of Santa Clarita Redevelopment	Total
2001/02	\$ 9,588,229	\$ 24,058	\$ 7,719	\$ 9,620,006
2002/03	10,697,024	24,220	17,865	10,739,109
2003/04	12,234,050	26,664	24,620	12,285,334
2004/05	7,017,734	5,576	30,422	7,053,732
2005/06	9,793,935	19,861	37,823	9,851,619
2006/07	18,481,089	45,512	70,150	18,596,751
2007/08	20,046,530	44,375	141,577	20,232,482
2008/09	21,070,771	45,644	180,146	21,296,561
2009/10	19,730,269	41,747	199,298	19,971,314
2010/11 *	19,185,100	39,500	142,500	19,367,100
2011/12 *	19,185,100	39,500	142,500	19,367,100

* Estimated.



Agency-Set Property Tax Revenues

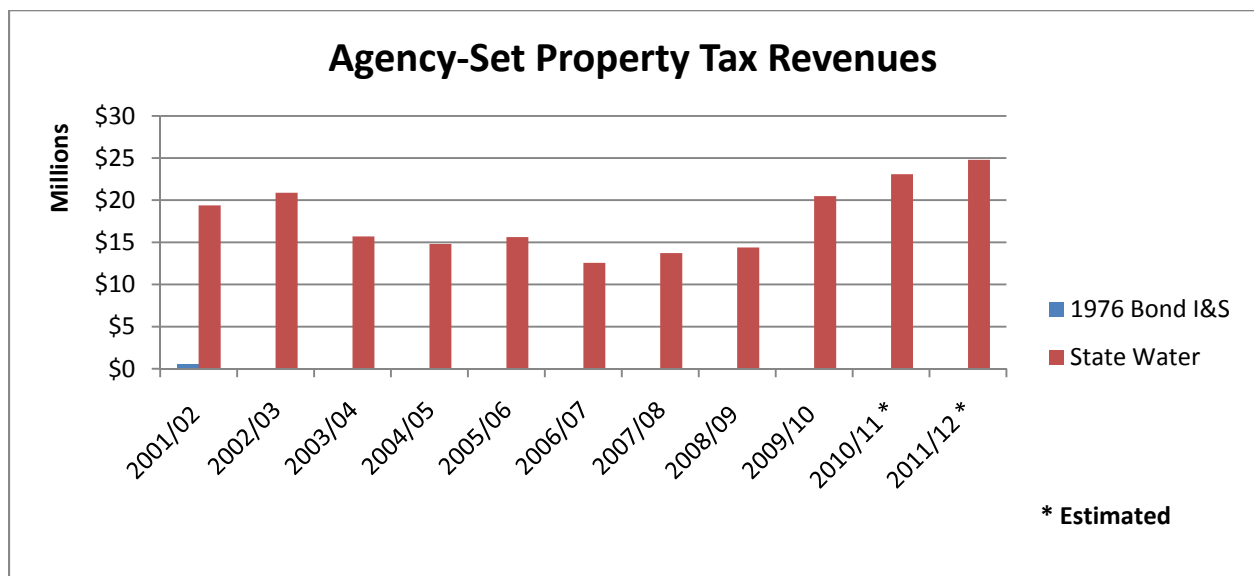
Agency-set property tax revenues are estimated to total \$24.8 million for FY 2011/12. These revenues are restricted to pay for the Agency’s share of the cost of operating and administering the State Water Project. This revenue estimated is based on increasing the tax rate from 7.06 cents per \$100 valuation in FY 2010/11 to 7.405 cents per \$100 valuation in FY 2011/12. This increase is necessary due to the increase in the Department of Water Resources operating costs for the State Water Project and increased work on the Delta infrastructure issues.

The Agency will review the projected calendar year 2012 costs based on information received from the DWR in July 2011. Using this information and assessed valuations provided by the Counties of Los Angeles and Ventura, the Agency will set the FY 2011/12 tax rate by resolution in August 2011.

Agency-Set Property Tax Revenues – Last Ten Fiscal Years

Fiscal Year	1976 Bond I&S	State Water	TOTAL	Rate (cents per \$100 AV)
2001/02	\$ 535,321	\$ 19,375,206	\$ 19,910,527	\$ 12.3017
2002/03	-	20,874,308	20,874,308	10.6227
2003/04	-	15,708,760	15,708,760	6.6000
2004/05	-	14,800,991	14,800,991	5.6169
2005/06	-	15,620,337	15,620,337	4.9327
2006/07	-	12,570,050	12,570,050	4.0000
2007/08	-	13,731,693	13,731,693	4.0000
2008/09	-	14,396,026	14,396,026	4.0000
2009/10	-	20,489,869	20,489,869	6.0750
2010/11 *	-	23,081,000	23,081,000	7.0600
2011/12 *	-	24,800,000	24,800,000	7.4050

* Estimated.



Facility Capacity Fee Revenues

Facility Capacity Fee revenues are estimated at \$3.0 million for FY 2010/11 and \$5.0 million for FY 2011/12, compared to the FY 2007/08 amount of \$9.1 million and a historical average of \$10.4 million per year. This low level of revenue reflects the near shutdown of real estate development activity in FY 2008/09 and beyond. Facility Capacity Fee revenues are estimated at \$3 million for FY 2010/11 based on revenues received through April 30, 2011, and are budgeted at \$5 million for FY 2011/12. With the exception of the FY 2011/12 budgeted amount, Facility Capacity Fee revenues are based on the information used in the 2010 Data Document which establishes the basis for Facility Capacity Fees. The 2010 Data Document uses the retail water purveyors' growth numbers as the basis for estimating demand each fiscal year.

For FY 2011/12, the Data Document estimates growth equal to 660 additional AF of water (compared to 340 AF in FY 2010/11), and a weighted average fee of \$13,800. This is based on the fees currently in effect, as well as increased fees adopted by the Board of Directors in April 2011 that will take effect in January 2012 and again in January 2013. Based on this, the FY 2011/12 revenue would be \$9.1 million. However, to be fiscally conservative, \$5 million is used as the budgeted revenue.

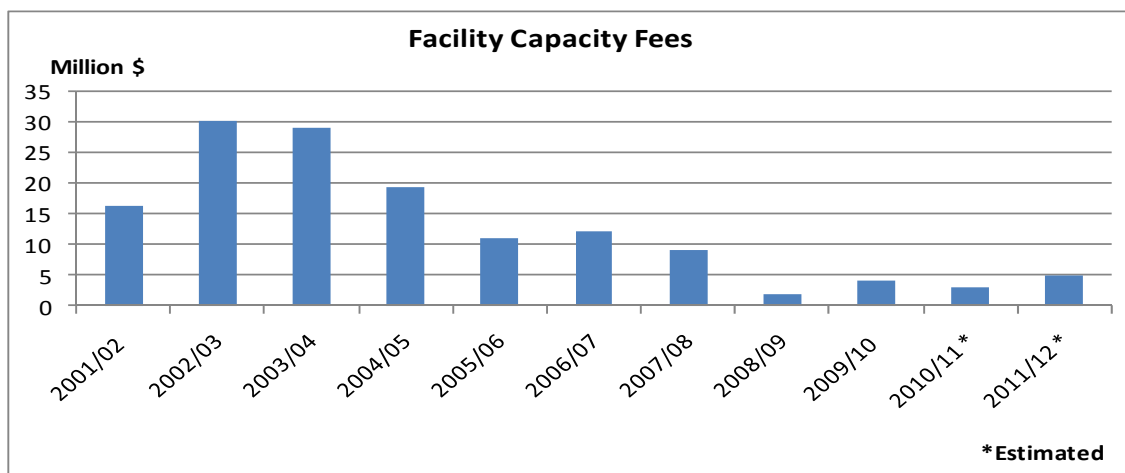
Facility Capacity Fee revenues are always difficult to estimate due to the unpredictable timing of receipts. Collection of this revenue depends heavily on development activity which, in turn, depends on real estate demands, the regional economic situation, land use planning activity, coordination with other projects and other difficult-to-estimate activity. This revenue stream will always demonstrate a “boom or bust” pattern and will always be difficult to estimate.

Through June 30, 2010, more than \$239 million of facility capacity fees have been collected.

Facility Capacity Fees – Last Ten Fiscal Years

Fiscal Year	Amount
2001/02	\$ 16,377,598
2002/03	30,105,457
2003/04	29,073,470
2004/05	19,344,720
2005/06	10,930,741
2006/07	12,192,365
2007/08	9,197,376
2008/09	1,824,712
2009/10	4,016,683
2010/11 *	3,000,000
2011/12 *	5,000,000

* Estimated.



Whittaker-Bermite Perchlorate Litigation Settlement Agreement

In May 2007, the Agency and the three Santa Clarita Valley purveyors settled a long-running lawsuit against the current and past owners of the former Whittaker-Bermite industrial site and approved a settlement agreement to remove perchlorate from the Santa Clarita Valley's groundwater aquifers. The water agencies estimate this settlement, when added to past settlements, will provide up to \$100 million on an undiscounted basis.

Total Settlement Agreement revenues in FY 2011/12 are \$195,600. Of this total, \$175,600 is revenue to Capital Improvement Program/One Percent Property Funds and \$20,000 is revenue to General Fund/Operating.

Settlement Agreement (CIP)

The Agency will construct replacement wells in FY 2011/12 and beyond, and anticipates additional CIP revenues at that time. The FY 2011/12 Budget assumes CIP reimbursement of \$70,000 based on FY 2010/11 design costs.

These reimbursement revenues will reimburse Capital Improvement Program/One Percent Property Funds (the original source of funding).

Settlement Agreement (O&M)

These revenues are reimbursement for the operations and maintenance (O&M) for the perchlorate projects. The budget assumes that day-to-day operations and maintenance are fully reimbursed during the year and expenditures are offset by revenues. These costs, including but not limited to staff time and the purchase of chemicals, are not shown in the budget as staff anticipates full reimbursement. Staff will monitor the operations and reimbursements and may make adjustments in future budget years.

In addition, the Settlement Agreement will provide a flat rate reimbursement of \$20,000 per year to cover general administrative cost and will reimburse for legislative advocate services related to perchlorate contamination. These revenues are included in the budget as follows:

General Fund/Operating – Annual revenues of \$20,000 flat rate administrative costs

Capital Improvement Program/One Percent Property Funds – Annual revenues of \$105,600 to cover legislative advocate services.

Other Sources of Revenue

Water Sales - Ranch

Ranch water sales represent the water sold to the lessees at the Devil's Den Ranch and the tenant farmer on the Agency's RVWTP property. Only water in excess of the Agency's needs in the Santa Clarita Valley is available for sale. For FY 2010/11, the revenue includes \$90,000 for sales to the Devil's Den Ranch and \$6,700 to the RVWTP tenant farmer. The RVWTP property is currently vacant, so no additional revenues are budgeted for FY 2011/12. The Agency will seek a new tenant in FY 2011/12 and will adjust revenue estimates accordingly.

Laboratory Revenues

The Agency has a fixed fee arrangement with CLWA's Santa Clarita Water Division, Newhall County Water District and Valencia Water Company. In addition, the Agency performs laboratory work for the DWR, UCLA and various other entities. FY 2011/12 laboratory revenues are estimated at \$82,000 based on the current workload.

Communications Revenues

The Agency has agreements with four different communication companies for lease of communication sites at the Agency. FY 2011/12 revenues are estimated at \$157,000 based on the existing contracts.

Investment Revenues

The investment in CLWA's Santa Clarita Water Division is earning 4.23% interest (changed from 5.04% in previous years). All other investment revenues are estimated at approximately 1.5%. Investment revenues accrue to the fund from which they were earned. That is, investment revenues from one percent property tax fund balances accrue to the one percent property tax fund balance, investment revenues from Facility Capacity Fee fund balances accrue to the Facility Capacity Fee fund balance, and so on. The breakdown by funding source for the FY 2011/12 Budget is as follows:

General Fund/Operating	\$ --
Capital Improvement Program	
One Percent Property Tax	1,896,900
Facility Capacity Fee	991,500
Debt-Funded	88,400
State Water Contract Fund	27,600
Debt Service Fund	405,200
Total	\$ 3,409,600

Other

Other revenues in FY 2010/11 for the General Fund/Operating include (1) a refund from ACWA-JPIA for property insurance rate stabilization, (2) an ACWA Health Benefits premium holiday and (3) proceeds from the auction of excess Agency equipment.

Other revenues in FY 2010/11 for one percent property tax revenues include \$890,000 from a settlement with ACWA-JPIA to recover legal expenses for the perchlorate contamination litigation