

## ARGUMENT AGAINST MEASURE B

"This proposition changes Charter Article XI's sections by:

- Eliminating the GWP Depreciation Funds (§17) where GWP revenues must be set aside to cover "normal depreciation" and used for "repair, replacement, betterment and extensions" of the utility's infrastructure.

- Eliminating the GWP Surplus Fund (§22) whose inflow is surplus monies left at year-end, **after all utility needs have been met** (§§20 & 22). This Surplus Fund's outflow is restricted to GWP needs, except an amount of the surplus measured by 25% of the utility's operating revenues can be transferred to the General Reserve Fund (§22). **THIS SURPLUS IS THE ONLY AUTHORIZED USE OF GWP MONIES FOR OTHER THAN GWP.**

- Eliminating the rainy day General Reserve Fund (§15) that advances cash, when the need arises, to other city accounts

- Eliminating the current prohibition against GWP receipts being credited to the General Budget Fund (§14) that pays general appropriations; and, mandating up to 25% of the utility's operating revenues be transferred to that fund to pay for such appropriations.

This 25% plus the utility tax means approximately 1/3 of ratepayers' dollars can be diverted from providing them with water and electricity. We're told the utility's infrastructure is in dire need of critical improvements; and, without a rate increase there's no GWP money to pay for them. Meanwhile, almost \$21,000,000 of GWP receipts that could pay for these improvements are annually transferred to the General Budget Fund to pay for general appropriations -- this even though the charter excepts them from going there. Vote 'NO!' Prevent legalizing this raid on GWP revenues at the cost of injuring the utility. 'NO' says: "NO GWP transfers until all GWP needs are met."

Finally, the independent auditors at the 12/11/2012 City Council meeting publicly stated that transfers from the surplus fund don't violate accounting principles."

Vanguardians, Inc

/s/ Francisco Alonso, Former Mayor, City of Monterey Park, Vice President, Vanguardians, Inc.

/s/ Dr. John Kraft, Vice President, Legislative Liaison, Vanguardians, Inc.