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CENTRAL COAST WATER AUTHORITY

FY 2006/07  
CONTINUING  
DISCLOSURE ANNUAL  
REPORT

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\$123,190,000  
REFUNDING REVENUE BONDS  
(STATE WATER PROJECT REGIONAL  
FACILITIES)  
SERIES 2006A



March 12, 2008

Ms. Priscilla Dedoro  
Bank of New York Western Trust Company  
550 Kearny Street, Suite 600  
San Francisco, CA 94108

Leo Trujillo  
Chairman  
  
Fred Lemere  
Vice Chairman

Bill Brennan  
Executive Director

Brownstein Hyatt Farber  
Schreck  
General Counsel

*Member Agencies*

City of Buellton

Carpinteria Valley  
Water District

City of Guadalupe

City of Santa Barbara

City of Santa Maria

Goleta Water District

Montecito Water District

Santa Ynez River Water  
Conservation District,  
Improvement District #1

*Associate Member*

La Cumbre Mutual  
Water Company

RE: Central Coast Water Authority Fiscal Year 2006/07 Annual Report on  
Continuing Disclosure for the \$123,190,000 Refunding Revenue Bonds  
(State Water Project Regional Facilities), Series 2006A

Dear Priscilla:

Attached is the Fiscal Year 2006/07 Annual Report pursuant to the Continuing  
Disclosure Agreement between the Central Coast Water Authority and Bank of New  
York Western Trust Company (as successor Trustee).

Fiscal Year 2006/07 State Water Deliveries

A table showing deliveries during Fiscal Year 2006/07 to Santa Barbara and San  
Luis Obispo County State water contractors is attached.

Rate Coverage Reserve Fund

On December 18, 1997, the Authority Board of Directors established the Rate  
Coverage Reserve Fund. This fund provides a mechanism to allow Authority  
Contractors to satisfy a portion of their obligation under Section 20(a) of the Water  
Supply Agreement (WSAs) to impose rates and charges sufficient to collect 125% of  
their Contract Payments (refer to the attached Rate Coverage Reserve Fund Policy  
for additional information).

Under the provisions of the Rate Coverage Reserve Fund policy, Authority  
Contractors may deposit up to 25% of their estimated annual contract payments in  
cash with the Authority. The deposit amount on the first day of the fiscal year is then  
added to the net revenues for each participating Contractor when calculating Net  
Revenues for the year. The Rate Coverage Reserve Fund policy was approved by  
AMBAC, the Authority's bond insurer.

The following agencies elected to participate in the CCWA Rate Coverage Reserve  
Fund during Fiscal Year 2006/07 and have deposited the following amounts:



Project Participant	FY 2006/07 Rate Coverage Fund Deposit
City of Buellton	\$ 241,074
Carpinteria Valley Water District	761,336
City of Guadalupe	156,539
La Cumbre Mutual Water Company	353,407
Montecito Water District	970,780
City of Santa Maria	4,154,311
Santa Ynez, RWCD, I.D. #1 (City of Solvang)	540,980
Santa Ynez, RWCD, I.D. #1	389,984
<b>TOTAL:</b>	<b>\$ 7,568,412</b>

Continuing Disclosure Annual Report

Consistent with Section 4 of the Continuing Disclosure Report, the Fiscal Year 2005/06 Annual Report includes the charts described under the captions, "Historic Water Connections and Sales Revenues," "Historic Water Deliveries," "Largest Customers," "Water System Rates and Charges," "Historic Operating Results" and "Debt Service Coverage" for each of the following Contractors:

- City of Santa Maria
- City of Santa Barbara
- City of Guadalupe
- City of Buellton
- Goleta Water District
- Montecito Water District
- Carpinteria Valley Water District
- La Cumbre Mutual Water Company
- Santa Ynez River Water Conservation District, Improvement District No. 1  
(including the City of Solvang as an attachment)
- City of Pismo Beach
- City of Morro Bay

Section 4 of the Continuing Disclosure Agreement requires that the Authority submit a copy of its audited financial statements. Five copies of the Authority's FY 2006/07 Comprehensive Annual Financial Report were previously sent to you under separate cover.

Project Participant Audited Financial Statements

The cities of Guadalupe and Morro Bay have not yet submitted their FY 2006/07 audited financial statements to CCWA. As such, I was not able to confirm the coverage calculation amounts presented in this report to the audited financial statements for each agency.

As you requested, copies of the audited financial statements for each of the Contractors will be sent to you at a later time.

If you have any questions, please call me at (805) 688-2292, extension 214.

Sincerely,



Ray A. Stokes  
Deputy Director

RAS

Attachments

cc: Doug Brown, Stradling, Yocca, Carlson & Rauth  
Dave Houston, Citigroup



Central Coast Water Authority  
**Fiscal Year 2006/07 State Water Deliveries**  
*Fiscal Year 2006/07 Continuing Disclosure Annual Report*

Project Participant	Acre-Feet		
	Requests	Exchange	Net Deliveries
Lopez Turnout (SLO County)	2,156		2,156
Chorro Valley Turnout (SLO County)	2,133		2,133
City of Guadalupe	483		483
City of Santa Maria	14,141		14,141
Golden State Water Company	200		200
Vandenberg Air Force Base	3,824		3,824
City of Buellton	667		667
Santa Ynez ID#1 (Solvang only)	1,290		1,290
Santa Ynez ID#1 (excluding Solvang)	762	2,891	3,653
Goleta Water District	1,990	(1,040)	950
Morehart Land Company	30	-	30
LaCumbre Mutual Water Co.	783	-	783
Raytheon Systems Co.	33	-	33
City of Santa Barbara	693	(693)	-
Montecito Water District	2,047	(693)	1,354
Carpinteria Valley Water District	465	(465)	-
<b>TOTAL:</b>	<b>31,697</b>	<b>-</b>	<b>31,697</b>

**Central Coast Water Authority**  
**Rate Coverage Reserve Fund Policy**

Adopted: December 18, 1997

**Rate Coverage Reserve Fund**

During its December 18, 1997 regular meeting, the Board of Directors also adopted the "Rate Coverage Reserve Fund" policy as follows:

**Purpose:** The Rate Fund is intended to provide a mechanism to allow the Authority Contractors to satisfy a portion of their obligation under Section 20(a) of the Water Supply Agreement (WSAs) to impose rates and charges sufficient to collect 125% of their Contract Payments (as therein defined).

**Contributions:** Contributions to the Rate Fund are voluntary. During each year of participation, an Authority Contractor which has elected to participate in the Rate Fund shall maintain on deposit with the Authority in said Fund an amount of money, when combined with the moneys on deposit in the O&M Reserve Fund, sufficient to constitute all or a portion of 25% of that Contractor's Contract Payments with respect to that year. A participating Contractor's initial contribution to the Rate Fund may be drawn from cash held by the Authority on behalf of the Contractor as of the date of the Fund's creation. In each subsequent year, the Authority shall notify the participating Contractor if an additional contribution is desired and the Contractor shall deposit said additional contribution within sixty (60) days of the Authority notice. Voluntary contributions to the Fund by a Contractor may be made at any time, but shall not be considered with regard to satisfying the Contractor's obligations until the subsequent July 1. For example: to act as a credit for Fiscal Year 1998/99, a deposit must be received by the Authority prior to July 1, 1998. However, in the first year of the Fund's creation, each Authority Contractor may elect to deposit additional funds into the Rate Fund within the first 30 days after adoption of this policy by the Authority Board of Directors. These balances will be counted toward the coverage calculations for FY 1997/98.

**Withdrawal:** A Contractor may withdraw from the Rate Fund effective 180 days after it submits written documentation to the Authority that is in compliance with its WSA rate coverage obligations without considering the Fund.

**Central Coast Water Authority**  
**Rate Coverage Reserve Fund Policy**

Administration: Investments of deposits in the Rate Coverage Reserve Fund will be in Permitted Investments described in clause (A) of the definition thereof contained in the Indenture of Trust, dated as of November 1, 1996, with maturities of one year or less or in the Local Agency Investment Fund or in other investments approved in writing by AMBAC. Rate Fund investment earnings shall be credited to the Contractors account within the Fund except to the extent the Contractor directs the Authority to credit said earnings to the Contractor's payments obligations or as otherwise directed by the Contractor. Deposits and related earnings on deposits for each project participant will be accounted for on an individual project participant basis even if commingled for investment purposes. The Treasurer shall prepare and disseminate to all Contractors a quarterly statement concerning the Rate Fund.

Use of Funds: Monies in the Rate Fund shall not be expended for any purpose, except upon approval of the Board of Directors (i) for emergency expenses, and (ii) to the extent necessary to supplement funds available from the O&M Reserve Fund provided that the Contractor submits written documentation to the Authority that it is in compliance with its WSA rate coverage obligations without considering the proposed expenditure from the fund.



FY 2006/07 CONTINUING DISCLOSURE

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**CITY OF BUELLTON**

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The information set forth below has been provided by the City of Buellton (the “City”). The Central Coast Water Authority (the “Authority”) makes no representations or warranties as to the accuracy or completeness of any of the information set forth below.

**HISTORIC WATER CONNECTIONS AND SALES REVENUES**

The following table shows the number of active domestic water connections to the City’s water system for the five most recent fiscal years, together with the amount of its annual domestic water sales revenues. Sales revenues for the year ended June 30, 2007 increased by 9.6%. This was primarily due to an increase in total number of connections.

*Historic Water Connections and Sales and Service Revenues*

Fiscal Year Ending June 30	Connections	Water Sales Revenues
2003	1,424	\$ 1,233,563
2004	1,462	1,365,416
2005	1,472	1,300,677
2006	1,498	1,334,328
2007	1,540	1,462,049

**HISTORIC WATER DELIVERIES**

The following table presents a summary of historic water deliveries and the source of that water in acre-feet per year.

*Historic Water Deliveries and Source of Water Delivered  
(In acre-feet per year)*

Fiscal Year Ending June 30	Santa Ynez River Appropriation	Groundwater Basin	State Water	Total
2003	190	390	531	1,111
2004	463	249	545	1,257
2005	452	172	491	1,115
2006	545	20	640	1,205
2007	338	338	667	1,343

Total water deliveries for fiscal year 2007 were 11.5% over 2006 water deliveries. Again, this was primarily due to an increase in the total number of connections.

## WATER SYSTEM RATES AND CHARGES

*General.* The City is not subject to the jurisdiction of, or regulation by, the State of California Public Utilities Commission. It is the City's policy to annually determine the adequacy of the water system rate structure after full consideration of expected operations, maintenance and capital costs. The City currently sets water charges to pay the cost of groundwater pumping, water treatment and current operation expenses for the water system, debt service with respect to its bonds, and coverage of its obligations under the Water Supply Agreement. Capital improvements and debt service payments are funded from water connection and user fees.

*Water Service Charges.* The City separates its customers into two classes of service – Municipal/Industrial and Golf Course Irrigation. Charges are associated with the water meter size (an additional dwelling unit fee of \$7.00 per dwelling unit) and quantity of water used. The City increased its water rates approximately 40% effective on July 25, 1995 and further increased the rates on July 26, 1996 by 15% on consumption price plus \$7.00 per additional dwelling unit. As a result, the Water Quantity Charge for municipal and industrial customers is now \$1.97 per 100 cubic feet. Golf Course Irrigation is based on a \$2,500/month charge. The Water Meter Charges are set forth below:

Meter Size	Monthly Service Charge <sup>1</sup>
Up to ¾"	\$ 18.20
1"	20.65
1 ½"	25.48
2"	35.21
3"	54.60
4"	72.80
6"	103.11
8"	139.51

*Collection Procedures.* The City is on a monthly billing cycle, sending out bills for the prior month service. Payment is due upon receipt and is considered delinquent if not paid by the 20th day of the following month. If payment is not received, a delinquency notice appears on the next water bill. Currently 12% of the accounts, which account for approximately 1% of the Water System Revenues, are delinquent. The City reports, however, that upon receipt of such delinquent notices almost all of its customers pay delinquent amounts within two weeks. Water service for all accounts not paid in full within 55 days of the original billing date are discontinued by the City until full payment is made, including late penalties and a \$20.00 re-connection fee, if reinstated during business hours and \$53.00 after hours.

*Connection Fees.* The City charges connection fees for improvement or expansion of water treatment and distribution facilities to meet the requirements of community growth. The current connection fee for single-family residences is \$3,640. The current connection fee for commercial and all other uses and meter sizes will be based on \$5,200 per acre-foot per year of anticipated water use.

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<sup>1</sup> Plus \$7.00 for each additional dwelling unit that is served by one meter.

## LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the City's water system as of June 30, 2007, as determined by the amount of their respective annual payments.

	Water Usage <sup>2</sup>	Annual Payments
Ranch Club Mobile Estates	24,085	\$ 98,759
Santa Ynez Valley Marriott	19,528	60,652
Buellton Union School District	19,035	42,014
Rivergrove Mobile Home Park	9,395	37,754
Flying Flags RV Park	15,625	30,552
Days Inn	5,614	23,192
The Laurel Company	6,438	17,336
Buellton Shell	4,653	16,331
Rancho de Maria	6,988	15,694
Motel 6	4,036	14,217
TOTAL	115,397	\$ 356,501

These ten customers accounted for approximately 24% of the City's water service revenues for fiscal year 2006/07.

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<sup>2</sup> Hundred Cubic Feet

FISCAL YEAR 2007 OPERATING RESULTS

The following table is a summary of operating results of the water system for Fiscal Year 2006/07. These results have been derived from the City's audited financial statements but exclude certain non-cash items and include certain other adjustments. The table has not been audited by the City's auditor.

CITY OF BUELLTON

<b>REVENUES</b>	<b>June 30, 2007</b>
Water Sales	\$ 1,462,049
Connection Fees	296,186
Other Fees & Income	1,391
Interest Income	117,087
<b>TOTAL REVENUES:</b>	<b>1,876,713</b>
<b>OPERATING EXPENSES</b>	
Operations & Maintenance Expenses	521,113
FmHA Debt Service	-0-
<b>TOTAL OPERATING EXPENSES:</b>	<b>521,113</b>
NET REVENUES	1,355,600
Rate Coverage Reserve Fund Deposit	219,910
Adjusted Net Revenues	1,575,510
State Water Payments	879,640
<b>Coverage Ratio:</b>	<b>1.79</b>
Available for Capital improvements and other purposes	\$ 475,960

Source: City of Buellton

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**CARPINTERIA VALLEY WATER DISTRICT**

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The information set forth below has been provided by the Carpinteria Valley Water District (the “District”). The Central Coast Water Authority (the “Authority”) makes no representations or warranties as to the accuracy or completeness of any of the information set forth below.

**HISTORIC WATER CONNECTIONS AND SALES REVENUES**

The following table shows the number of active domestic and agricultural water connections to the District’s water system for the five most recent fiscal years, and corresponding annual water sales revenues. All sales revenue numbers include monthly service charges as well as the unit cost of water.

*Historic Water Connections and Sales Revenues*

Fiscal Year Ending June 30	Connections				Sales Revenues (\$)			
	Dom.	%	Ag.	%	Dom.	%	Ag.	%
2003	3,735	90	425	10	\$ 4,260,876	71	\$ 1,800,991	29
2004	3,744	90	424	10	4,859,747	69	2,150,847	31
2005	3,747	90	424	10	5,541,460	75	1,800,010	25
2006	3,744	90	424	10	6,940,976	77	2,088,100	23
2007	3,807	90	423	10	7,578,591	76	2,417,560	24

The following table of total sales revenues shows categories of water revenue based on the unit cost of water and monthly service charges including those for fire protection.

*Total Sales Revenue (\$)*

Fiscal Year Ending June 30	Water Revenue	Monthly Service Charge	Total
2003	\$ 3,135,902	\$ 2,925,965	\$ 6,061,867
2004	3,383,107	3,627,486	7,010,593
2005	3,239,814	4,101,656	7,341,470
2006	4,017,389	5,011,689	9,029,076
2007	4,799,541	5,196,610	9,996,151

The almost \$949,000 increase in total FY 03/04 Total Sales Revenue from the previous year reflects increased irrigation water rates and significant Monthly Service Charge increases for all categories of water use. The increase of about \$330,000 of Total Sales Revenue in FY 04-05 is largely a result of increases in the Monthly Service Charge for debt service. Water Revenue sales declined in FY 04-05 by about \$150,000 largely due to the reduction of agricultural sales caused by a wet, cool to mild weather pattern. The \$1.65 million increase in total Sales Revenue in FY 05-06 over FY 04-05 reflects substantial increases in the unit price of water and Monthly Service Charges as well as a \$300,000 purchase option payment from Plains Exploration and Production. Operating revenues increased in FY 06/07 due to an increase in water rates, increased units sold, and the purchase option payment of \$300,000 from Plains Exploration and Production.

## HISTORIC WATER DELIVERIES

The following table presents a summary of historic water deliveries and the source of that water in acre-feet per year for the five most recent fiscal years.

### *Historic Water Deliveries and Source of Water Delivered (In acre - feet per year)<sup>1</sup> Deliveries*

Fiscal Year Ending June 30	Residential <sup>2</sup>	Commercial	Public Authority	Industrial	Irrigation	Total
2003	1,646	400	120	138	1,881	4,185
2004	1,745	412	142	133	2,140	4,572
2005	1,430	339	102	113	1,663	3,647
2006	1,500	364	115	117	1,881	3,983
2007	1,601	410	136	125	2,202	4,474

### *Sources*

Fiscal Year Ending June 30	Groundwater	State Water	Cachuma Project	Total
2003	508	600	2,925	4,033
2004	783	328	3,553	4,664
2005	1,236	572	2,749	4,557
2006	1,397	444	2,844	4,685
2007	1,195	465	3,115	4,775

## MANAGEMENT DISCUSSION OF HISTORIC WATER CONNECTIONS, SALES REVENUES AND DELIVERIES

Water deliveries have remained relatively flat over the last five-year period. The increase in FY 03/04 is attributable to a very dry year, the beginning of a drought that ended in FY 04/05, specifically January 2005. FY 04/05 was a combination of a drought period the first half of the year and a wet year with spill conditions at Cachuma the second half of the year. FY 05/06 was also relatively wet and is reflected in the decline of water deliveries. The increase in FY 06/07 is attributable to a very dry year and drought like conditions.

<sup>1</sup>Unaccounted water due to general system loss, including leakage, line flushing and fire hydrant testing, averages 3% and is apportioned to all account types.

<sup>2</sup> Beginning in fiscal year 1996/97, the District reclassified certain multi-unit residential uses from commercial to residential.



## LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the District's water system as of June 30, 2007, as determined by the amount of their respective water usage:

<u>Customer</u>	<u>Water Usage (HCF)</u>	<u>Annual Payment</u>
Casitas Village HOA	25,518	\$ 234,901
Villa Del Mar HOA	26,809	208,022
Franciscan Village HOA	22,760	141,248
Cate School	35,834	136,974
Carpinteria School District	26,816	112,251
B & H Flowers	50,616	89,244
Ocean Breeze	37,317	70,488
Normans Nursery	32,307	60,514
Circle G	25,329	56,130
Myriad Flowers	<u>27,386</u>	<u>54,140</u>
Total	310,692	\$ 1,163,912

These ten customers accounted for approximately 24.25% of water service revenues for the year ended June 30, 2007.

## WATER SYSTEM RATES AND CHARGES

*General.* The District is not subject to the jurisdiction of, or regulation by, the California Public Utilities Commission. The District annually determines the adequacy of the water system rate structure after full consideration of expected operations, maintenance and capital costs. The District currently sets water charges to pay water costs for purchased water, costs of groundwater pumping and current operating expenses for the water system. Capital improvements and debt service payments are funded from water charges and connection fees.

*Water Service Charges.* The District has separated its customer base into two classes of service – domestic and agricultural. Domestic service is further separated into two types: 1) residential and 2) commercial, industrial and public authority. On June 18, 1995, the Board established the following rates: \$1.91 per HCF for domestic-residential; \$2.16 per HCF for domestic-commercial, industrial and public authority; \$1.34 per HCF for agricultural. The water usage rates remained unchanged in 1996; but, as described below, monthly service charges were doubled to increase revenue necessary to offset State Water Project costs.

Water usage rates and monthly service charges were raised steadily between FY 1991/92 and FY 1998/99 primarily to address State Water Project and Cachuma Project renewal costs. The first rate increase was adopted by the Board of Directors on June 24, 1992, effective as of June 28, 1992. A subsequent rate increase was adopted June 16, 1993 and became effective June 28, 1993. A third rate increase was adopted by the Board of Directors on July 6, 1994 and became effective June 29, 1994. A fourth rate increase was adopted by the Board of Directors on June 14, 1995 and became effective June 29, 1995. The June 29, 1995 increase included new costs related to the Cachuma Project contract renewal and higher interim rates, as well as other costs related to the Cater Treatment Plant. The June 29, 1996 rate increase doubled the monthly service charge. It was followed by the most recent increase of 17.5% to the monthly service charge on June 29, 1997. The District did not raise its water consumption rates or monthly service charges in either FY 1998/99 or FY 1999/00. In FY 2000/01, the District raised its water consumption rates 1% for all categories of customers to adjust for inflation and also increased monthly service charges on all water accounts by \$1.16, with the variation that all residential accounts were increased by \$1.16 for each dwelling unit. The monthly service charge increase was the first of four projected to raise revenue to pay debt service on about \$9 million of Certificates of Participation (COPs) issued in May of 2000 to fund major capital improvements including covers for the Ortega and Carpinteria reservoirs and related other projects necessary for the covering projects.

A second monthly service charge increase of \$3.00 relative to the COPs occurred in FY 01/02. In FY 02/03, the District's Capital Improvement Program (CIP) component of the Monthly Service Charge was increased by \$1.50 to \$5.66. In FY 03/04, the District's CIP component of the Monthly Service Charge was increased by \$.80 to \$6.46. An increase of approximately 27% to the State Water Project component of the Monthly Service Charge also went into effect on July 1, 2003. In FY 04/05, the District's CIP component of the Monthly Service Charge was increased by \$4.65 to \$11.11. In FY 05/06, the District's CIP component of the Monthly Service Charge was increased by \$4.89 to \$16.00. The District also implemented a conservation oriented tiered water rate for Residential users. The water rate for agricultural users increased to \$1.44 per HCF. Domestic-commercial, industrial and public authority users water rates were increased to \$2.75 per HCF. The District also implemented a Meter Equivalency Charge (MEQ) for residential customers. The MEQ varies with the size of meter and number of household units served by master meters such as mobile home parks, apartment and condominium complexes served by the master meter, which varies with the size of meter and number of households tied to the master meter. The net effect of the MEQ is equalization of the monthly service charge for all residential units, be they single or master metered, namely \$40.98/month. In FY 04-05, the water rate for agricultural users increased to \$1.52 per HCF. Domestic-commercial, industrial and public authority users water rates were increased to \$3.10 per HCF. The MEQ fee increased to \$47.00/month, to coincide with the Monthly Service Charge for a 5/8-3/4" meter. In FY 05-06, the water rate for agricultural users increased to \$1.52 per HCF. Domestic-commercial, industrial and public authority users water rates were increased to \$3.10 per HCF. The MEQ fee increased to \$47.00/month, to coincide with the Monthly Service Charge for a 5/8-3/4" meter. In FY 06/07, the water rate for agricultural users increased to \$1.60 per HCF. Domestic-commercial, industrial and public authority users water rates increased to \$3.27 per HCF. The DEQ (formerly MEQ) increased to \$49.65/month, to coincide with the Monthly Service Charge for a 5/8"-3/4" meter.

A schedule of the District's current monthly service charges effective since July 1, 2007 is shown below:

Meter Size	Monthly Service Charge
5/8"	\$ .12
3/4"	54.12
1"	72.95
1 1/2"	120.02
2"	176.51
3"	327.15
4"	496.62
6"	967.37
8"	2,191.32

*Connection Fees.* For every new meter installation, the District charges the installation cost of the new service and meter plus a "Capital Cost Recovery Fee." The base charge component of Capital Cost Recovery Fees ranges from \$1,307 to \$150,303 depending on the size of the meter. In addition to the base charge, there is a "fully loaded equivalent State Water Project monthly service charge" component. This second component is an amount added to the base charge, equivalent to State Water Project monthly service charges that would have been paid beginning July 1, 1996. The Board of Directors adopted the Capital Cost Recovery Fees on July 16, 1997. A third component was added in September of 2000 to capture the monthly service charge increases necessary to fund the debt service for the \$9 million COPs issued in May of 2000, to pay for the District's Capital Improvement Program. The Series 2000 COPs were subsequently refinanced in FY 05/06 and replaced by the Series 2006A COPs in the amount of \$10 million. The District also has three State Revolving Fund loans. A schedule of the District's current Capital Cost Recovery Fees, effective July 1, 2007, is shown below:

Meter Size	Capital Cost Recovery Fees
5/8"	\$ 5,410.00
3/4"	6,896.11
1"	10,908.56
1 1/2"	21,001.94
2"	33,125.44
3"	65,405.82

The District requires the Capital Cost Recovery Fee to be paid prior to accepting the installation fee deposit.

FISCAL YEAR 2007 OPERATING RESULTS

The following table is a summary of operating results of the water system of the District for Fiscal Year 2006/07. These results have been derived from the District's financial statements but exclude certain non-cash items and include certain other adjustments. The table has not been audited by the District's auditor.

CARPINTERIA VALLEY WATER DISTRICT

<b><u>REVENUES</u></b>	<b><u>June 30, 2007</u></b>
Muni. & Ind. Water Sales	3,223,075
Agricultural Water Sales	1,575,358
Water Service Charge	5,001,592
Fire Protect & Service Revenue	196,126
Capital Cost Rec Fee	73,607
Interest Revenue	450,754
Other Income	43,134
Overhead charges	34,473
<b>TOTAL REVENUES:</b>	<b>10,598,119</b>
<b><u>OPERATING EXPENSES</u></b>	
Cost of Purchased Water	271,629
Pumping Expense	234,680
Treatment expense	684,864
Trans & Dist Exp	711,818
Customer Accounts	87,799
Cachuma Operating Expense	467,160
General & Admin.	1,695,973
<b>TOTAL OPERATING EXPENSES:</b>	<b>4,153,923</b>
<b>NET REVENUES</b>	<b>6,444,196</b>
Rate Coverage Reserve Fund Deposit	663,427
Adjusted Net Revenues	<b>7,107,623</b>
State Water Payments	2,653,710
<b>Coverage Ratio:</b>	<b>2.68</b>
Additional Debt Service Available for Capital improvements and other purposes	1,985,674
	\$ 1,804,812

(1) Debt service on \$1.95 million of Water Revenue Bonds (Cater Treatment Plant) due 2003 (subsequently paid in full).

Source: Carpinteria Valley Water District

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**GOLETA WATER DISTRICT**

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The information set forth below has been provided by the Goleta Water District (the “District”). The Central Coast Water Authority (the “Authority”) makes no representations or warranties as to the accuracy or completeness of any of the information set forth below.

**HISTORIC WATER CONNECTIONS AND SALES REVENUES**

The following table shows the number of active water connections to the District’s water system for the five most recent fiscal years, together with the amount of its annual water sales revenues.

*Historic Water Connections and Sales Revenues*

Fiscal Year Ending June 30	Connections				Sales Revenues			
	Dom.	%	Other <sup>1</sup>	%	Dom.	%	Other <sup>1</sup>	%
2003	15,385	97.99	316	2.01	\$ 13,021,995	87.46	\$ 1,866,625	12.54
2004	15,634	97.93	331	2.07	13,834,075	85.90	2,271,230	14.10
2005	15,693	97.84	346	2.16	12,962,675	87.53	1,846,623	12.47
2006	15,946	97.85	350	2.15	14,012,109	90.83	1,413,862	9.17
2007	16,099	97.81	360	2.19	17,098,561	92.01	1,484,002	7.99

The number of connections to the District’s water system continues to increase steadily. Since 2003, the number of connections added to the system has increased at an average of approximately 1.00%. Water service revenues have also continued to increase. Steadily increasing demand and increases in water service rates have caused revenues to grow at an average annual rate of 1.00% over the past five years.

**HISTORIC WATER DELIVERIES**

The following table presents a summary of historic water deliveries in acre-feet per year for the five most recent fiscal years.

*Historic Water Deliveries  
(In Acre-Feet per Year)*

Fiscal Year Ending June 30	Ag-Recreation- Recycled Deliveries	Urban Deliveries	Total
2003	3,614	9,172	12,786
2004	4,387	9,696	14,083
2005	3,453	9,166	12,619
2006	3,204	8,873	12,077
2007	4,471	9,935	14,406

Changing weather conditions have a direct impact on total demand for water service, thus the amount of water delivered varies from year to year. For that reason, deliveries shown above for the past five years have changed widely even though there has been a steady increase in the number of customers served. Annual water deliveries increased from the prior year by over 19% and were higher on average than the previous four years.

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<sup>1</sup> Other connections and sales revenue includes Agriculture, Recreation, and Recycled water deliveries.

## LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the District's water system as of June 30, 2007, as determined by the amount of their respective annual payments.

<u>Customer</u>	<u>Water Usage<sup>2</sup></u>	<u>Annual Payments</u>
UCSB	922	\$ 1,081,523
County of Santa Barbara	231	401,422
Glen Annie Golf Club, LLC	345	362,503
Bacara Resort Services Inc	167	260,364
Sandpiper Golf Course	271	178,890
Cavaletto Ranches, LLC	361	172,433
Goleta Union School District	125	102,242
Camino Real, LLC	133	93,967
Por La Mar Nursery	61	89,960
Wallover Inc	<u>193</u>	<u>85,051</u>
TOTAL	2,809	\$ 2,828,355

These ten customers accounted for approximately 19.2% of the water usage and 15.2% of the water service revenues for the year ended June 30, 2007. The water usage is shown in acre-feet.

## WATER SYSTEM RATES AND CHARGES

The District's current rates and charges are as follows:

Agriculture	\$1.00/HCF
Urban	\$3.71/HCF
Recreation	\$2.68/HCF
Reclaimed	\$2.17/HCF

<u>Meter Size</u>	<u>Monthly Charge</u>
Urban (4 hcf or less)	\$ 9.21
Urban (5 hcf to 8 hcf)	18.42
¾"	27.63
1"	46.06
1 ½"	92.10
2"	147.38
3"	276.33
4"	460.55
6"	921.09
8"	1,473.76
10"	3,500.72

The monthly service charges shown above are determined based on the actual size of the meter and are referred to as the district's "Basic Service Charge." These rates were effective as of July 1, 2007. The two "Urban" meter categories are based on a 5/8" or ¾" meter sizes for meters in service. These two categories of rates are reduced due to low water usage, as demonstrated by a 12-month rolling average, of some district customers and are subject to change as water usage changes.

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<sup>2</sup>Acre-feet

FISCAL YEAR 2007 OPERATING RESULTS

The following table is a summary of operating results of the water system for Fiscal Year 2006/07. These results have been derived from the District's audited financial statements.

GOLETA WATER DISTRICT

<b><u>REVENUES</u></b>	<b><u>June 30, 2007</u></b>
Water Sales	\$ 18,582,563
Monthly Service Charges	4,321,775
Other Fees & Income	1,623,108
Interest Income	898,501
<b>TOTAL REVENUES:</b>	<b><u>25,425,947</u></b>
<b><u>OPERATING EXPENSES</u></b>	
Source of Supply	3,704,358
Water Treatment	1,940,812
Transmission & Distribution	2,345,491
Customer Accounts	882,224
General and Administrative	2,861,248
<b>TOTAL OPERATING EXPENSES:</b>	<b><u>11,734,133</u></b>
<b>NET REVENUES</b>	
State Water Payments	6,791,250
<b>Coverage Ratio:</b>	<b>2.02</b>
Other Debt Service	4,404,529
Capital Contributions (excluded for purposes of coverage ratio calculations)	365,751
Available for Capital Improvements and other purposes	\$ 2,861,786

Source: Goleta Water District

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## CITY OF GUADALUPE

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The information set forth below has been provided by the City of Guadalupe (the “City”). The Central Coast Water Authority (the “Authority”) makes no representations or warranties as to the accuracy or completeness of any of the information set forth below. All numbers presented for the Fiscal Year ending June 30, 2007 are unaudited.

### HISTORIC WATER CONNECTIONS AND SALES

The following table shows the number of active water connections to the City’s water system for the five most recent fiscal years, together with the amount of its annual water sales revenues.

Fiscal Year Ending June 30	Connections	Sales Revenues
2003	1,804	\$ 980,076
2004	1,866	1,011,608
2005	1,857	1,001,571
2006	1907	1,003,346
2007	1920	1,052,861

The number of connections added for FY 2006/2007 is approximately 27. This is an overall increase from the prior year. Final phases of the Olivera Street Apartments were completed for a total of approximately 83 new units. The city continues to anticipate the additional sales revenue from planned new developments, DJ Farms and Minami, which will increase actual revenue in future years.

### HISTORIC WATER DELIVERIES

The following table presents a summary of historic water deliveries in acre-feet per year for the five most recent fiscal years.

*Historic Water Deliveries  
(In acre-feet per Year)*

Fiscal Year Ending June 30	Deliveries <sup>1</sup>
2003	764
2004	811
2005	814
2006	719
2007	1,062

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<sup>1</sup> Groundwater and State Water



The following table sets forth the ten largest customers of the City's water system as of June 30, 2007 as determined by the amount of their respective annual payments.

LARGEST CUSTOMERS

<u>Customer</u>	<u>Water Usage<sup>2</sup></u>	<u>Annual Payments</u>
Apio Cooler	113,525	\$ 368,956
Guadalupe Laundromat	4,071	13,231
Guadalupe Union School District	3,671	11,930
Pan American Seed	3,563	11,580
Guadalupe Cemetery	2,003	6,510
P&M Properties	1,911	6,211
Barragan Apts	1,782	5,792
Far Western Tavern	1,730	5,623
Cochiolo Trucking	650	2,113
Byrd Produce	<u>219</u>	<u>712</u>
TOTAL	133,125	\$ 432,658

These ten customers accounted for approximately 41% of water service revenues for the year ended June 30, 2007.

WATER SYSTEM RATES AND CHARGES

Consumption Charges. All classes of water users are charged the same rate. Specifically, all users pay \$19.45 monthly for the first six (6) units [one (1) unit = 100 cubic feet] as a minimum charge. For each unit above the base six (6) units the charge is \$3.25 per unit.

Connection Charges. The City charges connection fees for improvement or expansion of water treatment and distribution facilities as follows:

<u>Meter Size</u>	<u>Connection Charge</u>
¾"	\$ 1,549.77
1"	1,743.39
1 ½"	2,324.52
2"	4,649.33
3"	6,199.10
4"	8,653.96
6"	15,110.52

Immediate Availability Charges. On July 26, 1993, the City initiated a standby/availability charge on vacant parcels in the City. The charge was set at \$5.00 per month per parcel less than one (1) acre, and \$10.00 per month per acre for parcels larger than one (1) acre. The standby charge is added to the tax bill for each vacant parcel and is collected by the Santa Barbara County Tax Collector.

FISCAL YEAR 2007 OPERATING RESULTS

The following table is a summary of operating results of the water system of the City for Fiscal Year 2006/07. These results have been estimated by the City, but exclude certain non-cash items and include certain other adjustments. This table has not been audited by the City's auditor.

CITY OF GUADALUPE

<b><u>REVENUES</u></b>	<b><u>June 30, 2007</u></b>
M&I Sales	\$ 1,052,861
Connection Fees	46,568
Interest Income	25,445
Other Revenues	97,795
<b>TOTAL REVENUES:</b>	<b><u>\$ 1,222,669</u></b>
<b><u>OPERATING EXPENSES</u></b>	
Salaries & Benefits	151,656
Operations & Maintenance	337,805
<b>TOTAL OPERATING EXPENSES:</b>	<b><u>489,461</u></b>
<b>NET REVENUES</b>	<b>733,208</b>
Rate Coverage Reserve Fund Deposit	168,777
Adjusted Net Revenues	<u>901,985</u>
State Water Payments	675,108
<b>Coverage Ratio:</b>	<b>1.34</b>
Available for Capital improvements and other purposes	58,100

Source: City of Guadalupe

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**LA CUMBRE MUTUAL WATER COMPANY**

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The information set forth below has been provided by the La Cumbre Mutual Water Company (the “Company”). The Central Coast Water Authority (the “Authority”) makes no representations or warranties as to the accuracy or completeness of any of the information set forth below.

**HISTORIC WATER CONNECTIONS AND SALES REVENUES**

The following table shows the number of active water connections to the Company’s water system for the five most recent fiscal years, together with the amount of its annual water sales revenues (exclusive of monthly service charges).

*Historic Water Connections and Sales Revenues*

Fiscal Year Ending December 31	Connections					Sales Revenues				
	<u>Dom</u>	<u>%</u>	<u>Ag.</u>	<u>%</u>	<u>Total</u>	<u>Dom.</u>	<u>%</u>	<u>Ag.</u>	<u>%</u>	<u>Total</u>
2002	1,406	98	30	2	1,436	\$ 1,959,567	96	\$ 88,391	4	\$ 2,081,946
2003	1,406	98	31	2	1,437	1,849,239	96	69,215	4	1,918,454
2004	1,417	98	32	2	1,449	2,064,108	96	81,992	4	2,146,100
2005	1,433	98	31	2	1,464	1,796,196	96	73,667	4	1,869,863
2006	1,437	98	31	2	1,468	1,829,416	96	73,034	4	1,902,450

Total water sales revenue for FY 2006 are higher than FY 2005 due to moderate weather water sales for 2005 compared to unusually high hot weather sales in 2004 (1,923 AF and 1,779 AF respectively).

**HISTORIC WATER DELIVERIES**

The following table presents a summary of historic water deliveries in acre-feet per year for the five most recent fiscal years.

*Historic Water Deliveries  
(In Acre-Feet per Year)*

Fiscal Year Ending <u>Dec. 31</u>	<u>Domestic Deliveries</u>	<u>Agricultural Deliveries</u>	<u>Total</u>
2002	1,802	89	1,891
2003	1,642	82	1,724
2004	1,832	91	1,923
2005	1,611	81	1,692
2006	1,698	81	1,779

As noted above water sales were higher in 2004 due to dry weather.

## LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the Company's water system as of December 31, 2006, as determined by the amount of their respective annual payments.

<u>Customer</u>	<u>Water Usage (HCF)</u>	<u>Annual Payment</u>
La Cumbre Golf & Country Club	85,850	\$ 212,331
Timothy Pasquinelli	8,286	31,885
Marsupial Properties	4,889	22,086
Carriage Hill Association	4,226	19,942
Stephen Redding	5,661	16,433
William Foley	5,155	14,867
Laguna Blanca School	3,308	14,573
Oak Mer Farms	3,253	12,711
Elk Trust	3,097	12,627
Stanford Farms	<u>2,427</u>	<u>11,608</u>
TOTAL	126,152	\$ 369,112

These ten customers account for approximately 13% of all water service revenues in fiscal year 2006.

## WATER SYSTEM RATES AND CHARGES

The District's current rates and charges are as follows:

	<b>CURRENT (effective Jan. 1, 2002)</b>
Residential and Commercial	\$2.60/HCF
Schools and Golf Courses	\$2.33/HCF
Agricultural	\$2.60 for first 90 HCF per bi-monthly billing and \$179 for excess

	<b>CURRENT (effective Oct. 6, 1997)</b>
<u>Item</u>	<u>Bi-Monthly Charge</u>
"A" less than 50 HCF/Year *	\$ 8.33
"B" less than 100 HCF/Year *	16.67
3/4" meter	25.00
1" meter	41.67
1 1/2" meter	83.33
2" meter	133.33
3" meter	250.00
4" meter	416.67
Fire Sprinkler System	17.50
Private Fire Hydrant	17.50

\* This special bi-monthly charge is for 3/4" services that used less than the noted HCF for the previous year beginning on the last working day in December.

	<b>CURRENT (effective September 27, 2005)</b>	
<u>Item</u>	<u>Connection Charge</u>	
3/4" meter	\$ 6,248	+ material & labor
1" meter	10,413	+ material & labor
1 1/2" meter	20,728	+ material & labor
2" meter	32,728	+ material & labor
3" meter	62,481	+ material & labor
4" meter	104,135	+ material & labor
Fire Sprinkler System	1,488	+ material & labor
Private Fire Hydrant	1,488	+ material & labor

Land Charges **CURRENT (effective Jan. 1, 2007)**  
 \$29 per acre per bi-monthly period

Water rates were increased in January 2002 by 8.33% to pay for continuing upgrade of distribution and fire hydrant system. Bi-monthly meter service charges were increased an average of 300 % in 1997 to produce more fixed income to offset the state water fixed expenses.

Service connection charges were increased an average of 12.7% in 2005 to reflect the capital costs of state water.

Land charges were adjusted in 2007 from \$20 to \$29 per acre per bi-monthly billing to produce more fixed income.

FISCAL YEAR 2006 OPERATING RESULTS

The following table is a summary of operating results of the water system of the Company for the Fiscal Year ended December 31, 2006. These results have been derived from the Company's financial statements but exclude certain non-cash items and include certain other adjustments. The table has not been audited by the Company's auditor.

LA CUMBRE MUTUAL WATER COMPANY

<b><u>REVENUES</u></b>	<b><u>Dec. 31, 2006</u></b>
Water Sales	\$ 1,873,915
Meter Charges	372,861
Land Charges	247,520
Connection Fees	152,703
Other Income	24,607
Rental income	93,794
Interest Income	<u>89,371</u>
<b>TOTAL REVENUES:</b>	<b><u>\$ 2,854,771</u></b>
 <b><u>OPERATING EXPENSES</u></b>	
Water Source	123,491
Water Treatment	211,334
Transmission & Distribution	166,258
Admin. & General	665,111
Taxes	26,956
Miscellaneous	<u>8,176</u>
<b>TOTAL OPERATING EXPENSES:</b>	<b><u>1,201,326</u></b>
 NET REVENUES	 <u>1,653,445</u>
Rate Coverage Reserve Fund Deposit	<u>353,407</u>
Adjusted Net Revenues	2,006,852
 State Water Payments	 <b>1,558,596</b>
 <b>Coverage Ratio:</b>	 1.29
 Available for Capital improvements and other purposes	 \$ 94,849

Source: La Cumbre Mutual Water District

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**MONTECITO WATER DISTRICT**

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The information set forth below has been provided by the Montecito Water District (the “District”). The Central Coast Water Authority (the “Authority”) makes no representations or warranties as to the accuracy or completeness of any of the information set forth below.

*HISTORIC WATER CONNECTIONS AND WATER SALES REVENUES*

The following table shows the number of active water connections to the District’s water system for the five most recent fiscal years, together with the amount of annual water sales revenues:

*Historic Water Connections and Sales Revenues*

Fiscal Year Ending June 30	Connections				Sales Revenues			
	Dom.	%	<u>Agricultural</u>	%	Dom.	%	<u>Agricultural</u>	%
2003	4,452	99	53	1	\$ 6,149,720	96	\$ 256,796	4
2004	4,502	99	52	1	7,217,743	95	361,987	5
2005	4,531	99	52	1	6,901,106	96	267,600	4
2006	4,536	99	52	1	6,703,442	96	270,604	4
2007	4,562	99	50	1	8,797,720	96	370,552	4

The total actual connections for 2006/07 were 4,612. Domestic sales revenues for 2006/07 were \$8,797,720. Agricultural sales revenues for 2006/07 were \$370,552.

Water service charges and connection fee revenues were \$2,717,645 and \$275,824 respectively. The District’s Board of Directors chose to increase fixed and variable income sources effective March 1, 2007.



## HISTORIC WATER DELIVERIES

The following table presents a summary of historic water deliveries in acre-feet per year for the five most recent fiscal years:

*Historic Water Deliveries<sup>1</sup>*  
(In acre-feet per year)

<i>Fiscal Year Ending</i> <i>June 30</i>	<i>Agricultural</i>	<i>Domestic</i>	<i>Total</i>
2003	402	5,092	5,494 <sup>1</sup>
2004	560	5,495	6,055
2005	398	5,049	5,447
2006	381	4,686	5,067
2007	500	5,833	6,333

Actual water deliveries for 2006/07 are 6,333 acre-feet. Table 3 summarizes Water Production by source:

*Water Production by Sources*  
(In acre-feet per year)

<i>Fiscal Year Ending</i> <i>June 30</i>	<i>Groundwater</i>	<i>Cachuma Project</i>	<i>Other<sup>1</sup> Sources</i>	<i>Total</i>
2003	68	2,032	3,455	5,555
2004	250	3,876	2,286	6,412
2005	305	2,293	3,229	5,827
2006	239	3,434	1,698	5,371
2007	405	3,006	3,505	6,916

<sup>1</sup> Other sources include water from Jameson Lake and Fox and Alder Creeks, infiltration water from Doulton Tunnel, and beginning in 1997/98, water from the State Water Project.

LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the District's water system for 2006/07, as determined by the amount of water usage:

<u>Customer</u>	<u>Water Usage</u> <sup>2</sup>	<u>Annual Payment</u>
Four Seasons Biltmore	32,965	\$ 161,566
Birnam Wood Golf Club	79,209	154,540
Valley Club of Montecito	46,596	125,837
Westmont College	35,053	125,195
Casa Dorinda	22,134	99,033
Riven Rock Mutual	23,182	79,808
Santa Barbara Cemetery	29,682	65,933
Los Alisos Ranch	33,548	58,384
Promised Land	14,490	54,834
Montecito Shores	<u>9,061</u>	<u>51,736</u>
	325,920	\$976,866

These ten customers accounted for approximately 10.65% of water service revenues in 2006/07.

WATER SYSTEM RATES AND CHARGES

Water Service Charges. The District has separated its customer base into several classes of service. Rates charged to each class of customers vary. A schedule of the District's water rates and charges as of June 30, 2007 is as follows:

Meter Size	Meter Charge	Meter Size	Meter Charge
5/8" x 3/4"	\$ 29.48	2"	\$ 157.22
3/4"	\$ 29.48	3"	\$ 353.74
1"	\$ 49.13	4"	\$ 589.57
1-1/2"	\$ 88.44	6"	\$ 982.62

*Quantity Water Rates in Addition to Monthly Service Charge*

Commercial.....	\$ 4.25 per hcf
Domestic.....	\$ 3.75 per hcf
Schools.....	\$ 3.49 per hcf
Recreational.....	\$ 2.12 per hcf <sup>3</sup>
Agricultural.....	\$ 1.68 per hcf <sup>3</sup>
Non-Potable.....	\$ 1.51 per hcf

<sup>2</sup> Recreational and agricultural users with dwelling units on the property are charged 12 hcf per month at the domestic rate for each dwelling.

<sup>3</sup> Hundred Cubic Feet (hcf)

**Connection Fees.** The District charges connection fees to cover the costs of installing meters. (Please note that the District no longer installs 5/8"x 3/4" meters.) In addition, a Capital Cost Recovery Fee is charged as a buy-in fee for new customers to buy into the District's capital facilities. The breakdown of Connection and Capital Cost Recovery Fees as of June 30, 2007 is as follows:

<u>Meter Size</u>	<u>Connection Fee</u>	<u>Capital Cost Recovery Fee</u>
3/4"	\$ 1,437.00	\$ 10,533.00
1"	1,478.00	17,555.00
1-1/2"	2,190.00	31,599.00
2"	2,660.00	56,176.00

FISCAL YEAR 2007 OPERATING RESULTS

The following table is a summary of operating results for the water system of the District for FY 2006/07. These results have been derived from the District's financial statements and exclude certain non-cash items and include certain other adjustments. This table has not been audited by the District's auditors.

MONTECITO WATER DISTRICT

<b><u>REVENUES</u></b>	<b><u>June 30, 2007</u></b>
Water Sales	\$ 9,168,272
Water Service Charges	2,717,645
Connection/Capital Cost Recovery Fees	275,825
Water Availability Charge	310,554
Interest Income	337,658
Other Income	204,583
<b>TOTAL REVENUES</b>	<b>\$ 13,014,537</b>
<b><u>OPERATING EXPENSES</u></b>	
Water Purchased	929,688
Pumping	281,589
Water Treatment	1,401,573
General & Administrative	1,796,694
<b>Operations &amp; Maintenance</b>	<b>944,039</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 5,353,583</b>
<b>NET REVENUES</b>	<b>\$ 7,660,954</b>
Rate Coverage Reserve Fund Deposit	970,780
<b>Adjusted Net Revenues</b>	<b>\$ 8,631,734</b>
State Water Payments	\$ 4,658,858
<b>Coverage Ratio</b>	<b>1.85</b>
Other Debt Service <sup>5</sup>	\$ 1,457,349
Available for Capital Improvements and Other Purposes	\$ 1,544,747

<sup>4</sup> Excludes taxes and assessments.

<sup>5</sup> Inclusive of 2004 COMB Bonds, 1993 Department of Water Resources Loan, Department of Water Resources Cater Loan, Department of Water Resources Ortega Improvement Project Loan and 1998A Revenue Bonds.

Source: Montecito Water District

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CITY OF SANTA BARBARA

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The information set forth below has been provided by the City of Santa Barbara (the “City”). The Central Coast Water Authority (the “Authority”) makes no representations or warranties as to the accuracy or completeness of any of the information set forth below.

HISTORIC WATER CONNECTIONS AND SALES REVENUES

The following table shows the number of active water connections to the City’s water system for the five most recent fiscal years, together with the amount of its annual water sales revenues.

*Historic Water Connections and Sales Revenues*

Fiscal Year <u>Ending June 30</u>	<u>Connections</u>		<u>Sales Revenues</u>	
	<u>Dom.</u>	<u>%</u>	<u>Dom.</u>	<u>%</u>
2003	25,527	100	\$ 20,822,544	100
2004	25,653	100	23,127,138	100
2005	25,809	100	24,447,594	100
2006	25,821	100	24,765,305	100
2007	25,918	100	27,588,409	100

HISTORIC WATER DELIVERIES

The following table presents a summary of historic water deliveries in acre-feet per year for the five most recent fiscal years.

*Historic Water Deliveries  
(In acre-feet per Year)*

Fiscal Year Ending <u>June 30</u>	<u>Urban Deliveries</u>
2003	12,779
2004	13,568
2005	12,724
2006	13,290
2007	14,753

## LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the City's water system as of June 30, 2007, as determined by the amount of their respective annual payments.

Customer	Water Usage <sup>1</sup>	Annual Payments
Santa Barbara Cottage Hospital	57,773	\$ 320,942
Fess Parker's Double Tree Inn	30,130	142,469
City of Santa Barbara	80,545	140,839
Montecito Country Club	67,480	115,790
S.B. Zoological Foundation	17,718	87,786
Mission Linen Supply	11,974	53,191
La Colina Junior High School	9,616	52,588
Samarkand, Inc.	11,201	50,901
Regency Centers, LP	8,912	47,950
Hotel Mar Monte	<u>9,476</u>	<u>46,461</u>
Total:	304,825	\$ 1,058,917

These ten customers accounted for approximately 5% of the annual water system sales for Fiscal Year 2006/07.

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<sup>1</sup> Hundred Cubic Feet

*Water System Rates and Charges During FY 2006/07*

Customer Class	Water Service Rates
Single Family Residential	First 4 HCF @ \$2.56 Next 16 HCF @ \$4.29 All other @ \$4.52
Multi-Family Residential 1-4 dwelling units	First 4 HCF per dwelling unit @ \$2.56 Next 8 HCF per dwelling unit @ \$4.29 All other @ \$4.52
Multi-Family Residential 5+ dwelling units	First 4 HCF per dwelling unit @ \$2.56 Next 8 HCF per dwelling unit @ \$4.29 All other @ \$4.52
Commercial	100% of base allotment <sup>2</sup> @ \$4.29 per HCF; All other @ \$4.52
Industrial	100% of base allotment <sup>2</sup> @ \$4.29 per HCF; All other @ \$4.52
Irrigation - Residential	Billed as if used through associated residential meter, OR annual allotment of 654 HCF/acre @ \$4.29; all other @ \$4.52
Irrigation - Recreation/Parks/Schools	Annual allotment of 1,404 HCF/acre @\$2.02 Next 240 HCF/acre/year @ \$4.29 All other @ \$4.52
Irrigation – Commercial	100% of base allotment <sup>2</sup> @ \$4.29 per HCF; All other @ \$4.52
Irrigation – Agriculture	Annual allotment of 870 HCF/acre @\$1.56 Next 240 HCF/acre/year @ \$4.14 All other @ \$4.37
Recycled Water	All usage @ \$1.62/HCF
Outside City Limits	130% of corresponding in-City rates

*Monthly Service Charges for Water Meters by Size During FY 2006/07*

Meter Size	Monthly Service Charge
5/8"	\$ 10.78
3/4"	16.19
1"	26.97
1 1/2"	53.93
2"	86.30
3"	172.60
4"	269.68
6"	539.36
8"	862.98
10"	1,240.53

*Connection Charges During Fiscal Year 2006/07*

	5/8" Meter	1" Meter
Connection Charges on 1" Service:	\$1,824	\$2,238
Buy-in Fee (per detached single family residence)	2,039	5,098
	\$3,863	\$7,336

<sup>2</sup> Base allotment = average monthly consumption during most recent January – June period.

FISCAL YEAR 2007 OPERATING RESULTS

The following table is a summary of operating results of the water system of the City for Fiscal Year 2006/07. These results have been derived from the City's financial statements and exclude certain non-cash items and include certain other adjustments. The table has not been audited by the City's auditor.

CITY OF SANTA BARBARA

<b>REVENUES</b>	<b>June 30, 2007</b>
M&I Sales	\$ 27,588,409
Service Charges	477,995
JPA Reimbursement	2,364,153
Interest Income	1,562,580
Other Revenues	88,440
<b>TOTAL REVENUES:</b>	<b>32,081,577</b>
<b>OPERATING EXPENSES</b>	
Salaries & Benefits	6,014,411
Materials & Supplies	9,804,128
Interest Expense <sup>(1)</sup>	490,986
Other	52,928
<b>TOTAL OPERATING EXPENSES:</b>	<b>16,362,453</b>
<b>NET REVENUES</b>	<b>15,719,124</b>
State Water Payments	4,148,802
Parity Debt Service <sup>(2)</sup>	1,854,987
<b>Total Contract Payments</b>	<b>6,003,789</b>
<b>Coverage Ratio:</b>	<b>2.62</b>
Available for Capital improvements and other purposes	\$ 9,715,335

(1) Includes 1989 and 1991 DWR Water Reclamation Loans.

(2) Represents debt service on the 1994 Water Revenue Refunding Bonds and the 2002 Water Refunding COP's which are on a parity with payments to the Authority under the Water Supply Agreement. Coverage calculations take into consideration both payments to the Authority under the Water Supply Agreement and Parity Debt Service.

Source: City of Santa Barbara



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**CITY OF SANTA MARIA**

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The information set forth below has been provided by the City of Santa Maria (the “City”). The Central Coast Water Authority (the “Authority”) makes no representations or warranties as to the accuracy or completeness of any of the information set forth below.

**HISTORIC WATER AND WASTEWATER CONNECTIONS  
AND SALES AND SERVICE REVENUES**

The following table shows the number of active water and wastewater connections to the City’s water system for the five most recent fiscal years, together with the amount of its annual water and wastewater sales revenues.

*Historic Water and Wastewater Connections and Sales and Service Revenues*

Fiscal Year Ending June 30	Connections	Water Sales Revenues	Wastewater Service Revenues
2003	18,301	\$ 17,569,216	\$ 3,981,184
2004	19,170	19,392,893	4,332,027
2005	19,596	20,479,665	4,786,818
2006	20,588	20,901,096	5,230,268
2007	20,762	23,490,792	5,105,672

**HISTORIC WATER DELIVERIES**

The City records the volume of water delivered by its water system. Over the past five years, the volume of water delivered by the City has fluctuated, ranging from a low of approximately 11,375 acre-feet in fiscal year 2005 to a high of approximately 14,219 acre-feet in fiscal year 2007. The following table presents a summary of historic water deliveries in acre-feet per year for the five most recent fiscal years.

*Historic Water Deliveries In Acre-Feet per Year*

Fiscal Year Ending June 30	Deliveries
2003	12,647
2004	13,267
2005	11,375
2006	13,026
2007	14,219

## LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the City's water system as of June 30, 2007 as determined by the amount of their respective annual payments.

### *Largest Water Customers*

Customer <sup>1</sup>	Water Usage <sup>2</sup>	Annual Payments
City of Santa Maria	269,418	\$ 1,068,196
Santa Maria Elementary School	107,740	421,255
Allan Hancock College	55,365	211,485
SP Village Green LLC	46,853	170,933
Marian Hospital & Facilities	38,404	166,539
Casa Grande Mobile Homes	57,483	154,939
S.B. County Housing Authority	34,956	138,819
Santa Maria Joint Union High School	32,146	126,330
Mission Linen Supply	29,248	105,348
Casa Del Rio Mobile Estates	<u>26,588</u>	<u>74,724</u>
TOTAL	698,201	\$ 2,638,568

The ten largest water customers accounted for approximately 12.0% of water service by volume in fiscal year 2007.

The following table sets forth the ten largest customers discharging to the City's wastewater system as of June 30, 2007 and their respective annual payments.

### *Largest Wastewater Customers*

Customer	Wastewater Usage <sup>2</sup>	Annual Payments
Sure-Fresh	78,273	\$ 107,221
SP Village Green LLC	46,853	44,316
Mission Linen Supply	29,248	43,277
Frozsun Foods	39,564	37,100
Casa Grande Mobile Homes	57,483	33,562
Allan Hancock College	23,433	28,548
Santa Maria Elementary School	74,077	27,016
S.B. County Housing Authority	30,561	26,589
Casa Del Rio Mobile Estates	26,533	22,080
El Capitan Trailer Park	<u>21,619</u>	<u>13,479</u>
TOTAL	427,644	\$ 383,188

The ten largest wastewater customers accounted for approximately 10.4% of wastewater service by volume in fiscal year 2007.

<sup>1</sup> Some food processors use private well water for their operations and therefore do not appear as largest water customers. However, their wastewater is treated by the City and they are among the largest wastewater customers.

<sup>2</sup> Hundred Cubic Feet

WATER AND WASTEWATER SYSTEM RATES AND CHARGES

*General.* The City is not subject by statute to the jurisdiction of, or regulation by, the California Public Utilities Commission. City staff annually determines the adequacy of Water and Wastewater System rate structure after full consideration of expected operations, maintenance, and capital costs. The City currently sets water and wastewater charges to pay water costs for purchased water, wastewater treatment costs, costs of groundwater pumping and current operating expenses for the Water and Wastewater System. Capital improvements are funded from water/wastewater charges and from connection fees.

*Water Service Charges.* A schedule of the City's current monthly water rates and charges as of 7/3/07 is set forth below:

*Monthly Service Charges for Water Meters by Size*

Meter Size	Inside City
5/8 x 3/4"	21.33
1"	33.45
1 1/4"	39.67
1 1/2"	52.87
2"	73.12
3"	158.68
4"	264.48
6"	661.30

*Capacity Charge*

1 – 500 cubic feet	\$ 2.324 per 100 cubic feet
501 – 1000 cubic feet	2.757 per 100 cubic feet
1001 – 1500 cubic feet	3.222 per 100 cubic feet
Above 1501 cubic feet	3.669 per 100 cubic feet

*Wastewater Treatment Charges.* A schedule of the City's current monthly wastewater treatment rates and charges as of 7/3/07 is set forth below:

*Monthly Wastewater Rates*

Single Family Residence	\$ 11.01
Multiple Apartments:	
2 Rooms or Less	7.79
3 + Rooms	8.47
Mobile Homes (number of spaces)	7.79
Motel/Hotel (per unit)	5.42

*Per 100 cubic feet*

Office Buildings	\$ 1.29
Restaurants	3.08
Commercial	1.86
Food Processing	1.79
Machinery	1.49
Miscellaneous	1.49

FISCAL YEAR 2007 OPERATING RESULTS

The following table is a summary of operating results of the water and wastewater system of the City for Fiscal Year 2006/07. These results have been derived from the City's financial statements and exclude certain non-cash items and include certain other adjustments. The table has not been audited by the City's auditor.

CITY OF SANTA MARIA

<b><u>REVENUES</u></b>	<b><u>June 30, 2007</u></b>
Water & Wastewater Fees & Charges	\$ 28,596,464
Other Revenues	2,224,872
Interest Income	2,397,183
<b>TOTAL REVENUES:</b>	<b>33,218,519</b>
<b><u>OPERATING EXPENSES</u></b>	
Salaries, Wages & Benefits	3,169,268
Materials & Supplies	1,263,271
Equipment Maintenance & Operations	1,558,101
Contracts & Services	2,302,681
Bad Debts	135,547
<b>TOTAL OPERATING EXPENSES:</b>	<b>8,428,868</b>
NET REVENUES	24,789,651
Rate Coverage Fund	3,752,454
Deposit	
<b>TOTAL NET REVENUES</b>	<b>28,542,105</b>
State Water Payments	<b>15,009,816</b>
<b>Coverage Ratio:</b>	1.90
Other Debt Service	3,033,825
Available for Capital improvements and other purposes	\$ 6,746,010

Source: City of Santa Maria

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**SANTA YNEZ RIVER WATER CONSERVATION DISTRICT,  
Improvement District #1**

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The information set forth below has been provided by the Santa Ynez River Water Conservation District, Improvement District No. 1 (the “District”), with the exception of the information presented for the City of Solvang. The Central Coast Water Authority (the “Authority”) makes no representations or warranties as to the accuracy or completeness of any of the information set forth below.

Solvang has represented to the District that the information presented for the City is accurate, and the District has (i) relied on this information in preparing this information, and (ii) not independently investigated that information. The District makes no representations or warranties as to the accuracy or completeness of any information set forth in the City’s continuing disclosure information.

*Historic Water Connections and Sales Revenues*

The following table shows the number of **active** water connections to the District’s water system for the five most recent fiscal years, together with the amount of its annual water sales revenues.

Fiscal Year Ending June 30	Connections				Sales Revenues					
	<u>Dom.</u>	<u>%</u>	<u>Ag.</u>	<u>%</u>	<u>Dom.</u> <sup>(1)</sup>	<u>%</u>	<u>Ag.</u> <sup>(2)</sup>	<u>%</u>	<u>Solvang</u>	<u>%</u>
2003	2,270	95	116	5	\$ 2,410,599	71	\$ 830,755	25	\$ 132,116	4
2004	2,278	95	117	5	2,718,591	71	1,065,931	28	32,180	1
2005	2,305	95	117	5	2,508,484	61	949,438	37	60,110	2
2006	2,328	95	114	5	2,869,259	75	922,986	24	56,537	1
2007	2,430	95	114	5	3,428,119	74	1,114,001 <sup>(3)</sup>	24	65,584	1

The actual FY 2006/2007 total water sales revenues are approximately 8 percent higher than the FY 2005/06 revenues due to an increase in domestic and agricultural water use, additional water service connections, replacement of new meters as part of the meter replacement program providing 100% accuracy rate readings, as well as the annual water rate adjustment including usage and monthly service charges for all user classifications.

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- (1) Domestic Revenues are shown to include a pro-rata share of the Rural Residential sales revenues.
  - (2) Ag Sales Revenues are shown to include a pro-rata share of Limited Ag water sales revenues.
  - (3) Non-payment of past due accounts at year-end for certain agricultural water customers.

## HISTORIC WATER DELIVERIES

The following table presents a summary of historic water deliveries in acre-feet per year for the five most recent fiscal years.

### *Historic Water Deliveries (in acre feet)*

Fiscal Year Ending June 30	Ag. Deliveries <sup>4</sup>	Domestic	Solvang	Total
2003	2,362	2,452	154	4,968
2004	2,972	3,031	9	6,012
2005	2,320	2,271	41	4,637
2006	2,325	2,443	32	4,800
2007	2,579	2,613	31	5,223

The FY 2006/07 actual overall water deliveries are about 9 percent higher than FY 2005/06 due to an increase in domestic and agricultural use because of significantly below average precipitation during the rain season and fire protection water used by the USFS and CalFire for the Zaca wildfire.

## LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the District's water system as of June 30, 2007, as determined by the amount of their respective annual payments.

Customer	Water Usage <sup>4</sup>	Annual Payments
Santa Barbara County Cachuma Park/Sanitation District	85	\$ 77,601
Chumash Casino	77	73,943
Santa Ynez Valley Farming	176	29,532
Gainey Ranch	117	21,393
Elizabeth Williams	96	15,539
Doug Herthel	78	13,208
Gainey Vineyard	54	12,790
Don Smith	69	11,903
Rebecca Shields	67	11,535
Jose Ramirez	<u>53</u>	<u>8,372</u>
TOTAL	872	\$ 275,816

These ten customers accounted for approximately 6% of the water service revenues for Fiscal Year 2006/07.

<sup>4</sup> Acre Feet

WATER SYSTEM RATES AND CHARGES

The District's rates and charges for FY 2006/07 are as follows:

*Monthly Meter Charge*

Meter Size	Domestic/Limited	
	Agricultural	Agricultural
$\frac{5}{8}$ " - $\frac{3}{4}$ "	\$ 24.40	
$\frac{3}{4}$ "	29.30	
1"	48.80	
1 $\frac{1}{2}$ "	97.30	\$ 45.00
2"	154.50	73.00
3"	310.80	145.00
4"	438.30	202.00
6"	972.20	450.00
8"	1,555.80	

Consumption Charge

Domestic	Rural Residential / Limited Agricultural	Agriculture
\$2.14 per HCF	1 <sup>st</sup> 70: \$2.14 per HCF Over 70: \$0.47 per HCF	\$0.32 per HCF
Temporary Rate	(Conn. Fee \$50.00; minimum chg.: \$25.00)	Cachuma Park & City of Solvang \$2.14 per HCF

Connection Charge

Meter Size	Meter Only	Service and Meter
$\frac{5}{8}$ " - 1"	\$ 3,041.70	\$5,531.11 Short Side (1" service) 8,440.28 Long Side (1" service)
$\frac{3}{4}$ "	\$ 3,637.52	\$6,126.93 Short Side (1" service) 9,036.10 Long Side (1" service)
1"	\$ 5,973.61	\$8,476.52 Short Side (1" service) 11,385.70 Long Side (1" service)
(2) $\frac{5}{8}$ " - 1"		\$5,965.52 Short Side (1" double service) 8,874.70 Long Side (1" double service)
1 $\frac{1}{2}$ "	\$ 11,920.92	\$14,764.24 Short Side (2" service) 17,691.73 Long Side (2" service)
2"	\$18,971.99	\$21,856.31 Short Side* (2" service) 24,783.80 Long Side* (2" service)
3"	*see below	*see below

\*2-inch meter only price listed is for standard style meters. Prices vary for Compound Meters. Installation prices for 3-inch meters are figured on an individual basis.

Fire Service Connection Fee: \$520 per inch of diameter of Service size.

Capital Facilities Charge on Larger Services

Meter Size	Charge	
3"	\$ 36,499.65	+ Serv. & Meter Costs
4"	\$ 51,327.62	+ Serv. & Meter Costs
6"	\$ 114,061.39	+ Serv. & Meter Costs
8"	\$ 182,498.23	+ Serv. & Meter Costs

Installation Charge: The meter and service installation charge shall equal the cost of installation as determined by the District from time to time.



FISCAL YEAR 2007 OPERATING RESULTS

The following table is a summary of operating results of the water system of the District for Fiscal Year 2006/07. These results have been derived from the District's financial statements and exclude certain non-cash items and include certain other adjustments.

SANTA YNEZ RIVER WATER CONSERVATION DISTRICT, IMPROVEMENT DISTRICT, NO. 1

<b><u>REVENUES</u></b>	<b><u>June 30, 2007</u></b>
M&I Water Sales	\$ 4,047,463
Ag. Water Sales	494,657
Water Sales to City of Solvang	65,584
SWP Revenue from City of Solvang <sup>(1)</sup>	2,128,781
Connection Fees	142,889
Special Assessments <sup>(2)</sup>	745,955
Other Fees & Income	78,887
Interest Income	403,877
<b>TOTAL REVENUES:</b>	<b><u>8,108,093</u></b>
<b><u>OPERATING EXPENSES</u></b>	
Water Purchased	182,982
Pumping	543,650
Water Treatment	42,815
Transmission & Distribution	495,913
Other/Litigation Fees	463,488
Administration & General	1,664,903
<b>TOTAL OPERATING EXPENSES:</b>	<b><u>3,393,751</u></b>
<b>NET REVENUES</b>	<b>4,714,342</b>
Rate Coverage Reserve Fund Deposit (Includes Solvang)	924,751
Adjusted Net Revenues	<b><u>5,639,093</u></b>
State Water Payments (Includes Solvang)	3,699,006
<b>Coverage Ratio:</b>	<b>1.52</b>
Other Debt Service <sup>(3)</sup>	247,979
Available for Capital improvements and other purposes	\$ 767,357

- (1) City of Solvang payments based on State water payments calculated for FY 2006/07 on a cash basis.
- (2) Special assessment levied to pay operation and maintenance expenses for the water system.
- (3) Debt service on 2004 Cachuma Project Authority Revenue Bonds

Source: Santa Ynez Improvement District No. 1

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**CITY OF SOLVANG**

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Except as otherwise noted, the information set forth below has been provided by the City of Solvang (the “City”). Neither the Central Coast Water Authority (the “Authority”) nor the Santa Ynez River Water Conservation District, Improvement District No. 1 (the “District”) makes any representations or warranties as to the accuracy or completeness of any of the information set forth below except to the extent that either of them is identified as the source thereof.

**HISTORIC WATER CONNECTIONS AND SALES REVENUES**

The following table shows the number of active water connections to the City’s water system for the five most recent fiscal years, together with the amount of its annual water sales revenues.

*Historic Water Connections and Sales Revenues*

Fiscal Year Ending June 30	Connections	Sales Revenues	Water Deliveries (acre-feet per year)
2003	1,901	\$ 2,929,186	1,518
2004	1,903	3,286,624	1,506
2005	1,907	3,229,500	1,589
2006	1,903	3,543,426	1,321
2007	1,939	4,023,837	1,512

**LARGEST CUSTOMERS**

The following table sets forth the ten largest customers of the City’s water system as of June 30, 2007, as determined by the amount of their respective annual payments.

*Largest Customers as of June 30, 2007*

Customer	Water Usage <sup>1</sup>	Annual Payments
Rancho Santa Ynez Mobile Estate	28,621	\$ 87,294
Chumash Casino Resort	13,686	41,742
Alisal Guest Ranch	13,065	39,849
Mission Oaks	9,989	30,467
Worldmark Resort	8,488	25,889
Solvang School	7,360	22,448
Solvang Lutheran Home	6,821	20,804
Mission Ready Mix	6,461	19,706
City of Solvang	5,588	17,043
Solvang Mesa, LLC	<u>4,863</u>	<u>14,832</u>
TOTAL	104,942	\$ 320,074

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<sup>1</sup> Hundred Cubic Feet

*Monthly Service Charges for Water Meters by Size*

<u>Meter Size</u>	<u>Rated Flow (gpm)<sup>2</sup></u>	<u>Ratio to 5/8" x 3/4" Meter</u>	<u>Meter Charges</u>	<u>Outside Users<sup>3</sup></u>
5/8" x 3/4"	20	1.0	\$ 3.77	\$ 5.66
3/4"	30	1.5	5.66	9.43
1"	50	2.5	9.43	14.16
1-1/2"	100	5.0	18.87	28.31
2"	160	8.0	30.20	45.29
3"	320	16.0	60.40	90.59
4"	450	22.5	84.92	127.40
6"	1,000	50.0	188.74	283.10

*Monthly Water Demand Units*

For each water unit allocated to a property use pursuant to the Water Unit Schedule set forth in this section, a Water Demand Unit fee of \$13.87 per unit shall be imposed and collected monthly.

*Water Demand Unit Schedule*

<i>Property Use</i>	<i>Water Unit Allocation</i>
Single Family Dwellings (including Mobile homes on separate parcels)	4.00
Individual Condominium Units in Residential Condominium Developments	4.00
Multiple Dwellings other than Residential Condominium Developments	
First Occupancy Unit	4.00
Each additional occupancy unit	1.30
Mobile Home Parks Each mobile home	4.00
Motels and Hotels	
First occupancy unit	4.00
Each additional occupancy unit	1.10
Professional Offices other than Medical, Dental and Veterinary	
Single Office Suite or first Suite in a structure containing multiple Office Suites	4.00
Each additional suite in a structure containing multiple office suites	.89
Medical and Dental Offices and Laboratories (including photography laboratories)	
First Physician, Dentist or Other principal professional	4.00
Each additional Physician, Dentist or other principal professional	3.00
Each Laboratory (Dental, Medical, Photographic)	3.00

*Quantity Charge*

In addition to the monthly meter charge, a monthly quantity charge shall be applied to each user. The charge shall be \$3.05 for each ccf<sup>4</sup> per month of consumption. Outside Users will be charged 150% (\$4.58) of current quantity charges, monthly meter charges are based on flow capacities of meter with four demand units.

<sup>2</sup> 100 cubic feet

<sup>3</sup> outside users are properties outside of City limits

<sup>4</sup> 100 cubic feet

FISCAL YEAR 2006/07 OPERATING RESULTS

The following table is a summary of operating results of the water system of the City for fiscal year 2006/07. These results have been derived from the City's financial statements but exclude certain non-cash items and include certain other adjustments. The table has not been audited by the City's auditor.

CITY OF SOLVANG

<b><u>REVENUES</u></b>	<b><u>June 30, 2007</u></b>
Water Sales	\$ 4,023,837
Other Fees & Income	14,734
Interest Income	107,809
<b>TOTAL REVENUES:</b>	<b>4,146,380</b>
<b><u>OPERATING EXPENSES</u></b>	
Operating Expenses	938,462
Interest Expense	113,069
<b>TOTAL OPERATING EXPENSES:</b>	<b>1,051,531</b>
NET REVENUES	3,094,849
Rate Coverage Fund Deposit	540,980
Adjusted Net Revenues	<b>3,635,829</b>
State Water Payments	<b>2,355,170</b>
<b>Coverage Ratio:</b>	1.54
Other Debt Service	-
Available for Capital improvements and other purposes	\$ 739,679

Source: City of Solvang

SAN LUIS OBISPO COUNTY

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**CITY OF MORRO BAY**

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The information set forth below has been provided by the City of Morro Bay (the “City”). The Central Coast Water Authority (the “Authority”) makes no representations or warranties as to the accuracy or completeness of any of the information set forth below.

**HISTORIC WATER CONNECTIONS AND SALES REVENUES**

The following table shows the number of active water connections to the City’s water system for the six most recent fiscal years, together with the amount of its annual water sales revenues.

Fiscal Year Ending June 30 2007	Connections	Sales Revenues
2003	5,254	\$ 3,802,287
2004	5,383	3,852,954
2005	5,399	3,436,322
2006	5,473	3,884,085
2007	5,489	3,911,610

**HISTORIC WATER DELIVERIES**

The following table presents a summary of historic water deliveries in acre-feet per year for the six most recent fiscal years.

*Historic Water Deliveries  
(In acre-feet per Year)*

Fiscal Year Ending June 30	Deliveries
2003	1,349
2004	1,205
2005	976
2006	1,009
2007	1,275

## LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the City's water system as of June 30, 2007, as determined by the amount of their respective annual payments.

Customer	Water Usage <sup>1</sup>	Annual Payments
City of Morro Bay	2,296,100	\$ 185,427
Inn At Morro Bay	1,020,800	117,110
Pacific Care	963,700	96,723
Mission Linen	851,700	94,659
Morro Bay High School	1,699,500	57,169
Morro Elementary School	497,700	44,489
Department of Parks & Rec.	507,100	42,667
Morro Dunes Trailer Park	462,100	40,780
San Luis Costal Unified School Dist.	396,400	38,118
Accor Economy Lodge	<u>371,500</u>	<u>35,554</u>
TOTAL	9,006,600	\$ 752,696

These ten customers accounted for approximately 22% of water services revenues in fiscal year 2006/2007.

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<sup>1</sup> Cubic Feet

FISCAL YEAR 2007 OPERATING RESULTS

The following table is a summary of operating results of the water system of the City for fiscal year 2006/2007. These results have been derived from the City's financial statements, but exclude certain non-cash items and include certain other adjustments. The table has not been audited by the City's auditor.

CITY OF MORRO BAY

<b><u>REVENUES</u></b>	<b><u>June 30, 2006</u></b>
Water Service Charge	\$ 3,711,493
Connection Fees	76,223
Penalties & Reconnections	50,445
Miscellaneous	<u>58,259</u>
<b>TOTAL REVENUES:</b>	<b><u>3,896,420</u></b>
<b><u>OPERATING EXPENSES</u></b>	
Administration & General	1,188,188
Maintenance	<u>15,430</u>
<b>TOTAL OPERATING EXPENSES:</b>	<b><u>2,692,802</u></b>
<b>NET REVENUES</b>	<b><u>2,692,802</u></b>
State Water Payments	<u>1,783,837</u>
<b>Coverage Ratio:</b>	<b>1.51</b>
Available for Capital improvements and other purposes	\$ 908,965

Source: City of Morro Bay – Prior to final audit report



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**CITY OF PISMO BEACH**

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The information set forth below has been provided by the City of Pismo Beach (the “City”). The Central Coast Water Authority (the “Authority”) makes no representations or warranties as to the accuracy or completeness of any of the information set forth below.

**HISTORIC WATER CONNECTIONS AND SALES REVENUES**

The following table shows the number of active water connections to the City’s water system for the ten most recent fiscal years, together with the amount of its annual water sales revenues.

Fiscal Year Ending June 30	Connections <sup>1</sup>	Sales Revenues
1998	4,359	\$ 1,018,641
1999	4,155	1,118,375
2000	4,110	1,632,551
2001	4,158	1,710,063
2002	4,233	1,751,585
2003	4,234	1,772,352
2004	4,365	1,872,673
2005	4,405	1,888,635
2006	4,443	1,994,992
2007	4,472	2,124,500

**HISTORIC WATER DELIVERIES**

The following table presents a summary of historic water deliveries in acre-feet per year for the ten most recent fiscal years.

*Historic Water Deliveries  
(In acre-feet per Year)*

Fiscal Year Ending June 30	Urban Deliveries <sup>2</sup>
1998	1,803
1999	1,959
2000	2,078
2001	1,917
2002	1,956
2003	1,990
2004	2,019
2005	1,951
2006	1,924
2007	2,003

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<sup>1</sup> The Connections for 1999 through 2000 have been corrected. An error was discovered in the computer program which counted some meters twice.

<sup>2</sup> The Water Deliveries for 2002 through 2005 have been corrected. Water production was reported instead of water deliveries.

LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the City's water system as of June 30, 2007, as determined by the amount of their respective annual payments.

Customer	Water Usage	Annual Payments
Pismo Mobile Home Park	15,590	\$ 25,025
Cliffs Shell Beach	13,865	22,283
Oxford Suites	9,008	14,238
Seacrest Motel II	8,021	12,819
Pismo Lighthouse Suites	7,871	12,747
Motel 6	7,824	12,422
Shorecliff Lodge	7,406	12,075
Baycliff HOA Irrigation	6,400	10,460
Kon Tiki	6,340	10,191
Hacienda Del Pismo	<u>6,051</u>	<u>9,716</u>
Totals	88,376	\$141,976

These ten customers accounted for approximately 6.7% of water service revenues in fiscal year 2006/07.

*Rates and Charges*  
*Bi-monthly fixed charges are as follows:*

Meter Size	
All Meters	
5/8" & 3/4"	\$ 24.35
1"	48.44
1-1/2"	84.48
2"	136.77
3"	265.28
4"	409.81
6"	971.94

	Single Family <u>Residential</u>	All Other Metered <u>Users</u>
Consumption Charge:		
0-15 HCF	\$1.44/HCF	\$1.83/HCF
16 HCF and higher	\$1.82/HCF	\$1.83/HCF
Construction Meter		\$3.23/HCF
Connection Charges:		
A) State Water Supply Fee	\$6,831 per equivalent dwelling unit	
B) Special Tax Levy FY 2006-07	\$156.52 per year per equivalent dwelling unit.	

FISCAL YEAR 2007 OPERATING RESULTS

The following table is a summary of operating results of the water system of the City for FY 2006/07. These results have been derived from the City's financial statements but exclude certain non-cash items and include certain other adjustments. The table has not been audited by the City's auditor.

CITY OF PISMO BEACH

<b><u>REVENUES</u></b>	<b><u>June 30, 2007</u></b>
Water Service Charge	\$2,282,948
State Water Impact Fee	244,435
Interest	205,000
Assessments	1,112,526
Developmental Impact Fees	2,894
Other Reveues	10,260
<b>TOTAL REVENUES:</b>	<b><u>\$3,858,063</u></b>
<b><u>OPERATING EXPENSES</u></b>	
Administration and General	616,307
Lopez Contract Payments <sup>1</sup>	790,868
Operations & Maintenance	386,129
Utilities	130,390
<b>TOTAL OPERATING EXPENSES:</b>	<b><u>1,923,694</u></b>
<b>NET REVENUES</b>	<b>1,934,639</b>
State Water Payments	<u>939,309</u>
<b>Coverage Ratio:</b>	<b>2.06</b>
Available for Capital improvements and other purposes	<b>\$ 995,060</b>

Source: City of Pismo Beach

<sup>1</sup> The Lopez obligation was previously reported as parity debt in the 1996 Revenue Bond official statement. The City has determined that this is not a debt obligation but is instead a contract obligation. Therefore, the amount is presented as an operating expense.