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CENTRAL COAST WATER AUTHORITY

FY 2010/11  
CONTINUING  
DISCLOSURE ANNUAL  
REPORT

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

# FY 2010/11 CONTINUING DISCLOSURE

## ANNUAL REPORT

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March 5, 2012

Mr. Daniel Marroquin  
Bank of New York Mellon Trust Company  
400 South Hope Street, Suite #400  
Los Angeles, CA 90071

L. J. Lavagnino  
Chairman

Richard Shaikewitz  
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 2010/11 Annual Report on  
Continuing Disclosure for the \$123,190,000 Refunding Revenue Bonds  
(State Water Project Regional Facilities), Series 2006A

Dear Daniel:

Attached is the Fiscal Year 2009/10 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 2010/11 State Water Deliveries

A table showing deliveries during Fiscal Year 2010/11 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 2008/09 and have deposited the following amounts:

255 Industrial Way  
Buellton, CA 93427-9565  
(805) 688-2292  
FAX: (805) 686-4700

Project Participant	FY 2010/11	
	Rate Coverage	Fund Deposit
City of Buellton	\$	257,898
Carpinteria Valley Water District		814,431
City of Guadalupe		167,444
La Cumbre Mutual Water Company		389,217
Montecito Water District		1,085,554
City of Santa Maria		4,281,382
Santa Ynez, RWCD, I.D. #1 (City of Solvang)		604,939
Santa Ynez, RWCD, I.D. #1		417,203
<b>TOTAL:</b>	<b>\$</b>	<b>8,018,067</b>

Continuing Disclosure Annual Report

Consistent with Section 4 of the Continuing Disclosure Report, the Fiscal Year 2009/10 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 2010/11 Comprehensive Annual Financial Report were previously sent to you under separate cover.

City of Morro Bay From the information presented to CCWA, the City of Morro Bay did not meet the required 1.25 coverage ratio during FY 2010/11. The City has provided a letter (included), which describes the steps it is taking to meet the requirement in the future.

City of Pismo Beach From the information presented to CCWA, the City of Pismo Beach did not meet the required 1.25 coverage ratio during FY 2010/11. The City has provided a letter (included), which describes the steps it is taking to meet the requirement in the future.

La Cumbre Mutual Water Company From the information presented to CCWA, the La Cumbre Mutual Water Company did not meet the required 1.25 coverage ratio during Calendar Year 2010. The Company has provided a letter (included), which describes the steps it is taking to meet the requirement in the future.

Audited Financial Statements The City of Morro Bay did not submit audited financial statements for FY 2010/11. As such, CCWA was unable to verify the actual operating results with their financial statements.

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

37744\_1  
RAS

# FY 2010/11 STATE WATER DELIVERIES

Central Coast Water Authority

**Fiscal Year 2010/11 State Water Deliveries**

*Fiscal Year 2010/11 Continuing Disclosure Annual Report*

Project Participant	<i>Acre-Feet</i>		
	Requests	Exchange	Net Deliveries
Lopez Turnout (SLO County)	2,215		2,215
Chorro Valley Turnout (SLO County)	2,039		2,039
City of Guadalupe	-		-
City of Santa Maria	11,529		11,529
Golden State Water Company	424		424
Vandenberg Air Force Base	1,976		1,976
City of Buellton	326		326
Santa Ynez ID#1 (Solvang only)	1,151		1,151
Santa Ynez ID#1 (excluding Solvang)	698	3,223	3,921
Goleta Water District	1,161	(1,161)	-
Morehart Land Company	-	-	-
LaCumbre Mutual Water Co.	1,213	-	1,213
Raytheon Systems Co.	72	-	72
City of Santa Barbara	773	(773)	-
Montecito Water District	1,773	(773)	1,000
Carpinteria Valley Water District	516	(516)	-
<b>TOTAL:</b>	<b>25,866</b>	<b>-</b>	<b>25,866</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.

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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, 2011 decreased by 5%. This was primarily due to a wet winter season.

*Historic Water Connections and Sales and Service Revenues*

Fiscal Year Ending June 30	Connections	Water Sales Revenues
2007	1,540	\$1,462,049
2008	1,549	1,474,151
2009	1,548	1,467,933
2010	1,558	1,467,931
2011	1,557	1,387,651

**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
2007	338	338	667	1,343
2008	123	612	560	1,295
2009	169	738	377	1,284
2010	371	701	228	1,300
2011	152	706	326	1,184

## 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, 2011, as determined by the amount of their respective annual payments.

	Water Usage <sup>2</sup>	Annual Payments
Professional Investment Planning	21,614	\$63,305
Buellton Union School District	17,344	36,090
FPA Flying Flags Assoc., L.P.	13,036	26,948
Santa Ynez Valley Marriott	14,082	29,009
Rivergrove Mobile Home Park	10,089	27,522
Terravant Wine Company	8,036	16,909
The Inn Group	7,249	15,664
Rancho De Maria	5,866	13,551
Thin Film	4,380	9,270
The Laurel Company	<u>3,898</u>	<u>9,784</u>
TOTAL	105,594	\$248,053

These ten customers accounted for approximately 17.88% of the City's water service revenues for fiscal year 2010/11.

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<sup>2</sup> Hundred Cubic Feet

FISCAL YEAR 2011 OPERATING RESULTS

The following table is a summary of operating results of the water system for Fiscal Year 2010/11. 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><u>REVENUES</u></b>	<b><u>June 30, 2011</u></b>
Water Sales	\$ 1,387,651
Connection Fees	58,896
Other Fees & Income	36,460
Interest Income	<u>11,300</u>
<b>TOTAL REVENUES</b>	<b><u>1,494,307</u></b>
 <b><u>OPERATING EXPENSES</u></b>	
Operations & Maintenance Expenses	486,807
FmHA Debt Service	<u>-</u>
<b>TOTAL OPERATING EXPENSES</b>	<b><u>486,807</u></b>
 <b>NET REVENUES</b>	<b>1,007,500</b>
Rate Coverage Reserve Fund Deposit	<u>257,898</u>
Adjusted Net Revenues	<b><u>1,265,398</u></b>
 State Water Payments	938,136
 <b>Coverage Ratio</b>	<b>1.35</b>
 Available for Capital Improvements and other purposes	\$ 69,364

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.	%
2007	3,807	90	423	10	7,578,591	76	\$2,417,560	24
2008	3,848	90	424	10	8,020,144	76	2,509,474	24
2009	3,859	90	429	10	7,741,070	74	2,652,531	26
2010	3,896	90	430	10	7,789,308	77	2,300,628	23
2011	3,893	90	429	10	7,915,815	78	2,185,382	22

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
2007	\$4,799,541	\$5,196,610	\$ 9,996,151
2008	5,238,406	5,491,534	10,729,940
2009	4,644,278	5,749,324	10,393,601
2010	4,266,070	5,823,866	10,089,936
2011	4,124,997	5,979,200	10,101,197

Operating revenues increased in fiscal year 07/08 due to an increase in water rates, a new water rate structure and increased units sold. Operating revenues decreased in FY 08/09 due to a decrease in water sales as well as the termination of the Plains Exploration and Production Option Agreement with annual payments of \$300,000. Sales revenue decreased in FY 09/10 due to cooler than average weather resulting in a drop in water sales by approximately 500 AF. Sales revenues in FY 10/11 were little changed from the previous year.

## 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
2007	1,601	410	136	125	2,202	4,474
2008	1,614	398	160	128	2,206	4,506
2009	1,506	370	145	110	1,968	4,099
2010	1,452	349	149	79	1,796	3,825
2011	1,397	365	135	69	1,633	3,599

*Sources*

Fiscal Year Ending June 30	Groundwater	State Water	Cachuma Project	Total
2007	1,195	465	3,115	4,775
2008	813	665	3,037	4,515
2009	1,827	464	2,167	4,459
2010	1,327	363	2,876	4,546
2011	797	516	3,100	4,413

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

The decrease in FY 08/09 was due to a wet year. FY 09/10 was a cooler than average year that also resulted in a decrease in demand for water. FY 10/11 continued cold and wet, resulting in further diminished water sales.

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<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.

The following table sets forth the ten largest customers of the District's water system as of June 30, 2011, as determined by the amount of their respective water usage:

Customer	Water Usage (units: HCF)	Annual Payments
Casitas Village HOA	22,453	\$ 231,373
Villa Del Mar HOA	24,870	224,352
Sandpiper Village	20,966	217,315
City of Carpinteria	16,370	158,873
Cate School	31,806	140,786
Kilovac Corp	19,901	65,578
Circle G	22,515	48,018
Cervini Farm CA INC	25,510	45,932
B & H Flowers	19,321	35,411
Van Wingerden Ranch FH	<u>17,163</u>	<u>33,741</u>
<b>TOTAL</b>	<b>220,875</b>	<b>\$1,201,378</b>

These ten customers accounted for approximately 12% of water service revenues for the year ending June 30, 2011.

#### 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.

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 Meter Equivalency fee (MEQ) 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. In FY 07/08 the water rate for agricultural users increased to \$1.67 per HCF. Residential users tiered structure increased to \$2.78 through \$3.89 per HCF depending on use. Domestic-commercial, industrial and public authority users water rates increased to \$3.63 per HCF. The DEQ (formerly MEQ) increased to \$54.12/month, to coincide with the Monthly Service Charge for a 5/8"-3/4" meter. In FY 08/09 the water rate for agricultural users increased to \$1.70 per HCF. All other Residential, Domestic - commercial, industrial and public authority users' tiered structure increased to \$3.00 through \$4.15 per HCF depending on use. In FY 09/10 changes included an increase in the unit cost of water to Domestic-commercial, industrial and public authority users. The tiered structure effective 7/1/2009 increased to \$3.11-\$4.32 per HCF. The agricultural rate increased to \$1.74 per HCF. In FY 09/10 the Base tier decreased to \$3.00 per HCF, the mid-level tier remained unchanged at \$3.85 per HCF and the Peak tier increased to \$4.85 per HCF. The Irrigation rate decreased to \$1.70 per HCF. Also decreased was the Capital Improvement Program rate to \$2.42 per HCF. In FY 10/11, water rates remained at FY 09/10 levels: Base tier \$3.00 per HCF, Mid-level tier \$3.85 per HCF, Peak tier \$4.85 per HCF; Irrigation rate \$1.70 per HCF; Capital Improvement Program rate \$2.42 per HCF.

A schedule of the District's current monthly service charges effective since July 1, 2011 is shown below:



MONTHLY SERVICE CHARGES

METER SIZE	BASIC	STATE WATER	TOTAL
5/8 "	\$4.88	\$25.91	\$30.79
3/4"	4.88	25.91	30.79
1"	8.13	43.18	51.31
1 1/2"	16.25	86.35	102.60
2"	26.00	138.16	164.16
3"	52.00	276.32	328.32
4"	81.25	431.75	513.00
6"	162.50	863.50	1026.00

MONTHLY CAPITAL IMPROVEMENT PROGRAM CHARGE

Rate:	\$2.70	per HCF
Minimum:	\$16.20	6 HCF
Maximum:	\$270.00	100 HCF

*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 that total approximately \$21.8 million. These are assigned to the Capital Improvement Program component of the Capital Cost Recovery Fee. The final component recovers annual capital expenditures made to District infrastructure. This meter-based charge varies annually and was added to the Capital Cost Recovery Fee schedule in July 2007. In fiscal year 2010 the board approved a fixed annual Capital Cost Recovery Fee Schedule to be updated annually as needed. Effective September 1, 2011 CCRF rates are:

Meter Size	Capital Cost Recovery Fees
5/8”	\$8,187.00
3/4”	9,673.00
1”	14,606.00
1 1/2”	27,001.00
2”	41,887.00
3”	81,532.00

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

## FISCAL YEAR 2011 OPERATING RESULTS

The following table is a summary of operating results of the water system of the District for Fiscal Year 2010/11. 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, 2011</u></b>
Muni. & Ind. Water Sales	\$2,808,058
Agricultural Water Sales	1,244,024
Water Service Charge	5,788,269
Fire Protect & Service Revenue	224,061
Capital Cost Rec Fee	77,787
Interest Revenue	55,294
Other Income	123,361
Overhead charges	<u>29,203</u>
<b>TOTAL REVENUES:</b>	<b><u>10,350,057</u></b>
<b><u>OPERATING EXPENSES</u></b>	
Cost of Purchased Water	414,717
Pumping Expense	249,027
Treatment expense	935,479
Trans & Dist Exp	833,022
Customer Accounts	61,542
Cachuma Operating Expense	304,882
General & Admin.	<u>2,172,510</u>
<b>TOTAL OPERATING EXPENSES:</b>	<b><u>4,791,179</u></b>
<b>NET REVENUES</b>	5,378,878
Rate Coverage Reserve Fund Deposit	<u>814,431</u>
Adjusted Net Revenues	<u>6,193,309</u>
State Water Payments	3,107,837
<b><i>Coverage Ratio:</i></b>	<b><i>1.99</i></b>
Additional Debt Service	1,503,832
Available for Capital improvements and other purposes	\$1,581,640

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	%	Dom.	%	*Other	%
2007	16,099	97.81	360	2.19	\$17,098,561	92.01	\$1,484,002	7.99
2008	16,086	97.64	380	2.36	19,924,907	87.78	2,773,032	12.22
2009	15,970	97.53	403	2.47	16,349,523	91.38	1,542,229	8.62
2010	15,937	97.49	409	2.51	15,157,916	91.56	1,396,734	8.44
2011	15,986	97.47	415	2.53	13,619,146	86.63	2,102,769	13.37

The number of connections to the District’s water system increased slightly in 2011. From 2007 thru 2011, the number of connections added to the system has increased at an Annual average of less than 1.00%. Conversely, Water service revenue has steadily decreased since 2007, reflecting wet and cool weather conditions coupled with a struggling economy.

\*Other connections and sales revenue includes Agriculture, Landscape and Recycled water deliveries.

**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
2007	4,471	9,935	14,406
2008	4,674	9,713	14,387
2009	4,424	9,774	14,198
2010	4,023	8,948	12,971
2011	3,517	8,644	12,161

Weather variability has a direct impact on total demand for water service, thus the amount of water delivered varies from year to year. Deliveries, as shown above for the past five years, decreased consistent with exhibited weather and economic patterns.

## LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the District's water system as of June 30, 2011, as determined by the amount of their respective annual payments.

<u>Customer</u>	<u>Water Usage<sup>1</sup></u>	<u>Annual Payments</u>
U.C.S.B.	805	\$ 1,323,145
Santa Barbara County	255	488,419
Touchstone Golf	289	309,376
City of Santa Barbara	83	247,173
Santa Barbara Unified School D.	115	230,742
Goleta Union School District	106	196,655
Cavaletto Ranches, LLC	390	183,742
Bacara Resort Services	104	182,591
Michael Towbes	83	161,066
Sandpiper Golf Course	<u>188</u>	<u>140,228</u>
TOTAL	2,418	\$ 3,463,137

These ten customers accounted for approximately 19.9% of the water usage and 15.2% of the water service revenues for the year ended June 30, 2011. The water usage is shown in acre-feet.

## WATER SYSTEM RATES AND CHARGES

The District's current rates and charges as of June 30, 2011 are as follows:

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

<u>Meter Size</u>	<u>Volume</u>	<u>Monthly Charge</u>
5/8" or 3/4"	Ultra low flow	\$ 9.21
5/8" or 3/4"	Low flow	18.42
5/8" or 3/4"	All other	27.63
1"	N/A	46.06
1 1/2"	N/A	92.10
2"	N/A	147.38
3"	N/A	276.33
4"	N/A	460.55
6"	N/A	921.09
8"	N/A	1,473.76
10"	N/A	3,500.72

The 5/8" and 3/4" Meters are based on average 12 month water use. Ultra low flow (4 or less HCF), Low flow (greater than 4 but less than 8 HCF), and all other 5/8" and 3/4" meter rates (greater than 8 HCF). Residential agricultural customers are charged at Urban rate unless usage exceeds 11 HCF per dwelling for any given month.

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<sup>1</sup>Acre-feet

FISCAL YEAR 2011 OPERATING RESULTS

The following table is a summary of operating results of the water system for Fiscal Year 2010/11. These results have been derived from the District's audited financial statements.

GOLETA WATER DISTRICT

<u>REVENUES</u>	<u>June 30, 2011</u>
Water Sales	\$ 15,721,912
Monthly Service Charges	6,987,420
Other Fees & Income	2,601,649
Interest Income	<u>67,164</u>
<b>TOTAL REVENUES:</b>	<b><u>25,378,145</u></b>
<u>OPERATING EXPENSES</u>	
Source of Supply	2,649,274
Water Treatment	2,190,570
Transmission & Distribution	2,280,486
Customer Accounts	846,299
General and Administrative	<u>3,822,319</u>
<b>TOTAL OPERATING EXPENSES:</b>	<b><u>11,788,948</u></b>
<b>NET REVENUES</b>	<b>13,589,197</b>
State Water Payments	7,251,071
<b>Coverage Ratio:</b>	<b>1.87</b>
Other Debt Service	2,760,997
Capital Contributions (excluded for purposes of coverage ratio calculations)	0
Available for Capital Improvements and other purposes	\$ 3,577,129

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, 2011 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
2007	1,920	\$1,052,861
2008	1,916	1,198,705
2009	1,926	1,303,214
2010	1,915	1,344,941
2011	1,927	1,315,006

The number of connections increased for FY 2010/2011 by approximately 12 services. There was a decrease in revenue of about \$30,000 from the prior year. This decrease resulted from an increase in service closures and bad debt write-offs. The city increased water rates in fiscal year 2011/2012. The city continues to anticipate the additional sales revenue from planned new developments. The rate increase and new development sales revenue 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>
2007	1,062
2008	920
2009	966
2010	900
2011	871

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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, 2011 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	144,357	\$ 469,161
Obispo Cooling	6,265	20,360
Riverview	5,632	18,304
Guadalupe Union School District	4,874	15,841
Guadalupe Laundromat	3,193	10,377
Pan American Seed	3,059	9,942
P&M Properties	1,590	5,167
Simplot Soil Builders	1,190	3,868
Delfino Hernandez Apts	742	2,411
Salvador Barragan	<u>725</u>	<u>2,357</u>
TOTAL	171,627	\$ 557,788

These ten customers accounted for approximately 40% of water service revenues for the year ended June 30, 2011.

#### 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. Beginning July 1, 2011, the base charge will increase to \$3.41 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.

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<sup>2</sup> Hundred Cubic Feet

FISCAL YEAR 2011 OPERATING RESULTS

The following table is a summary of operating results of the water system of the City for Fiscal Year 2010/11. 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

<u>REVENUES</u>	<u>June 30, 2011</u>
M&I Sales	\$ 1,315,006
Connection Fees	2,081
Interest Income	893
Other Revenues	<u>77,807</u>
<b>TOTAL REVENUES:</b>	<b><u>1,395,787</u></b>
<u>OPERATING EXPENSES</u>	
Salaries & Benefits	130,004
Operations & Maintenance	<u>296,838</u>
<b>TOTAL OPERATING EXPENSES:</b>	<b><u>426,842</u></b>
<b>NET REVENUES</b>	938,945
Rate Coverage Reserve Fund Deposit	<u>167,444</u>
Adjusted Net Revenues	1,136,389
State Water Payments	667,445
<b><i>Coverage Ratio:</i></b>	<b><i>1.70</i></b>
Available for Capital improvements and Other purposes	\$ 301,500

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).

Fiscal Year Ending Dec. 31	Connections					Sales Revenues				
	Dom.	%	Ag.	%	Total	Dom.	%	Ag.	%	Total
2006	1,437	98	31	2	1,468	\$1,829,416	96	\$73,034	4	\$1,902,450
2007	1,437	98	33	2	1,470	2,177,538	96	90,233	4	2,267,771
2008	1,437	98	31	2	1,468	2,383,812	96	105,898	4	2,489,710
2009	1,437	98	31	2	1,468	2,476,318	96	110,200	4	2,586,518
2010	1,437	98	30	2	1,469	2,290,754	96	86,885	4	2,377,639

**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 Dec. 31	Domestic Deliveries	Agricultural Deliveries	Total
2006	1,698	81	1,779
2007	1,958	101	2,059
2008	1,698	99	1,937
2009	1,608	94	1,702
2010	1,449	74	1,523

**LARGEST CUSTOMERS**

The following table sets forth the ten largest customers of the Company’s water system as of December 31, 2010, 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	61,100	\$194,346
Stanford Farms	10,177	53,405
Timothy Pasquinelli	5,749	36,019
Stephen Redding	6,156	32,172
Carriage Hill Association	4,191	24,659
William Foley	3,980	20,697
Christopher & Ann Conway	3,722	19,873
Laguna Blanca School	3,192	18,517
Marsupial Properties	1,450	16,849
Mark Steinman	2,128	10,087
TOTAL	101,845	\$426,623

These ten customers account for approximately 14% of all water service revenues in fiscal year 2010.

WATER SYSTEM RATES AND CHARGES

The District's current rates and charges are as follows (all on a two month billing cycle):

<b>CURRENT (effective July 1, 2011)</b>	
<b>Residential – Tiered Rate</b>	
Tier 1 (0-50)	\$3.90/HCF
Tier 2 (51-120)	\$4.65/HCF
Tier 3 (121-240)	\$5.40/HCF
Tier 4 (241 & >)	\$6.65/HCF
 <b>Commercial –Tiered Rate</b>	
100% of past 3 year average on a bi-monthly avg.	\$3.90/HCF
Any usage above 3 year average	\$5.40/HCF
 <b>Multi-Family Rate – Tiered Rate</b>	
(0-18) HCF/Dwelling/2mo.	\$3.90/HCF
(19-60) HCF/Dwelling/2mo.	\$4.65/HCF
(>60) HCF/Dwelling/2mo.	\$5.40/HCF
 <b>Schools and Golf Courses – Tiered Rate</b>	
100% of past 3 year average on a bi-monthly avg.	\$3.03/HCF
Any usage above 3 year average	\$5.40/HCF
 <b>Agricultural – Tiered Rate</b>	
Tier 1 for first 40 HCF	\$3.90/HCF
Tier 2 for <=870 HCF/ag acres/12 mo. period	\$2.92/HCF
Tier 3 for >870 HCF/ag acres/12 mo. period	\$5.40/HCF

<u>Item</u>	<u>CURRENT (effect. Jul 1, 2011)</u> <u>Bi-Monthly Charge</u>
"A" less than 50 HCF/Year *	\$ 10.00
"B" less than 100 HCF/Year *	20.00
3/4" meter	30.00
1" meter	50.00
1 1/2" meter	100.00
2" meter	160.00
3" meter	300.00
4" meter	500.00
Fire Sprinkler System under 2"	21.00
Over 2"	42.00
Private Fire Hydrant	21.00

\* 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.

<u>Item</u>	<b>CURRENT (effective Nov. 23, 2009)</b> <u>Connection Charge + Cap Cost Recovery Fee</u>
3/4" meter	\$ 4,225 + 8,612
1" meter	4,830 + 13,875
1 1/2" meter	5,435 + 30,142
2" meter	6,040 + 47,844
3" meter	6,640 + 101,669
4" meter	7,245 + 143,533
Fire Sprinkler System under 2"	7,245 + 2,625
Over 2"	7,245 + 5,250
Private Fire Hydrant	7,850 + 2,625

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

Water rates were increased in July 2011 to help pay for iron treatment plant and encourage conservation.

FISCAL YEAR 2010 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, 2010. 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>Per Financial Statements</b>	<b>Dec. 31, 2010</b>
<b><u>REVENUES</u></b>	
Water Sales	\$2,377,639
Meter Charges	389,521
Land Charges	358,078
Connection Fees	0
Other Income	34,783
Rental income	97,594
Interest Income	<u>3,722</u>
<b>TOTAL REVENUES:</b>	<b><u>3,261,377</u></b>
<b><u>OPERATING EXPENSES</u></b>	
Water Source	167,688
Water Treatment	376,750
Transmission & Distribution	222,477
Admin. & General	813,010
Taxes	23,167
Water Conveyance	40,690
Misc Expense	<u>5,389</u>
<b>TOTAL OPERATING EXPENSES:</b>	<b><u>1,649,171</u></b>
NET REVENUES	1,612,166
Rate Coverage Reserve Fund Deposit	389,217
Adjusted Net Revenues	2,001,383
State Water Payments	<b><i>1,870,892</i></b>
<b><i>Coverage Ratio:</i></b>	1.07
Available for Capital improvements and other purposes	\$(258,726)

Source: La Cumbre Mutual Water District

# La Cumbre Mutual Water Company

695 Via Tranquila, Santa Barbara, CA 93110-2296  
Phone 805 967-2376 Fax 805 967-8102  
WWW.LACUMBREWATER.COM

## DIRECTORS

ED SANDS  
PRESIDENT  
SIGURD WATHNE  
VICE-PRESIDENT  
JANE LODAS  
JIM SCORSO  
BOB URADNICEK  
MIKE ALVARADO  
GENERAL MANAGER

January 18, 2012

Ray Stokes  
CCWA  
255 Industrial Way  
Buellton, CA 93427

Dear Ray,

We have not met the 1.25% coverage obligation to CCWA for the calendar year of 2010. The reasons for this have been a combination of capital improvements, cooler weather patterns and an increase in conservation by our customers.

Dramatic financial changes were made in 2011 to help build up a dwindling reserve.

1. A change to use a higher percentage of well water versus State Water has reduced our expenses both for the variable CCWA costs as well as the treatment costs in 2011 and beyond.
2. Charged our customers a onetime surcharge (based on acreage) totaling \$60,000 in April 2011.
3. Increased our water rates twice in 2011 (March & July) for a total increase of 23% compared to the previous rates charged in 2010.
4. Increased the meter rate charges by 14% in July of 2011.

I have preliminary unaudited financial numbers for our calendar year of 2011 meeting the CCWA coverage calculations by 1.44%.

Thank you for your understanding.

Sincerely,



Jeff Dameron  
Administrative Manager

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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.	%	Agricultural	%	Dom.	%	Agricultural	%
2007	4,562	99	50	1	\$8,797,720	96	\$370,552	4
2008	4,580	99	50	1	9,497,492	96	395,729	4
2009	4,546	99	37	1	9,626,835	96	388,475	4
2010	4,516	99	42	1	9,121,648	99	307,674	1
2011	4,530	99	45	1	8,132,186	99	269,759	1

The total actual connections for 2010/11 were 4,575. Domestic sales revenues for 2010/11 were \$8,132,186. Agricultural sales revenues for 2010/11 were \$269,759.

Water service charges and connection fee revenues were \$3,069,767 and \$193,692 respectively. The District’s Board of Directors chose to adopt a new block rate structure to increase fixed and variable income sources effective October 1, 2008.

## HISTORIC WATER DELIVERIES

Actual water deliveries for 2010/11 are 4,715 Acre-feet. 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)*

<u>Fiscal Year Ending June 30</u>	<u>Agricultural</u>	<u>Domestic</u>	<u>Total</u>
2006	381	4,686	5,067
2007	500	5,833	6,333
2008	530	5,988	6,518
2009	478	5,485	5,963
2010	366	4,908	5,274
2011	316	4,399	4,715

Actual water productions for 2010/11 are 5,345 acre-feet. Table 3 summarizes Water Production by source:

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

<u>Fiscal Year Ending June 30</u>	<u>Groundwater</u>	<u>Cachuma Project</u>	<u>Other<sup>1</sup> Sources</u>	<u>Total</u>
2007	405	3,006	3,505	6,916
2008	437	2,717	4,079	7,233
2009	299	2,124	4,240	6,663
2010	240	3,945	1,900	6,085
2011	167	2,386	2,792	5,345

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<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 2010/11, as determined by the amount paid:

<u>Customer</u>	<u>Water Usage</u> <sup>2</sup>	<u>Annual Payment</u>
Resort Hotel	35,864	\$ 178,768
Golf Club	58,863	163,829
Private College	26,270	131,714
Single Family Residence	20,882	123,791
Retirement Community	18,345	101,105
Single Family Residence	13,981	90,233
Resort Hotel	15,231	85,879
Cemetery	15,661	65,378
Agricultural	31,045	62,483
Golf Club	<u>12,935</u>	<u>61,719</u>
	249,077	\$1,064,902

These ten customers accounted for approximately 12% of water service revenues in 2010/11.

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, 2011 is as follows:

<u>Meter Size</u>	<u>Meter Charge</u>	<u>Meter Size</u>	<u>Meter Charge</u>
5/8" x 3/4"	\$ 30.95	2"	\$ 165.08
3/4"	\$ 30.95	3"	\$ 371.43
1"	\$ 51.60	4"	\$ 619.05
1-1/2"	\$ 92.86	6"	\$ 1,031.75

*Quantity Water Rates in Addition to Monthly Service Charge*  
(Price per HCF)

	<u>1st Block</u>	<u>2nd Block</u>	<u>3rd Block</u>	<u>4th Block</u>
Commercial	\$ 4.25	\$ 5.90	-	-
Domestic	\$ 3.90	\$ 4.15	\$ 4.90	\$ 5.90
Institutional & Public	\$ 3.90	\$ 4.25	-	-
Agricultural <sup>3</sup>	\$ 1.76	\$3.90	-	-
Non-Potable	\$ 1.40	-	-	-

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, 2011 is as follows:

<u>Meter Size</u>	<u>Connection Fee</u>	<u>Capital Cost Recovery Fee</u>
3/4"	\$ 2,144.00	\$ 12,482.00
1"	2,225.00	20,803.00
1-1/2"	2,965.00	37,445.00
2"	3,609.00	66,568.00

<sup>2</sup> Hundred Cubic Feet (hcf)

<sup>3</sup> Agricultural users with dwelling units on the property are charged 20 hcf per month at the domestic rate for each dwelling.



FISCAL YEAR 2011 OPERATING RESULTS

The following table is a summary of operating results for the water system of the District for FY 2010/11. These results have been derived from the District's financial statements, 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> <sup>4</sup>	<b><u>June 30, 2011</u></b>
Water Sales	\$8,401,945
Water Service Charges	3,069,767
Connection/Capital Cost Recovery Fees	193,692
Water Availability Charge	314,791
Interest Income	65,445
Other Income	<u>231,408</u>
<b>TOTAL REVENUES</b>	<b><u>12,277,049</u></b>
<b><u>OPERATING EXPENSES</u></b>	
Water Purchased	632,869
Pumping	308,661
Water Treatment	1,500,055
General & Administrative	1,518,740
<b>Operations &amp; Maintenance</b>	<b><u>1,627,758</u></b>
<b>TOTAL OPERATING EXPENSES</b>	<b><u>5,588,083</u></b>
<b>NET REVENUES</b>	6,688,966
Rate Coverage Reserve Fund Deposit	<u>1,085,554</u>
Adjusted Net Revenues	7,774,520
State Water Payment	<u>5,334,729</u>
Total Contract Payments	5,334,729
<b>Coverage Ratio</b>	<b><i>1.46</i></b>
Other Debt Service <sup>5</sup>	1,705,727
Available for Capital Improvements and Other Purposes	\$(351,491)

<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>
2007	25,918	100	\$27,588,409	100
2008	26,009	100	29,448,078	100
2009	26,153	100	28,669,429	100
2010	26,504	100	28,163,162	100
2011	26,761	100	27,181,923	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>
2007	14,753
2008	14,926
2009	13,819
2010	13,428
2011	13,314

LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the City's water system as of June 30, 2011, as determined by the amount of their respective annual payments.

<u>Customer</u>	<u>Water Usage</u> <sup>2</sup>	<u>Annual Payment</u>
City of Santa Barbara	154,027	\$ 479,644
Montecito Country Club	75,372	240,949
Monte B. Semler	26,777	134,144
S.B. Unified School District	39,554	99,791
Franciscan Villas Association	12,852	69,430
Mercy Housing California	11,838	64,956
Sandra Nicholson	9,040	55,088
Elmer W. Koonce	2,902	51,661
Towbes Group, Inc.	9,452	45,473
Hope School	<u>12,267</u>	<u>43,744</u>
	354,081	\$1,284,880

These ten customers accounted for approximately 7.1% of the annual water system sales for Fiscal Year 2010/11.

(2) Hundred cubic feet

*Water System Rates and Charges During FY 2010/11*

Customer Class	Water Service Rates
Single Family Residential	First 4 HCF @ \$2.93 Next 16 HCF @ \$4.90 All other @ \$5.16
Multi-Family Residential 1-4 dwelling units	First 4 HCF per dwelling unit @ \$2.93 Next 8 HCF per dwelling unit @ \$4.90 All other @ \$5.16
Multi-Family Residential 5+ dwelling units	First 4 HCF per dwelling unit @ \$2.93 Next 8 HCF per dwelling unit @ \$4.90 All other @ \$5.16
Commercial	100% of base allotment <sup>1</sup> @ \$4.90 per HCF; All other @ \$5.16
Industrial	100% of base allotment <sup>2</sup> @ \$4.90 per HCF; All other @ \$5.16
Irrigation – Residential	Billed as if used through associated residential meter, OR annual allotment of 654 HCF/acre @ \$4.90; all other @ \$5.16
Irrigation - Recreation/Parks/Schools	Annual allotment of 1,404 HCF/acre @ \$2.31 Next 240 HCF/acre/year @ \$4.90 All other @ \$5.16
Irrigation – Commercial	100% of base allotment <sup>2</sup> @ \$4.90 per HCF; All other @ \$5.16
Irrigation – Agriculture	Annual allotment of 870 HCF/acre @ \$1.45 Next 240 HCF/acre/year @ \$4.90 All other @ \$5.16
Recycled Water	All usage @ \$1.85/HCF
Outside City Limits	130% of corresponding in-City rates

*Monthly Service Charges for Water Meters by Size During FY 2010/11*

Meter Size	Monthly Service Charge
5/8"	\$ 12.31
3/4"	18.50
1"	30.80
1 1/2"	61.58
2"	98.56
3"	197.10
4"	307.97
6"	615.94
8"	984.68
10"	1,416.66

*Connection Charges during Fiscal Year 2010/11*

	5/8" Meter	1" Meter
Connection Charges on 1" Service:	\$2,102	\$2,581
Buy-in Fee (per detached single family residence)	5,691	14,227
	<u>\$7,793</u>	<u>\$16,808</u>

<sup>1</sup> Base allotment = average monthly consumption during most recent January – June period.

FISCAL YEAR 2011 OPERATING RESULTS

The following table is a summary of operating results of the water system of the City for Fiscal Year 2010/11. These results have been derived from the City's financial statements, 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><u>REVENUES</u></b>	<b><u>June 30, 2011</u></b>
M&I Sales	\$ 27,181,923
Service Charges	853,862
JPA Reimbursement	2,827,208
Interest Income	924,011
Other Revenues	<u>295,331</u>
<b>TOTAL REVENUE</b>	<b><u>32,082,335</u></b>
<b><u>Operating Expenses</u></b>	
Salaries & Benefits	7,514,373
Materials & Supplies	9,938,260
Debt Service <sup>1</sup>	340,368
Other	<u>-0-</u>
<b>TOTAL OPERATING EXPENSES</b>	<b><u>17,793,001</u></b>
<b>NET REVENUES</b>	<b>14,289,334</b>
State Water Payments	4,619,893
Parity Debt Service <sup>2</sup>	<u>1,847,271</u>
Total Contract Payments	<u>6,467,164</u>
<b>Coverage Ratio</b>	<b>2.21</b>
Available for Capital improvements and Other purposes	\$ 7,822,170

<sup>1</sup>Debt service on 1991 DWR Water Reclamation Loan (includes both principal and interest)

<sup>2</sup>Represents debt service on 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
2007	20,762	\$23,490,792	\$5,105,672
2008	20,830	24,605,620	5,482,863
2009	20,919	25,859,215	5,757,471
2010	20,927	25,411,420	6,083,368
2011	21,050	26,393,674	6,506,699

**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 13,016 acre-feet in fiscal year 2011 to a high of approximately 14,489 acre-feet in fiscal year 2009. 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
2007	14,219
2008	14,047
2009	14,489
2010	13,986
2011	13,016

## LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the City's water system as of June 30, 2011 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	278,115	\$ 1,305,781
Santa Maria Elementary School	107,115	500,452
Casa Grande Mobile Homes	59,677	194,147
SP Village Green LLC	58,515	256,868
Allan Hancock College	49,186	228,845
Marian Hospital & Facilities	37,650	198,956
S.B. County Housing Authority	36,656	178,329
Mission Linen Supply	24,568	108,564
Casa Del Rio Mobile Estates	23,121	78,347
Pictsweet Frozen Foods	<u>22,871</u>	<u>105,809</u>
TOTAL	697,474	3,156,098

The ten largest water customers accounted for approximately 13.2% water service by volume in fiscal year 2011.

The following table sets forth the ten largest customers discharging to the City's wastewater system as of June 30, 2011 and their respective annual payments.

### *Largest Wastewater Customers*

Customer	Wastewater Usage <sup>2</sup>	Annual Payments
Sure-Fresh	89,957	\$ 148,731
Casa Grande Mobile Homes	59,677	46,727
SP Village Green LLC	58,515	56,971
Marian Hospital & Facilities	31,647	62,499
S.B. County Housing Authority	27,137	37,018
Mission Linen Supply	24,568	40,609
Casa Del Rio Mobile Estates	23,116	28,285
Allan Hancock College	20,896	32,784
Milt Guggia Enterprises	19,924	44,200
Santa Maria Elementary School	<u>19,907</u>	<u>31,042</u>
TOTAL	375,344	528,866

The ten largest wastewater customers accounted for approximately 9.9% of wastewater service by volume in fiscal year 2011.

<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 7/1/11 is set forth below:

*Monthly Service Charges for Water Meters by Size*

Meter Size	Inside City
5/8 x 3/4"	25.92
1"	40.66
1 1/4"	48.22
1 1/2"	64.27
2"	88.88
3"	192.87
4"	321.48
6"	803.81

*Capacity Charge*

1 – 500 cubic feet	\$ 2.825 per 100 cubic feet
501 – 1000 cubic feet	3.351 per 100 cubic feet
1001 – 1500 cubic feet	3.917 per 100 cubic feet
Above 1501 cubic feet	4.459 per 100 cubic feet

*Wastewater Treatment Charges.* A schedule of the City’s current monthly wastewater treatment rates and charges as of 7/1/11 is set forth below:

*Monthly Wastewater Rates*

Single Family Residence	\$ 14.47
Multiple Apartments:	
2 Rooms or Less	10.24
3 + Rooms	11.13
Mobile Homes (number of spaces)	10.24
Motel/Hotel (per unit)	7.12

*Per 100 cubic feet*

Office Buildings	1.69
Restaurants	4.05
Commercial	2.45
Food Processing	2.36
Machinery	1.96
Miscellaneous	1.96



FISCAL YEAR 2011 OPERATING RESULTS

The following table is a summary of operating results of the water and wastewater system of the City for Fiscal Year 2010/11. 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, 2011</u></b>
Water & Wastewater Fees & Charges	\$ 33,074,158
Other Revenues	1,098,687
Interest Income	461,513
<b>TOTAL REVENUES:</b>	<b><u>34,634,358</u></b>
<b><u>OPERATING EXPENSES</u></b>	
Salaries, Wages & Benefits	4,250,129
Materials & Supplies	1,420,524
Equipment Maintenance & Operations	1,673,285
Contracts & Services	2,872,072
Bad Debts	173,785
<b>TOTAL OPERATING EXPENSES:</b>	<b><u>10,389,795</u></b>
NET REVENUES	24,244,563
Rate Coverage Fund Deposit	4,281,382
<b>TOTAL NET REVENUES</b>	<b><u>28,525,945</u></b>
State Water Payments	<b><i>17,150,434</i></b>
<b><i>Coverage Ratio:</i></b>	1.66
Other Debt Service	6,626,803
Available for Capital improvements and other purposes	\$ 467,326

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 "ID No. 1"), 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 ID No. 1 that the information presented for the City is accurate, and ID No. 1 has (i) relied on this information in preparing this information, and (ii) not independently investigated that information. ID No. 1 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>
2007	2,430	95	114	5	\$3,428,119	74	\$1,114,001	24	\$ 65,584	1
2008	2,453	96	114	4	3,633,881	74	1,172,989 <sup>3</sup>	24	76,298	1
2009	2,469	96	114	4	3,698,026	74	1,226,809	24	105,410	2
2010	2,492	97	87	3	3,763,466	74	1,202,826	24	130,386	2
2011	2,437	97	82	3	3,835,905	77	1,103,781	22	69,777	1

The actual FY 2010/2011 total water sales revenues are approximately 1.74% percent less than the FY 2009/10 revenues due to lower water sales to the City of Solvang, water use reductions from Agricultural users, increased property foreclosures, and the economic recession.

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<sup>1</sup> Domestic Revenues are shown to include a pro-rata share of the Rural Residential sales revenues.

<sup>2</sup> Ag Sales Revenues are shown to include a pro-rata share of Limited Ag water sales revenues.

<sup>3</sup> 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
2007	2,579	2,613	31	5,223
2008	2,943	2,945	38	5,926
2009	2,929	2,933	85	5,947
2010	2,639	2,679	98 <sup>5</sup>	5,416
2011	2,415	2,797	43 <sup>5</sup>	5,255

The FY 2010/11 actual overall water deliveries are slightly lower than FY 2009/10 due to a decrease in both Agricultural and Domestic water use, increased property foreclosures, and due to economic recession. Additionally, frost protection for agricultural crops was down and mild climates during the summer months contributed to the change as well.

## LARGEST CUSTOMERS

The following table sets forth the ten largest customer accounts of the ID No. 1's water system as of June 30, 2011, as determined by the amount of their respective annual payments.

Customer	Water Usage <sup>4</sup>	Annual Payments
City of Solvang	27 <sup>6</sup>	\$201,777
Santa Barbara County at Lake Cachuma	81	93,114
Private Education Facility	33	42,404
Private Commercial	30	39,502
Private Commercial Agriculture	199	42,731
Private Commercial Agriculture	151	29,350
Private Mutual Water Company	21	27,992
Private Agriculture	36	16,310
Private Agriculture	69	13,342
Private Agriculture	<u>57</u>	<u>11,573</u>
TOTAL	704	\$ 518,095

These ten customers accounted for approximately 10% of the water service revenues for Fiscal Year 2010/11.

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<sup>4</sup> Acre Feet

<sup>5</sup> Represents the total acre feet for the City of Solvang's two master meters and City of Solvang park.

<sup>6</sup> Represents the City of Solvang's two master meters only.

**WATER SYSTEM RATES AND CHARGES**

ID No. 1's rates and charges for FY 2010/11 are as follows:

Monthly Meter Charge

Meter Size	Domestic/Limited	
	Agricultural	Agricultural
$\frac{5}{8}$ " - $\frac{3}{4}$ "	\$ 31.00	
$\frac{3}{4}$ "	37.10	
1"	61.60	
1 1/2"	122.90	\$ 49.00
2"	195.00	81.00
3"	392.40	163.00
4"	553.40	227.00
6"	1,227.30	507.00
8"	1,954.10	

Consumption Charge

Domestic	Rural Residential / Limited Agricultural	Agriculture
\$2.71 per HCF	1 <sup>st</sup> 70: \$2.71 per HCF Over 70: \$0.54 per HCF	\$0.36 per HCF
Temporary Rate		Cachuma Park & City of Solvang
\$4.07 per HCF	(Conn. Fee \$50.00; minimum chg.: \$25.00)	\$2.71 per HCF

Connection Charge

Meter Size	Meter Only <sup>7</sup>	Service and Meter
$\frac{5}{8}$ " - 1"	\$ 3,228.29	\$6,335.19 Short Side (1" service) 9,435.63 Long Side (1" service)
$\frac{3}{4}$ "	\$ 3,873.94	\$7,011.73 Short Side (1" service) 10,130.17 Long Side (1" service)
1"	\$ 6,456.57	\$9,686.56 Short Side (1" service) 12,805.00 Long Side (1" service)
(2) $\frac{5}{8}$ " - 1"		\$6,924.29 Short Side (1" double service) 10,042.72 Long Side (1" double service)
1 1/2"	\$ 12,913.14	\$17,014.55 Short Side (2" service) 20,142.34 Long Side (2" service)
2"	\$20,661.02	\$25,104.37 Short Side* (2" service) 28,232.16 Long Side* (2" service)
3"	*see below	*see below

Fire Service Connection Fee: \$600 per inch of diameter of Service size.

\*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.

Capital Facilities Charge on Larger Services

Meter Size	Charge	
3"	\$ 41,322.05	+ Serv. & Meter Costs
4"	\$ 58,109.13	+ Serv. & Meter Costs
6"	\$ 129,131.41	+ Serv. & Meter Costs
8"	\$ 206,610.26	+ Serv. & Meter Costs

<sup>7</sup> Reflects actual meter cost and Capital Facilities Charge.

Installation Charge: The meter and service installation charge shall equal the cost of installation as determined by ID No. 1 from time to time.

FISCAL YEAR 2011 OPERATING RESULTS

The following table is a summary of operating results of the water system of ID No. 1 for Fiscal Year 2010/11. These results have been derived from ID No. 1's financial statements, 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>June 30, 2011</b>
M&I Water Sales	\$4,497,696
Ag. Water Sales	441,991
Water Sales to City of Solvang	69,777
SWP Revenue from City of Solvang	2,656,830
Connection Fees	173,976
Special Assessments <sup>8</sup>	748,892
Other Fees & Income	113,523
Interest Income	<u>56,583</u>
<b>TOTAL REVENUES:</b>	<b>8,759,268</b>
<b><u>OPERATING EXPENSES</u></b>	
Water Purchased	182,247
Pumping	479,478
Water Treatment	19,809
Transmission & Distribution	514,502
Other/Litigation Fees	463,349
Administration & General	<u>1,937,809</u>
<b>TOTAL OPERATING EXPENSES:</b>	<b>3,597,194</b>
NET REVENUES	5,162,074
Rate Coverage Reserve Fund Deposit (Includes Solvang)	1,022,142
Adjusted Net Revenues	6,184,216
State Water Payments (Includes Solvang)	<b>4,003,719</b>
<b>Coverage Ratio:</b>	1.54
Other Debt Service <sup>9</sup>	100,824
Available for Capital improvements and other purposes	<b>\$1,057,531</b>

Source: Santa Ynez Improvement District No. 1

<sup>8</sup> Special assessment levied to pay operation and maintenance expenses for the water system.

<sup>9</sup> Debt service on 2004 Cachuma Project Authority Revenue bonds.

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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)
2007	1,939	\$4,023,837	1,512
2008	1,964	4,180,995	1,512
2009	2,017	4,085,678	1,483
2010	1,981	3,957,709	1,315
2011	2,019	3,927,817	1,322

**LARGEST CUSTOMERS**

The following table sets forth the ten largest customers of the City’s water system as of June 30, 2011, as determined by the amount of their respective annual payments.

*Largest Customers as of June 30, 2011*

Customer	Water Usage	Annual Payments
Rancho Santa Ynez Mobile Estate	29,997	\$ 90,430
Alisal Guest Ranch	12,761	38,921
Solvang Lutheran Home	6,872	20,960
Mission Oaks	7,025	21,426
City of Solvang	12,628	44,866
Chumash Resort	7,481	22,817
Workdmark Solvang	7,435	22,677
Wine Valley Inn	4,676	14,262
Solvang LLM	6,060	18,483
Solvang School	<u>6,564</u>	<u>20,020</u>
TOTAL	101,499	\$ 315,862

*Monthly Service Charges for Water Meters by Size*

<u>Meter Size</u>	<u>Rated Flow (gpm)<sup>1</sup></u>	<u>Ratio to 5/8" x 3/4" Meter</u>	<u>Meter Charges</u>	<u>Outside Users<sup>2</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	23.81
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>3</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>1</sup> gallons per minute

<sup>2</sup> outside users are properties outside of City limits

<sup>3</sup> 100 cubic feet

FISCAL YEAR 2011 OPERATING RESULTS

The following table is a summary of operating results of the water system of the City for fiscal year 2010/11. 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, 2011</u></b>
Water Sales	\$ 3,927,817
Other Fees & Income	27,836
Capital contributions	22,276
Interest Income	<u>17,698</u>
<b>TOTAL REVENUES:</b>	<b><u>3,995,627</u></b>
<b><u>OPERATING EXPENSES</u></b>	
Operating Expenses	1,140,648
Interest Expense	<u>73,976</u>
<b>TOTAL OPERATING EXPENSES:</b>	<b><u>1,214,624</u></b>
NET REVENUES	2,781,003
Rate Coverage Fund Deposit	<u>604,939</u>
Adjusted Net Revenues	<u>3,385,942</u>
State Water Payments	<b><i>2,647,201</i></b>
<b><i>Coverage Ratio:</i></b>	1.28
Other Debt Service	-
Available for Capital improvements and other purposes	\$ 133,802

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 five most recent fiscal years, together with the amount of its annual water sales revenues.

Fiscal Year Ending June 30	Connections	Sales Revenues
2007	5,489	\$3,911,610
2008	5,531	3,610,462
2009	5,547	3,588,500
2010	5,545	3,574,319
2011	5,385	3,421,151

**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
2007	1,275
2008	1,187
2009	1,130
2009	1,282
2011	1,250

## LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the City's water system as of June 30, 2011, as determined by the amount of their respective annual payments.

Customer	Water Usage <sup>1</sup>	Annual Payments
Morro Bay High School	33,664	\$ 40,082
City of Morro Bay	17,300	163,627
Pacific Care Center	9,576	137,376
Department of Parks	8,460	93,897
Mission Linen Supply	6,172	91,860
Morro Dunes Trailer Park	3,753	45,179
Silver City Manor	3,413	40,759
San Luis Coastal School District	3,348	33,103
Morro Bay Mobil	2,924	40,834
Morro Elementary School	<u>2,786</u>	<u>27,456</u>
TOTAL	91,396	\$714,173

These ten customers accounted for approximately 21% of water services revenues in fiscal year 2010/2011.

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<sup>1</sup> Hundred Cubic Feet

FISCAL YEAR 2011 OPERATING RESULTS

The following table is a summary of operating results of the water system of the City for fiscal year 2010/11. These results have been derived from the City's financial statements, but exclude certain non-cash items and include certain other adjustments.

CITY OF MORRO BAY

<b><u>REVENUES</u></b>	<b><u>June 30, 2011</u></b>
Water Service Charge	\$ 3,323,916
Connection Fees	16,566
Penalties & Reconnections	71,724
Miscellaneous	<u>78,980</u>
<b>TOTAL REVENUES:</b>	<b><u>3,661,837</u></b>
<b><u>OPERATING EXPENSES</u></b>	
Administration & General	1,647,445
Maintenance	166,114
<b>TOTAL OPERATING EXPENSES:</b>	<b><u>1,587,764</u></b>
<b>NET REVENUES</b>	<b>1,686,572</b>
State Water Payments	<b><i>2,108,814</i></b>
<b><i>Coverage Ratio:</i></b>	<b><i>0.80</i></b>
Available for Capital improvements and other purposes	\$ (422,242)

Source: City of Morro Bay



# City of Morro Bay

Morro Bay, CA 93442  
(805) 772-6201

January 10, 2012

Ray Stokes, Deputy Director  
Central Coast Water Authority  
255 Industrial Way  
Buellton, CA 93427

**RE: CITY OF MORRO BAY'S 2010/11 BOND COVERAGE RATIO**

Dear Ray,

For the 2010/11 fiscal year, the City of Morro Bay failed to meet its minimum bond coverage ratio. The required percentage rate is greater than or equal to 1.25%; for the 2010/11 fiscal year, Morro Bay's is 0.80%. The City attributes this to our water conservation efforts, increased expenses for maintaining our aging infrastructure, and an outdated water rate structure.

With the 2012/13 fiscal year, the City will meet its bond ratio requirement through a Proposition 218 water rate increase. If you have any questions, please contact me at (805) 772-6217.

Sincerely,

Susan Slayton  
Administrative Services Director

**FINANCE**  
595 Harbor Street

**ADMINISTRATION**  
595 Harbor Street

**FIRE DEPT.**  
715 Harbor Street

**PUBLIC SERVICES**  
955 Shasta Avenue

**HARBOR DEPT.**  
1275 Embarcadero Road

**CITY ATTORNEY**  
955 Shasta Avenue

**POLICE DEPT.**  
850 Morro Bay Boulevard

**RECREATION & PARKS**  
1001 Kennedy Way

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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 five most recent fiscal years, together with the amount of its annual water sales revenues.

Fiscal Year Ending <u>June 30</u>	<u>Connections</u>	<u>Sales Revenues</u>
2007	4,472	\$2,124,500
2008	4,713	2,619,579
2009	4,540	2,834,803
2010	4,558	2,874,984
2011	4,569	3,048,595

**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 <u>Ending June 30</u>	<u>Urban Deliveries</u>
2007	2,003
2008	2,269
2009	2,135
2010	1,971
2011	1,912

LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the City's water system as of June 30, 2011, as determined by the amount of their respective annual payments.

Customer	Water Usage	Annual Payments
Cliffs Shell Beach	14,375	\$35,655
Pismo Beach Mobile Home Park	14,237	41,371
Shorecliff Lodge	8,226	20,648
Oxford Suites	8,206	22,655
Motel 6	6,767	18,218
Pismo Lighthouse Suites	6,385	18,292
Sunset Palisades	6,359	17,456
Lucia Mar Unified School District - 507	5,643	16,321
Quality Inn	5,570	15,141
Seacrest Resort	<u>5,241</u>	<u>14,407</u>
Totals	81,009	\$220,164

These ten customers accounted for approximately 7.2% of water service revenues in fiscal year 2010/11.

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

Meter Size	
All Meters	
5/8" & 3/4"	\$ 30.52
1"	61.01
1-1/2"	102.52
2"	164.44
3"	310.59
4"	509.93
6"	1,220.74

	Single Family <u>Residential</u>	All Other Metered <u>Users</u>
Consumption Charge:		
0-12 HCF	\$2.11/HCF	\$2.35/HCF
13 HCF and higher	\$2.74/HCF	\$2.35/HCF
Construction Meter		\$4.70/HCF
Irrigation Meter		\$2.59/HCF
Connection Charges:		
A) State Water Supply Fee	\$8,462 per equivalent dwelling unit	
B) Special Tax Levy FY 2010-11	\$176.16 per year per equivalent dwelling unit.	

FISCAL YEAR 2011 OPERATING RESULTS

The following table is a summary of operating results of the water system of the City for FY 2010/11. 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, 2011</u></b>
Water Service Charge	\$ 3,072,969
State Water Impact Fee	204,937
Interest	94,494
Assessments	1,261,690
Other Revenues	<u>18,757</u>
<b>TOTAL REVENUES:</b>	<b><u>4,652,847</u></b>
<b><u>OPERATING EXPENSES</u></b>	
Administration and General	633,774
Lopez Contract Payments <sup>1</sup>	1,385,609
Operations & Maintenance	565,802
Utilities	<u>80,680</u>
<b>TOTAL OPERATING EXPENSES:</b>	<b><u>2,665,865</u></b>
<b>NET REVENUES</b>	<b>1,986,982</b>
State Water Payments	1,633,880
Total Contract Payments	1,633,880
<b>Coverage Ratio:</b>	<b>1.22</b>
Available for Capital improvements and other purposes	<b>\$ 353,102</b>

Source: City of Pismo Beach

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<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.





**Administrative Services Department**

**760 Mattie Road**

**Pismo Beach CA 93449**

**Ph: 805-773-4655 Fax: 805-773-7065**

March 3, 2012

Central Coast Water Authority  
Attention: Mr. Ray Stokes  
255 Industrial Way  
Buellton, California 93427-9565

Re: CCWA State Water Coverage Requirements for Fiscal Year Ending June 30, 2011

Dear Mr. Stokes:

For fiscal year ending June 30, 2011, the City of Pismo Beach did not meet the coverage obligation requirements per the debt coverage covenant identified in the State Water Bonds continuing disclosure reporting requirement by a difference of .03 (1.25-1.22). The main contributor to not meeting the coverage requirement was the increase in Fixed Costs related to the Lopez Bonds and consumption rate decreases as a result of water conservation measures by residential users.

In order to meet the coverage requirements for 2011-12, the City of Pismo Beach has increased the Water Tax rate for fiscal year 2011-12. Water rate increases as a result of Consumer Price Index changes are also in place to offset the increased costs on an annual basis. And finally, the City has recently undergone an updated Water Rate Study in 2011-12. Rate increases as a result of the updated study may take place in fiscal year 2012-13.

Sincerely,

A handwritten signature in blue ink that reads "Susan West-Jones".

Susan West-Jones  
Finance Manager