

CENTRAL COAST WATER AUTHORITY

FY 2003/04
CONTINUING
DISCLOSURE ANNUAL
REPORT

\$198,015,000
REFUNDING REVENUE BONDS
(STATE WATER PROJECT REGIONAL
FACILITIES)
Series 1996A and Series 1996B



March 11, 2005

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

RE: Central Coast Water Authority Fiscal Year 2003/04 Annual Report on
Continuing Disclosure for the \$198,015,000 Refunding Revenue Bonds
(State Water Project Regional Facilities), Series 1996A and Series 1996B

Robert W. Puddicombe
Chairman

Leo Trujillo
Vice Chairman

Bill Brennan
Executive Director

Hatch & Parent
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

Dear Priscilla:

Attached is the Fiscal Year 2003/04 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 2003/04 State Water Deliveries

A table showing deliveries during Fiscal Year 2003/04 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 2003/04 and have deposited the following amounts:

| Project Participant | FY 2003/04 | |
|---|---------------|------------------|
| | Rate Coverage | Fund Deposit |
| City of Buellton | \$ | 238,324 |
| Carpinteria Valley Water District | | 752,655 |
| City of Guadalupe | | 154,756 |
| La Cumbre Mutual Water Company | | 345,084 |
| Montecito Water District | | 959,705 |
| City of Santa Maria | | 4,002,906 |
| Santa Ynez, RWCD, I.D. #1 (City of Solvang) | | 534,808 |
| Santa Ynez, RWCD, I.D. #1 | | 385,535 |
| County of San Luis Obispo (Shandon) | | 14,522 |
| Avila Beach Community Services District | | 27,609 |
| Oceano Community Services District | | 176,477 |
| TOTAL: | \$ | 7,592,380 |

Continuing Disclosure Annual Report

Consistent with Section 4 of the Continuing Disclosure Report, the Fiscal Year 2002/03 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)
 San Luis Obispo County Service Area No. 16, Improvement District No. 1
 City of Pismo Beach
 City of Morro Bay
 Avila Beach Community Services District
 Oceano Community Services District

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 2003/04 Comprehensive Annual Financial Report are enclosed.

Avila Community Services District

From the information presented to the Authority, the Avila Community Services District did not meet its coverage obligation for Fiscal Year 2003/04. Please refer to the letter contained in this report regarding the steps the District is taking to meet its coverage obligation with regard to the Authority's contract. Please note, this letter is the same letter the District provided to the Authority for the FY 2002/03 Continuing Disclosure Report.

City of Pismo Beach

From the information presented to the Authority, the City of Pismo Beach did not meet its coverage obligation for Fiscal Year 2003/04. Please refer to the letter contained in the report regarding the steps the City is taking to meet its coverage obligation with regard to the Authority's contract.

Oceano Community Services District

The Oceano Community Services District did not submit the required continuing disclosure information for FY 2003/04. The Authority is attempting to obtain the required information and I will forward the information to you when the District provides the information.

Project Participant Audited Financial Statements

The City of Guadalupe and the City of Morro Bay have not yet submitted their FY 2003/04 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 city.

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, Smith Barney-Citigroup

Central Coast Water Authority
Fiscal Year 2003/04 State Water Deliveries
Fiscal Year 2003/04 Continuing Disclosure Annual Report

| Project Participant | Acre-Feet | | |
|-------------------------------------|---------------|----------|----------------|
| | Table A | Exchange | Net Deliveries |
| Lopez Turnout (SLO County) | 1,994 | | 1,994 |
| Chorro Valley Turnout (SLO County) | 2,465 | | 2,465 |
| City of Guadalupe | 379 | | 379 |
| City of Santa Maria | 13,267 | | 13,267 |
| Southern California Water Co. | 208 | | 208 |
| Vandenberg Air Force Base | 4,294 | | 4,294 |
| City of Buellton | 545 | | 545 |
| Santa Ynez ID#1 (Solvang only) | 1,299 | | 1,299 |
| Santa Ynez ID#1 (excluding Solvang) | 588 | 2,482 | 3,070 |
| Goleta Water District | 1,707 | (893) | 814 |
| Morehart Land Company | 13 | | 13 |
| LaCumbre Mutual Water Co. | 417 | | 417 |
| Raytheon Systems Co. | 36 | | 36 |
| City of Santa Barbara | 937 | (596) | 341 |
| Montecito Water District | 1,217 | (596) | 621 |
| Carpinteria Valley Water District | 725 | (397) | 328 |
| TOTAL: | 30,091 | - | 30,091 |

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 2003/04 CONTINUING DISCLOSURE

ANNUAL REPORT

| | |
|---|----|
| City of Buellton | 1 |
| Carpinteria Valley Water District..... | 5 |
| Goleta Water District | 10 |
| City of Guadalupe | 13 |
| La Cumbre Mutual Water Company..... | 16 |
| Montecito Water District | 20 |
| City of Santa Barbara..... | 25 |
| City of Santa Maria..... | 29 |
| Santa Ynez River Water Conservation District, Improvement District #1 | 33 |
| City of Solvang | 38 |
| Avila Community Services District | 41 |
| City of Morro Bay | 46 |
| Oceano Community Services District..... | 49 |
| City of Pismo Beach | 53 |
| County of San Luis Obispo C.S.A. No. 16, ID#1 | 57 |

SANTA BARBARA COUNTY

CITY OF BUELLTON

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. Due to continued construction of new homes during 2004, the number of water connections increased by 4.7%. Sales revenues for the year ended June 30, 2004 increased by 10.7%.

Historic Water Connections and Sales and Service Revenues

| Fiscal Year Ending June 30 | Connections | Water Sales Revenues |
|-------------------------------|-------------|----------------------|
| 2000 | 1,082 | \$1,111,867 |
| 2001 | 1,251 | 1,134,691 |
| 2002 | 1,314 | 1,144,605 |
| 2003 | 1,424 | 1,233,563 |
| 2004 | 1,491 | 1,365,416 |

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 |
|-------------------------------|-----------------------------------|-------------------|----------------|-------|
| 2000 | 173 | 180 | 587 | 940 |
| 2001 | 240 | 281 | 463 | 984 |
| 2002 | 268 | 299 | 501 | 1,068 |
| 2003 | 190 | 390 | 531 | 1,111 |
| 2004 | 463 | 249 | 545 | 1,257 |

Total water deliveries for fiscal year 2004 were 13.1% over 2003 water deliveries.

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 ¹ |
|------------|-------------------------------------|
| Up to 3/4" | \$ 18.20 |
| 1" | 20.65 |
| 1 1/2" | 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 9% 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.

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

²LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the City's water system as of June 30, 2004, as determined by the amount of their respective annual payments.

| | Water Usage ² | Annual Payments |
|--------------------------------|--------------------------|-----------------|
| Ranch Club Mobile Estates | 26,143 | \$103,594 |
| Rancho Santa Barbara Marriott | 15,933 | 59,157 |
| Rivergrove Mobile Home Park | 10,239 | 39,182 |
| Flying Flags RV Park | 17,216 | 35,283 |
| Zaca Creek Golf Course | 248 | 31,298 |
| Buellton Union School District | 12,807 | 31,102 |
| Pea Soup Andersen's Restaurant | 6,385 | 29,589 |
| Days Inn | 5,260 | 20,923 |
| Rancho De Maria Development | 9,170 | 20,063 |
| Andersen's Inn | 4,518 | 16,526 |
| TOTAL | 107,919 | \$386,717 |

These ten customers accounted for approximately 28% of the City's water service revenues for fiscal year 2003/04.

² Hundred Cubic Feet

FISCAL YEAR 2004 OPERATING RESULTS

The following table is a summary of operating results of the water system for Fiscal Year 2003/04. 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

| REVENUES | June 30, 2004 |
|---|----------------------|
| Water Sales | \$ 1,365,416 |
| Connection Fees | 430,313 |
| Other Fees & Income | 454 |
| Interest Income | 25,330 |
| TOTAL REVENUES: | 1,821,513 |
| | |
| OPERATING EXPENSES | |
| Operations & Maintenance Expenses | 413,307 |
| FmHA Debt Service | 5,418 |
| TOTAL OPERATING EXPENSES: | 418,725 |
| | |
| NET REVENUES | 1,402,788 |
| Rate Coverage Reserve Fund Deposit | 238,324 |
| Adjusted Net Revenues | 1,641,112 |
| | |
| State Water Payments | 895,101 |
| | |
| Coverage Ratio: | 1.83 |
| | |
| Available for Capital improvements and other purposes | \$ 507,687 |

Source: City of Buellton

CARPINTERIA VALLEY WATER DISTRICT

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. | % |
| 2000 | 3,714 | 90 | 423 | 10 | 3,545,276 | 65 | 1,897,541 | 35 |
| 2001 | 3,722 | 90 | 424 | 10 | 3,728,670 | 69 | 1,700,016 | 31 |
| 2002 | 3,729 | 90 | 426 | 10 | 4,079,548 | 69 | 1,808,704 | 31 |
| 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 |

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 |
|----------------------------|---------------|------------------------|-----------|
| 2000 | 3,386,278 | 2,236,260 | 5,622,538 |
| 2001 | 3,083,936 | 2,244,750 | 5,428,686 |
| 2002 | 3,233,102 | 2,655,151 | 5,888,253 |
| 2003 | 3,135,902 | 2,925,965 | 6,061,867 |
| 2004 | 3,383,107 | 3,627,486 | 7,010,593 |

The almost \$949,000 increase in total FY 03/04 sales revenue from the previous year reflects increased irrigation water rates and significant monthly service charge increase for all categories of water use. The nearly \$194,000 drop in water revenues for FY 00/01 reflects the colder year decline in irrigation sales, offset somewhat by the increased water rates. The approximate \$450,000 increase in water revenue in FY 01/02 is the result of a combination of rate increases for all customers and increased sales of water for irrigation purposes. The approximate \$160,000 increase in water revenue in FY 02/03 reflects a combination of lower water sales due to a cooler weather pattern offset by substantial increases in the monthly services charges and small increases in the unit price of water.

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)¹ Deliveries

| Fiscal Year Ending June 30 | Residential ³ | Commercial | Public Authority | Industrial | Irrigation | Total |
|-------------------------------|--------------------------|------------|---------------------|------------|------------|-------|
| 2000 | 1,741 | 386 | 132 | 131 | 2,230 | 4,620 |
| 2001 | 1,663 | 376 | 112 | 120 | 1,864 | 4,135 |
| 2002 | 1,688 | 398 | 129 | 128 | 1,995 | 4,338 |
| 2003 | 1,646 | 400 | 120 | 138 | 1,881 | 4,185 |
| 2004 | 1,745 | 412 | 142 | 133 | 2,140 | 4,572 |

Sources

| Fiscal Year Ending June 30 | Groundwater | State Water | Cachuma Project | Total |
|-------------------------------|-------------|-------------|-----------------|-------|
| 2000 | 1,131 | 0 | 3,529 | 4,660 |
| 2001 | 538 | 0 | 3,600 | 4,138 |
| 2002 | 298 | 0 | 3,950 | 4,248 |
| 2003 | 508 | 600 | 2,925 | 4,033 |
| 2004 | 783 | 328 | 3,553 | 4,664 |

MANAGEMENT DISCUSSION OF HISTORIC WATER CONNECTIONS, SALES REVENUES AND DELIVERIES

Total demand for water in FY 1999/00 reflected a dry rainy season and a small amount of growth. In FY 00/01 total demand for water nearly dropped to the level of FY 1997/98 due to a cooler weather pattern throughout the year, and a large reduction in water used for irrigation purposes. In FY 2001/02 total demand for water returned to a more normal level and water demand was slightly impacted by the lower than normal temperatures. The lower total water deliveries in FY 2002/03 reflected a cooler than normal year, again resembling FY 2000/01. The increased deliveries to Irrigation in FY 03/04 reflect a dryer than normal year, approaching FY 99/00.

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

² 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, 2004, as determined by the amount of their respective water usage:

| <u>Customer</u> | <u>Water Usage (HCF)</u> | <u>Annual Payments</u> |
|-----------------------------|--------------------------|------------------------|
| Casitas Village HOA | 28,530 | \$ 132,653 |
| Villa Del Mar HOA | 29,528 | 119,814 |
| B&H Flowers | 69,787 | 109,044 |
| Carpinteria School District | 27,755 | 103,660 |
| Sandpiper Village | 25,416 | 87,982 |
| Norman Nursery | 35,813 | 60,745 |
| Ocean Breeze Nursery | 27,886 | 51,493 |
| William Van Wingerden | 27,045 | 48,175 |
| Weserlay Roses | 26,076 | 45,873 |
| Roberts Ranch | <u>24,113</u> | <u>38,794</u> |
| TOTAL | 321,949 | \$ 798,233 |

These ten customers accounted for approximately 11.38% of water service revenues for the year ended June 30, 2004.

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. 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.

A schedule of the District's current monthly service charges effective since July 1, 2004 is shown below:

| Meter Size | Monthly Service Charge |
|------------|------------------------|
| 5/8" | \$ 40.98 |
| 3/4" | 40.98 |
| 1" | 60.89 |
| 1 1/2" | 110.66 |
| 2" | 170.39 |
| 3" | 329.67 |
| 4" | 508.86 |
| 6" | 1,006.61 |
| 8" | 2,300.76 |

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. A schedule of the District's current Capital Cost Recovery Fees, effective July 1, 2004, is shown below:

| Meter Size | Capital Cost Recovery Fees |
|------------|----------------------------|
| 5/8" | \$3,808.37 |
| 3/4" | 5,294.48 |
| 1" | 8,689.20 |
| 1 1/2" | 17,150.42 |
| 2" | 27,306.83 |
| 3" | 54,423.27 |

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

FISCAL YEAR 2004 OPERATING RESULTS

The following table is a summary of operating results of the water system of the District for Fiscal Year 2003/04. 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

| REVENUES | June 30, 2004 |
|---|----------------------|
| Muni. & Ind. Water Sales | \$ 2,093,616 |
| Agricultural Water Sales | 1,289,399 |
| Water Service Charge | 3,367,097 |
| Fire Protect & Service Revenue | 260,633 |
| Capital Cost Rec Fee | 82,511 |
| Interest Revenue | 65,304 |
| Other Income | 39,446 |
| Overhead charges | 14,647 |
| TOTAL REVENUES: | 7,212,653 |
| | |
| OPERATING EXPENSES | |
| Cost of Purchased Water | 464,569 |
| Pumping Expense | 160,820 |
| Treatment expense | 717,856 |
| Trans & Dist Exp | 474,239 |
| Customer Accounts | 84,721 |
| Cachuma Operating Expense | 312,158 |
| General & Admin. | 1,333,310 |
| TOTAL OPERATING EXPENSES: | 3,547,673 |
| | |
| NET REVENUES | 3,664,980 |
| Rate Coverage Reserve Fund Deposit | 752,655 |
| Adjusted Net Revenues | 4,417,635 |
| | |
| State Water Payments | 2,968,996 |
| | |
| Coverage Ratio: | 1.49 |
| | |
| Additional Debt Service | 740,486 |
| Available for Capital improvements and other purposes | \$ (44,502) |

(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

GOLETA WATER DISTRICT

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. | % | Ag. | % | Dom. | % | Ag. | % |
| 2000 | 14,893 | 98.00 | 297 | 2.00 | \$13,156,760 | 88.18 | \$1,763,055 | 11.82 |
| 2001 | 15,357 | 98.31 | 264 | 1.69 | 12,632,412 | 88.73 | 1,603,962 | 11.27 |
| 2002 | 15,438 | 98.17 | 287 | 1.83 | 13,245,252 | 87.29 | 1,927,993 | 12.71 |
| 2003 | 15,683 | 98.00 | 316 | 2.00 | 13,075,075 | 87.51 | 1,866,625 | 12.49 |
| 2004 | 15,918 | 98.00 | 331 | 2.00 | 13,875,322 | 85.90 | 2,271,229 | 14.10 |

The number of connections to the District’s water system continues to increase steadily. Since 2000, the number of connections added to the system has increased at an average annual rate of 1.85%. Water service revenues have also continued to increase. Steadily increasing demand as well as increases in water service rates have caused revenues to grow at an average annual rate of 2.92% since 2000.

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 | Agricultural Deliveries | Urban Deliveries | Total |
|-------------------------------|----------------------------|------------------|--------|
| 2000 | 3,017 | 9,647 | 12,665 |
| 2001 | 3,448 | 9,279 | 12,727 |
| 2002 | 3,809 | 9,414 | 13,223 |
| 2003 | 3,614 | 9,172 | 12,786 |
| 2004 | 4,387 | 9,696 | 14,083 |

Changing weather conditions have a direct impact on total demand for water service, thus the amount of water delivered varies from year to year. However, as a result of below average rainfall in recent years and a steady increase in the number of customers served, overall annual water deliveries have increased at an average annual rate of 2.28% since 2000.

LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the District's water system as of June 30, 2004, as determined by the amount of their respective annual payments.

| <u>Customer</u> | <u>Water Usage⁴</u> | <u>Annual Payments</u> |
|-----------------------------|--------------------------------|------------------------|
| UCSB | 820 | \$ 1,035,457 |
| Glen Annie Golf Club LLC | 363 | 337,756 |
| County of Santa Barbara | 203 | 301,177 |
| Bacara Resort Services Inc. | 170 | 247,084 |
| Sandpiper Golf Course | 305 | 134,618 |
| Cavaletto Ranches LLC | 270 | 117,236 |
| Rancho Tres Cañadas | 242 | 103,990 |
| Roy Butero | 194 | 83,334 |
| Ag-Land Services | 183 | 77,459 |
| Por La Mar Nursery | <u>144</u> | <u>71,030</u> |
| TOTAL | 2,894 | \$ 2,509,143 |

These ten customers accounted for approximately 12.5% of water service revenues for the year ended June 30, 2004.

WATER SYSTEM RATES AND CHARGES

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

| | |
|-------------|------------|
| Agriculture | \$0.95/HCF |
| Urban | \$3.29/HCF |
| Recreation | \$2.38/HCF |
| Reclaimed | \$2.01/HCF |

| <u>Meter Size</u> | <u>Monthly Charge</u> |
|-------------------|-----------------------|
| 3/4" | \$ 16.40 |
| 1" | 22.22 |
| 1 1/2" | 36.40 |
| 2" | 51.72 |
| 3" | 86.40 |
| 4" | 131.38 |
| 6" | 239.70 |
| 8" | 353.02 |
| 10" | 466.34 |

The meter charges listed above were increased to these amounts effective July 1, 2003.

⁴Acre-feet

FISCAL YEAR 2004 OPERATING RESULTS

The following table is a summary of operating results of the water system for Fiscal Year 2003/04. 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.

GOLETA WATER DISTRICT

| | |
|---|-----------------------------|
| <u>Revenues</u> | <u>June 30, 2004</u> |
| Water sales | 16,146,551 |
| Monthly service charges | 3,861,755 |
| Other fees & income | 1,575,593 |
| Interest | <u>1,064,274</u> |
| Total revenues | 22,648,173 |
| <u>Operating expenses</u> | |
| Source of Supply | 4,188,153 |
| Water treatment | 1,662,522 |
| Transmission & distribution | 2,593,119 |
| Customer accounts | 661,467 |
| General & administrative | <u>2,719,535</u> |
| Total operating expenses | 11,824,796 |
| <u>Net revenues</u> | 10,823,377 |
| State water payments | 7,355,604 |
| Coverage ratio: | 1.47 |
| Other debt service | 4,003,576 |
| Capital Contributions (excluded for purposes of coverage ratio calculation) | 3,047,704 |
| Available for capital improvement & other purposes | 2,511,901 |

Source: Goleta Water District

CITY OF GUADALUPE

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, 2004 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 |
|-------------------------------|-------------|----------------|
| 2000 | 1,592 | \$ 957,764 |
| 2001 | 1,638 | 902,446 |
| 2002 | 1,714 | 889,048 |
| 2003 | 1,804 | 980,076 |
| 2004 | 1,912 | 1,769,254 |

The Riverview project continues to add new customers. The number of services added for FY 2003/2004 was approximately 90 or more services. There has also been a new project that is near completion which will add an additional 83 connections. The city continues to anticipate the additional sales revenue which will result in actual revenue in the 2004/05 and ongoing as the developments progress into the future.

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 ⁵ |
|-------------------------------|-------------------------|
| 2000 | 711 |
| 2001 | 735 |
| 2002 | 741 |
| 2003 | 764 |
| 2004 | 811 |

⁵ Groundwater and State Water

The following table sets forth the ten largest customers of the City's water system as of June 30, 2004, as determined by the amount of their respective annual payments.

LARGEST CUSTOMERS

| <u>Customer</u> | <u>Water Usage⁶</u> | <u>Annual Payments</u> |
|---------------------------------|--------------------------------|------------------------|
| Apio Cooler | 36,141 | \$117,458 |
| Guadalupe Union School District | 4,975 | 16,168 |
| Waller Genetics | 3,282 | 10,666 |
| Lupe Alvarez | 2,508 | 8,151 |
| Guadalupe Cemetery | 1,932 | 7,631 |
| P&M Properties | 1,771 | 5,755 |
| Simplot Soilbuilders | 1,645 | 4,732 |
| Far Western Tavern | 1,584 | 4,589 |
| Playa, Inc. | 1,033 | 4,218 |
| Imperial Cafe | <u>419</u> | <u>1,361</u> |
| TOTAL | 55,290 | \$180,729 |

These ten customers accounted for approximately 20% of water service revenues for the year ended June 30, 2004.

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> |
|-------------------|--------------------------|
| 3/4" | \$1,549.77 |
| 1" | 1,743.39 |
| 1 1/2" | 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.

⁶ Hundred Cubic Feet

FISCAL YEAR 2004 OPERATING RESULTS

The following table is a summary of operating results of the water system of the City for Fiscal Year 2003/04. 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

| REVENUES | June 30, 2004 |
|---|----------------------|
| M&I Sales | \$ 1,769,254 |
| Connection Fees | 31,315 |
| Interest Income | 5,354 |
| Other Revenues ⁽¹⁾ | 95,604 |
| TOTAL REVENUES: | 1,901,527 |
| | |
| OPERATING EXPENSES | |
| Salaries & Benefits | 53,326 |
| Operations & Maintenance ⁽²⁾ | 275,514 |
| TOTAL OPERATING EXPENSES: | 328,840 |
| | |
| NET REVENUES | 1,572,687 |
| Rate Coverage Reserve Fund Deposit | 154,756 |
| Adjusted Net Revenues | 1,727,443 |
| | |
| State Water Payments | \$ 669,041 |
| | |
| Coverage Ratio: | 2.58 |
| | |
| Available for Capital improvements and other purposes | \$ 903,646 |

(1) Includes stand-by/availability charges.

(2) Exclusive of depreciation.

Source: City of Guadalupe

LA CUMBRE MUTUAL WATER COMPANY

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 <u>December 31</u> | <u>Connections</u> | | | | | <u>Sales Revenues</u> | | | | |
|---|--------------------|----------|------------|----------|--------------|-----------------------|----------|------------|----------|--------------|
| | <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> |
| 1999 | 1,389 | 98 | 32 | 2 | 1,421 | \$1,552,380 | 95 | \$84,978 | 5 | \$1,637,358 |
| 2000 | 1,392 | 98 | 32 | 2 | 1,424 | 1,565,313 | 95 | 87,322 | 5 | 1,652,635 |
| 2001 | 1,400 | 98 | 29 | 2 | 1,429 | 1,395,710 | 96 | 56,753 | 4 | 1,461,097 |
| 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 |

Total water sales revenue for FY 2003 are higher than FY 2002 due to moderate weather water sales for 2003 compared to unusually high hot weather sales in 2002 (1,723 AF and 1,891 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)*

| <u>Fiscal Year Ending Dec. 31</u> | <u>Domestic Deliveries</u> | <u>Agricultural Deliveries</u> | <u>Total</u> |
|---------------------------------------|--------------------------------|------------------------------------|--------------|
| 1999 | 1,438 | 103 | 1,541 |
| 2000 | 1,443 | 103 | 1,546 |
| 2001 | 1,327 | 72 | 1,399 |
| 2002 | 1,802 | 89 | 1,891 |
| 2003 | 1,642 | 82 | 1,724 |

As noted above water sales were higher in 2002 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, 2003, 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 | 82,105 | \$203,605 |
| Gael Trust | 12,710 | 42,420 |
| Timothy Pasquinelli | 8,823 | 33,281 |
| Mariposa Land Development Co. | 8,547 | 31,195 |
| Elk Trust | 9,326 | 28,622 |
| Stephen Redding | 7,066 | 20,885 |
| Carriage Hill Association | 4,237 | 20,020 |
| Stanford Farms | 4,304 | 16,488 |
| Laguna Blanca School | 3,681 | 15,546 |
| William Foley | <u>4,190</u> | <u>12,357</u> |
| TOTAL | 144,989 | \$424,419 |

These ten customers account for approximately 22% of all water service revenues in fiscal year 2003.

WATER SYSTEM RATES AND CHARGES

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

| | CURRENT (effective Jan. 1, 2002) |
|----------------------------|--|
| 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 \$1.79 for excess |

| | CURRENT (effective Oct. 6, 1997) |
|------------------------------|---|
| <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.

| <u>Item</u> | <u>Connection Charge</u> |
|-----------------------|-----------------------------|
| 3/4" meter | \$ 5,544 + material & labor |
| 1" meter | 9,240 + material & labor |
| 1 1/2" meter | 18,480 + material & labor |
| 2" meter | 29,040 + material & labor |
| 3" meter | 55,440 + material & labor |
| 4" meter | 92,400 + material & labor |
| Fire Sprinkler System | 1,320 + material & labor |
| Private Fire Hydrant | 1,320 + material & labor |

Land Charges **CURRENT (effective Sept. 1, 1998)**
\$20 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 32% in 2001 to reflect the capital costs of state water.

Land charges were adjusted in 1998 from \$10 to \$20 per acre per bi-monthly billing to produce more fixed income.

FISCAL YEAR 2003 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, 2003. 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

| <u>REVENUES</u> | <u>Dec. 31, 2003</u> |
|---|-----------------------------|
| Water Sales | \$ 1,918,454 |
| Meter Charges | 371,434 |
| Land Charges | 247,518 |
| Connection Fees | - |
| Other Income | 12,606 |
| Rental income | 88,137 |
| Interest Income | 30,632 |
| TOTAL REVENUES: | <u>2,668,781</u> |
| | |
| <u>OPERATING EXPENSES</u> | |
| Water Source | 250,909 |
| Water Treatment | 17,772 |
| Transmission & Distribution | 139,859 |
| Admin. & General | 392,474 |
| Conservation | 2,466 |
| Taxes | 49,734 |
| Miscellaneous | 9,737 |
| TOTAL OPERATING EXPENSES: | <u>862,951</u> |
| | |
| NET REVENUES | 1,805,830 |
| Rate Coverage Reserve Fund Deposit | <u>345,084</u> |
| Adjusted Net Revenues | <u>2,150,914</u> |
| | |
| State Water Payments | 1,485,915 |
| | |
| Coverage Ratio: | 1.45 |
| Available for Capital improvements and other purposes | \$ 319,915 |

Source: La Cumbre Mutual Water District

MONTECITO WATER DISTRICT

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 1 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 Revenue | | | |
|----------------------------------|-----------------|----------|---------------------|----------|-----------------|----------|---------------------|----------|
| | <u>Domestic</u> | <u>%</u> | <u>Agricultural</u> | <u>%</u> | <u>Domestic</u> | <u>%</u> | <u>Agricultural</u> | <u>%</u> |
| 2000 | 4,275 | 99 | 64 | 1 | \$5,907,658 | 95 | \$326,511 | 5 |
| 2001 | 4,354 | 99 | 55 | 1 | 5,606,333 | 96 | 224,911 | 4 |
| 2002 | 4,398 | 99 | 55 | 1 | 6,087,213 | 96 | 251,523 | 4 |
| 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 |

The total actual connections for 2003/04 were 4,554. Domestic sales revenues for FY 2003/04 were \$7,217,743. Agricultural sales revenues for 2003/04 were \$361,987.

Water service charges and connection fee revenues were \$2,178,503 and \$541,299 respectively. The District’s Board of Directors chose to increase fixed income sources to better match fixed expenses, rather than increase the variable income sources.

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 Deliveries¹
(In acre-feet per year)

| Fiscal Year Ending June 30 | Agricultural | Domestic | Total |
|----------------------------------|--------------|----------|--------------------|
| 2000 | 551 | 4,786 | 5,337 |
| 2001 | 376 | 4,533 | 4,909 |
| 2002 | 399 | 5,136 | 5,535 ¹ |
| 2003 | 402 | 5,092 | 5,494 |
| 2004 | 560 | 5,495 | 6,055 |

Actual water deliveries for 2003/04 are 6,055 acre-feet. The following table summarizes Water Production by source:

Water Production By Sources
(In acre-feet per year)

| Fiscal Year Ending June 30 | Groundwater | Cachuma Project | Other ² Sources | Total |
|-------------------------------|-------------|--------------------|-------------------------------|--------------------|
| 2000 | 90 | 2,736 | 2,746 | 5,572 |
| 2001 | 74 | 2,829 | 2,233 | 5,136 |
| 2002 | 83 | 2,474 | 2,932 | 5,489 ¹ |
| 2003 | 68 | 2,032 | 3,455 | 5,555 |
| 2004 | 250 | 3,876 | 2,286 | 6,412 |

¹ Total deliveries exceeds total production due to general system losses and water owed to the City of Santa Barbara; the District is presently rehabilitating its water system through its capital improvement program.

² 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 FY 2003/04, as determined by the amount of water usage:

| Customer | Water Usage ³ | Annual Payment |
|--------------------------|--------------------------|----------------|
| Birnam Wood Golf Club | 88,770 | \$ 184,839 |
| Four Seasons Biltmore | 39,391 | 181,206 |
| Westmont College | 55,440 | 168,715 |
| Valley Club of Montecito | 59,233 | 114,549 |
| Petan Company | 24,963 | 90,320 |
| Los Alisos Ranch | 41,068 | 61,183 |
| Santa Barbara Cemetary | 26,976 | 53,929 |
| Bill Meeker | 22,723 | 48,486 |
| Ellen Knill | 22,564 | 45,804 |
| Casa Dorinda | <u>24,017</u> | <u>34,756</u> |
| | 405,145 | \$983,787 |

These ten customers accounted for approximately 10.1% of water service revenues in FY 2003/04.

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, 2004 is as follows:

| Meter Size | Meter Charge | Meter Size | Meter Charge |
|-------------|--------------|------------|--------------|
| 5/8" x 3/4" | \$ 24.29 | 2" | \$ 129.55 |
| 3/4" | 24.29 | 3" | 291.48 |
| 1" | 40.48 | 4" | 485.80 |
| 1-1/2" | 72.87 | 6" | 809.67 |

Quantity Water Rates in Addition to Monthly Service Charge

| | |
|--------------|------------------------------|
| Commercial | \$ 4.25 per hcf ³ |
| Domestic | 3.14 per hcf |
| Schools | 2.93 per hcf |
| Recreational | 1.78 per hcf ⁴ |
| Agricultural | 1.42 per hcf ⁴ |
| Non-Potable | 1.42 per 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, 2004 is as follows:

| Meter Size | Connection Fee | Capital Cost Recovery Fee |
|------------|----------------|---------------------------|
| 3/4" | \$ 1,346.00 | \$ 8,522.00 |
| 1" | 1,374.00 | 14,203.00 |
| 1-1/2" | 2,092.00 | 25,565.00 |
| 2" | 2,542.00 | 45,448.00 |

³ Hundred cubic feet (hcf)

⁴ Recreational and Agricultural users with dwelling units on the property are charged 12 hcf per month at the domestic rate for each dwelling unit.

FISCAL YEAR 2003/04 OPERATING RESULTS

The following table is a summary of operating results of the water system of the District for FY 2003/04. These results have been derived from the District's financial statements and exclude certain non-cash items and include certain other adjustments. The table has not been audited by the District's auditors:

MONTECITO WATER DISTRICT

| <u>REVENUES</u> ⁽¹⁾ | <u>June 30, 2004</u> |
|---|----------------------|
| Water Sales | \$ 7,579,730 |
| Water Service Charges | 2,200,272 |
| Connection/Capital Cost Recovery Fees | 541,299 |
| Water availability charge | 312,386 |
| Interest Income | 69,915 |
| Other Income | 135,744 |
| TOTAL REVENUES: | <u>10,839,346</u> |
| | |
| <u>OPERATING EXPENSES</u> | |
| Water Purchased | 1,096,917 |
| Pumping | 248,312 |
| Water Treatment | 1,154,668 |
| General & Administrative | 1,598,014 |
| Operations & Maintenance | 711,553 |
| TOTAL OPERATING EXPENSES: | <u>4,809,464</u> |
| | |
| NET REVENUES | 6,029,882 |
| Rate Coverage Reserve Fund Deposit | 959,705 |
| Adjusted Net Revenues | <u>6,989,587</u> |
| | |
| State Water Payments | 4,550,214 |
| | |
| Coverage Ratio: | 1.54 |
| | |
| Other Debt Service ⁽²⁾ | 1,138,603 |
| | |
| Available for Capital improvements and other purposes | \$ 341,065 |

(1) Excludes taxes and assessments

(2) Includes Cachuma Project Authority Bonds, the 1993 Department of Water Resources Loan and the 1998 A Montecito Water District Revenue Certificates of Participation.

Source: Montecito Water District

CITY OF SANTA BARBARA

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 Ending June 30 | Connections | | Sales Revenues | |
|-------------------------------|-------------|-----|----------------|-----|
| | Dom. | % | Dom. | % |
| 2000 | 25,233 | 100 | \$21,196,803 | 100 |
| 2001 | 25,267 | 100 | 21,298,011 | 100 |
| 2002 | 25,388 | 100 | 21,121,848 | 100 |
| 2003 | 25,527 | 100 | 20,822,544 | 100 |
| 2004 | 25,653 | 100 | 23,127,138 | 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 June 30 | Urban Deliveries |
|-------------------------------|------------------|
| 2000 | 14,881 |
| 2001 | 14,618 |
| 2002 | 14,292 |
| 2003 | 13,461 |
| 2004 | 14,281 |

LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the City's water system as of June 30, 2004, as determined by the amount of their respective annual payments.

| <u>Customer</u> | <u>Water Usage⁷</u> | <u>Annual Payments</u> |
|---------------------------------|--------------------------------|------------------------|
| City of Santa Barbara | 84,090 | \$128,602 |
| S. B. Cottage Hospital | 29,136 | 116,380 |
| Fess Parker's Double Tree Inn | 28,464 | 113,983 |
| Montecito Country Club | 57,110 | 87,025 |
| S. B. Cottage Hospital | 18,135 | 76,100 |
| Samarkand, Inc. | 11,714 | 46,610 |
| S. B. Zoological Foundation | 9,523 | 42,785 |
| S.B. Community College District | 9,100 | 38,954 |
| Heide Probstel Trust | 11,169 | 38,937 |
| National Retail Partners, LLC | <u>9,114</u> | <u>38,929</u> |
| | 267,555 | \$728,305 |

These ten customers accounted for approximately 4% of the annual water system sales for Fiscal Year 2003/04.

⁷ Hundred Cubic Feet

Water System Rates and Charges During FY 2003/04

| Customer Class | Water Service Rates |
|--|---|
| Single Family Residential | First 4 HCF @ \$2.31 Next 16 HCF @ \$3.86 All other @ \$4.08 |
| Multi-Family Residential 1-4 dwelling units | First 4 HCF per dwelling unit @ \$2.31 Next 8 HCF per dwelling unit @ \$3.86 All other @ \$4.08 |
| Multi-Family Residential 5+ dwelling units | First 4 HCF per dwelling unit @ \$2.31 Next 8 HCF per dwelling unit @ \$3.86 All other @ \$4.08 |
| Commercial | 100% of base allotment ⁸ @ \$3.86 per HCF; All other @ \$4.08 |
| Industrial | 100% of base allotment ² @ \$3.86 per HCF; All other @ \$4.08 |
| Irrigation - Residential | Billed as if used through associated residential meter, OR annual allotment of 654 HCF/acre @ \$3.86; all other @ \$4.08 |
| Irrigation - Recreation/Parks/Schools | Annual allotment of 1,404 HCF/acre @ \$1.82 Next 240 HCF/acre/year @ \$3.86 All other @ \$4.08 |
| Irrigation – Commercial | 100% of base allotment ² @ \$3.86 per HCF; All other @ \$4.08 |
| Irrigation – Agriculture | Annual allotment of 870 HCF/acre @ \$1.46 Next 240 HCF/acre/year @ \$3.86 All other @ \$4.08 |
| Recycled Water | All usage @ \$1.46/HCF |
| Outside City Limits | 130% of corresponding in-City rates |

Monthly Service Charges for Water Meters by Size During FY 2003/04

| Meter Size | Monthly Service Charge |
|------------|------------------------|
| 5/8" | \$ 6.07 |
| 3/4" | 9.12 |
| 1" | 15.19 |
| 1 1/2" | 30.37 |
| 2" | 48.59 |
| 3" | 97.18 |
| 4" | 151.84 |
| 6" | 303.68 |
| 8" | 485.90 |
| 10" | 698.47 |

Connection Charges During Fiscal Year 2003/04

| | | |
|---|------------|----------|
| Connection Charges on 1" Service: | 5/8" Meter | 1" Meter |
| Buy-in Fee (per detached single family residence) | \$1,669 | \$2,049 |
| | 1,937 | 4,842 |
| | \$3,606 | \$6,891 |

⁸ Base allotment = average monthly consumption during most recent January – June period.

FISCAL YEAR 2004 OPERATING RESULTS

The following table is a summary of operating results of the water system of the City for Fiscal Year 2003/04. 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

| <u>REVENUES</u> | <u>June 30, 2004</u> |
|---|-----------------------------|
| M&I Sales | \$ 23,127,138 |
| Service Charges | 506,429 |
| JPA Reimbursement | 1,446,951 |
| Interest Income | 252,980 |
| Other Revenues | 97,649 |
| TOTAL REVENUES: | <u>25,431,147</u> |
| | |
| <u>OPERATING EXPENSES</u> | |
| Salaries & Benefits | 4,944,183 |
| Materials & Supplies | 8,738,839 |
| Interest Expense ⁽¹⁾ | 109,127 |
| Other | 29,970 |
| TOTAL OPERATING EXPENSES: | <u>13,822,119</u> |
| | |
| NET REVENUES | 11,609,028 |
| | |
| State Water Payments | 4,481,194 |
| Parity Debt Service ⁽²⁾ | 1,870,214 |
| Total Contract Payments | <u>6,351,408</u> |
| | |
| Coverage Ratio: | 1.83 |
| | |
| Available for Capital improvements and other purposes | \$ 5,257,620 |

(1) Includes 1998 and 1991 DWR Water Reclamation Loans.

(2) Represents debt service on the 1994 Water Revenue Refunding Bonds and the 2003 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

CITY OF SANTA MARIA

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 |
|-------------------------------|-------------|----------------------|--------------------------------|
| 2000 | 16,798 | \$ 13,430,453 | \$ 3,226,812 |
| 2001 | 17,189 | 14,985,470 | 3,589,063 |
| 2002 | 17,735 | 16,350,234 | 3,786,941 |
| 2003 | 18,301 | 17,569,216 | 3,981,184 |
| 2004 | 19,170 | 19,392,893 | 4,332,027 |

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 11,992 acre-feet in fiscal year 2000 to a high of approximately 13,267 acre-feet in fiscal year 2004. 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 |
|-------------------------------|------------|
| 2000 | 11,992 |
| 2001 | 12,216 |
| 2002 | 12,990 |
| 2003 | 12,647 |
| 2004 | 13,267 |

LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the City's water system as of June 30, 2004 as determined by the amount of their respective annual payments.

| Customer ⁹ | Water Usage ¹⁰ | Annual Payments |
|-------------------------------|---------------------------|-----------------|
| City of Santa Maria | 246,064 | \$ 801,108 |
| Santa Maria Elementary School | 108,184 | 362,087 |
| Casa Grande Mobile Homes | 70,065 | 161,270 |
| VG Apartments LLC | 66,643 | 206,264 |
| Allan Hancock College | 59,211 | 191,391 |
| Marian Hospital | 28,385 | 106,310 |
| El Capitan Trailer Park | 23,086 | 54,655 |
| Mission Linen Supply | 21,706 | 67,386 |
| Pictsweet Frozen Foods | 21,593 | 70,753 |
| Meridian Apartments | <u>21,333</u> | <u>72,047</u> |
| TOTAL | 666,270 | \$ 2,093,271 |

The ten largest water customers accounted for approximately 11.8% of water service by volume in fiscal year 2004.

The following table sets forth the ten largest customers of the City's wastewater system as of June 30, 2004 as determined by the amount of their respective annual payments.

Largest Wastewater Customers

| Customer | Wastewater Usage ² | Annual Payments |
|-----------------------------|-------------------------------|-----------------|
| Frozsun Foods | 323,594 | \$532,964 |
| SP Village Green LLC | 66,643 | 38,267 |
| Casa Grande Mobile Homes | 65,506 | 29,112 |
| Mission Linen Supply | 21,177 | 34,501 |
| Culligan Water Conditioning | 21,005 | 55,858 |
| Vineyard Apartments | 18,721 | 5,346 |
| El Capitan Trailer Park | 16,160 | 11,174 |
| Central Coast Wine Service | 15,516 | 22,964 |
| Holiday Inn | 9,321 | 11,079 |
| Milt Guggia Enterprises | <u>7,283</u> | <u>10,779</u> |
| TOTAL | 564,926 | \$752,044 |

The ten largest wastewater customers accounted for approximately 13.7% of wastewater service by volume in fiscal year 2004.

¹ 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.

² 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 bi-monthly water rates and charges as of July 1, 2004, is set forth below:

Monthly Service Charges for Water Meters by Size

| Meter Size | Inside City |
|------------|-------------|
| 5/8 x 3/4" | 18.42 |
| 1" | 28.89 |
| 1 1/4" | 34.27 |
| 1 1/2" | 45.67 |
| 2" | 63.16 |
| 3" | 137.07 |
| 4" | 228.47 |
| 6" | 571.26 |

Capacity Charge

| | |
|------------------------|-----------------------------|
| 1 – 500 cubic feet | \$ 2.008 per 100 cubic feet |
| 501 – 1000 cubic feet | 2.382 per 100 cubic feet |
| 1001 – 1500 cubic feet | 2.784 per 100 cubic feet |
| Above 1501 cubic feet | 3.169 per 100 cubic feet |

Wastewater Treatment Charges. A schedule of the City's current monthly wastewater treatment rates and charges as of July 1, 2004, is set forth below:

Monthly Wastewater Rates

| | |
|---------------------------------|---------|
| Single Family Residence | \$ 9.51 |
| Multiple Apartments: | |
| 2 Rooms or Less | 6.73 |
| 3 + Rooms | 7.31 |
| Mobile Homes (number of spaces) | 6.73 |
| Motel/Hotel (per unit) | 4.68 |

Per 100 cubic feet

| | |
|------------------|------|
| Office Buildings | 1.11 |
| Restaurants | 2.66 |
| Commercial | 1.61 |
| Food Processing | 1.55 |
| Machinery | 1.29 |
| Miscellaneous | 1.29 |

FISCAL YEAR 2004 OPERATING RESULTS

The following table is a summary of operating results of the water and wastewater system of the City for Fiscal Year 2003/04. 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

| <u>REVENUES</u> | <u>June 30, 2004</u> |
|---|-----------------------------|
| Water & Wastewater Fees & Charges | \$ 23,724,920 |
| Other Revenues | 2,442,719 |
| Interest Income | 809,428 |
| TOTAL REVENUES: | <u>26,977,067</u> |
| | |
| <u>OPERATING EXPENSES</u> | |
| Salaries, Wages & Benefits | 2,442,703 |
| Materials & Supplies | 1,047,190 |
| Equipment Maintenance & Operations | 500,384 |
| Contracts & Services | 3,063,297 |
| Bad Debts | 64,600 |
| TOTAL OPERATING EXPENSES: | <u>7,118,174</u> |
| | |
| NET REVENUES | 19,858,893 |
| Rate Coverage Fund Deposit | 4,002,906 |
| Adjusted Net Revenues | <u>23,861,799</u> |
| | |
| State Water Payments | 13,858,267 |
| | |
| Coverage Ratio: | 1.72 |
| | |
| Available for Capital improvements and other purposes | \$ 6,000,626 |

Source: City of Santa Maria

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

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> | <u>%</u> | <u>Ag.</u> | <u>%</u> | <u>Solvang</u> | <u>%</u> |
| 2000 | 2,180 | 97 | 82 | 3 | \$2,308,777 | 79 | \$417,924 | 14 | \$205,223 | 7 |
| 2001 | 2,122 | 95 | 116 | 5 | 2,074,129 | 67 | 763,336 | 25 | 253,250 | 8 |
| 2002 | 2,256 | 96 | 80 | 4 | 2,264,474 | 65 | 818,995 | 23 | 353,215 | 10 |
| 2003 | 2,270 | 97 | 81 | 3 | 2,410,599 | 71 | 830,755 | 25 | 132,116 | 4 |
| 2004 | 2,278 | 96 | 85 | 4 | 2,718,591 | 71 | 1,065,931 | 28 | 32,180 | 1 |

The actual FY 2003/2004 total water sales revenues are approximately 12 percent higher than the FY 2002/03 revenues due to an increase in domestic and agriculture water use. There was an increase in agricultural and limited agricultural water use resulting from the conversion of fallow, grazing and open space acreage to vineyards. In addition, above average spring temperatures with below average precipitation during the rain season resulted in an overall increase in water demand.

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 ¹¹ | Domestic | Solvang | Total |
|-------------------------------|------------------------------|----------|---------|-------|
| 2000 | 2,222 | 3,135 | 293 | 5,650 |
| 2001 | 2,808 | 2,403 | 362 | 5,573 |
| 2002 | 2,742 | 2,630 | 487 | 5,859 |
| 2003 | 2,362 | 2,452 | 154 | 4,968 |
| 2004 | 2,972 | 3,031 | 9 | 6,012 |

The FY 2003/04 actual overall water deliveries are about 21 percent higher than FY 2002/03 due to an increase in domestic and agricultural use because of warm spring temperatures and below average precipitation during the rain season. The FY 2003/04 water usage and revenues reflect an increase in water rates and meter charges and typical water usage in below average rainfall years.

LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the District's water system as of June 30, 2004, as determined by the amount of their respective annual payments.

| Customer | Water Usage ¹ | Annual Payments |
|-----------------------------|--------------------------|-----------------|
| Cachuma Sanitation District | 85 | \$65,739 |
| Rancho Marcelino Water Co. | 52 | 42,564 |
| Santa Ynez Valley Farming | 150 | 23,772 |
| Dunn School | 25 | 22,748 |
| City of Solvang | 4 | 18,574 |
| Santa Ynez Valley Farming | 111 | 17,894 |
| Skyline Park | 15 | 16,241 |
| Rancho Bella Vida | 56 | 15,406 |
| Elizabeth Williams | 92 | 13,683 |
| Los Olivos School | <u>16</u> | <u>13,108</u> |
| TOTAL | 606 | \$249,729 |

These ten customers accounted for approximately 7% of the water service revenues for Fiscal Year 2003/04.

¹¹ Acre Feet

WATER SYSTEM RATES AND CHARGES

The District's rates and charges for FY 2003/04 are as follows:

Monthly Meter Charge

| Meter Size | Domestic/Limited Agricultural | Agricultural |
|-------------|----------------------------------|--------------|
| 5/8" – 3/4" | \$ 20.50 | |
| 3/4" | 24.50 | |
| 1" | 40.90 | |
| 1 1/2" | 81.70 | \$ 42.00 |
| 2" | 129.70 | 67.00 |
| 3" | 260.90 | 133.00 |
| 4" | 368.00 | 184.00 |
| 6" | 816.30 | 412.00 |
| 8" | 1,306.20 | |

Consumption Charge

| Domestic | Rural Residential / Limited Agricultural | Agriculture |
|----------------------------------|---|---|
| \$1.80 per HCF | 1 st 70: \$1.80 per HCF Over 70: \$0.41 per HCF | \$0.29 per HCF |
| Temporary Rate \$2.70 per HCF | (Conn. Fee \$50.00; minimum chg.: \$25.00) | Cachuma Park & City of Solvang \$1.80 per HCF |

Connection Charge

| Meter Size | Meter Only | Service and Meter |
|---------------|--------------|---|
| 5/8" – 1" | \$ 2,609.02 | \$3,983.89 Short Side (1" service) 5,367.47 Long Side (1" service) |
| 3/4" | \$ 3,121.20 | \$4,496.07 Short Side (1" service) 5,879.65 Long Side (1" service) |
| 1" | \$ 5,120.90 | \$6,495.77 Short Side (1" service) 7,879.35 Long Side (1" service) |
| (2) 5/8" – 1" | | \$4,249.44 Short (1" double service) 5,633.02 Long (1" double service) |
| 1 1/2" | \$ 10,215.72 | \$11,789.50 Short Side (2" service) 13,173.08 Long Side (2" service) |
| 2" | \$16,253.55* | \$17,827.33 Short Side* (2" service) 19,210.91 Long Side* (2" service) |
| 3" | \$32,713.40* | *see below |

*2-inch and 3-inch meter only prices are listed 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: \$400 per inch of diameter of Service size.

Capital Facilities Charge on Larger Services

| Meter Size | Charge | |
|------------|---------------|-----------------------|
| 3" | \$ 31,367.00 | + Serv. & Meter Costs |
| 4" | \$ 44,110.00 | + Serv. & Meter Costs |
| 6" | \$ 98,021.00 | + Serv. & Meter Costs |
| 8" | \$ 156,834.00 | + 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 2004 OPERATING RESULTS

The following table is a summary of operating results of the water system of the District for Fiscal Year 2003/04. These results have been derived from the District's financial statements and exclude certain non-cash items and include certain other adjustments. The table has not been audited by the District's auditor.

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

| REVENUES | June 30, 2004 |
|---|----------------------|
| M&I Water Sales | \$ 2,798,974 |
| Ag. Water Sales | 985,156 |
| Water Sales to City of Solvang | 32,180 |
| SWP Revenue from City of Solvang ⁽¹⁾ | 2,045,524 |
| Connection Fees | 121,225 |
| Special Assessments ⁽²⁾ | 769,572 |
| Other Fees & Income | 86,205 |
| Interest Income | 165,167 |
| TOTAL REVENUES: | 7,004,003 |
| | |
| OPERATING EXPENSES | |
| Water Purchased | 188,310 |
| Pumping | 517,769 |
| Water Treatment | 28,015 |
| Transmission & Distribution | 591,748 |
| Other/Litigation Fees | 556,105 |
| Administration & General | 1,118,303 |
| TOTAL OPERATING EXPENSES: | 3,000,250 |
| | |
| NET REVENUES | |
| Rate Coverage Reserve Fund Deposit (Includes Solvang) | 4,003,753 |
| Adjusted Net Revenues | 920,343 |
| | 4,924,096 |
| | |
| State Water Payments (Includes Solvang) | 3,179,539 |
| | |
| Coverage Ratio: | 1.55 |
| | |
| Other Debt Service ⁽³⁾ | - |
| Available for Capital improvements and other purposes | \$ 824,214 |

(1) City of Solvang payments based on State water payments calculated for FY 2003/04 on a cash basis.

(2) Special assessment levied to pay operation and maintenance expenses for the water system.

(3) Debt service on 1993 Cachuma Project Authority Revenue Bonds, exclusive of general obligation portion.

Source: Santa Ynez Improvement District #1

CITY OF SOLVANG

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) |
|-------------------------------|-------------|----------------|--|
| 2000 | 2,005 | \$ 2,105,851 | 1,524 |
| 2001 | 1,890 | 2,616,048 | 1,549 |
| 2002 | 1,893 | 3,108,477 | 1,594 |
| 2003 | 1,901 | 2,929,186 | 1,518 |
| 2004 | 1,903 | 3,286,624 | 1,506 |

LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the City’s water system as of June 30, 2004, as determined by the amount of their respective annual payments.

Largest Customers as of June 30, 2004

| Customer | Water Usage ¹² | Annual Payments |
|---------------------------------|---------------------------|-----------------|
| Rancho Santa Ynez Mobile Estate | 27,302 | \$ 66,616 |
| Alisal Guest Ranch | 15,200 | 36,480 |
| Solvang School | 12,822 | 31,285 |
| Mission Oaks | 10,781 | 26,305 |
| Lutheran Home | 9,963 | 24,309 |
| Royal Scandinavian Inn | 6,720 | 16,396 |
| Mission Ready Mix | 5,771 | 14,081 |
| Solvang Transit Mix | 4,946 | 12,068 |
| Inns of California | <u>4,606</u> | <u>11,238</u> |
| TOTAL | 98,111 | \$238,778 |

¹² Hundred Cubic Feet

Monthly Service Charges for Water Meters by Size

| <u>Meter Size</u> | <u>Rated Flow (gpm)¹³</u> | <u>Ratio to 5/8" x 3/4" Meter</u> | <u>Meter Charges</u> | <u>Outside Users¹⁴</u> |
|-------------------|--------------------------------------|-----------------------------------|----------------------|-----------------------------------|
| 5/8" x 3/4" | 20 | 1.0 | \$ 3.25 | \$ 4.87 |
| 3/4" | 30 | 1.5 | 4.87 | 7.31 |
| 1" | 50 | 2.5 | 8.12 | 12.19 |
| 1-1/2" | 100 | 5.0 | 16.25 | 24.37 |
| 2" | 160 | 8.0 | 26.00 | 39.00 |
| 3" | 320 | 16.0 | 52.00 | 78.00 |
| 4" | 450 | 22.5 | 73.12 | 109.69 |
| 6" | 1,000 | 50.0 | 162.50 | 243.75 |

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 \$11.12 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 \$2.44 for each hcf¹⁵ per month of consumption. Outside Users will be charged 150% (\$3.66) of current quantity charges, monthly meter charges are based on flow capacities of meter with four demand units.

¹³ gallons per minute

¹⁴ outside users are properties outside of City limits

¹⁵ 100 cubic feet

FISCAL YEAR 2003/04 OPERATING RESULTS

The following table is a summary of operating results of the water system of the City for fiscal year 2003/04. 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

| <u>REVENUES</u> | <u>June 30, 2004</u> |
|---|-----------------------------|
| Water Sales | \$ 3,286,624 |
| Other Fees & Income | 135 |
| Interest Income | 6,901 |
| TOTAL REVENUES: | <u>3,293,660</u> |
| | |
| <u>OPERATING EXPENSES</u> | |
| Operating Expenses | 712,549 |
| Interest Expense | 142,122 |
| TOTAL OPERATING EXPENSES: | <u>854,671</u> |
| | |
| NET REVENUES | 2,438,989 |
| Rate Coverage Fund Deposit | <u>534,808</u> |
| Adjusted Net Revenues | <u>2,973,797</u> |
| | |
| State Water Payments | 2,064,965 |
| | |
| Coverage Ratio: | 1.44 |
| | |
| Available for Capital improvements and other purposes | \$ 374,024 |

Source: City of Solvang

SAN LUIS OBISPO COUNTY

AVILA COMMUNITY SERVICES DISTRICT

The information set forth below has been provided by the Avila Beach Community Services 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.

| Fiscal Year Ending June 30 | Connections | Sales Revenues |
|-------------------------------|-------------|----------------|
| 2000 | 157 | \$ 95,589 |
| 2001 | 169 | 114,721 |
| 2002 | 171 | 125,791 |
| 2003 | 176 | 160,395 |
| 2004 | 209 | 171,315 |

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
(In acre-feet per Year)*

| Fiscal Year Ending June 30 | Deliveries ¹⁶ |
|-------------------------------|--------------------------|
| 2000 | 45 |
| 2001 | 38 |
| 2002 | 44 |
| 2003 | 52 |
| 2004 | 52 |

¹⁶ All Lopez Project Water

LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the District's water system as of June 30, 2004, as determined by the amount of their respective annual payments.

| Customer | Water Usage ¹⁷ | Annual Payments |
|--------------------------|---------------------------|-----------------|
| Custom House | 2,938 | \$ 16,982 |
| Western Inns | 2,140 | 12,387 |
| SLO Co Park | 1,225 | 7,202 |
| Villa Avila | 1,220 | 7,052 |
| SLO Co Park Restrooms | 1,173 | 6,792 |
| Port Sandrinser | 1,009 | 5,948 |
| Port Restrooms | 888 | 5,133 |
| Dun Sailing | 878 | 5,075 |
| Misc Construction Water | 771 | 4,549 |
| SLO Co Park Front Street | <u>579</u> | <u>3,347</u> |
| TOTAL | 12,821 | \$ 74,467 |

These ten customers accounted for approximately 43% of water service revenues in fiscal year 2003/04.

RATES AND CHARGES

| | Domestic/ Residential | Commercial | Institutional |
|----------------------------------|--------------------------|------------|---------------|
| Consumption Charge ¹⁸ | \$28.90 | \$28.90 | \$28.90 |
| Meter Charge | \$0.00 | \$0.00 | \$0.00 |
| Connection Charge ¹⁹ | Varies | Varies | Varies |
| Immediate Availability Charge | \$0.00 | \$0.00 | \$0.00 |
| Other Charges ²⁰ | \$5.78 | \$5.78 | \$5.78 |

The rates and charges shown above reflect recent increases that went into effect after June 30, 2000. The water rate increase adopted by the District's Board of Directors targets a 70% increase in revenues, and connection fees approximately doubled.

¹⁷ Hundred Cubic Feet

¹⁸ Minimum consumption charge

¹⁹ Varies from \$4,780.57 to \$11,951.43 based on anticipated use for residential use for residential customers.

Commercial charges based on \$17,057.09 per acre-foot and the anticipated use.

²⁰ All customers charged \$5.78 per cubic foot for consumption above 5 cubic feet.

FISCAL YEAR 2004 OPERATING RESULTS

The following table is a summary of operating results of the water system of the District for fiscal year 2003/04. 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.

AVILA COMMUNITY SERVICES DISTRICT
(Formerly Avila Beach County Water District)

| <u>REVENUES</u> | <u>June 30, 2004</u> |
|---|-----------------------------|
| Water Sales | \$ 171,315 |
| Other | 19,158 |
| Assessments and Connections Fees | - |
| Interest | 1,143 |
| TOTAL REVENUES: | <u>191,616</u> |
| | |
| <u>OPERATING EXPENSES</u> | |
| Lopez Water | 49,675 |
| Operations | 59,224 |
| General & Administrative | 31,008 |
| TOTAL OPERATING EXPENSES: | <u>139,907</u> |
| | |
| NET REVENUES | 51,709 |
| Rate Coverage Fund Deposit | <u>27,609</u> |
| Adjusted Net Revenues | <u>79,318</u> |
| | |
| State Water Payments | 84,505 |
| | |
| Coverage Ratio: | 0.94 |
| | |
| Available for Capital improvements and other purposes | \$ (32,796) |

Source: Avila Beach Community Services District



AVILA BEACH
COMMUNITY SERVICES DISTRICT
Post Office Box 309, Avila Beach, CA 93424
Office and Meeting Room - 191 San Miguel Street, Avila Beach
Telephone (805) 595-2664 FAX (805) 595-7623

March 5, 2004

Mr. Ray Stokes
Central Coast Water Authority
255 Industrial Way
Buellton, California 93427

Subject: Avila Beach Community Services District; Rate Coverage Analysis

Dear Mr. Stokes:

The purpose of this letter is to provide you with a summary of the actions adopted by the Avila Beach Community Services District Board of Directors to increase water system revenues. The District recognizes its obligations under its Water Treatment and Local Facilities agreement with the San Luis Obispo County Flood Control and Water Conservation District, and the need to meet rate covenants for bonds issues by the Central Coast Water Authority. In April 2000, the Directors adopted a 100+% increase in water system connection charges, and in October 2000, a 70% increase in water system service charges. In addition, the District has reviewed these charges on an annual basis and will again review these rates as part of the FY 2004-05 Budget process.

Most of the District's challenges over the last five to six years have resulted from the Unocal project to remedy soil contamination. The town's entire commercial area was demolished along with numerous residential properties. Overall, the project resulted in a 50% decrease in annual water demand with a corresponding decrease in annual water sales revenues.

To exasperate the challenge of rebuilding the town and reestablishing the District's financial condition, portions of the District's infrastructure serving its commercial areas predated the current uniform fire code requirements. Consequently, the District added significant storage and pipeline improvements to comply with uniform fire code requirements so the redevelopment of demolished properties can proceed.

In 2001 a \$500,000 and \$147,000 non-interest bearing loan from the State Department of Fish and Game Unocal account was obtained to help pay for these needed infrastructure improvements. As a result, the District's connection charges that are being will be generated as redevelopment proceeds, together with the additional water service charges that will result from an increase in water deliveries, should provide additional water system revenues to meet the District's obligations. To that end, the District has increased its water sales by approximately 10% in 2003 compared to 2001.

The financial analysis that was the basis for the increase in connection charges adopted by the Directors in April, 2000, and the increase in water service charges adopted by the Directors in

REC'D MAR - 8 2004

Mr. Ray Stokes
March 5, 2004
Page 2

October, 2000 included all of the District's obligations including State Water. The single factor that will determine the District's ability to annually meet CCWA bond covenants is the timing of the town's reconstruction and other factors beyond the District's control can affect.

We understand the need of CCWA to monitor the District's financial condition. With this update, we hope that CCWA is satisfied that the District is undertaking every possible action that it can to meet District obligations.

Sincerely,



John L. Wallace
General Manager

c: Board of Directors
San Luis Obispo Board of Supervisors
San Luis Obispo County Engineering Department

CITY OF MORRO BAY

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 |
|-------------------------------|-------------|----------------|
| 2000 | 5,118 | \$3,641,293 |
| 2001 | 5,198 | 3,785,189 |
| 2002 | 5,251 | 3,857,137 |
| 2003 | 5,254 | 3,802,287 |
| 2004 | 5,383 | 3,852,954 |

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 |
|-------------------------------|------------|
| 2000 | 1,397 |
| 2001 | 1,238 |
| 2002 | 1,253 |
| 2003 | 1,349 |
| 2004 | 1,205 |

LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the City's water system as of June 30, 2004, as determined by the amount of their respective annual payments.

| Customer | Water Usage ²¹ | Annual Payments |
|----------------------------------|---------------------------|-----------------|
| San Luis Coastal School District | 2,656,400 | \$ 270,710 |
| City of Morro Bay | 2,279,300 | 190,414 |
| Inn At Morrow Bay | 968,900 | 110,169 |
| Pacific Care Center | 1,057,500 | 108,008 |
| Mission Linen | 803,500 | 88,329 |
| Department of Recreation & Parks | 646,300 | 55,233 |
| Morro Dunes Trailer Park | 514,800 | 46,232 |
| Accor Economy Lodge | 380,800 | 36,554 |
| Silver City Manor 1& 2 | 383,400 | 33,706 |
| Blue Heron | <u>279,300</u> | <u>22,197</u> |
| TOTAL | 9,970,200 | \$ 961,551 |

These ten customers accounted for approximately 24% of water services revenues in fiscal year 2003/04.

²¹ Cubic Feet

FISCAL YEAR 2004 OPERATING RESULTS

The following table is a summary of operating results of the water system of the City for fiscal year 2003/04. 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

| <u>REVENUES</u> | <u>June 30, 2004</u> |
|---|-----------------------------|
| Water Service Charge | \$ 3,852,954 |
| Connection Fees | 24,032 |
| Penalties & Reconnections | 34,315 |
| Miscellaneous | 36,039 |
| TOTAL REVENUES: | <u>3,947,340</u> |
| | |
| <u>OPERATING EXPENSES</u> | |
| Administration & General | 896,036 |
| Finance | 18,782 |
| Maintenance | 23,975 |
| TOTAL OPERATING EXPENSES: | <u>938,793</u> |
| | |
| NET REVENUES | 3,008,547 |
| | |
| State Water Payments | 1,815,661 |
| | |
| Coverage Ratio: | 1.66 |
| | |
| Available for Capital improvements and other purposes | \$ 1,192,886 |

Source: City of Morro Bay - Preliminary-Prior to final audit report.

Source: City of Morro Bay

OCEANO COMMUNITY SERVICES DISTRICT

The information set forth below has been provided by the Oceano Community Services District (the District) except as noted. 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.

| Fiscal Year Ending June 30 | Connections | Sales Revenues |
|-------------------------------|-------------|----------------|
| 2000 | 1,913 | \$1,094,398 |
| 2001 | 1,942 | 1,093,686 |
| 2002 | 1,956 | 1,101,900 |
| 2003 | 1,999 | 1,087,896 |
| 2004 | 2,024 | 1,217,461 |

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 | Urban Deliveries |
|-------------------------------|------------------|
| 2000 | 841 |
| 2001 | 814 |
| 2002 | 815 |
| 2003 | 817 |
| 2004 | 839 |

LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the District's water system as of June 30, 2004, as determined by the amount of their respective annual payments.

| Customer | Water Usage ²² | Annual Payments |
|-----------------------------------|---------------------------|-----------------|
| Caritas Corp/Mobile Home Park | 14,020 | \$ 39,124 |
| Lucia Mar Unified School District | 8,412 | 27,894 |
| Sand and Surf Transient RV Park | 7,876 | 25,891 |
| Oceano 1 Condo Home Owners Assoc. | 8,005 | 22,427 |
| Duna Vista Mobile Home Park | 5,640 | 19,267 |
| State of California | 4,858 | 17,734 |
| Porticos Mobile Home Park | 5,543 | 16,168 |
| Pleasant Hill Mobile Home Manor | 4,648 | 12,628 |
| PTI Inc. Pismo Sands RV Park | 3,182 | 12,044 |
| Encanto Ridge Home Owners Assoc. | <u>4,005</u> | <u>11,532</u> |
| TOTAL | 66,189 | \$204,709 |

These ten customers accounted for approximately 16.8% of water service revenues in fiscal year 2003/04.

RATES AND CHARGES

Bi-Monthly Charges for Non-Residential Accounts. The following bi-monthly charges for water service for non-residential accounts were established April 12, 1997:

| Meter Size | Domestic/Residential | Bi-Monthly Non-Residential Charge |
|------------|----------------------|--------------------------------------|
| 5/8" | \$23.94 | \$ 29.15 |
| 3/4" | | 36.55 |
| 1" | | 58.40 |
| 1 1/2" | | 109.20 |
| 2" | | 172.30 |
| 3" | | 276.95 |
| 4" | | 473.80 |
| 6" | | 741.30 |

The minimum bi-monthly charge, as listed, allows six hundred cubic feet of water. Additional needs shall be charged at the metered rate of:

| | |
|------------------|------------|
| 7 - 25 ccf | \$2.25/ccf |
| Additional Needs | \$2.95/ccf |

²² Hundred cubic feet

Bi-monthly Charges for Residential Accounts. The minimum bi-monthly charges for residential accounts will be \$23.94, which will allow six hundred cubic feet. Additional needs shall be charged at the metered rate of:

| | |
|------------------|------------|
| 7 - 25 ccf | \$2.25/ccf |
| Additional Needs | \$2.95/ccf |

For meters serving more than one residential dwelling unit, the minimum bi-monthly charge shall be calculated at \$3.99 multiplied by six (hundred cubic-feet), multiplied by the number of dwelling units served. All consumption above the minimum, but less than the amount equal to twenty-five multiplied by the number of dwelling units, shall be charged at the metered rate of \$2.25/ccf. Additional needs shall be charged at the metered rate of \$2.95/ccf.

For those properties that are outside the District boundaries but are receiving District water or sewer services, not on an emergency basis, there will be a \$7.10 administration charge per billing period.

Connection Charges

| Meter Size | Domestic/Residential | Bi-Monthly Non-Residential Charge |
|------------|----------------------|--------------------------------------|
| 5/8" | \$675 | \$ 675 |
| 3/4" | | 950 |
| 1" | | 1,350 |
| 1 1/2" | | 2,700 |
| 2" | | 5,400 |
| 3" | | 10,800 |
| 4" | | 18,900 |
| 6" | | 43,200 |

FISCAL YEAR 2004 OPERATING RESULTS

The following table is a summary of operating results of the water system of the District for FY 2003/04. 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.

OCEANO COMMUNITY SERVICES DISTRICT

| <u>REVENUES</u> | <u>June 30, 2004</u> |
|---|-----------------------------|
| Water Sales | \$ 1,157,696 |
| Service Charges | 225,672 |
| Other Income | 32,798 |
| Interest Income | 13,740 |
| TOTAL REVENUES: | <u>1,429,906</u> |
| | |
| <u>OPERATING EXPENSES</u> | |
| Administration & General | 352,941 |
| Personnel | 133,052 |
| Utilities | 13,451 |
| Maintenance and Repairs | 145,065 |
| 1979 Revenue Bond | 20,625 |
| CSC Note | 62,578 |
| TOTAL OPERATING EXPENSES: | <u>727,712</u> |
| | |
| NET REVENUES | 702,194 |
| Rate Coverage Fund Deposit | 176,477 |
| Adjusted Net Revenues | <u>878,671</u> |
| | |
| State Water Payments | 707,888 |
| Prepayments | (177,221) |
| Total Payments | <u>530,667</u> |
| | |
| Coverage Ratio: | 1.66 |
| | |
| Available for Capital improvements and other purposes | \$ 170,783 |

Source: Oceano Community Services District

Source: Oceano Community Services District

CITY OF PISMO BEACH

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 June 30 | Connections ²³ | Sales Revenues |
|-------------------------------|---------------------------|----------------|
| 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 |

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 | Urban Deliveries |
|-------------------------------|------------------|
| 2000 | 2,078 |
| 2001 | 1,983 |
| 2002 | 2,219 |
| 2003 | 2,001 |
| 2004 | 1,962 |

²³ The connections for 1999 through 2000 have been corrected. An error was discovered in the computer program which counted some meters twice.

LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the City's water system as of June 30, 2004, as determined by the amount of their respective annual payments.

| Customer | Water Usage | Annual Payments |
|-----------------------------|--------------|-----------------|
| Pismo Mobile Home Park | 14,757 | \$ 24,855 |
| Cliffs Shell Beach | 13,567 | 19,637 |
| Seacrest Motel II | 11,835 | 18,752 |
| Hacienda Del Pismo | 10,729 | 18,674 |
| Shorecliff Lodge | 10,391 | 14,823 |
| Motel 6 | 9,062 | 13,623 |
| Oxford Suites | 7,428 | 12,132 |
| Pismo Coast Village RV Park | 3,420 | 11,821 |
| Pismo Lighthouse Suites | 6,646 | 11,762 |
| Kon Tiki | <u>6,773</u> | <u>10,511</u> |
| TOTAL | 94,608 | \$ 156,590 |

These ten customers accounted for approximately 8.4% of water service revenues in fiscal year 2003/04.

Rates and Charges

Bi-monthly fixed charges are as follows:

Meter Size
All Meters

| | |
|-------------|----------|
| 5/8" & 3/4" | \$ 20.60 |
| 1" | 40.98 |
| 1-1/2" | 71.48 |
| 2" | 115.72 |
| 3" | 224.44 |
| 4" | 346.72 |
| 6" | 822.33 |

Single Family
Residential

All Other Metered
Users

Consumption Charge:

| | | |
|--------------------|------------|------------|
| 0-15 HCF | \$1.22/HCF | \$1.36/HCF |
| 16 HCF and higher | \$1.54/HCF | \$1.36/HCF |
| Construction Meter | | \$2.73/HCF |

Connection Charges:

| | |
|--------------------------------|--|
| A) State Water Supply Fee | \$5,821.74 per equivalent dwelling unit |
| B) Special Tax Levy FY 2003-04 | \$65.56 per year per equivalent dwelling unit. |

FISCAL YEAR 2004 OPERATING RESULTS

The following table is a summary of operating results of the water system of the City for FY 2003/04. 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

| <u>REVENUES</u> | <u>June 30, 2004</u> |
|---|-----------------------------|
| Water Service Charge | \$ 1,938,746 |
| State Water Impact Fee | 402,685 |
| Interest | 19,452 |
| Assessments | 465,440 |
| Developmental Impact Fees | 27,681 |
| TOTAL REVENUES: | <u>2,854,004</u> |
| | |
| <u>OPERATING EXPENSES</u> | |
| Admin & General | 456,804 |
| Lopez Contract Payments | 567,112 |
| Operations & Maintenance | 425,896 |
| Utilities | 73,526 |
| TOTAL OPERATING EXPENSES: | <u>1,523,338</u> |
| | |
| NET REVENUES | 1,330,666 |
| | |
| State Water Payments | 1,198,295 |
| | |
| Coverage Ratio: | 1.11 |
| | |
| Available for Capital improvements and other purposes | \$ 132,371 |

Source: City of Pismo Beach

RECEIVED

FEB 24 2005



City of Pismo Beach
760 Mattie Road
Pismo Beach, CA 93449
(805)773-4655 Fax: (805) 773-7065

February 22, 2005

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

Re: CCWA State Water Coverage Requirements for FY 2003-04

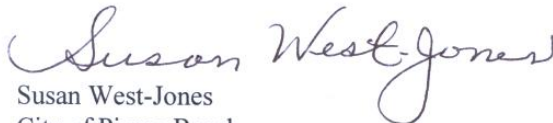
Dear Mr. Stokes:

For fiscal year ending June 30, 2004, 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. The City of Pismo Beach has elected to prepay a portion of our State water payments by placing \$100,000 on deposit with CCWA for one full fiscal year in advance of when the prepayment would be applied against the State water payments.

In order to meet the requirement for future years, the City may take steps to increase Water rates.

Please call me if you have any questions or comments.

Respectfully,


Susan West-Jones
City of Pismo Beach

cc: Kevin Rice
George Edes

COUNTY OF SAN LUIS OBISPO C.S.A. NO. 16, ID#1

The information set forth below has been provided by the County of San Luis Obispo (the “County”) on behalf of San Luis Obispo County Service Area No. 16, Improvement District No. 1 (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.

| Fiscal Year Ending June 30 | Connections | Sales Revenues |
|-------------------------------|-------------|----------------|
| 2000 | 243 | \$142,129 |
| 2001 | 244 | 153,137 |
| 2002 | 304 | 195,366 |
| 2003 | 309 | 175,353 |
| 2004 | 319 | 194,205 |

The number of connections in FY 2003/04 increased by approximately 3% over the number of connections in FY 2002/03, and sales revenues for the same periods increased by approximately 11%.

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 | Total Production | Total Sold | Park Irrigation |
|-------------------------------|---------------------|------------|-----------------|
| 2000 | 121.6 | 81.6 | 28.3 |
| 2001 | 134.6 | 88.1 | 30.5 |
| 2002 | 143.4 | 103.8 | 26.4 |
| 2003 | 136.5 | 112.5 | 20.3 |
| 2004 | 153.9 | 116.0 | 24.4 |

The actual water deliveries for FY 2003/04 are approximately 3% higher than actual water deliveries for FY 2002/03.

LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the District's water system as of June 30, 2004, as determined by the amount of their respective annual payments.

| Customer | Water Usage ¹ | Annual Payments |
|--------------------------|--------------------------|-----------------|
| Residence | 638 | \$2,295 |
| Shandon Park | 464 | 1,992 |
| Shandon School | 465 | 1,949 |
| Caltrans | 434 | 1,702 |
| Shandon Methodist Church | 410 | 1,434 |
| Residence | 414 | 1,408 |
| Residence | 402 | 1,388 |
| Residence | 392 | 1,373 |
| Residence | 341 | 1,212 |
| Residence | <u>354</u> | <u>1,173</u> |
| TOTAL | 4,314 | \$15,926 |

These ten customers accounted for approximately 8% of water service revenues in fiscal year 2003/04.

¹ Hundred Cubic Feet

FISCAL YEAR 2004 OPERATING RESULTS

The following table is a summary of operating results of the water system of the District for fiscal year 2003/04. These results have been derived from the County's financial statements but exclude certain non-cash items and include certain other adjustments. The table has not been audited by the County's auditor.

SAN LUIS OBISPO COUNTY SERVICE AREA NO. 16
IMPROVEMENT DISTRICT NO. 1

| <u>REVENUES</u> | <u>June 30, 2004</u> |
|---|-----------------------------|
| Water Service Charge | \$ 194,205 |
| New Services | 5,591 |
| Water Availability | 9,955 |
| Connection Fees | 58,800 |
| Interest | 6,060 |
| Other | 17,993 |
| TOTAL REVENUES: | 292,604 |
| | |
| <u>OPERATING EXPENSES</u> | |
| Utilities | 14,291 |
| General & Administrative | 28,226 |
| Operations & Maintenance | 67,368 |
| TOTAL OPERATING EXPENSES: | 109,885 |
| | |
| NET REVENUES | 182,719 |
| Rate Coverage Fund Deposit | 14,139 |
| Adjusted Net Revenues | 196,858 |
| | |
| State Water Payments | 56,554 |
| | |
| Coverage Ratio: | 3.48 |
| | |
| Available for Capital improvements and other purposes | \$ 126,165 |

Source: San Luis Obispo County