

CENTRAL COAST WATER AUTHORITY

FY 2011/12  
CONTINUING  
DISCLOSURE ANNUAL  
REPORT

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



FY 2011/12 CONTINUING DISCLOSURE

ANNUAL REPORT

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February 12, 2013

Ms. Valere Jones-Shaw  
Bank of New York Mellon Trust Company  
400 South Hope Street, 4<sup>th</sup> Floor  
Los Angeles, CA 90071

Richard Shaikewitz  
Chairman

Ed Andrisek  
Vice Chairman

Bill Brennan  
Executive Director

Brownstein Hyatt  
Farber Schreck  
General Counsel

*Member Agencies*

City of Buellton

Carpinteria Valley  
Water District

City of Guadalupe

City of Santa Barbara

City of Santa Maria

Goleta Water District

Montecito Water District

Santa Ynez River Water  
Conservation District,  
Improvement District #1

*Associate Member*

La Cumbre Mutual  
Water Company

RE: Central Coast Water Authority Fiscal Year 2011/12 Annual Report on  
Continuing Disclosure for the \$123,190,000 Refunding Revenue Bonds  
(State Water Project Regional Facilities), Series 2006A

Dear Valere:

Attached is the Fiscal Year 2011/12 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 2011/12 State Water Deliveries

A table showing deliveries during Fiscal Year 2011/12 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 2011/12 and have deposited the following amounts:

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

Project Participant	FY 2011/12	
	Rate Coverage	Fund Deposit
City of Buellton	\$	258,300
Carpinteria Valley Water District		815,699
City of Guadalupe		167,705
La Cumbre Mutual Water Company		391,224
Montecito Water District		1,087,250
City of Santa Maria		4,288,071
Santa Ynez, RWCD, I.D. #1 (City of Solvang)		605,884
Santa Ynez, RWCD, I.D. #1		417,855
<b>TOTAL:</b>	<b>\$</b>	<b>8,031,988</b>

Continuing Disclosure Annual Report

Consistent with Section 4 of the Continuing Disclosure Report, the Fiscal Year 2011/12 Annual Report includes the charts described under the captions, "Historic Water Connections and Sales Revenues," "Historic Water Deliveries," "Largest Customers," "Water System Rates and Charges," "Historic Operating Results" and "Debt Service Coverage" for each of the following Contractors:

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

Section 4 of the Continuing Disclosure Agreement requires that the Authority submit a copy of its audited financial statements. Five copies of the Authority's FY 2011/12 Comprehensive Annual Financial Report were previously sent to you under separate cover.

City of Morro Bay From the information presented to CCWA, the City of Morro Bay did not meet the required 1.25 coverage ratio during FY 2011/12. The City has provided a letter (included), which describes the steps it is taking to meet the requirement in the future.

City of Buellton From the information presented to CCWA, the City of Buellton did not meet the required 1.25 coverage ratio during FY 2011/12. The City has provided a letter (included), which describes the steps it is taking to meet the requirement in the future.

Audited Financial Statements The City of Morro Bay and the City of Buellton did not submit audited financial statements for FY 2011/12. As such, CCWA was unable to verify the actual operating results with their financial statements.

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

Sincerely,



Ray A. Stokes  
Deputy Director

RAS

Attachments

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

38808\_1  
RAS

# FY 2011/12 STATE WATER DELIVERIES

Central Coast Water Authority

## Fiscal Year 2011/12 State Water Deliveries

*Fiscal Year 2011/12 Continuing Disclosure Annual Report*

Project Participant	<i>Acre-Feet</i>		
	Requests	Exchange	Net Deliveries
Lopez Turnout (SLO County)	1,659		1,659
Chorro Valley Turnout (SLO County)	2,051		2,051
City of Guadalupe	394		394
City of Santa Maria	11,514		11,514
Golden State Water Company	308		308
Vandenberg Air Force Base	2,157		2,157
City of Buellton	528		528
Santa Ynez ID#1 (Solvang only)	1,178		1,178
Santa Ynez ID#1 (excluding Solvang)	520	2,930	3,450
Goleta Water District	1,054	(1,054)	-
Morehart Land Company	-	-	-
LaCumbre Mutual Water Co.	352	-	352
Raytheon Systems Co.	-	-	-
City of Santa Barbara	703	(703)	-
Montecito Water District	703	(703)	-
Carpinteria Valley Water District	470	(470)	-
<b>TOTAL:</b>	<b>23,591</b>	<b>-</b>	<b>23,591</b>



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

Adopted: December 18, 1997

**Rate Coverage Reserve Fund**

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

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

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

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

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

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

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

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**CITY OF BUELLTON**

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

**HISTORIC WATER CONNECTIONS AND SALES REVENUES**

The following table shows the number of active domestic water connections to the City’s water system for the five most recent fiscal years, together with the amount of its annual domestic water sales revenues. Sales revenues for the year ended June 30, 2012 decreased by 1%. This was primarily due to a wet winter season, water conservation and aging water meters.

*Historic Water Connections and Sales and Service Revenues*

Fiscal Year Ending June 30	Connections	Water Sales Revenues
2008	1,549	\$1,474,151
2009	1,548	1,467,933
2010	1,558	1,467,931
2011	1,557	1,387,651
2012	1,570	1,368,805

**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
2008	123	612	560	1,295
2009	169	738	377	1,284
2010	371	701	228	1,300
2011	152	706	326	1,184
2012	222	462	528	1,212

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 commercial and residential. 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 commercial and residential customers is now \$1.97 per 100 cubic feet. The Water Meter Charges are set forth below:

Meter Size	Monthly Service Charge <sup>1</sup>
Up to 3/4”	\$ 19.20
1”	21.65
1 1/2”	26.48
2”	36.21
3”	55.60
4”	73.80
6”	104.11
8”	140.51

*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 10% of the accounts, which account for approximately 1% of the Water System Revenues, are delinquent. The City reports, however, that upon receipt of such delinquent notices almost all of its customers pay delinquent amounts within two weeks. Water service for all accounts not paid in full within 55 days of the original billing date are discontinued by the City until full payment is made, including late penalties and a \$20.00 re-connection fee, if reinstated during business hours and \$53.00 after hours.

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

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

## LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the City's water system as of June 30, 2012, as determined by the amount of their respective annual payments.

	Water Usage <sup>2</sup>	Annual Payments
Professional Investment Planning	22,933	\$66,136
Buellton Union School District	16,216	33,872
FPA Flying Flags Assoc., L.P.	13,388	27,645
Santa Ynez Valley Marriott	12,376	25,651
Rivergrove Mobile Home Park	10,989	29,382
Terravant Wine Company	8,232	17,297
The Inn Group	9,219	19,971
Rancho De Maria	5,498	12,833
Materion Precision	4,577	9,711
On Easy Street	4,170	8,871
TOTAL	107,598	\$251,369

These ten customers accounted for approximately 18.36% of the City's water service revenues for fiscal year 2011/12.

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<sup>2</sup> Hundred Cubic Feet

FISCAL YEAR 2012 OPERATING RESULTS

The following table is a summary of operating results of the water system for Fiscal Year 2011/12. These results have been derived from the City's audited financial statements but exclude certain non-cash items and include certain other adjustments. The table has not been audited by the City's auditor.

CITY OF BUELLTON

<b><u>REVENUES</u></b>	<b><u>June 30, 2012</u></b>
Water Sales	\$ 1,368,805
Connection Fees	20,008
Other Fees & Income	35,182
Interest Income	<u>7,458</u>
<b>TOTAL REVENUES</b>	<b><u>1,431,453</u></b>
 <b><u>OPERATING EXPENSES</u></b>	
Operations & Maintenance Expenses	598,093
FmHA Debt Service	<u>-</u>
<b>TOTAL OPERATING EXPENSES</b>	<b><u>598,093</u></b>
 <b>NET REVENUES</b>	 833,360
Rate Coverage Reserve Fund Deposit	<u>258,300</u>
Adjusted Net Revenues	<b><u>1,091,660</u></b>
 State Water Payments	 894,257
 <b><i>Coverage Ratio</i></b>	 <b><i>1.22</i></b>
 Available for Capital Improvements and other purposes	 (\$ 60,897)

Source: City of Buellton



# City of Buellton

February 12, 2013

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

Re: Buellton Coverage Covenant

Dear Ray:

The City of Buellton did not meet the required coverage covenant for fiscal year 2011-12.

The City will be conducting a water rate study in the near future in an effort to address the deficit.

Sincerely,

Annette Muñoz  
Finance Director  
City of Buellton

cc: John Kunkel, Buellton City Manager  
Rose Hess, Buellton Public Works Director





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**CARPINTERIA VALLEY WATER DISTRICT**

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

**HISTORIC WATER CONNECTIONS AND SALES REVENUES**

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

*Historic Water Connections and Sales Revenues*

Fiscal Year Ending June 30	Connections				Sales Revenues			
	Dom.	%	Ag.	%	Dom.	%	Ag.	%
2008	3,848	90	424	10	\$8,020,144	76	\$2,509,474	24
2009	3,859	90	429	10	7,741,070	74	2,652,531	26
2010	3,896	90	430	10	7,789,308	77	2,300,628	23
2011	3,893	90	429	10	7,915,815	78	2,185,382	22
2012	3,912	90	427	10	8,129,365	77	2,382,813	23

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
2008	\$ 5,238,406	\$ 5,491,534	\$10,729,940
2009	4,644,278	5,749,324	10,393,601
2010	4,266,070	5,823,866	10,089,936
2011	4,124,997	5,979,200	10,101,197
2012	4,381,982	6,193,234	10,575,216

Operating revenues decreased in FY 08/09 due to a decrease in water sales as well as the termination of the Plains Exploration and Production Option Agreement with annual payments of \$300,000. Sales revenue decreased in FY 09/10 due to cooler than average weather resulting in a drop in water sales by approximately 500 AF. Sales revenues in FY 10/11 were little changed from the previous year. Operating revenues increased in FY 12 primarily due to an increase in water sold of approximately 271 acre feet. The District also sold a combined total of 800 AF of water to neighboring water agencies for \$120,000.

## HISTORIC WATER DELIVERIES

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

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

Fiscal Year Ending June 30	Residential <sup>2</sup>	Commercial	Public Authority	Industrial	Irrigation	Total
2008	1,614	398	160	128	2,206	4,506
2009	1,506	370	145	110	1,968	4,099
2010	1,452	349	149	79	1,796	3,825
2011	1,397	365	135	69	1,633	3,599
2012	1,429	346	151	80	1,865	3,871

### *Sources*

Fiscal Year Ending June 30	Groundwater	State Water	Cachuma Project	Total
2008	813	665	3,037	4,515
2009	1,827	464	2,167	4,459
2010	1,327	363	2,876	4,546
2011	797	516	3,100	4,413
2012	1,174	470	3,148	4,792

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

The decrease in FY 08/09 was due to a wet year. FY 09/10 was a cooler than average year that also resulted in a decrease in demand for water. FY 10/11 continued cold and wet, resulting in further diminished water sales. Water sales increased in FY 11/12 by 274 AF as a result of a dryer year as compared to FY 10/11. The FY 11/12 deliveries figure also includes the sale of 800 AF of water to neighboring water agencies.

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

The following table sets forth the ten largest customers of the District's water system as of June 30, 2012, as determined by the amount of their respective water usage:

Customer	Water Usage (units: HCF)	Annual Payments
Villa Del Mar HOA	24,462	\$ 229,754
Casitas Village HOA	20,785	228,237
Sandpiper Village	21,266	209,838
Cate School	38,888	161,059
City of Carpinteria	16,774	126,566
Circle G	26,034	48,955
Westerlay Orchids	17,160	35,568
Cervini Farm CA	19,398	33,886
William Van Wingerden	15,073	30,648
Reiter Brothers	<u>14,142</u>	<u>26,168</u>
	213,982	\$1,130,679

These ten customers accounted for approximately 10.7% of water service revenues for the year ending June 30, 2012.

#### WATER SYSTEM RATES AND CHARGES

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

*Water Service Charges.* The District has separated its customer base into two classes of service – domestic and agricultural. Domestic service is further separated into two types: 1) residential and 2) commercial, industrial and public authority.

In FY 05-06 the water rate for agricultural users increased to \$1.52 per HCF. Domestic-commercial, industrial and public authority users water rates were increased to \$3.10 per HCF. The Meter Equivalency fee (MEQ) increased to \$47.00/month, to coincide with the Monthly Service Charge for a 5/8-3/4" meter. In FY 06/07 the water rate for agricultural users increased to \$1.60 per HCF. Domestic-commercial, industrial and public authority users water rates increased to \$3.27 per HCF. The DEQ (formerly MEQ) increased to \$49.65/month, to coincide with the Monthly Service Charge for a 5/8"-3/4" meter. In FY 07/08 the water rate for agricultural users increased to \$1.67 per HCF. Residential users tiered structure increased to \$2.78 through \$3.89 per HCF depending on use. Domestic-commercial, industrial and public authority users water rates increased to \$3.63 per HCF. The DEQ (formerly MEQ) increased to \$54.12/month, to coincide with the Monthly Service Charge for a 5/8"-3/4" meter. In FY 08/09 the water rate for agricultural users increased to \$1.70 per HCF. All other Residential, Domestic - commercial, industrial and public authority users' tiered structure increased to \$3.00 through \$4.15 per HCF depending on use. In FY 09/10 changes included an increase in the unit cost of water to Domestic-commercial, industrial and public authority users. The tiered structure effective 7/1/2009 increased to \$3.11-\$4.32 per HCF. The agricultural rate increased to \$1.74 per HCF. In FY 09/10 the Base tier decreased to \$3.00 per HCF, the mid-level tier remained unchanged at \$3.85 per HCF and the Peak tier increased to \$4.85 per HCF. The Irrigation rate decreased to \$1.70 per HCF. Also decreased was the Capital Improvement Program rate to \$2.42 per HCF. In FY 10/11, water rates remained at FY 09/10 levels: Base tier \$3.00 per HCF, Mid-level tier \$3.85 per HCF, Peak tier \$4.85 per HCF; Irrigation rate \$1.70 per HCF; Capital Improvement Program rate \$2.42 per HCF. In FY 11/12 the tiered water rate structure remained the same as FY 09/10 rates. Changes to the monthly service charges are reflected in the schedule below.

A schedule of the District's current monthly service charges effective since July 1, 2012 is shown below:

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

MONTHLY CAPITAL IMPROVEMENT PROGRAM CHARGE			
Rate:	\$2.70	per HCF	
Minimum:	\$16.20	6 HCF	
Maximum:	\$270.00	100 HCF	

*Connection Fees.* For every new meter installation, the District charges the installation cost of the new service and meter plus a "Capital Cost Recovery Fee". The base charge component of Capital Cost Recovery Fees ranges from \$1,307 to \$150,303 depending on the size of the meter. In addition to the base charge, there is a "fully loaded equivalent State Water Project monthly service charge" component. This second component is an amount added to the base charge, equivalent to State Water Project monthly service charges that would have been paid beginning July 1, 1996. The Board of Directors adopted the Capital Cost Recovery Fees on July 16, 1997. A third component was added in September of 2000 to capture the monthly service charge increases necessary to fund the debt service for the \$9 million COPs issued in May of 2000, to pay for the District's Capital Improvement Program. The Series 2000 COPs were subsequently refinanced in FY 05/06 and replaced by the Series 2006A COPs in the amount of \$10 million. The District also has three State Revolving Fund loans that total approximately \$21.8 million. These are assigned to the Capital Improvement Program component of the Capital Cost Recovery Fee. The final component recovers annual capital expenditures made to District infrastructure. This meter-based charge varies annually and was added to the Capital Cost Recovery Fee schedule in July 2007. In fiscal year 2010 the board approved a fixed annual Capital Cost Recovery Fee Schedule to be updated annually as needed. Effective July 1, 2012 CCRF rates are:

Meter Size	Capital Cost Recovery Fees
5/8"	\$8,756.00
3/4"	10,242.00
1"	15,359.00
1 1/2"	28,216.00
2"	43,656.00
3"	84,778.00

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

FISCAL YEAR 2012 OPERATING RESULTS

The following table is a summary of operating results of the water system of the District for Fiscal Year 2011/12. These results have been derived from the District's financial statements but exclude certain non-cash items and include certain other adjustments. The table has not been audited by the District's auditor.

CARPINTERIA VALLEY WATER DISTRICT

<b><u>REVENUES</u></b>	<b><u>June 30, 2012</u></b>
Muni. & Ind. Water Sales	\$2,962,994
Agricultural Water Sales	1,418,988
Water Service Charge	5,971,245
Fire Protect & Service Revenue	221,989
Capital Cost Rec Fee	496,558
Interest Revenue	52,416
Other Income	109,220
Overhead charges	<u>33,843</u>
<b>TOTAL REVENUES:</b>	<b><u>11,267,253</u></b>
 <b><u>OPERATING EXPENSES</u></b>	
Cost of Purchased Water	325,548
Pumping Expense	285,050
Treatment expense	944,251
Trans & Dist Exp	927,733
Customer Accounts	67,025
Cachuma Operating Expense	409,972
General & Admin.	<u>2,093,291</u>
<b>TOTAL OPERATING EXPENSES:</b>	<b><u>5,052,870</u></b>
 <b>NET REVENUES</b>	<b>6,214,383</b>
Rate Coverage Reserve Fund Deposit	<u>815,699</u>
Adjusted Net Revenues	<u>7,030,082</u>
 State Water Payments	2,785,680
 <b><i>Coverage Ratio:</i></b>	<b><i>2.52</i></b>
 Additional Debt Service	1,503,832
Available for Capital improvements and other purposes	\$1,924,871

Source: Carpinteria Valley Water District



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**GOLETA WATER DISTRICT**

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

**HISTORIC WATER CONNECTIONS AND SALES REVENUES**

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

*Historic Water Connections and Sales Revenues*

Fiscal Year Ending June 30	Connections				Sales Revenues			
	Dom.	%	*Other	%	Dom.	%	*Other	%
2008	16,086	97.64	380	2.36	\$19,924,907	87.78	\$2,773,032	12.22
2009	15,970	97.53	403	2.47	16,349,523	91.38	1,542,229	8.62
2010	15,937	97.49	409	2.51	15,157,916	91.56	1,396,734	8.44
2011	15,986	97.47	415	2.53	13,619,146	86.63	2,102,769	13.37
2012	15,878	97.44	417	2.56	16,692,802	89.42	1,975,206	10.58

The number of active connections to the District’s water system decreased slightly in 2012. From 2008 thru 2012, the number of active connections has decreased at an annual average of less than 0.5%. Water service revenue has steadily decreased from 2008 thru 2011, reflecting wet and cool weather conditions coupled with a struggling economy. Water service revenue increased in 2012 primarily due to an increase in rates effective July 1, 2011.

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

**HISTORIC WATER DELIVERIES**

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

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

Fiscal Year Ending June 30	Ag-Recreation- Recycled Deliveries	Urban Deliveries	Total
2008	4,674	9,713	14,387
2009	4,424	9,774	14,198
2010	4,023	8,948	12,971
2011	3,517	8,644	12,161
2012	3,579	8,696	12,275

Weather variability and local economic performance both have a direct influence on total demand for water service, thus the amount of water delivered varies from year to year. Deliveries, as shown above for the past five years, responded consistently with exhibited weather and economic patterns.

## LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the District's water system as of June 30, 2012, as determined by the amount of their respective annual payments.

<u>Customer</u>	<u>Water Usage<sup>1</sup></u>	<u>Annual Payments</u>
U.C.S.B.	837	\$ 1,555,374
Santa Barbara County	258	567,478
Glen Annie Golf Course	234	296,113
Santa Barbara Airport	82	286,023
Santa Barbara Unified School D.	108	267,310
Bacara Resort Services	114	230,336
Cavaletto Ranches, LLC	390	219,611
Goleta Union School District	92	200,930
Michael Towbes	85	187,868
Sandpiper Golf Course	<u>233</u>	<u>172,989</u>
TOTAL	2,433	\$ 3,984,032

These ten customers accounted for approximately 19.8% of the water usage and 14.9% of the water service revenues for the year ended June 30, 2012. The water usage is shown in acre-feet.

## WATER SYSTEM RATES AND CHARGES

The District's current rates and charges as of June 30, 2012 are as follows:

	<u>Commodity Charge</u>
Agriculture, West Conduit System	\$1.06/HCF
Agriculture, Urban	\$1.16/HCF
Urban	\$4.30/HCF
Urban, Conservation	\$4.12/HCF
Recreation	\$3.11/HCF
Reclaimed	\$2.49/HCF

<u>Meter Size</u>	<u>Volume</u>	<u>Monthly Charge</u>
5/8" or 3/4"	Ultra low flow	\$ 10.68
5/8" or 3/4"	Low flow	21.37
5/8" or 3/4"	All other	32.05
1"	N/A	53.43
1 1/2"	N/A	106.84
2"	N/A	170.96
3"	N/A	320.54
4"	N/A	534.24
6"	N/A	1,068.46
8"	N/A	1,709.56
10"	N/A	4,060.84

The 5/8" and 3/4" Monthly Meter Charges are based on a 12 month trailing average of water use, defined as Ultra low flow (4 or less HCF), Low flow (greater than 4 but less than 8 HCF), and All other (greater than 8 HCF). Residential Agricultural customers are charged at the Urban rate unless usage exceeds 11 HCF per dwelling for any given month, beyond which Agriculture commodity charges apply.

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<sup>1</sup>Acre-feet



FISCAL YEAR 2012 OPERATING RESULTS

The following table is a summary of operating results of the water system for Fiscal Year 2012. These results have been derived from the District's audited financial statements.

GOLETA WATER DISTRICT

<u>REVENUES</u>	<u>June 30, 2012</u>
Water Sales	\$ 18,668,008
Monthly Service Charges	7,998,014
Other Fees & Income	689,080
Interest Income	<u>71,525</u>
<b>TOTAL REVENUES:</b>	<b><u>27,426,627</u></b>
<u>OPERATING EXPENSES</u>	
Source of Supply	5,389,441
Water Treatment	2,426,226
Transmission & Distribution	2,489,968
Customer Accounts	935,180
General and Administrative	<u>3,500,879</u>
<b>TOTAL OPERATING EXPENSES:</b>	<b><u>14,741,694</u></b>
<b>NET REVENUES</b>	<b>12,684,933</b>
State Water Payments	6,309,979
<b><i>Coverage Ratio:</i></b>	<b><i>2.01</i></b>
Other Debt Service	3,566,851
Capital Contributions (excluded for purposes of coverage ratio calculations)	348,495
Available for Capital Improvements and other purposes	\$ 3,156,598

Source: Goleta Water District



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## CITY OF GUADALUPE

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The information set forth below has been provided by the City of Guadalupe (the “City”). The Central Coast Water Authority (the “Authority”) makes no representations or warranties as to the accuracy or completeness of any of the information set forth below. All numbers presented for the Fiscal Year ending June 30, 2012 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
2008	1,916	\$1,198,705
2009	1,926	1,303,214
2010	1,915	1,344,941
2011	1,927	1,315,006
2012	1,931	1,461,669

The number of connections increased for FY 2011/2012 by approximately 4 services. There was an increase in revenue of about \$146,663 from the prior year. This rise resulted from enhanced water use at agricultural production businesses and a water rate increase in July with a CPI adjustment the following January. The city continues to anticipate the additional sales revenue from planned new developments. The rate increase and new development sales revenue will increase actual revenue in future years.

### HISTORIC WATER DELIVERIES

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

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

Fiscal Year Ending June 30	Deliveries <sup>1</sup>
2008	920
2009	966
2010	900
2011	871
2012	924

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

The following table sets forth the ten largest customers of the City's water system as of June 30, 2012 as determined by the amount of their respective annual payments.

#### LARGEST CUSTOMERS

<u>Customer</u>	<u>Water Usage<sup>2</sup></u>	<u>Annual Payments</u>
Apio Cooler	155,425	\$ 514,677
Riverview	6,410	22,177
Obispo Cooling	6,175	21,042
Guadalupe Union School District	5,111	15,808
Guadalupe Laundromat	3,241	10,930
Pan American Seed	1,977	6,574
Simplot	1,720	6,204
P&M Properties	1,814	5,975
Salvador Barragan	1,311	4,421
Cynthia/Calvin Kelly	<u>866</u>	<u>2,953</u>
TOTAL	184,050	\$ 610,761

These ten customers accounted for approximately 42% of water service revenues for the year ended June 30, 2012.

#### WATER SYSTEM RATES AND CHARGES

**Consumption Charges.** All classes of water users are charged the same rate. Specifically, all users pay \$21.09 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 \$3.52 per unit. Beginning January 1, 2013, the base charge will increase to \$3.57 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>
$\frac{3}{4}$ "	\$ 1,549.77
1"	1,743.39
1 $\frac{1}{2}$ "	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.

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<sup>2</sup> Hundred Cubic Feet

FISCAL YEAR 2012 OPERATING RESULTS

The following table is a summary of operating results of the water system of the City for Fiscal Year 2011/12. These results have been estimated by the City, but exclude certain non-cash items and include certain other adjustments. This table has not been audited by the City's auditor.

CITY OF GUADALUPE

<u>REVENUES</u>	<u>June 30, 2012</u>
M&I Sales	\$ 1,461,669
Connection Fees	0
Interest Income	705
Other Revenues	<u>57,509</u>
<b>TOTAL REVENUES:</b>	<b><u>\$ 1,519,883</u></b>
<u>OPERATING EXPENSES</u>	
Salaries & Benefits	125,966
Operations & Maintenance	<u>373,891</u>
<b>TOTAL OPERATING EXPENSES:</b>	<b><u>499,857</u></b>
<b>NET REVENUES</b>	1,020,026
Rate Coverage Reserve Fund Deposit	<u>167,705</u>
Adjusted Net Revenues	1,187,731
State Water Payments	599,469
<b><i>Coverage Ratio:</i></b>	<b><i>1.98</i></b>
Available for Capital improvements and Other purposes	\$ 420,557

Source: City of Guadalupe



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**LA CUMBRE MUTUAL WATER COMPANY**

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

**HISTORIC WATER CONNECTIONS AND SALES REVENUES**

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

Fiscal Year Ending Dec. 31	Connections					Sales Revenues				
	Dom.	%	Ag.	%	Total	Dom.	%	Ag.	%	Total
2007	1,437	98	33	2	1,470	\$2,177,538	96	\$ 90,233	4	\$2,267,771
2008	1,437	98	31	2	1,468	2,383,812	96	105,898	4	2,489,710
2009	1,437	98	31	2	1,468	2,476,318	96	110,200	4	2,586,518
2010	1,437	98	30	2	1,469	2,290,754	96	86,885	4	2,377,639
2011	1,431	97	40	3	1471	2,515,941	96	92,096	4	2,608,037

**HISTORIC WATER DELIVERIES**

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

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

Fiscal Year Ending Dec. 31	Domestic Deliveries	Agricultural Deliveries	Total
2007	1,958	101	2,059
2008	1,698	99	1,937
2009	1,608	94	1,702
2010	1,449	74	1,523
2011	1,399	66	1,465

**LARGEST CUSTOMERS**

The following table sets forth the ten largest customers of the Company’s water system as of December 31, 2011, 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	60,273	\$194,521
Stanford Farms	10,046	62,955
Timothy Pasquinelli	5,854	42,060
Stephen Redding	6,320	39,394
Marsupial Properties	4,015	33,591
Carriage Hill Association	4,412	28,013
Christopher & Ann Conway	3,749	23,164
Overwater, LLC	3,719	22,821
Laguna Blanca School	2,910	18,337
ELK Trust	<u>1,527</u>	<u>12,369</u>
TOTAL	102,825	\$477,226

These ten customers account for approximately 15% of all water service revenues in fiscal year 2011.

WATER SYSTEM RATES AND CHARGES

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

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

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

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



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

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

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

FISCAL YEAR 2011 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, 2011. These results have been derived from the Company's financial statements but exclude certain non-cash items and include certain other adjustments. The table has not been audited by the Company's auditor.

LA CUMBRE MUTUAL WATER COMPANY

<b>Per Financial Statements</b>	
<b><u>REVENUES</u></b>	<b><u>Dec. 31, 2011</u></b>
Water Sales	\$2,608,037
Meter Charges	416,318
Land Charges	418,080
Connection Fees	9,198
Other Income	85,648
Rental income	101,640
Interest Income	<u>2,720</u>
<b>TOTAL REVENUES:</b>	<b>\$3,641,641</b>
<b><u>OPERATING EXPENSES</u></b>	
Water Source	115,560
Water Treatment	173,526
Transmission & Distribution	323,431
Admin. & General	691,908
Taxes	22,672
Water Conveyance	87,611
Misc Expense	<u>4,645</u>
<b>TOTAL OPERATING EXPENSES:</b>	<b><u>1,419,353</u></b>
NET REVENUES	2,222,288
Rate Coverage Reserve Fund Deposit	<u>391,224</u>
Adjusted Net Revenues	2,613,512
State Water Payments	1,962,355
<b><i>Coverage Ratio:</i></b>	<b><i>1.34</i></b>
Available for Capital improvements and other purposes	\$ 259,933

Source: La Cumbre Mutual Water District

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**MONTECITO WATER DISTRICT**

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

**HISTORIC WATER CONNECTIONS AND WATER SALES REVENUES**

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

*Historic Water Connections and Sales Revenues*

Fiscal Year Ending June 30	Connections				Sales Revenues			
	Dom.	%	Agricultural	%	Dom.	%	Agricultural	%
2008	4,580	99	50	1	\$9,497,492	96	\$395,729	4
2009	4,546	99	37	1	9,626,835	96	388,475	4
2010	4,516	99	42	1	9,121,648	99	307,674	1
2011	4,530	99	45	1	8,132,186	99	269,759	1
2012	4,532	99	45	1	8,969,598	99	376,369	1

The total actual connections for 2011/12 were 4,577. Domestic sales revenues for 2010/11 were \$8,969,598. Agricultural sales revenues for 2011/12 were \$376,369.

Water service charges and connection fee revenues were \$3,081,652 and \$133,656 respectively. The District’s Board of Directors adopted a block rate structure to increase fixed and variable income sources, which became effective October 1, 2008.

## HISTORIC WATER DELIVERIES

Actual water deliveries for 2011/12 are 5,302 Acre-feet. The following table presents a summary of historic water deliveries in acre-feet per year for the five most recent fiscal years:

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

<u>Fiscal Year Ending June 30</u>	<u>Agricultural</u>	<u>Domestic</u>	<u>Total</u>
2008	530	5,988	6,518
2009	478	5,485	5,963
2010	366	4,908	5,274
2011	316	4,399	4,715
2012	451	4,851	5,302

Actual water productions for 2011/12 are 5,663 acre-feet. Table 3 summarizes Water Production by source:

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

<u>Fiscal Year Ending June 30</u>	<u>Groundwater</u>	<u>Cachuma Project</u>	<u>Other<sup>1</sup> Sources</u>	<u>Total</u>
2008	437	2,717	4,079	7,233
2009	299	2,124	4,240	6,663
2010	240	3,945	1,900	6,085
2011	167	2,386	2,792	5,345
2012	167	3,289	2,207	5,663

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

LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the District's water system for 2011/12, as determined by the amount paid:

<u>Customer</u>	<u>Water Usage (HCF) <sup>2</sup></u>	<u>Annual Payment</u>
Resort Hotel	39,589	\$ 197,218
Golf Club	32,299	146,841
Retirement Community	26,109	104,127
Single Family Residence	18,218	98,581
Private College	19,947	89,890
Resort Hotel	16,357	89,354
Golf Club	14,406	87,517
Private Ranch	43,627	77,049
Cemetery	14,307	71,289
Agricultural	<u>8,279</u>	<u>60,840</u>
	<u>233,138</u>	<u>\$ 1,022,706</u>

These ten customers accounted for approximately 11% of water service revenues in 2011/12.

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, 2012 is as follows:

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

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

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

Connection Fees. The District charges connection fees to cover the costs of installing meters. (Please note that the District no longer installs 5/8" x 3/4" meters.) In addition, a Capital Cost Recovery Fee is charged as a buy-in fee for new customers to buy into the District's capital facilities. The breakdown of Connection and Capital Cost Recovery Fees as of June 30, 2012 is as follows:

<u>Meter Size</u>	<u>Connection Fee</u>	<u>Capital Cost Recovery Fee</u>
3/4"	\$2,191	\$13,789
1"	2,326	22,982
1-1/2"	3,039	41,368
2"	3,706	73,543

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

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

FISCAL YEAR 2012 OPERATING RESULTS

The following table is a summary of operating results for the water system of the District for FY 2011/12. These results have been derived from the District's financial statements, exclude certain non-cash items, and include certain other adjustments. This table has not been audited by the District's auditors.

MONTECITO WATER DISTRICT

<u>REVENUES</u>	<u>June 30, 2012</u>
Water Sales	\$9,345,966
Water Service Charges	3,081,652
Connection/Capital Cost Recovery Fees	133,656
Water Availability Charge	311,493
Interest Income	35,847
Other Income	<u>315,409</u>
<b>TOTAL REVENUES</b>	<b><u>13,224,023</u></b>
<u>OPERATING EXPENSES</u>	
Water Purchased	889,775
Pumping	256,654
Water Treatment	1,613,812
General & Administrative	1,882,201
<b>Operations &amp; Maintenance</b>	<b><u>1,656,922</u></b>
<b>TOTAL OPERATING EXPENSES</b>	<b><u>6,299,364</u></b>
<b>NET REVENUES</b>	6,924,659
Rate Coverage Reserve Fund Deposit	<u>1,087,250</u>
Adjusted Net Revenues	8,011,909
State Water Payment	4,412,658
<b>Coverage Ratio</b>	<b><i>1.82</i></b>
Other Debt Service <sup>4</sup>	1,905,220
Available for Capital Improvements and Other Purposes	\$ 606,781

<sup>4</sup> Inclusive of 2004 COMB Bonds, 1993 Department of Water Resources Loan, Department of Water Resources Cater Loan, Department of Water Resources Ortega Improvement Project Loan and 2010A Revenue Bonds.

Source: Montecito Water District

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**CITY OF SANTA BARBARA**

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

**HISTORIC WATER CONNECTIONS AND SALES REVENUES**

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

*Historic Water Connections and Sales Revenues*

Fiscal Year <u>Ending June 30</u>	<u>Connections</u>		<u>Sales Revenues</u>	
	<u>Dom.</u>	<u>%</u>	<u>Dom.</u>	<u>%</u>
2008	26,009	100	\$29,448,078	100
2009	26,153	100	28,669,429	100
2010	26,504	100	28,163,162	100
2011	26,557	100	27,181,923	100
2012	26,649	100	29,992,081	100

**HISTORIC WATER DELIVERIES**

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

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

Fiscal Year Ending <u>June 30</u>	<u>Urban Deliveries</u>
2008	14,926
2009	13,819
2010	13,428
2011	13,284
2012	13,949

## LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the City's water system as of June 30, 2012, as determined by the amount of their respective annual payments.

<u>Customer</u>	<u>Water Usage <sup>2</sup></u>	<u>Annual Payment</u>
City of Santa Barbara	46,414	\$ 269,947.51
Santa Barbara Unified School District	41,589	259,017.31
Housing Authority	29,462	162,571.24
Cottage Hospital	24,963	154,681.35
Fess Parker	27,804	150,481.79
Samarkand	26,457	134,491.26
Dario Pini	23,952	116,502.95
Mission Linen	21,962	116,270.69
SB Highlands	16,936	84,305.09
SB Zoo	<u>13,843</u>	<u>75,749.20</u>
	273,382	\$1,524,018.39

These ten customers accounted for approximately 4.7% of the annual water system sales for Fiscal Year 2011/12.

(2) Hundred cubic feet



*Water System Rates and Charges During FY 2011/12*

Customer Class	Water Service Rates
Single Family Residential	First 4 HCF @ \$3.03 Next 16 HCF @ \$5.07 All other @ \$5.34
Multi-Family Residential 1-4 dwelling units	First 4 HCF per dwelling unit @ \$3.03 Next 8 HCF per dwelling unit @ \$5.07 All other @ \$5.34
Multi-Family Residential 5+ dwelling units	First 4 HCF per dwelling unit @ \$3.03 Next 8 HCF per dwelling unit @ \$5.07 All other @ \$5.34
Commercial	100% of base allotment <sup>1</sup> @ \$5.07 per HCF; All other @ \$5.34
Industrial	100% of base allotment <sup>2</sup> @ \$5.07 per HCF; All other @ \$5.34
Irrigation – Residential	Billed as if used through associated residential meter, OR annual allotment of 654 HCF/acre @ \$5.07; all other @ \$5.34
Irrigation - Recreation/Parks/Schools	Annual allotment of 1,404 HCF/acre @ \$2.31 Next 240 HCF/acre/year @ \$5.07 All other @ \$5.34
Irrigation – Commercial	100% of base allotment <sup>2</sup> @ \$5.07 per HCF; All other @ \$5.34
Irrigation – Agriculture	Annual allotment of 1,080 HCF/acre @ \$1.45 Next 240 HCF/acre/year @ \$5.07 All other @ \$5.34
Recycled Water	All usage @ \$1.91/HCF
Outside City Limits	130% of corresponding in-City rates

*Monthly Service Charges for Water Meters by Size During FY 2011/12*

Meter Size	Monthly Service Charge
5/8"	\$ 12.74
3/4"	19.15
1"	31.88
1 1/2"	63.74
2"	102.01
3"	204.00
4"	318.75
6"	637.50
8"	1,019.14
10"	1,466.24

*Connection Charges during Fiscal Year 2011/12*

	5/8" Meter	1" Meter
Connection Charges on 1" Service:	\$2,165	\$2,658
Buy-in Fee (per detached single family residence)	5,691	14,227
	\$7,856	\$16,885

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

FISCAL YEAR 2012 OPERATING RESULTS

The following table is a summary of operating results of the water system of the City for Fiscal Year 2011/12. These results have been derived from the City's financial statements, exclude certain non-cash items, and include certain other adjustments. The table has not been audited by the City's auditor.

CITY OF SANTA BARBARA

<b><u>REVENUES</u></b>	<b><u>June 30, 2012</u></b>
M&I Sales	\$ 29,992,081
Service Charges	938,041
JPA Reimbursement	2,986,087
Interest Income	838,817
Other Revenues	<u>2,938,003</u>
<b>TOTAL REVENUE</b>	<b><u>37,696,027</u></b>
<b><u>Operating Expenses</u></b>	
Salaries & Benefits	6,923,137
Materials & Supplies	11,065,533
Interest Expense	1,559,010
Other	<u>-</u>
<b>TOTAL OPERATING EXPENSES</b>	<b><u>19,547,823</u></b>
<b>NET REVENUES</b>	<b>18,148,204</b>
State Water Payments	4,180,184
Parity Debt Service <sup>1</sup>	<u>1,738,160</u>
Total Contract Payments	<u>6,027,455</u>
<b><i>Coverage Ratio</i></b>	<b><i>3.01</i></b>
Available for Capital improvements and Other purposes	\$ 12,120,749

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

Source: City of Santa Barbara

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**CITY OF SANTA MARIA**

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

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

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

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

Fiscal Year Ending June 30	Connections	Water Sales Revenues	Wastewater Service Revenues
2008	20,830	\$ 24,605,620	\$ 5,482,863
2009	20,919	25,859,215	5,757,471
2010	20,927	25,411,420	6,083,368
2011	21,050	26,393,674	6,506,699
2012	21,199	27,803,548	7,406,355

**HISTORIC WATER DELIVERIES**

The City records the volume of water delivered by its water system. Over the past five years, the volume of water delivered by the City has fluctuated, ranging from a low of approximately 13,016 acre-feet in fiscal year 2011 to a high of approximately 14,489 acre-feet in fiscal year 2009. The following table presents a summary of historic water deliveries in acre-feet per year for the five most recent fiscal years.

*Historic Water Deliveries In Acre-Feet per Year*

Fiscal Year Ending June 30	Deliveries
2008	14,047
2009	14,489
2010	13,986
2011	13,016
2012	13,264

## LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the City's water system as of June 30, 2012 as determined by the amount of their respective annual payments.

### *Largest Water Customers*

<u>Customer<sup>1</sup></u>	<u>Water Usage<sup>2</sup></u>	<u>Annual Payments</u>
City of Santa Maria	250,481	\$ 1,246,072
Santa Maria Elementary School	107,063	525,722
Santa Maria Land Partners <sup>3</sup>	58,716	270,934
Casa Grande Mobile Homes	52,939	182,962
Allan Hancock College	45,855	225,398
S.B. County Housing Authority	37,493	190,819
Marian Hospital & Facilities	37,213	205,973
Pictsweet Frozen Foods	25,828	124,313
Casa Del Rio Mobile Estates	24,164	85,303
Mission Linen Supply	<u>23,809</u>	<u>110,534</u>
TOTAL	663,561	\$ 3,168,030

The ten largest water customers accounted for approximately 12.9% water service by volume in fiscal year 2012.

The following table sets forth the ten largest customers discharging to the City's wastewater system as of June 30, 2012 and their respective annual payments.

### *Largest Wastewater Customers*

<u>Customer</u>	<u>Wastewater Usage<sup>2</sup></u>	<u>Annual Payments</u>
Sure-Fresh	86,069	\$ 278,287
Santa Maria Land Partners <sup>3</sup>	58,716	62,375
Casa Grande Mobile Homes	52,939	51,022
Marian Hospital & Facilities	31,018	51,713
S.B. County Housing Authority	28,856	40,428
Casa Del Rio Mobile Estates	24,164	30,885
Mission Linen	23,809	61,286
Milt Guggia Enterprises	22,668	55,807
Santa Maria Elementary School	19,386	33,021
Alan Hancock College	<u>17,893</u>	<u>30,502</u>
TOTAL	365,518	\$ 695,326

The ten largest wastewater customers accounted for approximately 9.1% of wastewater service by volume in fiscal year 2012.

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

<sup>2</sup> Hundred Cubic Feet

<sup>3</sup> Formerly known as "SP Village Green LLC"

## WATER AND WASTEWATER SYSTEM RATES AND CHARGES

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

*Water Service Charges.* A schedule of the City's current monthly water rates and charges as of July 1, 2012 is set forth below:

### *Monthly Service Charges for Water Meters by Size*

Meter Size	Inside City
5/8 x 3/4"	\$ 27.22
1"	42.69
1 1/4"	50.63
1 1/2"	67.48
2"	93.32
3"	202.52
4"	337.55
6"	844.01

### *Capacity Charge*

1 – 500 cubic feet	\$ 2.967 per 100 cubic feet
501 – 1000 cubic feet	3.591 per 100 cubic feet
1001 – 1500 cubic feet	4.113 per 100 cubic feet
Above 1501 cubic feet	4.682 per 100 cubic feet

*Wastewater Treatment Charges.* A schedule of the City's current monthly wastewater treatment rates and charges as of July 1, 2012 is set forth below:

### *Monthly Wastewater Rates*

Single Family Residence	\$ 15.80
Multiple Apartments:	
2 Rooms or Less	11.18
3 + Rooms	12.15
Mobile Homes (number of spaces)	11.18
Motel/Hotel (per unit)	7.78

### *Per 100 cubic feet*

Office Buildings	\$ 1.85
Restaurants	4.42
Commercial	2.67
Food Processing	2.57
Machinery	2.14
Miscellaneous	2.14

FISCAL YEAR 2012 OPERATING RESULTS

The following table is a summary of operating results of the water and wastewater system of the City for Fiscal Year 2011/12. These results have been derived from the City's financial statements and exclude certain non-cash items and include certain other adjustments. The table has not been audited by the City's auditor.

CITY OF SANTA MARIA

<b><u>REVENUES</u></b>	<b><u>June 30, 2012</u></b>
Water & Wastewater Fees & Charges	\$ 35,209,883
Other Revenues	698,186
Interest Income	422,097
<b>TOTAL REVENUES:</b>	<b><u>36,330,166</u></b>
<b><u>OPERATING EXPENSES</u></b>	
Salaries, Wages & Benefits	4,337,395
Materials & Supplies	1,259,829
Equipment Maintenance & Operations	1,442,123
Contracts & Services	3,056,261
Bad Debts	165,300
<b>TOTAL OPERATING EXPENSES:</b>	<b><u>10,260,908</u></b>
NET REVENUES	26,069,258
Rate Coverage Fund Deposit	4,288,071
<b>TOTAL NET REVENUES</b>	<b><u>30,357,329</u></b>
State Water Payments	14,671,346
<b><i>Coverage Ratio:</i></b>	<b><i>2.07</i></b>
Other Debt Service	6,632,253
Available for Capital improvements and other purposes	\$ 3,198,308

Source: City of Santa Maria

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

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

Solvang has represented to ID No. 1 that the information presented for the City is accurate, and ID No. 1 has (i) relied on this information in preparing this information, and (ii) not independently investigated that information. ID No. 1 makes no representations or warranties as to the accuracy or completeness of any information set forth in the City’s continuing disclosure information.

*Historic Water Connections and Sales Revenues*

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

Fiscal Year Ending June 30	Connections				Sales Revenues					
	<u>Dom.</u>	<u>%</u>	<u>Ag.</u>	<u>%</u>	<u>Dom.</u> <sup>1</sup>	<u>%</u>	<u>Ag.</u> <sup>2</sup>	<u>%</u>	<u>Solvang</u>	<u>%</u>
2008	2,453	96	114	4	3,633,881	74	\$ 1,172,989 <sup>3</sup>	24	\$ 76,298	1
2009	2,469	96	114	4	3,698,026	74	1,226,809	24	105,410	2
2010	2,492	97	87	3	3,763,466	74	1,202,826	24	130,386	2
2011	2,437	97	82	3	3,835,905	77	1,103,781	22	69,777	1
2012	2,408	96	107	4	4,043,655	75	1,246,184	23	81,941	2

The actual FY 2011/2012 total water sales revenues are approximately 9% percent higher than the FY 2010/11 revenues due to more accurate reading through the meter replacement program, increased usage and a rate increase occurring on November 1, 2010 which was in effect through year end June 30, 2011 or for eight months of fiscal year 10/11 and remained in effect through the 12-month period of fiscal year 11/12.

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

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

<sup>3</sup> Non-payment of past due accounts at year-end for certain agricultural water customers.

## HISTORIC WATER DELIVERIES

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

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

Fiscal Year Ending June 30	Ag. Deliveries <sup>4</sup>	Domestic	Solvang	Total
2007	2,579	2,613	31	5,223
2008	2,943	2,945	38	5,926
2009	2,929	2,933	85	5,947
2010	2,639	2,679	98 <sup>5</sup>	5,416
2011	2,415	2,797	43 <sup>5</sup>	5,255
2012	2,454	2,753	53 <sup>(1)</sup>	5,260

The FY 2011/12 actual overall water deliveries are slightly higher than FY 2010/11 due to an increased Agricultural use and increased water deliveries to the City of Solvang during the year.

## LARGEST CUSTOMERS

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

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

These ten customers accounted for approximately 9% of the water service revenues for Fiscal Year 2011/12.

<sup>4</sup> Acre Feet

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

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



**WATER SYSTEM RATES AND CHARGES**

ID No.1's rates and charges for FY 2011/12 are as follows:

Monthly Meter Charge

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

Consumption Charge

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

Connection Charge

Meter Size	Meter Only <sup>7</sup>	Service and Meter
$\frac{5}{8}$ " - 1"	\$ 3,298.86	\$6,335.19 Short Side (1" service) 9,435.63 Long Side (1" service)
$\frac{3}{4}$ "	\$ 3,958.63	\$7,011.73 Short Side (1" service) 10,130.17 Long Side (1" service)
1"	\$ 6,597.72	\$9,686.56 Short Side (1" service) 12,805.00 Long Side (1" service)
(2) $\frac{5}{8}$ " - 1"		\$6,924.29 Short Side (1" double service) 10,042.72 Long Side (1" double service)
1 $\frac{1}{2}$ "	\$ 13,195.44	\$17,014.55 Short Side (2" service) 20,142.34 Long Side (2" service)
2"	\$ 21,112.69	\$25,104.37 Short Side* (2" service) 28,232.16 Long Side* (2" service)
3"	*see below	*see below

Fire Service Connection Fee: \$620 per inch of diameter of Service size.

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

Capital Facilities Charge on Larger Services

Meter Size	Charge	
3"	\$ 42,225.39	+ Serv. & Meter Costs
4"	\$ 59,379.44	+ Serv. & Meter Costs
6"	\$ 131,954.32	+ Serv. & Meter Costs
8"	\$ 211,126.92	+ Serv. & Meter Costs

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

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

## FISCAL YEAR 2012 OPERATING RESULTS

The following table is a summary of operating results of the water system of ID No. 1 for Fiscal Year 2011/12. These results have been derived from ID No. 1's financial statements, exclude certain non-cash items, and include certain other adjustments.

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

<b><u>REVENUES</u></b>	<b>June 30, 2012</b>
M&I Water Sales (M&I & Ag)	\$ 5,289,839
Water Sales to City of Solvang	81,941
SWP Revenue from City of Solvang	2,630,941
Connection Fees	68,356
Special Assessments	5,219
Other Fees & Income	85,396
Interest Income	<u>47,893</u>
<b>TOTAL REVENUES:</b>	<b>8,209,585</b>
<b><u>OPERATING EXPENSES</u></b>	
Water Purchased	158,127
Pumping	587,215
Water Treatment	28,988
Transmission & Distribution	566,049
Other	11,497
Administration & General	<u>1,827,982</u>
<b>TOTAL OPERATING EXPENSES:</b>	<b>3,179,858</b>
NET REVENUES	5,029,727
Rate Coverage Reserve Fund Deposit (Includes Solvang)	1,023,739
Adjusted Net Revenues	6,053,466
State Water Payments (Includes Solvang)	4,112,646
<b><i>Coverage Ratio:</i></b>	<b><i>1.48</i></b>
Other Debt Service <sup>8</sup>	318,125
Other Non-Operating Expenses - Special Studies & Special Legal Fees <sup>9</sup>	488,472
Available for Capital improvements and other purposes	\$110,484

Source: Santa Ynez Improvement District No. 1

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<sup>8</sup> Debt service on 2004 Cachuma Project Authority Revenue bonds.

<sup>9</sup> In conferring with Bond Counsel and the District's Auditor, and in accordance with GAAP, the "Non-operating" expenses or Non Annual Recurring expenses (NAREs) were not included in the rate coverage calculations for FY 2011/12. This was determined after the audit was performed.

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**CITY OF SOLVANG**

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

**HISTORIC WATER CONNECTIONS AND SALES REVENUES**

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

*Historic Water Connections and Sales Revenues*

Fiscal Year Ending June 30	Connections	Sales Revenues	Water Deliveries (acre-feet per year)
2008	1,964	\$4,180,995	1,512
2009	2,017	4,085,678	1,483
2010	1,981	3,957,709	1,315
2011	2,019	3,927,817	1,322
2012	2,118	4,167,680	1,347

**LARGEST CUSTOMERS**

The following table sets forth the ten largest customers of the City’s water system as of June 30, 2012, as determined by the amount of their respective annual payments.

*Largest Customers as of June 30, 2012*

Customer	Water Usage	Annual Payments
Rancho Santa Ynez Mobile Estate	29,932	\$ 90,999
Alisal Guest Ranch	14,911	46,349
Atterdag Village	6,078	19,704
Mission Oaks	8,209	25,609
City of Solvang	10,881	37,129
Chumash Resort	7,308	22,516
Worldmark Solvang	6,620	20,448
Wine Valley Inn	4,779	13,853
Solvang LLM	4,613	14,144
Solvang School	<u>2,010</u>	<u>23,004</u>
TOTAL	102,341	\$ 313,755

WATER CHARGES

On a monthly basis, every connection to the Water system is subject to both a Base Rate and a Quantity Rate as follows:

**Base Rate**

*per Connection, All Water Connections*

<u>Meter Size</u>	<u>Rated Flow (gpm)<sup>1</sup></u>	<u>Ratio to 5/8" x 3/4" Meter</u>	<u>Meter Charges</u>	<u>Outside Users<sup>2</sup></u>
5/8" x 3/4"	20	1.0	\$ 62.36	\$ 93.54
3/4"	30	1.5	93.54	140.31
1"	50	2.5	155.90	233.85
1-1/2"	100	5.0	311.80	467.70
2"	160	8.0	498.89	748.34
3"	320	16.0	997.77	1,496.66
4"	450	22.5	1,559.02	2,338.53
6"	1,000	50.0	3,118.03	4,677.05

**Quantity Rate**

*Single Family Residential Users per 100 Cubic Feet*

<u>Cubic Feet</u>	<u>Rate</u>
0 to 1,600	\$2.85
1,600 & above	\$3.35

*All Other Users per 100 Cubic Feet*

<u>Cubic Feet</u>	<u>Rate</u>
All	\$3.10

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<sup>1</sup> gallons per minute

<sup>2</sup> outside users are properties outside of City limits, and are subject to 1.5 times the above listed rates.

FISCAL YEAR 2012 OPERATING RESULTS

The following table is a summary of operating results of the water system of the City for fiscal year 2011/12. These results have been derived from the City's financial statements but exclude certain non-cash items and include certain other adjustments. The table has not been audited by the City's auditor.

CITY OF SOLVANG

<b><u>REVENUES</u></b>	<b><u>June 30, 2012</u></b>
Water Sales	\$ 4,167,680
Other Fees & Income	26,510
Capital contributions	23,504
Interest Income	<u>12,671</u>
<b>TOTAL REVENUES:</b>	<b><u>4,230,365</u></b>
 <b><u>OPERATING EXPENSES</u></b>	
Operating Expenses	1,153,579
Interest Expense	<u>77,787</u>
<b>TOTAL OPERATING EXPENSES:</b>	<b><u>1,231,366</u></b>
 NET REVENUES	 2,998,999
Rate Coverage Fund Deposit	<u>605,884</u>
Adjusted Net Revenues	<u>3,604,883</u>
 State Water Payments	 2,438,576
 <b><i>Coverage Ratio:</i></b>	 <b><i>1.48</i></b>
 Other Debt Service	 -
 Available for Capital improvements and other purposes	 \$ 560,423

Source: City of Solvang



SAN LUIS OBISPO COUNTY





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**CITY OF MORRO BAY**

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

**HISTORIC WATER CONNECTIONS AND SALES REVENUES**

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

Fiscal Year Ending June 30	Connections	Sales Revenues
2008	5,531	\$3,610,462
2009	5,547	3,588,500
2010	5,545	3,574,319
2011	5,385	3,421,151
2012	5,401	3,396,936

**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
2008	1,187
2009	1,130
2009	1,282
2011	1,250
2012	1,177

## LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the City's water system as of June 30, 2012, as determined by the amount of their respective annual payments.

Customer	Water Usage <sup>1</sup>	Annual Payments
City of Morro Bay	23,344	\$ 208,863
Pacific Care Center	9,340	136,412
Department of Parks	8,434	116,701
Mission Linen Supply	7,110	110,025
Imperial Coast, LP	5,561	104,877
San Luis Coastal School District	3,761	36,418
Silver City Manor	3,625	44,605
Morro Dunes Trailer Park	3,332	40,194
Morro Elementary School	2,785	25,592
Morro Bay High School irrigation	<u>12,166</u>	<u>23,775</u>
TOTAL	79,458	\$ 847,462

These ten customers accounted for approximately 25% of water services revenues in fiscal year 2011/2012.

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<sup>1</sup> Hundred Cubic Feet

FISCAL YEAR 2012 OPERATING RESULTS

The following table is a summary of operating results of the water system of the City for fiscal year 2011/12. These results have been derived from the City's financial statements, but exclude certain non-cash items and include certain other adjustments.

CITY OF MORRO BAY

<b><u>REVENUES</u></b>	<b><u>June 30, 2012</u></b>
Water Service Charge	\$ 3,325,454
Connection Fees	6,920
Penalties & Reconnections	64,562
Miscellaneous	<u>250,021</u>
<b>TOTAL REVENUES:</b>	<b><u>3,646,957</u></b>
<b><u>OPERATING EXPENSES</u></b>	
Administration & General	1,847,739
Maintenance	<u>174,064</u>
<b>TOTAL OPERATING EXPENSES:</b>	<b><u>2,021,803</u></b>
<b>NET REVENUES</b>	1,625,154
State Water Payments	2,186,578
<b><i>Coverage Ratio:</i></b>	<b><i>0.74</i></b>
Available for Capital improvements and other purposes	\$ (561,424)

Source: City of Morro Bay



# City of Morro Bay

Morro Bay, CA 93442

(805) 772-6201

January 25, 2013

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

**RE: CITY OF MORRO BAY'S 2011/12 BOND COVERAGE RATIO**

Dear Ray,

For the 2011/12 fiscal year, the City of Morro Bay failed to meet its minimum bond coverage ratio. The required percentage rate is greater than or equal to 1.25%; for the 2011/12 fiscal year, Morro Bay's is 0.74%. The City continues to attribute this to our water conservation efforts, increased expenses for maintaining our aging infrastructure, and an outdated water rate structure.

We will be taking this issue to our City Council in March for authorization to perform a water rate study. Our goal is to have the rate study concluded by June 30, a Proposition 218 protest vote concluded by September 30, and if the majority of ratepayers do not object to the rate increase through the Prop 218 process, new rates implemented by the end of the 2013 calendar year.

If you have any questions, please contact me at (805) 772-6217.

Sincerely,

Susan Slayton  
Administrative Services Director

cc: Andrea Lueker, City Manager  
Rob Schultz, City Attorney  
Rob Livick, Public Services Director

**FINANCE**  
595 Harbor Street

**ADMINISTRATION**  
595 Harbor Street

**FIRE DEPT.**  
715 Harbor Street

**PUBLIC SERVICES**  
955 Shasta Avenue

**HARBOR DEPT.**  
1275 Embarcadero Road

**CITY ATTORNEY**  
955 Shasta Avenue

**POLICE DEPT.**  
850 Morro Bay Boulevard

**RECREATION & PARKS**  
1001 Kennedy Way

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**CITY OF PISMO BEACH**

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

**HISTORIC WATER CONNECTIONS AND SALES REVENUES**

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

Fiscal Year Ending <u>June 30</u>	<u>Connections</u>	<u>Sales Revenues</u>
2008	4,713	\$2,619,579
2009	4,540	2,834,803
2010	4,558	2,874,984
2011	4,569	3,048,595
2012	4,584	3,257,915

**HISTORIC WATER DELIVERIES**

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

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

Fiscal Year <u>Ending June 30</u>	<u>Urban Deliveries</u>
2008	2,269
2009	2,135
2010	1,971
2011	1,912
2012	1,785

The following table sets forth the ten largest customers of the City's water system as of June 30, 2012, as determined by the amount of their respective annual payments.

Customer	Water Usage	Annual Payments
Pismo Beach Mobile Home Park	14,567	\$37,265
Cliffs Shell Beach	14,118	36,001
Oxford Suites Resort	7,935	20,295
Shorecliff Lodge	7,466	19,100
Motel 6	6,361	16,275
Pismo Lighthouse Suites	6,240	15,963
Quality Inn	5,619	14,377
Seacrest Resort	5,575	14,266
Hacienda Del Pismo	5,265	13,467
<u>Kon Tiki</u>	<u>5,110</u>	<u>13,075</u>
Totals	78,256	\$200,082

These ten customers accounted for approximately 6.1% of water service revenues in fiscal year 2011/2012.

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

Meter Size	
All Meters	
5/8" & 3/4"	\$ 31.90
1"	63.85
1-1/2"	106.30
2"	170.10
3"	319.15
4"	532.05
6"	1276.65

	<u>Single Family Residential</u>	<u>All Other Metered Users</u>
Consumption Charge:		
0-12 HCF	\$2.30/HCF	\$2.55/HCF
13 HCF and higher	\$2.99/HCF	\$2.55/HCF
Construction Meter		\$5.10/HCF
Irrigation Meter		\$2.81/HCF
Connection Charges:		
A) State Water Supply Fee	\$8,928 per equivalent dwelling unit	
B) Special Tax Levy FY 2011-12	\$181.50 per year per equivalent dwelling unit.	

FISCAL YEAR 2012 OPERATING RESULTS

The following table is a summary of operating results of the water system of the City for FY 2011/12. These results have been derived from the City's financial statements but exclude certain non-cash items and include certain other adjustments. The table has not been audited by the City's auditor.

CITY OF PISMO BEACH

<b><u>REVENUES</u></b>	<b><u>June 30, 2012</u></b>
Water Service Charge	\$3,284,900
State Water Impact Fee	366,005
Interest	45,139
Assessments	1,291,559
Other Revenues	<u>15,495</u>
<b>TOTAL REVENUES:</b>	<b><u>\$5,003,098</u></b>
<b><u>OPERATING EXPENSES</u></b>	
Administration and General	664,492
Lopez Contract Payments <sup>1</sup>	1,301,996
Operations & Maintenance	557,154
Utilities	<u>88,547</u>
<b>TOTAL OPERATING EXPENSES:</b>	<b><u>2,612,189</u></b>
<b>NET REVENUES</b>	<b>2,390,909</b>
State Water Payments	<u>1,435,883</u>
Total Contract Payments	<u>1,435,883</u>
<b>Coverage Ratio:</b>	<b>1.67</b>
Available for Capital improvements and other purposes	<b>\$955,026</b>

Source: City of Pismo Beach

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

