

CENTRAL COAST WATER AUTHORITY

FY 2016/17
CONTINUING
DISCLOSURE ANNUAL
REPORT

\$45,470,000
REFUNDING REVENUE BONDS
(STATE WATER PROJECT
REGIONAL FACILITIES)
SERIES 2016A

FY 2016/17 CONTINUING DISCLOSURE

ANNUAL REPORT

Transmittal Letter.....	1
FY 2016/17 State Water Deliveries	3
Rate Coverage Reserve Fund Policy	4
City of Buellton	6
Carpinteria Valley Water District.....	10
Goleta Water District	15
City of Guadalupe	19
La Cumbre Mutual Water Company.....	22
Montecito Water District	26
City of Santa Barbara.....	30
City of Santa Maria.....	34
Santa Ynez River Water Conservation District, Improvement District #1	38
City of Solvang	42
City of Morro Bay	46
City of Pismo Beach	49

TRANSMITTAL LETTER



March 13, 2018

Phong Truong
Bank of New York Mellon Trust Company
400 South Hope Street, Suite 500
Los Angeles, CA 90071

RE: Central Coast Water Authority Fiscal Year 2016/17 Annual Report on Continuing Disclosure for the \$45,470,000 Refunding Revenue Bonds (State Water Project Regional Facilities), Series 2016A

Jack Boyesen
Chairman

Richard Shukewitz
Vice Chairman

Ray A. Stokes
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

Dear Phong:

Attached is the Fiscal Year 2016/17 Annual Report pursuant to the Continuing Disclosure Agreement between the Central Coast Water Authority and Bank of New York Mellon Trust Company (as successor Trustee).

Fiscal Year 2016/17 State Water Deliveries

A table showing deliveries during Fiscal Year 2016/17 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 following agencies elected to participate in the CCWA Rate Coverage Reserve Fund during Fiscal Year 2016/17 and have deposited the following amounts:

Project Participant	FY 2016/17 Rate Coverage Fund Deposit
City of Buellton	\$ 275,162
Carpinteria Valley Water District	816,994
City of Guadalupe	186,819
La Cumbre Mutual Water Company	392,065
Montecito Water District	1,419,078
City of Santa Maria	5,006,756
Santa Ynez, RWCD, I.D. #1 (City of Solvang)	606,847
Santa Ynez, RWCD, I.D. #1	457,158
TOTAL:	\$ 9,160,880

255 Industrial Way
Buellton, CA 93427-9591
(805) 688-2292
FAX: (805) 686-4700

Continuing Disclosure Annual Report

Consistent with Section 4 of the Continuing Disclosure Report, the Fiscal Year 2016/17 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. A copy of the Authority's FY 2016/17 Comprehensive Annual Financial Report was sent to you via email on March 13, 2017.

Audited Financial Statements The Cities of Guadalupe, Santa Maria, and Morro Bay submitted draft financials, but did not submit audited financial statements for FY 2016/17 as of the date of this letter. As such, CCWA was unable to verify the actual operating results with their audited financial statements.

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

Sincerely,



Ray A. Stokes
Executive Director

RAS

Attachments

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

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RAS

FY 2016/17 STATE WATER DELIVERIES

Central Coast Water Authority

Fiscal Year 2016/17 State Water Deliveries

Fiscal Year 2016/17 Continuing Disclosure Annual Report

Project Participant	<i>Acre-Feet</i>		
	Requests	Exchange	Net Deliveries
Lopez Turnout (SLO County)	2,330		2,330
Chorro Valley Turnout (SLO County)	1,563		1,563
Shandon Turnout (SLO County)	12		12
City of Guadalupe	482		482
City of Santa Maria	11,269		11,269
Golden State Water Company	98		98
Vandenberg Air Force Base	1,963		1,963
City of Buellton	212		212
Santa Ynez ID#1 (Solvang only)	614		614
Santa Ynez ID#1 (excluding Solvang)	758	469	1,227
Goleta Water District	5,369	(169)	5,200
Morehart Land Company	37	-	37
LaCumbre Mutual Water Co.	595	-	595
Raytheon Systems Co.	35	-	35
City of Santa Barbara	4,301	(113)	4,188
Montecito Water District	2,955	(113)	2,842
Carpinteria Valley Water District	1,942	(74)	1,868
TOTAL:	34,535	-	34,535

Central Coast Water Authority
Rate Coverage Reserve Fund Policy

Adopted: December 18, 1997

Rate Coverage Reserve Fund Policy

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.

CITY OF BUELLTON

The City of Buellton (the “City”) has provided by the information below. 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, 2017 increased by about 30%. This was primarily due to the increase in total number of connections and due to a water rate increase.

Historic Water Connections and Sales and Service Revenues

Fiscal Year Ending June 30	Connections	Water Sales Revenues
2013	1,569	\$ 1,460,658
2014	1,569	1,532,887
2015	1,582	1,436,127
2016	1,584	1,426,171
2017	1,699	1,865,124

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
2013	369	484	373	1,227
2014	762	488	50	1,300
2015	372	764	5	1,141
2016	317	645	81	1,043
2017	427	461	201	1,089

LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the City’s water system as of June 30, 2017, as determined by the amount of their respective annual payments.

Customer	Water Usage ¹	Annual Payment
Professional Investment Planning	16,002	\$ 68,136
Buellton Union School District	14,729	45,567
Flying Flags Association, L.P.	11,700	32,101
Terravant Wine Co	9,248	25,876
Santa Ynez Valley Marriott	7,873	26,168
Rivergrove Mobilehome Park	6,650	22,468
The Inn Group	4,379	15,199
RTA Buellton Hotel LLC	4,323	17,129
Rancho de Maria	4,134	12,053
Figueroa Mountain Brewing	<u>3,878</u>	<u>11,413</u>
TOTAL	82,916	\$ 276,110

These ten customers accounted for approximately 16% of the City’s water service revenues for fiscal year 2016/17.

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 \$23.26 per dwelling unit) and quantity of water used. The City increased its water rates effective November 1, 2016 per Resolution 16-19. As a result, the water usage for commercial and residential customers is now \$2.68 per 100 cubic feet, up from \$1.74 per 100 cubic feet. The Water Meter Charges are set forth below:

Meter Size	Monthly Service Charge ²
Up to ¾”	\$ 33.23
1”	86.26
1 ½”	171.02
2”	271.77
3”	580.58
4”	1,052.43
6”	2,222.07
8”	2,992.60

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 7% of the accounts, which account for approximately 1% of the Water System Revenues, are delinquent. The City reports, however, that upon receipt of such

¹ Hundred Cubic Feet

² Plus \$23.26 for each additional dwelling unit that is served by one meter.

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 \$2,850. The current connection fee for commercial and all other uses and meter sizes will be based on a ratio of the Base Fee \$2,850 per EMU to the meter size.

EMU Fees for 16/17: (Equivalent) Meter Size Ratio Facility/Connection Charge

<u>EMU Fees for 16/17: (Equivalent) Meter Size</u>	<u>Ratio</u>	<u>Facility/Connection Charge</u>
3/4"	1	\$ 2,850
1"	2.5	7,125
1 1/2"	5	14,250
2"	8	22,800
3"	17.5	49,875
4"	3	85,500
6"	62.5	178,125
8"	9	256,500

FISCAL YEAR 2016/17 OPERATING RESULTS

The following table is a summary of operating results of the water system for Fiscal Year 2016/17. 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

<u>REVENUES</u>	<u>June 30, 2017</u>
Water Sales	\$ 1,865,124
Connection Fees	142,948
Other Fees & Income	52,414
Interest Income	<u>9,107</u>
TOTAL REVENUES	<u>2,069,593</u>
<u>OPERATING EXPENSES</u>	
Operations & Maintenance Expenses	<u>728,200</u>
TOTAL OPERATING EXPENSES	<u>728,200</u>
NET REVENUES	1,341,393
Rate Coverage Reserve Fund Deposit	<u>275,162</u>
 Adjusted Net Revenues	 <u>1,616,555</u>
 State Water Payments	 946,522
 <i>Coverage Ratio</i>	 <i>1.71</i>
 Available for Capital Improvements and other purposes	 \$ 394,871

Source: City of Buellton

CARPINTERIA VALLEY WATER DISTRICT

The Carpinteria Valley Water District (the District”) has provided the information set forth below. 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 including those for fire protection.

Historic Water Connections and Sales Revenues

Fiscal Year Ending June 30	Connections				Sales Revenues			
	Dom.	%	Ag.	%	Dom.	%	Ag.	%
2013	4,029	91	412	9	\$ 8,171,789	76	\$ 2,626,845	24
2014	4,038	91	406	9	8,411,037	75	2,818,138	25
2015	4,080	91	405	9	8,116,921	75	2,682,792	25
2016	4,116	91	385	9	9,064,354	75	2,958,852	25
2017	4,114	91	389	9	9,621,740	77	2,835,990	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
2013	\$ 4,789,302	\$ 6,009,332	\$ 10,798,634
2014	5,022,841	6,206,334	11,229,175
2015	4,240,726	6,790,317	11,031,043
2016	4,441,318	7,581,887	12,023,205
2017	4,220,286	8,237,444	12,457,730

Sales revenue increased in FY 13 due to dryer weather conditions. The continued dry conditions over FY 2013/14 resulted in higher water demand that resulted in increased water sales revenue. Water conservation restrictions resulting from a continued drought contributed to the decline in water sales revenue in FY 14/15. Increased drought surcharges because of the ongoing drought contributed to the increase in water sales revenue in FY 15/16. Increased drought surcharges as well as an increase to the Basic Monthly Service Charge contributed to the increase in water sales in FY 16/17.

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 ²	Commercial	Public Authority	Industrial	Irrigation	Total
2013	1,523	369	220	85	2,155	4,352
2014	1,529	350	170	87	2,415	4,551
2015	1,240	280	129	75	2,004	3,728
2016	1,182	226	107	64	2,025	3,604
2017	1,172	230	111	62	1,820	3,395

Sources

Fiscal Year Ending June 30	Groundwater	State Water	Cachuma Project	Total
2013	864	359	3,648	4,871
2014	754	846	3,490	5,090
2015	2,204	797	1,060	4,061
2016	2,849	270	976	4,095
2017	1,828	1,474	465	3,767

MANAGEMENT DISCUSSION OF HISTORIC WATER CONNECTIONS, SALES REVENUES AND DELIVERIES

Water sales increased in FY 12/13 and FY 13/14 with dry weather and drought conditions. Sales declined in FY 14/15 as state mandated conservation efforts were implemented. Sales continued to decline in FY 15/16 and 16/17 as conservation efforts and drought conditions continued.

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.

LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the District's water system as of June 30, 2017, as determined by the amount of their respective water usage:

Customer	Water Usage ³	Annual Payment
Ota, Tom	27,939	\$ 59,319
Reiter Brothers, Inc	27,692	55,877
Emmett, Morgan	24,253	63,122
Schaff, Victor	19,545	40,164
Sandpiper Village	17,680	242,762
Cate School	17,643	88,237
Casitas Village Home Assn	16,973	266,739
Villa Del Mar HOA	16,718	244,008
Circle G	15,629	38,676
Westerlay Orchids	14,489	46,119
	198,561	\$ 1,145,023

These ten customers accounted for approximately 9.19% of water service revenues for the year ending June 30, 2017.

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, public authority and landscape.

In FY 12/13 water rates increased to \$3.05 for the Base tier, \$3.92 for the Mid-Level tier and \$4.93 for the Peak tier. Agricultural rates increased to \$1.72 per HCF. The rate for the Capital Improvement Program charge increased to \$2.75 per HCF. State Water Project charges also increased as reflected in the schedule below. FY 2013/14 the water rates did not change from FY 2012/13. In FY 2014-15 the District initiated surcharges on all accounts to address costs associated with continued State-wide drought. In addition the District raised water rates to \$3.12 for the Base tier, \$4.05 for the Mid-Level tier and \$5.42 for the Peak tier. A temporary 3-tiered rate structure was imposed on all Agricultural accounts, with the first tier priced as \$1.76 per HCF, the second tier at \$1.82 per HCF and the third tier at \$1.89 per HCF. In FY 15/16 these rates were raised to \$3.40 for the Base tier, \$4.55 for the Mid-Level tier and \$6.50 for the Peak tier for M&I customers. Agricultural rates were raised to \$1.92 for the first tier, \$2.25 for the second tier and \$2.50 for the third tier. The drought surcharges were also increased. In FY 16/17 rates were raised to \$3.63 for the Base tier, mid-level tier was removed and the Peak tier was lowered to \$4.75 for M&I customers. Agricultural rates were lowered to \$1.91 for the first tier, the second tier changed to \$2.50 and there is no third tier. The drought surcharges were also increased. In FY 17/18 the Tier 2 Agricultural rate was removed, leaving a flat rate for Irrigation customers.

³ Hundred Cubic Feet

A schedule of the District's current monthly service charges effective since July 1, 2017 is shown below:

MONTHLY SERVICE CHARGES				
METER SIZE	BASIC	STATE WATER	DROUGHT	TOTAL
5/8"	\$ 9.83	\$ 30.00	3.00	\$ 42.83
3/4"	9.83	30.00	3.00	42.83
1"	16.38	50.00	5.00	71.38
1 1/2"	32.75	100.00	10.00	142.75
2"	52.40	160.00	16.00	228.40
3"	104.80	320.00	32.00	456.80
4"	163.75	500.00	50.00	713.75
6"	327.50	1,000.00	100.00	1427.50
8"	753.25	2,300.00	230.00	3,283.25

CAPITAL IMPROVEMENT CHARGES		
Rate	\$ 2.75	Per HCF
Minimum	\$ 16.50	6 HCF
Maximum	\$ 275.00	100 HCF

DROUGHT SURCHARGES		
Volumetric Rate	\$ 0.70	Per HCF
Minimum	\$ 4.20	6 HCF
Maximum	\$ 70.00	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, 2017 CCRF rates are:

Meter Size	Capital Cost Recovery Fees
3/4"	\$ 14,498
1"	21,022
1 1/2"	37,395
2"	57,056
3"	109,432

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

FISCAL YEAR 2016/17 OPERATING RESULTS

The following table is a summary of operating results of the water system of the District for Fiscal Year 2016/17. These results have been derived from the District's financial statements but exclude certain non-cash items and include certain other adjustments. The District's auditor has not audited the table.

CARPINTERIA VALLEY WATER DISTRICT

<u>REVENUES</u>	<u>June 30, 2017</u>
Muni. & Ind. Water Sales	\$ 2,592,700
Agricultural Water Sales	1,627,586
Water Service Charge	7,945,453
Fire Protect & Service Revenue	291,991
Capital Cost Rec Fee	107,766
Interest Revenue	75,150
Other Income	85,611
Overhead charges	<u>34,594</u>
TOTAL REVENUES	<u>12,760,851</u>
<u>OPERATING EXPENSES</u>	
Cost of Purchased Water	161,391
Pumping Expense	412,739
Treatment expense	1,026,479
Trans & Dist Exp	973,640
Customer Accounts	49,083
Cachuma Operating Expense	652,983
General & Admin.	<u>2,060,747</u>
TOTAL OPERATING EXPENSES	<u>5,337,062</u>
NET REVENUES	7,423,789
Rate Coverage Reserve Fund Deposit	<u>816,994</u>
Adjusted Net Revenues	<u><u>8,240,783</u></u>
State Water Payments	3,444,393
<i>Coverage Ratio</i>	<i>2.39</i>
Additional Debt Service	523,377
Available for Capital improvements and other purposes	\$ 3,456,019

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.	%	*Other	%	Dom.	%	*Other	%
2013	16,096	97.45	422	2.55	\$ 18,819,581	84.88	\$ 3,351,673	15.12
2014	16,118	97.44	424	2.56	20,469,508	85.27	3,536,298	14.73
2015	16,003	97.34	438	2.66	16,193,645	81.02	3,794,462	18.98
2016	16,029	97.30	445	2.70	23,457,817	78.79	6,313,324	21.21
2017	16,091	97.16	470	2.84	22,997,391	80.60	5,534,953	19.40

The number of active connections to the District’s water experienced minimal fluctuations between 2013 and 2017. Water sales revenue increased from 2013 through 2016 primarily reflecting dry weather conditions, an improving economy, and increases in rates (and instituting a drought surcharge effective FY 2016). Water sales revenue decreased in 2017 due to customers adherence to a previously declared Stage III Water Shortage Emergency water use restrictions combined with a cooler winter and an above average rainfall season.

*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
2013	4,792	9,131	13,923
2014	5,949	8,935	14,884
2015	4,676	7,207	11,883
2016	3,975	6,798	10,773
2017	3,024	6,635	9,659

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 pattern. The decreases in FY2015, FY2016 and FY2017 were attributable to State and local mandate to reduce water consumption due to the multi-year drought. Furthermore, a cooler winter and an above average rainfall season reduced customer demand during FY2017.

LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the District's water system as of June 30, 2017, as determined by the amount of their respective annual payments.

Customer	Water Usage ¹	Annual Payment
U.C.S.B.	872	\$ 2,919,440
Cavaletto Ranches, LLC	377	728,926
Sandpiper Golf Course	256	315,780
Touchstone Glen Annie Golf	224	371,523
County of Santa Barbara	176	723,198
Wallover, Inc.	146	267,506
Roy Butera	141	289,192
Simple Avo Dos Pueblos, LLC	104	200,835
Las Varas Ranch	90	169,382
Bacara Resort	<u>88</u>	<u>319,004</u>
TOTAL	2,474	\$ 6,304,786

These ten customers accounted for approximately 25.6% of the water usage and 16.9% of the water service and meter revenues for the year ended June 30, 2017.

WATER SYSTEM RATES AND CHARGES

The District's current rates and charges as of June 30, 2017 are as follows:

Commodity Charge:

Agriculture, West Conduit System	\$ 1.40/HCF
Agriculture, Urban	\$ 1.86/HCF
Urban	\$ 5.41/HCF
Recreation	\$ 5.41/HCF
Recycled	\$ 3.36/HCF
Single Family Res (0-6 HCF/Month)	\$ 4.66/HCF
Single Family Res (7-16 HCF/Month)	\$ 5.74/HCF
Single Family Res (17+ HCF/Month)	\$ 6.31/HCF

Drought Surcharge:

Stage 1	\$ 0.00/HCF
Stage 2	\$ 1.62/HCF
Stage 3	\$ 2.68/HCF
Stage 4	\$ 4.04/HCF
Stage 5	\$ 5.90/HCF

¹ Hundred Cubic Feet

Meter Charge:

<u>Meter Size</u>	<u>Volume</u>	<u>Monthly Charge</u>
5/8" or 3/4"	0-6 HCF/Month	\$ 14.57
5/8" or 3/4"	7-16 HCF/Month	30.08
5/8" or 3/4"	17+ HCF/Month	45.74
1"	N/A	70.21
1 1/2"	N/A	131.40
2"	N/A	204.82
3"	N/A	437.32
4"	N/A	779.95
6"	N/A	1,722.21
8"	N/A	2,945.90
10"	N/A	4,659.09
Fire Line	N/A	9.73

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.

FISCAL YEAR 2016/17 OPERATING RESULTS

The following table is a summary of operating results of the water system for Fiscal Year 2017. These results have been derived from the District's audited financial statements for 2017.

GOLETA WATER DISTRICT

<u>REVENUES</u>	<u>June 30, 2017</u>
Water Sales	\$ 28,532,348
Meter Charges	8,734,422
Other Fees & Income	620,651
Interest Income	<u>129,423</u>
TOTAL REVENUES	<u>38,016,844</u>
<u>OPERATING EXPENSES</u>	
Source of Supply	8,265,852
Water Treatment	2,666,658
Transmission & Distribution	4,057,736
Customer Accounts	1,456,875
General & Administrative	<u>8,253,415</u>
TOTAL EXPENSES	<u>24,700,536</u>
NET REVENUES	<u>13,316,308</u>
State Water Payments	8,707,040
<i>Coverage Ratio</i>	<i>1.53</i>
Other Debt Service	3,557,089
Available for Capital Improvements and other purposes	\$ 1,052,176

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, 2017 are unaudited.

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
2013	1,940	\$ 1,462,443
2014	1,945	1,769,651
2015	1,960	1,721,143
2016	1,973	1,621,969
2017	2,017	1,727,388

The number of connections increased for FY 2016/17 by approximately 44 services. There was an increase in revenue of about \$105,419 from the prior year. This increase resulted from increased water usage due to additional sales revenue from current active developments. The CPI rate increase and active 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 ¹
2013	912
2014	1,078
2015	1,039
2016	952
2017	944

¹ Groundwater and State Water

The following table sets forth the ten largest customers of the City's water system as of June 30, 2017 as determined by the amount of their respective annual payments.

LARGEST CUSTOMERS

Customer	Water Usage ²	Annual Payment
APIO Cooler	183,943	\$ 714,734
County Housing Authority	6,451	25,066
Guadalupe Union School	6,406	24,893
Obispo Cooling	5,253	20,411
Riverview Townhomes	4,502	17,494
Guadalupe Laundromat	3,959	15,385
Guadalupe Cemetery	2,713	10,542
JR Simplot Co.	2,574	10,003
Pan American Seed	2,491	9,681
P & M Properties	<u>1,546</u>	<u>6,006</u>
TOTAL	219,838	\$ 854,215

These ten customers accounted for approximately 49% of water service revenues for the year ended June 30, 2017.

WATER SYSTEM RATES AND CHARGES

Consumption Charges. All classes of water users are charged the same rate. Specifically, all users pay \$22.02 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 \$3.67 per unit. Beginning January 1, 2017, the base charge will increase to \$4.00 per unit.

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

Meter Size	Connection Charge
$\frac{3}{4}$ "	\$ 2,361
1"	2,656
1 $\frac{1}{2}$ "	3,542
2"	7,083
3"	9,444
4"	13,184
6"	23,021

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.

² Hundred Cubic Feet

FISCAL YEAR 2016/17 OPERATING RESULTS

The following table is a summary of operating results of the water system of the City for Fiscal Year 2016/17. 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, 2017</u>
M&I Sales	\$ 1,730,143
Connection Fees	66,504
Other Revenues	51,025
TOTAL REVENUES:	<u>1,847,672</u>
 <u>OPERATING EXPENSES</u>	
Salaries & Benefits	213,843
Operations & Maintenance	239,883
TOTAL OPERATING EXPENSES	<u>453,726</u>
 NET REVENUES	1,393,946
 Rate Coverage Reserve Fund Deposit	<u>186,819</u>
 Adjusted Net Revenues	<u><u>1,580,765</u></u>
 State Water Payments	796,095
 <i>Coverage Ratio:</i>	<i>1.99</i>
 Available for Capital improvements and other purposes	\$ 597,851

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).

Fiscal Year Ending Dec. 31	Connections					Sales Revenues				
	Dom.	%	Ag.	%	Total	Dom.	%	Ag.	%	Total
2012	1,431	97	40	3	1471	\$ 2,892,733	96	\$ 131,256	4	\$ 3,023,989
2013	1,454	98	31	2	1,485	3,279,957	96	149,405	4	3,429,362
2014	1,452	97	42	3	1,494	2,974,220	95	143,392	5	3,117,612
2015	1,452	97	42	3	1,494	3,098,021	96	144,492	4	3,242,513
2016	1,460	97	37	3	1,497	3,122,480	96	119,345	4	3,241,825

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.

Fiscal Year Ending Dec. 31	<i>Historic Water Deliveries (In Acre-Feet per Year)</i>		
	Domestic Deliveries	Agricultural Deliveries	Total
2012	1,499	88	1,587
2013	1,671	105	1,776
2014	1,289	84	1,373
2015	1,064	76	1,140
2016	1,008	59	1,067

LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the Company’s water system as of December 31, 2016, as determined by the amount of their respective annual payments.

Customer	Water Usage ¹	Annual Payment
La Cumbre Golf & Country Club	35,412	\$ 199,803
Timothy Pasquinelli	5,610	71,225
Stephen Redding	5,052	66,255
Jeffrey Henley	3,442	40,536
Frances Nielsen	2,951	38,283
Dean & Darcy Christal	2,894	36,152
Susan Caffrey	2,861	34,656
Overwater, LLC	2,710	34,656
Carriage Hill Association	2,691	28,896
Bradley Sher	<u>2,259</u>	<u>28,657</u>
TOTAL	65,882	\$ 579,119

These ten customers account for approximately 14% of all water service revenues in fiscal year 2016.

¹ Hundred Cubic Feet

WATER SYSTEM RATES AND CHARGES

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

CURRENT (effective Mar 1, 2017)	
Residential – Tiered Rate	
Tier 1 (0-30)	\$ 5.75/HCF
Tier 2 (31-60)	\$ 6.75/HCF
Tier 3 (61-90)	\$ 10.50/HCF
Tier 4 (91 & >)	\$ 15.00/HCF
Commercial –Tiered Rate	
100% of past 3 year average on a bi-monthly avg.	\$ 5.75/HCF
Any usage above 3 year average	\$ 10.50/HCF
Multi-Family Rate – Tiered Rate	
(0-18) HCF/Dwelling/2mo.	\$ 5.75/HCF
(19-60) HCF/Dwelling/2mo.	\$ 6.75/HCF
(>60) HCF/Dwelling/2mo.	\$ 10.50/HCF
Schools and Golf Courses – Tiered Rate	
100% of past 3 year average on a bi-monthly avg.	\$ 5.75/HCF
Any usage above 3 year average	\$ 10.50/HCF
Agricultural – Tiered Rate	
Tier 1 for first 40 HCF	\$ 5.75/HCF
Tier 2 for <=870 HCF/ag acres/12 mo. period	\$ 4.27/HCF
Tier 3 for >870 HCF/ag acres/12 mo. period	\$ 10.50/HCF

CURRENT (effective Jul 1, 2015)	
<u>Item</u>	<u>Bi-Monthly Charge</u>
"A" less than 50 HCF/Year *	\$ 14.00
"B" less than 100 HCF/Year *	28.00
3/4" meter	42.00
1" meter	70.00
1 1/2" meter	140.00
2" meter	224.00
3" meter	420.00
4" meter	700.00
Fire Sprinkler System under 2"	29.40
Over 2"	58.80
Private Fire Hydrant	29.40

* 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.

	CURRENT (effective Oct. 22, 2012)
<u>Item</u>	<u>Connection Charge + Cap Cost Recovery Fee</u>
3/4" meter	\$ 6,338 + 12,918
1" meter	7,245 + 20,813
1 1/2" meter	8,153 + 45,213
2" meter	9,060 + 71,766
3" meter	9,960 + 152,504
4" meter	10,868 + 215,300
Fire Sprinkler System under 2"	10,868 + 3,938
Over 2"	10,868 + 7,875
Private Fire Hydrant	TBD + 3,938

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

Water rates were increased in July 2015 and again in March 2017 to help encourage conservation. Meter charges were raised in July 2015 to help pay for a smart meter replacement program.

FISCAL YEAR 2016 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, 2016. These results have been derived from the Company's financial statements but exclude certain non-cash items and include certain other adjustments.

LA CUMBRE MUTUAL WATER COMPANY

Per Financial Statements

REVENUES

Dec. 31, 2016

Water Sales	\$ 3,241,825
Meter Charges	612,408
Land Charges	358,916
Connection Fees	134,922
Other Income	54,245
Rental income	112,200
Interest Income	<u>12,356</u>
TOTAL REVENUES	<u>4,526,872</u>

OPERATING EXPENSES

Water Source	367,902
Water Treatment	210,916
Transmission & Distribution	409,998
Admin. & General	800,138
Taxes	26,834
Water Conveyance	79,992
Misc Expense	<u>15,242</u>
TOTAL OPERATING EXPENSES	<u>1,911,022</u>

NET REVENUES 2,615,850

Rate Coverage Reserve Fund Deposit 392,065

Adjusted Net Revenues 3,007,915

State Water Payments 1,572,834

Coverage Ratio **1.91**

Available for Capital improvements and other purposes \$ 1,043,016

Source: La Cumbre Mutual Water Company

MONTECITO WATER DISTRICT

The Montecito Water District (the District”) has provided the information set forth below. 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 annual water sales revenues:

Historic Water Connections and Sales Revenues

Fiscal Year Ending June 30	Connections				Sales Revenues			
	Dom.	%	<u>Agricultural</u>	%	Dom.	%	<u>Agricultural</u>	%
2013	4,540	99	45	1	\$ 10,120,915	99	\$ 452,110	1
2014	4,552	99	45	1	10,640,299	99	620,240	1
2015	4,549	99	44	1	6,375,253	94	377,027	6
2016	4,557	99	44	1	7,274,708	95	377,734	5
2017	4,558	99	44	1	7,131,699	95	339,210	5

The total actual connections for the 2016/17 FY were 4,602. Domestic sales revenues for 2016/17 FY were \$ 7,131,699; Agricultural sales revenues for 2016/17 FY were \$339,210. Total water sales were \$7,470,909.

Water service charges and connection fee revenues were \$4,266,806 and \$21,223 respectively.

Ordinance 93/94 Penalty Revenue. On February 11, 2014, the Board of Directors adopted Ordinance No. 92, under which it declared a water shortage emergency, adopted restrictions on the use of water, and imposed penalties for the violation of use restrictions. On February 21, 2014, the Board of Directors adopted Ordinance 93, allocating water during the water shortage emergency and providing penalty rates and restrictions for consumption in excess of allocation. Based on Ordinance 93, if customers exceed their monthly allocation, they are subject to a \$30/Hundred cubic feet (HCF) penalty for the first violation and \$45/HCF penalty for each violation thereafter. Penalties are reset each water year, which begins October 1st. On March 24, 2015, the Board of Directors adopted Ordinance No. 94, under which it repealed and replaced Ordinance No. 93, with the intended consequences of increasing the allocation of water during the water shortage emergency and providing the penalty rates for consumption in excess of allocation. Ordinance 92 and 94 remained in effect through the remainder of 2017, however, on March 21, 2017 the Board approved a temporary suspension of the enforcement of penalties under Ordinance 94 (section 8).

Ordinance 93/94 Penalty Revenue for 2016/17 was \$1,942,324.

HISTORIC WATER DELIVERIES

Actual water deliveries for FY 2016/17 are 3,440 Acre-Feet (AF). 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>
2013	548	5,397	5,945
2014	587	5,188	5,775
2015	310	3,021	3,331
2016	286	3,154	3,440
2017	239	2,888	3,127

HISTORIC WATER PRODUCTION

Actual water production for FY 2016/17 was 3,477 AF. The following table summarizes Water Production by source:

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

<i>Fiscal Year Ending</i>	<i>Groundwater</i>	<i>Cachuma Project</i>	<i>Other¹ Sources</i>	<i>Total</i>
<u>June 30</u>				
2013	320	4,390	1,690	6,400
2014	607	2,292	3,312	6,211
2015	587	0	3,081	3,668
2016	552	2,114	1,132	3,798
2017	638	0	2,839	3,477

LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the District's water system for FY 2016/17, as determined by the amount paid:

<u>Customer</u>	<u>Water Usage²</u>	<u>Annual Payment</u>
Resort Hotel	40,103	\$ 410,971
Golf Club	27,303	310,210
Agriculture	22,627	152,612
Golf Club	21,264	222,474
Resort Hotel	18,739	284,606
Agriculture	18,710	128,659
Agriculture	14,012	110,737
Private College	13,502	146,767
Single Family Residential Community	10,911	115,231
Retirement Community	<u>8,951</u>	<u>105,673</u>
	<u>196,122</u>	<u>\$ 1,987,940</u>

These ten customers accounted for approximately 12.26% of water sales and service charges in FY 2016/17.

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, 2017 is as follows:

<u>Meter Size</u>	<u>Meter Charge</u>	<u>Meter Size</u>	<u>Meter Charge</u>
3/4"	\$ 44.59	3"	\$ 535.14
1"	\$ 74.34	4"	\$ 891.90
1-1/2"	\$ 133.79	6"	\$ 1,486.51
2"	\$ 237.84		

¹ Other sources include water from Jameson Lake and Fox and Alder Creeks, infiltration water from Doulton Tunnel, SWP Table A water and supplemental water purchases.

² Hundred Cubic Feet

*Water Rates in Addition to Monthly Service Charge
Effective July 1, 2016
(Price per HCF)*

The District completed a five-year financial plan and a cost of service study in 2013. The financial plan includes increases to both the monthly service charges and the consumption rates for the next five fiscal years. The initial rate increase was effective on September 1, 2013. There will be 7.4% rate increases for the next four years thereafter. Water rates beginning on July 1, 2016 are as follows:

	<u>1st Block</u>	<u>2nd Block</u>	<u>3rd Block</u>	<u>4th Block</u>
Single Family Residential	\$ 5.40	\$ 5.98	\$ 7.06	\$ 8.50
Multi-Family Residential	\$ 5.40	\$ 5.98	\$ 7.06	-
Commercial	\$ 5.98	\$ 7.06	-	-
Institutional & Public	\$ 5.98	\$ 7.06	-	-
Agricultural ³	\$ 3.00	\$ 5.40	-	-
Non-Potable	\$ 2.40	-	-	-

*Water Rates in Addition to Monthly Service Charges
Effective July 1, 2017
(Price per HCF)*

	<u>1st Block</u>	<u>2nd Block</u>	<u>3rd Block</u>	<u>4th Block</u>
Single Family Residential	\$ 5.40	\$ 5.98	\$ 7.06	\$ 8.50
Multi-Family Residential	\$ 5.40	\$ 5.98	\$ 7.06	-
Commercial	\$ 5.98	\$ 7.06	-	-
Institutional & Public	\$ 5.98	\$ 7.06	-	-
Agricultural ³	\$ 3.00	\$ 5.40	-	-
Non-Potable	\$ 2.40	-	-	-

Connection and Capital Recovery 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. Connection Fees may be increased annually with the fiscal year budget based on the actual costs to install a meter; however, the fees remain in effect until changed by the Board of Directors. The Capital Cost Recovery Fees may be increased annually based on a prescribed formula approved by the Board of Directors in 1997 with Resolution No. 1837. The breakdown of Connection and Capital Cost Recovery Fees as of July 1, 2016 is as follows:

<u>Meter Size</u>	<u>Connection Fee</u>	<u>Capital Cost Recovery Fee</u>
3/4"	\$ 2,247	\$ 14,226
1"	2,386	23,710
1-1/2"	3,120	42,678
2"	3,814	75,872

Source: Montecito Water District

FISCAL YEAR 2016/17 OPERATING RESULTS

The following table is a summary of operating results for the water system of the District for FY 2016/17. These results have been derived from the District's financial statements, excluding certain non-cash items, and including certain other adjustments. The District's auditors have not audited this table.

MONTECITO WATER DISTRICT

<u>REVENUES</u>	<u>June 30, 2017</u>
Water Sales	\$ 7,470,909
Water Service Charges	4,266,806
Ordinance 93/94 Drought Penalty Charge	1,942,324
Water Shortage Emergency Surcharge	4,823,175
Connection Fees	21,223
Other Charges for Services	<u>59,470</u>
TOTAL REVENUES	<u>18,583,907</u>
<u>OPERATING EXPENSES</u>	
Water Purchased	1,807,152
Supplemental Water Purchased	764,364
Pumping	263,169
Water Treatment	855,799
General & Administrative	2,512,091
Operations & Maintenance	<u>1,558,053</u>
TOTAL OPERATING EXPENSES	<u>7,760,628</u>
NET REVENUES	10,823,279
Rate Coverage Reserve Fund Deposit	<u>1,419,078</u>
Adjusted Net Revenues	<u><u>12,242,357</u></u>
State Water Payments	5,491,272
Coverage Ratio	<i>2.23</i>
Other Debt Service ³	1,766,601
Available for Capital Improvements and Other Purposes	\$ 3,565,406

Source: Montecito Water District

³ Department of Water Resources Ortega Improvement Project Loan and 2010A Revenue Bonds.

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 <u>Ending June 30</u>	<u>Connections</u>		<u>Sales Revenues</u>	
	<u>Dom.</u>	<u>%</u>	<u>Dom.</u>	<u>%</u>
2013	26,797	100	\$ 32,683,467	100
2014	26,919	100	33,296,287	100
2015	26,921	100	31,512,114	100
2016	26,988	100	41,433,002	100
2017	27,111	100	46,187,721	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>
2013	14,366
2014	14,218
2015	10,775
2016	9,935
2017	9,009

LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the City's water system as of June 30, 2017, as determined by the amount of their respective annual payments.

Customer	Water Usage ¹	Annual Payment
Cottage Hospital	33,118	\$ 391,832
Santa Barbara Unified School District	28,790	365,270
Dario Pini	21,975	266,849
Housing Authority	20,901	240,800
City of Santa Barbara Parks	24,985	239,405
Santa Barbara Community College District	10,749	194,433
Mission Linen Supply	18,117	151,509
Hyatt Centric Santa Barbara	15,201	150,625
Fess Parker Double Tree	18,143	144,578
City of Santa Barbara Waterfront	<u>10,328</u>	<u>140,671</u>
	202,307	\$ 2,285,972

These ten customers accounted for approximately 5% of the annual water system sales for Fiscal Year 2016/17.

¹ Hundred Cubic Feet

WATER SYSTEM RATES AND CHARGES DURING FY 2016/17

Customer Class	Water Service Rates
Single Family Residential	First 4 HCF @ \$ 4.56 Next 12 HCF @ \$ 12.97 All other @ \$ 24.27 per HCF
Multi-Family Residential 1-4 dwelling units	First 4 HCF per dwelling unit @ \$ 4.56 Next 4 HCF per dwelling unit @ \$ 12.97 All other @ \$ 24.27 per HCF
Multi-Family Residential 5+ dwelling units	First 4 HCF per dwelling unit @ \$ 4.56 Next 4 HCF per dwelling unit @ \$ 12.97 All other @ \$ 24.27 per HCF
Commercial	100% of base allotment ² @ \$ 6.52 per HCF; All other @ \$ 23.91 per HCF
Industrial	100% of base allotment ¹ @ \$ 6.52 per HCF; All other @ \$ 23.91 per HCF
Irrigation – Residential	Billed as if used through associated residential meter, OR All use within monthly water budget ³ @ \$ 12.97 per HCF; All other @ \$ 24.27 per HCF
Irrigation - Recreation/Parks/Schools	All use within monthly water budget ² @ \$ 3.77 per HCF All other @ \$ 24.27 per HCF
Irrigation – Commercial	All use within monthly water budget ² @ \$ 12.97 per HCF; All other @ \$ 24.27 per HCF
Irrigation – Agriculture	All use within monthly water budget ² @ \$ 3.42 per HCF All other @ \$ 24.27 per HCF
Recycled Water	All usage @ \$ 3.02/HCF

Monthly Service Charges for Water Meters by Size During FY 2016/17

Meter Size	Monthly Service Charge
5/8"	\$ 24.50
3/4"	35.60
1"	57.80
1 1/2"	113.29
2"	179.89
3"	390.77
4"	701.54
6"	1,445.10
8"	2,666.00
10"	4,219.90

Connection Charges during Fiscal Year 2016/17

	5/8" Meter	1" Meter
Connection Charges on 1" Service:	\$ 3,692	\$ 3,746
Buy-in Fee (per detached single family residence)	6,070	15,174
	\$ 9,762	\$ 18,920

² Monthly Water Budget = average monthly consumption during most recent January – June period.

³ Monthly water budget = (ET_o)(0.62/748)((PF X HA)/IE)), where ET_o = Reference evapotranspiration (weather factor); 0.62/748 = Conversion factor (inches to HCF); PF = Plant factor; and HA = Square footage of irrigated area.

FISCAL YEAR 2016/17 OPERATING RESULTS

The following table is a summary of operating results of the water system of the City for Fiscal Year 2016/17. These results have been derived from the City's financial statements, excluding certain non-cash items, and including certain other adjustments. The table has not been audited by the City's auditor.

CITY OF SANTA BARBARA

<u>REVENUES</u>	<u>June 30, 2017</u>
M&I Sales	\$ 46,187,721
Service Charges	2,322,363
JPA Reimbursement	3,154,561
Interest Income	192,388
Other Revenues	414,559
TOTAL REVENUE	<u>52,271,592</u>
<u>OPERATING EXPENSES</u>	
Salaries & Benefits	9,051,778
Materials & Supplies	13,213,734
Supplemental Water Purchase	268,149
TOTAL OPERATING EXPENSES	<u>22,533,661</u>
NET REVENUES	<u>29,737,931</u>
State Water Payments	6,335,560
Parity Debt Service ⁴	4,274,453
Total Contract Payments	10,610,013
<i>Coverage Ratio</i>	<i>2.80</i>
Available for Capital improvements and other purposes	\$ 19,127,918

Source: City of Santa Barbara

⁴ Represents debt service on 2013 Water COPs, Cater-Ortega and Desal DWR loans, 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.

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
2013	21,385	\$ 29,938,893	\$ 7,649,638
2014	21,580	31,962,813	8,247,634
2015	21,901	31,403,212	8,458,525
2016	22,152	33,883,550	8,897,808
2017	22,981	37,915,296	9,259,298

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 12,022 acre-feet in fiscal year 2016 to a high of approximately 13,882 acre-feet in fiscal year 2014. 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
2013	13,338
2014	13,882
2015	13,009
2016	12,022
2017	12,357

LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the City’s water system as of June 30, 2017 as determined by the amount of their respective annual payments.

Largest Water Customers

Customer ¹	Water Usage ²	Annual Payment
City of Santa Maria	215,649	\$ 1,370,420
Nipomo Community Services District	374,616	1,365,098
Santa Maria Elementary School	102,841	658,894
SP Village Green LLC	70,258	403,221
Fresh Venture Foods	71,828	402,196
Titan Frozen Fresh	61,514	330,141
Marian Hospital & Facilities	33,295	253,916
Casa Grande Mobile Homes	52,028	220,282
S.B. County Housing Authority	26,950	183,863
Alan Hancock College	<u>43,880</u>	<u>183,071</u>
TOTAL	1,052,859	\$ 5,371,102

The ten largest water customers accounted for approximately 19.5% water service by volume in fiscal year 2017.

The following table sets forth the ten largest customers discharging to the City’s wastewater system as of June 30, 2017 and their respective annual payments.

Largest Wastewater Customers

Customer	Wastewater Usage ²	Annual Payment
Fresh Venture Foods	69,959	\$ 216,991
Sure Fresh	68,257	169,131
Titan Frozen Fruit	48,466	126,928
Santa Maria Land Partners	50,168	80,886
Casa Grande Mobile Homes	19,523	66,774
Marian Hospital & Facilities	30,555	65,872
Mission Linen	21,160	53,591
S.B. County Housing Authority	24,802	52,924
DP Investments	34,462	49,320
Santa Maria Elementary School	<u>20,294</u>	<u>45,351</u>
TOTAL	387,646	\$ 927,768

The ten largest wastewater customers accounted for approximately 9.9% of wastewater service by volume in fiscal year 2017.

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 monthly water rates and charges as of July 1, 2017 is set forth below:

Monthly Service Charges for Water Meters by Size

Meter Size	Inside City
5/8 x 3/4"	\$ 34.73
1"	54.48
1 1/4"	64.62
1 1/2"	86.12
2"	119.09
3"	258.46
4"	430.81
6"	1,077.18

Capacity Charge

1 – 500 cubic feet	\$ 3.786 per 100 cubic feet
501 – 1000 cubic feet	4.491 per 100 cubic feet
1001 – 1500 cubic feet	5.249 per 100 cubic feet
Above 1501 cubic feet	5.976 per 100 cubic feet

Wastewater Treatment Charges. A schedule of the City’s current monthly wastewater treatment rates and charges as of July 1, 2017 is set forth below:

Monthly Wastewater Rates

Single Family Residence	\$ 20.16
Multiple Apartments:	
2 Rooms or Less	14.26
3 + Rooms	15.51
Mobile Homes (number of spaces)	14.26
Motel/Hotel (per unit)	9.92

Per 100 cubic feet

Office Buildings	\$ 2.36
Restaurants	5.63
Commercial	3.41
Food Processing	3.28
Machinery	2.73
Miscellaneous	2.73

FISCAL YEAR 2016/17 OPERATING RESULTS

The following table is a summary of operating results of the water and wastewater system of the City for Fiscal Year 2016/17. 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, 2017</u>
Water & Wastewater Fees & Charges	\$ 47,174,594
Other Revenues	800,589
Interest Income	651,161
TOTAL REVENUES:	<u>48,626,344</u>
<u>OPERATING EXPENSES</u>	
Salaries, Wages & Benefits	6,008,347
Materials & Supplies	1,447,158
Equipment Maintenance & Operations	3,891,509
Contracts & Services	3,380,501
TOTAL OPERATING EXPENSES:	<u>14,727,515</u>
NET REVENUES	33,898,829
Rate Coverage Fund Deposit	<u>5,006,756</u>
Adjusted Net Revenues	<u><u>38,905,585</u></u>
State Water Payments	18,589,602
<i>Coverage Ratio</i>	<i>2.09</i>
Other Debt Service	4,629,363
Available for Capital improvements and other purposes	\$ 10,679,864

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 “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.

City of Solvang has represented to ID No.1 that the information contained in City’s Continuing Disclosure Statement is accurate. In the preparation of this Disclosure Statement, ID No.1 has (i) relied only on its data in preparing the ID No.1 information, and (ii) accounted for and verified the accuracy of the data contained herein. ID No.1 makes no representations or warranties as to the accuracy or completeness of any information set forth in the City of Solvang’s continuing disclosure information.

HISTORIC WATER CONNECTIONS AND SALES REVENUES

The following table shows the number of **active** water metered connections to the ID No.1’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	Metered Connections				Sales Revenues					
	<u>Dom.</u>	<u>%</u>	<u>Ag.</u>	<u>%</u>	<u>Dom.</u> ⁽¹⁾	<u>%</u>	<u>Ag.</u> ⁽²⁾	<u>%</u>	<u>Solvang</u>	<u>%</u>
2013	2,486	96	112	4	\$ 4,186,528	75	\$ 1,260,828	23	\$ 84,229	2
2014	2,517	96	107	4	4,862,751	71	1,723,274	25	303,425	4
2015	2,506	96	112	4	4,314,520	70	1,703,894	28	139,550	2
2016	2,551	96	113	4	4,092,818	70	1,714,127	29	61,210	1
2017	2,565	96	107	4	4,592,944	72	1,726,134	27	47,931	1

The actual FY 2016/17 total water sales revenues are approximately 8.5% percent higher than the FY 2015/16 due to the implementation of the fourth water rate increase of a five-year adopted water rate schedule adopted July 2016 and a second rate increase which took effect February 1, 2017.

- (1) Domestic Revenues are shown to include a pro-rata share of the Rural Residential sales revenues.
- (2) Ag Sales Revenues are shown to include a pro-rata share of Limited Ag water sales revenues.

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.

Fiscal Year Ending June 30	<i>Historic Water Deliveries</i> <i>(in acre feet)</i>			
	Ag. Deliveries	Domestic	Solvang	Total
2013	2,881	2,434	56	5,371
2014	2,660	2,682	16	5,358
2015	2,395	1,892	54	4,341
2016	2,154	1,539	19	3,712
2017	1,904	1,592	15	3,511

The FY 2016/17 actual overall water deliveries are lower than FY 2015/16 due to continued water conservation efforts by customers due to drought conditions.

LARGEST CUSTOMERS

The following table sets forth the ten largest customer accounts of the ID No. 1's water system as of June 30, 2017, as determined by the amount of their respective annual payments.

Customer	Water Usage ¹	Annual Payment
Private Agriculture	121	\$ 40,534.76
Private Agriculture	118	37,573.52
Private Agriculture	98	31,637.42
Private Agriculture	87	25,273.57
Private Agriculture	62	19,772.78
Private Agriculture	52	17,317.03
Private Agriculture	46	15,963.26
Private Agriculture	41	17,400.30
Private Agriculture	37	17,284.11
Private Agriculture	<u>36</u>	<u>13,962.76</u>
TOTAL	698	\$ 236,719.51

These ten customers accounted for approximately 3.7% of the water sales revenues for Fiscal Year 2016/17.

¹ Hundred Cubic Feet

ID No.1's rates and charges for FY 2016/17 are as follows:

<i>Monthly Meter Charge</i>		
Meter Size	Domestic/Limited Agricultural	Agricultural
$\frac{5}{8}$ "	\$ 38.78	
$\frac{3}{4}$ "	46.42	
1"	76.98	
1 $\frac{1}{2}$ "	153.62	\$ 62.40
2"	243.80	103.14
3"	490.60	207.56
4"	691.91	289.06
6"	1,543.43	645.61
8"	2,455.55	

Consumption Charge

Domestic	Rural Residential / Limited Agricultural	Agriculture
\$ 4.30 per HCF	1 st 125 units: \$ 4.30 per HCF 126+ units: \$1.65 per HCF	\$ 0.77 per HCF
Temporary Rate	<u>City of Solvang</u> \$ 8.60	Cachuma Park
\$ 12.90 per HCF	(Conn. Fee \$ 150.00; minimum chg.: \$ 25.00)	\$ 1.48 per HCF

Connection Charge

Meter Size	Meter Only ⁽¹⁾	Service and Meter
$\frac{5}{8}$ " - 1"	\$ 4,059.19	\$ 7,220.17 Short Side (1" service) 10,811.99 Long Side (1" service)
$\frac{3}{4}$ "	\$ 4,851.69	\$ 8,012.68 Short Side (1" service) 11,604.50 Long Side (1" service)
1"	\$ 7,936.51	\$ 11,179.24 Short Side (1" service) 14,771.06 Long Side (1" service)
(2) $\frac{5}{8}$ " - 1"		\$ 19,238.30 Short Side (1" double service) 22,830.12 Long Side (1" double service)
1 $\frac{1}{2}$ "	\$ 15,903.90	\$ 19,581.99 Short Side (2" service) 23,203.62 Long Side (2" service)
2"	\$ 25,254.19	\$ 29,008.78 Short Side* (2" service) 32,640.91 Long Side* (2" service)
3"	*see below	*see below

Footnotes: ⁽¹⁾ Reflects actual meter cost and Capital Facilities Charge. *2-inch meter only price listed is for standard style meters. Prices vary for Compound Meters. Installation prices for 3-inch meters are figured on an individual basis.

Fire Service Connection Fee: \$720 per inch of diameter of Service size.

Capital Facilities Charge on Larger Services

Meter Size	Charge	
3"	\$ 48,111.64	+ Serv. & Meter Costs
4"	\$ 67,656.99	+ Serv. & Meter Costs
6"	\$ 150,348.87	+ Serv. & Meter Costs
8"	\$ 240,558.20	+ 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.

FISCAL YEAR 2016/17 OPERATING RESULTS

The following table is a summary of operating results of the water system of ID No. 1 for Fiscal Year 2016/17. 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

<u>REVENUES</u>	<u>June 30, 2017</u>
M&I Water Sales	\$ 5,672,036
Ag. Water Sales	647,042
Water Sales to City of Solvang	47,931
SWP Revenue from City of Solvang	2,470,559
Connection Fees	343,831
Special Assessments	780,624
Other Fees & Income	104,442
Interest Income	<u>61,109</u>
TOTAL REVENUES	<u>10,127,574</u>
<u>OPERATING EXPENSES</u>	
Water Purchased	388,072
Pumping	511,379
Water Treatment	44,734
Transmission & Distribution	620,278
Special Programs and Study Fees	738,985
Administration & General	<u>2,281,995</u>
TOTAL OPERATING EXPENSES	<u>4,585,443</u>
NET REVENUES	5,542,131
Rate Coverage Reserve Fund Deposit (Includes Solvang)	<u>1,064,005</u>
Adjusted Net Revenues	<u><u>6,606,136</u></u>
State Water Payments (Includes Solvang)	3,606,066
<i>Coverage Ratio</i>	<i>1.83</i>
Unanticipated and Special Legal Fees	157,759
Other Debt Service	319,420
Available for Capital improvements and other purposes	\$ 1,458,886

Source: Santa Ynez Improvement District No. 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)
2013	2,153	\$ 4,455,120	1,416
2014	2,156	4,631,124	1,409
2015	2,178	4,361,233	1,074
2016	2,211	4,378,420	962
2017	2,225	4,490,615	997

LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the City’s water system as of June 30, 2017, as determined by the amount of their respective annual payments.

Largest Customers as of June 30, 2017

Customer	Water Usage ¹	Annual Payment
City of Solvang	9,107	\$ 94,848
Rancho Santa Ynez Mobile Home Park	16,529	90,950
Alisal Guest Ranch	13,766	74,279
Atterdag Village	5,498	66,330
Worldmark	5,427	56,559
Chumash Casino Resort (Hotel Corque)	7,032	55,337
Mission Oaks	5,655	42,931
Solvang School	8,279	38,568
Holiday Inn	6,395	37,123
Skytt Properties, LLC	3,736	34,705
TOTAL	81,424	\$ 591,630

¹ Hundred Cubic Feet

WATER SYSTEM RATES AND 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)²</u>	<u>Ratio to 5/8" x 3/4" Meter</u>	<u>Meter Charges</u>	<u>Outside Users³</u>
5/8" x 3/4"	20	1.0	\$ 75.43	113.15
3/4"	30	1.5	113.15	169.73
1"	50	2.5	188.58	282.87
1-1/2"	100	5.0	377.17	565.76
2"	160	8.0	603.47	905.21
3"	320	16.0	1,206.94	1,810.41
4"	450	22.5	1,885.84	2,828.76
6"	1,000	50.0	3,771.68	5,657.52
8"	1,600	80.0	6,034.69	9,052.04

Quantity Rate

Single Family Residential Users per 100 Cubic Feet

Water Rates (per Prop 218)

<u>Cubic Feet</u>	<u>Rate</u>
0 to 1,600	\$ 3.45
1,600 & above	\$ 4.05

All Other Users per 100 Cubic Feet

<u>Cubic Feet</u>	<u>Rate</u>
All	\$ 3.75

² gallons per minute

³ outside users are properties outside of City limits, and are subject to 1.5 times the above listed rates.

FISCAL YEAR 2016/17 OPERATING RESULTS

The following table is a summary of operating results of the water system of the City for fiscal year 2016/17. 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, 2017</u>
Water Sales	\$ 4,490,615
Other Fees & Income	53,476
Capital contributions	102,409
Interest Income	<u>22,136</u>
TOTAL REVENUES	<u>4,668,636</u>
<u>OPERATING EXPENSES</u>	
Operating Expenses	<u>1,213,706</u>
TOTAL OPERATING EXPENSES	<u>1,213,706</u>
NET REVENUES	3,454,930
Rate Coverage Fund Deposit	<u>606,847</u>
Adjusted Net Revenues	<u><u>4,061,777</u></u>
State Water Payments	2,557,331
<i>Coverage Ratio:</i>	<i>1.59</i>
Available for Capital improvements and other purposes	\$ 897,599

Source: City of Solvang

SAN LUIS OBISPO COUNTY

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
2013	5,455	\$ 3,377,534
2014	5,473	3,491,575
2015	5,455	3,311,970
2016	5,455	4,130,990
2017	5,483	5,077,312

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
2013	1,141
2014	1,214
2015	1,094
2016	996
2017	942

LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the City’s water system as of June 30, 2017, as determined by the amount of their respective annual payments.

Customer	Water Usage ¹	Annual Payment
City of Morro Bay	13,277	\$ 369,855
Morro Bay High School	11,197	57,274
Pacific Care Center	8,489	182,313
Mission Linen Center	8,119	177,950
Imperial Coast, LP	4,983	119,510
Silver City Resort	3,693	78,497
Morro Dunes Trailer Park	2,482	57,007
CA Dept of Parks	2,288	78,930
Culligan	2,248	49,925
Morro Bay Mobil	<u>1,969</u>	<u>41,728</u>
TOTAL	58,745	\$ 1,212,989

These ten customers accounted for approximately 24% of water services revenues in fiscal year 2016/2017.

WATER SYSTEM RATES AND CHARGES

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

Fixed Monthly Charge	7/1/2016	7/1/2017	7/1/2018	7/1/2019	
	\$ 26.00	\$ 28.00	\$ 30.00	\$ 32.00	
Water Quantity Charges²					
<i>Tier</i>	<i>Use in Tier</i>				
Tier 1	1-3 hcf	\$ 4.00	\$ 5.00	\$ 5.50	\$ 6.00
Tier 2	4-10 hcf	\$ 7.00	\$ 7.50	\$ 8.00	\$ 8.50
Tier 3	11-50 hcf	\$ 9.50	\$ 10.00	\$ 10.50	\$ 11.00
Tier 4	>50 hcf	\$ 12.50	\$ 13.00	\$ 13.50	\$ 14.00

¹ Hundred Cubic Feet – (1 hcf = 100 cubic feet = 748 gallons)

² Billed in 100 cubic feet of metered water use (\$/hcf)

FISCAL YEAR 2016/17 OPERATING RESULTS

The following table is a summary of operating results of the water system of the City for fiscal year 2016/17. 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

<u>REVENUES</u>	<u>June 30, 2017</u>
Water Service Charge	\$ 5,003,269
Miscellaneous	<u>26,018</u>
TOTAL REVENUES	<u>5,029,287</u>
 <u>OPERATING EXPENSES</u>	
Administration & General	1,188,802
Maintenance	<u>97,442</u>
TOTAL OPERATING EXPENSES	<u>1,286,244</u>
 NET REVENUES	 <u>3,743,043</u>
 State Water Payments	 2,010,166
 <i>Coverage Ratio:</i>	 <i>1.86</i>
 Available for Capital improvements and other purposes	 \$ 1,732,877

Source: City of Morro Bay

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

Fiscal Year Ending	Sales	
<u>June 30</u>	<u>Connections</u>	<u>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
2013	4,596	3,390,236
2014	4,695	3,793,692
2015	4,718	3,362,918
2016	4,787	3,201,546
2017	4,836	3,346,533

HISTORIC WATER DELIVERIES

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

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

Fiscal Year	<u>Urban Deliveries</u>
<u>Ending June 30</u>	
2008	2,018
2009	1,939
2010	1,735
2011	1,717
2012	1,785
2013	1,828
2014	1,944
2015	1,840
2016	1,644
2017	1,589

LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the City’s water system as of June 30, 2017, as determined by the amount of their respective annual payments.

Customer	Water Usage ¹	Annual Payment	% of Total
Pismo Beach Mobile Home Park	11,748	\$ 48,344	1.44%
Cliff’s Shell Beach	10,701	39,227	1.17%
Pismo Coast Village	9,963	41,975	1.25%
Shorecliff Lodge	9,430	34,129	1.02%
Oxford Suites Hotel	7,991	28,960	0.87%
Pismo Lighthouse Suites	6,270	24,968	0.75%
Seacrest Resort	5,970	22,830	0.68%
Dolphin Bay	5,700	22,784	0.68%
Kon Tiki	5,267	20,312	0.61%
Pismo Dunes Travel	5,077	19,634	0.59%
Total	78,117	\$ 303,163	9.06%
Other Customers		\$ 3,043,370	90.94%
Total Revenues		\$ 3,346,533	100.00%

These ten customers accounted for approximately 9.06% of water service revenues in fiscal year 2016/2017.

WATER SYSTEM RATES AND CHARGES

Rates and Charges

Bi-monthly fixed charges are as follows:

Meter Size

All Meters

5/8" & 3/4"	\$ 29.02
1"	58.03
1-1/2"	96.62
2"	154.66
3"	290.17
4"	483.70
6"	1,160.67

Single Family Residential

All Other Metered Users

Consumption Charge:

0-10 HCF	\$ 2.97/HCF	\$ 3.67/HCF
11-20 HCF	\$ 3.67/HCF	
21-35 HCF	\$ 4.34/HCF	
Over 35 HCF	\$ 5.93/HCF	

Construction Meter		\$ 7.34/HCF
Irrigation Meter		\$ 4.34/HCF

Connection Charges:

A) State Water Supply Fee	\$ 11,060 per equivalent dwelling unit
B) Special Tax Levy FY 2016-17	\$ 180.94 per year per equivalent dwelling unit.

¹ Hundred Cubic Feet

FISCAL YEAR 2016/17 OPERATING RESULTS

The following table is a summary of operating results of the water system of the City for FY 2016/17. These results have been derived from the City's financial statements but exclude certain non-cash items and include certain other adjustments.

CITY OF PISMO BEACH

<u>REVENUES</u>	<u>June 30, 2017</u>
Water Sales	\$ 3,346,533
State Water Impact Fee	1,177,127
Interest	1,999
Assessments	1,286,422
Other Revenues	<u>918,316</u>
TOTAL REVENUES	6,730,397
<u>OPERATING EXPENSES</u>	
Administration & General	442,524
Lopez Contract Payments	1,296,527
Operations & Maintenance	1,344,392
Utilities	<u>127,928</u>
TOTAL EXPENSES	<u>3,211,371</u>
NET REVENUES	<u><u>3,519,026</u></u>
State Water Payments	1,443,742
<i>Coverage Ratio</i>	<i>2.44</i>
Available for Capital Improvements and other purposes	\$ 2,075,284

Source: City of Pismo Beach