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CENTRAL COAST WATER AUTHORITY

FY 2008/09
CONTINUING
DISCLOSURE ANNUAL
REPORT

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

FY 2008/09 CONTINUING DISCLOSURE

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March 8, 2010

L. J. Lavagnino
Chairman

Fred Lemere
Vice Chairman

William J. 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

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

RE: Central Coast Water Authority Fiscal Year 2008/09 Annual Report on Continuing Disclosure for the \$123,190,000 Refunding Revenue Bonds (State Water Project Regional Facilities), Series 2006A

Dear Priscilla:

Attached is the Fiscal Year 2008/09 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 2008/09 State Water Deliveries

A table showing deliveries during Fiscal Year 2008/09 to Santa Barbara and San Luis Obispo County State water contractors is attached.

Rate Coverage Reserve Fund

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

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

The following agencies elected to participate in the CCWA Rate Coverage Reserve Fund during Fiscal Year 2008/09 and have deposited the following amounts:

Project Participant	FY 2008/09 Rate Coverage Fund Deposit
City of Buellton	\$ 255,558
Carpinteria Valley Water District	807,038
City of Guadalupe	165,923
La Cumbre Mutual Water Company	376,576
Montecito Water District	1,075,696
City of Santa Maria	4,242,530
Santa Ynez, RWCD, I.D. #1 (City of Solvang)	599,448
Santa Ynez, RWCD, I.D. #1	413,413
TOTAL:	\$ 7,936,182

Continuing Disclosure Annual Report

Consistent with Section 4 of the Continuing Disclosure Report, the Fiscal Year 2008/09 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 2008/09 Comprehensive Annual Financial Report are included with this report.

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

Sincerely,



Ray A. Stokes
Deputy Director

RAS

Attachments

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

Central Coast Water Authority
Fiscal Year 2008/09 State Water Deliveries
Fiscal Year 2008/09 Continuing Disclosure Annual Report

Project Participant	Acre-Feet		
	Requests	Exchange	Net Deliveries
Lopez Turnout (SLO County)	1,077		1,077
Chorro Valley Turnout (SLO County)	2,172		2,172
City of Guadalupe	221		221
City of Santa Maria	7,451		7,451
Golden State Water Company	250		250
Vandenberg Air Force Base	883		883
City of Buellton	399		399
Santa Ynez ID#1 (Solvang only)	1,098		1,098
Santa Ynez ID#1 (excluding Solvang)	325	2,073	2,398
Goleta Water District	1,795	(746)	1,049
Morehart Land Company	-	-	-
LaCumbre Mutual Water Co.	1,162	-	1,162
Raytheon Systems Co.	19	-	19
City of Santa Barbara	496	(496)	-
Montecito Water District	3,026	(496)	2,530
Carpinteria Valley Water District	452	(335)	117
TOTAL:	20,826	-	20,826

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.

CITY OF BUELLTON

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

HISTORIC WATER CONNECTIONS AND SALES REVENUES

The following table shows the number of active domestic water connections to the City’s water system for the five most recent fiscal years, together with the amount of its annual domestic water sales revenues. Sales revenues for the year ended June 30, 2009 decreased by 0.4%. This was primarily due to a slight decrease in total number of connections.

Historic Water Connections and Sales and Service Revenues

Fiscal Year Ending June 30	Connections	Water Sales Revenues
2005	1,472	\$ 1,300,677
2006	1,498	1,334,328
2007	1,540	1,462,049
2008	1,549	1,474,151
2009	1,548	1,467,933

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
2005	452	172	491	1,115
2006	545	20	640	1,205
2007	338	338	667	1,343
2008	123	612	560	1,295
2009	169	738	377	1,284

WATER SYSTEM RATES AND CHARGES

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

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

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

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

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

¹ 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, 2009, as determined by the amount of their respective annual payments.

	Water Usage ²	Annual Payments
Professional Investment Planning	22,642	\$ 65,330
Buellton Union School District	25,026	51,224
FPA Flying Flags Assoc., L.P.	16,523	33,818
Rivergrove Mobile Home Park	10,922	29,163
Santa Ynez Valley Marriott	13,249	27,368
Rancho de Maria	9,172	20,064
The Laurel Company	5,479	11,944
The Inn Group DBA	5,494	11,668
Days Inn	4,173	9,488
Buellton Shell	<u>3,422</u>	<u>7,047</u>
TOTAL	116,102	\$ 267,114

These ten customers accounted for approximately 18.4% of the City's water service revenues for fiscal year 2008/09.

² Hundred Cubic Feet

FISCAL YEAR 2009 OPERATING RESULTS

The following table is a summary of operating results of the water system for Fiscal Year 2008/09. 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, 2009</u>
Water Sales	\$ 1,467,933
Connection Fees	49,972
Other Fees & Income	82,178
Interest Income	<u>59,000</u>
<u>TOTAL REVENUES</u>	<u>1,659,083</u>
<u>OPERATING EXPENSES</u>	
Operations & Maintenance Expenses	497,597
FmHA Debt Service	<u>-0-</u>
<u>TOTAL OPERATING EXPENSES</u>	<u>497,597</u>
<u>NET REVENUES</u>	1,161,486
Rate Coverage Reserve Fund Deposit	<u>255,558</u>
Adjusted Net Revenues	<u>1,417,044</u>
State Water Payments	896,715
Coverage Ratio	1.58
Available for Capital Improvements and other purposes	\$ 264,771

Source: City of Buellton

CARPINTERIA VALLEY WATER DISTRICT

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

HISTORIC WATER CONNECTIONS AND SALES REVENUES

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

Historic Water Connections and Sales Revenues

Fiscal Year Ending June 30	Connections				Sales Revenues			
	Dom.	%	Ag.	%	Dom.	%	Ag.	%
2005	3,747	90	424	10	\$ 5,541,460	75	\$ 1,800,010	25
2006	3,744	90	424	10	6,940,976	77	2,088,100	23
2007	3,807	90	423	10	7,578,591	76	2,417,560	24
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

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
2005	\$ 3,239,814	\$ 4,101,656	\$ 7,341,470
2006	4,017,389	5,011,689	9,029,076
2007	4,799,541	5,196,610	9,996,151
2008	5,238,406	5,491,534	10,729,940
2009	4,644,278	5,749,324	10,393,601

The increase of about \$330,000 of Total Sales Revenue in FY 04-05 is largely a result of increases in the Monthly Service Charge for debt service. Water Revenue sales declined in FY 04-05 by about \$150,000 largely due to the reduction of agricultural sales caused by a wet, cool to mild weather pattern. The \$1.65 million increase in total Sales Revenue in FY 05-06 over FY 04-05 reflects substantial increases in the unit price of water and Monthly Service Charges as well as a \$300,000 purchase option payment from Plains Exploration and Production. Operating revenues increased in FY 06/07 due to an increase in water rates, increased units sold, and the purchase option payment of \$300,000 from Plains Exploration and Production. Operating revenues increased in FY 07/08 due to an increase in water rates, a new water rate structure, and increased units sold. Operating revenues decreased in FY 08/09 due to a decrease in water sales as well as the termination of the Plains Exploration and Production Option Agreement with annual payments of \$300,000.

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
2005	1,430	339	102	113	1,663	3,647
2006	1,500	364	115	117	1,881	3,983
2007	1,601	410	136	125	2,202	4,474
2008	1,614	398	160	128	2,206	4,506
2009	1,506	370	145	110	1,968	4,099

Sources

Fiscal Year Ending June 30	Groundwater	State Water	Cachuma Project	Total
2005	1,236	572	2,749	4,557
2006	1,397	444	2,844	4,685
2007	1,195	465	3,115	4,775
2008	813	665	3,037	4,515
2009	1,827	464	2,167	4,459

MANAGEMENT DISCUSSION OF HISTORIC WATER CONNECTIONS, SALES REVENUES AND DELIVERIES

Water deliveries have remained relatively flat over the last five-year period. FY 04/05 was a combination of a drought period the first half of the year and a wet year with spill conditions at Cachuma the second half of the year. FY 05/06 was also relatively wet and which is reflected in the decline of water deliveries. The increases in FY 06/07 and FY 07/08 are attributable to very dry years and drought like conditions. The decrease in FY 08/09 was due to a wet year.

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

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

The following table sets forth the ten largest customers of the District's water system as of June 30, 2009, as determined by the amount of their respective water usage:

<u>Customer</u>	<u>Water Usage (HCF)</u>	<u>Annual Payment</u>
Casitas Village HMO	22,869	\$ 248,281
Villa Del Mar HOA	26,046	225,722
Sandpiper HMO	21,329	210,094
Cate School	30,045	117,539
City of Carpinteria	18,537	87,546
Kilovac Corp	17,303	57,413
Cervini Farm CA INC	25,695	45,539
Circle G	20299	43,435
B&H Flowers	23,883	43,031
Nelson Pinkham	<u>16,756</u>	<u>34,166</u>
TOTAL	222,762	\$ 1,112,771

These ten customers accounted for approximately 23.96% of water service revenues for the year ended June 30, 2009.

WATER SYSTEM RATES AND CHARGES

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

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

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

A second monthly service charge increase of \$3.00 relative to the COPs occurred in FY 01/02. In FY 02/03, the District's Capital Improvement Program (CIP) component of the Monthly Service Charge was increased by \$1.50 to \$5.66. In FY 03/04, the District's CIP component of the Monthly Service Charge was increased by \$.80 to \$6.46. An increase of approximately 27% to the State Water Project component of the Monthly Service Charge also went into effect on July 1, 2003. In FY 04/05, the District's CIP component of the Monthly Service Charge was increased by \$4.65 to \$11.11. In FY 05/06 the District's CIP component of the Monthly Service Charge was increased by \$4.89 to

\$16.00. The District also implemented a conservation oriented tiered water rate for Residential users. The water rate for agricultural users increased to \$1.44 per HCF. Domestic-commercial, industrial, and public authority users water rates were increased to \$2.75 per HCF. The District also implemented a Meter Equivalency Charge (MEQ) for residential customers. The MEQ varies with the size of meter and number of household units served by master meters such as mobile home parks, apartment and condominium complexes served by the master meter, which varies with the size of meter and number of households tied to the master meter. The net effect of the MEQ is equalization of the monthly service charge for all residential units, be they single or master metered, namely \$40.98/month. In FY 04-05, the water rate for agricultural users increased to \$1.52 per HCF. Domestic-commercial, industrial, and public authority users water rates were increased to \$3.10 per HCF. The MEQ fee increased to \$47.00/month, to coincide with the Monthly Service Charge for a 5/8-3/4" meter. In FY 05-06, the water rate for agricultural users increased to \$1.52 per HCF. Domestic-commercial, industrial, and public authority users water rates were increased to \$3.10 per HCF. The MEQ fee increased to \$47.00/month, to coincide with the Monthly Service Charge for a 5/8-3/4" meter. In FY 06/07, the water rate for agricultural users increased to \$1.60 per HCF. Domestic-commercial, industrial, and public authority users' water rates increased to \$3.27 per HCF. The DEQ (formerly MEQ) increased to \$49.65/month, to coincide with the Monthly Service Charge for a 5/8"-3/4" meter. 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 users: 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.

A schedule of the District's current monthly service charges effective since July 1, 2009 is shown below:

Monthly Service Charges			
Meter Size	BASIC	STATE WATER	TOTAL
5/8"	\$3.72	\$25.68	\$29.40
3/4"	3.72	25.68	29.40
1"	6.20	42.80	49.00
1 1/2"	12.40	85.60	98.00
2"	19.84	136.96	156.80
3"	39.68	273.92	313.60
4"	62.00	428.00	490.00
6"	124.00	856.00	980.00
8"	285.20	1968.80	2,254.00

Monthly Capital Improvement Program Charges

Rate:	\$2.65	per HCF
Minimum	\$15.90	6 HCF
Maximum	\$225.25	85 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. A schedule of the District's current Capital Cost Recovery Fees, effective July 1, 2009, is shown below:

Meter Size	Capital Cost Recovery Fees
5/8"	\$ 6,790.84
3/4"	8,276.95
1"	12,744.61
1 1/2"	23,975.96
2"	37,465.09
3"	73,387.15

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

FISCAL YEAR 2009 OPERATING RESULTS

The following table is a summary of operating results of the water system of the District for Fiscal Year 2008/09. 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

<u>REVENUES</u>	<u>June 30, 2009</u>
Muni. & Ind. Water Sales	\$ 3,171,999
Agricultural Water Sales	1,472,279
Water Service Charge	5,749,324
Fire Protect & Service Revenue	227,403
Capital Cost Rec Fee	111,880
Interest Revenue	200,654
Other Income	45,225
Overhead charges	<u>26,250</u>
TOTAL REVENUES:	<u>\$ 11,005,014</u>
<u>OPERATING EXPENSES</u>	
Cost of Purchased Water	412,956
Pumping Expense	286,038
Treatment expense	942,202
Trans & Dist Exp	974,516
Customer Accounts	105,292
Cachuma Operating Expense	506,290
General & Admin.	<u>2,168,136</u>
TOTAL OPERATING EXPENSES:	<u>5,395,430</u>
<u>NET REVENUES</u>	
Rate Coverage Reserve Fund Deposit	<u>807,038</u>
Adjusted Net Revenues	<u>6,416,622</u>
State Water Payments	2,923,214
Coverage Ratio:	2.20
Additional Debt Service Available for Capital improvements and other purposes	1,673,650
	1,819,758

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

Source: Carpinteria Valley Water District

GOLETA WATER DISTRICT

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

HISTORIC WATER CONNECTIONS AND SALES REVENUES

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

Historic Water Connections and Sales Revenues

Fiscal Year Ending June 30	Connections				Sales Revenues			
	Dom.	%	*Other	%	Dom.	%	*Other	%
2005	15,693	97.84	346	2.16	\$ 12,962,675	87.53	\$ 1,846,623	12.47
2006	15,946	97.85	350	2.15	14,012,109	90.83	1,413,862	9.17
2007	16,099	97.81	360	2.19	17,098,561	92.01	1,484,002	7.99
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

The number of connections to the District’s water system increased slightly in 2009. From 2005 thru 2009, the number of connections added to the system has increased at an average of less than 1.00%. Water service revenues have also continued to increase. Steadily increasing demand and increases in water service rates have caused revenues to grow at an average annual rate of 2.6% over the past five years. *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
2005	3,453	9,166	12,619
2006	3,204	8,873	12,077
2007	4,471	9,935	14,406
2008	4,674	9,713	14,387
2009	4,424	9,774	14,198

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

LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the District’s water system as of June 30, 2009, as determined by the amount of their respective annual payments.

<u>Customer</u>	<u>Water Usage¹</u>	<u>Annual Payments</u>
U.C.S.B.	888	\$ 1,420,837
County of Santa Barbara	249	485,643
Glen Annie Golf Club. LLC	324	342,830
Santa Barbara U.S.D	150	284,944
City of Santa Barbara	104	278,402
Goleta Union School Dist	117	212,766
Bacara Resort Services Inc	119	203,314
Towbes Group Inc.	91	180,213
Sandpiper Golf course	266	177,477
Cavaletto Ranches, LLC	<u>367</u>	<u>172,451</u>
TOTAL	2,675	\$ 3,758,877

These ten customers accounted for approximately 18.8% of the water usage and 21.0% of the water service revenues for the year ended June 30, 2009. The water usage is shown in acre-feet.

WATER SYSTEM RATES AND CHARGES

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

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

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

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

¹Acre-feet

FISCAL YEAR 2009 OPERATING RESULTS

The following table is a summary of operating results of the water system for Fiscal Year 2008/09. These results have been derived from the District's audited financial statements.

GOLETA WATER DISTRICT

<u>REVENUES</u>	<u>June 30, 2009</u>
Water Sales	\$ 17,891,752
Monthly Service Charges	7,086,522
Other Fees & Income	5,726,876
Interest Income	<u>338,909</u>
TOTAL REVENUES:	<u>31,044,059</u>
<u>OPERATING EXPENSES</u>	
Source of Supply	4,199,947
Water Treatment	2,625,299
Transmission & Distribution	3,179,822
Customer Accounts	870,232
General and Administrative	<u>3,572,777</u>
TOTAL OPERATING EXPENSES:	<u>14,448,077</u>
NET REVENUES	16,595,982
State Water Payments	7,317,439
Coverage Ratio:	2.27
Other Debt Service	4,437,881
Capital Contributions (excluded for purposes of coverage ratio calculations)	0
Available for Capital Improvements and other purposes	\$ 4,840,662

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, 2009 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
2005	1,857	\$ 1,001,571
2006	1,907	1,003,346
2007	1,920	1,052,861
2008	1,916	1,198,705
2009	2,045	1,303,214

The number of connections increased for FY 2008/2009 by approximately 129 services. This is an overall increase from prior year connections and revenues increased by about \$105K. The city continues to anticipate the additional sales revenue from planned new developments, DJ Farms and Minami, which will increase actual revenue in future years.

HISTORIC WATER DELIVERIES

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

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

Fiscal Year Ending June 30	Deliveries ¹
2005	814
2006	719
2007	1,062
2008	920
2009	966

¹ Groundwater and State Water

The following table sets forth the ten largest customers of the City's water system as of June 30, 2009 as determined by the amount of their respective annual payments.

LARGEST CUSTOMERS

<u>Customer</u>	<u>Water Usage²</u>	<u>Annual Payments</u>
Apio Cooler	135,587	\$ 451,651
Guadalupe Union School District	3,783	13,786
Guadalupe Laundromats	3,270	10,454
Pan American Seed	2,887	9,934
Guadalupe Cemetery	2,692	8,466
Obispo Cooling	2,660	6,853
P&M Properties	1,743	5,827
Far Western Tavern	1,346	4,328
Simplot Soil Builders	1,253	4,201
Barragan Apts	<u>1,182</u>	<u>3,939</u>
TOTAL	152,403	\$ 519,439

These ten customers accounted for approximately 40% of water service revenues for the year ended June 30, 2009.

WATER SYSTEM RATES AND CHARGES

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

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

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

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

² Hundred Cubic Feet

FISCAL YEAR 2009 OPERATING RESULTS

The following table is a summary of operating results of the water system of the City for Fiscal Year 2008/09. 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, 2009</u>
M&I Sales	\$ 1,312,854
Connection Fees	20,570
Interest Income	8,358
Other Revenues	76,530
TOTAL REVENUES:	\$ 1,418,311
<u>OPERATING EXPENSES</u>	
Salaries & Benefits	193,047
Operations & Maintenance	438,679
TOTAL OPERATING EXPENSES:	629,726
NET REVENUES	788,585
Rate Coverage Reserve Fund Deposit	165,923
Adjusted Net Revenues	<u>954,508</u>
State Water Payments	690,201
Coverage Ratio:	1.38
Available for Capital improvements and other purposes	98,394

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 <u>December 31</u>	<u>Connections</u>					<u>Sales Revenues</u>				
	<u>Dom.</u>	<u>%</u>	<u>Ag.</u>	<u>%</u>	<u>Total</u>	<u>Dom.</u>	<u>%</u>	<u>Ag.</u>	<u>%</u>	<u>Total</u>
2004	1,417	98	32	2	1,449	\$2,064,108	96	\$ 81,992	4	\$2,146,100
2005	1,433	98	31	2	1464	1,796,196	96	73,667	4	1,869,863
2006	1,437	98	31	2	1468	1,829,416	96	73,034	4	1,902,450
2007	1,437	98	33	2	1470	2,177,538	96	90,233	4	2,267,771
2008	1,437	98	31	2	1468	2,383,812	96	105,898	4	2,489,710

Total water sales revenue for FY 2008 higher than FY 2007 due to water rate increase from \$2.60 to \$3.00 per HCF.

HISTORIC WATER DELIVERIES

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

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

<u>Fiscal Year Ending Dec. 31</u>	<u>Domestic Deliveries</u>	<u>Agricultural Deliveries</u>	<u>Total</u>
2004	1,832	91	1,923
2005	1,611	81	1,692
2006	1,698	81	1,779
2007	1,958	101	2,059
2008	1,698	99	1,937

LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the Company's water system as of December 31, 2009, 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	80,577	\$230,048
Marsupial Properties	11,657	46,642
Timothy Pasquinelli	8,006	36,773
Stephen Redding	7,699	26,222
Elk Trust	6,525	25,231
Carriage Hill Association	4,145	22,792
Christopher & Ann Conway	6,365	22,377
Laguna Blanca School	4,612	21,067
Stanford Farms	4,156	19,190
William Foley	<u>5,683</u>	<u>18,971</u>
TOTAL	139,425	\$469,314

These ten customers account for approximately 13% of all water service revenues in fiscal year 2008.

WATER SYSTEM RATES AND CHARGES

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

CURRENT (effective May 1, 2009)

Residential – Tiered Rate

Tier 1 (0-50)	\$3.30/HCF
Tier 2 (51-120)	\$3.70/HCF
Tier 3 (121-240)	\$4.10/HCF
Tier 4 (241 & >)	\$5.10/HCF

Commercial – Tiered Rate

100% of past 3 year average on a bi-monthly avg.	\$3.30/HCF
Any usage above 3 year average	\$4.10/HCF

Multi-Family Rate – Tiered Rate

(0-18) HCF/Dwelling/2mo.	\$3.30/HCF
(19-60) HCF/Dwelling/2mo.	\$3.70/HCF
(>60) HCF/Dwelling/2mo.	\$4.10/HCF

Schools and Golf Courses – Tiered Rate

100% of past 3 year average on a bi-monthly avg.	\$2.95/HCF
Any usage above 3 year average	\$4.10/HCF

Agricultural – Tiered Rate

Tier 1 for first 40 HCF	\$3.30/HCF
Tier 2 for <=870 HCF/ag acres/12 mo. period	\$2.42/HCF
Tier 3 for >870 HCF/ag acres/12 mo. period	\$4.10/HCF

<u>Item</u>	CURRENT (effect. Jan 1, 2008) <u>Bi-Monthly Charge</u>
"A" less than 50 HCF/Year *	\$ 8.75
"B" less than 100 HCF/Year *	17.50
3/4" meter	26.25
1" meter	43.75
1 1/2" meter	87.50
2" meter	140.00
3" meter	262.50
4" meter	437.50
Fire Sprinkler System under 2"	18.38
Over 2"	36.76
Private Fire Hydrant	18.38

* 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>	CURRENT (effective Nov. 23, 2009) <u>Connection Charge + Cap Cost Recovery</u> <u>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

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

Water rates were increased in January 2008 by 15% for the first time in six years. Bi-monthly meter service charges were increased by 5% in 2008 as well.

Service connection charges were increased 5% in April 2008 to reflect the capital costs of state water.

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

FISCAL YEAR 2008 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, 2008. These results have been derived from the Company's financial statements but exclude certain non-cash items and include certain other adjustments. The table has not been audited by the Company's auditor.

LA CUMBRE MUTUAL WATER COMPANY

<u>REVENUES</u>	<u>Dec. 31, 2008</u>
Water Sales	\$2,489,710
Meter Charges	392,308
Land Charges	358,910
Connection Fees	6,560
Other Income	26,708
Rental income	107,112
Interest Income	<u>69,742</u>
TOTAL REVENUES:	<u>3,451,050</u>
<u>OPERATING EXPENSES</u>	
Water Source	174,067
Water Treatment	218,124
Transmission & Distribution	204,319
Admin. & General	722,848
Taxes	27,158
Water Conveyance	52,613
Misc Expense	<u>9,673</u>
TOTAL OPERATING EXPENSES:	<u>1,408,802</u>
NET REVENUES	2,042,248
Rate Coverage Reserve Fund Deposit	<u>376,576</u>
Adjusted Net Revenues	<u>2,418,824</u>
State Water Payments	<u>1,540,843</u>
Coverage Ratio:	1.57
Available for Capital improvements and other purposes	501,405

Source: La Cumbre Mutual Water District

MONTECITO WATER DISTRICT

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

HISTORIC WATER CONNECTIONS AND WATER SALES REVENUES

The following table 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	%
2005	4,531	99	52	1	\$ 6,901,106	96	\$ 267,600	4
2006	4,536	99	52	1	6,703,442	96	270,604	4
2007	4,562	99	50	1	8,797,720	96	370,552	4
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

The total actual connections for 2008/09 were 4,583. Domestic sales revenues for 2008/09 were \$9,626,835. Agricultural sales revenues for 2008/09 were \$388,475.

Water service charges and connection fee revenues were \$2,973,443 and \$150,532 respectively. The District’s Board of Directors chose to adopt a new block rate structure to increase fixed and variable income sources effective October 1, 2008.

HISTORIC WATER DELIVERIES

Actual water deliveries for 2008/09 are 5,963 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 Deliveries¹
(In acre-feet per year)

<u>Fiscal Year Ending June 30</u>	<u>Agricultural</u>	<u>Domestic</u>	<u>Total</u>
2005	398	5,049	5,447
2006	381	4,686	5,067
2007	500	5,833	6,333
2008	530	5,988	6,518
2009	478	5,485	5,963

Actual water productions for 2008/09 are 6,663 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>Other¹ Sources</u>	<u>Total</u>
2005	305	2,293	3,229	5,827
2006	239	3,434	1,698	5,371
2007	405	3,006	3,505	6,916
2008	437	2,717	4,079	7,233
2009	299	2,124	4,240	6,663

¹ 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 2008/09, as determined by the amount paid:

<u>Customer</u>	<u>Water Usage</u> ²	<u>Annual Payment</u>
Resort Hotel	38,554	\$ 186,964
Golf Course	74,312	185,930
Golf Course	52,061	156,132
Private College	28,132	118,005
Retirement Home	20,241	107,846
Residential Housing Association	22,603	98,106
Single Family Residence	16,944	85,405
Single Family Residence	23,341	80,658
Commercial	14,025	69,179
Cemetery	<u>21,342</u>	<u>65,492</u>
	311,555	\$1,153,717

These ten customers accounted for approximately 9.04% of water service revenues in 2008/09.

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, 2009 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)

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

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, 2009 is as follows:

<u>Meter Size</u>	<u>Connection Fee</u>	<u>Capital Cost Recovery Fee</u>
3/4"	\$ 2,074.00	\$ 11,930.00
1"	2,136.00	19,883.00
1-1/2"	2,762.00	35,789.00
2"	3,285.00	63,624.00

² Hundred Cubic Feet (hcf)

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

FISCAL YEAR 2009 OPERATING RESULTS

The following table is a summary of operating results for the water system of the District for FY 2008/09. 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

REVENUES ⁴	June 30, 2009
Water Sales	\$ 10,015,310
Water Service Charges	2,973,443
Connection/Capital Cost Recovery Fees	150,532
Water Availability Charge	310,154
Interest Income	210,025
Other Income	<u>214,388</u>
TOTAL REVENUES	<u>13,873,852</u>
OPERATING EXPENSES	
Water Purchased	1,061,550
Pumping	249,342
Water Treatment	1,859,680
General & Administrative	2,158,377
Operations & Maintenance	<u>1,199,971</u>
TOTAL OPERATING EXPENSES	<u>6,528,920</u>
NET REVENUES	7,344,952
Rate Coverage Reserve Fund Deposit	<u>1,075,696</u>
Adjusted Net Revenues	<u>8,420,648</u>
State Water Payments	5,144,227
Total Contract Payments	5,144,227
Coverage Ratio	1.64
Other Debt Service ⁵	
Available for Capital Improvements and Other Purposes	\$ 708,969

⁴ Excludes taxes and assessments.

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

Source: Montecito Water District

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>Domestic</u>	<u>%</u>	<u>Domestic</u>	<u>%</u>
2005	25,809	100	\$ 24,447,594	100
2006	25,821	100	24,765,305	100
2007	25,918	100	27,588,409	100
2008	26,009	100	29,448,078	100
2009	26,153	100	28,669,429	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>
2005	12,724
2006	13,290
2007	14,753
2008	14,926
2009	13,819

LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the City's water system as of June 30, 2009, as determined by the amount of their respective annual payments.

<u>Customer</u>	<u>Water Usage¹</u>	<u>Annual Payments</u>
City of Santa Barbara	108,464	\$ 271,237
Montecito Country Club	83,177	199,774
Fess Parker's Double Tree Inn	41,393	172,903
Santa Barbara School Districts	21,187	113,662
Santa Barbara Cottage Hospital	20,642	109,982
Santa Barbara Community College	21,967	94,880
Mission Linen Supply	18,942	90,389
Samarkand Retirement	14,862	72,933
Santa Barbara Zoological Foundation	13,274	63,425
Regency Centers, LP	<u>9,968</u>	<u>47,775</u>
Total:	353,876	\$1,236,960

These ten customers accounted for approximately 4.3% of the annual water system sales for Fiscal Year 2008/09.

¹ Hundred Cubic Feet

Water System Rates and Charges During FY 2008/09

Customer Class	Water Service Rates
Single Family Residential	First 4 HCF @ \$2.74 Next 16 HCF @ \$4.60 All other @ \$4.84
Multi-Family Residential 1-4 dwelling units	First 4 HCF per dwelling unit @ \$2.74 Next 8 HCF per dwelling unit @ \$4.60 All other @ \$4.84
Multi-Family Residential 5+ dwelling units	First 4 HCF per dwelling unit @ \$2.74 Next 8 HCF per dwelling unit @ \$4.60 All other @ \$4.84
Commercial	100% of base allotment ² @ \$4.60 per HCF; All other @ \$4.84
Industrial	100% of base allotment ² @ \$4.60 per HCF; All other @ \$4.84
Irrigation – Residential	Billed as if used through associated residential meter, OR annual allotment of 654 HCF/acre @ \$4.60; all other @ \$4.84
Irrigation - Recreation/Parks/Schools	Annual allotment of 1,404 HCF/acre @\$2.16 Next 240 HCF/acre/year @ \$4.60 All other @ \$4.84
Irrigation – Commercial	100% of base allotment ² @ \$4.60 per HCF; All other @ \$4.84
Irrigation – Agriculture	Annual allotment of 870 HCF/acre @\$1.51 Next 240 HCF/acre/year @ \$4.60 All other @ \$4.84
Recycled Water	All usage @ \$1.74/HCF
Outside City Limits	130% of corresponding in-City rates

Monthly Service Charges for Water Meters by Size During FY 2008/09

Meter Size	Monthly Service Charge
5/8"	\$ 11.55
3/4"	17.35
1"	28.89
1 1/2"	57.77
2"	92.45
3"	184.89
4"	288.89
6"	577.78
8"	924.44
10"	1,328.89

Connection Charges during Fiscal Year 2008/09

	5/8" Meter	1" Meter
Connection Charges on 1" Service:	\$1,982	\$2,433
Buy-in Fee (per detached single family residence)	2,805	7,013
	\$4,787	\$9,446

² Base allotment = average monthly consumption during most recent January – June period.

FISCAL YEAR 2009 OPERATING RESULTS

The following table is a summary of operating results of the water system of the City for Fiscal Year 2008/09. 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

<u>REVENUES</u>	<u>June 30, 2009</u>
M&I Sales	\$ 28,669,429
Service Charges	383,880
JPA Reimbursement	3,049,141
Interest Income	1,622,034
Other Revenues	<u>89,587</u>
TOTAL REVENUE	<u>33,914,071</u>
<u>Operating Expenses</u>	
Salaries & Benefits	7,163,961
Materials & Supplies	11,141,702
Interest Expense ¹	506,280
Other	<u>74,008</u>
TOTAL OPERATING EXPENSES	<u>18,885,951</u>
NET REVENUES	15,028,120
State Water Payments	4,314,561
Parity Debt Service ²	<u>1,857,100</u>
Total Contract Payments	<u>6,171,661</u>
Coverage Ratio	2.44
Available for Capital improvements and Other purposes	\$ 8,856,459

¹Includes 1989 and 1991 DWR Water Reclamation Loans.

²Represents debt service on the 1994 Water Revenue 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

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

<u>Fiscal Year Ending June 30</u>	<u>Connections</u>	<u>Water Sales Revenues</u>	<u>Wastewater Service Revenues</u>
2005	19,596	\$ 20,479,665	\$ 4,786,818
2006	20,588	20,901,096	5,230,268
2007	20,762	23,490,792	5,105,672
2008	20,830	24,605,620	5,482,863
2009	20,919	25,859,215	5,757,471

HISTORIC WATER DELIVERIES

The City records the volume of water delivered by its water system. Over the past five years, the volume of water delivered by the City has fluctuated, ranging from a low of approximately 11,375 acre-feet in fiscal year 2005 to a high of approximately 14,489 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

<u>Fiscal Year Ending June 30</u>	<u>Deliveries</u>
2005	11,375
2006	13,026
2007	14,219
2008	14,047
2009	14,489

LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the City's water system as of June 30, 2009 as determined by the amount of their respective annual payments.

Largest Water Customers

Customer ¹	Water Usage ²	Annual Payments
City of Santa Maria	324,821	\$ 1,393,593
Santa Maria Elementary School	129,500	546,938
Allan Hancock College	68,468	281,262
SP Village Green LLC	63,528	252,475
Marian Hospital & Facilities	39,391	187,845
S.B. County Housing Authority	38,341	168,365
Casa Grande Mobile Homes	54,082	160,222
Mission Linen Supply	36,327	143,559
Santa Maria Joint Union High School	28,466	125,905
Casa Del Rio Mobile Estates	<u>27,554</u>	<u>83,310</u>
TOTAL	810,478	\$ 3,343,474

The ten largest water customers accounted for approximately 14.0% of water service by volume in fiscal year 2009.

The following table sets forth the ten largest customers discharging to the City's wastewater system as of June 30, 2009 and their respective annual payments.

Largest Wastewater Customers

Customer	Wastewater Usage ²	Annual Payments
Sure-Fresh	84,932	\$ 137,317
SP Village Green LLC	63,528	48,880
Casa Grande Mobile Homes	54,082	40,218
Mission Linen Supply	36,327	41,304
Allan Hancock College	31,288	41,328
S.B. County Housing Authority	30,217	31,863
Casa Del Rio Mobile Estates	27,523	24,345
Santa Maria Elementary School	23,893	31,971
El Capitan Trailer Park	21,817	14,861
Arbor Ridge Apartments	<u>21,119</u>	<u>22,421</u>
TOTAL	394,726	\$ 434,508

The ten largest wastewater customers accounted for approximately 9.67% of wastewater service by volume in fiscal year 2009.

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 7/1/09 is set forth below:

Monthly Service Charges for Water Meters by Size

Meter Size	Inside City
5/8 x 3/4"	23.51
1"	36.88
1 1/4"	43.74
1 1/2"	58.29
2"	80.61
3"	174.94
4"	291.59
6"	729.08

Capacity Charge

1 – 500 cubic feet	\$ 2.563 per 100 cubic feet
501 – 1000 cubic feet	3.040 per 100 cubic feet
1001 – 1500 cubic feet	3.553 per 100 cubic feet
Above 1501 cubic feet	4.045 per 100 cubic feet

Wastewater Treatment Charges. A schedule of the City’s current monthly wastewater treatment rates and charges as of 7/3/09 is set forth below:

Monthly Wastewater Rates

Single Family Residence	\$ 12.13
Multiple Apartments:	
2 Rooms or Less	8.59
3 + Rooms	9.33
Mobile Homes (number of spaces)	8.59
Motel/Hotel (per unit)	5.97

Per 100 cubic feet

Office Buildings	1.42
Restaurants	3.40
Commercial	2.05
Food Processing	1.98
Machinery	1.64
Miscellaneous	1.64

FISCAL YEAR 2009 OPERATING RESULTS

The following table is a summary of operating results of the water and wastewater system of the City for Fiscal Year 2008/09. 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, 2009</u>
Water & Wastewater Fees & Charges	\$ 31,764,616
Other Revenues	507,258
Interest Income	<u>1,249,363</u>
TOTAL REVENUES:	<u>33,521,237</u>
<u>OPERATING EXPENSES</u>	
Salaries, Wages & Benefits	4,137,404
Materials & Supplies	2,036,490
Equipment Maintenance & Operations	1,997,668
Contracts & Services	2,850,318
Bad Debts	<u>210,744</u>
TOTAL OPERATING EXPENSES:	<u>11,232,624</u>
NET REVENUES	22,288,613
Rate Coverage Fund Deposit	<u>4,242,530</u>
TOTAL NET REVENUES	<u>26,531,143</u>
State Water Payments	15,438,235
<i>Coverage Ratio:</i>	1.72
Other Debt Service	4,696,666
Available for Capital improvements and other purposes	\$ 2,153,712

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.

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.¹</u>	<u>%</u>	<u>Ag.²</u>	<u>%</u>	<u>Solvang</u>	<u>%</u>
2005	2,305	95	117	5	\$ 2,508,484	61	\$ 949,438	37	\$ 60,110	2
2006	2,328	95	114	5	2,869,259	75	922,986	24	56,537	1
2007	2,430	95	114	5	3,428,119	74	1,114,001	24	65,584	1
2008	2,453	96	114	4	3,633,881	74	1,172,989 ³	24	76,298	1
2009	2,469	96	114	4	3,698,026	74	1,226,809	24	105,410	2

The actual FY 2008/2009 total water sales revenues are approximately 3 percent higher than the FY 2007/08 revenues due to replacement of old meters as part of the meter replacement program providing 100% accuracy rate readings, as well as the annual water rate adjustment including usage and monthly service charges for all user classifications.

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

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

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

HISTORIC WATER DELIVERIES

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

Historic Water Deliveries (in acre feet)

Fiscal Year Ending June 30	Ag. Deliveries ⁴	Domestic	Solvang	Total
2005	2,320	2,271	41	4,637
2006	2,325	2,443	32	4,800
2007	2,579	2,613	31	5,223
2008	2,943	2,945	38	5,926
2009	2,929	2,933	85	5,947

The FY 2008/09 actual overall water deliveries are slightly higher than FY 2007/08 due to an increase in water demand from the City of Solvang. Both Agricultural and Domestic water use were down slightly from the prior year due to water conservation practices.

LARGEST CUSTOMERS

The following table sets forth the ten largest customer accounts of the ID No. 1's water system as of June 30, 2009, as determined by the amount of their respective annual payments.

Customer	Water Usage ⁴	Annual Payments
Cachuma Sanitation	81	\$ 82,594
City of Solvang	51	73,805
Cachuma Casino	58	64,022
Private Commercial Agriculture	185	32,669
Private Commercial Agriculture	163	27,889
Winery and Commercial Agriculture	109	21,823
Private Resident	82	14,481
Private Equestrian Business	67	12,300
Private Residence	63	11,809
Private Commercial Agriculture	<u>71</u>	<u>11,489</u>
TOTAL	930	\$ 352,881

These ten customers accounted for approximately 7% of the water service revenues for Fiscal Year 2008/09.

⁴ Acre Feet

WATER SYSTEM RATES AND CHARGES

ID No. 1's rates and charges for FY 2008/09 are as follows:

<u>Monthly Meter Charge</u>		
Meter Size	Domestic/Limited	
	Agricultural	Agricultural
$5/8'' - 3/4''$	\$ 27.50	
$3/4''$	33.00	
1''	54.80	
1 1/2''	109.30	\$ 47.00
2''	173.60	77.00
3''	349.20	153.00
4''	492.50	214.00
6''	1,092.30	478.00
8''	1,748.00	

<u>Consumption Charge</u>		
Domestic	Rural Residential / Limited Agricultural	Agriculture
\$2.41 per HCF	1 st 70: \$2.41 per HCF Over 70: \$0.50 per HCF	\$0.34 per HCF
Temporary Rate	(Conn. Fee \$50.00; minimum chg.: \$25.00)	Cachuma Park & City of Solvang \$2.41 per HCF

<u>Connection Charge</u>			
Meter Size	Meter Only	Service and Meter	
$5/8'' - 1''$	\$ 3,120.88	\$ 5,973.64 Short Side	(1'' service)
		8,939.17 Long Side	(1'' service)
$3/4''$	\$ 3,745.05	\$ 6,626.30 Short Side	(1'' service)
		9,591.81 Long Side	(1'' service)
1''	\$ 6,241.76	\$ 9,204.08 Short Side	(1'' service)
		12,169.59 Long Side	(1'' service)
(2) $5/8'' - 1''$		\$ 6,512.64 Short Side	(1'' double service)
		9,478.15 Long Side	(1'' double service)
1 1/2''	\$ 12,483.51	\$ 16,240.77 Short Side	(2'' service)
		19,222.66 Long Side	(2'' service)
2''	\$19,973.61	\$ 24,005.44 Short Side*	(2'' service)
		28,304.46 Long Side*	(2'' service)
3''	*see below	*see below	

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

Fire Service Connection Fee: \$560 per inch of diameter of Service size.

<u>Capital Facilities Charge on Larger Services</u>		
Meter Size	Charge	
3''	\$ 39,947.23	+ Serv. & Meter Costs
4''	\$ 56,175.78	+ Serv. & Meter Costs
6''	\$ 124,835.08	+ Serv. & Meter Costs
8''	\$ 199,736.13	+ 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 2009 OPERATING RESULTS

The following table is a summary of operating results of the water system of ID No. 1 for Fiscal Year 2008/09. 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, 2009</u>
M&I Water Sales	\$ 4,409,777
Ag. Water Sales	515,060
Water Sales to City of Solvang	105,410
SWP Revenue from City of Solvang	2,585,911
Connection Fees	78,961
Special Assessments	770,923
Other Fees & Income	165,279
Interest Income	<u>166,167</u>
TOTAL REVENUES:	<u>8,797,488</u>
<u>OPERATING EXPENSES</u>	
Water Purchased	198,331
Pumping	560,973
Water Treatment	59,145
Transmission & Distribution	495,891
Other/Litigation Fees	266,467
Administration & General	<u>2,057,455</u>
TOTAL OPERATING EXPENSES:	<u>3,683,262</u>
NET REVENUES	5,114,226
Rate Coverage Reserve Fund Deposit (Includes Solvang)	<u>1,012,862</u>
Adjusted Net Revenues	<u>6,127,088</u>
State Water Payments (Includes Solvang)	3,799,166
Coverage Ratio:	1.62
Other Debt Service	
Available for Capital improvements and other purposes	1,315,060

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)
2005	1,907	\$ 3,229,500	1,589
2006	1,903	3,543,426	1,321
2007	1,939	4,023,837	1,512
2008	1,964	4,180,995	1,512
2009	2,017	4,085,678	1,483

LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the City’s water system as of June 30, 2009, as determined by the amount of their respective annual payments.

Largest Customers as of June 30, 2009

Customer	Water Usage	Annual Payments
Rancho Santa Ynez Mobile Estate	26,641	\$ 81,255
City of Solvang	16,919	51,603
Mission Oaks	15,772	48,105
Alisal Guest Ranch	12,649	38,579
Solvang School	7,648	23,326
Wine Valley Inn	6,548	19,971
Solvang Lutheran Home	6,484	19,776
Worldmark Solvang	5,123	15,625
Petersen Inn	3,801	11,593
Chumash Resort	<u>3,062</u>	<u>9,339</u>
TOTAL	104,647	\$ 319,172

Monthly Service Charges for Water Meters by Size

<u>Meter Size</u>	<u>Rated Flow (gpm)¹</u>	<u>Ratio to 5/8" x 3/4" Meter</u>	<u>Meter Charges</u>	<u>Outside Users²</u>
5/8" x 3/4"	20	1.0	\$ 3.77	\$ 5.66
3/4"	30	1.5	5.66	9.43
1"	50	2.5	9.43	14.16
1-1/2"	100	5.0	18.87	23.81
2"	160	8.0	30.20	45.29
3"	320	16.0	60.40	90.59
4"	450	22.5	84.92	127.40
6"	1,000	50.0	188.74	283.10

Monthly Water Demand Units

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

Water Demand Unit Schedule

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

Quantity Charge

In addition to the monthly meter charge, a monthly quantity charge shall be applied to each user. The charge shall be \$3.05 for each ccf³ per month of consumption. Outside Users will be charged 150% (\$4.58) of current quantity charges, monthly meter charges are based on flow capacities of meter with four demand units.

¹ gallons per minute

² outside users are properties outside of City limits

³ 100 cubic feet

FISCAL YEAR 2009 OPERATING RESULTS

The following table is a summary of operating results of the water system of the City for fiscal year 2008/09. 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, 2009</u>
Water Sales	\$ 4,085,678
Other Fees & Income	28,888
Interest Income	<u>84,870</u>
TOTAL REVENUES:	<u>4,199,436</u>
<u>OPERATING EXPENSES</u>	
Operating Expenses	1,438,632
Interest Expense	<u>98,516</u>
TOTAL OPERATING EXPENSES:	<u>1,537,148</u>
NET REVENUES	2,662,288
Rate Coverage Fund Deposit	<u>599,048</u>
Adjusted Net Revenues	<u>3,261,736</u>
State Water Payments	2,448,490
Coverage Ratio:	1.33
Other Debt Service	-
Available for Capital improvements and other purposes	\$ 213,798

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
2005	5,399	\$ 3,436,322
2006	5,473	3,884,085
2007	5,489	3,911,610
2008	5,531	3,610,462
2009	5,547	3,588,500

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
2005	976
2006	1,009
2007	1,275
2008	1,187
2009	1,130

LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the City's water system as of June 30, 2009, as determined by the amount of their respective annual payments.

Customer	Water Usage ¹	Annual Payments
City of Morro Bay	2,567,400	\$ 216,936
Pacific Care	1,106,100	113,900
Mission Linen	818,100	90,558
Inn @ Morro Bay	287,900	85,792
San Luis Coast Unified Schools	473,500	47,784
Department of Parks	527,000	46,971
Morro Dunes Trailer Park	445,600	39,182
Silver City	375,800	32,779
Morro Bay High School	2,310,300	30,597
Blue Heron Terrace	<u>266,800</u>	<u>21,005</u>
TOTAL	9,672,200	\$725,505

These ten customers accounted for approximately 20% of water services revenues in fiscal year 2008/2009.

¹ Cubic Feet

FISCAL YEAR 2009 OPERATING RESULTS

The following table is a summary of operating results of the water system of the City for fiscal year 2008/2009. 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, 2009</u>
Water Service Charge	\$ 3,588,500
Connection Fees	2,950
Penalties & Reconnections	70,937
Miscellaneous	<u>231,516</u>
TOTAL REVENUES:	<u>3,893,904</u>
 <u>OPERATING EXPENSES</u>	
Administration & General	1,196,711
Maintenance	<u>76,669</u>
TOTAL OPERATING EXPENSES:	<u>1,273,381</u>
 NET REVENUES	2,620,523
 State Water Payments	2,055,446
 Coverage Ratio:	1.27
 Available for Capital improvements and other purposes	\$ 565,077

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

CITY OF PISMO BEACH

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

HISTORIC WATER CONNECTIONS AND SALES REVENUES

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

Fiscal Year Ending June 30	Connections ¹	Sales Revenues
2005	4,405	\$ 1,888,635
2006	4,443	1,994,992
2007	4,472	2,124,500
2008	4,713	2,619,579
2009	4,540	2,834,803

HISTORIC WATER DELIVERIES

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

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

Fiscal Year Ending June 30	Urban Deliveries ²
2005	1,951
2006	1,924
2007	2,003
2008	2,269
2009	2,135

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

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

LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the City's water system as of June 30, 2009, as determined by the amount of their respective annual payments.

Customer	Water Usage	Annual Payments
Pismo Mobile Home Park	15,712	\$ 38,415
Cliffs Shell Beach	13,985	35,012
Lucia Mar Unified School District - 507	6,790	19,798
Oxford Suites Resort	8,125	19,241
Shorecliff Lodge	8,023	17,153
Motel 6	7,455	16,795
Pismo Lighthouse Suites	6,649	16,235
Lucia Mar Unified School District - 3929	6,610	15,108
Pismo Dunes Travel - 1994	6,269	14,406
Pismo Dunes Travel - 1995	<u>5,756</u>	<u>13,382</u>
Totals	85,374	\$205,547

These ten customers accounted for approximately 7.2% of water service revenues in fiscal year 2008/09.

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

Meter Size	
All Meters	
5/8" & 3/4"	\$ 27.94
1"	55.71
1-1/2"	95.37
2"	153.68
3"	294.13
4"	468.43
6"	1116.16

	Single Family <u>Residential</u>	All Other Metered <u>Users</u>
Consumption Charge:		
0-12 HCF	\$1.78/HCF	\$1.99/HCF
13 HCF and higher	\$2.31/HCF	\$1.99/HCF
Construction Meter		\$3.98/HCF
Irrigation Meter		\$2.19/HCF
Connection Charges:		
A) State Water Supply Fee	\$7,603 per equivalent dwelling unit	
B) Special Tax Levy FY 2008-09	\$166.00 per year per equivalent dwelling unit.	

FISCAL YEAR 2009 OPERATING RESULTS

The following table is a summary of operating results of the water system of the City for FY 2008/09. These results have been derived from the City's financial statements but exclude certain non-cash items and include certain other adjustments. The table has not been audited by the City's auditor.

CITY OF PISMO BEACH

<u>REVENUES</u>	<u>June 30, 2009</u>
Water Service Charge	\$ 2,873,310
State Water Impact Fee	303,674
Interest	185,272
Assessments	1,187,392
Other Reveues	<u>13,364</u>
TOTAL REVENUES:	\$ <u>4,563,012</u>
<u>OPERATING EXPENSES</u>	
Administration and General	614,303
Lopez Contract Payments ¹	597,327
Operations & Maintenance	482,443
Utilities	<u>134,142</u>
TOTAL OPERATING EXPENSES:	<u>1,828,215</u>
NET REVENUES	2,734,797
State Water Payments	1,279,114
Coverage Ratio:	2.14
Available for Capital improvements and other purposes	1,455,683

Source: City of Pismo Beach

¹ 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.