

**THIS ANNUAL REPORT IS INTENDED TO COMPLY WITH THE AUTHORITY'S LIMITED OBLIGATIONS UNDER RULE 15C1-12. THIS ANNUAL REPORT SPEAKS ONLY AS OF ITS DATE AND WILL NOT BE UPDATED FROM TIME-TO-TIME. THE INFORMATION CONTAINED IN THIS REPORT HAS BEEN PROVIDED BY PUBLIC AGENCIES AND OTHERS WHO PURCHASE WATER OR RECEIVE WATER TREATMENT SERVICES FROM THE AUTHORITY. THE AUTHORITY DOES NOT TAKE RESPONSIBILITY FOR THE ACCURACY OR COMPLETENESS OF THE INFORMATION PROVIDED TO IT BY SUCH PUBLIC AGENCIES AND OTHERS.**

CENTRAL COAST WATER AUTHORITY

FY 2002/03  
CONTINUING  
DISCLOSURE ANNUAL  
REPORT

---

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



March 9, 2004

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 2002/03 Annual Report on  
Continuing Disclosure for the \$198,015,000 Refunding Revenue Bonds  
(State Water Project Regional Facilities), Series 1996A and Series 1996B

Robert W. Puddicombe  
Chairman

Leo Trujillo  
Vice Chairman

Bill Brennan  
Executive Director

Hatch & Parent  
General Counsel

*Member Agencies*

City of Buellton

Carpinteria Valley  
Water District

City of Guadalupe

City of Santa Barbara

City of Santa Maria

Goleta Water District

Montecito Water District

Santa Ynez River Water  
Conservation District,  
Improvement District #1

*Associate Member*

La Cumbre Mutual  
Water Company

Dear Priscilla:

Attached is the Fiscal Year 2002/03 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 2002/03 State Water Deliveries

A table showing deliveries during Fiscal Year 2002/03 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 2002/03 and have deposited the following amounts:

**FY 2002/03 Rate Coverage Reserve Fund**

<b>Project Participant</b>	<b>FY 2002/03 Deposit</b>
City of Buellton	\$ 239,150
Carpinteria Valley Water District	755,372
City of Guadalupe	155,315
La Cumbre Mutual Water Company	346,327
Montecito Water District	963,170
City of Santa Maria	3,666,401
Santa Ynez, RWCD, I.D. #1 (Solvang)	536,633
Santa Ynez, RWCD, I.D. #1	386,851
County of San Luis Obispo (Shandon)	14,572
Avila Beach Community Services District	27,703
Oceano Community Services District	176,714
<b>TOTAL:</b>	<b>\$ 7,268,208</b>

Continuing Disclosure Annual Report

Consistent with Section 4 of the Continuing Disclosure Report, the Fiscal Year 2002/03 Annual Report includes the charts described under the captions, "Historic Water Connections and Sales Revenues," "Historic Water Deliveries," "Largest Customers," "Water System Rates and Charges," "Historic Operating Results" and "Debt Service Coverage" for each of the following Contractors:

- City of Santa Maria
- City of Santa Barbara
- City of Guadalupe
- City of Buellton
- Goleta Water District
- Montecito Water District
- Carpinteria Valley Water District
- La Cumbre Mutual Water Company
- Santa Ynez River Water Conservation District, Improvement District No. 1  
(including the City of Solvang as an attachment)
- San Luis Obispo County Service Area No. 16, Improvement District No. 1
- City of Pismo Beach
- City of Morro Bay
- Avila Beach Community Services District
- Oceano Community Services District

Section 4 of the Continuing Disclosure Agreement requires that the Authority submit a copy of its audited financial statements. Five copies of the Authority's FY 2002/03 Comprehensive Annual Financial Report are enclosed.

Avila Community Services District

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

Project Participant Audited Financial Statements

The City of Guadalupe and the City of Morro Bay have not yet submitted their FY 2002/03 audited financial statements to CCWA. As such, I was not able to confirm the coverage calculation amounts presented in this report to the audited financial statements for each city.

As you requested, copies of the audited financial statements for each of the Contractors will be sent to you at a later time.

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

Sincerely,



Ray A. Stokes  
Deputy Director

RAS

Attachments

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

Central Coast Water Authority  
**Fiscal Year 2002/03 State Water Deliveries**  
*Fiscal Year 2002/03 Continuing Disclosure Annual Report*

Project Participant	Acre-Feet		
	Table A	Exchange	Net Deliveries
Lopez Turnout (SLO County)	1,964		1,964
Chorro Valley Turnout (SLO County)	2,341		2,341
City of Guadalupe	374		374
City of Santa Maria	12,492		12,492
Southern California Water Co.	213		213
Vandenberg Air Force Base	3,925		3,925
City of Buellton	531		531
Santa Ynez ID#1 (Solvang only)	863		863
Santa Ynez ID#1 (excluding Solvang)	425	2,658	3,083
Goleta Water District	4,521	(1,111)	3,410
Morehart Land Company	-		-
LaCumbre Mutual Water Co.	1,293		1,293
Raytheon Systems Co.	63		63
City of Santa Barbara	1,924	(638)	1,286
Montecito Water District	2,193	(510)	1,683
Carpinteria Valley Water District	999	(399)	600
<b>TOTAL:</b>	<b>34,121</b>	<b>-</b>	<b>34,121</b>

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

Adopted: December 18, 1997

**Rate Coverage Reserve Fund**

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

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

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

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

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

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

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



FY 2002/03 CONTINUING DISCLOSURE

ANNUAL REPORT

City of Buellton .....	1
Carpinteria Valley Water District.....	5
Goleta Water District .....	10
City of Guadalupe .....	13
La Cumbre Mutual Water Company .....	16
Montecito Water District .....	20
City of Santa Barbara.....	25
City of Santa Maria.....	29
Santa Ynez River Water Conservation District, Improvement District #1 .....	33
City of Solvang .....	38
Avila Community Services District .....	41
City of Morro Bay .....	46
Oceano Community Services District.....	49
City of Pismo Beach .....	53
County of San Luis Obispo C.S.A. No. 16, ID#1 .....	56

SANTA BARBARA COUNTY

---

**CITY OF BUELLTON**

---

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

**HISTORIC WATER CONNECTIONS AND SALES REVENUES**

The following table shows the number of active domestic water connections to the City’s water system for the five most recent fiscal years, together with the amount of its annual domestic water sales revenues. Due to new home construction during 2003, the number of water connections increased by 8.4% over the previous year. Sales revenues for the year ended June 30, 2003 increased by 7.8%.

*Historic Water Connections and Sales and Service Revenues*

Fiscal Year Ending June 30	Connections	Water Sales Revenues
1999	1,051	\$1,040,487
2000	1,082	1,111,867
2001	1,251	1,134,691
2002	1,314	1,144,605
2003	1,424	1,233,563

**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
1999	157	125	578	860
2000	173	180	587	940
2001	240	281	463	984
2002	268	299	501	1,068
2003	190	390	531	1,111

Total water deliveries for fiscal year 2003 were slightly higher than in 2002.

## WATER SYSTEM RATES AND CHARGES

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

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

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

*Collection Procedures.* The City is on a monthly billing cycle, sending out bills for the prior month service. Payment is due upon receipt and is considered delinquent if not paid by the 20th day of the following month. If payment is not received, a delinquency notice appears on the next water bill. Currently 12% of the accounts, which account for approximately 9% of the Water System Revenues, are delinquent. The City reports, however, that upon receipt of such delinquent notices almost all of its customers pay delinquent amounts within two weeks. Water service for all accounts not paid in full within 55 days of the original billing date are discontinued by the City until full payment is made, including late penalties and a \$20.00 re-connection fee, if reinstated during business hours and \$53.00 after hours.

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

---

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

## LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the City's water system as of June 30, 2003, as determined by the amount of their respective annual payments.

	Water Usage	Annual Payments
Ranch Club Mobile Estates	22,606	\$ 96,572
Rancho Santa Barbara Marriott	13,920	52,057
Flying Flags RV Park	24,575	48,032
Buellton Union School District	16,401	37,926
Andersen's Restaurant	8,101	35,508
Rivergrove Mobile Home Park	10,467	35,080
Zaca Creek Golf Course	300	31,443
Days Inn	6,449	23,989
Andersen's Inn	4,333	15,888
Motel 6	3,387	12,203
TOTAL	110,539	\$388,698

These ten customers accounted for approximately 32% of the City's water service revenues for fiscal year 2002/03.

FISCAL YEAR 2003 OPERATING RESULTS

The following table is a summary of operating results of the water system for Fiscal Year 2002/03. These results have been derived from the City's audited financial statements but exclude certain non-cash items and include certain other adjustments. The table has not been audited by the City's auditor.

CITY OF BUELLTON

<b>REVENUES</b>	<b>June 30, 2003</b>
Water Sales	\$ 1,233,563
Connection Fees	336,358
Other Fees & Income	28,443
Interest Income	38,106
<b>TOTAL REVENUES:</b>	<b>1,636,470</b>
<b>OPERATING EXPENSES</b>	
Operations & Maintenance Expenses	358,012
FmHA Debt Service	25,950
<b>TOTAL OPERATING EXPENSES:</b>	<b>383,962</b>
NET REVENUES	1,252,508
Rate Coverage Reserve Fund Deposit	239,150
Adjusted Net Revenues	1,491,658
State Water Payments	909,639
<b>Coverage Ratio:</b>	<b>1.64</b>
Available for Capital improvements and other purposes	\$ 342,869

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.	%
1999	3,691	90	421	10	\$3,670,780	67	\$1,768,798	33
2000	3,714	90	423	10	3,545,276	65	1,897,541	35
2001	3,722	90	424	10	3,728,670	69	1,700,016	31
2002	3,729	90	426	10	4,079,548	69	1,808,704	31
2003	3,735	90	425	10	4,260,876	71	1,800,991	29

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
1999	\$3,223,880	\$2,215,698	\$5,439,578
2000	3,386,278	2,236,260	5,622,538
2001	3,083,936	2,244,750	5,428,686
2002	3,233,102	2,655,151	5,888,253
2003	3,135,902	2,925,965	6,061,867

The approximately 3.4% increase in water revenues for FY 1999/00 reflects a modest increase in actual acre feet of water sold, due in part to growth, but also dry weather. The nearly \$194,000 drop in water revenues for FY 00/01 reflects the colder year reduction in irrigation sales, offset somewhat by the increased water rates. The approximate \$450,000 increase in water revenue in FY 01/02 is the result of a combination of rate increases for all customers and increased sales of water for irrigation purposes. The approximate \$160,000 increase in water revenue in FY 02/03 reflects a combination of lower water sales due to a cooler weather pattern offset by substantial increases in the monthly services charges and small increases in the unit price of water.

## HISTORIC WATER DELIVERIES

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

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

Fiscal Year Ending June 30	Residential <sup>2</sup>	Commercial	Public Authority	Industrial	Irrigation	Total
1999	1,701	380	139	138	2,006	4,364
2000	1,741	386	132	131	2,230	4,620
2001	1,663	376	112	120	1,864	4,135
2002	1,688	398	129	128	1,995	4,338
2003	1,646	400	120	138	1,881	4,185

*Sources*

Fiscal Year Ending June 30	Groundwater	State Water	Cachuma Project	Total
1999	586	0	3,794	4,358
2000	1,131	0	3,529	4,660
2001	538	0	3,600	4,138
2002	298	0	3,950	4,248
2003	508	600	2,925	4,033

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

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

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

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



## LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the District's water system as of June 30, 2003, as determined by the amount of their respective water usage:

<u>Customer</u>	<u>Water Usage (HCF)</u>	<u>Annual Payments</u>
Casitas Village H.O.A.	28,545	\$114,797
Villa Del Mar H.O.A.	29,819	109,675
B & H Flowers	61,608	95,247
Carpinteria School Dist.	23,801	88,519
Sandpiper Mobile Home	26,260	78,048
Cate School	26,836	74,841
Norman L. Francis	35,698	57,921
Ocean Breeze Nursery	29,867	51,632
Westerlay Roses	26,541	51,536
H & M Roses	<u>29,970</u>	<u>42,866</u>
	318,945	\$765,082

These ten customers accounted for approximately 12.42% of water service revenues for the year ended June 30, 2003.

## WATER SYSTEM RATES AND CHARGES

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

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

Water usage rates and monthly service charges were raised steadily between FY 1991/92 and FY 1998/99 primarily to address State Water Project and Cachuma Project renewal costs. The first rate increase was adopted by the Board of Directors on June 24, 1992, effective as of June 28, 1992. A subsequent rate increase was adopted June 16, 1993 and became effective June 28, 1993. A third rate increase was adopted by the Board of Directors on July 6, 1994 and became effective June 29, 1994. A fourth rate increase was adopted by the Board of Directors on June 14, 1995 and became effective June 29, 1995. The June 29, 1995 increase included new costs related to the Cachuma Project contract renewal and higher interim rates, as well as other costs related to the Cater Treatment Plant. The June 29, 1996 rate increase doubled the monthly service charge. It was followed by the most recent increase of 17.5% to the monthly service charge on June 29, 1997. The District did not raise its water consumption rates or monthly service charges in either FY 1998/99 or FY 1999/00. In FY 2000/01 the District raised its water consumption rates 1% for all categories of customers to adjust for inflation and also increased monthly service charges on all water accounts by \$1.16, with the variation that all residential accounts were increased by \$1.16 for each dwelling unit. The monthly service charge increase was the first of four projected to raise revenue to pay debt service on about \$9 million of Certificates of Participation (COPs) issued in May of 2001 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. The current domestic residential rate is \$1.95 per HCF, the current domestic –commercial, industrial and public authority rate is \$2.20 per HCF, and the current agricultural rate is \$1.37 per HCF. 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.

A schedule of the District's current monthly service charges effective since July 1, 2003 is shown below:

Meter Size	Monthly Service Charge
5/8"	\$ 29.07
3/4"	40.19
1"	62.79
1 1/2"	119.16
2"	186.61
3"	367.09
4"	569.87
6"	1,133.27
8"	2,598.09

*Connection Fees.* For every new meter installation, the District charges the installation cost of the new service and meter plus a "Capital Cost Recovery Fee". The base charge component of Capital Cost Recovery Fees ranges from \$1,307 to \$150,303 depending on the size of the meter. In addition to the base charge, there is a "fully loaded equivalent State Water Project monthly service charge" component. This second component is an amount added to the base charge, equivalent to State Water Project monthly service charges that would have been paid beginning July 1, 1996. The Board of Directors adopted the Capital Cost Recovery Fees on July 16, 1997. A third component was added in September of 2000 to capture the monthly service charge increases necessary to fund the debt service for the \$9 million COPs issued in May of 2000, to pay for the District's Capital Improvement Program. A schedule of the District's current Capital Cost Recovery Fees, effective July 1, 2003, is shown below:

Meter Size	Capital Cost Recovery Fees
5/8"	\$3,386.28
3/4"	4,750.36
1"	7,836.91
1 1/2"	15,536.71
2"	24,762.00
3"	49,411.66

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

FISCAL YEAR 2003 OPERATING RESULTS

The following table is a summary of operating results of the water system of the District for Fiscal Year 2002/03. These results have been derived from the District's financial statements but exclude certain non-cash items and include certain other adjustments. The table has not been audited by the District's auditor.

CARPINTERIA VALLEY WATER DISTRICT

<b>REVENUES</b>	<b>June 30, 2003</b>
Muni. & Ind. Water Sales	\$ 2,001,873
Agricultural Water Sales	1,133,961
Water Service Charge	2,721,041
Fire Protect & Service Revenue	204,992
Capital Cost Rec Fee	34,832
Interest Revenue	263,632
Other Income	35,757
Overhead charges	20,881
<b>TOTAL REVENUES:</b>	<b>6,416,969</b>
<b>OPERATING EXPENSES</b>	
Cost of Purchased Water	317,564
Pumping Expense	172,753
Treatment expense	692,647
Trans & Dist Exp	454,594
Customer Accounts	62,612
Cachuma Operating Expense	311,016
General & Admin.	1,097,328
<b>TOTAL OPERATING EXPENSES:</b>	<b>3,108,514</b>
<b>NET REVENUES</b>	<b>3,308,455</b>
Rate Coverage Reserve Fund Deposit	755,372
Adjusted Net Revenues	<b>4,063,827</b>
State Water Payments	2,859,212
<b>Coverage Ratio:</b>	<b>1.42</b>
Additional Debt Service	738,997
Available for Capital improvements and other purposes	\$ (289,754)

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

Source: Carpinteria Valley Water District

---

**GOLETA WATER DISTRICT**

---

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

**HISTORIC WATER CONNECTIONS AND SALES REVENUES**

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

*Historic Water Connections and Sales Revenues*

Fiscal Year Ending June 30	Connections				Sales Revenues			
	Dom.	%	Ag.	%	Dom.	%	Ag.	%
1999	14,620	98.60	207	1.40	\$12,491,604	88.81	\$1,574,080	11.19
2000	14,893	98.00	297	2.00	13,156,760	88.18	1,763,055	11.82
2001	15,357	98.31	264	1.69	12,632,412	88.73	1,603,962	11.27
2002	15,438	98.17	287	1.83	13,245,252	87.29	1,927,993	12.71
2003	15,683	98.00	316	2.00	13,075,075	87.51	1,866,625	12.49

The Riverview project continues to build new homes and apartments. The number of services added for fiscal year 2002-2003 was 90 services or more. The city continues to anticipate the additional sales revenue that will result in actual revenue in the 2003/04 and ongoing as the developments progress into the future.

**HISTORIC WATER DELIVERIES**

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

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

Fiscal Year Ending June 30	Agricultural Deliveries	Urban Deliveries	Total
1999	2,471	10,169	12,641
2000	3,017	9,647	12,665
2001	3,448	9,279	12,727
2002	3,809	9,414	13,223
2003	3,614	9,172	12,786

Changing weather conditions have a direct impact on total demand for water service, thus the amount of water delivered varies from year to year. However, as a result of a steady increase in the number of customers served, overall annual water deliveries have increased at an average annual rate of 0.3% since 1999.

### LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the District's water system as of June 30, 2003, as determined by the amount of their respective annual payments.

Customer	Water Usage <sup>1</sup>	Annual Payments
UCSB	765	\$950,035
Santa Barbara, County of	233	326,846
Glen Annie Golf Club LLC	339	316,220
Bacara Resort Services, Inc.	151	217,269
George Cavalletto	375	168,051
Sandpiper Golf Trust LLC	241	105,964
Ag-Land Services	162	68,175
Rancho Tres Canadas	154	66,350
Por La Mar Nursery	149	64,831
Devereaux Creek Properties	<u>152</u>	<u>55,601</u>
TOTAL	2,721	\$2,339,342

These ten customers accounted for approximately 14% of water service revenues for the year ended June 30, 2003.

### WATER SYSTEM RATES AND CHARGES

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

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

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

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

---

<sup>1</sup> Acre-Feet

FISCAL YEAR 2003 OPERATING RESULTS

The following table is a summary of operating results of the water system for Fiscal Year 2002/03. These results have been derived from the District's financial statements but exclude certain non-cash items and include certain other adjustments. The table has not been audited by the District's auditor.

GOLETA WATER DISTRICT

<b><u>REVENUES</u></b>	<b><u>June 30, 2003</u></b>
Water Sales	\$ 14,941,700
Monthly service charges	1,841,000
Other Fees & Income	3,278,896
Interest Income	881,003
<b>TOTAL REVENUES:</b>	<b><u>20,942,599</u></b>
<b><u>OPERATING EXPENSES</u></b>	
Source of Supply	2,173,130
Well operations & maintenance	45,204
Water Treatment	1,491,076
Transmission & Distribution	2,517,906
Recycled water operations & maintenance	415,999
Customer Billings	623,070
Water conservation program	63,437
General and Administrative	2,427,917
<b>TOTAL OPERATING EXPENSES:</b>	<b><u>9,757,739</u></b>
<b>NET REVENUES</b>	<b>11,184,860</b>
State Water Payments	7,159,868
<b>Coverage Ratio:</b>	<b>1.56</b>
Other Debt Service <sup>(1)</sup>	3,414,289
Available for Capital improvements and other purposes	\$ 610,703

(1) 1993 COPS \$2,894,800; State Revolving Fund Loan \$519,489

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, 2003 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
1999	1,579	\$846,539
2000	1,592	957,764
2001	1,638	902,446
2002	1,714	889,048
2003	1,804	980,076

The Riverview project continues to build new homes and apartments. The estimated number of services that will be added for FY 2002/2003 will be approximately another 90 services or more. The city continues to anticipate the additional sales revenue which will result in actual revenue in the 2003/04 and ongoing as the developments progress into the future.

### HISTORIC WATER DELIVERIES

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

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

Fiscal Year Ending June 30	Deliveries <sup>1</sup>
1999	714
2000	711
2001	735
2002	741
2003	764

---

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

The following table sets forth the ten largest customers of the City's water system as of June 30, 2003, as determined by the amount of their respective annual payments.

LARGEST CUSTOMERS

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

These ten customers accounted for approximately 20% of water service revenues for the year ended June 30, 2003.

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>
<sup>3</sup> / <sub>4</sub> "	\$1,549.77
1"	1,743.39
1 1/2"	2,324.52
2"	4,649.33
3"	6,199.10
4"	8,653.96
6"	15,110.52

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

---

<sup>2</sup> Hundred Cubic Feet



FISCAL YEAR 2003 OPERATING RESULTS

The following table is a summary of operating results of the water system of the City for Fiscal Year 2002/03. 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

<b><u>REVENUES</u></b>	<b><u>June 30, 2003</u></b>
M&I Sales	\$ 980,076
Connection Fees	17,047
Interest Income	6,833
Other Revenues <sup>(1)</sup>	85,398
<b>TOTAL REVENUES:</b>	<b><u>1,089,354</u></b>
<b><u>OPERATING EXPENSES</u></b>	
Salaries & Benefits	95,900
Operations & Maintenance <sup>(2)</sup>	276,300
<b>TOTAL OPERATING EXPENSES:</b>	<b><u>372,200</u></b>
<b>NET REVENUES</b>	717,154
Rate Coverage Reserve Fund Deposit	155,315
Adjusted Net Revenues	<u>872,469</u>
State Water Payments	\$ 685,609
<b>Coverage Ratio:</b>	<b>1.27</b>
Available for Capital improvements and other purposes	\$ 31,545

(1) Includes stand-by/availability charges.

(2) Exclusive of depreciation.

Source: City of Guadalupe

---

**LA CUMBRE MUTUAL WATER COMPANY**

---

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

**HISTORIC WATER CONNECTIONS AND SALES REVENUES**

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

*Historic Water Connections and Sales Revenues*

Fiscal Year Ending December 31	Connections					Sales Revenues				
	<u>Dom.</u>	<u>%</u>	<u>Ag.</u>	<u>%</u>	<u>Total</u>	<u>Dom.</u>	<u>%</u>	<u>Ag.</u>	<u>%</u>	<u>Total</u>
1999	1,389	98	2	2	1,421	\$1,552,380	95	\$84,978	5	\$1,637,358
2000	1,392	98	2	2	1,424	1,565,313	95	87,322	5	1,652,635
2001	1,400	98	9	2	1,429	1,395,710	96	56,753	4	1,461,097
2002	1,406	98	0	2	1,436	1,959,567	96	88,391	4	2,081,946

Total water sales revenue for FY 2002 are higher than FY 2001 due to high dry weather water sales, 1,891 AF and 1,399 AF respectively. In addition, water rates were increased 8.33% on January 1, 2002.

**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>
1998	1,258	79	1,337
1999	1,438	103	1,541
2000	1,443	103	1,546
2001	1,327	72	1,399
2002	1,802	89	1,891

As noted above water sales were higher in 2002 due to dry weather.

## LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the Company's water system as of December 31, 2002, 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	80,203	\$199,173
Gael Trust	18,880	58,463
Elk Trust	14,231	41,575
Timothy Pasquinelli	10,888	38,649
Mariposa Land Development Co.	7,211	25,568
Carriage Hill Association	4,353	20,322
Stephen Redding	6,707	19,952
Laguna Blanca School	4,184	16,613
William Foley	4,782	13,897
Godwin Pelissero	<u>4,214</u>	<u>11,907</u>
TOTAL	155,653	\$446,119

These ten customers account for approximately 22% of all water service revenues in fiscal year 2002.

## WATER SYSTEM RATES AND CHARGES

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

	<b>CURRENT (effective Jan. 1, 2002)</b>
Residential and Commercial	\$2.60/HCF
Schools and Golf Courses	\$2.33/HCF
Agricultural	\$2.60 for first 90 HCF per bi-monthly billing and \$1.79 for excess

	<b>CURRENT (effective Oct. 6, 1997)</b>
<u>Item</u>	<u>Bi-Monthly Charge</u>
"A" less than 50 HCF/Year *	\$ 8.33
"B" less than 100 HCF/Year *	16.67
3/4" meter	25.00
1" meter	41.67
1 1/2" meter	83.33
2" meter	133.33
3" meter	250.00
4" meter	416.67
Fire Sprinkler System	17.50
Private Fire Hydrant	17.50

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

<u>Item</u>	<b>CURRENT (effective September 18, 2001)</b>	
	<u>Connection Charge</u>	
3/4" meter	\$ 5,544	+ material & labor
1" meter	9,240	+ material & labor
1 1/2" meter	18,480	+ material & labor
2" meter	29,040	+ material & labor
3" meter	55,440	+ material & labor
4" meter	92,400	+ material & labor
Fire Sprinkler System	1,320	+ material & labor
Private Fire Hydrant	1,320	+ material & labor

	<b>CURRENT (effective Sept. 1, 1998)</b>
Land Charges	\$20 per acre per bi-monthly period

Water rates were increased in January 2002 by 8.33% to pay for continuing upgrade of distribution and fire hydrant system. Bi-monthly meter service charges were increased an average of 300 % in 1997 to produce more fixed income to offset the state water fixed expenses.

Service connection charges were increased an average of 32% in 2001 to reflect the capital costs of state water.

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

FISCAL YEAR 2002 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, 2002. These results have been derived from the Company's financial statements but exclude certain non-cash items and include certain other adjustments. The table has not been audited by the Company's auditor.

LA CUMBRE MUTUAL WATER COMPANY

<b><u>REVENUES</u></b>	<b><u>Dec. 31, 2002</u></b>
Water Sales	\$ 2,081,946
Meter Charges	369,346
Land Charges	247,511
Connection Fees	30,720
Other Income	13,809
Rental income	87,743
Interest Income	48,464
<b>TOTAL REVENUES:</b>	<b><u>2,879,539</u></b>
<b><u>OPERATING EXPENSES</u></b>	
Water Source	290,861
Water Treatment	19,726
Transmission & Distribution	160,947
Admin. & General	363,267
Conservation	698
Taxes	51,011
Miscellaneous	22,599
<b>TOTAL OPERATING EXPENSES:</b>	<b><u>909,109</u></b>
<b>NET REVENUES</b>	1,970,430
Rate Coverage Reserve Fund Deposit	346,327
<b>Adjusted Net Revenues</b>	<b><u>2,316,757</u></b>
State Water Payments	1,370,014
<b>Coverage Ratio:</b>	<b>1.69</b>
Available for Capital improvements and other purposes	\$ 600,416

Source: La Cumbre Mutual Water Company

---

**MONTECITO WATER DISTRICT**

---

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

**HISTORIC WATER CONNECTIONS AND WATER SALES REVENUES**

The following Table 1 shows the number of active water connections to the District’s water system for the five most recent fiscal years, together with the amount of annual water sales revenues:

*Historic Water Connections and Sales Revenues*

Fiscal Year Ending June 30	Connections				Sales Revenue			
	<u>Domestic</u>	<u>%</u>	<u>Agricultural</u>	<u>%</u>	<u>Domestic</u>	<u>%</u>	<u>Agricultural</u>	<u>%</u>
1999	4,219	99	61	1	\$5,227,456	95	\$260,470	5
2000	4,275	99	64	1	5,907,658	95	326,511	5
2001	4,354	99	55	1	5,606,333	96	224,911	4
2002	4,398	99	55	1	6,087,213	96	251,523	4
2003	4,452	99	53	1	6,149,720	96	256,796	4

The total actual connections for 2002/03 were 4,505. Domestic sales revenues for 2002/03 were \$6,149,720. Agricultural sales revenues for 2002/03 were \$256,796.

Water service charges and connection fee revenues were \$1,970,112 and \$331,425 respectively. The District’s Board of Directors chose to increase fixed income sources to better match fixed expenses, rather than increase the variable income sources.

HISTORIC WATER DELIVERIES

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

*Historic Water Deliveries<sup>1</sup>*  
*(In acre-feet per year)*

Fiscal Year Ending June 30	Agricultural	Domestic	Total
1999	448	4,365	4,813
2000	551	4,786	5,337
2001	376	4,533	4,909
2002	399	5,136	5,535 <sup>1</sup>
2003	402	5,092	5,494

Actual water deliveries for 2002/03 are 5,494 acre-feet. The following table summarizes Water Production by source:

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

Fiscal Year Ending June 30	Groundwater	Cachuma Project	Other <sup>2</sup> Sources	Total
1999	117	2,840	2,273	5,230
2000	90	2,736	2,746	5,572
2001	74	2,829	2,233	5,136
2002	83	2,474	2,932	5,489 <sup>1</sup>
2003	68	2,032	3,455	5,555

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

<sup>2</sup> Other sources include water from Jameson Lake and Fox and Alder Creeks, infiltration water from Doulton Tunnel and water from the State Water Project.

## LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the District's water system for FY 2002/03, as determined by the amount of water usage:

Customer	Water Usage <sup>3</sup>	Annual Payment
Four Seasons Biltmore	40,217	\$ 191,926
Birnam Wood Golf Club	76,696	149,028
Westmont College	46,593	138,896
Valley Club of Montecito	58,103	108,366
Montecito Retirement Association	21,117	77,773
Santa Barbara Cemetary	25,026	61,817
Los Alisos Ranch	33,340	48,804
Riven Rock MWC	13,885	45,226
Petan Company	20,432	40,509
Ellen Knill	<u>11,739</u>	<u>18,854</u>
	347,148	\$ 881,199

These ten customers accounted for approximately 13.8% of water service revenues in 2002/03.

## 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, 2003 is as follows:

Meter Size	Meter Charge	Meter Size	Meter Charge
5/8" x 3/4"	\$21.69	2"	\$115.68
3/4"	21.69	3"	260.28
1"	36.15	4"	433.80
1-1/2"	65.07	6"	723.00

### *Quantity Water Rates in Addition to Monthly Service Charge*

Commercial.....	\$ 4.25 per hcf <sup>3</sup>
Domestic.....	3.05 per hcf
Schools.....	2.84 per hcf
Recreational <sup>4</sup> .....	1.73 per hcf
Agricultural <sup>4</sup> .....	1.38 per hcf
East Valley Non-Potable.....	1.38 per hcf

<sup>3</sup> Hundred cubic feet (hcf)

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



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, 2003 is as follows:

Meter Size	Connection Fee	Capital Cost Recovery Fee
3/4"	\$ 1,333	\$ 7,412
1"	1,358	12,353
1-1/2"	1,972	22,235
2"	2,404	39,528

FISCAL YEAR 2002/03 OPERATING RESULTS

The following table is a summary of operating results of the water system of the District for FY 2002/03. These results have been derived from the District's financial statements and exclude certain non-cash items and include certain other adjustments. The table has not been audited by the District's auditors:

MONTECITO WATER DISTRICT

<b><u>REVENUES</u></b> <sup>(1)</sup>	<b><u>June 30, 2003</u></b>
Water Sales	\$ 6,406,512
Water Service Charges	1,970,113
Connection fees	331,425
Water availability charge	310,907
Interest Income	135,602
Other Income	90,053
<b>TOTAL REVENUES:</b>	<b><u>9,244,612</u></b>
<b><u>OPERATING EXPENSES</u></b>	
Water Purchased	644,259
Pumping	244,944
Water Treatment	888,910
General & Administrative	1,580,361
Operations & Maintenance	644,486
<b>TOTAL OPERATING EXPENSES:</b>	<b><u>4,002,960</u></b>
<b>NET REVENUES</b>	5,241,652
Rate Coverage Reserve Fund Deposit	963,170
Adjusted Net Revenues	<b><u>6,204,822</u></b>
State Water Payments	4,419,336
<b>Coverage Ratio:</b>	<b>1.40</b>
Other Debt Service <sup>(2)</sup>	1,226,583
Available for Capital improvements and other purposes	\$ (404,267)

(1) Excludes taxes and assessments

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

---

**CITY OF SANTA BARBARA**

---

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

**HISTORIC WATER CONNECTIONS AND SALES REVENUES**

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

*Historic Water Connections and Sales Revenues*

Fiscal Year Ending June 30	Connections		Sales Revenues	
	Dom.	%	Dom.	%
1999	25,169	100	\$19,742,981	100
2000	25,233	100	21,196,803	100
2001	25,267	100	21,298,011	100
2002	25,388	100	21,121,848	100
2003	25,527	100	20,822,544	100

**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
1999	13,961
2000	14,881
2001	14,618
2002	14,292
2003	13,461

## LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the City's water system as of June 30, 2003, as determined by the amount of their respective annual payments.

<u>Customer</u>	<u>Water Usage<sup>1</sup></u>	<u>Annual Payments</u>
City of Santa Barbara	74,547	\$109,972
Fess Parker's Double Tree Inn	27,297	105,247
St. Francis Hospital	17,532	66,239
S. B. Cottage Hospital	14,963	61,663
Montecito Country Club	41,363	61,412
S. B. Zoological Foundation	14,116	58,087
Samarkand, Inc.	10,297	39,615
Heide Probstel Trust	10,609	35,267
National Retail Partners, LLC	7,786	32,606
Wash & Fun	<u>8,162</u>	<u>30,896</u>
	226,672	\$601,004

These ten customers accounted for approximately 4% of the annual water system sales for Fiscal Year 2002/03.

---

<sup>1</sup> Hundred Cubic Feet

*Water System Rates and Charges During FY 2002/03*

Customer Class	Water Service Rates
Single Family Residential	First 4 HCF @ \$2.22 Next 16 HCF @ \$3.71 All other @ \$3.92
Multi-Family Residential 1-4 dwelling units	First 4 HCF per dwelling unit @ \$2.22 Next 8 HCF per dwelling unit @ \$3.71 All other @ \$3.92
Multi-Family Residential 5+ dwelling units	First 4 HCF per dwelling unit @ \$2.22 Next 8 HCF per dwelling unit @ \$3.71 All other @ \$3.92
Commercial	100% of base allotment <sup>2</sup> @ \$3.71 per HCF; All other @ \$3.92
Industrial	100% of base allotment <sup>2</sup> @ \$3.71 per HCF; All other @ \$3.92
Irrigation - Residential	Billed as if used through associated residential meter, OR annual allotment of 654 HCF/acre @ \$3.71; all other @ \$3.92
Irrigation - Recreation/Parks/Schools	Annual allotment of 1,404 HCF/acre @\$1.75 Next 240 HCF/acre/year @ \$3.71 All other @ \$3.92
Irrigation – Commercial	100% of base allotment <sup>2</sup> @ \$3.71 per HCF; All other @ \$3.92
Irrigation – Agriculture	Annual allotment of 870 HCF/acre @\$1.40 Next 240 HCF/acre/year @ \$3.71 All other @ \$3.92
Recycled Water	All usage @ \$1.40/HCF
Outside City Limits	130% of corresponding in-City rates

*Monthly Service Charges for Water Meters by Size During FY 2002/03*

Meter Size	Monthly Service Charge
5/8"	\$ 5.84
3/4"	8.77
1"	14.61
1 1/2"	29.20
2"	46.72
3"	93.44
4"	146.00
6"	292.00
8"	467.21
10"	671.61

*Connection Charges During Fiscal Year 2002/03*

Connection Charges on 1" Service:	5/8" Meter	1" Meter
Buy-in Fee (per detached single family residence)	\$1,605	\$1,970
	1,505	3,762
	\$3,110	\$5,732

<sup>2</sup> Base allotment = average monthly consumption during most recent January – June period.

FISCAL YEAR 2003 OPERATING RESULTS

The following table is a summary of operating results of the water system of the City for Fiscal Year 2002/03. These results have been derived from the City's financial statements and exclude certain non-cash items and include certain other adjustments. The table has not been audited by the City's auditor.

CITY OF SANTA BARBARA

<b><u>REVENUES</u></b>	<b><u>June 30, 2003</u></b>
M&I Sales	\$ 20,822,544
Utility Users Tax	437,660
JPA Reimbursement	1,212,328
Interest Income	900,323
Other Revenues	845,007
<b>TOTAL REVENUES:</b>	<b><u>24,217,862</u></b>
<b><u>OPERATING EXPENSES</u></b>	
Salaries & Benefits	4,531,753
Materials & Supplies	9,141,043
Interest Expense <sup>(1)</sup>	123,781
Other	36,599
<b>TOTAL OPERATING EXPENSES:</b>	<b><u>13,833,176</u></b>
<b>NET REVENUES</b>	<b>10,384,686</b>
State Water Payments	4,439,646
Parity Debt Service <sup>(2)</sup>	1,783,100
Total Contract Payments	<u>6,222,746</u>
<b>Coverage Ratio:</b>	<b>1.67</b>
Available for Capital improvements and other purposes	\$ 4,161,940

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

(2) Represents debt service on the 1994 Water Revenue Refunding Bonds and the 2003 Water Refunding COP's which are on a parity with payments to the Authority under the Water Supply Agreement. Coverage calculations take into consideration both payments to the Authority under the Water Supply Agreement and Parity Debt Service.

Source: City of Santa Barbara

---

---

**CITY OF SANTA MARIA**

---

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

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

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

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

Fiscal Year Ending June 30	Connections <sup>1</sup>	Water Sales Revenues	Wastewater Service Revenues
1999	16,586	\$12,518,274	\$3,035,157
2000	16,798	13,430,453	3,226,812
2001	17,189	14,985,470	3,589,063
2002	17,735	16,350,234	3,786,941
2003	18,301	17,569,216	3,981,184

**HISTORIC WATER DELIVERIES**

The City records the volume of water delivered by its water system. Over the past five years, the volume of water delivered by the City has fluctuated, ranging from a low of approximately 11,992 acre-feet in fiscal year 2000 to a high of approximately 12,990 acre-feet in fiscal year 2002. 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
1999	12,807
2000	11,992
2001	12,216
2002	12,990
2003	12,647

---

<sup>1</sup> All domestic

## LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the City's water system as of June 30, 2003 as determined by the amount of their respective annual payments.

Customer <sup>2</sup>	Water Usage <sup>3</sup>	Annual Payments
City of Santa Maria	228,428	\$ 745,812
Santa Maria Elementary School	86,099	282,533
VG Apartments LLC	65,914	194,098
Allan Hancock College	52,612	164,035
Casa Grande Mobile Homes	69,852	153,600
Marian Hospital	32,542	114,219
Pictsweet Frozen Foods	28,851	88,168
Mission Linen Supply	25,841	76,001
Culligan Water Conditioning	22,568	66,182
El Capitan Trailer Park	<u>22,193</u>	<u>50,135</u>
TOTAL	634,900	\$ 1,934,783

The ten largest water customers accounted for approximately 13.9% of water service by volume in fiscal year 2003.

The following table sets forth the ten largest customers of the City's wastewater system as of June 30, 2003 as determined by the amount of their respective annual payments.

### *Largest Wastewater Customers*

Customer	Wastewater Usage <sup>3</sup>	Annual Payments
Frozsun Foods	123,411	\$ 151,515
Mission Linen Supply	26,120	48,057
Central Coast Wine Service	13,496	37,892
SP Village Green LLC	65,914	37,542
Casa Grande Mobile Homes	65,604	27,816
Pictsweet Froxen Foods	32,266	22,760
El Capitan Trailer Park	22,193	10,641
Holiday Inn	13,563	10,557
Vineyard Apartments	17,543	9,402
Culligan Water Conditioning	<u>22,568</u>	<u>6,510</u>
TOTAL	402,678	\$ 362,692

The ten largest wastewater customers accounted for approximately 11.2% of wastewater service by volume in fiscal year 2003.

<sup>2</sup> Some food processors use private well water for their operations and therefore do not appear as largest water customers.

However, their wastewater is treated by the City and they are among the largest wastewater customers.

<sup>3</sup> Hundred Cubic Feet



WATER AND WASTEWATER SYSTEM RATES AND CHARGES

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

*Water Service Charges.* A schedule of the City’s current bi-monthly water rates and charges as of July 1, 2003, is set forth below:

*Bi-Monthly Service Charges for Water Meters by Size*

Meter Size	Inside City
¾"	\$ 35.10
1"	55.04
1 ¼"	65.28
1 ½"	87.00
2"	120.30
3"	261.08
4"	435.18
6"	1,088.10

*Capacity Charge*

1 – 1000 cubic feet	\$ 1.912 per 100 cubic feet
1001 – 2000 cubic feet	2.268 per 100 cubic feet
2001 – 3000 cubic feet	2.651 per 100 cubic feet
Above 3001 cubic feet	3.018 per 100 cubic feet

*Wastewater Treatment Charges.* A schedule of the City’s current bi-monthly wastewater treatment rates and charges as of July 1, 2003, is set forth below:

*Bi-Monthly Wastewater Rates*

Single Family Residence	\$ 18.10
Multiple Apartments:	
2 Rooms or Less	12.82
3 + Rooms	13.92
Mobile Homes (number of spaces)	12.82
Motel/Hotel (per unit)	8.92

*Per 100 cubic feet*

Office Buildings	1.06
Restaurants	2.54
Commercial	1.53
Food Processing	1.48
Machinery	1.23
Miscellaneous	1.23

FISCAL YEAR 2003 OPERATING RESULTS

The following table is a summary of operating results of the water and wastewater system of the City for Fiscal Year 2002/03. These results have been derived from the City's financial statements and exclude certain non-cash items and include certain other adjustments. The table has not been audited by the City's auditor.

CITY OF SANTA MARIA

<b><u>REVENUES</u></b>	<b><u>June 30, 2003</u></b>
Water & Wastewater Fees & Charges	\$ 21,550,400
Other Revenues	2,524,027
Interest Income	1,270,405
<b>TOTAL REVENUES:</b>	<b><u>25,344,832</u></b>
<b><u>OPERATING EXPENSES</u></b>	
Salaries, Wages & Benefits	2,241,486
Materials & Supplies	1,002,584
Equipment Maintenance & Operations	354,449
Contracts & Services	4,311,889
Bad Debts	42,085
<b>TOTAL OPERATING EXPENSES:</b>	<b><u>7,952,493</u></b>
<b><u>NET REVENUES</u></b>	17,392,339
Rate Coverage Fund Deposit	3,666,401
Adjusted Net Revenues	<b><u>21,058,740</u></b>
State Water Payments	13,749,295
<b>Coverage Ratio:</b>	<b>1.53</b>
Available for Capital improvements and other purposes	\$ 3,643,044

Source: City of Santa Maria

---

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

---

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

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

*Historic Water Connections and Sales Revenues*

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

Fiscal Year Ending June 30	Connections				Sales Revenues \$					
	<u>Dom.</u>	<u>%</u>	<u>Ag.</u>	<u>%</u>	<u>Dom.</u>	<u>%</u>	<u>Ag.</u>	<u>%</u>	<u>Solvang</u>	<u>%</u>
1999	2,171	96	95	4	\$2,036,028	83	\$373,028	15	\$ 59,095	2
2000	2,180	97	82	3	2,308,777	79	417,924	14	205,223	7
2001	2,122	95	116	5	2,074,129	67	763,336	25	253,250	8
2002	2,256	96	80	4	2,264,474	65	818,995	23	353,215	10
2003	2,270	97	81	3	2,410,599	71	830,755	25	132,116	4

The actual FY 2002/2003 total water sales revenues are approximately 2 percent lower than the FY 2001/02 revenues due to a decrease in domestic water use from the City of Solvang. There was a slight increase in agricultural and limited agricultural water use resulting from the conversion of fallow, grazing and open space acreage to vineyards. In addition, mild spring and average temperatures with average precipitation during the rain season resulted in an overall reduced water demand.

## HISTORIC WATER DELIVERIES

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

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

Fiscal Year Ending June 30	Ag. Deliveries <sup>1</sup>	Domestic	Solvang	Total
1999	2,105	2,784	74	4,963
2000	2,222	3,135	293	5,650
2001	2,808	2,403	362	5,573
2002	2,742	2,630	487	5,859
2003	2,362	2,452	154	4,968

The FY 2002/03 actual overall water deliveries are about 18 percent lower than FY 2001/02 due to a decrease in domestic use because of late spring rains and average summer temperatures with average precipitation during the rain season. There was a decrease in agricultural water and limited agricultural use resulting from vineyards and truck crops using drip irrigation systems, and conversion of agriculture uses to residential uses. The FY 2002/03 water usage and revenues reflect an increase in water rates and meter charges and typical water usage in average rainfall years.

## LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the District's water system as of June 30, 2003, as determined by the amount of their respective annual payments.

Customer	Water Usage <sup>1</sup>	Annual Payments
City of Solvang	154	\$132,116
Cachuma Sanitation District	92	96,149
Rancho Marcelino Water Co.	76	57,086
Santa Ynez Valley Farming	114	54,423
Santa Ynez Valley Farming	102	16,400
Elizabeth Williams	8	12,438
Don Smith	81	11,949
John Harmon	54	11,375
Heladio Cervantes	71	9,959
Douglas Herthel	<u>54</u>	<u>8,673</u>
TOTAL	806	\$410,568

These ten customers accounted for approximately 11.2% of the water service revenues for Fiscal Year 2002/03.

<sup>1</sup> Acre Feet

WATER SYSTEM RATES AND CHARGES

The District's rates and charges for FY 2002/03 are as follows:

<i>Monthly Meter Charge</i>		
Meter Size	Domestic/Limited Agricultural	Agricultural
$\frac{5}{8}$ " - $\frac{3}{4}$ "	\$ 19.30	
$\frac{3}{4}$ "	23.10	
1"	38.60	
1 $\frac{1}{2}$ "	77.10	\$ 41.00
2"	122.40	65.00
3"	246.10	129.00
4"	347.20	179.00
6"	770.10	400.00
8"	1,232.30	

Consumption Charge

Domestic	Rural Residential / Limited Agricultural	Agriculture
\$1.70 per HCF	1 <sup>st</sup> 70: \$1.70 per HCF Over 70: \$0.40 per HCF	\$0.28 per HCF
Temporary Rate	(Conn. Fee \$50.00; minimum chg.: \$25.00)	Cachuma Park & City of Solvang \$1.70 per HCF

Connection Charge

Meter Size	Meter Only	Service and Meter
$\frac{5}{8}$ " - 1"	\$ 2,532.72	\$3,752.52 Short Side (1" service) 5,169.22 Long Side (1" service)
$\frac{3}{4}$ "	\$ 3,030.69	\$4,250.49 Short Side (1" service) 5,667.19 Long Side (1" service)
1"	\$ 4,976.06	\$6,195.86 Short Side (1" service) 7,612.56 Long Side (1" service)
(2) $\frac{5}{8}$ " - 1"		\$4,011.45 Short (1" double service) 5,428.15 Long (1" double service)
1 $\frac{1}{2}$ "	\$ 9,913.58	\$11,329.88 Short Side (2" service) 13,2746.58 Long Side (2" service)
2"	\$15,785.19*	\$17,201.49 Short Side* (2" service) 18,618.19 Long Side* (2" service)
3"	\$31,469.38*	*see below

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

Fire Service Connection Fee: \$400 per inch of diameter of Service size.

Capital Facilities Charge on Larger Services

Meter Size	Charge	
3"	\$ 30,478.00	+ Serv. & Meter Costs
4"	\$ 42,860.00	+ Serv. & Meter Costs
6"	\$ 95,244.00	+ Serv. & Meter Costs
8"	\$ 152,390.00	+ Serv. & Meter Costs

Installation Charge: The meter and service installation charge shall equal the cost of installation as determined by the District from time to time.

FISCAL YEAR 2003 OPERATING RESULTS

The following table is a summary of operating results of the water system of the District for Fiscal Year 2002/03. These results have been derived from the District's financial statements and exclude certain non-cash items and include certain other adjustments. The table has not been audited by the District's auditor.

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

<b>REVENUES</b>	<b>June 30, 2003</b>
M&I Water Sales	\$ 2,410,599
Ag. Water Sales	830,755
Water Sales to City of Solvang	132,116
SWP Revenue from City of Solvang <sup>(1)</sup>	1,849,243
Connection Fees	315,409
Special Assessments <sup>(2)</sup>	806,108
Other Fees & Income	53,398
Interest Income	231,636
<b>TOTAL REVENUES:</b>	<b>6,629,264</b>
<b>OPERATING EXPENSES</b>	
Water Purchased	173,868
Pumping	557,872
Water Treatment	39,137
Transmission & Distribution	529,290
Other/Litigation Fees	306,045
Administration & General	952,003
<b>TOTAL OPERATING EXPENSES:</b>	<b>2,558,215</b>
<b>NET REVENUES</b>	
Rate Coverage Reserve Fund Deposit (Includes Solvang)	4,071,049
Adjusted Net Revenues	923,484
	<b>4,994,533</b>
State Water Payments (Includes Solvang)	3,148,476
<b>Coverage Ratio:</b>	<b>1.59</b>
Other Debt Service <sup>(3)</sup>	446,361
Available for Capital improvements and other purposes	\$ 476,212

(1) City of Solvang payments based on State water payments calculated for FY 2002/03 on a cash basis.

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

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

Source: Santa Ynez Improvement District #1

---

**CITY OF SOLVANG**

---

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

**HISTORIC WATER CONNECTIONS AND SALES REVENUES**

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

*Historic Water Connections and Sales Revenues*

Fiscal Year Ending June 30	Connections	Sales Revenues	Water Deliveries (acre-feet per year)
1999	1,887	\$1,857,632	1,558
2000	2,005	2,105,851	1,524
2001	1,890	2,616,048	1,549
2002	1,893	3,108,477	1,594
2003	1,901	2,929,186	1,518

**LARGEST CUSTOMERS**

The following table sets forth the ten largest customers of the City’s water system as of June 30, 2003, as determined by the amount of their respective annual payments.

*Largest Customers as of June 30, 2003*

Customer	Water Usage <sup>1</sup>	Annual Payments
Rancho Santa Ynez Mobile Estate	24,382	\$ 54,128
Alisal Guest Ranch	15,539	34,497
Royal Scandinavian Inn	7,191	15,964
Lutheran Home	6,410	14,230
Mission Oaks	6,336	14,066
Mission Ready Mix	4,626	10,270
Country Inn & Suites	4,449	9,877
Inns of California	3,579	7,945
Solvang Transit Mix	<u>3,475</u>	<u>7,715</u>
TOTAL	75,987	\$168,692

---

<sup>1</sup> Hundred Cubic Feet



*Monthly Service Charges for Water Meters by Size*

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

*Monthly Water Demand Units*

For each water unit allocated to a property use pursuant to the Water Unit Schedule set forth in this section, a Water Demand Unit fee of \$11.12 per unit shall be imposed and collected monthly.

*Water Demand Unit Schedule*

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

*Quantity Charge*

In addition to the monthly meter charge, a monthly quantity charge shall be applied to each user. The charge shall be \$2.44 for each hcf<sup>4</sup> per month of consumption. Outside Users will be charged 150% (\$3.66) of current quantity charges, monthly meter charges are based on flow capacities of meter with four demand units.

<sup>2</sup> gallons per minute

<sup>3</sup> outside users are properties outside of City limits

<sup>4</sup> 100 cubic feet

FISCAL YEAR 2002/03 OPERATING RESULTS

The following table is a summary of operating results of the water system of the City for fiscal year 2002/03. These results have been derived from the City's financial statements but exclude certain non-cash items and include certain other adjustments. The table has not been audited by the City's auditor.

CITY OF SOLVANG

<b><u>REVENUES</u></b>	<b><u>June 30, 2003</u></b>
Water Sales	\$ 2,929,186
Other Fees & Income	2,382
Interest Income	45,398
<b>TOTAL REVENUES:</b>	<b><u>2,976,966</u></b>
<b><u>OPERATING EXPENSES</u></b>	
Operating Expenses	778,728
Interest Expense	
<b>TOTAL OPERATING EXPENSES:</b>	<b><u>778,728</u></b>
<b>NET REVENUES</b>	
	2,198,238
Rate Coverage Fund Deposit	<u>536,633</u>
Adjusted Net Revenues	<u>2,734,871</u>
State Water Payments	2,040,658
<b>Coverage Ratio:</b>	<b>1.34</b>
Available for Capital improvements and other purposes	\$ 157,580

Source: City of Solvang

SAN LUIS OBISPO COUNTY

---

## AVILA COMMUNITY SERVICES DISTRICT

---

The information set forth below has been provided by the Avila Beach Community Services District (the "District"). The Central Coast Water Authority (the "Authority") makes no representations or warranties as to the accuracy or completeness of any of the information set forth below.

### HISTORIC WATER CONNECTIONS AND SALES REVENUES

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

Fiscal Year Ending June 30	Connections	Sales Revenues
1999	157	\$ 89,043
2000	157	95,589
2001	169	114,721
2002	171	125,791
2003	176	160,395

### HISTORIC WATER DELIVERIES

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

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

Fiscal Year Ending June 30	Deliveries <sup>1</sup>
1999	51
2000	45
2001	38
2002	44
2003	52

---

<sup>1</sup> All Lopez Project Water

## LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the District's water system as of June 30, 2003, as determined by the amount of their respective annual payments.

Customer	Water Usage <sup>2</sup>	Annual Payments
SLO Co Park	1,996	\$ 11,537
Western Inns	1,777	10,300
SLO Co Park Front Street	1,708	9,872
Custom House	1,348	7,890
Villa Avila	1,131	7,173
Port Restrooms	895	5,173
Dun Sailing	679	4,243
Avila Beach CSD	508	2,913
Top of Hill Apartments	416	2,578
Phelan Apartments	<u>243</u>	<u>1,405</u>
TOTAL	10,791	\$ 63,084

These ten customers accounted for approximately 39% of water service revenues in fiscal year 2002/03.

## RATES AND CHARGES

	Domestic/ Residential	Commercial	Institutional
Consumption Charge <sup>3</sup>	\$28.90	\$28.90	\$28.90
Meter Charge	\$0.00	\$0.00	\$0.00
Connection Charge <sup>4</sup>	Varies	Varies	Varies
Immediate Availability Charge	\$0.00	\$0.00	\$0.00
Other Charges <sup>5</sup>	\$5.78	\$5.78	\$5.78

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

<sup>2</sup> Hundred Cubic Feet

<sup>3</sup> Minimum consumption charge

<sup>4</sup> Varies from \$4,780.57 to \$11,951.43 based on anticipated use for residential use for residential customers. Commercial charges based on \$17,057.09 per acre-foot and the anticipated use.

<sup>5</sup> All customers charged \$5.78 per cubic foot for consumption above 5 cubic feet.

FISCAL YEAR 2003 OPERATING RESULTS

The following table is a summary of operating results of the water system of the District for fiscal year 2002/03. These results have been derived from the District's financial statements but exclude certain non-cash items and include certain other adjustments. The table has not been audited by the District's auditor.

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

<b><u>REVENUES</u></b>	<b><u>June 30, 2003</u></b>
Water Sales	\$ 160,395
Other	2,517
Assessments and Connections Fees	-
Interest	3,803
<b>TOTAL REVENUES:</b>	<b><u>166,715</u></b>
<b><u>OPERATING EXPENSES</u></b>	
Lopez Water	47,128
Operations	42,243
General & Administrative	28,002
<b>TOTAL OPERATING EXPENSES:</b>	<b><u>117,373</u></b>
<b>NET REVENUES</b>	49,342
Rate Coverage Fund Deposit	27,703
Adjusted Net Revenues	<b><u>77,045</u></b>
State Water Payments	94,876
<b>Coverage Ratio:</b>	<b>0.81</b>
Available for Capital improvements and other purposes	\$ (45,534)

Source: Avila Beach Community Services District



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

March 5, 2004

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

Subject: Avila Beach Community Services District; Rate Coverage Analysis.

Dear Mr. Stokes:

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

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

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

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

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

REC'D MAR - 8 2004

Mr. Ray Stokes  
March 5, 2004  
Page 2

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

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

Sincerely,



John L. Wallace  
General Manager

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



---

**CITY OF MORRO BAY**

---

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

**HISTORIC WATER CONNECTIONS AND SALES REVENUES**

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

Fiscal Year Ending June 30	Connections	Sales Revenues
1999	5,010	\$3,585,083
2000	5,118	3,641,293
2001	5,198	3,785,189
2002	5,251	3,857,137
2003	5,254	3,802,287

**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
1999	1,363
2000	1,397
2001	1,238
2002	1,253
2003	1,349

## LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the City's water system as of June 30, 2003, as determined by the amount of their respective annual payments.

Customer	Water Usage <sup>1</sup>	Annual Payments
San Luis Coastal School District	2,299,700	\$ 245,742
City of Morro Bay	1,988,400	166,385
Inn At Morrow Bay	959,400	137,687
Pacific Care Center	1,089,000	124,344
Mission Linen	758,200	97,939
Department of Recreation & Parks	715,700	74,898
Morro Dunes Trailer Park	437,300	45,338
Silver City Manor 1& 2	410,300	45,322
Accor Economy Lodge	348,100	42,671
Ascot Inn & Ascot Suites	<u>262,600</u>	<u>26,964</u>
TOTAL	9,268,700	\$1,007,290

These ten customers accounted for approximately 28% of water services revenues in fiscal year 2002/03.

---

<sup>1</sup> Cubic Feet

FISCAL YEAR 2003 OPERATING RESULTS

The following table is a summary of operating results of the water system of the City for fiscal year 2002/03. These results have been derived from the City's financial statements, but exclude certain non-cash items and include certain other adjustments. The table has not been audited by the City's auditor.

CITY OF MORRO BAY

<b><u>REVENUES</u></b>	<b><u>June 30, 2003</u></b>
Water Service Charge	\$ 3,802,287
Connection Fees	3,779
Penalties & Reconnections	49,259
Miscellaneous	310,632
<b>TOTAL REVENUES:</b>	<b><u>4,165,957</u></b>
<b><u>OPERATING EXPENSES</u></b>	
Finance	16,446
Maintenance	620,590
<b>TOTAL OPERATING EXPENSES:</b>	<b><u>637,036</u></b>
<b>NET REVENUES</b>	<b>3,528,921</b>
State Water Payments	1,844,889
<b>Coverage Ratio:</b>	<b>1.91</b>
Desalination Debt Service	541,332
Available for Capital improvements and other purposes	\$ 1,142,700

Source: City of Morro Bay

---

**OCEANO COMMUNITY SERVICES DISTRICT**

---

The information set forth below has been provided by the Oceano Community Services District (the District) except as noted. The Central Coast Water Authority (the Authority) makes no representations or warranties as to the accuracy or completeness of any of the information set forth below.

**HISTORIC WATER CONNECTIONS AND SALES REVENUES**

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

Fiscal Year Ending June 30	Connections	Sales Revenues
1999	1,888	\$1,073,437
2000	1,913	1,094,398
2001	1,942	1,093,686
2002	1,956	1,101,900
2003	1,999	1,087,896

**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
1999	806
2000	841
2001	814
2002	815
2003	817

## LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the District's water system as of June 30, 2003, as determined by the amount of their respective annual payments.

Customer	Water Usage <sup>1</sup>	Annual Payments
Caritas Corp/Mobile Home Park	13,587	\$ 38,150
Lucia Mar Unified School District	6,458	26,067
Sand and Surf Transient RV Park	7,512	24,817
Oceano 1 Condo Home Owners Assoc.	8,084	22,673
Duna Vista Mobile Home Park	5,486	18,921
Porticos Mobile Home Park	5,516	16,107
State of California (Park Facility)	4,341	13,933
Pleasant Hill Mobile Home Manor	4,408	11,952
PTI Inc. Pismo Sands RV Park	2,295	11,327
Pismo-Oceano Vegetable Exchange	<u>2,504</u>	<u>9,082</u>
TOTAL	60,191	\$193,030

These ten customers accounted for approximately 17.7% of water service revenues in fiscal year 2002/03.

## RATES AND CHARGES

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

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

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

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

<sup>1</sup> Hundred cubic feet

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

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

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

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

*Connection Charges*

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

FISCAL YEAR 2003 OPERATING RESULTS

The following table is a summary of operating results of the water system of the District for FY 2002/03. These results have been derived from the District's financial statements but exclude certain non-cash items and include certain other adjustments. The table has not been audited by the District's auditor.

OCEANO COMMUNITY SERVICES DISTRICT

<b><u>REVENUES</u></b>	<b><u>June 30, 2003</u></b>
Water Sales	\$ 1,097,194
Service Charges	254,833
Interest Income	38,376
<b>TOTAL REVENUES:</b>	<b><u>1,390,403</u></b>
<b><u>OPERATING EXPENSES</u></b>	
Administration & General	342,785
Personnel	114,472
Utilities	13,666
Maintenance and Repairs	28,353
1979 Revenue Bond	15,736
CSC Note	62,578
<b>TOTAL OPERATING EXPENSES:</b>	<b><u>577,590</u></b>
NET REVENUES	812,813
Rate Coverage Fund Deposit	176,714
Adjusted Net Revenues	<b><u>989,527</u></b>
State Water Payments	743,014
<b>Coverage Ratio:</b>	<b>1.33</b>
Available for Capital improvements and other purposes	\$ 246,513

Source: Oceano Community Services District

---

**CITY OF PISMO BEACH**

---

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

**HISTORIC WATER CONNECTIONS AND SALES REVENUES**

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

Fiscal Year Ending June 30	Connections <sup>1</sup>	Sales Revenues
1999	4,155	\$1,118,375
2000	4,110	1,632,551
2001	4,158	1,710,063
2002	4,233	1,751,585
2003	4,234	1,772,352

**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
1999	1,959
2000	2,078
2001	1,983
2002	2,219
2003	2,001

---

<sup>1</sup> The connections for 1999 through 2000 have been corrected. An error was discovered in the computer program which counted some meters twice.



## LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the City's water system as of June 30, 2003, as determined by the amount of their respective annual payments.

Customer	Water Usage	Annual Payments
Pismo Mobile Home Park	17,145	\$ 27,216
Cliffs Shell Beach	13,900	19,488
Shorecliff Lodge	10,282	14,195
Oxford Suites	8,682	13,423
Motel 6	9,076	13,238
Seacrest Motel II	8,671	12,687
Hacienda Del Pismo	6,335	10,352
Kon Kiki	6,540	9,893
Pismo Lighthouse Suites	5,883	9,727
Pismo Coast Village RV Park	<u>3,137</u>	<u>8,887</u>
TOTAL	89,651	\$ 139,106

These ten customers accounted for approximately 7.8% of water service revenues in fiscal year 2002/03.

### *Rates and Charges*

*Bi-monthly fixed charges are as follows:*

Meter Size		
All Meters		
5/8" & 3/4"	\$	20.16
1"		40.10
1-1/2"		69.94
2"		113.23
3"		219.61
4"		339.26
6"		804.63
	<u>Single Family Residential</u>	<u>All Other Metered Users</u>
Consumption Charge:		
0-15 HCF	\$1.19/HCF	\$1.33/HCF
16 HCF and higher	\$1.51/HCF	\$1.33/HCF
Construction Meter		\$2.67/HCF
Connection Charges:		
A) State Water Supply Fee	\$5,821.74 per equivalent dwelling unit	
B) Special Tax Levy FY 2002-	\$104.29 per year per equivalent dwelling unit.	

FISCAL YEAR 2003 OPERATING RESULTS

The following table is a summary of operating results of the water system of the City for FY 2002/03. These results have been derived from the City's financial statements but exclude certain non-cash items and include certain other adjustments. The table has not been audited by the City's auditor.

CITY OF PISMO BEACH

<b><u>REVENUES</u></b>	<b><u>June 30, 2003</u></b>
Water Service Charge	\$ 1,849,318
State Water Impact Fee	578,684
Interest	76,681
Assessments	755,247
Developmental Impact Fees	-
<b>TOTAL REVENUES:</b>	<b><u>3,259,930</u></b>
<b><u>OPERATING EXPENSES</u></b>	
Admin & General	410,545
Lopez Contract Payments	407,187
Operations & Maintenance	347,694
Utilities	83,313
<b>TOTAL OPERATING EXPENSES:</b>	<b><u>1,248,739</u></b>
<b>NET REVENUES</b>	<b>2,011,191</b>
State Water Payments	1,287,062
<b>Coverage Ratio:</b>	<b>1.56</b>
Available for Capital improvements and other purposes	\$ 724,129

Source: City of Pismo Beach

---

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

---

The information set forth below has been provided by the County of San Luis Obispo (the “County”) on behalf of San Luis Obispo County Service Area No. 16, Improvement District No. 1 (the “District”). The Central Coast Water Authority (the “Authority”) makes no representations or warranties as to the accuracy or completeness of any of the information set forth below.

**HISTORIC WATER CONNECTIONS AND SALES REVENUES**

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

Fiscal Year Ending June 30	Connections	Sales Revenues
1999	234	\$143,398
2000	243	142,129
2001	244	153,137
2002	304	195,366
2003	309	175,353

The number of connections in FY 2002/03 increased by approximately 2% over the number of connections in FY 2001/02, and sales revenues for the same periods decreased by approximately 10%.

**HISTORIC WATER DELIVERIES**

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

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

Fiscal Year Ending June 30	Total Production	Total Sold	Park Irrigation
1999	118.9	82.9	26.7
2000	121.6	81.6	28.3
2001	134.6	88.1	30.5
2002	143.4	103.8	26.4
2003	136.5	112.5	20.3

The actual water deliveries for FY 2002/03 are approximately 8% higher than actual water deliveries for FY 2001/02.

## LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the District's water system as of June 30, 2003, as determined by the amount of their respective annual payments.

Customer	Water Usage <sup>1</sup>	Annual Payments
Shandon School	528	\$2,192
Shandon Park	501	2,146
Caltrans	534	2,085
Residence	527	1,850
Residence	421	1,496
Residence	358	1,218
Residence	344	1,209
Shandon Methodist Church	326	1,156
Residence	328	966
Shandon Community Building	<u>344</u>	<u>381</u>
TOTAL	4,211	\$14,699

These ten customers accounted for approximately 8% of water service revenues in fiscal year 2002/03.

---

<sup>1</sup> Hundred Cubic Feet

FISCAL YEAR 2003 OPERATING RESULTS

The following table is a summary of operating results of the water system of the District for fiscal year 2002/03. These results have been derived from the County's financial statements but exclude certain non-cash items and include certain other adjustments. The table has not been audited by the County's auditor.

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

<b><u>REVENUES</u></b>	<b><u>June 30, 2003</u></b>
Water Service Charge	\$ 175,353
New Services	4,770
Water Availability	9,808
Connection Fees	14,000
Interest	8,281
Other	42,029
<b>TOTAL REVENUES:</b>	<b><u>254,241</u></b>
<b><u>OPERATING EXPENSES</u></b>	
Utilities	13,291
General & Administrative	35,184
Operations & Maintenance	69,457
<b>TOTAL OPERATING EXPENSES:</b>	<b><u>117,932</u></b>
<b>NET REVENUES</b>	136,309
Rate Coverage Fund Deposit	14,572
Adjusted Net Revenues	<b><u>150,881</u></b>
State Water Payments	55,506
<b>Coverage Ratio:</b>	<b>2.72</b>
Available for Capital improvements and other purposes	\$ 80,803

Source: San Luis Obispo County