

FY 1997/98 CONTINUING  
DISCLOSURE ANNUAL  
REPORT

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



March 12, 1999

Judy Manansala  
U.S. Bank  
One California Street, 4<sup>th</sup> Floor  
San Francisco, CA 94111

RE: Central Coast Water Authority Fiscal Year 1997/98 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

Dear Judy:

*Joseph P. Centeno*  
Vice Chairman

Attached is the Fiscal Year 1997/98 Annual Report pursuant to the Continuing Disclosure Agreement between the Central Coast Water Authority and U.S. Bank.

*Dan Masnada*  
Executive Director

### Construction Project Status

*Stanley C. Hatch*  
General Counsel

The construction project was declared complete on June 25, 1998. Consistent with the Indenture of Trust, certain proceeds were retained in the construction fund to fund future construction expenditures based on the estimates to complete the project. As of the date of this letter, approximately \$2 million remains in the construction and local project funds to meet these future expenditures. It is anticipated that all proceeds will be fully expended by the end of fiscal year 1998/99.

*Member Agencies*

*City of Buellton*

*Carpinteria Valley  
Water District*

*City of Guadalupe*

### Fiscal Year 1997/98 State Water Deliveries

*City of Santa Barbara*

A table showing deliveries during fiscal year 1997/98 to Santa Barbara and San Luis Obispo County Contractors is attached.

*City of Santa Maria*

*Goleta Water District*

### Series 1996 B Bond Call

*Montecito Water District*

On October 1, 1998, the Authority redeemed all outstanding Series 1996B bonds with excess bond proceeds and investment earnings in the amount of \$23,380,000 under the optional call provision for Series 1996B bonds.

*Santa Ynez River Water  
Conservation District,  
Improvement District #1*

*Associate Member*

### Rate Coverage Reserve Fund

*La Cumbre Mutual  
Water Company*

On December 18, 1997, the Authority Board of Directors established the Rate Coverage Reserve Fund. This fund was established to provide 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.

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Buellton, CA 93427-9565  
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RAS



The following agencies elected to participate in the CCWA Rate Coverage Reserve Fund during fiscal year 1997/98 and have deposited the amounts shown:

City of Buellton	\$19,325
Carpinteria Valley Water District	\$750,000
Goleta Water District	\$1,497,654
City of Guadalupe	\$18,389
La Cumbre Mutual Water Company	\$308,434
Montecito Water District	\$767,671
City of Santa Maria	\$2,862,780
Santa Ynez River Water Conservation District, Improvement District, No. 1	\$246,045
Oceano Community Services District	\$35,112

#### Fiscal Year 1997/98 State Water Contract Payments

The WSAs between the Authority and its Contractors require the payment of fixed O&M costs and fixed project costs on June 1<sup>st</sup> preceding the ensuing fiscal year which begins on July 1<sup>st</sup>.

Prior to fiscal year 1997/98, the Authority billed the fixed O&M and fixed project costs in two installments, due July 1<sup>st</sup> and January 1<sup>st</sup> of each year. Beginning with fiscal year 1997/98, the Authority billed all Contractors consistent with the WSAs. Therefore, during fiscal year 1997/98, all Santa Barbara County Contractors paid two payments for fixed O&M and fixed project costs; one payment covering FY 1997/98 on July 1, 1997 and another payment covering FY 1998/99 on June 1, 1998.

The San Luis Obispo County Contractors were already paying the fixed O&M and fixed project costs consistent with the Master Water Treatment Agreement for the San Luis Obispo County Contractors. As such, the amended billing procedures did not apply to the San Luis Obispo County Contractors.

The Operating Results for each of the Santa Barbara County Contractors exclude the June 1, 1998 fixed O&M and fixed project cost payment for purposes of calculating the coverage ratio. However, a footnote has been added to each schedule indicating the amount of the June 1, 1998 payment and the resulting coverage ratio if the June 1, 1998 payment is included in the total Contract payments.

This issue will not occur again because the Authority now bills the fixed O&M and fixed project costs consistent with the provisions of the WSAs.

#### Rebate Calculations

The interim rebate calculations for the Series 1996A and Series 1996B refunding revenue bonds, dated September 3, 1998, indicate a rebate liability of \$1,502. The five-year rebate calculations for the Series 1992 revenue bonds indicate a negative rebate liability of approximately \$5.5 million.

Continuing Disclosure Annual Report

Consistent with Section 4 of the Continuing Disclosure Report, the Fiscal Year 1997/98 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  
(with 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. The Authority's financial statements were forwarded to you under separate cover on October 23, 1998.

Santa Ynez River Water Conservation District, Improvement District No. 1 and the City of Solvang

The continuing disclosure information for the City of Solvang is an attachment to the Santa Ynez River Water Conservation District, Improvement District No. 1 (SYID#1) report. As reported by SYID#1, the City of Solvang did not meet its coverage obligation for fiscal year 1997/98.

Please see the letter from SYID#1 regarding the status of its dispute with the City of Solvang concerning compliance with the rate covenant.

Avila Beach Community Services District

From the information presented to the Authority, the Avila Beach Community Services District did not meet its coverage obligation for fiscal year 1997/98. However, the District has stated its intent to participate in the Rate Coverage Reserve Fund for fiscal year 1999/00 to ensure it meets the coverage obligation.

Please see the letter from Avila Beach Community Services District regarding its intention to participate in the Rate Coverage Reserve Fund.

Oceano Community Services District

From the information presented to the Authority, the Authority does not believe that the Oceano Community Services District met its coverage obligation for fiscal year 1997/98. The District and the Authority are currently in discussions regarding the District's rate covenant.

Project Participant Audited Financial Statements

Audited Financial Statements for each of the Contractors are included with this report except for the City of Pismo Beach and the City of Guadalupe, which will be forwarded when the reports are available.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Ray A. Stokes", with a long horizontal line extending to the right.

Ray A. Stokes  
Controller and Treasurer

RAS

cc: Dan Masnada, Central Coast Water Authority  
Doug Brown, Stradling, Yocca, Carlson & Rauth  
Dave Houston, Smith Barney

Central Coast Water Authority  
**Fiscal Year 1997/98 State Water Deliveries**  
 Fiscal Year 1997/98 Continuing Disclosure Annual Report

<b>FY 1997/98 Actual State Water Deliveries (acre feet)</b>			
<b>Contractor</b>	<b>Entitlement Deliveries</b>	<b>Exchange Agreement Deliveries</b>	<b>Net Deliveries</b>
Chorro Valley Turnout (SLO County)	1,533		1,533
Lopez Turnout (SLO County)	1,291		1,291
City of Guadalupe	-		-
City of Santa Maria	8,702		8,702
So. California Water Co.	1		1
Vandenberg Air Force Base	2,022		2,022
City of Buellton	488		488
Santa Ynez ID #1 (Solvang only)	-		-
Santa Ynez ID #1 (excluding Solvang)	1,789	(1,283)	506
Morehart Land Co.	2		2
La Cumbre Mutual Water Co.	418		418
Santa Barbara Research Center	-		-
Goleta Water District	934	1,179	2,113
City of Santa Barbara	-		-
Montecito Water District	-	45	45
Carpinteria Valley Water District	-	59	59
<b>TOTAL:</b>	<b>17,180</b>	<b>-</b>	<b>17,180</b>

# CENTRAL COAST WATER AUTHORITY

## Rate Coverage Reserve Fund Policy

Adopted: December 18, 1997

### **Fund Created:**

The Executive Director shall establish and maintain a Rate Coverage Reserve Fund ("Rate Fund") in accordance with this policy.

### **Rate Coverage Reserve Fund:**

**Purpose:** The Rate Fund is intended to provide a mechanism to allow CCWA 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, a CCWA Contractor which has elected to participate in the Rate Fund shall maintain on deposit with CCWA 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 CCWA on behalf of the Contractor as of the date of the Fund's creation. In each subsequent year, CCWA 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 CCWA 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 CCWA Contractor may elect to deposit additional funds into the Rate Fund within the first 30 days after adoption of this policy by the CCWA 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.

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 Contractor's account within the Fund except to the extent the Contractor directs CCWA 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 1997/98 CONTINUING DISCLOSURE

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SANTA BARBARA COUNTY

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**CITY OF BUELLTON**

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

**HISTORIC WATER CONNECTIONS AND SALES REVENUES**

The following table shows the number of active domestic water connections to the City's water system for the five most recent fiscal years, together with the amount of its annual domestic water sales revenues. While the actual connections in 1998 were consistent with what was projected in December 1996, the figures for sales revenues for the year ended June 30, 1998 are lower due to the unusually wet winter, which resulted in a lower consumption of water.

*Historic Water Connections and Sales and Service Revenues*

Fiscal Year Ending June 30	Connections	Water Sales Revenues
1994	950	\$456,120
1995	950	601,372
1996	965	769,590
1997	993	1,063,140
1998	1043	964,878

Water sales for the fiscal year ended June 30, 1998 are approximately 19% below the 1996 projections due to unusually heavy rainfall.

**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
1994	470	448	0	918
1995	489	381	0	870
1996	480	442	0	922
1997	452	540	0	992
1998	187	141	493	821

Total water deliveries for fiscal year 1998 were 9% less than in 1997, primarily as a result of lower than projected usage. Actual water deliveries for the year are 15% below the 1996 projections due to unusually heavy rainfall.

## 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 set 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 and \$1.82 for Golf Course Irrigation. The Water Meter Charges are set forth below:

<u>Meter Size</u>	<u>Monthly Service Charge<sup>1</sup></u>
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 16% of the accounts, which account for approximately 40% 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 \$45.00 after hours.

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

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

The following table sets forth the ten largest customers of the City's water system as of June 30, 1998, as determined by the amount of their respective annual payments.

#### LARGEST CUSTOMERS

Customer	Water Usage	Annual Payments
Ranch Club Mobile Estates	21,976	\$ 64,018
Zaca Creek Golf Course	17,326	30,000
Rancho S B Marriott	10,266	21,495
Flying Flags Recreation Park	9,730	20,015
Rivergrove Mobile Home Park	7,696	22,808
Andersen's Restaurant	5,278	11,359
Buellton Union School District	6,203	12,875
Andersen's Inn	5,309	9,770
Windmill Motor Inn	3,652	8,463
Motel 6	4,191	8,678
TOTAL	91,627	\$209,481

These ten customers accounted for approximately 21% of the City's water service revenues for fiscal year 1997/98.

## FISCAL YEAR 1998 OPERATING RESULTS

The following table is a summary of operating results of the water system for Fiscal Year 1997/98. These results have been derived from the City's audited financial statements but exclude certain non-cash items and include certain other adjustments. The table has not been audited by the City's auditor.

### CITY OF BUELLTON

<u>REVENUES</u>	<u>June 30, 1998</u>
Water Sales	\$ 964,878
Connection Fees	150,800
Other Fees & Income	159,289
Interest Income	43,542
<b>TOTAL REVENUES:</b>	<u>1,318,509</u>
<u>OPERATING EXPENSES</u>	
Operations & Maintenance Expenses	265,110
FmHA Debt Service <sup>(1)</sup>	47,700
<b>TOTAL OPERATING EXPENSES:</b>	<u>312,810</u>
NET REVENUES	1,005,699
Rate Coverage Reserve Fund Deposit	19,325
Adjusted Net Revenues	<u>1,025,024</u>
State Water Payments <sup>(3)</sup>	653,493
Total Contract Payments	<u>653,493</u>
Coverage Ratio:	<i>1.57</i>
Other Contract payments <sup>(2)</sup>	10,452
Available for Capital improvements and other purposes	\$ 341,754

<sup>(1)</sup> Debt service on a \$818,500 Farmers Home Administration Loan which obligation to pay is senior to the obligation to pay the Bonds.

<sup>(2)</sup> Water Department's share (25%) of lease payment for Administration Building (City Hall).

<sup>(3)</sup> State water payments represent payments made for FY 1997/98. On June 1, 1998, the City prepaid an additional \$710,066 for FY 1998/99 fixed costs. If this additional payment is included in the State water payments, the City coverage ratio for the year is 0.75.

Source: City of Buellton

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**CARPINTERIA VALLEY WATER DISTRICT**

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

**HISTORIC WATER CONNECTIONS AND SALES REVENUES**

The following table shows the number of active 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 (inclusive of monthly service charges):

*Historic Water Connections and Sales Revenues*

Fiscal Year Ending June 30	Connections				Sales Revenues			
	Dom.	%	Ag.	%	Dom.	%	Ag.	%
1994	3,588	89	431	11	\$1,822,413	58	\$1,320,918	42
1995	3,609	89	433	11	2,044,480	61	1,313,560	39
1996	3,609	89	427	11	2,518,672	64	1,436,649	36
1997	3,647	90	427	10	3,208,091	64	1,780,933	36
1998	3,659	90	424	10	3,358,739	67	1,664,270	33

All sales revenue numbers presented in the above table include monthly service charges as well as the unit cost of water. The December 1996 projections in the Official Statement did not include monthly service charges. Monthly service charges were doubled in FY 1996/97. They were raised 17.5% in FY 1997/98, while the unit cost of water remained unchanged.

Following is a breakdown of sales revenues showing water revenues and monthly service charges:

Fiscal Year Ending June 30	Water Revenue	Monthly Service Charge	Total
1997	\$3,246,008	\$1,742,056	\$4,988,064
1998	\$2,986,441	\$2,036,568	\$5,023,009

The total actual water revenues not including monthly service charges for FY 1996/97 were approximately 5.6% higher than projected in the Official Statement. In FY 1997/98 they were approximately 8% lower than the previous year, due in large measure to reduced demand as a result of increased rainfall attributed to the El Nino weather pattern.

## 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. Actual water connections (4,083) as of June 30, 1998, were about one percent lower than the projected number of 4,127 in the Official Statement.

### *Historic Water Deliveries and Source of Water Delivered (In acre-feet per Year)<sup>2</sup> Deliveries*

Fiscal Year Ending June 30	Residential <sup>3</sup>	Commercial	Public Authority	Industrial	Irrigation	Total
1994	1,158	665	114	136	2,176	4,249
1995	1,163	716	120	130	1,968	4,097
1996	1,203	723	113	128	2,010	4,177
1997	1,679	352	135	126	2,153	4,445
1998	1,601	357	127	123	1,830	4,038

### *Sources*

Fiscal Year Ending June 30	Groundwater	Cachuma Project	Total
1994	1,336	3,062	4,398
1995	1,257	3,031	4,288
1996	1,519	2,860	4,379
1997	1,308	3,253	4,561
1998	795	3,291	4,107

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

In the last five years demand for water has fluctuated as a result of changes in weather and a gradually increasing account base. FY 1994/95 was a wetter year than usual, and water deliveries dropped more than 100 acre-feet from the previous year. In FY 1996/97 water deliveries increased more than expected. This increase was a result of a small increase (38) in the number of total service connections, and an earlier than usual end to the rainy season at the end of February. In FY 1997/98 total demand fell by over 400 acre-feet compared to the previous year as a result of the lengthy rainy season attributed to the El Nino weather pattern.

<sup>2</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>3</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, 1998, as determined by the amount of their respective annual payments:

Customer	Water Usage <sup>4</sup>	Annual Payments
Ocean Breeze (Nursery)	71,492	\$116,553
Casitas Village (Home Owner's Assoc.)	29,771	93,304
B & H Flowers (Nursery)	60,515	90,666
Villa Del Mar (Home Owners' Assoc.)	29,342	86,494
Carpinteria School District	22,092	76,824
City of Carpinteria	20,757	66,444
Norman's Nursery	38,651	60,076
Sandpiper Village (Mobile Home Park)	25,861	59,377
H & M Roses (Nursery)	34,029	48,791
Westerley Roses (Nursery)	23,813	36,948
TOTAL	356,323	\$735,477

These ten customers accounted for approximately 14.64% of water service revenues for the year ended June 30, 1998. Some of the District's largest customers in recent years have obtained some of their water through groundwater pumping rather than purchasing it from the District.

## 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 rate: \$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. 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

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<sup>4</sup> Hundred Cubic Feet

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 FY 1998/99.

A schedule of the District's monthly service charges since June 28, 1996 and its charges effective June 29, 1997 are shown below:

Meter Size	Prior Monthly Service Charge <sup>5</sup>	New Monthly Service Charge <sup>6</sup>
5/8"	\$ 14.20	\$ 16.70
3/4"	21.20	24.90
1"	35.40	41.60
1 1/2"	70.80	83.20
2"	113.20	133.00
3"	226.60	266.25
4"	354.00	415.95
6"	708.00	831.90
8"	1,628.40	1,913.35

*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 and the base charges are as follows:

Meter Size	Capital Cost Recovery Fee (base charges)	Capital Cost Recovery Fees (base charges plus SWP monthly service charge component as of July 1, 1998)
5/8"	\$1,307	\$2,359
3/4"	1,960	3,318
1"	3,267	6,638
1 1/2"	6,535	10,620
2"	10,456	21,240
3"	20,912	-
4"	32,675	-
6"	65,349	-
8"	150,303	-
8" plus	Fees set by General Manager based on equivalency formula adopted by the Board of Directors	

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

<sup>5</sup> Effective June 29, 1996.

<sup>6</sup> Effective June 29, 1997.

## FISCAL YEAR 1998 OPERATING RESULTS

The following table is a summary of operating results of the water system of the District for Fiscal Year 1997/98. These results have been derived from the District's financial statements but exclude certain non-cash items and include certain other adjustments. The table has not been audited by the District's auditor.

### CARPINTERIA VALLEY WATER DISTRICT

<u>REVENUES</u>	<u>June 30, 1998</u>
Muni. & Ind. Water Sales	\$ 1,908,457
Agricultural Water Sales	1,077,984
Water Service Charge	2,036,568
Fire Proect & Service Revenue	168,268
Capital Cost Rec Fee	104,184
Interest Revenue	250,963
Other Income	145,533
Overhead charges	25,612
<b>TOTAL REVENUES:</b>	<b>5,717,569</b>
<u>OPERATING EXPENSES</u>	
Cost of Purchased Water	334,779
Pumping Expense	149,477
Treatment expense	443,110
Trans & Dist Exp	461,048
Customer Accounts	68,050
General & Admin. <sup>(1)</sup>	786,843
Prior Debt Service	-
<b>TOTAL OPERATING EXPENSES:</b>	<b>2,243,307</b>
NET REVENUES	3,474,262
Rate Coverage Reserve Fund Deposit	750,000
Adjusted Net Revenues	4,224,262
State Water Payments <sup>(3)</sup>	2,321,529
Total Contract Payments	2,321,529
Coverage Ratio:	<b>1.82</b>
Additional Debt Service <sup>(2)</sup>	206,659
Available for Capital improvements and other purposes	\$ 946,074

<sup>(1)</sup> Exclusive of depreciation.

<sup>(2)</sup> Debt service on \$1.95 million of Water Revenue Bonds (Cater Treatment Plant) due 2003 (subsequently paid in full).

<sup>(3)</sup> State water payments represent payments made for FY 1997/98. On June 1, 1998, the District prepaid an additional \$3,364,832 for FY 98/99 fixed costs. If this additional payment is included in the State water payments, the District's coverage ratio for the year is 0.74.

Source: Carpinteria Valley Water District

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**GOLETA WATER DISTRICT**

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

**HISTORIC WATER CONNECTIONS AND SALES REVENUES**

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

*Historic Water Connections and Sales Revenues*

Fiscal Year Ending June 30	Connections				Sales Revenues			
	Dom.	%	Ag.	%	Dom.	%	Ag.	%
1994	14,072	98.54	208	1.45	\$10,076,272	90.75	\$1,027,347	9.25
1995	14,074	98.55	207	1.45	10,477,520	90.33	1,121,511	9.67
1996	14,235	98.56	208	1.44	11,037,275	89.39	1,310,002	10.61
1997	14,281	98.56	208	1.44	12,137,513	88.84	1,523,981	11.16
1998	14,376	98.59	206	1.41	11,669,400	89.70	1,340,636	10.30

Domestic sales revenue for the year ended June 30, 1998 are approximately 20% below the 1996 projections due to a shift in sales mix. While above normal rainfall caused a reduction in demand for most classes of domestic customers, deliveries to La Cumbre Mutual Water Co. increased significantly. Because water is sold to La Cumbre at significantly lower rates, the increase in deliveries to La Cumbre did not generate revenues to offset the reduced sales to other customers.

**HISTORIC WATER DELIVERIES**

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

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

Fiscal Year Ending June 30	Agricultural Deliveries	Urban Deliveries	Total
1994	2,181	9,592	11,773
1995	2,558	9,143	11,701
1996	2,684	9,662	12,346
1997	2,890	10,618	13,508
1998	2,185	10,762	12,947

Actual water deliveries for FY 1997/98 are approximately 4% lower than FY 1996/97. Agricultural deliveries for FY 1997/98 are approximately 20% below the 1996 projections due to above normal rainfall that caused a reduction in demand for irrigation water.

## LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the District's water system as of June 30, 1998, as determined by the amount of their respective annual payments.

Customer	Water Usage <sup>7</sup>	Annual Payments
UCSB	780	\$941,879
County of Santa Barbara	308	365,460
Applied Magnetics	158	210,386
Glen Annie Golf Course	340	199,481
La Cumbre Mutual Water Co.	791	176,166
George Cavalletto	343	160,995
Sierra Pacific Farm	349	129,183
Francisco Torres	83	109,472
Glen Parks/Rancho Tres Canadas	246	93,906
La Cumbre Golf Course	<u>110</u>	<u>77,384</u>
TOTAL	3,505	\$2,464,312

These ten customers accounted for approximately 18% of water service revenues for the year ended June 30, 1998.

## WATER SYSTEM RATES AND CHARGES

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

Agriculture	\$0.90/HCF
Urban	\$3.13/HCF
Recreation	\$1.74/HCF
Reclaimed	\$1.74/HCF

Meter Size	Monthly Charge
¾"	\$ 5.90
1"	8.00
1 ½"	13.10
2"	18.62
3"	31.10
4"	47.30
6"	86.30
8"	127.10
10"	167.90

The meter charges listed above were increased to these amounts in September 1997.

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<sup>7</sup> Hundred Cubic Feet

## FISCAL YEAR 1998 OPERATING RESULTS

The following table is a summary of operating results of the water system for Fiscal Year 1997/98. 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' auditor.

### GOLETA WATER DISTRICT

<u>REVENUES</u> <sup>(1)</sup>	June 30, 1998
Water Sales	\$ 13,010,035
Meter charges	1,144,322
Other Fees & Income <sup>(2)</sup>	6,286,324
Interest Income	1,194,779
<b>TOTAL REVENUES:</b>	<b>21,635,460</b>
<u>OPERATING EXPENSES</u>	
Source of Supply	587,452
Purchased Water	1,291,509
Well Expenses	153,021
Water Treatment	878,537
Transmission & Distribution	1,924,607
Booster Pumps	52,823
Customer Billings	524,099
General and Administrative	1,971,334
<b>TOTAL OPERATING EXPENSES:</b>	<b>7,383,382</b>
NET REVENUES	14,252,078
Rate Coverage Reserve Fund Deposit	1,497,654
Adjusted Net Revenues	15,749,732
State Water Payments <sup>(4)</sup>	5,686,052
Total Contract Payments	5,686,052
Coverage Ratio:	2.77
Other Debt Service <sup>(3)</sup>	1,526,533
Available for Capital improvements and other purposes	\$ 7,039,493

(1) Exclusive of property taxes

(2) Includes \$5,835,000 in Systems Development Fees which began in FY 1996/97.

(3) Includes debt service for 1993 COPS (\$1,454,547) and ID #USBR Loan \$72,205.

(4) State water payments represent payments made for FY 1997/98. On June 1, 1998, the District prepaid an additional \$5,912,429 for FY 1998/99 fixed costs. If this additional payment is included in the State water payments, the District's coverage ratio for the year is 1.36.

Source: Goleta Water District

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## CITY OF GUADALUPE

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The information set forth below has been provided by the City of Guadalupe (the "City"). The Central Coast Water Authority (the "Authority") makes no representations or warranties as to the accuracy or completeness of any of the information set forth below. All numbers presented for the Fiscal Year ending June 30, 1998 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.

<u>Fiscal Year Ending June 30</u>	<u>Connections</u>	<u>Sales Revenues</u>
1994	1,637	\$375,331
1995	1,638	\$509,491
1996	1,705	\$573,212
1997	1,578	\$781,376
1998	1,577	\$809,553

The actual connections for FY 1997/98 are approximately the same as the prior year. The reason for this is the fact that commercial and residential vacancies which came about in the prior year have not been filled. Additionally, the actual connections for the year are approximately 10% below the 1996 projections due to a delay in the start-up of two new developments within the city at Point Sal Dunes and Riverview. Both developments are planned and the city continues to anticipate approximately two hundred additional residential connections in the near future.

The actual sales revenues for FY 1997/98 are approximately 4% above the prior year because of a full year of a rate increase which took affect in August 1996. Additionally, the actual sales revenues for the year are approximately 10% below the 1996 projections due to the delay in the aforementioned property developments. The city continues to anticipate the additional sales revenue which will result from this in the near 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)*

<u>Fiscal Year Ending June 30</u>	<u>Deliveries<sup>8</sup></u>
1994	541
1995	566
1996	562
1997	613
1998	730

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<sup>8</sup> All Groundwater.

## LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the City's water system as of June 30, 1998, as determined by the amount of their respective annual payments.

Customer	Water Usage <sup>9</sup>	Annual Payments
Apio Cooler	20,279	\$ 65,906
Guadalupe Union School District	5,256	17,081
Waller Flower Seed	2,968	9,645
Coastal Valley Packing	2,313	7,517
Lupe Alvarez	2,147	6,977
P&M Properties	2,080	6,759
Far Western Tavern	1,664	5,407
Simplot Soil Builders	1,332	4,328
Southern Pacific Co.	1,280	4,159
Playa, Inc.	<u>855</u>	<u>2,778</u>
TOTAL	40,174	\$130,559

These ten customers accounted for approximately 16% of water service revenues for the year ended June 30, 1998.

## 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:

Meter Size	Connection Charge
¾"	\$1,316.75
1"	1,481.25
1 ½"	1,975.00
2"	3,950.25
3"	5,267.00
4"	7,352.75
6"	12,838.50

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

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<sup>9</sup> Hundred Cubic Feet



## FISCAL YEAR 1998 OPERATING RESULTS

The following table is a summary of operating results of the water system of the City for Fiscal Year 1997/98. These results have been estimated by the City, but exclude certain non-cash items and include certain other adjustments. This table has not been audited by the City's auditor.

### CITY OF GUADALUPE

<u>REVENUES</u> <sup>(1)</sup>	<u>June 30, 1998</u>
M&I Sales	\$ 781,376
Connection Fees	17,563
Interest Income	-
Other Revenues <sup>(1)</sup>	46,529
<b>TOTAL REVENUES:</b>	<u>845,468</u>
<u>OPERATING EXPENSES</u>	
Salaries and Benefits	60,000
Operations and Maintenance <sup>(2)</sup>	130,000
<b>TOTAL OPERATING EXPENSES:</b>	<u>190,000</u>
NET REVENUES	655,468
Rate Coverage Reserve Fund Deposit	18,389
Adjusted Net Revenues	<u>673,857</u>
State Water Payments <sup>(3)</sup>	491,491
Total Contract Payments	<u>491,491</u>
Coverage Ratio:	<i>1.37</i>
Available for Capital improvements and other purposes	\$ 163,977

<sup>(1)</sup> Includes stand-by/availability charges.

<sup>(2)</sup> Exclusive of depreciation. Includes lease-purchase payments.

<sup>(3)</sup> State water payments represent payments made for FY 1997/98. On June 1, 1998, the City prepaid an additional \$523,991 for FY 1998/99 fixed costs. If this additional payment is included in the State water payments, the City's coverage ratio for the year is 0.66.

Source: City of Guadalupe

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**LA CUMBRE MUTUAL WATER COMPANY**

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

**HISTORIC WATER CONNECTIONS AND SALES REVENUES**

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

*Historic Water Connections and Sales Revenues*

Fiscal Year Ending	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>
<u>December 31</u>										
1993	1,358	98	25	2	1,383	\$996,749	96	\$46,782	4	\$1,043,531
1994	1,362	98	26	2	1,388	1,057,518	95	57,729	5	1,115,247
1995	1,363	98	28	2	1,391	1,129,302	95	58,742	5	1,188,044
1996	1,361	98	30	2	1,391	1,422,894	95	69,653	5	1,492,547
1997	1,398	98	27	2	1,425	1,883,002	95	97,611	5	1,980,613

The actual 1997 sales revenues are approximately 27% higher than the projections in December 1996 primarily due to higher water demand (projected 1350 AF. compared to actual 1,633 AF).

**HISTORIC WATER DELIVERIES**

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

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

Fiscal Year Ending Dec. 31	Domestic Deliveries	Agricultural Deliveries	Total
1993	1,196	80	1,276
1994	1,239	95	1,334
1995	1,151	87	1,238
1996	1,291	84	1,375
1997	1,512	121	1,633

The actual water deliveries for 1997 are 21% higher than the December 1996 projections (1,350 AF) due to a higher demand for water during the year.

## LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the Company's water system as of December 31, 1997, as determined by the amount of their respective annual payments.

Customer	Water Usage (HCF)	Annual Payment
La Cumbre Golf and County Club	24,150	\$56,739
ELK Trust	17,073	\$46,166
Barney Klinger	19,059	\$42,515
Laguna Blanca School	10,917	\$24,966
Aaron Kotler	8,406	\$24,284
Stephen Redding	7,103	\$19,357
Carriage Hill Association	5,335	\$16,278
William Foley	5,181	\$12,967
Christopher Conway	3,619	\$10,190
Godwin Pelissero	<u>5,092</u>	<u>\$ 9,893</u>
TOTAL	105,935	\$263,355

These ten customers account for approximately 13% of all water service revenues in fiscal year 1997. This is the same percentage as last year.

## WATER SYSTEM RATES AND CHARGES

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

	PRIOR	CURRENT (effective Oct. 6, 1997)
Residential and Commercial	\$2.65/HCF	\$2.40/HCF
Schools and Golf Courses	\$2.15/HCF	\$2.15/HCF
Agricultural	\$2.65 for first 90 HCF per bi-monthly billing and \$1.48 for excess	\$2.40 for first 90 HCF per bi-monthly billing and \$1.65 for excess

<u>Item</u>	<u>PRIOR</u> Bi-Monthly Charge	<u>CURRENT (effective Oct. 6, 1997)</u> Bi-Monthly Charge
"A" less than 50 HCF/Year *	NA	\$8.33
"B" less than 50 HCF/Year *	NA	\$16.67
3/4" meter	\$8.75	\$25.00
1" meter	\$14.00	\$41.67
1 1/2" meter	\$24.50	\$83.33
2" meter	\$31.50	\$133.33
Over 2" meter	\$42.00	\$250.00
Fire Sprinkler System	\$17.50	\$17.50
Private Fire Hydrant	\$17.50	\$17.50

\* This special bi-monthly charge is for 3/4" services that used less than the noted HCF for the previous year beginning the first Monday in October.

Item	PRIOR Connection Charge	CURRENT (effective March 18, 1997) Connection Charge
3/4" meter	\$ 1,500	\$ 4,200
1" meter	2,000	7,000
1½" meter	2,500	14,000
2" meter	3,000	22,000
3" meter	NA	42,000
4" meter	NA	70,000
Over 2" meter	\$1,000 + material & labor	NA
Fire Sprinkler System	\$1,000 + material & labor	\$1,000 + material & labor
Private Fire Hydrant	\$500 + material & labor	\$500 + material & labor

Item	PRIOR	CURRENT (effective Oct. 6, 1997)
Land Charges	NA	\$10 per acre per bi-monthly period

Water service charges were adjusted in 1997 to produce more fixed income. Bi-monthly meter service charges were increased an average of 300%. To offset this large increase in fixed fees, the basic water rate was decreased approximately 9%. The increased fixed income is intended to balance the state water fixed expenses.

Service connection charges were also adjusted in 1997 to reflect the capital costs of State water. These were increased an average of 300%.

## FISCAL YEAR 1997 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, 1997. These results have been derived from the Company's financial statements but exclude certain non-cash items and include certain other adjustments. The table has not been audited by the Company's auditor.

### LA CUMBRE MUTUAL WATER COMPANY

<u>REVENUES</u>	<u>Dec. 31, 1997</u>
Water Sales	\$ 1,817,367
Meter Charges	175,473
Land Charges	28,547
Connection Fees	16,800
Other Income	6,797
Rental income	80,767
Interest Income	83,862
<b>TOTAL REVENUES:</b>	<u>2,209,613</u>
<b>OPERATING EXPENSES</b>	
Water Source	292,526
Water Treatment	17,521
Transmission & Distribution	63,060
Admin. & General	272,187
Conservation	1,391
Taxes	45,678
Miscellaneous	23,495
<b>TOTAL OPERATING EXPENSES:</b>	<u>715,858</u>
NET REVENUES	1,493,755
Rate Coverage Reserve Fund Deposit	308,434
Adjusted Net Revenues	1,802,189
State Water Payments (1997)	945,128
Total Contract Payments	<u>945,128</u>
Coverage Ratio:	<i>1.91</i>
Available for Capital improvements and other purposes	\$ 548,627

Source: LaCumbre Mutual Water Co.

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**MONTECITO WATER DISTRICT**

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The information set forth below has been provided by the Montecito Water District (the "District"). The Central Coast Water Authority (the "Authority") makes no representations or warranties as to the accuracy or completeness of any of the information set forth below. All tables include Summerland Water District information for the years 1994 and 1995.

**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 Revenue			
	Domestic	%	Agricultural	%	Domestic	%	Agricultural	
1994	3,997	98	80	2	\$4,031,115	95	\$206,700	5
1995	4,061	99	73	1	4,138,867	94	245,828	6
1996	4,049	98	69	2	4,366,068	94	261,687	6
1997	4,133	98	66	2	5,019,892	95	262,502	5
1998	4,174	99	64	1	4,367,044	94	266,237	6

The total actual connections for FY 1997/98 are greater than projected in the December 1996 projections by six connections. However, the domestic and agricultural meters were not in the same proportion as those projected. Domestic sales revenues for FY 1997/98 are approximately 29.3% below the December 1996 projections while agricultural sales revenues are approximately 7.0% above the December 1996 projections.

The difference between the domestic sales revenues and the December 1996 projections is due to lower water sales for the residential and recreational water categories. It should be noted that 1997/98 was a record rainfall year in the District's 78 year history.

**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 and Water Production<sup>10</sup>  
(In acre-feet per year)*

<i>Fiscal Year Ending June 30</i>	<i>Agricultural</i>	<i>Deliveries Domestic</i>	<i>Total</i>
1994	289	3,524	3,813
1995	331	3,627	3,958
1996	455	3,914	4,369
1997	472	4,502	4,974
1998	472	3,838	4,310

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<sup>10</sup> Total production exceeds total deliveries due to general system losses and water owed to the City of Santa Barbara; the District expects to rehabilitate its water system through its capital improvement program.

Actual water deliveries for FY 1997/98 are approximately 26% lower than the December 1996 projections due to lower water sales for the domestic water category. Please note that 1997/98 was a record rainfall year.

<i>Fiscal Year Ending June 30</i>	<i>Production Sources<sup>11</sup> (In acre-feet per year)</i>				<i>Total</i>
	<i>Groundwater</i>	<i>Cachuma Project</i>	<i>Other<sup>12</sup> Sources</i>	<i>Desalinated Water</i>	
1994	116	1,880	2,116	0	4,112
1995	101	1,990	2,259	0	4,350
1996	126	1,937	2,455	0	4,518
1997	143	2,652	2,588	0	5,383
1998	129	2,313	2,346	0	4,788

### LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the District's water system for fiscal year 1998, as determined by the amount of their respective annual payments.

<i>Customer</i>	<i>Water Usage<sup>13</sup></i>	<i>Annual Payment</i>
Four Seasons Hotel	38,838	\$184,638
Birnam Wood Golf Club	60,025	107,046
Westmont College	32,354	85,059
Gawzner Corporation (Miramar Hotel)	14,050	59,286
Valley Club of Montecito	34,272	57,167
Casa Dorinda	18,242	54,661
Alisos Ranch	40,178	50,981
Jackson Ranch	34,467	46,002
Popayan Ranch	27,728	37,997
Santa Barbara Cemetary Assn	<u>11,640</u>	<u>32,041</u>
	311,794	\$714,878

These ten customers accounted for approximately 15% of water service revenues in fiscal year 1998.

<sup>11</sup> Total production exceeds total deliveries due to general system losses and water owed to the City of Santa Barbara; the District expects to rehabilitate its water system through its capital improvement program.

<sup>12</sup> Other sources include water from Jameson Lake and Fox and Alder Creeks as well as infiltration water from Doulton tunnel.

<sup>13</sup> Hundred cubic feet

## 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, 1998 as well as the water rates and charges as of January 1, 1999 is set forth below:

*As of June 30, 1998*

Meter Size	Meter Charge	Meter Size	Meter Charge
5/8" x 3/4"	\$14.80	2"	\$60.40
3/4"	14.80	3"	135.80
1"	22.70	4"	226.30
1-1/2"	33.90	6"	377.20

*As of January 1, 1999*

Meter Size	Meter Charge	Meter Size	Meter Charge
5/8" x 3/4"	\$17.00	2"	\$90.70
3/4"	17.00	3"	204.00
1"	28.30	4"	340.00
1-1/2"	51.00	6"	566.70

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

*As of June 30, 1998*

Commercial.....	\$4.25 per hcf <sup>14</sup>
Domestic.....	2.70 per hcf
Schools.....	2.50 per hcf
Recreational <sup>15</sup> .....	1.53 per hcf
Agricultural <sup>13</sup> .....	1.22 per hcf
East Valley Non-Potable.....	1.22 per hcf

*As of January 1, 1999*

Commercial.....	\$4.25 per hcf
Domestic.....	2.84 per hcf
Schools.....	2.63 per hcf
Recreational <sup>13</sup> .....	1.61 per hcf
Agricultural <sup>13</sup> .....	1.29 per hcf
East Valley Non-Potable.....	1.29 per hcf

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<sup>14</sup> Hundred cubic feet

<sup>15</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. (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, 1998 follows and the increase of fees effective September 15, 1998:

*As of June 30, 1998*

<u>Meter Size</u>	<u>Connection Fee</u>	<u>Capital Cost Recovery Fee</u>
3/4"	\$1,125.00	\$3,442.00
1"	1,180.00	5,736.00
1-1/2"	1,740.00	10,326.00
2"	1,945.00	18,357.00

*As of September 15, 1998*

<u>Meter Size</u>	<u>Connection Fee</u>	<u>Capital Cost Recovery Fee</u>
3/4"	\$1,125.00	\$4,566.00
1"	1,180.00	7,609.00
1-1/2"	1,740.00	13,697.00
2"	1,945.00	24,350.00

## FISCAL YEAR 1998 OPERATING RESULTS

The following table is a summary of operating results of the water system of the District for Fiscal Year 1997/98. These results have been derived from the District's financial statements and exclude certain non-cash items and include certain other adjustments. The table has not been audited by the District's auditors.

### MONTECITO WATER DISTRICT

<u>REVENUES</u> <sup>(1)</sup>	<u>June 30, 1998</u>
Water Sales	\$ 4,633,281
Water Service Charges	1,063,244
Fire hydrant rentals	8,511
Connection fees	61,633
Capital cost recovery fees	177,604
Water availability charge	299,788
Gain on sale of fixed assets	584,401
Interest Income	275,747
Other Income	65,435
<b>TOTAL REVENUES:</b>	<b>7,169,644</b>
<u>OPERATING EXPENSES</u>	
Water Purchased	355,464
Pumping	104,423
Water Treatment	446,480
General & Administrative	1,167,741
Operations & Maintenance	669,233
<b>TOTAL OPERATING EXPENSES:</b>	<b>2,743,341</b>
NET REVENUES	4,426,303
Rate Coverage Reserve Fund Deposit	767,671
Adjusted Net Revenues	5,193,974
State Water Payments <sup>(3)</sup>	2,706,621
Total Contract Payments	2,706,621
Coverage Ratio:	<i>1.92</i>
Other Debt Service <sup>(2)</sup>	545,484
Available for Capital improvements and other purposes	\$ 1,174,198

(1) Excludes taxes and assessments.

(2) Inclusive of the Cachuma Project Authority Bonds and the Department of Water Resources loan of December 1993.

(3) State water payments represent payments made for FY 1997/98. On June 1, 1998, the District prepaid an additional \$3,930,711 for FY 98/99 fixed costs. If this additional payment is included in the State water payments, the District's coverage ratio for the year is 0.78.

Source: Montecito Water District

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**CITY OF SANTA BARBARA**

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

**HISTORIC WATER CONNECTIONS AND SALES REVENUES**

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

*Historic Water Connections and Sales Revenues*

Fiscal Year Ending June 30	Connections		Sales Revenues	
	Dom.	%	Dom.	%
	1994	24,653	100	\$15,841,991
1995	24,631	100	16,807,644	100
1996	24,702	100	17,979,681	100
1997	24,971	100	19,338,989	100
1998	25,076	100	18,220,227	100

Actual sales revenues for FY 1997/98 are lower than had been projected due to the record high level of rainfall.

**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
1994	11,438
1995	12,337
1996	13,055
1997	13,916
1998	13,124

Urban water deliveries for FY 1997/98 reflect the record high level of rainfall during this period.

## LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the City's water system as of June 30, 1998, as determined by the amount of their respective annual payments.

Customer	Water Usage <sup>16</sup>	Annual Payments
S.B. Cottage Hospital	41,858	\$163,177
Fess Parker's Red Lion Inn	29,122	112,204
S.B. Municipal Golf Course	64,463	90,371
Montecito Country Club	49,824	73,212
S.B. Cottage Hospital	17,780	67,880
S.B. Zoo	14,670	55,646
AMB Inst. Realty ADV	10,424	42,440
St. Francis Hospital	11,230	42,389
Mission Linen Supply	9,476	35,834
St. Francis Hospital	<u>8,997</u>	<u>34,119</u>
TOTAL	257,844	\$717,272

These ten customers accounted for approximately 4.9% of the annual water consumption for Fiscal Year 1997/98.

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<sup>16</sup> Hundred Cubic Feet

## WATER SYSTEM RATES AND CHARGES

Customer Class	Water Service Rates
Single Family Residential	First 4 HCF @ \$2.10 Next 16 HCF @ \$3.50 All other @ \$3.70
Multi-Family Residential 1-4 dwelling units	First 4 HCF per dwelling unit @ \$2.10 Next 8 HCF per dwelling unit @ \$3.50 All other @ \$3.70
Multi-Family Residential 5+ dwelling units	First 4 HCF per dwelling unit @ \$2.10 Next 8 HCF per dwelling unit @ \$3.50 All other @ \$3.70
Commercial	100% of base allotment <sup>17</sup> @ \$3.50 per HCF; All other @ \$3.70
Industrial	100% of base allotment <sup>16</sup> @ \$3.50 per HCF; All other @ \$3.70
Irrigation - Residential	Billed as if used through associated residential meter, OR annual allotment of 654 HCF/acre @ \$3.50; all other @ \$3.70
Irrigation - Recreation/Parks/Schools	Annual allotment of 1,404 HCF/acre @\$1.65 Next 240 HCF/acre/year @ \$3.50 All other @ \$3.70
Irrigation - Commercial	100% of base allotment <sup>16</sup> @ \$3.50 per HCF; All other @ \$3.70
Irrigation - Agriculture	Annual allotment of 870 HCF/acre @\$1.32 Next 240 HCF/acre/year @ \$3.50 All other @ \$3.70
Recycled Water	All usage @ \$1.32/HCF
Outside City Limits	130% of corresponding in-City rates

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

Meter Size	Monthly Service Charge
5/8"	\$ 5.50
3/4"	5.50
1"	13.75
1 1/2"	27.50
2"	44.00
3"	88.00
4"	137.50
6"	275.00
8"	440.00
10"	632.50

### *Connection Charges*

	5/8" Meter	1" Meter
Connection Charges on 1" Service:	\$1,485	\$1,535
Buy-in Fee (per residence or residence equivalent)	900	900
	\$2,385	\$2,435

<sup>17</sup> Base allotment = average monthly consumption during most recent January - June period.

## FISCAL YEAR 1998 OPERATING RESULTS

The following table is a summary of operating results of the water system of the City for Fiscal Year 1997/98. These results have been derived from the City's financial statements and exclude certain non-cash items and include certain other adjustments. The table has not been audited by the City's auditor.

### CITY OF SANTA BARBARA

<u>REVENUES</u>	<u>June 30, 1998</u>
M&I Sales	\$ 18,220,277
New Service	243,476
Desal Sales	-
Utility Users Tax	491,022
JPA Reimbursement	991,498
Interest Income	1,352,913
Other Revenues	363,635
<b>TOTAL REVENUES:</b>	<u>21,662,821</u>
<u>OPERATING EXPENSES</u>	
Salaries & Benefits	3,884,909
Materials & Supplies	5,903,509
Interest Expense <sup>(1)</sup>	178,690
Other	94,445
<b>TOTAL OPERATING EXPENSES:</b>	<u>10,061,553</u>
<b>NET REVENUES</b>	<b>11,601,268</b>
State Water Payments <sup>(3)</sup>	3,625,606
Parity Debt Service <sup>(2)</sup>	2,394,212
<b>Total Contract Payments</b>	<u>6,019,818</u>
Coverage Ratio:	<b>1.93</b>
Other Debt Service (Ionics)	\$ 1,234,600
Available for Capital improvements and other purposes	\$ 4,346,850

<sup>(1)</sup> Includes 1988 and 1991 DWR Water Reclamation Loans and a Goleta Water District obligation.

<sup>(2)</sup> Represents debt service on the 1994 Water Revenue Refunding Bonds and the 1992 Water 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.

<sup>(3)</sup> State water payments represent payments made for FY 1997/98. On June 1, 1998, the City prepaid an additional \$3,938,036 for FY 98/99 fixed costs. If this additional payment is included in the State water payments, the City's coverage ratio for the year is 1.14.

Source: City of Santa Barbara

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**CITY OF SANTA MARIA**

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

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

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

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

Fiscal Year Ending June 30	Connections <sup>18</sup>	Water Sales Revenues <sup>18</sup>	Wastewater Service Revenues <sup>18</sup>
1994	15,655	7,475,162	1,850,859
1995	15,864	6,899,319	2,341,614
1996	16,006	8,797,200	2,553,539
1997	16,198	10,671,207	2,687,787
1998	16,406	11,577,701	3,000,771

The City's water sales revenues for the fiscal year ended June 30, 1998 are approximately 32% below the 1996 projections due to lower than anticipated population growth, greater conservation efforts, and El Nino.

**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 11,003 acre-feet in fiscal year 1998 to a high of approximately 12,999 acre-feet in fiscal year 1996. 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>19</sup>
1994	12,124
1995	11,750
1996	12,999
1997	12,876
1998	11,003

The City's water deliveries for the fiscal year ended June 30, 1998 are approximately 37% below the 1996 projections due to lower than anticipated population growth, greater conservation efforts, and El Nino.

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<sup>18</sup> All domestic.

<sup>19</sup> All deliveries are from groundwater pumped from the City's eight wells.

## LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the City's water system as of June 30, 1998 as determined by the amount of their respective annual payments.

### *Largest Water Customers*

Customer <sup>20</sup>	Water Usage <sup>21</sup>	Annual Payments
City of Santa Maria	110,796	\$ 262,868
Santa Maria Elementary Schools	62,284	154,716
Casa Grande Mobile Homes	13,356	178,753
Allan Hancock College	8,267	110,108
R. I. Management	5,463	73,272
Pictsweet Frozen Foods	5,367	73,620
Marian Hospital	5,241	90,678
Mission Linen	3,577	47,793
El Capitan Mobile Homes	2,621	35,498
Simplot	<u>2,542</u>	<u>44,457</u>
TOTAL	219,514	\$1,071,763

The ten largest water customers accounted for approximately 21.8% of water service by volume in fiscal year 1998.

The following table sets forth the ten largest customers of the City's wastewater system as of June 30, 1998 as determined by the amount of their respective annual payments.

### *Largest Wastewater Customers as of June 30, 1998*

Customer <sup>20</sup>	Wastewater Usage <sup>21</sup>	Annual Payments
J. R. Simplot	284,962	\$ 187,741
Pictsweet Frozen Foods	32,203	25,540
Casa Grande Mobile Homes	31,532	21,888
Mission Linen Supply	30,557	27,740
El Capitan Trailer Park	15,728	8,755
Babe Farms	12,575	13,833
Okonite Company	10,640	5,823
Allan Hancock College	10,327	8,158
Santa Maria Elementary School District	9,856	7,786
Fresh King	<u>9,607</u>	<u>10,568</u>
TOTAL	447,987	\$317,832

The ten largest wastewater customers accounted for approximately 15% of wastewater service by volume in fiscal year 1998.

<sup>20</sup> Some food processors use private well water for their operations and therefore do not appear as largest water customers but have wastewater treated by the City and are among the largest wastewater customers.

<sup>21</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. The 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 is set forth below:

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

Meter Size	Inside City
¾"	\$ 27.50
1"	43.10
1 ¼"	51.15
1 ½"	68.15
2"	94.25
3"	204.55
4"	341.00
6"	852.55

### *Capacity Charge*

1 – 1000 cubic feet	\$ 1.498 per 100 cubic feet
1001 – 2000 cubic feet	1.777 per 100 cubic feet
2001 – 3000 cubic feet	2.077 per 100 cubic feet
Above 3001 cubic feet	2.365 per 100 cubic feet

Wastewater Treatment Charges. A schedule of the City's current bi-monthly wastewater treatment rates and charges is set forth below:

### *Bi-Monthly Wastewater Rates*

Single Family Residence	\$ 14.18
Multiple Apartments:	
2 Rooms or Less	10.00
3 + Rooms	10.90
Mobile Homes (number of spaces)	10.00
Motel/Hotel (per unit)	7.00

### *Per 100 cubic feet*

Office Buildings	.83
Restaurants	1.99
Commercial	1.20
Food Processing	1.16
Machinery	.96
Miscellaneous	.96

## FISCAL YEAR 1998 OPERATING RESULTS

The following table is a summary of operating results of the water and wastewater system of the City for Fiscal Year 1997-98. These results have been derived from the City's financial statements and exclude certain non-cash items and include certain other adjustments. The table has not been audited by the City's auditor.

### CITY OF SANTA MARIA

<u>REVENUES</u>	<u>June 30, 1998</u>
Water & Wastewater Fees & Charges	\$ 14,578,472
Other Revenues	2,793,753
Interest Income	1,155,510
<b>TOTAL REVENUES:</b>	<u>18,527,735</u>
<u>OPERATING EXPENSES</u>	
Salaries, Wages & Benefits	1,740,104
Materials & Supplies	626,685
Equipment Maintenance and Operation	208,749
Contracts & Services	1,776,781
Bad Debts	192,010
<b>TOTAL OPERATING EXPENSES:</b>	<u>4,544,329</u>
NET REVENUES	13,983,406
Rate Coverage Fund Deposit	2,862,780
<b>TOTAL NET REVENUES</b>	<u>16,846,186</u>
State Water Payments <sup>(2)</sup>	<u>11,789,392</u>
Total Contract Payments	<u>11,789,392</u>
Coverage Ratio:	<i>1.43</i>
Other Debt Service <sup>(1)</sup>	\$ 1,795,499
Available for Capital improvements and other purposes	\$ 398,515

<sup>(1)</sup> Payments with respect to the City's 1993 Certificates of Participation, which financed improvements to the water system and refinanced other City indebtedness and interest expense on internal loans. Payments shown represent amounts paid from water revenues.

<sup>(2)</sup> State water payments represent payments made for FY 1997/98. On June 1, 1998 the City prepaid an additional \$11,498,832 for FY 1998/99 fixed costs. If this additional payment is included in the State water payments, the City's coverage ratio for the year is 0.72.

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					
	Dom.	%	Ag.	%	Dom.	%	Ag.	%	Solvang	%
1994	2,050	95	110	5	\$1,074,262	70	\$238,028	16	\$212,516	14
1995	2,055	95	108	5	1,176,436	72	231,224	14	225,910	14
1996	2,067	96	90	4	1,415,013	75	310,121	17	149,447	8
1997	2,083	95	100	5	1,679,873	77	399,457	18	114,860	5
1998	2,131	96	89	4	1,957,483	82	352,100	15	60,675	3

The actual FY 1997/98 domestic sales revenues are approximately 13% lower than the December 1996 projections due to record rainfall during February's "El Nino '98" storms.

**HISTORIC WATER DELIVERIES**

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

Fiscal Year Ending June 30	<i>Historic Water Deliveries</i> (in acre feet)			
	Ag. Deliveries	Domestic	Solvang	Total
1994	1,953	2,836	961	5,750
1995	1,816	2,689	881	5,386
1996	2,464	3,079	436	5,979
1997	2,896	3,362	247	6,505
1998	1,925	2,522	95	4,542

The FY 1997/98 actual water deliveries are about 17% lower than the December 1996 projections due to record rainfall during February's "El Nino '98" storms.

## LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the City's water system as of June 30, 1998, as determined by the amount of their respective annual payments.

Customer	Water Usage <sup>22</sup>	Annual Payments
City of Solvang	95	\$ 60,675
Ramirez Brothers	482	53,185
Gainey Ranch/Vineyard	222	34,421
Rancho Marcelino Water Company	61	32,103
Dunn School	60	23,146
Lupin Hill Farm	119	22,914
Indian Ditch Ranch	46	14,421
Douglas Herthel	74	12,870
Bautista Produce	115	11,666
S.Y. Valley Union High School	40	11,499
TOTAL	1,314	\$276,900

These ten customers accounted for approximately 14% of the water service revenues for Fiscal Year 1997/98.

## WATER SYSTEM RATES AND CHARGES

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

<i>Monthly Meter Charge</i>		
Meter Size	Domestic/Limited Agricultural	Agricultural
5/8" - 3/4"	\$ 14.00	
3/4"	16.80	
1"	28.10	
1 1/2"	56.00	\$ 34.00
2"	89.00	52.00
3"	179.00	105.00
4"	252.00	146.00
6"	560.00	326.00
8"	895.00	

Consumption Charge:

Domestic	Rural Residential / Limited Agricultural	Agriculture
\$1.19 per HCF	1 <sup>st</sup> 70: \$1.19 per HCF Over 70: \$0.31 per HCF	\$0.23 per HCF
Temporary Rate \$1.79 per HCF	(Connection Fee \$50.00; minimum chg: \$25.00)	Cachuma Park & City of Solvang \$1.19 per HCF

<sup>22</sup> Acre Feet

Connection Charges. The following prices include Capital Facilities Charges:

*Connection Charge*

<u>Meter Size</u>	<u>Meter Only</u>	<u>Service and Meter</u>
5/8" - 3/4"	\$ 2,184.00	\$2,904 (3/4" service)
3/4"	\$ 2,626.00	\$3,341 (3/4" service)
3/4"		\$3,371 (1" service)
1"	\$4,343.00	\$5,073 (1" service)
(2) 5/8" - 3/4"		\$5,098 (1" dbl. svc)
1 1/2"	\$ 8,636.00	\$9,441 (2" service)
2"	\$13,738.00	\$14,538 (2" service)
3"	\$27,300.00	* see below

Fire service connection fee: \$320 per inch of diameter of service size.

Capital Facilities Charge on Larger Services:

<u>METER SIZE</u>	<u>CHARGE</u>	
3"	\$26,675.00	+ Serv. & meter costs
4"	\$37,512.00	+ Serv. & meter costs
6"	\$83,360.00	+ Serv. & meter costs
8"	\$133,376.00	+ 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 1998 OPERATING RESULTS

The following table is a summary of operating results of the water system of the District for Fiscal Year 1997/98. 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

<u>REVENUES</u>	June 30, 1998
M&I Water Sales	\$ 1,957,483
Ag. Water Sales	352,100
Water Sales to City of Solvang	60,675
SWP Revenue from City of Solvang <sup>(1)</sup>	3,524,993
Connection Fees	178,963
Special Assessments <sup>(2)</sup>	791,437
Other Fees & Income	86,891
Interest Income	502,005
<b>TOTAL REVENUES:</b>	<b>7,454,547</b>
<b>OPERATING EXPENSES</b>	
Water Purchased	156,519
Pumping	303,851
Water Treatment	40,220
Transmission & Distribution	338,749
Litigation Fees	432,608
Administration & General	721,686
<b>TOTAL OPERATING EXPENSES:</b>	<b>1,993,633</b>
<b>NET REVENUES</b>	5,460,914
Rate Coverage Reserve Fund Deposit	246,045
<b>Adjusted Net Revenues</b>	<b>5,706,959</b>
State Water Payments (Includes Solvang) <sup>(4)</sup>	2,669,473
<b>Total Contract Payments</b>	<b>2,669,473</b>
Coverage Ratio:	<b>2.14</b>
Other Debt Service <sup>(3)</sup>	\$ 440,466
Available for Capital improvements and other purposes	\$ 2,350,975

<sup>(1)</sup> The City of Solvang did not pay the full payment due to the District for FY 1996/97 due to the contract litigation. The amount shown as SWP Revenue from the City of Solvang represents the actual cash payments made by the City of Solvang to the District during FY 1997/98.

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

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

<sup>(4)</sup> State water payments represents payments made for FY 1997/98. On June 1, 1998, the District prepaid FY 98/99 fixed costs. If this additional payment is included in the State water payments, the District's coverage ratio for the year is 1.02.

Source: Santa Ynez Improvement District #1

**TRUSTEES:**

DIVISION 1 — LOS OLIVOS

**Harlan J. Burchardi**

DIVISION 2 — SOLVANG

**Charles Clarke**

DIVISION 3 — SOLVANG

**Jack Nedegaard**

DIVISION 4 — SANTA YNEZ

**Ronald Cline**

TRUSTEE-AT-LARGE

**Matthew Loudon**

RECEIVED

C.C.W.A.

**CHRIS DAHLSTROM**  
Manager/Secretary

**SANTA YNEZ RIVER  
WATER CONSERVATION DISTRICT**

JAN 15 1999

**STANLEY C. HATCH**  
General Counsel

IMPROVEMENT DISTRICT NO. 1

P.O. BOX 157 • 3622 SAGUNTO STREET  
SANTA YNEZ, CALIFORNIA 93460

TEL: (805) 688-6015 • FAX: (805) 688-3078

BUELLTON, CA.

January 13, 1999

Ray Stokes, Controller and Treasurer  
**Central Coast Water Authority**  
255 Industrial Way  
Buellton, CA 93427-9565

(VIA FACSIMILE)

RE: Continuing Disclosure Obligation

Dear Mr. Stokes:

This letter responds to your request of January 11, 1999 to the Improvement District's counsel requesting a report on the status of the District's dispute with the City of Solvang concerning compliance with the rate covenant.

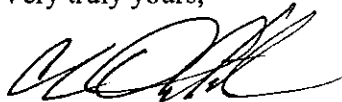
The District previously informed CCWA that it had notified the City of Solvang in February, 1998, that it was in violation of the rate covenant found in the agreement between the Improvement District and the City of Solvang. The letter from the District to the City of Solvang stated that the City had thirty (30) days to cure the violation, or it would ripen into a breach.

The City did not cure the violation, and the District informed the City that it was in breach of the agreement. Between February and October, 1998, the City and the District engaged in settlement discussions concerning this issue and the pending litigation between them. The settlement discussions did not produce an agreement and, hence, the District is faced with the issue of enforcing the provisions of the rate covenant.

In November, 1998, the District informed the City that it was proceeding with enforcement of the agreement by means of binding arbitration. The District and the City are in the process of selecting an arbitrator and agreeing on the procedures to be followed.

I trust that this report is adequate for your present purposes.

Very truly yours,



Chris Dahlstrom  
General Manager

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CITY OF SOLVANG

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

HISTORIC WATER CONNECTIONS AND SALES REVENUES

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

*Historic Water Connections and Sales Revenues*

Fiscal Year Ending June 30,	Connections	Sales Revenues	Water Deliveries (acre-feet per year)
1994	1,778	\$942,899	1,807
1995	1,810	1,246,985	1,710
1996	1,821	1,459,267	1,611
1997	1,836	1,942,808	1,556
1998	1,854	1,764,735	1,275

LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the City's water system as of June 30, 1998, as determined by the amount of their respective annual payments.

*Largest Customers as of June 30, 1997*

Customer	Water Usage <sup>23</sup>	Annual Payments
Alisal Guest Ranch	22,264	\$ 51,655
Rancho Santa Ynez Mobile Estate	23,217	51,634
Royal Scandinavian Inn	6,886	25,031
Lutheran Home	7,606	23,199
Alisal Oak Apartments	5,132	19,053
Solvang School	6,353	14,812
Alisal Golf Courses	3,634	14,533
Oak Park Apartments	5,119	14,023
Danish Country Inn	4,354	13,739
Quality Inn	<u>4,280</u>	<u>12,218</u>
TOTAL	88,845	\$ 239,897

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<sup>23</sup> Hundred Cubic Feet



## WATER SYSTEM RATES AND CHARGES

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

Meter Size	Inside City	Outside City
5/8"	\$ 20.02	\$ 30.00
3/4"	21.27	31.88
1"	23.77	35.63
1 1/2"	30.02	45.00
2"	37.52	56.85
3"	57.52	86.25
4"	73.77	110.63
6"	142.52	213.75

Source: City of Solvang

### *Quantity Charges*

Inside City	Outside City <sup>24</sup>
\$1.75/ccf	\$2.625/ccf

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<sup>24</sup> The City has approximately eleven customers which receive the City's surplus water at a rate of 1½ times the standard rate.

## FISCAL YEAR 1998 OPERATING RESULTS

The following table is a summary of operating results of the water system of the City for fiscal year 1997/98. These results have been derived from the City's financial statements but exclude certain non-cash items and include certain other adjustments. The table has not been audited by the City's auditor.

### CITY OF SOLVANG

<u>REVENUES</u>	<u>June 30, 1998</u>
Water Sales	\$ 1,780,689
Other Fees & Income	337
Interest Income	116,765
<b>TOTAL REVENUES:</b>	<u>1,897,791</u>
<u>OPERATING EXPENSES</u>	
Operating Expenses <sup>(1)</sup>	523,020
Interest Expense	1,817
<b>TOTAL OPERATING EXPENSES:</b>	<u>524,837</u>
NET REVENUES	1,372,954
State Water Payments <sup>(2)</sup>	<u>1,682,460</u>
Total Contract Payments	<u>1,682,460</u>
Coverage Ratio:	0.82
Available for Capital improvements and other purposes	\$ (309,506)

<sup>(1)</sup> Operating expenses per City of Solvang audited financial statements exclusive of State Water Payments and depreciation expense.

<sup>(2)</sup> State water payments represents payments made for FY 1997/98. On June 1, 1998, the City prepaid an additional \$1,831,436 for FY 1998/99 fixed costs. If this additional payment is included in the State water payments, the City's coverage ratio for the year is 0.39.

Source: City of Solvang

SAN LUIS OBISPO COUNTY

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AVILA COMMUNITY SERVICES DISTRICT

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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
1994	155	\$75,693
1995	155	76,627
1996	156	93,209
1997	157	88,922 <sup>25</sup>
1998	157	91,035

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>26</sup>
1994	55
1995	54
1996	61
1997	54
1998	64

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<sup>25</sup> Excludes \$73,383 of water sales to Unocal.

<sup>26</sup> All Groundwater

## LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the District's water system as of June 30, 1997, as determined by the amount of their respective annual payments.

Customer	Water Usage <sup>27</sup>	Annual Payments
Villa Avila	194	\$ 6,705
Surfside	158	5,964
Custom House	85	3,498
Port	70	2,642
Beach Prop.	64	2,519
Beach Prop.	62	2,322
Dun Sailing	60	2,282
Mr. Ricks	43	1,819
Port	40	2,006
Laundrymat	<u>40</u>	<u>1,669</u>
TOTAL	816	\$31,426

These ten customers accounted for approximately 28.9% of water service revenues in fiscal year 1997/98.

## RATES AND CHARGES

	Domestic/ Residential	Commercial	Institutional
Consumption Charge <sup>28</sup>	\$17.00	\$17.00	\$17.00
Meter Charge	\$0.00	\$0.00	\$0.00
Connection Charge <sup>29</sup>	Varies	Varies	Varies
Immediate Availability Charge	\$0.00	\$0.00	\$0.00
Other Charges <sup>30</sup>	\$3.40	\$3.40	\$3.40

<sup>27</sup> Hundred Cubic Feet

<sup>28</sup> Minimum consumption charge

<sup>29</sup> Varies from \$2,211.30 to \$5,529.34 based on anticipated use for residential use for residential customers. Commercial charges based on \$7,897.50 per acre-foot and the anticipated use.

<sup>30</sup> All customers charged \$3.40 per cubic foot for consumption above 5 cubic feet.

## FISCAL YEAR 1998 OPERATING RESULTS

The following table is a summary of operating results of the water system of the District for fiscal year 1997/98. These results have been derived from the District's financial statements but exclude certain non-cash items and include certain other adjustments. The table has not been audited by the District's auditor.

### AVILA COMMUNITY SERVICES DISTRICT

*(Formerly Avila Beach County Water District)*

<u>REVENUES</u>	<u>June 30, 1998</u>
Water Sales	\$ 158,171
Water Sales to Unocal <sup>(1)</sup>	-
Assessments and Connections Fees	100
Interest	1,810
Other	110
<b>TOTAL REVENUES:</b>	<u>160,191</u>
<b>OPERATING EXPENSES</b>	
Lopez Water	29,853
Operations	7,088
General & Administration	43,033
<b>TOTAL OPERATING EXPENSES:</b>	<u>79,974</u>
NET REVENUES	80,217
Rate Coverage Reserve Fund Deposit	-
Adjusted Net Revenues	<u>80,217</u>
State Water Payments	<u>81,619</u>
Total Contract Payments	<u>81,619</u>
Coverage Ratio:	<b>.99</b>
Available for Capital improvements and other purposes	\$ (645)

<sup>(1)</sup> Water sales to Unocal agreement effective for fiscal years 1995/96 through 1999/00 included in water sales in the amount for \$81,619.

Source: Avila 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

February 17, 1999

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

Subject: Fiscal Year 1999/00 CCWA Coverage Ratio Calculations

Dear Mr. Stokes:

The Avila Beach Community Services District did not meet its FY 1997/98 CCWA coverage obligations as a sub-contractor of San Luis Obispo County as described in the Water Supply Agreement (the FY 1997/98 coverage ratio is 0.99 which is below the 1.25 required ratio) and it is estimated that the District will not meet its FY 1999/00 coverage ratio. In order to meet the required FY 1999/00 coverage ratio, the District is electing to participate in the CCWA Rate Coverage Reserve Fund.

FY 1997/98 consisted of extreme El Nino weather conditions which resulted in lower-than-normal water consumption/sales. The District feels that under normal weather conditions the coverage ratio would be at least 1.00. Therefore, the District is assuming a 1.00 coverage ratio in calculating the amount required for deposit for FY 1999/00.

Based on the FY 1997/98 State water payment amounts provided by your office, the District has calculated a deposit of \$20,400 (25% of \$81,618.72) is necessary to the CCWA Rate Coverage Reserve Fund for FY 1999/00. It is the District's understanding that this deposit must be submitted to CCWA prior to July 1, 1999, in order to act as a credit for FY 1999/00.

Finally, the District anticipates that it will meet its FY 1998/99 coverage ratio due to the debt service credit which will decrease the District's State water payment.

Please call me at 544-4011 if you have any questions or require any further information.

Sincerely,

John L. Wallace  
General Manager

**RECEIVED**  
C.C.W.A.

FEB 19 1999

BUELLTON, CA.

jep:245.01(14)ccwa.coverage.ltr.wpd

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CITY OF MORRO BAY

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

HISTORIC WATER CONNECTIONS AND SALES REVENUES

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

<u>Fiscal Year Ending June 30</u>	<u>Connections</u>	<u>Sales Revenues</u>
1994	4,749	\$1,854,168
1995	4,810	2,355,151
1996	4,825	3,437,371
1997	4,887	3,606,969
1998	4,949	3,599,977

The actual sales revenues for FY 1997/98 are approximately 4% lower than the December 1996 projections and are attributed to the El Niño rainfall.

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 June 30</u>	<u>Deliveries</u>
1994	1,432
1995	1,409
1996	1,475
1997	1,546
1998	1,402



## LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the City's water system as of June 30, 1998, as determined by the amount of their respective annual payments.

<u>Customer</u>	<u>Water Usage<sup>31</sup></u>	<u>Annual Payments</u>
City of Morro Bay	2,251,300	\$205,637
San Luis Unified School District	1,482,700	157,180
Mission Linen	733,300	78,222
Pacific Care	910,000	71,364
Inn at Morro Bay	590,500	62,154
Department of Parks and Recreation	684,200	61,744
Silver City Manor	373,700	34,949
Motel 6	435,100	34,372
Morro Dunes Trailer Park	270,900	28,366
Embarcadero Inn	<u>229,700</u>	<u>20,509</u>
TOTAL	7,961,400	\$754,497

These ten customers accounted for approximately 21% of water services revenues in fiscal year 1997/98.

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<sup>31</sup> Cubic Feet

## FISCAL YEAR 1998 OPERATING RESULTS

The following table is a summary of operating results of the water system of the City for fiscal year 1997/98. These results have been derived from the City's financial statements, but exclude certain non-cash items and include certain other adjustments. The table has not been audited by the City's auditor.

### CITY OF MORRO BAY

<u>REVENUES</u>	<u>June 30, 1998</u>
Water Sales	\$ 3,456,261
Connection Fees	9,145
Penalties & Reconnections	67,741
Miscellaneous	44,919
<b>TOTAL REVENUES:</b>	<u>3,578,066</u>
<u>OPERATING EXPENSES</u>	
Administrative & General	0
Finance	12,988
Maintenance	703,517
<b>TOTAL OPERATING EXPENSES:</b>	<u>716,505</u>
NET REVENUES	2,861,561
State Water Payments	<u>1,493,155</u>
Total Contract Payments	<u>2,191,845</u>
Coverage Ratio:	<b>1.92</b>
Other Debt Service	
Desalination Debt Service	<u>540,075</u>
Total Other Debt Service	<u>540,075</u>
Available for Capital improvements and other purposes	\$ 828,331

Source: City of Morro Bay

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OCEANO COMMUNITY SERVICES DISTRICT

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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
1994	1,778	\$633,020
1995	1,811	655,289
1996	1,817	758,775
1997	1,830	958,169
1998	1,848	1,057,473

The actual connections for FY 1997/98 are approximately 3% below the December 1996 projections. The actual sales revenues for FY 1997/98 are approximately 8% below the December 1996 projections as a result of heavy rainfall during the year.

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
1994	802
1995	767
1996	818
1997	828
1998	799

## LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the District's water system as of June 30, 1998, as determined by the amount of their respective annual payments.

Customer	Water Usage	Annual Payments
Rancho Del Arroyo Mobile Home Park	11,496	\$ 33,445
Sand and Surf (Transient RV Park)	8,476	27,661
Lucia Mar Unified School District	7,455	25,037
Oceano 1 Condo Home Owners Assoc.	7,653	21,647
Duna Vista Mobile Home Park	6,371	20,912
Porticos Mobile Home Park	5,966	17,119
PTI Inc.	4,532	16,026
State of California (Park Facility)	3,446	15,275
Casa Del Rey Mobile Home Park	2,737	9,541
Pleasant Hill Mobile Home Manor	<u>3,378</u>	<u>9,480</u>
TOTAL	61,510	\$196,143

These ten customers accounted for approximately 18.6% of water service revenues in fiscal year 1997/98.

## 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

*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 \$2.24/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 1998 OPERATING RESULTS

The following table is a summary of operating results of the water system of the District for FY 1997/98. These results have been derived from the District 's financial statements but exclude certain non-cash items and include certain other adjustments. The table has not been audited by the District 's auditor.

### OCEANO COMMUNITY SERVICES DISTRICT

<u>REVENUES</u>	<u>June 30, 1998</u>
Water Sales	\$ 1,051,450
Service Charges	127,754
Interest Income	70,953
<b>TOTAL REVENUES:</b>	<u>1,250,157</u>
<u>OPERATING EXPENSES</u>	
Administration & General	321,155
Personnel	114,910
Utilities	26,734
Maintenance and Repairs	25,876
1979 Revenue Bond	16,833
CSC Note	62,454
<b>TOTAL OPERATING EXPENSES</b>	<u>567,195</u>
NET REVENUES	682,195
Rate Coverage Reserve Fund Deposit	35,112
<b>ADJUSTED NET REVENUES</b>	<u>717,307</u>
State Water Payments	614,936
Total Contract Payments	<u>614,936</u>
Coverage Ratio:	<i>1.17</i>
Available for Capital improvements and other purposes	\$ 102,371

Source: Oceano Community Services District

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CITY OF PISMO BEACH

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

HISTORIC WATER CONNECTIONS AND SALES REVENUES

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

<u>Fiscal Year Ending June 30</u>	<u>Connections</u>	<u>Sales Revenues</u>
1994	4,162	\$1,294,703
1995	4,227	1,312,946
1996	4,257	1,433,899
1997	4,250	1,410,581
1998	4,359	1,018,641

The actual connections for FY 1997/98 are approximately 1.5% below the December 1996 projections. The actual sales revenues for FY 1997/98 are approximately 55% below the December 1996 projection due to the lower connections and the adoption of a special availability charge implemented in 1997 to pay State water costs which are not included in sales revenues, but are available to pay State water costs. The special availability charge revenues are excluded from the sales revenues above. The availability charge was replaced by a special tax on July 1, 1997.

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 June 30</u>	<u>Urban Deliveries</u>
1994	1,843
1995	1,742
1996	1,803
1997	1,873
1998	1,803

## LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the City's water system as of June 30, 1998, as determined by the amount of their respective annual payments.

Customer	Water Usage	Annual Payments
Pismo Coast Village RV Park	15,170	\$ 16,467
Pismo Beach Mobile Home Park	14,599	13,770
Hacienda del Pismo Mobile Home Park	12,284	12,779
Cliffs Hotel	12,001	10,914
Oxford Suites	7,186	9,267
Seacrest Motel	8,782	7,817
Shore Cliff Lodge	8,171	7,680
Motel 6	6,184	5,997
Whalers Inn	5,537	5,876
Kon Tiki Inn	<u>5,026</u>	<u>5,140</u>
TOTAL	94,940	\$95,707

These ten customers accounted for approximately 9.4% of water service revenues in fiscal year 1997/98.

## RATES AND CHARGES

Bi-monthly fixed charges are as follows:

Meter Size	Single Family Residential	All Other Metered Users
All Meters		
5/8" & 3/4"		\$ 12.02
1"		23.92
1 1/2"		41.71
2"		67.53
3"		130.97
4"		202.33
6"		479.86
Consumption Charge:		
0 - 15 HCF	\$0.76/HCF	\$0.85/HCF
16 HCF and higher	\$0.96/HCF	\$0.85/HCF

Connection Charges:

- A) State Water Supply Fee                      \$5,821.74 per equivalent dwelling unit
- B) Special Tax Levy (effective 7-1-97)      \$107.00 per year per equivalent dwelling unit.



## FISCAL YEAR 1998 OPERATING RESULTS

The following table is a summary of operating results of the water system of the City for FY 1997/98. These results have been derived from the City's financial statements but exclude certain non-cash items and include certain other adjustments. The table has not been audited by the City's auditor.

### CITY OF PISMO BEACH

<u>REVENUES</u>	June 30, 1998
Water Service Charge	\$ 1,018,445
Water Availability	645,961
Interest	45,443
Assessments	814,423
Other Revenues	30,524
<b>TOTAL REVENUES:</b>	<b>2,554,992</b>
<u>OPERATING EXPENSES</u>	
Administration and General	302,523
Lopez Contract Payments (1)	344,945
Operations & Maintenance	414,257
Utilities	57,342
<b>TOTAL OPERATING EXPENSES:</b>	<b>1,119,067</b>
 NET REVENUES	 1,435,925
State Water Payments	1,053,312
Total Contract Payments	1,053,312
 Coverage Ratio:	 1.36
Available for Capital improvements and other purposes	\$ 382,613

- (1) The Lopez obligation was previously reported as parity debt in the 1996 Revenue Bond official statement. The City has determined that this is not a debt obligation but is instead on contract obligation. Therefore, the amount is presented as an operating expense. If the Lopez contract obligation was shown on a parity with the State water contract payments, the City's coverage ration would be 1.27.

Source: City of Pismo Beach

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 <u>June 30</u>	<u>Connections</u>	<u>Sales Revenues</u>
1994	232	\$81,696
1995	236	122,699
1996	237	134,483
1997	243	148,173
1998	236	122,088

The actual connections for FY 1997/98 are approximately 2.5% below the December 1996 projections. The actual sales revenues for FY 1997/98 are approximately 18% lower than the December 1996 projections due to above normal rainfall for the year.

### 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 June 30</u>	<u>Total Production</u>	<u>Total Sold</u>	<u>Park Irrigation</u>
1994	108.1	61.7	20.6
1995	104.4	77.3	20.6
1996	90.1	80.1	32.4
1997	83.0	82.6	30.8
1998	103.1	69.1	23.7

The actual water deliveries for FY 1997/98 are approximately 15% lower than the December 1996 projections due to above normal rainfall, and reduced demand, during the year.

## LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the District's water system as of June 30, 1998, as determined by the amount of their respective annual payments.

Customer	Water Usage <sup>32</sup>	Annual Payments
Shandon School	1,143	\$4,812
Caltrans	418	2,723
Shandon Park	487	2,047
Shandon Fire Station	230	1,016
Shandon Methodist Church	267	1,009
Residence	271	945
Residence	264	943
Residence	255	912
Residence	239	837
Residence	<u>224</u>	<u>831</u>
TOTAL	3,798	\$16,075

These ten customers accounted for approximately 13% of water service revenues in fiscal year 1997/98.

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<sup>32</sup> Hundred Cubic Feet

FISCAL YEAR 1998 OPERATING RESULTS

The following table is a summary of operating results of the water system of the District for fiscal year 1997/98. These results have been derived from the County's financial statements but exclude certain non-cash items and include certain other adjustments. The table has not been audited by the County's auditor.

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

<u>REVENUES</u>	<u>June 30, 1998</u>
Water Service Charge	\$ 122,088
Water Availability	9,676
Interest	7,907
Other	49
<b>TOTAL REVENUES:</b>	<u>139,720</u>
<u>OPERATING EXPENSES</u>	
Utilities	8,889
General & Administrative	23,671
Operations & Maintenance	44,196
<b>TOTAL OPERATING EXPENSES:</b>	<u>76,756</u>
NET REVENUES	62,964
State Water Payments	41,765
Total Contract Payments	<u>41,765</u>
Coverage Ratio:	<i>1.51</i>
Available for Capital improvements and other purposes	\$ 21,199

Source: San Luis Obispo County