

CENTRAL COAST WATER AUTHORITY

FY 2009/10
CONTINUING
DISCLOSURE ANNUAL
REPORT

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

FY 2009/10 CONTINUING DISCLOSURE

ANNUAL REPORT

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March 7, 2011

Ms. Melinda Murrell
Bank of New York Mellon
700 South Flower Street, Suite 500
Los Angeles, CA 90017-4104

L. J. Lavagnino
Chairman

Fred Lemere
Vice Chairman

Bill Brennan
Executive Director

Brownstein Hyatt
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General Counsel

Member Agencies

City of Buellton

Carpinteria Valley
Water District

City of Guadalupe

City of Santa Barbara

City of Santa Maria

Goleta Water District

Montecito Water District

Santa Ynez River Water
Conservation District,
Improvement District #1

Associate Member

La Cumbre Mutual
Water Company

RE: Central Coast Water Authority Fiscal Year 2009/10 Annual Report on
Continuing Disclosure for the \$123,190,000 Refunding Revenue Bonds
(State Water Project Regional Facilities), Series 2006A

Dear Melinda:

Attached is the Fiscal Year 2009/10 Annual Report pursuant to the Continuing
Disclosure Agreement between the Central Coast Water Authority and Bank of New
York Western Trust Company (as successor Trustee).

Fiscal Year 2009/10 State Water Deliveries

A table showing deliveries during Fiscal Year 2009/10 to Santa Barbara and San
Luis Obispo County State water contractors is attached.

Rate Coverage Reserve Fund

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

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

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

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

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RAS



Project Participant	FY 2009/10 Rate Coverage Fund Deposit
City of Buellton	\$ 256,494
Carpinteria Valley Water District	809,995
City of Guadalupe	165,531
La Cumbre Mutual Water Company	392,003
Montecito Water District	1,079,637
City of Santa Maria	4,258,071
Santa Ynez, RWCD, I.D. #1 (City of Solvang)	603,156
Santa Ynez, RWCD, I.D. #1	415,970
TOTAL:	\$ 7,980,856

Continuing Disclosure Annual Report

Consistent with Section 4 of the Continuing Disclosure Report, the Fiscal Year 2009/10 Annual Report includes the charts described under the captions, "Historic Water Connections and Sales Revenues," "Historic Water Deliveries," "Largest Customers," "Water System Rates and Charges," "Historic Operating Results" and "Debt Service Coverage" for each of the following Contractors:

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

Section 4 of the Continuing Disclosure Agreement requires that the Authority submit a copy of its audited financial statements. Five copies of the Authority's FY 2009/10 Comprehensive Annual Financial Report were previously sent to you under separate cover.

Goleta Water District From the information presented to CCWA, the Goleta Water District did not meet the required 1.25 coverage ratio during FY 2009/10. The District has provided a letter (included), which describes the steps it is taking to meet the requirement in the future.

City of Morro Bay From the information presented to CCWA, the City of Morro Bay did not meet the required 1.25 coverage ratio during FY 2009/10. The City has provided a letter (included), which describes the steps it is taking to meet the requirement in the future.

City of Pismo Beach From the information presented to CCWA, the City of Pismo Beach did not meet the required 1.25 coverage ratio during FY 2009/10. The City has stated that this is due to an extraordinary payment made to correct a billing error for FY 2008/09 from the County of San Luis Obispo in the amount of \$459,365. Had this extraordinary payment not been made during the year, the City's coverage ratio would be 1.41.

Audited Financial Statements The cities of Guadalupe and Morro Bay did not submit audited financial statements for FY 2009/10. As such, CCWA was unable to verify the actual operating results with their financial statements.

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

Sincerely,



Ray A. Stokes
Deputy Director

RAS

Attachments

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

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RAS

FY 2009/10 STATE WATER DELIVERIES

Central Coast Water Authority

Fiscal Year 2009/10 State Water Deliveries

Fiscal Year 2009/10 Continuing Disclosure Annual Report

Project Participant	<i>Acre-Feet</i>		
	Requests	Exchange	Net Deliveries
Lopez Turnout (SLO County)	1,762		1,762
Chorro Valley Turnout (SLO County)	1,800		1,800
City of Guadalupe	-		-
City of Santa Maria	8,486		8,486
Golden State Water Company	224		224
Vandenberg Air Force Base	1,142		1,142
City of Buellton	228		228
Santa Ynez ID#1 (Solvang only)	953		953
Santa Ynez ID#1 (excluding Solvang)	-	2,258	2,258
Goleta Water District	813	(813)	-
Morehart Land Company	-	-	-
LaCumbre Mutual Water Co.	910	-	910
Raytheon Systems Co.	22	-	22
City of Santa Barbara	541	(541)	-
Montecito Water District	541	(541)	-
Carpinteria Valley Water District	363	(363)	-
TOTAL:	17,785	-	17,785

Central Coast Water Authority
Rate Coverage Reserve Fund Policy

Adopted: December 18, 1997

Rate Coverage Reserve Fund

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

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

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

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

Central Coast Water Authority Rate Coverage Reserve Fund Policy

- Administration: Investments of deposits in the Rate Coverage Reserve Fund will be in Permitted Investments described in clause (A) of the definition thereof contained in the Indenture of Trust, dated as of November 1, 1996, with maturities of one year or less or in the Local Agency Investment Fund or in other investments approved in writing by AMBAC. Rate Fund investment earnings shall be credited to the Contractors account within the Fund except to the extent the Contractor directs the Authority to credit said earnings to the Contractor's payments obligations or as otherwise directed by the Contractor. Deposits and related earnings on deposits for each project participant will be accounted for on an individual project participant basis even if commingled for investment purposes. The Treasurer shall prepare and disseminate to all Contractors a quarterly statement concerning the Rate Fund.
- Use of Funds: Monies in the Rate Fund shall not be expended for any purpose, except upon approval of the Board of Directors (i) for emergency expenses, and (ii) to the extent necessary to supplement funds available from the O&M Reserve Fund provided that the Contractor submits written documentation to the Authority that it is in compliance with its WSA rate coverage obligations without considering the proposed expenditure from the fund.

CITY OF BUELLTON

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

HISTORIC WATER CONNECTIONS AND SALES REVENUES

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

Historic Water Connections and Sales and Service Revenues

Fiscal Year Ending June 30	Connections	Water Sales Revenues
2006	1,498	\$1,334,328
2007	1,540	1,462,049
2008	1,549	1,474,151
2009	1,548	1,467,933
2010	1,558	1,467,931

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
2006	545	20	640	1,205
2007	338	338	667	1,343
2008	123	612	560	1,295
2009	169	738	377	1,284
2010	371	701	228	1,300

WATER SYSTEM RATES AND CHARGES

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

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

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

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

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

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

LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the City's water system as of June 30, 2010, as determined by the amount of their respective annual payments.

	Water Usage ²	Annual Payments
Professional Investment Planning	22,822	\$ 65,685
Buellton Union School District	22,225	45,706
FPA Flying Flags Assoc., L.P.	17,504	35,750
Santa Ynez Valley Marriott	13,623	28,105
Rivergrove Mobile Home Park	9,380	26,125
Terravant Wine Company	9,504	19,801
Rancho De Maria	7,850	17,460
Thin Film	5,935	12,333
The Laurel Company	4,647	10,305
The Inn Group	<u>4,525</u>	<u>9,759</u>
TOTAL	118,015	\$ 271,029

These ten customers accounted for approximately 18.46% of the City's water service revenues for fiscal year 2009/10.

² Hundred Cubic Feet

FISCAL YEAR 2010 OPERATING RESULTS

The following table is a summary of operating results of the water system for Fiscal Year 2009/10. 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, 2010</u>
Water Sales	\$ 1,467,931
Connection Fees	36,998
Other Fees & Income	56,350
Interest Income	<u>18,062</u>
<u>TOTAL REVENUES</u>	<u>1,579,341</u>
 <u>OPERATING EXPENSES</u>	
Operations & Maintenance Expenses	542,240
FmHA Debt Service	<u>-0-</u>
<u>TOTAL OPERATING EXPENSES</u>	<u>542,240</u>
 <u>NET REVENUES</u>	1,037,101
Rate Coverage Reserve Fund Deposit	<u>256,494</u>
Adjusted Net Revenues	<u>1,293,595</u>
 State Water Payments	943,326
 Coverage Ratio	1.37
 Available for Capital Improvements and other purposes	\$ 93,775

Source: City of Buellton

CARPINTERIA VALLEY WATER DISTRICT

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

HISTORIC WATER CONNECTIONS AND SALES REVENUES

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

Historic Water Connections and Sales Revenues

Fiscal Year Ending June 30	Connections				Sales Revenues			
	Dom.	%	Ag.	%	Dom.	%	Ag.	%
2006	3,744	90	424	10	\$6,940,976	77	\$2,088,100	23
2007	3,807	90	423	10	7,578,591	76	2,417,560	24
2008	3,848	90	424	10	8,020,144	76	2,509,474	24
2009	3,859	90	429	10	7,741,070	74	2,652,531	26
2010	3,896	90	430	10	7,789,308	77	2,300,628	23

The following table of total sales revenues shows categories of water revenue based on the unit cost of water and monthly service charges including those for fire protection.

Total Sales Revenue (\$)

Fiscal Year Ending June 30	Water Revenue	Monthly Service Charge	Total
2006	\$4,017,389	\$5,011,689	\$9,029,076
2007	4,799,541	5,196,610	9,996,151
2008	5,238,406	5,491,534	10,729,940
2009	4,644,278	5,749,324	10,393,601
2010	4,266,070	5,823,866	10,089,936

Operating revenues increased in FY 06/07 due to an increase in water rates, increased units sold, and the purchase option payment of \$300,000 from Plains Exploration and Production. Operating revenues increased in fiscal year 07/08 due to an increase in water rates, a new water rate structure and increased units sold. Operating revenues decreased in FY 08/09 due to a decrease in water sales as well as the termination of the Plains Exploration and Production Option Agreement with annual payments of \$300,000. Sales revenue decreased in FY 09/10 due to cooler than average weather resulting in a drop in water sales by approximately 500 AF.

HISTORIC WATER DELIVERIES

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

Historic Water Deliveries and Source of Water Delivered (In acre - feet per year)¹ Deliveries

Fiscal Year Ending June 30	Residential ²	Commercial	Public Authority	Industrial	Irrigation	Total
2006	1,500	364	115	117	1,881	3,983
2007	1,601	410	136	125	2,202	4,474
2008	1,614	398	160	128	2,206	4,506
2009	1,506	370	145	110	1,968	4,099
2010	1,452	349	149	79	1,796	3,825

Sources

Fiscal Year Ending June 30	Groundwater	State Water	Cachuma Project	Total
2006	1,397	444	2,844	4,685
2007	1,195	465	3,115	4,775
2008	813	665	3,037	4,515
2009	1,827	464	2,167	4,459
2010	1,327	363	2,876	4,546

MANAGEMENT DISCUSSION OF HISTORIC WATER CONNECTIONS, SALES REVENUES AND DELIVERIES

The increases in FY 06/07 and FY 07/08 attributable to very dry years and drought like conditions. The decrease in FY 08/09 was due to a wet year. FY 09/10 was a cooler than average year that resulted in a decrease in demand for water.

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

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

The following table sets forth the ten largest customers of the District's water system as of June 30, 2010, as determined by the amount of their respective water usage:

<u>Customer</u>	<u>Water Usage (HCF)</u>	<u>Annual Payment</u>
Casitas Village HMO	21,849	\$ 231,301
Villa Del Mar HOA	26,002	230,902
Sandpiper HMO	20,483	201,749
City of Carpinteria	23,078	113,373
Cate School	28,811	108,152
Herbtyme Farms	50,148	82,813
Kilovac Corp	19,556	67,820
B&H Flowers	32,596	66,665
Circle G	21,263	51,770
Cervini Farm CA, Inc.	<u>20,776</u>	<u>38,637</u>
TOTAL	264,562	\$ 1,193,188

These ten customers accounted for approximately 23.97% of water service revenues for the year ended June 30, 2010.

WATER SYSTEM RATES AND CHARGES

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

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

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

A schedule of the District's current monthly service charges effective since July 1, 2010 is shown below:

Monthly Service Charges			
Meter Size	BASIC	STATE WATER	TOTAL
5/8"	\$3.72	\$27.51	\$31.23
3/4"	3.72	27.51	31.23
1"	6.20	45.85	52.05
1 1/2"	12.40	91.70	104.10
2"	19.84	146.72	166.56
3"	39.68	293.44	333.12
4"	62.00	458.50	520.50
6"	124.00	917.00	1,041.00
8"	285.20	2109.10	2,394.30
Monthly Capital Improvement Program Charges			
	Rate:	\$2.42	per HCF
	Minimum	\$14.52	6 HCF
	Maximum	\$205.70	85 HCF

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

Meter Size	Capital Cost Recovery Fees
5/8"	\$ 7,645.00
3/4"	9,131.00
1"	13,877.00
1 1/2"	25,803.00
2"	40,126.00
3"	78,273.00

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

FISCAL YEAR 2010 OPERATING RESULTS

The following table is a summary of operating results of the water system of the District for Fiscal Year 2009/10. 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, 2010</u>
Muni. & Ind. Water Sales	\$2,867,580
Agricultural Water Sales	1,398,490
Water Service Charge	5,823,866
Fire Protect & Service Revenue	184,838
Capital Cost Rec Fee	112,454
Interest Revenue	47,334
Other Income	43,959
Overhead charges	21,429
TOTAL REVENUES:	\$10,499,950
<u>OPERATING EXPENSES</u>	
Cost of Purchased Water	\$275,957
Pumping Expense	265,566
Treatment expense	670,103
Trans & Dist Exp	838,921
Customer Accounts	80,866
Cachuma Operating Expense	250,930
General & Admin.	2,256,768
TOTAL OPERATING EXPENSES:	\$4,639,111
NET REVENUES	\$5,860,839
Rate Coverage Reserve Fund Deposit	809,995
Adjusted Net Revenues	\$6,670,834
State Water Payments	\$3,006,719
Coverage Ratio:	2.22
Additional Debt Service	\$715,558
Available for Capital improvements and other purposes	\$2,138,562

Source: Carpinteria Valley Water District

GOLETA WATER DISTRICT

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

HISTORIC WATER CONNECTIONS AND SALES REVENUES

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

Historic Water Connections and Sales Revenues

Fiscal Year Ending June 30	Connections				Sales Revenues			
	Dom.	%	*Other	%	Dom.	%	*Other	%
2006	15,946	97.85	350	2.15	\$14,012,109	90.83	\$1,413,862	9.17
2007	16,099	97.81	360	2.19	17,098,561	92.01	1,484,002	7.99
2008	16,086	97.64	380	2.36	19,924,907	87.78	2,773,032	12.22
2009	15,970	97.53	403	2.47	16,349,523	91.38	1,542,229	8.62
2010	15,937	97.49	409	2.51	15,157,916	91.56	1,396,734	8.44

The number of connections to the District’s water system decreased slightly in 2010. From 2005 thru 2010, the number of connections added to the system has increased at an average of less than 1.00%. Water service revenues have also continued to increase. Steadily increasing demand and increases in water service rates have caused revenues to grow at an average annual rate of 2.4% over the past five years. *Other connections and sales revenue includes Agriculture, Landscape and Recycled water deliveries.

HISTORIC WATER DELIVERIES

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

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

Fiscal Year Ending June 30	Ag-Recreation- Recycled Deliveries	Urban Deliveries	Total
2006	3,204	8,873	12,077
2007	4,471	9,935	14,406
2008	4,674	9,713	14,387
2009	4,424	9,774	14,198
2010	4,023	8,948	12,971

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

LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the District’s water system as of June 30, 2010, as determined by the amount of their respective annual payments.

<u>Customer</u>	<u>Water Usage¹</u>	<u>Annual Payments</u>
U.C.S.B.	871	\$ 1,426,684
Santa Barbara U.S.D.	123	253,473
Touchstone Golf	227	247,822
City of Santa Barbara	83	240,335
Goleta Union School District	126	224,376
Michael Towbes	85	170,200
Cavaletto Ranches, LLC	357	167,974
Bacara Resort Services	96	167,907
Sandpiper Golf Course	231	164,522
Maravilla LLC	<u>58</u>	<u>115,764</u>
TOTAL	2,257	\$ 3,179,057

These ten customers accounted for approximately 17.4% of the water usage and 19.2% of the water service revenues for the year ended June 30, 2010. The water usage is shown in acre-feet.

WATER SYSTEM RATES AND CHARGES

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

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

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

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

¹Acre-feet

FISCAL YEAR 2010 OPERATING RESULTS

The following table is a summary of operating results of the water system for Fiscal Year 2009/10. These results have been derived from the District's audited financial statements.

GOLETA WATER DISTRICT

<u>REVENUES</u>	<u>June 30, 2010</u>
Water Sales	\$ 16,554,650
Monthly Service Charges	7,005,271
Other Fees & Income	566,271
Interest Income	<u>(43,888)</u>
TOTAL REVENUES:	<u>24,129,754</u>
<u>OPERATING EXPENSES</u>	
Source of Supply	4,961,366
Water Treatment	2,958,871
Transmission & Distribution	3,293,092
Customer Accounts	1,146,336
General and Administrative	<u>3,908,951</u>
TOTAL OPERATING EXPENSES:	<u>16,268,616</u>
NET REVENUES	7,861,138
State Water Payments	6,561,134
Coverage Ratio:	1.20
Other Debt Service	4,416,255
Capital Contributions (excluded for purposes of coverage ratio calculations)	0
Available for Capital Improvements and other purposes	\$ (3,116,251)

Source: Goleta Water District



4699 HOLLISTER AVENUE
GOLETA, CALIFORNIA 93110-1999
TELEPHONE 805/964-6761
FAX 805/964-7002

February 22, 2011

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

Re: Bond Coverage Calculation

Dear Ray,

This is to confirm that, per section 20 (a) of the CCWA Water Supply Agreement, Goleta Water District (the District) will “fix, prescribe, and collect rates and charges for the Contractor Water System which will be at least sufficient to yield during each Fiscal Year Contractor Net Water System Revenues equal to 125% of the Contract Payments for such Fiscal Year (coverage ratio).” The District, as a result of declining revenues in the 2009-10 fiscal year, produced a coverage ratio of 1.20.

The District is addressing this shortfall in coverage calculations through a combination of prudent cost management and considering the raising of rates. In fact, the District has held a number of public Board meetings to address its current rates, and expects to reach a decision and take action in by the end of Fiscal Year 2010-11. With these actions, the District expects to meet CCWA coverage requirements.

If you require additional information, please contact me directly.

Sincerely,

Matthew Anderson
Administration Manager / CFO

cc: John McInnes
George Eowan

CITY OF GUADALUPE

The information set forth below has been provided by the City of Guadalupe (the “City”). The Central Coast Water Authority (the “Authority”) makes no representations or warranties as to the accuracy or completeness of any of the information set forth below. All numbers presented for the Fiscal Year ending June 30, 2009 are unaudited.

HISTORIC WATER CONNECTIONS AND SALES

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

Fiscal Year Ending June 30	Connections	Sales Revenues
2006	1,907	\$1,003,346
2007	1,920	1,052,861
2008	1,916	1,198,705
2009	1,926	1,303,214
2010	1,915	1,344,941

The number of connections decreased for FY 2009/2010 by approximately 11 services. This is an overall decrease from prior year connections and revenues increased by about \$42K. The city continues to anticipate the additional sales revenue from planned new developments, DJ Farms and Minami, which will increase actual revenue in future years.

HISTORIC WATER DELIVERIES

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

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

Fiscal Year Ending June 30	Deliveries ¹
2006	719
2007	1,062
2008	920
2009	966
2010	900

¹ Groundwater and State Water

The following table sets forth the ten largest customers of the City's water system as of June 30, 2010 as determined by the amount of their respective annual payments.

LARGEST CUSTOMERS

<u>Customer</u>	<u>Water Usage²</u>	<u>Annual Payments</u>
Apio Cooler	151,602	\$ 492,707
Obispo Cooling	5,717	18,580
Guadalupe Union School District	4,610	14,983
Pan American Seed	3,580	11,635
Guadalupe Cemetery	2,448	7,956
P&M Properties	1,822	5,922
Simplot Soil Builders	982	3,192
Far Western Tavern	876	2,847
Lupe's Company	648	2,106
Delfino Hernandez Apts.	<u>643</u>	<u>2,090</u>
TOTAL	\$172,928	\$562,018

These ten customers accounted for approximately 40% of water service revenues for the year ended June 30, 2010.

WATER SYSTEM RATES AND CHARGES

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

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

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

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

² Hundred Cubic Feet

FISCAL YEAR 2010 OPERATING RESULTS

The following table is a summary of operating results of the water system of the City for Fiscal Year 2009/10. These results have been estimated by the City, but exclude certain non-cash items and include certain other adjustments. This table has not been audited by the City's auditor.

CITY OF GUADALUPE

<u>REVENUES</u>	<u>June 30, 2010</u>
M&I Sales	\$ 1,344,941
Connection Fees	0
Interest Income	1,839
Other Revenues	<u>56,091</u>
TOTAL REVENUES:	\$ 1,402,871
<u>OPERATING EXPENSES</u>	
Salaries & Benefits	150,932
Operations & Maintenance	<u>285,712</u>
TOTAL OPERATING EXPENSES:	<u>436,644</u>
NET REVENUES	966,227
Rate Coverage Reserve Fund Deposit	<u>165,531</u>
Adjusted Net Revenues	<u>1,131,758</u>
State Water Payments	699,287
Coverage Ratio:	1.62
Available for Capital improvements and other purposes	266,940

Source: City of Guadalupe

LA CUMBRE MUTUAL WATER COMPANY

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

HISTORIC WATER CONNECTIONS AND SALES REVENUES

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

Fiscal Year Ending <u>December 31</u>	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>
2005	1,433	98	31	2	1464	\$1,796,196	96	\$73,667	4	\$1,869,863
2006	1,437	98	31	2	1468	1,829,416	96	73,034	4	1,902,450
2007	1,437	98	33	2	1470	2,177,538	96	90,233	4	2,267,771
2008	1,437	98	31	2	1468	2,383,812	96	105,898	4	2,489,710
2009	1,437	98	31	2	1468	2,476,318	96	110,200	4	2,589,518

HISTORIC WATER DELIVERIES

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

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

Fiscal Year Ending <u>Dec. 31</u>	Domestic <u>Deliveries</u>	Agricultural <u>Deliveries</u>	<u>Total</u>
2005	1,611	81	1,692
2006	1,698	81	1,779
2007	1,958	101	2,059
2008	1,698	99	1,937
2009	1,608	94	1,702

LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the Company's water system as of December 31, 2009, as determined by the amount of their respective annual payments.

<u>Customer</u>	<u>Water Usage (HCF)</u>	<u>Annual Payment</u>
La Cumbre Golf & Country Club	62,379	\$195,178
Timothy Pasquinelli	7,535	42,572
Marsupial Properties	5,761	36,871
Sanford Farms	7,004	36,224
Stephen Redding	6,625	31,879
Carriage Hill Association	5,343	29,391
William Foley	5,131	23,998
Christopher & Ann Conway	4,502	21,906
Elk Trust	5,373	21,775
Laguna Blanca School	<u>3,292</u>	<u>18,511</u>
TOTAL	112,945	\$458,305

These ten customers account for approximately 14% of all water service revenues in fiscal year 2009.

WATER SYSTEM RATES AND CHARGES

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

CURRENT (effective May 1, 2009)

Residential – Tiered Rate

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

Commercial – Tiered Rate

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

Multi-Family Rate – Tiered Rate

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

Schools and Golf Courses – Tiered Rate

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

Agricultural – Tiered Rate

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

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

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

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

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

Water rates were increased in May 2009 to pay for iron treatment plant and encourage conservation.

FISCAL YEAR 2009 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, 2009. 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

Per Financial Statements	Dec. 31, 2009
<u>REVENUES</u>	
Water Sales	\$2,589,518
Meter Charges	389,620
Land Charges	358,688
Connection Fees	20,535
Other Income	37,125
Rental income	99,269
Interest Income	<u>18,654</u>
TOTAL REVENUES:	<u>3,510,409</u>
<u>OPERATING EXPENSES</u>	
Water Source	256,941
Water Treatment	351,367
Transmission & Distribution	202,616
Admin. & General	776,865
Taxes	22,476
Water Conveyance	54,996
Misc Expense	<u>5,092</u>
TOTAL OPERATING EXPENSES:	<u>1,670,353</u>
NET REVENUES	1,840,056
Rate Coverage Reserve Fund Deposit	<u>392,003</u>
Adjusted Net Revenues	<u>2,232,059</u>
State Water Payments	1,684,349
Coverage Ratio:	1.33
Available for Capital improvements and other purposes	155,707

Source: La Cumbre Mutual Water District

MONTECITO WATER DISTRICT

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

HISTORIC WATER CONNECTIONS AND WATER SALES REVENUES

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

Historic Water Connections and Sales Revenues

Fiscal Year Ending June 30	Connections				Sales Revenues			
	Dom.	%	Agricultural	%	Dom.	%	Agricultural	%
2006	4,536	99	52	1	6,703,442	96	270,604	4
2007	4,562	99	50	1	8,797,720	96	370,552	4
2008	4,580	99	50	1	9,497,492	96	395,729	4
2009	4,546	99	37	1	9,626,835	96	388,475	4
2010	4,516	99	42	1	9,121,648	99	307,674	1

The total actual connections for 2009/10 were 4,558. Domestic sales revenues for 2009/10 were \$9,121,648. Agricultural sales revenues for 2009/10 were \$307,674.

Water service charges and connection fee revenues were \$3,008,020 and \$129,111 respectively. The District’s Board of Directors chose to adopt a new block rate structure to increase fixed and variable income sources effective October 1, 2008.

HISTORIC WATER DELIVERIES

Actual water deliveries for 2009/10 are 5,274 Acre-feet. The following table presents a summary of historic water deliveries in acre-feet per year for the five most recent fiscal years:

Historic Water Deliveries¹
(In acre-feet per year)

<u>Fiscal Year Ending June 30</u>	<u>Agricultural</u>	<u>Domestic</u>	<u>Total</u>
2006	381	4,686	5,067
2007	500	5,833	6,333
2008	530	5,988	6,518
2009	478	5,485	5,963
2010	366	4,908	5,274

Actual water productions for 2009/10 are 6,085 acre-feet. Table 3 summarizes Water Production by source:

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

<u>Fiscal Year Ending June 30</u>	<u>Groundwater</u>	<u>Cachuma Project</u>	<u>Other¹ Sources</u>	<u>Total</u>
2006	239	3,434	1,698	5,371
2007	405	3,006	3,505	6,916
2008	437	2,717	4,079	7,233
2009	299	2,124	4,240	6,663
2010	240	3,945	1,900	6,085

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

LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the District's water system for 2009/10, as determined by the amount paid:

<u>Customer</u>	<u>Water Usage</u> ²	<u>Annual Payment</u>
Resort Hotel	39,194	\$ 174,925
Golf Course	65,536	154,856
Golf Course	35,930	149,203
Private College	28,995	115,931
Single Family Residence	15,539	88,010
Retirement Home	19,592	87,875
Residential Housing Association	15,101	74,339
Single Family Residence	13,442	70,641
Commercial	12,314	61,452
Cemetery	<u>15,384</u>	<u>58,786</u>
	261,027	\$1,036,019

These ten customers accounted for approximately 8% of water service revenues in 2009/10.

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, 2010 is as follows:

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

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

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

Connection Fees. The District charges connection fees to cover the costs of installing meters. (Please note that the District no longer installs 5/8" x 3/4" meters.) In addition, a Capital Cost Recovery Fee is charged as a buy-in fee for new customers to buy into the District's capital facilities. The breakdown of Connection and Capital Cost Recovery Fees as of June 30, 2010 is as follows:

<u>Meter Size</u>	<u>Connection Fee</u>	<u>Capital Cost Recovery Fee</u>
3/4"	\$ 2,103.00	\$ 12,047.00
1"	2,164.00	20,078.00
1-1/2"	2,882.00	33,140.00
2"	3,467.00	63,624.00

² Hundred Cubic Feet (hcf)

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

FISCAL YEAR 2010 OPERATING RESULTS

The following table is a summary of operating results for the water system of the District for FY 2009/10. These results have been derived from the District's financial statements, exclude certain non-cash items, and include certain other adjustments. This table has not been audited by the District's auditors.

MONTECITO WATER DISTRICT

<u>REVENUES</u> ⁴	<u>June 30, 2010</u>
Water Sales	\$ 9,429,322
Water Service Charges	3,008,020
Connection/Capital Cost Recovery Fees	129,111
Water Availability Charge	310,087
Interest Income	80,436
Other Income	<u>1,598,988</u>
TOTAL REVENUES	<u>14,555,964</u>
<u>OPERATING EXPENSES</u>	
Water Purchased	692,191
Pumping	272,086
Water Treatment	1,700,411
General & Administrative	1,685,234
Operations & Maintenance	<u>1,581,695</u>
TOTAL OPERATING EXPENSES	<u>5,931,617</u>
NET REVENUES	8,624,347
Rate Coverage Reserve Fund Deposit	<u>1,079,637</u>
Adjusted Net Revenues	<u>9,703,984</u>
State Water Payments	5,123,778
Coverage Ratio	1.89
Other Debt Service ⁵	2,612,306
Available for Capital Improvements and Other Purposes	\$ 888,263

⁴ Excludes taxes and assessments.

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

Source: Montecito Water District

CITY OF SANTA BARBARA

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

HISTORIC WATER CONNECTIONS AND SALES REVENUES

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

Historic Water Connections and Sales Revenues

Fiscal Year <u>Ending June 30</u>	<u>Connections</u>		<u>Sales Revenues</u>	
	<u>Dom.</u>	<u>%</u>	<u>Dom.</u>	<u>%</u>
2006	25,821	100	\$24,765,305	100
2007	25,918	100	27,588,409	100
2008	26,009	100	29,448,078	100
2009	26,153	100	28,669,429	100
2010	26,504	100	28,163,162	100

HISTORIC WATER DELIVERIES

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

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

<u>Fiscal Year Ending June 30</u>	<u>Urban Deliveries</u>
2006	13,290
2007	14,753
2008	14,926
2009	13,819
2010	13,428

LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the City's water system as of June 30, 2010, as determined by the amount of their respective annual payments.

<u>Customer</u>	<u>Water Usage ²</u>	<u>Annual Payment</u>
City of Santa Barbara	170,503	\$ 586,947
Santa Barbara School District	74,700	305,132
Montecito Country Club	72,127	174,165
Cottage Hospital	25,938	156,475
Fess Parker's Double Tree Inn	35,888	155,314
Housing Authority of Santa Barbara	28,145	151,311
Samarkand Retirement	28,454	143,322
Dario Pini	25,186	116,301
Santa Barbara City College	27,721	115,423
Mission Linen Supply	<u>19,763</u>	<u>99,630</u>
	508,425	\$2,004,018

These ten customers accounted for approximately 7.1% of the annual water system sales for Fiscal Year 2009/10.

(2) Hundred cubic feet

Water System Rates and Charges During FY 2008/09

Customer Class	Water Service Rates
Single Family Residential	First 4 HCF @ \$2.84 Next 16 HCF @ \$4.76 All other @ \$5.01
Multi-Family Residential 1-4 dwelling units	First 4 HCF per dwelling unit @ \$2.84 Next 8 HCF per dwelling unit @ \$4.76 All other @ \$5.01
Multi-Family Residential 5+ dwelling units	First 4 HCF per dwelling unit @ \$2.84 Next 8 HCF per dwelling unit @ \$4.76 All other @ \$5.01
Commercial	100% of base allotment ¹ @ \$4.76 per HCF; All other @ \$5.01
Industrial	100% of base allotment ² @ \$4.76 per HCF; All other @ \$5.01
Irrigation – Residential	Billed as if used through associated residential meter, OR annual allotment of 654 HCF/acre @ \$4.76; all other @ \$5.01
Irrigation - Recreation/Parks/Schools	Annual allotment of 1,404 HCF/acre @\$2.24 Next 240 HCF/acre/year @ \$4.76 All other @ \$5.01
Irrigation – Commercial	100% of base allotment ² @ \$4.76 per HCF; All other @ \$5.01
Irrigation – Agriculture	Annual allotment of 870 HCF/acre @\$1.45 Next 240 HCF/acre/year @ \$4.76 All other @ \$5.01
Recycled Water	All usage @ \$1.80/HCF
Outside City Limits	130% of corresponding in-City rates

Monthly Service Charges for Water Meters by Size During FY 2009/10

Meter Size	Monthly Service Charge
5/8"	\$ 11.95
3/4"	17.96
1"	29.90
1 1/2"	59.79
2"	95.69
3"	191.36
4"	299.00
6"	598.00
8"	956.80
10"	1,375.40

Connection Charges during Fiscal Year 2009/10

	5/8" Meter	1" Meter
Connection Charges on 1" Service:	\$2,041	\$2,506
Buy-in Fee (per detached single family residence)	5,691	14,227
	\$7,732	\$16,733

¹ Base allotment = average monthly consumption during most recent January – June period.

FISCAL YEAR 2010 OPERATING RESULTS

The following table is a summary of operating results of the water system of the City for Fiscal Year 2009/10. These results have been derived from the City's financial statements, exclude certain non-cash items, and include certain other adjustments. The table has not been audited by the City's auditor.

CITY OF SANTA BARBARA

<u>REVENUES</u>	<u>June 30, 2010</u>
M&I Sales	\$ 28,163,162
Service Charges	596,031
JPA Reimbursement	3,348,631
Interest Income	1,078,257
Other Revenues	<u>577,151</u>
TOTAL REVENUE	<u>33,763,232</u>
<u>Operating Expenses</u>	
Salaries & Benefits	7,154,752
Materials & Supplies ³	11,049,228
Interest Expense ¹	342,477
Other	<u>-0-</u>
TOTAL OPERATING EXPENSES	<u>18,546,457</u>
NET REVENUES	15,216,775
State Water Payments	4,466,645
Parity Debt Service ²	<u>1,697,698</u>
Total Contract Payments	<u>6,164,343</u>
Coverage Ratio	2.47
Available for Capital improvements and Other purposes	\$ 9,052,432

¹Debt service on 1991 DWR Water Reclamation Loan (principal and interest)

²Debt service on 1994 revenue bonds and 2002 refunding COP's

³Includes all other expenses except: Capital transfers and interest and principal
On Sheffield and Cater loans.

Source: City of Santa Barbara

CITY OF SANTA MARIA

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

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

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

Historic Water and Wastewater Connections and Sales and Service Revenues

Fiscal Year Ending June 30	Connections	Water Sales Revenues	Wastewater Service Revenues
2006	20,588	\$20,901,096	\$5,230,268
2007	20,762	23,490,792	5,105,672
2008	20,830	24,605,620	5,482,863
2009	20,919	25,859,215	5,757,471
2010	20,927	25,411,420	6,083,368

HISTORIC WATER DELIVERIES

The City records the volume of water delivered by its water system. Over the past five years, the volume of water delivered by the City has fluctuated, ranging from a low of approximately 13,026 acre-feet in fiscal year 2006 to a high of approximately 14,489 acre-feet in fiscal year 2009. The following table presents a summary of historic water deliveries in acre-feet per year for the five most recent fiscal years.

Historic Water Deliveries In Acre-Feet per Year

Fiscal Year Ending June 30	Deliveries
2006	13,026
2007	14,219
2008	14,047
2009	14,489
2010	13,986

LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the City's water system as of June 30, 2010 as determined by the amount of their respective annual payments.

Largest Water Customers

Customer ¹	Water Usage ²	Annual Payments
City of Santa Maria	267,910	\$ 1,187,330
Santa Maria Elementary School	104,275	471,265
SP Village Green LLC	61,289	256,058
Casa Grande Mobile Homes	53,548	166,434
Alan Hancock College	48,094	213,544
S.B. County Housing Authority	35,800	166,262
Marian Hospital & Facilities	33,870	175,130
Mission Linen Supply	24,862	104,397
Casa Del Rio Mobile Estates	24,230	77,076
Pictsweet Frozen Foods	<u>23,667</u>	<u>103,789</u>
TOTAL	677,545	\$ 2,921,285

The ten largest water customers accounted for approximately 12.7% of water service by volume in fiscal year 2010.

The following table sets forth the ten largest customers discharging to the City's wastewater system as of June 30, 2010 and their respective annual payments.

Largest Wastewater Customers

Customer	Wastewater Usage ²	Annual Payments
Sure-Fresh	76,131	\$ 152,925
SP Village Green LLC	61,289	52,173
Casa Grande Mobile Homes	53,548	42,800
S.B. County Housing Authority	29,164	33,900
Mission Linen Supply	24,862	37,652
Casa Del Rio Mobile Estates	24,227	25,913
Alan Hancock College	22,752	32,686
Wash 4 Less	21,096	27,160
El Capitan Trailer Park	20,441	15,864
Santa Maria Elementary School	<u>19,927</u>	<u>28,859</u>
TOTAL	353,437	\$ 449,932

The ten largest wastewater customers accounted for approximately 8.93% of wastewater service by volume in fiscal year 2010.

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

² Hundred Cubic Feet

WATER AND WASTEWATER SYSTEM RATES AND CHARGES

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

Water Service Charges. A schedule of the City’s current monthly water rates and charges as of 7/1/10 is set forth below:

Monthly Service Charges for Water Meters by Size

Meter Size	Inside City
5/8 x 3/4"	24.69
1"	38.72
1 1/4"	45.92
1 1/2"	61.20
2"	84.64
3"	183.69
4"	306.17
6"	765.54

Capacity Charge

1 – 500 cubic feet	\$ 2.691 per 100 cubic feet
501 – 1000 cubic feet	3.192 per 100 cubic feet
1001 – 1500 cubic feet	3.730 per 100 cubic feet
Above 1501 cubic feet	4.247 per 100 cubic feet

Wastewater Treatment Charges. A schedule of the City’s current monthly wastewater treatment rates and charges as of 7/3/10 is set forth below:

Monthly Wastewater Rates

Single Family Residence	\$ 13.25
Multiple Apartments:	
2 Rooms or Less	9.38
3 + Rooms	10.19
Mobile Homes (number of spaces)	9.38
Motel/Hotel (per unit)	6.52

Per 100 cubic feet

Office Buildings	1.55
Restaurants	3.71
Commercial	2.24
Food Processing	2.16
Machinery	1.79
Miscellaneous	1.79

FISCAL YEAR 2010 OPERATING RESULTS

The following table is a summary of operating results of the water and wastewater system of the City for Fiscal Year 2009/10. 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, 2010</u>
Water & Wastewater Fees & Charges	\$ 31,494,788
Other Revenues	557,101
Interest Income	904,367
TOTAL REVENUES:	32,956,256
<u>OPERATING EXPENSES</u>	
Salaries, Wages & Benefits	4,172,560
Materials & Supplies	1,680,112
Equipment Maintenance & Operations	1,229,094
Contracts & Services	2,014,302
Bad Debts	186,245
TOTAL OPERATING EXPENSES:	9,282,313
NET REVENUES	23,673,943
Rate Coverage Fund	4,258,071
Deposit	
TOTAL NET REVENUES	27,932,014
State Water Payments	17,103,082
Coverage Ratio:	1.63
Other Debt Service	6,074,015
Available for Capital improvements and other purposes	\$ 496,846

Source: City of Santa Maria

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

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

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

Historic Water Connections and Sales Revenues

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

Fiscal Year Ending June 30	Connections				Sales Revenues					
	<u>Dom.</u>	<u>%</u>	<u>Ag.</u>	<u>%</u>	<u>Dom.¹</u>	<u>%</u>	<u>Ag.²</u>	<u>%</u>	<u>Solvang</u>	<u>%</u>
2006	2,328	95	114	5	\$2,869,259	75	\$922,986	24	\$56,537	1
2007	2,430	95	114	5	3,428,119	74	1,114,001	24	65,584	1
2008	2,453	96	114	4	3,633,881	74	1,172,989 ³	24	76,298	1
2009	2,469	96	114	4	3,698,026	74	1,226,809	24	105,410	2
2010	2,492	97	87	3	3,763,466	74	1,202,826	24	130,386	2

The actual FY 2009/2010 total water sales revenues are approximately 1.5% percent higher than the FY 2008/09 revenues due to replacement of old meters as part of the meter replacement program proving 100% accuracy rate readings, as well as the annual water rate adjustment including usage and monthly service charges for all user classifications.

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

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

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

HISTORIC WATER DELIVERIES

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

Historic Water Deliveries (in acre feet)

Fiscal Year Ending June 30	Ag. Deliveries ⁴	Domestic	Solvang	Total
2006	2,325	2,443	32	4,800
2007	2,579	2,613	31	5,223
2008	2,943	2,945	38	5,926
2009	2,929	2,933	85	5,947
2010	2,639	2,679	98(1)	5,416

The FY 2009/10 actual overall water deliveries are slightly lower than FY 2008/09 due to a decrease in both Agricultural and Domestic water use. Additionally, frost protection for agricultural crops was down and mild climates during the summer months contributed to the change as well.

LARGEST CUSTOMERS

The following table sets forth the ten largest customer accounts of the ID No. 1's water system as of June 30, 2010, as determined by the amount of their respective annual payments.

Customer	Water Usage ⁴	Annual Payments
City of Solvang	85 (1)	\$ 130,386
Cachuma Sanitation	75	80,391
Cachuma Casino	37	44,339
Private Education Facility	32	39,119
Private Mutual Water Company	27	33,898
Private Commercial Agriculture	157	29,347
Private Commercial Agriculture	145	27,534
Private Commercial Agriculture	98	17,786
Private Agriculture	42	16,890
Private Agriculture	<u>76</u>	<u>14,063</u>
TOTAL	774	\$ 433,753

These ten customers accounted for approximately 8.5% of the water service revenues for Fiscal Year 2009/10.

Footnote: ⁽¹⁾ Represents the total acre feet for the City of Solvang's two master meters and City of Solvang park.

⁴ Acre Feet

WATER SYSTEM RATES AND CHARGES

ID No. 1's rates and charges for FY 2009/10 are as follows:

Monthly Meter Charge

Meter Size	Domestic/Limited	
	Agricultural	Agricultural
$\frac{5}{8}$ " - $\frac{3}{4}$ "	\$ 29.20	
$\frac{3}{4}$ "	35.00	
1"	58.10	
1 $\frac{1}{2}$ "	115.90	\$ 48.00
2"	184.00	79.00
3"	370.20	158.00
4"	522.10	220.00
6"	1,157.80	492.00
8"	1,852.90	

Consumption Charge

Domestic	Rural Residential / Limited Agricultural	Agriculture
\$2.55 per HCF	1 st 70: \$2.55 per HCF Over 70: \$0.52 per HCF	\$0.35 per HCF
Temporary Rate	(Conn. Fee \$50.00; minimum chg.: \$25.00)	Cachuma Park & City of Solvang \$2.55 per HCF

Connection Charge

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

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

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

Capital Facilities Charge on Larger Services

Meter Size	Charge	
3"	\$ 39,947.23	+ Serv. & Meter Costs
4"	\$ 56,175.78	+ Serv. & Meter Costs
6"	\$ 124,835.08	+ Serv. & Meter Costs
8"	\$ 199,736.13	+ Serv. & Meter Costs

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

FISCAL YEAR 2010 OPERATING RESULTS

The following table is a summary of operating results of the water system of ID No. 1 for Fiscal Year 2009/10. These results have been derived from ID No. 1's financial statements, exclude certain non-cash items, and include certain other adjustments.

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

<u>REVENUES</u>	<u>June 30, 2010</u>
M&I Water Sales	\$ 4,488,010
Ag. Water Sales	478,282
Water Sales to City of Solvang	130,386
SWP Revenue from City of Solvang	2,624,948
Connection Fees	95,770
Special Assessments (1)	737,908
Other Fees & Income	163,588
Interest Income	<u>66,655</u>
TOTAL REVENUES:	<u>8,785,547</u>
<u>OPERATING EXPENSES</u>	
Water Purchased	191,833
Pumping	629,508
Water Treatment	47,301
Transmission & Distribution	517,430
Other/Litigation Fees	582,051
Administration & General	<u>1,810,320</u>
TOTAL OPERATING EXPENSES:	<u>3,778,443</u>
NET REVENUES	5,007,104
Rate Coverage Reserve Fund Deposit (Includes Solvang)	<u>1,019,126</u>
Adjusted Net Revenues	<u>6,026,230</u>
State Water Payments (Includes Solvang)	3,956,531
Coverage Ratio:	1.52
Other Debt Service (2)	109,853
Available for Capital improvements and other purposes	940,720

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

(2) Debt service on 2004 Cachuma Project Authority Revenue bonds.

Source: Santa Ynez Improvement District No. 1

CITY OF SOLVANG

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

HISTORIC WATER CONNECTIONS AND SALES REVENUES

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

Historic Water Connections and Sales Revenues

Fiscal Year Ending June 30	Connections	Sales Revenues	Water Deliveries (acre-feet per year)
2006	1,903	\$3,543,426	1,321
2007	1,939	4,023,837	1,512
2008	1,964	4,180,995	1,512
2009	2,017	4,085,678	1,483
2010	1,981	3,957,709	1,315

LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the City’s water system as of June 30, 2010, as determined by the amount of their respective annual payments.

Largest Customers as of June 30, 2010

Customer	Water Usage	Annual Payments
Rancho Santa Ynez Mobile Estate	26,449	\$ 80,669
Alisal Guest Ranch	12,885	39,299
Solvang Lutheran Home	9,192	28,615
Mission Oaks	8,762	26,724
City of Solvang	8,610	26,261
Chumash Resort	6,307	19,236
Workdmark Solvang	6,212	18,947
Wine Valley Inn	5,659	17,260
Solvang LLM	5,512	16,812
Solvang School	<u>5,370</u>	<u>16,440</u>
TOTAL	94,958	\$ 290,263

Monthly Service Charges for Water Meters by Size

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

MONTHLY WATER DEMAND UNITS

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

Water Demand Unit Schedule

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

Quantity Charge

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

¹ gallons per minute

² outside users are properties outside of City limits

³ 100 cubic feet

FISCAL YEAR 2010 OPERATING RESULTS

The following table is a summary of operating results of the water system of the City for fiscal year 2009/10. 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, 2010</u>
Water Sales	\$ 3,957,709
Other Fees & Income	14,638
Capital contributions	44,858
Interest Income	<u>25,912</u>
TOTAL REVENUES:	<u>4,043,117</u>
<u>OPERATING EXPENSES</u>	
Operating Expenses	1,234,583
Interest Expense	<u>87,256</u>
TOTAL OPERATING EXPENSES:	<u>1,321,839</u>
NET REVENUES	2,721,278
Rate Coverage Fund Deposit	<u>603,156</u>
Adjusted Net Revenues	<u>3,324,434</u>
State Water Payments	2,637,865
Coverage Ratio:	1.26
Other Debt Service	-
Available for Capital improvements and other purposes	\$ 83,413

Source: City of Solvang

SAN LUIS OBISPO COUNTY

CITY OF MORRO BAY

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

HISTORIC WATER CONNECTIONS AND SALES REVENUES

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

Fiscal Year Ending June 30	Connections	Sales Revenues
2006	5,473	\$3,884,085
2007	5,489	3,911,610
2008	5,531	3,610,462
2009	5,547	3,588,500
2010	5,545	3,574,319

HISTORIC WATER DELIVERIES

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

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

Fiscal Year Ending June 30	Deliveries
2006	1,009
2007	1,275
2008	1,187
2009	1,130
2009	1,282

LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the City's water system as of June 30, 2010, as determined by the amount of their respective annual payments.

Customer	Water Usage ¹	Annual Payments
Morro Bay High School	87,162	\$ 218,717
City of Morro Bay	18,706	179,603
Pacific Care Center	9,998	141,129
Inn @ Morro Bay	8,624	159,427
Mission Linen Supply	124,490	95,922
Department of Parks	5,180	63,029
Morro Dunes Trailer Park	5,056	62,435
San Luis Coastal School District	3,794	38,327
Silver City Manor	3,656	43,415
Morro Bay Mobil	<u>3,400</u>	<u>45,899</u>
TOTAL	270,066	\$1,047,905

These ten customers accounted for approximately 29% of water services revenues in fiscal year 2009/2010.

¹ Hundred Cubic Feet

FISCAL YEAR 2010 OPERATING RESULTS

The following table is a summary of operating results of the water system of the City for fiscal year 2009/10. These results have been derived from the City's financial statements, but exclude certain non-cash items and include certain other adjustments.

CITY OF MORRO BAY

<u>REVENUES</u>	<u>June 30, 2010</u>
Water Service Charge	\$ 3,451,279
Connection Fees	-0-
Penalties & Reconnections	71,724
Miscellaneous	<u>138,834</u>
TOTAL REVENUES:	<u>3,661,837</u>
<u>OPERATING EXPENSES</u>	
Administration & General	1,429,772
Maintenance	<u>157,992</u>
TOTAL OPERATING EXPENSES:	<u>1,587,764</u>
NET REVENUES	2,074,073
State Water Payments	1,968,552
Coverage Ratio:	1.05
Available for Capital improvements and other purposes	\$ 105,521

Source: City of Morro Bay



City of Morro Bay

Morro Bay, CA 93442
(805) 772-6201

February 8, 2011

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

RE: CITY OF MORRO BAY'S 2009/10 BOND COVERAGE RATIO

Dear Ray,

For the 2009/10 fiscal year, the City of Morro Bay failed to meet its minimum bond coverage ratio. The required percentage rate is greater than or equal to 1.25%; for the 2009/10 fiscal year, Morro Bay's is 1.05%. The City attributes this to our water conservation efforts, increased expenses for maintaining our aging infrastructure, and an outdated water rate structure.

With the 2011/12 fiscal year, the City will meet its bond ratio requirement through a Proposition 218 water rate increase. If you have any questions, please contact me at (805) 772-6217.

Sincerely,

Susan Slayton
Administrative Services Director

RECEIVED

FEB 22 2011

FINANCE
595 Harbor Street

ADMINISTRATION
595 Harbor Street

FIRE DEPT.
715 Harbor Street

PUBLIC SERVICES
955 Shasta Avenue

HARBOR DEPT.
1275 Embarcadero Road

CITY ATTORNEY
955 Shasta Avenue

POLICE DEPT.
850 Morro Bay Boulevard

RECREATION & PARKS
1001 Kennedy Way

CITY OF PISMO BEACH

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

HISTORIC WATER CONNECTIONS AND SALES REVENUES

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

Fiscal Year Ending June 30	Connections ¹	Sales Revenues
2006	4,443	\$1,994,992
2007	4,472	2,124,500
2008	4,713	2,619,579
2009	4,540	2,834,803
2010	4,558	2,874,984

HISTORIC WATER DELIVERIES

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

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

Fiscal Year Ending June 30	Urban Deliveries ²
2006	1,924
2007	2,003
2008	2,269
2009	2,135
2010	1,971

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

LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the City's water system as of June 30, 2010, as determined by the amount of their respective annual payments.

Customer	Water Usage	Annual Payments
Pismo Mobile Home Park	15,105	\$ 40,145
Cliffs Shell Beach-4605	13,562	31,107
Oxford Suites Resort Motel 6	7,759	24,233
Shorecliff Lodge	7,913	18,313
Pismo Lighthouse Suites Motel 6	6,654	15,009
Motel 6	6,592	16,265
Lucia Mar Unified School District-507	5,172	14,128
Lucia Mar Unified School District - 3929	5,486	13,844
Cliffs Shell Beach-4607	5,175	12,132
Seacrest Resort	<u>5,325</u>	<u>10,965</u>
Totals	78,743	\$196,141

These ten customers accounted for approximately 6.8% of water service revenues in fiscal year 2009/10.

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

Meter Size	
All Meters	
5/8" & 3/4"	\$ 29.20
1"	58.30
1-1/2"	98.88
2"	158.97
3"	302.25
4"	488.74
6"	1,167.28

	Single Family Residential	All Other Metered Users
Consumption Charge:		
0-12 HCF	\$1.94/HCF	\$2.16/HCF
13 HCF and higher	\$2.52/HCF	\$2.16/HCF
Construction Meter		\$4.32/HCF
Irrigation Meter		\$2.38/HCF
Connection Charges:		
A) State Water Supply Fee	\$8,021 per equivalent dwelling unit	
B) Special Tax Levy FY 2009-10	\$170.92 per year per equivalent dwelling unit.	

FISCAL YEAR 2010 OPERATING RESULTS

The following table is a summary of operating results of the water system of the City for FY 2009/10. These results have been derived from the City's financial statements but exclude certain non-cash items and include certain other adjustments. The table has not been audited by the City's auditor.

CITY OF PISMO BEACH

<u>REVENUES</u>	<u>June 30, 2010</u>
Water Service Charge	\$ 2,907,281
State Water Impact Fee	70,565
Interest	106,492
Assessments	1,213,189
Other Reveues	<u>18,598</u>
TOTAL REVENUES:	\$ <u>4,316,125</u>
<u>OPERATING EXPENSES</u>	
Administration and General	609,844
Lopez Contract Payments ³	1,696,532
Operations & Maintenance	556,015
Utilities	<u>92,543</u>
TOTAL OPERATING EXPENSES:	<u>2,954,934</u>
NET REVENUES	1,361,191
State Water Payments	1,290,981
Coverage Ratio:	1.05
Available for Capital improvements and other purposes	\$70,209

Source: City of Pismo Beach

³ The amount reported for Lopez Contract Payments of \$1,696,532 includes a FY 2008/09 payment of \$459,365. Showing this amount in the schedule, takes the City under the coverage ratio requirement of 1.25. If this extraordinary payment had not been made in FY 2009/10, the City's coverage ratio would be 1.41.