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CENTRAL COAST WATER AUTHORITY

FY 2007/08
CONTINUING
DISCLOSURE ANNUAL
REPORT

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



March 12, 2009

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

Larry Lavagnino
Chairman

Fred Lemere
Vice Chairman

Bill Brennan
Executive Director

Brownstein Hyatt Farber
Schreck
General Counsel

Member Agencies

City of Buellton

Carpinteria Valley
Water District

City of Guadalupe

City of Santa Barbara

City of Santa Maria

Goleta Water District

Montecito Water District

Santa Ynez River Water
Conservation District,
Improvement District #1

Associate Member

La Cumbre Mutual
Water Company

RE: Central Coast Water Authority Fiscal Year 2007/08 Annual Report on
Continuing Disclosure for the \$123,190,000 Refunding Revenue Bonds
(State Water Project Regional Facilities), Series 2006A

Dear Priscilla:

Attached is the Fiscal Year 2007/08 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 2007/08 State Water Deliveries

A table showing deliveries during Fiscal Year 2007/08 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 2007/08 and have deposited the following amounts:

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

35098_1.DOCX
RAS



Project Participant	FY 2007/08	
	Rate Coverage	Fund Deposit
City of Buellton	\$	242,535
Carpinteria Valley Water District		765,941
City of Guadalupe		157,483
La Cumbre Mutual Water Company		358,263
Montecito Water District		1,021,131
City of Santa Maria		4,169,232
Santa Ynez, RWCD, I.D. #1 (City of Solvang)		569,041
Santa Ynez, RWCD, I.D. #1		392,347
TOTAL:	\$	7,675,973

Continuing Disclosure Annual Report

Consistent with Section 4 of the Continuing Disclosure Report, the Fiscal Year 2007/08 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 2007/08 Comprehensive Annual Financial Report are included with this report.

Project Participant Audited Financial Statements

The cities of Guadalupe and Morro Bay have not yet submitted their FY 2007/08 audited financial statements to CCWA. As such, I was not able to confirm the coverage calculation amounts presented in this report to the audited financial statements for each agency.

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

City of Guadalupe Coverage Obligation Ratio

From the information submitted to the Authority, the City of Guadalupe did not meet its coverage obligation of 125% for FY 2007/08. However, included in this report is a letter from the City of Guadalupe stating they intend to raise water rates to ensure they meet the coverage obligation in the future.

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

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
Deputy Director

RAS

Attachments

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

Central Coast Water Authority
Fiscal Year 2007/08 State Water Deliveries
Fiscal Year 2007/08 Continuing Disclosure Annual Report

Project Participant	Acre-Feet		
	Requests	Exchange	Net Deliveries
Lopez Turnout (SLO County)	1,342		1,342
Chorro Valley Turnout (SLO County)	2,163		2,163
City of Guadalupe	384		384
City of Santa Maria	9,510		9,510
Golden State Water Company	197		197
Vandenberg Air Force Base	3,145		3,145
City of Buellton	560		560
Santa Ynez ID#1 (Solvang only)	1,347		1,347
Santa Ynez ID#1 (excluding Solvang)	234	2,539	2,773
Goleta Water District	2,524	(915)	1,609
Morehart Land Company	30	-	30
LaCumbre Mutual Water Co.	527	-	527
Raytheon Systems Co.	-	-	-
City of Santa Barbara	609	(609)	-
Montecito Water District	2,444	(609)	1,835
Carpinteria Valley Water District	540	(406)	134
TOTAL:	25,556	-	25,556

Central Coast Water Authority
Rate Coverage Reserve Fund Policy

Adopted: December 18, 1997

Rate Coverage Reserve Fund

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

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

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

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

Central Coast Water Authority
Rate Coverage Reserve Fund Policy

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

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

FY 2007/08 CONTINUING DISCLOSURE

ANNUAL REPORT

City of Buellton.....	1
Carpinteria Valley Water District.....	5
Goleta Water District.....	11
City of Guadalupe.....	14
La Cumbre Mutual Water Company.....	17
Montecito Water District.....	21
City of Santa Barbara.....	26
City of Santa Maria	31
Santa Ynez River Water Conservation District, Improvement District #1.....	35
City of Solvang.....	40
City of Morro Bay.....	43
City of Pismo Beach.....	46

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, 2008 increased by 0.8%. This was primarily due to an increase in total number of connections.

Historic Water Connections and Sales and Service Revenues

Fiscal Year Ending June 30	Connections	Water Sales Revenues
2004	1,462	\$ 1,365,416
2005	1,472	1,300,677
2006	1,498	1,334,328
2007	1,540	1,462,049
2008	1,549	1,474,151

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
2004	463	249	545	1,257
2005	452	172	491	1,115
2006	545	20	640	1,205
2007	338	338	667	1,343
2008	123	612	560	1,295

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, 2008, as determined by the amount of their respective annual payments.

	Water Usage ²	Annual Payments
Professional Investment Planning	23,187	\$ 66,404
Buellton Union School District	21,448	44,175
FPA Flying Flags Assoc., L.P.	15,681	32,159
Santa Ynez Valley Marriott	14,903	30,626
Rivergrove Mobile Home Park	9,419	26,202
Rancho de Maria	7,084	15,950
The Inn Group DBA	5,698	12,070
The Laurel Company	4,979	10,959
Days Inn	4,777	10,678
Buellton Shell	4,819	9,799
TOTAL	111,995	\$ 259,022

These ten customers accounted for approximately 17.6% of the City's water service revenues for fiscal year 2007/08.

² Hundred Cubic Feet

FISCAL YEAR 2008 OPERATING RESULTS

The following table is a summary of operating results of the water system for Fiscal Year 2007/08. 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, 2008</u>
Water Sales	\$ 1,474,151
Connection Fees	72,176
Other Fees & Income	383,824
Interest Income	<u>111,513</u>
<u>TOTAL REVENUES</u>	<u>2,041,664</u>
 <u>OPERATING EXPENSES</u>	
Operations & Maintenance Expenses	455,528
FmHA Debt Service	<u>-0-</u>
<u>TOTAL OPERATING EXPENSES</u>	<u>455,528</u>
 NET REVENUES	 1,586,136
Rate Coverage Reserve Fund Deposit	<u>242,535</u>
Adjusted Net Revenues	<u>1,828,671</u>
 State Water Payments	 933,400
 Coverage Ratio	 1.96
 Available for Capital Improvements and other purposes	 \$ 652,736

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.	%
2004	3,744	90	424	10	\$4,859,747	69	\$2,150,847	31
2005	3,747	90	424	10	5,541,460	75	1,800,010	25
2006	3,744	90	424	10	6,940,976	77	2,088,100	23
2007	3,807	90	423	10	7,578,591	76	2,417,560	24
2008	3848	90	424	10	8,020,144	76	2,509,474	24

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
2004	\$3,383,107	\$3,627,486	\$7,010,593
2005	3,239,814	4,101,656	7,341,470
2006	4,017,389	5,011,689	9,029,076
2007	4,799,541	5,196,610	9,996,151
2008	5,238,406	5,491,534	10,729,940

The almost \$949,000 increase in total FY 03/04 Total Sales Revenue from the previous year reflects increased irrigation water rates and significant Monthly Service Charge increases for all categories of water use. The increase of about \$330,000 of Total Sales Revenue in FY 04-05 is largely a result of increases in the Monthly Service Charge for debt service. Water Revenue sales declined in FY 04-05 by about \$150,000 largely due to the reduction of agricultural sales caused by a wet, cool to mild weather pattern. The \$1.65 million increase in total Sales Revenue in FY 05-06 over FY 04-05 reflects substantial increases in the unit price of water and Monthly Service Charges as well as a \$300,000 purchase option payment from Plains Exploration and Production. Operating revenues increased in FY 06/07 due to an increase in water rates, increased units sold, and the purchase option payment of \$300,000 from Plains Exploration and Production. Operating revenues increased in fiscal year 07/08 due to an increase in water rates, a new water rate structure and increased units sold.

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 ¹	Commercial	Public Authority	Industrial	Irrigation	Total
2004	1,745	412	142	133	2,140	4,572
2005	1,430	339	102	113	1,663	3,647
2006	1,500	364	115	117	1,881	3,983
2007	1,601	410	136	125	2,202	4,474
2008	1,614	398	160	128	2,206	4,506

Sources

Fiscal Year Ending June 30	Groundwater	State Water	Cachuma Project	Total
2004	783	328	3,553	4,664
2005	1,236	572	2,749	4,557
2006	1,397	444	2,844	4,685
2007	1,195	465	3,115	4,775
2008	813	665	3,037	4,515

MANAGEMENT DISCUSSION OF HISTORIC WATER CONNECTIONS, SALES REVENUES AND DELIVERIES

Water deliveries have remained relatively flat over the last five-year period. The increase in FY 03/04 is attributable to a very dry year, the beginning of a drought that ended in FY 04/05, specifically January 2005. FY 04/05 was a combination of a drought period the first half of the year and a wet year with spill conditions at Cachuma the second half of the year. FY 05/06 was also relatively wet and is reflected in the decline of water deliveries. The increase in FY 06/07 and FY 07/08 is attributable to a very dry year and drought like conditions.

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, 2008, as determined by the amount of their respective water usage:

<u>Customer</u>	<u>User</u>	<u>Water Usage (HCF)</u>	<u>Annual Payment</u>
Casitas Village HMO	RES	24,636	\$ 247,897
Sandpiper HMO	RES	21,687	232,645
Villa Del Mar HOA	RES	26,912	219,220
Carpinteria School District	P/A	33,140	164,475
Cate School	C1	34,511	144,820
B&H Flowers	AG	46,295	85,785
City of Carpinteria	C/AG	22,188	80,977
Ocean Breeze	AG	30,533	65,196
Norman, Franisic L	AG	30,153	60,738
Circle G	AG	<u>24,694</u>	<u>56,803</u>
TOTAL		294,749	\$1,358,562

These ten customers accounted for approximately 25.93% of water service revenues for the year ended June 30, 2008.

WATER SYSTEM RATES AND CHARGES

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

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

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

A second monthly service charge increase of \$3.00 relative to the COPs occurred in FY 01/02. In FY 02/03 the District's Capital Improvement Program (CIP) component of the Monthly Service Charge was increased by \$1.50 to \$5.66. In FY 03/04 the District's CIP component of the Monthly Service Charge was increased by \$.80 to

\$6.46. An increase of approximately 27% to the State Water Project component of the Monthly Service Charge also went into effect on July 1, 2003. In FY 04/05 the District's CIP component of the Monthly Service Charge was increased by \$4.65 to \$11.11. In FY 05/06, the District's CIP component of the Monthly Service Charge was increased by \$4.89 to \$16.00. The District also implemented a conservation oriented tiered water rate for Residential users. The water rate for agricultural users increased to \$1.44 per HCF. Domestic-commercial, industrial, and public authority users' water rates were increased to \$2.75 per HCF. The District also implemented a Meter Equivalency Charge (MEQ) for residential customers. The MEQ varies with the size of meter and number of household units served by master meters such as mobile home parks, apartment and condominium complexes served by the master meter, which varies with the size of meter and number of households tied to the master meter. The net effect of the MEQ is equalization of the monthly service charge for all residential units, be they single or master metered, namely \$40.98/month. In FY 04-05, the water rate for agricultural users increased to \$1.52 per HCF. Domestic-commercial, industrial, and public authority users' water rates were increased to \$3.10 per HCF. The MEQ fee increased to \$47.00/month, to coincide with the Monthly Service Charge for a 5/8-3/4" meter. In FY 05-06, the water rate for agricultural users increased to \$1.52 per HCF. Domestic-commercial, industrial, and public authority users' water rates were increased to \$3.10 per HCF. The MEQ fee increased to \$47.00/month, to coincide with the Monthly Service Charge for a 5/8-3/4" meter. In FY 06/07, the water rate for agricultural users increased to \$1.60 per HCF. Domestic-commercial, industrial, and public authority users' water rates increased to \$3.27 per HCF. The DEQ (formerly MEQ) increased to \$49.65/month, to coincide with the Monthly Service Charge for a 5/8"-3/4" meter. . In FY 07/08, the water rate for agricultural users increased to \$1.67 per HCF. Residential users' tiered structure increased to \$2.78 through \$3.89 per HCF depending on use. Domestic-commercial, industrial, and public authority users' water rates increased to \$3.63 per HCF. The DEQ (formerly MEQ) increased to \$54.12/month, to coincide with the Monthly Service Charge for a 5/8"-3/4" meter.

A schedule of the District's current monthly service charges effective since July 1, 2008 is shown below:

Monthly Service Charge			
Meter Size	Basic	State Water	Total
5/8"	\$ 3.72	\$ 24.84	\$ 28.56
3/4"	3.72	24.84	28.56
1"	6.20	41.40	47.60
1 1/2"	12.40	82.80	95.20
2"	19.84	132.48	152.32
3"	39.68	264.96	304.64
4"	62.00	414.00	476.00
6"	124.00	828.00	952.00
8"	285.20	1,904.40	2,189.60

Monthly Capital Improvement Program Charges		
Rate	\$	Per HCF
Minimum	\$ 15.90	6 HCF
Maximum	\$198.75	75 HCF

Connection Fees. For every new meter installation, the District charges the installation cost of the new service and meter plus a "Capital Cost Recovery Fee." The base charge component of Capital Cost Recovery Fees ranges from \$1,307 to \$150,303 depending on the size of the meter. In addition to the base charge, there is a "fully loaded equivalent State Water Project monthly service charge" component. This second component is an amount added to the base charge, equivalent to State Water Project monthly service charges that would have been paid beginning July 1, 1996. The Board of Directors adopted the Capital Cost Recovery Fees on July 16, 1997. A third component was added in September of 2000 to capture the monthly service charge increases necessary to fund the debt service for the \$9 million COPs issued in May of 2000, to pay for the District's Capital Improvement Program. The Series 2000 COPs were subsequently refinanced in FY 05/06 and replaced by the Series 2006A COPs in the amount of \$10 million. The District also has three State Revolving Fund loans that total approximately \$21.8 million.

These are assigned to the Capital Improvement Program component of the Capital Cost Recovery Fee. The final component recovers annual capital expenditures made to District infrastructure. This meter-based charge varies annually and was added to the Capital Cost Recovery Fee schedule in July 2007. A schedule of the District's current Capital Cost Recovery Fees, effective July 1, 2008, is shown below:

Meter Size	<u>Capital Cost Recovery Fees</u>
5/8"	\$ 6,065.68
3/4"	7,551.79
1"	11,790.41
1 1/2"	22,449.16
2"	35,251.17
3"	69,340.91

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

FISCAL YEAR 2008 OPERATING RESULTS

The following table is a summary of operating results of the water system of the District for Fiscal Year 2007/08. 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, 2008</u>
Muni. & Ind. Water Sales	3,587,754
Agricultural Water Sales	1,649,853
Water Service Charge	5,292,012
Fire Protect & Service Revenue	200,322
Capital Cost Rec Fee	523,952
Interest Revenue	369,155
Other Income	21,064
Overhead charges	38,983
TOTAL REVENUES:	11,683,095
<u>OPERATING EXPENSES</u>	
Cost of Purchased Water	470,031
Pumping Expense	179,678
Treatment expense	801,557
Trans & Dist Exp	770,925
Customer Accounts	105,617
Cachuma Operating Expense	546,163
General & Admin.	1,839,926
TOTAL OPERATING EXPENSES:	4,713,897
NET REVENUES	6,969,198
Rate Coverage Reserve Fund Deposit	765,941
Adjusted Net Revenues	7,735,139
State Water Payments	2,741,075
Coverage:	2.82
Additional Debt Service	1,985,674
Available for Capital improvements and other purposes	2,242,449

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	%
2004	15,634	97.93	331	2.07	\$13,834,075	85.90	\$2,271,230	14.10
2005	15,693	97.84	346	2.16	12,962,675	87.53	1,846,623	12.47
2006	15,946	97.85	350	2.15	14,012,109	90.83	1,413,862	9.17
2007	16,099	97.81	360	2.19	17,098,561	92.01	1,484,002	7.99
2008	16,086	97.64	380	2.36	19,924,907	87.78	2,773,032	12.22

The number of connections to the District’s water system increased slightly in 2008. From 2004 thru 2008, 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 8.00% over the past five years. *Other connections and sales revenue includes Agriculture, Recreation, 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
2004	4,387	9,696	14,083
2005	3,453	9,166	12,619
2006	3,204	8,873	12,077
2007	4,471	9,935	14,406
2008	4,674	9,713	14,387

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

LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the District’s water system as of June 30, 2008, as determined by the amount of their respective annual payments.

<u>Customer</u>	<u>Water Usage²</u>	<u>Annual Payments</u>
U.C.S.B.	908	\$ 1,439,679
County of Santa Barbara	253	490,260
City of Santa Barbara	161	361,166
Glen Annie Golf Club, LLC	345	357,911
Santa Barbara U.S.D.	129	257,301
Goleta Union School Dist	206	233,269
Bacara Resort Services Inc	90	229,469
Cavaletto Ranches, LLC	416	191,731
Sandpiper Golf course	283	188,188
Michael Towbes	<u>92</u>	<u>183,385</u>
TOTAL	2,883	\$ 3,932,360

These ten customers accounted for approximately 20.0% of the water usage and 17.3% of the water service revenues for the year ended June 30, 2008. 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.

²Acre-feet

FISCAL YEAR 2008 OPERATING RESULTS

The following table is a summary of operating results of the water system for Fiscal Year 2007/08. These results have been derived from the District's audited financial statements.

GOLETA WATER DISTRICT

<u>REVENUES</u>		<u>June 30, 2008</u>
Water Sales	\$	18,750,446
Monthly Service Charges		7,073,409
Other Fees & Income		3,075,905
Interest Income		<u>803,891</u>
TOTAL REVENUES:		<u>29,703,651</u>
<u>OPERATING EXPENSES</u>		
Source of Supply		5,066,630
Water Treatment		2,437,979
Transmission & Distribution		2,773,177
Customer Accounts		891,142
General and Administrative		<u>2,926,114</u>
TOTAL OPERATING EXPENSES:		<u>14,095,042</u>
NET REVENUES		15,608,609
State Water Payments		6,711,214
Coverage Ratio:		2.33
Other Debt Service		4,458,854
Capital Contributions (excluded for purposes of coverage ratio calculations)		0
Available for Capital Improvements and other purposes	\$	4,438,541

Source: Goleta Water District

CITY OF GUADALUPE

The information set forth below has been provided by the City of Guadalupe (the “City”). The Central Coast Water Authority (the “Authority”) makes no representations or warranties as to the accuracy or completeness of any of the information set forth below. All numbers presented for the Fiscal Year ending June 30, 2008 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>
2004	1,866	\$ 1,011,608
2005	1,857	1,001,571
2006	1907	1,003,346
2007	1920	1,052,861
2008	1916	1,198,705

The number of fewer connections for FY 2007/2008 is approximately 4 services. This is an overall decrease from prior year connections yet revenues increased by about \$146K. 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)*

<u>Fiscal Year Ending June 30</u>	<u>Deliveries¹</u>
2004	811
2005	814
2006	719
2007	1,062
2008	920

¹ Groundwater and State Water

The following table sets forth the ten largest customers of the City's water system as of June 30, 2008 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	90,975	\$ 295,664
Guadalupe Union School District	5,314	17,271
Pan American Seed	3,437	11,170
Guadalupe Laundromat	3,051	9,916
Guadalupe Cemetery	1,985	6,451
Far Western Traven	1,884	6,123
P&M Properties	1,846	6,000
Barragan Apts	1,729	5,619
Obispo Cooling	1,641	3,383
Byrd Produce	<u>538</u>	<u>1,749</u>
TOTAL	111,800	\$ 363,346

These ten customers accounted for approximately 30% of water service revenues for the year ended June 30, 2008.

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

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

² Hundred Cubic Feet

FISCAL YEAR 2008 OPERATING RESULTS

The following table is a summary of operating results of the water system of the City for Fiscal Year 2007/08. 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, 2008</u>
M&I Sales	\$ 1,198,705
Connection Fees	33,795
Interest Income	29,776
Other Revenues	<u>65,214</u>
TOTAL REVENUES:	<u>1,327,490</u>
<u>OPERATING EXPENSES</u>	
Salaries & Benefits	190,131
Operations & Maintenance	<u>468,165</u>
TOTAL OPERATING EXPENSES:	<u>658,667</u>
NET REVENUES	669,194
Rate Coverage Reserve Fund Deposit	<u>157,483</u>
Adjusted Net Revenues	<u>826,677</u>
State Water Payments	667,157
Coverage Ratio:	1.24
Available for Capital improvements and other purposes	2,037

Source: City of Guadalupe



CITY OF GUADALUPE
918 Obispo Street
Guadalupe, CA 93434
Phone (805) 343-1340 ext 3895
Fax (805) 343-0542
Finance

March 12, 2009

Ray Stokes
CCWA
255 Industrial Way
Buellton, Ca. 93427-9565

Re: Coverage Ratio – City of Guadalupe

As we discussed, in the next fiscal year the City plans to increase the water rates between 1-3% and cut overhead to achieve the coverage ratio of at least 1.25. A 1% increase would yield a ratio of 1.26 and a 2% increase would yield a 1.28 ratio. This plus the overhead reductions we are planning will get the City over the 1.25 coverage requirement.

If you have any questions or need additional information please let me know.

Best Regards,

A handwritten signature in cursive script, appearing to read "Al Hernandez".

Al Hernandez
Finance Director
City of Guadalupe
805 343-1340 x3895

A large, stylized handwritten flourish or signature element, possibly a large letter 'J' or a similar shape, extending downwards and to the right.

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 December 31	<u>Connections</u>					<u>Sales Revenues</u>				
	<u>Dom.</u>	<u>%</u>	<u>Ag.</u>	<u>%</u>	<u>Total</u>	<u>Dom.</u>	<u>%</u>	<u>Ag.</u>	<u>%</u>	<u>Total</u>
2003	1,406	98	31	2	1,437	\$ 1,849,239	96	\$ 69,215	4	\$ 1,918,454
2004	1,417	98	32	2	1,449	2,064,108	96	81,992	4	2,146,100
2005	1,433	98	31	2	1464	1,796,196	96	73,667	4	1,869,863
2006	1,437	98	31	2	1468	1,829,416	96	73,034	4	1,902,450
2007	1,437	98	33	2	1470	2,177,538	96	90,233	4	2,267,771

Total water sales revenue for FY 2007 are higher than FY 2006 due to moderate weather.

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>	<u>Domestic Deliveries</u>	<u>Agricultural Deliveries</u>	<u>Total</u>
2003	1,642	82	1,724
2004	1,832	91	1,923
2005	1,611	81	1,692
2006	1,617	81	1,698
2007	1,958	101	2,059

As noted above water sales were higher in 2007 due to dry weather.

LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the Company's water system as of December 31, 2007, 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	108,709	\$ 269,888
Marsupial Properties	17,902	57,976
Timothy Pasquinelli	9,883	38,171
Laguna Blanca School	8,151	27,549
Carriage Hill Association	4,420	21,511
Stephen Redding	6,216	19,222
Stanford Farms	4,833	19,168
Elk Trust	4,507	17,270
William Foley	5,267	15,591
Oak Mer Farms	<u>3,499</u>	<u>14,320</u>
TOTAL	173,387	\$ 500,665

These ten customers account for approximately 15% of all water service revenues in fiscal year 2007.

WATER SYSTEM RATES AND CHARGES

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

	CURRENT (effective Jan. 1, 2008)
Residential and Commercial	\$3.00/HCF
Schools and Golf Courses	\$2.68/HCF
Agricultural	\$3.00 for first 90 HCF per bi-monthly billing and \$2.20 per HCF over 90 HCF

<u>Item</u>	CURRENT (effective 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 2" and under	18.38
Fire Sprinkler System 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.

	CURRENT (effective April 2008)
<u>Item</u>	<u>Connection Charge</u>
3/4" meter	\$ 10,585 Minimum Charge
1" meter	15,534 Minimum Charge
1 1/2" meter	27,043 Minimum Charge
2" meter	40,114 Minimum Charge
3" meter	71,930 Minimum Charge
4" meter	116,242 Minimum Charge
Fire Sprinkler System 2" & under	9,400 Minimum Charge
Fire Sprinkler System	11,900 Minimum Charge
Private Fire Hydrant	9,975 Minimum Charge
	CURRENT (effective Jan. 1, 2007)
Land Charges	\$29 per acre per bi-monthly period

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

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

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

FISCAL YEAR 2007 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, 2007. 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, 2007</u>
Water Sales	\$ 2,267,771
Meter Charges	372,382
Land Charges	358,800
Connection Fees	59,917
Other Income	56,372
Rental income	104,526
Interest Income	<u>100,439</u>
TOTAL REVENUES:	<u>3,320,207</u>
 <u>OPERATING EXPENSES</u>	
Water Source	127,643
Water Treatment	229,304
Transmission & Distribution	173,779
Admin. & General	716,506
Taxes	29,851
Water Conveyance	<u>65,344</u>
TOTAL OPERATING EXPENSES:	<u>1,342,427</u>
 NET REVENUES	1,977,780
Rate Coverage Reserve Fund Deposit	<u>358,263</u>
Adjusted Net Revenues	<u>2,361,878</u>
 State Water Payments	1,574,079
 Coverage Ratio:	1.48
 Available for Capital improvements and other purposes	\$ 403,701

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	%
2004	4,502	99	52	1	\$ 7,217,743	95	\$ 361,987	5
2005	4,531	99	52	1	6,901,106	96	267,600	4
2006	4,536	99	52	1	6,703,442	96	270,604	4
2007	4,562	99	50	1	8,797,720	96	370,552	4
2008	4,580	99	50	1	9,497,492	96	395,729	4

The total actual connections for 2007/08 were 4,630. Domestic sales revenues for 2007/08 were \$9,497,492. Agricultural sales revenues for 2007/08 were \$395,729.

Water service charges and connection fee revenues were \$2,866,769 and \$332,611 respectively. The District’s Board of Directors chose to adopt a new block rate structure and increase fixed and variable income sources effective October 1, 2008.

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 Deliveries¹
(In acre-feet per year)

<i>Fiscal Year Ending June 30</i>	<i>Agricultural</i>	<i>Domestic</i>	<i>Total</i>
2004	560	5,495	6,055
2005	398	5,049	5,447
2006	381	4,686	5,067
2007	500	5,833	6,333
2008	530	5,988	6,518

Actual water deliveries for 2007/08 are 6,518 acre-feet. The following table summarizes Water Production by source:

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

<i>Fiscal Year Ending June 30</i>	<i>Groundwater</i>	<i>Cachuma Project</i>	<i>Other¹ Sources</i>	<i>Total</i>
2004	250	3,876	2,286	6,412
2005	305	2,293	3,229	5,827
2006	239	3,434	1,698	5,371
2007	405	3,006	3,505	6,916
2008	437	2,717	4,079	7,233

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 FY 2007/08, as determined by the amount of water usage:

<u>Customer</u>	<u>Water Usage²</u>	<u>Annual Payment</u>
Resort Hotel	38,244	\$ 180,224
Golf Course	84,120	173,238
Golf Course	53,750	127,610
Private College	31,229	120,781
Retirement Home	21,351	99,994
Residential Housing Association	20,629	82,665
Cemetery	30,872	73,938
Resort Hotel	16,256	71,564
Agricultural Property	39,351	71,220
Single Family Residence	<u>15,953</u>	<u>61,710</u>
	351,755	\$1,062,944

These ten customers accounted for approximately 10.74% of water service revenues in FY 2007/08.

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, 2008 is as follows:

Meter Size	Meter Charge	Meter Size	Meter Charge
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

	<u>(Price per HCF)</u>			
	<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	-	-	-
Non-Potable	\$ 1.76	\$ 3.90	-	-

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.

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, 2008 is as follows:

Meter Size	Connection Fee	Capital Cost Recovery Fee
3/4"	\$ 1,998.00	\$ 11,097.00
1"	2,052.00	18,495.00
1-1/2"	2,632.00	33,291.00
2"	3,151.00	59,184.00

FISCAL YEAR 2008 OPERATING RESULTS

The following table is a summary of operating results for the water system of the District for FY 2007/08. These results have been derived from the District's financial statements and 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>REVENUES⁴</u>	<u>June 30, 2008</u>
Water Sales	\$ 9,893,221
Water Service Charges	2,866,769
Connection/Capital Cost Recovery Fees	332,611
Water Availability Charge	311,926
Interest Income	366,967
Other Income	<u>196,453</u>
TOTAL REVENUES	<u>13,967,947</u>
<u>OPERATING EXPENSES</u>	
Water Purchased	1,325,345
Pumping	242,163
Water Treatment	1,516,250
General & Administrative	2,046,130
Operations & Maintenance	<u>920,104</u>
TOTAL OPERATING EXPENSES	<u>6,049,992</u>
NET REVENUES	7,917,955
Rate Coverage Reserve Fund Deposit	<u>1,021,131</u>
Adjusted Net Revenues	<u>8,939,086</u>
State Water Payments	4,645,281
Total Contract Payments	4,645,281
Coverage Ratio	1.92
Other Debt Service ⁵	1,510,227
Available for Capital Improvements and Other Purposes	\$ 1,762,447

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>
2004	25,653	100	\$ 23,127,138	100
2005	25,809	100	24,447,594	100
2006	25,821	100	24,765,305	100
2007	25,918	100	27,588,409	100
2008	26,009	100	29,448,078	100

HISTORIC WATER DELIVERIES

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

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

Fiscal Year Ending <u>June 30</u>	<u>Urban Deliveries</u>
2004	13,568
2005	12,724
2006	13,290
2007	14,753
2008	14,926

LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the City's water system as of June 30, 2008, as determined by the amount of their respective annual payments.

<u>Customer</u>	<u>Water Usage¹</u>	<u>Annual Payments</u>
City of Santa Barbara	119,133	\$ 299,295
Santa Barbara Cottage Hospital	41,517	200,998
Fess Parkers Double Tree Inn	26,959	132,867
Montecito Country Club	72,645	128,742
S.B. Zoological Foundation	14,640	79,233
Mission Linen Supply	13,064	62,211
S.B. City Schools	9,817	52,642
Regency Centers, LP	9,280	50,129
Samarkand, Inc.	10,064	49,243
Wash & Fun	8,994	<u>43,164</u>
Total:	326,113	\$1,098,524

These ten customers accounted for approximately 5% of the annual water system sales for Fiscal Year 2007/08.

¹ Hundred Cubic Feet

Water System Rates and Charges During FY 2007/08

Customer Class	Water Service Rates
Single Family Residential	First 4 HCF @ \$2.65 Next 16 HCF @ \$4.44 All other @ \$4.68
Multi-Family Residential 1-4 dwelling units	First 4 HCF per dwelling unit @ \$2.65 Next 8 HCF per dwelling unit @ \$4.44 All other @ \$4.68
Multi-Family Residential 5+ dwelling units	First 4 HCF per dwelling unit @ \$2.65 Next 8 HCF per dwelling unit @ \$4.44 All other @ \$4.68
Commercial	100% of base allotment ² @ \$4.44 per HCF; All other @ \$4.68
Industrial	100% of base allotment ² @ \$4.44 per HCF; All other @ \$4.68
Irrigation – Residential	Billed as if used through associated residential meter, OR annual allotment of 654 HCF/acre @ \$4.44; all other @ \$4.68
Irrigation - Recreation/Parks/Schools	Annual allotment of 1,404 HCF/acre @\$2.09 Next 240 HCF/acre/year @ \$4.44 All other @ \$4.68
Irrigation – Commercial	100% of base allotment ² @ \$4.44 per HCF; All other @ \$4.68
Irrigation – Agriculture	Annual allotment of 870 HCF/acre @\$1.51 Next 240 HCF/acre/year @ \$4.44 All other @ \$4.68
Recycled Water	All usage @ \$1.68/HCF
Outside City Limits	130% of corresponding in-City rates

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

Monthly Service Charges for Water Meters by Size During FY 2007/08

<u>Meter Size</u>	<u>Monthly Service Charge</u>
5/8"	\$ 11.16
3/4"	16.76
1"	27.91
1 1/2"	55.82
2"	89.32
3"	178.64
4"	279.12
6"	558.24
8"	893.18
10"	1,283.95

Connection Charges during Fiscal Year 2007/08

	5/8" Meter	1" Meter
Connection Charges on 1" Service:	\$1,897	\$2,328
Buy-in Fee (per detached single family residence)	2,805	5,601
	<u>\$4,702</u>	<u>\$7,929</u>

FISCAL YEAR 2008 OPERATING RESULTS

The following table is a summary of operating results of the water system of the City for Fiscal Year 2007/08. 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, 2008</u>
M&I Sales	\$ 29,448,078
Service Charges	583,613
JPA Reimbursement	2,541,404
Interest Income	2,151,331
Other Revenues	<u>73,637</u>
TOTAL REVENUE	<u>34,798,063</u>
<u>Operating Expenses</u>	
Salaries & Benefits	6,602,876
Materials & Supplies	10,323,748
Interest Expense ¹	490,904
Other	<u>37,368</u>
TOTAL OPERATING EXPENSES	<u>17,454,896</u>
NET REVENUES	17,343,167
State Water Payments	4,089,554
Parity Debt Service ²	<u>1,859,603</u>
Total Contract Payments	<u>5,949,157</u>
Coverage Ratio	2.92
Available for Capital improvements and Other purposes	\$ 11,394,010

¹Includes 1989 and 1991 DWR Water Reclamation Loans.

²Represents debt service on the 1994 Water Revenue Bonds and the 2002 Water Refunding COP's which are on a parity with payments to the Authority under The Water Supply Agreement. Coverage calculations take into consideration both payments to the Authority under the Water Supply Agreement and Parity Debt Service.

Source: City of Santa Barbara

CITY OF SANTA MARIA

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

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

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

Historic Water and Wastewater Connections and Sales and Service Revenues

<u>Fiscal Year Ending June 30</u>	<u>Connections</u>	<u>Water Sales Revenues</u>	<u>Wastewater Service Revenues</u>
2004	19,170	\$ 19,392,893	\$ 4,332,027
2005	19,596	20,479,665	4,786,818
2006	20,588	20,901,096	5,230,268
2007	20,762	23,490,792	5,105,672
2008	20,830	24,605,620	5,482,863

HISTORIC WATER DELIVERIES

The City records the volume of water delivered by its water system. Over the past five years, the volume of water delivered by the City has fluctuated, ranging from a low of approximately 11,375 acre-feet in fiscal year 2005 to a high of approximately 14,219 acre-feet in fiscal year 2007. 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>
2004	13,267
2005	11,375
2006	13,026
2007	14,219
2008	14,047

LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the City's water system as of June 30, 2008 as determined by the amount of their respective annual payments.

Largest Water Customers

Customer ³	Water Usage ⁴	Annual Payments
City of Santa Maria	315,922	\$ 1,294,987
Santa Maria Elementary School	115,636	470,218
Allan Hancock College	65,528	256,958
SP Village Green LLC	62,755	237,584
Marian Hospital & Facilities	37,744	172,647
Casa Grande Mobile Homes	57,653	162,216
S.B. County Housing Authority	37,859	157,807
Santa Maria Joint Union High School	29,474	123,637
Mission Linen Supply	26,967	102,536
Casa Del Rio Mobile Estates	<u>27,408</u>	<u>78,719</u>
TOTAL	776,946	\$3,057,309

The ten largest water customers accounted for approximately 13.0% of water service by volume in fiscal year 2008.

The following table sets forth the ten largest customers discharging to the City's wastewater system as of June 30, 2008 and their respective annual payments.

Largest Wastewater Customers

Customer	Wastewater Usage ²	Annual Payments
Sure-Fresh	87,357	\$ 111,499
SP Village Green LLC	62,755	46,566
Milt Guggia Enterprises	22,307	39,828
Casa Grande Mobile Homes	57,653	38,334
Allan Hancock College	28,585	36,667
Santa Maria Elementary School	22,963	29,428
S.B. County Housing Authority	28,707	29,068
Central Coast Wine	24,827	28,535
Mission Linen Supply	26,967	25,854
Casa Del Rio Mobile Estates	<u>27,388</u>	<u>23,185</u>
TOTAL	389,509	\$ 408,964

The ten largest wastewater customers accounted for approximately 9.6% of wastewater service by volume in fiscal year 2008.

³ 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.

⁴ 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 7/1/08 is set forth below:

Monthly Service Charges for Water Meters by Size

Meter Size	Inside City
5/8 x 3/4"	22.39
1"	35.12
1 1/4"	41.65
1 1/2"	55.51
2"	76.77
3"	166.61
4"	277.71
6"	694.37

Capacity Charge

1 – 500 cubic feet	\$ 2.441 per 100 cubic feet
501 – 1000 cubic feet	2.895 per 100 cubic feet
1001 – 1500 cubic feet	3.383 per 100 cubic feet
Above 1501 cubic feet	3.852 per 100 cubic feet

Wastewater Treatment Charges. A schedule of the City’s current monthly wastewater treatment rates and charges as of 7/3/08 is set forth below:

Monthly Wastewater Rates

Single Family Residence	\$ 11.56
Multiple Apartments:	
2 Rooms or Less	8.18
3 + Rooms	8.89
Mobile Homes (number of spaces)	8.18
Motel/Hotel (per unit)	5.69

Per 100 cubic feet

Office Buildings	1.35
Restaurants	3.24
Commercial	1.96
Food Processing	1.88
Machinery	1.56
Miscellaneous	1.56

FISCAL YEAR 2008 OPERATING RESULTS

The following table is a summary of operating results of the water and wastewater system of the City for Fiscal Year 2007/08. 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, 2008</u>
Water & Wastewater Fees & Charges	\$ 30,088,483
Other Revenues	1,056,458
Interest Income	<u>1,902,529</u>
TOTAL REVENUES:	<u>33,047,470</u>
<u>OPERATING EXPENSES</u>	
Salaries, Wages & Benefits	3,897,670
Materials & Supplies	1,733,839
Equipment Maintenance & Operations	862,854
Contracts & Services	2,260,346
Bad Debts	<u>220,369</u>
TOTAL OPERATING EXPENSES:	<u>8,975,078</u>
NET REVENUES	24,072,392
Rate Coverage Fund Deposit	<u>4,169,232</u>
TOTAL NET REVENUES	<u>28,241,624</u>
State Water Payments	15,138,443
Coverage Ratio:	1.87
Other Debt Service	3,773,828
Available for Capital improvements and other purposes	\$ 5,160,121

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.</u> ¹	<u>%</u>	<u>Ag.</u> ²	<u>%</u>	<u>Solvang</u>	<u>%</u>
2004	2,278	95	117	5	\$ 2,718,591	71	\$ 1,065,931	28	\$ 32,180	1
2005	2,305	95	117	5	2,508,484	61	949,438	37	60,110	2
2006	2,328	95	114	5	2,869,259	75	922,986	24	56,537	1
2007	2,430	95	114	5	3,428,119	74	1,114,001 ³	24	65,584	1
2008	2,453	96	114	4	3,633,881	74	1,172,989 ⁽³⁾	24	76,298	1

The actual FY 2007/2008 total water sales revenues are approximately 9 percent higher than the FY 2006/07 revenues due to an increase in domestic and agricultural water use, replacement of new 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
2004	2,972	3,031	9	6,012
2005	2,320	2,271	41	4,637
2006	2,325	2,443	32	4,800
2007	2,579	2,613	31	5,223
2008	2,943	2,945	38	5,926

The FY 2007/08 actual overall water deliveries are about 9 percent higher than FY 2006/07 due to an increase in domestic and agricultural use because of significantly below average precipitation during the rain season and a slight increase in water demand from the City of Solvang.

LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the District's water system as of June 30, 2008, as determined by the amount of their respective annual payments.

Customer	Water Usage ⁴	Annual Payments
Chumash Casino	98	\$ 109,559
Cachuma Sanitation	78	74,709
Michael Fitzgerald	151	30,095
Santa Ynez Valley Farming/Steve Jacobson	92	21,326
Gainey Ranch	96	20,081
Elizabeth Williams	84	15,738
Doug Herthel #1	82	15,530
Doug Herthel #2	77	13,977
Don Smith	72	12,240
Rebecca Shields	<u>76</u>	<u>11,572</u>
TOTAL	906	\$ 324,827

These ten customers accounted for approximately 7% of the water service revenues for Fiscal Year 2007/08.

⁴ Acre Feet

WATER SYSTEM RATES AND CHARGES

The District's rates and charges for FY 2007/08 are as follows:

<u>Monthly Meter Charge</u>		
Meter Size	Domestic/Limited	
	Agricultural	Agricultural
$\frac{5}{8}$ " - $\frac{3}{4}$ "	\$ 25.90	
$\frac{3}{4}$ "	31.10	
1"	51.70	
1 $\frac{1}{2}$ "	103.10	\$ 46.00
2"	163.80	75.00
3"	329.40	149.00
4"	464.60	208.00
6"	1,030.50	464.00
8"	1,649.10	

<u>Consumption Charge</u>		
Domestic	Rural Residential / Limited Agricultural	Agriculture
\$2.27 per HCF	1 st 70: \$2.27 per HCF Over 70: \$0.48 per HCF	\$0.33 per HCF
Temporary Rate	(Conn. Fee \$50.00; minimum chg.: \$25.00)	Cachuma Park & City of Solvang \$2.27 per HCF

<u>Connection Charge</u>			
Meter Size	Meter Only	Service and Meter	
$\frac{5}{8}$ " - 1"	\$ 3,105.31	\$ 5,770.34 Short Side	(1" service)
		8,773.97 Long Side	(1" service)
$\frac{3}{4}$ "	\$ 3,713.98	\$ 6,379.00 Short Side	(1" service)
		9,382.63 Long Side	(1" service)
1"	\$ 6,099.27	\$ 8,777.79 Short Side	(1" service)
		11,781.42 Long Side	(1" service)
(2) $\frac{5}{8}$ " - 1"		\$ 6,208.25 Short Side	(1" double service)
		9,211.88 Long Side	(1" double service)
1 $\frac{1}{2}$ "	\$ 12,180.92	\$ 15,199.84 Short Side	(2" service)
		18,221.79 Long Side	(2" service)
2"	\$ 19,383.98	\$ 22,443.90 Short Side*	(2" service)
		25,465.85 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: \$540 per inch of diameter of Service size.

Capital Facilities Charge on Larger Services

Meter Size	Charge	
3"	\$ 37,269.29	+ Serv. & Meter Costs
4"	\$ 52,409.93	+ Serv. & Meter Costs
6"	\$ 116,466.51	+ Serv. & Meter Costs
8"	\$ 186,346.42	+ 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 2008 OPERATING RESULTS

The following table is a summary of operating results of the water system of ID No. 1 for Fiscal Year 2007/08. 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, 2008</u>
M&I Water Sales	\$ 4,278,011
Ag. Water Sales	528,860
Water Sales to City of Solvang	76,298
SWP Revenue from City of Solvang	2,388,264
Connection Fees	141,113
Special Assessments	784,775
Other Fees & Income	132,291
Interest Income	<u>350,843</u>
TOTAL REVENUES:	<u>8,680,455</u>
<u>OPERATING EXPENSES</u>	
Water Purchased	215,992
Pumping	511,732
Water Treatment	39,161
Transmission & Distribution	515,661
Other/Litigation Fees	505,410
Administration & General	<u>1,875,587</u>
TOTAL OPERATING EXPENSES:	<u>3,663,543</u>
NET REVENUES	5,016,912
Rate Coverage Reserve Fund Deposit (Includes Solvang)	<u>961,388</u>
Adjusted Net Revenues	<u>5,978,300</u>
State Water Payments (Includes Solvang)	3,869,047
Coverage Ratio:	1.55
Other Debt Service Available for Capital improvements and other purposes	1,147,865

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 are 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)
2004	1,903	\$ 3,286,624	1,506
2005	1,907	3,229,500	1,589
2006	1,903	3,543,426	1,321
2007	1,939	4,023,837	1,512
2008	1,964	4,180,995	1,512

LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the City’s water system as of June 30, 2008, as determined by the amount of their respective annual payments.

Largest Customers as of June 30, 2008

Customer	Water Usage ¹	Annual Payments
Rancho Santa Ynez Mobile Estate	33,109	\$ 100,982
Solvang Mesa, LLC	22,833	69,640
Alisal Guest Ranch	15,456	47,141
City of Solvang	14,502	44,231
Mission Oaks	10,050	30,652
Solvang School	8,023	24,470
Worldmark Resort	6,774	19,748
Solvang Lutheran Home	6,137	18,717
Chumash Resort	6,087	18,565
Mission Ready Mix	<u>5,561</u>	<u>16,961</u>
TOTAL	128,532	\$ 391,107

¹ Hundred Cubic Feet

Monthly Service Charges for Water Meters by Size

<u>Meter Size</u>	<u>Rated Flow (gpm)²</u>	<u>Ratio to 5/8" x 3/4" Meter</u>	<u>Meter Charges</u>	<u>Outside Users³</u>
5/8" x 3/4"	20	1.0	\$ 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	28.31
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 ccf⁴ 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.

² gallons per minute

³ outside users are properties outside of City limits

⁴ 100 cubic feet

FISCAL YEAR 2007/08 OPERATING RESULTS

The following table is a summary of operating results of the water system of the City for fiscal year 2007/08. 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, 2008</u>
Water Sales	\$ 180,995
Other Fees & Income	19,459
Interest Income	<u>140,110</u>
TOTAL REVENUES:	<u>4,340,564</u>
<u>OPERATING EXPENSES</u>	
Operating Expenses	1,140,082
Interest Expense	<u>107,073</u>
TOTAL OPERATING EXPENSES:	<u>1,247,155</u>
NET REVENUES	3,093,409
Rate Coverage Fund Deposit	<u>569,041</u>
Adjusted Net Revenues	<u>3,662,450</u>
State Water Payments	2,446,021
Coverage Ratio:	1.50
Other Debt Service	-
Available for Capital improvements and other purposes	\$ 647,388

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
2004	5,383	\$3,852,954
2005	5,399	3,436,322
2006	5,473	3,884,085
2007	5,489	3,911,610
2008	5,531	3,610,462

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
2004	1,205
2005	976
2006	1009
2007	1275
2008	1187

LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the City's water system as of June 30, 2008, as determined by the amount of their respective annual payments.

Customer	Water Usage ¹	Annual Payments
City of Morro Bay	2,606,100	\$ 222,230
Pacific Care Center	981,200	197,675
Mission Linen Supply	858,000	95,418
Inn at Morro Bay	804,900	89,452
Blue Heron Terrace	287,900	46,039
Department of Parks	495,900	42,086
San Luis Coast Unified Schools	387,700	38,056
Morro Elementary	421,800	37,615
Morro Dunes Trailer Park	420,100	36,708
Blue Sale Inn	<u>222,000</u>	<u>34,053</u>
TOTAL	748,560	\$839,332

These ten customers accounted for approximately 23% of water services revenues in fiscal year 2007/2008.

¹ Cubic Feet

FISCAL YEAR 2008 OPERATING RESULTS

The following table is a summary of operating results of the water system of the City for fiscal year 2007/2008. 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, 2008</u>
Water Service Charge	\$ 3,610,462
Connection Fees	64,765
Penalties & Reconnections	49,647
Miscellaneous	<u>37,801</u>
TOTAL REVENUES:	<u>3,762,674</u>
<u>OPERATING EXPENSES</u>	
Administration & General	1,181,854
Maintenance	<u>3,835</u>
TOTAL OPERATING EXPENSES:	<u>1,185,688</u>
NET REVENUES	2,576,985
State Water Payments	1,886,622
<i>Coverage Ratio:</i>	<i>1.37</i>
Available for Capital improvements and other purposes	\$ 690,363

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

CITY OF PISMO BEACH

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

HISTORIC WATER CONNECTIONS AND SALES REVENUES

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

Fiscal Year Ending June 30	Connections ¹	Sales Revenues
2004	4,365	\$1,872,673
2005	4,405	1,888,635
2006	4,443	1,994,992
2007	4,472	2,124,500
2008	4,713	2,619,579

HISTORIC WATER DELIVERIES

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

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

Fiscal Year Ending June 30,	Urban Deliveries ²
2004	2,019
2005	1,951
2006	1,924
2007	2,003
2008	2,269

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

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

LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the City's water system as of June 30, 2008, as determined by the amount of their respective annual payments.

Customer	Water Usage	Annual Payments
Pismo Mobile Home Park	15,424	\$ 34,146
Cliffs Shell Beach	13,909	26,016
Sunset Palisades HOA	10,025	20,004
Oxford Suites Resort	8,194	17,343
Pismo Lighthouse Suites	7,745	16,511
Shorecliff Lodge	8,619	16,468
Lucia Mar Unified School District - 507	7,050	15,201
Motel 6	7,514	15,189
Hacienda Del Pismo	5,953	13,470
Lucia Mar Unified School District - 3929	<u>6,106</u>	<u>12,604</u>
Totals	90,539	\$186,952

These ten customers accounted for approximately 7.1% of water service revenues in fiscal year 2007/08.

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

Meter Size	
All Meters	
5/8" & 3/4"	\$ 26.73
1"	53.23
1-1/2"	91.98
2"	148.56
3"	286.23
4"	448.96
6"	1,067.28

	Single Family <u>Residential</u>	All Other Metered <u>Users</u>
Consumption Charge:		
0-12 HCF	\$1.64/HCF	\$1.83/HCF
13 HCF and higher	\$2.13/HCF	\$1.83/HCF
Construction Meter		\$3.66/HCF
Irrigation Meter		\$2.01/HCF
Connection Charges:		
A) State Water Supply Fee	\$7,207 per equivalent dwelling unit	
B) Special Tax Levy FY 2007-08	\$161.26 per year per equivalent dwelling unit.	

FISCAL YEAR 2008 OPERATING RESULTS

The following table is a summary of operating results of the water system of the City for FY 2007/08. 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, 2008
Water Service Charge	2,661,252
State Water Impact Fee	213,609
Interest	171,401
Assessments	1,149,336
Other Revenues	17,837
TOTAL REVENUES:	<u>4,213,435</u>
<u>OPERATING EXPENSES</u>	
Admin & General	627,323
Lopez Contract Payments	857,053
Operations & Maintenance	581,274
Utilities	134,756
TOTAL OPERATING EXPENSES:	<u>2,200,406</u>
NET REVENUES	2,013,029
State Water Payments	1,188,969
Coverage Ratio:	1.69
Available for Capital improvements and other purposes	824,060

Source: City of Pismo Beach