

CENTRAL COAST WATER AUTHORITY

FY 2014/15
CONTINUING
DISCLOSURE ANNUAL
REPORT

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

FY 2014/15 CONTINUING DISCLOSURE

ANNUAL REPORT

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March 7, 2016

Ms. Kitty Kwong
 Bank of New York Mellon Trust Company
 400 South Hope Street, Suite 500
 Los Angeles, CA 90071

RE: Central Coast Water Authority Fiscal Year 2014/15 Annual Report on Continuing Disclosure for the \$123,190,000 Refunding Revenue Bonds (State Water Project Regional Facilities), Series 2006A

Jack Boysen
 Chairman

Richard Shaikewitz
 Vice Chairman

Ray A. Stokes
 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

Dear Kitty:

Attached is the Fiscal Year 2014/15 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 2014/15 State Water Deliveries

A table showing deliveries during Fiscal Year 2014/15 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 2014/15 and have deposited the following amounts:

Project Participant	FY 2014/15 Rate Coverage Fund Deposit
City of Buellton	\$ 274,861
Carpinteria Valley Water District	816,100
City of Guadalupe	186,615
La Cumbre Mutual Water Company	391,135
Montecito Water District	1,417,526
City of Santa Maria	5,001,279
Santa Ynez, RWCD, I.D. #1 (City of Solvang)	606,183
Santa Ynez, RWCD, I.D. #1	456,658
TOTAL:	\$ 9,150,358

255 Industrial Way
 Buellton, CA 93427-9591
 (805) 688-2292
 FAX: (805) 686-4700

Continuing Disclosure Annual Report

Consistent with Section 4 of the Continuing Disclosure Report, the Fiscal Year 2013/14 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 2014/15 Comprehensive Annual Financial Report were previously sent to you under separate cover.

Coverage Ratios falling short of 1.25 From the information presented to CCWA, the Cities of Buellton, Morro Bay and Santa Barbara did not meet their required 1.25 coverage ratio during FY 2014/15. Each City has provided a letter (included), which describes the steps it is taking to meet the requirement in the future.

Audited Financial Statements The Cities of Morro Bay and Guadalupe submitted draft financials, but did not submit audited financial statements for FY 2014/15. As such, CCWA was unable to verify the actual operating results with their audited financial statements.

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

Sincerely,


Ray A. Stokes
Executive Director

RAS

Attachments

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

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RAS

FY 2014/15 STATE WATER DELIVERIES

Central Coast Water Authority

Fiscal Year 2014/15 State Water Deliveries

Fiscal Year 2014/15 Continuing Disclosure Annual Report

Project Participant	<i>Acre-Feet</i>		
	Requests	Exchange	Net Deliveries
Lopez Turnout (SLO County)	898		898
Chorro Valley Turnout (SLO County)	1,861		1,861
City of Guadalupe	-		-
City of Santa Maria	2,241		2,241
Golden State Water Company	29		29
Vandenberg Air Force Base	17		17
City of Buellton	5		5
Santa Ynez ID#1 (Solvang only)	601		601
Santa Ynez ID#1 (excluding Solvang)	59	1,353	1,412
Goleta Water District	3,098	(136)	2,962
Morehart Land Company	30	-	30
LaCumbre Mutual Water Co.	626	-	626
Raytheon Systems Co.	37	-	37
City of Santa Barbara	4,848	(500)	4,348
Montecito Water District	3,384	(487)	2,897
Carpinteria Valley Water District	1,089	(230)	859
TOTAL:	18,823	-	18,823

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, 2015 decreased by almost 8%. This was primarily due to a decrease in customer water usage resulting from the drought.

Historic Water Connections and Sales and Service Revenues

Fiscal Year Ending June 30	Connections	Water Sales Revenues
2011	1,557	\$ 1,387,651
2012	1,570	1,368,805
2013	1,569	1,460,658
2014	1,569	1,532,887
2015	1,569	1,436,127

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
2010	371	701	228	1,300
2011	152	706	326	1,184
2012	222	462	528	1,212
2013	369	484	373	1,227
2014	762	488	50	1,300
2015	372	764	5	1,141

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 commercial and residential. 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 commercial and residential customers is now \$1.97 per 100 cubic feet. The Water Meter Charges are set forth below:

Meter Size	Monthly Service Charge ¹
Up to 3/4"	\$ 24.20
1"	26.65
1 1/2"	31.48
2"	41.21
3"	60.60
4"	78.80
6"	109.11
8"	145.51

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 10% 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 \$13.00 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, 2015, as determined by the amount of their respective annual payments.

	Water Usage ²	Annual Payments
Professional Investment Planning	19,008	\$ 72,151
Buellton Union School District	20,614	42,772
Rancho De Maria	16,073	34,078
Flying Flags Assoc., L.P.	12,702	26,470
Santa Ynez Valley Marriott	12,495	26,062
The Inn Group	8,218	18,235
Terravant Wine Co	7,945	16,849
Rivergrove Mobilehome Park	7,108	16,869
DAYS Inn	5,133	11,559
Buellton Shell	<u>3,231</u>	<u>6,730</u>
TOTAL	112,517	\$271,775

These ten customers accounted for approximately 19% of the City's water service revenues for fiscal year 2014/15.

² Hundred Cubic Feet

FISCAL YEAR 2015 OPERATING RESULTS

The following table is a summary of operating results of the water system for Fiscal Year 2014/15. 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, 2015</u>
Water Sales	\$ 1,436,127
Connection Fees	184,600
Other Fees & Income	17,140
Interest Income	4,655
TOTAL REVENUES	<u>1,642,522</u>
<u>OPERATING EXPENSES</u>	
Operations & Maintenance Expenses	632,937
FmHA Debt Service	-
TOTAL OPERATING EXPENSES	<u>632,937</u>
NET REVENUES	1,009,585
Rate Coverage Reserve Fund Deposit	274,861
Adjusted Net Revenues	<u>1,284,446</u>
State Water Payments	1,043,536
<i>Coverage Ratio</i>	<i>1.23</i>
Available for Capital Improvements and other purposes	\$ (33,951)

Source: City of Buellton



City of Buellton

February 2, 2016

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

Subject: 2014-15 Continuing Disclosure – Coverage Ratio

Dear Mr. Stokes:

This letter is to let you know that the City of Buellton did not meet the rate coverage ratio of 1.25. The current ratio is 1.23 and we believe the City will meet the required ratio by taking the following actions:

1. A rate study is in progress. The consulting firm of Lynn Takaichi was approved at the City Council meeting of January 28, 2016.

In the future, the City will achieve a coverage ratio that meets or exceeds the 1.25 requirement. If additional information is required please contact me at (805) 686-7422.

Sincerely,

Carolyn Galloway-Cooper, CPA
Finance Director

c: Rose Hess, Public Works Director
Laura Matthews, Controller
Marc Bierdzinski, City Manager
Ed Andrisek, Mayor

107 W. Highway 246 • P.O. Box 1819 • Buellton, CA 93427 • t: 805.688.5177 • f:805.686.0086 • www.cityofbuellton.com

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.	%
2011	3,893	90	429	10	\$ 7,915,815	78	\$ 2,185,382	22
2012	3,912	90	427	10	8,129,365	77	2,382,813	23
2013	4,029	91	412	9	8,171,789	76	2,626,845	24
2014	4,038	91	406	9	8,411,037	75	2,818,138	25
2015	4,080	91	405	9	8,116,921	75	2,682,792	25

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
2011	\$ 4,124,997	\$ 5,979,200	\$ 10,101,197
2012	4,381,982	6,193,234	10,575,216
2013	4,789,302	6,009,332	10,798,634
2014	5,022,841	6,206,334	11,229,175
2015	4,240,726	6,790,317	11,031,043

Sales revenues in FY 10/11 were little changed from the previous year. Operating revenues increased in FY 12 primarily due to an increase in water sold of approximately 271 AF. The District also sold a combined total of 800 AF of water to neighboring water agencies for \$120,000. Sales revenue increased in FY 13 due to dryer weather conditions. The continued dry conditions over FY 2013/14 resulted in higher water demand that resulted in increased water sales revenue. Water conservation restrictions resulting from a continued drought contributed to the decline in water sales revenue in FY 14/15.

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
2011	1,397	365	135	69	1,633	3,599
2012	1,429	346	151	80	1,865	3,871
2013	1,523	369	220	85	2,155	4,352
2014	1,529	350	170	87	2,415	4,551
2015	1,240	280	129	75	2,004	3,728

Sources

Fiscal Year Ending June 30	Groundwater	State Water	Cachuma Project	Total
2011	797	516	3,100	4,413
2012	1,174	470	3,148	4,792
2013	864	359	3,648	4,871
2014	754	846	3,490	5,090
2015	2,204	797	1,060	4,061

MANAGEMENT DISCUSSION OF HISTORIC WATER CONNECTIONS, SALES REVENUES AND DELIVERIES

FY 10/11 continued cold and wet, resulting in diminished water sales from typical patterns. Water sales increased in FY 11/12 by 274 AF as a result of a dryer year as compared to FY 10/11. The FY 11/12 deliveries figure also includes the sale of 800 AF of water to neighboring water agencies. Water sales increased in FY 12/13 and FY 13/14 with dry weather and drought conditions. Sales declined in FY 14/15 as state mandated conservation efforts were implemented.

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.

The following table sets forth the ten largest customers of the District's water system as of June 30, 2015, as determined by the amount of their respective water usage:

Customer	Water Usage (units: HCF)	Annual Payments
Reiter Brothers Inc.	33,818	\$ 61,592.67
Ota, Tom	25,607	52,631.65
Cate School	23,896	123,073.17
Circle G	22,991	51,969.67
Cervini Farm CA Inc.	20,197	42,179.74
Sandpiper Village	19,097	213,764.79
Villa Del Mar HOA	18,955	220,955.19
Casitas Village Home Assn.	18,793	228,386.77
Emmett, Morgan	17,344	34,369.26
Westerlay Orchids	<u>16,547</u>	<u>12,387.67</u>
TOTAL	217,245	\$1,041,310.58

These ten customers accounted for approximately 9.64% of water service revenues for the year ending June 30, 2015.

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, public authority and landscape.

In FY 08/09 the water rate for agricultural users increased to \$1.70 per HCF. All other 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. In FY 10/11, water rates remained at FY 09/10 levels: Base tier \$3.00 per HCF, Mid-level tier \$3.85 per HCF, Peak tier \$4.85 per HCF; Irrigation rate \$1.70 per HCF; Capital Improvement Program rate \$2.42 per HCF. In FY 11/12 the tiered water rate structure remained the same as FY 09/10 rates. In FY 12/13 water rates increased to \$3.05 for the Base tier, \$3.92 for the Mid-Level tier and \$4.93 for the Peak tier. Agricultural rates increased to \$1.72 per HCF. The rate for the Capital Improvement Program charge increased to \$2.75 per HCF. State Water Project charges also increased as reflected in the schedule below. FY 2013/14 the water rates did not change from FY 2012/13. In FY 2014-15 the District initiated surcharges on all account to address costs associated with continued State-wide drought. In addition the District raised water rates to \$3.12 for the Base tier, \$4.05 for the Mid-Level tier and \$5.42 for the Peak tier. A temporary 3-tiered rate structure was imposed on all Agricultural accounts, with the first tier priced as \$1.76 per HCF, the second tier at \$1.82 per HCF and the third tier at \$1.89 per HCF. In FY 15/16 these rates were raised to \$3.40 for the Base tier, \$4.55 for the Mid-Level tier and \$6.50 for the Peak tier for M&I customers. Agricultural rates were raised to \$1.92 for the first tier, \$2.25 for the second tier and \$2.50 for the third tier. The drought surcharges were also increased.

A schedule of the District's current monthly service charges effective since July 1, 2015 is shown below:

MONTHLY SERVICE CHARGES			
METER SIZE	BASIC	STATE WATER	TOTAL
5/8"	\$5.63	\$30.00	\$35.63
3/4"	5.63	30.00	35.63
1"	9.38	50.00	59.38
1 1/2"	18.75	100.00	118.75
2"	30.00	160.00	190.00
3"	60.00	320.00	380.00
4"	93.75	500.00	593.75
6"	187.50	1,000.00	1,187.50
8"	431.25	2,300.00	2,731.25

CAPITAL IMPROVEMENT CHARGES		
Rate	\$2.75	Per HCF
Minimum	\$16.50	6 HCF
Maximum	\$275.00	100 HCF

DROUGHT SURCHARGES		
Volumetric Rate	\$0.40	Per HCF
Minimum	\$2.40	6 HCF
Maximum	\$40.00	100 HCF
Meter	\$1.59	Per meter equivalent

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, 2015 CCRF rates are:

Meter Size	Capital Cost Recovery Fees
3/4"	\$ 12,579.00
1"	18,457.00
1 1/2"	33,217.00
2"	50,941.00
3"	98,152.00

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

FISCAL YEAR 2015 OPERATING RESULTS

The following table is a summary of operating results of the water system of the District for Fiscal Year 2014/15. 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, 2015</u>
Muni. & Ind. Water Sales	\$2,608,122
Agricultural Water Sales	1,632,604
Water Service Charge	6,558,987
Fire Protect & Service Revenue	231,330
Capital Cost Rec Fee	134,208
Interest Revenue	24,178
Other Income	1,105,128
Overhead charges	55,249
TOTAL REVENUES:	<u>12,349,806</u>
<u>OPERATING EXPENSES</u>	
Cost of Purchased Water	475,919
Pumping Expense	459,277
Treatment expense	698,525
Trans & Dist Exp	981,118
Customer Accounts	39,676
Cachuma Operating Expense	483,741
General & Admin.	2,328,957
TOTAL OPERATING EXPENSES:	<u>5,467,213</u>
NET REVENUES	6,882,593
Rate Coverage Reserve Fund Deposit	816,100
Adjusted Net Revenues	<u>7,698,693</u>
State Water Payments	3,909,986
<i>Coverage Ratio:</i>	<i>1.97</i>
Additional Debt Service	759,393
Available for Capital improvements and other purposes	\$2,213,212

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	%
2011	15,986	97.47	415	2.53	\$13,619,146	86.63	\$2,102,769	13.37
2012	15,878	97.44	417	2.56	16,692,802	89.42	1,975,206	10.58
2013	16,096	97.45	422	2.55	18,819,581	84.88	3,351,673	15.12
2014	16,118	97.44	424	2.56	20,469,508	85.27	3,536,298	14.73
2015	16,003	97.34	438	2.66	16,193,645	81.02	3,794,462	18.98

The number of active connections to the District’s water experienced minimal fluctuations between 2011 and 2015. Water sales revenue increased from 2011 through 2015 primarily reflecting dry weather conditions, an improving economy, and increases in rates.

*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
2011	3,517	8,644	12,161
2012	3,579	8,696	12,275
2013	5,029	8,894	13,923
2014	4,380	10,504	14,884
2015	3,771	8,112	11,883

Weather variability and local economic performance both have a direct influence on total demand for water service; thus, the amount of water delivered varies from year to year. Deliveries, as shown above for the past five years, responded consistently with exhibited weather and economic pattern. The decrease in FY2015 was attributable to State and local mandate to reduce water consumption due to the multi-year drought.

LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the District's water system as of June 30, 2015, 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.	850	\$ 2,026,250
Glen Annie Golf Club	237	552,257
Cavaletto Ranches, LLC	637	400,283
Sandpiper Golf Course	270	277,373
Bacara Resort	111	276,271
Michael Towbes	73	217,105
County of Santa Barbara	187	196,946
Goleta Union School District	64	187,307
Santa Barbara Unified School D.	59	168,415
Roy Butera	<u>200</u>	<u>135,764</u>
TOTAL	2,688	\$ 4,437,971

These ten customers accounted for approximately 22.6% of the water usage and 15.1% of the water service revenues for the year ended June 30, 2015. The water usage is shown in acre-feet.

WATER SYSTEM RATES AND CHARGES

The District's current rates and charges as of June 30, 2015 are as follows:

	<u>Commodity Charge</u>
Agriculture, West Conduit System	\$1.30/HCF
Agriculture, Urban	\$1.42/HCF
Urban	\$5.27/HCF
Urban, Conservation	\$5.04/HCF
Recreation	\$3.81/HCF
Reclaimed	\$3.05/HCF

<u>Meter Size</u>	<u>Volume</u>	<u>Monthly Charge</u>
5/8" or 3/4"	Ultra low flow	\$ 13.08
5/8" or 3/4"	Low flow	26.16
5/8" or 3/4"	All other	39.24
1"	N/A	65.42
1 1/2"	N/A	130.81
2"	N/A	209.33
3"	N/A	392.48
4"	N/A	654.14
6"	N/A	1,308.26
8"	N/A	2,093.24
10"	N/A	4,972.22

The 5/8" and 3/4" Monthly Meter Charges are based on a 12 month trailing average of water use, defined as Ultra low flow (4 or less HCF), Low flow (greater than 4 but less than 8 HCF), and All other (greater than 8 HCF). Residential Agricultural customers are charged at the Urban rate unless usage exceeds 11 HCF per dwelling for any given month, beyond which Agriculture commodity charges apply.

¹Acre-feet

FISCAL YEAR 2015 OPERATING RESULTS

The following table is a summary of operating results of the water system for Fiscal Year 2015. These results have been derived from the District's audited financial statements for 2015.

GOLETA WATER DISTRICT

<u>REVENUES</u>	<u>June 30, 2015</u>
Water Sales	\$19,988,107
Meter Charges	9,508,993
Other Fees & Income	3,396,538
Interest Income	58,322
TOTAL REVENUES:	<u>32,951,960</u>
<u>OPERATING EXPENSES</u>	
Source of Supply	5,556,859
Water Treatment	1,978,887
Transmission & Distribution	3,567,788
Customer Accounts	1,343,012
General and Administrative	4,080,786
TOTAL OPERATING EXPENSES:	<u>16,527,332</u>
NET REVENUES	16,424,628
State Water Payments	9,369,850
<i>Coverage Ratio:</i>	<i>1.75</i>
Other Debt Service	3,564,777
Capital Contributions (excluded for purposes of coverage ratio calculations)	1,651,549
Available for Capital Improvements and other purposes	\$ 5,141,550

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, 2015 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
2011	1,927	\$1,320,373
2012	1,931	1,466,881
2013	1,940	1,462,443
2014	1,945	1,769,651
2015	1,960	1,721,143

The number of connections increased for FY 2014/15 by approximately 15 services. There was a decrease in revenue of about \$45,508 from the prior year. This decrease resulted from decreased water usage due to water conservation efforts by city residents. The city anticipates additional sales revenue from current active developments. The CPI rate increase and active development sales revenue 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
2011	921
2012	989
2013	912
2014	1,078
2015	1,039

¹ Groundwater and State Water

The following table sets forth the ten largest customers of the City's water system as of June 30, 2015 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	192,351	\$ 696,210
Obispo Cooling	9,401	33,969
County Housing Authority	7,406	28,362
Riverview Town Homes	6,782	24,684
Guadalupe Union School	5,153	18,728
Guadalupe Laundromat	2,963	10,713
Simplot	2,410	9,312
Pan American Seed	2,544	9,201
P& M Properties	1,518	5,488
Salvador Barragan	<u>1,008</u>	<u>3,644</u>
TOTAL	231,536	\$ 840,311

These ten customers accounted for approximately 46% of water service revenues for the year ended June 30, 2015.

WATER SYSTEM RATES AND CHARGES

Consumption Charges. All classes of water users are charged the same rate. Specifically, all users pay \$21.92 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 \$3.65 per unit. Beginning January 1, 2016, the base charge will increase to \$3.67 per unit.

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

<u>Meter Size</u>	<u>Connection Charge</u>
¾"	\$ 2,361
1"	2,656
1 ½"	3,542
2"	7,083
3"	9,444
4"	13,184
6"	23,021

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 2015 OPERATING RESULTS

The following table is a summary of operating results of the water system of the City for Fiscal Year 2014/15. 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, 2015</u>
M&I Sales	\$ 1,721,143
Connection Fees	57,400
Interest Income	190
Other Revenues	32,697
TOTAL REVENUES:	<u>1,811,430</u>
<u>OPERATING EXPENSES</u>	
Salaries & Benefits	128,553
Operations & Maintenance	339,451
TOTAL OPERATING EXPENSES:	<u>468,004</u>
NET REVENUES	1,343,426
Rate Coverage Reserve Fund Deposit	<u>186,615</u>
Adjusted Net Revenues	1,530,041
State Water Payments	741,040
<i>Coverage Ratio:</i>	<i>2.06</i>
Available for Capital improvements and Other purposes	\$ 602,386

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 Dec. 31	Connections					Sales Revenues				
	Dom.	%	Ag.	%	Total	Dom.	%	Ag.	%	Total
2010	1,437	98	30	2	1,469	\$2,290,754	96	\$ 86,885	4	\$2,377,639
2011	1,431	97	40	3	1471	2,515,941	96	92,096	4	2,608,037
2012	1,431	97	40	3	1471	2,892,733	96	131,256	4	3,023,989
2013	1,454	98	31	2	1,485	3,429,362	96	149,405	4	3,279,957
2014	1,452	97	42	3	1,494	2,974,220	95	143,392	5	3,117,612

HISTORIC WATER DELIVERIES

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

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

Fiscal Year Ending Dec. 31	Domestic Deliveries	Agricultural Deliveries	Total
2010	1,449	74	1,523
2011	1,399	66	1,465
2012	1,499	88	1,587
2013	1,671	105	1,776
2014	1,289	84	1,373

LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the Company’s water system as of December 31, 2013, 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	32,452	\$150,080
Stanford Farms	9,023	77,568
Stephen Redding	6,983	55,693
Marsupial Properties	5,720	51,466
Jeffrey Henley	5,129	38,350
Timothy Pasquinelli	4,231	37,603
Christopher & Ann Conway	4,438	37,509
Overwater, LLC	4,358	35,352
Laguna Blanca School	4,172	29,346
Carriage Hill Association	<u>3,525</u>	<u>26,898</u>
TOTAL	80,061	\$539,865

These ten customers account for approximately 14% of all water service revenues in fiscal year 2014.

WATER SYSTEM RATES AND CHARGES

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

CURRENT (effective Sep 1, 2015)	
Residential – Tiered Rate	
Tier 1 (0-40)	\$5.24/HCF
Tier 2 (41-80)	\$6.25/HCF
Tier 3 (81-120)	\$9.66/HCF
Tier 4 (121 & >)	\$13.74/HCF
 Commercial –Tiered Rate	
100% of past 3 year average on a bi-monthly avg.	\$5.24/HCF
Any usage above 3 year average	\$9.66/HCF
 Multi-Family Rate – Tiered Rate	
(0-18) HCF/Dwelling/2mo.	\$5.24/HCF
(19-60) HCF/Dwelling/2mo.	\$6.25/HCF
(>60) HCF/Dwelling/2mo.	\$9.66/HCF
 Schools and Golf Courses – Tiered Rate	
100% of past 3 year average on a bi-monthly avg.	\$5.24/HCF
Any usage above 3 year average	\$9.66/HCF
 Agricultural – Tiered Rate	
Tier 1 for first 40 HCF	\$5.24/HCF
Tier 2 for <=870 HCF/ag acres/12 mo. period	\$3.92/HCF
Tier 3 for >870 HCF/ag acres/12 mo. period	\$9.66/HCF

CURRENT (effect. Sep 1, 2015)	
<u>Item</u>	<u>Bi-Monthly Charge</u>
"A" less than 50 HCF/Year *	\$ 14.00
"B" less than 100 HCF/Year *	28.00
3/4" meter	42.00
1" meter	70.00
1 1/2" meter	140.00
2" meter	224.00
3" meter	420.00
4" meter	700.00
Fire Sprinkler System under 2"	29.40
Over 2"	58.80
Private Fire Hydrant	29.40

* 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 Oct. 22, 2012) <u>Connection Charge + Cap Cost Recovery Fee</u>
3/4" meter	\$ 6,338 + 12,918
1" meter	7,245 + 20,813
1 1/2" meter	8,153 + 45,213
2" meter	9,060 + 71,766
3" meter	9,960 + 152,504
4" meter	10,868 + 215,300
Fire Sprinkler System under 2"	10,868 + 3,938
Over 2"	10,868 + 7,875
Private Fire Hydrant	TBD + 3,938

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

Water rates were increased in September 2015 to help encourage conservation. Meter charges were raised in Sept 2015 to help pay for a smart meter replacement program.

FISCAL YEAR 2014 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, 2014. 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

<u>REVENUES</u>	<u>Dec. 31, 2014</u>
Water Sales	\$ 3,117,612
Meter Charges	447,110
Land Charges	358,829
Connection Fees	119,650
Other Income	30,492
Rental income	110,126
Interest Income	1,358
TOTAL REVENUES:	<u>4,185,177</u>
<u>OPERATING EXPENSES</u>	
Water Source	65,736
Supplemental Water Purchased	87,292
Water Treatment	134,190
Transmission & Distribution	343,617
Admin. & General	803,899
Taxes	27,825
Water Conveyance	37,066
Misc. Expense	4,552
TOTAL OPERATING EXPENSES:	<u>1,504,177</u>
NET REVENUES	2,681,000
Rate Coverage Reserve Fund Deposit	391,135
Adjusted Net Revenues	<u>3,072,135</u>
State Water Payments	1,875,217
Coverage Ratio:	1.64
Available for Capital improvements and other purposes	\$ 805,783

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	%
2011	4,530	99	45	1	\$ 8,132,186	99	\$269,759	1
2012	4,532	99	45	1	8,969,598	99	376,369	1
2013	4,540	99	45	1	10,120,915	99	452,110	1
2014	4,552	99	45	1	10,640,299	99	620,240	1
2015	4,593	99	44	1	6,375,253	94	377,027	6

The total actual connections for the 2014/15 FY were 4,594. Domestic sales revenues for 2014/15 FY were \$6,375,253 Agricultural sales revenues for 2014/15 FY were \$377,027. Total water sales were \$6,752,280.

Water service charges and connection fee revenues were \$4,051,793 and \$77,326 respectively.

Ordinance 93 Penalty Revenue. On February 11, 2014, the Board of Directors adopted Ordinance No. 92, under which it declared a water shortage emergency, adopted restrictions on the use of water, and imposed penalties for the violation of use restrictions. On February 21, 2014, the Board of Directors adopted Ordinance 93, allocating water during water shortage emergency and providing penalty rates and restrictions for consumption in excess of allocation. The assessed penalties for water use over an account allocation has been considered as a revenue source to offset the reduction in customer water sales. Based on Ordinance 93, if customers exceed their monthly allocation, they are subject to a \$30/Hundred cubic feet (HCF) penalty for the first violation and \$45/HCF penalty for each violation thereafter. Penalties are reset each water year which begins October 1st.

Ordinance 93 Penalty Revenue for 2014/15 was \$3,402,310.

HISTORIC WATER DELIVERIES

Actual water deliveries for 2014/15 FY are 3,311 Acre-Feet (AF). 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>Agricultural</u>	<u>Domestic</u>	<u>Total</u>
2011	316	4,399	4,715
2012	451	4,851	5,302
2013	548	5,397	5,945
2014	587	5,188	5,775
2015	310	3,021	3,331

Actual water productions for 2014/15 FY are 3,668 AF. The following table summarizes Water Production by source:

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

<i>Fiscal Year Ending</i> <u>June 30</u>	<u>Groundwater</u>	<u>Cachuma</u> <u>Project</u>	<u>Other</u> ¹ <u>Sources</u>	<u>Total</u>
2011	167	2,386	2,792	5,345
2012	167	3,289	2,207	5,663
2013	320	4,390	1,690	6,400
2014	607	2,292	3,312	6,211
2015	587	0	3,081	3,668

LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the District's water system for 2014/15, as determined by the amount paid:

<u>Customer</u>	<u>Water Usage</u> <u>(HCF)</u> ²	<u>Annual Payment</u>
Resort Hotel	45,932	\$ 512,850
Resort Hotel	18,646	206,117
Golf Club	29,907	186,876
Private College	16,191	105,846
Agriculture	26,842	101,959
Retirement Community	12,459	95,740
Agriculture	23,842	91,306
Agriculture	23,038	79,337
Cemetery	10,666	71,930
Golf Club	<u>50,709</u>	<u>39,056</u>
	<u>327,414</u>	<u>\$1,679,491</u>

These ten customers accounted for approximately 14.91% of water service revenues in 2013/14.

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, 2015 is as follows:

<u>Meter Size</u>	<u>Meter Charge</u>	<u>Meter Size</u>	<u>Meter Charge</u>
3/4"	\$ 38.66	3"	\$ 463.94
1"	\$ 64.45	4"	\$ 773.23
1-1/2"	\$115.99	6"	\$1,288.72
2"	\$206.20		

¹ Other sources include water from Jameson Lake and Fox and Alder Creeks, infiltration water from Doulton Tunnel, and water from the State Water Project, which began 1997/1998.

*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>
Single Family Residential	\$ 4.68	\$ 5.18	\$ 6.12	\$ 7.37
Multi-Family Residential	\$ 4.68	\$ 5.18	\$ 6.12	-
Commercial	\$ 5.18	\$ 6.12	-	-
Institutional & Public	\$ 5.18	\$ 6.12	-	-
Agricultural ³	\$ 2.61	\$ 4.48	-	-
Non-Potable	\$ 2.08	-	-	-

The District completed a five year financial plan and a cost of service study in 2013. The financial plan includes increases to both the monthly service charges and the consumption rates for the next five fiscal years. The initial rate increase was effective on September 1, 2013. There will be 7.4% rate increases for the next four years thereafter. Quantity water rates beginning on July 1, 2015 are as follows:

*Monthly Service Charges
Effective July 1, 2015*

Meter Size	Meter Charge	Meter Size	Meter Charge
3/4"	\$ 41.52	3"	\$ 498.27
1"	\$ 69.22	4"	\$ 830.45
1-1/2"	\$124.57	6"	\$1,384.08
2"	\$221.45		

*Quantity Water Rates in Addition to Monthly Service Charges
Effective July 1, 2015
(Price per HCF)*

	1st Block	2nd Block	3rd Block	4th Block
Single Family Residential	\$ 5.03	\$ 5.57	\$ 6.57	\$ 7.97
Multi-Family Residential	\$ 5.03	\$ 5.57	\$ 6.57	-
Commercial	\$ 5.57	\$ 6.57	-	-
Institutional & Public	\$ 5.57	\$ 6.57	-	-
Agricultural ³	\$ 2.80	\$ 5.03	-	-
Non-Potable	\$ 2.08	-	-	-

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. Connection Fees are increased annually with the fiscal year budget based on the actual costs to install a meter. The Capital Cost Recovery fees are increased annually based on a prescribed formula approved by the Board of Directors in 1997 with Resolution No. 1837. The breakdown of Connection and Capital Cost Recovery Fees as of July 1, 2015 is as follows:

<u>Meter Size</u>	<u>Connection Fee</u>	<u>Capital Cost Recovery Fee</u>
3/4"	\$2,247	\$14,226
1"	2,386	23,710
1-1/2"	3,120	42,678
2"	3,814	75,872

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 2015 OPERATING RESULTS

The following table is a summary of operating results for the water system of the District for FY 2014/15. 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>	<u>June 30, 2015</u>
Water Sales	\$ 6,752,280
Water Service Charges	4,051,793
Water Shortage Emergency Surcharge	723,911
Ordinance 93 Drought Penalty Charge	3,402,310
Connection/Capital Cost Recovery Fees	77,326
Other Charges for Service	61,742
Interest Income	24,152
Legal Settlement	1,058,877
Other Income	112,253
TOTAL REVENUES	<u>16,264,644</u>
<u>OPERATING EXPENSES</u>	
Water Purchased	714,868
Supplemental Water Purchased	1,159,420
Pumping	295,690
Water Treatment	1,609,814
General & Administrative	2,711,252
Operations & Maintenance	1,557,135
TOTAL OPERATING EXPENSES	<u>8,048,179</u>
NET REVENUES	8,216,465
Rate Coverage Reserve Fund Deposit	<u>1,417,526</u>
Adjusted Net Revenues	<u>9,633,991</u>
State Water Payments	6,573,858
Coverage Ratio	1.47
Other Debt Service ⁴	1,240,288
Available for Capital Improvements and Other Purposes	\$ 402,319

Source: Montecito Water District

⁴ Department of Water Resources Ortega Improvement Project Loan and 2010A Revenue Bonds.

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>
2011	26,557	100	\$27,181,923	100
2012	26,649	100	29,992,081	100
2013	26,797	100	32,683,467	100
2014	26,919	100	33,296,287	100
2015	26,921	100	31,512,114	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>
2011	13,284
2012	13,949
2013	14,366
2014	14,218
2015	10,775

LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the City's water system as of June 30, 2015, as determined by the amount of their respective annual payments.

<u>Customer</u>	<u>Water Usage</u> ¹	<u>Annual Payment</u>
Santa Barbara Unified School District	38,582	\$ 307,940
City of Santa Barbara Parks	23,857	196,377
Dario Pini	22,448	174,363
Fess Parker Double Tree	27,137	169,747
Housing Authority	21,597	169,713
Cottage Hospital	16,951	152,262
Montecito Country Club	9,873	150,640
El Encanto	15,053	122,997
Santa Barbara Community College District	10,663	113,829
Samarkand Retirement	<u>15,823</u>	<u>101,206</u>
	201,984	\$ 1,659,074

These ten customers accounted for approximately 5.3% of the annual water system sales for Fiscal Year 2014/15.

¹ Hundred cubic feet

Water System Rates and Charges During FY 2014/15

Customer Class	Water Service Rates
Single Family Residential	First 4 HCF @ \$3.28 Next 12 HCF @ \$6.39 All other @ \$13.44 per HCF
Multi-Family Residential 1-4 dwelling units	First 4 HCF per dwelling unit @ \$3.28 Next 4 HCF per dwelling unit @ \$6.39 All other @ \$13.44 per HCF
Multi-Family Residential 5+ dwelling units	First 4 HCF per dwelling unit @ \$3.28 Next 4 HCF per dwelling unit @ \$6.39 All other @ \$13.44 per HCF
Commercial	100% of base allotment ² @ \$5.32 per HCF; All other @ \$11.61 per HCF
Industrial	100% of base allotment ¹ @ \$5.32 per HCF; All other @ \$11.61 per HCF
Irrigation – Residential	Billed as if used through associated residential meter, OR All use within monthly water budget ³ @ \$6.39 per HCF; All other @ \$13.44 per HCF
Irrigation - Recreation/Parks/Schools	All use within monthly water budget ² @ \$2.79 per HCF All other @ \$13.44 per HCF
Irrigation – Commercial	All use within monthly water budget ² @ \$6.39 per HCF; All other @ \$13.44 per HCF
Irrigation – Agriculture	All use within monthly water budget ² @ \$1.56 per HCF All other @ \$13.44 per HCF
Recycled Water	All usage @ \$2.24/HCF
Outside City Limits	130% of corresponding in-City rates

Monthly Service Charges for Water Meters by Size During FY 2014/15

Meter Size	Monthly Service Charge
5/8"	\$ 14.22
3/4"	20.23
1"	32.23
1 1/2"	62.24
2"	98.25
3"	212.28
4"	380.32
6"	782.43
8"	1,442.60
10"	2,282.82

Connection Charges during Fiscal Year 2014/15

Connection Charges on 1" Service:	\$2,495	\$2,905
Buy-in Fee (per detached single family residence)	6,070	15,174
	\$8,565	\$18,079

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

³ Monthly water budget = (ET_o)(0.62/748)((PF X HA)/IE)), where ET_o = Reference evapotranspiration (weather factor); 0.62/748 = Conversion factor (inches to HCF); PF = Plant factor; and HA = Square footage of irrigated area.

FISCAL YEAR 2015 OPERATING RESULTS

The following table is a summary of operating results of the water system of the City for Fiscal Year 2014/15. 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, 2015</u>
M&I Sales	\$ 31,512,114
Service Charges	849,317
JPA Reimbursement	2,229,169
Interest Income	444,917
Other Revenues	313,418
TOTAL REVENUE	<u>35,348,935</u>
<u>Operating Expenses</u>	
Salaries & Benefits	8,328,947
Materials & Supplies	14,729,487
Supplemental Water Purchase	2,416,700
Interest Expense	0
Other	0
TOTAL OPERATING EXPENSES	<u>25,475,134</u>
NET REVENUES	9,873,801
State Water Payments	6,348,335
Parity Debt Service ⁴	2,654,446
Total Contract Payments	<u>9,002,781</u>
<i>Coverage Ratio</i>	<i>1.10</i>
Available for Capital improvements and Other purposes	\$ 871,020

Source: City of Santa Barbara

⁴ Represents debt service on 2013 Water COPs and Cater-Ortega DWR loan, 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.



City of Santa Barbara
Finance Department

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February 17, 2016

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Licenses & Permits
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Payroll
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1221 Anacapa Street
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Central Coast Water Authority
Laura Matthews, Controller
255 Industrial Way
Buellton, CA 93427

SUBJECT: CONTINUING DISCLOSURE FY 2014/15 – CITY OF SANTA BARBARA

Dear Ms. Matthews:

Per your email request of January 21, 2016, regarding coverage for debt, requesting the City of Santa Barbara demonstrates assurance that we will have adequate coverage in the future, we submit the following.

The table below shows the City of Santa Barbara's Water Fund Fiscal Year 2016 budgeted revenues and expenditures, along with the required Contract Payments. As you can see, based upon our adopted budget, the coverage ratio is 1.58.

Central Coast Water Authority
City of Santa Barbara
FY 2015/16 Coverage Calculations - REVISED

	Adopted Budget
TOTAL REVENUES:	45,367,662
TOTAL OPERATING EXPENSES:	29,188,157
NET REVENUES	16,179,505
State Water Payments	6,438,934
Parity Debt Service	3,796,718
Total Contract Payments	10,235,852
Coverage Ratio:	1.58
Available for Capital improvements and other purposes	5,943,853

The adopted fiscal year 2016 revenues factored in the continuation of water conservation due to the drought at 25% below normal water usage. If conservation exceeds these levels, we have two options to mitigate these potential impacts on revenues. First, there is approximately \$5.9 million available for capital improvements, which could serve as contingency by postponing some capital projects that can be delayed. We have been approved for State grant funding in the amount of at least \$1.5 million that is not included in the adopted revenues shown above.

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CONTINUING DISCLOSURE FY 2014/15 – CITY OF SANTA BARBARA

February 17, 2016

Page 2 of 3

In general, our rates are designed to meet our revenue requirements and to meet our debt service coverage requirements on a yearly basis. Unfortunately, the impacts of the higher than anticipated conservation caused an unexpected decline in Fiscal Year 2015 revenues. Consequently, our debt coverage ratio was not met last year (see below).

Central Coast Water Authority
 City of Santa Barbara
 FY 2014/15 Coverage Calculations - REVISED

	Actual June 30, 2015
REVENUES	
TOTAL REVENUES:	35,348,935
OPERATING EXPENSES	
TOTAL OPERATING EXPENSES:	25,475,134
NET REVENUES	9,873,801
State Water Payments	6,349,335
Parity Debt Service	2,654,446
Total Contract Payments	9,002,781
Coverage Ratio:	1.10
Available for Capital improvements and other purposes	871,020

It is important to note that the City of Santa Barbara has established reserve requirements for all of its operating funds, which includes a Contingency Reserve of 10% of the Operating budget. For the Water Fund this amounts to approximately \$4.2 million. While we cannot count these funds as revenues for purposes of calculating our debt service ratio, they are available to offset revenue shortfalls to meet our financial obligations, including debt service. We also have a Rate Stabilization reserve of \$5M. Unlike the Contingency Reserve, these funds are specifically available to use and treat as revenues for meeting our debt service coverage requirements. The only requirement is that we use these funds within 150 days of year-end close. We inadvertently missed this opportunity, which, had we applied \$1.35M of our Rate Stabilization Reserve, we would have met our debt coverage (see below).

CONTINUING DISCLOSURE FY 2014/15 – CITY OF SANTA BARBARA
 February 17, 2016
 Page 3 of 3

Central Coast Water Authority
 City of Santa Barbara
 FY 2014/15 Coverage Calculations - REVISED

<u>REVENUES</u>	Actual June 30, 2015	
TOTAL REVENUES:	36,698,935	Plus \$1.35 M
TOTAL OPERATING EXPENSES:	25,475,134	
NET REVENUES	11,223,801	
State Water Payments	6,348,335	
Parity Debt Service	2,654,446	
Total Contract Payments	9,002,781	
Coverage Ratio:	1.26	

Please do not hesitate to call if we can offer additional information or you have questions.

Sincerely,



Robert Samario
 Finance Director

cc:

Rebecca Bjork, Public Works Director
 Joshua Haggmark, Water Resources Manager
 Kelley Dyer, Water Supply Manager
 Michele DeCant, Public Works Business Manager
 Sarah Knecht, Assistant City Attorney

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
2011	21,050	\$ 26,393,674	\$ 6,506,699
2012	21,199	27,803,548	7,406,355
2013	21,385	29,938,893	7,649,638
2014	21,580	31,962,813	8,247,634
2015	21,901	31,403,212 ¹	8,458,525 ¹

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 13,009 acre-feet in fiscal year 2015 to a high of approximately 13,882 acre-feet in fiscal year 2014. 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
2011	13,016
2012	13,264
2013	13,338
2014	13,882
2015	13,009

¹ Includes amounts for Bad Debts.

LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the City’s water system as of June 30, 2015 as determined by the amount of their respective annual payments.

Largest Water Customers

Customer ²	Water Usage ³	Annual Payments
City of Santa Maria	263,770	\$ 1,563,573
Santa Maria Elementary School	132,648	737,898
Santa Maria Land Partners ⁴	72,247	381,212
Alan Hancock College	49,746	278,765
Casa Grande Mobile Homes	66,574	261,884
Fresh Venture Foods	49,467	255,603
Marian Hospital & Facilities	37,922	241,683
Pictsweet Frozen Foods	36,159	195,947
S.B. County Housing Authority	25,756	161,271
Titan Frozen Fruit	<u>30,360</u>	<u>158,383</u>
TOTAL	764,649	\$ 4,236,219

The ten largest water customers accounted for approximately 13.5% water service by volume in fiscal year 2015.

The following table sets forth the ten largest customers discharging to the City’s wastewater system as of June 30, 2015 and their respective annual payments.

Largest Wastewater Customers

Customer	Wastewater Usage ²	Annual Payments
Sure Fresh	67,510	\$ 260,725
Fresh Venture Foods	48,588	136,968
Titan Frozen Fruit	30,360	78,855
Santa Maria Land Partners	56,092	73,379
Marian Hospital & Facilities	32,756	64,837
Casa Grande Mobile Homes	25,287	60,620
Alan Hancock College	24,897	50,046
Mission Linen	23,196	49,305
Santa Maria Elementary School	21,986	44,514
Casa Del Rio Mobile Estates	<u>22,539</u>	<u>38,285</u>
TOTAL	353,211	\$ 857,534

The ten largest wastewater customers accounted for approximately 8.0% of wastewater service by volume in fiscal year 2015.

² 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.

³ Hundred Cubic Feet

⁴ Formerly known as “SP Village Green LLC”

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 July 1, 2014 is set forth below:

Monthly Service Charges for Water Meters by Size

Meter Size	Inside City
5/8 x 3/4"	\$ 31.51
1"	49.42
1 1/4"	58.61
1 1/2"	78.11
2"	108.02
3"	234.43
4"	390.76
6"	977.04

Capacity Charge

1 – 500 cubic feet	\$ 3.434 per 100 cubic feet
501 – 1000 cubic feet	4.073 per 100 cubic feet
1001 – 1500 cubic feet	4.761 per 100 cubic feet
Above 1501 cubic feet	5.420 per 100 cubic feet

Wastewater Treatment Charges. A schedule of the City’s current monthly wastewater treatment rates and charges as of July 1, 2015 is set forth below:

Monthly Wastewater Rates

Single Family Residence	\$ 18.29
Multiple Apartments:	
2 Rooms or Less	12.94
3 + Rooms	14.07
Mobile Homes (number of spaces)	12.94
Motel/Hotel (per unit)	9.00

Per 100 cubic feet

Office Buildings	\$ 2.14
Restaurants	5.11
Commercial	3.10
Food Processing	2.98
Machinery	2.48
Miscellaneous	2.48

FISCAL YEAR 2015 OPERATING RESULTS

The following table is a summary of operating results of the water and wastewater system of the City for Fiscal Year 2014/15. 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, 2015</u>
Water & Wastewater Fees & Charges	\$ 39,720,919
Other Revenues	1,731,187
Interest Income	319,614
TOTAL REVENUES:	<u>41,771,720</u>
<u>OPERATING EXPENSES</u>	
Salaries, Wages & Benefits	4,218,616
Materials & Supplies	2,527,119
Equipment Maintenance & Operations	3,390,865
Contracts & Services	3,428,140
Bad Debts	-
TOTAL OPERATING EXPENSES:	<u>13,564,740</u>
NET REVENUES	28,206,980
Rate Coverage Fund Deposit	5,001,279
TOTAL NET REVENUES	<u>33,208,259</u>
State Water Payments	19,191,415
<i>Coverage Ratio:</i>	<i>1.73</i>
Other Debt Service	4,629,363
Available for Capital improvements and other purposes	\$ 4,386,202

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.

City of Solvang has represented to ID No.1 that the information contained in City’s Continuing Disclosure Statement is accurate. In the preparation of this Disclosure Statement, ID No.1 has (i) relied only on its data in preparing the ID No.1 information, and (ii) accounted for and verified the accuracy of the data contained herein. ID No.1 makes no representations or warranties as to the accuracy or completeness of any information set forth in the City of Solvang’s continuing disclosure information.

Historic Water Connections and Sales Revenues

The following table shows the number of **active** water metered connections to the ID No.1’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	Metered 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>
2011	2,437	97	82	3	\$ 3,835,905	77	\$ 1,103,781	22	\$ 69,777	1
2012	2,408	96	107	4	4,043,655	75	1,246,184	23	81,941	2
2013	2,486	96	112	4	4,186,528	75	1,260,828	23	84,229	2
2014	2,517	96	107	4	4,862,751	71	1,723,274	25	303,425	4
2015	2,506	96	112	4	4,314,520	70	1,703,894	28	139,550	2

The actual FY 2014/15 total water sales revenues are approximately 11.9% percent less than the FY 2013/14 due to severe drought conditions and mandatory State of California mandated conservation regulations implemented during the fiscal year

- (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.

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	Domestic	Solvang	Total
2011	2,415	2,797	43 ¹	5,255
2012	2,454	2,753	53 ¹	5,260
2013	2,881	2,434	56 ¹	5,371
2014	2,660	2,682	16 ¹	5,358
2015	2,395	1,892	54	4,341

The FY 2014/15 actual overall water deliveries are lower than FY 2013/14 due to water conservation efforts in 2014/15 mandated by the State due to drought conditions.

LARGEST CUSTOMERS

The following table sets forth the ten largest customer accounts of the ID No. 1's water system as of June 30, 2015, as determined by the amount of their respective annual payments.

Customer	Water Usage ^(AF)	Annual Payments
Public Agency	40 ¹	\$ 139,550
Private Agriculture	328	78,291
Private Agriculture	146	28,421
Private Agriculture	105	23,730
Private Agriculture	70	22,249
Private Agriculture	77	22,107
Private Agriculture	58	18,249
Private Agriculture	52	17,304
Private Agriculture	67	16,309
Private Agriculture	<u>48</u>	<u>12,545</u>
TOTAL	991	\$378,755

These ten customers accounted for approximately 6.2% of the water sales revenues for Fiscal Year 2014/15.

¹ Represents the total acre feet for the City of Solvang's two master meters and City of Solvang park, as well two mutual water companies' master meters.

ID No.1's rates and charges for FY 2014/15 are as follows:

Monthly Meter Charge

Meter Size	Domestic/Limited	
	Agricultural	Agricultural
5/8"	\$ 35.18	
3/4"	42.11	
1"	69.83	
1 1/2"	139.34	\$ 56.60
2"	221.13	93.56
3"	444.99	188.27
4"	627.59	262.19
6"	1,391.78	585.59
8"	2,227.26	

Consumption Charge

Domestic	Rural Residential / Limited Agricultural	Agriculture
\$3.45 per HCF	1 st 125 units: \$3.45 per HCF 126+ units: \$1.19 per HCF	\$0.45 per HCF
Temporary Rate	<u>City of Solvang</u> \$5.51	Cachuma Park
\$5.67 per HCF	(Conn. Fee \$150.00; minimum chg.: \$25.00)	\$1.25 per HCF

Connection Charge

Meter Size	Meter Only ⁽¹⁾	Service and Meter
5/8" – 1"	\$ 3,861.75	\$6,931.93 Short Side (1" service) 10,604.59 Long Side (1" service)
3/4"	\$ 4,616.56	\$7,686.74 Short Side (1" service) 11,359.40 Long Side (1" service)
1"	\$ 7,551.06	\$10,701.24 Short Side (1" service) 14,373.90 Long Side (1" service)
(2) 5/8" – 1"		\$11,168.43 Short Side (1" double service) 14,841.09 Long Side (1" double service)
1 1/2"	\$ 15,149.52	\$19,025.22 Short Side (2" service) 22,734.38 Long Side (2" service)
2"	\$24,051.82	\$29,031.55 Short Side* (2" service) 32,751.21 Long Side* (2" service)
3"	*see below	*see below

Footnotes: ⁽¹⁾ Reflects actual meter cost and Capital Facilities Charge. *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: \$680 per inch of diameter of Service size.

Capital Facilities Charge on Larger Services

Meter Size	Charge	
3"	\$ 45,723.46	+ Serv. & Meter Costs
4"	\$ 64,298.61	+ Serv. & Meter Costs
6"	\$ 142,885.81	+ Serv. & Meter Costs
8"	\$ 228,617.30	+ 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 2015 OPERATING RESULTS

The following table is a summary of operating results of the water system of ID No. 1 for Fiscal Year 2014/15. 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>	June 30, 2015
M&I Water Sales	\$ 5,418,598
Ag. Water Sales	599,816
Water Sales to City of Solvang	139,550
SWP Revenue from City of Solvang	3,095,118
Connection Fees	43,679
Special Assessments	0
Other Fees & Income	208,777
Interest Income	28,312
TOTAL REVENUES:	<u>9,533,850</u>
<u>OPERATING EXPENSES</u>	
Water Purchased	101,674
Supplemental Water Purchased (Includes Solvang)	452,000
Pumping	619,768
Water Treatment	66,637
Transmission & Distribution	658,328
Special Programs and Study Fees	747,554
Administration & General	2,135,437
TOTAL OPERATING EXPENSES:	<u>4,781,398</u>
NET REVENUES	<u>4,752,452</u>
Rate Coverage Reserve Fund Deposit (Includes Solvang)	1,062,841
Adjusted Net Revenues	<u>5,815,293</u>
State Water Payments (Includes Solvang)	4,604,806
<i>Coverage Ratio:</i>	<i>1.26</i>
Unanticipated and Special Legal Fees	296,006
Other Debt Service	317,225
Available for Capital improvements and other purposes	\$ (465,585)

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)
2011	2,019	\$ 3,927,817	1,322
2012	2,118	4,167,680	1,347
2013	2,153	4,455,120	1,416
2014	2,156	4,631,124	1,409
2015	2,178	4,361,233	1,074

LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the City’s water system as of June 30, 2015, as determined by the amount of their respective annual payments.

Largest Customers as of June 30, 2014

Customer	Water Usage	Annual Payments
Rancho Santa Ynez Mobile Estates	18,804	\$73,559
City of Solvang	11,641	69,763
Alisal Guest Ranch	12,472	54,846
Atterdag Village	6,240	43,677
Solvang School	6,832	37,550
Inland Pacific Builders	8,055	28,605
Chumash Casino	7,405	27,183
Hadsten House	6,186	26,693
Worldmark	7,014	24,058
Holiday Inn Express	<u>6,027</u>	<u>22,657</u>
TOTAL	90,676	\$408,591

WATER CHARGES

On a monthly basis, every connection to the Water system is subject to both a Base Rate and a Quantity Rate as follows:

Base Rate

per Connection, All Water Connections

<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	\$72.71	\$109.07
3/4"	30	1.5	109.06	163.59
1"	50	2.5	181.77	272.66
1-1/2"	100	5.0	363.54	545.31
2"	160	8.0	581.66	872.49
3"	320	16.0	1,163.31	1,744.97
4"	450	22.5	1,817.68	2,726.52
6"	1,000	50.0	3,635.35	5,453.03
8"	1,600	80.0	5,816.57	8,724.86

Quantity Rate

Single Family Residential Users per 100 Cubic Feet

<u>Water Rates (per Prop 218)</u>		<u>Penalty Rates (Drought)</u>	
<u>Cubic Feet</u>	<u>Rate</u>	<u>Cubic Feet</u>	<u>Rate</u>
0 to 1,600	\$3.16	0 to 1,300	\$3.16
1,600 & above	\$3.71	1,301 to 2100	\$4.74
		2,101 to 5,300	\$6.32
		5,301 and above	\$7.90

All Other Users per 100 Cubic Feet

<u>Cubic Feet</u>	<u>Rate</u>
All	\$3.43

¹ gallons per minute

² outside users are properties outside of City limits, and are subject to 1.5 times the above listed rates.

FISCAL YEAR 2015 OPERATING RESULTS

The following table is a summary of operating results of the water system of the City for fiscal year 2014/15. 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, 2015</u>
Water Sales	\$ 4,361,233
Other Fees & Income	54,817
Capital contributions	497,405
Interest Income	6,942
TOTAL REVENUES:	<u>4,920,397</u>
<u>OPERATING EXPENSES</u>	
Operating Expenses	1,104,383
Supplemental Water Purchased	470,350
Interest Expense	5,797
TOTAL OPERATING EXPENSES:	<u>1,580,530</u>
NET REVENUES	3,339,867
Rate Coverage Fund Deposit	606,183
Adjusted Net Revenues	<u>3,946,050</u>
State Water Payments	2,960,871
<i>Coverage Ratio:</i>	<i>1.33</i>
Other Debt Service	-
Available for Capital improvements and other purposes	\$ 378,996

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
2011	5,385	\$ 3,421,151
2012	5,401	3,396,936
2013	5,455	3,377,534
2014	5,473	3,491,575
2015	5,455	3,311,970

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
2011	1,250
2012	1,177
2013	1,141
2014	1,214
2015	1,094

LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the City's water system as of June 30, 2015, as determined by the amount of their respective annual payments.

Customer	Water Usage ¹	Annual Payments
Pacific Care Center	13,958	\$ 154,649
Mission Linen	13,753	152,382
City of Morro Bay	12,058	133,605
Morro Bay High School – irrigation	9,665	30,023
Imperial Coast, LP	4,369	84,807
Silver City Resort	3,858	47,871
Department of Parks	3,536	72,170
San Luis Coastal School District	2,429	26,914
Morro Dunes Trailer Park	2,350	36,130
Morro Elementary School	<u>1,927</u>	<u>19,347</u>
TOTAL	67,903	\$ 757,898

These ten customers accounted for approximately 25% of water services revenues in fiscal year 2014/2015.

¹ Hundred Cubic Feet

FISCAL YEAR 2015 OPERATING RESULTS

The following table is a summary of operating results of the water system of the City for fiscal year 2014/15. 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, 2015</u>
Water Service Charge	\$ 3,127,845
Connection Fees	43,451
Penalties & Reconnections	75,571
Miscellaneous	85,491
TOTAL REVENUES:	<u>3,332,358</u>
<u>OPERATING EXPENSES</u>	
Administration & General	1,461,504
Maintenance	138,451
TOTAL OPERATING EXPENSES:	<u>1,599,955</u>
NET REVENUES	1,732,403
State Water Payments	2,238,795
<i>Coverage Ratio:</i>	<i>0.77</i>
Available for Capital improvements and other purposes	\$ (506,392)

Source: City of Morro Bay



CITY OF MORRO BAY

CITY HALL
595 Harbor Street
Morro Bay, CA 93442

March 7, 2016

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

RE: CITY OF MORRO BAY'S 2014/15 BOND COVERAGE RATIO

Dear Ray,

For the 2014/15 fiscal year, the City of Morro Bay failed to meet its minimum bond coverage ratio. The required coverage ratio is greater than, or equal to, 1.25; for the 2014/15 fiscal year, Morro Bay's coverage ratio is 0.77. While we do not meet the required coverage ratio, Morro Bay has never failed to make its required debt service payments to San Luis Obispo County.

Our biggest issues have been the drought and reduced water consumption, due to water conservation combined with static water rates for over twenty years. These two factors, along with the need to periodically use our desalinization facility during times of decreased State Water production, has exacerbated our inability to meet the required coverage ratio.

On May 26, 2015, the City Council the City of Morro Bay adopted a new water rate schedule that was implemented with the July meter reads (September 1 billing date). Our consultant, Bartle Wells, has estimated the 2015/16 coverage ratio will be 1.26%.

The City's new water rate structure was developed to fund the City's ongoing operations, a capital improvement program, and provide for the required debt coverage ratio. Additionally, included in the Proposition 218 rate adoption process were emergency rates that Council may impose should water use be severely restricted and water sales are lower than anticipated, and additional add-on rates that address the operation of its desalinization facility for water production, during long-term State Water Project shutdowns.

If you have any questions, please contact me at (805) 772-6217.

Sincerely,


Susan Slayton
Administrative Services Director

cc: Dave Buckingham, City Manager
Rob Livick, Public Works Director

www.morro-bay.ca.us | (805) 772-6201 | www.facebook.com/CityofMorroBay

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	Sales Revenues
2006	4,443	\$1,994,992
2007	4,458	2,124,500
2008	4,713	2,619,579
2009	4,540	2,834,803
2010	4,558	2,874,984
2011	4,569	3,048,595
2012	4,584	3,257,915
2013	4,596	3,390,236
2014	4,695	3,793,692
2015	4,718	3,362,918

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
2006	1,945
2007	2,026
2008	2,018
2009	1,939
2010	1,735
2011	1,717
2012	1,785
2013	1,828
2014	1,944
2015	1,840

LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the City's water system as of June 30, 2015, as determined by the amount of their respective annual payments.

Customer	Water Usage	Annual Payments
Cliffs Shell Beach	12,246	\$ 40,958
Pismo Beach Mobile Home Park	11,616	43,803
Pismo Coast Village	10,330	39,634
Oxford Suites	8,147	28,970
Motel 6, Inc.	7,257	25,048
Pismo Lighthouse Suites	6,767	24,477
Shorecliff Lodge	6,667	22,435
Dolphin Bay Hotel	6,228	22,597
Kon Tiki	6,145	21,458
Seacrest Resort	<u>5,995</u>	<u>20,966</u>
Totals	81,398	\$290,346

These ten customers accounted for approximately 8.63% of water service revenues in fiscal year 2014/2015.

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

Meter Size		
All Meters		
5/8" & 3/4"	\$	25.43
1"		50.85
1-1/2"		84.67
2"		135.53
3"		254.27
4"		423.87
6"		1,017.09
	Single Family Residential	All Other Metered Users
Consumption Charge:		
0-10 HCF	\$2.60/HCF	\$3.22/HCF
11-20 HCF	\$3.22/HCF	
21-35 HCF	\$3.80/HCF	
Over 35 HCF	\$5.20/HCF	
Construction Meter		\$6.44/HCF
Irrigation Meter		\$3.80/HCF
Connection Charges:		
A) State Water Supply Fee	\$10,483 per equivalent dwelling unit	
B) Special Tax Levy FY 2014-15	\$180.00 per year per equivalent dwelling unit.	

FISCAL YEAR 2015 OPERATING RESULTS

The following table is a summary of operating results of the water system of the City for FY 2014/15. 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, 2015</u>
Water Service Charge	\$3,362,918
Interest	43,466
Assessments	2,672,840
Other Revenues	411,610
TOTAL REVENUES:	<u>\$6,490,834</u>
<u>OPERATING EXPENSES</u>	
Administration and General	539,581
*Lopez Contract Payments ¹	1,135,861
Operations & Maintenance	948,210
Utilities	124,867
TOTAL OPERATING EXPENSES:	<u>2,748,519</u>
NET REVENUES	3,742,315
State Water Payments	1,562,731
Total Contract Payments	<u>1,562,731</u>
Coverage Ratio:	2.39
Available for Capital improvements and other purposes	\$2,179,584

Source: City of Pismo Beach

¹ The Lopez obligation was previously reported as parity debt in the 1996 Revenue Bond official statement. The City has determined that this is not a debt obligation but is instead a contract obligation. Therefore, the amount is presented as an operating expense.

