

CENTRAL COAST WATER AUTHORITY

FY 2015/16  
CONTINUING  
DISCLOSURE ANNUAL  
REPORT

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

## FY 2015/16 CONTINUING DISCLOSURE

### ANNUAL REPORT

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TRANSMITTAL LETTER



March 6, 2017

Phong Truong  
 Bank of New York Mellon Trust Company  
 400 South Hope Street, Suite 500  
 Los Angeles, CA 90071

RE: Central Coast Water Authority Fiscal Year 2015/16 Annual Report on  
 Continuing Disclosure for the \$123,190,000 Refunding Revenue Bonds  
 (State Water Project Regional Facilities), Series 2006A

- Jack Boysen  
Chairman
- Richard Shaskevitz  
Vice Chairman
- Ray A. Stokes  
Executive Director
- Bronnstein 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 Phong:

Attached is the Fiscal Year 2015/16 Annual Report pursuant to the Continuing Disclosure Agreement between the Central Coast Water Authority and Bank of New York Mellon Trust Company (as successor Trustee).

Fiscal Year 2015/16 State Water Deliveries

A table showing deliveries during Fiscal Year 2015/16 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 2015/16 and have deposited the following amounts:

Project Participant	FY 2015/16 Rate Coverage Fund Deposit
City of Buellton	\$ 274,861
Carpinteria Valley Water District	816,100
City of Guadalupe	188,615
La Cumbre Mutual Water Company	391,135
Montecito Water District	1,417,528
City of Santa Maria	5,001,279
Santa Ynez, RW CD, I.D. #1 (City of Solvang)	606,183
Santa Ynez, RW CD, I.D. #1	458,658
<b>TOTAL:</b>	<b>\$ 9,150,358</b>

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

Continuing Disclosure Annual Report

Consistent with Section 4 of the Continuing Disclosure Report, the Fiscal Year 2015/16 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. A copy of the Authority's FY 2015/16 Comprehensive Annual Financial Report was sent to you via email on March 2, 2017.

Coverage Ratios falling short of 1.25 From the information presented to CCWA, the City of Morro Bay did not meet their required 1.25 coverage ratio during FY 2015/16. The City has provided a letter (included), which describes the steps it is taking to meet the requirement in the future.

Audited Financial Statements The City of Buellton submitted draft financials, but did not submit audited financial statements for FY 2015/16 as of the date of this letter. 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  
Jonathan Ash, Citigroup

43483\_1  
RAS

# FY 2015/16 STATE WATER DELIVERIES

Central Coast Water Authority  
**Fiscal Year 2015/16 State Water Deliveries**  
*Fiscal Year 2015/16 Continuing Disclosure Annual Report*

Project Participant	Acre-Feet		
	Requests	Exchange	Net Deliveries
Lopez Turnout (SLO County)	2,266		2,266
Chorro Valley Turnout (SLO County)	1,486		1,486
City of Guadalupe	100		100
City of Santa Maria	6,190		6,190
Golden State Water Company	27		27
Vandenberg Air Force Base	1,238		1,238
City of Buellton	73		73
Santa Ynez ID#1 (Solvang only)	362		362
Santa Ynez ID#1 (excluding Solvang)	164	403	567
Goleta Water District	3,079	-	3,079
Morehart Land Company	36	-	36
LaCumbre Mutual Water Co.	150	-	150
Raytheon Systems Co.	9	-	9
City of Santa Barbara	3,299	(173)	3,126
Montecito Water District	318	(173)	145
Carpinteria Valley Water District	131	(57)	74
<b>TOTAL:</b>	<b>18,928</b>	<b>-</b>	<b>18,928</b>

Central Coast Water Authority  
Rate Coverage Reserve Fund Policy

Adopted: December 18, 1997

Rate Coverage Reserve Fund Policy

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.

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**CITY OF BUELLTON**

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The City of Buellton (the “City”) has provided by the information below. 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, 2016 decreased by about 1%. This was primarily due to a decrease in customer water usage resulting from the drought. A rate increase will occur during fiscal year 2016-17, effective November 2016.

*Historic Water Connections and Sales and Service Revenues*

Fiscal Year Ending June 30	Connections	Water Sales Revenues
2012	1,570	1,368,805
2013	1,569	1,460,658
2014	1,569	1,532,887
2015	1,582	1,436,127
2016	1,584	1,426,171

**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
2012	222	462	528	1,212
2013	369	484	373	1,226
2014	762	488	50	1,300
2015	372	764	5	1,141
2016	317	645	81	1,043



## 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 determine the adequacy of the water system rate structure annually, 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. Water connection and user fees provide funding for capital improvements and debt service payments.

*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 \$13.00 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 \$13.00 per additional dwelling unit. As a result, the Water Quantity Charge for commercial and residential customers is now \$1.97 per 100 cubic feet. See the Water Meter Charges below:

Meter Size	Monthly Service Charge <sup>1</sup>
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 delinquent if not paid by the 20<sup>th</sup> day of the following month. At this time, a delinquency notice will appear 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 basis for the current connection fee for commercial and all other uses and meter sizes is \$5,200 per acre-foot per year of anticipated water use.

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<sup>1</sup> 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, 2016, as determined by the amount of their respective annual payments.

	Water Usage <sup>2</sup>	Annual Payments
Buellton Union School District	16,873	\$33,240
Professional Investment Planning	16,832	33,159
Santa Ynez Valley Marriott	10,086	19,869
Flying Flags Association, L.P.	9,879	19,462
The Inn Group	8,006	15,772
Terravant Wine Co	7,447	14,671
Rivergrove Mobilehome Park	7,068	13,924
Sideways Inn	4,129	8,134
Figuroa Mountain Brewing	<u>3,820</u>	<u>7,525</u>
TOTAL	84,140	\$165,756

These ten customers accounted for approximately 12% of the City's water service revenues for fiscal year 2015/16.

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<sup>2</sup> Hundred Cubic Feet

FISCAL YEAR 2016 OPERATING RESULTS

The following table is a summary of operating results of the water system for Fiscal Year 2015/16. The source of these results is the City's audited financial statements, excluding certain non-cash items and including certain other adjustments. The City's auditor has not audited this table.

CITY OF BUELLTON

<b><u>REVENUES</u></b>	<b><u>June 30, 2016</u></b>
Water Sales	\$ 1,426,171
Connection Fees	468,460
Other Fees & Income	82,762
Interest Income	<u>6,328</u>
<b>TOTAL REVENUES</b>	<b><u>1,983,721</u></b>
<b><u>OPERATING EXPENSES</u></b>	
Operations & Maintenance Expenses	<u>490,933</u>
<b>TOTAL OPERATING EXPENSES</b>	<b><u>490,933</u></b>
<b>NET REVENUES</b>	<b><u>1,492,788</u></b>
Rate Coverage Reserve Fund Deposit	274,861
Adjusted Net Revenues	1,767,649
State Water Payments	908,360
<b><i>Coverage Ratio</i></b>	<b><i>1.95</i></b>
Available for Capital Improvements and other purposes	\$ 584,428

Source: City of Buellton

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**CARPINTERIA VALLEY WATER DISTRICT**

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The Carpinteria Valley Water District (the District”) has provided the information set forth below. 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 including those for fire protection.

*Historic Water Connections and Sales Revenues*

Fiscal Year Ending June 30	Connections				Sales Revenues			
	Dom.	%	Ag.	%	Dom.	%	Ag.	%
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
2016	4,116	91	385	9	9,064,354	75	2,958,852	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
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
2016	4,441,318	7,581,887	12,023,205

Operating revenues increased in FY 12 primarily due to an increase in water sold of approximately 271 AF. The District also sold a combined 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. Increased drought surcharges because of the ongoing drought contributed to the increase in water sales revenue in FY 15/16.

## HISTORIC WATER DELIVERIES

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

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

Fiscal Year Ending June 30	Residential	Commercial	Public Authority	Industrial	Irrigation	Total
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
2016	1,182	226	107	64	2,025	3,604

*Sources*

Fiscal Year Ending June 30	Groundwater	State Water	Cachuma Project	Total
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
2016	2,849	270	976	4,095

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

Water sales increased in FY 11/12 by 274 AF because 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. With the implementation of state-mandated conservation efforts in FY 14/15, sales declined. Sales continued to decline in FY 15/16 as state-mandated conservation efforts increased.

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

The following table sets forth the ten largest customers of the District's water system as of June 30, 2016, as determined by the amount of their respective water usage:

<b>Customer</b>	<b>Water Usage (Units: HCF)</b>	<b>Annual Payments</b>
Reiter Brothers Inc	29,739	\$64,422.15
Westerlay Orchids	28,484	\$69,591.04
Emmett, Morgan	28,034	\$61,169.55
Ota, Tom	24,227	\$56,629.25
Schaff, Victor	18,003	\$38,210.69
Casitas Village Homeowners Assn	17,698	\$253,395.97
Circle G	17,306	\$44,081.52
Sandpiper Village	17,284	\$231,316.78
Villa Del Mar HOA	16,595	\$230,242.95
Cate School	<u>15,281</u>	<u>\$73,387.09</u>
	212,651	\$1,122,446.99

These ten customers accounted for approximately 9.33% of water service revenues for the year ending June 30, 2016.

#### 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. Water connection and user fees provide funding for capital improvements and debt service payments.

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

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. The District initiated surcharges on all accounts in FY 2014-15 to address costs associated with continued statewide 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 at \$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. In FY 16/17 rates were raised to \$3.63 for the Base tier, mid-level tier was removed and the Peak tier was lowered to \$4.75 for M&I customers. Agricultural rates were lowered to \$1.91 for the first tier, the second tier changed to \$2.50 and there is no third tier. The drought surcharges were also increased.

A schedule of the District's current monthly service charges effective since July 1, 2016 is shown below:

MONTHLY SERVICE CHARGES				
METER SIZE	BASIC	STATE WATER	DROUGHT	TOTAL
5/8"	\$9.83	\$30.00	3.00	\$42.83
3/4"	9.83	30.00	3.00	42.83
1"	16.38	50.00	5.00	71.38
1 1/2"	32.75	100.00	10.00	142.75
2"	52.40	160.00	16.00	228.40
3"	104.80	320.00	32.00	456.80
4"	163.75	500.00	50.00	713.75
6"	327.50	1,000.00	100.00	1427.50
8"	753.25	2,300.00	230.00	3,283.25

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

DROUGHT SURCHARGES		
Volumetric Rate	\$0.70	Per HCF
Minimum	\$4.20	6 HCF
Maximum	\$70.00	100 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 for \$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, 2016 CCRF rates are:

Meter Size	Capital Cost Recovery Fees
3/4"	\$ 13,487
1"	19,669
1 1/2"	35,186
2"	53,818
3"	103,454

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

FISCAL YEAR 2016 OPERATING RESULTS

The following table is a summary of operating results of the water system of the District for Fiscal Year 2015/16. These results have been derived from the District's financial statements but exclude certain non-cash items and include certain other adjustments. The District's auditor has not audited the table.

CARPINTERIA VALLEY WATER DISTRICT

<b><u>REVENUES</u></b>	<b><u>June 30, 2016</u></b>
Municipal & Industrial Water Sales	\$ 2,587,829
Agricultural Water Sales	1,853,489
Water Service Charge	7,321,249
Fire Protection & Service Revenue	260,638
Capital Cost Recovery Fee	276,212
Interest Revenue	40,132
Other Income	680,562
Overhead Charges	<u>91,998</u>
<b>TOTAL REVENUES</b>	<b>13,112,109</b>
<b><u>OPERATING EXPENSES</u></b>	
Cost of Purchased Water	598,379
Pumping Expense	466,868
Treatment Expense	653,464
Trans & Distribution Expense	1,220,745
Customer Accounts	63,729
Cachuma Operating Expense	1,255,112
General & Admin	<u>2,087,634</u>
<b>TOTAL EXPENSES</b>	<b><u>6,345,931</u></b>
<b>NET REVENUES</b>	<b><u>6,766,178</u></b>
Rate Coverage Reserve Fund Deposit	816,100
Adjusted Net Revenues	7,582,278
State Water Payments	3,324,260
<b><i>Coverage Ratio</i></b>	<b><i>2.28</i></b>
Additional Debt Service	968,396
Available for Capital Improvements and other purposes	\$ 2,473,522

Source: Carpinteria Valley Water District



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**GOLETA WATER DISTRICT**

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

**HISTORIC WATER CONNECTIONS AND SALES REVENUES**

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

*Historic Water Connections and Sales Revenues*

Fiscal Year Ending June 30	Connections				Sales Revenues			
	Dom.	%	*Other	%	Dom.	%	*Other	%
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
2016	16,029	97.30	445	2.70	23,457,817	78.79	6,313,324	21.21

The number of active connections to the District’s water experienced minimal fluctuations between 2012 and 2016. Water sales revenue increased from 2012 through 2016 primarily reflecting dry weather conditions, an improving economy, and increases in rates (and instituting a drought surcharge effective FY 2016).

\*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
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
2016	3,975	6,798	10,773

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 decreases in FY2015 and FY2016 were attributable to State and local mandates 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, 2016, as determined by the amount of their respective annual payments.

<u>Customer</u>	<u>Water Usage<sup>1</sup></u>	<u>Annual Payments</u>
U.C.S.B.	861	\$ 2,817,231
Cavaletto Ranches, LLC	515	846,740
County of Santa Barbara	188	723,231
BRS Investment Property	157	479,181
Touchstone Glen Annie Golf	252	411,795
Santa Barbara Unified School D.	81	335,402
Roy Butera	177	332,924
Michael Towbes	74	327,993
Sandpiper Golf Course	284	322,843
Santa Barbara Municipal Airport	<u>50</u>	<u>292,633</u>
TOTAL	2,639	\$ 6,889,973

These ten customers accounted for approximately 24.5% of the water usage and 18.0% of the water service revenues for the year ended June 30, 2016. The water usage is shown in acre-feet.

## WATER SYSTEM RATES AND CHARGES

The District's current rates and charges as of June 30, 2016 are as follows:

### Commodity Charge

Agriculture, West Conduit System	\$1.35/HCF
Agriculture, Urban	\$1.80/HCF
Urban	\$5.25/HCF
Recreation	\$5.25/HCF
Recycled	\$3.26/HCF
Single Family Res (0-6 HCF/Month)	\$4.52/HCF
Single Family Res (7-16 HCF/Month)	\$5.57/HCF
Single Family Res (17+ HCF/Month)	\$6.12/HCF

### Drought Surcharge

Stage 1	\$0.00/HCF
Stage 2	\$1.57/HCF
Stage 3	\$2.60/HCF
Stage 4	\$3.92/HCF
Stage 5	\$5.73/HCF

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<sup>1</sup>Acre-feet

Meter Charge

<u>Meter Size</u>	<u>Volume</u>	<u>Monthly Charge</u>
5/8" or 3/4"	0-6 HCF/Month	\$ 14.14
5/8" or 3/4"	7-16 HCF/Month	29.20
5/8" or 3/4"	17+ HCF/Month	44.40
1"	N/A	68.16
1 1/2"	N/A	127.57
2"	N/A	198.85
3"	N/A	424.58
4"	N/A	757.23
6"	N/A	1,672.04
8"	N/A	2,860.09
10"	N/A	4,523.38
Fire Line	N/A	9.44

Residential Agricultural customers are charged at the Urban rate unless usage exceeds 11 HCF per dwelling for any given month beyond which Agricultural commodity charges apply.

FISCAL YEAR 2016 OPERATING RESULTS

The following table is a summary of operating results of the water system for Fiscal Year 2016. These results have been derived from the District's audited financial statements for 2016.

GOLETA WATER DISTRICT

<b><u>REVENUES</u></b>	<b><u>June 30, 2016</u></b>
Water Sales	\$ 29,771,141
Meter Charges	8,523,948
Other Fees & Income	773,638
Interest Income	<u>105,392</u>
<b>TOTAL REVENUES</b>	<b>39,174,119</b>
 <b><u>OPERATING EXPENSES</u></b>	
Source of Supply	9,416,716
Water Treatment	2,384,031
Transmission & Distribution	3,458,880
Customer Accounts	1,446,817
General & Administrative	<u>5,140,968</u>
<b>TOTAL EXPENSES</b>	<b><u>21,847,412</u></b>
 <b>NET REVENUES</b>	 <b><u>17,326,707</u></b>
 State Water Payments	 7,973,075
 <i>Coverage Ratio</i>	 <i>2.17</i>
 Other Debt Service	 3,556,309
 Capital Contributions (excluded for ratio calculations)	 1,201,564
 Available for Capital Improvements and other purposes	 \$ 6,998,887

Source: Goleta Water District

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## CITY OF GUADALUPE

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The information set forth below has been provided by the City of Guadalupe (the “City”). The Central Coast Water Authority (the “Authority”) makes no representations or warranties as to the accuracy or completeness of any of the information set forth below. All numbers presented for the Fiscal Year ending June 30, 2016 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>
2012	1,931	\$1,466,881
2013	1,940	1,462,443
2014	1,945	1,769,651
2015	1,960	1,721,143
2016	1,973	1,624,652

The number of connections increased for FY 2015/16 by approximately 13 services. There was a decrease in revenue of about \$99,174 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)*

<u>Fiscal Year Ending June 30</u>	<u>Deliveries<sup>1</sup></u>
2012	989
2013	912
2014	1,078
2015	1,039
2016	952

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

The following table sets forth the ten largest customers of the City's water system as of June 30, 2016 as determined by the amount of their respective annual payments.

#### LARGEST CUSTOMERS

<u>Customer</u>	<u>Water Usage<sup>2</sup></u>	<u>Annual Payments</u>
Apio Cooler	184,475	\$ 677,737
Obispo Cooling	8,158	29,971
County Housing Authority	6,135	22,516
Guadalupe Union School	6,002	22,040
Riverview Townhomes	5,106	18,739
Guadalupe Laundromat	3,994	14,642
Pan American Seed	2,616	9,588
JR Simplot Co.	2,567	9,422
P& M Properties	1,390	5,098
Guadalupe Cemetery	<u>1,087</u>	<u>3,991</u>
TOTAL	221,530	\$ 813,744

These ten customers accounted for approximately 50% of water service revenues for the year ended June 30, 2016.

#### WATER SYSTEM RATES AND CHARGES

**Consumption Charges.** All classes of water users are charged the same rate. Specifically, all users pay \$22.02 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 \$3.67 per unit. Beginning January 1, 2017, the base charge will increase to \$4.00 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"	\$ 2,361
1"	2,656
1 1/2"	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.

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<sup>2</sup> Hundred Cubic Feet

FISCAL YEAR 2016 OPERATING RESULTS

The following table is a summary of operating results of the water system of the City for Fiscal Year 2015/16. These results have been estimated by the City, but exclude certain non-cash items and include certain other adjustments. This table has not been audited by the City's auditor.

CITY OF GUADALUPE

<b><u>REVENUES</u></b>	<b><u>June 30, 2016</u></b>
Municipal & Industrial Sales	\$ 1,624,652
Connection Fees	49,155
Other Revenues	<u>55,360</u>
<b>TOTAL REVENUES</b>	<b>1,729,167</b>
 <b><u>OPERATING EXPENSES</u></b>	
Salaries & Benefits	194,939
Operations & Maintenance	<u>504,029</u>
<b>TOTAL EXPENSES</b>	<b><u>698,968</u></b>
 <b>NET REVENUES</b>	<b><u>1,030,199</u></b>
 Rate Coverage Reserve Fund Deposit	186,615
 Adjusted Net Revenues	1,216,814
 State Water Payments	663,337
 <b><i>Coverage Ratio</i></b>	<b><i>1.83</i></b>
 Available for Capital Improvements and other purposes	\$ 366,862

Source: City of Guadalupe

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**LA CUMBRE MUTUAL WATER COMPANY**

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

**HISTORIC WATER CONNECTIONS AND SALES REVENUES**

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

Fiscal Year Ending Dec. 31	Connections					Sales Revenues				
	Dom.	%	Ag.	%	Total	Dom.	%	Ag.	%	Total
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	3,279,957	96	149,405	4	3,429,362
2014	1,452	97	42	3	1,494	2,974,220	95	143,392	5	3,117,612
2015	1,452	97	42	3	1,494	3,098,021	96	144,492	4	3,242,513

**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
2011	1,399	66	1,465
2012	1,499	88	1,587
2013	1,671	105	1,776
2014	1,289	84	1,373
2015	1,067	73	1,140

**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	22,171	\$124,536
Timothy Pasquinelli	7,346	82,304
Stephen Redding	5,937	70,715
Christopher & Ann Conway	4,259	49,440
Jeffrey Henley	3,953	44,964
Frances Nielsen	3,662	44,304
Susan Caffrey	3,638	42,173
Overwater, LLC	2,619	30,543
Carriage Hill Association	2,897	27,066
Douglas Carlisle	<u>2,046</u>	<u>21,699</u>
TOTAL	58,528	\$537,744

These ten customers account for approximately 13% of all water service revenues in fiscal year 2015.



WATER SYSTEM RATES AND CHARGES

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

<b>CURRENT (effective Jul 1, 2015)</b>	
<b>Residential – Tiered Rate</b>	
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
 <b>Commercial – Tiered Rate</b>	
100% of past 3 year average on a bi-monthly avg.	\$5.24/HCF
Any usage above 3 year average	\$9.66/HCF
 <b>Multi-Family Rate – Tiered Rate</b>	
(0-18) HCF/Dwelling/2mo.	\$5.24/HCF
(19-60) HCF/Dwelling/2mo.	\$6.25/HCF
(>60) HCF/Dwelling/2mo.	\$9.66/HCF
 <b>Schools and Golf Courses – Tiered Rate</b>	
100% of past 3 year average on a bi-monthly avg.	\$5.24/HCF
Any usage above 3 year average	\$9.66/HCF
 <b>Agricultural – Tiered Rate</b>	
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

<u>Item</u>	<b>CURRENT (effect. Jul 1, 2015)</b>
	<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>	<b>CURRENT (effective Oct. 22, 2012)</b> <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

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

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

FISCAL YEAR 2015 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, 2015. These results have been derived from the Company's financial statements but exclude certain non-cash items and include certain other adjustments.

LA CUMBRE MUTUAL WATER COMPANY

<u>REVENUES</u>	<u>December 31, 2015</u>
Water Sales	\$ 3,242,513
Meter Charges	530,897
Land Charges	358,910
Connection Fees	19,256
Other Income	42,679
Rental Income	110,390
Interest Income	<u>2,193</u>
<b>TOTAL REVENUES</b>	<b>4,306,838</b>
<u>OPERATING EXPENSES</u>	
Water Source	55,612
Water Treatment	144,985
Transmission & Distribution	363,021
Admin & General	774,916
Taxes	27,315
Water Conveyance	79,992
Misc Expenses	<u>7,996</u>
<b>TOTAL EXPENSES</b>	<b><u>1,453,837</u></b>
<b>NET REVENUES</b>	<b><u>2,853,001</u></b>
Rate Coverage Reserve Fund Deposit	391,135
Adjusted Net Revenues	3,244,136
State Water Payments	2,052,272
<b><i>Coverage Ratio</i></b>	<b><i>1.58</i></b>
Available for Capital Improvements and other purposes	\$ 800,729

Source: La Cumbre Mutual Water District

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**MONTECITO WATER DISTRICT**

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The Montecito Water District (the District”) has provided the information set forth below. 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	%
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	4,549	99	44	1	6,375,253	94	377,027	6
2016	4,557	99	44	1	7,274,708	95	377,734	5

The total actual connections for the 2015/16 FY were 4,601. Domestic sales revenues for 2015/16 FY were \$7,274,708 Agricultural sales revenues for 2015/16 FY were \$377,734. Total water sales were \$7,652,442.

Water service charges and connection fee revenues were \$3,976,816 and \$25,238 respectively.

**Ordinance 93/94 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 the water shortage emergency and providing penalty rates and restrictions for consumption in excess of allocation. 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 1<sup>st</sup>. On March 24, 2015, the Board of Directors adopted Ordinance No. 94, under which it repealed and replaced Ordinance No. 93, with the intended consequences of increasing the allocation of water during the water shortage emergency and providing the penalty rates for consumption in excess of allocation.

Ordinance 93/94 Penalty Revenue for 2015/16 was \$3,513,469.

**HISTORIC WATER DELIVERIES**

Actual water deliveries for 2015/16 FY are 3,440 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>
2012	451	4,851	5,302
2013	548	5,397	5,945
2014	587	5,188	5,775
2015	310	3,021	3,331
2016	286	3,154	3,440

HISTORIC WATER PRODUCTION

Actual water productions for 2015/16 FY are 3,798 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>	<i>Cachuma</i> <u>Project</u>	<i>Other</i> <sup>1</sup> <u>Sources</u>	<u>Total</u>
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
2016	552	2,114	1,132	3,798

LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the District's water system for 2015/16, as determined by the amount paid:

<u>Customer</u>	Water Usage <u>(HCF)</u> <sup>2</sup>	<u>Annual Payment</u>
Resort Hotel	42,119	\$ 398,744
Resort Hotel	20,684	353,553
Private Residential	7,120	351,504
Golf Club	27,292	239,832
Private College	14,198	137,406
Agriculture	24,407	133,551
Agriculture	21,365	123,679
Retirement Community	10,654	113,112
Agriculture	15,158	109,053
Cemetery	<u>11,366</u>	<u>95,166</u>
	<u>194,363</u>	<u>\$2,055,600</u>

These ten customers accounted for approximately 17.67% of water sales and service charges in 2015/16.

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, 2016 is as follows:

<u>Meter Size</u>	<u>Meter Charge</u>	<u>Meter Size</u>	<u>Meter Charge</u>
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		

<sup>1</sup> Other sources include water from Jameson Lake and Fox and Alder Creeks, infiltration water from Doulton Tunnel, SWP Table A water and supplemental water purchases.

<sup>2</sup> Hundred Cubic Feet (hcf)  
FY 2015/16 CONTINUING  
DISCLOSURE ANNUAL REPORT

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

	<u>1<sup>st</sup> Block</u>	<u>2<sup>nd</sup> Block</u>	<u>3<sup>rd</sup> Block</u>	<u>4<sup>th</sup> Block</u>
Single Family Residential	\$ 5.03	\$ 5.57	\$ 6.57	\$ 7.91
Multi-Family Residential	\$ 5.03	\$ 5.57	\$ 6.57	-
Commercial	\$ 5.57	\$ 6.57	-	-
Institutional & Public	\$ 5.57	\$ 6.57	-	-
Agricultural <sup>3</sup>	\$ 2.80	\$ 5.03	-	-
Non-Potable	\$ 2.24	-	-	-

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. Water rates beginning on July 1, 2016 are as follows:

*Water Rates in Addition to Monthly Service Charges  
Effective July 1, 2016  
(Price per HCF)*

	<u>1<sup>st</sup> Block</u>	<u>2<sup>nd</sup> Block</u>	<u>3<sup>rd</sup> Block</u>	<u>4<sup>th</sup> Block</u>
Single Family Residential	\$ 5.40	\$ 5.98	\$ 7.06	\$ 8.50
Multi-Family Residential	\$ 5.40	\$ 5.98	\$ 7.06	-
Commercial	\$ 5.98	\$ 7.06	-	-
Institutional & Public	\$ 5.98	\$ 7.06	-	-
Agricultural <sup>3</sup>	\$ 3.00	\$ 5.40	-	-
Non-Potable	\$ 2.40	-	-	-

**Connection and Capital Recovery 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 may be increased annually with the fiscal year budget based on the actual costs to install a meter; however, the fees remain in effect until changed by the Board of Directors. The Capital Cost Recovery Fees may be 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, 2016 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

Source: Montecito Water District

FISCAL YEAR 2016 OPERATING RESULTS

The following table is a summary of operating results for the water system of the District for FY 2015/16. These results have been derived from the District's financial statements, excluding certain non-cash items, and including certain other adjustments. The District's auditors have not audited this table.

MONTECITO WATER DISTRICT

<b><u>REVENUES</u></b>	<b><u>June 30, 2016</u></b>
Water Sales	\$ 7,652,442
Water Service Charges	3,976,816
Ordinance 93/94 Drought Penalty Charge	3,513,469
Water Shortage Emergency Surcharge	4,834,900
Connection Fees	25,238
Other Charges for Services	<u>60,715</u>
<b>TOTAL REVENUES</b>	<b><u>20,063,580</u></b>
<b><u>OPERATING EXPENSES</u></b>	
Water Purchased	1,540,789
Supplemental Water Purchased	2,070,778
Pumping	333,909
Water Treatment	1,020,860
General & Administrative	2,614,724
Operations & Maintenance	<u>1,426,813</u>
<b>TOTAL EXPENSES</b>	<b><u>9,007,873</u></b>
<b>NET REVENUES</b>	<b><u>11,055,707</u></b>
Rate Coverage Reserve Fund Deposit	1,417,526
Adjusted Net Revenues	12,473,233
State Water Payments	5,778,933
<b><i>Coverage Ratio</i></b>	<b><i>2.16</i></b>
Other Debt Service <sup>3</sup>	1,661,295
Available for Capital Improvements and other purposes	\$ 3,615,479

Source: Montecito Water District

<sup>3</sup> Department of Water Resources Ortega Improvement Project Loan and 2010A Revenue Bonds.

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**CITY OF SANTA BARBARA**

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

**HISTORIC WATER CONNECTIONS AND SALES REVENUES**

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

*Historic Water Connections and Sales Revenues*

Fiscal Year <u>Ending June 30</u>	<u>Connections</u>		<u>Sales Revenues</u>	
	<u>Dom.</u>	<u>%</u>	<u>Dom.</u>	<u>%</u>
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
2016	26,988	100	41,433,002	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>
2012	13,949
2013	14,366
2014	14,218
2015	10,775
2016	9,935



LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the City’s water system as of June 30, 2016, as determined by the amount of their respective annual payments.

<u>Customer</u>	<u>Water Usage</u> <sup>1</sup>	<u>Annual Payment</u>
Santa Barbara Unified School District	45,872	\$442,327
Dario Pini	34,458	325,790
Cottage Hospital	25,411	314,901
Fess Parker Double Tree	37,789	264,788
Housing Authority	29,305	253,173
City of Santa Barbara Parks	26,886	225,891
Santa Barbara Community College District	15,252	212,484
Valle Verde	21,302	175,833
El Encanto	18,959	169,864
Mission Linen Supply	<u>24,449</u>	<u>165,013</u>
	279,683	\$ 2,550,064

These ten customers accounted for approximately 6.2% of the annual water system sales for Fiscal Year 2015/16.

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<sup>1</sup> Hundred cubic feet

WATER SYSTEM RATES AND CHARGES DURING FY 2015/16

Customer Class	Water Service Rates
Single Family Residential	First 4 HCF @ \$4.20 Next 12 HCF @ \$8.51 All other @ \$18.59 per HCF
Multi-Family Residential 1-4 dwelling units	First 4 HCF per dwelling unit @ \$4.20 Next 4 HCF per dwelling unit @ \$8.51 All other @ \$18.59 per HCF
Multi-Family Residential 5+ dwelling units	First 4 HCF per dwelling unit @ \$4.20 Next 4 HCF per dwelling unit @ \$8.51 All other @ \$18.59 per HCF
Commercial	100% of base allotment <sup>2</sup> @ \$6.53 per HCF; All other @ \$15.24 per HCF
Industrial	100% of base allotment <sup>2</sup> @ \$6.53 per HCF; All other @ \$15.24 per HCF
Irrigation – Residential	Billed as if used through associated residential meter, OR All use within monthly water budget <sup>3</sup> @ \$8.51 per HCF; All other @ \$18.59 per HCF
Irrigation - Recreation/Parks/Schools	All use within monthly water budget <sup>3</sup> @ \$3.70 per HCF All other @ \$18.59 per HCF
Irrigation – Commercial	All use within monthly water budget <sup>3</sup> @ \$8.51 per HCF; All other @ \$18.59 per HCF
Irrigation – Agriculture	All use within monthly water budget <sup>3</sup> @ \$2.43 per HCF All other @ \$18.59 per HCF
Recycled Water	All usage @ \$2.96/HCF
Outside City Limits	130% of corresponding in-City rates

Monthly Service Charges for Water Meters by Size During FY 2015/16

Meter Size	Monthly Service Charge
5/8"	\$23.49
3/4"	34.19
1"	55.61
1 1/2"	109.14
2"	173.38
3"	376.82
4"	676.61
6"	1,393.98
8"	2,571.74
10"	4,070.71

Connection Charges during Fiscal Year 2015/16

	5/8" Meter	1" Meter
Connection Charges on 1" Service:	\$2,495	\$2,905
Buy-in Fee (per detached single family residence)	6,070	15,174
	<u>\$8,565</u>	<u>\$18,079</u>

<sup>2</sup> Commercial & Industrial Monthly Water Budget = average monthly consumption during most recent January – June period.

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

FISCAL YEAR 2016 OPERATING RESULTS

The following table is a summary of operating results of the water system of the City for Fiscal Year 2015/16. These results have been derived from the City's financial statements, excluding certain non-cash items, and including certain other adjustments. The table has not been audited by the City's auditor.

CITY OF SANTA BARBARA

<b><u>REVENUES</u></b>	<b><u>June 30, 2016</u></b>
Municipal & Industrial Sales	\$ 41,433,002
Service Charges	1,106,243
JPA Reimbursement	2,569,535
Interest Income	409,196
Other Revenues	<u>159,532</u>
<b>TOTAL REVENUES</b>	<b>45,677,508</b>
<b><u>OPERATING EXPENSES</u></b>	
Salaries & Benefits	8,217,607
Materials & Supplies	<u>13,098,980</u>
<b>TOTAL EXPENSES</b>	<b><u>21,316,587</u></b>
<b>NET REVENUES</b>	<b><u>24,360,921</u></b>
State Water Payments	5,780,222
Parity Debt Service <sup>4</sup>	3,225,980
<b><i>Coverage Ratio</i></b>	<b><i>2.70</i></b>
Available for Capital Improvements and other purposes	\$ 15,354,719

Source: City of Santa Barbara

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<sup>4</sup> Represents debt service on 2013 Water COPs, Cater-Ortega and Desal DWR loans, 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.

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**CITY OF SANTA MARIA**

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

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

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

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

<u>Fiscal Year Ending June 30</u>	<u>Connections</u>	<u>Water Sales Revenues</u>	<u>Wastewater Service Revenues</u>
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	8,458,525
2016	22,152	33,883,550	8,897,808

**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 12,022 acre-feet in fiscal year 2016 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*

<u>Fiscal Year Ending June 30</u>	<u>Deliveries</u>
2012	13,264
2013	13,338
2014	13,882
2015	13,009
2016	12,022

## LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the City's water system as of June 30, 2016 as determined by the amount of their respective annual payments.

### *Largest Water Customers*

Customer <sup>1</sup>	Water Usage <sup>2</sup>	Annual Payments
Nipomo Community Services District	287,331	\$964,260
City of Santa Maria	179,771	1,114,769
Santa Maria Elementary School	119,675	722,716
Santa Maria Land Partners	67,105	402,028
Titan Frozen Fruit	56,270	301,203
Fresh Venture Foods	51,360	279,038
Marian Hospital & Facilities	36,951	248,863
Casa Grande Mobile Homes	53,782	223,205
Alan Hancock College	48,411	218,224
S.B. County Housing Authority	<u>23,663</u>	<u>158,334</u>
TOTAL	924,319	\$ 4,632,640

The ten largest water customers accounted for approximately 17.6% water service by volume in fiscal year 2016.

The following table sets forth the ten largest customers discharging to the City's wastewater system as of June 30, 2016 and their respective annual payments.

### *Largest Wastewater Customers*

Customer	Wastewater Usage <sup>2</sup>	Annual Payments
Sure Fresh	90,957	\$ 391,386
Fresh Venture Foods	50,496	149,378
Titan Frozen Fruit	51,194	146,235
Santa Maria Land Partners	54,161	76,750
Marian Hospital & Facilities	32,840	67,469
Mission Linen	22,339	52,275
S.B. County Housing Authority	22,133	50,420
Santa Maria Elementary School	21,064	44,762
DP Investments	31,573	44,745
Alan Hancock College	<u>21,099</u>	<u>44,248</u>
TOTAL	397,856	\$ 1,067,668

The ten largest wastewater customers accounted for approximately 10.2% of wastewater service by volume in fiscal year 2016.

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

<sup>2</sup> Hundred Cubic Feet

WATER AND WASTEWATER SYSTEM RATES AND CHARGES

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

*Water Service Charges.* A schedule of the City’s current monthly water rates and charges as of July 1, 2016 is set forth below:

*Monthly Service Charges for Water Meters by Size*

Meter Size	Inside City
5/8 x 3/4"	\$ 33.08
1"	51.89
1 1/4"	61.54
1 1/2"	82.02
2"	113.42
3"	246.15
4"	410.30
6"	1,025.89

*Capacity Charge*

1 – 500 cubic feet	\$ 3.606 per 100 cubic feet
501 – 1000 cubic feet	4.277 per 100 cubic feet
1001 – 1500 cubic feet	4.999 per 100 cubic feet
Above 1501 cubic feet	5.691 per 100 cubic feet

*Wastewater Treatment Charges.* A schedule of the City’s current monthly wastewater treatment rates and charges as of July 1, 2016 is set forth below:

*Monthly Wastewater Rates*

Single Family Residence	\$ 19.20
Multiple Apartments:	
2 Rooms or Less	13.58
3 + Rooms	14.77
Mobile Homes (number of spaces)	13.58
Motel/Hotel (per unit)	9.45

*Per 100 cubic feet*

Office Buildings	\$ 2.25
Restaurants	5.36
Commercial	3.25
Food Processing	3.13
Machinery	2.60
Miscellaneous	2.60

FISCAL YEAR 2016 OPERATING RESULTS

The following table is a summary of operating results of the water and wastewater system of the City for Fiscal Year 2015/16. These results have been derived from the City's financial statements and exclude certain non-cash items and include certain other adjustments. The table has not been audited by the City's auditor.

CITY OF SANTA MARIA

<b><u>REVENUES</u></b>	<b><u>June 30, 2016</u></b>
Water & Wastewater Fees & Charges	\$ 42,781,358
Other Revenues	432,731
Interest Income	<u>1,264,239</u>
<b>TOTAL REVENUES</b>	<b>44,478,328</b>
<b><u>OPERATING EXPENSES</u></b>	
Salaries, Wages & Benefits	4,368,112
Materials & Supplies	1,911,023
Equipment Maintenance & Operations	2,470,275
Contracts & Services	<u>3,444,030</u>
<b>TOTAL EXPENSES</b>	<b><u>12,193,440</u></b>
<b>NET REVENUES</b>	<b><u>32,284,888</u></b>
Rate Coverage Fund Deposit	5,001,279
Adjusted Net Revenues	37,286,167
State Water Payments	16,072,296
<b><i>Coverage Ratio</i></b>	<b><i>2.32</i></b>
Other Debt Service	4,629,362
Available for Capital Improvements and other purposes	\$ 11,583,230

Source: City of Santa Maria

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

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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> <sup>(1)</sup>	<u>%</u>	<u>Ag.</u> <sup>(2)</sup>	<u>%</u>	<u>Solvang</u>	<u>%</u>
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
2016	2,551	96	113	4	4,092,818	70	1,714,127	29	61,210	1

The actual FY 2015/16 total water sales revenues are approximately 10% percent less than the FY 2014/15 due to severe drought conditions and mandatory State of California mandated conservation regulations in effect 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.

<i>Historic Water Deliveries</i> <i>(in acre feet)</i>				
Fiscal Year Ending June 30	Ag. Deliveries	Domestic	Solvang	Total
2012	2,454	2,753	53	5,260
2013	2,881	2,434	56	5,371
2014	2,660	2,682	16	5,358
2015	2,395	1,892	54	4,341
2016	2,154	1,539	19	3,712

The FY 2015/16 actual overall water deliveries are lower than FY 2014/15 due to continued water conservation efforts by customers 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, 2016, as determined by the amount of their respective annual payments.

Customer	Water Usage <sup>(AF)</sup>	Annual Payments
Private Agriculture	369	\$ 82,889
Private Agriculture	135	30,970
Private Agriculture	93	25,274
Private Agriculture	62	16,062
Private Agriculture	77	19,029
Private Agriculture	60	15,506
Private Agriculture	59	15,475
Private Agriculture	51	17,708
Private Agriculture	48	17,169
Private Agriculture	<u>39</u>	<u>11,255</u>
TOTAL	993	\$251,337

These ten customers accounted for approximately 4.2% of the water sales revenues for Fiscal Year 2015/16.

ID No.1's rates and charges for FY 2015/16 are as follows:

<i>Monthly Meter Charge</i>		
Meter Size	Domestic/Limited	
	Agricultural	Agricultural
5/8"	\$ 36.93	
3/4"	44.21	
1"	73.32	
1 1/2"	146.30	\$ 59.42
2"	232.19	98.23
3"	467.24	197.68
4"	658.96	275.29
6"	1,461.36	614.86
8"	2338.62	

Consumption Charge

Domestic	Rural Residential / Limited Agricultural	Agriculture
\$3.63 per HCF	1 <sup>st</sup> 125 units: \$3.63 per HCF 126+ units: \$1.25 per HCF	\$0.47 per HCF
Temporary Rate	<u>City of Solvang</u> <u>\$5.79</u>	Cachuma Park
\$5.95 per HCF	(Conn. Fee \$150.00; minimum chg.: \$25.00)	\$1.31 per HCF

Connection Charge

Meter Size	Meter Only <sup>(1)</sup>	Service and Meter
5/8" – 1"	\$ 3,924.72	\$7,055.04 Short Side (1" service) 10,765.36 Long Side (1" service)
3/4"	\$ 4,692.02	\$7,822.33 Short Side (1" service) 11,532.65 Long Side (1" service)
1"	\$ 7,676.00	\$10,888.42 Short Side (1" service) 14,598.74 Long Side (1" service)
(2) 5/8" – 1"		\$18,686.52 Short Side (1" double service) 22,396.84 Long Side (1" double service)
1 1/2"	\$ 15,391.33	\$19,322.41 Short Side (2" service) 23,062.54 Long Side (2" service)
2"	\$24,439.13	\$28,446.71 Short Side* (2" service) 32,197.34 Long Side* (2" service)
3"	*see below	*see below

Footnotes :<sup>(1)</sup> 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"	\$ 46,498.38	+ Serv. & Meter Costs
4"	\$ 65,388.34	+ Serv. & Meter Costs
6"	\$ 145,307.43	+ Serv. & Meter Costs
8"	\$ 232,491.90	+ 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 2016 OPERATING RESULTS

The following table is a summary of operating results of the water system of ID No. 1 for Fiscal Year 2015/16. 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, 2016</u>
Municipal & Industrial Water Sales	\$ 5,199,792
Ag. Water Sales	607,153
Water Sales to City of Solvang	61,210
Sale of Water to Other Agency	761,250
SWP Revenue from City of Solvang	2,870,556
Connection Fees	10,045
Other Fees & Income	107,154
Interest Income	<u>39,872</u>
<b>TOTAL REVENUES</b>	<b>9,657,032</b>
<u>OPERATING EXPENSES</u>	
Water Purchased	688,352
Pumping	564,781
Water Treatment	47,407
Transmission & Distribution	631,109
Special Programs & Study Fees	474,733
Administration & General	<u>2,307,194</u>
<b>TOTAL EXPENSES</b>	<b><u>4,713,576</u></b>
<b>NET REVENUES</b>	<b><u>4,943,456</u></b>
Rate Coverage Fund Deposit (Includes Solvang)	1,062,841
Adjusted Net Revenues	6,006,297
State Water Payments (Includes Solvang)	3,895,465
 <b>Coverage Ratio</b>	 <b>1.54</b>
Unanticipated & Special Legal Fees	207,591
Other Debt Service	329,923
Available for Capital Improvements and other purposes	\$ 510,477

Source: Santa Ynez Improvement District No. 1

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**CITY OF SOLVANG**

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

**HISTORIC WATER CONNECTIONS AND SALES REVENUES**

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

*Historic Water Connections and Sales Revenues*

Fiscal Year Ending June 30	Connections	Sales Revenues	Water Deliveries (acre-feet per year)
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
2016	2,211	4,378,420	962

**LARGEST CUSTOMERS**

The following table sets forth the ten largest customers of the City’s water system as of June 30, 2016, as determined by the amount of their respective annual payments.

*Largest Customers as of June 30, 2016*

Customer	Water Usage	Annual Payments
Rancho Santa Ynez Mobile Estates	17,172	\$61,058
Alisal Guest Ranch	13,439	49,151
City of Solvang	7,977	35,489
Chumash Casino Resort (Hotel Corque)	6,870	26,097
Holiday Inn Express	5,837	22,377
Atterdag Village	5,965	21,732
Worldmark	5,281	18,810
Hadsten House	4,931	18,598
Skytt Properties, LLC	4,508	16,848
Mission Oaks	<u>4,138</u>	<u>14,633</u>
TOTAL	76,118	\$284,793

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)<sup>1</sup></u>	<u>Ratio to 5/8" x 3/4" Meter</u>	<u>Meter Charges</u>	<u>Outside Users<sup>2</sup></u>
5/8" x 3/4"	20	1.0	\$ 75.43	113.15
3/4"	30	1.5	113.15	169.73
1"	50	2.5	188.58	282.87
1-1/2"	100	5.0	377.17	565.76
2"	160	8.0	603.47	905.21
3"	320	16.0	1,206.94	1,810.41
4"	450	22.5	1,885.84	2,828.76
6"	1,000	50.0	3,771.68	5,657.52
8"	1,600	80.0	6,034.69	9,052.04

***Quantity Rate***

*Single Family Residential Users per 100 Cubic Feet*

Water Rates (per Prop 218)

<u>Cubic Feet</u>	<u>Rate</u>
0 to 1,600	\$3.45
1,600 & above	\$4.05

*All Other Users per 100 Cubic Feet*

<u>Cubic Feet</u>	<u>Rate</u>
All	\$3.75

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<sup>1</sup> gallons per minute

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

FISCAL YEAR 2016 OPERATING RESULTS

The following table is a summary of operating results of the water system of the City for fiscal year 2015/16. These results have been derived from the City's financial statements but exclude certain non-cash items and include certain other adjustments. The table has not been audited by the City's auditor.

CITY OF SOLVANG

<b><u>REVENUES</u></b>	<b><u>June 30, 2016</u></b>
Water Sales	\$ 4,378,420
Other Fees & Income	63,373
Capital Contributions	294,184
Interest Income	<u>15,475</u>
<b>TOTAL REVENUES</b>	<b>4,751,452</b>
<b><u>OPERATING EXPENSES</u></b>	
Operating Expenses	<u>1,317,454</u>
<b>TOTAL EXPENSES</b>	<b><u>1,317,454</u></b>
<b>NET REVENUES</b>	<b><u>3,433,998</u></b>
Rate Coverage Fund Deposit	606,183
Adjusted Net Revenues	4,040,181
State Water Payments	2,534,152
<b><i>Coverage Ratio</i></b>	<b><i>1.59</i></b>
Available for Capital Improvements and other purposes	\$ 899,846

Source: City of Solvang

SAN LUIS OBISPO COUNTY

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**CITY OF MORRO BAY**

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

**HISTORIC WATER CONNECTIONS AND SALES REVENUES**

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

Fiscal Year Ending June 30	Connections	Sales Revenues
2012	5,401	3,396,936
2013	5,455	3,377,534
2014	5,473	3,491,575
2015	5,455	3,311,970
2016	5,455	4,130,990

**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
2012	1,177
2013	1,141
2014	1,214
2015	1,094
2016	996



## LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the City's water system as of June 30, 2016, as determined by the amount of their respective annual payments.

Customer	Water Usage <sup>1</sup>	Annual Payments
City of Morro Bay	14,324	\$ 286,476
Morro Bay High School – irrigation	10,218	122,136
Pacific Care Center	8,911	106,452
Mission Linen Center	8,297	99,084
CA Dept of Parks	4,856	60,204
Imperial Coast, LP	4,776	56,832
Silver City Resort	3,489	41,388
San Luis Coastal School District	3,055	35,700
Morro Elementary School	2,962	35,064
Morro Dunes Trailer Park	<u>2,913</u>	<u>34,476</u>
TOTAL	63,801	\$ 877,812

These ten customers accounted for approximately 21% of water services revenues in fiscal year 2015/2016.

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<sup>1</sup> Hundred Cubic Feet

FISCAL YEAR 2016 OPERATING RESULTS

The following table is a summary of operating results of the water system of the City for fiscal year 2015/16. 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

<b><u>REVENUES</u></b>	<b><u>June 30, 2016</u></b>
Water Service Charge	\$ 4,130,990
Connection Fees	255,201
Penalties & Reconnections	73,792
Miscellaneous	<u>27,593</u>
<b>TOTAL REVENUES</b>	<b>4,487,576</b>
<b><u>OPERATING EXPENSES</u></b>	
Administration & General	1,859,334
Maintenance	<u>110,494</u>
<b>TOTAL EXPENSES</b>	<b><u>1,969,828</u></b>
<b>NET REVENUES</b>	<b><u>2,517,748</u></b>
State Water Payments	2,166,523
<b><i>Coverage Ratio</i></b>	<b><i>1.16</i></b>
Available for Capital Improvements and other purposes	\$ 351,225

Source: City of Morro Bay



## CITY OF MORRO BAY

CITY HALL  
595 Harbor Street  
Morro Bay, CA 93442

January 20, 2017

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

### RE: CITY OF MORRO BAY'S 2015/16 BOND COVERAGE RATIO

Dear Ray,

For the 2015/16 fiscal year, the City of Morro Bay has not met its minimum bond coverage ratio. The required coverage ratio is greater than, or equal to, 1.25; for the 2015/16 fiscal year, Morro Bay's coverage ratio is 1.16. 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.

As you know, the City Council the City of Morro Bay adopted a new water rate schedule in May 2015, which was implemented with the July meter reads (September 1 billing date). We have managed to bring our ratio up by 37 points in the 9-month period that the rates were effective. Each year for the next five years, rates will increase, and we are confident the new rate schedule will allow us to meet and/or exceed our coverage ratio.

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

Sincerely,

Craig Schmollinger  
Finance Director

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

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**CITY OF PISMO BEACH**

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

**HISTORIC WATER CONNECTIONS AND SALES REVENUES**

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

<b>Fiscal Year Ending June 30</b>	<b>Connections</b>	<b>Sales Revenues</b>
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
2016	4,787	3,201,546

**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)*

<b>Fiscal Year Ending June 30</b>	<b>Urban Deliveries</b>
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
2016	1,644

LARGEST CUSTOMERS

The following table sets forth the ten largest customers of the City's water system as of June 30, 2016, as determined by the amount of their respective annual payments.

Customer Name	Consumption	Water Revenues	% of Total
1 Pismo Beach Mobile Home Park	10,542	\$ 42,114.73	1.32%
2 Cliff's Shell Beach	10,360	\$ 36,403.86	1.14%
3 Pismo Coast Village	9,907	\$ 39,914.88	1.25%
4 Oxford Suites Hotel	7,115	\$ 26,742.51	0.84%
5 Shorediff Lodge	6,172	\$ 21,742.29	0.68%
6 Quality Inn	6,090	\$ 22,207.89	0.69%
7 Motel 6	5,972	\$ 21,825.66	0.68%
8 Dolphin Bay	5,771	\$ 22,041.20	0.69%
9 Seacrest Resort	5,603	\$ 20,569.24	0.64%
10 Pismo Lighthouse Suites	5,407	\$ 20,972.64	0.66%
<b>Total</b>	<b>72,939</b>	<b>\$ 274,534.90</b>	<b>8.58%</b>
Other Customers		\$ 2,927,011.10	91.42%
<b>Total Revenues</b>		<b>\$ 3,201,546.00</b>	<b>100.00%</b>

These ten customers accounted for approximately 8.58% of water service revenues in fiscal year 2015/2016.

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

Meter Size	Single Family Residential	All Other Metered Users
All Meters		
5/8" & 3/4"		\$ 26.57
1"		53.14
1-1/2"		88.48
2"		141.63
3"		265.71
4"		442.94
6"		1,062.86
<u>Consumption Charge:</u>		
0-10 HCF	\$2.72/HCF	\$3.36/HCF
11-20 HCF	\$3.36/HCF	
21-35 HCF	\$3.97/HCF	
Over 35 HCF	\$5.43/HCF	
Construction Meter		\$6.72/HCF
Irrigation Meter		\$3.97/HCF
Connection Charges:		
A) State Water Supply Fee	\$11,060 per equivalent dwelling unit	
B) Special Tax Levy FY 2015-16	\$180.94 per year per equivalent dwelling unit.	

FISCAL YEAR 2016 OPERATING RESULTS

The following table is a summary of operating results of the water system of the City for FY 2015/16. These results have been derived from the City's financial statements but exclude certain non-cash items and include certain other adjustments. The table has not been audited by the City's auditor.

CITY OF PISMO BEACH

<b><u>REVENUES</u></b>	<b><u>June 30, 2016</u></b>
Water Service Charge	\$ 3,201,546
State Water Impact Fee	1,291,436
Interest	103,194
Assessments	1,266,322
Other Revenues	<u>113,297</u>
<b>TOTAL REVENUES</b>	<b>5,975,795</b>
 <b><u>OPERATING EXPENSES</u></b>	
Administration & General	793,394
*Lopez Contract Payments <sup>1</sup>	1,182,177
Operations & Maintenance	1,267,514
Utilities	<u>141,723</u>
<b>TOTAL EXPENSES</b>	<b><u>3,384,808</u></b>
 <b>NET REVENUES</b>	 <b><u><u>2,590,987</u></u></b>
State Water Payments	1,503,993
 <b><i>Coverage Ratio</i></b>	 <b><i>1.72</i></b>
Available for Capital Improvements and other purposes	\$ 1,086,994

Source: City of Pismo Beach

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<sup>1</sup> 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.

