Innovative Agricultural Rate Structure

WATER RATE WORKSHOP for CALIFORNIA WATER AGENCIES and BOARDS

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General Manager, YCFCWCD

Clear Lake and Cache Creek Watershed
Overall Goals of New Variable Rate Schedule

- Prop 218 compliance
- Rate stabilization with hydrologic uncertainty
- Infrastructure and operational sustainability
- Recognize and encourage conjunctive use
Nutrient Management

- Operating, Capital Improvement & Reserve Budgets
- Main Revenue Drivers: Water Sales, Hydroelectric & Property Tax

Variable Rate Structure - Example

- Old rate structure:
  - Budget = Forecast water sales * Water rate

- New rate structure:
  - Adopt six “rate levels” based on April 1 water storage conditions
### 2012 YCFCWCD Agricultural Water Allocation and Rates Worksheet

<table>
<thead>
<tr>
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**Actual**
- Total Storage: 81,000 acre-feet
- Remainder left in Storage: 20,000 acre-feet
- Forecast Losses: 1.54 acre-feet
- Projected Water Allocation: 50,000 acre-feet
- Revenue Rate: 0.25 af/acre
- Projected Water Revenue: $12.00 million

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### BUDGET SCENARIOS

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**Advantages of Variable Rate Structure**
- Provides ability to comply with Prop 218 requirements
- Sends economic signal to encourage conjunctive use
- Provides a planning tool for both the District and its water customers
“Selling” the new Variable Rate Structure

- Starts with establishing overall credibility: day-to-day operational and financial responsibility
- Outreach at multiple levels: Individual customers, large and small group meetings
- Describe the system as part of their business infrastructure

“Selling” the new Variable Rate Structure

- Keep the process transparent: Provide the rate payers with the same tools that the District has
- Keep the formula as simple as possible: Limited cases, date certain for determination
Summary...

- Development of a simple spreadsheet budget model helps the District achieve financial sustainability while maximizing conjunctive use and water rate certainty for its customers.

Thank You

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