



Y O L O C O U N T Y
FLOOD CONTROL &
WATER CONSERVATION
DISTRICT

FREQUENTLY ASKED QUESTIONS

Proposed Property Assessment for Capital Improvement Services

What problem is the District trying to solve?

The District's existing revenue structure, which relies primarily on water sales, is not reliable or sustainable. Thus, the District's current and future ability to deliver surface water supplies and benefit the groundwater aquifer are in jeopardy. Without sustainable revenues, the District will be required to significantly reduce levels of service starting in May 2023.

The District is initiating a three-phased Revenue Stabilization Program to diversify revenue sources and ensure all properties that benefit from District services are paying a fair share of costs. Phase I of this program is the proposed property assessment. Phase II is a 5-year water rate increase. Phase III is a groundwater fee.

What is the purpose of the proposed property assessment?

Revenues from the proposed assessment will pay for Capital Improvement Services for the Capay Diversion Dam and downstream irrigation transmission and distribution system. Assessment revenues cannot be used for any other purpose. Capital Improvement Services for District facilities at Clear Lake, Indian Valley Reservoir, and downstream to the Capay Diversion Dam will be funded by water rates, not this assessment.

What determines whether my property will be assessed?

Agricultural parcels downstream of the Capay Diversion Dam and within a reasonable proximity to the system benefit from related Capital Improvement Services. Benefitting properties fall under two categories: Currently Connected and Potentially Connected. Properties that have no possibility of being connected to the system are excluded.

How did the District differentiate between Currently Connected and Potentially Connected properties?

Currently Connected parcels are those with access to water through a turnout or other facility to receive water from the canal system. Potentially Connected properties are those that cannot currently access surface water due to lack of a facility or distribution device but are located within a reasonable proximity to the canal system. These properties could access surface water if they installed a lateral or other distribution device.

Is there a difference in benefit between Currently Connected and Potentially Connected properties?

All properties benefit from one or both of the following Capital Improvement Services: Infrastructure Availability and Routine Capital Improvements. Currently Connected properties benefit from both Infrastructure Availability and Routine Capital Improvements. Because Potentially Connected properties do not currently receive water from the District, they only benefit from Infrastructure Availability. Assessments for Currently Connected Properties are approximately \$10/gross acre, while assessments for Potentially Connected Properties are approximately \$1/gross acre.

How are property assessments calculated?

Every property's assessment differs, depending upon the following factors:

- Parcel type (only agricultural parcels)
- Parcel size (calculated as 80% of the gross acreage)
- Connection status (Currently Connected; Potentially Connected)
- Benefit factor (1.0 for Currently Connected; 0.1 for Potentially Connected)

Parcels that are Currently Connected receive greater benefit from the Capital Improvement Services than those that are Potentially Connected. As such, properties that are Currently Connected will have larger assessments than those that are Potentially Connected. Property owners have the right to ensure the accuracy of the factors used to calculate their assessments at any time, including prior to the completion of voting on the assessment and after the assessment may be approved. Property owners can appeal the factors used to calculate their assessments by contacting the District.

What happens if the property assessment passes?

If the assessment is approved by property owners, assessments will be hand-billed by the District in the first year (Fall 2023). In subsequent years, assessments will appear on annual property tax bills. Revenues from the assessment can only be used for Capital Improvement Services for the Capay Diversion Dam and downstream irrigation transmission and distribution facilities. District staff will also propose the lowest possible water rate increases in Phase II of its Revenue Stabilization Program, which will be discussed at the March and May 2023 Board meetings.

What happens if the property assessment does not pass?

District staff will be required to propose the highest possible water rate increases in Phase II of its Revenue Stabilization Program to cover operating costs, Capital Improvements Services, and to establish a reasonable Drought Reserve. If there are multiple years of drought and the District depletes Capital and Drought Reserves, it will be forced to defer maintenance and critical repair projects, seriously jeopardizing its ability to provide reliable, sustainable water supplies in future years.

Instead of a property assessment, why doesn't the District significantly increase water rates?

The District has attempted to do this in the past 10 years without success. That's because surface water availability varies greatly and therefore revenues are not predictable from year to year or sustainable over time. Little or no revenue is available in dry years and is subject to fluctuations in the amount of water that is purchased when water is available. When faced with multiple dry years, the District's Drought Reserve is depleted to cover fixed costs. An assessment would provide a modest but reliable source of revenues to cover some specific capital improvement costs. It also supports the District's goal of ensuring all properties that benefit from District services contribute to its cost for operation, regardless of whether they purchase water in any given year. Finally, the assessment supports the District's ability to obtain other sources of funding, including grants requiring matching funds.

Is the assessment an annual cost, or is it a one-time cost? Can it increase from year to year?

The assessment will be an annual cost so long as the District provides the Capital Improvement Services. There is an allowance for an annual cost of living adjustment tied to inflation, limited to a maximum of 4%, but the increase is not automatic. It can only be increased with approval by the District's Board of Directors during the annual budgeting process at its regular board meeting in May of each year.

What is meant by "weighted vote?"

Each property's assessment ballot is weighted by the amount of the proposed assessment (e.g., \$1 = 1 vote). Ballots are counted based upon a simple majority (50% +1) of the weighted vote. The assessment cannot be imposed if the weighted vote against the assessment outweighs the weighted vote in favor.

Is the weighted vote based on acreage?

Assessments are based upon the benefit they receive from Capital Improvement Services. Individual property assessments are calculated based upon property size and connection status (see “How are property assessments calculated?”).

Does the landlord or the tenant vote on the property assessment?

Under CA Proposition 218 law, only property owners may vote on the assessment. However, the District encourages property owners to talk with their growers/tenants about the proposed assessment and allocation of costs.

How does the landowner receive benefit from the District services?

Growers may come and go, and some growers choose to use groundwater. But the availability of surface water supply directly benefits the land and helps to retain or increase land value. Optimal water supplies can only be achieved if the District’s facilities are properly maintained and improved, as needed. As such, the assessment is intended to allocate a portion of infrastructure costs to landowners whose properties benefit from surface water supply availability.

Is a non-vote on the property assessment a “no” vote?

No. Only ballots that are returned will be counted as part of the weighted vote.

Is there a certain percentage of landowners that must return ballots?

No. The ballots that are returned will determine whether the assessment is approved.

What happens to water rates after the property assessment process is done?

The District will propose a 5-year water rate increase that covers fixed operating costs, even during dry/drought year conditions, and that ensures required reserves for critical repairs and system improvements. If the property assessment is approved, the District’s proposed water rate will be lower than if the property assessment is not approved. The process for determining any increase to water rates will begin at the March 7, 2023, Board meeting, immediately following the completion of assessment ballot counting and announcement of results.

Is the landowner or tenant responsible for payment of the property assessment?

The assessment, if approved, will be included on the annual property tax bill. Responsibility for tax payments and other expenses differs depending on lease terms or verbal agreements between landowners and tenants. It’s not the intention of the District to change the nature of how expenses are allocated between landowners and tenants, but it acknowledges that the assessment may have that effect. The District encourages landowners and tenants to discuss and agree upon an equitable resolution if the changes caused by the assessment result in conflict with lease terms or verbal agreements.