

Issue: Prevent ADD Water from Driving Growth to the CAGRD

Strawman Proposal #1a: *[Cash or Contract]* All CAGRD membership enrollments occurring after the implementation of ADD Water must be conditioned on the payment to CAGRD of an amount sufficient to cover CAGRD's costs of acquiring an ADD Water contract that is large enough to meet the member's projected annual replenishment obligation at build-out. Alternatively, the prospective member may acquire its own ADD Water contract and transfer it to the CAGRD in lieu of cash payment. The payment or contract transfer for a member may occur incrementally, but must ensure that CAGRD has access to ADD Water prior to incurring a replenishment obligation. *[Note: this proposal will likely necessitate different assessment rates for members that enrolled before ADD Water vs. those that enroll after ADD Water is implemented]*

NEW Strawman Proposal #1b: *[Contract only]* All CAGRD members enrolling after the implementation of ADD Water must acquire an ADD Water contract that is large enough to meet the member's projected annual replenishment obligation at build-out. Prospective members must pay the same up-front costs as other ADD Water contractors, but may pledge future CAGRD Assessments as a source of repayment for the remainder. *[Note: CAGRD could consider accepting a composite contract that contains a mix of ADD Water contract types]*

Strawman Proposal #2: *[Ramped-Up Rates]* It is important to structure CAGRD rates and fees to avoid driving growth to the CAGRD and away from ADD Water contracts. After the amount and timing of payments due by ADD Water contractors under their contracts are determined, CAGRD rates and fees will be adjusted so that the amount and timing of the CAGRD rates and fees are comparable to those payable by other ADD Water contractors.