



Water Executive Committee Regular Meeting **AGENDA**

Ukiah Valley Conference Center ♦ 200 South School Street ♦ Ukiah, CA 95482

To participate or view the virtual meeting, go to the following link: <https://us06web.zoom.us/j/83268733029>

Alternatively, you may view the meeting (without participating) by clicking on the date and name of the meeting at www.cityofukiah.com/meetings, then go to the media tab.

December 4, 2025 - 5:00 PM

1. CALL TO ORDER AND ROLL CALL

2. APPROVAL OF MINUTES

2.a. Approval of the Minutes for the September 29, 2025, Regular Meeting.

3. AUDIENCE COMMENTS ON NON-AGENDA ITEMS

The Ukiah Valley Water Authority (UVWA) / Water Executive Committee Members welcomes input from the audience. In order for everyone to be heard, please limit your comments to three (3) minutes per person and not more than ten (10) minutes per subject. The Brown Act regulations do not allow action to be taken on audience comments on non-agenda items. If you wish to submit written comments, please provide information to the UVWA, located at 300 Seminary Avenue, Ukiah, CA, 95482.

4. NEW BUSINESS

4.a. Presentation of Proposed Financial Plan and Process for Ukiah Valley Water Authority Rate Adjustments by Hildebrand Consulting, Initiate Prop 218 Process, and Adoption of Resolution to Adopt a Policy for AB 2257.

Recommended Action: Receive the informational presentation from Hildebrand Consulting and provide input to Staff and the consultant on the proposed financial plan and preliminary rate adjustment framework. No formal action is requested at this time.

Attachments:

1. 2025 City of Ukiah Water Prop 218 Notices draft 10.28.25
2. UVWA 2025 Water Financial Plans Report 10.27.25
3. UVWA Consolidated Water Financial Plans 10.30.25
4. Resolution - AB 2557

5. UNFINISHED BUSINESS

5.a. Adoption of Resolution Establishing a Policy of Officer Rotations.

Recommended Action: Adopt resolution establishing a policy for officer rotations.

Attachments: *(will be forthcoming)*

6. ADMINISTRATIVE AND OPERATIONAL REPORTS

- 6.a. Report on Status of Application for SAFER Planning Grant.
- 6.b. General Management Report.

7. COMMITTEE MEMBER ANNOUNCEMENTS AND REPORTS

8. SET NEXT MEETING DATE

- 8.a. Discussion, Consideration, and Scheduling of Next Meeting Date with Meeting to be Held at the Ukiah Valley Conference Center, 200 South School Street, Ukiah, CA 95482, at 5:00 p.m.; And Approval of the Cancellation of the January 1, 2026, Regular Meeting.

9. CLOSED SESSION

- 9.a. **Conference with Legal Counsel - Anticipated Litigation**
Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Section 54956.9
One Case

10. ADJOURNMENT

Please be advised that the Ukiah Valley Water Authority (UVWA)/ Water Executive Committee needs to be notified 24 hours in advance of a meeting if any specific accommodations or interpreter services are needed in order for you to attend. UVWA complies with ADA requirements and will attempt to reasonably accommodate individuals with disabilities upon request. Materials related to an item on this Agenda submitted to the UVWA Committee Members after distribution of the agenda packet are available for public inspection at the front counter at the Ukiah Civic Center, 300 Seminary Avenue, Ukiah, CA 95482, during normal business hours, Monday through Friday, 8:00 am to 5:00 pm. Any handouts or presentation materials from the public must be submitted to the clerk 48 hours in advance of the meeting; for handouts, please include 10 copies.

I hereby certify under penalty of perjury under the laws of the State of California that the foregoing agenda was posted on the bulletin board at the main entrance of the City of Ukiah City Hall, located at 300 Seminary Avenue, Ukiah, California; and at the Ukiah Valley Conference Center, located at 200 South School Street, Ukiah, California; not less than 24 hours prior to the meeting set forth on this agenda.

Araceli Sandoval
11/26/25



WATER EXECUTIVE COMMITTEE MINUTES
Special Meeting
UKIAH VALLEY CONFERENCE CENTER
200 South School Street, Ukiah, CA 95482
Virtual Meeting Link: <https://us06web.zoom.us/j/83268733029>

September 29, 2025
5:00 p.m.

1. CALL TO ORDER AND ROLL CALL

The Water Executive Committee (WEC) met at a Special Meeting on September 29, 2025, having been legally noticed on September 26, 2025. The meeting was held in person and virtually at the following link: <https://us06web.zoom.us/j/83268733029>. Chair Gaska called the meeting to order at 5:00 p.m. Roll was taken with the following **Members Present:** Juan Orozco (*arriving at 5:03 p.m.*), Douglas Crane, Gary Nevill, Tom Schoeneman, Tim Prince, Steve Bogart, Tami Baarsch Bogart, and Adam Gaska. **Members Absent by Prearrangement:** Devin Gordon and Jerry Cardoza. **Staff Present:** Sean White, Ukiah Water Resources Director; Jared Walker, Ukiah Water Resources Deputy Director; and Kristine Lawler, Ukiah City Clerk. **Also Present:** Phil Williams, Legal Counsel and Chris Neary, General Counsel for Millview Water District.

CHAIR GASKA PRESIDING.

2. APPROVAL OF MINUTES

a. Approval of the Minutes for the August 7, 2025, Regular Meeting.

Motion/Second: Crane/Nevill to approve the minutes for the August 7, 2025, Regular Meeting, as submitted. Motion **carried** by the following roll call votes: AYES: Crane, Nevill, Schoeneman, Prince, Baarsch Bogart, Bogart, and Gaska. NOES: None. ABSENT: Orozco, Gordon, and Cardoza. ABSTAIN: None.

3. AUDIENCE COMMENTS ON NON-AGENDA ITEMS

No public comment was received.

4. NEW BUSINESS

a. Election of Officers.

Presenter: Phil Williams, Legal Counsel.

Member Consensus to keep delegating the roles of Secretary and Treasurer to Staff (Sean White as Secretary; Dan Buffalo as Treasurer).

Member Directive for Staff to bring back a resolution for consideration of establishing a policy for rotation of officers that includes no two members from the same agency serving at any given time.

Motion/Second: Bogart/Schoeneman to nominate and appoint Tom Schoeneman as Chair and Tim Prince as Vice Chair. Motion **carried** by the following roll call votes: AYES: Orozco, Crane, Nevill, Schoeneman, Prince, Baarsch Bogart, Bogart, and Gaska. NOES: None. ABSENT: Gordon, and Cardoza. ABSTAIN: None.

Note: *Outgoing Chair Gaska continued to preside until the conclusion of the meeting.*

5. UNFINISHED BUSINESS

a. Report on Status of Application for SAFER Planning Grant.

Presenters: Sean White, Ukiah Water Resources Director and Jared Walker, Ukiah Water Resources Deputy Director.

Report was received.

b. Rate Study Introduction.

Presenter: Jared Walker, Ukiah Water Resources Deputy Director.

Report was received.

c. Update on Issues Regarding PG&E's Surrender of Potter Valley Project.

Presenter: Sean White, Ukiah Water Resources Director.

Update was received.

6. ADMINISTRATIVE AND OPERATIONAL REPORT

a. General Management Report.

Presenters: Jared Walker, Ukiah Water Resources Deputy Director and Sean White, Ukiah Water Resources Director.

Report was received.

b. Staffing Approach to Compliance and Reporting.

Presenters: Jared Walker, Ukiah Water Resources Deputy Director and Sean White, Ukiah Water Resources Director.

Presentation was received.

c. City's Purchase of New Corp. Yard/Facilities.

Presenter: Sean White, Ukiah Water Resources Director.

Report was received.

7. COMMITTEE MEMBER ANNOUNCEMENTS AND REPORTS

No announcements or reports were received.

8. SET NEXT MEETING DATE

a. Discussion, Consideration, and Scheduling of Next Meeting Date with Meeting to be Held at the Ukiah Valley Conference Center, 200 South School Street, Ukiah, CA 95482, at 5:00 p.m.

Presenter: Chair Gaska.

Member Consensus to schedule the next Regular meeting of November 6, 2025, at 5:00 p.m.

9. ADJOURNMENT

There being no further business, the meeting adjourned at 6:16 p.m.

Kristine Lawler, City Clerk
City of Ukiah

MEETING DATE/TIME: 12/4/2025

ITEM NO: 2025-1261

WATER EXECUTIVE COMMITTEE

STAFF REPORT

SUBJECT: Presentation of Proposed Financial Plan and Process for Ukiah Valley Water Authority Rate Adjustments by Hildebrand Consulting, Initiate Prop 218 Process, and Adoption of Resolution to Adopt a Policy for AB 2257.

PREPARED BY: Dan Buffalo, Finance Director, Jared Walker, Redwood and Millview Water Districts General Manager, Sean White, Water Resources Director

PRESENTER: Mark Hildebrand, Hildebrand Consulting

ATTACHMENTS:

1. 2025 City of Ukiah Water Prop 218 Notices draft 10.28.25
2. UVWA 2025 Water Financial Plans Report 10.27.25
3. UVWA Consolidated Water Financial Plans 10.30.25
4. Resolution - AB 2557

Summary: Mark Hildebrand of Hildebrand Consulting will present the proposed financial plan for water rate adjustments for the City of Ukiah's water utility. The presentation is intended as an informational item to share preliminary findings, financial projections, and rate structure considerations developed under the Ukiah Valley Water Authority (UVWA) Joint Powers Agreement (JPA) framework. The Council's feedback and input will help inform the final rate study and recommendations, which will be brought forward for formal consideration at a future meeting.

Background: In 2023, the Ukiah Valley Water Authority (UVWA)—comprised of the City of Ukiah and participating water agencies—initiated a comprehensive review of water utility financial plans and rate structures to ensure long-term fiscal sustainability, equitable cost recovery, and compliance with the cost-of-service principles outlined in Article XIII D of the California Constitution (Proposition 218).

Hildebrand Consulting was retained to assist UVWA and the City in preparing a financial plan and rate study that incorporates projected capital and operating costs, including those associated with infrastructure renewal, system expansion, and ongoing integration of member water systems.

The rate-setting process is being conducted in accordance with the UVWA Joint Powers Agreement, which designates UVWA as the regional authority responsible for developing and adopting water rates that reflect the full cost of providing service. The UVWA is governed by the Water Executive Committee, composed of two representatives from each member agency, serving as its governing body. The Committee meets regularly to oversee the administration, budgeting, and ratemaking of the Combined Water System, ensuring consistency with state law and Proposition 218. While each Party retains limited authority over its own affairs, no Party may exercise its authority in a manner that directly conflicts with the powers of the Water Executive Committee, including its authority to establish rates under Section 6.A.2 and related provisions of the JPA. This presentation is meant to provide Council with the opportunity to contribute feedback and insight into the rate development process for consideration by the Executive Committee.

Discussion: The proposed financial plan, still in draft but summarized in Attachment 1, and rate analysis presented by Hildebrand Consulting represent the next step in a collaborative, multi-phase rate-setting process. The plan evaluates the adequacy of current revenues to meet projected operating and capital funding needs over the next five years, assesses reserve targets, and identifies rate adjustments necessary to sustain water utility operations and maintain regulatory and fiscal compliance.

This presentation provides the City Council an opportunity to review and comment on key assumptions, priorities, and policy considerations before the plan is finalized and the Proposition 218 process begins. Staff seeks Council input on:

- The overall direction and structure of proposed rate adjustments;
- Funding strategies for capital improvement projects;
- Reserve and debt coverage targets; and
- Communication and implementation considerations for the upcoming Proposition 218 hearing process.

Similar presentations are being delivered to the other JPA member governing bodies.

Under the UVWA JPA, the rate-setting process follows these key steps:

1. **Financial Plan Development** – Consultant and Staff prepare revenue requirements and projections based on operating, maintenance, and capital needs. This includes the use of City capital assets in the provision of services to JPA member agencies. JPA member governing bodies may be asked to provide input and comment at this stage. This is the stage the process is at currently.
2. **Cost of Service Analysis** – Allocates system costs among customer classes in accordance with proportional use and benefit. For this rate review, each JPA member is being evaluated separately and independently as part of the financial plan.
3. **Rate Design** – Establishes rates that recover costs in an equitable and transparent manner. For this rate review, the rate structure is not being considered for revision. A financial plan is being developed to adjust current rates under the existing rate design.
4. **UVWA Executive Committee Adoption** – The Water Executive Committee formally adopts rates applicable to all member agencies pursuant to Section 6.A.2 of the JPA.
5. **City Implementation and Proposition 218 Process** – The City conducts the Proposition 218 notification, protest, and public hearing process on behalf of the UVWA and its member agencies. As the agency responsible for UVWA operations, billing, and administrative services, the City administers the procedural requirements of Proposition 218 to ensure proper notification and compliance, formally implementing retail rates consistent with the UVWA-adopted structure.

In conjunction with this process, Staff will also recommend that UVWA—and by extension, the City—adopt the provisions of Assembly Bill 2257 (2024). This legislation modernizes and codifies several best practices for public water agencies, including requirements for long-term financial planning, enhanced public notice of proposed rate changes, and improved disclosure of cost-of-service analyses. AB 2257 encourages regional cooperation among agencies operating under Joint Powers Agreements (JPAs), authorizing them to consolidate rate-setting, planning, and infrastructure investment functions to promote efficiency and consistency across service areas. It also establishes expectations for increased public transparency by requiring that financial plans, reserve policies, and rate models be accessible to ratepayers and subject to periodic review. Adoption of AB 2257's provisions would align UVWA and the City with emerging statewide standards for fiscal accountability, transparency, and equitable rate development, reinforcing local commitment to sound water utility governance.

Staff requests Council receive the informational presentation from Hildebrand Consulting and provide input to Staff and the consultant on the proposed financial plan and preliminary rate adjustment framework. No formal action is requested at this time.

Recommended Action: Receive the informational presentation from Hildebrand Consulting and provide input to Staff and the consultant on the proposed financial plan and preliminary rate adjustment framework. No formal action is requested at this time.

Ukiah Valley Water Authority

Notice of Public Hearing on Proposed Rates for City of Ukiah Water Service Charges

February XX, 2026 at X:00 pm

Ukiah Civic Center 300 Seminary Ave, Ukiah, CA, 95482

The Ukiah Valley Water Authority will hold a public hearing on a proposed rate schedule for water rates for the City of Ukiah.

The Ukiah Valley Water Authority (UVWA) provides water production, treatment and distribution services for five (5) member agencies, including the City of Ukiah. The UVWA's water services are essential to protecting public health and the environment and maintaining a high quality of life. The member agencies currently maintain separate finances and charge different water rates. Within the City of Ukiah jurisdictional boundary there are over 4,800 residential and business accounts.

Water service rates are charged to each property that is connected to the water system. These funds are used to operate the water production, treatment, and distribution systems, including a recycled water system, which provides water supply resiliency for the entire City of Ukiah community.

WHY INCREASE RATES NOW?

In 2020 (prior to the formation of the UVWA) the City of Ukiah adopted a 5-year rate schedule based on a comprehensive water rate study. The final

rate adjustment from that study was implemented in July of 2024. The UVWA was formed in (month) of 2025. A 10-year water utility financial plan was recently completed by the UVWA in order to plan for the City of Ukiah water utility's future costs. Additional increases in rate revenue will be necessary in order to meet the financial requirements operations, existing debt, capital infrastructure re-investment, and to maintain the City of Ukiah water utility's cash reserves.

In order to meet the water utility's forecasted expenses, the UVWA is proposing rate increases that span the next five years.

HOW WERE RATES CALCULATED?

The proposed water rates were calculated using methodologies that are aligned with industry standard practices for rate setting and all applicable laws, including California Constitution Article VIII D, Section 6 (commonly known as Proposition 218). The revenue requirements for the water utility were based on a financial plan that integrated

operational, debt and capital funding needs.

Residential users will continue to pay a fixed monthly Service Charge based on the size of their meter in addition to a Usage Rate based on actual monthly water usage. Water usage is measured in hundreds of cubic feet ("HCF") which is equal to 748 gallons.

HOW MUCH OF AN INCREASE?

Under this proposal, water rates will increase by 3% on March 1, 2025, then 3% on July 1, 2025, and then 4% each July 1 for the subsequent three years.

For complete details, the "Ukiah Valley Water Authority 2025 Water Financial Plan Study for the City of Ukiah, Millview County Water District, Redwood Valley County Water District, and Willow County Water District" report is available at: <http://www.cityofukiah.com/XXX-/>.

For more information on proposed Water Rates, please call:

(707) 463-6228

or email: lmartin@cityofukiah.com

Proposed Water Rate Schedule

	Current ¹	March 1, 2026	July 2026	July 2027	July 2028	July 2029
Water Usage Rate (\$/CCF)						
All Water Usage	\$4.18	\$4.31	\$4.44	\$4.62	\$4.80	\$4.99
Monthly Service Charge						
3/4" meter	\$51.30	\$52.84	\$54.43	\$56.61	\$58.87	\$61.22
1" meter	\$82.15	\$84.61	\$87.15	\$90.64	\$94.27	\$98.04
1 1/2" meter	\$158.61	\$163.37	\$168.27	\$175.00	\$182.00	\$189.28
2" meter	\$250.72	\$258.24	\$265.99	\$276.63	\$287.70	\$299.21
3" meter	\$465.81	\$479.78	\$494.17	\$513.94	\$534.50	\$555.88
4" meter	\$773.02	\$796.21	\$820.10	\$852.90	\$887.02	\$922.50
6" meter	\$1,540.35	\$1,586.56	\$1,634.16	\$1,699.53	\$1,767.51	\$1,838.21

¹ Effective as of July 1, 2024

Your water rates pay all costs necessary to operate and maintain water production, treatment, and distribution infrastructure. The proposed water rates will help enable the UVWA to provide reliable and dependable water service while protecting public health and the environment

If approved, the water rate adjustment will commence **March 1, 2026**. You are receiving this notification in compliance with California Constitution Article XIII C and D (commonly known as Proposition 218), which requires that all impacted property owner(s) are mailed notice of proposed rate increases at least 45 days prior to a public hearing.

Protesting the Rates Increases

Proposition 218 establishes a protest process for the public to follow if they wish to oppose the rates. Written protests on the proposed Water Rates must be received prior to the close of the Public Hearing on **February XX, 2026** and may be hand delivered during the hearing, mailed or delivered to:

Kristine Lawler
City Clerk

300 Seminary Ave, Ukiah, CA, 95482

E-mail protests are not accepted.

Written protests on the proposed Water Rates must identify the owner(s) or tenant of the property and provide the property address. Only one protest per affected

parcel will be considered. If written protests are presented by owners from a majority of affected parcels, the **UVWA** cannot approve the proposed rate.

Exhaustion of Administrative Remedies

AB 2257 has established an *objection process* for ratepayers who wish to challenge the legality of the proposed rate increases. Notice is hereby given that any person who wishes to object to the proposed water rates must first file a timely written objection as described below. Written objections will only be considered timely and valid if they meet the following procedural and substantive requirements:

- Be in writing with the printed name and an original signature from the property owner of record or tenant directly liable for the payment of the fee/account holder.
- Identify the parcel for which the protest is filed, by street address or Assessor's Parcel Number (APN).

Be received by the **City Clerk** by **no later than 5:00 p.m., January XX, 2026**, at 300 Seminary Ave, Ukiah, CA, 95482.

Note that this date is earlier than the deadline to receive written protests, which must be received before the close of the public hearing.

Written objections must include the following information:

- A statement that your communication constitutes a written objection.
- A description of the nature of the written objection, with sufficient specificity to allow the **UVWA** to respond in writing. The objection must state the specific facts and grounds for concerns with the proposed water rates and why the rates do not comply with the law, and more specifically, Proposition 218. The objection should include the desired resolution or outcome. A statement that the proposed water rates violate Proposition 218 without an explanation as to the basis of your claim is not sufficient to constitute a valid written objection. (See **insert link to rate setting procedures**)

Please be advised that pursuant to Government Code Section 53759(d) there is a 120-day statute of limitation for any challenge to the new, increased or extended fee or charge.

Ukiah Valley Water Authority
300 Seminary Ave
Ukiah, CA 95482

IMPORTANT NOTICE – Water Rate Increase for the City of Ukiah
PUBLIC HEARING NOTICE

Ukiah Valley Water Authority

2025 Water Financial Plan Study for the...

- City of Ukiah,
- Millview County Water District,
- Redwood Valley County Water District, and
- Willow County Water District.

October 27, 2025



Danial Buffalo, Finance Director
City of Ukiah
300 Seminary Ave
Ukiah, CA, 95482



Re: 2025 UVWA Financial Plans Study

Dear Mr. Buffalo,

Hildebrand Consulting is pleased to present this 2025 Financial Plans Study (Study) for the Ukiah Valley Water Authority (UVWA). Among the UVWA's five members, this study includes the City of Ukiah (Ukiah), Millview County Water District (Millview), Redwood Valley County Water District (Redwood Valley), and Willow County Water District (Willow). Calpella County Water District (Calpella) is also a member agency but did not participate in this Study due to having recently completed a similar study.

We appreciate the assistance provided UVWA staff who participated in the Study, as well as the input and guidance provided by elected officials.

If you or others at UVWA have any questions, please do not hesitate to contact me at:

mhildebrand@hildco.com
(510) 316-0621

We appreciate the opportunity to be of service and look forward to the possibility of doing so again in the future.

Sincerely,

Mark Hildebrand
Hildebrand Consulting, LLC

Enclosure



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Schedule RV-2:	Redwood Valley Cash Flow Pro Forma
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Schedule W-2:	Willow Cash Flow Pro Forma

List of Acronyms and Abbreviations

AWWA	American Water Works Association
Calpella	Calpella County Water District
CAP	Cost Allocation Plan
DCR	debt coverage ratio
FY	fiscal year (which ends on June 30 for the District)
HCF	hundred cubic feet (748 gallons)
JPA	Joint Powers Authority
JEPA	Joint Exercise of Powers Agreement
Millview	Millview County Water District
O&M	operations and maintenance
OMB	U.S. Office of Management and Budget
Redwood Valley	Redwood Valley County Water District
RRFDC	Russian River Flood Control District
TGAL	thousand gallons
UVWA	Ukiah Valley Water Authority
Ukiah	City of Ukiah
Willow	Willow County Water District

Section 1. INTRODUCTION

Hildebrand Consulting, LLC has been retained by the Ukiah Valley Water Authority (UVWA) to develop five-year financial plans and to update water service rates for four of UVWA's member agencies, including the City of Ukiah (Ukiah), Millview County Water District (Millview), Redwood Valley County Water District (Redwood Valley), and Willow County Water District (Willow). The purpose of this Study is to ensure that each of these member agencies are meeting financial obligations for ongoing operation and maintenance, debt service, and capital improvements while maintaining prudent financial reserves.

This report describes in detail the assumptions, procedures, and results of the Study, including conclusions and recommendations.

1.1 UTILITY BACKGROUND

The UVWA is located within the Ukiah Valley and within the Mendicino County Russian River Watershed. The recent formation of this Joint Powers Authority (JPA) unifies the formerly independent water agencies of Ukiah, Millview, Redwood Valley, Willow, and Calpella County Water District (Calpella). Ukiah provides each member agency with operating and administrative services through a Joint Exercise of Powers Agreement¹ (JEPA).

1.2 SCOPE & OBJECTIVES OF STUDY

The scope of this Study is to prepare multi-year financial plans and propose 5-year water rate schedules for Ukiah, Millview, Redwood Valley and Willow. Calpella did not

¹ Most recently amended October 1, 2024

participate in this study due to the recent completion of its own financial plan (prior to the formation of the JPA).

The primary objectives of this Study are to develop multi-year water financial plans that integrate operational funding needs with a funding strategy and identify future annual adjustments to water rates to ensure that revenues are adequate to meet each utility's ongoing financial obligations.

1.3 STUDY METHODOLOGY

This Study applied methodologies that are aligned with industry standard practices for rate setting as laid out in the AWWA M1 Manual, and applicable law, including California Constitution Article XIII D, Section 6(b), commonly known as Proposition 218.

The Study began with a review of member agency's current financial dynamics and latest available data for the utilities' operations. Multi-year financial management plans were then developed to determine the level of annual rate revenue required to cover projected annual operating expenses, debt service (including debt coverage ratio (DCR) targets), and capital cost requirements while maintaining adequate reserves. This portion of the Study was conducted using MS Excel®-based financial planning models which were customized to reflect financial dynamics and latest available data for the District's operations in order to develop a long-term financial management plan, inclusive of projected annual revenue requirements and corresponding annual rate adjustments.

The City of Ukiah provides operational services to all five member agencies of the UVWA. In accordance with the JEPA, operational costs are incurred by Ukiah and then apportioned to each member agency as approved in operating budgets that are approved by the UVWA's Water Executive Committee. As a foundation for developing the financial plans, the scope of work for this Study included the development of a cost allocation methodology for allocating Ukiah's operational costs among the member agencies.

1.4 PROCESS

Hildebrand Consulting collaborated with UVWA staff to develop the recommendations in this Study. The project team also met with the UVWA Board, as well as each respective member agency board, to review the proposed financial plans. The Study recommendations were presented to the UVWA Board in advance of the Public Hearing which is scheduled to take place in February of 2025.

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1.5 REPORT ORGANIZATION

This report contains a section for each participating member agency. By design there is considerable redundancy in the language between these sections; they are meant to stand alone so as to avoid the need to cross-reference between them.

Section 2. SHARED COST ALLOCATION

In accordance with the UVWA JEPA, some operating and administrative costs are paid for directly by member agencies (referred to as “Direct Costs” in this Report), while other operating and administrative costs are first incurred by the City of Ukiah and then apportioned to each member agency in an equitable manner (“Shared Costs” in this Report). As a foundation for developing the financial plans, the scope of work for this Study included the development of a cost allocation methodology for allocating the Shared Costs among the member agencies. The UVWA budget for FY 2025/26 was developed and approved prior to this study; therefore, the budget’s *estimate* of how Shared Costs would be allocated will be superseded by the findings of this Study.

The Direct Costs incurred by each respective member agency are made up of costs such as specific treatment costs (e.g., chemicals and lab costs), utilities (i.e., electricity for pumping), some insurance costs, City of Ukiah Cost Allocation Plan (CAP) costs (allocated to City departments in accordance to the City of Ukiah’s CAP²), and debt service. The Shared Costs are operations personnel costs (salaries and benefits), shared supplies, and some Ukiah CAP costs that are not already allocated directly to the member agencies.

2.1 COST ALLOCATION METHODOLOGY

This Study proposes an “indirect” method for allocating Shared Costs because directly tracking all timesheets and costs requires an effort that is disproportionate to the results achieved. The objective of the proposed allocation method is to establish a cost apportionment process that is transparent, repeatable, efficient, and equitable. An indirect cost allocation method allocates the Shared Costs using the most appropriate basis considering limitations of practicality, technology, and available data.

² Online publication: <https://stories.opengov.com/ukiahca/published/vuPWT9Rtt>

The standard approach for allocating Shared Costs (as described by the U.S. Office of Management and Budget's (OMB) Circular A-87) is based on metrics that are efficient to track, yet equitable among the member agencies. The proposed allocation metrics were developed both through discussions with UVWA staff and based on the author's professional experience. This Study proposes to use the metric of water production (gallons) as well as the number of accounts. It is understood that there is no one-size-fits-all cost allocation metric and the indirect cost allocation process is, by its very nature, an approximation. Alternative metrics were discussed (such as miles of pipe or service area) but not used because of either data availability or suitability of the metric. We recommend that UVWA continue to observe the allocation of costs among the member agencies over time in order to ascertain whether the chosen allocation metrics remain appropriate.

2.2 COST ALLOCATION FINDINGS

Table 1 summarizes the results of comparing the relative percentage of accounts and water production by each member agency.

Table 1 – Member Agency Metrics

	Ukiah	Willow	Millview	Redwood	Calpella
Accounts	4,857 53.6%	1,050 11.6%	1,680 18.5%	1,296 14.3%	181 2.0%
Water Usage (TGAL)	887,999 49.2%	231,640 12.8%	353,738 19.6%	309,268 17.1%	21,966 1.2%

Schedule CA-1 (provided at the end of this report) shows how each line-item of Ukiah's water enterprise is assigned as a Direct Cost (in which case the Ukiah is fully responsible) or a Shared Cost (in which case the member agencies share the cost). The Shared Costs are allocated either based on the relative number of accounts or based on the relative water production (see percentages in Table 1). The summary results of how Shared Costs are shared among the member agencies are provided in **Table 2**. The financial plans in this report assume that the calculated values will supersede the budgeted cost allocation for FY 2025/26.

Table 2 – Summary Results of Shared Costs

Member Agency	Shared Costs
Ukiah	\$2,414,000
Willow	\$630,000
Millview	\$961,000
Redwood	\$841,000
Calpella	\$60,000
Total	\$4,906,000

This analysis should be updated annually by UVWA staff as part of the budget process.

Section 3. CITY OF UKIAH WATER UTILITY FINANCIAL PLAN

This section presents the Ukiah Water Utility's 10-year Financial Plan and proposes a 5-year rate schedule, including a description of the source data, assumptions, and Ukiah's financial policies. UVWA provided historical and budgeted financial information, including historical and budgeted operating costs. The Study has produced a financial plan that will enable Ukiah's water enterprise to meet its future revenue requirements and achieve financial performance objectives throughout the projection period while striving to limit rate increases.

This financial plan reflects assumptions and estimates that are believed to be reasonable at the present time. However, since conditions change it is recommended that Ukiah continuously monitor the financial condition of its water enterprise and reaffirm annual rate adjustments as part of the annual budget process, as well as perform a more comprehensive financial plan and water rate update every 5 years.

3.1 UKIAH WATER UTILITY BACKGROUND

Ukiah is located in Mendocino County in the northern coastal region of California. The Ukiah water system is responsible for delivering treated water to residential, commercial, and agricultural customers. As of 2020 the system served about 4,800 connections within the city boundaries. Ukiah's water distribution system consists of five active wells (four groundwater wells and one surface water well), one surface water collector, a water treatment plant, eight distribution reservoirs, and a distribution system. Ukiah's primary water sources are the Russian River and groundwater. Ukiah's water utility infrastructure is designed to switch between sources in order to maximize quality and efficiency. This allows for high quality water to be delivered with minimal treatment.

Ukiah last rate study was conducted in 2020³ and resulted in the adoption of a 5-year rate schedule. The last rate increase was implemented in July of 2024. The 2020 study included a comprehensive update to the cost-of-service and rate design. The scope of the current Study is limited to a financial plan and therefore does not include an update to the rate design.

3.2 UKIAH WATER ENTERPRISE FUND BALANCE

The ending cash balance for FY 2023/24 was used to establish the FY 2024/25 beginning balance, as outlined in **Table 3**.

Table 3: Ukiah Water Enterprise FY 2024/25 Beginning Cash Balance

Water Fund	\$793,000
Water Capital Reserve	\$1,721,000
Water Connection Fee	\$99,000
Water Debt Service Reserve	\$744,000
Total:	\$3,357,000

3.3 CUSTOMER GROWTH

Based on the recent connection fee revenue, Ukiah has experienced a growth rate of approximately 0.64 percent per year over the past three years. This financial plan assumes that this same growth rate will continue over the next ten years. This will affect both connection fee revenue as well as affect water usage and rate revenue (due to the increase in the customer base).

3.4 UKIAH WATER ENTERPRISE REVENUE

Rate revenue is the revenue generated from customers for water service. Ukiah collects rate revenue from water customers based on a fixed monthly “Service Charge” (assessed based on meter size) and a water usage rate (applied to each hundred cubic

³ City of Ukiah Water Rate Study, June 24, 2020, The Reed Group, Inc.

feet (“HCF”) of water use (equal to 748 gallons). The Ukiah Financial Plan projects that FY 2025/26 rate revenue will be approximately \$8.6 million. Budgeted and projected rate revenues (including proposed rate adjustments) are listed in **Schedule U-2**.

In addition to rate revenue, Ukiah receives additional “non-rate revenue” from interest earnings and miscellaneous service fees, including the reimbursement for operating and administrative costs from other member agencies (“performance agreement revenue”). Projections of miscellaneous revenues were based on FY 2025/26 budgeted revenues, with exception of performance agreement revenue, which was updated based on the findings presented in Section 2 of this report. Budgeted water rate and non-rate revenues are depicted in **Figure 1** below and listed in detail in Schedule U-2.

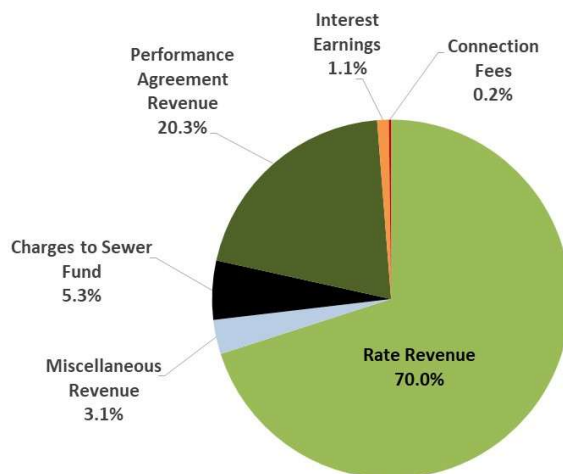


Figure 1: Ukiah Water Enterprise Revenue Categories (Budget FY 2025/26)

3.5 UKIAH WATER ENTERPRISE OPERATING EXPENSES AND EXISTING DEBT

Ukiah’s Water Enterprise expenses include operating, maintenance and administrative expenses as well as debt service. The costs for Ukiah administrative and operational services are based the approved FY 2025/26 budget. Ukiah’s Water Enterprise pays for

half of the recycled water utility’s operating costs (the other half is paid by the City of Ukiah’s sewer fund).

The existing debt for Ukiah’s Water Enterprise is a 2016 Water Revenue Refunding Bond, a 2017 SRF Recycled Water Loan (half of this debt expense is later reimbursed by the Sewer fund), a 2020B CalPERS Bond (shared with other departments), a 2022 Lease Revenue Bond loan (shared with other departments), and a loan from the Ukiah’s Golf fund. In total, Ukiah’s Water Enterprise has annual debt service payments ranging between approximately \$1.9 million and \$2.2 million through FY 2036 (at which time the annual debt payments will drop to approximately \$1.3 million).

Major expense categories for FY 2025/26 are depicted in **Figure 2**. Many operating and administrative costs are shared with other member agencies (see Section 2). Projected operating and maintenance costs are listed in detail in **Schedule U-1**.

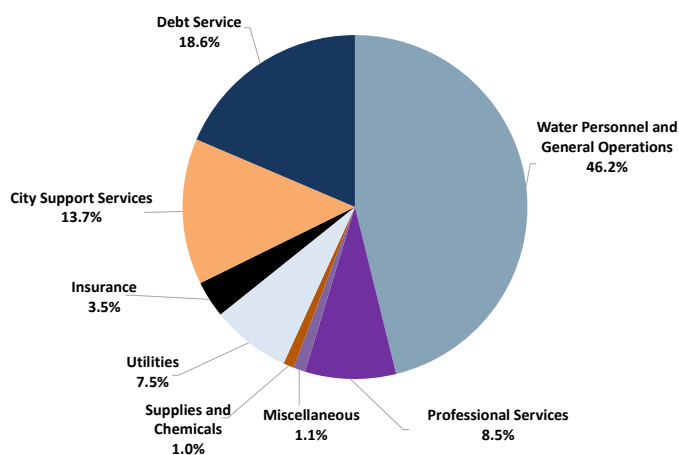


Figure 2: Ukiah Water Enterprise Operating Expenses (Budget FY 2025/26)

3.6 COST ESCALATION

Annual cost escalation factors for various types of expenses were developed based upon a review of historical inflation trends, published inflation forecasts, industry experience, and discussions with UVWA staff. Table 4 summarized the escalation assumptions by cost category.

Commented [MH2]: City staff?

Table 4: Cost Escalation Assumptions

Salaries and Benefits.....	5% per year
Insurance.....	7% per year
Utilities, fuel and chemicals.....	4% per year
All other.....	3% per year

3.7 UKIAH WATER UTILITY CAPITAL SPENDING PROGRAM

Figure 3 shows that from FY 2021/22 to FY 2023/24 Ukiah spent a significant amount in water capital projects, however the vast majority of this spending was grant funding for the recycled water system. Over the next five years, starting in FY 2025/26, Ukiah has budgeted an average of \$1.9 million in annual water capital spending. This spending is designed to proactively address the water system’s rehabilitation needs associated with conveyance pipes, wells, the water treatment plan, and other system facilities and equipment. The financial plan assumes that annual capital spending will continue to be \$1.9 million per year (in 2025 dollars) after FY 2029/30.

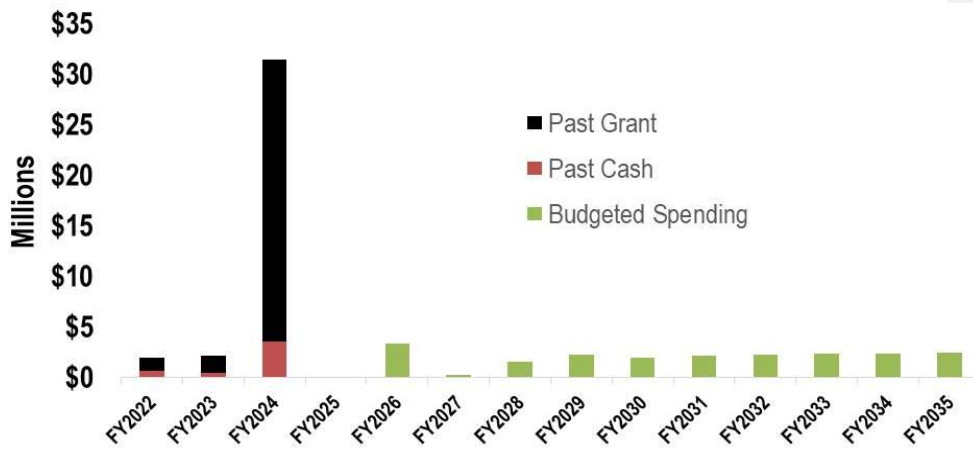


Figure 3: Ukiah Water Utility Historical and Projected Capital Spending

3.8 UKIAH WATER ENTERPRISE CASH RESERVE POLICIES

Cash reserve policies are cash balances targets that are retained for specific cash flow needs. The target for reserves is an important component when developing a multi-year financial plan and maintaining prudent reserves is an essential component of any sound financial management strategy. Utilities rely on reserves for financial stability; credit rating agencies evaluate utilities in part on their adherence to formally adopted reserve targets; and lending agencies require utilities to maintain specific debt reserves for outstanding loans.

The following recommended reserve policies are based on standard industry practices and the Consultant's experience with similar utilities.

Operating Reserve – The purpose of an Operating Reserve is to provide available cash for unplanned operating and maintenance expenditures, unexpected increases in costs, or revenue shortfalls resulting from reduced water sales. The City of Ukiah's policies call for enterprise funds (including the water utility) to maintain a minimum

operating reserve balance of at least 25 percent of operating expenses. In FY 2025/26 the target is approximately \$1.5 million.

Capital Reserve – A capital reserve serves the dual purpose of (1) supporting the utility’s capital delivery program by absorbing some of the inherent fluctuations in annual capital spending and (2) acts as safety net in the event of the catastrophic failure of a major system asset (such as a ruptured water main). Consistent with practices adopted by the City of Ukiah’s Sewer Enterprise, this Study recommends that Ukiah work towards developing a Capital Reserve policy relative to average annual capital spending. As a starting point, this Study recommends a capital reserve target equal to half of Ukiah’s average annual capital spending (therefore a target of approximately \$900 thousand). In the future Ukiah may wish to formalize the practice with a more detailed analysis of the appropriate target levels.

3.9 PROPOSED RATE REVENUE INCREASES

All of the above information was entered into a financial planning model to produce a 10-year projection of the sufficiency of current rate revenues to meet projected financial requirements and determine the level of rate revenue increases necessary in each year of the projection period. This Study proposes a 5-year schedule of annual rate adjustments as shown in **Table 5**.

Table 5: Recommended Ukiah Water Rate Revenue Increases

Rate Adjustment Date	Increase
March 1, 2026	3.0%
July 1, 2026	3.0%
July 1, 2027	4.0%
July 1, 2028	4.0%
July 1, 2028	4.0%

The numbers provided in **Schedule U-2** (cash flow proforma for the Ukiah Water Enterprise) are summarized graphically in **Figure 4**.

The proposed rate increases are designed to both maintain cash reserve levels as well as meet debt coverage ratio (DCR) targets. DCR is a measure of how easily an entity can afford to meet its debt service obligations with current revenue. The proposed rate increases are designed to maintain the Ukiah Water Enterprise's DCR above 1.5. The forecasted DCR values are shown at the bottom of Figure 4 and at the bottom of Schedule U-2.

The target reserves levels are forecasted as being met throughout the 10-year planning period.

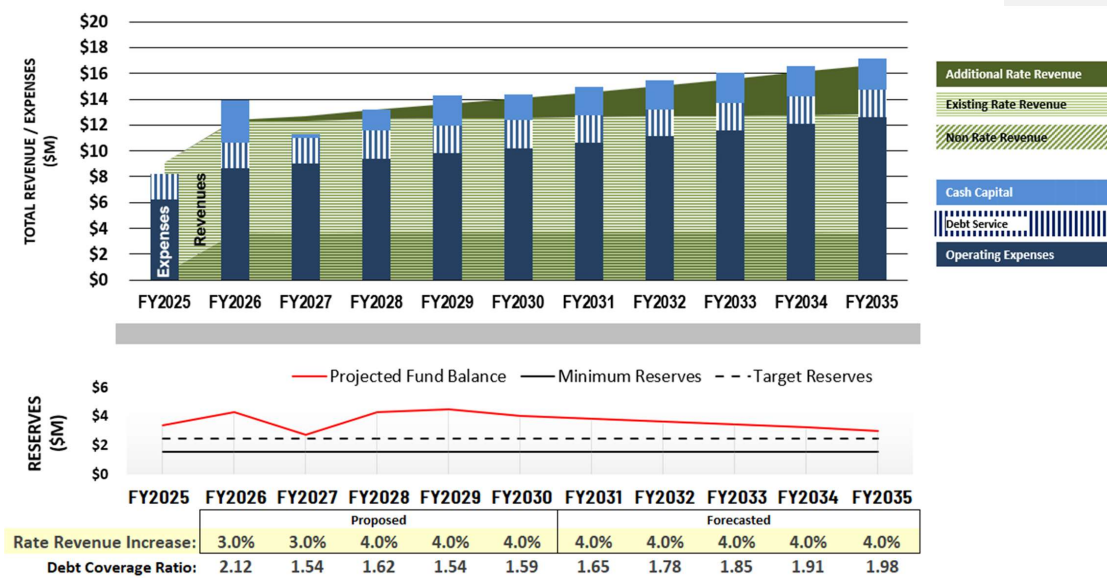


Figure 4: Ukiah Water Financial Projection with Proposed Rate Increases

The forecasted rate increases starting in FY 2030/31 in Figure 4 are estimates based on long-term projections. Ukiah will need to renew the rate analysis for those years once the time period comes closer.

3.10 PROPOSED UKIAH WATER RATE SCHEDULES

Table 6 below summarizes the proposed Ukiah water rate schedule for the next 5 years. The first rate increase will be effective on March 1, 2026, the second rate increase will be on July 1, 2026 and the remaining (three) rate increases will occur on the subsequent July 1 of each year.

Table 6: Proposed 5-Year Ukiah Water Rate Schedule

	Current ¹	March 1, 2026	July 2026	July 2027	July 2028	July 2029
Percent increase:		3.0%	3.0%	4.0%	4.0%	4.0%
Water Usage Rate (\$/CCF)						
All Water Usage	\$4.18	\$4.31	\$4.44	\$4.62	\$4.80	\$4.99
Monthly Service Charge						
3/4" meter	\$51.30	\$52.84	\$54.43	\$56.61	\$58.87	\$61.22
1" meter	\$82.15	\$84.61	\$87.15	\$90.64	\$94.27	\$98.04
1 1/2" meter	\$158.61	\$163.37	\$168.27	\$175.00	\$182.00	\$189.28
2" meter	\$250.72	\$258.24	\$265.99	\$276.63	\$287.70	\$299.21
3" meter	\$465.81	\$479.78	\$494.17	\$513.94	\$534.50	\$555.88
4" meter	\$773.02	\$796.21	\$820.10	\$852.90	\$887.02	\$922.50
6" meter	\$1,540.35	\$1,586.56	\$1,634.16	\$1,699.53	\$1,767.51	\$1,838.21

¹ Effective as of July 1, 2024

Section 4. MILLVIEW FINANCIAL PLAN

This section presents the Millview 10-year Financial Plan and proposes a 5-year rate schedule, including a description of the source data, assumptions, and Millview's financial policies. UVWA provided historical and budgeted financial information, including historical and budgeted operating costs. The Study has produced a financial plan that will enable Millview to meet its future revenue requirements and achieve financial performance objectives throughout the projection period while striving to limit rate increases.

This financial plan reflects assumptions and estimates that are believed to be reasonable at the present time. However, since conditions change it is recommended that Millview continuously monitor its financial condition and reaffirm annual rate adjustments as part of the annual budget process, as well as perform a more comprehensive financial plan and water rate update every 5 years.

4.1 MILLVIEW BACKGROUND

Millview is located within the Ukiah valley and serves approximately 1,700 accounts of which almost 1,400 are residential. Most of Millview's water source comes from diverting water from the Russian River then treating some of the water at the district's water treatment plant water from the Russian River. Millview also pumps groundwater (that does not require further treatment).

Millview's last rate study was conducted in 2009 and resulted in the adoption of a 3-year rate schedule. The final adopted rate increase was implemented in January of 2011. While Millview is due for a comprehensive cost-of-service and rate design update, it would be inefficient to update the rates at this time since UVWA has contracted with the Consultant to update all UVWA member agency rate structures in the near future. As such, in the saving costs for the ratepayers, the current Study is a simple financial plan that does not update Millview's existing rate structure.

4.2 MILLVIEW FUND BALANCE

Millview's ending cash balance of \$5.3 million for FY 2023/24 was used to establish the FY 2024/25 beginning balance as the "starting point" for this financial plan.

4.3 CUSTOMER GROWTH

Based on recent connection fee revenue, Millview is experiencing a growth rate of approximately 0.12 percent per year (about three new connections per year). This financial plan assumes that this same growth rate will continue over the next ten years. This will affect both connection fee revenue as well as affect water usage and rate revenue (due to the increase in the customer base).

4.4 MILLVIEW REVENUE

Rate revenue is the revenue generated from customers for water service. Millview collects rate revenue from customers based on a fixed monthly "Service Charge" (assessed based on meter size) and two water usage rates applied to each thousand gallons ("TGAL") of water use. The usage rates include an "operation and maintenance" rate and a "capital charge" rate. The Millview Financial Plan projects that FY 2025/26 rate revenue will be approximately \$1.66 million. Budgeted and projected rate revenues (including proposed rate adjustments) are listed in **Schedule M-2**.

In addition to rate revenue, Millview receives additional "non-rate revenue" from miscellaneous service fees, interest earnings and operating revenue. Projections of miscellaneous revenues were based on FY 2025/26 budgeted revenues. Budgeted water rate and non-rate revenues are depicted in **Figure 5** below and listed in detail in Schedule M-2.

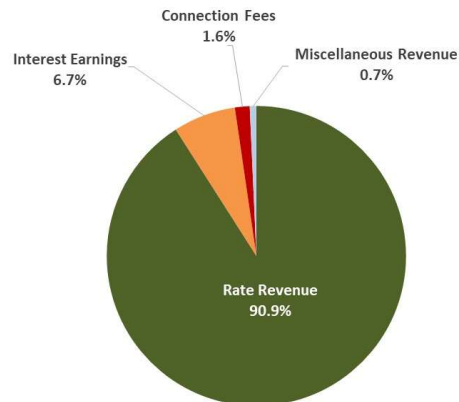


Figure 5: Millview Revenue Categories (Budget FY 2025/26)

4.5 MILLVIEW OPERATING EXPENSES AND EXISTING DEBT

The costs for Millview administrative and operational services are based the approved FY 2025/26 budget, which includes “interagency services” costs for operational and administrative services provided by Ukiah. The originally budgeted interagency services costs have been replaced with the costs calculated in Section 2 of this Report.

Millview has a USDA Loan with an outstand principal of about \$2.7 million, which requires debt service payments of \$100 thousand per year.

Major expense categories for FY 2025/26 are depicted in **Figure 6**. Projected operating and maintenance costs are listed in detail in **Schedule M-1**.

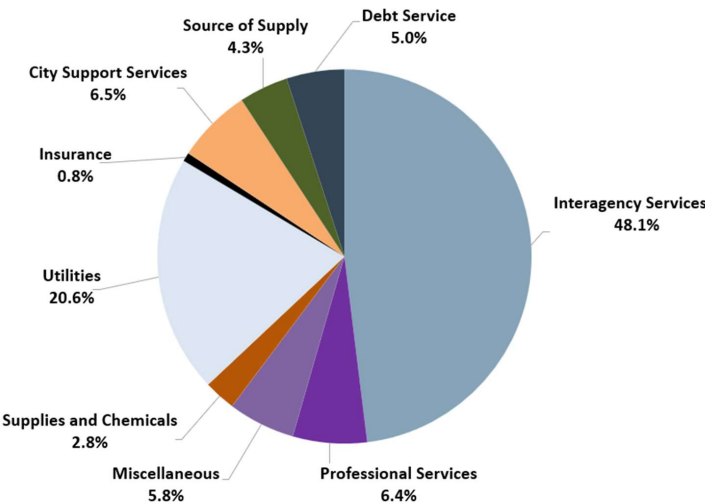


Figure 6: Millview Operating Expenses (Budget FY 2025/26)

4.6 COST ESCALATION

Annual cost escalation factors for various types of expenses were developed based upon a review of historical inflation trends, published inflation forecasts, industry experience, and discussions with UVWA staff. **Table 7** summarized the escalation assumptions by cost category.

Table 7: Cost Escalation Assumptions

Salaries and Benefits.....	5% per year
Insurance.....	7% per year
Utilities, fuel and chemicals.....	4% per year
All other.....	3% per year

4.7 MILLVIEW CAPITAL SPENDING PROGRAM

Figure 7 shows that from FY 2021/22 to FY 2024/25 Millview spent an average of \$445 thousand in capital projects per year. UVWA staff estimate that capital spending will be approximately \$1.4 million in FY 2025/26 due primarily to a large water main replacement project, and then approximately \$750 thousand per year thereafter (expressed in 2025 dollars). This level of spending will support Millview’s practice of proactively addressing the water system’s rehabilitation needs associated with conveyance pipes, wells, treatment plant, and other system facilities and equipment.

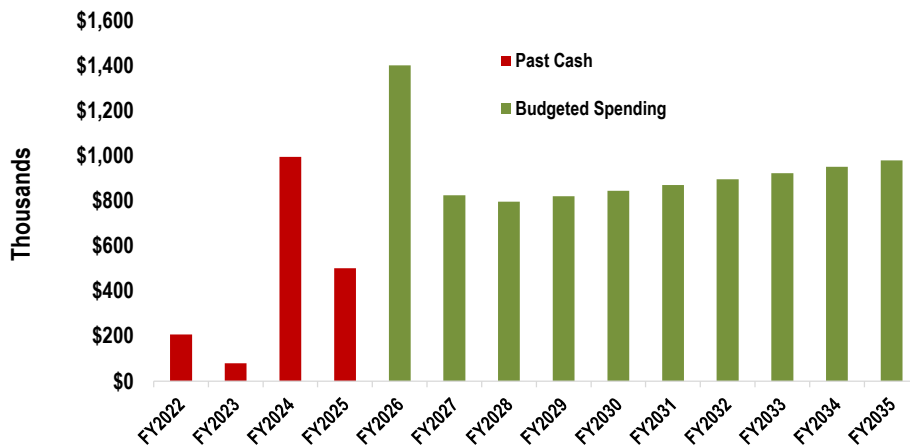


Figure 7: Millview Historical and Projected Capital Spending

4.8 MILLVIEW CASH RESERVE POLICIES

Cash reserve policies are cash balances targets that are retained for specific cash flow needs. The target for reserves is an important component when developing a multi-year financial plan and maintaining prudent reserves is an essential component of any sound financial management strategy. Utilities rely on reserves for financial stability; credit rating agencies evaluate utilities in part on their adherence to formally adopted reserve targets; and lending agencies require utilities to maintain specific debt reserves for outstanding loans.

The following recommended reserve policies are based on standard industry practices and the Consultant's experience with similar utilities.

Operating Reserve – The purpose of an Operating Reserve is to provide available cash for unplanned operating and maintenance expenditures, unexpected increases in costs, or revenue shortfalls resulting from reduced water sales. Consistent with the recommendations made for the other UVWA member agencies, this Study recommends that Millview maintain a minimum operating reserve balance of at least 25 percent of operating expenses. In FY 2025/26 the target is approximately \$390 thousand.

Capital Reserve – A capital reserve serves the dual purpose of (1) supporting the utility's capital delivery program by absorbing some of the inherent fluctuations in annual capital spending and (2) acts as safety net in the event of the catastrophic failure of a major system asset (such as a ruptured water main). Based on conversations with UVWA staff regarding the potential vulnerabilities of the Millview system, this Study proposes a target Capital Reserve of \$2.0 million.

4.9 PROPOSED RATE REVENUE INCREASES

All of the above information was entered into a financial planning model to produce a 10-year projection of the sufficiency of current rate revenues to meet projected financial requirements and determine the level of rate revenue increases necessary in each year of the projection period. This Study proposes a 5-year schedule of annual rate adjustments as shown in **Table 8**.

Table 8: Recommended Millview Rate Revenue Increases

Rate Adjustment Date	Increase
March 1, 2026	11.0%
July 1, 2026	11.0%
July 1, 2027	11.0%
July 1, 2028	11.0%
July 1, 2029	11.0%

The numbers provided in **Schedule M-2** (cash flow proforma for Millview) are summarized graphically in **Figure 8**, which shows that reserves levels will be drawn down over time and that targeted reserve levels will be maintained throughout the planning period. While Millview's DCR (a measure of how easily an entity can afford to meet its debt service obligations with current revenue) is forecasted to be below recommended levels (1.5) in FY 2027, the proposed rate increases will raise the DCR above 1.5 the following year. The forecasted DCR values are shown at the bottom of Figure 4 and at the bottom of Schedule M-2.

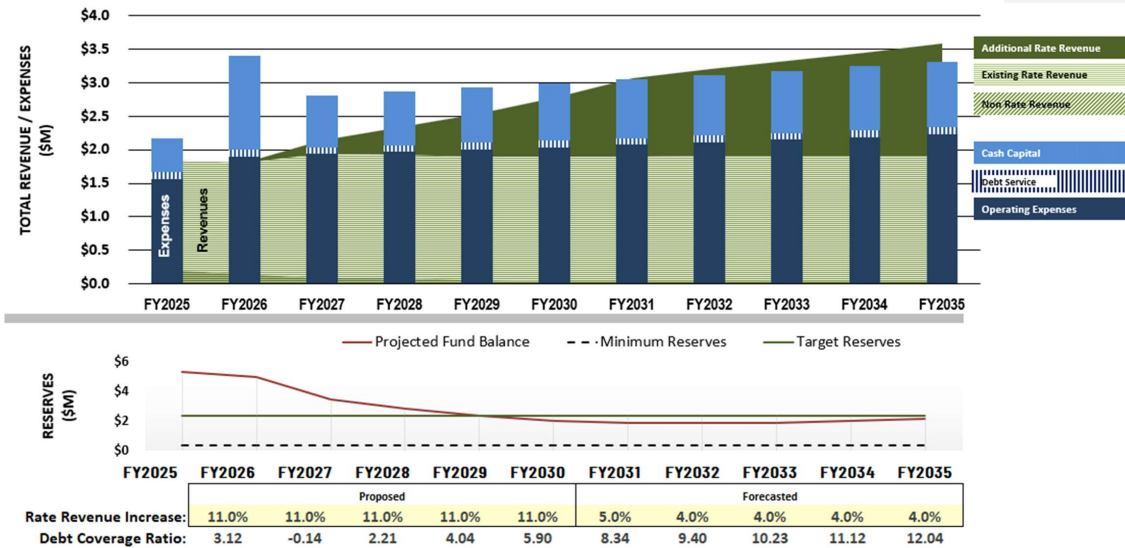


Figure 8: Millview Financial Projection with Recommended Rate Increases

The forecasted rate increases starting in FY 2030/31 in Figure 12 are estimates based on long-term projections. Millview will need to renew the rate analysis for those years once the time period comes closer.

4.10 PROPOSED MILLVIEW WATER RATE SCHEDULES

Table 9 below summarizes the proposed Millview water rate schedule for the next 5 years. The first rate increase will be effective on March 1, 2026, the second rate increase will be on July 1, 2026 and the remaining (three) rate increases will occur on the subsequent July 1 of each year.

Table 9: Proposed 5-Year Millview Water Rate Schedule

	Current	March 1, 2026	July 2026	July 2027	July 2028	July 2029
Percent increase:		11.0%	11.0%	11.0%	11.0%	11.0%
Water Usage Rate (\$/TGAL)						
All customers	\$3.42	\$3.80	\$4.21	\$4.67	\$5.19	\$5.76
Monthly Service Charge						
5/8" Meter	\$15.72	\$17.45	\$19.37	\$21.50	\$23.87	\$26.50
3/4" Meter	\$21.64	\$24.02	\$26.66	\$29.59	\$32.84	\$36.45
1" Meter	\$33.46	\$37.14	\$41.23	\$45.77	\$50.80	\$56.39
1.5" Meter	\$63.01	\$69.94	\$77.63	\$86.17	\$95.65	\$106.17
2" Meter	\$98.48	\$109.31	\$121.33	\$134.68	\$149.49	\$165.93
3" Meter	\$181.23	\$201.17	\$223.30	\$247.86	\$275.12	\$305.38
4" Meter	\$299.46	\$332.40	\$368.96	\$409.55	\$454.60	\$504.61
6" Meter	\$595.01	\$660.46	\$733.11	\$813.75	\$903.26	\$1,002.62
8" Meter	\$949.67	\$1,054.13	\$1,170.08	\$1,298.79	\$1,441.66	\$1,600.24
10" Meter	\$1,363.45	\$1,513.43	\$1,679.91	\$1,864.70	\$2,069.82	\$2,297.50
Private Fire Service	\$25.00	\$27.75	\$30.80	\$34.19	\$37.95	\$42.12
Temp. Construction Service	\$44.63	\$49.54	\$54.99	\$61.04	\$67.75	\$75.20

Section 5. REDWOOD VALLEY FINANCIAL PLAN

This section presents the Redwood Valley 10-year Financial Plan and proposes a 5-year rate schedule, including a description of the source data, assumptions, and Redwood Valley's financial policies. UVWA provided historical and budgeted financial information, including historical and budgeted operating costs. The Study has produced a financial plan that will enable Redwood Valley to meet its future revenue requirements and achieve financial performance objectives throughout the projection period while striving to limit rate increases.

This financial plan reflects assumptions and estimates that are believed to be reasonable at the present time. However, since conditions change it is recommended that Redwood Valley continuously monitor its financial condition and reaffirm annual rate adjustments as part of the annual budget process, as well as perform a more comprehensive financial plan and water rate update every 5 years.

5.1 REDWOOD VALLEY BACKGROUND

Redwood Valley is located within the Ukiah valley and as of 2021 served approximately 1,115 potable water accounts and 192 agricultural (non-potable) accounts. Most of Redwood Valley's water source comes from diverting water from the Russian River then treating some of the water at the district's water treatment plant water from the Russian River. Redwood Valley also purchases groundwater from Millview.

Redwood Valley sells potable water to its domestic retail accounts and non-potable water to irrigation customers. The non-potable water is pumped surface water while the potable water is a mix of treated surface water and potable water that is purchased from Millview.

Redwood Valley continues to be under state-initiated moratoriums on new connections due to limited water supplies. The moratorium cannot be lifted until a secure water supply is in place.

Redwood Valley's last rate study was conducted in 2021⁴ and resulted in the adoption of a 5-year rate schedule. The final adopted rate increase was implemented in July of 2025. The 2021 study included a comprehensive update to the cost-of-service and rate design. The scope of the current Study is limited to a financial plan and therefore does not include an update to the rate design.

5.2 REDWOOD VALLEY FUND BALANCE

Redwood Valley's ending cash balance of \$687 thousand for FY 2023/24 was used to establish the FY 2024/25 beginning balance as the "starting point" for this financial plan.

5.3 CUSTOMER GROWTH

As previously discussed, Redwood Valley continues to be under a state-imposed moratorium on growth due to its limited water supply. As such, this financial plan assumes that no growth rate will occur over the next ten years.

5.4 REDWOOD VALLEY REVENUE

Rate revenue is the revenue generated from customers for water service. Redwood Valley collects rate revenue from customers based on a fixed monthly "Service Charge" (assessed based on meter size) and a water usage rate applied to each thousand gallons ("TGAL") of water use. Domestic and irrigation water customers pay different rates for both the service charge and the usage rate due to the difference in the cost of providing service. The Redwood Valley Financial Plan projects that FY 2025/26 rate revenue will

⁴ Redwood Valley County Water District 2021 Water Rate Study, March 18, 2021, Hildebrand Consulting, LLC.

be approximately \$1.58 million. Budgeted and projected rate revenues (including proposed rate adjustments) are listed in **Schedule RV-2**.

In addition to rate revenue, Redwood Valley receives additional “non-rate revenue” from miscellaneous service fees, interest earnings and tax revenue. Projections of miscellaneous revenues were based on FY 2025/26 budgeted revenues. Budgeted water rate and non-rate revenues are depicted in **Figure 9** below and listed in detail in Schedule RV-2.

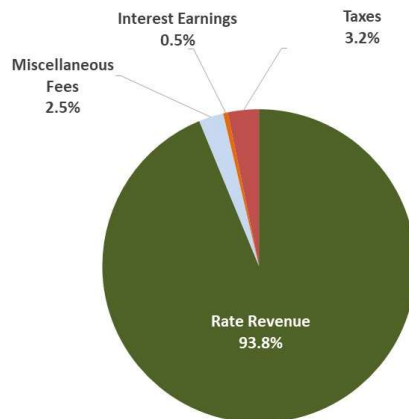


Figure 9: Redwood Valley Revenue Categories (Budget FY 2025/26)

5.5 REDWOOD VALLEY OPERATING EXPENSES

The costs for Redwood Valley administrative and operational services are based the approved FY 2025/26 budget, which includes “interagency services” costs for operational and administrative services provided by Ukiah. The originally budgeted interagency services costs have been replaced with the costs calculated in Section 2 of this Report.

Redwood Valley does not currently pay debt service on existing debt; however, the district does have commitments that may be associated with future debt service

payments. Redwood Valley has a debt of \$7.3 million to the US Bureau of Reclamation that has been suborned since 1979. The debt has not accrued interest for a number of years. It is not clear if, when or under what terms the suborned debt would need to be repaid. For purposes of this Study, we have assumed the Redwood Valley will not begin repayments during the study period. However, the impact of not paying back this debt means that the Redwood Valley is unable to take on/borrow additional funds. So, while a general increase in capital spending is necessary and forecasted, this Financial Plan does not propose any new debt. All capital improvements are planned to be cash funded.

Major expense categories for FY 2025/26 are depicted in **Figure 10**. Projected operating and maintenance costs are listed in detail in **Schedule RV-1**.

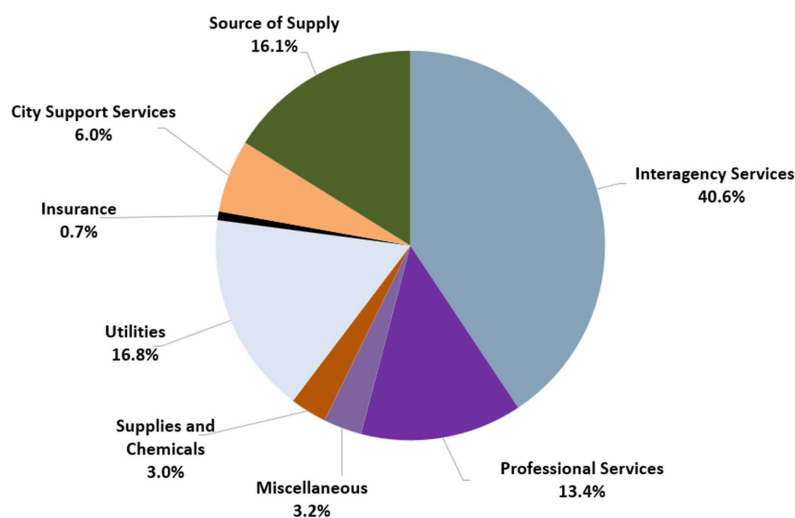


Figure 10: Redwood Valley Operating Expenses (Budget FY 2025/26)

5.6 COST ESCALATION

Annual cost escalation factors for various types of expenses were developed based upon a review of historical inflation trends, published inflation forecasts, industry experience, and discussions with UVWA staff. **Table 10** summarized the escalation assumptions by cost category.

Table 10: Cost Escalation Assumptions

Salaries and Benefits.....	5% per year
Insurance.....	7% per year
Utilities, fuel and chemicals.....	4% per year
All other.....	3% per year

5.7 REDWOOD VALLEY CAPITAL SPENDING PROGRAM

Figure 11 shows that from FY 2021/22 to FY 2024/25 Redwood Valley spent an average of \$133 thousand in capital projects per year. UVWA staff estimate that annual average capital spending will be approximately \$250 thousand from FY 2025/26 through FY 2029/30 and then \$300 thousand starting in FY 2030/31 (all expressed in 2025 dollars). This level of spending will support Redwood Valley’s transition towards proactively addressing the water system’s rehabilitation needs associated with conveyance pipes, treatment plant, and other system facilities and equipment.

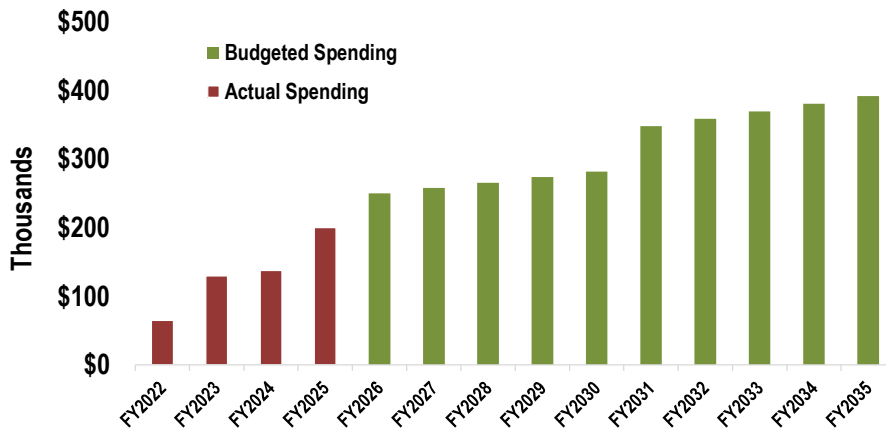


Figure 11: Redwood Valley Historical and Projected Capital Spending

5.8 REDWOOD VALLEY CASH RESERVE POLICIES

Cash reserve policies are cash balances targets that are retained for specific cash flow needs. The target for reserves is an important component when developing a multi-year financial plan and maintaining prudent reserves is an essential component of any sound financial management strategy. Utilities rely on reserves for financial stability; credit rating agencies evaluate utilities in part on their adherence to formally adopted reserve targets; and lending agencies require utilities to maintain specific debt reserves for outstanding loans.

The following recommended reserve policies are based on standard industry practices and the Consultant’s experience with similar utilities.

Operating Reserve – The purpose of an Operating Reserve is to provide available cash for unplanned operating and maintenance expenditures, unexpected increases in costs, or revenue shortfalls resulting from reduced water sales. Consistent with the recommendations made in Redwood Valley’s 2021 rate study, this Study recommends that Redwood Valley maintain a minimum operating reserve balance of at least 25

percent of operating expenses. In FY 2025/26 the target is approximately \$517 thousand.

Capital Reserve – A capital reserve serves the dual purpose of (1) supporting the utility’s capital delivery program by absorbing some of the inherent fluctuations in annual capital spending and (2) acts as safety net in the event of the catastrophic failure of a major system asset (such as a ruptured water main). Based on conversations with UVWA staff regarding the potential vulnerabilities of the Redwood Valley system and the recommendations in the 2021 rate study, this Study proposes a target Capital Reserve of \$1.0 million.

5.9 PROPOSED RATE REVENUE INCREASES

All of the above information was entered into a financial planning model to produce a 10-year projection of the sufficiency of current rate revenues to meet projected financial requirements and determine the level of rate revenue increases necessary in each year of the projection period. This Study proposes a 5-year schedule of annual rate adjustments as shown in **Table 11**.

Table 11: Recommended Redwood Valley Rate Revenue Increases

Rate Adjustment Date	Increase
March 1, 2026	30.0%
July 1, 2026	12.0%
July 1, 2027	6.0%
July 1, 2028	3.0%
July 1, 2029	3.0%

The numbers provided in **Schedule RV-2** (cash flow proforma for Redwood Valley) are summarized graphically in **Figure 12**, which shows that targeted reserves levels are forecasted to not be met during FY 2027 through FY 2029. While these levels of reserves are not ideal, the urgency of increasing capital reinvestment makes this approach recommendable, especially since the adopted rate increases are forecasted to steadily

build the reserves over time. It is highly recommended that Redwood Valley continuously monitor the reserve levels and defer the planned capital spending if reserves levels drop to lower levels than forecasted.

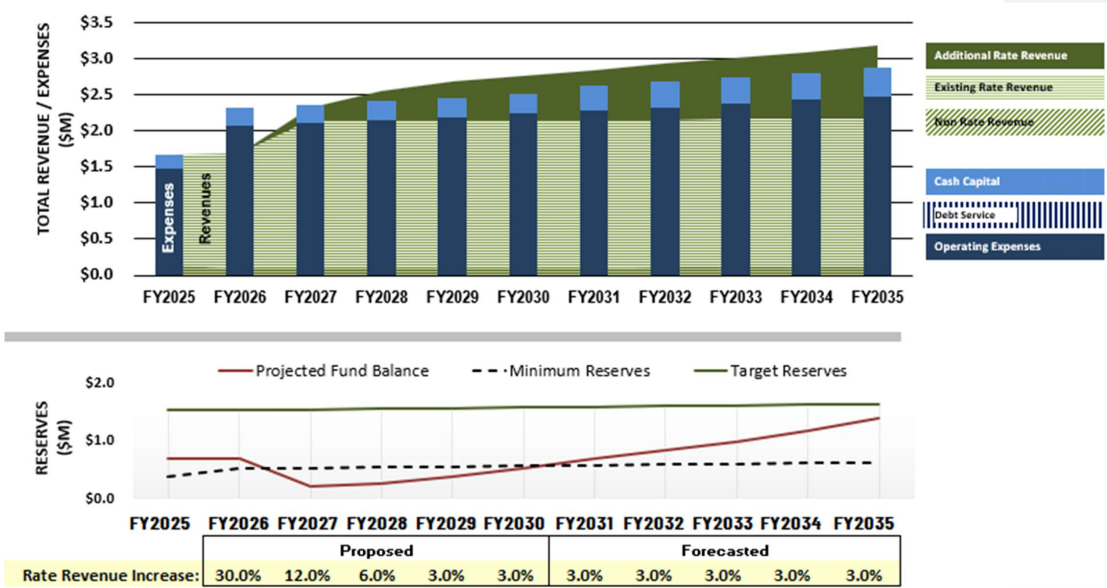


Figure 12: Redwood Valley Financial Projection with Recommended Rate Increases

The forecasted rate increases starting in FY 2030/31 in Figure 12 are estimates based on long-term projections. Redwood Valley will need to renew the rate analysis for those years once the time period comes closer.

5.10 PROPOSED REDWOOD VALLEY WATER RATE SCHEDULES

Table 12 below summarizes the proposed Redwood Valley water rate schedule for the next 5 years. The first rate increase will be effective on March 1, 2026, the second rate increase will be on July 1, 2026 and the remaining (three) rate increases will occur on the subsequent July 1 of each year.

Table 12: Proposed 5-Year Redwood Valley Water Rate Schedule

	Current ¹	March 1, 2026	July 2026	July 2027	July 2028	July 2029
Percent increase:		30.0%	12.0%	6.0%	3.0%	3.0%
Water Usage Rate (\$/TGAL)						
Domestic	\$6.91	\$8.98	\$10.06	\$10.66	\$10.98	\$11.31
Irrigation	\$0.92	\$1.20	\$1.34	\$1.42	\$1.46	\$1.50
Monthly Service Charge						
<u>Non-Potable Meters</u>						
2" Meter	\$59.43	\$77.26	\$86.53	\$91.72	\$94.47	\$97.30
4" Meter	\$180.94	\$235.22	\$263.45	\$279.26	\$287.64	\$296.27
6" Meter	\$359.62	\$467.51	\$523.61	\$555.03	\$571.68	\$588.83
<u>Domestic Meters</u>						
Residential Dwelling Units	\$28.08	\$36.50	\$40.88	\$43.33	\$44.63	\$45.97
3/4" and 1" Meters	\$28.08	\$36.50	\$40.88	\$43.33	\$44.63	\$45.97
2" Meter	\$84.90	\$110.37	\$123.61	\$131.03	\$134.96	\$139.01
3" Meter	\$167.57	\$217.84	\$243.98	\$258.62	\$266.38	\$274.37
4" Meter	\$260.57	\$338.74	\$379.39	\$402.15	\$414.21	\$426.64

¹ Effective July 2025

Section 6. WILLOW FINANCIAL PLAN

This section presents the Willow 10-year Financial Plan and proposes a 5-year rate schedule, including a description of the source data, assumptions, and Willow's financial policies. UVWA provided historical and budgeted financial information, including historical and budgeted operating costs. The Study has produced a financial plan that will enable Willow to meet its future revenue requirements and achieve financial performance objectives throughout the projection period while striving to limit rate increases.

This financial plan reflects assumptions and estimates that are believed to be reasonable at the present time. However, since conditions change it is recommended that Willow continuously monitor its financial condition and reaffirm annual rate adjustments as part of the annual budget process, as well as perform a more comprehensive financial plan and water rate update every 5 years.

6.1 WILLOW BACKGROUND

Willow is located within the Ukiah valley and as of 2021 served approximately 1,115 domestic water accounts and 192 agricultural accounts. Willow provides treated water to the geographic area located in the southern part of the Ukiah valley outside the city limits. Water supply is limited to water wells situated along the Russian River. Until recently, Willow provided contracted administrative services to a number of utilities including Calpella, Millview, Redwood Valley, Ukiah Valley Sanitation District, Hopland Public Utilities District, and River Estates Mutual Water Corporation.

Willow's last rate study was conducted in 2021⁵ and resulted in the adoption of a 5-year rate schedule. The most recent water rate increase was implemented in January of 2025

⁵ Willow County Water District 2021 Water Rate Study, September 24, 2021, Hildebrand Consulting, LLC.

and the final rate increase from the 2021 study is scheduled to occur in January 2026⁶. The 2021 study included a comprehensive update to the cost-of-service and rate design. The scope of the current Study is limited to a financial plan and therefore does not include an update to the rate design.

6.2 WILLOW FUND BALANCE

Willow's ending cash balance of \$1.18 million for FY 2023/24 was used to establish the FY 2024/25 beginning balance as the "starting point" for this financial plan. Willow's reserves are expected to be bolstered by the sale of its fleet and administration building (see Section 6.4).

6.3 CUSTOMER GROWTH

Based on recent connection fee revenue, Willow is experiencing a growth rate of approximately 0.09 percent per year (about one new connection per year). This financial plan assumes that this same growth rate will continue over the next ten years. This will affect both connection fee revenue as well as affect water usage and rate revenue (due to the increase in the customer base).

6.4 WILLOW REVENUE

Rate revenue is the revenue generated from customers for water service. Willow collects rate revenue from water customers based on a fixed monthly "Base Charge" (assessed based on meter size) and a water usage rate applied to each thousand gallons ("TGAL") of water use. The usage rates include tiered pressure zones to recover the extract cost of lifting water to homes at higher elevations.

⁶ The final increase is proposed to be superseded by the rate adjustments proposed by this current Study.

The Willow Financial Plan projects that FY 2025/26 rate revenue will be approximately \$777 thousand. Budgeted and projected rate revenues (including proposed rate adjustments) are listed in **Schedule W-2**.

In addition to rate revenue, Willow receives additional “non-rate revenue” from miscellaneous service fees and interest earnings. Projections of miscellaneous revenues were based on FY 2025/26 budgeted revenues. This financial plan assumes that Willow will sell its existing fleet (presumably to the City of Ukiah) for approximately \$200 thousand in FY 2025/26 and sell its administration building (buy to be determined) in FY 2026/27. Budgeted water rate and non-rate revenues are depicted in **Figure 13** below and listed in detail in Schedule W-2. Figure 13 does not show the revenue from sale of assets in FY 2025/26 because this is a one-time event and therefore is not representative of normal revenue.

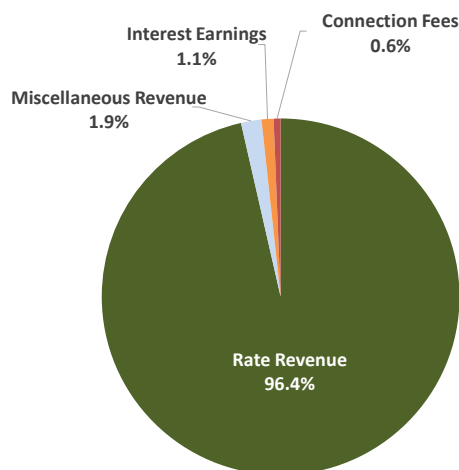


Figure 13: Willow Revenue Categories (Budget FY 2025/26)

6.5 WILLOW OPERATING EXPENSES

The costs for Willow administrative and operational services are based the approved FY 2025/26 budget, which includes “interagency services” costs for operational and administrative services provided by Ukiah. The originally budgeted interagency services costs have been replaced with the costs calculated in Section 2 of this Report. Willow has no existing debt.

Major expense categories for FY 2025/26 are depicted in **Figure 14**. Projected operating and maintenance costs are listed in detail in **Schedule U-1**.

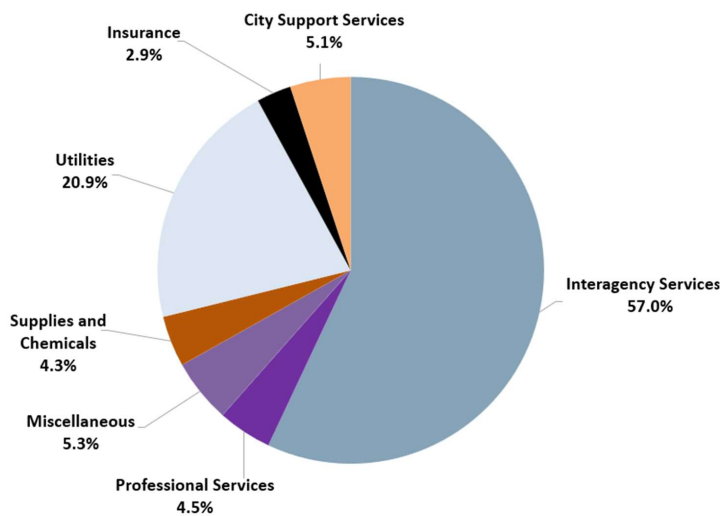


Figure 14: Willow Operating Expenses (Budget FY 2025/26)

6.6 COST ESCALATION

Annual cost escalation factors for various types of expenses were developed based upon a review of historical inflation trends, published inflation forecasts, industry experience, and discussions with UVWA staff. **Table 13** summarized the escalation assumptions by cost category.

Table 13: Cost Escalation Assumptions

Salaries and Benefits.....	5% per year
Insurance.....	7% per year
Utilities, fuel and chemicals.....	4% per year
All other.....	3% per year

6.7 WILLOW CAPITAL SPENDING PROGRAM

Figure 15 shows that from FY 2021/22 to FY 2024/25 Willow spent an average of \$155 thousand in capital projects per year. UVWA staff estimate that annual average capital spending will be approximately \$200 thousand going forward (in 2025 dollars). This level of spending will advance Willow’s initiative to more proactively address the water system’s rehabilitation needs associated with aging conveyance pipes, wells, and other system facilities and equipment.

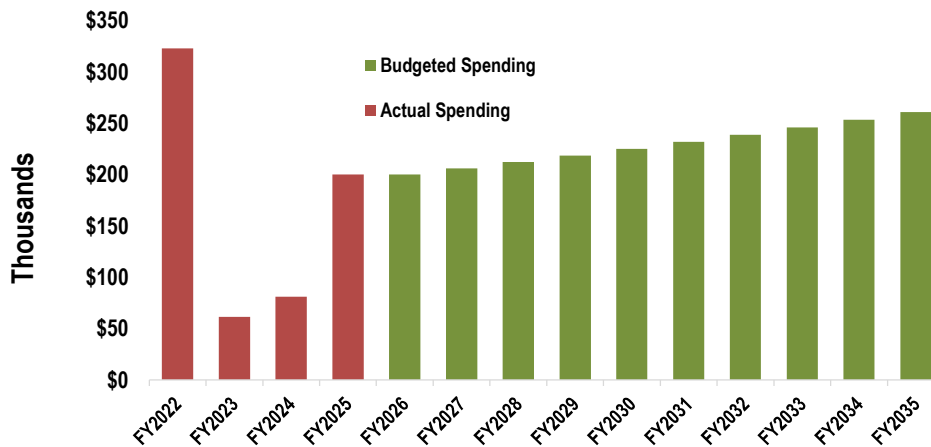


Figure 15: Willow Historical and Projected Capital Spending

6.8 WILLOW CASH RESERVE POLICIES

Cash reserve policies are cash balances targets that are retained for specific cash flow needs. The target for reserves is an important component when developing a multi-year financial plan and maintaining prudent reserves is an essential component of any sound financial management strategy. Utilities rely on reserves for financial stability; credit rating agencies evaluate utilities in part on their adherence to formally adopted reserve targets; and lending agencies require utilities to maintain specific debt reserves for outstanding loans.

The following recommended reserve policies are based on standard industry practices and the Consultant’s experience with similar utilities.

Operating Reserve – The purpose of an Operating Reserve is to provide available cash for unplanned operating and maintenance expenditures, unexpected increases in costs, or revenue shortfalls resulting from reduced water sales. Consistent with the recommendations made in Willow’s 2021 rate study, this Study recommends that Willow maintain a minimum operating reserve balance of at least 25 percent of

operating expenses. In FY 2025/26 the target is approximately \$275 thousand. This signifies a material decrease in the previously targeted operating reserve levels because Willow’s operating costs have decreased significantly now that it no longer provides administrative services to regional water utilities.

Capital Reserve – A capital reserve serves the dual purpose of (1) supporting the utility’s capital delivery program by absorbing some of the inherent fluctuations in annual capital spending and (2) acts as safety net in the event of the catastrophic failure of a major system asset (such as a ruptured water main). Based on conversations with UVWA staff regarding the potential vulnerabilities of the Willow system and the recommendations in the 2021 rate study, this Study proposes a target Capital Reserve of \$800 thousand.

6.9 PROPOSED RATE REVENUE INCREASES

All of the above information was entered into a financial planning model to produce a 10-year projection of the sufficiency of current rate revenues to meet projected financial requirements and determine the level of rate revenue increases necessary in each year of the projection period. This Study proposes a 5-year schedule of annual rate adjustments as shown in **Table 14**.

Table 14: Recommended Willow Rate Revenue Increases

Rate Adjustment Date	Increase
March 1, 2026	20.0%
July 1, 2026	4.0%
July 1, 2027	12.0%
July 1, 2028	12.0%
July 1, 2028	12.0%

The numbers provided in **Schedule W-2** (cash flow proforma for Willow) are summarized graphically in **Figure 16**, which shows that targeted reserves levels are

forecasted as being met throughout the 10-year planning period, however the proposed rate increases are the minimum increases necessary to avoid dropping below prudent reserve levels. Given the rapid decline in reserves shown from FY 2026 thorough FY 2029, it is highly recommended that Willow continuously monitor its reserves and made adjustments to its capital spending if reserves decline faster than forecasted.

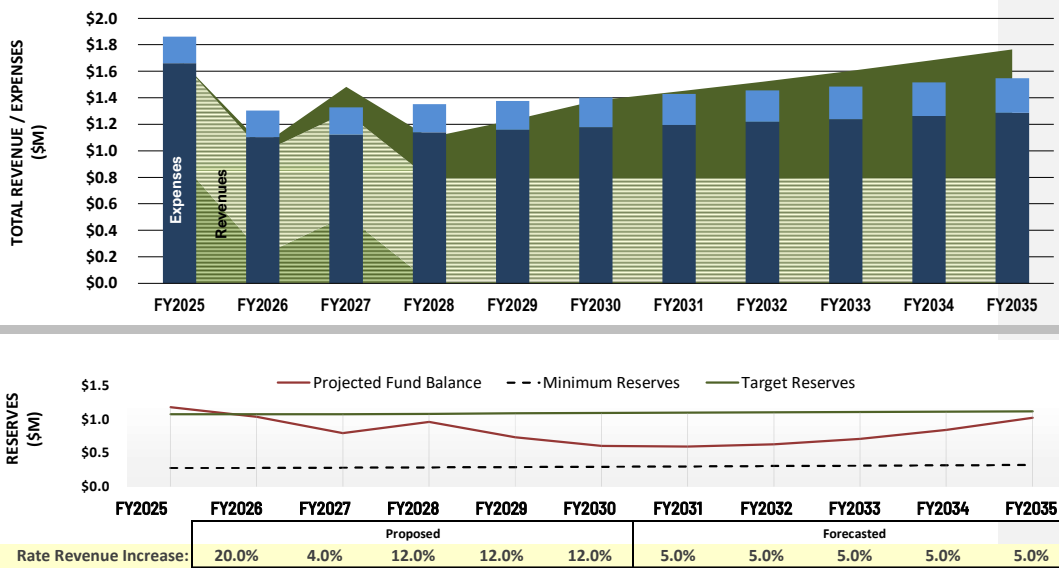


Figure 16: Willow Financial Projection with Recommended Rate Increases

The forecasted rate increases starting in FY 2030/31 in Figure 16 are estimates based on long-term projections. Willow will need to renew the rate analysis for those years once the time period comes closer.

6.10 PROPOSED WILLOW WATER RATE SCHEDULES

Table 15 below summarizes the proposed Willow water rate schedule for the next 5 years. The first rate increase will be effective on March 1, 2026, the second rate

increase will be on July 1, 2026 and the remaining (three) rate increases will occur on the subsequent July 1 of each year.

Table 15: Proposed 5-Year Willow Water Rate Schedule

	Current ¹	March 1, 2026*	July 2026	July 2027	July 2028	July 2029
Rate Revenue Increase:		20%	4%	12%	12%	12%
Water Usage Rates (per T GAL)						
Residential Zone 1	\$2.25	\$2.70	\$2.81	\$3.15	\$3.53	\$3.95
Commercial	\$2.25	\$2.70	\$2.81	\$3.15	\$3.53	\$3.95
Residential Zone 2	\$3.22	\$3.86	\$4.01	\$4.49	\$5.03	\$5.63
Residential Zone 3	\$3.89	\$4.67	\$4.86	\$5.44	\$6.09	\$6.82
Residential Zone 4	\$4.36	\$5.23	\$5.44	\$6.09	\$6.82	\$7.64
Irrigation	\$2.25	\$2.70	\$2.81	\$3.15	\$3.53	\$3.95
Fixed Monthly Base Charges						
3/4"	\$23.60	\$28.32	\$29.45	\$32.98	\$36.94	\$41.37
1"	\$38.04	\$45.65	\$47.48	\$53.18	\$59.56	\$66.71
1.5"	\$74.14	\$88.97	\$92.53	\$103.63	\$116.07	\$130.00
2"	\$117.46	\$140.95	\$146.59	\$164.18	\$183.88	\$205.95
3"	\$218.54	\$262.25	\$272.74	\$305.47	\$342.13	\$383.19
4"	\$362.93	\$435.52	\$452.94	\$507.29	\$568.16	\$636.34

* This rate increase is proposed to replace the 5% increase that was otherwise scheduled for December 2025

Section 7. CALPELLA COUNTY WATER DISTRICT

Calpella is located within the Ukiah Valley and considered to be within the Mendicino County Russian River Watershed. The District's water supply is primarily purchased from the Russian River Flood Control District (RRFCD), but since Calpella does not have a water right or a point of diversion, Millview County Water District wheels the RRFCD water to Calpella after treating the water at the Millview Surface Water Treatment Plant. Calpella produces a small amount of water from a single groundwater well and blends that water with the purchased water.

Calpella recently completed a rate study in 2024⁷ and therefore is not due for an update at this time. The 2024 rate resulted in the adoption of a 5-year rate schedule with the final rate adjustment scheduled to occur in February of 2028.

⁷ Calpella County Water District 2024 Water and Wastewater Rate Study, November 15, 2023, Hildebrand Consulting, LLC.

Section 8. CONCLUSION

This UVWA 2025 Water Financial Plan Study for the Ukiah, Willow, Redwood Valley and Millview proposes updated water rates for UVWA's member agencies. The financial plans for each member agency called for varied increases in rate revenue. These rate increases are driven primarily by the need to increase capital reinvestment and the cost inflation that has occurred over that time. It is imperative that UVWA adopt rates that can fund capital improvement plans that will reinvest in the member agencies' aging infrastructure so that each can continue to provide safe and reliable utility services.

This Study used methodologies that are aligned with industry standard practices for rate setting as promulgated by AWWA and all applicable laws, including California's Proposition 218. The proposed annual adjustments to the water rates are expected to enable UVWA's member agencies to continue to provide reliable service to customers while meeting the state's mandates.

The water rates will need to be adopted in accordance with Proposition 218, which will require a detailed notice describing the proposed charges to be mailed to each affected property owner or customer at least 45 days prior to conducting a public hearing to adopt the rates.

SCHEDULES

- Schedule CA-1: Allocation of Ukiah Operating Costs**
- Schedule M-1: Millview Projected Operating Expenses**
- Schedule M-2: Millview Cash Flow Pro Forma**
- Schedule U-1: City of Ukiah Water Projected Operating Expenses**
- Schedule U-2: City of Ukiah Water Cash Flow Pro Forma**
- Schedule RV-1: Redwood Valley Projected Operating Expenses**
- Schedule RV-2: Redwood Valley Cash Flow Pro Forma**
- Schedule W-1: Willow Projected Operating Expenses**
- Schedule W-2: Willow Cash Flow Pro Forma**

Schedule CA-1 – Allocation of Ukiah Operating Costs

Budget Line Item	FY 2026 Budget	Shared Costs based on...			Direct Ukiah					
		Direct Ukiah Costs	Number of Accounts	Water Production	Direct Ukiah Costs	Ukiah	Willow	Millview	Redwood	Calpella
REGULAR SALARIES & WAGES	\$2,582,352			X		\$1,270,704	\$331,470	\$506,190	\$442,555	\$31,433
NON-REGULAR SALARIES & WAGES	\$2,169			X		\$1,067	\$278	\$425	\$372	\$26
OVERTIME SALARIES & WAGES	\$109,872			X		\$54,065	\$14,103	\$21,537	\$18,829	\$1,337
STAND-BY SALARIES & WAGES	\$101,324			X		\$49,859	\$13,006	\$19,861	\$17,365	\$1,233
RETIREMENT (PERS)	\$295,817			X		\$145,563	\$37,971	\$57,986	\$50,696	\$3,601
PERS UNFUNDED LIABILITY	\$338,430			X		\$166,532	\$43,441	\$66,339	\$57,999	\$4,119
HEALTH INSURANCE	\$583,639			X		\$287,193	\$74,916	\$114,404	\$100,022	\$7,104
WORKERS COMP	\$138,595			X		\$68,199	\$17,790	\$27,167	\$23,752	\$1,687
MEDICARE	\$35,490			X		\$17,464	\$4,555	\$6,957	\$6,082	\$432
UNEMPLOYMENT	\$656			X		\$323	\$84	\$129	\$112	\$8
FICA	\$135			X		\$66	\$17	\$26	\$23	\$2
CELL PHONE STIPEND	\$6,252			X		\$3,076	\$803	\$1,226	\$1,071	\$76
CONTRACTUAL SERVICES	\$382,500	X			\$382,500					
LEGAL SERVICES/EXPENSES	\$110,000	X			\$110,000					
SECURITY SERVICES	\$700	X			\$700					
TRUSTEE FEES	\$1,400	X			\$1,400					
SUPPLIES	\$329,150		X	X		\$161,966	\$42,250	\$64,520	\$56,409	\$4,006
POSTAGE	\$400		X			\$214	\$46	\$74	\$57	\$8
SMALL TOOLS	\$30,000			X		\$14,762	\$3,851	\$5,881	\$5,141	\$365
SOFTWARE	\$16,625	X			\$16,625					
COMPUTER AND TECHNOLOGY	\$8,000	X			\$8,000					
TELEPHONE	\$7,800	X			\$7,800					
UTILITIES	\$793,411	X			\$793,411					
EQUIPMENT MAINTENANCE & REPAIR	\$322,000	X			\$322,000					
EXTERNAL SERVICES	\$90,000	X			\$90,000					
FUEL & FLUIDS	\$93,553			X		\$46,035	\$12,008	\$18,338	\$16,033	\$1,139
BUILDING MAINT. & REPAIR	\$21,000	X			\$21,000					
EQUIPMENT RENTAL - PRIVATE	\$10,000	X			\$10,000					
LEARNING AND DEVELOPMENT	\$47,000			X		\$23,127	\$6,033	\$9,213	\$8,055	\$572
MEMBERSHIPS & SUBSCRIPTIONS	\$10,650			X		\$5,241	\$1,367	\$2,088	\$1,825	\$130
TREATMENT PLANT CHEMICALS	\$105,000	X			\$105,000					
FEES	\$53,300	X			\$53,300					
PURCHASING ALLOCATION	\$58,279	X			\$58,279					
PURCHASING - BUYER SERVICES	\$14,124	X			\$14,124					
BILLING & COLLECTION ALLOCATIO	\$319,547	X			\$319,547					
UB METER READING	\$213,895	X			\$213,895					
RENT ALLOCATION	\$16,496	X			\$16,496					
BUILDING MAINTENANCE ALLOCATIO	\$6,882	X			\$6,882					
IT ALLOCATION	\$199,410			X		\$98,124	\$25,596	\$39,088	\$34,174	\$2,427
CORP YARD ALLOCATION	\$174,920	X			\$174,920					
INSURANCE ALLOCATION	\$367,678	X			\$367,678					
GARAGE ALLOCATION	\$131,580	X			\$131,580					
DISPATCH	\$33,707	X			\$33,707					
ADMIN & OVERHEAD ALLOCATION	\$487,732	X			\$487,732					
Total:					\$3,746,575	\$2,413,581	\$629,587	\$961,448	\$840,573	\$59,706

Schedule U-1 – Ukiah Water Enterprise Projected Operating and Debt Expenses

	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34	FY2034/35
1 REGULAR SALARIES & WAGES	\$2,582,400	\$2,711,500	\$2,847,000	\$2,989,400	\$3,138,900	\$3,295,800	\$3,460,600	\$3,633,600	\$3,815,300	\$4,006,100
2 NON-REGULAR SALARIES & WAGES	\$2,200	\$2,300	\$2,400	\$2,500	\$2,600	\$2,800	\$2,900	\$3,100	\$3,200	\$3,400
3 OVERTIME SALARIES & WAGES	\$109,900	\$115,400	\$121,100	\$127,200	\$133,600	\$140,200	\$147,200	\$154,600	\$162,300	\$170,400
4 STAND-BY SALARIES & WAGES	\$101,300	\$106,400	\$111,700	\$117,300	\$123,200	\$129,300	\$135,800	\$142,600	\$149,700	\$157,200
5 RETIREMENT (PERS)	\$295,800	\$310,600	\$326,100	\$342,400	\$359,600	\$377,500	\$396,400	\$416,200	\$437,100	\$458,900
6 PERS UNFUNDED LIABILITY	\$338,400	\$355,400	\$373,100	\$391,800	\$411,400	\$431,900	\$453,500	\$476,200	\$500,000	\$525,000
7 INSURANCE	\$583,600	\$612,800	\$643,500	\$675,600	\$709,400	\$744,900	\$782,100	\$821,200	\$862,300	\$905,400
8 WORKERS COMP	\$138,600	\$145,500	\$152,800	\$160,400	\$168,500	\$176,900	\$185,700	\$195,000	\$204,800	\$215,000
9 MEDICARE	\$35,500	\$37,300	\$39,100	\$41,100	\$43,100	\$45,300	\$47,600	\$49,900	\$52,400	\$55,100
10 UNEMPLOYMENT	\$700	\$700	\$700	\$800	\$800	\$800	\$900	\$900	\$1,000	\$1,000
11 FICA	\$100	\$100	\$100	\$200	\$200	\$200	\$200	\$200	\$200	\$200
12 CELL PHONE STIPEND	\$6,300	\$6,600	\$6,900	\$7,200	\$7,600	\$8,000	\$8,400	\$8,800	\$9,200	\$9,700
13 CONTRACTUAL SERVICES	\$382,500	\$394,000	\$405,800	\$418,000	\$430,500	\$443,400	\$456,700	\$470,400	\$484,500	\$499,100
14 LEGAL SERVICES/EXPENSES	\$110,000	\$113,300	\$116,700	\$120,200	\$123,800	\$127,500	\$131,300	\$135,300	\$139,300	\$143,500
15 SECURITY SERVICES	\$700	\$700	\$700	\$800	\$800	\$800	\$800	\$900	\$900	\$900
16 TRUSTEE FEES	\$1,400	\$1,400	\$1,500	\$1,500	\$1,600	\$1,600	\$1,700	\$1,700	\$1,800	\$1,800
17 SUPPLIES	\$329,200	\$339,000	\$349,200	\$359,700	\$370,500	\$381,600	\$393,000	\$404,800	\$417,000	\$429,500
18 POSTAGE	\$400	\$400	\$400	\$400	\$500	\$500	\$500	\$500	\$500	\$500
19 SMALL TOOLS	\$30,000	\$30,900	\$31,800	\$32,800	\$33,800	\$34,800	\$35,800	\$36,900	\$38,000	\$39,100
20 SOFTWARE	\$16,600	\$17,100	\$17,600	\$18,200	\$18,700	\$19,300	\$19,900	\$20,400	\$21,100	\$21,700
21 COMPUTER AND TECHNOLOGY	\$8,000	\$8,200	\$8,500	\$8,700	\$9,000	\$9,300	\$9,600	\$9,800	\$10,100	\$10,400
22 TELEPHONE	\$7,800	\$8,000	\$8,300	\$8,500	\$8,800	\$9,000	\$9,300	\$9,600	\$9,900	\$10,200
23 UTILITIES	\$793,400	\$825,100	\$858,200	\$892,500	\$928,200	\$965,300	\$1,003,900	\$1,044,100	\$1,085,800	\$1,129,300
24 EQUIPMENT MAINTENANCE & REPAIR	\$322,000	\$331,700	\$341,600	\$351,900	\$362,400	\$373,300	\$384,500	\$396,000	\$407,900	\$420,100
25 EXTERNAL SERVICES	\$90,000	\$92,700	\$95,500	\$98,300	\$101,300	\$104,300	\$107,500	\$110,700	\$114,000	\$117,400
26 FUEL & FLUIDS	\$93,600	\$96,400	\$99,300	\$102,200	\$105,300	\$108,500	\$111,700	\$115,100	\$118,500	\$122,100
27 BUILDING MAINT. & REPAIR	\$21,000	\$21,600	\$22,300	\$22,900	\$23,600	\$24,300	\$25,100	\$25,800	\$26,600	\$27,400
28 EQUIPMENT RENTAL - PRIVATE	\$10,000	\$10,300	\$10,600	\$10,900	\$11,300	\$11,600	\$11,900	\$12,300	\$12,700	\$13,000
29 LEARNING AND DEVELOPMENT	\$47,000	\$48,400	\$49,900	\$51,400	\$52,900	\$54,500	\$56,100	\$57,800	\$59,500	\$61,300
30 MEMBERSHIPS & SUBSCRIPTIONS	\$10,700	\$11,000	\$11,300	\$11,600	\$12,000	\$12,300	\$12,700	\$13,100	\$13,500	\$13,900
31 TREATMENT PLANT CHEMICALS	\$105,000	\$109,200	\$113,600	\$118,100	\$122,800	\$127,700	\$132,900	\$138,200	\$143,700	\$149,400
32 FEES	\$53,300	\$54,900	\$56,500	\$58,200	\$60,000	\$61,800	\$63,600	\$65,600	\$67,500	\$69,500
33 PURCHASING ALLOCATION	\$58,300	\$60,000	\$61,800	\$63,700	\$65,600	\$67,600	\$69,600	\$71,700	\$73,800	\$76,000
34 PURCHASING - BUYER SERVICES	\$14,100	\$14,500	\$15,000	\$15,400	\$15,900	\$16,400	\$16,900	\$17,400	\$17,900	\$18,400
35 BILLING & COLLECTION ALLOCATIO	\$319,500	\$329,100	\$339,000	\$349,200	\$359,700	\$370,400	\$381,600	\$393,000	\$404,800	\$416,900
36 UB METER READING	\$213,900	\$220,300	\$226,900	\$233,700	\$240,700	\$248,000	\$255,400	\$263,100	\$271,000	\$279,100
37 RENT ALLOCATION	\$16,500	\$17,000	\$17,500	\$18,000	\$18,600	\$19,100	\$19,700	\$20,300	\$20,900	\$21,500
38 BUILDING MAINTENANCE ALLOCATIO	\$6,900	\$7,100	\$7,300	\$7,500	\$7,700	\$8,000	\$8,200	\$8,500	\$8,700	\$9,000
39 IT ALLOCATION	\$199,400	\$205,400	\$211,600	\$217,900	\$224,400	\$231,200	\$238,100	\$245,200	\$252,600	\$260,200
40 CORP YARD ALLOCATION	\$174,900	\$180,200	\$185,600	\$191,100	\$196,900	\$202,800	\$208,900	\$215,100	\$221,600	\$228,200
41 INSURANCE ALLOCATION	\$367,700	\$393,400	\$421,000	\$450,400	\$482,000	\$515,700	\$551,800	\$590,400	\$631,700	\$676,000
42 GARAGE ALLOCATION	\$131,600	\$135,500	\$139,600	\$143,800	\$148,100	\$152,500	\$157,100	\$161,800	\$166,700	\$171,700
43 DISPATCH	\$33,700	\$34,700	\$35,800	\$36,800	\$37,900	\$39,100	\$40,200	\$41,500	\$42,700	\$44,000
44 ADMIN & OVERHEAD ALLOCATION	\$487,700	\$502,400	\$517,400	\$533,000	\$548,900	\$565,400	\$582,400	\$599,800	\$617,800	\$636,400
45 EXISTING DEBT SERVICE	\$1,971,000	\$1,971,000	\$2,177,000	\$2,183,000	\$2,179,000	\$2,088,000	\$2,088,000	\$2,093,000	\$2,093,000	\$2,094,000
46 Total Operating Expenses	\$10,622,600	\$10,989,500	\$11,579,300	\$11,986,200	\$12,402,100	\$12,749,200	\$13,207,700	\$13,692,100	\$14,193,500	\$14,718,900

Schedule U-2 – Ukiah Water Enterprise Cash Flow Pro Forma

	Budget FY2026	Forecast FY2027	Forecast FY2028	Forecast FY2029	Forecast FY2030	Forecast FY2031	Forecast FY2032	Forecast FY2033	Forecast FY2034	Forecast FY2035
1	3.00%	3.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Rate Revenue										
2	Service Charge Revenue	\$8,600,000	\$8,913,000	\$9,237,000	\$9,666,000	\$10,115,000	\$10,585,000	\$11,076,000	\$11,590,000	\$12,129,000
3	Change due to growth & use	\$55,000	\$57,000	\$60,000	\$62,000	\$65,000	\$68,000	\$71,000	\$75,000	\$82,000
4	Increase due to rate adjustments	\$86,000	\$267,000	\$369,000	\$387,000	\$405,000	\$423,000	\$443,000	\$464,000	\$508,000
Non-Rate Revenues										
5	Miscellaneous	\$26,000	\$26,000	\$26,000	\$26,000	\$26,000	\$26,000	\$26,000	\$26,000	\$26,000
6	Fire Service	\$347,000	\$347,000	\$347,000	\$347,000	\$347,000	\$347,000	\$347,000	\$347,000	\$347,000
7	Service Charges	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
8	Backflow Prevention	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
9	Reimbursable Jobs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10	Interest On Investments	\$129,000	\$83,000	\$130,000	\$136,000	\$121,000	\$117,000	\$111,000	\$105,000	\$98,000
11	Connection Fees	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000
12	Charges to Sewer Fund	\$653,000	\$653,000	\$653,000	\$653,000	\$653,000	\$653,000	\$653,000	\$653,000	\$653,000
13	Performance Agreement Revenue	\$2,491,000	\$2,491,000	\$2,491,000	\$2,491,000	\$2,491,000	\$2,491,000	\$2,491,000	\$2,491,000	\$2,491,000
13	Total Revenue	\$12,419,000	\$12,869,000	\$13,345,000	\$13,800,000	\$14,255,000	\$14,742,000	\$15,250,000	\$15,783,000	\$16,339,000
O&M Costs										
14	Salaries & Benefits	\$4,195,000	\$4,404,000	\$4,625,000	\$4,856,000	\$5,099,000	\$5,354,000	\$5,621,000	\$5,902,000	\$6,198,000
15	Supplies & Chemicals	\$528,000	\$545,000	\$562,000	\$580,000	\$599,000	\$618,000	\$638,000	\$659,000	\$680,000
16	Utilities	\$793,000	\$825,000	\$858,000	\$892,000	\$928,000	\$965,000	\$1,004,000	\$1,044,000	\$1,086,000
17	Professional Services	\$926,000	\$954,000	\$983,000	\$1,012,000	\$1,042,000	\$1,074,000	\$1,106,000	\$1,139,000	\$1,173,000
18	Dues and Subscriptions	\$64,000	\$66,000	\$68,000	\$70,000	\$72,000	\$74,000	\$76,000	\$79,000	\$81,000
19	Other Operations	\$383,000	\$394,000	\$406,000	\$418,000	\$431,000	\$443,000	\$457,000	\$470,000	\$485,000
20	City Cost Allocation	\$1,763,000	\$1,830,000	\$1,901,000	\$1,975,000	\$2,052,000	\$2,133,000	\$2,217,000	\$2,306,000	\$2,399,000
21	Total Operating Expenses	\$8,652,000	\$9,018,000	\$9,403,000	\$9,803,000	\$10,223,000	\$10,661,000	\$11,119,000	\$11,599,000	\$12,102,000
Capital Costs										
22	Total Capital Spending	\$3,340,000	\$304,000	\$1,591,000	\$2,284,000	\$1,992,000	\$2,190,000	\$2,256,000	\$2,323,000	\$2,393,000
23	Existing Debt Service	\$1,971,000	\$1,971,000	\$2,177,000	\$2,183,000	\$2,179,000	\$2,088,000	\$2,088,000	\$2,093,000	\$2,094,000
24	Cash Funded Capital Projects	\$3,340,000	\$304,000	\$1,591,000	\$2,284,000	\$1,992,000	\$2,190,000	\$2,256,000	\$2,323,000	\$2,393,000
25	Total Capital Expenses	\$5,311,000	\$2,275,000	\$3,768,000	\$4,467,000	\$4,171,000	\$4,278,000	\$4,344,000	\$4,416,000	\$4,559,000
26	Total Revenue Requirement	\$13,963,000	\$11,293,000	\$13,171,000	\$14,270,000	\$14,394,000	\$14,939,000	\$15,463,000	\$16,015,000	\$17,183,000
27	Beginning Year Balance	\$4,258,000	\$2,714,000	\$4,290,000	\$4,464,000	\$3,994,000	\$3,855,000	\$3,658,000	\$3,445,000	\$3,213,000
28	Surplus/(Shortfall)	(\$1,544,000)	\$1,576,000	\$174,000	(\$470,000)	(\$139,000)	(\$197,000)	(\$213,000)	(\$232,000)	(\$249,000)
29	End of Year Balance	\$2,714,000	\$4,290,000	\$4,464,000	\$3,994,000	\$3,855,000	\$3,658,000	\$3,445,000	\$3,213,000	\$2,964,000
30	Reserve Target	\$2,457,000	\$2,457,000	\$2,457,000	\$2,457,000	\$2,457,000	\$2,457,000	\$2,457,000	\$2,457,000	\$2,457,000
31	Available Cash	\$257,000	\$1,833,000	\$2,007,000	\$1,537,000	\$1,398,000	\$1,201,000	\$988,000	\$756,000	\$507,000
32	Debt Coverage Ratio	1.54	1.62	1.54	1.59	1.65	1.78	1.85	1.91	1.98

Schedule M-1 – Millview Projected Operating Expenses

	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34	FY2034/35
1 CONTRACTUAL SERVICES	\$127,600	\$131,400	\$135,400	\$139,400	\$143,600	\$147,900	\$152,400	\$156,900	\$161,600	\$166,500
2 CITY OPERATING AGREEMENT	\$961,400	\$961,400	\$961,400	\$961,400	\$961,400	\$961,400	\$961,400	\$961,400	\$961,400	\$961,400
3 COLLECTION AGENCY FEES	\$19,000	\$19,600	\$20,200	\$20,800	\$21,400	\$22,000	\$22,700	\$23,400	\$24,100	\$24,800
4 LIABILITY INSURANCE PREMIUM	\$2,200	\$2,400	\$2,500	\$2,700	\$2,900	\$3,100	\$3,300	\$3,500	\$3,800	\$4,000
5 PROPERTY INSURANCE PREMIUM	\$13,000	\$13,900	\$14,900	\$15,900	\$17,000	\$18,200	\$19,500	\$20,900	\$22,300	\$23,900
6 POSTAGE	\$1,000	\$1,000	\$1,100	\$1,100	\$1,100	\$1,200	\$1,200	\$1,200	\$1,300	\$1,300
7 SOFTWARE	\$3,000	\$3,100	\$3,200	\$3,300	\$3,400	\$3,500	\$3,600	\$3,700	\$3,800	\$3,900
8 TELEPHONE	\$5,000	\$5,200	\$5,300	\$5,500	\$5,600	\$5,800	\$6,000	\$6,100	\$6,300	\$6,500
9 PG&E	\$409,000	\$425,400	\$442,400	\$460,100	\$478,500	\$497,600	\$517,500	\$538,200	\$559,700	\$582,100
10 UTILITIES	\$1,700	\$1,800	\$1,800	\$1,900	\$2,000	\$2,100	\$2,200	\$2,200	\$2,300	\$2,400
11 WATER	\$85,000	\$88,400	\$91,900	\$95,600	\$99,400	\$103,400	\$107,600	\$111,900	\$116,300	\$121,000
12 EQUIPMENT MAINTENANCE & REPAIR	\$22,000	\$22,700	\$23,300	\$24,000	\$24,800	\$25,500	\$26,300	\$27,100	\$27,900	\$28,700
13 MEMBERSHIPS & SUBSCRIPTIONS	\$38,300	\$39,400	\$40,600	\$41,800	\$43,100	\$44,300	\$45,700	\$47,000	\$48,500	\$49,900
14 CHEMICALS	\$55,000	\$56,700	\$58,300	\$60,100	\$61,900	\$63,800	\$65,700	\$67,600	\$69,700	\$71,800
15 FEES	\$28,000	\$28,800	\$29,700	\$30,600	\$31,500	\$32,500	\$33,400	\$34,400	\$35,500	\$36,500
16 BANK FEES	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100
17 PURCHASING ALLOCATION	\$18,200	\$18,200	\$18,200	\$18,200	\$18,200	\$18,200	\$18,200	\$18,200	\$18,200	\$18,200
18 BILLING & COLLECTION ALLOCATIO	\$40,400	\$46,400	\$47,800	\$49,300	\$50,800	\$52,300	\$53,800	\$55,500	\$57,100	\$58,800
19 ADMIN & OVERHEAD ALLOCATION	\$70,500	\$70,500	\$70,500	\$70,500	\$70,500	\$70,500	\$70,500	\$70,500	\$70,500	\$70,500
20 EXISTING DEBT SERVICE	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
21 Total Operating Expenses	\$2,000,400	\$2,036,400	\$2,068,600	\$2,102,300	\$2,137,200	\$2,173,400	\$2,211,100	\$2,249,800	\$2,290,400	\$2,332,300

Schedule M-2 – Millview Cash Flow Pro Forma

	Budget FY2025	Budget FY2026	Forecast FY2027	Forecast FY2028	Forecast FY2029	Forecast FY2030	Forecast FY2031	Forecast FY2032	Forecast FY2033	Forecast FY2034	Forecast FY2035
1 Rate Revenue Increase:	11.00%	11.00%	11.00%	11.00%	11.00%	11.00%	5.00%	4.00%	4.00%	4.00%	4.00%
Rate Revenue											
2 Service Charge Revenue	\$1,648,000	\$1,658,000	\$1,843,000	\$2,048,000	\$2,275,000	\$2,528,000	\$2,809,000	\$2,952,000	\$3,074,000	\$3,201,000	\$3,333,000
3 Change due to growth & use	\$2,000	\$2,000	\$2,000	\$2,000	\$3,000	\$3,000	\$3,000	\$4,000	\$4,000	\$4,000	\$4,000
4 Increase due to rate adjustments	\$61,000	\$203,000	\$225,000	\$250,000	\$278,000	\$140,000	\$118,000	\$123,000	\$123,000	\$128,000	\$133,000
Non-Rate Revenues											
5 Misc Fees	\$26,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
6 Interest Earnings	\$150,000	\$123,000	\$67,000	\$55,000	\$23,000	\$20,000	\$18,000	\$18,000	\$18,000	\$19,000	\$21,000
7 Connection Fees	\$29,000	\$29,000	\$29,000	\$29,000	\$29,000	\$29,000	\$29,000	\$29,000	\$29,000	\$29,000	\$29,000
8 Operating Revenue	\$23,000	\$13,000	\$13,000	\$13,000	\$13,000	\$13,000	\$13,000	\$13,000	\$13,000	\$13,000	\$13,000
9 Total Revenue	\$1,876,000	\$1,886,000	\$2,157,000	\$2,372,000	\$2,593,000	\$2,871,000	\$3,012,000	\$3,134,000	\$3,261,000	\$3,394,000	\$3,533,000
O&M Costs											
10 Salaries & Benefits	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11 Insurance	\$13,000	\$15,000	\$16,000	\$17,000	\$19,000	\$20,000	\$21,000	\$23,000	\$24,000	\$26,000	\$28,000
12 Interagency Services	\$575,000	\$961,000	\$961,000	\$961,000	\$961,000	\$961,000	\$961,000	\$961,000	\$961,000	\$961,000	\$961,000
13 Administration	\$5,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
14 Supplies & Chemicals	\$98,000	\$55,000	\$57,000	\$58,000	\$60,000	\$62,000	\$64,000	\$66,000	\$68,000	\$70,000	\$72,000
15 Utilities	\$371,000	\$496,000	\$516,000	\$536,000	\$558,000	\$580,000	\$603,000	\$627,000	\$652,000	\$678,000	\$706,000
16 Professional Services	\$223,000	\$150,000	\$154,000	\$159,000	\$163,000	\$168,000	\$173,000	\$179,000	\$184,000	\$190,000	\$195,000
17 Dues and Subscriptions	\$79,000	\$66,000	\$68,000	\$70,000	\$73,000	\$75,000	\$77,000	\$79,000	\$82,000	\$84,000	\$87,000
18 Other Operations	\$118,000	\$28,000	\$29,000	\$30,000	\$31,000	\$32,000	\$32,000	\$33,000	\$34,000	\$35,000	\$37,000
19 City Cost Allocation	\$0	\$129,000	\$135,000	\$137,000	\$138,000	\$139,000	\$141,000	\$143,000	\$144,000	\$146,000	\$148,000
20 Total Operating Expenses	\$1,564,000	\$1,900,000	\$1,936,000	\$1,968,000	\$2,003,000	\$2,037,000	\$2,072,000	\$2,111,000	\$2,149,000	\$2,190,000	\$2,234,000
Capital Costs											
21 Existing Debt Service	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
22 Cash Funded Capital Projects	\$500,000	\$1,400,000	\$773,000	\$796,000	\$820,000	\$844,000	\$869,000	\$896,000	\$922,000	\$950,000	\$979,000
23 Total Capital Expenses	\$600,000	\$1,500,000	\$873,000	\$896,000	\$920,000	\$944,000	\$969,000	\$996,000	\$1,022,000	\$1,050,000	\$1,079,000
24 Total Revenue Requirement	\$2,164,000	\$3,400,000	\$2,809,000	\$2,864,000	\$2,923,000	\$2,981,000	\$3,041,000	\$3,107,000	\$3,171,000	\$3,240,000	\$3,313,000
25 Beginning Year Balance	\$5,306,000	\$5,018,000	\$3,504,000	\$2,852,000	\$2,360,000	\$2,030,000	\$1,920,000	\$1,891,000	\$1,918,000	\$2,008,000	\$2,162,000
26 Surplus/(Shortfall)	(\$288,000)	(\$1,514,000)	(\$652,000)	(\$492,000)	(\$330,000)	(\$110,000)	(\$29,000)	\$27,000	\$90,000	\$154,000	\$220,000
27 End of Year Balance	\$5,018,000	\$3,504,000	\$2,852,000	\$2,360,000	\$2,030,000	\$1,920,000	\$1,891,000	\$1,918,000	\$2,008,000	\$2,162,000	\$2,382,000
28 Reserve Target	\$2,391,000	\$2,391,000	\$2,391,000	\$2,391,000	\$2,391,000	\$2,391,000	\$2,391,000	\$2,391,000	\$2,391,000	\$2,391,000	\$2,391,000
29 Available Cash	\$2,627,000	\$1,113,000	\$461,000	(\$31,000)	(\$361,000)	(\$471,000)	(\$500,000)	(\$473,000)	(\$383,000)	(\$229,000)	(\$9,000)
30 Debt Coverage Ratio	3.12	-0.14	2.21	4.04	5.90	8.34	9.40	10.23	11.12	12.04	12.99

Schedule RV-1 – Redwood Valley Projected Operating Expenses

	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34	FY2034/35
1 CONTRACTUAL SERVICES	\$113,000	\$116,300	\$119,800	\$123,400	\$127,100	\$130,900	\$134,900	\$138,900	\$143,100	\$147,400
2 PERFORMANCE AGREEMENTS	\$840,600	\$840,600	\$840,600	\$840,600	\$840,600	\$840,600	\$840,600	\$840,600	\$840,600	\$840,600
3 LEGAL SERVICES/EXPENSES	\$15,000	\$15,500	\$15,900	\$16,400	\$16,900	\$17,400	\$17,900	\$18,400	\$19,000	\$19,600
4 LIABILITY INSURANCE PREMIUM	\$3,000	\$3,200	\$3,400	\$3,700	\$3,900	\$4,200	\$4,500	\$4,800	\$5,200	\$5,500
5 PROPERTY INSURANCE PREMIUM	\$12,000	\$12,800	\$13,700	\$14,700	\$15,700	\$16,800	\$18,000	\$19,300	\$20,600	\$22,100
6 POSTAGE	\$500	\$500	\$500	\$500	\$600	\$600	\$600	\$600	\$600	\$700
7 SOFTWARE	\$2,500	\$2,600	\$2,700	\$2,700	\$2,800	\$2,900	\$3,000	\$3,100	\$3,200	\$3,300
8 TELEPHONE	\$3,200	\$3,300	\$3,400	\$3,500	\$3,600	\$3,700	\$3,800	\$3,900	\$4,100	\$4,200
9 PG&E	\$338,500	\$352,000	\$366,100	\$380,800	\$396,000	\$411,800	\$428,300	\$445,400	\$463,300	\$481,800
10 UTILITIES	\$8,700	\$9,000	\$9,400	\$9,800	\$10,200	\$10,600	\$11,000	\$11,400	\$11,900	\$12,400
11 WATER	\$250,000	\$260,000	\$270,400	\$281,200	\$292,500	\$304,200	\$316,300	\$329,000	\$342,100	\$355,800
12 EQUIPMENT MAINTENANCE & REPAIR	\$150,000	\$154,500	\$159,100	\$163,900	\$168,800	\$173,900	\$179,100	\$184,500	\$190,000	\$195,700
13 MEMBERSHIPS & SUBSCRIPTIONS	\$41,200	\$42,400	\$43,700	\$45,000	\$46,400	\$47,800	\$49,200	\$50,700	\$52,200	\$53,800
14 CHEMICALS	\$62,000	\$64,500	\$67,100	\$69,700	\$72,500	\$75,400	\$78,400	\$81,600	\$84,900	\$88,200
15 FEES	\$19,000	\$19,600	\$20,200	\$20,800	\$21,400	\$22,000	\$22,700	\$23,400	\$24,100	\$24,800
16 BANK FEES	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100
17 PURCHASING ALLOCATION	\$11,100	\$11,100	\$11,100	\$11,100	\$11,100	\$11,100	\$11,100	\$11,100	\$11,100	\$11,100
18 BILLING & COLLECTION ALLOCATIO	\$48,100	\$55,400	\$57,000	\$58,700	\$60,500	\$62,300	\$64,200	\$66,100	\$68,100	\$70,100
19 ADMIN & OVERHEAD ALLOCATION	\$65,600	\$65,600	\$65,600	\$65,600	\$65,600	\$65,600	\$65,600	\$65,600	\$65,600	\$65,600
20 INLAND WATER AND POWER COMMISSION	\$84,000	\$84,000	\$84,000	\$84,000	\$84,000	\$84,000	\$84,000	\$84,000	\$84,000	\$84,000
21 Total Operating Expenses	\$2,068,100	\$2,113,000	\$2,153,800	\$2,196,200	\$2,240,300	\$2,285,900	\$2,333,300	\$2,382,500	\$2,433,800	\$2,486,800

Schedule RV-2 – Redwood Valley Cash Flow Pro Forma

	Budget FY2025	Forecast FY2026	Forecast FY2027	Forecast FY2028	Forecast FY2029	Forecast FY2030	Forecast FY2031	Forecast FY2032	Forecast FY2033	Forecast FY2034	Forecast FY2035
1 Rate Revenue Increase:	30.00%	12.00%	6.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Rate Revenue											
2 Service Charge Revenue	\$1,536,000	\$1,582,000	\$2,056,000	\$2,303,000	\$2,441,000	\$2,514,000	\$2,589,000	\$2,667,000	\$2,747,000	\$2,829,000	\$2,914,000
3 Increase due to rate adjustments		\$158,000	\$247,000	\$138,000	\$73,000	\$75,000	\$78,000	\$80,000	\$82,000	\$85,000	\$87,000
Non-Rate Revenues											
4 Misc Fees	\$73,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000
5 Interest Earnings	\$8,000	\$8,000	\$8,000	\$3,000	\$3,000	\$4,000	\$6,000	\$8,000	\$10,000	\$12,000	\$14,000
6 Operating Revenue	\$4,000	\$18,000	\$18,000	\$18,000	\$18,000	\$18,000	\$18,000	\$19,000	\$19,000	\$20,000	\$21,000
7 Taxes	\$53,000	\$54,000	\$54,000	\$54,000	\$54,000	\$54,000	\$54,000	\$54,000	\$54,000	\$54,000	\$54,000
8 Total Revenue	\$1,674,000	\$1,845,000	\$2,408,000	\$2,541,000	\$2,614,000	\$2,690,000	\$2,770,000	\$2,853,000	\$2,937,000	\$3,025,000	\$3,115,000
O&M Costs											
9 Salaries & Benefits	\$373,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10 Source of Supply	\$194,000	\$250,000	\$260,000	\$270,000	\$281,000	\$292,000	\$304,000	\$316,000	\$329,000	\$342,000	\$356,000
11 Insurance	\$21,000	\$15,000	\$16,000	\$17,000	\$18,000	\$20,000	\$21,000	\$23,000	\$24,000	\$26,000	\$28,000
12 Interagency Services	\$0	\$841,000	\$841,000	\$841,000	\$841,000	\$841,000	\$841,000	\$841,000	\$841,000	\$841,000	\$841,000
13 Administration	\$131,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
14 Supplies & Chemicals	\$59,000	\$63,000	\$65,000	\$68,000	\$70,000	\$73,000	\$76,000	\$79,000	\$82,000	\$85,000	\$89,000
15 Utilities	\$319,000	\$347,000	\$361,000	\$376,000	\$391,000	\$406,000	\$422,000	\$439,000	\$457,000	\$475,000	\$494,000
16 Professional Services	\$256,000	\$278,000	\$286,000	\$295,000	\$304,000	\$313,000	\$322,000	\$332,000	\$342,000	\$352,000	\$363,000
17 Dues and Subscriptions	\$87,000	\$60,000	\$62,000	\$64,000	\$66,000	\$68,000	\$70,000	\$72,000	\$74,000	\$76,000	\$79,000
18 Other Operations	\$36,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000
19 City Cost Allocation	\$0	\$125,000	\$132,000	\$134,000	\$135,000	\$137,000	\$139,000	\$141,000	\$143,000	\$145,000	\$147,000
20 Inland Water and Power Commission	\$0	\$84,000	\$84,000	\$84,000	\$84,000	\$84,000	\$84,000	\$84,000	\$84,000	\$84,000	\$84,000
21 Total Operating Expenses	\$1,476,000	\$2,069,000	\$2,113,000	\$2,155,000	\$2,196,000	\$2,240,000	\$2,286,000	\$2,334,000	\$2,383,000	\$2,433,000	\$2,488,000
22 Cash Funded Capital Projects	\$200,000	\$250,000	\$258,000	\$265,000	\$273,000	\$281,000	\$348,000	\$358,000	\$369,000	\$380,000	\$391,000
23 Total Revenue Requirement	\$1,676,000	\$2,319,000	\$2,371,000	\$2,420,000	\$2,469,000	\$2,521,000	\$2,634,000	\$2,692,000	\$2,752,000	\$2,813,000	\$2,879,000
24 Beginning Year Balance	\$687,000	\$685,000	\$211,000	\$248,000	\$369,000	\$514,000	\$683,000	\$819,000	\$980,000	\$1,165,000	\$1,377,000
25 Surplus/(Shortfall)	(\$2,000)	(\$474,000)	\$37,000	\$121,000	\$145,000	\$169,000	\$136,000	\$161,000	\$185,000	\$212,000	\$236,000
26 End of Year Balance	\$685,000	\$211,000	\$248,000	\$369,000	\$514,000	\$683,000	\$819,000	\$980,000	\$1,165,000	\$1,377,000	\$1,613,000
27 Reserve Target	\$1,369,000	\$1,517,000	\$1,528,000	\$1,539,000	\$1,549,000	\$1,560,000	\$1,572,000	\$1,584,000	\$1,596,000	\$1,608,000	\$1,622,000
28 Available Cash	(\$684,000)	(\$1,306,000)	(\$1,280,000)	(\$1,170,000)	(\$1,035,000)	(\$877,000)	(\$753,000)	(\$604,000)	(\$431,000)	(\$231,000)	(\$9,000)

Schedule W-1 – Willow Projected Operating Expenses

	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34	FY2034/35
1 CONTRACTUAL SERVICES	\$34,600	\$35,600	\$36,700	\$37,800	\$38,900	\$40,100	\$41,300	\$42,600	\$43,800	\$45,100
2 PERFORMANCE AGREEMENTS	\$629,600	\$629,600	\$629,600	\$629,600	\$629,600	\$629,600	\$629,600	\$629,600	\$629,600	\$629,600
3 LEGAL SERVICES/EXPENSES	\$15,000	\$15,500	\$15,900	\$16,400	\$16,900	\$17,400	\$17,900	\$18,400	\$19,000	\$19,600
4 LIABILITY INSURANCE PREMIUM	\$32,000	\$34,200	\$36,600	\$39,200	\$41,900	\$44,900	\$48,000	\$51,400	\$55,000	\$58,800
5 LAB SUPPLIES	\$46,800	\$48,200	\$49,700	\$51,200	\$52,700	\$54,300	\$55,900	\$57,600	\$59,300	\$61,100
6 PG&E	\$187,300	\$194,800	\$202,500	\$210,700	\$219,100	\$227,800	\$237,000	\$246,400	\$256,300	\$266,500
7 WATER	\$44,000	\$45,700	\$47,600	\$49,500	\$51,500	\$53,500	\$55,700	\$57,900	\$60,200	\$62,600
8 EQUIPMENT MAINTENANCE & REPAIR	\$7,700	\$7,900	\$8,200	\$8,400	\$8,700	\$8,900	\$9,200	\$9,500	\$9,800	\$10,100
9 MEMBERSHIPS & SUBSCRIPTIONS	\$37,700	\$38,800	\$40,000	\$41,200	\$42,400	\$43,700	\$45,000	\$46,400	\$47,800	\$49,200
10 FEES	\$13,400	\$13,800	\$14,200	\$14,600	\$15,100	\$15,500	\$16,000	\$16,500	\$17,000	\$17,500
11 PURCHASING ALLOCATION	\$10,200	\$10,200	\$10,200	\$10,200	\$10,200	\$10,200	\$10,200	\$10,200	\$10,200	\$10,200
12 BILLING & COLLECTION ALLOCATIO	\$12,800	\$12,800	\$12,800	\$12,800	\$12,800	\$12,800	\$12,800	\$12,800	\$12,800	\$12,800
13 ADMIN & OVERHEAD ALLOCATION	\$32,900	\$33,900	\$34,900	\$35,900	\$37,000	\$38,100	\$39,300	\$40,500	\$41,700	\$42,900
14 Total Operating Expenses	\$1,104,000	\$1,121,000	\$1,138,900	\$1,157,500	\$1,176,800	\$1,196,800	\$1,217,900	\$1,239,800	\$1,262,500	\$1,286,000

Schedule W-2 – Willow Cash Flow Pro Forma

	Budget FY2025	Budget FY2026	Forecast FY2027	Forecast FY2028	Forecast FY2029	Forecast FY2030	Forecast FY2031	Forecast FY2032	Forecast FY2033	Forecast FY2034	Forecast FY2035
1 Rate Revenue Increase:		20.00%	4.00%	12.00%	12.00%	12.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Rate Revenue											
2 Service Charge Revenue	\$758,000	\$777,000	\$934,000	\$972,000	\$1,090,000	\$1,222,000	\$1,370,000	\$1,440,000	\$1,513,000	\$1,590,000	\$1,671,000
3 Change due to growth & use		\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$2,000
4 Increase due to rate adjustments		\$52,000	\$37,000	\$117,000	\$131,000	\$147,000	\$69,000	\$72,000	\$76,000	\$80,000	\$84,000
Non-Rate Revenues											
5 Contract Services	\$911,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
6 Sale of Assets	\$0	\$200,000	\$500,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7 Interest Earnings	\$16,800	\$8,800	\$6,700	\$8,100	\$6,200	\$5,100	\$5,000	\$5,300	\$6,000	\$7,100	\$8,600
8 Connection Fees	\$4,800	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
9 Misc Fees and Operating Reve	\$30,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000
10 Total Revenue	\$1,720,600	\$1,058,800	\$1,498,700	\$1,118,100	\$1,248,200	\$1,395,100	\$1,465,000	\$1,538,300	\$1,616,000	\$1,698,100	\$1,785,600
O&M Costs											
11 Salaries & Benefits	\$874,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
12 Insurance	\$237,000	\$32,000	\$34,000	\$37,000	\$39,000	\$42,000	\$45,000	\$48,000	\$51,000	\$55,000	\$59,000
13 Interagency Services	\$0	\$630,000	\$630,000	\$630,000	\$630,000	\$630,000	\$630,000	\$630,000	\$630,000	\$630,000	\$630,000
14 Administration	\$14,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
15 Supplies & Chemicals	\$61,000	\$47,000	\$48,000	\$50,000	\$51,000	\$53,000	\$54,000	\$56,000	\$58,000	\$59,000	\$61,000
16 Utilities	\$207,000	\$231,000	\$241,000	\$250,000	\$260,000	\$271,000	\$281,000	\$293,000	\$304,000	\$316,000	\$329,000
17 Professional Services	\$66,000	\$57,000	\$59,000	\$61,000	\$63,000	\$65,000	\$66,000	\$68,000	\$70,000	\$73,000	\$75,000
18 Dues and Subscriptions	\$61,000	\$51,000	\$53,000	\$54,000	\$56,000	\$58,000	\$59,000	\$61,000	\$63,000	\$65,000	\$67,000
19 Other Operations	\$142,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
20 City Cost Allocation	\$0	\$56,000	\$57,000	\$58,000	\$59,000	\$60,000	\$61,000	\$62,000	\$63,000	\$65,000	\$66,000
21 Total Operating Expenses	\$1,662,000	\$1,104,000	\$1,122,000	\$1,140,000	\$1,158,000	\$1,179,000	\$1,196,000	\$1,218,000	\$1,239,000	\$1,263,000	\$1,287,000
22 Capital Spending	\$200,000	\$200,000	\$206,000	\$212,000	\$219,000	\$225,000	\$232,000	\$239,000	\$246,000	\$253,000	\$261,000
24 Total Revenue Requirement	\$1,862,000	\$1,304,000	\$1,328,000	\$1,352,000	\$1,377,000	\$1,404,000	\$1,428,000	\$1,457,000	\$1,485,000	\$1,516,000	\$1,548,000
25 Beginning Year Balance	\$1,182,000	\$1,040,600	\$795,400	\$966,100	\$732,200	\$603,400	\$594,500	\$631,500	\$712,800	\$843,800	\$1,025,900
26 Surplus/(Shortfall)	(\$141,400)	(\$245,200)	\$170,700	(\$233,900)	(\$128,800)	(\$8,900)	\$37,000	\$81,300	\$131,000	\$182,100	\$237,600
27 End of Year Balance	\$1,040,600	\$795,400	\$966,100	\$732,200	\$603,400	\$594,500	\$631,500	\$712,800	\$843,800	\$1,025,900	\$1,263,500
28 Reserve Target	\$1,076,000	\$1,076,000	\$1,081,000	\$1,085,000	\$1,090,000	\$1,095,000	\$1,099,000	\$1,105,000	\$1,110,000	\$1,116,000	\$1,122,000
29 Available Cash	(\$35,400)	(\$280,600)	(\$114,900)	(\$352,800)	(\$486,600)	(\$500,500)	(\$467,500)	(\$392,200)	(\$266,200)	(\$90,100)	\$141,500

Ukiah Valley Water Authority (UVWA) 2025 Member Agency Financial Plans Final Recommendations

November 6, 2025



Agenda

1. Ukiah Valley Water Authority
2. Rate Setting Process
3. Financial Plans & Proposed Rates
 - City of Ukiah
 - Millview
 - Redwood Valley
 - Willow
4. Comparative Analysis
5. Project Schedule

Ukiah Valley Water Authority

Joint Powers Authority (JPA) between 5 water utilities:

- **City of Ukiah**
- **Calpella County Water District**
- **Millview County Water District**
- **Redwood Valley County Water District**
- **Willow County Water District**

The City provides each member agency with operating and administrative services through a Joint Services Agreement (JSA).

For now, each utility will maintain a separate accounting of finances and reserves.

Calpella did not participate in the current rate study since a study was completed in 2024.

The Rate Setting Process

Revenue Requirements

Compares the revenues of the utility to its expenses to determine the overall level of rate adjustment



Cost-of-Service

Equitably allocates the revenue requirements between the various customer classes of service



Rate Design

Design rates for each class of service to meet the revenue needs of the utility, along with any other rate design goals and objectives

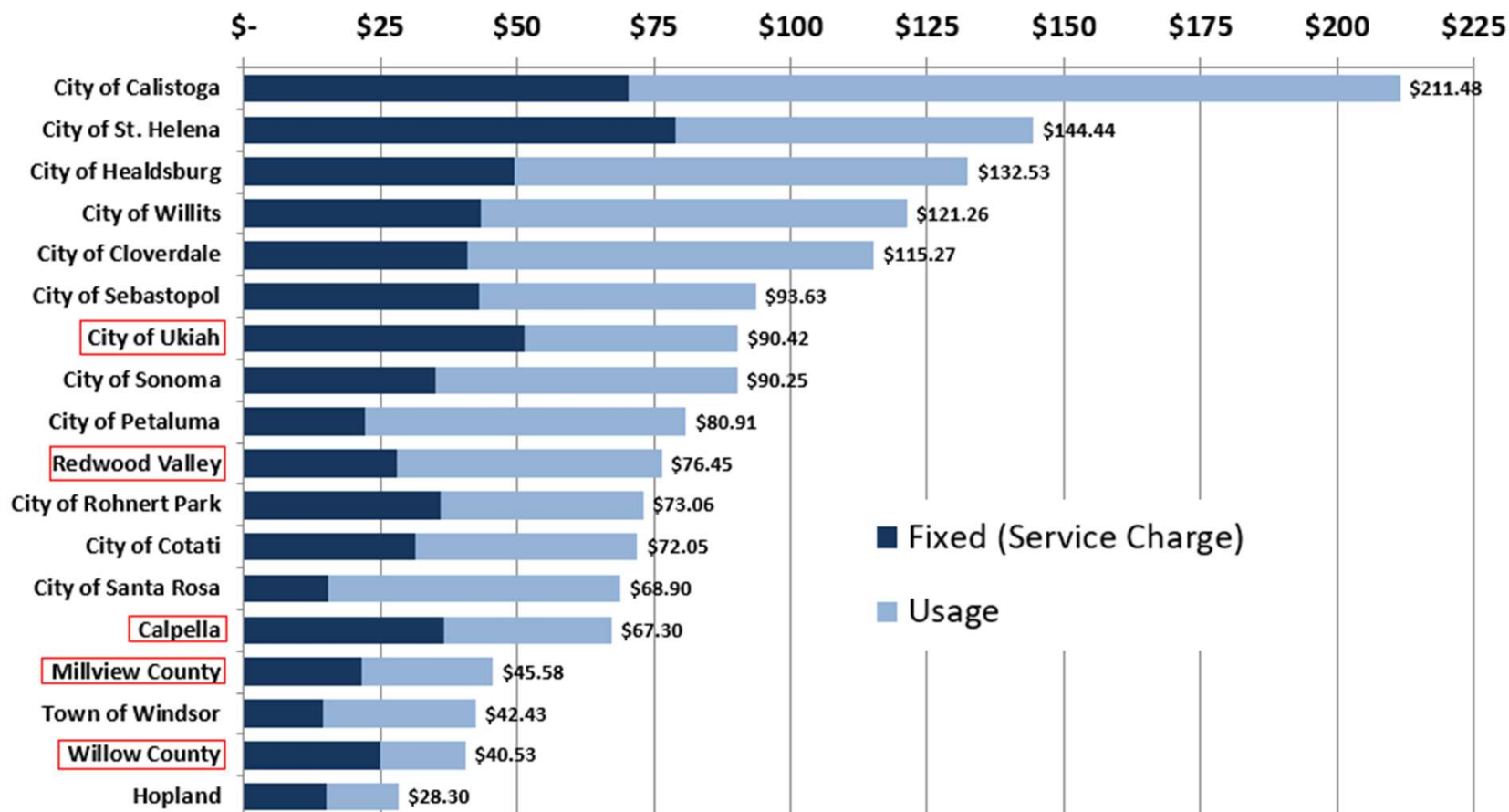
Legal Requirements for Setting Water Rates In California

Proposition 218 (Article XIII D, Section 6 of California Constitution)

- Revenues shall not exceed funds required to provide service; nor used for another purpose
- Amount shall not exceed the proportional cost of the service attributable to the parcel
- Service must be actually used or immediately available
- Approval process includes 45-day notice, public hearing, and written majority protest. Does not require a voting process (unlike taxes).

Current Monthly water bill comparisons among selected regional water agencies

Single Family Homes with ¾" meter using 10,000 gallons per month



Allocation of Costs among Member Agencies

Expense Type	Allocation Method	Example Expenses
Shared operating costs	Primarily relative water usage*	Water utility salaries, general operations
Specific operating costs	Direct	Chemicals, electricity, treatment cost
City support services	Cost Allocation Plan	Billing, administration, purchasing, rent
Capital	Direct	Repairs of wells, pipes treatment plant, etc.
Debt	Direct	City and Millview only

* Sometimes number of accounts

Shared Asset Expenses

- Most assets are owned independently by each respective member agency
- Some assets will be shared by the member agencies
 - Vehicles
 - Buildings
 - Other?
 - For example, Willow currently owns a fleet of vehicles and a building, which will be sold to the City of Ukiah for shared use among all the member agencies
- It is proposed that these shared asset costs be shared among the member agencies based on annualized depreciation expense for each asset.

Reserve Policies

In addition to protecting the utilities Fund against unforeseen circumstances, reserve policies also contribute towards credit ratings.

Each member agency is proposed to maintain an **Operating Reserve** policy, which requires the utility to maintain cash reserves of at least 25 percent of operating expenses.

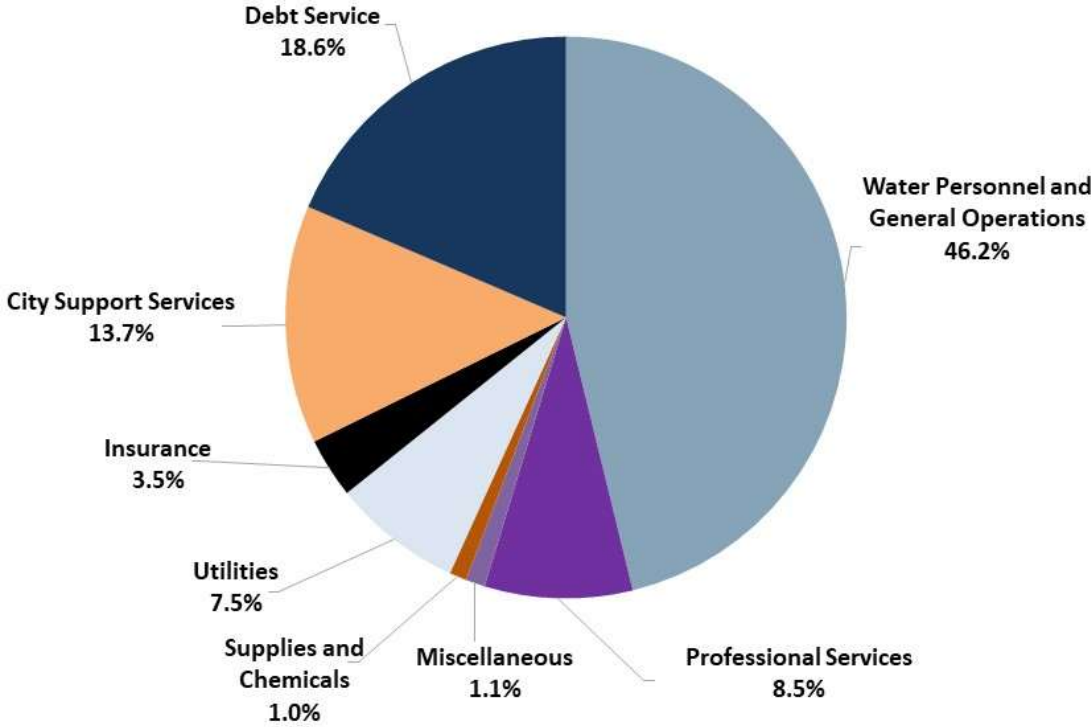
The Study also recommends that each member agency maintain a **Capital Reserve** policy relative to average annual capital spending. This reserve helps the utility absorb any spikes in capital spending or unforeseen infrastructure failure. The target reserve is recommended on a case-by-case basis, depending on the size/condition of the system and the capital spending program.

City of Ukiah Water Utility

Operating and Debt Expenses

FY2025/26 Budget

Water Personnel and General Operations	\$4,904,000
Professional Services	\$905,000
Miscellaneous	\$118,000
Supplies and Chemicals	\$105,000
Utilities	\$793,000
Insurance	\$368,000
City Support Services	\$1,457,000
Debt Service	\$1,971,000
Total:	\$10,621,000

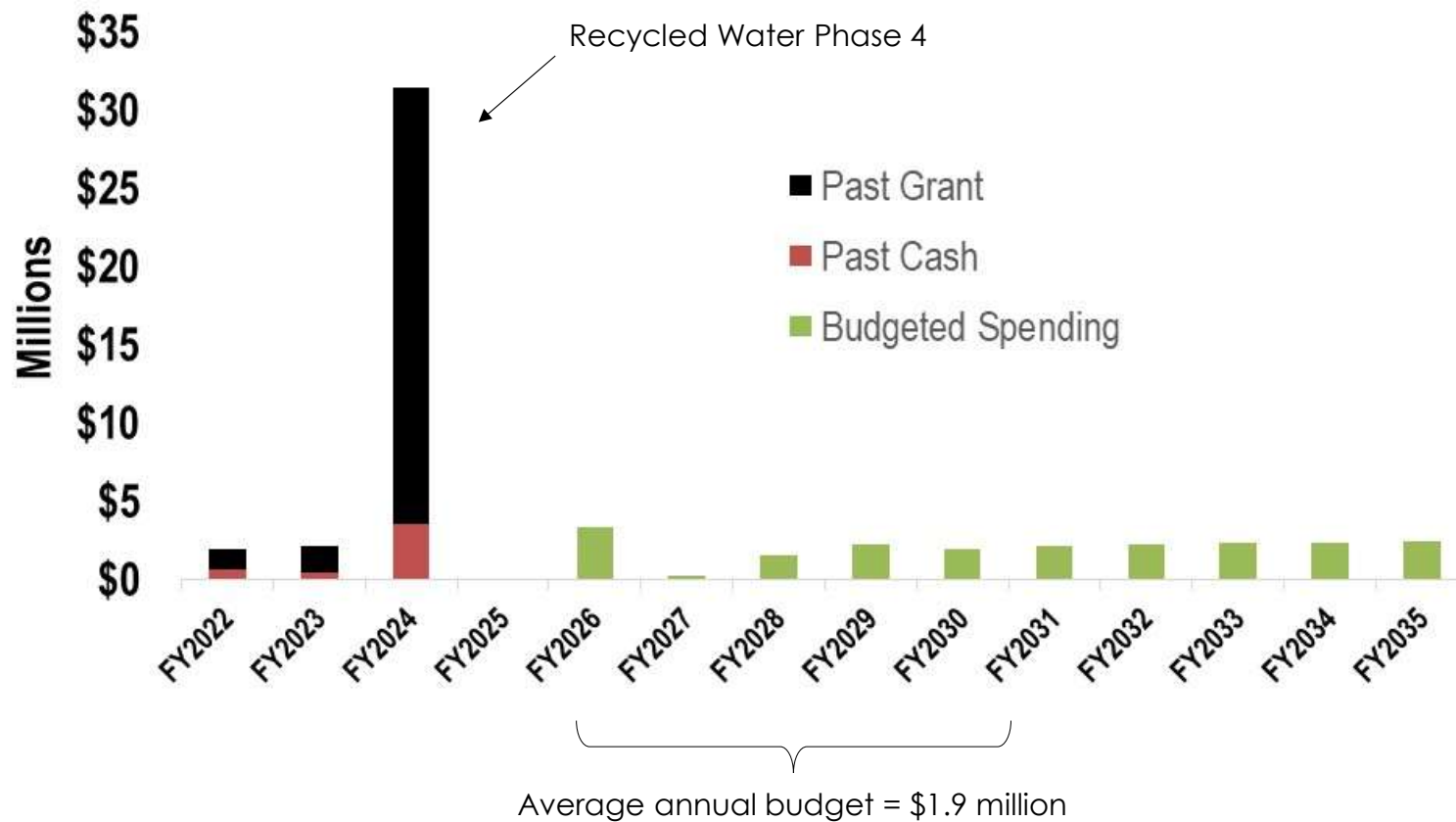


Annual Inflation Assumptions

Salaries and Benefits.....	5% per year
Insurance.....	7% per year
Utilities, fuel and chemicals.....	4% per year
All other.....	3% per year

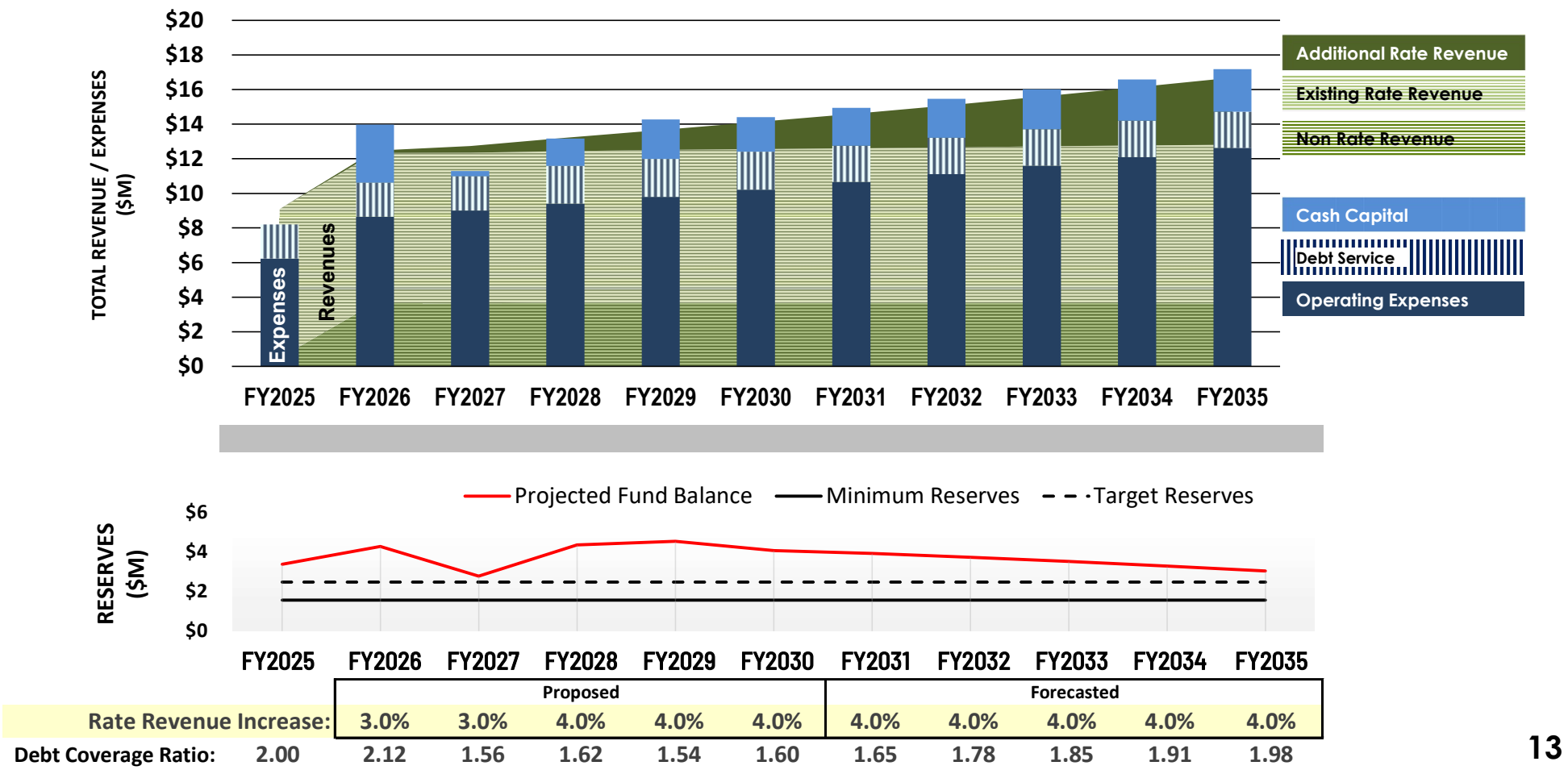
City of Ukiah Water Utility

Capital Spending



City of Ukiah Water Utility

Financial Forecast & Proposed Rate Revenue Increases



City of Ukiah Water Utility

Current & Proposed Water Rates

	Current ¹	March 1, 2026	July 2026	July 2027	July 2028	July 2029
Percent increase:		3.0%	3.0%	4.0%	4.0%	4.0%
Water Usage Rate (\$/CCF)						
All Water Usage	\$4.18	\$4.31	\$4.44	\$4.62	\$4.80	\$4.99
Monthly Service Charge						
3/4" meter	\$51.30	\$52.84	\$54.43	\$56.61	\$58.87	\$61.22
1" meter	\$82.15	\$84.61	\$87.15	\$90.64	\$94.27	\$98.04
1 1/2" meter	\$158.61	\$163.37	\$168.27	\$175.00	\$182.00	\$189.28
2" meter	\$250.72	\$258.24	\$265.99	\$276.63	\$287.70	\$299.21
3" meter	\$465.81	\$479.78	\$494.17	\$513.94	\$534.50	\$555.88
4" meter	\$773.02	\$796.21	\$820.10	\$852.90	\$887.02	\$922.50
6" meter	\$1,540.35	\$1,586.56	\$1,634.16	\$1,699.53	\$1,767.51	\$1,838.21

¹ Effective as of July 1, 2024

Change to a typical single family home monthly bill: \$1.54 \$1.59 \$2.18 \$2.26 \$2.35

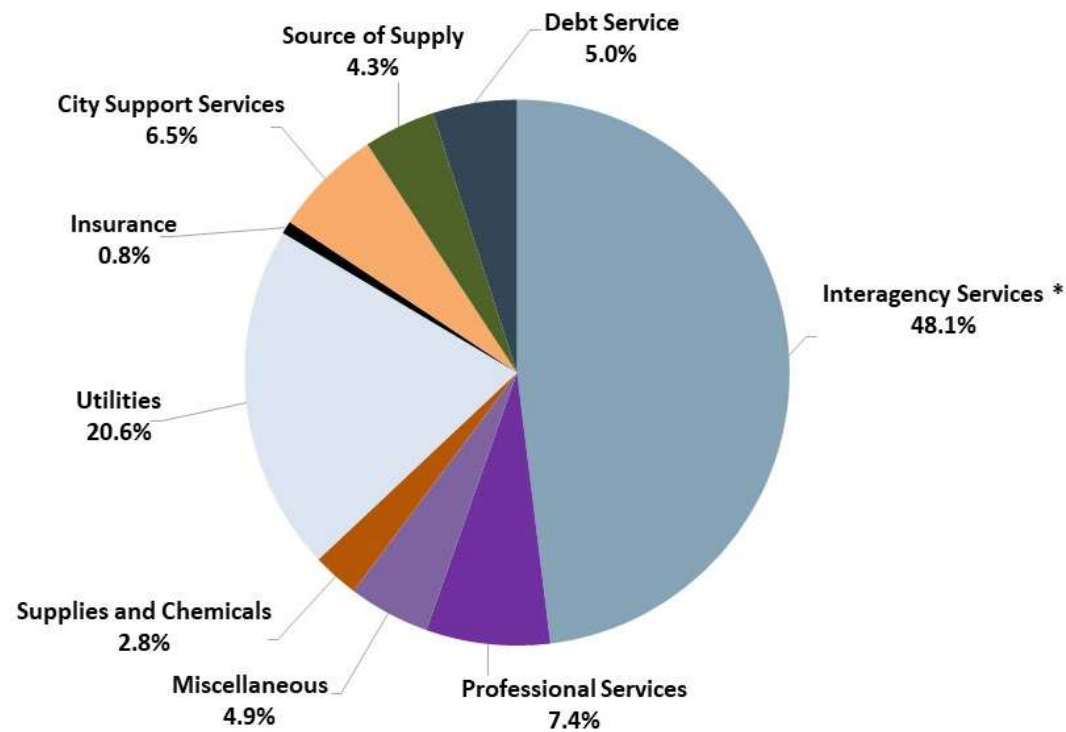
Millview County Water District

Operating and Debt Expenses

FY2025/26 Budget

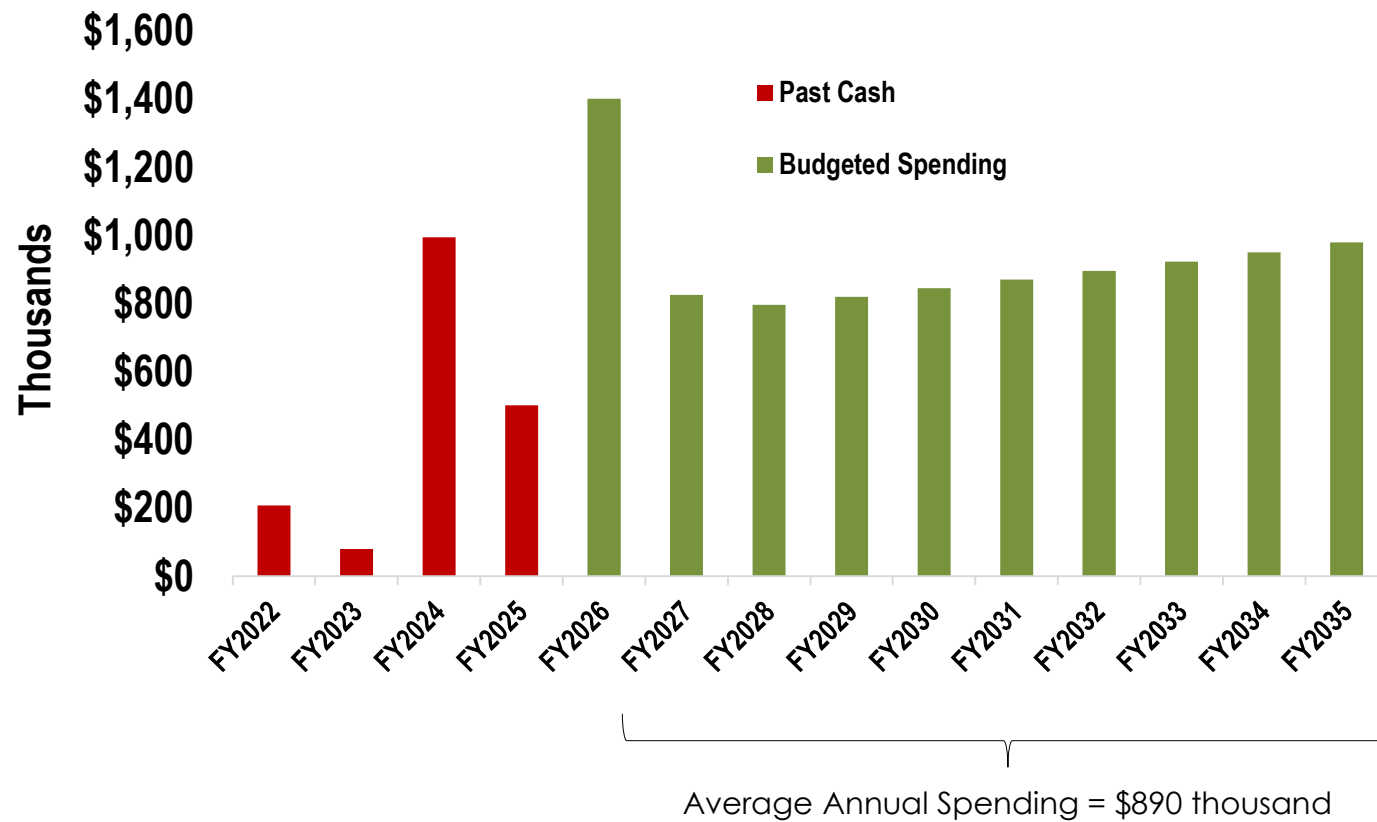
Interagency Services *	\$961,000
Professional Services	\$147,000
Miscellaneous	\$97,000
Supplies and Chemicals	\$55,000
Utilities	\$411,000
Insurance	\$15,000
City Support Services	\$129,000
Source of Supply	\$85,000
Debt Service	\$100,000
Total:	\$2,000,000

* For shared personnel and operations costs based on updated allocation.

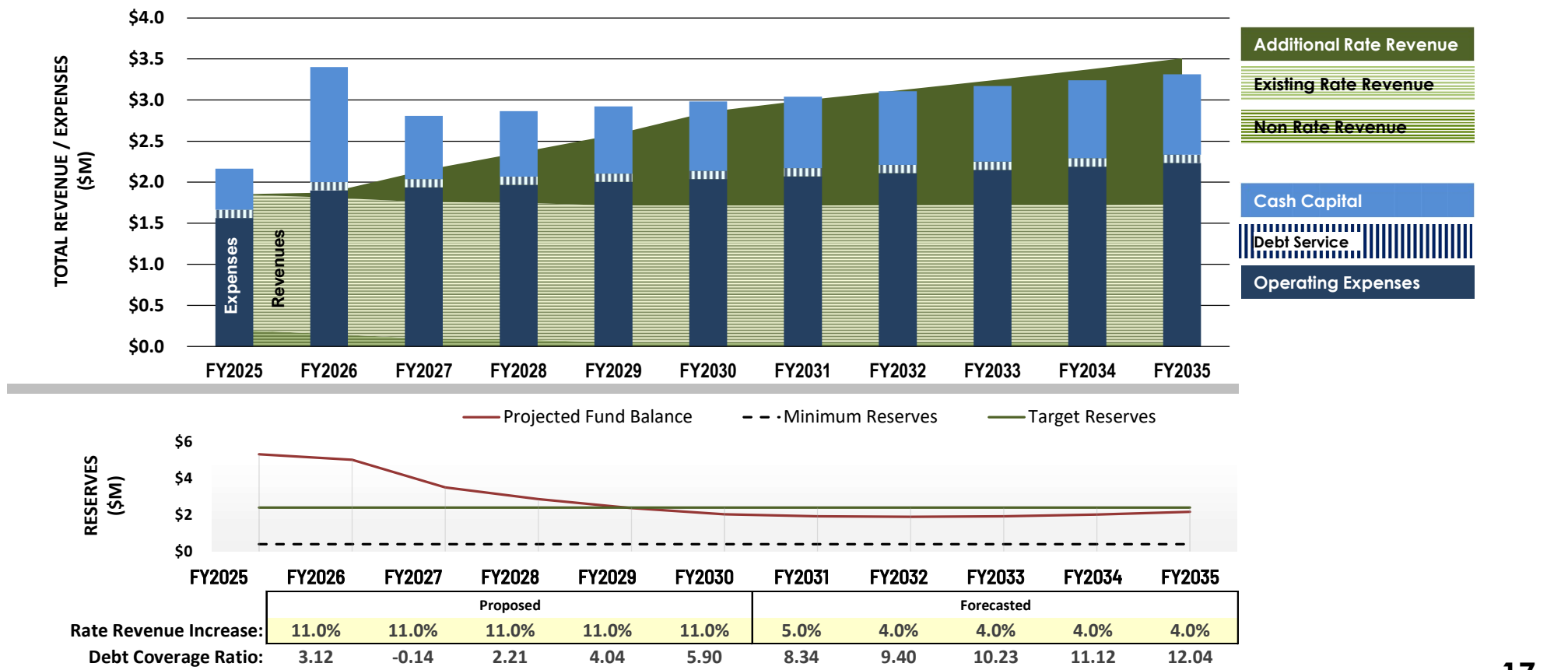


Millview County Water District

Capital Spending



Millview County Water District Financial Forecast & Proposed Rate Revenue Increases With proposed capital spending (\$890k per year)



Millview County Water District

Current & Proposed Water Rates

	Current	March 1, 2026	July 2026	July 2027	July 2028	July 2029
Percent increase:		11.0%	11.0%	11.0%	11.0%	11.0%
Water Usage Rate (\$/TGAL)						
All customers	\$3.42	\$3.80	\$4.21	\$4.67	\$5.19	\$5.76
Monthly Service Charge						
5/8" Meter	\$15.72	\$17.45	\$19.37	\$21.50	\$23.87	\$26.50
3/4" Meter	\$21.64	\$24.02	\$26.66	\$29.59	\$32.84	\$36.45
1" Meter	\$33.46	\$37.14	\$41.23	\$45.77	\$50.80	\$56.39
1.5" Meter	\$63.01	\$69.94	\$77.63	\$86.17	\$95.65	\$106.17
2" Meter	\$98.48	\$109.31	\$121.33	\$134.68	\$149.49	\$165.93
3" Meter	\$181.23	\$201.17	\$223.30	\$247.86	\$275.12	\$305.38
4" Meter	\$299.46	\$332.40	\$368.96	\$409.55	\$454.60	\$504.61
6" Meter	\$595.01	\$660.46	\$733.11	\$813.75	\$903.26	\$1,002.62
8" Meter	\$949.67	\$1,054.13	\$1,170.08	\$1,298.79	\$1,441.66	\$1,600.24
10" Meter	\$1,363.45	\$1,513.43	\$1,679.91	\$1,864.70	\$2,069.82	\$2,297.50
Private Fire Service	\$25.00	\$27.75	\$30.80	\$34.19	\$37.95	\$42.12
Temp. Construction Service	\$44.63	\$49.54	\$54.99	\$61.04	\$67.75	\$75.20

Change to a typical single family home monthly bill: \$5.23 \$5.78 \$6.41 \$7.12 \$7.90

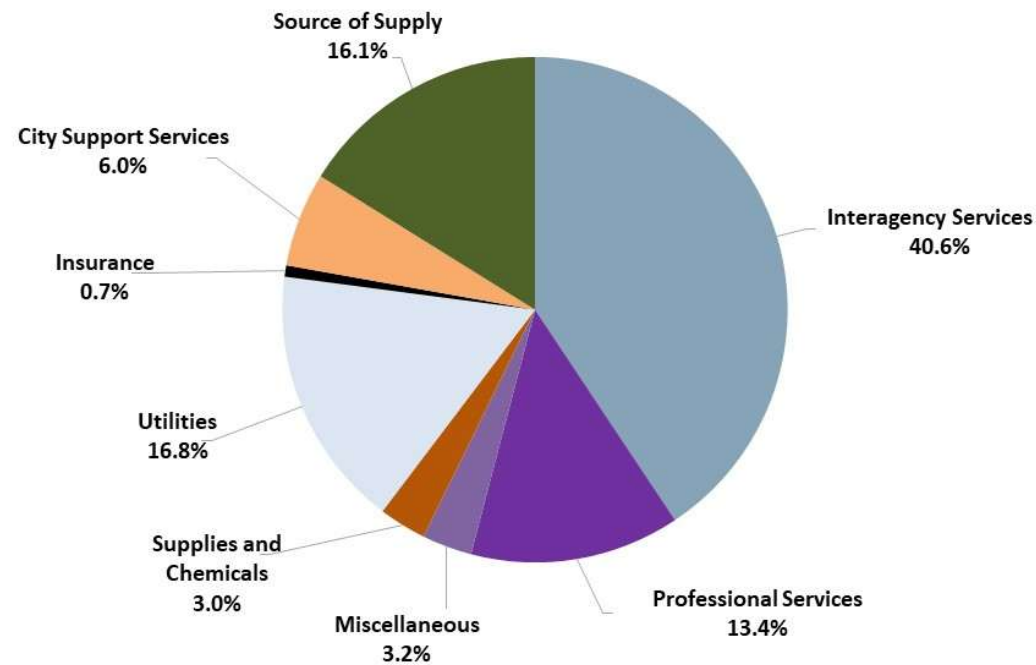
Redwood Valley County Water District

Operating and Debt Expenses

FY2025/26 Budget

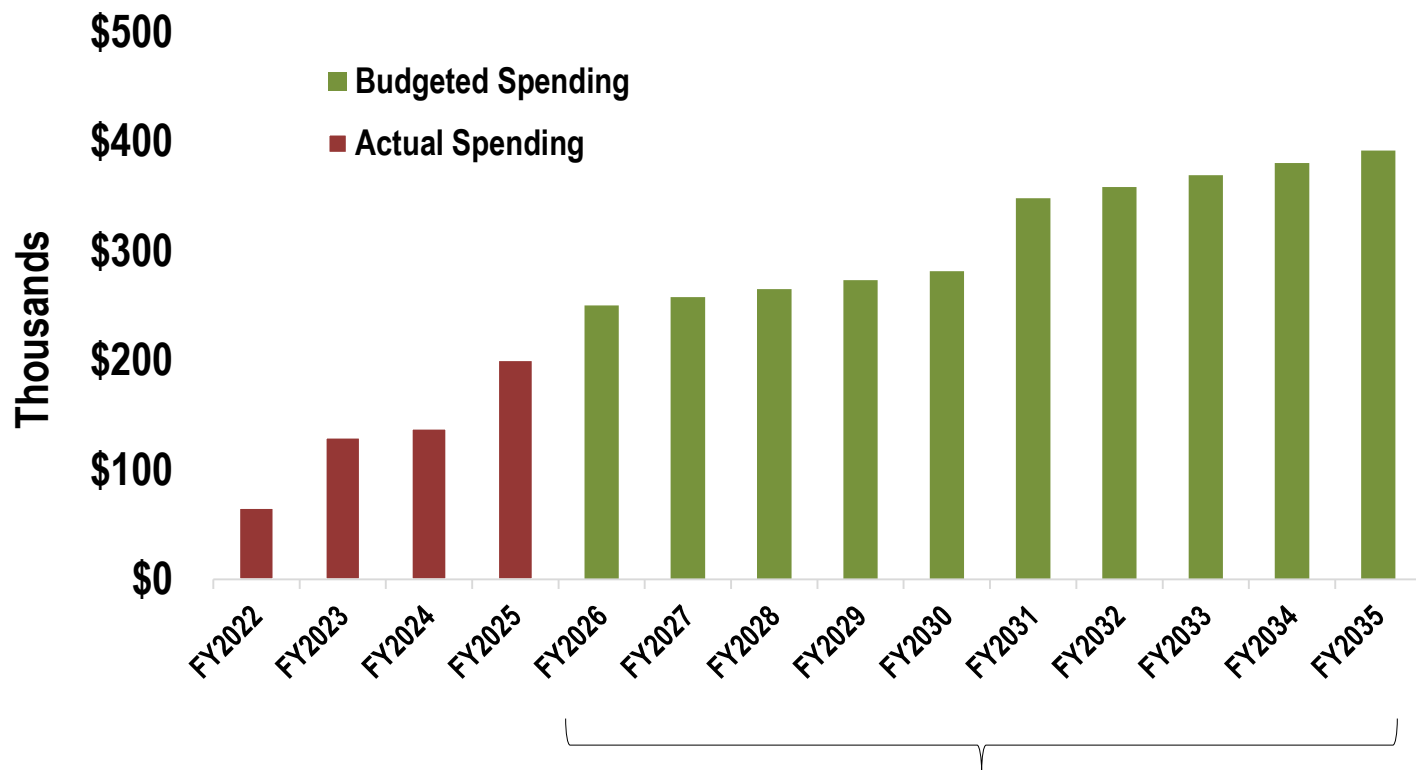
Interagency Services *	\$841,000
Professional Services	\$278,000
Miscellaneous	\$66,000
Supplies and Chemicals	\$63,000
Utilities	\$347,000
Insurance	\$15,000
City Support Services	\$125,000
Source of Supply	\$334,000
Total:	\$2,069,000

* For shared personnel and operations costs based on updated allocation.



Redwood Valley County Water District

Capital Spending

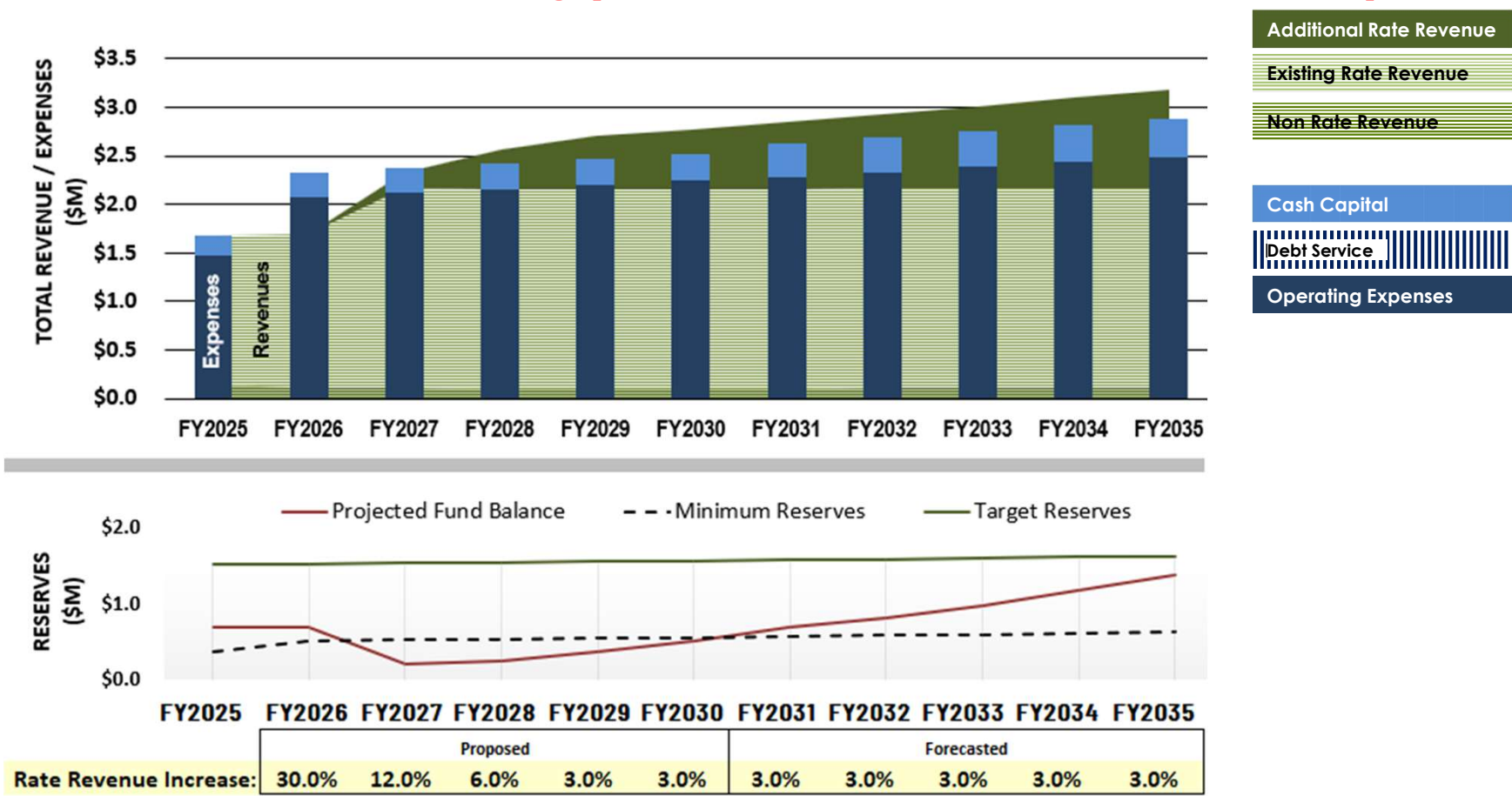


Proposed Average Annual Spending =
\$270 thousand for five years, then \$370 thousand for five years

Redwood Valley County Water District

Financial Forecast & Rate Revenue Increases

With proposed capital spending (\$270K per year, then \$370K per year)



Redwood Valley County Water District

Current & Proposed Water Rates

	Current ¹	March 1, 2026	July 2026	July 2027	July 2028	July 2029
Percent increase:		30.0%	12.0%	6.0%	3.0%	3.0%
Water Usage Rate (\$/TGAL)						
Domestic	\$6.91	\$8.98	\$10.06	\$10.66	\$10.98	\$11.31
Irrigation	\$0.92	\$1.20	\$1.34	\$1.42	\$1.46	\$1.50
Monthly Service Charge						
<u>Non-Potable Meters</u>						
2" Meter	\$59.43	\$77.26	\$86.53	\$91.72	\$94.47	\$97.30
4" Meter	\$180.94	\$235.22	\$263.45	\$279.26	\$287.64	\$296.27
6" Meter	\$359.62	\$467.51	\$523.61	\$555.03	\$571.68	\$588.83
<u>Domestic Meters</u>						
Residential Dwelling Units	\$28.08	\$36.50	\$40.88	\$43.33	\$44.63	\$45.97
3/4" and 1" Meters	\$28.08	\$36.50	\$40.88	\$43.33	\$44.63	\$45.97
2" Meter	\$84.90	\$110.37	\$123.61	\$131.03	\$134.96	\$139.01
3" Meter	\$167.57	\$217.84	\$243.98	\$258.62	\$266.38	\$274.37
4" Meter	\$260.57	\$338.74	\$379.39	\$402.15	\$414.21	\$426.64

¹ Effective July 2025

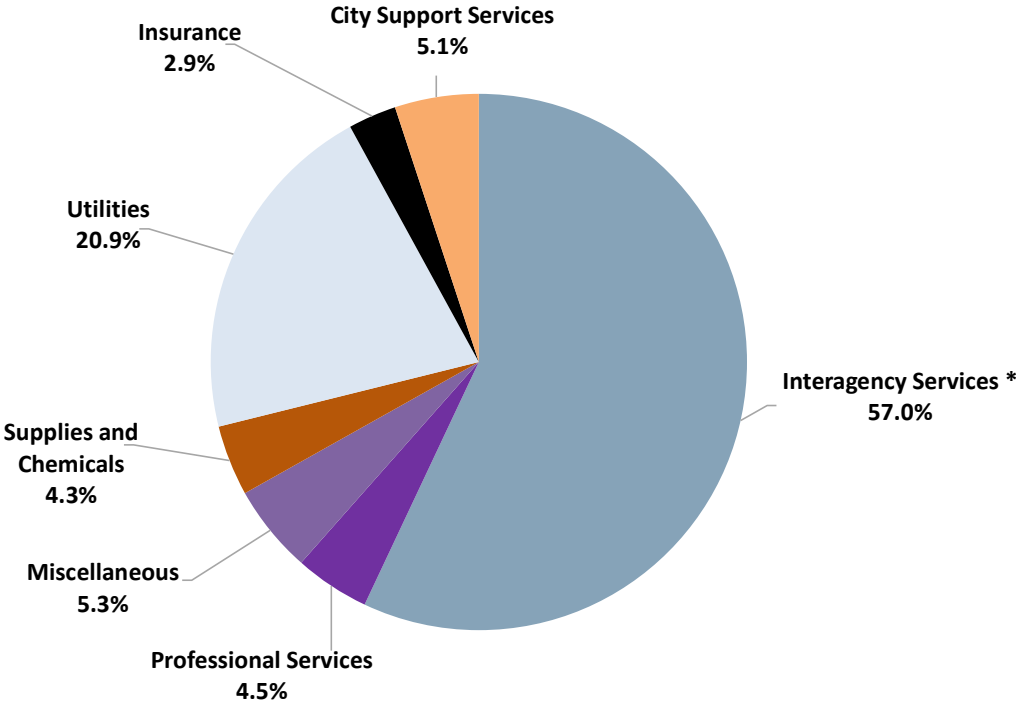
Change to a typical single family home monthly bill:	\$23.95	\$12.46	\$6.98	\$3.70	\$3.81
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Willow County Water District

Operating and Debt Expenses

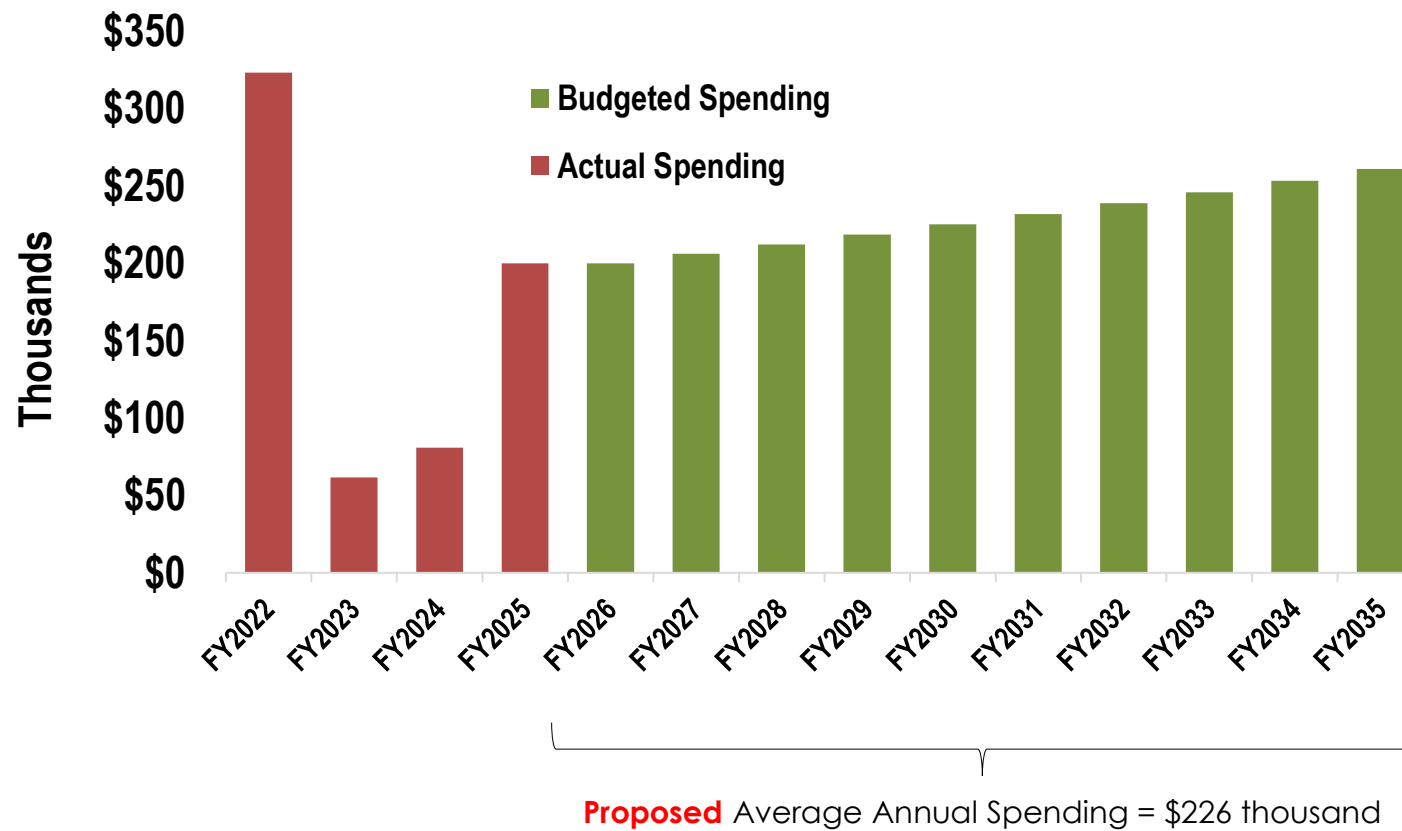
FY2025/26 Budget

Interagency Services *	\$630,000
Professional Services	\$50,000
Miscellaneous	\$59,000
Supplies and Chemicals	\$47,000
Utilities	\$231,000
Insurance	\$32,000
City Support Services	\$56,000
Total:	\$1,105,000



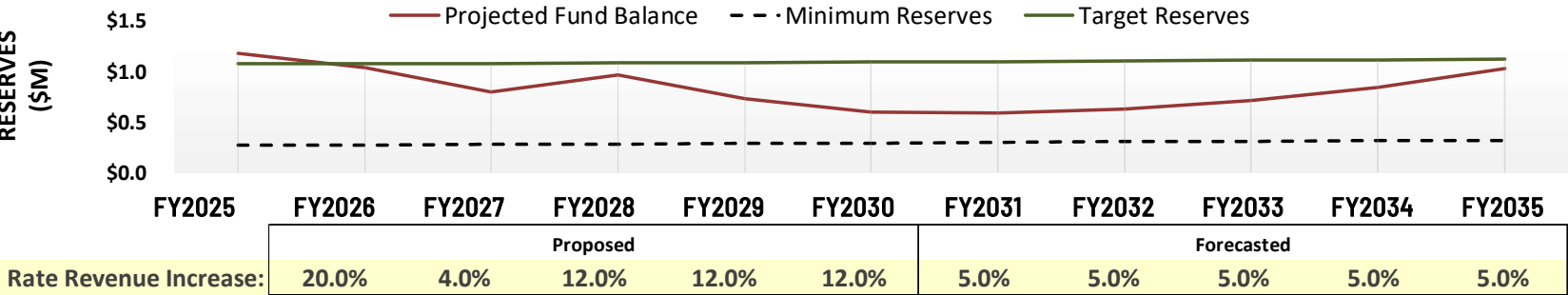
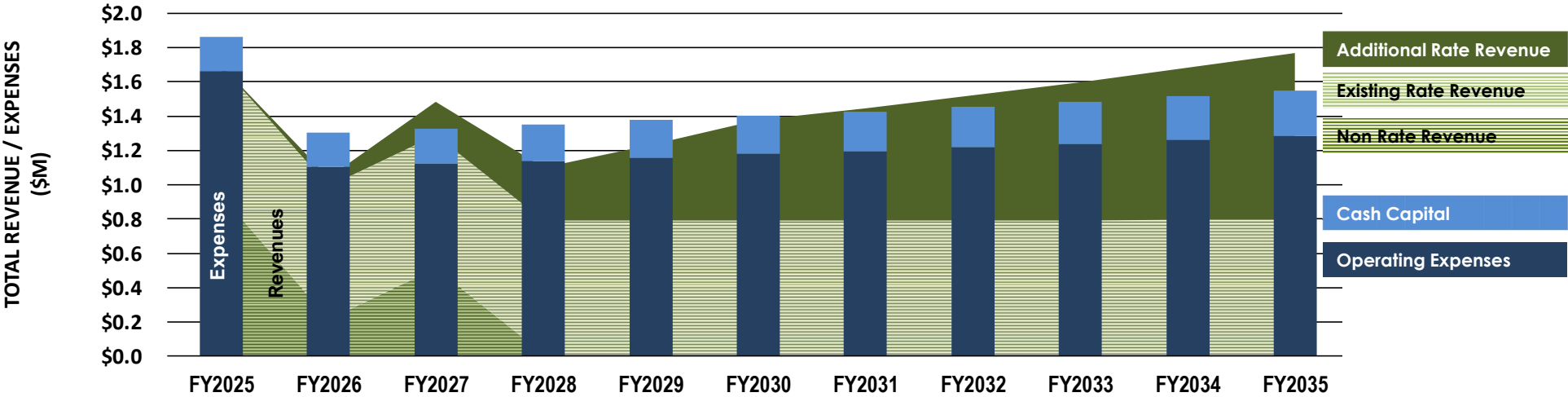
* For shared personnel and operations costs based on updated allocation.

Willow County Water District Capital Spending



Willow County Water District

Financial Forecast & Proposed Rate Revenue Increases*



* Assumes sale of fleet for \$200K and sale of building for \$500K

Willow County Water District

Current & Proposed Water Rates

	Current ¹	March 1, 2026*	July 2026	July 2027	July 2028	July 2029
Rate Revenue Increase:		20%	4%	12%	12%	12%
Water Usage Rates (per TGAL)						
Residential Zone 1	\$2.25	\$2.70	\$2.81	\$3.15	\$3.53	\$3.95
Commercial	\$2.25	\$2.70	\$2.81	\$3.15	\$3.53	\$3.95
Residential Zone 2	\$3.22	\$3.86	\$4.01	\$4.49	\$5.03	\$5.63
Residential Zone 3	\$3.89	\$4.67	\$4.86	\$5.44	\$6.09	\$6.82
Residential Zone 4	\$4.36	\$5.23	\$5.44	\$6.09	\$6.82	\$7.64
Irrigation	\$2.25	\$2.70	\$2.81	\$3.15	\$3.53	\$3.95
Fixed Monthly Base Charges						
3/4"	\$23.60	\$28.32	\$29.45	\$32.98	\$36.94	\$41.37
1"	\$38.04	\$45.65	\$47.48	\$53.18	\$59.56	\$66.71
1.5"	\$74.14	\$88.97	\$92.53	\$103.63	\$116.07	\$130.00
2"	\$117.46	\$140.95	\$146.59	\$164.18	\$183.88	\$205.95
3"	\$218.54	\$262.25	\$272.74	\$305.47	\$342.13	\$383.19
4"	\$362.93	\$435.52	\$452.94	\$507.29	\$568.16	\$636.34

* This rate increase is proposed to replace the 5% increase that was otherwise scheduled for December 2025

Change to a typical single family home monthly bill: \$8.10 \$1.94 \$6.06 \$6.79 \$7.60

Summary of Proposed Water Rate Increases for UVWA member agencies

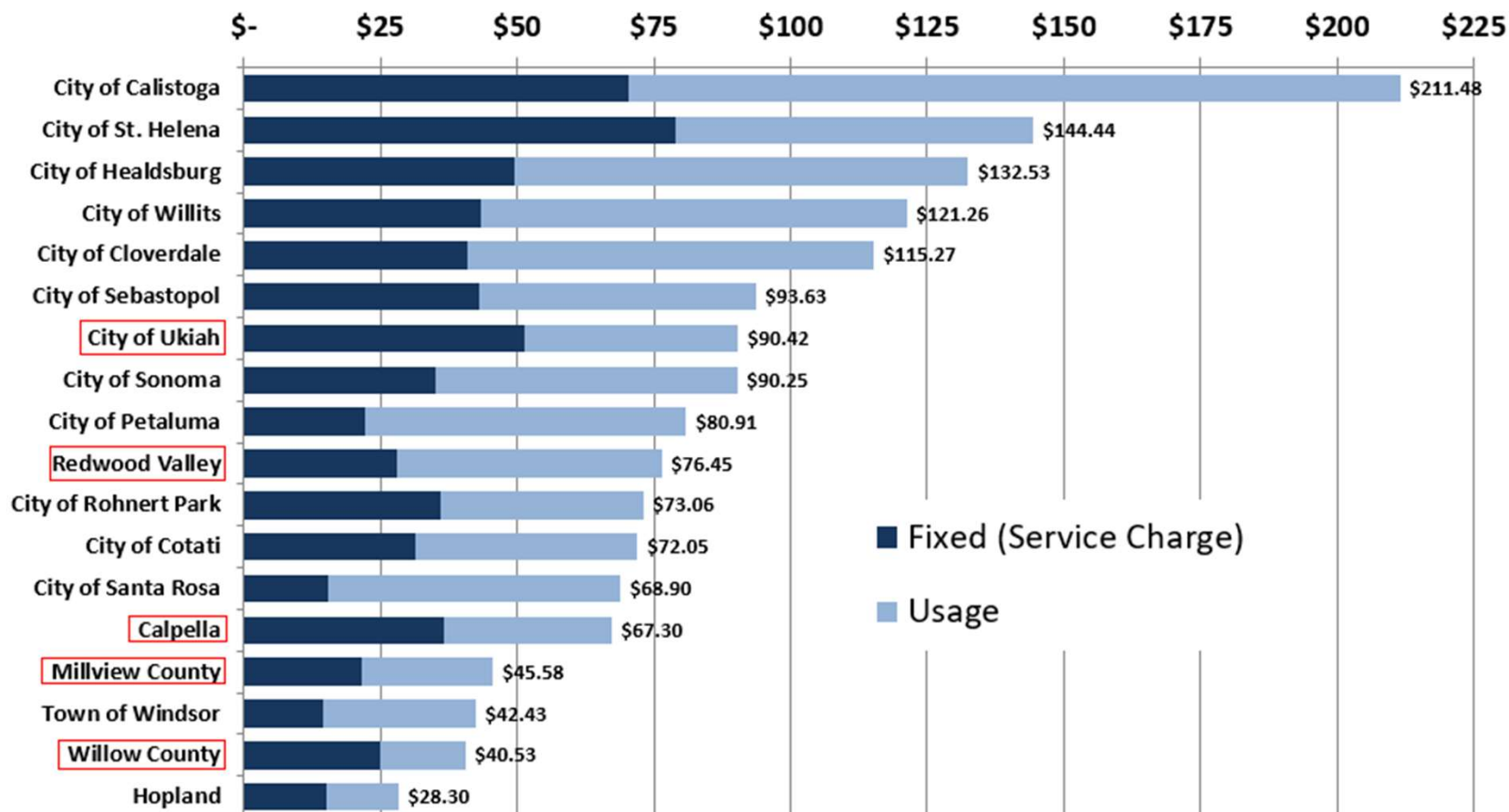
	March 1, 2026	July 2026	July 2027	July 2028	July 2029
City of Ukiah	3.0%	3.0%	4.0%	4.0%	4.0%
Millview	11.0%	11.0%	11.0%	11.0%	11.0%
Redwood Valley	30.0%	12.0%	6.0%	3.0%	3.0%
Willow	20.0%	4.0%	12.0%	12.0%	12.0%
Calpella *	NA**	14.0%	12.0%	10.0%	(TBD)

* Previously adopted

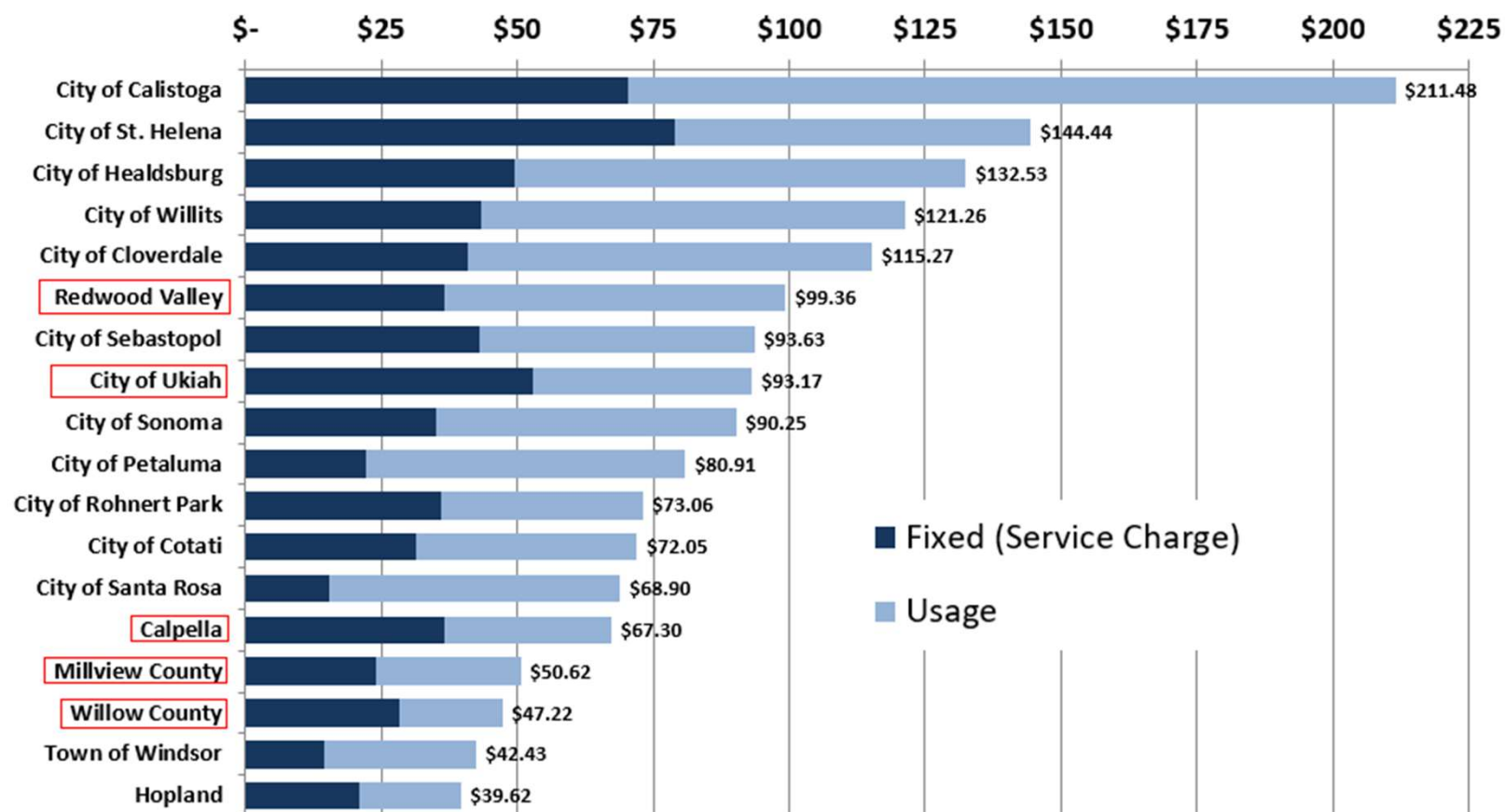
** A 14% increase was implemented in July 2025

Current Monthly water bill comparisons among selected regional water agencies

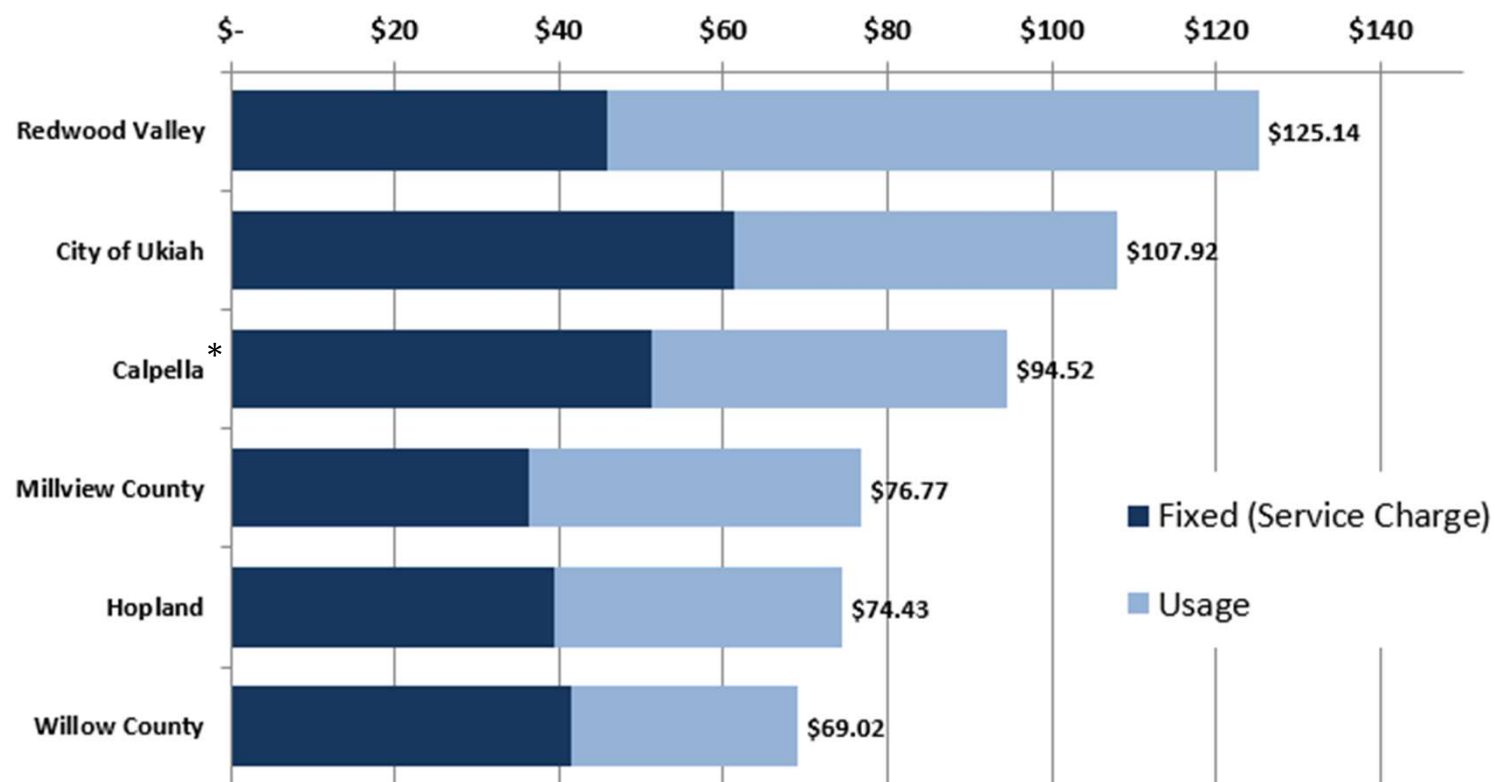
Single Family Homes with ¾" meter using 10,000 gallons per month



Proposed Year 1 Monthly water bill comparisons among selected regional water agencies
 Single Family Homes with ¾" meter using 10,000 gallons per month



Proposed Year 5 Monthly water bill comparisons among selected regional water agencies
 Single Family Homes with ¾" meter using 10,000 gallons per month



* Year 4 rate because Year 5 rate is TBD

Project Schedule

Oct. 15 – Oct. 23	Present findings to all member agencies
November 6	Present recommendations to UVWA Executive Committee • Request approval to mail the 218 notices • Propose adoption of 2257 procedures (If either of the above don't happen and second meeting is necessary, we will need to target a second Executive Committee meeting by late November)
Mid-November	Mail the 218 notices
Early January, 2026	Deadline for 2257 objections
Early February	Public Hearing
March 1	First rate increase

EXTRA SLIDES

Comparative Cost Analysis

The table below compares the costs of each Member Agency in terms of dollars per million gallons (MG) of delivered water:

	Ukiah	Willow	Redwood Valley	Millview
Water Personnel and General Operations*	\$2,717	\$2,720	\$2,719	\$2,717
Professional Services	\$1,019	\$216	\$899	\$416
Miscellaneous	\$133	\$255	\$213	\$274
Supplies and Chemicals	\$118	\$203	\$204	\$155
Utilities	\$893	\$997	\$1,122	\$1,162
Insurance	\$414	\$138	\$49	\$42
City Support Services	\$1,641	\$242	\$404	\$365
Source of Supply	(na)	(na)	\$1,080	\$240
Debt Service	\$2,220	(na)	(na)	\$283
Average Capital Spending	\$2,380	\$978	\$992	\$2,505

* Accounts for performance agreement reimbursement

RESOLUTION NO. _____**A RESOLUTION OF THE EXECUTIVE COMMITTEE OF THE UKIAH VALLEY WATER AUTHORITY ADOPTING ADMINISTRATIVE PROCEDURES IN COMPLIANCE WITH AB 2257 (2024) AND PROPOSITION 218 IN CONNECTION WITH WATER RATES, FEES, AND CHARGES APPLICABLE TO ALL MEMBER AGENCIES**

WHEREAS, the Ukiah Valley Water Authority (“UVWA”) is a joint powers authority formed under California Government Code section 6500 et seq. and governed by an Executive Committee comprised of representatives of its member agencies: the City of Ukiah, Millview County Water District, Willow County Water District, Calpella County Water District, and Redwood Valley County Water District; and

WHEREAS, under the UVWA Joint Powers Agreement, the Executive Committee is authorized to establish water rates, fees, and charges applicable to member agencies and to direct the City of Ukiah, as Administrative Agent, to implement and administer such rates; and

WHEREAS, Assembly Bill 2257 (Wilson, 2024) amended Government Code section 53759.1 to allow local agencies to require ratepayers and property owners to exhaust administrative remedies before bringing judicial actions alleging noncompliance with Proposition 218 or other applicable law; and

WHEREAS, AB 2257 authorizes local agencies to adopt written procedures for receiving, responding to, and considering written objections prior to adopting fees, charges, or assessments, thereby strengthening transparency, enhancing public participation, and creating a clear administrative record; and

WHEREAS, the Executive Committee desires to adopt such administrative procedures for UVWA rate-setting actions to ensure compliance with AB 2257, to establish a fair and efficient process for ratepayer participation, and to limit potential litigation exposure for UVWA and its member agencies;

NOW, THEREFORE, BE IT RESOLVED by the Executive Committee of the Ukiah Valley Water Authority as follows:

Section 1. Adoption of Administrative Procedures.

The Executive Committee hereby adopts the following procedures applicable to any new, increased, or extended water rates, fees, or charges proposed under Proposition 218 by the Ukiah Valley Water Authority and implemented through its member agencies.

A. Scope.

These procedures apply to:

1. Any fee or charge subject to XIII D of the California Constitution, including property-related water rates, fees, and charges adopted by UVWA or implemented by its member agencies; and
2. The methodology used to calculate or levy such rates, fees, or charges.

B. Duty to Exhaust Administrative Remedies.

1. No person may file an action in court alleging noncompliance with the California Constitution or other applicable law regarding a rate, fee, or charge established by UVWA unless that person first submitted a timely written objection to the Administrative Agent (City of Ukiah) specifying the grounds for alleged noncompliance.
2. Judicial review of any adopted rate, fee, or charge shall be limited to issues raised in such timely written objections.

C. Notice and Objection Procedures.

The Administrative Agent shall:

1. Make available to the public the proposed rate, fee, or charge at least 45 days before the deadline for submitting written objections.
2. Post on the City of Ukiah's website the written basis for the proposed rate, fee, or charge (e.g., cost-of-service study or financial plan) and include a link to this information in the Proposition 218 notice of public hearing mailed separately or included in bills mailed to property owners ("public hearing notice").
3. Provide at least 45 days for ratepayers or property owners to submit written objections specifying grounds for alleged noncompliance.
4. Include in the public hearing notice, in bold 12-point type, a statement that:
 - All written objections must be submitted before the close of the public comment period at the hearing;
 - Failure to timely object in writing bars the right to challenge the rate, fee, or charge in court; and
 - Any court action will be limited to issues raised in such written objections.

D. Consideration and Response.

Before or during the public hearing, the Executive Committee or its designee shall consider and respond in writing to all timely objections. Responses shall explain the substantive basis for retaining, modifying, or rejecting the proposed rate, fee, or charge.

The written objection and agency response shall be presented to the Executive Committee for consideration prior to or during the protest hearing. The hearing may be continued to allow sufficient time to prepare responses, which shall be part of the administrative record.

E. Record of Proceedings.

The Administrative Agent shall maintain a complete record of proceedings, including all items referenced in Government Code Section 53759.2(b)(1), including all notices, objections, written responses, staff reports, consultant analyses, and minutes of public hearings. Judicial review shall be confined to this record.

Section 2. Applicability.

These procedures shall apply to all UVWA rate, fee, or charge actions conducted on behalf of the following member agencies:

- City of Ukiah
- Millview County Water District
- Willow County Water District
- Calpella County Water District
- Redwood Valley County Water District

Section 3. CEQA.

The Executive Committee finds that this Resolution is not a project within the meaning of the California Environmental Quality Act (Public Resources Code § 21065) because it has no potential to cause a physical change in the environment. Alternatively, it is exempt under CEQA Guidelines § 15061(b)(3) (“common sense” exemption).

Section 4. Severability.

If any section, subsection, or portion of this Resolution is found invalid by a court, the remainder shall remain in full force and effect.

Section 5. Effective Date.

This Resolution shall become effective immediately upon adoption.

PASSED AND ADOPTED by the Executive Committee of the Ukiah Valley Water Authority
on the ____ day of _____ 2025, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAINING:

Chair, UVWA Executive Committee

ATTEST:

Secretary / Administrative Agent (City of Ukiah)