

Ukiah Valley Water Authority (UVWA) 2025 Rate Increase Public Hearing

February 9, 2026



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

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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

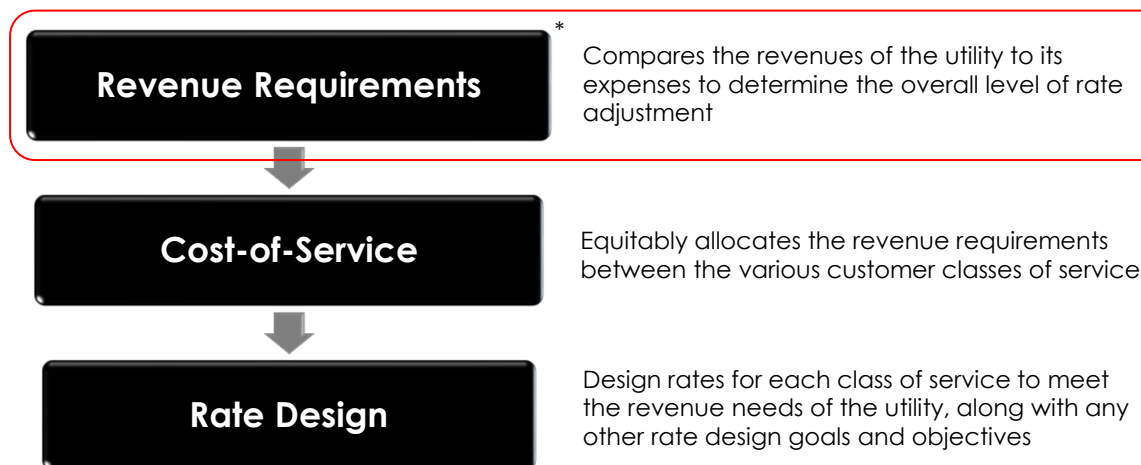
The City provides each member agency with operating and administrative services through a Joint Services Agreement (JSA).

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.

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The Rate Setting Process



* While the current project phase is focused solely on revenue requirements, UVWA will continue to actively work towards updating the cost-of-service analysis and eventually developing consolidated rates for UVWA

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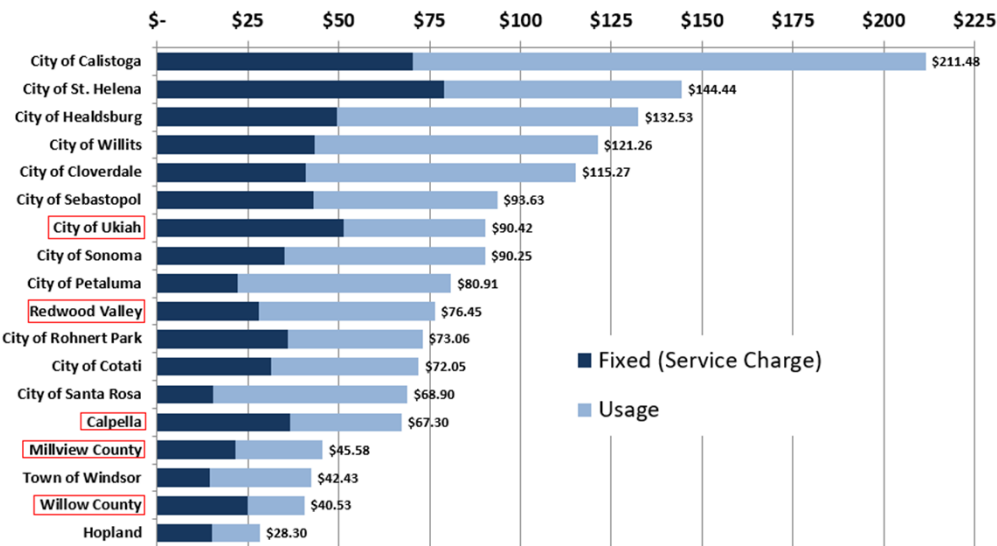
Legal Requirements for Setting Water Rates In California

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 3/4" meter using 10,000 gallons per month



Reserve Policies

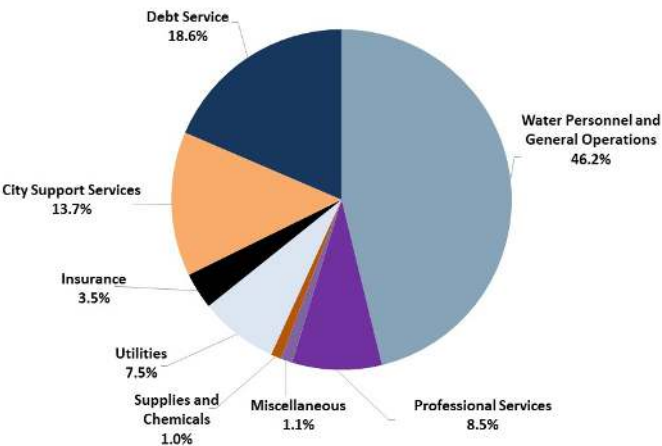
In addition to protecting the utilities Fund against unforeseen circumstances, reserve policies also contribute towards credit ratings.

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†

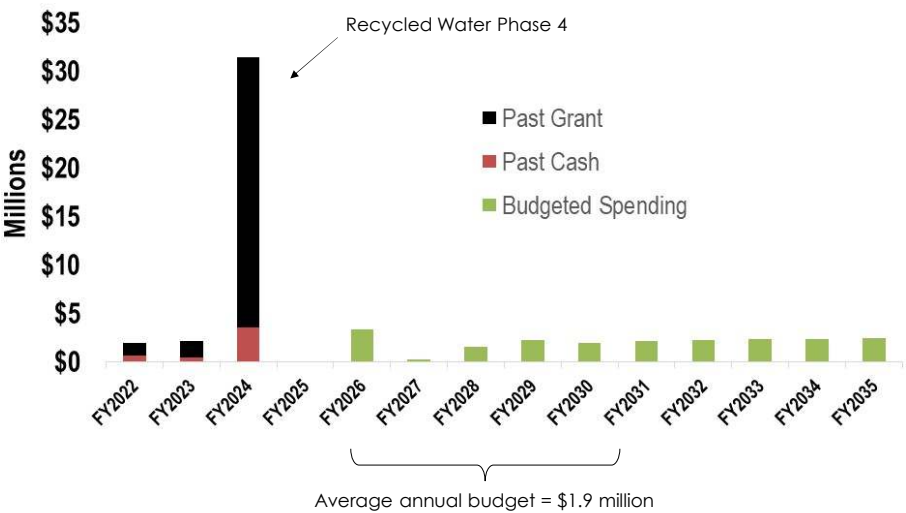
Water Personnel and General Operations	\$4,904,000
Professional Services	\$905,000
Miscellaneous	\$118,000
Supplies and Chemicals	\$105,000
Utilities	\$793,000
Insurance	\$368,000
City Support Services	\$1,457,000
Debt Service	\$1,971,000
Total:	\$10,621,000



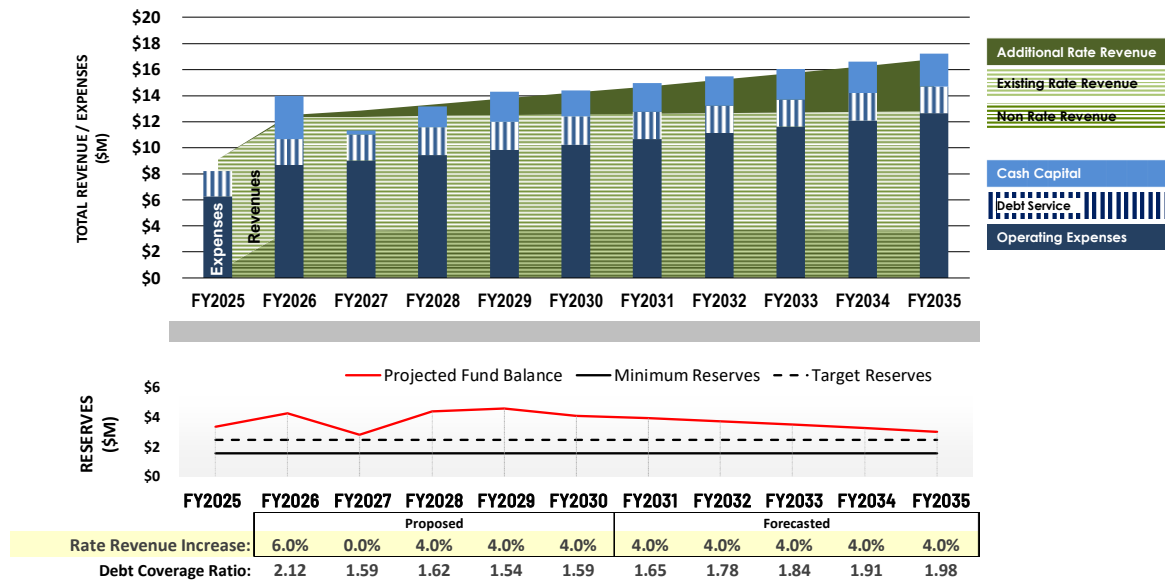
Annual Inflation Assumptions

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



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City of Ukiah Water Utility Current & Proposed Water Rates

	Current	March 1, 2026	July 1, 2027	July 1, 2028	July 1, 2029
Percent increase:		6.0%	4.0%	4.0%	4.0%
Water Usage Rate (\$/CCF)					
All Water Usage	\$4.18	\$4.43	\$4.61	\$4.79	\$4.98
Monthly Service Charge					
3/4" meter	\$51.30	\$54.38	\$56.56	\$58.82	\$61.17
1" meter	\$82.15	\$87.08	\$90.56	\$94.18	\$97.95
1 1/2" meter	\$158.61	\$168.13	\$174.86	\$181.85	\$189.12
2" meter	\$250.72	\$265.76	\$276.39	\$287.45	\$298.95
3" meter	\$465.81	\$493.76	\$513.51	\$534.05	\$555.41
4" meter	\$773.02	\$819.40	\$852.18	\$886.27	\$921.72
6" meter	\$1,540.35	\$1,632.77	\$1,698.08	\$1,766.00	\$1,836.64

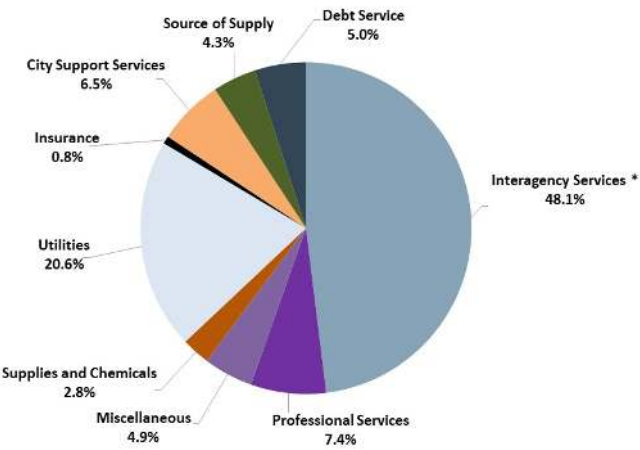
Change to a typical single family home monthly bill: \$5.58 \$3.95 \$4.11 \$4.27

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Millview County Water District
Operating and Debt Expenses
FY2025/26 Budget

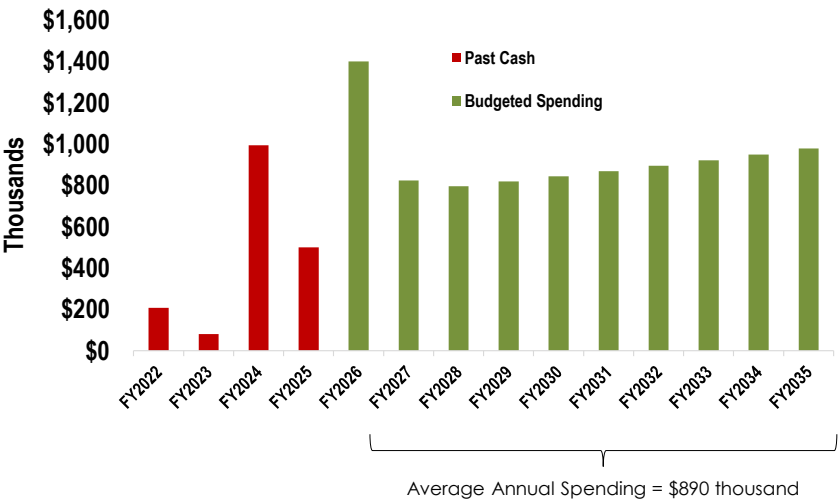
Interagency Services *	\$961,000
Professional Services	\$147,000
Miscellaneous	\$97,000
Supplies and Chemicals	\$55,000
Utilities	\$411,000
Insurance	\$15,000
City Support Services	\$129,000
Source of Supply	\$85,000
Debt Service	\$100,000
Total:	\$2,000,000

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



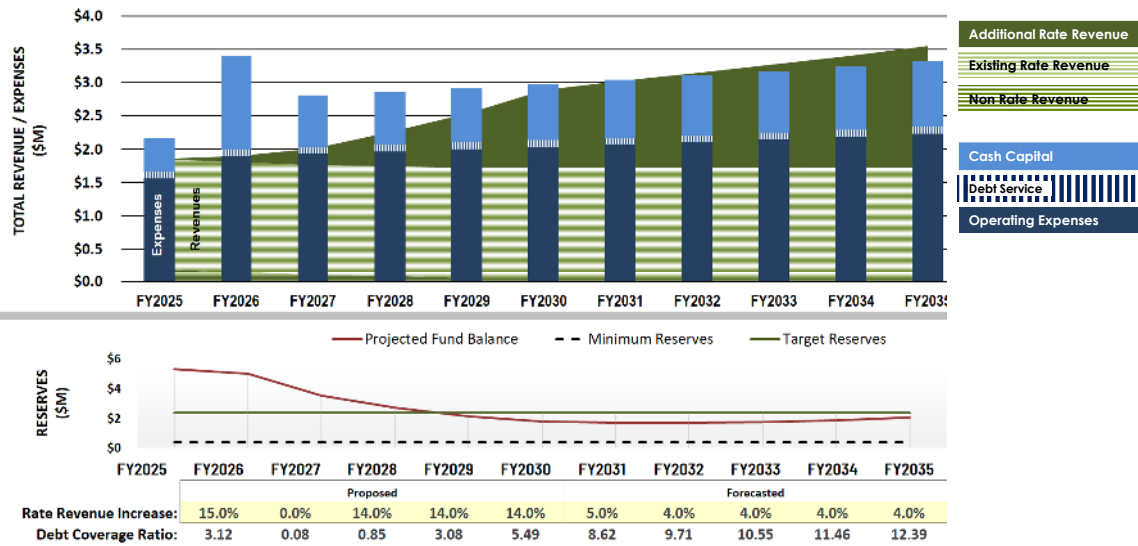
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Millview County Water District
Capital Spending



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



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Millview County Water District Current & Proposed Water Rates

	Current	March 1, 2026	July 1, 2027	July 1, 2028	July 1, 2029
Percent increase:		15.0%	14.0%	14.0%	14.0%
Water Usage Rate (\$/TGAL)					
All customers	\$3.42	\$3.94	\$4.49	\$5.12	\$5.84
Monthly Service Charge					
5/8" Meter	\$15.72	\$18.08	\$20.61	\$23.50	\$26.79
3/4" Meter	\$21.64	\$24.89	\$28.37	\$32.34	\$36.87
1" Meter	\$33.46	\$38.48	\$43.87	\$50.01	\$57.01
1.5" Meter	\$63.01	\$72.46	\$82.60	\$94.16	\$107.34
2" Meter	\$98.48	\$113.25	\$129.11	\$147.19	\$167.80
3" Meter	\$181.23	\$208.41	\$237.59	\$270.85	\$308.77
4" Meter	\$299.46	\$344.38	\$392.59	\$447.55	\$510.21
6" Meter	\$595.01	\$684.26	\$780.06	\$889.27	\$1,013.77
8" Meter	\$949.67	\$1,092.12	\$1,245.02	\$1,419.32	\$1,618.02
10" Meter	\$1,363.45	\$1,567.97	\$1,787.49	\$2,037.74	\$2,323.02
Private Fire Service	\$25.00	\$28.75	\$32.78	\$37.37	\$42.60
Temp. Construction Service	\$44.63	\$51.32	\$58.50	\$66.69	\$76.03

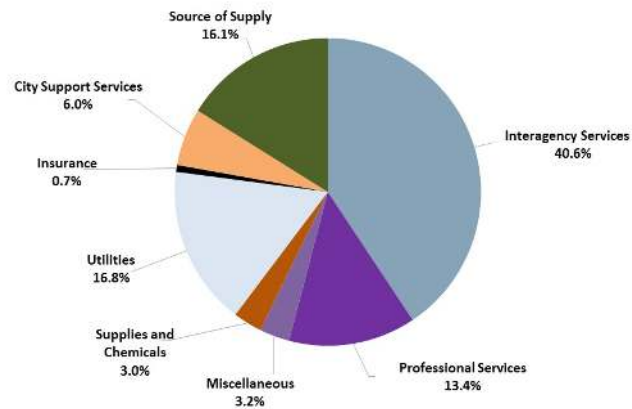
Change to a typical single family home monthly bill: \$7.15 \$7.62 \$8.69 \$9.91

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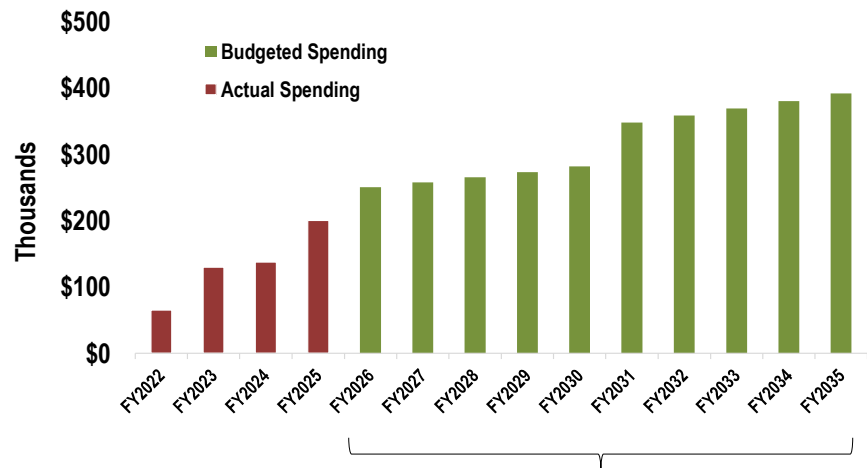
Redwood Valley County Water District
Operating and Debt Expenses
FY2025/26 Budget

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

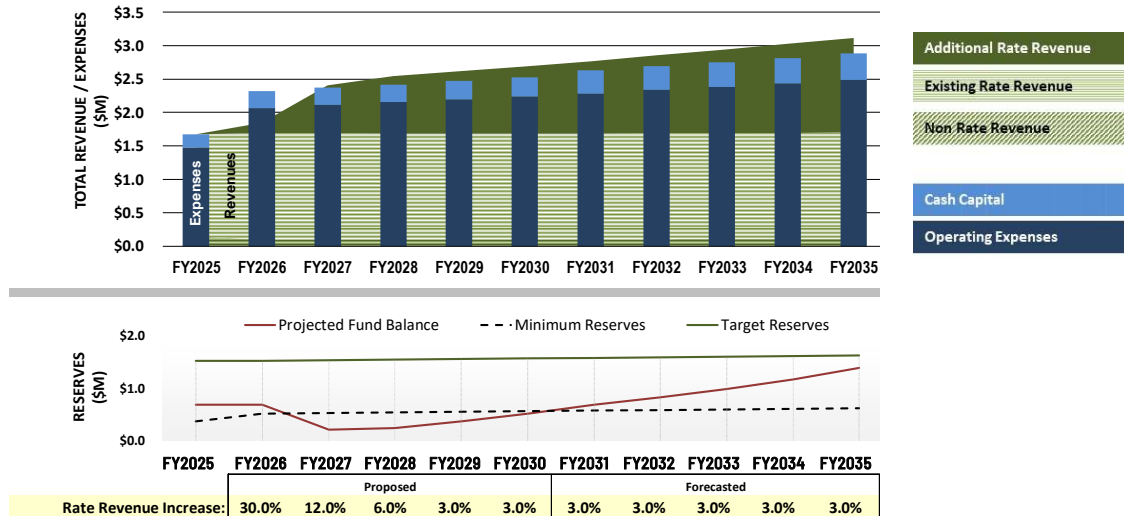


Proposed Average Annual Spending =
\$270 thousand for five years, then \$370 thousand for five years

Redwood Valley County Water District

Financial Forecast & Rate Revenue Increases

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



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Redwood Valley County Water District

Current & Proposed Water Rates

	Current	March 1, 2026	July 1, 2026	July 1, 2027	July 1, 2028	July 1, 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

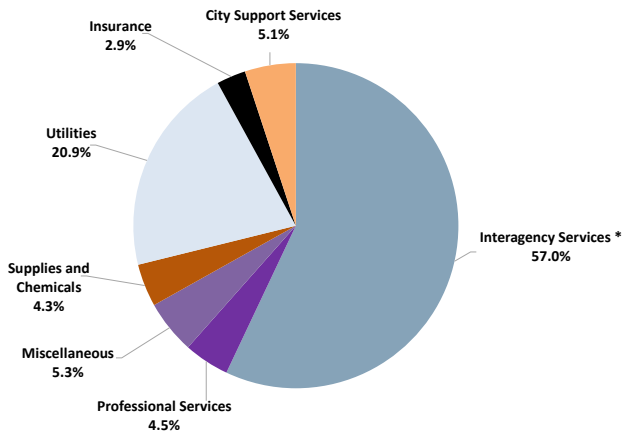
Change to a typical single family home monthly bill:

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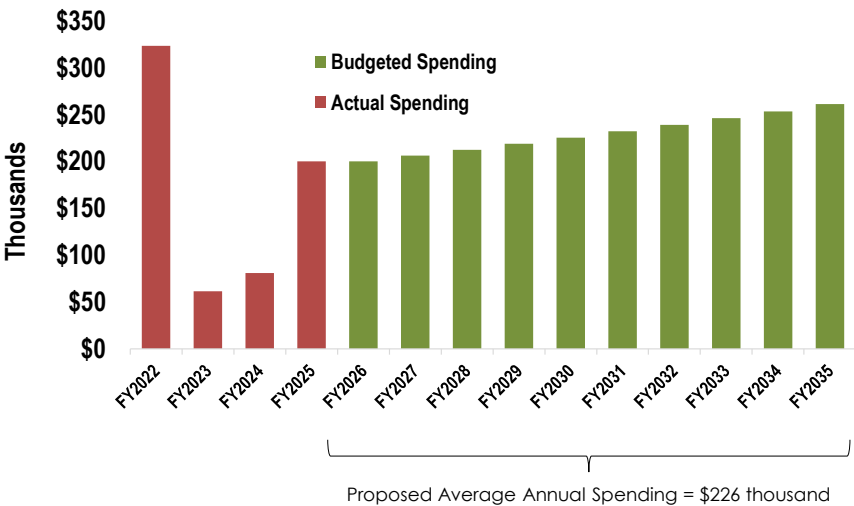
Willow County Water District
Operating and Debt Expenses
FY2025/26 Budget

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

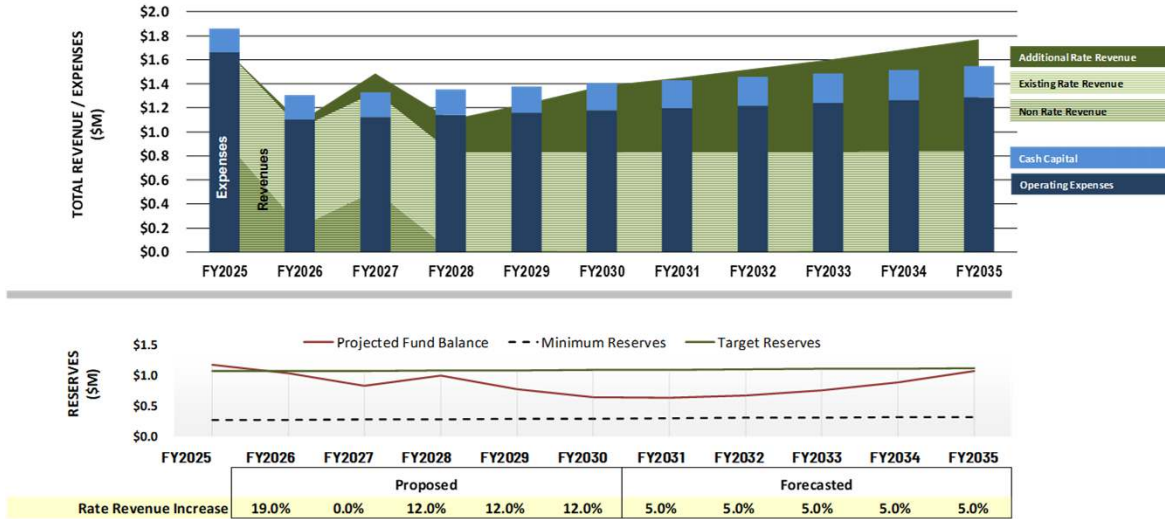
* For shared personnel and operations costs based on updated allocation.



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

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Willow County Water District Current & Proposed Water Rates

	Existing	March 1, 2026	July 1, 2027	July 1, 2028	July 1, 2029
Rate Revenue Increase:		19%	12%	12%	12%
Water Usage Rates (per TGAL)					
Residential Zone 1	\$2.36	\$2.81	\$3.15	\$3.53	\$3.95
Commercial	\$2.36	\$2.81	\$3.15	\$3.53	\$3.95
Residential Zone 2	\$3.38	\$4.02	\$4.50	\$5.04	\$5.64
Residential Zone 3	\$4.08	\$4.86	\$5.44	\$6.09	\$6.82
Residential Zone 4	\$4.58	\$5.45	\$6.10	\$6.83	\$7.65
Irrigation	\$2.36	\$2.81	\$3.15	\$3.53	\$3.95
Fixed Monthly Base Charges					
3/4"	\$24.78	\$29.49	\$33.03	\$36.99	\$41.43
1"	\$39.94	\$47.53	\$53.23	\$59.62	\$66.77
1.5"	\$77.85	\$92.64	\$103.76	\$116.21	\$130.16
2"	\$123.33	\$146.76	\$164.37	\$184.09	\$206.18
3"	\$229.47	\$273.07	\$305.84	\$342.54	\$383.64
4"	\$381.08	\$453.49	\$507.91	\$568.86	\$637.12

Change to a typical single family home monthly bill: \$8.08 \$6.07 \$6.80 \$7.61

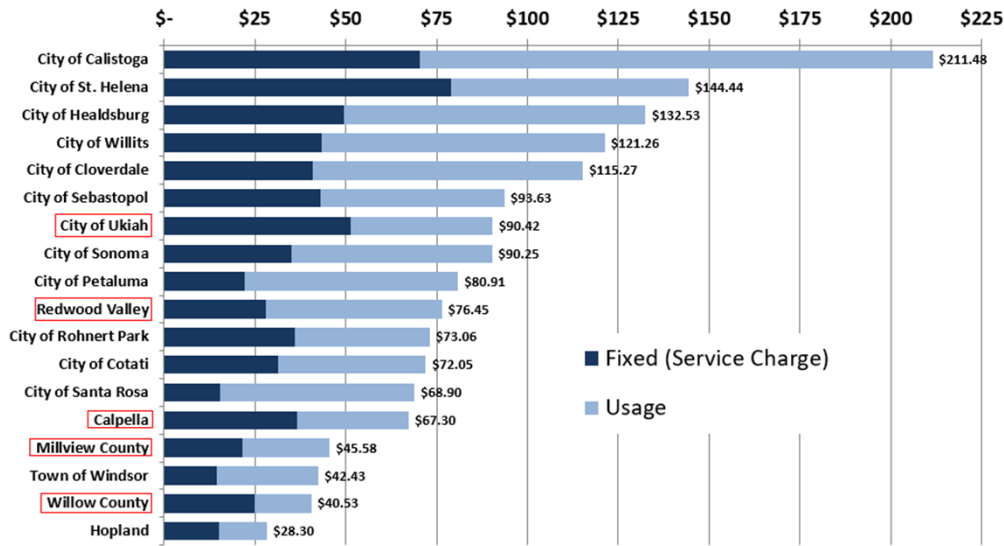
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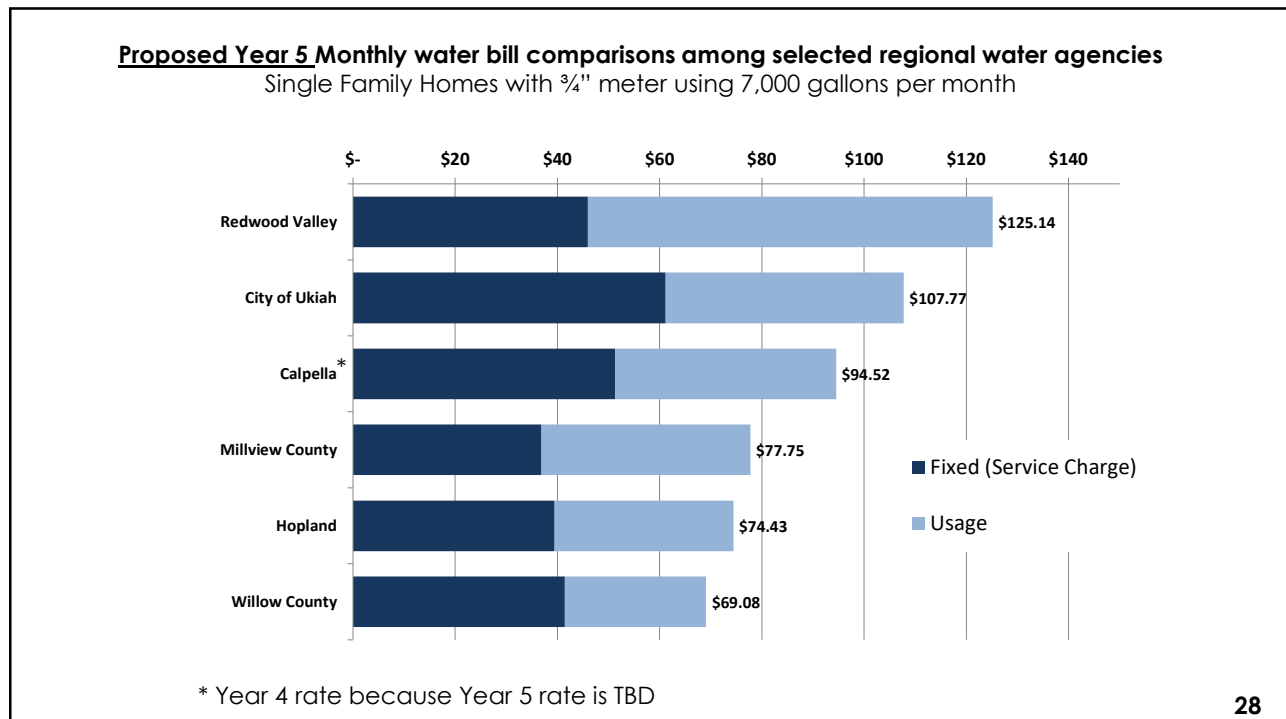
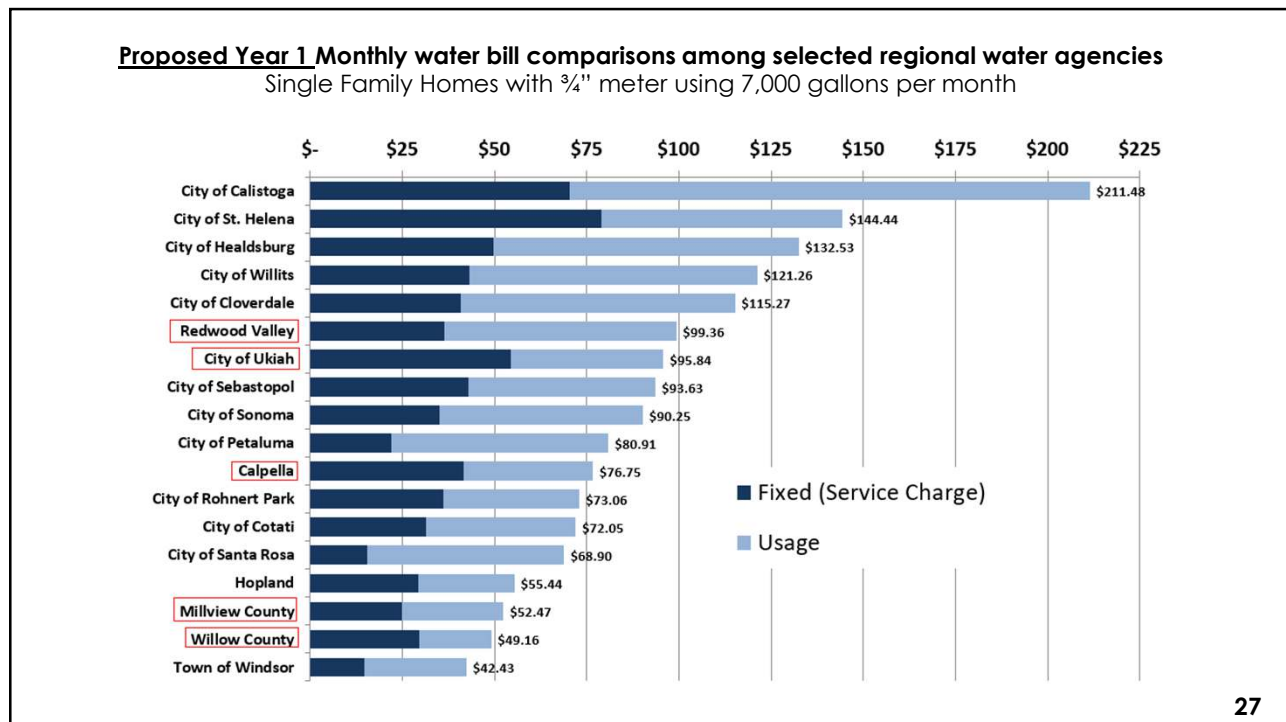
Summary of Proposed Water Rate Increases for UVWA member agencies

	March 1, 2026	July 1, 2026	July 1, 2027	July 1, 2028	July 1, 2029
City of Ukiah	6.0%	0.0%	4.0%	4.0%	4.0%
Millview	15.0%	0.0%	14.0%	14.0%	14.0%
Redwood Valley	30.0%	12.0%	6.0%	3.0%	3.0%
Willow	19.0%	0.0%	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 7,000 gallons per month





Summary of Rate Increase Drivers

- All agencies are facing cost inflation pressures
- All agencies (except the City of Ukiah) are significantly increasing capital re-investment
- Millview
 - Has not raised its rates in over 14 years
- Redwood Valley
 - Has unique operational and water supply challenges
- Willow
 - Significant shift from former role as operations service provider

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Project Schedule

✓	Oct. 15 – Oct. 23	Presented findings to all member agencies (4 meetings)
✓	December 4	Presented recommendations to UVWA Executive Committee
✓	Mid-December	Mailed the 218 notices
✓	January 26	Objection Due Date
	February 6	Public Hearing
	March 1	First rate increases

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Summary of Objection Letters

Number of valid Objections:

City of Ukiah – X

Millview – X

Willow – X

Redwood Valley – X

UVWA has prepared written responses to the Objections, which provides the grounds and substantive bases for which the concerns identified in the Written Objection does not result in a justification to amend the proposed increases to water rates. The concerns raised in the Objections are addressed in UVWA's written response and in the Rate Study.

UVWA staff recommends that the Executive Committee:

- a. Consider the substance of the Objections and the written response from UVWA staff; and
- b. Determine the Objections do not result in any amendment to or alteration of the proposed water rates.

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Public Hearing Next Steps

1. Open public comment
2. Make a final call for written protests
3. Close Public Hearing
4. Tally protest votes...and if majority protest does not exist:
5. Executive Committee to either:
 - a. Move to proceed to considering the proposed rates, or
 - b. Move to clarify or reduce the rates
6. Committee deliberation
7. Committee consideration of the four separate recommended resolutions

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