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.

January 6, 2026

HILDEBRAND
CONSULTING

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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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 Agreement[1] (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.

This study is the first phase of a longer process to update the cost-of-service analysis and rate structure for all member agencies. This includes the possible consolidation of all member agency rates in the near future. While general rate structures for all member agencies are consistent with industry standards and legal requirements, an updated cost-of-service analysis is due for certain member agencies. Given that a comprehensive cost-of-service analysis will be performed during Phase 2 of this project, it was decided to save ratepayer dollars by deferring an immediate such update.

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.

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 CAP[2]), 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 2020[3] 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.

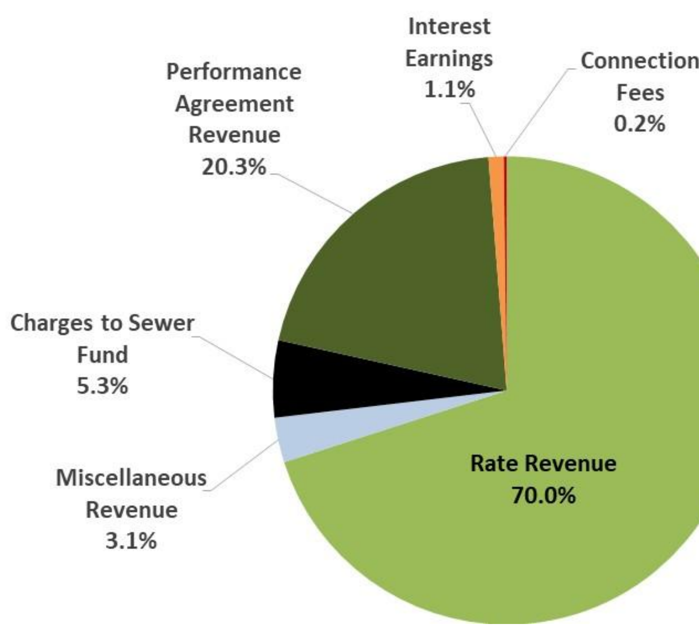


Figure 1: Ukiah Water Enterprise Revenue Categories (Budget FY 2025/26)

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**.

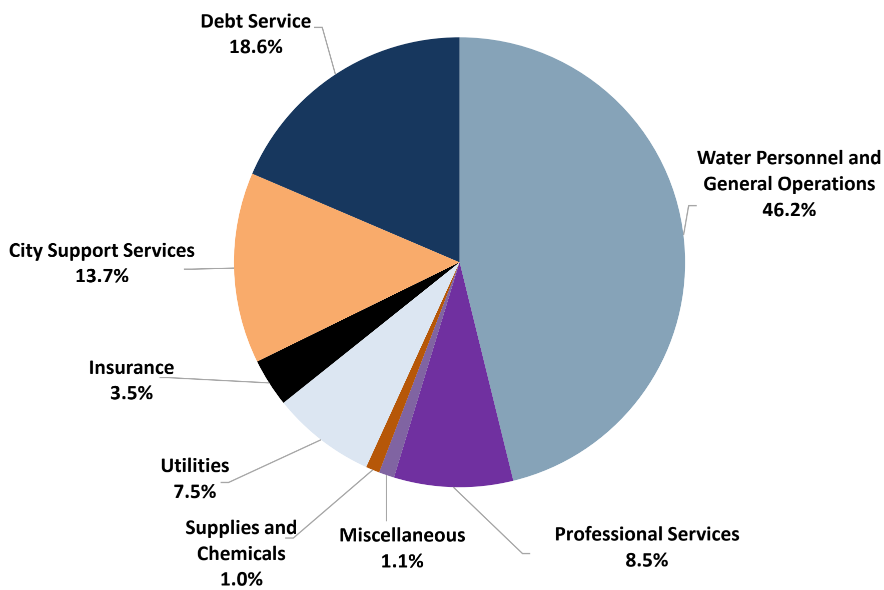


Figure 2: Ukiah Water Enterprise Operating Expenses (Budget FY 2025/26)

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.

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.

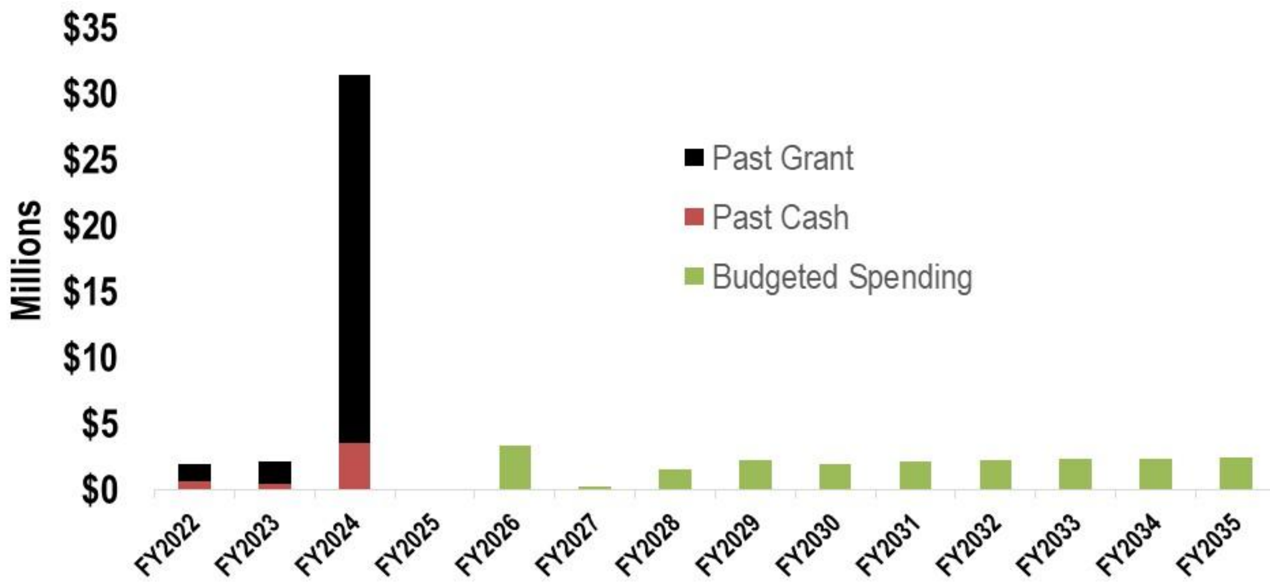


Figure 3: Ukiah Water Utility Historical and Projected Capital Spending

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 schedule of annual rate adjustments as shown in **Table 5**.

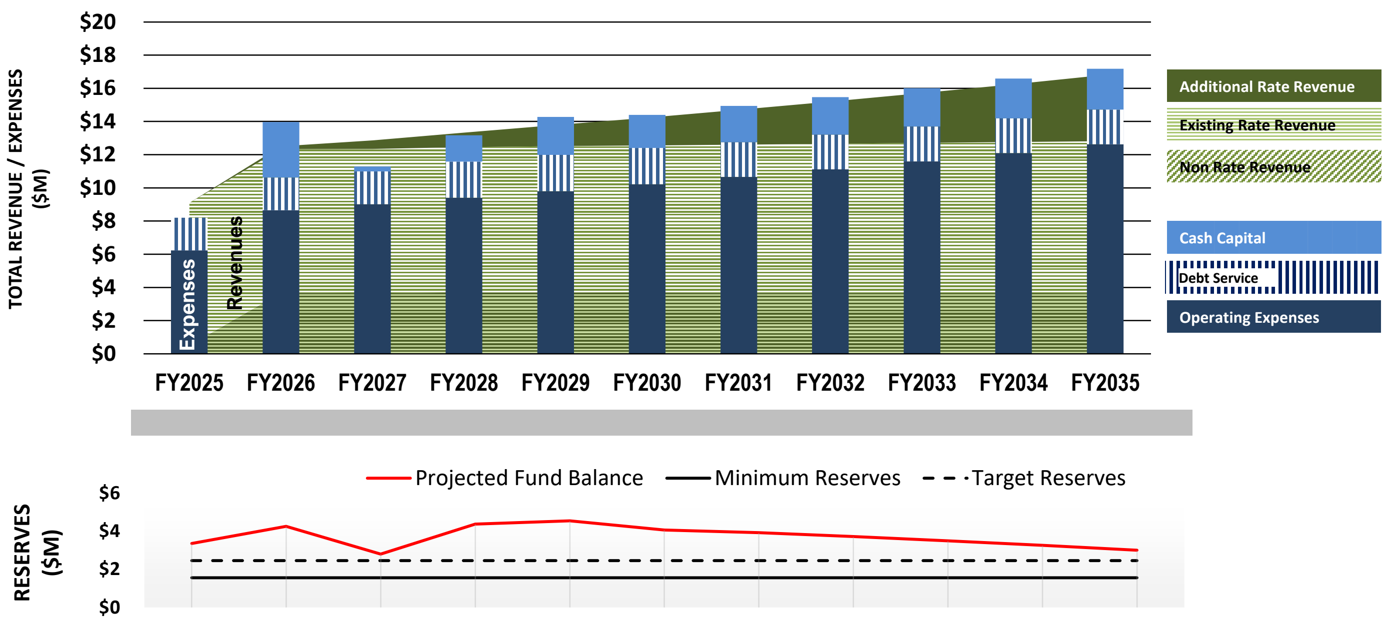
Table 5: Recommended Ukiah Water Rate Revenue Increases

Rate Adjustment Date	Increase
March 1, 2026	6.0%
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.



	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	FY2034	FY2035
		Proposed					Forecasted				
Rate Revenue Increase:		6.0%	0.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Debt Coverage Ratio:		2.12	1.59	1.62	1.54	1.59	1.65	1.78	1.84	1.91	1.98

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. The first rate increase will be effective on March 1, 2026 and the subsequent rate increases will occur on July 1 of 2027, 2028, and 2029.

Table 6: Proposed 5-Year Ukiah Water Rate Schedule

	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

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. Millview's rate structure is very common and simple and charges all customers the same fixed meter charge (by meter size) and the same uniform usage rate. This rate structure is considered the simplest and most common rate structure by AWWA's M1 Manual and treats all customers equitably. UVWA has contracted with the Consultant to update all UVWA member agency rate structures in the near future. The current Study is a simple financial plan that does not update Millview's existing rate structure in the interest of saving ratepayer money.

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.

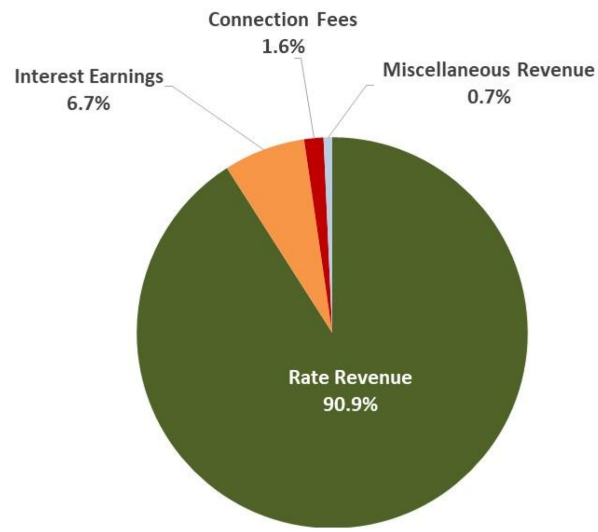


Figure 5: Millview Revenue Categories (Budget FY 2025/26)

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**.

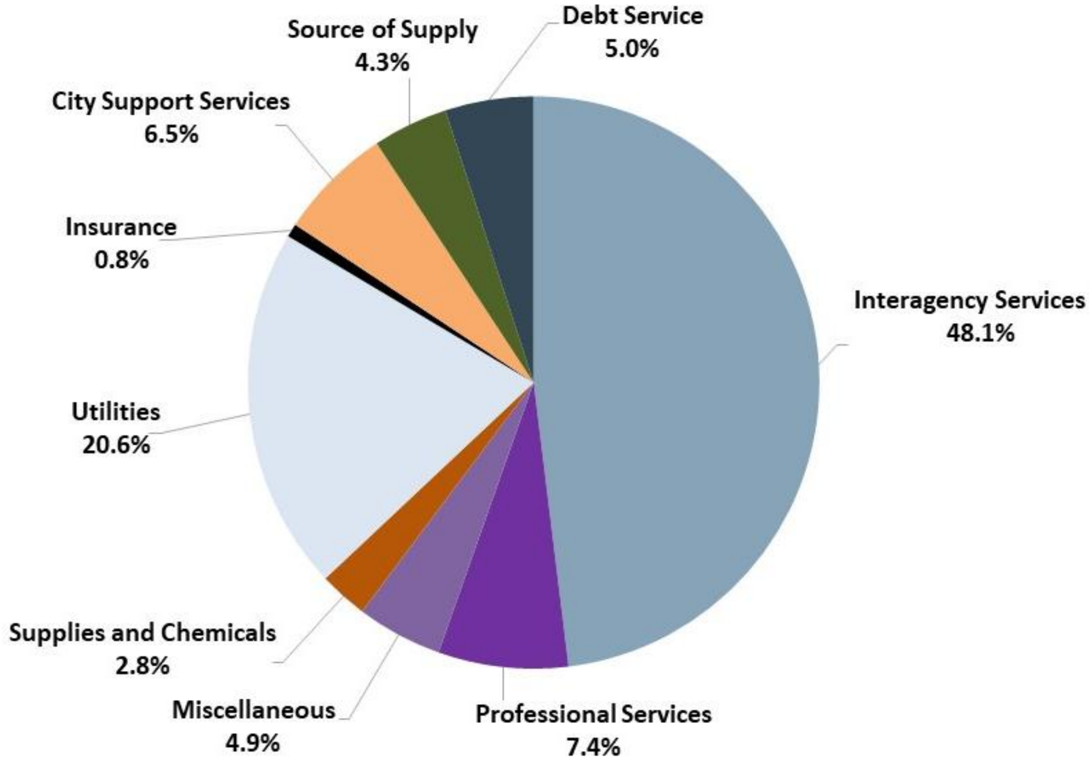


Figure 6: Millview Operating Expenses (Budget FY 2025/26)

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.

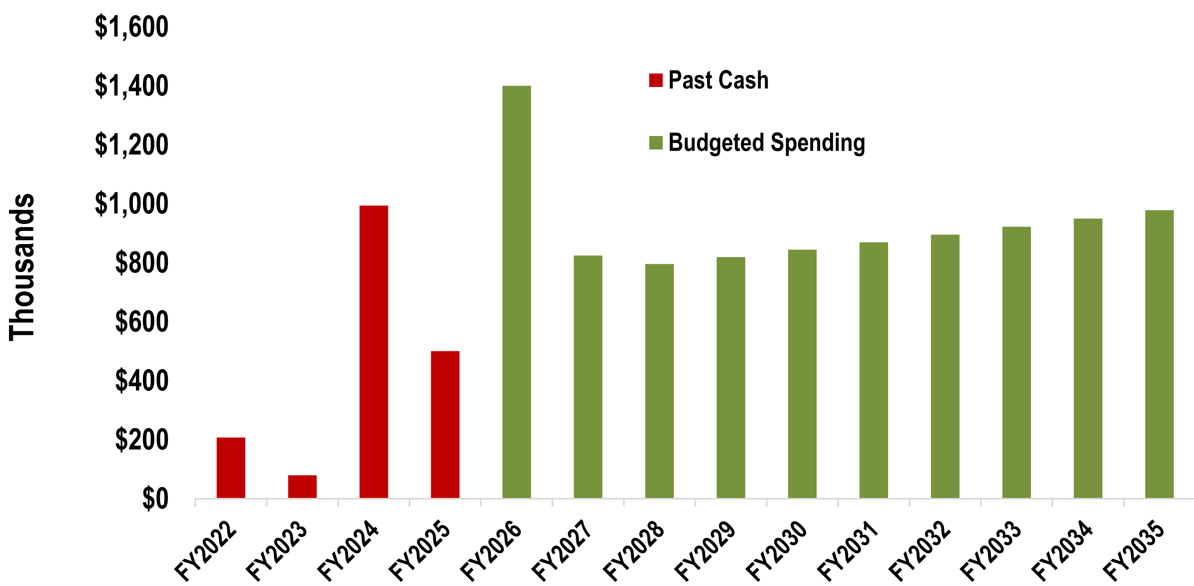


Figure 7: Millview Historical and Projected Capital Spending

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.

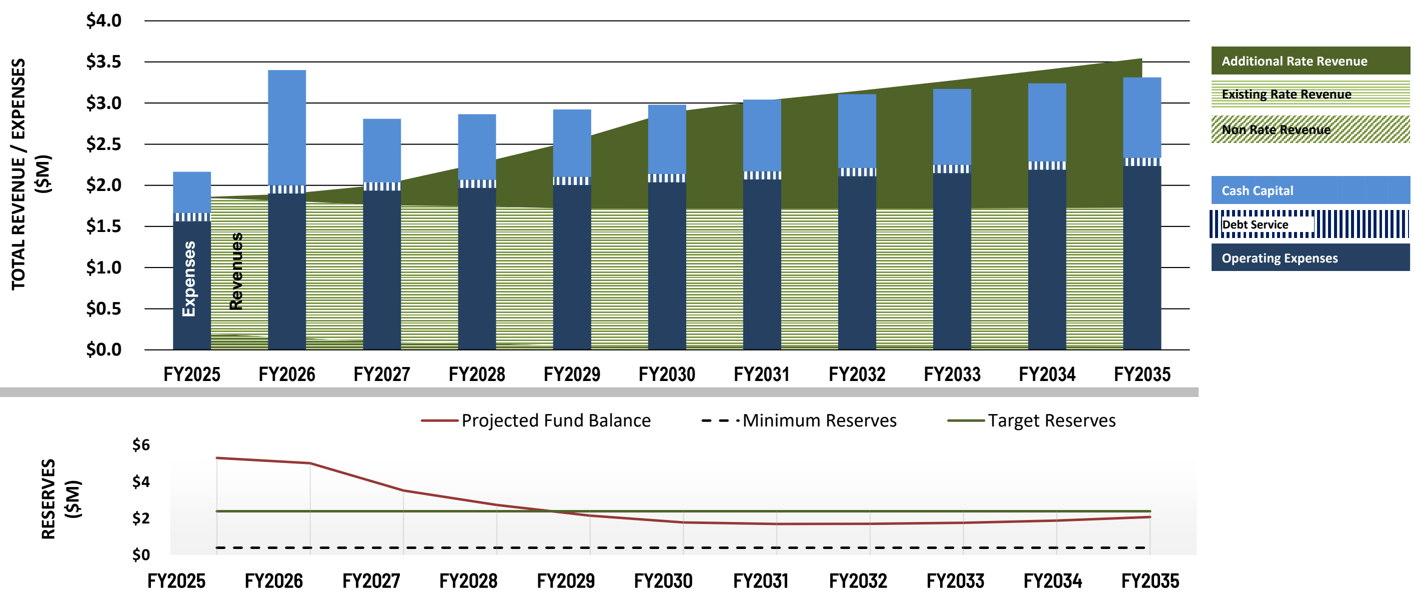
4.9 PROPOSED RATE REVENUE INCREASES

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 schedule of annual rate adjustments as shown in **Table 8**.

Table 8: Recommended Millview Rate Revenue Increases

Rate Adjustment Date	Increase
March 1, 2026	15.0%
July 1, 2027	14.0%
July 1, 2028	14.0%
July 1, 2029	14.0%

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.



	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	FY2034	FY2035
	Proposed					Forecasted				
Rate Revenue Increase:	15.0%	0.0%	14.0%	14.0%	14.0%	5.0%	4.0%	4.0%	4.0%	4.0%
Debt Coverage Ratio:	3.12	0.08	0.85	3.08	5.49	8.62	9.71	10.55	11.46	12.39

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. The first rate increase will be effective on March 1, 2026 and the subsequent increases will occur on July 1 of 2027, 2028 and 2029.

Table 9: Proposed 5-Year Millview Water Rate Schedule

	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

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 2021[4] 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.

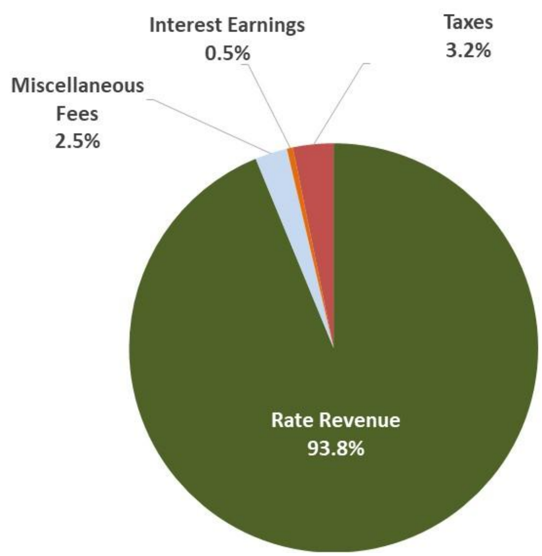


Figure 9: Redwood Valley Revenue Categories (Budget FY 2025/26)

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**.

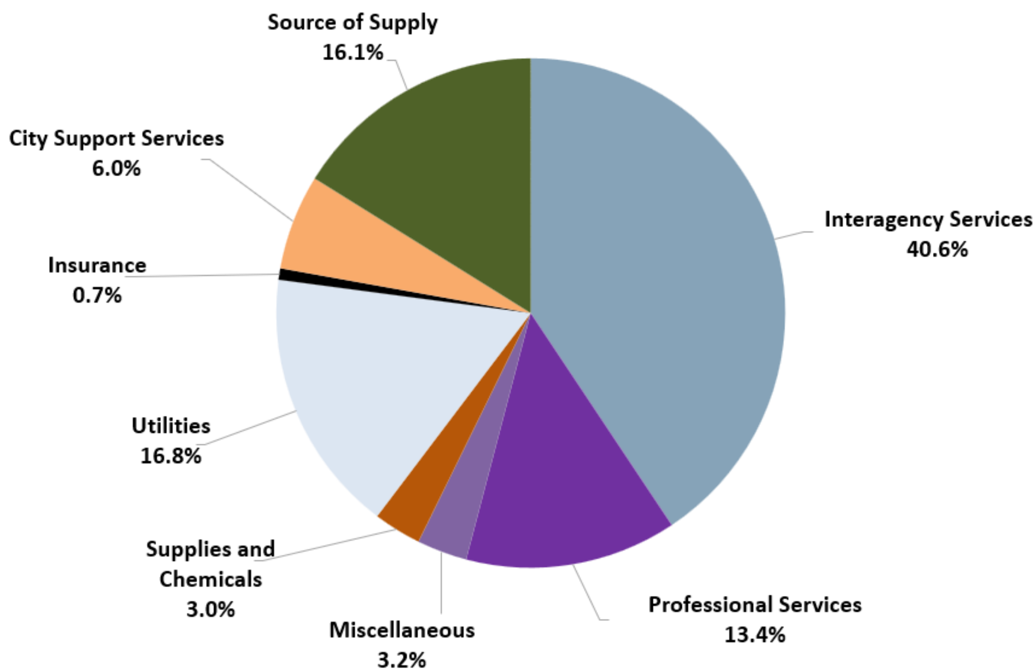


Figure 10: Redwood Valley Operating Expenses (Budget FY 2025/26)

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.

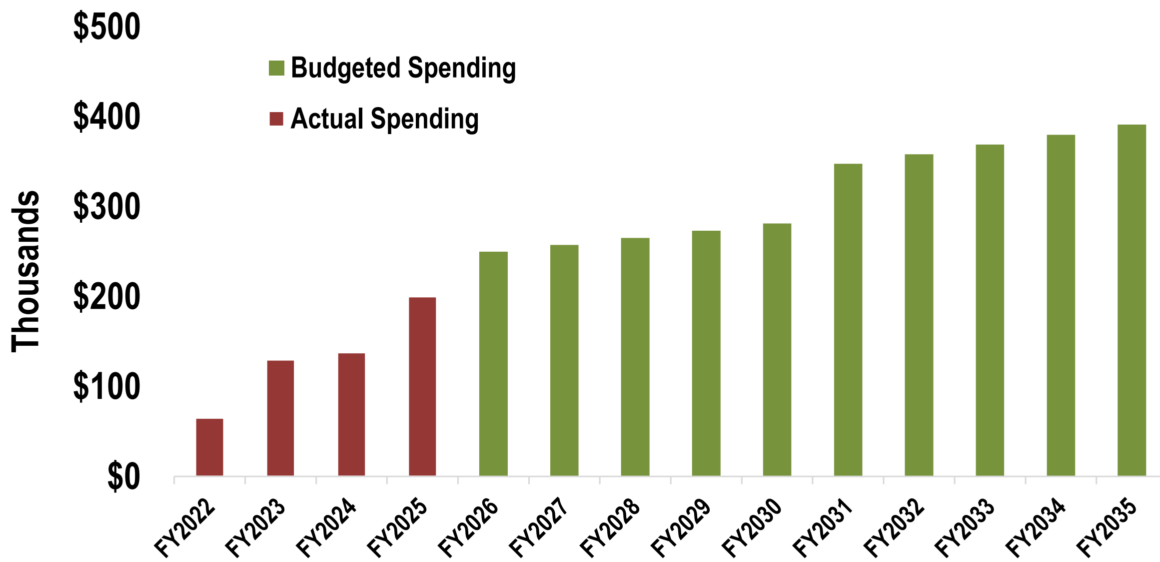


Figure 11: Redwood Valley Historical and Projected Capital Spending

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 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.

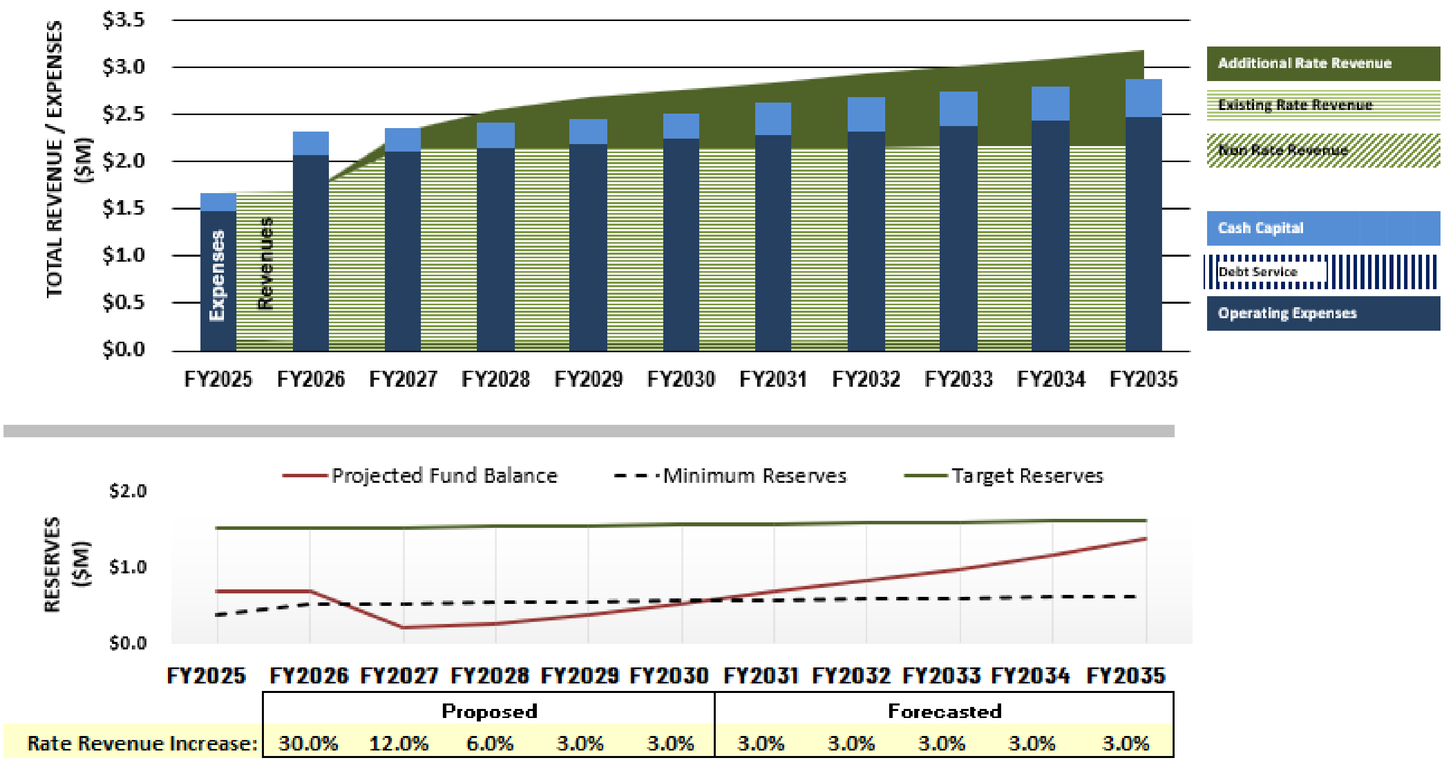


Figure 12: Redwood Valley Financial Projection with Recommended Rate Increases

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. The first rate increase will be effective on March 1, 2026 and the subsequent rate increase will be on July 1 of 2026, 2027, 2028, and 2029.

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

	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						
Non-Potable Meters						
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
Domestic Meters						
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

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 2021[5] 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 2026[6]. 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.

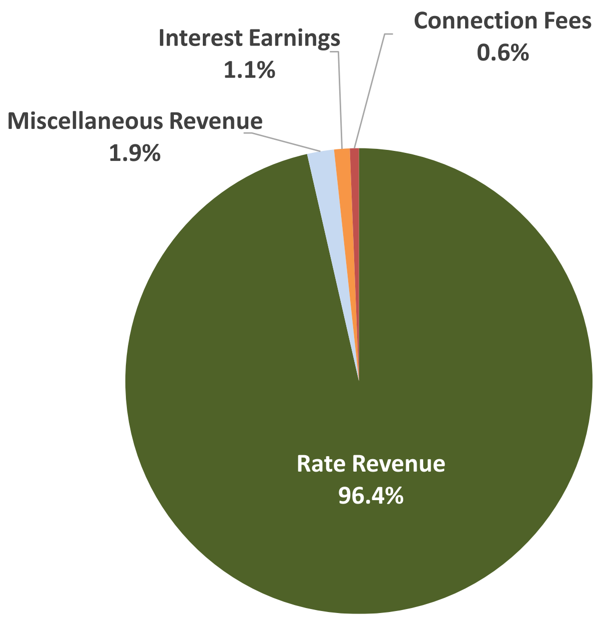


Figure 13: Willow Revenue Categories (Budget FY 2025/26)

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**.

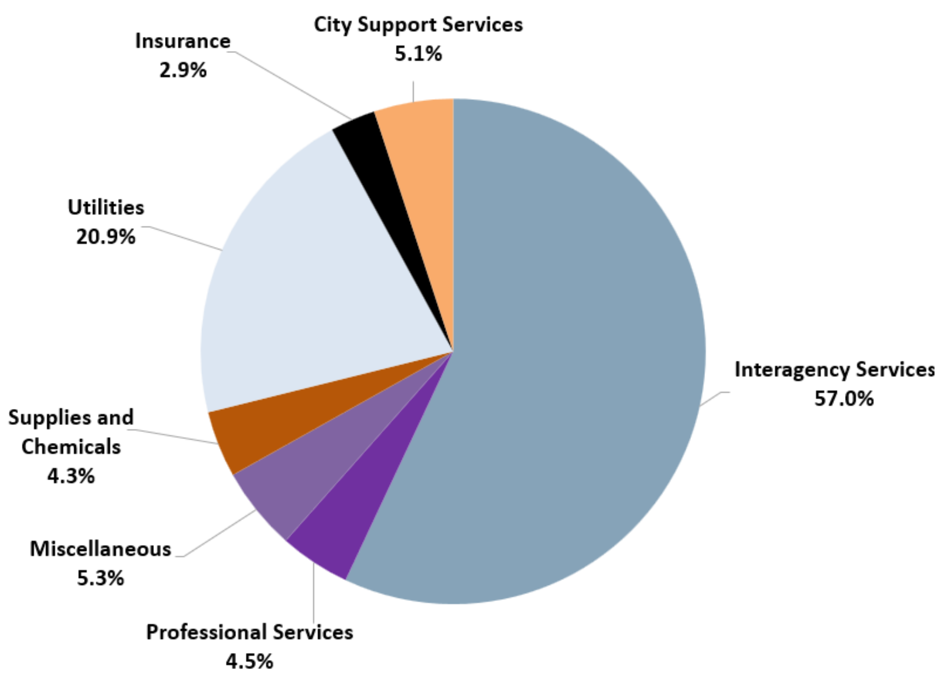


Figure 14: Willow Operating Expenses (Budget FY 2025/26)

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.

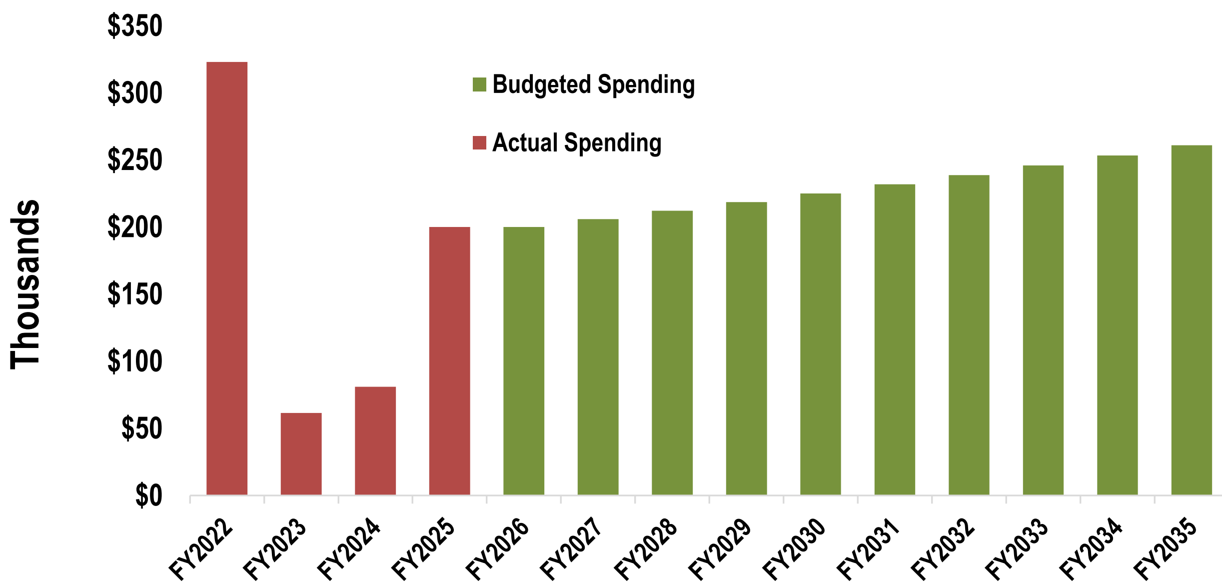


Figure 15: Willow Historical and Projected Capital Spending

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.

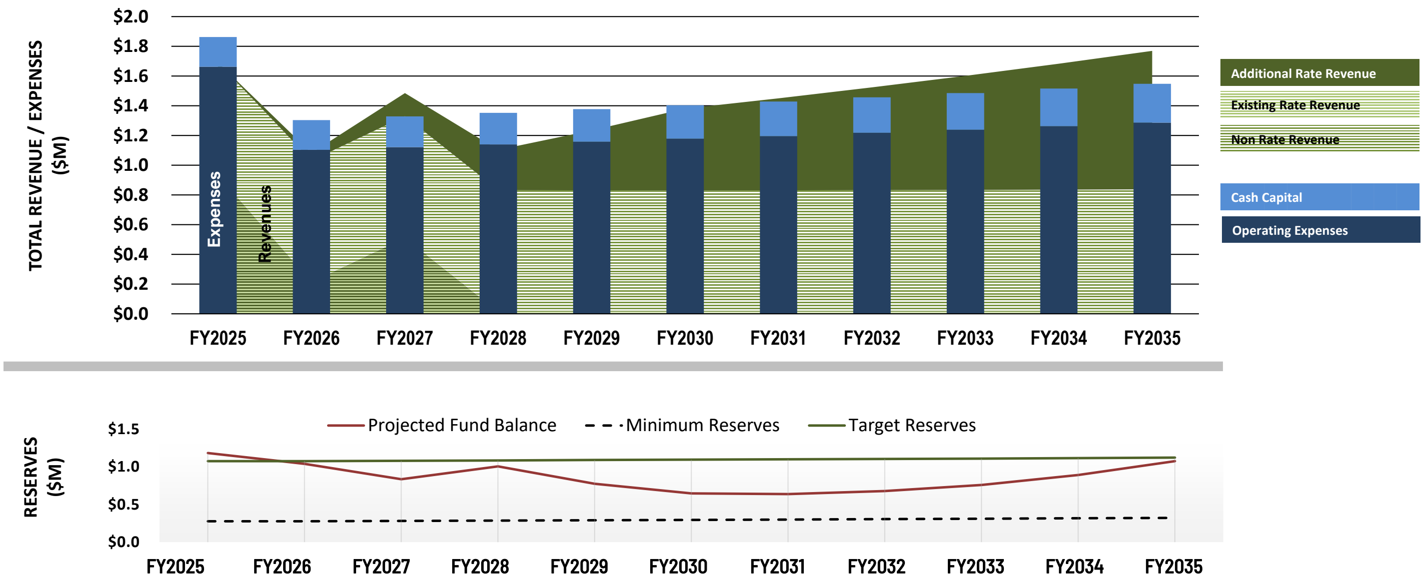
6.9 PROPOSED RATE REVENUE INCREASES

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 schedule of annual rate adjustments as shown in **Table 14**.

Table 14: Recommended Willow Rate Revenue Increases

Rate Adjustment Date	Increase
March 1, 2026	19.0%
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.



	Proposed					Forecasted				
Rate Revenue Increase	19.0%	0.0%	12.0%	12.0%	12.0%	5.0%	5.0%	5.0%	5.0%	5.0%

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. The first rate increase will be effective on March 1, 2026 and the subsequent rate increases will occur on July 1 of 2027, 2028, and 2029.

Table 15: Proposed 5-Year Willow Water Rate Schedule

	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

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 2024[7] 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 U-1: **City of Ukiah Water Projected Operating Expenses**
Schedule U-2: **City of Ukiah Water Cash Flow Pro Forma**
Schedule M-1: **Millview Projected Operating Expenses**
Schedule M-2: **Millview 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	Direct Ukiah Costs (Shared Costs based on…)	Number of Accounts (Shared Costs based on…)	Water Production (Shared Costs based on…)	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		$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		6.00%	0.00%	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	$9,171,000	$9,230,000	$9,659,000	$10,107,000	$10,576,000	$11,067,000	$11,581,000	$12,119,000	$12,682,000
3	Change due to growth & use	$55,000	$59,000	$60,000	$62,000	$65,000	$68,000	$71,000	$75,000	$78,000	$82,000
4	Increase due to rate adjustments	$172,000	$0	$369,000	$386,000	$404,000	$423,000	$443,000	$463,000	$485,000	$507,000
	Non-Rate Revenues										
5	Miscellaneous	$26,000	$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	$347,000
7	Service Charges	$2,000	$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	$5,000
9	Reimbursable Jobs	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
10	Interest On Investments	$129,000	$85,000	$133,000	$138,000	$124,000	$119,000	$113,000	$106,000	$99,000	$91,000
11	Connection Fees	$25,000	$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	$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	$2,491,000
13	**Total Revenue**	**$12,505,000**	**$12,864,000**	**$13,341,000**	**$13,794,000**	**$14,249,000**	**$14,735,000**	**$15,243,000**	**$15,774,000**	**$16,330,000**	**$16,911,000**
	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	$6,507,000
15	Supplies & Chemicals	$528,000	$545,000	$562,000	$580,000	$599,000	$618,000	$638,000	$659,000	$680,000	$702,000
16	Utilities	$793,000	$825,000	$858,000	$892,000	$928,000	$965,000	$1,004,000	$1,044,000	$1,086,000	$1,129,000
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	$1,208,000
18	Dues and Subscriptions	$64,000	$66,000	$68,000	$70,000	$72,000	$74,000	$76,000	$79,000	$81,000	$83,000
19	Other Operations	$383,000	$394,000	$406,000	$418,000	$431,000	$443,000	$457,000	$470,000	$485,000	$499,000
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	$2,496,000
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**	**$12,624,000**
	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**	**$2,465,000**
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	$2,093,000	$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	$2,465,000
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**	**$4,486,000**	**$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**	**$16,588,000**	**$17,183,000**
27	**Beginning Year Balance**	**$4,258,000**	**$2,800,000**	**$4,371,000**	**$4,541,000**	**$4,065,000**	**$3,920,000**	**$3,716,000**	**$3,496,000**	**$3,255,000**	**$2,997,000**
28	**Surplus/(Shortfall)**	**($1,458,000)**	**$1,571,000**	**$170,000**	**($476,000)**	**($145,000)**	**($204,000)**	**($220,000)**	**($241,000)**	**($258,000)**	**($272,000)**
29	**End of Year Balance**	**$2,800,000**	**$4,371,000**	**$4,541,000**	**$4,065,000**	**$3,920,000**	**$3,716,000**	**$3,496,000**	**$3,255,000**	**$2,997,000**	**$2,725,000**
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	$2,457,000
31	*Available Cash*	$343,000	$1,914,000	$2,084,000	$1,608,000	$1,463,000	$1,259,000	$1,039,000	$798,000	$540,000	$268,000
32	**Debt Coverage Ratio**	**1.59**	**1.62**	**1.54**	**1.59**	**1.65**	**1.78**	**1.84**	**1.91**	**1.98**	**2.05**

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:**	**15.00%**	**0.00%**	**14.00%**	**14.00%**	**14.00%**	**5.00%**	**4.00%**	**4.00%**	**4.00%**	**4.00%**	
	Rate Revenue											
2	**Service Charge Revenue**	$1,648,000	$1,658,000	$1,909,000	$1,911,000	$2,181,000	$2,489,000	$2,840,000	$2,985,000	$3,108,000	$3,236,000	$3,369,000
3	Change due to growth & use		$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		$83,000	$0	$268,000	$305,000	$348,000	$142,000	$119,000	$124,000	$129,000	$135,000
	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	$68,000	$53,000	$21,000	$17,000	$16,000	$16,000	$17,000	$18,000	$20,000
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**	**$1,908,000**	**$2,021,000**	**$2,276,000**	**$2,552,000**	**$2,899,000**	**$3,043,000**	**$3,166,000**	**$3,295,000**	**$3,429,000**	**$3,570,000**
	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	Adminstration	$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**	**$3,526,000**	**$2,738,000**	**$2,150,000**	**$1,779,000**	**$1,697,000**	**$1,699,000**	**$1,758,000**	**$1,882,000**	**$2,071,000**
26	Surplus/(Shortfall)	($288,000)	($1,492,000)	($788,000)	($588,000)	($371,000)	($82,000)	$2,000	$59,000	$124,000	$189,000	$257,000
27	**End of Year Balance**	**$5,018,000**	**$3,526,000**	**$2,738,000**	**$2,150,000**	**$1,779,000**	**$1,697,000**	**$1,699,000**	**$1,758,000**	**$1,882,000**	**$2,071,000**	**$2,328,000**
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	$1,135,000	$347,000	($241,000)	($612,000)	($694,000)	($692,000)	($633,000)	($509,000)	($320,000)	($63,000)
30	**Debt Coverage Ratio**	**3.12**	**0.08**	**0.85**	**3.08**	**5.49**	**8.62**	**9.71**	**10.55**	**11.46**	**12.39**	**13.36**

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%**
	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	Adminstration	$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:**		**19.00%**	**0.00%**	**12.00%**	**12.00%**	**12.00%**	**5.00%**	**5.00%**	**5.00%**	**5.00%**	**5.00%**
	Rate Revenue											
2	**Service Charge Revenue**	$758,000	$816,000	$972,000	$973,000	$1,091,000	$1,223,000	$1,371,000	$1,441,000	$1,514,000	$1,591,000	$1,672,000
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	$0	$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	$7,000	$8,500	$6,500	$5,400	$5,400	$5,700	$6,400	$7,500	$9,100
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**	**$1,097,800**	**$1,500,000**	**$1,119,500**	**$1,249,500**	**$1,396,400**	**$1,466,400**	**$1,539,700**	**$1,617,400**	**$1,699,500**	**$1,787,100**
	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	Adminstration	$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**	**$834,400**	**$1,006,400**	**$773,900**	**$646,400**	**$638,800**	**$677,200**	**$759,900**	**$892,300**	**$1,075,800**
26	Surplus/(Shortfall)	($141,400)	($206,200)	$172,000	($232,500)	($127,500)	($7,600)	$38,400	$82,700	$132,400	$183,500	$239,100
27	**End of Year Balance**	**$1,040,600**	**$834,400**	**$1,006,400**	**$773,900**	**$646,400**	**$638,800**	**$677,200**	**$759,900**	**$892,300**	**$1,075,800**	**$1,314,900**
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)	($241,600)	($74,600)	($311,100)	($443,600)	($456,200)	($421,800)	($345,100)	($217,700)	($40,200)	$192,900