



November 15, 2016

Ukiah Valley Sanitation District  
Frank McMichael, District Manager  
151 Laws Avenue,  
Ukiah CA, 95482

Dear Frank,

As stated in my response dated October 27, 2016, I welcome your questions related to the recycled water system ("Project") and as such provided a detailed response to your most recent inquiry. As in the past, the City will continue to engage with the District as this Project hopefully moves forward. As you know, the final contract approval from the State for funding of Phase I-III is on hold due to the District's lawsuit and the funds will be lost if resolution is not achieved.

In your most recent correspondence dated November 4, 2016, you indicate there may be information you have overlooked and there are some questions you still have that were not addressed in my response. However, you do not indicate what questions haven't been addressed. Please provide me with a list of those questions, and I will work to provide you with answers. In addition, City staff has uploaded relevant documents related to the Project to the following BOX link: <https://cityofukiah.box.com/v/uvsdpointsofinterest> (under the "Recycled Water Project" folder). Most, if not all, of the information and/or documents have already been provided to the District. In addition, the District Board received a full presentation that covered plans, details, and costs. Furthermore, Sean White, Director of Water and Sewer, and other City staff regularly attend District Board meetings in a continued effort to be available for questions and discussion. The District's continued assertions that information has not been provided or questions have not answered without detailing the specific information the District is seeking is not productive and does not improve the working relationship between the City and the District.

As I explained in the October 27, 2016 letter, the City assumed that the District would not approve participating in the funding when the City submitted its application to the Water Resources Control Board (WRCB). As a result, the City adopted a Pledge Resolution as part of its application to the WRCB which only pledged funds in Account No. 830 to repay the loan. Account 830 is a City only wastewater system capital project fund. However, the City has concluded that the Project benefits the entire sewer system by providing an environmentally and fiscally superior alternative for disposing of treated wastewater.

The City would like to know whether the District Board agrees with that conclusion. If the Board wants additional information to make that determination, please let me know with as much detail as possible what additional information it needs. Mr. White is prepared to make another presentation to the District Board on the substantial progress that has been made since April. If the Board were to agree with the City as to the benefits, the City continues to be interested in working cooperatively with the District to share the costs and revenues of the recycled water project. Let me know if a presentation from Mr. White would be helpful to the Board.

We continue to consult with the WRCB on ways to address the impact of the lawsuit. Of course, a dismissal of the lawsuit with prejudice would remove the current barrier to the City's ability to receive the loan and grant funds. Since that does not appear to be an option, we are continuing to consult the WRCB to see if there are other alternatives.

Sincerely,

  
Sage Sangiacomo  
City Manager