



November 4, 2016

Honorable Chairman James Ronco and Board Members
Ukiah Valley Sanitation District
150 Laws Avenue
Ukiah, CA 95482

Re: Negotiations

Dear Chairman Ronco and Board Members:

In this letter the City Council responds to the District's proposal that the ad hoc committees appointed by the District Board and the City Council conduct their negotiations subject to a confidentiality agreement last presented on October 28, 2016, which would prevent disclosure of any discussions or information exchanged in those meetings. In our September 14, 2016, letter, we requested the District to dismiss its lawsuit without prejudice so the City and the District could devote their time, money and resources to negotiating a resolution of their disputes in an open and transparent manner rather than continuing to incur additional attorneys' fees and litigation expenses that will be unnecessary, if the parties negotiate a satisfactory agreement.

We continue to believe that it will benefit the ratepayers in the District and the City if the lawsuit is either stayed or dismissed without prejudice, while the ad hoc committees commit themselves to serious and diligent negotiations to resolve all of the outstanding disputes between the City and the District. As we said in our September 14, 2016, letter the City is committed to engaging in timely, serious, open minded and good faith negotiations.

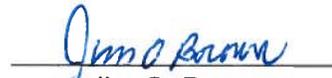
While reluctant to conduct the negotiations outside public view, given the importance to our respective ratepayers of providing efficient cost-effective sewer service in compliance with the ever more stringent regulations imposed by the Regional Water Quality Control Board, the City Council will agree to a modified confidentiality agreement, if the District Board agrees to either stay further proceedings in the lawsuit or dismiss the lawsuit without prejudice. Of course, if the parties fail to reach a resolution satisfactory to the District or the District concludes that further negotiations will not be productive, it could terminate the stay or refile the lawsuit.

Our attorney is simultaneously sending a revised version of the confidentiality agreement proposed by the District to its attorney for review. That revised confidentiality agreement would allow open and public consideration of any proposed agreement resulting from the work of the ad hoc committees.

We would appreciate the Board's response to this proposal. We will consider any alternatives the District proposes, but we genuinely believe that it benefits both parties to delay further expenditures on the litigation to allow the District and the City to devote their time and resources to negotiations.

Sincerely,


Stephen G. Scalmanini
Mayor


Jim O. Brown
Vice Mayor


Kevin Doble
Councilmember


Maureen Mulheren
Councilmember


Douglas F. Crane
Councilmember