



## FOR IMMEDIATE RELEASE

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### **UKIAH VALLEY SANITATION DISTRICT TAPS ADDITIONAL RESERVES; LEGAL FEES NEARING \$4 MILLION**

**Ukiah, CA. August 18, 2017.** – The Ukiah Valley Sanitation District has sought the transfer of over \$4.5 million of their reserves that are held by the City of Ukiah. Despite characterization by the District, this request is not a partial settlement of their claim for damages against the City, but instead falls under the 2006 Financing Agreement between the two agencies. Under this agreement, the City bills and collects sewer service and connection fees from District customers, and uses them to pay the District's share of annual operating expenses and debt service related to the combined City/District sewer system. Interest is paid to the District on these funds.

The District has the right to transfer their reserve funds to another depository and has done so in the past. Upon receiving directives from the District, the City transfers the funds accordingly.

The City of Ukiah continues to contend that the lawsuit is unnecessary and continues to seek cooperation between the agencies. Public records acts reveal that, to date, the Ukiah Valley Sanitation District has spent nearly \$4 million in legal fees, with over \$3.3 million paid directly to the Law Offices of Duncan James. In defense of the District's legal actions, the City has expended approximately \$814,000. On a cost-per-account evaluation, this equates to \$1,225.55 per District customer account and \$207.39 per City customer account.

City Manager Sage Sangiacomo states, "We continue to request that the District drop the costly litigation and proceed with efforts among the electives to resolve the dispute and restore a working relationship between the agencies. There is simply too much at stake for the ratepayers, the system operations, and the community."

According to the 2006 Financing Agreement, the District's funds shall be used for annual operating expenses and debt service, pledged to secure repayment of the bonds issued to upgrade and expand the wastewater treatment plant. Funds in excess of this amount can be spent on any lawful expense of

the District, and the City has never refused to disburse available District funds to pay a District expense.

Beginning in 2013, the District has made multiple requests to transfer custody of available District funds to another depository. The City has approved over \$5 Million in transfers between 2013 and 2016. There is no negative financial impact to the District from the City holding these funds. In fact, transfers to other depositories may result in the District earning less interest.

The District's request to transfer funds to an alternative account does not make any additional funds available to the District. So far, the District's lawsuit has resulted in a net loss of District reserves.

  
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Sage Sangiacomo, City Manager

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