



LARSEN WURZEL
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October 1, 2025

Mendocino County Inland Water & Power Commission
ATTN: Chair Janet Pauli
P.O. Box 1247
Ukiah, CA 95482
Via e-mail only: jpauli@pauliranch.com

RE: Mendocino County Inland Water & Power Commission Potter Valley Project funding support Proposal (LWA #2513300)

Dear Chair Pauli:

Larsen Wurzel & Associates, Inc. (LWA) is pleased to submit this proposal to the Mendocino County Inland Water & Power Commission (IWPC) to assist with evaluating and implementing funding strategies to support the Potter Valley Project (PVP). The PVP has long provided essential water diversions from the Eel River to the Russian River, supporting regional water supply, agriculture, and ecosystems. With PG&E's hydroelectric facilities slated for decommissioning, IWPC now faces the urgent challenge of sustaining these diversions through new infrastructure, governance, and financing solutions.

LWA understands that IWPC's objective is to secure reliable, long-term revenue to finance replacement infrastructure and operations capable of preserving year-round diversions. Meeting this objective will require generating between \$130 to \$250 million over the next 20 years, with a significant share from local sources. Drawing on our deep expertise in developing equitable funding programs for public agencies, LWA is prepared to help IWPC evaluate and design practical, durable solutions that balance financial feasibility and community support.

Mr. Seth Wurzel will oversee services and will coordinate efforts with support from Mr. Eric Nagy, PE. A resume for Seth Wurzel is attached as **Exhibit 1**. Additional assistance will be provided by other Associates and Analyst staff in our office on an as-needed basis. Our proposed Scope of Work and budget for this Scope of Work is presented as **Exhibit 2** to this letter. The proposed scope is designed as a short-term (4–6 month) engagement to inform IWPC and Stakeholder decision-making and to position the IWPC for success in considering revenue options.

Given the uncertainties inherent in evaluating and structuring revenue measures, we have proposed a “good faith,” not-to-exceed budget estimate of **\$40,620**. Actual costs may be less than or more than budgeted, depending on IWPC direction and stakeholder coordination needs. LWA will work efficiently to manage costs and will provide regular updates on progress and expenditures, along with as much advance notice as possible if scope refinements may affect the budget. IWPC would be charged for work performed, on a time and materials basis, up to this authorized budget. LWA will send invoices on a monthly basis for the services provided the preceding month and payment is requested within 30 days.

It is expected that our evaluation of funding options may incorporate assumptions regarding debt financing options. As such, our services at this time fall under the definition of Municipal Advisory services, as outlined by the Securities and Exchange Commission (SEC) and the Municipal Securities Rulemaking Board (MSRB). Accordingly, we are providing you with certain regulatory disclosures required under current SEC and MSRB rules. Our firm's required MSRB Rule G-42 Municipal Advisor disclosures are included as **Exhibit 3** to this letter. These disclosures are intended to help you understand how our Municipal Advisor registration affects our professional relationship with the IWPC. Your acknowledgment of receipt of these disclosures is required prior to LWA providing any services. If you would like to discuss this aspect of the engagement further, we welcome the opportunity for further discussion.

LWA appreciates the opportunity to work with IWPC on this effort. We assume that, should IWPC wish to proceed with this scope of work, a separate professional services agreement will be prepared for approval by LWA and IWPC, reflecting the scope of work and budget presented herein.

Please do not hesitate to contact me at (916) 698-5712 if you have questions or require changes to this request.

Sincerely,



Seth M. Wurzel, CGFM
Principal
Larsen Wurzel & Associates, Inc.

CC: *Via E-mail Only*
Scott Shapiro, Esq. – IWPC Counsel
sshapiro@downeybrand.com



Seth M Wurzel, CGFM Exhibit 1 Principal

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CERTIFICATIONS/QUALIFICATIONS

Qualified Municipal Advisor
Principal (FINRA Series 54)

Qualified Municipal Advisor
Representative (FINRA Series 50)

Certified Governmental Financial
Manager (CGFM), Association of
Government Accountants

EDUCATION

Master of Business Administration,
Concentrations in Finance and
Corporate Environmental
Management, University of
California, Davis, 2005

Bachelor of Science, Civil
Engineering *cum laude*, Rose-
Hulman Institute of Technology,
Terre Haute, Indiana, 1998

PREVIOUS EMPLOYMENT

Capitol Public Finance Group, LLC,
2010-2011, Consultant

Economic & Planning Systems,
2005-2010, Vice President

AFFILIATIONS

California Society of Municipal
Finance Officers (CSMFO)

Association of Government
Accountants (AGA)

Floodplain Management
Association (FMA)

APPOINTMENTS

Cache Creek Conservancy Board
of Directors (2022 – Present)

City of Woodland Planning
Commission (2007 – 2015)

Larsen Wurzel & Associates
MSRB ID: K0689
SEC ID: 867-01165

Seth has two decades of experience helping public agencies fund municipal infrastructure and services. Seth specializes in working with local agencies to develop, implement and administer local and non-local funding programs for infrastructure improvements, operations and maintenance. Seth's experience involves working within the broad spectrum of public finance including special tax and assessment district formation and administration, municipal debt issuance, public-private partnerships, financial planning and feasibility analyses, and pro forma cash-flow analysis. Seth has applied these skills to help local agencies objectively evaluate the feasibility of funding projects and services and advance funding programs through the required legislative and constituent approval processes. Seth is an expert at leading the multi-disciplinary teams needed to advance assessments through the complex Proposition 218 approval processes.

Seth's experience involves governmental accounting, cost accounting and capital financing administration and budgeting. Seth works closely with his clients help administer annual budgeting processes, advise on best practices, and facilitate annual audits. Seth regularly presents to agency boards and city councils. Through these processes, Seth is known for being an extension staff and supporting all aspects of agency administration. Seth helps agencies by integrating his public finance work alongside his partners to ensure that clients have the necessary resources to efficiently and economically advance critical public safety projects.

San Joaquin County Flood Control and Water Conservation District - Zone 9 & San Joaquin Area Flood Control Agency – Lower San Joaquin River Phase I Project

Pursuant to a Memorandum of Understanding between San Joaquin County and SJAFCA, Seth led a multi-disciplinary team of engineers and outreach professionals to advance the formation of the Levee Construction and Maintenance Assessment (LCMA) District. The LCMA District is a new special benefit assessment covering more than 99,000 parcels in North and Central Stockton generating more than \$7.6 million annually to fund ongoing levee operations and maintenance activities as well as improvements, primarily the Federally authorized Lower San Joaquin River Phase I Project. The project involved integrating two distinct benefit assessment methodologies covering both levee operations and maintenance services and the flood risk reduction improvements associated with the project and improvements to ensure ongoing FEMA Accreditation. Seth managed all aspects of the project which that involved coordination with both SJAFCA and County staff, the project engineering team, development of the financing plan for services and improvements, development of the benefit assessment methodology and preparation of the Engineer's Report, as well as the outreach process. The district was successfully approved by property owners in June 2023 after the required Proposition 218 ballot proceeding. Because the new assessment involved supplanting an existing bonded assessment, Seth also coordinated with SJAFCA's Bond Financing team to tee up a new bond issuance to redeem all outstanding bonds. The financing was successfully underwritten in July 2023 before the required submission of the assessment rolls to the County Auditor. Funding from the assessment allows SJAFCA to continue its efforts to advance flood risk reduction efforts for the residents of Stockton.

San Joaquin Area Flood Control Agency – Mossdale Tract Area

Seth has worked the San Joaquin Area Flood Control Agency (SJAFCA), the Cities of Lathrop, Manteca and Stockton and San Joaquin County to implement and administer a multi-faceted funding program to implement more than \$250 million of flood control improvements to provide 200-Year flood protection to the Mossdale Tract Basin. Seth's efforts commenced in 2016 and included conceptualizing a financing plan, the evaluation of governance options for the program and detailed financial feasibility analyses. These efforts ultimately lead to the re-organization of the SJAFCA JPA in early 2018 to include two new members, the Cities of Lathrop and Manteca. Seth has helped oversee SJAFCA's efforts to implement the recommended funding programs including a development impact fee program, a new special benefit assessment district and a first of its kinds enhanced infrastructure financing district covering three cities and a county.

San Joaquin Area Flood Control Agency & Reclamation District 1614 – Smith Tract

Seth led a multidisciplinary team to implement two new Assessment Districts for the construction and maintenance of a closure structure at the mouth of the Smith Canal in Stockton and a replacement Pump Station within Smith Tract. Seth was responsible for overall project coordination and implementation, including public outreach, the preparation of the project financing plans and required Engineer's Reports, the Proposition 218 ballot proceeding and legislative processes. Both new assessment districts were formed concurrently in July 2013 after successful approval by property owners within Smith Tract.

Sutter Butte Flood Control Agency

Seth serves as the Agency's Budget Manager and is responsible for administering all of the Agency's finances. In this role, he developed, and implemented, the Agency's financial plan which includes multiple sources of State, Local, Federal funding and debt financing for the Agency's more than \$300 million Feather River West levee improvement program. Under Seth's direction, the Agency has successfully advanced more than \$270 million of grant funded improvements, completed three rounds of cash flow financing of its assessment district. Seth is currently implementing a new Development Impact Fee program in coordination with SBFCA's member land use agencies. In Seth's role as Budget Manager, he also helps advise the Agency on its internal administrative processes including, AP / AR, payroll, insurance / risk management and employee benefits.

Three Rivers Levee Improvement Authority

From 2005 to 2022, Seth served as the contract Financial Manager for the Authority. Seth worked with TRLIA, Yuba County, RD 784, DWR and various landowner groups to help secure more \$390 million of funding for TRLIA's levee improvement program. This work included establishing a development impact fee program, a fee credit and reimbursement program, negotiation and implementation of various advanced funding agreements, the formation of multiple Mello-Roos Community Facilities Districts, and assistance with multiple Bond issuances. During the program's implementation, Seth advised on the formation of TRLIA's Assessment District for operations and maintenance and coordinated on the workout of \$40 million of privately placed bonds.

Reclamation District 2103

Seth led a multidisciplinary team to develop and implement a Benefit Assessment District for levee operations and maintenance services for the Bear River North Levee in Wheatland. The District was formed in July 2010, with nearly 90% approval by property owners. Seth coordinated all aspects of the assessment district formation and implementation including public outreach, the ballot proceeding, the required local agency legislative process as well as having prepared the Engineer's Report.

Central Valley Flood Protection Plan & Regional Planning

Seth was the lead drafter preparing the Financial Planning chapters and analyses for the Feather, Lower San Joaquin/Delta South and Mid & Upper Sacramento Regional Plans. Seth also served in an advisory role for the development of the Lower Sacramento and Mid San Joaquin Regional Plan financial plan chapters. Through these efforts, Seth provided valuable insight into the feasibility of funding flood control services and new improvements and the local capacity to generate new revenues. Seth Wurzel is currently working with DWR on the implementation of Central Valley Flood Protection Plan Investment Strategy.

Reclamation District 1000

Seth worked with RD 1000 to implement a new development impact fee program to fund a portion of RD 1000's 20-Year Capital Improvement Program. Seth helped develop the long-range development projections and the cost allocation methodology documented with the supporting nexus study to meet the requirements of AB 1600, the Mitigation Fee Act.

West Sacramento Area Flood Control Agency

Seth worked with WSAFCA to create new funding mechanisms needed to fund levee improvements and long term enhanced levee maintenance. Seth assisted with the formation of an assessment district and an in-lieu development fee for flood control improvements. He worked with WSAFCA staff to set the fee amounts, prepare the nexus study, and develop a cash flow analysis to model the revenues generated by the assessment district and development fees as part of the planning process.

Exhibit 2

Scope of Work & Budget

Project Understanding

The Potter Valley Project (PVP), originally developed to generate hydroelectric power, has long served as a critical inter-basin diversion facility, conveying water from the Eel River to the Russian River. This diversion has provided essential water supply reliability to Mendocino, Sonoma, and downstream communities, while also supporting agricultural production, municipal needs, and aquatic habitat management throughout the region. With the planned decommissioning of the existing hydroelectric facilities by PG&E, the IWPC and its partners now face the urgent task of identifying, designing, and financing new infrastructure and governance structures that can preserve these long-standing diversions in a manner that is sustainable, legally defensible, and environmentally responsible.

The IWPC's challenge is not only technical but also financial and organizational. Ensuring a reliable and equitable funding stream is essential to carry forward the vision of a locally controlled PVP that meets water supply needs while addressing regulatory requirements and ecological stewardship obligations. A successful approach will require identifying and securing new revenue sources, building consensus among regional beneficiaries, and positioning the IWPC to leverage state and federal partnerships. LWA understands that developing a funding framework is a prerequisite for advancing the PVP, and we are prepared to support the IWPC achieve this critical goal.

Scope of Work

The implementation of local funding mechanisms should be implemented over the course of multi-phased scope of work. The Phases are summarized as follows:

- Phase 1 – Evaluation of Funding Sources & Development of Implementation Budget
- Phase 2 – Development of Program Financial Plan
- Phase 3 – Implementation Assistance

At this time, LWA is only proposing to provide services associated with Phases 1. Phase 1 involves the following scope of work.

Phase 1 – Funding Evaluation Support

LWA will support IWPC's evaluation of funding sources by providing the following services.

- Evaluate the different categories of costs of the PVP to be incurred by IWPC and coordinating stakeholder agencies.
- Evaluate the appropriateness of different types of local revenue mechanisms that can be used to fund the different types of cost categories.
- Prepare materials to support the education and evaluation of various types of funding sources by IWPC and its partner stakeholder agencies.

- Facilitation of discussions and workshops with the IWPC Board of Directors and member Agency Staff to support the feasibility evaluation of various types of funding mechanisms for the varying types of cost categories.
- Development of a conceptual financial framework for the implementation of the PVP.
- Support IWPC with the development of a scope of work for the implementation of identified and preferred funding mechanisms for the PVP.
- Development of a multi-year budget for the ongoing administration of IWPC to support the implementation of a financial plan.

The proposed scope is designed as a short-term (4–6 month) engagement to inform IWPC decision-making. This initial scope of work does not include support for IWPC’s formation of an assessment or special financing district.

Deliverables

- Attendance at recurring team, management, and/or executive meetings with IWPC staff and consultants.
- Agenda, presentations and meeting materials, memoranda and technical analyses to support decision making.
- Spreadsheets / cash flow financing analyses to model financing plans.
- A three year budget to support IWPC administration and financial plan implementation

Estimated Budget

LWA has developed a budget estimate to support the Scope of Work described above. The firm’s current rate sheet is attached. LWA charges for its services on a direct cost of time and materials basis up to a mutually agreed upon budget amount. The level of effort required is based upon LWA’s best estimate of the scope of services described and the term for providing the services. LWA will work efficiently to manage the costs for this effort. LWA will communicate frequently with IWPC and will provide, on at least a monthly basis, an update of the cumulative expenditure against the approved budgeted amount to provide as much advanced notice as possible if it is determined that the cost of the services could exceed the authorized budget.

Phase 1: Funding Evaluation Support	Hours/ Month	Bill Rate	Monthly	Contract (6-Month Estimate)
Managing Principal	8	\$291	\$2,328	\$13,968
Project Manager II	12	\$250	\$3,000	\$18,000
Associate	8	\$149	\$1,192	\$7,152
Expenses			\$250	\$1,500
			Total	\$40,620

Regulatory Disclosure / Conflicts of Interest / Other Notices

Larsen Wurzel & Associates is registered as a Municipal Advisory Firm with the U.S. Securities and Exchange Commission (SEC) and the Municipal Securities Rulemaking Board (MSRB). The firm's MSRB ID Number is K0689 and its SEC ID Number is 867-01165.

MSRB Rule G-42 requires us to provide you with information regarding any conflicts of interest that we may have and with information about where to find our SEC filings on the SEC website.

Regarding conflicts of interest

As it relates to compensation, LWA charges for the services it provides on an hourly basis based on the time dedicated to the effort for which LWA is engaged. Our fees are not contingent on the size or closing of any transaction for which LWA is providing advice. We believe this type of compensation arrangement mitigates any potential for a conflict of interest related to compensation.

In the connection of providing Municipal Advisory services, LWA may determine, after exercising reasonable diligence, that it may have a material conflict of interest that could impair its ability to provide advice in accordance with its fiduciary duty to municipal entity clients. To the extent any such material conflict of interest arises after the date of such disclosure, LWA will provide information with respect to such conflicts. At this time and to the best of our knowledge, no known material conflicts currently exist of this nature between LWA and the Mendocino County Inland Water & Power Commission (IWPC). By signing this document, you are acknowledging that you have received these disclosures and agree that to the best of your knowledge, and at this time, there are no known material conflicts between LWA and the IWPC.

LWA serves a wide variety of other clients that may from time to time have interests that could have a direct or indirect impact on the interests of another LWA client. For example, LWA serves as municipal advisor to other municipal advisory clients and, in such cases, owes a regulatory duty to such other clients just as it would to you. These other clients may, from time to time and depending on the specific circumstances, have competing interests. In acting in the interests of its various clients, LWA could potentially face a conflict of interest arising from these competing client interests. LWA fulfills its regulatory duty and mitigates such conflicts through dealing honestly and with the utmost good faith with each client. Should LWA become aware of any additional potential or actual conflict of interest after an initial disclosure, LWA will disclose the detailed information in writing to each client, issuer or obligated person in a timely manner.

Where you can find more information

The MSRB has made available on its website (www.msrb.org) a municipal advisory client brochure that describes the protections that may be provided by MSRB rules and how to file a complaint with the appropriate regulatory authority. Copies of our registration filings with the SEC can currently be found by accessing the SEC's EDGAR system Company Search Page which is currently available at <https://www.sec.gov/edgar/searchedgar/companysearch.html> and searching for either Larsen Wurzel & Associates or for our CIK number which is 1623107. As part of this registration LWA is required to disclose to the SEC any information regarding criminal actions, regulatory actions, investigations, terminations, judgments, liens, civil judicial actions, customer complaints, arbitrations and civil litigation involving LWA. Pursuant to MSRB Rule G-42, we are required to disclose any legal or disciplinary event that is material to your evaluation of us or the integrity of our management or advisory personnel. As reflected in our filings with the SEC, LWA has determined that no such events exist.

To ensure and demonstrate compliance with the rules that regulate Municipal Advisors, we respectfully request your acknowledgement of these disclosures by signing and returning this page to us for our records.

Acknowledgement of Receipt of Disclosures

Authorized Representative
IWPC

Date