

## Central Valley Regional Water Quality Control Board

### **MEETING NOTICE AND AGENDA** **Paradise Sewer Regionalization Project Advisory Committee Meeting** **Monday January 31, 2022 1:00 PM to 3:00 PM** **Paradise Town Hall**

#### **PURPOSE OF THIS MEETING**

The Town of Paradise (Town) has identified a connection to the Chico Water Pollution Control Plant (WPCP) as its preferred alternative for wastewater treatment and disposal and has approached the City of Chico (City) to explore the feasibility of such a regional project. The Councils of the Town of Paradise and City of Chico have agreed to form a Sewer Regionalization Project Advisory Committee (Committee) as a mechanism for exploring this proposal.

The Committee serves to: (1) Monitor progress of the Paradise Sewer Project, including the Project's Environmental Impact Report (EIR), and efforts being done under the Town and City's Cooperative Work Agreement, (2) Develop the Principles of Agreement for an inter-municipal agreement between the Town and City, and make a recommendation on those Principles to the two Councils if applicable, and (3) Guide public participation in the EIR process which will happen separately but in parallel with the Committee's work.

#### **Committee Members represent Signatory Agencies to the Cooperative Work Agreement:**

**Town of Paradise**  
Mayor Steve Crowder  
Council Member Jody Jones



**City of Chico**  
Mayor Andrew Coolidge  
Vice Mayor Kasey Reynolds



**THIS MEETING WILL BE CONDUCTED IN PERSON AT:**

**Paradise Town Hall  
5555 Skyway, Paradise**

#### **MEETING AGENDAS & MINUTES CAN BE FOUND ONLINE AT:**

<https://chico.ca.us/agendas-minutes>

<https://www.townofparadise.com/meetings>

DENISE KADARA, ACTING CHAIR | PATRICK PULUPA, EXECUTIVE OFFICER

Meeting participation details and agenda on the following page.



**TO MAKE PUBLIC COMMENT IN PERSON AT THE MEETING:**

Public comment may be made in person at the meeting during opportunities per the agenda and according to standard procedures. Please note that given ever changing guidance related to the COVID pandemic, masking and socially distancing may be required during public meetings. Signage will be posted at the facility's entry should these precautions be necessary.



**TO VIEW THE MEETING ONLY – NOT PROVIDE PUBLIC COMMENT:**

If you do not need to participate but would like to watch and listen in, please use the link below.

[Click here to join the meeting](#)

Please note chat features may be disabled and will not be monitored by the Committee or staff.



**TO PROVIDE WRITTEN COMMENT BEFORE THE MEETING:**

Email [sewercommittee@townofparadise.com](mailto:sewercommittee@townofparadise.com). Emails received at this email address will be forwarded to Advisory Committee Members by 5:00 PM on the business day prior to the date of the meeting. This e-mailbox will not be monitored during the meeting.

**AGENDA**

The Committee's January 31, 2022 Agenda is as Follows:

1. Introductions
2. Public Forum – Any Agency Representative or Member of the Public May Address the Committee on any matter not included in the agenda. Commenters will be limited to 3 minutes.
3. Approve Previous Meetings Minutes
4. Committee Member Communication
5. Status Updates:
  - a. Environmental Impact Report
  - b. Cooperative Funding Agreement Scope of Work
  - c. Other Follow-up Action Items from SRPAC
  - d. *Public comments on agenda items 5(a) through 5(c)*
6. Principles of Agreement Working Session
  - a. *Public comments on agenda item 6*
7. Closing Committee Remarks

Items on this Agenda are numbered for identification purposes only; the Committee may consider these items out of their listed order.

**MORE INFORMATION**

Paradise Sewer Project information, including Phase I reports and Phase II EIR details, can be found on: <https://paradisesewer.com/>. For general questions, please send an e-mail to [sewercommittee@townofparadise.com](mailto:sewercommittee@townofparadise.com)

## PARADISE SEWER REGIONALIZATION PROJECT ADVISORY COMMITTEE (SRPAC)

### **DRAFT COMMITTEE MEETING MINUTES** **MONDAY, 13 DECEMBER 2021**



**COMMITTEE MEETING LOCATION: CITY OF CHICO (Also broadcast over Zoom for viewing)**

#### **COMMITTEE MEMBERS PRESENT:**

Paradise Mayor Steve Crowder  
Paradise Vice Mayor Jody Jones

Chico Mayor Andrew Coolidge  
Chico Vice Mayor Kasey Reynolds

#### **COMMITTEE MEMBERS ABSENT:**

All present.

#### **TOWN OF PARADISE STAFF PRESENT:**

Kevin Philips, Town Manager  
Marc Mattox, Town Engineer and Public Works Director  
Ashley Stanley, Principal Engineer

#### **CITY OF CHICO STAFF PRESENT:**

Mark Orme, City Manager  
Erik Gustafson, Public Works Director

#### **CENTRAL VALLEY WATER BOARD STAFF PRESENT:**

Clint Snyder  
Bryan Smith  
David Durette (Zoom)

#### **ADDITIONAL ATTENDEES PRESENT WHO WERE IDENTIFIED:**

John Buttz and Leslie Tice (HDR Engineering) – Consultants for Town of Paradise  
Butte County Local Agency Formation Commission (LAFCo)

#### **AGENDA ITEM 1 - INTRODUCTIONS**

At 1:00 p.m. Clint Snyder called the meeting to order, stated the purpose of the meeting and organizational structure of the meeting, provided an overview of attendance options and procedures, and facilitated introductions. This is an in-person meeting at the City of Chico's Council Chambers and is being broadcast for listen-only on the Zoom platform. Mr. Snyder introduced Water Boards staff present, Mr. Phillips introduced Town of Paradise staff present, and Mr. Orme introduced City of Chico staff present.

Mr. Snyder noted that copies of the meeting agenda, past minutes, and Draft Principles of Agreement were available in hard copy in the room.

## **AGENDA ITEM 2 – PUBLIC FORUM**

No speakers.

## **AGENDA ITEM 3 – APPROVE PREVIOUS MEETING MINUTES**

Committee unanimously approved October 11, 2021 meeting minutes. Will be posted final to the internet. Crowder moved, Reynolds seconded. All aye with Coolidge abstain.

## **AGENDA ITEM 4 – COMMITTEE MEMBER COMMUNICATION**

No specific comments. Members stated, happy to be here.

## **AGENDA ITEM 5 – STATUS UPDATES**

### **A. ENVIRONMENTAL IMPACT REPORT**

Ms. Tice, HDR Engineering, provided an update on the project's EIR. The draft EIR is on track for early 2022 (likely Feb or Mar). Ms. Jones stated that she would prefer a specific target date to be met, rather than just sometime in first quarter. Field studies are completed. Continued engagement with stakeholders. Refining scope of analysis and alternatives considered. Starting to plan for public engagement process in spring of 2022. Two live, in person meetings planned, one at Town and one at City. Virtual room available on project website provides 24/7 access. Ms. Tice gave a reminder on how to provide input: web, phone, mail, Facebook, YouTube. Mr. Buttz stated that the process to work with Butte LAFCO has been added to the master schedule for mid-2022. No further discussion by SRPAC members.

### **B. COOPERATIVE FUNDING AGREEMENT (CFA) SCOPE OF WORK**

City of Chico consultants, Carollo Engineering, meeting regularly with staff at Town and City working through study scope. Met earlier that day. Ms. Beverly Hann from Carollo summarized status of work. Preliminary findings being worked through for discussion at next meeting. City sewer and treatment plant planning work started in 2017. Since that time a number of factors affected analysis including increased population in City following Camp Fire. Rate study underway by City to address treatment capacity, regulatory assumptions, and condition-driven needs at the plant. Now includes possible Paradise connection as well. Planning horizon broadened from 2040 to 2057. Will present draft findings at next meeting.

**C. OTHER FOLLOW-UP ACTION ITEMS FROM SRPAC**

None.

**D. PUBLIC COMMENTS ON ITEMS 5A THROUGH 5C.**

None.

**AGENDA ITEM 6 – PRINCIPALS OF AGREEMENT WORKING SESSION**

Mr. Buttz facilitated Committee working session on continued development and refinement of the Principals of Agreement (POA). The POA will serve as an outline for an inter-municipal agreement should the project be approved and follows City of Chico code requirements for considering regional projects. Mr. Buttz explained that there have been several Town and City staff meetings since the last Committee meeting to develop draft language for Committee discussion and consideration. Further, that the Committee will revisit each of the POA topics multiple times through the document's development process. The first eight items come directly from the City of Chico Municipal Code, then an additional four items not in the municipal code but important for this agreement. Copies of the working document are available at the meeting.

1. Sewer Use Ordinance –

No new discussion or changes.

2. User Inventory –

No new discussion or changes.

3. Pretreatment –

No new discussion or changes.

4. Pretreatment Data Access –

No new discussion or changes.

5. Wastewater Limits -

Waiting for additional information to propose draft language.

6. Wastewater Monitoring –

No new discussion or changes.

7. Access to Facilities –

No new discussion or changes.

#### 8. Remedies for Breach of Agreement

No new discussion or changes.

#### 9. Connection Fees –

This is a treatment and connection payment. This would be a single up-front payment from Town to City.

#### 10. Monthly User Fees –

Suggested language from staff. Town and City would pay same amount for treatment. Any future increases would include Prop 218 process. Language sounds fine to Ms. Jones. Ms. Reynolds asked about fee schedule and what Paradise would pay. Mr. Buttz explained that cost to get to the plant is the Town's responsibility and that once the wastewater is in Chico then it blends in and is same thing as Chico's. Ms. Reynolds agreed and clarified that she didn't want there to be unfair profiting off Paradise.

Mr. Buttz discussed a previous idea for an annual financial report and how other municipalities have handled the ability to audit. City will be able to audit Town collection of treatment fees. Captured in annual budgets. Use some info from Sacramento County Sanitation District from their Memorandum of Agreement that cover much of what we are talking about. Also, City of Folsom's version has this ability to audit language. Will be able to direct attorneys to this in the future to ensure appropriate language. City and Town staff don't think a separate financial report is needed, given this. Mr. Snyder noted that an annual report would place additional burden on the City and Town to prepare, without much benefit. Mr. Buttz noted that the POAs will talk about how many people connected and how many are projected to connect. Ms. Jones noted her satisfaction. Ms. Reynolds asked Mr. Orme if he agrees this is a good path. Mr. Orme concurred. All other satisfied.

#### 11. Operation and Maintenance (O&M) of Facilities –

Mr. Buttz mentioned that previously there was a suggestion about maybe having a separate municipal agreement. This concept is discussed in the previous item's text. No separate agreement needed for now, but could develop in future. Could be a win-win using City staff expertise. Not precluded from doing this. So no separate agreement right now. Any concerns? None.

#### 12. Term and Termination of the Agreement –

No discussion.

#### 13. "Revisit" Clause –

No discussion.

#### 14. Service Area Boundary –

Mr. Buttz discussed information from North Carolina. This was raised last time, and was discussed. Bringing back for further discussion. A particular issue when two entities are close or contiguous. This happens more with water than wastewater. But in this case the City and Town sit miles apart. We don't think this one really applies and propose deleting this one. All members say OK to remove. Mr. Coolidge wants to make sure we consider the future, like 100 years from now. Mr. Snyder notes that the POAs will be framework for attorneys and if there is concern then they will raise and address. Could leave in and refer to attorneys if they think important enough, or just remove now. Mr. Coolidge says we should think long term. Mr. Buttz will work on a bit. Will get input from Town and City attorney to craft this clause.

Following discussion of Item 16, discussion returned to Item 14. Future spheres of influence could overlap. If that occurs, it should be addressed at that time. Mr. Coolidge would be comfortable with additional legal input. Ms. Reynolds agrees...get their input. Want to make sure this covers into the future adequately. Mr. Mattox suggests adding "extremely unlikely" in text.

#### 15. Notice Required for Fee Changes –

Mr. Buttz reads text about Prop 218. Mutually update info provided to each other. Ms. Jones thinks fine. Notes Prop 218 has plenty of opportunity. Ms. Reynolds agrees.

#### 16. Excessive I/I –

Mr. Buttz explained concept of Inflow and Infiltration (I/I) and proposed text. I/I adds more water to be handled at the treatment plant. Town system will be new with low I/I, but over time I/I can increase. Town will monitor and we will see if flows go up over winter and will be assessing. If excessive, then Town will address per language. Directly quoted from Folsom/Sac San contract. Staff thinks this language is a good approach. Coolidge confirms that Town would be resp for their I/I. Mr. Snyder stated that language should be transparent that Town needs to manage collection system and pipeline responsibly and prevent excessive I/I. Mr. Coolidge wants to make sure this includes the entire pipeline including through City to WWTP. Ms. Jones agrees that we should make that clear. Mr. Buttz added language.

#### 17. Resolving Conflicts or Disagreements –

Mr. Buzz notes that attorney can look at Folsom/Sac language if they want to use that. Ms. Jones asked what they used as a conflict resolution process? Binding arbitration? John not sure but will find out. Mr. Coolidge would like to see. Mr. Buttz will send out Folsom contract for them to see. John will also send other references discussed.



**AGENDA ITEM 6a – PUBLIC FORUM**

Shannon from Butte LAFCO clarified the spheres of influence cannot overlap, and maybe the previous discussion was about service boundaries. SRPAC members agreed that that made sense.

**AGENDA ITEM 7 – CLOSING COMMITTEE REMARKS**

Mr. Snyder discussed meeting schedule. Meetings started off monthly, then backed off to bi-monthly, but will need to increase in frequency again due to deliverables coming and the need for more discussion. The next meeting is scheduled for 14 Feb 2022. Propose moving to monthly after that, starting on 14 March 2022. Further discussion. Mr. Coolidge likes Jan 31st then hold off to March 14<sup>th</sup>, unless revised at next meeting. Works for SRPAC. Same time 1pm and Town of Paradise hosting. Then March 14th unless revised at next meeting, and monthly after that. Kasey notes Mar 14th is spring break. SRPAC to talk about at next meeting if needed.

Committee members expressed appreciation for a good meeting and for the progress being made. Location for next meeting is in Paradise on 31 January 2022.

**ADJOURNMENT**

Mr. Snyder adjourned the Committee meeting at 2:06pm.

## **DRAFT Principles of Agreement** **(version 5, 13-December-2021)**

### **Introduction and Background**

Through its work on the Paradise Sewer Project (Project), the Town of Paradise (Town) has identified a connection to the Chico Water Pollution Control Plant (WPCP) as its preferred alternative for wastewater treatment and disposal, and has approached the City of Chico (City) to explore the feasibility of such a connection. The Councils of the Town of Paradise and City of Chico have formed a Sewer Regionalization Project Advisory Committee (Committee) as a mechanism for exploring this proposal. The Central Valley Regional Water Quality Control Board (Regional Board) has agreed to facilitate the activities of the Committee.

Membership on the Committee is limited to elected officials from the Town and City, as those two parties are signatories to the Cooperative Funding Agreement (CFA) and will be signatories to a future inter-municipal agreement (IMA). The Town and City have both designated their Mayors and Vice Mayors as their Committee members.

The Committee will develop an agreed-upon list of basic principles for an IMA, which will be captured in this document, the Principles of Agreement (POA). It is anticipated that a draft POA will be developed by the Committee, which will then be brought to the Town Council and City Council for review and approval. The final POA would then be turned over to legal counsel from the Town and City to draft into an IMA for consideration by the Town Council and City Council.

### **City of Chico Municipal Code**

The City of Chico has a provision in its municipal code *Section 15.40.285—Regulation of Waste Received from Other Jurisdictions* that specifically addresses handling wastewater from outside the city's sanitary sewer system. That code section is presented in its entirety at the end of this document.

### **Principles of Agreement**

The Principles of Agreement are divided into 17 subject areas, as listed below. (Other subject areas may be added over time.) The first eight items reflect the eight items specified in Section 15.40.285. Over the course of its work, the Committee will develop specific agreed-upon statements (principles of agreement) for each of these items.

1. **Sewer Use Ordinance:** The Town will need to adopt a sewer use ordinance that parallels the City's sewer use ordinance. The POA could contain a commitment from the Town to have an ordinance completed by a certain milestone.
  - **DRAFT:** The Town will adopt a sewer use ordinance that parallels the City's ordinance. The Town's ordinance shall be adopted and in place 30 days prior to the commencement of discharge into the Project.
2. **User Inventory:** The Town will need to submit an annual inventory of entities discharging into the sewer system. The POA could contain a statement to that effect.
  - **DRAFT:** The Town will submit a quarterly inventory of entities discharging into its sewer system, classified by residential and commercial dischargers. This quarterly report will also contain an estimate of new connections estimated to occur over the upcoming 12 months, broken down by the same classifications.

This inventory will reflect data from July 1 through June 30 of each year, and will be submitted by August 1 of each year.

- **DRAFT:** The Town will develop and administer a Sewer Application process, with two parts—a Town-reviewed portion for the collection system and a City-reviewed portion for treatment. The treatment portion will follow the existing City sewer application. If the proposed discharge exceeds the thresholds established in the pretreatment program (see below), it will have to treat its discharge to a sufficient degree to meet the City's pretreatment program requirements. Businesses would face the same pretreatment requirements, whether they are in Paradise or Chico.
  - **DRAFT:** The Town and the City agree to prohibit future connections to the export pipeline in the portion of the pipeline that sits outside of the Town limits or City limits.
3. **Pretreatment:** The City has an existing pretreatment program to monitor industrial/commercial dischargers, which Town dischargers will need to meet. (The City has two employees conducting annual inspections of commercial/industrial dischargers.) The POA could contain a statement to that effect. In addition, the Town will need to decide whether to create and administer its own pretreatment program, or simply comply with the City's pretreatment program. Ultimately, the Town and City will need to determine who implements the various pretreatment activities for Paradise dischargers. The POA could contain the basic definition of these divisions of responsibility.
- **DRAFT:** The Town will follow the City's pretreatment program, including future changes; the Town will not develop a pretreatment program of its own. This includes the City's Fats, Oils & Grease (FOG) program. Dischargers would follow the City's pretreatment program application process, which includes setting monthly fees.
4. **Pretreatment Data Access:** The Town will need to provide the City with all information it obtains related to the pretreatment activities. The POA could contain a statement to that effect.
- **DRAFT:** The Town will provide the City with all information it obtains relative to meeting the City's pretreatment program requirements.
  - **DRAFT:** Paradise will contract with the City or hire and use qualified professionals (Industrial Waste Inspectors, testing, labs, etc.) to conduct its pretreatment activities.
5. **Wastewater Limits:** The agreement will need to define limits on the volume and quality of Paradise wastewater discharged to the Chico Water Pollution Control Plant (WPCP). This will likely be addressed by the City's CFA efforts; the Committee would then review those results and draft POA language. Town and City staff are currently awaiting results from the City's engineering consultant in order to draft suggested language for this item.

6. **Wastewater Monitoring:** The agreement will need to define how the volume and quality of Paradise wastewater will be monitored.
- **DRAFT:** The Termination Structure, to be constructed as part of the Paradise Sewer Project, will contain wastewater monitoring equipment (e.g., flow meter, composite sampler). Because the City has staff familiar with this type of equipment, and because it has its own wastewater laboratory for testing wastewater samples, the flow metering and monitoring equipment will be operated and maintained by City staff, and samples will be processed in the City lab. Consideration will also be given to having some level of monitoring equipment at the upper end of the export pipeline. A payment will be negotiated at the start of the contract and paid annually by the Town to the City to cover the costs associated with these efforts.
7. **Access to Facilities:** The City will need to be granted access to the Town's wastewater facilities, including those within the Town's boundaries. The POA could contain a statement to that effect.
- **DRAFT:** The Town will grant the City access to the Town's wastewater facilities, including those within the Town's boundaries for purposes of inspection, sampling, and other duties deemed necessary by the City. The City will give the Town sufficient notice to allow the Town to arrange safe access to the facilities. The Town and City will look for efficient ways to jointly conduct inspections to minimize impacts to both entities' staff.
8. **Remedies for Breach of Agreement:** Like all legal agreements, the IMA will need to address how the parties would handle any breach of the agreement. This item might need input from Town and City attorneys, in order to draft appropriate POA language. These remedies will vary by the various required items in this POA.
- **DRAFT:** If disagreements exist between the Town and City attorneys regarding agreement language, those disagreements will be brought back to the Committee to attempt to resolve.
9. **Treatment Connection Payment.** A number of items need to be addressed related to the treatment connection payment to be paid by the Town for connecting to the Chico WPCP. These will likely be addressed by the City's CFA efforts; the Committee would then review those results and draft POA language. Items include:
- How much should the initial connection payment be (e.g., for the initial Paradise flow or the ultimate flow)?
  - If ongoing connection fees are to be collected for future connections, how much should they be (e.g., linked to the City of Chico's current connection fee schedule)?

- How should they be collected and paid to the City of Chico (e.g., collected by the Town of Paradise on an ongoing basis and paid to the City of Chico quarterly)?

10. **Monthly User Fees.** A number of items need to be addressed related to the monthly fees to be paid by the Town for discharging to the Chico WPCP. (Note: The City does not currently break its monthly fees into treatment and collection system components.) Items include:

- How much should the monthly user fees charged to the Town be (e.g., linked to the treatment portion of the City of Chico's current monthly user fees)?
  - **Draft:** Assuming that the City establishes a treatment portion of its monthly user fee, the Town users will pay that treatment monthly user fee to the City. Town users will also pay a collection system monthly user fee to the Town associated with the Town's collection system and export pipeline O&M costs.
- How should they be collected and paid to the City of Chico?
  - **Draft:** The Town will collect the treatment monthly user fee from its users. The Town will submit the total treatment monthly user fee amount to the City on a [monthly/quarterly] basis. The Town will be responsible for collecting unpaid treatment monthly user fees from its users.
- How should future rate updates be handled?
  - **Draft:** As discussed above, the Town users will pay the treatment monthly user fee established in the City's fee schedule, including any future increases made to those fees. The assumption is that the City and Town users will pay the same monthly treatment fee based on the established fee schedule. Future increases will follow the Prop 218 process, including public noticing.
- [There is potential for power generation as the wastewater moves from Paradise down off the Ridge to Chico. Need to address potential for sharing any electrical generation revenue.]
  - **DRAFT:** It is generally not practical to generate electricity from raw wastewater flows, especially intermittent flows that we will see in the export pipeline. Therefore, this item will not be addressed in the POA. [leave this item in the POA, to allow others to see the discussion/conclusion]
- [There is potential for Chico to treat its wastewater for recycling. Need to address the potential for revenue sharing.]
  - **DRAFT:** Because the City's wastewater system operates as an "enterprise" fund, any income or cost resulting from water recycling will be incorporated into the City's connection fees and monthly user fees. This

item can be stated in the POA as an item not included. [leave this item in the POA, to allow others to see the discussion/conclusion]

- [Include a requirement for producing an annual financial report.]
  - **Draft:** In general, wastewater costs and revenues will be captured in the annual budgets of both the Town and City. Also, the City will be provided the ability to audit the Town's financial records related to the collection of monthly treatment fees. Therefore, no separate annual financial report is needed.

11. **O&M of Facilities.** The Town will construct the export pipeline and a termination structure at or near the Chico WPCP. The Town would own the export pipeline. The POA would need to address who is responsible for O&M and future repairs/replacements of the export pipeline and termination structure at the Chico WPCP.

- **DRAFT:** It is anticipated that the Town will own the entire export pipeline and will provide all operation and maintenance associated with it, with the exception of wastewater monitoring efforts, which are described in item 6 above.
- [It may work best to develop a separate "O&M Agreement" to cover all of the various items related to operating costs.]
  - **Draft:** The City and Town intend to develop an inter-municipal agreement based on these Principals of Agreement. In the future, if O&M items arise and warrant it, the two parties may wish to develop an O&M Agreement. For example, one item that might arise is that the Town might wish to contract with the City to provide some O&M services on the export pipeline, given that the City has on-staff expertise in this area.

12. **Term and Termination of the Agreement.** [Need to develop the term and termination of the agreement. The term of the agreement should match any financing requirements and/or the lifespan of the infrastructure. Also need to address how to handle disaster scenarios. This item might need input from Town and City attorneys, in order to draft appropriate POA language.]

13. **"Revisit" Clause.** [Need to develop a statement that allows for an evolution of the roles and responsibilities established in this document. For example, in the future, if the Town grows to a size that it makes sense for it to create and run its own pretreatment program, the document should allow for that to happen. This item will need input from Town and City attorneys.]

[ADDITIONAL ITEMS 14, 15, and 16 came from "Crafting Interlocal Water and Wastewater Agreements," UNC Environmental Finance Center, 2019. Text in quotes is taken from that document]

14. **Service Area Boundary.** “When two or more service providers agree to buy or sell water services to one another, it is extremely important to remove as much ambiguity as possible about current and future service areas.” Identify the service area boundary as the Town of Paradise town limits. The Sphere of Influence and Town/City limits may change...

- **Draft:** This item relates to the potential for the two entities to have adjacent or overlapping service area boundaries. The Town of Paradise and the City of Chico will not overlap with respect to providing wastewater services. In the future, spheres of influence could overlap (although this is extremely unlikely). If that situation arises, it should be addressed at that time. [Ask the attorneys for their input, including if language should be included on this subject in the inter-municipal agreement.]

15. **Notice Requirements for Fee Changes.** “The contract should also include language to cover notice requirements or any other processes related to when and how rates will be changed. If there will be a process for modifying rates in the future, the parties should contemplate what shall constitute reasons to justify modification.”

- **Draft:** In California, formal notification to citizens regarding fee increases is covered by Prop 218. If the City is considering a fee update, City staff will inform the Town Council of an upcoming fee adjustment process.

16. **Excessive Inflow and Infiltration.** “Inflow and infiltration (I&I) can be a big problem for wastewater interlocal agreements. If possible, partners should consider how to contract in language that will address how I&I should be handled.”

- **Draft:** Because the Town’s collection system and export pipeline will be entirely new, the initial amount of I&I should be very low. Over time, it is possible I&I will increase. The Town of Paradise will monitor its wet weather flows each year and assess the level of I&I it is experiencing. If excessive I&I is seen, the Town will complete such corrective measures to eliminate excessive I&I as are reasonably demonstrated to be cost effective by studies conducted and funded by the Town. [Perhaps move this item up to Section 11--O&M of Facilities]

17. **Resolving Conflicts or Disagreements.** [“Regardless of how carefully an interlocal agreement may be contracted, there can still be conflict or disagreement, particularly when unanticipated needs or challenges arise. Parties to an agreement should anticipate the need to potentially negotiate at some point during the life of the agreement, and should build in language that lays out what process should be used.” This item will need input from Town and City attorneys.]

- [Note from Staff: The City of Folsom/SRCSD contract has extensive sample language for this item, which the attorneys can use if they wish to.]



## City of Chico, Code Section 15.40.285

The City of Chico has a provision in its municipal code, Section 15.40.285—Regulation of Waste Received from Other Jurisdictions, that specifically addresses handling wastewater from outside the city's sanitary sewer system. Here is the code section in its entirety:

### **15.40.285 Regulation of Waste Received from Other Jurisdictions**

*If another municipality or user located within another municipality contributes wastewater to the city's sanitary sewer system, the director shall enter into an inter-municipal agreement with the contributing municipality. Prior to entering into an agreement, the director shall request the following information from the contributing municipality:*

- 1. A description of the quality and volume of wastewater discharged to the city's sanitary sewer system by the contributing municipality;*
- 2. An inventory of all users located within the contributing municipality that are discharging to the city's sanitary sewer system; and*
- 3. Such other information as the director may deem necessary.*

*An inter-municipal agreement shall contain the following conditions:*

- 1. A requirement for the contributing municipality to adopt a sewer use ordinance which is at least as stringent as this ordinance and local limits, including required baseline monitoring reports which are at least as stringent as those set out in section [15.40.024](#). The requirement shall specify that such ordinance and limits must be revised as necessary to reflect changes made to the city's ordinance or local limits;*
- 2. A requirement for the contributing municipality to submit a revised user inventory on at least an annual basis;*
- 3. A provision specifying which pretreatment implementation activities, including wastewater discharge permit issuance, inspection and sampling, enforcement, will be conducted by the contributing municipality; which of these activities will be conducted by the director; and which of these activities will be conducted jointly by the contributing municipality and the director;*
- 4. A requirement for the contributing municipality to provide the director with access to all information that the contributing municipality obtains as part of its pretreatment activities;*
- 5. Limits on the nature, quality, and volume of the contributing municipality's wastewater at the point where it discharges to the city's sanitary sewer system;*
- 6. Requirements for monitoring the contributing municipality's discharge;*
- 7. A provision ensuring the director access to the facilities of the users located within the contributing municipality's jurisdictional boundaries for the purpose of inspection, sampling, and other duties deemed necessary by the director; and*
- 8. A provision specifying the remedies available for breach of the terms of the inter-municipal agreement.*



## **DRAFT Principles of Agreement** (version 6, 31-January-2022)

### **Introduction and Background**

Through its work on the Paradise Sewer Project (Project), the Town of Paradise (Town) has identified a connection to the Chico Water Pollution Control Plant (WPCP) as its preferred alternative for wastewater treatment and disposal, and has approached the City of Chico (City) to explore the feasibility of such a connection. The Councils of the Town of Paradise and City of Chico have formed a Sewer Regionalization Project Advisory Committee (Committee) as a mechanism for exploring this proposal. The Central Valley Regional Water Quality Control Board (Regional Board) has agreed to facilitate the activities of the Committee.

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The Committee will develop an agreed-upon list of basic principles for an IMA, which will be captured in this document, the Principles of Agreement (POA). It is anticipated that a draft POA will be developed by the Committee, which will then be brought to the Town Council and City Council for review and approval. The final POA would then be turned over to legal counsel from the Town and City to draft into an IMA for consideration by the Town Council and City Council.

### **City of Chico Municipal Code**

The City of Chico has a provision in its municipal code *Section 15.40.285—Regulation of Waste Received from Other Jurisdictions* that specifically addresses handling wastewater from outside the city's sanitary sewer system. That code section is presented in its entirety at the end of this document.

### **Principles of Agreement**

The Principles of Agreement are divided into 17 subject areas, as listed below. (Other subject areas may be added over time.) The first eight items reflect the eight items specified in Section 15.40.285. Over the course of its work, the Committee will develop specific agreed-upon statements (principles of agreement) for each of these items.

1. **Sewer Use Ordinance:** The Town will need to adopt a sewer use ordinance that parallels the City's sewer use ordinance. The POA could contain a commitment from the Town to have an ordinance completed by a certain milestone.
  - **DRAFT:** The Town will adopt a sewer use ordinance that parallels the City's ordinance. The Town's ordinance shall be adopted and in place 30 days prior to the commencement of discharge into the Project.
2. **User Inventory:** The Town will need to submit an annual inventory of entities discharging into the sewer system. The POA could contain a statement to that effect.
  - **DRAFT:** The Town will submit a quarterly inventory of entities discharging into its sewer system, classified by residential and commercial dischargers. This quarterly report will also contain an estimate of new connections estimated to occur over the upcoming 12 months, broken down by the same classifications.

This inventory will reflect data from July 1 through June 30 of each year, and will be submitted by August 1 of each year.

- **DRAFT:** The Town will develop and administer a Sewer Application process, with two parts—a Town-reviewed portion for the collection system and a City-reviewed portion for treatment. The treatment portion will follow the existing City sewer application. If the proposed discharge exceeds the thresholds established in the pretreatment program (see below), it will have to treat its discharge to a sufficient degree to meet the City's pretreatment program requirements. Businesses would face the same pretreatment requirements, whether they are in Paradise or Chico.
  - **DRAFT:** The Town and the City agree to prohibit future connections to the export pipeline in the portion of the pipeline that sits outside of the Town limits or City limits.
3. **Pretreatment:** The City has an existing pretreatment program to monitor industrial/commercial dischargers, which Town dischargers will need to meet. (The City has two employees conducting annual inspections of commercial/industrial dischargers.) The POA could contain a statement to that effect. In addition, the Town will need to decide whether to create and administer its own pretreatment program, or simply comply with the City's pretreatment program. Ultimately, the Town and City will need to determine who implements the various pretreatment activities for Paradise dischargers. The POA could contain the basic definition of these divisions of responsibility.
- **DRAFT:** The Town will follow the City's pretreatment program, including future changes; the Town will not develop a pretreatment program of its own. This includes the City's Fats, Oils & Grease (FOG) program. Dischargers would follow the City's pretreatment program application process, which includes setting monthly fees. [Staff Input: Add the following sentence here, "Pretreatment program fees will be collected by the Town and conveyed to the City, similar to the process outlined in Item 10."]
4. **Pretreatment Data Access:** The Town will need to provide the City with all information it obtains related to the pretreatment activities. The POA could contain a statement to that effect.
- **DRAFT:** The Town will provide the City with all information it obtains relative to meeting the City's pretreatment program requirements.
  - **DRAFT:** Paradise will contract with the City or hire and use qualified professionals (Industrial Waste Inspectors, testing, labs, etc.) to conduct its pretreatment activities. [Staff Input: This statement may no longer apply, given the decision made on Item 3—Pretreatment. Possibly delete.]
5. **Wastewater Limits:** The agreement will need to define limits on the volume and quality of Paradise wastewater discharged to the Chico Water Pollution Control Plant (WPCP). This

will likely be addressed by the City's CFA efforts; the Committee would then review those results and draft POA language. Town and City staff are currently awaiting results from the City's engineering consultant in order to draft suggested language for this item.

- **Draft Staff Language:** Associated with the treatment connection payment (described below), the Town of Paradise wastewater flow to the Chico WPCP will be limited to 0.464 million gallons per day (mgd) average dry weather flow (ADWF). ADWF will be calculated using criteria specified by the Central Valley Regional Water Quality Control Board in the Chico permit. It is anticipated that a majority of the wastewater discharges into the Paradise collection system will be of typical residential and commercial quality. However, all potential Town discharges will be subject to the Pretreatment requirements of this agreement, as specified in Section 3.
6. **Wastewater Monitoring:** The agreement will need to define how the volume and quality of Paradise wastewater will be monitored.
- **DRAFT:** The Termination Structure, to be constructed as part of the Paradise Sewer Project, will contain wastewater monitoring equipment (e.g., flow meter, composite sampler). Because the City has staff familiar with this type of equipment, and because it has its own wastewater laboratory for testing wastewater samples, the flow metering and monitoring equipment will be operated and maintained by City staff, and samples will be processed in the City lab. Consideration will also be given to having some level of monitoring equipment at the upper end of the export pipeline. A payment will be negotiated at the start of the contract and paid annually by the Town to the City to cover the costs associated with these efforts.
7. **Access to Facilities:** The City will need to be granted access to the Town's wastewater facilities, including those within the Town's boundaries. The POA could contain a statement to that effect.
- **DRAFT:** The Town will grant the City access to the Town's wastewater facilities, including those within the Town's boundaries for purposes of inspection, sampling, and other duties deemed necessary by the City. The City will give the Town sufficient notice to allow the Town to arrange safe access to the facilities. The Town and City will look for efficient ways to jointly conduct inspections to minimize impacts to both entities' staff.
8. **Remedies for Breach of Agreement:** Like all legal agreements, the IMA will need to address how the parties would handle any breach of the agreement. This item might need input from Town and City attorneys, in order to draft appropriate POA language. These remedies will vary by the various required items in this POA.

- **DRAFT:** If disagreements exist between the Town and City attorneys regarding agreement language, those disagreements will be brought back to the Committee to attempt to resolve.
9. **Treatment Connection Payment.** A number of items need to be addressed related to the treatment connection payment to be paid by the Town for connecting to the Chico WPCP. These will likely be addressed by the City's CFA efforts; the Committee would then review those results and draft POA language. Items include:
- How much should the initial connection payment be (e.g., for the initial Paradise flow or the ultimate flow)?
  - If ongoing connection fees are to be collected for future connections, how much should they be (e.g., linked to the City of Chico's current connection fee schedule)?
  - How should they be collected and paid to the City of Chico (e.g., collected by the Town of Paradise on an ongoing basis and paid to the City of Chico quarterly)?
  - **Draft Staff Language:** The Town of Paradise will make a total payment of \$xxx to the City of Chico to cover treatment capital costs associated with a wastewater flow from the Town of 0.464 mgd ADWF (see ADWF definition above). This payment will be made at the time that initial Paradise flows are sent to the Chico WPCP, currently estimated to start on or about December 2026.
10. **Monthly User Fees.** A number of items need to be addressed related to the monthly fees to be paid by the Town for discharging to the Chico WPCP. (Note: The City does not currently break its monthly fees into treatment and collection system components.) Items include:
- How much should the monthly user fees charged to the Town be (e.g., linked to the treatment portion of the City of Chico's current monthly user fees)?
    - **Draft:** Assuming that the City establishes a treatment portion of its monthly user fee, the Town users will pay that treatment monthly user fee to the City. Town users will also pay a collection system monthly user fee to the Town associated with the Town's collection system and export pipeline O&M costs.
  - How should they be collected and paid to the City of Chico?
    - **Draft:** The Town will collect the treatment monthly user fee from its users. The Town will submit the total treatment monthly user fee amount to the City on a [monthly/quarterly] basis. The Town will be responsible for collecting unpaid treatment monthly user fees from its users.
  - How should future rate updates be handled?

- **Draft:** As discussed above, the Town users will pay the treatment monthly user fee established in the City's fee schedule, including any future increases made to those fees. The assumption is that the City and Town users will pay the same monthly treatment fee based on the established fee schedule. Future increases will follow the Prop 218 process, including public noticing.
- [There is potential for power generation as the wastewater moves from Paradise down off the Ridge to Chico. Need to address potential for sharing any electrical generation revenue.]
  - **DRAFT:** It is generally not practical to generate electricity from raw wastewater flows, especially intermittent flows that we will see in the export pipeline. Therefore, this item will not be addressed in the POA. [leave this item in the POA, to allow others to see the discussion/conclusion]
- [There is potential for Chico to treat its wastewater for recycling. Need to address the potential for revenue sharing.]
  - **DRAFT:** Because the City's wastewater system operates as an "enterprise" fund, any income or cost resulting from water recycling will be incorporated into the City's connection fees and monthly user fees. This item can be stated in the POA as an item not included. [leave this item in the POA, to allow others to see the discussion/conclusion]
- [Include a requirement for producing an annual financial report.]
  - **Draft:** In general, wastewater costs and revenues will be captured in the annual budgets of both the Town and City. Also, the City will be provided the ability to audit the Town's financial records related to the collection of monthly treatment fees. Therefore, no separate annual financial report is needed.

**11. O&M of Facilities.** The Town will construct the export pipeline and a termination structure at or near the Chico WPCP. The Town would own the export pipeline. The POA would need to address who is responsible for O&M and future repairs/replacements of the export pipeline and termination structure at the Chico WPCP.

- **DRAFT:** It is anticipated that the Town will own the entire export pipeline and will provide all operation and maintenance associated with it, with the exception of wastewater monitoring efforts, which are described in item 6 above.
- [It may work best to develop a separate "O&M Agreement" to cover all of the various items related to operating costs.]

- **Draft:** The City and Town intend to develop an inter-municipal agreement based on these Principals of Agreement. In the future, if O&M items arise and warrant it, the two parties may wish to develop an O&M Agreement. For example, one item that might arise is that the Town might wish to contract with the City to provide some O&M services on the export pipeline, given that the City has on-staff expertise in this area.

12. **Term and Termination of the Agreement.** [Need to develop the term and termination of the agreement. The term of the agreement should match any financing requirements and/or the lifespan of the infrastructure. Also need to address how to handle disaster scenarios. This item might need input from Town and City attorneys, in order to draft appropriate POA language.]

13. **“Revisit” Clause.** [Need to develop a statement that allows for an evolution of the roles and responsibilities established in this document. For example, in the future, if the Town grows to a size that it makes sense for it to create and run its own pretreatment program, the document should allow for that to happen. This item will need input from Town and City attorneys.]

**[ADDITIONAL ITEMS 14, 15, and 16 came from “Crafting Interlocal Water and Wastewater Agreements,” UNC Environmental Finance Center, 2019. Text in quotes is taken from that document]**

14. **Service Area Boundary.** “When two or more service providers agree to buy or sell water services to one another, it is extremely important to remove as much ambiguity as possible about current and future service areas.” Identify the service area boundary as the Town of Paradise town limits. The Sphere of Influence and Town/City limits may change...

- **Draft:** This item relates to the potential for the two entities to have adjacent or overlapping service area boundaries. The Town of Paradise and the City of Chico will not overlap with respect to providing wastewater services. In the future, spheres of influence could overlap (although this is extremely unlikely). If that situation arises, it should be addressed at that time. [Ask the attorneys for their input, including if language should be included on this subject in the inter-municipal agreement.]

15. **Notice Requirements for Fee Changes.** “The contract should also include language to cover notice requirements or any other processes related to when and how rates will be changed. If there will be a process for modifying rates in the future, the parties should contemplate what shall constitute reasons to justify modification.”

- **Draft:** In California, formal notification to citizens regarding fee increases is covered by Prop 218. If the City is considering a fee update, City staff will inform the Town Council of an upcoming fee adjustment process.



16. **Excessive Inflow and Infiltration.** “Inflow and infiltration (I&I) can be a big problem for wastewater interlocal agreements. If possible, partners should consider how to contract in language that will address how I&I should be handled.”

- **Draft:** Because the Town’s collection system and export pipeline will be entirely new, the initial amount of I&I should be very low. Over time, it is possible I&I will increase. The Town of Paradise will monitor its wet weather flows each year and assess the level of I&I it is experiencing. If excessive I&I is seen, the Town will complete such corrective measures to eliminate excessive I&I as are reasonably demonstrated to be cost effective by studies conducted and funded by the Town. [Perhaps move this item up to Section 11--O&M of Facilities]

17. **Resolving Conflicts or Disagreements.** [“Regardless of how carefully an interlocal agreement may be contracted, there can still be conflict or disagreement, particularly when unanticipated needs or challenges arise. Parties to an agreement should anticipate the need to potentially negotiate at some point during the life of the agreement, and should build in language that lays out what process should be used.” This item will need input from Town and City attorneys.]

- [Note from Staff: The City of Folsom/SRCSD contract has extensive sample language for this item, which the attorneys can use if they wish to.]

## City of Chico, Code Section 15.40.285

The City of Chico has a provision in its municipal code, Section 15.40.285—Regulation of Waste Received from Other Jurisdictions, that specifically addresses handling wastewater from outside the city's sanitary sewer system. Here is the code section in its entirety:

### **15.40.285 Regulation of Waste Received from Other Jurisdictions**

*If another municipality or user located within another municipality contributes wastewater to the city's sanitary sewer system, the director shall enter into an inter-municipal agreement with the contributing municipality. Prior to entering into an agreement, the director shall request the following information from the contributing municipality:*

- 1. A description of the quality and volume of wastewater discharged to the city's sanitary sewer system by the contributing municipality;*
- 2. An inventory of all users located within the contributing municipality that are discharging to the city's sanitary sewer system; and*
- 3. Such other information as the director may deem necessary.*

*An inter-municipal agreement shall contain the following conditions:*

- 1. A requirement for the contributing municipality to adopt a sewer use ordinance which is at least as stringent as this ordinance and local limits, including required baseline monitoring reports which are at least as stringent as those set out in section [15.40.024](#). The requirement shall specify that such ordinance and limits must be revised as necessary to reflect changes made to the city's ordinance or local limits;*
- 2. A requirement for the contributing municipality to submit a revised user inventory on at least an annual basis;*
- 3. A provision specifying which pretreatment implementation activities, including wastewater discharge permit issuance, inspection and sampling, enforcement, will be conducted by the contributing municipality; which of these activities will be conducted by the director; and which of these activities will be conducted jointly by the contributing municipality and the director;*
- 4. A requirement for the contributing municipality to provide the director with access to all information that the contributing municipality obtains as part of its pretreatment activities;*
- 5. Limits on the nature, quality, and volume of the contributing municipality's wastewater at the point where it discharges to the city's sanitary sewer system;*
- 6. Requirements for monitoring the contributing municipality's discharge;*
- 7. A provision ensuring the director access to the facilities of the users located within the contributing municipality's jurisdictional boundaries for the purpose of inspection, sampling, and other duties deemed necessary by the director; and*
- 8. A provision specifying the remedies available for breach of the terms of the inter-municipal agreement.*