

Central Valley Regional Water Quality Control Board

MEETING NOTICE AND AGENDA **Paradise Sewer Regionalization Project Advisory Committee Meeting** **Monday March 21, 2022 1:00 PM to 3:00 PM** **City of Chico Council Chambers**

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:

Chico City Council Chambers
421 Main Street, Chico

MEETING AGENDAS & MINUTES CAN BE FOUND ONLINE AT:

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

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

Meeting participation details and agenda on the following page.

MARK BRADFORD, CHAIR | PATRICK PULUPA, ESQ., EXECUTIVE OFFICER



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](#) Passcode: SRPAC

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. 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 March 21, 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.

PARADISE SEWER REGIONALIZATION PROJECT ADVISORY COMMITTEE (SRPAC)

DRAFT COMMITTEE MEETING MINUTES
MONDAY, 31 JANUARY 2022



COMMITTEE MEETING LOCATION: TOWN OF PARADISE
(Also broadcast over MS Teams and YouTube for viewing)

COMMITTEE MEMBERS PRESENT:

Paradise Mayor Steve Crowder	---
Paradise Council Member Jody Jones	Chico Vice Mayor Kasey Reynolds

COMMITTEE MEMBERS ABSENT:

Chico Mayor Andrew Coolidge

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 (Teams)

ADDITIONAL ATTENDEES PRESENT WHO WERE IDENTIFIED:

John Buttz (HDR Engineering) – Consultant for Town of Paradise
Beverly Hann (Carollo Engineering) – Consultant for City of Chico

AGENDA ITEM 1 - INTRODUCTIONS

At 1:05 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 Town of Paradise's Council Chambers and is being broadcast for participation on MS Teams, and listen-only on YouTube. Some technical difficulties with the broadcast were being experienced. 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 December 13, 2021 meeting minutes. Will be posted final to the internet. Crowder moved, Reynolds seconded. All aye.

AGENDA ITEM 4 – COMMITTEE MEMBER COMMUNICATION

No specific comments. No communications since last meeting.

AGENDA ITEM 5 – STATUS UPDATES

A. ENVIRONMENTAL IMPACT REPORT

Mr. Mattox provided an update on the project's EIR. There has been significant progress. Working with consultant team and Town legal staff to review drafts being prepared. Over last couple of months the legal team requested additional evaluation in some areas to better understand legal risks. Working through extra review in those areas as draft progresses. Behind schedule, but draft expected April or May at this point. Ms. Jones asked if all the field studies done and Mr. Buttz stated yes, all field studies completed. Mr. Crowder asked how far off the draft is. Mr. Mattox replied that originally, we were hoping to release before Christmas, but it was postponed due to the holidays. Additionally, staffing transition and legal comments now makes closer to May. Should be able to make that. The extra time is well spent. We only want to do this once, rather than having unresolved issues that would require a major redo based on something that could be resolved now. No further discussion by SRPAC members.

B. COOPERATIVE FUNDING AGREEMENT (CFA) SCOPE OF WORK

Mr. Gustafson summarized the work under the CFA over the last couple of months, including an analysis of the City's wastewater treatment plant by Carollo Engineering. Carollo will provide an update later today under item 6a. The City's Finance Committee was updated on the rate study last Wednesday. The rate study is separate from the regionalization analysis. The Committee asked about options to be discussed at its next meeting on February 23. We expect the committee to make a recommendation to the full City Council, likely at the April 1st, or May meeting to start the Proposition 218 process. He will keep the SRPAC updated. Ms. Jones

asked how much rates may go up to. Mr. Gustafson replied that rates would definitely increase, but that there are multiple options. Residential rates are currently \$22.98 flat rate, very low compared to other municipalities, and has been for quite some time. That rate is only covering operations and not enough to do capital projects that are needed on the WWTP and collection system. Approximately 30% of the collection system is at the end of its useful life. Other options include a volumetric rate, like current commercial customers based on consumption and provides equity. A volumetric pricing schedule could result in a 150% increase if all Capital Improvement Projects (CIP) needs included. Also looked at a modified fixed rate of \$63/mo. The selected rate is expected to be comparable to other cities. Maybe collection system needs would be funded at 50% for a few years, then 75%, then full, to provide a ramp up period. Other options too to be presented. Rates are going up, but they have enjoyed the low rates for a long time. Ms. Jones thanked Mr. Gustafson for the information. Mr. Crowder asked Mr. Gustafson to confirm that Chico's rates would increase even absent the planned Paradise connection. Mr. Gustafson confirmed that is correct. The rate proposals are based on Chico's own needs. A connection with Paradise would only help spread costs over a larger rate payer base. People have already heard false rumors that the Paradise connection is why Chico's rates may go up. Mr. Snyder mentioned that both Town and City staff have already met with State and Regional Water Board staff to discuss the challenges of clear messaging and how to explain the project to avoid confusion.

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. There has been lots of progress. We're down to a few remaining key items. Now that the Chico analysis is complete, we can work on sections that had been waiting for that.

1. Sewer Use Ordinance –

No new discussion or changes.

2. User Inventory –

No new discussion or changes.

3. Pretreatment –

Clarified language to specify that Town would collect sewer fees from users and be responsible for ongoing monthly payment to City like any other customer.

4. Pretreatment Data Access –

Clarified language. Paradise won't staff its own pretreatment program. Town will rely on the City staff and expertise and pay the City for that service. All SRPAC members concurred.

5. Wastewater Limits -

Mr. Buttz presented proposed language for this section. 0.464 mgd limit covers build out of the Paradise service area. Specifies measurement. Assumes typical residential and commercial quality. What if quality or flow is out of the ordinary? That is covered by the last sentence that pertains to pretreatment requirements in Section 3. Paradise wastewater will comply with the City's Pretreatment requirements. Ms. Jones asked about the difference between starting flows and build out flows. Mr. Buttz responded that we assume 0.109 mgd starting. Ms. Jones noted that that has lots of growth built into it, and how many years to get to buildout. Mr. Buttz replied that buildout is assumed at year 2057. Ms. Jones, Ms. Reynolds, and Mr. Crowder stated that the proposed language looked good.

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. Mr. Buttz stated that we aren't looking for the SRPAC to finalize the language today, but to absorb the information, talk to their staff and come back at next meeting to come to a conclusion. Ms. Hann then gave a presentation on Carollo's analysis for the City of Chico. She discussed

the history of different planning efforts and the values and assumptions used. Population drives flow. Analyzed condition-driven and capacity-driven improvement needs. The analysis culminates into what a Paradise connection payment should be. Three options reviewed. Option 3 recommended using value of existing plant today and current capacity as of today. Capital cost plus existing plant value. Sum is \$14.9M. Ms. Jones asked where money would come from to pay for this. Mr. Mattox replied that a connection fee has been part of the discussion all along, and that the original estimates are right in line with these numbers. This information will allow the project to move forward with funding assistance requests. Mr. Mattox explained that the intent is to get good cost analysis to ensure that Chico wouldn't be subsidizing the project in any way.

A decision by SRPAC is not being looked for today. At March meeting will have a tech report of what was discussed today and go over again and vet questions that SRPAC members have. Then can include payment agreed to into the POAs. Then the Inter-municipal agreement (IMA) would be prepared. The presentation slides will be provided on the project website and as part of the minutes. SRPAC members discussed desire to get their respective councils up to speed and make sure SRPAC isn't getting ahead of the councils. A presentation to the councils should happen before the SRPAC discussed this issue again. Mr. Buttz showed a "next steps" document. First draft of POAs by SRPAC, then to both councils and public with 30 day comment period, then both councils could provide their comments, then staff compile and bring back to SRPAC, then work to take that and develop second draft of POAs, and then SRPAC would approve the final POAs having addressed what they heard from the two councils and the public, and then to attorneys to develop the IMA. Then IMA to SRPAC, then to councils to adopt legally. Ms. Jones suggested keep the process as presented and get input from councils prior to next SRPAC consideration. Mr. Reynolds agreed that a brief update to council to let them know where we are at is good.

Fees will get paid when town connects. Estimated as December 2026. Leave some flexibility to account for funding allocations alignment. Ms. Reynolds asked if the City would need any fees before 2026 that the City will need to expend. Mr. Gustafson stated that the costs would be incremental, and full buildout capacity wouldn't be needed initially, so there was plenty of time for planning and construction to accommodate. Not a problem.

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 –

No discussion.

12. Term and Termination of the Agreement –

No discussion.

13. “Revisit” Clause –

No discussion.

14. Service Area Boundary –

No discussion.

15. Notice Required for Fee Changes –

No discussion.

16. Excessive I/I –

No discussion.

17. Resolving Conflicts or Disagreements –

No discussion.

AGENDA ITEM 6a – PUBLIC FORUM FOR AGENDA ITEM 6

None.

AGENDA ITEM 7 – CLOSING COMMITTEE REMARKS

Ms. Jones thanked staff and Carollo for guiding this committee and is looking forward to next meeting. Mr. Crowder agreed and thanked staff for the hard work, and that he has learned a lot. Ms. Reynolds said all sounded good and looking forward to next meeting.

ADJOURNMENT

Mr. Snyder adjourned the Committee meeting at 2:28pm.

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.

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. 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. 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:** 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.*

DRAFT Principles of Agreement

(version 7, 21-March-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.

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. 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. 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:** 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 goal is to fund the treatment connection payment in a similar manner to the remainder of the Paradise Sewer Project. The payment is currently estimated at \$14.9 million (estimated in December 2026 dollars), which the Town of Paradise would pay 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 is assumed to 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.*