MEETING NOTICE AND AGENDA
Paradise Sewer Regionalization Project Advisory Committee Meeting
Monday December 13, 2021 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
Vice Mayor 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.

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 December 13, 2021 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, 11 OCTOBER 2021

COMMITEE MEETING LOCATION: TOWN OF PARADISE (Also broadcast over Zoom for viewing)

COMMITTEE MEMBERS PRESENT:

Paradise Mayor Steve Crowder	Chico Vice Mayor Kasey Reynolds
Paradise Vice Mayor Jody Jones	

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
Scott Hubber, Town Attorney

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
Brendan Ottoboni (Psomas Engineering) – Consultant for City of Chico

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 in the Town of Paradise 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 and past minutes were available in hard copy in the room. Mr. Snyder also described a revised meeting procedure to allow more timely opportunity for public comment at the meeting, as had been requested by the SRPAC members. Mr. Mattox stated that the most recent version of the Principles of Agreement (POAs) is in the agenda package and will continue to show the progression of capturing draft and final language discussed at prior meetings, as well as proposed language from staff suggestions.

AGENDA ITEM 2 – PUBLIC FORUM

No speakers. One comment received via email requesting to be added to email list. Mr. Mattox stated he would reach out and add the person to the interested parties list.

AGENDA ITEM 3 – APPROVE PREVIOUS MEETING MINUTES

Committee unanimously approved August 9, 2021 meeting minutes. Will be posted final to the internet.

AGENDA ITEM 4 – COMMITTEE MEMBER COMMUNICATION

Ms. Jones, Mr. Crowder, Ms. Reynolds – None noted.

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. Late summer/early fall for final EIR. Ms. Jones noted that a Paradise Post newspaper article had stated that the administrative draft had already been released. Ms. Tice stated that the article was inaccurate and that the draft had not yet been released, and that even a draft for staff circulation had not yet been completed. Mr. Mattox stated that he would contact the Post to provide clarification. Field studies are being finalized. Environmental analysis is progressing and identified impacts are being avoided through design considerations. Continued engagement with stakeholders including Tribal consultation. Areas of analysis include collection system, export pipeline, connection to Chico plant, extension of service area through LAFCO, project alternative for routing, cumulative activities. Information available on project website. No questions from 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. In data collection and

technical evaluation. Fully studying impacts to Chico's WWTP. Progressing on schedule. Deliverables planned in next several months.

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 –

   Last meeting the SRPAC asked for staff to propose language stating the intent to prohibit future connections outside of Town or City limits. Ms. Jones says she likes the proposed language and that she felt it captures what the committee wanted. Mr. Crowder indicated agreement.

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 –

   One decision is who should conduct the monitoring; city staff or town staff. Developed much of the proposed language during last meeting. Some level of monitoring needed at upper end of pipeline. One of the public comments previously was in regards to this. Last meeting it was discussed and agreed that monitoring was needed. A flow meter and monitoring would occur just before connection to the plant. Also, some advantage to monitoring up in Paradise. One advantage would be detecting a dump of chemicals and providing time to react and divert at the plant. Other operational advantages too. Reynolds commented that negotiating annually might be rough. John clarified that the draft language intended that it would be negotiated up front and paid annually and that he would clarify that wording. Edits look good to all SRPAC present. Mr. Buttz noted that some of the next items require atty input and are placeholders for now and no new discussion or changes are proposed at this time.

7. Access to Facilities –

   No new discussion or changes.

8. Remedies for Breach of Agreement

   No new discussion or changes.

9. Connection Fees –

   No new discussion or changes.

10. Monthly User Fees –

    This item needs input from City and Corollo. Plan to get through everything else and come back to this item. Mr. Buttz noted that City doesn't currently break fee out into collection and treatment separately and would need to do that for the future. Proposal is that the Town would pay a user fee based on the treatment costs to the City. Additionally, Town users would pay a fee for collection system operations to the Town. Ms. Jones asked if Town users would have to make two payments. Mr. Buttz noted that later text in the POA discusses how to pay. The Town would collect payments and submit to city. Need to determine if this would be monthly or quarterly. Pay one bill with two line items. Town would have responsibility to collect unpaid bills. Ms. Reynolds stated that it makes the most sense from the City perspective. Ms. Jones agreed. Mr. Snyder noted that this language is for a high-level framework; next steps would include drafting contractual language with attorneys from the Town and City. Ms. Jones said she was fine to adopt these two paragraphs as draft. Mr. Crowder agreed.

    Mr. Buttz introduced topic; how should future rate updates be handled? Proposed text regarding increases to fees is included. Ms. Jones asked about

process for raising fees considering the Prop 218 process. Mr. Ottoboni stated that for Chico, the Council adopts the rate, then ballots go out to users. If no greater than 50% oppose, then the rate adjustment goes into effect. Ms. Jones confirmed that it gives plenty of process for public input and asked to please add some language to clarify the process and how it would be handled. Ms. Reynolds stated that increases in rates also hits Chico residents, so it's not like Chico would just raise rates on Paradise users alone. Mr. Snyder summarized requested edits. Staff will redraft language.

Mr. Buttz noted that there were a few other comments/questions previously, including the theoretical possibility that money could be generated associated with the project in the future, such as for power generation from pipeline energy. Also recycled water. He stated that power generation would not likely be practical, and that it may not be necessary to include discussion on this in the POA. The same is true for recycled water. Monthly fees common between City and Town (enterprise fund), with money generated going back into fund and both users would benefit. So this issue is covered and there may be no need to specifically address. Maybe just include language noting that. Mr. Snyder suggested just focusing on getting principles down and then the attorneys will go on to draft more specific language. Ms. Jones prefers to leave some language in the POAs so others can see what they discussed. Ms. Reynolds agrees. Mr. Crowder agrees; yes include language. No additional discussion or changes.

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

    Suggested staff text states that Town will own export pipe and will be responsible for all O&M, except wastewater monitoring efforts discussed previously. Mr. Snyder noted that splitting bill into collection system and treatment parts will give Town the ability to adjust collection system fees to cover their maintenance activities. No comments from committee. All OK. Move this language into draft.

12. Term and Termination of the Agreement –

    Language to be developed.

13. "Revisit" Clause –

    Mr. Buttz stated that a couple of meetings ago a revisit clause to allow for evolution of roles and responsibilities as years go on was mentioned. For example, what about in the future if Town decides to run its own Pretreatment program? We will get input from Town and City attorney to craft this clause.

Following discussion of the existing POA items, Mr. Buttz brought up a university article that he found. It included four items that might be good to include in POA.

The first new one is about the service area boundary. You don't want ambiguity about current and future boundaries. Connections only allowed in Town or City limits. Mr. Snyder

noted that a sphere of influence can change, and to clarify that these can change over time. Ms. Jones agrees that it is a good idea to include language and liked what is proposed, and that yes, it should be town limits. Ms. Reynolds agrees; Town or City limits as they evolve over time.

The second item was about noticing requirements for fee changes. When, when, and why rates can change. Prop 218 includes noticing for public information and input. Also there would be communication between City and Town as City goes through any rate changes. Ms. Jones stated that the previous language proposed above for Prop 218 will take care of part of this and asked if the City has procedures on when notification would occur. Mr. Orme explained that California already has restrictive rules in place and Prop 218 already requires notice to ratepayers, etc. Mr. Snyder asked if there should be a mechanism to give a heads up earlier in the process, or closer coordination between the City and the Town? Ms. Jones said that was a good point and that the Town wouldn't want to find out just when citizens get Prop 218 notices, so maybe some language should be included about making intentions known earlier. Mr. Orme stated that if the City is considering fee modifications then they could come to the Town to notify council and explain why and what the timeline is, and provide update as a partner. Like how they handle waste hauling franchise. Ms. Reynolds wanted to be sure that it wouldn't be a big cost in staff time to provide this level of communication and asked staff to confirm that it wouldn't be a big deal or need to happen too often. Mr. Orme confirmed that he didn't think it would be a big deal and that they would do that anyway.

The third item was about handling inflow and infiltration (I/I). Mr. Buttz explained that sewers are not always water-tight and can let water in or out. This can be a problem, especially with older systems. This system would be new, but the agreement would be long term. Mr. Mattox stated that monitoring at top and bottom of system would indicate if there is a problem. Chico would want to know because the volume to be treated is important and is what fees are based on. Staff to come up with some proposed language for next time.

The fourth item was about resolving conflicts and disagreements. This is typical to include in any contract. All agree that the attorneys can give input on this, and that it is a good idea to include.

AGENDA ITEM 6a – PUBLIC FORUM

Linda Stone (RCAC) representative asked about level of detail for O&M of termination structure. She asked about how the shared operation of this would work and the terms of the agreement. It is not clear who is responsible for what. WWTP staff would have more expertise. Also noted that the termination structure could have to handle inflow and infiltration (I/I) over time. It would be a good idea to have definition of responsibility for that. Mr. Buttz stated that it may be best for the Town to look for the City to take this on, with reimbursement to the City, due to their expertise. Yes, it should be clear on where responsibilities start/stop. No other comments, including from online.

Mr. Buttz asked to talk a bit about future steps into next year. It would be good to get a specific schedule together. One key item is to identify the steps for the SRPAC to take to move from draft POA that they will finish with, to a signed agreement by both councils, with

approved agreements. Work by SRPAC, then to the attorneys for Town and City, then to the councils again. What type of process would make this most streamlined? Ms. Jones thinks that you first get agreement on POA from both full councils, so that you have good expectation for everyone to be in agreement with the final documents after legal, and then bring back to full councils. That would give any members of the public who haven't been in these discussions a chance to comment. Ms. Reynolds stated they could put out a public notice for the council meetings. Mr. Mattox stated that he likes this approach and that they would also get legal staff input. Mr. Orme nods yes too. Mr. Buttz noted that each council could have suggested language changes. SRPAC acts like conference committee to craft final proposed language for final POA. Ms. Reynolds suggested just waiting for legal input and go from there. Ms. Jones agrees with Ms. Reynolds and doesn't think that comments will be too huge or substantive. Also, we could just put those comments into the interagency agreement (IA) for approval and wouldn't need to do a two-step process with POA and then IA too. Mr. Snyder suggested bringing a proposal for next time for this process for agreement. Ms. Reynolds requested that the draft IA be brought to SRPAC first. Chico staff say that's fine with them. Mr. Crowder asked for Mr. Philips (online) input, and Mr. Philips stated that it all sounds good and workable.

AGENDA ITEM 7 – CLOSING COMMITTEE REMARKS

Committee members expressed appreciation for a good meeting and for the progress being made. Location for next meeting is in Chico on December 13th.

ADJOURNMENT

Mr. Snyder adjourned the Committee meeting at 2:30pm.

DRAFT Principles of Agreement
(version 4, 11-October-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 eleven 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. This will likely be addressed by the City's CFA efforts; the Committee would then review those results and draft POA language.

    - **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. **Connection Fees.** A number of items need to be addressed related to the fee 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 fee 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?

        - **Staff Draft Text**: As discussed above, the Town users will pay the treatment monthly user fee to the City, including any future increases made to those fees. The assumption is that the City and Town users will continue paying the same monthly treatment fee. [add language describing the Prop 218 process]

    - [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.]

        - Staff Input: 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.]

        - Staff Input: 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.]

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.

    - [It may work best to develop a separate "O&M Agreement" to cover all of the various items related to operating costs.]
    - **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.

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. **[Staff Draft Text] "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.]

POSSIBLE ADDITIONAL ITEMS (quoted from "Crafting Interlocal Water and Wastewater Agreements, UNC Environmental Finance Center, 2019)

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…]

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."]

    - 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."]

    - Monitor Paradise flows over time and analyze amounts of I/I. If the amount gets to a certain amount, Paradise to address the I/I.
    - [HDR to find existing sample language from other contracts.]
    - [Need to address high rainfall events.]

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."]

    - [Get input from attorneys.]

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 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. **Connection Fees.** A number of items need to be addressed related to the fee 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 fee 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 Staff Text**: 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 Staff Text:** 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 Staff Text:** 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 Staff Text**: [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. Therefore, this item is not needed and can be deleted from the POA.]

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 Staff Text:** 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 Staff Text:** Because the Town's collection system 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.