



Amador Regional Sanitation Authority Meeting Agenda

Thursday, October 15, 2026 at 2:30 PM

33 Church Street, Sutter Creek, CA 95685

The Agenda can be found on the City's Website: www.cityofsuttercreek.org

1. Call to Order and Establish a Quorum for Regular Meeting

2. Pledge of Allegiance to the Flag

3. Public Forum

Discussion items only, no action to be taken. Any person may address the Board at this time upon any subject within the jurisdiction of the Amador Regional Sanitation Authority; however, any matter that requires action may be referred to staff and/or Committee for a report and recommendation for possible action at a subsequent Board meeting. Please note – there is a five (5) minute limit per topic.

4. Consent Agenda

A. [Minutes of July 16, 2026](#)

B. [Reservoir report](#)

5. Administrative Agenda

A. Update on the ARSA–City of Ione Agreement - At Places

Receive an update on the status of the agreement between the Amador Regional Sanitation Authority and the City of Ione.

B. [Update on Replacement Agreements Related to ARSA Dissolution](#)

[Review report and provide comments](#)

6. General Manager's Report - informational

7. Closed Session

8. Report from Closed Session

9. Adjournment

Amador Regional Sanitation Authority

Amador Regional Sanitation Authority Meeting Minutes

Thursday, July 16, 2026 at 2:30 PM

33 Church Street, Sutter Creek, CA 95685

The Agenda can be found on the City's Website: www.cityofsuttercreek.org

1. Call to Order and Establish a Quorum for Regular Meeting

Chair Swift called the Regular Meeting to order at 2:30 PM.

Present: Chair Jim Swift, Board Members Logan Carnel, Dan Epperson and Bruce Sherrill

Absent: Board Member Claire Gunselman

Staff: Tom DuBois - City Manager, Dan Lafontaine - Public Works Director, and Alejandra Zambrano - Interim City Clerk

2. Pledge of Allegiance to the Flag

Chair Swift led the Pledge of Allegiance.

3. Public Forum

No public comments were received.

4. Consent Agenda

A. Minutes of Feb 19, 2026 for approval

B. Reservoir report - for information only

Motion: Board Member Epperson moved, seconded by Board Member Carnell, to approve the Consent Agenda.

AYES: Swift, Carnell, Epperson, and Sherrill

NOES: None

ABSENT: Gunselman

MOTION CARRIED: 4-0-1

5. Administrative Agenda

A. ARSA FY26-27 Budget

Staff recommends the Board review and adopt the FY26-27 ARSA Budget

Motion: Board Member Epperson moved, seconded by Board Member Carnell, to adopt the FY 2026-27 ARSA Budget.

AYES: Swift, Carnell, Epperson, and Sherrill

NOES: None

ABSENT: Gunselman

MOTION CARRIED: 4-0-1

The Board discussed the proposed framework for an Operations and Maintenance Agreement with the City of Ione and the contract terms needed for consideration. No formal action was taken.

6. General Manager's Report - informational

City Manager Tom DuBois provided the General Manager's Report and a general update.

7. Closed Session

There was no Closed Session.

8. Report from Closed Session

There was no reportable action.

9. Adjournment

Chair Swift adjourned the meeting at 3:12 p.m.



Alejandra Zambrano, Interim City Clerk

[illegible]

I certify under penalty of law that I have personally examined and am familiar with the information submitted in this document and all attachments and that, based on my inquiry of those individuals immediately responsible for obtaining the information, I believe that the information is true, accurate and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment.

STAFF REPORT

TO: ARSA BOARD OF DIRECTORS
MEETING DATE: OCT 15, 2026
FROM: TOM DUBOIS, GENERAL MANAGER, MASON PETERS, FINANCE
SUBJECT: CONTRACT DISCUSSIONS REQUIRED FOR ARSA DISSOLUTION

RECOMMENDATION:

Receive and comment on information report on current negotiations

DISCUSSION:

The remaining step in the dissolution of ARSA is to put in place replacement contracts for disposal service between Sutter Creek, as the successor organization to ARSA and Amador City and AWA, as customers for disposal of treated effluent.

Both Amador City and AWA also have separate collection agreements in place with Sutter Creek. As part of this replacement contract, Sutter Creek wants to update the overall master agreement in place with each agency. As Sutter Creek plans for a new wastewater treatment facility with disposal into Sutter Creek, it encompasses existing collection and treatment agreements as well as what in the past has been included in the ARSA JPA budget for treatment. All of those aspects must be covered in new agreements. This complexity has also delayed getting a new contract in place.

One of the challenges to discussions has been locating and summarizing all the existing agreements between ARSA and AWA (which succeeded Amador County as the party responsible for disposal of treated effluent from Martell).

AWA

All existing contracts were located and summarized as part of a term sheet to advance discussions with AWA(attached). Jim Ambercomie, former General Manager of AWA, and current interim GM is leaving in Mid-Nov. His successor is starting Nov. 1. He and I met on Sept 28th, 2026. He was thankful for all the work on the term sheet, and there is broad agreement on most of the terms.

The challenging item with AWA is going to be purchased and allocated capacity. AWA has purchased capacity in the Sutter Creek Treatment plant years ago, at what are now very attractive rates. That capacity was part of the planning, but never used. This has the impact of putting the Sutter Creek plant near capacity in terms of commitments, but with plenty of capacity in terms of what is actually being used. Going forward, we need mechanisms to be able to use unused capacity and allocated capital and maintenance costs to allocated but unused capacity, since all of the capacity must be constructed. I proposed several options, none of which were satisfactory. I believe we can work together to find a solution. We can pay back the funds used to purchase unused capacity. However, we can not pay those at current rates - that would mean the system would get no impact fees from a new development, and instead passing them on to AWA at a nice return for their investment, leaving the Sutter Creek treatment plant in a hole. At the same time, AWA has lost opportunity cost but spending past funds to allocate but not use capacity. This was poor planning or the result of changed plans, but some recognition of the committed funds may be warranted.

AMADOR CITY

I also met with Sandy Staples, Mayor of Amador City on Sept 21, 2026. This agreement is much simpler than with AWA, and again there is broad agreement. In a long expired agreement, Amador City had allocated treatment capacity far more than needed. We have agreed to work with their wastewater engineer to reduce the allocation to an amount that accounts for future growth but is reasonable.

Section 5, Item B.

CONCLUSION AND NEXT STEPS:

Amador City Council is meeting next week to review the terms and appoint someone to negotiate the legal agreement. I hope to get this signed or near signing before I leave in December. AWA will require more discussion and approval by their board. With a new GM coming on board, I believe this will take some time.

BUSINESS TERM SHEET: WASTEWATER COLLECTION, TREATMENT, AND DISPOSAL SERVICES

Between the City of Sutter Creek and the City of Amador City

1. Purpose & Background

This Term Sheet outlines the core business and operational terms to govern a new Wastewater Services Agreement between the **City of Sutter Creek** and the **City of Amador City**

- **JPA Dissolution & Succession:** The Amador Regional Sanitation Authority (ARSA) is dissolving. The City of Sutter Creek is the legal successor-in-interest to ARSA for all purposes and is assuming all of ARSA's assets, rights, and obligations, including the regional outfall, state-owned pipelines, reservoirs, and disposal agreements .
- **Contract Overhaul:** This new agreement replaces the 1995 Joint Exercise of Powers Agreement (which expired in 2013 but has continued in informal use) . This agreement rolls the historical **Collection and Treatment** terms and the newly integrated **Disposal** terms into a single, cohesive municipal contract administered directly by Sutter Creek .

2. The Parties

- **Service Provider:** **City of Sutter Creek** (as owner/operator of the Wastewater Treatment Plant (WWTP) and the successor to the regional disposal system)
- **Customer Agency:** **City of Amador City** .

3. Scope of Services & Service Area

- **Services Provided:** Sutter Creek agrees to receive raw, untreated domestic wastewater from Amador City's collection system, transport it through Sutter Creek's main lines, provide treatment at the Sutter Creek WWTP to compliant secondary/tertiary standards, and handle final effluent disposal.
- **Service Area:** Restricted strictly to the current municipal boundaries of Amador City and any unincorporated areas Amador City currently serves. Any future service area expansions or annexations that increase wastewater flow require prior written approval from the Sutter Creek City Council .

Commented [1]: Is there any?

4. Flow & Capacity Allocations

- **Capacity Right-Sizing:**
 - Under the expired 1995 contract, Amador City was allocated **39,000 Gallons Per Day (gpd)** Average Daily Flow (ADF).
 - This historical allocation represents **double the capacity** that Amador City actually requires, while Sutter Creek is currently running short on capacity for its own needs .
 - **Proposed Term:** The baseline capacity allocation for Amador City shall be reduced to a realistic limit of **20,000 gpd ADF**, freeing up critical capacity for Sutter Creek's local use. Amador City retains the right to negotiate the purchase of additional capacity at prevailing connection fee rates if future demand requires it.
- **Flow Window Restriction:** To prevent hydraulic overloading of the Sutter Creek collection system, Amador City must restrict its primary wastewater transfers to the off-peak hours between **11:00 PM and 6:00 AM**.

5. Financials & Cost-Sharing Formulas

To eliminate unfair subsidies and establish long-term financial equity, operational and capital cost-sharing will be divided into clear, manageable structures.

A. Operations & Maintenance (O&M) and Disposal Fees

- **Quarterly Volumetric Billing:** Amador City shall reimburse Sutter Creek quarterly for its proportional share of the actual maintenance, operation, administration, engineering, and legal costs of both the WWTP and the regional disposal system.
- **The Billing Ratio:** Billing is calculated by multiplying total O&M/Disposal costs by the ratio of Amador City's metered wastewater flow to the total flow treated at the plant over the preceding year .

B. Capital Improvement Project (CIP) Framework

Major capital projects at the WWTP or the disposal system will be funded through three distinct categories to ensure fair cost distribution :

1. **Bucket 1: Repair & Replacement (R&R) of Existing Assets** (*e.g., replacing aging pumps, clarifier roofs, or disposal pipelines*).
 - **Cost-Sharing Rule:** Shared based on **Allocated Capacity Percentage** (Amador City's capacity right divided by total plant design capacity). Amador City pays for

its constant "readiness to serve" regardless of its actual volumetric flow in a given month.

2. **Bucket 2: Expansion for Growth** (e.g., expanding basins or pipelines to handle new development) [1025].
 - **Cost-Sharing Rule: Growth Pays for Growth** . If Sutter Creek or the Amador Water Agency (AWA) expands the plant to serve new growth in their respective areas, Amador City pays \$0 . If Amador City requests capacity exceeding its base allocation, it must pay 100% of the capital costs required to secure that expansion .
3. **Bucket 3: Regulatory Upgrades** (e.g., state-mandated tertiary upgrades or discharge standard changes) [1025].
 - **Cost-Sharing Rule: Shared proportionately based on allocated capacity** .
Exception: If the regulatory upgrade is triggered by high-strength waste from Amador City's commercial impacts, Amador City pays a corresponding surcharge .

6. System Ownership, Metering & Conveyance

- **Conveyance Responsibility:** Amador City remains solely responsible, at its own expense, for operating and maintaining its collection pipes and getting its raw sewage "over the hill" to the designated connection point with Sutter Creek's system
- **Point of Connection:** The sewer system intertie located on Oro Madre Way .
- **Metering:** Amador City shall maintain a certified wastewater flow meter at the connection point, provide Sutter Creek with daily metered flow records on a monthly basis, and allow Sutter Creek full access for calibration and testing.

7. Quality Standards, Compliance & I&I Surcharges

- **Domestic Waste Only:** Amador City shall only discharge ordinary domestic sewage . Industrial waste, fats, oils, grease (FOG), and heavy metals are strictly prohibited . Amador City must enforce a local sewer-use ordinance to maintain these standards .
- **Oro Madre Way Protection:** Amador City must maintain and inspect gas traps and backflow devices on all residential connections along Oro Madre Way.
- **Inflow & Infiltration (I&I) Controls:** To prevent storm-water from flooding the treatment plant during winter, the following wet-weather limits are established:
 - **Peaking Factor Threshold:** Amador City's Peak Wet Weather Flow (PWWF) during storms must not exceed an established Peaking Factor (e.g., **3.5 times** its Average Dry Weather Flow).
 - **Wet Weather Volumetric Surcharge:** Any flows transmitted to Sutter Creek during storms that exceed the Peaking Factor threshold will be billed at a

Commented [2]: That clause in the Amador City term sheet is a critical operational carryover from the historical wastewater agreements between the two cities. Specifically, it originates from two places in your notebook sources:

The 1995 Joint Exercise of Powers Agreement (JPA): In the original agreement executed on April 13, 1995, between the City of Amador City and the City of Sutter Creek, Section 2 explicitly states: "Gas Traps and Backflow Devices shall be installed and maintained by Amador City at all residences not having such devices, along Oro Madre Way."

The 2011 Wastewater Agreements Synopsis: This requirement was also highlighted in the staff synopsis of the City's wastewater contracts compiled by former City Manager Sean Rabé, noting that under the 1995 agreement, Amador City is responsible for installing and maintaining these devices on homes along Oro Madre Way (which is physically located in Sutter Creek)

Why was this clause originally included?
 Because Amador City's sewer system gravity-feeds down the hill and connects directly into the Sutter Creek collection system, the physical alignment of their trunk line impacts the residential lines along Oro Madre Way in Sutter Creek

To prevent backup sewer gases and hydraulic surcharge (backflow) from entering Sutter Creek residents' homes due to Amador City's upstream flows, Amador City historically accepted the physical and financial responsibility for these protective devices

By carrying this term forward into the new agreement, we ensure Sutter Creek residents on Oro Madre Way continue to receive the same localized protection they've had since 1995.

premium rate (e.g., triple the standard treatment rate) to cover hydraulic overloading costs and incentivize pipe relining .

- **Mandatory Corrective Action:** If Amador City exceeds its PWWF limit more than three times in a single wet season, it must fund a Sanitary Sewer Evaluation Survey (SSES) and execute a corrective repair plan within 12 months .
- **3-Year Grace Period:** Surcharges will be waived for the first three years of the agreement to allow Amador City to make good-faith progress on initial collection system repairs [1034].

8. Liability, Fines, and Indemnification

We propose to replace the unfair "sole liability" provision of the 1995 contract (which absorbed Amador City of treatment plant liabilities) with a balanced, modern municipal framework.

- **Proportional Operating Liability:** Sutter Creek is responsible for malpractice or negligent operation of the WWTP and disposal system . However, Amador City is fully liable for damages, regulatory violations, and spills caused by its negligent maintenance of its own collection lines .
- **Pass-Through Environmental Fines:** If the Regional Water Quality Control Board issues an administrative civil liability fine or Notice of Violation to Sutter Creek due to a plant overflow or permit breach *directly caused by* Amador City exceeding its wet-weather peaking limits or discharging prohibited waste, Amador City is legally required to assume **100% of the financial liability** for that fine.

9. Term, Termination & Dispute Resolution

- **Contract Term:** **20 years** from the date of execution, aligning with the financing and lifecycle of the new regional wastewater treatment plant .
- **Termination:** Any party may terminate the agreement upon **365 days' written notice** to the other, subject to Amador City paying all outstanding O&M and capital debt obligations .
- **Dispute Resolution:** Prior to litigation, the General Managers of both cities must engage in **30 days of good-faith negotiations**, followed by structured third-party mediation]. Prevailing party in any subsequent legal action is entitled to reasonable attorneys' fees and costs.

Business Term Sheet: Wastewater Collection, Treatment, and Disposal Services

Provider: City of Sutter Creek ("Sutter Creek")

Customer: Amador Water Agency ("AWA")

Date: August 26, 2026 (Updated)

1. Executive Summary & Purpose

Following the legal dissolution of the Amador Regional Sanitation Authority (ARSA) Joint Powers Agency, the City of Sutter Creek assumes the role of successor-in-interest, taking on all assets, liabilities, and operational responsibilities for the regional wastewater treatment and disposal system.

The purpose of this Business Term Sheet is to establish the core operational, financial, and regulatory parameters for a new consolidated **Master Wastewater Services Agreement** to be executed between Sutter Creek and AWA.

This agreement is designed to permanently replace, consolidate, and overhaul the fragmented and outdated web of historical contracts that have governed sewer services in the Martell and Airport service basins for nearly 50 years.

Specifically, this agreement overhauls and supersedes the following contracts:

1. **The 1979 Airport Area Sewage Agreement:** The original May 22, 1979 Sewage Agreement between the City of Sutter Creek and Amador County respecting the Amador County Airport and surrounding public facilities.
2. **The 1992 Airport Agreement First Amendment:** The October 21, 1992 (executed December 7, 1992) First Amendment, which increased capacity and added the American Legion and Jackson Ford properties.
3. **The 2000 Airport Agreement Second Amendment:** The February 29, 2000 Second Amended Sewage Agreement, which increased the airport area capacity allocation to 5,500 gpd.
4. **The 2000 Martell Area Capacity Contract:** The October 31, 2000 Contract for Sewage Treatment Plant Capacity, which established the primary terms of sewage treatment for the Martell unincorporated area (WID No. 12).
5. **The 2003 Assignment and Assumption Contracts:** The September 29, 2003 Assignment, Assumption, and Amendment of Contracts, which assigned all county-owned wastewater assets and contract liabilities under the 2000 and 1979 agreements to AWA.
6. **The 2006 Martell Capacity Will-Serve:** The September 26, 2006 commitment letter providing AWA with an additional 13,500 gpd capacity for Martell/WWID No. 12.

7. **The 2008 Southwest Ridge Road Agreement:** The January 2, 2008 agreement (and its April 30, 2015 Amendment No. 1) regarding Sutter Creek users connecting to the WWID No. 12 collection main and pump station.
8. **The 2011 Martell Capacity Agreement:** The March 21, 2011 agreement and City Council Resolution No. 10-11-24 selling AWA an additional 2,000 gpd of treatment plant capacity.
9. **The 2012 Settlement Agreement and Release:** The February 6, 2012 settlement of historical billing and capacity disputes under which AWA paid a principal debt of \$594,226. (The parties formally acknowledge this debt was **fully satisfied and paid in full** as of June 30, 2018, with a remaining balance of \$0.00).
10. **The 2007 Wastewater Agreement (ARSA Disposal):** The September 18, 2007 "Agreement to Regulate Use of Henderson/Preston Wastewater Disposal System", rolling all disposal and transmission O&M obligations directly under Sutter Creek's administrative authority.

2. Scope of Services & System Boundaries

- **Primary Services:** Sutter Creek will provide complete municipal wastewater reception, downstream conveyance, secondary (and future tertiary) treatment, and final disposal services for all sewage originating from within AWA's authorized service area.
- **Disposal Method Transition:** Downstream effluent disposal will be managed and operated strictly by Sutter Creek as successor to ARSA. The former separate ARSA disposal billing is abolished and integrated directly into Sutter Creek's consolidated treatment and disposal rate structure. Sutter Creek will dispose of effluent via lawful direct creek discharge and/or land application on the leased Preston/Henderson regional system.
- **AWA Service Area Defined:** The authorized service boundaries are strictly defined as:
 1. **Wastewater Improvement District No. 12 (WWID 12 - Martell Commercial Area):** Commonly known as the Martell area as detailed in Attachment I of the 2000 capacity contract.
 2. **Amador County Airport Basin (Westover Field & Surrounding Facilities):** Including the County Airport, Public Works Corporation Yard, Animal Control Facility, American Legion Post 108, and the Jackson Ford dealership.
- **Service Area Expansions:** Any modification of the current boundaries of WWID 12 or the Airport basin that may cause an increase in the flow of wastewater to the Sutter Creek system must receive prior written approval from the Sutter Creek City Council. Consent shall not be unreasonably withheld, provided:
 - Adequate capacity is verified in both the transmission interceptors and the WWTP.
 - The expansion does not impair Sutter Creek's ability to provide service to its existing municipal customers or reserved residential in-fill capacity.

- The connecting development agrees to pay all applicable City connection and capital fees.

3. Capacity & Flow Allocations

To clean up decades of piecemeal capacity purchases and amendments, AWA's capacity rights are consolidated as follows:

1. **WWID No. 12 (Martell Area): 115,500 gpd** Average Daily Flow (ADF).
2. **Airport & Westover Field Area: 5,500 gpd** ADF.
3. **Total Consolidated Capacity Rights: 121,000 gpd** ADF.

- **Unused Pre-Purchased Capacity Guardrails :**

AWA holds substantial unused pre-purchased capacity within its 121,000 gpd allocation. To prevent "capacity hoarding" that restricts local infill development while Sutter Creek faces tight capacity limits, the following active mechanisms are established:

1. **Idle Capacity Identification:** Every year, during the dry-weather billing reconciliation, Sutter Creek will audit AWA's actual Average Dry Weather Flow (ADWF). Any portion of AWA's 121,000 gpd allocation that has not been physically utilized by active metered connections for five (5) consecutive years is designated as "**Idle Capacity**".

2. **Option A: The Capacity Holding Surcharge ("Pay to Play"):**

If AWA chooses to retain exclusive rights to its Idle Capacity to secure future commercial growth in Martell, AWA must pay an annual **Capacity Holding Surcharge** to compensate Sutter Creek for the economic opportunity cost of keeping treatment facility readiness.

- **The Calculation (Amortized Capital Value Method):** Tying the fee directly to the capital asset value of Sutter Creek's prevailing connection fee of **\$10,247.56 per SFE** (which represents **131 gpd** of dry-weather capacity), the asset value is **\$78.23 per gallon per day**. Amortized over 30 years at a standard 5.5% municipal bond rate, this equates to **\$5.38 per gallon per day per year (\$X)**.
- **Financial Impact:** Keeping 50,000 gpd of Idle Capacity hoarded would cost AWA **\$269,117.31 annually (\$Y)** paid to Sutter Creek.

3. **Option B: Temporary Lease-Back Framework ("Use-It-or-Share-It"):**

To avoid the annual Capacity Holding Surcharge, AWA may choose to temporarily lease back its Idle Capacity to Sutter Creek's active, uncommitted pool.

- **Allocation Right:** Sutter Creek has the immediate unilateral right to allocate this leased capacity to issue "will-serve" commitments for urgent local in-city infill housing and commercial projects.
- **Connection Fee Retention:** Sutter Creek shall collect and retain 100% of the connection fees—valued at the current rate of **\$10,247.56 per SFE** (where 1 SFE = 131 gpd of ADWF)—for any

connections established under this leased capacity. These funds will be earmarked in a dedicated capital reserve fund to help finance future treatment plant expansions.

- **Sixty (60) Month Written Notice Buffer:** To provide Sutter Creek with adequate time for CEQA environmental review, public financing, engineering design, and public works construction, AWA must provide a minimum of **sixty (60) months (5 years) advance written notice** to "recall" any portion of its leased idle capacity.
- **Volume Gating (Phased Recalls):** Reclaimed capacity cannot be recalled all at once. AWA's recalls of idle capacity are capped at a maximum of **10,000 gpd in any single 24-month period** to prevent sudden operational or capital strain on the plant.
- **Milestone & Expansion Linkage:** If AWA issues a recall notice that exceeds Sutter Creek's available uncommitted plant capacity, the physical routing of those flows is legally conditioned upon the successful physical expansion of the WWTP. Under the "Growth Pays for Growth" rule (Bucket 2), AWA shall bear 100% of the capital and engineering costs associated with expanding the plant to accommodate the recalled flow.

4. Unilateral Mandatory Buyback Sunset Clause:

If Sutter Creek's active uncommitted treatment capacity falls below a critical threshold of **30,000 gpd** and the City has active pending development applications:

- **The Buyback Rule:** Sutter Creek holds the unilateral right to permanently buy back any portion of AWA's Idle Capacity.
- **The Buyback Price:** Sutter Creek shall purchase this capacity back from AWA at its **exact historical purchase price** (e.g., **\$4,500 per SFE** under the 2006 terms, or **\$5,300 per SFE** under the 2011 agreement) rather than current inflated replacement costs. Upon buyback, AWA's baseline 121,000 gpd contract entitlement is permanently down-sized by that volume, and AWA is fully released from future capital R&R liabilities for those repurchased gallons.

4. Financials, Rates, and the "Three-Bucket" Capital Framework

To resolve the critical issue where AWA was historically exempt from paying capital improvement costs, a new **"Three-Bucket" Capital Framework** is established to ensure fair, proportional cost-sharing:

Capital Category	Scope of Projects	Cost-Sharing Rule
Bucket 1: Repair & Replacement (R&R)	Refurbishing, repairing, or replacing existing plant infrastructure (e.g., clarifiers, digesters, pipelines).	Proportional to Allocated Capacity. AWA will pay a fixed 25.2% share of all WWTP R&R costs (representing its 121,000 gpd allocation out of the plant's 480,000 gpd capacity). This ensures AWA funds its "readiness to serve" capacity.

Bucket 2: Growth & Expansion	Upsizing facilities to accommodate new development.	Growth Pays for Growth. If AWA requests additional capacity beyond its 121,000 gpd limit to serve new commercial expansion in Martell, AWA pays 100% of the associated expansion and engineering costs.
Bucket 3: Regulatory Upgrades	Capital improvements mandated by the Regional Water Quality Control Board or other regulatory bodies (e.g., tertiary upgrades).	Split by Allocated Capacity. Costs are shared based on capacity ownership (25.2% AWA / 74.8% Sutter Creek), <i>unless</i> the upgrade is directly triggered by high-strength industrial/commercial waste unique to AWA's Martell sector, in which case AWA pays an adjusted surcharge.

- **Operations & Maintenance (O&M) Rates and Billing (Fixed vs. Variable Restructuring):**

- Under standard utility rate-making, O&M expenditures are bifurcated into **Fixed Costs** (labor, compliance, insurance, administration) and **Variable Costs** (chemicals, electricity).
- **Fixed O&M Allocation:** To pay its fair share of the plant's operational readiness, AWA pays **25.2% capacity share of all Fixed O&M costs**.
- **Variable O&M Allocation:** Variable costs are shared proportionally based on **actual volumetric flow ratios** measured at the connection flow meters.
- **O&M Cost Share Formula:** AWA's quarterly O&M bill is calculated as:

AWA Quarterly Share = (25.2% × Total WWTP Fixed O&M) + [(AWA Metered Flow ÷ Total WWTP Flow) × Total WWTP Variable O&M]

- Eligible WWTP O&M costs include reasonable, audited expenditures for plant labor, chemicals, utilities, compliance testing, and properly allocated administrative, engineering, and legal expenses directly supporting plant operations.
- **Volumetric Price Guarantee:** In no event shall AWA be charged a volumetric rate for treatment and disposal that exceeds the equivalent per-gallon rate paid by users inside the City of Sutter Creek.
- **Billing Cycle:** Sutter Creek shall issue invoices quarterly (January, April, July, October) based on actual flows recorded in the preceding quarter. AWA must submit payment within thirty (30) days of receipt.
- **Dedicated Capital Reserve Fund:** To avoid massive, unpredictable capital invoices, a portion of AWA's volumetric rate (e.g., \$0.75 per 1,000 gallons) will be automatically deposited into a restricted, interest-bearing escrow account dedicated solely to WWTP capital replacements.

- **Sole Benefit Clause:** Any capital infrastructure (e.g., a specific pumping station or interceptor line) that exclusively serves AWA's district shall be 100% funded and maintained by AWA.

- **Shared Collection Expansion Cost Recoupment (Jackson Rancheria Debt):**

The main sewer collection trunk line (interceptor) leading to the WWTP was out of capacity and recently up-sized to double its capacity to serve both the AWA service area (including Martell) and a section of the Sutter Creek collection system. Sutter Creek has incurred a capital expense of slightly more than **\$1.0 Million (\$1M+)** for this increased interceptor capacity, which is currently being repaid to the **Jackson Rancheria** under a thirty (30) year amortization schedule. To ensure the City is fully reimbursed for this shared regional infrastructure:

- **Proportional Collection Expansion Fee:** Any future **Development Agreement (DA)** approved within the shared collection main's service basin (including AWA service areas or contiguous Sutter Creek developments that connect to this up-sized trunk line) shall be legally conditioned to include an additional **expansion fee of \$6,173 per unit (EDU)**.
- **Fee Sunset:** This fee will be collected on a per-unit basis for all new connections within the basin and paid directly to Sutter Creek until the outstanding \$1M+ capital debt and amortization to the Jackson Rancheria is paid in full.
- \$283,970 has already been recouped from development agreements in the City of Sutter Creek.

5. System Ownership, Conveyance, and Metering

- **Points of Connection (System Boundaries):** The physical and legal boundaries where custody and responsibility transfer from AWA to Sutter Creek are established at the following designated metering vaults:
 1. **Martell Boundary Point:** The sewer manhole/metering vault located at the designated point of connection to the Sutter Creek main line near Sutter Hill.
 2. **Airport Boundary Point:** The metering vault located near the intersection of Airport Road and Route 49.
- **Ownership Boundaries:**
 - AWA retains 100% physical and financial ownership, operational control, and maintenance responsibility for all sewer mains, laterals, cleanouts, manholes, pump stations, and force mains located upstream of the designated Points of Connection.
 - Sutter Creek retains 100% physical ownership, operational control, and financial responsibility for all regional gravity gravity trunk lines, interceptors, siphon lines, and wet-weather storage facilities downstream of the Points of Connection, as well as the WWTP and effluent disposal facilities.

- **Conveyance Responsibility:** AWA is solely responsible, at its own expense, for conveying raw wastewater from its districts to the Point of Connection. Sutter Creek is responsible for the downstream conveyance of that wastewater from the Point of Connection to the WWTP.
- **Metering Specifications:**
- AWA shall install, calibrate, and maintain in good working order high-accuracy, continuous-recording electromagnetic flow meters at all Point of Connection vaults.
- Sutter Creek retains the right of free access to inspect, audit, and verify the accuracy of AWA's meters at any time.
- Meters must be calibrated at AWA's expense at least once per fiscal year by a certified third-party technician, with calibration certificates provided to Sutter Creek within 10 days of testing.

6. Wet-Weather (I&I) Controls & Industrial Pre-Treatment Program

Aging sewer networks collect excessive Inflow and Infiltration (I&I) during wet-weather events, hydraulically overloading the WWTP and risking environmental spills. Simultaneously, non-domestic commercial discharges can disrupt treatment biological processes.

A. Wet-Weather (I&I) Terms

- **Peaking Factor Threshold:** AWA's Peak Wet Weather Flow (PWWF) shall not exceed a **Peaking Factor of 3.0** times its Average Dry Weather Flow (ADWF).
- **Wet-Weather Surcharge:** Any metered volumetric flow that exceeds the 3.0 Peaking Factor during storm events will be billed at a premium **Wet Weather Surcharge Rate** (e.g., 3x the standard volumetric treatment rate) to incentivize pipe rehabilitation.
- **Pragmatic Grace Period:** To allow AWA sufficient time to execute a pipe rehabilitation and Sanitary Sewer Evaluation Survey (SSES), the Wet-Weather Surcharges will be subject to a **three (3) year grace period** from contract execution, provided AWA shows annual capital progress.

B. Industrial Pre-Treatment Program & Standards

To safeguard the biological processes at the WWTP and ensure compliance with Waste Discharge Requirements (WDRs) issued by the Regional Water Quality Control Board (RWQCB):

- **Pre-Treatment Ordinance Enforcement:** AWA agrees to adopt and strictly enforce local sewer use ordinances that match or exceed the stringency of the City of Sutter Creek's Sewer Use Ordinance.
- **Prohibited Discharges:** AWA shall prohibit the discharge of any waters or wastes containing:
 1. Toxic or poisonous solids, liquids, or gases in quantities sufficient to injure or interfere with treatment processes, hazard humans, or create public nuisances.

2. Liquids or vapors with a temperature exceeding **150°F (65°C)**.

3. Fats, wax, grease, or oils (FOG) in excess of **100 mg/l**.

4. Corrosive wastes having a pH lower than 5.5 or in excess of **9.5**.

5. Cyanides in excess of **2.0 mg/l** as CN.

- **Waste Strength Limits (BOD & TSS):**

- Domestic-strength baselines are established at a maximum Biochemical Oxygen Demand (BOD) of **300 mg/l** and Total Suspended Solids (TSS) of **350 mg/l**.

- Any commercial or industrial user within AWA's service area discharging waste exceeding these parameters must install and operate a certified pre-treatment facility at their own expense to reduce waste strength to domestic-strength baselines.

- **Interceptors and Traps:** AWA shall require grease, oil, and sand interceptors/traps to be installed and continuously maintained in efficient operation at all commercial food-service, automotive, and industrial connections at the user's sole expense.

- **Review of Plans:** Engineering plans and specifications for any proposed pre-treatment facility within AWA's service basin must be submitted to both Sutter Creek and the RWQCB for written review and approval prior to the commencement of construction.

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7. Liability, Regulatory Fines, and Indemnification

- **Sewer System Overflow (SSO) and Spill Liability:**

- AWA assumes 100% sole liability and financial responsibility for any wastewater spills, SSOs, property damage, or environmental impacts occurring upstream of the designated Points of Connection.

- Sutter Creek assumes 100% sole liability and financial responsibility for any wastewater spills, siphoning failures, or environmental impacts occurring downstream of the Points of Connection, including at the WWTP and disposal fields, except as noted below.

- **Regulatory Fine Pass-Through:** If AWA delivers wastewater to the Point of Connection that violates the physical/chemical standards of this agreement (e.g., toxic slug, high pH, heavy metals) or exceeds the hydraulic capacity limits during wet weather, and such discharge causes a plant upset, permit violation, or spill at the WWTP:

- AWA shall assume **100% financial liability** for any fines, penalties, or mitigation costs assessed against Sutter Creek by the RWQCB or other state/federal agencies.

- AWA shall reimburse Sutter Creek for all operational, engineering, and legal staff costs incurred in defending, responding to, or remediating the violation.

- **Indemnification:**

- **AWA Indemnity:** AWA shall defend, indemnify, and hold harmless Sutter Creek, its officers, employees, and agents from any and all claims, damages, liabilities, and costs arising out of the negligent operation, maintenance, or failure of AWA's upstream collection facilities, or any breach of this Agreement.
- **Sutter Creek Indemnity:** Sutter Creek shall defend, indemnify, and hold harmless AWA, its directors, employees, and agents from any and all claims, damages, liabilities, and costs arising out of the sole or active negligence, willful misconduct, or operational malpractice of Sutter Creek in treating and disposing of sewage downstream of the Points of Connection, provided AWA's influent is in compliance with the quality and volume standards of this Agreement.

8. Term & Dispute Resolution

- **Contract Term: Thirty (30) years** from the date of execution to match the financing and useful lifespan of the new regional treatment facility.
- **Dispute Resolution:** Before resorting to litigation, both parties agree to 30 days of good-faith, informal negotiations between General Managers, followed by mandatory mediation.