

# PARADISE SEWER REGIONALIZATION PROJECT ADVISORY COMMITTEE (SRPAC)

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**COMMITTEE MEETING MINUTES  
MONDAY, 31 JANUARY 2022**



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

**COMMITTEE MEMBERS PRESENT:**

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

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**COMMITTEE MEMBERS ABSENT:**

Chico Mayor Andrew Coolidge

**TOWN OF PARADISE STAFF PRESENT:**

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

**CITY OF CHICO STAFF PRESENT:**

Mark Orme, City Manager  
Erik Gustafson, Public Works Director

**CENTRAL VALLEY WATER BOARD STAFF PRESENT:**

Clint Snyder  
Bryan Smith  
David Durette (Teams)

**ADDITIONAL ATTENDEES PRESENT WHO WERE IDENTIFIED:**

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

**AGENDA ITEM 1 - INTRODUCTIONS**

At 1:05 p.m. Clint Snyder called the meeting to order, stated the purpose of the meeting and organizational structure of the meeting, provided an overview of attendance options and procedures, and facilitated introductions. This is an in-person meeting at the Town of Paradise's Council Chambers and is being broadcast for participation on MS Teams, and listen-only on YouTube. Some technical difficulties with the broadcast were being experienced. Mr. Snyder introduced Water Boards staff present, Mr. Phillips introduced Town of Paradise staff present, and Mr. Orme introduced City of Chico staff present.

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

## **AGENDA ITEM 2 – PUBLIC FORUM**

No speakers.

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

Committee unanimously approved December 13, 2021 meeting minutes. Will be posted final to the internet. Crowder moved, Reynolds seconded. All aye.

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

No specific comments. No communications since last meeting.

## **AGENDA ITEM 5 – STATUS UPDATES**

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

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

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

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

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

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

None.

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

None.

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

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

#### **1. Sewer Use Ordinance –**

No new discussion or changes.

2. User Inventory –

No new discussion or changes.

3. Pretreatment –

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

4. Pretreatment Data Access –

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

5. Wastewater Limits -

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

6. Wastewater Monitoring –

No new discussion or changes.

7. Access to Facilities –

No new discussion or changes.

8. Remedies for Breach of Agreement

No new discussion or changes.

9. Connection Fees –

This is a treatment and connection payment. This would be a single up-front payment from Town to City. Mr. Buttz stated that we aren't looking for the SRPAC to finalize the language today, but to absorb the information, talk to their staff and come back at next meeting to come to a conclusion. Ms. Hann then gave a presentation on Carollo's analysis for the City of Chico. She discussed

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

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

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

#### 10. Monthly User Fees –

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

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

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

No discussion.

12. Term and Termination of the Agreement –

No discussion.

13. "Revisit" Clause –

No discussion.

14. Service Area Boundary –

No discussion.

15. Notice Required for Fee Changes –

No discussion.

16. Excessive I/I –

No discussion.

17. Resolving Conflicts or Disagreements –

No discussion.

**AGENDA ITEM 6a – PUBLIC FORUM FOR AGENDA ITEM 6**

None.

## **AGENDA ITEM 7 – CLOSING COMMITTEE REMARKS**

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

## **ADJOURNMENT**

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