

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 .
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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** .
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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.