
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.

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.