

# Amador Regional Sanitation Authority

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*“Servicing Amador City,  
Martell, & Sutter Creek”*

## AGENDA

**MARCH 21, 2024**

**2:30 P.M. Regular Meeting**

**33 Church Street, Sutter Creek CA 95685**

**The Agenda can be found on the City of Sutter Creek’s Website:**

**[www.cityofsuttercreek.org](http://www.cityofsuttercreek.org)**

**1. CALL TO ORDER AND ESTABLISH A QUORUM**

**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 February 15, 2023 – *for approval*
- B. Budget Update- *for information only*
- C. Reservoir report- *for information only*
- D. State Appropriation Request – *for information only*
- E. Sutter Creek Loan Discharge Agreement – *for approval*

**5. ADMINISTRATIVE AGENDA**

- A. ARSA Dissolution Plan

**6. GENERAL MANAGER’S REPORT- *informational***

**7. CLOSED SESSION**

**A. CONFERENCE WITH LEGAL COUNSEL- PENDING LITIGATION**

Pursuant to Gov. Code § 54956.9(d)(1):

Amador Regional Sanitation Authority v. City of Ione, et al.

(Case No. 22-CV-12824)

**8. REPORT FROM CLOSED SESSION**

**9. ADJOURN**

# Amador Regional Sanitation Authority

*“Servicing Amador City, Martell, & Sutter Creek”*

## MINUTES MEETING OF THE BOARD OF DIRECTORS February 15, 2024

**Present:**

Jim Swift, Chairman  
Richard Forster, Vice Chairman  
Claire Gunselman, Board Member  
Frank Axe, Board Member  
Bruce Sherrill, Board Member

**Staff Present:**

Tom DuBois, ARSA GM  
Karen Darrow, ARSA Secretary  
Dan Lafontaine, Public Works Director  
Frank Splendorio, ARSA Attorney

### 1. REGULAR MEETING: CALL TO ORDER AND ESTABLISH A QUORUM

Meeting called to order by Chairman Swift at 2:30 P.M.

### 2. PLEDGE OF ALLEGIANCE TO THE FLAG

Chairman Swift led the Pledge of Allegiance.

### 3. PUBLIC FORUM- None

### 4. CONSENT AGENDA

A. Minutes of January 18, 2024 – *for approval*

**M/S Axe/Gunselman to Approve the Minutes of January 18, 2024.**

**AYES:** Axe, Forster, Gunselman, Sherrill and Swift

**NOES:** None

**ABSTAIN:** None

**ABSENT:** None

**MOTION CARRIED**

B. Budget Update- *for information only*

C. Reservoir report- *for information only*

**M/S Forster/Axe to Approve the Consent Agenda Items B & C.**

**AYES:** Axe, Forster, Gunselman, Sherrill and Swift

**NOES:** None

**ABSTAIN:** None

**ABSENT:** None

**MOTION CARRIED**

### 5. ADMINISTRATIVE AGENDA

A. Resolving Outstanding Debt and Initiation of ARSA Dissolution – Action

ARSA General Manager Tom DuBois gave a presentation outlining the steps for dissolution. He noted that it would require a majority of the member agencies to approve the dissolution. He also noted that the intent would be to have ARSA erase the debt and for Sutter Creek to be the successor to ARSA.

Mike Kirkley of Sutter Creek spoke in favor of dissolving ARSA.

Robin Peters of Sutter Creek recommended that the board should not lose sight of the easement as he believes it does exist and it may be needed.

**M/S Forster/Axe to Prepare a definitive agreement discharging any debt from Sutter Creek to ARSA under the 2002 Gold Rush Ranch agreement and bring it back for approval at the next meeting on Consent.**

**AYES:** Axe, Forster, Gunselman, Sherrill and Swift  
**NOES:** None  
**ABSTAIN:** None  
**ABSENT:** None  
MOTION CARRIED

**M/S Axe/Claire to Initiate the dissolution of ARSA and return with a work plan and schedule at the next meeting and before the next meeting, take initial steps such as briefing the Amador City Council and Amador County Board of Supervisors.**

**AYES:** Axe, Forster, Gunselman, Sherrill and Swift  
**NOES:** None  
**ABSTAIN:** None  
**ABSENT:** None  
MOTION CARRIED

**B. Budget Update and Direction- Action**

ARSA General Manager gave a presentation providing a budget update.

The Board directed staff to send a letter to Ione requesting clarification on the billing process and payables owed to ARSA before paying outstanding invoices. The letter should also outline ARSA's requirements for quantifying future billing if Ione proceeds with the proposed upgrade to its system.

**6. GENERAL MANAGER'S REPORT**

Adjourned into Closed Session at 3:20 p.m.

**7. CLOSED SESSION**

**A. CONFERENCE WITH LEGAL COUNSEL- EXISTING LITIGATION**

Pursuant to Gov. Code § 54956.9(d)(1):  
Amador Regional Sanitation Authority v. City of Ione, et al.  
(Case No. 22-CV-12824)

**8. REPORT FROM CLOSED SESSION - No reportable action.**

**9. ADJOURNMENT**

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Karen Darrow, Secretary

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James Swift, Chairman

Date Approved:

## Budget vs. Actual

### July 2023 through February 2024

	Jul '23 - Feb 24	Budget	\$ Over Budget	% of Budget
<b>Ordinary Income/Expense</b>				
<b>Income</b>				
Interest Income	82.82	50.00	32.82	165.64%
Reimbursed Expenses	0.00	19,000.00	-19,000.00	0.0%
<b>Use Fee Revenue</b>				
Amador City	15,168.00	20,224.00	-5,056.00	75.0%
Amador Water Agency	47,603.50	95,207.00	-47,603.50	50.0%
City of Sutter Creek	320,064.00	426,752.00	-106,688.00	75.0%
<b>Total Use Fee Revenue</b>	<b>382,835.50</b>	<b>542,183.00</b>	<b>-159,347.50</b>	<b>70.61%</b>
<b>Total Income</b>	<b>382,918.32</b>	<b>561,233.00</b>	<b>-178,314.68</b>	<b>68.23%</b>
<b>Expense</b>				
<b>Employee Services</b>				
Contract with COSC	97,606.70	243,599.00	-145,992.30	40.07%
Overtime	17,875.31	10,000.00	7,875.31	178.75%
<b>Total Employee Services</b>	<b>115,482.01</b>	<b>253,599.00</b>	<b>-138,116.99</b>	<b>45.54%</b>
<b>Operations</b>				
Audit & Accounting	900.00	6,000.00	-5,100.00	15.0%
Contingency	0.00	50,000.00	-50,000.00	0.0%
<b>Engineering</b>				
Inundation mapping	0.00	7,000.00	-7,000.00	0.0%
Engineering - Other	12,317.35	80,000.00	-67,682.65	15.4%
<b>Total Engineering</b>	<b>12,317.35</b>	<b>87,000.00</b>	<b>-74,682.65</b>	<b>14.16%</b>
Flood Control	0.00	1,500.00	-1,500.00	0.0%
Fuel	11,102.00	19,000.00	-7,898.00	58.43%
General Supplies	429.87	500.00	-70.13	85.97%
Legal	44,604.30	100,000.00	-55,395.70	44.6%
Membership Dues	2,927.12	1,600.00	1,327.12	182.95%
O&M Building/Structures	1,400.00	1,500.00	-100.00	93.33%
O&M Equipment	100,126.75	54,000.00	46,126.75	185.42%
Professional Services	0.00	41,000.00	-41,000.00	0.0%
Repairs & Maintenance	3,025.05	15,000.00	-11,974.95	20.17%
Risk Management - Liability	25,046.92	21,000.00	4,046.92	119.27%
Taxes/Fees/Licenses	27,110.97	68,000.00	-40,889.03	39.87%
Tertiary Treatment Fees	0.00	125,000.00	-125,000.00	0.0%
Vehicle Maintenance	2,905.67	4,000.00	-1,094.33	72.64%
Weed Control	0.00	1,500.00	-1,500.00	0.0%
<b>Total Operations</b>	<b>231,896.00</b>	<b>596,600.00</b>	<b>-364,704.00</b>	<b>38.87%</b>
<b>Total Expense</b>	<b>347,378.01</b>	<b>850,199.00</b>	<b>-502,820.99</b>	<b>40.86%</b>

3:02 PM

03/15/24

Accrual Basis

## Amador Regional Sanitation Authority (ARSA)

## Balance Sheet

As of February 29, 2024

	Feb 29, 24
<b>ASSETS</b>	
<b>Current Assets</b>	
<b>Checking/Savings</b>	
10000 · Checking - Umpqua	21.23
10001 · Checking - Bank of Marin	202,292.33
10011 · Savings - Bank of Marin	348,969.88
<b>Total Checking/Savings</b>	551,283.44
<b>Accounts Receivable</b>	
11000 · Accounts Receivable	159,347.50
<b>Total Accounts Receivable</b>	159,347.50
<b>Other Current Assets</b>	
12000 · Undeposited Funds	111,744.00
<b>Total Other Current Assets</b>	111,744.00
<b>Total Current Assets</b>	822,374.94
<b>Fixed Assets</b>	
150620 · Long Term Assets Structures	1,884,800.13
150621 · Long Term Assets Structures Dep	-1,884,800.15
150630 · Long Term Assets Equipment	151.00
150631 · Long Term Assets Equipment Depr	-151.00
35000 · Investment in Capital Assets	841,648.00
<b>Total Fixed Assets</b>	841,647.98
<b>Other Assets</b>	
120000 · Note Receivable	450,000.00
120100 · Accrued Interest Receivable	116,311.40
<b>Total Other Assets</b>	566,311.40
<b>TOTAL ASSETS</b>	<b>2,230,334.32</b>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
<b>Accounts Payable</b>	
20000 · Accounts Payable	106,062.35
<b>Total Accounts Payable</b>	106,062.35
<b>Total Current Liabilities</b>	106,062.35
<b>Total Liabilities</b>	106,062.35

Amador Regional Sanitation Authority (ARSA)  
**Balance Sheet**  
As of February 29, 2024

	Feb 29, 24
Equity	
30000 · Opening Balance Equity	2,597,881.14
32000 · Retained Earnings	-613,412.88
Net Income	139,803.71
Total Equity	2,124,271.97
TOTAL LIABILITIES & EQUITY	2,230,334.32

3:03 PM

03/15/24

## Amador Regional Sanitation Authority (ARSA)

## Check Detail

March 2024

Type	Num	Date	Name	Item	Account	Paid Amount	Original Amount
Bill Pmt -Check	1048	03/14/2024	Best Best & Krieger, ...		10001 · Checking - B...		-2,990.28
Bill	989056	03/04/2024		Legal		-934.44	934.44
Bill	989057	03/04/2024		Legal		-2,055.84	2,055.84
TOTAL						-2,990.28	2,990.28
Bill Pmt -Check	1049	03/14/2024	Campbell Constructi...		10001 · Checking - B...		-1,610.00
Bill	3024	02/23/2024		Repairs & Maintenance		-1,610.00	1,610.00
TOTAL						-1,610.00	1,610.00
Bill Pmt -Check	1050	03/14/2024	City of Sutter Creek		10001 · Checking - B...		-17,945.81
Bill	2024-03	03/14/2024		Contract with COSC		-16,712.32	16,712.32
				Overtime		-485.73	485.73
				Vehicle Maintenance		-428.39	428.39
				Professional Services		-281.25	281.25
				Repairs & Maintenance		-38.12	38.12
TOTAL						-17,945.81	17,945.81
Bill Pmt -Check	1051	03/14/2024	Hunt & Sons, Inc.		10001 · Checking - B...		-548.35
Bill	870728	02/15/2024		Fuel		-298.34	298.34
Bill	893426	02/29/2024		Fuel		-250.01	250.01
TOTAL						-548.35	548.35
Bill Pmt -Check	1052	03/14/2024	Ione ACE Hardware		10001 · Checking - B...		-90.49
Bill	B185968	03/01/2024		Repairs & Maintenance		-90.49	90.49
TOTAL						-90.49	90.49
Bill Pmt -Check	1053	03/14/2024	Weber, Ghio & Asso...		10001 · Checking - B...		-1,947.50
Bill	12774	02/13/2024		Engineering		-1,947.50	1,947.50
TOTAL						-1,947.50	1,947.50

ARSA RESERVOIRS and IRRIGATION												
Mar-24	Sutter Creek Effluent Flow (gals) <sup>1</sup>	Bowers Irrigation (gals)	Henderson Reservoir Freeboard (ft)	Henderson Reservoir Volume (ac/ft)	Hoskins Irrigation (gals)	Preston Forebay (FT)	Preston Forebay Volume (ac/ft)	Flow Into Preston Reservoir (GPM)	Temp Preston Irrigation (Est/gals)	Preston Reservoir (FT)	Preston Reservoir Volume (ac ft)	Flow from Preston To lone WWTF (ON/OFF)
3/1/2024	1,520,063	0	10'10"	179.3	0	11'6"	18.5	125	Off	11'9"	90.0	Off
3/2/2024	1,233,994	0	10'5"	187.5	0	11'4"	18.7	125	Off	11'7"	91.9	Off
3/3/2024	1,156,906	0	10'1"	194.2	0	11'2"	18.8	125	Off	11'6"	92.8	Off
3/4/2024	798,325	0	10'0"	195.8	0	11'0"	19.0	100	Off	11'5"	93.8	Off
3/5/2024	664,225	0	9'10"	199.2	0	11'0"	19.0	100	Off	11'5"	93.8	Off
3/6/2024	535,956	0	9'8"	202.7	0	10'10"	19.2	100	Off	11'4"	94.7	Off
3/7/2024	500,600	0	9'7"	204.4	0	10'10"	19.2	100	Off	11'3"	95.6	Off
3/8/2024	482,288	0	9'7"	204.4	0	11'0"	19.0	100	Off	11'3"	95.6	Off
3/9/2024	447,937	0	9'6"	206.1	0	10'11"	19.1	100	Off	11'2"	96.6	Off
3/10/2024	416,900	0	9'5"	207.9	0	11'0"	19.0	100	Off	11'2"	96.6	Off
3/11/2024	430,063	0	9'5"	207.9	0	11'0"	19.0	100	Off	11'2"	96.6	Off
3/12/2024	466,581	0	9'5"	207.9	0	11'0"	19.0	100	Off	11'2"	96.6	Off
3/13/2024		0	9'4"	209.6	0	11'2"	18.8	100	Off	11'2"	96.6	Off
3/14/2024												
3/15/2024												
3/16/2024												
3/17/2024												
3/18/2024												
3/19/2024												
3/20/2024												
3/21/2024												
3/22/2024												
3/23/2024												
3/24/2024												
3/25/2024												
3/26/2024												
3/27/2024												
3/28/2024												
3/29/2024												
3/30/2024												
3/31/2024												
	<b>Sutter Creek Total Flow</b>											
<b>Total</b>	<b>8,653,838</b>	<b>0</b>			<b>0</b>				<b>0</b>			
<b>Maximum</b>	<b>1,520,063</b>											
<b>Minimum</b>	<b>416,900</b>											
<b>Average Daily</b>	<b>721,153</b>											

<sup>1</sup> The Influent flow meter was used for these numbers due to a malfunction effluent flow meter.

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.



# *Amador Regional Sanitation Authority*

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*"Servicing Amador City, Martell, & Sutter Creek"*

Tom DuBois  
General Manager  
Amador Regional Sanitation Authority  
18 Main Street  
Sutter Creek, CA 95685  
(209) 215-4890  
tdubois@cityofsuttercreek.org

March 7, 2024

Marie Alvarado-Gil  
State Senator  
State of California  
1021 O Street, Suite 7240  
Sacramento, CA 95814  
(916) 651-4004  
senator.alvarado-gil@senate.ca.gov

Dear Senator Alvarado-Gil:

The Amador Regional Sanitation Authority (ARSA) is formally requesting your assistance in the amount of \$850,000 to fund critical repairs to the Henderson reservoir and dam. The outflow pipe or 'underdrain' has worn away and urgently needs to be replaced. However, there are currently not enough funds available to complete this work. While the Department of Dam Safety rates this reservoir's condition as "Fair", the hazard potential is "High", meaning failure will probably cause loss of human life.

Originally built in 1923 as a freshwater reservoir, and transitioning to a wastewater reservoir over the years, Henderson is a key piece of infrastructure for treated wastewater disposal, the largest storage facility for treated recycled water from the City of Sutter Creek's regional treatment plant on its way through a pipeline to various users of recycled water in Amador County. The pipeline and reservoirs are owned by the State of California and leased to ARSA. Maintenance has been deferred due to a lack of funds. We have \$150,000 in reserves generated by ratepayers that will be combined with the request funds to complete the repairs.

ARSA treats and disposes of wastewater for three agencies in Amador County – the City of Sutter Creek, Amador City and Amador Water Agency which is responsible for the Martell area in unincorporated Amador County. ARSA is responsible for over 3100 residents and the economic center of Amador County. Mostly commercial, the Martell area generates about 80% of the county's revenue. It is critical that this regional infrastructural be maintained, and this request is for ARSA's most critical capital improvement project.

The outflow pipe at the bottom of the dam has significantly degraded, with the bottom of the half of the pipe completely worn away and gone. In order to be repaired, the reservoir must be drained and then the 20" outflow pipe replaced to ensure that the outflow can be operated in a safe manner and that the dam wall is not threatened. Recent wet years have prevented draining the reservoir in order to be able to do the repairs. With your funding, we can be prepared to complete this project as soon as possible, in 2024 or 2025.

Currently, the recycled water is used for irrigation to multiple cattle ranches in Amador County and the Caste Oaks golf course in Ione. Along with regional partners, we have identified additional interested customers for this treated water including land owned by the Jackson Rancheria Band of Miwuk Indians.

Based on the importance of this critical infrastructure and serving the regional needs of your constituents throughout Amador County as well as the key economic engine of the county, we hope that you will consider our request for priority funding favorably.

Best regards,



Tom DuBois, General Manager ARSA

## LOAN DISCHARGE AGREEMENT

THIS LOAN DISCHARGE AGREEMENT (“**Agreement**”) is dated as of \_\_\_\_\_, 2024, between City of Sutter Creek, a California general law municipality (“**City**”) and Amador Regional Sanitation Authority (“**ARSA**” and together with City, the “**Parties**”).

### RECITALS:

A. WHEREAS, on April 25, 2002, City and ARSA entered into that certain Contract for Funding of Wastewater Disposal Facilities and Grant of Easement, which contract was recorded as Document 2002-0005305-00 on May 2, 2002 in the official records of Amador County, California, and on March 29, 2006, City, ARSA and Gold Rush Golf, LLC, a California limited liability company entered into that certain First Amendment to Contract for Funding of Wastewater Disposal Facilities and Grant of Easement, which contract was recorded as Document 2006-0006950-00 on June 15, 2006 in the official records of Amador County, California (as amended, the “**Contract**”);

B. WHEREAS, pursuant to the terms of the Contract, ARSA made a loan to City in the amount of \$450,000.00 (the “**Loan**”) to permit the acquisition of certain real property more particularly described in the Contract;

C. WHEREAS, the terms of the Loan required repayment if the right of way for an effluent disposal line was not acquired, and the pipeline not constructed, by the dates specified in the Contract;

D. WHEREAS, ARSA has continually granted extensions for the repayment of the Loan, the acquisition of the right of way for an effluent disposal line, and the construction of the pipeline; and

E. WHEREAS, ARSA now desires to release and discharge the City from any obligation to repay the Loan.

**NOW, THEREFORE**, in consideration of the above preambles which by this reference are incorporated herein, the mutual covenants and conditions contained herein and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, City and ARSA agree as follows:

1. Release and Discharge of Loan. Effective as of the date hereof, the City is hereby forever released and discharged of any obligation or liability to ARSA in connection with the Loan, including, but not limited to, any obligation to repay any principal or accrued interest, if any, with respect to the Loan. The Parties acknowledge that the foregoing release and discharge of the Loan shall not affect any other obligations of the Parties under the Contract.

2. Ownership of Loan. ARSA represents and warrants that ARSA is the sole owner of the Loan, and has not sold, assigned or otherwise transferred any interest in the Loan to any other party.

3. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of City and ARSA and their respective successors, assigns and related entities.

4. Further Assurances. The Parties each agree to promptly execute, acknowledge, and deliver to the other such further instruments and take such further actions as may be reasonably required in order to carry out and effectuate the intent and purpose of this Agreement. At the request of either party, this Agreement (or a memorandum hereof) shall be recorded in the official records of Amador County, California.

5. Governing Law. This Agreement shall be governed by, interpreted under, and construed and enforced in accordance with the laws of the State of California and the venue of any action will be Amador County, California.

6. Severability. If any term or provision of this Agreement is invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality, or unenforceability shall not affect, invalidate, or render unenforceable any other term or provision of this Agreement. Upon such determination that any term or other provision is invalid, illegal,

or unenforceable, the parties hereto shall negotiate in good faith to modify this Termination Agreement so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated by this Agreement be consummated as originally contemplated to the greatest extent possible.

7. Counterparts. This Agreement may be executed and delivered by electronic transmittal (including without limitation via e-mail and .pdf format) and/or in original counterparts, each of which shall be deemed an original and all of which, taken together, shall be deemed one and the same instrument.

8. Attorney's Fees. If either party becomes involved in arbitration or litigation arising from this agreement or the performance or interpretation of it, the court or tribunal in such arbitration or litigation or in a separate suit shall award reasonable costs and expenses of arbitration and litigation, including expert witness fees and attorney fees, to the prevailing party or parties.

IN WITNESS WHEREOF, City and ARSA have executed this Agreement on the day and year first above written.

CITY OF SUTTER CREEK

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

AMADOR REGIONAL SANITATION AUTHORITY

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

# *Amador Regional Sanitation Authority*

*"Servicing Amador City, Martell, & Sutter Creek"*

## STAFF REPORT

**TO:** ARSA BOARD  
**MEETING DATE:** MARCH 21, 2024  
**FROM:** TOM DUBOIS, ARSA GENERAL MANAGER  
**SUBJECT:** ARSA DISSOLUTION PLAN  
**TYPE:** ACTION ITEM

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**RECOMMENDATION:** ARSA staff approve the dissolution plan and timeline.

### BACKGROUND

The ARSA board approved starting the dissolution process at the Feb 15, 2024 meeting and directed the General Manager to update the boards of the agencies involved about the upcoming process.

### DISCUSSION

The General Manager and ARSA Attorney have been working to prepare the necessary documents for dissolution and working to the following timeline:

March: Briefing agencies involved, preparing loan discharge, resolving lawsuit, outreach to GSA/CDCR  
 April: Agency approval of Termination MOU, successor contract approvals  
 May/June Agency approval of dissolution and new customer agreements

During March, I met with Amador City council members and city manager and with Amador County Board Supervisors and County Executive to explain the upcoming process and answer questions. All members were met with except Brian Oneto, who has not yet responded, and Amador City Council Member Russell Robinson, who has resigned. Discussions were positive overall. Amador City has agenda'd a discussion at their council meeting the evening of March 21 at 7 PM during their council meeting.

I also reached out to the state to begin discussions of transferring the pipeline lease to the City of Sutter Creek. It has taken some time and required assistance from our state senators office to locate the proper people to talk to, first at GSA and then at CDCR. Those conversations are continued. I have also requested a meeting with the assistant Warden at Mule Creek to discuss the process – she has responded but not yet confirmed a meeting.

Frank will give an update on his next steps during the meeting.

**MOTION:** The board should give feedback on the timeline and process, and make a motion to approve the process with any designed changes.

## ARSA Dissolution Summary FAQ

1. Why did the board vote to start dissolution?

This has been a long term discussion for many years. ARSA has outlived its usefulness, operating under a JPA agreement from 1982. The board no longer represents the ratepayers involved. Agencies have left such as the City of Jackson. Martell is under the Amador Water Agency which is not on the board. The City of Sutter Creek (80% of the effluent, nearly 100% of the operations) is in the process of planning a new treatment plant and disposal approach. Dissolution of the JPA streamlines COSC's ability to see grants and funding, directly managing collection, treatment and disposal.

2. What is the financial impact?

When lone stopped taking water, ARSA incurred legal fees, excessive overtime, and capital projects to dispose of wastewater through emergency sprayfields, incurring a budget deficit of \$278,000 in FY22-23, eating into ARSA's reserves. At the same time, ARSA has a CIP list totaling \$40-50M in deferred capital projects. The existing assets are fully depreciated with very little residual value.

The intent is for COSC to continue wastewater disposal operations under the existing terms, with wholesale customer agreements replacing the JPA agreement under termination. Any remaining short term assets will remain to cover disposal fees for the remainder of the fiscal year, with no monies being returned or exchanged as part of the termination. Detailed financials will be reviewed as we go through the dissolution process and included with the termination agreement.

3. What is the legal impact?

Most of the ARSA contracts are freely assignable to a successor organization (City of Sutter Creek). GSA must approve assigning the ARSA lease to CSOC, this is one of the first steps. The regional water board must be notified but transfer is allowed under the old water Development Order in effect. Current pending litigation is pending resolution but Sutter Creek could become the party of record if it drags on.

4. What will happen operationally?

This is meant to be a non-event. COSC will continue to handle disposal for Amador City and Martell. These agencies will be customers through a wholesale service agreement.

5. What about Gold Rush and the spray field easement?

In 2002, ARSA and the City of Sutter Creek paid money to the Gold Rush development, and participated in a same day, double property closing with the Noble sisters selling to the City and then the City selling the property to Gold Rush. The spray field value was never accessed and appears to have been a mechanism to help fund development, a potentially illegal practice. All parties participating in the convoluted transactions knew it was a risky investment that unfortunately did not pan out. The spray fields are not accessible on the property. Over time, a specific plan was approved with residential homes on the spray field location. Any debts are uncollectible and legally disputed.

6. What happens next?

ARSA is developing a project plan and schedule to complete legal documentation, financial statements and any other open issues. An escrow like process will be set up that is dependent on approval by the ruling bodies of 2 of the 3 agencies. If approved, the agreements would then go into effect. We are aiming to schedule votes with each agency in the next 60 days or so.

Please contact Tom DuBois, GM ARSA, with any additional questions at [tdubois@cityofsuttercreek.org](mailto:tdubois@cityofsuttercreek.org)