

# Chapter 5: Sewerage Commission-Oroville Region



This chapter presents a municipal service review for the Sewerage Commission-Oroville Region (SC-OR) with details on the Commission formation, boundary, government structure, population, land use, disadvantaged communities, and the provision of water or wastewater services and facilities. Based on the information in this report, written determinations that make statements involving each service factor the Commission must consider as part of a municipal service review are presented. The determinations are based upon data presented in this Chapter for the Sewerage Commission-Oroville Region and are recommended to the Commission for consideration. The Commission’s final MSR determinations are part of a Resolution that the Commission formally adopted during a public meeting.

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## 5.1 Agency Profile & Overview

### 5.1.1: Agency Profile

<b>Type of Agency:</b>	Joint Powers Agreement
<b>Principal Act:</b>	Ca. Govt. Code Sec. 6500 et al., the Joint Exercise of Powers Act.
<b>Functions/Services:</b>	<ul style="list-style-type: none"> <li>• Wastewater treatment, disposal</li> <li>• Limited wastewater collection</li> <li>• Recycled water production and distribution for irrigation purposes</li> <li>• Solar photovoltaic electricity generation</li> </ul>
<b>Main Office:</b>	2880 S. 5th Ave, Oroville, CA, 95965
<b>Mailing Address:</b>	PO BOX 1350, Oroville, CA, 95965
<b>Phone No.:</b>	(530) 534-0353
<b>Web Site:</b>	<a href="https://www.sc-or.org/">https://www.sc-or.org/</a>
<b>General Manager:</b>	Glen E. Sturdevant Email: <a href="mailto:gsturdevant@sc-or.org">gsturdevant@sc-or.org</a>
<b>Alternate Contact:</b>	Mikah Salsi, Plant Supervisor. Email: <a href="mailto:msalsi@sc-or.org">msalsi@sc-or.org</a>
<b>Meeting Schedule:</b>	The fourth Tuesday of each month at 5:00 PM (except for November and December when the meetings are held earlier due to holidays)
<b>Meeting Location:</b>	Commission HQ: 2880 S. 5th Ave, Oroville, CA, 95965
<b>Date of Formation:</b>	The JPA was formed on June 18, 1971.
<b>Area Served:</b>	Serving roughly 28,712 acres (50.5 square miles)
<b>Population</b>	41,131 permanent residents
<b>Number of water/sewer connections</b>	There are two direct connections to SC-OR's main trunk line. All other connections are managed by the JPA member entities (SC-OR, 2021b).
<b>Gross Revenue</b>	Gross revenues are based on monthly sewer service fees and are \$4,585,157 for the 2022 budget cycle
<b>Expenditures</b>	\$2,783,765.00 in FY 20/21

### 5.1.2 Agency Overview

The Sewerage Commission-Oroville Region (SC-OR) was formed from a Joint Powers Agreement (JPA) made between the City of Oroville (COOR), the Lake Oroville Area Public Utility District (LOAPUD), and the Thermalito Water and Sewer District (TWSD), which are all located in the Oroville area. In accordance with this agreement, SC-OR provides wastewater collection (via an interceptor), wastewater treatment, and disposal services. Today, SC-OR also provides two auxiliary services: 1) recycled water production and distribution for irrigation and 2) solar photovoltaic electricity generation for internal use. Each of SC-OR's three-member agencies pays a quarterly sewer usage charge to cover the costs of providing related services. Appendix P of this document contains the most recently adopted SC-OR JPA agreement, which was updated on April 24, 2002, and amended in 2010. The current JPA agreement runs for 20 years (from 2010) and expires in 2030 unless it is extended by the written agreement of all the entities (personal communication, M. Salsi, 2022). The JPA agreement can be rescinded or terminated only by the unanimous agreement of the entities. All LAFCOs in California have the ability to review municipal services provided by JPAs. The authority to review JPAs is provided in CKH and Public Records Act:

- CKH: Gov. Code sections 56301, 56378, 56386
- Public Records Act: Gov. Code section 6250 et seq.

Butte LAFCO's MSR on Wastewater Service Providers–Oroville Region Adopted November 5, 2009, included a detailed description of SC-OR. This chapter presents an update to the 2009 MSR.

## 5.2 Agency Formation and Boundary

### 5.2.1 Formation

The Sewage Commission-Oroville Region (SC-OR) Joint Powers Agency (JPA) provides efficient and effective wastewater treatment services for the greater Oroville region. SC-OR was formed primarily for the purpose of wastewater treatment and disposal. SC-OR's Principal Act is the Joint Exercise of Powers Act, as codified in the California Code of Regulations, Government Code section 6500 et al. SC-OR was created on June 18, 1971, following the adoption of a Joint Powers Agreement by the City of Oroville, the Lake Oroville Area Public Utility District (formerly North Burbank PUD), and the Thermalito Water and Sewer District (formerly Thermalito Irrigation District). These three agencies are known as SC-OR member entities. SC-OR's first Board Meeting was held in 1973. Today, SC-OR's service region is composed of three separate member entities jurisdictional boundaries and respective service areas (Figure 5-1). SC-OR owns and operates a wastewater treatment facility, sewer interceptors, pump stations, and outfall.

### 5.2.2 Boundary

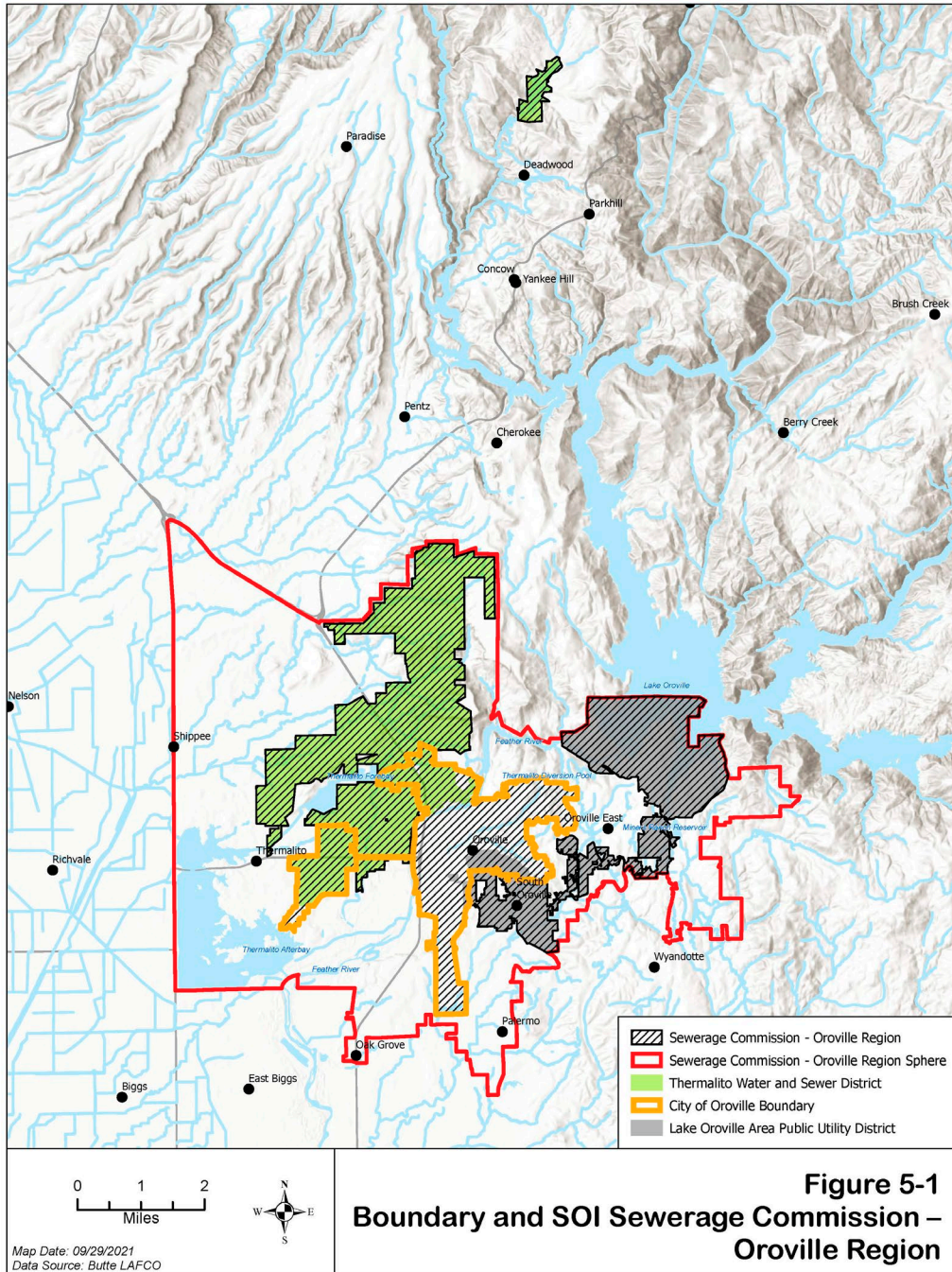
SC-OR is not a special district and therefore does not have a LAFCo adopted official district boundary or sphere of influence. However, the area served by the SC-OR regional wastewater treatment facility is determined by the jurisdictional boundaries of the three-member entities, as listed in Table 5-1 below. The geographic boundaries of the three-member agencies encompass roughly 28,712 acres or 50.51 square miles, as seen in Figure 5-1 (next page). Table 5-1 below describes the geographic characteristics of the boundaries of the entities that comprise SC-OR.

	Boundary		Sphere of Influence	
	Acres	# of APNs	Acres	# of APNs
City of Oroville	8,873	7,447	33,744	16,917
Thermalito Water and Sewer District	14,873	3,798	44,101	4,383
Lake Oroville Area Public Utility District.	8,582	5,558	20,295	8,013
Total of Three Entities	32,328	16,803	98,140	29,313
Subtract Overlap Areas	-3,616		-22,940.2	
<b>Total for SC-OR</b>	<b>28,712</b>	<b>n/a</b>	<b>75,199.8</b>	<b>n/a</b>
<i>Data Source: See Tables 3-1, 4-3, and 7-1</i>				

The combined SC-OR service area (i.e., “boundary”) covers 28,712 acres, as listed in Table 5-1 above. SC-OR’s service area contains less than 16,500 assessor’s parcels. The total planning area (i.e., “sphere of influence”) for the combined SC-OR covers 75,199.8 acres. The shape of the combined boundary is irregular and does not follow any conventional geometric shape. A detailed description of the boundary area for the three-member agencies is provided in the agency-specific chapters as follows: City Of Oroville, Chapter 3; Lake Oroville Public Utility District, Chapter 4; and Thermalito Water And Sewer, Chapter 7.

Figure 5-1: SC-OR Service Area & Area of Interest

*This page is reserved for the boundary map which will be inserted here in a high-resolution format.*



### 5.2.3 Sphere of Influence

SC-OR is not a special district and therefore does not have a LAFCo adopted official sphere of influence. However, the area served by the SC-OR regional wastewater treatment facility is determined by the SOI of the three-member entities. SC-OR’s three-member agencies have SOIs that encompass 75,199.8 acres and include less than 29,000 parcels, as shown in Table 5-1 above.

### 5.2.4 Extra-Territorial Services

The SC-OR does not “directly” provide extra-territorial services outside the boundary of its three-member entities (SC-OR, 2021b). However, SC-OR accepts and treats domestic septage trucked in by approved septage haulers licensed by Butte County Environmental Health Division and SC-OR. The septage originates from pumped residential septic tanks and is brought to the SC-OR WWTP for treatment and disposal. SC-OR voluntarily provides this service to the community and is under no obligation to continue this service. SC-OR accepts approximately 1 million gallons per year of domestic septage from within their service area.

This program resulted from a historical situation (n.d.) when the local landfill stopped accepting sludge, and prices and problems arose. The next nearest landfill is located in Wheatland, which increased transportation costs for truck companies. Septic pumper trucks are private companies that pump out homeowner septic tanks and bring the pumped waste to the SC-OR WWTP. The private trucking companies have a contract with the homeowners. The effluent is required to originate in the Oroville area, and truck drivers are required to demonstrate the origin by providing a ticket with the homeowner’s address. (personal communication, Glen Sturdevant, May 2021). Since this is a historic/legacy practice, SC-OR does not classify this as an “out-of-agency” service. Please note that SC-OR does cooperate with its three-member wastewater service providers as described in “Facilities Sharing,” Section 5.9.

## 5.3: District Governance and Accountability

This section describes how performance, accountability, transparency, and public engagement relate to the public’s trust in local government. LAFCO is required by the CKH Act to make specific determinations regarding a municipality’s government structure and accountability.

### 5.3.1 Government Structure

The SC-OR is a local government agency structured under a Joint Powers Agreement (JPA).

Usage of JPA’s: Under the California Joint Powers Law, Article 1, Chapter 5, Division 7, Title 1 (California Government Code 6500), two or more public agencies, including special districts, can enter into Joint Powers Agreements to exercise powers common to the contracting parties. California Government Code Section 6506 specifically applies to the formation of JPA agencies. Under JPA Agreements CGC Section 6508, a JPA agency can be empowered to provide a range of management services, including, but not limited to, 1) making and entering into contracts; 2) applying for and accepting grants, advances, and contributions; 3) acquiring property, by eminent domain or otherwise, and holding/disposing of property; 4) employing or contracting for the

services of agents, employees, consultants, and others; 5) making plans and conducting studies; 6) incurring debts, liabilities or obligations; 7) issuing bonds; 8) designing, constructing and operating facilities and works; and 9) suing or being sued subject to limitations in the JPA agreement.

Effective January 1, 2017, the law requires that JPAs formed by one or more public agencies for the purpose of providing municipal services file a copy of the agreement and any amendments to the Local Agency Formation Commission (LAFCO). The JPAs were mandated to submit a copy of their agreements and amendments by July 1, 2017. JPAs that fail to submit their agreements will be prohibited from issuing bonds or incurring indebtedness of any kind until they meet this requirement.

Governance of JPAs: JPA agencies and their specified activities are overseen by governing boards made up of officials appointed by the member agencies. The make-up of the JPA board by respective member agencies and their specific voting rights are spelled out in the JPA agreement. Good communications, open meetings, and active member agency board participation provide a sound mechanism for retaining local control over the JPA agency. JPA agencies can be dissolved by the member agencies when they have completed their assigned activities or are no longer providing intended benefits. LAFCO emphasizes that it is fundamentally important to a successful JPA that the individual JPA board/commission members consider what is best for all its members when taking board actions and avoid any appearances that the JPA is biased towards one or more member entities. This would include actions related to JPA staffing, rate setting, and preparing capacity evaluations or securing sewer connections.

### 5.3.2 Board of Commissioners

The Sewerage Commission - Oroville Region (SC-OR) is governed by an appointed Board of Commissioners, appointed by the agencies to whose board they were elected. SC-OR's Board of Commissioners has six members who meet in regular session once monthly on the fourth Tuesday of each month at 5:00 pm at the SC-OR board room at 2880 South 5th Avenue, Oroville. Special meetings are held as needed. SC-OR's Board of Commissioners is comprised of two representatives from each of the member entities, with one of the appointees designated a voting member and the other a non-voting alternate, as listed in Table 5-2. Typically, SC-OR Board appointments are made every two years in July for TWSD and LOAPUD. For LOAPUD, the LOAPUD Board President makes the appointments and designates the voting member. For TWSD, the TWSD Board President makes the appointments and designates the voting member on a staggered, rotating 2-year schedule. The City members of the SC-OR Board are appointed by and serve at the pleasure of the Mayor. Board Members from the City could serve up to four years or more depending on re-election status. SC-OR's Board may appoint committee members on an as-needed basis. Currently, there are no committees of the SC-OR Board. The Commissioner's policy states that an annual elections meeting is to be held during the regular meeting in June. Typically, the " Chair " position is rotated annually among member entities. The policy can be found at the following URL:

<https://www.sc-or.org/files/3077759b3/Board+Meeting+Policy.pdf>.



Table 5-2: SC-OR's Board of Commissioners		
Name	Title	Representing Agency
Rich Salvucci	Commissioner	LOAPUD
Bradley Taggart	Commissioner	TWSD
Scott Thomson	Commissioner	COOR
Angie Mastelotto	Commissioner, Chair	LOAPUD
David Pittman	Commissioner	COOR
Bruce Wristen	Commissioner, Vice Chair	TWSD

SC-OR holds regular public meetings on the fourth Tuesday of each month at 5:00 PM, except for November and December, when the meetings are held earlier due to holidays. Commission members are eligible to receive an annual stipend of \$7,200 for attendance at regular and special meetings as well as Commission committee meetings. Both voting and non-voting Commissioners receive the stipend. Total stipend payments for 2020 are shown in Figure 5-2 below.

All meetings of the Commission and other advisory boards are open to the public in accordance with the Brown Act. The agenda for each Commission meeting includes a public comment period for items not on the agenda. Additionally, the Commission meeting minutes reflect that the public is invited to speak on all items included on the agenda. Commission agendas are posted at the SC-OR office and posted on the SC-OR website here: <https://www.sc-or.org/board-meetings> Commission Agenda Packets are emailed out to Commission members and posted on the webpage at the above link. Minutes, once approved, are posted on the webpage (SC-OR, 2021b). The Commission and its representatives have a solid record of adherence to the requirements of the Brown Act, the Political Reform Act, and similar laws (SC-OR, 2021b). SC-OR's regulations are adopted by Resolution. Regulations adopted by resolution have the same force and effect as those adopted by Ordinance (Ca. Govt. Code sec. 50020).

In California, elected members of special district boards are required to comply with three laws regarding accountability and ethics, including: 1) the Political Reform Act; 2) Assembly Bill 1234



(Salinas, 2005), which requires ethics training; and 3) Government Code 53237 et. seq. which mandates sexual harassment prevention training. A description of each of these three state laws is provided in Chapter 2, Introduction. An assessment regarding the compliance with these three ethics and accountability laws by elected board members of each of the subject Oroville Area water or wastewater related agencies was made as part of this MSR process.

- Political Reform Act:** Each district is required to have conflict of interest code/policies. SC-OR’s policy regarding the Political Reform Act can be found in the “Board Policies” subsection under the “Governance” tab by following the link for the “Conflict of Interest Policy” PDF found at the following URL: <<https://www.sc-or.org/files/0c6926293/Conflict+of+Interest+Policy.pdf>>. The Political Reform Act also requires special district board members to disclose all personal economic interests by filing a “Statement of Economic Interests” with the Fair Political Practices Commission (FPPC). Compliance with this law was assessed by querying the FPPC Complaint and Case Information Portal at: <<https://www.fppc.ca.gov/enforcement/complaint-and-case-information-portal.html>>. Query results for the SC-OR found no violations. SC-OR’s policy states that designated employees are to “file statements of economic interests with the Clerk of the Board of Supervisors of the County of Butte.”
- Ethics Training Certificates:** Local government officials (including cities, counties, and special districts) are required to take ethics training every two years. Compliance with this law was assessed for each of the five public water or wastewater agencies studied in this MSR. Generally, the ethics training requirement applies to the three-member agencies and does not apply directly to SC-OR. Assembly Bill 1234 (Salinas, 2005) requires ethics training. Ideally, a certificate demonstrating completion of required training for each Commission member would be made available as a public document through the three-member entities (City of Oroville, LOAPUD, and TWSD). Additionally, the SC-OR website is at: <<https://www.sc-or.org/ethics-sexual-harassment-training-certificates>>. The dates that each SC-OR Commission member completed the required training are listed below in Table 5-3. Ideally, each Commissioner would complete the required training within the past two years. The SC-OR website could post certificates directly or provide a link to the member entities’ website where the certificates are available.

<b>Name</b>	<b>Date AB1234 Training</b>	<b>Date GC 53237 Training</b>
Angie Mastelotto	May 7, 2022*	May 7, 2022*
David Pittman	Data Not Available	Data Not Available
Scott Thomspson	Jan 27, 2021	Jan 27, 2021
Bruce Wristen	Jan 2021	Jan 2021
Rich Salvucci	May 19, 2021	May 20, 2021
Bradley Taggart	Data Not Available	Data Not Available
*Indicates certificate expiration since training is required once every two years.		
Data Source: SC-OR Website (n.d.) at: <a href="https://www.sc-or.org/">https://www.sc-or.org/</a>		

Additionally, a completed ethics training certificate for Mr. Glen Sturdeant, dated September 3, 2021, is posted to the District’s website at: <<https://www.sc-or.org/>>. Overall, SC-OR and its

member entities partners do mostly comply with the training requirements of Assembly Bill 1234. This item should continue to be monitored by LAFCO in subsequent MSRs.

Government Code 53237 et. seq.: Special district board members must receive the required sexual harassment prevention two-hour training every two years. Compliance with this law was assessed for each water or wastewater agency studied in this MSR. Completed sexual harassment training certificates for SC-OR Commission members can be found by accessing < <https://www.sc-or.org/ethics-sexual-harassment-training-certificates>>. Five of the six Commissioners have completed the required training. Ideally, the training would be completed every two years. Overall, SC-OR mostly complies with the training requirements of Government Code 53237. This is an item that LAFCO should continue to monitor in the next MSR.

### *5.3.3 Accountability and Transparency*

#### Brown Act

The Brown Act is described in Chapter 3, Introduction, of this MSR. All meetings of the Commission Board and committees are open to the public in accordance with the Brown Act. The agenda for each meeting includes a public comment period, and agendas are made available 72 hours before meetings. Any written document that relates to an agenda item is available for public inspection at the same time the writing is distributed to the appointed members of the Commission. Written documents are made available at the Commission Office. Agendas are also distributed via email upon request. Prior to 2021, no phone number or other means of correspondence were provided on the agenda. However, starting in 2022, SC-OR staff intends to put a contact number and email address on all future SC-OR Board agenda packets (personal communication, M. Salsi, 2022).

The State Legislature updated the Brown Act in 2016 as codified in Government Code §54954.2 (see also Assembly Bill 2257). These new Brown Act requirements prescribe the methods and location by which an agenda must be accessible on an agency's website for all meetings, as detailed in the Introduction, Chapter 2. The new requirements mandate that meeting agendas be retrievable, downloadable, searchable, and indexable. As part of this MSR, the website for each water or wastewater agency was evaluated to determine if meeting agendas are made available to the public in a manner compliant with AB2257. SC-OR makes its current Board agenda directly available from its website homepage.

Additionally, the agenda can be found on the website via the "Board Meetings" subsection under the "Governance" tab at the following URL: <https://www.sc-or.org/board-meetings>. This webpage contains dates, meeting minutes, and agendas dating from Jan. 8, 2019, to the most recent meeting. Packets and audio recordings were also made available for meetings beginning in late 2020 / early 2021. Agendas are posted to the website at least 72 hours prior to each meeting. Commission policy states that parties who have requested notice of special meetings shall be notified by mail or telephone. Therefore, the Commission's website agenda distribution does comply with the requirements of the Brown Act 2016 updates described in AB 2257.

On March 4, 2020, Governor Newsom signed Executive Order No. N-29-20, declaring a state of emergency due to the threat of COVID-19 and suspending the general Brown Act requirements for teleconferencing. AB 361 allows public agencies to continue to meet remotely during a proclaimed state of emergency through January 1, 2024, while mandating that such meetings remain publicly accessible. During the Covid-19 global pandemic experienced in the year 2020 to 2022, the SC-OR adopted a policy on covid-19 safety. SC-OR continued to hold in-person Board meetings in which Board members and the public were socially distanced. Masks were provided to all attendees, and electronic participation was also provided (personal communication, M. Salsi, 2022).

Under the Brown Act, closed sessions of Board meetings are not encouraged; however, the Act does provide guidance about exceptions when closed sessions can be held under special circumstances. LAFCO may utilize the number of closed sessions a Board holds during a year as an indicator of transparency since fewer closed sessions indicate better levels of transparency. For 2020, the number of closed sessions in SC-OR Board meetings was evaluated. The year 2020 was selected as a base year because data were available for all five public agencies studied in this MSR. In the year 2020, SC-OR held a total of 17 Board meetings which included 12 regular meetings and five special meetings. Ten of those 17 meetings (59 percent) included a closed session. Seven of the closed sessions related to labor negotiations. One closed session related to contract negotiations, and another related to the discussion of options for legal services. The designation of an interim chief plant operator and consideration for hiring a consultant to the Commission were also session topics. For SC-OR, the year 2020 was not a typical year for Board meeting closed sessions due to contract negotiations with the previous manager, the new manager, and the new law firm, and these negotiations may have increased the number of closed sessions above the normal average for SC-OR (personal communication, M. Salsi, 2022). Therefore, it is recommended that this indicator be re-evaluated in the next MSR (in approximately five years) using a two-year timeframe as the study period.

### Website

The Special District Transparency Act (SB 929 or California Government Code, §6270.6 and 53087.8) requires that special districts have a functional website, and the requirements of this Act are described in the Introduction, Chapter 2. LAFCO uses compliance with the Special District Transparency Act as one indicator to determine the accountability and transparency of a District. SC-OR's website is regularly updated and easily navigable to allow for access to a directory containing current and past agenda packets and audio recordings for download. In the "Transparency" subsection under the "Governance" tab, users can access the current budget plan, financial statements covering the current year and up to 3 years prior, and a link to the State Controller's PublicPay website for Commission and staff member compensation found at the following URL:

<https://publicpay.ca.gov/Reports/SpecialDistricts/SpecialDistrict.aspx?entityid=2642&year=2019>

. Contact information and the physical address for the SC-OR HQ are also provided on the website. Although none of the policies listed on the "Board Policies" subsection under the "Governance" tab relate to the website's active management and ease of use, opportunities for employment, a service area map, public bid documents, and Request For Proposals/Quotes are all accessible. SC-OR's website does not currently offer a page where community members can sign up for a free electronic subscription service which will send automatic email notifications

when new agendas become available. When SC-OR next updates its website, it is recommended to consider adopting a Commission policy providing guidance on updating its website regularly and installing a web-enabled electronic subscription service. The Sewerage Commission-Oroville Region mostly complies with the requirements of the Special District Transparency Act.

### General Accountability

The SC-OR demonstrated accountability and transparency in disclosing information and cooperation with Butte LAFCO. Commission staff cooperated with LAFCO's requests for information and participated in an interview with the MSR consultants. Wastewater Regulations are described in Appendix C. In general, the Commission works towards compliance with these regulations.

Butte County is required by law to impanel a grand jury. The major functions of a grand jury are divided into criminal indictments and civil investigations. Civil investigations require the majority of the jury's time. The grand jury's civil or "watchdog" responsibilities include examining all aspects of local government, including cities and special districts, to ensure the county is being governed honestly and efficiently and county monies are handled appropriately. If an agency is subject to many grand jury inquiries, this can indicate poor performance or a high number of complaints about an agency. The Butte County Grand Jury has not investigated SC-OR as of December 2021 (Butte County Superior Court, 2021).

<p><b>CONTACT INFORMATION</b></p> <p>Sewerage Commission-Oroville Region</p> <p>2880 S. 5th Ave, Oroville, CA, 95965</p> <p><a href="https://www.sc-or.org/">https://www.sc-or.org/</a></p> <p>(530) 534-0353</p>
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Litigation is expensive for public agencies due to the costs associated with preparing an administrative record, retaining attorneys, and preparing briefs. Avoidance of litigation is an indicator of management's effectiveness in utilizing alternative dispute resolution mechanisms. Current litigation The Commission is not currently involved in any litigation. This indicates that SC-OR's management and the Board of Commissioners are successfully utilizing alternative dispute resolution methods.

### *5.3.4 Management Efficiencies*

The General Manager is appointed by and reports to the Board of Commissioners (Board) and is responsible for directing Commission operations and overseeing and implementing policies on behalf of the Board. An important part of management effectiveness includes adopting a Commission-wide mission and vision statement. The SC-OR Mission statement is: "To provide efficient and cost-effective wastewater treatment while keeping the community safe and protecting the environment and downstream users." The General Manager develops the annual budget for subsequent approval by the Board, manages all labor/management activities, and performs related work as required. The Manager is the Legally Responsible Official for reporting any Sanitary Sewer Overflows as required by the RWQCB (SC-OR, 2019a). The General Manager is ultimately responsible for effluent quality from the SC-OR plant's process and safeguarding the Feather River as a habitat for endangered fish species and recreational uses of the River (SC-OR, 2021b).

### 5.3.5 Staffing and Training

SC-OR currently has nine full-time employees. SC-OR's organization chart is shown in Figure 5-3, and the Departments are as follows:

- Administration – 2 positions,
- Laboratory/ Environmental Compliance – 1 position,
- Operations - 6 positions
- Data Source: (SC-OR, 2021b).

The Finance Section 5-8 details wages and benefits paid to employees.

In addition to its paid staff, SC-OR contracts with private consulting firms to provide engineering and/or legal services. A registered engineer is often necessary to

provide professional technical assistance to the Manager. A Consulting Engineer may plan, organize, administer or direct the maintenance, repair, installation, and upgrading of SC-OR's wastewater treatment and/or collection system infrastructure. SC-OR also contracts for legal services. As of January 2023, the legal counsel situation was vacant and a recruitment was being conducted. It is recommended that SC-OR avoid conflicts of interest among its member entities by ensuring that consultants (such as engineer or attorney) are not also engaged with the member entities as either employees or contractors.

Safety training is conducted for all SC-OR staff in accordance with Occupational Safety and Health Administration requirements. The safety officer (Plant Supervisor) provides training to SC-OR staff for general emergency response and for confined space, self-contained breathing apparatus. Safety training related to system equipment, operations and maintenance is also provided. Sanitary system overflow emergency events require a careful response, and SC-OR's operations personnel are trained to handle these events properly. A log of safety training activities is kept at the SC-OR office (SC-OR, 2019a).

### 5.3.6 Determinations for Governance and Accountability

Based on the information in Sections 5.1 through 5.3 above, the following written determinations make statements involving each service factor that the LAFCO must consider as part of a municipal service review. The determinations listed below in Table 5-4 are based on the data presented and are recommended to the LAFCO Commissioners for consideration. The Commission's final MSR determinations are part of a Resolution that the Commission formally adopted during a public meeting as provided in Chapter 10.

Figure 5-3

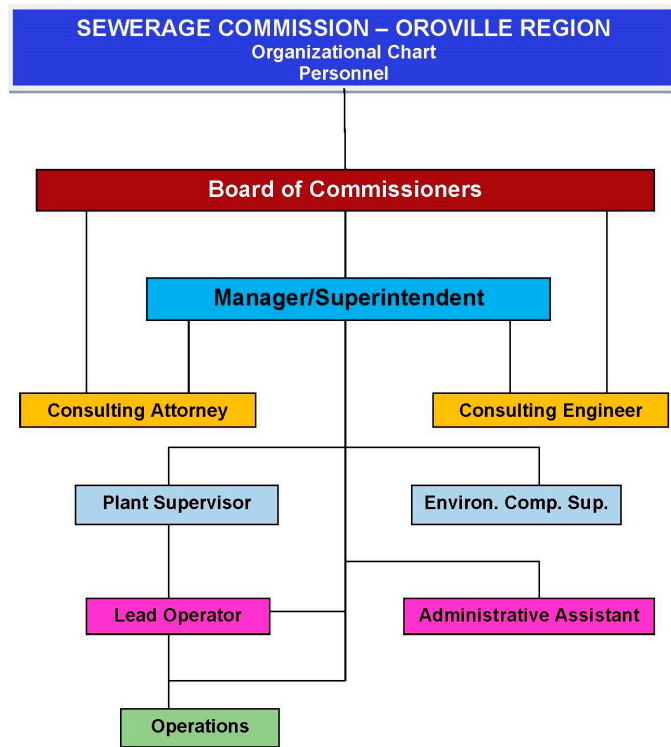


Table 5-4: MSR DETERMINATIONS: ACCOUNTABILITY FOR COMMUNITY SERVICE NEEDS, INCLUDING GOVERNMENT STRUCTURE AND OPERATIONAL EFFICIENCIES

Number	Indicator	Determination
SC-OR-Acc-1	Number of closed sessions during the year 2020 (ideally fewer than 50%).	In the year 2020, SC-OR held a total of 17 Board meetings which included 12 regular meetings and five special meetings. Ten of those 17 meetings (59 percent) included a closed session. This exceeds the suggested 50 percent metric. However, it is recognized that 2020 may not have been a typical year for SC-OR Board meetings, given the special circumstances related to employee and contract negotiation, which increased the number of closed sessions. Therefore, it is recommended that LAFCO re-evaluate this metric in the next MSR for SC-OR.
SC-OR-Acc-2	Does the agency's Website comply with the 2016 updates to the Brown Act described in Government Code §54954.2 and enacted by Assembly Bill 2257?	Compliance with the 2016 updates to the Brown Act described in Government Code §54954.2 was evaluated in this MSR. SC-OR makes its current Board agenda directly available from its website homepage. Additionally, the agenda can be found on the website via the "Board Meetings" subsection under the "Governance" tab at the following URL: <a href="https://www.sc-or.org/board-meetings">https://www.sc-or.org/board-meetings</a> . This webpage contains dates, meeting minutes, and agendas dating from the most recent meeting back to Jan. 8, 2019. Agendas are posted to the website at least 72 hours prior to each meeting. Therefore, the SC-OR's website agenda distribution does comply with the requirements of the Brown Act 2016 updates described in AB 2257.

SC-OR-Acc-3	Compliance with the Special District Transparency Act (SB 929 or California Government Code, §6270.6 and 53087.8), which requires special districts to have a functional website that lists contact information and contains financial statements, compensation reports, and other relevant public information.	Compliance with the Special District Transparency Act (Gov. Code, §6270.6 and 53087.8) was evaluated in this MSR. SC-OR's website is regularly updated and easily navigable to allow for access to a directory containing current and past agenda packets, meeting minutes, and audio recordings for download. In the "Transparency" subsection under the "Governance" tab, users can access the current budget plan and financial statements covering the current year and up to 3 years prior. When SC-OR next updates its website, it is recommended to consider adopting a Commission policy providing guidance on keeping its website updated and installing a web-enabled electronic subscription service. The Sewerage Commission-Oroville Region mostly complies with the requirements of the Special District Transparency Act.
SC-OR-Acc-4	Terms of office and next election date are disclosed for District Board members, and committee appointments are online.	Since the SC-OR's Board of Commissioners are appointed, the three-member entities are responsible for reporting the terms of office and the next election date for SC-OR Commissioners. SC-OR's Board of Commissioners does not currently have any committees.
SC-OR-Acc-5	Do elected Board members submit required forms and receive required trainings as prescribed by the three state laws regarding accountability and ethics, including: 1) the Political Reform Act; 2) Assembly Bill 1234 (Salinas, 2005), which requires ethics training; and 3) Government Code 53237 et. seq. which mandates sexual harassment prevention training?	SC-OR is a JPA, and it relies upon its three-member agencies that appoint Board of Commission members to comply with the three state laws regarding accountability and ethics, including: 1) the Political Reform Act; 2) Assembly Bill 1234 (Salinas, 2005), which requires ethics training; and 3) Government Code 53237 et. seq. which mandates sexual harassment prevention training. 1) SC-OR's Board of Commissioners complies with the Political Reform Act by listing its conflict of interest policy on the SC-OR website. The FPPC database query results for the SC-OR found no violations. Additionally, SC-OR's policy states that designated employees are to "file statements of economic interests with the Clerk of the Board of Supervisors of the County of Butte.



		<p>(continued)</p> <p>2) Ethics training is required by Assembly Bill 1234 for most local agencies. However, it appears that ethics training may not be required for JPAs as they are not defined as "local agencies". Nevertheless, training certificates are posted to SC-OR's website for several of its Board of Commissioners.</p> <p>3) Harassment prevention training is required by Government Code 53237 et. seq. This requirement seems to be-mandatory for all employers. SC-OR's website contains up-to-date training certificates for several of (but not all) its Board of Commission members. This is an item that needs improvement.</p>
SC-OR-Acc-6	Current litigation and/or grand jury inquiry	The Butte County grand jury has not investigated SC-OR as of 2021. In addition, the Commission is not currently involved in any litigation. This indicates that SC-OR's management team successfully uses alternative dispute resolution methods.
SC-OR-Acc-6	Conflicts of Interest among member entities are managed (i.e. Engineer and Legal Counsel).	As a JPA, SC-OR's Engineer and Legal Counsel should not ever also be employees or contractors of a member entity/agency, in order to prevent conflicts of interest.

## 5.4: Growth & Population Forecasts

The growth and population projection for the affected area is a determination that LAFCO is required to describe, consistent with the MSR Guidelines from the Office of Planning & Research (OPR) as set forth in the CKH Act. This section provides information on the existing population and future growth projections for the Sewerage Commission-Oroville Region. Historical and anticipated population growth is a factor that affects service demand. Appendix A, at the end of this MSR Update, provides detailed demographic and socio-economic information for The County of Butte.

### 5.4.1 Existing Population

There are approximately 41,131 residents within the SC-OR's service area as of 2020. SC-OR's population is comprised of people residing with each of the three-member agencies, as listed in Table 5-5 below.

Name of Agency	Population in Service Area	# Registered Voters in Service Area	Population in planning area (SOI) only
City of Oroville	17,863	9,515	36,540
Lake Oroville Area Public Utility District	12,768	7,099	17,068
Thermalito Water and Sewer District	10,500	5,659	9,336
Sewerage Commission-Oroville Region	<b>41,131</b>	<b>22,273</b>	<b>62,944</b>

Source: MSR Chapter 3, Table 3-6; Chapter 4, Table 4-7; Chapter 7, Table 7-5

#### 5.4.2 Existing Population in Planning Area (SOI)

The existing population in SC-OR's planning area (SOI) and outside the service area/boundary is estimated to be 62,944 people, as shown in Table 5-5 above. The population within the SC-OR's planning area (SOI) is comprised of people residing within the SOI of each of the three-member agencies. Please note that the population in the planning area (SOI) is not served by SC-OR and likely relies upon septic tanks or does not utilize wastewater services. Since SC-OR is a JPA, it does not have its own sphere of influence.

#### 5.4.3 Projected Population Growth

SC-OR's population is comprised of people residing within the boundary of each of the three-member agencies, as listed in Table 5-6 below.

	2020	2025	2030	2035	2040	2045
City of Oroville	18,888	21,113	21,679	22,170	22,555	22,830
Lake Oroville Area Public Utility District	12,768	13,300	13,854	14,432	15,033	15,660
Thermalito Water and Sewer District	10,500	10,622	10,747	10,872	11,000	11,128
Sewerage Commission-Oroville Region	<b>42,156</b>	<b>45,035</b>	<b>46,280</b>	<b>47,474</b>	<b>48,588</b>	<b>49,618</b>

Data Source: MSR Chapter 3, Table 3-7; Chapter 4, Table 4-8; Chapter 7, Table 7-6

From 2020 to 2045, the population is expected to increase by 17.7 percent. This equates to a compound annual growth of 0.65 percent. The addition of 7,462 more people to the SC-OR by 2045 is possible as the Commission's existing boundaries contain under-developed areas that could potentially be available for more intensive residential development. For example, the City of Oroville is likely to develop over the next twenty years as residential and commercial development continues to occur and expand.

SC-OR's 2019 Sewer System Management Plan anticipates 30,357 EDUs by the year 2027. This calculates<sup>1</sup> to a projected population of 94,107 by the year 2027. Given current development trends, it is unlikely that SC-OR's service area will actually see that level of development prior to the year 2027 or the year 2045.

#### 5.4.4 Existing Land Use

Land uses within the 28,712-acre (50.5 square miles) area encompassed by the SC-OR member entity boundaries fall under the jurisdiction of the City of Oroville for parcels within the City of Oroville's incorporated limits and the County of Butte for all other areas. LOAPUD and TWSD do not have any land use authority within their districts and have limited influence on land use decisions. Portions of LOAPUD and TWSD are within the incorporated limits of the City of Oroville. Land in the greater Oroville area was zoned for densities and allocations exceeding historical growth. However, infrastructure was planned and developed to serve actual growth, not potential build-out of allocated lands. Land use, agriculture/open space, General Plan designations, and the potential for new future development in the three-member entities are described in more detail in the following MSR chapters:

- Chapter 3, City of Oroville
- Chapter 4, Lake Oroville PUD
- Chapter 7, Thermalito Water and Sewer District

#### 5.4.5 Farmland and Open Space

SC-OR's boundary area and SOI contains a wide range of farmland and open space, including unique farmland, and farmland of statewide importance, as listed in Table 5-7 below. Figure 5-4 shows the spatial arrangement of farmland and open space within the SC-OR boundary and SOI.

Land Use	Percentage by Area
Urban and Built-Up Land	18.47%
Grazing Land	35.01%
Prime Farmland	1.81%
Farmland of Statewide Importance	0.68%
Unique Farmland	3.94%
Water Area	7.91%
Other Land	32.19%
Data Source: ESRI GIS Data	

<sup>1</sup> Given 3.1 persons per household \* 30,357 EDUs = 94,107

Figure 5-4 Farmland

*This page is reserved for the farmland map, which will be inserted here in a high-resolution format.*

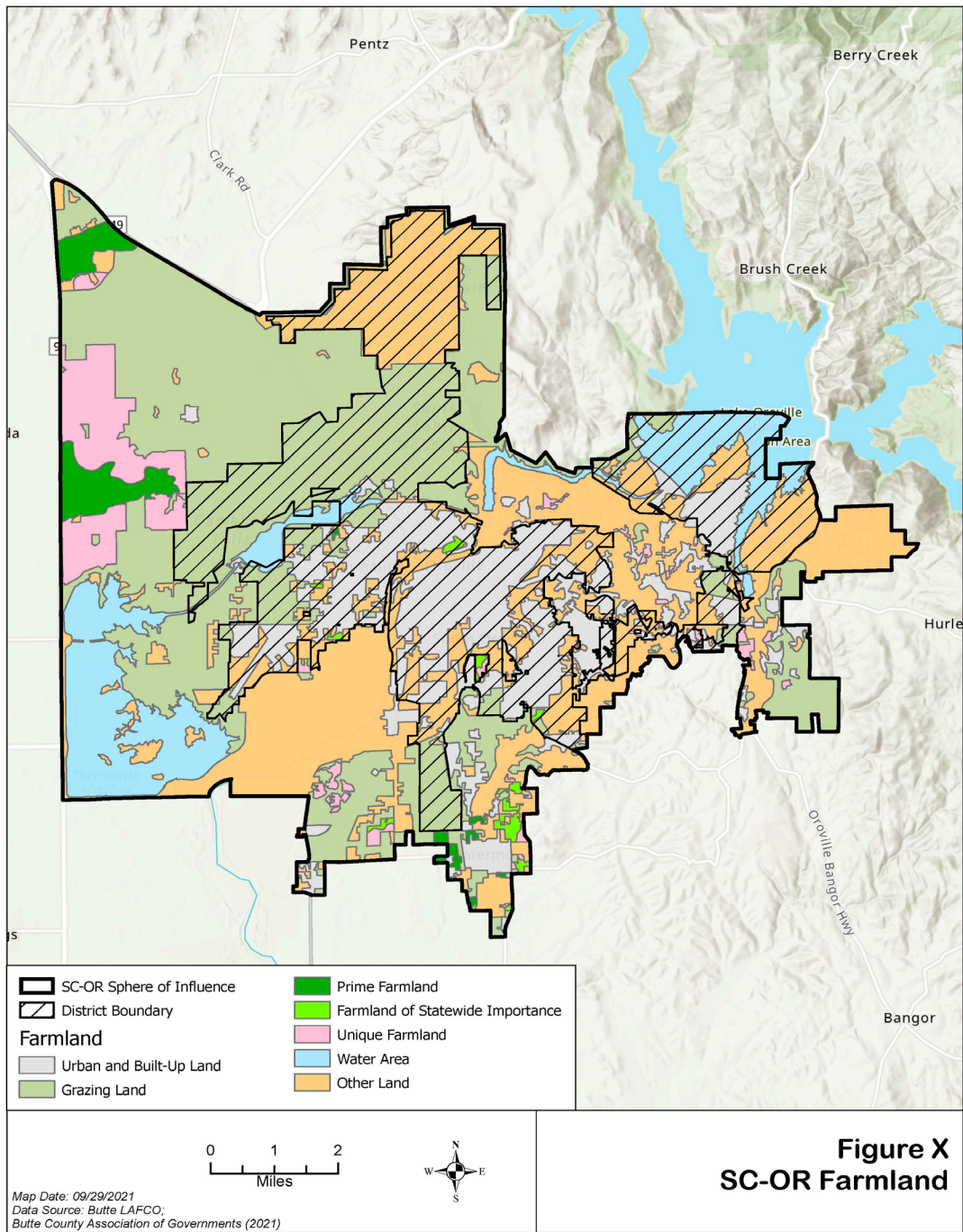
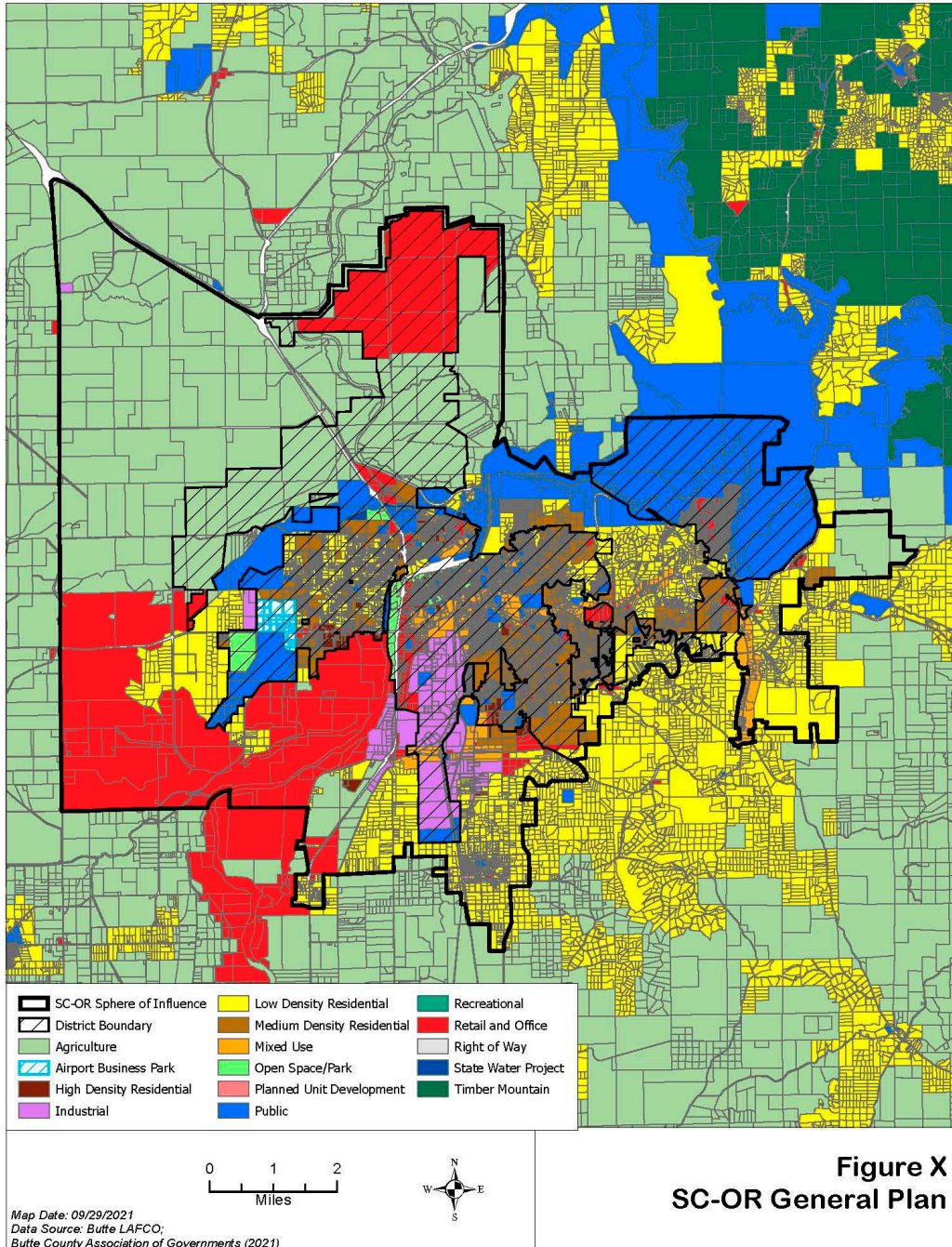


Figure 5-5: City and County General Plan Designation Crosswalk

*This page is reserved for the boundary map, which will be inserted here in a high-resolution format.*



A detailed description of farmland within each of the three-member entities is provided in the following MSR chapters:

- Chapter 3, City of Oroville
- Chapter 4, Lake Oroville PUD
- Chapter 7, Thermalito Water and Sewer District

#### 5.4.6 City and County General Plan

The unincorporated area in the Oroville region falls under the Butte County General Plan (Butte LAFCO, 2009). For those areas within the City of Oroville’s Sphere of Influence, the City’s General Plan can also be considered concerning future development potential upon annexation. A detailed description of the City and County General Plan designations for each of the three-member entities is provided in the following MSR chapters:

- Chapter 3, City of Oroville
- Chapter 4, Lake Oroville PUD
- Chapter 7, Thermalito Water and Sewer District

Figure 5-5, above, provides a cross-walk linking the City and the County General Plan designations to provide a comprehensive picture of each of the three-member entities.

#### 5.4.7 Future Land Use

SC-OR has no control over land uses and traditionally has not directly issued “will-serve” letters. Development projects that require connection to the SC-OR system must obtain a will-serve letter from LOAPUD, TWSD, or the City. The will-serve letter states that the wastewater collection agency currently has the capacity for the proposed project but does not reserve that capacity. The LOAPUD and TWSD will serve letters are valid for one year. In the City of Oroville, approval of a development permit (such as a building permit or a tentative parcel/subdivision map) serves as a will-serve letter, indicating that the City can provide wastewater conveyance services to the development. All SC-OR member entities have development agreements requiring the project developer to either construct or provide funding for any wastewater conveyance improvements needed to serve the project (Butte LAFCO, 2009).

SC-OR allocates access to available treatment capacity at the WWTP on a “first come, first served” basis (SC-OR does not formally reserve capacity at the WWTP for approved projects). To ensure SC-OR has funding for capacity improvements needed to serve new large developments, SC-OR utilizes a *Capacity Agreement*. A Capacity Agreement typically requires all proposed developments with twenty or more residential units or commercial/industrial uses with equivalent wastewater flows to fund the preparation of a site-specific study (“Capacity Impact Study”). The Capacity Impact Study assesses the impact of the development on SC-OR’s WWTP capacity and determines whether any necessary expansion or other modification or improvement of capacity is required due to the development’s impact (Butte LAFCO, 2009).

Following completion and acceptance of the Capacity Impact Study by SC-OR and if the developer decides to proceed with the development of the project, a mitigation agreement is executed, which generally describes the required improvements, their timing, as well as their

financing and construction, and all other requirements of SC-OR and the sewage collection agency that the developer must complete prior to the receipt of service to the project. All developments, 20 EDUs or more, are required to enter into a development agreement to conduct a capacity study (personal communication, M. Salsi, 2022).

For those projects requiring an annexation into the City of Oroville, LOAPUD, or TWSD, SC-OR utilizes a *Pre-Annexation Agreement*, which is substantially the same as the Capacity Agreement. The pre-annexation agreement provides assurance to LAFCo that there will be sufficient treatment capacity at the SC-OR WWTP and in the sewage collection agency’s system for the area proposed for annexation (Butte LAFCo, 2009).

#### 5.4.8 Determinations for Growth and Population

Based on the information in Sections 5.2 and 5.4 above, the following written determinations make statements involving each service factor that LAFCo must consider as part of a municipal service review. The determinations listed below in Table 5-8 are based on the data presented and are recommended to the Commission for consideration. LAFCo’s final MSR determinations are part of a Resolution that the Commission formally adopted during a public meeting.

Number	Indicator	Determination
SC-OR -Pop-1	Existing Boundary.	SC-OR is a Joint Powers Agency and therefore does not have a LAFCo adopted official district boundary. However, the area served by the SC-OR regional wastewater treatment facility is determined by the boundaries of the three-member entities (COOR, TWSD, and LOAPUD). The 28,712-acre combined service area (i.e., “boundary”) encompasses land within the unincorporated County of Butte and the City of Oroville.
SC-OR -Pop-2	Existing Sphere of Influence	SC-OR is not a special district and therefore does not have a LAFCo adopted official sphere of influence. However, the area served by the SC-OR regional wastewater treatment facility is determined by the SOI of the three-member entities (COOR, TWSD, and LOAPUD). SC-OR’s three-member agencies have SOIs that encompass 75,199.8 acres and include less than 29,000 parcels.

Table 5-8: MSR DETERMINATION: GROWTH AND POPULATION PROJECTIONS FOR THE AFFECTED AREA		
Number	Indicator	Determination
SC-OR -Pop-3	Extra-territorial Services	The SC-OR does not “directly” provide extra-territorial services outside the boundary of its three-member entities. However, SC-OR accepts and treats domestic septage trucked in by approved septage haulers licensed by Butte County Environmental Health Division and SC-OR. The septage originates from pumped residential septic tanks and is brought to the SC-OR WWTP for treatment and disposal. SC-OR accepts approximately 1 million gallons per year of domestic septage from within their service area.
SC-OR -Pop-4	Projected population in years 2020 to 2045.	From 2020 to 2045, it is anticipated that an additional 7,462 permanent residents will be expected within SC-OR’s Service Area. This represents an overall 17.7 percent increase in the projected future population (or 0.65 percent per year). This will bring the total population within the Commission’s service area to approximately 49,618 persons by the year 2045.
SC-OR -Pop-5	District boundaries contain a sufficient land area to accommodate projected growth.	Currently, SC-OR’s “boundary” area supports an average of 1.27 persons per acre, which is considered to be a low population density. The County General Plan and the City of Oroville General Plan both suggest that growth may occur within the boundaries of the three-member entities. SC-OR’s “boundaries” contain a sufficient land area to accommodate projected growth.
SC-OR -Pop-6	Effect that the District’s service provision will have on open space and agricultural lands.	The boundaries and SOIs for the three-member entities include grazing land, prime farmland, farmland of statewide importance, and unique farmland. Most farms and agricultural land in the area rely on septic tanks and do not receive wastewater collection services. LOAPUD, in particular, does provide wastewater collection service to state lands associated with Lake Oroville and surrounding open space, thereby protecting water quality. However, the provision of wastewater treatment services generally has minimal effect on agricultural land and open space. Wastewater disposal occurs at a site along the Feather River. SC-OR aims to protect water quality (and associated open space values) by complying with the regulations of the Regional Water Quality Board and other state regulators.



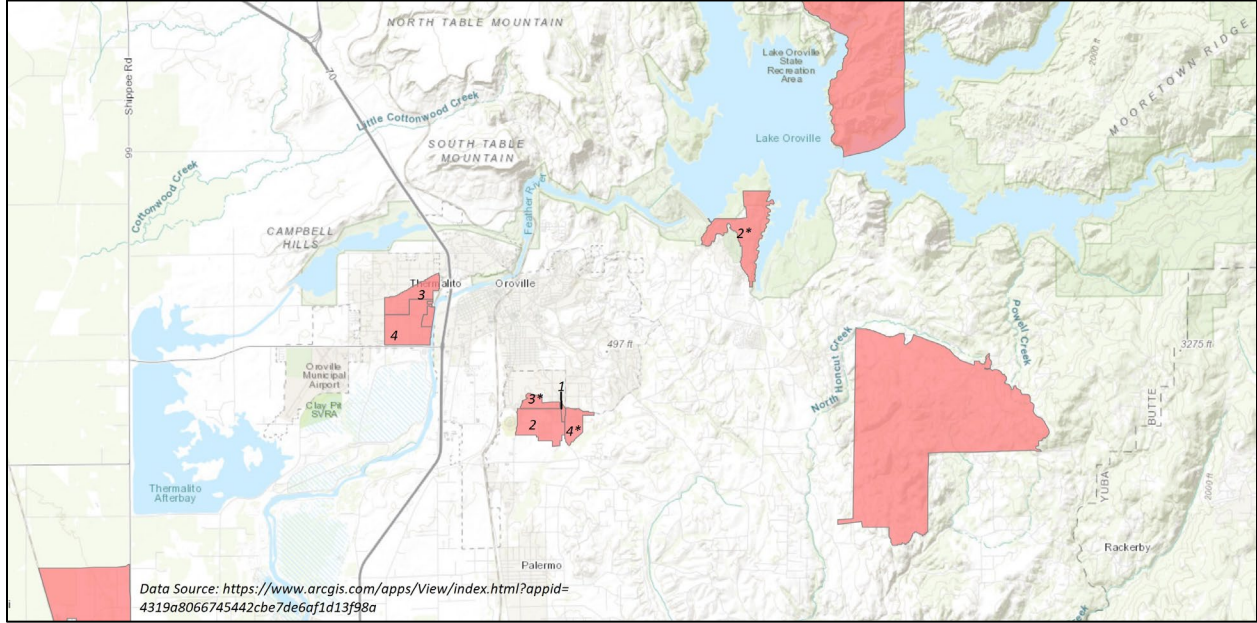
## 5.5 Disadvantaged Unincorporated Communities

A Disadvantaged Unincorporated Community (DUC) is an unincorporated area of a County in which the annual median household income (MHI) is less than 80 percent of the statewide MHI. The statewide annual median household income (MHI) in California for 2019 was \$75,235 (U.S. Census, 2021). The year 2019 is the baseline year because it is the most recent year for which numerical and spatial (GIS) data is consistently available. Eighty percent of the statewide MHI (2019) equals \$60,188.00, the threshold used to determine which geographic areas qualify for classification as disadvantaged communities. Seven census blocks meet the threshold for DUC status, as listed in Table 5-9 and shown in Figure 5-6 below.

Block #	Block Group Median Household Income	# of Registered Voters
Block Group 4, Census Tract 37, Butte County, California	\$23,210	76
Block Group 3, Census Tract 37, Butte County, California	\$32,045	79
Block Group 2, Census Tract 30.02, Butte County,	46,964	84
Block Group 3*, Census Tract 30.02, Butte County,	47,500	84
Block Group 4*, Census Tract 31, Butte County,	47,961	84
Block Group 1, Census Tract 30.01, Butte County,	29,792	84
Block Group 2*, Census Tract 26.02, Butte County, California	47,426	57
Data Source: CALAFCO Statewide DUC Map using American Community Survey 5-Year Data (2015-19) Updated Mar 2022. Available on-line at: < <a href="https://www.arcgis.com/apps/View/index.html?appid=4319a8066745442cbe7de6af1d13f98a">https://www.arcgis.com/apps/View/index.html?appid=4319a8066745442cbe7de6af1d13f98a</a> >		

The numbers in Table 5-9 above correspond to the labels shown in the map below.

Figure 5-6: Map of DUCs



Since the City of Oroville is an incorporated municipality, the area within the City boundaries is not classified as a DUC, and City residents are provided public services by numerous local and state agencies.

**Census Tract Data for Grants:** Although LAFCOs typically rely upon Census “block” data to study DUCs, state and federal funding sources typically utilize Census Tracts to determine DUCs because this level of analysis provides the most uniform income data available statewide. Data for this report was collected from the 2019 American Community Survey 5-Year Estimates at the census tract level. Within the SC-OR service area, 13 Census Tracts meet the DUC threshold and are therefore classified as disadvantaged, as shown in Table 5-10 and Figure 5-7 below. Most of the census tracts cross over both the SC-OR service area and the SC-OR planning area (SOI).

Table 5-10: MHI Choropleth Table for Census Tracts

Census Tract #	Median Household Income (MHI)	Disadvantaged Status
15	\$84,811	No
22	\$53,125	Yes
24	\$40,071	Yes
25	\$37,054	Yes
26.01	\$66,750	No
26.02	\$48,090	Yes
27	\$49,029	Yes
28	\$27,031	Yes
29	\$48,497	Yes
30.01	\$29,235	Yes

30.02	\$41,377	Yes
31	\$52,258	Yes
32	\$40,318	Yes
33	\$47,411	Yes
36	\$65,625	No
37	\$32,401	Yes

Also, please note that SC-OR's service area includes the tribal trust lands of Berry Creek Rancheria and Mooretown Rancheria in the LOAPUD boundary.

Water service to the DUCs is provided by several methods, including the Thermalito Water and Sewer District, the South Feather Water and Power Agency, CalWater Oroville, or by individual wells. Wastewater collection services are provided by Thermalito Water and Sewer District, Lake Oroville PUD, the City of Oroville, or by individual septic systems. Wastewater treatment and disposal services are provided by SC-OR. Fire protection service for most of the parcels within the SC-OR service area and planning area (SOI) is provided by two<sup>2</sup> agencies. The City of Oroville under contract with CALFIRE and the County of Butte under contract with CALFIRE. The SC-OR Service Area and planning area (SOI) areas receive essential municipal services of water, wastewater, and structural fire protection (or acceptable private alternatives). Therefore, no DUCs within the existing SC-OR service area and planning area (SOI) areas lack essential public services, and no public health or safety issues have been identified.

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<sup>2</sup> Fire protection services are provided by Cal Fire. Cal-Fire recently took over the fire protection services for the City of Oroville.

Figure 5-7: Disadvantaged Unincorporated Areas SC-OR

*This page is reserved for the boundary map, which will be inserted here in a high-resolution format.*

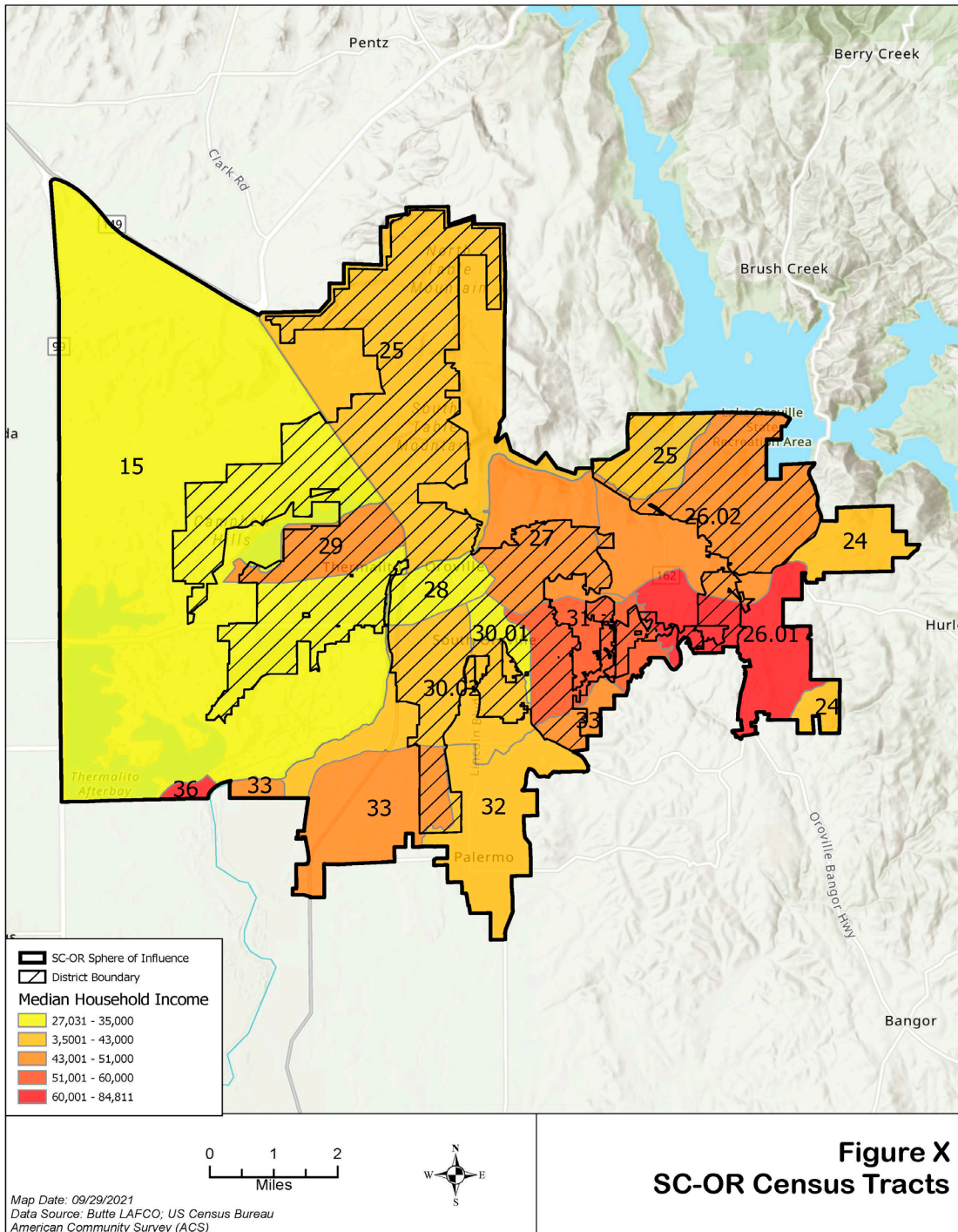


Table 5-11: MSR DETERMINATION: LOCATION AND CHARACTERISTICS OF ANY DISADVANTAGED UNINCORPORATED COMMUNITIES WITHIN OR CONTIGUOUS TO THE SPHERE OF INFLUENCE		
Number	Indicator	Determination
SC-OR DUC-1	The median household income is identified. The DUC threshold MHI (80 percent of the statewide MHI) is clearly stated. The MHI in the Agency's boundary is described.	The median household income is identified. The DUC threshold MHI (80 percent of the statewide MHI) is clearly stated. The MHI in the Agency's boundary is described.
SC-OR DUC-2	Potential DUCs are considered. The provision of adequate water, wastewater, and structural water or wastewater services to DUCs is considered.	This MSR analysis identified DUCs within the SC-OR service area and planning area (SOI). Water service to the DUCs is provided by several methods, including the Thermalito Water and Sewer District, the South Feather Water and Power Agency, CalWater Oroville, or by individual wells. Wastewater collection services are provided by Thermalito Water and Sewer District, Lake Oroville PUD, the City of Oroville, or by individual septic systems. Wastewater treatment and disposal services are provided by SC-OR.
		(continued) Fire protection service for most of the parcels within the SC-OR service area and planning area (SOI) is provided by the Butte County Fire Department/CAL FIRE. SC-OR's Service Area and planning area (SOI) areas receive essential municipal services of water, wastewater, and structural fire protection (or acceptable private alternatives). Therefore, no DUCs within the existing SC-OR service area and planning area (SOI) areas lack essential public services, and no public health or safety issues have been identified.

## 5.6: Public Services

### 5.6.1 Service Overview

This Section evaluates the efficiencies of services provided by the Sewerage Commission-Oroville Region (SC-OR) and the associated infrastructure needs, especially as they relate to current and future users. The Sewerage Commission-Oroville Region provides wastewater treatment and disposal to its three-member entities (COOR, TWSD, and LOAPUD). In addition to its wastewater treatment and disposal services, SC-OR also provides a limited amount of water recycling to irrigate the lawn on its property and solar photovoltaic electricity generation to offset

the cost of wastewater treatment. SC-OR is a JPA, and the three-member entities own and operate sewer collection systems within their individual jurisdictions. In accordance with its joint powers agreement, each member entity pays a quarterly sewer usage charge to SC-OR to cover the costs of providing related services.

## 5.6.2: Wastewater Collection and Treatment Services

### 5.6.2.1: Existing Wastewater Collection and Treatment Services

The Sewerage Commission-Oroville Region (SC-OR) provides wastewater treatment, wastewater and sludge disposal, limited water recycling, and limited collection through its three interceptor/trunk lines. The collected wastewater is discharged to trunk sewers owned and operated by the Sewerage Commission - Oroville Region (SCOR) and conveyed to the SCOR Regional Wastewater Treatment Plant. All retail customer connections are managed by the JPA member entities, COOR, LOAPUD, and TWSD, as listed in Table 5-12 (SC-OR, 2021b). SC-OR also manages a Federally and State-regulated pretreatment program for permitting industrial discharges to the regional collection system (SC-OR, 2021b).

Service	Number of Customers in 2022
Wastewater Treatment and Disposal	3

### 5.6.2.2: Plans

As detailed in the following paragraphs, SC-OR and the State of California have adopted several planning documents to guide its future and implement its mission.

#### Sewer System Management Plan

SC-OR adopted a Sewer System Management Plan (SSMP) Update in February 2019. This SSMP is in compliance with the RWQCB rules to complete a Comprehensive Master Plan pertaining to its sewer systems and includes a Sewer Overflow Emergency Response Plan Element for Sanitary Sewer Overflows (SSO) reporting (State Water Resources Control Board, 2006). The SC-OR's Sewer System Management Plan provides a plan and schedule to properly manage, operate, and maintain all parts of the sanitary sewer system. This helps to reduce and prevent SSOs and mitigate any SSOs that occur (SC-OR, 2019a). The SSMP contains an Operation and Maintenance Program. The SSMP must be updated every 5 years and must include any significant program changes. Re-certification by the SC-OR Board is required when significant updates are made to the SSMP. The updated SSMP must be filed with the State Water Resources Control Board. It is important to note that the 2019 SSMP is not available on SC-OR's

website. It is recommended that the SSMP be posted on SC-OR's website to promote transparency. It is also important to note that the 2019 SSMP is an update to the 2005 SSMP. However, much of the underlying data and assumptions were not updated in 2019 and instead retains the 2005 data. This means that the SSMP contains old data, and it was difficult to utilize this data in this current MSR analysis. This is a situation that needs improvement. Therefore, it is recommended that when SC-OR next updates its SSMP, it should provide a comprehensive update that utilizes up-to-date flow data and population projections. Nevertheless, the SSMP lists several goals for SC-OR as summarized below:

#### *SC-OR Goals Per SSMP*

1. Be responsive to the needs of its member entities and the public in general, and to work cooperatively with local and state agencies to reduce, mitigate the impacts of, and properly respond to and report Sanitary Sewer Overflows (SSOs).
2. Properly manage and operate SC-OR's facilities to minimize SSOs, thereby protecting public health.
3. Identify, prioritize, renew, and replace sewer system facilities to maintain reliability.
4. Provide capacity for peak wastewater flows as identified in the respective member entity's SSMP or Sewer Master Plan, as incorporated in SC-OR's Sewer System Evaluation and Capacity Assurance Plan (SC-OR, 2019a).
5. Several other goals are also listed in the SSMP.

#### Master Planning and Financial Assistance Study

A Master Planning and Financial Assistance Study is currently being completed by CH2M HILL. Additional information about this Plan was not readily available.

#### Risk Management and Hazardous Materials Plan

SC-OR's Risk Management and Hazardous Materials Plan was last updated in 1999. Butte County Environmental Health conducts periodic audits of SC-OR, and they recently recommended that SC-OR's Risk Management/Haz Mat Plan be updated. When the 1999 Plan was written, it did not include sulfur dioxide, which is used to dechlorinate the wastewater prior to disposal in the Feather River. Dechlorination is necessary to prevent adverse impacts on aquatic life. The quantity of chemicals stored on-site at SC-OR necessitates having an updated Risk Management and Haz Mat Plan that an engineer, consistent with federal laws, has signed. At their March 2022 meeting, the Board of Commissioners authorized the preparation of a new update to this Plan. The updated Plan will be available in 2023, approximately.

#### Emergency Response Plan Measures and Activities

SC-OR's Emergency Response Plan Measures and Activities was completed in August 2007. Additional information about this Plan was not readily available.

#### Basin Plan for Sacramento and San Joaquin River

The Central Valley Water Board adopted a Water Quality Control Plan, Fourth Edition (Revised June 2015), for the Sacramento and San Joaquin River Basins that designates beneficial uses, establishes water quality objectives, and contains implementation programs and policies to

achieve those objectives for all waters addressed through the Plan. The Basin Plan aims to consider the Rivers suitable for municipal or domestic drinking water supply. Beneficial uses applicable to the Feather River from Fish Barrier Dam to the Sacramento River include the following:

- municipal and domestic drinking water supply;
- agricultural irrigation and stock watering;
- water contact recreation, including canoeing and rafting;
- other noncontact recreation;
- warm freshwater habitat;
- cold freshwater habitat;
- warm and cold fish/aquatic migration;
- warm and cold fish spawning;
- wildlife habitat
- Data source: RWQCB, 2021

It is important for SC-OR to meet its water quality objectives in order to maintain these beneficial uses on the Feather River. The Feather River is a significant environmental asset to the local community.

#### Impaired Water Bodies on CWA 303(d) List

The federal Clean Water Act of 1972 contains section 303(d), which requires states to develop lists of water quality limited River segments. The waters on these lists do not meet water quality standards, even after point sources of pollution have installed the minimum required levels of pollution control technology. As shown in Table 5-13 below, the Feather River has impaired water quality for several constituents.

Table 5-13: 303 (d) List for Feather River from Lake Oroville Dam to Sacramento River

<b>Pollutant</b>	<b>Potential Sources</b>	<b>TMDL Status</b>
Chlorpyrifos	Agriculture	Adopted and effective 2016
Group A Pesticides	Unknown	Not Completed
Mercury	Resource Extraction	Not Completed
PCBs	Unknown	Not Completed
Toxicity	Unknown	Not Completed

Data Source for Table 5-13 is RWQCB, 2021

#### *5.6.2.3: Permits*

SC-OR is required to comply with all of the terms and conditions of the federal Clean Water Act (CWA) and the California Water Code. A discharge permit from the Central Valley Regional Water Quality Control Board (CVRWQCB) is reviewed every five years for the sewage treatment operation. The District recently received formal approval of its discharge permit in 2021 NPDES No. Ca0079235 and Order R5-2021-0044 effective 10/01/2021.

#### NPDES Permit



SC-OR is responsible for meeting the wastewater treatment and discharge standards specified in the National Pollutant Discharge Elimination System (NPDES) permit issued by the Central Valley RWQCB. The wastewater treatment plant operated by SC-OR has a design capacity of 6.5 million gallons per day (MGD) average dry weather flow (ADWF). A brief history of NPDES permit issuance for SC-OR is listed below.

- 2000 NPDES permit CA0079235. This NPDES permit required SC-OR to implement its Industrial Pretreatment Program as approved by the Regional Water Quality Control Board (RWQCB) under the authority of the Ca. Code of Regulations (Ca. Water Code § 54739 et al.). SC-OR's Industrial Pretreatment Policy is described in its 2019 SSMP.
- 2005 NPDES permit #CA0079235 and Order#R502005-0010
- 2016 NPDES No. Ca0079235 and Order R5-2016-0024.
- 2021 NPDES No. Ca0079235 and Order R5-2021-0044

The 2021 NPDES permit and associated waste discharge order specify the operating requirements for the emergency storage and solids stabilization pond. Additionally, the 2021 NPDES permit and associated waste discharge order specify water quality parameters related to the discharge of treated wastewater into the Feather River at SC-OR's outfall. The water quality parameters include limitations on constituents such as total suspended solids, pH, copper, dichlorobromomethane, biochemical oxygen demand, ammonia, and nitrate (RWQCB, 2021). Additionally, the permit contains prohibitions against bacteria, such as fecal coliform, oils, pesticides, or other harmful substances, from entering the Feather River as a result of SC-OR's discharge. SC-OR is also required to conduct a monitoring and reporting program such that SC-OR takes water samples, analyzes the samples, and sends reports to the RWQCB on a regular basis.

#### Waste Discharge Requirements

The State Water Quality Control Board established Waste Discharge Requirements for Sanitary Sewer Overflows (SSOs). The Waste Discharge Requirements require reporting SSOs online using the California Integrated Water Quality System (CIWQS). SC-OR complies with the Waste Discharge Requirements order by following the notification and reporting requirements (SC-OR, 2019a). In the event of a SSO, SC-OR will notify the California Office of Emergency Services within 2 hours after becoming aware of any Category 1 SSO greater than or equal to 1000 gallons discharged to surface waters or spilled in a location where it probably will be discharged to surface waters. Also, within 15 days of the SSO end date, SC-OR must re-certify to the RWQCB via CIWQS (WQ2013-0058-EXEC) (SC-OR, 2019a). SC-OR's current WDR Permit can be viewed at:

<[http://www.waterboards.ca.gov/centralvalley/board\\_decisions/adopted\\_orders/#butte](http://www.waterboards.ca.gov/centralvalley/board_decisions/adopted_orders/#butte)>.

#### Industrial Customers

SC-OR has an approved USEPA pretreatment program that includes one non-categorical significant industrial user (SIUs) and two categorical significant industrial users (RWQCB, 2021). Local industrial parcels that wish to establish a new connection to the SC-OR treatment system must first obtain a SC-OR permit, called an Industrial User Permit (Policy Section 4.2 (A.)), which may contain various conditions and prohibitions (Policy Section 2.1) (SC-OR, 2019a). SC-OR

currently has two Sewer EPA Categorical dischargers that are defined categorically as metal finishers (40 CFR 433). . The two Categorical users are Chico Metals and RCBS (personal communication, M. Salsi, 2022). There is one non-categorical Significant Industrial User because of its potential to upset the SC-OR treatment works (SC-OR, 2021b). The one Significant Industrial User is Graphic Packaging.

#### *3.6.2.4: Water Quality Database Reports*

##### Overview

This section provides the results of database searches on water quality for the SC-OR. Compliance of wastewater agencies with water quality regulations promulgated by the State Water Resources Control Board (State Water Board) and the Central Valley Regional Water Quality Control Board (Regional Water Board) is important to LAFCO. This type of information is especially important since a community cannot rely upon “dilution” as a solution to pollution during a drought. When local water supplies are scarce, keeping that supply at a high level of water quality is desirable.

##### NPDES Permit

SC-OR’s 2021 NPDES permit notes the following “The Discharger committed five (5) violations of effluent limitations for total coliform during the permit term. The Central Valley Water Board took no formal enforcement action, and no specific cause for the violations was identified. (RWQCB, 2021).

##### California Integrated Water Quality System Project

The California Integrated Water Quality System (CIWQS) is a relational database used by the State and Regional Water Boards to track information about permit violations and enforcement activities. SC-OR has permits from the Central Valley Water Quality Control Board and is therefore classified as a “Permittee.” Permittees are allowed to self-report their own permit violations to the CIWQS. CIWQS includes the State Water Board’s database of Interactive Violation Reports, which the MSR consultants utilized to generate a report for the wastewater treatment plant and associated facilities. The database query specified criteria to generate a list of violations, including source, agency type, and date range, as listed in Table 5-14 below. The wastewater treatment plant for the SC-OR had a total of six violations during the years from 2016 to mid-2022. Five violations involve exceeding the total coliform 7-day median limit of 23 MPN/100 mL. The four violations spanning from 2017 to 2019 reflect temporary conditions that dropped back down to acceptable levels with subsequent testing. The 2020 violation was a result of seasonal conditions, so no corrective action was needed in this case. The most recent violation occurred on 3/1/2022 when a report (Annual SMR [PRETRPT]) for 2021 was submitted a few days late. This is a minor infraction. All six violations listed in Table 5-14 below were relatively minor and were easily corrected by SC-OR staff.

Table 5-14: Interactive Violation Reports Query Results for SC-OR								
Violation ID	Violated Order	Violation Type	Date	Description	Corrective Action	Source	Classification /Priority	Facility ID
1023792	R5-2016-0024	Other Effluent Violation	3/9/2017	Total Coliform 7-Day Median limit is 23 MPN/100 mL, and reported value was 1600 MPN/100 mL at EFF-001.	Informed inspector and received instructions. SC-OR pulled three separate EFF-001 samples the following week (on March 13, 14, and 15), and each of these confirmed to be lower than total coliform limit of 23 MPN/100mL.	eSMR	U	246251
1027086	R5-2016-0024	Other Effluent Violation	5/18/2017	Total Coliform 7-Day Median limit is 23 MPN/100 mL and reported value was 80 MPN/100 mL at EFF-001.	SC-OR pulled two separate EFF-001 samples the following week (on May 22 and 23) and each of these tests confirmed to be lower than our total coliform limit of 23 MPN/100mL.	eSMR	U	246251
1044589	R5-2016-0024	Other Effluent Violation	5/14/2018	Total Coliform 7-Day Median limit is 23 MPN/100 mL and reported value was 50 MPN/100 mL at EFF-001.	SC-OR did an extra chlorine soak on our filters. Closely monitored the following sample taken (on 5/21/2018).	eSMR	U	246251
1057202	R5-2016-0024	Other Effluent Violation	2/11/2019	Total Coliform 7-Day Median limit is 23 MPN/100 mL and reported value was 47 MPN/100 mL at EFF-001.	SC-OR staff informed the regulator. SC-OR then soaked the filter vessels with chlorine and monitored the next samples to make sure no follow up samples would be required.	eSMR	U	246251

1072870	R5-2016-0024	Other Effluent Violation	3/30/2020	Total Coliform 7-Day Median limit is 23 MPN/100 mL and reported value was 80 MPN/100 mL at EFF-001.	SC-OR staff informed the regulator. Violation was due to seasonal variations of weather and no other corrective action was required.	eSMR	B	246251
1102027	R5-2016-0024	Late Report	3/1/2022	Annual SMR (PRETRPT) report for 2021 (1770517) was due on 28-FEB-22.	null	Report	B	246251
Data Source: State Water Resources Control Board. California Integrated Water Quality System. On-line Database. Retrieved on June 8, 2022 from: < <a href="https://ciwqs.waterboards.ca.gov/">https://ciwqs.waterboards.ca.gov/</a> >.								

### Sanitary Sewer Overflow Database

The State Water Board maintains a database of Sanitary Sewer Overflows (SSO) from public/permitted systems and private lateral sewage discharges. Overflows are rare events that release sewage before it reaches the headworks of a wastewater treatment facility. Overflows are a concern because raw sewage contains pathogens, viruses, bacteria, and protozoa. If humans accidentally come into contact with raw sewage, we can potentially contract infections, flu, diarrhea, cholera, hepatitis, or cryptosporidiosis. In addition, people can be exposed via ponding in streets, yards, and parks. The Board's Sanitary Sewer Overflows database is a specific module in the CIWQS. The State Water Board formalized the Statewide General Waste Discharge Requirements for Sanitary Sewer Systems, Water Quality Order No. 2006-0003 (SSS WDRs), on May 2, 2006. All public agencies that own or operate a sanitary sewer system comprised of more than one mile of sewer pipes that convey wastewater to a publicly owned treatment facility must be covered under the SSS Waste Discharge Requirements. The SSS Waste Discharge Requirements require enrollees, among other things, to maintain compliance with the Monitoring and Reporting Program. A five-and-one-half-year term from January 1, 2016 to June 1, 2022, was queried in the CIWQS-SSO database. The results of the database queries regarding SC-OR are listed below in Table 5-15.

Table 5-15: SSO Database Query Results	
Variable in Database	Resulting Value
EVENT ID	880600
Region	5R
Responsible Agency	Sewerage Commission Oroville Region
Collection System	Oroville CS
SSO Category	Category 3
Start Date	4/8/2022
SSO Vol	150
Vol of SSO Recovered	150
Vol of SSO Reached Surface Water	0
SSO Failure Point	Force Main
WDID	5SSO10838
Data Source: <i>State Water Resources Control Board. California Integrated Water Quality System. On-line Database. Retrieved May 2022 from: &lt;<a href="https://ciwqs.waterboards.ca.gov/">https://ciwqs.waterboards.ca.gov/</a>&gt;.</i>	

As shown in Table 5-15 above, during the five-and-one-half-year query period, SC-OR experienced only one SSO. This SSO event occurred on April 8, 2022. 150 gallons of wastewater spilled; however, SC-OR staff recovered and cleaned up all of the spillage. Therefore, wastewater did not enter any of the local streams. This spill event was classified as Category 3, meaning

that the discharge of untreated or partially treated wastewater resulted from an enrollee's sanitary sewer system failure or flow condition.

The CIQWIS Database also indicates that the Sewerage Commission – Oroville Region Wastewater Treatment Plant (SC-OR WWTP) has had six inspections since 2015. No deficiencies were found during this time, and the plant was in compliance with the Waste Discharge Requirements (WDRs) Order. Several requirements and recommendations were made as part of the Pretreatment Compliance Inspection conducted in 2019 to improve the Commission's Program and maintain adherence to the WDRs, each of which were addressed by the SC-OR via written response that included a timeline for implementation (SWRCB CWQIS, 2022).

In summary, SC-OR staff indicate it has an excellent track record of protecting the resources in the Feather River. SC-OR has not had any major water quality violations in the last ten years (Source: SC-OR IRWM grant application).

### Water Recycling

SCOR does not operate a formal recycled water program; therefore, recycled water is not available to the Sewage Commission for use as a water source. Therefore, no recycled or reused water is being treated to Title 22 standards for municipal purposes. However, the SC-OR does have a small recycled water system such that recycled wastewater is used only for landscape irrigation at its wastewater treatment plant site.

The recycling of wastewater offers several potential benefits to groundwater-dependent areas of Butte County; however, these opportunities do not currently exist within the SC-OR Service Area. Perhaps the greatest of these benefits is to help maintain a sustainable groundwater supply either through direct recharge or by reducing potable supply needs by utilizing recycled water for appropriate uses (e.g., landscape, irrigation) now being served by potable water. Currently, no wastewater is recycled for direct reuse from the domestic or industrial wastewater streams in the service area of SC-OR. If recycled water is considered in the future, SC-OR will evaluate transmission and distribution costs. Implementing a recycled water program here will need to involve longer-term measures and require regional participation by other member agencies. A recycled water program can be part of a conservation strategy to increase the basic water supply. In addition, recycled water may be cheaper than some other options.

Figure 5-8: Aerial Photograph of SC-OR Site



#### 5.6.2.4: Wastewater Collection and Treatment Service to the PLANNING AREA (SOI)

Currently, the three-member entities do not provide wastewater collection service to their sphere of influence. Since SC-OR is a JPA, it does not have its own separate SOI. SC-OR's planning area (SOI) is comprised of people residing within the SOI of each of the three-member agencies, as described on page 5-19 of this Chapter. SC-OR, therefore, does not provide wastewater treatment service to its planning area (SOI). Many of the properties within the planning area are vacant and do not require wastewater services. Some of the properties rely on private septic tanks for wastewater treatment. In the future, as this area develops, it is anticipated that the property owners may request that their parcels be annexed into one of the three-member entities (and, therefore SC-OR). Since SC-OR has limited remaining unused capacity, it is important to balance the rate of new growth with the potential future expansion of the WWTP.

## 5.7: Infrastructure and Public Facilities

### 5.7.1: Infrastructure Overview

Infrastructure development and maintenance is an important part of the service that the SC-OR provides. SC-OR maintains the following types of infrastructure and facilities:

- Land
- Vehicles
- Administrative office and outbuildings
- Wastewater treatment plant and associated pipes, ponds, and lift stations.

- Main trunk lines and associated lift stations.

#### Land

SC-OR's office and wastewater treatment facility are located at 2880 S. 5th Avenue in the southern portion of the City of Oroville. The office and WWTP cover six Assessors Parcels totaling 61.88 acres as numbered below:

- 035-390-002,
- 035-390-008,
- 035-390-010,
- 035-390-013,
- 035-390- 014, and
- 035-440-004.

SC-OR also owns land referenced as Assessor's Parcel 035-350-011, totaling 0.09 acres, providing access to SC-OR's Effluent pipe (SC-OR, 2021b).

#### Vehicles

SC-OR owns four operable trucks, one ford explorer, a front-end loader, a backhoe, track loader, a vacuum truck, and two trailer-mounted pumps (soon to be three) (SC-OR, 2021b). Each of these trucks currently relies upon gasoline or other fossil fuel as an energy source.

The California Air Resources Board (CARB) approved a new rule on Aug 25, 2022, which requires new car sales in California to be zero-emission vehicles (ZEVs) by 2035. While it is not yet clear whether new electric vehicle laws will apply to the type of trucks utilized by SC-OR, it is likely that sometime in the future, SC-OR may be asked to consider purchasing or retrofitting vehicles reliant upon an alternative energy source, such as electricity, biogas, hydrogen, or other source. The price per gallon of gasoline has risen in 2022; therefore, alternative fuel/energy for vehicles can sometimes be cheaper. It is recognized that generating the fuel on-site for these vehicles may be challenging for SC-OR. While SCOR does have a solar system that covers roughly 40% of electrical usage, SC-OR does not have any equipment or means to charge electric vehicles on site. In addition, SC-OR does not generate biogas on-site. Furthermore, SC-OR does not have any equipment or processes to generate and store biogas (personal communication, M. Sisal, 2022).

Administrative Office: SC-OR's Administrative Office is located at 2880 S. 5th Ave, Oroville.

Wastewater Treatment Plant: The Wastewater Treatment Plant (WWTP) is described in Section 5.7.2 below.



## 5.7.2: Wastewater Collection and Treatment Facilities

### 5.7.2.1: Existing Wastewater Facilities (Boundary)

SC-OR operates and maintains an advanced secondary conventional activated sludge wastewater treatment plant (WWTP). The collection systems belonging to the three-member entities (City of Oroville, Lake Oroville PUD, and Thermalito Water and Sewer District) bring the wastewater to SC-OR's facilities. Thus, the three-member entities serve as "satellite" systems to the SC-OR wastewater treatment plant. Additionally, SC-OR is responsible for 2.3 miles of interceptor sewer trunk lines (East, West, and Main) that include a 1.6-mile force main, two pump stations (Ruddy Creek and Feather River), and the effluent outfall pipe and diffuser on the Feather River (SC-OR, 2019a). The Ruddy Creek Pump Station is an older-designed dry well/wet well type sewer lift station with two pumps and a backup generator. Additionally, SC-OR maintains the Feather River Sewer Lift Station (a wet well designed with 3 submersible pump lift station, grinder, and a backup generator). The effluent outfall pipe is roughly 7 miles long and conveys treated wastewater to the outfall discharge point at the Feather River (SC-OR, 2021b). SC-OR's responsibility for the collection system ends at the termination of its interceptor trunk line junctions with member agency facilities (SC-OR, 2019a).

The 3 miles of interceptor sewer has pipes ranging in size from 12"-42" in diameter. This sewer serves three areas:

- West Interceptor serves all of TWSD and portions of the City of Oroville. The Ruddy Creek and Feather River lift stations and their force mains are part of the West Interceptor.
- East Interceptor serves LOAPUD.
- Main Interceptor serves the majority of the City and connects the West and East interceptors with the treatment plant (SC-OR, 2019a).

#### West Interceptor

The existing West Interceptor sewer pipe delivers sewage into SC-OR's wastewater treatment plant. The West Interceptor pipe is approximately 7,800 feet in length and is composed of 5,000 feet of gravity pipeline and two spans of force main. The system has two pump stations: the Ruddy Creek Pump Station (RCPS) and the Feather River Pump Station (FRPS). There are 23 maintenance holes (MH) labeled MH W001 to MH W023 (SC-OR, 2019a). The West interceptor collects flows from multiple contributing collecting sewers and individual residences. The majority of the West Interceptor's flows originate from three collection lines that tie into the West Interceptor, including:

- 1) Airport/Industrial area. The Airport/Industrial flows are conveyed to the West Interceptor at the RCPS through the "Airport/Industrial collector."
- 2) Thermalito Water and Sewer District, and
- 3) portion of the City of Oroville's service area.

A peak flow is typically the maximum volume of water or wastewater in a pipe or other infrastructure. Peak flows typically occur during wet weather, when soils are saturated, or when

infiltration occurs. SC-OR’s West Interceptor pipe experiences peak flows that sometimes exceed the theoretical design capacity of those pipes, as shown in Table 5-16 below. This indicates that there is surcharging in the system. It is likely that the West Interceptor pipeline on the East side of the Feather River has sufficient capacity for average flows but that the capacity of the sewer is sometimes being approached or exceeded during peak flow conditions (SC-OR, 2019a).

Span	Description	Average Dry Weather Flow (mgd)	Peak Hour Flow (mgd)	Theoretical Capacity (mgd)
1	RCPS to MH W001	0.06	0.56	0.56/ 0.85 <sup>a</sup>
2	MH W001 to MH W004	0.29	1.85	2.04
3	MH W004 to MH W007	0.66	3.78 $\diamond$	2.63
4	MH W007 to MH W008	0.67	3.83 $\diamond$	3.67
5	MH W008 to MH W015	0.68	3.88 $\diamond$	3.33
6	MH W015 to MH W020	0.71	4.03 $\diamond$	2.81
7	MH W020 to MH W021	0.71	4.03 $\diamond$	2.46
8	MH W021 to FRPS	0.71	4.03 $\diamond$	2.46
9	FRPS to MH W023	0.71	4.03	3.66/ 4.51
<p>Note 1: Capacity shown is the firm capacity (largest pump out of operation)/total capacity (all pumps running) mgd = million gallons per day.            Note 2: <math>\diamond</math> symbol indicates actual peak flow exceeds the theoretical design capacity of the pipe.</p>				
Data Source: SC-OR, 2019a				

A study called the “West Interceptor Phase II” was completed in 2011. This 2011 study contained several recommendations to improve the West Interceptor. Improvements to the West Interceptor were needed to ensure that pipes were sized sufficiently to accommodate most peak flows and reduce the number of SSOs. This West Interceptor – Phase II Study also considered the effect of future population growth given the capacity of the West Interceptor pipe. The study utilized a 4.1 percent growth rate and found that population growth will exacerbate the existing constraints in the West Interceptor pipe such that peak flows will exceed the theoretical design capacity to a greater degree (SC-OR, 2019a). SC-OR also recognizes that the historical long-term average growth rate has been about one percent. The “West Interceptor Phase II” pipeline improvements have been completed. The West Interceptor Phase II Study recommended that the capacity of the existing interceptor be increased by replacing the existing piping with larger piping (SC-OR,

2019a). This project has been constructed as shown in a sample of the as-built plan shown below for Cal Oak Phase II. The construction occurred along Feather River Blvd and Oro Dam Blvd. As a result of this construction, the larger-sized pipe provides enhanced reliability.

Figure 5-9: As-Built Plan for Cal Oak Phase II, West Interceptor

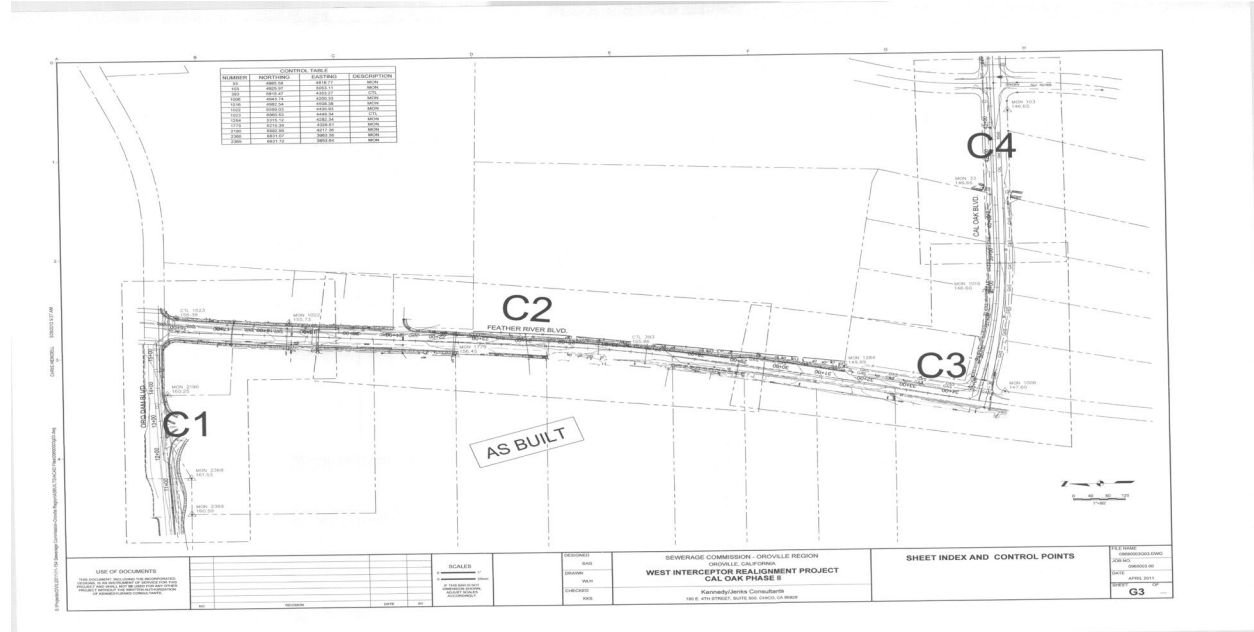
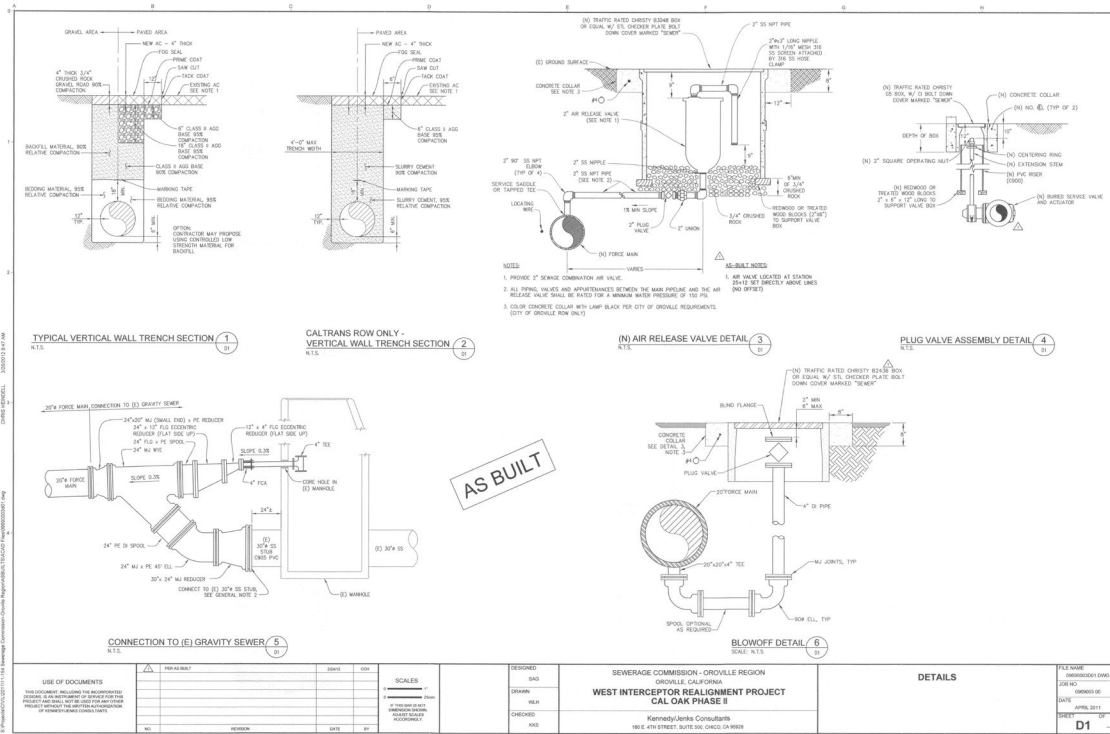


Figure 5-10: Construction Detail for Cal Oak Phase II, West Interceptor



**East Interceptor**

The East Interceptor pipeline collects wastewater directly from LOAPUD and conveys it to the Main Interceptor. The East Interceptor pipeline comprises 1,550 feet of 24-inch diameter vitrified clay pipe. The capacity of this interceptor is calculated to be approximately 15 mgd (SC-OR, 2019a). As shown in Table 5-17 below, SC-OR estimates that peak flow in 2021 was typically in the 12.5 mgd range, and Average Dry Weather Flow (ADWF) was approximately 1.6 mgd. By 2027 this is expected to increase to peak flow at approximately 13.5 mgd range and ADWF at approximately 1.8 mgd (SC-OR, 2019a). The Oroville region experiences a long dry season from May to October, so the average dry weather flows are common. However, when comparing the peak design capacity at 15 mgd to the 2027 estimated peak flow at 13.5 mgd, one can see that the East Interceptor will soon approach its design capacity. This is a situation that needs improvement. It is recommended that within the next five years or so, SC-OR should make physical upgrades to expand the capacity of the East Interceptor pipeline.

Recently, SC-OR worked closely with LOAPUD to clean and CCTV the pipelines for the East Interceptor. Together, the staffs were able to identify several inflow and infiltration (I&I) related issues in this pipeline that need to be fixed. SC-OR is currently working with Coleman Engineering on a design to fix the I&I-related issues on the East Interceptor (personal communication, M. Sisal, 2022).

Year	Number of EDUs	ADWF	Peak Flow
2007	5,820	0.9	9.9
2008	5,920	0.9	10
2009	6,020	1	10.1
2010	6,170	1	10.3
2011	6,295	1	10.4
2012	6,695	1.1	10.8
2013	7,070	1.2	11.2
2014	7,220	1.3	11.4
2015	7,420	1.3	11.6
2016	7,570	1.4	11.7
2017	7,720	1.4	11.9
2018	7,870	1.4	12
2019	8,020	1.5	12.2
2020	8,195	1.5	12.4
2021	8,345	1.6	12.5
2022	8,495	1.6	12.7
2023	8,645	1.6	12.8
2024	8,795	1.7	13
2025	8,970	1.7	13.2
2026	9,120	1.8	13.3
2027	9,270	1.8	13.5

Notes: EDU data provided by LOAPUD to SC-OR  
ADWF is Average Dry Weather Flow  
Data Source: SC-OR, 2019a

### Main Interceptor

The Main Interceptor serves most of the City of Oroville and connects the East and West Interceptors with the wastewater treatment plant. The Main Interceptor has one linear section with 2,400 feet of 36-inch diameter reinforced concrete pipe and a second section with 600 feet of 30-inch reinforced concrete pipe with a bypass and Auxiliary Pumps Nos. 1A and 2A at the WWTP. The bypass and auxiliary pumps convey wastewater in excess of plant capacity to temporary storage ponds during wet weather. This is not part of the normal, dry-weather operation (SC-OR, 2019a). SC-OR's 2019 SSMP does not explicitly state the design capacity of the Main Interceptor. However, it does indicate that a flow of 25 mgd leaves about 4 feet of freeboard at the upstream maintenance hole (MH I001). Additionally, the SSMP recommends that the capacity of the Main Interceptor be improved before peak flows reach 27 mgd.

By the year 2027, peak flows are expected to reach 23.1 mgd, as listed in Table 5-18 below. It should be noted that the data shown in Table 5-18 appears to have been calculated prior to 2017

(even though the SSMP was updated in 2019). Population growth rates and peak flows have experienced ongoing changes since then. For example, each of the three-member entities has improved their infrastructure, thereby reducing the amount of inflow and infiltration into its system. This reduction trickles downstream such that SC-OR should experience a decrease in its peak flows (rather than the continual increase shown in Table 5-18). Therefore, it is recommended that prior to the next MSR, SC-OR should invite a consulting engineer to update the data listed in Table 5-18 and also provide projections of future conditions twenty years in the future (i.e., to the year 2045). The population projections provided in Table 5-6, Total Estimated & Projected Population (2020 – 2045), should be helpful to SC-OR's engineer in making future flow projections.

Table 5-18: Projected Year 2027 Flows, Main Interceptor

Main and East Interceptor – Projected Year 2027 Flows  
 SC-OR Sewer System Evaluation and Capacity Assurance Plan

Year	Overall SC-OR			LOAPUD (East Interceptor)			Difference (Main Interceptor)		
	Number of EDUs <sup>a</sup>	ADWF	Peak Flow	Number of EDUs <sup>a</sup>	ADWF	Peak Flow	Number of EDUs <sup>a</sup>	ADWF	Peak Flow
2007	17,333	3.1	23.0	5,820	0.9	9.9	11,513	2.2	13.1
2008	17,819	3.2	23.5	5,920	0.9	10.0	11,899	2.3	13.5
2009	18,318	3.4	24.0	6,020	1.0	10.1	12,298	2.4	13.9
2010	18,976	3.5	24.7	6,170	1.0	10.3	12,806	2.5	14.4
2011	19,632	3.7	25.4	6,295	1.0	10.4	13,337	2.7	15.0
2012	20,593	3.9	26.4	6,695	1.1	10.8	13,898	2.8	15.6
2013	21,556	4.2	27.4	7,070	1.2	11.2	14,486	3.0	16.2
2014	22,322	4.4	28.2	7,220	1.3	11.4	15,102	3.1	16.8
2015	23,175	4.6	29.1	7,420	1.3	11.6	15,755	3.3	17.5
2016	23,889	4.8	29.8	7,570	1.4	11.7	16,319	3.4	18.1
2017	24,629	5.0	30.6	7,720	1.4	11.9	16,909	3.6	18.7
2018	25,260	5.2	31.2	7,870	1.4	12.0	17,390	3.7	19.2
2019	25,907	5.3	31.9	8,020	1.5	12.2	17,887	3.9	19.7
2020	26,455	5.5	32.5	8,195	1.5	12.4	18,260	4.0	20.1
2021	26,988	5.6	33.0	8,345	1.6	12.5	18,643	4.1	20.5
2022	27,530	5.8	33.6	8,495	1.6	12.7	19,035	4.2	20.9
2023	28,076	5.9	34.2	8,645	1.6	12.8	19,431	4.3	21.3
2024	28,627	6.0	34.7	8,795	1.7	13.0	19,832	4.4	21.8
2025	29,212	6.2	35.4	8,970	1.7	13.2	20,242	4.5	22.2
2026	29,781	6.3	35.9	9,120	1.8	13.3	20,661	4.6	22.6
2027	30,357	6.5	36.5	9,270	1.8	13.5	21,087	4.7	23.1

<sup>a</sup> EDU projections provided by member agencies

### Wastewater Treatment Plant

SC-OR's wastewater treatment plant (WWTP) is classified as a publicly owned treatment works with a design flow and a permitted average dry weather flow of 6.5 mgd and can temporarily receive influent flows up to 10.6 MGD maximum (RWQCB, 2021). SC-OR's WWTP is an advanced secondary treatment facility capable of processing wastewater under current flow and loading conditions to comply with the parameters of its Waste Discharge Requirements. The treatment process at SC-OR's WWTP consists of screening for the removal of large solids, grit removal, primary clarification, activated sludge treatment with secondary clarification, filtration, chlorination, and dechlorination. The treatment process at the WWTP is summarized in Figure 5-12 (next page). Primary and secondary solids are aerobically digested and then dewatered using

a storage basin. Dried biosolids are hauled to the Neal Road Landfill. In 2020, the Facility generated 415 dry metric tons of biosolids (RWQCB, 2021). Treated wastewater is discharged to the Feather River.

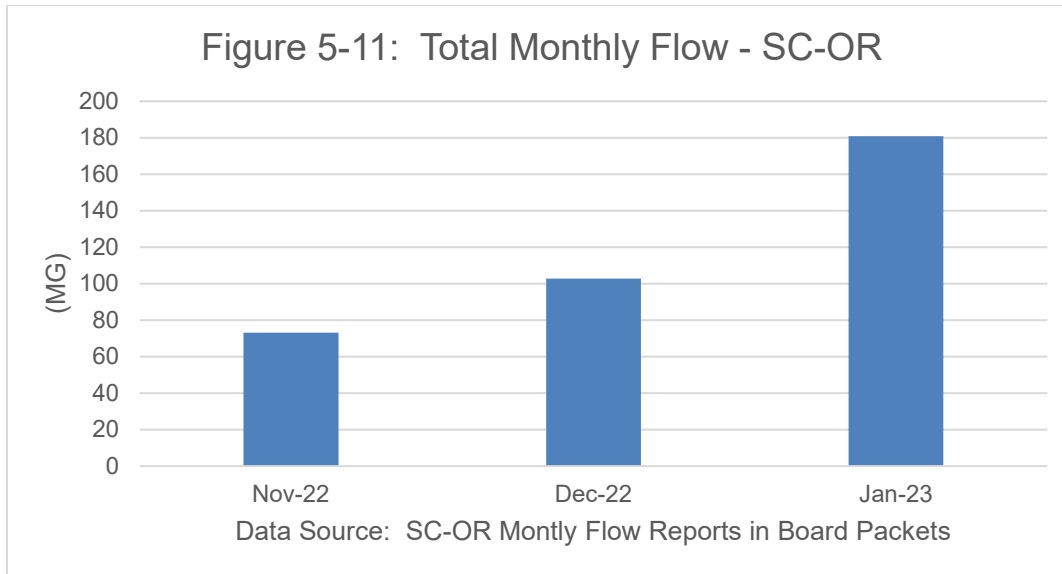
In 2017, SC-OR commissioned the Master Planning and Financial Assistance Study from CH2M HILL, Inc. consultants. This Master Plan considered previous studies and presented recommendations for upgrading the existing WWTP to accommodate influent, regulatory, and service area changes over a 20-year planning period through 2037. When considering upgrades to the WWTP, the Master Plan notes several issues:

- Regulatory discharge limits for ammonia-nitrogen in the effluent will likely become stricter in the future,
- Peak wet weather flow will likely increase in the future
- Odorous air management
- Aged and obsolete equipment

Essentially, in order to meet the new stringent effluent limits, improvements to the wastewater treatment plant are needed. SC-OR has begun the studies and design work for this upgrade. SC-OR has also investigated funding sources, including a CDBG grant and loans from state and federal agencies.

SC-OR submitted water quality monitoring data to the California Regional Water Quality Control Board. The wastewater treatment plant effluent was/is monitored for biological oxygen demand, total suspended solids, pH, electrical conductivity, total coliform, ammonia, total chlorine residual, copper, silver, zinc, and chlorodibromomethane in 2015. A review of this data shows that SC-OR is well below the effluent limits. This indicates that the treated wastewater it discharges to the Feather River meets the water quality criteria to protect the River. Additionally, SC-OR has an industrial pretreatment program approved by RWQCB in 2000, and this program works to protect water quality. However, please also see other database results listed in Table 5-14, which show other types of violations.

In 2015, the average dry weather flow over a one-month period was 2.49 mgd, significantly lower than the permitted capacity limit of 6.5 mgd, indicating that during dry weather, the wastewater treatment plant had remaining capacity. Newer data is also available as shown in Figure 5-11 and Table 5-19 below.



Name of Agency	Total Monthly Flow (MG )	Average Daily Flow (MG )	Total Peak Flow (MG )	Date of Peak Flow	Month
SC - OR Plant Total	73.211	2.44	6.8	11/8/2022	Nov-22
SC - OR Plant Total	102.831	3.317	20.5	12/31/2022	Dec-22
SC-OR Plant Total	180.773	5.831	15	1/14/2023	Jan-23

Data Source: SC-OR Montly Flow Reports in Board Packets

The timeframe shown in Table 5-19 above (Nov 2022 to Jan2023) reflects a very wet water year due to atmospheric rivers that crossed the entire State. Therefore, flows to the WWTP are higher than normal.

#### Peak Flows

The peak flows for SC-OR's West Interceptor, and Main Interceptor (described in the previous pages) continue to flow to SC-OR's WWTP. Peak flows are exacerbated by inflow and infiltration problems (the responsibility of collection system agencies) which are a legacy and ongoing problem. High influent flows that exceed the design capacity of the wastewater treatment plant are attenuated with lined emergency storage basins located onsite and returned to the treatment system when flows decrease (RWQCB, 2021). SC-OR reports that peak flows occurred eight times within the past five years, as listed in Table 5-20 (next page).



Figure 5-12: Wastewater Flow Schematic (RWQCB, 2016)

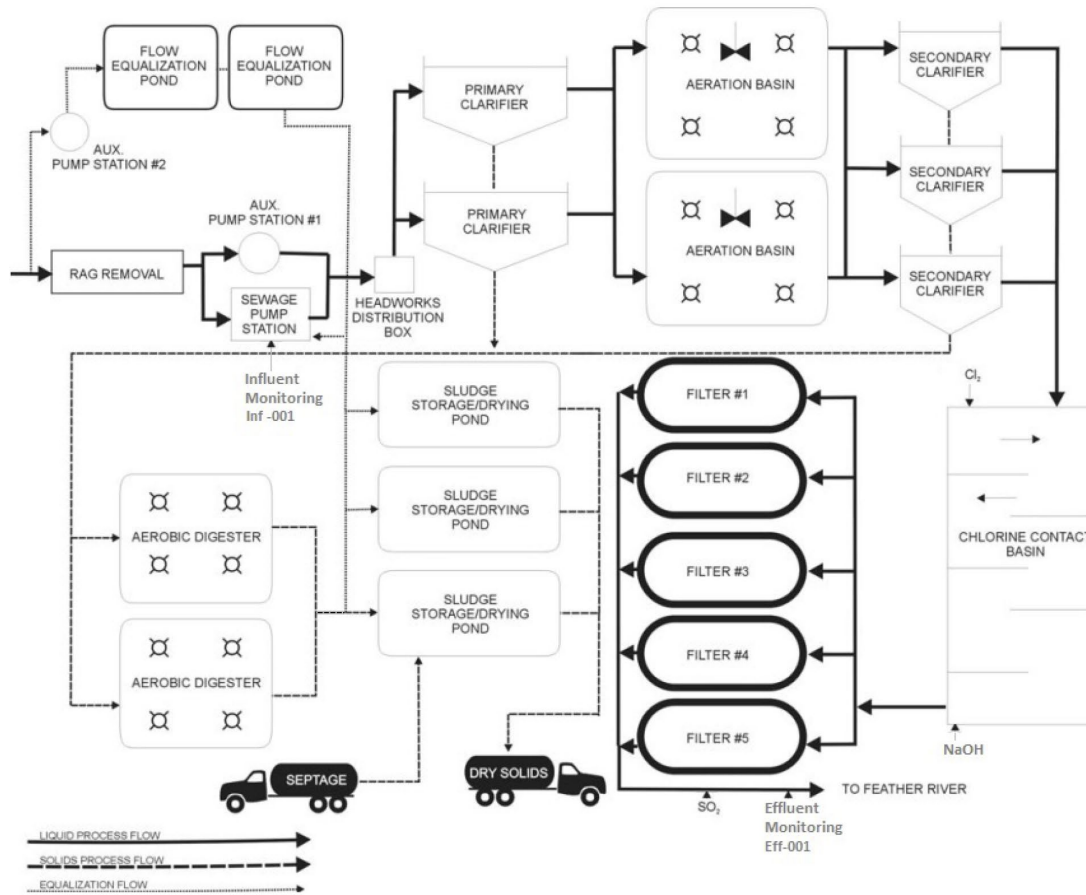


Table 5-20: Peak Flow Exceeded Design Capacity Of The WWTP (10.6 MGD as of December 2022)

Date of Peak Flow Event	Volume
January 18, 2016	14.4 MGD
March 5, 2016	16.4 MGD
December 15, 2016	22 MGD
January 8, 2017	19.8 MGD
February 9, 2017	18.8 MGD
April 7, 2018	13.4 MGD
January 16, 2019	27 MGD
February 26, 2019	21 MGD

Data Source: (SC-OR, 2021b)

*Proposed Physical Upgrades:* In July 2022, SC-OR completed a CEQA document for the SC-OR WWTP Upgrade Project. The current plant has an operational capacity of 10.6 million gallons per day (MGD). Although the Project is not a capacity expansion project but rather an upgrade project to improve the quality of water discharged to the Feather River and handle existing peak flows

(estimated at +25 MGD), the component upgrades will result in a minor residual additional average flow capacity increase of about 9%. The upgrades to the plant will add 1,852 Equivalent Dwelling Units (EDUs) to the current 20,703 EDUs, for total new capacity of 13.3 MGD. The Project will not create a new discharge location into the Feather River nor relocate the existing discharge location (SC-OR, 2022).

Several components of the long-planned upgrade (a new influent pump/lift station, replacement of existing rag removal screens with multi-rake screens, installation of new baffles in the existing grit washing system, and replacement of the obsolete and leaking grit pump) were evaluated in a separate approved environmental document. The influent pump station will replace aged equipment and expands pumping capacity to handle peak wet weather flows up to 23 MGD. (Note: the Influent Pump Station Project has recently experienced supply chain issues associated with electrical components. However, the completion date is estimated to be March 2023.) Additionally, there will be improvements to the Aeration Basins, a secondary clarifier, filters, and several other components (SC-OR, 2022).

The facilities and infrastructure on which SC-OR depends have varying ages. SC-OR replaces and repairs infrastructure on a regular basis. In addition, the SC-OR has implemented collection system BMPs and addresses preventative maintenance and scheduled replacement of aging infrastructure. Generally, new development within the SC-OR's existing service area could result in an increased demand for sewer services and the need for additional infrastructure.

#### Discharge Point for Treated Effluent

Treated wastewater is discharged to the Feather River via a seven-mile pipeline from the WWTP to the discharge point. The discharged effluent is subject to numerous water quality permit requirements. The discharge point is located along the Feather River, in the Oroville State Wildlife Area, located south of state route 162 and west of highway 70. Specifically, the discharge point is south of the Feather River Boat Launch and the campground, as shown in Figure 5-13. The Oroville Wildlife Area is approximately 11,800-acres in size and supports riparian woodland habitat along the Feather River and grasslands around the Thermalito Afterbay.

Figure 5-13: SC-OR Discharge Point on the Feather River

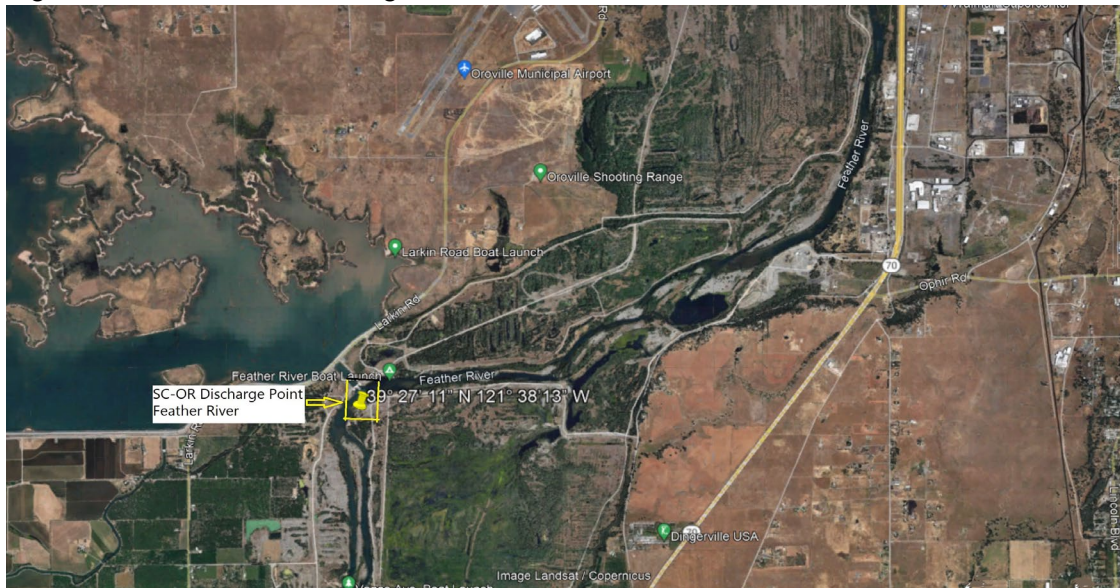


Figure 5-13 provided courtesy of Google Earth

### Biosolids

The settling ponds at the wastewater treatment plant are where the water is pumped out and sent back into the treatment plant. The remaining dry organic material in the settling ponds is called “biosolids” or sludge. The dried biosolids are then transported by truck to the Neal Road landfill. Currently, SC-OR’s biosolids are class B, which can sometimes be utilized in a limited manner (SC-OR, 2022p). However, after the proposed upgrade to the WWTP is implemented, the dried biosolids can be screened, processed, and utilized directly by SC-OR as fertilizer (SC-OR, 2022p).

### Maintenance And Operation

To properly operate and maintain the WWTP and associated facilities, SC-OR’s staff conducts equipment inspections according to procedures and schedules dictated by the SSMP. SC-OR maintains checklists for the routine maintenance and inspection of its equipment. The equipment maintained by SC-OR includes generators, portable pumps, air compressors, controllers, grinders, vehicles, and large equipment. JPA member agencies also loan equipment to SC-OR as needed for collection system maintenance and repair. Routine vehicle maintenance is typically outsourced, but the maintenance and inspection services performed are recorded. For example, SC-OR staff conduct routine maintenance and inspection activities on generators, and daily inspection includes checking of fluids (oil and fuel level) and inspection of general condition. Regular inspection includes weekly or bi-weekly operation and checking for engine stability, noise, and exhaust smoke color. Monthly inspection includes checking fuel, oil, coolant, and battery electrolyte levels, cleaning battery terminals and air cleaner, and inspecting belt tension and conditions of hoses and radiator. In addition to the generators, SC-OR actively maintains pumps, air compressors, vehicles, batteries, filters, screens, and other equipment. Pipelines, pump stations, maintenance holes, and valves also receive regular maintenance (SC-OR, 2019a). A testing and inspection schedule for its equipment is provided in the 2019 SSMP.

There are several measures of integrity for a wastewater collection system, including peaking factors, efforts to address infiltration and inflow (I/I), and inspection practices. The SC-OR undertakes testing and other measures to ensure the integrity of the system. SC-OR also relies upon the three-member entities for assistance with maintaining its sanitary sewer collection system (SC-OR, 2021b).

### Existing Demand for Wastewater Treatment

Demand for sewer services is influenced by population, land use, and any new development occurring within the service area. SC-OR utilizes a metric called an Equivalent Dwelling Unit (EDU). One Equivalent Dwelling Unit (EDU) is defined as the average wastewater discharge from a single-family dwelling. An EDU is sometimes used as an account metric by planners because it consistently considers a fixed-based calculation for purposes of planning assessments. Multifamily residential units and non-residential facilities are calculated as a percentage of an EDU, depending on the use. This MSR also assumes that one single-family home equates to one EDU and a multifamily unit equates to 0.8 EDUs.

In 2019, SC-OR noted that the wastewater treatment facility continuously treated an average of 1.92 million gallons of wastewater per day during the dry season (Butte County WRCD, 2019). In 2021, the average flow volume was 2.8 mgd which calculates to approximately 151 gpd/edu<sup>3</sup> (SC-OR, 2021b). Also, in 2021, SC-OR had 18,528 EDUs sold (SC-OR, 2021b). The peak flow in the recent past was 8 mgd in January 2020, which calculates to approximately 431 gpd/edu (SC-OR, 2021b). Influent flows from 2005 to 2009 typically did not exceed 8 mgd; however, on January 16, 2019, daily peak flows were recorded as 27 mgd, as listed in Table 5-20.

In addition to treating wastewater from the member entities, SC-OR also accepts and treats approximately 1 million gallons per year of domestic septage from within their service area. Approved septage haulers licensed by Butte County and SC-OR pump residential septic tanks and dispose of the waste at the SC-OR WWTP for treatment and disposal.

### Existing Capacity at WWTP

SC-OR's wastewater treatment plant (WWTP) has a permitted capacity and design capacity of 6.5 million gallons per day (mgd) average dry weather flow. Although the designed average dry weather flow of the facility is 6.5 mgd, the treatment plant can temporarily handle influent flows up to 10.6 mgd by utilizing on-site storage ponds and other methods. The existing capacity of the WWTP (6.5 mgd ADWF) is sufficient to accommodate the current ADWF of 2.8 mgd. Specifically, average dry weather wastewater flows can range from 2.8 mgd to approximately 3.2 MGD, leaving a surplus capacity of approximately 3.3 MGD under average dry weather flow conditions

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<sup>3</sup> Typically, in northern California, one EDU is equal to a volume of two hundred thirty (230) gallons per day (average dry weather flow [ADWF]). However, local agencies in Butte County assume each EDU generates 210 gallons of wastewater daily (as defined in the current Master Plan) (Butte County, 2014). For example, a commercial business with an EDU of 7 would have an ADWF of 1,470 gallons per day (7 x 210 GPD).

(LOAPUD 2013). Peak flows of 11.14 mgd in 2005 exceeded the design capacity of the WWTP, and on-site storage ponds were used to temporarily hold wastewater until it could be processed through the WWTP. However, the eight peak flow events listed in Table 5-20 exceed the design capacity of the WWTP. This is a situation that needs improvement.

#### Projected Future Demand for Wastewater Treatment Services

Because the SC-OR does not have the legal authority to make land-use decisions, future demand is anticipated through the developments and annexations to the City of Oroville and/or the two wastewater districts (LOAPUD and TWSD). Prolonged drought and associated water conservation measures can also reduce inflow to the SC-OR treatment system. SC-OR does not reserve WWTP capacity for a planned or proposed development. SC-OR does not issue will-serve letters to private developers (SC-OR, 2021b). However, SC-OR works with the developers to provide capacity studies (proposals greater than 20 units/EDU's) from SC-OR's consulting engineers to let project proponents (i.e., applicants) know whether sufficient capacity is available to serve their project (SC-OR, 2021b).

SC-OR anticipates that the projected future demand for services in the years 2025, 2030, 2035, and 2040 will not increase significantly, as it anticipates a growth rate of less than one percent (SC-OR, 2021b). SC-OR does not anticipate any future demand for services originating outside its service area boundary (SC-OR, 2021b). It is noted that SC-OR has not recently assessed the potential for new growth and development within its service area. As part of its 2019 SSMP, SC-OR developed a System Evaluation and Capacity Assurance Plan, including a capital improvement plan. However, the 2019 SSMP update was not a comprehensive update and relied upon older data from 2005. Therefore, it is difficult to determine the wastewater system's capacity and whether or not future growth could be accommodated. However, Table 5-6 in this MSR lists projected future growth in five-year increments within the SC-OR service area. This indicates that during the years 2020 to 2045, the population is expected to increase by 17.7 percent. This equates to a compound annual growth of 0.65 percent. The addition of 7,462 more people to the SC-OR by 2045 is expected. Given that the Oroville area has approximately 3.10 persons per household, this equates to another 2,407 new households expected, and this could include a mix of single-family homes and multi-family units. For calculation purposes, it is assumed that 80 percent of the new homes will be single-family homes.

SC-OR recommends using Equivalent Dwelling Unit (EDU) calculations as a conservative estimate of remaining capacity. Considering that 2,407 new residential units are expected by 2045, this equates to an additional 2,311 EDUs. This estimate of 2,311 new EDUs by 2045 is much less than SC-OR's estimate of 30,357 EDUs by 2027, indicating that the past growth rates have been much slower than originally anticipated by SC-OR's SSMP as listed in Table 5-21 below.

Table 5-21: Projected Population and Flows at WWTP	
Description of Population and Flows	Data
Existing (2020) SC-OR Population	41,131
Projected Future Population in 2045	49,618
Existing EDUs	18,528
Projected EDUs in 2027 under a “Faster Growth” scenario in SC-OR’s 2019 SSMP	30,357
Projected EDUs in 2045 under this MSR’s “Slower Rate of Growth” as indicated in Table 5-6	20,839
Existing (2021) ADWF	2.8 mgd
Calculated ADWF in 2045	3.0 mgd
Past Peak Flows (2005) at WWTP	11.14 mgd
Peak Flows (Jan 2019) at WWTP	27 mgd (which calculates to approximately 1,450 gpd/edu)
<i>Data source: SC-OR SSMP, 2019a and Table 5-6</i>	

LAFCO’s MSR analysis is primarily interested in documenting whether or not there is sufficient wastewater infrastructure capacity to accommodate the projected rate of growth. There are four key physical components to the SC-OR’s infrastructure, as listed below. Accommodation of peak flows is the primary concern. Peak flow volumes indicate that SC-OR may sometimes temporarily exceed the design capacity of its infrastructure. However, the 2019 SSMP’s Sewer System Evaluation and Capacity Assurance Plan (as listed in its Table 5) suggests designing infrastructure capacity to accommodate peak flows of 36.6 mgd and ADWF of 6.5 mgd when future growth reaches a level of 30,357 EDUs. The existing number of EDUs (18,528) is only 60 percent of the SSMP’s projected future EDUs of 30,357. This suggests that if SC-OR completes all the infrastructure improvements listed in its SSMP, it could potentially accommodate growth of up to 30,357 EDUs

- 1) Wastewater Treatment Plant: SC-OR’s WWTP has a designed capacity to treat 6.5 mgd average dry weather flow of wastewater. Flows in excess of 6.5 mgd can be stored in on-site ponds and treated in the following days to ensure that all wastewater is treated. SC-OR’s wastewater treatment plant has sufficient capacity to treat its ADWF. This 6.5 mgd ADWF capacity has been deemed sufficient to accommodate 30,357 EDUs (SC-OR, 2019a). However, peak flows are the bottleneck. Peak flows occur primarily during winter storms when I&I contributes flow into the system. SC-OR’s 2019 SSMP does not provide sufficient information to document whether the WWTP has sufficient capacity to accommodate peak flows through the year 2045. One example of a needed infrastructure improvement would be the expansion of storage ponds at the WWTP site to temporarily store peak flows. This is a needed improvement since processing peak flows appears to be a constraint.
- 2) West Interceptor: SC-OR’s 2019 SSMP indicates that their West Interceptor Phase I Study determined that the portion of the West Interceptor on the East side of the Feather River has sufficient capacity for average flows. However, the capacity of the sewer is being

approached during peak flow conditions. Table 3 in the SSMP shows that the observed peak hour flow exceeds the theoretical capacity of several of the pipe spans (SC-OR, 2019a). SC-OR has recently completed improvements to the West Interceptor, and these physical improvements likely address the capacity constraint.

- 3) East Interceptor: SC-OR's 2019 SSMP indicates that their East Interceptor currently has sufficient capacity to accommodate peak flows. However, by the year 2027, projected peak flows of 13.5 mgd are expected to approach the design capacity of 15 mgd (SC-OR, 2019a). This indicates that within the next five years, SC-OR should figure out how to either reduce peak flows or expand the capacity of the East Interceptor.
- 4) Main Interceptor: SC-OR's 2019 SSMP indicates that their Main Interceptor's current ADWF is approximately 3.1 mgd (SC-OR, 2019a). Peak flow occurred in December 2005 and reached approximately 23 mgd, which is approaching the pipe's design capacity (SC-OR, 2019a).

Accommodating the projected level of future growth will continue to require close coordination between SC-OR, the City of Oroville, and the County of Butte. Additionally, SC-OR will also need to continue to coordinate with TWSD and LOAPUD. SC-OR aims to plan for the adequate provision of public services and infrastructure. Generally, proposed development projects are responsible for the construction of all sanitary sewer lines and associated infrastructure serving each development. As part of this MSR process, the consultants asked SC-OR staff whether the wastewater treatment system has sufficient capacity to service projected future needs through the year 2045. The SC-OR staff indicated that there is the potential to expand capacity in the future to address the projected increase in demand for wastewater service. However, given that the current growth rate is less than one percent per year, they are worried about prematurely expanding the facilities because there may not be sufficient flows to recoup the costs of an expanded facility (SC-OR, 2021b).

#### *5.7.2.2: Wastewater Facilities (SOI)*

Since SC-OR is a JPA, it does not have a defined SOI. As previously noted, this MSR defines the SOI of the three-member agencies as SC-OR's planning area. Parcels within SC-OR's planning area (SOI) are currently unincorporated and located within the County's jurisdiction. These parcels do not currently receive municipal sewer service. New development occurring within the planning area (SOI) should be evaluated in relation to potential impacts on the provision of sewer services.

LAFCO often works with the three-member entities and SC-OR to consider boundary and SOI adjustments. LAFCO is sometimes asked to make two key decisions: 1) Whether to annex an planning area (SOI) area into the service area or 2) Whether to expand the planning area (SOI). When making these types of decisions, LAFCO should consider these key points: maximum daily flow of sewage projected for SC-OR service area and planning area (SOI), design standards for flow projections, ability to meet the demands of the provider's existing commitments, updates to modeling software, capacity analyses in the SSMP.

### 5.7.2.3. *Infrastructure Needs and Deficiencies*

SC-OR evaluates infrastructure needs and deficiencies in terms of facilities' condition, service demand, and capacity. Necessary infrastructure improvements are described in the 2019 SSMP. However, SC-OR does not have a capital improvement plan. Infrastructure needs and deficiencies (i.e., pipelines, hydrants, tanks, reservoirs, etc.) are described by SC-OR staff as follows: Ruddy Creek Pump Station upgrade/Replacement, West Interceptor at Feather River Bridge, and the New Influent Pump Station (out to bid) (SC-OR, 2021b).

#### New Influent Pump Station

SC-OR needs a New Influent Pump Station because the existing pump station is 60 years old and should be replaced. The existing influent pump station is located at SCOR's wastewater treatment plant. The existing building that houses the pump is showing signs of age. Because of the corrosive nature of wastewater, many of the major components have been repaired or replaced, in some cases, multiple times. The electrical components are outdated, making it extremely difficult to repair or replace them when needed, as many are no longer being manufactured. In addition, the existing pump station also poses the potential for confined space hazards, which, when dealing with sewage, can be highly toxic and even deadly, requiring extra safety precautions when working in and around the building. An additional problem is that as warming air improves the probability of experiencing atmospheric rivers, more versatility will be required from the influent pump station. SC-OR has experienced increasing storm-related inflow and infiltration into the sewer system, reaching the peak influent pumping capacity of 25 mgd. SC-OR must rely on an auxiliary pump station to pump excess flows to the emergency storage pond. There is some risk associated with excessive I&I, which could result in inundation at the wastewater plant and ultimately result in unsanitary sewer overflows discharging to surface waters.

SC-OR proposes installing a New Influent Pump Station, a state-of-the-art pumping facility that will help reduce the risk of SSOs related to infrastructure failure. Major project components include the construction of a new Primary Influent Pump Station, SCADA operating system, approximately 420 linear feet of pipeline, junction boxes, flow meters, valves, and construction of a new 276 sq ft electrical building with a transformer and standby generator. The new pumping facility will be a state-of-the-art pump facility with four 60-hp submersible pumps. The new pump station will reduce any risks associated with sanitary sewer overflows by expanding the pumping capacity by 2 mgd and having the ability to pump to both the emergency storage ponds and the wastewater plant simultaneously. This project would ensure that any SSOs related to infrastructure failure and I&I would be significantly reduced, thereby protecting public health, an important water supply source for the region, and the environmental resources of the Feather River. Please note that while this project will increase pumping capacity, it will not change the engineered designed capacity of the wastewater treatment plant, nor will it change the pond storage capacity, and it will not change the treatment capacity of the wastewater plant. The proposed budget for this project is shown in Table 5-22 below. Grant funding from state agencies has been requested for this project.



Table 5-22: Budget for Construction of New Influent Pump Station

Table 1 - Project Budget					
Category		(a)	(b)	(c)	(d)
		Cost Share: Non-State Fund Source	Requested Grant Amount	Other Cost Share (including other State Sources)	Total Cost
(a)	Project Administration	\$88,608	\$347,017		\$435,625
(b)	Land Purchase/Easement				
(c)	Planning/Design/Engineering/Environmental Documentation	\$349,299.00			\$349,299.00
(d)	Construction/Implementation		\$3,470,165		\$3,470,165
(e)	Grand Total (Sum rows (a) through (d) for each)	\$437,907	\$3,817,182.00		\$3,908,072.00

Note: Provide information or other documentation to support the cost estimate in a separate attachment. Identify the source of all cost share and other funds. If other funds are not used, describe efforts to obtain other funding and/or why other funding sources were not used.

See project estimate attached. The \$349,299.00 was the amount spent on engineering specifications, bid documents and the project plans.

Planned Upgrades to WWTP

SC-OR is planning multiple projects during the next several years. In addition to the projects described above, SC-OR is planning for upgrades to the existing WWTP’s grit removal system, retrofitting the existing aeration basins to provide nitrification and denitrification, replacing the chlorine disinfection with UV disinfection, and adding capacity to the existing secondary clarifiers and filters (RWQCB, 2021).

Other Recommendations

The American Society of Civil Engineers, Region 9 has several recommended remedies for California’s aging wastewater infrastructure as outlined in Appendix K and as summarized below:

1. The State of California should continue to provide loans and grant funding for the repair and rehabilitation of wastewater collection and treatment systems and reuse projects.
2. The State of California should continue to implement indirect and direct potable reuse regulations.
3. Implement an education program at the state and local level about what a wastewater treatment plant is, what kind of wastes it can treat, and what impact wastes have on the sewer pipes, such as grease and flushable wipes, etc. Continue educational programs about identifying a sewer overflow and whom to call if such an event occurs.
4. Make risk-based decisions on capital improvements, maintenance, and operations (i.e., implement asset management programs).
5. Continue advancements in water reuse/recycling.

Recommendations # 1 and 2 above apply to the State and are beyond LAFCo’s purview. However, Recommendations # 3, 4, and 5 are pertinent to SC-OR and will therefore be put forward as recommendations from this MSR.

### Complaints

Comments or complaints can be sent to the general information email listed on SC-OR's webpage as Info@SC-OR.org or sent to PO Box 1350, Oroville, CA, 95965, or directly at the office at 2880 South 5th Avenue Oroville Ca, 95965 during normal our business hours 7:30 am -4:00 pm (SC-OR, 2021b SC-OR staff indicates the Commission has not received any complaints in recent years (personal communication, M. Salsi, 2022).

### 5.7.3: Solar Power

An array of solar panels generates photovoltaic electricity on the SC-OR property. This electricity is used to reduce the energy costs associated with running a power-hungry wastewater treatment plant. Since 2000, California has experienced summer power outages and rapidly rising electricity rates. Since WWTPs require a lot of energy to operate, SC-OR saw its power costs skyrocket by 41% in the year 2001. Typically, these high-power costs would be passed on to the ratepayers in the form of higher utility bills. Given this volatility, the Sewerage Commission explored alternative energy sources to stabilize its energy supply and reduce energy expenses. The PV system was commissioned and went online in November 2002. SC-OR installed a 520-kW solar photovoltaic (PV) array, including 5,184 panels, on three acres of land located adjacent to the wastewater treatment ponds. The PV solar system and power credits from PG&E reduced annual net power bills by over 80%. SC-OR's solar panels are one of the larger-sized dual-tilt arrays in the state. It is also the first wastewater treatment plant in the country to be powered primarily by solar energy (Thompson and Sousa, 2004).

Table 5-23: MSR DETERMINATION: PRESENT AND PLANNED CAPACITY OF PUBLIC FACILITIES AND ADEQUACY OF PUBLIC SERVICES, INCLUDING INFRASTRUCTURE NEEDS OR DEFICIENCIES		
Number	Indicator	Determination
SC-OR-PUB-1	Has the Agency been diligent in developing plans to accommodate the infrastructure and service needs of current and future constituents? Regularly reviews and updates its service plans to help ensure that infrastructure needs and deficiencies are addressed in a timely manner.	SC-OR has been moderately diligent in developing plans to accommodate the infrastructure and service needs of current and future constituents. SC-OR adopted a Sewer System Management Plan Update in February 2019. This SSMP is in compliance with the RWQCB rules to complete a Comprehensive Master Plan pertaining to its

		<p>(continued)</p> <p>sewer systems and includes a Sewer Overflow Emergency Response Plan Element for Sanitary Sewer Overflows reporting. The 2019 SSMP is not available on SC-OR's website. It is recommended that the SSMP be posted on SC-OR's website to promote transparency. The 2019 SSMP is an update to the 2005 SSMP. However, much of the underlying data and assumptions were not updated in 2019 and instead retains the 2005 data. This means that the SSMP contains old data, and it was difficult to utilize this data in this current MSR analysis. This is a situation that needs improvement. Therefore, it is recommended that when SC-OR next updates its SSMP, it should provide a comprehensive update that utilizes up-to-date flow data and population projections.</p>
SC-OR-PUB-4	The District meets infrastructure needs for existing and future demands on the wastewater system.	<p>SC-OR's infrastructure relates to the treatment and disposal of wastewater. SC-OR operates and maintains an advanced secondary conventional activated sludge wastewater treatment plant. The collection systems belonging to the three-member entities (City of Oroville, Lake Oroville PUD, and Thermalito Water and Sewer District) bring the wastewater to SC-OR's facilities. SC-OR is responsible for 2.3 miles of interceptor sewer trunk lines (East, West, and Main), including a 1.6-mile force main, two pump stations (Ruddy Creek and Feather River), and the seven-mile effluent outfall pipe and diffuser on the Feather River.</p>
SC-OR-PUB-5	Is there duplicate infrastructure by other agencies nearby?	<p>There is no duplicate infrastructure or service by other agencies nearby. However, SC-OR does have three-member entities (City of Oroville, Lake Oroville PUD, and Thermalito Water and Sewer District), and each has expertise in wastewater conveyance (as opposed to treatment). The three-member agencies provide support and assistance to SC-OR.</p>

SC-OR-PUB-6	The Agency has preventative maintenance measures and has planned for the replacement of aging infrastructure.	SC-OR's 2019 Sewer System Management Plan describes preventative maintenance measures and has planned for the replacement of aging infrastructure. Additionally, SC-OR has successfully obtained a state grant to assist with costs associated with the New Influent Pump Station. However, infiltration and inflow remain significant within the SC-OR existing service area due to the age and deteriorated condition of older pipes, joints, and related infrastructure maintained by the three-member entities.
		<p>(continued)</p> <p>The American Society of Civil Engineers, Region 9 has several recommended remedies for California's aging wastewater infrastructure as outlined in Appendix K and as summarized below:</p> <ol style="list-style-type: none"> <li>1. Implement an education program at the state and local level about what a wastewater treatment plant is, what kind of wastes it can treat, and what impact wastes have on the sewer pipes. Continue educational programs about identifying a sewer overflow and whom to call if such an event occurs.</li> <li>2. Make risk-based decisions on capital improvements, maintenance, and operations.</li> <li>3. Continue advancements in water reuse/recycling.</li> </ol>
SC-OR-PUB-7	Evaluation of agency's capacity to assist with and/or assume services provided by other agencies.	SC-OR has demonstrated some capacity to assist with or assume services provided by other agencies. For example, the SC-OR has close collaborative relationships with its three-member entities, including TWSD, LOAPUD, and the City of Oroville. However, SC-OR's leadership capacity could be improved by implementing the recommendations from this MSR. For example, SC-OR should develop a capital improvement plan and should post its Sewer System Management Plan on the website in a timely manner.

## 5.8: Finances

### *5.8.1 Introduction to Financial Metrics*

LAFCO is required by the CKH Act to make a determination regarding the financial ability of the SC-OR to provide public services. This Chapter provides an overview of financial health and context for LAFCO's financial determinations. The audited Annual Financial Statements (AFS) from SC-OR for the fiscal years 2018, 2019, and 2020 are the primary source of information for this Chapter. Based on recent recommendations from the Little Hoover Commission, this determination on the financial ability to provide services is based upon several key financial performance indicators that LAFCOs throughout the State consider in MSRs.

In California, special districts are classified as enterprise or non-enterprise districts based on their source of revenue:

- Enterprise districts: Finance of district operations is via fees for public service. Under this model, customers who consume goods or services such as drinking water, sewage disposal, or electricity pay a fee. Rates are set by a governing board, and there is a nexus between the costs of providing services and the rates customers pay. Sometimes enterprise districts may also receive property taxes which comprise a portion of their budget.
- Non-enterprise districts: Districts that receive property taxes are typically classified as non-enterprise districts. Services that indirectly benefit the entire community, such as flood or fire protection, community centers, and cemetery districts, are often funded through property taxes.

SC-OR is a JPA that functions as an enterprise district, charging fees for wastewater treatment and disposal services. A JPA Agreement can specify that the debts, liabilities, and obligations of the JPA Agency are not the debts, liabilities, and obligations of the parties to the JPA Agreement. SC-OR does not collect property taxes in relation to wastewater service. In general, SC-OR's annual budget shows that revenues and transfers from reserves are equal to the sum of expenses, debt service, capital projects, and transfers to reserves (SC-OR Budget, 2022c).

### *5.8.2: Financial Policies & Transparency*

A District's financial policies function as business rules that ensure an agency's transactions are recorded consistently and correctly. Therefore, it is important for a District's financial policies to be made available to the public. Following prescribed financial policies allows an agency to exhibit transparent decision-making. SC-OR has several financial policies, including the following:

- Investment in Local Agency Investment Fund Policy was adopted by the Board of Commissioners and is available on its website at <<https://www.sc-or.org/board-policies>>. SC-OR Policy #3130 was originally adopted on December 18, 1985, and subsequently

updated on August 22, 2007. The Local Agency Investment Fund (LAIF) is operated by the State Treasury, and CA Government Code Section 16429.1 describe the purposes of these investments.

- **Reimbursement Policy:** SC-OR policy #5200 establishes the policy on travel expenditure reimbursements. Policy #5200 applies to all personnel and any person sponsored by the SC-OR. The Reimbursement Policy is posted on SC-OR's website at: <https://seweragecommission.specialdistrict.org/sewerage-commission-oroville-region-reimbursement-policy>. The Policy prescribes how SC-OR employees and commissioners may be reimbursed for expenditures related to SC-OR business, and how commissioners may be compensated for their service. Members of the Board of Commissioners receive a monthly "Commissioner's Fee", the amount of which shall be established by the Board in its annual budget. Additionally, whenever SC-OR employees or commissioners desire to be reimbursed for out-of-pocket expenses for item(s) or service(s) appropriately relating to SC-OR business, the Policy requires they submit their requests on a reimbursement form to the Manager for approval.
- Additionally, SC-OR's Annual Financial Statement contains several financial policies, including the following:
  - **Measurement Focus, Basis of Accounting, and Financial Statement Presentation:** The transactions of the Commission are accounted for on a flow of economic resources measurement focus. Also, the Commission uses the full accrual basis of accounting. Under this basis, revenues are recorded when earned, and expenses are recorded when incurred, even though actual payment or receipt may not occur until after the period ends.
  - **Budget Basis of Accounting:** The Commission's policy is to prepare and adopt an annual budget to plan and monitor its revenues and cost of operations. The budget is primarily prepared using a basis consistent with generally accepted accounting principles, except for the following items: 1) Depreciation is not budgeted as an expense; 2) Capital outlays are budgeted as a current expense; and 3) Certain non-operating revenues are not budgeted.
  - **Cash and Cash Equivalents:** Cash and cash equivalents, for purposes of the statement of cash flows, include restricted and unrestricted cash on hand or on deposit, demand deposits in the Local Agency Investment Fund (LAIF), or other highly liquid investments with a maturity of three months or less.
  - **Investment Policy:** The Commission may invest in the following types of investments:
    - Passbook savings account demand deposits
    - Money market accounts
    - Certificates of deposit with commercial banks and/or savings and loan companies
    - Local Agency Investment Fund (State Pool) demand deposits
    - Mutual funds

The Commission has, in practice, limited deposits and investments to insured and/or collateralized demand deposit accounts, the State Treasurer's Local

Agency Investment Fund (LAIF), and certificates of deposit. The Commission does not enter into reverse repurchase agreements.

The Annual Financial Statement contains many other financial policies, and readers are encouraged to refer to the Statement for additional details.

Financial Practices: The District prepares and approves a budget with an annual timeframe. However, the annual budget includes one table with a look-back comparison of the past four years' operating budget {SC-OR Budget, 2022c). The current budget and the past three years of Financial Statements are available to the public via the District's website. In addition, it is SC-OR's practice to present two financial reports during the Commission's regular monthly meetings as follows:

- Authorization of Warrants: The Board will review the warrants and take action to approve their payment for the period ending at a specified timeframe.
- Fiscal Reports: The Board will review the fiscal reports for a specific timeframe (usually for the previous month).

SC-OR publishes an audited Comprehensive Annual Financial Statement (AFS) every year. The CA Government Code requires an annual independent audit of the District's financial records by a certified public accountant who serve as an independent auditor. There are four types of audit opinions: unqualified, qualified, adverse, and disclaimer. An unqualified opinion is a clean opinion meaning the entity passed its audit. A qualified opinion means the entity passed the audit with notable exceptions. A disclaimer or adverse opinion essentially means the entity flunked its audit. The independent audit on FY 2020-2021 was performed by Fechter & Company Certified Public Accountants from Sacramento. Fechter & Company conducted the audit in accordance with auditing standards generally accepted in the United States of America. and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and the State Controllers Minimum Audit Requirements for California Special Districts (SC-OR, AFS, 2021c). The auditors expressed their opinion that the District's financial statements are presented fairly, in all material respects, the financial position of the Sewerage Commission- Oroville Region as of June 30, 2021, and 2020, and the respective changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America, as well as accounting systems prescribed by the State Controller's Office and State regulations governing special districts. The Auditors also note that SC-OR Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States require to be presented to supplement the basic financial statements. Although not a part of the basic financial statements, such missing information is required by the Governmental Accounting Standards Board, which considers it an essential part of financial reporting for placing the basic financial statements in an appropriate context. This missing information does not affect the Auditor's opinion of the financial statements. Overall, the auditors opined that the information is fairly stated in all material respects in relation to the financial statements taken as a whole (SC-OR, AFS, 2021c). Additionally, the auditors noted that the Sewerage Commission - Oroville Region does not have an employee experienced in generally accepted accounting principles to

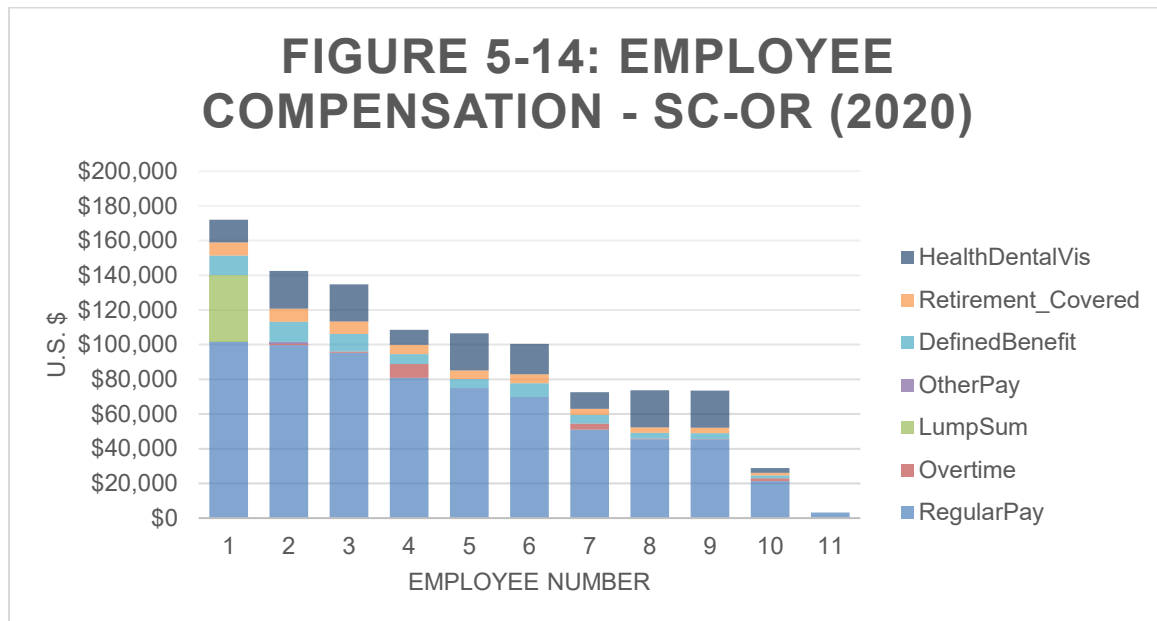
the degree required to make a determination that a misstatement has occurred; nor has an outside accountant been engaged by the Sewerage Commission – Oroville Region to provide the additional expertise. The MSR authors recommend that SC-OR consider teaming up with one of its three member entities to jointly fund an accountant position to address this concern.

### Financial Data Transparency

Financial data transparency promotes accountability and provides information to citizens about what their local government is doing. Transparency allows residents to stay informed and learn about local government revenue, spending and debt. SC-OR's General Manager makes regular reports to the Board of Commissioners regarding finances, and this information is available to the public via the meeting agenda packet.

### Employee Salaries

Transparency with salary data is also an important attribute for special districts in California. The Sewerage Commission - Oroville Region provides competitive compensation and a benefits package to full-time, regular employees, as shown in Figure 5-14 below. Employee wage scale by bargaining unit and the unrepresented employee wage scale are available on the SC-OR website. Additionally, the {Sewerage Commission - Oroville Region} forwards a report to the California State Controller for Government Compensation in California per Government Code Section 53891. SC-OR's website links to this data on the State Controller's Public Pay website. In 2020 the California Auditor reported that SC-OR had a total of 11 regular employees, including ten full-time employees and one part-time employee. Additionally, seven Commission members were on the payroll to receive board meeting stipends. Total Wages and other benefits, including Retirement & Health Contributions, paid in 2020 for employees was \$1,013,314. Among the employees, total compensation (including regular pay and benefits) averaged \$92,119 for 2020 , as shown in Figure 5- 14 below (State Controller, 2022).





Data Source for Figure 5-14 above is

<<https://publicpay.ca.gov/Reports/SpecialDistricts/SpecialDistrict.aspx?entityid=2179&year=2020>>.

5.8.3: Revenues, Expenditures, and Net Position

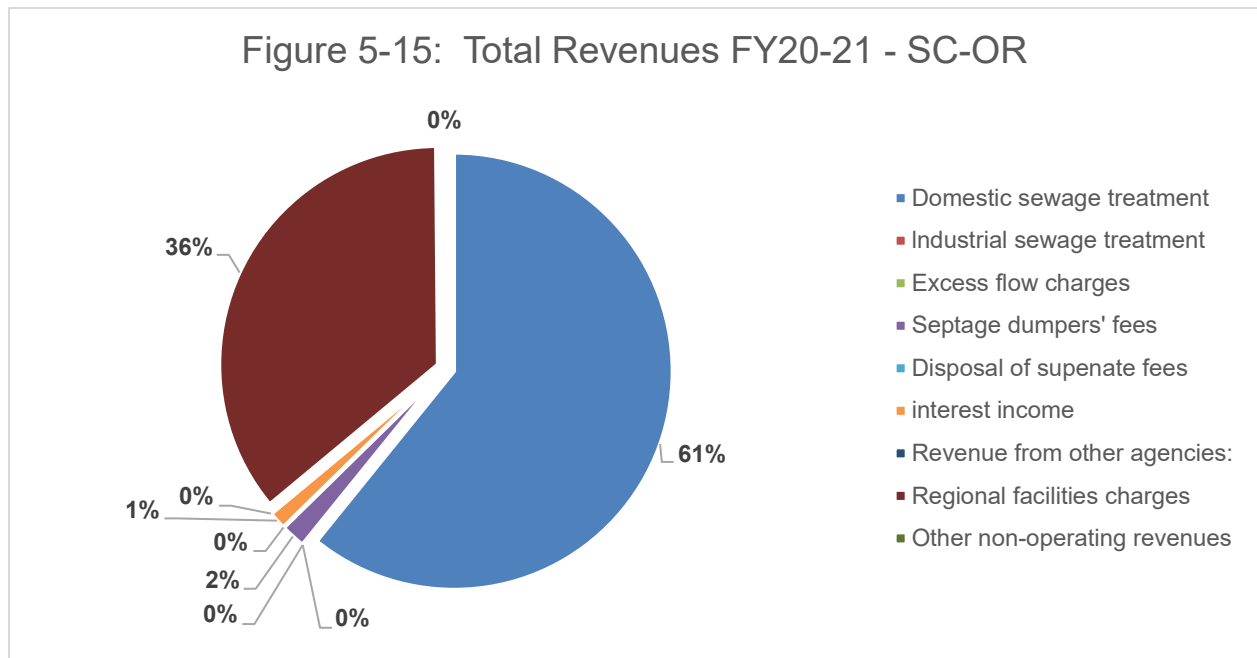
Revenues

SC-OR has two basic types of revenue:

- Operating revenues consist primarily of charges for services.
- Non-operating revenues and expenses are related to financing and investing type activities.

The District has multiple sources of revenue, including fees charged to its three-member entities, septage dumpers' fees, and other charges, as shown in Figure 5-15 and as listed in Table 5-24 below.

In FY 20-21, SC-OR's total revenue for the Wastewater utility was \$5,786,946 (i.e., \$5.8 million), as shown in Table 5-24. The largest source of revenue (61 percent) in FY20-21 fees charged to the three-member entities for Domestic sewage treatment (SC-OR, AFS, 2021c). Wastewater revenues increased 19.7 percent in FY20-21, primarily due to an increase in the Regional facilities charges, which is a non-operating revenue source. Other non-operating revenues include: 1) interest income, 2) Regional facilities charges, and 3) Other non-operating revenues (SC-OR, AFS, 2021c).



Source: (SC-OR, AFS, 2021c)

**Tax Revenues/Service Ratio:** A financial metric called Tax Revenues/Service Ratio is sometimes utilized by LAFCOs to determine the amount of property tax revenue an agency receives per

customer. Since SC-OR is an enterprise district, it does not receive any property tax. Also, SC-OR has only three primary customers, its member entities. Therefore, the Tax Revenues/Service Ratio for SC-OR is zero (0).

#### Surcharge for Inflow and Infiltration

High inflow and infiltration create costs for SC-OR to treat because flows can sometimes approach the physical capacity of infrastructure and because additional chemicals, energy, and labor are needed to treat the extra flow. Therefore, operating policies adopted by SC-OR include a surcharge fee to the member entities for times when their peak flows exceed 1,040 gpd/EDU and for times when their average monthly flow exceeds 260 gpd/EDU. Recently these surcharge fees have been increased in order to 1) better recover the costs of treating this excess flow, and 2) provide more incentive to the member entities to address their I/I contribution to SC-OR (SC-OR, 2019a). The current surcharge fees are based on the following:

- The surcharge fee for exceeding the peak flow of 1,040 gpd/EDU is expensive and charged on a per mgd basis (per SC-OR's SSMP, 2019a).
- The surcharge for exceeding the average monthly flow is calculated using the cost per million gallons (MG) for chlorine, sulfur dioxide, sodium oxide, power, and labor associated with high flow events over and above the normal hours for operation and maintenance of the plant and interceptors. This surcharge is calculated on a monthly basis and applied at the close of the fiscal year (SC-OR, 2019a).

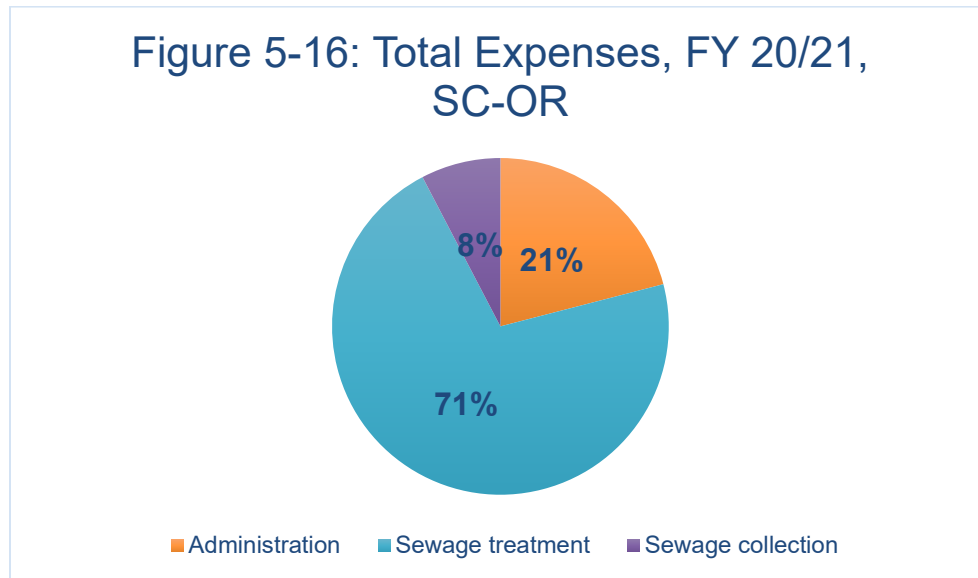
Table 5-24: Statement of Revenues, Expenses and Changes in Net Position

	2021	2020
<b>OPERATING REVENUES</b>		
Domestic sewage treatment	\$ 3,519,486	\$ 3,059,825
Industrial sewage treatment	1,046	2,161
Excess flow charges	-	-
Septage dumpers' fees	105,320	586,777
Disposal of supernate fees	-	266,305
<b>Total Operating Revenues</b>	<b>3,625,852</b>	<b>3,915,068</b>
<b>OPERATING EXPENSES</b>		
Administration	583,734	567,732
Sewage treatment	1,986,918	1,899,476
Sewage collection	213,113	217,261
<b>Total Operating Expenses</b>	<b>2,783,765</b>	<b>2,684,469</b>
<b>Operating income</b>	<b>842,087</b>	<b>1,230,599</b>
<b>NON-OPERATING REVENUES</b>		
Interest income	75,720	266,866
Revenue from other agencies:		
Regional facilities charges	2,077,694	643,886
Other non-operating revenues	7,680	7,679
<b>Non-Operating Revenues</b>	<b>2,161,094</b>	<b>918,431</b>
<b>CHANGE IN NET POSITION</b>	<b>3,003,181</b>	<b>2,149,030</b>
<b>NET POSITION - BEGINNING OF YEAR</b>	<b>21,883,109</b>	<b>19,734,079</b>
<b>NET POSITION - END OF YEAR</b>	<b>\$ 24,886,290</b>	<b>\$ 21,883,109</b>

Source: (SC-OR, AFS, 2021c)

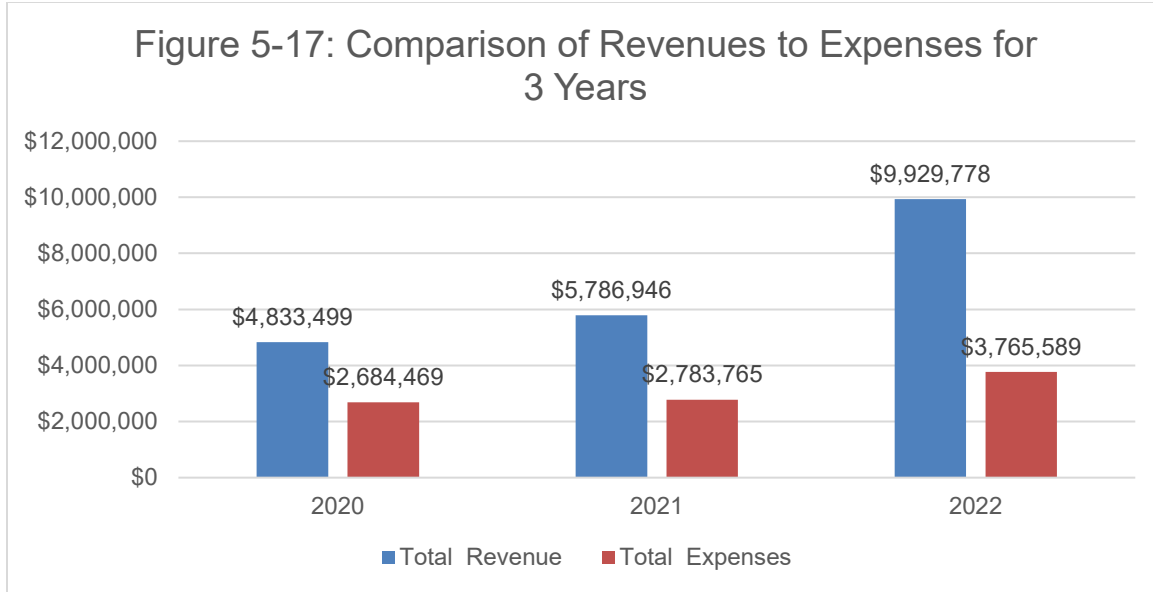
## Expenses

In FY 20/21, total expenses (including both operating and non-operating) were \$2,783,765.00 (i.e., almost \$2.8 million, as shown in Table 5-24 above (SC-OR, AFS, 2021c). The largest expense is sewage treatment, including operations and maintenance, at \$ 1,986,918.00 (71%). The second largest expense was administration which includes management and permitting at \$583,734.00 (21%), as detailed in Figure 5-16 below.



Source: (SC-OR, AFS, 2021c).

A comparison of annual total revenue to total expenses, as provided in Figure 5-17 (next page), shows that annual revenues exceeded expenses in each of the three years studied (i.e., FY 2020, 2021, and 2022). Total Revenues for FY 21/22 were much higher than in previous years due to a capital grant associated that SC-OR received. Expenses increased by approximately \$100,000 between FY 2020 to 2021. There was a larger increase in expenses associated with FY 2022; however, these expenditures are associated with capital improvement projects. This indicates that having sufficient reserve funds is important to SC-OR to help fund capital improvement projects and to help it weather the economically lean years. Please also see the discussion of rates in Section 5.8.8 presented on page 5-82 in this Chapter. SC-OR's per capita expenditures amounted to \$91.50 per permanent resident in FY21/22. Average per-acre expenditures amounted to \$131.15 per acre in FY21/22.

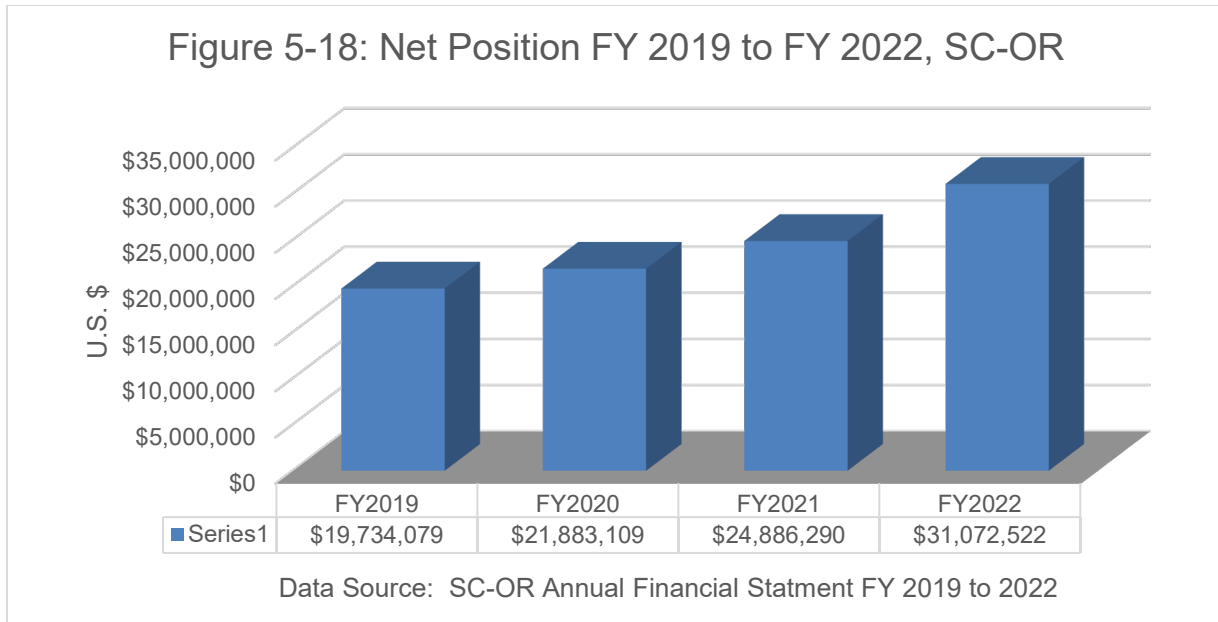


### Net Position

SC-OR's statement of net position shows business-type activities such that assets plus deferred outflows, less liabilities, less deferred inflows of resources, equals net position. The Statement of Net Position provided in Table 5-25 (next page) includes all of SC-OR's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, which provide information about the nature, and amounts, of investments in assets and obligations to creditors. They also provide the basis for computing rates of return, evaluating the capital structure of the agency, and assessing the financial flexibility of the agency. At fiscal year ended June 30, 2021, the District's total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources by \$ 24,886,290. This figure, referred to as the net position, was \$3 million higher/lower than the previous year (FY2020) year-end balance (SC-OR, AFS, 2021c).

Table 5-25: Statement of Net Position FY21

<b>SEWERAGE COMMISSION - OROVILLE REGION</b>		
<b>STATEMENTS OF NET POSITION</b>		
<b>JUNE 30, 2021 AND 2020</b>		
	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 12,218,439	\$ 11,154,510
Member entities receivable	1,668,321	812,211
Interest receivable	11,250	50,254
Inventory	19,818	17,100
Prepaid expenses	3,711	3,206
Deposits	8,000	8,000
Restricted assets:		
Restricted cash and cash equivalents	2,545,328	2,634,082
Capital assets, net of accumulated depreciation	10,544,109	9,345,147
Total Assets	<u>27,018,976</u>	<u>24,024,510</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
CalPERS deferred pension outflows	512,322	548,891
Total Deferred Outflows of Resources	<u>512,322</u>	<u>548,891</u>
<b>LIABILITIES</b>		
Accounts payable	212,743	317,182
Accounts payable - power	137,913	96,097
Accrued salaries and wages	38,679	12,984
Noncurrent liabilities:		
Due within one year	65,024	102,010
Due in more than one year	56,803	63,729
Net pension liability	2,067,986	1,981,952
Total Liabilities	<u>2,579,148</u>	<u>2,573,954</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
CalPERS deferred pension inflows	65,860	116,338
Total Deferred Inflows of Resources	<u>65,860</u>	<u>116,338</u>
<b>NET POSITION</b>		
Net investment in capital assets	10,544,109	9,345,147
Restricted	2,545,328	2,634,082
Unrestricted	<u>11,796,853</u>	<u>9,903,880</u>
Total Net Position	<u>\$ 24,886,290</u>	<u>\$ 21,883,109</u>



The Net Position for this wastewater utility has increased moderately each year from FY 2019 to FY 2022, with an average increase of \$2.8 million per year, as shown in Figure 5-18 above.

#### 5.8.4: Capital Improvement Plan

A Capital Improvement Plan is a fiscal and planning tool that helps organizations make thoughtful budgeting decisions for large projects and purchases based on goals and objectives. Most capital improvement plans cover multiple-year periods.

Although SC-OR's annual budget does not include a formal capital improvement plan, it does contain a page detailing the "Capital Outlay Fund Comparison of Estimated Income and Expenditures". The budget for FY 22/23 lists the following capital outlay projects:

- East Interceptor Design and Repair
- Ruddy Creek (Engineering and Drawings)
- Unknown Expenditures
- (Data Source: SC-OR Budget, 2022c)

The total estimated expenditures for this fiscal year for the above three capital projects are \$1.8 million. Additionally, the FY2022 Budget lists several pieces of equipment that will be purchased, including a vac truck, an electric jackhammer, and a mule UTV. These expenditures to replace aging equipment are routine for wastewater service agencies.

SC-OR has proposed another noteworthy capital improvement project called the Wastewater Treatment Plant (WWTP) Upgrade Project. An Initial Study/Mitigated Negative Declaration (IS/MND) has been prepared to study the potential environmental effects of the project (SC-OR, 2022). The Upgrade Project includes several components such as:

- Aeration Basins: The existing aerobic digesters will be converted to aeration basins, effectively doubling the aeration basin capacity.

- Secondary Clarification: One new secondary clarifier will be constructed to accommodate anticipated 15 MGD peak wet weather flows through the plant and acceptable hydraulic loading rates. Volumes of wet-weather flows exceeding 15 MGD will be sent to the equalization ponds.
- Filtration: Four new filter supply pumps and two new No. 2 Water (2W) supply pumps will be installed adjacent to the existing chlorine contact basin.
- Disinfection: A new, open-channel ultraviolet (UV) disinfection system will be installed inside the existing chlorine contact basins.
- Solids Handling: A rotary drum thickener (RDT) to thicken waste-activated sludge from the aeration basins will be installed. The RDT will pre-thicken waste-activated sludge (WAS) or recuperatively thicken digested sludge.
- And several other construction components as listed in the CEQA document.

#### 5.8.5: Reserves

In California, many independent special districts have accumulated reserves. Although there are no rules guiding the size and use of reserve funds, general best management practices suggest that an agency should have a reserve fund that allows for operations of between six months to a year. Reserve funds provide the following benefits:

- allow for the continued operation of the agency even in downturns and unfavorable conditions,
- can contribute towards capital improvement projects which would reduce the potential need to accumulate a high debt load, and
- helps to ensure the continued solvency of the District.

SC-OR's investment policy and the California Government Code allow the District to invest, provided the credit ratings of the issuers are acceptable to the District and approved percentages and maturities are not exceeded. Reserve and investment policies are listed in the annual financial statements. The Board of Commissioners has the following Investment Policies – The Commission may invest in the following types of investments:

- Passbook savings account demand deposits
- Money market accounts
- Certificates of deposit with commercial banks and/or savings and loan companies
- Local agency Investment Fund (LAIF) demand deposits, and
- Mutual funds.

SC-OR has several reserve funds, including deposits with financial institutions (\$696,700), LAIF State Pool (\$14,066,906), the Wastewater Capital Reserve Fund (\$785,169), and several other funds as listed in Table 5-26 and Table 5-27 below (FY 2021).



Table 5-26: Investments and Reserves

	<u>2021</u>	<u>2020</u>
Cash on hand	\$ 161	\$ 161
Deposits with financial institutions	696,700	124,249
LAIIF	14,066,906	13,664,182
Total Cash and Cash Equivalents	<u>\$ 14,763,767</u>	<u>\$ 13,788,592</u>

Restricted Cash and Cash Equivalents

Cash and investments that are restricted by legal or contractual requirements at June 30, 2021 and 2020, consist of the following:

	<u>2021</u>	<u>2020</u>
Wastewater Capital Reserve Fund	\$ 785,169	\$ 731,544
Regulatory and Capital Account Fund	1,760,159	1,902,538
Total Restricted Cash and Cash Equivalents	<u>\$ 2,545,328</u>	<u>\$ 2,634,082</u>

Source: SC-OR, AFS, FY2021

Table 5-27: Other Reserve Funds

**SEWERAGE COMMISSION - OROVILLE REGION**  
**SCHEDULE OF CHANGES IN RESTRICTED AND COMMISSION RESERVED NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	Restricted and District Reserved Net Position						Net Position		
	Restricted For WCRF	Restricted For R&CA	Reserved For Capital Outlay	Reserved For Annual O & M	Reserved For Penalties & Fines	Reserved For Flexible Spending	Unreserved	Total 2021	Total 2020
Balance, July 1	\$ 731,544	\$ 1,902,538	\$ 7,475,729	\$ 300,000	\$ 8,423	\$ 25,156	\$ 11,439,719	\$ 21,883,109	\$ 19,734,079
Change in Net Position	-	-	-	-	-	-	3,003,181	3,003,181	2,149,030
Transfers from WCRF for:									
Purchase of capital assets	(28,326)	-	-	-	-	-	28,326	-	-
Transfers to WCRF for:									
Interest income	4,191	-	-	-	-	-	(4,191)	-	-
Purchase of capital assets	-	-	-	-	-	-	-	-	-
Portion of sewer service charges	77,760	-	-	-	-	-	(77,760)	-	-
Transfers from R&CA for:									
Purchase of capital assets	-	(1,319,133)	-	-	-	-	1,319,133	-	-
Transfers to R&CA for:									
Interest income	-	10,351	-	-	-	-	(10,351)	-	-
Portion of sewer service charges	-	1,166,403	-	-	-	-	(1,166,403)	-	-
Transfers from Capital Outlay for:									
Purchase of capital assets	-	-	(1,081,386)	-	-	-	1,081,386	-	-
Transfers to Capital Outlay for:									
Regional facility charges	-	-	2,077,694	-	-	-	(2,077,694)	-	-
Interest income	-	-	44,582	-	-	-	(44,582)	-	-
WWTP upgrade final design	-	-	1,066,269	-	-	-	(1,066,269)	-	-
Bypass station improvements	-	-	102,897	-	-	-	(102,897)	-	-
Solar savings	-	-	100,000	-	-	-	(100,000)	-	-
Transfers to Penalties & Fines for:									
Interest income	-	-	-	-	47	-	(47)	-	-
Balance, June 30	<u>\$ 785,169</u>	<u>\$ 1,760,159</u>	<u>\$ 9,785,785</u>	<u>\$ 300,000</u>	<u>\$ 8,470</u>	<u>\$ 25,156</u>	<u>\$ 12,221,551</u>	<u>\$ 24,886,290</u>	<u>\$ 21,883,109</u>

Note: The Wastewater Capital Reserve Fund (WCRF) is restricted externally by the State of California. The reserves for Capital Outlay, Annual O&M, Penalties & Fines and Flexible Spending were established by the District to accumulate funds to assist in financing future facility expansions and betterments, provide an emergency reserve for operations and unexpected fines and penalties, and accumulate resources for the Section 125 Flexible Spending Plan.

Source: SC-OR, AFS, 2022

### 5.8.6: Outstanding Debts and Liabilities



For local government agencies, liabilities typically include current liabilities such as accounts payable, salaries payable, bond interest payable, and long-term liabilities such as serial bonds payable, installments payable, and contracts payable. SC-OR has no public debt (SC-OR, RFI Response 2021b). This lack of debt means that SC-OR has a solid financial foundation.

SC-OR does have a routine type of accounting liability. Total Liabilities were \$2,579,148 in FY 2021 per the AFS Statement of Net Position. The liabilities that SC-OR manages include account payable, electricity bill, accrued salaries and wages, and noncurrent liabilities, including Net Pension Liability. Table 5-28 below shows that the Net Pension Liability increased slightly from \$1,981,952 on July 2020 up to \$2,189,813 in July 2021.

Table 5-28: Changes in Long-Term Liabilities.

#### Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2021, was as follows:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021	Due Within One Year
Compensated absences	\$ 140,777	\$ 31,987	\$ (58,574)	\$ 114,190	\$ 57,387
Other post-employment benefits - insurance	24,962		(17,325)	7,637	7,637
Net pension liability	1,981,952	86,034	-	2,067,986	-
<b>Total Long-Term Liabilities</b>	<b>\$ 2,147,691</b>	<b>\$ 118,021</b>	<b>\$ (75,899)</b>	<b>\$ 2,189,813</b>	<b>\$ 65,024</b>

### 5.8.7: Pension Payments

On behalf of its full-time employees, SC-OR contributes the pension payments to the California Public Employees Retirement System (CalPERS), a multiple-employer public employee-defined benefit pension plan. CalPERS provides retirement, disability, and death benefits to plan members and beneficiaries. In addition, CalPERS acts as a common investment and administrative agent for participating public entities within the State, including SC-OR. Copies of CalPERS' annual financial report may be obtained from its executive office at 400 Q Street, Sacramento, California 95811. Please note that CalPERS recognizes that the scale and multi-faceted nature of climate change presents a systemic risk to retirement portfolios SC-OR the Board. The risks include:

- disruption to portfolio companies' supply chains and operations,
- heightened volatility to financial markets,
- reduced economic growth,
- fixed assets (e.g., real estate), and
- impacts on the financial success of existing business models and portfolio companies

CalPERS has implemented its Sustainable Investments Program to mitigate these systemic risks (CalPERS, n.d.)

LAFCOs commonly utilize a fiscal indicator to describe the relationship between pension contributions as a percentage of covered-employee payroll. GASB 68 was revised and established new financial reporting for pensions effective in 2015. This percentage is calculated using the following formula: contributions in relation to the actuarially determined contribution divided by covered payroll. Table 5-29 below shows that as of June 30, 2020, the proportionate share of the net pension liability as a percentage of its covered-employee payroll was 303.53 percent.

Table 5-29: Pension Payments (contributions in relation to actuarially covered payroll)

**SEWERAGE COMMISSION - OROVILLE REGION**  
**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**JUNE 30, 2021**

Last 10 Fiscal Years\*:

Measurement date	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018
Proportion of the collective net pension liability	0.01969%	0.05447%	0.04979%	0.04902%	0.05002%
Proportionate share of the net pension liability	\$ 1,225,137	\$ 1,357,329	\$ 1,729,515	\$ 1,932,214	\$ 1,885,217
Covered employee payroll	\$ 572,157	\$ 597,910	\$ 646,734	\$ 589,435	\$ 693,706
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	214.13%	227.01%	267.42%	327.81%	271.76%
Plan Fiduciary net position	\$ 3,885,566	\$ 3,259,440	\$ 3,256,288	\$ 3,617,520	\$ 3,888,179
Plan Fiduciary net position as a percentage of the total pension liability	76.03%	68.56%	65.31%	65.18%	70.06%
Valuation date	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017
Measurement date	June 30, 2019	June 30, 2020			
Proportion of the collective net pension liability	0.04949%	0.05002%			
Proportionate share of the net pension liability	\$ 1,981,952	\$ 2,067,986			
Covered employee payroll	\$ 615,293	\$ 681,315			
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	322.12%	303.53%			
Plan Fiduciary net position	\$ 3,999,589	\$ 4,319,554			
Plan Fiduciary net position as a percentage of the total pension liability	66.87%	67.62%			
Valuation date	June 30, 2018	June 30, 2017			

**Benefit changes.** Above amounts do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2013, as they have a minimal cost impact. This applies to voluntary benefit changes as well as any offers of Two Year Additional Service Credit (aka Golden Handshakes).

**Changes in assumptions.** None

\* Fiscal year ended June 30, 2015, was the first year of implementation. Additional years will be presented as they become available.

Ideally, LAFCO will continue to monitor this metric to consider long-term fiscal trends as a larger time series of data becomes available.

### 5.8.8: Rates

SC-OR charges fees for wastewater treatment and disposal. The fees must also cover permitting and general administration/management costs. Since SC-OR is an enterprise district, rates cover the costs of service provision, with very few exceptions. For example, expanding wastewater systems in response to growth in the community is typically paid by developer fees. Information regarding wastewater rates is provided on the SC-OR's website at: <<https://www.SC-OR>>. In March 2019, SC-OR received a rate study completed by Provost & Pritchard Consulting Group from Chico. This study noted that SC-OR faces two upcoming issues that will affect rates as follows:

- 1) The regulatory discharge requirements for the NPDES permit from the RWQCB may get more restrictive in the future, and
- 2) Operations costs will likely rise in future years (Provost & Pritchard, 2019).

The physical improvements needed to upgrade the wastewater treatment plant were studied and described in a Schematic Design Report from Jacobs Engineering in November 2018. This report describes geotechnical conditions, the proposed facilities, process control strategies, and regulatory compliance.

SC-OR's fees include a Regional Facilities Charge, a connection fee, and an inflow/infiltration surcharge. SC-OR's charges and fees are currently being studied in a rate study that Bartles Wells Associates are preparing. This study is expected to be completed later in 2023. This new rate study is being prepared in compliance with the requirements of Proposition 218.

SC-OR's wastewater fees are passed along to its three-member entities, which in turn pass the fees along to their residential and business customers. For example, Table 5-30 shows the rates that LOAPUD charges to its customers and passes along to SC-OR.

Fiscal Year	SC-OR Treatment Fee per EDU (monthly)
2021/2022	\$17.85
2022/2023	\$19.85
2023/2024	\$23.85
Data Source: <a href="https://www.loapud.com/notice-of-sewer-rate-increase">https://www.loapud.com/notice-of-sewer-rate-increase</a>	

#### Surcharge for Inflow and Infiltration

High inflow and infiltration create costs for SC-OR to treat because flows can sometimes approach the physical capacity of infrastructure and because additional chemicals, energy, and labor are needed to treat the extra flow. Therefore, operating policies adopted by SC-OR include a surcharge fee to the member entities for times when their peak flows exceed 1,040 gpd/EDU and for times when their average monthly flow exceeds 260 gpd/EDU. Recently these surcharge fees have been increased in order to: 1) better recover the costs of treating this excess flow, and 2)

provide more incentive to the member entities to address their I/I contribution to SC-OR (SC-OR, 2019a). The current surcharge fees are based on the following:



- The surcharge fee for exceeding the peak flow of 1,040 gpd/EDU is expensive and charged on a per mgd basis (per SC-OR's SSMP, 2019a).
- The surcharge for exceeding the average monthly flow is calculated using the cost per million gallons (MG) for chlorine, sulfur dioxide, sodium hydroxide, power, and labor associated with high flow events over and above the normal hours for operation and maintenance of the plant and interceptors. This surcharge is calculated on a monthly basis and applied at the close of the fiscal year (SC-OR, 2019a).

In summary, SC-OR staff and the Board of Commissioners review the rates and the financial position of the wastewater system to determine if the rates require adjustment. If future rate increases are considered, they will continue to be subject to the procedural and substantive requirements of Proposition 218.

#### 5.8.9 Determinations: Finance

Table 5- 31: MSR DETERMINATIONS: Financial Ability to Provide Public Services (SC-OR)

Number	Financial Policies & Transparency Indicator	Determinations
FIN-1	Summary financial information presented in a standard format and simple language.	SC-OR's Annual Financial Statement and the Annual Budget are prepared for a timeframe of one fiscal year. The financial statements and budgets clearly and transparently present financial information.
FIN-2	Agency has a published policy for reserve funds, including the size and purpose of reserves and how they are invested.	Although SC-OR does not seem to have a specific reserve policy, its financial reserves are listed within its Annual Financial Statements. SC-OR has a policy called "Investment in Local Agency Investment Fund Policy" adopted by the Board of Commissioners and is available on its website at <a href="https://www.sc-or.org/board-policies">https://www.sc-or.org/board-policies</a> . SC-OR Policy #3130 was originally adopted on December 18, 1985, and subsequently updated on August 22, 2007. SC-OR's "Reimbursement Policy: SC-OR policy #5200 establishes Agency policy on travel expenditure reimbursements.

FIN-3	Other financing policies are clearly articulated.	SC-OR's Annual Financial Statement contains a list of its accounting policies. For example, the SC-OR's Financial Statement describes its Investment Policy with specific procedures and practices. However, some of SC-OR's financial policies do not seem to be codified.
FIN-4	Compensation reports and financial transaction reports that are required to be submitted to the State Controller's Office are posted on the district website.	Employee wage reports are sent to the California State Controller for Government Compensation, and a link to this report is provided from SC-OR's website.

	<b>Indicators Revenues, Expenditures, and Net Position</b>	<b>Determinations</b>
FIN-5	Revenues exceed expenditures in 50% of studied fiscal years	Total revenue exceeded total expenditures in each of the three study years, FY 2019, FY2020, and FY2021. All revenues for this JPA come from wastewater fees for service and are considered business-type activities. The reliance on the sale of wastewater service furthers the importance of ensuring reliable service and keeping rates at a sustainable level for the JPA member agencies.
FIN-6	Increases or decreases in net position	Changes to the Net Position are shown in Table 5-25, to be variable with moderate increases in Net Position seen each year.
FIN-7	Tax Revenues/Connection Ratio	LAFCO requested that the performance measure "Tax Revenues/Connection Ratio" be studied in this MSR. Since SC-OR is a JPA and does not receive property tax revenue, the Tax Revenues/Connection Ratio is zero (0).
	<b>Rate Indicator (SC-OR)</b>	<b>Determinations</b>
FIN-8	Rates were adopted by the Board of Directors	SC-OR Board of Directors adopted the rate structure during a public meeting.
FIN-9	The process for adopting rates is consistent with Proposition 218	SC-OR's staff and their consultants prepare rate studies prior to the adoption of changes to the rate structure. These rate studies are considered during public meetings. The

		process for adopting rates is consistent with Proposition 218.
FIN-10	Rates are readily available to constituents	Rates are provided to the JPA's three-member entities. It is recommended that SC-OR consider displaying its rates on its website to promote financial transparency.

### 5.8.10 Risk Management

SC-OR maintains several types of insurance, and these insurance policies are a tool SC-OR utilizes to help manage risks. Property and liability insurance is through Special District Risk Management Authority (SDRMA), a public agency formed under California Government Code Section 6500 et seq. to provide a risk management program for California's local governments. SDRMA has provided members with comprehensive insurance coverage for over three decades. SC-OR's 22/23 budget shows an increase of 16.4 percent in rates from SDRMA. This increase is attributed to inflation and to all the natural disasters that have occurred over the past several years. Medical insurance for SC-OR's employees is pooled with the City of Oroville (SC-OR, 2021b).

Since SC-OR is a JPA, it did not participate in Butte County's Local Hazard Mitigation Plan (LHMP). Butte County collaborated with five incorporated communities and ten special districts to prepare the November 2019 Local Hazard Mitigation Plan as described in Chapter 2, Introduction. The City of Oroville, TWSD, and LOAPUD each have a chapter of the LHMP dedicated to them. However, SC-OR does have facilities that are potentially at risk if future hazards arise. SC-OR's risk level is similar to that of TWSD and LOAPUD. For example, flooding and stormwater could potentially negatively impact SC-OR's facilities. Therefore, it may be beneficial for SC-OR to participate in the next update to the LHMP. SC-OR staff is encouraged to explore participation options.

## 5.9: Cost Avoidance & Facilities Sharing

This section highlights cost avoidance practices given necessary service requirements and expectations. Ideally, the proposed methods to reduce costs would not adversely affect service levels. Municipal wastewater systems generally have a fixed cost associated with infrastructure, operations, and maintenance and have a variable cost related to demand. Given these constraints, SC-OR pursues an array of cost avoidance techniques that contribute incrementally towards keeping costs reasonable. Specifically, SC-OR carefully utilizes its budgeting processes to serve as a means to avoid unnecessary costs. The report entitled "Growth Within Bounds: Planning California Governance for the 21st Century" (Report of the Commission on Local Governance for the 21st Century) states the following:



“Although some JPAs are formed solely to take advantage of a financing mechanism not otherwise available, most are true collaborations of governments that promote greater cooperation and coordination of services, even if only for specific purposes.”

Facilities Sharing: SC-OR actively shares facilities and equipment with neighboring service providers. For example, the WWTP is a shared facility among the members of SC-OR. In addition, specific pieces of equipment related to the sewage system are occasionally shared by the SC-OR, LOAPUD, and TWSD. The three-member entities all purchase compatible components of the same type of shoring in case of emergency to allow the employees to be familiar with the equipment’s function.

Equipment Sharing: Equipment and/or parts to maintain and repair SC-OR’s collection system are sometimes borrowed from the three-member entities that form the JPA. Loaning and sharing equipment is a useful operational strategy since SC-OR has a relatively small sanitary sewer collection system compared to the other JPA member agencies with larger collection systems and larger spare parts inventories (SC-OR, 2019a). SC-OR has approximately three miles of sewer collection system with two lift stations. Since SC-OR focuses on wastewater treatment (rather than conveyance), SC-OR relies on the member entities to help maintain its small collection system since SC-OR does not have the equipment necessary to service all of it (SC-OR, 2021b). Sharing equipment and information occur on an as-needed basis, and there is a mutual understanding that we are all on the same team (SC-OR, 2021b). SC-OR does not participate in a formal mutual aid program (SC-OR, 2021b).

Cost Saving: The solar array on SC-OR’s site is an example of a cost-saving measure (SC-OR, 2021b).

Reduce overhead: SC-OR aims to reduce overhead expenses. For example, the Commission recently refurbished its solar facility to increase energy production and help offset electricity costs. This allowed SC-OR to offset its energy use by about 40 percent. SC-OR also saves money by conducting its own maintenance on plant equipment. In addition, SC-OR contracts out its major equipment repairs and engineering services. In the future, to improve cost efficiency, SC-OR may consider expanding its laboratory to provide laboratory services to smaller jurisdictions in the area. A water recycling program (i.e., a purple pipe system) and a biosolids program could also improve cost efficiencies (SC-OR, 2021b).

### Goals and Challenges

California’s water and wastewater districts face future challenges and issues due to changing conditions. SC-OR’s staff was invited to note specific goals and challenges for the future. Identified issues include:

- Maintaining existing plant;
- Financing for the upgrade project;
- Maintaining and upgrading lift stations;
- Planning to reduce inflow and infiltration;

- Planning for future growth and understanding the timing of when growth will occur, and additional capacity will be needed
- Source: (SC-OR, 2021b).

Even though SC-OR's staff and commissioners actively work to reduce unnecessary costs, the SC-OR faces the same financial challenges as all local agencies regarding rising costs. For example, recently, inflation, due to the global pandemic and rising energy costs, has been an issue across the Country. SC—OR specifically may face other increasing costs due to changes in NPDES permit requirements and due to an increase in the frequency of lab testing requirements (SC-OR, RFI Response, 2021b).

JPA Coordination Meetings: The SC-OR staff regularly meets with the three-member entities' managers, with meetings occurring quarterly or more frequently as needed. These meetings are used to focus on and coordinate projects between the districts. In addition, any problems or concerns the member entities face are brought to light and discussed openly (SC-OR, 2021b).

Reorganization: It is sometimes beneficial for an agency to pursue structural and/or jurisdictional reorganizations to save money and avoid future overhead costs. SC-OR staff has indicated that, at this time, there are no functional or structural reorganizations that the Commission is evaluating to benefit recipients of the Commission's services or improve the provision of wastewater collection services. To date, SC-OR has not considered merging with another agency (SC-OR, 2021b).

While the current organization of sewer services between three collection agencies and the wastewater treatment plant (SC-OR) effectively delivers sewer services to the Oroville region, this duplication of services should be evaluated to determine if a reorganization of service providers and/or boundaries would result in a more transparent and cost-effective provision of sewer services. Given the SC-OR JPA expires in 2030, it is an appropriate time for SC-OR to evaluate its role in the overall sewage collection configuration for the Oroville Region. At present, SC-OR is in a reactive mode as it responds to collection demands of its JPA members, it may be beneficial to improved accountability and efficiency if the wastewater treatment plant and the collection system were operated under a single agency with one set of comprehensive policies and procedures umbrella. Appendix C in this MSR outlines several conceptual re-organization and SOI options for all the water and wastewater service providers described in this document.

California Water Environment Association (CWEA): CWEA is a state-wide non-profit association that empowers wastewater professionals as they protect California's most critical resource: water. CWEA represents 10,000+ professionals working in all facets of wastewater management and resource recovery, from operators to lab techs to engineers. Founded in 1928, CWEA delivers cutting-edge training, raises awareness of the profession, and shapes the future of wastewater services. SC-OR's employees have won several awards from CWEA over the past several years, as follows:

- Outstanding Young Professional of the Year: Josh Sorenson, Sewerage Commission – Oroville Region (2021)

- Operator of the Year: Mitchell Maxwell, Sewerage Commission – Oroville Region (2021)
- Outstanding Service Award: Mikah Salsi, Sewerage Commission – Oroville Region (2021)
- Lifetime Achievement Award: Scott Koch, Sewerage Commission – Oroville Region (2020)
- Supervisor of the Year: Scott Koch, Sewerage Commission – Oroville Region (2018)
- Administrative Professional of the Year: Lauri Pittman, Sewerage Commission – Oroville Region (2018)
- Hosting Training Plaque SC-OR, (2018).

Table 5-32: MSR DETERMINATION: STATUS OF, AND OPPORTUNITIES FOR, SHARED FACILITIES		
Number	Indicator	Determination
SC-OR -SHA-1	The Agency collaborates with multiple other agencies for the delivery of services within its boundary.	SC-OR collaborates with several other agencies to deliver services within its Service Area by implementing the following practices: sharing the wastewater treatment plant as a JPA, information sharing, and cost reduction.
SC-OR -SHA-2	Agreements for mutual aid or any other appropriate agreement (i.e., Tax Sharing Agreement) are periodically reviewed to ensure fiscal neutrality.	SC-OR does not currently participate in any formal Mutual Aid Agreement. However, SC-OR does informally cooperate with its three-member entities. As a JPA, the agreement with the three-member entities expires in 2030.
SC-OR -SHA-3	Other practices and opportunities that may help to reduce or eliminate <u>unnecessary</u> costs are examined by the District periodically. Ideally, there is a balance between cost efficiency and risk reduction strategies.	Municipal wastewater systems generally have a fixed cost associated with infrastructure, operations, and maintenance and have a variable cost related to demand. Given these constraints, SC-OR pursues several cost avoidance techniques that each contribute incrementally towards keeping costs at a reasonable level. Specifically, SC-OR carefully utilizes its budgeting processes to serve as one means to avoid unnecessary costs.

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