



FILED Superior Court of California  
County of Butte  
AUG 27 2013  
Kimberly Flener, Clerk  
By K. Mortensen Deputy

July 9, 2013

The Honorable Stephen E. Benson, Presiding Judge  
c/o Court Administration  
Superior Court of California, County of Butte  
One Court Street  
Oroville, CA 95965

RE: 2012-2013 Final Report of the Butte County Grand Jury

Dear Judge Benson:

Pursuant to California Penal Code §933, this letter constitutes the response of the Mayor and Town Council of Paradise to the 2012-2013 Final Report of the Butte County Grand Jury.

### **The Cities of Butte County – Paradise, California**

**Finding F15:** “The Town of Paradise is primarily a residential community with minimal retail and commercial businesses. Therefore, Paradise residents often work and shop elsewhere, leaving their sales tax dollars in other jurisdictions.”

**Response:** Respondent agrees with this finding. Property tax revenues alone are generally not sufficient to cover the cost of police, fire, roads, and general government services within a community. Sales tax revenue is a source of income that many cities use to fund public safety services. In fact, most municipalities have much more diverse income streams which help balance projected revenues during economic downturns, while the Town of Paradise is heavily dependent on property taxes. Property tax revenue is 46% percent of the Town’s general fund revenues which is why the Town of Paradise was particularly adversely affected during the recent housing market crash. Specifically, the Town suffered a loss of almost \$3.4 Million Dollars in property tax revenues since 2008. A heightened commercial economy would afford residents more

opportunities to shop locally and work closer to home, which would improve local public safety services and infrastructure, as well as decrease greenhouse gas emissions.

**Finding F16:** “The Town of Paradise has experienced revenue challenges for many years, which impact town services.”

**Response:** Respondent agrees with this finding. The State of California’s property tax swaps and budget takeaways have increased State and County coffers. According to recent news articles, state and county workers are currently discussing pay increases, while most local governments are slashing critical services and programs, and some are being forced into bankruptcy. State decisions severely impact local economies, where expensive, but critical services like public safety and infrastructure are funded. This, along with the dissolution of Redevelopment Agency financing, has proven to be a crushing blow to local governments across the State. Voter antipathy toward government in general is a hurdle in raising local taxes to pay for critical services. In fact, many property owners believe that most of their property taxes remain local and are sufficient to cover the cost of public safety and road maintenance, but this is not the case. The revenue challenges faced by the Town are due largely to State decisions that have had a deleterious effect on the general fund, which is the only source of revenue available to provide critical public safety services to the residents of Paradise.

**Finding F17:** “The Town of Paradise carefully planned for the transition of the new town manager.”

**Response:** Respondent agrees with this finding. Probably more than most organizations, governmental agencies have to keep a keen eye towards the future in respects to budget planning, capital project improvements (infrastructure planning,) and long-range succession planning. There has been a recent influx in retirements of city managers—mainly due to the economic conditions and retirement age. The Town of Paradise has anticipated its susceptibility of the “graying” of its top managers for several years and has been planning for the eventual turnover in leadership.

The new Town Manager has been with the Town for over twenty five years and has served as the Assistant Town Manager as well as the head of Development Services. Then, following a six month term as Interim Town Manager, the Council signed a three year contract to extend the position on a permanent basis. The Town also has several solid employees in top manager positions who are gaining valuable experience in municipal leadership and decision-making skills.

**Finding F18:** “The Town of Paradise’s lack of a sewer system has been a barrier in attracting significant new retail and commercial business.”

**Response:** Respondent agrees with this finding. Wastewater infrastructure is critical to existing and new commercial establishments. In most cities, wastewater is handled via a city-wide sewer district set up and constructed to serve the entire community. In these instances, the economy of scale allows for an affordable solution to wastewater

management. However, the Town of Paradise, one of the largest unsewered cities in the country, still relies on individual septic tanks for both residential and commercial properties alike. Residential septic systems are installed at the time of construction and are, by-and-large, affordable in most cases. However, commercial septic systems can be expensive and require large leach field areas. Many of these commercial systems are engineered sand filtration systems that are costly to install and to maintain. Even with new technology in wastewater solutions, individual commercial enterprises struggle with the unknown aspects and expenses of individual septic treatment systems.

**Finding F19:** “A sewer system for the residential districts is impractical due to the Town of Paradise’s topography.”

**Response:** Respondent agrees with this finding. Topography is only one issue that would impact a community-wide sewer system in Paradise. The topography of the Town along with the way that it was developed presents many challenges and costly solutions that would include numerous pumps and lift stations. The Town’s soils, high ground water and intermittent streams also play a major role in the engineering and construction costs involved in a community-wide treatment option.

**Recommendation R6:** “The Town of Paradise should explore all options for a sewage system in its business districts and adopt a plan to resolve this problem.”

**Response:** Respondent agrees with the recommendation. Even before its incorporation, the septic system vs. formal wastewater treatment issue in Paradise has been studied and debated. Several early studies focused on possible groundwater contamination due to onsite septic systems. All of the studies reported findings that an onsite district should be formed to monitor individual septic systems to ensure compliance with water quality standards and to ensure that regular evaluations were conducted and proper repairs made to avoid groundwater contamination. The early studies also reported that a long-term solution to wastewater in Paradise would include some type of formal wastewater treatment for the commercial/downtown districts.

On April 9, 2012, a report was presented to the Paradise Town Council that included options for wastewater treatment. The report was a comprehensive comparative analysis made in cooperation with engineers, experts, stakeholders and other agencies. At the conclusion of the presentation, the Council moved to approach the City of Chico in an effort to explore a possible sewer pipe connection for wastewater treatment. The proposed project includes the formation of a commercial wastewater district in Paradise; the construction of a sewer pipeline in the Skyway right-of-way; a connection to the City of Chico’s wastewater collection system; and finally, sewage treatment at the City of Chico’s water pollution control plant. The Town and the city have had initial communications and the Town will continue to explore this and other options.

The main hurdle at this point is the lack of funding and personnel to fully engage a project of this magnitude. The Town will continue to formulate a plan that includes seeking grant funds to form a commercial wastewater district, and the eventual

construction of a sewer pipe and/or treatment facility. In the meantime, the Town of Paradise will continue to vigorously monitor and evaluate current septic systems throughout the Town to ensure groundwater safety and compliance.

If you have any questions regarding the Town's response, please contact me or call Town Manager Lauren Gill at 872-6291x104.

Sincerely,

A handwritten signature in black ink, appearing to read 'Scott Lotter', with a long horizontal flourish extending to the right.

Scott Lotter  
Vice Mayor

Cc: Town Clerk  
Town Manager  
Town Attorney