



Graton Community Services District BOARD OF DIRECTORS *STAFF REPORT*

DATE: October 17, 2022

TO: Members of the Board of Directors

FROM: Chad Davisson, General Manager

SUBJECT: **CONSIDER APPROVING THE DISTRICT ENTERING INTO AN OUTSIDE SEWER SERVICE AGREEMENT WITH MANZANA PRODUCTS CO INC. BASED ON THE PRICE, TERM AND RELATED PROVISIONS AS PRESENTED AT THE 10/17/22 BOARD MEETING, AND AUTHORIZE THE GENERAL MANAGER TO NEGOTIATE AND EXECUTE A FINAL AGREEMENT WITH MANZANA PRODUCTS IN SUBSTANTIALLY THE SAME FORM AS PRESENTED ON 10/17/22, SUBJECT TO APPROVAL AS TO FORM BY THE DISTRICT GENERAL COUNSEL**

STATEMENT OF ISSUE:

Manzana Products Co. (Manzana) is an industrial food (apple) processing facility. Historically, Manzana has been a direct discharger but has requested the District consider providing sewer service through a service agreement.

STAFF'S RECOMMENDATION TO THE BOARD:

Approve the District entering into an outside sewer service agreement with Manzana Products Co, Inc. based on the price, term and related provisions as presented at the 10/17/22 board meeting, and authorize the general manager to negotiate and execute a final agreement with Manzana Products in substantially the same form as presented on 10/17/22, subject to approval as to form by the District general counsel

DISCUSSION:

Manzana, although not located within the District's service area, has requested the District consider accepting process waste flows for collection and treatment by GCSD. The proposed flow rate averages 37,000 gallons per day/365 days per year.

At their June 20, 2022 meeting, the Board directed staff to negotiate the terms of an agreement with Manzana, and develop an agreement for Board consideration and action. Staff has met with Manzana several times and has engaged a consultant, Larry Walker and Associates, to evaluate the impact of this proposed discharge on the treatment process and overall plant capacity.

Specifics of proposed discharge characteristics and conditions:

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- BOD and Total Suspended Solids levels are expected to be half of typical sanitary sewage.
- Proposed flows are 37,000 gallons per day on average.
- Proposed maximum dry season flows are 45,000 gallons per day.
- Manzana has 6-7 MG of on-site storage and can store their wastewater during wet weather. No wet weather discharges when the plant is experiencing increased wet weather flows.
- Manzana and GCSD can integrate monitoring and SCADA information to coordinate discharges.

Financial Considerations:

The District has a formula for calculating sewer fees for new discharges. The District's sewer fees are based on a "Per Equivalent Service Dwelling".

This proposed discharge equals 101 ESD's and would provide additional annual revenue of approximately \$158,688.

Landowner represents that the volume of process wastewater discharged into the District's sewer collection system is estimated to be 37,000 gallons per day (101 Equivalent Service Dwellings) with a strength of 50 mg/l of BOD and 50 mg/l of TSS. The initial first year fee will be based on this estimate. On the calendar anniversary of the first wastewater discharge, and each subsequent year, the District shall adjust the annual fee based on the actual reported volume process wastewater discharged and strength reported for the previous year.

To accommodate adjustments to the annual fee, Landowner's payment for sewer services shall be due within thirty (30) days of receipt of a semi-annual invoice.

Additionally, the District assesses "Connection and Capacity Fees" to all new connections.

Manzana requests the Board consider agreeing to a \$400,000 one-time Connection and Capacity Fee payment to District by Landowner; this payment shall be due and payable at the time the landowner physically connects its system to the District' system.

As discussed above, the proposed discharge from Manzana is fairly unique and staff believes that it is not necessarily consistent with a "typical" residential ESD, for example. Therefore, staff recommends the Board consider some of the specifics of this proposed discharge to determine the most appropriate one time connection fee, specifically the value of Manzana's ability to store their wastewater during peak wet weather periods and coordinate flows into the GCSD sewer system.

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Attachments:

1. Draft Agreement
2. Draft Agreement Redlined