



**CITY OF LODI  
COUNCIL COMMUNICATION**

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**AGENDA TITLE:** Direct Staff Regarding Provision of Industrial Wastewater Treatment Service to Michael/David Winery, LLC  
**MEETING DATE:** May 21, 2014  
**PREPARED BY:** Public Works Director

**RECOMMENDED ACTION:** Direct staff regarding provision of industrial wastewater treatment service to Michael/David Winery, LLC.

**BACKGROUND INFORMATION:** On March 15, 2006, City Council approved the Memorandum of Understanding (MOU) with Michael/David Winery, LLC (Winery) and Jesse's Grove Winery to truck industrial effluent to White Slough Water Pollution Control Facility and to open a joint downtown wine tasting room that is provided in Exhibit A. The MOU granted to Michael/David Winery, LLC, up to 700,000 gallons per year of industrial treatment capacity. Subsequently, additional industrial treatment capacity has been granted in increments of 300,000 and 500,000 gallons for a total of 1.5 million gallons per year.

The Winery has requested permission to discharge up to 10.0 million gallons per year of winery waste (no domestic waste) into the City's industrial wastewater line located south of the Winery. The Winery would construct a storage tank and pumping facilities, to be owned and operated by the Winery, and an 11,500 foot long force main pipe, to be owned and operated by the City, from the Winery to the industrial wastewater line. The conceptual design and alignment information is presented in Exhibit B.

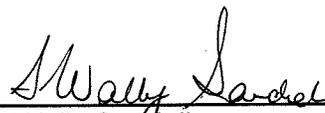
The public facilities would be located within San Joaquin County road right-of-way. Permitting and environmental review would be performed by the County at the Winery's cost. City staff and other costs would be reimbursed by the Winery under an existing reimbursement agreement between the City and Winery. The City and Winery would construct, operate and maintain the facilities under an agreement to be presented to the City Council for consideration at a future date.

In exchange for the industrial wastewater treatment service, the Winery will pay 150 percent of the normal industrial waste treatment charge and will agree to accept recycled water for all vineyard irrigation at the future time the City makes that water available at the property.

Staff requests the City Council provide direction regarding its desire to process the Winery's request and express its intention to enter into a long-term construction, maintenance and operations agreement for the treatment of up to 10.0 million gallons per year of industrial wastewater from the Winery operations.

**FISCAL IMPACT:** Not applicable

**FUNDING AVAILABLE:** Not applicable

  
 F. Wally Sandelin  
 Public Works Director

FWS/pmf  
 Attachments

**APPROVED:**   
 Stephen Schwabauer, Interim City Manager

**Michael/David Winery  
Industrial Waste Connection Memorandum of Understanding**

THIS AGREEMENT is entered into this 10<sup>th</sup> day of October 2006, (the "Effective Date"), between MICHAEL/DAVID WINERY, LLC ("Winery") and the CITY OF LODI, a municipal corporation organized and existing under the laws of the State of California ("City").

**RECITALS**

This Agreement is predicated upon the following findings:

A. Winery is the owner of a Wine Production Facility located at 4580 W. Highway 12, San Joaquin County, California which is outside the corporate limits of the City of Lodi. Winery intends to submit an application to truck in their Industrial effluent to the City's Industrial Waste Water Treatment Plant. ("Project")

B. As more fully detailed in Ordinance No. 1764, the City, through its general plan is committed to encouraging agricultural uses in the area surrounding the City and discouraging urban uses. Providing industrial sewer service to wineries encourages agricultural uses by making them more economical.

**NOW THEREFORE**, the parties agree as follows:

1. Definitions. Unless otherwise defined in this agreement, all capitalized terms will have the definitions ascribed to them in Lodi Municipal Code Section 13.12.020.
  - a. "Downtown Lodi" means the area bordered by Church Street, Lodi Avenue, Union Pacific Railroad and Lockeford Street.
2. Terms of Connection. Any delivery of trucked effluent permitted pursuant to the Agreement shall be subject to the following minimum terms:
  - a. Permit: Winery shall comply with the terms of the Industrial System Discharge Permit to be issued by the City which will include but not be limited to limitations on maximum flow, BOD, ph, TDS and suspended solid concentrations and prohibitions on discharge of hazardous waste in conformance with the City's NPDES Permit. Winery will only be allowed to dispose of Industrial Waste water. No sanitary waste will be delivered to the City's Industrial Waste Water Treatment Plant.
  - b. Volume: The volume of trucked effluent shall not exceed 525,000 gallons between September 1 and May 31.
  - c. Rate/Surcharge: Winery's charge for trucked effluent will be as established by the City for Industrial Waste system customers plus a 50% surcharge at the current rates. Current annual charge based on 700,000 gallons with a BOD of 8,170 mg/L is \$3,008.00 including the surcharge.

- d. **Capacity Charge:** Winery shall pay a one-time capacity charge of \$16,492.00 upon delivery of the first load of trucked effluent. Additional one time capacity charges at the current City rates will apply for each increment of effluent over 700,000 gallons.
  - e. **Downtown Tasting Room:** Winery shall open and operate a tasting room in Downtown Lodi during the entire term of its trucked effluent disposal agreement with the City. The tasting room shall be operated within the following minimum requirements:
    - i) The wine tasting room must be established and open for business before delivery of trucked effluent.
    - ii) The tasting room shall be at least 500 square feet and have wine available for tasting and sale, wine related merchandise for sale and be open a minimum of 40 hours per week, including Saturday and Sunday.
    - iii) If Downtown Tasting Room closes, this Agreement will terminate and the City will not consider a new agreement to treat winery's effluent for 12 months from the closure date.
  - f. The agreement cannot be assigned and is only for the use of Winery.
3. Binding Effect of Agreement. Winery's obligations under paragraph two of this Agreement will only be triggered if all approvals necessary to secure that the trucked effluent disposal agreement is secured.
4. Reimbursement. Winery shall reimburse the City for all costs incurred by the City in connection with the Project. The City will provide Winery with an estimate of these costs in advance of delivery of trucked effluent. Winery shall deposit the estimate with the City within 30 days of receiving the estimate. City will bill all costs against the deposit. In the event the deposit is exceeded, Winery shall pay the difference to the City within 30 days of notice. Any excess will be refunded to Winery within 30 days.
5. Delivery. Winery shall be solely responsible for delivering the trucked effluent to Lodi's Industrial Waste Water Treatment Plant.
6. Relationship of Parties.
- a. It is understood that the contractual relationship between the City and Winery is such that Winery is an independent contractor and not the agent of the City; and nothing herein shall be construed to the contrary.
  - b. City and Winery agree that nothing contained herein or in any document executed in connection herewith shall be construed as making Winery and City joint venturers or partners.

- c. This Agreement is made and entered into for the sole protection and benefit of the parties and their successors and assigns. No other person shall have any right of action based upon any provision in this Agreement.

7. No Entitlements Granted. Nothing in this Agreement shall provide Winery with any right to secure approval of any connection or other entitlement. In addition, Winery agrees that it will have no rights to: select the Environmental Review Consultant, if one is required; or direct the work, response times, recommendations or approvals of the Consultant.

8. Notices. All notices required or provided for under this Agreement shall be in writing and delivered in person or sent by certified mail, postage prepaid, return receipt requested, to the principal offices of the City and Winery and its representative and Winery's successors and assigns. Notice shall be effective on the date it is delivered in person, or the date when the postal authorities indicate the mailing was delivered to the address of the receiving party indicated below:

**Notice to City:** City of Lodi  
City Manager  
221 W. Pine Street  
Lodi, CA 95240

**Notice to Winery:** Michael/David Winery, LLC  
4580 West Highway 12  
Lodi, CA 95242

9. Indemnification, Defense and Hold Harmless.

- a. Winery agrees to and shall indemnify, defend and hold the City, its council members, officers, agents, employees and representatives harmless from liability for damage or claims of damage, for personal injury, including death, and claims for property damage which may arise from this agreement.
- b. Winery's obligation under this section to indemnify, defend and hold harmless the City, its council members, officers, agents employees, and representatives shall not extend to liability for damage or claims for damage arising out of the sole negligence or willful act of the City, its council members, officers, agents, employees or representatives. In addition, Winery's obligation shall not extend to any award of punitive damages against the City resulting from the conduct of the City, its council members, officers, agents, employees or representatives.
- c. With respect to any action challenging the validity of this Agreement or any environmental, financial or other documentation related to approval of this Agreement, Winery further agrees to defend, indemnify, hold harmless, pay all damages, costs and fees, if any incurred to either the City or plaintiff (s) filing such an action should a court award plaintiff(s)

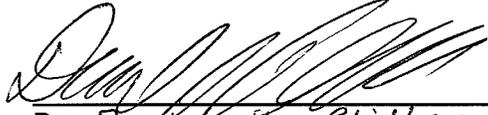
damages, costs and fees, and to provide a defense for the City in any such action.

**IN WITNESS WHEREOF** this Agreement has been executed by the parties on the day and year first above written.

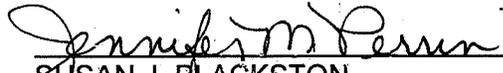
CITY OF LODI, a municipal corporation

MICHAEL/DAVID WINERY, LLC

  
\_\_\_\_\_  
BLAIR KING  
City Manager

  
\_\_\_\_\_  
By: David J. Phillips  
Its: President

ATTEST:

  
for SUSAN J. BLACKSTON  
City Clerk

APPROVED AS TO FORM:

  
\_\_\_\_\_  
D. STEPHEN SCHWABAUER  
City Attorney

## MEMORANDUM

May 1, 2014

To: Wally Sandelin, City of Lodi Public Works Director

Subject: Preliminary Pipeline Alignment and Design Concepts

Project: City of Lodi / Michael David Winery Force Main Project

From: Neal T. Colwell, P.E. and Elizabeth R. Schlegel, P.E.

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This memorandum has been prepared to present preliminary design concepts and preliminary pipeline alignments as previously presented to the City of Lodi Public Works Department by Michael-David Winery. The purpose of developing these preliminary alignments is to garner concurrence by the City of Lodi Public Works Department prior to proceeding with topographic surveys and preliminary design engineering for the pipeline design. The attached preliminary alignment is based on the following design concepts:

1. The City of Lodi force main discharge pipe will commence at the Michael-David winery site at the right-of-way line adjacent to Ray Road at the approximate location of the winery's truck delivery driveway. The pipeline will consist of a buried 6" HDPE force main pipeline, located within the following County Roads:
  - a. Ray Road
  - b. Kingdon Road (preferred alignment only)
  - c. Neely Road (preferred alignment only)
  - d. Tredway Road
  - e. DeVries Road

The pipeline location will be determined to minimize potential conflicts with existing utilities in the project area, and to minimize traffic and access impacts during both construction and future maintenance activities. The force main pipeline diameter has been determined based on both existing and proposed future design pumping rates, and will achieve moderate flow velocities to minimize power consumption while reaching self-cleansing velocities.

2. The pipeline alignment will follow a clear route along one of the two proposed alignments. KSN has completed right-of-way research along both alignments, and has located no documentation that would disallow the installation of the proposed force main in either alignment.
3. The proposed alignment will be designed to run adjacent to or underneath the county roads identified above, as right-of-way and site conditions permit. Where the pipeline is installed under unpaved surfaces, the trench area will be restored and stabilized to prevent erosion. Where the pipeline is installed under county roadways,

the road structural section will be matched, with the asphalt and aggregate base depths meeting the San Joaquin County Improvement Standards.

4. At the connection with the existing City of Lodi industrial wastewater outfall, the force main will be connected into the existing pipeline with an outfall structure or pipe system yet to be determined. This structure will direct the discharge from the force main into the existing pipeline to minimize spray, splashing, and conditions with potential to cause corrosion and odor problems.
5. The pump station and associated structures connecting to the force main will be located on the Michael-David Winery property, and will be built as a separate project to the right-of-way line adjacent to Ray Road. These facilities will be sized according to the flow requirements of the Winery to accommodate the Winery's existing peak washwater flow rate and future projected peak washwater flow rate. The winery's flow rates are anticipated to be approximately as follows:

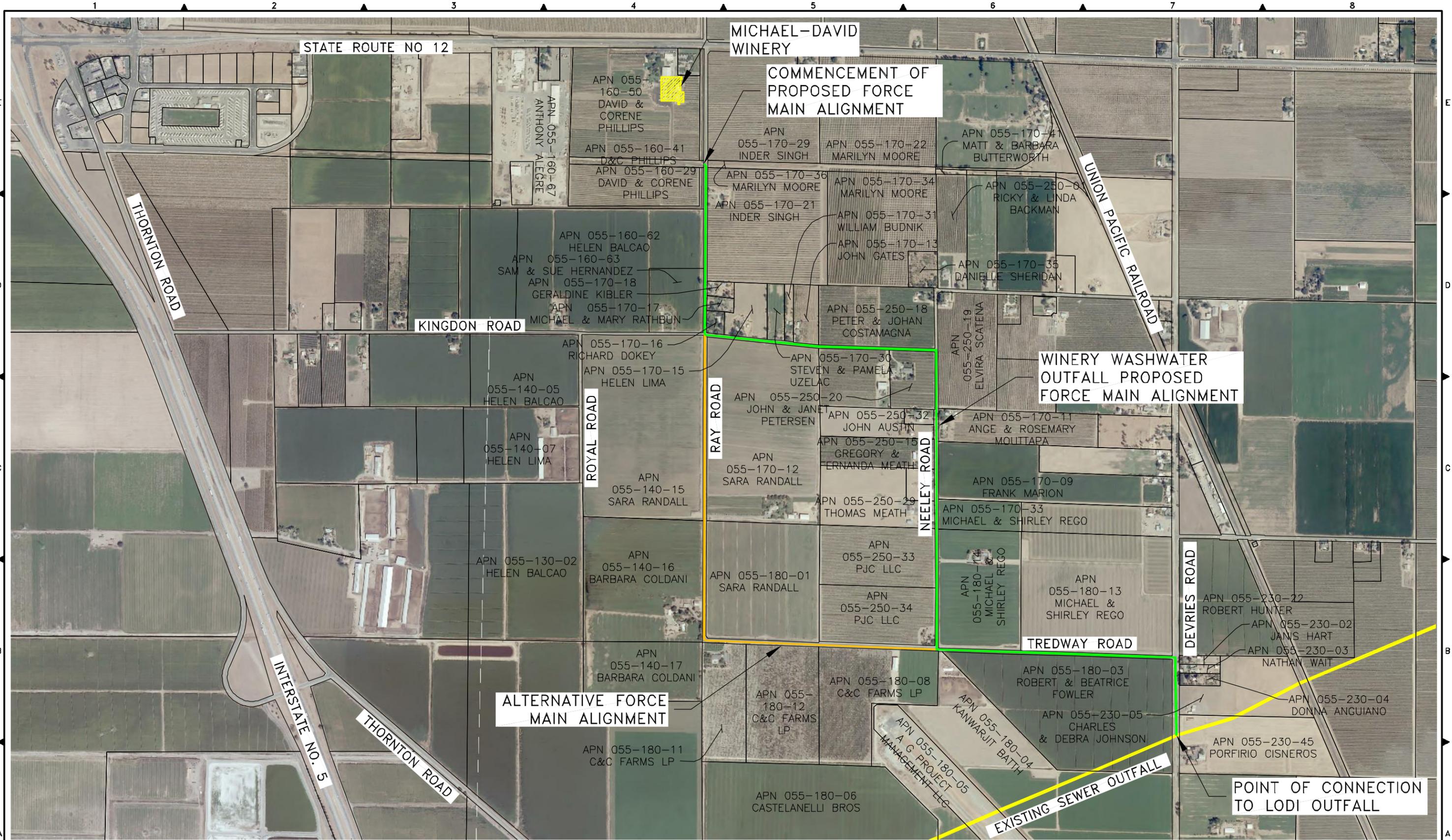
Flow Rate Type	Annual Flow Rate (MG/year)	Anticipated Peak Flow Rate (gpm)	Design Pumping Rate (gpm)
Existing Washwater Usage Rate	1.2	45	200
Future Projected Washwater Usage Rate	10	376	460

6. The pumps selected for the existing washwater usage flow rate will be sized so that the flow rate out of the pump station will reach self-cleansing velocities in the force main.
7. The pump station design will include a source of water to flush residual washwater and solids out of the force main.
8. A Preliminary Opinion of Probable Construction Cost has been provided as Exhibit B. This reflects the probable cost of constructing the force main from the Michael-David Winery right-of-way line adjacent to Ray Road to the outfall at the City of Lodi industrial wastewater pipeline, and does not include costs associated with construction of the pump station.

Enclosure

- Exhibit A – Preliminary Alignment
- Exhibit B – Preliminary Opinion of Probable Construction Cost

FILE SPEC: P:\2199\_Michael-David\_Winery\0010\_Process\_Washwater\_ROW&Prelim\_Design\05\_Civil\700\_Exhibits\140501-COL-WW\_Pipeline\_Alignments.dwg  
 PLOT DATE: May 02, 2014 - 5:34pm



**LEGEND:**  
 — SJCO GIS PARCEL LINEWORK  
 — APPROXIMATE CITY OF LODI SEWER OUTFALL

**KSN** INC.  
**KJELDSSEN SINNOCK NEUDECK**  
 Civil Engineers and Land Surveyors  
 711 N. Pershing Avenue  
 Stockton, CA 95203-2152  
 Office: (209) 946-0268  
 Faxes: (209) 946-0296  
 E-mail: KSN@ksninc.com

Scale  
 1" = 800'  
 Original Drawing Scale  
 0 1/2" 1"



CITY OF LODI /  
 MICHAEL-DAVID WINERY  
 PROCESS WASHWATER PIPELINE  
 PROPOSED ALIGNMENT

EXHIBIT  
 A  
 PAGE 1

<b>City of Lodi / Michael-David Winery</b>					
<b>Industrial Process Washwater Discharge Force Main</b>					
<b>Preliminary Design</b>					
Preliminary Opinion of Probable Construction Costs					
<b>Division &amp; Item No.</b>	<b>Item Description</b>	<b>Qty.</b>	<b>Unit</b>	<b>Unit Price<sup>(1)</sup></b>	<b>Total<sup>(2)</sup></b>
<b>1 GENERAL REQUIREMENTS</b>					
1.1	Mobilization and Demobilization	1.0	LS	\$ 62,000.00	\$ 62,000
1.2	Construction Staking	1.0	LS	\$ 25,000.00	\$ 25,000
1.3	Traffic Control & Signage	1.0	LS	\$ 52,000.00	\$ 52,000
<b>2 SITE WORK</b>					
2.1	Pipeline Excavation and Shoring	8,519	CY	\$ 25.00	\$ 210,000
2.2	6" HDPE Force Main Pipe	11,500.0	LF	\$ 25.00	\$ 460,000
2.3	Pipeline Backfill (Native)	8,519	CY	\$ 25.00	\$ 210,000
2.4	AC Patching	852	TON	\$ 100.00	\$ 85,000
2.5	Access Structures (Manholes or Utility Vaults)	29	EA	\$ 5,500.00	\$ 160,000
<b>15 MECHANICAL</b>					
15.1	Small Piping	1.0	LS	\$ 20,000.00	\$ 20,000
15.2	Air/Vacuum Valves (Locations TBD)	1.0	LS	\$ 28,800.00	\$ 29,000
15.3	6-inch Plug Valve	31.0	EA	\$ 1,500.00	\$ 47,000
<b>SUBTOTAL</b>					\$ 1,360,000
<b>CONTINGENCY 30%</b>					\$ 408,000
<b>TOTAL, 6-INCH FORCE MAIN</b>					<b>\$ 1,768,000</b>

NOTES:

(1) Based on an ENR CCI of 9749.51, April 2014.

(2) Total costs are rounded to two significant figures.