

**WASTEWATER SERVICE AGREEMENT
BETWEEN CITY OF WALDO AND THE CITY OF GAINESVILLE D/B/A
GAINESVILLE REGIONAL UTILITIES**

THIS AGREEMENT is made as of the 14 day of March, 2011, by and between the City of Gainesville, a Florida municipal corporation d/b/a Gainesville Regional Utilities, herein referred to as "GRU", and the City of Waldo, a Florida municipal corporation, herein referred to as "Waldo". It is hereby agreed that GRU shall receive, treat and dispose of wastewater from Waldo.

WITNESSETH:

WHEREAS, Waldo desires to connect to GRU's wastewater treatment system to ensure compliance with state and federal regulations related to Waldo's current wastewater treatment facility;

WHEREAS, GRU desires to provide wastewater service to Waldo to enable Waldo to meet its current and future wastewater needs; and

WHEREAS, Waldo, GRU, and Alachua County intend to enter into an "Interlocal Agreement" enabling GRU to provide wastewater service to Waldo and allowing for the construction of a Force Main pipeline and other facilities necessary to provide this service;

NOW, THEREFORE, in consideration of the foregoing premises and the mutual covenants contained herein, the parties agree as follows:

1. Term

- 1.1) In order for the provisions in this Agreement to be carried out, there must be in effect an "Interlocal Agreement" between Waldo, GRU and Alachua County allowing GRU to provide wastewater service to Waldo and allowing construction of the Force Main and other facilities necessary to provide this service. If the Interlocal Agreement is terminated then this Agreement is, likewise, terminated.
- 1.2) The initial term of this Agreement shall be forty (40) years commencing the date on which the Force Main between Waldo and Gainesville is completed and placed in service.
- 1.3) This Agreement shall continue in effect beyond the initial term provided above unless terminated by either party with at least two years written notice of intent to terminate.

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- 1.4) This Agreement will otherwise only be terminated prior to the term specified in Section 1.2 above for cause as described in paragraph 2 below.

2. Termination for Cause

Noncompliance with the material terms and conditions of the Agreement for a period of thirty (30) days after written notification of such noncompliance shall constitute a breach of this Agreement. In order to protect and maintain public health, breach of this agreement shall not be grounds for termination of service by GRU except that discharge of wastewater from Waldo to GRU may be suspended immediately upon notice from GRU, if GRU, at its sole discretion, determines that Waldo's discharge poses an imminent threat of substantial harm to GRU's facilities or personnel, or to public health.

3. Facility Design, Permitting and Construction

- 3.1) The "Point of Connection" shall be located at SR 24 at or near the location depicted on the "Waldo Wastewater Service Territory" Map attached hereto as Exhibit A. The flow monitoring station will be located immediately downstream of the Point of Connection.
- 3.2) Waldo shall pay for and be solely responsible for all design, permitting, obtaining of necessary land rights and construction of all components upstream of the Point of Connection, including but not limited to the following:
- a. Wastewater collection system located within Waldo's wastewater service territory;
 - b. Transfer pump station; and
 - c. Force main pipeline from Waldo's transfer pump station to the Point of Connection defined in paragraph 3.1 above.
- 3.3) GRU shall be solely responsible for all design, permitting and construction of the flow monitoring station and force main pipeline from the Point of Connection to GRU's existing Lift Station 6, and improvements to its wastewater collection system needed to receive Waldo's wastewater.
- 3.4) The Waldo transfer pump station(s) shall be designed to discharge a total flow of no more than 560 gpm. The station shall provide a minimum storage volume adequate to provide of 15 minutes of storage based on Waldo's peak pumping capacity.

4. Facility Ownership and Operation and Maintenance

- 4.1) Waldo shall own, operate and maintain, and be responsible for all permitting, licensing and certifications associated with operation of facilities upstream of the Point of Connection. This includes the following:
 - a. Wastewater collection system located within Waldo's wastewater service territory;
 - b. Transfer pump station; and
 - c. Force main pipeline from transfer pump station to the Point of Connection.
- 4.2) GRU shall own, operate and maintain, and be responsible for all permitting, licensing and certifications associated with operation of all facilities located downstream of the Point of Connection including the force main pipeline, flow monitoring station and odor control biofilter or scrubber system located at GRU Lift Station 6. Waldo shall pay for the operating costs associated with the biofilter or scrubber system located at GRU Lift Station 6, as provided in paragraph 9 below.
- 4.3) GRU shall receive wastewater from Waldo delivered via the aforementioned force main and accept responsibility for management, treatment and disposal of this wastewater, in accordance with applicable local, state and federal regulations provided, however, that should any non-compliance with applicable regulations occur, the same shall not constitute a violation of this Agreement unless the violation results in inability of GRU to receive or treat Waldo's wastewater.

5. Operating Requirements

- 5.1) Waldo shall discharge no more than 560 gpm to the GRU system.
- 5.2) Waldo shall operate and maintain the transfer pump station at all times so as to provide a minimum emergency storage capacity to contain the peak pumping rate for a minimum of 15 minutes.
- 5.3) Waldo shall operate its system to avoid excessive discharge of stormwater inflow, groundwater infiltration/inflow, sediments or other deleterious substances to the GRU wastewater system.
- 5.4) Waldo warrants that it shall not discharge substances that are not consistent with GRU's permit requirements, have the potential to cause harm to GRU's facilities or personnel, interfere with GRU's operations, cause violation of any of GRU's environmental permits, or may result in violation of any federal, state or local law or ordinance.

- 5.5) There are presently no industrial wastewater users within Waldo. Waldo shall provide GRU a minimum advance notice of thirty (30) days before any industrial user connects to its wastewater system. Connection of any industrial user is subject to approval by GRU. Prior to connection of an industrial user, Waldo and GRU shall enter into a multijurisdictional pretreatment program agreement. This agreement will be developed jointly by GRU and Waldo and will be based on the EPA Guidance Manual Multijurisdictional Pretreatment Programs (June 1994) (EPA 811-B-94-005), a superseding document, or mutually agreed upon alternative methodology in accordance with federal and state pretreatment requirements. The program shall be applicable to all industrial discharges into the Waldo wastewater collection system and will be consistent with the City of Gainesville Code of Ordinances related to industrial wastewater discharges. Waldo shall provide industrial monitoring data and other information related to industrial customers to GRU consistent with GRU's Industrial pretreatment program.
- 5.6) Waldo shall implement a grease control program to control grease discharges from restaurants and other commercial operations which have potential to discharge oils and greases into the Waldo wastewater system. This program will be in accordance with the City of Gainesville Code of Ordinances related to control of fats, oil and grease. The grease control program shall be subject to review and approval by GRU. Waldo shall provide monitoring data and other information on commercial customers to GRU.
- 5.7) If odors at GRU Lift Station 6 cannot be adequately controlled using the proposed biofilter or scrubber system located at Lift Station 6, then an engineering evaluation shall be performed to determine the source(s) and the best approach for additional odor control measures that must be implemented to achieve adequate odor control. If the need for these additional measures is due to higher H₂S loads than expected, or other conditions directly related to Waldo's discharge that were not anticipated in the design of the proposed biofilter/scrubber system, then Waldo will be responsible for the cost of the additional measures needed to control odors. If there are other causative factors unrelated to Waldo's discharge, then Waldo will be responsible only for the pro rata share of the costs based on the extent to which the need for additional measures is due to unexpectedly high H₂S loads or other conditions resulting from Waldo's discharge.

6. Capacity and Connections to Transfer Force Main

- 6.1) GRU shall make available to Waldo a peak flow capacity of 560 gpm and a total annual average daily flow capacity of 0.1 mgd initially and 0.2 MGD ultimately. GRU acknowledges that Waldo's collection system contains old vitrified clay pipe and thus there is at present substantial infiltration of stormwater. Current infiltration rates have been taken into account in establishing the average and peak flow capacities described herein.
- 6.2) The Interlocal Agreement referred to herein addresses the terms, conditions and processes relating to connections to the force main, and any future connections to the force main shall be consistent with that Agreement.

7. Initial Charges Due at Time Service Initiated

- 7.1) Waldo shall be solely responsible for funding all of the facilities that it is constructing.
- 7.2) Prior to GRU receiving wastewater from Waldo, Waldo shall pay GRU for the following based on actual costs:

- a. **Capital facilities charge for improvements to GRU's wastewater collection system needed in order to provide service to Waldo.**

This includes all capital costs (design, permitting, construction, administration, etc., including GRU staff time directly related to design, permitting and construction) as well as debt carrying costs for the following:

- i. Improvements to GRU Lift Station 6 needed to serve Waldo, including but not limited to the construction of an odor control biofilter or scrubber system;
 - ii. Piping improvements to divert the discharge from GRU Lift Station 72 to gravity discharge;
 - iii. Construction of the force main from GRU's Lift Station 6 to the Point of Connection (including any necessary odor controls at air release valves); and
 - iv. Construction of the flow monitoring station.

The capital facilities charge shall be paid to GRU by Waldo only after GRU has constructed all the capital improvements identified in i. through iv above. GRU will not initiate design and construction

of these capital improvements until funding is obligated to ensure that funds will be available to pay the capital facilities charge.

In accordance with GRU's extension policy, GRU may elect to oversize a section of the force main pipeline within the Urban Cluster to a larger size in order to provide additional capacity for future connections within the Urban Cluster. If GRU performs oversizing, GRU will be responsible for the incremental cost of the larger line at its sole expense. If this oversizing results in additional capital costs for odor control equipment, then GRU will be responsible for the incremental increase in capital costs required as a result of the oversizing.

GRU and Waldo will work together to develop budget estimates for these costs.

b. Initial connection charges

Waldo shall pay connection charges to GRU based on the following formula:

$$\text{Initial Connection Charge} = \text{Waldo (ADF)} \times (\text{GRU Plant Connect Chge} + 0.414 \times \text{GRU Collection System Connect Chge})$$

Where:

Waldo (ADF) = Waldo total average daily flow calculated based on previous data and accounting for any new connections.

GRU Plant Connect Chge = GRU treatment plant flow based connection charge prevailing at the time Waldo pays connection charge

GRU Collection System Connect Chge = GRU collection system flow based connection charge prevailing at the time Waldo pays connection charge

8. Connection Charges for Future Connections

Waldo shall pay additional connection charges to GRU when new connections are added to Waldo's system, or if existing Waldo commercial/industrial customers make physical changes to their properties such that discharges will substantially increase. These charges are due at the time new connections are made. The charges shall be calculated based on the estimated wastewater discharge resulting from the new connection(s) or modifications to existing properties.

Connection Charge = Estimated Avg Wastewater Discharge x (GRU Plant Connection Chge + 0.414 x GRU Collection System Connect Chge)

Where:

Estimated Avg Wastewater Discharge = estimated wastewater discharge associated with new connection or modification to existing connection

The GRU Plant Connection Charge and GRU Collection System Connect Charge will be based on GRU's prevailing connection charges at the time the new connection or modification to existing connection is made.

The Estimated Avg Wastewater Discharge will be estimated by Waldo prior to connection based on best engineering judgment, and will be subject to review by GRU. In addition, Waldo will be required to perform a follow-up analysis a minimum of twenty-four (24) months after the connection, but not more than thirty-six (36) months after connection, to evaluate actual monthly flow data based on the customers' individual meter data. If the annual average actual flow exceeds the Estimated Avg Wastewater Discharge used for calculating the connection charge, then Estimated Avg Wastewater Discharge value will be adjusted, and Waldo will be required to pay GRU additional connection charges based on this adjustment.

9. Monthly Service Charges

GRU shall submit to Waldo an invoice at the end of each month which shall be due and payable within thirty (30) days. The invoice shall include a customer charge, a usage based rate and an Odor Control Charge as follows:

Total Charge = Customer Charge + Discharge x Waldo WW Rate +
Odor Control Charge + Meter Maintenance Charge

Where:

Customer Charge = GRU prevailing Customer charge

Discharge = Discharge from Waldo in kgal measured by flow monitoring station

Waldo WW Rate = GRU prevailing WW rate x 0.57

GRU updates its customer charges and wastewater rates at a minimum of an annual basis.

The Odor Control Charge will be a fixed monthly charge that will be determined based on the estimated operation and maintenance costs for the odor control biofilter or scrubber system over the life of this agreement. It will be based on the proportion of the total H₂S load to the biofilter or scrubber system contributed by Waldo's discharge, and will be calculated as follows:

$$\text{Odor Control Charge} = \text{Waldo pro rata H}_2\text{S} \times \text{Annualized Odor Control Cost}/12$$

Where:

Waldo pro rata H₂S = the estimated proportion of the overall H₂S load to the biofilter/scrubber caused by the Waldo discharge.

Baseline hydrogen sulfide levels at GRU Lift Station No. 6 shall be established immediately prior to Waldo's connection to GRU's system using a mutually agreeable approach. Measurements will also be made after Waldo's connection, and the data from these measurements will be used to estimate the proportion of the average H₂S load to the biofilter or scrubber caused by Waldo's discharge. If GRU performs oversizing of a section of the force main which results in an increase in sewage detention time in the force main, then the Waldo pro rata H₂S will be adjusted in proportion to the overall increase in detention time in the entire force main resulting from the oversizing.

Annualized Odor Control Cost = Annualized cost for operation and maintenance of the biofilter or scrubber system over the life of the contract.

This includes all costs associated with media replacement, chemicals (if applicable), repair and replacement of mechanical components (including replacement of the entire system as appropriate based on the equipment life). It also includes costs for electricity and labor. This annualized cost will be determined prior to initiation of Waldo's wastewater discharge to the GRU system. After a period of three (3) years after the initiation of the Waldo discharge, this cost will be reviewed by both parties, and adjusted accordingly.

The Meter Maintenance Charge will be a monthly charge that will include the following:

Communication charge – Costs for providing data communication from the flow monitoring station. This will be a direct pass-through of actual charges from the telecommunications provider. GRU will strive to obtain this service as cost-effectively as practical.

Electric Charge – Direct pass-through of charges from the electric service provider for the flow monitoring station.

Annualized Meter Cost = annualized cost of operation and maintenance of the flow monitoring station over the life of the contract. This includes all costs associated with maintenance, repair and periodic replacement of mechanical, electrical and other components, maintenance of the flow monitoring station site, etc. This annualized cost will be determined prior to initiation of Waldo's wastewater discharge to the GRU system. After a period of three (3) years after the initiation of the Waldo discharge, this cost will be reviewed by both parties, and adjusted accordingly.

10. Interruption of Service

It may be necessary to interrupt service intermittently on a periodic basis due to factors such as equipment failures, routine and emergency maintenance, or other events. GRU and Waldo will coordinate under these circumstances and in no event shall a routine or avoidable interruption create a threat to public health within Waldo. Under emergency circumstances, both parties will coordinate and strive to minimize any potential threat to public health and the environment.

11. Dispute Resolution

Should a dispute or disagreement arise as to the interpretation of any of the terms or conditions of this Agreement, or any party's performance thereof, the aggrieved party, as a condition precedent to any remedy under the terms of this Agreement or general law, shall notify the other in writing describing the dispute and proposed resolution with specificity. The parties shall then meet at an agreed place and time, no more than fifteen (15) days after the delivery of notice of the dispute to attempt a resolution of the dispute. If the parties are unable to agree, they will jointly select a qualified independent mediator to evaluate their prospective claims and reach resolution. The cost of the independent mediator shall be shared and paid equally by both parties. The parties will endeavor to reach resolution of such dispute within sixty (60) days of the original notification by the aggrieved party. If resolution of the dispute is not achieved within sixty (60) days of the notification the parties may resort to such other remedies as are available under the terms of this Agreement or as provided by general law.

12. Amendments

This Agreement may be amended only by mutual, written Agreement of the GRU and Waldo.

13. Liability

Each party shall be responsible for all liability, claims and damages arising out of its own acts or omissions, and shall hold the other party harmless from such liability, claims or damages. Nothing in this Agreement shall be deemed or otherwise interpreted as waiving the any party's sovereign immunity protections, or as increasing the limits of liability set forth in Section 768.28, Florida Statutes,. The limits of any party's liability for breach of this Agreement shall be identical to the limitations of liability for tort actions set forth in Section 768.28, Florida Statutes,. Venue for any action brought under this agreement shall be in Alachua County, Florida. Each party shall be responsible for its own attorney fees and other costs of litigation.

Should any acts or omissions by Waldo result in violation of any of GRU's operating permits, as determined by regulatory agencies, Waldo shall be liable for any resulting fines and/or actions.

14. Force Majeure

Neither party shall be considered in default in performance of its obligations herein to the extent that performance of such obligations or any of them is delayed or prevented by force majeure. Force majeure shall include, but not be limited to, hostilities, revolution, civil commotion, strikes, epidemic, accident, fire, flood, wind, hurricane, earthquake, explosion, blockage, or any law, proclamation, regulation, or ordinance, demand, or requirement of any government or governmental agency having or claiming to have jurisdiction over the work, or with respect to materials purchased for the work, or over the parties hereto or other act of government or any act of God or any cause whether of the same or different nature, existing or future; provided that the cause, whether or not enumerated in this provision, is beyond the control and without the fault or negligence of the party seeking relief under this provision. A party asserting force majeure shall give prompt notice of said assertion to the other.

15. Binding Effect/Non-Assignment

This Agreement shall be binding upon the parties' successors, assigns and legal representatives. Neither party may assign or otherwise transfer any of its rights or duties under this Agreement without the express, prior written consent of the other party, which consent shall not be unreasonably withheld.

16. Applicable Rules

Notwithstanding the fact that Waldo is outside of the GRU's corporate limits, provision of wastewater service to Waldo is subject to all City of Gainesville rules and regulations applicable to industrial wastewater discharges and control of fats, oils and grease.

17. Entire Agreement

This document embodies the whole Agreement of the parties with the exception of the terms and conditions of the Interlocal Agreement referred to herein. In the event of any inconsistency between this Agreement and the Interlocal Agreement, the Interlocal Agreement shall prevail. There are no promises, terms, conditions or allegations other than those contained herein; and this document shall supersede all previous communications, representations and/or agreements, whether written or verbal, between the parties hereto. This Agreement may be modified only in writing executed by all parties.

18. Survival of Terms

The provisions of paragraph 13 shall survive the expiration or termination of this Agreement.

19. Authorization

Each party represents that it has the necessary corporate, legal and regulatory authority to enter into this Agreement and to perform each and every duty and obligation imposed therein. Each individual affixing a signature to this Agreement represents and warrants that he or she has been duly authorized to execute this Agreement on behalf of the party he or she represents, and that by signing the Agreement, a valid, binding and enforceable legal obligation of said party has been created.

IN WITNESS WHEREOF, the parties have signed this Agreement as of the date and year first stated above.

City of Waldo
BY: Louie Davis

Name: LOUIE DAVIS
(Printed or Typed)

Title: MAYOR

GRU
BY: Robert E. Hunzinger

Name: ROBERT E. HUNZINGER
(Printed or Typed)

Title: GENERAL MGR.

Approved as to form and legality
Raymond C. Manasco, Jr.
Raymond C. Manasco, Jr.
Utilities Attorney

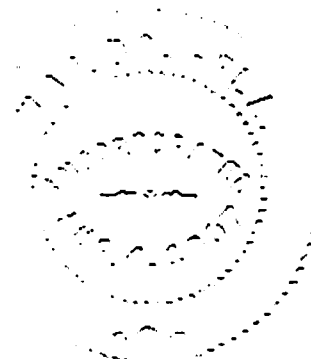


Exhibit A

