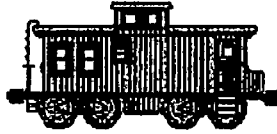


City of Waldo

2009 MAY 26 AM 10:58



Established 1859

*P.O. Drawer B
Waldo, Fl. 32694
(352) 468-1001 fax (352) 468-2482*

May 20, 2009

Mayor Pagen Hanrahan & Gainesville City Commissioners
City of Gainesville
P.O. Box 490
Gainesville, Florida 32602-0490

Dear Mayor Hanrahan & Commissioners:

The City of Waldo needs to expand the City's current wastewater treatment plant. Our Engineers, Mittauer & Associates are investigating various options for the City of Waldo. One option they have been looking into is the possibility of transmitting the City's wastewater to the City of Gainesville by constructing a transmission main from the City of Waldo to a connection point within GRU's system. Various factors that will affect the viability of this option are the Capacity Fees that Gainesville would charge the City to reserve capacity within one of their treatment plants and the Bulk Service Charge that Gainesville would charge the City based upon the volume of wastewater transmitted to Gainesville's system (usually on a monthly basis).

The City of Waldo would like to make a formal request of the City of Gainesville for the below option.

1. That the City of Waldo, as part of our planned upcoming WWTP expansion, is interested in transmitting the City's wastewater flows to the City of Gainesville's wastewater system;
2. That the City of Waldo is initially interested in obtaining 100,000 gpd of treatment capacity within the City of Gainesville's system, with a future total of 200,000 gpd of capacity;

3. That the City of Waldo would like to determine what the Capacity Fee to obtain 100,000 gpd of treatment capacity within the City of Gainesville's system would be as well as the future Capacity Fee when the City would need to obtain an additional 100,000 gpd of capacity;

4. That the City of Waldo would like to determine what the volumetric Bulk Service Charge for transmitting wastewater flows to the City of Gainesville would be:

Please let us know if this is a viable option for the City of Waldo. Thank you as always for your time and attention to this request.

Sincerely,



Louie Davis
Mayor

Cc: Mr. Ron Herget
Mittauer & Associates



July 31, 2009

Kim Worley, City Manager
City of Waldo
P.O. Drawer B
14655 Kennard St.
Waldo, FL 32694

RE: Request for Assistance Regarding Sewer

Dear Ms. Worley:

This letter is in response to the May 20, 2009 letter from Waldo Mayor Louie Davis to Gainesville Mayor Pegeen Hanrahan and the Gainesville City Commission regarding provision of wastewater service to the City of Waldo. We appreciate you considering us to assist you in this matter. As you are aware, GRU currently receives biosolids from the Waldo wastewater treatment plant, which has been a mutually beneficial business relationship.

Provision of wastewater service from GRU to the City of Waldo would require approval from the Gainesville City Commission. Below are preliminary costs we developed in response to your questions regarding the costs for connecting to GRU's wastewater system and for bulk wastewater service. For comparison, the table also shows our standard connection charges and rates.

	Waldo (Estimated)	GRU Regular Customer
Connection Charge (2010 proposed)		
Cost/gpd	\$6.885	\$8.412
Cost for 100,000 gpd	\$688,500	\$841,200
Wastewater Rate (2010 proposed)		
Customer Charge (\$/mo)	\$6.00*	\$6.00
Usage Rate (\$/kgal)	\$2.89	\$5.07

**Waldo would pay a single customer charge of \$6/month*

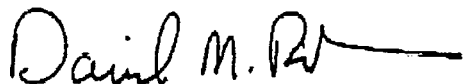
These costs are preliminary and are based on our proposed Fiscal Year 2010 rates. Future Waldo connection charges and rates would escalate similarly to our regular customer connection charges and rates. We would need to better define the scope of service before we can give you a firm price. These costs are based on the assumption that Waldo would maintain its own gravity collection system and master pump station, and would maintain the portion of the transmission force main outside of Gainesville's

urban reserve. GRU would send Waldo a single monthly bill. Waldo would continue to bill its individual customers.

To assist you further in evaluating your options, we developed a preliminary capital cost opinion for the master lift station and pipeline needed to transfer wastewater from Waldo to Gainesville (see attached). These costs are preliminary and should not be used for budgeting. However, they do provide order of magnitude costs which may be useful to you in evaluating your alternatives. As indicated, we estimate the capital cost at roughly \$5 to \$6 million. The primary reason for the high cost is due to the long force main length (11 miles). In addition, we anticipate that some upgrades to the GRU's system (specifically GRU Lift Station 6) would be required. Also, there are several engineering issues related to the pipeline length that would need to be worked out. We are concerned that the costs are extremely high such that it would likely be more feasible for Waldo to upgrade its existing plant or construct a new plant of its own.

We hope this information is helpful to you. We will be happy to discuss this further with you if you would like. Please feel free to call me at (352) 393-1612.

Sincerely,

A handwritten signature in black ink that reads "David M. Richardson" followed by a horizontal line.

David M. Richardson
Assistant General Manager W/WW Systems

CC: Bob Hunzinger, General Manager, GRU
Honorable Mayor and Members of the City Commission, City of Gainesville
Mayor Louie Davis, City of Waldo
Mittauer & Assoc. Inc.

Attachment
Preliminary Construction Cost Opinion for WW Lift Station and Force Main Connection to GRU WW System

	<u>Cost</u>		<u>Comment</u>
<u>I. Capital Costs</u>			
Lift Station at Waldo	\$300,000		Lift station will need to include storage
8" FM from Waldo to GRU	\$1,710,000		8" FM from Waldo WRF site to GRU FM at 39th Ave & Waldo Rd 57,000 ft at \$30/ft. Assumes available Right of Way
Road Crossings	\$100,000		21 Road Crossings (~1,000 ft of boring at \$100/R)
Subtotal	\$2,110,000		
Contingency (25%)	\$527,500		
Subtotal	\$2,637,500		
Contractor OH & Profit, MOB, Insurance (23%)	\$606,625		
Admin & Construction Oversight (25%)	\$659,375		
Engineering (10%)	\$263,750		
Subtotal	\$4,167,250		
Additional Contingency	\$100,000	to	\$1,000,000 Odor control, corrosion control, possible LS6 upgrades Possible booster pumping station*
Total Estimated Construction Cost	\$4,267,250	to	\$5,167,250
<u>II. Estimated GRU Wholesale Connection Charges</u>			
Estimated Connection charge for 100,000 gpd wholesale wastewater service (FY2010)**	\$688,500		Based on \$6.885/gpd x 100,000 gpd
Total Estimated Cost to Connect to GRU	\$4,955,750	to	\$5,855,750

**There are significant concerns related to the length of Force Main (11 mi) and relatively low flow rate. This may require specialized design to overcome corrosion, odor and gas-lock conditions. May also require a booster pump station. Upgrades to GRU LS6 will likely be required. No detailed analysis has been done on how these issues will be resolved, therefore costs provided here have significant uncertainty.*

***GRU in no way guarantees the accuracy of these costs. More detailed analysis will be required to develop firm costs if this alternative will be further considered.*