

**Memorandum of Understanding (MOU)**  
**Between**  
**City of Gainesville General Government Stormwater Management Utility**  
**(SMU)**  
**And**  
**Gainesville Regional Utilities (GRU)**  
**for the Construction and Implementation of the Proposed Sweetwater**  
**Branch/Paynes Prairie Sheetflow Restoration Project**

**I. Background**

The Florida Department of Environmental Protection has issued a Total Maximum Daily Load (TMDL) for Alachua Sink which requires reductions in total nitrogen discharges to Alachua Sink from all sources. Under this TMDL, GRU is required by law to reduce its nitrogen discharges to Alachua Sink from its Main Street Water Reclamation Facility (MSWRF). SMU is required to achieve reductions in nitrogen loading to Alachua Sink resulting from stormwater runoff from the incorporated Gainesville urban area. FDOT and Alachua County Public Works are also required to achieve nitrogen reductions from stormwater runoff. SMU and GRU have identified the proposed Sweetwater Branch/Paynes Prairie Sheetflow Restoration project as a means for satisfying the TMDL requirements for both GRU and SMU.

**II. Purpose**

This MOU is to document the approach agreed upon with regard to the interdepartmental sharing of the City's costs for the proposed Sweetwater Branch/Paynes Prairie Sheetflow Restoration project.

**III. Objectives**

SMU and GRU's primary objectives for the proposed project are to:

1. Achieve regulatory (Total Maximum Daily Load) TMDL requirements for total nitrogen for Alachua Sink for both GRU and the SMU;
2. Design, build and operate the proposed wetland system in a manner which is cost-effective, equitable to all parties and is sustainable as a long-term solution for both SMU and GRU to comply with the Alachua Sink nitrogen TMDL requirements;
3. Optimize use of grant funding, partnerships and other funding sources in order to minimize cost impacts on GRU, SMU and the City as a whole;  
and
4. Develop the proposed project in such a way as to be considered an amenity for the community and an environmental asset.

It is understood that in order for the project to work, both the SMU and GRU must fully participate in the project. Neither party alone could feasibly pursue an enhanced wetland system with discharge to Paynes Prairie as a means to meet its TMDL requirements without all of the major project components being constructed. Both GRU and SMU will benefit from the sharing of costs between these parties and other funding partners.

#### **IV. Allocation of Costs Between GRU and SMU**

The primary intent of this MOU is to agree as to the method for calculating the cost allocation between the parties (i.e. the percentage of cost for which each party is responsible) rather than the dollar amounts. The agreement for the method of allocating capital and O&M costs to be borne by GRU and the SMU is presented in the attached tables 1 and 2. Costs presented in the attached table 3 are preliminary estimates based on the conceptual design and estimated operation and maintenance costs. These estimates will be updated as part of the design process. The following outline provides an explanation of how the final GRU/SMU total project costs will be determined.

##### **A. Cost split**

Table 1 will be updated to determine the Share Percentage split between GRU and SMU as follows:

- a. The agreed upon GRU/SMU share percentage for capital costs and operation and maintenance costs for each of project components 1-6 in Table 1 will remain fixed.
- b. The Best Estimate Capital Cost for project components 2-4 will be added to table 1 using the construction contract 'Schedule of Values' prior to the start of construction. The contractor will include the major items 2-4 (table 1) along with other appropriate general items for the contract. The sum of the other items will be prorated among items 2-4. The actual cost of Items 1 and 6 will be added to table 1 in the Best Estimate Capital Cost column. The Best Estimate Capital Cost shall be amended to include approved change orders greater than \$100k for project components 2-4. Adjustments to the Share Percentage due to change orders will not be retroactive. The revised Share Percentage will be applied to expenses and grant credits that occur after the adjustment is made.
- c. Change orders: During design and/or construction change orders for project components 2-6 of previously defined work will be jointly negotiated and approved in writing. Change orders for the Main Street WRF Upgrades are solely within the purview of GRU. Subject to applicable purchasing policies the minimum level of authority for such approvals will be the project managers for GRU and SMU.
- d. The Share Percentage split between GRU and SMU will be determined by dividing the GRU/SMU respective subtotal costs by the subtotal of the Best Estimate Capital Cost in Table 1.

- B. The total project cost will be the actual costs for project components 8-14 listed in Table 2 and include the following;
- a. Main Street Water Reclamation Facility Upgrades
  - b. Sweetwater Branch Canal Restoration
  - c. Land Purchase for Swap
  - d. Administrative Overhead
  - e. Professional services
  - f. Capital construction costs.

In general, costs will be allocated based on the estimated cost for each project component, and the relative impacts of the loads each party is responsible for on the construction and operating cost of the component. The rationale for proportioning each of the project components shown in Table 1 is explained below:

1. **Main Street Water Reclamation Facility Upgrades**  
MSWRF upgrades are required to achieve the required water quality in the MSWRF reclaimed water discharge upstream of the enhanced wetland. GRU would be responsible for all capital and O&M costs associated with the MSWRF upgrades.
2. **Sweetwater Branch Channel Improvements**  
Improvements to the Sweetwater Branch channel upstream of the enhanced wetland are necessary to ensure that flooding resulting from the backwater effect from the inlet structure for the enhanced wetland does not occur during high flow conditions. The flooding concern primarily results from storm conditions which would tend to shift responsibility for this item on SMU. However, it is also recognized that subsurface inflow (i.e. inflow that is not direct stormwater runoff) contributes some to high stream flows. Also, the enhanced wetland sizing is primarily impacted by the nitrogen loads from the MSWRF, and the inlet structure height is driven to some extent by the enhanced wetland sizing. As a compromise, each of the parties agrees to pay 50% of the capital and O&M costs of this component.
3. **Forebay/Trashrack/Diversion Structure**  
The forebay, access road for sediment removal and trash rack capital costs is allocated 100% to the SMU since sediment and trash loads are related to stormwater. The weir/diversion structure costs are divided 25/75. The higher percentage allocation to SMU is made because sizing of the diversion structure is largely driven by peak storm events. Peak storm events can be in excess of 500 cfs, as compared to average flows of approximately 13 cfs. Sediment and trash removal costs, including capital and O&M costs for the access road and trash rack, and trash and

sediment removal and hauling costs will be sole responsibility of the SMU, since sediment and trash loads are driven by stormwater.

4. **Sweetwater Branch Enhanced Wetland**  
The enhanced wetland costs will be apportioned based on the total nitrogen load reduction required by each party. Based on projected future conditions the MSWRF and urban stormwater are projected to contribute total nitrogen loads of 183,000 lb/yr and 28,000 lb/yr, respectively, to the enhanced wetland. GRU and stormwater loads are required to be reduced by 142,000 lb/yr and 13,000 lb/yr, respectively, for a total reduction of 155,000 lb/yr, in order to meet the TMDL requirements. Based on comparing the relative load reductions, GRU's share is 91.8%. Therefore, the costs for this item are apportioned at the same ratio.
5. **Sheetflow Distribution Channel**  
The distribution channel is an integral part of the project, and would be needed even if no stormwater were present. However, the design and sizing of the unit is heavily impacted by peak storm flows. 60% of the capital cost for this item will be covered by SMU with the remaining 40% of capital cost covered by GRU. O&M for this item was split 50/50 (rather than 60/40) because O&M costs are not as directly tied to intermittent stormwater flows as the unit sizing and design is.
6. **Project Monitoring**  
Project monitoring includes monitoring of vegetation, wildlife, and water quality. Since GRU contributes the larger nitrogen load, GRU will pay the majority of this cost (60%), with SMU responsible for the remaining 40%.
7. **Subtotal**  
The **Subtotal** line in Table 1 presents the total sum of the Best Estimate of Capital Costs for project components 1-6, and the sum of GRU and SMU costs calculated from the fixed shares for project components 1-6. The GRU and SMU Share Percentage will be determined by dividing the GRU and SMU subtotal cost by the subtotal of Best Estimate Capital Cost. The preliminary share percentages for GRU and SMU presented in Table 3 are 75% and 25%, respectively. The final GRU and SMU Share Percentage will vary from the preliminary estimate and will be determined from updating Table 1 with the Best Estimate Capital Costs.

The allocation of the actual project costs are presented in Table 2. The Share Percentage, determined in Table 1 will be applied to the project components listed in Table 2 in order to allocate expenses and credits to GRU and SMU. The following paragraphs help to define the project component categories included in Table 2.

8. **Main Street WRF Upgrades**

- GRU will be responsible for 100% of the costs directly associated with implementing the Main Street WRF Upgrades. This includes professional services, administrative overhead, construction costs, and operation and maintenance.
9. **Sweetwater Branch Canal Restoration**  
Outside funding will be sought to assist in the cost of this component. The City's overall portion of this cost will be allocated based on the GRU and SMU Share Percentage.
  10. **Land Purchase Costs**  
The City's contribution towards purchasing additional property for conservation in order to replace the parcel being provided by the PPPSP will be allocated based on the Share Percentage. In addition, SMU will receive credit for the 31.23 ac parcel within the project site that the City already owns. The appraised value of the property, \$54,700 will be applied directly to the SMU final cost share.
  11. **Administrative Overhead**  
GRU and SMU direct personnel and fringe benefit costs may be tracked over the course of the project and charged to the project as administrative overhead. Administrative overhead may be used to match outside grant funding sources. Weekly time sheets of staff working on the project shall be kept and made available upon request. GRU staff time for the Main Street WRF Upgrade shall be accounted for separately under project component number 8. This task will begin September 15, 2008.
  12. **Shared Grants**  
SMU, GRU and City staff as a whole will work together to secure outside funding sources, which may include legislative appropriations, grants, funding partners, and other sources. The use and allocation of shared grants is described in detail in section VI of this agreement.
  13. **Professional Services**  
Professional services for project components other than the Main Street WRF Upgrades shall be included in project component number 13. Professional services may include engineering design and permitting, environmental consulting and construction management services. Payments for professional services by either GRU or SMU for this project prior to the effective date of this agreement for services related to the project and but no earlier than February 2008 may be credited to the respective agency for determining the total of this project element
  14. **Capital Construction Cost**

Capital Construction Costs shall include all construction costs except for the Main Street WRF Upgrade, which will be accounted for separately under project component number 8.

#### **V. Grant Funding Obtained to Date**

As of this MOU, the SMU has secured approximately \$1.5 million in grant funding for this project (including SJRWMD SWIM funding, stormwater grants and cooperative funding from FDOT). Grant funding that the SMU has secured as of the time of this MOU will be applied solely to the SMU's final allocation portion of the total project costs.

#### **VI. Future Grant Funding and Outside Funding Partners**

SMU, GRU and City staff as a whole will work together to secure outside funding sources, which may include legislative appropriations, grants, funding partners, and other sources. The goal will be to minimize the cost burdens to GRU, SMU and the City as a whole. Outside funds will be sought for the project as a whole and for individual project components.

Any additional stormwater funding resulting from supplements to the Agreement Providing Joint Implementation of the National Pollutant Discharge Elimination System Program between Gainesville, Alachua County and FDOT will be allocated solely to SMU's final portion of the total costs.

Outside funding (excluding the \$1.5 million already secured by SMU, and cost share from other stormwater contributors as described above) will be allocated to each party by the Share Percentage. This allocation will be applied to the 2008 Legislative grant LP8922 and to all subsequent grants awarded to the project (excluding the \$1.5 million already received by SMU).

In cases where outside funds are allocated for a specific component of the overall project, the receiving party shall credit the non-receiving party a share of the outside funds in proportion to Share Percentage. For example, the State awarded the City \$500,000 as part of the 2009 budget, which was specifically allocated for improvements to the Main Street WRF Upgrades. Per Table 1, GRU is responsible for 100% of the cost for the Main Street WRF improvements. GRU will utilize the entire \$500,000 grant toward the Main Street WRF improvements. However, GRU will owe SMU a credit to be determined using the Share Percentage (roughly \$125,000 based on the preliminary share percentage of 75/25 presented in Table 3).

#### **VII. Operation and Maintenance (O&M)**

The estimated O&M costs in Table 1 include labor which may include staff time from SMU, GRU other City personnel and/or outside contractors. The SMU and GRU will work together to develop an approach that optimizes operations and costs. This will likely include SMU and GRU compensating one another or other

departments in the City for staff time, equipment usage, etc. related to O&M. A O & M Plan will be developed for the project. A future and separate O & M agreement between GRU and SMU will be established in order to assure the cooperative implementation of the O & M Plan.

**VIII. Signature Authority**

Subject to City Commission authorization the General Manager for Utilities shall have the authority to execute all project planning and construction related agreements as the single representative of the City of Gainesville.

**IX. Mutual Agreement to Move Forward**

The time frame for moving forward shall be mutually agreed upon. If the estimated project cost exceeds the estimated total cost presented in Table 3, the decision to continue to move forward shall be mutually agreed upon in writing by representatives from GRU and SMU respectively.

**X. Amendments to this MOU**

Amendments to this MOU shall be in writing and approved by both parties.

For City of Gainesville General Government Division Stormwater Management Utility (SMU):

\_\_\_\_\_ Date \_\_\_\_\_  
Russ D. Blackburn, City Manager

For Gainesville Regional Utilities:

\_\_\_\_\_ Date \_\_\_\_\_  
Robert E. Hunzinger, General Manager