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Since the summer of 2005 staff and the developers of the Gainesville Greens project have been exploring ways to make it a model of energy efficiency and advanced utility services. The attached Memorandum of Understanding (MOU) is the result of those discussions to date, and provides a framework to provide Gainesville Greens with chilled water for air conditioning, emergency generation, and a communications network for the delivery and installation of advanced communication services such as Internet access, private line data, telephone, and video. It is very similar to the existing MOU for these services between University Corners and the City of Gainesville.

Chilled water for air conditioning can be very energy efficient but is only cost-effective for large installations. Two municipal utilities in Florida, JEA and the Orlando Utilities Commission, provide chilled water as a utility service to their downtown areas as a way to make these systems more cost-effective and available. Staff is proposing to provide similar services to the Gainesville Greens development, with a long-range intent to potentially offer these services to other projects in an interconnected network. Compared to a conventional direct expansion air conditioning system (similar to most apartment buildings in Gainesville), chilled water can reduce energy consumption for air conditioning by as much as half. Space for the chilled water plant has been reserved by the developer within the project limits of the Gainesville Greens development. However, in accordance with the MOU, the City retains the option to locate an alternative site suitable for the placement of the facilities that would be more advantageous for the City. If staff determines an alternative site is in the City's best interest, acquisition of the site will be submitted to the City Commission for approval.

Emergency generation will be provided pursuant to our existing ATTENGEN program.

The proposed communications network will demonstrate the deployment of fiber optics to the home with bandwidth capacity sufficient to allow the delivery of telephone and video as well as broadband Internet services. Access to local and inter-exchange carrier-grade services would also be made available to the professional, retail and commercial occupants of the project. The network could also be used for security and closed-circuit video applications.

The Memorandum of Understanding calls for basic chilled water, emergency generation, and broadband services to be purchased in bulk by the Master Association. Individuals will be able to purchase additional services as desired. The bulk contract aspect of the Memorandum of Understanding greatly enhances the feasibility of the advanced utility services as well as reduces costs for the users.

None of the advanced services are based on standard rates and charges, and a final agreement will require both the utility and the Developer to be satisfied with the price and the services to be provided. System sizing and capacity requirements still need to be finalized before pricing and cost estimates can be developed. It is staff's intent to provide these services on an enterprise basis, earning a rate of return commensurate with other utility enterprise activities. Conventional utility services, such as for electricity, water, wastewater, and natural gas, will be provided pursuant to existing policies, practices and tariffs and will not be addressed in the agreement for advanced utility services.

The City Commission authorize the interim General Manager or her designee to negotiate and execute final agreement(s) pursuant to the attached Memorandum of Understanding with GG DEVELOPMENT ASSOCIATES, LLC. (Gainesville Greens), for Gainesville Regional Utilities to provide advanced utility services to the University Corners Development, including chilled water for air conditioning, emergency generation, and a broadband network for the delivery and distribution of advanced communication services, subject to approval of the City Attorney as to form and legality.

The System's capital investment will be in the range of \$2 to \$5 million for chilled water, generation, and network facilities. Staff will not enter into any agreements that will not recover the System's capital and operating costs as well as earning a rate of return commensurate with other System investments and expenditures. Funding for this project has not been included in the proposed budget for FY 2007, pending final negotiations. Depending upon the project cost and the availability of capital funds, staff may recommend a budget amendment as appropriate.

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