



Legislation Text

File #: 201103., **Version:** 4

Proposed Cost Agreement with St. Johns River Water Management District to Meet Lake Brooklyn and Geneva Minimum Flows and Levels (MFLs) (B)

****This item was presented to the UAB on July 8, 2021.****

Summary: GRU staff worked with St. Johns River Water Management District (SJRWMD) staff to develop a proposed cost participation agreement which will enable the City of Gainesville d/b/a Gainesville Regional Utilities (“GRU”) to comply with Minimum Flows and Levels (MFLs) rules for Lakes Brooklyn and Geneva. Under the proposed agreement GRU will pay \$2.71 million to SJRWMD as a cost participation for the Black Creek Water Resource Development Project. The agreement will ensure GRU’s compliance with these MFLs through at least 2045. GRU will pay the money into an escrow account, which has a separate escrow agreement associated with it. The proposed cost participation and escrow agreements will be presented to the SJRWMD governing board for their approval on July 13, 2021. Staff recommends that City Commission approve the agreements and have the mayor sign them, upon approval of SJRWMD governing board.

Groundwater withdrawals in Florida are regulated by five regional water management districts. GRU has a consumptive use permit (CUP) for the Murphree Wellfield issued by the SJRWMD. A portion of GRU’s service area also extends into the Suwannee River Water Management District (SRWMD) to the West. The water management districts develop regulatory criteria known as MFLs for individual water bodies in order to ensure that they are not significantly harmed by aquifer drawdowns due to pumping in the region. If it is deemed that a water body is being significantly harmed, the district must issue a recovery plan for restoring water levels. Recovery plans often include projects and other provisions that CUP permit holders must comply with.

The SJRWMD has developed proposed MFLs for Lakes Brooklyn and Geneva in Keystone Heights along with a proposed recovery plan. The Lake Brooklyn and Geneva MFLs are of particular significance in our region. The recovery plan includes construction of the Black Creek Water Resource Development Project to increase recharge and restore water levels in these lakes. SJRWMD has secured \$48 million in funding for the project which has an estimated construction cost of \$83 million. SJRWMD has proposed that CUP holders participate in the cost of the project as a means to comply with the MFLs.

GRU staff have been working with SJRWMD staff and other utilities in order to develop an equitable agreement for cost participation. SJRWMD had originally proposed a cost share of \$5.5 million for GRU. However, through a series of discussions and refinement of groundwater modeling and cost calculations, GRU and SJRWMD staff have agreed upon the proposed \$2.71 million amount as being appropriate based on the methodology for determining the proportional impacts of groundwater pumping from GRU’s wellfield. The amount will be paid in two payments, with half being paid by November 1, 2021 and the other half being paid by November 1, 2022.

Other key provisions of the agreement include:

- The agreement will allow GRU to meet the Lake Brooklyn and Geneva MFLs for its current CUP

allocation of 30 mgd through 2045

- If in the future GRU needs additional CUP allocation, it can provide additional cost share funding to the project to continue to meet these MFLs
- The project will be solely owned and operated by SJRWMD
- GRU has no responsibility for project implementation, project success, cost overruns, or other issues
- If the project construction cost is lower than estimated, GRU's cost will be reduced proportionally

Prior to resolution of the cost share agreement, staff and City Commission had requested that the SJRWMD delay adoption of the MFLs and recovery strategy rules until the cost participation could be negotiated. However, SJRWMD moved forward with adoption despite this request. In response GRU, along with other utilities, had to file legal petitions in order to preserve its rights in negotiation. However, if the proposed cost participation and escrow agreements are approved by both the SJRWMD governing board and the City Commission, GRU will dismiss all petitions. The other utilities involved, JEA, Clay County, and St. Johns County are developing similar cost share and escrow agreements with SJRWMD and are expecting to dismiss their petitions as well.

Following approval of these agreements, GRU staff intends to apply for early renewal of its CUP. The current CUP expires in 2034. Early renewal will allow us to extend it to 2041.

If the City Commission approves the proposed agreement, GRU will pay \$2.71 million, with one half due November 1, 2021 and the other half due November 1, 2022.

- 1) City Commission approve the proposed cost participation and escrow agreements and settlement stipulation and have the mayor sign them.
- 2) City Commission approve the dismissal of all petitions related to the MFLs and Recovery Strategy, upon approval of these agreements by the SJRWMD governing board.

On July 8, 2021, the UAB voted 6-0, with Member Lewis absent, to advise the Commission to approve the staff recommendation.