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August 10, 2026

Via eFiling Portal

Adam Teitzman, Director
Office of Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Written Comments and Request for Interested Person Status in Docket No. 20260099-WS – Avalon Park Utilities LLC’s Application for Original Certificate of Authorization for Water and Wastewater Service in Volusia County and Motion to Bifurcate and for Temporary Rule Waiver of Portions of Rule 25-30.033, of the Florida Administrative Code (“F.A.C.”)

Dear Mr. Teitzman:

For reasons explained below, the City of Ormond Beach (“Ormond Beach”), by and through undersigned counsel, respectfully requests that it be placed on the mailing list in the referenced docket in accordance with the Commission’s Statement of Agency Organization & Operations dated August 2023 (the “Statement”).

The Statement instructs the Commission Clerk to maintain for each docket an individual mailing list, which contains the name and contact information of each party of record (or its representative) and other qualifying persons that request copies of notices and orders issued in the docket. Statement, p. 14. The Statement further explains:

A person, other than a party of record, who wants to be included in this file must file a written request with the Commission Clerk. The request should state the name, address, and telephone number the person seeks to have placed in the file and, except for rulemaking dockets, shall state specifically how his or her substantial interests may be affected by Commission action in that docket Without a sufficient explanation, a person will not be included in the docket noticing address file.

Id.

With this letter, Ormond Beach explains its substantial interests in Docket No. 20260099-WS, and provides comments pertaining to the Notice of Rule Waiver published in the Florida Administrative Record (“F.A.R.”) on July 27, 2026.

Docket Overview and Background

Avalon Park Utilities, LLC (“Avalon”) initiated this docket when it filed an application on July 1, 2026, requesting Commission issuance of original certificates of authorization to provide water and wastewater (“WAW”) utility service pursuant to Rule 25-30.033, F.A.C. (the “Application”). Avalon’s Application must be evaluated by the Commission under Sections 367.031 and 367.045, Florida Statutes. Section 367.031 authorizes the Commission to issue to a utility a certificate of authorization to serve in a specific area. Section 367.045 authorizes the Commission to require each applicant for an original certificate to furnish information reflecting “a detailed inquiry into the ability of the applicant to provide service, the area and facilities involved, the need for service in the area involved, the existence or nonexistence of service from other sources within geographical proximity, and an analysis of the public interest.” *In re: Application for certificate to provide wastewater service in Charlotte County by Environmental Utilities, LLC*, Order No. PSC-2021-0066-PAA-SU (February 2, 2021).

Avalon presents its requested service territory in Exhibits “C” and “D” of its Application, and states:

At the time of filing, [Avalon] knows of no plans by another utility to timely and economically serve the proposed territory in Volusia County. Additionally, the Ordinance requires the developers to construct onsite water and wastewater facilities and to provide service to the territory.¹

Application at ¶ 20 (describing need for service).

Further, Avalon states:

[It] is currently reviewing all options for determining the appropriate options for (a) source of water; (b) water treatment facilities; (c) wastewater treatment facilities; (d) effluent disposal Under the terms of the Plan Development agreement, the utility has options both to obtain bulk service, and the construction

¹ The Application is not clear as to the “Ordinance” cited and where Avalon’s legal obligation arises for the construction of onsite water and wastewater facilities. Further, if Avalon is “required” to construct these facilities onsite, it is contradictory to the more flexible averments in the Application. *See* Application ¶¶ 23 & 24 (stating that the Applicant is “reviewing all options” and “reviewing and negotiating the options available”).

of its own source and treatment facilities to provide service to the proposed territory.

Application at ¶ 23.

At the end of its Application, Avalon requests that the Commission (1) immediately grant it certificates to be the exclusive provider of WAW service within in a defined service territory, and (2) bifurcate the proceeding to allow Avalon to defer filing information necessary to establish initial rates and charges until months after Avalon is awarded the exclusive service territory. Application p. 7.

Simultaneous with its Application, Avalon filed a Motion to Bifurcate and For Temporary Rule Waiver (“Motion”). In addition to requesting to be temporarily excused from the rule requiring information to establish the initial rates and charges (Rules 25-30.033(1)(p) & (q), F.A.C.), Avalon also asks to be excused from other rule requirements including providing a detailed system map, rights to land for treatment facilities, information relating to capacity, and WAW treatment types. Motion ¶ 2. Avalon states that it “expects to have a clear picture of what land . . . and what treatment facilities will be needed once decisions are made about the appropriate method for obtaining treated water and wastewater . . . within the next four to six months.” Motion ¶ 4. Avalon requests a temporary waiver of the referenced rules through January 2027. Motion ¶¶ 1 & 6.

On July 27, 2026, the Commission published notice of Avalon’s petition seeking waiver in the F.A.R., and on July 30, 2026, the Commission Staff issued a letter listing of deficiencies associated with the Application. In addition to deficiencies relating to the rules for which Avalon is requesting a temporary waiver, the Commission Staff noted other deficiencies regarding proof of noticing (Rule 25-30.033(1)(b)) and need for service (Rule 25-30.033(1)(k)(1)), and cautioned Avalon’s Application “will not be deemed filed until the deficiencies . . . have been corrected or otherwise addressed by Commission Order.” *Id.* Commission Staff instructed that deficiencies are to be corrected no later than August 28, 2026. *Id.*

Other Deficiencies in Avalon’s Application

In addition to deficiencies documented by Commission Staff, Ormond Beach notes additional deficiencies in the Application. Section 367.045, Florida Statutes, requires an applicant to provide a detailed inquiry into “the existence or nonexistence of service from other sources within geographical proximity to the area in which the applicant seeks to provide service.” In this case, although Avalon alludes to “its option to obtain bulk service,” Avalon does not adequately detail the existence or nonexistence of service from other sources, which is crucial information for the Commission to consider in evaluating Avalon’s Application. Indeed, Section 367.045(5)(a) expressly prohibits the Commission from issuing a certificate of authorization for a proposed WAW system “which will be in competition with, or a duplication of, any other system or portion of a system, unless it first determines that such other system or portion thereof is inadequate to

meet the reasonable needs of the public or that the person operating the system is unable, refuses, or neglects to provide reasonably adequate service.”

As described below, Ormond Beach has infrastructure and capacity to provide bulk water and wastewater service for the vast majority of Avalon’s proposed service area. Without providing a “detailed inquiry” into the WAW services available from Ormond Beach and the roles of other municipalities, Avalon’s Application currently fails to meet all the requirements under Section 367.045, Florida Statutes. Further, without obtaining the consent of Ormond Beach, Avalon appears to disregard other requirements set forth in law. *See* § 180.06, Fla. Stat. (to avoid uneconomic duplication of facilities Florida law requires a municipality’s consent if the municipality is operating a utility of similar character immediately adjacent to a utility proposed by a private company). To ensure that the public interest is protected, the deficiencies identified here and by Commission Staff should not be waived and must be addressed before any action is taken on Avalon’s Application.

Bifurcation is Premature and Unnecessary

For the Commission to grant Avalon’s requested rule waiver and bifurcate these proceedings, it is Avalon’s burden to demonstrate that application of the rules “would create a substantial hardship or violate principles of fairness, and that it will achieve the purpose of the underlying statutes by other means. The burden of a substantial hardship and meeting the underlying purpose of the statute has to be rigorously followed.” *In re: Application for certificate to provide wastewater service in Charlotte County, by Environmental Utilities, LLC.*, Order No. PSC-2021-0066-PAA-SU (Feb. 2, 2021), p.3 (emphasis added). Avalon’s Motion does not carry its rigorous burden to show entitlement to a rule waiver.

As a basis for waiver, Avalon cites three Sumter Utility cases. Motion ¶ 1 (string cite relating to orders for utility providers in Sumter County). But a close reading shows those cases are not analogous to Avalon’s. First, the rule waiver requests in the Sumter utility cases were largely focused on Rules 25-30.033(1)(p) & (q), F.A.C., requiring information to establish initial rates and charges. But Avalon is not just asking to waive those rate-setting rules; Avalon also asks to be excused from providing critical information such as a detailed system map, (Rule 25-30.033(1)(j)(2)), locations and land rights for treatment facilities (Rule 25-30.033(1)(m)), system capacities (Rule 25-30.033(1)(n)), and WAW treatment type (Rule 25-30.033(1)(o)). Second, in each of the Sumter cases the applicant utility detailed the applicant’s coordination with proximate utility providers as required by Section 367.045, Florida Statutes. *In re: Application for original water and wastewater Certificates in Sumter County by South Sumter Utility Company, LLC*, Order No. 2017-0059 (Feb. 24, 2017) (confirming that applicant had notified all governmental and private WAW utilities in the vicinity and no objections had been received); *In re: Application for certificates to provide water and wastewater service in Sumter County by Central Sumter Utility Company, L.L.C.*, Order No. PSC-2005-0844-PAA-WS (Aug. 28, 2005) (noting that the City of Wildwood indicated that it would not provide service to the proposed service territory); *In re: Application for certificates to provide water and wastewater service in Sumter County by North*

Sumter Utility Company, L.L.C., Order No. PSC-2002-0179-FOF-WS (Feb. 11, 2002) (same). In stark contrast, Avalon's Application is devoid of any analysis of proximate utility providers and their ability to provide WAW service.

Avalon's position more closely resembles a recent case where the Commission denied a waiver request when the applicant failed to demonstrate a substantial hardship. In *In re: Application for certificate to provide wastewater service in Charlotte County, by Environmental Utilities, LLC.*, Order No. PSC-2021-0066-PAA-SU (Feb. 2, 2021), the Commission denied a waiver when the applicant expected to delay its filing of rates by about one year and planned to submit its rates approximately nine months before the date of service. In this case, Avalon seeks a four-to-six-month delay to file its rates, which will be approximately eighteen months before service is planned. Other than claiming that it will experience an inconvenience by having to wait a brief four-to-six months to provide a complete application, Avalon fails to show that filing a complete application in accordance with Rule 23-30.033 would cause it to suffer any hardship, much less "substantial hardship."

Explanation of Ormond Beach's Substantial Interests

As explained in more detail below, Ormond Beach has a substantial interest in this proceeding because the proposed service area shown in Exhibit "D" of Avalon's Application falls primarily within Ormond Beach's Wholesale Service Area established through interlocal and service area agreements that Ormond Beach has with Daytona Beach.

In 2006, Ormond Beach and Daytona Beach entered into an Interlocal Wholesale Water and Wastewater Service Agreement (recorded at Book 5949, Page 4142 of the Official Records of Volusia County) ("Interlocal Agreement") and the Second Amended Water and Sewer Service Area Agreement (recorded at Book 5949, Page 4172 of the Official Records of Volusia County) ("Service Area Agreement") in accordance with Chapter 164, Florida Statutes. The Interlocal Agreement and Service Area Agreement are attached hereto as **Exhibits "A" and "B,"** respectively. Together, those agreements establish terms and conditions for Ormond Beach to furnish bulk potable water service and wastewater treatment service to Daytona Beach for use within the Ormond Beach's Wholesale Service Area. A map showing Ormond Beach's Wholesale Service Area is attached hereto as **Exhibit "C."** As further depicted in **Exhibit "C,"** Ormond Beach and Daytona Beach have identified four bulk points of delivery (identified as Wholesale Connection Points) contiguous to the northern boundary of Avalon's proposed service area.

Ormond Beach has the present capacity to provide all wholesale potable water and wastewater service to meet the needs of the first phase of Avalon's proposed project, and stands ready, willing, and able to do so. Additionally, Ormond Beach has engaged in the design, permitting, and construction of significant utility infrastructure to meet the anticipated needs of future phases of the Avalon project within Ormond Beach's Wholesale Service Area. For example:

- Ormond Beach applied for, and the St. Johns River Water Management District has issued, an amended consumptive water use permit (“CUP”) attached hereto as **Exhibit “D,”** which grants Ormond Beach additional potable water well capacity and the sole authority to supply potable water within the Ormond Wholesale Service Area.
- Ormond Beach approved the design and construction to expand its potable water well field (Hudson Well Field) adjacent to Avalon’s proposed service area. The design has been completed at a cost to Ormond Beach of \$284,046.00. The total construction cost to Ormond Beach is \$4,317,575.00 and is approximately 75% complete.
- Ormond Beach approved the design and construction to extend its potable water and wastewater utility lines along the north perimeter of the proposed service area shown in Exhibit “D” of Avalon’s Application. The design costing \$104,274.00 and construction costing \$4,525,369.95 is 100% complete and located as specifically requested by the Avalon developers.
- Ormond Beach approved the design of a future Master Lift Station and Equalization Basin at a cost of \$500,083.00, to be located adjacent to Avalon’s proposed service area at the intersection of Airport Rd. and Hwy 40. The design is approximately 50% complete.
- Ormond Beach approved the design of a future 2.0 MGD Storage Tank and Pump Station at a cost of \$495,237.00, to be located adjacent to Avalon’s proposed service area at the intersection of Airport Rd. and Hwy 40. The design is approximately 50% complete.
- Ormond Beach has secured property adjacent to Avalon’s proposed service area at the intersection of Airport Rd. and Hwy 40 for the location of the future Master Lift Station, Equalization Basin, 2.0 MGD Storage Tank and Pump Station and 2.0 MGD Western Water Treatment Plant. See Deeds attached as **Composite Exhibit “E.”**

Based on the foregoing, Avalon’s proposed WAW system could duplicate Ormond Beach’s existing WAW system depending on the source of water and wastewater service that Avalon proposes.

Disclosure of Related Actions

Avalon’s Application did not disclose the pendency of the following lawsuits that have bearing on this Application, and relate to the interest of Ormond Beach:

- *Avalon Park Daytona, LLC & Avalon Park Daytona Land Holding, LP v. City of Ormond Beach, Florida & City of Daytona Beach, Florida*, Case No. 2024 13870 CICI (7th Jud. Cir. Volusia Cnty., FL).²
- *Avalon Park Daytona, LLC & Avalon Park Daytona Land Holding, LP v. City of Ormond Beach, Florida*, Case No. 6:26-cv-00658 (M.D. Fla.).

² On August 6, 2026, Avalon dismissed its claims against Ormond Beach, abandoning its allegations that Ormond Beach lacked capacity to supply sufficient wholesale potable water and wastewater to serve Avalon’s future development. The action remains pending between Ormond Beach and Daytona Beach to determine their respective rights to supply wholesale WAW utility service within the Wholesale Service Area.

In these pending cases, the state and federal courts have been asked to decide multiple issues relating to the roles Avalon, Ormond Beach, and Daytona Beach are to have in the provision of WAW utility service in the area.

Contact Persons for Interested Person, Ormond Beach

Please include the following on the mailing list for Docket No. 20260099-WS:

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Ormond Beach, FL 32175-0277
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Conclusion

For the forgoing reasons, Ormond Beach should be placed on the mailing list in this docket as an Interested Person. Furthermore, there is no reason to excuse Avalon from having to file a complete application meeting all the requirements of Rule 25-30.033, especially when Avalon's development does not require WAW service until August 31, 2028, which is over two years from now. In fact, the Commission needs a more complete application so it can properly evaluate the Application under the criteria in Sections 367.031 and 367.045, Florida Statutes, and make an informed decision on whether it is in the public interest to issue Avalon the certificates it has requested.

Finally, Ormond Beach expressly reserves the right to file a motion to intervene in this docket as the scope and effect of Avalon's request to provide WAW utility services become clearer.

Adam Teitzman, Director

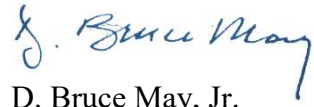
August 10, 2026

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Please contact the undersigned at 850.425.5607 with any questions in this matter. Thank you for your consideration.

Sincerely,

HOLLAND & KNIGHT LLP

A handwritten signature in blue ink that reads "D. Bruce May, Jr." with a stylized flourish at the end.

D. Bruce May, Jr.

DBM:jg

Enclosures

cc: Suzanne Brownless, Esq. (via Email: sbrownle@psc.state.fl.us)
Orlando Wooten (via Email: owooten@psc.state.fl.us)
William E. Sundstrom, Esq. (via Email: wsundstrom@sundstrom-law.com)
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F. Joseph Ullo, Esq. (via Email: jullo@carltonfields.com)
Randal A. Hayes, Esq. (via Email: Randy.hayes@ormondbeach.org)

EXHIBIT A

INTERLOCAL WHOLESALE WATER AND WASTEWATER SERVICE AGREEMENT

This Interlocal Wholesale Water and Wastewater Service Agreement is made and entered into by and between **The City of Daytona Beach** and **The City of Ormond Beach** for the purposes described herein.

Witnesseth:

WHEREAS, The City of Daytona Beach and The City of Ormond Beach are municipalities duly chartered, existing, and exercising their respective municipal powers under Article VIII, Florida Constitution, and other general laws of the State of Florida; and

WHEREAS, The City of Daytona Beach and The City of Ormond Beach have entered into a Settlement Agreement and related Agreements as described below under authority conferred by Article VIII, Florida Constitution; the Municipal Home Rule Powers Act, Chapter 166, Florida Statutes; and the Florida Interlocal Cooperation Act of 1969, section 163.01, Florida Statutes; and other general law including Chapters 159 and 180, Florida Statutes; and

WHEREAS, The City of Daytona Beach and The City of Ormond Beach each own and operate potable water systems that produce, treat, and distribute potable water to customers inside and outside their respective city limits; and both cities own and operate sanitary sewage collection, treatment, and disposal systems for lands and customers inside and outside their respective city limits; and

WHEREAS, The City of Daytona Beach and The City of Ormond Beach entered into a Water and Sewer Service Area Agreement executed on or about September 8, 1981; and

WHEREAS, The City of Daytona Beach and The City of Ormond Beach entered into a First Amended Water and Sewer Service Area Agreement executed on or about June 17, 1991; and

WHEREAS, The City of Daytona Beach and The City of Ormond Beach entered into an Amendment to First Amended Water and Sewer Service Area Agreement executed on or about October 20, 1992; and

WHEREAS, the Water and Sewer Service Area Agreement (1981), the First Amended Water and Sewer Service Area Agreement (1991), and the Amendment to the First Amended Water and Sewer Service Area Agreement (1992), shall be collectively referred to as the "Amended 1981 Agreement"; and

WHEREAS, disputes have arisen between The City of Daytona Beach and The City of Ormond Beach regarding the provision of water and sewer services to lands and customers that are the subject of the Amended 1981 Agreement, as well as other issues of related concern ("Disputed Issues"); and

WHEREAS, on December 3, 2003, The City of Daytona Beach adopted Resolution No. 03-583 identifying the Disputed Issues and initiating the governmental conflict resolution process under Chapter 164, Florida Statutes; and

WHEREAS, The City of Daytona Beach and The City of Ormond Beach desire to resolve the Disputed Issues by entering into a comprehensive settlement as set forth in (1) a Settlement Agreement and Mutual Release of Claims, (2) a Second Amended Water and Sewer Service Area Agreement, (3) this Interlocal Wholesale Water and Wastewater Service Agreement, and (4) an Interlocal Agreement for the Operation, Administration, and Maintenance of Finished Water Interconnects East of I-95, which together shall be referred to as the "Comprehensive Settlement Agreements"; and

WHEREAS, The City of Daytona Beach and The City of Ormond Beach have concurrently approved and authorized execution of the Comprehensive Settlement Agreements; and

WHEREAS, The City of Daytona Beach and The City of Ormond Beach desire to cooperatively and efficiently use their powers to provide public services that will advance the general health, safety, and welfare of the citizens of both cities; and

WHEREAS, there is a need to provide for efficient water and wastewater treatment services for those lands and customers west of Interstate-95 (I-95) that are within the corporate limits of The City of Daytona Beach and within The City of Ormond Beach's Service Area as more particularly described and depicted in Exhibit 1 attached hereto; and

WHEREAS, The City of Ormond Beach represents that it has adequate capacity to meet the water and wastewater needs of those lands and customers west of I-95 that are within the corporate limits of The City of Daytona Beach and within The City of Ormond Beach's Service Area, now and in the future; and

WHEREAS, The City of Ormond Beach has occasional need to purchase bulk potable water from The City of Daytona Beach to serve its customers, and Daytona Beach represents that it has adequate capacity to assist Ormond Beach by occasionally providing bulk potable water to Ormond Beach; and

WHEREAS, subject to the terms and conditions set forth below, The City of Daytona Beach and The City of Ormond Beach desire to provide terms and conditions for bulk potable water service and wastewater treatment service to each other for resale to customers of the purchasing city.

NOW THEREFORE, in consideration of the promises and covenants herein contained, The City of Ormond Beach and The City of Daytona Beach mutually agree as follows:

SECTION 1. RECITALS AND EXHIBITS. The foregoing recitals constitute material representations, are incorporated herein by reference, and are a material part of this Agreement. All exhibits to this attached hereto are incorporated herein by reference and are a material part hereof.

SECTION 2. PURPOSE AND TERM. The purpose of this Agreement is stated in the recital paragraphs. The term of this Agreement shall be perpetual, unless terminated by mutual consent of the parties.

SECTION 3. WHOLESALE WATER SERVICES. The City of Daytona Beach and The City of Ormond Beach agree to provide and accept bulk potable water service to and from each other, and their approved successors and assigns, in the following manner and subject to the following terms and conditions.

(a) Impact Fees and User Charges.

- (1) The city receiving bulk potable water shall pay to the providing city the prevailing wholesale water user charge in accordance with Section 5 herein.
- (2) The customers of the city receiving bulk potable water shall be the customers of the receiving city and shall pay that city's rates, fees, charges, and deposits for such water service; and the receiving city shall be responsible for discontinuing services to customers provided for hereunder if customers fail to pay bills for water service. Nonpayment by customers shall not relieve or affect the obligation to remit payment for bulk potable water to the providing city.
- (3) For development on lands within the corporate limits of Daytona Beach and within the Ormond Beach Service Area, The City of Daytona Beach shall, prior to or at the time it issues building permits, remit to The City of Ormond Beach per unit development fees equivalent to Ormond Beach's then current water impact fees. Ormond Beach shall treat such development in the same manner as development within its corporate limits with respect to impact fees.

(b) Connection of Water Systems.

- (1) East of I-95, The City of Daytona Beach and The City of Ormond Beach have existing potable water interconnects with master meters, and anticipate that additional interconnects with meters may be constructed in the future as necessary or beneficial. These interconnects are and will be used for intermittent transmission of bulk potable water between the cities.

(2) West of I-95, The City of Daytona Beach will install, or cause to be installed, all pipes, fittings, valves, and appurtenances necessary to connect to Ormond Beach facilities at the designated point or points of connection as depicted on Exhibit 2 or at any mutually agreeable location. The size of the water transmission pipeline shall be no less than eight inches (8") to the point or points of interconnection. The City of Daytona Beach shall prepare the necessary Volusia County Department of Health (VCDOH) Application to Construct a Water Distribution system, which shall include construction plans and specifications. The City of Ormond Beach shall, as necessary, process, execute, and return the applications to The City of Daytona Beach for submission to VCDOH.

(3) The City of Daytona Beach shall remit to The City of Ormond Beach any funds necessary to improve Ormond Beach's existing water transmission facilities, which improvements are necessitated solely by service to the City of Daytona Beach and which are not expenses normally paid by impact fees.

(4) Each city shall be responsible for the operation, maintenance, repair, and replacement of all potable water transmission lines, pipes, and facilities within its own corporate limits up to the point of connection, and shall not have any responsibility or liability, and shall not incur any costs or expenses, relating to distribution and transmission lines from the point(s) of connection which are located within the other city's corporate limits. The operation, administration, and maintenance of all interconnects between the cities' respective systems shall conform to the Interlocal Agreement for the Operation, Administration, and Maintenance of Finished Water Interconnects executed concurrently herewith, and with this agreement.

(c) Water Master Metering West of I-95.

(1) For interconnects installed west of I-95, The City of Daytona Beach shall furnish and install master metering equipment as specified and approved by The City of Ormond Beach. The master metering equipment shall be of standard make and type with automatic meter reading that has the capability of instantaneous readout of consumption via remote instrumentation or a computer, installed in a meter vault at a readily accessible location, and shall record flow with an accuracy that meets American Water Works Association (AWWA) standards for the type of meter installed, suitable for billing purposes. Upon completion of each point of connection, water will flow through the point of connection and will be measured by the metering equipment.

(2) The master metering equipment west of I-95 shall become the property of Ormond Beach upon completion of construction and acceptance by The City of Ormond Beach; and, once accepted, Ormond Beach shall be responsible for the operation, maintenance, and replacement of the master meter(s).

(3) The City of Ormond Beach shall have the accuracy of its meter(s) checked at least every 12 months. Meter testing shall be conducted by an independent contractor, and the contractor shall provide the results simultaneously to The City of Daytona Beach and The City of Ormond Beach. Meter testing shall be in accordance with the AWWA Manual of Practice M6, "Water Meter Selection, Installation, Testing and Maintenance," latest version. If any meter is found to not meet the accuracy standards of AWWA for the type of meter installed, it shall be recalibrated and the bill shall be adjusted for the most recent billing period. The billing adjustment shall be made at the same rate established as set forth herein, but the volume used in the billing calculations shall be adjusted as described herein.

(4) Checking for accuracy more frequently than every 12 months may be done at the expense of the party desiring the information. If either city wishes to confirm an accuracy test, that city shall pay all costs of confirmation testing.

(d) Potable Water Regulatory Compliance.

(1) The parties shall at all times provide their best efforts to comply with all local, state, and federal regulations regarding potable water service, including all permits and regulations issued by the VCDOH, the Florida Department of Environmental Protection (FDEP), the St. Johns River Water Management District (SJRWMD) and any other governmental agency with applicable legal authority.

(2) The City of Ormond Beach agrees to use its best efforts to maintain a minimum low-pressure set point of 45 psi at the points of connection. Notwithstanding the above, The City of Ormond Beach does not guarantee or warrant any special service, pressure, quality, capacity, availability, or other facility other than what is required to fulfill a duty of reasonable care to The City of Daytona Beach. Upon connection west of I-95 as specified above, customers within The City of Daytona Beach shall be the City of Daytona Beach's customers and the City of Ormond Beach shall have no duty to The City of Daytona Beach's customers.

SECTION 4. WHOLESALE WASTEWATER SERVICES WEST OF I-95. The City of Daytona Beach agrees to accept and The City of Ormond Beach agrees to provide wholesale wastewater services west of I-95, in the following manner and subject to the following terms and conditions.

(a) Impact Fees and User Charges.

- (1) The City of Daytona Beach shall pay to The City of Ormond Beach the prevailing wholesale wastewater user charge in accordance with Section 5 herein.
- (2) The customers within the corporate limits of The City of Daytona Beach shall be customers of Daytona Beach and shall pay that city's rates, fees, charges, and deposits for such water service; and Daytona Beach shall be responsible for discontinuing services to customers provided for hereunder if customers fail to pay bills for service. Nonpayment by customers shall not relieve or affect the obligation to remit payment to The City of Ormond Beach.
- (3) For development on lands within the corporate limits of Daytona Beach and within the Ormond Beach Service Area, The City of Daytona Beach shall, prior to or at the time it issues building permits, remit to The City of Ormond Beach per unit development fees equivalent to Ormond Beach's then current wastewater impact fees. Ormond Beach shall treat such development in the same manner as development within its corporate limits with respect to impact fees.

(b) Connection to Transmission Facilities.

- (1) The City of Daytona Beach shall cause the design, permitting, and construction of no less than a four (4) inch diameter wastewater force main to the point or points of connection with The City of Ormond Beach existing sewage collection system as depicted on Exhibit 2 attached hereto or at any mutually agreeable location. The City of Daytona Beach shall prepare the necessary Florida Department of Environmental Protection (FDEP) Application to Construct a Domestic Wastewater Collection/Transmission system, which shall include construction plans and specifications. The City of Ormond Beach shall, as necessary, process, execute, and return the applications to The City of Daytona Beach for submission to FDEP.
- (2) The City of Daytona Beach shall remit to The City of Ormond Beach any funds necessary for improvements to The City of Ormond Beach's existing wastewater collection and pumping facilities, which improvements are necessitated solely by service in The City of Daytona Beach and which are not expenses normally paid by impact fees.
- (3) Each city shall be responsible for the operation, maintenance, repair, and replacement of all sewage main lines, service connections, force mains, pipes, sewage pump stations, and other facilities associated with the sewage collection system within its corporate limits up to the point of connection, and shall have no responsibility or liability, and shall not incur any costs or expenses, relating to sewage main lines, service connections, force mains, pipes, sewage pump

stations, and other facilities associated with the sewage collection system which are located in the other city's corporate limits.

(c) Wastewater Master Metering West of I-95.

(1) West of I-95, The City of Daytona Beach shall furnish and install master metering equipment as specified and approved by The City of Ormond Beach. The master metering equipment shall be of standard make and type with automatic meter reading that has the capability of instantaneous readout of consumption via remote instrumentation or a computer, installed in a meter vault at a readily accessible location, and shall record flow with an accuracy that meets American Water Works Association (AWWA) standards for the type of meter installed, suitable for billing purposes. Upon completion of each point of connection, wastewater will flow through the point of connection and will be measured by the metering equipment.

(2) The master metering equipment west of I-95 shall become the property of Ormond Beach upon completion of construction and acceptance by The City of Ormond Beach; and, once accepted, Ormond Beach shall be responsible for the operation, maintenance, and replacement of the master meter(s).

(3) The City of Ormond Beach shall have the accuracy of its meter(s) checked at least every 12 months. Meter testing shall be conducted by an independent contractor, and the contractor shall provide the results simultaneously to The City of Daytona Beach and The City of Ormond Beach. Meter testing shall be in accordance with the AWWA Manual of Practice M6, "Water Meter Selection, Installation, Testing and Maintenance," latest version. If any meter is found to not meet the accuracy standards of AWWA for the type of meter installed, it shall be recalibrated and the bill shall be adjusted for the most recent billing period. The billing adjustment shall be made at the same rate established as set forth herein, but the volume used in the billing calculations shall be adjusted as described herein.

(4) Checking for accuracy more frequently than every 12 months may be done at the expense of the party desiring the information. If either city wishes to confirm an accuracy test, that city shall pay all costs of confirmation testing.

(d) Wastewater Regulatory Compliance.

(1) The parties mutually agree that after connection of each wastewater treatment transmission pipeline facility in the Service Area depicted in Exhibit 2, both parties shall make every reasonable effort to comply with all local, regional, state, and federal requirements and rules applicable to the provision of Wastewater Treatment Service Capacity to the public. The parties shall at all times make every reasonable effort to comply with all local, state, and federal regulations regarding wastewater treatment service including all permits and

regulations issued by the Florida Department of Environmental Protection (FDEP), the St. Johns River Water Management District (SJRWMD) and any other governmental agency with applicable legal authority.

(2) The City of Ormond Beach does not guarantee or warrant any special service, pressure, quality, capacity, availability, or other facility other than what is required to fulfill a duty of reasonable care to The City of Daytona Beach. Upon connection as specified above, customers within The City of Daytona Beach shall be the City of Daytona Beach's customers and the City of Ormond Beach shall have no duty to The City of Daytona Beach's customers.

(3) The City of Daytona Beach acknowledges and recognizes that in operation and maintenance of Ormond Beach's wastewater system, The City of Ormond Beach has certain obligations to protect the health, safety and welfare of the public and to prevent undue burden on its water and sewer system resulting from extraordinary discharges attributable to The City of Daytona Beach and/or its customers. The City of Daytona Beach agrees to make a good faith effort to ensure that all sewage collected by Daytona Beach and transmitted to Ormond Beach conforms to The City of Ormond Beach's standards prior to the introduction of sewage into Ormond Beach's transmission pipeline facilities. The City of Daytona Beach, including its assigns and customers, agrees to abide by all reasonable ordinances, resolutions, rules, and regulations related to the use of and discharge to The City of Ormond Beach wastewater system as may be adopted from time to time by The City of Ormond Beach and which are equally applicable to customers within Ormond Beach's corporate boundaries. The City of Ormond Beach will provide to The City of Daytona Beach copies of all applicable Ormond Beach Ordinances, Resolutions, Rules, and Regulations now in effect and as the same may be adopted or amended by The City of Ormond Beach from time to time.

SECTION 5. WHOLESALE WATER AND WASTEWATER USER CHARGES.

(a) Initial Rate. The water and wastewater wholesale user charges as calculated in Table 7, Capacity Purchase Approach, in the Black & Veatch Wholesale Water and Wastewater Rate Analysis dated June 16, 2006, attached hereto as Exhibit 3, will be in effect through September 30, 2007, with an annual rate adjustment for two additional one-year periods beginning October 1 and ending September 30. The rate adjustment will reflect the change in the cost of doing business as measured by fluctuations in the Consumer Price Index (CPI), All Urban Customers, published by the U.S. Department of Labor, Bureau of Labor Statistics, for the preceding July 1 – June 30 period.

(b) Rates for Subsequent Years. Rates shall be recalculated every three years. At a mutually agreeable time prior to September 30, 2009, and each three-year period thereafter, The City of Ormond Beach and The City of Daytona Beach will jointly contract with an engineering consultant to recalculate the rates by the same

methodology as the original rates. The rates as calculated shall be applicable to the first year of each three-year period, and shall be adjusted for the second and third years as set forth above.

SECTION 6. PAYMENT OF BILLS.

(a) The City of Ormond Beach agrees to read the routine continuous connection water and wastewater master meters west of I-95 monthly, and all billings will be based upon the number of gallons of water and wastewater which pass through the master meters at each point of connection each month. The City of Ormond Beach shall bill the City of Daytona Beach monthly for water and wastewater service west of I-95. The City of Daytona Beach shall remit payment in accordance with Florida's Prompt Payment Act.

(b) For intermittent service connections of less than one month east of I-95, bills shall be submitted and paid promptly when the period of interconnection ends as provided in the Interlocal Agreement for the Operation, Administration and Maintenance of Finished Water Interconnects East of I-95.

(c) Service may be discontinued for nonpayment of any bill not paid with forty-five (45) days of the original date of the billing. Volusia County shall be the exclusive venue for any legal action necessary to compel payment for services under this Agreement. However, in an effort to avoid litigation over billing disputes, both parties agree to the following dispute resolution procedure:

(1) Within thirty (30) days of receipt of any disputed bill, the city disputing the bill shall provide a written explanation of the amount disputed and the grounds for dispute, and shall make payment for all portions of the bill not in dispute.

(2) Within 30 days of receipt of the dispute notice, the billing city shall examine its records and either provide written notice of agreement with the dispute or rejection of the same, and if rejected, the basis therefore.

(3) In the event of continued dispute, the disputing city shall request mediation. The parties shall make a reasonable and good faith effort to mutually agree upon a mediator, and a date, time, and place for the mediation. In the event the dispute is not resolved through mediation, either party or both may avail themselves of any and all legal remedies deemed appropriate.

SECTION 7. AMENDMENTS. This Agreement may only be amended in writing by the mutual consent of the governing bodies of both parties, and such amendment shall only be effective upon the execution thereof by the appropriate officials having legal authority to execute such amendment and recordation with the clerk of circuit court in and for Volusia County, Florida, in accordance with section 163.01(11), Florida Statutes. No officer, employee, or agent of either party, whether elected or appointed, shall have the authority to amend, modify, or alter the Agreement or to waive any of its provisions

or to bind either party by making any promise or representation not contained in the Agreement.

8. ASSIGNMENT. This Agreement may not be assigned, transferred, or delegated by The City of Ormond Beach or The City of Daytona Beach without the prior written consent of the other party, which consent will not be unreasonably withheld, provided that said assignment, transfer, or delegation does not impair the rights or increase the obligations of either party, and provided that this Agreement will be binding upon the parties' successors, grantees, transferees, delegees, and assigns. The provisions of the Agreement shall inure to and be binding upon the successors and assigns of the parties to the Agreement.

SECTION 9. WAIVER. Any waiver at any time by any party hereto of its rights with respect to the other party or respect to any matter arising in connection with this Agreement shall not be considered a waiver with respect to any subsequent default or matter. Nothing contained herein shall constitute a waiver by either The City of Ormond Beach or The City of Daytona Beach of its sovereign immunity or the provisions of Section 768.28, Florida Statutes; and all such rights, limits, benefits, and immunities are hereby reserved.

SECTION 10. LIABILITIES. Each party assumes any and all liabilities, claims, or damages of any kind attributable to the acts or omissions of their respective officers, employees, or agents. Each party shall give the other party prompt and timely notice of any claim, suit, or administrative law proceeding instituted or coming to the knowledge of its officers, employees, or agents that in any way reasonably appears to affect or might affect the other party, and the party so notified shall have the right to participate in the defense of any claim, administrative proceeding, or suit to the extent of its own interest. The parties reserve the right, at law or in equity, by civil action, mandamus, or other proceeding, to enforce or compel the performance of any or all covenants contained in this Agreement.

SECTION 11. NOTICE. Notices relating to the subject matter of this Agreement shall be provided in writing to the attention of:

To The City of Ormond Beach:
City Manager
P.O. Box 277
Ormond Beach, FL 32175-0277

To The City of Daytona Beach:
City Manager
P.O. Box 2451
Daytona Beach, FL 32115

SECTION 12. ENTIRE AGREEMENT. This Agreement, including the exhibits attached hereto, together with the Comprehensive Settlement Agreements, sets forth

the full and complete understanding of the parties as of the date below-stated, and supersede any and all prior negotiation, agreements, and understandings with respect to the subject matter hereof, and no prior or present agreements or representations shall be binding upon any of the parties hereto. No modification or change in this Agreement shall be valid or binding upon the parties unless in writing, approved by The Ormond Beach City Commission and by The Daytona Beach City Commission, and executed by the appropriate officers and officials of each party.

SECTION 13. DEFAULT. Neither party will be in default of the terms herein if such default is due to a natural calamity, act of force majeure, government other than The City of Ormond Beach or The City of Daytona Beach, or similar causes beyond the control of either party.

SECTION 14. GOVERNING LAW AND VENUE. This Agreement will be governed by, and interpreted in accordance with, the Laws of the State of Florida. Venue for any legal action to enforce the terms and conditions of this Agreement shall be in Volusia County, Florida.

SECTION 15. HEADINGS. All section headings and subheadings are inserted for convenience only and shall not affect any construction or interpretation of this Agreement.

SECTION 16. SEVERABILITY. If any provision of this Agreement becomes or is declared by a court of competent jurisdiction to be illegal, unenforceable, or void, this Agreement shall continue in full force and effect without said provisions; provided, however, that if such severability materially changes the economic benefits of this Agreement to either party, the parties shall negotiate an equitable adjustment in the provisions of this Agreement in good faith.

SECTION 17. LEGAL FEES. In the event of litigation between the parties hereto arising out of or in connection with this Agreement, each party shall be responsible for its own legal fees and costs.

SECTION 18. AUTHORITY TO EXECUTE. Each party hereby represents and warrants that it has the right, power, and authority to execute and deliver this Agreement and to perform all of the obligations stated herein.

SECTION 19. OTHER DOCUMENTS AND ASSURANCES. Each of the parties to this Agreement agrees that any time after the execution hereof, it will, on request of the other party, execute and deliver such other documents and further assurances as may reasonably be required by such other party in order to carry out the intent of this Agreement.

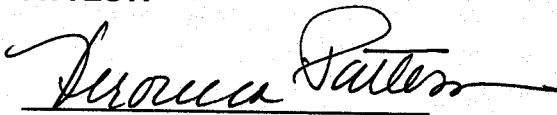
SECTION 20. NO THIRD PARTY BENEFICIARIES. This Agreement is between The City of Ormond Beach and The City of Daytona Beach only for the provision of bulk water and sewer service and shall not be deemed to confer in favor of any third parties

any rights whatsoever as third-party beneficiaries, specifically including customers of The City of Daytona Beach or The City of Ormond Beach, the parties hereto intending this Agreement to confer no such benefits or status.

SECTION 21. SOVEREIGN IMMUNITY. The City of Ormond Beach and The City of Daytona Beach expressly retain all rights, privileges, benefits, and immunities of sovereign immunity.

SECTION 22. EFFECTIVE DATE AND RECORDATION. The City of Daytona Beach and The City of Ormond Beach shall execute this Agreement contemporaneously with the other Comprehensive Settlement Agreements, and this Agreement shall constitute a material part thereof. The parties shall cause this Agreement to be recorded with the clerk of circuit court in and for Volusia County, Florida, and it shall become effective upon such recordation in accordance with section 163.01(11), Florida Statutes.

ATTEST:



Veronica Patterson
City Clerk

CITY OF ORMOND BEACH

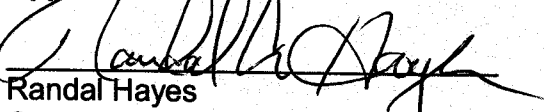

Fred Costello, Mayor

Date: 9/19/06


Isaac D. Turner, City Manager

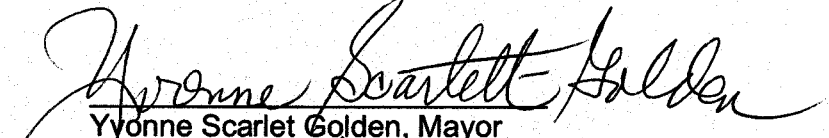
Date: 9/19/06

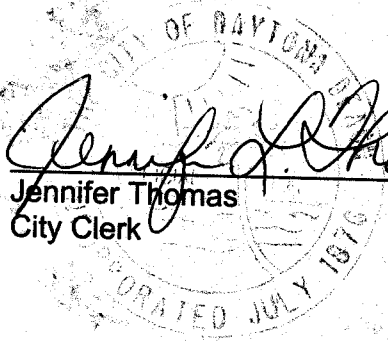
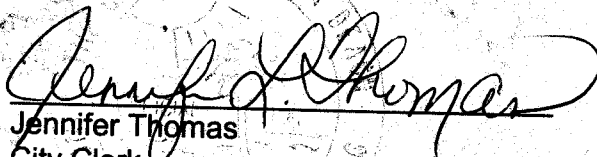
Approved as to Form:

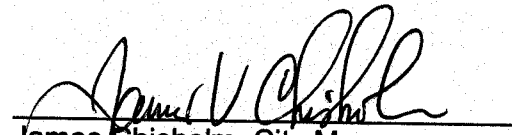

Randal Hayes
Ormond Beach City Attorney

ATTEST:

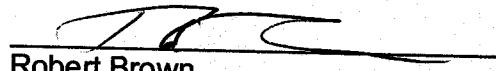
CITY OF DAYTONA BEACH


Yvonne Scarlett Golden, Mayor
Date: October 4, 2006



Jennifer Thomas
City Clerk


James Chisholm, City Manager
Date: October 4, 2006

Approved as to Form:


Robert Brown
Daytona Beach City Attorney

Instrument# 2006-280519 # 14

Book : 5949

Page : 4155

Exhibit 1
Municipal Service Boundary
West of Interstate 95

LEGEND

 Municipal Service Boundary

 Wholesale Service Area

City Limits (source: Volusia Co. GIS)

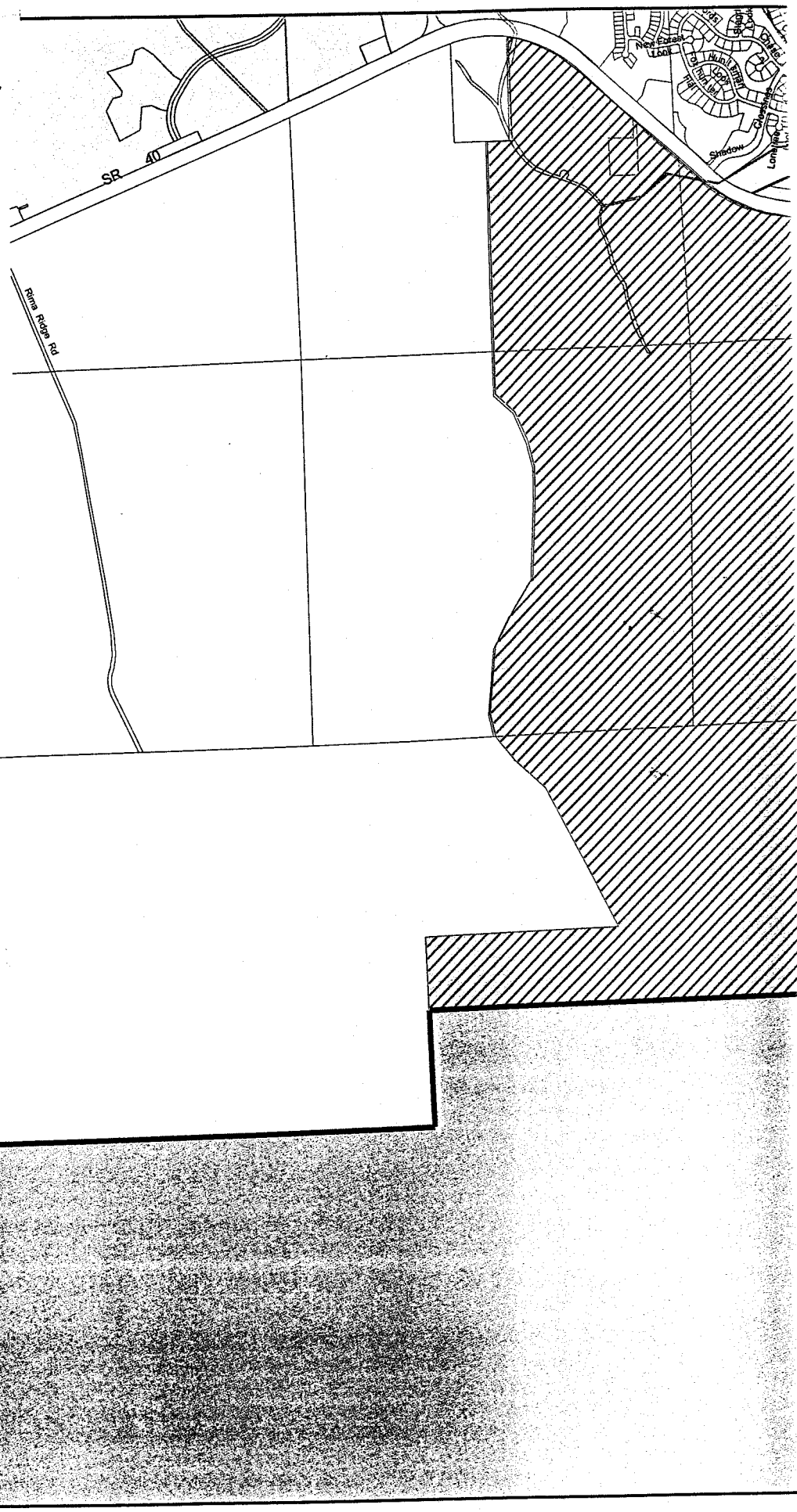
 Ormond Beach

 Daytona Beach



1000 0 1000 2000 Feet

Prepared By: City Engineering Division 9/13/06

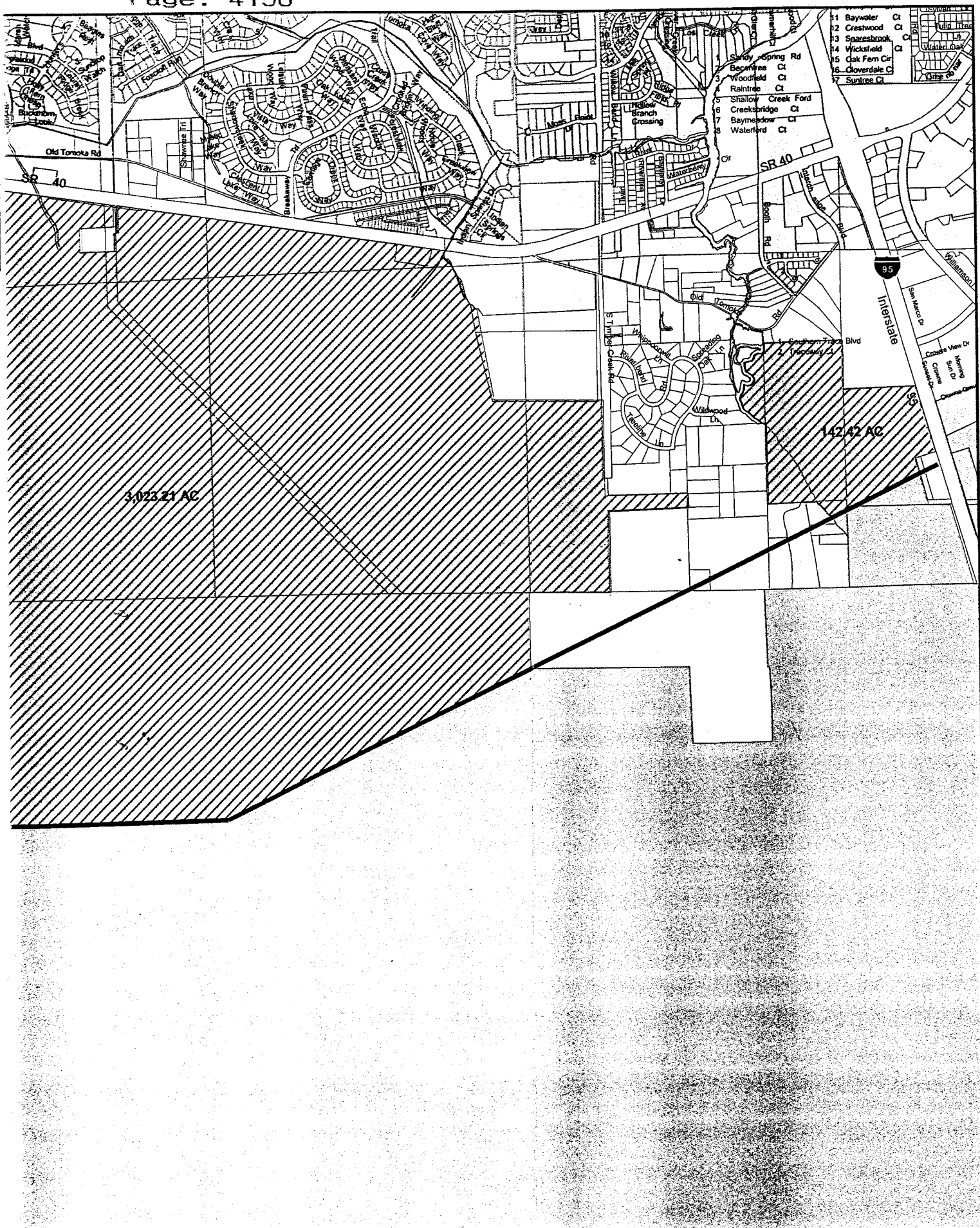


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Instrument# 2006-280519 # 16

Book : 5949

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Exhibit 2 Wholesale Connection Points

LEGEND

i Wholesale Connection Point

 Municipal Service Boundary

 Wholesale Service Area

City Limits (source: Volusia Co. GIS)

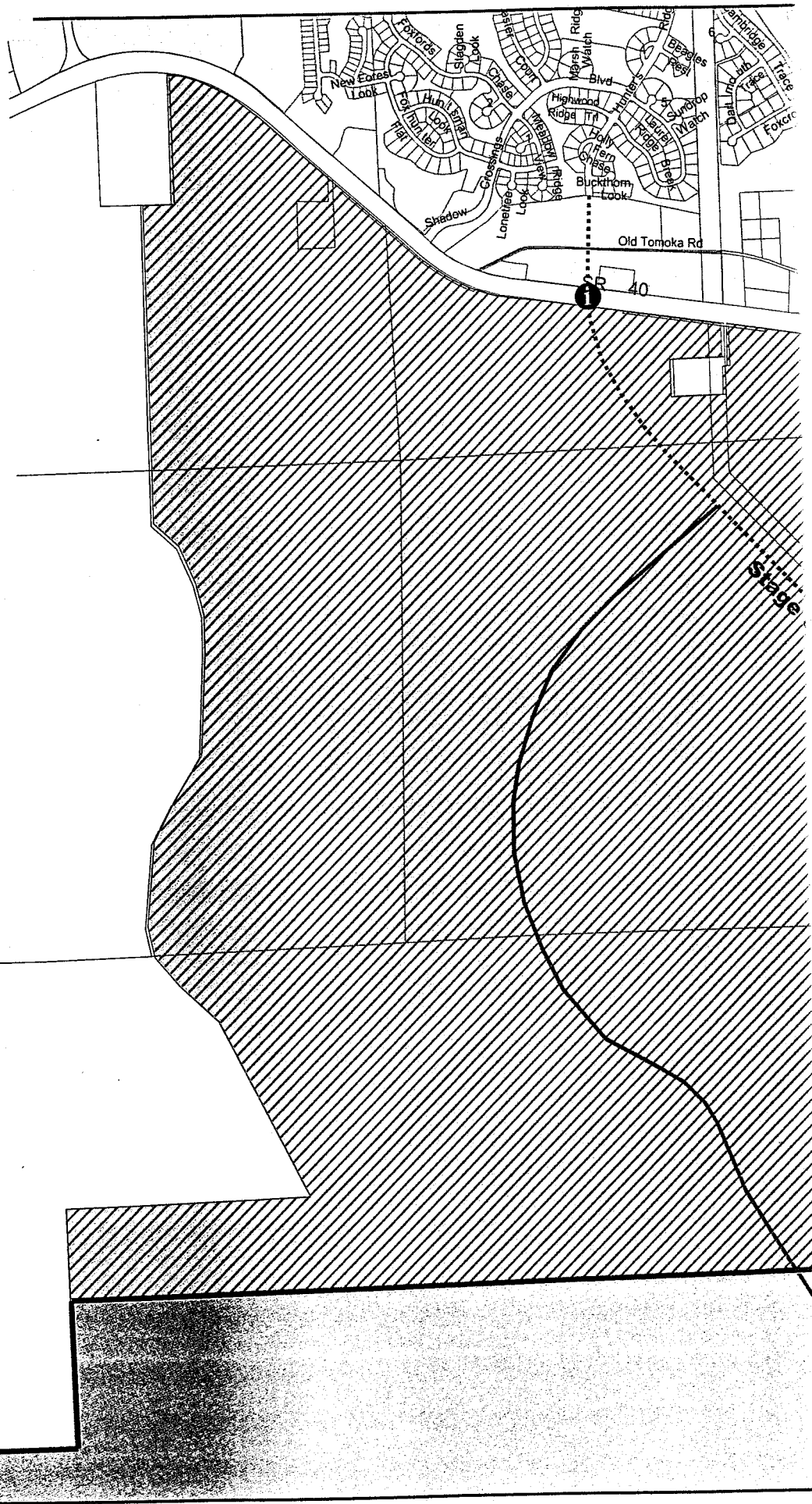
 Ormond Beach

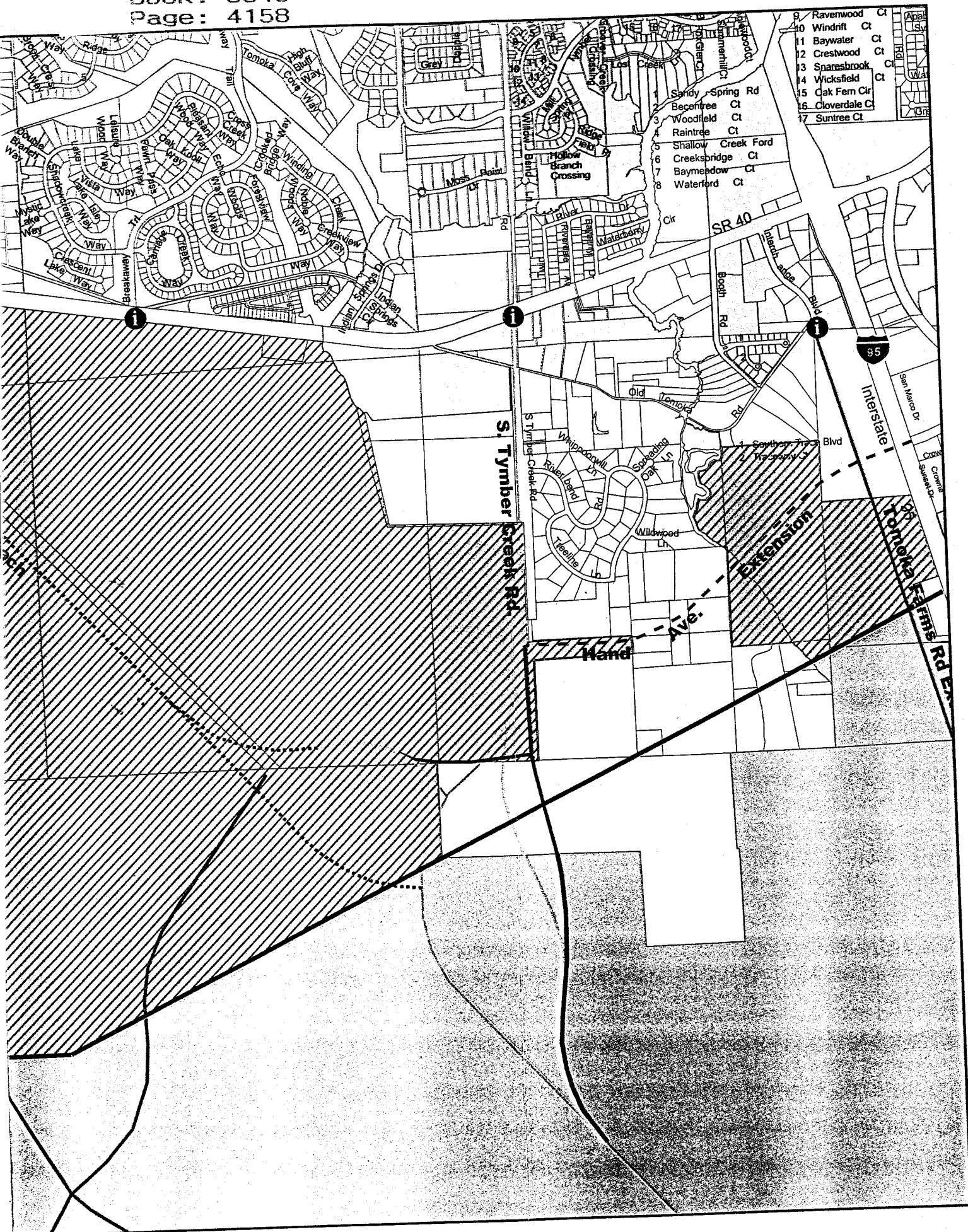
 Daytona Beach



1000 0 1000 2000 Feet

Prepared By: City Engineering Division 9/13/06







BLACK & VEATCH

201 South Orange Avenue, Suite 500
Orlando, Florida 32801 USA
Tel: (407) 419-3500
Fax: (407) 419-3501

Black & Veatch Corporation

June 16, 2006

Ms. Judy Sloane, P.E.
Public Works Director/City Engineer
City of Ormond Beach
22 South Beach Street
Ormond Beach, Florida 32174

Project No: [REDACTED]
Subject: Wholesale Water and Wastewater Rate Analysis

Dear Ms. Sloan:

BLACK & VEATCH CORPORATION ("Black & Veatch") is pleased to submit to the Cities of Ormond Beach and Daytona Beach, Florida, collectively referred to as the "Cities," the Wholesale Water and Wastewater Rate Analysis report (the "Report") for your consideration. We have completed the analyses for the development of alternative wholesale water and wastewater rates and have summarized the results herein.

GENERAL

The Cities of Ormond Beach, FL and Daytona Beach, FL have authorized Black & Veatch Corporation to perform a wholesale rate analysis for the purpose of developing an equitable mechanism for the recovery of costs associated with the provision of water and wastewater services. It is anticipated that such services will be provided by the City of Ormond Beach to the City of Daytona Beach for ultimate use in an area known as the Consolidated Tomoka Land Corporation property (the "CTLC Property"). The CTLC Property consists of approximately 3,000 acres formerly located within the service territory of the City of Ormond Beach and recently annexed by the City of Daytona Beach. It has been assumed that the City of Daytona Beach will provide water and wastewater retail service to the customers located on this currently undeveloped land. Due to the proximity of existing infrastructure owned by the City of Ormond Beach to the CTLC Property and state regulated service area restrictions, it has been further assumed that in order to serve the CTLC Property, the City of Daytona Beach will become a wholesale customer of the City of Ormond Beach. The objective of this study is to provide alternative cost recovery mechanisms appropriate for use by the City of Ormond Beach in providing such service to the City of Daytona Beach.

More specifically, the analyses summarized herein are based on the assumption that while customers located within the CTLC Property will be retail water and wastewater customers of the City of Daytona Beach, wholesale treatment and transmission (collection) services will be provided by the City of Ormond Beach. It should be noted that for the purposes of this Report, wholesale service is defined as a "situation in which water (wastewater) service is sold to a customer at one or more points of delivery (collection) for resale to individual retail customers within the wholesale customer's service area."

It should be further noted that it is not the intention of this Report to offer a single recommendation, but instead to offer several defensible alternatives that provide for the appropriate and equity recovery of costs associated with the provision of service. The proposal of alternative approaches is not intended to mean that the Cities should be bound to accept any one of these approaches as the Cities are responsible for making certain value judgments on the relative merits of a cost recovery mechanism which cannot be entirely factored into a Report such as this. In this regard, the two alternatives developed herein are based on the following approaches: (i) the Utility Approach; and (ii) the Capacity Purchase Approach.

UTILITY APPROACH

The cost of providing water and wastewater service is frequently apportioned based on the utility approach, that is, in terms of return on rate base, O&M expenses, and depreciation expense. The apportionment of O&M and depreciation expenses and return on plant investment, or rate base, to various customers (or customer classes) is based on specific characteristics and/or level of service requirements. As an example, it is assumed that the City of Daytona Beach is responsible for localized distribution and collection infrastructure, meter reading services, customer billing, and customer service for customers located within the CTLC Property. Therefore, recovery of costs by the City of Ormond Beach for service provided to the City of Daytona Beach should be exclusive of the aforementioned activities. The following discussions summarize the process undertaken in the development of a utility approach based alternative.

Return on Rate Base

Pursuant to previous discussions, the determination of cost recovery mechanisms based on the utility approach includes consideration for a return on rate base. The rate base is generally defined as the depreciated value of a utility's assets attributable to the provision of service. Revenues derived from such cost recovery mechanisms should provide a margin of return on capital investment commensurate with the risks to the City of Ormond Beach in funding facilities required to serve customers of the water and wastewater systems. In summary, the return component is intended to pay the annual interest cost of debt capital and provide a fair rate of return for equity capital used in financing facilities. For the purposes of the Report, water and wastewater facilities (rate base) are considered based on functional activity, as summarized below.

Water	Wastewater
Source of Supply	Collection
Treatment	Treatment/Disposal
Transmission/Distribution	Reclaimed Water
General Plant	General Plant

A query of the City of Ormond Beach's continuing property records and conversations with staff indicated that plant investment (and associated accumulated depreciation) is not currently available by the functional categories defined above. Despite the absence of plant investment information by function, it was determined that the aggregate plant investment for the water and wastewater systems totaled \$121,822,300, as rounded, for the fiscal year ending September 30, 2005. The corresponding accumulated depreciation amount was determined to be \$55,554,500, as rounded. Subsequent to this determination, plant investment and accumulated depreciation were apportioned among the functional categories based on results of the following techniques:

- Replacement Cost Technique – Current system descriptions (treatment process, capacity, pipe diameter and quantity, etc.) were used to construct replacement cost estimates based on current cost characteristics. Such cost estimates were then discounted back based on the original plant in service (commission) date, as provided.
- Comparable Utility Survey Technique – Comparable water and wastewater systems were identified pursuant to system characteristics. Once identified, plant investment information for each comparable utility was obtained, where available, and quantified pursuant to functional category.

Based on the results of the techniques defined above, **Table 1** summarizes the allocation of plant investment and accumulated depreciation among functional categories for the City of Ormond Beach's water and wastewater systems.

Table 1
Plant Investment and Accumulated Depreciation

Functional Category	Percent of Total ⁽¹⁾	Original Cost	Accumulated Depreciation	Net Plant Investment ⁽²⁾
Water System				
Source of Supply	5.30%	\$ 6,456,600	\$ 2,944,400	\$ 3,512,200
Treatment	7.13%	8,685,900	3,961,000	4,724,900
Transmission/Distribution	28.47%	34,682,800	15,816,400	18,866,400
General Plant	1.43%	1,742,100	794,400	947,700
Total Water System	42.33%	\$ 51,561,800	\$ 23,516,200	\$ 28,051,200
Wastewater System				
Collection	26.16%	\$ 31,868,700	\$ 14,533,100	\$ 17,335,600
Treatment/Disposal	21.66%	26,386,700	12,033,100	14,353,600
Reclaimed Water	7.83%	9,538,700	4,349,900	5,188,800
General Plant	2.02%	2,460,800	1,122,200	1,338,600
Total Wastewater System	57.67%	\$ 70,260,500	\$ 32,038,300	\$ 38,216,600
Grand Total	100.00%	\$ 121,822,300	\$ 55,554,500	\$ 66,267,800

(1) Results based on Replacement Cost and Comparable Utility Survey Techniques.

(2) Original Cost less Accumulated Depreciation as of September 30, 2005.

While **Table 1** above summarizes the estimated plant investment and accumulated depreciation by functional category for the entire water and wastewater systems, additional adjustments are appropriate for the purpose of extracting the investment (and associated accumulated depreciation) associated with facilities that will not be utilized in the provision of service to the City of Daytona Beach as a wholesale customer. These adjustments, and associated assumptions, are summarized below.

- Water System
 - Transmission/Distribution – Conversations with staff indicated that the point of connection(s) will occur with transmission mains having a diameter of 16 inches. Therefore, an adjustment was made in order to remove the investment associated with all mains having a diameter less than 16 inches. This adjustment, approximately 89 percent, was quantified by calculating the total inch-miles of the transmission/distribution system and subtracting the proportion attributable to mains smaller than 16 inches.
 - General Plant – Based on a line item review of the Finance Department portion of the operating budget for fiscal year 2005/06, as discussed in subsequent sections, an adjustment, approximately 43 percent, was made to extract the general plant investment attributable to facilities not implicit in the provision of service to the City of Daytona Beach as a wholesale customer. This adjustment is based on the

assumption that there is a direct correlation between such activities and general plant investment.

- Wastewater System
 - Collection – Conversations with staff indicated that the point of connection(s) will occur with wastewater mains having a diameter of no less than 10 inches. Therefore, an adjustment was made in order to remove the investment associated with all mains having a diameter less than 10 inches. This adjustment, approximately 73 percent, was quantified by calculating the total inch-miles of the transmission/collection system and subtracting the proportion attributable to mains smaller than 10 inches.
 - Reclaimed Water – Pursuant to discussions with staff, there are no plans for the City of Ormond Beach to provide reclaimed water to the City of Daytona Beach. However, conversations with City of Ormond Beach staff indicated that the investment in reclaimed water facilities was a mandatory condition in the renewal of its' Consumptive Use Permit (CUP). Therefore, consideration of reclaimed water facilities, net of contributions, is appropriate for inclusion in the determination of rate base. More specifically, an adjustment of approximately 39 percent was made to account for contributed facilities based on information provided by the City of Ormond Beach. This adjustment amount was determined based on the proportion of inch-miles in reclaimed water facilities contributed versus the amount funded by the City. As a corollary, depreciation expense and revenues derived from the utilization of such reclaimed water facilities are also appropriate for consideration as discussed in subsequent sections.
 - General Plant – Based on a line item review of the Finance Department portion of the operating budget for fiscal year 2005/06, as discussed in subsequent sections, an adjustment (approximately 43 percent) was made to extract the general plant investment attributable to facilities not implicit in the provision of service to the City of Daytona Beach as a wholesale customer.

Based on the adjustments, and associated assumptions, as discussed above, **Table 2** summarizes the determination of rate base on a per unit basis.

Table 2
Determination of Rate Base

Functional Category	Net Plant Investment	Adjustments	Rate Base	
			Total	Per Unit ⁽¹⁾
Water System				
Source of Supply	\$ 3,512,200	\$ 0	\$ 3,512,200	\$ 0.4390
Treatment	4,724,900	0	4,724,900	0.5906
Transmission/Distribution	18,866,400	(16,871,300)	1,995,100	0.2494
General Plant	947,700	(407,500)	540,200	0.0675
Total Water System	\$ 28,051,200	\$ (17,278,800)	\$ 10,772,400	\$ 1.3465
Wastewater System				
Transmission/Collection	\$ 17,335,600	\$ (12,785,900)	\$ 4,549,700	\$ 0.7583
Treatment/Disposal	14,353,600	0	14,353,600	2.3923
Reclaimed Water	5,188,800	(1,992,000)	3,196,800	0.5328
General Plant	1,338,600	(575,600)	763,000	0.1272
Total Wastewater System	\$ 38,216,600	\$ (18,550,300)	\$ 19,666,300	\$ 3.8106

(1) Rate Base per gallon per day based on capacities of 8.0 and 6.0 MGD for water and wastewater respectively.

Once the rate base allocable to the City of Daytona Beach was identified, a potential return was determined based on the embedded interest rates on current outstanding indebtedness secured by the user fee revenues of the water and wastewater systems and a risk factor premium of 1.25 percent. The weighted cost of interest for the Series 2000 and 2004 Revenue Bonds was determined to be 4.79 percent, which results in a potential return on rate base of 6.00 percent, as rounded. The application of this return percentage to the previously identified rate base per unit is summarized below in Table 3.

Table 3
Return on Rate Base per Gallon per Day

Category	Rate Base	Return on Rate Base	
		Percent	Amount
Water System			
Source of Supply	\$ 0.4390	6.00%	\$ 0.0263
Treatment	0.5906	6.00%	0.0354
Transmission/Distribution	0.2494	6.00%	0.0150
General Plant	0.0675	6.00%	0.0041
Total Water System	\$ 1.3465	6.00%	\$ 0.0808
Wastewater System			
Collection	\$ 0.7583	6.00%	\$ 0.0455
Treatment/Disposal	2.3923	6.00%	0.1435
Reclaimed Water	0.5328	6.00%	0.0320
General Plant	0.1272	6.00%	0.0076
Total Wastewater System	\$ 3.8106	6.00%	\$ 0.2286

Depreciation Expense

Depreciation expense represents the loss in value of facilities, not restored by current maintenance, which occurs as a result of wear and tear, decay, inadequacy, and obsolescence. In this regard, recovery of depreciation expense by the City of Ormond Beach from the City of Daytona Beach for those facilities used in the provision of service is appropriate. Similar to the functional allocation of plant investment and ultimate determination of rate base, the Replacement Cost and Comparable Utility Survey techniques, in conjunction with the facility adjustments, were used as a basis for identifying the depreciation expense allocable to the City of Daytona Beach. This process is summarized in **Table 4** below.

**CITIES OF ORMOND BEACH AND DAYTONA BEACH
WHOLESALE WATER AND WASTEWATER ANALYSIS**

**Table 4
Depreciation Expense**

Functional Category	Depreciation Expense ⁽¹⁾	Adjustments ⁽²⁾	Adjusted	Billable Flow ⁽³⁾	Depreciation Per kgal
Water System					
Source of Supply	\$ 246,900	\$ 0	\$ 246,900	1,873,537	\$ 0.1318
Treatment	332,100	0	332,100	1,873,537	0.1773
Transmission/Distribution	1,326,100	(1,185,900)	140,200	1,873,537	0.0748
General Plant	66,600	(28,600)	38,000	1,873,537	0.0203
Total Water System	\$ 1,972,700	\$ (1,214,500)	\$ 757,200		\$ 0.4042
Wastewater System					
Collection	\$ 1,218,500	\$ (898,700)	\$ 319,800	1,263,649	\$ 0.2531
Treatment/Disposal	1,008,900	0	1,008,900	1,263,649	0.7986
Reclaimed Water	364,700	(140,000)	224,700	1,263,649	0.1778
General Plant	94,100	(40,500)	53,600	1,263,649	0.0424
Total Wastewater System	\$ 2,686,200	\$ (1,303,900)	\$ 1,382,300		\$ 1.2717
Grand Total	\$ 4,657,900	\$ (2,518,400)	\$ 2,139,500		

(1) Total annual depreciation expense, as provided by staff, allocated functionally pursuant to Replacement Cost and Comparable Utility Survey techniques.

(2) See Rate Base discussions for adjustment definitions.

(3) Flows represented in thousands (000s) of gallons as projected for fiscal year 2005/06.

Operating & Maintenance (O&M) Expenses

O&M expenses consist of those recurring expenses associated with labor, materials, services, supplies, etc., that are required to manage and operate the systems while maintaining a dependable and desirable level of service. O&M requirements, a function of the City's budgetary process, are directly related to the level of services provided to customers, and therefore, are appropriately recovered through user rates and charges. In this regard, those O&M expenses attributable to the provision of water and wastewater service to the City of Daytona Beach are appropriate for recovery. As shown below, O&M expenses are categorized based on function. This functionalization facilitated the allocation of expenses similar to the process undertaken for depreciation expense. Summarized in **Table 5** below is the determination of O&M expenses on a per 1,000 gallons basis for the water and wastewater systems. It should be noted that this determination considers the adjustment of the functional categories to account for those component expenses not appropriate for recovery from the City of Daytona Beach based on the assumptions utilized herein.

**CITIES OF ORMOND BEACH AND DAYTONA BEACH
WHOLESALE WATER AND WASTEWATER ANALYSIS**

**Table 5
O&M Expenses**

Functional Category	O&M Expenses ⁽¹⁾	Adjustments ⁽²⁾	Adjusted	Billable Flow ⁽³⁾	O&M Per kgal
Water System					
Finance Department	\$ 635,700	\$ (273,400)	\$ 362,300	1,873,537	\$ 0.1934
Water Production	1,956,800	0	1,956,800	1,873,537	1.0444
Water Distribution	989,500	(884,900)	104,600	1,873,537	0.0558
Operating & CIP Support ⁽⁴⁾	509,800	(219,200)	290,600	1,873,537	0.1551
Total Water System	\$ 4,091,800	\$ (1,377,500)	\$ 2,714,300		\$ 1.4487
Wastewater System					
Finance Department	\$ 533,400	\$ (229,400)	\$ 304,000	1,263,649	\$ 0.2406
Wastewater Treatment	2,215,400	0	2,215,400	1,263,649	1.7532
Wastewater Collection	1,256,700	(926,900)	329,800	1,263,649	0.2610
Operating & CIP Support ⁽⁴⁾	694,500	(298,600)	395,900	1,263,649	0.3133
Less: Reclaimed Water Revenue	(320,400)	124,700	(195,700)	1,263,649	(0.1549)
Total Wastewater System	\$ 4,379,600	\$ (1,330,200)	\$ 3,049,400		\$ 2.4132
Grand Total	\$ 8,471,400	\$ (2,707,700)	\$ 5,763,700		

(1) As budgeted for fiscal year 2005/06.

(2) See Rate Base discussions for adjustment definitions.

(3) Flows represented in thousands (000s) of gallons as projected for fiscal year 2005/06.

(4) Operating & CIP Support allocated between water and wastewater based on original cost less depreciation (Table 1).

Resulting Rates

Black & Veatch's allocation of return on rate base results in an annual fixed cost for the provision of service to the City of Daytona Beach in the amount of \$0.08 and \$0.23 per gallon per day of reserved capacity for water and wastewater service respectively. These fixed amounts are based on a maximum daily requirement for water service and an average daily requirement for wastewater service respectively. Additionally, a uniform volume charge of \$1.85 per 1,000 gallons of water and \$3.68 per 1,000 gallons of wastewater will provide for the recovery of O&M expenses and depreciation expense allocable to the City of Daytona Beach. These rate components, resulting from the utility approach of rate determination, are summarized below in Table 6.

Table 6
Wholesale Water and Wastewater Rates
Utility Approach

<u>Description</u>	<u>Water</u>	<u>Wastewater</u>	<u>Basis of Charge</u>
Fixed Charge	\$0.08	\$0.23	Per gallon per day ⁽¹⁾
	<i>Plus</i>	<i>Plus</i>	
Volume Charge	\$1.85	\$3.68	Per 1,000 gallons ⁽²⁾

(1) To be charge for each gallon of capacity reserved.

(2) To be charge for each 1,000 gallons of service actually provided.

CAPACITY PURCHASE APPROACH

Under the capacity purchase approach, the City of Daytona Beach would purchase rights to a specified capacity in the City of Ormond Beach's water and wastewater facilities, and subsequently would be entitled to a level of service not to exceed that specified limit. Additionally, the City of Daytona Beach would be responsible for a proportionate share of the O&M and depreciation expenses based on the actual level of service provided by the City of Ormond Beach. Under the capacity purchase approach, the quantity of capacity purchased could be set at either the projected ultimate requirement of the City of Daytona Beach or capacity could be purchased incrementally on an as needed basis. It should be noted that under the capacity purchase approach, there is no actual transfer of ownership. Rather the City of Daytona Beach would purchase the rights to a desired amount of capacity. As such, the City of Daytona Beach would not be eligible for a refund of this purchase amount should it forgo such capacity rights in the future.

The cost components considered for recovery under the capacity purchase approach are similar to those previously discussed under the utility approach with the exception of the return on rate base component. By selling capacity, or recovering the investment in facilities, the City of Ormond Beach is not eligible for a return on this refunded investment.

It is anticipated that the cost per unit of capacity charged by the City of Ormond Beach under the capacity purchase approach will be developed in conjunction with water and wastewater impact fees. However, as noted previously this approach does not imply any ownership rights by the City of Daytona Beach in the water and wastewater facilities owned by the City of Ormond Beach.

Resulting Rates

Black & Veatch's determination of a cost per unit of capacity and the allocation of revenue requirements, consisting of O&M expenses and depreciation expense, results in an initial payment of \$3.88 and \$4.56 per gallon per day of guaranteed capacity for water and wastewater respectively based on the existing impact fees charged by the City of Ormond Beach. These

payment amounts were determined by dividing the existing impact fees of \$1,359.00 and \$1,595.00 per equivalent dwelling unit for water and wastewater respectively by the level of service standard associated with each, 350 gallons per day. Additionally, a uniform volume charge of \$1.85 per 1,000 gallons of water and \$3.68 per 1,000 gallons of wastewater will provide for the recovery of O&M expenses and depreciation expense allocable to the City of Daytona Beach, as developed previously in the Report. These rate components, resulting from the capacity purchase approach of rate determination, are summarized below in **Table 7**.

Table 7
Wholesale Water and Wastewater Rates
Capacity Purchase Approach

Description	Water	Wastewater	Basis of Charge
Initial Payment	\$3.88	\$4.56	Per gallon per day ⁽¹⁾
	<i>Plus</i>	<i>Plus</i>	
Volume Charge	\$1.85	\$3.68	Per 1,000 gallons ⁽²⁾

(1) To be paid for each gallon of capacity required (either at build out or incrementally).

(2) To be charged for each 1,000 gallons of service actually provided.

COMPARISON OF APPROACHES

In order to demonstrate the variance in potential impact of adopting one approach over another, a comparison was conducted in order to simulate such variance. The underlying assumptions reflected in the comparison provided in **Table 8** below are as follows: (i) average daily service requirements of 128 gallons per capita; (ii) an occupancy rate 2.1 persons per dwelling; (iii) an average lot size of 0.5 acres per dwelling; (iv) a service territory of 3,000 acres; and (v) a max:avg. daily ratio of 1.5 for water service. These assumptions are based on conversations with the City of Daytona Beach pursuant to the ultimate level of service requirements anticipated for the CTLC Property upon build out.

Table 8
Comparison of Utility and Capacity Purchase Approaches

Line	Description	Utility Approach	Capacity Purchase Approach
	Annual Level of Service ⁽¹⁾		
1	Water	588,672	588,672
2	Wastewater ⁽²⁾	470,938	470,938
	Capacity Requirement ^{(3) (4)}		
3	Water	2,419,200	1,612,800
4	Wastewater	1,290,240	1,290,240
	Initial Payment		
5	Water	\$ 0	\$ 6,257,664
6	Wastewater	0	5,883,494
7	Total Initial Payment	\$ 0	\$ 12,141,158
		<i>Plus</i>	
	Return on Rate Base		
8	Water	\$ 193,536	\$ 0
9	Wastewater	296,755	0
	Uniform Volume Charge		
10	Water	1,089,043	1,089,043
11	Wastewater	1,733,050	1,733,050
12	Total Annual Charge	\$ 3,312,384	\$ 2,822,093

(1) Shown in thousands of gallons.

(2) Assumes billable wastewater is equal to 80% of billable water.

(3) Shown on average daily basis for Capacity Purchase Approach and wastewater (Utility Approach).

(4) Assumes maximum day requirement of 1.5x for water (Utility Approach).

Pursuant to previous discussions, both of the approaches utilized herein in the determination of equitable cost recovery mechanisms must be considered packages of advantages and disadvantages for both the City of Ormond Beach and the City of Daytona Beach. Most notably, the utility approach minimizes the initial impact on the City of Daytona Beach and provides the City of Ormond Beach with a perpetual income source in the form of a return on rate base, or investment in facilities. Conversely, the capacity purchase approach results in a significant required initial investment on the part of the City of Daytona Beach but a lower overall cost of service over time while providing for an opportunity for the City of Ormond Beach to quickly recover the investment made in facilities. It should be made clear that the proposal of alternative approaches is not intended to mean that the Cities should be bound to accept any one of these approaches. More specifically, the Cities are responsible for making certain value judgments on the relative merits of a cost recovery mechanism which cannot be entirely factored into a Report such as this.

CONCLUSIONS AND RECOMMENDATIONS

During the course of the analyses, it was concluded that sufficient information is available to facilitate the determination of a preliminary wholesale cost recovery mechanism pursuant to assumed functional and level of service requirements. As negotiations between the Cities with respect to the provision of wholesale water and wastewater service for the CTLC Property proceed, certain issues may arise which could greatly influence the cost recovery approach utilized. Regardless of the approach utilized, great care should be exercised in reviewing the individual cost components implicit in the selected cost recovery mechanism as the actual level of service characteristics and functional service requirements may vary over time. In this regard, Black & Veatch recommends that the Cities, in cooperation with each other and subsequent to the start of service, annually review the costs allocable to the City of Daytona Beach based on actual cost and level of service characteristics, including demand requirements (maximum day and peak hour).

PRINCIPAL CONSIDERATIONS AND ASSUMPTIONS

It has been necessary for certain assumptions to be made with respect to conditions that may occur in the future. While we believe these assumptions are reasonable for the purpose of the Report, they are essentially dependent upon future events and as such actual events may differ from those assumed. In addition, the development of assumptions and applicable projections relies upon certain information provided to us by others. While we believe these sources to be reliable, we have not independently verified the information and offer no assurances with respect thereto. To the extent that actual future conditions differ from those assumed herein or provided to us by others, the actual results will vary from those forecasted.

We appreciate the opportunity to be of service to the City of Ormond Beach and the City of Daytona Beach in this matter and will be happy to discuss the Report at your convenience.

Very truly yours,

BLACK & VEATCH CORPORATION



Jeffrey R. Annon

Instrument# 2006-280519 # 30
Book : 5949
Page : 4171
Diane M. Matousek
Volusia County, Clerk of Court

EXHIBIT B

SECOND AMENDED WATER AND SEWER SERVICE AREA AGREEMENT

This Second Amended Water and Sewer Service Area Agreement ("Second Amended Agreement") is made and entered into by and between **The City of Daytona Beach and The City of Ormond Beach.**

Witnesseth:

WHEREAS, The City of Daytona Beach and The City of Ormond Beach are municipalities duly chartered, existing, and exercising their respective municipal powers under Article VIII, Florida Constitution, and other general laws of the State of Florida; and

WHEREAS, The City of Daytona and The City of Ormond Beach have entered into a Settlement Agreement and related Agreements as described below under authority conferred by Article VIII, Florida Constitution; the Municipal Home Rule Powers Act, Chapter 166, Florida Statutes; and the Florida Interlocal Cooperation Act of 1969, section 163.01, Florida Statutes; and other general law including Chapters 159 and 180, Florida Statutes; and

WHEREAS, The City of Daytona Beach and The City of Ormond Beach each own and operate potable water systems that produce, treat, and distribute potable water to customers inside and outside their respective city limits; and both cities own and operate sanitary sewage collection, treatment, and disposal systems for lands and customers inside and outside their respective city limits; and

WHEREAS, The City of Daytona Beach and The City of Ormond Beach entered into a Water and Sewer Service Area Agreement executed on or about September 8, 1981; and

WHEREAS, The City of Daytona Beach and The City of Ormond Beach entered into a First Amended Water and Sewer Service Area Agreement executed on or about June 17, 1991; and

WHEREAS, The City of Daytona Beach and The City of Ormond Beach entered into an Amendment to First Amended Water and Sewer Service Area Agreement executed on or about October 20, 1992; and

WHEREAS, the Water and Sewer Service Area Agreement (1981), the First Amended Water and Sewer Service Area Agreement (1991), and the Amendment to the First Amended Water and Sewer Service Area Agreement (1992), shall be collectively referred to as the "Amended 1981 Agreement"; and

WHEREAS, disputes have arisen between The City of Daytona Beach and The City of Ormond Beach regarding the provision of water and sewer services to lands and customers that are the subject of the Amended 1981 Agreement, as well as other issues of related concern ("Disputed Issues"); and

WHEREAS, on December 3, 2003, The City of Daytona Beach adopted Resolution No. 03-583 identifying the Disputed Issues and initiating the governmental conflict resolution process under Chapter 164, Florida Statutes; and

WHEREAS, The City of Daytona Beach and The City of Ormond Beach desire to resolve the Disputed Issues by entering into a comprehensive settlement as set forth in (1) the Settlement Agreement and Mutual Release of Claims, (2) this Second Amended Water and Sewer Service Area Agreement, (3) an Interlocal Wholesale Water and Wastewater Service Agreement, and (4) an Interlocal Agreement for the Operation, Administration, and Maintenance of Finished Water Interconnects East of I-95, which together shall be referred to as the "Comprehensive Settlement Agreements"; and

WHEREAS, The City of Daytona Beach and The City of Ormond Beach have concurrently approved and authorized execution of the Comprehensive Settlement Agreements; and

NOW THEREFORE, for and in consideration of the promises and covenants herein contained, The City of Ormond Beach and The City of Daytona Beach mutually agree as follows:

1. Recitals and Exhibits. The foregoing recitals constitute material representations, are incorporated herein by reference, and are a material part of this Second Amended Agreement. All exhibits to this Second Amended Agreement are incorporated herein by reference and are a material part hereof.

2. Purpose. The purpose of this Second Amended Agreement is stated in the recital paragraphs.

3. Term. The term of this Second Amended Agreement shall be perpetual unless terminated, or to the extent amended, by mutual agreement of the parties executed in writing approved by the governing body of each party.

4. Service Area. The Water-Sewer Service Area Boundary Line and Service Areas shall be as follows:

(a) East of Interstate 95 (I-95) to Atlantic Ocean (Exhibit 1).

- (1) Starting at the edge of the eastern right-of-way line of I-95 and continuing east to the Atlantic Ocean, the Service Area Boundary Line

shall follow the municipal boundary line of Ormond Beach and Daytona Beach, and the Service Area of each city shall be its respective municipal area, except as provided in paragraph 4(a)(2) below. The map attached hereto as Exhibit 1 shows the current municipal boundaries.

- (2) Ormond Beach and Daytona Beach acknowledge that each city currently provides water and/or sewer services to certain lands and customers in the other city's municipal limits and in the unincorporated area as depicted in Exhibit 1, and that those lands and customers shall continue to be part of the Service Area of the party that is providing service to them. Either city may serve unincorporated properties not currently being served by the other.

(b) West of Interstate 95 (Exhibit 2).

- (1) Starting at the edge of the western right-of-way line of I-95 and continuing west to the Southwest Corner of the West 1/2 of the Northwest 1/4 of Section 9, Township 15 South, Range 31 East, the Service Area Boundary Line shall be as depicted in the map attached hereto as Exhibit 2. Ormond Beach's Service Area shall be all lands north of the Service Area Boundary Line, which Service Area includes lands within the Daytona Beach corporate limits pursuant to annexation on March 6, 2002, by Ordinance No. 02-106. Daytona Beach's Service Area shall be all lands south of the Service Area Boundary Line.
- (2) Within the corporate boundaries of Daytona Beach, Ormond Beach's right to provide service within its Service Area shall be limited exclusively to wholesale service provided pursuant to the Interlocal Wholesale Water and Wastewater Treatment Service Agreement. In the event the Interlocal Wholesale Water and Wastewater Treatment Service Agreement is terminated without cause by Daytona Beach, Ormond Beach shall have the right to provide water and/or sewer services to all lands and customers within its Service Area without limitation to wholesale service, and Daytona Beach shall not provide water or sewer services in Ormond Beach's Service Area.
- (3) In the event the Interlocal Wholesale Water and Wastewater Treatment Service Agreement is terminated without cause by Ormond Beach, Daytona Beach shall have the right to provide water and/or sewer services to all lands and customers within its municipal boundaries, and Ormond Beach shall not provide water or sewer services within Daytona Beach.

- (4) In the event that Ormond Beach is unable, or fails or refuses to provide service to all or any portion of its Service Area west of I-95 which is within the corporate boundaries of Daytona Beach pursuant to the Interlocal Wholesale Water and Wastewater Treatment Service Agreement, Daytona Beach shall have the right to provide such service until such time as Ormond Beach is willing, capable, and does provide such service.
- (5) In the event that Ormond Beach restricts or limits water consumption or service provided pursuant to the Interlocal Wholesale Water and Wastewater Treatment Service Agreement to all or any portion of its Service Area west of I-95 which is within the corporate boundaries of Daytona Beach, Daytona Beach shall have the right to provide supplemental water service as necessary to meet all needs of customers within the Daytona Beach corporate limits.

5. Use of Rights-of-Way.

(a) **Notice and Written Approval.** To the extent necessary to deliver water and/or sewer services in furtherance of this Second Amended Agreement, Ormond Beach and Daytona Beach shall have the right to use rights-of-way on lands within the other party's municipal limits for the purpose of laying water and/or sewer lines, upon approval in writing by the city manager of the city in which the work will be done, which approval shall not be unreasonably withheld. Written notice shall be provided to the city manager at least 45 days prior to commencement of any work in the right-of-way, and the city manager shall respond promptly.

(b) **Repair upon completion.** Upon completion of work within the right-of-way, all land and public improvements shall be repaired promptly to conform with all currently applicable standards of the governing municipality.

6. Discretionary Powers. Ormond Beach and Daytona Beach each retain their full legislative and discretionary powers to plan and provide logical, technically sound, economically feasible extensions of their water-sewer systems; and nothing contained herein shall require either party to approve extensions of their water-sewer systems. Except as otherwise provided in paragraph 4 above, neither party shall provide water or sewer service to any customer or land in the other party's Service Area without the prior written consent of the governing body of the other party; and except as provided in paragraph 5 above, neither party shall extend their water and/or sewer lines in the other party's Service Area.

7. Amendments. This Second Amended Agreement may only be amended in writing by mutual consent of the governing bodies of both parties, and such amendment shall only be effective upon execution thereof by the

appropriate officials having legal authority to execute such amendment and recordation with the clerk of circuit court in and for Volusia County, Florida, in accordance with section 163.01(11), Florida Statutes.

8. Termination. This Second Amended Agreement shall supersede and replace the Amended 1981 Agreement, and may only be terminated upon the mutual consent of the governing bodies of both parties.

9. Third-Party Beneficiary Rights. Nothing in this Second Amended Agreement shall confer or be construed to confer any rights or benefits to any person or entity other than The City of Ormond Beach and The City of Daytona Beach; and nothing herein is intended to confer, or shall be construed to afford, third-party beneficiary rights or status to any person or entity.

10. Resolution of Disputes. The Florida Governmental Conflict Resolution Act, Chapter 164, Florida Statutes, as it may be amended, shall be used to resolve disputes arising under this Second Amended Agreement.

11. Effectiveness of Agreement. The City of Ormond Beach and The City of Daytona Beach shall execute this Seconded Amended Agreement contemporaneously with the execution of the Settlement Agreement and Mutual Release of Claims; and this Seconded Amended Agreement shall constitute a material part of the Settlement Agreement and Mutual Release of Claims. The parties shall cause this Seconded Amended Agreement to be recorded with the clerk of circuit court in and for Volusia County, Florida, and it shall become effective upon such recordation in accordance with section 163.01(11), Florida Statutes.

DATED: September 19, 2006

THE CITY OF ORMOND BEACH

By: Fred Costello
Fred Costello, Mayor

By: Isaac Turner
Isaac Turner, City Manager

ATTEST:

(Official Seal)

By: Ronnie Patterson
Ronnie Patterson, City Clerk

THE CITY OF DAYTONA BEACH

DATED: October 4, 2006.

By: Yvonne Scarlett-Golden
Yvonne Scarlett-Golden, Mayor

By: James V. Chisholm
James V. Chisholm, City Manager

ATTEST:

By: Jennifer L. Thomas (Official Seal)
Jennifer L. Thomas, City Clerk

Instrument# 2006-280520 # 7
Book : 5949
Page : 4178

Exhibit 2
Municipal Service Boundary
West of Interstate 95

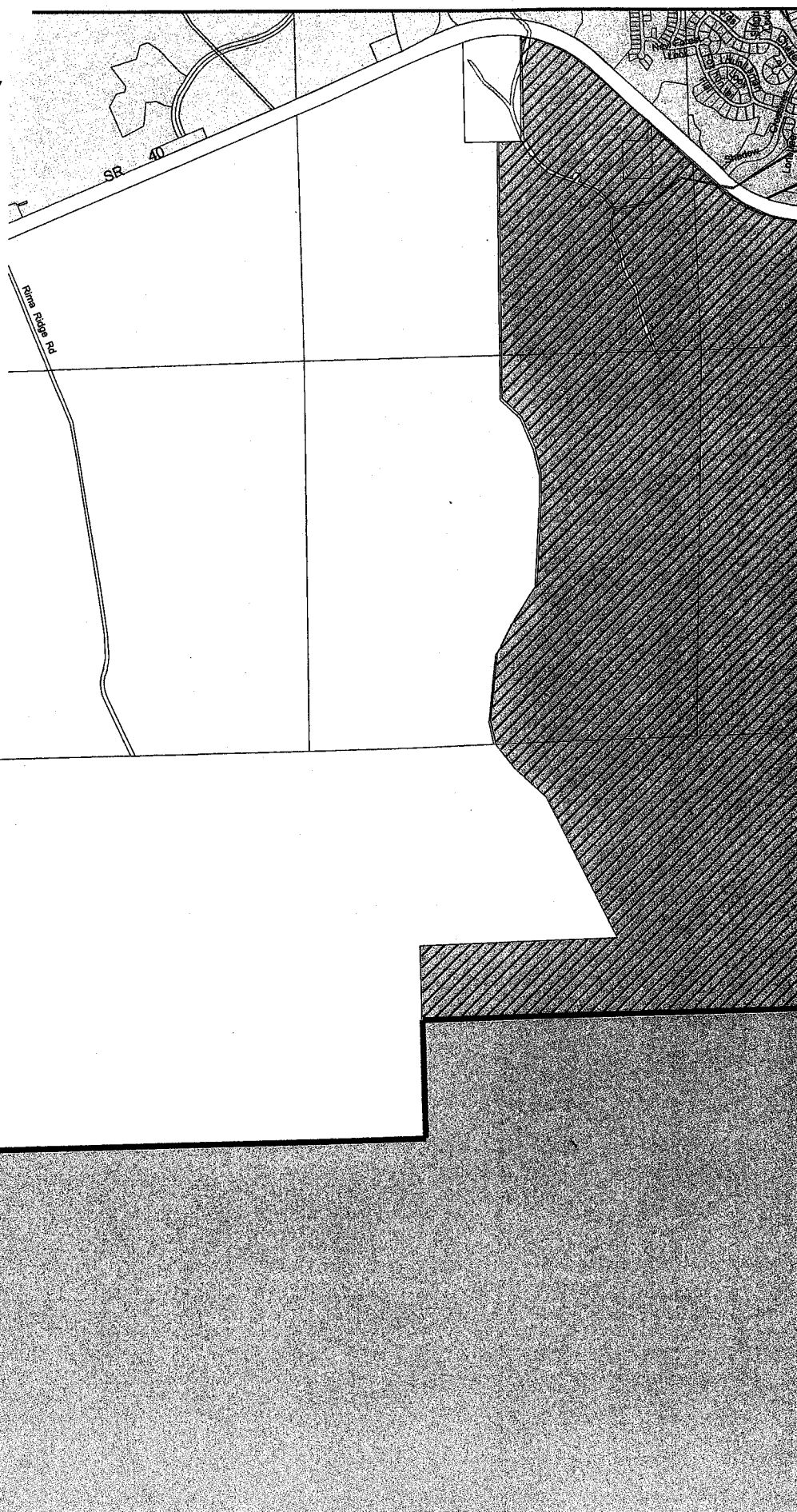
LEGEND

-  Municipal Service Boundary
-  Wholesale Service Area
- City Limits (source: Volusia Co. GIS)
-  Ormond Beach
-  Daytona Beach

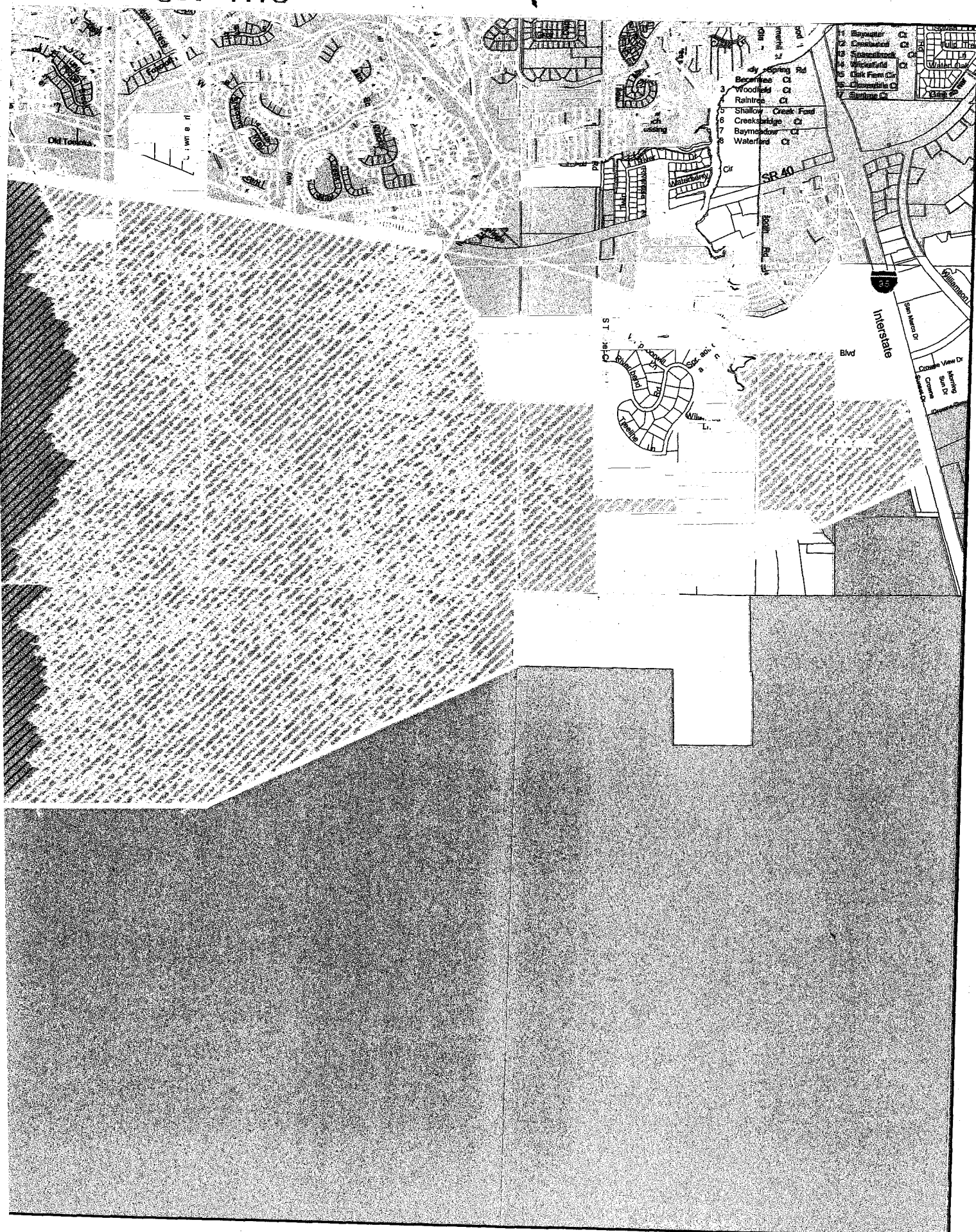


1000 0 1000 2000 Feet

Prepared By: City Engineering Division 9/13/06



Instrument# 2 [REDACTED] # 8
Book : 5949
Page : 4179



Instrument# 2006-280520 # 9
Book: 5949
Page: 4180

Exhibit 1
Municipal Service Boundary
East of Interstate 95

LEGEND

 Municipal Service Boundary
City Limits - 2003

 Ormond Beach
 Holly Hill
 Daytona Beach



1000 0 1000 2000 Feet

Prepared By: City Engineering Division 9/13/06

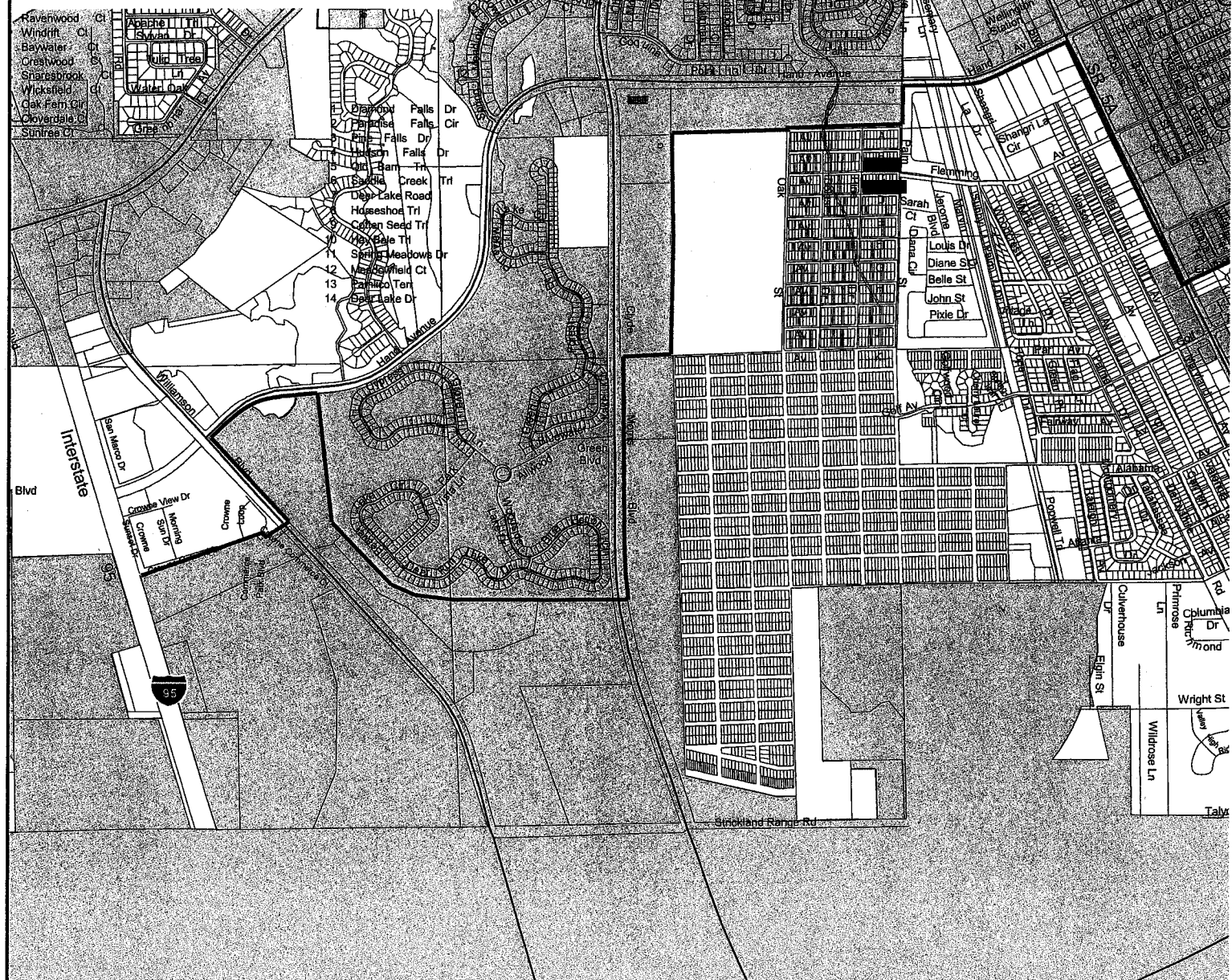




EXHIBIT C

Exhibit 'C'

Exhibit 2 Wholesale Connection Points

LEGEND

-  Wholesale Connection Point
 Municipal Service Boundary
 Wholesale Service Area
 City Limits (source: Volusia Co. GIS)
 Ormond Beach
 Daytona Beach

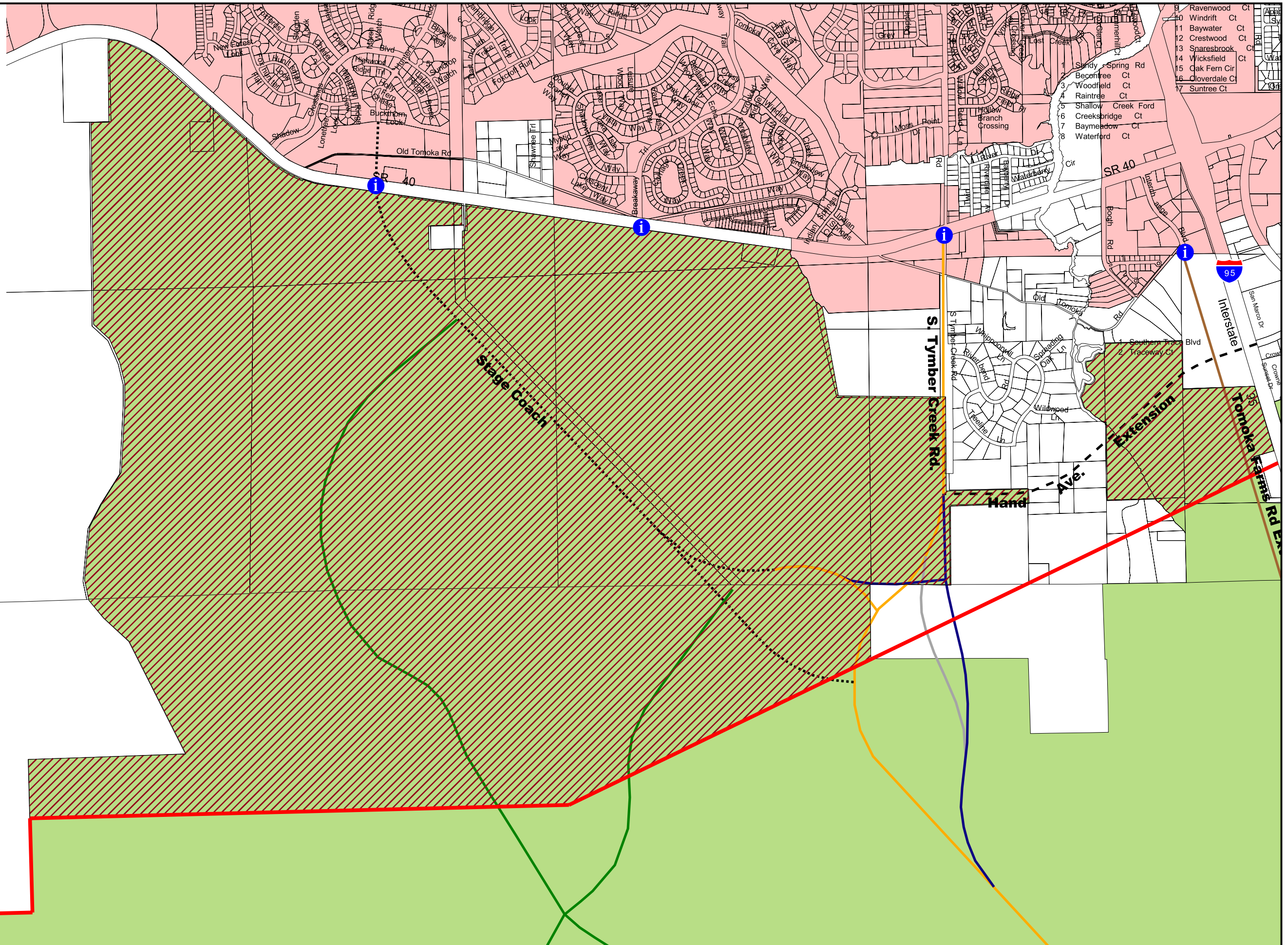
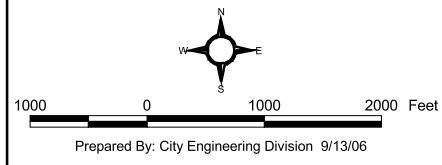


EXHIBIT D



St. Johns River Water Management District

Michael A. Register, P.E., Executive Director

4049 Reid Street • P.O. Box 1429 • Palatka, FL 32178-1429 • 386-329-4500 • www.sjrwmd.com

February 13, 2026

Shawn Finley
City of Ormond Beach
22 S Beach St
Ormond Beach, FL 32174-6386

SUBJECT: City of Ormond Beach, Consumptive Use Permit Number 8932-15
Volusia County, Florida

Dear Sir/Madam:

Enclosed is the permit authorized by the District on January 13, 2026. The enclosed permit is a legal document and should be kept with other important records. Please read the permit and conditions carefully because the referenced conditions may require submittal of additional information. Where possible, please submit all information required to comply with permit conditions electronically at www.sjrwmd.com/permitting via the District's e-Permitting portal.

Please be advised that the period of time within which a third party may request an administrative hearing on this permit may not have expired by the date of issuance. A potential petitioner has 26 days from the date on which the actual notice is deposited in the mail, or 21 days from publication of this notice when actual notice is not provided, within which to file a petition for an administrative hearing pursuant to Sections 120.569 and 120.57, Florida Statutes. Receipt of such a petition by the District may result in this permit becoming null and void.

If you have any questions concerning the permit, please contact John Theriac in the Palm Bay Service Center at (321) 409-2009 or Kelly Frame in the Palm Bay Service Center at (321) 473-1351 or Kristian Holmberg in the Palm Bay Service Center at (321) 409-2121

Sincerely,

Darrin Herbst, Bureau Chief
Water Use Regulation

Agent(s): John Watson, Barnes Ferland & Associates Inc

Land Owner(s): City of Ormond Beach

GOVERNING BOARD

Rob Bradley, CHAIR
FLEMING ISLAND

Maryam H. Ghyabi-White, VICE CHAIR
ORMOND BEACH

J. Chris Peterson, SECRETARY
WINTER PARK

Ron Howse, TREASURER
COCOA

Ryan Atwood
MOUNT DORA

Doug Boumique
VERO BEACH

Douglas Burnett
ST. AUGUSTINE

Cole Oliver
MERRITT ISLAND

Janet Price
FERNANDINA BEACH

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT
Post Office Box 1429
Palatka, Florida 32178-1429

PERMIT NO: 8932-15

DATE ISSUED: February 13, 2026

PROJECT NAME: City of Ormond Beach

A PERMIT AUTHORIZING:

The District authorizes, as limited by the attached permit conditions, an annual average quantity of 10.04 million gallons per day (mgd) of groundwater from the Upper Floridan aquifer for public supply use through 2036.

LOCATION:

Site: Breakaway Trails
Volusia County

Site: City of Ormond Beach
Volusia County

Site: Division Avenue Wellfield
Volusia County

Site: Hudson Wellfield
Volusia County

Site: Rima Ridge Wellfield
Volusia County

Site: State Road 40
Volusia County

SECTION(S):	TOWNSHIP(S):	RANGE(S):
21, 27, 28, 34, 41	13S	32E
24, 25, 27, 28, 29, 36	14S	31E
2, 3, 7, 8, 10, 11, 14, 15, 16	14S	32E

ISSUED TO:

City of Ormond Beach
22 S Beach St
Ormond Beach, FL 32174-6386

The permittee agrees to hold and save the St. Johns River Water Management District and its successors harmless from any and all damages, claims, or liabilities which may arise from permit issuance. Said application, including all plans and specifications attached thereto, is by reference made a part hereof.

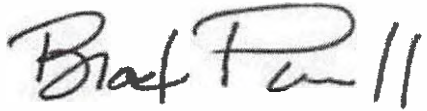
This permit does not convey to the permittee any property rights nor any rights or privileges other than those specified herein, nor relieve the permittee from complying with any applicable local government, state, or federal, rule, or ordinance.

This permit may be revoked, modified or transferred at any time pursuant to the appropriate provisions of Chapter 373, Florida Statutes and 40C-1, Florida Administrative Code.

PERMIT IS CONDITIONED UPON:

See conditions on attached "Exhibit A", dated February 13, 2026

AUTHORIZED BY: St. Johns River Water Management District
Division of Water Supply Planning and Assessment

A handwritten signature in black ink that reads "Brad Purcell". The signature is written in a cursive, flowing style.

By:

Brad Purcell
Chief of Staff

"EXHIBIT A"
CONDITIONS FOR ISSUANCE OF PERMIT NUMBER 8932-15
City of Ormond Beach
DATE ISSUED February 13, 2026

1. With advance notice to the permittee, District staff with proper identification shall have permission to enter, inspect, observe, collect samples, and take measurements of permitted facilities to determine compliance with the permit conditions and permitted plans and specifications. The permittee shall either accompany District staff onto the property or make provision for access onto the property.
2. Nothing in this permit should be construed to limit the authority of the St. Johns River Water Management District to declare a water shortage and issue orders pursuant to Chapter 373, F.S. In the event of a declared water shortage, the permittee must adhere to the water shortage restrictions, as specified by the District. The permittee is advised that during a water shortage, reports shall be submitted as required by District rule or order.
3. Prior to the construction, modification or abandonment of a well, the permittee must obtain a water well permit from the St. Johns River Water Management District or the appropriate local government pursuant to Chapter 40C-3, F.A.C. Construction, modification, or abandonment of a well will require modification of the consumptive use permit when such construction, modification, or abandonment is other than that specified and described on the consumptive use permit application form.
4. Leaking or inoperative well casings, valves, or controls must be repaired or replaced as required to eliminate the leak or make the system fully operational.
5. The permittee's consumptive use of water as authorized by this permit shall not interfere with legal uses of water existing at the time of permit application. If interference occurs, the District shall revoke the permit, in whole or in part, to curtail or abate the interference, unless the interference associated with the permittee's consumptive use of water is mitigated by the permittee pursuant to a District-approved plan.
6. The permittee's consumptive use of water as authorized by this permit shall not have significant adverse hydrologic impacts to off-site land uses existing at the time of permit application. If significant adverse hydrologic impacts occur, the District shall revoke the permit, in whole or in part, to curtail or abate the adverse impacts, unless the impacts associated with the permittee's consumptive use of water are mitigated by the permittee pursuant to a District-approved plan.
7. The permittee shall notify the District in writing within 30 days of any sale, transfer, or conveyance of ownership or any other loss of permitted legal control of the Project and/or related facilities from which the permitted consumptive use is made. Where permittee's control of the land subject to the permit was demonstrated through a lease, the permittee must either submit documentation showing that it continues to have legal control or transfer control of the permitted system/project to the new landowner or new lessee. All transfers of ownership are subject to the requirements of Rule 40C-1.612, F.A.C. Alternatively, the permittee may surrender the consumptive use permit to the District, thereby relinquishing the right to conduct any activities under the permit.
8. A District-issued identification tag shall be prominently displayed at each withdrawal site by permanently affixing such tag to the pump, headgate, valve, or other withdrawal facility as provided by Rule 40C-2.401, F.A.C. The permittee shall notify the District in the event that a replacement tag is needed.
9. The permittee's consumptive use of water as authorized by this permit shall not adversely

impact wetlands, lakes, rivers, or springs. If adverse impacts occur, the District shall revoke the permit, in whole or in part, to curtail or abate the adverse impacts, unless the impacts associated with the permittee's consumptive use of water are mitigated by the permittee pursuant to a District-approved plan.

10. The permittee's consumptive use of water as authorized by this permit shall not reduce a flow or level below any minimum flow or level established by the District or the Department of Environmental Protection pursuant to Section 373.042 and 373.0421, F.S. If the permittee's use of water causes or contributes to such a reduction, then the District shall revoke the permit, in whole or in part, unless the permittee implements all provisions applicable to the permittee's use in a District-approved recovery or prevention strategy.
11. The permittee's consumptive use of water as authorized by the permit shall not cause or contribute to significant saline water intrusion. If significant saline water intrusion occurs, the District shall revoke the permit, in whole or in part, to curtail or abate the saline water intrusion, unless the saline water intrusion associated with the permittee's consumptive use of water is mitigated by the permittee pursuant to a District-approved plan.
12. The permittee's consumptive use of water as authorized by the permit shall not cause or contribute to flood damage. If the permittee's consumptive use causes or contributes to flood damage, the District shall revoke the permit, in whole or in part, to curtail or abate the flood damage, unless the flood damage associated with the permittee's consumptive use of water is mitigated by the permittee pursuant to a District-approved plan.
13. All consumptive uses authorized by this permit shall be implemented as conditioned by this permit, including any documents incorporated by reference in a permit condition. The District may revoke this permit, in whole or in part, or take enforcement action, pursuant to Section 373.136 or 373.243, F.S., unless a permit modification has been obtained to address the noncompliance. The permittee shall immediately notify the District in writing of any previously submitted information that is later discovered to be inaccurate.
14. This permit does not convey to the permittee any property rights or privileges other than those specified herein, nor relieve the permittee from complying with any applicable local government, state, or federal law, rule, or ordinance.
15. A permittee may seek modification of any term of an unexpired permit. The permittee is advised that Section 373.239, F.S., and Rule 40C-2.331, F.A.C., are applicable to permit modifications.
16. Following the effective date of the re-evaluated Minimum Flows and Levels adopted pursuant to Rule 62-42.300(1)(e), F.A.C., this permit is subject to modification during the term of the permit, upon reasonable notice by the District to the permittee, to achieve compliance with any approved MFL recovery or prevention strategy for the Lower Santa Fe River, Ichetucknee River, and Associated Priority Springs. Nothing herein shall be construed to alter the District's authority to modify a permit under circumstances not addressed in this condition.
17. All irrigation shall be in conformity with the requirements set forth in subsection 40C-2.042(2), F.A.C.
18. The permittee shall use the lowest quality water source, such as reclaimed water, surface/storm water, or alternative water supply, to supply the needs of the project when deemed environmentally, economically or technically feasible pursuant to District rules and applicable state law.
19. The permittee shall meter all service connections.

20. All submittals made to demonstrate compliance with this permit must include CUP number 8932-15 labeled on the submittal. Submittals should be made online at www.sjrwmd.com/permitting whenever possible.
21. This permit will expire on **January 14, 2036**.
22. The maximum annual groundwater withdrawals from the Upper Floridan aquifer for public supply use must not exceed 3,663.14 million gallons (10.04 mgd, annual average) through 2036.
23. Maximum annual groundwater withdrawals from the Upper Floridan aquifer must not exceed:
- 602.25 million gallons (1.65 mgd, annual average) for Division Avenue,
 1,500.15 million gallons (4.11 mgd, annual average) for Hudson,
 412.45 million gallons (1.13 mgd, annual average) for State Road 40 and
 1,149.75 million gallons (3.15 mgd, annual average) for Rima Ridge.
24. The annual average daily groundwater withdrawals for reclaimed water supplementation from the Breakaway Trails wellfield (Breakaway Trails well 2 (Station ID: 17799), Breakaway Trails well 3 (Station ID: 17800), and Breakaway Trails well 4 (Station ID: 17801)), must not exceed:
- 0.086 mgd in 2026,
 0.058 mgd in 2027, and
 0.029 mgd in 2028.
- Use of these wells must cease by December 31, 2029, and will no longer be permitted for reclaimed water supplementation purposes.
25. Prior to use, all existing and proposed wells must be equipped with totalizing flow meters. All flow meters must measure within +/- 5% of actual flow, be verifiable and be installed according to the manufacturer's specifications.
26. The permittee must measure the quantity of water withdrawn from the following stations:

Station Name	Station ID	Wellfield
21 SR	17230	State Road 40
22 H	17231	Hudson
23 H	17232	Hudson
24 H	17233	Hudson
25 H	17234	Hudson
26 H	17235	Hudson
27 H	17236	Hudson
28 H	17237	Hudson
29 H	17238	Hudson
30 H	17239	Hudson
31 H	17240	Hudson
32 H	17241	Hudson
33 H	17242	Hudson
34 H	17243	Hudson

35 R	17244	Rima Ridge
36 R	17245	Rima Ridge
37 R	17246	Rima Ridge
38 R	17247	Rima Ridge
5 D	17255	Division Avenue
6 D	17256	Division Avenue
7 D	17257	Division Avenue
9 D	17258	Division Avenue
10 D	17260	Division Avenue
16 D	17266	Division Avenue
18 SR	17269	State Road 40
19 SR	17271	State Road 40
20 SR	17273	State Road 40
2 Breakaway Trails	17799	Breakaway Trails
3 Breakaway Trails	17800	Breakaway Trails
4 Breakaway Trails	17801	Breakaway Trails
8 D	34004	Division Avenue
11 D	34005	Division Avenue
12 D	34006	Division Avenue
17 D	34009	Division Avenue
39 R	23010	Rima Ridge
40 R	34011	Rima Ridge
41 R	34012	Rima Ridge
4D	137840	Division Avenue
15D	137841	Division Avenue
42H	412898	Hudson
43H	412899	Hudson
44H	412900	Hudson

Total withdrawal from each pump and well must be recorded continuously, totaled monthly, and reported to the District at least every six months for the duration of this permit using Water Use Pumpage Report Form (EN-50). The meter reading or quantity withdrawn must be reported in gallons. Reporting is required, even if there is no use. The reporting dates each year will be as follows:

Reporting Period

January – June
July - December

Report Due Date

July 31
January 31

27. The permittee must maintain all flowmeters and alternative methods for measuring flow. In case of failure or breakdown of any meter, the District must be notified in writing within 5 days of its discovery. A defective meter must be repaired or replaced within 30 days of its discovery.
28. The permittee must have all flow meters checked for accuracy at least once every 10 years, specifically before July 1, 2032, and recalibrated if the difference between the actual flow and the meter reading is greater than 5%. Flow Meter Accuracy Report Form (EN-51) must be submitted to the District within 30 days of the inspection/calibration.
29. The permittee must implement the updated Wellfield Operation Schedule submitted to the District on October 31, 2024.
30. The permittee must implement the Water Conservation Plan submitted to the District on October 31, 2024.
31. The permittee must provide an annual water conservation and alternative water source status report to the District, by February 28th of each year. At a minimum, the report must include:
 - (a) an update on implementation of water conservation activities identified in the Water Conservation Plan submitted to the District on October 31, 2024;
 - (b) details on new potential water conserving projects or activities, including type of projects and projected implementation dates; and
 - (c) an update on the progress made toward utilizing or participating in alternative water source projects, including but not limited to reclaimed water, surface water or other alternative sources of water, that would result in offsetting groundwater withdrawals.
32. The permittee must conduct monitoring of wetlands and/or surface waters for each of the five wetland areas listed below, including monitoring surficial aquifer groundwater levels associated with each wetland and/or surface water monitoring site, as needed:
 - a. Site R3 (Station ID 244109)
 - b. Site R5 (Station ID 244112)
 - c. Site R7 (Station ID 244114)
 - d. Site RC2 (Station ID 244107)
 - e. Site RC3 (Station ID 244106)

If another agency or utility is monitoring the same water body, then the same monitoring equipment/data can, upon written approval by SJRWMD, be used with the owner's consent. All hydrologic data collection related to wetlands and lakes will be done using automated data loggers. Data collection at all five sites must be daily.
33. The proposed hydrological and vegetative wetland monitoring plan shall be accomplished as described in Attachment 9 "Proposed Rima Ridge Wellfield Area Monitoring Plan Update" of the RAI response received by the District on October 31, 2024.
34. Groundwater level data associated with the wetland and/or surface water monitoring must be collected for each of the sites listed in the following table and submitted electronically every six months to the District. To meet this reporting requirement, the permittee may utilize the Water Level Data-Wetland Monitoring Template, for the wetland monitoring sites. The template is available through the District's e-Permit website. Alternative submittal formats must be approved by the District. Data collected January through June must be submitted on or before July 31st of each year.

Data collected July through December must be submitted on or before January 31st of each year. Upon implementation of updated monitoring at stations R3, R5, R7, RC2, and RC3, monitoring at locations R1, R2, R4, R6, and RC1 for reporting to the District may cease.

Data collection must include water levels (weekly without data loggers, daily with data loggers) from wetland surficial aquifer monitoring wells. Data must be reported as elevation relative to North American Vertical Datum (NAVD) of 1988.

Wetland Monitoring Sites:

Monitoring Wells Detail						
Station ID	Station Name	Casing Diameter (inches)	Casing Depth (feet)	Total Depth (feet)	Source Name	Status
244110	R1	2	Unknown	Unknown	Surficial Aquifer	Active
244111	R2	2	Unknown	20	Surficial Aquifer	Active
244109	R3	2	Unknown	Unknown	Surficial Aquifer	Active
244038	R4	2	Unknown	Unknown	Surficial Aquifer	Active
244112	R5	2	Unknown	20	Surficial Aquifer	Active
244113	R6	2	Unknown	20	Surficial Aquifer	Active
244114	R7	2	Unknown	21	Surficial Aquifer	Active
244108	RC1	2	Unknown	Unknown	Surficial Aquifer	Active
244107	RC2	2	Unknown	Unknown	Surficial Aquifer	Active
244106	RC3	2	Unknown	Unknown	Surficial Aquifer	Active

35. By August 31, 2026, the permittee must submit to the District a detailed baseline monitoring report of the wetland hydrology and overall conditions, for Wetlands R3, R5, R7, RC2, and RC3, for the period from date of permit issuance to June 30, 2026. The baseline wetland monitoring report shall be submitted to the District utilizing the CUP Wetland Monitoring Datasheet Template, which is available through the District's e-Permitting website, or other format approved by the District. If the CUP Wetland Monitoring Template is not available, the baseline report shall be submitted utilizing a District-approved electronic format.
36. A hydrological and vegetative wetland/surface water monitoring report must be submitted to the District every five years subsequent to the baseline monitoring event. The five-year reports shall be submitted no later than August 31st of the submittal year and include the information, as described in the baseline monitoring report. The five-year reports shall be submitted to the District utilizing the CUP Wetland Monitoring Datasheet Template through the District's e-Permitting website, or other format approved by the District. If the CUP Wetland Monitoring Datasheet Template is not available, the five-year reports must be submitted utilizing a District-approved format.

The five-year hydrological and vegetative wetland monitoring reports must include graphs summarizing the water level data, collected rainfall data (when collected by the permittee) and wellfield pumpage data. The elevation of the surveyed upland/wetland, hydric soil at surface and/or muck soil at surface boundary locations must be indicated on the graphs. In addition, the report must include a brief analysis and discussion of trends and wetland health as well as any observed changes occurring at the location of the boundary data points that are identified in the baseline monitoring report. A double mass analysis and/or a time series analysis of rainfall, well levels, and elevations of data collection points must be included for each well and wetland/surface water monitoring location.

37. By September 30, 2026, and every five years thereafter, the permittee must meet with District staff to confirm the approach and specifics of the wetland monitoring plan for the next five-year period. By February 28, 2027, and every five years thereafter, the permittee must provide any proposed changes to the wetland/surface water monitoring plan to the District for review and written approval.

Any re-evaluation of the wetland/surface water monitoring plan shall be completed using the most recently collected wetland, surface water and groundwater data for comparative purposes. A District-approved model to re-evaluate impacts of predicted drawdown within the surficial aquifer in the area of the wellfield to substantiate the need for any modifications of the monitoring plan may be required as part of any re-evaluation of the wetland/surface water monitoring plan.

38. If the permittee is unable to obtain or maintain legal access to any of the monitoring sites referenced above, the permittee must notify the District in writing within 15 days of concluding that access to any specific site is not possible. Within 45 days of this notification, the permittee must submit an alternative site to modify the monitoring network. Within six months of District approval of the monitoring network modification, the permittee must implement the approved change(s).
39. The permittee must have groundwater samples collected and analyzed annually in May for major ions from the following wells for the permit duration:

Station Name	Station ID	Station Type
12D	34006	Production Well
16D	17266	Production Well
24H	17233	Production Well
36R	17245	Production Well
21SR	17230	Production Well
3P	17253	Inactive Production Well
CMW	244401	Monitoring Well
RM-1D	244402	Monitoring Well
SWMW1	244397	Saltwater Interface Monitor Well
SWMW-2	244398	Saltwater Interface Monitor Well
SWMW-3	244399	Saltwater Interface Monitor Well
SWMW-4	244400	Saltwater Interface Monitor Well

Sample Collection

All groundwater samples must be collected in accordance with Florida Department of Environmental Protection (DEP) Standard Operating Procedure FS 2200 for groundwater sampling (DEP-SOP-001/01), DEP Quality Assurance Rule, 62-160, F.A.C.

Wells must be purged in accordance with the appropriate procedure in FS 2200, as necessary to evacuate water from the well column and induce groundwater representative of the hydrogeologic formation into the well prior to sampling. Purged water must be sampled and analyzed in the field for the following parameters:

- Water Temperature (°C)
- pH (SU)
- Specific Conductance (umhos/cm or uS/cm)
- Turbidity (NTU)

Calibrated instruments equipped with probe sensors are acceptable for field measurements during well purging and water quality sampling procedures. Purging and sampling must be documented using the Groundwater Sampling Log form referenced in FS 2200 or

equivalent.

Water samples must be preserved in accordance with the selected laboratory analytical method, stored on ice immediately after collection and remain on ice until received and processed by the laboratory.

Laboratory Analyses

Water samples must be analyzed in the laboratory for the following major ion suite:

- Calcium (mg/L)
- Magnesium (mg/L)
- Potassium (mg/L)
- Sodium (mg/L)
- Total iron (mg/L)
- Chloride (mg/L)
- Sulfate (mg/L)
- Bicarbonate Alkalinity (as mg/L CaCO_3)
- Carbonate Alkalinity (as mg/L CaCO_3)
- Total Dissolved Solids (mg/L)
- Specific Conductance (umhos/cm or uS/cm)

Quality Assurance

The permittee must provide documentation that field instruments were properly calibrated prior to obtaining field measurements during purging and sampling.

All water quality analyses must be performed by a laboratory certified by the Florida Department of Health (DOH) Environmental Laboratory Certification Program (ELCP) and the National Environmental Laboratory Accreditation Program (NELAP). All laboratory analyses must be performed using methods for which the laboratory has DOH certification. All laboratory analyses must be completed within EPA holding times. If data is lost or a laboratory error occurs and the EPA holding time for an analysis has expired, the permittee must have the well re-sampled within 15 days of notification from the laboratory that a loss or laboratory error has occurred. The resample shall be collected according to the procedures described above and analyzed for the field parameters and the major ion suite listed above.

Laboratory analyses utilizing selective ion electrodes and field screening test kits (e.g., Hach and LaMotte) are not acceptable due to the inadequate sensitivity of these methods.

All major ion analyses must be checked for anion-cation balance (equivalent concentration in meq/L) and must not exceed 5% difference. If the ion balance exceeds 5% difference, the permittee must review the data and include in the report submitted to the District a discussion of the cause or explanation of the imbalance. The permittee may also be required to have the sample re-analyzed if it is within acceptable holding times or have the well re-sampled. The resample shall be collected according to the procedures described above and analyzed for the four field parameters and the major ion suite.

Report

A report must be submitted to the District no later than the last day of the month after the month of the sampling (e.g., the report for samples collected in May must be submitted to the District no later than June 30). The report must include the following:

- Table summarizing results for field measurements and laboratory chemical analyses
- Groundwater sampling log
- Field instrument calibration verification
- Chain of custody form (if outsourced)
- Laboratory analytical report (if outsourced)

All data must be submitted to the District in a District-approved electronic format readable by the District's computerized database. Form No. 40C-2.900(11) in paper format may be used in lieu of the electronic format for permittees not having access to a computer or the internet.

40. The permittee must have groundwater samples collected and analyzed quarterly (March, June, September and December) of each year for limited parameters from the following productions wells for permit duration:

Well Name	Station ID	Wellfield
4 D	137840	Division Avenue
5 D	17255	Division Avenue
6 D	17256	Division Avenue
7 D	17257	Division Avenue
8D	34004	Division Avenue
9 D	17258	Division Avenue
10 D	17260	Division Avenue
11 D	34005	Division Avenue
12 D	34006	Division Avenue
15 D	137841	Division Avenue
16 D	17266	Division Avenue
17D	34009	Division Avenue
18 SR	17269	State Road 40
19 SR	17271	State Road 40
20 SR	17273	State Road 40
21 SR	17230	State Road 40

Sample Collection

All groundwater samples must be collected in accordance with Florida Department of Environmental Protection (DEP) Standard Operating Procedure FS 2200 for groundwater sampling (DEP-SOP-001/01), DEP Quality Assurance Rule, 62-160, F.A.C.

Wells must be purged in accordance with the appropriate procedure in FS 2200, as necessary to evacuate water from the well column and induce groundwater representative of the hydrogeologic formation into the well prior to sampling. Purged water must be sampled and analyzed in the field for the following parameters:

- Water Temperature (°C)
- pH (SU)
- Specific Conductance (umhos/cm or uS/cm)
- Turbidity (NTU)

Calibrated instruments equipped with probe sensors are acceptable for field measurements during well purging and water quality sampling procedures. Purging and sampling must be documented using the Groundwater Sampling Log form referenced in FS 2200 or equivalent.

Water samples must be preserved in accordance with the selected laboratory analytical method, stored on ice immediately after collection and remain on ice until received and processed by the laboratory.

Laboratory Analyses

Water samples must be analyzed in the laboratory for the following limited parameters:

- Chloride (mg/L)

- Sulfate (mg/L)
- Total Dissolved Solids (mg/L)
- Specific Conductance (umhos/cm or uS/cm)

Quality Assurance

The permittee must provide documentation that field instruments were properly calibrated prior to obtaining field measurements during purging and sampling.

All water quality analyses must be performed by a laboratory certified by the Florida Department of Health (DOH) Environmental Laboratory Certification Program (ELCP) and the National Environmental Laboratory Accreditation Program (NELAP). All laboratory analyses must be performed using methods for which the laboratory has DOH certification. All laboratory analyses must be completed within EPA holding times. If data is lost or a laboratory error occurs and the EPA holding time for an analysis has expired, the permittee must have the well re-sampled within 15 days of notification from the laboratory that a loss or laboratory error has occurred. The resample shall be collected according to the procedures described above and analyzed for the field parameters and the major ion suite listed above.

Laboratory analyses utilizing selective ion electrodes and field screening test kits (e.g., Hach and LaMotte) are not acceptable due to the inadequate sensitivity of these methods.

Report

A report must be submitted to the District no later than the last day of the month after the month of the sampling (e.g., the report for samples collected in May must be submitted to the District no later than June 30). The report must include the following:

- Table summarizing results for field measurements and laboratory chemical analyses
- Groundwater sampling log
- Field instrument calibration verification
- Chain of custody form (if outsourced)
- Laboratory analytical report (if outsourced)

All data must be submitted to the District in a District-approved electronic format readable by the District's computerized database. Form No. 40C-2.900(11) in paper format may be used in lieu of the electronic format for permittees not having access to a computer or the internet.

COMPOSITE EXHIBIT E

WATER
PLANT SITE

CORPORATE

LIMITED WARRANTY DEED

Prepared by:

CHARLES M. ALLEN, JR.
Attorney At Law
555 W. Granada Blvd. Suite D-10
Ormond Beach, FL 32174

THIS INDENTURE, Made this 13th day of January

, A.D. 19 92 BETWEEN

GEORGIA-PACIFIC CORPORATION

a corporation organized and existing under the laws of the State of GEORGIA
Grantor, and

CITY OF ORMOND BEACH

Grantee,
WITNESSETH: that the said Grantor, for and in consideration of the sum of ten and 00/100 Dollars and other valuable consideration, in hand paid by the said Grantee, the receipt whereof is hereby acknowledged, has granted, bargained and sold to the said Grantee, their heirs and assigns forever, the following described land, situate, lying and being in the County of VOLUSIA, State of Florida, to wit:

SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF.

BOOK PAGE
3721 3980
VOLUSIA CO., FL

FILED FOR RECORD
RECORD VERIFIED

010782

CLERK OF THE CIRCUIT
CITY COURT VOLUSIA CITY, FL

92 JAN 28 AM 8:34

REC FEE \$ 10.50 REC'D PAYMENT AS
DOC ST \$.60 INDICATED FOR CLASS
INT TAX \$ _____
PENALTY \$ _____
INTEREST \$ _____
Clerk: Clerk Court Volusia Co., Florida

Subject to covenants, restrictions and easements of record. Subject also to taxes for 1991 and subsequent years.

And the said Grantor does hereby fully warrant the title to said land, and will defend the same against the lawful claims of all persons claiming by, through or under Grantor.

In Witness Whereof, the said Grantor has caused this instrument to be executed in its name by its duly authorized officer and caused its corporate seal to be hereto affixed the day and year first above written.

GEORGIA-PACIFIC CORPORATION

by: John F. Rasor

Its Vice President

(Corporate Seal)

Signed and Sealed in Our Presence:

Jim Marie Jensen
Susan Fox Harris

State of ~~Florida~~ GEORGIA
County of FULTON

The foregoing instrument was acknowledged before me this 13th day of January 19 92, by John F. Rasor, Vice President

of GEORGIA-PACIFIC CORPORATION,
a GEORGIA corporation, on behalf of the corporation.

Louis A. Jakubski
Notary Public
My commission expires:
Notary Public, DeKalb County, Georgia
My Commission Expires March 13, 1993

BOOK PAGE
3721 3981
VOLUSIA CO., FL

EXHIBIT "A"

A PARCEL OF LAND BEING A PORTION OF SECTION 28, TOWNSHIP 14 SOUTH, RANGE 31 EAST, VOLUSIA COUNTY, FLORIDA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

AS A POINT OF REFERENCE COMMENCE AT THE NORTHWEST CORNER OF SAID SECTION 28; THENCE ALONG THE NORTH LINE OF SAID SECTION NORTH $87^{\circ}26'15''$ EAST A DISTANCE OF 1414.76 FEET TO THE POINT OF BEGINNING; THENCE CONTINUE ALONG NORTH SECTION LINE NORTH $87^{\circ}26'15''$ EAST A DISTANCE OF 648.18 FEET TO A POINT ON A CURVE CONCAVE EASTERLY, HAVING A RADIUS OF 1150.00 FEET, FROM WHICH A RADIAL LINE BEARS SOUTH $68^{\circ}17'17''$ EAST; THENCE SOUTHERLY ALONG THE ARC OF SAID CURVE A DISTANCE OF 665.67 FEET, THROUGH A CENTRAL ANGLE OF $33^{\circ}09'55''$ AND BEING SUBTENDED BY A CHORD BEARING OF SOUTH $05^{\circ}07'45''$ WEST TO THE POINT OF REVERSE CURVATURE OF A CURVE CONCAVE NORTHWESTERLY, HAVING A RADIUS OF 450.00 FEET; THENCE SOUTHWESTERLY ALONG THE ARC OF SAID CURVE A DISTANCE OF 610.70 FEET, THROUGH A CENTRAL ANGLE OF $77^{\circ}45'26''$ AND BEING SUBTENDED BY A CHORD BEARING OF SOUTH $27^{\circ}25'31''$ WEST TO A POINT ON THE NORTHERLY RIGHT OF WAY LINE OF STATE ROAD 40 (A 200 FOOT RIGHT OF WAY); THENCE ALONG SAID RIGHT OF WAY LINE SOUTH $66^{\circ}18'14''$ WEST, A DISTANCE OF 246.91 FEET; THENCE DEPARTING SAID RIGHT OF WAY LINE NORTH $16^{\circ}27'16''$ WEST, A DISTANCE OF 250.43 FEET TO THE POINT OF CURVATURE OF A CURVE CONCAVE EASTERLY, HAVING A RADIUS OF 1953.34 FEET; THENCE NORTHERLY ALONG THE ARC OF SAID CURVE, A DISTANCE OF 996.55 FEET, THROUGH A CENTRAL ANGLE OF $29^{\circ}13'52''$ AND BEING SUBTENDED BY A CHORD BEARING OF NORTH $01^{\circ}50'20''$ WEST TO THE POINT OF BEGINNING.

010782

WEST ORMOND
CULT/REEL AREA

CORPORATE

LIMITED WARRANTY DEED

Prepared by:

CHARLES M. ALLEN, JR.
Attorney At Law
555 W. Granada Blvd. Suite D-10
Ormond Beach, FL 32174

THIS INDENTURE, Made this day of January

, A.D. 19 92 BETWEEN

GEORGIA-PACIFIC CORPORATION

a corporation organized and existing under the laws of the State of GEORGIA
Grantor, and

CITY OF ORMOND BEACH

Grantee
WITNESSETH: that the said Grantor, for and in consideration of the sum of ten and 00/100 Dollars and other
valuable consideration, in hand paid by the said Grantee, the receipt whereof is hereby acknowledged, has
granted, bargained and sold to the said Grantee, their heirs and assigns forever, the following described land,
situate, lying and being in the County of VOLUSIA , State of Florida, to wit:

SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF.

REC FEE \$ 10.50 REGO PAYMENT AS
DOC ST \$.62 INDICATED FOR CLASS
INT TAX \$.00 FOR PRINCIPLE & DOC
PENALTY \$.00 FOR LATE PAYMENT
INTEREST \$.00
Check Clerk Court Volusia Co. Florida

BOOK PAGE
3721 3984
VOLUSIA CO., FLA.
RECORD VERIFIED
010784

92 JAN 28 AM 3:34
CLERK OF THE CIRCUIT
CLERK COURT VOLUSIA CO. FLA.

Subject to covenants, restrictions and easements of record. Subject also to taxes for 1991 and subsequent years.

And the said Grantor does hereby fully warrant the title to said land, and will defend the same against the lawful claims of all persons claiming by, through or under Grantor.

In Witness Whereof, the said Grantor has caused this instrument to be executed in its name by its duly authorized officer and caused its corporate seal to be here to affixed the day and year first above written:

GEORGIA-PACIFIC CORPORATION

by: John F. Rasor

Its Vice President

(Corporate Seal)

Signed and Sealed in Our Presence:

Lux - Marie Norman
Susan Fox Harris

State of ~~Florida~~ GEORGIA
County of FULTON

The foregoing instrument was acknowledged before me this day of January
19 92, by John F. Rasor, Vice President

of GEORGIA-PACIFIC CORPORATION,
a GEORGIA corporation, on behalf of the corporation.

Notary Public
My commission expires:

Notary Public, DeKalb County, Georgia
My Commission Expires March 13, 1993

BOOK PAGE

3721 3985

VOLUSIA CO., FL

EXHIBIT "A"

A PARCEL OF LAND BEING A PORTION OF SECTION 28, TOWNSHIP 14 SOUTH, RANGE 31 EAST, VOLUSIA COUNTY, FLORIDA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

AS A POINT OF REFERENCE COMMENCE AT THE NORTHEAST CORNER OF SAID SECTION 28, THENCE ALONG THE NORTH LINE OF SAID SECTION SOUTH $87^{\circ}27'06''$ WEST, A DISTANCE OF 1430.61 FEET TO THE POINT OF BEGINNING; THENCE DEPARTING SAID SECTION LINE SOUTH $02^{\circ}32'54''$ EAST, A DISTANCE OF 916.45 FEET TO A POINT ON A CURVE CONCAVE SOUTHWESTERLY, HAVING A RADIUS OF 240.00 FEET FROM WHICH A RADIAL LINE BEARS SOUTH $45^{\circ}39'11''$ EAST; THENCE ALONG THE ARC OF SAID CURVE A DISTANCE OF 72.24 FEET THROUGH A CENTRAL ANGLE OF $17^{\circ}14'44''$ AND BEING SUBTENDED BY A CHORD BEARING OF SOUTH $35^{\circ}43'27''$ WEST; THENCE SOUTH $27^{\circ}06'05''$ WEST, A DISTANCE OF 186.74 FEET TO A POINT ON THE NORTHERLY RIGHT OF WAY LINE OF STATE ROAD 40 (A 200 FOOT RIGHT OF WAY); SAID POINT ALSO LYING ON A CURVE CONCAVE SOUTHERLY HAVING A RADIUS OF 1978.08 FEET, AND FROM WHICH A RADIAL LINE BEARS SOUTH $27^{\circ}06'05''$ WEST, THENCE WESTERLY ALONG SAID RIGHT OF WAY LINE AND ALONG THE ARC OF SAID CURVE A DISTANCE OF 1389.33 FEET, THROUGH A CENTRAL ANGLE OF $40^{\circ}14'32''$ AND BEING SUBTENDED BY A CHORD BEARING OF NORTH $83^{\circ}01'11''$ WEST TO THE POINT OF REVERSE CURVATURE CONCAVE NORTHEASTERLY HAVING A RADIUS OF 250.00 FEET; THENCE NORTHWESTERLY ALONG THE ARC OF SAID CURVE A DISTANCE OF 378.47 FEET, THROUGH A CENTRAL ANGLE OF $86^{\circ}44'23''$ AND BEING SUBTENDED BY A CHORD BEARING OF NORTH $59^{\circ}46'15''$ WEST TO THE POINT OF COMPOUND CURVATURE OF A CURVE CONCAVE EASTERLY, HAVING A RADIUS OF 1050.00 FEET; THENCE NORTHERLY ALONG THE ARC OF SAID CURVE A DISTANCE OF 744.01 FEET, THROUGH A CENTRAL ANGLE OF $40^{\circ}35'56''$ AND BEING SUBTENDED BY A CHORD BEARING OF NORTH $03^{\circ}53'54''$ EAST TO A POINT ON THE AFOREMENTIONED NORTH LINE OF SECTION 28; THENCE ALONG SAID SECTION LINE, BEING A NON-TANGENT LINE, NORTH $87^{\circ}26'15''$ EAST, A DISTANCE OF 471.51 FEET TO THE NORTHWEST CORNER OF THE NORTHEAST $1/4$ OF SAID SECTION 28, THENCE CONTINUING ALONG SAID NORTH SECTION LINE NORTH $87^{\circ}27'06''$ EAST, A DISTANCE OF 1214.50 FEET TO THE POINT OF BEGINNING.

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