



CITY COMMISSION

SPECIAL MEETING AGENDA

MONDAY, MAY 20, 2019 AT 6:30 PM

CITY HALL - COMMISSION CHAMBERS
1126 EAST STATE ROAD 434, WINTER SPRINGS, FLORIDA

CALL TO ORDER

Roll Call
Invocation
Pledge of Allegiance
Agenda Changes

PUBLIC INPUT

Anyone who wishes to speak during Public Input on any Agenda Item or subject matter will need to fill out a "Public Input" form. Individuals will limit their comments to three (3) minutes, and representatives of groups or homeowners' associations shall limit their comments to five (5) minutes, unless otherwise determined by the City Commission.

REGULAR AGENDA

[500.](#) Utilities Operations, Maintenance, and Management Services Agreement with Veolia Water North America - South, LLC

Attachments: [Exhibit A – Veolia Contract and Proposal](#)

[501.](#) Round-Table Visioning Session with City Residents

Attachments: None

PUBLIC INPUT

Anyone who wishes to speak during Public Input on any Agenda Item or subject matter will need to fill out a "Public Input" form. Individuals will limit their comments to three (3) minutes, and representatives of groups or homeowners' associations shall limit their comments to five (5) minutes, unless otherwise determined by the City Commission.

ADJOURNMENT

PUBLIC NOTICE

This is a Public Meeting, and the public is invited to attend and this Agenda is subject to change. Please be advised that one (1) or more Members of any of the City's Advisory Boards and Committees may be in attendance at this Meeting, and may participate in discussions.

Persons with disabilities needing assistance to participate in any of these proceedings should contact the City of Winter Springs at (407) 327-1800 "at least 48 hours prior to meeting, a written request by a physically handicapped person to attend the meeting, directed to the chairperson or director of such board, commission, agency, or authority" - per Section 286.26 *Florida Statutes*.

"If a person decides to appeal any decision made by the board, agency, or commission with respect to any matter considered at such meeting or hearing, he or she will need a record of the proceedings, and that, for such purpose, he or she may need to ensure that a verbatim record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is to be based" - per Section 286.0105 Florida Statutes.



REGULAR AGENDA ITEM 500

CITY COMMISSION AGENDA | MAY 20, 2019 | SPECIAL MEETING

TITLE

Utilities Operations, Maintenance, and Management Services Agreement with Veolia Water North America - South, LLC

SUMMARY

The City's two wastewater treatment plants were constructed in the 1970s and 1980s and are reaching their useful service lives. Staff has been evaluating options for major repairs, replacement or even elimination. It will take several years to complete the design, permitting, secure financing, and then complete the construction of upgrades and/or new treatment plants. Immediate improvements in terms of mechanical repairs and process control upgrades are needed for the facilities to operate efficiently and maintain compliance, while capital decisions are being made.

The City has sought assistance from Veolia Water North America - South, LLC (Veolia) regarding operations, maintenance, and management services for the City's water, wastewater, and reclaimed water utilities. Under this approach, Veolia will assume responsibility for managing the City's two wastewater plants, three water plants, reuse augmentation plant, reclaimed water storage and pumping system, and City maintained lift stations. This combines the facilities requiring the most technical skill in regards to regulations, certified staffing, and maintenance. Veolia's annual operations and maintenance cost matches the City's annual operating budget for the water plants, wastewater plants, reuse augmentation plant and lift stations of \$3,327,122. For five years with an optional extension of two more years, Veolia will operate the facilities for that cost and will offer employment to all of the City's existing Water and Wastewater Operators and Lift Station Maintenance staff. The City will continue to operate customer service and billing, water distribution, wastewater collection, residential reuse, and stormwater facilities.

Veolia will provide various Process Control and Asset Management tools needed for maximizing the efficiency of the utility operations and maintaining regulatory compliance of these systems. The result of these efforts will also provide valuable information for capital improvement planning during the annual budget process. Veolia will report to the Public Works and Utilities Director and will assist as needed

in coordinating with other City departments. This will involve attending staff meetings, providing regular reports on actions and assisting the City Management with decision-making related to the utilities.

RECOMMENDATION

Staff recommends the City Commission approve a five-year contract with Veolia Water North America - South, LLC in the annual amount of \$3,327,122 for Utility Operations, Maintenance and Management services beginning June 24, 2019 piggybacking off the City of Canton, Mississippi (RFP - July 2018). Additionally, authorizing the City Manager and City Attorney to prepare and execute any and all applicable contract documents consistent with this agenda item.



May 6, 2019

Mr. Shawn Boyle
Interim City Manager
City of Winter Springs
1126 East State Road 434
Winter Springs, Florida 32708

Subject: **Proposal: City of Winter Springs, Florida**
Wastewater Plant, Water Plant, Reuse Augmentation Plant & Lift Station Management

Dear Mr. Boyle:

Thank you for reaching out to our firm regarding the provisions of Operations and Maintenance (O&M) support to your community. We believe that the discussions we have had with the City over the last few weeks have been practical and useful with respect to the historical odor problems at the East Wastewater Treatment Plant (WWTP).

The time that we spent working with your community on that issue has allowed us to review the operations of your utility and to develop thoughts on how to better assist. The City's idea of a comprehensive solution is a good one, and we have developed this Proposal to document how we can quickly and thoroughly address your concerns.

Evaluating O&M Needs

Over the last several weeks, at the request of the City's Management, Veolia had specifically evaluated the operations of the East WWTP, and more generally evaluated the City's other wastewater plant, water plants and lift stations. Our findings from these reviews include the following:

- **Odor Issues** – Veolia has been visiting the East WWTP on a daily basis over the last few weeks, and providing our thoughts and suggestions to the City's Public Works and Utilities Director. Many of those recommendations were turned into action by the City's Utility Superintendent and wastewater staff. The result has been improved water quality and a reduction in odors.
- **Recruiting Challenges** - During our review of the historical odor complaints, Veolia also looked at other limitations mentioned by City Management. Those included finding and retaining qualified operators. What we found was that the wages for these Operators, while competitive with other utilities in Seminole County, were lower than the larger metropolitan area. Additionally, the aging condition of the City's WWTPs may be contributing to the challenge of attracting and retaining staff.
- **Need for Asset Management System and Operations Programs** - A review of the water plants, the wastewater plants and the reuse augmentation facility indicate that an asset management system and additional preventive maintenance are needed to improve operational efficiencies.
- **Priority Repairs** – We also noted that the wastewater plants are reaching the end of their useful service lives and that the City is already evaluating options for major repairs, replacement or even elimination. No matter what decision is made, it will take time to complete the design, obtain state approval, arrange financing and then complete the construction of upgrades and/or a new plant. Immediate improvements are needed for the plants to operate safely and in compliance while capital decisions are being made.

The combination of the findings noted above indicate that comprehensive changes are needed now, and Veolia is prepared to work with you to implement improvements under a contract operations, maintenance and management type of agreement.

Veolia's Proposed Action Plan

The City's Management team has discussed the need for an action plan to improve the operations of your utilities and to respond to our findings. That plan would: bolster the current staff with skilled managers, and also provide for management programs and training to create immediate changes.

Additionally, a combination of priority repairs and a well thought-out long term capital plan would benefit the City.

Veolia believes we can help the City in that effort, "jump starting" changes for the wastewater treatment plants, the water plants, the reuse augmentation plant and the lift stations. As such, we are pleased to submit this Proposal to work on immediate improvements.

Under this approach, Veolia can work with you to quickly address the items listed above. Our proposed will involve the eight key steps that follow:

1. **Delivering Management Services** – Under this approach, Veolia will assume responsibility for managing the City's two wastewater plants, three water plants, the reuse augmentation plant, the reclaimed water storage and pumping system, along with the City maintained lift stations. This approach would address the facilities requiring the most technical skill with regard to regulations, certified staffing and maintenance. Under this approach, Veolia will offer employment to the City's existing staff and will become responsible for the operating costs of the facilities. The City will continue to operate the customer service and billing, water distribution, wastewater collection, residential reuse and stormwater facilities.
2. **Providing Immediate Technical Help** - Veolia has a skilled Project Manager and Lead Wastewater Plant Operator that are ready to work on this approach. They are experienced with similar types of facilities, and will be supported by other experts from within Veolia, including a Senior Manager, a Technical Manager, a Safety Manager and a Capital Manager. This Veolia team will be ready to work with you to provide assistance in making changes to the plant operations and installing proven management programs. You have already met some of these specialists over the last few weeks during survey and evaluations work at your facilities.
3. **Holding Proactive Discussions with the State of Florida** – Veolia would propose a proactive approach to meeting with State of Florida officials to discuss future improvements to the City's facilities.
4. **Completing Priority Repairs** – Veolia has prepared a Priority Repair Plan for the wastewater plants to show the extent of improvements needed and the timing for those changes. These changes/ improvements are needed to assure that the wastewater plants are operating safely, efficiently and in compliance with permits. These repairs can be carried out by the City and/or Veolia, but will require outside contractors, and in some cases engineering design or review. Veolia is prepared to provide construction management services for these projects. Under that approach our staff would provide oversight and assure that these projects are implemented quickly, as intended and in coordination with operation of the plants so as to minimize operational impacts.
5. **Implementing Management Programs** - Under our service approach, Veolia will work to immediately implement our proprietary Process Control Management Plan (PCMP) which helps the operators know how to operate the plant and provides information to monitor and manage compliance. A maintenance management system will also be put into place to begin repairing equipment, and that would work to ensure that preventive maintenance is being carried out to keep the equipment operating properly once repaired. This will also provide information to the City's Management Team for use in tracking maintenance and planning capital. A laboratory quality assurance/quality control (QA/QC) program will also be put into place. This will help to ensure that laboratory testing is accurate, and will involve the use of third party laboratories for testing to confirm water quality. Additionally, a safety program will be implemented, in support of the program the City is already implementing. Veolia will lead these efforts, with a focus on the staff at the plants.

6. **Expand the Maintenance Staff** - Veolia will hire an Electrician and create a Maintenance Lead role. The Maintenance Lead will focus the work of the maintenance staff on the maintenance at the water plants, the wastewater plants, the reuse augmentation facility and the lift stations.
7. **Addressing Water Odors** –The residents serviced by the City’s Water Plant # 1 have had complaints about the taste and odor of the water. There are already engineered studies on options for that work. Veolia will bring in a water quality specialist who will review the situation and current reports in order to help the City identify a remedy.
8. **Performing an Assessment of the Lake Jesup Reuse Augmentation Plant** – That plant is designed to provide additional water and pressure to the reuse system. The facility has, however, not been fully functional in recent years, and it has also flooded. A review of that facility will be made in order to determine how best to make it operational again.

These are the essential elements of the improvement plan and approach that we are prepared to work with the City to implement and maintain.

Benefit to the Employees

Veolia recognizes that the City’s priority is to have the current employees involved and retain jobs with similar pay and benefits. Our approach in that regard would involve:

- **Offering Positions to the City’s Current Employees** - All of the City’s impacted employees will be offered position with Veolia’s O&M team. Any City staff that would be considered for transition to Veolia would need to pass a drug test, criminal background check and maintain a valid Florida driver’s license. For those staff that are able and willing to join Veolia, we will offer a comparable benefits package that includes the same or a higher wages, along with benefits that include: health, dental and vision care; a prescription drug plan; short and long term disability; a 401k retirement program; safety and performance incentives; along with education incentives.
- **Protecting Retirement Benefits** - We understand there are two full-time City employees that are currently vested within the City’s Defined Benefit Pension Plan. Veolia can lease those employees from the City. This will ensure that those employees will continue within the Defined Benefit Pension Plan until they are eligible for retirement. Using this approach, the employees do not risk losing any benefits and we will not risk losing their skills with the operation of the water and wastewater utilities.
- **Immediate Wage Increase** - The City has already recognized there is a gap in the current wages being paid by the City and the prevailing wage rate in the licensed treatment plant operator market. This is part of the challenge that the City has been having in finding and retaining licensed operators. As such, Veolia will offer those City staff that join our team an immediate increase in pay, providing a more competitive salary. Under this approach, the City staff that join our team will receive a 3% pay raise, and have the ability to earn a \$500 annual safety bonus and an additional 3% annual bonus tied to performance incentives.
- **Competitive Wage Rate** - Six months from contract commencement, and in conjunction with the City budget, all licensed water or wastewater operators would receive wage increases, as follows: Operators with a Class C license would be increased to \$45,760; Operators with a Class B or A license would be raised to \$52,000; and a licensed Class B or A Lead Operator/Supervisor would receive a wage increase to \$67,617. These revised wage rates reflect the current market rates for licensed operators.

Providing the Tools Needed for Improved Operations

Veolia utilizes a well-planned approach to O&M, and our work to date with the City speaks for itself, with the quick reduction of odor issues and water quality improvements at the East Wastewater Facility.

As we move into the next phase of this work, we will implement new procedures and approaches that the O&M team would be required to adopt.

This approach would involve implementing:

- **Veolia's Process Control Management Program (PCMP)** – Veolia's PCMP tool would be used to ensure that all of the City's plants are operated according to an operating plan that defines the treatment process, tests to monitor the quality of water at each stage of treatment process, provides for preplanned ways to adjust the plant and identifies for the Operator when to ask for help or notify a supervisor. Some of these procedures have already been initiated at the City's plants, and the use of the PCMP computer program to record and analyze treatment plant operations is the next step in this process.
- **Laboratory Quality Assurance/Quality Control (QA/QC)** – A strict testing and reporting program will be put into place in order to assure tests are performed accurately and that proper verification is being performed. This process involves at least two people reviewing internal tests along with the use of a third party laboratory for testing. Additionally, Veolia would run tests on the proficiency of Operators in the use of testing procedures. Additional laboratory equipment was already identified as a need during our initial visits, and the City has begun buying that equipment. A laboratory specialist will provide additional training for staff, and then follow-up to determine how the staff is doing.
- **Computerized Maintenance Management System (CMMS)** – A CMMS will be put into place for the City's treatment facility. To make this tool effective, every piece of equipment in the treatment plants and lift stations will need to be identified in the CMMS, this information will then be used to establish criticality levels for equipment. Using that information a maintenance plan for that equipment would be created. The end result of this process will be a planned maintenance schedule for every pump, blower, valve, laboratory instrument and vehicle. The CMMS would be used to help plan when the maintenance is required, to track when the work was done and to report on the condition of the equipment. The result of this effort will also provide valuable information for capital improvement planning during the annual budget process. A Veolia Asset Manager will visit the site to work with the staff in loading the information into the CMMS program and then using that system to track the work.
- **Safety Program** – Veolia follows a strict safety program for assuring that employees receive initial safety training upon joining the company and then with weekly and monthly follow-up training.
- **Training** – Each operator in the State of Florida is required to take periodic training to maintain their license. Veolia pays for that training and related travel of training and testing in relation to licensing. Veolia will provide training to staff in the use of standard utility programs such as process control, laboratory QA/QC, maintenance systems and safety. As such, Veolia will initially spend a substantial amount of time with the staff in implementing these programs and training staff in their use.

Veolia's Proposed Management and Technical Assistance Team

Under this approach, Veolia will report to the Public Works and Utilities Director and will assist as needed in coordinating with other City departments. This will involve attending staff meetings, providing regular reports on actions and assisting the City Management with decision-making related to the utilities.

Veolia has developed an initial staffing, management and support plan that is outlined on Figure 1, at the top of the next page, which identifies the key resources that we will commit to support the City. These resources include:

- **Keith Mullins** will be assigned to support the day-to-day management. He is a Project Manager with Veolia in the region, and has been with our firm for more than 30 years, having been a manager at several utilities. The City's current staff will report to Mr. Mullins, and he is a licensed Operator who holds Class B wastewater operator and a Class C water operator license. He has extensive experience in the operations of water and wastewater systems in Florida.
- **Kevin Jones** will be the Technical Manager for the project and assist with improving the treatment processes at the wastewater and water plants. That has already started through the advisory services

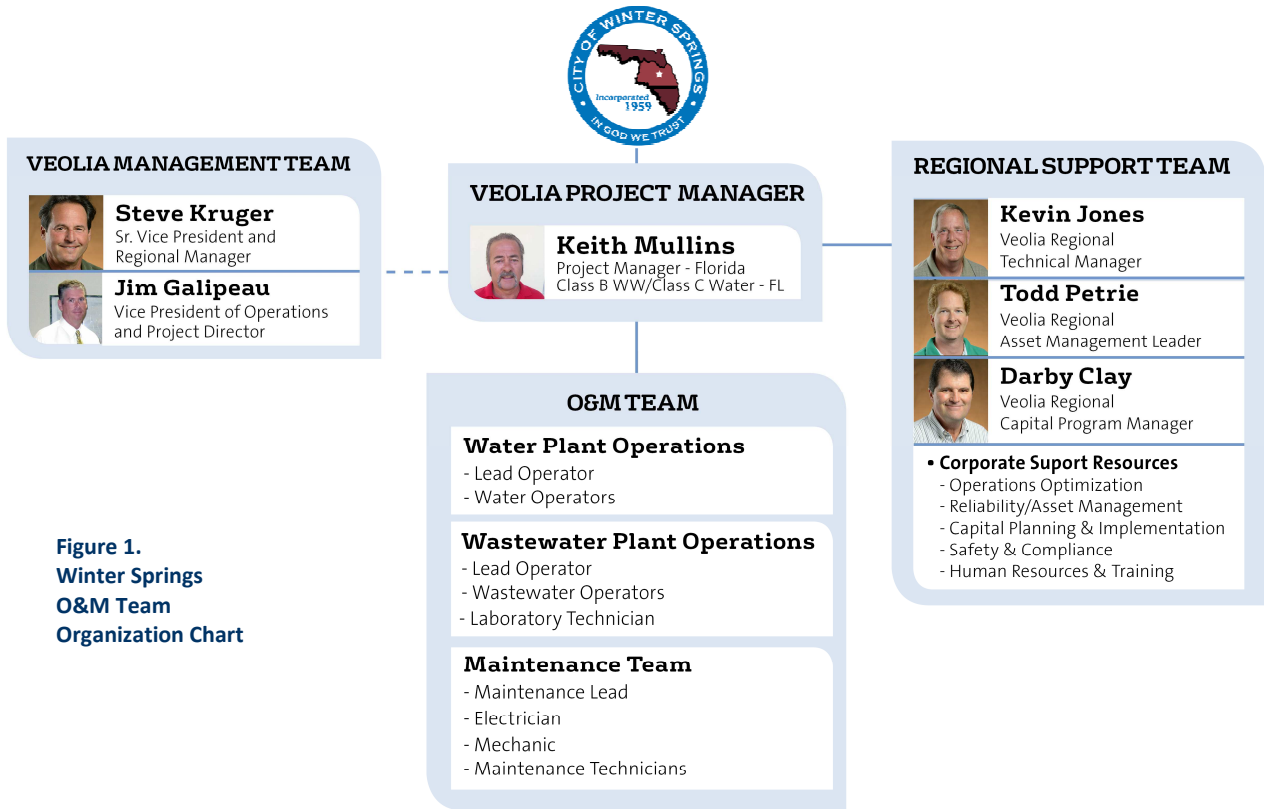


Figure 1.
Winter Springs
O&M Team
Organization Chart

currently being provided to the Public Works and Utilities Director. Mr. Jones is based at Veolia’s regional management office in Tampa, and he holds the highest licenses for water treatment, wastewater treatment, distribution and collection as well as has extensive experience in managing plants up to 100-MGD in capacity.

- **Todd Petrie, P.E.**, is an Engineer and licensed Wastewater Operator who focuses on Asset Management. He has been analyzing the current maintenance practices at the plants and in evaluating our capital plans. Mr. Petrie will assist in installing the preventive maintenance program. He is also based at Veolia’s regional management office in Tampa, and has been engaged in the planning, implementation and management of asset management projects and programs for water and wastewater operations in Florida and other states within the region.
- **Darby Clay, P.E.**, is an Engineer and Capital Project Manager with Veolia in the South region, and holds a Florida Contractor’s License. He has been involved with evaluating the repairs needed for the City’s wastewater plants and will help with the management of any major maintenance projects. Mr. Clay is based at our regional operations office in Fulton County, Georgia, where Veolia has two large ongoing wastewater operations that involve a significant capital program.
- **Jim Galipeau**, Vice President and Operations Manager for Veolia in the region, will oversee the operations of Winter Springs as Keith Mullins’ supervisor. His role is to assure that the City and Mr. Mullins are receiving access to all the help they need to operate the facility efficiently and maintain compliance and efficiently. Mr. Gallipeau is based at Veolia’s regional headquarters office in Tampa, and he manages and supports Veolia’s ongoing water and wastewater operations projects in Florida. He is a licensed wastewater treatment plant and collections system operator, and is experienced with a number of different systems.

Veolia’s Experience and Qualifications

Veolia is North America’s leading O&M services company operating and maintaining 89 municipal water plants – that produce more than 1 billion gallons of water each day – 210 wastewater plants that process more than

1.8 billion gallons of flow each day – and the company operates 26 district energy systems. These operations serve over 18 million people in 630 communities throughout North America. Veolia and predecessor companies have worked with municipalities in the State of Florida for more than four decades, providing a wide range of operations, engineering and environmental services to numerous governmental, commercial and industrial clients.

Veolia companies in North America are also part of a global group under Veolia Environnement, S.A., which has a 166-year history working with governmental, commercial and industrial clients. In 2018, the Veolia group recognized revenues of over \$30.1 billion, supplying over 95 million people with drinking water and more than 63 million people with wastewater services. The company's operations also produced nearly 56 million megawatt hours of energy and converted over 49 million metric tons of waste into new materials and energy.

A sample of Veolia's key related water and wastewater work experience includes ongoing long-term O&M contracts with:

- **Oldham County, Kentucky**, a suburb of the City of Louisville, was having challenges with compliance at its 13 wastewater plants, 50 lift stations and the associated sewer lines. This project involved older steel package wastewater plants – similar to those that the City of Winter Springs is now using. As part of the initial services, emergency repairs were included so that over the first year many plants had safety issues repaired, changes made to help reduce compliance violations and new equipment provided to help properly operate the facilities. Additionally, a long term capital plan was created to reduce the 13 plants down to 8 plants and to provide expansion of the system to serve more customers. This effort led to the County expanding the contract to take over the stormwater system.
- **Fulton County, Georgia**, which encompasses the City of Atlanta and the surrounding area, is where Veolia operates multiple treatment plants and pump stations for this regional client. Veolia has three ongoing contracts in the County covering water and wastewater operations. This includes a water plant, five wastewater plants and 50 lift stations.
- **New Orleans Sewerage and Water Board (S&WB)**, Louisiana, is one of Veolia's longest-running O&M projects in the region. This O&M partnership began in 1992 and has been renewed multiple times. Under an ongoing long-term agreement Veolia operates two large wastewater treatment plants, and we also worked extensively with the S&WB on hurricane recovery projects related to the treatment plants and elements of the collection system. When hurricanes Katrina and Rita devastated the Gulf Coast and the City of New Orleans in 2005, the East Bank S&WB's wastewater plant was completely submerged under 22 feet of floodwaters. One month after the disaster struck, the East Bank plant had been completely dewatered, and two weeks later, water was flowing through the facility. In total, Veolia completed some \$47 million in hurricane recovery work.
- **Tampa Bay Water, Florida**, is one of Veolia's largest operations in the region, and Veolia manages multiple projects and operations with this regional water agency. Veolia has worked with this agency under a variety of project models, including: a design-build-operate (DBO) contract for a then new 66-MGD Regional Surface Water Treatment Plant (2000); a second DBO contract to expand that plant to a capacity of 120-MGD (providing guaranteed maximum price); an Engineer-Procure-Construction Management contract (with a guaranteed maximum price) for the 45-MGD Lithia Hydrogen Sulfide Removal Facility under; maintenance services for the agency's 30-MGD Keller Hydrogen Sulfide Removal Facility; and maintenance and monitoring services on their 15-billion-gallon C.W. Bill Young Regional Reservoir.
- **City of Palmetto, Florida**, is a community similar to the City of Winter Springs. Veolia has worked as the wastewater utility operations partner to the City since 1991. This long-running partnership covers operations responsibility for a 2.4-MGD wastewater treatment plant and 38 lift stations. The City's wastewater facility has a very strict discharge permit because it discharges into the environmentally sensitive Terra Ceia Bay.

More detailed description of these projects and reference information is provided in the Attachments.

Business Terms

A business relationship between the City of Winter Springs and Veolia will be defined in a contract. A sample agreement has been submitted to the City along with this proposal. The table, below, provides a summary of our proposed O&M costs for the first two years of the proposed O&M agreement, and this is followed by a discussion of the key business points for the proposed O&M agreement.

SUMMARY OF VEOLIA FEES - YEARS 1 AND 2		
Cost Proposal Element	Year 1	Year 2
Fixed Fee	\$3,070,922	\$3,070,922
Repair and Maintenance Fee	\$256,200	\$256,200
Total Fee	\$3,327,122	\$3,327,122
Wage Adjustment [Adj. Fixed Fee]	\$40,570	\$81,141
Total	\$3,367,692	\$3,408,263
NOTES: <ul style="list-style-type: none"> • 2019 Budget Comparison Sheet provided in Attachment A. • The Year 2 fees are in 2019 Dollars and do not reflect an annual adjustment that might be applied. 		

- **Veolia O&M Fee and Cost Included** – Veolia’s proposed cost includes those for the O&M of the water plants, wastewater plants, the reuse augmentation plant and City maintained lift stations. This fee includes the cost of labor, benefits, training, technical support, lab supplies and outside testing, chemicals, sludge disposal, vehicle repairs and fuel, electric and repairs and maintenance.
- **Veolia’s O&M Cost Matches the City Budget** - The City’s Public Works and Utilities Director and Finance Director have established the annual operating budget for the water plants, wastewater plants, reuse augmentation plant and lift stations to be \$3,327,122. That assessment is provided as Attachment 1 with the estimated \$33,048 cost of the recent City wage increases added. Veolia will operate the facilities for that cost and will implement the operating changes proposed. This includes a 3% immediate pay raise for the employees, a raise for two employees who are expected to earn a Class C license and providing a Project Manager and a Lead Wastewater Operator.
- **Competitive Wage Adjustment** –As we have discussed, the City’s wages for operators, while competitive with other utilities in Seminole County, are lower than the metropolitan area. At the six month anniversary of the contract, Veolia’s Fixed Fee will be increased by \$81,141. This increase will allow Veolia to adjust employee wages to make the salary for the licensed operators more competitive in the market and to equalize the salary levels for similarly licensed personnel. This fee will raise the existing and new Class C operators to an annual salary of \$45,760, Class A and B operators to an annual salary of \$52,000 and Class B or A Lead Operators/ Supervisors to an annual salary of \$67,617.
- **Additional Costs Beyond Veolia’s Fee** – It is important for the City to be clear on what scope and costs they maintain or what Veolia will not be responsible to pay. Under our proposed approach the understanding is that:
 - The City will continue to be responsible for capital, as well as for the operation of water distribution, wastewater collection, customer service and billing.
 - The current price is based on a 12-month history of the flow of the water and wastewater, as well as sludge disposal to existing sites. Veolia can request an increase if the flow into the plant(s) or the

strength of the wastewater varies 5% up requiring an increase or 5% down requiring a rebate. This would only affect the cost of chemicals, power and sludge disposal.

- The repair and maintenance that is a part of the total budget is tracked monthly, and then reconciled annually. If actual costs are below the budget, the unspent money will be returned to the City, and that amount is over, the City must reimburse Veolia. This approach involves a review and approval process for exceeding the budgeted amount. Veolia identified \$131,221 that the City should include in their annual budget for cost overruns. Once the Priority Capital Repairs are completed, the City will be able to focus on preventive versus corrective maintenance.
- The cost of operating the private lift stations is not included in the power calculations.
- **Priority Capital Repairs** – These are expected for the wastewater plants and will be scheduled between the City’s 2019 Fiscal Year and the 2020 Fiscal Year. These types of repairs will be prioritized based on compliance, safety and efficiency improvements. The budget is \$2,783,800 and includes interim operating costs, engineering and construction management fee. A detailed breakdown of the budget and a spending projection is provided with the Attachments to this letter.
- **Electrical Bills** – Veolia will become responsible for the electricity charges, but the invoices for electricity will remain in the name of the City. The City will pay the invoices and deduct the amounts from Veolia’s invoice each month. A service has been included by Veolia to track the invoices electronically and analyze their costs. Veolia is willing to take electricity consumption risk but will seek relief on the unit rate fluctuation as compared to a contractual baseline rate (\$/kWh; total charges/total usage).
- **Invoicing** – Veolia will submit a monthly invoice to the City that is equal to 1/12 of the annual fee. The City will then deduct the electric bill costs associated with the plants and lift stations, deduct the wage and benefits of the two employees if they are leased from the City and also deduct any cost for maintenance to vehicles if provided by city staff at the Public Works Compound.
- **Annual Adjustments to Veolia’s Fee** - The O&M fee will be adjusted annually by the blend of published indices consisting of: 50% ECI – Total Compensation, Private Industry, Utilities, 42% CPI – South Urban, All Items less food and energy and 8% PPI – Chemical Manufacturing. Additionally, if there is a change in the State-issued permits, a change in law or changes in flows or loadings of +/-5%, or the sludge disposal rate increases 20% higher than a defined baseline rate, the fee will be negotiated for those changes.
- **Accounting and Transparency** - The costs for Repair and Maintenance (R&M) will be included in the management fee, but will be provided to the City as a budget. This cost will be tracked every month in a report to the City. Any R&M costs over \$5,000 must be pre-approved by the City. When the account is at 80% the City will be notified to allow for a closer monitoring of upcoming expenses. Any repair that costs more than \$5,000 is considered a capital item and either needs City approval to be spent from the repair funds or it will be funded from the annual or long term capital programs. The installation of a standby generator at a lift station, for example, is a capital project. The rebuilding of a control panel could be charged to maintenance or be funded as part of capital.
- **Term** - The contract is proposed for a five year term, and would include termination for cause by either party. The contract can be automatically renewed for consecutive five year terms.
- **Responsibility** - Veolia will provide appropriate business insurance for liability, workman's compensation, vehicle insurance and other typical requirements of the City. Additionally, Veolia will guarantee our performance in operating the plants and lift stations by being responsible for any fines generated by its actions. This does not include any violations that occurred before Veolia takes over the day-to-day operations or any compliance related to problems the Priority Repairs are needed to correct.
- **Current Vendors** - The current key vendors will be transferred into a new O&M contract with Veolia. Over time, Veolia will evaluate costs and make its own purchasing decisions. Veolia has used our firm’s size to

negotiate better purchase prices on many items from chemicals to parts. As new purchases occur the price and service will be evaluated for the best vendor.

- **Professional Firms Hired by the City** - Any existing contracts with professional firms for work outside of the scope of services such as legal, accounting and engineering services would not be part of this agreement. The City will retain those relationships. Veolia's role in those cases will be to advise City Management and to assist in the work, potentially as a City Department would be required to do.
- **City Sets Policy** - Veolia is a contractor to the City and as such will fall under the rules adopted by the City for operation of the utilities, the rates charged to customers, the approved budget and any capital decisions. Veolia, in our firm's role as the O&M provider, will assist the City in any of those decisions providing appropriate information as needed.
- **Work Not in Scope** – The mowing of the spray fields, infiltration ponds and lift stations has been left with the City. That is because of the large tractors and mowers. Additionally, the electric on the private lift stations are not included as well as the wholesale purchase of water.
- **Vehicles and Tools** - The City currently assigns vehicles, equipment and tools to the water plants, wastewater plants and lift stations. Those will remain the property of the City but will be made available for Veolia's use. Veolia will be responsible for their maintenance. An inventory is provided at the beginning of the contract and tracked annually. Replacement would be included in the annual capital plans.
- **Fuel** – Veolia will be responsible for paying for fuel for trucks and the generators, but will use the Public Works Compound fuel station and municipal contract. This provides a tax advantage to the City which is not lost.
- **Chemical Inventory** – At the start of the contract, the chemical inventory is established and Veolia is responsible for returning that volume of chemical at the end of the contract.
- **Vacation Inventory** – When the City's employees accept positions with Veolia, they will be leaving the City and be eligible for payout of vacation time. The City needs to plan for this expense. Additionally, employee seniority with the City will be applied when calculating vacation at Veolia.

Summary

Veolia understands that a mutually-acceptable O&M contract between the City and Veolia would have to be agreed upon, and this Letter Proposal provides a description of the approach and costs that Veolia would use to help improve the operation and maintenance of the facilities.

As Senior Vice President of Veolia Water North America – South, LLC, which will be responsible for the delivery of services under this contract, I have executed this proposal letter and have the authority to commit our firm to any contract that results.

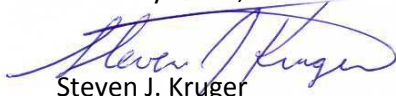
Veolia's Principal and designated contact person for this project as it moves forward will be:

Mr. Rob Nicholas - Vice President of Development - Major Projects Group
Veolia Water North America – South, LLC/
Veolia North America Operating Services, LLC
14055 Riveredge Drive, Suite 240
Tampa, FL 33637
Telephone: (859) 582-0104 - Email: Robert.Nicholas@veolia.com

I invite you to contact us should you have any questions with regard to our Proposal.

We very much look forward to your review of this Letter Proposal submittal and the next steps in working with the City of Winter Springs to develop an operations solution for your water and wastewater facilities.

Sincerely Yours,



Steven J. Kruger
Senior Vice President
Veolia Water North America – South, LLC

Attachments:

- Attachment 1 - Budget Comparison
- Attachment 2 - Employee Benefit Comparison
- Attachment 3 – References
- Attachment 4 - Priority Capital Repair Budget and Time Line
- Attachment 5 - Resumes



Attachment 1 - Budget Comparison

Account	Description	2019 Budget	City	Veolia
510100	Base Wages/Salaries	\$1,550,341	\$757,820	\$792,521
510140	Overtime	\$40,001	\$21,201	\$18,800
	Compensated Absences			
510900	Reimbursements	\$0	\$0	\$0
520200	FICA	\$121,704	\$61,075	\$60,629
520220	Pension DB	\$362,561	\$283,708	\$78,853
520225	Pension DC	\$62,465	\$62,465	\$0
520230	Health Insurance	\$482,379	\$333,567	\$148,812
	HSA	\$31,200	\$0	\$31,200
520240	Workers' Comp	\$44,861	\$20,423	\$24,438
520250	Unemployment	\$0	\$0	\$0
TOTAL PAYROLL		\$2,695,512	\$1,540,259	\$1,155,253
530311	Legal	\$15,000	\$15,000	\$0
530314	Consulting	\$191,675	\$191,675	\$0
530315	Pre/Post Employment	\$2,800	\$1,484	\$1,316
530341	Other SVCS - Contract/Admin	\$6,000	\$6,000	\$0
530340	Other SVCS (Laboratory)	\$68,308	\$0	\$68,308
	Other SVCS (Temp)			
530342	Other SVCS – Maint./ Licenses	\$24,324	\$14,388	\$9,936
530343	Other SVCS – Banking	\$20,000	\$20,000	\$0
530411	Com. – Phone	\$20,178	\$14,578	\$5,600
530413	Com. - R&M	\$2,000	\$2,000	\$0
540430	Utilities – electric	\$698,100	\$33,300	\$664,800



Attachment 1 - Budget Comparison

Account	Description	2019 Budget	City	Veolia
	Utilities – water			
540435	Disposal	\$550,000	\$0	\$550,000
545100	R&M Buildings	\$30,080	\$22,560	\$7,520
545130	R&M Bldgs. - Water Plant	\$129,500	\$25,900	\$103,600
545140	R&M Bldgs. - Sewer Plant	\$355,000	\$71,000	\$284,000
545150	R&M Bldgs. - Reclaimed Plant	\$47,500	\$9,500	\$38,000
545210	R&M Infra – Stormwater		\$0	\$0
545230	R&M Infra – LS	\$124,105	\$24,821	\$99,284
545240	R&M Infra - Water System	\$211,500	\$211,500	\$0
545250	R&M Infra - Sewer System	\$48,000	\$48,000	\$0
545270	R&M Infra – Grounds	\$7,808	\$7,808	\$0
545300	R&M Mach & Equip	\$43,450	\$34,760	\$8,690
545310	R&M M&E – Vehicles	\$23,300	\$18,640	\$4,660
545320	R&M M&E – Meters	\$19,644	\$19,644	\$0
	Meters			
550510	Office	\$4,000	\$800	\$3,200
	Office – Fax			
550520	Operating	\$23,000	\$0	\$23,000
550522	Operating - Tires/Filters	\$6,000	\$4,800	\$1,200
550523	Operating – Janitorial	\$1,800	\$450	\$1,350
550524	Operating – Chemicals	\$243,745	\$0	\$243,745
	Operating Supplies - Chemicals Chlorine			
550525	Operating - Small Tools	\$17,925	\$14,340	\$3,585



Attachment 1 - Budget Comparison

Account	Description	2019 Budget	City	Veolia
550526	Operating – Software	\$5,750	\$0	\$5,750
550527	Operating – Apparel	\$16,050	\$8,025	\$8,025
	Apparel Uniforms			
	Apparel Protective Wear			
552000	Fuel	\$70,542	\$45,852	\$24,690
	Fuel – Generator			
555400	Travel & Per Diem	\$1,800	\$900	\$900
555420	Postage/Freight	\$100	\$100	\$0
555441	Rent/Lease - Copy Machine	\$1,920	\$1,920	\$0
555442	Rent/Lease – Equipment	\$2,000	\$1,000	\$1,000
555450	Insurance	\$15,000	\$15,000	\$0
555470	Printing/Binding	\$560	\$0	\$560
555480	Promotional/Advertising	\$5,400	\$5,400	\$0
555490	Not Otherwise Classified	\$550	\$0	\$550
555540	Dues/Registration/Publications	\$11,200	\$5,600	\$5,600
555550	Training	\$6,000	\$3,000	\$3,000
Other Direct Costs		\$3,071,614	\$899,745	\$2,171,869
Operating Total		\$5,767,126	\$2,440,004	\$3,327,122
560621	Buildings - Plants & Main	\$0	\$0	\$0
560640	Machinery & Equipment	\$234,300	\$0	\$0
560641	Mach & Equip – Vehicles	\$94,100	\$0	\$0
560642	Mach & Equip - Data Processing	\$6,000	\$0	\$0
560643	Machinery & Equipment -	\$0	\$0	\$0



Attachment 1 - Budget Comparison

Account	Description	2019 Budget	City	Veolia
	Furnishings/Office			
560650	Construction in Progress	\$1,678,000	\$0	\$0
	Total Capital	\$2,012,400	\$0	\$0
	Grand Total	\$7,779,526	\$2,440,004	\$3,327,122



Attachment 2 - Employee Benefit Comparison

Benefit	Veolia	City of Winter Springs
Payroll	3% Increase	None
Payroll Wage Adjustment	After Six Months – Market Adjustment for Licensed Operators Based on City Approval	None
Health Plans	Company Provided	City Provided
Vision	Company Provided	City Provided
Dental	Company Provided	City Provided
Short Term Disability	Company Provided	Small Premium
Long Term Disability	Company Provided	City Provided
Life Insurance Benefit	Company Provided	City Provided
AD&D Benefit	Company Provided	City Provided
Retirement	Company Match on 401k**	City Match on 401A
Vacation Days Per Year	10***	10
Holidays Per Year	10	10
Sick Days Per Year	5	12
Tuition Reimbursement	Company Provided	City Provided
Bonus Target	3%	None
Safety Bonus Target	\$500	None
Benefit Opt Out Option	None	City Provided
<p>*All Veolia benefit plan & rate information may be accessed at www.yourveoliabenefits.com</p> <p>** 401k match is 100% on first 1% contribution and 50% on next 5% contribution.</p> <p>***Vacation accrual for years of service is same for Veolia and Winter Springs</p>		



Attachment 3 - Veolia's Key Experience and Qualifications

Oldham County, Kentucky

- A community with similar challenges.

This suburban community to Louisville was having problems with compliance at its 13 wastewater plants, 50 lift stations and the associated sewer lines. This project involved older steel package wastewater plants like what Winter Springs is using. As part of the initial services, emergency repairs were included so that over the first year many plants had safety issues repaired, changes made to help reduce compliance violations and new equipment provided to help properly operate the facilities. Additionally, a long term capital plan was created to reduce the 13 plants down to 8 plants and to provide expansion of the system to serve more customers. This effort led to the County expanding the contract to take over the storm water system.

- Client Reference: Mr. Horace Harrod, Chairman, Oldham County Environmental Authority, 700 W. Jefferson Street, LaGrange, KY 40031 – Telephone: 502-225-9477 – Email: horace.harrod@farmcreditbank.com

Fulton County, Georgia

- Operations of multiple treatment plants and pump stations for a regional client.

Fulton County is a large suburban county to the northeast of Atlanta and we have three ongoing contracts in the County covering water and wastewater operations.

This work includes two ongoing wastewater contracts that cover the O&M of the County's North Area Managed Assets and the South Area Managed Assets. Veolia began operating the North area facilities in 2010, and that contract was renewed for another five-year term in 2015. This includes an advanced membrane wastewater treatment plant that discharges into an environmentally sensitive stream and management of an environmental education center at one of the plants. In 2016, Veolia was selected for a companion Camp Creek O&M project in the South area of Fulton County. The North Area wastewater operations include three wastewater plants (the largest of which is the 24-MGD Big Creek Activated Sludge wastewater plant). Veolia is also responsible for an extensive system of 32 pump stations that convey wastewater through the collection system to the treatment plants, and a channel grinder station serves a local hospital. The South Area operations includes two activated sludge wastewater plants (0.1-MGD and 24-MGD), the South Fulton Maintenance and Operations Center, 18 pump stations and 12 force main air relief valves.

We also have an ongoing O&M contract with the Atlanta/Fulton County Water Resources Commission. This award-winning water operations partnership for a 90-MGD regional plant has been in place since 1991. By tapping the existing program and expanding it to incorporate the wastewater facilities, we are extending our mentor-protégé relationships to a greater number of qualified Fulton County firms.

- Client Reference: Mr. O.P. Shukla, Operations Administrator - Department of Water Resources – Fulton County, South Fulton Maintenance & Operations Center, 7472 Cochran Road, College Park, GA 30349 - Telephone: 404/612-0225 - Email: op.shukla@fultoncountyga.gov

New Orleans Sewerage and Water Board (S&WB), Louisiana

- Operations of wastewater treatment plan and hurricane recovery experience.

This O&M partnership began in 1992 and has been renewed multiple times, most recently in 2014 for a 20-year contract term that covers operations and facilities that include two wastewater plants: the East Bank

Plant, a 122-MGD pure oxygen secondary treatment plant; and the West Bank Plant, a 20-MGD trickling filter plant.

When hurricanes Katrina and Rita devastated the Gulf Coast and the City of New Orleans, the East Bank plant was completely submerged under 22 feet of floodwaters. One month after the disaster struck, the East Bank plant had been completely dewatered, and two weeks later, 30 million gallons of water was flowing through the facility. Meanwhile, the U.S. EPA imposed a 60-day deadline to restore secondary treatment capabilities, Veolia successfully met the regulatory agency's goal with one week to spare. Out of \$54.5 million in available funding to restore the New Orleans wastewater treatment facilities, Veolia completed some \$47 million in hurricane recovery work, applying Federal funds to the maximum benefit of the affected facilities, the S&WB and the City of New Orleans. We directly coordinated projects with the Federal Emergency Management Agency (FEMA) as an agent for the S&WB, providing damage estimates, defining scopes, cost estimates and work justifications.



New Orleans - Hurricane impacts at the wastewater plants.

- Client Reference: Mr. Bruce Adams, Interim General Superintendent - Sewerage and Water Board of New Orleans - 625 St. Joseph Street, New Orleans, LA 70165 - Telephone: 504/250-6496 - Email: badams@swbno.org

Tampa Bay Water, Florida

- Multiple projects and operations for a regional water agency in Florida.

Veolia and predecessor companies have worked in the State of Florida for more than four decades providing a wide range of operations, engineering and environmental services to a range of governmental, commercial and industrial clients. Through this work our company understands applicable state and local utility laws and franchise requirements, and has a proven ability to meet those requirements. This experience includes almost two decades of work with Tampa Bay Water, a special district created by inter-local agreement among six member governments.

The member governments that make up this agency include: the cities of New Port Richey, St. Petersburg, Florida, and Tampa, and Hillsborough County, Pasco County and Pinellas County.

Veolia has worked with this agency under a variety of project models, including: a design-build-operate (DBO) contract for a then new 66-MGD Regional Surface Water Treatment Plant (2000); a second DBO contract to expand that plant to a capacity of 120-MGD (providing guaranteed maximum price); an Engineer-Procure-Construction Management contract (with a guaranteed maximum price) for the 45-MGD Lithia Hydrogen Sulfide Removal Facility under; maintenance services for the agency's 30-MGD Keller Hydrogen Sulfide Removal Facility; as well as a completed contract for maintenance and monitoring services for Tampa Bay Water's 15-billion-gallon C.W. Bill Young Regional Reservoir.



Under the operations for Tampa Bay Water, Veolia has maintained a perfect compliance record over the past 19 years, and these operations have been recognized with awards, including: the 2017 Platinum Award for Utility Excellence Outstanding Water Treatment Plant Class A - American Water Works Association (AWWA) Florida Section; the 2017 Instructor of the Year Award, Region IV and the Allen B. Roberts, Jr. Award for Distinguished Service to the Section from the Florida Water & Pollution Control Operator's Association (FWPCOA); multiple Plant Operations Excellence awards from the Florida Department of Environmental Protection (FLDEP); a Chairman's Award and Plant Safety Award from the FWPCOA; the Chair's Award of Excellence for Distinguished Service from the Tampa Technical & Education Council; the Taste Test award and the Outstanding Water Treatment Plant award from the AWWA Florida Section; a Facility Excellence from the FWPCOA; an Infrastructure Award from the National Council for Public-Private Partnerships; a Build America Award Associated General Contractors of America; as well as the Grand Prize/Design from the American Academy of Environmental Engineers.



- Client Reference: Mr. Charles Carden, General Manager - Tampa Bay Water - 2575 Enterprise Road, Clearwater, Florida 33763 - Telephone: 727/796-2355 - Email: CCarden@tampabaywater.org

City of Palmetto, Florida

-Small O&M contract with a Florida community similar to the City of Winter Springs.

Veolia has worked as the wastewater utility operations partner to the City since 1991. This long-running partnership covers operations responsibility for a 2.4-MGD wastewater treatment plant and 38 lift stations. The City's wastewater facility has a very strict discharge permit because it discharges into the environmentally sensitive Tierra Ceia Bay.

Veolia has also worked with this City of Palmetto on a capital project (construction management, startup and O&M) for a new Class V ASR Test Well Pumping and Treatment System, Aquifer Storage and Recovery (ASR). The infrastructure includes a water reuse (purple pipe) distribution system, with excess reclaimed water is injected into the ground for storage; which provides the ability to withdrawn water to use during higher demand and drier seasons. The capital project schedule was accelerated by breaking out the ASR and monitoring wells into a separate GMP packages in order to secure South West Florida Water Management District (SWFWMD) matching funds, and the work was completed ahead of schedule and under budget.

- Client Reference: Honorable Shirley Groover Bryant, Mayor - City of Palmetto 516 8th Avenue West, Palmetto, Florida 34221 - Telephone: 941/723-4570 - Email: sbryant@palmettofl.org



Attachment 4 – Priority Capital Improvement Project Timeline

Activity	Cost (000)	Duration (Months)	Project Start Month	Monthly Cost (000)	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20
East screen structure/piping mods	\$ 50.00	1	Nov-19	\$ 50.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50.00	\$ -	\$ -	\$ -	\$ -	\$ -
East screen -Parkson 3 MGD Hydroscreen	\$ 63.00	1	Dec-19	\$ 63.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 63.00	\$ -	\$ -	\$ -	\$ -
East screen -Parkson Hydroscreen Installation	\$ 20.00	1	Dec-19	\$ 20.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20.00	\$ -	\$ -	\$ -	\$ -
West Screen Plant 1 structure/piping mods	\$ 50.00	1	Dec-19	\$ 50.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50.00	\$ -	\$ -	\$ -	\$ -
West Screen Plant 1 -Parkson Hydroscreen 2MGD	\$ 60.00	1	Jan-20	\$ 60.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 60.00	\$ -	\$ -	\$ -
West Screen Plant 1 -Parkson Installation	\$ 20.00	1	Jan-20	\$ 20.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20.00	\$ -	\$ -	\$ -
West screen Plant 2 structure/piping mods	\$ 50.00	1	Dec-19	\$ 50.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50.00	\$ -	\$ -	\$ -	\$ -
West screen Plant 2 -Parkson Hydroscreen 2MGD	\$ 60.00	1	Jan-20	\$ 60.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 60.00	\$ -	\$ -	\$ -
West screen Plant 2 -Parkson Installation	\$ 20.00	1	Jan-20	\$ 20.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20.00	\$ -	\$ -	\$ -
East Plant Basin 1-small-sludge removal,	\$ 31.70	1	Aug-19	\$ 31.70	\$ -	\$ -	\$ 31.70	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
East Plant Basin 1-small-Weir repair/replacement	\$ 30.00	1	Sep-19	\$ 30.00	\$ -	\$ -	\$ -	\$ 30.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
East Plant Basin 1-small-Clarifier Skimmer-Scum repair/replacement	\$ 4.00	1	Sep-19	\$ 4.00	\$ -	\$ -	\$ -	\$ 4.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
East Plant Basin 1 Diffuser Cap Upgrade	\$ 10.00	1	Sep-19	\$ 10.00	\$ -	\$ -	\$ -	\$ 10.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
East Plant Basin 1-small-baffle, diffuser repairs	\$ 160.00	1	Sep-19	\$ 160.00	\$ -	\$ -	\$ -	\$ 160.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
East Plant Basin 2- large sludge removal	\$ 52.40	1	Oct-19	\$ 52.40	\$ -	\$ -	\$ -	\$ -	\$ 52.40	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
East Plant Basin 2-large-Weir repair/replacement	\$ 40.00	1	Nov-19	\$ 40.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40.00	\$ -	\$ -	\$ -	\$ -	\$ -
Rent Portable Treatment Unit (During Dewatering)	\$ 155.00	1	Nov-19	\$ 155.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 155.00	\$ -	\$ -	\$ -	\$ -	\$ -
East Plant Basin 2 - Solids Handling Improvements	\$ 250.00	1	Aug-19	\$ 250.00	\$ -	\$ -	\$ 25.00	\$ -	\$ -	\$ -	\$ -	\$ 225.00	\$ -	\$ -	\$ -
East Plant Basin 2 Diffuser Cap Upgrade	\$ 18.00	1	Nov-19	\$ 18.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18.00	\$ -	\$ -	\$ -	\$ -	\$ -
East Plant Basin 2- large baffle, diffuser repairs	\$ 240.00	1	Nov-19	\$ 240.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 240.00	\$ -	\$ -	\$ -	\$ -	\$ -
West Plant Basin 1-large-sludge removal,	\$ 60.40	1	Jan-20	\$ 60.40	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 60.40	\$ -	\$ -	\$ -
West Plant Basin 1 Solids Handling Improvement	\$ 250.00	1	Aug-19	\$ 250.00	\$ -	\$ -	\$ 25.00	\$ -	\$ -	\$ -	\$ -	\$ 225.00	\$ -	\$ -	\$ -
West Plant Basin 1-large-Weir repair/replacement	\$ 35.00	1	Feb-20	\$ 35.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35.00	\$ -	\$ -
West Plant Basin 1 Diffuser Cap Upgrade	\$ 15.00	1	Feb-20	\$ 15.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15.00	\$ -	\$ -
West Plant Basin 1-large-baffle, diffuser repairs	\$ 160.00	1	Feb-20	\$ 160.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 160.00	\$ -	\$ -
West Plant Basin 2-small-sludge removal,	\$ 48.60	1	Mar-20	\$ 48.60	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 48.60	\$ -
West Plant Basin 2-small-Weir repair/replacement	\$ 35.00	1	Apr-20	\$ 35.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35.00
West Plant Basin 2 Diffuser Cap Upgrade	\$ 15.00	1	Apr-20	\$ 15.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15.00
West Plant Basin 2-small-baffle, diffuser repairs	\$ 160.00	1	Apr-20	\$ 160.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 160.00
Air Valves East WWTP	\$ 25.00	3	Jun-19	\$ 8.33	\$ 8.33	\$ 8.33	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Air Valves West WWTP	\$ 25.00	3	Aug-19	\$ 8.33	\$ -	\$ -	\$ 8.33	\$ 8.33	\$ 8.33	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
West Plant - Centrate/Filtrate Tank	\$ 10.50	1	Dec-19	\$ 10.50	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10.50	\$ -	\$ -	\$ -	\$ -
East WWTP Filter Rehabilitation	\$ 15.00	2	Jun-19	\$ 7.50	\$ 7.50	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
West Filter Rehabilitation	\$ 25.00	2	Sep-19	\$ 12.50	\$ -	\$ -	\$ -	\$ 12.50	\$ 12.50	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reuse Tank Drain, Clean & Inspect	\$ 22.00	2	Jul-19	\$ 11.00	\$ -	\$ 11.00	\$ 11.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Misc (Tertiary Filter BW lift Station Pumps)	\$ 19.00	3	Jun-19	\$ 6.33	\$ 6.33	\$ 6.33	\$ 6.33	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Mission Monitoring - 14 sites	\$ 24.70	1	Jun-19	\$ 24.70	\$ 24.70	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Misc Expense	\$ 50.00	11	Jun-19	\$ 4.55	\$ 4.55	\$ 4.55	\$ 4.55	\$ 4.55	\$ 4.55	\$ 4.55	\$ 4.55	\$ 4.55	\$ 4.55	\$ 4.55	\$ 4.55
State Meeting	\$ 1.50	1	Jun-19	\$ 1.50	\$ 1.50	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interim Operating Cost - Electric and Sludge	\$ 150.00				\$ 17.53	\$ 17.53	\$ 17.53	\$ 17.53	\$ 17.53	\$ 17.53	\$ 17.53	\$ 6.82	\$ 6.82	\$ 6.82	\$ 6.82
Engineering	\$ 100.00	3	Jun-19	\$ 33.33	\$ 33.33	\$ 33.33	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Procurement	\$ 25.00	1	Jul-19	\$ 25.00	\$ -	\$ 25.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Construction Management	\$ 128.00	11	Jun-19	\$ 11.64	\$ 11.64	\$ 11.64	\$ 11.64	\$ 11.64	\$ 11.64	\$ 11.64	\$ 11.64	\$ 11.64	\$ 11.64	\$ 11.64	\$ 11.64
	\$ 2,783.80				\$ 115.41	\$ 125.22	\$ 182.75	\$ 258.55	\$ 106.95	\$ 536.72	\$ 227.22	\$ 693.41	\$ 233.00	\$ 71.60	\$ 233.00

VEOLIA DRAFT 05.15.2019

**VEOLIA DRAFT - Winter Springs
Agreement For
Operations, Maintenance and Management Services**

THIS AGREEMENT is entered into this _____ day of _____ 2019, by and between

The City of Winter Springs, Florida, with offices at 1126 East State Road 434, Winter Springs, FL 32708 (hereinafter "OWNER")

and

Veolia Water North America - South, LLC, with offices at 53 State Street, 14th Floor, Boston, MA 02109 (hereinafter "VWNA").

WHEREAS, OWNER owns and provides for the operation of a water treatment system, a wastewater treatment system and lift stations, including maintenance, repair, expansion administration and permitting functions;

WHEREAS, OWNER requires an immediate need to address odor management at its wastewater treatment plant;

WHEREAS, the OWNER has the legal authority to “piggyback” onto a contract procured by another governmental entity when seeking to utilize the same or similar services provided for in said contract in the interest of the public;

WHEREAS, the OWNER is a public agency subject to Chapter 119 of the Florida Statutes;

WHEREAS, OWNER requires the services of a vendor who can provide operation and maintenance services to its water and wastewater treatment systems;

WHEREAS, VWNA has previously entered into an Agreement with Canton Municipal Utilities, a municipal corporation organized and existing pursuant to the Charter and the Constitution of the State of Mississippi, to provide operation and maintenance services dated as of November 1, 2018; an

WHEREAS, owner desires to employ VWNA to perform the operation, maintenance, and repair, for the compensation provided for herein and to “piggyback “onto the above

referenced contract between VVNA and Canton Municipal Utilities for utilization of the same or similar services for operation and maintenance and VVNA consents to the aforesaid "piggybacking".

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth, OWNER and VVNA agree as follows:

1. General

- 1.1 Definitions of words and phrases used in this Agreement and the attachments are contained in Appendix A.
- 1.2 All land, buildings, facilities, easements, licenses, rights-of-way, equipment and vehicles presently or hereinafter acquired or owned by OWNER shall remain the exclusive property of OWNER unless specifically provided for otherwise in this Agreement.
- 1.3 This Agreement shall be governed by and interpreted in accordance with the laws of the State of Florida.
- 1.4 This Agreement shall be binding upon the successors and assigns of each of the parties, but neither party shall assign this Agreement without the prior written consent of the other party. Consent shall not be unreasonably withheld.
- 1.5 All notices shall be in writing and transmitted to the party's address stated above. All notices shall be deemed given when delivered, if delivered personally or by courier mail service, i.e., Federal Express or Airborne Express, delivered after such notice has been deposited in the United States mail postage prepaid, if mailed certified or registered U.S. mail, return receipt requested; or received by the party for which notice is intended if given in any other manner.
- 1.6 This Agreement, including Appendices A through F, is the entire Agreement between the parties. This Agreement may be modified only by written agreement signed by both parties. Wherever used, the terms "VVNA" and "OWNER" shall include the respective officers, agents, directors, elected or appointed officials and employees and, where appropriate, subcontractors or anyone acting on their behalf.
- 1.7 If any term, provision, covenant or condition of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions shall remain in full force and effect and shall in no way be affected, impaired or invalidated.

- 1.8 It is understood that the relationship of VWNA to the OWNER is that of independent contractor. The services provided under this Agreement are of a professional nature and shall be performed in accordance with good and accepted industry practices for contract operators similarly situated. However, such services shall not be considered engineering services and nothing herein is intended to imply that VWNA is to supply professional engineering services to OWNER unless specifically stated in this Agreement to the contrary.
- 1.9 If any litigation is necessary to enforce the terms of this Agreement, the prevailing party shall be entitled to reasonable attorney's fees which are directly attributed to such litigation in addition to any other relief to which it may be entitled.
- 1.10 Nothing in this Agreement shall be construed to create in any third party or in favor of any third party any right(s), license(s), power(s) or privilege(s).
- 1.11 Prior to the commencement of work under this Agreement, each party shall designate in writing an employee or other representative of the designating party who shall have full authority to approve changes in the Scope of Work and compensation therefore, execute written Change Orders reflecting such changes, render decisions promptly, and furnish information expeditiously to the other party when necessary.
- 1.12 This Agreement shall be interpreted in accordance with its plain meaning and not strictly for or against either party hereto.

2. INTENTIONALLY DELETED.

3. VWNA's Services – General

Beginning on the Commencement Date:

- 3.1 VWNA shall provide a sufficient number of certified and qualified personnel, including management, administrative, operational, technical, laboratory and clerical, who meet relevant State of Florida requirements and certifications regarding water and wastewater treatment operations, maintenance and management and are capable and demonstrate experience necessary to operate the facilities covered by this Agreement.
- 3.2 VWNA shall provide ongoing training and education for appropriate personnel in all necessary areas of modern water and wastewater process control, maintenance, safety, and supervisory skills.
- 3.3 VWNA shall develop and/or supply and utilize computerized programs for maintenance, process control, cost accounting, and laboratory Quality

Assurance/Quality Control. Such programs shall be capable of readily providing historical data and trends.

- 3.4 Within fifteen (15) days after VWNA begins service under this Agreement, VWNA will provide a physical inventory of the OWNER's vehicles and equipment in use at the Project and a general statement as to the condition of each vehicle or piece of equipment.
- 3.5 VWNA will provide OWNER with a physical inventory of chemicals and other consumables on hand when VWNA begins services under this Agreement. VWNA will provide OWNER with the same quantity of chemicals or equivalent upon termination of this Agreement.
- 3.6 VWNA shall be responsible for maintaining all manufacturers' warranties on new equipment purchased by OWNER and assist OWNER in enforcing existing equipment warranties and guarantees.
- 3.7 VWNA shall provide the OWNER with full documentation that preventive maintenance is being performed on OWNER's owned equipment in accordance with manufacturer's recommendations at intervals and in sufficient detail as may be determined by the OWNER. Such a maintenance program must include documentation of corrective and preventive maintenance and a spare parts inventory.
- 3.8 VWNA shall operate, maintain and/or monitor the Project on a 24-hour per day, seven day per week schedule, but the facilities will only be staffed per the FDEP permit requirements as of the date of contract signing.
- 3.9 Visits may be made at a reasonable time by OWNER's officers so designated by the OWNER's representative. Keys for the Project shall be provided to OWNER by VWNA for such visits. All visitors to the Project shall comply with VWNA's operating and safety procedures.
- 3.10 VWNA will implement and maintain an employee safety program in compliance with applicable laws, rules and regulations and make recommendations to OWNER regarding the need, if any, for OWNER to rehabilitate, expand or modify the Project to comply with governmental safety regulations applicable to VWNA's operations hereunder and federal regulations promulgated pursuant to the Americans With Disability Act ("ADA"). Nothing herein shall be construed to place upon VWNA a duty to find and report violations of either the safety laws or the ADA at the Facility.
- 3.11 VWNA may modify the process and/or facilities to achieve the objectives of this Agreement and charge the Costs to the Maintenance and Repair Limit; provided,

however, no modification shall be without OWNER's prior written approval if the complete modification Cost shall be in excess of Five Thousand Dollars (\$5,000).

- 3.12 In any emergency affecting the safety of persons or property, VWNA may act without written amendment or change order, at VWNA's discretion, to prevent threatened damage, injury or loss. VWNA shall be compensated by OWNER for any such emergency work notwithstanding the lack of a written amendment. Such compensation shall include VWNA's non-labor direct Costs for the emergency work. Nothing contained in this Section shall impose upon VWNA a duty to perform any emergency work absent a change order and failure to perform any such emergency work shall not impose upon VWNA any liability for errors and omissions.
- 3.13 As required by law, permit or court order, VWNA will prepare plant performance reports and submit them to OWNER for signature and transmittal to appropriate authorities.
- 3.14 VWNA will provide laboratory testing and sampling presently required by plant performance portions of the Safe Drinking Water Act, NPDES permits, the Clean Water Act and/or any federal, state or local rules and regulations, statutes or ordinances, permit or license requirements or judicial and regulatory orders and decrees.
- 3.15 VWNA will provide for the collection and hauling of solid waste, screenings, grit, sludge and scum ("Waste") to OWNER's existing or approved disposal sites. It shall be the sole right and responsibility of OWNER to designate, approve or select disposal sites to be used by VWNA for OWNER's waste materials. All Waste and/or byproduct treated and/or generated during VWNA's performance of services is and shall remain the sole and exclusive property of OWNER. All manifests or other documentation required for disposal of Waste shall be signed by or in the name of the OWNER.
- 3.16 Within the first ninety (90) days of this Agreement, VWNA shall provide OWNER with a listing of recommended actions and capital improvements that VWNA believes will be required for any of the facilities covered by the Agreement. In accordance with Sections 4.1, 5.1 and 6.1, VWNA shall be relieved of its responsibilities to perform its obligations under this Agreement if the recommendations are not implemented.
- 3.17 INTENTIONALLY DELETED.
- 3.18 VWNA shall use reasonable efforts consistent with prudent industry practices and the Agreement to control odors from the Facility so that no disruption of adjacent

facilities occurs. VWNA, in conjunction with OWNER, shall develop a program that identifies procedures for certifying and documenting odor complaints, and shall establish procedures to address recurrent failures of the odor control program.

3.19 VWNA shall comply with the requirements of OWNER regarding affirmative action and provisions for minority hiring.

3.20 VWNA shall provide OWNER with an accounting of expenditures at intervals and in sufficient detail as may be determined by OWNER, and assist OWNER in the preparation of annual operating budgets.

4. VWNA's Scope of Services – Wastewater Treatment and Associated Reuse Facilities

Beginning on the Commencement Date:

4.1 This Article shall apply to VWNA's OM&M services for the OWNER's wastewater treatment system.

4.2 Within the design capacity and capabilities of the wastewater treatment plant(s) described in detail in Appendix B, VWNA will manage, operate and maintain the East wastewater treatment plant designed to treat 2.012 million gallons a day annual average daily flow (AADF) and the West wastewater treatment plant designed to treat 2.07 million gallons a day AADF so that effluent discharged from the Plants meets the requirements specified in Appendix C-1. VWNA shall monitor all wastewater entering the Plant and treat all such wastewater in accordance with the terms of this Agreement and applicable law.

4.3 Subject to the availability of funds within the Maintenance and Repair Limit, VWNA will perform all Maintenance and Repairs for the Wastewater portion of the Project, and submit a monthly accounting to OWNER, along with a detailed invoice, if Maintenance and Repair expenditures for the Project exceed the Maintenance and Repair Limit specified in Section 7.1.

4.4 VWNA will pay all Costs incurred in normal Wastewater operations.

5. VWNA's Scope of Services – Lift Stations

Beginning on the Full Service Commencement Date,

5.1 This Article shall apply to VWNA's maintenance and repair services for the OWNER's wastewater collection system lift stations described in Appendix B.

- 5.2 VWNA will maintain and repair the wastewater collection system lift stations. VWNA's responsibility for the lift stations end at the pipe inlet and outlet to the station.
- 5.3 Costs associated with the services described in this Article shall be charged to the Maintenance and Repair Limit specified in Section 7.1.
6. VWNA's Scope of Services – Water Treatment
- Beginning on the Commencement Date:
- 6.1 This Article shall apply to VWNA's OM&M services for the OWNER's water treatment system.
- 6.2 Within the design capacity and capabilities of the water treatment plant(s) described in detail in Appendix B, VWNA will manage, operate and maintain the water treatment plants designed to treat a capacity of 10.63 million gallons a day (5.2 MGD WTP#1, 2.736 WTP#2 and 2.7 MGD at WTP #3) so that drinking water distributed from the Plants meets the requirements specified in Appendix C-1. VWNA shall monitor all water entering and leaving the Plants and treat all such water in accordance with the terms of this Agreement and applicable law.
- 6.3 Subject to the availability of funds within the Maintenance and Repair Limit, VWNA will perform all Maintenance and Repairs for the Water portion of the Project, and submit a monthly accounting to OWNER, along with a detailed invoice, if Maintenance and Repair expenditures for the Project exceed the Maintenance and Repair Limit specified in Section 7.1. VW
- 6.4 Costs associated with the services described in this Article shall be charged to the Maintenance and Repair Limit specified in Section 7.1.
7. OWNER's Duties
- 7.1 The OWNER shall fund all necessary Capital Expenditures, which can be performed by VWNA under an appropriate Change in Scope amendment to this Agreement. Priority shall be given to safety and the ADA related expenses described in Section 2.10. Any loss, damage, or injury resulting from OWNER's failure to provide capital improvements and/or funds in excess of the Maintenance and Repair Limit when reasonably requested by VWNA shall be the sole responsibility of OWNER.
- 7.2 The OWNER shall keep in force all Project warranties, guarantees, easements and licenses that have been granted to OWNER and are not transferred to VWNA under this Agreement.

- 7.3 The OWNER shall pay all sales, excise, *ad valorem*, property, franchise, occupational and disposal taxes, or other taxes associated with the Project other than taxes imposed upon VWNA's net income and/or payroll taxes for VWNA employees. In the event VWNA is required to pay any sales tax or use taxes on the value of the services provided by VWNA hereunder or the services provided by any subcontractor of VWNA, such payments shall be reimbursed by the OWNER unless the OWNER furnishes a valid and properly executed exemption certificate relieving the OWNER and VWNA of the obligation for such taxes. In the event the OWNER furnishes an exemption certificate which is invalid or not applicable to services by VWNA, the OWNER shall indemnify VWNA for any taxes, interest, penalties, and increment costs, expenses or fees which it may incur as a result of VWNA's reliance on such certificate.
- 7.4 The OWNER shall provide VWNA, within a reasonable time after request and on an "as available" basis, with the temporary use of any piece of OWNER's heavy equipment that is available so that VWNA may discharge its obligations under this Agreement in the most cost-effective manner.
- 7.5 OWNER shall provide all registrations and licenses for OWNER's vehicles used in connection with the Project.
- 7.6 OWNER shall provide for VWNA's exclusive use of all vehicles and equipment presently in full-time use at the Project.
- 7.7 OWNER shall provide for VWNA's entry into existing disposal sites for disposal of garbage, screenings, grit, sludge and scum.
- 7.8 OWNER shall provide the Project with appropriate security personnel and/or devices to protect against any losses resulting from the theft, damage, or unauthorized use of property owned by OWNER and shall accept liability for such losses except to the extent such losses are directly caused by the negligent acts or omissions of VWNA.
- 7.9 OWNER warrants that during the interim period between the initial Project inspection by VWNA and the Full Service Commencement Date, the plants, facilities and equipment have been operated only in the normal course of business, all scheduled and proper maintenance have been performed and there are no issues known to OWNER regarding the condition of the Project, and facilities composing the Project and/or any equipment used by the Project. OWNER warrants and agrees that it will turn over the plants, facilities and equipment to VWNA in good working order and in compliance with the applicable Permit(s) and all other applicable laws, rules and regulations.

- 7.10 INTENTIONALLY DELETED.
- 7.12 The OWNER shall keep in force any project warranties, guarantees, easements and licenses that have been granted to OWNER and are not transferred to VWNA under this Agreement.
- 7.13 The OWNER shall continue to be responsible and pay for the general administration and enforcement of (i) the wastewater and collection system, (ii) OWNER's Industrial Pretreatment Program, (iii) new water and sewer connections unless VWNA is retained to perform such functions as a Change in Scope hereunder, (iv) the water and distribution system, (v) the reuse system and (vi) long-term System and Service Area planning. Typical administration costs associated with the above activities include costs such as the services of the auditor, lawyer, and liability insurance.
- 7.14 The OWNER shall provide financing and assist in implementation of the \$2,783,800 in priority repairs identified on Appendix F to this Agreement (the "Priority Repairs"). The Priority Repairs shall be prioritized by safety, compliance and efficiency and will be completed within eleven months of the Effective Date.
- 7.15. The OWNER shall directly pay the electric bills for the water plants, wastewater plants, repump facility, reuse augmentation plant and the lift stations (other than the private lift stations). The OWNER shall deduct from its payment of each monthly invoice the total amount of these electric bills. Upon payment, OWNER shall immediately submit by [email] copies of the electric bills for which a deduction is being made. Any deduction claimed without a supporting invoice will be added back to the following month's invoice for payment by the OWNER.
- 7.16 The OWNER shall be responsible for mowing the grass at the infiltration ponds, spray fields and around the lift stations. The OWNER shall coordinate with VWNA any mowing at the infiltration ponds or the spray fields to ensure compliance with all permits.
- 7.17 The OWNER shall provide access and purchase the fuel for the trucks, portable generators and pumps. The OWNER shall deduct from its payment of each monthly invoice the total amount of these fuel bills. Upon payment, OWNER shall immediately submit by [email] copies of the fuel bills for which a deduction is being made. Any deduction claimed without a supporting invoice will be added back to the following month's invoice for payment by the OWNER.
- 7.18 The OWNER shall be responsible for payment of any vacation leave owed to employees upon their resignation or termination from the OWNER.
- 7.19 For a period not to exceed twenty-four (24) months, the OWNER shall assign one hundred percent (100%) of the time of David Kerr and Gary Scott Coffman (each

an “Assigned Employee”) to the performance of VWNA’s obligations under this Agreement and hereby approves their reporting directly to VWNA in order to perform such obligations. If, at any time during this period, VWNA reasonably believes that an Assigned Employee is not satisfactorily performing its obligations, it shall notify OWNER upon which notification OWNER shall re-assign such Assigned Employee and VWNA, without any liability to the OWNER, may hire a non-OWNER employee to perform the obligations. If an Assigned Employee resigns during this period, VWNA, without any liability to the OWNER, may hire a non-OWNER employee to perform the obligations. The cost of the Assigned Employees during this period shall be reimbursed by VWNA as a straight cost, which shall include the cost of workers compensation and other insurance, medical and other benefits.

8. Compensation

- 8.1 VWNA’s compensation under this Agreement shall consist of an Annual Fee. The Annual Fee for the period June 1, 2019 through May 31, 2020 shall be \$3,327,122. The Maintenance and Repair Limit included in the Annual Fee is \$256,200.
- 8.2 INTENTIONALLY DELETED.
- 8.3 If actual Maintenance and Repair expenditures are less than the Maintenance and Repair Limit for any Agreement year, VWNA will rebate the entire difference to OWNER in accordance with Section 8.3. If actual Maintenance and Repair expenditures exceed the Maintenance and Repair Limit, OWNER will pay the excess to VWNA in accordance with Section 9.3. VWNA will notify OWNER when actual Maintenance and Repair expenditures equal eighty percent (80%) of Maintenance and Repair Limit.
- 8.4 The services being provided under this Agreement are based on reasonably expected overtime for normal breakdowns or services required after hours. Any additional expenses including straight or overtime wages caused by severe weather, a disaster or unplanned event that may be recovered through billing any third party including the State or Federal Government FEMA funds will be billed to the OWNER for reimbursement.
- 8.5 The Annual Fee (and Maintenance and Repair Limit included therein) shall be negotiated each year at least four (4) months prior to the anniversary of this Agreement's effective date. Should OWNER and VWNA fail to agree, the Annual Fee (and Maintenance and Repair Limit included therein) will be adjusted based on the Annual Fee Adjustment Formula included in Appendix E. At no time shall the Annual Fee be reduced.
- 8.6 A competitive wage adjustment in the amount of \$81,141 shall be added to the Annual Fee on December 1, 2019.

- 8.7 For a period beginning on the Effective Date and for eleven months following, OWNER shall pay VWNA, in accordance with Article 9, a “Construction Management Fee” in the amount of \$13,909.10 per month or a total of \$153,000 for the coordination, procurement and construction management work as further identified on Appendix F.
- 8.8 For a period beginning on the Effective Date through April 1, 2020, OWNER shall pay VWNA, in accordance with Article 9 a “Construction Caused Operation Fee” in the amount of \$13,636,36 per month or a total of \$150,000 to offset higher operating costs in electricity, sludge and chemicals during the first eleven months of the Agreement.
- 8.9 Should the actual Electrical Rate deviate from the Baseline Electrical Rate, the sum of the Actual Electrical Rate less the Baseline Electrical Rate shall be multiplied by the total annual electricity consumption (KWh) for each [Agreement] year. A positive value will be owed to VWNA and a negative value will represent a rebate from VWNA to the OWNER, payable pursuant to Section 9.3. This electricity rate compensation reconciliation shall occur annually no later than sixty (60) days following the anniversary of the Effective Date.

9. Payment of Compensation

- 9.1 Due and payable on the first of the month for each month that services are provided, (i) for eleven months, the monthly Construction Management Fee, (ii) for eleven months, the monthly Construction Caused Operations Fee, and (iii) through the Term, One-twelfth (1/12) of the Annual Fee for the current year. On an arrears basis, OWNER will deduct the actual cost of the electricity consumed, fuel utilized by VWNA operated vehicles, and the straight cost for the Assigned Employees, if applicable.
- 9.2 All other compensation to VWNA is due upon receipt of VWNA’s invoice and payable within thirty (30) days.
- 9.3 Any monies payable pursuant to Section 8.3 and [] will be paid within sixty (60) calendar days after the end of each Agreement year.
- 9.4 OWNER shall pay interest at an annual rate equal to that published by the Wall Street Journal (define precise reference) plus 2.5%, said rate of interest not to exceed any limitation provided by law, on payments not paid and received within fifteen (15) calendar days of the due date, such interest being calculated from the due date of the payment. In the event the charges hereunder might exceed any limitation provided by law, such charges shall be reduced to the highest rate or amount within such limitation.

10. Scope Changes

- 10.1 A Change in Scope of services shall occur when and as VWNA's costs of providing services under this Agreement change as a result of:
- 10.1.1 any change in Project operations, personnel qualifications or staffing required to meet the obligations of this Agreement;
 - 10.1.2 any change required as a result of an Unforeseen Circumstance;
 - 10.1.3 increases or decreases in the user base;
 - 10.1.4 increases or decreases of not less than ten percent (10%) in the influent flow or loadings as demonstrated by a twelve month floating average compared to the twelve month period ending on the effective date of this Agreement (baseline flow and loading information is located in Appendix C-1);
 - 10.1.5 Any (i) change in disposal methods, landfill facilities or disposal sites or (ii) increase of costs to utilize such method, landfill facility or disposal site, that results in additional cost to VWNA shall be considered a Scope Change.
 - 10.1.6 increases or decreases in rates or other related charges (including taxes) imposed upon VWNA by a taxing authority - excluding taxes based on VWNA's net income; and/or
 - 10.1.7. OWNER's written request of VWNA and VWNA's written consent to provide additional services.
- 10.2 For Changes in Scope described in Sections 10.1.1 through, and including, 10.1.5, the Annual Fee shall be increased (or decreased) by an amount equal to VWNA's additional (reduced) Cost associated with the Change in Scope plus ten percent (10%). Modifications of the Annual Fee as a result of conditions described in Section 9.1.4 shall be retroactive to the beginning of the twelve-month comparison period.
- 10.3 For Changes in Scope described in Section 10.1.6, the Annual Fee shall be increased (or decreased) by an amount equal to VWNA's additional (reduced) Cost associated with such Change in Scope.
- 10.4 OWNER and VWNA shall negotiate an increase in VWNA's Annual Fee for Changes in Scope based on Section 10.1.7.

11. Indemnity, Liability and Insurance

- 11.1 VWNA hereby agrees to indemnify and hold OWNER harmless from any liability or damages for bodily injury, including death, property damages and pollution damages which may arise from VWNA's negligence or willful misconduct under this Agreement; provided, VWNA shall be liable only for that percentage of total damages that corresponds to its percentage of total negligence or fault.
- 11.2 OWNER agrees to indemnify and hold VWNA harmless from any liability or damage or bodily injury, including death, property damages and pollution damages which may arise from all causes of any kind other than VWNA's negligence or willful misconduct, including, but not limited to, breach of an OWNER warranty.
- 11.3 OWNER shall be liable for failure to comply with Florida procurement laws. If such failure results in a termination or renders this Agreement void, such shall be deemed a termination for convenience for which OWNER shall pay VWNA an amount equal to \$100,000 plus demobilization costs.
- 11.4 Unless covered by the indemnities contained in Sections 10.1, neither VWNA nor the OWNER shall be liable to the other in any action or claim for consequential, incidental or special damages, loss of profits, loss of opportunity, loss of product or loss of use. Any protection against liability for losses or damages afforded any individual or entity by these terms shall apply whether the action in which recovery of damages is sought is based on contract, tort (including sole, concurrent or other negligence and strict liability of any protected individual or entity), statute or otherwise. To the extent permitted by law, any statutory remedies, which are inconsistent with these terms, are waived.
- 11.5 VWNA shall be liable for those fines or civil penalties imposed by a regulatory or enforcement agency for violations occurring on or after the Full Service Commencement Date, of the effluent quality requirements provided for in Appendix C, that are a result of VWNA's negligence. OWNER will assist VWNA to contest any such fines in administrative proceedings and/or in court prior to any payment by VWNA. If VWNA shall pay the cost of any such contest.
- 11.6 OWNER shall be liable for those fines or civil penalties imposed by any regulatory or enforcement agencies on OWNER and/or VWNA that are not a result of VWNA's negligence or are otherwise directly related to the ownership of the Project and shall indemnify and hold VWNA harmless from the payment of any such fines and/or penalties.
- 11.7 To the fullest extent permitted by law and notwithstanding any other provision of this Agreement, VWNA's liability for performance or non-performance of any obligation arising under the Agreement (whether arising under breach of contract,

tort, strict liability, or any other theory of law or equity) including, but not limited to its indemnity obligations specified in Section 10.1 of the Agreement, shall not exceed for the duration of the Agreement an amount equal to one times the then current Annual Fee, provided that the foregoing limitation shall not apply to any losses resulting from the gross negligence or willful misconduct of VWNA or VWNA's subcontractors, employees or agents in breach of VWNA's obligations under this Agreement.

11.8 Each party shall obtain and maintain insurance coverage of a type and in the amounts described in Appendix D. Each party shall provide the other party with satisfactory proof of insurance.

11.9 The provisions of Sections 11.1 through 11.7 above shall survive the termination of the Agreement.

12. Term, Termination and Default

12.1 The initial term of this Agreement shall be five (5) years commencing on the Full Services Commencement Date ("Initial Term"). Thereafter, this Agreement shall be automatically renewed for successive terms of one year each (each, a "Renewal Term", and together with the Initial Term, the "Term"), unless canceled in writing by either party no less than one hundred and twenty (120) days prior to expiration. The total Term shall not exceed ten (10) years.

12.2 A party may terminate this Agreement only for a material breach of the Agreement by the other party; only after giving written notice of breach; and, except in case of a breach by OWNER for non-payment of VWNA's invoices, in which case termination may be immediate by VWNA, only after allowing the other party thirty (30) days to cure or commence taking reasonable steps to cure the breach.

12.3 In the event that this Agreement is terminated under Section 11.2 prior to the ending date of the Term, OWNER shall pay to VWNA any funds identified in Section 8.2 that have not been paid to VWNA through the date of termination, plus the unamortized amount of any capital improvements, plus demobilization costs (including severance).

12.4 Upon notice of termination by OWNER, VWNA shall assist OWNER in assuming operation of the Project. If additional Cost is incurred by VWNA at request of OWNER, OWNER shall pay VWNA such Cost within 15 days of invoice receipt.

12.5 Upon termination of this Agreement and all renewals and extensions of it, VWNA will return the Project to OWNER in the same condition as it was upon the

effective date of this Agreement, ordinary wear and tear excepted. Equipment and other personal property purchased by VWNA for use in the operation or maintenance of the Project shall remain the property of VWNA upon termination of this Agreement unless the property was directly paid for by OWNER or OWNER specifically reimbursed VWNA for the cost incurred to purchase the property or this Agreement provides to the contrary.

13. Disputes and Force Majeure

13.1 In the event activities by employee groups or unions cause a disruption in VWNA’s ability to perform at the Project, OWNER, with VWNA’s assistance or VWNA at its own option, may seek appropriate injunctive court orders. During any such disruption, VWNA shall operate the facilities on a best-efforts basis until any such disruptions cease.

13.2 Neither party shall be liable for its failure to perform its obligations under this Agreement if such failure is due to any Unforeseen Circumstances beyond its reasonable control or force majeure. However, this Section may not be used by either party to avoid, delay or otherwise affect any payments due to the other party.

Both parties indicate their approval of this Agreement by their signatures below, and each party warrants that all corporate or governmental actions, approvals and consents necessary to bind the parties to the terms of this Agreement have been taken.

WINTER SPRINGS, FLORIDA

VEOLIA WATER NORTH AMERICA - SOUTH, LLC

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

—

CERTIFICATE OF COUNSEL

The undersigned, as counsel for the _____ ("OWNER") in this transaction, hereby certifies that (s)he has examined the facts and circumstances surrounding the selection of Veolia Water North America – Northeast, LLC ("VWNA") and the award and letting of the foregoing contract to VWNA by OWNER, and has found that said selection, award and contracting process comply with the procurement laws of the State of _____ and OWNER and that the foregoing Agreement, once executed by OWNER, is a valid, legal and binding agreement of the OWNER.

Counsel for OWNER

Date: _____

DRAFT

APPENDIX A DEFINITIONS

- A.1 "Adequate Nutrients" means plant influent nitrogen, phosphorus and iron contents proportional to BOD₅ in the ratio of five (5) parts nitrogen, one (1) part phosphorus, and one-half (0.5) part iron for each one hundred (100) parts BOD₅.
- A.2 "Annual Fee" means a predetermined, fixed sum for VWNA's services. The Annual Fee includes Cost and profit.
- A.3 "Baseline Electrical Rate" shall mean \$0.0896/Kwh.
- A.4 "Biologically Toxic Substances" means any substance or combination of substances contained in the plant influent in sufficiently high concentration so as to interfere with the biological processes necessary for the removal of the organic and chemical constituents of the wastewater required to meet the discharge requirements of OWNER's Certificate of Approval. Biologically toxic substances include, but are not limited to, heavy metals, phenols, cyanides, pesticides and herbicides.
- A.5 "Capital Expenditures" means any expenditures for (1) the purchase of new equipment or facility items that cost more than Five Thousand Dollars (\$5,000); or (2) major repairs which significantly extend equipment or facility service life and cost more than Five Thousand Dollars (\$5,000) or (3) expenditures that are planned, non-routine and budgeted by OWNER.
- A.6 "Commencement Date" shall mean June 24, 2019.
- A.7 "Cost" means all Direct Cost and indirect cost determined on an accrual basis in accordance with generally accepted accounting principles.
- A.8 "Direct Cost" means the actual cost incurred for the direct benefit of the Project including, but not limited to, expenditures for project management and labor, employee benefits, chemicals, lab supplies, repairs, repair parts, maintenance parts, safety supplies, gasoline, oil, equipment rental, legal and professional services, quality assurance, travel, office supplies, other supplies, uniforms, telephone, postage, utilities, tools, memberships and training supplies.
- A.9 "Electrical Rate" means the annual gross cost of electricity (Total billings amount for supply and distribution, demand and energy, other charges, taxes and fees) divided by total energy consumption expressed as total KWh, in aggregate.
- A.10 "Full Service Commencement Date" shall mean the date that is thirty (30) days from the Execution Date.
- A.11 "KWh" means kilowatt hours.

- A.12 "Maintenance" means those routine and/or repetitive activities required or recommended by the equipment or facility manufacturer or by VWNA to maximize the service life of the equipment, sewer, vehicles and facilities.
- A.13 "Maintenance and Repair Limit" means the total Maintenance and Repair expenditures that VWNA has included in the Annual Fee. Such expenditures exclude any labor costs for VWNA's staff assigned to the Project. VWNA's specialized maintenance personnel not assigned at the Project, who provide such specialized services such as, but not limited to, vibration, thermography and electrical analyses, instrumentation maintenance and repair will be charged to the Maintenance and Repair Limit.
- A.14 "Project" means all equipment, vehicles, grounds, rights of way, sewers and facilities described in Appendix B and, where appropriate, the management, operations and maintenance of such.
- A.15 "Repairs" means those non-routine/non-repetitive activities required for operational continuity, safety and performance generally due to failure or to avert a failure of the equipment, sewer, vehicles or facilities or some component thereof.
- A.16 "Unforeseen Circumstances" shall mean any event or condition which has an effect on the rights or obligations of the parties under this Agreement, or upon the Project, which is beyond the reasonable control of the party relying thereon and constitutes a justification for a delay in or non-performance of action required by this Agreement, including but not limited to (i) an act of God, landslide, lightning, earthquake, tornado, fire, explosion, flood, failure to possess sufficient property rights, acts of the public enemy, war, blockade, terrorist acts, sabotage, insurrection, riot or civil disturbance, (ii) preliminary or final order of any local, province, administrative agency or governmental body of competent jurisdiction, (iii) any change in law, regulation, rule, requirement, interpretation or statute adopted, promulgated, issued or otherwise specifically modified or changed by any local, province or governmental body, (iv) labor disputes, strikes, work slowdowns or work stoppages; (v) loss of or inability to obtain service from a utility necessary to furnish power for the operation and maintenance of the Project; (vi) the presence of Biologically Toxic Substances or Hazardous Wastes in the influent to the Treatment Facility; and (vi) violations of the OWNER's Industrial Pretreatment Program discharge limits (if applicable) which are of such a quantity and quality so as to cause substantial disruption in the operations or biological activity of the Project.

APPENDIX B

DESCRIPTION OF PROJECT

VWNA agrees to provide the services necessary for the management, operation and maintenance of the following:

- a. All equipment, vehicles, grounds and facilities now existing within the present property boundaries of or being used to operate:
 - Water Plant #1 at 851 Northern Way, Winter Springs, FL 32708
 - Water Plant #2 700 Sheoah Blvd, Winter Springs, FL 32708
 - Water Plant #3 110 West Bahama Road, Winter Springs, FL 32708
 - East Wastewater Treatment Plant, 1560 Winter Springs Blvd, Winter Springs Florida 32708
 - West Wastewater Treatment Plant, 1000 West SR 434, Winter Springs, Florida 32708
 - Lake Jesup Reclaimed Water Augmentation Facility, 900 East State Road 434, Winter Springs, Florida 32708
 - Oak Forest Reclaimed Water Storage and Repump Facility

- b. All equipment, grounds and facilities now existing within the present property boundaries of the 50 lift stations – 27 serving the East WWTP and 23 serving the West WWTP.

East Lift Stations

- 1E 1560 Winter Springs Blvd
- 2E 872 Chokecherry Drive
- 3E 728 Sybilwood Circle
- 4E 611 Tuscany Place
- 5E 800 Austin Court
- 6E 1600 Grizzly Court
- 7E 1627 Wood Duck Drive
- 8E 1757 Seneca Blvd
- 9E 940 Old White Way
- 10E 1163 Trotwood Blvd
- 11E 1839-B Seneca Blvd
- 12E 127 Cherry Creek Circle
- 13E 500 Vistawilla Drive
- 14E 160 Nandina Terrace
- 15E 101-B Bridgewood Court
- 16E 314 Streamview Way
- 17E 1109 Courtney Lane
- 18E 310 Tuskawilla Road
- 19E 1599 Wrentham Court

- 20E 361 Pawnese Trail
- 21E 587 Pine Branch Circle
- 22E Fanning Drive
- 23E Southern Oaks Subdivision
- 24E Integra 360
- 25E Michael Blake Blvd
- 26E Tusawilla Crossings
- 27E SR 434

West Lift Stations

- 1W 156 Cory Lane
- 2W 619 David Street
- 3W 600 Sheoah Blvd
- 4W 870 Sheoah Circle
- 5W 51 East La Vista Drive
- 6W 710 Tanglewood Road
- 7W 607 South Edgemon Ave
- 8W 306-B Panama Circle
- 9W 492-B ClubDrive
- 10W 800 Alton Road
- 11W 500 Dolphin Road
- 12W 1000 State Road 434
- 13W 2501 Shepard Road
- 14W 130-A Tusawilla Road
- 15W 137-B Seville Chase Drive
- 16W 222 Torcaso Court
- 17W 100 Windsor Crescent Street
- 18W 299 Constitution Way
- 19W 4201 State Road 419
- 20W 398 Harbor Winds Court
- 21W Jesup's Landing
- 22W 150 Hartman Lane
- 22W 900 East State Road 434

- c. All equipment, grounds and facilities now existing within the present property boundaries of the reuse system, re-pump facility, rapid infiltration ponds, detention ponds and the spray fields.

Name of storage System: City of Winter Springs, East Water Reclamation Facility

Location: 1560 Winter Springs Blvd. (FLA011068)
Winter Springs, FL 32708

Type	Volume/Flow	Storage System Function	Description
Land Application R-001	3.0 MG	System Storage (On-site)	Reclaimed Water Tank (Covered)
	3.0 MG	System Storage (Off-site)	Reclaimed Water Tank (Covered, shared with West WRF)
	5.61 MG	Reject/Wet Weather Storage (On-site)	Lined Storage Pond
	11.61 MG	Total Volume	
	0.201 mgd	Oak Forest Sprayfield	
	0.610 mgd	Owasco RIBs	

Name of Storage System: City of Winter Springs, West Water Reclamation Facility

Location: 1000 West S.R. 434 (FLA011067)
Winter Springs, FL 32708

Type	Volume/Flow	Storage System Function	Description
Land Application R-001	2.0 MG	System Storage (On-site)	Reclaimed Water Tank (Covered)
	3.0 MG	System Storage (Off-site)	Reclaimed Water Tank (Covered, shared with East WRF)
	2.2 MG	System Storage (On-site)	Unlined Storage Pond
	1.4 MG	System Storage (Off-site)	Unlined Storage Ponds (Two)
	1.3 MG	Reject Storage (On-site)	Unlined Storage Pond
	9.9 MG	Total Volume	
Land Application R-002	0.20 mgd	Site 16 Sprayfield (Off-site)	
Land Application R-003	0.530 mgd	Dayron RIBs (Off-site)	
	0.110 mgd	Mt. Greenwood RIBs (Off-site)	
	0.100 mgd	Site 17 RIBs (Off-site)	

APPENDIX C

PWS COMMUNITY WATER PERMITS AND THE NPDES PERMITS AND WASTEWATER TREATMENT CHARACTERISTICS

- C.1 VWNA will operate the public water system so that water quality will meet the requirements of the Public Water Supply Permit 3590879. This includes the Water Plant #1, Water Plant #2, Water Plant #3 and the associated water distribution systems connected to the plants.
- C.2 VWNA will operate so that effluent will meet the requirement of NPDES Permit No. FLA011067 for the Winter Springs West (issued January 21, 2014, a full and complete copy of which is adopted by reference herein as of the date hereof.) This permit includes the Lake Jesup Reuse Augmentation facility. VWNA shall be responsible for meeting the effluent quality requirements of the Permit unless one or more of the following occurs: (1) the wastewater influent does not contain Adequate Nutrients to support operation of Project biological processes and/or contains Biologically Toxic Substances which cannot be removed by the existing process and facilities; (2) dischargers into OWNER's sewer system violate any or all regulations as stated in OWNER's Industrial Water and Sewer Ordinance(s) or as required by law; (3) the flow or influent BOD₅ and/or suspended solids exceeds the Project design parameters which are ____ million gallons of flow per day, ____ pounds of BOD₅ per day monthly average, ____ pounds of suspended solids per day on a monthly average and a daily peaking factor of ____ times flow; (4) if the wastewater treatment facility and/or associated appurtenances is inoperable or can operate only at a reduced capacity on account of construction activities, fire, flood, adverse weather conditions, labor disputes or other causes beyond VWNA's control.
- C.3 VWNA will operate so that effluent will meet the requirement of NPDES Permit No. FLA011068 for the Winter Springs East (issued March 14, 2017), a full and complete copy of which is adopted by reference herein as of the date hereof. VWNA shall be responsible for meeting the effluent quality requirements of the Permit unless one or more of the following occurs: (1) the wastewater influent does not contain Adequate Nutrients to support operation of Project biological processes and/or contains Biologically Toxic Substances which cannot be removed by the existing process and facilities; (2) dischargers into OWNER's sewer system violate any or all regulations as stated in OWNER's Industrial Water and Sewer Ordinance(s) or as required by law; (3) the flow or influent BOD₅ and/or suspended solids exceeds the Project design parameters which are ____ million gallons of flow per day, ____ pounds of BOD₅ per day monthly average, ____ pounds of suspended solids per day on a monthly average and a daily peaking factor of ____ times flow; (4) if the wastewater treatment facility and/or associated appurtenances is inoperable or can operate only at a reduced capacity on account of construction activities, fire, flood, adverse weather conditions, labor disputes or other causes beyond VWNA's control.

C.4 In the event any one of the Project influent characteristics, suspended solids, BOD₅ or flow, exceeds the design parameters stated above, VWNA shall return the plant effluent to the characteristics required by NPDES in accordance with the following schedule after Project influent characteristics return to within design parameters.

<u>Characteristics Exceeding Design Parameters By</u>	<u>Recovery Period Maximum</u>
10% or Less	5 days
Above 10% Less than 20%	10 days
20% and Above	30 days

Notwithstanding the above schedule, if the failure to meet effluent quality limitations is caused by the presence of Biologically Toxic Substances or the lack of Adequate Nutrients in the influent, then VWNA will have a thirty (30) day recovery period after the influent is free from said substances or contains Adequate Nutrients.

C.5 VWNA shall not be responsible for fines or legal action as a result of discharge violations within the period that influent exceeds design parameters, does not contain Adequate Nutrients, contains Biologically Toxic Substances or is inoperable, and the subsequent recovery period.

C.6 The Annual Fee for services under this Agreement for the wastewater plants is based upon the following:

Project influent characteristics as best they can be established from the records available at the East Plant:

Flow _____ mgd
 BOD₅ _____ lb/day monthly average
 TSS _____ lb/day monthly average

The above characteristics are the actual twelve (12) months' average for the period January 2018 ended December 2018. Any change of 5 percent (5%) or more in any of these characteristics, based upon a twelve (12) month moving average, will constitute a Change in Scope (See Article 11).

Project influent characteristics as best they can be established from the records available at the West Plant:

Flow _____ mgd
 BOD₅ _____ lb/day monthly average
 TSS _____ lb/day monthly average

The above characteristics are the actual twelve (12) months' average for the period January 2018 ended December 2018. Any change of 5 percent (5%) or more in any of these characteristics, based upon a twelve (12) month moving average, will constitute a Change in Scope (See Article 11).

DRAFT

APPENDIX D

INSURANCE COVERAGE

VWNA SHALL MAINTAIN:

The following coverage in force at all times during the Term of the Agreement and at VWNA's sole expense.

Coverage shall include the following:

- | | |
|--|--|
| a. Workmen's Compensation and Disability | Statutory Requirements |
| b. Employer's Liability | \$100,000 |
| c. Commercial General Liability
Combined Single Limit
Bodily injury, personal
injury, and property damage | (Occurrence Basis)
\$2,000,000 each
occurrence & aggregate |
| d. Commercial Auto Liability
(single limit)
(Owned, hired & non-owned)
Bodily injury & property damage | \$1,000,000 each
accident |
| e. Commercial Umbrella Liability | \$2,000,000 each occurrence and
aggregate |
| f. Environmental Impairment Liability | \$2,000,000 each
occurrence and aggregate |

OWNER SHALL MAINTAIN:

1. Statutory workers compensation for all of OWNER's employees associated with the Project as required by the State of Florida.
2. Commercial Property Insurance providing what is commonly known as "all risk" coverage, including business interruption coverage, insuring all real and Owner's personal property on or in the Project, covering 100% of the replacement value with a stipulated amount or agreed valuation endorsement. Such policy shall include Equipment Breakdown insurance (also known as Boiler and Machinery insurance) in an amount of the full replacement cost value for the equipment.

3. Automobile liability insurance for all owned, non-owned and hired vehicles with a combined single limit of \$1,000,000.

Each party will cause the other party to be added as additional insured on the above insurance policies (except workers compensation and employer's liability) and will provide the other party at least thirty (30) days' notice of the cancellation of such policies. VWNA may self-insure reasonable deductible amounts under the policies it is required to maintain to the extent permitted by law. Each party shall waive subrogation in favor of the other party and each required policy shall provide a waiver of subrogation in favor of the other party.

DRAFT

APPENDIX E
ANNUAL FEE ADJUSTMENT FORMULA

The Annual Fee adjustment formula to be applied during the Term of this Service Contract shall be as follows:

$$\text{ABSF} = \text{BSF} \times (0.42 \times \text{CPI} / \text{CPI}_0 + 0.50 \times \text{ECI} / \text{ECI}_0 + 0.08 \times \text{PPI} / \text{PPI}_0)$$

Where:

- ABSF = Adjusted Base Service Fee (Annual Fee less the M&R Limit).
BSF = Annual Base Service Fee prior to adjustment (Annual Fee less the M&R Limit).
CPI = CPI-U South Urban, All items less food and energy (CUUR0300SA0L1E) as published by the U.S. Department of Labor, Bureau of Labor Statistics (at specific web address) for the month of April prior to the beginning of the Contract Year for which the Adjusted Annual Fee is being calculated.
CPI₀ = CPI-U South Urban, All items less food and energy (CUUR0300SA0L1E) as published by the U.S. Department of Labor, Bureau of Labor Statistics for the month of April twelve (12) months prior to the CPI above.
PPI = PPI, Chemical Manufacturing, not seasonally adjusted (PCU325---325---) (at specific web address) as published by the U.S. Department of Labor, Bureau of Labor Statistics for the month of April prior to the beginning of the Contract Year for which the Adjusted Annual Fee is being calculated.
PPI₀ = PPI, Chemical Manufacturing, not seasonally adjusted (PCU325---325---) as published by the U.S. Department of Labor, Bureau of Labor Statistics for the month of April twelve (12) months prior to the CPI-S above.
ECI = ECI, Total Compensation, Private Industry Workers, Utilities, (CIU2014400000000I (B)) as published by the U.S. Department of Labor, Bureau of Labor Statistics for the first quarter (Qtr1) prior to the beginning of the Contract Year for which the Adjusted Annual Fee is being calculated.(reference specific web address)
ECI₀ = ECI, Total Compensation, Private Industry Workers, Utilities, (CIU2014400000000I (B)) as published by the U.S. Department of Labor, Bureau of Labor Statistics for the first quarter (Qtr1) twelve (12) months prior to the ECI above.

The Maintenance and Repair Limit shall be adjusted annually by 100% of the change in the CPI-U South Urban index utilized in the Annual Fee Adjustment Formula.

APPENDIX E
PRIORITY REPAIRS ESTIMATE

Activity	Estimated Cost
East screen structure/piping mods	\$ 50,000.00
East screen -Parkson 3 MGD Hydroscreen	\$ 63,000.00
East screen -Parkson Hydroscreen Installation	\$ 20,000.00
West Screen Plant 1 structure/piping mods	\$ 50,000.00
West Screen Plant 1 -Parkson Hydroscreen 2MGD	\$ 60,000.00
West Screen Plant 1 -Parkson Installation	\$ 20,000.00
West screen Plant 2 structure/piping mods	\$ 50,000.00
West screen Plant 2 -Parkson Hydroscreen 2MGD	\$ 60,000.00
West screen Plant 2 -Parkson Installation	\$ 20,000.00
East Plant Basin 1-small-sludge removal,	\$ 31,700.00
East Plant Basin 1-small-Weir repair/replacment	\$ 30,000.00
East Plant Basin 1-small-Clarifier Skimmer-Scum repair/replacement	\$ 4,000.00
East Plant Basin 1 Diffuser Cap Upgrade	\$ 10,000.00
East Plant Basin 1-small-baffle, diffuser repairs	\$ 160,000.00
East Plant Basin 2- large sludge removal	\$ 52,400.00
East Plant Basin 2-large-Weir repair/replacment	\$ 40,000.00
Rent Portable Treatment Unit (During Dewatering)	\$ 155,000.00
East Plant Basin 2 - Solids Handling Improvements	\$ 250,000.00
East Plant Basin 2 Diffuser Cap Upgrade	\$ 18,000.00
East Plant Basin 2- large baffle, diffuser repairs	\$ 240,000.00
West Plant Basin 1-large-sludge removal,	\$ 60,400.00
West Plant Basin 1 Solids Handling Improvement	\$ 250,000.00
West Plant Basin 1-large-Weir repair/replacment	\$ 35,000.00
West Plant Basin 1 Diffuser Cap Upgrade	\$ 15,000.00
West Plant Basin 1-large-baffle, diffuser repairs	\$ 160,000.00
West Plant Basin 2-small-sludge removal,	\$ 48,600.00
West Plant Basin 2-small-Weir repair/replacment	\$ 35,000.00
West Plant Basin 2 Diffuser Cap Upgrade	\$ 15,000.00
West Plant Basin 2-small-baffle, diffuser repairs	\$ 160,000.00
Air Valves East WWTP	\$ 25,000.00
Air Valves West WWTP	\$ 25,000.00
West Plant - Centrate/Filtrate Tank	\$ 10,500.00
East WWTP Filter Rehabilitation	\$ 15,000.00
West Filter Rehabilitation	\$ 25,000.00
Reuse Tank Drain, Clean & Inspect	\$ 22,000.00
Misc (Tertiary Filter BW lift Station Pumps)	\$ 19,000.00

Mission Monitoring - 14 sites	\$ 24,700.00
Misc Expense	\$ 50,000.00

State Meeting	\$ 1,500.00
Interim Operating Cost - Electric and Sludge	\$ 150,000.00
Engineering	\$ 100,000.00
Procurement	\$ 25,000.00
Construction Management	\$ 128,000.00

\$2,783,800.00

DRAFT