

State of Texas

County of Brazoria

City of Freeport

BE IT REMEMBERED, that the City Council of Freeport, Texas met on Tuesday, March 31, 2026 at 6:00 PM at the Freeport Council Chamber located at 430 North Brazosport Blvd., Freeport TX for the purpose of considering the following agenda items:

City Council: Mayor Jerry Cain
Councilman Jeff Pena
Councilman Jarvis Davis
Councilman George Matamoros
Councilman Winston Rossow

Staff: Danielle M Kelly, DPA, City Manager
Chris Duncan, City Attorney
Clarisa Fernandez, City Secretary
Toby Cohen, IT Director
Chris Motley, Fire Chief
Nicholas Meeks, Utility Operations Manager

Visitors: Pamela Dancy Virginia Tippen
Nicole Mireles Tom Pearson
Sam Reyna

Call to Order:

Call to Order - Jerry Cain, Mayor

Mayor Cain called the meeting of the Freeport City Council to order at 6:04P.M. on March 31, 2026, declaring a quorum was present.

Invocation - Councilman

Councilman Rossow led the Invocation.

Pledges - Pledge of Allegiance to the United States; Pledge of Allegiance to the State of Texas.

Councilman Rossow led the Pledge of Allegiance to the United States and the Pledge of Allegiance to the State of Texas.

Matters Subsequent to Posting.

City Manager Dr. Danielle Kelly stated that there were no matters subsequent to posting.

Audience Participation – Anyone who has registered to speak prior to the meeting being called to order and desires to address the City Council will be heard at this time, or during the discussion of an item listed on the agenda. These forms are located by the City Secretary. After completing the form, give it to the City Secretary. She will give it to the Mayor. The Mayor will call on you when that item is presented, once a motion has been made by Council then public participation will not be allowed. You will have four (4) minutes to make your comments regardless of the number of agenda items to be addressed.

Sam Reyna resides at 2002 North Avenue G. He addressed the council regarding the upcoming Veolia contract renewal. He reminded the council of previous concerns raised by Jerry Meeks about Veolia's overbilling for operation and maintenance services. Mr. Reyna also referenced former employee Lance Petty's attempts to bring operations in-house, which he believed would have saved significant money. He cautioned the council to carefully review the contract and examine past meeting minutes to understand the history of concerns with Veolia.

Business

Consideration and possible action to approve an Agreement for Operation, Maintenance and Management Services with Veolia Water North America-Central, LLC.

City Manager Dr. Danielle Kelly presented the proposed five-year agreement with Veolia Water North America-Central, LLC for operation, maintenance, and management of the city's water and wastewater systems. She explained that the prior agreement had expired and staff had negotiated a new contract to ensure continuity of critical services. The proposed agreement includes enhanced performance expectations, reporting requirements, and accountability measures designed to improve system reliability, transparency, and long-term planning. Dr. Kelly highlighted several key improvements in the new contract, including a formalized performance accountability structure through a tiered penalty system with progressive escalation for repeat violations. She noted that transparency would be significantly enhanced through expanded monthly operating reports distributed to city council and executive leadership, containing detailed operational data, maintenance activities, and system performance metrics.

The agreement requires installation of a nonproprietary real-time SCADA system within two years, which will allow for continuous monitoring, system alerts, and historical data tracking. Upon completion, the system will become city-owned, improving operational reliability and response times. Dr. Kelly emphasized that sewage leak response times had been significantly tightened from 12 hours to 2 hours.

From a financial standpoint, the agreement establishes a fixed annual fee of \$2,915,538.36, paid in monthly installments of \$242,961.53, with costs incorporated within the city's utility operations budget. The contract also includes a defined maintenance and repair allowance subject to annual reconciliation, with required notifications when expenditures approach established thresholds.

Councilman Pena asked for staff's recommendation on the agreement and City Manager Dr. Danielle Kelly confirmed that staff supported the contract.

A motion was made by Councilman Pena to approve an agreement for Operation, Maintenance and Management Services with Veolia Water North America-Central LLC, seconded by Councilman Davis with discussion that followed.

Councilman Davis inquired whether both parties had thoroughly reviewed the contract and if City Attorney Chris Duncan felt comfortable with the progress made in working together on the contract. Mr. Duncan confirmed that both Dr. Kelly and Mr. Pennington had worked on the contract as city managers, and that there had been extensive discussion of legal issues. He noted that he had worked with Veolia's attorney, Mr. Kidd, having several conversations, including final discussions the previous week to produce the final version. Mr. Duncan praised Veolia's attorney as being very good to work with and noted that he listened to the city's concerns and incorporated language the city wanted. He characterized it as a good deal and a good contract that was good for both parties, emphasizing that all terms were heavily negotiated and recommending council approval. Councilman Davis asked City Manager Dr. Danielle Kelly about communication and documentation improvements since she and Mr. Javance had joined their respective teams. Dr. Kelly explained that she could not speak to the level of conversation that occurred before she

arrived, but noted that she and Mr. Javance had started at about the same time and had developed a good working relationship. She praised his responsiveness, stating she could reach him day or night and that he had addressed every concern she had brought to his attention. Councilman Davis then called Nick Meeks forward to provide his perspective as someone who had been working in the field with Veolia since Mr. Javance arrived. Mr. Meeks praised Mr. Javance's leadership, stating he believed it would definitely lead this city into the future. He highlighted the technology that Mr. Javance wanted to implement at the wastewater plant and in the field, mentioning that Mr. Javance had recently implemented a communication board for all staff to communicate work orders and information quickly between the field, office, and city hall. Mr. Meeks characterized the improvements as highly impressive and stated he supported Mr. Javance's efforts 100 percent. Councilman Davis expressed excitement about the potential for continued collaboration and growth, emphasizing that everything should be all about Freeport, all for our citizens.

Councilman Pena inquired about council engagement with Veolia since December and specifically asked Councilman Rossow about his satisfaction with responses to previous requests for fire hydrant audits and system management evidence. Councilman Rossow expressed being very satisfied with the response. He explained that he had been trying for two years to address citizen complaints about water loss and leaks, and that Veolia had quickly resolved an issue that had persisted for years. He praised their response time, noting that as someone who had worked at the plant, response time was his biggest pet peeve. He stated that Veolia's response time was good and that while he had other tasks for them, they did a very good job. City Manager Dr. Danielle Kelly added that response times had been significantly tightened up, noting that sewage leakage response time had been reduced from 12 hours to 2 hours. Councilman Pena asked about the contract's accountability mechanisms, wanting to ensure it had teeth to hold Veolia accountable for any shortcomings while also having the same teeth for the city of Freeport. He expressed concern about previous issues with city staff oversight and wanted to ensure the contract covered both sides fairly while pressing both sides to perform with nearly \$2,900,000 annually at stake. City Manager Dr. Danielle Kelly explained that Section 14 highlights penalties with escalating levels: moderate, medium, and severe penalties for nonperformance. She noted that beyond monetary penalties, the city had the ability to cancel the contract for persistent non-performance or repeat offenses. She also highlighted that the contract required monthly mutual site inspections between the city and Veolia staff per Section 1.11, allowing each side to voice concerns about maintenance needs. Additionally, she explained that Veolia would be required to attend the second council meeting every month to present or answer questions about their monthly report, followed by a staff meeting with department heads the following morning to address any issues raised by council.

City Attorney Chris Duncan elaborated on the accountability structure, explaining that he had observed a lack of oversight from the city side in the previous contract, which was essentially all or nothing. If the city was unhappy, the only option was contract termination, which was difficult given the need to maintain daily water operations. He had conceived the idea of having accountability short of termination through a system of penalties for contract violations, whether small or large. The new system included small, medium, and serious violation categories with financial penalties that increased based on the seriousness and repetitive nature of violations. Mr. Duncan stated that in final discussions with Veolia's attorney the previous week, he learned that this proposed contract for Freeport was unique and while he had been told Veolia had other similar contracts with accountability penalties, this contract was actually the only one that has penalties of this nature. He explained that the penalty schedule was not arbitrary but based on real concerns and real problems that the City has had in the past. Veolia's attorney had shown genuine concern and, after understanding the city's reasoning, had agreed to accept the penalty system. He emphasized that this was a completely unique contract that is different than Veolia has anywhere else because they were willing to perform, and he expressed faith that they would.

Councilman Pena asked Veolia representatives about their top three priorities for the remainder of 2026. Mr. Javance responded with three key initiatives: First, implementing indicators throughout the system, particularly for the clarifier which currently operated manually, requiring physical checks to detect problems. The new system would provide real-time monitoring via phone notifications for sludge levels and

blanket conditions. Second, properly training and cross-training team members across different areas rather than having specialists limited to either wastewater or water systems. Third, improving collaboration with the city, acknowledging that there had not been the best relationship previously but stating he was looking towards the future.

Councilman Pena asked City Manager Dr. Danielle Kelly about protocols for citizens to report issues and how the city would monitor response times and identify recurring problems. Dr. Kelly explained that during regular business hours, citizens would call the front desk utility staff, who would relay work orders to Veolia. After hours, they would call the non-emergency dispatch number, who would contact Veolia for emergencies. The monthly operating report would list all work orders and response times for review. She noted the new two-hour response requirement for sewage leaks and explicit language requiring Veolia to monitor and detect leaks daily as our eyes and ears out in the city. She also thanked Nick Meeks for being invaluable in ensuring the contract's technical specifications protected the city.

Councilman Matamoros asked about Appendix H, which listed 12 nonoperational fire hydrants as of the effective date, inquiring whether they would be returned to service. City Manager Dr. Danielle Kelly confirmed they had 90 days to repair them, referencing Appendix F7, which required that all fire hydrants identified as nonoperational as of the effective date as listed in Appendix H shall be repaired, replaced, or restored to service within 90 calendar days. Councilman Matamoros also asked about meter reading, noting that most meters should be new and automatically report back to the water system. Nick Meeks explained that while most meters were new, some still had issues reporting back to City Hall. Currently, 56 meters were still read manually until they could be sent for RMA and replacement. About 30-35 meters still needed to be changed out, but they were experiencing inventory shortages from Invocore. Once those are replaced, they should have a fully operational system. Councilman Matamoros concluded by hoping the city would keep Veolia accountable, acknowledging that there were a lot of issues and there still are a lot of issues that would likely surface after the contract was signed. He emphasized the importance of Dr. Kelly and city staff maintaining accountability to prevent the contract from becoming an albatross around the residents for the next five years.

Mayor Cain acknowledged that he still believed the city would be better off doing this in house which would save a considerable amount of money, but stated that was not the conversation they were having. He thanked both Veolia and city staff for listening to concerns and complaints from both citizens and council members during the process. Mayor Cain noted that by no means should anybody put all the blame on Veolia as he felt the city had their share in the shortcomings that we had as well. He hoped that oversight, which he believed had been lacking, would increase, and that communication between Veolia and the city would improve so they could move forward and come out in 5 years better than what we were when we started this process.

Mayor Cain called the motion to a vote with all present and voting "Aye" 4-1. The Council approved the motion. Councilman Matamoros voted "Nay".

Consideration and possible action approving Resolution No. 2026-3039 to approve Veolia temporary contract extension.

Mayor Cain noted there was no need to proceed with agenda item 2B, which would have provided a temporary contract extension for Veolia.

Executive Session

Executive Session regarding a.) Texas Government Code, Section 551.071 (Consultation with Attorney)

1.) DOW IDA negotiations update 2.) Surfside Utility Billing Counteroffer.

Legal Consultation and Real Property Deliberations – All City Properties, EDC Lawsuits and ALL Ongoing City Development Agreements (Councilman Pena)

The Regular Session closed at 6:42P.M. and the Council entered into the Executive Session.

Reconvene into Open Session:

Take any action resulting from Executive Session.

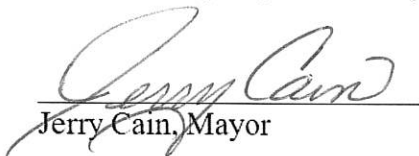
The Executive Session ended at 8:20P.M. and the Council went back into Regular Session.

There was no action from the Executive Session.

Adjournment

Adjournment – Jerry Cain, Mayor

A motion was made by Councilman Matamoros to adjourn, seconded by Councilman Pena with all present and voting "Aye" 5-0. Mayor Cain adjourned the meeting at 8:20P.M.



Jerry Cain, Mayor



Clarisa Fernandez City Secretary