



City of Freeport
Special Meeting and/or Executive Session Agenda

This meeting will be live streamed via YouTube Live and may be accessed on the City of Freeport Facebook page:
<https://www.facebook.com/freeporttexas> or by visiting <https://www.youtube.com/@cityoffreeporttx8375/streams>

Tuesday, July 15, 2025, 6:00 PM | Council Chamber | 430 North Brazosport Blvd., Freeport, Texas 77541

In accordance with Section 551.043 of the Texas Government Code, this agenda has been posted at Freeport City Hall, and distributed to the appropriate news media within the required time frame. All meetings of the Freeport City Council are open to the public. Public participation and written comments are invited on all open session business items.

The Mayor and City Council request that cell phones be turned off or set to vibrate. Members of the audience are requested to step outside to conduct a phone conversation. The Council Chamber is wheelchair accessible and special parking is available outside the building. If special accommodation is required, please contact the City Secretary a minimum of 72 hours in advance at 979-233-3526.

1: Call to Order:

- 1A. Call to Order - Jerry Cain, Mayor
- 1B. Invocation - Councilman
- 1C. Pledges - Pledge of Allegiance to the United States; Pledge of Allegiance to the State of Texas.
- 1D. 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.

2: Proclamations - Presentations and Updates

- 2A. Presentation by Veolia for Water and Wastewater Services.- Matthew Johnson
- 2B. Presentation by City Staff for Water and Wastewater Services.-City Staff

3: Business

- 3A. Consideration and possible action regarding future Utility Operations and possible action to issue an RFQ.(Jennifer Howell)

4: Executive Session

The City Council may take action on any Executive Session item posted. 551.071. Texas Government Code. Consultation with Attorney. The City Council may convene in executive session to conduct a private consultation with its attorney on any legal posted agenda item, when the City Council seeks advice of its attorney about pending or contemplated litigation, a settlement offer, or on a matter in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with the provisions of Chapter 551, including the following items:

4A. Executive Session:

- 1.) Texas Government Code, Section 551.074: Personnel Matters: to deliberate the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee or to hear a complaint or charge against an officer or employee; Interim City Manager.
- 2.) Texas Government Code, Section 551.074: Personnel Matters: to deliberate the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee or to hear a complaint or charge against an officer or employee; Legal Services.

5: Reconvene into Open Session:

- 5A. Take any action resulting from Executive Session.

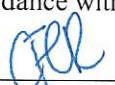
6: Adjournment

- 6A. Adjournment – Jerry Cain, Mayor

Items not necessarily discussed in the order they appear on the agenda. The Council at its discretion may take action on any or all of the items as listed. This notice is posted pursuant to the Texas Open Meeting Act. (Chapter 551, Government Code).

The City Council reserves the right to adjourn into executive session at any time during the course of this meeting to discuss any of the matters listed above, as authorized by Texas Government Code Sections 551.071 (Consultation with Attorney), 551.072 (Deliberations about Real Property), 551.073 (Deliberations about Gifts and Donations), 551.074 (Personnel Matters), 551.076 (Deliberations about Security Devices) and 551.087 (Economic Development).

CERTIFICATE I certify the foregoing notice was posted in the official glass case at the front door of the City Hall, with 24 hours a day public access, 1201 North Avenue H., Freeport Texas, before 6:00 p.m. in accordance with Open Meetings Act.


Clarisa Fernandez,
City Secretary, City of Freeport, Texas





FREEPORT, TEXAS

Operations & Maintenance Services

Freeport's Utility Partner for Over 30 Years

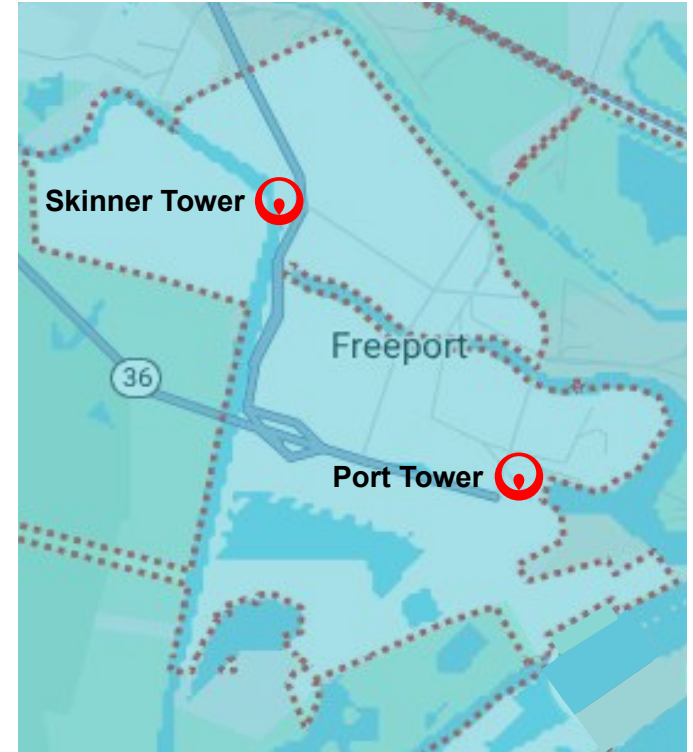
Operation and Maintenance of:

Wastewater

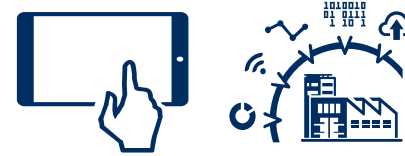
- 2.25-MGD Extended Aeration Trickling Filter Wastewater Treatment Plant
- 0.03-MGD Activated Sludge Wastewater Treatment Plant
- 30 Lift/Pump Stations
- Collection System (54 Miles)
- Industrial Pretreatment Program (IPP) Management
- Biosolids Disposal - 459 dry tons/year

Water

- 3 Water Wells (Active)
- Water Distribution System (41 Miles)
- Water Pump Station
- 2 Water Towers
- Purchase 2-MGD Water (Brazosport Water Authority)
- 2 Water Booster Stations (For Purchase Water System)



Where We Are Today: Ready for Modernization



WHERE WE ARE

- One screen to monitor **29 Lift Stations, 2 Towers, and 2 Pump Stations**
- **System Problems** only detected through **Phone Calls**
- **Manual Monitoring** of 29 lift stations and plants
- **Limited Ability** to prevent system problems
- **Chlorine Gas Disinfection** - valued engineered from large upgrade



NEXT STEPS

- **Complete SCADA system** for 24/7 monitoring of all facilities
- **Real-time Alerts** replace manual checks and phone calls
- **Improved Response Times**
- Trucks equipped with **Mobile Tablets**
- **Smart Controls** allow remote problem-solving
- **Chemical or UV Disinfection** upgrades

Accountability Through Partnership

Open Communication and Collaboration are the Foundation
of Successful Partnerships.

Growing Together

A Renewed Partnership for Freeport's Future

- **30 Years** of shared facility knowledge and experience
- **Deep Understanding** of Freeport's Unique Operational Needs
- **Your Neighbors** who know **Every Pump, Pipe, and Process**
- Helping the City navigate **Toward Financial Balance** and **Out of a Deficit**
- **Working together** helps us grow together

Job Date: 6/5/2025 12:01 PM
Job Code: MISC - MISCELLANEOUS
Group: WATER
Staff:
Service Order #: S00058744
Job Action: Miscellaneous
Issued By: Daria Aubrey
Requested By: James Lawson
Location: 1618 North F Freeport TX 77541
Account: 13-0440-04 James Lawson

Services

Service	Action	Current Meter #	Meter Serial #	Remote Id #	Scale	Last Read	Reading	New Meter #	Set Reading
010-WATER	No Action	18080550	18062550	1581870864	1000	9			
040-SEWER	No Action								
050-GARBAGE	No Action								
060-AMBULANCE	No Action								

Order Notes: CHECK FOR A LEAK AT OR AROUND METER
MTR. leak is between house
& MTR.

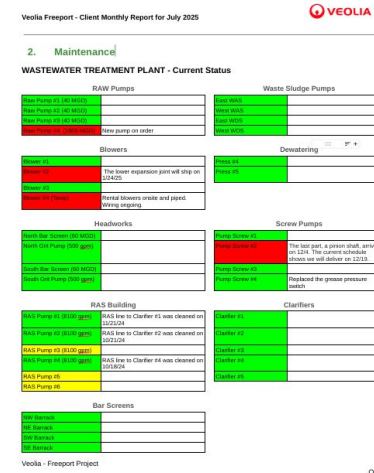
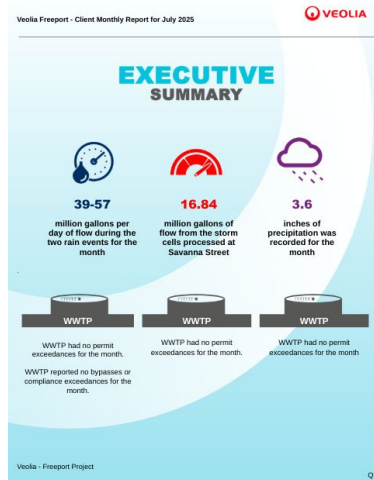
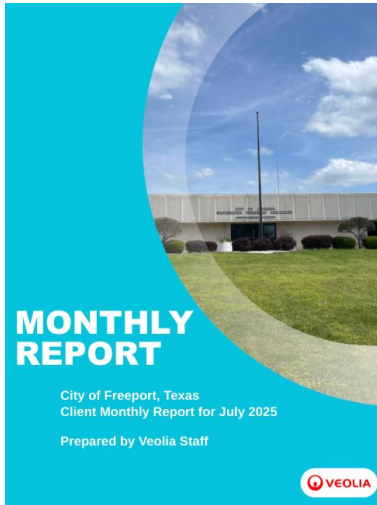
Completion Notes: Left Tag

Completion Date: 6-5-25
Worked By: JO + FR
Approved By: _____



Enhanced KPIs for Further Transparency

- Setting specific **Key Performance Indicators (KPIs)** to measure success
- **Enhanced MORs** with comprehensive plant status, including **Real-Time Equipment Conditions** and **Maintenance Tracking**
- **Three-year Checkpoint** allows contract review and negotiation if goals aren't met
- **Building Trust** through **Transparency** and **Results**



Back To Balance

Helping Freeport close the gap and Restore Financial Stability through Strategic Transformation and Innovation.

Smart Upgrades Driving Long-Term Value

- Chlorine gas tank system;
Veolia to Eliminate Hazardous Chemical Storage Risk and converted to modern **UV Disinfection System**
- **A new SCADA System** would allow for **24/7 Monitoring** of all facilities
- **Trucks Equipped with Mobile Tablets**
- **Ongoing Facility Upgrades** to improve efficiency, safety, and **Keep Freeport in Compliance**



Team Enhancements To Reduce Spending

Restructuring our team for maximum efficiencies

- Currently **Spending Significant Funds** on outside mechanical/electrical contractors
 - **\$54,830.94** in electrical expenses in 2024
 - Approximately **\$100,000 - \$150,000** per year total
- **Restructuring Operations Team** to bring these services in-house
- Adding experienced mechanic/electrician **Eliminates Expensive Contractor Fees**
- Creating dedicated maintenance division for **Faster Response**



Maximizing Your Investments: Turning Unused Water Into Revenue

- Currently paying for **2M Gallons Daily** whether used or not
- City spends **over \$3M per year** on water from BWA and historically **only uses half** (on average)
- **Find and Fix Existing Leaks** to recover lost water and money
- Opportunity to sell excess water to neighboring areas
- Create **New Revenue** through **Strategic Water Distribution**
- Support **Local Business Growth** with available water
- Help **Negotiate Better Water Purchase Agreements**



False Savings, Real Costs

When corners are cut, the taxpayers pay more.

CHEAP IS EXPENSIVE

Cutting costs by skipping essential steps, result in larger more expensive problems overall.



Lift Station 15 Replacement

An additional **~\$258,000 and counting** at the expense of the taxpayers

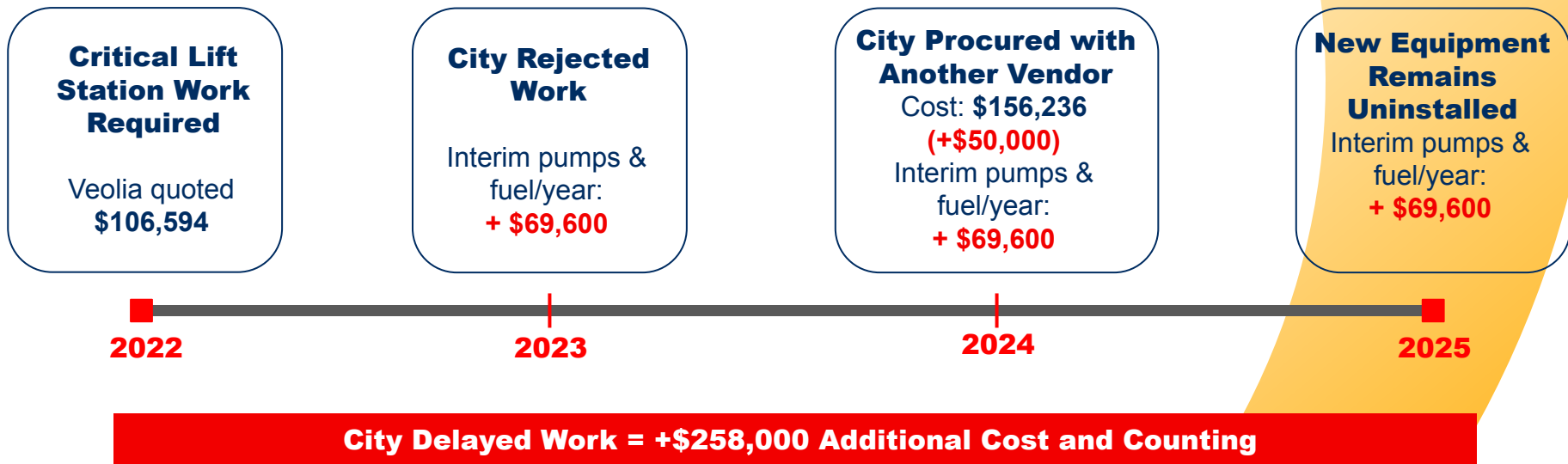


New Water Meter Project

An additional **~\$1 million and counting** at the expense of the taxpayers

Lift Station 15 Replacement (2022 - Ongoing)

This work was critical in 2022 and could have been completed for \$106,594; delays and a shift in the City's approach resulted in significantly higher and ongoing costs.



**Despite being photographed on April 30, 2025; the new pumps and stands remain
uninstalled.**



Water Meter Replacement Project (2024/2025)

Paid a Premium with No Added Value

- Veolia's cost would have been **under \$2 million** and included a **free 100-meter trial**
- The City proceeded with a singular bid and awarded a **\$3.1 million** contract without requesting Veolia to bid - ultimately costing the City over **+\$1M**

Limited Warranties add to Risk and Cost

- Veolia's warranty is **1 Year on Installation** and **20 Years on Equipment**
- Vendor's warranty is **7 days from installation**
 - Meters have already failed resulting in repairs averaging **20 man hours/month (~ \$1,000)**
 - All at an additional cost to the city of Freeport



Freeport, TX



The Path To A Balanced Future

A Team That Is Better Together

- Restore the **Partnership**
- **Plan Smart, Build Smart, and Spend Smart**
- Partnership with aligned goals to **Restore your Financial Stability and Balance**
- **Communication and Transparency** which guide every step forward
- Restore the **Partnership**



THANK YOU!



Q&A

SLIDE PARK

THE CITY OF
FREEPORT

Lift Station 15 Replacement (2022 - Ongoing)

- Price of interim bypass pumps that needed to be rented to keep the station operational:
 - \$3,800/month** in rental fees for 2 pumps
 - Fuel costs alone average **\$2,000+/month** (e.g., \$3,674 in October 2024)

1081108779	TNT Crane	2,561.80	crane rental WWTP
25 0810	Android	2,600.00	1401 N Ave G
25 0823	Android	1,300.00	423 N Ave B - rescheduled job
25 0815	Android	2,600.00	523 S Ave F - install tap
P33958	Encore	2,702.02	degreaser for lift stations
Total May			62,269.38
236750740-19	United Rentals	1,781.65	bypass pump rental for ls 27 5/29/25-6/26/25
21029	Mercer Controls	1,171.25	troubleshoot VFD 1&2 at WWTP
X174517	Core and Main	575.00	fire hydrants
246873430-03	United Rentals	1,602.08	bypass pump rental for ls 15 5/14/25-6/11/25
W986271	Core and Main	7,968.03	brass water parts
	7 Eleven	257.68	fuel for bypass pumps; additional for May 2025
871267	Girouards	31.96	quikrete for water leak
872121	Girouards	7.99	quikrete for sewer job 600 blk W 2nd St
59690	Superior Fab	290.00	fab 2 pump guards
25 0838	Android	3,250.00	1127 W 4th St
656117	NAPA	205.66	intercooler tube for truck 07
656579	NAPA	208.66	battery for ls 15
140207	Specialties Co	227.08	fire hose for top of package plant
875400	Girouards	164.34	parts for sewer job @1130 W 5th & 1131 W 4th
875420	Girouards	(64.99)	parts for sewer job @1130 W 5th & 1131 W 4th
67516	Performance Trans	187.00	oil change truck 1
67518	Performance Trans	115.00	oil change truck 4
67493	Performance Trans	1,002.90	oil change and replace water pump truck 5
67511	Performance Trans	110.00	oil change truck 12
attached	7 Eleven	2,476.09	fuel for bypass pumps for June 2025
Total June			21,567.38



Veolia In-House Camera Trucks

- Veolia field teams in action using our full-size camera truck and on-site push camera system to inspect and assess underground infrastructure.



Absence of Generators

- Images confirming the absence of backup generators at both the Slaughter Road water and wastewater sites.



Water Tower and Pump Station Locations

Water Towers (2)

Port Tower

1351 Pine Street, Freeport, TX

Skinner Tower

Approx. 20 Skinner Street, Freeport, TX

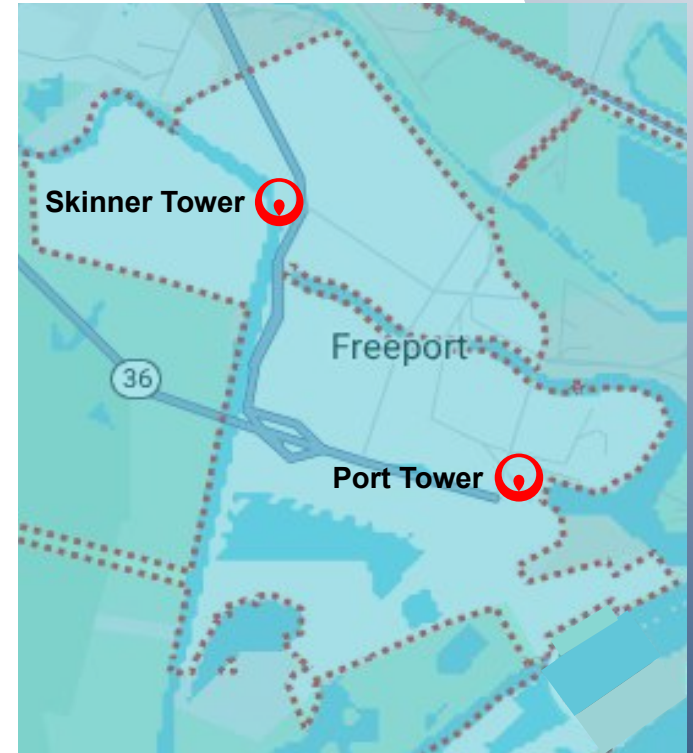
Water Pump Stations (2)

W. 8th Street Pump Station

1223 W. 8th Street, Freeport, TX

S. Avenue F Pump Station

220 S. Avenue F, Freeport, TX





City of Freeport Water/WasteWater

Staff Bios: Rudy Ragle

Experience:

- 1999 Started in private sector in water and wastewater industry.
 - Ending position: Crew Chief Maintenance
 - TCEQ License: D water and D wastewater
- 2001 Started working for municipality in water and wastewater.
 - Ending position: Superintendent of Public Works
 - TCEQ License: C groundwater, C wastewater and BPAT
- 2014 Returned to private in sector water and wastewater.
 - Ending position: Senior Operator
 - TCEQ License: B groundwater, C surface water and CSI
- 2018 Transferred to a different private sector in water and wastewater.
 - Ending position: Operations and Accounts Manager
 - TCEQ License: OSSF (On-Site Sewage Facilities) maintenance provider
- 2023 Returned to municipality in water and wastewater.
 - Hired position: Utilities Operations Manger
 - Current position: Public Works Director

Staff Bios: Rudy Ragle

Additional Experience:

- Operation of distribution system consisting of a combined 2 million gallons of elevated and ground tanks.
- Operation of 26 groundwater wells consisting of both Trinity and Paluxy with a combined daily production of 1.3 million gallons.
- Design, implementation and operation of SCADA.
- Oversee employees in the repair and maintenance of infrastructure.
- Pump station repair and maintenance to include booster pumps, chlorine injection, troubleshooting problems and electrical.
- Repair and maintenance of pump station structures.
- Operation of a 300K gallon per day wastewater treatment plant.
- Assist with capital improvement projects.

Staff Bios: Nick Meeks

Experience:

- 2002 Started in private sector in water and wastewater industry.
 - Ending position: Operator III
 - TCEQ License: groundwater C, groundwater B, and wastewater B
- 2025 Started in municipality in water and wastewater industry.
 - Current position: Utilities Operation Manager
 - TCEQ License groundwater C, groundwater B, and wastewater B

Additional Experience:

- National Center for Construction Education and Research (NCCER)
 - Certified safety technician
 - Certified safety supervisor
 - Certified site safety training

History

- September 14, 2015: The City signed an agreement with Veolia for operations, maintenance and management of services for the water system and wastewater treatment plant.
- May 19, 2023: The City, via Olson & Olson, sent a letter to Veolia regarding breach of the agreement for deficiencies and unacceptable performance.
- August 7, 2023: The City Council held an Executive Session regarding pending or potential litigation concerning Veolia. Per the minutes, a motion was made to send a letter giving notice of non-renewal to Veolia. The motion passed 5-0.
- September 11, 2023: The City Council held the public hearing for FY 2023-2024 Proposed budget. Per the minutes, a position of Utilities Operation Manager was added to the Water/Sewer fund to monitor the Veolia contract and shadow Veolia.

History

- December 4, 2023: Rudy Ragle was hired and started as Utilities Operations Manager
- November 21, 2024: The former City Manager sent a letter to Veolia regarding notice of cancellation and the decision not to renew the 10 year agreement set to expire September 14, 2025.
- January 2, 2025: Nick Meeks was hired and started as Utilities Operations Manager. This position became open due to Rudy being promoted to Public Works Director.
- June 12, 2025: Chief Jennifer Howell became Interim City Manager and began to assess the current status and issues for the city.

Why are we here today?

To determine what is best for the city and provide information for city council to make an informed decision.

- Veolia concerns:
 - No capital improvements
 - Lack of communication and partnership
 - Lack of accountability
 - Liability to our city and citizens
- City concerns:
 - Start up costs of new water/wastewater department
 - Unknown current and/or arising issues
 - No base revenue with new meters
 - Short timeline due to no previous preparation

Why are we here today?



Because it has been 1 ½ years



December 2023

- Arriving to Freeport and getting an idea of where the water system and wastewater system status.

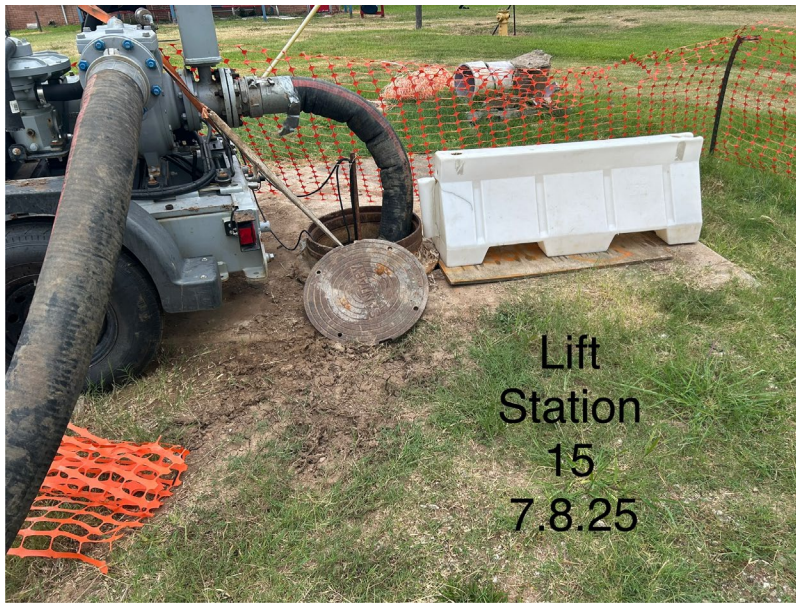






July 2025

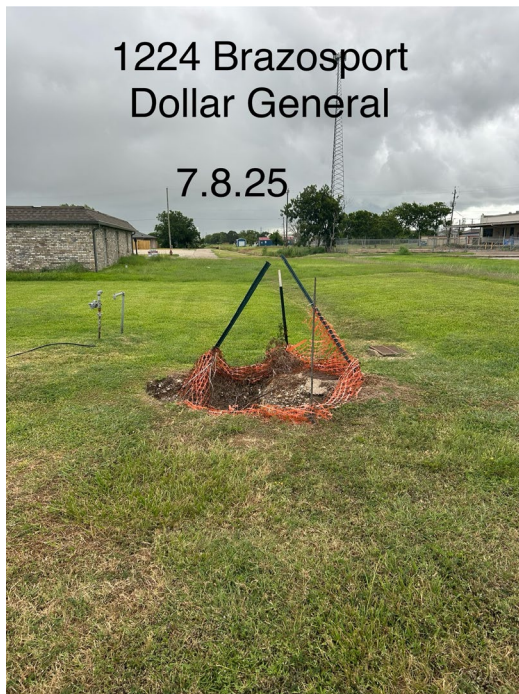
- This month getting an idea of the water system and wastewater system status.



Lift
Station
15
7.8.25



Lift Station 15
7.8.25



1224 Brazosport
Dollar General
7.8.25



Dollar General
7.8.25



7.8.25
FM 1495
between 6th
and 7th



1740
west 4th
7.8.25



7.8.25
Sewer Plant



Sewer
Plant
7.8.25



ME Global
on 523
7.8.25



Lift Station 27
Bridge Harbor
7.8.25



Ave F and Archer
7.8.25



Sage on
Hwy 332
7.8.25

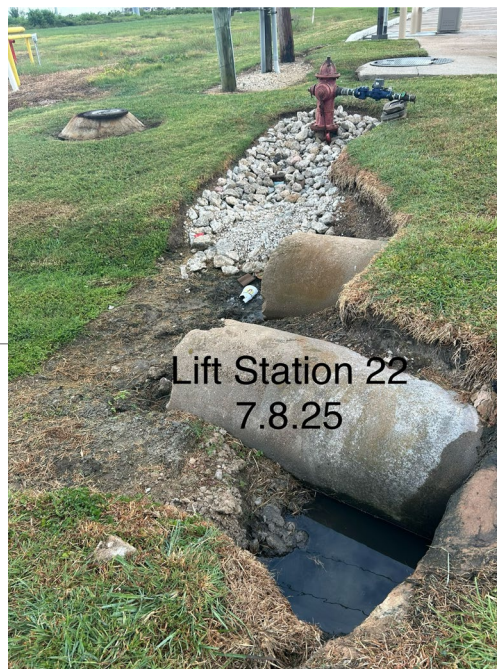


Lift Station 27
Bridge Harbor
7.8.25

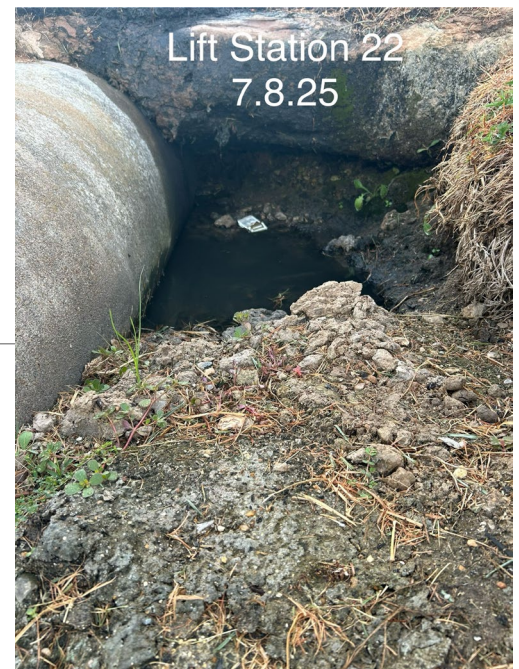




Lift Station 22
7.8.25



Lift Station 22
7.8.25



Lift Station 22
7.8.25



Lift Staion 28
7.8.25



Lift Station 28
7.8.25



Lift Station 29
7.8.25

Why choose City of Freeport?

- ~~Veolia concerns:~~

- ~~No capital improvements~~
- ~~Lack of communication and partnership~~
- ~~Lack of accountability~~
- ~~Liability to our city and citizens~~

- Because we can eliminate these concerns above.

- Because the reward is worth the risk.

Finance

- New budget format is a balanced budget: Revenue – Expenses – Transfers = 0
- 2025-2026 will be our first year to run as a balanced budget
- Previous years will reflect differently due to different format
- How a balanced budget works:
 - Start of year balanced
 - Mid-year we will re-evaluate and reallocate funds towards projects or savings
 - End of year we will end positive

Finance - Veolia

VEOLIA CONTRACT BILLINGS AND R&M OVERAGES

FY 2020	O&M TOTALS	FY 2021	O&M TOTALS	FY 2022	O&M TOTALS	FY 2023	O&M TOTALS	FY 2024	O&M TOTALS	FY 2025	O&M TOTALS
Oct-19	207,085.89	Oct-20	206,115.61	Oct-21	216,421.40	Oct-22	226,198.26	Oct-23	235,359.29	Oct-24	242,961.53
Nov-19	207,085.89	Nov-20	206,115.61	Nov-21	216,421.40	Nov-22	226,198.26	Nov-23	235,359.29	Nov-24	242,961.53
Dec-19	207,085.89	Dec-20	206,115.61	Dec-21	216,421.40	Dec-22	226,198.26	Dec-23	235,359.29	Dec-24	242,961.53
Jan-20	207,085.89	Jan-21	206,115.61	Jan-22	216,421.40	Jan-23	226,198.26	Jan-24	235,359.29	Jan-25	242,961.53
Feb-20	207,085.89	Feb-21	206,115.61	Feb-22	216,421.40	Feb-23	226,198.26	Feb-24	235,359.29	Feb-25	242,961.53
Mar-20	207,085.89	Mar-21	206,115.61	Mar-22	216,421.40	Mar-23	226,198.26	Mar-24	235,359.29	Mar-25	242,961.53
Apr-20	207,085.89	Apr-21	206,115.61	Apr-22	216,421.40	Apr-23	226,198.26	Apr-24	235,359.29	Apr-25	242,961.53
May-20	207,085.89	May-21	206,115.61	May-22	216,421.40	May-23	226,198.26	May-24	235,359.29	May-25	242,961.53
Jun-20	207,085.89	Jun-21	206,115.61	Jun-22	216,421.40	Jun-23	226,198.26	Jun-24	235,359.29	Jun-25	242,961.53
Jul-20	207,085.89	Jul-21	206,115.61	Jul-22	216,421.40	Jul-23	226,198.26	Jul-24	235,359.29	Jul-25	242,961.53
Aug-20	207,085.89	Aug-21	206,115.61	Aug-22	216,421.40	Aug-23	226,198.26	Aug-24	235,359.29	Aug-25	242,961.53
Sep-20	207,085.89	Sep-21	206,115.61	Sep-22	216,421.40	Sep-23	226,198.26	Sep-24	235,359.29	Sep-25	242,961.53
TOTAL:	2,485,030.68	TOTAL:	2,473,387.32	TOTAL:	2,597,056.80	TOTAL:	2,714,379.12	TOTAL:	2,824,311.48	TOTAL:	2,915,538.36
FY 2020	R&M OVERAGE	FY 2021	R&M OVERAGE	FY 2022	R&M OVERAGE	FY 2023	R&M OVERAGE	FY 2024	R&M OVERAGE	FY 2025	R&M OVERAGE
Jan-21	78,617.24	Jan-22	60,167.96	Dec-22	281,672.48	Jan-24	339,415.07	Mar-25	179,390.38	As of May-25:	90,474.79
2020 TOTAL:	2,563,647.92	2021 TOTAL:	2,533,555.28	2022 TOTAL:	2,878,729.28	2023 TOTAL:	3,053,794.19	2024 TOTAL:	3,003,701.86	2025 TOTAL:	3,006,013.15

Grand Total Spent: \$ 17,039,441.68

Finance - Veolia

Water/Sewer (Department 565) - Veolia							Utility Fund (Fund 56)
Category	FY2022-2023 Actual	FY2023-2024 Actual	FY2024-2025 Adopted Budget	FY2024-2025 Current Budget	FY2024-2025 Estimate	FY2025-2026 Proposed Budget	Increase/ (Decrease)
Salaries Total	\$ 100,584	\$ 120,943	\$ 204,932	\$ 204,932	\$ 118,610	\$ 158,380	\$ (46,552)
Benefits Total	50332.38	55534.83	82,676.00	82,676.00	55,070.96	78,741.00	(3,935.00)
Supplies Total	\$ 33,202	\$ 27,290	\$ 58,700	\$ 58,700	\$ 35,600	\$ 42,000	\$ (16,700)
Services Total	\$ 6,142,994	\$ 6,423,318	\$ 7,340,270	\$ 7,340,270	\$ 7,188,075	\$ 7,276,700	\$ (63,570)
Maintenance Total	\$ 58,587	\$ 82,676	\$ 115,000	\$ 115,000	\$ 15,100	\$ 18,000	\$ (97,000)
Sundry Total	\$20,094.02	\$685,973.61	\$44,500.00	\$44,500.00	\$30,600.00	\$31,950.00	\$ (12,550)
Debt Service Total	\$ 91,397	\$0	\$0	\$0	\$0	\$0	\$0
Capital Outlay Total	\$1,081,163	\$2,882,874	\$0	\$0	\$2,876,186	\$0	\$0
Grand Total Expenses	\$ 7,578,353	\$ 10,278,610	\$ 7,846,078	\$ 7,846,078	\$ 10,319,242	\$ 7,605,771	\$ (240,307)
Revenue	\$ 8,992,824	\$ 14,130,843	\$ 7,950,000	\$ 7,950,000	\$ 10,357,375	\$ 7,412,880	\$ (687,120)
Transfers	\$ (390,725)	\$ (453,783)	\$ (451,650)	\$ (451,650)	\$ (451,650)	\$ (791,039)	\$ 339,389
Revenue-Expenses-Transfers	\$ 1,023,746	\$ 3,398,449	\$ (347,728)	\$ (347,728)	\$ (413,517)	\$ (983,930)	

Finance – Freeport

Water/Sewer (Department 565) - Freeport								Utility Fund (Fund 56)
Category	FY2022-2023 Actual	FY2023-2024 Actual	FY2024-2025 Adopted Budget	FY2024-2025 Current Budget	FY2024-2025 Estimate	FY2025-2026 Proposed Budget	Increase/ (Decrease)	
Salaries Total	\$ 100,584	\$ 120,943	\$ 204,932	\$ 204,932	\$ 118,610	\$ 757,600	\$ 552,668	
Benefits Total	50332.38	55534.83	82,676.00	82,676.00	55,070.96	361,741.00	279,065.00	
Supplies Total	\$ 33,202	\$ 27,290	\$ 58,700	\$ 58,700	\$ 35,600	\$ 228,000	\$ 169,300	
Services Total	\$ 6,142,994	\$ 6,423,318	\$ 7,340,270	\$ 7,340,270	\$ 6,939,275	\$ 4,083,500	\$ (3,256,770)	
Maintenance Total	\$ 58,587	\$ 82,676	\$ 115,000	\$ 115,000	\$ 15,100	\$ 255,000	\$ 140,000	
Sundry Total	\$20,094.02	\$685,973.61	\$44,500.00	\$44,500.00	\$30,600.00	\$51,000.00	\$6,500.00	
Debt Service Total	\$91,397	\$0	\$0	\$0	\$0	\$0	\$0	
Capital Outlay Total	\$1,081,163	\$2,882,874	\$0	\$0	\$2,876,186	\$500,000	\$500,000	
Grand Total Expenses	\$ 7,578,353	\$ 10,278,610	\$ 7,846,078	\$ 7,846,078	\$ 10,070,442	\$ 6,471,841	\$ (1,374,237)	
Revenue	\$ 8,992,824	\$ 14,130,843	\$ 7,950,000	\$ 7,950,000	\$ 10,357,375	\$ 7,262,880	\$ (687,120)	
Transfers	\$ (390,725)	\$ (453,783)	\$ (451,650)	\$ (451,650)	\$ (451,650)	\$ (791,039)	\$ 339,389	
Revenue-Expenses-Transfers	\$ 1,023,746	\$ 3,398,449	\$ (347,728)	\$ (347,728)	\$ (164,717)	\$ -		

Questions?



Thank you.

**AGREEMENT FOR
OPERATIONS, MAINTENANCE AND MANAGEMENT SERVICES**

THIS AGREEMENT is entered into this 14th day of September 2015, by and between:

The City of Freeport, Texas, with its principal address at 200 West Second Street, Freeport, Texas 77541 (hereinafter "FREEPORT")

and

Veolia Water North America-Central, LLC, with its principal address at 184 Shuman Blvd., Suite 450, Naperville, Illinois 60563 (hereinafter "VEOLIA").

WHEREAS, Freeport owns:

- A 2.25 MGD wastewater treatment plant entitled the Brazos River Diversion Canal Wastewater Treatment Plant (the "Central WWTP");
- A 0.03 MGD wastewater treatment plant entitled the Slaughter Road Treatment Plant (the "Slaughter Road WWTP");
- A corresponding collection system;
- A series of 31 wastewater lift stations listed in Appendix B;
- Three (3) operational water wells; and
- A potable water distribution system including meters, pump stations and storage tanks.

(collectively the wastewater systems and water system are referred to as the "Project").

WHEREAS, FREEPORT and Professional Services Group, Inc. ("PSG"), VEOLIA's affiliate, are parties to an Agreement for Operations, Maintenance and Management Services dated March 21, 1995 as amended by Amendment One to the Agreement for Operation, Maintenance and Management Services dated March 13, 2000, as amended by Amendment Two to the Agreement for Operation, Maintenance and Management Services dated April 1, 2015 (together referred to as "Existing Agreement") for the operations maintenance and management services;

WHEREAS, the Existing Agreement expires on September 30, 2015 and PSG and FREEPORT desire to terminate the Existing Agreement; and

WHEREAS, the VEOLIA and FREEPORT desire to enter into this Agreement to commence on October 1, 2015 to replace the Existing Agreement between PSG and FREEPORT.

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth, FREEPORT, PSG and VEOLIA 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 FREEPORT shall remain the exclusive property of FREEPORT 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 Texas.
 - 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 E, is the entire Agreement between the parties. This Agreement may be modified only by written agreement signed by both parties. Wherever used, the terms "VEOLIA" and "FREEPORT" shall include the party's respective officers, agents, directors, elected or appointed officials and employees and, where appropriate, subcontractors or anyone under the party's control acting on its 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 VEOLIA to FREEPORT 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 VEOLIA is to supply professional engineering services to FREEPORT 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. VEOLIA's Services – General
- 2.1. VEOLIA shall provide a sufficient number of certified and qualified personnel, including management, administrative, operational, technical, laboratory and clerical, who meet relevant State of Texas requirements and certifications regarding wastewater treatment operations, maintenance and management and are capable and demonstrate experience necessary to operate the facilities covered by this Agreement.
 - 2.2. VEOLIA shall provide ongoing training and education for appropriate personnel in all necessary areas of modern wastewater process control, maintenance, safety, and supervisory skills.
 - 2.3. VEOLIA shall develop and/or supply and utilize computerized programs for maintenance, process control and laboratory Quality Assurance/Quality Control. Such programs shall be capable of readily providing historical data and trends.
 - 2.4. Within fifteen (15) days after VEOLIA begins service under this Agreement, VEOLIA will provide a physical inventory of FREEPORT's vehicles (if any) and equipment in use at the Project and a general statement as to the condition of each vehicle or piece of equipment.

- 2.5. VEOLIA will provide FREEPORT with a physical inventory of chemicals and other consumables on hand when VEOLIA begins services under this Agreement. VEOLIA will provide FREEPORT with the same quantity of chemicals or equivalent upon termination of this Agreement.
- 2.6. VEOLIA shall be responsible for maintaining all manufacturers' warranties on new equipment purchased by FREEPORT and assist FREEPORT in enforcing existing equipment warranties and guarantees.
- 2.7. VEOLIA shall provide FREEPORT with full documentation that preventive maintenance is being performed on FREEPORT's owned equipment in accordance with manufacturer's recommendations at intervals and in sufficient detail as may be determined by FREEPORT. Such a maintenance program must include documentation of corrective and preventive maintenance and a spare parts inventory.
- 2.8. VEOLIA 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 Monday through Friday for eight (8) hours a day.
- 2.9. Visits may be made at a reasonable time by FREEPORT's officers so designated by FREEPORT's representative. All visitors to the Project shall comply with VEOLIA's operating and safety procedures.
- 2.10. VEOLIA will implement and maintain an employee safety program in compliance with applicable laws, rules and regulations and make recommendations to FREEPORT regarding the need, if any, for FREEPORT to rehabilitate, expand or modify the Project to comply with governmental safety regulations applicable to VEOLIA's operations hereunder and federal regulations promulgated pursuant to the Americans With Disability Act ("ADA"). Nothing herein shall be construed to place upon VEOLIA a duty to find and report violations of either the safety laws or the ADA at the Facility.
- 2.11. VEOLIA 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 FREEPORT's prior written approval if the complete modification Cost shall be in excess of One Thousand Dollars (\$1,000).
- 2.12. In any emergency affecting the safety of persons or property, VEOLIA may act without written amendment or change order, at VEOLIA's discretion, to prevent threatened damage, injury or loss. VEOLIA shall be compensated by FREEPORT for any such emergency work notwithstanding the lack of a written amendment. Such compensation shall include VEOLIA's non-labor direct Costs for the emergency work. Nothing contained in this Section shall impose upon

VEOLIA a duty to perform any emergency work absent a change order and failure to perform any such emergency work shall not impose upon VEOLIA any liability for errors and omissions.

- 2.13. As required by law, permit or court order, VEOLIA will prepare plant performance reports and submit them to FREEPORT for signature and transmittal to appropriate authorities. These reports will include the quarterly reports and system evaluations identified in the Agreed Orders for the sewer system.
- 2.14. VEOLIA will provide laboratory testing and sampling presently required by plant performance portions of the permits listed in Appendix C, 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. VEOLIA shall additionally provide technical and analytical services to FREEPORT to assist FREEPORT in managing FREEPORT's Industrial Pretreatment Program including sampling, monitoring and preparation of the required reports.
- 2.15. VEOLIA will provide for the collection and hauling of solid waste, screenings, grit, sludge and scum ("Waste") to FREEPORT's existing or approved disposal sites. It shall be the sole right and responsibility of FREEPORT to designate, approve or select disposal sites to be used by VEOLIA for FREEPORT's waste materials. All Waste and/or byproduct treated and/or generated during VEOLIA's performance of services is and shall remain the sole and exclusive property of FREEPORT. All manifests or other documentation required for disposal of Waste shall be signed by or in the name of FREEPORT. Any change of disposal sites shall be the sole responsibility of Freeport to designate, approve or select landfill facilities to be used by VEOLIA for disposal of Freeport's waste materials. Any additional Cost to VEOLIA resulting from transportation or tipping fees shall be considered a Change in Scope and shall be passed-through directly to Freeport without mark-up by VEOLIA.
- 2.16. RESERVED.
- 2.17. RESERVED.
- 2.18. VEOLIA shall use commercially reasonable efforts consistent with the level of care and skill ordinarily exercised by other providers of such services operating under similar circumstances to control odors from the Facility so that no disruption of adjacent facilities occurs. VEOLIA, in conjunction with FREEPORT, 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.
- 2.19. VEOLIA shall comply with the requirements of FREEPORT regarding affirmative action and provisions for minority hiring.

- 2.20. VEOLIA shall provide FREEPORT with a full accounting of all expenditures at intervals and in sufficient detail as may be determined by FREEPORT, and assist FREEPORT in the preparation of annual operating budgets.
 - 2.21. VEOLIA shall perform all Maintenance and Repairs for the treatment plants and lift stations, and submit a monthly accounting to Freeport, along with a detailed invoice, if Maintenance and Repair expenditures exceed the Maintenance and Repair Limit specified in Section 7.1.
3. VEOLIA's Scope of Services – Wastewater Treatment
 - 3.1 This Section shall apply to VEOLIA's OM&M services for FREEPORT's wastewater treatment system.
 - 3.2 Within the design capacity and capabilities of the wastewater treatment plant described in detail in Appendix B, VEOLIA will manage, operate and maintain the wastewater treatment plant designed to treat 2.25 million gallons a day so that effluent discharged from the Plant's outfalls meets the requirements specified in Appendix C-1. VEOLIA shall monitor all wastewater entering the Plant and treat all such wastewater in accordance with the terms of this Agreement and applicable law.
 - 3.3 Subject to the availability of funds within the Maintenance and Repair Limit, VEOLIA will perform all Maintenance and Repairs for the Wastewater portion of the Project, and submit a monthly accounting to FREEPORT, along with a detailed invoice, if Maintenance and Repair expenditures for the Project exceed the Maintenance and Repair Limit specified in Section 7.1.
 - 3.4 VEOLIA will pay all Costs incurred in normal Wastewater operations.
4. VEOLIA's Scope of Services - Wastewater Collection System
 - 4.1 This Section shall apply to VEOLIA's maintenance and repair services for FREEPORT's wastewater collection system serving FREEPORT. The collection system is described in Appendix B. Any additional services or lines will constitute a change of scope. VEOLIA shall not be responsible for completing any new service connections unless FREEPORT agrees to pay for such service as a Change in Scope hereunder.
 - 4.2 VEOLIA shall provide modified support of the wastewater collection system by responding to callout situations where blockages require clearing and supervision of contractors retained to clean or repair broken lines.

- 4.3 Costs associated with the services described in this Section shall be charged to the Maintenance and Repair Limit specified in Section 7.1.
- 4.4 Sewer Back-Up Procedure. From and after the inception of the Term of this Agreement, VEOLIA shall establish (i) a routine, normal sewer line preventative maintenance program as described more fully in Appendix E, and (ii) corrective procedures to be implemented in the event of any personal injury or property damage resulting from a sewer back-up which will consist of the following:
- 4.4.1 Upon receipt of a citizen notice, VEOLIA will determine whether the cause of the sewer back-up was an obstruction in FREEPORT's lateral line or the citizen's house line;
- 4.4.2 If the obstruction is in FREEPORT's lateral line, VEOLIA will (i) remove the cause of the sewer line obstruction by implementation of its corrective procedures; (ii) document the approximate date and time of the obstruction and report the findings to FREEPORT; (iii) determine the extent of the personal injury or property damage, if any; (iv) contact a predetermined remediation company to clean up the sewer back-up and to minimize any damage, the cost of which will be paid by FREEPORT; and (v) provide notice to FREEPORT's insurance carrier of the potential loss claim;
- 4.4.3 If the sewer line back-up is the citizen's house line, VEOLIA will suggest the citizen contact a remediation service company and citizen's homeowner's insurance carrier; and
- 4.4.4 If the citizen files a claim against FREEPORT or VEOLIA, VEOLIA will notify FREEPORT and FREEPORT's independent insurance carrier who will make a determination of whether or not to pay the claim filed by the citizen.

After completing the procedure set forth in Subsections 4.4.1 through 4.4.4 above, VEOLIA shall have no further responsibility or liability to FREEPORT or the citizen(s) for the personal injury or property damage caused by the sewer back-up or the consequences thereof.

- 4.5 The scope of Veolia's services for capacity management, operations and maintenance of the Wastewater Collection System and Lift Stations are set forth in Appendix E, and includes those services authorized in TCEQ's approved Sanitary Sewer Overflow plan issued to the City of Freeport on February 24, 2015.

5. RESERVED.

6. FREEPORT's Duties

- 6.1 FREEPORT shall fund all necessary Capital Expenditures, which shall be performed by VEOLIA 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 FREEPORT's failure to provide capital improvements and/or funds in excess of the Maintenance and Repair Limit when reasonably requested by VEOLIA shall be the sole responsibility of FREEPORT.
- 6.2 FREEPORT shall keep in force all Project warranties, guarantees, easements and licenses that have been granted to FREEPORT and are not transferred to VEOLIA under this Agreement.
- 6.3 FREEPORT 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 VEOLIA's net income and/or payroll taxes for VEOLIA employees. In the event VEOLIA is required to pay any sales tax or use taxes on the value of the services provided by VEOLIA hereunder or the services provided by any subcontractor of VEOLIA, such payments shall be reimbursed by FREEPORT unless FREEPORT furnishes a valid and properly executed exemption certificate relieving FREEPORT and VEOLIA of the obligation for such taxes. In the event FREEPORT furnishes an exemption certificate which is invalid or not applicable to services by VEOLIA, FREEPORT shall indemnify VEOLIA for any taxes, interest, penalties, and increment costs, expenses or fees which it may incur as a result of VEOLIA's reliance on such certificate.
- 6.4 FREEPORT shall provide VEOLIA, within a reasonable time after request and on an "as available" basis, with the temporary use of any piece of FREEPORT's heavy equipment that is available so that VEOLIA may discharge its obligations under this Agreement in the most cost-effective manner.
- 6.5 FREEPORT shall provide all registrations and licenses for FREEPORT's vehicles, if any, used in connection with the Project.
- 6.6 FREEPORT shall provide for VEOLIA's exclusive use of all vehicles and equipment presently in full-time use at the Project.
- 6.7 FREEPORT shall provide for VEOLIA's entry into existing disposal sites for disposal of garbage, screenings, grit, sludge and scum and approve any proposed changes in VEOLIA's use of such facilities.
- 6.8 FREEPORT 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 FREEPORT and shall accept liability for

such losses except to the extent such losses are directly caused by the negligent acts or omissions of VEOLIA.

- 6.9 RESERVED.
 - 6.10 RESERVED.
 - 6.12 RESERVED.
 - 6.13 FREEPORT shall continue to be responsible and pay for the general administration and enforcement of (i) the wastewater and collection system, (ii) FREEPORT's Industrial Pretreatment Program, (iii) new sewer connections unless VEOLIA is retained to perform such functions as a Change in Scope hereunder, and (iv) 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. Compensation
- 7.1 VEOLIA's compensation under this Agreement shall consist of an Annual Fee. The Annual Fee for the period October 1, 2015 through September 30, 2016 shall be \$4,218,485. The Maintenance and Repair Limit portion included in the Annual Fee is \$302,901.
 - 7.2 Veolia's Annual Fee also contains a line item of \$32,400 for Oyster Creek Agreement ("2015 Oyster Creek Budget"). The 2015 Oyster Creek Budget shall be increased (estimated by the City of Oyster Creek in August) and finalized in September 2015 and annually thereafter by the City of Oyster Creek. FREEPORT is responsible, annually, for the 2015 Oyster Creek Budget amount and any amount attributable to the Oyster Creek Agreement in excess of the 2015 Oyster Creek budget. For sake of clarity the intent of this Section is for FREEPORT to pay for the Oyster Creek Agreement, which is being administered by VEOLIA on FREEPORT's behalf.
 - 7.3 If actual Maintenance and Repair expenditures are less than the Maintenance and Repair Limit for any Agreement year, VEOLIA will rebate the entire difference to FREEPORT in accordance with Section 8.3. If actual Maintenance and Repair expenditures exceed the Maintenance and Repair Limit, FREEPORT will pay the excess to VEOLIA in accordance with Section 8.3. VEOLIA will notify FREEPORT when actual Maintenance and Repair expenditures equal eighty percent (80%) of Maintenance and Repair Limit.
 - 7.4 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 FREEPORT for reimbursement.

- 7.5 The Annual Fee (and Maintenance and Repair Limit included therein) shall be increased in June 2016 and annually thereafter by multiplying the existing Annual Fee by the percentage increase in the Consumer Price Index for all Urban Consumers (U.S. City Average) as published by the U. S. Department of Labor Statistics for the twelve (12) months prior to the beginning of the period for which an adjusted Annual Fee is being calculated.

8. Payment of Compensation

- 8.1 One-twelfth (1/12) of the Annual Fee for the current year shall be due and payable on the first of the month for each month that services are provided.
- 8.2 All other compensation to VEOLIA is due upon receipt of VEOLIA's invoice and payable within fifteen (15) days.
- 8.3 Any monies payable to Veolia pursuant to Section 7.3 will be paid within thirty (30) calendar days after the end of each month.
- 8.4 FREEPORT shall pay interest at an annual rate equal to the JPMorgan Chase Bank's prime lending rate plus three (3%) percent, 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.

9. Scope Changes

- 9.1 A Change in Scope of services shall occur when and as VEOLIA's costs of providing services under this Agreement change as a result of:
 - 9.1.1 any change in Project operations, personnel qualifications or staffing or other cost which is a result of an Unforeseen Circumstance;
 - 9.1.2 increases or decreases in the user base;
 - 9.1.3 increases or decreases of not less than ten percent (10%) in the influent flow, project influent characteristics or loadings as demonstrated by a twelve month floating average compared to the twelve month period ending on the Commencement Date of this Agreement (baseline flow, project influent characteristics and loading information is located in Appendix C-4);

- 9.1.4 increases or decreases in rates or other related charges (including taxes) imposed upon VEOLIA by a utility provider and/or taxing authority - excluding taxes based on VEOLIA's net income.
 - 9.1.5 FREEPORT's request of VEOLIA and VEOLIA's consent to provide additional services.
 - 9.2 For Changes in Scope described in Sections 9.1.1 through, and including, 9.1.3, the Annual Fee shall be increased (or decreased) by an amount equal to VEOLIA's additional (reduced) Cost associated with the Change in Scope plus fifteen percent (15%). Modifications of the Annual Fee as a result of conditions described in Section 9.1.3 shall be retroactive to the beginning of the twelve-month comparison period.
 - 9.3 For Changes in Scope described in Section 9.1.4, the Annual Fee shall be increased (or decreased) by an amount equal to VEOLIA's additional (reduced) Cost associated with such Change in Scope.
 - 9.4 FREEPORT and VEOLIA shall negotiate an increase in VEOLIA's Annual Fee for Changes in Scope based on Section 9.1.5.
10. Indemnity, Liability and Insurance
- 10.1 VEOLIA hereby agrees to indemnify and hold FREEPORT harmless from any third party liability or damages for bodily injury, including death, property damages and pollution damages which are caused from VEOLIA's negligence or willful misconduct under this Agreement; provided, VEOLIA shall be liable only for that percentage of total damages that corresponds to its percentage of total negligence or fault.
 - 10.2 FREEPORT agrees to indemnify and hold VEOLIA 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 VEOLIA's negligence or willful misconduct, including, but not limited to, breach of a FREEPORT warranty.
 - 10.3 UNLESS COVERED BY THE INDEMNITIES CONTAINED IN SECTIONS 10.1 AND 10.2 ABOVE, NEITHER VEOLIA, NOR FREEPORT 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.

- 10.4 VEOLIA shall be liable for those fines or civil penalties imposed by a regulatory or enforcement agency for violations occurring on or after the Commencement Date of this Agreement, of the effluent quality requirements provided for in Appendix C that are a result of VEOLIA's negligence. FREEPORT will assist VEOLIA to contest any such fines in administrative proceedings and/or in court prior to any payment by VEOLIA. VEOLIA shall pay the cost of any such contest.
 - 10.5 FREEPORT shall be liable for those fines or civil penalties imposed by any regulatory or enforcement agencies on FREEPORT and/or VEOLIA that are not a result of VEOLIA's negligence or are otherwise directly related to the ownership of the Project and shall indemnify and hold VEOLIA harmless from the payment of any such fines and/or penalties.
 - 10.6 TO THE FULLEST EXTENT PERMITTED BY LAW AND NOTWITHSTANDING ANY OTHER PROVISION OF THIS AGREEMENT, VEOLIA'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 ONE MILLION DOLLARS \$1,000,000 CUMULATIVELY FOR THE DURATION OF THE AGREEMENT, PROVIDED THAT THE FOREGOING LIMITATION SHALL NOT APPLY TO ANY LOSSES RESULTING FROM THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF VEOLIA OR VEOLIA'S SUBCONTRACTORS, EMPLOYEES OR AGENTS IN BREACH OF VEOLIA'S OBLIGATIONS UNDER THIS AGREEMENT.
 - 10.7 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.
 - 10.8 The provisions of Sections 10.1 through 10.7 above shall survive the expiration or termination of the Agreement.
11. Term, Termination and Default

- 11.1 The initial term of this Agreement between FREEPORT and VEOLIA shall be ten (10) years commencing on the Commencement Date ("Initial Term"). Thereafter, this Agreement shall be automatically renewed for a successive term of ten (10) years each unless canceled in writing by either party no less than one hundred and twenty (120) days prior to expiration of the then current term.
- 11.2 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 FREEPORT for non-payment of VEOLIA's invoices, in which case termination may be immediate by VEOLIA, only after allowing the other party thirty (30) days to cure or commence taking reasonable steps to cure the breach.
- 11.3 In the event that this Agreement is terminated for any reason prior to the ending date of the Initial Term, FREEPORT shall pay to VEOLIA any funds, including those identified in Sections 7.3, 8.1, 8.2 that have not been paid to VEOLIA through the date of termination.
- 11.4 Upon notice of termination by FREEPORT, VEOLIA shall assist FREEPORT in assuming operation of the Project. If additional Cost is incurred by VEOLIA at request of FREEPORT, FREEPORT shall pay VEOLIA such Cost within 15 days of invoice receipt.
- 11.5 Upon termination of this Agreement and all renewals and extensions of it, VEOLIA will return the Project to FREEPORT in the same condition as it was upon the Commencement Date of this Agreement, ordinary wear and tear excepted. Equipment and other personal property purchased by VEOLIA for use in the operation or maintenance of the Project shall remain the property of VEOLIA upon termination of this Agreement unless the property was directly paid for by FREEPORT or FREEPORT specifically reimbursed VEOLIA for the cost incurred to purchase the property or this Agreement provides to the contrary. In addition, upon termination or expiration of this Agreement, at the option of Freeport, any VEOLIA vehicle utilized at the Project shall be sold by VEOLIA to Freeport at VEOLIA's then remaining book value for said vehicle(s).
- 11.6 The Existing Agreement between FREEPORT and PSG shall terminate as of the Commencement Date of this Agreement and this Agreement between FREEPORT and VEOLIA shall replace the Existing Agreement in its entirety and neither PSG nor FREEPORT shall have any obligations to the other except any remaining payment obligations from FREEPORT to PSG under the Existing Agreement, including but not limited to Existing Agreement Sections 3.1, 3.3, 7.1 and 10.6, shall so survive and FREEPORT shall pay PSG on the Commencement Date for said payment obligations. FREEPORT and PSG waive all obligations in Section 5.4 in the Existing Agreement.

12. Disputes and Force Majeure

12.1 In the event activities by employee groups or unions cause a disruption in VEOLIA's ability to perform at the Project, FREEPORT, with VEOLIA's assistance or VEOLIA at its own option, may seek appropriate injunctive court orders. During any such disruption, VEOLIA shall operate the facilities using commercially reasonable efforts until any such disruptions cease.

12.2 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.

13. VEOLIA's Scope of Services – Water Treatment

13.1. VEOLIA shall administer, on behalf of Freeport, the Brazosport Water Authority ("BWA") Water Supply Contract during the entire term of this Agreement including, but not limited to, responsibility for the take or pay provisions of Section 3.2 to said Water Supply Contract. VEOLIA shall pass-through the cost to FREEPORT, and FREEPORT shall pay to VEOLIA, the cost for the Water Supply Contract.

13.2. Within the design capacity and capabilities of the system, VEOLIA shall manage, operate, repair and maintain the existing Freeport potable water distribution system and deliver to Freeport customers the water received from BWA pursuant to the Water Supply Contract.

13.3. The delivery system shall consist of all existing and operational lines, booster and pump stations, storage tanks and water meters and shall end at 1the meter.

13.4. Maintenance of storage tanks shall not include painting or other exterior/interior coating.

13.5. VEOLIA shall administer on behalf of FREEPORT payments to the Sewage Treatment Contract between The City of Freeport and the city of Oyster Creek, Texas dated March 20, 2003 (referred to in this Agreement as "Oyster Creek Agreement") during the term of this Agreement. Veolia shall pass-through the cost to FREEPORT, and FREEPORT shall pay to VEOLIA, the cost of the Oyster Creek Agreement pursuant to Section 7.2 of this Agreement. For sake of clarity VEOLIA shall have no liability on the Oyster Creek Agreement and shall not be a party to the Oyster Creek Agreement.

13.6. VEOLIA shall provide Freeport with water meter reading service based on an average of 3,800 meters per month to be read. Meters shall be read monthly during the second half of the month.

13.7. Acting at the direction of Freeport, VEOLIA shall provide all customary water services, including, but not limited to,

- activating and deactivating water service;
- replacing defective meters;
- installation of new three-quarter inch (3/4") and one inch (1") taps. Larger sizes will be priced accordingly and paid for by City and the City shall, at its election, invoice the Customer.

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

THE CITY OF FREEPORT

By: Norma Moreno Garcia
Name: Norma Moreno Garcia
Title: Mayor
Date: Sept. 14, 2015

VEOLIA WATER NORTH AMERICA-CENTRAL, LLC

By: John M. Wood
Name: John M. Wood
Title: Sr. Vice President
Date: September 2, 2015

CERTIFICATE OF COUNSEL

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

Walter Shaw
Counsel for FREEPORT

Date: 9-14-2015

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 VEOLIA's services. The Annual Fee includes Cost and profit.
- A.3 "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 FREEPORT's TCEQ permits. Biologically toxic substances include, but are not limited to, heavy metals, phenols, cyanides, pesticides and herbicides.
- A.4 "Capital Expenditures" means any expenditures for (1) the purchase of new equipment or facility items that cost more than One Thousand Dollars (\$1,000); or (2) major repairs which significantly extend equipment or facility service life and cost more than Two Thousand Dollars (\$2,000) or (3) expenditures that are planned, non-routine and budgeted by FREEPORT.
- A.5 "Commencement Date" shall mean October 1, 2015.
- A.6 "Cost" means all Direct Cost and indirect cost determined on an accrual basis in accordance with international financial reporting standards.
- A.7 "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.8 "Maintenance" means those routine and/or repetitive activities required or recommended by the equipment or facility manufacturer or by VEOLIA to maximize the service life of the equipment, sewer, vehicles and facilities.
- A.9 "Maintenance and Repair Limit" means the total Maintenance and Repair expenditures that VEOLIA has included in the Annual Fee. Such expenditures exclude any labor costs for VEOLIA's staff assigned to the Project. VEOLIA's specialized maintenance personnel, not assigned at the Project, who provide such specialized services such as, but

not limited to, vibration, thermographic and electrical analyses, instrumentation maintenance and repair will be charged to the Maintenance and Repair Limit.

- A.10 "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.11 "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.12 "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, but excluding labor disputes, strikes, work slowdowns or work stoppages by employees of VEOLIA; (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 City'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 Facility.

APPENDIX B

DESCRIPTION OF PROJECT

VEOLIA 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 Freeport's Central Wastewater Treatment Plant (Central WWTP) immediately south of State Highway 288 on the east bank of the Brazos River Diversion Canal and the Slaughter Road Wastewater Treatment Plant (Slaughter Road WWTP) located at 123 Slaughter Road, north of State Highway 36. Both of the plants are located in Brazoria County, Texas. The existing service area of the Central Plant is bounded by the Brazos River on the west, the Missouri- Pacific Railroad on the north, the Old Brazos River on the east and State Highway 288 on the South. The existing service area of the Slaughter Road Plant is as indicated in the Engineering Report prepared by Joy, Mercer & Associates dated December, 1993.
- b. All equipment, grounds and facilities now existing within the present property boundaries of 29 sewage lift stations (scope of work in accordance with Appendix E) and 10 water pumping stations described as follows:

Sewage Lift Stations:

Number	Designation	Address
1.	Slaughter Rd WWTP L.S.	123 Slaughter Road
2.	Kelly Lane L.S.	528 Kelly Lane
3.	Lift Station #1	401 East Fourth Street
4.	Lift Station #2	103 Cherry Street
5.	Lift Station #3	431 West Fourth Street
6.	Lift Station #4	1002 West Fifth Street
7.	Lift Station #5	1103 West Eleventh St
8.	Lift Station #6	1624 West Eleventh St
9.	Lift Station #7 Central	1931 West Eleventh St
10.	Lift Station #8	508 Dixie Drive
11.	Lift Station #9	1607 West Fourth Street
12.	Lift Station #10	402 South Gulf Blvd
13.	Lift Station #11	22 North Avenue "D"
14.	Lift Station #12	602 North Avenue "F"
15.	Lift Station #13	1303 North Avenue "O"
16.	Lift Station #14	1824 North Avenue "I"
17.	Riverside L.S. # 15	1205 North Gulf Blvd
18.	Lift Station #16	1902 West Second Ave
19.	Lift Station #17	226 South Avenue "I"

20.	Lift Station # 18	1702 N Velasco
21.	Lift Station #19	702 North Avenue "J"
22.	Lift Station #20	300 Brazos Landing
23.	Central Plant L.S.	931 Flood Gate
24.	Lift Station # 22	Hwy 523 & 332
25.	Lift Station # 23	State Hwy 332 3329
26.	Lift Station # 24	1605 State Hwy 332
27.	Lift Station # 25	State Hwy 332 1513
28.	Bridge Harbor #27	100 Swordfish Lane
29.	Lift Station # 28	Marlin Road 325
30.	Lift Station # 29	1129 Marlin
31.	Seamans Center#21	1123 Cherry Street

Water Plants, Wells and Booster Stations:

Number	Designation	Address
1.	Plt #3 Booster P.S.& Well#11	200 South Avenue "F"
2.	Booster Pump Station& Well #6	1223 West Eighth Avenue
3.	Well# 10 Slaughter Rd	3134 State Highway 36

- c. Approximately 263,000 linear feet of gravity sewers in the Central WWTP service area and approximately 9,600 linear feet in the Slaughter Road WWTP service area, 4,000 linear feet of force mains, and 583 manholes in service on the Commencement Date of this agreement.
- d. Currently operated existing linear feet of water distribution system piping and an average of 3,800 meters at the points of customer service. There are no known points of unmetered service.

APPENDIX C
PERMITS AND WASTEWATER TREATMENT CHARACTERISTICS

- C.1 VEOLIA will operate so that effluent will meet the requirement of TCEQ Permit No. 10882-001 (EPA ID No. TX0033332) issued on October 20, 2014 for the Central WWTP, and TCEQ Permit No. 10882-002 (EPA ID no. TX003341) issued on October 16, 2014 for the Slaughter Road WWTP, a full and complete copy of which is adopted by reference herein as of the date hereof. VEOLIA 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 FREEPORT's sewer system violate any or all regulations as stated in FREEPORT'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: (i) Central WWTP 2.25 million gallons of flow per day, 375 pounds of BOD₅ per day monthly average, 375 pounds of suspended solids per day on a monthly average and a daily peaking factor of 3.56 times flow and (ii) Slaughter Road WWTP 0.03 million gallons of flow per day, 5 pounds of BOD₅ per day monthly average, 5 pounds of suspended solids per day on a monthly average and a daily peaking factor of two 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 VEOLIA's control.
- C.2 In the event any one of the Project influent characteristics, suspended solids, BOD₅ or flow, exceeds the design parameters stated above, VEOLIA shall return the plant effluent to the characteristics required by TECQ 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 VEOLIA will have a thirty (30) day recovery period after the influent is free from said substances or contains Adequate Nutrients.

- C.3 VEOLIA 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.4 The Annual Fee for services under this Agreement is based upon the following:

(a) Project influent characteristics:

Parameter	Central WWTP	Slaughter WWTP	Units
Flow	0.93	0.0095	MGD
BOD ₅	1,004.98	2.6	Lbs/day
TSS	1,972.93	2.43	Lbs/day

The above characteristics are the actual twelve (12) months' average for the period ended. Any change of 10 percent (10%) or more in any of these characteristics, based upon a twelve (12) month moving average, will constitute a Change in Scope (See Section 9).

(b) Solids disposal characteristics:

VEOLIA's Annual Fee includes compensation for hauling by truck and disposing of solid waste, screenings, grit, sludge and scum in an amount based on its paying (existing fee) per (cubic yard) of eligible material at the Brazoria County Recycling facility which is approximately 15 road miles from the Project. Should these costs change such event shall be a Change in Scope (See Section 2.15).

C.5 Whenever VEOLIA is excused from meeting the requirements of the TECQ permits, it will nevertheless use commercially reasonable efforts to meet those requirements.

APPENDIX D
INSURANCE COVERAGE

VEOLIA SHALL MAINTAIN:

1. Statutory workers compensation and employers liability insurance with limits of \$1,000,000 each accident, \$1,000,000 disease-each employee, and \$1,000,000 disease-policy limit for all of VEOLIA's employees at the Project as required by the State of Texas.
2. Commercial general liability insurance, insuring VEOLIA's negligence, in an amount of \$5,000,000 per occurrence combined single limits for bodily injury and/or property damage. FREEPORT will be added as an additional insured with respect to VEOLIA's duties and activities under the scope of this Agreement.

FREEPORT SHALL MAINTAIN:

1. Statutory workers compensation and employers liability insurance with limits of \$1,000,000 each accident, \$1,000,000 disease-each employee, and \$1,000,000 disease-policy limit for all of FREEPORT's employees associated with the Project as required by the State of Texas.
2. Property damage insurance for all property including collision and comprehensive coverage for all vehicles owned by FREEPORT and operated by VEOLIA under this Agreement. Any property, including vehicles, not properly or fully insured shall be the financial responsibility of FREEPORT. FREEPORT's property damage insurance shall contain a waiver of subrogation in favor of VEOLIA.
3. Automobile liability insurance covering bodily injury and property damage resulting from all owned, non-owned vehicles used by FREEPORT with limits of \$1,000,000 combined single limit. VEOLIA will be named as an additional insured with respect to FREEPORT's duties and activities under the scope of this Agreement.

FREEPORT and VEOLIA shall, within thirty (30) days after receipt of notice of cancellation of the insurance policies referenced above from the applicable insurers, the respective party or its designee will send a copy of such notice to the certificate holder of the certificate. Such notice is not a right or obligation within the policies, it does not alter or amend any coverage, it will not extend any policy cancellation date and it will not negate any cancellation of the policy. Failure to provide a copy of such notice to the certificate holder shall impose no obligation or liability of any kind upon the insurer or its agents or representatives. VEOLIA may self-insure to the extent permitted by law. With respect to workers compensation and employers liability coverage, each policy shall provide a waiver of subrogation in favor of the other party.

APPENDIX E
WASTEWATER COLLECTION SYSTEM AND LIFT STATIONS
SCOPE OF SERVICE

VEOLIA services include:

- E.1 Inspect manholes for condition and provide a list of manholes for rehabilitation to FREEPORT annually.
- E.2 RESERVED.
- E.3 Perform wastewater collection line cleaning on an annual basis for approximately twenty percent (20%) of the main lines and document efforts by data transfer to FREEPORT's GIS system.
- E.4 Perform digitally televised inspection of approximately twenty percent (20%) of the main lines annually, and document inspections by data transfer to FREEPORT's GIS system.
- E.5 Assess main line segment conditions from televised inspections and provide a prioritized list of line repairs or replacements to FREEPORT annually.
- E.6 Perform flow monitoring on an annual basis for approximately twenty percent (20%) of the main lines, and document monitoring by data transfer to FREEPORT's GIS system.
- E.7 Perform lift station fixed asset technical assessment on all lift stations and provide a recommended moving two-year fixed assets repair and replacement to FREEPORT annually.
- E.8 Conduct a public awareness program in discharge of fats, oils and greases to the sanitary sewer system.
- E.9 Conduct a root control program in main line segments identified with root intrusions during digitally televised inspections.
- E.10 All of the above in conformance with Texas Commission on Environmental Quality's agreements with the City of Freeport, Texas dated February 5, 2015 and letter agreement dated January 12, 2015.

**Amendment One
to the
Agreement for Operation, Maintenance and Management Services**

THIS AMENDMENT to the Agreement is entered into on the 13th day of March 2000, by and between:

The **City of Freeport**, with its principal address at 200 West Second Street, Freeport, Texas 77541 (hereinafter "Freeport");

and

Professional Services Group, Inc., with its principal address at 14950 Heathrow Forest Parkway, Suite 200, Houston, Texas 77032-3842 (hereinafter "PSG").

WHEREAS, Freeport and PSG entered into that certain Agreement for Operation, Maintenance and Management Services dated March 21, 1995 (hereinafter the "Agreement"); and,

WHEREAS, the parties now desire to modify selective portions of the Agreement, all as set forth herein;

NOW, THEREFORE, in mutual consideration herein described and other good and valuable consideration, receipt of which is hereby acknowledged, the parties agree as follows:

1. A new Section 3.6 shall be added to Article 3 as follows:

3.6 PSG shall purchase and construct the chemical feed and storage system equipment for Pump Station 1A and the American Rice Pump Station, in accordance with the construction schedule and specifications set forth in Appendix E attached hereto (collectively "Odor Improvements"). PSG shall pay for the cost of the Odor Improvements. All chemicals necessary for the operation of the Odor Improvements during the term of this Agreement shall be charged to the Maintenance and Repair Limit.

2. A new Section 10.6 shall be added as follows:

10.6 In the event this Agreement is terminated for any reason prior to the expiration of the initial term on March 31, 2015, Freeport shall pay to PSG the remaining unamortized balance of the Odor Improvements, equipment, and construction costs incurred by PSG, all as set forth in Appendix F.

3. A new Appendix E is added, and is attached hereto.
4. A new Appendix F is added and is attached hereto.
5. This Amendment shall take effect upon the date entered unless otherwise provided for herein.

6. All terms of the Agreement not specifically amended or modified by this instrument shall remain unmodified and in full force and effect.

WHEREFORE, both parties indicate their approval of this Amendment by their signature below and each party warrants that all action necessary to bind the parties to the terms of this Agreement has been taken.

City of Freeport, Texas

By: James A. Barnett Jr.

Print Name: JAMES A. BARNETT JR.

Title: MAYOR

Date: 3/13/2000

Professional Services Group, Inc.

By: Ron P. Davis

Print Name: RON P. DAVIS

Title: SVP OF OPERATIONS

Date: 4/28/00

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OLSON & OLSON LLP
ATTORNEYS AT LAW

May 19, 2023

Veolia Water North America-Central, LLC
c/o CT Corporation System, Registered Agent
208 South LaSalle Street, Suite 814
Chicago, IL 60604

Via certified mail, return receipt requested
no. 9314 8699 0430 0108 1744 16

Veolia North America
53 State Street, 14th Floor
Boston, MA 02109

Via certified mail, return receipt requested
no. 9314 8699 0430 0108 1749 35

Veolia North America
4760 World Houston Parkway, Suite 100
Houston, TX 77032

Via certified mail, return receipt requested
no. 9314 8699 0430 0108 1749 80

Veolia North America
P.O. Box 28895
Chicago, IL 60673-8895

Via certified mail, return receipt requested
no. 9314 8699 0430 0108 1750 24

Veolia North America
931 East Floodgate Road
Freeport, TX 77541

Via certified mail, return receipt requested
no. 9314 8699 0430 0108 1751 16

Veolia North America
P.O. Box 3201
Freeport, TX 77542

Via certified mail, return receipt requested
no. 9314 8699 0430 0108 1751 61

Veolia North America
311 Floodgate Road
Freeport, TX 77541

Via certified mail, return receipt requested
no. 9314 8699 0430 0108 1752 15

Re: City of Freeport Agreement for Operations, Maintenance and Management
Services (the "Agreement")

To Whom it May Concern:

In accordance with Section 11.2 of the Agreement, the City of Freeport (the "City") is providing notice of multiple material breaches of the Agreement by Veolia Water North America-Central, LLC ("Veolia"), and unless timely cured, the City intends to terminate the Agreement after thirty (30) days from the date of receipt of this notice.

A list of deficiencies to date regarding unacceptable performance under the terms of the above-referenced Agreement include the following bullet point items and associated contract obligations:

2. VEOLIA's Services – General

2.1 VEOLIA shall provide a sufficient number of certified and qualified personnel, including management, administrative, operational, technical, laboratory and clerical, who meet relevant State of Texas requirements and certifications regarding wastewater treatment operations, maintenance and management and are capable and demonstrate experience necessary to operate the facilities covered by this Agreement.

- Veolia has not submitted any operators. TCEQ database reflects two operators for the Freeport System (Nick Meeks – Class C Groundwater License and Class B Wastewater License, and Jerry Meeks, Jr. – Class C Groundwater License and Class B Wastewater License). The City needs a current list of all licensed operators that physically work in the Freeport System to ensure that the City is meeting the permit requirements for operation.

2.4 Within fifteen (15) days after Veolia begins service under this Agreement, VEOLIA will provide a physical inventory of FREEPORT'S vehicles (if any) and equipment in use at the Project and general statement as to the condition of each vehicle or piece of equipment.

- The City has not received any documentation, specifically concerning the backhoe and belt press machine.

2.7 VEOLIA shall provide FREEPORT with full documentation that preventive maintenance is being performed on FREEPORT'S owned equipment in accordance with manufacturer's recommendations at intervals and in sufficient detail as may be determined by FREEPORT. Such a maintenance program must include documentation of corrective and preventive maintenance and a spare parts inventory.

- Preventive maintenance logs, including documentation of corrective and preventive maintenance and a spare parts inventory, have not been provided to the City. The City has no record of a maintenance program for the City's equipment. The City has only received corrective actions performed between 2015-2021.

2.13 As required by law, permit or court order, VEOLIA will prepare plant performance reports and submit them to FREEPORT for signature and transmittal to appropriate authorities. These reports will include the quarterly reports and system evaluations identified in the Agreed Orders for sewer systems.

- The plant performance reports have not been submitted to the City for signature and transmittal to appropriate authorities prior to submission to TCEQ.

4. VEOLIA's Scope of Services – Wastewater Collection System

4.4 Sewer Back-Up Procedure. From and after the inception of the Term of this Agreement, VEOLIA shall establish (i) a routine, normal sewer line preventative maintenance program as described in Appendix E, and (ii) corrective procedures to be implemented in the event of any personal injury or property damage resulting from a sewer back-up which will consist of the following:

- Veolia has not provided the City with a true preventative maintenance program for the collection lines as outlined in Appendix E.

**APPENDIX E
WASTEWATER COLLECTION SYSTEM AND LIFT STATIONS
SCOPE OF SERVICE**

VEOLIA services include:

E.1 Inspect manholes for condition and provide a list of manholes for rehabilitation to FREEPORT annually.

- The City has no record that Veolia has performed the required inspections of manholes. Veolia has not provided the City with these documents, except for the years 2015-2016.

E.3 Perform wastewater collection line cleaning on an annual basis for approximately twenty percent (20%) of the main lines and document efforts by data transfer to FREEPORT's GIS system.

- The City has no record that Veolia has performed the required annual wastewater collection line cleaning. Veolia has not provided this data to the City. The City is only receiving data concerning corrective actions. The City is not receiving data concerning preventative measures or geographic information systems (GIS).

- E.4 Perform digitally televised inspection of approximately twenty percent (20%) of the main lines annually, and document inspections by data transfer to FREEPORT's GIS system.
- Veolia has not properly provided this data to the City; the data that has been received is not dated or categorized to determine if this 20% has been met, and the City is not receiving data for GIS.
- E.5 Assess main line segment conditions from televised inspections and provide a prioritized list of line repairs or replacements to FREEPORT annually.
- Veolia has not properly provided the City a prioritized list of line repairs or replacements. The data that has been received is not dated to determine annual reporting compliance.
- E.6 Perform flow monitoring on an annual basis for approximately twenty percent (20%) of the main lines, and document monitoring by data transfer to FREEPORT's GIS system.
- Veolia has not provided the City the documentation required for GIS.
- E.7 Perform lift station fixed asset technical assessment on all lift stations and provide a recommended two-year fixed assets repair and replacement to FREEPORT annually.
- The City has no record that Veolia has performed the required lift station assessments. Veolia has not provided the City with the documentation required for all lift stations. The City has only received such information for the year 2014.
- E.8 Conduct a public awareness program in discharge of fats, oils and greases to the sanitary sewer system.
- Veolia presented the City with an undated flyer, and has not provided any documentation that it has conducted a public awareness program.
- E.9 Conduct a root control program in main line segments identified with root intrusions during digitally televised inspections.
- The City has no record that Veolia has conducted a root control program.

13. VEOLIA's Scope of Services – Water Treatment

13.2 Within the design capacity and capabilities of the system, VEOLIA shall manage, operate, repair and maintain existing Freeport potable water distribution system and deliver to Freeport customers the water received from BWA pursuant to the Water Supply Contract.

- Veolia has and continues to subcontract out repairs to the Freeport water/wastewater system, and failed to timely respond with the required documentation to a TCEQ investigation, dated October 18, 2022. In response to a violation of secondary maximum contaminant level (SMCL) for color units dated February 1, 2023, Veolia noted to TCEQ that it started logging dead end main flushing records as of November 2022.

In addition, the City was provided a letter from James Carter of Veolia on August 25, 2022 stating that the 2022/2023 Repair and Maintenance fiscal year budget would be \$340,857.60 (\$28,404.80 per month). The City received another letter dated April 3, 2023 from Roger L. Rowe, Project Manager, stating that Veolia has reached 89.37% of such budget as of February 28, 2023. Cathy Ezell, Finance Director for the City was told that Veolia will reach 100% of the budget by of March 31, 2023. This trend would lead to a doubling of the Repair and Maintenance budget. Notification from Veolia is not being received in a timely manner and the amount being spent is unacceptable.

All matters raised in this letter must be resolved within thirty (30) days from the receipt of this letter or the City will terminate said Agreement. Please contact the City Manager, Tim Kelty at (972) 217-6225 for any additional documentation of the stated violations and deficiencies, and to further discuss this matter.

Sincerely,

OLSON & OLSON, L.L.P.

/s/ David W. Olson

David W. Olson

City Attorney, City of Freeport

cc: Tim Kelty, City Manager
City of Freeport

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Response to Veolia's Lawyers

Re: City of Freeport Agreement for Operations, Maintenance and Management Services

Dear Attorney Olson:

Ware, Jackson, Lee, O'Neill, Smith & Barrow, LLP represents Veolia Water North America - Central, LLC ("Veolia") in connection with the September 14, 2015 Agreement for Operations, Maintenance and Management Services (the "Agreement") between The City of Freeport, Texas ("Freeport") and Veolia. Exhibit 1. This letter shall serve as Veolia's response to your May 19, 2023 letter regarding alleged material breaches of the Agreement.

Veolia denies that any of Freeport's allegations constitute a material breach of contract.

The Agreement does not define material breach. Accordingly, whether any alleged breach is material, sufficient to trigger Section 11.2 of the Agreement, must be evaluated under the common law factors of materiality as set forth by the Texas Supreme Court in *Mustang Pipeline Co., Inc. v. Driver Pipeline Co., Inc.*, 134 S.W.3d 195, 199 (Tex. 2004).

These factors include: (1) the extent to which the injured party will be deprived of the benefit it reasonably expected; (2) the extent to which the injured party can be adequately compensated for the part of that benefit of which it will be deprived; (3) the extent to which the party failing to perform or to offer to perform will suffer forfeiture; (4) the likelihood that the party failing to perform or to offer to perform will cure his failure, taking into account the circumstances including any reasonable assurances; and (5) the extent to which the behavior of the party failing to perform or to offer to perform comports with standards of good faith and fair dealing. *Id.*

Each factor weighs heavily against the materiality of the alleged breaches. The alleged breaches raised by Freeport are not material to the Agreement because they are primarily administrative and clerical issues that do not impact the substantive services provided by Veolia for water and wastewater operations.

Veolia has consistently satisfied its obligations under the Agreement and thus, Freeport's allegations of material breach are without merit. Veolia's primary obligations under the Agreement are to maintain Freeport's water and wastewater system (the "System") and ensure compliance with all necessary permits, state laws, and the TCEQ. Veolia has fully satisfied these obligations without complaint for over twenty years. Additionally, given that TCEQ recently performed a standard five-year inspection of the Freeport water and wastewater system and found no violations,¹ Freeport's current allegations regarding material breach are entirely unfounded.

As permitted by Section 11.2 of the Agreement, Veolia is entitled to cure any alleged breach within thirty (30) days or "commence taking reasonable steps to cure the breach." Exhibit 1. Veolia's responses below demonstrate that any breaches alleged in Freeport's letter are either immaterial, false, or will be timely cured. Veolia also asserts that Freeport's rights may have been waived due to Freeport's failure to request certain items within a reasonable amount of time. Veolia's response shall not operate as an admission of a breach in any manner.

To aid in resolving this matter, Veolia has provided a detailed response to each of the alleged breaches raised by Freeport:

2. VEOLIA's Services – General

2.1 VEOLIA shall provide a sufficient number of certified and qualified personnel, including management, administrative, operational, technical, laboratory and clerical, who meet relevant State of Texas requirements and certifications regarding wastewater treatment operations, maintenance and management and are capable and demonstrate experience necessary to operate the facilities covered by this Agreement.

Freeport alleges the following:

Veolia has not submitted any operators. TCEQ database reflects two operators for the Freeport System (Nick Meeks - Class C Groundwater License and Class B

Wastewater License, and Jerry Meeks, Jr. - Class C Groundwater License and Class B Wastewater License). The City needs a current list of all licensed operators that physically work in the Freeport System to ensure that the City is meeting the permit requirements for operation.

Veolia denies that it failed to provide the requested information, personnel, or that failing to doing so constitutes a material breach.

Licensed operator information is publicly available on the TCEQ website. The Drinking Water Watch data base was updated with a list of operators after the City of Freeport issued notice to Veolia. Joseph Thaxton was moved to the City of Freeport system after the letter was issued, James Carter who was in charge of the system just received his class D license and numerous licensed operators were recently hired. The City asked for a list in 2021 and never received one. Prior to this letter being issued, the TCEQ data base only listed Nick Meeks and Jerry Meeks Jr. as licensed operators. The Drinking Water Watch database still listed Jerry Meeks Sr. as the manager of the system. The City of Freeport would not have asked for a list of operators if Veolia would have updated the database with TCEQ, therefore this information was not publicly available as stated until after the letter was issued.

A complete list of licensed operators for the Freeport System is summarized below:

Wastewater License

Joe Thaxton WW0026801 Class A – New Transfer from Burkburnett Tx after letter was issued

Nick Meeks WW0060832 Class B

Shanna Sills WW0061122 Class C

Jerry Meeks Jr. WW0060350 Class B

Isaac Opfer WW0066548 Class D

Peyton Wiley WW0071720 Class D – New Hire

James Carter WW0071540 Class D – Just received License

Water License

Joe Thaxton WO0015219 Class A - New Transfer from Burkburnett Tx after letter was issued

Nick Meeks WG0010029 Class C

Shanna Sills WG0019067 Class C

Jerry Meeks Jr. WG0019928 Class C

Edmund Ruiz WG0014785 Class C – New Hire

Fidel Alvarez WD0017375 Class C – New Hire

Peyton Wiley WO0050844 Class D – New Hire

Chris Ware WG0009771 Class B – New Hire

Veolia provides a sufficient number of Freeport operators. Only one licensed operator with a Class A or B license is required to run operations. Veolia retains three Class A- or B-licensed operators for the Freeport System to ensure optimal function and operation of the System.

As you may know, Veolia has recently employed Mr. Joseph Thaxton, one of Veolia's best and brightest plant operators. See Exhibit 20. Mr. Thaxton has 40 years of operator experience with twenty years in Texas-area water projects. Mr. Thaxton holds "Class A-A" licenses in water and wastewater operations in at least seven states, and has additionally managed the construction, inspection, and startup of at least three water plants. A certified operator is available twenty-four seven to manage and maintain the Freeport System. As Veolia's designated certified operator, Mr. Thaxton is available at least five out of seven days a week to optimize the Freeport System, sign permits, and oversee day-to-day plant operation. The other Class B Operators are available whenever Mr. Thaxton is not. Veolia's class C and D operators, under the tutelage of any of the three Freeport Class A and B operators, provide support and assistance. Accordingly, Veolia has selected a reasonable and sufficient composition of operators to satisfy its contract obligations under the Agreement.

2.4 Within fifteen (15) days after Veolia begins service under this Agreement, VEOLIA will provide a physical inventory of FREEPORT'S vehicles (if any) and equipment in use at the Project and general statement as to the condition of each vehicle or piece of equipment.

Freeport alleges the following breach under Section 2.4:

The City has not received any documentation, specifically concerning the backhoe and belt press machine.

Veolia denies that this constitutes a material breach. Veolia asserts that Freeport waived its right to complain of this issue when it failed to request this information within a reasonable time following the initial fifteen (15) day deadline, which would have been September 29, 2015 (almost 8 years ago). See *Cal-Tex Lumber Co., Inc. v. Owens Handle Co., Inc.*, 989 S.W.2d 802, 812 (Tex. App.—Tyler 1999, no pet.) (waiver may be indicated by conduct that is inconsistent with an intent to claim the right). In the interest of responding to the present request, Veolia provides the following update:

The belt press is not in use at the site. It has been out of service for years, is no longer functional, and cannot be feasibly repaired. The belt press was removed from the Freeport site for space and safety purposes. **This is the property of the City of Freeport and Veolia has no right to remove, scrap or any other reason to remove without the permission of the City of Freeport. Freeport was never notified that this piece of equipment was inoperable. The belt press was purchased on March 12, 2009 in the amount of \$109,000. It was given a useful life of fifteen (15) years. This means the belt press is being depreciated until 2024. The City received no notification as to when the belt press was removed from service. Also, this is a City asset and policies state that we have to remove City property in certain manners. This means declaring the property as surplus and then either auctioning the property or scrapping the property. Only City Council can declare City property as surplus. Veolia does not have the authority to dispose of City property.**

The backhoe is operational, in use, and in fair condition at the Freeport site. Details regarding repairs to the backhoe can be found in Exhibit 2. See Exhibit 2 (Backhoe repairs are highlighted in red). **Backhoe repairs are noted in the R/M. (Repairs) not updated condition of equipment owned by the City of Freeport**

There are no other vehicles or equipment owned by Freeport that are contractually maintained by Veolia. Components of Freeport's Water and Wastewater System are considered part of Freeport's "facilities and grounds" under the contract, and the condition/repair of these elements are tracked by repair and maintenance logs, as discussed below.

2.7 VEOLIA shall provide FREEPORT with full documentation that preventive maintenance is being performed on FREEPORT'S owned equipment in accordance with manufacturer's recommendations at intervals and in sufficient detail as may be determined by FREEPORT. Such a maintenance program must

include documentation of corrective and preventive maintenance and a spare parts inventory.

Freeport alleges the following breach:

Preventive maintenance logs, including documentation of corrective and preventive maintenance and a spare parts inventory, have not been provided to the City. The City has no record of a maintenance program for the City's equipment.

The City has only received corrective actions performed between 2020 - 2023. During review of the provided documentation, the P/M logs are not assigned to any particular operator who performed the P/M. Instead it is a generic spreadsheet. In all of the logs, it does not contain notes of issues for LS #15 or the Central LS which have had major pump issues. If these notes were documented and reported to the City of Freeport, they could have been addressed prior to emergency spending.

Veolia denies that Freeport's allegations constitute a material breach of the Agreement.

Freeport is the owner of the System and has been welcome to inspect repair and maintenance documents. Freeport should receive these documents monthly to review. Operators are willing and able to assist Freeport in understanding repair and maintenance procedures. Maintenance documents and items budgeted for repair have been recorded and continuously provided to Freeport in a summary format, as demonstrated in Exhibit 3 (LIM Reports). These reports contain information regarding the repairs and maintenance conducted and the corresponding billing information. (R/M)

In Fiscal Year 2020-2021, the LIM Reports were not sent monthly to the Finance Director. On October 14, 2021 the August 2021 and September 2021. On December 29, 2021 the final LIM report received for Fiscal Year 2020-2021. This was to show that the City had to pay \$60,167.96 to Veolia for the overage in R&M costs for Fiscal Year 2020-2021.

In Fiscal Year 2021-2022, the LIM Reports were not sent monthly to the Finance Director. The City had to ask for them to complete audit work, and the monthly reports were sent on December 15, 2022. Also, they sent the final invoice for R&M on December 7, 2022 after numerous requests, which the City had to pay \$281,672.48 to Veolia for the overages in R&M costs for Fiscal Year 2021-2022

In Fiscal Year 2022-2023, the LIM Reports for October 2022, November 2022, and December 2022 were not sent to the Finance Director until January 24, 2023. The February LIM report was sent on April 3, 2023. The first report had the incorrect budget of \$340,647.11 for R&M and the City reported the mistake. This mistake was corrected to reflect the corrected budget of \$340,857.71 and the new report was sent on April 3, 2023. The first report showed that Veolia had reached 82.18% when Veolia had actually reached 89.34%. If the costs of R&M continue as they are it is projected that the R&M costs will be over by approximately \$350,000 for Fiscal Year 2022-2023. The March 2023 LIM report was not received until April 27, 2023. The Finance Director on April 27, 2023 requested that all LIM reports be

submitted by the 15th of each month. The April 2023 and May 2023 LIM reports have been submitted by the 15th of the month.

Veolia also maintains internal repair and maintenance records. See e.g., Exhibits 2 & 4. Depending on the System's maintenance needs, upcoming maintenance items (digitized from O&M manuals, manufacturer recommendations, prudent industry practices, and System-tailored maintenance notes) are noted by the system. By way of example, Exhibit 5 shows various upcoming maintenance items. Once complete, these maintenance items are recorded and noted in other maintenance records. See the following Exhibits for maintenance history:

Exhibit 2 Internal Repair and Maintenance Log R/M

Exhibit 3 2021 - Present Summary Repair and Maintenance Log R/M
with Cost Information Provided to Freeport after the spending has occurred

Exhibit 4 (a-n) Work Order History from 2010 to Present (showing
preventative and corrective maintenance and repairs) No notes on issues

Exhibit 5 Upcoming Preventative Maintenance Tasks (generated
from O&M manuals, manufacturer recommendations,
prudent industry practices, and maintenance notes) No notes on issues

Exhibit 6 A Full "Spare Parts" Inventory (includes a description
of each item, quantity on hand, location, cost, and
manufacturer) Very little listed, not accurate, no dates of when inventory was taken

2.13 As required by law, permit or court order, VEOLIA will prepare plant performance reports and submit them to FREEPORT for signature and transmittal to appropriate authorities. These reports will include the quarterly reports and system evaluations identified in the Agreed Orders for sewer systems.

Freeport alleges the following breach:

The plant performance reports have not been submitted to the City for signature

and transmittal to appropriate authorities prior to submission to TCEQ.

Veolia denies that this constitutes a material breach. All operator reports have been timely submitted to the TCEQ, as required by law. All TCEQ reports submitted are publicly available.

Veolia, as the licensed operator of the Freeport System, is the sole entity required to timely provide necessary reports and signatures to TCEQ, not Freeport. Freeport is unable to sign, change, or transmit necessary reports to the TCEQ.

The time between sampling, lab report results, and final TCEQ report submission is short, and requires a quick turnaround. Consistent with past practice, for the last 20+ years, Veolia is required to timely submit TCEQ materials to maintain proper permitting and legal operation of the Freeport System. If Freeport requires any part of the TCEQ-submitted report for internal documentation purposes, Veolia is able to separately provide the reports to Freeport upon request, and/or carbon copy Freeport at the time the reports are submitted. TCEQ reports are also publicly available to Freeport.

It should be noted that, to ensure all TCEQ reports are promptly submitted, Veolia retains personnel to conduct water sampling and laboratory testing every weekend at no additional charge (requirement for operation) to Freeport. In total, this amounts to approximately eight (8) hours of

overtime compensation. See Exhibit 1, §2.8.

For Freeport's convenience, the DMR Reports provided to TCEQ can be found at (Veolia should submit copies to Freeport for record retention).

Exhibits 7a-7d.

4. VEOLIA's Scope of Services - Wastewater Collection System

4.4 Sewer Back-Up Procedure. From and after the inception of the Term of this Agreement, VEOLIA shall establish (i) a routine, normal sewer line preventative maintenance program as described in Appendix E, and (ii) corrective procedures to be implemented in the event of any personal injury or property damage resulting from a sewer back-up which will consist of the following:

Freeport alleges the following breach:

Veolia has not provided the City with a true preventative maintenance program for the collection lines as outlined in Appendix E.

Veolia denies that this constitutes a material breach. Veolia further denies that it has breached any duty or obligation under Section 4.4.

At a minimum, Veolia inspects and cleans 20% of Freeport's sewer lines on an annual basis. To the extent a sewer segment requires repair or has become sufficiently dysfunctional, it is repaired or replaced. The work order history from 2015 to April 2023, shown in Exhibits 8 and 9, shows the history, notes, and maintenance actions conducted on Freeport sewer lines. **Videos provided are from fiscal year 2023.**

Additionally, Veolia has always maintained a Standard Operating Procedure for

Main Sewer Line Cleaning. **(only corrective action form issues)** An updated version of the Sewer Cleaning Standard Operating **(only began in April of 2023) none prior to this date, therefore was not being performed**

Procedure was created and implemented in April 2023, which is attached as Exhibit 10.

APPENDIX E

WASTEWATER COLLECTION SYSTEM AND

LIFT STATIONS SCOPE OF SERVICE

VEOLIA services include:

E.1 Inspect manholes for condition and provide a list of manholes for rehabilitation to FREEPORT annually.

Freeport alleges the following breach:

The City has no record that Veolia has performed the required inspections of manholes. Veolia has not provided the City with these documents, except for the years 2015-2016. **Veolia provided in documents 2022-2023**

Veolia denies that this constitutes a material breach. Veolia also denies that it is required to provide proof of inspections of manholes under the plain language of the Agreement (only manholes that require rehabilitation are annually listed). The attached copies of Manhole Inspection Surveys demonstrate that the required inspections are conducted. (2022-2023) See Exhibit 11 & 12. In the past, Veolia has also provided Freeport with video inspection of manholes for their own records. Not received

E.3 Perform wastewater collection line cleaning on an annual basis for approximately twenty percent (20%) of the main lines and document efforts by data transfer to FREEPORT's GIS system.

Freeport alleges the following breach:

The City has no record that Veolia has performed the required annual wastewater collection line cleaning. Veolia has not provided this data to the City. The City is only receiving data concerning corrective actions.

The City is not receiving data concerning preventative measures or geographic information systems (GIS).

Veolia denies that it failed to meet the requirements of E.3 or that doing so would constitute a material breach. Veolia contends that Freeport has not provided sufficient access to Freeport's GIS system. Upon information and belief, Freeport does not have a GIS system. (yes we do) Therefore, data transfer to Freeport's GIS system is not possible. This has been requested by Laura Cramer the City's GIS coordinator

Veolia performed all wastewater collection line cleaning required by the Agreement. Documents reflecting the wastewater collection line cleaning performed by Veolia are attached. See Exhibits 8, 9, & 11. All corrective action

E.4 Perform digitally televised inspection of approximately twenty percent (20%) of the main lines annually, and document inspections by data transfer to FREEPORT's GIS system.

Freeport alleges the following breach:

Veolia has not properly provided this data to the City; the data that has been received is not dated or categorized to determine if this 20% has been met, and the City is not receiving data for GIS.

Veolia denies that it failed to meet the requirements of E.4 or that doing so would constitute a material breach. Veolia contends that Freeport has not provided sufficient access to Freeport's GIS system. Upon information and belief, Freeport does not have a GIS system. (yes we do) Therefore, data transfer to Freeport's GIS system is not possible.

Veolia performed all wastewater collection line televising required under the Agreement. Documents reflecting the wastewater collection line televising are attached. See Exhibit 11. Additionally, footage reflecting the televised sewer line inspection that was recorded during a recent Freeport sewer inspection/evaluation is included hereto. See Exhibit 22. **Manhole Inspections 2022-2023, did not receive exhibit 22**

E.5 Assess main line segment conditions from televised inspections and provide a prioritized list of line repairs or replacements to FREEPORT annually.

Freeport alleges the following breach:

Veolia has not properly provided the City a prioritized list of line repairs or replacements. The data that has been received is not dated to determine annual reporting compliance.

Veolia denies that it failed to satisfy the requirements of E.5 or that doing so would constitute a material breach.

Veolia provides Freeport with an annual prioritized list of line repairs and replacements. We attach the most recent 2022 and 2023 lists, which were presented and provided to the City in the Capital Management Plan. **The only list submitted 2022-2023 nothing prior to** See Exhibit 14 & 15. **CIP. The CIP did not give detail on the condition of the City's infrastructure.**

E.6 Perform flow monitoring on an annual basis for approximately twenty percent (20%) of the main lines, and document monitoring by data transfer

to FREEPORT's GIS system.

Freeport alleges the following breach:

Veolia has not provided the City the documentation required for GIS.

Veolia denies that it failed to meet the requirements of E.6 or that doing so would constitute a material breach. Veolia contends that Freeport has not provided sufficient access to Freeport's GIS system, or that such a system is operational. Upon information and belief, Freeport does not have a GIS system. Therefore, data transfer to Freeport's GIS system is not possible.

Veolia performed all annual flow monitoring required by the Agreement. Veolia directs Freeport to the attached plant flow rates, and flow meter calibrations documented in DMR Reports, which track system inflow and outflow, among other things. See Exhibit

7. Veolia should provide this monthly to the City of Freeport

Veolia has also conducted an Infiltration and Inflow study to measure factors within the Freeport system to get a better idea of other system flow variables on DMR-reported flow rates. See Exhibit 13. **July 2020 nothing prior to or after 2020 in documents**

E.7 Perform lift station fixed asset technical assessment on all lift stations and provide a recommended two-year fixed assets repair and replacement to FREEPORT annually.

Freeport alleges the following breach:

The City has no record that Veolia has performed the required lift station assessments. Veolia has not provided the City with the documentation required for all lift stations. The City has only received such information for the year 2014.

Veolia denies that it failed to perform under this provision and further denies that doing so would constitute a material breach.

The attached Capital Management Plans provided and presented to Freeport show annual improvement recommendations for lift stations (in addition to other Freeport System elements). See Exhibits 14 & 15; see also Exhibit 16. **CIP 2022-2023, FNI completed exhibit 16**

E.8 Conduct a public awareness program in discharge of fats, oils and greases to the sanitary sewer system.

Freeport alleges the following breach:

Veolia presented the City with an undated flyer, and has not provided any documentation that it has conducted a public awareness program.

Veolia denies that it failed to perform under Section E.8 or that doing so would constitute a material breach of the Agreement.

Veolia satisfied this obligation by creating a flier on "FOG" (fats, oils, and greases), which Freeport agreed to post on their website, but never did. See Exhibit 17 (Email Correspondence and Flier). (Emailed to City April 2023 nothing prior to)

E.9 Conduct a root control program in main line segments identified with root intrusions during digitally televised inspections.

Freeport alleges the following breach:

The City has no record that Veolia has conducted a root control program.

Veolia denies that this constitutes a material breach of the Agreement. Furthermore, Veolia denies that Section E.9 requires any documents or reports to be provided to Freeport.

Veolia has maintained a root control program and Standard Operating Procedure.

See Exhibit 18. Veolia welcomes Freeport's input on identifying any sewer root issues that have not already been addressed by Veolia under the Agreement. Document created in 2004

13. VEOLIA's Scope of Services - Water Treatment

13.2 Within the design capacity and capabilities of the system, VEOLIA shall manage, operate, repair and maintain existing Freeport potable water distribution system and deliver to Freeport customers the water received from BWA pursuant to the Water Supply Contract.

Freeport alleges the following breach:

Veolia has and continues to subcontract out repairs to the Freeport water/wastewater system, and failed to timely respond with the required documentation to a TCEQ investigation, dated October 18, 2022. In response to a violation of secondary maximum contaminant level (SMCL) for color units dated February 1, 2023, Veolia noted to TCEQ that it started logging dead end main flushing records as of **November 2022, nothing prior to** Veolia denies that it failed to satisfy its duties and obligations under Section 13.2 or that the allegations constitute a material breach of the Agreement. The information provided by Freeport in this allegation is insufficient to adequately respond. Upon information and belief, the incident referred to involved a fire hydrant. The issue was promptly resolved by Veolia by flushing the offending hydrant. There is no indication that Veolia failed to respond to a TCEQ investigation. All documents show that Veolia promptly responded to the TCEQ and resolved the issue. See Exhibit 19.

REPAIR AND MAINTENANCE BUDGET

Freeport alleges that Veolia fails to observe their allocated budget and/or promptly notify Freeport of expected budgetary constraints. Veolia denies this allegation. Veolia's performance of necessary system maintenance does not constitute a material breach of the Agreement. Per the Agreement, Veolia is obligated—and Freeport has agreed to fund—all necessary repairs and capital expenditures for proper operation of the System. See Exhibit 1.

The Repair and Maintenance budget is set by Freeport. Veolia has long advised Freeport that their Repair and Maintenance budget is too low, and has provided Freeport with multiple Capital Plans discussing "multiple failing systems" in Freeport's facilities and the repairs suggested based on "compliance, customer impact, and operational needs." See Exhibits 14 & 15. Inevitably, unplanned repair and maintenance items are required. Due to the age of the Freeport System, availability of parts, and expertise needed to implement repairs, such repairs are sometimes made more costly by virtue of Freeport's aging System. This is the reality of

Freeport's System, and out of Veolia's control. Sub Contracted out normal repair and maintenance items is not accepted under this contract. Refer to invoices received from Mallard Construction during the 2022-2023 R/M.

Veolia maintains operation of the Freeport System within legal, permit, and TCEQ limits despite significant limitations that face the Freeport plant. A large portion of Freeport's plant is inoperable. Specifically, the Primary, Secondary, and Trickling Filter are non-operational. These facilities have been in such a state for at least seven years despite Veolia's repeated recommendation to Freeport to rebuild and renovate. (where is documentation over the last 7 years? Veolia only submitted a CIP for 2022-2023 and Freeport had already initiated corrective measures and funding for the plant, lift stations, and collection lines). The Main Clarifier is the only part of the Freeport plant that is still in service. Maintaining legal and operational permit requirements under these circumstances is no small feat.

For budget spending notification purposes, Veolia, by the Agreement and at the direction of Freeport Finance Director, Cathay Ezell, notifies Freeport once the Repair and Maintenance spend meets or exceeds 80% of the total Repair and Maintenance budget. For example, James Carter, a Freeport System operator, promptly notified Freeport by hand-delivered letter that the City had exceeded its 80% threshold earlier this year. See Exhibit 21. All repairs completed by Veolia were necessary, and Freeport has had no prior objection to any necessary repair or maintenance item completed by Veolia to the System. Veolia has Sub Contracted out numerous repairs without notifying the City, the repairs were sub contracted out due to Veolia not being able to isolate lines and being short-handed.

On April 3, 2023, the Finance Director received an email from Shanna Sills, with Veolia, the letter stating that Veolia was at 80% of the repair and maintenance budget as of February 28, 2023. The letter was not hand delivered to me. This letter was 34 days after February 28, 2023.

Also, the Finance Director noticed on the monthly report for February 2023 that the budget amount for repair and maintenance was incorrect. The Finance Director contacted Shanna Sills and told her the budget amount was incorrect and sent her the letter provided by Veolia showing the correct budgeted amount. The amount on the original monthly report was \$370,647.71, which showed 82.18% had been spent as of February 28, 2023. The correct budgeted amount was \$340,857.60, which shows 89.336% of the repair and maintenance budget being spent as of February 28, 2023.

Receiving the monthly R&M report 34 days after the close of the month is not timely. Also, on April 27, 2023, the Finance Director sent an email to James Carter and Shanna Sills, stating that the Finance Director had not received the monthly R&M report for March. The Finance Director also stated that the Finance Director needed to receive the monthly R&M reports by the 15th of each month. They have been meeting that deadline since the Finance Director sent the email.

The monthly R&M reports for October 2022, November 2022, and December 2022 were not emailed to me until January 24, 2023. These reports were not received in a timely manner.

On November 3, 2022, the Finance Director began communicating with Veolia (Shanna Sills and James Carter) that I needed to close the City's books for Fiscal Year 2022. The Finance Director did not receive all the monthly reports for the Fiscal Year 2022 each month as required by the contract. The Finance Director had to ask for them and did not receive them until December 15, 2022. Also, the Finance Director did not receive the final invoice for the repairs and maintenance overages until December 7, 2022. This delayed the closing of the City's books and caused more for work for City staff.

Each year the City requires that Veolia submit their annual budget for Operations & Maintenance and Repairs and Maintenance. On July 14, 2022, Veolia submitted its letter for Fiscal Year 2023 asking for a 9% increase in both categories. The City met with Veolia to see if these costs could be reduced. On August 25, 2022, Veolia submitted a revised budget with an increase of 5.2% to operations and maintenance and no increase to repairs and maintenance. Veolia is the one who submits its budget to the City. The City does not prepare the budget. The City will review the request from Veolia and may request changes be made but Veolia is the one who gives the City the amounts they feel will operate and maintain the water/wastewater system.

Also, on June 8, 2023, the Finance Director sent an email to James Carter asking for the Fiscal Year 2024 costs for operations and maintenance and repairs and maintenance. The Finance Director gave him until June 23, 2023 to get me this information. Mr. Carter stated in the email that he would get that to me. The Finance Director still does not have it as of June 27, 2023. The City by statute has to submit its proposed budget to City Council no later than August 1 each year. It is vital that Veolia submit its budget to the City timely to be included in the proposed budget.

Currently Veolia is unable to complete the repairs and maintenance of the water and sewer system without contracting it out. In Fiscal Year 2022, Veolia contracted out \$120,126.18 for repairs to the water and sewer lines. As of May 31, 2023, Veolia has contracted out \$54,058.78 for repairs to the water and sewer system.

It is also important to consider that the alleged increase in repair and maintenance spending is attributed to Freeport's reclassification of capital expenses as "repair and maintenance." For example, the purchase and installation of residential home service meters were recently charged or processed by Freeport as repair and maintenance of the water plant, when these expenses are typically considered capital expenditures. This change results in an inaccurate account of actual spending related to true repair and maintenance. For instance, \$181,448.00 in capital expenditures for 2021-2022, and \$177,792.61 in capital expenditures for 2022-2023 were charged or processed to the "repair and maintenance" account at Freeport's direction.

The City never directed Veolia to place capital items in the R&M account. In fact, the Finance Director spoke with Brian Bruce about capital not being part of the R&M amounts but Veolia continued to charge them to the R&M. Veolia was told that if it was a capital purchase the City's purchasing policies would have to be followed. This conversation was in person. Veolia has not done this and continues by their own choice to include the capital purchase in the R&M. There are emails that show where Brian and the Finance Director discussed the definition of a capital purchase.

CAPITAL EXPENDITURES

Veolia would like to remind Freeport of its own mandatory obligations under the Agreement. Under the Agreement, Freeport is required to "fund all necessary Capital Expenditures, which shall be performed by Veolia under an appropriate Scope change." Exhibit 1, § 6.1. Freeport has failed to do so.

Veolia is aware that the City of Freeport is in the process of planning capital expenditures to replace and/or construct its sewer system and wastewater plant. According to the Agreement, these capital expenditures "shall be performed by Veolia under an appropriate Scope change." Id. Veolia looks forward to working with Freeport to facilitate and perform these capital projects moving forward per the Agreement.

Capital expenditures must follow the City's Purchasing Policies, State purchasing guidelines, and Federal purchasing guidelines. The sewer and wastewater treatment plant improvements are being funded by federal grants. These projects will be bid out in accordance with all City, State, and Federal guidelines.

SUMMARY

Freeport has no grounds to terminate the Agreement prior to its contractual expiration on September 14, 2025. None of the breaches alleged by Freeport are material. Veolia has cured all allegations of breach contained in Freeport's May 2023 letter. If Freeport believes that there are outstanding issues or clarification is required, please notify Veolia, and we will promptly ensure that the issue is timely cured. Veolia looks forward to working with the City of Freeport in all of its current and upcoming capital expenditures related to sewer and plant construction projects. Thank you again for your attention. If you have any questions regarding this response, please contact me at (713) 335-4807.

Very truly yours,

/s/ Paul Smith

Paul Smith

Enclosures: Appendix A

USB with Appendix A Documents

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Appendix A

Exhibit 1 Agreement for Operations, Maintenance and Management Services (Executed September 14, 2015).

Exhibit 2 October 1, 2021 – April 30, 2023 Repair and Maintenance Logs.

Exhibit 3 LIM Report (2021); LIM Report (2022).

Exhibit 4(a-n) Corrective and Preventative Maintenance (2010 – April 2023).

Exhibit 5 Preventative Maintenance Task List.

Exhibit 6 Inventory Worksheet and Spare Parts.

Exhibit 7(a-d) TCEQ Reports, DMR Reports, and other TCEQ reports (2021-2023).

Exhibit 8 Line Cleaning Logs (January 2022 – April 2023).

Exhibit 9(a-e) Sewer Cleaning History (2015 – April 2023).

Exhibit 10 Jetting Lines Standard Operating Procedures .

Exhibit 11 Manhole Inspections, Lines Cleaned, Lines Televised.

Exhibit 12(a-h) Manhole Inspection Logs.

Exhibit 13 Infiltration and Inflow Study.

Exhibit 14 February 22, 2023 Freeport Capital Plan.

Exhibit 15 June 8, 2022 Freeport Capital Plan.

Exhibit 16 Lift Station Assessment Report.

Exhibit 17 FOG Program Flyer and Transmittal to City of Freeport.

Exhibit 18 Root Control Program Standard Operating Procedure.

Exhibit 19 Hydrant Flushing/TCEQ Satisfaction.

Exhibit 20 Resume of Joseph Thaxton.

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Exhibit 21 Letter to City Reaching 80% of Allotted Budget.

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Jerry Cain
Mayor

Lance Petty
City Manager

November 21, 2024

VIA: Certified

Mail RRR

Veolia Water North America-Central, LLC
Attention: Joseph Tackett 0 CEO Municipal Water Contract Operations
53 State St. #14
Boston, MA 02109

Re: Cancellation

To: Mr. Tackett

The City of Freeport ("Freeport") and Veolia Water North America-Central, LLC ("Veolia") entered into an agreement on September 14, 2015, for the operation, maintenance and management of Freeport's wastewater systems and water system ("Agreement"). The Agreement was executed for a ten (10) year initial term, which will expire on September 14, 2025. In accordance with Section 11.1 of the Agreement, Freeport is hereby giving Veolia no less than one hundred and twenty (120) days' notice of cancellation of the Agreement and Freeport's decision not to renew the Agreement for an additional ten (10) year successive term. Freeport expects Veolia to continue to provide services in accordance with the Agreement until the end of the initial term, as well as provide Freeport all necessary assistance in the ultimate transition of the operation of the wastewater systems and water system to Freeport.

If you have any questions, please feel free to email me at lpetty@freeport.tx.us or call 979-480-5851.

Sincerely,

Lance Petty
City Manager
City of Freeport



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City of Freeport
Funds Spent - Veolia Breach

	Dates	Amount
Water Facility Condition Assessment & Capacity Elevation Freese & Nichols	9/2019 - 1/2020	\$ 43,482.40
Waste Water Treatment Plant Condition Assessment Freese & Nichols	2/2020 -10/2020	60,800.00
Lift Station Risk Based Assessment Freese & Nichols	8/2019 -4/2020	69,000.00
Hahn Equipment - Lift Station Pump	2/2/2021	33,159.00
Penny's Electric - Rebuild Rack Lift Station #3	2/28/2022	5,580.06
Hahn Equipment - Volute -Lift Station 15	8/5/2022	7,558.00
Mercer Controls, Inc - SCADA	10/29/2021	35,095.00
Hahn Equipment - Bi-pass Pump Central Lift Station	6/8/2021	65,830.00
Hahn Equipment - Pump Central Lift Station	9/17/2021	33,870.00
Zone Industries - 2 Lift Station Pumps	9/15/2020	68,400.00
Superior Fabrication & Maintenance - Fiberglass Grating on Clarifier Platform	12/15/2021	6,657.00
Contracted Out Repairs FY2021-2022		
Matula and Matula - Repair Collapsed Line @ Riverside Lift Station	5/19/2022	17,707.53
Geo-Glen Enterprises - Hot Tap Caldwell & Ave F	5/24/2022	2,125.00
Mallard Underground Utilities - Replace 3" Tee Avalon & Lynn Lane	7/25/2022	5,958.27
Mallard Underground Utilities - Waterline Repair Maple & W 6th	7/25/2022	6,360.42
Mallard Underground Utilities - Waterline Repair & Fire Hydrant Replaced Ave D & Division	7/25/2022	5,325.19
Mallard Underground Utilities - Waterline Repair 9th and Magnolia	7/25/2022	5,451.81
Mallard Underground Utilities - 12" 6 T FH at 3403 Hwy 332	7/25/2022	5,831.65
Mallard Underground Utilities - 4" cross at Varner and N Ave G	7/25/2022	8,506.26
Mallard Underground Utilities - Waterline Repair Yaupon and 4th	7/25/2022	7,257.88
Mallard Underground Utilities - Install Fire Hydrant Ave B	7/25/2022	6,338.11
Mallard Underground Utilities - Cut and Cap Fire Hydrant Ave B	7/25/2022	7,604.26
Mickie Service Co - Valve Installation @ Fire Station	6/19/2022	7,800.00
Mallard Underground Utilities - Waterline Repair Cedar	3/8/2022	5,958.27

Mickie Service Co - Repair Waterline FM 1495	7/25/2022	27,676.53
Mallard Underground Utilities - Emergency 3" Force Main Repair	11/14/2022	4,392.83
Mallard Underground Utilities - Emergency Sewer Repair Ally of Maple	1/30/2023	5,583.62
Mallard Underground Utilities - Emergency Sewer Repair 1600 Ave N	5/12/2022	6,889.94
Mallard Underground Utilities - Emergency Sewer Repair 722 W 12th	10/28/2022	4,924.88
Mallard Underground Utilities - Sanitary Repair 1430 W 9th	10/28/2022	5,617.87
Mallard Underground Utilities - Emergency Sewer Repair 2023 HWY 332	10/28/2022	4,111.54
Mallard Underground Utilities - Emergency Sewer Repair 1119 W 4th	2/7/2023	9,445.81
Mallard Underground Utilities - Emergency Sewer Repair 1231 W 4th	2/7/2023	4,846.53

Rentals of Equipment

Herc Rentals - 12/15 -1/14 Pump Rental Central Lift Station		2,885.87
Herc Rentals - 2/13 - 3/15 Pump Rental Central Lift Station		2,555.87
City of Freeport - Fuel For Rented Pumps Central Lift Station (Oct - Feb)		1,069.44
Herc Rentals - 1/14-2/13 Pump Rental Central Lift Station		2,555.87
Herc Rentals - 3/15-4/14 Pump Rental Central Lift Station		2,555.87
City of Freeport - Fuel For Rented Pumps Central Lift Station (Mar-Apr)		895.48
City of Freeport - Fuel For Rented Pumps Central Lift Station (101.70 G X \$2.22)		225.77
City of Freeport - Fuel For Rented Pumps Central Lift Station (796.40 G X \$2.39)		1,903.40
Herc Rentals - Pump Rental Lift Station 27		2,016.06
Herc Rentals - 5/14-6/14 Pump Rental Central Lift Station		2,555.87
Herc Rentals - Pump Rental Lift Station 27		1,113.52
City of Freeport - Fuel for Bypass Pump at Riverside Lift Station		924.86
United Rentals - Rental of Bypass Pump at Riverside Lift Station		1,971.85
United Rentals - Rental of Bypass Pump at Riverside Lift Station 8/22-9/22	9/22/2022	2,952.96
United Rentals - Rental of Bypass Pump at Riverside Lift Station	9/29/2022	455.35
United Rentals - Light Tower Rental Water Leak Velasco	1/3/2023	697.98
United Rentals - 6" Pump Rental Water Leak Ave D & Division	12/29/2022	1,842.48
United Rentals - Rental of Bypass Pump at Riverside Lift Station	12/27/2023	2,981.11

GLO Contract/DRS# 13-151-000-7243/DRS 220246 (November 2012)

SCADA 30 Lift Stations

535,323.94

SCADA 5 Water Facilities

50,345.07

Verizon Wireless - Charges for SCADA

Fiscal Year 2018	3,890.19
Fiscal Year 2019	8,712.64
Fiscal Year 2020	11,949.56
Fiscal Year 2021	11,091.66
Fiscal Year 2022	11,773.71
Fiscal Year 2023 (thru May 2023)	2,905.16

Miscellaneous

Superior Fence - Fence Repair Slaughter Rd WWTP when air compressor stolen	485.00
Tractor Supply - Air Compressor to replace stolen one	429.99
Penny's Electric - Electrical Repair for Air Compressor stolen	220.00
Belt Press - Purchased 2009 - Useful Life 15 years disposed of by Veolia	190,000.00
Total Funds Spent	1,454,432.19

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Rudy Ragle

From: Rudy Ragle
Sent: Wednesday, May 22, 2024 9:59 AM
To: Carter, James
Cc: Brannon, Ian
Subject: RE: WWTP Permit

Thank you for the time line.



Rudy Ragle
Public Works Director
rragle@freeporttx.gov

From: Carter, James <james.carter@veolia.com>
Sent: Wednesday, May 22, 2024 9:57 AM
To: Rudy Ragle <rragle@freeporttx.gov>
Cc: Brannon, Ian <ian.brannon@veolia.com>
Subject: Re: WWTP Permit

The packet to present to TCEQ we will have ready to submit normally 6 months prior to expiration. We will have completed to submit by the end of October. Ian and Jr have already discussed and is on their radar.

James Carter
Director of Operations, TX (Freeport & Burkburnett) - Municipal
508 Kelly Street
Burkburnett Texas 76354
office 940-569-0761
cell 979-236-8964

james.carter@veolia.com
www.veolianorthamerica.com



Permit Central WWTP

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On Wed, May 22, 2024 at 9:40 AM Rudy Ragle <rragle@freeporttx.gov> wrote:

Texas Commission on Environmental Quality (TCEQ) indicates that City of Freeport Central WWTP Wastewater permit NO. WQ0010882001 will expire on 05/08/2025. Can you give me a schedule on how this is being handled?

Thank you,



Rudy Ragle

Public Works Director

rragle@freeporttx.gov

Rudy Ragle

From: Rudy Ragle
Sent: Monday, January 6, 2025 8:36 AM
To: Carter, James
Cc: Lance Petty
Subject: RE: Items for investigation

On the ista valve I am still waiting of a few confirmations. Did I receive the information on the quote and everything Ian was working on for this project?

From: Carter, James <james.carter@veolia.com>
Sent: Monday, January 6, 2025 8:28 AM
To: Rudy Ragle <rragle@freeporttx.gov>
Cc: Lance Petty <lpetty@freeport.tx.us>
Subject: Re: Items for investigation

- 1522 West 10th Street – Service Leak
- Manhole ring and lid in alley between 8th and 9th on Yaupon
- Manhole cover at West Brazos/Hickory
- Avenue M possible water leak
- Bypass pump still at Lift Station at Bridge Harbor
- Bypass pump still at Lift Station at Velasco and Gulf (#18)

#1-scheduled to bore new service line

#2-pictures sent Texas Pride issue

#3-picture sent—Done

#4-already on schedule

#5-waiting on pump to arrive to replace

#6-rotating assemblies on order,

Meter reads should be completed by Wednesday, also I haven't received any reply from you in reference to the inserta valve project, Contractor continues asking so can order valves, I haven't received any information, I have emailed you twice in past few weeks, Thank you

On Mon, Jan 6, 2025 at 8:11 AM Rudy Ragle <rragle@freeporttx.gov> wrote:

I am checking on the list that Lance has sent you. Is meter reading finished up and what is the schedule for the coming week? I haven't received any updates over the holidays about work completed or scheduled. Thank you for your time.



Rudy Ragle

Public Works Director

rragle@freeporttx.gov

From: Lance Petty <lpetty@freeport.tx.us>
Sent: Monday, December 30, 2024 2:49 PM
To: James Carter <james.carter@veolia.com>
Cc: Rudy Ragle <rragle@freeporttx.gov>
Subject: Items for investigation

James,

Attached are a few items that need investigated or an updated status:

- 1522 West 10th Street – Service Leak
- Manhole ring and lid in alley between 8th and 9th on Yaupon
- Manhole cover at West Brazos/Hickory
- Avenue M possible water leak
- Bypass pump still at Lift Station at Bridge Harbor
- Bypass pump still at Lift Station at Velasco and Gulf (#18)

Also, Hahn equipment called and the pumps we ordered for Lift Station #15 are in the Port and they will be receiving them in a couple weeks. Once they receive, they will call so we can get them with you on a schedule to install.

Thank you



Lance Petty, CPWP-M
City Manager

Phone: 979-480-5851
Email: lpetty@freeport.tx.us

1201 North Avenue H
Freeport, Texas 77541

www.freeporttx.gov

Rudy Ragle

From: Rudy Ragle
Sent: Monday, January 6, 2025 8:12 AM
To: Lance Petty; James Carter
Subject: RE: Items for investigation

I am checking on the list that Lance has sent you. Is meter reading finished up and what is the schedule for the coming week? I haven't received any updates over the holidays about work completed or scheduled. Thank you for your time.



Rudy Ragle
Public Works Director
rragle@freeporttx.gov

From: Lance Petty <lpetty@freeport.tx.us>
Sent: Monday, December 30, 2024 2:49 PM
To: James Carter <james.carter@veolia.com>
Cc: Rudy Ragle <rragle@freeporttx.gov>
Subject: Items for investigation

James,

Attached are a few items that need investigated or an updated status:

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Also, Hahn equipment called and the pumps we ordered for Lift Station #15 are in the Port and they will be receiving them in a couple weeks. Once they receive, they will call so we can get them with you on a schedule to install.

Thank you

Rudy Ragle

From: Carter, James <james.carter@veolia.com>
Sent: Tuesday, January 7, 2025 9:03 AM
To: Lance Petty
Cc: Rudy Ragle
Subject: Re: Central WWTP Permit Renewal

Yes sir, I will. And will have you an answer shortly. Thank you

On Tue, Jan 7, 2025 at 9:01 AM Lance Petty <lpetty@freeport.tx.us> wrote:

James,

Attached is the Certified letter from TCEQ received today. It is for the failure to submit permit renewal 180-days before permit expiration. 30 TAC 305.65

Please look into this and make sure this gets taken care of, if you haven't already.

Thank you

Rudy Ragle

From: Rudy Ragle
Sent: Wednesday, June 25, 2025 11:48 AM
To: James Carter
Cc: Nicholas Meeks; Jennifer Howell
Subject: Water usage

This morning I was contacted by the city rep for BWA about our water usage. For the month of May we used 62,646.000 gallons. The city contract is for 62 million gallons. The previous month we on used 47,900,000. Please advise why the sudden increase of usage, and if the issued has been rectified.

Thank you,



Rudy Ragle
Public Works Director
rragle@freeporttx.gov

Rudy Ragle

From: Rudy Ragle
Sent: Friday, June 27, 2025 4:08 PM
To: Carter, James
Cc: Nicholas Meeks; Jennifer Howell
Subject: RE: Water usage

James,
Is there any update?
Thank you,



Rudy Ragle
Public Works Director
rragle@freeporttx.gov

From: Carter, James <james.carter@veolia.com>
Sent: Wednesday, June 25, 2025 12:18 PM
To: Rudy Ragle <rragle@freeporttx.gov>
Cc: Nicholas Meeks <nicholas.meeks@freeporttx.gov>; Jennifer Howell <jhowell@freeport.tx.us>
Subject: Re: Water usage

As per our conversation, we read the 2 master meters every day, so Jr is going to go back and see where the spike started, and see if it was around the time of the big leak we had few weeks back, and also is going to monitor the readings each day. I tasked Jr with getting me the information by end of week.

On Wed, Jun 25, 2025 at 11:47 AM Rudy Ragle <rragle@freeporttx.gov> wrote:

This morning I was contacted by the city rep for BWA about our water usage. For the month of May we used 62,646,000 gallons. The city contract is for 62 million gallons. The previous month we on used 47,900,000. Please advise why the sudden increase of usage, and if the issued has been rectified.

Thank you,



Rudy Ragle

Rudy Ragle

From: Rudy Ragle
Sent: Monday, June 30, 2025 11:27 AM
To: Carter, James
Cc: Jennifer Howell; Nicholas Meeks
Subject: RE: Water usage

Are we going to me over for the month of June?



Rudy Ragle
Public Works Director
rragle@freeporttx.gov

From: Carter, James <james.carter@veolia.com>
Sent: Monday, June 30, 2025 8:57 AM
To: Rudy Ragle <rragle@freeporttx.gov>
Subject: Fwd: Water usage

FYI—see below

----- Forwarded message -----

From: Meeks Jr., Jerry <jerry.meeks2@veolia.com>
Date: Mon, Jun 30, 2025 at 8:34 AM
Subject: Re: Water usage
To: Carter, James <james.carter@veolia.com>

Here is April 2025 and May 2025 BWA usage. In May there were 15 days that the flow was over 2 MGD. I do not have an explanation as to why this is. There have been a couple of leaks, but only one that correspond to the days that show more flow. That would be on May 30, 2025, pertaining to the leak on CR 229 by Gladieux.

Jerry Meeks, Jr.
Lead Operator - Freeport Project
Municipal Water Contract Operations
VEOLIA NORTH AMERICA

Phone: +1 979 233 4281
veolianorthamerica.com



On Mon, Jun 30, 2025 at 7:24 AM Carter, James <james.carter@veolia.com> wrote:

fyi

----- Forwarded message -----

From: **Rudy Ragle** <rragle@freeporttx.gov>

Date: Wed, 25 Jun 2025 at 11:47

Subject: Water usage

To: James Carter <james.carter@veolia.com>

Cc: Nicholas Meeks <nicholas.meeks@freeporttx.gov>, Jennifer Howell <jhowell@freeport.tx.us>

This morning I was contacted by the city rep for BWA about our water usage. For the month of May we used 62,646,000 gallons. The city contract is for 62 million gallons. The previous month we on used 47,900,000. Please advise why the sudden increase of usage, and if the issued has been rectified.

Thank you,



Rudy Ragle

Public Works Director

rragle@freeporttx.gov

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Lift Station Issues 4.14.25

- #1 – one working pump – two Gorman Rupp 4"
- #2 – never worked that I know of – two Gorman Rupp 4" I believe
- #3 – newer station – natural gas to generator – two 4" Flygt submersible
- #4 – newer station – natural gas to generator – pump 1 needs to be pulled throws code after one minute run time – two 4" Flygt submersible
- #5 – new suction lines were installed foot or more shorter – two Gorman Rupp 4"
- #6 – pump 2 needs rotate assembly – two Gorman Rupp 4"
- #7 – pump 4 sent to be rebuilt – missing/broken fence planks – MH by fence no lid – biofilter needs mulch and working sprinklers – top of wet well not sealed water pours out seam at driveway when full – 3 - 6" Flygt #1,6,4 – 3 - 6" Sulzer #3,5,2 – one 8" Godwin Bypass
- #8 – pump 2 has something stuck in suction line – walk in door has big hole – hole in roof can see sunlight in wet well – two Gorman Rupp 4"
- #9 – two Gorman Rupp 4"
- #10 – one rotate assembly – two Gorman Rupp 4"
- #11 – power pole leaning on Pennys schedule to fix – two Gorman Rupp 6"
- #12 – pump 2 has something stuck in suction line – two Gorman Rupp 4"
- #13 – pump 2 needs a rotate assembly – two Gorman Rupp 4"
- #14 – newer station – natural gas to generator – two 4" Flygt submersible
- #15 – running on diesel by-pass, pumps to be installed 4.24.25-4.25.25 – 3 6" and 1 8" submersibles in a dry pit situation
- #16 – pump 2 needs rotate assembly – two Gorman Rupp 4"
- #17 – 2" trash pump runs as by-pass – one 2" submersible pump missing – no door – open MH – bees – not sure if electrical works
- #18 – two 2" submersible Zoeller
- #19 – replaced pump 4.15.25 – bypass still on site – major cleaning to wet well - two Gorman Rupp 3"
- #20 – one pump working - needs 4" tee valve – pump 2 runs on pump 1 wiring not sure why – two Gorman Rupp 4"
- #21 – two 2" submersible Zoeller
- #22 – one pump working - pump 1 runs on pump 2 wiring not sure why – rails and discharge need repair – possible sink hole by highway – two Pentair 2" submersible
- #23 – one working pump – not sure of issue with other – two Pentair 2" submersible
- #24 – one working pump - not sure of issue with other – two Pentair 2" submersible
- #25 – two Pentair 2" submersible
- #27 – 4" bypass – sand from Surfside fills bottom of wet well – one pump stopped working and other can not keep up with high flow – two 4" Flygt submersible
- #28 – one pump is missing – pump railing and discharge need replaced – two Pentair 2" submersible (should be)
- #29 – Platform leaning badly – two Pentair 2" submersible

With gaining entry I can better assess the condition of the wet wells and electric panels. But I do believe these are in need of attention as well.

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Water and Wastewater (Sewer) Considerations

In City Council making the decision for the city regarding plans for the Water and Waste Water Departments, we have prepared some additional information and a proposed budget for your review.

- New budget format is a balanced budget: Revenue – Expenses – Transfers = 0
- 2025-2026 will be our first year to run as a balanced budget
- Previous years will reflect differently due to different format
- How a balanced budget works:
 - Start of year balanced
 - Mid-year we will re-evaluate and reallocate funds towards projects or savings
 - End of year we will end positive
- 2025-2026 Expenses are cut from original predictions to create a balanced budget
- 2025-2026 Revenue has no true baseline due to new meters
- 2023-2024 Revenue is increased due to \$5 million in grant money
- 2024-2025 Revenue is increased due to \$3 million in grant money
- Additional expenses:
 - Loss of reimbursement of \$145,000 from Veolia
 - Increase of additional \$339,389 in transfers
 - Additional payment of fleet vehicles of \$235,000
- If proceeding forward, processes to begin immediately:
 - Ordering of fleet vehicles
 - Posting of jobs, interviews and pre-employment process
 - Restructure of organization chart

FORMER CM BUDGET DETAIL
2025-2026
WATER & WASTEWATER

Account Description	Adopted Budget 2024-2025	Proposed Budget 2025-2026	\$ Increase (Decrease)	% Increase (Decrease)
Salaries	\$196,684	\$703,600	\$506,916	258%
Compensated Absences	\$0	\$0	\$0	0%
Salaries - Temp Part Time	\$0	\$0	\$0	0%
Certification Pay	\$3,208	\$4,000	\$792	25%
Longevity Pay	\$170	\$1,000	\$830	488%
Cell Phone Allowance	\$0	\$8,400	\$8,400	100%
Overtime	\$2,000	\$12,000	\$10,000	500%
Social Security & Medicare			\$0	0%
TMRS Retirement			\$0	0%
Insurance - Employee Health		\$150,000	\$150,000	100%
FSA Administration Fees	\$0	\$0	\$0	0%
Insurance Workers Comp	\$250	\$500	\$250	50%
Fuel	\$15,000	\$50,000	\$35,000	233%
Advertising	\$1,000	\$1,000	\$0	0%
Uniforms	\$500	\$12,000	\$11,500	2300%
Data Processing Expense / SOFTWARE	\$30,000	\$40,000	\$10,000	33%
Office Supplies and Expense	\$4,000	\$15,000	\$11,000	275%
Spoils Disposal	\$0	\$10,000	\$10,000	100%
Water System Maintenance & Supplies	\$1,625,000	\$80,000	(\$1,545,000)	-95%
Valve & Hydrant Maintenance	\$0	\$30,000	\$30,000	100%
Maintenance on Equipment	\$0	\$30,000	\$30,000	100%
WasteWater System Maintenance & Supplies	\$1,625,000	\$80,000	(\$1,545,000)	-95%
Water Meters & Supplies	\$0	\$20,000	\$20,000	100%
Bad Debt	\$1,020	\$20,000	\$18,980	1861%
Contract Services Billing	\$0	\$60,000	\$60,000	100%
Contract Services Janitorial	\$0	\$2,000	\$2,000	100%
Contract Services Misc.	\$0	\$3,000	\$3,000	100%
Collection Agency Fees	\$0	\$2,000	\$2,000	100%
Bank Charges	\$70,000	\$70,000	\$0	0%
Arbitrage Expense	\$0	\$400	\$400	100%
Physicals	\$250	\$4,500	\$4,250	1700%
Bond Principal Payments	\$0	\$0	\$0	0%
Bond Interest Payments	\$0	\$0	\$0	0%
Paying Agent Fees	\$0	\$2,500	\$2,500	100%
Dues and Subscriptions	\$500	\$8,000	\$7,500	1500%
Meeting Expenses	\$0	\$0	\$0	0%
Educational Training/Travel	\$500	\$8,000	\$7,500	1500%
Engineering Fees	\$200,000	\$200,000	\$0	0%
Utilities	\$192,000	\$195,000	\$3,000	2%
SCADA Maintenance	\$0	\$10,000	\$10,000	100%
Rental Equipment	\$0	\$50,000	\$50,000	100%
Insurance General Liability / Auto	\$38,000	\$40,000	\$2,000	5%
Water BWA	\$2,971,100	\$3,358,000	\$386,900	13%
Wastewater Oyster Creek	\$204,354	\$225,000	\$20,646	10%
Wastewater Testing	\$0	\$20,000	\$20,000	100%
Water Testing	\$0	\$25,000	\$25,000	100%
Telephone Expense	\$10,000	\$10,000	\$0	0%
Meter Reading Cellular	\$0	\$80,000	\$80,000	100%
Capital Outlay - Special Requests	\$1,250,000	\$1,500,000	\$250,000	20%
Chemicals	\$0	\$80,000	\$80,000	100%
Totals	\$8,440,536	\$7,220,900	(\$1,219,636)	

Water/Sewer (Department 565)**Utility Fund (Fund 56)**

Category	FY2022-2023 Actual	FY2023-2024 Actual	FY2024-2025 Adopted Budget	FY2024-2025 Current Budget	FY2024-2025 Estimate	FY2025-2026 Proposed Budget	Increase/ (Decrease)
Salaries							
100 Salaries/Wages	\$ 98,935	\$ 117,669	\$ 196,684	\$ 196,684	\$ 117,000	\$ 725,000	\$ 528,316
110 Salaries/Wages Part-time	-	-	-	-	-	-	-
165 Educational Pay	923	1,639	3,208	3,208	1,000	4,000	792
175 Longevity	64	171	240	240	110	200	(40)
181 Cell Phone Allowance	-	-	600	600	-	8,400	7,800
190 Overtime	663	1,465	4,200	4,200	500	20,000	15,800
Salaries Total	\$ 100,584	\$ 120,943	\$ 204,932	\$ 204,932	\$ 118,610	\$ 757,600	\$ 552,668
Benefits							
201 FICA & Medicare	\$ 7,450	\$ 9,713	\$ 15,356	\$ 15,356	\$ 8,600	\$ 58,000	\$ 42,644
210 Group Insurance	31,983	26,213	37,959	37,959	27,000	173,000	135,041
230 T M R S	10,461	19,437	28,845	28,845	19,000	130,000	101,155
240 Workmen's Compensation	219	172	275	275	471	500	225
245 Pension Expense	219	-	-	-	-	-	-
250 Opeb Expense	-	-	-	-	-	-	-
291 Unemployment Insurance	-	-	241	241	-	241	-
Benefits Total	\$ 50,332	\$ 55,535	\$ 82,676	\$ 82,676	\$ 55,071	\$ 361,741	\$ 279,065
Supplies							
310 Office/Computer Supplies	\$ 1,394	\$ 3,070	\$ 11,700	\$ 11,700	\$ 6,000	\$ 15,000	\$ 3,300
311 Postage/Shipping	23,365	23,859	30,000	30,000	28,000	30,000	-
315 Water Meters & Supplies	-	-	-	-	-	20,000	20,000
335 Clothing	-	-	500	500	1,000	12,000	11,500
352 Furniture/Fixtures	-	116	500	500	-	-	(500)
385 Small Tools & Equipment	-	-	-	-	-	20,000	20,000
389 Chemicals	-	-	-	-	-	80,000	80,000
390 Fuel	6,390	80	15,000	15,000	-	50,000	35,000
399 Other Supplies	2,053	164	1,000	1,000	600	1,000	-
Supplies Total	\$ 33,202	\$ 27,290	\$ 58,700	\$ 58,700	\$ 35,600	\$ 228,000	\$ 169,300
Services							
406 Fees	\$ 33,179	\$ 31,810	\$ 35,000	\$ 35,000	\$ 35,000	\$ 37,000	\$ 2,000
407 Collection Agency Fees	-	-	1,020	1,020	-	-	(1,020)
408 Bad Debt	-	-	-	-	-	-	-
413 Professional Services	65,694	305,591	185,000	185,000	-	40,000	(145,000)
414 Bank Charges	45,885	77,577	70,000	70,000	94,000	48,000	(22,000)
415 Telecommunication	14,372	3,354	10,000	10,000	3,000	10,000	-
416 Meter Reading Cellular	-	-	-	-	-	-	-
417 Professional Fees - Legal	-	-	-	-	-	-	-
426 Physicals/Screening	178	286	250	250	275	4,500	4,250
430 Advertising	1,776	2,819	6,000	6,000	4,500	1,000	(5,000)
440 Electricity	150,299	174,704	195,000	195,000	140,000	150,000	(45,000)
470 Equipment Rental	-	-	-	-	-	50,000	50,000
482 Service Contracts	4,791	-	5,000	5,000	9,500	10,000	5,000
483 Software Contracts	-	-	-	-	90,000	95,000	95,000
490 Wastewater Testing	-	-	-	-	-	20,000	20,000
491 Water Testing	-	-	-	-	-	25,000	25,000
495 Oyster Creek Agreement	172,290	204,354	225,000	225,000	225,000	225,000	-
496 Bwa Water Resale	2,759,400	2,979,240	3,358,000	3,358,000	3,100,000	3,358,000	-
498 Spoils Disposal*****	-	-	-	-	-	10,000	10,000
499 Veolia - Contract Operations	2,895,130	2,643,582	3,250,000	3,250,000	3,275,000	-	(3,250,000)
Services Total	\$ 6,142,994	\$ 6,423,318	\$ 7,340,270	\$ 7,340,270	\$ 6,976,275	\$ 4,083,500	\$ (3,256,770)
Maintenance							
543 Electronics/Computer Maint	\$ 32,987	\$ 60,525	\$ 50,000	\$ 50,000	\$ -	\$ 10,000	\$ (40,000)
560 Water System Maintenance	17,762	20,012	25,000	25,000	10,000	80,000	55,000
570 Wastewater System Maintenance	7,838	2,139	25,000	25,000	5,000	80,000	55,000
575 Lift Station Maintenance	-	-	15,000	15,000	100	25,000	10,000
580 Valve & Hydrant Maintenance	-	-	-	-	-	30,000	30,000
581 Equipment Maintenance	-	-	-	-	-	30,000	30,000
Maintenance Total	\$ 58,587	\$ 82,676	\$ 115,000	\$ 115,000	\$ 15,100	\$ 255,000	\$ 140,000
Sundry							
602 Seminars/Dues/Travel	\$ 1,351	\$ 60	\$ 5,500	\$ 5,500	\$ 1,500	\$ 16,000	\$ 10,500
604 Public Office Liability	-	-	-	-	-	-	-
628 Insurance	18,618	22,300	38,000	38,000	29,000	35,000	(3,000)
699 Other - Sundry	125	1,300	1,000	1,000	100	-	(1,000)
995 Depreciation Expense	-	662,314	-	-	-	-	-
Sundry Total	\$ 20,094	\$ 685,974	\$ 44,500	\$ 44,500	\$ 30,600	\$ 51,000	\$ 6,500
Debt Service							
705 Bond Premium Amortization	\$ (30,053)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
710 Interest Expense	121,450	-	-	-	-	-	-

Water/Sewer (Department 565)						Utility Fund (Fund 56)		
730 Debt Service Fees	-	-	-	-	-	-	\$	-
Debt Service Total	\$ 91,397	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Outlay								
875 Grant Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -		\$	-
897 Fleet Lease						235,000		235,000
899 Capital Outlay	1,081,163	2,882,874	-	-	2,876,186	500,000		500,000
Capital Outlay Total	\$ 1,081,163	\$ 2,882,874	\$ -	\$ -	\$ 2,876,186	\$ 735,000	\$	735,000
Grand Total Expenses	\$ 7,578,353	\$ 10,278,610	\$ 7,846,078	\$ 7,846,078	\$ 10,107,442	\$ 6,471,841	\$	(1,374,237)
Revenue	\$ 8,992,824	\$ 14,130,843	\$ 7,950,000	\$ 7,950,000	\$ 10,357,375	\$ 7,262,880	\$	(687,120)
Transfers	\$ (390,725)	\$ (453,783)	\$ (451,650)	\$ (451,650)	\$ (451,650)	\$ (791,039)	\$	339,389
Revenue-Expenses-Transfers	\$ 1,023,746	\$ 3,398,449	\$ (347,728)	\$ (347,728)	\$ (201,717)	\$ -		
Category	FY2022-2023	FY2023-2024	FY2024-2025	FY2024-2025	FY2024-2025	FY2025-2026	Increase/	(Decrease)
	Actual	Actual	Adopted Budget	Current Budget	Estimate	Proposed Budget		
Veolia's R&M Budget	340,857.60	354,662.28			366,118.08			
Veolia's R&M Totals	680,272.71	531,406.46			456,592.87			
FYE Overages**	(339,415.11)	(176,744.18)			(90,474.79)			
Total of all Payments to Veolia	2,834,292.06	3,499,572.29			2,136,983.95			

** R&M goes over budget each year, but no substantial repairs are being done to the systems

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City of Freeport

Water/Sewer Strategic Plan

2025

City of Freeport

Water and Sewer Strategic Plan

Overview

The City of Freeport Water and Sewer Department's Strategic Plan articulates its core identity, strengthens its purpose, and identifies several high-level strategic focus areas for the utility. Utility staff, City leadership, and forming a Water and Sewer Advisory Board. This plan reaffirms our values and guiding principles as a municipal-owned water and sewer utility dedicated to providing high-quality water and wastewater services.

Our Mission

Our mission is to operate a great utility for our customers.

Our Vision

We envision a Freeport utility that's trusted, is safe, is high-quality, and an affordable utility service that is a system that is responsive to the demands of its customers and growth.

Our Values

These values guide our decision-making and ground us in what is most important to us and our customers.

- **Great customer service:** we deliver reliable, efficient, and responsive service to our customers. Our service is dependable, uses resources effectively, and adapts quickly to customer needs and changing conditions.
- **Accountability:** we are committed to earning and maintaining public trust every day. We will be open, ensure access, encourage involvement and be accountable to our customers.
- **Affordability:** we utilize rate payers' funds responsibly and effectively to ensure the utility's short-and long-term financial strength. We are committed to affordable rates.
- **Quality and Environment:** we have the highest standards for the quality of drinking water and wastewater effluent and are committed to protecting our environment. We encourage water conservation.
- **Protecting Infrastructure from Hazards:** we are committed to protecting the water sewer systems from hazards and are prepared for unexpected incidents. We have sound contingency plans and plan redundant systems.
- **Partnerships and Teamwork:** we will achieve the best results through effective teamwork, regional and community partnerships and customer participation. We share our experience and practices with others and seek their feedback. Effective partnerships allow us to improve as a utility and can help drive economic development.
- **Planning for the Future:** we are committed to proactive, comprehensive planning, in alignment with neighboring jurisdictions, to guide the future of our utility in response to the needs of our customers and other local governments.
- **Adaptability:** we stay informed about emerging technologies and continually assess how we can adapt new tools to improve our service delivery.
- **Great Place to Work:** we are a safe place to work where all employees are appreciated.

Focus Areas

To be successful over the next few years, here are eight focus areas the utility should prioritize:

- Utility Growth and Service Area
- Infrastructure
- Water Supply and Treatment
- Wastewater Treatment
- Customer Service
- Environmental Stewardship, Conservation, and Outreach
- Workforce and Staff
- Technology, Data, and Software

Focus Area 1: Utility Growth and Service Area

The City of Freeport is expecting notable growth in the next several years, and that trend is expected to continue. To continue our high level of service, the utility needs a clear strategy for how to keep pace with system growth. **Goal: we will ensure that the growth and capacity of our systems are financially sustainable, and that we have a responsible revenue stream required for future needs.**

Priorities

Revenue and Rates

Long-term fiscal strength supports the utility's ability to serve our customers.

- **Explore implementation of System Development Charges**, which help cover costs associated with existing debt service payments and maintaining water and sewer system capacity.
- **Strengthen Capital Improvement Plan Efforts** with Finance Department to foster a collaborative culture that focuses on how to implement the utility's strategy.
- **Continue with water rate equalization schedule** for inside and outside customers while maintaining adequate revenues for infrastructure replacement, rehabilitation, and growth.
- **Establish long-term rate schedule/model** and revisit to ensure accuracy as project priorities shift over time.

Stakeholder Involvement

The utility prioritizes stakeholder engagement and communication to enable progress toward long-term goals, as well as daily operations

- **Increase engagement of the Water and Sewer Advisory Board** to seek direction, cooperation, and recommendations from neighboring communities, as well as the business community within the utility service area.
- **Increase engagement of the Water and Sewer Technical Advisory Committee** to seek input and feedback related to public health and economic development.

Coordination & Planning

Utility staff have clear understanding on which projects to focus on, and what our larger priorities are.

- **Continue planning efforts and complete identified Capital Improvement Projects**
- **Expand sewer into areas of public health concern**

- **Establish policies for incorporation of small private systems**

Focus Area 2: Infrastructure

As our community grows and changes, our infrastructure needs to keep up. We are committed to updating and replacing existing and aging infrastructure. We also aim to establish and follow clear standards and policies for new infrastructure that provides developers with clear direction for new development. **Goal: we will conduct responsible expansion of infrastructure, including new development, expansion of sewer in unserved areas, addressing issues with private systems, and optimization of pump stations.**

Priorities

- **Replace aging and undersized infrastructure** to ensure our system keeps pace with growth and needs of the utility service area.
- **Finalize policies to extend water and sewer** for new development and property owner-driven assessment projects.
- **Finalize engineering and design manual** for new development.

Focus Area 3: Water Supply and Treatment

Changes affecting our water supply and treatment over the past several years have included expansion of service area and new state and federal regulations. We strive to maintain a reliable, high-quality supply of drinking water for our customers for years to come. **Goal: we will have the capacity to meet future water supply, water quality and wastewater treatment demands.**

Priorities

- Renovation and upgrade to the Avenue F pump station
- Renovation and upgrade to the wastewater treatment plant
- Wastewater collection line improvements
- Lift station improvements
- Distribution line improvements
- Preventative maintenance programs

Focus Area 4: Wastewater Treatment

Maintaining a high-quality effluent lead to a good water supply downstream and protects the environment. Freeport Water and Sewer is committed to high standards for wastewater treatment. **Goal: we will have the capacity to maintain efficient and sustainable wastewater operations and a high-quality effluent.**

Priorities

- **Upgrade the Wastewater Treatment Plant**
- **Improve and evolve a repair and maintenance plan** for our Wastewater Treatment Facility and other Facilities.
- **Create and fill additional positions as needed**, including maintenance support staff, and administrative assistant support.
- **Seek engineering for a Wastewater Treatment Facility Master Plan** and implement associated recommendations.
- **Continue to discharge high-quality effluent** and meet future needs.

Focus Area 5: Customer Service

Our mission is to operate a great utility for our customers. We will be equipped with the knowledge and ability to better interact with our customers and meet or exceed their expectations. **Goal: we will provide great customer service.**

Priorities

- **Improve customer interaction with trained staff who can respond to a wide variety of customer inquiries and issues**, (train employees in special areas to improve service)
- **Develop standard operating procedures and associated training for communicating with affected customers** during construction, repairs, line breaks, etc.
- **Continuously restructure and improve website for better customer navigability and transparency**
- **Inform customers of available technology and information** (mass notification system)
- **Engage and communicate with stakeholders** to better understand the specific needs and concerns of the community.

Focus Area 6: Environmental Stewardship, Conservation, and Outreach

Freeport Water and Sewer values our environment and seeks to preserve its natural resources. Our community is one of our best assets, and we educate and partner with our customers to encourage water conservation and environmental sustainability. **Goal: we will continue our dedication to the environment and engaging our community.**

Priorities

- **Identify and coordinate with other public outreach initiatives**, utilizing the City Communications Officer and social media for outreach
- **Facilitate public tours and other outreach programs**
- **Review and add to environmental programs** to support conservation efforts.

Focus Area 7: Workforce and Staff

We would be unable to serve our customers if it were not for the people behind Freeport Water and Sewer. We are committed to making our utility a great place to work. Our staff and leadership are engaged and work with a collaborative mindset. **Goal: we will recruit and retain a high-quality workforce that feels valued and is well-equipped to do their jobs.**

Priorities

- **Reevaluate our compensation packages consistently** and promote benefits listed in the City's [Employee Benefits Guide](#) so that we can remain competitive in hiring and retaining talented staff.
- **Expand our recruitment strategies**, including promotion of careers in local government, as well as working with area community colleges and schools.
- **Offer more training and development opportunities** so that our employees can grow with the organization.

Focus Area 8: Technology, Data, and Software

The City of Freeport will conduct and approve an IT Strategic Plan, which outlines a coordinated approach across all departments on how best to leverage technology to improve internal systems as well as service delivery. The Water and Sewer Department will align its efforts with this IT strategic Plan. **Goal: we will leverage the technology tools, resources, and data we have available to increase our ability to better serve our customers and will build secure and resilient IT Infrastructure to mitigate risks posed by malevolent attacks.**

Priorities

- **Establish plan to ensure existing data is utilized and integrated** to the fullest extent possible.
- **Improve data availability and accuracy**, and communicate how we can become more proactive in data utilization and analysis.
- **Increase accessibility of existing technology** by conducting in-depth cross-training, adjusting access and permissions, and increasing communication between departments.
- **Identify technology deficiencies and redundancies**, in alignment with the City's IT Strategic Plan.

Key Performance Indicators

The following metrics will be reported to City leadership, circulated among departmental staff, and shared with the public as indicators of progress toward the strategic plan.

- # of sanitary sewer overflows
- Non-revenue water (%)
- Annual water production, in MGD.
- Annual wastewater treatment, in MGD.
- Operating ratio (revenue/expenses)
- #of maintenance filed operators
- Annual water loss in Gallons

Implementation Plan

The work plan for implementing this strategic plan will be developed by Freeport Water and Wastewater Leadership and staff as they take the focus areas and create an annual implementation plan.

Vulnerabilities

The following were identified as either new or existing vulnerabilities of high concern:

- **Administrative staff are** overwhelmed by project load.
- **Operations staff** are overwhelmed by maintenance of aging infrastructure.
- **Regulatory mandates** change often at both the state and federal level, and it can be challenging for the utility to meet these requirements, especially when they are unfunded mandates.
- **Aging infrastructure** needs repair or replacement.
- **Extreme weather events** impact water and wastewater operations.
- **Construction market and material costs, availability and volatility**, as well as **lack of in-house construction crews for line replacement** create challenges for maintenance and capital improvement projects.
- Having a strong **revenue stream to invest** in the utility system will ensure financial sustainability.
- **Utilizing and leveraging available data** will help the utility improve performance.
- **Recruiting and retaining staff** and documenting **institutional** knowledge is critical to the organization.

Background

The following water and wastewater infrastructure is owned by the City of Freeport and operations is maintained under contract by Veolia North America (VNA):

- 2.25 MGD Brazos River Diversion Canal Wastewater Treatment Plant (Central WWTP)
- 0.03 MGD Slaughter Road Wastewater Treatment Plant (Slaughter Road WWTP)
- 31 Wastewater lift stations and corresponding collection system.
- Three operational water wells and potable water distribution system. (meters, pump stations, storage tanks etc.)

Veolia has been providing the City of Freeport Water and Wastewater Operations services since 1995 through an affiliate (PSG)

Veolia and Freeport entered into a new 10-year contract for operations in 2015.

Veolia administers, on behalf of the City of Freeport, the Brazosport Water Authority (BWA) Water Supply Contract.

Veolia is responsible for operations and maintenance of the City of Freeport Water and Wastewater system.

Freeport signed a 40-year contract in 1987 with BWA

Freeport signed a 10-year water supply to Surfside in 2019

Water Storage and Pumping Infrastructure

Location	Storage	Pump	Pump Capacity
Skinner Road	(1) 0.5 MD EST		
Slaughter Road		1 - Well	350 GPM
Slaughter Road		1 – Booster Pump	480 GPM
Slaughter Road		1 – Booster Pump	100 GPM
Slaughter Road		1 – Booster Pump	30 GPM
Slaughter Road	1- 0.06 GST		
Slaughter Road	1 – 0.003 MG Hydro Tank		
West 8 th Street **		1 – Well	350 GPM
West 8 th Street		3 – Booster Pumps	500 GPM
West 8 th Street	1 – 1.0 MG GST		
Avenue F **		1 – Well	210 GPM
Avenue F		1 – Booster Pump	1,000 GPM
Avenue F		1 – Booster Pump	600 GPM
Avenue F		1 – Booster Pump	400 GPM
Avenue F	2 – 0.5 MG GST		
Navigation	1 – 0.5 MG EST		

**** BWA Intake

Lift Station Infrastructure

#	Designation	Location
1	Slaughter Rd WWTP Lift Station	123 Slaughter Road
2	Kelly Ln	528 Kelly Lane
3	Lift Station #1	401 East 4 th
4	Lift Station #2	103 Cherry Street
5	Lift Station #3	431 West 4 th
6	Lift Station #4	1002 West 5 th
7	Lift Station #5	1103 West 11 th
8	Lift Station #6	1624 West 11 th
9	Lift Station #7 Central	1931 West 11 th
10	Lift Station #8	508 Dixie
11	Lift Station #9	1607 West 4 th
12	Lift Station #10	402 South Gulf Blvd.
13	Lift Station #11	22 North Avenue D.
14	Lift Station #12	602 North Avenue F.
15	Lift Station #13	1303 North Avenue O.
16	Lift Station #14	1824 North Avenue I
17	Riverside Lift Station #15	1205 North gulf Blvd.
18	Lift Station #16	1902 West 2nd
19	Lift Station #17	226 South Avenue I.
20	Lift Station #18	1702 North Velasco
21	Lift Station #19	702 North Avenue J.
22	Lift Station #20	300 Brazos Landing
23	Central Plant LS	931 Flood Gate
24	Lift Station #22	Hwy 523 & 332
25	Lift Station #23	State Hwy 332 3329
26	Lift Station #24	1605 State Hwy 332
27	Lift Station #25	State Hwy 332 1513
28	Bridge Harbor #27	100 Swordfish Lane
29	Lift Station #28	325 Marlin Road
30	Lift Station #29	1129 Marlin
31	Seamans Center #21	1123 Cherry Street

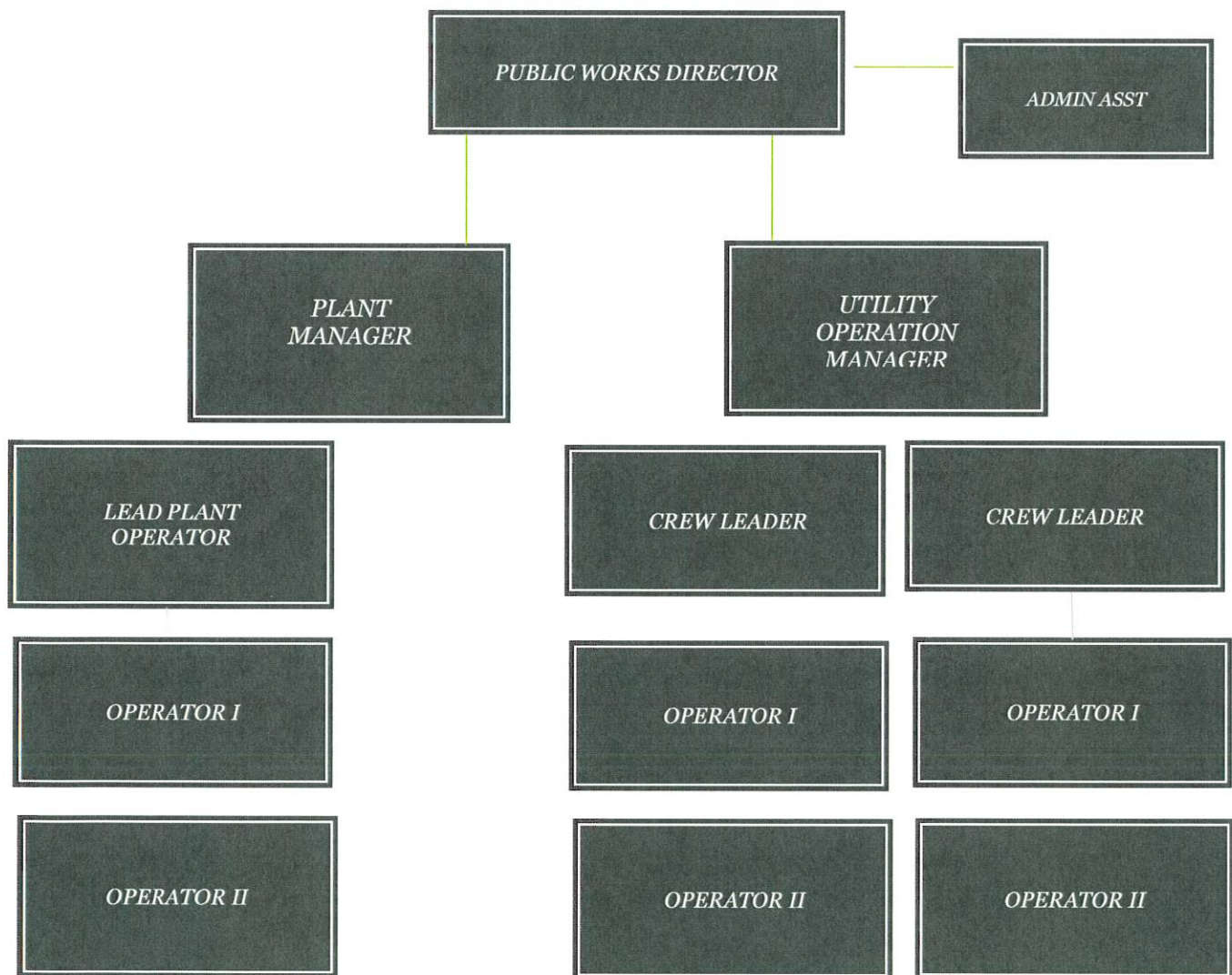
Water and Wastewater CIP Projects

Lift Station 3, 4, and 14 Rehabilitation	Complete
Avenue H Sewer Line Replacement	Complete
WWTP Improvements	Under Construction
Sewer Line Replacement SSOI	Complete
Sanitary Sewer Collection GLO	Complete
PH I SSOI Engineering	Engineering
FM 1495 Water Line Re Location	AFA agreement signed TXDOT
Sanitary Sewer Line Replacement alley 8 th /9 th	Complete
Bar Screen Replacement @ WWTP	Underway
Avenue F Pump Station	Engineering



DPW Organizational Chart

Water/Wastewater Dept.





City Council Agenda Item #[3.A]

Title: Consideration and possible action regarding future Utility Operations and possible action to issue an RFQ.

Date: July 15, 2025

From: Chief Jennifer Howell, Interim City Manager/Police Chief

Staff Recommendation: Staff recommends formal discussion and recommendation on how to proceed.

Item Summary: With it being budget time, a decision on how utilities are going to be handled is imperative. Specifically, the decision on whether utility operations are coming in house or whether we are contracting services out again is the decision that needs discussion.

If we are going to contract services, should we do our due diligence and post an RFQ for utility operations?

Background Information: The City has used Veolia for services in the past. The City has been working under the impression that utilities were coming in house as of October 1, 2025.

Special Considerations: N/A

Financial Impact: N/A

Board or 3rd Party Recommendation: N/A

Supporting Documentation:

1. scans@freeport.tx.us_20250702_074226



Water and Wastewater (Sewer) Considerations

In City Council making the decision for the city regarding plans for the Water and Waste Water Departments, we have prepared some additional information and a proposed budget for your review.

- New budget format is a balanced budget: Revenue – Expenses – Transfers = 0
- 2025-2026 will be our first year to run as a balanced budget
- Previous years will reflect differently due to different format
- How a balanced budget works:
 - Start of year balanced
 - Mid-year we will re-evaluate and reallocate funds towards projects or savings
 - End of year we will end positive
- 2025-2026 Expenses are cut from original predictions to create a balanced budget
- 2025-2026 Revenue has no true baseline due to new meters
- 2023-2024 Revenue is increased due to \$5 million in grant money
- 2024-2025 Revenue is increased due to \$3 million in grant money
- Additional expenses:
 - Loss of reimbursement of \$145,000 from Veolia
 - Increase of additional \$339,389 in transfers
 - Additional payment of fleet vehicles of \$235,000
- If proceeding forward, processes to begin immediately:
 - Ordering of fleet vehicles
 - Posting of jobs, interviews and pre-employment process
 - Restructure of organization chart

FORMER CM BUDGET DETAIL
2025-2026
WATER & WASTEWATER

Account Description	Adopted Budget 2024-2025	Proposed Budget 2025-2026	\$ Increase (Decrease)	% Increase (Decrease)
Salaries	\$196,684	\$703,600	\$506,916	258%
Compensated Absences	\$0	\$0	\$0	0%
Salaries – Temp Part Time	\$0	\$0	\$0	0%
Certification Pay	\$3,208	\$4,000	\$792	25%
Longevity Pay	\$170	\$1,000	\$830	488%
Cell Phone Allowance	\$0	\$8,400	\$8,400	100%
Overtime	\$2,000	\$12,000	\$10,000	500%
Social Security & Medicare			\$0	0%
TMRS Retirement			\$0	0%
Insurance - Employee Health		\$150,000	\$150,000	100%
FSA Administration Fees	\$0	\$0	\$0	0%
Insurance Workers Comp	\$250	\$500	\$250	50%
Fuel	\$15,000	\$50,000	\$35,000	233%
Advertising	\$1,000	\$1,000	\$0	0%
Uniforms	\$500	\$12,000	\$11,500	2300%
Data Processing Expense / SOFTWARE	\$30,000	\$40,000	\$10,000	33%
Office Supplies and Expense	\$4,000	\$15,000	\$11,000	275%
Spoils Disposal	\$0	\$10,000	\$10,000	100%
Water System Maintenance & Supplies	\$1,625,000	\$80,000	(\$1,545,000)	-95%
Valve & Hydrant Maintenance	\$0	\$30,000	\$30,000	100%
Maintenance on Equipment	\$0	\$30,000	\$30,000	100%
WasteWater System Maintenance & Supplies	\$1,625,000	\$80,000	(\$1,545,000)	-95%
Water Meters & Supplies	\$0	\$20,000	\$20,000	100%
Bad Debt	\$1,020	\$20,000	\$18,980	1861%
Contract Services Billing	\$0	\$60,000	\$60,000	100%
Contract Services Janitorial	\$0	\$2,000	\$2,000	100%
Contract Services Misc.	\$0	\$3,000	\$3,000	100%
Collection Agency Fees	\$0	\$2,000	\$2,000	100%
Bank Charges	\$70,000	\$70,000	\$0	0%
Arbitrage Expense	\$0	\$400	\$400	100%
Physicals	\$250	\$4,500	\$4,250	1700%
Bond Principal Payments	\$0	\$0	\$0	0%
Bond Interest Payments	\$0	\$0	\$0	0%
Paying Agent Fees	\$0	\$2,500	\$2,500	100%
Dues and Subscriptions	\$500	\$8,000	\$7,500	1500%
Meeting Expenses	\$0	\$0	\$0	0%
Educational Training/Travel	\$500	\$8,000	\$7,500	1500%
Engineering Fees	\$200,000	\$200,000	\$0	0%
Utilities	\$192,000	\$195,000	\$3,000	2%
SCADA Maintenance	\$0	\$10,000	\$10,000	100%
Rental Equipment	\$0	\$50,000	\$50,000	100%
Insurance General Liability / Auto	\$38,000	\$40,000	\$2,000	5%
Water BWA	\$2,971,100	\$3,358,000	\$386,900	13%
Wastewater Oyster Creek	\$204,354	\$225,000	\$20,646	10%
Wastewater Testing	\$0	\$20,000	\$20,000	100%
Water Testing	\$0	\$25,000	\$25,000	100%
Telephone Expense	\$10,000	\$10,000	\$0	0%
Meter Reading Cellular	\$0	\$80,000	\$80,000	100%
Capital Outlay - Special Requests	\$1,250,000	\$1,500,000	\$250,000	20%
Chemicals	\$0	\$80,000	\$80,000	100%
Totals	\$8,440,536	\$7,220,900	(\$1,219,636)	

Water/Sewer (Department 565)						Utility Fund (Fund 56)			
Category	FY2022-2023 Actual	FY2023-2024 Actual	FY2024-2025 Adopted Budget	FY2024-2025 Current Budget	FY2024-2025 Estimate	FY2025-2026 Proposed Budget	Increase/ (Decrease)		
Salaries									
100 Salaries/Wages	\$ 98,935	\$ 117,669	\$ 196,684	\$ 196,684	\$ 117,000	\$ 725,000	\$ 528,316		
110 Salaries/Wages Part-time	-	-	-	-	-	-	-		
165 Educational Pay	923	1,639	3,208	3,208	1,000	4,000	792		
175 Longevity	64	171	240	240	110	200	(40)		
181 Cell Phone Allowance	-	-	600	600	-	8,400	7,800		
190 Overtime	663	1,465	4,200	4,200	500	20,000	15,800		
Salaries Total	\$ 100,584	\$ 120,943	\$ 204,932	\$ 204,932	\$ 118,610	\$ 757,600	\$ 552,668		
Benefits									
201 F I C A & Medicare	\$ 7,450	\$ 9,713	\$ 15,356	\$ 15,356	\$ 8,600	\$ 58,000	\$ 42,644		
210 Group Insurance	31,983	26,213	37,959	37,959	27,000	173,000	135,041		
230 T M R S	10,461	19,437	28,845	28,845	19,000	130,000	101,155		
240 Workmen's Compensation	219	172	275	275	471	500	225		
245 Pension Expense	219	-	-	-	-	-	-		
250 Opeb Expense	-	-	-	-	-	-	-		
291 Unemployment Insurance	-	-	241	241	-	241	-		
Benefits Total	\$ 50,332	\$ 55,535	\$ 82,676	\$ 82,676	\$ 55,071	\$ 361,741	\$ 279,065		
Supplies									
310 Office/Computer Supplies	\$ 1,394	\$ 3,070	\$ 11,700	\$ 11,700	\$ 6,000	\$ 15,000	\$ 3,300		
311 Postage/Shipping	23,365	23,859	30,000	30,000	28,000	30,000	-		
315 Water Meters & Supplies	-	-	-	-	-	20,000	20,000		
335 Clothing	-	-	500	500	1,000	12,000	11,500		
352 Furniture/Fixtures	-	116	500	500	-	-	(500)		
385 Small Tools & Equipment	-	-	-	-	-	20,000	20,000		
389 Chemicals	-	-	-	-	-	80,000	80,000		
390 Fuel	6,390	80	15,000	15,000	-	50,000	35,000		
399 Other Supplies	2,053	164	1,000	1,000	600	1,000	-		
Supplies Total	\$ 33,202	\$ 27,290	\$ 58,700	\$ 58,700	\$ 35,600	\$ 228,000	\$ 169,300		
Services									
406 Fees	\$ 33,179	\$ 31,810	\$ 35,000	\$ 35,000	\$ 35,000	\$ 37,000	\$ 2,000		
407 Collection Agency Fees	-	-	1,020	1,020	-	-	(1,020)		
408 Bad Debt	-	-	-	-	-	-	-		
413 Professional Services	65,694	305,591	185,000	185,000	-	40,000	(145,000)		
414 Bank Charges	45,885	77,577	70,000	70,000	94,000	48,000	(22,000)		
415 Telecommunication	14,372	3,354	10,000	10,000	3,000	10,000	-		
416 Meter Reading Cellular	-	-	-	-	-	-	-		
417 Professional Fees - Legal	-	-	-	-	-	-	-		
426 Physicals/Screening	178	286	250	250	275	4,500	4,250		
430 Advertising	1,776	2,819	6,000	6,000	4,500	1,000	(5,000)		
440 Electricity	150,299	174,704	195,000	195,000	140,000	150,000	(45,000)		
470 Equipment Rental	-	-	-	-	-	50,000	50,000		
482 Service Contracts	4,791	-	5,000	5,000	9,500	10,000	5,000		
483 Software Contracts	-	-	-	-	90,000	95,000	95,000		
490 Wastewater Testing	-	-	-	-	-	20,000	20,000		
491 Water Testing	-	-	-	-	-	25,000	25,000		
495 Oyster Creek Agreement	172,290	204,354	225,000	225,000	225,000	225,000	-		
496 Bwa Water Resale	2,759,400	2,979,240	3,358,000	3,358,000	3,100,000	3,358,000	-		
498 Spoils Disposal*****	-	-	-	-	-	10,000	10,000		
499 Veolia - Contract Operations	2,895,130	2,643,582	3,250,000	3,250,000	3,275,000	-	(3,250,000)		
Services Total	\$ 6,142,994	\$ 6,423,318	\$ 7,340,270	\$ 7,340,270	\$ 6,976,275	\$ 4,083,500	\$ (3,256,770)		
Maintenance									
543 Electronics/Computer Maint	\$ 32,987	\$ 60,525	\$ 50,000	\$ 50,000	\$ -	\$ 10,000	\$ (40,000)		
560 Water System Maintenance	17,762	20,012	25,000	25,000	10,000	80,000	55,000		
570 Wastewater System Maintenance	7,838	2,139	25,000	25,000	5,000	80,000	55,000		
575 Lift Station Maintenance	-	-	15,000	15,000	100	25,000	10,000		
580 Valve & Hydrant Maintenance	-	-	-	-	-	30,000	30,000		
581 Equipment Maintenance	-	-	-	-	-	30,000	30,000		
Maintenance Total	\$ 58,587	\$ 82,676	\$ 115,000	\$ 115,000	\$ 15,100	\$ 255,000	\$ 140,000		
Sundry									
602 Seminars/Dues/Travel	\$ 1,351	\$ 60	\$ 5,500	\$ 5,500	\$ 1,500	\$ 16,000	\$ 10,500		
604 Public Office Liability	-	-	-	-	-	-	-		
628 Insurance	18,618	22,300	38,000	38,000	29,000	35,000	(3,000)		
699 Other - Sundry	125	1,300	1,000	1,000	100	-	(1,000)		
995 Depreciation Expense	-	662,314	-	-	-	-	-		
Sundry Total	\$ 20,094	\$ 685,974	\$ 44,500	\$ 44,500	\$ 30,600	\$ 51,000	\$ 6,500		
Debt Service									
705 Bond Premium Amortization	\$ (30,053)	\$ -	\$ -	\$ -			\$ -		
710 Interest Expense	121,450	-	-	-			\$ -		

Water/Sewer (Department 565)						Utility Fund (Fund 56)		
730 Debt Service Fees	-	-	-	-	-	-	\$	-
Debt Service Total	\$ 91,397	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Outlay								
875 Grant Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
897 Fleet Lease						235,000		235,000
899 Capital Outlay	1,081,163	2,882,874	-	-	2,876,186	500,000		500,000
Capital Outlay Total	\$ 1,081,163	\$ 2,882,874	\$ -	\$ -	\$ 2,876,186	\$ 735,000	\$ 735,000	\$ 735,000
Grand Total Expenses	\$ 7,578,353	\$ 10,278,610	\$ 7,846,078	\$ 7,846,078	\$ 10,107,442	\$ 6,471,841	\$ (1,374,237)	\$ (1,374,237)
Revenue	\$ 8,992,824	\$ 14,130,843	\$ 7,950,000	\$ 7,950,000	\$ 10,357,375	\$ 7,262,880	\$ (687,120)	\$ (687,120)
Transfers	\$ (390,725)	\$ (453,783)	\$ (451,650)	\$ (451,650)	\$ (451,650)	\$ (791,039)	\$ 339,389	\$ 339,389
Revenue-Expenses-Transfers	\$ 1,023,746	\$ 3,398,449	\$ (347,728)	\$ (347,728)	\$ (201,717)	\$ -		
Category	FY2022-2023 Actual	FY2023-2024 Actual	FY2024-2025 Adopted Budget	FY2024-2025 Current Budget	FY2024-2025 Estimate	FY2025-2026 Proposed Budget	Increase/ (Decrease)	
Veolia's R&M Budget	340,857.60	354,662.28			366,118.08			
Veolia's R&M Totals	680,272.71	531,406.46			456,592.87			
FYE Overages**	(339,415.11)	(176,744.18)			(90,474.79)			
Total of all Payments to Veolia	2,834,292.06	3,499,572.29			2,136,983.95			

** R&M goes over budget each year, but no substantial repairs are being done to the systems