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**(Master - Volumes 1 and 2)**

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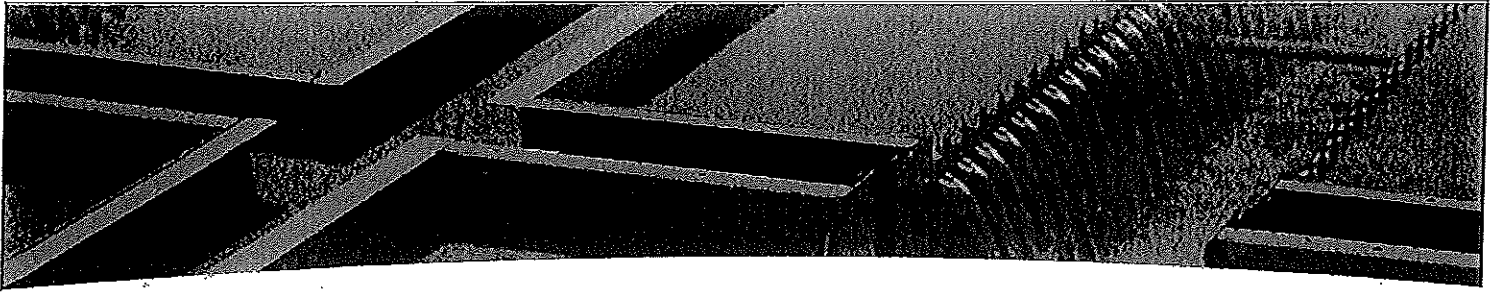
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**Volume 1**  
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## VOLUME 1 – TECHNICAL PROPOSAL

### 5.3 – Organization and Project Understanding

#### Project Understanding and Commitment



Veolia Water West Operating Services, Inc. (Veolia Water) is pleased to present our Technical Proposal for a long-term operations, maintenance and management (O&M) services partnership with the Town of Discovery Bay's Community Services District (District).

The current contract, an emergency-services agreement, involves providing total O&M services for your water and wastewater facilities and related infrastructure. A long-term partnership with Veolia Water will continue to build on the success our partnership has realized, provide long-term stability in your operations, and enhance the value that we have delivered to the local community.

We hope, through this proposal, that you understand Veolia Water's commitment to the District and local community. Our proposal continues providing the District with high quality O&M services that meet or exceed all specifications and permit requirements at the lowest reasonable cost, ensuring environmental compliance and working with the District to provide a sound basis for capital and operations planning.

#### Commitment to Delivering Innovation and Long-Term Value

Veolia Water developed our proposal based on our unique and intimate understanding of your system and the needs of the Discovery Bay community.

This renewal Proposal provides three long-term options that will save ratepayers money, for the District to consider. The options, which are discussed in detail in this Technical Proposal (with detailed pricing for each provided in our separate Cost Proposal, Volume 2), include:

- A conventional Base five-year O&M agreement with value-added services to improve the current water and wastewater systems' performance. The Base proposal includes an annual allowance for repair and maintenance that would be credited back to the District if unused.
- An Alternative Full-Risk 10-year agreement that takes the Enhanced Base Proposal and adds a robust repair and maintenance program that transfers significant operations and maintenance risks to Veolia Water.
- A Wastewater-Only proposal, required by the RFP, that includes the collections system maintenance. As with the conventional Base proposal, we are recommending an annual allowance for repair and maintenance that would be credited back to the District if unused.

We believe our proposals address the challenges and needs outlined in your Request for Proposal (RFP), and Addenda, in a comprehensive manner.

The backbone of our successful operation is the quality of our staff. With Veolia Water, you can rest assured that our staff will suffer no disruptions, as they would if they must transition to another operator. Our team will continue to be led by our local Project Manager Gerald Smart, who remains committed to this project. He has been part of the project team at Discovery Bay since the start of the emergency-services contract, first as Site Supervisor and then moving into the Project Manager role more than a year ago. Mr. Smart and Veolia Water's dedicated O&M team at Discovery Bay will also continue to be supported by our regional management and technical resources team.



Veolia Water has served as the O&M provider to Discovery Bay under an emergency-services agreement that began on January 1, 2009. This was driven by the poor performance of a previous operator that led to operational deficiencies at the treatment facilities, which resulted in several high-profile spills and environmental violations (including a \$231,000 fine from the Regional Water Quality Control Board). With less than two weeks' notice and over the winter holiday, Veolia Water transitioned operations and developed and implemented a plan to bring the operation into compliance with state and federal regulations.

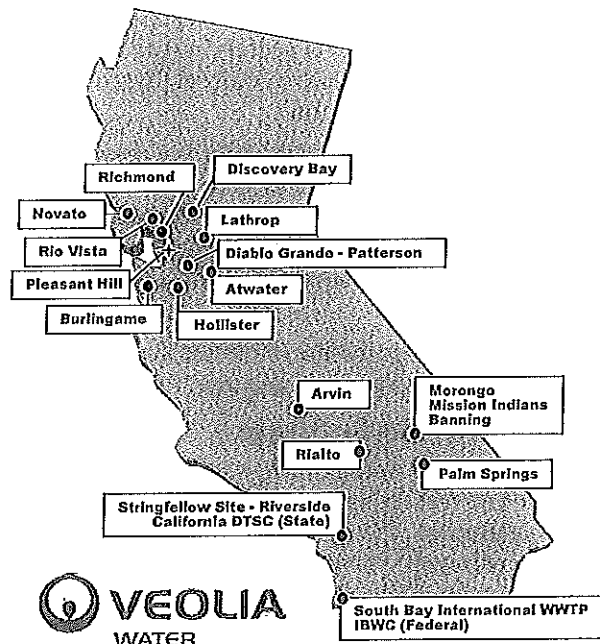
We will also work to ensure the on-site O&M team at your facilities remains stable and consistent over the contract term by providing competitive pay for the staff. A clear demonstration of Veolia Water's commitment is our proposed budget for a new contract, which allocates 70 percent to employee pay and benefits.

### Focused Plan and Approach

With a long-term partnership, Veolia Water will build on our local successes by adding additional staff focused on facility repair and maintenance work. A focused repair and maintenance program would result in better management of long-term costs, enhanced community service, and increase the life of District's water and wastewater assets, which will save ratepayers money.

Additionally, we have based our Proposal on our extensive knowledge of your system through our successful operations at your facilities and the many upgrades and improvements we have participated in or implemented over the past 22 months. As demonstrated in our current operations, Veolia Water is committed to delivering the District the best value for this project. In this regard, our Cost Proposal includes three major factors that you should consider as you review our offering. These include:

- Regional Resources to Provide Support** – Over the past 22 months, Veolia Water has made extensive resources and expertise available to support your facilities on specific issues as well as for normal day-to-day operations. A long-term partnership, as you are considering, would allow Veolia Water to continue investing in your facilities and protecting Discovery Bay's quality of life.
- Value-added Resources to Drive Operations Costs Lower** – Veolia Water offers a broad range of operations and technical services at no additional cost to the District to ensure your ratepayers receive the best services at the lowest price. For example, we can provide access to our procurement department's global chemical purchasing agreements to reduce your costs.
- Proven Experience** – Veolia Water has over 38 years of proven experience in providing O&M services to clients in the State of California. Indeed, our firm originated the O&M approach for municipal wastewater facilities in the State under a pioneering agreement with the City of Burlingame in 1972. Through this experience we have developed tools and approaches that are used to benefit all of our operations. Our established relationships with regulators at the local and national levels enable us to understand regulatory issues and work through them effectively, avoiding fines and ensuring compliance.



Our value to California communities is demonstrated through our track record of improving local municipal operations. An example of this is the nearby City of Rio Vista. This contract began in summer 2005 when the City discovered irregularities in the maintenance of its wastewater facilities, which were under the direction of another O&M services provider. The City asked Veolia Water to take over this operation under a 60-day emergency contract. During the first 30 days of this contract, Veolia Water addressed the immediate problems at the wastewater plants and developed a list of operational issues.

The contract continued to be extended under an emergency services basis for the first five years, during which time a new wastewater treatment plant was constructed by the City. Veolia Water provided key operational assistance during construction and the startup of this new plant. One of Rio Vista's existing wastewater treatment plants was shutdown as the new one came online. Veolia Water also assisted with the process of shutting down this old plant and starting up the new plant.

Additionally, we have worked with the City of Rio Vista to develop a list of longer-term improvements to address the critical needs of its wastewater facilities. Figure 1-1, opposite, illustrates how we dramatically reduced effluent violations at one of the City's troubled wastewater plants. In January 2010, the City signed a five-year long-term contract based on the value of our services to the Rio Vista community.

Veolia Water also provided a similar services approach for the City of Rialto (in Southern California near Ontario), where we assumed operation and management from its existing O&M partner in 2003 and then worked with that City to address immediate operations and capital improvement needs. This partnership continues today, and we have resolved many of the problems that had plagued the wastewater facilities, while providing the City with a reliable O&M partner.

What these projects, and the other key experience that is discussed in this Proposal, demonstrate is that Veolia Water has a proven history of success in working with communities to transition initial, emergency services-types of contracts to successful long-term O&M partnerships. We are eager to continue supplying our extensive experience to the District, expanding our work with an even more comprehensive approach for your water and wastewater facilities under a long-term agreement that will provide you with the benefits that we deliver to other similar clients in California.

Our plan and approach, as discussed in this volume, focuses on meeting the District's immediate and long-term needs. We believe it's a good one and covers all the key requirements identified by you to date.

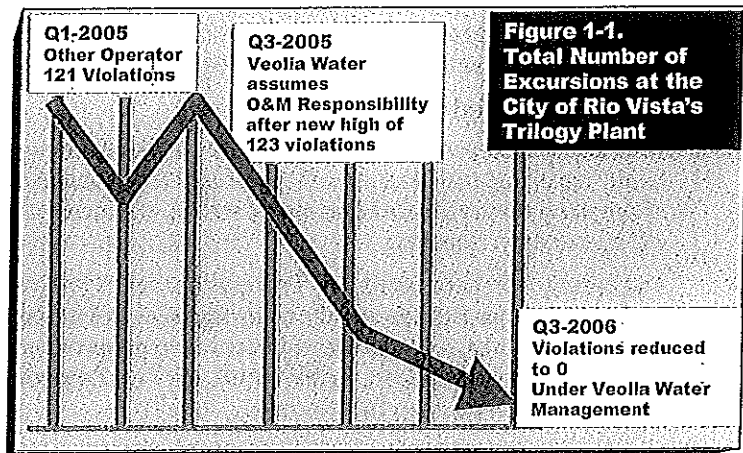
### Opportunities for Savings

Veolia Water works closely with our O&M partners to identify and implement processes and upgrades that will produce cost savings. To ensure there is sufficient incentive for our firm to invest time and resources to develop these opportunities, this customarily is carried out on a shared-savings basis. For example, if we identify an upgrade that will reduce operating costs by \$10,000 per year, the District and Veolia Water would share the savings equally.

Some preliminary opportunities for potential savings for the District under this new contract include the following:

- **Reductions in Power Consumption** - The District pays power costs under the current agreement. We propose to continue that, but with power consumed by Veolia Water subject to a cap. Consumption over the cap that is not a result of an uncontrollable circumstance or change in flow will be paid by Veolia Water. In addition, we propose that reductions in power bills that result from changes proposed by Veolia Water be shared 50/50 with the District, after we recover any investment we might make, including installing solar power panels, to implement power savings.
- **Regional Technical Support** - Veolia Water will utilize technical experts from nearby facilities to support the staff at Discovery Bay which will save the District money from having to hire outside consultants or temporary staff.

Veolia Water is prepared to discuss these approaches with the District as value-added options to our Proposal.



## 5.4 – Work Plan

When we assumed O&M responsibility for the District's water and wastewater facilities under the emergency services agreement in 2009, Veolia Water's initial approach to this project was based on conversations with the District General Manager as well as consultants to the District from Herwit Engineering, asking us to "throw everything away and start over."

The wisdom of this approach became particularly apparent after the due diligence tour Veolia Water conducted on November 15, 2008. While the former operator may have some procedures and systems in place, at best it is unclear what they were, how – or even if – they were used, and the level of accuracy of data that may have been stored within them. Rather than spending valuable time trying to answer to these questions, it was more expedient to start the O&M of these facilities from scratch, employing Veolia Water's proven systems and procedures.

During the past 22 months, Veolia Water made extensive resources and expertise available to support your facilities on specific issues as well as for normal day-to-day operations. We responded quickly to community concerns and implemented a computerized repair and maintenance system.

Our efforts have been recognized by residents and local media outlets, and we look forward to completing the next phase of projects to continuously improve the District's systems.

That should not be taken to mean we do not tap into valuable information sources that reside with the District. It is clear that District staff and your consultants from Herwit Engineering have a profound understanding of the water and wastewater systems and their needs. Veolia Water is counting on the ongoing cooperative relationship we have with your staff and Herwit Engineering to continue our strong partnership.

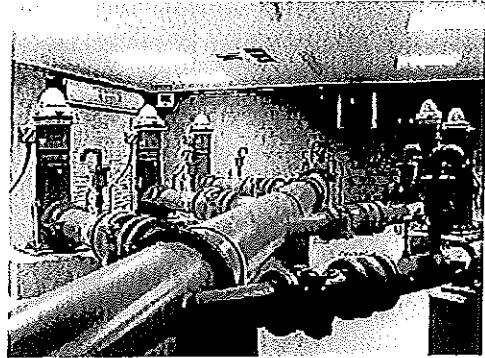
In this section of our Proposal, we outline our plans and methodologies for the delivery of this project, including our detailed technical plan and approach, staffing plan, and the support resources that we will continue to provide to the District under this contract.

### Project Approach

Veolia Water's approach to forming a long-term partnership with the District for implementing this project is captured in our primary goals and objectives, which include: creating a long-term stable working partnership, providing the District with high quality O&M services that meet or exceed all specifications and permit requirements at the lowest reasonable cost, ensuring environmental compliance, and working with the District to provide reliable data for capital and operations planning.

The work scope for this new contract will involve the continued O&M of the District's water and wastewater facilities that Veolia Water has operated under the emergency services agreement, including:

- Two secondary wastewater treatment plants of 1.05-MGD design flow each, with a common discharge point.
- 49 miles of collection lines
- 450 manholes
- Five mobile emergency generators
- A Veolia Vector-owned truck, which is available for emergency response
- 15 lift stations
- Four wells, with the installation of a fifth in process
- Two water treatment plants providing treatment for iron and manganese as well as disinfection



As reported in a November 2009 article by the Discovery Bay Press:

*When Veolia came to Discovery Bay in Dec. 2008, the Regional Water Quality Control Board (RWQCB) had pinpointed 34 previous areas of concern at the town's four water and sewer plants. When the RWQCB came back last August, there were only three suggested areas to be looked at. "That pretty much says it all," said CSD President Ray Tetreault.*



- Six ground storage reservoirs
- 50 miles of distribution lines
- About 5,800 service connections
- 1,100 valves

Our hands-on work in the operation of these systems provides a unique base of knowledge and experience, as we also worked with the District at the start of the contract to restore many of these systems following the neglect of the previous operator.

### *Scope of Services*

As we discussed at the start of this Proposal, Veolia Water is proposing three options for this project that address the scope outlined in the RFP. Two Base options are for the operation of the combined water and wastewater systems, and for O&M of wastewater only, as required per the RFP. The scope of services that would be required under either of these scenarios is similar to what we are performing now. We also offer an Alternative longer-term Full-Risk agreement. This Alternative transfers significant risk and additional services responsibility to Veolia Water.

The key components of the scope include:

- **Wastewater Facilities O&M** – This involves the continued operation of the wastewater treatment plants in compliance with the requirements of the DBCSD Permit (WDR R5-2003-0067), to the extent possible with the current facilities. Performing required regulatory work, including analytical requirements, as well as performing any unscheduled work that may be required.
- **Collection System O&M** - Regular work in the sewer collection system including:
  - Conducting video inspection as an option that we have priced separately. Video inspection is included in the 10-year proposal.
  - Cleaning hot spots more often, as required to minimize SSOs and back-ups.
  - Responding to customer service calls.
  - Visiting each lift station at least three times per week.
  - Performing unscheduled work on the above, as required.
- **Water Treatment Facility O&M** – The scope of work for the O&M of the water treatment plant includes providing operations coverage seven days a week. Collecting, analyzing and reporting required regulatory sample collections, as well as performing any unscheduled work that may be required.
- **Water Distribution System O&M** - Regular work in the water distribution system including:
  - Responding to customer service calls.
  - Exercising valves.
  - Flushing hydrants.
  - Visiting each well at least three times per week.
  - Performing unscheduled work on the above, as required.

We will also continue to manage all the repair work for the water and wastewater facilities, with caps for repair work of \$500 per incident, up to \$107,000 per year for the Base conventional proposal.

Additionally, Veolia Water will continue to support the development of capital improvements plan for District's water and wastewater treatment facilities.

With regard to maintenance and repair, our three proposals, as discussed in our Cost Proposal (Volume 2), include an increase in the maintenance. Based on our experience at the Discovery Bay facilities over the past 22 months, we believe that the current maintenance cap (\$42,413) is insufficient to address all the needs identified.

In cooperation with Herwit Engineering and the District, we developed a list of significant ongoing maintenance projects that are reflected in the increased annual cap for repair work.

### *Management Tools and Approaches*

Veolia Water's O&M plan and approach for the District's water and wastewater facilities will remain geared toward operating the facilities in a manner that guarantees that all elements of these systems are integrated into a cohesive operating plan. Our focus from the start of our work with you has been on integrating a safety-minded culture, training, the efficient use of personnel, conscientious control of power and chemical consumption, compliance with all regulatory criteria and developing and, most importantly, maintaining the confidence of customers by delivering excellent water and wastewater services.

We have numerous programs as well as policies and procedures that we established at the start of the contract and which we will continue to build on as we move into the new contact term, all of which focus on maintaining a high level of quality services for your citizens.

#### **Veolia Water's Standard Management Procedures and Policies**

- Process Control
- Standard Operating Procedures (SOPs)
- Training
- Analyses of Water Quality
- Information Management
- Early Warning System
- Computerized Maintenance Management Systems (CMMS)

### **Computerized Maintenance Management Systems**

Veolia Water utilizes two CMMS tools at Discovery Bay, the ICOMMM™ (ICOM3) for managing the work of the collection and distribution systems, and Job Cal®Plus for managing the above-ground assets, including the lift stations, water wells, water treatment facilities and the wastewater treatment facilities. Incidentally, the current CMMS used at the District facilities is Job Cal Plus, which was provided by and has been used by Veolia Water since the onset of our emergency services for Discovery Bay. This will make the RFP-required transition Job Cal Plus a non-issue.

The ICOM3 CMMS streamlines maintenance planning, scheduling, and tracking of collection and distribution system maintenance activities, provides long-range condition, capacity and risk assessment capabilities, and provides for proactive operations and maintenance scheduling.

ICOM3 has a fully functional mobile field solution to bring efficient work management directly to the field. The ICOM3 Mobile solution brings mobile scheduling and real-time access to reference data to maintenance crews. Users can display multiple orders directly on the map graphically as well as select lines from the map to add or remove from an existing project. Work orders and service call outs can be scheduled or created in the office and sent wirelessly to the appropriate personnel in the field, providing immediate access to the information. In addition, work orders or inspections can be created in the field and uploaded for immediate review back in the office.

Veolia Water will continue to use this system to manage the maintenance tasks related to the individual system components in the water distribution and wastewater collection systems.

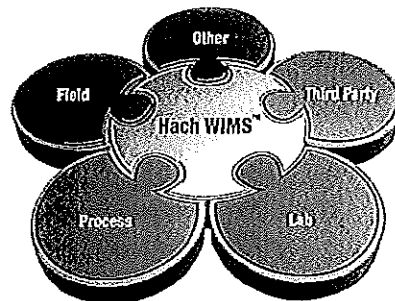
To maintain reliable and sustained water and wastewater service for the District, Veolia Water uses standardized tools including JOB Cal Plus, augmented by the Hach company's WIMS™ (WIMS) data management software. (Hach is a major supplier of water and wastewater analytical equipment and instrumentation.) These systems provide maintenance information tracking, organization and documentation. Ready access to this type of information brings with it obvious advantages, including warranty tracking for new equipment. When we assumed responsibility for your facilities in 2008, we successfully moved existing data from the old data management system and moved it over so that no history was lost. These CMMS tools also provide transparency into maintenance activities and performance.

Key functionality that the JOB Cal Plus system provides include:

- Inventory - Tracking spare parts and assigning parts to work orders.
- Purchasing – Generating and tracking purchase orders; received orders are automatically entered into inventory for tracking.
- Vendors - Tracking vendors by item and cost.
- Labor - Personnel can be assigned to jobs and recorded in the history reports.
- Graphics - Attaching AutoCAD (dxf), bmp, jpg and gif files to work orders.

- Security - Defining a full range of flexible security options for each user.
- Calendar -- Filtering and sorting the calendar. The calendar can be viewed for a single individual, piece of equipment, type of equipment, location, task or priority.
- Tasks - Scheduling jobs on a fixed (do it every xx days) or floating (do it xx days since the last time) basis; this allows for the setting of the priority of jobs and assigning personnel to those jobs.
- Work Orders - Work orders can be tracked, identifying who worked on a job, what parts were used and the total cost of the work order. Parts used are automatically removed from inventory in order to maintain a real-time inventory.
- Reporting - Full reporting for all database information.
- Key Performance Indicators (KPIs) - This is a proprietary Veolia Water report tool showing a "where are we today and what has been completed" in the CMMS.
- Failure Modes - When an asset fails and a corrective work order is generated, the question should be "what was the cause of the failure?" Information can be used to help perform a root cause analysis of failures and to understand their cause.

JOB Cal Plus is augmented by the Hach WIMS system, which allows for the tracking and handling of large volumes of information and data generated daily, and covers treatment process performance. The WIMS software package provides a comprehensive tool for logging, reporting, and analyzing collected process data. Summaries are reviewed, updated, and reprinted annually (at a minimum). Operational data consists of flows, pressures, temperatures, numbers of units in service, etc., and is entered as discrete entry points. Laboratory data is principally discrete data. Some parameters are calculated from other data entries. It provides real time information to make operational decisions, and ready sharing of information by operations, management and other project stakeholders.



This system is also readily compatible with existing and newly installed SCADA systems and is in use as a standard at many Veolia Water facilities in North America.

Veolia Water will continue to use these CMMS tools at the District's water and wastewater facilities to effectively manage the maintenance schedule developed for each equipment line-item. The system is also used to:

- Provide convenient data entry of new work orders and status review of open work orders.
- Print work order assignments in hard copy forms.
- Automatically assign preventive maintenance tasks from the preventive maintenance (PM) calendar.
- Assist the maintenance supervisor in assigning corrective maintenance tasks.
- Document productivity of maintenance staff and allocation of personnel.
- Allow for convenient work-progress review and schedule updating.
- Automatically maintain repair and cost histories for each equipment line-item in the area.

This information is incorporated into the specific schedule for this project and our maintenance personnel can then generate both preventive and corrective work orders that are used to document each task. Work orders are delegated to maintenance workers based on an established priority.

### Process Control Management Plan

To ensure efficient and compliant operations at the District's water and wastewater treatment facilities, Veolia Water tailored and implemented our proven and proprietary Process Control Management Plan (PCMP). This tool is one part of a comprehensive process management program and defines the information and structure that management needs to control and direct the operations of unit processes.

The objective of Veolia Water's PCMP is to efficiently and effectively operate the District's water and wastewater facilities. The primary function of Veolia Water's PCMP is to allow operations staff to assess in a timely manner whether unit processes are in or out of established control limitations. Only monitoring the final effluent is not an effective control plan because, at this point, serious trouble may already exist and prevention control steps are limited. The secondary purpose is to provide a process whereby other Veolia Water management personnel are notified when "exceptions" to normal conditions occur. Timely notification is essential in keeping management informed so that resources can be provided to assist in correction of minor concerns before they become major issues.

Veolia Water's O&M staff use the PCMP to monitor and control the unit processes. This tool was customized for the District's treatment facilities and provides real-time guidance for plant operations and tracks process performance, it also documents plant performance by unit process.

Using the PCMP, the plant process parameters are defined with high and low limits to keep the processes running within their optimal zone of efficiency. The PCMP also defines limits of plant operations and advises operators regarding the most efficient operating margins. Veolia Water's operating plan for the Discovery Bay water and wastewater facilities has established achievable goals for efficiency and ongoing compliant operation of the District's facilities. The plan involved implementing the PCMP, service response procedures, emergency response planning, utility use planning and reduction, standard operating procedures and other Veolia Water tried and proven plans and programs that resulted in an operationally and financially efficient utility operation.

Using this approach, we will continue to deliver an efficient operation, meet all regulatory requirements and satisfy the system customers. We balance efficiency and cost effectiveness of operations with meeting the effluent criteria set by the regulations. Reports from the PCMP are routinely reviewed by personnel to monitor any variances or anomalies.

#### **Other Operations Management Tools**

Veolia Water remains committed to maintaining a high level of quality management and control at all levels of its projects. Our management controls were developed through years of experience operating, maintaining and managing facilities of all types, sizes and complexities. The following bullet points highlight other overall quality control programs, in addition to the CMMS and PCMP tools discussed above, which Veolia Water implements to meet our regulatory obligations and your performance expectations:

- **Health & Safety** -- Veolia Water maintains a strong commitment to safety and compliance in all aspects of its operations. There are several reasons, beyond protecting our employees from injury, why safety programs are also quality control programs. A thorough and well-enforced safety program helps keep costs down (overtime, lost productivity, possible OSHA fines, etc.) and performance as consistent and reliable as possible. An integral part of Veolia Water's safety program at each site is regular assessment of its safety statistics, and those statistics are a factor in each employee's annual performance review -- from the president of the company on down.
- **Regulatory Compliance Database** -- Veolia Water has a national contract with Citation Publishing, Inc., for the CyberRegs™ service. This is a comprehensive, on-line database of federal, state and international government regulations, statutes and related data, including the Federal Register, Code of Federal Regulations, and state H&S regulations. Using this tool and the resources of our in-house H&S team, O&M staff at the project level has access to the resources needed to know and understand the regulatory requirements.
- **Compliance Management System** -- e3 Solutions provides a complete Web-based environmental management information system (EMIS). As a database program, e3 Solution's EMIS organizes and summarizes compliance issues and tasks critical to effective project management. This software is designed to help personnel comply with environmental, health and safety requirements in a timely and complete manner. The EMIS tracks agency or self-identified issues from identification through resolution. A second module is used to manage tasks. A task is a record (or obligation) containing requirements that must be completed by site personnel to maintain compliance with safety regulations, operating permits, company policy, contractual obligations and the like.
- **Management Structure** -- Veolia Water's management structure ensures a high level of service and accountability at all of its projects. This management structure involves the regular and routine reporting of technical and financial information from local project managers through regional managers and, ultimately, corporate managers. In addition to providing regular oversight of performance, this management structure helps

ensure that upper-level managers are aware of any project's needs for the company's wide range of corporate technical support.

- **Reporting Programs** – Effective communication tools, such as monthly reports and attendance at client meetings, keep our clients informed of project performance and provide a means for gauging the efficiency and level of service being provided. By being openly accountable, Veolia Water encourages an “operations excellence” attitude at its projects.
- **Standard Operating Procedures (SOPs)** – Detailed SOPs are developed for all critical process and administrative functions at each facility that Veolia Water operates. Any existing SOPs are evaluated and revised as necessary to reflect current operating strategies and ensure safety; new SOPs are developed where needed, and personnel are trained in each SOP. SOPs include daily O&M activities to properly operate each process area, including chemical loading and unloading practices, solids handling procedures, sampling and laboratory procedures, and many others that encompass all facets of facility operations.
- **Training** – The O&M staff at every facility Veolia Water operates receive initial, annual and refresher training in all pertinent areas, as required. At a minimum, training is provided in the areas of operations, maintenance, safety, regulatory compliance and company policies. Extensive training, delivered either by qualified staff or outside vendors, is provided to ensure that staff is fully aware of how to operate or manage any new equipment, processes or technology.
- **Record Keeping and Regulatory Reporting** – The on-site laboratory at each facility maintains records in bound, numbered record books with sequential pages to allow data entry in chronological order. Once validated to ensure no errors or transposition has occurred, the data is entered into the Hach WIMS data management program to generate monitoring, process control and regulatory reports. After data entry into the computer, the data is validated again to eliminate any chance of error on the regulatory reports.

These tools and approaches are well-established at the District's project and demonstrate how Veolia Water will continue to deliver quality and cost effective services under this renewal contract.

### *Maintenance Management*

Veolia Water will continue to provide all of the repair and maintenance activities covered under the current O&M services contract. Over the course of the past years, we have continued to refine our maintenance and repair approaches and, as discussed in detail later in this section, worked with the District to effectively manage and implement capital improvements. The core elements of our maintenance management approach are discussed in the paragraphs that follow.

### **Predictive Maintenance**

Reactive maintenance is required when equipment is actually broken or fails to operate properly. These jobs are inherently classified as emergencies, which are disruptive and costly. Proactive – preventive – maintenance is work done to prevent equipment from failing. It also involves work orders initiated through predictive maintenance and project work to upgrade equipment. Veolia Water practices predictive maintenance (PdM) at the District's water and wastewater facilities as a means of ensuring critical equipment reliability. This predictive program prioritizes optimal maintenance sequences and tasks based on the information collected from the preventive maintenance and corrective maintenance initiatives. This approach is proactive, with the objective of staying involved with the equipment to prevent decline or loss of performance. Planning and scheduling a sufficient amount of proactive work reduces the number of emergency problems and breakdowns.

Veolia Water generally uses work orders for all jobs except those of an emergency nature. Use of a standing work order is discouraged. The work order communicates information through all steps in the maintenance process in which a detailed account of the repair work, including all labor and cost items, is required. Completed work orders provide a record of work performed each day and are a continuous source of feedback to maintenance personnel, who can use the information to develop job standards, improve productivity and quality control and provide increased equipment reliability. The work order process instills a discipline in the users, allows accountability at all levels in the maintenance unit and serves to document the equipment maintenance history. The work order system requires the use of a maintenance priority system. This system allows maintenance personnel to properly plan their work and precludes having to respond to crises. The work order system is the basis for documenting equipment repairs. The

equipment repair records include the equipment description and the manufacturer's nameplate information. Included is a chronological repair history showing parts, labor, tool and portable equipment costs, materials, time to repair, run time to repair and other information required for management repair/replace decisions and cost accounting. A spare parts list is associated with each piece of equipment. Extensive use is made of fault, cause and action codes to record the initial observation, results of the fault investigation and the corrective repair action taken. Use of these codes allows sorting of equipment or component problems by similar faults to pinpoint failure patterns. Machine run time is recorded if available. Written descriptions of the initial request, results of the investigation and corrective action taken are recorded in detail. We encourage our supervisors to review work orders before closure.

Over time, we have targeted specific maintenance problems and opportunities at the District's facilities by understanding the patterns of equipment failure and wear. Our PdM techniques employ monitoring and test equipment used for the collection of data that otherwise could lead to equipment failure. PdM not only takes a real-time snapshot of equipment conditions, but the data collected is trended over time. This allows for establishing a baseline for site-specific equipment and measuring the wear of equipment components as well as prediction of useful service life before repairs are necessary. This system also serves to reduce the cost of maintenance by shifting tasks such as oil changes and replacement of wear items from a time-based system to a system measuring actual equipment conditions. This can extend the intervals between such tasks, resulting in savings in materials and labor. In addition, since PdM takes a real-time snapshot of equipment condition, in most cases the equipment does not need to be taken out of service for the work. This maintenance approach is the most comprehensive in the industry and has saved our clients money, decreased downtime and extended the life of their equipment. This system maximizes equipment life, balanced with total life-cycle cost.

### **Preventive Maintenance**

Veolia Water will continue to use its preventive maintenance program for the District's water and wastewater facilities. This includes documentation of maintenance performed in accordance with manufacturers' recommendations. These maintenance records are available for inspection by the District's representative at any time during regular working hours and are available to third-party entities at the request of the District. All equipment can fail at some time; however, as maintenance professionals, we must strive to ensure that the failure does not come before its design life or, if a failure occurs, that it is not catastrophic and the unit can be fixed and placed back into operation as quickly and economically as possible.

Veolia Water's preventive maintenance program provides for the periodic inspection and servicing of process equipment and is designed to prevent the catastrophic and simultaneous breakdown of machinery. Our preventive maintenance program minimizes or eliminates equipment breakdowns to maintain water quality. The preventive maintenance program addresses lubrication, inspection, adjustment, major overhaul and replacement of equipment on a pre-planned cycle that can ensure operation of equipment at its designed efficiency and life. The preventive maintenance program is an inexpensive, effective form of maintenance that is 50 percent less costly over the design life of the equipment than utilizing a program of only corrective maintenance.

The preventive maintenance program offers the following advantages: costs of personnel, service and parts can be planned and scheduled; safety rules can be effectively applied to the job; cost of maintenance personnel, whose assignments are scheduled, can be controlled; spare parts inventory can be planned and controlled; and redundant equipment not in service is maintained without interrupting operations. The preventive maintenance program keeps accurate records, ensuring proper documentation for all warranty items, which encompasses, for the most part, the manufacturer's recommended maintenance.

### ***Safety and Compliance***

#### **Safety Program**

As we have demonstrated in our work with the District under the emergency services contract, Veolia Water has maintained an ongoing commitment to safety and compliance in all aspects of our project work. Under this renewal contract, we will continue to use our in-house program to meet the essential elements of the safety and requirements for the water and wastewater operations.

In this regard, Veolia Water will continue to use our environmental, health, safety and security (H&S) program that is in place for the current O&M contract. Our primary goals continue to be maintaining a workplace free from physical

hazards, to reduce opportunities for accidents, to be stewards of the environment, and to improve the effectiveness of our employees. Part of our safety program at the District's water and wastewater facilities involves supplying each O&M employee with all necessary personal protective equipment including: safety shoes, hard hats, eye protection, and personal ear protection. We will also continue to provide training that is site-specific, addressing unique facility and staff needs. Our Regional Safety Coordinator, Jeremiah Danielson, is responsible for developing the training schedule, based on input from Veolia Water's corporate staff. Training programs offered by state agencies and local colleges supplement site-specific seminars, as appropriate. Veolia Water facilities have at least one safety training class per month for employees, and our project at Discovery Bay is no exception. We require that operations employees cover specific training topics, such as confined space entry, hazard communication, and lockout/tagout; and this training is required to be conducted annually. Veolia Water's resources for training programs consist of materials, personnel and external training sources. Our reference material facilitates the development of training materials. These reference materials have been created from our substantial operating and technical experience base. Additional Veolia Water technical specialists will continue to supplement our training program efforts on an as-needed basis, and external training sources will continue to be used for the operator certification program, if needed. Operator certification training courses are available through local colleges and professional development centers.

Veolia Water's training is structured to be participatory, interactive, and focused on site-specific job skills. It is also designed on the premise that staff must know what happens in areas other than those to which they are assigned because, with very few exceptions, one individual's job affects another's. That broadened knowledge in each employee promotes communication among operators, laboratory technicians, maintenance personnel and management, which leads to better decisions by personnel throughout the system(s).

Veolia Water also has a site-specific Safety Plan established for the operations at the District's water and wastewater facilities. This plan has been refined over the years of our partnership to address changes in facility operations and equipment, policies and procedures, and the needs of the District and those served by the facilities. It is a "living document" that we continue to revise, working with the District's safety officials, police and fire departments. This document also reflects our corporate commitment to safety and compliance in all aspects of our operations. Indeed, Veolia Water's highest priority at the facilities we operate and manage is safety. This includes the safety of our employees, the safety of the public and the safety of the environment.

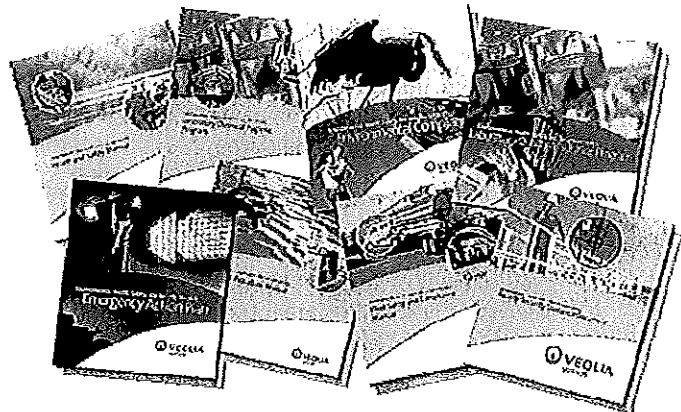
Our commitment to safety is clearly stated in the company's Management Commitment and General Policy Statement: "Our highest duty – to ensure health, safety and security for all." The document further declares, "We allow for no compromise in this matter and we strive to proactively identify potential risks and take diligent corrective and preventive actions to reduce and eliminate them." Implementing this philosophy has had a profound and positive impact on the company's safety performance. Veolia Water now sets the standard for safety in the water and wastewater industry. Veolia Water maintains an exemplary safety record, outperforming national averages.

To ensure the success of the safety program at the District's water and wastewater facilities, Veolia Water employs a variety of tools and approaches that are an integral part of our safety program. These steps provide for safety and compliance planning, training, monitoring and review and include:

- **Health and Safety Management** – Veolia Water maintains health and safety managers and coordinators at the business center and O&M project levels. We designate one of our key managers as the on-site Health and Safety Manager and support that manager with regional and corporate safety professionals. This individual is charged with ensuring that all company safety policies and programs are in compliance, and we expect that a significant amount of that manager's time is dedicated to health and safety efforts. The Project Manager has ultimate responsibility for the safety of the employees, contractors, and visitors at the job sites; however, we also believe that every employee is responsible for safety. Employees' safe behavior practices are evaluated in their annual performance appraisals.
- **Incident Management** – Timely reporting is essential in keeping management informed so that minor problems can be corrected before they become major events. In accordance with Veolia Water's Incident Procedure Manual, all incidents must be investigated to determine root cause. As the result of the investigation, corrective actions/measures are put into place to prevent similar incidents from occurring in the future. Veolia Water uses a proprietary Web-based incident notification/management program ("Triple I") to document, communicate, monitor and manage environmental incidents, work-related injuries and illnesses, vehicle and property damage

incidents, and near-miss events. This program also produces all documentation for OSHA recordkeeping. Once an incident/event is entered into the database, it can readily be reviewed and updated by the Project Manager and lessons learned can be shared with other Veolia Water regions or projects.

- **Audits and Inspections** – By conducting frequent safety and environmental audits and inspections, Veolia Water H&S Managers and Project Managers can routinely assess the compliance of their facilities and determine if appropriate and safe work practices are being applied. Employing the e3 software, a comprehensive checklist is used and all inspection findings are tracked until completed. This process ensures that systems and controls are in place and are being implemented to effectively manage risks and ensure health and safety compliance.
- **Driver Qualification Programs** – Veolia Water also employs a national Driver Qualification Administrator to ensure compliance with Department of Transportation (DOT) regulations. At each project we manage, as appropriate and within the confines of the contract, we use this in-house expertise to manage the commercial driver's license (CDL) licensing process and the DOT physical exams required for CDL holders.
- **Standard Work Practices** – Each Veolia Water project is provided with an extensive library of policies and procedures that provide reference documents for environmental and safety requirements. The library supplements the site-specific policies and operating procedures that we develop for each location. The library includes health and safety procedures applicable to compliance with all OSHA requirements, an environmental compliance manual, an emergency action plan, an incident procedures manual, a facility security guidance document, a fleet safety and compliance manual, a laboratory chemical hygiene program, a laboratory quality assurance program, and all associated checklists and forms.
- **Supporting Contracts** – For additional health and safety program management, Veolia Water maintains a national contract with WorkCare®, an occupational health management firm, to act as our occupational health program administrator. Veolia Water's program has been custom-designed by WorkCare®, and medical monitoring requirements are assessed on a site-by-site basis. Their services include pre-employment physical exams and drug testing; respirator fit testing and hearing exams, and immunizations and preventive services. Veolia Water also has an established national contract with AirGas®, a supplier of personal protective equipment and other safety supplies. This contract ensures that safety equipment is readily available and supplied at consistent and competitive pricing to any Veolia Water project.
- **Safety Training** – As discussed, all Veolia Water projects are supported by an extensive safety training program designed to address compliance requirements as well as any specific or immediate safety issues within the facility. Veolia Water's Project Manager is responsible for ensuring that safety training is regularly scheduled and conducted at required intervals by trainers competent in the subject matter. Employees are required to participate in an OSHA 10-hour General Industry Course, and attend any introductory or update training that may be needed for their work. Annual training is reinforced through daily and weekly tailgate/toolbox safety talks, which must be attended by all O&M employees.
- **Safety Policies and Procedures Manual** – Veolia Water's site-specific Safety Policies and Procedures Manual for the Discovery Bay project provides our O&M employees with a reference for the safety program established for your water and wastewater systems.
- **Environmental Compliance Manual** – Every Veolia Water facility is also provided with an Environmental Compliance Manual, which sets forth all aspects of environmental compliance. The Discovery Bay project's site-specific manual is designed to ensure environmental compliance. The manual organizes all of the site-specific operating permits for the facilities.



Veolia Water's library includes a range of policy and procedural manuals to ensure our project teams operate in consistent compliance with regulations and company policies.



Each of the components listed above are part of the safety and compliance plan that Veolia Water maintains at our project to ensure a safe workplace and protect the environment.

While policies and procedures are the cornerstones of an effective safety and compliance program, Veolia Water believes that the success of our program can be directly attributed to employee involvement, accountability standards and management commitment, demonstrated through leadership-by-example from our President to the front-line supervisor.

Veolia Water's safety approach begins with a corporate and management commitment to ensure that staff receive proper training and are committed to safe work practices. This commitment begins at the top with the President of Veolia Water in North America, Laurent Auguste, who has focused the company on safety in all of our activities and provided each employee with wristbands that reinforce our company's commitment to "Service First, Safety Always." The visual presence of these wristbands, worn by our O&M and management team at our project sites, constantly reminds and conveys this message in our daily operations. In accordance with Veolia Water's philosophy and policy, our Project Manager, Gerald Smart, maintains ultimate responsibility for the safety of employees, contractors and visitors at the job sites.



Another critical factor to a successful safety program is maintaining a high level of safety awareness at all times. Safety statistics are historical by nature and do not reflect the safety climate of today or tomorrow. A complacent approach to workplace safety can never be allowed. In addition to safety committees, we hold monthly safety training sessions and daily/weekly tailgate/toolbox safety talks. We also use E-mail and the company's Intranet to disseminate communications.

### Compliance and Quality Control

As discussed earlier, Veolia Water maintains Compliance Management systems (using the e3 Environmental Management Information System software), Regulatory Compliance Tracking, and an Environmental Compliance Manual that are used to organize all of the site-specific compliance and QA/QC procedures.

As part of our laboratory management approach for this project, we apply the standards and procedures documented in our Laboratory Quality Assurance/Quality Control (QA/QC) Program. This program (as required by the Code of Federal Regulations, 40 CFR 122.41) serves two main functions:

- Determines quality through continually monitoring the reliability (accuracy and precision) of the results.
- Controls quality through the use of good equipment, analytical-grade reagents, etc. With implementation of Veolia Water's QA/QC Program, the data generated by the laboratory will be of legally defensible quality.

The key elements of the Veolia Water Laboratory QA/QC Plan as it is applied for this project includes:

- **Sampling and Chain-of-Custody** – Water sampling is conducted daily in compliance with applicable regulatory requirements and chain-of-custody procedures are initiated from the time the samples are collected. The chain-of-custody is documented by the in-house laboratory from the time of collection, throughout the analytical process and until the sample is destroyed. Samples sent to any outside laboratory are documented in the field chain-of-custody that accompanies the samples to an approved contract laboratory. Quality control measures are followed during sample collection, consisting of the periodic collection of blanks, spikes and duplicate samples.
- **Analytical Procedures** – Veolia Water samples and analyzes water quality and wastewater treatment plant's influent and final effluent as well as other sample sites identified by the Regional Water Quality Control Board (RWQCB) and California State regulators. All sample collection, preservation and analyses comply with the requirements of the permit and 40 CFR 136. We have SOPs for each analytical method employed for laboratory analyses. These SOPs simplify and direct each step of the approved analytical method; however, the methodology remains intact. Data validation occurs after the analytical process is complete to make certain information is entered correctly into Veolia Water's Hach WIMS software program.
- **Record Keeping and Regulatory Reporting** – The on-site laboratory maintains records in bound, numbered record books with sequential pages to allow data entry in chronological order. This data is entered into our WIMS software program and used to generate monitoring, process control and regulatory reports. Once data is entered into the bound record books, and prior to computer entry, the data is validated to ensure no data transposition

has occurred. After data entry into the computer, the data is validated again to eliminate any chance of error on the regulatory reports.

- **Outside Laboratory QA/QC** – Due to analytical frequencies or the cost of purchasing and/or maintaining high-cost equipment to perform given analyses, it is often more cost effective to use outside commercial laboratory services for some analyses. Veolia Water’s plan and approach for our work with Discovery Bay includes the use of a commercial laboratory in a cost-effective manner to provide for a portion of the permit-required analyses. Veolia Water will use only NELAP-accredited and State-certified laboratories.

In addition to the Laboratory QA/QC Program Manual and a site-specific Sampling Plan, a written Chemical Hygiene Plan ensures safety rules and regulations are established and practiced as part of the laboratory function.

**Project Organization and Management**

As we discussed at the start of this Technical Proposal, one of the key pledges that Veolia Water makes as we move from the current emergency-services agreement to a long-term O&M contract with the District.

District is to provide continuity in terms of staffing, management and support for all aspects of the operations of the water and wastewater facilities. Figure 1-2, below, provides our project organization chart, which reflects this pledge to keeping our Project Manager and O&M team in place, and also shows the ongoing commitment of our regional management and support team.

Under the emergency-services agreement, Veolia Water has staffed the District’s operations to the level required to meet the specific goals of that effort. With the additional scope required under the proposed long-term agreement, and also based on our experience with your facilities during the past 22 months, Veolia Water believes that a staffing level of nine full-time employees (FTEs) is required to meet the expanded needs of the new contract defined in your RFP, and 10 FTEs would meet the requirements of our expanded Alternative offering, which represents additional scope transferred to Veolia Water.

We propose an O&M staff, as shown on our organization chart, that includes our dedicated Project Manager, an Administrative Assistant, an Assistant Project Manager, an Operations Lead, two water and wastewater O&M

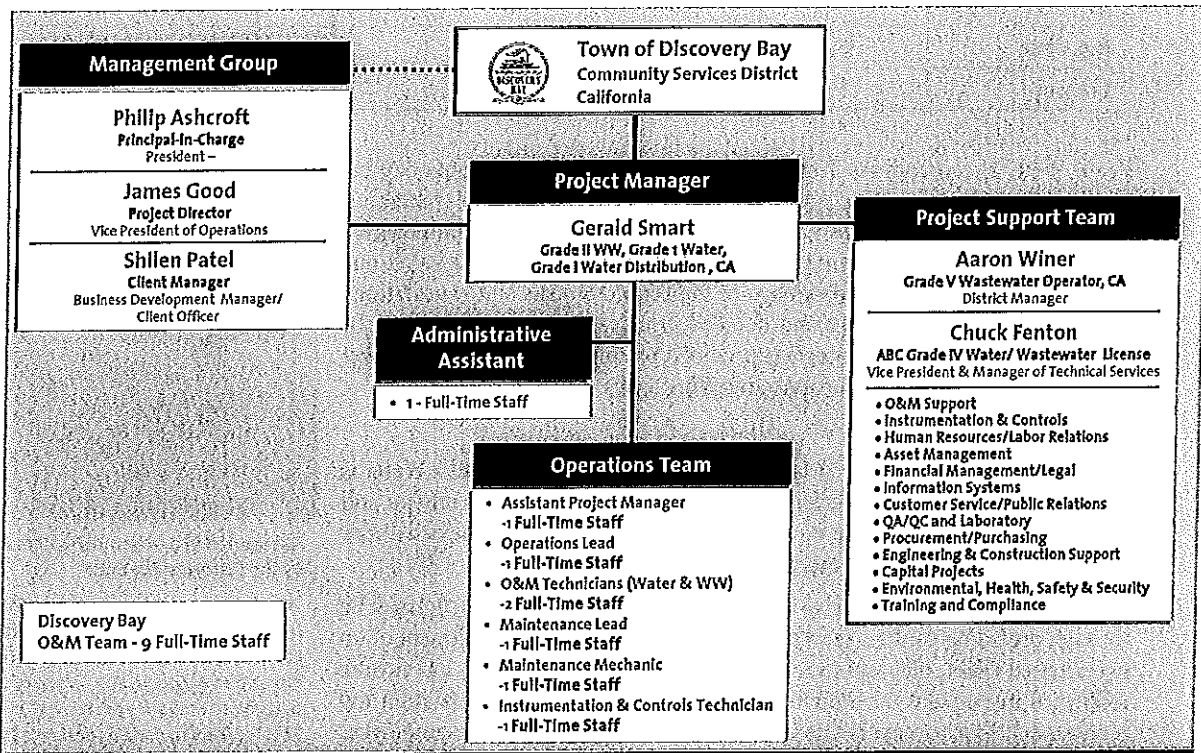


Figure 1-2. Veolia Water - O&M, Management and Support Organization - Long-Term O&M Contract

Technicians, a Maintenance Lead, a Maintenance Mechanic, and an Instrumentation and Controls Technician.

These staff members are necessary to meet the specific requirements of your RFP and we look forward to reviewing the related detail with you. These staff will be responsible for the day-to-day operations of the water and wastewater treatment facilities and can draw support from other regional resources to cover routine needs, including sick-time and vacation, as well as emergency needs as they may arise.

Appropriate staffing levels and capabilities are a continued critical need, given the scrutiny the operation that the District has received from the press, the public and regulators. Veolia Water remains committed to providing sufficient staff to not only run the systems effectively on a day-to-day basis, but also to work with the District's Board, your General Manager, your consultants, the regulators and others to ensure that the systems and programs we have in place meet the needs of all stakeholders.

While a notable increase to nine FTEs is not a large staff, given the number of facilities and the scope of work, we understand that the District may be concerned.

Veolia Water understands this concern and we have based our proposed expanded staffing level, as we said, on our experience in operating your facilities under the current agreement, as well as our experience in operating similar facilities in Northern California. For comparison, our nearby projects in the communities of Rio Vista and Lathrop, cities with populations comparable to Discovery Bay's, have six and five FTEs respectively, but for wastewater facility operation only and without collection and distribution system services. Table 1-1, below, provides a summary of these projects, the scopes of work as well as the current staffing level for each. As this table shows, these projects require O&M of only two plants (compared to four at Discovery Bay), both projects have newer system processes and automation, and no collection or distribution responsibility.

**Table 1-1. Veolia Water – O&M Facilities – Staffing Comparison**

Project Location	No. of Current O&M Staff	Wastewater Plants	Water Plants	Collection System	Distribution System	Lift Stations
Discovery Bay	7	2	2	49 Miles	50 miles	15
Rio Vista	6	2	--	--	--	8
Lathrop	5	2	--	--	--	--

Veolia Water encourages the District to consider that Veolia Water has day-to-day, hands-on experience and knowledge of your critical systems -- something no competitor possesses. We helped the District recover from the negative impacts of insufficient and inexperienced personnel, and we developed our staffing plan based on our knowledge of the District's goals and expectations for the highest level of service and detailed, transparent communications. In our Cost Proposal, Veolia Water has provided pricing, under the three project scenarios proposed, at three proposed staffing levels.

**Project Manager**

In pursuing this long-term O&M partnership with the District, Veolia Water is committed to providing superior management and staffing both on-site and in support positions, building on the record of work that we established under the emergency services agreement.

One of the primary ways that we will continue to deliver on this pledge will be through providing continuity in terms of staffing, with the commitment of an experienced O&M, management and support team. Additionally, our firm is renowned throughout the industry for our ability to attract and maintain top quality staff. This success is due in part to our recognition that our employees are our number one asset. Veolia Water offers our employees competitive



As reported in a November 2009 article by the *Discovery Bay Press*:

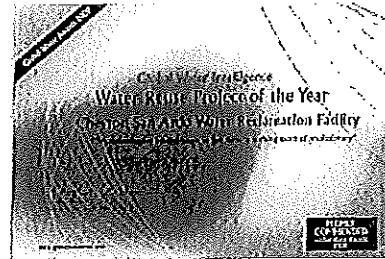
*"What impresses me about this company (Veolia) is their professionalism," said CSD President Ray Tetreault. "Gerald (Smart) is very good; he's on top of things and you can tell they are the real deal. They've (Veolia) done a yeoman's job out here."*

employment packages, superior training, as well as opportunities for career advancement. Our training programs are designed for flexibility and we offer staff increased opportunities for advancement, which may lead to greater compensation.

The on-site O&M team, as discussed, will continue to be led by our experienced Project Manager, Gerald Smart. He joined our O&M team at Discovery Bay at the start of the project, first working as the Site Supervisor and then assuming the Project Manager role more than year ago. He now manages the day-to-day operations of all elements of the water and wastewater systems. Mr. Smart also is the primary point of contact for the District and is the “face of the project” to the community, providing regular reporting at the District’s Board meetings, as well as at public meetings.

Mr. Smart is a certified water and wastewater operator in California, holding Grade II Wastewater, Grade I Water and Grade I Water Distribution certifications. He is also certified in two other states and by ABC reciprocity. Mr. Smart possesses more than 23 years of industry experience, with involvement in the O&M of municipal and industrial water, wastewater and biosolids management systems and facilities. He has been part of the Veolia Water team in California since 2003, and has worked with the company since 1993. His work experience has included project management responsibility for treatment systems operations, management of industrial pretreatment and biosolids programs, as well as the coordination and management of laboratory and regulatory compliance for treatment systems operations, and extensive involvement in the startup of new and expanded treatment systems and facilities.

Mr. Smart transitioned to the Discovery Bay project his role after serving as the Project Manager for the startup and initial operations of a 6.8-MGD water reclamation facility at the Chevron Refinery facility in San Ardo. Under this contract, our company provided design, basic engineering, equipment procurement, and construction management of the produced water treatment system using the OPUS™ technology, and this advanced water treatment system is now operated by Veolia Water under a long-term agreement. The Chevron facility at San Ardo has a flow rate of 50,000 barrels per day and was in need of a solution for the treatment of produced water for the purposes of discharge to recharge basins and production of Once-through Steam Generator (OTSG) make-up water. The facility’s influent capacity is 6.8 MGD (4,754 gpm) of produced water, with production of 3.3 MGD (2,293 gpm) of soft water for steam generation and 1.9 MGD (1,333 gpm) of RO treated water for the wetlands.



The San Ardo project was recognized in 2009 with the GWI Water Reuse Project of the Year Award.

Prior to this, Mr. Smart was the Industrial Pretreatment Program (IPP) and Biosolids Program Coordinator for one of Veolia Water’s longest-running projects in the region at Caldwell, Idaho. There he managed programs in support of a 14-MGD high-rate trickling filter/activated sludge wastewater treatment plant. Additionally, he served as the Project Safety Coordinator, with responsibility for compiling monthly safety audit reports, training new employees and enforcing contractor safety requirements. (A resume for Mr. Smart is provided in the Appendix to this volume.)

**O&M Staff**

The Veolia Water O&M team at Discovery Bay provides a mix of staff that have been with Veolia Water and the facility for a number of years. Our intent is to retain the existing staff group, while adding two additional positions under our Base offering. New staff will be recruited for the site through transfers from other Veolia Water projects in the region and/or through local hires. Table 1-2, below, profiles the background and experience of our current O&M team members at Discovery Bay.

<b>Name/Title</b>	<b>Experience/Education/Licenses and Certifications</b>
Lori Gabriel Operation and Maintenance Technician II - Water/Wastewater	<ul style="list-style-type: none"> <li>• Three years experience in regulatory and water industry including Assistant Project Management, sampling, and regulating contaminated site cleanups.</li> <li>• Bachelors Degree in Environmental Studies with an emphasis in Water Quality</li> <li>• Licenses/Certifications in California: Grade II Water Treatment Operator, Grade II Water Distribution Operator, and Operator –in-Training for Wastewater</li> </ul>

Table 1-2. Veolia Water – O&M Team at Discovery Bay – Resume Summary Table	
Name/Title	Experience/Education/Licenses and Certifications
William Barker Operation and Maintenance Technician II - Water/Wastewater	<ul style="list-style-type: none"> <li>Licenses/Certifications in California: Grade I Wastewater Operator, Grade II Water Treatment Operator, and Grade II Water Distribution Operator</li> </ul>
Shawn Norris Operation and Maintenance Technician II - Water/Wastewater	<ul style="list-style-type: none"> <li>Three years municipal wastewater experience and heavy equipment operations</li> <li>Licenses/Certifications in California: Grade II Wastewater Operator and Class "B" CDL</li> </ul>
James Orona Operation and Maintenance Technician II - Water/Wastewater	<ul style="list-style-type: none"> <li>Licenses/Certifications in California: Grade I Wastewater Operator; Grade II Water Treatment Operator; Grade II Water Distribution Operator; Grade II Collection Maintenance; and Class "B" CDL</li> <li>Worked eight years with County of San Joaquin prior to joining the Veolia Water O&amp;M team at Discovery Bay</li> </ul>
Blaise Tetio Operation and Maintenance Technician I - Water/Wastewater	<ul style="list-style-type: none"> <li>12 years experience in environmental studies</li> <li>Educations and Training includes water conservation and engineering (University of Dschang in Cameroon), water and wastewater operations training (Los Angeles Trade and Technical College), and Plumbing Technology (WYOTECH)</li> <li>Licenses/Certifications in California: Grade II Water Treatment Operator, Grade II Water Distribution Operator, Wastewater Operator-in-Training, and Class "B" CDL permit</li> </ul>
Jennifer Bennett Administrative Assistant	<ul style="list-style-type: none"> <li>14 months experience with Veolia Water, with responsibility for the administrative and financial duties for Discovery Bay project</li> <li>BA degree in Spanish (University of California at Berkley), and graduate work towards Masters degree in Physical Education</li> <li>License in California: Class "B" CDL</li> </ul>

Throughout our partnership with the District, Veolia Water has demonstrated a commitment to providing a superior level of service. This commitment remains and is enhanced by the extensive financial, technical and other resources that we offer as part of the largest water services company in the world. We will continue to ensure that our dedicated local team receives the appropriate training and guidance required to meet all expectations. Any new-hires that join the Veolia Water O&M team over time will receive orientation and specialized training by our company.

In summary, Veolia Water believes we have developed an optimal staffing approach for the operations, maintenance and management of the District's water and wastewater facilities.

### Technical Support Staff

In undertaking this O&M services partnership with the District, Veolia Water recognizes the need to commit the range of experience and resources that will be required to provide for an effective long-term management of your facilities. As the leading provider of O&M services across the U.S., no other firm has the resources or proven record of project performance that our firm can provide. We are part of a firm with six projects within 2.5 hours of Discovery Bay, representing all of the operations, maintenance, process control, engineering and management resources that will be required for this proposed services contract.

What this means is that our firm will continue to provide you with the types of resources required to be an effective partner to the District for this long-term contact, using an O&M services team that is based at your facilities, with that local team backed by the regional, and national resources of our firm.

The way in which we will deliver on this commitment will be through the ongoing involvement by our regional management and support resources team under the leadership of Aaron Winer, our District Manager in Northern California, and our Technical Services Manager in the region, Chuck Fenton.

Mr. Winer has more than 25 years of wastewater operations and startup experience, and he is a California Grade V wastewater treatment plant operator with extensive knowledge of wastewater processes. As the District Manager for this project, he directly manages our O&M team at Discovery Bay and is responsible for the delivery of O&M and related services to our Northern California clients. He is also directly involved in supporting the O&M project team by drawing from the local, regional and national resources of our firm.

Mr. Fenton, Veolia Water's Vice President and Manager of Technical Services in the West, will continue to lead the technical support team for this partnership with the District. He was part of the original Veolia Water team that was mobilized to Discovery Bay at the start of the emergency services contract, and he has continued to support the project over this time.

Mr. Fenton's primary role in supporting Veolia Water's projects in California and the West involves working with our O&M teams to ensure that the array of technical, management and other resources needed are available. He brings to this role more than 25 years of experience in water and wastewater treatment operations, maintenance and laboratory supervision. This includes extensive experience in operations, training, troubleshooting, laboratory analysis and new plant startups. Mr. Fenton is also a certified instructor who has taught water and wastewater courses and holds ABC Grade IV water and wastewater certifications, recognized in 27 states.

Other key technical resources that will continue to be available to work with the Veolia Water O&M team at Discovery Bay include:

- **Doug Little (Process Operations and Systems Troubleshooting)** – Mr. Little is Veolia Water's Project Manager at Lathrop. Previously, he was the Assistant Project Manager for our Rio Vista operation, where he participated in the startup of the new Northwest treatment plant and the decommissioning of the Trilogy facility. He is a California Grade IV Wastewater Treatment Plant Operator and a Grade II Water Treatment Plant Operator and has 18 years of water and wastewater facilities O&M experience.
- **Bryce Behnke (Water Systems O&M and Computerized Management Systems)** – Mr. Behnke is a Plant Automation/Process Control Supervisor with Veolia Water in the West and has more than 30 years of work experience, with over 20 years experience operating treatment facilities.
- **Kip Edgley (Instrumentation and Control Systems and SCADA)** – Mr. Edgley is Veolia Water's Regional Technical Services Manager for SCADA and Control Systems. Mr. Edgley has more than 20 years of experience, which includes specialized experience with the planning, design and implementation of SCADA, communication, instrumentation and automation systems for treatment facilities. He is also a key proponent and policy manager for asset management strategies.

(Summary resumes for these key technical resources are provided in the Appendix to this volume.)

Veolia Water's team of O&M, technical, management and support resources will be focused under a management structure that is designed to provide straightforward lines of communication among our O&M Project Manager, the District's staff and officials. Additionally, this depth of experience demonstrates our firm's strong understanding of the regulatory and permit requirements that govern the operation of water, wastewater and other utilities in California, as well as our ability to provide experienced, licensed and certified operators for our O&M contracts.

Veolia Water will also continue to support this project with the array of resources that are available in Northern California, which includes almost 100 operations and technical employees and nine O&M projects in the region. Additionally, our regional company headquarters is within one hour of Discovery Bay. This means the District will continue to have 24/7 access to qualified and experienced employees from projects with similar treatment processes and regulatory environments, in addition to those assigned directly to the project.

Additionally, Veolia Water provides a broad range of resources within our company, through our parent and through affiliated companies, which provides all of the required engineering, water and wastewater technologies, and other capabilities that will be required to meet the needs of the O&M projects. These resources include those of our Capital Program Management (CPM) group, which is part of the regional technical and management resource base that we provide to our governmental and industrial clients. The focus of this group is on providing engineering design and

construction support services for the implementation and management of upgrades, improvements and other capital project work at Veolia Water operated and managed facilities.

The CPM group in the West is composed of senior-level engineering design and construction professionals who can effectively manage and implement design and construction projects, drawing on a combination of in-house resources and expertise, and local firms (pre-qualified subcontractors) that provide design, construction and related expertise.

The Veolia Water O&M team at the District will continue to draw on the range of capabilities offered through our North American Technical Services Group. This group is also responsible for centralizing technical knowledge, coordinating technical resources, integrating training and applying the best practices for Veolia Water's project work on a national basis. The work of the North American Technical Services Group is supported by Veolia Water's global services Technical Department. This core group of experts provides technical expertise and support services during the development and execution phases of water and wastewater projects throughout the world. Their focus is support for research and development; validation of design/build, design/build/operate and operations, maintenance and management projects; expertise for complex and demanding projects; sizing and process validation; and assistance with project execution, facilities commissioning and operations. This team, composed of some of the leading experts in the water and wastewater industry, is a key benefit to partnering with Veolia Water. The Technical Department staff works closely with Veolia Water's research and development (R&D) group to bring innovations and solutions to the company's projects. Over the past 157 years, Veolia Water has developed an innovative mindset to cope with treatment, regulatory and other challenges.

Finally, as discussed at the start of this section, one of the greatest strengths of Veolia Water is our ability to improve the quality of life for the citizens of a community through the application of a wide range of treatment technologies, all while improving health and protecting the environment in the communities we serve. Through our ultimate parent company, Veolia Eau - Compagnie Générale des Eaux, we provide access to experts that offer unmatched technical support and know-how. In addition, through our affiliations with equipment manufacturers and suppliers of virtually every technology required for water and wastewater treatment, Veolia Water can provide the right technology solution for most every need. Our clients get answers directly from the people who manufacture and service the industry's leading equipment brands, providing them with ongoing access to time- and money-saving expertise, technology and equipment.

### **Management Team**

Additionally, Mr. Smart and the Veolia Water O&M team at Discovery Bay will continue to be supported by our regional management team, under the leadership of Philip Ashcroft, the President of Veolia Water in the West and the leader for our firm's governmental operations business in North America.

Mr. Ashcroft has met with the District a number of times in support of our emergency services contract and is the corporate Principal for the current contract. His role is to ensure the ongoing success of the project and deliver the necessary resources of our company, locally, regionally, nationally and internationally to address the critical issues and continue to provide ongoing support.

Mr. Ashcroft has almost 40 years of business and management experience, and he is responsible for providing the corporate-level review and commitment to ensure the success of our O&M partnerships in California. He directs the work of Veolia Water's O&M and capital project teams in the West and nationally. Prior to joining the Veolia Water operations group in North America, he managed the operations of Three Valleys Water (a subsidiary of Veolia Water), a water supply system that serves over 3.3 million people in areas north of London, England.

The other members of Veolia Water's regional management and support team for this contract include the core management team from our current contract:

- **James Good**, Veolia Water's Vice President of Operations in the West, has been part of our management and support team for the emergency services contract since the start. In his current role, he manages Veolia Water's regional operations for a service area that includes projects in 13 states. He is responsible for providing oversight and management support. He works directly with our management and O&M team to secure the regional and corporate resources to ensure successful operations. Mr. Good also meets periodically with your staff to ensure that we are meeting your expectations. He has nearly two decades of experience in the wastewater and water industry and has been part of the Veolia Water team for almost a decade.

- **Shilen Patel**, Veolia Water's Business Development Manager, is our Client Officer for this partnership with the District. In this role, he is charged with leading our team throughout the procurement phase. Mr. Patel has more than a decade of business and management experience in both the public and private sectors. Client satisfaction and public advocacy will remain his primary focus subsequent to the award of this contract, ensuring Veolia Water continues to meet and exceed your expectations.

This core management team remains committed to the success of this partnership and ensures the commitment of corporate assistance/resources in the event of any problems.

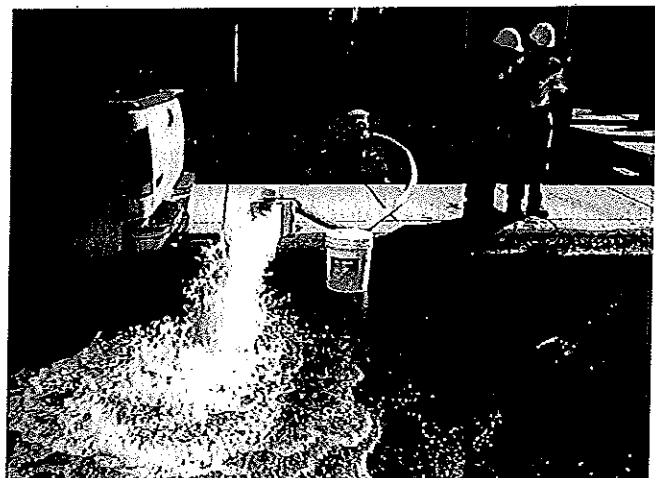
Veolia Water also provides regional and national resources that address regulatory compliance and safety. Our regional Safety Manager in the West, **Jeremiah Danielson, CSP**, will remain a core part of our management and support team for this project with the District. He is a Certified Safety Professional and has more than 15 years of experience in the health and safety field. His areas of expertise include knowledge of state and federal H&S regulations, conducting workplace hazard assessments, investigation of work-related illnesses, injuries and environmental incidents, as well as the development and implementation of incident reduction programs. Mr. Danielson is responsible for providing oversight and management of all aspects of safety and compliance for the project operations, and he will manage safety and regulatory aspects of the transition process.

Veolia Water works with our customers to ensure that facilities maintain environmental and regulatory compliance, while assuming full responsibility for our violations.

Regulatory compliance becomes our company's business when we enter into a partnership agreement. Veolia Water's safety program begins with a corporate and management commitment to provide a workplace free from physical hazards, to reduce opportunities for accidents through education and awareness, and to improve the effectiveness of our employees. Everyone assigned to an O&M project receives proper training regarding hazard recognition and safe work practices, and engineering controls are used to limit identified hazards.

Veolia Water's training programs are time-tested, and our safety programs achieve the highest ratings in the industry. In these programs, we emphasize cross-training to improve the skills and range of capabilities of our staff. Our experience speaks for the quality of our safety, and our awards speak for our experience.

Veolia Water's safety program is designed to support zero tolerance for workplace accidents, and some 85 percent of Veolia Water projects have no OSHA-recordable injuries/illnesses, and 95 percent of our projects celebrate no lost-time-accident milestones, which exceed 25 years at some locations.



**Veolia Water's O&M team at Discovery Bay delivers compliance and commitment in all aspects of the water and wastewater operations.**



## 5.5 – No Transition and Continued Employee Stability

### No Transition and Continuity in Staffing and Service

As the current O&M services provider to the District under an emergency services agreement that began 22 months ago, we will require no transition in service or staffing.

As we have discussed throughout this Proposal, the experience and resources that Veolia Water will continue to offer under this new contract ensure that there will be no interruption in service, with guaranteed continuity in terms of our operations approach, the staffing, management and support resources, and -- importantly -- our commitment to the community, which has been a hallmark of our work over the past two years. The key element that makes Veolia Water the clear choice for this new contract is our ongoing work with you. As such, there will be no need to transition operations and no interruption in service as the new contract moves into place. Furthermore the ongoing commitment of our team -- meaning the operations, management and support staff that you know and trust -- will remain in place as we move into the new contract term.

As the current operator and manager of the District's water and wastewater facilities, Veolia Water has a proven O&M, management and support team that will stay in place. Under this renewal contract, we will continue to provide your water and wastewater systems with a staff complement that has the certifications and experience needed to perform safe, reliable and cost-effective operations. These are the people that work with you day in and day out to ensure reliable service, to protect the health and safety of the community, and to ensure that we continue to deliver high-quality services at the lowest responsible price.

This is one of the most important advantages of renewing the existing Veolia Water-Discovery Bay partnership. Successful systems and experienced, knowledgeable staff are established and in place. This means no learning curve is necessary, ensuring continuity of operation and uninterrupted water and wastewater services for your community.

Having said that, Veolia Water's transition experience exceeds that of any of our competitors' in the O&M field. As the firm that founded contract operations in 1972, we have transitioned water and wastewater operations for nearly 40 years. In transitioning the District's water and wastewater facilities and staff nearly two years ago, Veolia Water established an O&M plan and approach that we still use today. This plan and approach is a "living document" shaped by our experiences at your facilities, the other facilities we operate nationally, and by our knowledge pool from other facilities internationally.

In summary, Veolia Water has completed literally hundreds of transitions, large and small. Our established and proven transition system makes the entire process uncomplicated for our clients and their staff. Our transition team arrives on-site well in advance of startup to begin the process and remains through startup to ensure that there is no interruption in your critical water or wastewater services. Any new services or systems included in a renewed contract will be transitioned to Veolia Water with little or no impact on the District.

In the event that there is a need to transition services back to the District, or to a new services provider, at the end of the current contract term, Veolia Water will provide you with a transition-out plan that will ensure a safe and orderly transition.

### Employee Development and Training

Veolia Water's success as an O&M service contractor lies in our ability to provide experienced O&M and management resources dedicated to a project site and then backing these staff with regional resources that can be shared among other local project sites. From cross-trained operators in water and wastewater treatment, distribution and collection systems O&M and other disciplines to technical support and management staff, we back each project with the best professionals in the industry. Additionally, we operate a number of similar treatment systems in the region, which provides a ready pool of process-specific personnel to address process and operational needs. Veolia Water regional staff includes qualified, certified and licensed personnel who are available to support the District's operations and

Earlier this year, Veolia Water transitioned the operations of the City of Buffalo's water treatment systems to our firm. This process used many of the tools, processes and approaches that we will use in the transition of new and existing water and wastewater client operations. The success of the process at Buffalo was recognized by the City:

*"The Buffalo Water Board is confident that we have selected the best operator for our system. Veolia Water's demonstrated focus on service has convinced us that our long-term partnership will result in notable advances, addressing the needs of our customer."*

-- Oluwole McFoy, Chair, Buffalo Water Board

provide full flexibility and backup for consistent, compliant operation of the water and wastewater facilities. Another of the ways that we ensure the continuity of services and quality for the District is through our well-defined employee relations programs, which include industry-competitive wages and benefits, training and career advancement opportunities, as well as a clear focus on safety and compliance in all aspects of our work. In terms of equipment and supplies, all staff at the project are provided with safety equipment, including hard hats, safety glasses, steel-toed boots and uniforms, as well as the other equipment, tools and software that they need to perform their jobs.

Veolia Water recognizes that the hiring and retention of staff is a key element to its ongoing success. In California, as well as in other parts of the U.S., our firm has less than a 10 percent turnover rate, which is lower than the industry average. We believe that this success in retaining our employees is due, in large part, to our firm's personnel policies, including our development and training incentives. Our ongoing employee programs are focused on the recruitment and development of new staff. As an example, many of our projects have active internship programs designed to bridge the gap between technical trade schools and colleges. These programs allow students work-study opportunities and specialized research and training programs. Many of our current operators, managers and other professionals at project site in California and other parts of the U.S. have joined Veolia Water as a result of these and similar programs that have historically been offered by our firm.

Veolia Water's employee retention program is focused on addressing the growing shortage of experienced water professionals in California. In this regard, our firm has budgeted for salaries and benefits that are appropriate for people living and working in the San Francisco Bay area. Further, Veolia Water believes that investing in our employees, through compensation and training programs, results in more compliant, cost-effective operations and fewer accidents.

Veolia Water's regional team that will continue to support this contract, as discussed earlier, includes a dedicated **Human Resources Manager, LaVerna Hovance**, whose role is employee relations and managing the recruitment and training of any new staff that may be required for this project. She is based at our regional headquarters office in Pleasant Hill. Ms. Hovance has more than 25 years of experience in the field and is knowledgeable about all aspects of staffing, labor relations and benefits. Her specialized experience includes new employee recruitment, employee relations, employee development, training and labor relations. (Her resume, along with those for the other members of the Veolia Water support team, is provided in Appendix A.)

Our firm maintains an active recruitment program, focused on universities and trade schools in California (and nationally) as well as on professionals in the industry, to ensure that potential employees are aware of our company and available career opportunities that are available. We also have an active in-house career advancement program that allows employees to stay abreast of new opportunities within our company and to apply for open positions that match their skill sets. These and other types of recruitment programs ensure that we have resources to tap into to fill vacancies at our current projects, as well as to hire/deploy resources for a new contract.

In summary, Veolia Water will provide our employees at this project with industry-competitive wages and benefits, as well as training and career development opportunities. These will be delivered through our standard programs and processes, which include:

- **Employee Retention and Growth Plan** - Veolia Water views our employees as our most important asset, and we provide a strong employee retention and promotion program. Our employees receive competitive wages and benefits, as well as superior training and career advancement opportunities. Our training programs offer staff increased opportunities for advancement, leading to greater compensation.
- **Orientation & Personnel Matters** - Our expert team of Human Resources specialists work to meet the needs of new and existing employees. Critical to the success of these efforts is extensive communications with new and existing employees to answer any questions and to dispel any concerns. Orientation meetings are conducted for all new employees to review: company policies, training plans, business contract issues and priorities, and safety priorities. Ample opportunity for questions is provided by the Human Resources specialists, senior managers and operation managers who attend.
- **Employee Development Programs** - Veolia Water's corporate philosophy and strategies identify our employees as the foundation of our business growth and success. The company strives to maintain a satisfied and productive team of employees through effective leadership, fair and competitive wages and benefits, and close attention to employee priorities of training and development.

- **Training and Education Program** - It is the mission of the Veolia Water training program to ensure that all employees are afforded the opportunity to hone existing skills and acquire new skills. We work to ensure that all employees have the training needed to: operate the facilities and maintain the systems to meet all regulatory requirements; operate the facilities and maintain the systems in accordance with the highest standards for efficiency, effectiveness and safety; and, demonstrate the skills required for outstanding job performance and to participate in growth opportunities.

As discussed above, regular staff training is a critical aspect of our approach for maintaining the skill levels of staff, and Ms. Hovance, working in tandem with our national Training Director, Dr. Bill Roach, will coordinate staff training. Regular training is an essential element of any well-run facility, and for this project with Discovery Bay, Veolia Water intends to institute a program that will include the following elements:

- Core competency training to ensure continuing superior work performance and safety.
  - Plant Operation and Maintenance
  - Process Theory
  - Plant Safety
  - Hazardous Materials Training
- Skills assessments, supplementary training, consideration of additional facility automation, and restructuring of the facility staff to gain greater workforce flexibility and build a stronger team-based orientation.

**Core Competency Training**

Training of the facility staff in the day-to-day tasks they need to competently complete their work is essential. All new staff will be provided with training, including basic O&M, safety and regulatory compliance training, as well as site-specific training on the facilities they will operate and manage. An example of the elements of core competency training at Veolia Water long-term projects is presented in Table 1-3, which also includes a sample schedule.

**Table 1-3. Veolia Water – O&M Training Schedule**

Month	Safety	Operations
January	<ul style="list-style-type: none"> <li>• Hazard Communication</li> <li>• OSHA standards and recordkeeping</li> </ul>	<ul style="list-style-type: none"> <li>• Extraction Well Operation</li> </ul>
February	<ul style="list-style-type: none"> <li>• Personal Protective Equipment</li> <li>• Office Safety</li> </ul>	<ul style="list-style-type: none"> <li>• Air Stripper Operation</li> </ul>
March	<ul style="list-style-type: none"> <li>• Electrical Safety</li> <li>• Home safety</li> </ul>	<ul style="list-style-type: none"> <li>• Operational and laboratory sampling and testing</li> </ul>
April	<ul style="list-style-type: none"> <li>• Safe driving</li> <li>• Vehicle accident reporting</li> <li>• Excavation, trenching, and shoring</li> </ul>	<ul style="list-style-type: none"> <li>• Operational record keeping – Ops32</li> </ul>
May	<ul style="list-style-type: none"> <li>• Use of fire extinguishers</li> <li>• Hot work</li> <li>• Emergency action and fire protection plans</li> </ul>	<ul style="list-style-type: none"> <li>• Preventive and predictive maintenance procedures</li> </ul>
June	<ul style="list-style-type: none"> <li>• First aid</li> <li>• CPR training</li> <li>• Heat/cold stress</li> </ul>	
July	<ul style="list-style-type: none"> <li>• Lifting techniques/ preventing back injury</li> <li>• First Aid</li> </ul>	

**Table 1-3. Veolia Water – O&M Training Schedule**

Month	Safety	Operations
August	<ul style="list-style-type: none"> <li>• Personal ergonomics</li> <li>• Lock out/tag out procedures</li> </ul>	<ul style="list-style-type: none"> <li>• Energy management practices and procedures</li> </ul>
September	<ul style="list-style-type: none"> <li>• Confined space entry</li> <li>• Crane safety</li> </ul>	<ul style="list-style-type: none"> <li>• Liquid Phase Carbon treatment</li> </ul>
October	<ul style="list-style-type: none"> <li>• Slips, trips, and falls</li> <li>• Fall protection</li> <li>• Forklift safety</li> </ul>	<ul style="list-style-type: none"> <li>• Team building</li> </ul>
November	<ul style="list-style-type: none"> <li>• Use of power tools</li> <li>• Chemical hygiene</li> </ul>	<ul style="list-style-type: none"> <li>• Operational record keeping –MP2™ software – report development</li> </ul>
December	<ul style="list-style-type: none"> <li>• Fall protection</li> <li>• Control of hazardous energy</li> </ul>	<ul style="list-style-type: none"> <li>• Certification Refresher</li> </ul>

### Safety Training

Veolia Water is strongly committed to safety training. Plant operations and maintenance activities change as new processes and equipment develop and regulations/limits become increasingly restrictive. The Veolia Water training program ensures that staff is prepared to meet these challenges safely and effectively. Our training programs are site-specific, addressing unique facility and staff needs. As appropriate, training programs offered by state agencies and local colleges supplement site-specific seminars.

Veolia Water facilities have at least one safety training class per month for employees. We require that specific training topics, such as confined space entry, hazard communication, and lock-out/tag-out, be conducted annually. A Project Manager's site-specific safety program and the facility's safety record are both integral parts of his/her annual performance evaluation.

## 5.6 – Reports and Forms

Veolia Water recognizes the value of regular and effective reporting, both on a formal and an informal basis, and we will continue to provide the District, and regulatory authorities, with the types of documentation that are part of our reporting under the current contract. This includes all reports and supporting information as required under the terms of the O&M Agreement. Veolia Water will also continue to be responsible for the timely preparation and submission all reports, data, certifications and other information required by Applicable Law. Reporting provides information, data and suggested or proposed solutions to system issues.

Our management staff will be continue to be available for any meetings with the District as requested or required as part of the Contract Services we provide. We will also continue to adapt the reporting requirements to meet needs of the District and/or system requirements throughout the Term of the Agreement. Veolia Water will also provide other regular reporting related to project performance, including:

- **Financial Reporting** - Veolia Water will maintain accounting records relating to the water and wastewater systems using accounting practices that conform to Generally Accepted Accounting Principles and the requirements of the District. Veolia Water will be responsible for all purchase orders during the term of and those pending at the end of the Agreement or incurred during the Agreement.
- **Monthly Operations Reports** - Veolia Water will continue to provide the District with a written monthly report setting forth the general status of the facilities operations, including drinking water and effluent quality, personnel status, average raw/finished water and influent/effluent characteristics, plant flows, pumping station flows, alarm conditions, distribution and collection system maintenance, plant improvements, maintenance expenditures and as otherwise provided or required by law. In addition, we will be available for consultation in connection with any matter concerning the operation and maintenance of the water and wastewater facilities. Veolia Water will also continue to complete and submit monthly reports to all applicable regulatory agencies in compliance with the wastewater facilities' NPDES permits and the permits for the operation of the water facilities. Additionally, Veolia Water will continue to keep District officials informed on all phases of the operation through monthly and annual progress meetings. These meetings occur to inform and obtain direction from the District and to review the status of the system operation. The monthly agenda includes the topics and issues that are pertinent at that time. We also coordinate issues daily, both in person and electronically, with the Assistant General Manager and other persons who need the information to facilitate their daily operations. Monthly facility reports incorporating general status issues, such as effluent and water quality, personnel, plant flows and other items as stated above, will continue to be furnished to the District. Veolia Water will also continue to maintain well-documented records of operations, maintenance, laboratory, personnel, training, safety, process control, inspections, materials, alarms and any other significant events. We will continue to present proper documentation of the aforementioned subjects for review upon request.

All of the reporting provided for this project will ensure that the District stays informed and involved in all aspects of the project work and that all of the regulatory requirements related to the water and wastewater operations are met. Through the continued use of effective communication tools, such as monthly reports and attendance at client meetings, our clients are kept informed of the project performance and can gauge the efficiency and level of service being provided. By being openly accountable, Veolia Water encourages an "operations excellence" attitude at our projects. During the course of a day, the activities of Veolia Water's O&M staff and other pertinent information related to the water treatment operations will be recorded in dedicated bound logbooks. O&M staff will record all operational activities; any operational problems; all maintenance activities; any inspections, tours given or visitors seen; and any safety, vendor or other training activities conducted. Logbook energy information is supplemented with data generated from the operations and maintenance computer applications.

Additionally, Veolia Water will meet with District officials after selection to establish any new or revised reporting protocols and meeting frequencies you desire under the new long-term agreement.

## 5.7 – Subcontractors

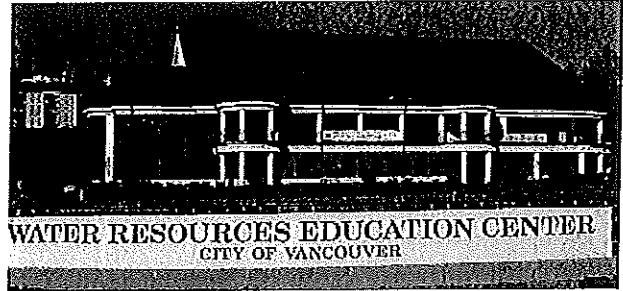
Veolia Water currently utilizes no subcontractors for our ongoing work with the District. We do not foresee the need for subcontractors in a long-term partnership at this time.

## 5.8 -- Community Relations

In addition to continuing to maintain effective lines of communication with the District, local regulators and other stakeholders in this project, Veolia Water will also continue to support this O&M project with the District with an active community involvement program.

In California and the West, Veolia Water has built programs for all size projects, ranging from the operation of a regional learning center at the Vancouver, Washington, plant to smaller programs such as those in support of our operations contract with the City of Rialto, with activities that include:

- Earth Day - Veolia Water staff attends an annual Saturday Earth Day event where they participated in cleaning/painting different areas of town.
- Pollution Prevention Fair – Veolia Water had a booth that demonstrated each stage of the treatment process, which teaches citizens where the sewer water goes, and we provided informational handouts about the benefits that our wastewater operation provides for the community.
- Relay for Life - Veolia Water's Rialto staff participated in the "Our Community's" American Cancer Society's Relay for Life event for the last three years.
- Facility Tours – Veolia Water's O&M staff host facility tours throughout the year for schools, the Chamber of Commerce, and City officials.



Veolia Water supports Vancouver's Water Resources Education Center, located at the Marine Park plant. We provide plant and laboratory tours, technical presentations, as well as educational assistance for the City.

Under our current contract with the District, Veolia Water conducted site tours and provided contributions to community groups and events. One example was our corporate sponsorship of the inaugural Impact Golf Tournament and Fundraising Dinner held to benefit the East Diablo Youth Soccer League/Impact Soccer Club.

While the scope of the emergency services contract has limited our ability to build and sustain a long-term public and community relations program, Veolia Water is focused on providing this community benefit under the new long-term agreement. We firmly believe that becoming involved in the communities we serve adds a valuable dimension to our ability to understand the customer's needs, allowing us to continually enhance the services that we deliver. Our approach to O&M services includes a commitment to community involvement and public outreach. Our approach includes a community relations program designed to ensure open communications with the ratepayers to ensure that good relations are maintained with water and wastewater system customers and the District's departments.

We also intend to continue offer a one-number access on a 24-hour/7-day basis for the citizens of Discovery Bay to report an emergency or make an inquiry. We intend to respond to each call or emergency request within 30 minutes or less. In the event of any complaint(s), we will respond rapidly to resolve any reported problems in order to maintain a positive community relation.

It is the intention of Veolia Water to not only provide a superior level of service, but to also be a good corporate citizen by becoming a vital and contributing member of the community. Interacting effectively with the community is as critical to the success of a project as interfacing with regulatory agencies. The citizens in the community – the ultimate recipients of our services – must trust and respect us. We are committed to making a difference by lending a helping hand to improve the quality of life for the communities we serve.

For Discovery Bay, we will develop and implement a meaningful program in conjunction with the Town Council and staff that reaches the diverse interests of the District's residents.

In summary, Veolia Water is committed to open and transparent operations in the communities we serve. We propose a communications program for the long-term operations that includes:

- Monthly reporting of analytical data charting our operations.

- Monthly meetings with community stakeholders to provide a summary of our operations and address questions/concerns.
- Annual public report that summarizes our overall operations and plan for the following year.
- Public tours of the facilities and operations.
- Commitment of our project and senior management team to address community questions, educate the community on our operations, and attend local meetings.

Veolia Water will also promote a public education program to encourage water conservation and resource protection. Educational materials will be distributed at the schools in the community, and our staff will be made available to discuss water management with any interested organization/industry. Pamphlets and brochures will be made available to industrial users, and they will be encouraged to consider conservation efforts. Should Discovery Bay be subject to drought conditions, we will implement all drought measures required, including all required notifications and advertisements.

Veolia Water firmly believes that becoming involved in the communities we serve adds a valuable dimension to our ability to understand the customer's needs, allowing us to continually enhance the services that we deliver. Our approach to O&M services includes a commitment to community involvement and public outreach.

From supporting local schools to providing facility tours to creating Web sites and literature, Veolia Water also provides public and community relations programs designed to help strengthen the understanding of water and other environmental issues in the communities we serve. At each of our long-term projects, we make a commitment to being part of the community and a good corporate citizen. This commitment takes the form of contributions of time, money and materials for community programs; plant tours and open houses targeted to community and school groups; scholarship programs focused toward providing needy students with the resources to pursue a career in environmental protection; and educational initiatives.

## 5.9 – Communicating with Residents During Repair Work

Repair work, particularly work that may cause disruptions in service, requires communication with customers to provide specific details on the type of work being performed, when that work will be performed and the impacts, if any, that such work will have on their water or wastewater services.

Information to the public will be provided using announcements on television and radio, as appropriate, and through bill stuffers and door hangers.

Veolia Water takes great pride in working with local businesses and residents when performing construction activities on behalf of our clients.



For example, last year we completed infrastructure repairs and responded to several Discovery Bay emergencies quickly with targeted community communications. Veolia Water not only published the work schedule of the activities but also sent flyers to all of the property owners adjacent to the work area prior to commencing work. When necessary, we contacted local businesses to discuss the details of the project and what steps we were going to take to remediate any adverse impacts to their customers. Local media outlets and the public have openly recognized the improved communications approach we have implemented since starting at the District.

Veolia Water intends to continue to use this same approach for any repair or capital work that would impact water supply or wastewater services at Discovery Bay. As part of such a project, we would publish and establish a call-in number at the project operations office for the residents and local businesses to call for information on the project. All adjacent property owners would be provided with our Manager's direct number, so concerns could be raised and addressed in a timely fashion. Veolia Water's Manager would also be responsible for holding monthly meetings, either on-site or at a nearby community facility, to update the public on the status of the project and discuss all issues.

Veolia Water also understands and appreciates the value of good customer service, training and relying on all employees to serve the public need. Just as the environment is a public trust, customers must trust us with their services. Veolia Water also understands the value of customer responsiveness – both to our clients and to our clients' customers. For example, in Milwaukee, where we manage the client's entire wastewater treatment and collection system, including customer services and front-line customer response, we have routinely met established benchmarks for performance and customer satisfaction.

Under the long-term O&M agreement with the District, we will provide responsive service to residents and the District's calls regarding system alarms and to emergency and non-emergency requests. We will respond in an effective manner regarding the treatment and distribution of drinking water; collection, treatment and discharge of wastewater; drinking water color, taste and odor concerns; wastewater odor and air emissions; noise, construction or any other matter related to our scope of services and will resolve them promptly. We will provide customers with a number of contact mechanisms, such as a 24/7 telephone number, an e-mail address and a mailing address to simplify the contact process.

We will respond and take appropriate action to complaints and communications concerning backups, stoppages, CSOs, SSOs, cave-ins, spillages, leaks, breaks, alarms and emergencies within 30 minutes and we will initiate corrective action within two hours of notification. We will log the name and location of the individual making the complaint and we will respond promptly in writing regarding the outcome of the situation. We will also notify District representatives when a complaint is received and handled and the names of the employees who responded.



## 5.10 – References

The core base of experience that Veolia Water brings to the District is our 22 months of work as the emergency operations contractor for the facilities that will be covered under the new long-term agreement. This contract began at the start of 2009 and was driven by the needs of the Town's managers, which sought assistance for their water and wastewater, which were under the direction of another O&M services provider.

After a tumultuous six months with its previous operator, the District received a letter from that firm on December 19, 2008, indicating it would cease operations effective December 31, 2008.

With less than two weeks' notice, with our management, transition and operations staff working over the winter holiday, Veolia Water made preparations to transition operations.

On January 1, 2009, Veolia Water began operating the District's water and wastewater systems. Under this new contract, our firm developed and implemented a plan to bring the water and wastewater operations into compliance with state and federal regulations and to provide day-to-day management of the plants. Throughout the 22 months that this emergency services contract has been in place, Veolia Water has continued to improve the operations and establish the management and other tools that will form the basis for the long-term operations under this proposed new contract.

The commitment and "can do" attitude that Veolia Water has delivered to the District since the start of the contract is responsible for our firm's 38-year leadership in Northern California's O&M industry. From our first contract for the O&M of the City of Burlingame's wastewater treatment plant in 1972 to our more than 170 current municipal contacts to operate and manage over 300 municipal water and wastewater facilities, our firm has maintained a commitment to being a reliable partner to the communities that we serve.

Today, Veolia Water is part of a family of companies that brings together the expertise, technologies and experience required to deliver comprehensive solutions to our municipal and industrial clients. Our firm is the leading provider of comprehensive operations and related services to clients across North America, and we are experienced in providing turnkey project solutions. The benefits of our offerings include:

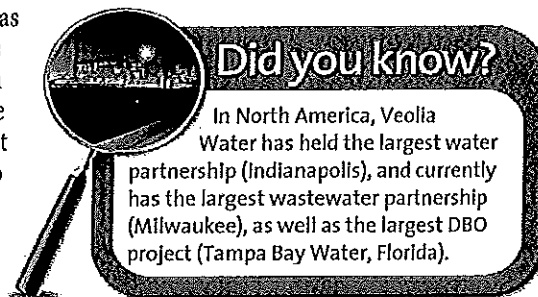
- **Integrated Delivery:** Veolia Water's approach is focused on providing comprehensive and cost-effective solutions through the integration of our operations, technologies, construction management and engineering groups into the design to ensure a cost-effective, reliable and operationally friendly solution for our clients. Our company's integrated project approach enables us to develop safe and sustainable solutions to support uninterrupted operations.



As reported in the January 8, 2009, Issue of the *Discovery Bay Press*: *Discovery Bay's new sewer and water vendor took the helm last week, quietly closing the door on the town's turbulent working relationship with [a] former contractor...*

*Veolia Water arrived at the town's wastewater facility on Jan. 1 and began overseeing the day-to-day operations of the plant while implementing upgrades and procedures...*

*"So far," said General Manager Virgil Koehne, "the changeover has been fairly smooth. I feel very good about them, and the people they have brought over so far are very knowledgeable... They seem to be very organized and have certain procedures that they feel they must follow in order to be effective. I don't have anything negative to say at this point; they have really impressed me."*



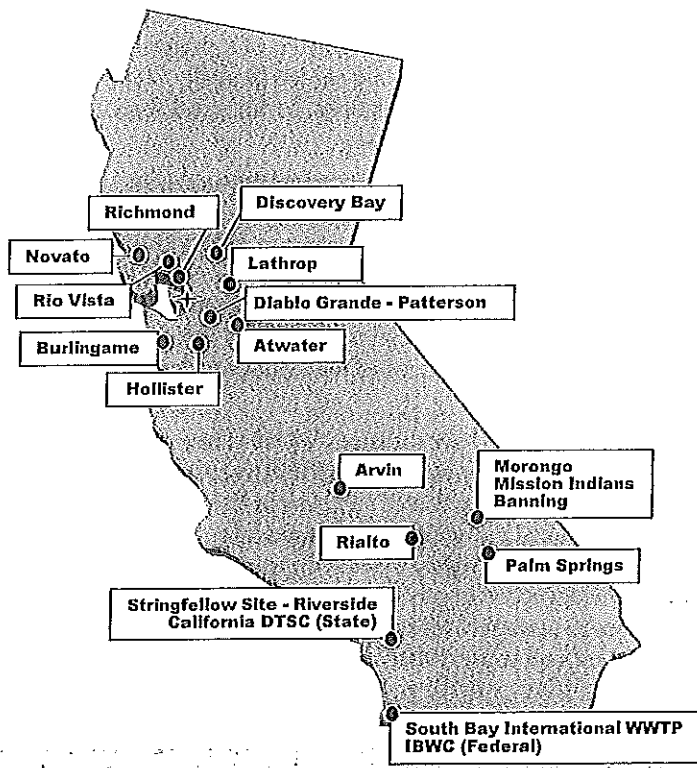
- **Guaranteed Performance:** Our O&M solutions include comprehensive performance guarantees for the life of the contract. Given our fully integrated and seamless project delivery capabilities, you will continue to contract with a single solutions provider capable of managing all aspects of the project through our in-house resources.
- **Quality Control:** Veolia Water's Project Delivery System (PDS) is part of a quality control program designed to ensure that our projects are delivered on schedule, within budget, and to your complete satisfaction.
- **Safety Programs:** Our safety training programs have "Zero Accident" goals to help manage risks and eliminate lost-time incidents.

The expertise and resources that are part of the Veolia Water companies in North America enable us to evaluate a variety of alternative technologies and design solutions that best meet the needs of our clients. The scope of services that Veolia Water delivers to support our clients under O&M projects includes:

- **O&M - Veolia Water provides unmatched capabilities in the O&M of environmental facilities.** We are experienced in the operation of water treatment and distribution, wastewater collection and treatment, biosolids (sludge) and residuals management, stormwater management and related systems. Under the contract O&M services approach our firm assumes the risk and responsibility for all aspects of the operations and management of treatment systems, including management, employees, consumable goods, facility maintenance and purchasing. We deliver a full-service approach for managing a client's facilities operations and management needs, all for a fixed, guaranteed contract price for the term of the agreement. What this means for our industrial clients is that Veolia Water assumes the risk of O&M for your facilities, freeing your technical and management staff to focus on the core elements of your business.
- **Regulatory Compliance and Permitting - Veolia Water works with our O&M customers to ensure that they maintain environmental and regulatory compliance, while assuming full responsibility for our violations.** Regulatory compliance becomes our company's business when we enter into an outsourcing agreement, an agreement under which we guarantee compliance within the design parameters of a given facility. We also provide the engineering systems and permitting capabilities to add any needed flexibility within a given system, and we comply with applicable local, state and federal laws and regulations. As discussed above, our firm has experience providing O&M and related services at the Waynesboro site.
- **Safety Programs and Employee Training - Veolia Water's training programs are time-tested, and our safety programs achieve the highest ratings attainable.** In these programs, we emphasize cross training to improve the skills and range of capabilities of our staff. To enhance employee effectiveness in daily operation and to provide for career advancement potential as further incentive for training, Veolia Water maintains a tuition reimbursement program to encourage career advancement. Incentives for operators to advance their certification levels and responsibilities also are provided. In addition, safety training is a priority at all Veolia Water-operated and managed facilities, and an incentive program has been established for facilities achieving no lost-time accident milestones.
- **Technologies and Equipment - Veolia Water companies have the largest installed base of technology of any other water company in North America, owning or licensing more than 3,000 active patents worldwide and continuing to develop new technologies for the future.** Our affiliated company in North America, Veolia Water Solutions and Technologies (VWS), is an international provider of technologies, engineering, design, project management, and execution of construction projects for turnkey water and wastewater treatment facilities and biosolids processing plants. The company provides access to services and technology solutions for clients across the globe, with a staff of over 6,800 (more than 55 percent of whom are researchers, engineers or project managers). The firm's engineering, construction, and support staff have literally hundreds of years of cumulative experience. VWS also provides access to international expertise and resources. Globally, the company ranks as the largest designer of technological solutions and the constructor of water treatment facilities for both

#### VEOLIA WATER O&M STATISTICS

- 171 Municipal Clients
- 203 Municipal Wastewater Facilities
- 101 Municipal Water Facilities
- 5,265 Miles of Collection System Lines
- 7,002 Miles of Distribution System Lines
- 451,301 Meters Read
- 106 Industrial Clients
- 81 Industrial Wastewater Facilities
- 31 Industrial Water Facilities
- 1.74 Billion Gallons of Wastewater Treated Daily
- 1.12 Billion Gallons of Water Treated Daily
- 20.6 Million Population Served Daily



**Figure 1-3**  
**VEOLIA WATER**  
**Municipal Work Experience**  
**in the State of California**

• **15 Current Projects in State**

- \$98.3+ M in Revenue (2009)

- O&M Services:

*Water Treatment and Distribution,  
 Wastewater Collection and Treatment and  
 Groundwater Remediation Systems*

- Design/Build/Operate

- Capital Project Work

• **Resources in California**

- West Business Center for Veolia Water

- 38+ Years of Experience in State

- 140+ O&M, Management and  
 Support Staff in State

- Engineering, Construction and  
 Equipment/Technology Affiliates

○ Municipal Project

★ Pleasant Hill  
 (Regional Headquarters office)

provides O&M for the District's two wastewater facilities, the Novato facility and the Ignacio facility, as well as the associated 183 miles of sewer lines, which serve a population of approximately 60,000. The Novato facility is a conventional activated sludge facility with tertiary treatment and biological nutrient removal; it has a current dry weather rating of 4.53 MGD. Treatment components and processes include an influent barminutor, influent pumping, primary clarification, biological aeration tanks, secondary sedimentation tanks, chemical addition, biological treatment tower, chlorination, effluent storage pond, dechlorination and seasonal irrigation. The Ignacio facility is a trickling filter plant with a design dry weather flow of 2.02 MGD. Treatment components and processes include influent pumping, primary clarification, biological treatment including a biological treatment tower, chlorination, effluent pumping, dechlorination, seasonal reuse irrigation capabilities with combined outfalls discharging to San Pablo Bay. The treated wastewater from the two plants is pumped seasonally to a reclamation area that includes 820 acres of pasture land, 14 acres of dedicated land for digested sludge disposal, a 10-acre wildlife pond, 53 acres of mitigation area, and two effluent storage ponds. The Novato plant is undergoing a major overhaul with the installation of new headworks (completed), influent pump station, two new primary clarifiers, two new aeration basins, two new secondary clarifiers, an ultraviolet disinfection facility, a new effluent pump station, a new gravity belt thickener (completed), a second digester, new odor control facilities, and new electrical facilities. A new transfer pump station and conveyance force main have been installed to convey flow currently being treated at the Ignacio plant to the Novato plant for wastewater treatment once the final improvements are made to the Novato site. The upgraded plant is designed for a 7.05 MGD average dry weather flow, 10.3 MGD average wet weather flow, average annual flow of 8.1 MGD, and a maximum peak three-hour flow of 35.8 MGD. The current average dry weather flow of approximately 5 MGD varies, depending on water conservation and drought conditions. In the first months of operation, our team has identified solutions to several historical compliance issues, such as ammonia requirements. In addition, the operation is staffed by a team of technical and operations specialists that have been instrumental in ensuring a smooth transition and that the startup of the new facility commences as scheduled. The phased startup activities have been completed on time and within budget.

- **Development Community, Patterson** - In 2003, Veolia Water partnered with the Diablo Grande Development in Patterson to deliver quality water and wastewater services that are vital to the development of this new master-planned resort and residential community with an anticipated build-out of approximately 5,000 residential connections. Initially finished water from the existing water treatment plant was not meeting regulatory standards for disinfection byproducts (DBP), which are potentially harmful constituents that form when organic material comes in contact with chlorine used for disinfection. Veolia Water conducted a DBP evaluation and identified a coagulant that will allow the facility to meet environmental regulations. Our firm's work under this contract has involved a three-phased expansion of the water treatment plant designed to ensure adequate capacity to meet the needs of the growing development, and also to ensure compliance with anticipated stringent new water quality standards. Phase 1 focused on the installation of additional treatment trains to expand plant capacity from 0.4 MGD to 1 MGD, with redundant treatment trains to comply with State of California standards. Phase 2 involved the addition of ACTIFLO® treatment trains to double the treatment capabilities. The Diablo Grande facility is designed for phased expansion up to an ultimate treatment capacity of 15 MGD to accommodate the growth needs of the community. In addition to the design and construction of new facilities, Veolia Water's work scope has involved making improvements to the existing facility to improve operability. Enhancements include chemical feed modifications, manhole access, pH and turbidity metering, piping and tank modifications. The Diablo Grande project is managed and administered from our nearby O&M project site at Atwater, where a seasoned California Grade T-3 operator ensures that all on-site programs and work comply with Veolia Water standards as well as the State's stringent requirements.

These, and Veolia Water's other projects in California are supported by our firm's ready base of experienced O&M, management and support staff to assist our projects in the region, which number more than 475.

### Reference Projects

Veolia Water, as discussed, has a proven base of experience in providing O&M services to the Town of Discovery Bay, to other clients in California, and to total more than 170 other municipal clients in North America. From this base of experience, we selected the following projects that best illustrate the experience that we bring to this new long-term contract, as well as our experience over the past five years with similar projects.

**Atwater, California**

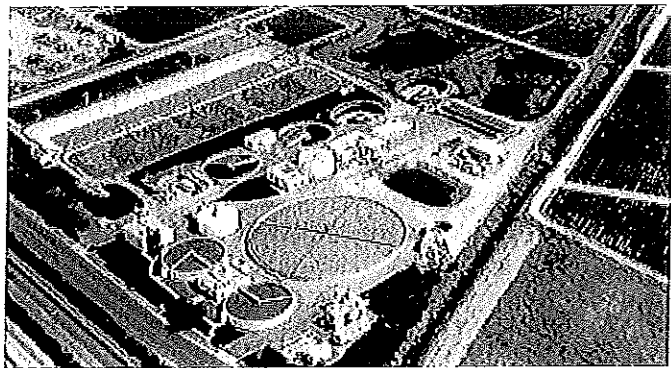
**Dates:** 1991-1994 (interim agreement) -- 1994-Ongoing (long-term O&M agreement)

**Client Reference:** Mr. David Church, Public Works Director, City of Atwater, Department of Public Works  
470 Aviator Drive, Atwater, CA 95301 - Telephone: 209/357-6370

**Veolia Water Contact:** Steve Pound, Veolia Water Project Manager  
550 Commerce Ave., Atwater, CA 95301 -- Telephone: 209.357.3451

This contract began in 1991 as management-only services for the City under an interim agreement. This interim agreement was transitioned to a full-service O&M agreement in 1994 and now includes the City's wastewater treatment plant, as well as management and operation of the sludge (biosolids) land application program (450 dry tons per year).

The City of Atwater's wastewater treatment plant is a 6-MGD advanced secondary trickling filter plant, with major treatment processes that include preliminary and primary treatment, trickling filtration, activated sludge, secondary clarification, chlorine disinfection, calcium thiosulfate dechlorination, anaerobic digestion, and gravity belt thickening. Effluent is discharged to a stormwater canal that links to Joseph Gallo Farms, where it is used for vineyard irrigation and animal feed crops. Any unused water passes on to a nearby U.S. Fish and Wildlife Department-owned natural wetland reserve for waterfowl.



Veolia Water also provides farm management for a land application site growing alfalfa, oats and Sudan hay, with the revenue from the sale of the hay being returned directly to the City.

The plant serves the City of Atwater, the Town of Winton, Castle Airport (formerly Castle AFB) and a federal penitentiary in California's Central Valley.

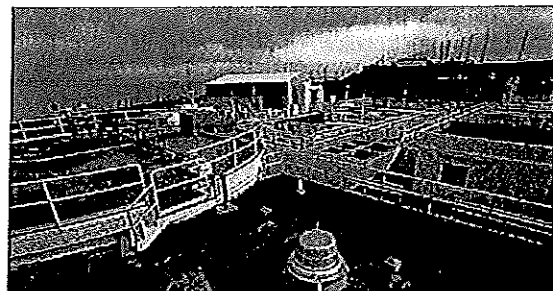
**Burlingame, California**

**Dates:** 1972-Ongoing (9 renewals)

**Client Reference:** Mr. Syed Murtuza, Director of Public Works - City of Burlingame - 501 Primrose Road  
Burlingame, California 94010 - Telephone: 650/558-7230

**Veolia Water Contact:** Bill Toci, Veolia Water Project Manager  
1103 Airport Blvd., Burlingame, CA 94010 -- Telephone: 650.342.3727

Veolia Water's O&M contract with City of Burlingame, as discussed, marked the first such Public-Private Partnership with a municipal client in the U.S. The contract began in 1972 when Veolia Water assumed responsibility for the City's wastewater treatment plant. This project today involves providing operations and maintenance of the 5.5-MGD secondary treatment plant, management of the Industrial Pretreatment Program, as well as the Stormwater Pollution Prevention Program. We also operate the City's landfill gas collection system and a biosolids management program.



Major process features at the treatment plant include mechanical bar screens, a vortex grit removal system, primary clarification, activated sludge, hypochlorite disinfection, dechlorination, anaerobic digestion, belt-filter press, dissolved, gravity thickening, reclaimed water filtration system, co-generation energy recovery, odor control and sludge dewatering.

At the start of this contract, our firm implemented focused O&M approaches and process-control programs. We also assigned a core group of experienced supervisors to solve plant problems, and we worked closely with the City and its design engineer on a plant expansion, including a solids dewatering (belt filter press) addition. Effluent quality was maintained during the construction of improvements, and cost-monitoring programs were implemented to control costs.

In 2007, the city and Veolia Water unveiled a new co-generation power system. Co-generation efficiently creates electricity on site by using the methane gas naturally produced by the wastewater treatment process, thereby reducing demand from the local power grid. The cogeneration power system provides about 20 percent of the plant's electricity and is expected to save Burlingame \$8,000 to \$12,000 per month in energy bills.

The O&M partnership between Burlingame and Veolia Water has been renewed 9 times, most recently in May 2008 and by a unanimous vote of the City Council. We have also managed and supported \$25 million in capital improvements at this plant over the past 38 years. The Burlingame project has been recognized with numerous awards during the contract term, including the National Public-Private Partnership Council Award, an Outstanding Achievement Award from the U.S. Conference of Mayors and several safety awards from the CWEA.

### Rio Vista, California

<b>Dates:</b>	2005-2010 (emergency services contract) – 2010-Ongoing (new long-term O&M agreement)
<b>Client Reference:</b>	Mr. Kirt Hunter – Interim Public Works Director - City of Rio Vista Rio Vista City Hall, One Main Street, Rio Vista, CA 94571 - Telephone: 707.374.6451
<b>Veolia Water Contact:</b>	Chris McAuliffe, Veolia Water Project Manager 3000 Airport Road, Rio Vista, CA 94571 – Telephone: 707-374-2633

In July 2005, Veolia Water was requested to mobilize an operations staff to take over from the City's current contract operator. With the aid of City officials, including the City's Fire Chief, we assumed operations that day and took stock of the situation we would be inheriting under an initial 60-day emergency contract.

Veolia Water's initial objectives were to get the facility operating, assess conditions of all equipment and prioritize the repair and replacement of critical components. In addition, we assessed the standard operating procedures (SOPs) for sampling, maintenance and reporting. SOPs for virtually every task had to be written from scratch and all employees had to be trained.

During the first three months of our operation, Veolia Water brought in over 30 employees from other Veolia Water locations to aid in the emergency repair and operations of this facility.

Within the first six months, the City's Trilogy Wastewater Treatment Plant, a 0.65-MGD Secondary Wastewater Treatment Plant, was transformed from a facility with frequent NPDES violations to a fully functional and reliable facility. After one year of operation, all facility processes had at least one reliable unit and at least one reliable backup unit. The Trilogy plant was closed in August 2006 as the new Northwest Plant, a 1-MGD MBR wastewater treatment plant, was coming on-line.

After the initial 20 months of operating the City's Beach wastewater treatment facilities, all the process units were taken out-of-service for inspection and a list of repairs identified. These process units included: aeration basins, headworks, primary clarifier, dissolved air flotation unit, digester, disinfection, sludge drying beds, grit removal, primary sludge pumps, secondary clarifiers, and the No. 3 water system. Veolia Water is continuing repairs and improvements at this plant, prioritized by their criticality to compliant operations.

Veolia Water also assumed operations of the City's nine lift stations. Four of the lift stations required major modifications during the first year. Additional improvements included upgrade of all auto-dialers, relocation and installation of electrical control panels, written standardized operating procedures, installation of new pumps, and identifying and correcting numerous safety issues. These efforts have resulted in safer and more reliable operations and almost total elimination of pump system failures and sewage overflows.

Veolia Water was also an active participant in the start-up of the City's new Northwest facility, and we continue to work to identify construction and design issues to ensure that the City's interests are protected.

There were also numerous delinquent regulatory issues that Veolia Water's O&M staff immediately addressed as a part of this project. We have steadily continued to work with the regulators over the course of this contract to demonstrate the improved level of operations achieved under the emergency services contract.

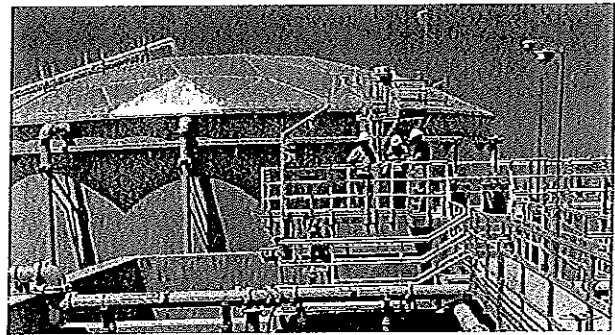
### Lathrop, California

**Dates:** July 2003 (Ongoing O&M of facility designed/built by Veolia Water's technology subsidiary)

**Client Reference:** Mr. Steve Salvatore, Public Works Director - City of Lathrop - 390 Towne Centre Drive, Lathrop, CA 95330 - Telephone: 209/ 941-7491

**Veolia Water Contact:** Doug Little, Veolia Water Project Manager  
18800 Christopher Way, Lathrop, CA 95330 - Telephone: 209.858.1645

Under a contract that began in 2003, Veolia Water provided fast-track design and construction services for a new 0.75-MGD tertiary treatment plant while keeping the existing wastewater treatment plant in operation. The new wastewater treatment facility's central process is a membrane bioreactor (MBR) installed to meet California's Title 22 requirements for effluent reuse. The new plant is designed for expansion, in increments of 0.75 MGD, up to an ultimate capacity of 6 MGD. The first phase added redundant solids handling equipment to ensure efficiency in managing plant biosolids.



Under Veolia Water's direction, the second phase of the MBR plant has been designed and is ready to be bid out for construction when Lathrop's population begins growing again. This expansion of the existing water reclamation plant will add a UV disinfection system, which will facilitate potential effluent discharge into the San Joaquin River.

Since Veolia Water began operations in Lathrop, the contract has had two significant amendments. One involved adding management of the City's industrial pretreatment program (IPP) program to Veolia Water's scope of work. The other amendment involved a renegotiation, which was completed in early 2009, to modify our operating fee in recognition of the economic conditions faced by the City of Lathrop resulting from the collapse in the real estate market.

Lathrop and Veolia Water were able to negotiate a win-win amendment that recognizes Lathrop's condition while leaving Veolia Water whole on an economic basis.

### Palm Springs, California

**Dates:** September 1999 (Ongoing)

**Client Reference:** Mr. Marcus Fuller, P.E., Assistant Public Works Director/Assistant City Engineer - City of Palm Springs - P.O. Box 2743, Palm Springs, CA 92263 - Telephone: 760.323.8253 (Ext.: 8744)

**Veolia Water Contact:** Jack Martin, Veolia Water Project Manager  
4375 Mesquite Ave., Palm Springs, CA 92264 - Telephone: 760.323.8166

Under this long-term agreement with the City of Palm Springs, Veolia Water provides O&M for a 10.9-MGD trickling filter wastewater plant, 275-mile collection system, pump stations, land application program of biosolids and high-quality effluent delivered for reuse.

Veolia Water was also responsible for assisting in the development and implementation of an industrial pretreatment program. In addition, Veolia Water recently completed a more than \$3 million plant rehabilitation design/build project for the wastewater plant, which involved the replacement of the barscreen and grit classifier and three primary clarifier chains, flights and drives, installation of covers on the



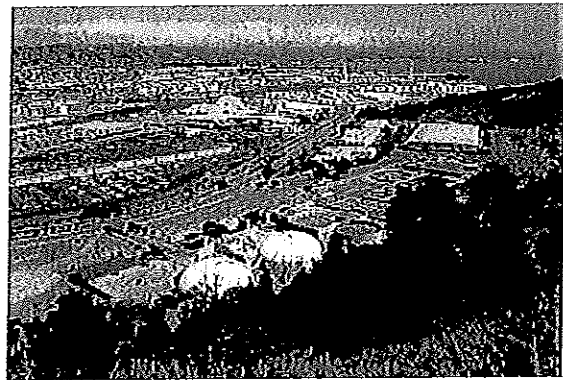
primary clarifiers, and installation of a new secondary effluent recirculation line and a new belt filter press. Veolia Water has also maintained a perfect permit compliance record at the City's wastewater facilities and delivered some \$1 million a year in O&M savings and, most recently, brought national recognition to Palm Springs in the form of the Outstanding Achievement Award from the National Conference of Mayors for a methane recovery program that converts a wastewater treatment byproduct to electricity, reducing plant power costs by nearly \$80,000 per year.

### Richmond, California

<b>Dates:</b>	June 2002 – Wastewater Facility Capital Improvements and O&M (Ongoing) July 2004 – Collection System Capital Improvements and O&M (Ongoing)
<b>Client Reference:</b>	Mr. Chad Davisson, Wastewater Contract Administrator - City of Richmond - 450 Civic Center Plaza, Richmond, CA 94804 – Telephone: 510/620-6538
<b>Veolia Water Contact:</b>	Mark Grushayev, Veolia Water Project Manager 601 Canal Blvd., Richmond, CA 94804 – Telephone: 510.412.2001

Veolia Water's contract with the City of Richmond has two distinct components. One is for the operation of the City's 16-MGD secondary wastewater treatment plant. The other is for the operation and maintenance of the City's sanitary sewer and stormwater collection systems. Both components include responsibility for capital improvements.

When the original contract was awarded in 2002, it included some \$7 million in design/build capital improvements. This work focused on updating, modernizing and automating the existing processes and systems at the facility. The work was completed ahead of schedule to rehabilitate deteriorated systems and resolve long-standing odor problems, and the design work involved providing preliminary and final design documents for improvements to the headworks, anaerobic sludge digesters (Nos. 1 and 2), and primary clarifiers at the wastewater plant. The success of the wastewater facility upgrade program, which was completed in just two years, resulted in the award of a similar effort for Richmond's 295-mile collection and stormwater system — adding \$17 million in capital to Veolia Water's O&M project scope. The work includes a major rehabilitation of the City's collection systems and lift stations, as well as asset management of the systems when capital improvements are complete.



The work includes a major rehabilitation of the City's collection systems and lift stations, as well as asset management of the systems when capital improvements are complete.

Currently, the system suffers from significant I/I problems that contribute to overloading of the treatment plant, particularly during winter storms. In the first two years, we cleaned and televised the entire system and performed more than 140 repairs valued at \$6 million. Currently, we are involved in a \$7 million effort to rehabilitate 21 pump stations – installing new emergency generators and telemetry. During the first two years, we developed sanitary and storm sewer master plans (SSMPs). We conducted dry and wet weather flow modeling and developed a hydraulic model. We developed a comprehensive capital improvements plan for collection system assets that includes: a capacity evaluation and related projects; a condition assessment and related projects; a system-wide life-cycle replacement plan; and a forecast of engineering and constructability cost values. The benefits the City of Richmond will realize from this expanded partnership include ensured regulatory compliance, transferred risk, a long-term budget with guaranteed costs, and efficiencies in staffing and systems through integration of the wastewater and collection system operations.

### Financial Resources

Veolia Water West Operating Services, Inc., a corporation under the laws of the State of Delaware and the holder of the company's Contractors Licenses in the State of California, is part of a regional company, Veolia Water North America - West, LLC, with 2009 revenues of more than \$98.2 million.

The Veolia Water companies in the West are part of a national company, Veolia Water North America Operating Services, LLC, which continues to rank as the leader in providing O&M services to municipal clients — with the most



**Revenues -- "The Big Six U.S. Contract Operators" - 2009**

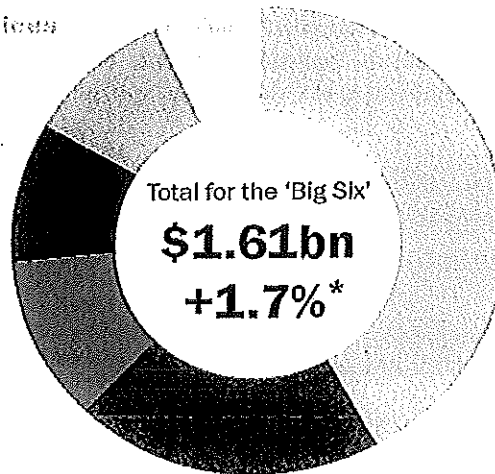
**Southwest Water Services**  
 Revenues: \$109 M (-5%)  
 Market Share: 7%  
 Renewal Rate: 90%

**Severn Trent Services**  
 Revenues: \$159 M (+2%)  
 Market Share: 10%  
 Renewal Rate: 61%

**American Water**  
 Revenues: \$139 M (-10%)  
 Market Share: 9%

**CH2M Hill OMI**  
 Revenues: \$182 M (-8%)  
 Market Share: 11%  
 Renewal Rate: 80%

**United Water**  
 Revenues: \$332 M (+25%)  
 Market Share: 21%  
 Renewal Rate: 80%



**Veolia Water**  
 Revenues: \$678 M (+8%)  
 Market Share: 42%  
 Renewal Rate: 93%

Sources: Global Water Intelligence; GWI Research (and Public Works Financing)  
 Note: Southwest Water figure is estimated.

recent survey by Public Works Financing™ showing that our firm has 42 percent of the market. That company, also an LLC, was established in 2004 under the laws of the State of Delaware, with Laurent Auguste as the President and Chief Executive Officer.

Veolia Water North America Operating Services, LLC provides services to more than 650 communities throughout the U.S. and other parts of North America, which includes responsibility for the day-to-day operations of more than 200 municipal wastewater facilities, over 100 municipal water supply facilities, as well as stormwater management operations for communities of all sizes. The company had 2009 revenues of over \$678 million, maintaining the Veolia Water companies as the leader in the municipal water and wastewater market.

Organizationally, the Veolia Water companies in North America are part of a global parent company, Veolia Eau – Compagnie Générale des Eaux S.C.A., a company having revenues of almost \$18 billion in 2009. The firm is ranked as the world's "Number 1" water services company, serving the needs of over 132 million people in 60 countries and employing over 90,000 employees. Historically, the company traces its roots to establishment of Compagnie Générale des Eaux (CGE) on December 14, 1853. The Veolia Water companies are in turn part of Veolia Environnement, S.A., which ranks as the only global company to offer the entire range of environmental services in the water, waste management, energy and transportation sectors.

Veolia Environnement realized almost \$50 billion in revenues in 2009, has an employee base of over 312,000 in 74 countries across the globe and is traded on the New York Stock Exchange.

This demonstrates that Veolia Water provides the financial resources and long-term history needed to continue to be an effective partner to the Town of Discovery Bay.

Veolia Water in North America
• #1 Water/Wastewater Company in U.S.
• 42% Market Share - 93% Renewal Rate
• \$678 Million In Revenues - 2009
• 40+ DBO Projects Implemented
• Operate 400+ Treatment Facilities
• Treat 2.6 Billion Gallons of Water and Wastewater per Day
• Process 293,000+ Dry Tons of Biosolids/Year
• Manage 5,350+ Miles of Sewer Lines
• Manage 1,280+ Pump Stations
• Manage 6,200+ Miles of Water Lines

## 5.11 – Regulatory Compliance

Veolia Water companies have a strong record of performance with regard to the water and wastewater facilities that we operate and manage in the State of California, other parts of the U.S. and Canada. Under most all of our O&M contracts, we bear responsibility for all aspects of compliance, which includes responsibility for fines.

Veolia Water works with our clients to ensure that they maintain environmental and regulatory compliance, while assuming full responsibility for our violations. Guaranteed regulatory compliance, within the design parameters of a given facility, becomes our company's business when we enter into a partnership agreement. We can also provide the systems and engineering capabilities to add any needed flexibility within a given system.

Veolia Water's plant permitting capabilities are well established through our 38-year history of working with local, state and national regulatory agencies in the U.S. Our commitment to environmental compliance is clearly reflected in an NPDES permit compliance rate better than 99 percent on a national average basis. A further testament to our record of performance and dedication to water quality is the long list of awards won for environmental and safety compliance and operational excellence.

In the past five years alone, our projects have garnered more than 160 such honors, including from the National Conference of Mayors (Veolia Water has been selected for seven awards) and National Council for Public-Private Partnerships (Veolia Water has received this recognition 12 years running). Veolia Water has received hundreds of awards in recognition of our excellent and safe operations.

Veolia Water has a solid record of compliance in our work with the District over the past two years. Indeed, since taking over the operations of the water and wastewater facilities from the previous operator at the request for the Town, Veolia Water first worked to bring your facilities back into compliance with state and federal regulatory requirements, and we maintained compliance since that time.

While we strive for perfection in terms of safety and environmental compliance, occasionally our operations are impacted by accidents or other events that result in fines and penalties. Table 1-4, which follows, covers Veolia Water's compliance record with regard to projects in the State of California over the last five years, summarizing violations of federal, state or local regulations concerning water and wastewater operations, with details on any fines or warnings that were assessed and corrective action taken.

**Table 1-4. Veolia Water – California – Compliance Record**

Year	Facility	Violation	Fine or Penalty
2007	Burlingame, CA	Mandatory minimum penalties issued for two effluent limitation exceedances: (1) Nov. 2004 and (2) Feb. 2005.	\$6,000 – Fine Paid
2005	Petaluma, CA	NPDES permit violations Jan. 2001 to April 2004.1	\$87,000 - Fine Paid

With regard to the two item notes above, the California Clean Water Enforcement and Pollution Prevention Act of 1999 [SB709, codified at Cal. Water Code § 13263.3] established mandatory minimum penalties for violations of NPDES permit effluent limits. Under the Act, any permit violation for any reason, without exception, is assessed a minimum fine of \$3000, per incident.

Additionally, as stewards of the environment, our goals are to ensure regulatory compliance and that our operations do not have any negative impacts on the environment, our visitors, or the quality of life in the communities we serve. We prepare site-specific Environmental Compliance Manuals, supported by SOPs, that define specific approaches and procedures that are used by staff to ensure that all aspects of project operations and maintenance are conducted in compliance with state and federal regulatory requirements. For this renewal project we will continue to apply the tools that have been developed and customized for your operations.

### Corrective Actions

Veolia Water's goal, as stated earlier, is to ensure 100 percent compliance with all regulatory requirements — including those mandated within a facility's "permit to operate." When a permit violation occurs, a series of events is

triggered. First and foremost, plant personnel begin making the necessary process adjustments, mechanical repairs, or other prudent actions to return the facility to full compliance in an expeditious manner. Depending on the complexity of the issue, the fix could range from immediate to longer term, thus requiring temporary action(s) and contingency planning.

In any event, proper notification to our client contact and/or regulatory agency representative is made immediately upon discovery or no later than 24 hours after discovery (based on permit and contract language). Follow-up written correspondence may also be prepared by Veolia Water for submittal to the regulatory agency in accordance with permit requirements. Internally, all instances of permit excursions are recorded in our proprietary, Web-based Triple I Data Management System for managing the incident from identification through resolution.

Once preliminary details of an environmental incident are entered into the database, a Triple I – Immediate Notification Report (INR) is generated and distributed electronically to the management team for that facility, including the Area Manager, Technical Manager, Environmental, Health, Safety & Security (EHS&S) Manager, the Vice President of EHS&S, the Vice President of Operations the President of the LLC, our Vice President of Operations Technical Support, as well as our Chief Technical Officer. The INR is distributed within 24 hours of a non-compliance event or serious near-miss incident.

The purpose of this process is to make sure that appropriate parties are “on-notice” and to begin identifying what resources (external to the facility) may be required to manage the non-conformity. Additionally, timely notification is essential in keeping management informed so that resources can be provided to assist in correction of minor issues before they become major ones.

Concurrently, the Project Manager schedules a Root Cause Analysis (RCA) conference call with the EHS&S and management team members. An RCA is vital to determining the underlying cause of a problem – which could be the result of one or more issues. The purpose of this exercise is not to assess blame, but rather to seek solutions. Without this assessment, only a partial solution might be enacted, which could expose the project to further violations. This comprehensive review systematically flushes out the root and contributing causes of the non-compliance event, as well as determines whether or not the incident was preventable. Once the RCA is complete, the Triple I database will be updated to include the actual cause, corrective/preventive actions, responsible parties, due dates and the like.

Corrective actions include those steps and measures that will be taken immediately and over time to return the process to compliance and steady-state. Preventive actions could include things such as updates or adjustments to standard operating procedures (SOPs), SCADA programming, process control strategies and plans, sampling schedules, and maintenance programs.

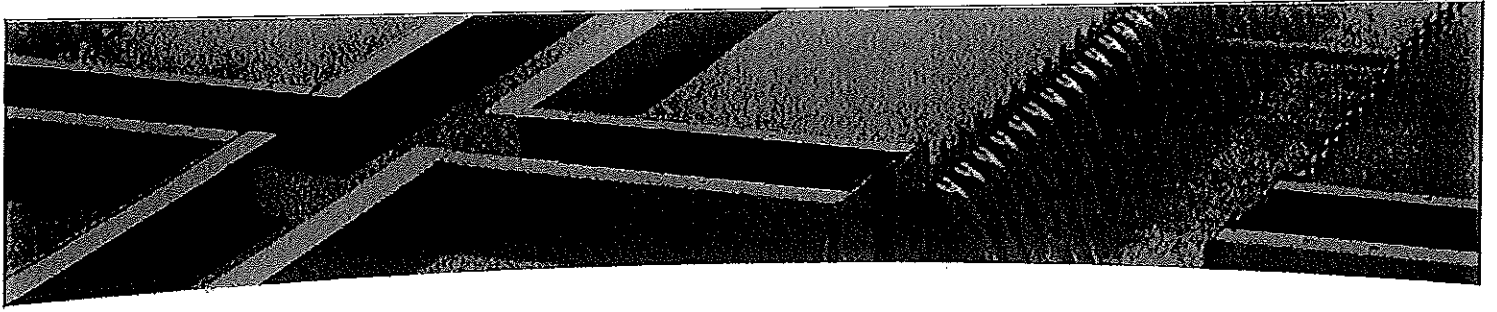
Training and capital improvement requirements may also be acknowledged as preventive measures to prevent recurrence. If a capital repair or improvements are required, we make recommendations to the client (e.g., technology, equipment type, price quotes, etc.) to assist them with their capital project plan/budget.

In summary, Veolia Water is an environmental services company with extremely high standards. We see ourselves as guardians of the water environment and contemplate our activities and their impact on the environment.

## **5.12 – No Conflicts of Interest**

Veolia Water, as we have discussed throughout this document, is the current O&M contractor to the District for your water and wastewater facilities, and, to the extent of our ability to determine, we have no known or potential conflicts of interest with regard to performing work under this proposed new contract with the Town.

Additionally, our firm has no past or current litigation with the Town, and we have not have failed to honor contracts on prior instances with the Town.



# Appendix

## Resumes

**Gerald M. Smart – Veolia Water Project Manager – Discovery Bay**

- **Training:** Supervision I & II, Boise State University, Boise, Idaho; Hazardous Waste Operation and Emergency Response, National Environmental Trainers; Certificate of Completion, Water/Wastewater School of Technology, Boise State University, Boise, Idaho
- **Registration/Certification:** California: Grade II, Wastewater Treatment Operator; Grade I, Water Treatment Operator; and Grade I, Water Distribution Operator - Class IV, Wastewater Treatment Operator, Association of Boards of Certification (ABC)



Under this new contract, Mr. Smart will remain as Veolia Water's dedicated Project Manager at Discovery Bay. He has successfully managed the operation of the District's water and wastewater systems since joining the project in 2008.

Mr. Smart has more than 23 years of water and wastewater industry experience, with involvement in the operation, maintenance and management of municipal and industrial water, wastewater and biosolids management systems and facilities. He has been part of the Veolia Water team in California since 2003 and has worked with the company since 1993. His work experience includes project management responsibility for treatment systems operation, management of industrial pretreatment and biosolids programs, as well as the coordination and management of laboratory and regulatory compliance for treatment systems operations, and extensive involvement in the startup of new and expanded treatment systems and facilities. Mr. Smart has provided support in the direction of complex projects from concept to fully operational status, managing staff sizes ranging from three to 15 employees, and dealing with a variety of contractors, engineers, vendors and subcontractors.

**Related Work Experience/Professional Development/Demonstrated Performance Record:**

- **2009-Present: Project Manager – O&M Services Contract at Discovery Bay, California - Veolia Water West Operating Services, Inc.** -- Manages the day-to-day operation for a 2.3-MGD wastewater treatment facility and two water treatment facilities. The Discovery Bay facilities include two wastewater oxidation ditches with clarification systems that converge into one effluent line that utilizes ultra violet disinfection. The effluent is pumped approximately 1.5 miles to the delta. Solids are dewatered to 15% using a belt press then transferred into two thermal solar drying cells with automatic "mole" aeration producing class "A" biosolids. The Wastewater system includes 15 lift stations with 50 miles of collection lines. The Water Distribution system includes 5 source groundwater wells and 49 miles of water distribution lines.
- **2003-2009: Project Manager for Industrial/Hazardous Waste Operations in California and Nevada – Veolia Water North America – West, LLC** - Served as the Project Manager for the startup and initial operations of a 6.8-MGD water reclamation facility at the Chevron Refinery Facility in San Ardo. This award-winning facility was constructed by Veolia Water (and affiliated companies) as part of a design/build/operate (DBO) project and is designed to collect and treat excess produced water and wastewater generated at an oil production field. Excess water (wastewater generated throughout the treatment process) is treated and then discharged to a wetlands system that overflows into infiltration basins meeting State of California requirements. Additionally, assisted with the management of the startup and initial operations of a new biological treatment system at an industrial site in Henderson, Nevada. The treatment system was designed and constructed by Veolia Water using a DBO project approach. It functions to remove perchlorate from groundwater at the site and features a 1.44-MGD fluidized bed reactor (FBR) groundwater treatment system. Directed the work of the on-site O&M staff and provided oversight of an extensive sampling, monitoring, and treatment program for this large groundwater remediation project. Also was responsible for training, supervising and evaluating O&M and laboratory staff at this facility. Coordinated and implemented a monitoring program for performance test period for the newly- constructed FBR system. Developed standard operating procedures (SOPs), including protocols for the sampling schedule. Directed the development of the groundwater well-monitoring program for more than 100 well sites. Managed the operation for successful shutdown and startup of the treatment facilities to implement new equipment. Developed and implemented an extensive records and environmental management system.
- **1993-2003: Industrial Pretreatment Program (IPP) and Biosolids Program Coordinator in Caldwell, Ohio – Veolia Water North America Operating Services, LLC** – Managed the biosolids land application and IPP programs in support of a long-term O&M agreement (which is still in place) for a 14-MGD high-rate trickling filter/activated sludge wastewater treatment plant.

**Aaron J. Winer – Veolia Water – District Manager for Northern California**

- **Education/Training:** Master of Public Administration, University of Southern California, and BA, Environmental Studies, Johnson State College, VT
- **Registrations/Certifications:** California: Grade V, Wastewater Treatment Plant Operator; Grade IV, Environmental Compliance Inspector; Grade II, Industrial Wastewater Treatment Plant Operator; and, Grade I, Laboratory Technician
- **Professional Affiliations:** California Water Environment Association and American Society for Public Administration

Under the new contract, Mr. Winer will continue to provide management and support for Veolia Water's dedicated O&M team at Discovery Bay. In his current role, he is responsible for overseeing and providing assistance to Veolia Water's O&M and related projects in Northern California.

Mr. Winer has over 18 years of environmental experience, including more than 15 years of water and wastewater experience (both public and private sector). This includes experience with municipal and industrial wastewater treatment plant O&M, IPP program development, implementation and management, as well as with laboratory operations. His work experience includes serving as a plant operator, an environmental compliance manager as well as a project manager. He has specific experience with regulatory agencies in California, as well as in supervising laboratory and employee safety programs. He began his career working with Veolia Water at the Burlingame, California, O&M project, the nation's first public-private partnership for wastewater operations, which remains a Veolia Water contact to this day, more than 38 years later.

**Related Work Experience/Professional Development/Demonstrated Performance Record:**

- **2009-Date: Northern California District Manager – Veolia Water West Operating Services, Inc. – Lathrop, California** - Provides oversight, management and support for Veolia Water's municipal O&M and related projects in Northern California. Involved with new business development and serves as a client liaison under existing contracts.
- **2008-2009: O&M Project Manager – Veolia Water West Operating Services, Inc. – Lathrop, California** - Oversaw day-to-day operations for the City's 0.25-MGD Schreiber extended aeration wastewater treatment plant and 0.75-MGD Siemens Memcor® membrane bioreactor treatment plant. Managed the work of the on-site O&M staff and coordinated design/build work by Veolia Water for the plant expansion.
- **2007-2008: O&M Project Manager – Veolia Water West Operating Services, Inc. – Richmond, California** - Managed the O&M of the City's 16-MGD wastewater treatment plant, part of a contract that implemented over \$7 million in capital improvements. This work focused on updating, modernizing and automating the existing processes and systems to achieve optimum operating levels.
- **2003-2007: Plant Operator III and Pretreatment Coordinator – City of Yuba City, California** - Fully developed and implemented the City's Industrial Pretreatment Program (IPP). Served as Plant Operator of a 7-MGD municipal wastewater treatment plant. Responsible for daily operations and maintenance of digesters, preliminary screening, primary sedimentation process, liquid oxygen feed and pure oxygen generation aeration process, nutrient feed, liquid chlorine and sodium bisulfite chlorination and dechlorination system, and microturbine electrical cogeneration.
- **2001-2003: Lead Operator – City of Davis, California** - Operated a 7.5-MGD municipal wastewater treatment plant. Included creek/slough monitoring, daily operations of digesters, primary sedimentation processes, oxidation and aeration ponds and restored wetlands.
- **1997-2001: Environmental Compliance Manager – Veolia Water West Operating Services, Inc. (predecessor company) – Burlingame, California** - Responsible for oversight of NPDES-mandated Industrial Pretreatment Program, including pretreatment, stormwater pollution prevention, hazardous materials business inspections, sampling, monitoring and enforcement. Also responsible for public education, outreach, permit writing and pretreatment and pollution prevention reporting.
- **1995-1997: Operator – Veolia Water West Operating Services, Inc. (predecessor company) – San Bruno, California** - Operated a 0.7-MGD heavy metals precipitation plant and was involved in process and treatment chemical bench study.

### **Douglas R. Little -- Veolia Water -- Project Manager**

- **Education/Training:** BS in Advanced Technical Studies and AAS in Automotive Technology from Southern Illinois University in Carbondale, Illinois - Completed coursework in Water and Wastewater Treatment from California State University and Pennsylvania State University
- **Registration/Certification:** California - Grade IV -- Wastewater Treatment Plant Operator (California); Grade 3 -- Wastewater Treatment Plant Operator (Arizona); Grade 2 -- Wastewater Treatment Plant Operator (Illinois); and Class K -- Industrial Treatment Plant Operator (Illinois)

Under the new contract, Mr. Little will assist with Process Operations and Systems Troubleshooting at the Discovery Bay project. He is currently the Project Manager based at Veolia Water's O&M project with the City of Lathrop, California. Previously, he was the Assistant Project Manager for Veolia Water's Rio Vista operation, where he participated in the startup of the new Northwest treatment plant and the decommissioning of the Trilogy facility.

Mr. Little has more than 18 years of O&M experience. He has worked with Veolia Water since 2002 and has been involved in providing O&M services for municipal and industrial project sites in California and other parts of the U.S. He is experienced with the operation and management of water and wastewater facilities, as well as all aspects of regulatory compliance. Mr. Little was part of the Veolia Water team mobilized to the City of Rio Vista project site as part of an emergency-services contract to replace another services provider that failed to meet the City's needs.

#### **Related Work Experience/Professional Development/Demonstrated Performance Record:**

- **2010-Date: Project Manager -- Veolia Water West Operating Services, Inc. -- Lathrop, California --** Responsible for the day-to-day management of the wastewater treatment facilities for the City of Lathrop. This includes managing an O&M staff of five, which includes operators and maintenance staff. Leads and develops the collaboration efforts among three local projects to share information, resources and training to enhance existing services. Current operations include a 0.75-MGD MBR (membrane biological reactor) and a 0.216-MGD Industrial Wastewater Treatment Plant (a secondary treatment plant). Both facilities recycle all treated effluent.
- **2001-2009: Assistant Project Manager -- Veolia Water West Operating Services, Inc. -- Rio Vista, California --** Responsible for the day-to-day management of the wastewater treatment facilities for the City of Rio Vista. Managed an O&M staff of seven, including operators, maintenance staff and laboratory personnel. Led the operational startup for the new 1-MGD Northwest Wastewater Treatment Facility (a Zenon membrane bioreactor treatment plant) and the decommissioning of the City's 0.2-MGD Trilogy Wastewater Treatment Plant. Operations included the new Northwest Plant, the 0.65-MGD Beach Wastewater Treatment Plant (secondary treatment plant) and 10 lift stations.
- **2002-2005: Area Supervisor -- Veolia Water North America -- Central, LLC -- Cleveland, Ohio --** Part of a team responsible for the supervision of 45 O&M staff at five wastewater treatment facilities. Responsible for ensuring NPDES compliance and preventive and critical maintenance while promoting a safe work environment. Directly responsible for one of five facilities, jointly responsible for two additional facilities. Successfully led a team of six O&M staff in the modification and eight-week startup of an abandoned treatment plant, maintaining continued operations with no violations.
- **1994-2002: Operations and Maintenance Manager (and other positions) -- Harding/ESE, Inc. -- Peoria, Illinois --** Worked with this O&M services provider in progressively responsible project operations and management roles. Responsible for two O&M contracts: a 2.5-MGD industrial/sanitary wastewater treatment facility with potable/service water systems and package industrial, sanitary and potable water systems at client's remote facility. Managed six employees working at the two facilities. Assisted a local city in diagnosing operational problems at a sanitary treatment plant, maintained monitoring and compliance with U.S. EPA standards, and trained operators to assume responsibilities. Successfully led the startup of a landfill leachate treatment plant in Corvallis, Oregon. Worked with engineers, contractors and the landfill in troubleshooting, modifying and starting a newly constructed treatment plant. Created Standard Operating Procedures and trained operators in the treatment process and laboratory analyses.

**Charles R. Fenton, Jr. – Veolia Water – Vice President and Technical Services Manager**

- **Education/Training:** Water and Wastewater Technical Training, Crowder College in Neosho, Missouri
- **Registration/Certification:** Class IV – Wastewater Operator, ABC (recognized in 27 states); Class IV – Wastewater Operator (Oregon, Idaho, New Mexico); Class A – Wastewater Operator (Oklahoma, Missouri); Class B – Wastewater Laboratory Technician (Oklahoma); Class IV – Water Operator (ABC, Idaho, Oklahoma); Class B – Water Laboratory Technician (Oklahoma); and Certified for Backflow Prevention Inspection and Testing
- **Memberships/Affiliations:** Water Environment Federation, Pacific Northwest Pollution Control Association and American Water Works Association

Under this new contract, Mr. Fenton will continue to lead the technical support team for this partnership with the District. He was part of the original Veolia Water team mobilized to Discovery Bay at the start of the emergency services contract, and he has continued to support the project. Mr. Fenton directly manages our O&M team at Discovery Bay and is responsible for the delivery of O&M and related services to our Northern California clients. He is also directly involved in supporting the O&M project team by drawing from the local, regional and national resources of our firm.

Mr. Fenton has more than 25 years of experience in the water and wastewater industry. This includes extensive experience in operations, training, troubleshooting, laboratory analysis and new plant startups. In addition, he is a certified instructor and has taught both water and wastewater treatment courses, and he also holds ABC Grade IV water and wastewater certifications, which are recognized in 27 states.

**Related Work Experience/Professional Development/Demonstrated Performance Record:**

- **2000-Date: Vice President and Technical Services Manager – Veolia Water North America – West, LLC -** Responsible for supporting projects in a service area that includes states in the Western U.S., as well as projects in the State of Hawaii. This work involves project reviews, identification of process improvements, capital investments, automation development, technology evaluations, new business due diligence, establishment of process and maintenance management software, establishment of Process Control Management Plans, development of SOPs and Emergency Response Plans, energy audits, development of written plans and other support services. Provided design review, operational budgeting, operational review, automation, control processes and cost saving strategies for the development of a 66-MGD regional surface water treatment plant in Tampa Bay, Florida, featuring Veolia Water's proprietary ACTIFLO® process.
- **1995-2000: Director and Team Leader, Special Projects Group – Veolia Water North America Operating Services -** Supported contract O&M and related projects on a national basis. Responsibilities included conducting project reviews and identifying process improvements, capital investments, automation development, and other adjustments, which resulted in cost savings to the projects. New business responsibilities included process review and pricing assistance for new business for both water and wastewater projects. Additionally, provided renewal assistance to existing O&M projects in areas such as identification of capital and infrastructure upgrades.
- **1991-1995: Project Manager – Veolia Water North America Operating Services – Caldwell, Idaho -** Responsible for management and administration of a staff of eight providing operations, maintenance, collections, laboratory and pretreatment services in support of a then 7.78-MGD trickling filter, biotower plant, nine lift stations and 280 miles of collection system lines. The trickling filter plant was equipped with three anaerobic digesters, tertiary filtration and chlorine disinfection. Following digestion, sludge is stored in lagoons or dried in drying beds prior to being applied to farm fields.



**Bryce Behnke – Veolia Water – Technical Services Manager**

- Education/Training: Water and Wastewater, Clackamas Community College in Oregon City, Oregon - Continuing Education Courses in Safety, Water Treatment, Electrical, Drinking Water Regulation, Computer Software Applications, Management, SCADA Software, Hazardous Materials and Process Control
- Registration/Certification: Grade IV – Water Treatment Operations with Filtration (Oregon); Grade IV – Water Distribution Operations (Oregon); and Maintenance Electrical License (Limited), Oregon
- Membership/Affiliation: American Water Works Association

Under this new contract, Mr. Behnke will provide support to the team at Discovery Bay in Water Systems O&M and Computerized Management Systems. He is a Plant Automation/Process Control Supervisor with Veolia Water in the West, providing technical and management leadership on design/build/operate (DBO), O&M and related projects.

Mr. Behnke has more than 30 years of work experience, with over 20 years of experience operating treatment facilities. He has specialized experience with system automation, process control, computerized maintenance management systems (CMMS) and electrical systems. Mr. Behnke's work has included new plant startup, state and federal regulatory reporting and compliance, electrical and controls systems calibration, chemical systems O&M, as well as overall equipment maintenance and troubleshooting. He is also involved in supporting other Veolia Water O&M projects in the West, providing plant startup, equipment troubleshooting, and training for supervisors.

**Related Work Experience/Professional Development/Demonstrated Performance Record:**

- **2007-Date: Technical Services Manager – Veolia Water North America – West, LLC** - Provides technical services leadership and support for projects in the West, including design/build, design/build/operate (DBO), and operations, maintenance and management services for wastewater and water treatment plants. Work has included: providing startup support for new projects; electrical and process control management support, including the development of PCMPs; computer networking project support; technical support for the Wonderware SCADA software application; as well as the development and implementation of SOPs. Serves the Lead Developer/Trainer for Veolia Water's standard CMMS software program (Job Cal® Plus). Involved with the development and implementation of asset management programs and tools, for reliability-centered maintenance (RCM), condition assessment, criticality and life-cycle cost model approaches.
- **2005-2007: Facility Manager – Veolia Water North America – West, LLC – City of Gresham, Oregon** - Served as the Facility Manager for the transition and initial years of operation at this O&M project, with responsibility for management of the Maintenance and Biosolids departments. This project involves managing the City's wastewater treatment system that serves approximately 106,000 people and that receives domestic, commercial and industrial wastewater from the City and neighboring communities. The wastewater treatment system consists of a 20-MGD treatment facility, biosolids management program, cogeneration operation, laboratory services and nine lift stations.
- **2002-2005: Automation/Process Control Technician – Veolia Water North America – West, LLC – City of Wilsonville, Oregon** - Worked as part of the startup team for this new water plant and then as Lead Supervisor for the O&M of the new Willamette River Water Treatment Plant, Wilsonville. This work included supervising the automation/process control for the startup and operations. This plant, which utilizes Veolia Water's ACTIFLO® treatment system, is a state-of-the-art 15-MGD (with 70-MGD build-out capacity) surface water treatment plant.
- **1987-2002 – Water Treatment Plant Operator – City of Lake Oswego, Oregon** - Responsible for the day-to-day O&M of the City's 16-MGD surface water filtration plant and water distribution system. This included chemical calculation, equipment troubleshooting and repair, laboratory sampling, coordination with regulatory agencies, and community relations activities.

### **Kip Edgley – Veolia Water – Regional Technical Manager**

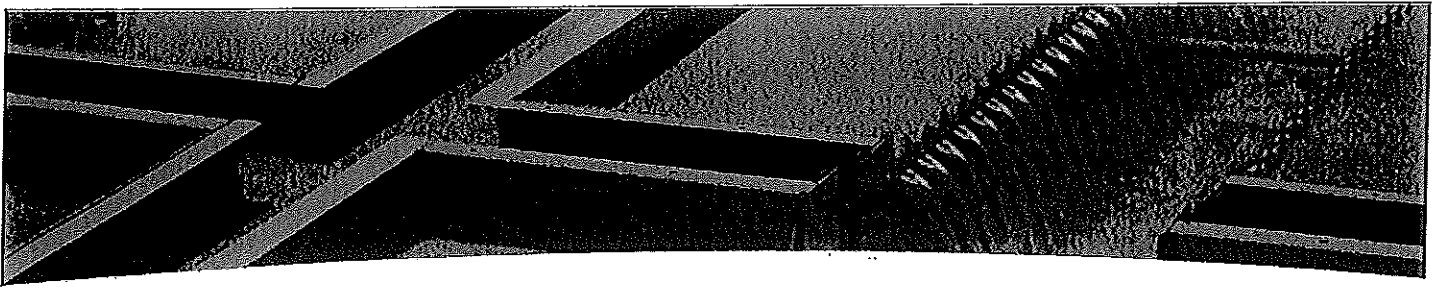
- **Education/Training:** Portland Community College, Mt. Hood Community College
- **Registration/Certification:** Washington State Electrical Administrator, Washington State Electrical Journeyman, Oregon Electrical Supervisor, Colorado Master Electrician, Level II Thermographic Analysis Technician
- **Memberships/Affiliations:** Instrument Society of America, Industrial Computing Society, Water Environment Federation, International Association of Electrical Inspectors

Under this new contract, Mr. Edgley will provide Instrumentation and Control Systems and SCADA support to the O&M team at Discovery Bay. Mr. Edgley is Veolia Water's Technical Services Manager for SCADA and Control Systems and is responsible for automation implementation at O&M project sites in the states of California, Oregon and Washington, as well as in other parts of the West. He is also a key proponent and policy manager for asset management strategies.

Mr. Edgley has over 30 years of experience in industrial equipment maintenance including the maintenance of water and wastewater treatment facilities, automation design and implementation, and SCADA/PLC programming. This includes an extensive background in the maintenance of wastewater treatment facilities.

#### **Related Work Experience/Professional Development/Demonstrated Performance Record:**

- **2010-Date: Regional Technical Manager – Technical Direction Group – Veolia Water North America Operating Services, LLC** - Serves as the technical leader for automation and integration at O&M projects nationally. This includes the planning, design and implementation of SCADA, communication, instrumentation and automation systems for treatment facilities.
- **1996-2009: Technical Manager/SCADA and Control Systems Specialist -- Veolia Water North America – West, LLC** - Responsible for providing maintenance management and instrumentation and control system support ranging from system troubleshooting to the installations of new systems. Provides training, troubleshooting and assistance in all phases of computerized maintenance management systems, installation specification review and evaluation, design review and submittal, equipment selection, maintenance and repair, and other services for water, wastewater and other treatment systems in Oregon, Washington, and in other parts of the West.
- **1988-1996: Maintenance Manager – Veolia Water North America – West, LLC – Vancouver, Washington** – Served as Maintenance Coordinator and then Maintenance Manager for the City's 15.2-MGD wastewater treatment plant and 3.2-MGD industrial wastewater treatment plant. Developed a fully computerized maintenance purchasing system that was integrated into the plant's existing purchasing system, which was a functional component in the production of annual zero-based budgets. Responsible for providing the introduction of thermographic analysis, electrical analysis, machine condition and predictive maintenance as an integrated component of the maintenance organization. Directed the maintenance staff in the performance of all routine, preventive, and corrective maintenance repairs. Used maintenance management system, developed both short-term and long-range schedules, ensured that the equipment was maintained effectively and that major repairs were kept to a minimum. Provided electrical, instrumentation and maintenance management support to other Veolia Water facilities throughout the country.
- **1979-1988 – Vice President and Industrial Controls Specialist – B&E Electric, Inc. – Washington** – Supervised and directed large electrical construction projects routine to the industry. Responsible for the design, installation, programming, implementation and training for various levels of industrial automation. Projects included clothing manufacturers, food processing facilities, sand and gravel facilities, heavy industry, water treatment and wastewater treatment facilities. Responsible for design/build projects involved with large places of worship, involving all aspects of electrical system design including energy management, specialized sound and lighting systems.



**Submitted to:**



**Town of Discovery Bay  
Community Services District  
California**

# **Volume 2 Cost Proposal**

## **RFP No. 10-01 Water and Wastewater Systems Operations**

**November 1, 2010**

The information contained on each page of this document which has been stamped with the legend "Company Confidential - Trade Secret and Proprietary Information -- Veolia Water" is confidential and proprietary information which constitutes a trade secret of Veolia Water West Operating Services, Inc., Veolia Water North America - West, LLC and Veolia Water North America Operating Services, LLC (Veolia Water). Veolia Water asserts a business confidentiality claim covering all data and information contained on each page of this document bearing this legend. No such data and information shall be disclosed outside of the agency to which this document has been submitted or be duplicated, used or disclosed, in whole or in part, for any purpose other than to evaluate this document.



November 1, 2010

Town of Discovery Bay  
Community Services District  
1800 Willow Lake Road, Town Office  
Discovery Bay, California 94505  
Attention: Mr. Virgil Koehne, Water & Wastewater Manager

**Subject:** Volume 2 – Cost Proposal - RFP# 10-01 - Water & Wastewater Systems Operations

Based on the detailed plan and approach for your water and wastewater systems outlined in our separate Technical Proposal, provided as Volume 1 of this submittal, **West Operating Services, Inc. (Veolia Water)**, management (O&M) services partnership with the Town of Discovery Bay. Over the course of the past two years, we have worked with the District to stabilize your operation and to build a solid partnership founded on reliable service delivery. This new contract will allow us to continue to build on the successes our partnership has realized and provide for the long-term stability in your operation.

One of the primary ways that we will deliver on this commitment will be by providing continuity in terms of the management, staffing and support of this contract. This means that our Project Manager, **Gerald Smart**

into the Project Manager role more than a year ago. Veolia Water's dedicated O&M team at Discovery Bay will continue to be supported by our regional management and technical resources team.

We have prepared our Proposal in compliance with the requirements of your Request for Proposals (RFP), and the addenda and responses to questions provided. Our submittal includes this Cost Proposal and a separate Technical Proposal.

We are submitting on both of the project options discussed in the RFP, including Option 1 for the operation of all of the wastewater collection and treatment facilities combined with all of the water systems and distribution facilities managed under a single services contract with the District; as well as Option 2 for the operation of only the wastewater collection and treatment facilities. We have included separate Cost Proposals for the two options.

Our Cost Proposal also presents a third choice – an Alternative 10-year full-risk offering that transfers significant risk and responsibility to Veolia Water. This Alternative allows Veolia Water to invest more heavily in your operation, provides at a firm fixed price less than what the District has spent which delivers considerable value to the District and your ratepayers.

This Cost Proposal submittal addresses all of the requirements of the RFP, item 5.13, and provides fixed pricing for five years, including all supporting detail related to the proposed costs.

We also have developed a detailed budget separately identifying estimated costs for on-site labor, off-site support services, subcontracted labor and services, utilities, materials, supplies, fuel, etc.

The costs presented are also based on our firm's first-hand experience with the operation and management of the facilities covered under this contract for the past two years.

Mr. Virgil Koehne, Water & Wastewater Manager  
Town of Discovery Bay – Community Services District, California  
November 1, 2010

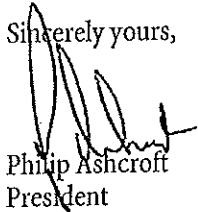
As the President of Veolia Water West Operating Services, Inc., I have executed this Proposal submittal, including this Cost Proposal and our separate Technical Proposal (Volume 1), and I have the authority to commit our firm to any contract that results; a copy of my signature authority (Certificate of Secretary) is provided as an attachment to this letter.

Veolia Water's contact person as this procurement process moves forward, as discussed, will be:

Mr. Shilen Patel – Municipal Development Manager  
2300 Contra Costa Boulevard, Suite 350, Pleasant Hill, California 94523  
Telephone: 925/771-7207 – E-Mail: [shilen.patel@veoliawaterna.com](mailto:shilen.patel@veoliawaterna.com)

I invite you to contact Mr. Patel or me should you have any questions regarding this Proposal or need any additional information. We very much look forward to your review of this submittal and to the next steps in this procurement process for the renewal of our ongoing O&M partnership with the District.

Sincerely yours,



Philip Ashcroft  
President  
Veolia Water West Operating Services, Inc.

Attachment:

- Certificate of Secretary (signature authority for Project Principal)

**VEOLIA WATER WEST OPERATING SERVICES, INC.**

**SECRETARY'S CERTIFICATE**

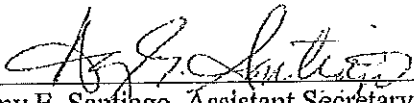
The undersigned, Amy E. Santiago, does hereby certify that she is Assistant Secretary of Veolia Water West Operating Services, Inc., a corporation duly organized and existing under and by virtue of the General Corporation Law of the State of Delaware (the "Corporation"); and that Philip Ashcroft, President, is, in such capacity, duly authorized on behalf of and in the name of the Corporation to negotiate and execute contracts and make related commitments with regard to the following project:

**Water & Wastewater Systems Operations**

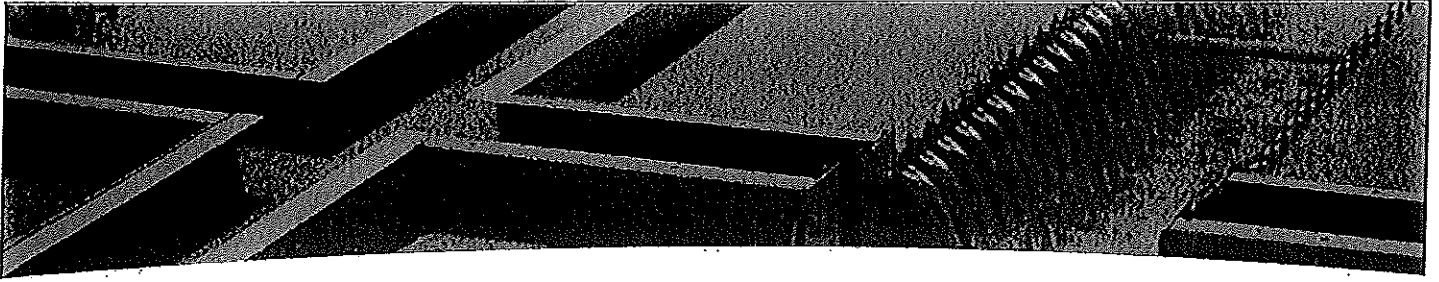
**RFP No. 10-01**

**Requested by The Town of Discovery Bay Community Services District  
Discovery Bay, California**

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Corporation this 25th day of October, 2010.

  
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Amy E. Santiago, Assistant Secretary

SEAL



**Volume 2**  
**Cost Proposal**

## VOLUME 2 – COST PROPOSAL

### 5.13 – Cost Proposal

#### Project Understanding and Commitment



As the operations, maintenance and management (O&M) services provider to the Town of Discovery Bay's Community Services District (District) for the past 22 months, Veolia Water West Operating Services, Inc. (Veolia

Water) is uniquely positioned to understand your needs and requirements for a long-term partnership.

A long-term partnership with Veolia Water will build on the success that we have both realized to date, provide long-term stability in your operations, and enhance the value that we have delivered to the local community.

We hope, through this proposal, that you understand Veolia Water's commitment to the District and local community.

Our Proposal continues providing the District with high quality O&M services that meet or exceed all specifications and permit requirements at the lowest reasonable cost, ensuring environmental compliance, and working with the District to provide a sound basis for capital and operations planning.

The backbone of our successful operations is the quality of our staff. With Veolia Water, you can rest assured that our staff will suffer no disruptions, as they would if they must transition to another operator.

Our team will continue to be led by our local Project Manager Gerald Smart, who remains committed to this project. He has been part of the project team at Discovery Bay since the start of the emergency-services contract, first as Site Supervisor and then moving into the Project Manager role more than a year ago.

Mr. Smart and Veolia Water's dedicated O&M team at Discovery Bay will continue to be supported by our regional management and technical resources team.

We will also work to ensure the on-site O&M team at your facilities remains stable and consistent over the contract term by providing competitive pay for the staff.

A clear demonstration of Veolia Water's commitment is our proposed budget for a new contract, which allocates 70 percent to employee pay and benefits.

We believe our proposals address the challenges and needs outlined in your Request for Proposal (RFP), and Addenda, in a comprehensive manner. In this Cost Proposal volume, we outline the services our proposals offer for a firm, fixed price. We include supporting detail on how Veolia Water arrived at such pricing. In addition, we have developed and provide a detailed budget, separately identifying estimated costs for on-site labor, off-site contractor support services, subcontracted labor and services, utilities, materials, supplies, fuel, and other cost elements.

Three cost proposals are provided. The first is for the operation of all of the wastewater collection and treatment facilities combined, with all of the water systems and distribution facilities managed under a single contract. The second is for the operation of only the wastewater collection and treatment facilities, managed under a single contract. The third is a full-risk 10-year agreement that transfers considerable risk and responsibility to Veolia Water.

All three proposals are designed to protect the District's assets while offering the highest level of services at the lowest reasonable price.



Veolia Water has served as the O&M provider to Discovery Bay under an emergency services agreement that began on January 1, 2009. This was driven by the poor performance of a previous operator that led to operational deficiencies at the treatment facilities which resulted in several high-profile spills and environmental violations (including a \$231,000 fine from the Regional Water Quality Control Board). With less than two weeks' notice and over the winter holiday, Veolia Water transitioned operations and developed and implemented a plan to bring the operation into compliance with state and federal regulations.



**Commitment to Delivering Innovation and Long-Term Value**

Veolia Water developed our Proposal based on our understanding of your system and the needs of the local community. This renewal Proposal provides three long-term options for the District to consider as we transition from the current emergency-services agreement to a new long-term O&M partnership. Table 2-1, which follows, summarizes the options that are priced in this Cost Proposal volume.

Scope and Cost Items	Current		Veolia Water's Proposals		
	Discovery Bay Community Services District (from 2009/2010 Budget)	Veolia Water	5-Year Water and Wastewater	5-Year Wastewater Only	10-Year Full-Risk Alternative
Water Treatment Facility O&M		X	X		X
Wastewater Treatment Facility O&M		X	X	X	X
Vehicle Maintenance and Fuel	X	X	X	X	X
15 Lift Stations		X	X	X	X
Five Wells		X	X		X
49 Miles of Collection Lines		X	X	X	X
450 Manholes		X	X	X	X
50 Miles of Distribution Lines		X	X		X
5,800 Service Connections		X	X	X	X
Approx 1,100 Valves		X	X	X	X
Line Location Support	X		X	X	X
Cross Connection/ Backflow Prevention Program	X				X
Laboratory		X	X	X	X
GIS/ICOMMM Support		X	X	(Wastewater Only)	X
CIP Planning Support		X	X	X	X
Repair and Maintenance	X (More than \$423,000)	X (\$42,413)	X <sup>1</sup> (\$107,000)	X <sup>1</sup> (\$86,000)	X (\$435,000)
Video Inspection of Collection System	X				X
Water and Wastewater System Point Repairs	X				X
Electricity	X (\$475,649)				X Develop Cap and drive cost down

Scope and Cost Items	Current		Veolia Water's Proposals		
	Discovery Bay Community Services District (from 2009/2010 Budget)	Veolia Water	5-Year Water and Wastewater	5-Year Wastewater Only	10-Year Full-Risk Alternative
Chemicals	X (\$54,013)				X
Biosolids Disposal	X				X
Significant Liability Responsibility	X				X
Full-Time Staff	\$130,000 for Consulting Services	7	9	5	10
Totals	>\$1,469,185 Not a Firm Fixed Price	\$1,043,000 Firm Fixed Price	\$1,272,813	\$860,038	\$2,101,558
	\$2,500,000+ in Operations and Maintenance		Guaranteed Firm Fixed Price		

NOTES:

- <sup>1</sup> Veolia Water proposes the repair and maintenance (R&M) funds will be managed as an annual allowance. This would result in any unused funds being credited back to the District at the end of the contract term. As such, this amount is not included in our annual O&M price proposal.
- Although the RFP removes the TV (Video) inspection from contractor responsibility, we recommend that the District include it in the project scope. TV (Video) inspections provide crucial information for CIP planning and preventive maintenance. Choosing this option would add \$15,580 a year for the two 5-year Base Proposals but it is included in our Full-Risk Alternative proposal.

These options were discussed in detail in our Technical Proposal (Volume 1), and detailed pricing for each are presented as part of this Cost Proposal.

### Focused Plan and Approach

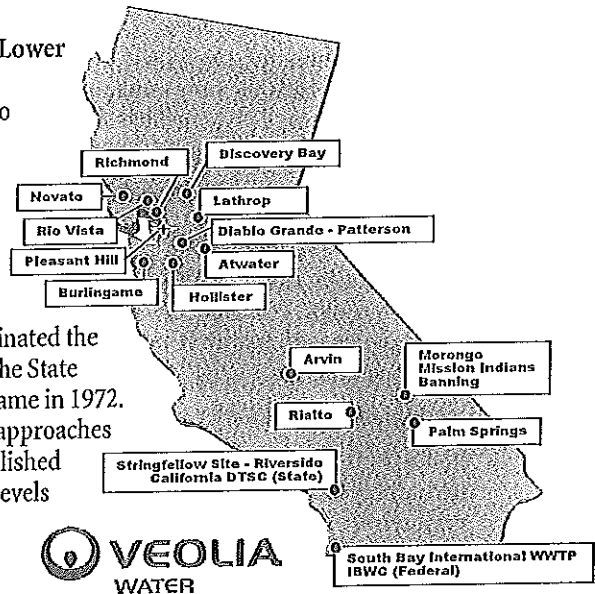
With a long-term partnership, Veolia Water will build on our local successes by adding additional staff focused on facility repair and maintenance work. A focused repair and maintenance program would result in better management of long-term costs, enhanced community service, and increase the life of District's water and wastewater assets, which will save ratepayers money.

Additionally, we have based our Proposal on our extensive knowledge of your system through our successful operations at your facilities and the many upgrades and improvements we have participated in or implemented over the past 22 months.

As demonstrated in our current operations, Veolia Water is committed to delivering the District the best value for this project. Three major factors that you should consider as you review this proposal include:

- **Regional Resources to Provide Support** -- Over the past 22 months, we have made extensive resources and expertise available to support your facilities for specific issues as well as for normal day-to-day operations. A long-term partnership, as you are considering, would allow us to continue investing in your facilities and protecting Discovery Bay's quality of life.

- Value-added Resources to Drive Operations Costs Lower**  
 - Veolia Water offers a broad range of operations and technical services at no additional cost to the District to ensure your ratepayers receive the best services at the lowest price. For example, we can provide access to our procurement department's global chemical purchasing agreements to reduce your costs.
- Proven Experience** - Veolia Water has over 38 years of proven experience in providing O&M services to clients in the State of California. Indeed, our firm originated the O&M approach for municipal wastewater facilities in the State under a pioneering agreement with the City of Burlingame in 1972. Through this experience we have developed tools and approaches that are used to benefit all of our operations. Our established relationships with regulators at the local and national levels enable us to understand regulatory issues and work through them effectively, avoiding fines and ensuring compliance.

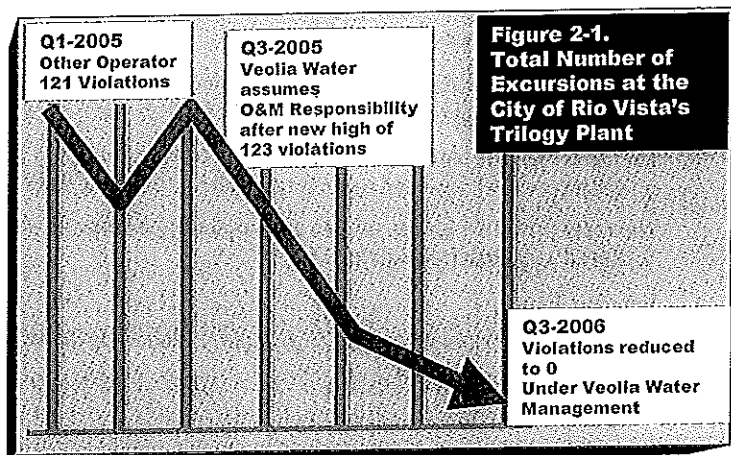


Our value to California communities is demonstrated through our track record of improving local municipal operations. An example of this is the nearby City of Rio Vista. This contract began in summer 2005 when the City discovered irregularities in the maintenance of its wastewater facilities, which were under the direction of another O&M services provider. The City asked Veolia Water to take over this operation under a 60-day emergency contract. During the first 30 days of this contract, Veolia Water addressed the immediate problems at the wastewater plants and developed a list of operational issues.

The contract continued to be extended under an emergency-services basis for the first five years, during which time a new wastewater treatment was constructed by the City. Veolia Water provided key operational assistance during construction and the startup of this new plant. One of Rio Vista's existing wastewater treatment plants was shutdown as the new one came online. Veolia Water also assisted with the process of shutting down this old plant and starting up the new plant. Additionally, we worked with the City to develop a list of longer-term improvements to address the critical needs of its wastewater facilities.

Figure 2-1, opposite, illustrates how we dramatically reduced effluent violations at one of the City's troubled wastewater plants. In January 2010, the City of Rio Vista signed a five-year long-term contract based on the value of our operation to the Rio Vista community.

Veolia Water also provided a similar services approach for the City of Rialto (in Southern California near Ontario), where we assumed operation and management from its existing O&M partner in 2003 and then worked with that City to address immediate operations and capital improvement needs.



This partnership continues today, and we have resolved many of the problems that had plagued the wastewater facilities, while providing the City with a reliable O&M partner.

What these projects, and the other key experience that is discussed in this Proposal, demonstrate is that Veolia Water has a proven history of success in working with communities to transition initial, emergency services-types of contracts to successful long-term O&M partnerships.

We are eager to continuing supply our extensive experience to the District, expanding our work with an even more comprehensive approach for your water and wastewater facilities under a long-term agreement that will provide you with the benefits that we deliver to other similar clients in California.

Our plan and approach, as was presented in our Technical Approach, focuses on meeting the District's immediate and long-term needs. We believe it's a good one and covers all the key requirements identified by you to date.

### Opportunities for Savings

Veolia Water works closely with our O&M partners to identify and implement processes and upgrades that will produce cost savings. To ensure there is sufficient incentive for our firm to invest time and resources to develop these opportunities, this customarily is carried out on a shared-savings basis. For example, if we identify an upgrade that will reduce operating costs by \$10,000 per year, the District and Veolia Water would share the savings equally.

Some preliminary opportunities for potential savings for the District under this new contract include the following:

- **Reductions in Power Consumption** - The District pays power costs under the current agreement. We propose to continue that but with power consumed by Veolia Water subject to a cap. Consumption over the cap that is not a result of an uncontrollable circumstance or change in flow will be paid by Veolia Water. In addition, we suggest that reductions in power bills that result from changes proposed by Veolia Water be shared 50/50 with the District, after we recover any investment we might make, including installing solar power panels, to implement power savings.
- **Regional Technical Support** - Veolia Water will utilize technical experts from nearby facilities to support the staff at Discovery Bay which will save the District money from having to hire outside consultants or temporary staff.

In summary, Veolia Water believes that our Proposal reduces the District's risk while delivering an enhanced level of service at a cost savings compared with operations by the District and that our proposed costs are competitive to other public-private partnership alternatives.

This Cost Proposal consists of an annual cost, as requested by the District, addressing the scope and timeframes defined in your RFP.

In our offering below, we clearly identify the items and scope you requested so that you may more easily undertake an "apples-to-apples" comparison with the District's developed budget, as well as with any competing proposals you may receive.

### Details of Price Proposal

Under the O&M project approach, as defined in your RFP, the District seeks to partner with a firm to address the immediate and long-term operational needs of its water and wastewater facilities.

The contemplated partnership will provide for operations, maintenance, repair, management and laboratory testing in compliance with all legal and regulatory requirements of the State of California and the Federal government.

The costs presented in this volume are based on the scope of work, staffing and management approaches defined in our Technical Approach (see Volume 1).

### Service Fee

Veolia Water's proposed Service Fee includes the following items:

- **Staff Salaries and Benefits** – Veolia Water's offering provides for all salaries and benefits related to the nine staff members who will be employed by Veolia Water for the O&M of the District's facilities. Our benefits package includes medical, dental and life insurance, disability insurance, a 401(k) plan, employee bonuses, etc. Veolia Water's experience and close evaluation of the activities necessary to properly operate and maintain led us to the necessity of staffing your facility with nine personnel. This is an increase of staff as compared to the current staffing level and is driven by a combination of the District's specific RFP requirements and Veolia standards. Having operated your system for 22 months, and compared your staffing requirements to other local communities, we know what it will take to meet the requirements of your RFP and we have planned appropriately.

- **Staff Training** – As a matter of policy, Veolia Water provides for CEU license renewal, safety, professional, tuition reimbursement and other training for our staff members. We also provide for travel related to this training.
- **Staff License and Dues Expenses** – Staff members are reimbursed for professional license renewals as well as professional organization dues related to our field of work.
- **Staff Uniform Service** – Uniforms and laundering service are provided for staff members. This service not only provides for sanitary conditions but also helps maintain a professional appearance to system customers.
- **Safety Equipment and Supplies** – In addition to the continued utilization of District-owned safety equipment, Veolia Water has provided for the purchase of additional equipment we believe essential to a safe working environment.
- **Vehicle Expenses** – Veolia Water has provided for the lease of two small pickup trucks in addition to the vehicles we already have in use at the District's facilities. Our offering also anticipates the continued use and maintenance of the project-dedicated District-owned rolling stock that consists of a Vactor truck, skid steer, generators, pumps, trucks and other equipment, and our price includes expenses for fuel, supplies and maintenance. Veolia Water has also planned for the purchase of a 4-wheeler for use in operations, maintenance and groundskeeping activities at the District's facilities.
- **Office Supplies, Computer and Copier** – Veolia Water will continue to utilize and maintain the District-owned computers that are dedicated to the treatment facilities' SCADA systems and related telemetry as well as the furniture and other equipment currently utilized at the project. Veolia Water's budget includes funds for the purchase of additional computers to run our standardized operations, safety, laboratory, maintenance and other programs. General office supplies, such as printing, shipping and mailing, are included as well. Veolia Water has also budgeted for the cost associated with a copy machine that will be housed at the treatment facilities.
- **Insurance Costs** – Our offering includes provision for general liability and workers compensation insurance as requested by the District.
- **Repair and Maintenance (R&M) Budget** – Veolia Water's tried and proven expertise in Asset Management, as well as our experience in predictive modeling of R&M expenses and the related life expectancies, allows us to assemble accurate R&M budgets for complex facilities, such as the District's systems. Further, our experience in the O&M of a number of very similar facilities further anchors the necessary budget. We suggest cooperative development of an open book for maintenance of your facilities. Veolia Water embraces the open-book approach, as its transparency ensures that the District is fully apprised about maintenance expenditures and data and removes incentives to under maintain your facilities. Under this arrangement, we will share maintenance activities with the District. We believe that this arrangement is an improvement upon other contract structures where contractors might benefit financially from deferred or low-standard maintenance practices. Please keep in mind that we remain flexible on the treatment of the R&M budget and are committed to developing a program that you are most comfortable with.
- **Voice and Internet Service Provider (ISP) Telephone Expenses** – Veolia Water has included costs for project telephone-related expenses, including two land lines at the wastewater treatment plant office and cellular telephones for all employees. Internet services have also been budgeted for the main offices at wastewater treatment plant #2.
- **Laboratory Expenses** – Laboratory costs expected for the in-house water and wastewater analyses and for field process analyses are included. We also provided for the purchase of some analytical equipment that will allow efficient and quick data generation for use by the staff. This equipment includes portable pH and EC analyzers and a portable spectrophotometer, all of which provide timely information. This is an example of the tried and proven methods we use to staff projects more efficiently. A commercial laboratory will be utilized for those constituents for which it is more cost-effective to send out due to the frequencies of analyses or the cost of equipment to perform these analyses. Based on the current analytical requirements of the District's facilities, we arrived at the annual analytical needs shown on Table 2-2 (which follows).

Table 2-2. Water and Wastewater – Analyses		
Test Name	Annual Frequency	
	Wastewater	Water
Temperature	156	24
pH	156	24
Dissolved Oxygen	12	--
Free Chlorine Residual	--	550
Turbidity	24	--
Total Coliform	116	200
Fecal Coliform	8	--
BOD	156	--
TSS	156	--
Ammonia	52	--
Nitrite	--	3 year cycle for 4 sources
Nitrate	36	Yearly for 5 sources
Chloride	73	--
Total Hardness as CaCO <sub>3</sub>	24	--
Standard Minerals	2	--
Dioxin	2	--
E Conductivity	97	--
TDS	85	--
Aluminum, Total	12	--
Fe, Total	12	24
Mn, Total	12	24
Cu, Total	24	--
Hg, Total	4	--
Hg, Methyl	4	--
TTHMs	--	4
HAA5s	--	4
Priority Pollutant Scan (USEPA Tables II & III)	2	--
WET Acute (fathead minnows)	12	--
WET Chronic (3 species x quarterly)	4	--
Biosolids Metals & PCB's per 40CFR503	1	--
VOCs (3-year cycle for 4 sources)	--	3 year cycle for 5 sources
SOCs (not required)	--	None due to full variance for SOCs
IOCs (3-year cycle for 4 sources)	--	3 year cycle for

Table 2-2. Water and Wastewater – Analyses		
Test Name	Annual Frequency	
	Wastewater	Water
		5 sources
Secondary Water Standards	--	3 year cycle for 5 sources
Gross Alpha	--	4 year cycle for 5 sources
All Radiological except Gross Alpha	--	None due to full variance

Other elements of our Price Proposal to note include:

- **Chemicals** – Per the requirements of the RFP, we have not budgeted for chemical use due to the District’s desire to continue to procure chemicals directly. Veolia Water has, however, provided for the necessary efforts and support to the District in connection with a competitive procurement process for chemicals.
- **Utilities** – Per the requirements of the RFP, we have not budgeted for electricity, potable water or natural gas use. To offer assurance in knowing your facilities are efficiently managed, we offer the District an electrical consumption cap for added security. This cap transfers risk to Veolia Water, which will be responsible for electricity charges beyond the consumption cap. The proposed electrical consumption cap could be submitted once the necessary data is collected and made available.
- **Technical Support** – Veolia Water’s offering includes providing Technical Support as needs arise and on a periodic routine basis. Furthermore, Technical Support will be provided during the transition to the long-term partnership to ensure that Veolia Water’s tried and proven standardized programs are in place and are routinely updated.
- **Miscellaneous Small Equipment and Tools** – Veolia Water’s offering includes some smaller equipment that contributes to staff productivity and maintenance accuracy, such as an ultrasonic probe, digital stroboscope, laser-aimed temperature gun, vibration meter, pocket tachometer, analytical equipment, confined space entry & retrieval equipment, hand tools, 4-wheeler weed sprayer, etc.

### Price Proposal Detail

Veolia Water is providing an Annual Cost for meeting the requirements of the RFP under the required five-year Base term for the O&M Proposal for the combined water and wastewater scope, as well as a five-year Wastewater Only option. We would also like to extend an Alternative 10-year offering, which provides additional savings and scope for the District, while transferring risk to Veolia Water. Because of our intimate knowledge of your system, we are well acquainted with the risk we propose to assume and are comfortable with it. Our three proposed service fees are as follows:

- **Base Proposal – Water and Wastewater Operations:**
  - 5 years - \$ 1,272,813/year
- **Base Proposal - Wastewater Operations only:**
  - 5 years - \$ 860,038/year
- **Alternative Proposal:**
  - 10 years - \$ 2,101,558/year

The 10-year Alternative transfers significant risk, scope and responsibility to Veolia for a firm fixed price saving ratepayers considerably when compared to your most recent budget.

It also needs to be noted that under our proposal, the District retains the right to terminate the contract at its discretion. At that time, the District’s only obligation would be to pay the Termination Fee.

Additionally, we strongly recommend that District include a CCTV program within the wastewater scope, which was excluded as required by the RFP. An annual CCTV program will allow Veolia Water and the District better plan for capital expenditures and proactively fix system hotspots. The CCTV option for the five-year base proposals will be \$15,580 a year and is included in the Alternative 10-year full-risk option.

### Future Year's Price Adjustments

For future years price adjustments Veolia Water proposes a blended indices adjustment method. Under this method, specific costs and categories are sorted into three major groups as follows:

- Employee Expenses
- Chemical Expenses
- All Other Expenses

With the sorted costs, as outlined above, specific, well-defined and published indices can be utilized to make fair and equitable adjustments to these categories of expenses only as/if necessary.

The indices presented above are published by the U.S. Government (BLS) and are available online. Once the split between the various expenses is made, this is a simple application of the change in these indices. Below is an example of the application of these indices:

#### Annual Adjustment

Beginning (state the month and the year), until the expiration or earlier termination of this Agreement, the Base Compensation shall be adjusted annually, such adjustment becoming effective on the first month of the City's fiscal year (July) (NOTE: this makes it easier to administer and it will actually provide for a shorter period the first year) anniversary date of the commencement date of the Initial Term, according to the change in the Escalation Factor. The Escalation Factor is composed of the following:

- (a) xx% of the year-to-year change in the Consumer Price Index, All Urban Consumers ("CPI-U"), as published by the United States Department of Labor, Bureau of Labor Statistics, Not Seasonally Adjusted, US City Average, All Items, Series ID: CUUR0000SA0;

plus

- (b) xx% of the year-to-year change in the Employment Cost Index ("ECI") as published by the United States Department of Labor, Bureau of Labor Statistics, Not Seasonally Adjusted, table 4, Compensation-Civilian Workers-Service Occupations;

plus

- (c) xx% of the year-to-year change in the Producer Price Index ("PPI") as published by the United States Department of Labor, Bureau of Labor Statistics, Not Seasonally Adjusted, Chemicals and Allied Products – Series ID: WPU06.

For purposes of this Agreement, the indices applicable to calculation of the Escalation Factor shall be the indices published in (month to be stated).

The adjustment methodology presented above is common to many of our agreements, providing a straightforward, fair, equitable and easily defined method of adjustment as/if necessary. We look forward to discussing this methodology in greater detail with you and to working through some examples with you.

### Summary

In Volume 1 of this submittal, our Statement of Qualifications/Technical Proposal, we outlined a detailed and comprehensive technical and business approach to operating and maintaining the District's water and wastewater treatment facilities. This Cost Proposal volume contains a price based on this data. We have priced our offering aggressively as we would like to continue to serve as your partner not only on the O&M of District's water and wastewater facilities, but also work with you hand-in-hand as you expand and upgrade your facilities. We look forward to further development of this partnership.





December 10, 2010

Virgil Koehne  
Assistant General Manager  
Town of Discovery Bay CSD  
1800 Willow Lake Rd  
Discovery Bay, CA 94505

**Subject: Veolia Water Proposal Question Clarification**

Dear Mr. Koehne:

In response to the Town's questions regarding our proposals and operations, **Veolia Water** has detailed our response contained within this letter below.

1. In further review of your proposed "Operations Team", the "Instrumentation & Controls Technician" is new and part of the proposed nine (9) member operations team. Please explain in further detail, what work or tasks this person will do on a "day-to-day" basis? Is there sufficient daily work volume for a full time specialist? Is it your intent that this person would be skilled enough to perform all functions currently performed by Telstar or Greg Hubley?

It is not the intent to have our Instrumentation and Controls (I&C) technician completely replace the work of Telstar or Greg Hubley. The position is dedicated to instrumentation calibrations, SCADA development, alarm setup, general I&C troubleshooting, coordinating support provided by other Veolia I&C specialists, troubleshooting of I&C issues resulting in more focused and lower cost support by Telstar or Greg Hubley, light electrical (checking motor amperage for example) work, electrical consumption optimization work and assisting with maintenance activities.

As there are two water and two wastewater facilities, 14 lift stations, solar drying facilities and belt press equipment all of which are equipped with an array of I&C equipment, there is sufficient need for the full time I&C technician to perform these types of services. In addition, given our prior two years of experience operating and maintaining the DB facilities, we know that the I&C workload for the DB facilities is greater than that of other typical facilities due to the lack of application standards and repeatedly problematic aged I&C components (As referenced in Veolia' earlier proposal for the wider SCADA system upgrades).

It is not presently contemplated that the newly created position of I&C tech would possess the experience and training required for heavy electrical and PLC programming work. If the Town required, we would be open to discuss the prospect of evolving the I&C position to an individual capable of higher level of I&C and electrical support as necessary.

2. As mentioned before, the RFP requires a Grade 3 Project Manager with multiple years of experience. The intent is for a person skilled in actual operations of the process and equipment

who is involved in daily operations of the plant and training of employees. Please explain, who this person might be and their experience in running and operating wastewater & water facilities?

We understand the Town's desire to have a Project Manager with Grade III or higher CA certification before a new long-term agreement is approved. Therefore, Veolia Water will replace the current Project Manager (PM) via recruitment or with a PM from one of our two nearby facilities that has, among other attributes, local experience at your facilities, UV expertise, and a CA Grade V certification. On an interim basis, we will assign Doug Little as the Project Manager and Gerald Smart will serve as the transition manager for a minimum of three months. Additionally, Chris McAuliffe from our Rio Vista project will assist during the transition. This will facilitate a smooth transition and assure continued excellent service. During the transition period we will determine jointly with the Town if Mr. Little will remain as PM or if recruitment is the appropriate avenue. This allows the Town to participate in the process of management selection and influencing the direction and ultimate efficiency of facility operations.

Mr. Little is a Project Manager with Veolia Water based at our O&M project located in the City of Lathrop, California. Mr. Little was a part of the Veolia Water team that was mobilized to the City of Rio Vista, project site as part of an emergency services contract to replace another services provider that failed to meet the City's needs. Mr. Little has more than 18 years of O&M experience and has worked with Veolia Water since 2002. He has been involved in providing O&M services for municipal and industrial project sites in California and other parts of the U.S. He is experienced with the operation and management of water and wastewater facilities, UV disinfection, as well as all aspects of regulatory compliance. Mr. Little has also supported several facets of the DNCSD over the past two years and as such is familiar with the Project.

Mr. Little's resume can be found in the appendix section of the proposal we submitted to the Town.

Finally, we are in the unique position of having two additional projects within a forty minute drive of Discovery Bay. Rio Vista is of particular note because the City utilizes a UV disinfection processes in their operations. Our plan has long been to use the proximity of our other projects to share expertise and savings from synergies in the event of emergencies, illness, vacations, position vacancies, purchasing, etc, as we have successfully done so in the past.

3. Operations of the UV facility and the upstream processes that feed it are critical for maintaining compliance with the plant NPDES permit. What is the experience of the actual proposed personnel running the plant with understanding the UV system operation and how the upstream processes affect it?

As stated in question 2, we plan to replace the current Project Manager with an individual that possesses UV equipment and process experience. Mr. Little worked at the Rio Vista project for four years following Veolia being awarded a long-term agreement. He was instrumental in upgrading those facilities and has lengthy experience with UV systems as well as municipal and industrial operations on a broad level. Additionally, we will immediately begin to provide our Discovery Bay project employees with extensive supplemental training on UV. That training will include offerings by Trojan representatives, project management as well as our

internal technical staff. The experience and training noted above of course covers all aspects of UV system performance ranging from upstream processes which may affect treated effluent transmittance and thus UV performance to the control logic and maintenance of UV systems. The following is a current listing of facilities equipped with UV disinfection which Veolia Water operates in the Western US that will provide support and training to the Discovery Bay staff:

Vancouver, WA – 22 MGD Westside WWTP  
Vancouver, WA – 16 MGD Marine Park WWTP  
Novato, CA – 7 MGD Novato WWTP  
Rialto, CA – 11.7 WWTP  
Hollister, CA – 4 MGD WWTP  
Rio Vista – 0.75 MGD WWTP

Additionally, Kip Edgley and Bryce Behnke who have been integral to the installation of your UV system and rehabilitation of the older one will continue to support the project through the term of the contract.

There is a critical need to understand how upstream processes affect your UV processes. For example, clarifier function in plant 2 will directly and immediately impact turbidity (NTU) and hence the UV system. Higher NTU reduces UV transmittance and dose which reduces the effectiveness of the disinfection ("pathogen kill") mechanism and also impacts electricity consumption for equivalent UV disinfection. Mr. Little is well versed in the affects upstream processes have on the effectiveness of UV disinfection and possesses the experience necessary to ensure your UV systems operate as intended.

On a side note, the operational conditions in plant 1 have delayed impacts on UV. If the process at that plant deteriorates for whatever reason, there may be an hour or more lag before the impacts are indicated at the final effluent station and transmitted via alarm through the SCADA system. It is our recommendation to upgrade plant 1 equipment and monitoring capability and to install effluent monitoring for NTU at a minimum, while other early warning process parameters can be considered as well.

4. Now that you have met with the Town, heard our questions and concerns, and seen our vision for how the facilities are to be maintained and operated, is there anything about your proposal to the Town you would change?

We would like to thank the Town of Discovery Bay for their vision and continued commitment to the environment and health of the local community. As a committed partner to the Town, we would propose the following changes and additions to our proposal that we believe will benefit ratepayers while continuing to provide you a high level of service. Our changes include:

1. Veolia Water proposes to eliminate one full-time equivalent position and reduce our annual proposal cost by \$124,399. The new project staff proposed would be 8 FTEs as compared to our previously proposed 9 FTEs and the new annual cost for our 5-year proposal will be \$1,148,414. It should be noted that we are confident that the Town would be better served with 9 FTE. However we understand ratepayers desires to keep costs as low as possible. Therefore, we are committed to meeting the needs of the community and environment at a staffing level that is lower than originally requested. I have attached an updated organizational chart for your information.

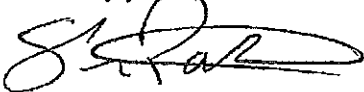
2. Veolia Water is committed to the annual \$107 R&M cap with any unused amounts credited back to the Town.
3. Veolia Water is prepared to commit support from regional operations at no cost to the Town until the repair and maintenance backlog is eliminated. We are committed to doing so within the 90 day time frame requested by the Town.
4. Veolia Water is committed to developing contract language to review, in coordination with Town staff, the future project staffing levels in order to reduce or increase staff as project needs dictate. In order to affect a decrease in staff we would propose to coordinate with the Town on immediate upgrades to the facility wide SCADA system as well as critical equipment and process areas including plant one in general. Additional areas identified in a recently completed asset Criticality Analysis should also be evaluated.
5. Veolia Water is committed to establishing facility standards that meet your satisfaction. Further, we suggest that Veolia staff work with the Board to review the facilities appearance and then formulate a plan to remove and recycle or dispose of the various equipment, materials and debris that has been accumulated at the facilities over the years as well as formulating a policy on what to do with these kinds of materials in the future.

Ultimately Veolia would like to maintain the momentum we have built for the Town of Discovery Bay in respect to improving relations with the Regional Board on eSMR reporting, general compliance matters and relief from unduly restrictive NTU and coliform limitations. We have made great strides in that direction over the past two years after coming to the aid of the Town in a very difficult emergency situation. It is a major concern of ours that a competitor will not have the regional presence, relationships with local regulators and support from other projects to ensure success as we have. The Sacramento - San Joaquin Delta is a critical and fragile system which needs protection. As an environmental services company that is a responsibility we cherish and embrace.

In closing, we are committed to the Town's goal for this project and look forward to further showcasing the value a partnership with Veolia Water will bring to the Discovery Bay community.

Please feel free to contact me should you have any questions regarding our team or need any additional information.

Sincerely yours,



Shilen Patel

Business Development Manager

Veolia Water

**Management Group**

**James Good**  
Principal-In-Charge  
Executive Vice President of Operations

**Owen Boe**  
Project Director  
Vice President of Operations

**Shilen Patel**  
Client Manager  
Business Development Manager/  
Client Officer



**Town of Discovery Bay**  
Community Services District  
California

**Project Manager**

**Doug Little**  
Grade V Wastewater Operator, CA

**Administrative Assistant**

- 1 - Full-Time Staff

**Operations Team**

- Assistant Project Manager
- 1 Full-Time Staff
- O&M Technician (Water & WW)
- 2 Full-Time Staff
- Maintenance Lead
- 1 Full-Time Staff
- Maintenance Mechanic
- 1 Full-Time Staff
- Instrumentation & Controls Technician
- 1 Full-Time Staff

**Project Support Team**

**Aaron Winier**  
Grade V Wastewater Operator, CA  
District Manager

**Chuck Fenton**  
ABC Grade IV Water/ Wastewater License  
Vice President & Manager of Technical Services

- O&M Support
- Instrumentation & Controls
- Human Resources/Labor Relations
- Asset Management
- Financial Management/Legal
- Information Systems
- Customer Service/Public Relations
- QA/QC and Laboratory
- Procurement/Purchasing
- Engineering & Construction Support
- Capital Projects
- Environmental, Health, Safety & Security
- Training and Compliance

**Discovery Bay**  
O&M Team - 8 Full-Time Staff

**Figure 1-2. Veolia Water - O&M, Management and Support Organization - Long-Term O&M Contract**

NO BACK UP  
DOCUMENTATION  
FOR THIS AGENDA  
ITEM # G

NO BACK UP  
DOCUMENTATION  
FOR THIS AGENDA  
ITEM # H

NO BACK UP  
DOCUMENTATION  
FOR THIS AGENDA  
ITEM # I



NO BACK UP  
DOCUMENTATION  
FOR THIS AGENDA  
ITEM # J

12-1-10  
Emailed to Board  
GM  
C4



County Supervisor Mary Nejedly Piepho, District III

CONTRA COSTA COUNTY BOARD OF SUPERVISORS

COMMITTEES

Internal Operations Committee

Delta Protection Commission

Transportation, Water & Infrastructure Committee

Tri Valley Transportation Committee

Local Agency Formation Commission

Central Contra Costa Solid Waste Authority

Airport Committee

Association of Bay Area Governments

Contra Costa Regional Medical Center Joint Services Committee

Dougherty Valley Oversight Committee

South West Area Transportation

November 19, 2010

Kevin Graves, President  
Town of Discovery Bay CSD  
1800 Willow Lake Road  
Discovery Bay, CA 94505

Dear President Graves and Members,

Please find enclosed correspondence from Julia Bueren, Director of the Public Works Department with regards to the Highway Safety Improvement Program, Cycle 4 -- Grant Applications and Transportation Development Act -- Grant Application.

The Transportation, Water and Infrastructure Committee has authorized the Director of Public Works on behalf of the County to submit to Caltrans Local Assistance the Highway Safety Improvement Program (HSIP) grant applications for safety projects being considered along Marsh Creek Road, Alhambra Valley Road, Byron Highway, and Camino Tassajara.

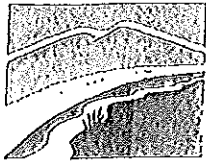
I will continue to keep your community updated regarding the status of the HSIP grant submittal. Please feel free to contact my office regarding this or any additional matter at (925) 240-7260.

As always, it is an honor to serve you on the Contra Costa County Board of Supervisors.

Sincerely,

MARY NEJEDLY PIEPHO  
County Supervisor, District III

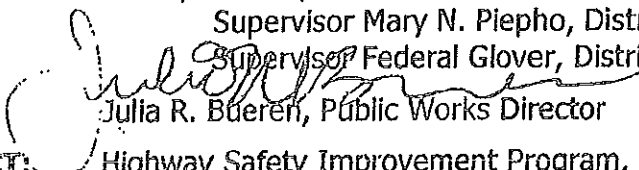
MNP:lc



Contra Costa County  
Public Works  
Department

Julia R. Bueren, Director  
Deputy Directors  
R. Mitch Avalon  
Brian M. Balbas  
Stephen Kowalewski

## Memo

**DATE:** November 9, 2010  
**TO:** Transportation, Water and Infrastructure Committee  
Supervisor Mary N. Piepho, District III  
Supervisor Federal Glover, District V  
**FROM:**  Julia R. Bueren, Public Works Director  
**SUBJECT:** Highway Safety Improvement Program, Cycle 4 – Grant Applications  
and Transportation Development Act – Grant Applications

### Recommendation

1. **AUTHORIZE** the Director of Public Works on behalf of the County to submit to Caltrans Local Assistance the Highway Safety Improvement Program (HSIP) grant applications for safety projects being considered along Marsh Creek Road, Alhambra Valley Road, and Byron Highway, and Camino Tassajara.
2. **AUTHORIZE** the Director of Public Works on behalf of the County to submit to the Countywide Bicycle Advisory Committee grant applications for pedestrian improvements on Market Avenue and Chesley Avenue in North Richmond, Clyde Pedestrian Path Project near Port Chicago Highway, and Willow Pass Road Sidewalk Gap Closure in Bay Point.

### **RECOMMENDED PROJECTS FOR HSIP GRANT SUBMITTAL.**

#### Financial Impact

The applications for HSIP funds require a 10% local match. The maximum grant amount for any single project is \$900,000. Any funding received from a HSIP grant would be combined with other funds, such as Proposition 1B, Proposition 42, Measure C/J, Area of Benefit funds, other grants, or local road funds.

The projects recommended for submittal are in the range of \$1,000,000 to \$2,400,000. For each of these projects, Public Works will apply for the unfunded project costs, up to \$900,000, which is the maximum amount HSIP will award to any single project. The remaining project cost will be funded by other funds listed above.

### Background

The Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) created the Highway Safety Improvement Program (HSIP). This is the fourth cycle of the HSIP, which replaced the Hazard Elimination Safety (HES) Program. For a project to be eligible for HSIP funding, a specific safety problem must be identified for correction and the project must correct or substantially improve the condition. HSIP funds are available for expenditure on any highway safety improvement project on any local agency public road, bicycle or pedestrian pathway or trail.

There are two HSIP funding categories: "Benefit/Cost Ratio Projects" and "Work Type". Benefit/Cost Ratio projects will receive approximately 60 to 75 percent of the available HSIP funds; Work Type projects will receive approximately 25 to 40 percent.

#### Benefit/Cost Ratio Projects:

Projects may qualify for HSIP funding based on a calculated Benefit to Cost Ratio (B/C). Caltrans is implementing a new application tool this year which shifts the primary rating criteria from the Safety Index (SI) to a B/C ratio. Awards will be based primarily on the ranking of projects related to the highest B/C ratio.

If a project submitted as a B/C project fails to get funded under the B/C category, it will automatically be moved into the Work Type category and re-compete for funding within that category. **Public Works is submitting all projects under the Benefit/Cost category.** This will allow our projects to compete in both categories.

#### Work Type Projects:

The Work Type category is used to fund projects that cannot be quantified by a B/C due to the lack of data and the intent to share project awards state wide. Projects providing evidence of collision history or collision potential will compete better than projects that do not. All projects submitted by Public Works will include collision history.

Examples of current eligible Work Type construction and operational improvements may include, but are not limited to, the following list:

- Traffic signs
- Upgrade median barrier
- New median barrier
- Remove obstacles

- Upgrade traffic signals
- New traffic signals
- New or upgrade guardrail
- Sight distance improvement
- Pavement markings and delineation
- Widen or improve shoulder
- Flatten side slopes
- Realign roadway
- An intersection safety improvement
- Traffic channelization

The Public Works Department has submitted projects for each of the last three cycles of the HSIP. For Cycle 1, none of the projects submitted received funding. For Cycle 2, one project was chosen to receive the maximum \$900,000 in funding: *Deer Valley Road Safety Improvement Project – south of Chadbourne Road*. Last year, for cycle 3, the Department was awarded funding for improvements on *Marsh Creek Road at Russelman Road* (\$700,000) and *Camino Tassajara near Finley Road* (\$900,000).

### **Projects Considered**

Public Works utilized the Crossroads database program, which obtains data from the California Statewide Integrated Traffic Records System (SWITRS), to obtain reports which indicated the road segments and intersections with the highest number of collisions. Staff used these prioritized lists to evaluate potential safety improvement projects that would substantially improve the existing conditions.

The top ten road segments and top ten intersections with the highest number of collisions are shown in the lists below.

### **Road Segments:**

1. Vasco Road from the County line to Camino Diablo: Improvements in this location are underway.
2. Kirker Pass Road from Hess Road (N) to Nortonville Road: No improvements are proposed at this time.
3. Marsh Creek Road from John Marsh Road to Deer Valley Road: Improvements at this location are underway. **Recommended** as a candidate for HSIP funding to relieve the local fund obligation.
4. Kirker Pass Road from Hess Road (N) to Hess Road (S): No improvements are proposed at this time.
5. Willow Pass Road from Bailey Road to Sycamore Court: Prop. 1B funds have

been allocated to this location for a safety improvement project.

6. Marsh Creek Road from Russelmann Park Road to Morgan Territory Road: Improvements in this location are underway.
7. San Pablo Dam Road from Hillcrest Road to El Portal Drive: Prop. 1B funds have been allocated to this location for a safety improvement project.
8. Deer Valley Road from Chadbourne Road to Briones Valley Road: Improvements at this location are underway.
9. Marsh Creek Road from Morgan Territory Road to Aspara Drive: No improvements are proposed at this time.
10. San Pablo Dam Road from Bear Creek Road to Old San Pablo Dam Road(S): No improvements are proposed at this time.

Intersections:

1. Walnut Boulevard at Concord Avenue: Improvements at this intersection have been constructed.
2. Canal Road at Bailey Road (N): No improvements are proposed at this time.
3. Treat Boulevard at Oak Road: Improvements at this intersection are currently underway.
4. Willow Pass Road at Bailey Road: Prop. 1B funds have been allocated to this location for a safety improvement project.
5. Walnut Boulevard at Marsh Creek Road: Improvements at this intersection have been constructed.
6. San Pablo Dam Road at Appian Way: Prop. 1B funds have been allocated to this location for a safety improvements project.
7. Pacheco Boulevard at Center Avenue: The surrounding area of this intersection is well developed. Improvement costs at this location would be high due to right-of-way issues and costs to improve the bridge at the west leg of the intersection.
8. Treat Boulevard at Buskirk Avenue: No improvements are proposed at this time.
9. Treat Boulevard at Jones Road: Improvements at this Intersection are currently underway, including construction of the Iron Horse Corridor Pedestrian Overcrossing.
- 10a. Camino Diablo at Byron Highway: **Recommended**
- 10b. Willow Pass Road at Kevin Drive: Signal improvements have been installed.

Upon review of the list, it was noted that many of the locations indicated in the reports have had improvements recently implemented or have improvements scheduled to occur in the very near future.

Staff then reviewed projects that are currently underway to determine if there were projects that would compete well for the HSIP funds and that could use additional funding to help relieve a portion of the local fund obligation to the project. Two projects that met the criteria include improvements to Marsh Creek Road West of Deer Valley and Alhambra Valley Road east of Bear Creek Road.

Due to uncertainty in delivery of local funds from the State, the process for determining candidate projects was difficult in that augmenting existing grant funding is critical to assure projects are fully funded or to relieve the burden on local funds to allow maintenance activities to continue for the following year. For this reason, all of the candidate projects recommended are existing projects with other grant funding where an additional grant award would relieve local funding or a new project where Area of Benefit funds can be used as the local contribution.

### **Project Recommendations**

Public Works recommends submitting four project applications for this HSIP funding cycle. Two of the recommended projects are currently underway and could benefit from additional funding: Alhambra Valley Road Safety Improvement Project East of Bear Creek Road and Marsh Creek Road Safety Improvement Project West of Deer Valley Road. These two projects have received federal funding from the High Risk Rural Road (HR3) program to cover a portion of the project costs. The remaining project cost is currently being bridged with funding from local sources, such as Proposition 1B and gas tax revenues. The other two projects recommended are new projects which have additional funding available through the Area of Benefit Program.

The four recommended projects have been determined to compete well based upon collision history, the design and environmental processes for these projects are underway, or the project will require limited right of way for implementation. These projects are intended to compete well in the B/C category as well as the Work Type category.

The four projects proposed by the Public Works Department to submit applications for are described below. These are not listed in any particular priority order.

- **Alhambra Valley Road Safety Improvement Project east of Bear Creek Road**

*Location:* This project is located in western Contra Costa County along Alhambra Valley Road near the intersection with Bear Creek Road. Supervisorial District 2.

*Project Description:* This road is a narrow two-lane road with tight turning radii through rolling terrain and has very little shoulder area for drivers to recover when vehicles veer off the road or cross the centerline. This project would realign a series of curves, widen each travel lane to 12 feet of pavement, widen the shoulders to approximately 5 feet of pavement, place up to 2 feet of shoulder backing, relocate utility poles, install guard railing and retaining walls where warranted, eliminate roadside obstacles, improve/install highway signage, and improve/install pavement markings. This project would also include storm drainage improvements to accommodate roadway drainage needs. These improvements would bring this section of road up to County standards for two-lane rural roads.

This project has received a High Risk Rural Road (HR3) grant for \$810,000.

*Cost Estimate:* \$2,400,000

*Project Benefits:* This project will improve the roadway conditions and safety by realigning horizontal and vertical curves, widening the traveled way, shoulders, and shoulder backing. Improved sight distance and wider recovery areas will increase drivers' reaction time and improve the avoidance of head-on collisions or driving off the roadway. The additional pavement width will also help both cyclists and motorists to better share the use of this roadway.

- **Marsh Creek Road Safety Improvements west of Deer Valley Road**

*Location:* This project is located in Eastern Contra Costa County along Marsh Creek Road from 2.0 miles to 2.25 miles west of Deer Valley Road. Supervisorial Districts 3 and 5.

*Project description:* The purpose of this project is to improve safety along Marsh Creek Road. This is accomplished by realigning the curve approximately 2.25 miles west of Deer Valley Road, widening the travel lanes



from 10 feet to 12 feet, and creating 6 foot paved shoulders with 2 foot shoulder backing on both sides of the roadway. This road is a narrow two-lane road with tight turning radius through rough terrain and has very little shoulder area for drivers to recover when vehicles veer off the road or cross the centerline. Road widening is necessary in order to bring the existing pavement section in this segment of Marsh Creek Road to current County Standards and improve safety by providing vehicles a wider recovery area. This project has received a High Risk Rural Road grant for \$900,000.

*Cost Estimate:* \$1,747,000

*Project Benefits:* This project will improve the roadway conditions and safety by widening the traveled way, providing shoulders, and shoulder backing. The additional pavement width will also help to accommodate both cyclists and motorists, helping to enable both to safely use the roadway.

o **Camino Tassajara Safety Improvement Project**

*Location:* This project is located in southern Contra Costa County from the Tassajara Creek Bridge approximately 1.0 mile south of Highland Road to Windemere Parkway. Supervisorial District 3.

*Project Description:* This roadway segment is a narrow rural two-lane road and has sections with very little paved shoulder area for drivers to recover when vehicles veer off the road or cross the centerline. Two fatalities have occurred in this segment of the roadway over the past three years. An ultimate project is planned to realign the existing curves that currently do not meet Caltrans standards and to widen the roadway to meet County standards. Staff will be working in the next month prior to submittal of the applications to break out a phase of this project that could meet the project delivery criteria. Staff will be looking to identify a portion of the project that will address the some safety concerns with betterment to the roadway, but will not require significant right of way acquisition. The phase of the ultimate project to be included in the HSIP grant application will most likely focus on moving roadside obstacles, adding roadway lighting, installing advisory signing and striping, and providing additional recovery area. Roadway curve realignment will not be included in this project due to significant right of way acquisition that would be necessary.

*Cost Estimate:* \$1,000,000

*Project Benefits:* This project will improve the roadway conditions and safety with minor roadway widening, improved lighting, and removal of roadside obstacles.

- **Intersection Improvements at Byron Highway and Camino Diablo.**

*Location:* This project is located in southern Contra Costa County at the intersection of Byron Highway and Camino Diablo. Supervisorial District 3.

*Project Description:* Byron Highway is a two lane rural road that is stop controlled at Camino Diablo. The current average daily traffic is approximately 14,500 vehicles per day. Thirty accidents have occurred at this location since 2004. Intersections countywide were evaluated by priority for those locations awaiting installation of a traffic signal. Byron Highway at Camino Diablo was assessed as the first priority countywide. Staff will be working in the next month prior to submittal of the applications to determine the scope of the project and whether the project should include installation of a signal as well as turning lanes to facilitate movement during peak hours. The project will require coordination with the Union Pacific Railroad. Staff met with the community last month to outreach for input from the residents. The ultimate improvements are estimated at \$3.4 million. During preparation of the grant application, staff will determine a phased approach to the project to break out an alternative for approximately \$1,000,000.

*Cost Estimate:* \$1,000,000

*Project Benefits:* This project will improve safety with installation of a signal controlled intersection, minor roadway widening and warning signs/signals.

**Consequences of Negative Action**

Failure to direct Public Works to submit these applications will make it more difficult to provide funding to construct these projects and could delay completion of projects already underway. Losing the opportunity for this grant funding would draw local funds to match grants already awarded to the recommended projects and draw funds away from new potential projects throughout the County.

## RECOMMENDED PROJECTS FOR TDA GRANT SUBMITTAL

### Financial Impact

Applications for TDA funds do not require a local match.

### Background

The Transportation Development Act (TDA), Public Utilities Code Sections 99233.3 and 99234, makes funds available in the nine-county Metropolitan Transportation Commission (MTC) Region for pedestrian/bicycle purposes. MTC makes annual allocations of TDA Article 3 funds to eligible claimants after review of applications submitted by counties or congestion management agencies.

The County is eligible to submit three projects, one each from West, Central, and East Contra Costa County.

Consideration is given to projects that can demonstrate one or more of the following objectives:

1. Elimination or improvement of an identified problem area (specific safety hazards such as high-traffic narrow roadways or barriers to travel) on routes that would otherwise provide relatively safe and direct bicycle or pedestrian travel use, given the character of the users.
2. Roadway improvements or construction of a continuous interconnected route to provide reasonably direct access to activity centers (employment, educational, cultural, recreational) where access did not previously exist or was hazardous.
3. Secure bicycle parking facilities, especially in high use activity areas, at transit terminals, and at park-and-ride lots.
4. Other provisions that facilitate bicycle/transit trips. For example, bike racks on buses.
5. Maintenance of Class I bikeways that are closed to motorized traffic or for the purposes of restriping Class II bicycle lanes.
6. Projects identified in a recent (within 5 years) comprehensive local bicycle or pedestrian plan.

7. Projects that enhance or encourage bicycle or pedestrian commutes.
8. Projects in jurisdictions that have bicycle safety education and law enforcement, distribution of bicycle route information, a bicycle parking plan, and priority maintenance of bikeways.
9. Projects which have documented local support in terms of requests for improvements from bicyclists, employers, employees, or residents in the area; or local effort in terms of funding of preliminary studies.
10. Projects that provide connection to and continuity with longer routes provided by other means or by other jurisdictions to improve regional continuity.
11. Bicycle Safety Education Programs.
12. Comprehensive Bicycles and Pedestrian Facilities Plan.

### **Recommended Projects**

The Public Works Department reviewed possible projects based on their ability to score well on the TDA grant criteria. The projects recommended for submittal of applications include:

- **North Richmond Railroad Pedestrian Crossings (West County)**

A current project is underway in North Richmond to provide pedestrian improvements along Market Avenue and Chesley Avenue at the Union Pacific Railroad crossings. Pedestrian improvements will include new accessible sidewalk, curb and gutter, and coordination with Union Pacific Railroad to upgrade warning devices. The project is being pursued with funding from the California Public Utilities Commission; however, this funding is not sufficient to complete the project. If awarded, TDA funds would augment the existing funding source. The project meets the program objectives well as the project will improve pedestrian and safety at the crossings and connect residential and commercial areas with an alternative mode of transportation.

- **Clyde Pedestrian Path (Central County)**

Staff has been working with the community of Clyde for the past several years to design and construct the Clyde Pedestrian Path as a focal point for their community. The project will construct a pedestrian path from Sussex Street to Warwick Street, in the former Union Pacific Railroad property. The

path will be approximately 0.5 miles in length and will be an 8 foot wide paved path with 2 foot wide graded shoulders. The path will also serve as a cap to known soil contaminants found on the property, a relic of its former railroad use. If awarded, TDA funds would augment the Navy Mitigation funding for construction of the path. The trail will provide an enhancement to the old railroad right of way, connecting to Clyde Park on the southern end and Marie Porter Park on the northern end.

- **Willow Pass Road Sidewalk Improvements (East County)**

A sidewalk gap closure project has been planned along the north side of Willow Pass Road and previously discussed with the Bay Point Municipal Advisory Council. The sidewalk gap closure project includes installation of sidewalk on the north side of Willow Pass Road with approximately 400 linear feet of sidewalk near Manor Drive and 460 linear feet of sidewalk near Sycamore Court. Installation of these sidewalk segments will provide a continuous pedestrian path along Willow Pass Road from the fire station west of Manor Drive to the limits of the City of Pittsburg.

### **Projects Considered**

The Public Works Department considered many projects for TDA applications before recommending those listed above. Projects considered are provided below with a brief description.

- **El Portal Drive Sidewalk Project:** This project consists of closing the gap in sidewalk under Interstate 80 on El Portal Drive. This sidewalk would close the gap in sidewalk on El Portal and connect to a neighborhood path through an adjacent subdivision. The project would also connect the sidewalk between the cities of San Pablo and Richmond. This will be a good candidate project in the future, but does not have a designated source for matching funds at this time.
- **6<sup>th</sup> Street Sidewalk in Rodeo:** This project consists of installing new sidewalk along 6<sup>th</sup> street between Parker Avenue and Garretson Avenue adjacent to Rodeo Hills Elementary School. This project has considerable community support and will allow children to walk in a protected area, separated from traffic and parked cars. Staff applied for a Safe Route to School Grant in 2010 as the primary source of funding, but this project was not selected for funding. When the project receives grant funding in the future, TDA would be a valuable means to provide the local share or augment the

- balance of the cost. This project is too large to be funded solely through TDA funds.
- Mota Drive Bike Lanes in Bay Point – This project was recommended by a member of CBAC and consists of striping and signing for bike lanes on Mota Drive between Evora Road and Riverside Drive. Although this project appears to require simple striping of bike lanes, it would require elimination of on-street parking from Azores Circle to Riverside Drive. This route is not included in the Countywide Bike Plan and a parallel route at Driftwood Drive already exists.
  - Mountain View/Walnut Boulevard Sidewalk in unincorporated Walnut Creek – The community in the Walnut Heights Area of Walnut Creek has identified a need for pedestrian facilities throughout the area. As staff is beginning to work on a capital improvement project for this area, it is premature to identify a project description for pedestrian or bicycle improvements for one small segment of roadway. A comprehensive plan will be developed this year to determine potential projects and priorities. This project would be a likely candidate for grant applications next year.
  - Main Street Sidewalk in Byron – Previous correspondence with the community indicated a desire for sidewalks to be improved on Main Street in Byron. After recent coordination efforts, the Byron Municipal Advisory Committee indicated that improvements at the intersection of Byron Highway and Camino Diablo are a higher priority (see list of recommended projects for HSIP).

### **Consequences of Negative Action**

Failure to direct Public Works to submit these applications will make it more difficult to provide funding to construct these projects and could delay completion of projects already underway. Losing the opportunity for this grant funding would draw local funds to match grants already awarded to the recommended projects and draw funds away from new potential projects throughout the County.

MH: Jcw  
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C: S. Kowalewski  
M. Carlson  
C. Lau  
S. Goetz



County Supervisor Mary Nejedly Piepho, District III  
CONTRA COSTA COUNTY BOARD OF SUPERVISORS

Received 12/8/10  
12/9 Emailed to Board  
GM CM  
RH  
CNSI

November 30, 2010

COMMITTEES

Internal Operations Committee

Delta Protection Commission

Transportation, Water & Infrastructure Committee

Tri Valley Transportation Committee

Local Agency Formation Commission

Central Contra Costa Solid Waste Authority

Airport Committee

Association of Bay Area Governments

Contra Costa Regional Medical Center Joint Services Committee

Dougherty Valley Oversight Committee

South West Area Transportation

Kevin Graves, President  
Town of Discovery Bay CSD  
1800 Willow Lake Road  
Discovery Bay, CA 94505

Dear President Graves and Members,

Please find enclosed a Board Orders from the November 23, 2010 Board of Supervisors' meeting that I believe will be of interest to the Town of Discovery Bay Community Services District.

- 1.) November 4, 2010 Support Position on Senator Feinstein's National Heritage Area Bill, S. 3927.

This legislation would establish a National Heritage Area for the Sacramento-San Joaquin Delta and authorize \$10,000,000 to the Delta Protection Commission to implement improvement projects with up to a 50 percent federal cost-sharing.

Please feel free to contact my office regarding this or any additional matter at (925) 240-7260.

As always, it is an honor to serve you on the Contra Costa County Board of Supervisor.

Sincerely,

MARY N. PIEPHO  
County Supervisor, District III

MNP: kc

AGENDA ITEM - K-2

PDF | Return | Previous | Next

C.30

To: Board of Supervisors

From: Supervisor Mary N. Piepho

Date: November 4, 2010



Contra  
Costa  
County

Subject: Support Position on Senator Feinstein's National Heritage Area Bill, S. 3927

**RECOMMENDATION(S):**

SUPPORT Senator Feinstein's bill, S. 3927, that establishes a National Heritage Area for the Sacramento-San Joaquin Delta, and its companion bill in the House, H.R. 6329, introduced by Congressman John Garamendi, as recommended by Supervisor Mary N. Piepho.

**FISCAL IMPACT:**

The legislation would authorize \$10,000,000 (\$1,000,000 in any fiscal year) to the Delta Protection Commission to implement the National Heritage Area (NHA), with up to 50 percent federal cost-share for improvement projects.

**BACKGROUND:**

The legislation, S. 3927, would establish the Sacramento-San Joaquin Delta National Heritage Area to protect and promote the cultural, historical, and natural assets of the region. The legislation would authorize \$10,000,000 (\$1,000,000 in any fiscal year) to the Delta Protection Commission to implement the National Heritage Area (NHA), with up to 50 percent federal cost-share for improvement projects. Private property owners and tribes are explicitly protected in the legislation and capable of opting out of any recommendations. State water procurement policy is not within the mission statement of the National Heritage Area.

APPROVE

OTHER

RECOMMENDATION OF CNTY ADMINISTRATOR

RECOMMENDATION OF BOARD COMMITTEE

Action of Board On: 11/23/2010

APPROVED AS RECOMMENDED

OTHER

**Clerks Notes:**

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: November 23, 2010

David J. Twa,

**VOTE OF SUPERVISORS**

AYES   
ABSENT   
RECUSE

NOES   
ABSTAIN

BY: , Deputy

Contact: Lara DeLaney, 925-335-1097



**BACKGROUND: (CONT'D)**

Attached is the bill language for S. 3927 with the changes requested by the Delta Protection Commission and members of the Delta Counties Coalition, in addition to a few more changes to the funding language that were required by the House Authorizing Committee (Chairman Nick Rahall) to make the bill more consistent with other NHA's around the country.

Senator Feinstein is trying to include this legislation in any spending Omnibus that passes this session. If none passes, the legislation will likely be reintroduced in January in the new session. This language has also been shared with Congressman Garamendi's staff. Staff assumes that the House bill, H.R. 6329, will be amended to achieve consistency with S. 3927.

On July 13, 2010, the Board of Supervisors took a position to "Support in Concept" the development of a bill that would establish a National Heritage Area for the Delta. The Board also recognized the local outreach efforts to engage stakeholders in the development of the bill. Contra Costa County has indicated its support for federal assistance for the Delta at a scale and magnitude comparable to the ongoing national efforts to restore the Great Lakes, Chesapeake Bay, and the Everglades. The Delta is just as vital and important to our national interests as these other important regions of the country. The designation of the Delta as a National Heritage Area with associated funding constitutes a possible first step toward this goal.

The Delta counties have expressed their concern about the local match requirement in the bill (the federal share "shall not be more than 50 percent"). However, the language in the bill does provide for the non-Federal share being in the form of "in-kind contributions of goods or services."

The boundaries of the Heritage Area for the Contra Costa County area include the land designated as part of the Delta "Primary Zone," as defined in state statute, as well as the Delta located in the areas of Pittsburg, Antioch, Oakley, Brentwood, Bethel Island and the Agricultural Core which have been historically associated with the Delta landscape. Please see the attached map for additional information.

**CONSEQUENCE OF NEGATIVE ACTION:**

If the County does not support this bill, it is likely that Senator Feinstein would withdraw her support of the bill and an NHA would not be created for the Delta at this time.

**CHILDREN'S IMPACT STATEMENT:**

None.

111TH CONGRESS  
2D SESSION

S. \_\_\_\_\_

To establish the Sacramento-San Joaquin Delta National Heritage Area.

IN THE SENATE OF THE UNITED STATES

Mrs. FEINSTEIN (for herself and Mrs. BOXER) introduced the following bill;  
which was read twice and referred to the Committee on

## A BILL

To establish the Sacramento-San Joaquin Delta National  
Heritage Area.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 SECTION 1. SHORT TITLE.

4 This Act may be cited as the "Sacramento-San Joa-  
5 quin Delta National Heritage Area Establishment Act".

6 SEC. 2. SACRAMENTO-SAN JOAQUIN DELTA NATIONAL HER-  
7 ITAGE AREA.

8 (a) DEFINITIONS.—In this section:

1 (1) HERITAGE AREA.—The term “Heritage  
2 Area” means the Sacramento-San Joaquin Delta  
3 Heritage Area established by this section.

4 (2) HERITAGE AREA MANAGEMENT PLAN.—The  
5 term “Heritage Area management plan” means the  
6 plan developed and adopted by the management en-  
7 tity under this section.

8 (3) MANAGEMENT ENTITY.—The term “man-  
9 agement entity” means the management entity for  
10 the Heritage Area designated by subsection (b)(4).

11 (4) SECRETARY.—The term “Secretary” means  
12 the Secretary of the Interior.

13 (b) SACRAMENTO-SAN JOAQUIN DELTA HERITAGE  
14 AREA.—

15 (1) ESTABLISHMENT.—There is established the  
16 “Sacramento-San Joaquin Delta Heritage Area” in  
17 the State of California.

18 (2) BOUNDARIES.—The boundaries of the Her-  
19 itage Area shall be in the counties of Contra Costa,  
20 Sacramento, San Joaquin, Solano, and Yolo in the  
21 State of California, as generally depicted on the map  
22 entitled “Sacramento-San Joaquin Delta National  
23 Heritage Area Proposed Boundary”, numbered T27/  
24 105,030, and dated September 2010.

1           (3) AVAILABILITY OF MAP.—The map described  
2 in paragraph (2) shall be on file and available for  
3 public inspection in the appropriate offices of the  
4 National Park Service and the Delta Protection  
5 Commission.

6           (4) MANAGEMENT ENTITY.—The management  
7 entity for the Heritage Area shall be the Delta Pro-  
8 tection Commission established by section 29735 of  
9 the California Public Resources Code.

10          (5) ADMINISTRATION; MANAGEMENT PLAN.—

11           (A) ADMINISTRATION.—For purposes of  
12 carrying out the Heritage Area management  
13 plan, the Secretary, acting through the manage-  
14 ment entity, may use amounts made available  
15 under this section in accordance with section  
16 8001(c) of the Omnibus Public Land Manage-  
17 ment Act of 2009 (Public Law 111-11; 123  
18 Stat. 991).

19           (B) MANAGEMENT PLAN.—

20           (i) IN GENERAL.—Subject to clause  
21 (ii), the management entity shall submit to  
22 the Secretary for approval a proposed  
23 management plan for the Heritage Area in  
24 accordance with section 8001(d) of the  
25 Omnibus Public Land Management Act of

1 2009 (Public Law 111-11; 123 Stat. 991)

2 that—

3 (I) incorporates an integrated  
4 and cooperative approach to agricul-  
5 tural resources and activities, flood  
6 protection facilities, and other public  
7 infrastructure; and

8 (II) emphasizes the importance  
9 of those resources.

10 (ii) RESTRICTIONS.—The Heritage  
11 Area management plan submitted under  
12 this paragraph shall—

13 (I) ensure participation by appro-  
14 priate Federal, State, tribal, and local  
15 agencies, including the Delta Steward-  
16 ship Council, special districts, natural  
17 and historical resource protection and  
18 agricultural organizations, educational  
19 institutions, businesses, recreational  
20 organizations, community residents,  
21 and private property owners; and

22 (II) not be approved until the  
23 Secretary has received certification  
24 from the Delta Protection Commission  
25 that the Delta Stewardship Council

1 has reviewed the Heritage Area man-  
2 agement plan for consistency with the  
3 plan adopted by the Delta Steward-  
4 ship Council pursuant to State law.

5 (6) RELATIONSHIP TO OTHER FEDERAL AGEN-  
6 CIES; PRIVATE PROPERTY.—

7 (A) RELATIONSHIP TO OTHER FEDERAL  
8 AGENCIES.—The provisions of section 8001(e)  
9 of the Omnibus Public Land Management Act  
10 of 2009 (Public Law 111-11; 123 Stat. 991)  
11 shall apply to the Heritage Area.

12 (B) PRIVATE PROPERTY.—

13 (i) IN GENERAL.—Subject to clause  
14 (ii), the provisions of section 8001(f) of the  
15 Omnibus Public Land Management Act of  
16 2009 (Public Law 111-11; 123 Stat. 991)  
17 shall apply to the Heritage Area.

18 (ii) OPT OUT.—An owner of private  
19 property within the Heritage Area may opt  
20 out of participating in any plan, project,  
21 program, or activity carried out within the  
22 Heritage Area under this section, if the  
23 property owner provides written notice to  
24 the management entity.

1           (7) EVALUATION; REPORT.—The provisions of  
2 section 8001(g) of the Omnibus Public Land Man-  
3 agement Act of 2009 (Public Law 111-11; 123 Stat.  
4 991) shall apply to the Heritage Area.

5           (8) EFFECT OF DESIGNATION.—Nothing in this  
6 section—

7           (A) precludes the management entity from  
8 using Federal funds made available under other  
9 laws for the purposes for which those funds  
10 were authorized; or

11           (B) affects any water rights or contracts.

12           (9) AUTHORIZATION OF APPROPRIATIONS.—

13           (A) IN GENERAL.—There is authorized to  
14 be appropriated to carry out this section  
15 \$10,000,000, of which not more than  
16 \$1,000,000 may be made available for any fis-  
17 cal year.

18           (B) COST-SHARING REQUIREMENT.—The  
19 Federal share of the total cost of any activity  
20 under this section shall be determined by the  
21 Secretary, but shall be not more than 50 per-  
22 cent.

23           (C) NON-FEDERAL SHARE.—The non-Fed-  
24 eral share of the total cost of any activity under

1           this section may be in the form of in-kind con-  
2           tributions of goods or services.

3           (10) TERMINATION OF AUTHORITY:—

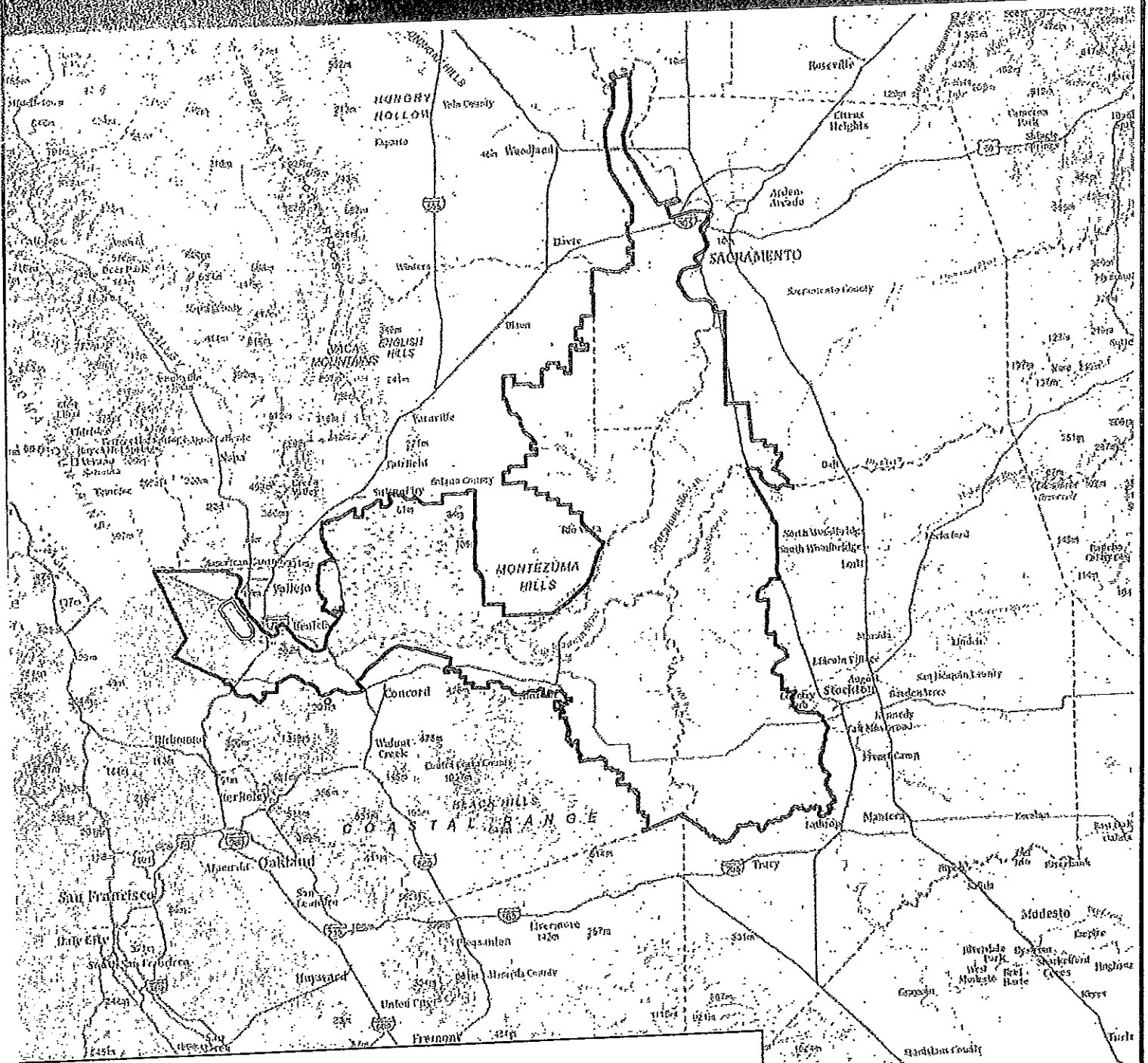
4                 (A) IN GENERAL.—If a proposed manage-  
5           ment plan has not been submitted to the Sec-  
6           retary by the date that is 5 years after the date  
7           of enactment of this title, the Heritage Area  
8           designation shall be rescinded.

9                 (B) FUNDING AUTHORITY.—The authority  
10          of the Secretary to provide assistance under  
11          this section terminates on the date that is 15  
12          years after the date of enactment of this Act.





# Sacramento-San Joaquin Delta National Heritage Area Proposed Boundary

National Park Service  
U.S. Department of the Interior

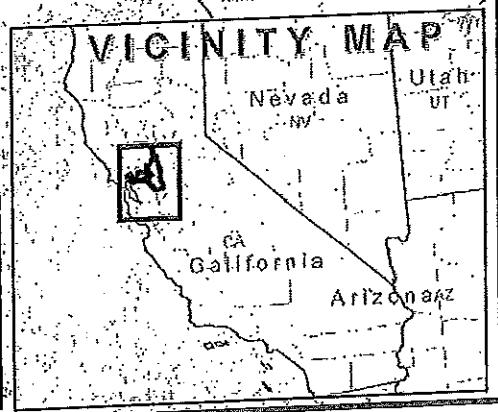
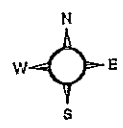


## Legend

-  Area not included
-  Sacramento-San Joaquin Delta NHA Proposed Boundary

OFFICE: Land Resources Program Center  
REGION: Pacific West Region  
PARK: SASA

MAP NUMBER: T27/105,030  
DATE: SEPTEMBER 2010



replaced to board of GM

TOWN OF DISCOVERY BAY

RECEIVED

12-13-10



County Supervisor Mary Nejedly Piepho, District III

CONTRA COSTA COUNTY BOARD OF SUPERVISORS

RHJ  
CNP

COMMITTEES

Internal Operations Committee

Delta Protection Commission

Transportation, Water & Infrastructure Committee

Tri Valley Transportation Committee

Local Agency Formation Commission

Central Contra Costa Solid Waste Authority

Airport Committee

Association of Bay Area Governments

Contra Costa Regional Medical Center Joint Services Committee

Dougherty Valley Oversight Committee

South West Area Transportation

December 6, 2010

Kevin Graves, President  
Town of Discovery Bay CSD  
1800 Willow Lake Road  
Discovery Bay, CA 94505

Dear President Graves and Members,

Please find enclosed correspondence from Joseph Villarreal, Executive Director of the Contra Costa County Housing Authority to a Discovery Bay constituent regarding a possible concern with a Section 8 client.

Please feel free to contact my office regarding this or any future matter at (925) 240-7260.

As always, it is an honor to work with you in service to the constituents of Contra Costa County.

Sincerely,

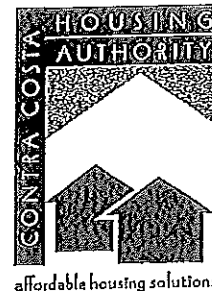
MARY NEJEDLY PIEPHO  
County Supervisor, District III

Cc: Joseph Villarreal, Contra Costa County Housing Authority.

MNP: kc

AGENDA ITEM - K-3

HOUSING AUTHORITY  
OF THE  
COUNTY OF CONTRA COSTA



December 2, 2010

John Daugherty  
Sunset Appraisals, Inc.  
PO Box 1616  
Discovery Bay, CA 94514

**Re: Section 8 Complaint**

Dear Mr. Daugherty:

I am writing in response to a phone call I received from you a couple of weeks ago. I left a message at the number you gave me and have called twice more since. Because I have not heard back from you, I decided to write. While the number of Section 8 clients in Discovery Bay is quite small, and has decreased over the past year, I realize this is of little comfort if a problem client lives near you. If you feel a possible Section 8 client is causing problems in your neighborhood, please contact me at 957-8011. You may also contact Paul Peterson, our Fraud Investigator at 957-8017. Mr. Peterson is also an Investigator with the District Attorney's office.

Sincerely,

Joseph Villarreal  
Executive Director

cc: Paul Peterson  
Supervisor Mary Piepho



County Supervisor Mary Nejedly Piepho, District III  
CONTRA COSTA COUNTY BOARD OF SUPERVISORS

RF  
CAB

COMMITTEES

- Internal Operations Committee
- Dele Protection Commission
- Transportation, Water & Infrastructure Committee
- Tri Valley Transportation Committee
- Local Agency Information Commission
- Central Contra Costa Solid Waste Authority
- Airport Committee
- Association of Bay Area Governments
- Contra Costa Regional Medical Center Joint Services Committee
- Dougherty Valley Oversight Committee
- South West Area Transportation

December 8, 2010

Julie Bueren, Director  
Contra Costa County Public Works Dept.  
255 Glacier Drive  
Martinez, CA 94553-4825

Dear Director Bueren,

I am writing in support of the Contra Costa County Public Works Department grant application for the Marsh Creek Road Safety Project. This project will greatly benefit the community by increasing the safety of this heavily traversed road. The project will widen the travel lanes, build road shoulders and smooth out the curvature of the road as well as removing a vertical curve on this section of the road to increase the sight distance.

The safety of our community and those who use Marsh Creek Road is of the utmost importance and I believe this project will lessen the amount of traffic collisions on Marsh Creel Road. Furthermore, this project will encourage biking. The new shoulders of the road will allow bicyclists to use this roadway and as Marsh Creek Road is in the Countywide Bicycle and Pedestrian network, currently listed as a Class III bike route, this will be of benefit to the County and our residents.

I am pleased to see that the Public Works Department is continuing their efforts to improve the safety of our roads, and more importantly improving the safety of this segment of Marsh Creek Road (2 miles to 2.25 miles west of Deer Valley Road), which is currently in the top ten list of roads with the highest incidence of traffic collisions throughout unincorporated Contra Costa County.

AGENDA ITEM - K-4

Please feel free to contact me at (925) 240-7260 regarding this or any future matter.

Sincerely,



MARY NEJEDLY PIEPHO  
County Supervisor District III

Cc: Bob Taylor, Mayor, City of Brentwood  
Linda Weekes, Chair, Knightsen CSD  
Kevin Graves, President, Town of Discovery Bay CSD ✓  
Linnea Juarez, Chair, Byron MAC  
Linda Weekes, Chair, Knightsen TAC

emailed to Board and GM

Town of Discovery Bay CSD

Received 12/21/10



County Supervisor Mary Nejedly Piepho, District III  
CONTRA COSTA COUNTY BOARD OF SUPERVISORS

COMMITTEES

Internal Operations Committee

Delta Protection Commission

Transportation, Water & Infrastructure Committee

Tri Valley Transportation Committee

Local Agency Formation Commission

Central Contra Costa Solid Waste Authority

Airport Committee

Association of Bay Area Governments

Contra Costa Regional Medical Center Joint Services Committee

Dougherty Valley Oversight Committee

South West Area Transportation

December 13, 2010

Reclamation District No. 800  
P.O. Box 262  
Discovery Bay, CA 94505

Dear Reclamation District No. 800 Board Members,

Please find enclosed correspondence from several Congressional representatives, including our Bay Area Delegation, regarding their collective concern with the Army Corps of Engineers' levee vegetation policy, as I believe it will be of interest to you.

I greatly appreciate the support from our Congressional leaders on this important issue. Please feel free to contact my office regarding this or any additional matter at (925) 240-7260.

As always, it is an honor to serve you on the Contra Costa County Board of Supervisor.

Sincerely,

MARY N. PIEPHO  
County Supervisor, District III

Cc: ✓Kevin Graves, President, Town of Discovery Bay CSD?  
Linda Weeks, Chair, Knightsen TAC  
Linnea Juarez, Chair, Byron MAC  
Linda Weekes, Chair, Knightsen CSD

*Jeff - hope for our interests  
concerns to be quickly remedied!*

AGENDA ITEM - K-5

Congress of the United States  
Washington, DC 20515

December 6, 2010

The Honorable Jo-Ellen Darcy  
Assistant Secretary of the Army (Civil Works)  
U. S. Army Corps of Engineers  
108 Army Pentagon, Room 3E446  
Washington, DC 20310-0108

Dear Assistant Secretary Darcy:

We write to convey our concern about the Army Corps of Engineers' levee vegetation policy, which we believe is inconsistent with overall Corps policy and practice, and which appears to be in conflict with longstanding federal, state, and local statutes and policies applicable in our congressional districts.

Our local governments have made it clear that removing all trees and shrubs from federally constructed levees along rivers and streams, as the new guidelines would require, is not a workable policy. The new guidance has the potential to impact thousands of miles of levees across California, compromise our already fragile ecosystems, place a large financial burden on our struggling economy, ignore region-specific conditions, and negatively impact public safety.

The State of California and a number of local governments are in the midst of upgrading hundreds of miles of levees that protect urban cities, rural agricultural areas and the Delta. The Army Corp's levee vegetation policy may result in stripping valuable ecosystem habitat from our state, as well as force projects to be redesigned at higher costs to taxpayers. This levee vegetation policy could actually decrease the stability of levees. It is also in conflict with federal environmental agency protections of endangered species.

The 1996 Water Resources Development Act (WRDA) provided appropriate direction to the Corps for developing levee vegetation guidelines, and California has led the way to help resolve these issues, with support from the Corps, through such processes as the California Levee Roundtable.

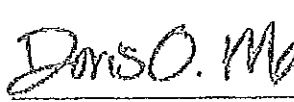
We ask that the Army Corps work with local and state officials — and with your regional divisions and the regional offices of other relevant federal agencies — to enhance public safety and ensure the viability of riparian vegetation, trees, and shrubs for the health of terrestrial and aquatic species. Additionally, we believe that a balanced approach can be reached that ensures public safety and allows much-needed flood protection work to proceed without compromising valuable natural resources.

We look forward to your response and working together.

Sincerely,



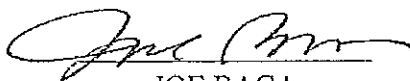
JOHN GARAMENDI  
Member of Congress



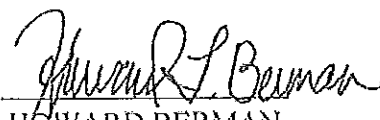
DORIS MATSUI  
Member of Congress



GEORGE MILLER  
Member of Congress



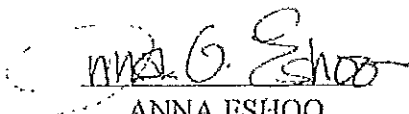
JOE BACA  
Member of Congress



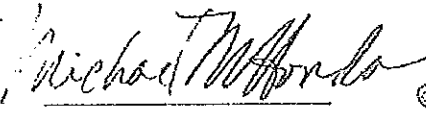
HOWARD BERMAN  
Member of Congress



LOIS CAPPS  
Member of Congress



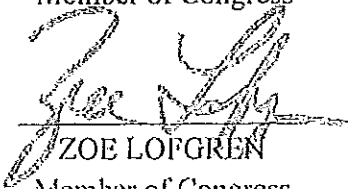
ANNA ESHOO  
Member of Congress



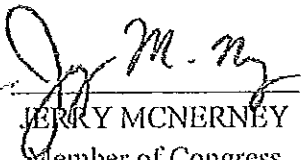
MICHAEL HONDA  
Member of Congress



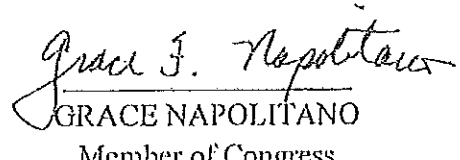
BARBARA LEE  
Member of Congress



ZOE LOFGREN  
Member of Congress



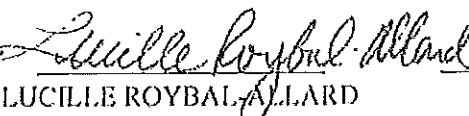
JERRY MCNERNEY  
Member of Congress



GRACE NAPOLITANO  
Member of Congress



LAURA RICHARDSON  
Member of Congress



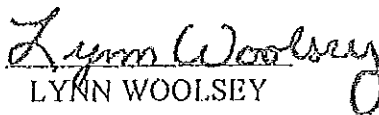
LUCILLE ROYBAL-ALLARD  
Member of Congress



PETE STARK  
Member of Congress



MIKE THOMPSON  
Member of Congress



LYNN WOOLSEY  
Member of Congress