

Volume I

Technical Proposal

Submitted to:



City of Nashua
New Hampshire

RFP1305-061505

Operation and Maintenance of the Water Utility

July 14, 2005

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SECTION THREE

Project Management and Staffing

VEOLIA WATER'S COMMITMENT TO THE CITY OF NASHUA Delivering the Best Value Through Innovative Approaches

Veolia Water North America – Northeast, LLC (Veolia Water), as discussed in our operations, maintenance and management (O&M) approach presented in Section One of this Proposal, has defined a plan and approach for the effective operations and management of the water system. It is our desire to enter into a performance-based contract between the City, and our company—an approach that transfers environmental compliance and water quality responsibility to us while local government owns the asset and controls the system.

The Veolia Water management and support team will commit to work with the City of Nashua and will draw from Veolia Water's base of resources to make the Water Works one of the best water utilities in the U.S. The team that we are proposing as part of this Project Management and Staffing Plan has been directly involved in this Proposal has direct relevant experience and will be part of the technical support team once the startup phase is complete.

No other firm will be able to offer such a strong and experienced team. Complementing our Nashua-specific team will be the resources of our parent and other affiliated world-wide companies.

The Proposed Contractual Relationship

The City of Nashua developed this Request for Proposals (RFP) to afford the private sector with the ability to be creative and flexible in developing a Proposal that will meet the individual water needs presently existing in the City and the surrounding communities. This model has been used by literally thousands of communities throughout the country to develop contracts to meet their individual needs while protecting their valuable assets.

Under this public-private contract model, the public partner, the City of Nashua, owns the assets, controls the management of those assets and establishes user rates. Employees are the local citizens (your neighbors) who have been doing the work for years, now supplemented with experts from Veolia Water in all fields of water operations, from computerization to microbiology, having the support of a research and development budget of \$80 million annually.

This partnership will meld the core competency of the company (possessing technological expertise and diverse backgrounds in various geologies and operating environments) with the specific system knowledge of the experienced existing employees.

We anticipate that this proposed contract will contain strict performance criteria for costs, quality, compliance and customer satisfaction. An oversight engineer will be engaged to monitor our activities to ensure that the asset is being protected. The City is soliciting this "checks and balances" firm in concert with this procurement. Constant monitoring and

evaluation of the asset is a paramount function of this contractual relationship, both for the public owner and Veolia Water.

This contract will reduce your operating costs by the performance standards that we will establish as a part of this contract in areas such as environmental compliance, improved water quality, rate stability, as well as a commitment to protecting the existing employees and to bringing the best water corporations to your community. At the heart of the commitment that we are making to the City of Nashua is one to be a water services contractor and a good corporate citizen, actively working to enhance the quality of life of all citizens and support the activities of the area in the environmental sciences and education.

Veolia Water is committed to forming a contractual relationship centered on:

- **Significant cost reductions**
- **Priority given to hiring existing employees**
- **Watershed protection recommendations**
- **A clear plan for communication and information distribution to the city and region**
- **Customer satisfaction expansion**
- **Performance-based fee for monitoring and improved service delivery**
- **Local Community Commitments**
- **Value engineering savings**
- **Support to assist local employees for a transition period**
- **Best Practices in asset management and security assessment**

Management and Staffing Approach

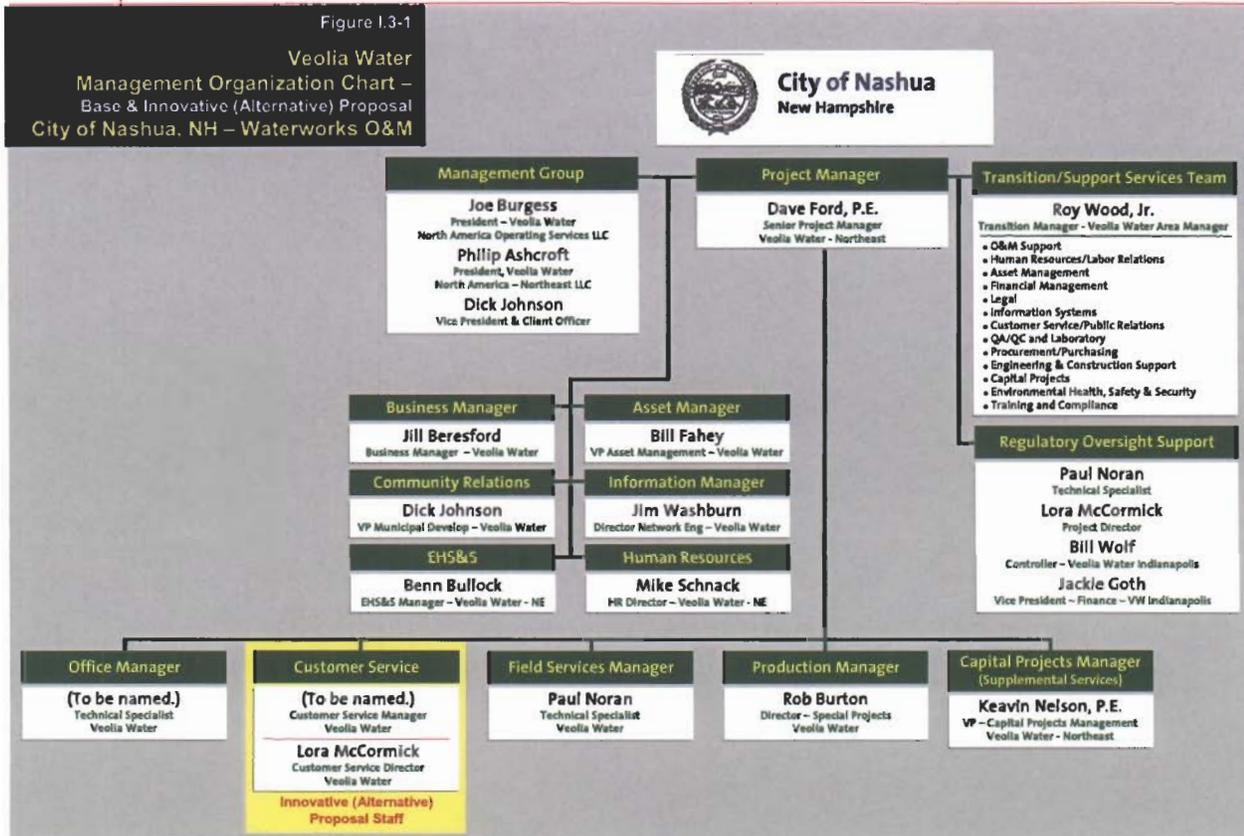
We are confident that the Water Works currently employs a complement of capable local people that will become valuable and committed Veolia Water team members. We expect that most management positions will be filled with existing Water Works staff. However, we do not expect to have available positions for many of Pennichuck's senior staff, especially those involved with Pennichuck's corporate governance and non-utility businesses.

Project Manager

Veolia Water has identified an experienced Project Manager to lead our team, **Dave Ford, P.E.**, a **Senior Project Manager** with Veolia Water in New Hampshire. He brings a unique blend of public utility management experience, having worked as the Public Works Director for the City of Rochester and the Superintendent of Public Works for the City of Wolfeboro, as well as managing and supporting public-private partnerships throughout the Northeast.

We have found that employing a local person with significant utility experience and supporting that individual with our resources is a noticeable benefit to a new agreement. Mr. Ford has established professional relationships in the New Hampshire community and will bring a local perspective and commitment. He will lead a team that will be formed from existing Pennichuck staff that transition to our team, combined with local hires and potential transfer-employees from other Veolia Water projects in New England.

Figure I.3-1, next page, provides an organization chart for key managers and interim managers that will provide leadership roles, as proposed in our Base Proposal approach. Our Innovative (Alternative) Proposal includes only one difference as noted in Customer Service.



Transition and Management Team

We have identified the core management team that will be committed to transitioning the water utility operations and ensuring the effective long-term delivery of services to the City of Nashua. This team will support our dedicated Project Manager and will include:

- **Roy Wood**, a Veolia Water Area Manager in the Northeast, will be the **Transition/ Technical Services Manager**, with responsibility for the mobilization and management of the transition team. Mr. Wood brings more than 20 years of operations and management experience and has been involved in the transition of numerous projects in the New England area. He is a resident of Leominster, Massachusetts, which provides him with ready access to Nashua.
- **Paul Noran**, a Veolia Water Technical Manager in the Northeast, will be the **Field Services Manager** and work with Mr. Wood in managing and implementing the transition of staff and services. In this role, he will be responsible for transitioning all aspects of field services and serve as the line manager for Field Services Group. Mr. Noran has more than 32 years of experience and has been involved with major project transition programs and management and operations of regional New England water supply systems. A resident of Maine, he is very familiar with the challenges of a water system in the cold weather of New Hampshire.
- **Rob Burton**, Special Projects Director with Veolia Water in Indianapolis, will provide leadership for the Water Production group. As the **Production Manager**, he will manage the transition of day-to-day operations of the water treatment and supply system to Veolia Water and then provide leadership for the operation and maintenance

of all elements of the water utility. Mr. Burton has more than 13 years of experience, which includes managing Veolia Water's project with the City of Boonville, Indiana. Additionally, he is a certified water and wastewater professional in two states.

- **Keavin Nelson, P.E.**, Vice President for Operations with Veolia Water in the Northeast and our Capital Program Management (CPM) in the region, will lead the capital program and engineering support group. This team will provide the engineering and construction expertise and management needed to implement small and large capital projects. This is a role that the CPM group routinely plays on Veolia Water projects in the Northeast and is a key part of our commitment to delivering a full-service approach to Nashua. Mr. Nelson has more than 28 years of engineering, operations and management experience, and he will be supported by the in-house expertise of our firm as well as the resources of **Dufrense-Henry**, our primary subcontractor on this project.
- At the corporate level, this project will be managed by **Philip Ashcroft**, the President of Veolia Water North America – Northeast, LLC, with oversight and support by **Joe Burgess**, the President of Veolia Water's national operations. These project principals will ensure our commitment. **Dick Johnson** will continue to closely support client relations and be directly involved on a 24-hr on-call basis for community leaders.

Resumes for all of the key team members are presented in Appendix A.

O&M Staff

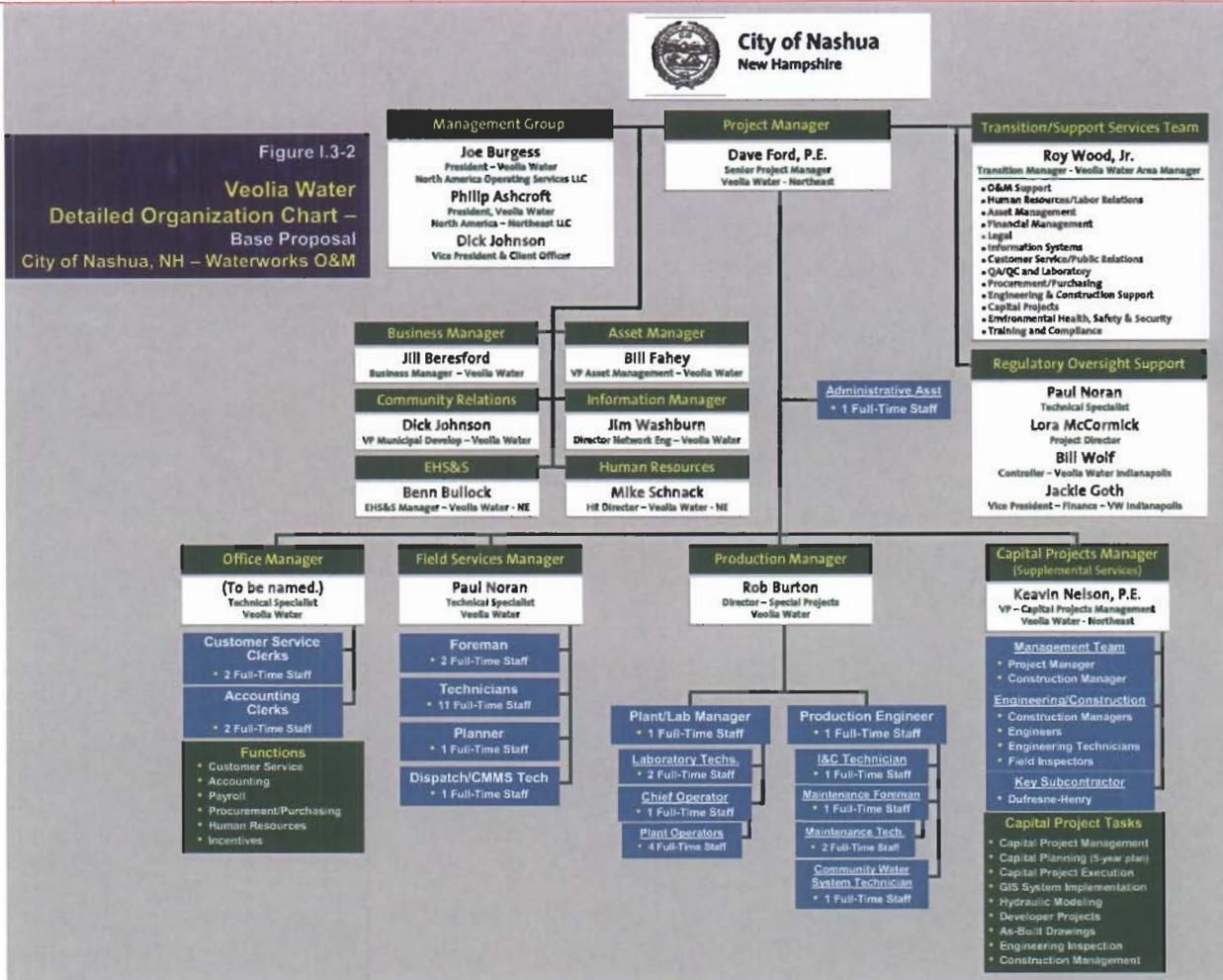
The Veolia Water O&M Project Manager will lead a team that, as discussed above, will be formed from existing O&M staff that transition to our team, combined with local hires and transfers from other Veolia Water projects in New England.

This O&M team, as shown on our detailed organization chart (Figure I.3-2, next page), will have all of the requisite certifications necessary to meet applicable federal and State of New Hampshire regulatory requirements for your water facilities.

The total O&M staff for the Base Proposal will number 40 and will be composed of the following classifications of staff:

- Project Manager – 1 Full-time Staff
- Other Managers- 3 Full time Staff
- Foreman/Supervisors – 3 Full-time Staff
- Certified Water Plant Operators – 5 Full-time Staff
- Mechanics – 4 Full-time Staff
- Laboratory – 3 Full-Time Staff
- Field Service Personnel – 11 Full-time staff
- Other Technical/Operations/Support - 8 Full-time staff
- Engineering – 2 Full-time Staff

Veolia Water is committed to provide the City of Nashua with the benefit of the expertise and experience that our firm provides regionally and nationally, with strong local management and support for the O&M team that will be responsible for the day-to-day management of service delivery. Some of the key technical, administrative and other



support resources that will be involved in this project, beginning at the project transition stage, include:

- **Benn Bullock**, Veolia Water’s Environmental, Health, Safety and Security (EHS&S) **Manager** for the Northeast LLC, will manage the transition of safety, compliance and site security responsibility to our firm. He will implement our firm’s EHS&S standards and procedures for the City’s Water Works, train all staff in these procedures, and then provide regular reviews/audits of compliance. Mr. Bullock has more than 12 years of experience, with almost 10 years of experience in safety and compliance management at environmental facilities.
- **William Fahey**, Veolia Water’s Asset Management expert, will assume the role of **Asset Manager** for the Nashua project. He will direct the transition of the asset management program. Mr. Fahey has more than 18 years of industry experience, with more than 14 years of experience in the construction and startup of new facilities. His background includes managing the maintenance assets and developing a long-term strategic maintenance plan for a \$3.4 billion wastewater plant. He also develops models for plant maintenance and asset management, ensuring optimization of a plant’s CMMS.

- **Lora McCormick, MBA**, a Project Director with Veolia Water in Indianapolis, will direct **Customer Service Transition**. She will manage all aspects of implementing delivery of customer service, client relations, and government affairs with responsibility for a staff of three. Ms. McCormick brings to this role more than 13 years of water utility experience in client relations, customer service and performance measurement. She participated in the transition process and led the incentive development program in Indianapolis. She also participated on an AWWA work group responsible for developing national water and wastewater performance.
- **John Fritsch**, the Veolia Water Project Manager for the Gilson Road Superfund site in Nashua and the OK Tool/Savage Wells Superfund site in Milford, New Hampshire, will assist in the transition and provide ongoing regulatory support. He has nearly 30 years of industry experience, with almost half of it in the State of New Hampshire. He managed the Gilson Road Superfund site project in Nashua, completing the remediation and facility closure, and continues to provide site maintenance and emergency support. He brings to the team a strong relationship with State of New Hampshire and Federal regulatory agencies and a familiarity with the Nashua community. He is a licensed wastewater operator in two states and holds a national reciprocal license. He has a Class 4 wastewater operator certification and a Class 1 water certification in New Hampshire.
- **Jill Beresford**, the Business Manager for Veolia Water in the Northeast, and will provide oversight for this contract with the City of Nashua. She will support the locally based procurement staff and will direct all aspects of accounting/budgeting, purchasing and subcontracting. Ms. Beresford brings to this role more than 27 years of finance and business management experience in the U.S. and internationally.
- **Mike Schnack**, the Human Resources Manager for Veolia Water in the Northeast, will be the Human Resources Coordinator for this project. As O&M staff are hired for the Nashua facility, he will arrange for employee benefits and the training and career growth opportunities offered by our company. Mr. Schnack has over 10 years of human resources experience and has managed all areas of Human Resources, including employment, employee relations, wage and benefit administration, labor relations, regulatory compliance and training.
- **Jim Washburn**, the National Director of Systems and Network Engineering with Veolia Water in Indianapolis, will be the Information Technology Manager. He will be responsible for transitioning the computerized networks and tools and then implementing our company's protocols and management tools. Mr. Washburn currently manages Veolia Water's corporate data center, which is located in Indianapolis, as well as the company-wide network for Veolia Water. He has over 24 years of experience, which includes project management, help desk management, hardware and software support and local and wide area network installations and support.
- **Chandra Mysore, Ph.D.**, serves as Veolia Water's National Director of Drinking Water Treatment, one of the leading water service providers in the U.S. He has more than 20 years of experience in the area of water quality and treatment, water and wastewater disinfection, operations, desalination, water reuse, soil and water treatment systems employing advanced oxidation processes (ozone/UV) and membranes. Dr. Mysore has directed several large projects to investigate disinfection, biological filtration and membranes in treatment plants, biofilm control and water quality in distribution

systems. He has provided technical support to numerous DBO projects (e.g. Tampa, Indianapolis). As a part of the Veolia Water team for the City of Nashua, Dr. Mysore will assist in the areas of watershed management, water production operations and process control, and provide expertise to Veolia Water's CPM group for value engineering.

- **Dan Moran**, Veolia Water's Process Engineer for the Production Department at Indianapolis, Indiana, will provide technical and research expertise on this project. He has more than 20 years of engineering experience, including evaluation and implementation of process modifications to optimize water treatment plant performance; oversight of capital improvement upgrades to water treatment facilities; and negotiation with regulatory agencies on compliance issues. Process evaluations include design of pilot and/or bench scale testing programs aimed at meeting increasingly stringent water quality goals. Previous experience includes planning, design and implementation of environmental engineering projects for commercial and industrial clients.

Resumes for all of the key management and support staff that will be a part of our team are presented in Volume III, Appendix A.

SECTION FOUR

Transition Plan and Approach

VEOLIA WATER'S COMMITMENT TO THE CITY OF NASHUA Delivering the Best Value Through Innovative Approaches



The City of Nashua, New Hampshire, and the communities served by the Pennichuck Water Works face critical challenges as they proceed through the eminent domain process for the purchase of the water treatment, storage and supply systems now owned by a private entity.

Veolia Water North America – Northeast, LLC (Veolia Water), as discussed in our operations, maintenance and management (O&M) approach presented in Section One of this Proposal, has defined a plan and approach for the effective operations and management of the water system.

Veolia Water brings to the clients we serve in the State of New Hampshire, and the New England region as a whole, an unequalled base of resources, capabilities and direct and relevant experience—factors that will ensure that the Water Works system is transitioned safely and that ongoing operations are efficient while yielding the highest quality water the facilities are capable of producing.

Our Proposal relies heavily on our firm's track record throughout the U.S., because this proven experience in managing some of the largest and most complex water systems means that we have an understanding of the issues that you will face as you acquire and then transition the Water Works.

A key element contributing to the success of this proposed contract relationship with the City will be the transition of the existing water system employees to our team. Our employee relations plan, discussed in greater detail later in this section, provides for considerable communication, spousal meetings to address concerns at home, recognition of legacy knowledge and other programs to embrace employees and make them part of our team.

Existing Pennichuck employees will be given priority for all required positions created by the new contract between Nashua and Veolia Water.

Throughout the years, these individuals have formed the backbone of the Pennichuck water system and they will be a critical component of our success going forward. Their years of service with Pennichuck will be recognized for the computation of benefits. Union representation is welcomed if it is desired by our employees.

Additionally, in this section of our Proposal, we discuss the Transition Plan and Approach for this project, addressing the management, staffing and support aspects of this approach, as well as our plan and approach for the transition of staff from the current service provider.

Transition Plan and Approach

The City of Nashua's objective in the RFP is to "... select a qualified water service provider that will protect the assets and stabilize rates..." and critical to that decision will be the knowledge that transition to City ownership can be accomplished with no negative impact to water quality, security and safety, current employees, and customer service. Therefore, our overriding objective in this Proposal is to demonstrate that this decision can be made with confidence and that significant benefits will be realized with Veolia Water operating, managing and maintaining the assets under a direct performance contract with the City.

Veolia Water's transition plan objectives ensure the highest level of customer service, providing for the following:

- Safe and reliable water delivery of the highest possible quality will be assured by dedicating significant resources to completing due diligence of the capital plans that presently exist, completing a comprehensive audit during the transition period to identify any process or equipment reliability issues, hiring qualified and certified operators with priority given to existing Pennichuck employees, validating all proposal plans and assumptions and incorporating legacy knowledge with the help of the current employees when they join our team, and supporting their efforts with the full resources of our company.
- Security of the water production and transmission assets will be maintained by first auditing current practices, comparing them to our industry best practices and then making necessary recommendations and taking steps to ensure the facilities are secure. Veolia Water has literally hundreds of certified staff to conduct Vulnerability Assessments and Emergency Response Plans in conjunction with new Federal Guidelines that were mandated after 9-11. With open reservoirs and a single access to the Merrimack River, this preparedness activity is critical to protect the raw water sources.
- Customer service will be a major focus of our transition efforts. Using our knowledge of customer service over the years and local resources, Veolia Water will develop a system for Nashua that will exceed existing services and constantly monitor and respond to customer concerns.
- Our employee transition will result in a committed and dedicated work force – well-motivated with high morale. Our plan, as discussed in detail later in this section, demonstrates our commitment to this objective. Pennichuck employees will be given priority consideration for all positions. The transition staff will include technical experts from Veolia Water in all aspects of water service. The Veolia Water employment program offers incentives for safety as well opportunities for education and career advancement. Our employees are our most valuable assets and Veolia Water welcomes the Pennichuck employees as part of our team.
- Excellent working relationships with local vendors, regulatory agencies, City officials and our new customers, will be established. Veolia Water will identify local vendors that currently supply the Water Works that could provide services or materials for the project. We hope to commit a significant percentage of our purchased goods and services in this proposal, but we will certainly be able to do so during the transition

period. The program team will survey local firms and utilize our proven methods to mentor and engage the maximum percentage of these firms possible.

- An asset condition survey will be performed to quantify the state of the assets, identify all deficiencies and prioritize them according to criticality. This survey will be performed within the first 180 days after contract commencement. This survey will establish the condition of the assets turned over to the City, and provide for recommendations of any necessary capital improvements.
- We will complete all deliverables as proposed and as required in the ultimate service agreement. A key element will be to prioritize the deliverables and spread them out over an appropriate period of time. A high number of deliverables, especially those not critically important, puts tremendous strain on the organization at a time it is already stressed due to the transition taking place. Veolia Water will provide definitive recommendations in this regard, but we request you consider this issue.

Transition of Management and Staff

Veolia Water has successfully accomplished the transition of other private-sector employees under contract O&M services agreements to our employment with little or no disruption of service and with empathy for the new employees and their families. Our firm's approach keeps our clients fully informed without creating a major distraction for them during this process. The entire progression is orderly and uncomplicated.

Today, Veolia Water's staff in North America numbers more than 2,800, including management, technical, operations, and other personnel. Our firm has a low turnover rate, less than 10%, in all areas of employment. This is largely credited to the competitive benefits and compensation, training and enhanced career opportunities that our firm offers. Indeed, over the past two years, Veolia Water staff has grown significantly through new projects such as the 20-year outsourcing contract with the City of Indianapolis, Indiana, which brought more than 460 new employees to our company.

Transitioning the operation, maintenance and management (O&M) of Pennichuck's Water Works will be a complex undertaking that must be successful to solidify public support and instill confidence in the City Alderman and Mayor's decision to purchase the Water Works. Veolia Water's experience suggests that planning is absolutely critical, but success will also be dependent on having an experienced and capable team, adequate resources allocated and available, and the support of a firm and its management to do what it takes to get the job done. The first few months will be critical and Veolia Water will provide as many resources as needed to complete the task.

The Transition and Employee Relations plans outlined in this section rely heavily on our experience with similar projects, which has many of the same characteristics of the Pennichuck Water Works and its employees' issues. The knowledge has been applied to these plans, which will ensure a continuous supply of safe drinking water and the highest levels of customer service. This transition involves private-sector employees transitioning to a private-sector operator. No other U.S. contract operator has more experience in this regard than Veolia Water.

Our transition plan also addresses the full spectrum of technical and administrative services to be transitioned that we know are needed to ensure reliable, uninterrupted service to the City. It is essential to develop the support of the existing staff, but also the cooperation of and coordination with the City, Pennichuck Water Works and regulatory agencies. This

approach is guided by first dedicating an expert team of transition specialists, understanding and meeting the needs of the existing employees and then assessing and reviewing each area of service, and ultimately implementing any changes that will improve the quality of water and reliability of service.

Transition and Project Support Team

Key to our ability to transition these facilities and provide safe and reliable water delivery will be the experienced and capable management team we will commit to this effort.

Veolia Water will commit to this project an experienced Transition Team that will provide all of the core management, technical and administrative disciplines that will be required to ensure success. This team will be formed from our management team and supplemented by other experts drawn from the resources of Veolia Water in the Northeast regional business unit and our operations nationally. Many of the members of this team are already involved in the development of this Proposal and will remain a part of our development team through interviews, presentations, contract negotiations and project startup. Each of these managers has significant expertise and experience in their specialty area, and all are committed to this project.

Table I.4-1, next page, identifies the key members of our proposed Transition/Project Support Team and their specific roles. Resumes for all of these staff are provided in Appendix A.

Each of the managers and subject matter experts identified as a part of the Transition Team brings strong expertise and experience in their specialty area, and each is committed to this project and to a successful transition, meeting all of the objectives stated above.

This Transition Team will be mobilized upon selection of Veolia Water as the City's partner, under the direction of our **Transition Team Managers - Paul Noran, a Technical Manager** with Veolia Water in the Northeast, and our **Area Manager, Roy Wood**. They will then begin the process of transitioning services, staffing and operations responsibility to our team. Supporting this team will be the resources of Veolia Water, as well as the technical, management and financial resources of firm as a whole, providing the City with access to a base of expertise and the financial and management resources needed to ensure success.

Transition Plan Objectives

Veolia Water understands that the City of Nashua is seeking a service provider that can provide the level of experienced staff that will ensure the safe and effective transition and long-term management of your Water Works. One of the key commitments that our firm makes in pursuing this contract with you is to provide superior management and staffing for your facilities, and, prior to the start of this contract, we will have our team in place and ready to implement the transition plan. As a part of this commitment, we will also provide proven leadership that can deliver all of your needs for this project. This means that we will manage and staff the City's water facilities with a sufficient number of qualified and certified employees, including management, technical and administrative staff.

As detailed in the project organization and management approach (see Section Three), the resources of our firm at the regional and national levels will support the newly hired employees. This staffing approach ensures that the City of Nashua will continue to benefit from the hands-on experience of existing Pennichuck staff, supplemented by the broader managerial and technical experience that we will deliver. Our project organization chart

(Figures I.3-1 and I.3-2 in Section Three) illustrates our proposed organization for ongoing operations with transition team members filling the key management positions that will later be staffed by the permanent management team. We expect that the majority of these positions will be filled from the current staff and local hires.

Transition of O&M Staff

Employee Relations

Veolia Water’s approach to employee relations is one founded on experience and based on empathy to the uncertainty and change the employees will experience. Past successes, and mistakes for that matter, mean that we understand the hard work that must be put into this effort. We are committed to embracing the current employees and ensuring that we make the transition to Veolia Water as painless and rewarding as possible. We certainly value the institutional knowledge they have and know that our plans will be significantly improved with their help. Highlights of our employee relations approach include:

- Extending offers of employment to those existing employees that will be required.
- Providing for wages that are consistent with a recent salary survey for the area. Furthermore, employees who transition to the Veolia Water O&M team will be entitled to career-advancement opportunities, such as license and career-path training, tuition reimbursement, bonuses associated with certifications, safety training and a safety performance bonus plan and an annual project bonus program.

Table I.4-1. Veolia Water’s Transition Team

Role	Name
Project Manager	Dave Ford
Transition Managers	Roy Wood <u>Support: Paul Noran</u>
Human Resources	Mike Schnack <u>Support: Don Ellis</u>
Production	Rob Burton <u>Support: John Fritsch</u>
Field Services including Distribution	Paul Noran
Asset Management	Bill Fahey
Performance Metrics and Implementation	Rob Burton <u>Support: Lora McCormick</u>
Finance	Jill Beresford <u>Support: Joey Tolbert</u>
Legal	Rob Arendell <u>Support: Scott Schrang</u>
IT Support	Jim Washburn
Customer Service	Lora McCormick <u>Support: Debbie Willis</u>
Public/Community Relations	Scott Edwards <u>Support: Dick Johnson</u>
Laboratory/QA-QC	Dr. David Peterson
Capital Planning	Keavin Nelson, P.E. <u>Support: Dave Ford, P.E. and Dufresne-Henry</u>
Environmental Health, Safety and Security (EHS&S)	Benn Bullock <u>Support: Jim Galipeau</u>
Development Team Knowledge	Joe Tomashosky <u>Support: Dick Johnson</u>

- Implementing a communications strategy that includes a project-wide kick-off meeting, just as soon as we are able, smaller group meetings with discrete teams, individual meetings to allow employees to interview us and for us to get to know them while addressing their specific concerns, spousal functions to address concerns at home and to put a face on “the new company”, newsletters and other regular forms of communication, development of a Web site, fun events to build camaraderie and team spirit, and other less formal communications to ensure we are on top of all employee issues.
- Providing for an “Employee Participation Program,” which will be designed to recognize and embrace the knowledge and capability inherent in the employees and to incorporate that knowledge into our approach. This was a key lesson learned after much experience with transitioning employees, where we continuously learn from people that have been part of the organization for many years. Using focus groups and individual meetings, we will work through our proposed approach and key assumptions and compare them with past practices. This will allow us to validate our plans and share best and legacy practices.
- If the newly hired employees desire union representation, Veolia Water will hold meetings with union leadership, to facilitate open communications. In addition, we hope to communicate with opinion leaders and other people having significant influence in a way that recognizes their position and importance.

A transition of this magnitude cannot simply begin once the contractor is selected. It requires months of planning in order to ensure successful execution.

Veolia Water has a methodical, but flexible and sensitive Transition Plan that minimizes uncertainty and treats the current employees with respect. All required positions will be offered to Pennichuck employees prior to the local labor market. The experience of the existing Pennichuck employees will enhance our success.

Veolia Water’s management staff for this project will, as discussed earlier in this section, be supported by a skilled and experienced transition team composed of resources drawn from the regional, national and international resources of our firm. We also anticipate hiring local employees to assist with the transition. This team will be composed of experts/specialists in the areas of human resources, operations, maintenance, laboratory, capital projects, information technology, customer service, accounting, safety and security. The overall Transition Team will be comprised of 15–25 individuals at various stages of the transition, with a core management group that will be with the process from start to finish. The paragraphs that follow provide specifics regard to the employee relations elements of our transition plan and approach.

Implementation of Pre-Commencement Activities

One of the first steps in recruiting the current employees into the Veolia Water organization will require the cooperation of Pennichuck Water Works Operating Company and the City to allow us to meet with Pennichuck employees immediately after selection. The intent of the meeting will be to discuss the transition process, begin the employment application process, interview interested candidates, convey expectations, and begin to develop a working relationship based on mutual respect and trust. The next step will be to meet with the

newly hired employees and their families face to face, establishing lines of communication, and beginning the employee transition process.

Human Resources Interface

Veolia Water will implement our proven human resources programs, prior to the project Commencement date, in order to ensure continuous communication and a smooth transition. For example:

- Informational meetings will be conducted with employees and their families to help them understand the Veolia Water organization, management team, its philosophies, ethics, and values, policies and benefits program, and to answer employee questions. These meetings will be held at various times (during and after the regular workday) and convenient locations to accommodate the schedules of employees and their spouses.
- In-depth orientation sessions will be provided for each employee that encompasses the topics of project organization, group benefits, policies and procedures. There will be both group and private, one-on-one, sessions.
- Benefit specialists will assist with information and enrollment for employee-selected benefits.

Employee Communication

Critical to our Employee Transition Plan is extensive communications with the selected employees and their families to answer questions and dispel concerns. This communication program consists of three main components: 1) making our Employee Transition Team members available on site at various work places throughout the transition period to meet with employees; 2) establishing a 24-hour-a-day telephone hotline for employees to obtain immediate information, pose questions, or express concerns in a confidential manner; and 3) providing access by phone to the regional HR team to receive information in a confidential manner.

From the Current Employee's Perspective

Project personnel are our greatest resource, and our initial transition activities are directed to furthering their understanding of our company, minimizing their concerns, and embracing them as members of our team.

Following the execution of the Management Agreement, Veolia Water's Transition Team will sponsor **informational exchange get-togethers** as the first phase of our successful workforce transition. We will hold luncheon and dinner sessions at locations that will permit the employees and spouses to easily attend.

These get-togethers will be attended by Veolia Water senior management, Human Resources Specialists, and Operations Management. The purpose is to communicate to our new employee family the organization, philosophies, policies, and benefits of Veolia Water. These informal, family oriented gatherings have proven to be a key component of our transition planning.

We know that these sessions will raise various questions in the minds of some employees who will not ask them in a group setting. Accordingly, Phase II of our transition plan provides substantial opportunity for one-on-one sessions. Upon leaving the informal get-togethers, employees are encouraged to sign-up for individual sessions.

Everyone recognizes that with the selection of a new private contract operator, some changes related to employee programs will occur. We again make every effort to reasonably address these concerns and establish positive employee relations practices. This is accomplished by maintaining and extending existing programs and benefit offerings to the extent reasonable and prudent to do so.

Personnel Orientation

Immediately after Contract Award, benefit specialists and Human Resources professionals, along with representatives from the respective insurance carriers, will begin extensive group and individual sessions to thoroughly review the group benefits provided by Veolia Water. Employee benefits orientation will cover the following:

- Discussion of procedures that will allow employees to accumulate retirement funds into our 401(K) plan, to the extent permitted by law.
- Presentations by Veolia Water's financial consultants, Edward Jones, whose representatives will provide information and financial planning services and products.
- Presentations by Veolia Water's retirement consultants, Putnam Associates, whose representatives will participate in employee meetings to offer assistance in understanding 401(k) plans and 401(k) investment options and to respond to questions.

With the permission of the City and Pennichuck Water Works, Veolia Water will hold preliminary briefings with employees prior to the actual commencement date. During these meetings, employees will be given the necessary employment and payroll forms to be completed. These meetings will also encompass safety issues, the transition schedule, and applicable legal requirements regarding employment rights. They will provide a description of management, operations and maintenance policies and procedures; plans for providing services under the Agreement; hiring and promotion policies; compensation and benefits; plus answers to any remaining employee questions. Further, in-depth orientation sessions will be conducted throughout the initial startup phase of the project.

Additionally, Veolia Water will clearly define the roles of the on-site staff and the external technical support specialists during the transition period. This group will provide on-call support to the facility 24 hours per day during the initial months of the contract.

Policies & Procedures

Veolia Water professionals will develop and communicate our administrative policies and procedures to ensure that matters are being handled in a consistent and uniform manner and in compliance with various laws and regulations.

Employee Interviews, Employment Offers and Job Assignments

As discussed at the start of this section, Veolia Water will first extend offers of employment to those existing Pennichuck employees that chose to join our firm and are selected by the Transition Team. The Pennichuck employees that transition to our firm will initially be assigned to jobs with comparable assignments, duties, responsibilities and titles to reduce the stress on employees during the transition process and also to ensure reliable, uninterrupted service through the transition period.

Veolia Water's Project Management and Human Resources Transition Team members will hold one-on-one interviews with all existing employees. These interviews present both our team and the prospective employees with an opportunity to ask and answer questions. During these meetings, Veolia Water's transition team members will:

- Review the organization of the employee's work group.
- Explain position expectations

- Determine employee career interests and explore potential career path opportunities available within Veolia Water

During the first year of service, more in-depth interviews will be conducted as part of our organizational and training needs assessment.

Veolia Water requires all employees to pass a pre-placement drug test as a condition of employment. Prospective employees who fail the drug screen will not be employed but may reapply after six months.

In North America, no other company has transitioned more employees to contract O&M than Veolia Water. One our largest municipal project transitions in recent years was that for the City of Indianapolis. This involved the transition of more than 460 management, professional and technical staff under a fast-track approach. As this experience demonstrates, Veolia Water is unequaled in the depth of corporate resources and experience it can apply to handle an employee transition of any magnitude.

Safety and Training Assessment

Safety is of utmost importance, and our EHS&S staff will have the responsibility for conducting in-depth safety training programs that will continue throughout the life of the contract.

As part of this, and prior to the start of services, personal protective clothing and equipment will be selected and fitted so that all required safety equipment will be available for transitioned employees on their first day of employment with Veolia Water.

Veolia Water will conduct a thorough safety audit with 90 days of commencement of contract services. Veolia Water will outline all required operational changes, safety equipment purchases and capital improvements needed to meet the requirements of the safety audit. Veolia Water will use this information as a basis for the site specific safety program, which will be implemented in the Nashua Water Works.

During the transition phase, our Safety Program will focus on establishing a general understanding of all safety-related requirements. In the first six months after commencement, safety training will be delivered by our on-site EHS&S Coordinators and will focus on those areas identified by our “training needs assessment.” This assessment will cover all areas of training needs, including operations, maintenance and management.

Veolia Water will also provide an ongoing comprehensive training program that addresses safety, project-specific, ongoing education, and certification and licensing and career advancement related topics.

Operational Transition Elements

In the transition of services from the current private service provider, Veolia Water understands that the City of Nashua’s objective is to select a company that has the experience and technical knowledge needed to operate a regional water system with sensitivity to existing employees. Further, we understand that critical to that decision will be the knowledge that transition to City ownership can be accomplished without a negative impact to water quality, security and safety and customer service. Therefore, Veolia Water’s overriding objectives in this Proposal is to demonstrate to the City of Nashua that you can be confident that you will realize significant benefits through our plan and approach to the transition of service and the management of the water system.

Veolia Water's transition plan objectives, as discussed in this section, will ensure the highest level of customer service, providing for:

- **Security Vulnerability Assessment Program Compliance** - The review of the Pennichuck's existing Security Vulnerability Assessment may be the most important aspect of Veolia Water's initial service to your customers and citizens. We have certified employees who provide these types of assessments, and the benefits of their experience and in-house expertise cannot be overlooked. Your single access to the Merrimack River and open fresh water sources are a target for attack at any time. Veolia Water has the responsibility for Vulnerability Assessments for literally thousands of square miles of open raw water supplies across the country. We cannot eliminate an attack on these resources, but we can develop a plan that will minimize the effects of an attack and act as a deterrent to attack.
- **Water Quality Maintenance and Protection** - Safe and reliable water delivery of the highest possible quality will be ensured by dedicating significant resources to complete a comprehensive audit during the transition period to identify any process or equipment reliability issue. A team will shadow existing operations, validate all proposal plans and assumptions and incorporate legacy knowledge with the help of the current employees when they join our team. Our Transition Team will be supported by the full resources of our company.
- **Best Practices Compliance** – Efficient and effective operation of the water production and transmission assets will be ensured by auditing current practices, comparing them to industry and Veolia Water best practices, making necessary recommendations and taking steps to ensure the facilities are operated according to these best practices.
- **Customer Service Enhancements** Customer service will be a major focus of our transition efforts. We will meet with existing staff members and begin an exchange of information to address critical customer service issues and to ensure accessible and responsive customer service.
- **Adequate Staffing from Day 1** - Employee transition will result in a committed and dedicated work force – well motivated with high morale – with the needed complement of O&M staff in place on day 1 of the transfer of operations responsibility for the water utility. Our plan, discussed later in this section, demonstrates our commitment to this objective. Our success is directly related to transitioning Pennichuck employees to Veolia Water. Extensive education programs and the opportunity for upward mobility will compliment their experience and knowledge. Our employees are our greatest assets and we work hard to keep them motivated through bonuses and awards for achievement.
- **Effective Asset Condition Assessment** –Identifying critical equipment, assessing its condition and addressing any deficiencies will be a prioritized activity of our asset management team to make sure that all critical equipment is in a reliable condition. In addition, standby and backup equipment will also be assessed. This important activity will ensure that we can meet our first and most important objective of providing a reliable and safe supply of water. An asset condition survey will be performed within 180 days in order to quantify the state of the assets, identify all deficiencies and prioritize them according to criticality. This audit will establish the condition of the

assets turned over to the City, and make recommendations of any necessary capital improvements.

- **Focus on Deliverables Needed for Transition of Operations and Management Responsibility** - Veolia Water will complete all deliverables as detailed in our Proposal and as required in the ultimate service agreement. A high number of deliverables, especially those not of critical importance, put tremendous strain on the organization at a time it is already stressed due to the changes taking place. In our Proposal, we have provided definitive recommendations in this regard.

In summary, Veolia Water's transition plan addresses the full spectrum of technical and administrative services to be transitioned to ensure reliable, uninterrupted service to the City of Nashua and those served by the water utility. It is essential to develop the support of the existing staff, but also the cooperation of the City and other communities served by the water system.

Element of the Operational Transition Plan

It is important that effective plans are executed to ensure that daily operating responsibilities are transitioned seamlessly. Veolia Water, as discussed in this section, will commit a technical transition team representing a wide array of experience to work concurrently on the critical technical aspects of transition. This Transition Team, representing experienced technical managers in each discipline, will arrive at least four weeks before contract commencement to:

- Begin setting up accounts with local providers and arranging for the transfer of existing contracts with key vendors and suppliers.
- Begin the installation of process control management, maintenance management, and regulatory reporting software, which our firm uses nationally as a key management control in monitoring and managing the performance of each facility.
- Review daily, weekly and monthly reports used in key areas of service; review in detail with the City as regarding the format and scope of information.
- Assess the operating condition and performance of each process area so that there is a confidence in the operations.
- Identify any pending problems so that an action plan can be put in place to rectify them.
- Review and refine standard operating procedures (SOPs), process models and other tools that may already have been developed for the facility.

Key Objectives for Successful Transition:

- **Safe & Reliable Water with stable rates**
- **Secure Water Facilities meeting the new requirements of 9-11**
- **Strong Customer Service Focus**
- **Provide Pennichuck employees with priority for all positions**
- **Assessment/Rating of Critical Equipment and System Assets**
- **Building Relationships with All Stakeholders**
- **Complete the Transition Process – Schedule and Deliverables**
- **Form an Effective Relationship with the City and Regional Water Authority**

- Perform a preliminary safety audit and vulnerability analysis of the facilities to identify any safety issues that could compromise the safety of our personnel, infrastructure and public health. The vulnerability analysis will be directed at evaluating security and vulnerability to terrorist actions.
- Assess, modify or develop SOPs and operational checklists to be used in each process area; review any existing SOPs for their quality and consistency with Veolia Water policies and practices.
- Field-verify all material by operational personnel before SOP finalization.

Operations - Water Treatment

The transition of operating responsibility will be accomplished as follows:

- Begin an initial orientation of key managers on current operating practices for routine and emergency operating modes.
- Ensure that New Hampshire state-certified operators are in place at all required positions.
- Shadow the existing personnel, prior to commencement, to observe daily operations and maintenance – preferably for a minimum of 30 days.
- Become familiar with key personnel in each discipline.
- Make contact with key individuals within the District, regulatory agencies, vendors and subcontractors.
- Develop a clear understanding of the monitoring and reporting requirements of each facility.
- Begin the implementation of process control management plans to ensure the treatment process is monitored and controlled.

Inventories

Within 30 days after the Service Commencement Date, Veolia Water will produce an inventory of all chemicals, parts, tools, and equipment noting the condition of each item on hand on the Service Commencement Date. The inventory will include the following:

- The number, or as applicable, the quantity of such inventory.
- Detailed description of the inventory.
- The condition of the inventory.
- The monetary value of the inventory on an aggregate basis.
- As service requirements are developed, analysis of materials and parts necessary, not only for recurring service but for anticipated corrective service will be determined and compiled, which will permit a programmatic approach to developing an integrated set of spare parts and establishing an appropriate inventory.
- The Service Agreement will provide details on handling the inventory at termination or expiration.

Maintenance

Maintenance specialists will make an assessment of the critical equipment, spare parts inventory, and the preventive maintenance program in use. They will build from the existing

base of equipment and service history, if available. In time, all land, buildings, wells, vehicles and equipment will be incorporated into a comprehensive maintenance program. Detailed maintenance schedules for the facilities and equipment will identify the type of maintenance to be performed and the frequency of these maintenance activities. This information will be consistent with accepted industry standards and will comply with the manufacturers' maintenance recommendations. Proper maintenance will improve reliability for customers, reduce long-term capital needs, and improve overall service to Nashua's customers.

Veolia Water's maintenance programs are based on four major fundamental aspects, including:

- Specific asset service, wear, and life cycle characteristics.
- Asset application and service context related impacts.
- Asset criticality in terms of unit and process reliability.
- Maintenance and service characteristics, techniques, and procedures including costs/benefits.

No less than 30 days prior to the Service Commencement Date, Veolia Water will submit an update to the Maintenance Plan provided herein. The updated maintenance plan will address any conditions that have changed in the period between negotiation of the agreement and the Service Commencement Date. Also within 90 days after the Service Commencement Date, Veolia Water will submit a final maintenance plan reflecting all changes not previously known by the City or Veolia Water. The Plan will include the details about directional flushing to be performed.

The objectives of our maintenance program will be to maintain a high state of reliability in a cost effective manner while protecting the investments made in the facilities and assets. PWW is currently using the Synergen™ maintenance management software (now SPL Enterprise Asset and Work Management™ System) to track their maintenance tasks and procedures. We plan to continue to use this program and database until such time that we implement our new Asset Management system and software. Accordingly, the program as discussed below addresses our plans and goals. Maintenance-related discussions that follow are for the interim period prior to the implementation of the future program.

Capital Projects

Our experienced **Capital Projects Manager, Keavin Nelson**, will be among the technical support group on site to become more familiar with the scope and status of the current capital improvement program, observe the prioritization and scheduling of resources, meet with key contractors performing work, and begin to compare our proven construction management practices against those that are currently being used. The Capital Projects Manager will begin to identify and prioritize capital required for system improvements to meet regulatory requirements and those needed to satisfy the growth of the community. These activities will continue throughout the transition period, ensuring the City that all criteria have been addressed and that the facilities perform to the required standards immediately upon Veolia Water assuming operating responsibility.

Laboratory

The existing laboratory has not been evaluated, but our initial efforts would be to complete a full assessment of laboratory operations as they relate to analytical procedures being used, the capabilities and use of the laboratory information management system, the QA/QC

program in effect, the adequacy of reagents and supplies on site, and the frequency and type of analyses being performed.

These all relate directly to ensuring that the data collected is accurate, legally defensible, cost effective, and in compliance with the monitoring and reporting requirements of the facilities.

A laboratory transition plan will be developed and initiated as the contract commences and will include the following:

- Integration into our firm's national purchasing contracts with laboratory vendors.
- Procurement of the necessary equipment and supplies.
- Documentation of a detailed equipment and chemical inventory.
- Training in document control and distribution procedures for internal and external reporting.
- Training in our health and safety procedures and reporting requirements.
- Modifications to the sampling and testing plans.
- Development of a site-specific Laboratory QA/QC Plan and Chemical Hygiene Plan.
- Implementation of our corporate Quality Assurance Program and integration into the existing quality assurance plan.

The laboratory transition planning will begin two months prior to the contract start date and will continue for two months after startup. Our quality assurance staff will work with the laboratory to ensure a smooth and successful laboratory transition.

Field Services and Distribution

Veolia Water field services and distribution system specialists will work in concert with field and engineering specialists to assess daily activities regarding manpower and equipment utilization, water distribution, repair and field customer service activities. They will review the size and capabilities of the field crews, service records and software and mapping systems. They will ensure that all of the required information for monitoring and reporting are in use, or will establish them.

Information Technology

Computer systems, including hardware, software and networks, will be integrated to provide a shared database of information related to the management, operations and maintenance of the Water Works. This will include customer information, facilities maintenance, inventory, and other related systems. Veolia Water's Information Technology (IT) specialists will meet with existing staff and assess the hardware and software inventory. Additionally, they will determine software license compliance and determine the condition of communication carriers. The IT team will meet with all departments within the Water Works to determine if their IT needs are being met. They will determine what personnel are critical. The team will assess the physical security of the entire IT area, as well as make an assessment of the security of the IT systems. Security clearance to sensitive information and/or systems will be immediately determined, and protocols will be put in place. An assessment of the data backup, auxiliary power and hot site will be determined. The team will develop systems (if they do not already exist) to determine the root cause of help desk inquiries with an eye on

significantly reducing these problems. The team will develop contingency plans should critical talent leave the Water Works.

Of particular note will be the transition, as required, from the current accounting system to Veolia Water's. Procedures will be put in place to allow this transition to take place as quickly and efficiently as possible. The Team will work to ensure that this data transfer occurs while not interrupting the normal course of business. Veolia Water will ensure that accounting information is provided to the City in the format required by the contract services agreement.

Community Involvement

In order to provide a seamless transfer of operating assets, Veolia Water will join with the City to develop a comprehensive marketing plan for a shared community outreach effort during and after the transition period. Communications may include direct mail, advertising, speaking engagements, special events and other strategies to introduce citizens to their new water company—owned by the City and managed by Veolia Water. We will work with the City to produce public service announcements to run on local media, at our cost, describing the transition through a local spokesperson, as well as the development of a Web site.

Beyond the transition, we will work with the City to ensure clear communications with the public through a variety of vehicles, including a Web-site to provide the local community with access to important water-related information. This interactive site will afford the public a convenient venue to express their views, ask questions and deliver opinions on issues of concern to them.

Bottom line, Veolia Water will work closely with the City and other communities served to keep officials aware of the issues and concerns on the minds of the ratepayers. Other customer communication vehicles include quarterly newsletter reports, collateral materials and media relations.

Security/Vulnerability

It is assumed that Pennichuck Water Works has completed the U.S. Environmental Protection Agency's mandated Security Vulnerability Assessment process, and during the transition phase our EHS&S team will review these findings and develop a specific EHS&S plan and approach for the water system.

This work will begin with an evaluation of the security and vulnerability of the Pennichuck Water Works and assessment of the current security program that Pennichuck has in use. It will be critical to meeting our objectives that we have full access to this information so that we can assess its effectiveness, provide adequate resources to ensure its optimization and make any necessary changes – security of the assets and of the public will be paramount in our transition efforts. And, making sure the City and the public know the facilities and their drinking water are safe will be critical to our transition communications strategy.

Veolia Water will report to the City on any deficiencies and make recommendations for obtaining compliance with the updated plan.

Customer Service – Base Proposal

During the transition, Veolia Water's Customer Service Specialists will **meet with existing staff and assess the current customer service procedures.** Communication with

sensitivity to existing employees during this time period will be important to allay uncertainties and to help them feel included in Veolia Water's Customer Service team.

Utilizing the knowledge of the current owner's employees to **develop a Customer Service Policies and Procedures Manual (PPM)** will be a high priority. In consultation with key Nashua water system stakeholders, the team will determine the critical

customer service issues to be addressed to start the organization moving toward more accessible and responsive customer service. Veolia Water will develop a Customer Service Plan that will detail our objectives to provide the scope of services outlined in the RFP.

During the transition period Veolia Water will **monitor day-to-day performance, assess individual skills and establish structured training programs to create and implement a multi-skilled workforce.** Training Veolia Water employees on Nashua's policies and procedures prior to the transition period will be important so that Nashua's desired policies are uniformly followed.

Responding to Customers

Veolia Water will establish procedures to deal efficiently with customer questions and complaints, whether they are received by mail, Internet, telephone or in person. Response will be immediate when possible. All incoming correspondence will be registered and set times allocated for replying.

The goal is that any question will be fully answered by the first line of response, a "one and done" philosophy. For complaints or inquiries requiring the presence of a field service specialist, an appointment will be made with the customer immediately when the complaint is received. Set response times will form a primary component of the Veolia Water's Customer Service Plan.

Customer Service – Alternative Proposal

Veolia Water's transition plan, under the Alternative Customer Service Proposal is presented in Section Six of this Proposal volume.

Conclusion

The Nashua experience with the acquisition of the Pennichuck Water Works truly mirrors the transition that we went through with an investor-owned water utility a few years ago. It was acquired by a municipality, and Veolia Water was awarded the 20-year O&M contract. The elements of the transition from both an employee and technical standpoint are very similar. Because of Veolia Water's experience during the referenced transition, *we are uniquely qualified to make the transition in Nashua a resounding success.*

Many important lessons were learned about how to make transitions more successful. We will utilize the lessons learned there to *make the transition a less stressful experience for the*

Veolia Water's Training Program for Customer Service Representatives

- A Policies and Procedures Manual (PPM) will be developed initially to define Nashua specific business rules.
- All Customer Service Representatives will be trained using the Nashua PPM to ensure that they are thoroughly knowledgeable of Nashua's specific policies.
- Veolia Water will use its highly structured training program to ensure a high level of competency.

City and our new employees. Using lessons learned, we will build upon the institutional and industry experience of our new employees and help them understand the differences between an investor-owned utility and publicly owned system with a private operator. This educational component will be much easier for Veolia Water than for any of the other bidders because of this recent experience. We are confident that the Pennichuck employees will be excited about the new opportunity and the benefits that we will offer.

Veolia Water operates more water facilities for public entities than any other water company in this business. This extensive experience coupled with the \$50 million annually invested in research and development places Veolia Water at the cutting edge of new technology and at the forefront of new regulatory requirements. *Therefore, the technical and operation transition that we have completed many times before will be facilitated in a timely and professional manner.* We welcome this challenge and look forward to being a part of your great community.

SECTION FIVE

Experience and Qualifications

VEOLIA WATER'S COMMITMENT TO THE CITY OF NASHUA Bringing a World-Class Base of Experience and Expertise



In this procurement process, the City of Nashua, New Hampshire, is seeking to enter into a contract with a “world class” team for the operations, maintenance and management (O&M) of the water system assets that serve your community.

The process that the City is undertaking will involve acquiring the water utility assets of the Pennichuck Corporation, namely those of Pennichuck Water Works, (Water Works). The system then will be operated and managed by a service provider under a direct contract with the City, with the goal of delivering to the City's water customers' drinking water of highly acceptable quality and in full compliance with all applicable standards, laws, rules and regulations. In tandem with these goals is the mandate to provide for uninterrupted water service, with no affects on the quality of water or the level of service delivered.

Veolia Water North America – Northeast, LLC (Veolia Water) is unique in our ability to ensure this critical objective is met. Our firm brings to the clients we serve in the State of New Hampshire, and in the New England region as a whole, an unequaled base of resources, capabilities and direct and relevant project experience—all factors that will ensure that the City's Water Works system is transitioned safely and that ongoing operations are efficient while yielding the highest quality water the facilities are capable of producing.

Our focus under this long-term agreement with the City of Nashua will be to transition the water system operations, to establish a new management team and approach, and then to deliver on the commitments that we have made as a part of this Proposal. In tandem with these goals for high quality and compliant drinking water is the mandate to provide for uninterrupted water service.

Veolia Water, as is demonstrated in the experience and capabilities discussion provided in this section, is unique in our ability to ensure this critical objective is met. Not only are we part of the largest water company in the world, but our company as a whole has transitioned more employees, both public and private, to our organization than any other water O&M services provider. In addressing the scope of work for this contract with the City, we will also form a project team, one which will include Dufrense-Henry, a leading provider of engineering, construction and related services in the New England region.

This section of our Proposal discusses the background and experience of our Team and provides specific references for our work with other water projects.

The Veolia Water Team

This proposed relationship with the City of Nashua is one that will demand the resources of a leading O&M services provider, backed by strong engineering, construction and other resources to support the capital and related project work scope. To best address this need, Veolia Water has formed a project team that can provide the base of experience required and a strong base of local expertise and resources that will ensure success.

Veolia Water will be the lead firm and the direct contractor to the City of Nashua for this proposed contract. Under this approach we will provide all of the management, O&M and other resources needed to effectively operate and manage all aspects of the water system.

Joining with us, as our engineering and construction services partner, will be **Dufresne-Henry**, a New England-based firm that specializes in planning, environmental science, landscape architecture, construction management and other related services. The firm provides a wide range of services throughout the duration of a project, from initial planning, evaluations, and modeling, through the design and construction phases, and into operational startup. They have established offices in New Hampshire and Massachusetts from which they will support this project.

In this section, we profile the background and experience of our two firms, and additional detail related to experience and references is provided in Appendix B, Volume III of this submittal.

Veolia Water

As the leading provider of O&M services for water and wastewater utilities across the U.S., Veolia Water brings the base of experience and expertise needed to be a successful partner to the **City of Nashua** under this proposed **long-term agreement**.

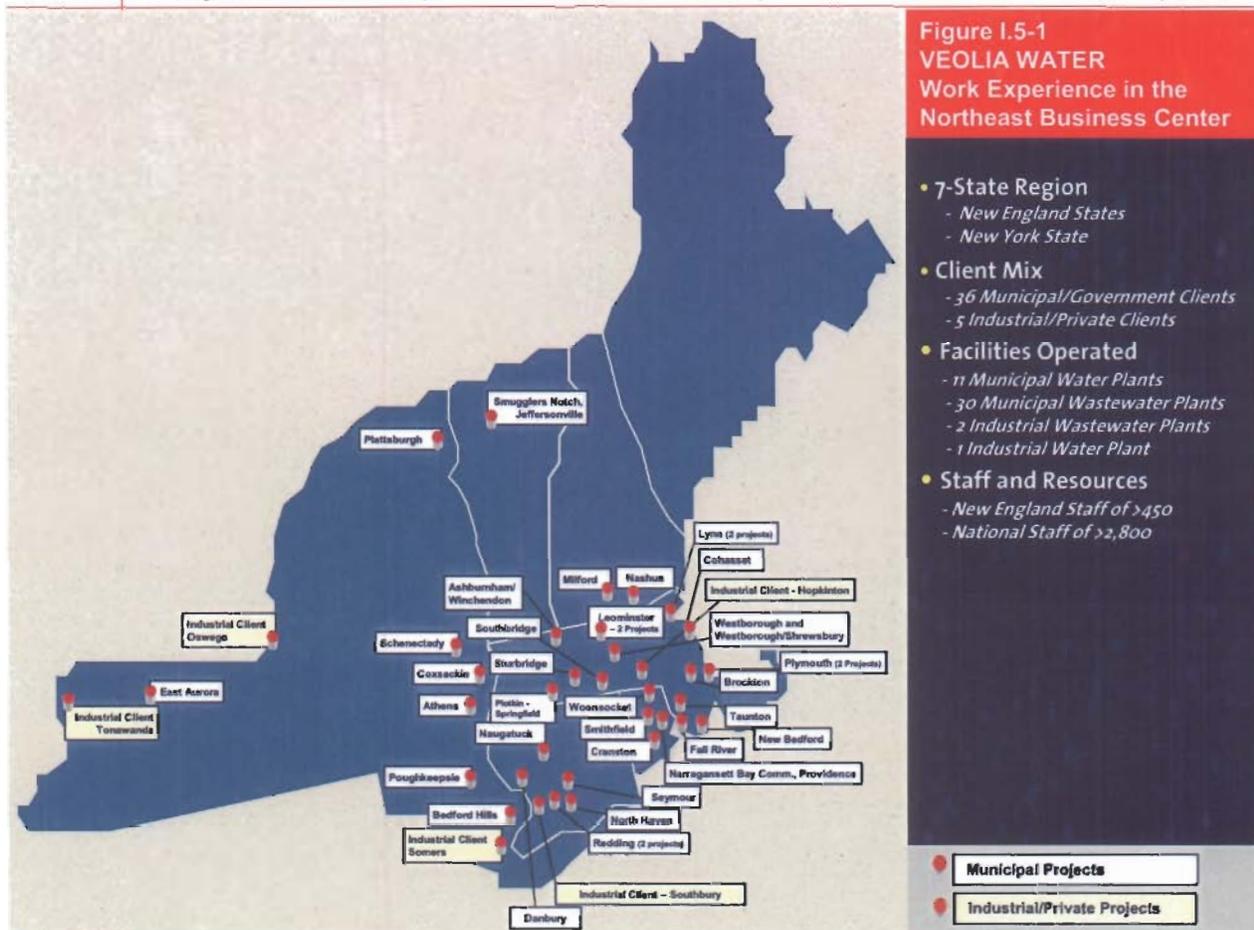
Veolia Water does not have investor-owned utilities in our portfolio of U.S. activities.

Our firm **also brings to this** project a proven base of experience in the State of **New Hampshire** and the New England region as a whole, with some 30 active governmental/**municipal** clients. Under our contracts with these clients, we manage the operation of both **large and small** water systems.

In total our firm **has almost** 30 years of **continuous** experience in providing O&M services for **water supply** systems and wastewater systems in the New England region. Our **work in the** State of New Hampshire covers almost 20 years, and **has involved** provided **engineering, construction and O&M** services for **water** systems under **multiple** contracts with the State of New Hampshire, Waste Management Division of the Department of **Environmental Services (NHDES)**; these contracts, for multiple water systems, **continue** today and **involve** providing



In 2002, Veolia Water began a \$1.5 billion, 20-year contract with the City of Indianapolis, Indiana, for O&M and customer service facets of the City's waterworks system, which currently serves more than 1.2 million people.



O&M and related project services. Through these projects we provide a base of resources and certified State of New Hampshire operations staff; staff that will be available as a part of the base of support resources that we provide for this project.

Beyond this local experience, Veolia Water has more than 50 years of continuous experience in providing O&M services to governmental and industrial clients across the U.S. Our work in the operation and maintenance of water and wastewater facilities for municipal clients dates back more than 33 years, and today encompasses ongoing contracts with over 180 municipal/governmental entities across the U.S.

Throughout New England and the Northeast, as shown in Figure I.5-1 (above), Veolia Water has more than 40 active O&M contracts to provide water and wastewater treatment and related services to communities and industries large and small. From a tiny 0.008-MGD treatment plant at Joel Barlow High School in Redding, Connecticut, to a giant 134-MGD operation at Wilmington, Delaware, from condominium pump stations in Massachusetts to a ski resort, Smugglers Notch in Vermont, Veolia Water is committed to providing the highest quality services to protect the environment and provide safe and compliant services to our clients and our citizens.

Nationally, our firm's experience includes current work with the City of Indianapolis, Indiana, where we operate and manage a water treatment and supply system that serves more than 1.2 million people in and around the City. Like this proposed project with the City of Nashua, our partnership with Indianapolis began when, in 2002, the City

reacquired its water assets from a private owner and then transitioned the O&M responsibility for the system to Veolia Water under a 20-year agreement. The experience gained on the Indianapolis project will be applied to the benefit of your project through the involvement of many of the key technical and management staff from that project.

The water system in Indianapolis is one of the more than 100 municipal water systems that Veolia Water operates and manages throughout the U.S., and is among the thousands of water systems that Veolia Water companies operate and manage for communities throughout the world.

What this means to the City of Nashua is that we will bring to bear the national and international experience of our firm to provide you with a world-class water utility.

While we may draw upon resources from throughout the world, this project will be managed and supported at the local level, with our regional company, **Veolia Water North America – Northeast LLC** as the direct contracting entity to the City of Nashua for this project. This business unit of Veolia Water has the management, technical, financial and other resources needed to effectively serve the City of Nashua under this proposed long-term agreement.

Service Capabilities

Veolia Water is North America's leading water services provider for local and federal governments, business and industry. Our company designs, builds, equips, operates and manages various types of facilities, programs and systems. This capability allows us to ensure safe, compliant and efficient operation of municipal or government water and wastewater assets while steadily keeping customer costs lower than previously experienced. Municipal customers can also benefit from a full range of customer services, such as meter reading, and billing and collection.

Under an O&M services agreement, the community owns the assets, controls the water rates and sets the direction for the future development and growth of the system. Veolia Water serves as the technical partner to ensure quality services and can offer services ranging from facility operations and capital program management to customer service.

We never forget that our client is the system owner, and we are always aware of our role as your service provider.

Veolia Water has operations experience with virtually every type of water and wastewater treatment process and approach, and we have operated many communities' municipal water and wastewater treatment plants continuously for periods of 20 years or more. The extensive scope of services that we provide the communities we serve includes:

- **Operations & Facility Management** - Veolia Water's primary line of business, the operation, maintenance and management of environmental facilities. Our more than 33 year experience history spans the O&M of potable water, process water, collection and

VEOLIA WATER O&M STATISTICS

- 180 Municipal Clients
 - 186 Municipal Wastewater Facilities
 - 104 Municipal Water Facilities
 - 3,635 Miles Collection System Lines
 - 7,400 Miles Distribution System Lines
 - 415,266 Meters Read
- 87 Industrial Clients
 - 76 Industrial Wastewater Facilities
 - 36 Industrial Water Facilities
- 1.34 Billion Gallons of WW Treated Daily
- 875 Million Gallons of Water Treated Daily
- 14 Million Population Served Daily

distribution, wastewater, biosolids (sludge) and residuals, stormwater management and related systems. Under the contract O&M approach, we deliver the management, employees, consumable goods (e.g., chemicals and alternative disposal services), facility maintenance and purchasing power to provide a full-service approach to managing a client's facilities operations and management needs, all for a fixed, guaranteed contract price for the term of the agreement. We also guarantee to meet or exceed all permit requirements and provide a comprehensive maintenance management approach.

- **Maintenance Management** – Veolia Water's maintenance programs address the corrective, preventive and predictive maintenance of equipment and structures. We focus on establishing an asset management maintenance strategy and approach based on several fundamental factors, which include individual unit basis, reliability, efficiency and integration with other programs. Under our watch, the City can be assured that its facilities are maintained at their optimal condition, both aesthetically and functionally.
- **Regulatory Compliance & 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, under which we guarantee compliance within the design parameters of a given facility. We also provide the systems and engineering capabilities to add any needed flexibility within a given system. As explained earlier, we also enjoy a strong working relationship with all regulatory agencies in the State of New Hampshire, and we remain fully informed of any pending or contemplated regulatory changes. Additionally, we currently have two O&M contract with the NHDES, under which we operate and manage water systems with many of the same regulatory requirements as those that will be involved in the proposed operations and management contract with the City of Nashua; these projects are discussed in greater detail in the project summaries that are presented in Appendix B, Volume III.
- **Customer Service** - Veolia Water works with municipal agencies to ensure responsive customer service, which is unmatched, for both regulated and non-regulated utility systems. This expertise and experience includes all aspects of customer service, meter reading, meter repair and replacement, service turn-on and shut-off, billing and collections and/or call center management. And, we provide these services for more

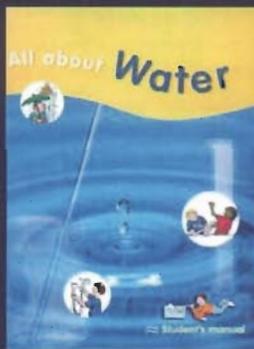
With more than 33 years of O&M experience, Veolia Water today serves over 600 communities across the U.S. We remain the leader in the O&M field, with nearly 200 municipal and commercial clients for whom we operate some 120 drinking water treatment systems capable of processing over 660 million gallons of water every day. Coupled with the resources of our parent company, Veolia Water, S.A., we can literally bring the world to the City of Nashua.

Veolia Water, under a contract that began in 1986, has served the NHDES in the operation and management of a groundwater facility in Nashua--the first U.S. Environmental Protection Agency Superfund groundwater cleanup using a contract O&M agreement. Under a separate contract, we are operating a groundwater system at the OK Tools portion of the Savage Wells Superfund site. Both of these O&M project required addressing regulatory and permit requirements at the Federal and State levels.

than 40 of our current municipal contract O&M projects in the U.S., addressing the needs of a customer service base of more than 670,000.

- **Safety Programs & Employee Training** - Veolia Water's training programs are time-tested, and our safety programs achieve ratings among the highest in the industry. Indeed, our firm's safety program is 20% better than the wastewater/water industry average. In our employee training programs, our firm 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 facilities, and staff achieving no lost-time accident milestones are rewarded.

One of the key public educational tools that Veolia Water makes available to many of the communities we serve is the Water Box, a hands-on tool for teachers to introduce their students to the importance of our water system and to demonstrate how it works to ensure the quality of the water delivered to homes and businesses in the community. The curriculum emphasizes the importance of safe drinking water, the realities of our diminishing natural resource, and fascinating facts on how water is treated. The Water Box program can be found only in communities served by Veolia Water and is structured to meet the state's teaching standards for science. For instance, in Tampa, Florida, and Indianapolis, Indiana, we have matched the Water Box with their standards for science so that the program is an accepted, effective tool for teaching science.



with the latest technologies or make modifications to existing processes to improve performance and reduce operating costs.

- **Community Relations/Community Involvement** - From supporting local schools to providing facility tours to creating Web sites and literature, Veolia Water provides public and community relations programs that are designed to help strengthen the understanding of water and other environmental issues in the communities that we serve. In 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; scholarship programs focused toward providing needy students with the resources to pursue a career in environmental protection; and educational initiatives.
- **Engineering & Construction** – The engineering and construction arm of Veolia Water enables our firm to effectively manage and implement projects ranging from repairs and capital improvements to full-scale design/build projects. Veolia Water's Capital Program Management (CPM) group is responsible for directing and supporting design/build, design/build/operate (DBO) and capital improvements at our O&M projects. Under this approach, our O&M teams draw on the internal engineering and construction management expertise of our CPM group to cost effectively implement and manage capital programs for our clients. Using creative process design, our engineers and engineering partners can design new facilities complete



Figure 1.5-2. Veolia Water Companies – Water Systems Experience Internationally

Client/Location	Population (in millions)	Size (in MGD)
Adelaide, Australia	1.064	477.2
Shanghai/Pudong Area, China	2.2	334.8
North Bohemia Region, Czech Republic	1.053	36.44
Prague, Czech Republic	1.2	265.37
Paris, France (Suburban Water System)	4.037	511.47
City of Paris, France	2.680	341.9
City of Lyon, France	1.121	39.55
State of Gabon, Africa	1.330	48.3
City of Berlin, Germany	3.840	300.55
London Suburbs (Three Valleys Water), UK	2.029	350.57

Major Water Programs in the U.S. and Internationally

Veolia Water companies are the world's leading water services provider, and we trace our experience back to 1853 and the founding of our ultimate parent company, Veolia Water, S.A. Around the globe, Veolia Water companies operate some of the largest water and wastewater systems in the world, including: the Paris city and suburban water systems, which deliver over 850 million gallons of water to more than 6 million consumers each day; the London suburban water system, which provide water to more than two million people each day; and the City of Berlin's water system, which supplies water to more than 3.8 million people every day.

In the U.S., Veolia Water manages one of the largest water partnerships in the industry, that for the City of Indianapolis. The City's water system can deliver over 200 million gallons a day of water to a population service base of more than 1.2 million.

This is one of the more than 100 water systems that our firm operates across North America, and from this base of experience we have selected the group of reference projects that are highlighted in

the paragraphs that follow. More detailed discussions of each projects is provided in Appendix B, Part 1, which is presented in Volume III.

These reference projects are followed by a discussion of our firm's capital project work experience for municipal water and wastewater projects, which also are discussed in greater detail in the brochure included in Appendix D, Part 1, Volume III.

These reference projects have been selected to best illustrate the base of experience that our firm provides in the area of water systems O&M, as well as our depth of experience in serving clients in the New England region.

O&M Reference Projects

Veolia Water provides over 876 million gallons per day of water supply to the almost 150 governmental and industrial water systems that our firm operates and manages. This includes serving the water needs of over 3.9 million people across North America, with more than 110 water plants operated, managed and supported by Veolia Water's over 2,800 staff.

The project summaries that follow provide a select few examples of how our firm is now working with communities similar to Nashua to deliver the water supply services that meet the day-to-day needs of household, commercial and industrial users. Detailed summaries for these reference projects including client contact information, are presented in Appendix B, Part 1, Volume III. The key reference projects include:

- **Indianapolis, Indiana – North**

America's largest public-private partnership for water services meets the drinking water needs of a population of 1.2 million each and every day. Twelve distinct treatment facilities can produce up to 200 million gallons of water per day of water. The system includes 4,000 miles of distribution lines, 31 wells and nearly 20 finished water storage facilities. Veolia Water was selected for our innovative transition plans, employee relations plans, technical approach, experience, management fees, customer service and local commitment. We are setting new standards for public-private partnerships through our performance-based fee and our pledge to accomplish \$20 to \$40 million each year in capital improvements. Almost immediately upon assuming O&M responsibility for the Indianapolis water system, we resolved long-standing water taste and odor issues. Our sophisticated customer service program includes a 24/7 call center to manage customer concerns regarding their water service. The customer service organization is responsible for meter reading for some 325,000 connections. We also provide billing and revenue collection for 600,000 accounts. In addition to billing for the waterworks, we provide sewer billing for Indianapolis, and we also supply utility billing for the nearby City of Elkhart. In 2004, the Indianapolis-Veolia Water partnership was recognized with the prestigious Service Award by the National Council for Public-Private Partnerships.

"The City of Indianapolis and Veolia Water have and continue to work closely together in a win-win partnership to realize economic and environmental benefits to our entire community, including a five-year rate freeze for our customers. We built this partnership with the interests of the citizens in mind and are pleased with the progress we've made in our first two years."

-- Mayor Bart Peterson

- **Brockton, Massachusetts – Since 1988,**

Veolia Water has provided O&M for both drinking water and wastewater treatment. The water operation encompasses two surface water treatment plants, rated at 24 MGD and 1.3 MGD. Our firm also has responsibility for a 40-MGD raw water pump station and finished water storage facilities. The City's wastewater facility is an 18-MGD plant that provides tertiary levels of treatment. The first contract with the City was innovative in that we provided the first year of O&M service for no cost because of our ability to achieve operational savings of more than \$500,000 per year. Over the years the partnership between the City and Veolia Water has been recognized with awards and commendations, and, most recently, was renewed a 20-year term—making Brockton one of the longest-running contracts in the North America O&M industry.

"Brockton is an example of how the public and private sectors can substantially benefit both environmentally and financially from long-term arrangements. The partnership has helped decrease pollution in our community that might not have happened had we not chosen to work with the private sector."

-- Mayor John T. Yunits, Jr.

- **Lynn, Massachusetts – When Veolia Water assumed responsibility for the City's then new 15.3-MGD water treatment plant in 1987, we already had a successful two-year**

history as Lynn's wastewater treatment facility operator. Under this contract, our firm is an active partner with the City, consistently reducing the costs of plant operations and improving the quality of water delivered to the customer. The Lynn water project has achieved 13 years of zero lost-time accidents—an exemplary safety record. The project has received repeat honors from the state regulatory agency and the Water Works for our quality operation at Lynn. Under a separate 20-year contract, Veolia Water provides total asset management and capital improvements for the City's 25.8-MGD wastewater plant, assuming the maintenance risk for the term of the agreement. Both facilities are repeat award winners, for safety and environmental excellence over the years.

- Leominster, Massachusetts** – Veolia Water began operating the City's 9.3-MGD wastewater treatment plant and providing related services in 1983. Thirteen years of successful O&M were rewarded when a 1996 20-year renewal awarded Veolia Water O&M of the City's 4-MGD and 1.2-MGD water treatment plants. Our contract also provided \$4.5 million in design and construction for improvements to the water facilities. The City had estimated \$8 million for the cost of these improvements. In 2002, we conducted a Security Vulnerability Assessment and Emergency Response Plan for the City's water treatment facilities to identify areas of water security risk and to recommend mitigation measures. This assessment focused on identifying critical assets used in the production and delivery of clean, safe water to those served by this system. The Security Vulnerability Assessment report provided recommendations to make those assets more secure. Veolia Water has also conducted hazardous materials and emergency response training for the City's water and wastewater facilities, and provides routine operations and maintenance training. Our operation at Leominster has received numerous honors, including O&M Excellence awards from the U.S. Environmental Protection Agency (EPA) and the George W. Burke Safety Award. Leominster staff have operated more than 20 years without at lost-time accident – a remarkable achievement.

Leominster's O&M staff have worked their entire history – some 22 years – without a lost-time accident!
- Atlanta-Fulton County, Georgia** – Veolia Water began operating the 90-MGD North Area Water Treatment Plant in 1990 and has received repeated contract renewals and been honored by dozens of excellence and safety awards from virtually every associated local, state and federal agency. The scope of work for this project has involved all aspects of facility O&M, as well as working with the plant owner to expand and upgrade the facility. Veolia Water implemented a pilot program to increase the plant's 30-MGD production capability to meet its rated flow capacity of 45 MGD with no capital expenditures. Subsequent efforts further increased the plant's rated capacity to 56 MGD. The plant is designed for an ultimate treatment capacity of 135 MGD. The demand for potable water is so great that the client began Phase II earlier than planned to upgrade the plant to 90 MGD. The plant has been running at this new flow capacity since March 1998. Veolia Water's O&M resulted in reduced water rates to consumers. Accumulated savings to ratepayers totaled nearly \$15 million at the end of 2004.

Accumulated savings to Atlanta-Fulton County ratepayers through reduced water rates totaled nearly \$15 million at the end of 2004.
- Maple Shade, New Jersey** – When Veolia Water assumed operation Maple Shade's water and wastewater facilities in 1988, the Township was under consent orders from

the New Jersey Department of Environmental Protection as well as the EPA. Within 10 weeks, we brought the wastewater facility into compliance. We have responsibility for Maple Shade's entire water and wastewater program. Facilities include 2.4-MGD and 2-MGD water treatment facilities and a 3.4-MGD tertiary wastewater treatment plant, along with more than 100 miles of collection distribution lines and associated services. Veolia Water has maintained the operation of the aging water treatment plants and distribution system without violations and without loss of service. The Township's water facilities, which date in part from 1925, have undergone continuing rehabilitation to guarantee consistent water quality. This has included the development and implementation of a capital improvement program and the replacement of distribution lines and other equipment that was no longer functioning properly because of age. Veolia Water assists Maple Shade with regulatory matters and has succeeded in defending the Township's position with State of New Jersey's Department of Environmental Protection (NJDEP) to raise the phosphate limits on its permit. The American Water Works Association awarded this project its President's Gold Performance Award two consecutive years.

- **Southern Water and Sewer District, McDowell, Kentucky** – Veolia Water and Southern Water formed a public-private partnership in 2000 to expand the District's water system and find solutions to water losses. Under this long-term, 20-year contract, our firm has designed, financed and built 24 miles of new distribution system, adding three pumps and three tanks to bring 500 additional connections into the water and sewer district. A second expansion project followed to bring additional customers onto the system. A third segment is underway that will bring the total of additional lines to approximately 100 miles and new connections to some 1,500. Additionally, Veolia Water implemented a management program to help integrate the Beaver-Elkorn and Mud Creek water districts into the newly formed Southern Water and Sewer District. Many customers along the distribution system were not connected and multiple homes were connected to a single meter. We offered customers the opportunity to connect to the system at a reduced connection fee with a deferred payment plan. We also provided the District with a first-year concession fee. District revenues will increase drastically as water losses are further curtailed and the customer base increases. In addition to arranging long-term financing for the District, we immediately began applying for State grants and low-interest loans to help the District expand even further. In 2005, the District's customer base of 6,030 is nearly double the original 3,800 served prior to Veolia Water's O&M.
- **Pikeville, Kentucky** – Under a contract that has been renewed or extended seven times since 1987, Veolia Water provides O&M for the City of Pikeville's utility systems, including water, wastewater, natural gas, and sanitation. Our first contract involved providing complete O&M services for the City's existing trickling filter wastewater treatment plant, as well as their 4.8-MGD water treatment facility. We

The City of Pikeville demonstrated its confidence in Veolia Water in 2004 for the eighth time. Yet another scope expansion turned over responsibility for the City's landscaping and parks department. Veolia Water provides regular mowing for the parks and cemeteries, landscapes park entrances and maintains the ballfields and pool. Further, we are charged with event scheduling for public and sports teams' use of the parks and ballfields. Veolia Water is a backbone of this community of 7,000.

assisted the City with the building of a new 2-MGD extended aeration wastewater plant. Using a DBO approach, Veolia Water worked the City's engineers to design and build this facility under a fixed, not-to-exceed price with a long-term warranty covering the plant and equipment. Veolia Water also assisted the City with the 201 Planning Process and obtained a new loan under the State Revolving Loan Fund. This contract also involved providing startup and management services for a new regional 6-MGD water treatment plant. Over the course of this contract Veolia Water has handled several disaster flood events. In 1997, as a result of stream flooding, roads were washed out, a mudslide claimed two houses, culverts were blocked, and flood pumps were put into operation. This event occurred while utility O&M resources were severely strained, mobilizing to handle the multiple problems simultaneously. The successful management of these events involved coordinating the assistance from outside contractors and the Kentucky Department of Environmental Services. Veolia Water has also maintained a strong commitment to the Pikeville community over the years, working to improve the overall quality of life by providing donations and assistance to meet community needs. Our Pikeville operation has been cited numerous times by various regulatory agencies.

While we may draw upon resources from throughout the world, this project will be managed and supported at the local level, with our regional company, Veolia Water North America – Northeast LLC, as the direct contracting entity. This business unit of Veolia Water has the management, technical, financial and other resources needed to effectively serve the City of Nashua under this proposed long-term agreement.

Capital Project Experience

Drawing upon the resources of our firm in the Northeast, and those of our proposed design and construction services partner, Dufrense-Henry, Veolia Water can effectively manage and implement all manner of capital projects for the Water Works at Nashua.

Veolia Water's CPM group, as discussed earlier, is a part of the regional technical and management resources that our firm provides to municipal clients. The focus of the work of this group is on the implementation and management of upgrades, improvements and other capital project work at Veolia Water operated and managed facilities. This group is composed of senior-level engineering design and construction professionals who are able to effectively manage and implement design and construction project, drawing on a combination of in-house resources and expertise, and local firms (pre-qualified subcontractors) that provide design, construction and related expertise.

The experience of Veolia Water and our affiliated companies includes engineering and design for the development and implementation of a wide range of treatment technologies for industrial and municipal applications. This work has included all aspects of plant design, construction, construction monitoring, acceptance testing and startup, as well as construction management, and the construction and modification for all manner of water and wastewater facilities. Another key area of experience that Veolia Water brings to our municipal projects is our work in providing for continuous facility O&M while a plant is undergoing upgrades, expansions or rehabilitation. Indeed, our firm has vast experience in working with engineers and contractors to ensure minimal service disruption and continued compliance.

The management and implementation of DBO projects is another area where Veolia Water companies demonstrates strength. Our firm is among the leading water and wastewater DBO firms in North America. Since 1998, Veolia Water has designed/built and now operates some 26 treatment facilities. Since 2002, our work includes new, from-the-ground-up plants as well as multi-million dollar upgrades to modernize systems, upgrade treatment capabilities and/or expand capacity.

The engineering and construction arm of the Veolia Water companies enables our firm to effectively manage and implement projects ranging from repairs and capital improvements to full-scale design/build projects. This group has more than 90 years of experience for a wide range of industrial and governmental clients. With staff resources that include engineering, construction management and other support functions, they provide the staff and other resources needed to deliver engineering and construction services for major repair and capital improvement type projects, and they also offer design/build project approaches for project work. Using creative process design, our engineers and engineering partners can design new facilities complete with the latest technologies or make modifications to improve on performance and operating costs.

Veolia Water, as discussed above, also has extensive experience in the area of providing ongoing facility O&M throughout the implementation of capital improvement work projects. We have participated in literally hundreds of capital projects for our clients over the years, and the majority of these projects have entailed providing continuous O&M while facility improvements were underway.

Veolia Water has been involved in literally hundreds of capital projects for our clients over the years, providing design, construction and O&M services. Some key examples of our firm capital project work experience includes:

- **Lynn, Massachusetts** – In 1990, Veolia Water oversaw a \$53.8-million upgrade to secondary treatment at the wastewater plant. Between 1996 and 1998, our firm oversaw some \$10 million in capital improvements at this facility, which included installing variable frequency drives for influent and effluent pumping, process water pumping modifications, and a new indirect sludge dryer. Veolia Water is currently implementing some \$14 million in capital improvements to the wastewater facility under a three-year program, using a design/build approach. These improvements include a larger fluidized-bed incinerator to replace the two existing incinerators; two high solids centrifuges; modernized SCADA controls; screening upgrades; and an odor control program that includes covering all preliminary and primary tankage and treating the odors from these tanks. All of these improvements were made while Veolia Water provided ongoing O&M of the 25.8-MGD facility.
- **Indianapolis, Indiana** – Veolia Water has funded more than \$89 million in capital projects to date under this agreement to provide for improvements to the City's aging water infrastructure. The City anticipates commissioning an additional \$20 million - \$40 million in capital projects in each of the 15 years of our contract. Veolia Water's engineering affiliate is managing this work, which is being performed by Veolia Water's staff, along with specialty contractors. In the first two years of our contract, we implemented or completed some \$94 million in capital work. Throughout these vast and ongoing improvements, Veolia Water provides continuous, uninterrupted water

treatment services for 12 water treatment plants having a daily production capability of 200 MGD.

- **Taunton, Massachusetts** – This Total Asset Management project calls for Veolia Water's O&M of the City's 8.4-MGD wastewater treatment plant while overseeing an \$11 million capital program to upgrade the facility to tertiary treatment. The City estimates it will benefit from \$15 million in capital savings and \$47 million in O&M savings through this 20-year partnership.
- **Tampa Bay Water, Florida** - On October 11, 2002, Veolia Water dedicated a new water regional water treatment plant for Tampa Bay Water in Florida, completing a more than two-year design/build project. The project began in April 2000 when, following a year-long selection process among four competitive teams, Tampa Bay Water awarded a \$135-million, 15-year (with a 5-year option) contract to Veolia Water for the design, construction and operation, using the DBO delivery approach, of the agency's regional surface water treatment plant. In 2003, the facility received the prestigious Infrastructure Award from the National Council for Public-Private Partnerships (NCPPT). The project has included \$79 million in capital (construction) costs, and \$56 million in O&M fees, which are expected to generate a 21% savings, or about \$85 million, over the 20-year life of the project.
- **Woonsocket, Rhode Island** – While operating this 16-MGD wastewater facility, Veolia Water oversaw \$18 million in capital improvements and upgrades in this joint-venture design/build effort to upgrade the plant to tertiary treatment to meet consent order requirements for nutrient removal. Once called the worst in the State, the plant recently received an award from the state environmental agency for Most Improved Plant.
- **Cranston, Rhode Island** – In the past five years, Veolia Water has invested more than \$3.5 million in capital projects for this Total Asset Management project. Veolia Water's engineering affiliate currently is working on some additional \$9.3 million in upgrades as part of our current amended contract, which runs through 2027. We are operating this 23-MGD facility throughout ongoing improvements that include upgrading the plant to accommodate advanced treatment for biological nutrient removal, adding odor control processes and equipment, a new incinerator and a flue gas recirculation system.
- **Richmond, California** – In 2002, Veolia Water was contracted to oversee the design/build implementation of \$7 million in capital improvements while operating City's 16-MGD wastewater treatment facility. The work was completed in less than two years, rehabilitating deteriorated systems and resolving long-standing odor problems. Delighted with Veolia Water's success at the wastewater facility, in 2004, the City of Richmond expanded our scope to include a similar effort to the 240-mile collection system—adding \$20 million in capital to our O&M project scope.
- **Plymouth, Massachusetts** - On June 28, 2002, Veolia Water started-up a new sequencing-batch reactor (SBR) wastewater treatment plant for the Town of Plymouth. This 20-year project was implemented using a DBO project approach, and involved the design and construction of a new 3.1-MGD treatment plant with three SBR tanks (providing a peak treatment capacity of 9 MGD). Veolia Water worked with the Town to finance this project under U.S. Internal Revenue Service's 97-13 rules, using funding from the Massachusetts State Revolving Fund for the \$23.3 million in capital costs. The new wastewater plant is located five miles inland from the original facility, and Veolia Water

has responsibility for equipment replacement, capital improvements and regulatory compliance. Our firm's O&M responsibility includes managing the Town's sludge disposal operations (700 dry tons per year, dtpy), as well as operating and maintaining the wastewater collection and conveyance system. A key challenge of this DBO project involved keeping the Town's existing wastewater plant in operation during the construction of the new facilities. This plant, now decommissioned, was an aged 1.75-MGD wastewater treatment plant that routinely exceeded the State's discharge limits for Plymouth Harbor.

As these projects demonstrate, Veolia Water is experienced in managing capital project work at water and wastewater facilities, while at the same time ensuring that plants stay in operation and in compliance. The experience of our proposed engineering and construction contractor, Dufresne-Henry, is highlighted later in the paragraphs that follow.

Dufresne-Henry

Dufresne-Henry, as discussed earlier in this section, will be the engineering and construction services partner to Veolia Water for this proposed water systems partnership with the City of Nashua. The firm is based in New England and traces its history to 1955.

Today the firm has offices throughout New England, as well as in New York and Florida, providing a range of services in planning, environmental science and landscape architecture. Dufresne-Henry also supports a contract operations division that provides assistance in operating municipal and industrial water and wastewater treatment facilities.

Dufresne-Henry offers comprehensive services in the engineering field, with nearly a half century of experience in the design of airports, buildings, sites, electrical and mechanical systems, solid waste management facilities, structures, wastewater treatment facilities and water resource projects.

The firm has direct work experience with the City of Nashua on an inflow/infiltration (I/I) study. This ongoing project involves working with the City's Department of Public Works on an evaluation of the sewer system. This project has allowed Dufresne-Henry to develop a relationship with City officials, as well as an understanding of the operations of the public works and underground utilities—both of which will be or direct benefit to their anticipated role on this project. As a part of this project, the firm is working with the City's GIS system to develop sewer tributary areas and subareas to determine field monitoring locations, allowable I/I and current I/I rates; allowing for the identification of problems areas and impact of reports.

Beyond this work with the City of Nashua, the firm's other key work experience in the State of New Hampshire includes projects with:

- **Town of Milford** - Water System Engineering - Dufresne-Henry has been providing water works engineering services to the Town of Milford for more than 15 years. This work has included master planning, implementing capital improvements projects, water treatment, SCADA and review and inspection of water system extensions. Additionally, they are currently working on projects including: the Holland Road water storage tank and transmission main; a water and sewer rate study; hydraulic modeling for the Town's water system; and construction oversight for road and utility

subdivisions. Dufresne-Henry has also provided extensive sewer system consulting and general public works consulting for the Town and Planning Board.

- **Tilton-Northfield Aqueduct Company** - System Evaluation - The Town and the Tilton-Northfield Aqueduct Company are negotiating a purchase of the private system by the Town. Dufresne-Henry has provided engineering services to the TNAC for many years. As part of the transaction process, the firm has provided a detailed system inventory and evaluation that included a system background, infrastructure inventory and evaluation, a summary of known problem areas, a review of water quality, and a list of recommended improvements to the water supply, distribution, and storage systems. Additionally, the firm performed an evaluation of the ADA compliance at the office building and presented recommendations for the building to meet ADA requirements.
- **City of Concord** - Vulnerability Assessment and Emergency Response Plan - On June 12, 2002, the Public Health Security and Bioterrorism Preparedness and Response Act of 2002 was signed into law. This Act amends the Safe Drinking Water Act to require that communities that have water systems serving more than 3,300 people prepare and submit a Vulnerability Assessment and Emergency Response Plan to the EPA. The Vulnerability Assessment analyzes water system components while the Emergency Response Plan is a guidance document that allows the city and water division to make decisions and respond to an emergency. Dufresne-Henry assisted Concord by evaluating site vulnerability and physical security, working with city personnel to fill out worksheets on the water system components and identifying "critical customers" and a chain of command.
- **Town of Barrington** - Comprehensive Master Plan - Barrington is a rural community with rolling hills, lakes and farms, and over the past 20 years the Town has become one of the fastest growing communities in the state. Barrington has one of the highest roadway miles per dwelling ratios in the state. Many of the roads are dirt or gravel and cannot handle the additional traffic volumes from new development. Other key issues facing the Town are the growing demand on municipal services, strip development and the lack of a true town center. Dufresne-Henry partnered with another consultant and the town to create a new Master Plan. They assisted the Town in planning for transportation improvements, land use management, zoning and site plan regulations and creating a plan for the new Barrington Town Center.
- **City of Keene** - Well Water Treatment Study - The City of Keene uses groundwater wells and surface water as its sources of supply. Historically, the wells comprised 20 percent of the City's total water usage. However, in recent years due to high disinfection byproduct formation, the City increased the use of its groundwater sources to over 60 percent. In doing so, there was an increase in consumer complaints related to discolored water. Keene selected Dufresne-Henry to perform a detailed well water treatment study for naturally occurring radon and the color producing elements of iron and manganese. Dufresne-Henry recommended treatment alternatives to improve water quality, estimated capital and O&M costs for planning purposes and identified potential funding options to lessen estimated capital investment.
- **Town of Durham** - Lamprey River Water Resource Upgrade - New Hampshire's Lamprey River is a valued asset that provides wildlife habitat, recreational

opportunities, picturesque scenery and primary or supplemental surface water supply or recharge for groundwater supply to four communities. With all of these demands on the river, it is no wonder that projects involving the Lamprey typically also involve scores of interests. This was the case in Durham as the Town and the University of New Hampshire sought to upgrade their joint supplemental water supply system. An intake, pump station, and transmission main from the Lamprey River intake to the Oyster River proved to be operating inefficiently, allowing evaporation and groundwater recharge to claim large volumes of water. In addition, the mixing of the supplies placed the whole supply at risk from contamination. Town and university officials asked Dufresne-Henry to identify potential improvements to their supplemental water system. Dufresne-Henry helped develop a comprehensive water resources management plan and designed a new transmission main that allows operators to transfer water from the Lamprey River directly to a treatment plant.

In the field of water system engineering the firm's other key experience includes:

- **Water Supply Optimization Study - City of Bellingham, Massachusetts.**
Bellingham was in need of finding an additional water supply to support anticipated community growth and hoped to find at least another 2-MGD in water resources. Instead of searching for a new water source, the town decided to try the alternate route of optimizing current use of nine pump stations. Dufresne-Henry was retained to perform this study. A Dufresne-Henry engineer performed flow tests and obtained drawdown measurements on the pump stations. Field measurements found pumping inefficiencies due to fouled well screens, and worn and undersized pumps. Bellingham implemented Dufresne-Henry's recommendations and located 1-MGD by cleaning wells and increasing pump capacity through proposed Water Management Act Permit modifications. The community also benefited from time and cost savings rather than searching for a new water supply.
- **New Water Source and Treatment Facilities – City of Maynard, Massachusetts.**
With the enactment of the Safe Drinking Water Act, Maynard was required to treat its surface water supply at White Pond. Dufresne-Henry completed studies over a seven-year period to determine the cost of treating a safe yield of 1-MGD. In the meantime, Maynard was enduring a water supply shortage and outdoor water bans. After two denials of a proposed treatment facility by voters, Maynard was forced to refocus the project to finding a new groundwater source. A source at Rockland Avenue was capable of providing a stunning 800-gpm from three rock wells. Treatment facilities were required to remove iron, manganese and radon from the new water supply. The key results and benefits from the work performed by Dufresne-Henry in conjunction with Maynard were compliance with EPA and the State of Massachusetts Department of Environmental Protection (MADEP) regulations, relief of long-term water supply shortages, capability to treat 3.1-MGD to supply an average day demand of 1-MGD, capability to provide additional water for future industrial growth and treatment of 2.1- MGD of ground water for \$6 million versus treating 1-MGD of surface water (White Pond) for the same cost.

The firm's background and experience is further highlighted in the materials presented in Appendix B, Part 2, Volume III.