

CITY OF NEW LONDON

REQUEST FOR PROPOSALS

FOR

WATER AND WASTEWATER SERVICES

Proposal No. 2008 - 07

RFP Issued: September 14, 2007

Mandatory Pre-Proposal Conference: 10:00 AM, September 26, 2007

Proposal Due Date: 2:00 P.M. Local Time, November 6, 2007

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A. Draft Agreement

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1.0 INTRODUCTION

1.1 Purpose

The City of New London (City) is requesting proposals from experienced companies to operate, maintain and provide customer service functions related to its water treatment and wastewater treatment systems and to the connected water storage and distribution system in Waterford. It should be noted that sewage from Waterford and East Lyme is also treated at the City's wastewater treatment plant.

The City intends to select the Proposal that, in the judgment of the City, is the most advantageous to the City considering operating costs, project approach, experience and other factors as delineated in this Request for Proposals (RFP). The City intends to negotiate a five (5), ten (10), or twenty (20) year agreement (Agreement) with one of the Proposers based upon the Proposal found most advantageous to the City and the draft Agreement contained in this RFP.

1.2 Overview

The City's Department of Public Utilities (DPU) provides water and sewer services through its Water and Sewer Divisions. The Water and Sewer Divisions are operated as separate enterprise funds. Water service is provided to the adjacent community of Waterford in accordance with an interlocal agreement, while sewer services are provided to the communities of Waterford and East Lyme in accordance with interlocal agreements. The City Council appoints members of the community to the Water and Water Pollution Control Authority (WWPCA) to oversee the DPU and advise the City Council on water and sewer matters.

Water is provided to approximately 14,000 customers in New London and Waterford.. The water system includes six (6) service reservoirs and a 9 MGD water filtration plant, approximately 120 miles of water mains with three (3) storage tanks owned by New London and three (3) reserve tanks owned by Waterford. All accounts are metered.

The City owns a 10 MGD regional wastewater treatment plant (WWTP) that treats the wastewater from New London, Waterford and East Lyme. The plant is located in a very sensitive area adjacent to Pfizer's Global Research and Development Headquarters. Any odor issues would be a major concern. The plant treats approximately 8.6 MGD servicing approximately 6,000 customers with approximately 80 miles of sewer lines (74 miles of gravity lines and 6 miles of force mains) and nine (9) pump stations. In recent years most of the WWTP has been either renovated or upgraded. The sewer collection system is currently being renovated with approximately 20% of the collection system renovated to date, including three (3) pump stations. The water and wastewater systems described in this section are referred to in the RFP as the "Systems".

The DPU is responsible for all customer service functions including meter reading, billing, collections, processing new service requests, shutoffs, customer inquiries and the maintenance of records.

The water and wastewater systems are currently operated and maintained by a private operator, Earth Tech under a five (5) year agreement that ends on March 23, 2008. Prior to Earth Tech, the systems were operated and maintained by Professional Services Group (PSG). Prior to contracting with PSG, the System was operated directly by the City with its employees. The DPU Contract Administrator oversees the Earth Tech contract, as well as the DPU's capital improvement program.

1.3 RFP Overview

This RFP contains:

- A description of the existing water and wastewater systems and planned capital improvements.
- A description of the procurement process, procedures and schedule.
- A description of the scope of the requested services.
- A summary of key terms of contract and a draft contract that sets out the terms of the business arrangement that is the basis on which the City will negotiate a 5, 10 or 20-year (with a 5 year renewal) Agreement with the Contractor selected pursuant to this RFP.
- The Proposal evaluation process the City anticipates following in selecting one or more preferred Proposers for contract negotiations, the evaluation criteria, including Minimum Qualification Requirements that must be satisfied for a Proposer to be deemed qualified.
- A detailed description of the proposal requirements with which responsive Proposers must comply.
- Appendices which provide the Draft Agreement, Business Proposal Forms, Price Proposal Forms, and a list of information located in the City Document Room and available for Proposer review.

1.4 Overview of Solicitation

The City is seeking proposals from qualified entities to: 1) operate and maintain the Systems; 2) make repairs and replacements to the Systems; 3) provide meter reading, billing, and customer relations services; 4) meet certain Performance Standards and to comply with all applicable permits, licenses, approvals and other Applicable Law; and 5) perform the other related and ancillary responsibilities set forth in this RFP (collectively the "Contract Services").

The Contract Services will be set forth in definitive detail in an Agreement and the business structure of the transaction will be based on the draft Agreement in Appendix A of the RFP. The general intent of the Agreement will be to create a single point of responsibility and authority for all of the Contract Services on an integrated basis, so that the Contractor may provide "full service" to the City and offer the efficiency and economies that result from a single entity having the opportunity to perform the Contract Services.

The City currently anticipates that it would select only one Proposer from those submitting Proposals and conduct final negotiations with the selected Proposer. If under this procedure the City determines in its sole judgment that it is unable to negotiate a contract with the selected Proposer on terms that it determines to be fair and reasonable and in the best interest of the City, then the City may terminate negotiations with such Proposer and initiate negotiations with the next best Proposer.

The City has established the following schedule for the procurement process:

<u>Key Event</u>	<u>Date</u>
Issue RFP	September 14, 2007
Mandatory Pre-Proposal Conference	September 26, 2007, 10 AM
Receive Proposals (Proposal Due Date)	November 6, 2007, 2 PM, Local time
Interviews (if needed)	November 19, 20, 2007
Select Contractor (approximately, includes WWPCA and City Council approval)	December 7, 2007
Complete Negotiations (approximately)	January 18, 2008
Award of Contract (approximately)	February 1, 2008
Commencement Date for Systems' Operations	March 24, 2008

The Mandatory Pre-Proposal Conference will be held in the Lunch Room at the Wastewater Treatment Plant, 100 Trumbull Street, New London, 10 AM on September 26, 2007.

1.5 Current Operations

The Systems are currently operated by Earth Tech (Current Operator). Employee salary and benefit information is contained in the Document Room. Copies of the monthly reports submitted to the City by the Current Operator are also available for review by Proposers in the Document Room, and will be provided to Proposers when they visit the Document Room.

Information regarding the Systems will be available for review by Proposers making an appointment. Proposers are encouraged to make appointments, in accordance with Section 3.2 of this RFP, to conduct a detailed inspection of the Systems and operating records, which will be open for Proposer inspection.

The City desires for this procurement to have limited impact upon the employees of the Current Operator who operate and maintain the System (the "Impacted Employees"). The Contractor shall be required to offer employment to the Impacted Employees in accordance with the Agreement.

1.6 Definitions

The term "Proposer", as used herein, refers to the company submitting a Proposal in response to this RFP, including all companies sponsoring the Proposal and committed to undertaking a substantial role in performing or guarantying the Contract Services. The term "Proposal", as used herein, means a document submitted for evaluation in response to this RFP. The term "Contractor" refers to the company executing the Agreement with the City to provide the Contract Services, whether such company is the Proposer or another company used or created by the Proposer to provide such services.

2.0 DESCRIPTION OF EXISTING SYSTEMS AND PLANNED CAPITAL IMPROVEMENTS

2.1 Existing Water and Wastewater Systems

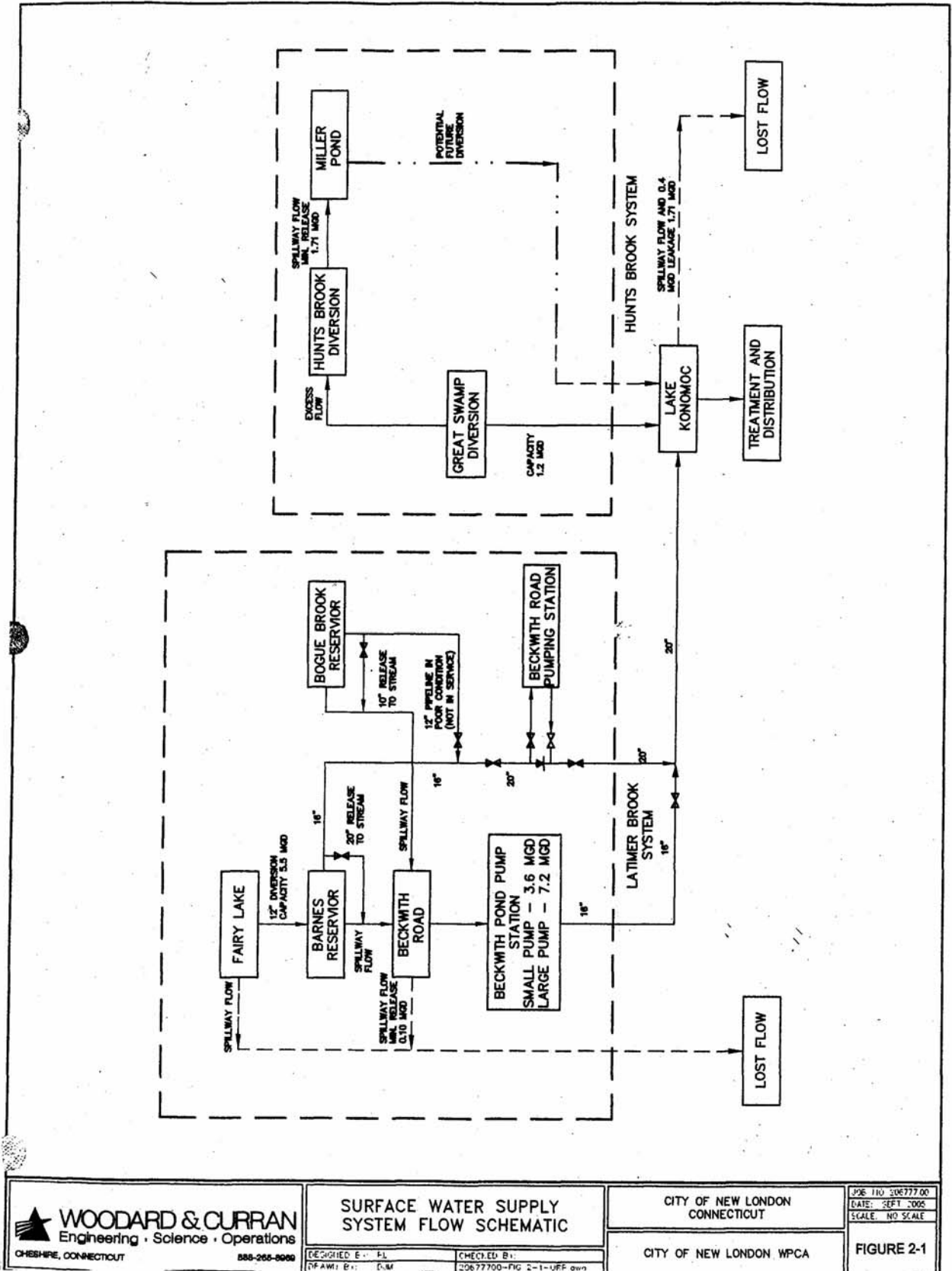
2.1.1 Description of the Water System

The Authority utilizes four surface water reservoirs and two diversions for water supply. The upper reservoirs are connected to the lower ones by natural brook channels, and gravity and pumped supply mains. The terminal reservoir is Lake Konomoc, which provides the bulk of the reservoir system storage. The water filtration plant constructed in 1990 is located at Lake Konomoc. The plant provides filtration, pH and corrosion control, chlorination, and fluoridation. Distribution system booster pumping stations and storage tanks are all located in Waterford, with the exception of one hydropneumatic pumping station in New London. Distribution system storage is provided by three concrete cylindrical tanks, and two elevated spheroidal tanks, for a total storage of 12.8 million gallons. Figure 2-1 is a surface water supply system flow schematic. Figure 2-2 is a process schematic of the Lake Konomoc Water Treatment Plant.

The New London WWPCA derives all of its water supply from surface sources. The system includes four active reservoirs --Fairy Lake, Barnes Reservoir, Bogue Brook Reservoir, and Lake Konomoc--and two diversions, the Beckwith Pond Diversion and the Great Swamp Diversion. The source system is operated as a unit, i.e. all sources serve all portions of the service area. The Authority also owns Brandegee Lake, an emergency source located at the northern City border, and Bond Reservoir, a small pond just north of Fairy Lake, which is restricted and is not used.

The three upstream reservoirs, Fairy Lake, Bogue Brook Reservoir and Barnes Reservoir, are connected by open channels which flow to Beckwith Pond. When Barnes Reservoir was constructed, a 16-inch and 20-inch supply main was also constructed, which flowed by gravity to Lake Konomoc. When Bogue Brook Reservoir was constructed, a 12-inch gravity main was installed between the reservoir and the supply main from Barnes Reservoir to Lake Konomoc.

For many years the gravity supply mains alone connected the upper reservoirs to Lake Konomoc. In the 1960's a booster pumping station was installed at Beckwith Road to boost the flow to Lake Konomoc. Shortly afterward, a diversion pumping station at Beckwith Pond was constructed to pump pond water into the 20-inch portion of the supply main to Lake Konomoc. When the Beckwith Pond station was put on line, the use of the station at Beckwith Road was discontinued. The Beckwith Pond Station is currently used full time, while the booster station at Beckwith Road has not been used since 1970. The Great Swamp Diversion Pumping Station is located adjacent to the north shore of Lake Konomoc. It is currently in use, although its operation is discontinued in the winter. All of the surface water supply, with the exception of overflows at the Fairy Lake Dike and at Beckwith Pond, is directed to Lake Konomoc.



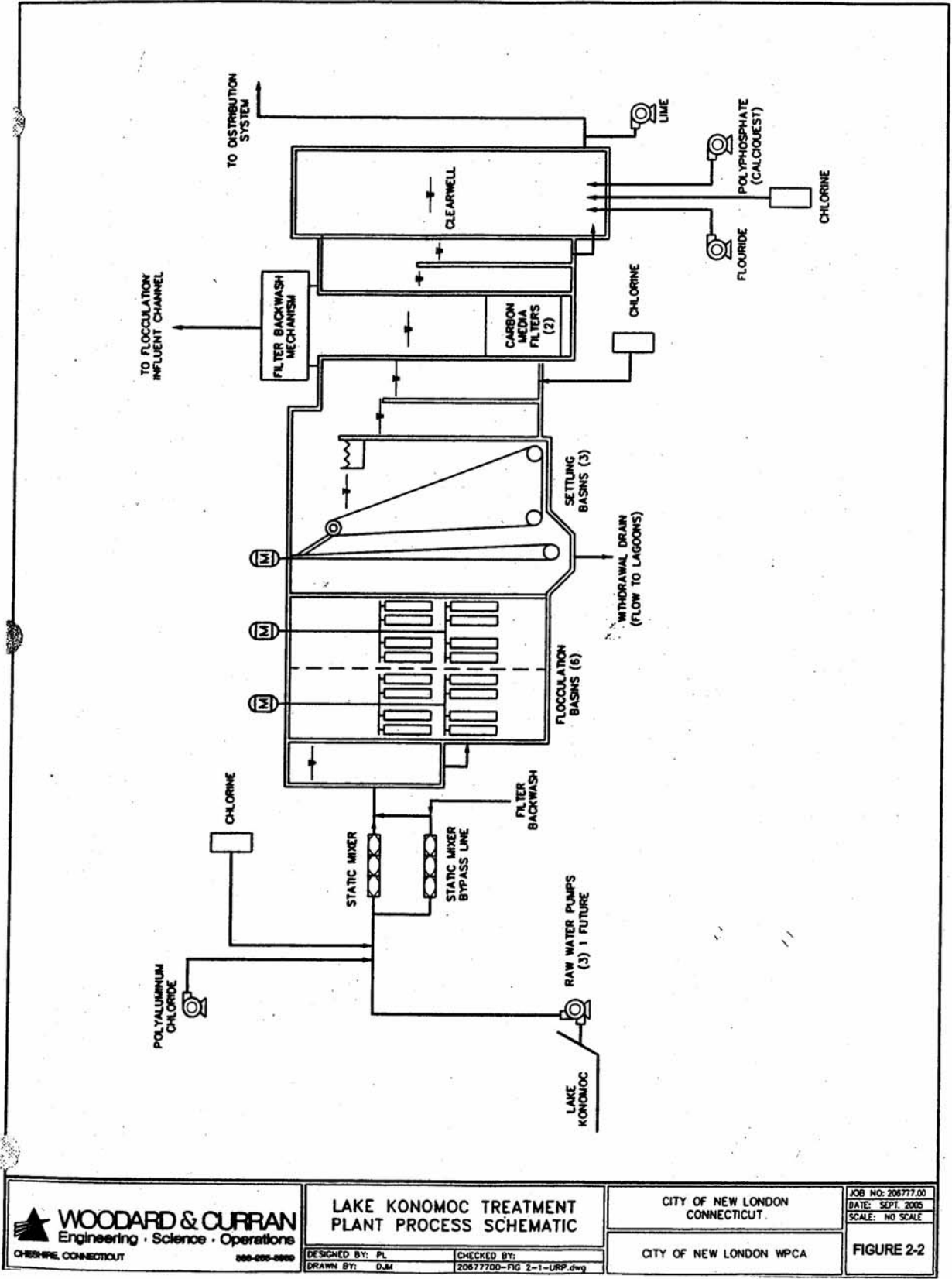
WOODARD & CURRAN
 Engineering · Science · Operations
 CHESHIRE, CONNECTICUT 888-265-8900

SURFACE WATER SUPPLY SYSTEM FLOW SCHEMATIC

DESIGNED BY: FL
 CHECKED BY:
 DRAWN BY: D.M.
 20677700-FIG 2-1-UFF.dwg

CITY OF NEW LONDON CONNECTICUT
 CITY OF NEW LONDON WPCA

JOB NO: 206777.00
 DATE: SEPT 2005
 SCALE: NO SCALE
FIGURE 2-1



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 Engineering · Science · Operations
 CHESTER, CONNECTICUT 888-695-8880

LAKE KONOMOC TREATMENT PLANT PROCESS SCHEMATIC

DESIGNED BY: PL
 DRAWN BY: DJM
 CHECKED BY:
 20677700-FIG 2-1-URP.dwg

CITY OF NEW LONDON CONNECTICUT
 CITY OF NEW LONDON WPCA

JOB NO: 206777.00
 DATE: SEPT. 2005
 SCALE: NO SCALE

FIGURE 2-2

Reservoirs

Lake Konomoc serves as the principal storage reservoir of the WWPCA system. It is located in Montville and Waterford along Lakes Pond Brook, which is a tributary to the Niantic River. The drainage area to the lake is 1.40 square miles, exclusive of upstream reservoirs. The reservoir has a storage capacity of 1,216 million gallons (MG) and a surface area of 286 acres at spillway elevation. Lake Konomoc dam is an earthen embankment structure with a stone masonry core wall. It is located about 6.5 miles northwest of New London center. The dam was initially completed in 1872, and has been raised twice, most recently in 1969, when it was reconstructed. The elevations of the chute spillway and the top of dam are 186.0 and 191.0, respectively. The lowest intake at Lake Konomoc is a 30-inch pipe at centerline elevation 166.0.

Barnes Reservoir is located in Montville along Latimer Brook, which is a tributary to the Niantic River. The dam is located about 9 miles northwest of New London center. The drainage area to Barnes Reservoir is 2.0 square miles, exclusive of the Fairy Lake watershed. The reservoir has a storage capacity of approximately 170 MG and a surface area of 42.2 acres at spillway elevation. Barnes Reservoir is impounded by an earth embankment dam with a concrete core. The dam was completed in 1901. The spillway at Barnes Reservoir Dam is a 40-foot concrete weir. The elevation of the spillway and the top of dam are 211.24 and 215.24, respectively. There are two 24-inch inlets to the gate chamber, at elevations 199.24 and 188.74. The outlet of the gate chamber is a 24-inch cast iron pipe which is reduced to 20-inch downstream of the dam. A 20-inch wye with a blowoff to Latimer Brook is located below the reducer. The outlet is reduced again to 16-inch and is connected to the 16-inch to 20-inch gravity supply main to Lake Konomoc.

Fairy Lake Reservoir is located in Salem. Water from Fairy Lake flows by gravity through a 12" diversion pipe to the Barnes Reservoir.

Bogue Brook Reservoir is located in Montville. Discharge from the Bogue Brook Reservoir flows to the Beckwith Pond Diversion by gravity.

Beckwith Pond Diversion is located in Montville. The Beckwith Pond Diversion receives inflow from Barnes Reservoir and from Bogue Brook Reservoir. Water is pumped by the Beckwith Pond Pump Station to the Lake Konomoc Reservoir.

Great Swamp Diversion is located in Montville. Surface water from the Great Swamp is pumped by the Great Swamp Diversion Pumping Station to the Lake Konomoc Reservoir.

Treatment Facilities

The filtration plant at Lake Konomoc has been operational since March 1, 1990 providing full conventional treatment. It has a normal capacity of 9 million gallons per day (MGD) and a peak capacity of 12 MGD. Water from the lake is pumped through the intake into the filtration plant by low lift pumps located in the raw water pump room, which also contains the wet well. From the wet well, water flows through a pipe to the static mixer, where

chemicals are injected and mixed. From the static mixer, the water flows through a distribution channel into the three flocculation tanks. Each tank has two variable speed, vertical flocculators. The 3 sedimentation tanks with tube settlers are adjacent to the flocculation tanks and separated by a baffle wall. The tanks are mechanically cleaned. Each sedimentation tank discharges flow over a weir into a common channel, which distributes the water to the two automatic backwash, activated carbon filters. A sludge pump transfers the sludge to lagoons located outside the plant. Each filter has a number of cells which contain the carbon media supported on porous carborundum plates. The filters are backwashed one cell at a time while the remainder of the cells continue to operate. The backwash water can either be routed to the flocculation basin or to the settling lagoons outside of the plant. Filter effluent from each cell flows to a common channel and into the clearwell. Chlorine can be injected into the influent stream to the clearwell, the static mixer, and the filter influent. Chemicals for corrosion control, fluoridation and pH are injected into the clearwell effluent. The effluent from the clearwell enters the finished water well where the existing Jacuzzi turbine pumps send the water into the distribution system.

Distribution Storage Facilities

There are four distribution water storage tanks and two high service tanks within the New London/Waterford distribution system, providing 12.8 million gallons of storage. All are located in Waterford. There are also hydropneumatic tanks associated with the Williams Street Pumping station (serving Connecticut College) and the Bartlett Comers Pumping station. The clearwell located at Lake Konomoc is used as a holding chamber for chemical treatment as well as for storage of finished water. The distribution storage tanks are described individually as follows.

Tremont Street Tank

The Tremont Street Tank, located at the end of Tremont Street in Waterford, is a 3.25 million gallon (MG) prestressed concrete tank, constructed in 1959 by Natgun Industries. The tank is connected by a 16-inch main to the 20-inch Brandegee transmission main from the Lake Konomoc Pumping station. The tank level is controlled by a 12-inch altitude valve.

Manatuck Hill Tank

The Manatuck Hill Tank is located north of the Boston Post Road in Waterford. It is a 5.0 MG prestressed concrete tank, built in 1969 by Natgun Industries. The tank is connected to the 30-inch Willetts Avenue transmission main from the Lake Konomoc Pumping Station by a 16-inch line. Its overflow is at elevation 261.24. Tank level is controlled by an altitude valve.

Gallows Lane Tank

The Gallows Lane Tank is located on the north side of Gallows Road in Waterford. The tank has a capacity of 3.25 MG at overflow elevation 261.24. Tank water level is controlled by remote telemetry. The tank was built in 1971 of prestressed concrete. The tank receives

distribution water through a 16-inch connection to the 20-inch Brandegee transmission main, which originates at Lake Konomoc.

Roger's Hill Tank

The Roger's Hill Tank, located in Waterford, is a 1.25 million gallon (MG) tank. It serves the Town of Waterford. The tank is connected by a main to the transmission main from the Lake Konomoc Pumping Station.

High Service Tanks

The high service area in Waterford is served by the Vauxhall Street and Douglass Hill Tanks. The Vauxhall Street High Service Tank is a 300,000 gallon spheroidal elevated steel tank, located on the east side of Vauxhall Street and south of Faulkner Drive. It was built in 1974. In 2004, the Vauxhall Street High Service Tank was rehabilitated. The tank is supplied by the Dayton Place Pumping station via a 12-inch transmission main along Dayton Road and Vauxhall Road. The Douglas Hill Tank is a 750,000 gallon spheroidal elevated steel tank located on the south side of Hartford Turnpike (Route 85) at the end of Fargo Road. The tank was built in 1986. It is supplied by the Industrial Drive Pumping station through a 16-inch transmission main in Fargo Road. The tank can also be supplied by the Dayton Place Pumping Station, if necessary.

The Vauxhall Street and Douglas Hill high service tanks and the Industrial Drive and Dayton Road Pumping stations serve a single high service area.

Supply System Pumping Facilities

There are two diversion pumping stations which transfer raw water from the upper reservoirs to Lake Konomoc, and one which moves water from the Great Swamp drainage basin to Lake Konomoc.

Beckwith Pond Diversion Pumping Station

The Beckwith Pond Diversion Pumping Station is located approximately 50 feet south of the left abutment of Beckwith Pond Dam. The station is in operation full-time. Beckwith Pond receives water from Bogue Brook and Latimer Brook, which flow from Bogue Brook Reservoir and Barnes Reservoir, respectively. The Beckwith Pond Pumping Station consists of two vertical turbine pumps which pump through a 16-inch main connecting to the 20-inch portion of the 16 and 20-inch Barnes-to-Konomoc supply main. The larger pump has a rated capacity of 5,200 gallons per minute (gpm) (7.4 MGD) with a total dynamic head of 90 feet. The rated capacity of the smaller pump is 2,500 gpm (3.6 MGD) with a total dynamic head of 56 feet. The two pumps cannot be operated at the same time as they have different total dynamic heads.

Beckwith Road Booster Pumping Station

The Beckwith Road Booster Pumping Station is located 1,200 feet south of Beckwith Pond, on the east side of Beckwith Road. The station is used to boost the flow in the 16-inch and 20-inch supply main carrying water to Lake Konomoc. The discharge capacity of the pump is 3,435 gpm (4.95 MGD)

Great Swamp Diversion Pumping Station

The pumping station at the Great Swamp Diversion is located adjacent to a small pond at the southern end of Great Swamp. There are two 0.125 MGD pumps installed in a sump with level control switches which pump water through a 12-inch PVC pipe over a dike at the north side of Lake Konomoc.

Distribution System Pumping Facilities

All distribution system pumping stations are located within the Town of Waterford, with the exception of the Williams Street Hydropneumatic Pumping station. The distribution system pumping facilities consist of the Lake Konomoc Pumping Station, the two Hydropneumatic stations, one at Bartlett Corners and the other at Williams Street, and two high service stations, one at Industrial Drive and the other at Dayton Place. All of the distribution pumping facilities have emergency power generators.

Lake Konomoc Pumping Station

The pumping facilities at Lake Konomoc are combined with the treatment facilities in the same building. There are three 4,200 gpm vertical turbine pumps and one 2,100 gpm vertical turbine, which draw suction from the filtration plant clearwells. The pumps have manual controls. One pump is run continuously with a second ready to come on line during periods of increased demand. There is a 300 kilowatt standby generator installed, which can run one of the pumps and the filtration plant.

Industrial Drive Pumping Station

The Industrial Drive Pumping Station is located at the intersection of Industrial Drive and Route 85. It contains two 1,400 gpm pumps. The station draws suction from the 12-inch line in Industrial Drive, which is connected to a 24-inch transmission main from the Lake Konomoc Pumping Station. The discharge from the station flows through a 16-inch transmission main to the Douglas Hill 750,000 gallon tank and along with the Dayton Place Pumping station and Vauxhall Street Tank, serves the high service area.

Dayton Place Pumping Station

The Dayton Place Pumping Station was built by the Town of Waterford along with the Vauxhall Street Tank in 1974 to supply the high service area. The station has two 700 gpm pumps installed. The station draws suction through a 12-inch main in Hartford Turnpike

(Route 85), which is connected to one of the 24-inch mains from the Lake Konomoc Pumping station. The discharge from the Dayton Place station flows through the 12-inch main in Dayton Road and Vauxhall Street to the Vauxhall Street 300,000 gallon tank. The station can also supply the Douglas Hill tank, if necessary.

Bartlett Corners Hydropneumatic Station

The Bartlett Corners Pumping Station in Waterford was constructed in 1977 by the Town of Waterford. This pump station was recently taken off-line (September 2007) and replaced by the new Quaker Hill Pumping Station.

Quaker Hill Pumping Station

The Quaker Hill Pumping Station is located at Old Colchester Road in the Town of Waterford. It contains two pumps. The station draws suction from the line which is connected to the 24-in. transmission main from the Lake Konomoc Pumping Station. The discharge from the station flows to the Roger's Hill Tank. The pumping station came on line in September 2007.

Williams Street Hydropneumatic Pump Station

The Williams Street Pump Station was built in 1974 to provide service to Connecticut College. It is located on the east side of Williams Street opposite Gallows Lane. The station consists of two electric motor driven booster pumps rated at 400 gpm each, 1 electric motor driven fire pump and 1 diesel powered fire pump. The storage is provided by an 8,000 gallon hydropneumatic tank.

Supply, Transmission, and Distribution Mains

Supply mains are defined as installed pipelines between reservoirs which transfer raw water either by gravity or pumping. Transmission mains are defined as installed pipelines which carry treated water by pumping into the distribution system and are 16-inches in diameter or larger. Distribution mains are defined as installed pipelines which distribute the treated water to all portions of the distribution system, and are less than 16-inches in diameter.

Supply Mains

The WWPCA has approximately 4.3 miles of supply mains connecting the surface supplies in Salem, Montville, and Waterford. The most important supply main is the 16-inch and 20-inch cement lined cast iron supply main which carries water from Barnes Reservoir to Lake Konomoc. It is approximately 15,800 feet in length. The date of installation of this main is estimated to be about the same as the construction of Barnes Reservoir, which was in 1900. The main was cleaned and the cement lining repaired in March 1989. When Bogue Brook Reservoir was built in 1920, an 18-inch wood stave supply main, approximately 5,000 feet long, was built from the reservoir to Beckwith Road, connecting where the Barnes to Konomoc 16-inch main increases to 20-inches. Later, it was sliplined with a 12" asbestos

cement pipe. This provided gravity flow of water from Barnes and Bogue Brook Reservoirs to Lake Konomoc.

Distribution Mains

Distribution main sizes within New London range from 4-inch to 12-inch and total approximately 70 miles in length. There are approximately 8.8 miles of 12-inch distribution mains. About 50% of the mains in the system are 6-inch diameter and smaller, which has resulted in some fire flow deficiencies. There is a minimal amount of cement-lined pipe. Much of the older pipe is cast iron, which has lost much of its original capacity. In the downtown area, there have been numerous main replacements recently and much of the system there is new. All new installations use cement-lined ductile iron pipe. There are two new installations of pipe on two streets in New London consisting of approximately 1,000 feet of 8-inch ductile iron pipe. The minimum pipe diameter allowed for new installations is 8-inch.

Within the Waterford system there are 8-inch, 10-inch and 12-inch cement lined ductile iron distribution mains. Fire hydrants are connected to mains by 6-inch ductile iron pipe. Two recent capital improvements to the Waterford distribution mains are as follows: replacement of 400 LF of 6-in. Asbestos Concrete pipe with 8-in. DI pipe; and replacement of approximately 1,500 LF of 8-in. water main in the Pleasure Beach area. A map of the Waterford distribution system is available for review in the Document Room.

2.1.2 Description of the Wastewater System

Collection System

The wastewater collection system covers approximately 4,500 acres and is divided into twelve areas. It includes a force main of approximately 6 miles in length and approximately 74 miles of gravity sewers. There are a total of 9 pump stations. The service area has twelve wastewater collection areas; Areas #1 - #11 are pumped, and wastewater from Area #12 flows by gravity to the treatment plant. Wastewater Collection Areas #1, #2, #3, #4, #5, #7, #8, and #9 are pumped to the treatment plant by pump stations in the City of New London. Wastewater Collection Areas #6, #10 and part of #7 are pumped to the treatment plant by pump stations in the Town of Waterford. Wastewater Pump Station #11 is located at the treatment plant. A map of the wastewater collection system area is available for review in the Document Room.

Wastewater Treatment Plant

The WPCP was originally constructed in the 1930s as a primary plant on the south side of Trumbull Street. It was expanded to a secondary plant on the north side of Trumbull Street in 1977. The WPCP has undergone two upgrades in the 1990's including the addition of a third secondary clarifier and an odor control system.

Flows enter the plant from New London by way of a 30-inch gravity sewer (NLGS) and a 24-inch force main (NLFM). Flows enter the plant from East Lyme and Waterford via a 16 inch and a 24 inch pressure sewer (WPS). Septage is discharged to a manhole on the NLGS just outside of the pumping and screening building. The NLGS flows through a mechanically cleaned bar screen into the influent wetwell where it is pumped by three centrifugal influent pumps to join with the additional flows ahead of two mechanically cleaned bar screens. The three influent pumps were installed in 1977. The motors and drivers were replaced in the 1990s. Grit collectors remove grit from the two grit channels ahead of the two Parshall Flumes where influent flows to the WPCP are measured and recorded.

Flows are distributed to one of the three primary clarifiers by a distribution box. Primary clarifiers 1 and 2 are center feed and were constructed with the original primary plant in the 1930s. Primary clarifier 3 is a larger diameter peripheral feed type and was constructed in 1977 when the plant was expanded to secondary treatment. Primary effluent is pumped by three centrifugal pumps from the primary effluent wetwell to the aeration tanks. The primary effluent pumps were installed in 1977. The motors and drivers were replaced in the 1990s. A gated 30 inch bypass of the secondary treatment plant allows for chlorinated primary effluent to be pumped directly to the outfall to the Thames River.

The aeration system consists of two aeration tanks, fine bubble diffusers and a complete blower system in its own building. Effluent is distributed to one of the three secondary clarifiers by weirs, slide gates, drop boxes and a distribution box. Secondary clarifiers 1 and 2 were constructed in 1977. Secondary clarifier 3 was added in the 1990s. Secondary effluent flows to a chlorine mixing chamber ahead of the two chlorine contact tanks. A twenty minute detention time is achieved during peak hourly flow in the chlorine contact tanks and the 2000 foot 48-inch diameter outfall pipe to the Thames River.

An odor control system was installed in the 1990s. The system treats odorous air with a wet scrubber located in the thickener area of the sludge processing building. The scrubber has a capacity of 20,000 cubic feet per minute (CFM) and discharges via a stack located in the belt press area of the sludge processing building. An additional 20,000 CFM of dispersion air can be mixed with the treated air from the scrubber prior to discharge. Odorous air is collected from the inlet channels in the screen room of the pumping and screening building, the grit channels, the effluent launders of the three primary clarifiers, the primary clarifier distribution box and the primary effluent wetwell.

Odor control equipment was installed as part of a 1999 plant upgrade in the septage receiving and screenings and grit handling operations areas. The effluent launders on the three primary clarifiers are covered. Odorous air is also collected from the blended and thickened sludge tanks, the truck fill building, the gravity belt thickener room, the thickened sludge wetwell, the belt filter press room, the belt press conveyor and the dewatered cake garage.

Primary sludge is pumped by three primary sludge plunger pumps to the blended sludge tank. "Muffin Monster" type grinder pumps are located ahead of the primary sludge pumps. The plant is equipped with scum pumps; however, these are not used, because the blended sludge

and scum has caused operational problems in the past (blinding of the gravity belt thickener). Primary scum, which contains a large amount of grease, is skimmed from the primary tanks using a vacuum truck and treated separately. Primary sludge can also be pumped to the thickened sludge tank. The three primary sludge pumps, motors, and driers were installed in 1977. The primary sludge pump system has been upgraded since the original installation. The primary sludge pump room was rebuilt as part of plant upgrades in 2002.

Waste activated sludge (WAS) is pumped from the three secondary clarifiers by three double disc pumps installed in the 1990s to the blended sludge tank where it is combined with primary sludge. There are motor operated valves on the suction side of the WAS pumps and a magnetic flow meter on the discharge header. WAS can also be pumped directly to the gravity belt thickener.

Blended sludge is aerated in the blended sludge tank by a single air blower and coarse bubble diffuser. Blended sludge is pumped by a single double disc sludge pump from the blended sludge tank to one of the two gravity belt thickeners installed in the 1990s. There is a sludge grinder ahead of the double disc pump. No standby pump was provided when this pump was installed in the 1990s.

Thickened sludge is pumped from the thickened wetwells adjacent to the gravity belt thickeners by two plunger pumps to the thickened sludge tank. The thickened sludge pumps are old and have difficulty pumping from the shallow thickened sludge wetwells constructed in the 1900s. The double disc pumps installed in the 1990s to pump thickened sludge failed and had to be replaced. There are no provisions to pump thickened sludge to the blended sludge tank. The thickened sludge tank is not aerated.

Thickened sludge is pumped from the thickened sludge tank, by the same double disc sludge pump used to feed the gravity belt thickeners, to a tanker truck for offsite disposal. This lack of a standby pump prohibits thickening and loading a sludge tanker truck from occurring simultaneously.

The original thickened sludge wetwell, thickened sludge transfer pump and belt filter press feed pumps installed in 1977 are not currently in service. The two belt filter presses installed in the 1990s are also not currently in service.

Return activated sludge (RAS) is pumped from the three secondary clarifiers by one of the four centrifugal RAS pumps to the aeration tank. RAS pumps 1, 2 and 3 were installed in 1977. RAS pump 4 was installed in the 1990s when secondary clarifier was constructed. RAS flow to the aeration tanks is recorded by magnetic flow meters.

Recent improvements to the facility have been the replacement of the chlorine gas disinfection system with sodium hypochlorite, conversion to fine bubble diffusers for nitrogen removal and electrical upgrades. The City is currently adding a sodium hypochlorite feed system to improve odor control.

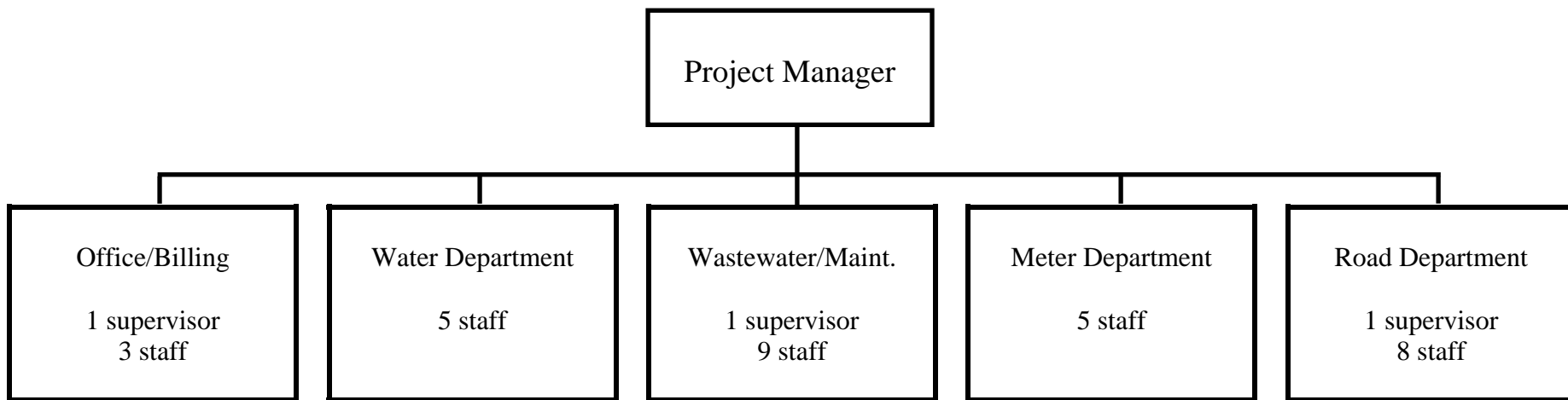
Design drawings for the 1997 plant modification and the 1992, 1999, and 2002 plant upgrades are available for review in the Document Room.

The City has an ongoing wastewater collection system improvement program. Completed work includes the rebuilding of pump stations #1, #2, and #3, and the replacement of the force mains from pump stations #1, #2, and #3. In addition, pump stations #4, #5, #8 and #9 are being renovated, with completion in about one year. Sewer lines in areas #1, #2, and #3 received limited relining in 1998; however, the sealing has failed. Area #4 was relined in 2005. Area #5 was relined in 2007. Planned collection system improvements include relining Areas #1, #2, #3, and #11. The engineering design work on relining these areas is scheduled to be completed in 2008. The relining work is scheduled to be completed in 2008–2009. For more detail on planned capital improvements to the wastewater collection system, see Section 2.2, Planned Capital Improvements to the Wastewater System in New London.

2.1.3 Current Staffing

Figure 2-3 presents the Current Contractor project organization and staffing levels for the Systems.

**Figure 2-3
Current Operator Organization and Staffing
New London, CT**



2.2 Planned Capital Improvements and Expansions

Capital Improvements are planned for the water and wastewater systems. The planning, design and construction of these planned capital improvements is the responsibility of the City of New London. After these capital improvement projects are complete, the Systems Operator will be responsible for their operation and maintenance.

Planned Capital Improvements to the Water System in New London

Table 2-1 identifies planned Capital Improvements to the water system for New London.

The Intake Pump Station – Phase 2 Project is planned for the Intake Pump Station at Lake Konomoc Reservoir. The design is nearly complete; however, the WWPCA has not yet approved the project. It is anticipated that the Connecticut Department of Public Health will require that mandatory improvements to the Intake Pump Station be constructed in the next few years.

Water tank rehabilitation is planned at the Gallows Lane 3.5 MG prestressed concrete water storage tank and at the Manatuck Hill 5.0 MG prestressed concrete water storage tank. This project was recently put out to bid; however, the current bidders did not meet the qualification to perform the work. This project will be re-bid.

A project to install wells just beyond the dam at Lake Konomoc is planned. This work is planned to occur during the contract period.

Capital Improvements are planned for the Latimer Brook Watershed Water Supply Improvements. These improvements will allow gravity flow from the Latimer Brook Watershed to the Lake Konomoc Reservoir. The improvements will also include the ability of the Beckwith Pump Station to pump water to the Lake Konomoc Reservoir by a new pipeline. Design documents for this project, prepared by Malcolm Pirnie, are available for review in the Document Room.

Planned Capital Improvements to the Wastewater System in New London

Planned Capital Improvements to the wastewater system include:

- Infiltration/Inflow Rehabilitation Program – Area 5: This project is underway and is expected to be completed in September 2007.
- Infiltration/Inflow Rehabilitation Program – Areas 1, 2, 3 & 11: This project is planned for 2008.
- Infiltration/Inflow Rehabilitation Program – Areas 6, 8 & 9: This project is planned for 2009.
- Infiltration/Inflow Rehabilitation Program – Area 12: This project is tentatively planned for 2010.

- Rehabilitation of Pump Stations 4, 5, 8 & 9: This capital improvement project has been bid; the project still needs City Council approval.

Planned Capital Improvements to the Waterford Water System

The Town of Waterford plans to replace the Pleasure Beach Water Main. The planning, design and construction of this planned capital improvement is the responsibility of the Town of Waterford. After the capital improvement project is complete, the Systems' Operator will be responsible for its operation and maintenance.

Table 2-1
Planned Capital Improvements to the Water System, New London⁽¹⁾
 (Adapted from Table 5-1 of Capital Improvement Plan prepared by Woodard & Curran, 2006)

Year	Project	Cost
2006	Abandon 6" Pipe – Ocean Avenue	\$200,000
2006	Abandon 6" Pipe – Bank Street	\$150,000
2006	Renovate Bogue Dam	\$300,000
2006	Gravity Line – Bogue to Konomoc	\$3,000,000
2006	Rehab Barnes Reservoir	\$200,000
2006	Clean & Line 2,000 16" Pipe – Ocean Avenue ²	\$200,000
2006	Clean & Line 1,600 feet of 12" Pipe – School Street	\$140,000
2006	Leak Detection Survey	\$20,000
2006 TOTAL		\$4,210,000
Year	Project	Cost
2007	Replace 400 feet of 8" Pipe – Grove Street	\$80,000
2007	Replace 1,200 feet of 6" main – Waller Street	\$240,000
2007	Verify Lining of Hillside Transmission Main	\$30,000
2007	New Emergency Intake Pumps – Lake Konomoc	\$2,000,000
2007	Leak Detection Survey	\$20,000
2007	SCADA at Filtration Plant	\$100,000
2007	AMMS	\$30,000
2007	Repair Fence at Lake Konomoc	\$30,000
2007	Compliance with Consent Order (UF water & safe yield)	\$100,000
2007	Dam Permitting and Improvements	
2007 TOTAL		\$2,655,000
Year	Project	Cost
2008	Replace 460 feet of 6" Pipe – Waller Court	\$92,000
2008	Replace 1,000 feet of 6" pipe – Adelaide Street	\$200,000
2008	Clean and Line 2,900 of 16" Pipe – Ocean Avenue	\$250,000
2008	Replace 520 feet of 6" Pipe – Carroll Court	\$100,000
2008	Replace 600 feet of 6" Pipe – Golden Street	\$120,000
2008	AMMS	\$20,000
2008	Leak Detection Survey	\$20,000
2008	SCADA at Pump Stations	\$50,000
2008	East Lyme – Groton Interconnection	\$75,000
2008	Compliance with Consent Order (UF Water & Safe Yield)	\$100,000
2008	Dam Permitting and Improvements	\$50,000
2008 TOTAL		\$1,087,000

Year	Project	Cost
2009	Install 750 feet of 8" Pipe – Georgetown Avenue	\$150,000
2009	Clean and Line 750 feet 10" Pipe – Eastern Avenue	\$120,000
2009	Replace 360 feet of 6" Pipe – Riverside Heights	\$75,000
2009	Tremont Street Tank Inspection	\$50,000
2009	Verify Lining of Lake Brandegee Transmission Main	\$30,000
2009	West Street D.Q.	\$200,000
2009	Williams Street Pump Station Reconnect	\$50,000
2009	Leak Detection Survey	\$20,000
2009	SCADA at Tanks	\$50,000
2009	Develop Watershed Management and Protection Program	\$75,000
2009	Compliance with Consent Order (UF Water & Safe Yield)	\$100,000
2009	Dam Permitting and Improvements	\$100,000
2009 TOTAL		\$970,050
Year	Project	Cost
2010	Verify Lining Brandegee Transmission Main	\$30,000
2010	Clean and Line 1,000 feet of 6" Pipe – Gardner Avenue	\$150,000
2010	Install 240 feet of 8" Pipe – Elm Street	\$50,000
2010	Manatuck Tank Inspection	\$50,000
2010	Replace 6,000 meters	\$1,000,000
2010	Leak Detection Survey	\$20,000
2010	Design Study of Manatuck Hill Tank	\$50,000
2010 TOTAL		\$1,350,000
Year	Project	Cost
2011	Replace 1,300 feet of 6" Pipe – Thames Street	\$260,000
2011	Replace 230 feet of 4" Pipe – Terrace Court	\$50,000
2011	Replace 760 feet of 6" Third Avenue	\$160,000
2011	Replace 630 feet of 6" – Fourth Avenue	\$130,000
2011	Leak Detection Survey	\$20,000
2011	Alternate Water Supplies Study	\$100,000
2011	Water Supply Plan Update	\$150,000
2011 TOTAL		\$870,000
Year	Project	Cost
2012	Replace 1,200 feet of 6" Pipe – Broad Street ²	\$250,000
2012	Install 300 feet of 20" – Frontage Road ²	\$150,000
2012	Replace 915 feet of 6" & 4" Pipe – West High Street	\$190,000
2012	Leak Detection Survey	\$20,000
2012 TOTAL		\$610,000

Year	Project	Cost
2013	Replace 530 feet of 4" Pipe – Fowler Court	\$110,000
2013	Replace 420 feet of 6" – Moran Street	\$90,000
2013	Verify Lining of Hillside Transmission Main	\$50,000
2013	Install 1,250 feet of 12" – Crystal Avenue ²	\$250,000
2013	Replace 780 feet of 6" – Fifth Avenue	\$160,000
2013	Leak Detection Survey	\$20,000
2013 TOTAL		\$680,000
Year	Project	Cost
2014	Replace 1,200 feet of 6" Pipe – Bank Street ²	\$240,000
2014	Install 1,250 feet of 12" – Crystal Avenue ²	\$250,000
2014	Replace 840 feet of 6" – Terrace Boulevard	\$170,000
2014	Verify Lining of Hillside Transmission Main	\$50,000
2014	Leak Detection Survey	\$20,000
2014 TOTAL		\$730,000
Year	Project	Cost
2015	Replace 2,200 feet of 6" Pipe – Cutler & Warren Streets	\$450,000
2015	Verify Lining of Lake Brandegee Transmission Main	\$50,000
2015	Replace 315 feet of 4" Pipe – Clover Street	\$70,000
2015	Replace 300 feet of 4" Pipe – Lincoln Court	\$60,000
2015	Leak Detection Survey	\$25,000
2015 TOTAL		\$655,000
Year	Project	Cost
2016	Install 250 feet of 6" Pipe – Roseway Street	\$50,000
2016	Replace 300 feet of 4" Pipe – Cliff Street	\$60,000
2016	Replace 200 feet of 6" Pipe – Maple Avenue	\$40,000
2016	Replace 330 feet of 4" Pipe – Magnolia Court	\$70,000
2016	Verify Lining of Lake Brandegee Transmission Main	\$50,000
2016	Install 800 feet of 16" Pipe – Broad Street ²	\$200,000
2016	Leak Detection Survey	\$25,000
2016	Water Supply Plan Update	\$150,000
2016 TOTAL		\$645,000

Year	Project	Cost
2017	Replace 680 feet of 6" Pipe – Willetts Avenue	\$140,000
2017	Replace 310 feet of 6" Pipe – Eastridge Road	\$70,000
2017	Verify Lining of Brandegee Transmission Main	\$50,000
2017	Install 800 feet of 16" Pipe – Broad Street ²	\$200,000
2017	Leak Detection Survey	\$25,000
2017 TOTAL		\$485,000
Year	Project	Cost
2018	Replace 270 feet of 6" Pipe – Blackhall Court	\$60,000
2018	Install 20 feet of 8" Pipe – Belvidere Street	\$5,000
2018	Clean and Line 1,000 feet of 8" Pipe – Debiasi Drive	\$150,000
2018	Replace Bogue Pipe Line	\$500,000
2018	Leak Detection Survey	\$25,000
2018 TOTAL		\$740,000
Year	Project	Cost
2019	Install 370 feet of 8" Pipe – Jenn and Margaret Streets	\$80,000
2019	Replace 530 feet of 4" Pipe – Acorn Court	\$110,000
2019	New Pumps – Beckwith Street	\$300,000
2019	Install 800 feet of 16" Pipe – Broad Street ²	\$200,000
2019	Tremont Street Tank Inspection	\$50,000
2019	Leak Detection Survey	\$25,000
2019 TOTAL		\$765,000
Year	Project	Cost
2020	Install 260 feet of 8: Pipe – Elm Street	\$70,000
2020	Install 1,250 feet of 12" Pipe – Jefferson Avenue ²	\$300,000
2020	Manatuck Tank Inspection	\$50,000
2020	Replace 6,000 Water Meters	\$1,200,000
2020	Leak Detection Survey	\$25,000
2020 TOTAL		\$1,530,000
Year	Project	Cost
2021	Install 300 feet of 8" Pipe – Cape Ann Court	\$75,000
2021	Install 1,250 feet of 12" Pipe – Jefferson Avenue ²	\$300,000
2021	Install 900 feet of 8" Pipe – Evergreen Avenue	\$230,000
2021	Leak Detection Survey	\$30,000
2021	Water Supply Plan Update	\$175,000
2021 TOTAL		\$810,000

Year	Project	Cost
2022	Replace 420 feet of 6" Pipe – Ashcraft Road	\$125,000
2022	Replace 240 feet of 6" Pipe – Fuller Street	\$60,000
2022	Install 1,400 feet of 12" – Mansfield Road	\$350,000
2022	Leak Detection Survey	\$30,000
2022 TOTAL		\$565,000
Year	Project	Cost
2023	Replace 1,000 feet of 6" Pipe – Farmington Avenue ²	\$250,000
2023	Replace 560 feet of 6" Pipe – Colver Street	\$150,000
2023	Replace 510 feet of 6" Pipe – Keeney Lane	\$140,000
2023	Replace 540 feet of 6" Pipe – Lodus Court	\$150,000
2023	Leak Detection Survey	\$30,000
2023 TOTAL		\$720,000
Year	Project	Cost
2024	Replace 800 feet of 4" & 6" Pipe – Dow Street	\$200,000
2024	Manatuck Tank Inspection	\$50,000
2024	Leak Detection Survey	\$30,000
2024 TOTAL		\$280,000
Year	Project	Cost
2025	Low Pressure Area Study	\$50,000
2025	Clean & Line 5,000 feet of 6" Pipe – Ocean Avenue ²	\$500,000
2025	Leak Detection Survey	\$30,000
2025 TOTAL		\$580,000

¹ Note: All capital projects are subject to approval of the Water and Wastewater Pollution Control Authority and other appropriate City entities and the availability of capital funds. Also, note that the improvements for 2006 and 2007 have not yet been made, and are awaiting approval or are in a design, bid stage.

² Improvements are carried over from the 1980 Master Plan. Need for these improvements was verified through field testing and model simulation.

3.0 PROCUREMENT PROCESS, PROCEDURES

3.1 Authorized Contact Person

The Authorized Contact Person for this RFP is:

William R. Hathaway, Purchasing Agent
City of New London
13 Masonic Street
New London, CT 06320
(860) 447-5215 phone
(860) 447-5297 fax
whathaway@cit.new-london.ct.us

To schedule appointments to visit the Systems' facilities and/or Document Room, contact:

Tom Bowen, Contract Administrator
City of New London Public Utilities
120 Broad Street
New London, CT 06320
(860) 447-5221 phone
(860) 701-7693 fax
tbowen@ci.new-london.ct.us

3.2 Proposer Inquiries and/or Clarifications

All inquiries and correspondence between the Authorized Contact Person and the Proposers shall be sent IN WRITING and delivered to the address, or sent by facsimile, provided in Section 3.1. Correspondence by electronic mail (e-mail) is also acceptable.

Any request for clarification of the RFP, or the RFP process, shall be made and delivered to the Authorized Contract Person by the close of business on October 26, 2007. Proposers are encouraged to provide written questions or suggestions up to three (3) business days prior to the pre-Proposal conference to allow the City, if particle, to address these issues at, or shortly after, the pre-Proposal conference.

Any City response to a request for clarification by a Proposer will be made in the form of an addendum to the RFP and will be sent to all parties who attended the pre-Proposal conference no later than 5 business days prior to the due date for receipt of the Proposal and such addendum shall become a part of the RFP. The City has no obligation to respond to inquiries regarding this RFP.

To ensure fairness during the RFP process, from the date the RFP is released to the public until the Agreement is executed, or all Proposals are rejected, Proposers or their employees, representatives or agents shall not contact the Mayor, members of the City Council, or any

employee or representative of the City or any consultant of the City involved with this RFP process other than the Authorized Contact Person or his designated representative. The foregoing relates only to discussions, issues, comments and other communications related to the RFP or the RFP process, and is not intended to limit in any way contact with the Mayor, members of the City Council, or any employee or representative of the City or any consultant of the City involved with this RFP process on other matters.

If a Proposer or its employees, representatives or agents contact anyone other than the Authorized Contact Person or his designated representative in relation to this RFP or if a Proposer or its employees, representatives or agents attempt to have verbal communications with the Authorized Contact Person or his designated representative, then such Proposer risks either being disqualified to submit a Proposal in response to this RFP or having its Proposal rejected by the Purchasing Agent.

3.3 Pre-Proposal Conference

There will be a mandatory pre-proposal conference on September 26, 2007 at 10:00 AM at the Wastewater Treatment Plant, at which time the representatives of the City will be available to answer questions. However, all verbal answers to such questions will be non-binding, and only answers, which are confirmed in writing to all prospective Proposers, will be binding and will automatically become a part of this RFP.

3.4 System Inspections and Access to Public Information

The Proposer may schedule an individual visit to the Systems, including scheduling access to review system related information by contacting Tom Bowen as set forth in Section 3.1. All Proposers that visit a facility shall comply with any site visit protocols established by the City or the Current Operator. No such individual site visits shall take place prior to the date of the mandatory pre-Proposal meeting. Visits will be scheduled on a first request, first choice basis. Each visit will be initially limited to two (2) days. Additional time will be provided, if available.

The City will make Systems' information available in a Document Room located at 120 Broad Street. Proposers will be given access to the document room by appointment. .

3.5 Deadlines and Location

Sealed Proposals will be received no later than 2:00 p.m., EDT on November 6, 2007, at the following address:

William R. Hathaway, Purchasing Agent
City of New London
13 Masonic Street
New London, CT 06320

3.6 Proposal Security

Each Proposal must be accompanied by a proposal bond from a corporate surety company licensed to do business in New London, CT and acceptable to the City, postal money order, cashier's check, or certified check in the amount of \$500,000, valid for a period of at least 180 days from the scheduled Proposal submittal date. No Proposal may be withdrawn within 180 days after submission of Proposals. Any Proposal received without the required proposal security will be considered non-responsive and will not be accepted. No Proposer's security shall be released until the Proposer's Proposal has been completely rejected or otherwise released by the City in writing. Each Proposer's security will be released upon termination of the 180-day period following the submission of Proposals, unless the Proposer agrees to extend such period. Each Proposer's security will be released after the signing of the Contract between the City and the selected Contractor.

If the proposer withdraws its Proposal prior to release by the City, fails to negotiate in good faith with the City, or if, after the City and the Contractor agree on the terms of the Contract, the Proposer fails to sign the Contract or any of the agreements contemplated by this RFP, the amount of the Proposer's security will be forfeited and retained by the City as liquidated damages. By submitting a Proposal, each Proposer and the City agrees that \$500,000 constitutes a reasonable measure of the damages suffered by the City as a result of such event.

3.7 Addenda

During the period provided for the preparation of Proposals, the City may issue addenda or letters of clarification to this RFP. These addenda will be numbered consecutively. Prior to the mandatory pre-Proposal conference, addenda will be sent to anyone who was sent a copy of the RFP. After the pre-Proposal conference, addenda will only be distributed to those firms that attended the mandatory pre-Proposal conference. These addenda will be issued by, or on behalf of, the City and will constitute a part of this RFP. The City recommends that prior to submitting its Proposal, a Proposer should contact the Authorized Contact Person to verify the number and subject of the Addenda that have been issued. The Proposer shall be responsible for obtaining all Addenda prior to submitting a Proposal.

3.8 City Provided Information

Any information contained in this RFP, including all addenda, is for informational purposes only. Proposers are solely responsible for conducting their own independent research and due diligence for the preparation of Proposals, the negotiation of the Agreement and the subsequent performance of the Contract Services. The City is not responsible for the completeness or the accuracy of any information presented in this RFP or otherwise distributed or made available during this RFP process.

The City shall not be bound by any information regarding the focus, nature, scope, and/or any other factors directly or otherwise pertinent to this RFP process effort that was orally conveyed, conveyed in writing, and/or otherwise obtained by a Proposer prior to the date of

issuance of this RFP. All Proposers should note that, although the City believes the information presented in this RFP is accurate, complete and current, it does not warrant or guarantee such to be the case. All Proposers are advised to verify to their own satisfaction the accuracy, completeness and currency of the information presented in this RFP prior to submitting a Proposal.

3.9 Proposer Incurred Costs

All Proposers are advised that this RFP constitutes only an invitation to submit a Proposal to the City. Any Proposer choosing to accept this invitation will not be entitled to reimbursement from the City for any costs incurred by the Proposer in connection with this RFP process. Each Proposal shall be prepared (including the gathering of information and due diligence activities) at the sole cost and expense (including engineering and legal costs) of the Proposer. In addition, the Proposer shall be solely responsible for all of its costs (including engineering and legal costs) incurred in connection with the evaluation and selection process undertaken in connection with this RFP process and any negotiations entered into in connection with developing an Agreement. There shall be no claims whatsoever against the City, its staff, representatives or its consultants for reimbursement for the costs or expenses (including engineering and legal costs) incurred during the preparation of the Proposal or other information required by this RFP or RFP process or in connection with the selection process or contract negotiations.

3.10 Withdrawal of Proposal

The scope of services, schedule, and prices stated in a Proposal submitted in response to this RFP will be irrevocable unless the Proposal is withdrawn in accordance with this Section. A request by a Proposer to withdraw a Proposal must be made in writing to the Purchasing Agent and will only be considered if it is received by the Purchasing Agent prior to 11:00 p.m. EDT on the Proposal Due Date. The label 'Request to Withdraw a Proposal', are turn address, the name and address of the Purchasing Agent, the title of this RFP, the RFP No. 2008-07, and the Proposal Due Date must appear on all envelopes and/or packages delivered to the Purchasing Agent that contain a request to withdraw a Proposal. A request to withdraw a Proposal that does not conform to the above-stated requirements will be deemed late and will not be considered.

3.11 Late Submission

Any Proposals submitted after 2:00 p.m. EDT on the Proposal Due Date cannot be accepted and will be rejected and returned to the Proposer unopened. The delivery of the Proposal to the City by the Proposal Due Date and prior to the time specified therein is solely and strictly the responsibility of the Proposer. Delays caused by the United States Postal Service or any private delivery service, or delays caused by any other occurrence, shall not excuse a late Proposal.

3.12 Clarifications and Interviews

During the Proposal evaluation phase of this RFP process, a Proposer may be requested to submit written clarifications to its Proposal. Such requests will be conveyed in writing by the Authorized Contact Person and will specify the clarifications being sought and the due date by which the requested clarifications must be submitted. A response to a request for clarifications received after the due date specified by the Authorized Contact Person will be deemed late and may not be considered.

3.13 Pre-Selection Investigation

The City reserves the right to conduct investigations of any Proposer under consideration to confirm any part of the information furnished by the Proposer or potential subcontractor or to require evidence of managerial, financial, technical, and other operating capabilities, which the City deems necessary for the successful performance of the Contract.

The City may interview Proposers during the proposal evaluation period. During these interviews, clarifications will be sought where determined necessary in the City's opinion.

3.14 City Rights

The City reserves, holds without limitation, and may exercise, at its sole discretion, the following rights and conditions with regard to this RFP. By responding to this RFP, Proposers acknowledge and consent to the following conditions:

- To terminate the procurement process by written notice to the Proposers for any reason whatsoever.
- The City reserves the right, for any reason, to decide not to award a contract as a result of this RFP.
- The City reserves the right to reject, for any reason, any and all Proposals or components thereof; to eliminate any and all Proposals from further consideration for this procurement; and to abandon this procurement process at the City's convenience and at any time.
- The City reserves the right to waive any minor informality or irregularity in any Proposal or Proposal process.
- The City reserves the right to change or alter the schedule for any events associated with this RFP process upon notice to the Proposers, and a Proposer by submitting a Proposal agrees to be bound by any schedule modification made by the City.
- The City reserves the right to eliminate any Proposer who submits incomplete or inadequate responses, is not responsive to the requirements of this RFP, or is deemed to be unqualified.

- The City reserves the right, at any time, to determine that any or all Proposers will not be selected for further consideration and to notify such Proposers of the City's determination,
- The City reserves the right to require that Proposers send representatives to the City for interviews and presentations.
- The City reserves the right to negotiate with one or more Proposers.
- The City reserves the right to discontinue negotiations with any Proposer.
- The City reserves the right to conduct clarification discussions, at any time, with one or more Proposers.
- The City reserves the right to amend the scope of services after selection for negotiation of one or more Proposers to include services not currently contemplated herein.
- The City reserves the right, without prior notice, to supplement, amend or otherwise modify this RFP, or otherwise request additional information.
- The City reserves the right to receive questions concerning this RFP from potential Proposers and to provide such questions, and the City's responses, if any, to all potential Proposers.
- All Proposals become the property of the City and will not be returned.
- All activities related to the RFP shall be subject to Applicable Law.
- Neither the City, its Mayor, Council members, staff, agents, employees, its representatives, nor any of its consultants will be liable for any claims or damages resulting from this RFP process.
- The City (including its staff, representatives and consultants) reserves the right to visit and examine any of the facilities referenced in each Proposal and to observe and investigate the operations of such facilities.
- The City reserves the right to conduct investigations of the Proposers and their responses to this RFP and to request additional evidence to support the information included in any such response.
- The City reserves all rights with respect to the evaluation, clarification, selection and negotiation processes set forth in this RFP.

4.0 SCOPE OF SERVICES

The Scope of Services for this project is delineated in the draft Agreement that is contained in Appendix A of this RFP. The City is requesting proposals based upon the Scope of Services in the draft Agreement. This section summarizes the desired Scope of Services. If there is any conflict between the services described in this section and the draft Agreement the draft Agreement shall govern.

4.1 General

The Contractor shall be obligated to: 1) operate and maintain the Systems; 2) make all necessary repairs and replacements to the Systems; 3) provide meter reading, billing and customer relations services; 4) meet certain Performance Standards and comply with all applicable permits, licenses, approvals and other Applicable Law; and 5) perform the other related and ancillary responsibilities set forth in this RFP. The City will retain the responsibility of planning, engineering and construction of expansions and capital improvements to the System.

During the term of this Agreement, the Contractor shall occupy, staff and maintain an office in the City. The Current Operator has an office at 120 Broad Street. The City provides the office space at this location. Should it be necessary to relocate, the City will provide equivalent space elsewhere. The Contractor shall pay rent for this space in accordance with the Draft Agreement in Appendix A.

The Contractor must maintain a competent workforce at a level sufficient to meet operational needs and must comply with all applicable Federal, State and local laws, rules and regulations in the performance of its responsibilities pursuant to the Agreement. The City has established a minimum staffing level of 34 full time positions that must be maintained. Should the Contractor determine during the term of the Agreement that staffing can be reduced without a reduction in the level of service and the City agrees with such a reduction, the City and the Contractor shall share in the cost savings as described by the Agreement.

The Contractor shall provide for employee training as required by Applicable Law. In addition, a minimum of forty (40) hours of job related training shall be provided annually to each employee assigned to the Systems.

The Contractor will be required to compile, maintain and provide all records and reports to appropriate regulatory agencies and/or the City for facilities and systems operations, regulatory matters, maintenance plans and activities, and permit and compliance issues in accordance with all Federal, State, and local laws, rules, regulations, guidelines, and mandates and as required by the Agreement.

The City shall be responsible for all capital improvements. Capital improvements to both the water system and the wastewater system are ongoing. The improvements are described in Section 2 of this RFP.

The Contractor must provide administrative and technical support to the City as it relates to the City's capital expansion and upgrade program for the water and wastewater plants, and the distribution and collection network. Such support shall be to coordinate with the various construction contractors, which will be under contract to the City as it relates to maintaining service to the Systems users, notifying users of the Systems of planned disruptions in service and construction inconvenience, receiving complaints from Systems users, and managing a "call before you dig" program to avoid damage to any buried utilities. The Contractor shall work with the City and its construction contractors to minimize any disruption to the Systems' service. The Contractor should review the information available in the document room to become familiar with the City's capital improvement program.

The Contractor must attend all regularly scheduled and special meetings of the Water & Water Pollution Control Authority, and, as requested by the City, participate in other interlocal or regional meetings affecting the Systems.

The City is in the process of developing a City-wide geographic information system (GIS). Upon completion of the GIS, the Contractor shall take direct responsibility to maintain and update the water and wastewater system aspects of the City's GIS with data generated as a result of this contract, provided by other departments of the City and from the DPU's construction programs. Upon receipt of GIS update information the Contractor shall provide accurate updates to the appropriate GIS layers within one month.

4.2 Operation and Maintenance of the Systems

The Contractor shall be responsible for the continuous, full-service, 24-hours per day, seven-days per week operation and maintenance services and asset management for the Systems. Operation and Maintenance of the Systems shall include, but not be limited to the following typical services:

- Provide potable water that meets the service areas demands in accordance with Applicable Law;
- Operate and maintain the City's watershed, reservoirs and water treatment plant. Proposers should note that the City is planning to make improvements to its water supply system to improve raw water transmission from its upper reservoirs to its terminal reservoir at Lake Konomoc. The Contractor shall be responsible for operating this improved system at pump capacity, in accordance with specified operating requirements described herein.

Table 4-1 summarizes Lake Konomoc trigger volumes and corresponding elevations which activate each of the upper water supply reservoir systems. If the water in Lake Konomoc falls below the trigger level, water shall be transported from the associated reservoir to Lake Konomoc.

Table 4-1

Reservoir	Lake Konomoc Trigger Volumes	
	% of Maximum Volume	Surface Elevation (ft)
Fairy Lake	75%	180.8
Barnes Reservoir (gravity main to Konomoc)	97%	185.4
Barnes Reservoir (blow off in stream to Beckwith)	80%	181.9
Bogue Brook Reservoir (gravity main to Konomoc)	97%	185.4
Bogue Brook Reservoir (blow off in stream to Beckwith)	80%	181.9
Beckwith Pond Pump Station	100%	186
Great Swamp Diversion	100%	186

It should be noted that all of these systems are not yet in place. There is not a separate dedicated gravity main from Barnes and Bogue to Lake Konomoc, since it is used as the Beckwith Pond Pump Station transmission main. With the City implementing the rehabilitation of Beckwith Pond Pump Station and the Barnes/Bogue to Konomoc Gravity Main described in Scenario 1 of the Water Supply Capacity Augmentation Plan, all of these systems will be operable. Until then, the Beckwith Pond Pump Station shall be operated to its full abilities.

- Operate and maintain the water storage, transmission and distribution system components;
- Operate and maintain the City's pump stations, turnouts, and reservoirs;
- Develop and implement a hydrant flushing program;
- Replace and repair inoperable hydrants;
- Paint fire hydrants at least once every five (5) years;
- Develop and implement a valve exercising program;
- Repair and/or replace inoperable valves (approximately 600 such valves have been identified – information provided in Document Room). The Contractor will be required to prepare a plan to replace inoperable valves, and to change out meters in locations where valves are inoperable;
- Assist the City prioritize all necessary repairs resulting from the City's Leak Detection Program into the Water Main Repair Program within 180 days of City completion of its Leak Inspection Program;

- Respond immediately to repair all water main and line breaks and related water transport problems
- Provide and maintain backflow prevention and submit required back flow inspection reports to the State on schedule;
- Read each and every customer water meter(s) and wholesale purchase and sales meters at least once every quarter;
- Maintain and replace meters as necessary to ensure accurate readings and ensure that no meter has been in service for more than ten years – see further discussion under Section 4.3. Provide estimates for meter replacement to the City each year for purposes of City budgeting;
- Respond to emergency events relating to water supply and take appropriate actions to maintain service and protect the quality and quantity of water to the City's customers;
- Carry out all activities associated with achieving and maintaining compliance with local, State and Federal regulations and requirements relating to water supply;
- Develop and implement a sewer TV inspection program; all Systems' sewers must be TV inspected, at a minimum, every five (5) years;
- Provide for sewer cleaning, all Systems' sewers must be cleaned, at a minimum, every three (3) years;
- Respond to sewer leaks and backups in a timely manner as prescribed in Exhibit H to the Draft Agreement (Appendix A to RFP);;
- Repair and maintain the pump stations, force mains and gravity collection systems;
- Treat wastewater in accordance with all laws, rules, regulations and the applicable permit;
- Dispose of all residue generated by the Systems, including sludge, grit, oil, grease, rags, sediment, and other residuals resulting from the Systems [Proposers should note that a centrifuge will be installed for residuals dewatering at the water treatment plant. At such time, the existing drying beds will no longer be used. Specifications for the centrifuge and pilot test information are provided in the report "High Speed Dewatering Centrifuges, Pilot Test Report #070616, June 19, 2007" located in the Document Room. Price Proposals shall include pricing assuming that the centrifuges are operational.];

- Perform all preventative, predictive and corrective maintenance and repairs of the Systems;
- Provide for repair and replacement of the Systems components, including, but not limited to materials, structures, pipelines and equipment;
- Provide an adequate inventory of spare parts, equipment and materials to properly operate and maintain the Systems. Such inventory should be checked at least every three (3) months;
- Update Security Plan, including Emergency Response Plan, provide security and safety of the Systems;
- Provide for the proper handling, loading, transport and use of all chemicals used in treatment processes in accordance with Applicable Law;
- Provide monthly and annual Operating and Maintenance reports related to the Systems;
- Provide customer service and responses to customer complaints;
- Carry out all activities associated with maintaining the watershed and other necessary water quality protection measures;
- Monitor for odor, taste and quality of water and work with the City to investigate and remedy any service complaints;
- Monitor and control odors from the wastewater treatment plant, sewer collection system, including pump stations, and sludge handling operations;
- Add chemicals, as necessary to the sewers to minimize or eliminate odors;
- Provide for stormwater management controls required by the recently issued (July 2007) Certificate of Registration for the Stormwater Permit for the wastewater treatment plant. Such controls include Good Housekeeping to provide for the maintenance of a clean, orderly facility and other measures.
- Perform all required sampling, testing, and laboratory analyses for the Systems as needed for compliance with State regulations and any other Applicable Laws [It should be noted that separate testing and reporting (to State Department of Public Health) for New London's and Waterford's water systems is required. Further, it should be noted that sampling, testing and reporting is required at the wastewater treatment plant for the July 2007 Certificate of Registration for the Stormwater Permit.];
- Administer the Fats, Oil and Grease (FOG) program in New London in accordance with the requirements of the State General Permit, September 30,

2005 (copy provided in the Document Room). Services shall include, but are not limited to, inspection and reporting as required, as well as permitting and registration services for existing and new food preparation establishments. Inspection services to include review of pretreatment equipment, review of FOG minimization plan, review of cleaning records, review of maintenance logs, and completion of inspection logs. Currently there are approximately 250 such establishments in the City;

- Prepare and submit with the City's approval, all necessary reports to applicable regulatory agencies;
- Provide breakout of costs to the City for Contractor operations and maintenance costs for Waterford's Quaker Hill Center Pumping Station and Roger's Hill Water Storage Tank; and
- Provide assistance to the City to prepare estimates for annual City budgeting for the Systems.

4.3 Asset Management

Prior to assuming responsibility for operating and maintaining the Systems, the Contractor shall develop and maintain a complete detailed computerized asset inventory for all real property, mechanical equipment, electrical equipment, structures, pipe (including all laterals and mains), motor vehicles, rolling stock, tools, supplies, spare parts, and other components of the Systems as part of the initial audit of the Systems. The initial inventory shall be conducted in conjunction with the Current Operator prior to expiration of the term for the Current Operator. The Contractor shall be responsible for updating the asset inventory on a continuous basis. The Contractor shall take direct responsibility for maintaining and updating the location information of all mapped assets. Additionally, the Contractor shall maintain the linkage to the corresponding records in the asset management application and the computerized maintenance management system (CMMS).

At a minimum the asset inventory shall include, but not necessarily be limited to, the following information for each asset:

- A unique numerical identifier;
- Name of asset;
- Description;
- Location Description;
- Location code;
- Manufacturer;
- Model number
- Serial number

- Actual or estimated initial purchase price, or installed value (or current estimated value);
- Purchase, in-service, or installation date;
- Estimated useful life;
- Estimated remaining life; and
- Salvage value.

The asset inventory must also, at a minimum, comply with Statement 34 of the Governmental Accounting Standards Board (GASB 34) modified reporting requirements for infrastructure assets. Pipeline data can be aggregated, but components of the Systems such as pump stations must be disaggregated into its major component parts (e.g., pumps, control valves, control elements). Like items with values of less than \$5,000 and common installation, dates may also be aggregated. The asset inventory shall include all water meters. Meter data may also be aggregated by type of meter and dates of installation. The City requires that each water meter be replaced after ten (10) years of service, unless it is replaced sooner because water usage data indicate significant deviations from the norm. The number of meters replaced each year varies. The number of meters replaced per year has ranged from 1,500 meters to 6,000 meters. The Contractor will be reimbursed for the actual cost of the meter replaced, with no mark-up. The City will not reimburse the Contractor for radio read meters; if the Contractor chooses to utilize radio read meters, it will be at the Contractor's cost.

The Current Operator uses two computerized data management systems. One is used for maintenance, and the other is used for plant operations.

The Contractor shall use a computerized maintenance management system (CMMS). The CMMS used by the Current Operator is MP2, which is a third-party software. The Current Operator's system shall be made available to the Contractor. It should be noted that the information for the water system has not been integrated with that of the wastewater system, nor has the asset inventory or condition assessment information. At a minimum, the CMMS shall be used to schedule routine maintenance activities, generate work orders, track maintenance activities for each major asset, track and manage inventories, including spare parts, supplies, and materials inventories and develop statistics to facilitate the Contractor's predictive and preventative maintenance program. To the extent possible, the CMMS, asset inventory, and condition assessment information shall be integrated and must be consistent with each other. Upon termination of the Agreement the CMMS shall be transferred to the City or the City's operator at no cost to the City.

The operations data management software used by the Current Operator is OPS32, which is a third-party software. The OPS32 data management software is a product of OPS Systems, Inc. of Rio Rancho, NM. OPS32 software is no longer supported by OPS Systems, Inc. (i.e., it is a "legacy" software product); OPS Systems, Inc. currently offers an updated software product named OPS SQL. The license for the OPS32 software is currently held by the Current Operator. However, the data is the property of New London.

The Contractor shall maintain and update the City's GIS database as it pertains to the Systems.

The City is in the process of developing a City-wide geographic information system (GIS). The wastewater and water systems mains have been mapped in GIS. The Contractor shall take direct responsibility to continue the development of the water and wastewater system aspects of the City's GIS for water and sewer. This shall include collection of system appurtenances that are not currently in the GIS system and all other associated tasks to achieve a GIS system that accurately depicts the City's current water and sewer systems and facilities. This shall also include the transfer of information from the line cards into the GIS system. The Contractor shall maintain and update the data generated as a result of this contract, provided by other departments of the City and from construction programs such as those described under Sections 2.1 and 2.2. Upon receipt of GIS update information, the CONTRACTOR shall provide accurate updates to the appropriate GIS layers within one month.

The Contractor shall compile an inventory of the system documents and maps. Control of the documents in the City map room has not been adequately maintained, and line cards and maps have been lost. The Contractor shall compile an initial inventory of the system documents, including line cards and maps. The Contractor shall be responsible for maintenance and updating of the inventory of the system documents.

4.4 Meter Reading, Billing and Customer Services

The Contractor shall provide all necessary services associated with meter reading, billing, collections and customer service. [Proposers should note that the recommendations for improvements to customer services shall be provided by the Contractor in accordance with the report by Blum Shapiro dated April 14, 2007. Said report is located in the Document Room.] The Contractor shall use the City's current customer billing software (HTE, Inc.; www.sungard.com/hte) and shall be responsible for paying the software user fee. Specific services shall include, but not be limited to:

- Read meters and mail bills to every customer, based upon actual meter reading, at least once every quarter;
- Carry out all activities associated with utility bill preparation and bill distribution;
- Maintain all computer records related to utility billing;
- Carry out all activities associated with establishment of new and removed utility accounts;
- Preparing and printing all customer notifications, whether included in the bills or sent separately;
- Carrying out activities, at the City's direction, associated with the collection of overdue accounts, i.e., sending delinquent notices and perform lock out services;

- Provide public education and technical support activities related to customer billing services, including supporting the City in notifying customers of changes in rate structure, service initiation procedures, payment and collection procedures, and other notices, all or some of which may be included, at the City's sole discretion, in the utility bill;
- Coordinate all activities associated with the maintenance of City utility billing accounts;
- Carry out all activities necessary to account for changes in the City's utility rate structure in the utility billing system; and
- Coordinate with the City for the inclusion of all requested or required mailings to customers with billing mailings.

4.5 Environmental Intern Program

Establish an Environmental Intern Program. The Contractor shall be required, at a minimum, to hire two interns per year, each intern to be employed at least 100 days each year during the school term.

- One intern to assist in operations at the Trumbull Street wastewater facility. Training will be provided by allowing the intern to assist in daily operations of the facility.
- One intern to collect data for the City's GIS system with a handheld, GPS unit. Training and tasks will be provided by the Contractor. The intern's tasks will be to assist the Contractor in collecting data for further development and updating of the city's GIS system.

Tasks other than the ones described above shall be approved by the City.

Below are local programs that can be utilized to contract interns:

Project TLC
 Three Rivers Community College
 574 New London Turnpike
 Norwich CT 06360
 860.885.2611

Ella T. Grasso Southeastern
 189 Fort Hill Road
 Groton, CT 06340
 (860) 448-0220

5.0 SUMMARY OF TERMS AND CONDITIONS OF CONTRACT

Appendix A to the RFP contains the draft Agreement. Below are a summary of the key business terms contained in the draft Agreement.

- **Term**

[FOR FIVE YEAR TERM] Commence on the 24th day of March, 2008 and end five (5) years from such date, (the, "Initial Term") The CITY shall have the right to renew for up to five additional years.

[FOR TEN YEAR TERM] Commence on the 24th day of March, 2008 and end ten (10) years from such date . The CITY shall have the right to renew for up to five additional years.

[FOR TWENTY YEAR TERM] Commence on the 24th day of March, 2008 and end twenty (20) years from such date. The CITY shall have the right to renew for an additional five years.

- **Perform the Agreement in accordance with the following Contract Standards:**

- (1) Applicable Law,
- (2) the Performance Standards,
- (3) Good Engineering and Construction Practices,
- (4) Good Industry Practice,
- (5) the operation and maintenance manual(s),
- (6) applicable equipment manufacturers' specifications,
- (7) applicable insurance requirements, and
- (8) any other standard, term, condition or requirement specifically provided in the Agreement

- **Maintenance Obligations**

- Perform all normal and ordinary maintenance of the machinery, equipment structures, improvements and all other property constituting the Systems, keep the Systems in good working order, condition and repair, in a neat and orderly condition and in accordance with the Contract Standards, and shall maintain the aesthetic quality of the Systems as originally constructed.
- Provide all labor, materials, supplies, equipment, spare parts, consumables and services necessary for the normal and ordinary maintenance

- Major Maintenance, Repair and Replacements. Perform all major maintenance, repairs and replacement of the machinery, equipment, structures, improvements and all other property.
 - [FOR THE FIVE (5) AND TEN (10) YEAR TERM OPTIONS] Bear the cost and expense of all maintenance, repairs and replacements required, including the cost and expense of any maintenance, repair or replacement that may constitute a Capital Expenditure less than \$5,000 per event for New London surface assets. For Waterford bear such cost less than \$10,000 for surface and subsurface assets for its water storage and distribution system.
 - [FOR THE TWENTY (20) YEAR TERM OPTION] Bear the cost and expense of all maintenance, repairs and replacements required, including the cost and expense of any maintenance, repair or replacement that may constitute a Capital Expenditure equal or more than \$5,000 per event, as well as those less than \$5,000 per event for New London surface assets. For Waterford bear such cost less than \$10,000 for surface and subsurface assets for its water storage and distribution system.
- **Buried Infrastructure**
 - Pay for maintenance inventory, repair parts, maintenance materials and material costs associated with Buried Infrastructure maintenance services from an annually Buried Infrastructure maintenance fund equal to \$200,000.
 - [FOR THE 20 YEAR TERM] Manufacture of any Buried Infrastructure included in for the components of the Systems relating to the Town of Waterford water system is subject to the \$10,000 per event cap set forth in subsection 5.5.1 of the Agreement
- **Security for Performance**
 - Performance Bond to be renewed annually in an amount one times the Base Compensation as defined in Section 5.1 of the Agreement, with a surety authorized to do business in the State of Connecticut
 - Guaranty Agreement to be provided and maintained by the Guarantor during the term
- **Liquidated Damages (LD)**
 - Termination LDs to be based on RFP Section 4.2 and as negotiated
 - Operation LDs - Based on Section 5.9 of the RFP and appendix H to the RFP

- **Insurance**
 - Maintain General Liability Insurance, Personal injury and property damage, Worker's Compensation Insurance, Insurance for all Contractor employees employed at the Systems, including employer's Liability Insurance , Environmental Insurance, in the limits set forth in Section 6.2 of the Agreement
 - City to be included as an additional insured
 - No self insurance program

- **Staffing**
 - Follow the staffing requirements set forth in sections 2.1 of the RFP
 - Staffing level changes will require prior approval as set forth in section 2.3 of the RFP.
 - Observe the staff savings provisions in 5.4 of the RFP.

- **Dispute Resolution/Waiver of Jury Trial/Governing Law**
 - All actions solely and exclusively initiated and maintained in the Superior Court for the Judicial District for New London at New London, Connecticut. Parties waive its rights to a trial by jury. Agreement governed by, and construed in accordance with the laws of the State of Connecticut.

- **Indemnification**
 - Contractor indemnifies the City for claims as well as alleged claims for non-performance

- **Termination**
 - Pursuant to events of default (with and without cure).
 - City convenience termination.

- **Service Fee**
 - Structured according to IRS Revenue Procedure 97-13.

6.0 PROPOSAL EVALUATION PROCESS AND EVALUATION CRITERIA

6.1 General

This shall be a value based selection that considers factors beyond cost. Proposals will be judged based upon the following areas of evaluation: i) completeness of Proposal; ii) operational, management and financial qualifications; iii) technical and operational approach; iv) commercial terms; and v) proposed fees. It should be noted that proposed fees will be an important consideration in selection of the Contractor.

The evaluation will be as follows:

- Proposals will be evaluated for completeness. Any proposals which do not include the required information will be subject to rejection.
- The Proposer's qualifications will be evaluated to determine if the Proposer meets the Minimum Qualifications Requirements presented in Table 6-1.
- Interviews may be held with the Proposers.
- A technical and operational evaluation will be performed. During the evaluation, a list of questions may be developed and submitted to the Proposer for clarification of the proposal.
- Responses to the above questions will be evaluated.
- Price proposals will be evaluated for Proposers that are deemed to be qualified and to have acceptable technical Proposals.
- After consideration of all evaluation factors, Proposers will be ranked and negotiations will proceed with the highest ranked Proposer.

Notwithstanding the forgoing, the City has the right, in its sole discretion, to modify the sequence and substance of the evaluation process.

The following sections provide the selection and evaluation criteria that will be used in determining the best Proposal.

6.2 Completeness of Proposers

The Proposals will first be reviewed to determine completeness. Items which must be supplied for a Proposal to receive further evaluation include, but are not limited to:

1. Proposal Security.
2. Completed Proposal Forms.
3. Qualification Information.

Table 6-1**MINIMUM QUALIFICATIONS REQUIREMENTS****Operating Qualifications**

The minimum operating qualifications in this table must be achieved by the Proposer, as a company, in accordance with a contract to provide the subject services. Proposers must provide information that the Proposers meet these qualifications requirements.

- The Proposer shall have at least five years of potable water treatment systems operating experience, at one or more facilities, one of which has a capacity of at least 8 MGD.
- The Proposer shall have experience operating a potable water treatment facility that treats surface water with a process including filtration and chlorination.
- The Proposer shall have at least three years potable water distribution system experience.
- The Proposer shall have experience operating a potable water distribution system with at least 50 miles of mains, booster stations and above ground storage tanks.
- The Proposer shall have at least five years of wastewater treatment systems, operating experience, at one or more facilities, one of which has a capacity of at least 10 MGD.
- The Proposer shall have experience operating a wastewater treatment facility that includes secondary treatment, sludge thickening and odor control.
- The Proposer shall have at least three years of wastewater collection system operating experience.
- The Proposer shall have experience operating a wastewater collection system with at least 50 miles of gravity sewers, pump stations and force mains.
- The Proposer shall have at least three years experience in meter reading and billing for a utility with at least 5,000 accounts.
- The Proposer shall have at least three years experience and a proven track record of client and customer service for a utility with at least 5,000 accounts.

Management Experience

- The Contractor's Project Manager is expected to supervise, coordinate and direct all the operations and maintenance activities of the Water and Sewer Divisions of the Department of Public Utilities.

Table 6-1 (continued)**MINIMUM QUALIFICATIONS REQUIREMENTS**

- The City requires the Contractor's Project Manager have the following minimum qualifications:
 - Minimum of five years of experience in an administrative position responsible for a potable water or sewer system.
 - Possession or ability to attain certification by the State Department of Health and D.E.P. to operate the Systems.
 - A comprehensive, demonstrated knowledge of the design of water and sewer systems, and methods and practices employed in the operations and maintenance of municipal water supply systems; comprehensive knowledge of the construction of water supply and distribution facilities; comprehensive knowledge of methods and practices employed in the operation and maintenance and repair and construction of sewer systems and treatment plants.
 - A through knowledge of office management; billing and collection; demonstrated supervisory ability; ability to read interpret blueprints; ability to prepare reports; ability to establish and maintain effective working relationships with associates and the general public; ability to plan work schedules for large work force; good physical condition.

Financial Qualifications

- The Proposer shall provide evidence that it is willing and able to provide the required performance bond and required insurance.
- The Proposer shall demonstrate that it is not in bankruptcy.
- Proposers shall demonstrate that they continue to meet the above financial criteria at the time of proposal submittal, at the time of Proposer selection, and at the time the contract is executed.

6.3 Qualifications of Proposers

The Proposer's operational, management, and financial qualifications will be evaluated based on the documentation submitted by the Proposer in response to this RFP and investigations conducted by the City and the City's consultants in the sole discretion of the City.

The City expressly reserves the absolute, sole and exclusive right to determine whether and to what extent the Proposer's responses satisfy or meet the criteria, requirements or intent of this RFP. This determination shall not be subject to any standard except the absolute, sole and exclusive discretion of the City.

6.4 Technical and Operational Evaluation

The purpose of the technical and operational evaluation is to assure that the proposed staffing plan and operational approach is sufficient for the Proposer to achieve the performance specifications of this RFP.

The information provided by the Proposer will be evaluated to determine if minimum performance standards have been met. This information will also be reviewed to determine if the claimed operating results are reasonably achievable or if there are major inconsistencies in the data presented.

6.5 Commercial Evaluation

The Price Proposals will be evaluated and ranked. All cost information will be used as stated in the proposal. The pricing form will be reviewed for consistency with the requirements of the RFP. The proposed performance standards will be reviewed and evaluated. The Proposers acceptance, rejection or modification of the terms and conditions presented in the draft Agreement will be reviewed and evaluated.

7.0 PROPOSAL CONTENTS

The following sections outline the required format and content of the Proposal and the approach to be used in its development and presentation. Only that information which is essential to an understanding and evaluation of the Proposal should be submitted. No limitation on the content of the Proposal is intended in these instructions and inclusion of any data or information is permitted.

A Proposal and all attachments shall be in English and complete and free of ambiguities, alterations, and erasures. Duly authorized officers or agents of the Proposer shall execute the Proposal. In the event of conflict between words and numerals, the words shall prevail. Proposals are to be typed and prepared on 8-1/2" x 11" paper.

7.1 Proposal Submission

A Proposer responding to this RFP must deliver to William R. Hathaway, the Authorized Contact Person, per the address in Section 3.1, the following separately bound volumes (Proposals may be submitted in separate 3-ring notebooks):

- Volume 1: Twenty (20) copies of the Executive Summary that complies with the requirements of Section 7.7;
- Volume 2: Fifteen (15) copies of a Qualifications Statement that complies with the requirements of Section 7.8 of this RFP;
- Volume 3: Fifteen (15) copies of a Technical Proposal that complies with the requirements of Section 7.9 of this RFP;
- Volume 4: Fifteen (15) copies of a Business Proposal that complies with the requirements of Section 7.10 and
- Volume 5: Fifteen (15) copies of a Price Proposal that complies with the requirements of Section 7.11, submitted in a separate sealed envelope and/or packages.

In addition, the Proposer shall include a CD for Volumes 1-4 and a separate CD for Volume 5 that must be included in the separate sealed envelope and/or package for Volume 5.

Proposal submissions shall be identified on the outside of each package with the words "Proposal for Water and Wastewater Systems, Proposal No. 2008-07".

7.2 Modifications of Proposals

A Proposer may deliver, or cause to be delivered, to William R. Hathaway, the Authorized Contact Person, per the address in Section 3.1. Proposal Modifications to replace any portion or all of a previously delivered Proposal until 2:00 p.m. EDT on the Proposal Due Date. The Proposal Modifications shall be firmly sealed in envelopes and/or packages, each of which shall be clearly identified as a 'Proposal Modification' and marked on the outside with the

Proposer's name and return address; "Proposal No. 2008 - 07-Proposal for the Operations and Maintenance of the New London Water and Wastewater Systems;" and the Proposal Due Date. A Proposal Modification delivered to the Procurement Agent after 2:00 p.m. EDT on the Proposal Due Date will be deemed late and will not be considered. The Proposer shall deliver the same number of Proposal Modifications as required in for the original Proposal.

7.3 Confidentiality and Proprietary Information

Responses to this RFP become the exclusive property of the City. Upon execution of the Agreement, all Proposals received in response to this RFP become a matter of public record and shall be regarded as public records, without any exceptions.

7.4 Acknowledgement of Existing Conditions

In the Proposal, each Proposer must acknowledge that it has investigated and satisfied itself as to the conditions affecting the work, including but not restricted to those bearing upon existing condition of equipment and structures, availability of labor, access and physical conditions at the Systems. The Proposer must further acknowledge that it is satisfied as to the character, quality and quantity of the information supplied by the City.

Any failure by the Proposer to become acquainted with the available information will not relieve them from the responsibility for estimating properly the difficulty or cost of successfully performing the work. The City assumes no responsibility for any conclusions or interpretations made by the Proposer based on the information made available by the City. In no event will a failure to inspect adequately the Systems and to review available data constitute grounds for a claim after signing of the Contract.

7.5 Signature and Authority

If the Proposal is made by a partnership (or Joint Venture), the name and post office address of the partnership, a list of the partners, and the signature of at least one of the general partners must be provided. If made by a corporation, the Proposal must indicate the corporation name, the state under which the corporation is incorporated, and post office address of the corporation. If the Proposal is made by a corporation, the Proposal shall include a certified copy of the appropriate section of the bylaws or resolution of the board of directors of the corporation showing the authority of the officer signing the Proposal to execute contracts on behalf of the corporation, and a list of directors/shareholders with more than a 10% interest in the corporation.

7.6 Cover Letter and Signature Requirements

Business Proposal Form B-1 in Appendix B is a transmittal letter that must accompany each Proposal submission and be bound within the Business Proposal Volume. Business Proposal Form B-1 must be signed by an officer of the proposing entity, who is authorized to bind the Contractor, and contain representations attesting to the completeness and accuracy of all of the information in the Proposal.

7.7 Volume I: Executive Summary

An Executive Summary shall be submitted as a separate bound volume and is limited to 15 pages. The Executive Summary shall provide an overview of the Proposer's experience and that of its team members and a general description of the Proposer's approach to performing the Contract Services. The information in the Executive Summary shall be concise and suitable for distribution to the public. Under no circumstances shall the Executive Summary contain confidential, trade secret or proprietary information or any of the Proposal Forms.

NO PRICE OR COST INFORMATION SHALL BE INCLUDED IN THE EXECUTIVE SUMMARY.

7.8 Volume II: Qualification Statement

The Qualifications Statement must be a separately bound volume that does not convey any information pertaining to price. The Qualifications Statement must show that the Proposer possesses all of the expertise, experience, and resources required to provide the Contract Services. The Proposal shall clearly and convincingly demonstrate that the Proposer satisfies the Minimum Qualifications established in this RFP.

The Proposer shall provide the information necessary for the City to determine the experience and capabilities of the Proposer with regard to the performance of the Contract Services. Failure to provide any of the requested information that is available to the Proposer may be grounds for disqualification. If the requested information does not exist or cannot be provided, the Proposer shall state so with an explanation. If the requested information, such as the listing of projects, is partly available on an existing chart, table, etc., the Proposer may use that document along with a separate listing of the additional information requested.

By submission of its Proposal, the Proposer grants the City and its representatives the right to contact and visit any of the named projects, as well as any projects not named, for the purpose of evaluating the Proposer's performance or for validation of information provided in the Proposer's Proposal. This includes contacting any person who is or was associated with each project.

7.8.1 General Proposer and Participating Firm Information

The Proposer shall identify, on Proposal Form B-2A, all firms involved in performing the Contract Services ("Participating Firms"). Proposals shall include, on Proposal Form B-2A the name, address, telephone number, facsimile number and e-mail address of the Proposer and the principal contact person. Proposals shall include the type of firm or organization (corporation, partnership, joint venture, etc.) that is the respondent and will serve as the contracting party. In addition, the Proposer shall complete Form B-2B for each Participating Firm. The Proposal shall identify the portions of the Contract Services that will be undertaken directly by the Proposer and what portions of the Contract Services will be

subcontracted, including the subcontractor entities. The Proposer shall provide a clear delineation, including an organization chart, of relationships amongst the Proposer and the other Participating Firms, including any guarantees that any such subcontractor provides to the Proposer. Proposers shall describe the history of the relationships among the team members, including a description of past working relationships. The qualifications of each Participating Firm shall be summarized.

The history, ownership, organization, and background of each Participating Firm shall be provided. At a minimum, the Proposer shall provide the following information:

- List the names of partners, officers, and stockholders (where applicable) who own 10 percent or more of the shares.
- If a Participating Firm is a subsidiary of a parent company, state when the subsidiary was formed and its place in the corporate structure of the parent company. If a subsidiary is newly created for the purposes of responding to the Proposal, the reasons for this action must be fully disclosed.
- Disclose whether it or an officer or affiliate of each Participating Firm has been barred from bidding, or proposing, on public contracts by the federal government or by any governmental entity in the State of Connecticut or any other state. State the reasons for any such disbarment.
- Disclose whether any officer of any Participating Firm has been convicted of any criminal conduct or been found in violation of any federal, state or local statute, regulation or court order concerning antitrust, public contracting, employment discrimination or prevailing wages or for any actions associated with such officer's performance or provision of services to a public entity.
- Disclose whether it, any affiliate or any officer of a Participating Firm has ever filed for bankruptcy.
- Disclose any material lawsuits or litigation, significant permit exceedances, and material contract disputes for other projects developed or operated by the Proposer and any other Participating Firm.

7.8.2 References

The Proposer shall describe relevant projects and systems, at least one water system and one wastewater system, but not exceeding six, in number, that the Proposer has been involved with as a service provider (the "Reference Systems"). The reference projects must include at least one project in which the Proposer was responsible for meter reading, billing and customer service. A brief description of each Reference System shall be provided, including a description of the Proposer's specific involvement. For each of the Reference Systems identified, provide at least the following information, as applicable:

- The name and location;
- Name, address, and telephone number of client contact;
- The owner of the facility or system;
- If regulated, the name, address, and telephone number of the regulator;
- A description of the services performed;
- Applicability and relevance of the Reference System to the Contract Services;
- Description of systems and processes, including design, size and capacity of facilities;
- History of operations, including start-up date and years of service;
- If the Proposer is or was a single-source guarantor of the contract or if other arrangements were made to provide the project guarantees;
- A description of experience with providing operation and maintenance services;
- A description of experience providing repair and replacement services, including major repair and replacement services;
- Name of the division or legally affiliated company which is responsible for the project if different from the Proposer;
- A summary of significant accomplishments (e.g., cost savings results, financing, design, and construction of capital improvements, etc.);
- Copies of all service contracts, including amendments;
- The names, titles, and telephone, fax numbers and e-mail addresses of key managerial-level contact persons of the Proposer for each facility identified; and
- The historical annual service fees paid to the Proposer since the inception of the contract, or the rates charged for services over the past five years. Please explain the reasons for any fee or rate increases.

7.8.3 List of Systems/Facilities

The Proposer shall provide a list of all municipal, governmental, institutional, commercial and industrial water distribution, wastewater collection and treatment plants or systems for which the Proposer has operation and maintenance responsibility. Such list shall include the name, location and size of each plant or system. The Proposer may reference private or industrial projects whose identity is confidential by describing the type of industry or facility and the state where it is located without naming a reference or contract administrator. All information provided shall be considered non-confidential.

7.8.4 Record of Contract Performance

The Proposer shall identify any cases over the past five (5) years where the Proposer or any team members failed to complete any work that it was contracted to perform, rescinded or

otherwise terminated any operation and maintenance, or had a contract terminated by a government agency due to the quality of its work. If this has occurred, indicate when, where, and why. The Proposer shall indicate when, where, and under what circumstances any liquidated damages, fines, or penalties were paid in connection with the contract operation of any systems or facilities in the past five years. The Proposer shall also indicate when, where, and under what circumstances, if any, a client drew upon the Proposer's performance bond (or letter of credit, if applicable) or on its guarantee.

7.8.5 Regulatory Compliance History

The Proposer shall describe the Proposer's experience and effectiveness in dealing with governmental agencies regulating water treatment facilities, water distribution systems, wastewater treatment plants, or wastewater collection systems. This description should highlight experience working with environmental regulatory agencies. The Proposer shall provide a complete list (for the last five (5) years) of any fines or notices-of-violation it, or the owner of a system or facility operated by the Proposer or any of the Participating Firms, including any affiliates of the Proposer or Participating Firms, has received for violation of any Applicable Law related to environmental performance. Please explain in detail the circumstances associated with fines or violations and how they were resolved.

7.8.6 Safety Record

The Proposer shall discuss the Proposer's overall safety program including any violations cited by governmental safety agencies or OSHA, recognized safety awards, and the Proposer's lost-time accident record compared with industry standards. The Proposer shall provide a complete list (for the last five (5) years) of any fines or notices-of-violation it, or the owner of a system or facility operated by the Proposer or any of the Participating Firms, including any affiliates of the Proposer or Participating Firms, has received for violation of any Applicable Law related to safety. Please explain in detail the circumstances associated with fines or violations and how they were resolved.

7.8.7 Litigation History

If, over the past five (5) years, the Proposer, or any Participating Firms or other Proposer team members, has been involved in any legal or other disputes, including, but not limited to, contract claims or labor disputes, related to the operation and maintenance of a water treatment facility, water distribution system, wastewater treatment plant, or wastewater collection system provide details, including the parties involved and the nature of the dispute or litigation. Indicate if the dispute is being, or has been, resolved via mediation, arbitration, or lawsuits.

7.8.8 Financial Strength

Proposers must furnish the City with the letter of intent from its surety or bonding company stating that if the Proposer is successful in negotiating contracts with the City, the surety or bonding company will be able to issue a performance bond sufficient in scope and amount to

guarantee all obligations proposed to be undertaken by the Proposer in response to this RFP. In addition, the Proposer shall complete Business Proposal Form B-4 in Appendix B of this RFP.

7.8.9 Ability to Obtain Insurance

The Proposer shall provide a letter from its insurance carrier or broker certifying that it will provide insurance in accordance with the insurance requirements specified in the draft Agreement.

7.8.10 Labor Relations

The Proposer shall describe the Proposer's experience with and approach to labor relations. A clear mission statement with examples of human resource and training programs to reduce the potential for turnover and grievances shall be included. The Proposer shall describe its experience and record with the transition of plant employees from another private firm's management as may occur pursuant to this RFP. The Proposer shall identify the turnover rate and number of grievances per year for each Reference System or for the last five (5) years, or length of the contract, whichever is shorter.

Proposers shall provide a detailed Labor Relations Plan to include the following:

- Assurances of its commitments to labor peace; and
- Information regarding how the Proposer will protect against labor discord during the term of the Agreement.

7.8.11 Other Capabilities

The Proposer shall describe any capabilities or resources not previously addressed which the Proposer believes would improve its perceived ability to perform the Contract Services.

NO PRICE OR COST INFORMATION SHALL BE INCLUDED IN THE QUALIFICATION STATEMENT.

7.9 Volume III: Technical Proposal

A Technical Proposal shall be submitted as a separate bound volume that does not contain any price information. The information requirements of the Technical Proposals are set forth in the sections below. The Technical Proposal shall indicate how the Proposer will comply with the scope of services and provide information necessary to determine the technical merits (advantages and disadvantages) of the Technical Proposal.

7.9.1 Staffing Plan

The Proposer shall provide a Staffing Plan that includes a Table of Organization with, at a minimum: 1) number of positions; 2) job classifications and descriptions; and 3) resumes of key management and supervisory personnel. The Table of Organization shall show the number of employees, their reporting relationship, and their titles. This text should describe their individual responsibilities and the rationale for the organization. The Proposer shall provide a detailed narrative to demonstrate compliance with the Contractor's hiring, training, and assimilation of any existing employees hired by the Contractor.

The Staffing Plan shall indicate the number of personnel required, their job titles and the necessary qualifications and certifications to meet federal and State regulatory requirements. Outline how many persons will be assigned to each shift seven days per week, and, if the system is to be left unattended, how call-outs and emergency coverage will be handled.

7.9.2 Transition Plan

The Proposer shall provide a transition plan that includes temporary, short-term, operational procedures and activities, from execution of the Agreement through full assumption of operational responsibility by the Proposer to ensure a smooth transition from the Current Operator to the Proposer's operation. The Transition Plan shall:

- Identify each member of its transition team, describe such member's expertise and qualifications, give such member's primary office location, title and telephone number, and indicate when and how long such members are expected to be present during this transition.
- State which transition team members will be on-site prior to the Commencement Date and for how long such members will remain on-site.
- Address regulatory reporting, emergency management, inventories, relationships with suppliers and subcontractors, orientation, personnel matters, and health and safety training.
- Describe the procedures the Proposer shall utilize for transferring records from the Current Operator's record keeping system to the Proposer's record keeping system.
- Describe the approach the Proposer will take to hire staff to satisfy the Staffing Plan, including its approach for making offers to current staff.
- Include resumes for any managers or licensed operators the Proposer expects to use for the on-site staff, other than current employees.

7.9.3 Operations and Maintenance Plan

The Proposer shall provide an Operations and Maintenance Plan that includes, but may not be limited to, the items listed below.

- Briefly describe the Proposer's overall approach to performing the operations and maintenance responsibilities for the Systems. The description shall include the management philosophy of the Proposer and any management procedures or policies that will be followed.
- Explain the Proposer's technical approach to performing such operation and maintenance responsibilities, including system operational improvements, training and inspection procedures, monitoring measures and routine, preventative, corrective and predictive maintenance programs. Include maximum response time for any "call outs" and explain how offsite managers will monitor call out response times.
- Describe the Proposer's approach to improving upon, or maintaining, the performance levels that are currently being achieved at the treatment plants. The City will not accept any degradation of performance, Propose water quality levels and wastewater effluent levels that the CONTRACTOR will guarantee to achieve.
- Describe the laboratory procedures to be undertaken by the Proposer, including compliance sampling and analysis.
- Describe, generally, the manner by which the Proposer will produce all reports required in the Agreement.
- Describe the procedures for reviewing with the City on a monthly basis operations, reports, ongoing cost information, and key upcoming projects and/or operations that may impact any Contract Services.
- Describe in detail the security measures that will be used to protect the City's assets, the water supply and the environment.
- Discuss what quality assurance and quality control procedures will be used to monitor any aspect of the operations and maintenance of the Systems.
- Detail how all maintenance records will be kept up to date, including labor and material costs for each piece of equipment, work performed, root cause analysis and replacement dates.
- Discuss in detail the proposed planned maintenance program (i.e., preventative and predictive maintenance). Include the approach for prioritizing activities such as exercising valves. Discuss what percentage of the maintenance budget will be spent on preventative maintenance. Be specific.

- Identify and describe in detail the proposed computerized maintenance management system (CMMS) that will be used by the Contractor. The Proposer shall include sample output sheets or detailed output descriptions produced by the CMMS. The Proposer shall describe in detail past experience with the CMMS, including uses of its various features. Describe how the Systems' inventory and asset condition assessment will be integrated with the CMMS.
- Identify and describe the proposed approach to, and experience with, GIS database maintenance and applications.
- Identify and describe in detail the proposed approach to generate, maintain, and update the Operation and Maintenance Manual that will be created and used by the Contractor.
- Describe how the Proposer will maintain the Systems in a neat, clean and litter-free manner at all times, ensuring the operation of the Systems does not create impermissible odor, litter, noise, fugitive dust, vector or other adverse environmental effects.
- Describe how the conditions for the Stormwater Permit will be met.
- Describe how the FOG Program will be administered and the services to be provided.
- Describe how the Proposer will manage emergencies that may arise at the Systems and interact with the applicable municipal fire, police, public works and emergency management personnel during such emergency.
- Briefly describe the Proposer's general safety program, including staff training, preventative maintenance, and safety procedures for OSHA compliance program requirements. Essential elements of such a program shall include regularly scheduled safety training sessions for all personnel, standard operating procedures for chemical storage and handling, confined space entry and emergency response, Lockout/Tagout, Right to Know, and the care and use of proper safety equipment. An outline of a complete safety-training program shall also be included. Identify the names and qualifications of the Proposer's personnel that will administer such a program.
- Describe the Proposer's plan for disposal of Systems' residuals, including material disposal methods and location.

7.9.4 Repair and Replacement Plan

Describe the Proposer's overall approach to performing repair and replacement work, including major repair and replacement, for the Systems.

- Explain the Proposer's technical approach to asset management, including performing repair and replacement work, including major repair, refurbishment and replacements of pipes, valves, equipment, structures, and other assets that comprise the Systems.

Describe the Proposer's ability to perform repair and replacement work, both for surface and subsurface assets. Identify what "third party" resources (labor, equipment and services) will need to be contracted out and what resources will be provided by the Contractor.

- Discuss what quality assurance and quality control procedures will be used to monitor any and all aspects of the repair and replacement, including major repair and replacement, of the Systems.
- Describe the procedure the Proposer will undertake to conduct its initial and exit inventory and audit of the Systems and document the condition and operational status.
- Describe in detail the Proposer's approach for complying with an Asset Management protocol that is in conformance with the modified reporting approach for infrastructure capital assets described in Government Accounting Standards Board Statement 34 (GASB34).

7.9.5 Meter Reading, Billing and Customer Service Plan

Outline the Proposer's overall approach to performing meter reading, billing and customer service functions for the DPU. Include discussion as to how the recommendations of the Blum Shapiro report (Exhibit B to Draft Agreement in Appendix A) will be incorporated.

- Describe the proposed approach for reading meters. Provide details on any efficiencies that will be implemented by the Contractor. Provide details on any efficiency that will be implemented by the Contractor.
- Describe the proposed approach for billing. Provide details on any efficiency that will be implemented by the Contractor.
- Describe how the Proposer will maintain professional, responsible and responsive working relationships with City customers, the general public, media, City departments, representatives of the City, City advisors or consultants, regulatory agencies and other entities that have relationships with the City.

7.9.6 System Improvement and Expansion Assistance Plan

The City will remain responsible for planning and implementing upgrades and expansions to the Systems. The Proposer shall discuss how it will support and interact with the City to ensure a sufficient and cost effective implementation of system upgrades and expansions and

the assumption of the Contractor of the Contract Services related to any such system expansions. Explain what measures will be taken to mitigate construction impacts on water and wastewater services. The Proposer may also discuss any advantages it may provide the City with respect to system expansions.

7.9.7 Plan for Environmental Intern Program

Identify the number of interns to be engaged, their job responsibilities, hours employed and term.

NO PRICE OR COST INFORMATION SHALL BE INCLUDED IN THE TECHNICAL PROPOSAL.

7.10 Volume IV: Business Proposal

A Proposal must contain a Business Volume that fully conforms with and satisfies the format and content requirements described herein, and sets forth the Proposer's business terms to perform the Contract Services. The Proposer shall provide the information necessary for the City to determine the business merit of the Proposer's Business Proposal.

The Business Proposal volume shall include the following information:

7.10.1 Business Proposal Forms

The Proposer shall complete all Business Proposal Forms contained in Appendix B of this RFP. An officer of the Proposer duly authorized to bind the Proposer to the terms of its Proposal and who is signatory to the transmittal letter (Proposal Form B-1) shall execute all such Proposal Forms.

7.10.2 Transmittal Letter

The Proposer shall submit a transmittal letter on the Proposer's letterhead in the form given in Proposal Form B-1 that will be executed by the individual in the Proposer's organization who is duly authorized to bind the Proposer to the terms of its Proposal.

Proposal security shall be provided in a separate sealed envelope in accordance with Section 3.6 of this RFP.

7.10.3 Draft Agreement

The Proposer shall indicate its willingness to enter into the Agreement that will be negotiated based upon the Draft Agreement, contained in Appendix A.

The Proposer will markup the language on the Draft Agreement to which it takes exception and, to the extent such mark up is too extensive, the Proposer shall provide the Proposer's substitute language for this marked text as typed riders to the Draft Agreement. Unmarked

text will be deemed acceptable to the Proposer. The City requires that each Proposer include in its Proposal all comments to the Draft Agreement and, accordingly, the Negotiation Committee will assume that the Proposer's proposed pricing is based on the Draft Agreement as so modified. Subsequent changes to the proposed markup may lead to a re-evaluation of the Proposal by the City and the possible disqualification of the Proposer. Although modifications to the proposed Agreement terms have been requested, the extent of any deviation from the provisions of the Draft Agreement will be a significant evaluation consideration.

To the extent that any Proposer wishes to add to or modify any such provision, the specific text of the proposed addition or modification should be either clearly marked on the or appended to the document in clearly typed riders. Any matter of significance to the Proposer that is not addressed by the Draft Agreement should be raised clearly and separately in the Business Proposal. The Proposer's response to the Draft Agreement will be used in evaluating the advantageousness or disadvantages of the Proposal under the business merit evaluation criterion.

7.10.4 Performance Standards

The draft Agreement sets forth the performance standards for the Contractor. The Proposer shall identify issues, if any, that it may choose to discuss regarding these standards.

7.10.5 Performance Bond

The Proposer shall provide evidence of its ability to obtain a Performance Bond in the amount of the proposed Base Compensation Fee for the first contract year payable to the "City of New London".

7.10.6 Insurance Requirements

The Proposer shall provide a letter from its insurance carrier or broker certifying that it will provide insurance in accordance with the insurance requirements specified in the draft Agreement.

NO PRICE OR COST INFORMATION SHALL BE INCLUDED IN THE BUSINESS PROPOSAL.

7.11 Volume V: Price Proposal

The Price Proposal shall include the Price Proposal forms identified herein, and contained in Appendix C.

THE PROPOSER SHALL SUBMIT THE PRICE PROPOSAL AT THE SAME TIME IT SUBMITS THE OTHER VOLUMES OF THE PROPOSAL. THE PRICE PROPOSAL SHALL BE SUBMITTED IN A SEPARATE SEALED ENVELOPE CLEARLY MARKED "PRICE PROPOSAL."

ALL PRICE AND COST INFORMATION SHALL BE INCLUDED IN THE PRICE PROPOSAL. NO PRICE OR COST INFORMATION SHALL BE INCLUDED IN THE NON-COST PROPOSAL VOLUMES (I.E., VOLUMES I, II, III, AND IV.) IF ANY PRICE OR COST INFORMATION IS INCLUDED IN THE NON-COST PROPOSAL VOLUMES, THE ENTIRE PROPOSAL MAY BE REJECTED BY THE CITY.

PRICE PROPOSAL FORMS

The Proposer will provide proposed prices for the performance of the Contract Services, by completing the following Price Proposal Forms:

- Price Proposal Forms P-1, P-1A, P-1B;
- Price Proposal Forms P-2, P-2A, P-2B; and
- Price Proposal Forms P-3, P-3A, P-3B.

Pricing must be completed for all operating term options; i.e., 5 years, 10 years and 20 years.

Pricing shall include operation and maintenance of the new centrifuges being installed at the water treatment plant, and the disposal of residuals from same.

Pricing shall not include the cost of meter replacement. Meter replacement shall be a “pass-thru” cost to the City.

8.0 APPENDICES

Appendix A: Draft Agreement

Appendix B: Business Proposal Forms

Appendix C: Price Proposal Forms

Appendix D: List of Information in Document Room

APPENDIX A
DRAFT AGREEMENT

**DRAFT
AGREEMENT FOR
OPERATION AND MAINTENANCE OF
WATER DISTRIBUTION SYSTEM
AND SEWAGE TREATMENT SYSTEM**

between

THE CITY OF NEW LONDON, CONNECTICUT

and

[_____]

Dated as of

[_____, __ 2007]

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This Agreement, made and entered this ____ day of _____, 2008, by and between the City of New London, Connecticut, a municipal corporation, with its principal place of business at 181 State Street, New London, Connecticut, 06320, acting by and through its City Manager (the "CITY") and in cooperation with the Water and Water Pollution Control Authority (the "AUTHORITY"), and [_____] (the "CONTRACTOR").

WHEREAS, the CITY owns and operates a water supply, treatment, and distribution system, and a wastewater collection, treatment, and discharge system that serves the CITY, as well as the Towns of Waterford (water distribution system and sewage treatment) and East Lyme (sewage treatment only), in Connecticut (the "Systems") described in Exhibit B.

WHEREAS, the CITY has the authority under the laws of the State of Connecticut (the "State") and desires to enter into a professional services contract for the operation and maintenance of the Systems,

NOW THEREFORE, in consideration of the mutual agreements herein contained, and subject to the terms and conditions herein stated, the parties agree as follows:

1.0 COMMENCEMENT OF SERVICE

1.1 Agreement Purpose

During the term of this agreement, the CITY agrees to engage The CONTRACTOR to operate, maintain and repair the Systems and perform related services pursuant to the terms and conditions of this agreement. Except as otherwise expressly stated in this Agreement, the CONTRACTOR shall perform its responsibilities and services, as described herein, at its sole cost and expense. The CONTRACTOR shall perform all such services in accordance with the Contract Standards.

1.2 Agreement Transition

The CONTRACTOR shall satisfy the following CONTRACTOR responsibility as soon as practicable after execution of this Agreement, each of which shall be a condition precedent to the commencement of the CONTRACTOR's performance of the Scope of Services in Section 2.0.

(1) Performance Bond. The CONTRACTOR shall obtain and deliver the performance bond in accordance with Section 7.13.

(2) Required Insurance. The CONTRACTOR shall submit to the CITY certificates of insurance for all insurance required pursuant to Section 6.2.

(3) Project Manager. The Project Manager shall be available to perform the services set forth in Section 2.6.

(4) Outstanding Disputes. The CONTRACTOR shall have no outstanding disputes with the CITY.

Upon the satisfaction or waiver of each condition by the CITY, the CONTRACTOR shall commence its obligations to perform the Scope of Services under Section 2.0.

2.0 SCOPE OF SERVICES

[NOTE TO PROPOSERS: SERVICES SHALL INCLUDE ALL SERVICES SET FORTH HEREIN AND, IF NOT CURRENTLY INCLUDED, ALL SERVICES SET FORTH IN SECTION 4 OF THE FINAL RFP]

The scope of services to be provided by the CONTRACTOR under this Agreement shall be to perform all tasks required for the day to day management, operation, maintenance, and repair of the Systems including, but not limited to, the items set forth in this Section 2 (the "Scope of Services"); and as set forth in all interlocal agreements now in force, and as hereinafter amended, affecting the operation of the Systems. The CONTRACTOR acknowledges that it has reviewed the two interlocal agreements listed in Exhibit A.

Each party hereto agrees that it will cooperate in good faith with the other, its agents and subcontractors to facilitate the performance of the mutual obligations set forth in this Agreement. The CITY represents that the Systems are owned and controlled by the CITY except as may be noted in the interlocal agreements referenced to herein. The commencement and ending dates of this Agreement are specifically identified in Section 4.0.

2.1 General Services

The following general services to be provided by the CONTRACTOR relate to both the water and wastewater aspects of this Agreement.

2.1.1 Administrative and Technical Support to the CITY

The CONTRACTOR shall provide administrative and technical support to the CITY as it relates to the CITY's capital expansion and upgrade program for the water and wastewater plants and the distribution and collection network. Reference is made to the CITY's Twenty Year Capital Plan as accepted by the AUTHORITY. Such support shall be to coordinate with the various construction contractors, which will be under contract to the CITY as it relates to maintaining service to the System users, notifying users of the System of planned disruptions in service and construction inconvenience, receiving complaints from System users, and managing a "call before you dig" program (for the CITY and Waterford, for only the Water system) to avoid damage to any buried utilities. The CONTRACTOR shall attend all regularly scheduled and special meetings of the AUTHORITY, and, as requested by the CITY, participate in other interlocal or regional meetings affecting the Systems.

The CONTRACTOR shall administer the CITY'S "Call Before You Dig" program for the entire CITY and for the Waterford Water Department. The CONTRACTOR shall receive mark-out requests, as well as other communications, from the "Call Before You Dig" program and distribute (via fax or telephone call) the request to all appropriate CITY departments within one full business day.

2.1.2 GIS System Support

The CONTRACTOR shall take direct responsibility to maintain and update the water and wastewater system aspects of the CITY-wide geographic information system ("GIS") with data generated as a result of this contract provided by other departments of the CITY and from construction programs such as those under 2.1.1 above. The CONTRACTOR shall, upon receipt of GIS update information, provide accurate updates to the appropriate GIS layers within one month. The Contractor shall also compile an inventory of the Systems documents and maps, including cards, and shall be responsible for maintaining and updating such documents.

2.1.3 Laboratory Sampling, Analysis, and Process Control Management

The CONTRACTOR shall collect all samples and conduct all analyses necessary to comply with regulatory reporting requirements (including those in Exhibit D), as well as to support the needs of internal process control. Such analyses may be performed at an outside, certified analytical laboratory at the CONTRACTOR 's expense. Within sixty (60) days of the effective date of this Agreement, the CONTRACTOR shall install a computer based process control data management software system and maintain complete records for purposes of process control and regulatory reporting. Upon termination of this Agreement, at no cost to the CITY, the computer, software and data shall become the property of the CITY and the Contractor shall transfer any licenses or warranties with respect to the computer and software in the name of and to the benefit of the CITY.

2.1.4 Customer Service

CONTRACTOR shall assume and perform all of the customer service functions outlined in Exhibit B for the CITY and Waterford (water system only), including requests for service, service termination, meter, reading, billing and resolution of complaints. Services shall include the issuance of bills to all customers on a quarterly basis. The CONTRACTOR shall utilize the CITY's current customer billing software and shall be responsible to pay the software user fee. The CONTRACTOR shall continue the current practice of providing Waterford with timely access to water consumption figures for its' customers.

The CONTRACTOR'S customer service responsibilities shall include communications with the public regarding the operations of the Systems. This responsibility shall include items such as placing newspaper ads and holding meetings as a means to enforce and manage drought regulations.

Should the CONTRACTOR desire to implement modifications to the computer system the modifications shall be made at the CONTRACTOR'S expense, shall become the property of the CITY and shall only be made with the advance approval of the CITY.

2.1.5 Reports to Regulatory Authorities and to the CITY

The CONTRACTOR shall, on behalf of the CITY prepare, sign and submit monthly operating reports to the State of Connecticut Department of Environmental Protection

("CTDEP") and all other Federal, State, and Local authorities having jurisdiction over the operational performance of the Systems. The CONTRACTOR shall provide the CITY with a copy of operating reports submitted on its behalf and shall also prepare and provide monthly and annual management reports to the CITY summarizing the performance of the Systems, near term issues that are the responsibility of the CITY, and an annual capital needs program and budget. The CONTRACTOR shall provide all reports required by the interlocal agreements. The CONTRACTOR shall be responsible for preparing any such reports on a computerized basis.

2.1.6 Automatic Dialing System

The CONTRACTOR shall be responsible for all costs of operating the automatic dialing system, including any pager rental fees. The CONTRACTOR shall be responsible for paying all costs relating to installing and maintaining any dedicated telephone lines.

2.1.7 Security of Systems

The CONTRACTOR shall provide for security of the Systems as follows:

The CONTRACTOR shall update the current comprehensive security plan and implement such security plan so that it contains, as a minimum, the following activities:

- Install intrusion alarm monitoring at all water pumping stations that will be monitored by a third party
- Install signage at all assets with emergency phone numbers
- Install improved exterior lighting tied to photocells to deter vandalism
- Issue all personnel photographic identity badges
- Perform an annual risk assessment of utility sites with the assistance of CONTRACTOR-issued security guidance document.
- Monitor professional associations for updated technical information and news related to other utility security issues.
- Contact state regulatory staff for updated technical information and advisories.
- Update emergency response and contingency plans as required.
- Provide staff with security awareness training.

The CONTRACTOR shall make the following physical improvements to the Systems:

- Site Access and Fencing - All access monitoring devices and fencing will be continuously evaluated as the initial barrier to vandalism and unauthorized access.

- Access Control - Doors and windows will remain closed and locked.
- Electric Power - All emergency generation equipment will be enclosed in fencing and will be exercised and maintained to provide continuous availability.
- Lighting - Security lighting will be provided throughout the wastewater and water treatment plants, with extra lighting to be provided at critical facilities.

The emergency response plan for the facilities shall be updated as part of the updating of the comprehensive security plan. The plan will include actions, procedures, and identification of equipment that can obviate or significantly lessen the impact of terrorist attacks or other intentional actions on the public health and the safety and supply of drinking water provided to communities and individuals, as consistent with Applicable Law. The final emergency response plan will focus on how to address all aspects of high-risk threat scenarios and natural disasters, including the following:

- How to respond to alarms
- Press relations and who is to make contact
- Who to contact if water system is threatened
- Plans for conserving water, if necessary
- Steps required to isolate zones within the distribution system
- Plans for providing temporary backup water supply
- Plans for responding to intrusion at the treatment plant
- Plans for responding to intrusion at the intake structure
- Plans for responding to concerns regarding the raw water piping and treated water piping
- Plans for responding to concerns related to power supply
- Response to fire, earthquake or flooding
- Plans for addressing concerns about raw water contamination
- Plans for addressing concerns about treated water contamination

2.1.8 Systems Maintenance

The CONTRACTOR shall perform all normal and ordinary maintenance of the machinery, equipment structures, improvements and all other property constituting the Systems, shall keep the Systems in good working order, condition and repair, in a neat

and orderly condition and in accordance with the Contract Standards, and shall maintain the aesthetic quality of the Systems as originally constructed. The CONTRACTOR shall provide or make provisions for all labor, materials, supplies, equipment, spare parts, consumables and services which are necessary for the normal and ordinary maintenance of the Systems and shall conduct predictive, preventive and corrective maintenance of the Systems as required by the Contract Standards. The CONTRACTOR shall check such inventory every three (3) months. The CONTRACTOR shall keep maintenance logs in accordance with the maintenance, repair and replacement plan. The Base Compensation shall be reduced by \$500 for any month in which the maintenance logs are not so maintained.

Major Maintenance, Repair and Replacements. Except for the Buried Infrastructure, the Contractor shall perform all major maintenance, repairs and replacement of the machinery, equipment, structures, improvements and all other property constituting the Systems during the term of this Agreement required under the Contract Standards, including, without limitation, all maintenance, repair and replacement which may be characterized as “structural” or “capital” in nature. The CITY's approval for any such maintenance, repair or replacement shall not be required unless it constitutes a Capital Improvement in which event the CITY shall have the right to approve such Capital Improvement. The obligations of the CONTRACTOR hereunder are intended to assure that such Systems are fully, properly and regularly maintained, repaired and replaced in order to preserve their long-term reliability, durability and efficiency, and that in any event such Systems are returned to the CITY at the end of the term in a condition which does not require the CITY to undertake a significant overhaul or make immediate replacements in order to continue to provide reasonably priced and efficient wastewater treatment services. [For the five (5) and ten (10) year term options, the CONTRACTOR shall bear the cost and expense of all maintenance, repairs and replacements required hereunder, including the cost and expense of any maintenance, repair or replacement that may constitute a Capital Expenditure less than \$5,000 per event. [For the twenty (20) year term option, The CONTRACTOR shall bear the cost and expense of all maintenance, repairs and replacements required hereunder, including the cost and expense of any maintenance, repair or replacement that may constitute a Capital Expenditure equal or more than \$5,000 per event, as well as those less than \$5,000 per event.]

The CONTRACTOR shall implement a maintenance management program consisting of predictive, preventive, and corrective maintenance, as well as spare parts inventory control. Such maintenance shall include all structures, buildings, equipment, pipelines, vehicles, and grounds, all as associated with the Systems and as provided by the CITY to the CONTRACTOR. Such maintenance shall be performed in accordance with generally accepted industry standards and shall not violate the interlocal agreements. The CITY expects that at least 50% of all maintenance performed by the CONTRACTOR shall be predictive or preventative.

The CONTRACTOR shall provide and utilize its own comprehensive maintenance management system ("CMMS") to schedule all maintenance activities, maintain all records of spare parts inventories, provide a history of maintenance on all Systems components, and provide information on equipment status and condition. Data and

reports from the CMMS shall be provided to the CITY upon request of the CITY. The entire CMMS, including hardware, software manuals and data shall become the property of the CITY upon termination of this Agreement.

Prior to the commencement of operations, the CONTRACTOR shall conduct a physical inventory [in conjunction with the Current Operator] and a comprehensive maintenance evaluation of all of the mechanical and electrical components of the Systems and provide the CITY with a computerized report identifying major or significant repair needs to bring the System into reliable performance condition.

Within the last 3 months of this, the CONTRACTOR shall conduct a physical inventory of the Systems similar to the inventory conducted at the commencement of this Agreement, including spare parts.

The CONTRACTOR shall provide a full accounting of the cost of maintenance [including a breakout of costs for CONTRACTOR operations and maintenance costs for Waterford's Quaker Hill Center Pumping Station and Roger's Hill Water Storage Tank], less the CONTRACTOR's own labor, as a part of the required monthly report to the CITY. The respective responsibilities for the cost of maintenance between the CONTRACTOR and the CITY shall be provided under Section 5.5, Maintenance Limit.

2.1.9 Access to the Systems by the CITY

The CONTRACTOR shall provide the CITY (its personnel, agents, engineers, contractors, and guests) reasonable access to the Systems. Such access shall be made available to the CITY at any time upon reasonable notification to the CONTRACTOR from the CITY'S designated representative. All visitors to the System shall comply with the CONTRACTOR's operating and safety procedures. The CONTRACTOR shall also provide reasonable access to representatives of the signatories to the interlocal agreements. The CONTRACTOR shall obtain prior approval from the CITY in advance of such visits.

2.1.10 Staff Transition, Training and Early Retirement

The CONTRACTOR shall offer employment to all personnel of the Current Operator, as of the effective date of this Agreement, that are represented by a collective bargaining unit. The CONTRACTOR shall provide a wage and benefits package equal to or better than the wage and benefits package provided by the CITY to its employees in comparable positions. Any health insurance program provided by the CONTRACTOR shall not contain an exclusion of pre-existing medical conditions for Current Employees. The CONTRACTOR shall continue to provide employment to all personnel who accept employment with the CONTRACTOR so long as they successfully pass a drug screening test and they continue to perform their assigned duties in a satisfactory manner in accordance with any collective bargaining agreement then in force. Should any of the Current Employees test positive for drug use and, it is confirmed through the CONTRACTOR'S drug testing program, then the CONTRACTOR agrees to hold that position open for that employee for a period not to exceed three months while the

employee undergoes a drug rehabilitation program. The affected employee must then successfully pass a follow-up drug screening before the CONTRACTOR will offer employment. The cost of the drug rehabilitation program will be borne by the impacted employee. Notwithstanding the forgoing, the CONTRACTOR shall not negotiate a collective bargaining agreement with employees of the Systems during the term of this Agreement that would permit the CONTRACTOR to terminate any Current Employees, except for just cause. If any of the Current Employees are not part of any collective bargaining agreement with the CONTRACTOR, said employee(s) shall be given similar protection. The CONTRACTOR agrees that during the term of this Agreement the CONTRACTOR will maintain a minimum staffing level of 34 full time positions. The CONTRACTOR agrees that during the term of this Agreement it will not involuntarily transfer any Current Employee outside of the greater New London area.

The Current Operator will assume all costs relating to employees accrued unused vacation time. The CONTRACTOR shall assume all costs relating to employee accrued unused sick leave.

Where employees are required by law or regulation to hold current licenses, certificates or authority to perform the work required of their respective position, the CONTRACTOR shall provide the training.

The CONTRACTOR shall provide a minimum of forty (40) hours of job related training, annually, to every employee assigned to the Systems.

2.1.11 CONTRACTOR Funded Community Development Projects

The CONTRACTOR agrees to fund community development projects at an annual level of fifty thousand (\$50,000) dollars. The CITY Council, the AUTHORITY, and the CONTRACTOR shall each name a representative to a joint committee to identify and select the projects. The CONTRACTOR shall coordinate the activities of the joint committee to maintain an orderly schedule for the selection and announcement of projects to be funded.

2.1.12 Watershed Forestry Management Program

The CONTRACTOR shall assume direct responsibility, at its' own cost, to manage the tree purchase, cutting, and brush clearing program on the CITY owned land surrounding the water supply reservoirs, including the routine maintenance of the dams. All revenues derived from tree sales shall accrue directly to the CITY. The CONTRACTOR shall perform, or arrange for the performance of all brush clearing consistent with good watershed management and to allow for the growth of the selected natural tree stock.

Specific activities that will be undertaken by the CONTRACTOR include:

- Manage, on behalf of the CITY, the work performed by a forester under direct contract to the CITY.

- Maintenance of reservoir access roads, easements and right of ways including brush clearing
- Inspection & cleaning of culverts & drainage ditches
- Maintaining the existing identification and marking of the property boundaries on a 5 year cycle (blazing, painting, etc.)
- Maintenance of all existing access gates and signage
- Maintenance of dams including brush clearing of same.

CONTRACTOR will also perform a walking inspection of the entire watershed once per year. During this inspection, it will be checked for the following conditions:

- Any domestic or industrial wastewaters discharging into the watercourses
- Manure and/or fertilizers and pesticides washing into the watercourse
- Swimming in the watercourse
- Soil erosion

Dams and intake structures will be inspected to ensure that the structural integrity of the dams is intact. Toe drains will be inspected on a monthly basis.

2.1.13 Rolling Stock

The CONTRACTOR shall own, lease or rent (and bear the total cost of) any rolling stock used by the CONTRACTOR. Any vehicles owned by the CONTRACTOR, and used primarily in New London, shall be registered in New London. Proof of such registration shall be provided to the CITY.

The CITY has the right and obligation to purchase the rolling stock owned by the Current Operator. The CONTRACTOR agrees to accept the CITY'S assignment of this purchase right and purchase the rolling stock of equipment owned by the Current Operator and utilized in the operation of the Systems. This rolling stock is identified in Exhibit C of this Agreement. The purchase price to the CONTRACTOR without markup shall be considered a pass through cost in the first year of this Agreement and shall be in addition to the Base Compensation.

In addition, the CITY owns a roller, trailer and backhoe that are used the Current Operator to provide water and sewer services. The CONTRACTOR shall purchase these three (3) vehicles as identified in Exhibit C, from the CITY. The purchase price is to be one dollar (\$1).

Upon termination of this Agreement for any reason, the ownership of the rolling stock shall be transferred back to the CITY for one dollar (\$1) per vehicle. This buy back provision is at the discretion of the CITY.

2.1.14 Taxes

The CONTRACTOR shall be responsible to pay all sales taxes, personal property and excise taxes that it, or any of its' subcontractors, incurs in the performance of its' services under this Agreement. The CITY agrees that the CONTRACTOR may name the CITY as the consignee and otherwise act on behalf of the CITY in purchasing materials, chemicals, utilities, and/or services for the System. To this end, the CITY shall issue a tax exempt certificate to the CONTRACTOR for its use on this Project. This certificate is provided with the understanding by the CONTRACTOR that the CITY does not represent that this tax exempt status is applicable to the CONTRACTOR, and the CONTRACTOR shall be fully responsible for any taxes, interest; and penalties which may result from the use of this certificate.

2.2 Water Supply, Treatment, and Distribution

The CONTRACTOR shall operate and maintain the water supply, treatment and distribution system to its maximum efficiency and reliability within the design capacity and capabilities of the installed equipment and piping. The CONTRACTOR shall perform this service such that the produced water, as analyzed at the end user, meets all of the requirements for safe drinking water as specified in Exhibit D of this Agreement.

2.2.1 Water Treatment Plant

The CONTRACTOR shall staff, operate, and maintain the water treatment plant in full compliance with CTDEP and all other authorities of competent jurisdiction. The CONTRACTOR shall be responsible to obtain any approvals necessary from CTDEP or other competent jurisdiction prior to making any process or staffing changes.

The CONTRACTOR shall be responsible, at its' sole cost, for all utilities, chemicals and other operating expenses. Without limiting the foregoing, the CONTRACTOR specifically agrees that it will replace spent carbon with virgin carbon at appropriate intervals during the term of this Agreement, at the CONTRACTOR'S sole expense.

The CONTRACTOR shall be responsible for the disposal of all of the sludge generated in water treatment process during the term of this Agreement. At the end of the term of this Agreement, the CONTRACTOR shall clean one (1) of the sludge storage lagoons.

2.2.2 Pumping, Storage, and Distribution System

The CONTRACTOR shall operate and maintain the water pumping, storage and distribution system that serves the CITY and the Town of Waterford; and as particularly defined in the interlocal Agreements. For this entire pumping and distribution system, The CONTRACTOR will be responsible to perform the following services in addition to routine operation and maintenance tasks.

2.2.2.1 Flushing Program

The CONTRACTOR shall develop a hydrant flushing program consistent with the interlocal agreements, which will be conducted throughout the entire distribution system on an annual basis, to identify faulty hydrants, observe available pressure versus expected pressure based on simulation modeling, and to insure that lines are routinely and systematically flushed to maintain high quality distributed water. Inoperable hydrants will be reported to the responsible fire service personnel, as well as the status of repair or replacement activities. The CONTRACTOR shall repair or replace all inoperable hydrants within a reasonable time frame; but not greater than seven (7) days from discovery. Significant unexpected pressure losses will be investigated and reported to the CITY. All water discharged during flushing will be properly directed to avoid property damage.

2.2.2.2 Valve Exercising Program

The CONTRACTOR shall develop and implement a valve exercising program, which will be conducted throughout the entire distribution system on an annual basis, to identify inoperable valves that are in need of repair or replacement. The CONTRACTOR shall notify the CITY of the valves which are inoperable and the CONTRACTOR shall be responsible for repairing or replacing all such inoperable valves identified and changing out meters.

2.2.2.3 Leak Detection Program

The CITY shall develop and implement a systematic leak detection program. The CONTRACTOR shall work with the CITY to prioritize all necessary repairs resulting from the leak detection program into the water main repair program within 180 days of the CITY's completion of its leak detection program. The CONTRACTOR shall respond to sewer leaks and backups as set forth in Appendix [] [based on RFP appendix A]

2.2.2.4 Water Main and Line Repairs

The CONTRACTOR shall respond immediately to repair all water main and line breaks and related water transport problems.

All street reconstruction performed by the CONTRACTOR shall be performed to the same specifications as used by the CITY. Such specifications are on file with the CITY.

2.2.2.5 Water Storage Tanks

The CONTRACTOR shall routinely inspect the water storage tanks for structural integrity and report to the CITY any repair needs. The CONTRACTOR shall also maintain the grounds outside and around the elevated and ground storage water tanks.

2.2.2.6 Meter Replacement

The CONTRACTOR shall develop and implement a meter replacement program. The program shall result in meters being replaced before reaching a service life of ten (10) years. The CITY shall pay the cost of meter replacement as set forth in Section 5.6. The CITY will not pay the costs of radio meter reading.

2.2.2.7 Fire Hydrants

Fire hydrants shall be painted at least every five (5) years.

2.2.2.8 Residuals Disposal

The CONTRACTOR shall be responsible for hauling, transport and disposal of all residuals from the water system, including those associated with the centrifuges to be installed at the water treatment plant.

2.3. Wastewater Collection, Treatment and Discharge System

The CONTRACTOR shall operate and maintain the wastewater collection, treatment and discharge system to its maximum efficiency and reliability within the design capacity and capabilities of the installed equipment and piping. The CONTRACTOR shall perform this service such that the treated effluent, as analyzed before leaving the treatment plant, meets all of the requirements of the CITY'S NPDES permit as specified in Exhibit E of this Agreement.

2.3.1 Wastewater Collection and Pumping System

The CONTRACTOR shall operate and maintain the wastewater collection, interceptor and pumping system that serves the CITY. For these eleven (11) pump stations, collection sewers, interceptor and force mains, the CONTRACTOR shall be responsible to perform the following services in addition to routine operation and maintenance tasks.

2.3.1.1 TV Inspection Program

The CONTRACTOR shall develop and implement a TV inspection program that will initially focus on known problem areas for stoppages and will then methodically inspect the entire system once every five years. The CONTRACTOR shall provide the CITY with a schedule for this TV inspection program and will provide progress report as a part of the monthly and annual management report to the CITY. All Systems' sewers must be TV inspected at a minimum every five (5) years.

2.3.1.2 Stoppages and Sewer Cleaning

The CONTRACTOR shall identify areas in the collection system that have a high potential for grease collection or other stoppages, and these sewerage segments shall be cleaned on a scheduled basis to minimize stoppage problems. The CONTRACTOR shall

be responsible for any property damage or cleaning expenses from blockages due to a lack of maintenance performed by the CONTRACTOR.

When stoppages result in overflows or property damage, the CONTRACTOR shall respond within one hour of notification during normal working hours, and within a reasonable time period outside of normal work hours.

The CONTRACTOR shall notify the CITY, within 4 hours, of any stoppages that result in overflows or property damage.

The CONTRACTOR shall clean one-third of the sewer system at least once per year such that the entire sewer system is cleaned every three years.

The CONTRACTOR shall be responsible for, at its sole cost and expense, for disposing of all solids collected in connection with the cleaning of the sewer system.

2.3.1.3 Odor Control Program

In addition to its sewer cleaning program, the CONTRACTOR shall conduct a program of chemical addition at selected locations in the sewerage system to minimize or eliminate the creation of odors.

2.3.2 Wastewater Treatment and Discharge System

The CONTRACTOR shall staff, operate and maintain the wastewater treatment plant in full compliance with the requirements of the CTDEP and the City's National Pollution Discharge Elimination System (NPDES) permit. The CONTRACTOR shall be responsible to obtain any approvals necessary from CTDEP prior to making any process or staffing changes.

The CONTRACTOR however shall not be responsible for the disposal of sludge contaminated by Hazardous Substances (as defined in Article 6.4 of this Agreement) which have come from the influent. In such case, the CONTRACTOR will assist the CITY as requested in the disposal of such substances.

The CONTRACTOR shall operate the wastewater treatment plant, and the odor control systems therein, using reasonable methods to minimize odors consistent with Good industry Practices and the design capabilities of the facility. The CONTRACTOR'S goal shall be to achieve zero odor complaints, and the CONTRACTOR shall develop a program that identifies procedures for certifying and documenting odor complaints, and shall establish procedures to address recurrent failures of the odor control program. The CONTRACTOR shall be responsible for the receipt and remedy of all odor complaints.

The CONTRACTOR shall be responsible for the disposal of all of the residuals generated in the treatment process during the term of this Agreement, including sludge, grit, oil, grease, rags, sediment and other residuals generated at the wastewater treatment and discharge system.

The CONTRACTOR shall provide for stormwater management controls and testing required by the current Certificate of Registration for the Stormwater Permit for the wastewater treatment plant.

The CONTRACTOR shall act as the CITY's authorized agent to administer the CITY's fat, oils and grease ("FOG") program in accordance with the requirements of the State General Permit, September 30, 2005. FOG services shall include all required inspection and reporting, as well as permitting and registration services for existing and new food preparation establishments. FOG inspection services to include review of pretreatment equipment, review of FOG minimization plan, review of cleaning records, review of maintenance logs, and completion of inspection logs.

2.4 CITY Performance of CONTRACTOR Scope

The CITY retains the right to procure an alternative contractor to perform maintenance activities should the CONTRACTOR not perform these activities in accordance with this Agreement, to the reasonable satisfaction of the CITY. If the CITY determines that the CONTRACTOR is not performing a maintenance activity as required by this Agreement the CITY shall have the right, but not the responsibility, to perform the activity and reduce the CONTRACTOR'S fee in accordance with Section 5.8 of this Agreement. Before proceeding, in a non-emergency situation, the CITY shall notify the CONTRACTOR that the CITY intends to procure an alternative contractor to perform the maintenance activity and provide the CONTRACTOR with a reasonable opportunity to respond. Once the CITY has taken steps to procure an alternative contractor, the CONTRACTOR shall be responsible for, pursuant to Section 5.8 hereof, any CITY costs related to the work of the alternative contractor whether or not the CONTRACTOR performs the subject work.

2.5 Contract Standards

The CONTRACTOR shall perform its scope of services in compliance with the Contract Standards.

2.6 Project Manager

The CONTRACTOR shall provide a full time Project Manager, who is dedicated to this project, with the following qualifications:

- Minimum of five years of experience in an administrative position responsible for potable water system.
- Possession or ability to attain certification by the State Department of Health and D.E.P. to operate the Water System.
- A comprehensive, demonstrated knowledge of the design of water and sewer systems, and methods and practices employed in the operations and maintenance of municipal water supply systems; comprehensive knowledge of the construction of water supply and distribution facilities; comprehensive

knowledge of methods and practices employed in the operation and maintenance and repair and construction of sewer systems and treatment plants.

- A thorough knowledge of office management; billing and collection; demonstrated supervisory ability; ability to read and interpret blueprints; ability to prepare reports; ability to establish and maintain effective working relationships with associates and the general public; ability to plan work schedules for large work force; good physical condition

The CONTRACTOR hereby designates [_____] as the CONTRACTOR'S Project Manager. The CITY has selected the CONTRACTOR to perform the services contemplated under this Agreement based, in part, on the past successful experience and expertise of the designated Project Manager. Accordingly, the CONTRACTOR shall not replace or remove the CITY-approved Project Manager during the first two years of this Agreement, without the prior approval of the CITY. The CITY shall not withhold its approval if the Project Manager is terminated for cause. If the CITY-approved Project Manager shall retire, resign his or her position as Project Manager or otherwise cease his or her employment with the CONTRACTOR, the CONTRACTOR shall appoint promptly a successor Project Manager who shall be subject to prior approval by the CITY, which shall not be unreasonably withheld.

If the CITY, in its sole discretion, determines that the Project Manager is performing his operation and or maintenance responsibilities under this Agreement in an unsatisfactory manner or if irreconcilable differences or an unworkable relationship between the Project Manager and the CITY shall arise, the CONTRACTOR, within sixty (60) days after the CONTRACTOR'S receipt of written notice from the CITY of such circumstance, shall replace such Project Manager with a successor acceptable to the CITY; provided, however, the CITY represents that it will not give such notice to the CONTRACTOR unless and until the CITY, in its sole determination, has exercised reasonable efforts to rectify to its satisfaction, the adverse circumstance regarding the Project Manager.

2.7 Disposal of Surplus Equipment

The CONTRACTOR may, at the direction of the CITY, remove, dispose of and sell, in accordance with Applicable Law, equipment constituting part of the Systems that is unused or obsolete and no longer needed. All proceeds from the sale shall be the property of the CITY. The CONTRACTOR shall not store or stockpile any such removed equipment at the Systems.

2.8 Environmental Intern Program

The CONTRACTOR shall establish a Summer Environmental Intern Program, to include at a minimum, employment of two (2) interns for one hundred (100) days each per contract year during the school term as follows:

- One intern to assist in operations at the Trumbull Street wastewater facility. Training will be provided by allowing the intern to assist in daily operations of the facility.
- One intern to collect data for the City's GIS system with a handheld, GPS unit. Training and tasks will be provided by the Contractor. The intern's tasks will be to assist the Contractor in collecting data for further development and updating of the CITY's GIS system.

Tasks other than the ones described above shall be approved by the City.

Below are local programs that can be utilized to contract interns:

Project TLC
Three Rivers Community College
574 New London Turnpike
Norwich CT 06360
860.885.2611

Ella T. Grasso Southeastern
189 Fort Hill Road
Groton, CT 06340
(860) 448-0220

3.0 RESPONSIBILITIES OF THE CITY

3.1 CITY's Representative

On or before the date services are to commence under this Agreement, the CITY shall designate an authorized representative (the "Authorized Representative") to administer this Agreement. CITY may change its Authorized Representative by written notice as provided in this Agreement.

3.2 Permits

The CITY shall be responsible for obtaining and maintaining all necessary permits, licenses and other governmental or private party approvals, and for the payment of all fees required for ownership and operation of the Systems and the equipment owned by the CITY or the CONTRACTOR for such use. CONTRACTOR shall assist the CITY in obtaining these permits by preparing all renewal applications and providing operational information with regard to the permitting of capital improvements.

3.3 Pretreatment Program

If enforcement of pretreatment standards for industrial user discharges is required by Federal, State, or other Applicable Law, the CITY shall enact, maintain, and enforce an

industrial pretreatment program that complies with Federal, State and local standards, all relevant permits, and with the Clean Water Act and other Applicable Law. The CONTRACTOR shall provide technical assistance to the CITY in determining program needs.

It is the intent of the parties that the CONTRACTOR be responsible for the performance, execution and administration of the Municipal Industrial Pretreatment Program (also known as "MIPP"), except for those aspects which the CITY must under Applicable Law perform, execute, administer and enforce in its own name, as to which the CONTRACTOR shall provide the assistance, support, resources and personnel reasonably necessary to enable such actions to be carried out. To the extent consistent with Good Industry Practices and permissible under Applicable Law, the CONTRACTOR shall be entitled, in its performance hereunder, to rely on data or information delivered to it by SIU's or potential SIU's pursuant to this Section.

Currently there are no dischargers to the wastewater system that require pretreatment.

3.4 Compliance with Applicable Law

Except to the extent specifically delegated to the CONTRACTOR in this Agreement, the CITY shall comply with Applicable Laws, as it pertains to the ownership of the Systems. The CONTRACTOR shall assist the CITY in complying with all such laws, codes, ordinances, and regulations known to the CONTRACTOR as they pertain to the ownership of the Systems.

The CITY shall keep in force all System warranties, guarantees, easements and licenses that have been granted to CITY and are not transferred to the CONTRACTOR under this Agreement.

3.5 Taxes

The CITY shall be responsible for any real estate, personal property, and excise taxes, if any, applicable to the Systems as defined in Exhibit B, which may result from its ownership of the Systems.

3.6 Support

With the exception of the office space at 120 Broad Street, the CITY shall permit use by the CONTRACTOR, without charge, of all equipment, structures, and facilities under its ownership and presently assigned to the Systems or as specified in future equipment and construction specifications. The CITY shall provide the CONTRACTOR with reasonable and available information necessary to operate and maintain the Systems.

The office space a 120 Broad Street is used by the Current Operator for the billing, collection, customer service and records keeping functions of the Water and Sewer Departments. The CONTRACTOR shall use this space. The CITY shall have the right to change the location at which these functions are performed.

The CONTRACTOR shall pay the CITY a rental fee for the CONTRACTOR'S use of the office space in the CITY's building located at 120 Broad Street. Such rental fee shall include building use, building maintenance, energy costs and information services. An annual allowance of \$69,810 is included in the CONTRACTOR'S base compensation for this rental fee to the CITY, such amount shall be subject to annual adjustment pursuant to Section 5.2. The difference, positive or negative, between the actual annual fee charged to the CONTRACTOR by the CITY, and \$69,810 shall be considered a pass through cost or savings.

The CITY maintains a city-wide radio maintenance contract that includes radios used by the CONTRACTOR. The CONTRACTOR shall be responsible for making a direct payment to the radio maintenance contractor once per year in an amount not to exceed \$3,990.

3.7 Capital Improvements

The CITY is responsible for undertaking and payment of all Capital Improvements currently planned by the CITY or requested by the CITY. The CONTRACTOR shall be responsible for operation and maintenance of any such Capital Improvements, [for which the CONTRACTOR may be eligible for an adjustment in the Base Compensation as set forth in Exhibit F].

3.8 Notice of Litigation

In the event that the CITY or the CONTRACTOR receives notice of or undertakes the defense or the prosecution of any actions, claims, suits, administrative or arbitration proceedings or investigations in connection with the Systems, the party receiving such notice or undertaking such prosecution shall give the other party timely notice of such proceedings. In addition, the CONTRACTOR shall provide written notice to the CITY of any litigation that relates to the services provided under this Agreement or has the potential to affect the CONTRACTOR'S ability to fulfill its obligations under the terms of this Agreement including, but not limited to financial or other conditions which may prevent the CONTRACTOR from meeting its obligations under this Agreement.

4.0 TERM AND TERMINATION

4.1 Term

[FOR FIVE YEAR TERM] Operating services by the CONTRACTOR under this Agreement shall commence on the 24th day of March, 2008 and end five (5) years from such date, (the, "Initial Term"), unless this Agreement is terminated as provided herein. The CITY shall have the right to renew this Agreement for up to five additional years.

[FOR TEN YEAR TERM] Operating services by the CONTRACTOR under this Agreement shall commence on the 24th day of March, 2008 and end ten (10) years from such date unless this Agreement is terminated as provided herein. The CITY shall have the right to renew this Agreement for up to five additional years.

[FOR TWENTY YEAR TERM] Operating services by the CONTRACTOR under this Agreement shall commence on the 24th day of March, 2008 and end twenty (20) years from such date unless this Agreement is terminated as provided herein. The CITY shall have the right to renew this Agreement for up to five additional years.

4.2 Termination

Each of the following shall constitute an event of default by the CONTRACTOR upon which the CITY, by notice to the CONTRACTOR, may terminate this Agreement Contract without any requirement of having given notice previously or of providing any further cure opportunity:

- (1) Security for Performance. The failure of the CONTRACTOR to obtain or maintain in full force and affect any Security Instrument required under this Agreement.
- (2) Abandonment. The abandonment or failure to operate all or a substantial portion of Systems for two or more consecutive days in any contract year.
- (3) Insolvency. The insolvency of the CONTRACTOR or Guarantor as determined under the Bankruptcy Code;
- (4) Voluntary Bankruptcy. The filing by the CONTRACTOR or any Guarantor of a petition of voluntary bankruptcy under the Bankruptcy Code; the consenting of the CONTRACTOR or any Guarantor to the filing of any bankruptcy or reorganization petition against the CONTRACTOR or any Guarantor under the Bankruptcy Code; or the filing by the CONTRACTOR or any Guarantor of a petition to reorganize the CONTRACTOR or any Guarantor pursuant to the Bankruptcy Code;
- (5) Involuntary Bankruptcy. The issuance of an order of a court of competent jurisdiction appointing a receiver, liquidator, custodian or trustee of the CONTRACTOR or any Guarantor or of a major part of the CONTRACTOR's or any Guarantor's property, respectively, or the filing against the CONTRACTOR or any Guarantor of a petition to reorganize the CONTRACTOR or any Guarantor pursuant to the Bankruptcy Code, which order shall not have been discharged or which filing shall not have been dismissed within 90 days after such issuance or filing, respectively;
- (6) Default of Guarantor. The failure of the Guarantor to perform any obligation under the applicable Guaranty in a timely manner.

This Agreement may also be terminated for breach or default (collectively, "breach"), but only if (i) the breach is a material one; (ii) the party claimed to have committed the breach had received written notice of such breach given in accordance with Section 7.11 of this Agreement ("Notices"), which notice shall state with reasonable specificity the breach complained of and which shall state that the claimed breach is of such nature that it, in the opinion of the non-breaching party, would give the non-breaching party a right

to terminate this Agreement unless the breach is cured as set forth below; and (iii) that party claimed to have breached shall have neither cured the breach within a reasonable time, but in any event within not more than thirty (30) days from the date of its receipt of written notice of breach or, with respect to a breach which cannot be cured with said period, shall have failed to take within said period reasonable steps to cure same and diligently continued to prosecute such cure. If the breach has been cured within said period, or reasonable steps to cure same commenced within said period and diligently prosecuted, the same shall not constitute cause for the termination of this Agreement. It is expressly understood and agreed that the notice required and the right to cure afforded by this provision shall apply to each and every obligation of the parties under this Agreement, whether the obligation is a general or specific one.

At the end of the term of this Agreement, or in the event this Agreement is terminated by the CITY, the CONTRACTOR will assist the CITY in the orderly transition of duties to the CITY or its agent. The CONTRACTOR shall, at the CITY's option, continue to provide the Scope of Services as provided in this Agreement for ninety (90) calendar days beyond the date of termination and receive as compensation for such services an amount equal to one and fifteen hundredths (1.15) times the sum of its cost and overhead.

For the purpose of this subsection and subsection 4.4 only, all signatories to this contract agree that the term "CITY," for the purpose of termination of this Agreement, shall be a majority vote of the entire City Council of New London. The City Council of New London shall first obtain a recommendation from the AUTHORITY regarding any proposed termination. It is specifically agreed that any vote of the AUTHORITY concerning termination shall be advisory only.

4.3 Termination Liquidated Damages

If this Agreement is terminated by the CITY for cause in accordance with Section 4.2, the CONTRACTOR shall pay to the CITY \$500,000 for transaction costs. In addition to the payment of \$500,000, the CONTRACTOR shall also pay CITY, as liquidated damages, an amount in accordance with the following schedule:

[NOTE TO PROPOSERS: SCHEDULE TO BE BASED ON THE DIFFERENCE BETWEEN THE BASE COMPENSATION FEE PROPOSED BY THE CONTRACTOR AND THE SECOND MOST FAVORABLE PROPOSAL]

If the CITY exercises its right to terminate this Agreement pursuant to this subsection the CITY shall pay to the CONTRACTOR the appropriate termination fee as determined in accordance with Exhibit I and shall have no other liability to the CONTRACTOR. Upon termination the CITY will assume ownership of the rolling stock and capital investments made by the CONTRACTOR as if this Agreement had completed its initial term and as provided for in Section 2.1.13.

The parties agree that the CITY's actual damages upon termination of the CONTRACTOR for cause under Section 4.2 would be difficult or impossible to ascertain, that the termination liquidated damages provided for in this Section 4.3 are

intended to place the CITY in an economic position equivalent to that which it would have been in had the breach permitting termination for cause not occurred, and that such termination liquidated damages shall constitute the only damages payable by the CONTRACTOR upon any such termination for cause, regardless of legal theory. The obligation to pay such termination liquidated damages shall not impair or limit the obligation of the CONTRACTOR to the CITY under any other provision of this Agreement which expressly survives termination hereunder.

In the event that the CITY terminates this Agreement for cause under Section 4.2 and the matter is referred to a court of appropriate jurisdiction, either of which subsequently finds that no event of default justifying termination for cause existed, the termination shall be treated as a termination for convenience by the CITY under Section 4.4.

The parties agree that upon termination for convenience the CITY shall provide payment as provided for in Exhibit I which shall constitute the only damages payable by the CITY upon any such termination, regardless of legal theory. The obligation to pay such termination for convenience damages shall not impair or limit the obligation of the CONTRACTOR to the CITY under any other provision of this Agreement which expressly survives termination hereunder.

4.4 Termination For Convenience

The CITY shall have the right to terminate this Agreement, in its sole discretion, for convenience and without cause at any time following upon ninety days' written notice. If the CITY exercises its right to terminate this Agreement pursuant to this subsection the CITY shall pay to the CONTRACTOR the appropriate termination fee as determined in accordance with Exhibit I and shall have no other liability to the CONTRACTOR. The CONTRACTOR agrees that the applicable termination payments provided in this Section will fully and adequately compensate the CONTRACTOR and all subcontractors for all profits, costs, expenses, losses, liabilities, damage, taxes, and charges of any kind whatsoever (whether foreseen or unforeseen) attributable to such termination of the CONTRACTOR'S right to perform this Agreement. Payment of the Termination Fee shall not however, impair or limit the obligations of the CITY to the CONTRACTOR under any other provision of this Agreement which expressly survives termination hereunder.

For the purpose of this subsection and subsection 4.2 only, all signatories to this contract agree that the term "CITY," for the purpose of termination of this Agreement shall be a majority vote of the entire City Council of New London. The City Council of New London shall first obtain a recommendation from the AUTHORITY regarding any proposed termination. It is specifically agreed that any vote of the AUTHORITY concerning termination shall be advisory only.

4.5 Termination Obligations of The Company

At the end of the Term of this Agreement or upon a termination of the CONTRACTOR'S right to perform this Agreement under Sections 4.2 or 4.4 hereof, the CONTRACTOR at its cost and expense shall:

- (1) cease operations on the date and to the extent specified by the CITY;
- (2) promptly take all action as necessary to protect and preserve all materials, equipment, tools, facilities and other property;
- (3) promptly remove from the Facility Site all equipment, implements, machinery, tools, temporary facilities of any kind and other property owned or leased by the CONTRACTOR (including, but not limited to, sheds, trailers, workshops and toilets), and repair any damage caused by such removal;
- (4) leave the Facility Site and Systems in a neat and orderly condition;
- (5) promptly remove any employees of the CONTRACTOR that the CITY requests be removed and any subcontractors and vacate the Facility Site;
- (6) promptly deliver to the CITY copies of all subcontracts, together with a statement of: (a) the items ordered and not yet delivered pursuant to each agreement; (b) the expected delivery date of all such items; (c) the total cost of each agreement and the terms of payment; and (d) the estimated cost of canceling each agreement;
- (7) deliver to the CITY promptly a list of: (a) all special order items previously delivered or fabricated by the CONTRACTOR or any subcontractor but not yet incorporated in the operations; and (b) all other supplies, materials, machinery, equipment and other property previously delivered or fabricated by the CONTRACTOR or any subcontractor but not yet incorporated in the operations;
- (8) advise the CITY promptly of any special circumstances which might limit or prohibit cancellation of any subcontract;
- (9) unless the CITY directs otherwise, terminate all subcontracts and make no additional agreements with subcontractors;
- (10) as directed by the CITY, transfer to the CITY by appropriate instruments of title, and deliver to the Facility Site (or such other place as the CITY may specify), all special order items;
- (11) promptly transfer to the CITY all warranties given by any manufacturer or subcontractor with respect to particular components of or any repairs or replacements of any part of the Systems;

- (12) notify the CITY promptly in writing of any legal proceedings against the CONTRACTOR by any subcontractor relating to the termination of the operation (or any Subcontracts);
- (13) take such other actions, and execute such other documents, as may be necessary to effectuate and confirm the foregoing matters, or as may be otherwise necessary or desirable to minimize the CITY's costs, and take no action which will increase any amount payable by the CITY under this Agreement;
- (14) upon the request of the CITY, assign and transfer any equipment or vehicle leases;
- (15) transfer vehicles and equipment in accordance with article 2.1.13.

5.0 COMPENSATION

5.1 Base Compensation

From the date the CONTRACTOR starts to provide services under this Agreement, the CITY shall pay the CONTRACTOR, as compensation ("Base Compensation") for all costs, including but not limited to labor, equipment, material and utilities provided and the services performed pursuant to this Agreement, the sum of [_____] per annum, with adjustments as specified hereafter.

5.2 Annual Adjustment

From commencement until expiration or termination of this Agreement, Base Compensation (except for the electricity component of the Base Compensation) shall be increased or decreased annually, effective each anniversary of the commencement date of the Initial Term, according to the change in the U.S. Department of Labor, Bureau of Labor Statistics, Consumers Price Index, Northeast Urban Size Class B/C, All Items ("CPI-U").

For purposes for this Agreement, the CPI-U for initial Base Compensation is agreed to be based on the CPI-U for the month of March 2008.

From commencement and until expiration or termination of this Agreement, the electricity component of the Base Compensation shall be increased or decreased annually, effective each anniversary of the commencement date of the Initial Term, according to the change in the U.S. Department of Labor, Bureau of Labor Statistics, Consumer Price Index, Northeast Size Class B/C, Electricity ("CPI-U Electricity").

5.3 Water Production and Wastewater Flow and Loadings Adjustments

The Base Compensation stated above is for the operation and maintenance of the Systems at the existing water production and wastewater flows and loading characteristics at the commencement of this Agreement as designated in Exhibit F.

If the conditions, as designated in Exhibit F, increase or decrease by more than 10% during the proceeding twelve-month Agreement year, the Base Compensation shall be adjusted pursuant to the CPI-U.

5.4 Shared Savings

5.4.1 Capital Program Savings

The CITY shall compensate the CONTRACTOR (or the CONTRACTOR shall compensate the CITY by means of a credit against amounts otherwise owed hereunder) to reflect the actual cost savings (or cost increases) which result from the implementation of the programmed capital improvements being undertaken by the CITY at the time of contract execution to include, but not limited to, items listed in Exhibit J. To this end, the CONTRACTOR will establish and implement a methodology, subject to the CITY approval, to track operating costs of the affected processes prior to construction completion and establish a baseline operating cost for these processes. The CONTRACTOR will propose, according to the agreed methodology, base price adjustments within ninety (90) days of construction completion of each capital project. The Contractor shall work with the CITY and its construction contractors to minimize any disruption to the Systems service.

5.4.2 Employee Life Insurance

If the CONTRACTOR purchases a life insurance policy on any of its employees it shall inform the CITY and any employee that it has purchased such a policy. If the CONTRACTOR collects on a life insurance policy it has taken out on any of its employees, half of any amount collected by the CONTRACTOR shall be credited to the CITY.

5.4.3 Staff Savings

If, during the term of the contract, advancements in technology or changes in industry standards result in the CONTRACTOR being able to comply with all the obligations of this Agreement with less than the minimum staffing level of 34 employees, the CITY will consider allowing a reduction in staffing based upon attrition. If the CITY agrees to a reduction in the minimum staffing level established in this Agreement, the savings from permanent staff reductions below the minimum staffing level of 34 shall be shared with the CITY. The CITY shall receive seventy-five (75) percent of cost savings to include salary, benefits, and other personnel related costs, resulting from staff reductions below the minimum staffing level of 34. Staff reductions shall be considered permanent if a position vacancy remains unfilled for greater than sixty (60) calendar days.

Each monthly report shall indicate the number of individuals currently employed, on a part time and full time basis, in relation to this Agreement. The report shall indicate the length of time the position has been vacant and the status of the CONTRACTOR'S efforts to fill any vacant positions.

5.5 Maintenance Limits

5.5.1. Per Occurrence Limit [FOR FIVE AND TEN YEAR AGREEMENTS]

The CONTRACTOR shall pay for maintenance inventory, repair parts, maintenance materials and material costs associated with maintenance services, as set forth herein, necessary during the term of this Agreement, provided that for each maintenance event, the CONTRACTOR'S liability hereunder shall be subject to a five thousand dollar (\$5,000) cap (subject to annual adjustment according to the CPI-U as set forth in Section 5.2), exclusive of CONTRACTOR'S labor and third party labor, services or equipment, except that labor, services and equipment which are not available to the CONTRACTOR in connection with its obligation to perform the Scope of Services in Section 2.0 may be charged to the CITY provided that the CITY has pre-approved such charge prior to the CONTRACTOR engaging such third party. Maintenance events in excess of this \$5,000 cap shall be the direct responsibility of the CITY. The Contractor shall provide the CITY cost substantiation for all costs incurred in connection with each maintenance occurrence. Notwithstanding the foregoing, for the components of the Systems relating to the Town of Waterford water distribution system only, such \$5,000 cap shall be \$10,000. Such amount shall also be subject to annual adjustment according to the CPI-U as set forth in Section 5.2.

5.5.2 Buried Infrastructure

The CONTRACTOR shall pay for maintenance inventory, repair parts, maintenance materials and material costs associated with its Buried Infrastructure maintenance services, as set forth herein, necessary during the term of this Agreement provided that such maintenance services shall be paid from an annually Buried Infrastructure maintenance fund equal to \$200,000.

Any Buried Infrastructure maintenance funds not spent in any contract year shall be carried forward into the next succeeding contractor year, and shall be in addition to the amount allotted for that particular contract year. All unused annual carry-forward amounts in such fund shall earn interest at a commercially reasonable rate and compounded in accordance with generally accepted banking procedures.

Any balance or interest earned on any such amounts remaining upon the expiration or termination of this Agreement shall be for the benefit of the CITY. [For the 20 year term, the CITY shall have the right to drawdown one-half of the amount in such fund in excess of such \$200,000 at the end of the fifth, tenth and fifteenth year of the Agreement.] Notwithstanding the foregoing, the maintenance of any Buried Infrastructure included in the components of the Systems relating to the Town of Waterford water system in accordance herewith, shall be subject to the \$10,000 per event cap set forth in subsection 5.5.1, and such amount shall be subject to adjustment according to the CPI-U.

5.5.3. Vehicles

The lease cost, purchase cost or repair costs of vehicles is expressly excluded from the maintenance limit and shall be paid by the CONTRACTOR.

5.6 Meter Replacement Compensation

The CONTRACTOR shall replace meters on a regular basis as they reach a service life of 10 years. The material cost of meter replacement shall be paid to the CONTRACTOR as a pass-through cost to the CITY. All labor costs associated with meter replacement shall be ineligible for reimbursement from the meter replacement account.

5.7 Changes in Scope of Services

In the event that the CONTRACTOR is asked by the CITY to perform additional work or services involving the management, operation, maintenance, or repair of the System, where such services or work exceeds or is a change in the Scope of Services provided for in Section 2 of this Agreement, the CONTRACTOR shall be entitled to additional equitable compensation. The parties shall mutually agree, in writing, upon the scope of the work to be performed and upon equitable sum for additional compensation, prior to the CONTRACTOR undertaking such work. Changes in Scope include any new State or Federal law or regulation, court order or regulatory agency ruling, which directly effects the management, operation or maintenance of the Systems.

5.8 CITY Cost to Perform the CONTRACTOR's Work

Should the CITY procure an alternate contractor to perform activities that are the responsibility of the CONTRACTOR, in accordance with Section 2.4, the CITY shall reduce the CONTRACTOR'S compensation by an amount equal to the sum of all costs incurred by the CITY to have an alternative contractor perform the work plus a fifteen (15) percent management fee. Should the amount owed the CITY for the alternate contractor exceed the payment the CITY owes the CONTRACTOR, then the excess amount shall be carried over to subsequent months as necessary.

5.9 Performance Liquidated Damages

In any month that the CONTRACTOR fails to achieve any of the Performance Standards in Exhibit H the CITY shall deduct from the Base Compensation, liquidated damages calculated in accordance with Exhibit H.

The parties agree that the CITY's actual damages resulting from the CONTRACTOR not achieving the performance standards would be difficult or impossible to ascertain, that the performance liquidated damages provided for in this Section 5.9 are intended to place the CITY in an economic position equivalent to that which it would have been in had the performance standards been achieved, and that such termination liquidated damages shall constitute the only damages payable by the CONTRACTOR as a result of not achieving the performance standards, regardless of legal theory. The obligation to pay such performance liquidated damages shall not impair or limit the obligation of the CONTRACTOR to the CITY under any other provision of this Agreement.

5.10 Invoice Processing and Payment

The CITY shall make monthly payments to the CONTRACTOR of amounts due as Base Compensation monthly in advance, for which services will be rendered. The CONTRACTOR will invoice the CITY for such amounts. The CONTRACTOR shall invoice the CITY monthly in arrears for all other amounts due, if any. Such invoices shall be due and payable within sixty (60) calendar days from the date received by the CITY. The CITY shall review invoices received from the CONTRACTOR. If the CITY believes any items are deficient or are in dispute, the CITY shall notify CONTRACTOR of any such claimed deficiency within twenty-one (21) calendar days of receipt of an invoice. If the CITY fails to notify the CONTRACTOR within twenty one (21) days, such failure shall not be deemed to waive the CITY'S right to dispute said item(s) even if the CITY has made payment. The CITY shall have the right to make a claim to recover any alleged overpayment for a disputed item. All amounts not in dispute shall be paid on the due date. The CONTRACTOR shall respond to the CITY'S notice of deficiency within thirty (30) calendar days of receipt. The parties shall make reasonable effort to resolve differences. If the parties fail to arrive at a mutually acceptable resolution of the disputed claims, either party may, upon fifteen (15) calendar day's written notice, pursue legal remedy under the Laws of the State of Connecticut. Each party agrees to bear its own legal costs regardless of the final resolution of the dispute.

5.11 Set-Off Payments

The CITY reserves the right to set-off payments due hereunder to the CONTRACTOR for any breach of the Indemnification Provision of this Agreement.

5.12 Annual Limit on Variable Compensation

The CITY and the CONTRACTOR agree that the CITY shall be under no obligation to, and shall not, pay compensation for services to the CONTRACTOR in any Contract Year, if such payment, or any portion thereof, would result in less than 80% of the CONTRACTOR'S compensation for services for such Contract Year being based on a periodic fixed fee or would result in any portion of the CONTRACTOR'S compensation being based on net profit, as such terms are defined in IRS Revenue Procedure 97-13. The CITY and the CONTRACTOR further agree that any such payment or portion thereof that is not made by virtue of the preceding sentence shall be paid to the CONTRACTOR, without interest, during the next annual period in which such payment will not result in less than 80% of the CONTRACTOR'S compensation being based on a periodic fixed fee or in which such payment will be based on net profit, all as defined by IRS Revenue Procedure 97-13. It is the intent of the CITY and the CONTRACTOR that this Agreement shall be construed and applied so as to constitute a management contract that does not result in private business use of property financed by the CITY within the meaning and intent of IRS Revenue Procedure 97-13.

6.0 RISK MANAGEMENT

6.1 Indemnification by CONTRACTOR

With respect to any and all claims against the CITY, the CONTRACTOR agrees to indemnify and save harmless the CITY and each of its elected or appointed officers, employees and agents from and with respect to any claims, demands, suits, liabilities or obligations (whether brought by private parties or governmental agencies) for any and all loss, including but not limited to death, bodily injury, property damage, natural resource damage or any other injury or damage arising out of, or relating to, the services provided by the CONTRACTOR which may be made against the CITY arising by reason of, or in connection with, any alleged negligent act or omission, any reckless or willful misconduct or any breach of this Agreement by the CONTRACTOR or any person claiming under, by or through the CONTRACTOR and if it becomes necessary for the CITY to defend any action seeking to impose any such liability the CONTRACTOR will pay the CITY all costs of court and attorneys fees incurred by the CITY in effecting such defense in addition to any other sums which the CITY may be called upon to pay by reason of the entry of the judgment against the CITY and the litigation in which such claim is asserted.

Without limiting the foregoing, the CONTRACTOR shall indemnify and save harmless the CITY from any and all loss resulting from all claims of violations or alleged violations of the interlocal agreements affecting the operation of the Systems and all claims for unfair labor practices, violations of any collective bargaining agreements, or any related actions resulting from the execution of this Agreement including all costs of court and attorneys fees incurred by the CITY in defending any action seeking to impose such liability.

Contractor shall not be liable for any claims, demands, suits, liabilities, obligations to the extent they result from the negligent acts, omissions or reckless or willful conduct of the CITY or any of its elected or appointed officers, employees or agents.

Indemnification shall only be afforded to actions or issues alleged to have taken place during the term of this agreement.

6.2 CONTRACTOR Insurance

The CONTRACTOR shall maintain the following insurance during the term of this Agreement:

6.2.1 General Liability Insurance

In the amount of not less than ten million dollars (\$10,000,000) combined single limit for personal injury and property damage.

6.2.2 Worker's Compensation Insurance

Insurance shall be provided for all CONTRACTOR employees employed at the Systems, including employer's Liability Insurance in an amount not less than one million dollars (\$1,000,000) for each accident.

6.2.3 Automobile Liability Insurance

In the amount of one million dollars (\$1,000,000) for collision, comprehensive, bodily injury and property damage on all vehicles owned by the CONTRACTOR.

6.2.4 Environmental Insurance

Such insurance to be written on a claims made basis with limits of \$15,000,000 per loss and on annual aggregate limit of \$20,000,000.

6.2.5 Excess Liability

Above the required general and automobile, and employer's liability insurance in an amount of \$10,000,000 per loss and an annual aggregate limit or \$10,000,000.

On the effective date of this Agreement, the CONTRACTOR shall furnish the CITY, with satisfactory proof of such insurance, and each policy will require a thirty (30) day notice of cancellation to be given the CITY while this Agreement is in effect. These policies will be in effect at the time the CONTRACTOR takes control of the Systems or on the effective date of this agreement.

6.2.6 Insurance Terms

The CITY shall be included as an additional insured according to its interest under these policies during the term of this Agreement. The CONTRACTOR shall not provide such insurance through a self insurance program.

6.3 CITY Insurance

The CITY will maintain property and structures liability insurance and flood and fire insurance policies, including extended coverage plus coverage for vandalism, theft and malicious mischief to the full insurable value of the Systems.

The CITY and the CONTRACTOR agree that with respect to insurance coverage carried by either party in connection with the Systems, such insurance will provide for the waiver by the insurance carrier of any subrogation rights against the CITY or against the CONTRACTOR, as the case may be.

6.4 Environmental Indemnification

Without limiting Subsection 6.1 of this Agreement, the CONTRACTOR shall not knowingly cause or knowingly permit any hazardous substance to be brought upon, kept

or used in or about the Systems, by the CONTRACTOR, its agents, employees, contractors or invites, without the prior written consent of the CITY (which the CITY shall not unreasonably withhold as long as the CONTRACTOR demonstrates to the CITY's reasonable satisfaction that such hazardous substance is necessary or useful to the CONTRACTOR'S business and will be used, kept and stored in a manner that complies with all laws regulating any such hazardous substance so brought upon or used or kept in or about the Systems). If the CONTRACTOR breaches the obligations stated in the preceding sentence, or if the presence of hazardous substances within the Systems knowingly caused or knowingly permitted by the CONTRACTOR results in contamination of the Systems, or if contamination of the Systems by hazardous substances otherwise occurs for which the CONTRACTOR is legally liable to the CITY for damage resulting therefrom, the CONTRACTOR shall indemnify, defend and hold the CITY harmless from any and all claims, judgments, damages, penalties, fines, costs, liability or losses (including, without limitation, diminution in value of the Systems and sums paid in settlement of claims, attorneys' fees, consultant fees and expert fees) which arise during or after the term of this Agreement as a result of such contamination. This indemnification of the CITY by the CONTRACTOR includes, without limitation, costs incurred in connection with any investigation of site conditions or any cleanup, remedial, removal or restoration work required by any Federal, state or local governmental agency or political subdivision because of hazardous substances present in the soil or ground water on, under or within the Systems. Without limiting the foregoing, if the presence of any hazardous substance on, under or within the Systems knowingly caused or knowingly permitted by the CONTRACTOR results in any contamination of the Systems or the environment, the CONTRACTOR shall promptly take all actions at its sole expense as are necessary to return the Systems to the condition existing prior to the introduction of any such hazardous to the Systems and shall promptly take all actions at its sole expense as are necessary to clean up the environment; provided that the CITY's approval of such action shall first be obtained, which approval shall not be unreasonably withheld so long as such actions would not potentially have any material adverse long-term or short-term adverse effect on the Systems.

CITY acknowledges that the CONTRACTOR has no responsibility as generator, treater, storer, or disposer of hazardous substances found or identified at the site, except as such shall have been brought to the site by the CONTRACTOR or someone for whom the CONTRACTOR is responsible. The CONTRACTOR has no liability for any actual or threatened environmental pollution or contamination except to the extent that the CONTRACTOR has negligently caused or contributed to any such pollution or contamination. The CONTRACTOR agrees and accepts the site in an "as is" condition. The CONTRACTOR shall notify the CITY within 120 days of takeover of any hazardous substances found or identified at the site.

As used herein, the term "hazardous substances" means any hazardous or toxic substance, material or waste, which is or becomes regulated by any local government authority, the State of Connecticut or the United States Government. The term "hazardous substance" includes without limitation, any material or substance that is (i) defined as a hazardous substance under 22a-452a of the Connecticut General Statutes, (ii) petroleum, (iii) asbestos, (iv) designated as a "hazardous substance" pursuant to Section 311 of the

Federal Water Pollution Control Act (33 U.S.C. 1321), (v) defined as a "hazardous waste" pursuant to Section 1004 of the Federal Resource Conservation and Recovery Act, 42 U.S.C. 9601, et seq. (42 U.S.C. 9601), or (vi) defined as a "regulated substance" pursuant to Subchapter IX, Solid Waste Disposal Act (Regulation of Underground Storage Tanks), 42 U.S.C. 6991, et seq.]

6.5 Systems

The CONTRACTOR shall use care and diligence, and shall take all appropriate precautions, to protect the Systems from loss, damage or destruction. The CONTRACTOR shall report to the CITY and the insurers, immediately upon obtaining knowledge thereof, of any damage or destruction to the Systems, and as soon as reasonably practicable thereafter shall submit a full report to the CITY. The CONTRACTOR shall also submit to the CITY within 24 hours of receipt copies of all accident and other reports filed with, or given to the CONTRACTOR by, any insurance company, adjuster or Governmental Body. The parties shall cooperate so as to promptly commence and proceed with due diligence to complete the repair, replace and restore the Systems to at least the character or condition thereof existing immediately prior to the loss, damage or destruction, in accordance with and subject to any limitations set forth herein, as applicable.

To the extent that any repair, replacement or restoration costs incurred pursuant to this Section can be recovered from any insurer or from another third party cooperate with and, each party shall assist the CITY in exercising such rights as it may have to effect such recovery. Each party shall provide the CITY with copies of all relevant documentation at no cost to the CITY, and shall cooperate with and assist the CITY at the CITY's request, participating in conferences, negotiations and litigation regarding insurance claims.

The CITY shall provide all funds necessary to pay the costs of repairing, replacing and restoring the Systems in accordance herewith and all insurance proceeds and recoveries from third parties resulting from damage to or the loss or destruction of the Systems shall be for the account of the CITY; provided, however, that such costs not covered by insurance proceeds or third party payments shall be borne by the CONTRACTOR to the extent the loss, damage or destruction was not caused by Uncontrollable Circumstances.

The CONTRACTOR shall promptly repair or replace all CITY property and private property damaged by the CONTRACTOR or any officer, director, employee, representative or agent of the CONTRACTOR in connection with the performance of, or the failure to perform, its obligations hereunder in accordance with the Contract Standards, except to the extent any damage is the result of an Uncontrollable Circumstance. The repair and replacements, to the maximum extent reasonably practicable, shall restore the damaged property to its character and condition existing immediately prior to the damage.

7.0 MISCELLANEOUS

7.1 Relationship

The relationship of the CONTRACTOR and the CITY is that of independent contractor and not one of employment. None of the employees of agents or the CONTRACTOR shall be considered employees of the CITY. For the purposes of all state, local and Federal laws and regulations; the CITY shall exercise, primary management, operational and financial decision making authority.

7.2 Nondiscrimination and Minority Hiring

The CONTRACTOR shall refrain from unlawful discrimination in employment and shall undertake appropriate affirmative action in its employment practices. The CONTRACTOR shall work toward a minority hiring goal of twenty percent 20% in performing its services under this Agreement.

7.3 Entire Agreement and Amendments

This Agreement contains the entire agreement between the CITY and the CONTRACTOR and supersedes all prior or contemporaneous communications, representations, understandings, or agreements; all of which are merged herein. This Agreement may be modified only by written amendment signed by both parties.

7.4 Headings and Exhibits

The headings contained in this Agreement are for reference only and shall not in any way effect the meaning or interpretation of. this Agreement; all of which are merged in this Agreement. The Exhibits to this Agreement shall be construed as an integral part of this Agreement.

7.5 Waiver

The Failure on the part of either party to enforce its rights as to any provision of this Agreement shall not be construed as a waiver of its rights to enforce such provisions in the future.

7.6 Assignment

This Agreement shall not be assigned by either party without the prior written consent of the other party.

7.7 Access and Inspection by CITY

The CITY shall have the right to inspect the Systems and equipment at anytime. A CONTRACTOR representative shall be notified prior to and permitted to observe the inspection. The CONTRACTOR shall provide the CITY with access, during normal business hours and upon reasonable prior notice, to the CONTRACTOR ' s financial and

operating records related to the Systems for the purpose of auditing costs or verifying the CONTRACTOR'S performance under this Agreement.

7.8 Uncontrollable Circumstances

Except as expressly provided under the terms of this Agreement, neither party to this Agreement shall be liable to the other for any loss, damage, delay, default or failure to perform any obligation to the extent it results from an Uncontrollable Circumstance. The parties agree that the relief for an Uncontrollable Circumstance described in this Section shall apply to all obligations in this Agreement, except to the extent specifically provided otherwise, notwithstanding that such relief is specifically mentioned with respect to certain obligations in this Agreement but not other obligations. The occurrence of an Uncontrollable Circumstance shall not excuse or delay the performance of a party's obligation to pay monies previously accrued and owing under this Agreement, or to perform any obligation hereunder not affected by the occurrence of the Uncontrollable Circumstances. The CITY shall pay to the CONTRACTOR the compensation it is due under Section 5.0 of this Agreement during the continuance of any Uncontrollable Circumstance, adjusted to account for any cost reductions achieved through the CONTRACTOR mitigation measures required by this Section, as well as for any cost increases to which the CONTRACTOR is entitled pursuant to this Section as set forth below.

The party that asserts the occurrence of an Uncontrollable Circumstance shall notify the other party by telephone, email or facsimile, on or promptly after the date the party experiencing such Uncontrollable Circumstance first knew of the occurrence thereof, followed within 15 days by a written description of: 1) the Uncontrollable Circumstance and the cause thereof (to the extent known); and 2) the date the Uncontrollable Circumstance began, its estimated duration, and the estimated time during which the performance of such party's obligations hereunder shall be delayed, or otherwise affected. As soon as practicable after the occurrence of an Uncontrollable Circumstance, the affected party shall also provide the other party with a description of 1) the amount, if any, by which its Compensation is proposed to be adjusted as a result of such Uncontrollable Circumstance, (2) any areas where costs might be reduced and the approximate amount of such cost reductions, and (3) its estimated impact on the other obligations of such party under this Agreement. The affected party shall also provide prompt written notice of the cessation of such Uncontrollable Circumstance. Whenever an Uncontrollable Circumstance occurs, the party claiming to be adversely affected thereby shall, as promptly as reasonably practicable, use all reasonable efforts to eliminate the cause thereof, reduce costs resulting therefrom, mitigate and limit damage to the other party, and resume full performance under this Agreement. While the Uncontrollable Circumstance continues, the affected party shall give notice to the other party, before the first day of each succeeding month, updating the information previously submitted. The party claiming to be adversely affected by an Uncontrollable Circumstance shall bear the burden of proof, and shall furnish promptly any additional documents or other information relating to the Uncontrollable Circumstance reasonably requested by the other party.

If and to the extent that Uncontrollable Circumstances interfere with, delay or increase the cost of the CONTRACTOR's performance in accordance herewith, the CONTRACTOR shall be entitled to relief from its performance obligations, an increase in its Compensation, or an extension of schedule which properly reflects the interference with performance, the amount of the increased cost, or the time lost as a result thereof, in each case only to the minimum extent reasonably forced on the CONTRACTOR by the event, and the CONTRACTOR shall perform all its other services hereunder. The proceeds of any Required Insurance available to meet any such increased cost, and the payment by the CONTRACTOR of any deductible, shall be applied to such purpose prior to any determination of cost increase payable by the CITY under this Section; provided, however, that the CONTRACTOR shall be entitled to timely payment for increased costs pursuant to this Section, and any delay in the receipt of proceeds of Required Insurance available for such costs shall not affect the CONTRACTOR's rights hereunder. Any cost reduction achieved through the mitigating measures undertaken by the CONTRACTOR upon the occurrence of an Uncontrollable Circumstance shall be reflected in a reduction of the amount by which its Compensation would have otherwise been increased or shall serve to reduce its Compensation to reflect such mitigation measures, as applicable. In the event that the CONTRACTOR believes it is entitled to any performance, price or schedule relief on account of any Uncontrollable Circumstance, it shall furnish the CITY written notice of the specific relief requested and detailing the event giving rise to the claim within 30 days after the giving of notice delivered in accordance herewith, or if the specific relief cannot reasonably be ascertained and such event detailed, within such 30-day period, then within such longer period within which it is reasonably possible to detail the event and ascertain such relief. Within 30 days after receipt of such a timely submission from the CONTRACTOR the CITY shall issue a written determination as to the extent, if any, it concurs with the CONTRACTOR claim for performance, price or schedule relief, and the reasons therefor. The CONTRACTOR acknowledges that its failure to give timely notice pertaining to Uncontrollable Circumstances as required hereunder may adversely affect the CITY. To the extent the CITY asserts that any such adverse effect has occurred and that the relief to the CONTRACTOR or the additional cost to be borne by the CITY hereunder should be reduced to account for such adverse effect, the CONTRACTOR shall have the affirmative burden of refuting the CITY's assertion. Absent such refutation, the reduction in relief to the CONTRACTOR and the reduction in additional cost to the CITY asserted by the CITY in such circumstances shall be effective.

The CONTRACTOR's acceptance of any performance, price or schedule relief hereunder shall be construed as a release of the CITY by the CONTRACTOR (and all persons claiming by, through, or under the CONTRACTOR) for any and all loss, liability, costs, or damages resulting from, or otherwise attributable to, the event giving rise to the relief claimed; provided, however, that nothing in this subsection is intended to prevent the CONTRACTOR from impleading the CITY in connection with any legal proceeding initiated by any third party relating to any Uncontrollable Circumstance.

7.9 Authority to Contract

Each party warrants and represents that it has the power and authority to enter into this Agreement and to perform the obligations, including any payment obligations, under this Agreement.

7.10 Governing Laws

This Agreement shall be governed by and construed in accordance with the laws of the State of Connecticut, exclusive of its choice of law rules.

7.11 Notices

All notices will be in writing and will be delivered in person or transmitted by certified mail, return receipt requested. Notice required to be given to the CONTRACTOR will be addressed to:

[_____]

and

The Project Manager

[_____]

120 Broad Street
New London, CT 06320

Notices required to be given to the CITY will be addressed to:

Mr. Martin H. Berliner
City Manager
City of New London
City Hall
181 State Street
New London, CT 06320

and

Mr. Barry Weiner
Chairman
Water & Water Pollution Control Authority
120 Broad Street
New London, CT 06320

7.12 Severability

Should any part of this Agreement, for any reason, be declared invalid or void, such declaration will not affect the remaining portions, which will remain in full force and

effect as if this Agreement had been executed with the invalid portion eliminated. Any portion of this Agreement declared invalid or void shall be renegotiated between the parties.

7.13 Security Instruments

The CONTRACTOR shall cause the Guaranty Agreement to be provided and maintained by the Guarantor during the term hereof.

The CONTRACTOR shall provide a performance bond, in an amount equal to one times the Base Compensation as defined in Section 5.1, with a surety authorized to do business in the State of Connecticut, as additional assurance toward satisfactory performance under the terms and conditions of this Agreement. This bond shall be renewed annually and the expense thereof paid by the CONTRACTOR.

7.14 Third Party Rights

Nothing contained in this Agreement shall be deemed to create third party rights.

7.15 Dispute Resolution

It is the express intention of the parties that all legal proceedings related to this Agreement or to any rights or any relationship between the parties arising therefrom shall be solely and exclusively initiated and maintained in the Superior Court for the Judicial District for New London at New London, Connecticut. The CONTRACTOR and the CITY each irrevocably consents to the jurisdiction of such court in any such actions or proceedings, waives any objection it may have to the laying of the jurisdiction of any such action or proceeding.

CONTRACTOR HEREBY EXPRESSLY WAIVES ANY AND ALL RIGHTS IT MAY HAVE TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION (1) ARISING UNDER THIS AGREEMENT OR ANY OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HEREWITH, OR (2) IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES HERETO OR ANY OF THEN WITH RESPECT TO THIS AGREEMENT OR ANY OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HEREWITH, OR THE TRANSACTIONS RELATED HERETO OR THERETO, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT OR TORT OR OTHERWISE; AND CONTRACTOR HEREBY AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY, AND THE CITY MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION WITH ANY COURT AS WRITTEN EVIDENCE OF CONTRACTOR'S CONSENT TO THE WAIVER OF ITS RIGHT TO TRIAL BY JURY. Except as prohibited by law, the CONTRACTOR waives any right which it may have to claim or recover in any litigation referred to in the preceding sentence any special, exemplary, punitive or consequential damage or any

damages other than, or in addition to, actual damages. The CONTRACTOR (a) certifies that neither the owner nor any representative, agent or attorney of the owner has represented, expressly or otherwise, that the owner would not, in the event of litigation, seek to enforce the foregoing waivers, and (b) acknowledges that, in entering into the Agreement, the CITY is relying upon, among other things, the waivers and certifications contained in this section.

This Agreement shall be governed by, and construed in accordance with the laws of the State of Connecticut.

7.16 Survival

The following terms shall survive the termination of this Agreement: Article 6.1 (Indemnification); Article 6.4 (Environmental Indemnification); Article 7.8 (Uncontrollable Circumstances); Article 7.15 (Dispute Resolution); and Article 7.16 (Survival).

7.17 No Consequential or Punitive Damages

In no event shall either party be liable to the other or obligated in any manner to pay to the other any special, incidental, consequential, punitive or similar damages based upon claims arising out of or in connection with the performance or non-performance of its obligations under this Agreement, or the material falseness or inaccuracy of any representation made in this Agreement, whether such claims are based upon contract, tort, negligence, warranty or other legal theory.

IN WITNESS WHEREOF, the parties have duly executed this Agreement effective as the date first above written.

<p>CITY OF NEW LONDON, CONNECTICUT</p> <p>By: _____ Name: _____ Title: _____</p> <p>Date: _____</p>	<p>CONTRACTOR.</p> <p>By: _____ Name: _____ Title: _____</p> <p>Date: _____</p>
<p>CITY OF NEW LONDON WATER & WATER POLLUTION CONTROL AUTHORITY</p> <p>By: _____ Name: _____ Title: _____</p> <p>Date: _____</p>	

LIST OF EXHIBITS TO DRAFT AGREEMENT

EXHIBIT A – DESCRIPTION OF PROJECT

EXHIBIT B – CUSTOMER SERVICE REQUIREMENTS

EXHIBIT C – LIST OF ROLLING STOCK

EXHIBIT D – PRODUCED WATER QUALITY REQUIREMENTS

EXHIBIT E – NPDES PERMIT DISCHARGE LIMITS

EXHIBIT EE – STORMWATER PERMIT REQUIREMENTS

EXHIBIT F – ANNUAL ADJUSTMENTS TO BASE COMPENSATION

EXHIBIT G – DEFINITIONS

EXHIBIT H – PERFORMANCE STANDARDS

EXHIBIT I – CONVENIENCE TERMINATION FEES

EXHIBIT II – CAPITAL IMPROVEMENTS TO BE MADE BY CONTRACTOR [IF APPLICABLE, TO BE BASED ON PRICE PROPOSAL FORMS P-3, P-3A, AND P-3B]

EXHIBIT J – CORPORATE GUARANTEE

EXHIBIT A – DESCRIPTION OF PROJECT

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

- A. All equipment, grounds, vehicles, and facilities now existing within the present property boundaries of or being used to operate the Systems located as follows:

Water Facilities:

Lake Konomoc Treatment Plant

- Reservoirs: Beckwith Pond
Bogue Brook
Fairy Lake
Barnes Reservoir
Great Swamp
Lake Konomoc

Booster Stations: Five (5), plus Quaker Hill Center Pumping Station (Waterford)

- Storage Facilities: Tremont St. Tank
Manatuck St. Tank
Gallows Lane Tank
Vauxhall Street Tank (Waterford)
Douglas Hill Tank (Waterford)
Roger’s Hill Water Storage Tank (Waterford)

Distribution: Approximately one hundred twenty (120) miles of distribution mains and two (2) miles of service mains

Wastewater Facilities:

Placenti Wastewater Treatment Facility
100 Trumbull Street, New London, CT

All equipment, grounds, vehicles, and facilities now existing within the present property boundaries of pumping stations as follows:

- Pump Stations: Ocean Beach Park
Pequot Ave. #2
Pequot Ave. #3
Atlantic St.
Winthrop St.
Warren St.
Bayonet St.
Farnsworth St.
Trumbull St.

Collection: Approximately seventy-four (74) miles of gravity sewers, and six (6) miles of force mains in service on the effective date of this Agreement.

Interlocal Agreements

Reference is made to the following interlocal agreements for a more particular description of the water and wastewater systems:

- A. New London/Waterford Water Agreement dated October 6, 1988
- B. New London/Waterford/East Lyme Sewer Agreement dated January 10, 1991 as amended May 1991

EXHIBIT B – CUSTOMER SERVICE REQUIREMENTS

EXHIBIT B – CUSTOMER SERVICE REQUIREMENTS

The CONTRACTOR's customer service responsibilities shall include:

- Meter reading, repair, and installation
- Billing for Water and Sewer
- Cash Collection
- Customer Service
- Maintaining Maps and Records

Services are to be provided as described below and as added to and/or revised in accordance with the recommendations of the report by Blum Shapiro, April 14, 2007, included at the end of this section.

More specifically, the CONTRACTOR shall:

- Read each customer water meter and wholesale purchase and sales meters at least once a quarter
- Prepare and distribute all utility billing and related customer notifications
- Carry out all activities associated with establishment of new and removed accounts, and changes to existing accounts
- Provide public education and technical support activities related to customer billing services
- Coordinate all activities associated with the maintenance of City utility billing accounts
- Field all customer calls
- Answer or direct for answer all customer questions
- Issue all water bills and collecting all water receipts
- Book appointments for meter installation, repair or reading
- Forward, in a timely manner, all Call Before You Dig requests
- Train Customer Service Representatives to interview complainants and complete forms to make sure that the call is well documented. All customers will receive a call back to ensure that their problem has been resolved.
- Provide customers advance notice of supply shut off whenever the need arises to interrupt the supply of water to perform emergency or planned maintenance to the distribution system
- For new meter installation: obtain mark out from Call Before You Dig (within three days of a request) and install meter within ten days of a request

- Promote a public education program to encourage water conservation and resource protection. Educational materials will be distributed at the schools in this community and Earth Tech staff will be made available to discuss water management with any interested organization/industry. Pamphlets and brochures will be made available to industrial users and they will be encouraged to consider conservation efforts
- Read all industrial and residential meters as well as wholesale purchases and sales meters quarterly.
- Read Meters just prior to the transfer of property and at the request of the City
- Bills will be generated and mailed to customers quarterly
- Communications protocols will be established to inform customers of scheduled meter readings in their respective areas
- Implement a meter tracking process to control all accounts and ensure reductions in lost income will occur
- Calibrated all commercial account water meters on an annual basis
- Implement all drought measures required in Water Supply Plan, including coordination with Waterford and all required notifications and advertisements
- The CONTRACTOR shall provide by January 31st of each year the cost to operate the wastewater treatment facilities and provide support service to justify the cost if requested by City

BlumShapiro

To the Water Pollution Control Authority
City of New London, Connecticut

We were engaged to review the internal controls of the City of New London, Connecticut's WPCA and Water Departments. Reportable conditions involve matters coming to the auditor's attention relating to significant deficiencies in the design or the operation of the internal control structure that, in the auditor's judgment, could adversely affect the City's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. None of the matters discussed below are considered to be significant deficiencies.

Certain matters related to internal control and operations came to our attention during the course of our engagement. These matters, along with our recommendations and management's responses, are described below.

A. Approval of New Customer Accounts

Background: During the course of the project, we noted that the customer service representative enters customer information including name, address, dwelling type, service type and meter size. We noted that there is no review of this information. The way in which the account is set up could affect future billings.

Recommendation: The supervisor should be reviewing all new applications entered into the system to ensure the data per the application is accurately entered into the system. Additionally, the supervisor should ensure the correct connection fees have been paid.

B. Changes to Existing Customer Accounts

Background: During the course of the project, we noted that changes to existing customer accounts, including adjusting accounts receivable balances and meter readings, can be made independently without review by the supervisor. The ability to make changes to customer accounts is limited to members of the IT department, the office manager, customer service representatives and one person in the finance department.

Recommendation: We recommend that any change to a customer account be documented in the HTE system through the service order process or customer/location master files. Furthermore, the supervisor should review all documentation on a random basis to ensure propriety.

C. Change in Ownership

Background: During the course of the project, we noted that upon a change of ownership of property, in certain instances, the meter reading is phoned in by the property owner or agency representative. This is prone to inaccuracies and potential legal repercussions.

Recommendation: A public utility representative should be conducting a physical meter reading upon change in ownership.

D. Review of Quarterly Billing Report

Background: During the course of the project, we noted that the business office manager reviews the quarterly billing report ensuring that the amount of reads per route and the amount of reads billed are accurate. The results of this review are not documented.

Recommendation: The business office manager should document her review of the routes of the billing report. The business office manager should indicate on the last page of the routes report the agreement with the applicable number of reads on the route and the reasonableness of the reads that were billed.

E. System Access

Background: During the course of the project, we noted that a number of users have access to various system control options. It is unclear if all access is necessary.

Recommendation: Someone from the IT department, together with the contract administrator's office and, if necessary, the software vendor, should review user rights to ensure appropriate user access exists.

F. Cash Receipts via Post Office Box

Background: During the course of the project, we noted that when receipts do not come to the bank lockbox, they are received at a post office box. The office manager, daily, will pick up the mail from the post office box and bring payments to the bank. There is no control that all of the receipts from the post office box are being deposited into the bank.

Recommendation: We recommend that either 1) the mail come directly to the water/sewer office so that a control sheet be created and then signed off as received by the bank, 2) two people should pick up the mail from the post office box and bring payments to the bank, or 3) a lockbox be maintained year-round.

G. Cash Receipts via Front Desk

Background: During the course of the project, we noted that payments are received at a payment window. It is unclear if the customer is given a receipt.

Recommendation: We recommend that controls over this function be strengthened by ensuring each customer receives a receipt and that each receipt be properly accounted for. This could involve integration and or reconciliation with the cash register or other module of the system.

H. Segregation of Duties - Daily Update

Background: During the course of the project, we noted that the same individual could collect connection fees, set up an account, initiate billing, record meter readings, send a bill, receive payments and adjust payments. This same individual runs the daily update to the system, which updates the customer records with these transactions.

Recommendation: We recommend that the supervisor run the daily update, which would allow the supervisor to review the daily activity before the customer accounts are updated. This, together with Items A and B above, would mitigate most of the risk in this area.

I. Accounts Receivable Reconciliation

Background: During the course of the project, we noted that the daily feed from the water and sewer billing system to the general ledger is reconciled by the finance department for cash received. However, there is no reconciliation of the changes in the various receivables accounts. That is, there is no verification that the changes in the water, sewer, interest or lien receivables are accurate. We also noted that the unapplied credits account is not reconciled.

Recommendation: We recommend that the finance department regularly reconcile the changes in the accounts receivable and unapplied credit accounts throughout the billing and collections process. The finance department should also develop a method of documenting that the reconciliation is complete and accurate.

J. Cash Receipts per Water and Sewer Ledger Agrees with Amount per General Ledger

Background: During the course of the project, we noted that finance reviews the cash transmittal sheet and cash update report and verifies that the amounts agree with the journal entry to be posted to the general ledger. The reports are filed after the journal entry is posted, however, the review and approval of the support is not documented.

Recommendation: We recommend that finance sign off on both the cash transmittal sheet and cash update report indicating that they have agreed the amounts to the journal entry prior to posting and that the journal entry was approved to be posted to the general ledger.

K. Source of Revenues

Background: During the course of the project, we noted that the revenue categories are not properly identified in the general ledger (i.e., New London - Residential, Industrial, Commercial, Public Authority; Waterford - Residential, Industrial, Commercial, Public Authority). It is our understanding that this information is needed in order to quantify fees from cash receipts that need to be segregated into a special fund and also for budgeting purposes. It is also our understanding that this information was able to be generated previously and that the department is unsure why this capability has ceased.

Recommendation: We recommend that a representative from the software vendor, HTE, be contacted in order to resolve this issue.

Blum, Shapiro & Company, P.C.

April 14, 2007

EXHIBIT C – LIST OF ROLLING STOCK

MOTOR VEHICLE INFORMATION

UNIT	YEAR	MAKE	MODEL	VIN NUMBER
	2004	CHEVROLET	SILVERADO	1GCEK19T64E292782
3	2003	CHEVROLET	S-10	1GCDT19XX38233484
4	1993	FORD	ESCORT	1FAPP15J2PW370929
5	2003	CHEVROLET	ASTRO	1GCDM19X94B105111
7	2003	CHEVROLET	C-2500	1GCHK24U4ZE275819
8	2003	CHEVROLET	C-2500 VAN	1CDG25V231185905
9	2003	CHEVROLET	C-1500	1GCEK19T13E181961
10	1987	JOHN DEERE	310-SE	T0310SE832182
11	2003	VAC-CON	7400	1HTWDADR343067201
14	1989	FORD	ALAMO	BC16358
16	1997	FORD	F-350	3FEKF38G6VMA58913
18	1996	FORD	F-800	1FDYF80C6VVA16686
20	1997	FORD	F-250	3FTHF26H5VMA57888
25	1997	FORD	F-350	3FEKF38G4VMA58912
29	1997	FORD	RANGER	1FTYR10C6WTA05316
30	2004	CHEVROLET	SILVERADO 3500	1GBJK34G64E294072
31	2004	CHEVROLET	SILVERADO 3500	1GBJK34264E290981
FBT	1999	CUSTOM	10T24EDLP	5B7261862X1005297
	2005	CHEVROLET	COLORADO	1GCDT146058226352
	2005	CHEVROLET	AVEO	KL1TD62645B408803
	2005	CHEVROLET	AVEO	KL1TD626X5B409003
	2004	Downeaster	TL612-Trailer	1C9LU12134T821637
	2007	CHEVROLET	COLORADO	1GCDT199478203713
	2004	Miller	Hwy Trailer - 1000	5DLUWZ8124H001014

TOTAL:

EQUIPMENT INFORMATION

154	1993	ATLAS COPCO	XAS 90JD	HOL 600600
282		STONE	WOLF PAC 2500 Pavement Roller	800364

EXHIBIT D – PRODUCED WATER QUALITY REQUIREMENT

The Project has the following design characteristics:

A capacity of 9 MGD of finished water production with an ability for chemical additions, flocculation, sedimentation and filtration based on 3.65 gallons per minute per square foot of filter area per filter. The Project has the capability for post treatment by chlorination and fluoridation.

CONTRACTOR will operate the Project so that water treated will meet applicable Federal, State of Connecticut, and City of New London Standards. CONTRACTOR's Annual Fee includes all costs for treating a maximum average daily flow of 9 MGD of raw water per day to the standards specified below.

Turbidity	<1.0 NTU
Iron	<0.3 mg/l
Manganese	<0.05 mg/l
Fluoride	0.8 average mg/l
pH	≥7.0
Color	<15 color units
Corrosivity	Non-corrosive
Odor	<3.0 TON
Coli	Negative

EXHIBIT E -NPDES PERMIT DISCHARGE LIMITS

A. CONTRACTOR will operate so that effluent will meet the requirement of NPDES permit No. CT0100382 (issued on September 21, 2006) a full and complete copy of which is adopted by reference herein as of the date hereof. CONTRACTOR shall be responsible for meeting the effluent quality requirements of CITY's NPDES permit unless one or more of the following occurs: (1) the Project influent does not contain Adequate Nutrients to support operation of Project biological processes and/or contains Biologically Toxic Substances which cannot be removed by the existing process and facilities; (2) dischargers into CITY's sewer system violate any or all regulations as stated in CITY's Industrial Water and Sewer Ordinance(s) or as required by law; (3) the flow or influent BOD₅ and/or suspended solids exceeds the Project design parameters which are 10 million gallons of flow per day, 20,020 pounds of BOD₅ per day, 20,020 pounds of suspended solids and a daily peaking factor of 2 times flow; (4) if the Project is inoperable or can operate only at a reduced capacity on account of construction activities, fire, flood, adverse weather conditions, labor disputes or other causes beyond CONTRACTOR's control.

B. In the event anyone of the Project influent characteristics, suspended solids, BOD₅ or flow, exceeds the design parameters stated above, CONTRACTOR shall return the plant effluent to the characteristics required by the NPDES permit in accordance with the following schedule after Project influent characteristics return to within design parameters.

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

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

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

D. The Annual Fee for services under this Agreement is based upon the following:

(a) Project influent characteristics:

Wastewater Flow	<u>8.567</u> million gallons per day
BOD ₅	<u>15,648</u> pounds per day
TSS	<u>14,735</u> pounds per day
Water Flow	<u>5.8</u> million gallons per day

The above characteristics are the actual twelve (12) months average for the most recent 12 months reported. Any increase or decrease of more than ten (10%) in any of these characteristics, based upon a **contract year**, will result in an adjustment to the Base Compensation in accordance with Exhibit F.

EXHIBIT EE – STORMWATER PERMIT REQUIREMENTS

As specified in the Certificate of Registration issued to the City of New London for Stormwater-Industrial Activities, General Permit – GSI002007, July 3, 2007.

EXHIBIT F – ANNUAL ADJUSTMENTS TO BASE COMPENSATION

Baseline conditions for this Agreement are as follows:

Water Production: Daily - <u>5.8</u> MGD	Annual - <u>2,117</u> MG
Wastewater Flow: Daily - <u>8.567</u> MGD	Annual - <u>3,130</u> MG
BOD Loading: Daily - <u>15,648</u> lbs/day	Annual - <u>2,855.76</u> Dry Tons
TSS Loading: Daily - <u>14,735</u> lbs/day	Annual - <u>2,689</u> Dry Tons

Should annual water production or wastewater flows or loadings exceed or fall below the above baseline conditions by more than ten percent (10%), base compensation will be adjusted, either up or down, according to the following schedule:

Water Production	\$ _____/MG (beyond the 10% range)
Wastewater Flow	\$ _____/MG (beyond the 10% range)
BOD Loading	\$ _____/Dry Ton (beyond the 10% range)
TSS Loading	\$ _____/Dry Ton (beyond the 10% range)

[Cost factors above shall be established based upon values proposed in the Contractor's Price Proposal. Such proposal must include back-up calculations establishing that the factor represents incremental cost plus 10% profit.]

EXHIBIT G - DEFINITIONS

- A. "Adequate Nutrients" means plant influent nitrogen, phosphorus and iron contents proportional to BODs in the ratio of five (5) parts nitrogen, one (1) part phosphorus, and one-half (0.5) part iron for each one hundred (100) parts
- B. "Annual Fee" means a predetermined, fixed sum for the CONTRACTOR'S services. The Annual Fee includes cost and profit.
- C. "Applicable Law" means (1) any federal, state or local law, code, regulation or consent order or agreement, (2) any formally adopted and generally applicable rule, requirement, determination, standard, policy, implementation schedule or order of any Governmental Body having appropriate jurisdiction, (3) any established interpretation of law or regulation utilized by an appropriate regulatory Governmental Body if such interpretation is documented by such regulatory body and generally applicable, and (4) any Governmental Approval, in each case having the force of law and applicable from time to time to the Systems.
- D. "Biologically Toxic Substances" means any substance or combination of substances contained in the plant influent in sufficiently high concentration so as to interfere with the biological processes necessary for the removal of the organic and chemical constituents of the wastewater required to meet the discharge requirements of CITY'S NPDES permit. Biologically toxic substances include, but are not limited to, heavy metals, phenols, cyanides, pesticides and herbicides.
- E. "Buried Infrastructure" means the underground piping components of the Systems.
- F. "Capital Expenditures" means any expenditures for (1) the purchase of new equipment (excluding rolling stock) or facility items that cost more than Five Thousand Dollars (\$5,000); or (2) major repairs which significantly extend equipment or facility service life and cost more than Five Thousand Dollars (\$5,000) or (3) expenditures that are planned, non-routine and budgeted by CITY. [FOR FIVE AND TEN YEAR AGREEMENT]
- G. "Capital Improvement" means any material alteration, improvement, upgrade or modification of any of the Systems or any installation of new equipment or systems, including any of the foregoing that results from a replacement of any of the Systems or the installation of new equipment, machinery, systems or other property of the Systems.
- H. "Change in Law" means any of the following acts, events or circumstances to the extent that compliance therewith materially increases the cost of performing or materially increases the scope of a party's obligations hereunder:
- (a) the adoption, amendment, promulgation, issuance, modification, repeal or written change in administrative or judicial interpretation of any Applicable Law on or after the date of this Agreement;

- (b) the order or judgment of any Governmental Body issued on or after the date of this Agreement (unless such order or judgment is issued to enforce compliance with Applicable Law which was effective as of the date of this Agreement) to the extent such order or judgment is not the result of willful or negligent action, error or omission or lack of reasonable diligence of the CONTRACTOR or of the CITY, whichever is asserting the occurrence of a Change in Law; provided, however, that the contesting in good faith or the failure in good faith to contest any such order or judgment shall not constitute or be construed as such a willful or negligent action, error or omission or lack of reasonable diligence; and
 - (c) the denial of an application for, a delay in the review, issuance or renewal of, or the suspension, termination or interruption of any Governmental Approvals, or the imposition of a term, condition or requirement which is more stringent or burdensome than the Contract Standards in connection with the issuance, renewal or failure of issuance or renewal of, any Governmental Approval, to the extent that such occurrence is not the result of willful or negligent action, error or omission or a lack of reasonable diligence of the CONTRACTOR or of the CITY, whichever is asserting the occurrence of a Change in Law; provided, however, that the contesting in good faith or the failure in good faith to contest any such occurrence shall not be construed as such a willful or negligent action or lack of reasonable diligence.
- I. "Contract Standards" means standards, terms, conditions, methods, techniques and practices imposed or required by (1) Applicable Law, (2) the Performance Standards, (3) Good Engineering and Construction Practices, (4) Good Industry Practice, (5) the operation and maintenance manual(s), (6) applicable equipment manufacturers' specifications, (7) applicable insurance requirements, and (8) any other standard, term, condition or requirement specifically provided in this Agreement to be observed by the CONTRACTOR.
 - J. "Current Operator" means [Earth Tech] [FULL LEGAL NAME TO BE INSERTED]
 - K. "Good Engineering and Construction Practices" means the methods, techniques, standards and practices which, at the time they are to be employed and in light of the circumstances known or reasonably believed to exist at such time, are generally recognized and accepted as a good workman like manner in the engineering and construction industries as practiced in the northeast United States region for municipal wastewater treatment and sewer collection systems.
 - L. "Good Industry Practice" means the methods, techniques, standards and practices which, at the time they are to be employed and in light of the circumstances known or reasonably believed to exist at such time, are generally recognized and accepted as good operation, maintenance, repair, replacement and management practices in the municipal water treatment and distribution and wastewater treatment and conveyance industries as observed in the northeastern region of the United States.

- M. "Governmental Approvals" means all approvals, permits, licenses, authorizations, consents, certifications, exemptions, registrations, rulings and entitlements of a Governmental Body of whatever kind and however described which are required under Applicable Law to be obtained or maintained by any person with respect to the Project.
- N. "Governmental Body" means any federal, state, regional or local legislative, executive, judicial or other governmental board, agency, authority, commission, administration, court or other body, or any official thereof having jurisdiction.
- O. "Guarantor" means [NAME OF GUARANTOR TO BE INSERTED HERE].
- P. "Liquidated Damages" mean the termination liquidated damages set forth in Section 4.3 and the operation liquidated damages set forth in [].
- Q. "Maintenance" means those routine and/or repetitive activities required or recommended by the equipment or facility manufacturer or by the CONTRACTOR to maximize the service life of the equipment, sewer, vehicles and facilities.
- R. "Performance Standards" means the standards for the performance of the Systems as more specifically set forth in Exhibit H to this Agreement.
- S. "Project" means all equipment, vehicles, grounds, rights of way, sewers and facilities described in Exhibit A and, where appropriate, the management, operations and maintenance of such.
- T. "Repairs" means those non-routine/non-repetitive activities required for operational continuity, safety and performance generally due to failure or to avert a failure of the equipment, sewer, vehicles or facilities or some component thereof.
- U. "Uncontrollable Circumstances" means any act, event or condition that, in light of the circumstances known or reasonably believed to exist at the time, is beyond the reasonable control of and to the extent not the result of the willful or negligent act, error or omission, failure to exercise reasonable diligence, or breach of this Agreement, on the part of the party relying thereon as justification for not performing an obligation or complying with any condition required of such party under this Agreement, and that materially interferes with, or materially increases the cost of, performing its obligations hereunder (other than payment obligations).
- (1) Inclusions. Subject to the foregoing, Uncontrollable Circumstances shall include, and shall not be limited to, the following:
- (a) a Change in Law;
 - (b) contamination of the Systems from groundwater, soil or airborne Hazardous Substances migrating from sources outside the Systems and not caused by the CONTRACTOR fault including, with respect to the

Site, the adjacent solid waste disposal landfill and waste-to-energy plant;

- (c) naturally occurring events such as landslides, underground movement, earthquakes, lightning, fires, tornadoes, hurricanes, floods, epidemics and other acts of God;
 - (d) explosion, sabotage or similar occurrence, acts of a declared public enemy, extortion, war, blockade or insurrection, riot or civil disturbance;
 - (e) labor disputes, except labor disputes involving employees of the CONTRACTOR, its affiliates, or subcontractors which affect the performance of its obligations hereunder;
 - (f) the failure of any Subcontractor to furnish services, materials, chemicals or equipment on the dates agreed to, but only if such failure is the result of an event which would constitute an Uncontrollable Circumstance if it affected the CONTRACTOR directly, and the CONTRACTOR is not able after exercising all reasonable efforts to timely obtain substitutes;
 - (g) the failure of any appropriate Governmental Body or private utility having operational jurisdiction in the area in which the Systems are located to provide and maintain utilities to the Systems which are required for the performance of this Agreement;
 - (h) any failure of title to the Systems or any placement or enforcement of any encumbrance on the Systems not consented to in writing by, or arising out of any action or agreement entered into by, the party adversely affected thereby;
 - (i) the preemption, confiscation, diversion, destruction or other interference in possession or performance of materials or services by or with the authority of a Governmental Body in connection with a public emergency or any condemnation or other taking by eminent domain of any material portion of the Systems;
 - (j) a violation of Applicable Law by a person other than the affected party or its subcontractors;
- (2) It is specifically understood that none of the following acts, events or circumstances shall constitute an Uncontrollable Circumstance:
- (a) any act, event or circumstance that would not have occurred if the affected party had complied with its obligations hereunder;

- (b) changes in interest rates, inflation rates, wage rates, insurance premiums, commodity prices, currency values, exchange rates or other general economic conditions;
- (c) changes in the financial condition of the CITY, the AUTHORITY, the CONTRACTOR, the Guarantor, in their affiliates or subcontractors affecting the ability to perform their respective obligations;
- (d) the consequences of error, neglect or omissions by the CONTRACTOR, the Guarantor, any subcontractor, any of their affiliates or any other person in the performance of its obligations hereunder;
- (e) union or labor work rules, requirements or demands which have the effect of increasing the number of employees employed at the Systems or otherwise increasing the cost to the CONTRACTOR of performing its obligations hereunder;
- (f) mechanical failure of equipment to the extent not caused by Uncontrollable Circumstance;
- (g) power outages to the extent not caused by third party Utilities or other Uncontrollable Circumstance;
- (h) any impact of prevailing wage or similar laws, customs or practices on the CONTRACTOR's costs;
- (i) weather conditions normal for the CITY;
- (j) any subsurface geotechnical or hydrological conditions, including without limitation the existence of compressible soil layers, masses, unstable soils, manmade deposits, and water table fluctuations;
- (k) failure of the CONTRACTOR to secure patents which it deems necessary for the performance of its obligations hereunder;
- (l) a Change in Law pertaining to taxes; or
- (m) any Change in Law (including the issuance of any Governmental Approval, the enactment of any statute, or the promulgation of any regulation) the terms and conditions of which do not impose more stringent or burdensome requirements on the CONTRACTOR than are imposed by the Contract Standards.

EXHIBIT H -PERFORMANCE STANDARDS

INTRODUCTION

The table in this Exhibit H contains the performance standards referenced in Section 2.5 and 5.9 of this Agreement.

These performance standards are in addition to the Contractor's obligation to perform the scope of services in accordance with all Governmental Approvals. Contractor agrees to pay all fines and penalties assessed by any Governmental Body or Bodies related to the Contractor's performance, or lack thereof, of the scope of the services.

Payment of the performance liquidated damages shall not:

1. Relieve the Contractor of its obligations to perform the scope of services or;
2. Negate the City's right to enforce any other part of this Agreement.

Payment of the performance liquidated damages shall not limit in any way the City's right to terminate this Agreement as otherwise outlined in the Agreement. Payment of liquidated damages does not in and of themselves constitute an admission by CONTRACTOR of a material breach of this Agreement.

Finished Water Treatment Performance

Parameter	Performance Standard	Liquidated Damage
Turbidity	<1.0 NTU	1 st Event - \$1,000 after 8 hours of non-compliance 2 nd Event - \$2,000 after 8 hours of non-compliance 3 rd Event - \$3,000 after 8 hours of non-compliance
Fluoride	0.8 mg/l (average)	1 st Event - \$1,000 after 8 hours of non-compliance 2 nd Event - \$2,000 after 8 hours of non-compliance 3 rd Event - \$3,000 after 8 hours of non-compliance
pH	>7.0 S.U.	1 st Event - \$1,000 after 8 hours of non-compliance 2 nd Event - \$2,000 after 8 hours of non-compliance 3 rd Event - \$3,000 after 8 hours of non-compliance
Failure to Monitor	All required monitoring parameters	1 st Event - \$5,000 2 nd Event - \$10,000 3 rd Event - \$25,000
Coliform	Negative – Requires Public Notice	1 st Event - \$5,000 2 nd Event - \$10,000 3 rd Event - \$25,000
Coliform	Negative – Requires “Boil Water” Notice	1 st Event - \$125,000 2 nd Event - \$225,000 3 rd Event - \$275,000

Water Distribution Performance Standards

Parameter	Performance Standard	Comments, Testing, etc.	Liquidated Damage
Water Main Flushing	Entire system to be flushed on an annual basis		\$500 per mile of water main not flushed
Hydrant Flushing	All hydrants on an annual basis		\$100 per hydrant not flushed
Hydrant Repair	Repair to be completed within seven working days of notification of non-functional hydrant	After notification	\$200 for each hydrant not repaired in seven working days
Notification of Inoperable Hydrants or Valves	Same day notification to City/Fire Department	After Discovery	\$200 for each failed notification event
Valve Exercising	All known valves to be exercised on an annual basis		\$100 for each valve not exercised
Water main leak response time	<1 hour response time for each event within normal working hours (07:00-16:00) <4 hour response time for each event outside of normal working hours (07:00-16:00)	After notification	\$500 per exceedance of response time

Wastewater Collection System Performance Standards

Parameter	Performance Standard	Comments, Testing, etc.	Liquidated Damage
Sewer TV Inspection Program	>20% of the system televised per year (whole system in 5 years as per contract)		\$500 per mile of sewer untelevised to the minimum of 20%
Sewer Cleaning	>33% of the system per year (whole system in 3 years as per contract)		\$500 per mile of sewer not cleaned to the minimum of 33%
Manhole Inspection	>33% of the system per year (whole system in 3 years as per contract)		\$100 per manhole not inspected
Sewage Pump Stations	Each station visited daily Monday – Friday	Holidays excluded	\$50 per each pump station not visited

Parameter	Performance Standard	Comments, Testing, etc.	Liquidated Damage
Response to Stoppage or Overflow	<1 hour response time of each event within normal working hours (07:00-16:00) <4 hours response time for each event outside of normal working hours (07:00-16:00)	After notification	\$500 per exceedance of response time
Notification of Stoppage or Overflow to City Staff	<4 hours should event occur within normal working hours	If event occurs outside of normal working hours, City will be contacted at designated emergency phone	\$200 per event
Number of verified Odor Complaints	<3 per month	Odors caused by Contractor actions or negligence	\$1,000 per odor complaint over 3 per month

Wastewater Treatment Performance Standards

Parameter	Performance Standard	Comments, Testing, etc.	Liquidated Damage
Violation of any Daily Permit Limit	NPDES permit limits	Violation caused by Contractor actions or negligence	\$50 per analyte/parameter outside of permit limit
Violation of any Weekly Permit Limit	NPDES permit limits	Violation caused by Contractor actions or negligence	\$100 per analyte/parameter outside of permit limit
Violation of any Monthly Permit Limit	NPDES permit limits	Violation caused by Contractor actions or negligence	\$1,000 per analyte/parameter outside of permit limit
Violation of any Condition of Stormwater Permit	Stormwater Permit requirements	Violation caused by Contractor actions or negligence	\$100 per violation

Customer Service Performance Standards

Parameter	Performance Standard	Comments, Testing, etc.	Liquidated Damage
Water Meter Replacement	Replace meters prior to reaching 10-year service life	Assuming an inventory of meters and their ages exists, Contractor committed to replacing meters on an annual basis those that reach the 10-year service life	Payment to the City of \$50 per meter that is not replaced on an annual basis
Call Before You Dig	Distribute markout requests to City departments within 1 business day	After receipt of request from customer	\$50 per each request not distributed within 1 business day

Other

Parameter	Performance Standard	Comments, Testing, etc.	Liquidated Damage
Minority Hiring	>20% for new hiring	20% of all vacant positions filled within single calendar year based on filing a minimum of five positions a year will meet the hiring target provided that qualified applications are received	\$1,000 payment to New London business development authority to promote minority education programs
Days Away From Work Rate	Reduction or sustainment shown every year	Per OSHA method of calculating figure. This is a health and safety-related item	\$1,000 payment to New London hospital each year improvement not shown
Number of Vacant Positions/Length Open	Fill each vacant position within 90 days to meet the minimum staffing level		Each day greater than 90, City will be reimbursed the position's daily rate of pay until position is filled
Training	Provide all employees with minimum of 40 hours of training	Includes internal and external training programs	\$500 per employee not receiving 40 hours of training per year
Predictive and Preventive Maintenance %	RFP goal of 50% of all maintenance activities to predictive or preventive	Incremental increased year by year: Year 1 – 50% Year 2 – 55% Year 3 – 60% Year 4 – 65% Year 5 – 70%	\$200 per each percentage point below standard set in given contract year
GASB Commitment	GASB-compliant asset inventory within 180 days of City's report	After City's GASB system fully implemented	\$1,000 for failure to meet deadline

EXHIBIT I – CONVENIENCE TERMINATION FEES[TO BE BASED ON PROPOSER’S PRICE PROPOSAL FORMS P-3, P-3A AND P-3B.]

FIVE YEAR TERM

<u>Years Remaining in Five (5) Year Term</u>	<u>Termination Fee</u>
One or less	\$ _____
One to Two	\$ _____
Two to Three	\$ _____
Three to Four	\$ _____
Four to Five	\$ _____

TEN YEAR TERM

Years Remaining in Ten (10) Year Term

One or less	\$ _____
One to Two	\$ _____
Two to Three	\$ _____
Three to Four	\$ _____
Four to Five	\$ _____
Five to Six	\$ _____
Six to Seven	\$ _____
Seven to Eight	\$ _____
Eight to Nine	\$ _____
<u>Nine to Ten</u>	\$ _____

TWENTY YEAR TERM

Years Remaining in Twenty (20) Year Term

One or less	\$ _____
One to Two	\$ _____
Two to Three	\$ _____
Three to Four	\$ _____
Four to Five	\$ _____
Five to Six	\$ _____

EXHIBIT I – CONVENIENCE TERMINATION FEES (Continued)

Six to Seven	\$ _____
Seven to Eight	\$ _____
Eight to Nine	\$ _____
Nine to Ten	\$ _____
Ten to Eleven	\$ _____
Eleven to Twelve	\$ _____
Twelve to Thirteen	\$ _____
Thirteen to Fourteen	\$ _____
Fourteen to Fifteen	\$ _____
Fifteen to Sixteen	\$ _____
Sixteen to Seventeen	\$ _____
Seventeen to Eighteen	\$ _____
Eighteen to Nineteen	\$ _____
Nineteen to Twenty	\$ _____

EXHIBIT II – CAPITAL IMPROVEMENTS TO BE MADE BY CONTRACTOR

**[IF APPLICABLE, BASED ON PROPOSER'S
PRICE PROPOSAL FORMS P-3, P-3A AND P-3B.]**

EXHIBIT J – CORPORATE GUARANTEE



GUARANTY AGREEMENT

from

[]

to

CITY OF NEW LONDON, CONNECTICUT

[] 2007



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GUARANTY AGREEMENT

This guaranty agreement is made and dated as of [], 2007], between [], [a limited liability company][company] organized under the laws of _____], (together with any permitted successors and assigns hereunder, the “Guarantor”), and the CITY OF NEW LONDON, CONNECTICUT (the "City").

RECITALS

The City and [] (the “Company”) executed an Agreement dated [], 2007] for professional services for the operation and maintenance of the water supply, treatment and distribution system, and wastewater collection, treatment and discharge system serving the City, the towns of Waterford (water distribution and sewage treatment) and East Lyme (sewage treatment only) (together the “Systems”) (hereafter the “Agreement”);

[The Company is an indirect subsidiary of the Guarantor; and]

The City will enter into the Agreement only if the Guarantor guarantees the performance by the Company of all of the Company’s responsibilities and obligations under the Agreement as set forth in this guaranty agreement (the “Guaranty”).

In order to induce the execution and delivery of the Agreement by the City and in consideration thereof, the Guarantor agrees as follows:

ARTICLE I

DEFINITIONS AND INTERPRETATION

SECTION 1.1. DEFINITIONS. For the purposes of this Guaranty, the following words and terms shall have the respective meanings set forth as follows. Any capitalized word or term used but not defined herein is used as defined in the Agreement.

“Obligations” means each and all of the payments required to be made by the Company under the Agreement or for the account of the City, when the same shall become due and payable pursuant to this Guaranty and the covenants and undertakings of the Company pursuant to the terms of the Agreement.

SECTION 1.2. INTERPRETATION. In this Guaranty, unless the context otherwise requires:

(A) References Hereto. The terms “hereby”, “hereof”, “herein”, “hereunder” and any similar terms refer to this Guaranty, and the term “hereafter” means after, and the term “heretofore” means before, the date of execution and delivery of this Guaranty.

(B) Gender and Plurality. Words of the masculine gender mean and include correlative words of the feminine and neuter genders and words importing the singular number mean and include the plural number and vice versa.

(C) Persons. Words importing persons include firms, companies, associations, general partnerships, limited partnerships, trusts, business trusts, corporations and other legal entities, including public bodies, as well as individuals.

(D) Headings. The table of contents and any headings preceding the text of the Articles, Sections and subsections of this Guaranty shall be solely for convenience of

reference and shall not constitute a part of this Guaranty, nor shall they affect its meaning, construction or effect.

(E) Entire Agreement; Authority. This Guaranty constitutes the entire agreement between the parties hereto with respect to the transactions contemplated by this Guaranty. Nothing in this Guaranty is intended to confer on any person other than the Guarantor, the City and their permitted successors and assigns hereunder any rights or remedies under or by reason of this Guaranty.

(F) Counterparts. This Guaranty may be executed in any number of original counterparts. All such counterparts shall constitute but one and the same Guaranty.

(G) Applicable Law. This Guaranty shall be governed by and construed in accordance with the applicable laws of the Connecticut.

(H) Severability. If any clause, provision, subsection, Section or Article of this Guaranty shall be ruled invalid by any court of competent jurisdiction, the invalidity of any such clause, provisions, subsection, Section or Article shall not affect any of the remaining provisions hereof, and this Guaranty shall be construed and enforced as if such invalid portion did not exist provided that such construction and enforcement shall not increase the Guarantor's liability beyond that expressly set forth herein.

(I) Approvals. All approvals, consents and acceptances required to be given or made by any party hereto shall be at the sole discretion of the party whose approval, consent or acceptance is required.

(J) Payments. All payments required to be made by the Guarantor hereunder shall be made in lawful money of the United States of America.

ARTICLE II

REPRESENTATIONS AND WARRANTIES OF THE GUARANTOR

SECTION 2.1. REPRESENTATIONS AND WARRANTIES OF THE

GUARANTOR. The Guarantor hereby represents and warrants that:

(1) Existence and Powers. The Guarantor is duly organized and validly existing as a [] under the laws of [], with full legal right, power and authority to enter into and perform its obligations under this Guaranty.

(2) Due Authorization and Binding Obligation. The Guarantor has duly authorized the execution and delivery of this Guaranty, and this Guaranty has been duly executed and delivered by the Guarantor and constitutes the legal, valid and binding obligation of the Guarantor, enforceable against the Guarantor in accordance with its terms except insofar as such enforcement may be affected by bankruptcy, insolvency, moratorium or by general equity principals of reorganization and other similar laws affecting creditors' rights generally.

(3) No Conflict. Neither the execution or delivery by the Guarantor of this Guaranty nor the performance by the Guarantor of its obligations hereunder to the best of Guarantor's knowledge (a) conflicts with, violates or results in a breach of any law or governmental regulation applicable to the Guarantor, or (b) conflicts with, violates or results in a material breach of any term or condition of the Guarantor's corporate charter or by-laws or any judgment, decree, agreement or instrument to which the Guarantor is a party or by which the Guarantor or any of its properties or assets are bound, or constitutes a default under any such judgment, decree, agreement or instrument, or (c) will result in the creation or

imposition of any material encumbrance of any nature whatsoever upon any of the properties or assets of the Guarantor except as permitted hereby.

(4) No Governmental Approval Required. No approval, authorization, order or consent of, or declaration, registration or filing with, any governmental authority is required of the Guarantor for the valid execution and delivery by the Guarantor of this Guaranty, except such as shall have been duly obtained or made.

(5) No Litigation. There is no action, suit or other proceeding, at law or in equity, before or by any court or governmental authority, pending or, to the best of Guarantor's knowledge, threatened against the Guarantor which has a likelihood of an unfavorable decision, ruling or finding that would materially and adversely affect the validity or enforceability of this Guaranty against the Guarantor, or on the ability of the Guarantor to perform its obligations hereunder.

(6) No Legal Prohibition. The Guarantor has no knowledge of any Applicable Law in effect on the date as of which this representation is being made which would prohibit the performance by the Guarantor of this Guaranty.

(7) Consent to Agreements. The Guarantor is fully aware of the terms and conditions of the Agreement.

(8) Consideration. This Guaranty is made in furtherance of the purposes for which the Guarantor has been organized, and the assumption by the Guarantor of its obligations hereunder will result in a material benefit to the Guarantor.

ARTICLE III
GUARANTY COVENANTS

SECTION 3.1. GUARANTY TO THE CITY. The Guarantor hereby absolutely, presently, irrevocably and unconditionally guarantees to the City for the benefit of the City the full and prompt payment, when due and performance and observance of each and all of the Obligations. Notwithstanding the unconditional nature of the Guarantor's obligations as set forth herein, the Guarantor shall have the right to assert the defenses provided in Section 3.4 hereof against claims made under this Guaranty.

SECTION 3.2. RIGHT OF CITY TO PROCEED AGAINST GUARANTOR This Guaranty shall constitute a guaranty of payment and of performance and not of collection, and the Guarantor specifically agrees that in the event of a failure by the Company to pay or perform any Obligation guaranteed hereunder, the City shall have the right to proceed first and directly against the Guarantor under this Guaranty and without proceeding against the Company or exhausting any other remedies against the Company which the City may have. Without limiting the foregoing, the Guarantor agrees that it shall not be necessary, and that the Guarantor shall not be entitled to require, as a condition of enforcing the liability of the Guarantor hereunder, that the City (1) file suit or proceed to obtain a personal judgment against the Company, or any other person that may be liable for any part of the Obligations, (2) make any other effort to obtain payment or performance of the Obligations from the Company other than providing the Company with any notice of such payment or performance as may be required by the terms of the Agreement or required to be given to the Company under Applicable Law, (3) foreclose against or seek to realize upon any security for the Obligations, or (4) exercise any other right or remedy to which the City is or may be

entitled in connection with the Obligations or any security therefor or any other guarantee thereof, except to the extent that any such exercise of such other right or remedy may be a condition to the Obligations of the Company or to the enforcement of remedies under the Agreement. Upon any unexcused failure by the Company in the payment or performance of any Obligation and the giving of such notice or demand, if any, to the Company and Guarantor as may be required in connection with such Obligation and this Guaranty, the liability of the Guarantor shall be effective and shall immediately be paid or performed. Notwithstanding the City's right to proceed directly against the Guarantor, the City (or any successor) shall not be entitled to more than a single full performance of the obligations in regard to any breach or non-performance thereof.

SECTION 3.3. GUARANTY ABSOLUTE AND UNCONDITIONAL. The obligations of the Guarantor hereunder are absolute, present, irrevocable and unconditional and shall remain in full force and effect until the Company shall have fully discharged the Obligations in accordance with their respective terms, and except as provided in Section 3.4 hereof, shall not be subject to any counterclaim, set-off, deduction or defense (other than full and strict compliance with, or release, discharge or satisfaction of, such Obligations) based on any claim that the Guarantor may have against the Company, the City or any other person. Without limiting the foregoing, the obligations of the Guarantor hereunder shall not be released, discharged or in any way modified by reason of any of the following (whether with or without notice to, knowledge by or further consent of the Guarantor):

(1) the extension or renewal of this Guaranty or the Agreement up to the specified Terms of each agreement;

(2) any exercise or failure, omission or delay by the City in the exercise of any right, power or remedy conferred on the City with respect to this Guaranty or the Agreement except to the extent such failure, omission or delay gives rise to an applicable statute of limitations defense with respect to a specific claim;

(3) any permitted transfer or assignment of rights or obligations under the Agreement by any party thereto, or any permitted assignment, conveyance or other transfer of any of their respective interests in the System;

(4) any permitted assignment for the purpose of creating a security interest or mortgage of all or any part of the respective interests of the City or any other person in the System;

(5) any renewal, amendment, change or modification in respect of any of the Obligations;

(6) any failure of title with respect to all or any part of the respective interests of any person in the System;

(7) the voluntary or involuntary liquidation, dissolution, sale or other disposition of all or substantially all the assets, marshalling of assets and liabilities, receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, moratorium, arrangement, composition with creditors or readjustment of, or other similar proceedings against the Company or the Guarantor, or any of the property of either of them, or any allegation or contest of the validity of this Guaranty in any such proceeding (it is specifically understood, consented and agreed to that, to the extent permitted by law, this Guaranty shall remain in full force and effect and shall be enforceable against the Guarantor to the same extent and with the same force and effect as if any such proceeding had not been instituted

and as if no rejection, stay, termination, assumption or modification had occurred as a result thereof, it being the intent and purpose of this Guaranty that the Guarantor shall and does hereby waive all rights and benefits which might accrue to it by reason of any such proceeding);

(8) except as permitted by the Agreement, any sale or other transfer by the Guarantor or any affiliate of any of the capital stock or other interest of the Guarantor or any affiliate in the Company now or hereafter owned, directly or indirectly, by the Guarantor or any affiliate, or any change in composition of the interests in the Company;

(9) any failure on the part of the Company for any reason to perform or comply with any agreement with the Guarantor;

(10) the failure on the part of the City to provide any notice to the Guarantor which is not required to be given to the Guarantor pursuant to this Guaranty and to the Company as a condition to the enforcement of Obligations pursuant to the Agreement;

Should any money due or owing under this Guaranty not be recoverable from the Guarantor due to any of the matters specified in subparagraphs (1) through (10) above, then, in any such case, such money, together with all additional sums due hereunder, shall nevertheless be recoverable from the Guarantor as though the Guarantor were principal obligor in place of the Company pursuant to the terms of the Agreement and not merely a guarantor and shall be paid by the Guarantor forthwith subject to the terms of this Guaranty. Notwithstanding anything to the contrary expressed in this Guaranty, nothing in this Guaranty shall be deemed to amend, modify, clarify, expand or reduce the Company's rights, benefits, duties or obligations under the Agreement. To the extent that any of the matters specified in subparagraphs (1) through (6) and (8) through (10) would provide a defense to, release,

discharge or otherwise affect the Company's Obligations, the Guarantor's obligations under this Guaranty shall be treated the same.

SECTION 3.4. DEFENSES, SET-OFFS AND COUNTERCLAIMS.

Notwithstanding any provision contained herein to the contrary, the Guarantor shall be entitled to exercise or assert any and all legal or equitable rights or defenses which the Company may have under the Agreement or under Applicable Law (other than bankruptcy or insolvency of the Company and other than any defense which the Company has expressly waived in the Agreement), and the obligations of the Guarantor hereunder are subject to such counterclaims, set-offs or deductions which the Company is permitted to assert pursuant to the Agreement, if any.

SECTION 3.5. WAIVERS BY THE GUARANTOR. The Guarantor hereby unconditionally and irrevocably waives:

- (1) notice from the City of its acceptance of this Guaranty;
- (2) notice of any of the events referred to in Section 3.3 hereof except to the extent that notice is required to be given as a condition to the enforcement of Obligations;
- (3) to the fullest extent lawfully possible, all notices which may be required by statute, rule of law or otherwise to preserve intact any rights against the Guarantor, except any notice to the Company required pursuant to the Agreement or Applicable Law as a condition to the performance of any Obligation;
- (4) to the fullest extent lawfully possible, any statute of limitations defense based on a statute of limitations period which may be applicable to guarantors (or parties in similar relationships) which would be shorter than the applicable statute of limitations period for the underlying claim;

- (5) any right to require a proceeding first against the Company;
- (6) the requirement of, or the notice of, the filing of claims by the City in the event of the receivership or bankruptcy of the Company; and
- (7) all demands upon the Company or any other person and all other formalities the omission of any of which, or delay in performance of which, might, but for the provisions of this Section 3.5, by rule of law or otherwise, constitute grounds for relieving or discharging the Guarantor in whole or in part from its absolute, present, irrevocable, unconditional and continuing obligations hereunder.

SECTION 3.6. PAYMENT OF COSTS AND EXPENSES. The Guarantor agrees to pay the City on demand all reasonable costs and expenses, legal or otherwise (including reasonable counsel fees), incurred by or on behalf of the City in successfully enforcing by Legal Proceeding observance of the covenants, agreements and obligations contained in this Guaranty against the Guarantor, other than the costs and expenses that the City incurs in performing any of its obligations under the Agreement, where such obligations are a condition to performance by the Company of its Obligations.

SECTION 3.7. SUBORDINATION OF RIGHTS. The Guarantor agrees that any right of subrogation or contribution which it may have against the Company as a result of any payment or performance hereunder is hereby fully subordinated to the rights of the City hereunder and that the Guarantor shall not recover or seek to recover any payment made by it hereunder from the Company until the Company and the Guarantor shall have fully and satisfactorily paid or performed and discharged the Obligations giving rise to a claim under this Guaranty.

SECTION 3.8. SEPARATE OBLIGATIONS; REINSTATEMENT. The obligations of the Guarantor to make any payment or to perform and discharge any other duties, agreements, covenants, undertakings or obligations hereunder shall (1) to the extent permitted by Applicable Law, constitute separate and independent obligations of the Guarantor from its other obligations under this Guaranty, (2) give rise to separate and independent causes of action against the Guarantor and (3) apply irrespective of any indulgence granted from time to time by the City. The Guarantor agrees that this Guaranty shall be automatically reinstated if and to the extent that for any reason any payment by or on behalf of the Company is rescinded or must be otherwise restored by the City, whether as a result of any proceedings in bankruptcy, reorganization or similar proceeding, unless such rescission or restoration is pursuant to the terms of the Agreement or the Company's enforcement of such terms under Applicable Law.

SECTION 3.9. TERM. This Guaranty shall remain in full force and effect from the date of execution and delivery hereof until all of the Obligations of the Company have been fully paid and performed.

SECTION 3.10. MAXIMUM GUARANTEE OBLIGATION. The Guarantor's maximum obligation hereunder, exclusive of costs incurred by the City to enforce its rights hereunder, shall be limited to the following amounts:

- (i) [AS SET FORTH IN THE AGREEMENT]

ARTICLE IV

GENERAL COVENANTS

SECTION 4.1. MAINTENANCE OF CORPORATE EXISTENCE

(A) Consolidation, Merger, Sale or Transfer. The Guarantor covenants that during the term of this Guaranty it will maintain its corporate existence, will not dissolve or otherwise dispose of all or substantially all of its assets and will not consolidate with or merge into another entity or permit one or more other entities to consolidate with or merge into it unless the successor is the Guarantor and the conditions contained in clause (2) below are satisfied; provided, however, that the Guarantor may consolidate with or merge into another entity, or permit one or more other entities to consolidate with or merge into it, or sell or otherwise transfer to another entity all or substantially all of its assets as an entity and thereafter dissolve if (1) the successor entity (if other than the Guarantor) (a) assumes in writing all the obligations of the Guarantor hereunder and, if required by law, is duly qualified to do business in the Connecticut, and (b) delivers to the City an opinion of counsel to the effect that its obligations under this Guaranty are legal, valid, binding and enforceable subject to applicable bankruptcy and similar insolvency or moratorium laws, and (2) any such transaction does not result in a change, financial or otherwise, in the condition of the Guarantor that would materially and adversely affect the ability of the Guarantor to perform its obligations under this Guaranty.

(B) Continuance of Obligations. If a consolidation, merger or sale or other transfer is made as permitted by this Section 4.1, the provisions of this Section 4.1 shall continue in full force and effect and no further consolidation, merger or sale or other transfer shall be made except in compliance with the provisions of this Section 4.1. No such consolidation,

merger or sale or other transfer shall have the effect of releasing the initial Guarantor from its liability hereunder unless a successor entity has assumed responsibility for this Guaranty as provided in this Section 4.1.

SECTION 4.2. ASSIGNMENT. Without the prior written consent of the City, this Guaranty may not be assigned by the Guarantor, except pursuant to Section 4.1 hereof.

SECTION 4.3. CONSENT TO JURISDICTION. The Guarantor irrevocably: (1) agrees that any suit, action or other legal proceeding arising out of this Guaranty shall be brought in the Superior Court for the Judicial District of New London at New London, Connecticut; (2) consents to the jurisdiction of such courts in any such suit, action or proceeding; (3) waives any objection which it may have to the laying of the jurisdiction of any such suit, action or proceeding in any of such courts; and (4) waives its right to a trial by jury in any suit, action or proceeding in any of such courts.

SECTION 4.4. BINDING EFFECT. This Guaranty shall inure to the benefit of the City and its permitted successors and assigns and shall be binding upon the Guarantor and its successors and assigns.

SECTION 4.5. AMENDMENTS, CHANGES AND MODIFICATIONS. This Guaranty may not be amended, changed or modified or terminated and none of its provisions may be waived, except with the prior written consent of the City and of the Guarantor.

SECTION 4.6. LIABILITY. It is understood and agreed to by the City that nothing contained herein shall create any obligation of or right to look to any director, officer, employee or stockholder of the Guarantor (or any affiliate thereof) for the satisfaction of any obligations hereunder, and no judgment, order or execution with respect to or in connection with this Guaranty shall be taken against any such director, officer, employee or stockholder.

SECTION 4.7. NOTICES. Any notices or communications required or permitted hereunder shall be in writing and shall be sufficiently given if faxed (with acknowledgment of receipt and followed by mailing of hardcopy), delivered in person, or sent by overnight courier to the following addresses, or to such other addresses as any of the recipients may from time to time designate by notice given in writing.

If to the Guarantor:

[COMPANY NAME AND ADDRESS]

Attn: []

If to the City:

[CITY CONTACT AND ADDRESS]

IN WITNESS WHEREOF, the Guarantor has caused this Guaranty to be executed in its name and on its behalf by its duly authorized officer as of the date first above written.

[]
as Guarantor

By: _____
Printed Name:
Title:

SEAL
(IMPRESSED ON EXECUTION COPIES)

CITY OF NEW LONDON

ATTEST:

BY: _____

Appendix B – Business Proposal Forms

**BUSINESS PROPOSAL FORM B-1
FORM OF THE TRANSMITTAL LETTER**

[Date]

William R. Hathaway, Purchasing Agent
City of New London
13 Masonic Street
New London, CT 06320

Dear Mr. Hathaway:

With this letter [Name of Proposing Entity] (the Proposer), transmits our Proposal responding the City of New London's Request For Proposals (RFP) to operate, maintain and provide customer service functions related to its water treatment and wastewater treatment systems issued on September 14, 2007.

The Proposer acknowledges that it has received the following addenda to the RFP:

<u>Addenda No.</u>	<u>Date Issued</u>
--------------------	--------------------

The Proposer's submission includes:

1. The appropriate Proposal Security in a separately sealed envelope that complies with the requirements of Section 3.6 of this RFP;
2. Twenty (20) copies of the Executive Summary that complies with the requirements of Section 7.7 of this RFP;
3. Fifteen (15) copies of a Qualifications Statement that complies with the requirements of Section 7.8 of this RFP;
4. Fifteen (15) copies of a Technical Proposal that complies with the requirements of Section 7.9 of this RFP; and
5. Fifteen (15) copies of a Business Proposal that complies with the requirements of Section 7.10 of this RFP; and

6. Fifteen (15) copies of a Price Proposal that complies with the requirements of Section 7.11 of this RFP, in a separately sealed envelope.
7. A CD of Volumes 1-4 and a second CD for Volume V, Price Proposal, included with the separately sealed envelope for Volume V.

Proposer understands, agrees, and warrants:

1. That Proposer has carefully read and fully understands the information that was provided by the City to serve as the basis for submission of this Proposal to operate, maintain and provide customer service functions related to its water treatment and wastewater treatment systems.
2. That Proposer has the capability to successfully undertake and complete the responsibilities and obligations of the proposal being submitted.
3. That the proposal security required has been submitted with the Proposal in a separately sealed envelope.
4. That the proposal security will be held by the City to secure obligations Proposer agrees to assume under this RFP, but will be returned within sixty (60) days after an Agreement has been executed with the successful Proposer and performance bonds satisfactory to City have been delivered to City, or within five (5) days after all competitive proposals have been rejected.
5. That Proposer, including significant Participating Firms, is not currently in bankruptcy or filed for bankruptcy.
6. That this Proposal may be withdrawn by requesting such withdrawal in writing prior to the date that the proposal is due, but may not be withdrawn after the due date for a period of ninety (90) calendar days without forfeiture of the proposal security.
7. That all information contained in the Proposal is true and correct to the best of Proposer's knowledge.
8. That Proposer did not, in any way, collude, conspire or agree, directly or indirectly, with any person, firm, corporation or other Proposer in regard to the amount, terms, or conditions of this Proposal.
9. That Proposer did not receive unauthorized information from: Any City staff member, or Consultant during the Proposal period except as provided for in the Request for Proposal package, addenda thereto, or the pre-proposal conference, or during a site visit to review relevant system data.
10. That by submission of this Proposal, the Proposer acknowledges that the City has the right to make any inquiry it deems appropriate to substantiate or supplement

information supplied by Proposer, and Proposer hereby grants the City permission to make said inquiries, and to provide any and all requested documentation in a timely manner.

11. That Proposer has investigated all aspects of the RFP, that they are aware of the applicable facts pertaining to the RFP process, its procedures and requirements, and that they have read and understand the RFP. The Proposer understands that no request for modification of the Proposal shall be considered after its submission on the grounds that the Proposer was not fully informed as to any fact or condition.

Respectfully Submitted,

[Name], Chief Executive Officer, [Company]

[Name], Chief Financial Officer, [Company]

**BUSINESS PROPOSAL FORM B-2A
PARTICIPATING FIRMS**

All firms that will be significant participants in providing the Contract Services (the "Participating Finns") are identified below. Such firms shall include, as applicable, (1) the Proposer (2) the new company, if any, to be formed for the sole purpose of executing and performing the Service Agreement; and (3) any other significant participant.

- (1) _____
- (2) _____
- (3) _____
- (4) _____
- (5) _____
- (6) _____
- (7) _____
- (8) _____

Include a copy of Form B-2B for each firm listed above. Each member of a joint venture should be listed separately.

Name of Proposer

Name of Authorized Signatory

Signature

Title

BUSINESS PROPOSAL FORM B-2B
PARTICIPATING FIRMS
(Complete Form B-2B for each Participating Firm)

Firm Name: _____

Type of Firm: _____

Address: _____

Form of Business (Corporation,
Partnership, Joint Venture, Other): _____

Contact Person(s): _____

Voice Telephone Number: _____

Fax Telephone Number: _____

e-Mail Address: _____

Role(s) (e.g., Proposer, Sub): _____

Include a summary of the services and responsibilities of each Participating Firm, limited to one page or less in length for each firm.

**BUSINESS PROPOSAL FORM B-3
ACCEPTANCE OF CONTRACT TERMS AND CONDITIONS,
CONTRACT PRINCIPLES**

The Service Agreement to be entered into between the selected Proposer and the City will be the definitive statement of the responsibilities of the selected Proposer for performing the Contract Services and will be based upon the draft Agreement set forth in Appendix A. The Proposer accepts, without exception, these draft Agreement and hereby acknowledges its willingness to enter into the Service Agreement.

_____ (Yes/No)

If answered "No," describe in detail as an attachment to this form the exceptions or additions to the draft Agreement, and include language reflecting the proposed modifications.

Name of Proposer

Name of Authorized Signatory

Signature

Title

BUSINESS PROPOSAL FORM B-4**FINANCIAL RESOURCES DATA**
(To be completed for Proposer, Guarantor)_____
Name of company completing form_____
Name of individual completing form_____
Signature**1. Bond Information**

Current bond ratings on two most recent senior debt issues, if any.

	Issue Description	Moody's Rating	S&P's Rating
Issue 1			
Issue 2			

2. Financial Indicators

Please complete the following table.

Fiscal Year End:

		1 2004	2 2005	3 2006
A.	Total Revenues	\$	\$	\$
B.	Net Income	\$	\$	\$
C.	Total Assets	\$	\$	\$
D.	Current Assets	\$	\$	\$
E.	Total Liabilities	\$	\$	\$
F.	Current Liabilities	\$	\$	\$
G.	Equity (C-E)	\$	\$	\$

BUSINESS PROPOSAL FORM B-4 (continued)

Using the information provided in the table above, calculate:

A. Revenue Growth Percentages

2005: $(A2-A1)/A1$ _____ %
 2006: $(A3-A2)/A2$ _____ %

B. Profitability Percentages

Return on Revenue

2004: $B1/A1$ _____ %
 2005: $B2/A2$ _____ %
 2006: $B3/A3$ _____ %

Return on Assets

2004: $B1/C1$ _____ %
 2005: $B2/C2$ _____ %
 2006: $B3/C3$ _____ %

C. Leverage Ratio

2004: $E1/G1$ _____
 2005: $E2/G2$ _____
 2006: $E3/G3$ _____

D. Net Worth

2004: $C1-E1$ \$ _____
 2005: $C2-E2$ \$ _____
 2006: $C3-E3$ \$ _____

APPENDIX C
PRICE PROPOSAL FORMS

PRICE PROPOSAL FORM P-1
Base Compensation Pricing (First Contract Year)

5-YEAR CONTRACT TERM

1. Annual Operations and Maintenance Price (Less Annual Electricity Price)

Salary and Benefits	\$ _____
Repair and Replacement, Supplies, Equipment, Parts – New London <u>only</u> (less than \$5,000 per event) ⁽¹⁾	\$ _____
Repair and Replacement, Supplies, Equipment, Parts – Waterford water storage and distribution system <u>only</u> (less than \$10,000 per event) ⁽²⁾	\$ _____
Contracted Labor	\$ _____
Contract Services	\$ _____
Laboratory Services	\$ _____
Natural Gas	\$ _____
Fuel	\$ _____
Other Utilities	\$ _____
Chemicals	\$ _____
Residuals Disposal	\$ _____
Vehicles	\$ _____
Customer Service (non-labor elements)	\$ _____
Insurance	\$ _____
Rent	\$ <u>69,810</u>
Radio Maintenance	\$ <u>3,990</u>
Community Development Projects	\$ <u>50,000</u>
Environmental Intern Program	\$ _____

⁽¹⁾ For surface Systems' assets, including pump stations, the Contractor shall be responsible for all maintenance, repair and replacement costs less than \$5,000 per event. Costs accounted for in \$5,000 limit shall be exclusive of costs for Contractor staff and third-party contract labor, services, and equipment, unless it is of a special type not normally considered part of the Contractor's resources, and its use has been pre-approved by the City.

² For all water storage and distribution system assets in Waterford – surface and subsurface – including pump stations, the Contractor shall be responsible for all maintenance, repair and replacement costs less than \$10,000 per event. Costs in such \$10,000 limit shall not include costs for Contractor staff and third-party labor, services and Contractor equipment, unless it is of a special type not normally considered part of the Contractor's resources, and its use has been pre-approved by the City.

**PRICE PROPOSAL FORM P-1 (Continued)
Base Compensation Pricing (First Contract Year)**

5-YEAR CONTRACT TERM

Subsurface Allowance for Emergency Maintenance, Repair, Replacement – New London only (excluding pump stations) ⁽³⁾	\$ <u>200,000</u>
Other Costs (list items included)	\$ _____
Overhead and Profit	\$ _____
Subtotal Item 1, Annual Operations and Maintenance Price (Less Annual Electricity Price)	\$ _____
 <u>2. Annual Electricity Price</u>	 \$ _____
 TOTAL ANNUAL PRICE, BASE COMPENSATION (Items 1 and 2)	 \$ _____

Name of Proposer

Name of Authorized Signatory

Signature

Title

³ Charges shall be exclusive of costs for Contractor staff and third-party labor, services and Contractor equipment, unless it is of a special type not normally considered part of the Contractor’s resources, and its use has been pre-approved by the City, if emergency conditions allow.

PRICE PROPOSAL FORM P-1A
Base Compensation Pricing (First Contract Year)

10-YEAR CONTRACT TERM

1. Annual Operations and Maintenance Price (Less Annual Electricity Price)

Salary and Benefits	\$ _____
Repair and Replacement, Supplies, Equipment, Parts – New London <u>only</u> (less than \$5,000 per event) ⁽¹⁾	\$ _____
Repair and Replacement, Supplies, Equipment, Parts – Waterford water storage and distribution system <u>only</u> (less than \$10,000 per event) ⁽²⁾	\$ _____
Contracted Labor	\$ _____
Contract Services	\$ _____
Laboratory Services	\$ _____
Natural Gas	\$ _____
Fuel	\$ _____
Other Utilities	\$ _____
Chemicals	\$ _____
Residuals Disposal	\$ _____
Vehicles	\$ _____
Customer Service (non-labor elements)	\$ _____
Insurance	\$ _____
Rent	\$ <u>69,810</u>
Radio Maintenance	\$ <u>3,990</u>
Community Development Projects	\$ <u>50,000</u>
Environmental Intern Program	\$ _____

⁽¹⁾ For surface Systems' assets, including pump stations, the Contractor shall be responsible for all maintenance, repair and replacement costs less than \$5,000 per event. Costs accounted for in \$5,000 limit shall be exclusive of costs for Contractor staff and third-party contract labor, services, and equipment, unless it is of a special type not normally considered part of the Contractor's resources, and its use has been pre-approved by the City.

⁽²⁾ For all water storage and distribution system assets in Waterford – surface and subsurface – including pump stations, the Contractor shall be responsible for all maintenance, repair and replacement costs less than \$10,000 per event. Costs in such \$10,000 limit shall not include costs for Contractor staff and third-party labor, services and Contractor equipment, unless it is of a special type not normally considered part of the Contractor's resources, and its use has been pre-approved by the City.

**PRICE PROPOSAL FORM P-1A (Continued)
Base Compensation Pricing (First Contract Year)**

10-YEAR CONTRACT TERM

Subsurface Allowance for Emergency Maintenance, Repair, Replacement – New London <u>only</u> (excluding pump stations) ⁽³⁾	\$ <u>200,000</u>
Other Costs (list items included)	\$ _____
Overhead and Profit	\$ _____
Subtotal Item 1, Annual Operations and Maintenance Price (Less Annual Electricity Price)	\$ _____

2. Annual Electricity Price

TOTAL ANNUAL PRICE, BASE COMPENSATION (Items 1 and 2)	\$ _____
--	-----------------

_____	Name of Proposer
_____	Name of Authorized Signatory
_____	Signature
_____	Title

⁽³⁾ Charges shall be exclusive of costs for Contractor staff and third-party labor, services and Contractor equipment, unless it is of a special type not normally considered part of the Contractor's resources, and its use has been pre-approved by the City, if emergency conditions allow.

PRICE PROPOSAL FORM P-IB
Base Compensation Pricing (First Contract Year)

20-YEAR CONTRACT TERM

1. Annual Operations and Maintenance Price (Less Annual Electricity Price)

Salary and Benefits	\$ _____
Repair and Replacement, Supplies, Equipment, Parts – New London only ⁽¹⁾	\$ _____
Repair and Replacement, Supplies, Equipment, Parts – Waterford water storage and distribution system only (less than \$10,000 per event) ⁽²⁾	\$ _____
Contracted Labor	\$ _____
Contract Services	\$ _____
Laboratory Services	\$ _____
Natural Gas	\$ _____
Fuel	\$ _____
Other Utilities	\$ _____
Chemicals	\$ _____
Residuals Disposal	\$ _____
Vehicles	\$ _____
Customer Service (non-labor elements)	\$ _____
Insurance	\$ _____
Rent	\$ <u>69,810</u>
Radio Maintenance	\$ <u>3,990</u>
Community Development Projects	\$ <u>50,000</u>
Environmental Intern Program	\$ _____

⁽¹⁾ For surface Systems' assets, including pump stations, these costs shall be the financial responsibility of Contractor, regardless of cost per event.

⁽²⁾ For all water storage and distribution system assets in Waterford – surface and subsurface – including pump stations, the Contractor shall be responsible for all maintenance, repair and replacement costs less than \$10,000 per event. Costs in such \$10,000 limit shall not include costs for Contractor staff and third-party labor, services and Contractor equipment, unless it is of a special type not normally considered part of the Contractor's resources, and its use has been pre-approved by the City.

**PRICE PROPOSAL FORM P-1B (Continued)
Base Compensation Pricing (First Contract Year)**

20-YEAR CONTRACT TERM

Subsurface Allowance for Emergency Maintenance, Repair, Replacement – New London <u>only</u> (excluding pump stations) ⁽³⁾	\$ <u>200,000</u>
Other Costs (list items included)	\$ _____
Overhead and Profit	\$ _____
Subtotal Item 1, Annual Operations and Maintenance Price(Less Annual Electricity Price)	\$ _____

2. Annual Electricity Price \$ _____

**TOTAL ANNUAL PRICE, BASE
COMPENSATION (Items 1 and 2)** **\$ _____**

Name of Proposer

Name of Authorized Signatory

Signature

Title

⁽³⁾ Charges shall be exclusive of costs for Contractor staff and third-party labor, services and Contractor equipment, unless it is of a special type not normally considered part of the Contractor's resources, and its use has been pre-approved by the City, if emergency conditions allow.

PRICE PROPOSAL FORM P-2
Annual Adjustments to Base Compensation, Flows, Loadings

5-YEAR CONTRACT TERM

Should annual water production or wastewater flows or loadings exceed or fall below the above baseline conditions by more than ten percent (10%), base compensation will be adjusted, either up or down, according to the following schedule:

Water Production	\$_____ /MG (beyond the 10% range)
Wastewater Flow	\$_____ /MG (beyond the 10% range)
BOD Loading	\$_____ /Dry Ton (beyond the 10% range)
TSS Loading	\$_____ /Dry Ton (beyond the 10% range)

Baseline conditions for this Agreement are as follows:

Water Production:	Daily – <u>5.8</u> MGD	Annual – <u>2,117</u> MG
Wastewater Flow:	Daily – <u>8.567</u> MGD	Annual – <u>3,130</u> MG
BOD Loading:	Daily – <u>15,648</u> lbs/day	Annual – <u>2,855.76</u> Dry Tons
TSS Loading:	Daily – <u>14,735</u> lbs/day	Annual – <u>2,689</u> Dry Tons

PRICE PROPOSAL FORM P-2A
Annual Adjustments to Base Compensation, Flows, Loadings

10-YEAR CONTRACT TERM

Should annual water production or wastewater flows or loadings exceed or fall below the above baseline conditions by more than ten percent (10%), base compensation will be adjusted, either up or down, according to the following schedule:

Water Production	\$_____ /MG (beyond the 10% range)
Wastewater Flow	\$_____ /MG (beyond the 10% range)
BOD Loading	\$_____ /Dry Ton (beyond the 10% range)
TSS Loading	\$_____ /Dry Ton (beyond the 10% range)

Baseline conditions for this Agreement are as follows:

Water Production:	Daily – <u>5.8</u> MGD	Annual – <u>2,117</u> MG
Wastewater Flow:	Daily – <u>8,567</u> MGD	Annual – <u>3,130</u> MG
BOD Loading:	Daily – <u>15,648</u> lbs/day	Annual – <u>2,855.76</u> Dry Tons
TSS Loading:	Daily – <u>14,735</u> lbs/day	Annual – <u>2,689</u> Dry Tons

PRICE PROPOSAL FORM P-2B
Annual Adjustments to Base Compensation, Flows, Loadings

20-YEAR CONTRACT TERM

Should annual water production or wastewater flows or loadings exceed or fall below the above baseline conditions by more than ten percent (10%), base compensation will be adjusted, either up or down, according to the following schedule:

Water Production	\$_____ /MG (beyond the 10% range)
Wastewater Flow	\$_____ /MG (beyond the 10% range)
BOD Loading	\$_____ /Dry Ton (beyond the 10% range)
TSS Loading	\$_____ /Dry Ton (beyond the 10% range)

Baseline conditions for this Agreement are as follows:

Water Production:	Daily – <u>5.8</u> MGD	Annual – <u>2,117</u> MG
Wastewater Flow:	Daily – <u>8,567</u> MGD	Annual – <u>3,130</u> MG
BOD Loading:	Daily – <u>15,648</u> lbs/day	Annual – <u>2,855.76</u> Dry Tons
TSS Loading:	Daily – <u>14,735</u> lbs/day	Annual – <u>2,689</u> Dry Tons

**PRICE PROPOSAL FORM P-3
Termination for Convenience**

5-YEAR CONTRACT TERM

[TO BE COMPLETED ONLY IF PROPOSER PROPOSES AND CONTRACTOR WILL FINANCE/INSTALL INITIAL SYSTEMS' IMPROVEMENTS IT DETERMINES ARE NECESSARY TO MEET CONTRACT REQUIREMENTS]

Termination Fee

Years Remaining in 5 Year Term	Termination Fee
One or less	\$ _____
One to Two	\$ _____
Two to Three	\$ _____
Three to Four	\$ _____
Four to Five	\$ _____

List of Proposed Systems' Improvements⁽¹⁾

[TO BE COMPLETED BY PROPOSER, IF APPLICABLE]

<u>Description of Proposed Improvement</u>	<u>Cost \$</u>
1. _____	\$ _____
2. _____	\$ _____

⁽¹⁾ Such improvements, if offered, are intended to improve efficiency and reduce cost of Systems' operations and/or maintenance. The Contractor will be responsible for financing said improvements. Costs for such improvements are not to include Contractor transition costs in assuming Systems' operations responsibility.

PRICE PROPOSAL FORM P-3 (Continued)
Termination for Convenience

5-YEAR CONTRACT TERM

Name of Proposer

Name of Authorized Signatory

Signature

Title

**PRICE PROPOSAL FORM P-3A
Termination for Convenience**

10-YEAR CONTRACT TERM

[TO BE COMPLETED ONLY IF PROPOSER PROPOSES AND CONTRACTOR WILL FINANCE/INSTALL INITIAL SYSTEMS' IMPROVEMENTS IT DETERMINES ARE NECESSARY TO MEET CONTRACT REQUIREMENTS]

Termination Fee

Years Remaining in 10 Year Term	Termination Fee
One or less	\$ _____
One to Two	\$ _____
Two to Three	\$ _____
Three to Four	\$ _____
Four to Five	\$ _____
Five to Six	\$ _____
Six to Seven	\$ _____
Seven to Eight	\$ _____
Eight to Nine	\$ _____
Nine to Ten	\$ _____

List of Proposed Systems' Improvements⁽¹⁾

[TO BE COMPLETED BY PROPOSER, IF APPLICABLE]

<u>Description of Proposed Improvement</u>	<u>Cost \$</u>
1. _____	\$ _____
2. _____	\$ _____

⁽¹⁾ Such improvements, if offered, are intended to improve efficiency and reduce cost of Systems' operations and/or maintenance. The Contractor will be responsible for financing said improvements. Costs for such improvements are not to include Contractor transition costs in assuming Systems' operations responsibility.

PRICE PROPOSAL FORM P-3A (Continued)
Termination for Convenience

10-YEAR CONTRACT TERM

Name of Proposer

Name of Authorized Signatory

Signature

Title

**PRICE PROPOSAL FORM P-3B
Termination for Convenience**

20-YEAR CONTRACT TERM

[TO BE COMPLETED ONLY IF PROPOSER PROPOSES AND CONTRACTOR WILL FINANCE/INSTALL INITIAL SYSTEMS IMPROVEMENTS IT DETERMINES ARE NECESSARY TO MEET CONTRACT REQUIREMENTS]

Termination Fee

Years Remaining in 20 Year Term	Termination Fee
One or less	\$ _____
One to Two	\$ _____
Two to Three	\$ _____
Three to Four	\$ _____
Four to Five	\$ _____
Five to Six	\$ _____
Six to Seven	\$ _____
Seven to Eight	\$ _____
Eight to Nine	\$ _____
Nine to Ten	\$ _____
Ten to Eleven	\$ _____
Eleven to Twelve	\$ _____
Twelve to Thirteen	\$ _____
Thirteen to Fourteen	\$ _____
Fourteen to Fifteen	\$ _____
Fifteen to Sixteen	\$ _____
Sixteen to Seventeen	\$ _____
Seventeen to Eighteen	\$ _____

**PRICE PROPOSAL FORM P-3B (Continued)
Termination for Convenience**

20-YEAR CONTRACT TERM

Eighteen to Nineteen \$ _____

Nineteen to Twenty \$ _____

**List of Proposed Systems' Improvements⁽¹⁾
[TO BE COMPLETED BY PROPOSER, IF APPLICABLE]**

<u>Description of Proposed Improvement</u>	<u>Cost \$</u>
1. _____	\$ _____
2. _____	\$ _____

Name of Proposer

Name of Authorized Signatory

Signature

Title

⁽¹⁾ Such improvements, if offered, are intended to improve efficiency and reduce cost of Systems' operations and/or maintenance. The Contractor will be responsible for financing said improvements. Costs for such improvements are not to include Contractor transition costs in assuming Systems' operations responsibility.

APPENDIX D**LIST OF INFORMATION IN DOCUMENT ROOM**

- Salary and Benefit Information
- List of Valves Needing Repair or Replacement
- List of Rolling Stock to be Transferred
- Equipment Inventory
- Certificate of Completion of Emergency Response Plan
- City of New London, Connecticut, Waterford Resource Inventory and Management Plan, June 25, 2995
- 2005 Leak Detection Survey
- Report by Blum Shapiro for Improvements to Business Services, April 14, 2007
- City of New London Water Distribution System Capital Improvement Plan, Woodard & Curran, June 30, 2006
- Plans for Water Supply Agreements – Phase 1, July __, 2007, Malcolm Pirnie
- Plans/Bid Documents for Improvements to Barnes and Beckwith Dams
- Water Supply Update Volumes 1 and 2
- Waterline Upgrades – Agreement for Professional Services, City of New London and Beta Group, June 21, 2007
- Map of City of New London Wastewater Collection System
- Description of Wastewater Treatment Plant Upgrades and 1977 Plant Modifications
- Waterford – Planned Beach Water Main Replacement Project
- Waterford Water Facilities Maps - Public Water Supply and Transmission Facilities, Water Distribution Plan Updated 8/2007
- Current Operator Monthly Operating Reports and DMRs for Past Year
- Waterford/New London Water Agreement dated October 6, 1988
- New London/Waterford/East Lyme Sewer Agreement dated January 10, 1991
- Current NPDES Permit for Wastewater Treatment Plant
- Recently Issued Stormwater Permit for Wastewater Treatment Plant dated July 2007
- High Speed Dewatering Centrifuges, Pilot Test Report #070616, Prepared for City of New London, CT, by Centrisys Corporation, June 19, 2007

APPENDIX D (Continued)
LIST OF INFORMATION IN DOCUMENT ROOM

- Electricity Purchase Agreement, City of New London
- General Permit for the Discharge of Wastewater Associated with Food Preparation Establishments, September 30, 2005.