

# Middletown Water Operating Committee Meeting

January 13, 2022, 11:00 am EST

*Due to COVID-19, Meeting to be held via TEAMS/Telephone*



## **Committee Members:**

Don Correll (WCP)  
Dan Sugarman (WCP)  
Jason Kiernan (SUEZ)  
Kodi Webb (SUEZ)

## **Additional:**

Bradley Pensyl (Allen & Overy)  
Ken Bonn (Argo)  
Justin Mendinsky (HRG)  
Sally Canazaro (Middletown)  
Jenny Miller (Middletown)

Michael Winfield (Post and Shell)  
Tugba Akgun (SUEZ)  
Ryan Haigan (SUEZ)  
Christopher Halleron (SUEZ)  
Jagruti Patel (SUEZ)  
Maria Tajali (SUEZ)  
John Joyner (WCP)

### **1. Introductions/Opening Comments**

After a roll call, Mr. Correll called the meeting to order. A PowerPoint presentation was presented.

### **2. Review and Approval of Minutes**

Mr. Correll made a motion to approve the minutes of the November 3, 2021 meeting. The motion was moved by Mr. Sugarman and seconded by Mr. Correll. The meeting minutes were unanimously approved.

### **3. Action Items from Last Meeting**

Ms. Webb provided an update that the Turnpike Plaza was going to be tied into the SUEZ Pennsylvania system the evening of the meeting. Ms. Webb was also in contact with the manager of the Univar plant. The pit still needed to be constructed, so an installation date had not been identified, but the plant manager has been providing updates as they come.

### **4. Operations Update**

#### **a. Operations**

Mr. Kiernan added that the plant was at a threat level 4, which is the highest COVID threat level. After the holidays there was an increase in cases in the area so shifts were staggered to limit contact between employees. Ms. Webb added that with the elevated threat level, only essential contractors and visitors are allowed on site to prevent further spread. Mr. Winfield explained that the cases have increased tenfold since the last meeting.

Ms. Webb provided an operations report which included the completion of sewer flushing, repairing leaks identified during leak detection and the cold weather, SmartCover maintenance, and a thickener repair. Ms. Webb also noted that several areas previously identified by Mr. Klinepeter were targeted for sewer flushing. There were a few pieces of equipment out of service including Well 3 and 4, and the vac-con which was being repaired. Several main breaks and service line leaks were fixed in November and December which had been identified during leak detection or had occurred due to the cold weather. None of the repairs required boil water advisories. A fire hydrant was replaced after it was found to be leaking during the annual leak detection. There had not been any Sanitary Sewer Overflows (SSOs) or SmartCover alarms, and one sewer lateral was replaced after it was found to be leaking in the street.

Ms. Webb explained that the permit amendments for wells 1, 2, 3, and 4 were approved by the PA DEP and the permit amendment application for wells 5 and 6 were submitted on 1/17/22. HRG is working on a permit amendment application for the well pump at well 4 and it should be submitted in

the first quarter of 2022. Once the application has been approved, work will begin to procure the pump and get quotes for installation.

Maintenance was done on all four SmartCovers around the Borough. There were errant readings at manhole 286 due to insects. Once the sensor was cleaned the readings returned to normal levels. There were two other spikes at manhole 475A and 332 which were caused by sewer jetting.

Mr. Joyner asked if there had been more main breaks this year compared to last year. Ms. Webb answered that the numbers were a little inflated due to the recent system wide leak detection, which found several leaks that had not surfaced yet.

## 5. Customer Service

Ms. Patel discussed the 2021 revenues compared to 2020 revenues. The 2021 total water and sewer revenue increased 7% when compared to 2020. The water revenue increased 8.7% in comparison to the previous year mainly due to the rate increase and consumption increase. The sewer revenue increased 6% over the previous year, which was also due to the rate increase and sewer volume increase. Ms. Webb added that 266 small meters were replaced in 2021. Of the 266 meters, 249 meter test results were received and there was a 97.5% pass rate. The meter replacement program will be continued in 2022. Ms. Tajali explained that a quote was received for the online payment program and the details of the program are being worked out.

Ms. Tajali also added that the project was looking into the Low Income Housing Water Assistance Program, which is a program offered by the State as a response to the COVID-19 pandemic to support low-income households. Mr. Joyner asked if Ms. Tajali would be working with the Borough to complete the application. Mr. Tajali explained that she is in contact with program representatives to determine how the application should be filled out with SUEZ as the contracted operator of the system, not the owner. Ms. Canazaro asked what the Borough would need to provide for the program. Ms. Tajali answered that the application requires Tax ID information and other similar information, so the state would be contacted to determine which entity needs to complete the application. Ms. Canazaro asked if Ms. Tajali would be contacting Mr. Klinepeter or Ms. Canazaro for any additional information, and Ms. Tajali confirmed she would.

## 6. Capital Investment/Engineering Report

### a. 2017/2020 Project

Ms. Akgun explained that there are 4 projects underway. Three projects are under development and one is under construction. The 2017/2020 is currently underway, after a delay due to supply chain issues. The contractor has been able to replace all the sewer sections and the water main replacement work started last week, and they are working with 2 crews. The anticipated end date is June 2022.

### b. 2018/2021 Project

Ms. Akgun explained that the 2018/2020 project is in the post bid phase, and the low apparent bidder has been identified as Wexcon. The project should be awarded to them to get the project scheduled shortly. The project will take about 6-7 months. The pre-con meeting will be used to determine what the supply chain looks like to create a project timeline.

### c. 2022 Project

The 2022 project is in the planning and development stage, and locations have identified that are high risk and need rehabilitation. HRG will be utilized for the design work. This project is likely to take place in 2023.

**d. Standpipes**

The Water Storage Tank Project is in post-bid phase and IKS was informed that they have been awarded this project. They will be contacted to get a project schedule to see if a March mobilization date is feasible. The permit applications for the Union Street tank and Turnpike Tank will be submitted to PA DEP shortly.

**e. Other Items**

Mr. Mendinsky explained that the sewer construction work has been completed but additional testing still needs to occur. Mr. Mendinsky added that while Wexcon may be new to the Middletown area, they have worked with HRG on several other projects and they are familiar with their work and its quality.

Ms. Akgun added that supply chain issues could continue to pose scheduling issues for future projects. She also noted that the tank projects have a very limited window of when work can be done, and are very weather dependent. Mr. Correll explained that if there is a possibility of 7-8 million dollars of capital work this year and approximately 5 million dollars next year as proposed in the previously submitted CapEx plan, without any supply chain issues.

Ms. Canazaro asked about the Capital plan approval from the Borough. Mr. Correll explained that every year a Capital plan is submitted for approval from the Borough, and supply chain issues caused project delays. The original bids received for the tank projects were not satisfactory and the window of acceptable weather was closing, so that project was also delayed.

**7. 2021 CPI and Impact on 2022 Rate Increases**

Mr. Sugarman explained that a Draft Annual Recovery Report was submitted to Mr. Klinepeter and Mr. Winfield. A finalized version would be submitted by the February 10 deadline. The report explained basis for the 8.3% rate increase, which went into effect at the start of the month. The 8.3% rate increase was comprised of a 2.5% margin change, an index change of 4.6%, and 1.2% in capex. The index change is related to the Consumer Price Index of the Northeast region which is measured as of June each year. The 15% management fee, which has not been approved by the Borough, and remains in dispute between the parties, was not included in the capex portion. Inflation is a constant concern, and the nation ended the year at a 7% inflation rate, which would lead to a 9.5% rate increase without any capital work if the national inflation rate held steady. The regional inflation rate is slightly lower than the national rate at the time of the meeting, and the inflation will be a topic at future meetings.

**8. Royalton Contract Update**

Mr. Sugarman advised that the existing agreement was renewed for 6 months at the request of Royalton. This will provide a longer period for renegotiation.

**9. Community Service**

Mr. Halleron discussed recent community service activities in Middletown. SUEZ sponsored the Frosty 5K, which was run by the Middletown Historical Society. SUEZ provided water at the water table for runners and gift bags at the end of the race. Ms. Webb discussed the Central Pennsylvania Food Bank community service event which was a partnership with the regulated branch of SUEZ in Harrisburg. Boxes were packed with food for members of the community who are food insecure.



**10. Other Matters**

Mr. Correll noted that the Borough and Argo had signed off on the change of control with the upcoming merger of Veolia and SUEZ. Mr. Kiernan added that once the merger was completed, there will be a slow phase out of logos. Operations personnel should not be changed, but emails will change.

**11. Next Meeting**

Mr. Correll suggested the next meeting to be held at 11 AM on February 22, 2022.

**12. Adjournment**

Mr. Correll asked for any other business. Hearing none, the meeting was adjourned.