



Due to COVID-19, Meeting to be held via Google Meets/Telephone

Committee Members:

Ken Klinepeter (Middletown Borough)
Don Correll (WCP)
Dan Sugarman (WCP)
Jason Kiernan (Veolia)
Kodi Webb (Veolia)

Additional:

Bradley Pensyl (Allen & Overy)
Bonn (Argo)
Shuang Li (Argo)
Justin Mendinsky (HRG)
Angela Lloyd (Middletown)
Jenny Miller (Middletown)

Michael Winfield (Post and Shell)
Michael Barger (Veolia)
Christopher Halleron (Veolia)
Ryan Haigan (Veolia)
Jagruiti Patel (Veolia)
Maria Tajali (Veolia)
Yunjie Tu (Veolia)
John Joyner (WCP)

1. Introductions/Opening Comments

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

2. Operations Update

Ms. Webb explained that the Univar vault was installed on May 22nd. There was an issue with ordering the meter due to supply chain issues, but it has been ordered and will be installed once it is received. SmartCover maintenance, hydrant flushing and preventative maintenance have all been performed since the last meeting. Daily COVID screenings are ongoing and COVID has had a low impact on operations. One employee had COVID, this was a weekend exposure with no additional exposures, the employee has since returned to work. Well 3 and 4 remain out of service, Raw pump 3 is out of service, and Raw pump 2 was returned to service on May 2nd and Booster Pump 2 was returned to service on May 1st. One main break repair and three service line repairs were completed. There was one smart cover alarm due to a rain event on May 6th and 7th. The permit amendments for Well 5 and 6 were submitted to PA DEP on April 22nd. The approval process has been taking three to four months and the installation is anticipated to take place in quarter three. Contractors have been contacted for bids regarding the upgrades at other well sites. Manhole 475A was out of alignment; after investigation it is believed that traffic is the culprit and we will be checking this manhole monthly to ensure proper alignment. A contractor has been contacted to perform maintenance on manhole 286.

Mr. Joyner asked why there hadn't been any SSO's with recent rain events and Ms. Webb explained that a lack of major rain events in combination with preventative sewer jetting had likely contributed to fewer SSO's.

3. Customer Service

Ms. Patel stated that water consumption has stayed steady, while revenue is trending up 9% compared to the first five months of 2021. Eight percent of the increase is due to the rate increase and the final one percent is due to an increase in consumption. The consumption displayed showed as negative compared to 2021, but that was due to a large leak in Royalton which inflated early 2021 consumption numbers. When the anomaly was removed, the consumption of 2022 increased over 2021. Sewer volume is up 2% and is reflected in the 10% increase over the previous year. The remaining 8% is due to the rate increase.

Ms. Webb explained that in 2021, 266 meters were replaced and when tested had a 97.7% pass rate. The meter replacement program will resume in 2022. There are currently supply chain issues with meters. Once the meters are received the program will begin.

4. Capital Investment/Engineering Report

a. Operations

Ms. Webb stated that the 2017/2020 project is underway with an anticipated completion date of the end of July. The 2018/2021 project was awarded to Wexcon. Wexcon is beginning the submittal process with HRG. The 2022 project is in the design phase to be completed by HRG. The water storage tank rehab project was awarded to I.K. Stoltzfus, and a preconstruction meeting has been held. The first tank to be worked on will be the High Street Tank. All applications for the tank project have been submitted to PA DEP.

Mr. Mendinsky added that there was an increase in customer communications for the 2017/2020 project. Mr. Bonn asked if the supply chain issues that impacted materials last year continued. Mr. Mendinsky explained that the supply chain issues have expanded and are impacting other components. The impacts have been seen throughout most of Mr. Mendinsky's projects, with emphasis on motorized equipment. HRG is working with Wexcon to determine if they are facing any supply chain issues which may impact the project schedule. Mr. Mendinsky also added that prices have increased as well due to contractor risk.

Mr. Klinepeter added that quality of work with contractors has decreased with utility projects within the Borough. Mr. Mendinsky added that contractors are also having issues with hiring and employee retention. HRG will continue to monitor the situation.

5. 2021 CPI and Impact on 2022 Rate Increases

Mr. Sugarman described the latest inflation numbers for the month of May. Nationwide the CPI was at 8.6%, while in the northeast region it was 7.5%. Under the Agreement the month when the inflation level is fixed for rate-making purposes is June. It is likely to be around 7.5%. The index change is based on the inflation rate per the contract, and when combined with the margin change of 2.5% will result in approximately a 10% rate increase prior to capital recovery.

Mr. Correll discussed the construction budget in the capital plan approaching 8 million dollars. Every million dollars of capital work adds approximately 1% to the rate increase. The proposed capital work would add approximately 8% to the rate increase, which would total the rate increase to roughly 18%. Due to supply chain issues, there is a chance that the 2018/2021 project may be delayed slightly. However, completing one tank and the completion of the 2017/2020 project would likely result in a minimum of 4 - 5 million dollars spent on capital. That would result in likely a 15% rate increase as of January 2023, recognizing that the inflation component is likely to be fixed at about 7.5% next month. A filing regarding the disputed 15% Administrative Fee will be forthcoming. Mr. Pensyl added that he would be in contact with Mr. Winfield regarding the filing.

6. Royalton

Mr. Sugarman received a request for extension of the existing Royalton contract, which was agreed to. A draft revised agreement will be presented. Mr. Winfield explained that the extension had to be approved by Borough Council, which was scheduled for the next meeting on June 21, 2022.

7. Community Service

Mr. Halleron explained that on April 29, the Middletown project participated in a clean-up at the Susquehanna Street Park in honor of Earth Day. This was the second year that the cleanup occurred, and there was significantly less trash than the previous year. Mr. Halleron and Ms. Webb attended the Middletown Arts & Craft Fair on June 11, 2022. At the Craft Fair, customers received Consumer Confidence Reports and asked questions about the system and Veolia.

9. Other Matters

Mr. Halleron explained that rebranding is underway. Currently employee uniforms have been rebranded, but vehicles and signage rebranding is pending due to supply chain issues. Rebranding should be completed in July. The online platform had a seamless transition and the SUEZ website automatically goes to the Veolia website.

Mr. Klinepeter reported that a customer made a complaint to the State Representative Mehaffie's office regarding the work on Vine Street. Mr. Klinepeter spoke to the State Representative's office and explained that the work was approved by the Borough and PennDOT. The Borough's noise ordinance was not defensible due to an exception for public or private utility work. Representative Mehaffie's office was going to reach out to the resident and explain the situation.

10. Review and Approval of Minutes

Mr. Correll made a motion to approve the circulated February and April minutes, Mr. Sugarman moved the motion. Mr. Klinepeter seconded and the minutes were approved.

11. Next Meeting

Mr. Correll suggested the next meeting to be held at 11 AM on July 26, 2022. The meeting may be held in person pending no significant increases in COVID cases.

12. Adjournment

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