



Middletown Water Operating Committee

Meeting February 1, 2024, 10:00 am EST

Meeting held via Google Meet/Telephone

Committee Members:

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

Michael Winfield (Post and Schell)
Jennifer Miller (Middletown Borough)
Bradley Pensyl (Allen & Overy)
Ken Bonn (Argo)
Shuang Li (Argo)
Chris Halleron (Veolia)
Drexall Butler (Veolia)
Annmarie Rutigliani (Veolia)
Angelo Margiolas (Veolia)
Kelly Weaver (Veolia)

Additional:

John Joyner (WC Partners)
Justin Mendinsky (HRG)

1. Introductions/Opening Comments

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

2. Review and Approval of Minutes

Mr. Correll confirmed that everyone had reviewed the minutes from the previous meeting. Mr. Correll moved the minutes. Mr. Klinepeter seconded the minutes. The minutes were approved. Mr. Winfield had then made a request to have the meeting minutes distributed earlier in advance of the meeting.

3. Operations Update

Ms. Webb stated that Veolia was the victim of a cyber-attack in January and asked Mr. Halleron to comment on the attack. Mr. Halleron stated that there was a cyber-attack that had occurred in January which impacted some of the software applications and systems. It only affected the back-end systems, not any of the operational systems. In response to this, there were a number of systems, including customer service systems that were proactively taken offline to mitigate the impact. The issues have been repaired and there is no indication that any customer or employee data has been compromised. The situation is continually being monitored and Veolia is working with law enforcement to resolve and find out who launched this attack. Mr. Halleron stated that working with law enforcement has been complicated from a communications standpoint because there is only so much information that can be released to the public.

Mr. Halleron stated that if there is anyone who has questions, please reach out to him and he will work to get an answer. Mr. Joyner stated that it looks like Veolia is not the only company affected by the attack. It was widespread across the water industry. Mr. Halleron stated that there was a very brazen



incident in Pennsylvania a few months ago. It's also affecting other utilities in a number of different areas. Mr. Halleron went on to say that Veolia will continue to stay on top of it. There have been a lot of questions from customers and Veolia is working with the information that's allowed to be shared to take care of customers as best as possible. In customer service, Mr. Halleron stated that Ms. Rutigliani did a great job in working with Ms. Webb and the team in Middletown to get customer service back up and running. Mr. Correll asked if there was any indication that any customer information was compromised. Mr. Halleron assured that there was no customer information currently compromised and should any customer or employee information get out they will be immediately notified. Veolia will continue to be as proactive as possible as the situation continues to evolve. Mr. Windfield asked if there was any indication of the country of origin. Mr. Halleron stated that Veolia did not have any information on that. Mr. Winfield explained that the director of the FBI testified before Congress that Chinese hackers have infiltrated infrastructure in this country. Mr. Halleron stated that the other incident in Pennsylvania was of Iranian origin. Mr. Sugarman stated that he read an article about the formation of a joint task force between the EPA & FBI that has worked with a number of water utilities, and they have issued some sort of guidance to help preclude cyber-attacks in the future. Mr. Halleron stated that the DB&T (Veolia's IT) team has been consistently informing the team on how to prevent cyber-attacks in the future. Mr. Halleron continued to state that Veolia has had proactive education, training and measures put into place to mitigate the risk of cyber-attacks. Mr. Sugarman stated this has certainly raised awareness. Ms. Webb addressed Mr. Sugarman that the EPA has been sending out communications to water systems as to how to increase cyber security throughout the systems.

Ms. Webb went on to report on plant operations. Since the last meeting, Middletown has completed the annual CCTV Requirements, the ATAD VFD, which controls the ATAD and electrical components, was replaced, and the smart cover on the interceptor was repaired. Work continued on the SRBC Well 6 docket renewal to increase the allowable flow at well 6. Repairs have been completed on the chlorine feed system and waste blowers at the WWTP. Ms. Webb continued to say that the annual Royalton test of the large meters has been completed and there have been upgraded light fixtures at the plant with LED fixtures. Some of the light fixtures needed to be replaced, so it was decided to go with LED for the energy efficiency. There was one main break on Frey and Hoffer St. The new chlorine analyzer was installed at Well 4 to continue the chemical feed upgrade. Work is being done with Tri-Star to get the integration of the fluoride pump and the well should be returned to service by the end of Q1. The engineering department at the PA DEP said that they do not need to come out and do an inspection of Well 4. The sanitarian may still come out and do an inspection on Well 4, so the Middletown Plant will continue to keep PA DEP and SRBC in the loop as to when Well 4 will be brought back online and double check at that time that no inspections are needed. The next well that will be upgraded is Well 6, which is the largest well within the system. There will be fluoride upgrades and replacement of some electrical components at well 6.

Ms. Webb stated that Well 3, Well 4, the influent screen, and compactor at the wet well are offline. The screen at the upper headworks and the oxidation ditch gearbox are also out of service. An inspection will be performed in the coming days to determine the extent of the replacement needs for the oxidation ditch. A full evaluation of the entire oxidation ditch system will be beneficial to ensure that there will not be any issues in the summer when there are higher flows. Ms. Webb stated that the compactor was ordered in January. A review was done by HRG which determined it was necessary to go back and ask for an increase in stainless steel strength. The new compactor is expected to arrive in summer.

Ms. Webb stated that the lead line inventory is being evaluated. An inventory needs to be completed as per PA DEP. It is due October 16, 2024, and needs to identify the customer owned portion and the utility owned portion of the service line. This material can be verified using record reviews, meter change out program data, building plans and codes, visual inspections and recent main replacement work.



When HRG is inspecting the current underground infrastructure replacement, they are documenting what is on the customer side of the curb stop, which will need to be included with the inventory. Quotes are being evaluated and a plan will be developed to communicate with customers. This was raised as a concern, since Middletown is such a high renter area.

Ms. Webb stated that on December 15, 2023, there was a letter received from OSHA, where an employee had raised concerns regarding gasses in the wet well, the delay of the compactor replacement and it being offline for several months and safety inspections at the plant. Once the letter was received, there was an inspection with Veolia's EHS manager on December 19th and they found that the claim was largely unsubstantiated. However, there were additional safety controls identified that have been executed as a result of that inspection. Ms. Webb went on to explain that there was a temporary sprayer installed to reduce H₂S exposure in the wet well and a photograph was displayed. In the Wet Well, there are 2 channels where the raw wastewater comes into the treatment plant. A foam scum layer forms there and that when broken up with a hose, which the operators do on a daily basis, can release a bit of hydrogen sulfide "burp." What has been done to address this is installing a temporary system which is constantly spraying those 2 channels which creates enough movement so that the scum layer can't fully accumulate. There's always some portion of the channel that is open which allows hydrogen sulfide to be removed with the existing air handling system. There is improved efficiency with screen captures, so with the compactor down, they typically fall into the bucket and can sometimes fall out so there are now temporary walls in the wet well that can find the screen so that they're not going down over a large area on the first layer of the wet well. After this inspection, a response letter was sent to OSHA on December 22, 2023, which had an action plan that included a new compactor, which will be installed in July and was ordered on January 12, 2024. There is a permanent sprayer to reduce hydrogen sulfide exposure and that's going to be mounted to the ceiling. Ms. Webb stated that there will be increased communications with staff regarding these upgrades and safety inspections. There hasn't been any communication from OSHA regarding that response letter, but everyone will be apprised of the status. Mr. Joyner asked if the employees are satisfied with the actions. Ms. Webb stated there has not been any negative feedback. Everyone has been notified that the compactor has been ordered. All the employees feel that the temporary spray system has been very helpful and everyone seems to be satisfied with the solutions and the increased communication. Ms. Webb asked if there were any questions regarding the Operations Updates. There were none so the meeting moved on to customer service updates.

4. Customer Service Update

Ms. Webb mentioned the meter replacement and testing program was completed in December 2023. The majority was done over the summer and then remobilized in November. Two-hundred and eighty small meters were replaced. The testing results have not yet been received, but will be circulated when they are received. The 2024 meter replacement will begin soon. Mr. Butler explained that Neptune TrueFlow meters will no longer be manufactured as of 2030. Mr. Butler explained that Neptune has a new type of meter, the Mach10 ultrasonic meter, that's been out for a while and used in other regions. Mr. Sugarman asked if Mr. Butler knew how widely this new meter has been deployed elsewhere in Veolia and what does the AWWA have to say about the meter. Mr. Butler responded that in NJ, Veolia started deploying this about 5 years now in the utility segment and they are very happy with it. The test results are good. As far as AWWA, Mr. Butler believes they have it as one of their recommended meters for the AWWA standard. Mr. Butler explained that the existing meters may not be as accurate as new meters. Mr. Klinepeter asked how the new meters are going to be paid for. Ms. Webb stated that there are no formalized plans. Mr. Butler was initially looking to get feedback on this new type of meter. Mr. Klinepeter stated that these large meters are very expensive items and pointed out that they've had a long, drawn-out legal battle about the water sales shortfall. In that argument it is



Middletown Borough's position that the current meters aren't being maintained properly and could be under registering flow. Mr. Klinepeter requested to see the data showing that the new meters will be beneficial to the customer and where the cost is going to come from.

Mr. Klinepeter was asked by a resident to inquire about online bill pay options. It had been brought up at previous operations meetings, but had not been implemented. Ms. Rutigliani stated that Veolia is still exploring options and the original option had some hurdles with paperwork. There is a second option that is also being explored.

Ms. Webb stated that Ms. Patel was not able to join the meeting but conveyed that the consumption and the sewer volume net of Royalton were looking good for the year. If there are any questions about this Ms. Webb would relay them to Ms. Patel to answer.

Mr. Correll asked Mr. Sugarman what the amount of the rate increase was. Mr. Sugarman stated it is 13.2%. Ms. Rutigliani stated that the rate increase is set at 7.3% for this year, which was tested in the system and ready to be implemented. Mr. Correll made a comment about Royalton water consumption being up substantially. Ms. Webb mentioned that when their consumption was seen going up, Royalton was contacted in the summer and again towards the end of the year, so it is believed they did have a few large leaks last year. Ms. Webb asked if there anyone had any additional questions. There were none.

5. Capital Investment & Engineering Report

Mr. Margiolas presented a PowerPoint to review the Capex projects that are going on in Middletown, starting with the 2018 & 2021 project. Mr. Margiolas stated that all the mains and services have been connected. Starting in early March, the ADA ramps will be installed and then all paving and final restoration is scheduled to be completed by the first week in May 2024. One thing to note in terms of this Capex project is that there are going to be pressure increases for certain customers. Some customers are likely to see increases of roughly 30-40 PSI. Based on local plumbing code it is recommended that it may be required for customers to install a PRV, a pressure reducing valve, for any pressures that are nearing 80 PSI. Veolia is developing a communication out to the customer that's still in the draft stage but will be going out soon.

Mr. Margiolas stated the locations proposed for the 2022 & 2023 underground infrastructure replacement project. Mr. Margiolas directed attention to the water tank rehabilitation. The Turnpike Tank was restored to service on Nov 14th of 2023. The N. Union St. Tank will be completed next. There has been good progress made early in January 2024. Veolia met onsite at N Union St with representatives from AT&T along with IK Stoltzfus, Mr. Margiolas, Ms. Webb and HRG to discuss what is going to be done with the cables and antennas that deliver cell service to the area as the cables are active and must remain active. Due to the sloping landscape, there isn't an area where a temporary tower can be installed. The path forward and the collective understanding would be that a Roof Corral would have to be added to the top of this Tank. I.K. Stoltzfus gave a quote for the Corral and it would increase the cost of the project by \$40,000 which would be processed as a change order. Mr. Klinepeter asked if we had looked at the agreement with AT&T. Mr. Klinepeter explained that per the AT&T agreement, AT&T would be responsible for the cost of the corral. Ms. Webb advised that AT&T would be contacted regarding the contract to discuss payment for the corral. Mr. Correll asked if we have access to the contract. Mr. Klinepeter confirmed that the contract is accessible. Mr. Margiolas displayed photographs to show the N. Union Street tank where there are cables and antennas are strapped directly onto the tank. Ms. Webb added that the corral would lead to increased paint life. It wouldn't have the cables that are directly affixed to the actual tank so there won't be any rubbing points. It lifts



the cables off the tank for the paint to stay intact for a longer period of time, which is another benefit to the tank having this corral. Mr. Margiolas explained that the temporary booster station that coincides with this work is still being developed with HRG. The next project discussed was the Wastewater Treatment Plant (WWTP) Headworks project. The compactor has been ordered and a walkthrough with Keystone Engineering was scheduled to revisit the scope on the air handling unit. A contractor will then be selected for installation of the air unit and modifications for the raw pumps. Currently there is an excessive buildup of grit in the pumps and reworking the pumps should prevent downtime.

Mr. Margiolas asked if there were any questions. Mr. Klinepeter pointed out the picture with all the corrosion. Mr. Klinepeter asked if it was possible to have someone look at the air flow volume of the current ventilator that was displayed in the picture before upgrading to a new system as suggested by HRG. Mr. Klinepeter stated that he personally tested the air flow years ago and it was adequate according to OSHA standards for air flow for employee safety, and that he had not seen this level of corrosion. Ms. Webb explained that a meeting with Keystone Engineering took place earlier in the week and that was one of the items addressed with them. Keystone will be evaluating the specific piece of equipment. Mr. Mendinsky stated that is why HRG wanted Keystone Engineering to provide an analysis and recommendation. The evaluation also includes where the duct work extends to the registers associated with that, so an evaluation that needs to take place on the existing equipment before any modifications are made and bringing out new equipment.

Mr. Klinepeter asked to further discuss the pressure on Roosevelt and Pine and was surprised at the expected 75 PSI. Ms. Webb discussed the pressure reducing valves needed at the homes along the new construction. Mr. Klinepeter asked if there was concern regarding the mains, as far as closing the fire hydrants and suggested communicating that with the fire department. Mr. Margiolas stated that there should be communication with the fire department. That pressure doesn't always create water hammer, but it is a possibility. Mr. Klinepeter didn't recall having that high of a pressure anywhere in town. Mr. Mendinsky went on to explain that what was displayed was a standard type of operating pressure. Water hammer is not a big concern, but hydrants should never be slammed closed, which is improper operation. When the hammer comes into play, is when there is a higher pressure but also on an extension that dead ends somewhere and there is nowhere for that pressure to be relieved. There is a loop system so that does take away that potential a little bit. Mr. Klinepeter asked if, with this project, if the dead end could be eliminated. Mr. Mendinsky stated that it is now properly looped and eliminates that concern. That's how the increased pressure is getting to the project area.

6. CPI Impact on Future Rate Increase

Mr. Sugarman displayed a graph from the Northeast Region. The CPIU is used for the index change in the project. Over the last 12 months inflation was down to 2.6%. This is not used to establish the index change under the contract until June so it is being monitored, but it's looking favorable compared to the last couple of years.

7. Roylton and Lower Swatara Contract Update

Mr. Correll stated after the last operating committee meeting, Mr. Hagain, who was not present at this meeting, was going to reach out and schedule some calls with Mr. Miner of Roylton. There will be a dedicated effort to get this done in the next 6 months if possible. There is most likely going to be a sizable increase to Roylton's rates. Mr. Correll stated there hasn't been a rate adjustment during the term of this contract or an adjustment several years prior to that. There will be more updates to follow on that subject. Mr. Winfield commented that a 3-month extension for this year was approved. If it is going to take longer than the end of March, there will need to be another extension secured. Mr. Winfield stated that, at the last meeting he requested a copy of the revised version of the agreement that would



show incorporation of prior comments. Mr. Winfield requested to get a copy of what is intended to be sent to Royalton. Mr. Sugarman indicated that the Borough does have the version with Mr. Winfield's comments, and it has not yet been sent to Steve Minor. Mr. Sugarman asked Mr. Winfield if Mr. Winfield was comfortable with sending the version with his comments visible to Steve Minor or if it would be preferable to send a clean version. Mr. Winfield stated that it's best to send a clean version to present as an agreement for Royalton to consider. Mr. Sugarman stated that Mr. Winfield will be copied on the communication to Royalton.

Mr. Correll stated there has been some informal outreach to Lower Swatara regarding the WWTP Headworks project that is being done. There is a likelihood that there will be some cost relayed to them. The formal communication will be finalized and the annual charge will be updated. Mr. Correll explained that the flow based upon the growth in Lower Swatara has increased substantially over the years so it is likely their cost will be increased based on the existing agreement. The letter with completed numbers should be completed within the first 6 months of this year. The likelihood of laying off the cost of the Headworks to Lower Swatara will most likely not happen until next year assuming that the work is done this year so Lower Swatara would not have to make the Capital contribution until sometime next year.

8. Community Outreach

Mr. Halleron stated there is continued support with the Middletown Historical Society and Veolia participated in the Frosty 5k in December 2023. There is an Arts Festival coming up in June 2024 which Veolia is working to support and continuing to look for other opportunities in Middletown. Veolia has had some changes in policies in terms of how requests are processed, so Veolia will need ample time to get the necessary forms in order for additional community support. Mr. Halleron asked for any potential sponsorship opportunities to be sent directly to him. Mr. Klinepeter stated that Middletown Borough has been talking with the Middletown Youth Club who are likely in need of financial sponsors. Mr. Halleron asked Mr. Klinepeter to let the Middletown Youth Club know to contact him.

9. Other Matters

Mr. Correll explained that there was not a need to have a regular meeting until sometime in April unless something comes up and a meeting can be scheduled on an emergency basis. Mr. Correll would like to call an abbreviated meeting toward the end of February just to review the Five-year Capex Plan which is required to be submitted at the beginning of March. The committee agreed to have the special Five-year Capex meeting on February 26, 2024, at 2pm.

Mr. Correll brought up the subject of a settlement between the attorneys representing a settlement group and the McNees Firm. Checks were distributed and the Veolia Customer Service Department was beginning to receive calls about it. The Joint Venture was aware that the settlement was happening but was not involved in the suit in any way. Veolia's Customer Service Department will provide customers with the appropriate legal response. There was no advanced notice that checks would be distributed. Mr. Klinepeter also had no advanced notice of the checks being distributed, and clarified that Middletown Borough as a corporation did not settle. It was a group of customers with a settlement company. Mr. Klinepeter asked if the amount of the shortfall was disclosed since customers are receiving checks for differing amounts. Mr. Correll stated that the Joint Venture was approached by the plaintiffs almost a year ago and there was a discussion that took place between Mr. Pensyl and Mr. Winfield prior to the Joint Venture providing minimal customer information to the plaintiffs. How the settlement checks were calculated is unknown to Mr. Correll. Mr. Winfield clarified that the council representing the residents is not affiliated with Middletown Borough. The residents' council negotiated



the settlement and reached out separately to the Joint Venture for the information which the Borough allowed so settlement amounts could be calculated. The administration of the settlement was managed by the 3rd party administrator. This 3rd party listed Borough Council members as the plaintiffs on their website which was incorrect. Mr. Winfield stated that he felt this was not the right forum to discuss the details of the McNeese litigation. Mr. Correll and Mr. Pensyl agreed. Mr. Pensyl explained that there was very limited information. Mr. Correll stated that customer service would be provided a document that would not imply that the Borough or the Concessionaire was involved in this settlement. Mr. Klinepeter stated that he has been responding to people that the Borough is not involved and there is a phone number on the settlement notices that customers can call to get additional information. Mr. Halleron stated that Veolia's stance has been not to comment but the customers have a right to information. Mr. Halleron will work within Veolia to craft an appropriate response.

10. Next Meeting

The next meeting will be scheduled for Tuesday, April 23, 2024, at 10:00 am. Ms. Webb will send the invitation. The meeting was then adjourned.