



Special Middletown Water Operating Committee

5 Year Capital Improvements Plan (2024-2028)

Meeting February 26, 2024, 2:00 pm EST

Meeting was 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)

Jennifer Miller (Middletown Borough)
Matthew Miller (Middletown Borough)
Michael Winfield (Post and Schell)
John Joyner (WC Partners)
Justin Mendinsky (HRG)
Drexall Butler (Veolia)
Ryan Hagain (Veolia)
Angelo Margiolas (Veolia)
Jagruti Patel (Veolia)
Annmarie Rutigliani (Veolia)
Kelly Weaver (Veolia)

Additional:

Bradley Pensyl (Allen & Overy)
Ken Bonn (Argo)
Shuang Li (Argo)

1. Introductions/Opening Comments

After a roll call, Ms. Webb called the meeting to order.

Mr. Correll started off by stating that the purpose of this meeting is to do a review of the 5 Year Capital Improvements Plan. Per the terms of the agreement, the updated Five Year Capital Improvements Plan will be officially filed with Middletown Borough by March 1, 2024. Mr. Correll also stated that this was to make the operating committee aware of any updates or items of note. Mr. Correll then passed the meeting on to Ms. Webb, along with Mr. Margiolas and Mr. Mendinsky, to present the 5 Year Capex Plan.

2. Five Year Capital Improvements Plan (2024-2028) Base Capital Improvements

Ms. Webb presented the Five Year Capital Improvements Plan for years 2024 through 2028. Ms. Webb began with the Base Capital Improvements some of which included continued well upgrades, instrumentation for the blowers, SCADA upgrades for the wastewater plant to make sure everything is up to date with cyber security measures, and waste tank storage instrumentation. Oxidation ditch upgrades were also mentioned as the oxidation ditch is currently down. There was a review of those upgrades and there were several items noted, so in order to get the oxidation ditch back up and running the end bearing will need to be replaced, which will be a base capital improvement cost.



Ms. Webb went on to outline that there will be some facility security upgrades, trench opening and restorations for any main breaks or service or sewer lateral work that has been done, system evaluations, electrical upgrades that are needed around the plant, as well as safety upgrades and other miscellaneous upgrades.

Ms. Webb asked if there were any questions about the Base Capital Improvements portion. Mr. Klinepeter asked if the Security upgrades would be all equipment based or are there some IT related upgrades. Ms. Webb stated that the primary purpose will be fencing and cameras and mostly equipment based. Mr. Correll asked if there were any additional questions before moving on to the Major Capital Improvements. There were none.

3. Major Capital Improvements

Ms. Webb stated that in 2024 completion of the 2018-2021 project will occur. It is currently under construction. The water and sewer mains have been installed, so the work in 2024 is going to be sidewalks, ADA ramps, final paving, and final grass restoration. There are planning costs for the 2022-2023 project and procurement of materials at the end of the year. The 2024/2025 project planning will start around Q3 of 2024. Ms. Webb went on to state that the tank rehabilitation costs for 2024 included some remaining invoices for the Turnpike Tank and that the Union Street Tank Project was anticipated to start in the spring of 2024. The Headworks Upgrade, which had been discussed in previous Operating Committee meetings, will include bar screen pumps, wiring and other necessary improvements for the Headworks in 2024.

Ms. Webb stated that looking into 2025 there are plans for doing construction on the 2022-2023 project, hopefully start construction on the 2024-2025 project, and include wastewater plant upgrades. It was mentioned previously that the Oxidation Ditches have been inspected and the rotors are reaching the end of their lifespan. It had been anticipated that they would last about 15 to 17 years and they are reaching that point. Ms. Webb explained that the oxidation ditch is a critical part of the wastewater treatment process. Plans to convert the wastewater plant from chlorine gas to hypochlorite were also discussed. The chlorine gas is a large safety concern. There are residences close to the plant and hypochlorite is a lot safer than chlorine gas.

Ms. Webb stated that going into 2026, the 2024-2025 project should be finished up and the 2026 project should be starting. This should reduce the backlog of underground infrastructure capital projects. There will be water system upgrades that will include generators for the wells so that there would be resiliency in case of a large power outage or something of that nature. This would allow the wells to run off the grid.

Ms. Webb stated that moving into 2027 and 2028 there are plans to work on the infrastructure replacement for those specific years. Ms. Webb asked if there were any questions. Mr. Klinepeter asked if the draft had been sent prior to this meeting. Mr. Correll clarified that this has not been sent out to Middletown Borough yet. It will be mailed out in accordance with the agreement.

Mr. Klinepeter stated that he needed some clarity regarding the 2021-2022 Underground Infrastructure Project. Mr. Klinepeter stated that he didn't know where within the Borough this Project was going to take place. Previously, there had been some discussion about coordinating Veolia's work with Middletown Borough where some of the roads are really bad and need to be paved. Mr. Klinepeter would like to have discussions around coordinating so as not to duplicate paving. Ms. Webb stated that Mr. Miller had reached out previously to get some discussions on the calendar. The schedule for the



projects are based on where there are a higher number of water main breaks and sewer line leaks so a rough outline can be provided but there is no guarantee that the schedule will remain permanent and may fluctuate a little year by year. Mr. Klinepeter asked if the schedule was set years ago or have there been any meetings more recently to discuss adjusting the schedule. Ms. Webb stated that there are meetings being held to determine where the infrastructure projects are going. Mr. Klinepeter asked if there are specific quantifiers to determine which lines need to be worked on and does Veolia include in the description why the work is being done on that particular area based on age or how many leaks are on that line. Mr. Correll commented that, in the past, a lot of this was discussed at the Operating Committee meetings and didn't feel that there was any reason not to include Middletown Borough in these discussions. Mr. Mendinsky then commented that the aim is not to be counterproductive with these projects. There have been some prior investigations to help determine the list, but as new information comes in, for instance the CCTV data that's done in the annual program may have defects that have become more severe so that area may have to be expedited. Mr. Mendinsky clarified that there is a basic set of parameters that were looked at several years ago to develop the plan, but it will get tweaked based on new information. Veolia is happy to have discussions and to try to marry the Infrastructure Projects with the roadway improvements. Mr. Miller sent an email the previous week identifying some areas that need attention and, based on that information, come up with a priority list that works best for all parties.

4. Other Matters

Mr. Klinepeter went on to ask, regarding the Wastewater Planned Upgrades, if there were more upgrades other than the oxidation ditch rotors. Ms. Webb stated that Veolia would be looking at all 4 rotors for the oxidation ditches and any equipment related to that and some additional sensors for the oxidation ditches. There are 2 oxidation ditches and 2 rotors in each oxidation ditch. Mr. Klinepeter stated that there is not much preventative maintenance that can be done with underground infrastructure other than root intrusion or lining on sewer lines but that is a Capital Project rather than a preventative maintenance type of repair when it comes to work action. Regarding the plant equipment, the longevity of the equipment directly correlates to maintenance and repair over its life expectancy. Mr. Klinepeter asked for preventative maintenance tasks to be included in the monthly report, for instance oil changes and things of that nature according to the manufacturer's schedule. This would ensure that things are not being let go and then needing to be replaced. Ms. Webb explained that the assessment had been done. With regards to the Oxidation Ditch rotors, it shows that they are being maintained but are nearing the end of their useful life. The assessment team said that the equipment can fail after 15 to 17 years and things will likely start breaking. Veolia would like to ensure that this doesn't happen. Ms. Webb stated that they are roughly 35 feet long each and that would be very problematic if the rotors fail. Mr. Klinepeter feels that the maintenance is being done but, going forward, would like to see reports that the work is being done in accordance with the manufacturer's recommendations so Middletown Borough has something to take to their board of directors. Mr. Correll stated that this should be a takeaway for this meeting and put it as a discussion item on the agenda for the next Operating Committee meeting.

Mr. Winfield asked if the total major project dollar amounts excluded the 15% disputed project management fee or if it was included in the total number. Mr. Correll stated that he believes they are included. Ms. Webb confirmed that the dollar amounts indicated on the 5 Year Capital Improvements Plan do include the fee. Mr. Correll stated that it will be made as a note or highlighted that the fee is included.



Ms. Webb asked if there were any questions regarding the Capital Improvements Infrastructure. There were none.

Ms. Webb stated that there were also regulatory items, due to several regulations under consideration from regulators. The regulatory projects include the wastewater treatment plant effluent outfall rehabilitation, which was listed as a cost in 2025, the lead service line inventory, which has been discussed at previous meetings and is due in October 2024, as well as PFAS costs. Depending on the outcome of the lead service line inventory, there may be required lead service line change outs. There are also anticipated costs with PFAS as the PFAS testing results had not yet been reported. It was also unclear if the EPA rule will be published as it was written in the draft form or if the proposed PFAS MCL would change. The need for additional PFAS treatment costs were included in 2025 and 2026. This will depend on whether regulations have been finalized yet. Mr. Klinepeter commented that in regards to regulatory compliance issues with the discussion of the 15%, Middletown Borough has reported in the past that the outfall for this location is not a regulatory compliance project at this time unless something has changed. Mr. Klinepeter also stated that it's going to be hard to agree to a 5 Year Capex Plan without knowing what those directives are going to be if the EPA hasn't set the limit yet. Mr. Correll stated that the purpose for this meeting is the same as it's been the last several years. There is no disagreement with regards to the outfall, and it is listed on the Capex plan to keep in on the radar. Items are being added to this Plan that could potentially happen which is why all of the footnotes have been listed as regulatory items. This does not mean that these items will be completed but if the EPA comes out, and there is another incident like there was in the past, it won't be a surprise. With regards to the lead line service, there is no way to know what it's going to be, only that it's going to happen. With PFAS during this five year timeframe, it is anticipated that something will happen. It's not listed as a Capital Improvement on the Plan because the information has not been received. For the people on the Committee, or Middletown Borough reporting to the board, everyone is aware and it is not a surprise. It is required to file a Five Year Plan and these costs could potentially be included in the Five Year Plan. Mr. Correll went on to explain that the markup has been included in the past for the administrative, management, engineering, etc. in the estimates but had consistently, pending the resolution of this dispute, excluded it from the tariffs when they were put in effect. To give a full potential in the Five Year Plan the markup is included. Mr. Sugarman agreed that this was accurate to what has been done in the past. Mr Correll asked if there were any further questions. There were none.

Mr. Correll stated it was felt that the primary purpose of this meeting was met and the Five Year Capital Improvements Plan will be submitted in accordance with the agreement. Mr. Correll asked that if there were further questions after the meeting concluded to please reach out.

5. Next Meeting

The next regular Operations Committee Meeting will be scheduled for Tuesday, April 23, 2024, at 10:00 am. The meeting was adjourned.