Middletown Water Operating Committee

Meeting July 22, 2026, 10:00 am EST

Meeting held via Google Meet/Telephone

Committee Members:
Ken Klinepeter (Middletown Borough)
Dan Sugarman (WC Partners)
Don Correll (WC Partners)
Gary Trapnell (Veolia)

Additional:
Timothy Yingling (HRG)
Justin Mendinsky (HRG)
Daria Zwart (HRG)
Ken Bohn (Argo)
Shuang Li (Argo)
John Joyner (WC Partners)
George Flowers (Veolia)
Anthony Lewis (Veolia)
Angelo Margiolas (Veolia)
William Turner (Veolia)
Annmarie Rutigliani (Veolia)
Ashley Ledwich (Veolia)
Kelly Weaver (Veolia)

1. **Introductions/Opening Comments**

After a roll call, Mr. Flowers called the meeting to order. A Google Slides presentation was presented.

2. **Review of Minutes**

Mr. Flowers asked for a motion to approve the April 23, 2026 meeting minutes. The motion was moved by Mr. Correll and seconded by Mr. Sugarman. All were in favor. No one opposed.

3. **Operations Update**

Mr. Lewis provided operational updates for both the water and wastewater systems. All required compliance reports have been submitted to the Pennsylvania Department of Environmental Protection (PA DEP) on time. There were no violations on either the water or wastewater side.

For the water systems, Mr. Lewis reported that Veolia is continuing to work with HRG on the Well House Upgrades and PFAS testing. Hydrant flushing has begun along with CCTV inspections around town.

Regarding wastewater operations, the new boilers for the Wet Well Project have been installed and are functioning well. There are some minor, ongoing issues with the grit bridge that are currently being resolved, which were partially caused by recent severe storms in the area.

Mr. Lewis noted that there have been no additional issues on either the water or wastewater sides. Mr. Flowers noted that there have been no reportable injuries year to date. The Veolia Safety Policies are all being followed, there is ongoing training and the focus has been on the Mental Safety Assessment.

Mr. Lewis reported on the 2026 Key Performance Indicators (KPIs). They include:

- Annual Valve Turning (118 valves).
- Annual Hydrant Flushing (12 hydrants).
- Annual Sewer Flushing (10113 ft).
- CCTV work (6700 ft).
- Annual Leak inspection is scheduled for August 2026 to survey the entire system.

Mr. Klinepeter asked if there is static and residual testing during the hydrant flushing along with cleaning the lines. Mr. Lewis confirmed that there are pressure tests and flow measurements being done while completing the hydrant flushing. Mr. Flowers also mentioned that, per PA DEP Veolia is also required to dechlor the water as well.

Mr. Lewis stated that there was one water main break repaired on a 4" line at Rupp and Emaus St. There was one hydrant repaired at Ann St. and Airport Rd. All of the hydrants are in good working condition so far and Veolia has done one curb stop repair. There were no Sanitary Sewer Backups.

Regarding the Lead Service Line Inventory project, Mr. Flowers provided an update noting that the project remains ongoing and on schedule. Equipment has been deployed to the site, and door notifications have been distributed to residents. Next steps will begin once scheduling and residential notifications are finalized.

When questioned by Mr. Correll regarding the schedule for starting the project, Mr. Flowers clarified that activities are slated to commence in August 2026, with an estimated duration of three to six months. Mr. Correll further inquired whether initial data would be available by the next meeting in September. Mr. Flowers indicated that some preliminary outcomes ought to be accessible by then, though he noted the necessity of consulting with Customer Service to verify if any new updates have emerged. Mr. Flowers will send an email to the Committee with updates as soon as he can confirm.

4. Customer Service and Metering Update

Ms. Rutigliani reported that between January 1, 2026 and June 30, 2026 there have been 5,980 payments totaling $1.4 million dollars.

Ms. Rutigliani reported that the Small Meter Changeout Program has commenced on schedule this month, utilizing Kentrel Inc. as the new local vendor.

Ms. Rutigliani reported on the year-to-date water and sewer revenue as of June 2026, noting increases in both categories. Water revenue is up 11%, sewer revenue is up by 14%, water consumption is up 4.1%, the water consumption is up 18.2% and the Royalton water consumption is up 13%.

Regarding the elevated water consumption in Royalton, Mr. Joyner raised a question to verify whether any leaks were present. Mr. Klinepeter noted that the spike in usage could indeed point to potential leaks. To investigate this matter, Mr. Flowers plans to coordinate with Customer Service for confirmation. Additionally, the potential necessity of installing Veolia meters was highlighted.Following discussions with the vendor, Ms. Rutigliani confirmed that testing will be conducted on those specific meters.

5. Capital Investment & Engineering Report

Mr. Margiolas shared an update on Middletown's current capital projects, starting with the 2022/2023 Underground Infrastructure Replacement Project.

Mr. Margiolas moved on to speak about the 2024/2025 Underground Infrastructure Replacement Project. Mr. Margiolas stated that the project is roughly 90% to 95% finished. Restoration work on areas completed earlier this year has been finalized, with only some markings and curb completions remaining outstanding. There is some restoration work being done along North Union Street that is still ongoing. The overall project is anticipated to conclude prior to September 2026, provided no unexpected complications arise. In reference to an email received from Mr.

Klinepeter, the details he is requesting is for auditing purposes concerning project data from 2020 to 2021. Mr. Margiolas will provide that information.

Mr. Margiolas moved on to speak about the 2024/2025 Underground Infrastructure Replacement Project. Mr. Margiolas reported that Veolia is currently reviewing a 90% design package received from HRG, with plans to initiate the bidding process in early August. He invited Mr. Klinepeter and his team to attend an upcoming pre-bid meeting with contractors to discuss any questions or concerns. Additionally, Mr. Margiolas noted that project investigations revealed an active ten-inch water main along Mill Street located under the old mill's basement, which can be removed without difficulty.

Mr. Margiolas reported that the 2026/2027 Underground Infrastructure Replacement Project is currently in its initial phases at Veolia. Discussions have taken place regarding infrastructure and paving requirements to ensure that the paving timeline aligns effectively with the targeted work zones.

Mr. Margiolas reported on the status of the PFAS treatment initiatives, noting that the PFAS Pilot Program was established in response to regulatory thresholds introduced by the Environmental Protection Agency (EPA). Initial system testing indicated contamination levels approaching the limits set by both the EPA and the Pennsylvania Department of Environmental Protection (PA DEP), confirming the necessity of a PFAS treatment solution. To address this, a small-scale pilot program will be initiated. In collaboration with HRG, Veolia has identified several PFAS removal technologies and intends to partner with Xylem to evaluate their relative effectiveness. Once the optimal technology is identified, a small-scale pilot study will be conducted on a single well to assess its long-term feasibility. In response to an inquiry from Mr. Joyner, Mr. Margiolas stated that residents will be informed of the testing outcomes in 2027 per regulatory requirements and Veolia is not required to have an inline system in place until 2029 per the EPA law that was released in 2025. Mr. Lewis also mentioned that Veolia will be using Xylem to bench test which will help determine which treatments will work best. Further updates regarding the progress of this program will be presented at the next committee meeting.

Mr. Margiolas provided an update on the Wastewater Treatment Plant Upgrades. Most of this will include security and auxiliary power at the majority of the systems sites including the wells and booster stations. Veolia has been working with HRG to determine best practices to ensure compliance with the legislation that’s in place. There is a small concern about the lead times on generators so Mr. Margiolas will be reaching out to the manufacturers to determine lead times.

Mr. Klinepeter asked if there was a need to have a fixed generator at all the wells due to their various sizes. Mr. Margiolas stated that Veolia is recommending to have fixed generators to ensure that, in an emergency system, there could be potential for disaster.

Mr. Margiolas stated that, in regards to the Wet Well Restoration Project, it was determined that the pricing needs to be reviewed and solicit bids from other contractors so Veolia can move forward with the final phase. .

6. CPI Impact on Future Rate Increase

During the meeting, Mr. Sugarman shared a graphical representation of the Northeast Region's CPI-U. He noted that as of June 2026, the region's CPI-U index change reached 4.3%, while the contractually specified margin change stands at 2.5%. Consequently, this establishes a 6.8% baseline rate increase effective January 2027, prior to factoring in any capital cost recovery charges.
Mr. Sugarman also presented various projections for the capital cost recovery charge based on the framework outlined in the contract, which utilizes the published Pennsylvania PUC DISC rate, currently at 7.1%. The current five-year capital plan outlines nearly $9 million in investments for the year. Mr. Sugarman detailed three potential scenarios based on the level of capital expenditure implemented:

- **Full Investment (~$9 Million Capex):** This would result in a capital cost recovery charge of nearly 6%, leading to a combined rate increase of approximately 12.8% by January 2027.
- **Reduced Investment ($6.5 Million Capex):** This level of spending would generate a 4.4% capital cost recovery charge, bringing the projected total rate increase to slightly above 11%.
- **Half Investment (~$4.5 Million Capex):** Cutting the planned investment in half would lower the capital cost recovery charge to roughly 2.75%, resulting in a total rate adjustment of around 10%.

Mr. Sugarman noted that this will also be affected by the in-plant Capex that can be written off to Lower Swatara and Royalton. He then clarified that, under their contract, Lower Swatara and Royalton are required to pay for the use of the plant. This would reduce the Capex that is recovered through the capital cost recovery charge.

Finally, Mr. Sugarman reported that the existing water sales shortfall surcharge stands at $1,042,000 as of June 30th, with assistance from Ms. Rutigliani and Mrs. Ledwich. Progress remains on target to achieve the three-year objective of $1,425,000. Additionally, a separate, minor surcharge connected to the arbitration settlement has concluded for the current year. Pursuant to the arbitration agreement, this surcharge will undergo annual recalculation and operate on a year-to-year basis.

Mr. Flowers briefly noted that the Royalton meter is scheduled to be tested next week. Depending on the testing the meter may need to be replaced.

7. Royalton and Lower Swatara Contract Update

Mr. Correll noted that, pursuant to the contract, a portion of the capital allocated for plant upgrades can be shared with Lower Swatara and Royalton. While preliminary estimates were provided during contract negotiations roughly two years ago, Mr. Margiolas's recent report indicates a cost increase due to extra work performed. Consequently, both Lower Swatara and Royalton must be notified that they will receive billings for certain adjustments in the coming year.

8. Other Business/Next Meeting

The next regular operations meeting will be scheduled for September 22, 2026, at 10:00 am. Mr. Flowers will send out the invitations. Mr. Flowers asked for a motion to adjourn that was seconded by Mr. Correll. The meeting was then adjourned.