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ATLANTIC CITY MUNICIPAL UTILITIES AUTHORITY
PUBLIC HEARING PROPOSED 2017
BUDGET AND PROPOSED CHANGES TO THE
RULES, RATES AND REGULATIONS

Tuesday, November 29, 2016

G. Bruce Ward, Executive Director
Kelley Williams, Board Administrator

B E F O R E:

William K. Cheatham, Alternate

TAKEN BEFORE: JACQUELINE M. ZARRILLO,
Certified Court Reporter of the State of New Jersey,
License No. XI01786, at the ATLANTIC CITY MUNICIPAL
UTILITIES AUTHORITY, 401 North Virginia Avenue,
Atlantic City, New Jersey 08404, commencing
at 10 a.m.

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I N D E X

PUBLIC

PAGE

(NO PUBLIC PRESENT.)

ATLANTIC CITY MUA

1 MR. WARD: Good morning. This is the
2 public session of the Atlantic City Municipal Utility
3 Authority for the purpose of allowing the public to
4 hear and answer questions about the Authority's 2017
5 budget.

6 In a nutshell, the budget has an
7 increase of ten percent, which will place a
8 residential customer's quarterly regular bill from 45
9 to \$50. The increase can be captured as a result of
10 conditions in the economy, which I will try to
11 illustrate.

12 Number one, the treatment and delivery
13 of water to customers is a function of the
14 organization of manpower and material. Let's start
15 with manpower. The Authority has three unions
16 representing blue collar, white collar and
17 supervisors. Over the last three years, the
18 Authority has recognized that the economy has been
19 under stress and there have been absolutely no union
20 negotiated raises among the three unions whatsoever.
21 So while wages have remained flat, let's move to
22 material.

23 Material would include all of the
24 assets of the Authority, which over time there is
25 degradation, there is end of life use. For example,

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1 we have a number of vehicles that must be placed in
2 service, and those vehicles must be repaired, and at
3 a certain time those vehicles go down in service,
4 they have to be replaced.

5 We have miles and miles of pipes
6 underground, and the condition of our pipes
7 underground in Atlantic City, because Atlantic City
8 is a sandbar in many cases, the pipes do not rest on
9 a firm foundation, we have breaks in service as a
10 result of major trucks running over streets and
11 effecting the pipes, which do not have a firm
12 foundation such as a bedrock of New York. So in a
13 sandy soil, our pipes suffer considerably and we're
14 fortunate to have the staff and the resources to
15 maintain them.

16 So looking at the number of both
17 improvements, repairs, repairs to our system, these
18 are costs. These are costs that have to be assumed
19 in order to continue to provide 24-hour water service
20 to our customers.

21 Over this year, 2016, the Authority has
22 lost two major customers. First customer being Taj
23 Mahal, Taj Mahal closed sometime in October. The
24 hope that it reopens remains questionable. So that
25 loss, in terms of our revenue picture, had to be

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1 taken into account. And the second major customer
2 loss was New Jersey American Water, which is a bulk
3 customer. And it's assumed that the number of
4 foreclosures effecting Atlantic County, particularly
5 in the customer base of New Jersey American Water,
6 has effected their demand for water, which they used
7 our water as a supplement to their system, and as a
8 result, their use or their demand for our water
9 system has gone down considerably.

10 So in the face of the loss of two major
11 customers, and at the same time having the continued
12 responsibility to maintain treatment, with chemicals
13 which must be purchased, to maintain significant
14 repairs and upgrades on systems, to allow for the
15 continued quality and performance of our system, the
16 increase in rates is justified.

17 Now, I want to make clear that the rate
18 increase still places the Atlantic City Municipal
19 Utility Authority at the lowest scale of the County
20 of Atlantic. An average annual household will be
21 paying \$200, as opposed to commercial rates in the
22 western parts of the county, which are up to \$600
23 annually. So in that respect, we submit our budget
24 and our budget amendments. We feel very responsible
25 that we have marshaled our resources in a competent

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1 manner to continue to achieve the public service that
2 we do.

3 I note that the our commissioner,
4 Mr. William Cheatham, is present this morning, as
5 well as my executive secretary, Ms. Kelley Williams.
6 And at this time we do not have any other members of
7 the public here. This meeting is to remain open
8 until 12 p.m. today, and should any members of the
9 public arrive, we will reopen the meeting. But at
10 this time, we're going to pause the meeting and be
11 available for any questions or comments from the
12 public, should members approach the Authority this
13 morning. And so at this time, we'll go off the
14 record and pause.

15 (The hearing adjourned
16 from 10:10 a.m. to 12 p.m.)

17 MR. WARD: We are back on the record.
18 It is 12:01 p.m. This has been the public hearing of
19 the Atlantic City Municipal Utility Authority for its
20 2017 budget, and the meeting will close at this time.

21 The public is reminded that we will
22 have an additional public hearing on Thursday,
23 December the 1st, beginning at 10 a.m. to 12 p.m.,
24 and that concludes the hearing of today.

25 (The hearing concluded at 12:02 p.m.)

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C E R T I F I C A T E

I, JACQUELINE M. ZARRILLO, a Certified Court Reporter of the State of New Jersey, do hereby certify that I am neither a relative nor employee nor attorney nor counsel of any of the parties to this action, and that I am neither a relative nor employee of such attorney or counsel, and that I am not financially interested in the action.

JACQUELINE M. ZARRILLO
Certified Court Reporter
License No. XI01786

DATED: December 1, 2016

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