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ATLANTIC CITY MUNICIPAL UTILITIES AUTHORITY
PUBLIC HEARING - PROPOSED 2014 BUDGET AND
PROPOSED CHANGES TO THE RULES, RATES AND
REGULATIONS

Thursday, December 5, 2013

Neil A. Goldfine, Executive Director
Linda R. Bazemore, Deputy Executive Director
Stella Johnson, Board Administrator

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.

JACQUELINE M. ZARRILLO, CCR
CERTIFIED COURT REPORTER
1724 TILTON ROAD
NORTHFIELD, NEW JERSEY 08225
(609) 641-6640

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(NO PUBLIC PRESENT.)

ATLANTIC CITY MUA

1 MR. GOLDFINE: Good morning. Today is
2 December 5th. It is 10 a.m. This is the Public
3 Hearing for the Atlantic City MUA's proposed 2014
4 Budget and proposed changes to the Rules, Rates and
5 Regulations. This is the second of two hearings.
6 The first hearing was held about two weeks ago.

7 There have been no comments received by
8 the MUA in the interim. The budget is scheduled for
9 adoption at the regularly scheduled Board meeting on
10 December 18, 2013. The MUA will accept written
11 comments. Comments received after this hearing
12 before the Board meeting will be presented at the
13 Board meeting. The Board meeting is also an open
14 public meeting. It's open to the public and comments
15 can be received at that time.

16 There will be a two percent increase in
17 Rates for water service in 2014.

18 Over the last several years, the
19 Atlantic City MUA has seen its expenses rise,
20 however, it's water sales since 2006 has shown a
21 steady and continual decline. 2012 was the first
22 year to see a water demand increase. The increase is
23 attributed to the opening of Revel Resort. However,
24 water demand is still lower than 2002 through 2007.
25 The MUA attributes the decline to two primary

ATLANTIC CITY MUA

1 factors. The first is the removal of hotels and
2 housing in Atlantic City through demolition.
3 Projects such as the Pinnacle that took the Sand's
4 Casino Hotel out of service and demolished it, as
5 well as several other hotels in the area had a
6 significant detrimental effect on the MUA's revenues.
7 The next most significant factor in the MUA's revenue
8 decline is water conserving devices. Water
9 conservation is always promoted in order to minimize
10 the wasteful use of resources. Since 1992, the MUA
11 has seen the average gallons per capita per day in
12 Atlantic City for residential customers drop from 97
13 to 73, almost a 25 percent reduction. Due to
14 decreased demand, the Authority does not expect to
15 meet its revenue projection for 2013.

16 The MUA settled with its largest
17 collective bargaining union in 2013. The 2013 budget
18 was amended to pay the added expense using reserves.
19 The full cost of the increased salaries from 2013
20 levels will impact the 2014 budget. To reduce the
21 impact the Authority has reduced the amount committed
22 to reserves. The Authority is proposing a two
23 percent increase for 2014 as a result of these
24 issues. Lowering the amount committed to reserves
25 below the allocation to the City of Atlantic City

ATLANTIC CITY MUA

1 means that the MUA will see a net loss in 2014.

2 Excluding the impact of the union
3 contract settlement (both the use and reserves and
4 salary expense), the 2014 budget shows an increase of
5 \$168,534 for 2014, only 1.1 percent. Increases are
6 primarily related to increases in health benefits
7 expense \$208,500, operations salaries \$204,000 and
8 electricity \$100,000.

9 The MUA's proposed two percent increase
10 will be applied as a \$1 increase in the quarterly
11 charge to all residential units, and a two percent
12 increase in excess charges for all users.

13 The average residential single-family
14 property in Atlantic City, currently pays \$200.71 per
15 year for water. The MUA is projecting that, with
16 this Rate increase, the average consumer will pay
17 \$205.92 per year. This is a \$5.71 per year increase
18 per household.

19 The connection fee rate will also
20 increase.

21 State Law sets a formula mandating the
22 specific calculation of Connection Fees. State Law
23 further requires that Connection Fees be recalculated
24 at the end of every calendar year, and all Debt
25 Service and Capital Expenditures be included in the

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1 new calculations.

2 The net result is a proposed Connection
3 Fee in 2014 of \$12.1714 per gallon of average daily
4 flow. This applies to new construction.

5 The MUA is also making changes in the
6 Rules, Rates and Regulations. The full text of the
7 changes is available by contacting the MUA's offices.
8 It is also available on the MUA's website,
9 www.acmua.org.

10 And I have prepared a package which is
11 a handout, that is provided for this Public Hearing.
12 It is also available on the counter for any customer
13 that comes in and it has been on the counter for at
14 least two weeks, going back to the last Public
15 Hearing.

16 It should be noted that the Connection
17 Fee is not a precise calculation. That cannot be
18 done until after December 31st, when the MUA's
19 received all of its bills for fixed asset
20 improvements. The calculation will be completed
21 early in January. However, it is not expected to
22 change significantly from the amount presented in the
23 Public Hearing process.

24 As we review the changes to the
25 Regulations, it should be noted that there were two

ATLANTIC CITY MUA

1 typos in the package that had been handed out. One
2 was the word "all" in one of the sections was spelled
3 L-L, and the other is there is a change in one of the
4 Rates from \$33 to \$40 and that was noted, however,
5 the language later in that paragraph did not make the
6 same change. That would be changed and adjusted.

7 The most significant change the MUA has
8 in its Rules, Rates and Regulations for 2014 is to
9 fire service testing charges. The MUA has always had
10 a charge for fire service inspections. This is for
11 fire service inspections. The reason for this is
12 because the MUA sends an inspector with the testing
13 company to be assured that they're accounting for the
14 water that's used in the test and it is not wasted,
15 as well as to see what the impact of the test has on
16 the MUA's distribution system and water treatment
17 plant. The MUA has found there has been minimal
18 compliance to this regulation and the MUA is not able
19 to inspect all of the tests. Therefore, the MUA has
20 changed its procedure and the testing company will no
21 longer be charged for the test. All services that
22 have a fire suppression system that are not single
23 and duplex family homes will be charged for the
24 inspection service within their regular monthly or
25 quarterly bills.

JACQUELINE M. ZARRILLO, CCR

ATLANTIC CITY MUA

1 Because the inspector will no longer be
2 charged, the MUA hopes that they will now begin to
3 come into the MUA, notify the MUA of the test and the
4 MUA can get a better handle on this operation. Those
5 details are all provided in the handouts.

6 It should be noted that there are no
7 members of the public in the hearing room. I will
8 therefore adjourn the hearing. It is now 10:10 and
9 the MUA will reopen the hearing immediately if any
10 members of the public come in to hear what they have
11 to say, and otherwise the MUA will close the hearing
12 at about noon. Thank you.

13 (The hearing adjourned
14 10:10 a.m. to 12:15 p.m.)

15 MR. GOLDFINE: Good morning again. It
16 is now 12:15 p.m., it is still Thursday, December
17 5th, and no members of the public have come in during
18 the process. I will now close the hearing.

19 (The hearing concluded at 12:15 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 6, 2013

\$	609 [1] - 1:25 641-6640 [1] - 1:25	BEFORE [1] - 1:14 begin [1] - 8:2 below [1] - 4:25 benefits [1] - 5:6 better [1] - 8:4 bills [2] - 6:19, 7:25 Board [5] - 1:9, 3:9, 3:12, 3:13 Budget [1] - 3:4 BUDGET [1] - 1:1 budget [4] - 3:8, 4:17, 4:20, 5:4	conservation [1] - 4:9 conserving [1] - 4:8 construction [1] - 6:4 consumer [1] - 5:16 contacting [1] - 6:7 continual [1] - 3:21 contract [1] - 5:3 cost [1] - 4:19 counsel [2] - 9:7, 9:9 counter [2] - 6:12, 6:13 Court [3] - 1:14, 9:5, 9:16 COURT [1] - 1:23 customer [1] - 6:12 customers [1] - 4:12	expense [3] - 4:18, 5:4, 5:7 expenses [1] - 3:19
0	a.m [3] - 1:16, 3:2, 8:14 able [1] - 7:18 accept [1] - 3:10 accounting [1] - 7:13 action [2] - 9:8, 9:10 added [1] - 4:18 adjourn [1] - 8:8 adjourned [1] - 8:13 adjusted [1] - 7:6 Administrator [1] - 1:9 adoption [1] - 3:9 ago [1] - 3:6 allocation [1] - 4:25 almost [1] - 4:13 amended [1] - 4:18 amount [3] - 4:21, 4:24, 6:22 AND [2] - 1:1, 1:2 applied [1] - 5:10 applies [1] - 6:4 area [1] - 4:5 asset [1] - 6:19 assured [1] - 7:13 ATLANTIC [2] - 1:1, 1:15 Atlantic [7] - 1:16, 3:3, 3:19, 4:2, 4:12, 4:25, 5:14 attorney [2] - 9:7, 9:9 attributed [1] - 3:23 attributes [1] - 3:25 AUTHORITY [2] - 1:1, 1:15 Authority [3] - 4:14, 4:21, 4:22 available [3] - 6:7, 6:8, 6:12 Avenue [1] - 1:15 average [4] - 4:11, 5:13, 5:16, 6:3	C	D	F
1	1 [1] - 5:10 1.1 [1] - 5:5 10 [2] - 1:16, 3:2 10:10 [2] - 8:8, 8:14 12:15 [3] - 8:14, 8:16, 8:19 1724 [1] - 1:24 18 [1] - 3:10 1992 [1] - 4:10	calendar [1] - 5:24 cannot [1] - 6:17 capita [1] - 4:11 Capital [1] - 5:25 Casino [1] - 4:4 CCR [1] - 1:23 Certified [3] - 1:14, 9:4, 9:16 CERTIFIED [1] - 1:23 certify [1] - 9:6 change [4] - 6:22, 7:3, 7:6, 7:7 changed [2] - 7:6, 7:20 changes [4] - 3:4, 6:5, 6:7, 6:24 CHANGES [1] - 1:2 charge [2] - 5:11, 7:10 charged [3] - 7:21, 7:23, 8:2 charges [2] - 5:12, 7:9 CITY [2] - 1:1, 1:15 City [8] - 1:16, 3:3, 3:19, 4:2, 4:12, 4:25, 5:14 close [2] - 8:11, 8:18 collective [1] - 4:17 commencing [1] - 1:16 comments [4] - 3:7, 3:11, 3:14 committed [2] - 4:21, 4:24 company [2] - 7:13, 7:20 completed [1] - 6:20 compliance [1] - 7:18 concluded [1] - 8:19 connection [1] - 5:19 Connection [4] - 5:22, 5:23, 6:2, 6:16	daily [1] - 6:3 DATED [1] - 9:18 Debt [1] - 5:24 December [6] - 1:4, 3:2, 3:10, 6:18, 8:16, 9:18 decline [3] - 3:21, 3:25, 4:8 decreased [1] - 4:14 demand [3] - 3:22, 3:24, 4:14 demolished [1] - 4:4 demolition [1] - 4:2 Deputy [1] - 1:8 details [1] - 8:5 detrimental [1] - 4:6 devices [1] - 4:8 Director [2] - 1:8, 1:8 distribution [1] - 7:16 done [1] - 6:18 drop [1] - 4:12 due [1] - 4:13 duplex [1] - 7:23 during [1] - 8:17	factor [1] - 4:7 factors [1] - 4:1 family [2] - 5:13, 7:23 Fee [2] - 6:3, 6:17 fee [1] - 5:19 Fees [2] - 5:22, 5:23 financially [1] - 9:10 fire [4] - 7:9, 7:10, 7:11, 7:22 first [3] - 3:6, 3:21, 4:1 fixed [1] - 6:19 flow [1] - 6:4 formula [1] - 5:21 full [2] - 4:19, 6:6
2	2002 [1] - 3:24 2006 [1] - 3:20 2007 [1] - 3:24 2012 [1] - 3:21 2013 [7] - 1:4, 3:10, 4:15, 4:17, 4:19, 9:18 2014 [10] - 1:1, 3:3, 3:17, 4:20, 4:23, 5:1, 5:4, 5:5, 6:3, 7:8 25 [1] - 4:13	E	E	G
3	31st [1] - 6:18	early [1] - 6:21 effect [1] - 4:6 electricity [1] - 5:8 employee [2] - 9:6, 9:8 end [1] - 5:24 excess [1] - 5:12 excluding [1] - 5:2 Executive [2] - 1:8, 1:8 expect [1] - 4:14 expected [1] - 6:21 Expenditures [1] - 5:25	gallon [1] - 6:3 gallons [1] - 4:11 GOLDFINE [2] - 3:1, 8:15 Goldfine [1] - 1:8	
4	401 [1] - 1:15		H	
5	5 [1] - 1:4 5th [2] - 3:2, 8:17		handed [1] - 7:1 handle [1] - 8:4 handout [1] - 6:11 handouts [1] - 8:5 health [1] - 5:6 hear [1] - 8:10 HEARING [1] - 1:1 Hearing [4] - 3:3, 6:11, 6:15, 6:23 hearing [9] - 3:6, 3:11, 8:7, 8:8, 8:9, 8:11, 8:13, 8:18, 8:19 hearings [1] - 3:5 held [1] - 3:6 hereby [1] - 9:5 homes [1] - 7:23 hopes [1] - 8:2 Hotel [1] - 4:4 hotels [2] - 4:1, 4:5 household [1] - 5:18 housing [1] - 4:2	
6	6 [1] - 9:18		I	
	B		immediately [1] - 8:9 impact [4] - 4:20, 4:21, 5:2, 7:15 improvements [1] -	

6:20 included [1] - 5:25 increase [11] - 3:16, 3:22, 4:23, 5:4, 5:9, 5:10, 5:12, 5:16, 5:17, 5:20 increased [1] - 4:19 increases [2] - 5:5, 5:6 inspect [1] - 7:19 inspection [1] - 7:24 inspections [2] - 7:10, 7:11 inspector [2] - 7:12, 8:1 interested [1] - 9:10 interim [1] - 3:8 issues [1] - 4:24	MR [2] - 3:1, 8:15 MUA [21] - 3:8, 3:10, 3:19, 3:25, 4:10, 4:16, 5:1, 5:15, 6:5, 7:7, 7:9, 7:12, 7:17, 7:18, 7:19, 8:2, 8:3, 8:4, 8:9, 8:11 MUA's [8] - 3:3, 4:6, 4:7, 5:9, 6:7, 6:8, 6:18, 7:16 MUNICIPAL [2] - 1:1, 1:15	precise [1] - 6:17 prepared [1] - 6:10 PRESENT [1] - 2:3 presented [2] - 3:12, 6:22 primarily [1] - 5:6 primary [1] - 3:25 procedure [1] - 7:20 process [2] - 6:23, 8:18 projecting [1] - 5:15 projection [1] - 4:15 projects [1] - 4:3 promoted [1] - 4:9 property [1] - 5:14 proposed [4] - 3:3, 3:4, 5:9, 6:2 PROPOSED [2] - 1:1, 1:2 proposing [1] - 4:22 provided [2] - 6:11, 8:5 PUBLIC [3] - 1:1, 2:2, 2:3 Public [4] - 3:2, 6:11, 6:14, 6:23 public [5] - 3:14, 8:7, 8:10, 8:17	Reporter [3] - 1:14, 9:5, 9:16 REPORTER [1] - 1:23 requires [1] - 5:23 reserves [4] - 4:18, 4:22, 4:24, 5:3 residential [3] - 4:12, 5:11, 5:13 Resort [1] - 3:23 resources [1] - 4:10 result [2] - 4:23, 6:2 Revel [1] - 3:23 revenue [2] - 4:7, 4:15 revenues [1] - 4:6 review [1] - 6:24 rise [1] - 3:19 ROAD [1] - 1:24 room [1] - 8:7 RULES [1] - 1:2 Rules [3] - 3:4, 6:6, 7:8	suppression [1] - 7:22 system [2] - 7:16, 7:22
J	N	Q	S	T
JACQUELINE [4] - 1:14, 1:23, 9:4, 9:15 January [1] - 6:21 Jersey [3] - 1:14, 1:16, 9:5 JERSEY [1] - 1:24 Johnson [1] - 1:9	Neil [1] - 1:8 net [2] - 5:1, 6:2 new [2] - 6:1, 6:4 New [3] - 1:14, 1:16, 9:5 NEW [1] - 1:24 next [1] - 4:7 NO [1] - 2:3 noon [1] - 8:12 North [1] - 1:15 NORTHFIELD [1] - 1:24 noted [4] - 6:16, 6:25, 7:4, 8:6 notify [1] - 8:3	quarterly [2] - 5:10, 7:25	salaries [2] - 4:19, 5:7 salary [1] - 5:4 sales [1] - 3:20 Sand's [1] - 4:3 scheduled [2] - 3:8, 3:9 second [1] - 3:5 sections [1] - 7:2 see [3] - 3:22, 5:1, 7:15 sends [1] - 7:12 service [6] - 3:17, 4:4, 7:9, 7:10, 7:11, 7:24 Service [1] - 5:25 services [1] - 7:21 sets [1] - 5:21 settled [1] - 4:16 settlement [1] - 5:3 several [2] - 3:18, 4:5 shown [1] - 3:20 shows [1] - 5:4 significant [3] - 4:6, 4:7, 7:7 significantly [1] - 6:22 single [2] - 5:13, 7:22 single-family [1] - 5:13 specific [1] - 5:22 spelled [1] - 7:2 state [2] - 5:21, 5:22 State [2] - 1:14, 9:5 steady [1] - 3:21 Stella [1] - 1:9 still [2] - 3:24, 8:16	TAKEN [1] - 1:14 test [4] - 7:14, 7:15, 7:21, 8:3 testing [3] - 7:9, 7:12, 7:20 tests [1] - 7:19 text [1] - 6:6 THE [1] - 1:2 therefore [2] - 7:19, 8:8 Thursday [2] - 1:4, 8:16 TILTON [1] - 1:24 TO [1] - 1:2 today [1] - 3:1 took [1] - 4:3 treatment [1] - 7:16 two [9] - 3:5, 3:6, 3:16, 3:25, 4:22, 5:9, 5:11, 6:14, 6:25 typos [1] - 7:1
L	O	R	U	V
language [1] - 7:5 largest [1] - 4:16 last [2] - 3:18, 6:14 Law [2] - 5:21, 5:22 least [1] - 6:14 levels [1] - 4:20 License [2] - 1:15, 9:16 Linda [1] - 1:8 LL [1] - 7:3 loss [1] - 5:1 lower [1] - 3:24 lowering [1] - 4:24	offices [1] - 6:7 one [3] - 7:1, 7:2, 7:3 open [2] - 3:13, 3:14 opening [1] - 3:23 operation [1] - 8:4 operations [1] - 5:7 order [1] - 4:9 otherwise [1] - 8:11	Rate [1] - 5:16 rate [1] - 5:19 Rates [5] - 3:4, 3:17, 6:6, 7:4, 7:8 RATES [1] - 1:2 reason [1] - 7:11 recalculated [1] - 5:23 received [4] - 3:7, 3:11, 3:15, 6:19 reduce [1] - 4:20 reduced [1] - 4:21 reduction [1] - 4:13 regular [1] - 7:24 regularly [1] - 3:9 regulation [1] - 7:18 REGULATIONS [1] - 1:2 Regulations [4] - 3:5, 6:6, 6:25, 7:8 related [1] - 5:6 relative [2] - 9:6, 9:8 removal [1] - 4:1 reopen [1] - 8:9	union [2] - 4:17, 5:2 units [1] - 5:11 users [1] - 5:12 UTILITIES [2] - 1:1, 1:15	Virginia [1] - 1:15
M	P		W	X
mandating [1] - 5:21 means [1] - 5:1 meet [1] - 4:15 meeting [5] - 3:9, 3:12, 3:13, 3:14 members [3] - 8:7, 8:10, 8:17 minimal [1] - 7:17 minimize [1] - 4:9 monthly [1] - 7:24 morning [2] - 3:1, 8:15 most [2] - 4:7, 7:7	p.m [3] - 8:14, 8:16, 8:19 package [2] - 6:10, 7:1 PAGE [1] - 2:2 paragraph [1] - 7:5 parties [1] - 9:7 pay [2] - 4:18, 5:16 pays [1] - 5:14 per [7] - 4:11, 5:14, 5:17, 5:18, 6:3 percent [6] - 3:16, 4:13, 4:23, 5:5, 5:9, 5:11 Pinnacle [1] - 4:3 plant [1] - 7:17		wasted [1] - 7:14 wasteful [1] - 4:10 water [9] - 3:17, 3:20, 3:22, 3:24, 4:8, 5:15, 7:14, 7:16 website [1] - 6:8 weeks [2] - 3:6, 6:14 word [1] - 7:2 written [1] - 3:10 www.acmua.org [1] - 6:9	XIO1786 [1] - 1:15 XIO1786 [1] - 9:16

Y
year ^[5] - 3:22, 5:15, 5:17, 5:24 years ^[1] - 3:18
Z
ZARRILLO ^[4] - 1:14, 1:23, 9:4, 9:15