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ATLANTIC CITY MUNICIPAL UTILITIES AUTHORITY
PUBLIC HEARING ON THE AUTHORITY'S
PROPOSED 2016 BUDGET
AND
PROPOSED CHANGES TO THE RULES, RATES AND
REGULATIONS

Tuesday, November 24, 2015

G. Bruce Ward, Executive Director
Linda R. Bazemore, Deputy Executive Director

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
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(609) 287-2593

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(NO PUBLIC PRESENT.)

ATLANTIC CITY MUA

1 MR. WARD: Good morning. It is 10 a.m.
2 and today is Tuesday, November the 24th of 2015.
3 Today we have a public hearing scheduled for the
4 proposed 2016 Budget and proposed changes to the
5 Rules, Rates and Regulations of the Atlantic City
6 Municipal Utilities Authority.

7 The Authority has published a Press
8 Release, which was published in the Atlantic City
9 Press. It also appears on the MUA website, which
10 sets forth the basic substance of the proposed
11 changes to the Rules and Regulations of the Authority
12 Budget. And now I'm going to read into the record
13 the Press Release.

14 The November the 24th and December the
15 3rd of 2015 public hearings will be held at the
16 Atlantic City Municipal Utilities Authority, located
17 at 401 North Virginia Avenue, Atlantic City, New
18 Jersey. Both hearings are scheduled to begin at 10
19 a.m. The budget is scheduled for adoption at the
20 regularly scheduled Board Meeting on December 16th of
21 2015.

22 The MUA will also accept written
23 comments. Comments received before the hearings will
24 be read into the hearing record. Written comments
25 not read at the hearings will be presented at the

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1 Board Meeting. The Board Meeting is open to the
2 public.

3 The 2016 Proposed Budget is a fully
4 funded budget, providing for the continuation of all
5 of the Authority's major programs. The proposed
6 appropriations for 2016 are anticipated to be
7 approximately \$1,046,800 higher than the budgeted
8 appropriations for 2015. This increase is due
9 primarily to an increase in the 2016 Renewal and
10 Replacement Reserve that approximated \$856,400.
11 These additional reserves will be utilized to help
12 fund the 2016 Capital Budget. Also contributing to
13 the increase in the 2016 appropriations, is higher
14 anticipated fringe benefit expenses as related to
15 health benefit costs. Somewhat offsetting the
16 expected increase in appropriations, is a slight
17 decrease in administrative repairs and maintenance
18 expenses anticipated for 2016.

19 The local economy of Atlantic City was
20 greatly impacted in the latter part of 2014 and 2015
21 as a result of various casino closings. The rate
22 structure designed in 2014 for the budget year of
23 2015 enabled the Authority to sustain a decline in
24 overall demand. Therefore, the impact of a declining
25 economy has already been addressed in rates and it is

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1 expected that the economy will continue to stabilize
2 in 2016, thus allowing the Authority to continue to
3 address necessary capital improvements.

4 The Authority is anticipating a rate
5 increase between 2.5 percent and 4 percent for most
6 customers. The residential rate for residential
7 customers will be increasing from the flat charge of
8 \$40 a quarter to \$45 a quarter. Residential
9 customers that will exceed the allowed allotment will
10 be subject to a 4 percent increase in the excess
11 rate.

12 The MUA's proposed increase does not
13 include an increase in the flat charge for all
14 customers except for the residential customers, who
15 will experience a \$5 increase (per unit) for flat
16 charges quarterly. In addition, all customers that
17 experience higher usage in their allowance will face
18 a 4 percent increase in excess charges.

19 The average residential single-family
20 property in Atlantic City currently pays \$261.45 per
21 year for water. The MUA is projecting that, with
22 this increase, the average consumer will pay \$285.52
23 per year. This is a \$24.07 per year increase per
24 household.

25 The Connection Fee rate will also

ATLANTIC CITY MUA

1 increase.

2 Over the last several years, the City
3 of Atlantic City has experienced a steady decline in
4 annual new construction and redevelopment. As a
5 result, the Authority has recognized a significant
6 decline in connection fee income. In the past, the
7 connection fee income has been utilized for capital
8 projects recommended by way of the Authority's
9 Capital Improvement program. This anticipated
10 decline in income was considered when developing the
11 2016 rate structure, thus allowing for additional
12 income to be generated for the use of capital
13 projects.

14 State Law sets a formula for mandating
15 specific calculation of Connection Fees. State Law
16 further requires that Connection Fees be recalculated
17 at the end of every calendar year, and that all Debt
18 Service and Capital Expenditures be included in the
19 new calculations.

20 The net result is a proposed Connection
21 Fee in 2016 of \$14.3178 per gallon of the average
22 daily flow. This applies to new construction.

23 The Connection Fee rate in 2015 was
24 \$12.9597. The projected increase in the rate for
25 2016 resulted from the significant decline in demand

ATLANTIC CITY MUA

1 as a result of many casino closings.

2 The MUA is also making changes to the
3 Rules, Rates and Regulations. A full text of the
4 changes are available by contacting the MUA's
5 offices, and also available on the MUA's website,
6 which is at www.acmua.org.

7 Appearing today at the hearing is Ms.
8 Linda Bazemore, Deputy Director of Administration and
9 myself. There are no members of the public here
10 today for the hearing, so now we're going off the
11 record.

12 (The Public Hearing recessed
13 from 10:10 a.m. to 12 p.m.)

14 MR. WARD: Okay. It is now 12 p.m.
15 today, November the 24th of 2015. And the public
16 hearing of the Atlantic City Municipal Utilities
17 Authority, which began at 10 a.m. today, will now be
18 closed. The next scheduled hearing will be on
19 December the 3rd of 2015, beginning at 10 a.m. and
20 proceeding until 12 p.m. Thank you and the hearing
21 is concluded.

22 (The Public Hearing concluded at 12 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 2, 2015

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