



Atlantic City Municipal Utilities Authority

DIRECTORS

MILTON L. SMITH, *Chairman*
GARY L. HILL, *Vice Chairman/Sec.*
JOHN J. McGETTIGAN, *Treasurer*
EDMUND J. COLANZI
WILLIAM LEA

PRESS RELEASE

G. BRUCE WARD, *Executive Director*
GARTH MOYLE, *Deputy Executive Director*

THE ATLANTIC CITY MUNICIPAL UTILITIES AUTHORITY WILL HOLD PUBLIC HEARINGS ON THE AUTHORITY'S PROPOSED 2019 BUDGET AND PROPOSED CHANGES TO THE RULES, RATES, AND REGULATIONS ON TUESDAY, NOVEMBER 27, 2018 AND THURSDAY, DECEMBER 6, 2018.

The November 27, 2018 hearing will be held at the ATLANTIC CITY MUNICIPAL UTILITIES AUTHORITY, located at 401 N. Virginia Avenue, Atlantic City, New Jersey. Both hearings will begin at 10:00 A.M. The budget is scheduled for adoption at the regularly scheduled Board Meeting on December 19, 2018.

The MUA will also accept written comments. Comments received before the hearings will be read into the hearing record. Written comments not read at the hearings will be presented at the Board Meeting. The Board Meeting is open to the public.

The 2019 Proposed Budget is a fully funded budget, providing for the continuations of all of the Authority's major programs. The proposed appropriations for 2019 are anticipated to be approximately \$2,426,474 higher than budgeted appropriations for 2018. The increase is due primarily to an increase in the 2019 Renewal and Replacement Reserve that approximated \$1,742,358. The additional reserves are needed and will be utilized to fund the Authority's Capital Budget as the Authority has to comply with recent New Jersey regulations such as the Water Accountability Act and New Jersey Safe Drinking Water Act.. The Authority will recognize a 38.3% increase in Professional Fees due to an additional anticipation of other professional services for an asset management review plan and a roof replacement and wall joint rehabilitation design for the Administration Building. The 17.8% increase in Other Cost of Providing Services-Chemicals is expected in 2019 due to new standard changes to the New Jersey Safe Drinking Water Act. The 9.7% increase for Operation's Outside Services/Professional Services is due to higher anticipated laboratory expenses as more water samplings and reporting are required by the State.

The 2019 rate increase was structured to ensure that the projected revenues would be sufficient to cover the anticipated appropriations for the year. As mentioned above, the rate increase is needed to assist in the funding of capital projects as specified in the Authority's Capital Improvement Program. The Authority is anticipating an increase of 19% in flat and 10% in excess rates for all customers. The rates for residential customers will be increasing from the flat rate charge of \$51.00 a quarter to \$61.00 a quarter. Residential customers that will exceed the allowed allotment (2500 cubic feet) will be

subject to a 10% increase in the excess rate. The Authority anticipates that the average annual bill for a residential customer will be \$375.13 as compared to \$323.21, a net annual increase of \$51.92. As a result of this increase, the Authority is projecting additional revenue of approximately \$1,041.500 from residential customers. The additional anticipated revenue between the commercial, industrial, and other intergovernmental customers will net to approximately \$ 1,412,655 which results primarily from the 19% increase in the flat rate and 10% in the excess rate.

THE CONNECTION FEE RATE WILL INCREASE

The City of Atlantic City has experienced a steady decline in annual new construction and development. As a result, the Authority has recognized a significant decline in connection fee income. In the past, the connection fee income has been utilized for capital projects recommended by the way of the Authority's Capital Improvement Program. This anticipated decline in income was considered when developing the 2018 rate structure, thus allowing for additional income to be generated for the use of capital projects.

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

The proposed Connection Fee in 2019 is \$20.9025 per gallon of average daily flow. This applies to new construction.

The MUA is also making changes to the Rules, Rates and Regulations. The full text of the changes is available by contacting the MUA's offices. It is also available on the MUA's website: www.acmua.org.

Submitted by: G. Bruce Ward
Executive Director