



# Atlantic City Municipal Utilities Authority

## DIRECTORS

MILTON L. SMITH, *Chairman*  
GARY L. HILL, *Vice Chairman/Sec.*  
JOHN DEVLIN, *Treasurer*  
PATRICIA BAILEY  
NYNELL LANGFORD

## PRESS RELEASE

G. BRUCE WARD, *Executive Director*  
CLAUDE SMITH, *Deputy Executive Dir., of Engineering*

THE ATLANTIC CITY MUNICIPAL UTILITIES AUTHORITY WILL HOLD PUBLIC HEARINGS ON THE AUTHORITY'S PROPOSED 2020 BUDGET AND PROPOSED CHANGES TO THE RULES, RATES, AND REGULATIONS ON TUESDAY, NOVEMBER 26, 2019 AND THURSDAY, DECEMBER 5, 2019.

The November 26, 2019 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 18, 2019.

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 2020 Proposed Budget is a fully funded budget, providing for the continuations of all of the Authority's major programs. The proposed appropriations for 2020 are anticipated to be approximately \$117,000 higher than budgeted appropriations for 2019. The 2020 rate increase was structured to ensure that the projected revenues would be sufficient to cover the anticipated appropriations for the year. There will be no increase in the Flat rates. The Authority is expecting an increase of 2% increase excess rate for all customers. Residential customers that will exceed the allowed allotment of 2500 cubic feet a quarter will be subject to a 2% increase in the excess rate. With this increase, the Authority is projecting additional net revenue of approximately \$86,000 from service charges revenue. Interest Earned income is slated to increase by \$29,700 due to higher projected availability of funds for investing and earnings as compared to last year's projection.

The Authority's total net appropriation is anticipated to increase by 0.7% in 2020, as compared to 2019. The 2020 Renewal and Replacement Reserve amount is anticipated to increase by 2.9% and will be utilized to fund the Authority's Capital upgrades/projects. Total Interest Payments on Debt are expected to decrease by 11% due to a decrease in Long-Term Debt Outstanding.

The 2020 proposed budget does not reflect an anticipated deficit from 2020 operations. The deficit in Unrestricted net position increased significantly from \$2,181,080 (2017) to \$23,701,189 in 2018 due to the recording of Pension and Post-Employment Benefits (OPEB) liabilities as required by GASB 68 and GASB 75.

annual PERS employer pension liability invoice and its health premium invoice monthly to the Division of Pensions and Health Benefits. Although the Authority is aware of the significance of the pension and OPEB liability, there is no current funding plan to eliminate this noncash deficit caused by GASB 68 and 75. However, the Authority is expecting an estimated income of approximately \$4,600,000 from the 2019 operations, which will help to eliminate some of the deficit. Also, the Authority will look into any available options, plans or other recommendations if provided by the State to eliminate this noncash deficit in the future.

### **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 2020 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 net result is a proposed Connection Fee in 2020 of \$20.8628 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](http://www.acmua.org).

Submitted by: G. Bruce Ward  
Executive Director