

ATLANTIC CITY MUNICIPAL UTILITIES AUTHORITY
BOARD OF DIRECTORS PUBLIC HEARING

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DATE: TUESDAY - NOVEMBER 27, 2018
COMMENCING AT 10:00 A.M
ATLANTIC CITY MUNICIPAL UTILITIES AUTHORITY
401 North Virginia Avenue
Atlantic City, New Jersey 08404

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1 Computer-aided transcript of
2 the Board of Directors Meeting, taken
3 stenographically in the above-entitled
4 matter before Molly A. Alber, License Number
5 30X1 00240100, New Jersey Certified
6 Shorthand Reporter.

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11 BOARD MEMBER:

12 WILLIAM CHEATHAM, Board Member/Alt 2

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14 ALSO PRESENT:

15 G. BRUCE WARD, Executive Director,
16 Atlantic City Municipal Utilities Authority

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17 KELLY WILLIAMS, Executive Secretary
18 Atlantic City Municipal Utilities Authority

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ACMUA Public Hearing - 11/27/18

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P R O C E E D I N G S
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MR. WARD: Good morning. This is the Atlantic City Municipal Utilities Public Hearing on the proposed 2019 budget, and proposed changes to the rules, rates and regulations.

Two hearings will be held, one on Tuesday, today, November 27 of 2018 and also on Thursday, December 6th of 2018. Both hearings will be held at the Atlantic City Municipal Utilities Authority located at 401 North Virginia Avenue, Atlantic City, New Jersey. Both hearings will begin at ten a.m. and the budget is scheduled for adoption at the regularly scheduled meeting of the Board on December 19th of 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 hearing will be presented at the board meeting. The board meeting is open to the public.

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1 The 2019 proposed budget is a
2 fully funded budget providing for the
3 continuations of all of the Authority's
4 major programs.

5 The proposed appropriations for
6 2019 are anticipated to be approximately
7 \$2,426,474 higher than budgeted
8 appropriations for 2018. The increase is
9 due primarily to an increase in the 2019
10 renewal and replacement reserves that
11 approximated \$1,742,358.

12 The additional reserves are
13 needed and will be utilized to fund the
14 Authority's capital budget, as the Authority
15 has to comply with recent New Jersey
16 regulations, such as, the New Jersey Water
17 Accountability Act and the New Jersey Safe
18 Drinking Water Act.

19 The Authority will recognize a
20 38.3 percent increase in professional fees
21 due to an additional anticipation of other
22 professional services for an asset
23 management review plan, and a roof
24 replacement, and a wall joint rehabilitation
25 design for the administration building.

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1 The 17.8 percent increase in
2 other costs of providing service chemicals
3 is expected in 2019 due to the new standard
4 changes to the New Jersey Safe Drinking
5 Water Act. The 9.7 increase, percentage
6 increase for operations outside
7 services/professional services is due to
8 higher anticipated laboratory expenses as
9 more water samplings and reportings are now
10 required by the state.

11 The 2019 rate increase was
12 structured to ensure that the projected
13 revenues would be sufficient to cover the
14 anticipated appropriations for the year.

15 As mentioned above, the rate
16 increase is needed to assist in the fundings
17 of capital projects as specified in the
18 Authority's capital improvement program.
19 The Authority is anticipating an increase of
20 19 percent in flat and ten percent in excess
21 rates for all customers.

22 The rates for residential
23 customers will be increasing from the flat
24 rate charge of \$51 a quarter to \$61 a
25 quarter. Residential customers that will

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1 exceed the allowed allotment, 2500 cubic
2 feet, will be subject to a ten percent
3 increase in the excess rate.

4 The Authority anticipates that
5 the average annual bill for residential
6 customers will be \$375.13 as compared to
7 \$323.21, a net annual increase of \$51.92.

8 As a result of this increase
9 the Authority is projecting an additional
10 revenue of approximately \$1,041,500 from
11 residential customers.

12 The additional anticipated
13 revenue between the commercial, industrial
14 and other intergovernmental customers will
15 net \$1,412,655 which results primarily from
16 the 19 percent increase in the flat and the
17 ten percent in excess rate.

18 The connection fee rate will
19 increase. The City of Atlantic City has
20 experienced a steady decline in annual new
21 construction and development. As a result,
22 the Authority has recognized a significant
23 decline in connection fee income. In the
24 past connection fee income has been utilized
25 for capital projects recommended by way of

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1 the Authority's capital improvement program.

2 This anticipated decline in
3 income was considered when developing the
4 2018 rate structure, thus allowing for
5 additional income to be generated for use of
6 capital projects.

7 State law sets a formula
8 mandating the specific calculation of
9 connection fees. State law further requires
10 that connection fees be recalculated at the
11 end of every calendar year, and that all
12 debt service and capital expenditures be
13 included in the new calculation.

14 The net result is a proposed
15 connection fee in 2019 of 20.9025 per gallon
16 of average daily flow. This applies to new
17 construction. The MUA is also making
18 changes to the rules, rates and regulations.

19 The full text of the charges is
20 available by contacting the MUA's offices.
21 It is also available on the MUA's website at
22 www.ACMUA.org.

23 This is submitted by myself, G.
24 Bruce Ward, Executive Director.

25 Any comments? We do not have

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1 members of the public here. We do
2 have Associate Board Member Mr. William
3 Cheatham. And if there are no questions at
4 this time, the hearing is slated to go for
5 two hours, so in that regard we can pause.
6 I can return if any member of the public
7 comes in and I can come down and speak to
8 that member of the public. Otherwise, I
9 will be upstairs in my office until
10 12 o'clock when the formal hearing is to be
11 closed.

12 (Whereupon, there was a pause
13 awaiting public inquires.)

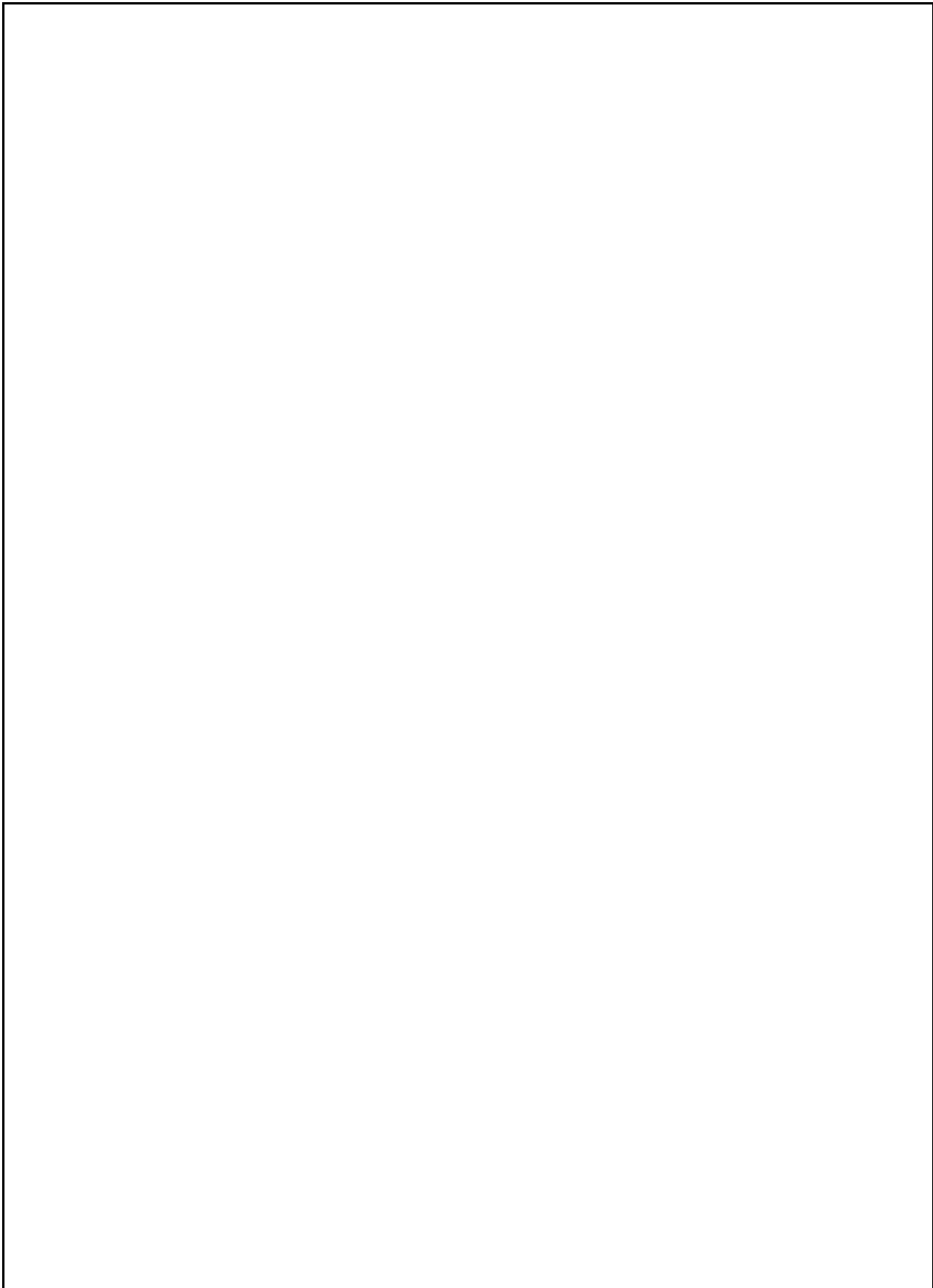
14 MR. WARD: It is 12 p.m., we
15 are back on the record for November 27
16 budget hearing of the Atlantic City
17 Municipal Utilities Authority.

18 At 12 o'clock this meeting will
19 be closed. We have another meeting, another
20 public hearing, which will be December 6th
21 and until that time this meeting is now
22 closed. Thank you.

23 (Whereupon, the proceedings
24 were concluded at 12:05 p.m.)
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CERTIFICATION

I hereby certify that the proceedings and evidence are contained fully and accurately in the notes taken by me on the trial of the above cause and that this copy is a correct transcript of the same.

Molly A. Alber, RPR, CSR

(The foregoing certification of this transcript does not apply to any reproduction of the same by any means unless under the direct control and/or supervision of the certifying reporter.)

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