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

Tuesday, November 26, 2013

Neil A. Goldfine, Executive Director  
Linda R. Bazemore, Deputy Executive Director  
Bruce Ward, Executive Director Designee  
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 10:05 a.m.

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

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I N D E X

PUBLIC

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(NO PUBLIC PRESENT.)

## ATLANTIC CITY MUA

1 MR. GOLDFINE: Good morning. The  
2 time is about 10:05 a.m. Today is Tuesday, November  
3 26, 2013, and this is a Public Hearing for the  
4 Atlantic City Municipal Utilities Authority. What  
5 will be presented today are changes to the Rules,  
6 Rates and Regulations, as well as the proposed 2014  
7 Budget. There will be a second hearing on December  
8 5, 2013. Both hearings are held at the Authority's  
9 offices, located at 401 North Virginia Avenue,  
10 Atlantic City, New Jersey, and both hearings will  
11 begin at 10 a.m. The Budget is scheduled for  
12 adoption at the regularly scheduled Board Meeting on  
13 December 18, 2013. That meeting is also open to the  
14 public.

15 The MUA will also accept written  
16 comments. Comments received by the hearings will be  
17 read into the hearing record. Written comments not  
18 read at the public hearings will be presented at the  
19 Board Meeting.

20 There will be a two percent increase in  
21 Rates for water service in 2014.

22 Over the last several years, the  
23 Atlantic City Municipal Utilities Authority has seen  
24 its expenses rise, however, its water sales since  
25 2006, has shown a steady and continual decline. 2012

## ATLANTIC CITY MUA

1 was the first year to see a water demand increase.  
2 The increase is attributed to the opening of Revel  
3 Resort. However, water demand is still lower than  
4 2002 through 2007. The MUA attributes the decline to  
5 two primary factors. The first is removal of hotels  
6 and housing in Atlantic City through demolition.  
7 Projects such as the Pinnacle that took the Sands  
8 Casino Hotel out of service and demolished it, as  
9 well as several other hotels in the area had a  
10 significant detrimental effect on the MUA's revenues.  
11 The next most significant factor in the MUA's revenue  
12 decline is water conserving devices. Water  
13 conservation is always promoted in order to minimize  
14 the wasteful use of resources. Since 1992, the MUA  
15 has seen the average gallons per capita per day in  
16 Atlantic City for residential customers drop from 97  
17 to 73, almost a 25 percent reduction. Due to the  
18 decreased demand, the Authority does not expect to  
19 meet its revenue projections for 2013.

20 The Authority settled with its largest  
21 collective bargaining union in 2013. The 2013 Budget  
22 was amended to pay the added expense using reserves.  
23 The full cost of increased salaries from 2013 levels  
24 will impact the 2014 Budget. To reduce the impact  
25 the Authority has reduced the amount committed to

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1 reserves. The Authority is proposing a two percent  
2 increase for 2014 as a result of these issues.

3 Lowering the amount committed to reserves below the  
4 allocation of the City of Atlantic City means that  
5 the MUA will see a net loss in 2014.

6 Excluding the impact of the union  
7 contract settlement, both the use of reserves and the  
8 salary expense, the proposed 2014 Budget shows an  
9 increase of \$168,534, about 1.1 percent. Increases  
10 are primarily related to increases in benefits  
11 expense, over 200,000; operations salaries, over  
12 200,000; and electricity, about \$100,000.

13 The MUA's proposed two percent increase  
14 will be applied as a \$1 increase in the quarterly  
15 charge to all residential units and a two percent  
16 increase in the excess charges for all uses.

17 The average residential single-family  
18 property in Atlantic City currently pays a little  
19 over \$200 per year for water. The MUA is projecting  
20 that, with this rate increase, the average consumer  
21 will pay just under \$206 per year. This is a \$5.71  
22 per year Rate increase per household.

23 The Connection Fee rate will also  
24 increase.

25 State Law sets a formula mandating the

## ATLANTIC CITY MUA

1 specific calculation of Connection Fees. State Law  
2 further requires that Connection Fees be recalculated  
3 at the end of every calendar year, and that all Debt  
4 Service and Capital Expenditures be included in the  
5 new calculations.

6 The net result is a proposed Connection  
7 Fee for 2014 of \$12.1714 per gallon of average daily  
8 flow. This applies to new construction.

9 The MUA is also making changes to the  
10 Rules, Rates and Regulations. The full text of  
11 changes is available by contacting the MUA's offices.  
12 It is also available on the MUA's website,  
13 [www.acmua.org](http://www.acmua.org).

14 I prepared a packet to be given out to  
15 the public or anyone who is interested, which  
16 summarizes the Projected Revenues, Source of Revenues  
17 for Capital Expenditures, Categorized Expenses to the  
18 Capital Budget, as well as the Capital Budget, the  
19 details on the Connection Fee expenditures. It also  
20 provides a detailed listing of all changes to the  
21 Authority's Rules, Rates and Regulations.

22 The most substantial change in the  
23 Rules and Regulations is the way the MUA deals with  
24 fire suppression system testing. The MUA, in the  
25 past, has required that testing contractors notify

## ATLANTIC CITY MUA

1 the MUA and pay a fee to the MUA for the test. The  
2 purpose of the fee is to allow an MUA employee to  
3 inspect the test, to assure that water isn't wasted  
4 and that the system is handled appropriately.

5 The MUA has found that there has been a  
6 minimum number of fire service fees paid, yet it  
7 knows that all fire services are required to be  
8 tested. Therefore, the MUA will change its  
9 structure, and the owners of fire suppression systems  
10 will now be billed for the testing inspection. This  
11 means when the tester wants to test a system, if they  
12 notify the MUA, there will be no charge. The MUA  
13 feels this will give greater compliance to the Rules  
14 and Regulations since the inspector will no longer be  
15 charged for coming to the MUA and then notifying the  
16 MUA.

17 It's important that the MUA be notified  
18 when fire inspections are done because the immediate  
19 use of 3,500 gallons per minute has an impact on the  
20 MUA's system.

21 MS. BAZEMORE: And this excludes  
22 residential?

23 MR. GOLDFINE: Right. What I've been  
24 reminded of is that one- and two-family properties  
25 are not required to test their fire suppression

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1 systems and therefore they are excluded from this  
2 program. They will not be charged.

3 Anything else I missed? Okay. I don't  
4 think there is any -- there are some language changes  
5 in the Rules, Rates and Regulations, and other than  
6 that, that is the most significant change. And  
7 again, I went over the Rate changes already. There  
8 are some minor Rate changes throughout the document  
9 that match up with the two percent issue.

10 MR. WARD: No members of the public.

11 MR. GOLDFINE: There are no members of  
12 the public in attendance, therefore, what we will do  
13 is adjourn the hearing until noon or until any  
14 members of the public show up, in which case we'll  
15 immediately reconvene and hear whatever they want to  
16 say, but we will adjourn the meeting and hopefully  
17 close it at noon.

18 (The hearing adjourned  
19 10:15 a.m. to 12:05 p.m.)

20 MR. GOLDFINE: The time is now 12:05  
21 p.m. on Tuesday, November 26, 2013. No members of  
22 the public have appeared at the Public Hearing. I  
23 will now close the hearing.

24 (The hearing concluded at 12:05 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.

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JACQUELINE M. ZARRILLO  
Certified Court Reporter  
License No. XI01786

DATED: December 2, 2013

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