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ATLANTIC CITY MUNICIPAL UTILITIES AUTHORITY
PUBLIC HEARING ON PROPOSED 2015 BUDGET AND
PROPOSED CHANGES TO THE RULES, RATES AND
REGULATIONS

Tuesday, November 25, 2014

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

JACQUELINE M. ZARRILLO, CCR
CERTIFIED COURT REPORTER
1724 TILTON ROAD
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(NO PUBLIC PRESENT.)

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1 MR. WARD: It is 10:01 a.m. and today
2 is Tuesday, November the 25th, 2014. Today we have a
3 Public Hearing on the proposed 2015 Budget and
4 proposed changes to the Rules, Rates and Regulations.
5 The Authority has published a Press Release, which
6 was published in the Atlantic City Press. It also
7 appears on the Authority website, which sets forth
8 the basic substance of the proposed changes to the
9 Rules, Rates and Regulations and the Authority
10 Budget, and I'm going to read the Press Release into
11 the record.

12 "The November 25, 2014 and December 4,
13 2014 hearings will be held at the Atlantic City
14 Municipal Utilities Authority, located at 401 North
15 Virginia Avenue, Atlantic City, New Jersey. Both
16 hearings will begin at 10 a.m. The budget is
17 scheduled for adoption at the regularly scheduled
18 Board Meeting at December 17, 2014.

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

25 "For most customers, other than

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1 residential, there will be a rate increase between 6
2 percent and 7.5 percent for water service in 2015.
3 Residential flat charges will increase by \$10 per
4 quarter and excess charges will increase by
5 approximately \$2 per quarter for most customers with
6 usage more than the allowance. The residential rate
7 increase will be applicable on a per unit basis.

8 "Over the last several years, the
9 Atlantic City Municipal Utilities Authority has seen
10 its expenses rise, however, its water sales since
11 2006, has shown a steady and continual decline. The
12 MUA attributes the decline to two primary factors.
13 The first is the removal of hotels and housing in
14 Atlantic City through demolition. The Authority has
15 forecasted in the 2015 budget a more severe decline
16 in sales. This is as a result of the closure of four
17 casinos (Atlantic Club, Showboat, Revel and Trump
18 Plaza) since the beginning of the year, with Trump
19 Taj Mahal Hotel and Casino slated for closure in
20 December of 2014. The next significant factor in the
21 MUA's revenue decline is water conserving devices.
22 Water conservation is always promoted in order to
23 minimize the wasteful use of resources. Since 1992,
24 the MUA has seen the average gallons per capita per
25 day in Atlantic City for residential customers drop

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1 from 97 to 73, almost a 25 percent reduction.
2 However, despite decreased demand, the Authority does
3 expect to meet its revenue projection for 2014."

4 The 2015 proposed budget is a fully
5 funded budget, providing for the continuation of all
6 of the Authority's major programs. The proposed
7 appropriations for 2015 are anticipated to be
8 approximately \$368,800 less than the budgeted
9 appropriations for 2014. The decline is due
10 primarily to a 26 percent or \$644,560 decline in the
11 2015 Debt Service principal payments. In addition,
12 the 2015 interest payments will be lower than 2014 by
13 approximately \$47,900. Somewhat offsetting the
14 decline are higher anticipated electricity costs of
15 approximately \$80,000.

16 "The MUA's proposed increase will be
17 applied as a two percent increase in the flat charge
18 for all customers except for the residential
19 customers, who will experience a \$10 increase (per
20 unit) for flat charges quarterly. In addition, all
21 customers that experience higher usage than their
22 allowance will face an eight percent increase in
23 excess charges.

24 "The average residential single-family
25 property in Atlantic City currently pays \$213.92 per

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1 year for water. The MUA is projecting that, with
2 this rate increase, the average consumer will pay
3 \$261.45 per year. This is a \$47.53 per year increase
4 per household.

5 "The connection fee rate will increase.

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

12 "The net result is a proposed
13 Connection Fee in 2015 of \$12.8637 per gallon of
14 average daily flow. This applies to new
15 construction.

16 "The MUA is also making changes to the
17 Rules, Rates and Regulations. The full text of the
18 changes is available by contacting the MUA's offices.
19 It is also available on the MUA's website."

20 Appearing today at the hearing is Ms.
21 Linda Bazemore, myself and Ms. Stella Johnson. There
22 are no members of the public here today for the
23 hearing. We're going to go off the record.

24 (Discussion off the record.)

25 MR. WARD: I need to clarify the public

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1 release portion and in the statements I made
2 previously. Number one, the Authority did send a
3 Press Release to the Press newspaper of Atlantic
4 City, and as I'm advised by my assistant, we also
5 sent it to other newspapers in the region and other
6 radio stations. At this time we have not been able
7 to verify whether the Press Release was published.
8 However, the Press Release does appear on the
9 Authority website.

10 (A recess was taken from
11 10:10 a.m. to 12 p.m.)

12 MR. WARD: It is now 12 p.m. on
13 November the 25th. This is the Public Hearing of the
14 Atlantic City Municipal Utilities Authority where the
15 Public Hearing began at 10 a.m. It is now going to
16 be closed. It is 12 p.m. The next hearing, the next
17 Public Hearing will be scheduled on December the 4th,
18 2014 beginning at 10 a.m. to 12 p.m. Thank you.

19 (The 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: November 26, 2014

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