

ATLANTIC CITY MUNICIPAL UTILITIES AUTHORITY  
PUBLIC MEETING  
- - - - -

DATE: Thursday, December 5th, 2019

COMMENCING AT: 10:00 a.m.

ATLANTIC CITY MUNICIPAL UTILITIES AUTHORITY  
401 NORTH VIRGINIA AVENUE  
ATLANTIC CITY, NEW JERSEY 08404

PRESENT:

Bruce Ward, Executive Director  
Atlantic City Municipal Utilities Authority

Kelley Williams, Executive Secretary  
Atlantic City Municipal Utilities Authority

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PROCEEDING

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MR. WARD: Good morning. It is 10:00 a.m. Today is Thursday, December the 5th of 2019. Today is the second public hearing of the Atlantic City Municipal Utilities Authority proposed 2020 budget and proposed changes to the rules, rates, and regulations for the Authority for the next year.

The hearing is being held here at the Atlantic City Municipal Utilities Authority, located at 401 North Virginia Avenue, Atlantic City, New Jersey. Both hearings 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 continuation of all of the Authority's major programs. The proposed

1 appropriations for 2020 are anticipated to be  
 2 approximately \$117,000 higher than budgeted  
 3 appropriations for 2020. The 2020 rate increase was  
 4 structured to insure that the projected revenues  
 5 would be sufficient to cover the anticipated  
 6 appropriations for the year. There will be no  
 7 increase in the flat rates. The Authority is  
 8 expecting an increase of 2 percent in excess rate  
 9 for all customers. Residential customers that will  
 10 exceed the allowed allotment of 2500 cubic feet a  
 11 quarter will be subject to a 2 percent increase in  
 12 the excess rate. With this increase, the Authority  
 13 is projecting additional net revenue of  
 14 approximately \$86,000 from service charges revenue.  
 15 Interest earned income is slated to increase by  
 16 \$29,700 due to higher projected availability of  
 17 funds for investing and earnings as compared to last  
 18 year's projection.

19                   The Authority's Total net  
 20 appropriation is anticipated to increase by  
 21 0.7 percent in 2020, as compared to 2019. The 2020  
 22 Renewal and Replacement Reserve amount is  
 23 anticipated to increase by 2.9 percent and will be  
 24 utilized to fund the Authority's Capital  
 25 upgrades/projects. Total interest payment on debt

1 are expected to decrease by 11 percent due to a  
2 decrease in long-term debt outstanding.

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

10 Although it is not a true cash  
11 deficit, the Authority's unrestricted net position  
12 decreased significantly in 2018, primarily due to  
13 the recording of OPEB liability per GASB 72. In  
14 2018, the Authority reported its net position  
15 liability \$8,570,190 (a decrease of \$3,267,306 from  
16 the year 2017) and OPEB liability of \$16,942,821 (a  
17 decrease of \$4,267,550 from the year 2017.) The  
18 Authority pays its annual contribution as per the  
19 annual PERS employer pension liability invoice and  
20 its health premium invoice monthly to the Division  
21 of Pensions and Health Benefits. Although the  
22 Authority is aware of this significance of the  
23 pension and OPEB liability, there is no current  
24 funding plan to eliminate this noncash deficit  
25 caused by GASB 68 and 75. However, the Authority is

1 expecting an estimated income of approximately  
 2 \$4,600,000 from the 2019 operations, which will help  
 3 to eliminate a portion of the deficit. Also, the  
 4 Authority will look into any available options,  
 5 plans or other recommendations if provided by the  
 6 State to eliminate this noncash deficit in the  
 7 future.

8           The connection fee rate will  
 9 increase. The City of Atlantic City has experienced  
 10 a steady decline in annual new construction and  
 11 development. As a result, the Authority has  
 12 recognized a significant decline in connection fee  
 13 income. In the past, connection fee income has been  
 14 utilized for capital projects recommended by the way  
 15 of the Authority's Capital Improvement Program.  
 16 This anticipated decline in income was considered  
 17 when developing the 2020 rate structure, thus  
 18 allowing for additional income to be generated for  
 19 the use of capital projects.

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

1           The proposed connection fee in 2020  
2 is \$20.8628 per gallon of average daily flow. This  
3 applies to new construction.

4           The MUA is also making changes to the  
5 rules, rates and regulations. The full text of the  
6 changes by contacts is also available on the MUA  
7 website: [www.acmua.org](http://www.acmua.org).

8           And again, my name is Bruce Ward. I  
9 am the executive director. And there are no members  
10 of the public present at this time for the hearing.  
11 I am going to therefore suspend or pause the hearing  
12 as I will proceed upstairs to my office. And should  
13 a member of the public or members of the public  
14 arrive, I will reopen the hearing up to the  
15 termination point which is 12:00 p.m. today.

16           - - -

17           Off the record at 10:07.

18           - - -

19           MR. WARD: It is 12:00 p.m. Today is  
20 December the 5th. The public hearing for the 2020  
21 budget is now reconvened. The meeting was put on  
22 pause. We did not have any members of the public.

23           However, members of the public may  
24 still either submit questions by writing or they may  
25 come to the board meeting on December the 18th at

1 10:00 a.m. if there are any questions about the 2020  
2 budget. And with that, the meeting is now closed.  
3 Thank you.

4 - - -

5 The meeting was adjourned at 12:00 p.m.

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C E R T I F I C A T I O N

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I, Dominique R. Caputo, Court Reporter and Notary Public, certify that the foregoing is a true and accurate transcript of the foregoing deposition, that the witness was first sworn at the time, place and on the date herein set forth.

I further certify that I am neither attorney nor counsel for, not related to, nor employed by any of the parties to the action in which this deposition was taken; further, that I am not a relative or employee of any attorney or any counsel employed in this case, nor am I financially interested in this action.

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Dominique R. Caputo  
Court Reporter and  
Notary Public  
License Number: 30XT00004900



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