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ATLANTIC CITY MUNICIPAL UTILITIES AUTHORITY

PUBLIC MEETING
- - - - -

DATE: Tuesday, November 26, 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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<p style="text-align: right;">2</p> <p>1 --- 2 PROCEEDING 3 --- 4 MR. WARD: Good morning. It is 10:00 5 a.m. on November the 26th. We are on the record for 6 the first of the budget hearings on the Atlantic 7 City Municipal Utilities 2020 budget. So I'm going 8 to read into the record the official press release. 9 The Atlantic City Municipal Utilities 10 Authority will hold public hearings on the 11 Authority's proposed 2020 budget and proposed 12 changes to the rules, rates, and regulations on 13 Tuesday, November 26, 2019 and Thursday, December 5, 14 2019. 15 The November 26, 2019 hearing will be 16 held at the Atlantic City Municipal Utilities 17 Authority, located at 401 North Virginia Avenue, 18 Atlantic City, New Jersey. Both hearings will begin 19 at 10:00 a.m. The budget is scheduled for adoption 20 at the regularly scheduled Board Meeting on 21 December 18, 2019. 22 ACMUA will also accept written 23 comments. Comments received before the hearings 24 will be read into the hearing record. Written 25 comments not read at the hearings will be presented</p>	<p style="text-align: right;">4</p> <p>1 compared to 2019. The 2020 Renewal and Replacement 2 Reserve amount is anticipated to increase by 3 2.9 percent and will be utilized to fund the 4 Authority's Capital upgrades/projects. Total 5 interest payments on debt are expected to decrease 6 by 11 percent due to a decrease in long-term debt 7 outstanding. 8 The 2020 proposed budget does not reflect 9 an anticipated deficit from 2020 operations. The 10 deficit in the unrestricted net position increased 11 significantly from \$2,181,080 in 2017 to \$23,701,189 12 in 2018 due to the recording of pension and 13 post-employment benefits (OPEB) liabilities as 14 required by GASB 68 and GASB 75. 15 Although it is not a true cash deficit, 16 the Authority's unrestricted net position decreased 17 significantly in 2018, primarily due to the 18 recording of OPEB liability per GASB 75. In 2018, 19 the Authority reported its net pension liability of 20 \$8,570,190 (a decrease of \$3,267,306 from the year 21 2017) and OPEB liability of \$16,942,821 (a decrease 22 of \$4,267,550 from the year 2017. The Authority 23 pays its annual contribution as per the annual PERS 24 employer pension liability invoice and it's health 25 premium invoice monthly to the Division of Pensions</p>
<p style="text-align: right;">3</p> <p>1 at the Board Meeting. The Board Meeting is open to 2 the public. 3 The 2020 proposed budget is a fully 4 funded budget providing for the continuation of 5 all of the Authority's major programs. The proposed 6 appropriations for 2020 are anticipated to be 7 approximately \$117,000 higher than budget 8 appropriations for 2019. The 2020 rate increase was 9 structured to insure that the projected revenues 10 would be sufficient to cover the anticipated 11 appropriations for the year. There will be no 12 increase in the Flat rates. The Authority is 13 expecting an increase of 2 percent in excess rate 14 for all customers. Residential customers that will 15 exceed the allowed allotment of 2500 cubic feet a 16 quarter will be subject to a 2 percent increase in 17 the excess rate. With this increase, the Authority 18 is projecting additional net revenue of 19 approximately \$86,000 from service charges revenue. 20 Interest earned income is slated to increase by 21 \$29,700 due to higher projected availability of 22 funds for investing and earnings as compared to last 23 year's projection. 24 The Authority's total net appropriation is 25 anticipated to increase by 0.7 percent in 2020, as</p>	<p style="text-align: right;">5</p> <p>1 and Health Benefits. Although the Authority is 2 aware of the significance of the pension and OPEB 3 liability, there is no current funding plan to 4 eliminate this noncash deficit caused by GASB 68 and 5 75. However, the Authority is expecting an 6 estimated income of approximately \$4,600,000 from 7 the 2019 operations, which will help to eliminate a 8 portion of the deficit. Also, the Authority will 9 look into any available options, plans or other 10 recommendations if provided by the State to 11 eliminate the noncash deficit in the future. 12 The connection fee rate will increase. 13 The City of Atlantic City has experienced a steady 14 decline in annual new construction and development. 15 As a result, the Authority has recognized a 16 significant decline in connection fee income. In 17 the past, the connection fee income has been 18 utilized for capital products recommended by the way 19 of the Authority's Capital Improvement Program. 20 This anticipated decline in income was considered 21 when developing the 2020 rate structure, thus 22 allowing for the additional income to be generated 23 for the use of capital projects. 24 State Law sets a formula mandating the 25 specific calculation of connection fees. State Law</p>

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1 further requires that connection fees be
 2 recalculated at the end of every calendar year, and
 3 that all debt service and capital expenditures be
 4 included in a new calculation.
 5 The net result is a proposed connection
 6 fee in 2020 of \$20.8628 per gallon of average daily
 7 flow. This applies to new construction.
 8 The MUA is also making changes to the
 9 rules, rates and regulations. The full text of the
 10 changes is available by contacting MUA's offices.
 11 It is also available on the MUA's website:
 12 www.acmua.org.
 13 And now it is approximately 10:12 a.m.
 14 There are no members from the public present at this
 15 time. This meeting is scheduled to proceed until
 16 12:00 p.m. today. In that regard, I am going to set
 17 a pause in the meeting. And I will be upstairs in
 18 my office. And should anyone from the public come
 19 during this period before 12:00 p.m., I will
 20 immediately come downstairs and reconvene the open
 21 meeting. So with that, we are going to take a
 22 pause. Thank you.
 23 ---
 24 Off the record at 10:12 a.m.
 25 ---

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1 ---
 2 CERTIFICATION
 3 ---
 4
 5 I, Dominique R. Caputo, Court Reporter and
 6 Notary Public, certify that the foregoing is a true
 7 and accurate transcript of the foregoing deposition,
 8 that the witness was first sworn at the time, place
 9 and on the date herein set forth.
 10 I further certify that I am neither
 11 attorney nor counsel for, not related to, nor
 12 employed by any of the parties to the action in
 13 which this deposition was taken; further, that I am
 14 not a relative or employee of any attorney or any
 15 counsel employed in this case, nor am I financially
 16 interested in this action.
 17
 18
 19 -----
 20 Dominique R. Caputo
 21 Court Reporter and
 22 Notary Public
 23 License Number: 30XT00004900
 24
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1 MR. WARD: It is now 12:00 p.m. The
 2 public hearing of the Atlantic City Municipal
 3 Utilities Authority 2020 budget has come to a close.
 4 The next hearing is scheduled for December the 5th
 5 at 10:00 a.m. and it will be the final public
 6 hearing for the Atlantic City Municipal Utilities
 7 2020 budget. Thank you.
 8 ---
 9 The public meeting concluded 12:00 p.m.
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