



Atlantic City Municipal Utilities Authority

PRESS RELEASE

THE ATLANTIC CITY MUNICIPAL UTILITIES AUTHORITY WILL HOLD PUBLIC HEARINGS ON THE AUTHORITY'S PROPOSED 2022 BUDGET AND PROPOSED CHANGES TO THE RULES, RATES, AND REGULATIONS ON TUESDAY, NOVEMBER 23, 2021 AND THURSDAY, DECEMBER 2, 2021, RESPECTIVELY.

The November 23, 2021 hearing will be held at the ATLANTIC CITY (ACMUA) MUNICIPAL UTILITIES AUTHORITY, located at 401 N. Virginia Avenue, Atlantic City, New Jersey. Both hearings will begin at 10:00 A.M. The budget is scheduled for adoption at the regularly scheduled Board Meeting on December 15, 2021.

The ACMUA 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.

THERE WILL BE A 5% INCREASE IN FLAT RATE and A 2% INCREASE IN EXCESS RATE FOR WATER SERVICE IN 2022

The local economy of Atlantic City, like any other city, has been impacted by the unprecedented COVID-19 pandemic. The Authority's revenue was significantly impacted due to the pandemic, especially from its commercial and industrial customers. As the casinos and businesses started to open at their full capacity, the Authority's water usage has increased in 2021, but not at the rate before pre-COVID-19. The construction of new developments such as the Atlantic Care Medical Arts Pavilion and Phase II of Stockton University's campus had already begun in 2021 and are anticipated to open in 2022. Other new developments such as a new supermarket in the City are in progress. Any additional revenue generated from the connection fee or water usage from these new developments will be utilized to fund the necessary capital improvements.

The New Jersey Department of Environmental Protection (NJDEP) adopted the Per-and Polyfluoroalkyl Substance (PFAS) regulation on June 1, 2020. PFAS contamination in the Authority's system arises from testing fire-fighting foams at the FAA Technical Center in Pomona. The contamination occurred for decades with residuals entering groundwater supplies. The Authority faced challenges to remain below the MCL levels established by the New Jersey Department of Environmental Protection (NJDEP). A geoscience engineering consultant engaged by the Authority in 2018 projected that thirty million dollars in upgrades must occur at the ACMUA water treatment plant facility, followed by over one million dollars in annual regenerations cost thereafter. Currently, the Authority is using Granular Activated Carbon (GAC) as the preferred treatment method for short-term solutions to address the current regulated PFAS compounds as recommended by the Authority's engineer and consulting engineers. More studies on the long-term solution and more efficient ways to eradicate PFAS from the water system are still being considered.

Nonetheless, these expensive upgrades to the treatment plant will cost the Authority an estimated \$45-50 million dollars, which need to take place in 2022 in order to meet the strict guidelines and rules set by NJDEP. The Authority is working desperately to reduce the PFAS in the City water supply and find any available state or federal grant to fund this expensive upgrade. If there is no State funding/grant available, these expensive capital improvements will need to be funded from bonding and service charges. The Authority is not anticipating any monetary compensation in 2022 or the next couple of years from its federal lawsuit against entities responsible for the PFAS contamination to recover the cost of this significant upgrade.

The 2022 Proposed Budget is a fully funded budget, providing for the continuations of all of the Authority's major programs. The Authority is expecting an increase of 8.3% in total user water charges in 2022. Revenues from Business/Commercial are expected to increase by 20% compared to the 2021 Budget. This increase will result from the annual increase and anticipates an increase in billable water usage by 10% compared to the 2021 Budget as the businesses are opening full capacity after the post-Covid-19 pandemic. The Authority's total net appropriation is anticipated to increase by 8.5% (\$1,320,000) in 2022 compared to 2021. The Authority expects the cost increase in expenses such as Other Professional Services, Chemicals. Salaries and Wages and Repair and Maintenance.

The 2022 rate increase was structured to ensure that the projected revenues would be sufficient to cover the year's anticipated appropriations. The Authority proposes an approximate 5% increase in its flat rate and a 2% in excess rate for all customers. The Authority will generate additional revenue of approximately \$534,000 from the rate increase in 2022. The rate increase is needed to fund its future capital projects to upgrade its aging infrastructure and, most notably, to comply with the State PFAS regulation and Water Quality Accountability Act. The residential flat rate will increase to \$65.50 a quarter from \$62.25 a quarter. Residential customers that will exceed the quarterly allowed allotment of 2500 cubic feet will be charged an excess rate of \$3.837 per 100 cubic feet.

THE CONNECTION FEE RATE WILL INCREASE

State Law sets a formula mandating the specific calculation of Connection Fees. State Law further requires that Connection Fees be recalculated at the end of every calendar year and that all Debt Service and Capital Expenditures be included in the new calculation.

The Connection Fee rate will increase in 2022 to \$22.3479 per gallon of daily flow. Any revenue generated from the connections fee will be utilized for capital projects.

The MUA is also making changes to the Rules, Rates and Regulations. The full text of the changes is available by contacting the MUA's offices. It is also available on the MUA's website: www.acmua.org.

Submitted by: Michael A. Armstrong
Executive Director