



Atlantic City Municipal Utilities Authority

PRESS RELEASE

THE ATLANTIC CITY MUNICIPAL UTILITIES AUTHORITY WILL HOLD PUBLIC HEARINGS ON THE AUTHORITY'S PROPOSED 2024 BUDGET AND PROPOSED CHANGES TO THE RULES, RATES, AND REGULATIONS ON TUESDAY, NOVEMBER 28, 2023.

The Hearing will be held at the ATLANTIC CITY (ACMUA) MUNICIPAL UTILITIES AUTHORITY, located at 401 N. Virginia Avenue, Atlantic City, New Jersey, at 10:00 A.M. The budget is scheduled for adoption at the regularly scheduled Board Meeting on December 20, 2023.

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 2% INCREASE IN FLAT RATE and A 2% INCREASE IN EXCESS RATE FOR WATER SERVICE IN 2024

The 2024 Proposed Budget is fully funded, providing for the continuation of all of the Authority's major programs. Total Operating Appropriations are slated to increase by 6.4% as the Authority is experiencing overall higher expenses due to record-high inflation. Total Service Charges are expected to increase by 3.7% compared to the 2023 Budget, resulting from the annual increase rate of 2% in the flat rate and 2 % in the excess rate for all customers. Salaries and Wages for Administration and the Cost of Providing Services are expected to increase by 11.9% and 10.4%, respectively, due to salary adjustments for high inflation and backfilling of vacant employee positions. Professional Services for Administration will be 11.8% higher as the Authority will conduct a single audit, a compensation study, and a water rates study in 2024. Outside/Professional services for the Cost of Providing Services are slated to increase by 38.2% due to higher anticipated costs in services associated with major capital projects, and the need for outside engineering services. The Authority continues to utilize water and treatment operator license services to address a national labor shortage in licensed operators.. Total Interest Payments on Debt is slated to decrease by 18.4%, resulting from lower interest amounts owed compared to 2023. The Renewal and Replacement Reserve is expected to decrease by 16.6%, resulting from overall higher operating expenses.

The 2024 rate increase is structured to ensure that the projected revenues are sufficient to cover the year's anticipated appropriations. Total Anticipated Revenues are projected to increase by 4%. The Authority proposes an approximate 2% increase in its flat rate and a 2% in excess rate for all customers. The residential flat rate will increase from \$70.75 a quarter to \$72.25 a quarter. Residential customers that exceed the quarterly allowed allotment of 2500 cubic feet will be charged an excess rate of \$3.992 per 100 cubic feet. The Authority will generate additional revenue of approximately \$606,000 from the rate increase in 2024. The rate increase is needed to fund its ongoing capital projects to upgrade aging infrastructure and, most notably, to comply

with the State and Federal PFAS regulations and the Water Quality Accountability Act. The Authority is seeking qualified consultants to conduct a comprehensive water rate study, expected to be completed in 2024.

The primary source of funding the debt service for the Debt Authorizations will be future rate increases and possible monetary compensation from the federal lawsuit against entities responsible for the PFAS contamination. In addition, the Authority is seeking financial assistance (grants or low-interest loans) from State and Federal agencies for its major capital improvements, such as rehabilitating the existing Pleasantville Water Treatment Plant and Lead Pipe Replacement project.

THE CONNECTION FEE RATE WILL REMAIN THE SAME

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 remain the same in 2024 at \$24.9408 per gallon of daily flow. Any revenue generated from the connection fee will be utilized for capital projects.

The MUA is also revising certain provisions in its Rules, Rates, and Regulations. The full text of the revisions 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