

LAKWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

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THE LAKEWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

Water Rate Hearing Minutes

January 3, 2012

- I. The Chairman opened the meeting at 1:05 P.M in the conference room of the Lakewood Township Municipal Utilities Authority, 390 New Hampshire Avenue, Lakewood, N.J.
- II. It was announced that in accordance with Chapter 231, Public Law, adequate notice of this water rate hearing was given and that a notice of this meeting was published in the Asbury Park Press and The Star Ledger on December 13, 2011. The Chairman asked Mr. Smith to conduct the hearing.
- III. **Salute to the Flag**
- IV. **Roll Call of Commissioners**

On the roll call the following Commissioners were present: Mr. Theibault, Mr. S. Flancabaum, Mr. Sernotti, Mr. Waxman, Mrs. Fish and Senator Singer. Mr. S. Flancabaum was seated as an alternate. The following professionals were present: Mr. Norman Smith, Esq. and Mr. Gerwin Bauer, Jr. Auditor. Mr. Justin Flancabaum, Executive Director, Mr. Paul Morrill, Engineer and Ms. Nancy Lapa, Secretary.

Before the Water Rate Hearing, Mr. Flancabaum gave a power point presentation explaining the prospective increases that are being proposed. There is a five percent water rate increase effective February 1, 2012 and also a five percent sewer increase effective February 1, 2012. The sewer rate increase is a pass through from the OCUA. The water rate increase is in order to fulfill the obligation of the bond covenants. There is a prospective water rate increase for November 1, 2012 of three percent and one and one half percent on the sewer rate. There is also a prospective increase for November 1, 2013, again three percent on the water rate and one and one half percent on the sewer rate. If revenue is up, then the two prospective increases do not have to be put into effect. Most of the Authority's accounts are 5/8" meters. The minimum consumption water bill will increase \$2.00 per quarter from \$40.20 to \$42.20. The minimum consumption sewer bill will increase \$3.70 from \$74.50 to \$78.20. The total quarterly increase will be \$5.70. In a comparison chart with eleven water/sewer suppliers the Authority is second to the cheapest. The other part of Lakewood that has New Jersey American Water Company as their water/sewer supplier would pay \$208.53 per quarter for the same usage. The majority of new connections are one inch meters. The

minimum water consumption per quarter for one inch meters is 26,400 gallons. The minimum consumption water bill will be increasing from \$5.10 per quarter from \$101.95 to \$107.05. The increase on the sewer bill, assuming there is usage of 26,400 gallons will be \$5.38 per quarter. The total increase will be \$10.48 per quarter. Mr. Bauer said that most of the sewer increase is a pass through. A very small percentage is for debt service. The Lakewood customers that are serviced by New Jersey American Water Company and have a usage of 26,400 per quarter would be billed \$455.45. The new amount for the Authority's customers will be \$223.05 per quarter. Mr. Bauer said that much of the increase is because of the new coming debt service requirements. On a handout with the projected budget for 2013, on the bottom of the page with the increases that are being called for, is a very small amount over the debt service requirement. The required amount is 110 percent debt service. For water the Authority is required to have \$185,000, the Authority is coming up \$10,000 over it and for sewer the Authority is coming up \$700 over the sewer. If the Authority would not be doing this and incurring this debt service, the Authority would have to buy water from either Brick MUA or New Jersey American Water Company, whose rates are higher than ours. This increase would have been another twenty or thirty percent, to recoup the purchase price. The price the Authority would pay Brick MUA for water would be more than the Authority charges for it. Mr. Bauer also pointed out that at the bottom of the Projected Budget for 2013 is the list of the new debt issues, the required principal and interest payments. The list includes the 2002 Trust and Fund Loan, the 2008 Trust and Fund Loan, the 2012 Supplemental Trust and Fund Loan and 2012 Meter Trust and Fund Loan. This is why the rate increases are needed. Beyond that, there is enough in Authority's reserve for the Authority to carry the rest of the capital projects. Mr. Bauer said that Mr. Flancbaum and Mr. Morrill did a great job with the Capital Budget. These are all actual items, nothing artificial, in the budget and there are ample funds for these projects in the next five years.

V. Water Rate Hearing

Mr. Smith swore in Gerwin Bauer as the expert witness and asked several questions regarding his preparation of the water rate schedule. Mr. Bauer recommended a rate increase. It is in accordance with state regulations and generally accepted accounting practice. The proposed increase is required for the operation of the Authority and meets the 110 percent debt service required and is on file with the Executive Director's Office for perusal.

VI. The Chairman Opened the Hearing to the Public.

No response from the public.

VII. The Chairman Closed the Hearing to the Public

Mrs. Lapa read **Resolution #12-01 Adoption of Water Rates for 2012**. A motion was made by Mr. Sernotti and seconded by Mr. S. Flancbaum. On a roll call, all commissioners, **voted, "Yes". Adopted.**

Respectfully submitted,

Nancy Lapa,
Secretary, LTMUA