

**OLD BRIDGE MUNICIPAL UTILITIES AUTHORITY
BUDGET WORKSHOP
MARCH 4, 2015**

Call to Order The Budget Workshop of March 4, 2015 was called to order at 6:30 p.m. with the Pledge of Allegiance by Chairman Haney.

Announcement
By Chairman: Chairman Haney announced that this meeting is being held in conformance with the Open Public Meetings Act. Notice has been given to the newspapers and notice of the meeting has been posted in public places.

Roll Call: Present:
Arthur Haney, Chairman
Richard Greene, Vice Chairman
Anita Greenberg, Treasurer
Brian Cahill, 1st Alternate
Paul Carlock, 2nd Alternate

Absent:
Edward Testino, Secretary
Frank Weber, Assistant Treasurer

Also Present:
Guy Donatelli, Executive Director
Michelle Smith, Comptroller
Michael Roy, P.E.

Michelle Smith, Comptroller, stated that this year's budget is presented as balanced with no proposed rate increases to the customers and is only a 2% increase over the current year's budget. This budget proposes using a total of \$2.5 million of unrestricted retained earnings, which is \$400,000, less than what was used in the current budget.

The anticipated surplus for the current fiscal year is \$3.1 million, which brings the total useable retained earnings available to use in this year's budget to \$5 million. Subtracting the \$2.5 million appropriated in this proposed budget brings the useable retained earnings down to \$2.5 million, which is \$1.3 million in water, and \$1.2 million in sewer. This amount is needed to prefund NJEIT projects for future capital items and any other unexpected expenses.

Debt service has decreased by \$648,000 or 9.5% over last year's budget and the capital outlay is \$423,000 or 13% less than last

year. The major areas of increases in expenses are MCUA which is up by \$714,000 or 14% over last year's budget; Middlesex Water increased by \$138,000 or 4.4%, and OPEB expense increased by \$393,500 or 33.5% over last year's budget.

Mr. Greene stated that he spoke to Michelle yesterday with questions that were answered quickly and efficiently.

Executive Director Donatelli stated that of the \$2.5 million to be used to stabilize the budget, over \$1 million will be spent for booster station upgrades. The rest of the retained earnings of \$1.5 million is being used in the budget because the water rates do not yet reflect the full cost pricing of providing water service. The retained earnings are being used right now to stabilize the rates. The budget is going in the right direction.

Mr. Greene inquired if the trust fund health benefit for retirees is stable. The auditors indicated that the fund is depleting rapidly. He inquired if this was being funded.

Mrs. Smith stated that the total OPEB expense is \$1.5 million and half of that is being contributed for the current retirees; the other half is what should be funded as suggested by our Auditor.

Chairman Haney inquired if the Authority is in a position to fund this.

Mrs. Smith stated that it could be fully funded.

Mr. Cahill asked about the anticipated collection rate.

Mr. Florek (as a member of the public) stated that whatever is uncollected is sent to the tax sale.

Mr. Roy stated that the five-year capital plan is in the budget book and has been reviewed by Messrs. Donatelli and Lunkenheimer.

Chairman Haney stated that Mr. Donatelli had stated that most of the water capital projects were going to be funded through State Loans; the sewer capital projects were coming out of general funds.

Mr. Roy stated that every so often the County requests the Authority to move its utilities. The County first asks the Authority to do is test pits, and then the County attempts to design their drainage system around the Authority's utilities. Recently the

Authority has not had to move anything. There was much work done on Rt. 516, and the County was able to work around the Authority's water lines. There is a proposed drainage project on Cottrell Road in which about \$10,000 was already been spent by the Authority on test pits. We will be expected to move our water mains once this design is completed. He does not have a time frame on when the County will be doing this work, but it could very likely be during this next budget.

The other project is on the sewer side. There is a culvert that bridges a tributary of the Matchaponix Brook at Presidential Estates. The water mains can easily be isolated at the culvert. Although there is no gravity sewer, there is a force main that goes across the culvert from the Texas Road pump station that must be supported during the culvert work. That could be an expense cost in next year's budget.

There is \$150,000 in the water and sewer budget under renewal/replacement" that if not used could be left out as a possible source of funding if the County comes to the Authority within the next budget year. If so, that money could be used as a possible source of funding for County work.

Recently, the work to relocate Authority utilities has been simple things, i.e. relocating hydrants, so the Authority performed the task. However, if a water main has to be moved, this has to be coordinated with a Contractor, and it is better that the Contractor does the work together with his work. The Authority would then have funds deposited with the County, and the County would built the work into the their contracts and require us to pay for that contract item. This has been done in the past.

Mr. Cahill (referring Account No. 750 - Sewer Division) asked for an explanation.

Mrs. Smith stated that this expense referred to phone lines.

Chairman Haney asked if the Commissioners were comfortable with an adjustment to the retirees' health benefit fund.

Mrs. Smith stated that there would not be a change to the budget numbers. The money is there; it would simply be a transfer from one account to another.

Chairman Haney encouraged the Commissioners to contact the Executive Director prior to the next meeting with any questions.

Dr. Greenberg inquired how long it had been since the Authority increased its rates to the customers.

Executive Director Donatelli stated that all the sewer increases were attributable to MCUA rate increases based on its budget. With respect to water rates, there was a time when the usage was reduced from ten thousand gallons to eight thousand gallons. This caused a rate increase on our part. The balance of the past water rate increases were pass-through rate increases from Middlesex Water Company.

Adjournment: A motion to adjourn at 6:54 p.m. was made by Mr. Haney and seconded by Dr. Greenberg. The roll call was as follows:

AYES: Greenberg, Greene, Cahill, Carlock, Haney

NAYS: None

ABSENT: Testino, Weber

5 Ayes 0 Nays 2 Absent

Respectfully submitted:



Edward Testino, Secretary

