

**OLD BRIDGE MUNICIPAL UTILITIES AUTHORITY
BUDGET WORKSHOP
MARCH 15, 2023**

Call to Order: The Budget Workshop of March 15, 2023, was called to order at 6:30 p.m. by Chairman Weber with the Pledge of Allegiance.

Announcement: Chairman Walker announced that this meeting is in conformance with the Open Public Meetings Act. Notice has been published in the Asbury Park Press on January 21, 2023, and in the Home News Tribune on January 22, 2023. Notice of the meeting has been posted at 15 Throckmorton Lane, Old Bridge; at 71 Boulevard West, Cliffwood Beach; and on the OBMUA Website at www.obmua.com.

This Public Meeting is being recorded.

Roll Call:

Present:

Bruce Walker, Chairman
Frank Weber, Vice Chairman
Mark Razzoli, Secretary
James Blair, Commissioner
Edward Casserly, Second Alternate Commissioner

Absent:

Dr. Anita Greenberg, Treasurer
Thomas Galante, First Alternate Commissioner

Also Present:

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

Purpose of Budget
Workshop:

Chairman Walker said that this Budget Workshop is being called to discuss the OBMUA Fiscal Year Budget for the Year Ending May 31, 2024.

Chairman Walker said that this Budget Workshop is open to the public; however, there shall be no public participation.

Mr. Donatelli said that we are going to introduce our Budget tonight. He said that there is no rate increase for water or sewer service. Mr. Donatelli said that the proposed Budget only includes a 2.4% increase in operating expenses despite all the inflationary costs that are out there for the

materials we buy, the needs that we have for treatment and distribution, and the collection of the wastewater.

Mr. Donatelli said that it has been thirteen years since we did anything more than a pass-through rate increase from Middlesex Water Company or from Middlesex County Utilities Authority. Mr. Donatelli said that we have been able to maintain our operations without the need for any rate increases for operational costs. This was accomplished by increasing efficiency.

He said that the Authority now is going to be deploying a lot of capital in this budget into our infrastructure. He said that the spending is not going into salaries, balancing our budget, or balancing the Township's budget, it is going into what the money is designed for, and that is infrastructure improvements. Mr. Donatelli said that initially, and what he hasn't seen in most of his time here, the money is to go back into the infrastructure in water and sewer. He said that the Capital Expenditure amount in the budget is roughly going to be about \$12,000,000, with \$2,500,000 funded through the State Loan program, and the rest is money that we saved for these capital projects that are identified in this budget.

Mr. Donatelli said that he wanted to be sure that the Board understood that this large additional amount of money that we are going to be expending is directly for infrastructure improvements. Mr. Donatelli said that through the years it has started paying back. He said that all the relining work that we approved and have done over the years is starting to pay back. Mr. Donatelli said that we pay quarterly estimates to the MCUA, and as our flows go down and our system gets tighter, we have been getting refunds back instead of owing more money. Mr. Donatelli said that the tighter our sewer system gets, the more money we put into capital improvements like this, the more return we are going to get on these dollars.

He said and that not having to borrow loan money keeps our debt service to a minimum to where when we do have a major capital project, and we are talking about a water treatment plant, we can do something like that without imposing rate increases on the Ratepayers. Mr. Donatelli said that he is going to turn it over to Michelle to go over the particulars, but he wanted to hit the highlights of this budget, and what we are doing with the money this year.

Mrs. Smith said, like Guy Donatelli said, there are no proposed increases in this budget. She said the overall budget increased 34% with the majority of it being from capital outlay. Mrs. Smith said that she will be reviewing the budget summary sheet for the Commissioners.

Mrs. Smith said that the Debt Service increased \$39,000 or 1.2%. She said that salary and wages increased \$190,000 or 2.7%. Mrs. Smith said that we had some new hires, but because of retirements, and promotion within the company, this increase was minimal.

Mrs. Smith said that the next item is the MCUA's budget which decreased by \$409,000 or 7% this year, because of all the relining and manhole rehabilitations that the Sewer Division has been doing. She said this tightens our infrastructure and reduces our treatment cost. Mrs. Smith said this is a good example of how investing in our infrastructure ends up saving us money.

Mrs. Smith said that the next item is the Middlesex Water Company water purchase expense which increased \$258,000 or 6% because of the rate increase by Middlesex Water Company.

Mrs. Smith said that employee benefits decreased 0.1% or \$4,700. She said that the reason why this decreased, even though health care costs have been increasing, is mainly because of the increase in the amount that the employees are paying towards their health benefits and the implementation of Payer Matrix back in November which helped keep the prescription costs low.

Mrs. Smith said that our Operations and Maintenance Materials expenses increased \$88,000 or 3.6%. She said that this is a direct result of the increases in chemicals and supplies.

Mrs. Smith said that the OPEB expense, which is our Post-Employment Benefits had a big increase of \$465,000 or 27.7%. This is an expense amount that is determined by our actuary, and the main reason why it increased so much over last year is because the discount rate declined significantly during COVID. When rates decline, our liabilities increase.

Mrs. Smith said that the Gas and Electric Utilities decreased by \$90,000 or 6.6%. The actual expenses for these line items have come in lower than the budget the last few years, so she was able to decrease the budget amount this year.

Mrs. Smith said that the Administrative Insurance increased \$36,000 or 3.2%. This is from the increase in property values and more vehicles being on our policy.

Mrs. Smith said that the Administrative-All Other Expense increased \$136,500 or 21.4%. This is because of the addition of \$150,000 for the Brunetti connection fee legal costs.

Mrs. Smith said that the rest of the increase is from Capital Items which increased \$11.7 million. So, because of this increase in Capital items, the unrestricted net assets appropriated to balance this budget are \$4,274,746 in the Water Division and \$4,569,669 in the Sewer Division.

Mrs. Smith said that with this budget, she recommends transferring \$5 million of unrestricted net assets from the Sewer Division into the Water Division. By using net assets that we accumulated in the Sewer Division to fund the capital projects, it will save us money on our future debt service. She wanted to make it clear that the net assets being appropriated in this budget are not being used to balance the operating budget, it is strictly being used to balance the capital budget.

Mrs. Smith said that is all that she has to report, unless anyone has any comments or questions.

Mr. Casserly says that the fact that you kept it to a 2.4% increase with the way everything is going up, it is a good job by everyone involved.

Attorney Jacobs said that we have seen over the last several months that materials and chemicals can be as high as 70% increase, so to be able to have an overall increase of such a small amount is kudos to the Authority to be able to do that.

Attorney Jacobs asked if anyone had any questions about the budget, or any of the figures that have been discussed?

Mr. Razzoli made a motion to move it for approval.

Attorney Jacobs said that must be done during the Regular Meeting.

Attorney Jacobs asked Mrs. Smith if she needed a separate resolution for the \$5 million transfer.

Mrs. Smith said yes at the Regular Meeting.

Chairman Walker said that he would like to commend Guy Donatelli, Michelle Smith, Mike Roy and all the employees. He said that he knows that everyone had a lot to do with this budget. He said it is a fiscally responsible budget.

Chairman Walker said that the 2.4% increase is very negligible, and that the Capital Project Funds is just a very fiscally responsible budget. Chairman Walker said he would like to thank everybody who had a hand in that.

Mr. Donatelli thanked Chairman Walker and said that we appreciate it.

Chairman Walker asked if anyone else had anything?

Hearing none, Chairman Walker called for an adjournment.

Adjournment: A motion to adjourn the meeting was made by Mr. Razzoli and seconded by Mr. Casserly.

The voice vote was as follows:

Ayes: All Commissioners present were in favor.

Nays: There were none opposed.

5 Ayes 0 Nays 2 Absent

The meeting was adjourned at 6:39 p.m.

Respectfully submitted,



Mark Razzoli, Secretary