

**OLD BRIDGE MUNICIPAL UTILITIES AUTHORITY  
BUDGET WORKSHOP  
MARCH 18, 2024**

Call to Order: The Budget Workshop was called to order at 11:00 a.m. by Chairman Razzoli with the Pledge of Allegiance.

Announcement: Chairman Razzoli announced that this meeting is in conformance with the Open Public Meetings Act. Notice has been published in the Asbury Park Press on December 31, 2023, and in the Home News Tribune on December 31, 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](http://www.obmua.com).

This Public Meeting is being recorded.

Roll Call:

Present:

Mark Razzoli, Chairman  
James Blair, Vice Chairman  
Anita Greenberg, Treasurer  
Edward Casserly, Secretary  
Bruce Walker, Commissioner  
Frank Weber, Commissioner  
Perry Simone, Second Alt. Commissioner

Also Present:

Michael Roy, P.E., Executive Director  
Michelle Smith, Comptroller  
Mitchell B. Jacobs, Esq.

Mrs. Smith said that she is going to give the Commissioners a summary of the budget and explain the increases and decreases over the last year. The overall budget increased by 3.4% or \$1.69 million over last year's budget. Operating expenses increased 4.4%, capital outlay increased 2.3%, and the Debt Service increased 1.4%. This proposed budget is using \$4.57 million in retained earnings in water and \$5.67 million in sewer for a total of \$10.24 million which is all for capital infrastructure. If the Commissioners remember, the current budget has \$8.9 million appropriated to balance the budget. However, she said that she is not projecting to use any of it this year because many of the capital projects that were budgeted for are just getting started so basically that retained earnings is just getting pushed to this budget, it is not an additional amount.

Mrs. Smith said that all the appropriated retained earnings are going directly into our infrastructure and is not being used to fund everyday operations. The projects that are planned can be seen in this budget year as well as the projects planned over the next few years under the capital expenditures tab. Referring to the budget summary by major categories which is attached to her budget memo, the 4.4% increase in operating expenses consists of an increase in salaries

and wages of 2% or \$143,000. Even though the cost of living rose this year is 2.95% along with other contractual increases, and some new hires, this increase is minimal because of retirements and promotion within the company which saves money. Total benefits decreased slightly by 0.3% or \$11,500. The main reason for that decrease is because our health benefits decreased by \$65,000 which is 3.5%. The reason why this decreased even though healthcare costs have been increasing is mainly because of the implementation of Payer Matrix in November of 2022 which helps keep our prescription costs lower. As a reminder, Payer Matrix is a Specialty Drug Cost Containment Company that procures alternative funding for high-cost drugs by utilizing manufacturer assistance programs which reduces our costs. It has been very successful. Last year we saved \$490,000 in prescription costs by using them.

OPEB expense which is our Post-Employment Benefits had a small decrease of \$31,000 or 1.5%. This is an expense amount that is determined by our actuary and it decreased mainly because there was an increase in the discount rate. As rates go up, costs go down, all other things being equal. Utilities and Postage increased \$22,000 or 1.7% and that is because of increases in the Postal rates. Administrative Insurance increased by \$29,000 or 2.5%. This is from the increase in property values and new vehicles added to our policy. All the other administrative expenses increased by \$34,000 or 4.4%. This is from increases in professional fees, and \$10,000 of this increase is for the Perth Amboy Fire Department for their confined space emergency rescue services which is required for OSHA compliance.

The biggest increase in this budget is from operations and maintenance materials expenses which increased \$710,000 or 27.8%. Half of this increase is due to the increase in the costs of chemicals and supplies, so they are inflationary increases. The other half of this increase is in the sewer's emergency line-item due to a landslide issue on Greenbrook Drive. The Sewer Division needs an increase in this line-item budget to secure easements. The last increase is in our water purchases, which went up \$362,000. This is because of Middlesex Water Company's rate increase. In this budget, Ms. Smith is proposing a 2.6% water rate increase to our ratepayers to recover this increase. This rate increase will help our operating revenues keep up with our operating expenses. A 2.6% water rate increase comes to \$0.68 per month for the minimum user and \$1.25 per month for an average user of 24,000 gallons a quarter.

There is no proposed rate increase in sewer. In fact, there hasn't been a sewer increase in 10 years. And on the water side, the only increases since 2011 have been Middlesex Water pass-through increases.

That is all that Ms. Smith had to report at his workshop. She asked if anyone had any questions.

Chairman Razzoli asked if anyone had any questions?

Dr. Greenberg said that Ms. Smith did a great job explaining the budget. She also said that the water rate increase is what we expected from Middlesex Water Company.

Mrs. Smith said that the water rate increase would have been a lot higher if the Authority had not fought it.

Mr. Roy said that he wanted to point out that it is only a \$15 a year increase in water cost for an average user of 8,000 gallons per month or 24,000 gallons per quarter.

Mr. Roy said that sometimes you can lose perspective on the percentage increase when you instead look at the actual dollar amount. A 2.6% increase in taxes is a lot different dollar wise than a 2.6% increase in the water bill. He said that a 2.6% increase in taxes could be hundreds of dollars, but a 2.6% increase in the water bill is about a \$15 a year increase or a \$1.25 a month increase.

Dr. Greenberg said that she thinks that it is unbelievable how much materials have gone up.

Mr. Roy said that the chlorine cost has doubled. A 100% increase in expense just to chlorinate and disinfect the water.

Attorney Jacobs asked if there were any other questions.

There were none.

Attorney Jacobs said that at the Regular Meeting, we are going to ask for a resolution approving this Budget. He said that we need a motion to close the Workshop and adjourn.

A motion to adjourn was made by Dr. Greenberg and seconded by Mr. Casserly.

The voice vote was as follows:

All Commissioners were in favor.

No Commissioners were opposed.

5 Ayes      0 Nays      0 Absent

The Budget Workshop was adjourned at 11:09 a.m.

Respectfully submitted,



Edward Casserly, Secretary