



HMUA MINUTES

REGULAR
MEETING OF

SEPTEMBER 8, 2015

ADMINISTRATION BUILDING
424 Hurley Drive
Hackettstown, NJ



REGULAR MEETING SEPTEMBER 8, 2015

JACOB GARABED ADMINISTRATION BUILDING

The meeting was called to order by Chairperson Harper at 7:30 P.M. Chairperson Harper announced that adequate notice of this meeting has been given to the area press and the Town of Hackettstown, and shall be convened and conducted in accord with the requirements of the Open Public Meetings Act.

Roll call indicated the following members in attendance: Harper, Jerry DiMaio, Kelly and Kuster.

Also attending: Joyce Ma, Court Stenographer Latitisa Russell, Counselor Zaiter, Projects Engineer Klemm, Executive Director Smith and Recording Secretary Palma.

Chairperson Harper led a salute of the United States Flag.

Chairperson Harper stated he would open the meeting for the public hearing to hear testimony and to discuss proposed changes to water and sewer charges.

At this point, Court Stenographer Latitisa Russell sworn in Executive Director Smith. Questions were proposed by Joyce Ma.

See attached transcript.

Chairperson Harper stated that discussion and possible action to adopt the Water and Sewer Rate Schedules to be the next agenda item.

The following Resolution # 15-3084 was proposed by Kelly who moved its adoption.

WHEREAS, the Hackettstown Municipal Utilities Authority has not increased general water and sewer rates since 2006 and has previously adopted several rate decreases in 1999 and 2002; and,

WHEREAS, during the last several months, the Hackettstown Municipal Utilities Authority has evaluated several different options to develop the proposed rate schedules and has further reviewed comments received regarding the notices published in two newspapers and also forwarded to the municipalities served by the HMUA; therefore,

BE IT RESOLVED, that the Hackettstown Municipal Utilities Authority hereby adopts the attached Rates and Fees; and,

BE IT FURTHER RESOLVED, that the Schedule of Water Utility Service Charges and the Schedule of Sewer Utility Service Charges shall become effective with the October 1, 2015 Billing and that all other Fees and Charges shall become effective immediately.

This Resolution was seconded by Jerry DiMaio and upon roll call vote carried: Ayes: Harper, Jerry DiMaio, Kelly and Kuster voting yea.



Chairperson Harper indicated that approval of the minutes of the July 14th Regular Meeting to be the next agenda item. A motion to approve the minutes was made by Kelly, being seconded by Kuster with Harper, Jerry DiMaio, Kelly and Kuster voting yea.

Chairperson Harper indicated that approval of the August 11th Regular Meeting Minutes to be the next agenda item. A motion to approve the minutes was made by Kelly being seconded by Kuster with Harper, Kelly and Kuster voting yea and Jerry DiMaio abstaining.

Chairperson Harper indicated that approval of the August 11th Executive Session to be the next agenda item. A motion to approve the minutes was made by Kelly being seconded by Kuster with Harper, Kelly and Kuster voting yea and Jerry DiMaio abstaining.

Chairperson Harper opened the meeting to public participation and noted that there were no additional members of the public present.

Chairperson Harper stated the next agenda item was discussion and possible action regarding any project change orders.

Executive Director Smith acknowledged that there were no change orders.

Chairperson Harper stated that Resolutions pertaining to financial transactions to be the next order of business.

The following Resolution #15-3085 was proposed by Jerry DiMaio who moved its adoption:

Resolution #15-3085A

BE IT RESOLVED, that the following Operations Expense Requisitions be formally approved:

Dated:	August 07, 2015	OEA-1058	SL-18	\$124,749.77
Dated:	August 21, 2015	OEA-1059	SL-19	<u>94,684.94</u>
		Total		\$219,434.71

Resolution #15-3085B

BE IT RESOLVED, that the following Construction Aid Fund Requisition #CAF-393 be formally approved:

REQUISITION #CAF-393

Preferred Furniture	Labor/Equipment	<u>\$ 1,281.25</u>
	Total	\$ 1,281.25

Resolution #15-3085C

BE IT RESOLVED, that the following Renewal and Replacement Fund Requisition #RR-213 be formally approved:



REQUISITION #RR-213

Delaware River Basin	WPCP Docket Renewal Fee	\$ 4,692.00
Badger Meter, Inc.	5/8" & 1-1/2" Meters	21,962.44
Edmunds & Associates, Inc.	Billing Software/Hardware	24,620.00
HD Supply Waterworks, Ltd.	Hydrant	<u>805.25</u>
Total		\$ 52,079.69

Resolution #15-3085D

BE IT RESOLVED, that the following Escrow Sub-account Requisition #ESR-256 be formally approved:

REQUISITION #ESR-256

Badger Meter, Inc.	HORTON	\$ <u>978.94</u>
Total		\$ 978.94

The Resolution was seconded by Kelly and upon roll call vote carried: Ayes: Harper, Jerry DiMaio, Kelly, and Kuster voting yea.

Chairperson Harper requested the Office/Purchasing Supervisor to proceed with her report.

Debbie Palma began by providing the Board with an update on the credit card payments and collections for the month of August.

Debbie concluded by stating that the Authority is now up and running on the new Edmunds billing system. She confirmed that it has been a long process but things are moving along. They performed the first billing with Edmunds on September 1st and it went relatively well. She also stated that the email bills went out a few days later due to the fact that the new website was still not up and running. She also showed the Board the new post card bills and email bills.

Board Member Kelly exited the meeting.

Chairperson Harper requested Executive Director Smith to proceed with his report.

Executive Director Smith began by stating the Auction of the Reservoir Property took place on Saturday August 29th at 10:00 AM here in the Administration Building. He confirmed that there were two bidders and the property sold for \$182,500.00. He stated that he would be meeting the gentleman soon to review documents and answer any questions. The closing is scheduled for October 28th.

Smith concluded by stating that the Edmunds billing system has been a big undertaking for the staff. He stated that compared to the prior WinBill system, the Edmunds system requires many more steps.

Upon completion of the Executive Director's report, Chairperson Harper requested Projects Engineer Klemm to proceed with his report. Engineer Klemm reported that the Delaware River Basin Commission (DRBC) application was finalized on August 12th. will be mailed tomorrow. He also stated that there were two items on



the punch list to be completed for Well #9, which have been completed and final payment has been submitted.

Chairperson Harper requested Counselor Zaiter to proceed with his report.

Counselor Zaiter stated he nothing further to report at this time.

At this time it was suggested that the Board convene into Executive Session.

Chairperson Harper stated he would entertain a motion to convene into Executive Session.

Resolution #15-3086 was proposed by Jerry DiMaio who moved its adoption.

BE IT RESOLVED, on this 8th day of September 2015, by the Hackettstown Municipal Utilities Authority and pursuant to N.J.S.A. 10:4-1 et. Seq., the Authority shall discuss Personnel matters in Executive Session.

It is not possible, at this time, for the Authority to determine when and under what circumstances the above referenced items, which are to be discussed in Executive Session, can be publicly disclosed.

A motion to convene into Executive Session was made by Jerry DiMaio and seconded by Kuster. Ayes: Harper, Jerry DiMaio and Kuster.

THEREFORE, BE IT RESOLVED, on this 8th day of September 2015, by the Hackettstown Municipal Utilities Authority that the matters, as noted above, will be discussed in Executive Session, said session commencing at 8:40 PM.

Debbie Palma exited the meeting.

Kuster moved to end Executive Session and re-enter Regular Session, said motion being seconded by Jerry DiMaio and all indicating approval at 9:30 PM. No formal action was taken during Executive Session.

Chairperson Harper requested whether anyone had business of a general nature to discuss.

There being no additional comments or discussion, Chairperson Harper declared a motion to adjourn would be in order and was so moved by Jerry DiMaio, seconded by Kuster and followed by a unanimous voice vote.

Time – 9:31 P.M.

Bruce D. Smith
Executive Director & Secretary

HACKETTSTOWN MUNICIPAL
UTILITIES AUTHORITY

IN RE: RATE HEARING FOR * SEPTEMBER 8, 2015
THE HACKETTSTOWN MUNICIPAL *
UTILITIES AUTHORITY *

ORIGINAL

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SCHULMAN, WIEGMANN & ASSOCIATES

CERTIFIED COURT REPORTERS

216 STELTON ROAD

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PISCATAWAY, NEW JERSEY 08854

732-752-7800

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T R A N S C R I P T of the stenographic
notes of the proceedings in the above-entitled
matter as taken by and before LATITISA RUSSELL, CCR
#30XI00234100, RPR and Notary Public of the State
of New Jersey, held at the Hackettstown Municipal
Utilities Authority, 424 Hurley Drive,
Hackettstown, New Jersey, September 8, 2015
commencing at 7:30 p.m.

A P P E A R A N C E S:

BROSCIOUS, FISCHER & ZAITER, ESQUIRES

BY: JOHN M. ZAITER, ESQUIRE

43-45 Broad Street

Washington, New Jersey 07882

Counsel for the Board

BOARD MEMBERS:

William Harper, Chairman

Jerry DiMaio, Vice Chairman

Bruce D. Smith, Executive Director

David Klemm, Projects Manager

Edward Kelly, Board Member

William W. Kuster, Jr., Board Member

1 - - -

2 I N D E X

3 - - -

4 SPEAKER PAGE

5 Joyce Ma 5

6 Bruce D. Smith 5

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9 - - -

10 E X H I B I T S

11 - - -

12 NO. DESCRIPTION PAGE

13 NONE

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MS. MA: Is there a particular reason
the rate is being increased?

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MR. ZAITER: Mr. Smith is going to
testify as to why he's recommending that the rates
be increased and then if you'd like you can ask him
questions about it.

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B R U C E S M I T H, after having been
first duly sworn, testified as follows:

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MR. SMITH: The current HMUA rates were
adopted in 2006 and at that time the Authority has
continued to have a capital plan, at least a
five-year capital plan for improvements and one of
the things that's occurred since 2006 is the
revenue has continuously dropped since then. Now
it could be a combination of the economy. It could
be a combination of the installation of more
low-flow toilets. I'm sure it's partly as a result
of efforts to economize by industry that's in our
service area. USR Optonix used to be in our
service area and are no longer there. So our
revenue has dropped about 400 from the 2006-2007
fiscal year. It was just under \$4 million. It's

1 just now over four-and-a-half million. So it's
2 dropped about \$475,000 since that period of time.

3 The Authority is incorporated numerous
4 or implemented numerous water main replacement
5 projects, construction projects for our water
6 pollution control plant. There is one currently
7 under design and one water main construction
8 project under design. The actual income and
9 expenses separated by water and sewer have
10 continuously reduced. For example, we have total
11 operating income that has ranged from,
12 approximately, at a peak was about one-and-a-half
13 million dollars per year and basically, that money
14 can be used toward capital projects.

15 The operating income for last year was
16 about \$160,000. So that's significantly reduced.
17 Investment income was at a peak of about almost
18 \$500,000 in 2007. The investment income last year
19 was about \$198,000. So that's investment of our
20 reserves that are in place.

21 CHAIRMAN: What was the operating
22 income again you said?

23 MR. SMITH: I'm quickly adding the two,
24 water and sewer. It was looks like about
25 one-and-a-half million. Now that last year's

1 operating income was about \$160,000.

2 CHAIRMAN: It was one-and-a-half
3 million and went to \$160,000 last year.

4 MR. SMITH: It's up and down each year
5 depending on what happens and this information was
6 forwarded to the board. So there are significant
7 efforts on our part to replace water mains in many
8 cases that are aging. Really cast the iron water
9 mains that we're replacing with ductile water
10 mains. Last year, we did all of College View
11 Drive, College View section and a significant
12 portion of Kenwood Village section of Hackettstown.
13 Do you have any questions? Anything I missed that
14 you can think of?

15 MR. ZAITER: You were talking about the
16 increase in costs. Are there any other increased
17 costs that the Authority has undergone since 2007?

18 MR. SMITH: The Authority's operating
19 cost has increased since 2007. The Authority has
20 not added additional personnel. The budgeted
21 personnel are the same that they were at that
22 point. So we haven't added anything to that. But
23 the actual expenditures for salaries and wages have
24 gone up since certainly 2007. Connection fees are
25 dropped off because there is lack of development in

1 our service area. So that's been reduced. We hit
2 a peak of about 2009. It looks like a peak of
3 connection fees about \$550,000. Last year, we had
4 48, 49,000. So there is significant evidence that
5 that we need to generate some additional revenue to
6 pay for the capital improvement project that we
7 have planned for our future.

8 Some of our infrastructure, including
9 the water pollution control plan was expanded and
10 upgraded in 1993. We're currently waiting a permit
11 modification from the DEP and we don't know what
12 that holds in store. It's about one million. We
13 haven't bid this work for the upgrade for the water
14 control plan, the upgrades that were in place
15 occurred in 1993 and are now 22-years old. There
16 is continuous work and effort to replace pumps,
17 upgrade equipment, maintain equipment and again, a
18 big part of this increase is related to water and
19 really is related to replacing older cast iron
20 water mains throughout the HMUA distribution water
21 system.

22 MR. KUSTER: Also, correct me if I'm
23 wrong, the MUA uses money on hand to fund many of
24 the improvement projects versus going out to
25 bonding anticipation notes or formal bonding,

1 correct?

2 MR. SMITH: That's absolutely, correct.

3 MR. KUSTER: We pay through revenue
4 generated for these improvements versus borrowing
5 the money, which includes an interest rate on top
6 of that. So you're borrowing the money and paying
7 the interest on it, also. So it's a much more
8 cost-effective way to do business by paying as you
9 go if you can afford to do it.

10 MR. SMITH: Don't need a bond counsel.
11 Don't need to pay interest rates. Our last debt
12 service was, I believe, paid off in 2010. I could
13 be wrong on that, but the rough dates. So in 1993
14 the Authority had -- maybe, it was 2012. So the
15 Authority had a 20-year loan with New Jersey
16 Environmental Infrastructure Trust and that was
17 paid off, I believe, in 2012 or 2011.

18 MR. KUSTER: We're pretty much debt
19 free as far as owing money to bond holders or banks
20 and pretty much self-sufficient.

21 MR. SMITH: That's correct. We have
22 some debt with the USDA that was related to the
23 Diamond Hill projects and that is solely paid for
24 by the additional surcharges or charges that are
25 applied to the regular bill that's paid for by the

1 Diamond Hill area residents. So, basically, that
2 burden wasn't based on the regular rate base. It
3 was placed on the Diamond Hill customers.

4 CHAIRMAN: Bruce, so the income that
5 will be seen from the increase from this rate
6 increase will bring us back to levels five years
7 ago for operating income.

8 MR. SMITH: The expected revenue
9 generated from the rate increase is, approximately,
10 \$520,000 and we're about \$470,000 lower than we
11 were in 2007. So it's just getting us back to
12 even.

13 MR. KUSTER: And comparatively to other
14 MUAs of similar sizes, I know you presented to the
15 board members, you know, what the quarterly fees,
16 yearly fees compared to what the MUA users are
17 paying.

18 MR. SMITH: A number of customers in
19 the area are significantly higher than the HMUA
20 rates and charges. If you look at Washington
21 Township MUA, Allamuchy Township, those are the two
22 closest ones. We're significantly lower than they
23 are and I would say that throughout the State of
24 New Jersey we're one of the lowest. We have one of
25 the lowest water and sewer rates than any agency in

1 the State of New Jersey. Any other questions?

2 MR. ZAITER: Can you talk about the
3 increases? Do you have a list or schedule of
4 increases that we can attach as an exhibit to this
5 hearing? I know you mentioned about 120,000. Can
6 you talk about the increases, themselves?

7 MR. SMITH: Sure. One of the things we
8 try to do to structure the rates is to increase the
9 base charges a little bit to get some guaranteed
10 income that would be coming in. Our base charge
11 for water was \$14.90, which is less than \$5 a
12 month. That's a quarterly charge. That is
13 proposed to go up to \$21, which is \$7 a month for
14 water, which is the base charge. \$7 per month, \$21
15 per quarter and that's for residential single
16 family.

17 There is a number of changes that were
18 published in the Daily Record and the Star Gazette
19 that indicate the rates based on the type of class
20 of user that we have. So it depends on the size of
21 the meter. It depends on how much water you use.
22 The water rate schedule continues to discourage as
23 much as we can lawn watering by residential
24 customers and lawn sprinkling accounts. So it's
25 difficult to predict what the amount of additional

1 revenue would be and the amount of increase that
2 the customer is going to see is largely dependent
3 upon how much water they use. So it can vary.

4 The typical single family customer
5 that's using 20,000 gallons per quarter will see an
6 increase of about \$16.10 over the current rate,
7 roughly \$5 and some cents per month and that would
8 equate to a total increase of about 15.5 percent.

9 Sewer increase is lower than the water
10 increase.

11 MR. ZAITER: Do you have any questions?
12 Would you like to ask some questions?

13 MS. MA: I want to understand what your
14 reserve amount is. You say that you were pretty
15 much debt free with the exception of USDA. Is
16 there a reserve associated with the accounts?

17 MR. SMITH: There is. We have a
18 general account. There are certain accounts that
19 are required by our bond resolution we are required
20 to keep reserves. For example, there is a
21 construction aid fund, which is where we put our
22 connection fees. That fund is and this is off the
23 top of my head. So about 2.3 million, somewhere
24 around there, two-and-a-half million dollars.
25 There is a rate stabilization fund that's required

1 by our bond resolution that has \$750,000 in it.

2 There is a renewal and replacement fund that has
3 \$50,000. There is a general fund that has about
4 \$6.3 million in it for our projects. So as time
5 goes on, that number was possibly up around 10 or
6 11 million. Maybe, nine. Just off the top of my
7 head.

8 So the concern would be we don't want
9 to let that go down to nothing and then generate --
10 and then be required to pay for a construction
11 project to generate a large rate increase for our
12 customers. So since it's been about nine years now
13 since last rate increase, it makes sense as that
14 amount has been going down to be able to increase
15 the rates a little bit to at least reduce the rate
16 of the drop and to possibly increase that a little
17 bit.

18 MS. MA: Were there any indications
19 that you would receive from most revenue from
20 certain class of user, whether it's somebody using
21 10,000 gallons or 20,000? I notice that 10,000
22 seems to be a 50 cents increase. Whereas, the
23 separate rates where you have the 10 to 30, 30 to
24 60, 90 plus, you dropped that and put ten plus now.

25 MR. SMITH: They weren't dropped.

1 Basically, the residential rates that were set
2 previously were for every gallon that they used up
3 to 10,000 gallons, it was only a \$1.10 per 1,000
4 gallons. It's increased \$1.60 per 1,000 gallon.
5 That partly why the rate was low. So the step
6 charges, basically, were 2.20, 3.20, 4.20. They
7 were increased by 10,000. Can you give me a
8 particular example that you're talking about?

9 By the way, there was no effort to dump
10 this or to burden this upon any specific class of
11 user, but generally to make some rate changes that
12 we felt were appropriate.

13 MS. MA: I notice that for the first
14 10,000, of course, everybody is going to be using
15 the \$10,000.

16 MR. SMITH: That's not the case. There
17 are a lot of customers that use zero. So actually,
18 it was a significant amount. I was surprised when
19 I really took a look at that.

20 MS. MA: Zero, as in they just pay the
21 base, the 14.90 and nothing else?

22 MR. SMITH: Yes.

23 MS. MA: Is that customers who have
24 stopped their water or any particular reason?

25 MR. SMITH: It could be customers that

1 there is a significant number of houses that have
2 been vacated. There are probably a lot of
3 commercial accounts where they use very little
4 water in those commercial accounts. Some people
5 will go away for a period of time. So I can't
6 think of any really better examples than those, but
7 there were a lot. I was surprised.

8 MS. MA: Have you ever taken a look at,
9 not that that's the case, but we need to stop
10 servicing some of those accounts, if possible?

11 MR. SMITH: Well, if they don't ask us
12 to stop service, we don't stop service. If we stop
13 service, we stop revenue.

14 MS. MA: So the rates and all those
15 miscellaneous fees, that has stayed the same.

16 MR. SMITH: Yes.

17 MS. MA: Is there a particular reason
18 why those haven't increased?

19 MR. SMITH: No particular reason. The
20 collection charge is \$35. We thought that was
21 significant. You know, it's been in place for a
22 while.

23 MS. MA: Are those inline with the
24 other towns in the area, the rates?

25 MR. SMITH: I know in one case we are a

1 little higher than other towns in collection fees,
2 but I really don't know off the top of my head.

3 MS. MA: So the increase wouldn't
4 expect to be one particular class of user, whether
5 it's under 10,000 gallons or above?

6 MR. SMITH: No. Under 10,000 gallon --
7 well, if you use zero, it goes up about 14.2
8 percent. So that's really the minimum of charges
9 that go up. It increases 5,000 at 16-and-a-half
10 percent. 10,000 is 18.4 percent. 20,000 is 15.5
11 and it kind of goes down from there as far as the
12 percentages are concerned and yet, the dollar
13 amounts go up. So depends on how you look at it.
14 If you look at it based on a percentage or based on
15 a dollar numbers and then there is some significant
16 increases for other classes that include
17 commercial, industrial, apartments and some of
18 those increases are significant, especially if they
19 have a larger-size meter. So I think they are
20 spread about the best that we can do, I think.

21 MS. MA: Are there any indications and
22 I don't know if you would know this, that there are
23 going to be new complexes in the area that would
24 generate the revenue?

25 MR. SMITH: Well, we live in the

1 highlands area. So our service area was severely
2 cutback by the Highlands Act. There is small
3 five-unit development being built down along 46.
4 There are five units there. There was the senior
5 housing project off of Route 57. There's maybe
6 been 100 units that's been built over the last six
7 or eight years. There is some project off of
8 Belleview Road, which seems to be resurrecting
9 itself. That's on the books for a long, long time.
10 Originally, it was 28 units. I don't know what
11 it's going to be now, but I'm really hearing rumors
12 about that one. There is a project on Mountain
13 Avenue. There has been some recent discussion, but
14 other than that, I really can't think of anything
15 else.

16 MR. KUSTER: If you look at the Town of
17 Hackettstown, the town is probably 98 percent fully
18 developed. As far as any new construction
19 residential wise, you're going to get individual
20 homes being built on possibly some subdivided lots.
21 But other than what Bruce has mentioned with some
22 of these remaining parcels, the state owns a lot of
23 property. Green Acres has come in and purchased
24 properties that were scheduled for development,
25 300-unit projects. Siegel Morell right now, Green

1 Acres came and purchased that.

2 Specifically, from the Town of
3 Hackettstown, unless zoning changes and we can
4 start building 10, 12, 20-story high rises, there
5 is not going to be much residential development and
6 as Bruce mentioned, the surrounding communities
7 particularly hit by, I guess, you know, depends on
8 how you look at it, but Highlands Act and the good
9 and potentially bad of that, if you want to look at
10 it that way, but that impedes development.

11 MR. SMITH: There is one other one
12 across from Heath Village. They have proposed to
13 develop that project over there. The other thing I
14 would say and I am not taking a position one way or
15 the other, there are rules now with regard to
16 proximity to the category one streams. You have to
17 be 300 feet away. That land has a small brook
18 going through the middle of the project, which is
19 impacting that.

20 The other thing that I would mention to
21 you is that there is a significant focus now, not
22 only throughout the country, but in New Jersey with
23 regard to asset management and the DEP now requires
24 asset management plans for entities such as the
25 HMUA. We've had an asset management plan in place

1 and we've been monitoring our maintenance of our
2 equipment for at least 10, 15 years. This rate
3 increase is mainly to ensure that we can continue
4 to provide upgrades to our infrastructure. I can
5 tell you it's much cheaper to replace and upgrade
6 it before it breaks than after it breaks. I've
7 seen that firsthand in other entities. So it's a
8 very important thing and a very important focus in
9 New Jersey that the DEP is now included in all of
10 their permitting.

11 MS. MA: Is there any thought or
12 consideration into doing anything with, like, water
13 power or similar to the solar power or water
14 generation?

15 MR. SMITH: One of the things that we
16 took a look at or that someone took a look at for
17 us a number of years ago was hydroelectric from our
18 water supply reservoirs and that was determined not
19 to be feasible because it was not sufficient height
20 and not a sufficient amount of water. So the real
21 significance of water and power is really reducing
22 or are unaccounted for water, which reduces our
23 pumping costs. If there is less water wasted into
24 the ground from leaky pipes, there's less
25 electricity.

1 One of the things that we've been
2 successful in doing is reducing our electric use
3 throughout our utilities. So the HMUA was the
4 first public entity that enrolled into the local
5 government energy audit program. We received a
6 grant to do an energy audit in both the water and
7 sewer utilities. We conducted a -- I'm trying to
8 think of the name of the program where we
9 implemented some of the projects recommended by the
10 study to reduce our electricity and the water
11 pollution control plant has significantly reduced
12 it more than 30 percent. So at the same time,
13 we've been using reverse auctions to get
14 electricity rates, so our rates continue to go
15 down. That's one area where it's been significant
16 reduction in our costs and it really has provided
17 the necessary funds to delay this rate increase
18 from, maybe, what might have been five years to now
19 nine years and if you think about it, if it was
20 four years ago, it would have been during the peak
21 of the crisis that we had here in the U.S. with the
22 economy. So we're certainly happy that we didn't
23 do it then and that we are able to do it at this
24 point instead of back then.

25 MS. MA: One more question. You

1 mentioned that the expected revenue is the
2 \$520,000. Is that expected for the first year or
3 over a five-year duration or another duration?

4 MR. SMITH: That was using 2014 data
5 and prorated for the entire year. So that's what's
6 expected. So clearly, it could be a lot less or a
7 lot more. It depends on the class of user, how
8 much they use. If they continue to use less water,
9 then I can see that number going down, but that was
10 the best calculation I could do based on a number
11 of different classes of user to try to estimate
12 what it would be.

13 MS. MA: It's just based on the 2014
14 numbers versus five-year use data reference for a
15 percentage increase growth rate?

16 MR. SMITH: I took a look at the
17 increase in the minimum charges and I just
18 multiplied that by the number of customers and that
19 gave me the increase associated with just the
20 minimum charges. I took a look at the use charges
21 over that year period and tried to prorate that and
22 look at what that would be with the new use charges
23 and I did a spreadsheet. So the proposed increase
24 for water is about 371,000. The increase in sewer
25 is about 155,000. So sewer for residential

1 customers is a flat rate increase. So for them it
2 went from \$56 to \$60. I think Washington Township
3 MUA is about 170. I'd be happy to answer any other
4 questions you may have.

5 MR. ZAITER: Anybody else have any
6 questions or testimony they want to add? At this
7 point I'd ask that the board vote on the increases.
8 The standard that the board should consider is that
9 the increase is necessary and reasonable for the
10 Authority to pay expenses of operation and
11 maintenance of utility, which includes reserves,
12 insurance, expansions and replacements. Why don't
13 we do it with the sewer authority first?

14 MR. SMITH: It's one schedule.

15 MR. ZAITER: We can do it with both
16 sewer and water. If somebody would like a motion.

17 MR. KELLY: I will make that motion
18 that we adopt the water and sewer rate schedules
19 and revised and distributed to date.

20 CHAIRMAN: Thank you, Ed. Do I have a
21 second?

22 MR. DiMAIO: Second.

23 CHAIRMAN: Thank you, Jerry. Can we
24 read the roll?

25 MR. SMITH: Mr. Harper?

1 MR. HARPER: Yes.

2 MR. SMITH: Mr. Jerry DiMaio?

3 MR. DiMAIO: Yes.

4 MR. SMITH: Mr. Kelly?

5 MR. KELLY: Yes.

6 MR. SMITH: Mr. Kuster?

7 MR. KUSTER: Yes.

8 MR. SMITH: Thank you.

9 MR. ZAITER: The increases are passed.

10 - - -

11 (At which time the hearing concluded at

12 8:00 p.m.)

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I FURTHER CERTIFY that I am neither attorney, nor counsel for, nor related to or employed by, any of the parties to the action in which this deposition was taken, and further that I am not a relative or employee of any attorney or counsel in this case, nor am I financially interested in this case.

Latitisa Russell
LATITISA RUSSELL, C.C.R.
LICENSE NO. 30XI00234100



HMUA REGULAR MEETING
SEPTEMBER 08, 2015
EXECUTIVE SESSION

Discussion occurred regarding the hiring of an Executive Director to replace the current Executive Director who is retiring. The Board Search committee discussed the many resumes, questionnaires and interviews that were conducted during the process. The Search committee is recommending two finalists be considered for final interviews. There is also another person who submitted a resume late and the committee is awaiting the questionnaire. The proposed final interview process was also discussed. All in attendance participated in the discussion.

No formal action was taken in Executive Session.

A handwritten signature in black ink, appearing to read "B. D. Smith", is written over a horizontal line.

Bruce D. Smith
Executive Director