



Transcript of the Manasquan River Regional Sewerage Authority

PUBLIC HEARING TO CONSIDER 2024 BULK RATE
WEDNESDAY, NOVEMBER 8, 2023 AT 5:30PM

Commissioners and Staff Present

Mr. A. Richard Gatto, Chair (Freehold Township)
Mr. Richard J. Gartz (Freehold Borough)
Mr. Robert C. Fischer (Howell Township)
Mrs. Olga McKenna (Wall Township)

Mrs. Julisa Garcia (Freehold Township)
Mr. Michael G. Wilson (Freehold Borough)
Mrs. Patricia Linszky (Farmingdale Borough)

Mr. Donald F. Hill, CPA, Finance Officer (MRRSA)
Peter E. Kocsik, PE, Engineering (Mott MacDonald)

Mr. Brian J. Brach, PE, QPA, Executive Director (MRRSA)
Mr. Roger J. McLaughlin, Esq., Attorney (MSSPC Law)

Commissioners Absent

Mr. James A. Daly, Vice Chair (Farmingdale Borough)
Mr. Jesse J. Tantillo (Howell Township)

Mrs. Mary DeSarno (Wall Township)

Exhibits

- Exhibit No. 1: Affidavit Certifying to Publication of the Hearing Notice in the Asbury Park Press
(Published October 13, 2023)
- Exhibit No. 2: Affidavit Certifying to Publication of the Hearing Notice in the Star Ledger
(Published October 13, 2023)
- Exhibit No. 3: Certified Letters Notifying Member Municipality Clerks of the Public Hearing
(dated October 13, 2023)
- Exhibit No. 4: Mott MacDonald 2023 Projected Wastewater Flow Letter
(dated September 1, 2023)

The following transcript was transcribed from an audio file provided by MRRSA to www.rev.com, 222 Kearny Street, 8th Floor, San Francisco, CA 94108. Accuracy of the transcription was verified by MRRSA staff.



Motion to Enter into Public Hearing

Mr. Gatto: Next up will be a motion to enter into the public hearing for the adjustment of the 2024 bulk rate.

Mr. Gartz: So moved.

Mrs. Linszky: Second.

Mr. Gatto: Moved by Mr. Gartz, seconded by Mrs. Linszky. Any discussion? All in favor?

All Commissioners: Aye.

Mr. Gatto: Anyone against?

(The Authority entered into the public hearing at approximately 5:30pm)

Mr. Gatto: Roger?

Presentation of Evidence

Mr. McLaughlin: Mr. Chairman, this is our annual bulk rate hearing. I'd like to mark four (4) exhibits into evidence tonight.

Exhibit number one (1) is an affidavit certifying to the publication of a hearing notice published in the Asbury Park Press on October 13th.

Exhibit number two (2) is an affidavit certifying the publication of the hearing notice in the Star Ledger also published on October 13th.

Exhibit number three (3) would be certified letters notifying the member municipality clerks of tonight's public hearing and those were dated October 13th.

And then finally exhibit number four would be a Mott McDonald 2023 projected wastewater flow letter, and that is dated September 1 of 2023.

Mr. Kocsik: [inaudible]

Mr. McLaughlin: I'm sorry?

Mr. Kocsik: 2024 projections.

Mr. McLaughlin: I'm sorry, the 2024 projections, and that's dated September 1, 2023.

So, I'll have two witnesses today, as we normally do, Mr. Kocsik and Mr. Brach. So if you both would raise your right hands. The testimony that you're about to give is considered the whole truth and nothing but the truth.

Mr. Kocsik: I do.

Mr. Brach: I do.

Mr. McLaughlin: All right. Pete, we will begin with you. You're employed by Mott MacDonald, and serve as the Authority Engineer, is that correct?

Mr. Kocsik: Yes, it is.

Mr. McLaughlin: And you're familiar with Exhibit Number Four (4), which is the 2024 projected wastewater flow letter that was prepared by your office, is that correct?

Mr. Kocsik: I am, yes, I'm familiar.

Mr. McLaughlin: All right. And would you briefly summarize for the Commissioners the projections that are made for next year's flow in Exhibit Number Four (4).

Mr. Kocsik: Sure. On behalf of the Authority, Mott MacDonald projects wastewater flows from the five (5) member municipalities for the upcoming year, which is 2024. We make these projections on two (2) criteria. One, being the most recent trends of flows for the years of 2021, 2022, and 2023 to get a trend of how flows are progressing. Over the past several years flows have gone down slightly. In our projection we also do a check on developer applications that were approved by the Authority over the past several years. We ask each town to give us an idea of how many connections might come online next year and we add those projected flows from new customers to the flows for the towns to come up with the annual projection. For the year 2024 we came with a projection of 2,229.75 million gallons of flow.

Mr. McLaughlin: And, Pete, how does that differ from current year flows?

Mr. Kocsik: Next year the big change is the Nestle's facility in Freehold Borough. Nestle's is a facility that is a large sewage generator. About 135 million gallons a year they averaged over the past 10 years. Nestle's is in the process of closing down. So next year's flow projections are about 120 million gallons less than usual because of the anticipated closure of Nestle's.

Mr. McLaughlin: Thank you, does anybody have any questions of Mr. Kocsik? [inaudible].

And now we will move on to Mr. Brach. Mr. Brach, I know you have a prepared statement that you'd like to read into the record.

Mr. Brach: Yes, I do. So, The Authority's bulk rate is the service charge billed to Participant municipalities. It includes both the Authority's cost to provide regional wastewater collection and conveyance services, as well as OCUA's cost to convey and treat the wastewater. In the certified FY 2022 audit, the Authority's bulk rate accounted for 94.7% of total revenues. The bulk rate is essentially the primary means of income and is vitally important to the Authority's solvency.

The Authority's 2024 Budget, as introduced and approved, was developed under the assumption of a 2.92% bulk rate increase. This increase reflects numerous administrative and operational changes implemented by the Board; a 2.0% increase in OCUA service charges; recognizes both record inflationary pressures and a recent trend of lower wastewater flows (and thereby lower revenues); and balances current operational requirements with future capital objectives.

There is no prescribed statutory calculation for the bulk rate but the Authority substantiates the rate setting process by taking into consideration the following three (3) components:

1. Projected wastewater flows;
2. OCUA's bulk rate increase (if any); and
3. Financial planning and modeling factors.

There is a primary focus on the near 2 to 3-year time horizon, with foresight further into the future. This has been the core of the Authority's rate stabilization practice initiated several years ago and the proposed 2.92% bulk rate increase balances the Authority's near-term and long-term operational, administrative and capital needs. The Board's recent strategy of smaller, consistent rate increases to normalize the ebbs and flows of economic pressures has been fundamental in creating a resilient budget to the benefit of all Participants.

Mr. McLaughlin: Thank you Mr. Brach. Any questions by the commissioners for Mr. Brach?

Questions and Comments

(There were no questions or comments from the Board and/or public prior to adjournment of the hearing. Let the record reflect that no members of the public were present.)

Motion to Adjourn Public Hearing

Mr. Gatto: No and let the record reflect there is nobody here from the public.

Mr. Brach: And also, before we move out of here [inaudible], the bulk rate increase that we are going to be considering in the resolution when we come out of the public hearing is a 2.92% rate increase from \$6,136 per million gallons to the new proposed rate of \$6,315 per million gallons. And in addition to the bulk rate, everybody has a schedule or a copy of the proposed 2024 fee schedule. For the first time in my memory since I've been at the Authority, we're proposing to raise the escrow that developers leave with the Authority from \$3,000 to \$4,000 and that is based on the recent trend of [inaudible].

Mr. McLaughlin: That completes our testimony Mr. Chairman.

(The Authority adjourned the public hearing at approximately 5:36pm.)

Respectfully submitted,


Olga R. McKenna, Secretary