

THE TOWNSHIP OF LOWER MUNICIPAL UTILITIES AUTHORITY

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To the residents and ratepayers of Lower Township:

We are pleased to present to our ratepayers an annual report of the operations of the MUA for 2009. In spite of the poor economy, our dedicated employees were able to make tremendous strides in streamlining and improving all aspects of our organization. However, we realized additional steps must be taken to satisfy the water and sewer needs of the entire community. Too many of our residents are in desperate need of city water. With the recent passage of mandatory hook-ups by the Lower Township Council, we must prepare to operate more efficiently in order to obtain grants and low interest loans to support our water main projects.

CAPITAL IMPROVEMENTS AND INFRASTRUCTURE

We are proud of our accomplishments and here are some highlights:

- A new 750,000 gallon water tower at airport
- Two new potable water wells at airport
- A new Millman 500,000 gallon water tank funded through a \$1,875,000 low interest USDA loan and a \$625,000 USDA grant
- Installing new water mains on Bayshore, Florida, Jacksonville and Peters Roads
- Installing a 50kW solar field with a State grant at our sewer treatment plant. The project has a zero capital cost and a zero electric cost for 15 years
- Shared service agreement with the County to purchase fuel from the County for an estimated annual savings of \$40,000.
- Applied for USDA funding for new water mains in Town Bank [\$12 million] and the Villas [\$12 million]
- Initiated numerous other operation efficiencies, estimated savings over \$750,000

WATER and SEWER RATES

After a complete analysis of our water and sewer rates the Board, upon recommendation of our Executive Director, increased our rates. Because of the current economy we decided to keep the increase to a minimum even though a 25% to 30% increase could be justified.

- Sewer rates were increased 5% or \$16.00 and water rates were increased 10% or \$23.00 per household per year to help offset our operating deficits
- Revised sewer rate structure for Commercial customers to evenly distribute the cost of our operations

EMPLOYEE BENEFITS

In accordance with our various employee contracts, health benefits for 2010 increased by 25% or \$116,000 to a total of \$495,792 to insure our employees

- To offset these and other increased cost, salary and wage increases mandated by contracts, management instituted a series of job consolidations that will save approximately \$123,000 this year

FUTURE GREEN PROJECTS

- Entered into an agreement with the JIF Insurance Fund to join a consortium to purchase electric and natural gas at reduced rates.
- Entering into a power agreement with Energy Curtailment Specialist, Inc. where the MUA runs generators on high demand days and receives a annual payment for removing load from the electric grid.
- Possible New Jersey State grant of \$126,000 to install a wind turbine at the sewer treatment plant through a PPA power agreement to reduce the cost of electric power.

In these difficult economic times for our ratepayers and the MUA, the Board takes great pride in its management team instituting budget cuts, reducing spending, implementing GREEN alternatives and streamlining operations.

The Board and our employees understand we are compelled to serve the greater good of the entire community and take seriously our goal of running an efficient and effective organization.

We appreciate your understanding and cooperation, and assure you we will continue to operate as efficiently as possible. More information can be obtained from our web site www.LTMUA.org.

Sincerely,

LTMUA Board of Directors