

**Lehigh County Authority - Financial Review - COVID-19 Impact - April-June 2020**

<b>Revenue at Risk (Collections Related)</b>	<u>Suburban</u>	<u>City</u>	<u>TOTAL</u>
<b>Penalty Revenue Lost (Penalties Waived April-June 2020)</b>			
Past Due (5%)	\$ 22,238	\$ 78,853	\$ 101,091
Warning (5%)	\$ 10,749	\$ 52,352	\$ 63,101
Monthly Interest (1.5%)	\$ 5,825	\$ 20,874	\$ 26,699
<b>Total Penalty Revenue Lost</b>	<b>\$ 38,812</b>	<b>\$ 152,079</b>	<b>\$ 190,891</b>
<b>Total Past-Due Receivables - June 30, 2020</b>	<b>\$ 281,090</b>	<b>\$ 1,138,594</b>	<b>\$ 1,419,685</b>
<b>Total Past-Due Receivables - February 29, 2020</b>	<b>\$ 245,073</b>	<b>\$ 775,432</b>	<b>\$ 1,020,505</b>
<b>Average Past-Due Receivables - 2019</b>	<b>\$ 278,634</b>	<b>\$ 753,667</b>	<b>\$ 1,032,301</b>
<b>Total Revenue at Risk (collections related)*</b>	<b>\$ 41,268</b>	<b>\$ 537,006</b>	<b>\$ 578,275</b>
<i>* Penalties revenue lost plus above-normal past-due amounts.</i>			

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<b>Collections Performance</b>	<u>Suburban</u>	<u>City</u>	<u>TOTAL</u>
<b># of Customers w/ Balance &gt; \$100 (eligible for shutoff) - 2019 Average</b>	132	2,167	<b>2,299</b>
% of Total Customer Base			<b>4.17%</b>
Average balance past due per customer (eligible for shutoff)	\$223	\$261	<b>\$259</b>
<b>Average balance past due total (eligible for shutoff)</b>	\$29,406	\$566,194	<b>\$595,599</b>
<b># of Customers w/ Balance &gt; \$100 (eligible for shutoff) - (April-June 2020)</b>	154	2,199	<b>2,353</b>
% of Total Customer Base			<b>4.27%</b>
Average balance past due per customer (eligible for shutoff)	\$250	\$299	<b>\$295</b>
<b>Average balance past due total (eligible for shutoff)</b>	\$38,529	\$656,489	<b>\$695,019</b>
Total Bills Issued (April - June 2020)	22,579	35,266	<b>57,845</b>
Not Paid by Due Date	3,399	8,590	<b>11,989</b>
<b>% of Customers Paying by Due Date (April - June 2020)</b>	84.9%	75.6%	<b>79.3%</b>
<b>% of Customers Paying by Due Date (2019 Performance)</b>	84.6%	76.0%	<b>79.3%</b>

**Collections Summary:**

- Real revenue loss due to penalty waivers = \$190,891
- Increased past-due balance can be collected in the future = \$400,000
- No significant change in customer payment habits
  - Customers who normally pay on time are still paying on time (thank you!)
  - Customers who always have difficulty paying continue to have trouble paying (about 2300 customers)
  - Past-due balances subject to service termination have increased by about \$100,000

**Lehigh County Authority Water Sales - COVID-19 Impact - April-June 2020**

	<b>April - June 2019</b>	<b>April - June 2020</b>	<b>% Change (Revenue Change)</b>	<b>Adjusted for 5% Rate Change</b>	<b>% Change after Adjustment (est. Volume Change)</b>
<b>Suburban Water</b>	<b>Revenues</b>	<b>Revenues</b>			
Large Industrial	\$ 275,741	\$ 309,784	<b>12.3%</b>	\$ 295,032	<b>7.0%</b>
Other Industrial/Commercial	\$ 878,761	\$ 920,601	<b>4.8%</b>	\$ 876,763	<b>-0.2%</b>
Residential	\$ 918,487	\$ 1,027,540	<b>11.9%</b>	\$ 978,609	<b>6.5%</b>
Penalties	\$ 30,092	\$ 2,724	<b>-90.9%</b>	\$ 2,595	<b>-91.4%</b>
Private Fire Service	\$ 211,761	\$ 218,441	<b>3.2%</b>	\$ 208,039	<b>-1.8%</b>
	\$ 2,314,842	\$ 2,479,090	<b>7.1%</b>	\$ 2,361,038	<b>2.0%</b>

	<b>April - June 2019</b>	<b>April - June 2020</b>	<b>% Change (Revenue Change)</b>	<b>Adjusted for 4.1% Rate Change</b>	<b>% Change after Adjustment (est. Volume Change)</b>
<b>City Water</b>	<b>Revenues</b>	<b>Revenues</b>			
Large Industrial	\$ -	\$ -	<b>n/a</b>	\$ -	<b>n/a</b>
Other Industrial/Commercial	\$ 995,119	\$ 763,805	<b>-23.2%</b>	\$ 733,723	<b>-26.3%</b>
Residential	\$ 2,825,278	\$ 2,975,113	<b>5.3%</b>	\$ 2,857,938	<b>1.2%</b>
Penalties	\$ 110,342	\$ 19,995	<b>-81.9%</b>	\$ 19,207	<b>-82.6%</b>
Private Fire Service	\$ 15,787	\$ 14,004	<b>-11.3%</b>	\$ 13,453	<b>-14.8%</b>
	\$ 3,946,525	\$ 3,772,917	<b>-4.4%</b>	\$ 3,624,320	<b>-8.2%</b>

	<b>April - June 2019</b>	<b>April - June 2020</b>	<b>% Change (Revenue Change)</b>	<b>Adjusted for Rate Changes</b>	<b>% Change after Adjustment (est. Volume Change)</b>
<b>Total LCA Water</b>	<b>Revenues</b>	<b>Revenues</b>			
Large Industrial	\$ 275,741	\$ 309,784	<b>12.3%</b>	\$ 295,032	<b>7.0%</b>
Other Industrial/Commercial	\$ 1,873,880	\$ 1,684,407	<b>-10.1%</b>	\$ 1,610,486	<b>-14.1%</b>
Residential	\$ 3,743,764	\$ 4,002,653	<b>6.9%</b>	\$ 3,836,547	<b>2.5%</b>
Penalties	\$ 140,434	\$ 22,719	<b>-83.8%</b>	\$ 21,802	<b>-84.5%</b>
Private Fire Service	\$ 227,548	\$ 232,445	<b>2.2%</b>	\$ 221,492	<b>-2.7%</b>
	\$ 6,261,367	\$ 6,252,008	<b>-0.1%</b>	\$ 5,985,359	<b>-4.4%</b>

**Lehigh County Authority - Expense Review - COVID-19 Impacts - April-June 2020**

<b>COVID-19 Expenses - <u>Diverted from other budgets</u></b>	
Salaries (planning work, team meetings, employee meetings)	\$ 100,536
Benefits (associated with salaries, estimated)	\$ 42,641
<b>TOTAL EXPENSES YTD - Diverted from other budgets</b>	<b>\$ 143,176</b>

<b>COVID-19 Expenses - <u>NEW Expenses not budgeted</u></b>	
Overtime (due to schedule changes)	\$ 135,679
Off-Time & Adjustments (extra time off granted or time paid to convert to new schedules)	\$ 58,279
Benefits (associated with overtime, off-time & adjustments, estimated)	\$ 82,264
Legal	\$ 4,128
Purchases & Services (PPE, technology, cleaning supplies, etc.)	\$ 34,064
Hazard Pay (paid 3/28/2020 - 6/26/2020; program discontinued)	\$ 139,665
<b>TOTAL EXPENSES YTD - NEW Expenses not budgeted</b>	<b>\$ 454,080</b>

<b>\$ 597,257</b>	<b>Total COVID-19 Expenses to Date</b>
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<b>Offsets / Expense Reductions - <u>Operating Budget</u></b>	
Hiring Freeze (4 new positions, 3 vacancies not filled - 6 month hiring freeze, may extend)	\$ 212,625
Deferred Special Projects (strategic planning, other special studies)	\$ 105,000
Education & Training (reduction in conferences & travel - shift to online training)	\$ 125,000
<b>TOTAL EXPENSE OFFSETS / REDUCTIONS - Operating Budget</b>	<b>\$ 442,625</b>

<b>Offsets / Expense Reductions - <u>Capital Budget</u></b>	
LCA Operations Center - Office Construction (potential project elimination)	\$ 343,370
Water Meter Reading Equipment / Installation (deferral to 2021)	\$ 629,889
<b>TOTAL EXPENSE OFFSETS / REDUCTIONS - Capital Budget</b>	<b>\$ 973,259</b>

<b>\$ 1,415,884</b>	<b>Total Expense Reductions / Deferrals</b>
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**Summary of COVID-19 Impacts to Lehigh County Authority (as of July 27, 2020):**

- This is an evolving situation, and full-year impacts are difficult to predict
- To date, many customers are keeping up with utility bill payments, which helps tremendously
- Loss of revenue expected due to lowered Commercial water sales & suspension of late fees - especially in City Division
- Larger uncollected / past-due receivables is problematic, but will be collected over time
- Grant programs or other customer assistance programs may help, in addition to reinstating water service terminations
- Timing of reinstating water service terminations will be determined based on guidance from state and availability of grants
- Expenses to LCA are primarily personnel related and can be managed
- Initial round of expense reductions / deferrals have been effective in offsetting expenses
- Ongoing monitoring will be needed to determine full impact & remedies
- Potential for long-term savings / efficiencies if we take a Lessons Learned approach post-pandemic!
- Debt service reductions in 2020 due to Lease Bond refinancing may provide relief needed for all of the above!