



# 2023 Budget: Preliminary Review & Assumptions

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LCA Board of Directors  
September 19, 2022



# Today's Review & Next Steps

## Summary of Budget Assumptions

- Support for strategic initiatives
- Staffing changes
- Other assumptions

## Review of Fund Financials

- Internal Service
- Suburban Water & Wastewater Divisions
- City Division

## Coming Up...

- Refined review & rate overview – 10/10/2022
- 2023 Budget approval – 10/24/2022 (required to be complete by Nov. 1)
- 2023 rate adoption – 11/14/2022

## 2023 Budget Support for Strategic Initiatives: *Summary*

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Strategy Area	2023 Budget for NEW Needs Identified*
Asset Management	\$365,000
Process Improvement	\$1,476,000
Water & Sewer Capacity	\$1,400,000
Operational Excellence	\$220,000
<b>TOTAL</b>	<b>\$3,461,000</b>

*\* Staff additions included as estimated payroll cost only.*

# 2023 Staffing Changes

<b>2022 (current) employees</b>	<b>161</b>
Vacant / open positions	10
New positions for 2023	3
<b>2023 (budgeted) employees</b>	<b>174</b>



## 2023 Staff Additions:

- +1 - Director of Engineering & Asset Management
- +1 - Plant Operations Compliance Technician
- +1 - Training Coordinator (Human Resources)
- +0 - Temporary staffing to support Munis project
- +0 - Temporary staffing for specific succession-planning needs

## 2023 Personnel Budget

*(wages & benefits)*

- Fill all 10 vacant positions
- Staff additions (3)
- Wage increases (by union contracts)
- Health insurance cost increase (estimated at 5%)

2022 Forecast	\$18,281,392
2023 Preliminary Budget	\$19,967,569
% Change	9.22%

## Other 2023 Budget Assumptions

- Return to pre-pandemic training budget (including travel for conference attendance)
- Additional support for internal training, safety training, and security review / improvements
- Inflationary impact on other expenses: 3.75%
- City Division lease rates: by agreement
- Suburban Division wastewater rates: by agreement
- Suburban Division water system revenue growth: 2%

## Key Factors: Internal Service

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- Continued efforts to departmentalize the budget
  - Will be completed with ERP / Munis re-implementation project
- Non-personnel internal costs up \$549,000 (approx. 19%) from 2022
  - 3.75% inflation impact
  - Consulting expense to support strategic initiatives

<b>Department</b>	<b>2023</b>
Executive	286,032
Communications	132,141
Finance	1,673,384
HR	457,985
Service & Technology	320,063
Plant Operations	75,906
Engineering & Asset Management	453,302
<b>TOTAL</b>	<b>3,398,813</b>

# 2023 Capital Budget - Administration

	Primary	Estimated		Cap Plan	
	Project	Project	2022	Costs	2023
Project	Category	Cost	Budget	2023 - 2027	Budget
<b>LCA Funded Projects</b>					
SCADA Programming, Hardware Upgrades, Software & Training	AM - Varies	\$ 4,200,000	\$ 750,000	\$ 3,450,000	\$ 750,000
Computer System Hardware & Software Upgrades	AM - High	\$ 275,000	\$ 50,000	\$ 225,000	\$ 50,000
GIS Upgrades & Application Development	Efficiency	\$ 350,000	\$ 75,000	\$ 275,000	\$ 75,000
Information Technology Master Plan Update	Planning	\$ 200,000	\$ 100,000	\$ 100,000	\$ 50,000
Document Management	Efficiency	\$ 85,000	\$ 75,000	\$ 10,000	\$ 5,000
Disaster Recovery/Security Upgrades	Efficiency	\$ 150,000	\$ 25,000	\$ 125,000	\$ 25,000
CMMS Upgrades	Efficiency	\$ 200,000	\$ 25,000	\$ 175,000	\$ 75,000
<b>Total Administration Capital Funded by LCA</b>			<b>\$ 1,100,000</b>	<b>\$ 4,360,000</b>	<b>\$ 1,030,000</b>

*Note: Internal Service operating and capital expenses are allocated to the three enterprise funds (Suburban Water, Suburban Wastewater, City Division) as reflected in the budget statements that follow.*



# Preliminary Summary of 2023 Budget Results

	<b>Budget</b>	<b>Forecast</b>	<b>Budget</b>	<b>Actual</b>
	<u>2023</u>	<u>2022</u>	<u>2022</u>	<u>2021</u>
<b>NET INCOME</b>				
Suburban Water	2,169,036	2,121,977	2,094,223	4,780,026
Suburban Wastewater	2,406,292	940,528	1,788,879	(2,252,986)
City Division	<u>4,780,898</u>	<u>3,534,470</u>	<u>2,194,318</u>	<u>8,363,138</u>
Total LCA	<u>9,356,226</u>	<u>6,596,975</u>	<u>6,077,420</u>	<u>10,890,178</u>
<b>CASH FLOWS</b>				
Suburban Water	367,653	3,180,810	402,292	(2,927,414)
Suburban Wastewater	1,659,712	3,758,865	4,353,353	(1,133,048)
City Division	<u>4,353,275</u>	<u>8,813,757</u>	<u>5,439,552</u>	<u>9,094,926</u>
Total LCA	<u>6,380,640</u>	<u>15,753,432</u>	<u>10,195,197</u>	<u>5,034,465</u>
<b>DEBT SERVICE COVERAGE RATIO</b>				
Suburban Water	1.80	1.85	1.99	3.85
Suburban Wastewater	11.93	10.08	10.70	5.93
City Division	1.92	1.89	1.66	1.79
<b>CAPITAL SPENDING</b>				
Suburban Water	6,930,000	3,223,493	5,487,500	4,694,717
Suburban Wastewater	6,392,500	2,809,704	2,870,000	4,001,536
City Division	<u>13,509,000</u>	<u>6,907,215</u>	<u>11,265,000</u>	<u>7,504,907</u>
Total LCA	<u>26,831,500</u>	<u>12,940,413</u>	<u>19,622,500</u>	<u>16,201,160</u>

# Suburban Water

	Budget 2023	Forecast 2022	Budget 2022	Actual 2021
<b>CONDENSED CASH FLOWS</b>				
Operating Revenues	17,000,000	16,160,223	16,287,758	14,124,320
Operating Expenses (ex. D&A)	(10,742,262)	(9,874,868)	(10,064,907)	(8,087,680)
Non-Operating Revenues (Expenses)	64,782	14,078	50,125	(141,037)
Annual Payments	-	-	-	-
Net Available for Debt Service	6,322,520	6,299,434	6,272,976	5,895,602
Debt Service	(3,474,867)	(3,395,721)	(3,125,490)	(1,567,319)
Non-Cash Working Capital Changes	0	1	(332,694)	(2,579,063)
Net Available for Capex	2,847,653	2,903,714	2,814,792	1,749,220
Investing	500,000	500,000	-	-
Borrowing	3,950,000	3,000,590	3,075,000	-
Capex, net of MM	(6,930,000)	(3,223,493)	(5,487,500)	(4,676,634)
<b>NET CASH FLOWS</b>	<b>367,653</b>	<b>3,180,810</b>	<b>402,292</b>	<b>(2,927,414)</b>
	Budget 2023	Forecast 2022	Budget 2022	Actual 2021
<b>KEY METRICS</b>				
Operating Ratio with D&A	1.23	1.25	1.25	1.23
Debt Service Coverage Ratio	1.80	1.85	2.01	3.85
Capital Coverage Ratio	0.41	0.90	0.57	0.37
Unrestricted Days Cash on Hand	279.2	290.1	229.2	210.7
Unrestricted Investment Balances	1,975,123	2,475,123	2,497,825	2,975,123

# Suburban Water

	SUBURBAN WATER				
				Volume Variances	
	2023 Bud	2023 Bud		2023 Bud	2023 Bud
	vs.	vs.		vs.	vs.
<b>OPERATING EXPENSE VARIANCES</b>	<b>2022 FC</b>	<b>2022 Bud</b>	<b>Inflation</b>	<b>2022 FC</b>	<b>2022 Bud</b>
Personnel	(317,316)	(702,659)	(152,027)	(165,289)	(550,632)
General & Administrative	(200,226)	(69,932)	(163,716)	(36,510)	93,784
Utilities	(26,242)	4,525	(7,578)	(18,665)	12,103
Materials and Supplies	(58,924)	52,467	(26,851)	(32,074)	79,318
Miscellaneous Services	(263,178)	79,844	(96,526)	(166,651)	176,370
Treatment and Transportation	-	-	-	-	-
Depreciation and Amortization	(15,420)	(44,548)	-	(15,420)	(44,548)
Major Maintenance Expenses	-	-	-	-	-
Other Miscellaneous	(1,508)	(41,600)	(4)	(1,504)	(41,596)
<b>Total Operating Expenses</b>	<b>(882,814)</b>	<b>(721,903)</b>	<b>(446,702)</b>	<b>(436,112)</b>	<b>(275,201)</b>

# 2023 Capital Budget - Suburban Water

	Primary	Estimated		Cap Plan	
	Project	Project	2022	Costs	2023
Project	Category	Cost	Budget	2023 - 2027	Budget
<b>Annual Projects</b>					
Annual Projects	AM - Varies	\$ 5,292,000	\$ 662,500	\$ 6,853,500	\$ 2,315,000
<b>Multi-Year Projects</b>					
Water Main Replacement Projects	AM - Varies	\$ 15,100,000	\$ 2,400,000	\$ 7,300,000	\$ 2,900,000
Fixed Base Meter Reading System	Sys Imp	\$ 1,010,000	\$ 100,000	\$ 910,000	\$ 50,000
Water Systems Master Planning	Sys Imp	\$ 275,000	\$ 100,000	\$ 175,000	
Upper System Pump Station & Water Main Extension	Sys Imp	\$ 250,000	\$ 200,000	\$ 50,000	\$ 75,000
Water Meter Replacement Program	AM-Med	\$ 2,660,000	\$ 450,000	\$ 2,210,000	\$ 350,000
Upper System Tank Installation Project	Sys Imp	\$ 5,600,000	\$ -	\$ 5,600,000	
CLD Well Improvements & Capacity Study	Sys Imp	\$ -	\$ -	\$ -	\$ 100,000
Residential Svc Conn & Water Svc Inquiry	Sys Imp	\$ -	\$ -	\$ -	\$ 10,000
Upper System New Reservoir	Sys Imp	\$ -	\$ -	\$ -	\$ 100,000
<b>Total Suburban Division Water Capital Expenditures</b>		<b>\$ 30,187,000</b>	<b>\$ 3,912,500</b>	<b>\$ 23,098,500</b>	<b>\$ 5,900,000</b>



## Key Factors: Suburban Water

- Operating Expense increase of 6.9% from 2022 forecast
    - Proportionate share of personnel and internal service cost increases
    - Inflation impact
  - Capital budget: \$6.9M will draw \$3.9M from new borrowing completed in 2022
  - Additional revenue required = 5.5%
    - 2% volume growth estimated
    - 3.5% rate impact estimated
    - In line with 2023-2027 Capital Plan forecast
    - Water rate study needed due to significant rate changes made in 2021-2022
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# Suburban Water

<b>REVENUE REQUIREMENTS</b>		
Total operating expenses from above		13,765,262
Less: D&A		(3,023,000)
Debt service		3,474,867
Debt service coverage requirement		694,973
Less: system & connection charges		(680,010)
Less: interest income		(64,782)
Capex		6,930,000
Sharing of Admin		(572,000)
Less: funding from new borrowing		(3,950,000)
Less: Mobile Equipment Leased		(775,000)
Add: Lease payments		197,118
Hedge on capex		-
	<b>USER CHARGES REQUIRED</b>	<b>15,997,428</b>
2022 FC - User charges		15,162,564
Additional user charges required		834,864
	<b>Pct. Increase</b>	<b>5.506%</b>

# Suburban Wastewater

	<b>Budget</b>	<b>Forecast</b>	<b>Budget</b>	<b>Actual</b>
	<b>2023</b>	<b>2022</b>	<b>2022</b>	<b>2021</b>
<b>CONDENSED CASH FLOWS</b>				
Operating Revenues	22,700,413	20,074,329	21,159,552	16,625,786
Operating Expenses (ex. D&A)	(14,004,207)	(12,702,569)	(13,288,362)	(12,418,831)
Non-Operating Revenues (Expenses)	85,128	(48,410)	87,965	25,021
Annual Payments	-	-	-	-
Net Available for Debt Service	8,781,335	7,323,349	7,959,155	4,231,976
Debt Service	(729,123)	(731,653)	(735,802)	(709,407)
Non-Cash Working Capital Changes	-	(358,127)	-	457,669
Net Available for Capex	8,052,212	6,233,569	7,223,353	3,980,238
Investing	-	335,000	-	(863,000)
Borrowing	-	-	-	-
Capex, net of MM	(6,392,500)	(2,809,704)	(2,870,000)	(4,250,286)
<b>NET CASH FLOWS</b>	<b>1,659,712</b>	<b>3,758,865</b>	<b>4,353,353</b>	<b>(1,133,048)</b>
	<b>Budget</b>	<b>Forecast</b>	<b>Budget</b>	<b>Actual</b>
	<b>2023</b>	<b>2022</b>	<b>2022</b>	<b>2021</b>
<b>KEY METRICS</b>				
Operating Ratio with D&A	1.12	1.06	1.10	0.87
Debt Service Coverage Ratio	11.93	10.08	10.82	5.93
Capital Coverage Ratio	1.26	2.22	2.52	0.94
Unrestricted Days Cash on Hand	308.0	291.9	434.5	188.1
Unrestricted Investment Balances	6,977,548	6,977,548	6,387,746	6,977,548

# Suburban Wastewater

	SUBURBAN WASTEWATER				
				Volume Variances	
	2023 Bud	2023 Bud		2023 Bud	2023 Bud
	vs.	vs.		vs.	vs.
<b>OPERATING EXPENSE VARIANCES</b>	<b>2022 FC</b>	<b>2022 Bud</b>	<b>Inflation</b>	<b>2022 FC</b>	<b>2022 Bud</b>
Personnel	(157,084)	(182,056)	(82,192)	(74,891)	(99,864)
General & Administrative	(82,093)	(123,502)	(66,870)	(15,224)	(56,633)
Utilities	(16,265)	43,151	(4,960)	(11,306)	48,110
Materials and Supplies	(16,926)	172,450	(5,212)	(11,714)	177,662
Miscellaneous Services	(309,182)	(151,747)	(57,757)	(251,426)	(93,990)
Treatment and Transportation	(718,841)	(448,940)	(563,660)	(155,181)	114,720
Depreciation and Amortization	(31,779)	(225,345)	-	(31,779)	(225,345)
Major Maintenance Expenses	-	-	-	-	-
Other Miscellaneous	(1,246)	(25,200)	(335)	(911)	(24,865)
<b>Total Operating Expenses</b>	<b>(1,333,417)</b>	<b>(941,189)</b>	<b>(780,985)</b>	<b>(552,431)</b>	<b>(160,204)</b>



# 2023 Capital Budget - Suburban Wastewater

Project	Primary Project Category	Estimated Project Cost	2022	Cap Plan	2023
			Budget	Costs 2023 - 2027	Budget
<b>Annual Projects</b>					
Annual Projects	AM - Varies	\$ 2,165,000	\$ 230,000	\$ 1,935,000	\$ 65,000
<b>LCA Wastewater Treatment Plant</b>					
Pretreatment Plant Improvements	AM - Varies	\$ 4,400,000	\$ 700,000	\$ 3,700,000	\$ 800,000
<b>Western Lehigh Interceptor System:</b>					
Central Lehigh County WW Capacity Planning & Expansion	New Cust	\$ 1,700,000	\$ 400,000	\$ 1,300,000	\$ 325,000
Spring Creek Force Main Air/Vacuum Valve Replacements	Sys Imp	\$ 140,000	\$ 40,000	\$ 100,000	\$ -
WLI Major Rehabilitation and Repairs	Regulatory	\$ 450,000	\$ -	\$ 450,000	\$ -
Spring Creek Force Main Condition Assessment	AM-High	\$ 350,000	\$ -	\$ 350,000	\$ 250,000
Signatory I & I Investigation & Remediation Program	Regulatory	\$ 1,800,000	\$ 300,000	\$ 1,500,000	\$ 2,007,500
Upper Western Lehigh Interceptor Pump Station & Force Main	Regulatory	\$ 5,050,000	\$ 100,000	\$ 4,950,000	\$ 155,000
PTP Study	Sys Imp	\$ -	\$ -	\$ -	\$ 200,000
<b>Subtotal</b>		<b>\$ 9,490,000</b>	<b>\$ 840,000</b>	<b>\$ 8,650,000</b>	<b>\$ 2,937,500</b>
<b>Satellite Systems</b>					
Wynnewood I & I Investigation & Remediation Program	AM - Varies	\$ 150,000	\$ 25,000	\$ 125,000	\$ 25,000
Arcadia West WWTP Mechanical Screen	Efficiency	\$ 415,000	\$ 50,000	\$ 365,000	\$ 100,000
Weisenberg Township, Lowhill Township, UMiT SSES	Regulatory	\$ 150,000	\$ -	\$ 150,000	
SSES (Weisenberg, UMiT, Lowhill)	Regulatory	\$ 100,000	\$ 25,000	\$ 75,000	
Heidelberg Heights I & I Investigation & Remediation Program	AM - Varies	\$ 900,000	\$ 300,000	\$ 600,000	\$ 375,000
Heidelberg Heights WWTP Rehabilitation	AM - High	\$ 550,000	\$ 200,000	\$ 350,000	\$ 250,000
Lynn Township WWTP Upgrades & Expansion Design	AM - High	\$ 225,000	\$ 25,000	\$ 200,000	\$ 50,000
Lynn Township I & I Investigation & Remediation Program	AM - High	\$ 225,000	\$ 25,000	\$ 200,000	\$ 10,000
General Sewer System Improvements	AM - High	\$ -	\$ -	\$ -	\$ 225,000
Sewer System Acquisitions	AM - Varies	\$ -	\$ -	\$ -	\$ 25,000
Strawberry Acres Sewer	AM - Varies	\$ -	\$ -	\$ -	\$ 25,000
Upper Milford	AM - Varies	\$ -	\$ -	\$ -	\$ 5,000
<b>Subtotal</b>		<b>\$ 2,715,000</b>	<b>\$ 650,000</b>	<b>\$ 2,065,000</b>	<b>\$ 1,090,000</b>
<b>Little Lehigh Relief Interceptor System:</b>					
Park Pump Station Rehabilitation/Improvements	AM - High	\$ 2,400,000	\$ 400,000	\$ 2,000,000	\$ 1,500,000
<b>Total Suburban Wastewater Division Capital Expenditures:</b>		<b>\$ 21,170,000</b>	<b>\$ 2,820,000</b>	<b>\$ 18,350,000</b>	<b>\$ 6,392,500</b>



# Key Factors: Suburban Wastewater

- Operating Expense increase of 7.1% from 2022 forecast
    - Proportionate share of personnel and internal service cost increases
    - Inflation impact
  - Capital budget: \$6.4M captured with no borrowing planned
  - Additional revenue required = 17.3%
  - Signatory rate impact will vary by group due to pay-go capex impacts
    - Example: Park Pump Station generator project (Little Lehigh Relief Interceptor – Ph. 1)
    - Signatory User Charge Report to be issued in early October
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# City Division

	Budget 2023	Forecast 2022	Budget 2022	Actual 2021
<b>CONDENSED CASH FLOWS</b>				
Operating Revenues	54,846,760	50,679,078	50,944,159	45,901,083
Operating Expenses (ex. D&A)	(21,782,225)	(19,580,831)	(21,066,492)	(16,930,270)
Non-Operating Revenues (Expenses)	128,661	62,209	176,419	5,374
Annual Payments	(1,400,000)	(1,286,655)	(1,286,650)	(1,243,524)
Net Available for Debt Service	31,793,196	29,873,801	28,767,435	27,732,663
Debt Service	(15,130,921)	(14,208,884)	(15,460,362)	(14,115,086)
Non-Cash Working Capital Changes	-	56,055	2,197,479	2,982,256
Net Available for Capex	16,662,275	15,720,972	15,504,552	16,599,833
Investing	-	-	-	-
Borrowing	1,200,000	-	1,200,000	-
Capex, net of MM	(13,509,000)	(6,907,215)	(11,265,000)	(7,504,907)
<b>NET CASH FLOWS</b>	<b>4,353,275</b>	<b>8,813,757</b>	<b>5,439,552</b>	<b>9,094,926</b>
	Budget 2023	Forecast 2022	Budget 2022	Actual 2021
<b>KEY METRICS</b>				
Operating Ratio with D&A	1.96	1.96	1.87	2.65
Debt Service Coverage Ratio	2.19	2.19	1.86	2.05
Capital Coverage Ratio	1.23	2.28	1.19	2.21
Unrestricted Days Cash on Hand	384.9	347.0	210.3	211.3
Unrestricted Investment Balances	-	-	-	-

# City Division

	CITY DIVISION				
				Volume Variances	
	2023 Bud	2023 Bud		2023 Bud	2023 Bud
	vs.	vs.		vs.	vs.
<b>OPERATING EXPENSE VARIANCES</b>	<b>2022 FC</b>	<b>2022 Bud</b>	<b>Inflation</b>	<b>2022 FC</b>	<b>2022 Bud</b>
Personnel	(1,079,683)	(194,870)	(527,687)	(551,996)	332,817
General & Administrative	(365,245)	(325,083)	(270,618)	(94,627)	(54,465)
Utilities	(123,478)	19,570	(50,532)	(72,946)	70,102
Materials and Supplies	(389,992)	(287,947)	(295,257)	(94,735)	7,310
Miscellaneous Services	(242,479)	73,114	(166,116)	(76,363)	239,230
Treatment and Transportation	(518)	(518)	-	(518)	(518)
Depreciation and Amortization	96,518	18,570	-	96,518	18,570
Major Maintenance Expenses	-	-	-	-	-
Other Miscellaneous	206,200	206,200	350,778	(144,578)	(144,578)
<b>Total Operating Expenses</b>	<b>(1,898,676)</b>	<b>(490,963)</b>	<b>(959,431)</b>	<b>(939,245)</b>	<b>468,468</b>

# 2023 Capital Budget - City Water

Project	Primary Project Category	Estimated Project Cost	2022 Budget	Cap Plan Costs 2023 - 2027	2023 Budget
<b>Annual Projects</b>					
Annual Projects	AM - Varies	\$ 7,639,000	\$ 1,135,000	\$ 6,504,000	\$ 1,295,000
<b>Non-CCRC Projects</b>					
Indenture Improvements	AM - High	\$ 1,000,000	\$ 300,000	\$ 700,000	\$ 200,000
Tank and Reservoir Rehabilitation	AM - High	\$ 1,050,000	\$ 300,000	\$ 750,000	\$ 300,000
Large Diameter Valve Replacement Project	AM - High	\$ 2,550,000	\$ 100,000	\$ 2,450,000	\$ 250,000
Various Water System Related Studies	CA/OS	\$ 150,000	\$ -	\$ 150,000	\$ 10,000
<b>Subtotal</b>		<b>\$ 4,750,000</b>	<b>\$ 700,000</b>	<b>\$ 4,050,000</b>	<b>\$ 760,000</b>
<b>CCRC Projects</b>					
Annual Water Main Replacements	CA/OS	\$ 21,600,000	\$ 2,400,000	\$ 19,200,000	\$ 3,200,000
Water Meter Replacement Program	AM - High	\$ 2,300,000	\$ -	\$ 2,300,000	\$ 525,000
Fixed Base Meter Reading System	Efficiency	\$ 1,700,000	\$ -	\$ 1,700,000	\$ -
Filter Upgrades	Master Plan	\$ 5,700,000	\$ 200,000	\$ 5,500,000	\$ 500,000
Intake Upgrades	Master Plan	\$ 1,400,000	\$ -	\$ 1,400,000	\$ -
<b>Subtotal</b>		<b>\$ 32,700,000</b>	<b>\$ 2,600,000</b>	<b>\$ 30,100,000</b>	<b>\$ 4,225,000</b>
<b>Total Allentown Division Water Capital Expenditures:</b>		<b>\$ 45,089,000</b>	<b>\$ 4,435,000</b>	<b>\$ 40,654,000</b>	<b>\$ 6,280,000</b>

# 2023 Capital Budget - City Wastewater

Project	Primary Project Category	Estimated Project Cost	2022 Budget	Cap Plan Costs 2023 - 2027	2023 Budget
<b>Annual Projects</b>					
Annual Projects	AM - High	\$ 9,963,000	\$ 1,460,000	\$ 8,503,000	\$ 1,729,000
<b>Non-CCRC Projects</b>					
Indenture Report Improvements	AM - Varies	\$ 1,400,000	\$ 300,000	\$ 1,100,000	\$ 300,000
Various Wastewater System Related Studies (Master Plan)	CA/OS	\$ 150,000	\$ -	\$ 150,000	\$ -
Flow Characterization Study I&I Projects	Regulatory	\$ 3,000,000	\$ -	\$ 3,000,000	\$ -
<b>Subtotal</b>		<b>\$ 4,550,000</b>	<b>\$ 300,000</b>	<b>\$ 4,250,000</b>	<b>\$ 300,000</b>
<b>CCRC Projects</b>					
WWTP Electrical Substation Replacement Phase 2	AM - High	\$ 3,750,000	\$ -	\$ 3,750,000	\$ 200,000
WWTP Main & Auxiliary Pump Station Improvements	AM - Varies	\$ 6,650,000	\$ 150,000	\$ 6,500,000	\$ 100,000
Boiler Replacement & Solids Process HVAC Upgrade Project	AM - Varies	\$ 2,800,000	\$ 800,000	\$ 2,000,000	\$ 1,750,000
WWTP IPS Pump Station Upgrade & 480v MCC Replacement	AM - Varies	\$ 6,000,000	\$ 100,000	\$ 5,900,000	\$ 100,000
WWTP Final Clarifier 1-4 Rehabilitation	AM - Varies	\$ 950,000	\$ -	\$ 950,000	\$ -
<b>Subtotal</b>		<b>\$ 20,150,000</b>	<b>\$ 1,050,000</b>	<b>\$ 19,100,000</b>	<b>\$ 2,150,000</b>
<b>Regional Act 537 Projects</b>					
Regional Flow Management Strategy	Regulatory	\$ 2,250,000	\$ 1,500,000	\$ 750,000	\$ 800,000
Flow Characterization Study	Regulatory	\$ 1,720,000	\$ 920,000	\$ 800,000	\$ 700,000
Miscellaneous Act 537 Planning	Regulatory	\$ 850,000	\$ 250,000	\$ 600,000	\$ 1,550,000
<b>Subtotal</b>		<b>\$ 4,820,000</b>	<b>\$ 2,670,000</b>	<b>\$ 2,150,000</b>	<b>\$ 3,050,000</b>
<b>Total Allentown Division Wastewater Capital Expenditures</b>		<b>\$ 39,483,000</b>	<b>\$ 5,480,000</b>	<b>\$ 34,003,000</b>	<b>\$ 7,229,000</b>



## Key Factors: City Division

- Operating Expense increase of 8.1% from 2022 forecast
    - Proportionate share of personnel and internal service cost increases
    - Inflation impact
  - Capital budget: \$13.5M captured with no new borrowing planned
    - Pennvest loan for Water Filtration Plant pump project expected to close in January 2023
  - City Lease rates increase by formula
    - $\text{CPI (7.6\%)} + 2.5\% = 10.1\%$
    - Slightly lower overall rate impact of 9.8% expected due to slower growth of capital cost recovery charges and Administrative Order fees
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# Looking Ahead

## Work Remaining

- Finalize preliminary budget requests
- Suburban Water rate study
- Suburban Wastewater signatory user charge report

## Upcoming Board Meetings

- Refined review & rate overview – 10/10/2022
- 2023 Budget approval – 10/24/2022
- 2023 rate adoption – 11/14/2022



Discussion /  
Questions?

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Thank you!

