

2023 Budget: Review of Budget Changes

LCA Board of Directors
October 10, 2022



Today's Review & Next Steps

Review of Changes to Fund Financials

- Suburban Water
- Suburban Wastewater
- City Division

Coming Up...

- Suburban Water Rate Study – 10/24/2022
- 2023 Budget approval – 10/24/2022 (*due Nov. 1*)
- 2023 rate adoption – 11/14/2022 (*effective Jan. 1*)

Preliminary 2023 Budget Summary

| Budget Overview | Sub. Water | Sub. Wastewater | City Division | Total |
|--|-------------------|------------------------|----------------------|--------------------|
| Operating, Non-Operating & Other Revenue | 17,064,782 | 22,785,541 | 54,975,421 | 94,825,744 |
| Operating Expenses (net of depreciation) | 10,700,662 | 13,979,007 | 23,182,225 | 47,861,894 |
| Net Revenues Available for Debt Service | 6,364,120 | 8,806,534 | 31,793,196 | 46,963,850 |
| Debt Service | 3,474,867 | 729,123 | 15,130,921 | 19,334,911 |
| Debt Service Coverage Ratio (indenture based) | 1.83 | 12.08 | 2.10 | 2.43 |
| | | | | |
| | | | | |
| | | | | |
| Capital Budget Overview | Sub. Water | Sub. Wastewater | City Division | Total |
| Capital Expenses | 6,751,000 | 7,033,500 | 15,191,000 | 28,975,500 |
| Funding from 2023 Revenue & Operating Reserves | 2,800,677 | 7,033,500 | 13,991,000 | 23,825,177 |
| Funding from Existing Project Reserves | - | - | - | - |
| Funding from New Borrowing | 3,950,323 | - | 1,200,000 | 5,150,323 |
| Year-End Project Reserve Balance | 319,718 | 5,955,385 | 3,022,601 | 9,297,704 |
| | | | | |
| | | | | |
| | | | | |
| Total Cash Flow | Sub. Water | Sub. Wastewater | City Division | Total |
| Beginning Operations Cash Balance (2022 forecast) | 7,029,282 | 4,201,848 | 15,593,342 | 26,824,472 |
| 2023 Surplus | 2,847,330 | 8,052,212 | 16,662,275 | 27,561,817 |
| Provided From (To) Capital | (2,800,677) | (7,033,500) | (13,991,000) | (23,825,177) |
| Ending Operations Cash Balance | 7,075,935 | 5,220,560 | 18,264,617 | 30,561,112 |
| Operating Days Cash on Hand | 241 | 136 | 208 | 221 |
| Project Reserve Balance | 319,718 | 5,955,385 | 3,022,601 | 9,297,704 |
| Other Reserves & Investments (includes restricted) | 4,919,064 | 7,315,908 | 60,788,279 | 73,023,251 |
| Ending Total Fund Balance - 2023 Budget | 12,314,717 | 18,491,853 | 82,075,497 | 112,882,067 |
| | | | | |
| Ending Total Fund Balance - 2022 Forecast | 12,268,064 | 17,473,141 | 79,404,222 | 109,145,427 |

Preliminary Summary of 2023 Budget Results

| | Budget | Forecast | Budget | Actual |
|------------------------------------|-------------------|-------------------|-------------------|-------------------|
| | 2023 | 2022 | 2022 | 2021 |
| NET INCOME | | | | |
| 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> |
| CASH FLOWS | | | | |
| Suburban Water | 46,653 | 2,680,810 | 402,292 | (2,927,414) |
| Suburban Wastewater | 1,018,712 | 3,758,865 | 4,353,353 | (1,133,048) |
| City Division | <u>2,671,275</u> | <u>8,813,757</u> | <u>5,439,552</u> | <u>9,094,926</u> |
| Total LCA | <u>3,736,640</u> | <u>15,253,432</u> | <u>10,195,197</u> | <u>5,034,464</u> |
| DEBT SERVICE COVERAGE RATIO | | | | |
| Suburban Water | 1.83 | 1.88 | 2.01 | 3.93 |
| Suburban Wastewater | 12.08 | 10.20 | 10.82 | 6.12 |
| City Division | 2.10 | 2.10 | 1.86 | 1.96 |
| CAPITAL SPENDING | | | | |
| Suburban Water | 6,751,000 | 3,223,493 | 5,487,500 | 4,694,717 |
| Suburban Wastewater | 7,033,500 | 2,809,704 | 2,870,000 | 4,001,536 |
| City Division | <u>15,191,000</u> | <u>6,907,215</u> | <u>11,265,000</u> | <u>7,504,907</u> |
| Total LCA | <u>28,975,500</u> | <u>12,940,413</u> | <u>19,622,500</u> | <u>16,201,160</u> |

Reserve Analysis

| | Sub W | Sub WW | City | Total |
|--|------------------|-------------------|------------------|-------------------|
| Operating Expenses for DCOH | 10,700,662 | 13,979,007 | 25,272,692 | 49,952,361 |
| Cash | 241 | 136 | 264 | 223 |
| Cash + Invest | 309 | 136 | 264 | 238 |
| RESERVES EVALUATION | | | | |
| Cash + Investment Balances | 10,370,776 | 18,153,493 | 21,287,218 | 49,811,487 |
| Operating Reserve Requirement | | | | |
| Reserve % | 50.00% | 50.00% | 50.00% | 50.00% |
| Reserve Amount Required | 5,350,331 | 6,989,504 | 12,636,346 | 24,976,181 |
| EXCESS (SHORTAGE) AGAINST OPERATING RESERVES | 5,020,445 | 11,163,989 | 8,650,872 | 24,835,306 |
| Capital Reserve Requirement | | | | |
| Depreciation Expense | 2,605,699 | 4,616,783 | 5,893,862 | 13,116,344 |
| Replacement Rate | 1.50 | 1.50 | 1.50 | 1.50 |
| Reinvestment | 3,908,549 | 6,925,175 | 8,840,793 | 19,674,517 |
| Reserve % | 50.00% | 50.00% | 50.00% | 50.00% |
| Reserve Amount Required | 1,954,275 | 3,462,588 | 4,420,397 | 9,837,260 |
| EXCESS (SHORTAGE) AGAINST CAPITAL RESERVES | 3,066,170 | 7,701,401 | 4,230,475 | 14,998,046 |
| Summary: | | | | |
| Cash + Investment Balances | 10,370,776 | 18,153,493 | 21,287,218 | 49,811,487 |
| Total Reserves Required | 7,304,606 | 10,452,092 | 17,056,743 | 34,813,441 |
| EXCESS (SHORTAGE) AGAINST TOTAL REQUIRED RESERVES | 3,066,170 | 7,701,401 | 4,230,475 | 14,998,046 |

Changes from Draft 2023 Budget (9/19/2022):

Suburban Water

| | SUBURBAN WATER | | |
|--|-------------------|-------------------|----------------|
| Budget Overview | Current | Previous | Change |
| Operating, Non-Operating & Other Revenue | 17,064,782 | 17,064,782 | - |
| Operating Expenses (net of depreciation) | 10,700,662 | 10,742,262 | (41,600) |
| Net Revenues Available for Debt Service | 6,364,120 | 6,322,520 | 41,600 |
| Debt Service | 3,474,867 | 3,474,867 | - |
| Debt Service Coverage Ratio (indenture based) | 1.83 | 1.82 | 0.01 |
| | | | |
| | | | |
| Capital Budget Overview | | | |
| Capital Spending | 6,751,000 | 6,930,000 | (179,000) |
| Funding from 2023 Revenue & Operating Reserves | 2,800,677 | 2,980,000 | (179,323) |
| Funding from Existing Project Reserves | - | - | - |
| Funding from New Borrowing | 3,950,323 | 3,950,000 | 323 |
| Year-End Project Reserve Balance | 319,718 | 319,718 | - |
| | | | |
| | | | |
| | | | |
| Total Cash Flow | Current | Previous | |
| Beginning Operations Cash Balance (2019 forecast) | 7,029,282 | 7,029,282 | - |
| 2023 Surplus (deficit) | 2,847,330 | 3,347,653 | (500,323) |
| Provided From (To) Capital | (2,800,677) | (2,980,000) | 179,323 |
| Ending Operations Cash Balance | 7,075,935 | 7,396,935 | (321,000) |
| Operating Days Cash on Hand | 241 | 251 | (10) |
| Project Reserve Balance | 319,718 | 319,718 | - |
| Other Reserves & Investments (includes restricted) | 4,919,064 | 3,919,064 | 1,000,000 |
| Ending Total Fund Balance - 2023 Budget | 12,314,717 | 11,635,717 | 679,000 |
| | | | |
| Ending Total Fund Balance - 2022 Forecast | 12,268,064 | 11,768,065 | |
| 2023 Cash Flows | 46,653 | (132,348) | 179,001 |

Suburban Water

| | | Budget | Forecast | Budget | Actual |
|-----------------------------------|--|---------------|------------------|----------------|--------------------|
| | | 2023 | 2022 | 2022 | 2021 |
| CONDENSED CASH FLOWS | | | | | |
| Operating Revenues | | 17,000,000 | 16,160,223 | 16,287,758 | 14,124,320 |
| Operating Expenses (ex. D&A) | | (10,700,662) | (9,834,776) | (10,064,907) | (8,007,660) |
| Non-Operating Revenues (Expenses) | | 64,782 | 14,078 | 50,125 | (141,037) |
| Annual Payments | | - | - | - | - |
| Net Available for Debt Service | | 6,364,120 | 6,339,526 | 6,272,976 | 5,975,623 |
| Debt Service | | (3,474,867) | (3,395,721) | (3,125,490) | (1,567,319) |
| Non-Cash Working Capital Changes | | (41,923) | (40,091) | (332,694) | (2,659,084) |
| Net Available for Capex | | 2,847,330 | 2,903,714 | 2,814,792 | 1,749,220 |
| Investing | | - | - | - | - |
| Borrowing | | 3,950,323 | 3,000,590 | 3,075,000 | - |
| Capex | | (6,751,000) | (3,223,493) | (5,487,500) | (4,676,634) |
| NET CASH FLOWS | | 46,653 | 2,680,810 | 402,292 | (2,927,414) |
| | | | | | |
| | | Budget | Forecast | Budget | Actual |
| | | 2023 | 2022 | 2022 | 2021 |
| KEY METRICS | | | | | |
| Operating Ratio with D&A | | 1.23 | 1.25 | 1.25 | 1.23 |
| Debt Service Coverage Ratio | | 1.83 | 1.88 | 2.01 | 3.93 |
| Capital Coverage Ratio | | 0.42 | 0.90 | 0.51 | 0.37 |
| Unrestricted Days Cash on Hand | | 252.3 | 272.7 | 229.2 | 212.8 |
| Unrestricted Investment Balances | | 2,975,123 | 2,975,123 | 2,497,825 | 2,975,123 |

2023 Rates

Suburban Water

Water Rate Study:

- Under development now
- Preliminary results to be reviewed with LCA Board 10/24/2022
- Public comment period: 11/1/2022 to 1/1/2023

Changes from Draft 2023 Budget (9/19/2022):

Suburban Wastewater

| | SUBURBAN WASTEWATER | | |
|--|---------------------|-------------------|------------------|
| Budget Overview | Current | Previous | Change |
| Operating, Non-Operating & Other Revenue | 22,785,541 | 22,785,541 | - |
| Operating Expenses (net of depreciation) | 13,979,007 | 14,004,207 | (25,200) |
| Net Revenues Available for Debt Service | 8,806,534 | 8,781,334 | 25,200 |
| Debt Service | 729,123 | 729,123 | - |
| Debt Service Coverage Ratio (indenture based) | 12.08 | 12.04 | - |
| | | | |
| | | | |
| Capital Budget Overview | | | |
| Capital Spending | 7,033,500 | 6,392,500 | 641,000 |
| Funding from 2023 Revenue & Operating Reserves | 7,033,500 | 6,392,500 | 641,000 |
| Funding from Existing Project Reserves | - | - | - |
| Funding from New Borrowing | - | - | - |
| Year-End Project Reserve Balance | 5,955,385 | 5,955,385 | - |
| | | | |
| | | | |
| Total Cash Flow | | | |
| Beginning Operations Cash Balance (2019 forecast) | 4,201,848 | 4,201,848 | - |
| 2023 Surplus (deficit) | 8,052,212 | 8,052,212 | - |
| Provided From (To) Capital | (7,033,500) | (6,392,500) | (641,000) |
| Ending Operations Cash Balance | 5,220,560 | 5,861,560 | (641,000) |
| Operating Days Cash on Hand | 136 | 153 | (16) |
| Project Reserve Balance | 5,955,385 | 5,955,385 | - |
| Other Reserves & Investments (includes restricted) | 7,315,908 | 7,315,908 | - |
| Ending Total Fund Balance - 2023 Budget | 18,491,853 | 19,132,853 | (641,000) |
| | | | |
| Ending Total Fund Balance - 2022 Forecast | 17,473,141 | 17,473,141 | |
| 2023 Cash Flows | 1,018,712 | 1,659,712 | (641,000) |

Suburban Wastewater

| | Budget 2023 | Forecast 2022 | Budget 2022 | Actual 2021 |
|-----------------------------------|------------------|------------------|------------------|--------------------|
| CONDENSED CASH FLOWS | | | | |
| Operating Revenues | 22,700,413 | 20,074,329 | 21,159,552 | 16,625,786 |
| Operating Expenses (ex. D&A) | (13,979,007) | (12,678,615) | (13,288,362) | (12,363,419) |
| Non-Operating Revenues (Expenses) | 85,128 | (48,410) | 87,965 | 25,021 |
| Annual Payments | - | - | - | - |
| Net Available for Debt Service | 8,806,535 | 7,347,304 | 7,959,155 | 4,287,388 |
| Debt Service | (729,123) | (731,653) | (735,802) | (709,407) |
| Non-Cash Working Capital Changes | (25,200) | (382,082) | - | 402,257 |
| Net Available for Capex | 8,052,212 | 6,233,569 | 7,223,353 | 3,980,238 |
| Investing | - | 335,000 | - | (863,000) |
| Borrowing | - | - | - | - |
| Capex | (7,033,500) | (2,809,704) | (2,870,000) | (4,250,286) |
| NET CASH FLOWS | 1,018,712 | 3,758,865 | 4,353,353 | (1,133,048) |
| | | | | |
| | Budget 2023 | Forecast 2022 | Budget 2022 | Actual 2021 |
| KEY METRICS | | | | |
| Operating Ratio with D&A | 1.12 | 1.06 | 1.10 | 0.87 |
| Debt Service Coverage Ratio | 12.08 | 10.20 | 10.82 | 6.12 |
| Capital Coverage Ratio | 1.14 | 2.22 | 2.52 | 0.94 |
| Unrestricted Days Cash on Hand | 291.8 | 292.4 | 434.5 | 188.9 |
| Unrestricted Investment Balances | 6,977,548 | 6,977,548 | 6,387,746 | 6,977,548 |

2023 Rates

Suburban Wastewater

Budget includes no change in rates to direct customers

Western Lehigh municipal signatory rates:

- User Charge Report shared with municipalities 9/26/2022
- To be reviewed / preliminarily approved by LCA Board today
- Results incorporated into 2023 budget proposal

Changes from Draft 2023 Budget (9/19/2022):

City Division

| | CITY DIVISION | | |
|--|-------------------|-------------------|--------------------|
| | Current | Previous | Change |
| Budget Overview | | | |
| Operating, Non-Operating & Other Revenue | 54,975,421 | 54,975,421 | - |
| Operating Expenses (net of depreciation) | 23,182,225 | 23,182,225 | - |
| Net Revenues Available for Debt Service | 31,793,196 | 31,793,196 | - |
| Debt Service | 15,130,921 | 15,130,921 | - |
| Debt Service Coverage Ratio (indenture based) | 2.10 | 2.10 | - |
| | | | |
| | | | |
| Capital Budget Overview | | | |
| Capital Spending | 15,191,000 | 13,509,000 | 1,682,000 |
| Funding from 2023 Revenue & Operating Reserves | 13,991,000 | 12,309,000 | 1,682,000 |
| Funding from Existing Project Reserves | - | - | - |
| Funding from New Borrowing | 1,200,000 | 1,200,000 | - |
| Year-End Project Reserve Balance | 3,022,601 | 3,022,601 | - |
| | | | |
| | | | |
| Total Cash Flow | | | |
| Beginning Operations Cash Balance (2019 forecast) | 15,593,342 | 15,593,342 | - |
| 2023 Surplus (deficit) | 16,662,275 | 16,662,275 | - |
| Provided From (To) Capital | (13,991,000) | (12,309,000) | (1,682,000) |
| Ending Operations Cash Balance | 18,264,617 | 19,946,617 | (1,682,000) |
| Operating Days Cash on Hand | 264 | 288 | (24) |
| Project Reserve Balance | 3,022,601 | 3,022,601 | - |
| Other Reserves & Investments (includes restricted) | 60,788,279 | 60,788,279 | - |
| Ending Total Fund Balance - 2023 Budget | 82,075,497 | 83,757,497 | (1,682,000) |
| | | | |
| Ending Total Fund Balance - 2022 Forecast | 79,404,222 | 79,404,222 | |
| 2023 Cash Flows | 2,671,275 | 4,353,275 | (1,682,000) |

City Division

| | Budget 2023 | Forecast 2022 | Budget 2022 | Actual 2021 |
|-----------------------------------|------------------|------------------|------------------|------------------|
| CONDENSED CASH FLOWS | | | | |
| 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 | (15,191,000) | (6,907,215) | (11,265,000) | (7,504,907) |
| NET CASH FLOWS | 2,671,275 | 8,813,757 | 5,439,552 | 9,094,926 |
| | | | | |
| | Budget 2023 | Forecast 2022 | Budget 2022 | Actual 2021 |
| KEY METRICS | | | | |
| Operating Ratio with D&A | 1.72 | 1.69 | 1.62 | 2.18 |
| Debt Service Coverage Ratio | 2.10 | 2.10 | 1.86 | 1.96 |
| Capital Coverage Ratio | 1.10 | 2.28 | 1.38 | 2.21 |
| Unrestricted Days Cash on Hand | 356.7 | 347.0 | 210.3 | 211.3 |
| Unrestricted Investment Balances | - | - | - | - |

2023 Rates

City Division

City water & sewer rates developed by formula included in Lease Agreement

- Draft rates on next slide

Municipal signatory water & sewer rates:

- Calculated by agreement / formula
- Preliminary 2023 rates shared with municipalities 9/29/2022

Part 1 - 2023 Lease Rates (Schedule 3)

Fixed Charges – Increased by terms of Lease Agreement

CPI-U plus 2.5% = 10.1%

| | WATER FIXED CHARGES | | | SEWER FIXED CHARGES | |
|-------------------|-----------------------|-------------------------|--|-----------------------|-------------------------|
| <u>Meter Size</u> | <u>Monthly Charge</u> | <u>Quarterly Charge</u> | | <u>Monthly Charge</u> | <u>Quarterly Charge</u> |
| 5/8" | n/a | \$66.95 | | n/a | \$23.27 |
| 3/4" | n/a | \$75.35 | | n/a | \$26.16 |
| 1" | n/a | \$92.46 | | n/a | \$31.96 |
| 1 1/2" | \$48.32 | n/a | | \$16.64 | n/a |
| 2" | \$65.25 | n/a | | \$22.43 | n/a |
| 3" | \$110.32 | n/a | | \$38.00 | n/a |
| 4" | \$161.29 | n/a | | \$55.38 | n/a |
| 6" | \$302.42 | n/a | | \$103.79 | n/a |
| 8" | \$471.96 | n/a | | \$190.41 | n/a |

Part 1 - 2023 Lease Rates (Schedule 3)

Volume & Flow Charges – Increased by terms of Lease Agreement
CPI-U plus 2.5% = 10.1%

| | |
|-----------------------------|----------------------------|
| <u>Water Volume Charge:</u> | \$4.56266 per 1000 gallons |
| <u>Sewer Flow Charge:</u> | \$3.28408 per 1000 gallons |

* Volume & flow charges also include cost recovery for any Change of Law and cost passed through from the Delaware River Basin Commission (DRBC) as allowed under the Lease Agreement with Allentown.

Part 2 – Other Rates

Capital Cost Recovery & City Administrative Order Charges

| <u>Project</u> | <u>Category</u> | <u>Completon Year</u> | <u>Final Project Cost</u> | <u>Cost Recovery (years)</u> |
|---|-----------------|-----------------------|---------------------------|------------------------------|
| Water Mains - Cycle 1 | Water | 2014 | \$ 2,454,269 | 30 |
| Water Mains - Cycle 2 | Water | 2015 | \$ 2,426,208 | 30 |
| WWTP Belt Filter Press Replacement | Sewer | 2015 | \$ 1,728,032 | 20 |
| Water Mains - Cycle 3 | Water | 2016 | \$ 6,560,020 | 30 |
| Roof Project - Water Portion | Water | 2016 | \$ 499,108 | 30 |
| WWTP Motor Control Centers | Sewer | 2016 | \$ 2,381,524 | 30 |
| Roof Project - Wastewater Portion | Sewer | 2016 | \$ 1,196,220 | 30 |
| Digester Cover Replacements | Sewer | 2017 | \$ 3,201,409 | 30 |
| Schantz Spring Transmissions Line Replacement | Water | 2018 | \$ 2,568,683 | 30 |
| Water Mains - Cycle 4 | Water | 2018 | \$ 2,313,568 | 30 |
| WWTP Substation Replacement - Phase 1 | Sewer | 2019 | \$ 2,983,307 | 30 |
| Water Mains - Cycle 5 | Water | 2021 | \$ 2,201,037 | 30 |
| WWTP Boiler Replacement Project* | Sewer | 2023* | \$ 3,397,000 | 25 |
| | | | \$ 33,910,385 | |

* Capital Cost Recovery Charge for the WWTP Boiler Replacement Project will be adjusted upon project completion.

Part 2 – Other Rates

Capital Cost Recovery & City Administrative Order Charges

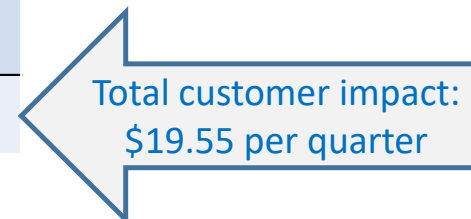
| CUMULATIVE TOTAL | Per 1000 Gallons |
|----------------------------|------------------|
| Water Capital Costs | \$0.39028 |
| Sewer Capital Costs | \$0.19343 |
| City Administrative Order* | \$0.16700 |

* The 2022 Administrative Order Fee calculation includes debt service for the City's \$2.5 million bond that was issued in 2016 (refinanced in 2020) and \$4.2 million in new bonds issued in 2020.

What does it mean?

Billing Example – Residential Bill for 15,000 Gallons

| | 2022 Quarterly Bill | 2023 Quarterly Bill |
|------------------------------------|---------------------------|---------------------------|
| Fixed Charge – Water | \$60.81 | \$66.95 |
| Water Volume Charge | \$62.35 | \$68.44 |
| Water Capital Cost Recovery Charge | \$5.89 | \$5.85 |
| Fixed Charge – Sewer | \$21.13 | \$23.27 |
| Sewer Flow Charge | \$44.75 | \$49.26 |
| Sewer Capital Cost Recovery Charge | \$2.26 | \$2.90 |
| Administrative Order Fee | \$2.44 | \$2.51 |
| Total Bill | \$199.63 | \$219.18 |



Total customer impact:
\$19.55 per quarter

2023 Capital Budget – Summary



| <u>Description</u> | <u>Sub W</u> | <u>Sub WW</u> | <u>City</u> | <u>Total</u> |
|--------------------------|-------------------------|-------------------------|--------------------------|--------------------------|
| Fund Specific Projects | 6,060,000 | 6,342,500 | 14,559,000 | 26,961,500 |
| Allocated Administration | <u>691,000</u> | <u>691,000</u> | <u>632,000</u> | <u>2,014,000</u> |
| Total Fund Capex | <u>6,751,000</u> | <u>7,033,500</u> | <u>15,191,000</u> | <u>28,975,500</u> |

2023 Capital Budget - Administration

| | Primary | Plan | | Cap Plan | | |
|---|-------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | Project | Total | 2022 | Costs | Cap Plan | 2023 |
| Project | Category | Cost | Budget | 2023 - 2027 | 2023 | Budget |
| <u>LCA Funded Projects</u> | | | | | | |
| MUNIS Reimplementation | Efficiency | \$ - | \$ - | \$ 246,000 | \$ - | \$ 984,000 |
| SCADA Programming, Hardware Upgrades, Software & Training | AM - Varies | \$ 4,200,000 | \$ 750,000 | \$ 3,450,000 | \$ 1,000,000 | \$ 750,000 |
| Computer System Hardware & Software Upgrades | AM - High | \$ 275,000 | \$ 50,000 | \$ 225,000 | \$ 50,000 | \$ 50,000 |
| GIS Upgrades & Application Development | Efficiency | \$ 350,000 | \$ 75,000 | \$ 275,000 | \$ 50,000 | \$ 75,000 |
| Information Technology Master Plan Update | Planning | \$ 200,000 | \$ 100,000 | \$ 100,000 | \$ 50,000 | \$ 50,000 |
| Document Management | Efficiency | \$ 85,000 | \$ 75,000 | \$ 10,000 | \$ 10,000 | \$ 5,000 |
| Disaster Recovery/Security Upgrades | Efficiency | \$ 150,000 | \$ 25,000 | \$ 125,000 | \$ 25,000 | \$ 25,000 |
| CMMS Upgrades | Efficiency | \$ 200,000 | \$ 25,000 | \$ 175,000 | \$ 75,000 | \$ 75,000 |
| Total Administration Capital Funded by LCA | | \$ 5,460,000 | \$ 1,100,000 | \$ 4,606,000 | \$ 1,260,000 | \$ 2,014,000 |

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.

2023 Capital Budget - Suburban Water

| | Primary | Plan | | Cap Plan | | |
|---|-------------|----------------------|---------------------|----------------------|---------------------|---------------------|
| | Project | Total | 2022 | Costs | Cap Plan | 2023 |
| Project | Category | Cost | Budget | 2023 - 2027 | 2023 | Budget |
| <u>Annual Projects</u> | | | | | | |
| Annual Projects | AM - Varies | \$ 5,292,000 | \$ 665,000 | \$ 4,627,000 | \$ 1,402,000 | \$ 2,425,000 |
| <u>Multi-Year Projects</u> | | | | | | |
| Water Main Replacement Projects | AM - Varies | \$ 15,100,000 | \$ 2,400,000 | \$ 12,700,000 | \$ 2,500,000 | \$ 2,900,000 |
| Fixed Base Meter Reading System | Sys Imp | \$ 1,010,000 | \$ 100,000 | \$ 910,000 | \$ 100,000 | \$ 100,000 |
| Water Systems Master Planning | Sys Imp | \$ 275,000 | \$ 100,000 | \$ 175,000 | \$ 100,000 | \$ - |
| Upper System Pump Station & Water Main Extension | Sys Imp | \$ 250,000 | \$ 200,000 | \$ 50,000 | \$ 50,000 | \$ 75,000 |
| Water Meter Replacement Program | AM-Med | \$ 2,660,000 | \$ 450,000 | \$ 2,210,000 | \$ 50,000 | \$ 350,000 |
| Upper System Tank Installation Project | Sys Imp | \$ 5,600,000 | \$ - | \$ 5,600,000 | \$ 200,000 | \$ - |
| 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 |
| Total Suburban Division Water Capital Expenditures | | \$ 30,187,000 | \$ 3,915,000 | \$ 26,272,000 | \$ 4,402,000 | \$ 6,060,000 |

2023 Capital Budget - Suburban WW

| Project | Primary Project Category | Plan Total Cost | 2022 Budget | Cap Plan Costs 2023 - 2027 | Cap Plan 2023 | 2023 Budget |
|---|--------------------------|----------------------|---------------------|----------------------------|---------------------|---------------------|
| Annual Projects | | | | | | |
| Annual Projects | AM - Varies | \$ 2,165,000 | \$ 230,000 | \$ 1,935,000 | \$ 277,000 | \$ 325,000 |
| LCA Wastewater Treatment Plant | | | | | | |
| Pretreatment Plant Improvements | AM - Varies | \$ 4,400,000 | \$ 700,000 | \$ 3,700,000 | \$ 700,000 | \$ 800,000 |
| Western Lehigh Interceptor System: | | | | | | |
| Central Lehigh County WW Capacity Planning & Expansion | New Cust | \$ 1,700,000 | \$ 400,000 | \$ 1,300,000 | \$ 500,000 | \$ 325,000 |
| WLI Major Rehabilitation and Repairs | Regulatory | \$ 450,000 | \$ - | \$ 450,000 | \$ 100,000 | \$ - |
| Spring Creek Pump Station General Improvements | Sys Imp | \$ 490,000 | \$ 40,000 | \$ 450,000 | \$ 50,000 | \$ 250,000 |
| Signatory I & I Investigation & Remediation Program | Regulatory | \$ 1,800,000 | \$ 300,000 | \$ 1,500,000 | \$ 300,000 | \$ 1,700,000 |
| Upper Western Lehigh Interceptor Pump Station & Force Main | Regulatory | \$ 5,050,000 | \$ 100,000 | \$ 4,950,000 | \$ 700,000 | \$ 250,000 |
| PTP Study | Sys Imp | \$ - | \$ - | \$ - | \$ - | \$ 200,000 |
| Subtotal | | \$ 9,490,000 | \$ 840,000 | \$ 8,650,000 | \$ 1,650,000 | \$ 2,725,000 |
| Satellite Systems | | | | | | |
| Wynnewood I & I Investigation & Remediation Program | AM - Varies | \$ 150,000 | \$ 25,000 | \$ 125,000 | \$ 35,000 | \$ 25,000 |
| Arcadia West WWTP Mechanical Screen | Efficiency | \$ 415,000 | \$ 50,000 | \$ 365,000 | \$ 100,000 | \$ 100,000 |
| Weisenberg Township, Lowhill Township, UMiT SSES | Regulatory | \$ 150,000 | \$ - | \$ 150,000 | \$ 75,000 | \$ - |
| SSES (Weisenberg, UMiT, Lowhill) | Regulatory | \$ 100,000 | \$ 25,000 | \$ 75,000 | \$ 25,000 | \$ 200,000 |
| Heidelberg Heights I & I Investigation & Remediation Program | AM - Varies | \$ 900,000 | \$ 300,000 | \$ 600,000 | \$ 300,000 | \$ 350,000 |
| Heidelberg Heights WWTP Rehabilitation | AM - High | \$ 550,000 | \$ 200,000 | \$ 350,000 | \$ 250,000 | \$ 250,000 |
| Lynn Township WWTP Upgrades & Expansion Design | AM - High | \$ 225,000 | \$ 25,000 | \$ 200,000 | \$ 100,000 | \$ 50,000 |
| Lynn Township I & I Investigation & Remediation Program | AM - High | \$ 225,000 | \$ 25,000 | \$ 200,000 | \$ 75,000 | \$ 10,000 |
| Plan Review & Inspections | AM - Varies | \$ - | \$ - | \$ - | \$ - | \$ 7,500 |
| Subtotal | | \$ 2,715,000 | \$ 650,000 | \$ 2,065,000 | \$ 960,000 | \$ 992,500 |
| Little Lehigh Relief Interceptor System: | | | | | | |
| Park Pump Station Rehabilitation/Improvements | AM - High | \$ 2,400,000 | \$ 400,000 | \$ 2,000,000 | \$ 1,500,000 | \$ 1,500,000 |
| Total Suburban Wastewater Division Capital Expenditures: | | | | | | |
| | | \$ 21,170,000 | \$ 2,820,000 | \$ 18,350,000 | \$ 5,087,000 | \$ 6,342,500 |

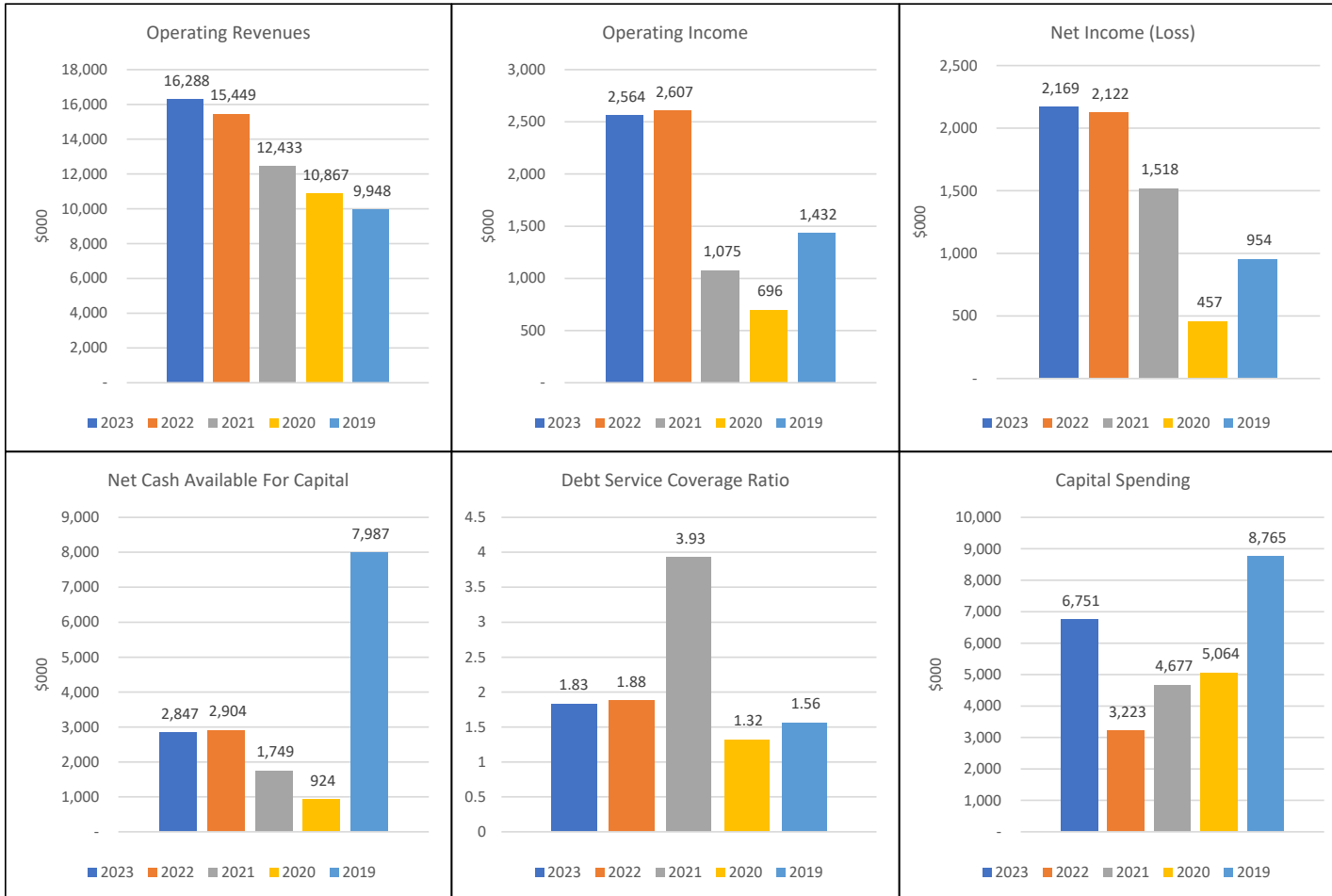
2023 Capital Budget – City Water

| Project | Primary | Plan | | Cap Plan | | |
|---|-------------|----------------------|---------------------|----------------------|---------------------|---------------------|
| | Project | Total | 2022 | Costs | Cap Plan | 2023 |
| | Category | Cost | Budget | 2023 - 2027 | 2023 | Budget |
| Annual Projects | | | | | | |
| Annual Projects | AM - Varies | \$ 7,639,000 | \$ 1,135,000 | \$ 6,504,000 | \$ 1,149,000 | \$ 1,295,000 |
| Non-CCRC Projects | | | | | | |
| Indenture Improvements | AM - High | \$ 1,000,000 | \$ 300,000 | \$ 700,000 | \$ 200,000 | \$ 200,000 |
| Tank and Reservoir Rehabilitation | AM - High | \$ 1,050,000 | \$ 300,000 | \$ 750,000 | \$ 250,000 | \$ 300,000 |
| Large Diameter Valve Replacement Project | AM - High | \$ 2,550,000 | \$ 100,000 | \$ 2,450,000 | \$ 750,000 | \$ 250,000 |
| Various Water System Related Studies | CA/OS | \$ 150,000 | \$ - | \$ 150,000 | \$ - | \$ 10,000 |
| Subtotal | | \$ 4,750,000 | \$ 700,000 | \$ 4,050,000 | \$ 1,200,000 | \$ 760,000 |
| Large Projects & CCRC Projects | | | | | | |
| Annual Water Main Replacements | CA/OS | \$ 21,600,000 | \$ 2,400,000 | \$ 19,200,000 | \$ 2,400,000 | \$ 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 | \$ 2,350,000 | \$ 500,000 |
| Intake Upgrades | Master Plan | \$ 1,400,000 | \$ - | \$ 1,400,000 | \$ - | \$ - |
| Subtotal | | \$ 32,700,000 | \$ 2,600,000 | \$ 30,100,000 | \$ 4,750,000 | \$ 4,225,000 |
| Total Allentown Division Water Capital Expenditures: | | \$ 45,089,000 | \$ 4,435,000 | \$ 40,654,000 | \$ 7,099,000 | \$ 6,280,000 |

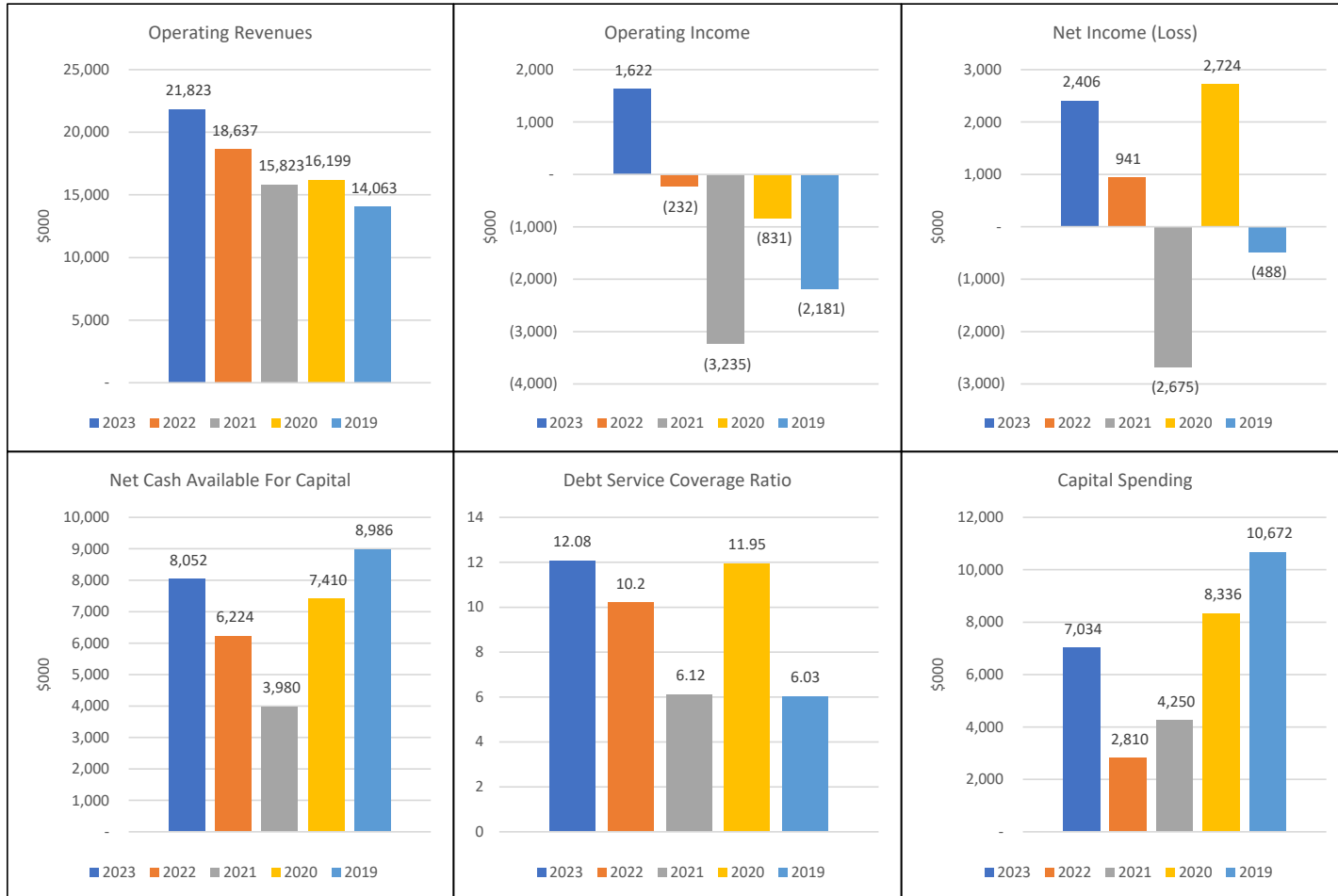
2023 Capital Budget – City WW

| Project | Primary Project Category | Estimated Project Cost | 2022 Budget | Cap Plan Costs 2023 - 2027 | Cap Plan 2023 | 2023 Budget |
|---|--------------------------|------------------------|---------------------|----------------------------|---------------------|---------------------|
| Annual Projects | | | | | | |
| Annual Projects | AM - High | \$ 9,963,000 | \$ 1,460,000 | \$ 8,503,000 | \$ 1,998,000 | \$ 1,729,000 |
| Non-CCRC Projects | | | | | | |
| Indenture Report Improvements | AM - Varies | \$ 1,400,000 | \$ 300,000 | \$ 1,100,000 | \$ 400,000 | \$ 300,000 |
| Various Wastewater System Related Studies (Master Plan) | CA/OS | \$ 150,000 | \$ - | \$ 150,000 | \$ 150,000 | \$ - |
| Flow Characterization Study I&I Projects | Regulatory | \$ 3,000,000 | \$ - | \$ 3,000,000 | | \$ - |
| Subtotal | | \$ 4,550,000 | \$ 300,000 | \$ 4,250,000 | \$ 550,000 | \$ 300,000 |
| Large Projects & CCRC Projects | | | | | | |
| WWTP Electrical Substation Replacement Phase 2 | AM - High | \$ 3,750,000 | \$ - | \$ 3,750,000 | \$ 400,000 | \$ 200,000 |
| WWTP Main & Auxiliary Pump Station Improvements | AM - Varies | \$ 6,650,000 | \$ 150,000 | \$ 6,500,000 | \$ 100,000 | \$ 100,000 |
| Boiler Replacement & Solids Process HVAC Upgrade Project | AM - Varies | \$ 4,100,000 | \$ 800,000 | \$ 2,000,000 | \$ 1,200,000 | \$ 2,800,000 |
| WWTP IPS Pump Station Upgrade & 480v MCC Replacement | AM - Varies | \$ 6,000,000 | \$ 100,000 | \$ 5,900,000 | \$ 100,000 | \$ 100,000 |
| WWTP Final Clarifier 1-4 Rehabilitation | AM - Varies | \$ 950,000 | \$ - | \$ 950,000 | \$ - | \$ - |
| Subtotal | | \$ 21,450,000 | \$ 1,050,000 | \$ 19,100,000 | \$ 1,800,000 | \$ 3,200,000 |
| Regional Act 537 Projects | | | | | | |
| Regional Flow Management Strategy | Regulatory | \$ 2,250,000 | \$ 1,500,000 | \$ 750,000 | \$ 750,000 | \$ 800,000 |
| Act 537 Alternatives Analyses | Regulatory | \$ 1,720,000 | \$ 920,000 | \$ 800,000 | \$ 350,000 | \$ 700,000 |
| Miscellaneous Act 537 Planning | Regulatory | \$ 850,000 | \$ 250,000 | \$ 600,000 | \$ 250,000 | \$ 1,550,000 |
| Subtotal | | \$ 4,820,000 | \$ 2,670,000 | \$ 2,150,000 | \$ 1,350,000 | \$ 3,050,000 |
| Total Allentown Division Wastewater Capital Expenditures | | \$ 40,783,000 | \$ 5,480,000 | \$ 34,003,000 | \$ 5,698,000 | \$ 8,279,000 |

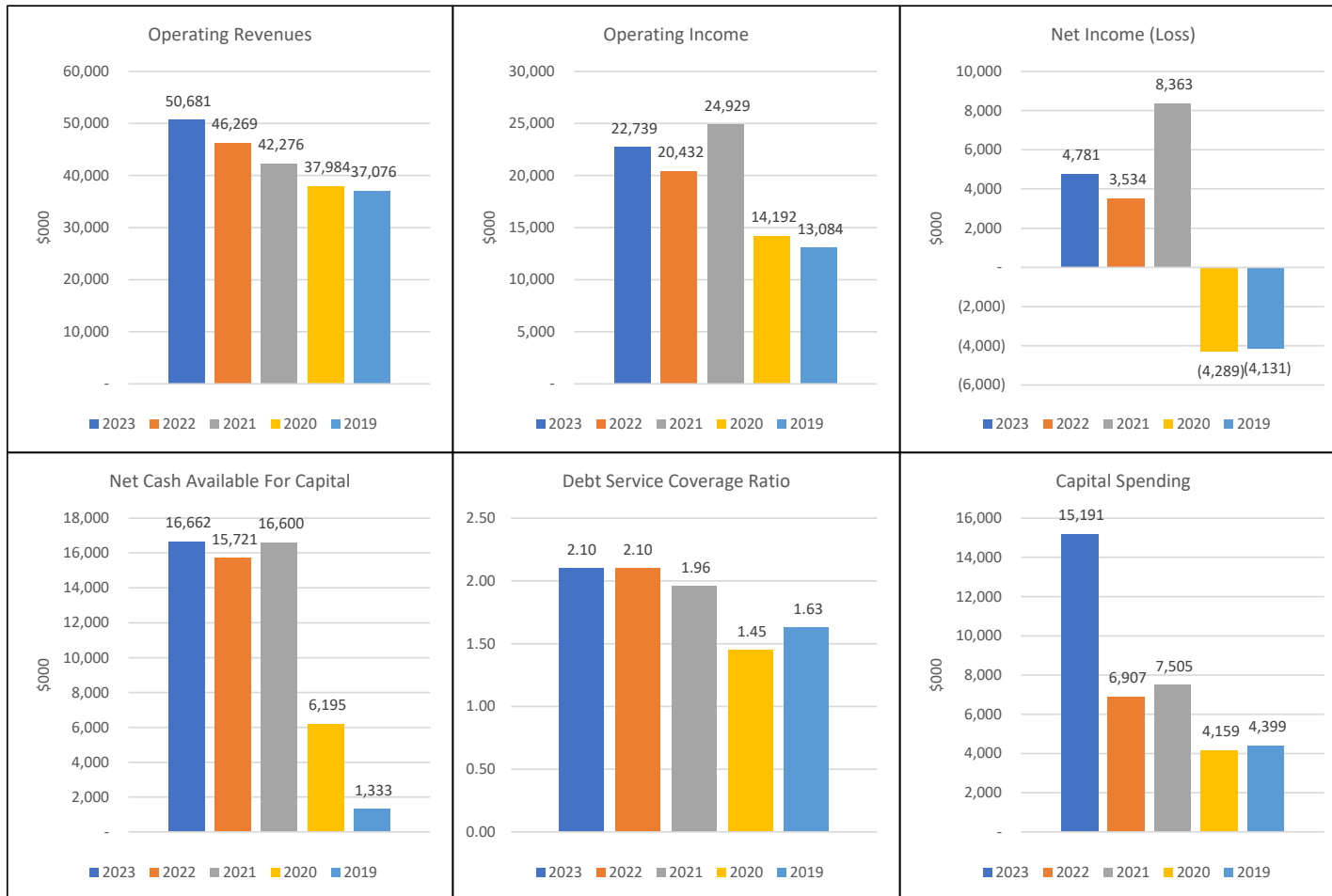
Dashboard – Suburban Water



Dashboard – Suburban Wastewater



Dashboard – City Division



Looking Ahead

Work Remaining

- Suburban Wastewater User Charge Report
- Suburban Water Rate Study
- Report any final budget changes

Upcoming Board Meetings

- 2023 Budget approval – 10/24/2022
- 2023 rate adoption – 11/14/2022



Discussion /
Questions?

Thank you!

