

2025 Budget: Preliminary Review & Assumptions

LCA Board of Directors
September 23, 2024



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
- City Division

Coming up

- Refined review & rate overview – 10/14/2024
- 2025 Budget approval – 10/28/2024 (required by 11/01/2024)
- 2025 Rate adoption – 11/11/2024

2025 Strategic Initiatives

Strategies Requiring Staff Support in 2025:

- Regional Sewer Program: Submit Act 537 Plan & develop supporting programs
- Lead Program: Complete Cycles 1 & 2 replacements, apply for grant funding for Cycle 3
- Asset Management: Complete asset management plans for 50% of all systems & complete technology integrations
- Other Ideas & Priorities: Several other big ideas we need to pursue

Strategies Requiring Other Support in 2025:

- Business Systems (Tyler EERP): Complete implementation & systems integration
- Employee Engagement & Safety: Update safety data management system & enhance tracking and training
- Staffing Plan & Building Optimization: Assess future staffing needs and plan work locations to support growing team

Since 2013...

Allentown water & sewer lease transformed how LCA operates

Focus on adding support for core services we provide

26.5 new positions added in 11 years:

- Operations and Maintenance – 8
- Customer Service and Billing – 4.5
- Administrative Support, HR, and Finance – 5
- Asset Management & Capital Works – 4
- Compliance – 2
- Planning – 1
- Inspection – 1
- Technology – 1



Adding more to our plate ... 2021 forward

- Regional sewer planning
- Lead program
- Need for improved systems & data-driven decision making
- Changing regulations
- Expanding project workload

Regional Sewer Program

Concepts under development:

- Regional high-strength surcharge program
- Regional inflow & infiltration (I&I) program
- Sewage billing meter program

Unknowns:

- Municipal agreement on surcharge program
- Municipal participation in regional I&I program
- Timeline of approvals

Regional Sewer Program

2025 staffing requirements:

- Inspectors / technicians (+2)
- I&I program manager (+1)

Revenue offsets for new staff:

- Staffing costs included / fully covered by high-strength surcharge applied to high-strength dischargers
- I&I program costs, including staff, covered by capital cost recovery charges to municipalities and customers

Future staffing requirements:

- Laboratory technician(s)
- I&I data management / flow data management

Approach for Board feedback

Include in 2025 budget with caveats?

- Hold on surcharge program staff additions until outcome is more defined
- I&I program manager needed now regardless of regional approach – evaluate internal vs. external options and costs

View customer resources about lead online:

[*https://www.lehighcountyauthority.org/drinking-water/lead-in-drinking-water/*](https://www.lehighcountyauthority.org/drinking-water/lead-in-drinking-water/)

Lead Program

Concepts under development:

- Fast-track customer canvassing for identification of private side plumbing materials
- Maximize receipt of grants

Unknowns:

- Timeline for completion of private-side inventory via canvassing
- Success of canvassing effort using internal vs. external resources

View customer resources about lead online:

<https://www.lehighcountyauthority.org/drinking-water/lead-in-drinking-water/>

Lead Program

2025 staffing requirements:

- Community canvassers (+2)
- Call-center support (+0.5)

Revenue offsets for new staff:

- Lead project costs, including staff, captured in Change of Law rate to City customers, if not covered by grant funding

Future staffing requirements:

- Field coordination / data management

Approach for Board feedback

Include in 2025 budget with caveats?

- Budget for 2 community canvassers, but explore options with external partners prior to filling
- Call-center support via temp agency to reduce overhead cost

Asset Management

Concepts under development:

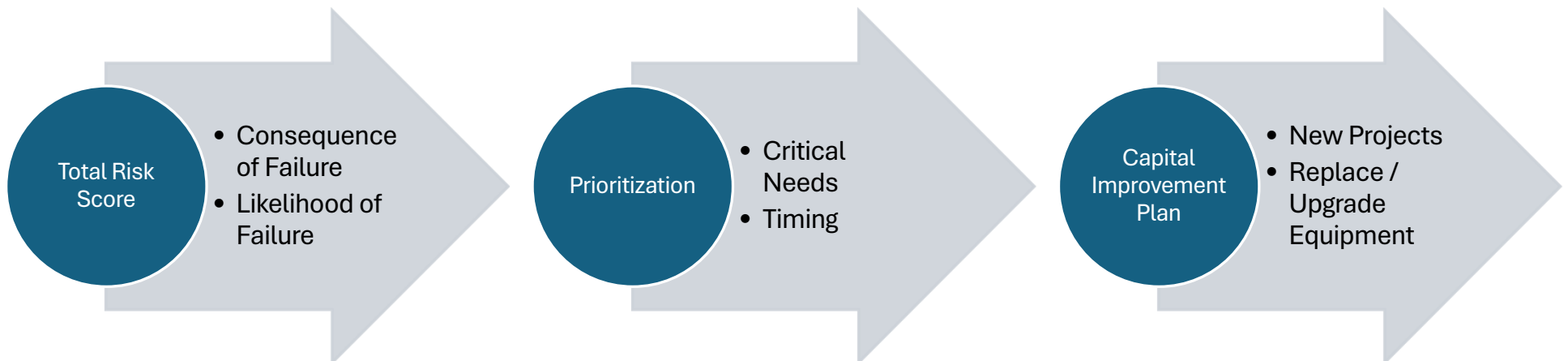
- Build on 2024 success developing asset management plans system-by-system
- Build internal capacity to complete the process (reduce reliance on consultants)

2025 staffing requirements:

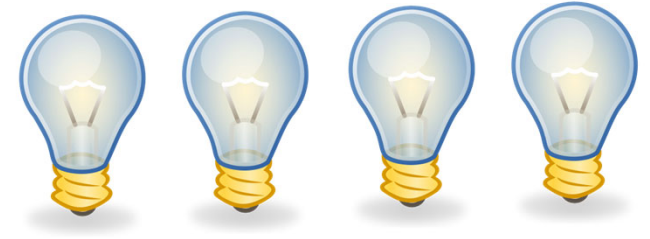
- Asset management technician (+1)

No direct revenue offset, but...

- Increased staff efficiency
- Future improvements in project prioritization
- Future decrease in asset life cycle costs



Other Ideas & Priorities, part 1



Concepts under development:

- NEW requirements for PA One Call

2025 staffing requirements:

- PA One Call technician (+1)

Revenue offsets for new staff:

- If enacted, new PA One Call law triggers additional Change of Law cost recovery via rate addition

Future staffing requirements:

- None

Unknowns:

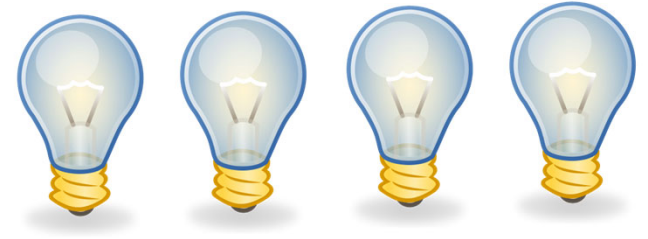
- Timing and content of final decision on PA One Call law

Approach for Board feedback

Include in 2025 budget with caveats?

- Hold until PA One Call legislation is finalized

Other Ideas & Priorities, part 2



Concepts under development:

- Sewer operations support to municipalities

2025 staffing requirements:

- Plant operations & maint. technician (+1)

Revenue offsets for new staff:

- Cost of personnel, equipment, materials, etc. would be fully covered by municipal contract

Future staffing requirements:

- TBD based on municipalities' needs

Unknowns:

- Municipalities' needs for sewer operations support

Approach for Board feedback

Include in 2025 budget with caveats?

- Plant O&M technician position can be filled if/when a municipal services contract requires it (and pays for it)

Summary of New Positions for 2025

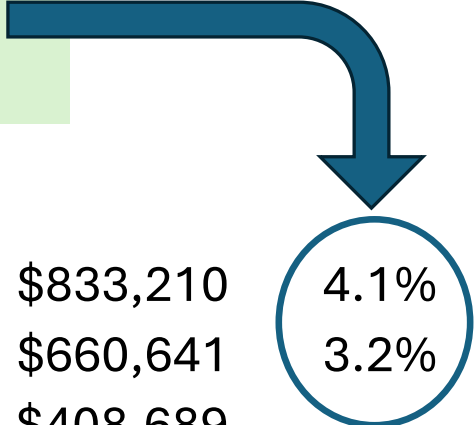
NEW Position	Headcount Change	Revenue Offset Description	2025 Revenue Offset	Future Revenue Offset
Regional I&I Program Manager	1	Capital Cost Recovery Charges	50%	50%
Regional Surcharge Program: Inspector / Technician	2	Future Regional Surcharge Program	50%	100%
Lead Program: Community Canvassers	2	Change of Law & grants	100%	100%
Lead program: Call Center Support	0.5	None	0%	0%
Asset Management Engineering Tech	1	None	0%	0%
Suburban Plants O&M Tech	1	Municipal service contracts	100%	100%
Field Services PA One Call Tech	1	Change of Law	100%	100%
Total Headcount Additions	8.5			

Total LCA Staffing Summary

2024 (current) employees	170.5
Vacant / open budgeted positions	14
Eliminate Solicitor position	(1)
New positions for 2025	8.5
2025 (budgeted) employees	192

2025 Budget: Personnel Costs

Budgeted for 2025	\$21,924,059
2024 Forecast	\$20,430,208
Cost Increase	\$1,493,851
Increase Pct.	7.3%



Let's Break it Down...

→ Cost of filling current vacancies for full year 2025	\$833,210	4.1%
→ Cost of 8.5 new positions in 2025 Budget	\$660,641	3.2%
→ Expected revenue offset for new positions	-\$408,689	
→ Net impact of new positions	\$251,952	1.2%

Other 2025 Budget Support for Strategic Initiatives

Category	Description	Budget Impact
Regional Sewer Program	Financial Modeling Support	\$80,000 Consultant Services
Business Systems	Tyler EERP Support	\$293,000 Consultant Services
Lead Program	Support for Replacement	\$413,000 Equipment requirements
Employee Engagement	Safety Program Enhancements	\$232,000 equipment & training
Rate Affordability	Rate Analysis & Design	\$125,000 Consultant Services
Building Plan	Building Optimization	\$150,000 Consultant Services
Other initiatives	Emergency Response Plan, Digital Master Plan, & other studies	\$395,000 Consulting & other purchases

Other 2025 Budget Assumptions

Inflationary impact on other expenses: 2.5%

City Division lease rates: by agreement

Suburban Wastewater rates: by agreement

Suburban Water system revenue growth: 9.86%

Key Factors: Internal Service

\$800K + put into the budget
support of the Strategic Initiatives

- Safety Related - \$100k
- MUNIS Related - \$125k
- Asset Management - \$100k
- Building Optimization - \$150k
- Rate affordability - \$125k
- Digital Master Plan - \$200k

Internal Service Budget

Per 2024 FC	3,305,561
Inflation effects	82,639
Increase in insurance premiums	168,000
Increase in HR Consulting	175,000
Increase in Consulting (strategic initiatives)	808,000
Other, net	101,932
Per 2025 Budget	<u><u>4,641,132</u></u>

Key Factors: Suburban Water

Operating Expenses

- Increase 3.53% to 2024 forecast
- Inflation impact
- Impact from strategic initiatives of \$302K
- Proportional share of personnel and internal services cost increases

Capital Budget

- \$4.8M per capital plan
- Funded by current rates and reserves
- No borrowing required
- No new debt service

Revenue

- Revenue increase of 7.53% to attain budget using \$400K of cash reserves
- 1.0% volume growth budgeted
- 6.53% estimated rate impact

Metrics

- Using \$400K of cash reserves to minimize rate impacts
- All other key metrics better than internal targets

Suburban Water – Cash Flows

			Budget	Forecast	Budget	Actual
			2025	2024	2024	2023
CONDENSED CASH FLOWS						
	Operating Revenues		20,058,560	18,734,826	18,613,874	17,431,073
	Operating Expenses (ex. D&A)		(12,409,238)	(11,756,350)	(12,040,242)	(9,456,987)
	Non-Operating Revenues (Expenses)		200,044	195,166	130,452	255,381
	Annual Payments		-	-	-	-
	Net Available for Debt Service		7,849,367	7,173,642	6,704,084	8,229,467
	Debt Service		(3,474,867)	(3,421,486)	(3,421,486)	(3,308,691)
	Non-Cash Working Capital Changes		-	(138,029)	1	(2,445,207)
	Net Available for Capex		4,374,500	3,614,127	3,282,599	2,475,569
	Investing		-	-	-	9,000
	Borrowing		-	5,230,000	5,230,000	6,950,000
	Capex		(4,774,500)	(7,065,750)	(7,065,750)	(6,085,513)
	NET CASH FLOWS		<u>(400,000)</u>	<u>1,778,377</u>	<u>1,446,849</u>	<u>3,349,056</u>
	Check		(400,000)	1,778,377	1,446,849	3,349,056
			Budget	Forecast	Budget	Actual
			2025	2024	2024	2023
KEY METRICS						
	Operating Ratio with D&A		1.26	1.22	1.20	1.31
	Debt Service Coverage Ratio		2.26	2.10	1.96	2.49
	Capital Coverage Ratio		0.92	0.51	0.46	0.41
	Unrestricted Days Cash on Hand		293.60	322.33	407.94	332.06
	Unrestricted Investment Balances		3,023,130	3,023,130	2,945,069	3,023,130

Suburban Water – Operating Expenses

	SUBURBAN WATER				
				Volume Variances	
	2025 Bud	2025 Bud		2025 Bud	2025 Bud
	vs.	vs.		vs.	vs.
OPERATING EXPENSE VARIANCES	2024 FC	2024 Bud	Inflation	2024 FC	2024 Bud
Personnel	(45,054)	(47,409)	(166,019)	120,965	118,610
General & Administrative	(55,672)	13,586	(27,378)	(28,293)	40,965
Utilities	(19,252)	(12,630)	(13,430)	(5,822)	800
Materials and Supplies	(286,849)	(175,663)	(33,499)	(253,350)	(142,164)
Miscellaneous Services	(117,679)	(18,497)	(117,674)	(4)	99,177
Treatment and Transportation	-	-	-	-	-
Depreciation and Amortization	108,734	(24,890)	-	108,734	(24,890)
Major Maintenance Expenses	-	-	-	-	-
Other Miscellaneous	(128,383)	(128,383)	(5,402)	(122,981)	(122,981)
Total Operating Expenses	(544,155)	(393,886)	(363,403)	(180,752)	(30,483)
Strategic Cost Adders				301,960	301,960
Variance Net of Strategic adders				121,208	271,477

Suburban Water – Revenue Requirement

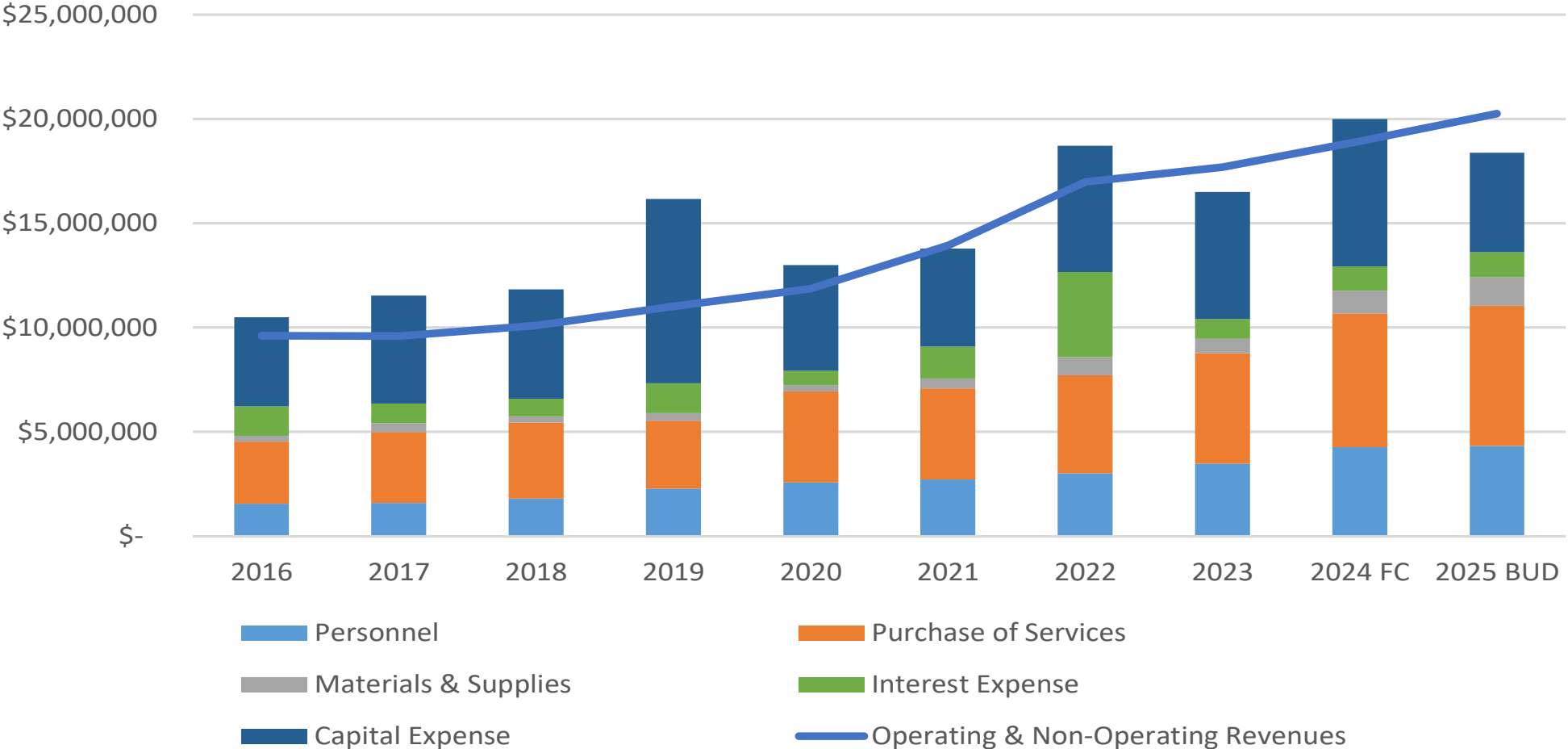
REVENUE REQUIREMENTS				
	Total operating expenses from above	15,951,128		
	Less: D&A	(3,541,890)		
	Debt service	3,474,867		
	Debt service coverage requirement	-		
	Less: system & connection charges	(1,234,118)		
	Less: Other income	(392,999)		
	Less: interest income	(200,044)		
	Capex (PAYGO)	4,774,500		
	Add: Mobile Equipment Leased	-		
	Add: Lease payments (existing)	-		
	USER CHARGES REQUIRED	18,831,444		
	PY FC - User charges	17,140,982		
	Additional user charges required	1,690,462	Volume	Rates
	Pct. Increase	9.862%	1.000%	8.862%

* Excludes planned use of \$400K in reserves for capex. With use of reserves, revenue requirement drops to 7.53%, with rate impact of 6.53%.

Suburban Water – Capex

		Budget 2025	Budget 2024	Actual 2023
Annual Projects		\$ 2,492,000	\$ 2,367,000	\$ 2,835,433
Multi-Year Projects	2022 Comm Mtr Repl	\$ 1,000,000	\$ 800,000	\$ 225,160
	2019 Wtr Mtr Reading Equip	\$ -	\$ -	\$ 9,516
	Fixed Base Mtr Rdg Syst	\$ -	\$ 50,000	\$ 1,621
	N Whitehall Mtr Repl	\$ -	\$ -	\$ 617,942
	Water Sys Improve	\$ -	\$ -	\$ 756
	Water System Master Pla	\$ 150,000	\$ 100,000	\$ 75,165
	Buss Acres Ps Replacemt	\$ -	\$ -	\$ 1,123
	Watershed Monitoring	\$ -	\$ -	\$ 113
	CLD Lower Sys Model Eval	\$ -	\$ -	\$ 107
	CLD Well Improvements	\$ 180,000	\$ 150,000	\$ 22,698
	Water Tank Replacement	\$ -	\$ -	\$ 223
	NWD System Improvements	\$ 120,000	\$ 100,000	\$ 351
	Sauerkraut Ln Wat Exten	\$ -	\$ -	\$ 14,869
	Upper System Pumping Station	\$ 50,000	\$ 50,000	\$ 65,097
	Cycle 6-Wtr Main Replacement	\$ -	\$ 2,900,000	\$ 988,070
	2022 SWT Interconnect	\$ -	\$ -	\$ 285
	Upper Sys New Reservoir	\$ -	\$ -	\$ 4,955
	Main Replacement Cyc-7	\$ -	\$ -	\$ 110,285
	Main Replacement Cyc-8	\$ -	\$ -	\$ 3,596
	Buss Acres PFAS Study & Upgrades	\$ 270,000	\$ 50,000	\$ -
	CLD PFAS Study & Upgrades	\$ -	\$ 50,000	\$ -
	Memorial Rd Water Extension	\$ -	\$ -	\$ 584
	Water Model Review	\$ -	\$ -	\$ 5,778
	Applewood PS/Wells 5,6 & 9	\$ 100,000	\$ -	\$ -
Subtotal Multi-Year Projects		\$ 1,870,000	\$ 4,250,000	\$ 2,148,295
Administrative Projects (Allocated)		\$ 412,500	\$ 448,750	\$ 1,101,785
Total Suburban Water Capex		\$ 4,774,500	\$ 7,065,750	\$ 6,085,513

Suburban Water Division - Total Fund Revenues & Expenses



Key Factors: Suburban Wastewater

Operating Expenses

- Increase 7.63% to 2024 forecast
- Inflation impact
- Impact from strategic initiatives of \$790K
- Proportional share of personnel and internal services cost increases

Capital Budget

- \$18.2M per capital plan
- Requires \$14.9M of new borrowing
- Funding from current rates and cash reserves of \$3.3M
- New debt service of \$1.2m

Revenue

- Signatory rates under review
- No volume increases in the budget
- Signatory rates will be impacted by capital expenses and City Division pass-through

Metrics

- Targeting net \$0 in cash flow, budget is coming in slightly higher
- All other key metrics better than internal targets

Suburban Wastewater – Cash Flows

			Budget	Forecast	Budget	Actual
			2025	2024	2024	2023
CONDENSED CASH FLOWS						
	Operating Revenues		22,291,585	20,856,727	20,827,254	19,859,828
	Operating Expenses (ex. D&A)		(16,784,809)	(15,165,862)	(15,238,763)	(14,495,335)
	Non-Operating Revenues (Expenses)		59,260	57,816	(3,776)	576,328
	Annual Payments		-	-	-	-
	Net Available for Debt Service		5,566,036	5,748,681	5,584,715	5,940,821
	Debt Service		(2,176,924)	(1,196,420)	(1,196,420)	(723,896)
	Non-Cash Working Capital Changes		-	(361,650)	(200,000)	135,825
	Net Available for Capex		3,389,112	4,190,611	4,188,295	5,352,750
	Investing		-	500,000	500,000	2,037,174
	Borrowing		14,850,000	7,175,000	7,175,000	-
	Capex		(18,238,000)	(11,516,250)	(11,516,250)	(4,486,108)
	NET CASH FLOWS		1,112	349,361	347,045	2,903,816
		Check	1,112	349,361	347,045	2,903,816
			Budget	Forecast	Budget	Actual
			2025	2024	2024	2023
KEY METRICS						
	Operating Ratio with D&A		0.93	0.94	0.94	0.94
	Debt Service Coverage Ratio		2.56	4.80	4.67	8.21
	Capital Coverage Ratio		0.19	0.36	0.36	1.19
	Unrestricted Days Cash on Hand		238.08	263.46	252.05	266.85
	Unrestricted Investment Balances		6,965,466	6,965,466	6,584,624	6,965,466

Suburban Wastewater – Operating Expenses

	SUBURBAN WASTEWATER				
				Volume Variances	
	2025 Bud	2025 Bud		2025 Bud	2025 Bud
	vs.	vs.		vs.	vs.
OPERATING EXPENSE VARIANCES	2024 FC	2024 Bud	Inflation	2024 FC	2024 Bud
Personnel	(466,323)	(439,841)	(84,863)	(381,460)	(354,978)
General & Administrative	(352,861)	(324,843)	(19,065)	(333,796)	(305,778)
Utilities	12,166	5,991	(7,509)	19,675	13,500
Materials and Supplies	(216,823)	(170,968)	(16,822)	(200,002)	(154,146)
Miscellaneous Services	(477,315)	(338,649)	(194,384)	(282,931)	(144,265)
Treatment and Transportation	(117,237)	(277,183)	(117,237)	0	(159,946)
Depreciation and Amortization	(75,787)	(75,787)	-	(75,787)	(75,787)
Major Maintenance Expenses	-	-	-	-	-
Other Miscellaneous	(553)	(553)	(553)	(0)	(0)
Total Operating Expenses	(1,694,734)	(1,621,833)	(440,433)	(1,254,301)	(1,181,400)
Strategic Cost Adders				790,355	790,355
Variance Net of Strategic adders				(463,946)	(391,045)

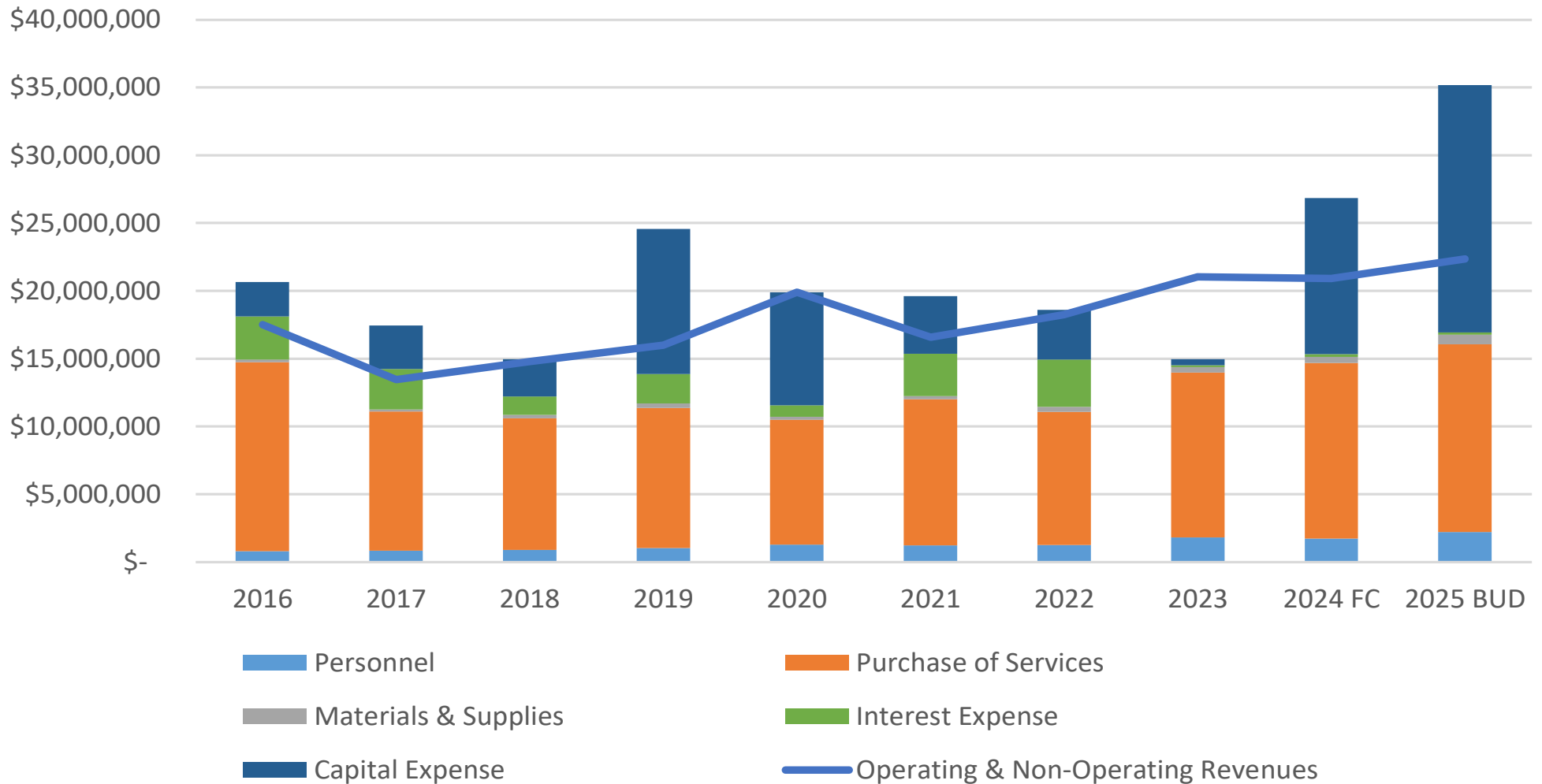
Suburban Wastewater – Capex

		Budget 2025	Budget 2024	Actual 2023
Annual Projects		\$ 835,500	\$ 912,500	\$ 577,693
LCA Wastewater Treatment Plant	WTP Improvements	\$ 600,000	\$ 1,000,000	\$ 890,605
	WTP Upgrade Study	\$ 4,000,000	\$ -	\$ -
	WTP Critical Asset Upgrades	\$ 6,000,000	\$ -	\$ 68,991
		\$ 10,600,000	\$ 1,000,000	\$ 959,595
Western Lehigh Interceptor System	Spring Creek FM	\$ 100,000	\$ 150,000	\$ 1,734
	WLI-WW Capacity Prg Dev	\$ 150,000	\$ 350,000	\$ 176,167
	Signatory I&I Program	\$ 500,000	\$ 1,150,000	\$ 12,297
	Spring Creek PS Improve	\$ 1,000,000	\$ -	\$ -
	Test & Seal Cycle-1	\$ -	\$ 700,000	\$ 56,287
	WLI Trexlrtn Interceptor	\$ -	\$ -	\$ 1,392
	WLI Rehab Cycle 1	\$ -	\$ -	\$ 200,525
	537 CRB Tool	\$ -	\$ -	\$ 2,611
	Jacobs PTP 537	\$ -	\$ -	\$ 1,075
	AECOM PTP Phase 2	\$ -	\$ -	\$ 208,610
	PTP Master Plan	\$ -	\$ -	\$ 170,182
	Spring Crk FM Reloc	\$ 900,000	\$ 100,000	\$ 12,056
	Upper WL PS & FM	\$ 1,300,000	\$ 3,500,000	\$ 229,660
	Spring Ck PS Upgr (2023)	\$ -	\$ -	\$ 250,531
	2023 WLSP Lateral Tap Connections	\$ -	\$ -	\$ 618,488
	Spring Ck FM Cond Asses	\$ -	\$ -	\$ 25,245
	WLI Rehab Cycle 4	\$ 50,000	\$ -	\$ 53,396
	LCA MS 1 and 2 Rehab	\$ 250,000	\$ -	\$ -
		\$ 4,250,000	\$ 5,950,000	\$ 2,020,255

Suburban Wastewater – Capex cont'd

		Budget 2025	Budget 2024	Actual 2023
Satellite Systems	I&I Removal Project	\$ -	\$ 100,000	\$ 344,680
	Wynnewood I & I Project	\$ 200,000	\$ 125,000	\$ 449
	Wynnewood WWTP Improvements	\$ -	\$ -	\$ 62,405
	Sand Spring WWTP Improvements	\$ 25,000	\$ -	\$ 30,682
	Lynn Twp WWTP Capacity Ex	\$ 900,000	\$ 500,000	\$ 4,034
	HH-WWTP-Upgrades	\$ 325,000	\$ 160,000	\$ 416,047
	LT I&I Study & Repair	\$ -	\$ 50,000	\$ 3,763
	General Sewer System Improve	\$ 70,000	\$ 70,000	\$ -
	Sand Spring WWTP Tre	\$ 100,000	\$ 100,000	\$ 107,065
	AW WWTP Mech Screen	\$ 220,000	\$ 75,000	\$ 6,466
	Sr 29-Sec 05s Improve-S	\$ -	\$ -	\$ 700
	2619 Grove Street S Ext	\$ -	\$ -	\$ 1,133
	Lynn Twp WWTP Clarifir	\$ -	\$ -	\$ 31,531
	Plan Review & Inspection, Development & Svc Connections	\$ -	\$ -	\$ 24,172
		\$ 1,840,000	\$ 1,180,000	\$ 1,033,128
Little Lehigh Relief Interceptor	Park Pump Station Rehabilitation/Improvements	\$ 300,000	\$ 1,800,000	\$ 84,289
	Park PS Force Main Upgrade	\$ -	\$ -	\$ 13,960
	Park PS Force Main Ext.	\$ -	\$ -	\$ 721
		\$ 300,000	\$ 1,800,000	\$ 98,970
Administrative Projects (Allocated)		\$ 412,500	\$ 448,750	\$ -
Total Suburban Wastewater Capex		\$ 18,238,000	\$ 11,291,250	\$ 4,689,641

Suburban Wastewater Division - Total Fund Revenue & Expenses



Key Factors: City Division

Operating Expenses

- Increase 5.87% to 2024 forecast
- Inflation impact
- Impact from strategic initiatives of \$1.2M
- Proportional share of personnel and internal services cost increases

Capital Budget

- \$56.3M per capital plan
- 2024 borrowing will fund \$18.0M
- \$15.0M of funding from grants
- \$23.3M funding from current rates and reserves

Revenue

- Lease rates increase 6.3% by agreement
- Additional capital charges are TBD
- Signatory revenues impacted by capital expenses

Metrics

- Cash flow will be negative due to using up funds from previous borrowings
- All other key metrics better than internal targets

City Division – Cash Flows

		Budget	Forecast	Budget	Actual
		2025	2024	2024	2023
CONDENSED CASH FLOWS					
Operating Revenues		63,046,211	59,633,634	59,254,906	57,832,751
Operating Expenses (ex. D&A)		(25,674,408)	(24,018,292)	(24,255,560)	(20,993,306)
Non-Operating Revenues (Expenses)		16,432,632	6,399,106	9,718,773	3,466,498
Annual Payments		<u>(1,323,915)</u>	<u>(1,308,224)</u>	<u>(1,308,224)</u>	<u>(1,361,180)</u>
Net Available for Debt Service		52,480,520	40,706,224	43,409,895	38,944,763
Debt Service		(17,765,690)	(16,263,734)	(16,260,397)	(13,918,139)
Non-Cash Working Capital Changes		<u>-</u>	<u>(2,619,904)</u>	<u>(135,999)</u>	<u>(2,245,942)</u>
Net Available for Capex		34,714,830	21,822,586	27,013,499	22,780,682
Investing		-	-	-	-
Borrowing		-	56,627,352	8,555,508	1,371,118
Capex		<u>(56,280,000)</u>	<u>(32,628,500)</u>	<u>(32,628,500)</u>	<u>(10,368,819)</u>
NET CASH FLOWS		<u>(21,565,170)</u>	<u>45,821,438</u>	<u>2,940,507</u>	<u>13,782,981</u>
	Check	(21,565,170)	45,821,438	2,940,507	13,782,981
		Budget	Forecast	Budget	Actual
		2025	2024	2024	2023
Y METRICS					
Operating Ratio with D&A		1.74	1.74	1.72	1.72
Debt Service Coverage Ratio		2.03	2.20	2.13	2.63
Capital Coverage Ratio		0.62	0.67	0.83	2.20
Unrestricted Days Cash on Hand		607.47	977.07	317.21	284.59
Unrestricted Investment Balances		-	-	-	-

City Division – Operating Expenses

	CITY DIVISION				
				Volume Variances	
	2025 Bud	2025 Bud		2025 Bud	2025 Bud
	vs.	vs.		vs.	vs.
OPERATING EXPENSE VARIANCES	2024 FC	2024 Bud	Inflation	2024 FC	2024 Bud
Personnel	(47,723)	11,391	(537,513)	489,790	548,904
General & Administrative	(825,283)	(726,920)	(79,808)	(745,475)	(647,112)
Utilities	(64,671)	(19,680)	(50,820)	(13,851)	31,140
Materials and Supplies	(397,044)	(426,570)	(89,704)	(307,340)	(336,866)
Miscellaneous Services	(321,110)	(256,785)	(64,727)	(256,383)	(192,058)
Treatment and Transportation	(285)	(285)	(285)	(0)	(0)
Depreciation and Amortization	(256,506)	(346,953)	-	(256,506)	(346,953)
Major Maintenance Expenses	-	-	-	-	-
Other Miscellaneous	(100,000)	(100,000)	(100,000)	(0)	(0)
Total Operating Expenses	(2,012,621)	(1,865,801)	(922,856)	(1,089,765)	(942,945)
Strategic Cost Adders				1,235,685	1,235,685
Variance Net of Strategic adders				145,920	292,740

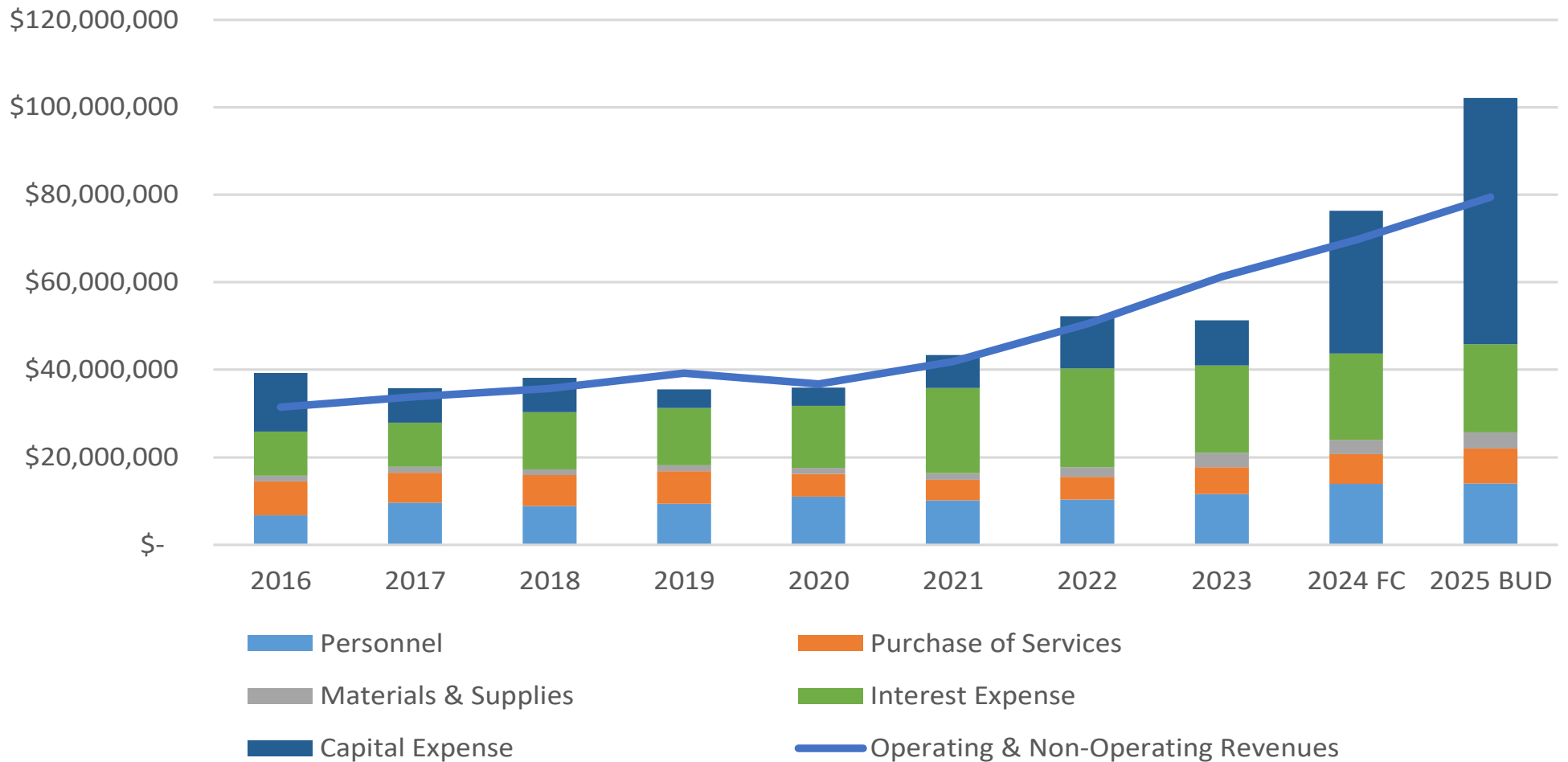
City Division – Water Capex

		Budget 2025	Budget 2024	Actual 2023
Annual Projects		\$ 2,555,000	\$ 2,735,000	\$ 2,338,569
Non-CCRC Projects	D&C Capital Replacements	\$ -	\$ -	\$ 249,677
	WFP Indenture Upgrades	\$ 200,000	\$ 200,000	\$ 278,772
	Large Dia Valve Replac	\$ 300,000	\$ 350,000	\$ 34,100
	Tank Reservoir Rehab	\$ 200,000	\$ 200,000	\$ 292,793
	WFP Emer Power Study	\$ 835,000	\$ 80,000	\$ 38,757
	WFP HVAC Upgrades	\$ 500,000	\$ -	\$ -
		\$ 2,035,000	\$ 830,000	\$ 894,099
Large Projects & CCRC Projects	AMR Meter Replacement Proj	\$ 2,000,000	\$ 800,000	\$ -
	WFP HS Pumps and VFDs	\$ -	\$ -	\$ 92,318
	WFP Filter Evaluations	\$ 3,600,000	\$ 2,350,000	\$ 181,288
	Annual Water Main Replacement	\$ 5,000,000	\$ 4,800,000	\$ 465,576
	WFP PFAS Study	\$ 300,000	\$ 250,000	\$ 64,147
	Big Lehigh PS Upgrades	\$ 200,000	\$ 200,000	\$ 1,290
	Lead Service Line Replacements	\$ 15,000,000	\$ 5,000,000	\$ 2,136
		\$ 26,100,000	\$ 13,400,000	\$ 806,756
Total City Water Capex		\$ 30,690,000	\$ 16,965,000	\$ 4,039,423

City Division – Wastewater Capex

		Budget 2025	Budget 2024	Actual 2023
Annual Projects		\$ 2,715,000	\$ 2,706,000	\$ 2,392,543
Non-CCRC Projects				
	KIWWTP Master Plan	\$ -	\$ 160,000	\$ 1,838
	KIWWTP Digester Study	\$ -	\$ -	\$ 620
	WWTP Facilities Improvements	\$ 100,000	\$ -	\$ -
	KIWWTP Indenture Upgrade	\$ 250,000	\$ 300,000	\$ 149,158
	537 City MH Inspections	\$ 1,000,000	\$ 2,000,000	\$ 180,349
		\$ 1,350,000	\$ 2,460,000	\$ 331,966
Major Capital Improvements				
	KIWWTP Elec Substations	\$ 5,250,000	\$ 2,200,000	\$ 104,859
	WWTP Clarifier Mech Imp	\$ 2,500,000	\$ 900,000	\$ -
	I&I Source Reduction	\$ 8,000,000	\$ 3,000,000	\$ 823,805
	WWTP Boiler Replace	\$ -	\$ 1,400,000	\$ 2,616,001
	WWTP Main & Aux PS Imp	\$ -	\$ 400,000	\$ 194,524
	WWTP ISP PS & 480V MCC	\$ -	\$ 200,000	\$ 1,141
	WWTP Capacity Upgrades	\$ -	\$ 100,000	\$ 2,075
	WWTP Primary Sludge Lines	\$ 2,700,000	\$ 600,000	\$ 22,027
	WWTP Final Settling 1-4	\$ 700,000	\$ -	\$ 20,431
	KIWWTP Wet-Weather Impr Phase 1	\$ 1,450,000	\$ -	\$ -
		\$ 20,600,000	\$ 8,800,000	\$ 3,784,864
Regional Act 537 Projects		\$ 450,000	\$ 800,000	\$ 1,552,757
Total City Wastewater Capex		\$ 25,115,000	\$ 14,766,000	\$ 8,062,131
Administrative Projects (Allocated)		\$ 475,000	\$ 897,500	\$ -
TOTAL CITY CAPEX		\$ 56,280,000	\$ 32,628,500	\$ 12,101,554

City Division - Total Fund Revenue & Expenses



Preliminary Summary of 2025 Budget Results

	Budget	Forecast	Budget	Actual
	2025	2024	2024	2023
NET INCOME				
Suburban Water	3,109,821	2,348,377	2,019,922	8,266,955
Suburban Wastewater	(1,717,344)	(1,461,583)	(1,632,719)	(334,302)
City Division	<u>23,008,784</u>	<u>12,050,508</u>	<u>14,844,627</u>	<u>7,787,339</u>
Total LCA	<u>24,401,260</u>	<u>12,937,303</u>	<u>15,231,830</u>	<u>15,719,991</u>
CASH FLOWS				
Suburban Water	(400,000)	1,778,377	1,446,849	3,349,056
Suburban Wastewater	1,112	349,361	347,045	2,903,816
City Division	<u>(21,565,170)</u>	<u>45,821,438</u>	<u>2,940,507</u>	<u>13,782,981</u>
Total LCA	<u>(21,964,059)</u>	<u>47,949,176</u>	<u>4,734,401</u>	<u>20,035,853</u>
DEBT SERVICE COVERAGE RATIO				
Suburban Water	2.26	2.10	1.91	2.55
Suburban Wastewater	2.56	7.61	7.33	8.82
City Division	2.03	2.73	2.67	2.63
CAPITAL SPENDING				
Suburban Water	4,774,500	7,065,750	7,065,750	6,085,513
Suburban Wastewater	18,238,000	11,516,250	11,516,250	4,486,108
City Division	<u>56,280,000</u>	<u>32,628,500</u>	<u>32,628,500</u>	<u>10,368,819</u>
Total LCA	<u>79,292,500</u>	<u>51,210,500</u>	<u>51,210,500</u>	<u>20,940,440</u>

Looking Ahead

Work Remaining

- Finalize preliminary budget requests
- Suburban Water & City Division rate calculations
- Suburban Wastewater signatory user charge report

Upcoming Board Meetings

- Refined review & rate overview – 10/14/2024
- 2025 Budget approval – 10/28/2024
- 2025 Rate adoption – 11/11/2024



Discussion / Questions?

Thank you!

