



# Pretreatment Plant

Financial & Legal Review  
LCA Board of Directors  
August 25, 2025



# Retrospective Review: Drivers for backlog of capital investments



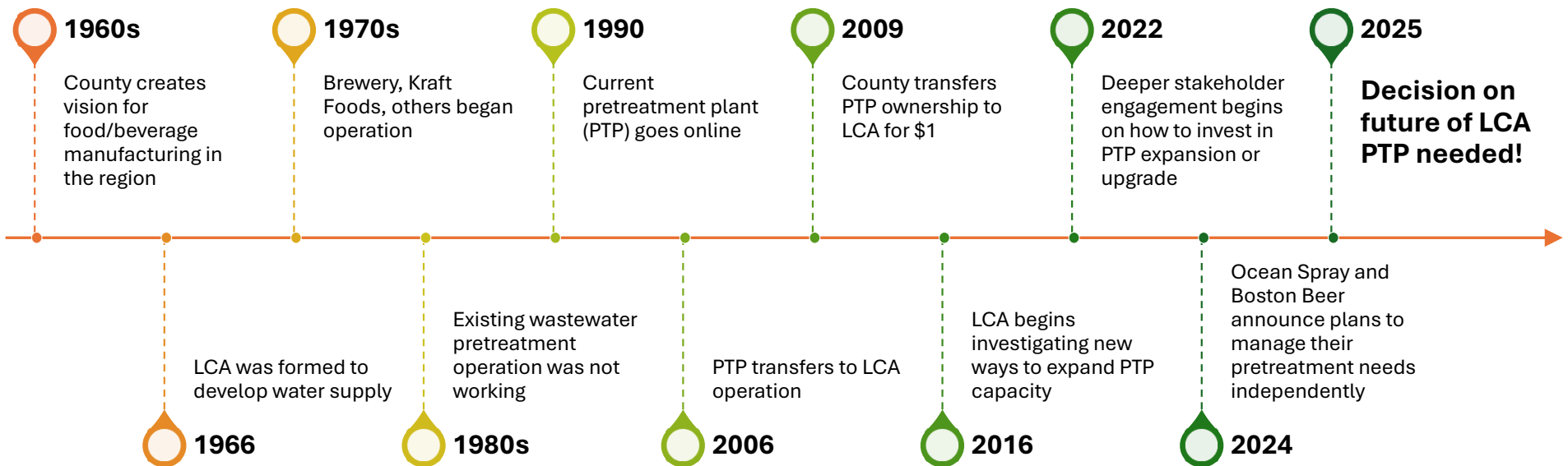
Historical  
perspective

Human  
component

Revenue  
constraints

Contractual  
constraints

# Quick History



# The Human Component

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From 2006 to 2016, LCA was focused on managing to the revenue available, less focus on needs of the system

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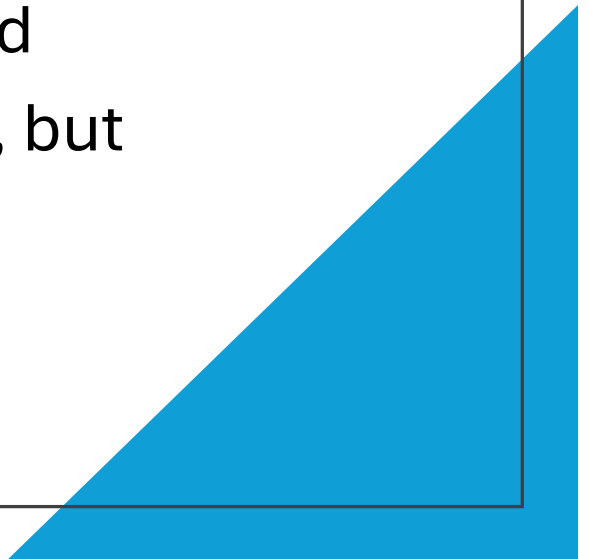
This changes in 2016 when more focus is placed on asset management and future capacity needs

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2022 PTP Master Plan still felt like a “surprise,” stating that \$267 million was needed in the next 5 years!

# Revenue Constraints

- Hauler program: Market based
- Municipal revenues: Contract based
- Brewery revenue: Cost based rates, but contract constrained



## PTP Revenue Summary - 2024

Hauler Program	\$ 2,832,438
Municipal Revenues, Part 1	\$ 174,380
Municipal Revenues, Part 2	\$ 3,361,833
Brewery	\$ 3,401,056
Miscellaneous Revenues	\$ 218,812
<b>Total PTP Revenues</b>	<b>\$ 9,988,519</b>

# Contractual Constraints



**Contract operations:** Jacobs contract sets fixed fee, limited transparency on actual O&M costs



**Brewery billing agreement:** Only revenue stream tied to actual PTP costs, but constrained by contract rate caps



**Intermunicipal agreements:** Costs passed to PTP and revenue collected are based on contract, not tied to actual cost

## PTP Expense Summary - 2024

Contract Operations	\$	6,372,677
Treatment & Transportation	\$	1,900,351
Capital Expenses	\$	1,033,796
Other Expenses	\$	181,791
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<b>Total PTP Expenses</b>	<b>\$</b>	<b>9,488,615</b>

# Other Constraints



Borrowing capacity – limited due to revenue insecurity



Tapping fees – none collected due to Pa. Act 57 prohibition on tapping fees for contributed facilities

# Moving Forward - Changes Needed!

- Industry financing agreements – Coke, SunOpta, KDP
- Other funding partners – County / Township / State
- Fully leverage hauler program
- Cost-based rates (including capex)
- Operations cost transparency
- Evaluation of risk related to future capital investments
- **Up Next: Updated engineering evaluation (September)**



Lehigh County Authority

**Discussion**

*Thank You!*