



2026 Budget: Preliminary Review

LCA Board of Directors
September 22, 2025



Today's Review & Next Steps

Summary of Budget Assumptions

- Support for strategic initiatives
- Staffing changes
- Other assumptions

Review of Fund Financials

- Suburban & City Divisions
- Summary of 2026 expected Budget results

Coming up

- Refined review & rate overview – 10/13/2025
- 2026 Budget approval – 10/27/2025 (required by 11/01/2025)
- 2026 Rate adoption – 11/10/2025

Strategic Initiatives & Budget Drivers

2025 Priorities

- Regional Sewer Plan
- Tyler EERP (Munis) Implementation
- Lead Program
- Employee Engagement & Safety
- Asset Management

October 2025

July 2025

Ongoing

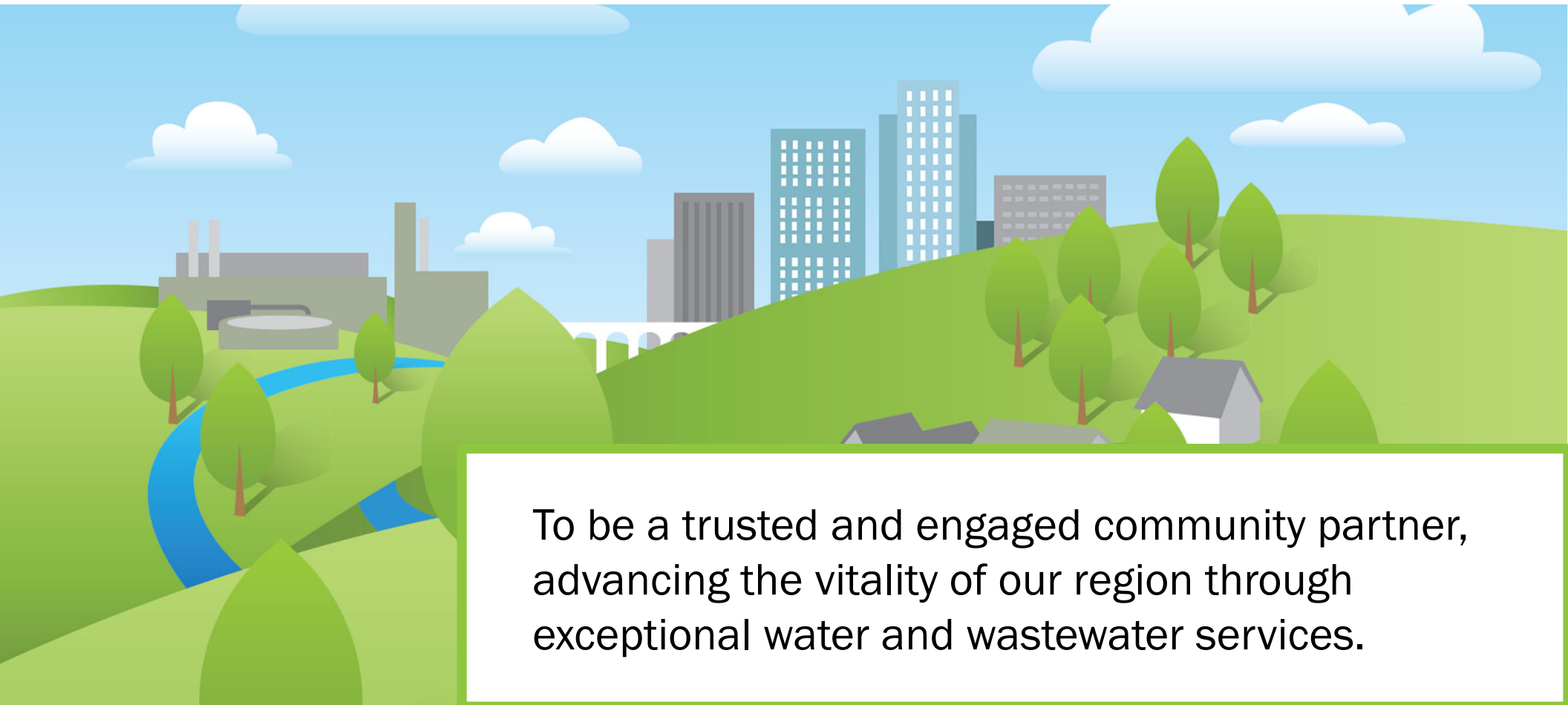
NEW Priorities for 2026

- Regional Leadership
- Technology & Data Management
- Facilities & Security
- Affordability

Coming Soon! Review of options for project performance metrics.

Vision

What does LCA aspire to become in the future?



To be a trusted and engaged community partner, advancing the vitality of our region through exceptional water and wastewater services.

2026 Budget Impacts *(excluding personnel)*

Operating Budget:

- \$250,000 – Special studies & legal fees
- \$100,000 – Increases communications activities
- \$100,000 – Affordability study & rate evaluations

Capital Budget:

- Technology / Data Master Plan
- Facility Improvements
- Lead Replacement Program

Managing Personnel Changes

Eliminate / repurpose vacant positions

Phased hiring – prioritize lead program staffing (must do)

Develop improved overtime tracking mechanisms

Carefully monitor contractor pricing (I&I program)

Summary of New Positions for 2026

LCA - Data Analyst	1	Q2
LCA - Facilities & Security Manager	1	Q1
EMA - Business & Rate Analyst <i>(replace Collections Analyst)</i>	1	Q3
EMA - Lead Program Administrator <i>(replace Lead CSR)</i>	1	Q1
EMA - Lead Program: Suburban Community Canvasser	1	Q1
EMA - Lead Program: Allentown Field Crew	4	Q1
EMA - I&I Engineer <i>(replace Regional Program Manager)</i>	1	Q1
EMA - I&I Program: Allentown Field Crew	3	Q2
LCA - Accounting Technician	1	Q1
Total New Positions	14	

Quick Review of Current Vacancies

2025 Budgeted Positions - Current Vacancies

Status

PA One Call Technician

Eliminate

Collections Analyst

Eliminate / Replace

Lead Program Customer Service Rep

Eliminate / Replace

Regional Sewer Program Manager

Eliminate / Replace

Director of Communications & Strategic Partnerships

NEW - Recruiting now

Planning Engineer

NEW - Recruiting now

Employee Learning & Development Coordinator

NEW - Recruiting Q4 2025

Capital Works Project Manager

Normal turnover

O&M Technician - Suburban Field Services

Normal turnover

Treatment Plant Operator

Normal turnover

Treatment Plant Operator

Normal turnover

Treatment Plant Shift Supervisor

Normal turnover

Total LCA Staffing Summary

2025 Active Employees	179
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Vacant / Open Budgeted Positions	+12
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Total 2025 Budgeted Employees	191
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Positions Eliminated or Repurposed in 2026

- Lead CSR
 - Regional Sewer Program Manager
 - **Collections Analyst**
 - PA One Call Technician
- (4)

New Positions Added for 2026	14
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2026 Budgeted Employees	201
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Net Headcount Change from 2025 Budget	+10
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2026 Budget: Personnel Costs

Total gross personnel costs, including payroll, benefits, pension, overtime, etc.

Budgeted for 2026	\$24,858,767
<u>2025 Forecast</u>	<u>\$23,088,006</u>
Cost Increase	\$770,761
	7.7%

Factors impacting 2026 Budget:

- ↓ Timing of planned hiring
- ↑ Benefit cost increases (est. 10%)
- ↑ Wage increases (est. 3.5%)

Note: Impact to LCA Operations Budget is reduced by \$2.9 million due to staffing cost allocations to capital projects (partially recoverable via rates and/or grants).

Summary of 2026 Budget Assumptions

Personnel cost increase: 7.7%

Additional \$450,000 in studies and support for strategic initiatives

Inflationary impact on other expenses: 2.7%

City Division lease rates: by agreement

Sewer Signatory Wastewater rates: by agreement

Suburban Wastewater rates: 5% collector system increase *(first increase since 2013)*

Suburban Water system revenue growth: 4%

Key Factors: Suburban Water

Operating Expenses

- Increase 7.5% to 2025 forecast
- Inflation impact
- Impact from strategic initiatives of \$65K
- Proportional share of personnel and internal services cost increases

Capital Budget

- \$6.3M per capital plan
- Current rates and reserves fund \$6.3M
- No borrowing required
- No new debt service

Revenue

- Revenue increase of 4.00% to attain balanced budget
- 1.0% volume growth budgeted
- 3.00% estimated rate impact

Metrics

- Targeting net \$1.7M use of reserves in cash flow
- All other key metrics better than internal targets

Suburban
Water:
2026
Cash
Flows

			Budget 2026	Forecast 2025	Budget 2025	Actual 2024
CONDENSED CASH FLOWS						
	Operating Revenues		20,815,891	20,069,701	20,058,560	18,598,312
	Operating Expenses (ex. D&A)		(13,843,538)	(13,165,666)	(12,409,238)	(11,335,712)
	Non-Operating Revenues (Expenses)		911,982	911,982	200,044	542,528
	Annual Payments		-	-	-	-
	Net Available for Debt Service		7,884,335	7,816,017	7,849,367	7,805,128
	Debt Service		(3,346,027)	(3,474,867)	(3,474,867)	(3,532,491)
	Non-Cash Working Capital Changes		-	(1)	-	(2,619,858)
	Net Available for Capex		4,538,308	4,341,149	4,374,500	1,652,779
	Investing		-	-	-	9,000
	Borrowing		-	-	-	5,241,371
	Capex		(6,288,750)	(4,774,500)	(4,774,500)	(6,077,263)
	NET CASH FLOWS		(1,750,442)	(433,351)	(400,000)	825,887
			Budget 2026	Forecast 2025	Budget 2025	Actual 2024
KEY METRICS						
	Operating Ratio with D&A		1.16	1.20	1.26	1.21
	Debt Service Coverage Ratio		2.36	2.25	2.26	2.21
	Capital Coverage Ratio		0.72	0.91	0.92	0.27
	Unrestricted Days Cash on Hand		196.51	255.16	330.89	310.30
	Unrestricted Investment Balances		2,846,053	2,846,053	3,023,130	2,846,053

Suburban Water: 2026 Operating Expenses:

*Variances from
2025 Forecast &
Budget*

		2026 Bud			
OPERATING EXPENSE VARIANCES FAV (UNFAV)		vs. 2025 FC	Inflation	Volume	Vol PCT.
	Personnel	(403,042)	(202,672)	(200,370)	-4.7%
	General & Administrative	(10,070)	(31,297)	21,227	1.8%
	Utilities	(7,320)	(15,871)	8,551	1.4%
	Materials and Supplies	(327)	(34,326)	33,999	2.6%
	Miscellaneous Services	(257,114)	(153,423)	(103,690)	-1.9%
	Treatment and Transportation	-	-	-	#DIV/0!
	Depreciation and Amortization	(576,999)	-	(576,999)	-16.0%
	Major Maintenance Expenses	-	-	-	#DIV/0!
	Other Miscellaneous	-	(5,297)	5,297	2.6%
	Total Operating Expenses	(1,254,871)	(442,887)	(811,984)	-4.8%
				-4.8%	
		2026 Bud			
OPERATING EXPENSE VARIANCES FAV (UNFAV)		vs. 2025 Bud	Inflation	Volume	Vol PCT.
	Personnel	(390,011)	(202,672)	(187,339)	-4.3%
	General & Administrative	(67,929)	(31,297)	(36,632)	-3.3%
	Utilities	(53,076)	(15,871)	(37,205)	-6.8%
	Materials and Supplies	67,826	(34,326)	102,152	7.4%
	Miscellaneous Services	(1,011,110)	(153,423)	(857,687)	-17.8%
	Treatment and Transportation	-	-	-	#DIV/0!
	Depreciation and Amortization	(633,117)	-	(633,117)	-17.9%
	Major Maintenance Expenses	-	-	-	#DIV/0!
	Other Miscellaneous	20,000	(5,297)	25,297	11.4%
	Total Operating Expenses	(2,067,417)	(442,887)	(1,624,531)	-10.2%

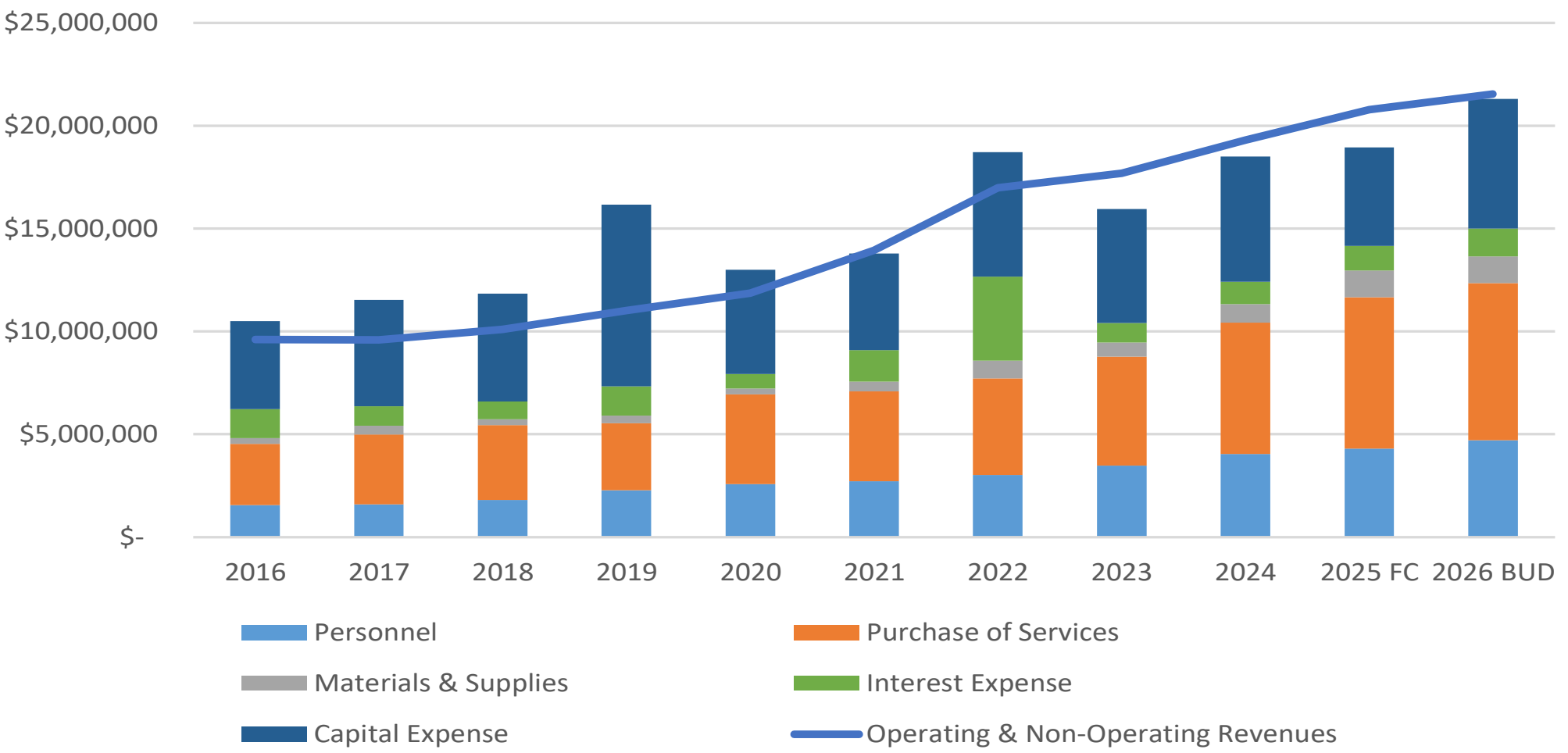
Suburban Water: 2026 Revenue Requirement

Total operating expenses from above	18,018,545
Less: D&A	(4,175,007)
Debt service	3,346,027
Use of reserves	(1,750,442)
Less: system & connection charges	(1,125,136)
Less: Other income	(289,811)
Less: interest income	(911,982)
Capex (PAYGO)	6,288,750
Add: Mobile Equipment Leased	-
Add: Lease payments (existing)	-
USER CHARGES REQUIRED	19,400,944
PY FC - User charges	18,654,754
Additional user charges required	746,190
Pct. Increase	4.000%

Suburban Water: 2026 Capital Budget

	Primary		Cap Plan		
	Project	2025	Costs	Cap Plan	2026
Project	Category	Budget	2026-2030	2026	Budget
<u>Annual Projects</u>					
Annual Projects	AM - Varies	2,492,000	11,455,000	2,520,000	2,520,000
<u>Multi-Year Projects</u>					
Water Main Replacement Projects	AM - Varies	-	10,350,000	100,000	100,000
Water Quality Studies and Upgrades	Sys Imp	-		-	-
Cloud Based Meter Reading System	Sys Imp	-	-	-	-
North Whitehall Division Water System Supply Study & Improvements	Sys Imp	120,000	3,100,000	700,000	700,000
Water Systems Master Planning	Sys Imp	150,000	350,000	100,000	100,000
Upper System Pump Station & Water Main Extension	Sys Imp	50,000	2,050,000	50,000	50,000
Water Meter Replacement Program	AM-Rev Opprt	1,000,000	5,150,000	1,050,000	1,050,000
Central Lehigh System Supply Improvements	Sys Imp	180,000	165,000	165,000	165,000
Buss Acres Water Quality Upgrade	Sys Imp	270,000	2,800,000	600,000	600,000
Small Systems Generator Replacement	Sys Imp	-	900,000	50,000	50,000
Leak Detection Program	Efficiency	-	550,000	250,000	250,000
Lead Service Inventory Program	Regulatory	-	200,000	50,000	50,000
Applewood Pump Station Upgrade	Sys Imp	100,000	930,000	400,000	400,000
Total Suburban Division Water Capital Expenditures		4,362,000	38,000,000	6,035,000	6,035,000

Suburban Water Division - Total Fund Revenues & Expenses



Key Factors: Suburban Wastewater

Operating Expenses

- Increase 7.2% to 2025 forecast
- Inflation impact
- Impact from strategic initiatives of \$66K
- Proportional share of personnel and internal services cost increases

Capital Budget

- \$6.9M per capital plan
- Funding from current rates and cash reserves
- No new borrowing and no new debt service

Revenue

- Signatory rates under review
- No volume increases in the budget
- Signatory rates will be impacted by capital expenses and City Division pass-through
- Collector systems rate increase of 5%

Metrics

- Targeting net deficit of \$4.3M in cash flow
- Metric for days cash on hand below internal target

Suburban Wastewater: 2026 Cash Flows

			Budget	Forecast	Budget	Actual
			2026	2025	2025	2024
CONDENSED CASH FLOWS						
	Operating Revenues		22,659,636	21,445,840	21,457,327	21,160,465
	Operating Expenses (ex. D&A)		(18,014,274)	(16,388,290)	(16,224,056)	(15,555,702)
	Non-Operating Revenues (Expenses)		59,260	324,470	59,260	696,777
	Annual Payments		-	-	-	-
	Net Available for Debt Service		4,704,623	5,382,020	5,292,531	6,301,540
	Debt Service		(2,176,924)	(2,176,925)	(2,176,924)	(3,030,534)
	Non-Cash Working Capital Changes		-	(4)	-	1,668,482
	Net Available for Capex		2,527,699	3,205,091	3,115,607	4,939,488
	Investing		-	-	-	489,000
	Borrowing		-	11,000,000	14,850,000	-
	Capex		(6,846,250)	(13,738,000)	(13,738,000)	(9,706,549)
	NET CASH FLOWS		<u>(4,318,551)</u>	<u>467,091</u>	<u>4,227,607</u>	<u>(4,278,061)</u>
			Budget	Forecast	Budget	Actual
			2026	2025	2025	2024
KEY METRICS						
	Operating Ratio with D&A		0.90	0.91	0.92	0.94
	Debt Service Coverage Ratio		2.16	2.47	2.43	2.08
	Capital Coverage Ratio		0.37	0.23	0.23	0.51
	Unrestricted Days Cash on Hand		50.86	152.09	354.85	149.27
	Unrestricted Investment Balances		7,278,350	7,278,350	6,965,466	7,278,350

Suburban Wastewater: 2026 Operating Expenses:

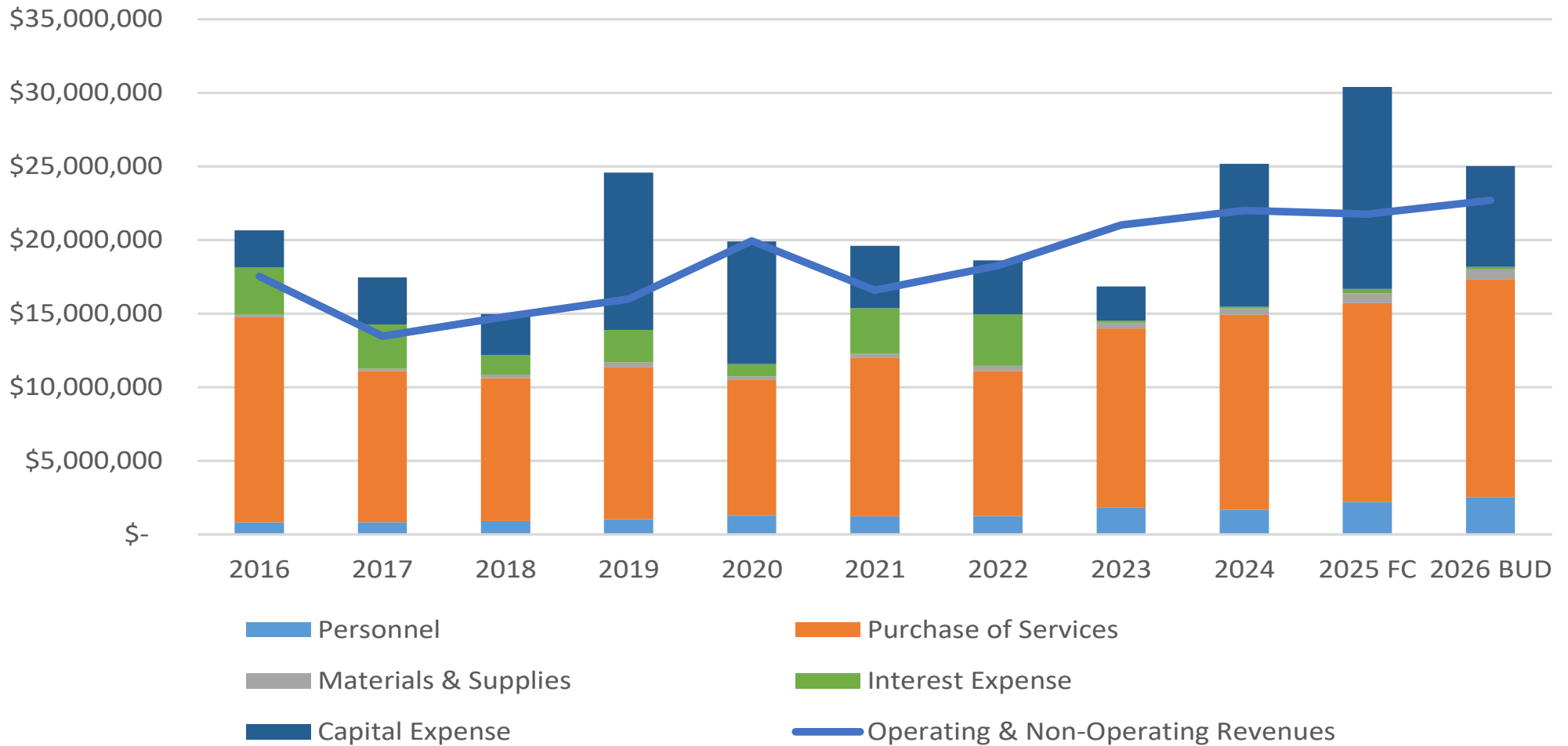
*Variances from
2025 Forecast &
Budget*

		2026 Bud			
	OPERATING EXPENSE VARIANCES FAV (UNFAV)	vs. 2025 FC	Inflation	Volume	Vol PCT.
	Personnel	(361,120)	(109,238)	(251,881)	-11.6%
	General & Administrative	49,960	(16,921)	66,881	9.6%
	Utilities	(58,750)	(9,750)	(49,000)	-15.7%
	Materials and Supplies	(1,488)	(17,291)	15,803	2.4%
	Miscellaneous Services	(119,477)	(211,110)	91,633	1.2%
	Treatment and Transportation	(1,135,109)	(151,239)	(983,870)	-21.3%
	Depreciation and Amortization	(61,400)	-	(61,400)	-0.9%
	Major Maintenance Expenses	-	-	-	#DIV/0!
	Other Miscellaneous	-	(596)	596	2.6%
	Total Operating Expenses	(1,687,383)	(516,145)	(1,171,238)	-5.0%
				-5.0%	
		2026 Bud			
	OPERATING EXPENSE VARIANCES FAV (UNFAV)	vs. 2025 Bud	Inflation	Volume	Vol PCT.
	Personnel	(330,312)	(109,238)	(221,074)	-10.0%
	General & Administrative	138,056	(16,921)	154,977	19.8%
	Utilities	(62,980)	(9,750)	(53,230)	-17.3%
	Materials and Supplies	31,992	(17,291)	49,283	7.1%
	Miscellaneous Services	(60,261)	(211,110)	150,849	1.9%
	Treatment and Transportation	(1,506,713)	(151,239)	(1,355,474)	-31.9%
	Depreciation and Amortization	(35,889)	-	(35,889)	-0.5%
	Major Maintenance Expenses	-	-	-	#DIV/0!
	Other Miscellaneous	-	(596)	596	2.6%
	Total Operating Expenses	(1,826,107)	(516,145)	(1,309,962)	-5.6%

Suburban Wastewater: 2026 Capital Budget

	Primary		Cap Plan	
	Project	2025	Costs	Cap Plan
Project	Category	Budget	2026-2030	2026
Annual Projects				
Annual Projects	AM - Varies	835,500	3,217,000	962,500
LCA Wastewater Treatment Plant				
Pretreatment Plant Improvements	AM - Varies	600,000	2,400,000	600,000
Pretreatment Plant Critical Upgrades	AM - Varies	4,000,000	2,500,000	2,500,000
Pretreatment Plant Upgrades and Replacement	AM - Varies	1,000,000	20,800,000	300,000
Subtotal		5,600,000	25,700,000	3,400,000
Western Lehigh Interceptor System:				
Central Lehigh County WW Capacity Planning & Expansion	New Cust	400,000	500,000	100,000
WLI Major Rehabilitation and Repairs	Regulatory	50,000	-	-
Spring Creek Pump Station Force Main Condition Assessment	AM-High	100,000	-	-
Spring Creek Pump Station Upgrades	AM-High	1,000,000	580,000	580,000
Spring Creek Pump Station Force Main Relocation	Regulatory	900,000	-	-
Signatory I & I Investigation & Remediation Program	Regulatory	500,000	1,250,000	750,000
Upper Western Lehigh Interceptor Pump Station & Force Main	Regulatory	1,300,000	-	-
WLI Parallel Alignment Study	Regulatory	-	-	-
Subtotal		4,250,000	2,330,000	1,430,000
Satellite Systems				
Wynnewood I & I Investigation & Remediation Program	AM - Varies	150,000	220,000	25,000
Wynnewood Wastewater Treatment Plant Expansion	New Cust	50,000	225,000	100,000
Arcadia West WWTP Mechanical Screen	Efficiency	220,000	180,000	170,000
North Whitehall Township Act 537 Sewage Facilities Planning	Regulatory	70,000	70,000	50,000
Heidelberg Heights I & I Investigation & Remediation Program	Regulatory	300,000	490,000	400,000
Heidelberg Heights WWTP Rehabilitation	AM - High	25,000	-	-
Sand Spring WWTP Improvements	Regulatory	100,000	120,000	30,000
Lynn Township WWTP Improvements	AM - High	900,000	950,000	100,000
Lynn Township I & I Investigation & Remediation Program	Regulatory	25,000	300,000	25,000
Small Systems Generator Replacement	Regulatory	-	350,000	50,000
Subtotal		1,840,000	2,905,000	950,000
Little Lehigh Relief Interceptor System:				
Park Pump Station Upgrade - Phase 2	AM - High	800,000	-	-
Total Suburban Wastewater Division Capital Expenditures:		13,325,500	34,152,000	6,742,500

Suburban Wastewater Division - Total Fund Revenue & Expenses



Key Factors: City Division

Operating Expenses

- Increase of 6.3% to 2025 forecast
- Inflation impact
- Impact from strategic initiatives of \$132K
- Proportional share of personnel and internal services cost increases

Capital Budget

- \$50.4M per capital plan
- 2025 borrowing will fund \$5.7M
- \$6.6M of funding from grants
- \$38.1M funding from current rates and reserves

Revenue

- Lease rates increase 5.5% 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: 2026 Cash Flows

			Budget 2026	Forecast 2025	Budget 2025	Actual 2024
CONDENSED CASH FLOWS						
	Operating Revenues		67,388,445	63,208,292	63,046,210	64,867,510
	Operating Expenses (ex. D&A)		(27,245,222)	(25,736,752)	(25,674,408)	(23,547,087)
	Non-Operating Revenues (Expenses)		8,042,632	20,610,016	16,432,632	5,742,204
	Annual Payments		<u>(1,383,491)</u>	<u>(1,119,374)</u>	<u>(1,323,915)</u>	<u>(1,361,180)</u>
	Net Available for Debt Service		46,802,364	56,962,181	52,480,519	45,701,447
	Debt Service		(18,079,392)	(17,716,163)	(17,765,690)	(18,253,435)
	Non-Cash Working Capital Changes		<u>-</u>	<u>(532,600)</u>	<u>-</u>	<u>(4,649,562)</u>
	Net Available for Capex		28,722,972	38,713,418	34,714,829	22,798,450
	Investing		-	-	-	-
	Borrowing		5,660,930	-	-	55,000,000
	Capex		<u>(50,369,500)</u>	<u>(50,580,000)</u>	<u>(50,580,000)</u>	<u>(18,735,537)</u>
	NET CASH FLOWS		<u>(15,985,598)</u>	<u>(11,866,582)</u>	<u>(15,865,171)</u>	<u>59,062,913</u>
			Budget 2026	Forecast 2025	Budget 2025	Actual 2024
KEY METRICS						
	Operating Ratio with D&A		1.74	1.74	1.74	1.78
	Debt Service Coverage Ratio		2.19	2.93	2.46	2.29
	Capital Coverage Ratio		0.57	0.77	0.69	1.22
	Unrestricted Days Cash on Hand		365.91	401.00	204.19	303.22
	Unrestricted Investment Balances		-	-	-	-

City Division: 2026 Operating Expenses:

*Variances from
2025 Forecast &
Budget*

		2026 Bud			
	OPERATING EXPENSE VARIANCES FAV (UNFAV)	vs. 2025 FC	Inflation	Volume	Vol PCT.
	Personnel	(709,211)	(633,876)	(75,335)	-0.5%
	General & Administrative	(41,216)	(86,087)	44,872	1.4%
	Utilities	(24,132)	(56,350)	32,218	1.5%
	Materials and Supplies	(172,049)	(103,181)	(68,868)	-1.8%
	Miscellaneous Services	(561,547)	(83,356)	(478,191)	-18.3%
	Treatment and Transportation	(315)	(315)	0	0.0%
	Depreciation and Amortization	(799,452)	-	(799,452)	-12.3%
	Major Maintenance Expenses	426	(107,790)	108,216	2.6%
	Other Miscellaneous	-	-	-	#DIV/0!
	Total Operating Expenses	(2,307,495)	(1,070,956)	(1,236,540)	-3.4%
				-3.4%	
		2026 Bud			
	OPERATING EXPENSE VARIANCES FAV (UNFAV)	vs. 2025 Bud	Inflation	Volume	Vol PCT.
	Personnel	(744,664)	(633,876)	(110,788)	-0.8%
	General & Administrative	(2,398)	(86,087)	83,689	2.6%
	Utilities	(59,787)	(56,350)	(3,437)	-0.2%
	Materials and Supplies	(246,830)	(103,181)	(143,649)	-3.9%
	Miscellaneous Services	(516,819)	(83,356)	(433,463)	-16.3%
	Treatment and Transportation	(315)	(315)	0	0.0%
	Depreciation and Amortization	(791,606)	-	(791,606)	-12.1%
	Major Maintenance Expenses	-	(107,790)	107,790	2.6%
	Other Miscellaneous	-	-	-	#DIV/0!
	Total Operating Expenses	(2,362,420)	(1,070,956)	(1,291,464)	-3.6%

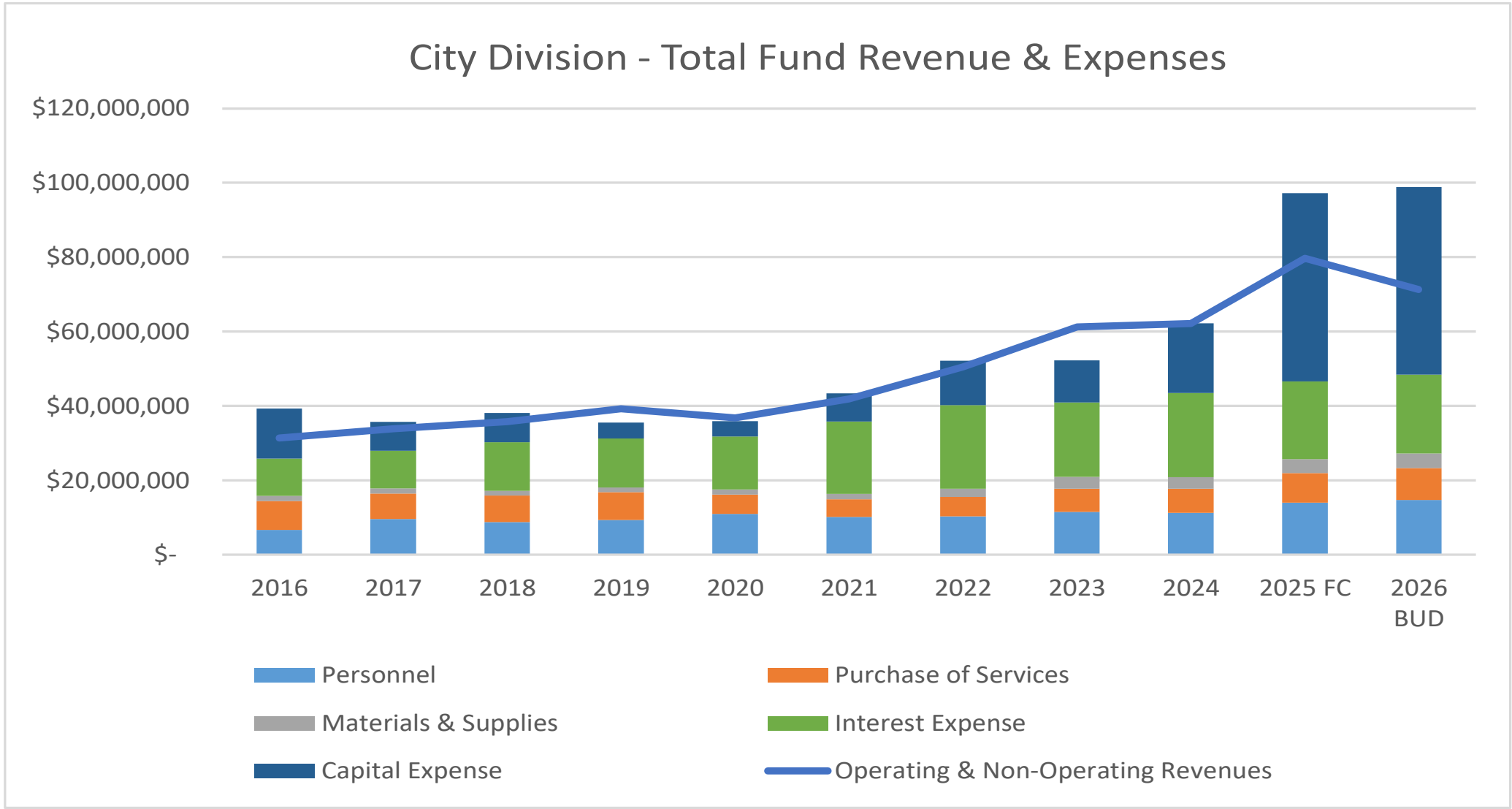
City Division: 2026 Capital Budget (Water)

	Primary		Cap Plan	
	Project	2025	Costs	Cap Plan
Project	Category	Budget	2026-2030	2026
<u>Annual Projects</u>				
Annual Projects	AM - Varies	2,555,000	12,355,000	2,685,000
<u>Non-CCRC Projects</u>				
Indenture Improvements	AM - High	200,000	500,000	100,000
Master Plan Studies	CA/OS	-	225,000	-
WFP Redundant Power Supply	Regulatory	835,000	-	-
Tank and Reservoir Rehabilitation	AM - High	200,000	1,000,000	200,000
Large Diameter Valve Replacement Project	AM - High	300,000	2,300,000	500,000
Schantz Spring Water Treatment Upgrades	Regulatory	-	225,000	75,000
Leak Detection Program	Regulatory	-	450,000	250,000
WFP Roof Replacement Project	AM - High	-	700,000	50,000
Subtotal		1,535,000	5,400,000	1,175,000
<u>Large Projects & CCRC Projects (3)</u>				
Annual Water Main Replacements	CA/OS	5,000,000	12,500,000	4,500,000
PFAS Compliance Planning and Upgrades	Regulatory	300,000	20,500,000	550,000
WFP Influent Channel Modifications	Master Plan	100,000	-	-
Redundant Raw Water Line	Efficiency	-	3,525,000	1,000,000
Water Meter Replacement Program	AM - High	2,000,000	1,250,000	500,000
Filter Upgrades	Master Plan	3,600,000	2,760,000	2,260,000
Big Lehigh Intake and Transmission Upgrades	Master Plan	100,000	2,825,000	1,000,000
WFP Electrical Upgrades	AM - High	-	3,700,000	100,000
WFP HVAC Upgrade Project	Efficiency	500,000	1,925,000	1,325,000
Little Lehigh Intake Modifications	System Imp	-	200,000	-
Lead Service Line Replacement Program	Regulatory	15,000,000	92,500,000	13,000,000
Subtotal		26,600,000	141,685,000	24,235,000
Total Allentown Division Water Capital Expenditures:		30,690,000	159,440,000	28,095,000

City Division: 2026 Capital Budget (Sewer)

	Primary		Cap Plan	
	Project	2025	Costs	Cap Plan
Project	Category	Budget	2026-2030	2026
<u>Annual Projects</u>				
Annual Projects	AM - High	2,715,000	10,369,000	2,142,000
<u>Non-CCRC Projects</u>				
Indenture Report Improvements	AM - Varies	250,000	700,000	200,000
KIWWTP Master Plan	CA/OS	-	250,000	-
Manhole Inspection and Sealing Program	Regulatory	1,000,000	5,000,000	1,000,000
KIWWTP Redudant Power Supply	Efficiency	-	1,070,000	70,000
WWTP Facilities Improvements	Efficiency	100,000	1,050,000	200,000
OCU Building #24 Replacement	AM - High	-	800,000	100,000
WWTP Facility Electrical Upgrades	AM - High	-	650,000	130,000
WWTP Effluent Pump Station	Efficiency	-	725,000	
Subtotal		1,350,000	10,245,000	1,700,000
<u>Large Projects & CCRC Projects</u>				
WWTP Electrical Substation Replacement Phase 2	AM - High	5,250,000	825,000	825,000
WWTP Wet Weather Capacity - Main & Auxiliary Pump Station Improvements	AM - Varies	-	21,200,000	6,250,000
WWTP Final Clarifier 1-4 Rehabilitation	AM - Varies	2,500,000	1,545,000	1,545,000
WWTP Primary Sludge Digester Feed Line Replacement	AM-Varies	2,700,000	-	-
WWTP Wet Weather Improvements	AM - Varies	750,000	-	-
WWTP Plastic Media Trickling Filter Rehab	AM - High	200,000	15,975,000	3,225,000
Source Reduction Plan - I/I Elimination Program	Regulatory	3,000,000	25,750,000	5,000,000
WWTP Solids Process Improvements	Regulatory	500,000	8,655,000	1,000,000
Subtotal		14,900,000	73,950,000	17,845,000
<u>Regional Act 537 Projects</u>				
Act 537 Alternatives Analyses	Regulatory	250,000	100,000	100,000
Miscellaneous Act 537 Planning, Financial and Legal Reviews	Regulatory	200,000	100,000	100,000
Subtotal		450,000	200,000	200,000
Total Allentown Division Wastewater Capital Expenditures		19,415,000	94,764,000	21,887,000

City Division - Total Fund Revenue & Expenses



Preliminary Summary of 2026 Budget Results

	Budget 2026	Forecast 2025	Budget 2025	Actual 2024
NET INCOME				
Suburban Water	2,347,736	3,020,352	3,109,821	2,825,050
Suburban Wastewater	(2,614,646)	(1,990,358)	(1,990,849)	(421,780)
City Division	<u>15,540,642</u>	<u>26,607,421</u>	<u>23,008,783</u>	<u>11,588,644</u>
Total LCA	<u>15,273,731</u>	<u>27,637,416</u>	<u>24,127,755</u>	<u>13,991,914</u>
CASH FLOWS				
Suburban Water	(1,750,442)	(433,351)	(400,000)	825,887
Suburban Wastewater	(4,318,551)	467,091	4,227,607	(4,278,061)
City Division	<u>(15,985,598)</u>	<u>(11,866,582)</u>	<u>(15,865,171)</u>	<u>59,062,913</u>
Total LCA	<u>(22,054,591)</u>	<u>(11,832,841)</u>	<u>(12,037,564)</u>	<u>55,610,739</u>
DEBT SERVICE COVERAGE RATIO				
Suburban Water	2.36	2.25	2.26	3.21
Suburban Wastewater	2.16	2.47	2.43	2.08
City Division	2.19	2.93	2.46	2.29
CAPITAL SPENDING				
Suburban Water	6,288,750	4,774,500	4,774,500	6,085,513
Suburban Wastewater	6,846,250	13,738,000	13,738,000	9,694,215
City Division	<u>50,369,500</u>	<u>50,580,000</u>	<u>50,930,000</u>	<u>18,735,537</u>
Total LCA	<u>63,504,500</u>	<u>69,092,500</u>	<u>69,442,500</u>	<u>34,515,266</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 – 10/13/2025
- 2026 Budget approval – 10/27/2025
- 2026 Rate adoption – 11/10/2025



Discussion / Questions?

Thank you!

