

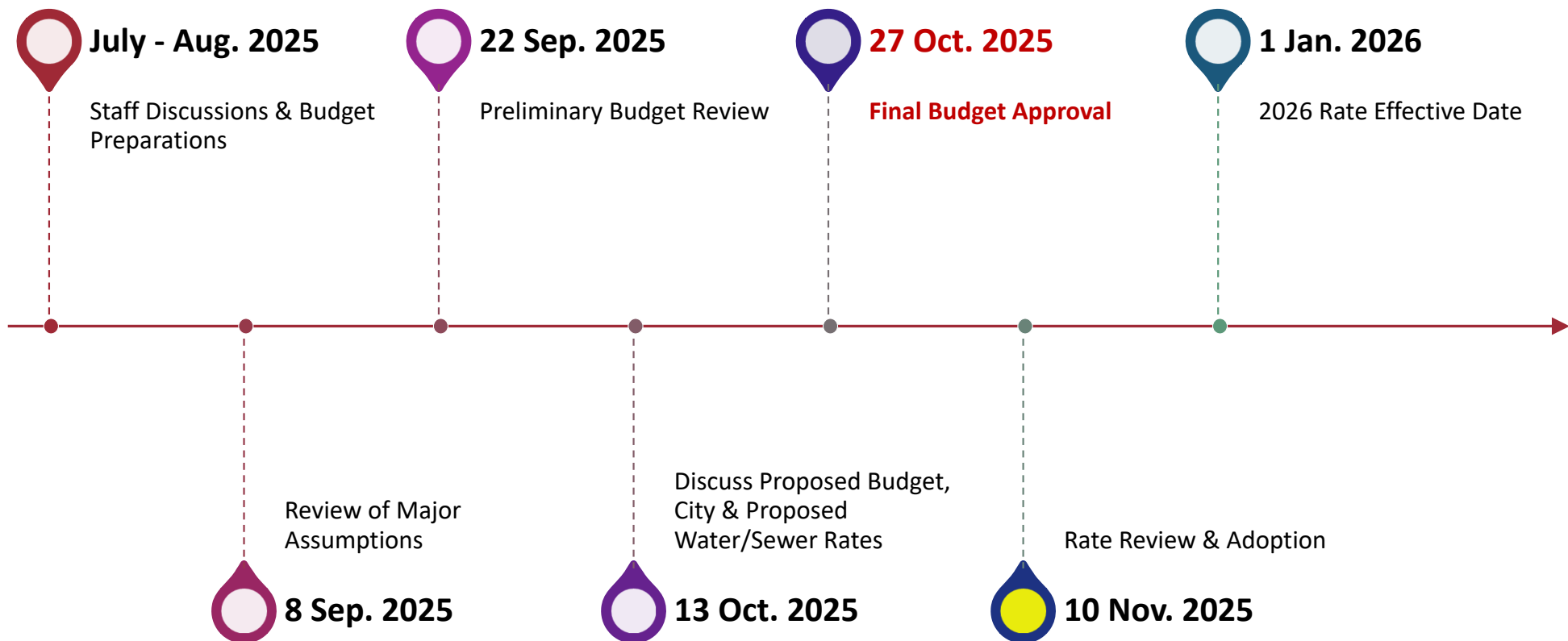


2026 Budget: Final Review & Approval

LCA Board of Directors
October 27, 2025



Budget Timeline



Proposed 2026 Budget

Highlights

Strategic Initiatives & Budget Drivers

2025 Priorities

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

October 2025

July 2025

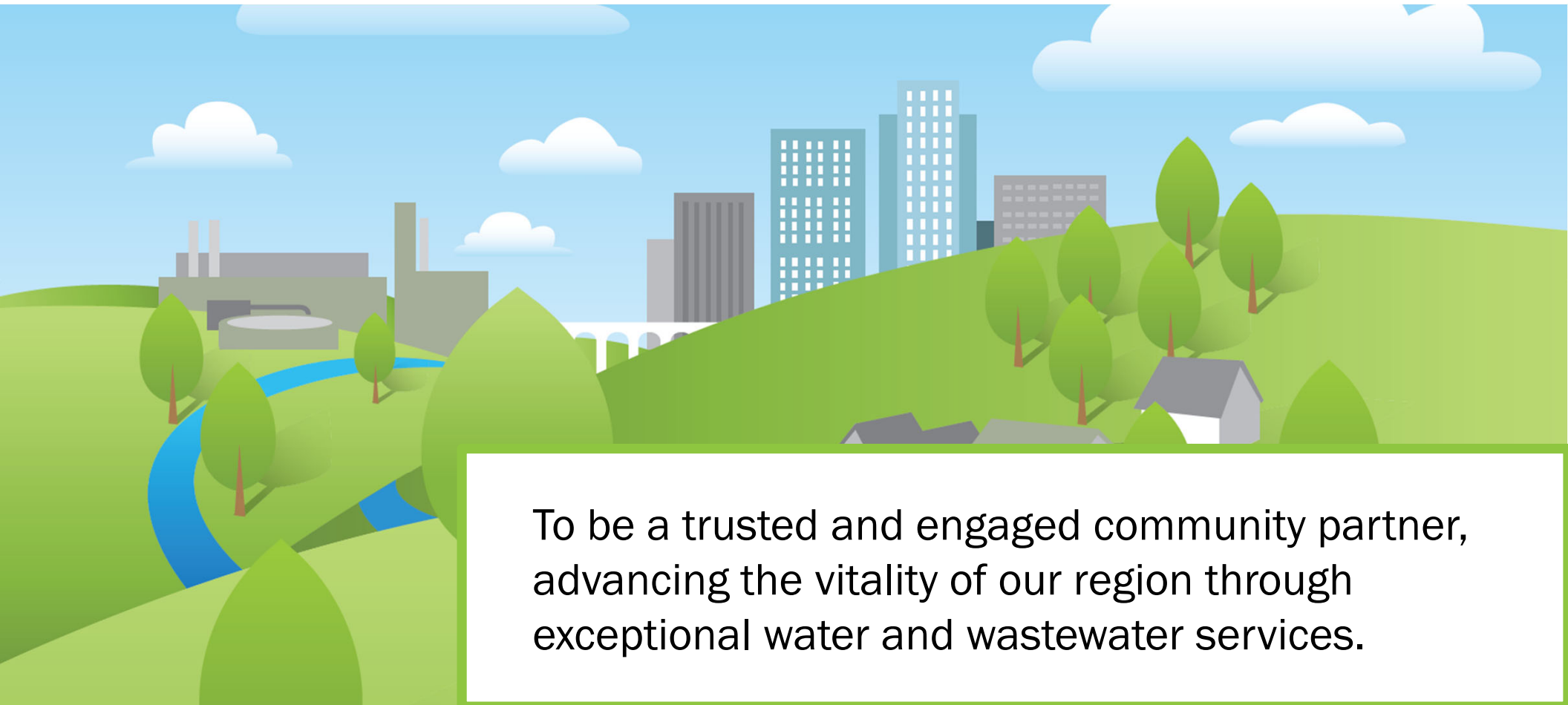
Ongoing

NEW Priorities for 2026

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

Data Analyst	1
Facilities & Security Manager	1
Accounting Technician	1
PA One Call Technician <i>(eliminate)</i>	-1
Lead Program Administrator <i>(replace Lead CSR)</i>	0
Lead Program: Suburban Community Canvasser	1
Lead Program: Allentown Field Crew	4
I&I Engineer <i>(replace Regional Program Manager)</i>	0
I&I Program: Allentown Field Crew	3
Total New Positions	10

Staffing Update – Current Vacancies

- Employee Learning & Development Coordinator
- Capital Works Project Manager
- Planning Engineer
- Lead Program Canvasser
- Accounting Support Assistant
- Allentown Field Services Tech
- Suburban Field Services Tech
- Suburban Wastewater Foreman
- Treatment Plant Operator 2 (x2)

More Work Needed:

- Treatment Plant Operations Staffing & Shift Coverage
- Define new positions for 2026 and start recruiting! *(pending Board approval)*

Other 2026 Budget Assumptions

- Wage increases by contract
- Benefit cost increases estimated at 10%
- Inflationary impact on other expenses
- Customer rates: Increases vary by division

2026 Budget

Summary

LCA 2026 Budget

Budget Overview	Suburban Water	Suburban Wastewater	City Division	Total
Operating, Non-Operating & Other Revenue	\$ 21,727,873	\$ 22,718,896	\$ 75,431,077	\$ 119,877,846
Operating Expenses (net of depreciation)	\$ 13,843,538	\$ 18,014,274	\$ 28,628,713	\$ 60,486,525
Net Revenues Available for Debt Service	\$ 7,884,335	\$ 4,704,622	\$ 46,802,364	\$ 59,391,321
Debt Service	\$ 3,346,027	\$ 2,176,924	\$ 18,079,392	\$ 23,602,343
Debt Service Coverage Ratio (indenture based)	2.36	2.16	2.19	2.21

Capital Budget Overview	Suburban Water	Suburban Wastewater	City Division	Total
Capital Expenses	\$ 6,140,000	\$ 6,697,500	\$ 50,692,000	\$ 63,529,500
Funding from 2026 Revenue & Operating Reserves	\$ 6,140,000	\$ 797,500	\$ 29,685,037	\$ 36,622,537
Funding from Existing Project Reserves	-	\$ 5,900,000	\$ 15,346,033	\$ 21,246,033
Funding from New Borrowing	-	-	\$ 5,660,930	\$ 5,660,930
Year-End Project Reserve Balance	\$ 319,718	\$ 55,385	\$ 3,022,601	\$ 3,397,704

Total Cash Flow	Suburban Water	Suburban Wastewater	City Division	Total
Beginning Operations Cash Balance (2025 forecast)	\$ 8,883,860	\$ 873,315	\$ 25,252,605	\$ 35,009,780
2026 Surplus	\$ 4,538,308	\$ 2,527,698	\$ 28,722,972	\$ 35,788,978
Provided From (To) Capital	\$(6,140,000)	\$(797,500)	\$(29,685,037)	\$(36,622,537)
Ending Operations Cash Balance	\$ 7,282,168	\$ 2,603,513	\$ 24,290,540	\$ 34,176,221
Operating Days Cash on Hand	192	53	310	211

Financial Snapshot

2026 Budget Highlights

- Revenues + \$120M
- Operating Expenses - \$60M
- Capital Improvements - \$64M
- Debt Service Expense - \$24M
- New / Previous Borrowing + \$21M

Average Annual Water Bill (2026)

- Suburban: \$394 per year
- Allentown: \$708 per year

Average Annual Sewer Bill (2026)

- Suburban: \$530 per year
- Allentown: \$409 per year

2026 Budget

Customer Rates



Your Drinking
Water

Your
Wastewater

Customer
Service

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www.lehighcountyauthority.org/2026-rates/

2026 Rates

Understanding 2026 Rate Increases

As a nonprofit municipal authority, every dollar from your bill goes directly toward maintaining and improving our public water and sewer systems. This includes essential upgrades such as replacing aging infrastructure—pipes, pumps, and treatment equipment—that help ensure safe, reliable service for everyone. These investments are necessary to protect public health and the environment.

City Division:

7.1% (Average residential customer impact: \$19 per quarter, water & sewer)

Suburban Water:

4.0% (Average residential customer impact: \$4 per quarter, water only)

Suburban Wastewater:

3-5.5% (Average residential customer impact: \$3 - \$9 per quarter, sewer only)

Wastewater Signatories & Boston Beer:

Calculated by formulas included in agreements

What does it mean?

Billing Example – Residential Bill for 15,000 Gallons per Quarter

	2025 Quarterly Bill	2026 Quarterly Bill
Fixed Charge – Water	\$85.57	\$90.28
Water Volume Charge	\$76.78	\$80.36
Water Capital Cost	\$6.11	\$6.31
Fixed Charge – Sewer	\$29.75	\$31.38
Sewer Flow Charge	\$54.83	\$57.85
Sewer Capital Cost	\$4.45	\$9.80
Admin Order Fee	\$3.05	\$3.14
Total Quarterly Bill	\$260.54	\$279.12
Annual Water & Sewer Bill	\$1,042.16	\$1,116.48



Total customer impact:
\$74.32 per year
7.1% Increase

2026 Rates – Suburban Water – Proposed

Average Residential Water Bill:
15,000 Gallons per Quarter



	<u>2025</u>	<u>2026</u>
Fixed Charge	\$34.50	\$36.50
<u>Volume Charge</u>	<u>\$60.30</u>	<u>\$62.10</u>
Quarterly Water Bill	\$94.80	\$98.60
Annual Water Bill	\$379.20	\$394.40
Increase = \$15.20 (4.0%)		

NOTE: Actual percentage change in each customer's bill will vary based on water usage.

2026 Rates – Suburban Wastewater – Proposed

*Common Rate 1 – Collection Only
Upper Milford, Weisenberg & Lowhill Townships*



Average Residential Water Bill:

15,000 Gallons per Quarter

	<u>2025</u>	<u>2026</u>
Fixed Charge	\$21.00	\$24.00
Flow Charge	\$67.95	\$67.95
Quarterly Sewer Bill	\$88.95	\$91.95
Annual Sewer Bill	\$355.80	\$367.80
Increase = \$12.00 (3.4%)		

NOTE: Actual percentage change in each customer's bill will vary based on metered usage.

2026 Rates – Suburban Wastewater – Proposed

Common Rate 2 – Collection & Treatment

Wynnewood Terrace, Heidelberg Heights, Sand Spring & Lynn Township



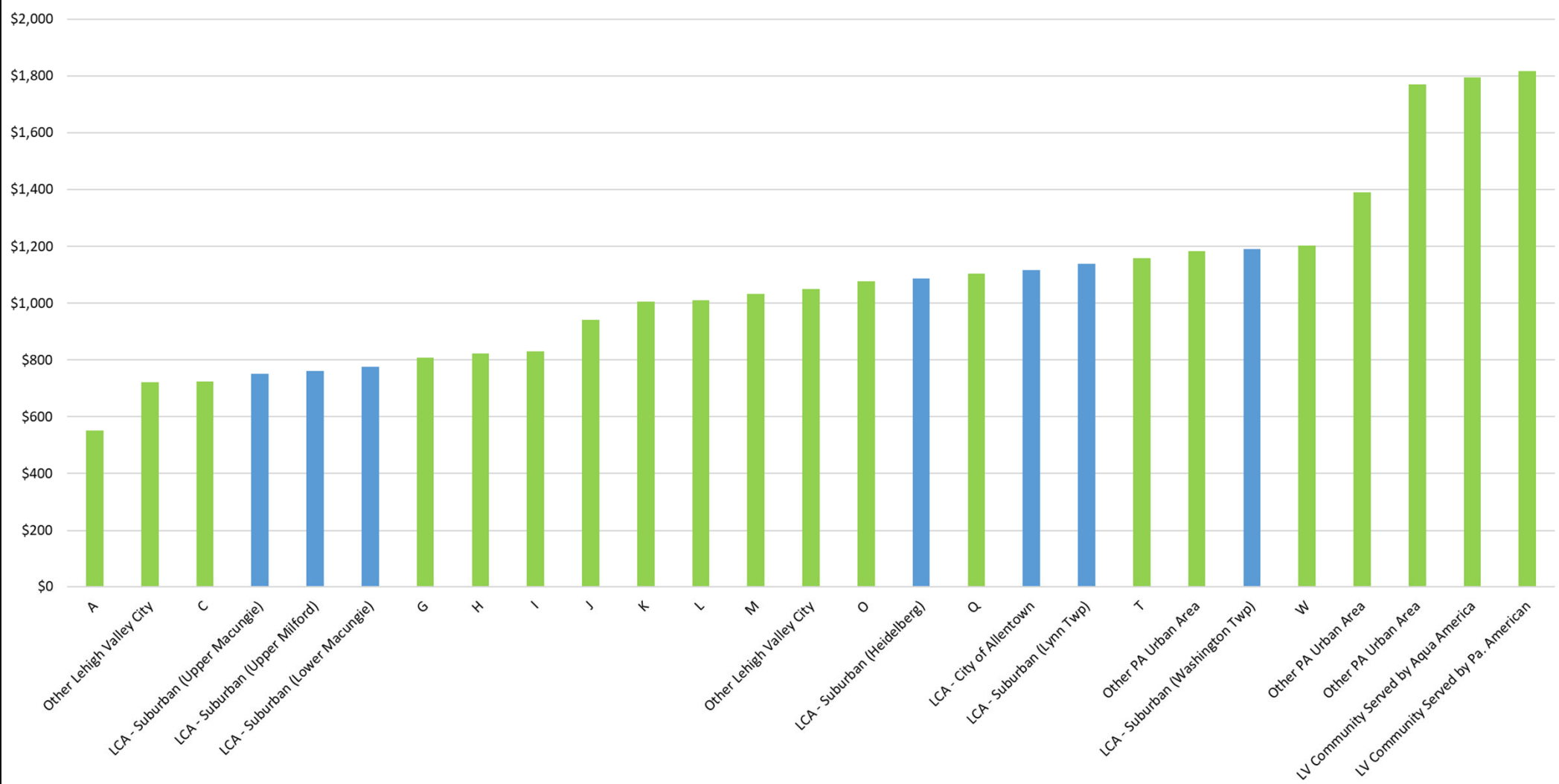
Average Residential Water Bill:

15,000 Gallons per Quarter

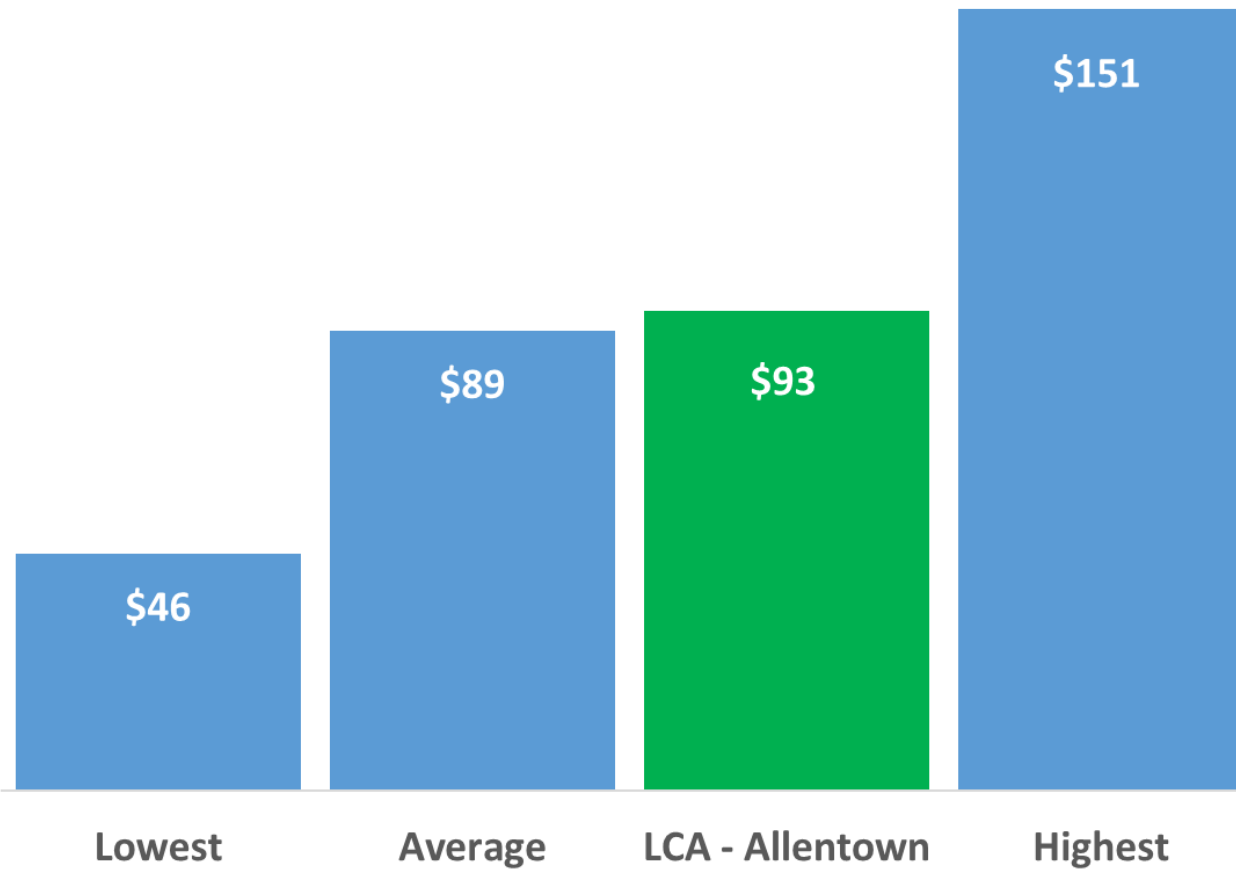
	<u>2025</u>	<u>2026</u>
Fixed Charge	\$21.00	\$30.00
Flow Charge	\$142.95	\$142.95
Quarterly Sewer Bill	\$163.95	\$172.95
Annual Sewer Bill	\$655.80	\$691.80
Increase = \$36.00 (5.5%)		

NOTE: Actual percentage change in each customer's bill will vary based on metered usage.

Lehigh Valley / PA Urban Areas - Water & Sewer Rate Comparison (Data from 2025, LCA 2026 Proposed Rates)
 27 Communities in the Lehigh Valley & PA - Average Annual Residential Water & Sewer Bill (5000 gallons per month)



What Lehigh Valley Customers Pay Monthly for Water & Sewer Service



LCA finds ways to help customers with increasing cost for water & sewer service!

LCA-Funded Customer Hardship Grants

LCA Payment Plans

Customer education & conservation

Customer service & responsiveness

2025 affordability study kick-off

Customer Support

Visit: www.lehighcountyauthority.org/support

Support is available for customers struggling to pay their water and wastewater utility bills. Learn more here: [Water & Wastewater Utility Customer Assistance Programs](#)

Learn more in the [LCA Hardship Grant Program Fact Sheet](#).

El soporte está disponible para los clientes que luchan por pagar sus facturas de servicios públicos de agua y aguas residuales. Aprende más aquí: [Programas de Asistencia al Cliente de Servicios de Agua y Alcantarillo](#)

Obtenga más información [en la hoja informativa del Programa de Subsidios por Dificultades Económicas de LCA](#).

Need help paying your Lehigh County Authority bill?

New funds are available to
assist customers in need!
See if you qualify for
our Hardship Program.



Looking Ahead

Work Remaining

- Budget approval today? *(due by November 1)*
- Customer rate change notifications *(under way now)*

Upcoming Board Meetings

- 2026 Rate adoption – 11/10/2025



Discussion?

Thank you!



Lehigh County Authority