



Lehigh County Authority

2023 Water / Sewer Rates – City of Allentown

Compliance Review Board Meeting

November 16, 2022

LCA Budget Overview: Allentown Water & Sewer

	2022 Forecast	2023 Budget
Operating, Non-Operating & Other Revenue	\$ 50,741,287	\$ 54,975,421
Operating Expenses (net of depreciation)	\$ (20,980,831)	\$ (23,182,225)
Net Revenues Available for Debt Service	\$ 29,760,456	\$ 31,793,196
Debt Service	\$ (14,852,214)	\$ (15,130,921)
Net Revenues Available for Capital Improvements	\$ 14,908,242	\$ 16,662,275
New Funding from Borrowing	\$ -	\$ 1,200,000
Capital Improvements	\$ (11,288,103)	\$ (15,191,000)
Year End Cash Surplus to Build System Reserves	\$ 3,620,139	\$ 2,671,275

Building cash reserves needed for future capital improvements and future rate relief!



2022

REPORT CARD FOR PENNSYLVANIA'S INFRASTRUCTURE



DRINKING WATER



WASTEWATER

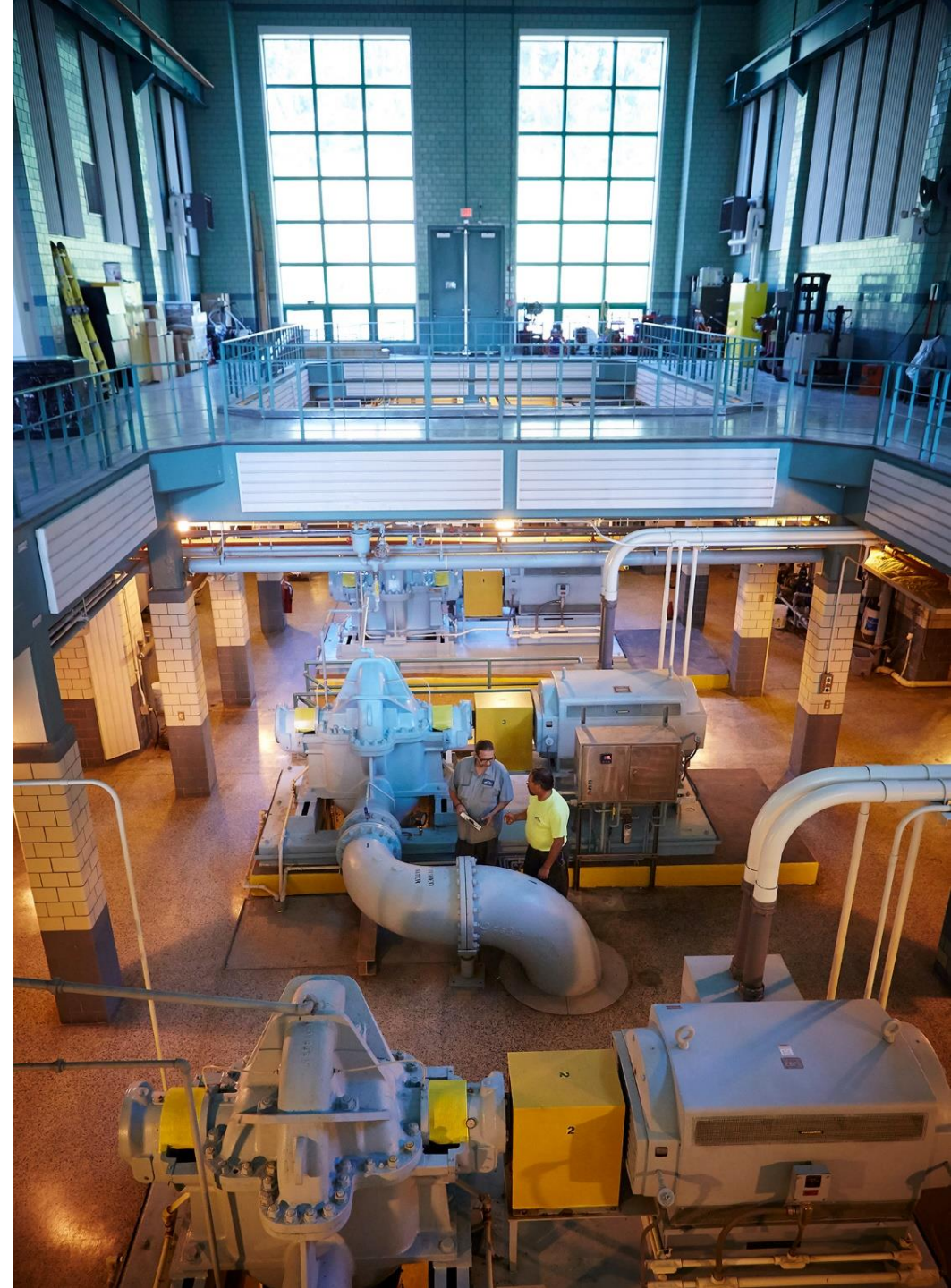


POOR: AT RISK

The infrastructure is in poor to fair condition and mostly below standard, with many elements approaching the end of their service life. A large portion of the system exhibits significant deterioration. Condition and capacity are of significant concern with strong risk of failure.

LCA City System – Infrastructure

- Water Treatment Plant: 30 million gallons per day (mgd) permitted; 22 mgd average day water production
- Wastewater Treatment Plant: 40 mgd permitted; 33 mgd average
- Water Mains: 320 Miles
- Sewer Mains: 316 Miles
- Valves: 8,733
- Fire Hydrants: 1,907
- Manholes: 7,198
- Storage Tanks: 7 (50 Million Gallons)
- Pump Stations: 7
- Air Release Valves: 81



5-Year Outlook: System Improvements Needed

	2024	2025	2026	2027	2028
Water System Projects*	\$ 7,690,000	\$ 8,876,000	\$ 9,567,500	\$ 7,421,500	\$ 6,824,000
Sewer System Projects **	\$12,214,120	\$13,809,710	\$19,806,193	\$ 9,036,627	\$ 7,391,914
TOTAL PROJECT ESTIMATE	\$19,904,120	\$22,685,710	\$29,373,693	\$16,458,127	\$14,215,914

** Water projects include annual water main replacements required in Lease Agreement, various major projects to replace aging equipment and electrical components at the Water Filtration Plant, and initial phases of lead service line replacement program.*

*** Sewer projects include annual sewer lining projects to reduce leakage, major Kline's Island Wastewater Treatment Plant projects to address regulatory requirements for wet-weather treatment, and replacement of aging equipment and electrical components.*



2023 Budget: Payments from Municipalities

Cost for regional services are shared proportionately

- Lehigh County Authority water purchase: \$3.1 million
- Other municipal water purchases: \$2.7 million
- Sewer signatory charges (including AO expense): \$8.0 million



Allentown Water & Sewer Rates: *Key Components*

“Schedule 3” Lease Rates: Increase by CPI-U plus 2.5%

- Fixed Charge – by meter size
- Volume / Flow Charge – based on usage

Rate Additions for Cost Recovery: Formulas included in the Lease

- Capital Cost Recovery Charges
 - Change of Law & Delaware River Basin Commission Charges
 - Administrative Order (AO) Fees (reimbursed to the City for AO bonds)
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2023 “Schedule 3” Lease Rates

	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
	WATER VOLUME CHARGE \$4.55119 per 1000 gallons			SEWER FLOW CHARGE \$3.2831 per 1000 gallons	

Rate Additions

Capital Cost Recovery & Administrative Order Charges

NEW Projects	Total Project Cost	Annual Cost Recovery via City Rate	Recovery Period (years)	Customer Rate per 1000 gallons
Water Main Replacements (1 mile completed in 2022)	\$ 3,892,000	\$0*	30	\$0*
Wastewater Treatment Plant Boiler Replacement	\$ 3,397,000	\$121,662	25	\$0.04067
Administrative Order Work**	\$ 6,700,000	\$493,935	13-19	\$0.16700

** City allocation of ARPA funds results in direct rate relief to City water customers.*

*** The 2023 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.*

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

Upcoming Projects: Funding Approaches

City Allocation of ARPA Funds: Direct rate relief to City customers

- Main Replacements
- Water Filter Replacement Project
- City Sewer System Improvements

Pennvest Funding: Lower cost of borrowing (1%) = lower rate impact

- Water Filtration Plant High-Lift Pumps / VFD Replacements

Grant Applications: Eliminates rate impact, if successful

- Lead Service Line Replacements
- Sewer System Improvements
- Other Opportunities – City and LCA working together!

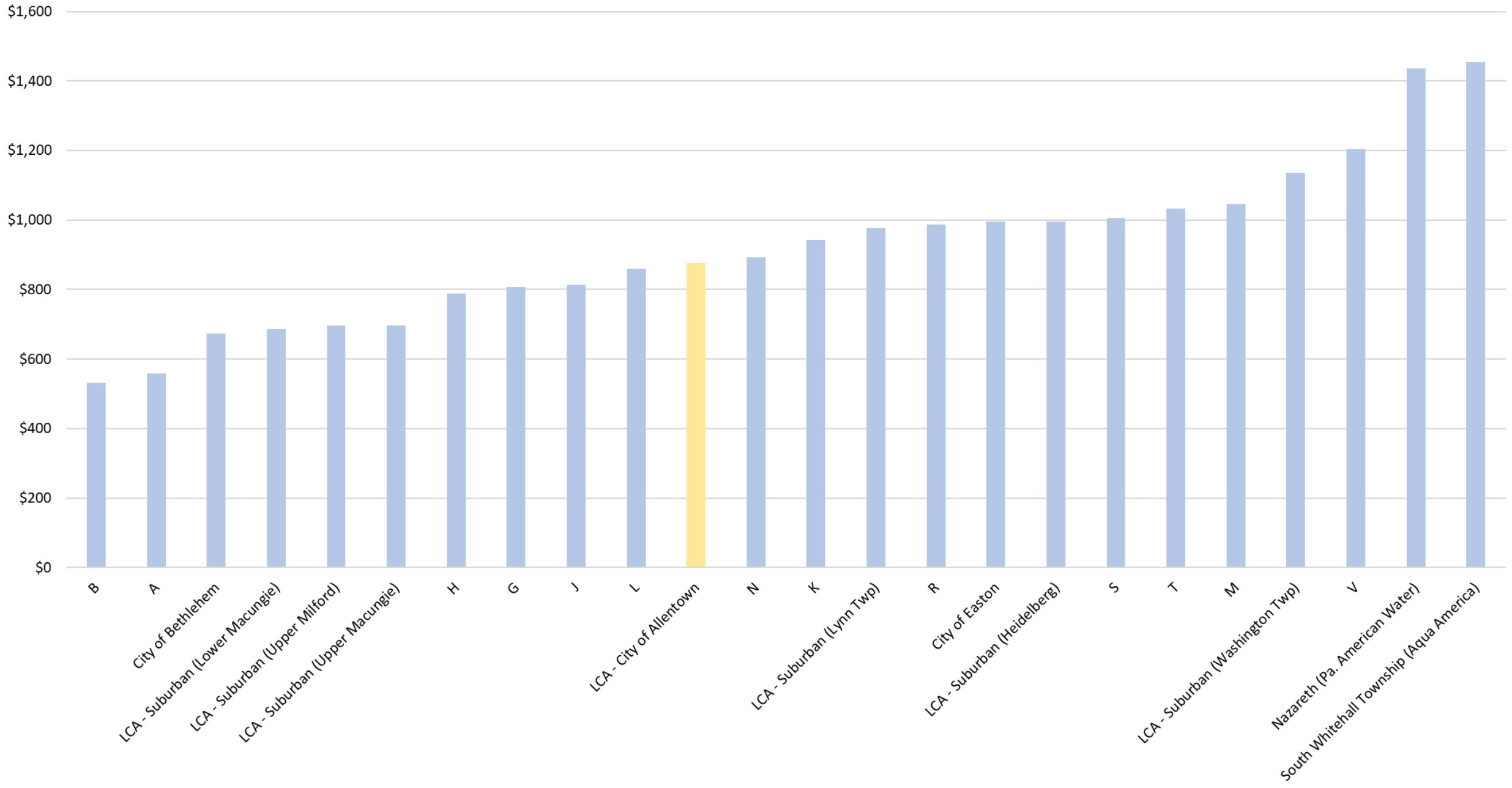
2023 Water & Sewer Rates in Allentown

Billing Example –Residential Bill for 13,000 Gallons

	2022 Quarterly Bill	2023 Quarterly Bill
Fixed Charge – Water	\$60.81	\$66.95
Water Volume Charge	\$54.04	\$59.31
Water Capital Cost Recovery Charge	\$5.10	\$5.07
Fixed Charge – Sewer	\$21.13	\$23.27
Sewer Flow Charge	\$38.78	\$42.69
Sewer Capital Cost Recovery Charge	\$1.96	\$2.51
Administrative Order Fee	\$2.11	\$2.17
Total Bill	\$183.93	\$201.97

\$6 per month difference

Lehigh Valley Water & Sewer Rate Comparison (Data from 2022, LCA 2023 Proposed Rates)
24 communities in Lehigh Valley - average annual residential water & sewer bill (5000 gallons per month)



LCA Customer Hardship Fund

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.



- Provides support to households at 200% of Federal Poverty Income
- Up to \$300 per household
- Funding level: \$500,000

Pennsylvania Homeowner Assistance Fund



- Household income must be equal to or less than 150% of area median income
- Homeowner must own and occupy the property, located in Pennsylvania, as their primary residence.
- Grant up to \$30,000
- Water/sewer bills eligible

Other Ways LCA Tries to Help

LCA Payment Plans: Contact us!

**Online Resources & Links: Water conservation,
County support programs, and more!**

LCA-City partnership on grant applications

Customer service & responsiveness

Customer Service Satisfaction*

	Surveys Returned	Overall Satisfaction	Employee Courtesy	Employee Knowledge
2015	587	90%	93%	92%
2016	443	87%	93%	92%
2017	417	90%	95%	91%
2018	323	86%	90%	92%
2019	360	89%	93%	94%
2020	390	91%	93%	95%
2021	306	89%	93%	93%
2022 (to date)	152	89%	95%	93%

****Results based on postcard survey of customers who had contact with LCA in the prior month.***

Mission

Who is Lehigh County Authority? Why do we exist?

To protect public health and the environment by providing high-quality, safe, and reliable water and wastewater services.

