
L C A M e d i a S t a t e m e n t

From: Asa Hughes, Chairman of the Board

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RE: LCA Charter Extension Request Declined

At tonight's meeting of the Lehigh County Commissioners, a vote was taken regarding a request to extend the charter of Lehigh County Authority (LCA) for 14 years. This life extension was necessary to ensure that LCA has a full 50-year charter in place in the event that its Board of Directors would decide to participate in the bidding process for the City of Allentown's water and sewer system concession lease.

We are deeply disappointed and troubled by the County Commissioners' vote against the life extension. There are many reasons for LCA to be involved in the City's bid process.

First and foremost, LCA is a non-profit, tax-exempt municipal authority, which translates into lower borrowing costs for the concession's upfront expenses and ongoing capital improvements, and ultimately the lowest cost of service to the customers through low and stable rates.

Secondly, LCA has a proven track record of not only providing excellent service to our existing customers, but also providing local, regional and national leadership on issues that are important to the sustainability of the water and wastewater industry. For example, earlier today, LCA's General Manager, Aurel Arndt, testified in front of the U.S. House Appropriations Committee on an important proposal for long-term funding to address the nation's water and sewer infrastructure needs. This type of industry leadership is a benefit to all water and sewer customers in Lehigh County, including Allentown's residents.

Closer to home, LCA's Board and staff have a long history of working with Allentown's systems, forming partnerships to address regional issues, and administering

long-term service agreements that are vital to our respective communities' well-being. LCA's familiarity with the City's water and sewer assets would provide significant benefits to the region in terms of a smooth transition for employees, customers and suburban communities.

Finally, because LCA is interconnected with the City systems and is dependent on City facilities and operations for service, LCA is highly incentivized to ensure the ongoing reliability, sustainability and affordability of City services. This sense of focus is strengthened by LCA's non-profit structure, which ensures that LCA has no incentive to generate excess lease revenues. Instead, LCA can reduce or offset revenues to mitigate the impact of future rate increases to Allentown users.

In short, LCA cares about the outcome of the lease bid process because no matter what, our customers will be affected.

We are disappointed that the County Commissioners have chosen not to extend our charter for the full 50-year time span required for us to submit a bid that conforms to the City's request for bids. In the days ahead, LCA's team will evaluate the impact of the Commissioners' decision. We expect this decision will weigh heavily on the minds of our staff and Board as we discuss what comes next for LCA.

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