



**MAYOR ROBERT GARCIA**  
CITY OF LONG BEACH

June 12, 2018

MEMBERS OF THE CITY COUNCIL & CHARTER AMENDMENT COMMITTEE  
City of Long Beach

RECOMMENDATION:

**To consider and receive comments from the community regarding the following proposed amendment to the Long Beach City Charter:** Utility Consolidation Measure. A charter amendment to consolidate the administration of the Water Department and the Gas Department under a single utility commission.

DISCUSSION:

City Charter Amendment Process

Under State law, a majority of Long Beach voters must approve any City Charter Amendment. The next available date to place this Charter amendment on the ballot will be November 6, 2018. To consider this amendment for the November 6, 2018 election, State law requires that there be three public hearings/meetings over the next 60 days. At each of these hearings/meetings there will be opportunities for discussion, receiving community input, and making changes to the Charter amendment language. The hearing/meeting dates are as follows:

- June 12, 2018 – First public hearing: Receive staff presentation, hear public comment, direct staff to gather any further information or implement changes.
- July 17, 2018 – Second public hearing: Receive any updated information, hear public comment, direct staff to gather any information or make amendment changes.
- August 7, 2018 – Final meeting: Receive any updated information, hear public comment, make any final amendment changes, and if the City Council so chooses, adopt the required resolutions to place the Charter amendment on the November 6, 2018 General Election ballot.

FISCAL IMPACT:

Discussion of proposed amendments has no fiscal impact.

SUGGESTED ACTION:

**Consider proposed amendment to the Long Beach City Charter, receive comments from the community, and refer for second hearing on July 17.**

Respectfully submitted,

Mayor Robert Garcia  
City of Long Beach  
Dated: June 4, 2018



**MAYOR ROBERT GARCIA**  
**CITY AUDITOR LAURA DOUD**  
CITY OF LONG BEACH

May 31, 2018

Members of the Long Beach City Council  
333 West Ocean Blvd., 14<sup>th</sup> Floor  
Long Beach, CA 90802

**RE: Proposed Charter Amendments**

Dear Long Beach City Councilmembers:

Over the last few years, members of the community, City Commissions, and many of you have discussed ways to make our government more effective, efficient, and ethical. We strongly support efforts that open our city government to smart reforms.

Together, we are putting forward five charter amendments for consideration for the November ballot. They include a redistricting commission, an ethics commission, strengthening our term limit laws, defining the authority of the City Auditor, and consolidating our utility departments.

We believe these changes are good government measures and look forward to working with the City Council to put these measures before the voters of Long Beach to consider.

We look forward to the Charter Amendment committee meetings in the months ahead.

Sincerely,

Mayor Robert Garcia

City Auditor Laura L. Doud

## **UTILITY CONSOLIDATION MEASURE**

**A proposed Charter amendment to consolidate the administration of the City's water utility and the City's gas utility under a single utility Commission**

Joint Staff Report by:

Patrick H. West, City Manager

Robert E. Shannon, President, Long Beach Board of Water Commissioners

Christopher J. Garner, General Manager, Water Department

### **DISCUSSION**

Over the nearly 100 years of their mutual existence, periodic consideration has been given to the concept of consolidating the City's gas and water utilities into one department, under one mutual regulatory oversight body and management. With the utilities having many similar operations and responsibilities, it is sensible to analyze and consider a consolidation.

It is quite common for cities to operate more than one utility in a combined fashion. Examples of major California cities each jointly operating at least two municipal utilities include Los Angeles, San Francisco, Anaheim, Pasadena, Burbank, Glendale, Riverside, and Palo Alto. Each operates and manages its utilities under one department, and under one regulatory body. This combined model benefits the utilities' customers, as well as the utilities themselves, in terms of operational efficiencies, policy consistency, planning coordination, cost sharing, sharing of equipment, coordinated service programs, coordinated infrastructure maintenance and construction, operational feasibility, emergency response capabilities, and minimizing redundancies.

Long Beach is the only California city with two municipally-run utilities that are separately operated, managed, and regulated. The gas utility has its rates approved by the City Council, and its Director is hired by, and reports directly to, the City Manager. In contrast, the water utility has its rates and policies set by a five-member independent Board of Water Commissioners (water rates and budget are subsequently approved by the City Council) and its General Manager is hired by, and reports directly to, the Board of Water Commissioners.

Recently there was a very open discussion between the City Manager and the President of the Water Commission to determine if a general conceptual agreement could be reached regarding a potential consolidation of the gas and water/sewer utilities. Both concurred that such a consolidation could provide benefits to Long Beach residents, as well as to the effective operation of both utilities, without negatively impacting the finances of the General Fund. It was also discussed that those benefits could best be achieved by placing the new consolidated department under the purview of the Water Commission, renamed as the Utilities Commission.

One area that your City Manager strongly pressed was that the City Manager should have a voice in the appointment of the department's General Manager; the General Manager should be jointly selected by the Utilities Commission and the City Manager. The General Manager would, thereafter, be accountable to, and serve at the pleasure of, the Utilities Commission.

The intent of the joint selection is to ensure that the General Manager would be someone that would not only have a background in utility management, but would also have an understanding and appreciation of overall City priorities and objectives, and would work well with the entire City management team.

### **Areas of Mutual Interest and Similarities**

The City's utilities provide gas and water service to the same base of Long Beach residents and businesses, with the gas utility also providing services to Signal Hill. Gas serves approximately 150,000 metered customers, and Water serves approximately 90,000 metered customers (the bulk of the difference in the number of metered accounts is due to Gas having a greater number of individually metered customers than does Water).

Gas delivers its commodity through 916 miles of gas main pipelines, and another 1,019 miles of gas service lines. Water similarly delivers its commodity through 946 miles of water main pipelines and 464 miles of water service lines. In addition, Water oversees the maintenance and operation of about 700 miles of sewer pipelines. These combined 4,000 miles of underground gas, water and sewer pipelines are predominantly located together in the very same streets. However, currently each utility separately performs street excavations for pipeline maintenance and repairs, causing uncoordinated interactions with each other, and with Public Works. Each utility separately installs and maintains its own meters to measure the commodity as delivered to their mutual customers.

In providing these utility services, the gas and water utilities have many similar operations, with the vast majority of these separately staffed and managed by the individual utility.

Some of these similar operations are listed below:

- |                         |                            |                            |
|-------------------------|----------------------------|----------------------------|
| • Pipeline Installation | • Electrical               | • Welding                  |
| • Engineering           | • Utility call center      | • Industry organizations   |
| • Inspection services   | • Accounting               | • Executive administration |
| • Customer service      | • Personnel administration | • Construction crews       |
| • Quality control       | • Payroll                  | • Emergency response       |
| • Meter installs        | • Utility rate setting     | • Safety                   |
| • Meter testing         | • Regulatory compliance    | • Security                 |
| • Meter reading/AMI     | • Pipeline maintenance     | • Marketing                |
| • Utility billing       | • Budgeting                | • Temporary paving         |
| • Regulatory affairs    | • Accounts payable         | • Permanent paving         |
| • Warehouse             | • Commodity procurement    | • Leak detection           |
| • Purchasing            | • Equipment maintenance    | • Planning                 |
| • Conservation          | • GIS                      | • 24-hour system control   |
| • SCADA systems         | • Dispatch                 | • Pipeline repair          |
| • Customer turn-ons     | • Legislative affairs      | • Equipment purchases      |
| • Customer turn-offs    | • Cathodic protection      | • Training                 |

## **Potential Benefits of Consolidation**

### **Customers**

Most residents and businesses of Long Beach are customers of both the gas and water utilities. Too often today, these customers must interact separately when dealing with utility matters despite the customer viewing these utilities all being singularly under the control of the City. With a consolidation, customers will hopefully be able to be accommodated with seamless service delivery by one City department for both water and gas matters, including customer service requests, billing inquiries, developer submittals, etc.

For the first time, under the Utilities Commission, rate adjustments for gas, water, and sewer services will all be considered in a holistic manner by one regulatory entity focused on utility operations and services. Considering any changes to rates in a collective manner should increase the sensitivity in terms of overall financial impacts to customers. Additionally, customers should gain greater confidence that the interests of ratepayers will be at the forefront and receive proper attention under the consideration of the independent Utilities Commission.

If the consolidation of the utilities leads to, as expected, a more efficient service delivery model and lower operating costs, this will contribute to the utilities continuing to be able to offer low rates to customers.

### **Utilities**

Currently, the utilities are regulated by different entities (City Council contrasted with the Water Commission Board); the heads of the utilities report to different bosses (City Manager contrasted with the Water Commission Board), and staff reports to different department heads (Gas Director contrasted with the Water General Manager). As such, the coordination and consistency of service delivery between the utilities can be lacking. No other major city in California that operates more than one utility has such a separated governmental model.

With the consolidation of the gas, water and sewer utilities, there should be the potential for:

- Increased flexibility in resource deployment, including both personnel and equipment;
- Increased coordination of pipeline construction activities in city streets;
- Greater resources available for emergency response purposes;
- Increased economies of scale should equate to more efficient operations, including support and administrative services; and,
- More consistent policies that are coordinated and prioritized based upon the mutual benefit of the customers and the utilities.

### **Employees**

There are 248 budgeted Water employees and 211 budgeted Gas employees. Of these, over 100 employees have similar job classifications between the two departments, both in the field and in the office. While there are some job classifications that are unique to each utility due to technical differences, there will be many areas that will provide employees increased opportunities to cross train and learn new job skills, increasing internal promotional paths.

Expectations are that a merger will provide long-term efficiencies, but not have short-term impacts on employees in either of the current departments. Additionally, any consolidation proposal requires meet and confer meetings – the first meeting to discuss the potential consolidation proposal is scheduled for June 4, 2018.

#### City Council/City Manager/Water Commission

It is expected that Long Beach residents will positively perceive the consolidation of the City's utilities to improve efficiencies and operational coordination. In reviewing utility rates and budgets for their final approval, the City Council will have the increased assurance that both the gas and water/sewer rates and budgets will first be vetted by a Commission primarily focused on the needs of the ratepayers and the utilities.

The City Charter's Article XV (Department of Public Utilities) will be melded with Article XIV (Water Department). The intent will be to allow the Powers and Duties outlined in the City Charter that are currently afforded to the Water Commission to be similarly applied, as appropriate, to the new Board of Utilities Commission in its oversight of the enterprise operations of gas, water, and sewer.

#### Financial Considerations

Per the City Charter, the revenues of both the gas and water utilities are separately accounted for in the Gas Fund and the Water Fund/Sewer Fund. The General Fund directly recovers 100 percent of any costs incurred due to services provided to each of these enterprises, including general overhead, insurance costs, and internal service costs for services provided. These provisions would remain unchanged by a consolidation of the utilities.

There are currently some support services for the gas utility that involve other funds, services such as technology support, utility billing and collections, fleet services. To some extent, these same support services for the water utility are currently handled internally within the Water Department. With the potential consolidation, some of these support services may (or may not) be conducted in a different manner than they are today, possibly having a positive or negative impact upon the General Fund and some Internal Services funds. Such determinations will only be made over time and there is not expected to be a material financial impact upon any such fund.

The ability to transfer funds from the Water/Sewer Funds and the Gas Fund is not impacted in any way by the proposed consolidation.

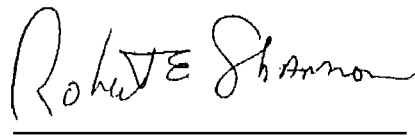
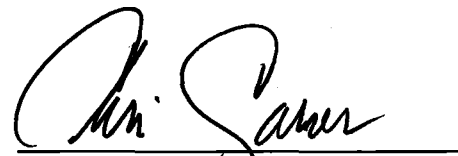
On March 29, 2018, the Board of Water Commissioners voted 5-0 to ask the Mayor to request the Charter Amendment Committee consider placing the consolidation of the water and gas utilities on the November 2018 ballot.

This staff report was reviewed by Deputy City Attorney Richard F. Anthony on June 4, 2018 and by Director of Financial Management John Gross on June 2, 2018.

## FISCAL IMPACT

A single ballot question placed on the November 6, 2018 ballot is expected to cost about \$470,000 with each additional question costing about \$45,000. The Proposed FY 19 budget will include estimated costs for several November ballot items. The financial impacts of the potential City Charter amendment itself are discussed in the body of this letter.

Respectfully,

  
PATRICK H. WEST  
CITY MANAGER  
ROBERT E. SHANNON  
PRESIDENT, BOARD OF  
WATER COMMISSIONERS  
CHRISTOPHER J. GARNER  
GENERAL MANAGER  
WATER DEPARTMENT

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE  
CITY OF LONG BEACH, CALIFORNIA, PROPOSING AN  
AMENDMENT TO THE CITY CHARTER RELATING  
ESTABLISHMENT OF PUBLIC UTILITIES DEPARTMENT

NOW, THEREFORE, the City Council of the City of Long Beach resolves as  
follows:

Section 1. That the City Council, pursuant to its right and authority under  
Long Beach City Charter §1903 and California Government Code §34458, and all other  
applicable California law, proposes that the City Charter be amended as shown in  
Attachment "A".

Section 2. This resolution shall take effect immediately upon its adoption  
by the City Council, and the City Clerk shall certify the vote adopting this resolution.

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I hereby certify that the foregoing resolution was adopted by the City Council  
of the City of Long Beach at its meeting of \_\_\_\_\_, 2018 by the  
following vote:

Ayes: Councilmembers: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Noes: Councilmembers: \_\_\_\_\_

\_\_\_\_\_

Absent: Councilmembers: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_  
City Clerk

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Exhibit "A"

Proposed Charter Amendment

[attached behind this page]

DRAFT

## MEASURE “\_\_\_”

SECTION 1. THE PEOPLE OF THE CITY OF LONG BEACH DO HEREBY AMEND THE LONG BEACH CITY CHARTER BY ADDING THE FOLLOWING ARTICLE \_\_\_ TO THE CITY CHARTER:

### ARTICLE XIV. - PUBLIC UTILITIES DEPARTMENT

#### Section 1400. - ESTABLISHMENT OF PUBLIC UTILITIES DEPARTMENT.

There is hereby created a Public Utilities Department which shall be under the exclusive jurisdiction and control of five commissioners who shall be known as the Board of Public Utilities Commissioners. The Public Utilities Department shall have full and complete jurisdiction over all facilities and works necessary and incidental to the use, sale and distribution of water and gas owned and controlled by the City, all of the City's sewer system, and any other public utility operated by the City which the City Council specifically designates by ordinance as under the jurisdiction and control of the Board of Public Utilities Commissioners.

#### Sec. 1401. - RULES OF PROCEDURE.

The officers, their terms and duties, dates and times of meetings, form of minutes, and other procedural matters shall be established by the Commission to govern its activities under this Charter.

#### Sec. 1402. - WATER RIGHTS.

The City shall continue in the ownership and enjoyment of all water and water rights vested in it, and ownership of the right to develop, economize, control, use, conserve, and utilize all water flowing or being beneath the surface of any and all lands now owned or that may be hereafter acquired by it. No water rights now or hereafter owned or controlled by the City, shall ever be permanently sold, leased or disposed of, in whole or in part, without the assent of two thirds (2/3) of the qualified voters of the City, voting on the proposition at a general or special election at which such proposition shall be lawfully submitted.

#### Sec. 1403. - POWERS AND DUTIES.

The Commission shall have the complete and exclusive power and duty:

- (1) To supervise, control, regulate and manage the Public Utilities Department, and to make and enforce all necessary rules and regulations therefore, and for the

exercise of such other powers as are conferred upon the Commission by this Charter.

- (2) To appoint a General Manager jointly selected by the Commission and the City Manager, who shall be the chief administrative officer of the Public Utilities Department, and who shall exercise the management of all activities placed under the jurisdiction of the Commission and to confirm the qualifications of Assistant General Manager(s) appointed by the General Manager. The Assistant General Manager designated by the General Manager shall perform the duties of the General Manager in the event of the absence or disability of the General Manager and shall perform such other duties as the General Manager shall direct. After appointment, the General Manager shall report to, and hold office at the pleasure of, the Commission. No such General Manager or Assistant General Manager(s), shall be, nor have been for at least one (1) year prior to employment at the Public Utilities Department, a member of the Commission.
- (3) To create positions of employment to be filled by the General Manager, and to establish the duties, authority and range of compensation for those positions provided that the positions for classified service shall be subject to the Civil Service provisions of this Charter. The Commission shall establish a plan of succession describing who shall perform the duties and have authority of the General Manager, Assistant General Manager(s), and other key employees which plan of succession shall take effect in the event of a natural disaster, an emergency, or other catastrophe. All positions of employment in the permanent service of the Commission shall be created by resolution. The compensation fixed by the Commission for all officers and employees in the Public Utilities Department shall be subject to the prior approval of the City Council by resolution. All other privileges and benefits to which such officers and employees shall be entitled, except as provided by this Charter or other applicable law, shall be such as shall be prescribed by the City Council by ordinance or resolution.
- (4) To construct, operate, maintain, extend, manage and control facilities, works and property heretofore or hereafter acquired for the use of, or paid for directly or indirectly out of the funds of, the Public Utilities Department, and to acquire and take by purchase, lease, condemnation, or otherwise, and to hold in the name of the City any and all property situated within or without the City, and within or without the State, that may be necessary or convenient for such use; and also to have, exercise and enjoy in the name of and for and on behalf of the City of Long Beach, all powers, rights and privileges, that are granted to the City, or any of its officers or bodies, under an Act of Legislature known as Chapter 429 of the Statutes of 1927, as reenacted in 1969 as Chapter 209, and all amendments thereto.
- (5) To regulate and control the use, sale and distribution of natural gas owned or controlled by the City, the collection of gas charges and the granting of permits for connections with gas facilities; and to fix the rates to be charged for such connection including connections installed for other departments of the City; and

subject to the approval of the City Council by resolution, to fix the rates to be charged for gas for use within or without the City, including rates for gas delivered to other departments of the City; and to prescribe the time and manner of payment of the same; provided that nothing in this Charter shall prevent payment to the Public Utilities Department by other departments of the City for gas delivered or service rendered or labor or materials furnished to such other departments. Such rates shall be fair and reasonable, taking into consideration, among other things, the nature of the use, the quantity supplied and the value of the service. Such rates and charges for users of gas supplied by the Public Utilities Department shall be generally based upon the prevailing rates for similar services and commodities supplied or sold by other like utilities whether public or private, operating in the Southern California area.

- (6) To regulate and control the use, sale and distribution of water owned or controlled by the City, the collection of water charges and the granting of permits for connections with water works; and to fix the rates to be charged for such connection including connections installed for other departments of the City; and subject to the approval of the City Council by resolution, to fix the rates to be charged for water for use within or without the City, including rates for water delivered to other departments of the City, and to fix rates to be charged the Fire Department for standby service to fire hydrants; and to prescribe the time and manner of payment of the same; provided that nothing in this Charter shall prevent payment to the Public Utilities Department by other departments of the City for water delivered or service rendered or labor or materials furnished to such other departments. Such rates shall be fair and reasonable, taking into consideration, among other things, the nature of the use, the quantity supplied and the value of the service.
- (7) To supervise, regulate, control, construct, operate, maintain, extend and manage the City's sewer system, the collection of sewer charges and the granting of permits for connections with the sewer system; and to fix the rates to be charged for such connection including connections installed for other departments of the City; and, subject to the approval of the City Council by resolution, to fix the rates and charges for sewer service, and to prescribe the time and manner of payment of the same; provided that nothing in this Charter shall prevent payment to the Public Utilities Department by other departments of the City for sewer service rendered or labor or materials furnished to such other departments. Such rates and charges shall be fair and reasonable, taking into consideration, among other things, the nature of the use and the value of the service.
- (8) To supply and distribute, at rates fixed as herein before provided, any surplus water or gas owned or controlled by the City and not required for the use of consumers served by the City within its limits, to consumers outside the City for their own use, and to municipal corporations outside the City for municipal uses, for resale, disposal or distribution, to consumers within their limits; provided that the supplying or distribution of such surplus water or gas shall in any case be

subject to the paramount right of the City at any time, to discontinue the same, in whole or in part, and to take and hold or to distribute such surplus water or gas for the use of the City and its inhabitants; provided, further, that contracts for supplying surplus water or gas by the City to consumers or municipal corporations outside the City, or for any exchange of surplus water or gas with any such outside consumers or municipal corporations, may be made by the Commission in the name of the City, for periods not exceeding fifteen years, and upon such terms and conditions, and for such compensation to the City as shall be prescribed by resolution adopted by the Commission and approved by resolution of the City Council; but in every such contract, the right shall be reserved to the City to terminate the same upon written notice to such consumer or municipal corporation, to be given by the Commission whenever it shall determine that the water or gas to be supplied under such contract is required for the City and its inhabitants.

- (9) To sue and be sued in the name of the Commission, and to exercise complete control over all litigation wherein it is involved, or which pertains to any matters within the jurisdiction of the Commission; provided, however, that the City Attorney shall represent the Commission in all matters to which it is a party and shall be the sole and exclusive legal adviser of the Commission with reference to any of its functions, powers or duties under this Charter.
- (10) To sell or cause to be sold from time to time such personal property belonging to the Public Utilities Department as shall be no longer necessary or suitable for the use of the Public Utilities Department.
- (11) To lease, sell or dispose of any property, or any interest therein, belonging to the Public Utilities Department whenever in judgment of the Commission such property, or any interest therein, or part thereof, is no longer required for the purposes of the Public Utilities Department; such property may be leased for any purpose which does not interfere with the use of the same for the purpose of the Public Utilities Department. Any compensation received from the sale or lease of such property shall be paid into the Water Fund, the Gas Fund or such other fund of the Public Utilities Department as may be designated by the Commission, and shall be used for the purposes of the Public Utilities Department; provided, however, that except as otherwise provided in this Article, nothing herein shall authorize the Commission to sell, lease or dispose of any water rights, reservoir space or storage capacity, or any interest or space therein. Provided, further, the Commission shall not have authority to make any lease, contract or other agreement providing for the drilling for, developing, producing, extracting, processing, taking or removing, storing and disposing of oil, gas or other hydrocarbon substances from, under, across or through any land under the control and jurisdiction of the Commission, and any such lease, contract or other agreement shall be made upon authorization of the City Council. The City Manager and City Council shall have jurisdiction of revenue derived from the development and production of oil and gas on lands under the management and control of the Commission.

- (12) To purchase supplies and equipment that may be necessary or convenient to the use of the Public Utilities Department.
- (13) To make contracts in the name of the Commission to carry into effect the powers granted the Commission in this Charter; provided, that all contracts wherein the expenditure of funds of the Public Utilities Department exceeds the amount established by the City Council for City departments, except contracts for labor, materials or supplies for actual emergency work, shall be made and entered into upon competitive bidding as provided in this Charter, and all powers and duties therein conferred or imposed upon the City Council and/or City Manager are hereby conferred and imposed upon the Commission. At the time of publication of notice inviting bids, specifications of the supplies or materials required, or the plans and specifications of the work to be done, must be on file in the office of the Commission, subject to public inspection. Except as provided in this Charter, all supplies and/or materials, not required to be obtained upon competitive bidding, or for actual emergency work, shall be procured for the Commission by the City Purchasing Agent or City Procurement Service Officers, in accordance with procedures prescribed therefor by the City Manager as shall not be in conflict with this Charter or other applicable law.
- (14) To expend all money received in connection with the operation of the Public Utilities Department or management of properties under the control of the Commission; provided that all such monies shall be deposited in the City Treasury to the credit of funds to be known as the "Gas Fund", the "Water Fund", the "Sewer Fund" or to the credit of such other funds as the Commission may by resolution establish. Any interest or increment received on the money in such fund or funds shall be paid into such fund or funds and become a part thereof; and the monies deposited in such fund or funds shall be kept separate and apart from other money of the City and, except as may be allowed by other provisions of this Charter, shall be expended only for the purposes for which such fund was established. The Commission shall file with the City Auditor a notice giving the names and signatures of persons, designated by the Commission to sign demands and payroll authentication.
- (15) To supervise, control, regulate, construct, operate, maintain, extend and manage such other facilities, works and property as may be delegated or conferred upon the Commission by the City Council consistent with the provisions of this Charter.
- (16) To delegate to the General Manager such powers and duties as the Commission deems appropriate.

#### Sec. 1404. - DEMANDS AGAINST PUBLIC UTILITIES DEPARTMENT FUNDS.

The City Auditor shall approve no demand against any fund under the control of the Commission, excepting redemption of bonds and interest coupons, unless the same shall be signed and authenticated as hereinabove provided, and by means of checks or

warrants on the City Treasurer issued by the City Auditor. If the City Auditor, upon examination, believes that any demand is not a proper claim against any fund under the control of the Commission, the City Auditor shall immediately return such demand to the Commission with objections endorsed thereon. Such demand shall again be considered by the Commission, and if it shall again be allowed by the Commission, and such allowance over the objection of the City Auditor be certified by the signatures of the president or vice president and the secretary of the Commission, the objection of the City Auditor shall be thereby overruled. Any demand upon which the objections of the City Auditor have been overruled by the Commission shall be again returned to the City Auditor, who shall issue a check or warrant upon the City Treasurer for the same in like manner as if it had been approved by the City Auditor.

#### Sec. 1405. - ANNUAL BUDGET.

The Commission shall, prior to the first day of the last month of the fiscal year, adopt a departmental budget for the forthcoming fiscal year covering the anticipated revenue and expenditures of the Public Utilities Department. Such departmental budget shall conform, as far as practicable, to the form provided in this Charter for the general City budget. Each such budget shall contain a sum to be known as the "Unappropriated Balance", which sum shall be available for appropriation by the Commission, by resolution, in the ensuing fiscal year to meet contingencies as they may arise. A copy of every resolution making an appropriation from such unappropriated balance shall promptly be filed with the City Auditor and City Manager. Two certified copies of such budget shall forthwith, after adoption by the Commission be filed with the City Clerk for presentation to the City Council and one certified copy shall forthwith be filed with the City Auditor. Such budget shall be subject to the approval of the City Council as in this section provided. The City Council shall, not later than the first day of the new fiscal year, approve such budget adopted by the Commission or shall amend such budget and approve the same as amended not later than the first day of the new fiscal year. In the event the City Council shall not approve such budget or amend the same and adopt such budget as amended on or before the first day of the new fiscal year, the same shall become effective as the official budget of the Public Utilities Department for the forthcoming fiscal year. In the event the City Council shall amend such budget and approve the same as amended, as above provided, a certified copy of such approved budget as amended shall be filed with the Commission and the City Auditor. No expenditure shall be made or financial obligation incurred by the Commission, its officers or employees, except as authorized by such annual departmental budget or appropriations made subsequent to such annual budget as herein provided. Such annual departmental budget, when effective, shall constitute an appropriation covering the anticipated revenues and expenditures of the Public Utilities Department as therein set forth.

#### Sec. 1406. - DESIGNATION OF ALTERNATES.

Whenever provision is herein made for the discharge of specific duties by a specified appointee, the Commission may designate an employee in the Public Utilities Department



with full power to act in place of such appointee in case of such appointee's absence or inability to act.

#### Sec. 1407. - USE OF PUBLIC UTILITIES DEPARTMENT FUNDS.

None of the money in or belonging to the Gas Fund, the Water Fund, the Sewer Fund or such other funds as are established by the Commission, shall be appropriated or used for any purpose except for the purposes for which such fund was established, as follows:

- (1) For the necessary expense of operating and maintaining gas facilities, water works and the sewer system, and for such surveys, reconnaissances, options, estimates, engineering data, experimentation and investigation, as in the discretion of the Commission shall be necessary, or as shall be incidental to the extension or betterment of the physical properties, or the business of the Public Utilities Department and/or the acquisition of additional lands, gas, water, water rights and/or other property.
- (2) For the payment of the principal and interest, or either, due or coming due upon outstanding notes, certificates or other evidences of indebtedness issued against revenues from gas facilities, water works and/or the sewer system in accordance with this Charter, or bonds or other evidences of indebtedness heretofore or hereafter issued for the purpose of gas facilities, water works and/or the sewer system, or parts thereof.
- (3) For the necessary expense of conducting and extending the business of the Public Utilities Department, and constructing, extending and improving gas facilities, water works and the sewer system, including purchases of lands, gas, water, water rights, and other property.
- (4) To return and pay into the general fund of the City, from time to time, upon resolution of the Commission, from any surplus money in the Gas Fund, the Water Fund, the Sewer Fund, or other funds established as aforesaid, any sums paid by the City from funds raised by taxation or the payment of the principal or interest of any municipal bonds issued by the City for and on account of gas facilities, water works or the sewer system.
- (5) To be transferred to the general fund of the City, if and when, in the judgment of the Commission, such monies are no longer necessary for the purposes of the Commission.

#### Sec. 1408. - [RESERVED].

#### Sec. 1409. - TRUST AND SPECIAL DEPOSIT FUNDS.

The Commission may, by resolution, create and establish such trust and special deposit funds as shall be necessary and convenient for the deposit of monies received by the City or the Public Utilities Department as security for the payment of charges made for gas, water or other commodities furnished or service rendered by the Public Utilities Department, or for the deposit of monies received by the Public Utilities Department as advance payment in connection with the furnishing of gas, water or other commodity or the rendering of any service by the Public Utilities Department, or deposited with the Public Utilities Department in trust or for any special purpose in connection with the operation of the Public Utilities Department; and the fund, or funds, created and established under the authority herein contained shall be continuing funds, the monies of which shall not be subject to transfer at the close of a fiscal year, and, anything in this Charter to the contrary notwithstanding, any such resolution may provide that disbursements from any such fund, or funds, may be made for the purpose of the trust or according to the terms and conditions of the special deposit under which the monies in such fund, or funds, were received, without the necessity of demands, vouchers, or warrants drawn on the City Treasurer, and that such disbursements may be made in accordance with such rules and regulations as shall be prescribed in and by any such resolution.

#### Sec. 1410. - ACTIONS TAKEN BY COMMISSION.

Any action by the Commission authorizing the acquisition or sale of real property, approval of contracts which obligate the City, or which involves a rule of general application to be followed by the public, shall be taken by the Commission by order or resolution.

#### Sec. 1411. - IMPROVEMENT OF GAS FACILITIES, WATER WORKS AND SEWER SYSTEM.

The Commission shall provide for the cost of extensions and betterments of gas facilities, water works and the sewer system, from the funds derived from the sale of bonds, so far as such funds are, or shall be, made available for the use of the Commission for such purpose, from income received from the revenue of the Public Utilities Department, and from the proceeds of loans contracted as provided in this Charter.

#### Sec. 1412. - REPAYMENT OF BONDS.

The Commission shall each year apportion and set apart, out of the revenue funds of the Public Utilities Department, in the City Treasury, an amount sufficient to pay at maturity all sums coming due in such year for principal and interest upon all outstanding bonds issued for the gas facilities, water works or the sewer system and such amount shall be transferred forthwith into a special fund in the City Treasury, to be designated by a name indicating the nature or purpose of such special fund, and the money in such special fund shall be subject to apportionment by the City Auditor as may be required to make such payments of the principal and interest of such bonds and for no other purpose. Any interest or increment received on the money in any such special fund shall be paid into

such special fund and become a part thereof. The foregoing provisions of this section shall apply to all such bonds now outstanding or hereafter issued; provided, however, that payments out of revenue, as provided, of the principal and interest of general obligation bonds hereafter issued for securing water from new sources, shall be required only to the extent determined by the Commission, approved by a majority vote of the City Council, prior to the submission to the qualified voters of the City of the proposition of authorizing such general obligation bonds. Such resolutions shall be subject to amendment only by resolution of the Commission, approved by majority vote of the City Council, and assented to by a majority of the qualified voters of the City, voting on the question of approving such resolution at a general or special election at which such questions shall be lawfully submitted.

Notwithstanding all or any part of this section, nothing herein shall be construed as a limitation upon the power of the City or of any department thereof to issue revenue bonds without an election, under State law or procedural ordinance and nothing in this section or elsewhere in this Charter shall be construed to prevent a pledge of revenues to pay, or secure the payment of, the principal and interest of such revenue bonds, which pledge may have priority over any allocation of revenues to pay the principal and interest of general obligation bonds.

#### Sec. 1413. - EMERGENCY LOANS.

The Commission shall have the power, upon determination that an emergency exists which justifies it in so doing, to borrow money upon such terms and conditions, and under such procedure, as may be prescribed by resolution, for the purpose of acquiring, constructing, reconstructing, repairing, extending or improving facilities or works, for supplying the City and its inhabitants with gas, water and sewer service, and to issue notes, certificates, or other evidences of indebtedness therefor, subject to the following provisions:

- (1) The whole amount of any such indebtedness shall be payable in a period not exceeding five years from the time of contracting the same; provided, that any such indebtedness, or part thereof, made payable after one year from the time of contracting the same, shall be subject to the right of the Commission to pay the same with accrued interest thereon on any interest due date, after such one year period.
- (2) The total outstanding indebtedness incurred under the provisions of this section with respect to the Water Fund, Gas Fund or Sewer Fund, respectively, must not exceed 33 1/3% of such Fund's gross operating revenue during the preceding fiscal year.
- (3) The rates for gas, water and sewer service shall be so fixed as to provide for payment at maturity of the principal and interest of such indebtedness in addition to all other obligations and liabilities payable out of the revenues of the Public Utilities Department.

- (4) Such indebtedness shall be payable only from the revenue of the Public Utilities Department, and shall not be an obligation of the City.

Sec. 1414. - PUBLIC UTILITIES DEPARTMENT'S POWER TO ACT AS CONTRACTOR.

The Public Utilities Department is empowered to act as contractor for, and do the work embraced in, the construction, reconstruction, extension or installation of gas, water and sewer mains, piping, conduits, tunnels, hydrants, pump stations, and other necessary facilities, works and appliances for the purpose of providing gas, water and sewer service.

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## ARTICLE XV. – ADDITIONAL PUBLIC UTILITIES

### Sec. 1501. - UTILITY REVENUES.

All revenues received from the operation of each public utility owned and operated by the City and not subject to Article XIV shall be deposited and kept in a separate revenue fund in the name of the utility operation generating the revenue and shall be disbursed therefrom on behalf of each such utility operation in the following order of priority:

- (1) Payment of interest and principal coming due on any bonded indebtedness relating to the utility which generates the revenue in each such specified fund;
- (2) Payment of the annual operating and maintenance expenses, acquisitions, improvements and extensions of the respective utility system;
- (3) Set aside a portion of each fund as a reserve to be used for contingencies in the operation of each such utility;
- (4) The remainder in any of these funds determined by the City Manager to be unnecessary to meet the above obligations may be transferred in accordance with applicable State law into the General Purpose Fund of the City as approved in the annual budget by the City Council.

PASSED, APPROVED and ADOPTED by the People of the City  
of Long Beach at a General Election held on November 6, 2018.

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ROBERT GARCIA  
Mayor of the City of Long Beach

Attest:

\_\_\_\_\_  
Monique De La Garza  
City Clerk

Approved as to form:

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Charles Parkin  
City Attorney

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