

Water Department Proposed Budget and Rates for Fiscal Year 2020-2021

May 21, 2020



Presentation Summary

- Sewer Fund FY 21 Expenditures & Revenues
- Water Fund FY 21 Expenditures & Revenues
- FY 21 Rate Scenarios
- Next Steps

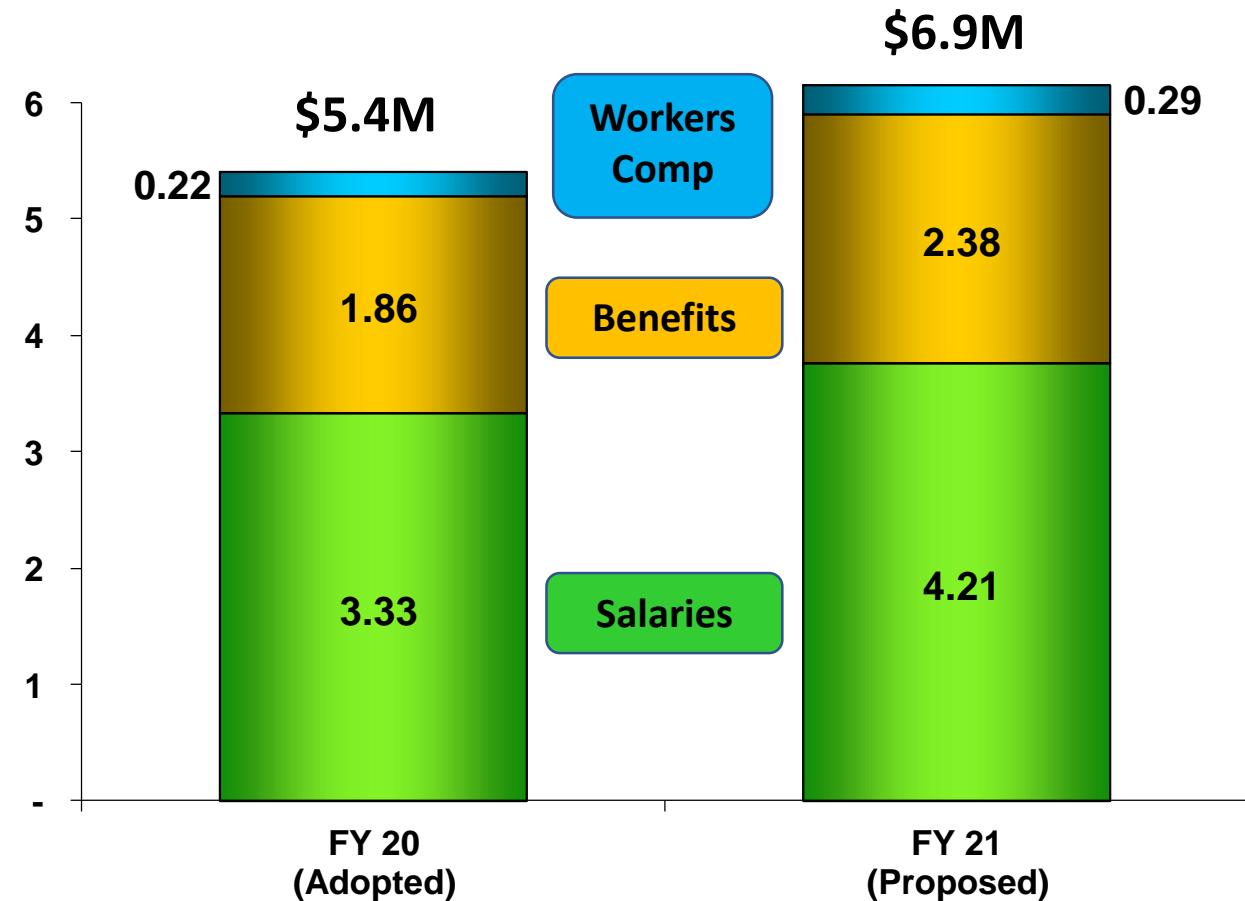


Sewer Fund FY 21 Expenditures and Revenues



FY 21 Personal Services – Sewer Fund

- Salaries cost increase \$870k (26%)
- Benefits increase \$520k (28%)
- Workers Comp increase \$70k (34%)
- FY 21 Budgeted expenditures \$1.5M higher than FY 20
 - Reduction in Salary Savings results in \$500k increase



FY 21 Non-Personal Services - Sewer Fund (in \$1,000's)

	FY 20	FY 21	Variance
City	5,954	6,069	115
Debt Service	1,937	1,749	(188)
Overhead Transfer	1,069	1,069	-
Materials, Supplies & Services	668	706	38
Capital Equipment	635	495	(140)
Contracts	421	452	31
Power	102	102	-
Total Non-Personal	10,787	10,643	(144)



FY 21 Sewer Fund Expenditures (in \$1,000's)

	FY 20	FY 21	
	Budgeted	Proposed	Variance
Personal Services	5,411	6,874	1,464
Non-Personal Services	10,787	10,643	(144)
CIP	5,198	6,287	1,089
Total Expenditures	21,395	23,805	2,409



FY 21 Sewer Fund Revenues (in \$1,000's)

	FY 20	FY 21	
	Budgeted	Proposed	Variance
Daily Service Charge	11,057	11,104	47
Volumetric Sales	5,595	5,473	(122)
Sewer Capacity Charge	750	500	(250)
Settlement	1,290	1,290	-
Misc Revenue	187	263	76
Total Revenues	18,879	18,631	(248)

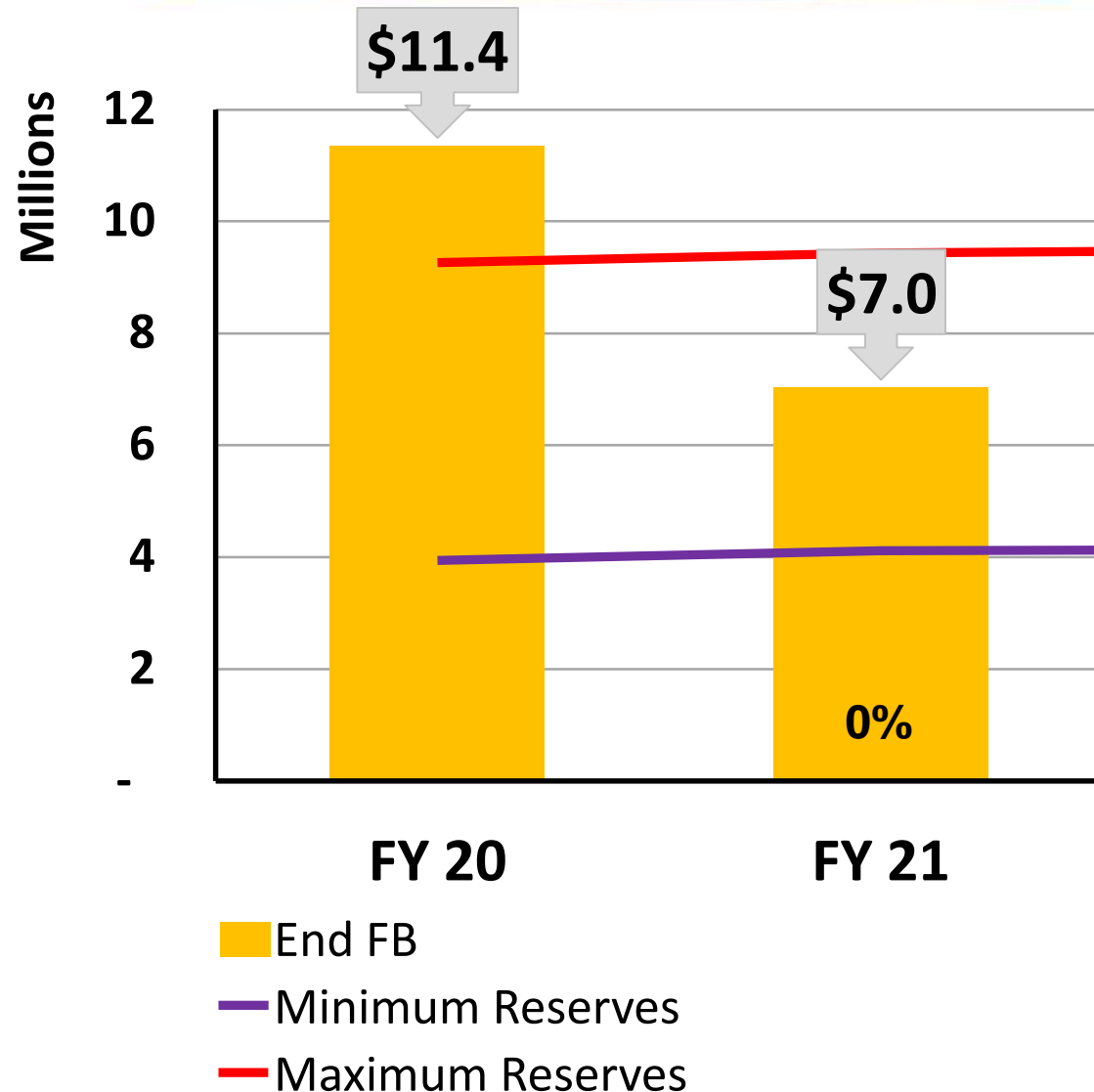


FY 21 Sewer Fund Summary (in \$1,000's)

	FY 20	FY 21	
	Budgeted	Proposed	Variance
Total Expenditures	21,395	23,805	2,409
Total Revenues	18,879	18,631	(248)
Fund Balance Gain/(Loss)	(2,516)	(5,174)	(2,657)



FY 21 Sewer Fund Projected Ending Reserves



- Budgeted Structural Deficit
 - \$5,200,000
- Projected Savings
 - Not budgeted
 - Non-Personal (-\$100k)
 - CIP (-\$750k)
- Projected Structural Deficit
 - \$4,300,000



Water Fund FY 21 Expenditures and Revenues



Water Fund FY 21 FTE Increases

- Accountant (Finance)
 - Needed for additional data requirements of new financial system
 - Offset by reduced overtime and elimination of intern position
- Business System Specialist (Information Systems)
 - Needed for increase in technology solutions requirements
 - Offset by elimination of intern position



Water Fund FY 21 FTE Increases

- 2 Interns (Water Resources)
 - 1 Needed for additional AMI data analysis
 - 1 Needed for development and planning
 - Recycled water
 - Groundwater
 - Urban Water Management Plan
 - Offset by reduction in Civic Spark program



Water Fund FY 21 FTE Increases

- Electrician from Part-Time to Full-Time (Facilities Maintenance)
 - Needed for increased commercial electrical maintenance and facility construction projects
 - Office space expansions
 - LED upgrades
 - EV charging stations
 - Offset by elimination of vacant Park Maintenance Supervisor position



Water Fund FY 21 FTE Increases

- Director of Engineering (Engineering)
 - Bureau Manager to oversee all Engineering Pipelines, Facilities and Development divisions
- Assistant Administrative Analyst (Engineering)
 - Needed for labor compliance, Project Labor Agreement (PLA) administration, contract management



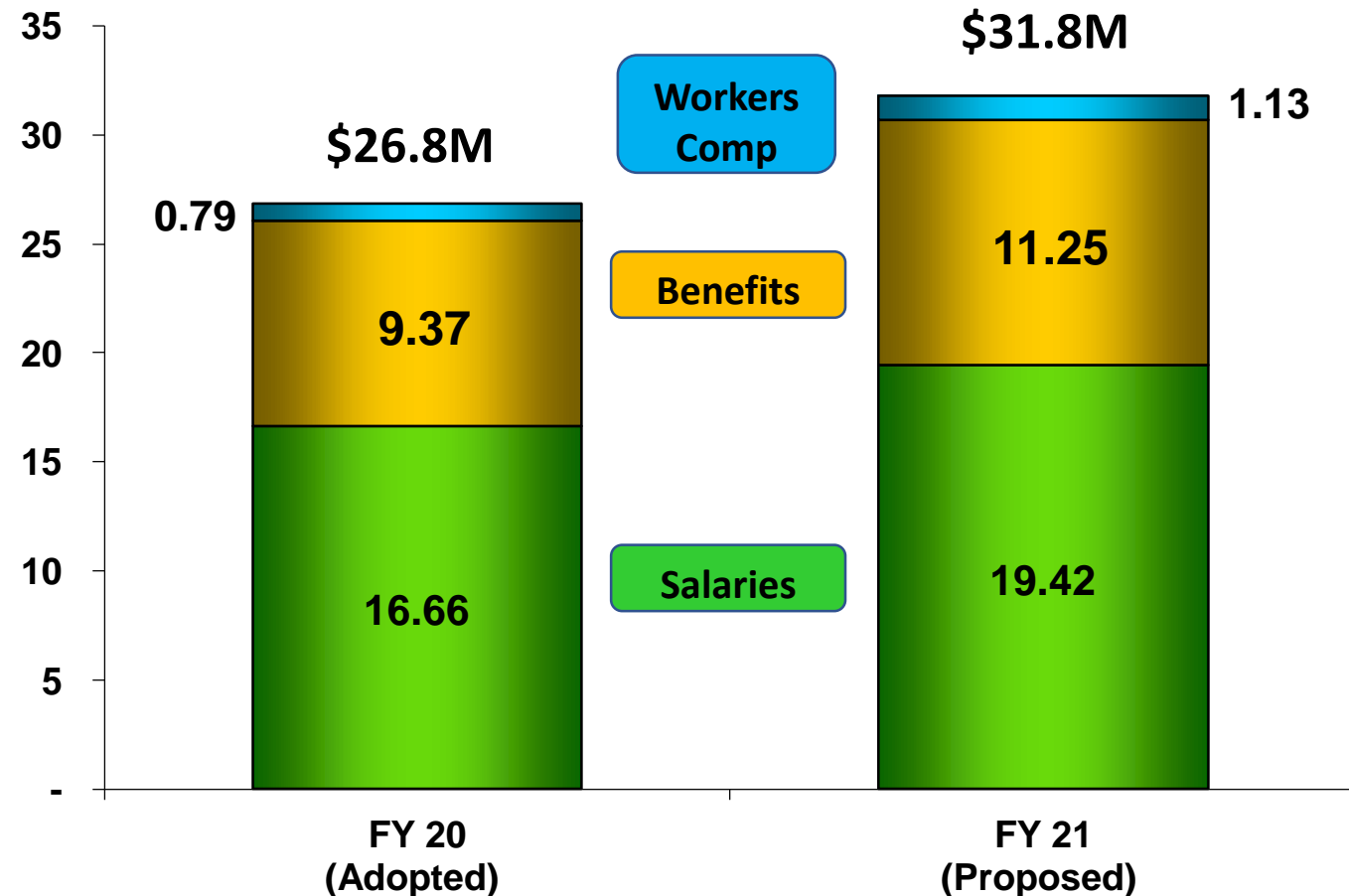
Water Fund FY 21 FTE Increases

- Senior Civil Engineer (Engineering)
 - Needed for new well projects and POLB improvements (offset by POLB)
- Civil Engineer (Engineering)
 - Needed for new well projects and POLB improvements (offset by POLB)



FY 21 Personal Services – Water Fund

- Salaries cost increase \$2.8M (17%)
- Benefits increase \$1.9M (20%)
- Workers Comp increase \$340k (43%)
- FY 21 Budgeted expenditures \$5M higher than FY 20
 - Reduction in Salary Savings results in \$800k increase



FY 21 Operations - Water Supplies (in Acre Feet)

	FY 20	FY 21	
Treatment Plant (AF)	Budgeted	Proposed	Variance
Groundwater	25,328	32,000	6,673
Lakewood	2,500	3,540	1,040
MWD Purchases	25,173	15,960	(9,213)
Total Demand	53,000	51,500	(1,500)



FY 21 Non-Personal Services - Water Fund (in \$1,000's)

	FY 20	FY 21	Variance
Water Purchases	30,868	23,672	(7,195)
Groundwater	13,080	16,977	3,897
City	20,302	20,461	159
Materials, Supplies & Services	6,038	5,627	(411)
Debt Service	4,270	4,659	389
Contracts	3,792	4,200	409
Capital Equipment	1,545	562	(983)
Total LBWD Non-Personal	79,893	76,159	(3,734)
AMI Offset	-	1,163	1,163
Seawater Barrier Offset	2,627	5,513	2,886
Total Offsets	2,627	6,676	4,049
Total Non-Personal	82,520	82,835	315



FY 21 Water Fund Expenditures (in \$1,000's)

	FY 20	FY 21	
	Budgeted	Proposed	Variance
Personal Services	26,819	31,800	4,981
Non-Personal Services	79,893	76,159	(3,734)
Non-Personal Services Offsets	2,627	6,676	4,049
CIP	25,518	24,816	(702)
Total Expenditures	134,857	139,451	4,594



FY 21 Water Fund Revenues (in \$1,000's)

	FY 20	FY 21	
	Budgeted	Proposed	Variance
Potable Water Sales	104,436	102,518	(1,917)
Reclaimed Water Sales	4,722	3,345	(1,377)
Grants	-	750	750
Settlement	1,710	1,710	-
Leases	927	893	(34)
Misc Revenue	3,120	3,282	162
Total LBWD Revenues	114,915	112,498	(2,417)
AMI Debt Proceeds	9,752	1,163	(8,589)
LOC Debt Proceeds	-	8,212	8,212
POLB Reimbursement	-	2,420	2,420
Seawater Barrier Reimbursement	3,677	5,563	1,886
Total Reimbursements	13,429	17,358	3,929
Total Revenues	128,344	129,856	1,512

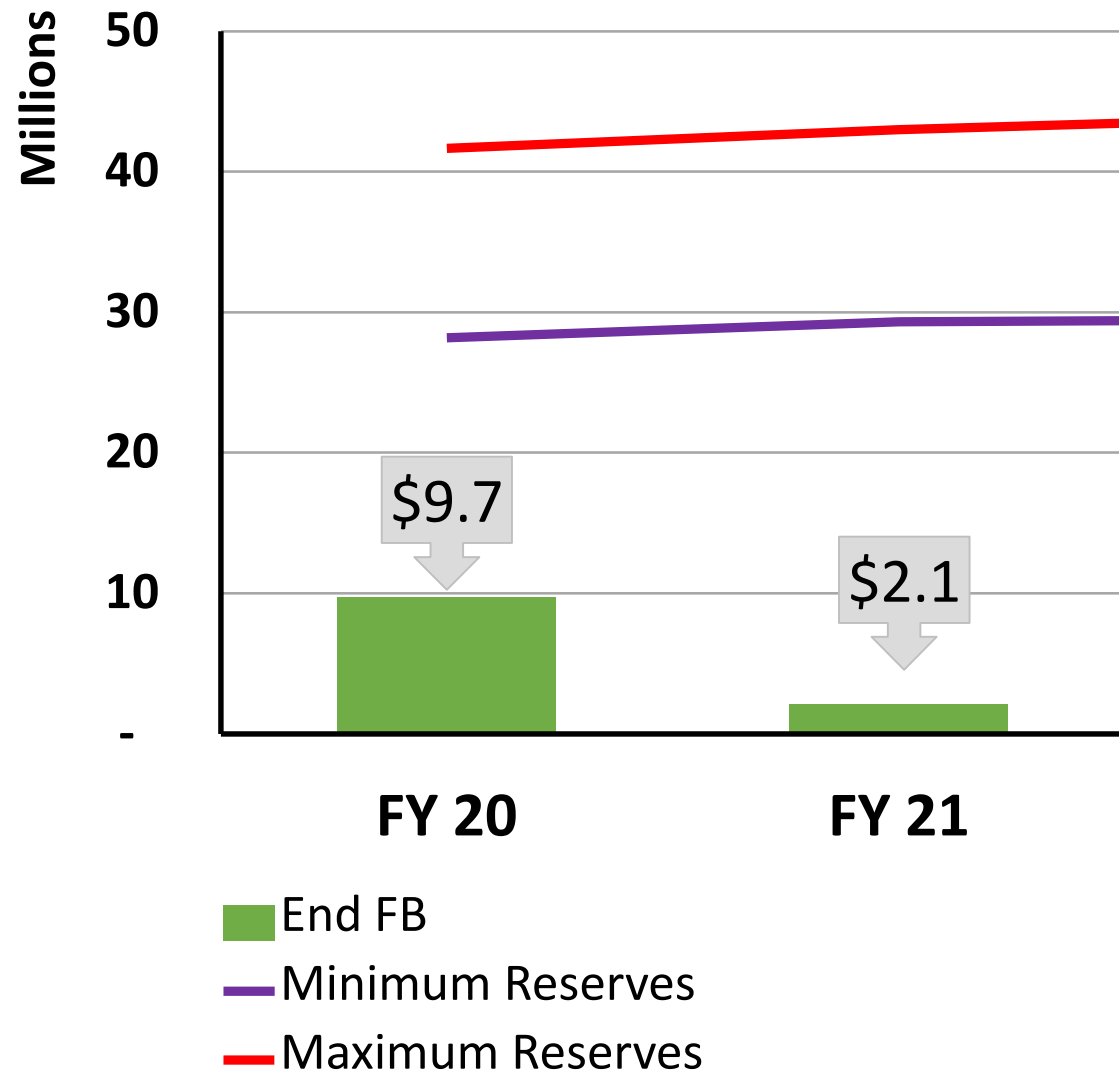


FY 21 Water Fund Summary (in \$1,000's)

	FY 20	FY 21	
	Budgeted	Proposed	Variance
Total Expenditures	134,857	139,451	4,594
Total Revenues	128,344	129,856	1,512
Fund Balance Gain/(Loss)	(6,513)	(9,595)	(3,082)



FY 21 Water Fund Projected Ending Reserves



- Budgeted Structural Deficit
 - \$9,600,000
- Projected Savings
 - Not budgeted
 - Non-Personal (-\$500k)
 - CIP (-\$1.5 M)
- Projected Structural Deficit
 - \$7,600,000



Structural Deficit Options – Reduce Expenditures

- Fixed costs
 - Customer demand
 - Purchase, pump & treatment costs
 - Staffing
 - Infrastructure
 - Staffing



Structural Deficit Options – Reduce Expenditures

- Non-Personal reductions incorporated into FY 21 proposed budget
 - Vehicle replacement deferrals
 - Educational programs
 - Printing contracts
- Non-Personal reductions for Board consideration
 - Movie Theater advertising
 - Outdoor advertising



Structural Deficit Options – Reduce Expenditures

- CIP reductions incorporated into FY 21 proposed budget
 - Alley Main Replacement by Contractor
 - Bridge Crossing Repairs/Maintenance
 - Cathodic Protection
 - Facility Improvements
- Deferrals increase risk of asset failure



Structural Deficit Options – Increase Revenue

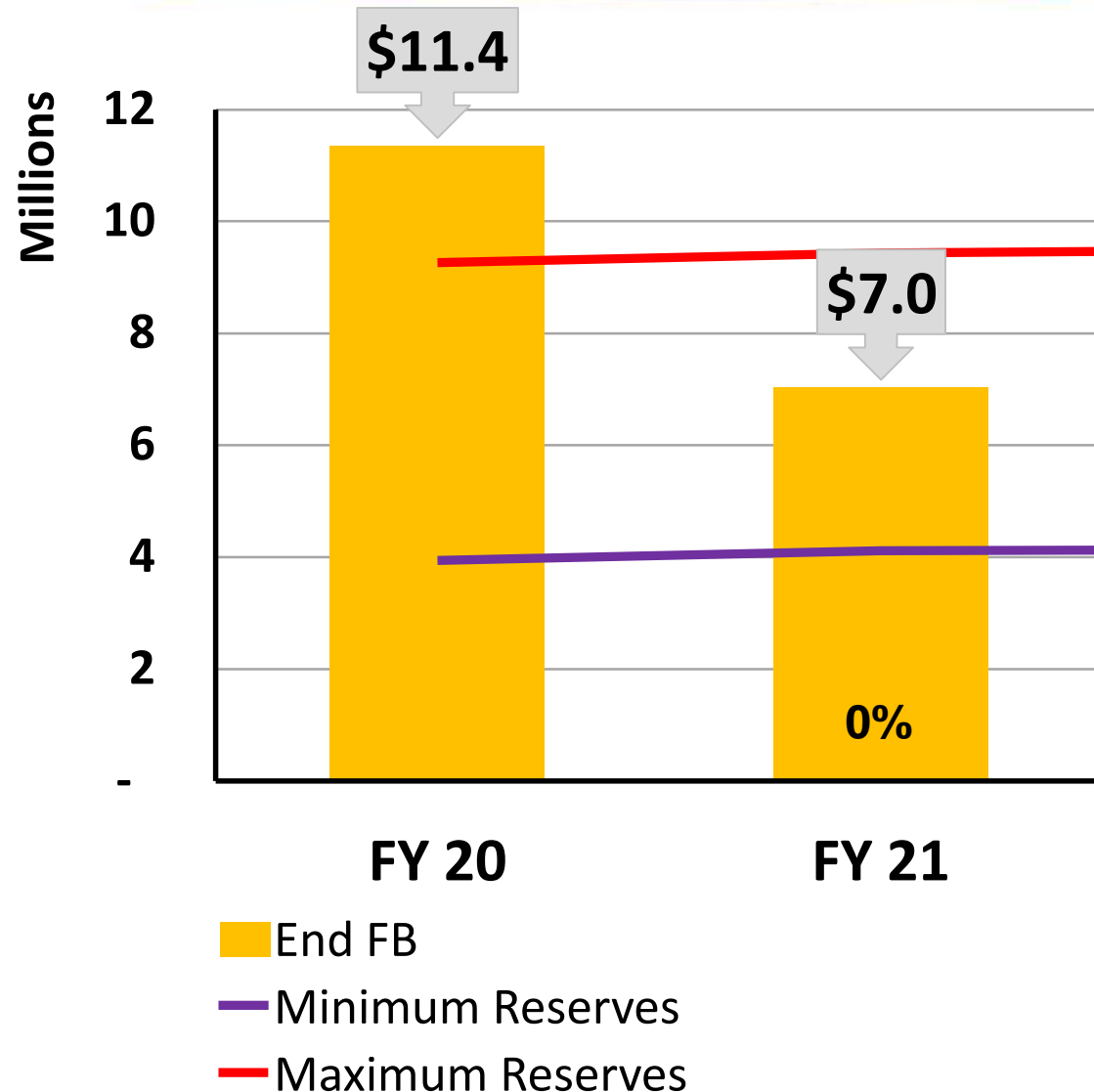
- Projected Structural Deficit - \$7,600,000
- 1% Water Rate Increase = \$1,000,000 in revenue
- Scenario 1 – Increase Water Rates by 4%
- Scenario 2 – Increase Water Rates by 6%
- Scenario 3 – Increase Water Rates by 8%



FY 21 Rate Scenarios



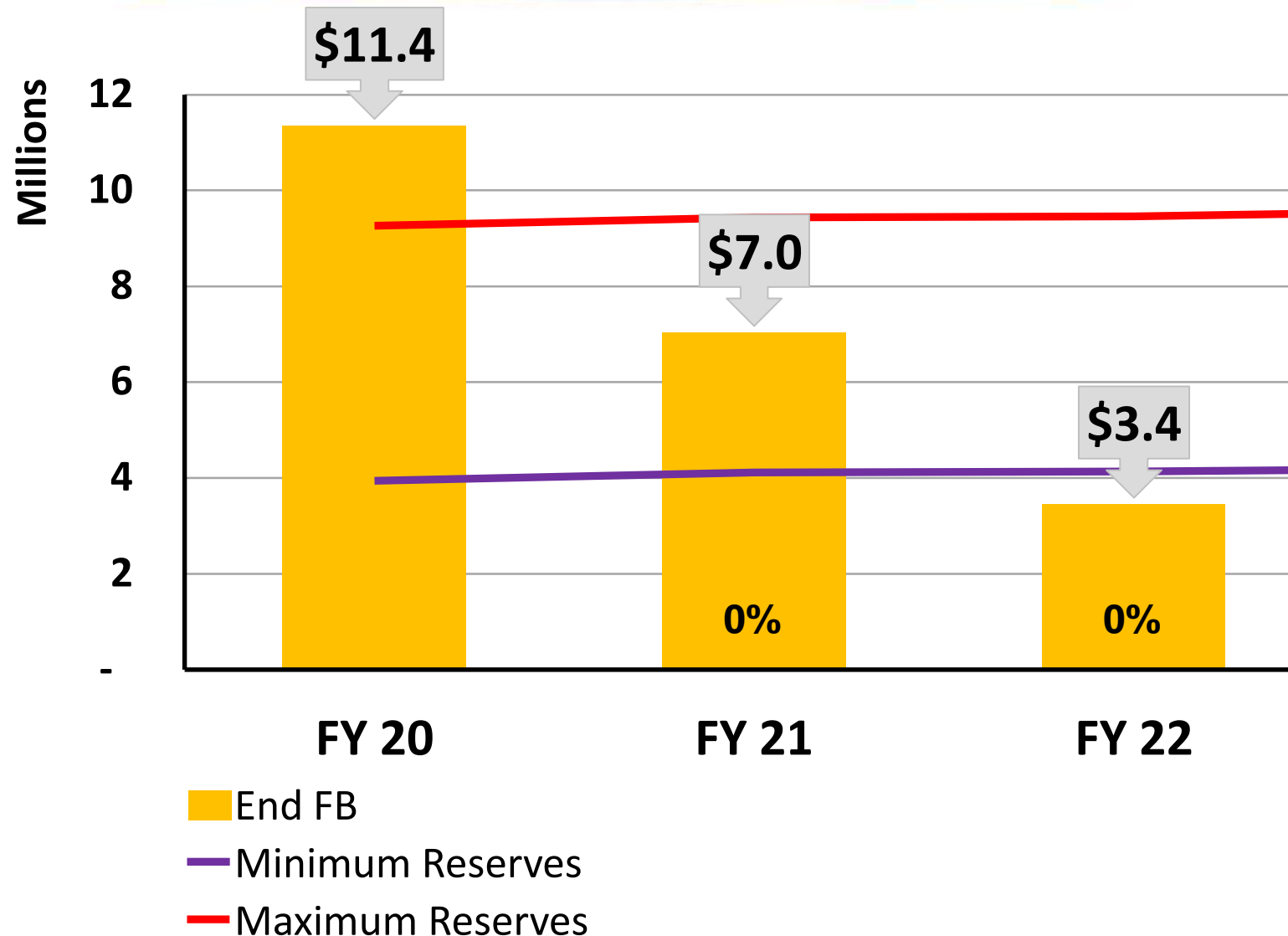
FY 21 Sewer Fund Projected Ending Reserves



- Budgeted Structural Deficit
 - \$5,200,000
- Projected Savings
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 - Non-Personal (-\$100k)
 - CIP (-\$750k)
- Projected Structural Deficit
 - \$4,300,000



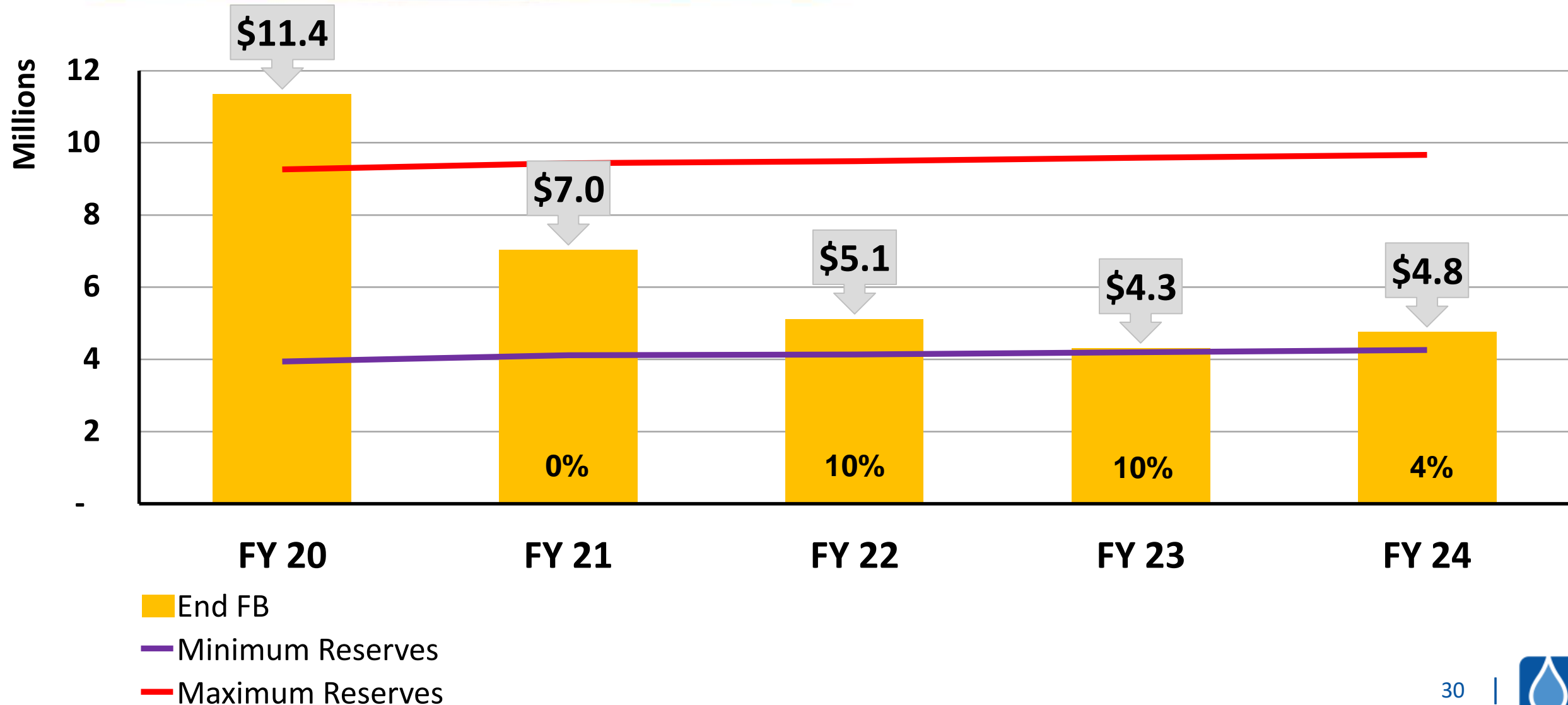
FY 22 Sewer Fund Projected Ending Reserves



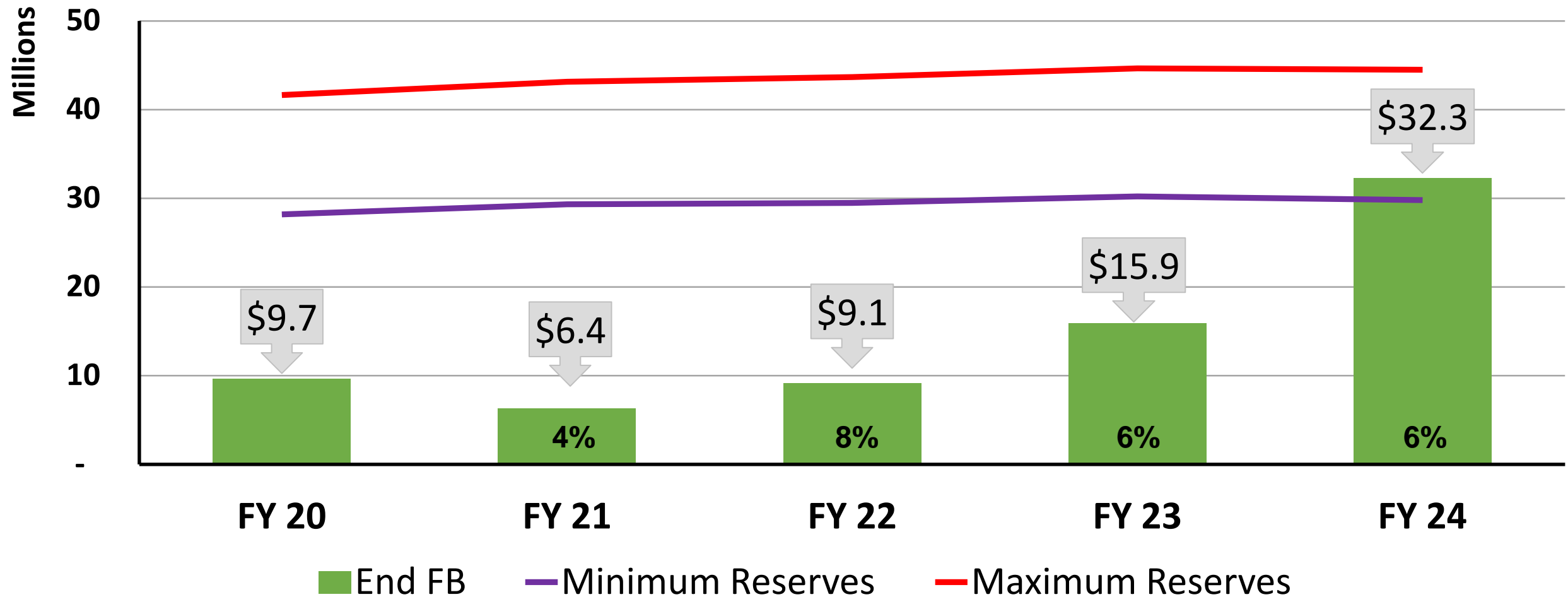
- FY 21 Projected Structural Deficit
 - \$4,300,000
- FY 22 Projected Structural Deficit
 - \$3,600,000
- Reserves fall below minimum



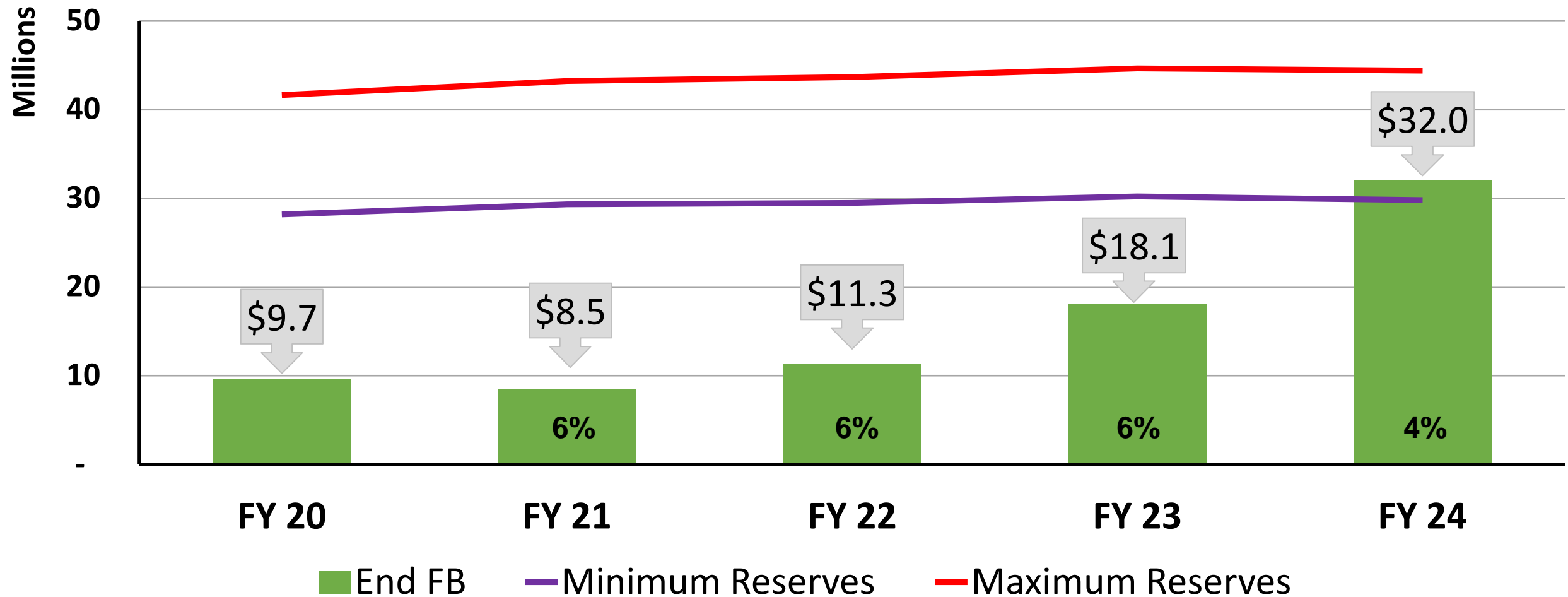
5-Yr Sewer Fund Projected Ending Reserves



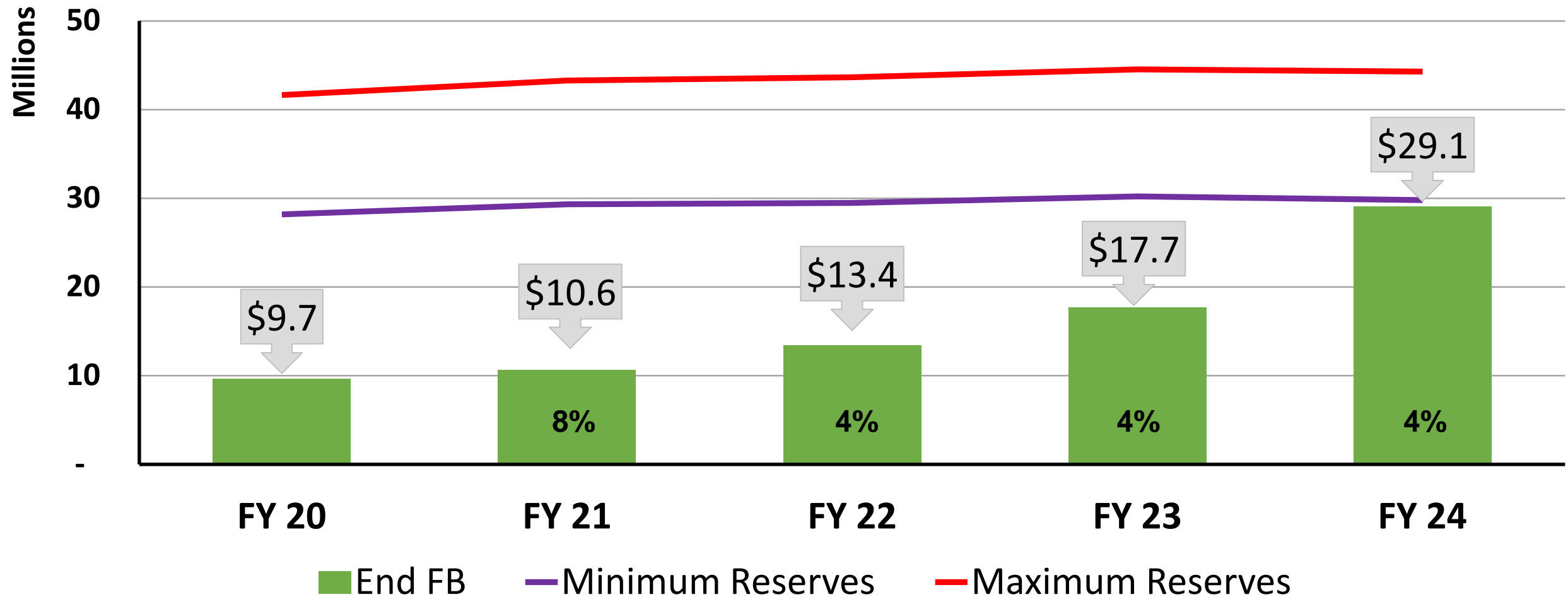
Water Rate Scenario #1 – 4% Increase



Water Rate Scenario #2 – 6% Increase



Water Rate Scenario #3 – 8% Increase



Rate Scenarios

Effects on Monthly Typical Bill*

Rate Scenarios	FY 21	FY 22	FY 23	FY 24
Sewer Rate Scenario	0%	10%	10%	4%
Water Rate Scenario 1	4%	8%	6%	6%
Water Rate Scenario 2	6%	6%	6%	4%
Water Rate Scenario 3	8%	4%	4%	4%

Effect on Monthly Bill	FY 21	FY 22	FY 23	FY 24
Sewer Rate Scenario	\$0.00	\$1.05	\$1.14	\$0.50
Water Rate Scenario 1	\$1.95	\$4.08	\$3.31	\$3.50
Water Rate Scenario 2	\$2.94	\$3.10	\$3.32	\$2.34
Water Rate Scenario 3	\$3.93	\$2.10	\$2.19	\$2.28

* Typical Bill - 10 billing units Water & 10 billing units Sewer



Rate Scenarios

Effects on Combined Monthly Typical Bill*

Rate Scenarios	FY 21	FY 22	FY 23	FY 24
Sewer Rate Scenario	0%	10%	10%	4%
Water Rate Scenario 1	4%	8%	6%	6%
Water Rate Scenario 2	6%	6%	6%	4%
Water Rate Scenario 3	8%	4%	4%	4%
Combined Bill Increases	FY 21	FY 22	FY 23	FY 24
Water Rate Scenario 1	\$1.95	\$5.13	\$4.45	\$4.00
Water Rate Scenario 2	\$2.94	\$4.15	\$4.46	\$2.84
Water Rate Scenario 3	\$3.93	\$3.15	\$3.33	\$2.78

* Typical Bill - 10 billing units Water & 10 billing units Sewer



Next Steps

- Budget Workshop #2 May 28
- Budget Workshop #3 June (If Requested)
- Budget and Rates Adoption
 - Target Date June 18





Long Beach Water

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