



Long Beach Water

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Board of Water Commissioners
June 18, 2020 Board Meeting

CHRISTOPHER J. GARNER, General Manager

Subject:

Adopt Resolution WD-1430, A Resolution of the City of Long Beach Board of Water Commissioners Adopting the Annual Budget for the Long Beach Water Department for the Fiscal Year 2020-2021 and authorize staff to transmit the resolution and the budget to the City Manager, Mayor and City Council.

Executive Summary:

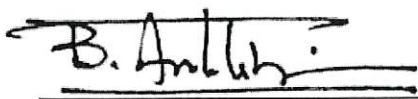
The Fiscal Year 2020-2021 Budget represents the planned expenditures and projected revenues needed to execute the Department's mission for the next fiscal year. All individual sections of the budget have been reviewed with the Board.

To accommodate the City's budget development schedule, the Water Department must estimate the City budget components of employee salary, skill pay, fringe benefits and City support services. As a result, Resolution WD-1430 authorizes the General Manager to adjust the adopted Water Fund and Sewer Fund budgeted expenditures on the aforementioned budget items by an amount not to exceed 5.0% of the total of such charges. If these changes exceed 5.0%, staff will return to the Board of Water Commissioners for amendment and approval of the FY 2020-2021 Budget.

Attachment 1 provides a summary of the major budget components. Attachment 2 is Budget Resolution WD-1430 Board adoption of the Budget Resolution, which is a necessary action as identified in the guidelines for the Department in the City Charter. Subsequently, staff would transmit the approved Resolution and Budget to the City Manager, Mayor and City Council, prior to approval by the City Council in September.

Board Recommendation

Adopt Resolution WD-1430, A Resolution of the City of Long Beach Board of Water Commissioners Adopting the Annual Budget for the Long Beach Water Department for the Fiscal Year 2020-2021, and authorize staff to transmit the Resolution and the budget to the City Manager, Mayor and City Council.


B. Anatole Falagan
Assistant General Manager
6/10/2020
Date


Christopher J. Garner
General Manager
6/20/20
Date

Attachments

Budget Summary

<u>Budget Category</u>	<u>FY 20</u>	<u>FY 21</u>	<u>% Change</u>
<u>Water Fund</u>			
Personal Services	26,819,150	31,799,697	18.6%
Non-Personal Services	82,520,034	80,632,059	-2.3%
CIP	25,517,700	24,815,834	-2.8%
Total Appropriation	134,856,884	137,247,590	1.8%
Total Budget Revenue	128,343,732	136,253,164	6.2%

Sewer Fund

Personal Services	5,410,784	6,874,306	27.0%
Non-Personal Services	10,786,956	10,643,263	-1.3%
CIP	5,197,600	6,287,094	21.0%
Total Appropriation	21,395,340	23,804,663	11.3%
Total Budget Revenue	18,879,188	18,631,083	-1.3%

FY 21 Reserves

Water Fund Beginning Fund Balance:	9,682,180
Water Fund Ending Fund Balance:	8,687,754
Sewer Fund Beginning Fund Balance:	11,354,399
Sewer Fund Ending Fund Balance:	6,180,819

Highlights:

Personal Services – The FY 21 Water Fund personal services budget is approximately \$5 M larger than FY 20. This is due to additional FTEs, increases from position upgrades, worker's compensation, and PERS contribution costs. The FY 21 Sewer Fund personal services budget is approximately \$1.5 M larger than FY 20. This is due to increases from position upgrades, worker's compensation, and PERS contribution costs.

Non-Personal Services – The FY 21 Water Fund non-personal services budget is approximately \$1.9 M less than FY 20. This is primarily due to a reduction in overall payments to the City, as well as a decrease in purchased water due to increased pumping capacity. These increases are partially offset by increased pumping, power, and chemicals costs. Budgeted water demand has decreased due to customer demand trends. The FY 21 Sewer Fund non-personal services budget remains roughly equal to the FY 20 budget.

CIP – The FY 21 Water Fund CIP is \$700k less than FY 20. This includes decreases in large valve projects as well as the AMI project, and increases in pipeline projects, new wells and well rehabilitation. The well projects are offset by roughly \$2.9 M in Line of Credit financing. The FY 21 Sewer Fund CIP is \$1.1 M higher than FY 20 and is primarily due an increase in sewer lift station projects.

Revenue – FY 21 Water Fund revenues are estimated to increase by \$7.9 M. The proposed 6% rate increase accounts for about \$6 M of this increase. The FY 21 Sewer Fund revenues are estimated to decrease by \$250k mainly due to the reduction in developer related sewer capacity fees.

RESOLUTION NO. WD-1430

A RESOLUTION OF THE CITY OF LONG BEACH
BOARD OF WATER COMMISSIONERS ADOPTING THE
ANNUAL BUDGET FOR THE LONG BEACH WATER
DEPARTMENT FOR THE FISCAL YEAR 2020-2021

The Board of Water Commissioners of the City of Long Beach resolves as follows:

Section 1. That the annual department budget of the Long Beach Water Department for the fiscal year 2020-2021, is hereby adopted as follows:

WATER

Estimated Fund Balance 10-1-2020	\$9,682,180
Estimated Revenues	<u>\$136,253,164</u>
Total Estimated Resources	\$145,935,344
Estimated Expenditures	<u>\$137,247,590</u>
Estimated Fund Balance 9-30-2021	\$8,687,754

SEWER

Estimated Fund Balance 10-1-2020	\$11,354,399
Estimated Revenues	<u>\$18,631,083</u>
Total Estimated Resources	\$29,985,482
Estimated Expenditures	<u>\$23,804,663</u>
Estimated Fund Balance 9-30-2021	\$6,180,819

The most up to date current year estimated expenditures and revenues are included in the estimated fund balances and were provided in detail at a Special Board Meeting held on May 7, 2020. Detailed schedules and other data which accompany the budget are provided for information purposes only and are not intended to limit

1 expenditures.

2 Section 2. The City's Fiscal Year 2020-2021 budget development
3 calendar requires submission of proposed budgets to the Mayor by July 1, 2020. To
4 accommodate the City's schedule, the Water Department must accelerate the adoption of
5 its Fiscal Year 2020-2021 budget. This requires the Water Department to estimate certain
6 City budget components including ongoing labor negotiations, employee fringe benefits,
7 and City support charges. These charges are included in the above budget numbers as
8 estimated amounts.

9 The Water Department anticipates the final City amounts will be delivered to
10 the Water Department in July. After the Water Department receives the actual amounts
11 the Budget of the Long Beach Water Department will need to be revised to reflect these
12 actual amounts. Therefore, the Board of Water Commissioners authorizes the General
13 Manager of the Long Beach Water Department to adjust the adopted Water Fund and
14 Sewer Fund budgeted expenditures for employee salaries, skill pays, fringe benefits and
15 City support charges by an amount not to exceed five percent (5.0%) of the total of such
16 charges included in the adopted budgets to reflect any increases in City charges above the
17 estimated amounts budgeted for fiscal year 2020-2021. The General Manager shall make
18 the necessary adjustments prior to submittal of the Long Beach Water Department budget
19 to the City.

20 Section 3. The Secretary of the Board of Water Commissioners shall
21 certify to the passage of this resolution, and cause copies of the same to be filed with the
22 City Council, the City Auditor and the City Manager.

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I hereby certify that the foregoing resolution was adopted by the Board of Water Commissioners of the City of Long Beach, at its meeting of June 18, 2020, by the following vote:

Ayes: Commissioners: _____

Noes: Commissioners: _____

Absent: Commissioners: _____

Secretary
Board of Water Commissioners