

Water Department Proposed Budget and Rates for Fiscal Year 2021-2022

June 24, 2021



Presentation Summary

- Revisit Sewer and Water Projections
- Review Rate Scenarios and Recommendations
- FY 22 Rate Comparisons
- FY 22 Budget and Rates Adoption
- Next Steps



FY 22 Board Reductions

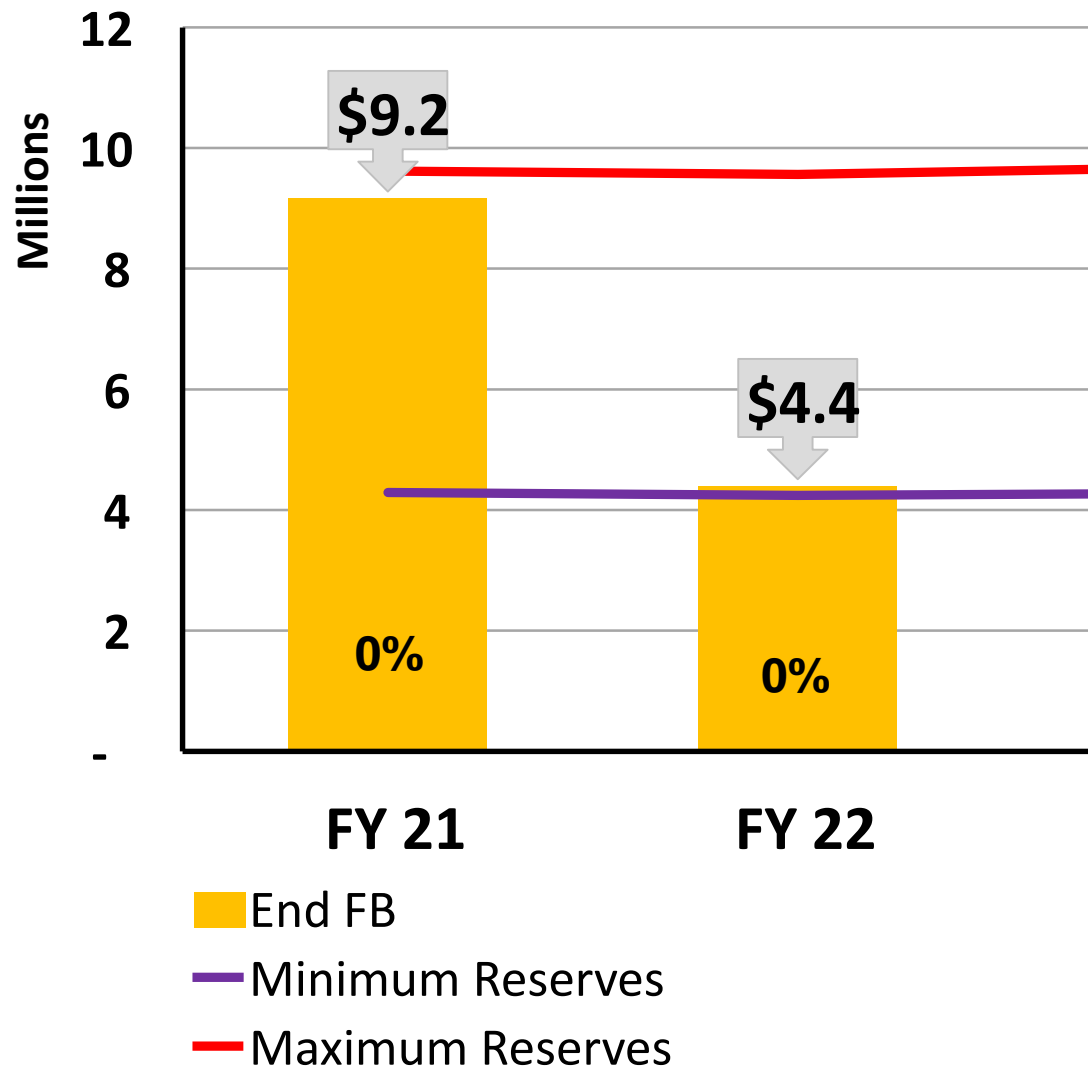
	FY 21 vs FY 20	FY 22 vs FY 20
CSULB Advertising	(50,000)	(50,000)
Movie Theater Advertising	(40,000)	(40,000)
Outdoor Advertising	(12,000)	(12,000)
Board Travel	(10,000)	(10,000)
Board Sponsorships	(50,000)	(50,000)



Sewer Fund



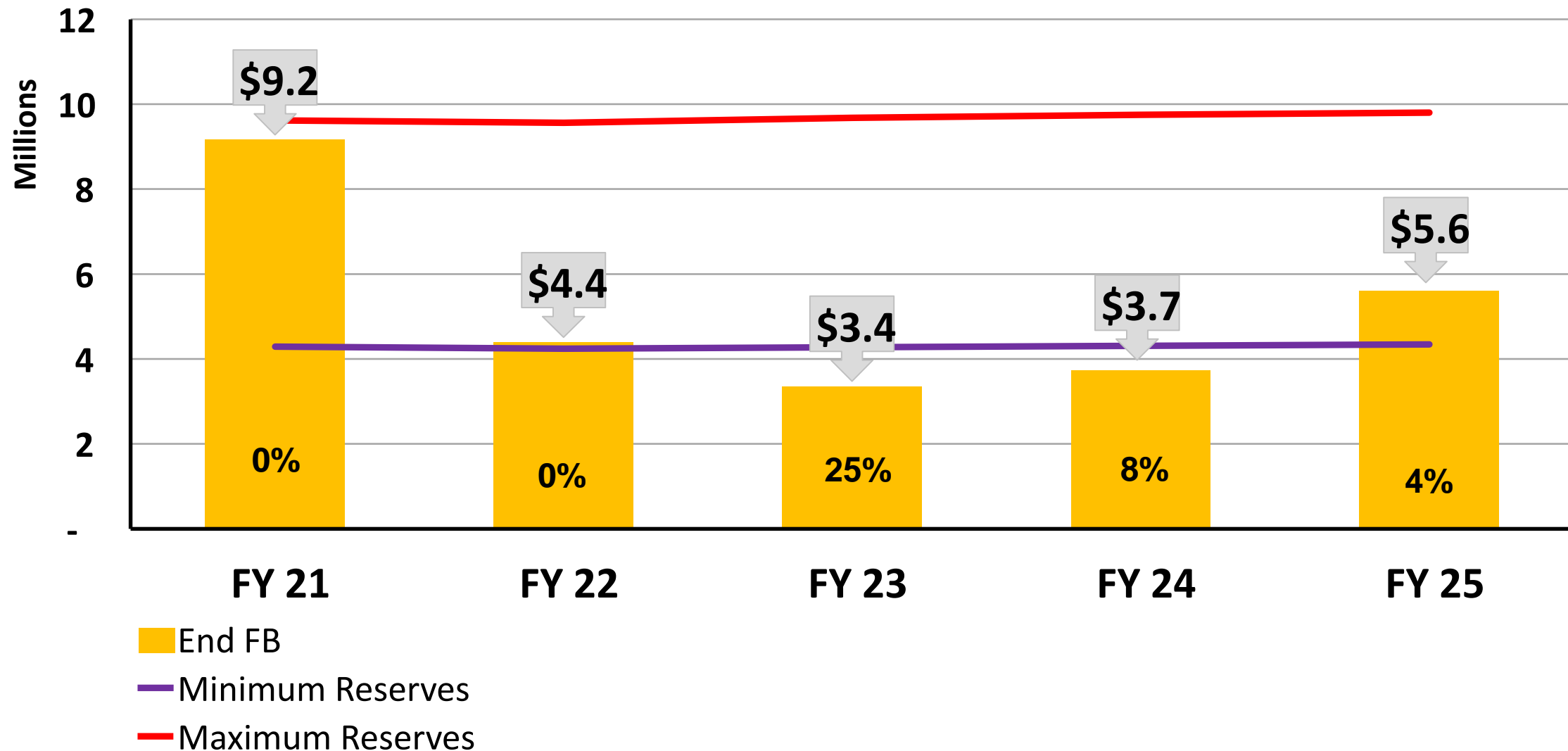
FY 22 Sewer Fund Projected Ending Reserves



- Budgeted Deficit
 - \$5,600,000
- Projected Savings
 - Not budgeted
 - Non-Personal (-\$100k)
 - CIP (-\$750k)
- Projected Deficit
 - \$4,800,000



5-Yr Sewer Fund Projected Ending Reserves (With no FY 22 Sewer rate increase)

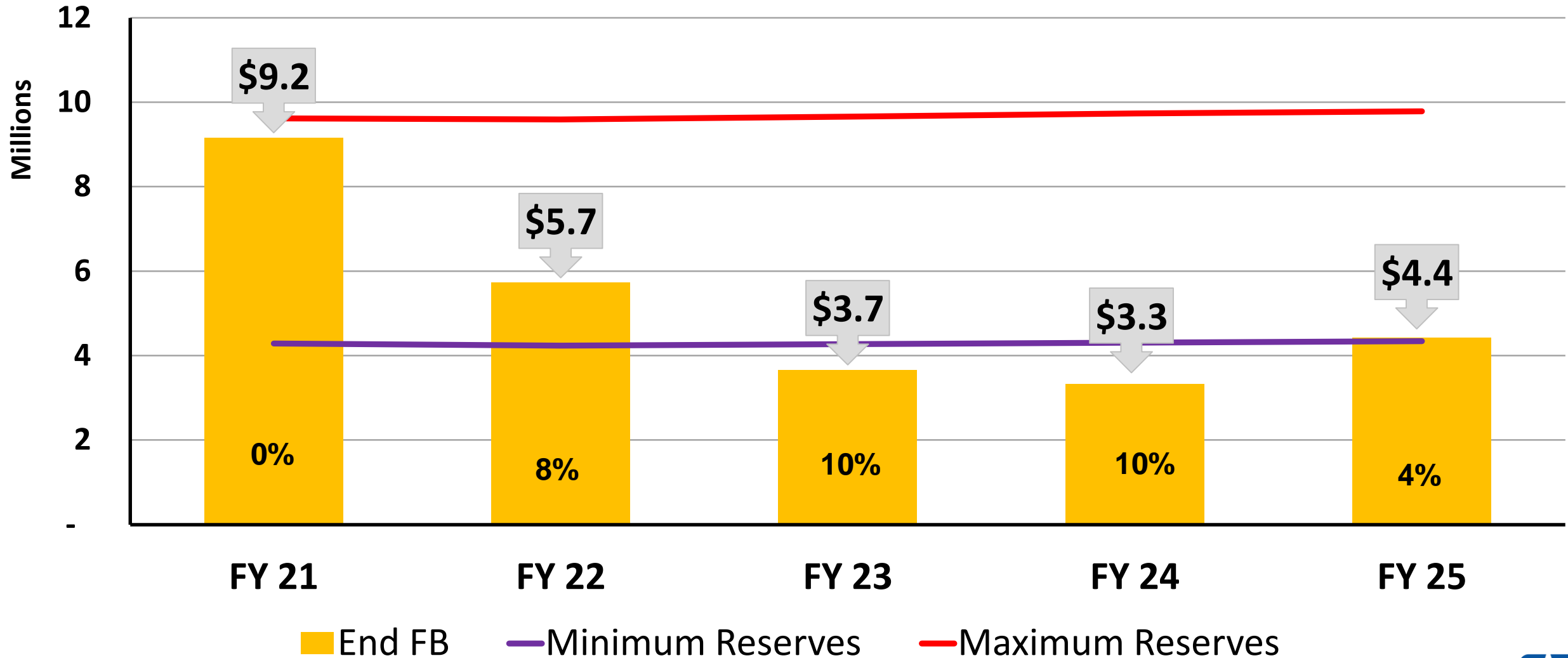


Structural Deficit Rate Options

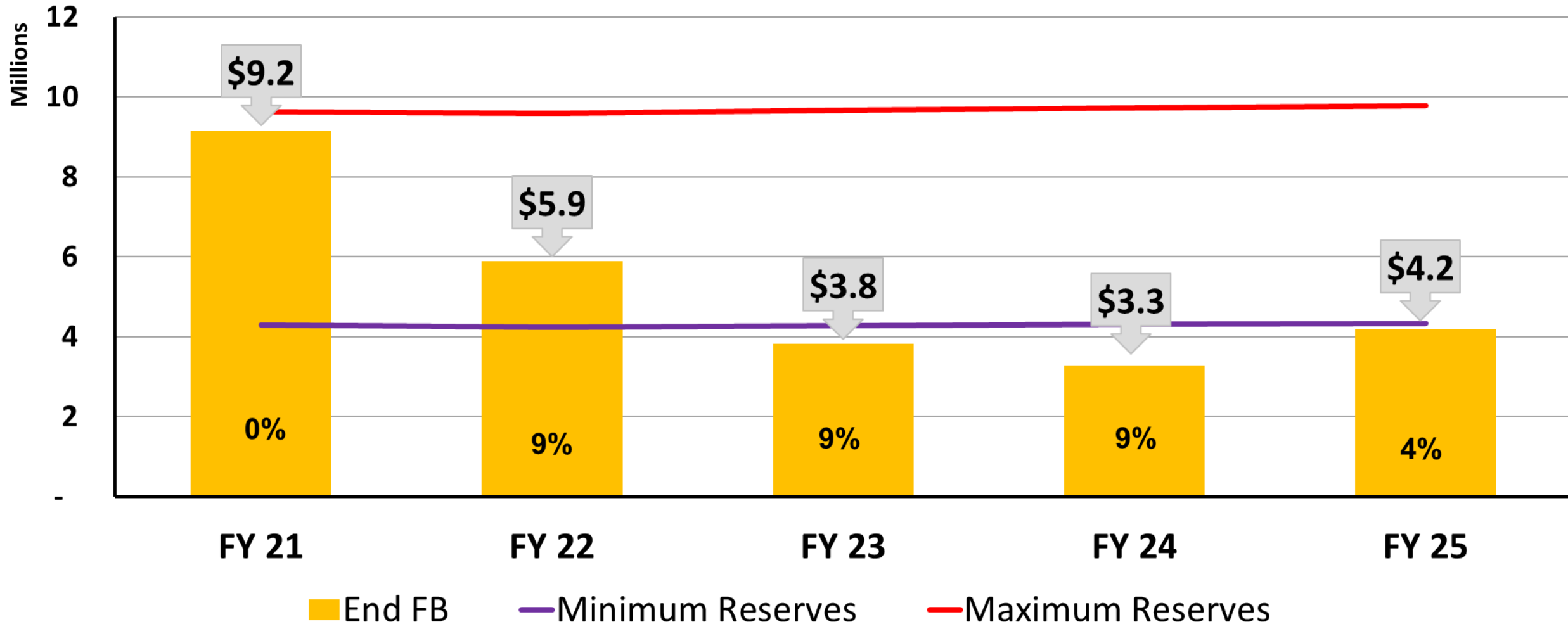
- Projected Structural Deficit - \$4,800,000
- 1% Sewer Rate Increase = \$170,000 in revenue
- Scenario 1 – Increase Sewer Rates by 8%
- Scenario 2 – Increase Sewer Rates by 9%-NEW
- Scenario 3 – Increase Sewer Rates by 10%



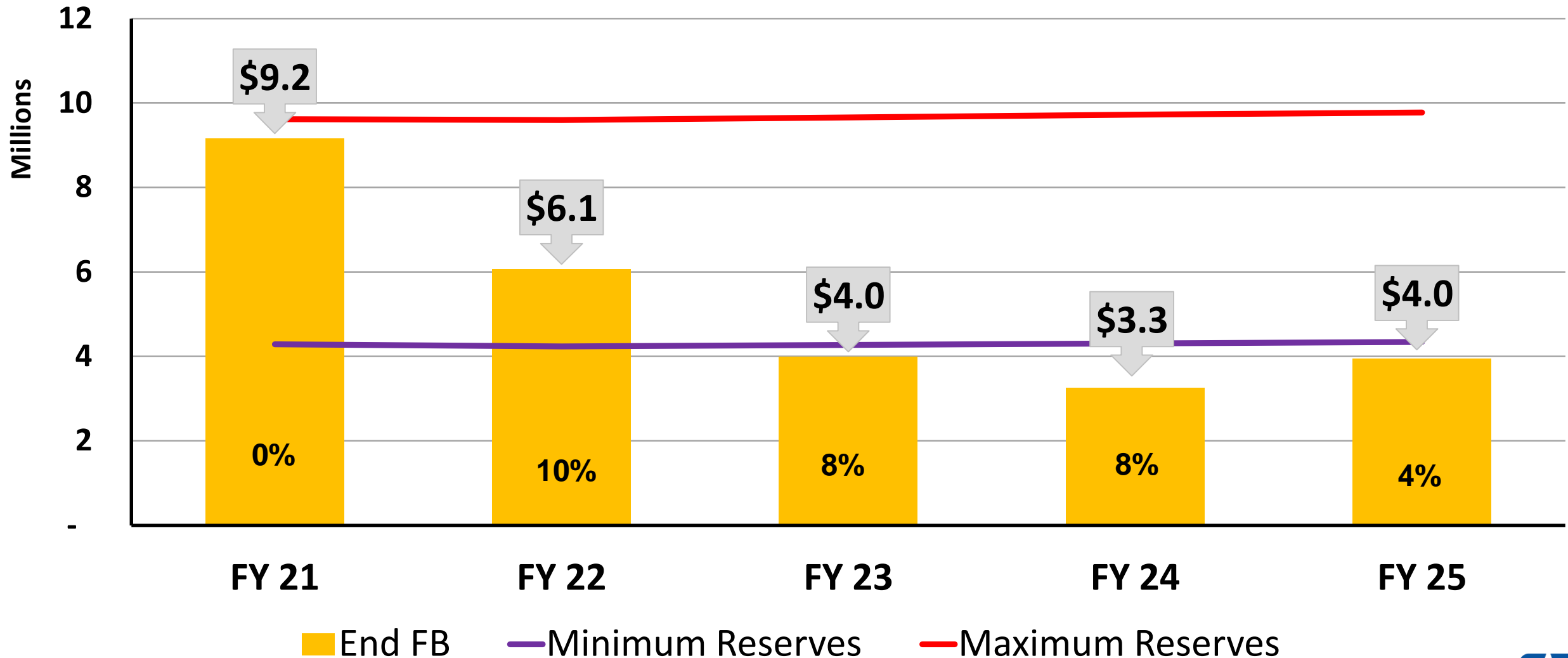
Sewer Rate Scenario #2 – 8% Increase



Sewer Rate Scenario #2 – 9% Increase



Sewer Rate Scenario #3 – 10% Increase



Sewer Rate Scenarios

Effects on Typical Monthly Sewer Bill

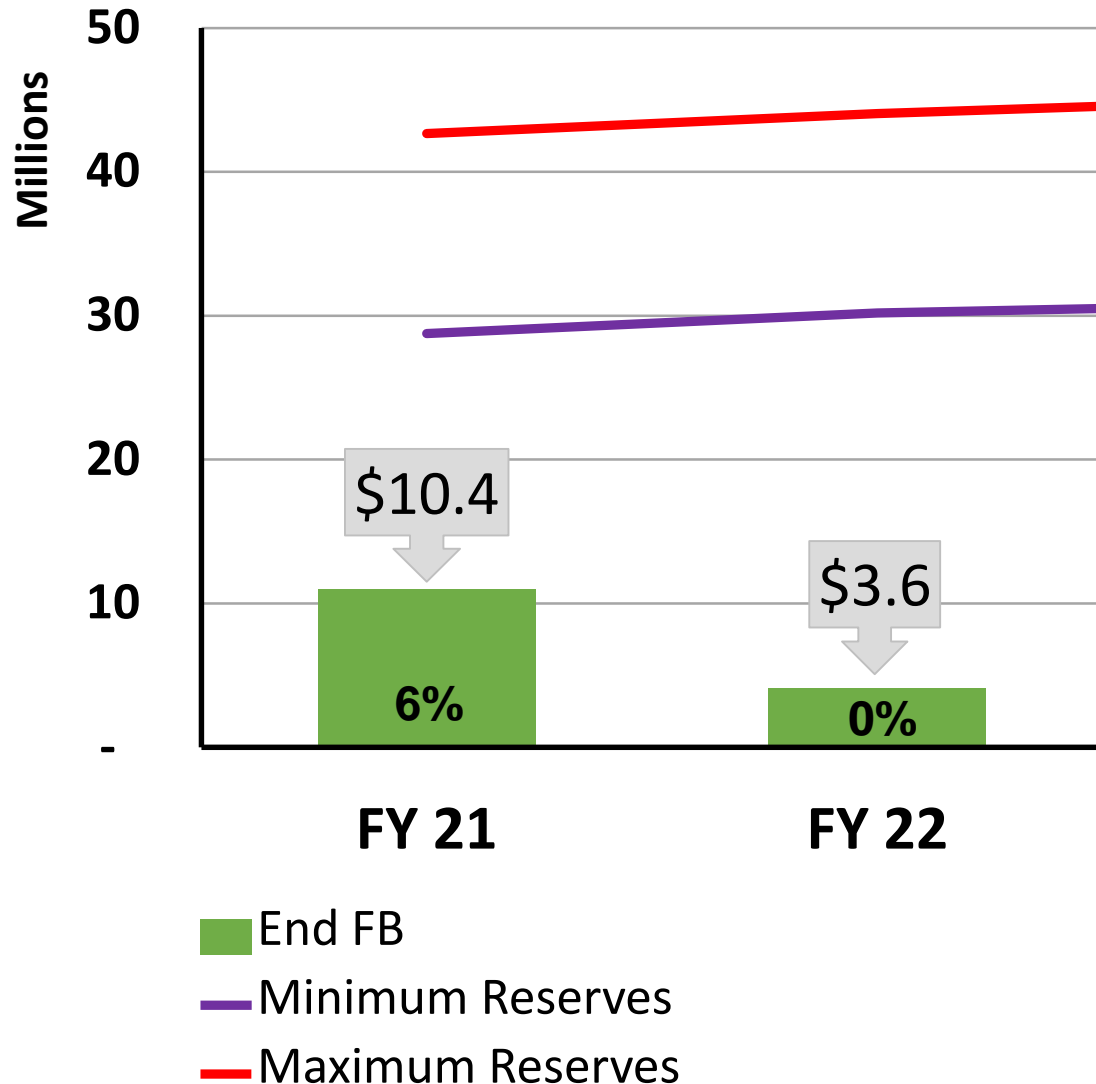
Rate Scenarios	FY 22
Sewer Rate Scenario 1 - 8%	\$0.83
Sewer Rate Scenario 2 - 9%	\$0.92
Sewer Rate Scenario 3 - 10%	\$1.05



Water Fund



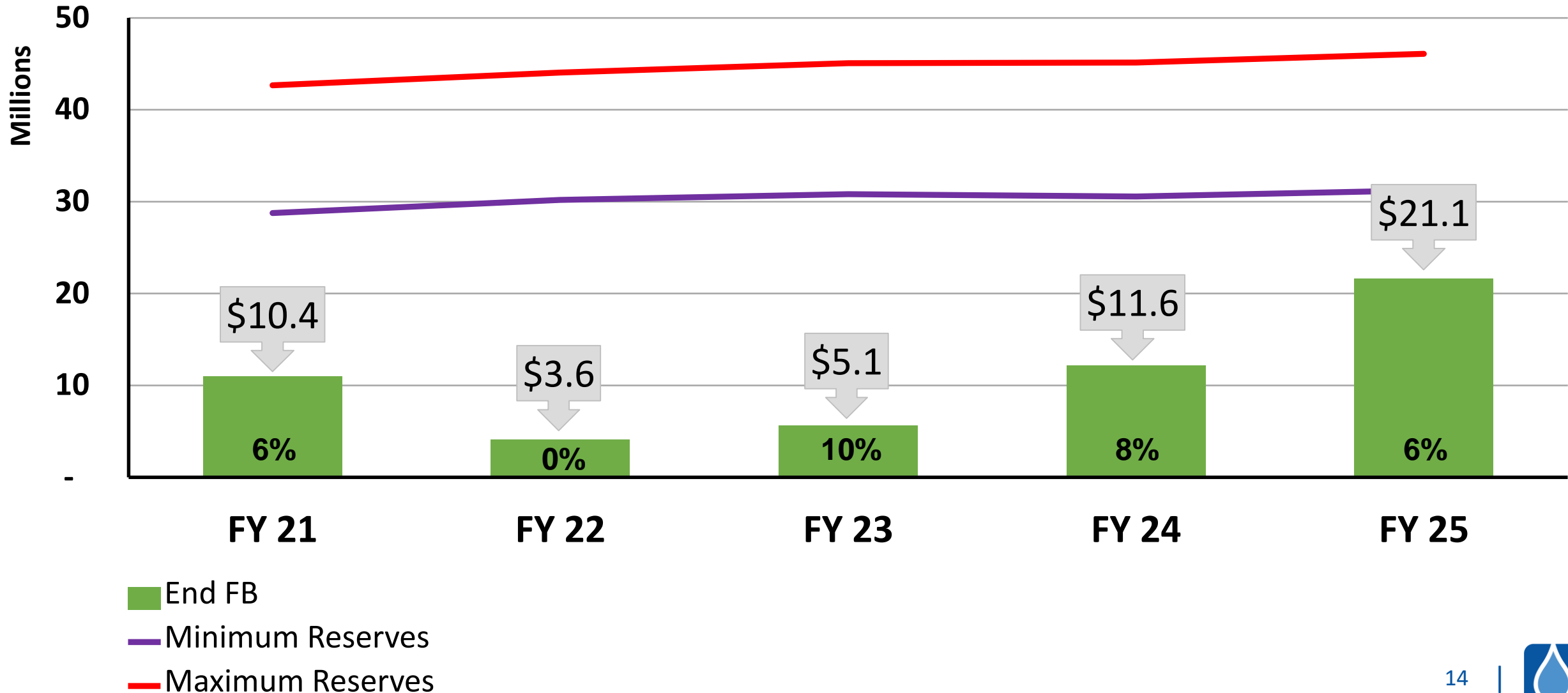
FY 22 Water Fund Projected Ending Reserves



- Budgeted Deficit
 - \$8,300,000
- Projected Savings
 - Not budgeted
 - Non-Personal (-\$500k)
 - CIP (-\$1.0 M)
- Projected Deficit
 - \$6,800,000



5-Yr Water Fund Projected Ending Reserves (With no FY 22 Water rate increase)

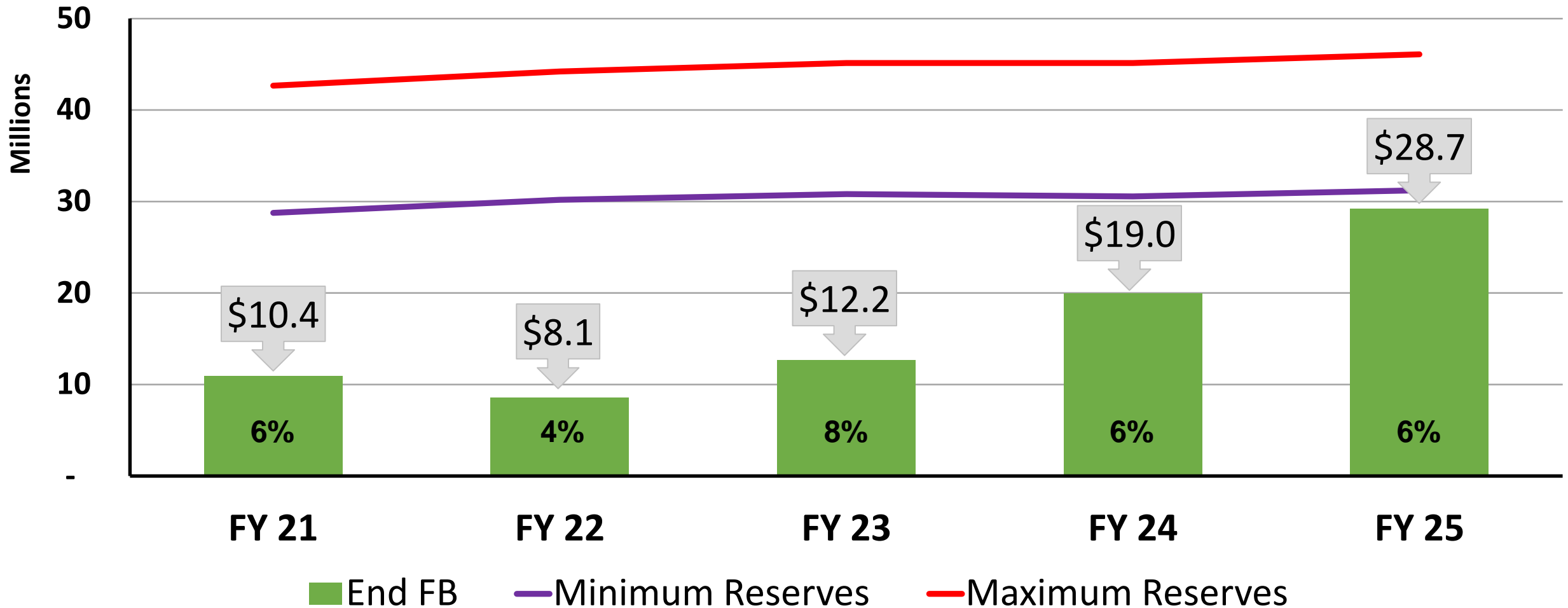


Structural Deficit Rate Options

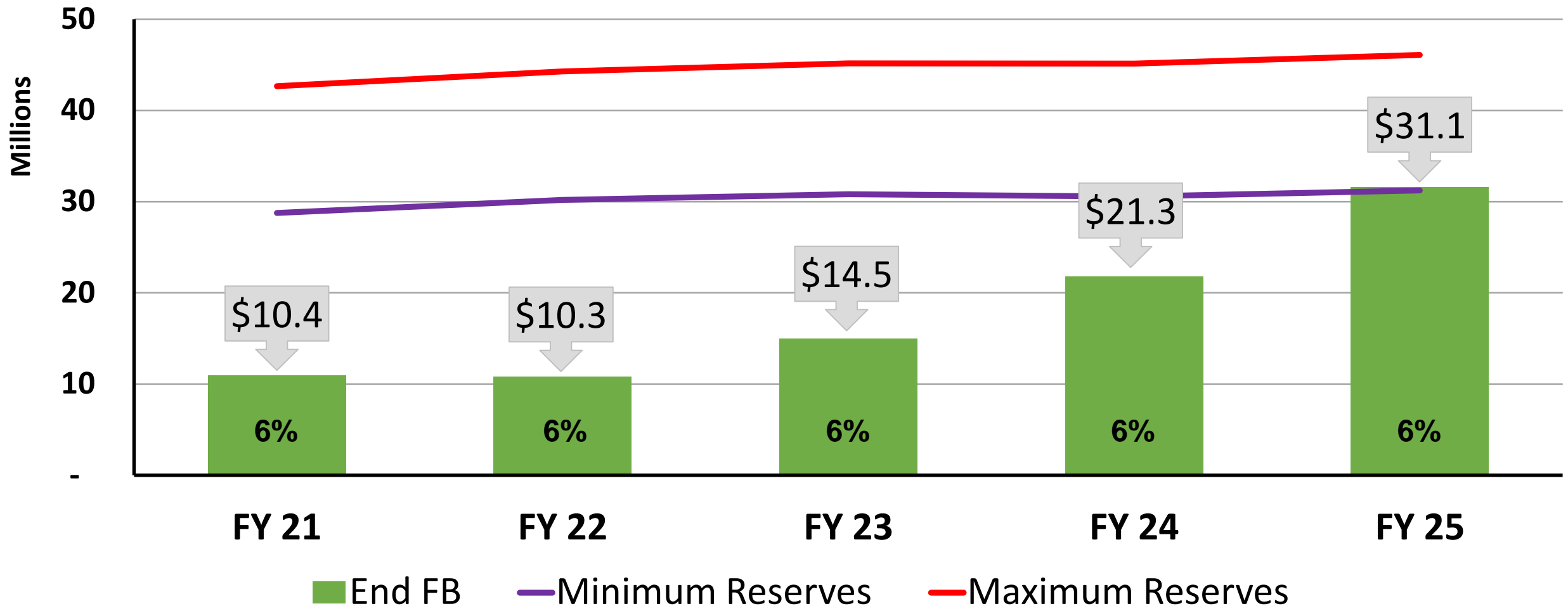
- Projected Structural Deficit - \$6,800,000
- 1% Water Rate Increase = \$1,100,000 in revenue
- Scenario 1 – Increase Water Rates by 4%
- Scenario 2 – Increase Water Rates by 6%
- Scenario 3 – Increase Water Rates by 8%



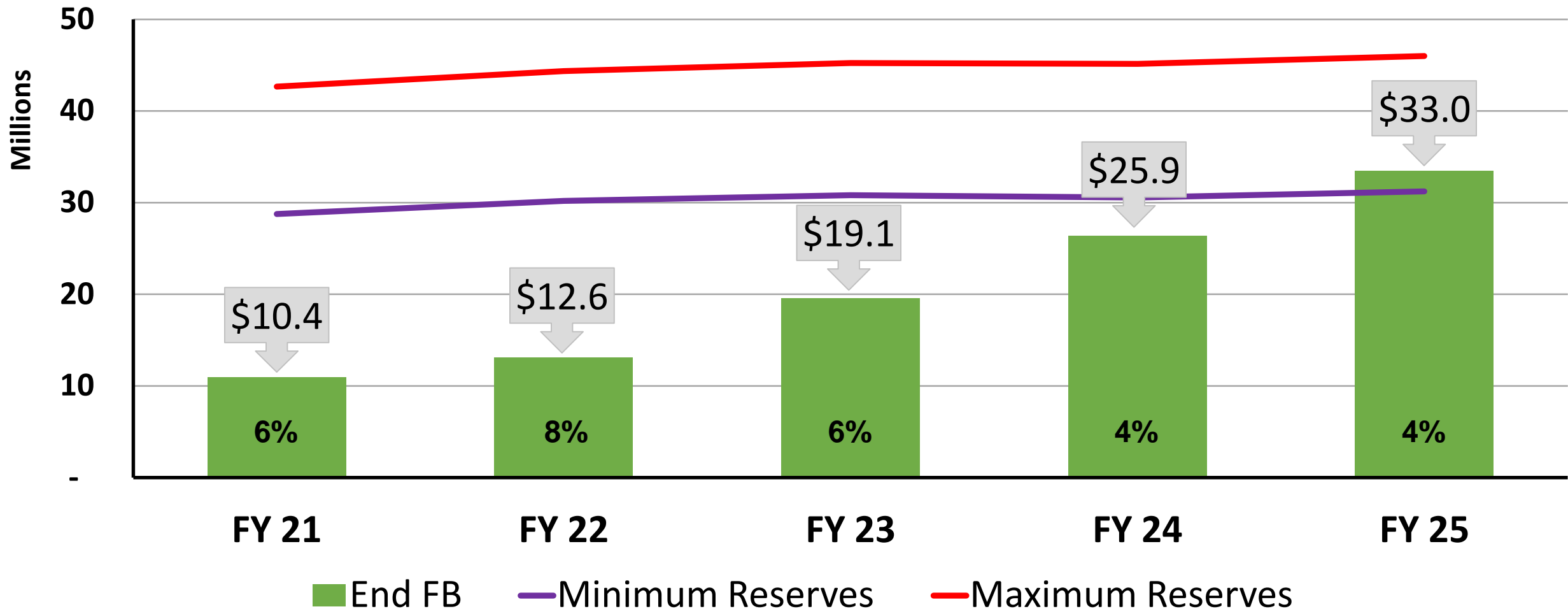
Water Rate Scenario #1 – 4% Increase



Water Rate Scenario #2 – 6% Increase



Water Rate Scenario #3 – 8% Increase



Water Rate Scenarios

Effects on Typical Monthly Water Bill

Rate Scenarios	FY 22
Water Rate Scenario 1 - 4%	\$2.17
Water Rate Scenario 2 - 6%	\$3.25
Water Rate Scenario 3 - 8%	\$4.34



FY 22 Rate Comparisons



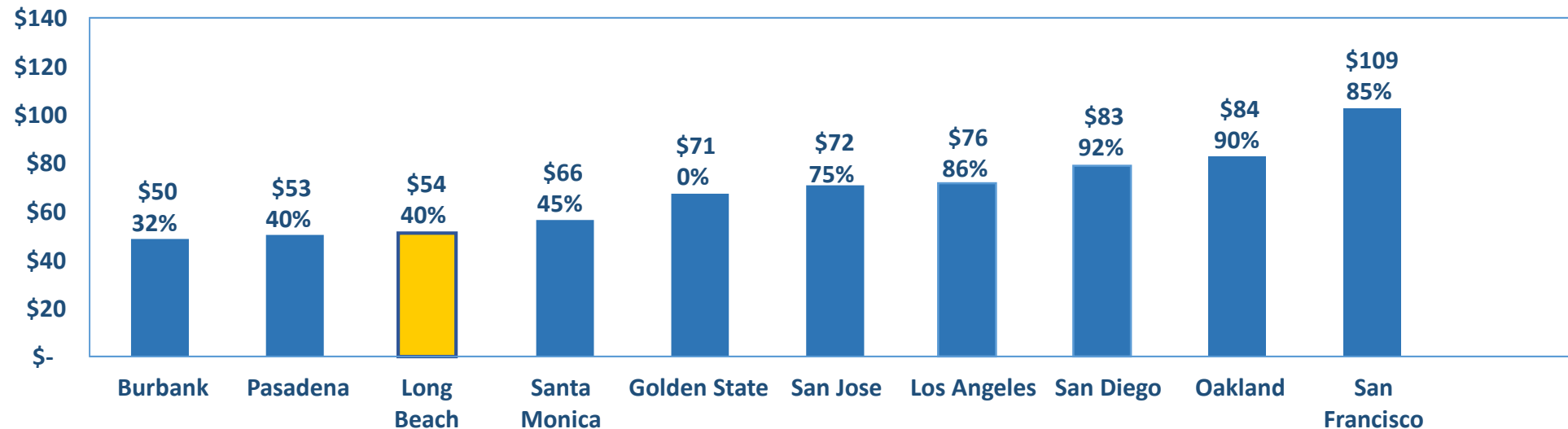
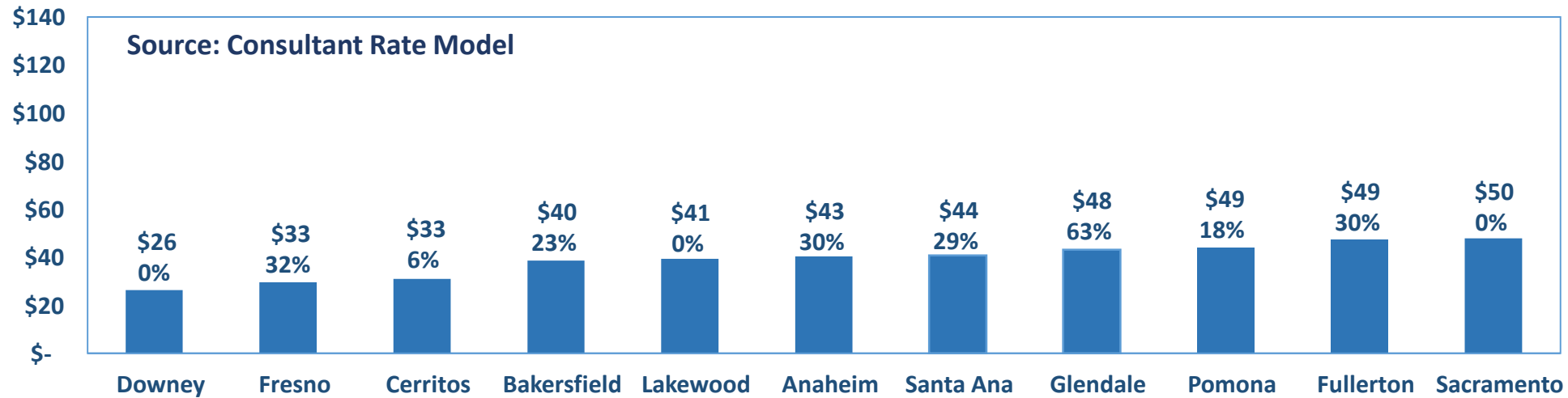
City Benchmarking Analysis

- Cities

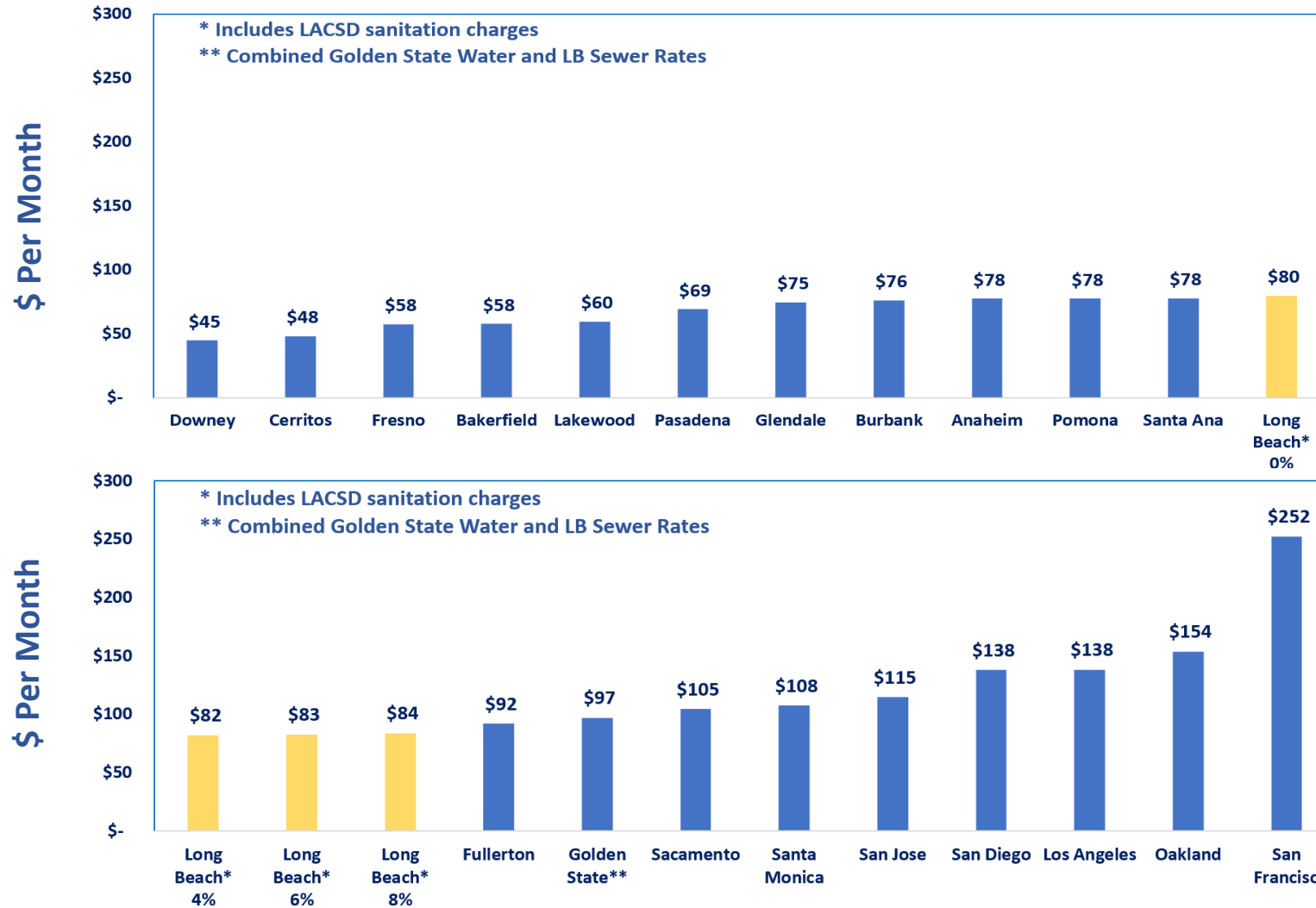
- Long Beach
- Anaheim
- Bakersfield
- Burbank
- Cerritos
- Downey
- Fresno
- Fullerton
- Glendale
- Golden State
- Lakewood
- Los Angeles
- Oakland
- Pasadena
- Pomona
- Sacramento
- San Diego
- San Francisco
- San Jose
- Santa Ana
- Santa Monica



Water Bill and Imported Water %



FY 22 Combined Bill Comparison (Water & Sewer)



Source: Consultant Rate Model



FY 22 Staff Recommendation

- Rates for FY 22
 - 8% Water rate increase
 - 10% Sewer rate increase
- Continue investments in new well development to maximize access to (cheaper) ground water
- Build up minimum reserves



Rate Revenue – Where Your \$ Goes

- Replace, rehabilitate and repair aging pipelines, valves, and meters
- Rehabilitate existing wells
- Drill and equip new wells
- Rehabilitate existing storage tanks
- Improve and upgrade ground water treatment plant
- Rehabilitate pump stations



Resolution WD-1441 – Adopt Rates

- Option A:
 - 8% Water rate increase
 - 10% Sewer rate increase
- Option B:
 - 8% Water rate increase
 - 9% Sewer rate increase
- Rates and Charges for FY 22
 - For potable water, reclaimed water and sewer service
 - Daily service charges



Staff Recommendation

- Adopt Resolution WD-1441A or WD-1441B, a Resolution of the Board of Water Commissioners Fixing Rates and Charges for Water and Sewer Services to All Customers, Subject to the Approval of the City Council by Ordinance.



Resolution WD-1440 – Adopt Budget

- Outlines budget components
 - Water and Sewer Funds
 - Reserve Balance
 - Revenues
 - Expenditures



Resolution WD-1440

- Some City charges will not become available until after Board adoption of budget
 - Salary, Skill Pay, & Fringe benefit rates
 - City support service charges
- Administrative amendment
 - Language in Resolution to grant General Manager authority to adjust budget
 - Adjustment not to exceed 5% of total salary, skill pay, fringe and City charges
 - Adjustment beyond 5% would require Board approval



Staff Recommendation

- Adopt Resolution WD-1440A or WD-1440B, A Resolution of the Board of Water Commissioners Adopting the Annual Budget for the Long Beach Water Department for Fiscal Year 2021-2022, and authorize staff to transmit the Resolution and the Budget to the City Manager, Mayor and City Council.



Next Steps

- Today - Adopt FY 22 budget and rates
- July – August
 - Mail out Prop 218 notice
 - Budget briefings with Mayor and City Council
 - Prop 218 Public Hearing (TBD)
- September
 - City Council Adoption
- October
 - Budget and rates effective October 1, 2021





Long Beach Water

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