

**BOARD OF UTILITIES COMMISSIONERS**

1800 E. Wardlow Road, Long Beach, CA 90807
562.570.2300 | LBUtilities.org

June 22, 2023

Recommendation

Adopt Resolution UT-1484 adopting the annual budget for the Long Beach Utilities Department for the fiscal year 2023-2024 and authorize staff to transmit the Resolution and the budget to the City Manager, Mayor, and City Council.

Executive Summary

The Fiscal Year 2023-2024 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 Utilities Department must estimate the City budget components of employee salary, skill pay, fringe benefits, and City support services. As a result, this authorizes the General Manager to adjust the adopted Water, Sewer, and Gas 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 Utilities Commissioners for amendment and approval of the FY 2023-2024 Budget.

Attachment 1 provides a summary of the major budget components. Attachment 2 is the Budget Resolution for Board adoption, 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.

B. Anatole Falagan
Assistant General Manager

Christopher J. Garner
General Manager

Attachments

Water Fund Budget Summary

Budget Category	FY 23	FY 24	% Change
Personal Services	33,569,232	34,536,943	2.9%
O&M	81,412,564	85,683,865	5.2%
CIP	41,127,000	42,207,586	2.6%
Total Appropriation	156,108,796	162,428,393	4.0%
Total Budget Revenue	149,242,781	169,525,152	13.6%

Sewer Fund Budget Summary

Budget Category	FY 23	FY 24	% Change
Personal Services	7,127,011	6,985,632	-2.0%
O&M	10,876,965	11,138,466	2.4%
CIP	5,178,799	5,379,400	3.9%
Total Appropriation	23,182,775	23,503,498	1.4%
Total Budget Revenue	20,663,851	21,396,298	3.5%

Gas Fund Budget Summary

Budget Category	FY 23	FY 24	% Change
Personal Services	27,366,243	28,442,000	3.9%
O&M	81,599,205	96,426,348	18.2%
CIP	12,050,000	12,050,000	0.0%
Total Appropriation	121,015,448	136,918,348	13.1%
Total Budget Revenue	119,580,835	135,610,432	13.4%

HIGHLIGHTS

Personal Services – The FY 24 Water Fund and Gas Fund personal services budgets are each approximately \$1 M and larger than FY 23, mainly attributable to union contract increases and PERS contribution costs. The FY 24 Sewer Fund personal services budget is relatively flat from FY 23.

O&M Services – The FY 24 Water Fund O&M services budget is approximately \$4 M more than FY 23. The Gas Fund O&M's increase reflects higher commodity costs compared to FY 23. The costs are a full pass-through to customers. The FY 24 Sewer Fund O&M services budget remains roughly equal to the FY 23 budget.

CIP – The FY 24 Water Fund, Sewer Fund, and Gas Fund CIP are roughly equal to the FY 23 budgets. The focus continues to be on investment in well rehabilitation and new well development and critical infrastructure repair and maintenance.

Revenue – FY 24 Water Fund rate revenues are estimated to be flat compared to FY 23. Overall revenue is expected to increase due to a higher use of the Line of Credit to fund critical CIP. FY 24 Gas Fund revenue is higher than FY 23, reflecting slightly higher commodity costs that what was budgeted for FY 23. It should be noted that the FY 23 budget was adopted before the recent winter gas price spike. Due to recent hedging measures, staff does not forecast as significant a winter price surge in FY 24. The FY 23 Sewer Fund revenues are estimated to increase by \$1.3 M mainly due to increased developer fees.

RESOLUTION NO. UT-1484

A RESOLUTION OF THE CITY OF LONG BEACH
BOARD OF PUBLIC UTILITIES COMMISSIONERS
ADOPTING THE ANNUAL BUDGET FOR THE LONG BEACH
PUBLIC UTILITIES DEPARTMENT FOR THE FISCAL YEAR
2023-2024

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

Section 1. That the annual department budget of the Long Beach Public
Utilities Department for the fiscal year 2023-2024 is hereby adopted as follows:

WATER

Estimated Fund Balance 10-1-2023	\$8,851,658
Estimated Revenues	<u>\$169,525,152</u>
Total Estimated Resources	\$178,376,810
Estimated Expenditures	<u>\$162,428,393</u>
Estimated Fund Balance 9-30-2024	\$15,948,417

SEWER

Estimated Fund Balance 10-1-2023	\$12,327,919
Estimated Revenues	<u>\$21,396,298</u>
Total Estimated Resources	\$33,724,217
Estimated Expenditures	<u>\$23,503,498</u>
Estimated Fund Balance 9-30-2024	\$10,220,719

Gas

Estimated Fund Balance 10-1-2023	\$23,433,772
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1	Estimated Revenues	<u>\$129,110,345</u>
2	Total Estimated Resources	\$152,544,117
3	Estimated Expenditures	<u>\$130,733,000</u>
4	Estimated Fund Balance 9-30-2024	\$21,811,117

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6 The most up-to-date current year estimated expenditures and revenues are
7 included in the estimated fund balances and were provided in detail at the Board Meeting
8 held on May 17, 2023. Detailed schedules and other data which accompany the budget
9 are provided for information purposes only and are not intended to limit expenditures.

10 Section 2. The City's Fiscal Year 2023-2024 budget development
11 calendar requires submission of proposed budgets to the Mayor by July 3, 2023. To
12 accommodate the City's schedule, the Public Utilities Department must accelerate the
13 adoption of its Fiscal Year 2023-2024 budget. This requires the Public Utilities Department
14 to estimate certain City budget components, including ongoing labor negotiations,
15 employee fringe benefits, and City support charges. These charges are included in the
16 above budget numbers as estimated amounts.

17 The Public Utilities Department anticipates the final City amounts will be
18 delivered to the Public Utilities Department in July. After the Public Utilities Department
19 receives the actual amounts, the Budget of the Long Beach Public Utilities Department will
20 need to be revised to reflect these actual amounts. Therefore, the Board of Public Utilities
21 Commissioners authorizes the General Manager of the Long Beach Public Utilities
22 Department to adjust the adopted Water Fund, Sewer Fund, and Gas Fund budgeted
23 expenditures for employee salaries, skill pays, fringe benefits, and City support charges by
24 an amount not to exceed five percent (5.0%) of the total of such charges included in the
25 adopted budgets to reflect any increases in City charges above the estimated amounts
26 budgeted for fiscal year 2023-2024. The General Manager shall make the necessary
27 adjustments prior to submittal of the Long Beach Public Utilities Department budget to the
28 City.

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

I hereby certify that the foregoing resolution was adopted by the Board of Utilities Commissioners of the City of Long Beach, at its meeting of June 22, 2023, by the following vote:

Ayes: Commissioners: _____

Noes: Commissioners: _____

Absent: Commissioners: _____

Secretary
Board of Public Utilities Commissioners