

Long Beach Utilities Proposed Budget and Rates for Fiscal Year 2023-2024

June 8, 2023

FY 24 Budget Workshop Schedule

May 17 – Review Water, Gas, and Sewer Fund Proposed FY 24 Budgets

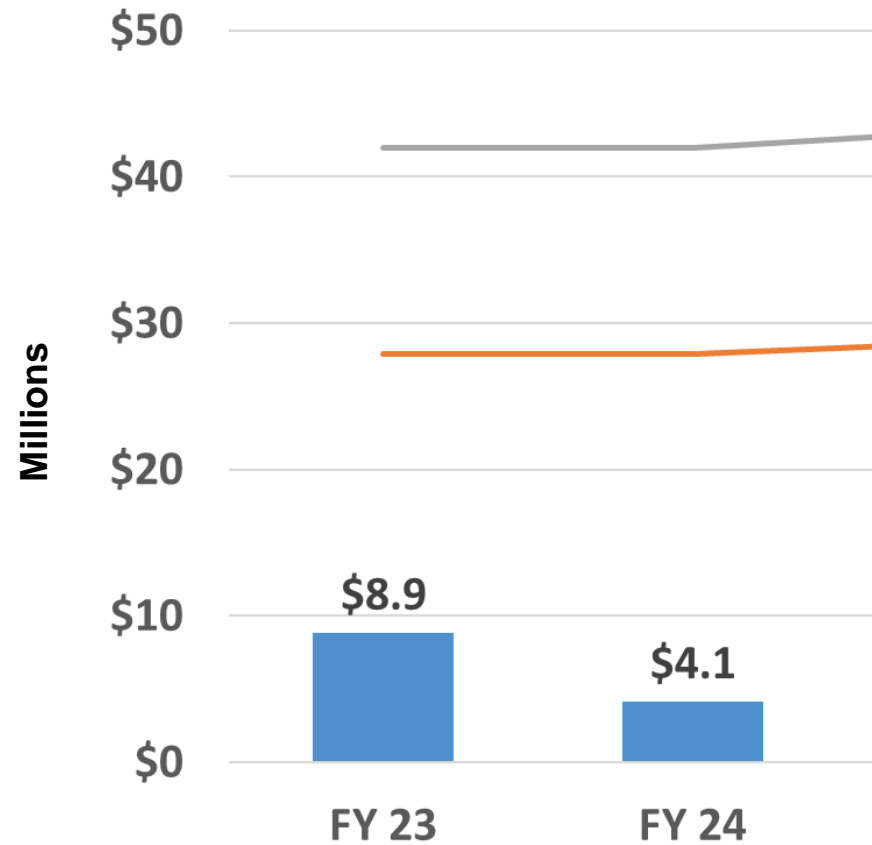
May 25 – Review FY 24, rates, reserves, and five-year financial projections

Today – Continue review of FY 24, rates, reserves, and five-year financial projections

June 22 – Board adoption of FY 24 budget and rates

FY 24 Water Fund

5-Year Water Fund Projected Ending Reserves

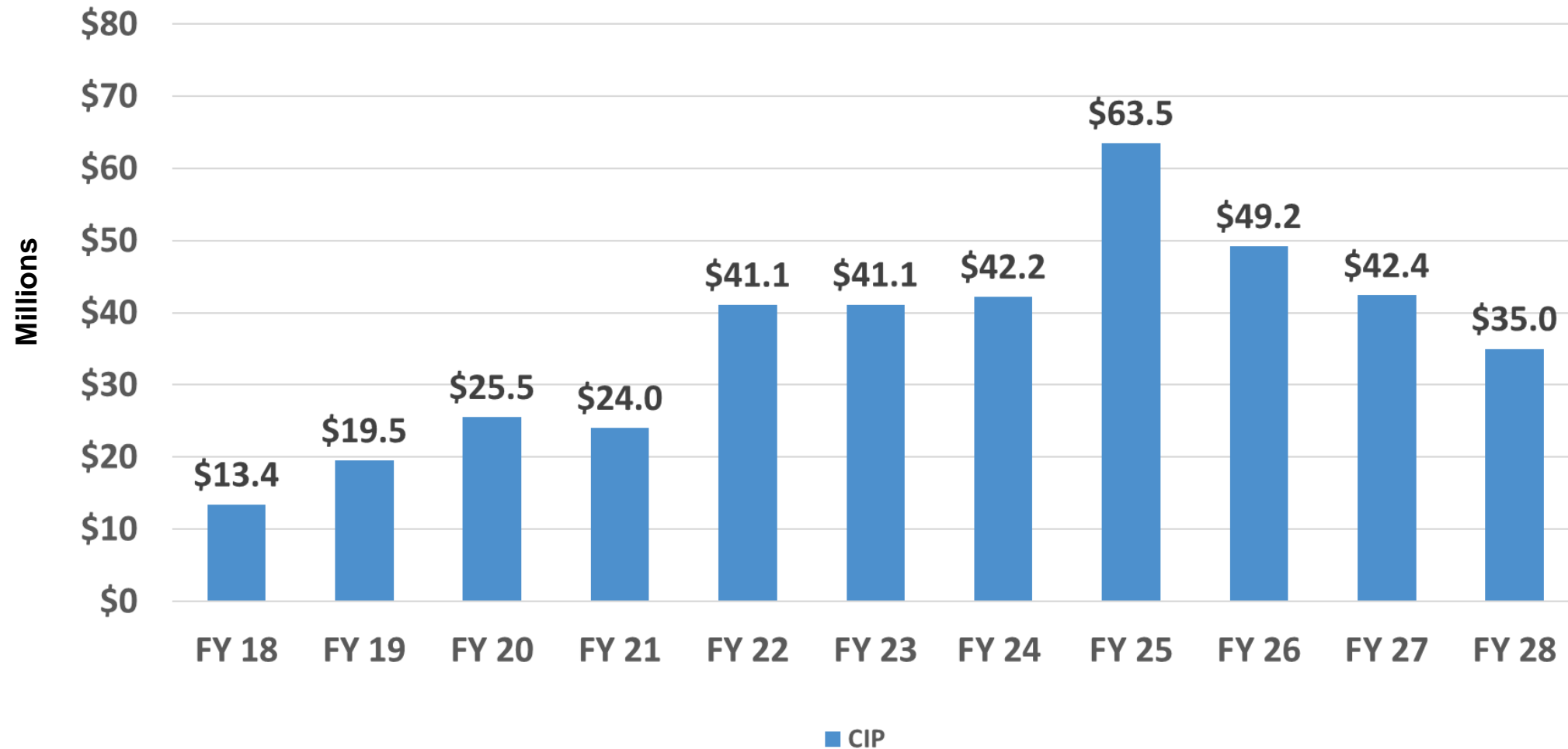


- **Budgeted Deficit**
\$4,700,000
- **No Rate Increase**
- **Cost Increases**
- **Importance of Reserves**

5-Year Projection Components

- Stabilizing revenue as ratepayers continue to conserve
- Inflation and rising cost of imported water
- Full line of credit utilized by FY 25
- Robust CIP for local groundwater projects

FY 18 – FY 28 CIP Budget



FY 24 Budget Reductions

- Eliminated \$7m Measure M transfer
- Reduced imported water purchases
- Increased vacancy savings
- Travel/Training held flat since COVID
- Deferred vehicle purchases

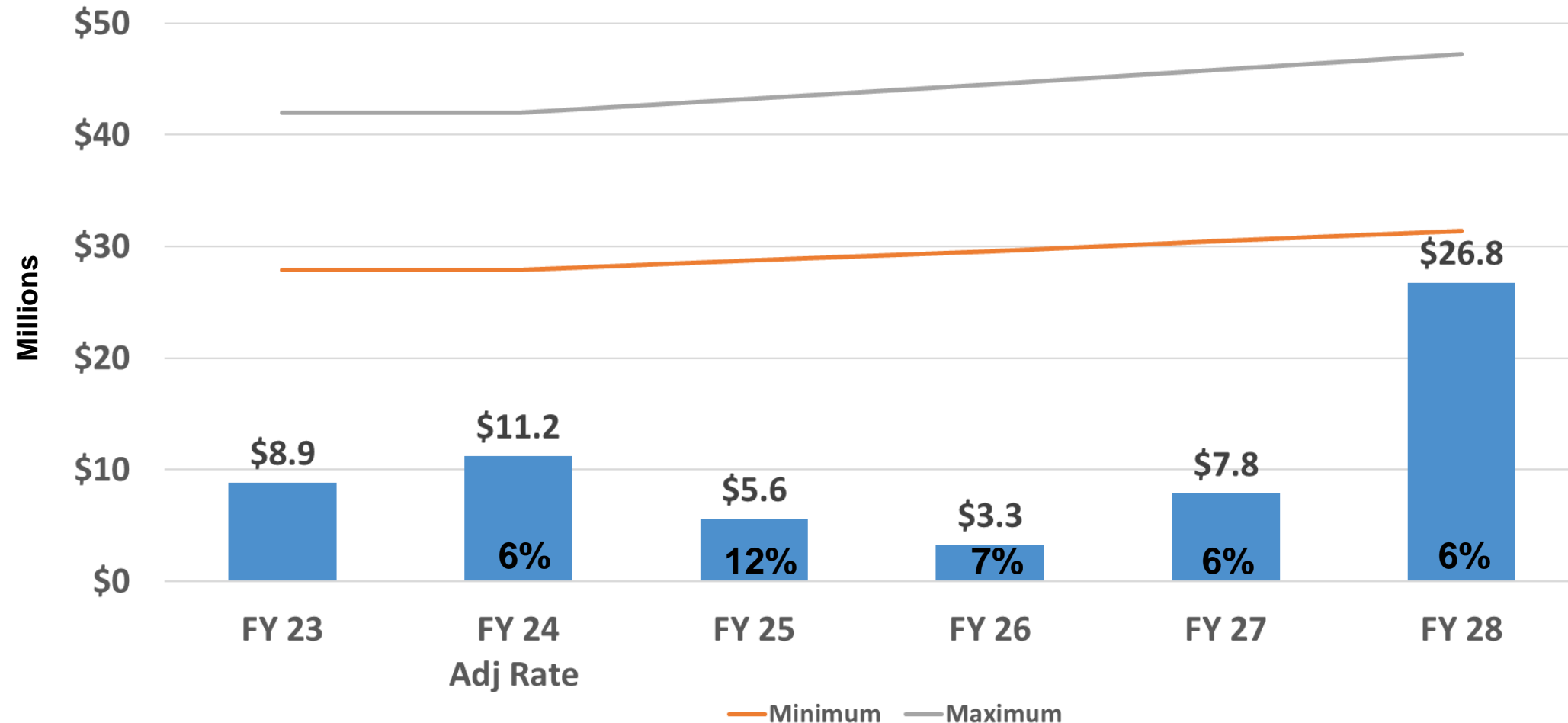
Consolidated Utilities Focus

- Shared equipment and resources
- Streamlined processes to reduce staff time and costs
- Contract economies of scale
- Will revisit filling positions through attrition
- Enhance and simplify customer service experience

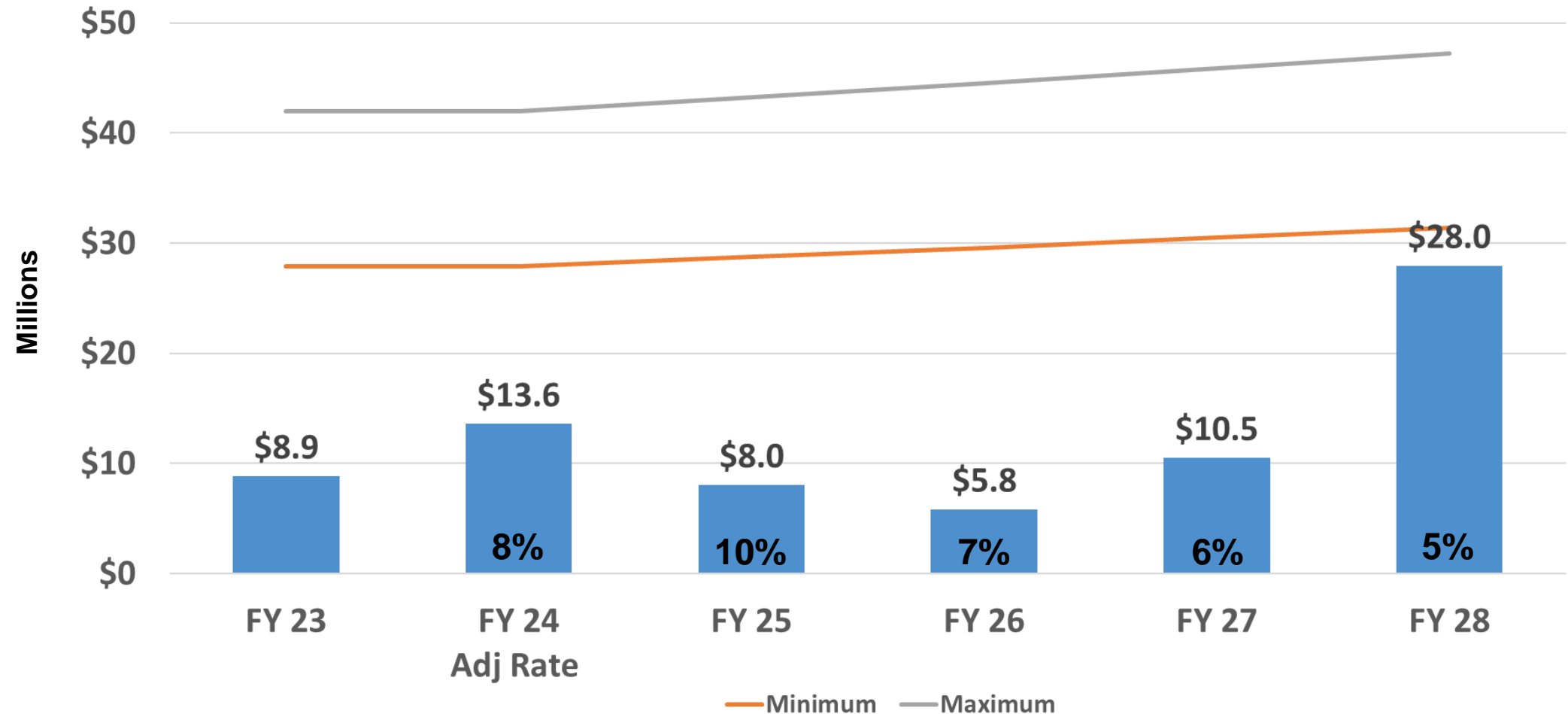
FY 24 Structural Deficit Rate Options

- Projected Structural Deficit – \$4,700,000
- Scenario 1 – Increase Water Rates by 6%
- Scenario 2 – Increase Water Rates by 8%
- Scenario 3 – Increase Water Rates by 10%
- Scenario 4 – Increase Water Rates by 9%

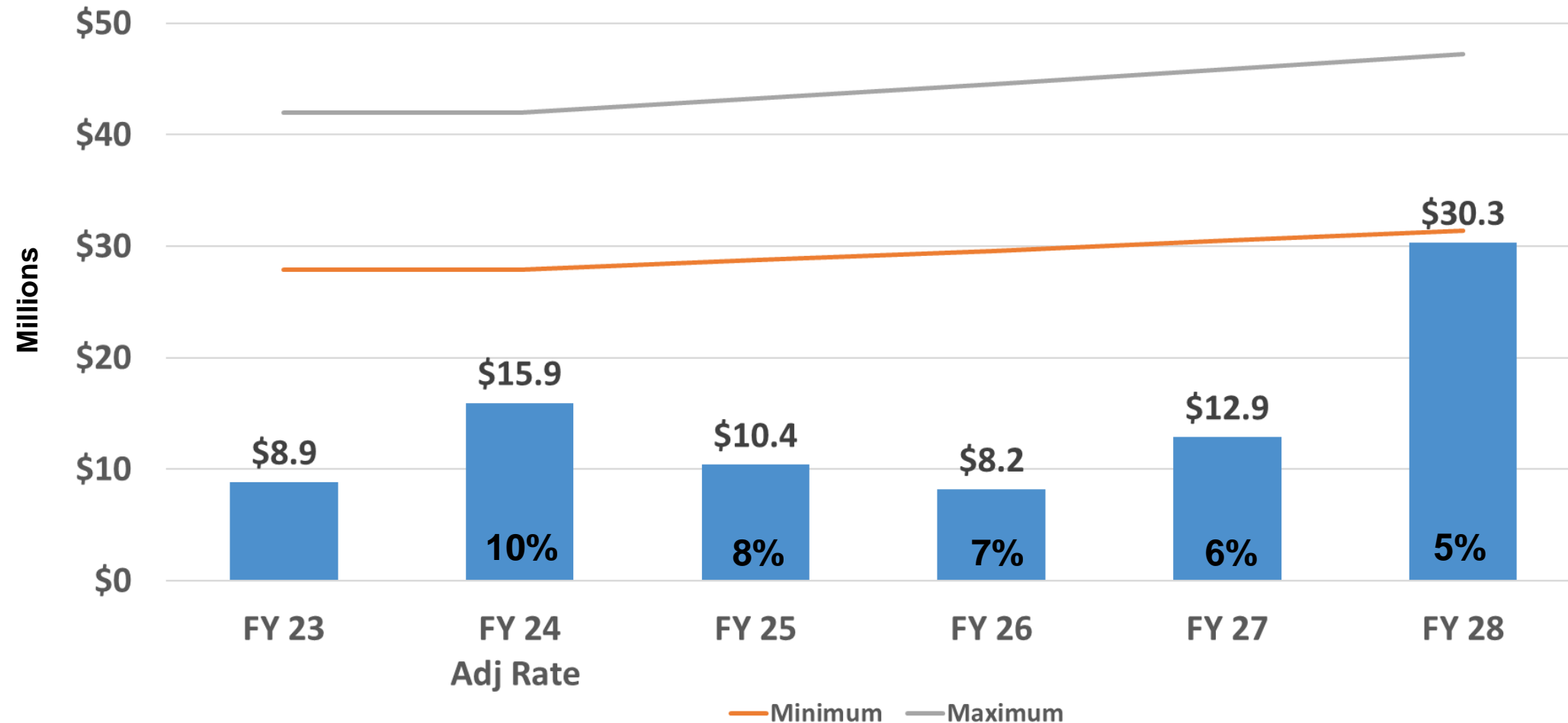
5-Year Water Fund Projected Ending Reserves (With a 6% Increase)



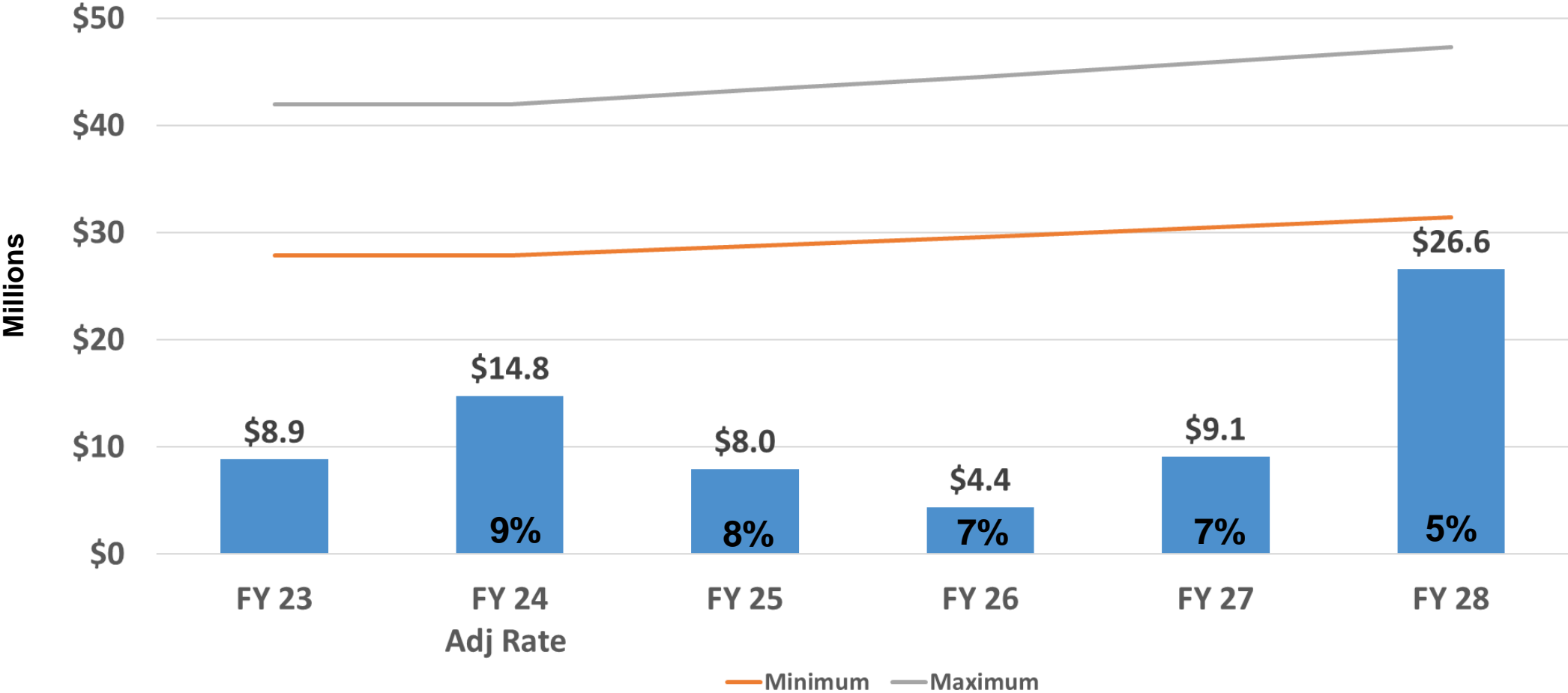
5-Year Water Fund Projected Ending Reserves (With an 8% Increase)



5-Year Water Fund Projected Ending Reserves (With a 10% Increase)



5-Year Water Fund Projected Ending Reserves (With a 9% Increase)



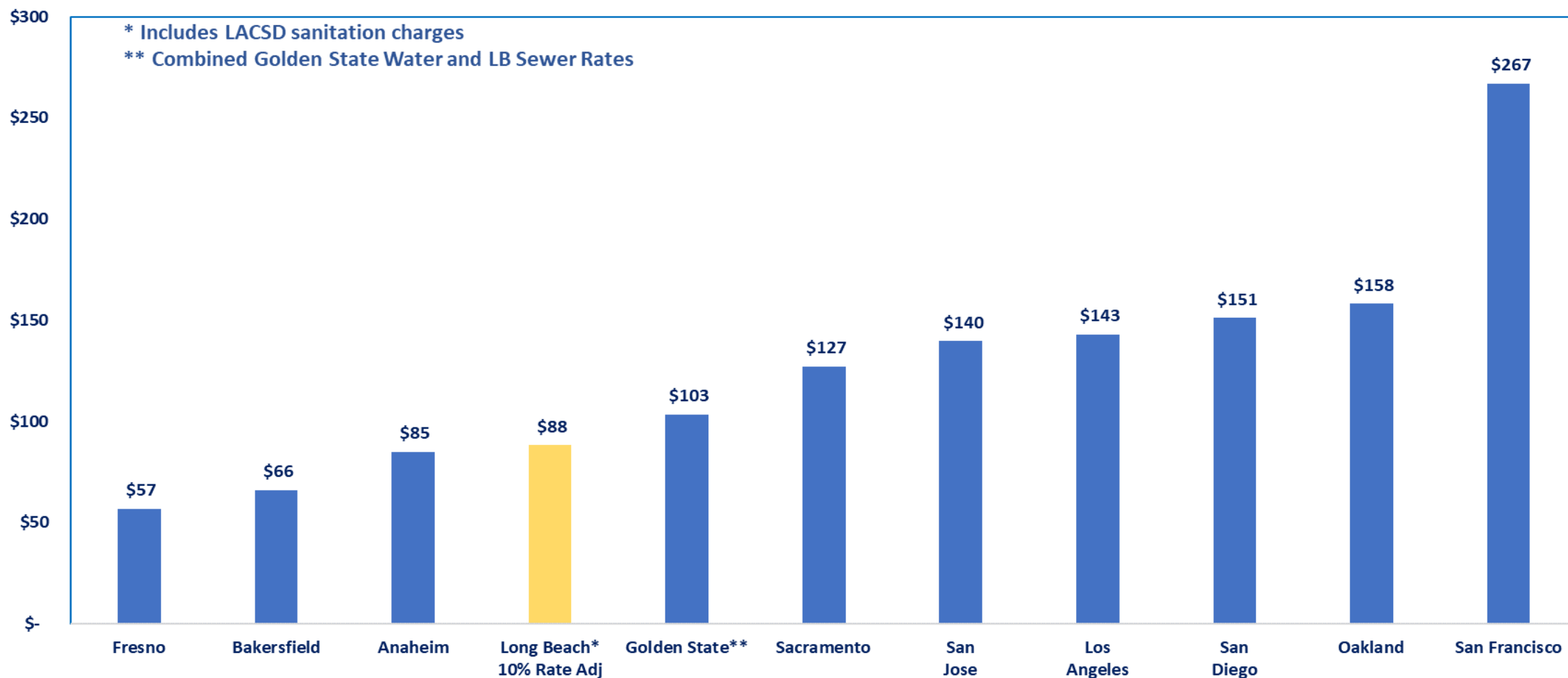
Water Rate Scenarios

- Effects on Typical Monthly Water Bill*

Rate Scenarios	FY 24
Water Rate Scenario 1 - 6%	\$ 3.42
Water Rate Scenario 2 - 8%	\$ 4.57
Water Rate Scenario 3 - 10%	\$ 5.69
Water Rate Scenario 4 - 9%	\$ 5.13

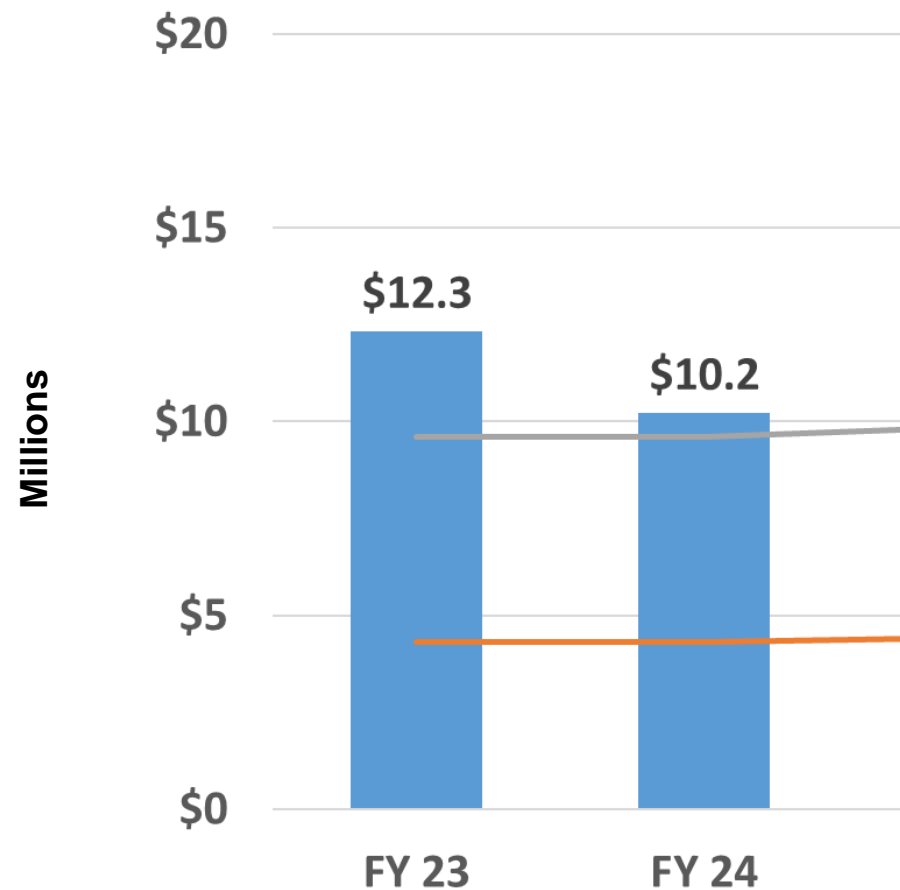
*Typical Bill – 10 billing units of water

CA City Benchmarking



FY 24 Sewer Fund

FY 24 Sewer Fund Projected Ending Reserves



- **Budgeted Deficit**
\$2,107,000
- **No Rate Increase**
- **Cost Increases**
- **Importance of Reserves**

— Minimum — Maximum

FY 24 Gas Fund

5-Year Gas Fund Projected Ending Reserves

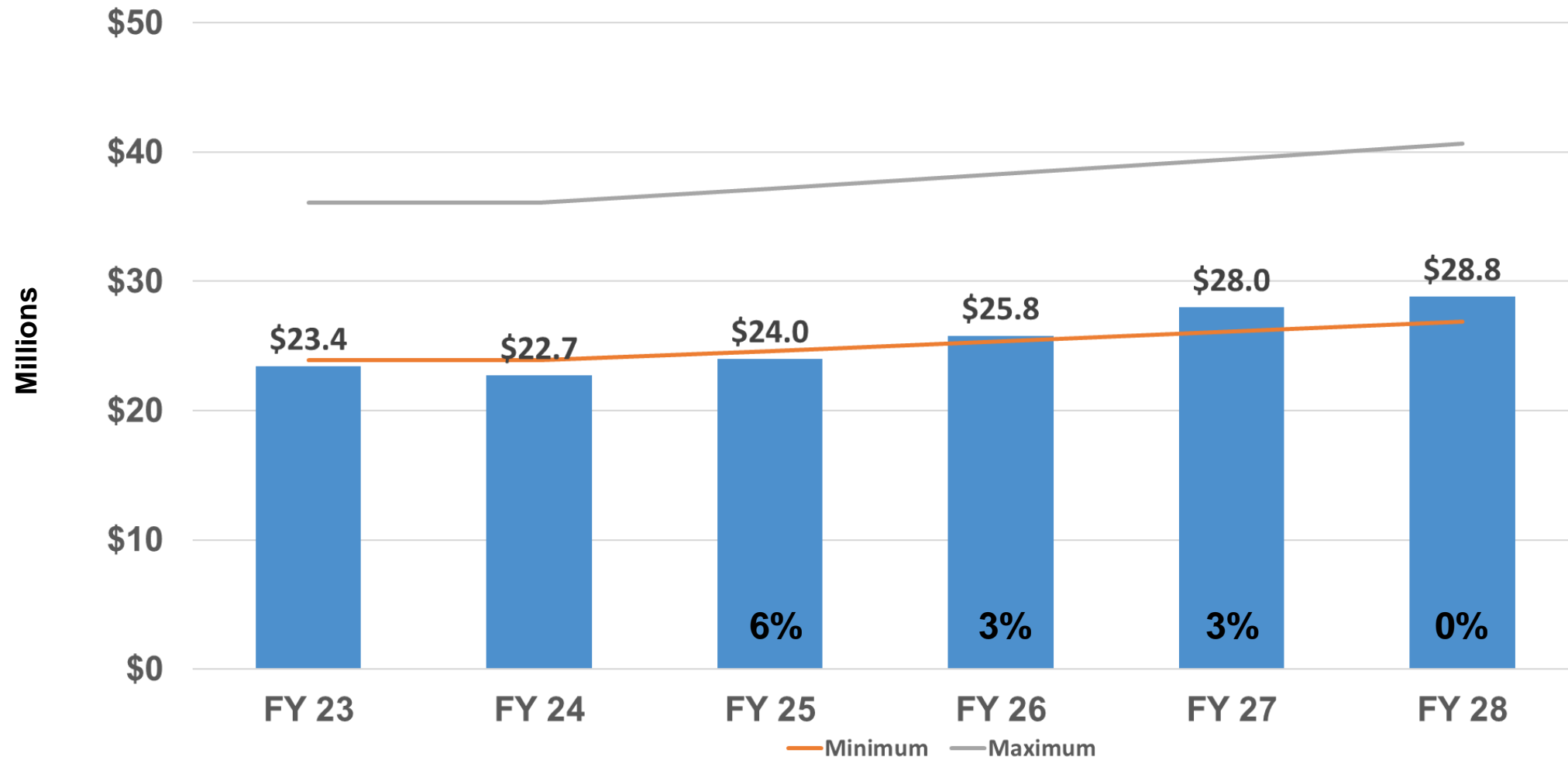


- Budgeted Deficit
\$725k
- No Rate Increase in FY 24
- Cost Increases
- Importance of Reserves

5-Year Projection Components

- Stable annual CIP investment for pipeline infrastructure
- Annual decrease of General Fund transfer to balance rising operating expenses to stabilize fund reserves
- Economic inflation or recession

5-Year Gas Fund Projected Ending Reserves



Potential Financial Risk Factors

- Additional CIP needs for pipeline infrastructure
- Volatility of gas prices due to market trends
- Inflation and recessionary pressures

FY 24 Staff Recommendation

- Rates for FY 24
 - 10% water rate increase
 - No sewer rate increase
 - No gas rate increase
- Continued investments in new well development to maximize access to less expensive groundwater
- Build up minimum reserves

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LONG BEACH
Utilities
Water · Gas · Sewer