



# Long Beach Water

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1800 E. Wardlow Road, Long Beach, CA 90807-4931  
562.570.2300 | lbwater.org

## Board of Water Commissioners

CHRISTOPHER J. GARNER, General Manager

May 12, 2022

### Subject

**Request the Mayor and Long Beach City Council consider the following amendment to the Long Beach City Charter:** City of Long Beach Water and Gas Consolidation Measure. A charter amendment to merge the existing water, sewer, and gas utilities into a single publicly-owned utility, governed by the existing independent Water/Utility Commission, for the purposes of improving customer service through better coordination of street pipeline and infrastructure repairs.

### Executive Summary

Over the nearly 100 years of their mutual existence, periodic consideration has been given to the concept of consolidating the City's Gas and Water utilities into one department, under one regulatory oversight body with common management.

Both Gas and Water utilities serve the same base of Long Beach residents and businesses, with the Gas utility also providing services to Signal Hill residents and businesses. Gas serves approximately 150,000 metered customers and Water serves approximately 90,000 metered customers; the primary difference in the number of metered accounts is due to Gas having a greater number of individually metered customers than Water. Gas delivers its commodity through 916 miles of gas main pipelines, and another 1,019 of gas service lines. Water similarly delivers its commodity through 946 miles of water main pipelines and 464 miles of water service lines. In addition, Water oversees the maintenance and operation of about 700 miles of sewer pipelines. These combined 4,000 miles of underground gas, water, and sewer pipelines are predominately located together in the same streets. However, because the City Charter currently prescribes Water and Gas be managed separately, oversight of the two utilities is bifurcated, street excavations for pipeline maintenance and repairs are conducted separately, and in some cases duplicative work occurs, causing increased disruptions and impacts to our local streets and roads.

Long Beach is the only large California city with two municipally-run utilities – the Gas and Water departments – separately operated, managed, and regulated. Other cities such as Los Angeles, Glendale, Burbank, Anaheim, Pasadena, and Riverside operate and manage city-owned utilities under one department overseen by an independent board of commissioners.

In April 2020, Bell Burnett and Edwards (BB&E), a management and consulting firm with extensive experience in combined utility management, financial management, and municipal governance, evaluated the potential consolidation of Gas and Water utilities in Long Beach. BB&E found a consolidation of Gas and Water would benefit customers through improved customer service, improved operation, and management of the utilities, provide for more efficient and better utilization of staffing, and bring more transparency and focused governance to the City's utilities.

If a proposed amendment to the Long Beach City Charter is adopted by voters, the City Charter's Article XV (Department of Public Utilities) will be melded with Article XIV (Water Department), effectively merging regulatory oversight, management, and operations of the City's Gas and Water departments.

Expectations are that a merger of the existing water, sewer, and gas utilities into a single publicly-owned utility will:

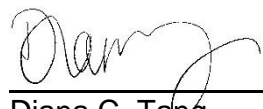
- Improve customer service by coordinating street pipeline and infrastructure repairs;
- Reduce impacts to streets through coordinated utility pipeline street repairs;
- Eliminate duplicative costs and operations;
- Achieve costs savings through greater economies of scale; and
- Allow both utilities to maximize usage and flexibility in staffing and equipment.

### **Recommendation**

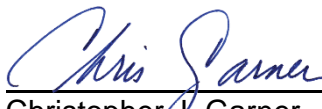
**Support requesting the Mayor and Long Beach City Council consider the following amendment to the Long Beach City Charter:** City of Long Beach Water and Gas Consolidation Measure. A charter amendment to merge the existing water, sewer, and gas utilities into a single publicly-owned utility, governed by the existing independent Water/Utility Commission, for the purposes of improving customer service through better coordination of street pipeline and infrastructure repairs.

**Fiscal Impact:** Per the City Charter, the revenues of both the Gas and Water utilities are separately accounted for in the Gas Fund and the Water Fund/Sewer Fund. These provisions would remain unchanged by a consolidation of the utilities. Further, a consolidation of the two utilities will have no direct financial impact upon the City's General Fund revenues as legal restrictions pertaining to both funds remain unchanged whether the utilities are operated separately, or if they are consolidated.

There would be no fiscal impact to the Water Department's Fiscal Year 2022-23 budget.



Diana C. Tang  
Deputy General Manager



Christopher J. Garner  
General Manager