



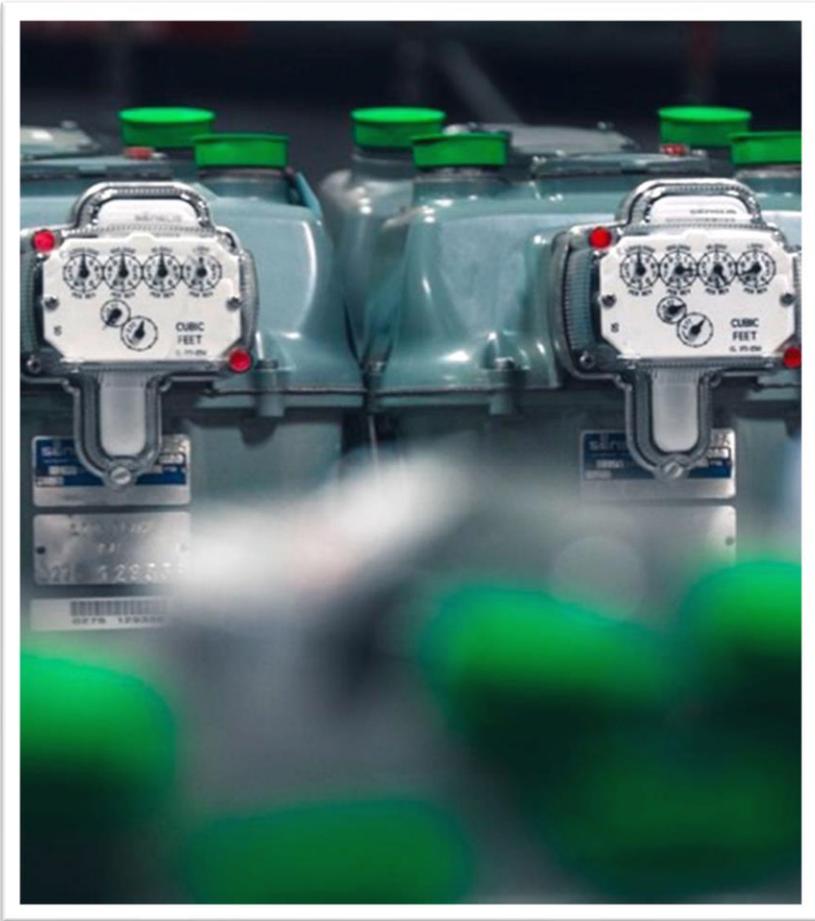
Utility Consolidation

Water • Sewer • Natural Gas

Consolidation Proposal

If approved by voters, this proposal would:

- Establish a single City Charter article governing water, sewer and gas
- Combine the gas portions of Article XV with Article XIV of the City Charter, governing all Long Beach utilities
- Provide oversight by a Board of Long Beach Utilities (currently the Board of Water Commissioners)



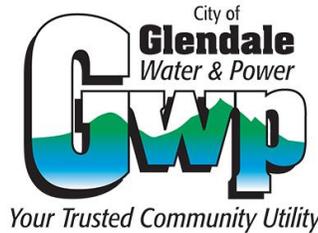
Customer Benefits

- Improved customer service
- Reduced impacts to streets and neighborhoods with better coordination of utility pipeline street repairs
- Increased efficiency and reduced costs by consolidating duplicative operations taking advantage of economies of scale
- Increased transparency and public input in utility budgets and rate setting



Research

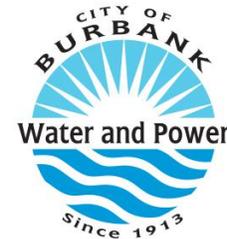
- Long Beach is the **only** large California city that operates its multiple utilities separately
- Other cities achieve efficiencies and cost savings through utilities being within one department
- A 2020 independent feasibility study concluded a **Long Beach utility consolidation would greatly benefit both the customers and the utilities**



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Public Utilities Commission



Legislative History

- May 12, 2022 – Water Commission unanimously requested the City Council consider referring the proposal to the City Charter Amendment Committee
- May 17, 2022 – City Council voted to refer the proposal to the City Charter Amendment Committee



Board of Water Commissioners
May 12, 2022

CHRISTOPHER J. GARNER, General Manager

Subject

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

Executive Summary

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

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

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

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

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CITY OF
LONG BEACH

Office of the City Manager
411 West Ocean Boulevard, 5th Floor Long Beach, CA 90802
(562) 570-4711

R-22

May 17, 2022

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Request the Mayor to convene the Charter Amendment Committee of the City Council within 30 days to discuss placing a City Charter amendment before the voters to combine City Charter Article XV (Department of Public Utilities) with Article XIV (Water Department) 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. (Citywide)

DISCUSSION

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

Frequently Asked Questions

What is driving this consolidation effort?

- Efforts to continuously improve customer service to ratepayers is driving this consolidation effort.
- The City Charter currently allows water and sewer to be managed together, and efficiencies on those utilities have taken hold; however, because the City Charter separates out gas, gas service collaborations with water and sewer have been left behind, putting Long Beach ratepayers at a disadvantage.
- The proposed consolidation is intended to provide all three public utilities with greater operational flexibility to improve customer service, operational efficiencies, and achieve additional cost savings.

Frequently Asked Questions

What is driving this consolidation effort?

Pipeline installation	Customer Service Call	Welding	Conservation	Engineering	Call Center	Leak Detection
Industry Organizations	SCADA Systems	Inspection Services	Accounting	Executive Administration	GIS	Equipment Purchases
Electrical	Personnel	Construction Crews	24/7 Dispatch	Quality Control	Payroll	Purchasing
Emergency Response	24/7 Systems Control	Meter Installs	Utility Rate Setting	Safety	Pipeline Repair	Commodity Procurement
Meter Testing	Regulatory Compliance	Security	Customer Turn-Ons	Meter Reading/AMI	Pipeline Maintenance	Training
Marketing	Customer Turn-Offs	Utility Billing	Budgeting	Temporary Paving	Legislative Affairs	Equipment Maintenance
Regulatory Affairs	Accounts Payable	Permanent Paving	Cathodic Protection	Warehouse	Planning	Fleet Services

Frequently Asked Questions

What can customers expect to see?

- Continued commitment to maintain low and affordable utility rates
- Coordinated street work to minimize impacts to local streets
- A single point of contact for customer service to address customers' Long Beach public utility questions
- Quality street paving at all Long Beach public utility pipeline repair locations

Frequently Asked Questions

Is this proposal related in any way to the recent Measure M action?

- No. This proposed consolidation is entirely unrelated to the recent Measure M action
- All current water customers have, or will very soon, receive significant Measure M-related credits on their water bills, and water rates no longer reflect any Measure M collection
- The current ability, as well as restrictions, permitted under Measure M to transfer from the Gas Fund would continue

Frequently Asked Questions

Will the accounting of revenues change with a consolidation?

- No, the Water, Sewer, and Gas funds will continue to be separately accounted for as they are today, and as legally required. There will be no co-mingling of funds.
- The current ability, as well as restrictions, to transfer from the Gas Fund would continue
- No adverse financial impacts to the General Fund are expected from this proposal

Frequently Asked Questions

How will cost savings be used?

- The benefits realized by cost savings will accrue to the customers
- The Board of Long Beach Utilities, with public input, will incorporate those savings into budget and rate setting priorities, including:
 - Setting low rates to ensure water affordability for all income levels of rate payers
 - Reinvestment into water quality improvements and pipeline infrastructure
 - Ensuring reliability, sustainability, and resiliency in water supply availability

Frequently Asked Questions

How will a consolidated utility department be managed?

- Currently, the City Manager selects the Director who manages the gas utility. The Board of Water Commissioners selects the General Manager of the water/sewer utilities.
- If all utilities were consolidated, it is desirable to ensure a continued strong relationship and communication with the City Manager.
- With the new consolidated utility department, the new General Manager would be jointly selected by the Board of Long Beach Utilities (currently the Board of Water Commissioners) and the City Manager. Thereafter, the General Manager will report solely to the Board.

Frequently Asked Questions

Labor considerations

- All meet and confer discussions with the impacted labor groups have successfully been completed.
- No current employee would lose their job due to the consolidation. Personnel costs savings would be achieved over time through streamlining of positions through natural attrition opportunities.
- The Department of Energy Resources would continue as a department under the City Manager, including the existing oil operations and the energy-from-waste power plant (SERRF)

Frequently Asked Questions

Has such a consolidation ever successfully occurred before?

- Yes, in the 1980's, the voters of Long Beach approved a similar City Charter amendment to consolidate the sewer utility within the Water Department
- This consolidation occurred seamlessly for the customer, resulting in nearly forty years now of shared resources, staffing, and equipment, lowered operational costs, and much greater efficiencies

Frequently Asked Questions

What is the timeline for implementation?

- If approved by voters, the implementation process would begin immediately with changes to the organization and to the operations strategically developed over the next few months
- Inherent differences in the operations of the utilities would be respected and left intact
- Overlapping operations and services would be targeted to take advantage of efficiencies, cost savings, and improvements in the delivery of services to the customer

Charter Amendment Timeline

Action	Deadlines (2022)
City Council refers item to Charter Amendment Committee	May 23
Public notice of first Charter Amendment Committee meeting	May 24
First Public Hearing	June 14
Public notice of second Charter Amendment Committee meeting	June 28
Second Public Hearing	July 19
City Council consideration of Charter Amendments for Nov 2022 ballot	August 9
Election Date	November 8

