

Long Beach Utilities Proposed Budget for Fiscal Year 2023-2024

May 17, 2023

FY 24 Budget Workshop Schedule

- Today** – Review Water, Gas, and Sewer Fund Proposed FY 24 Budgets
- May 25** – Review FY 24, rates, reserves, and five-year financial projections
- June 8** – Continue review of FY 24, rates, reserves, and five-year financial projections
- June 22** – Board adoption of FY 24 budget and rates

FY 24 Budget Highlights

- Combined utility with a \$323M budget with over 530 employees providing Natural Gas, Water, and Sewer services to nearly 160,000 customers, maintaining 3,500 miles of pipeline
- \$60M annual investment in critical pipeline, wells, tanks, and infrastructure
- Continued focus on efficiencies, cost reductions, and enhanced customer service

FY 24 Water Fund

Budgetary Headwinds

- Drought and conservation response
- Climate change and reliability of water supply
- Inflation and rising cost of imported water

Budgetary Tailwinds

- Large-scale CIP investments enhancing local reliability and resiliency
- Investments in enhanced customer service technologies
- Sound financial policies and budgeting practices ensuring good credit rating, fiscal resiliency, and competitive and stable rates

FY 24 Water Fund Summary (in \$1,000's)

	FY 23	FY 24	
	Budget	Budget	Variance
Total Expenditures	156,109	162,428	6,319
Total Revenues	149,243	157,722	8,479
Fund Balance Gain/(Loss)	(6,866)	(4,706)	2,160

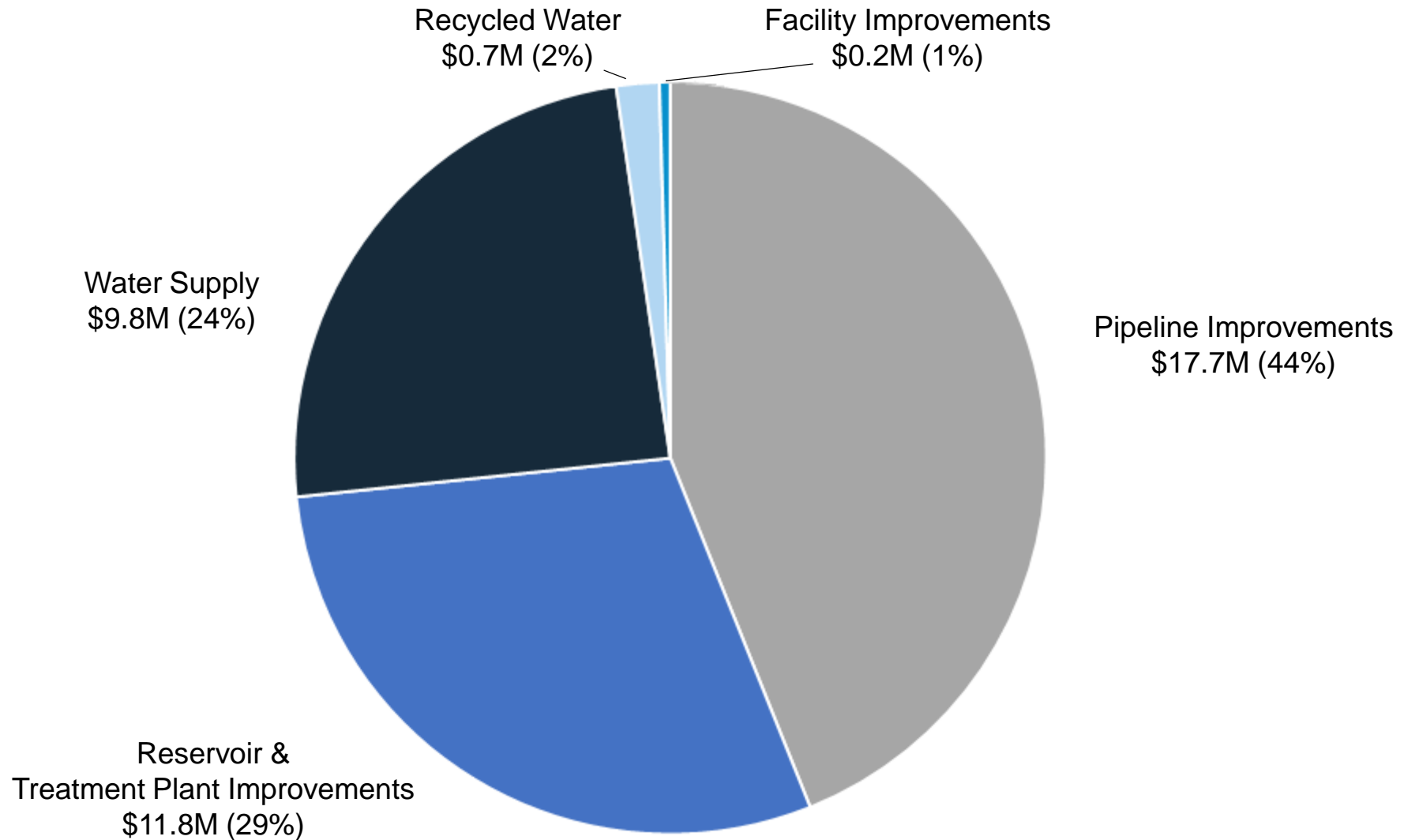
FY 24 Water Fund Revenues (in \$1,000's)

	FY 23	FY 24	
	Budget	Budget	Variance
Potable Water Sales	112,870	112,954	84
Reclaimed Water Sales	4,914	5,073	159
Misc Revenue	9,966	15,750	5,784
LOC Debt Proceeds	15,500	20,500	5,000
Reimb CIP	5,993	3,445	(2,548)
Total Revenues	149,243	157,722	8,479

FY 24 Water Fund Expenditures (in \$1,000's)

	FY 23	FY 24	
	Budget	Budget	Variance
Personal Services	33,569	34,537	968
O&M	74,972	78,452	3,480
CIP	41,127	42,208	1,081
Debt Service	6,441	7,231	790
GF Transfer	2,100	2,100	-
Total Expenditures	156,109	162,428	6,319

FY 24 Water Fund CIP Estimates



FY 24 Sewer Fund

FY 24 Sewer Fund Summary (in \$1,000's)

	FY 23	FY 24	
	Budget	Budget	Variance
Total Expenditures	23,183	23,503	321
Total Revenues	20,664	21,396	732
Fund Balance Gain/(Loss)	(2,519)	(2,107)	412

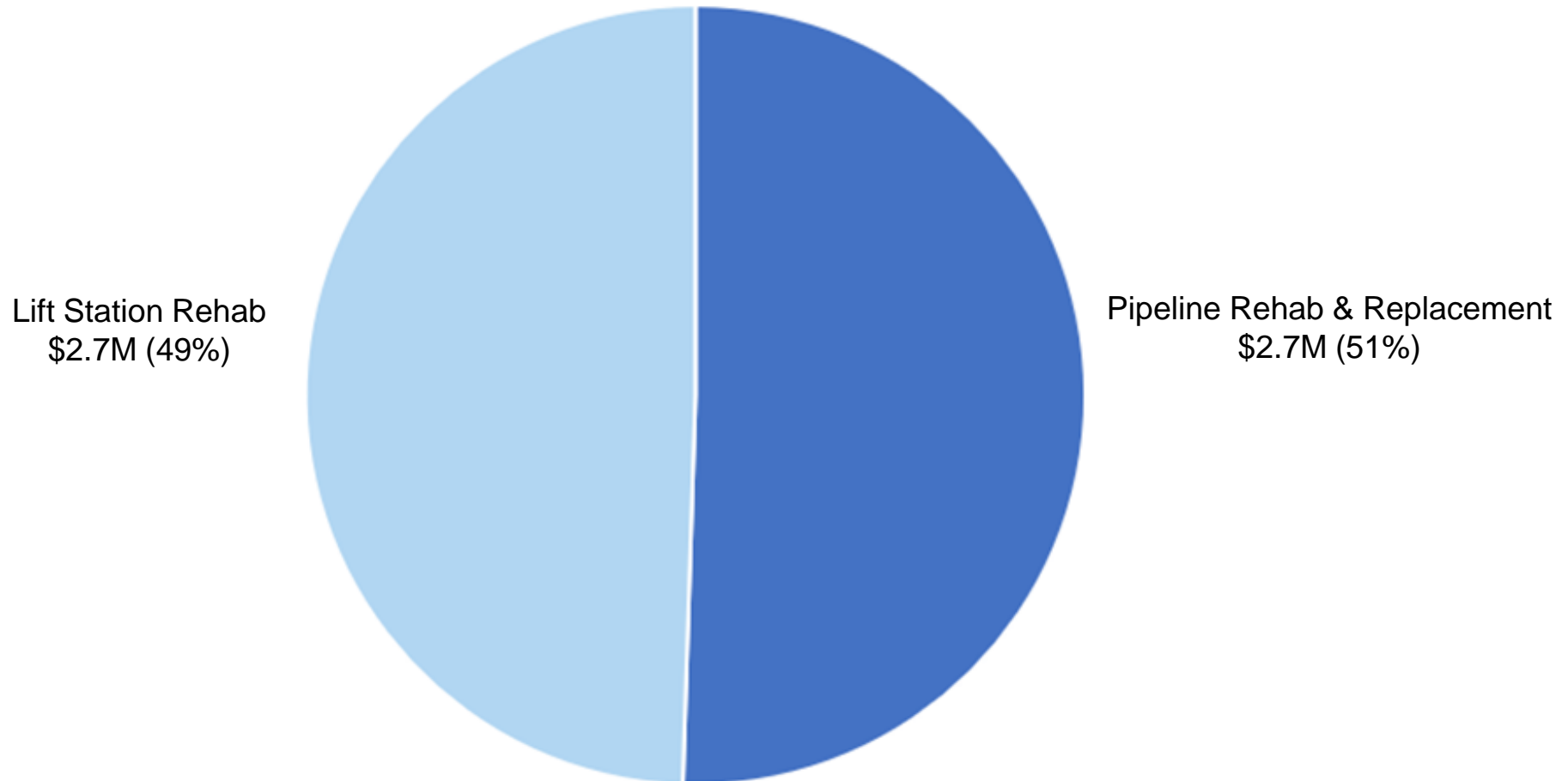
FY 24 Sewer Fund Revenues (in \$1,000's)

	FY 23	FY 24	
	Budget	Budget	Variance
Daily Service Charge	12,215	11,993	(222)
Volumetric Sales	6,186	6,073	(112)
Sewer Capacity Charge	2,000	2,200	200
Misc Revenue	263	1,130	867
Total Revenues	20,664	21,396	733

FY 24 Sewer Fund Expenditures (in \$1,000's)

	FY 23	FY 24	
	Budget	Budget	Variance
Personal Services	7,127	6,986	(141)
O&M	8,716	8,978	262
CIP	5,179	5,379	200
GF Transfer	2,161	2,161	-
Total Expenditures	23,183	23,503	320

FY 24 Sewer Fund CIP Estimates



FY 24 Gas Fund

Budgetary Headwinds

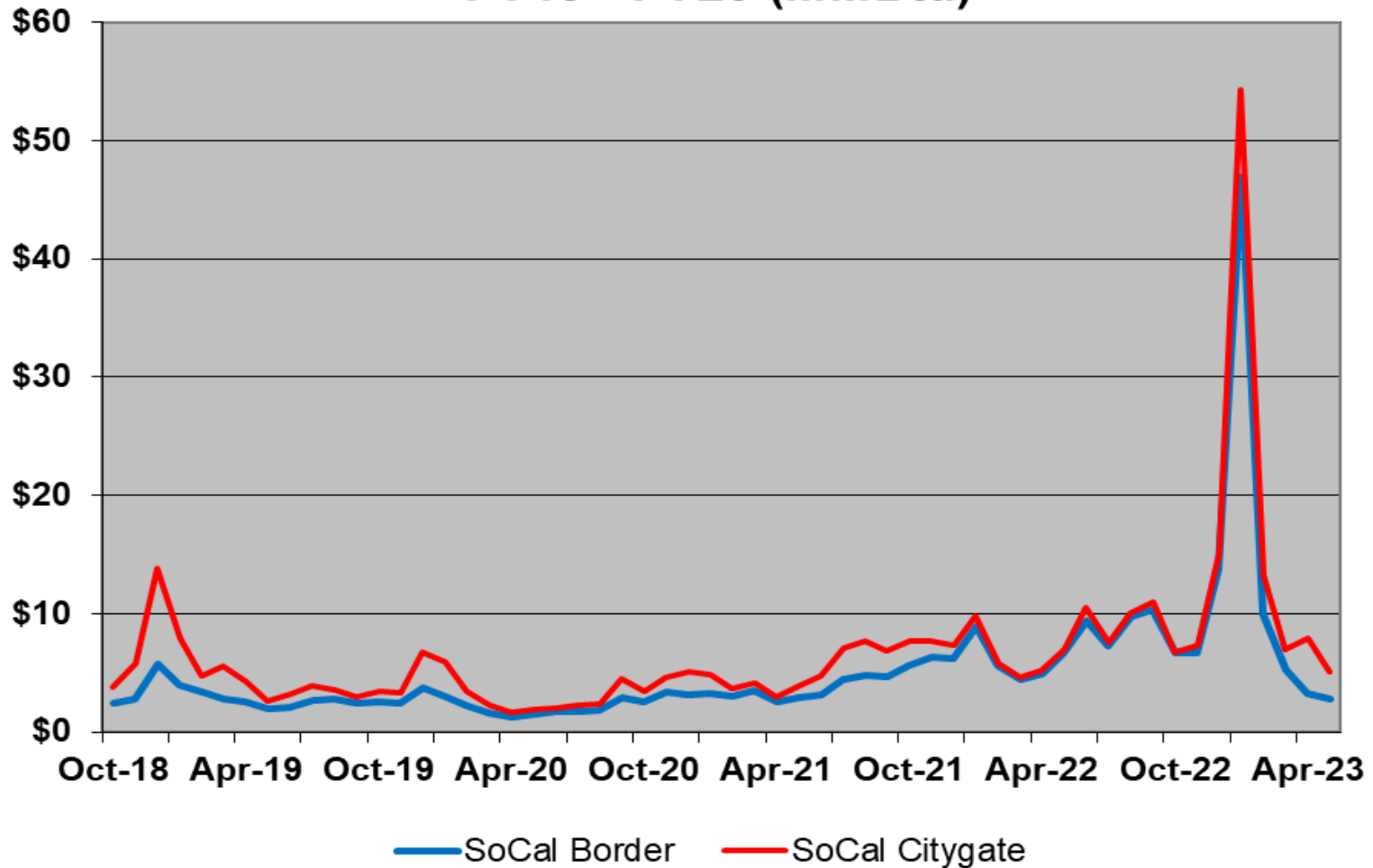
- Supply constraints, market exposure, and cold winters, and reduced customer demand over the last few years
- Customer arrearages
- Supply chain bottlenecks and inflation

Budgetary Tailwinds

- Gas pre-pay deal
- Investments in enhanced customer service technologies and community outreach through Public Affairs
- Enhanced Board oversight of budget, financial planning, reserves, and rates

Natural Gas Index Pricing

First of Month Natural Gas Index Price
FY19 - FY23 (MMBtu)



FY 24 Gas Fund Summary (in \$1,000's)

	FY 23 Budget	FY 24 Budget	Variance
Total Expenditures	121,016	136,918	15,903
Total Revenues	119,581	135,610	16,030
Fund Balance Gain/(Loss)	(1,435)	(1,308)	127

FY 24 Gas Fund Revenues (in \$1,000's)

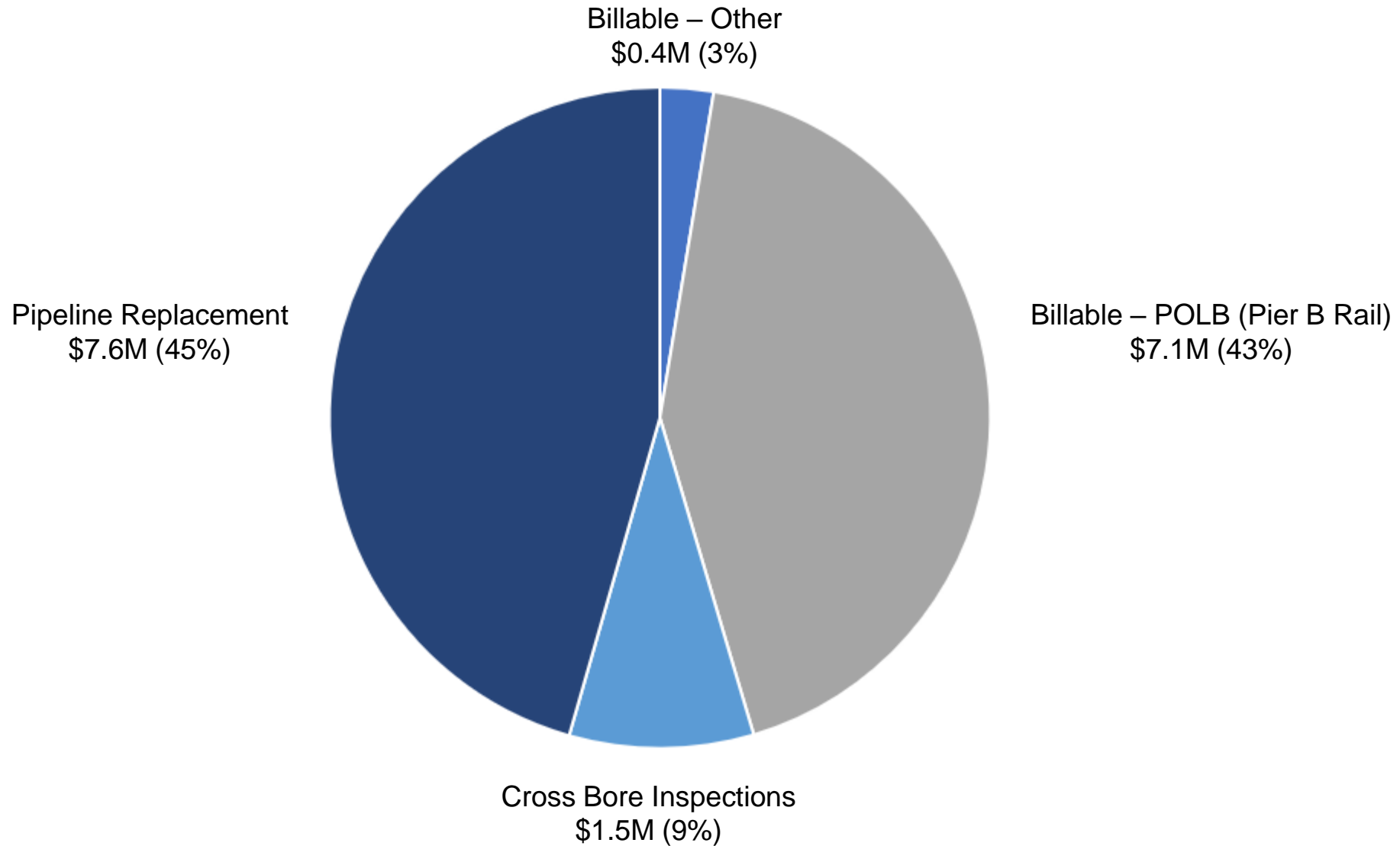
	FY 23 Budget	FY 24 Budget	Variance
Gas Transmission Revenue	51,471	51,507	36
Gas Commodity Pass-Through	37,140	50,000	12,860
Gas Services Fees	13,865	13,865	0
AB32	11,300	11,300	0
MOUs	4,436	5,064	628
Misc Revenue	1,370	3,876	2,506
Total Revenues	119,581	135,610	16,030

FY 24 Gas Fund Expenditures (in \$1,000's)

	FY 23 Budget	FY 24 Budget	Variance
Gas Commodity Cost	37,140	50,000	12,860
Personal Services	27,366	28,442	1,076
O&M	25,762	28,626	2,864
GF Transfer	13,898	13,000*	(898)
CIP	12,050	12,050	0
AB32	4,800	4,800	0
Total Expenditures	121,016	136,918	15,902

*FY 24 General Fund Transfer amount is at Board discretion

FY 24 Gas Fund CIP Estimates



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