

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

May 25, 2023

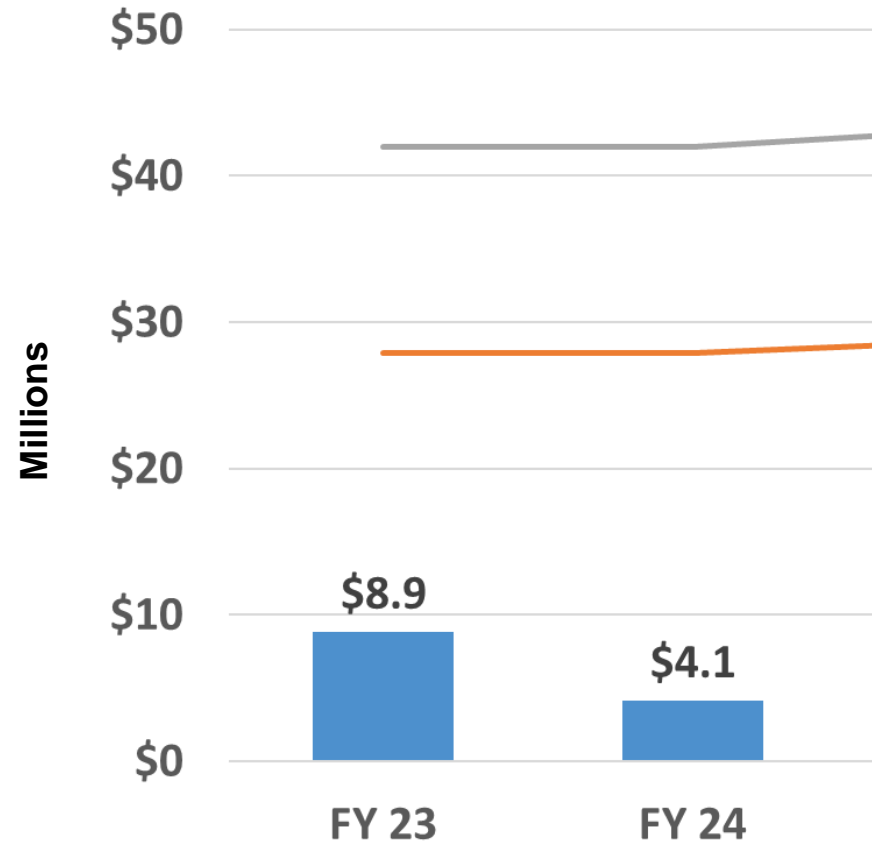


FY 24 Budget Workshop Schedule

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

5-Year Water Fund Projected Ending Reserves



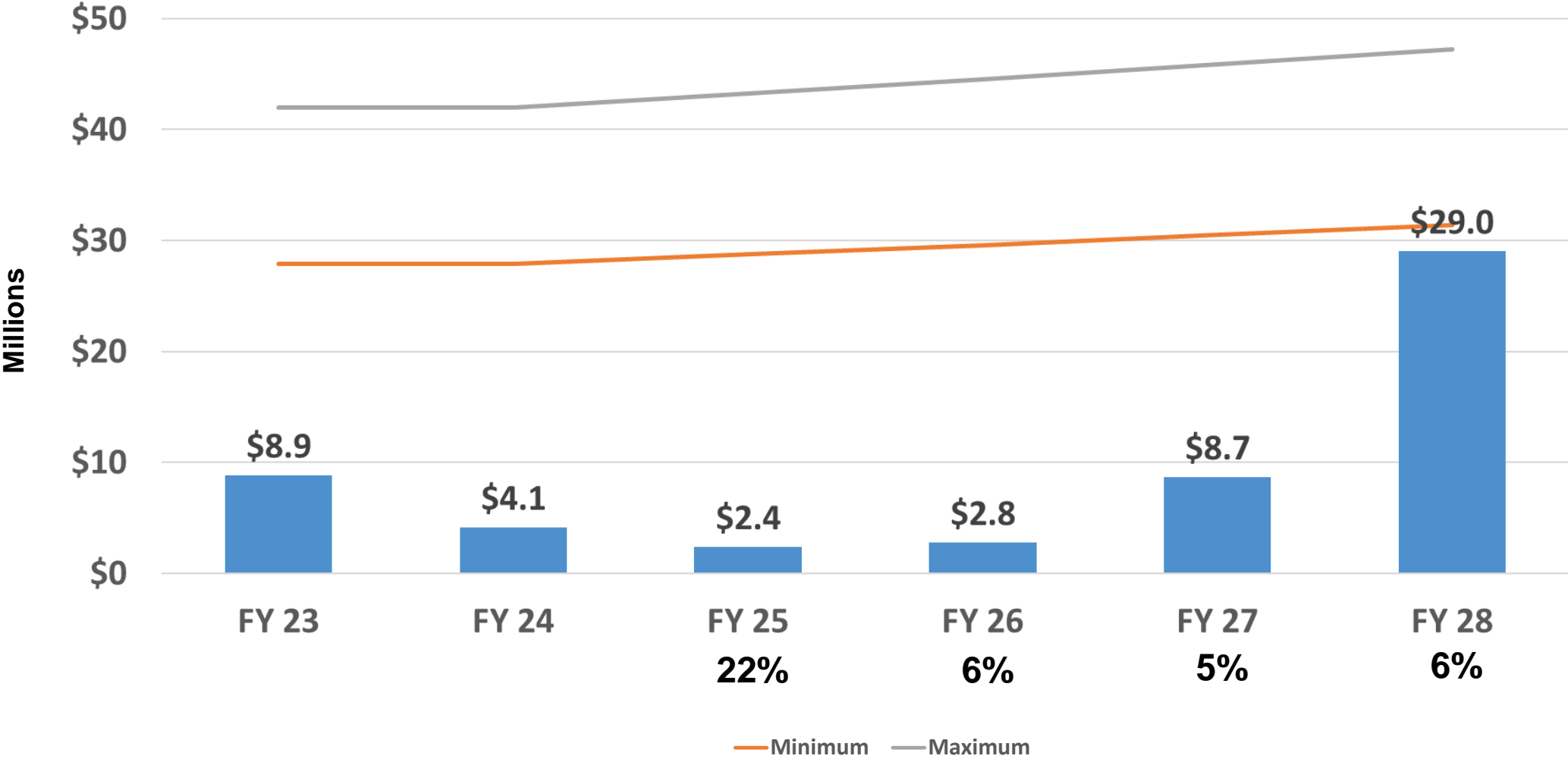
- **Budgeted Deficit**
\$4,700,000
- **No Rate Increase**
- **Cost Increases**
- **Importance of Reserves**

— Minimum — Maximum

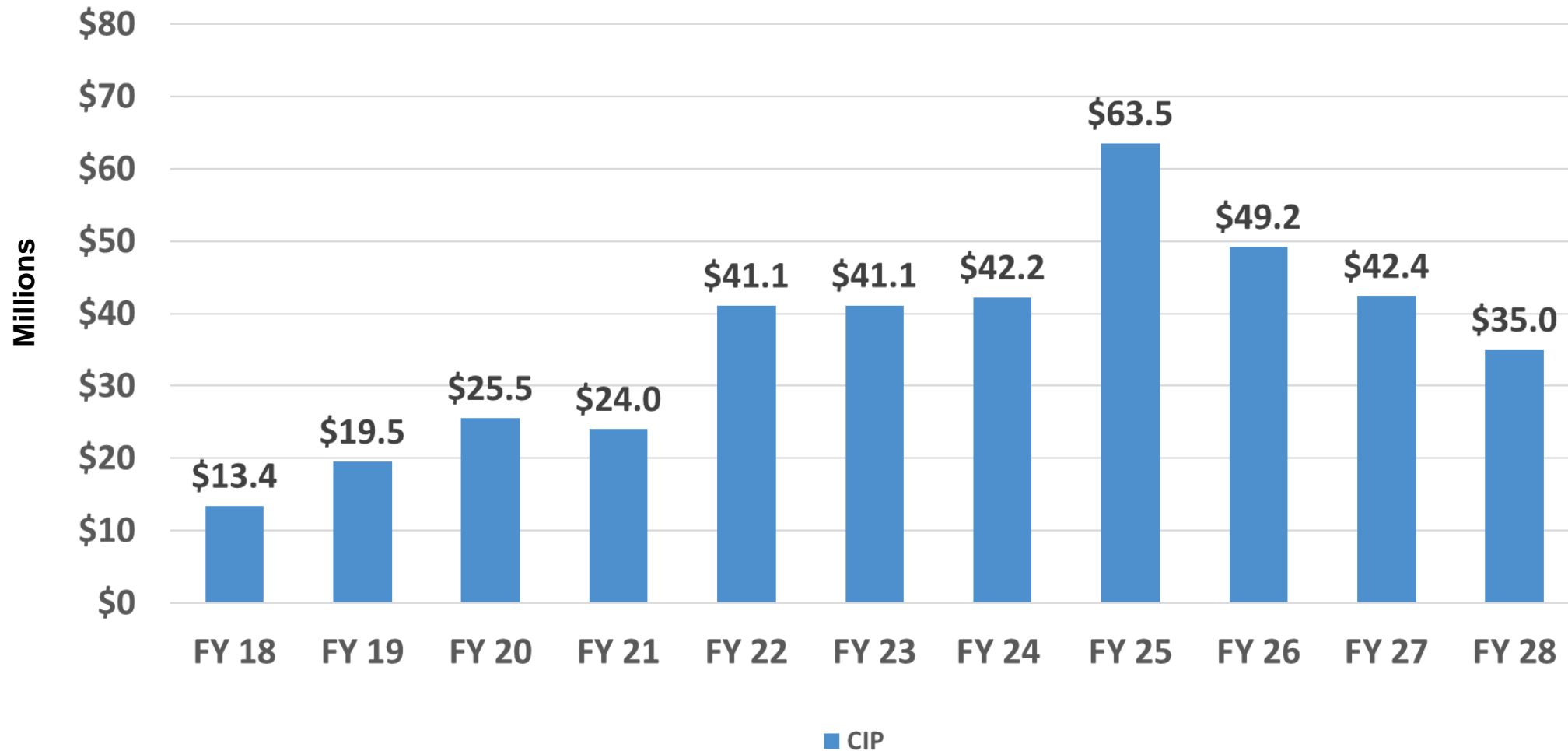
5-Year Projection Components

- 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

5-Year Water Fund Projected Ending Reserves



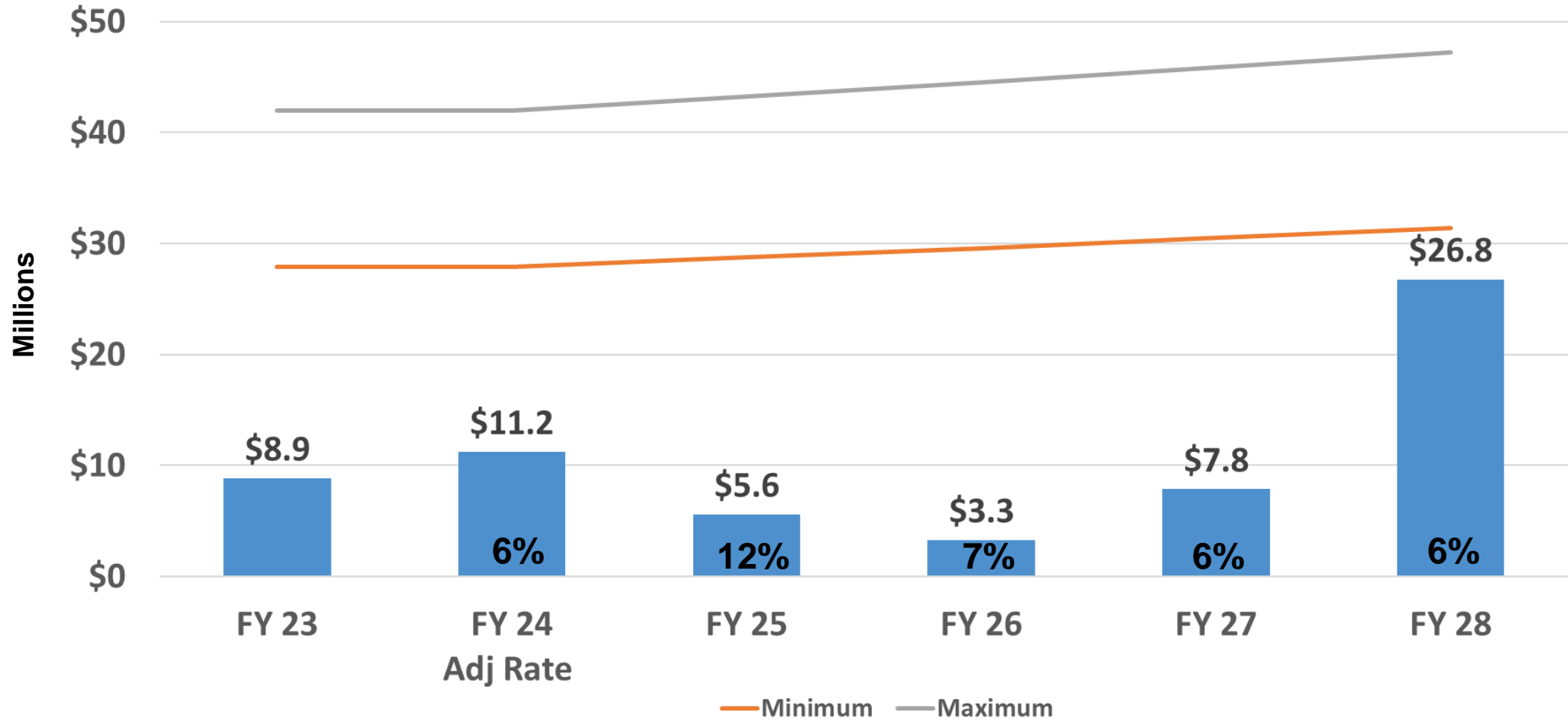
FY 18 – FY 28 CIP Budget



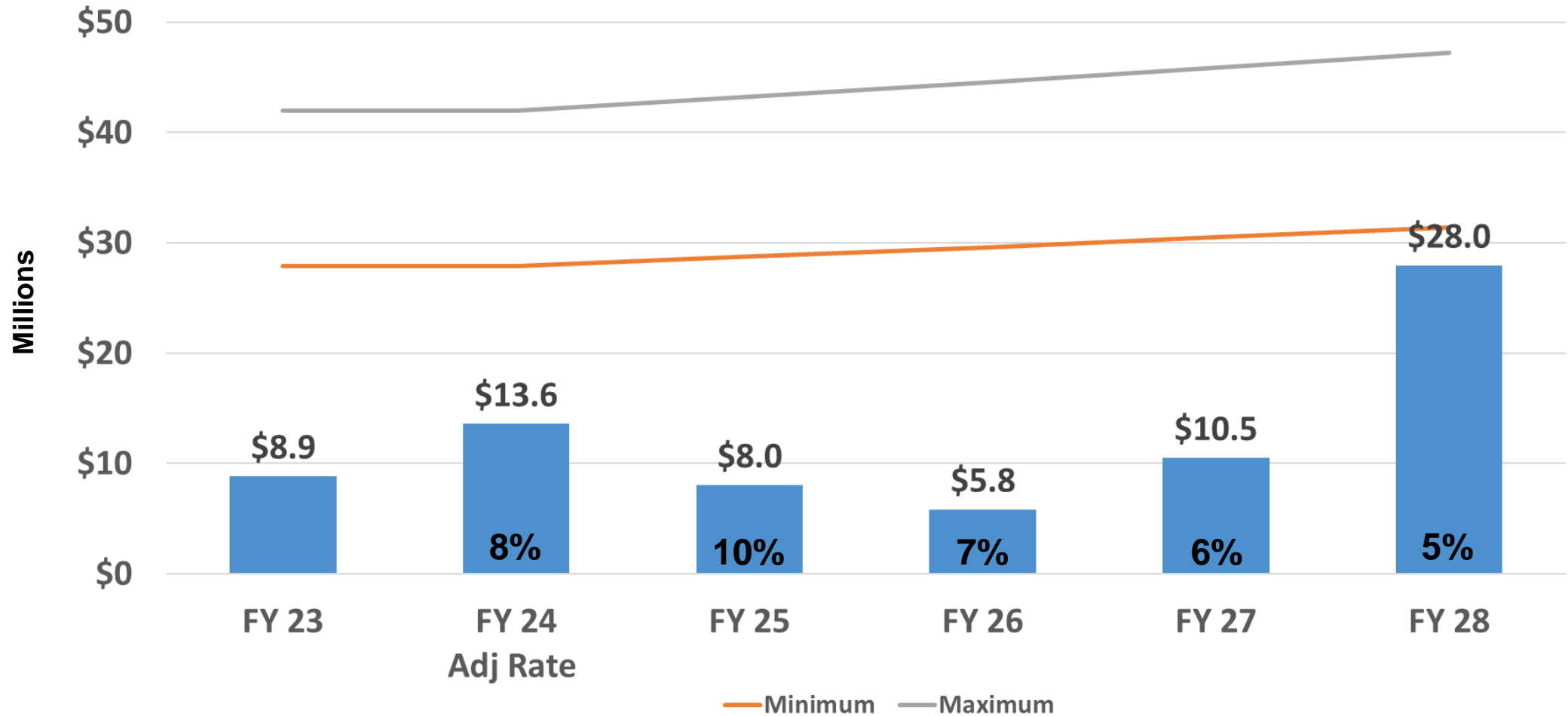
FY 24 Structural Deficit Rate Options

- 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%

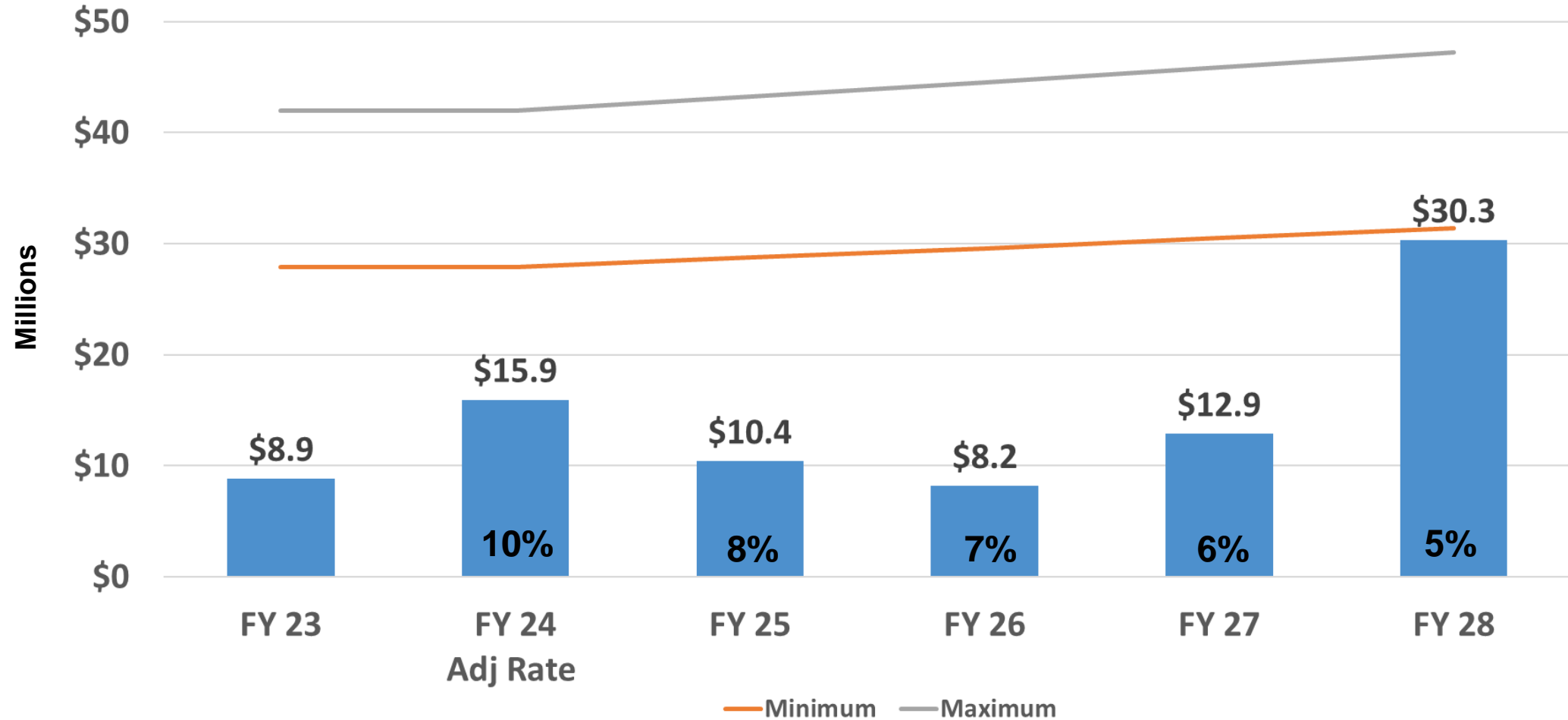
5-Year Water Fund Projected Ending Reserves (With a 6% increase)



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



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



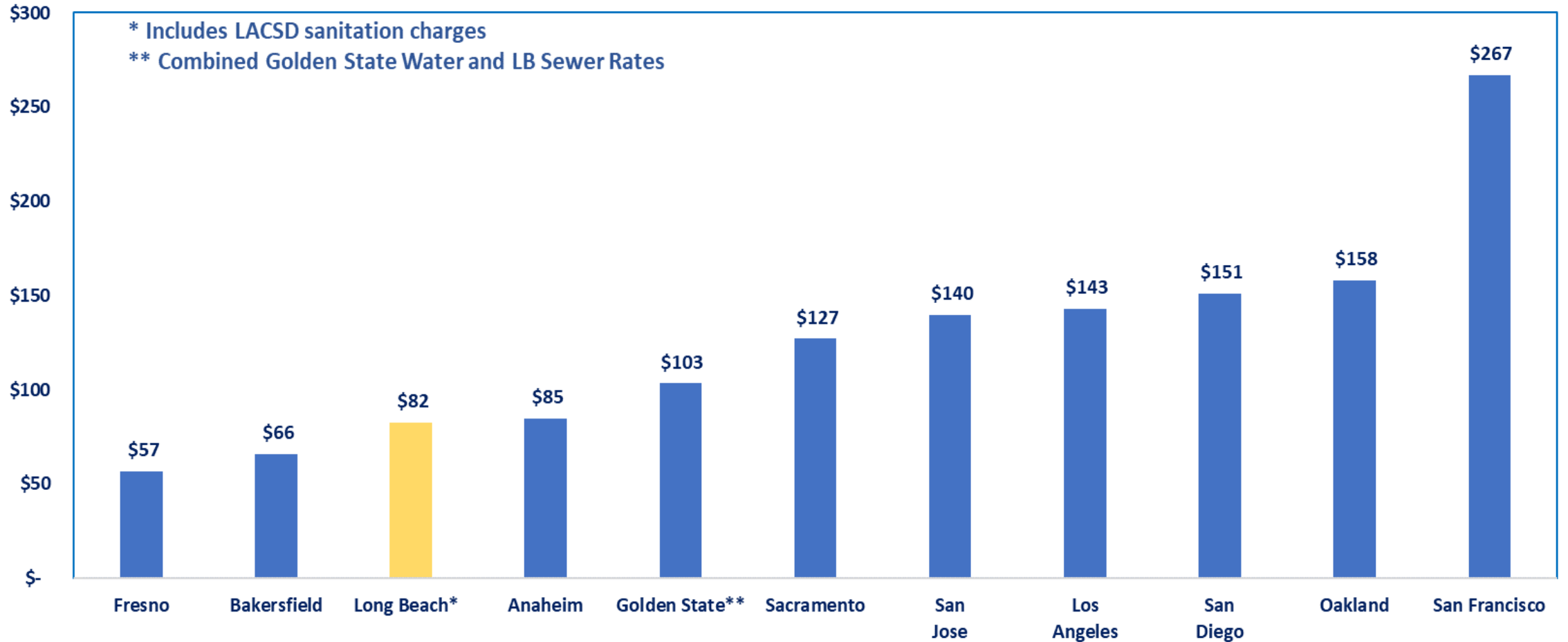
Water Rate Scenarios

- 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

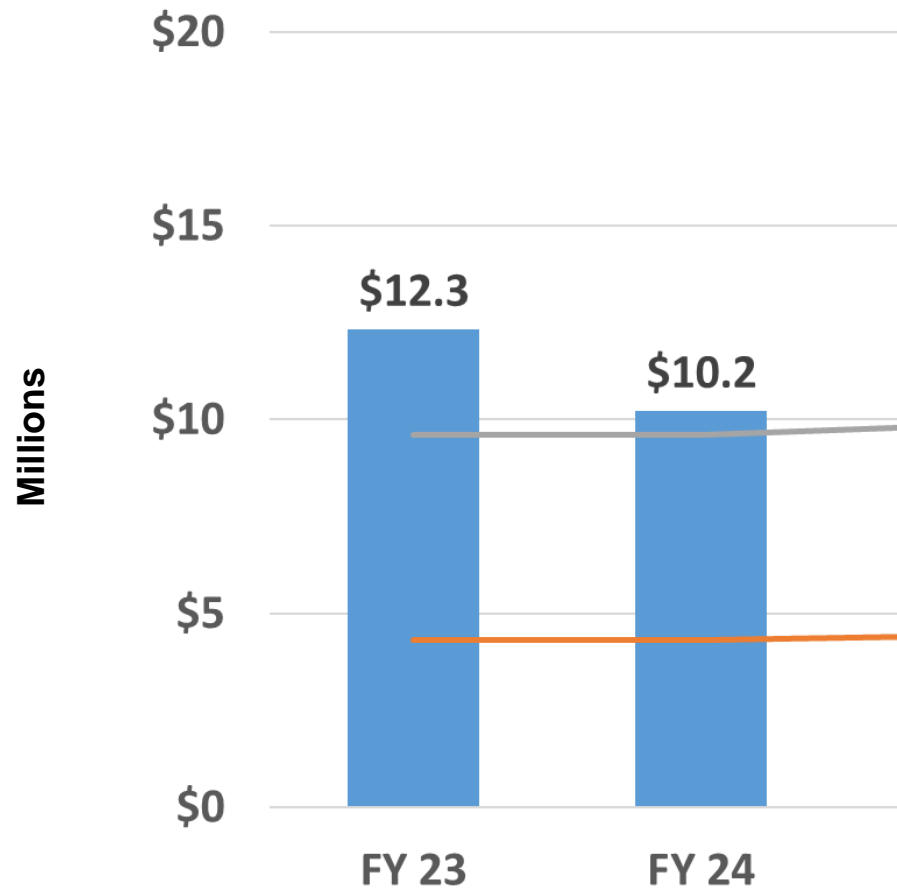
*Typical Bill – 10 billing units of water

CA City Benchmarking



FY 24 Sewer Fund

FY 24 Sewer Fund Projected Ending Reserves

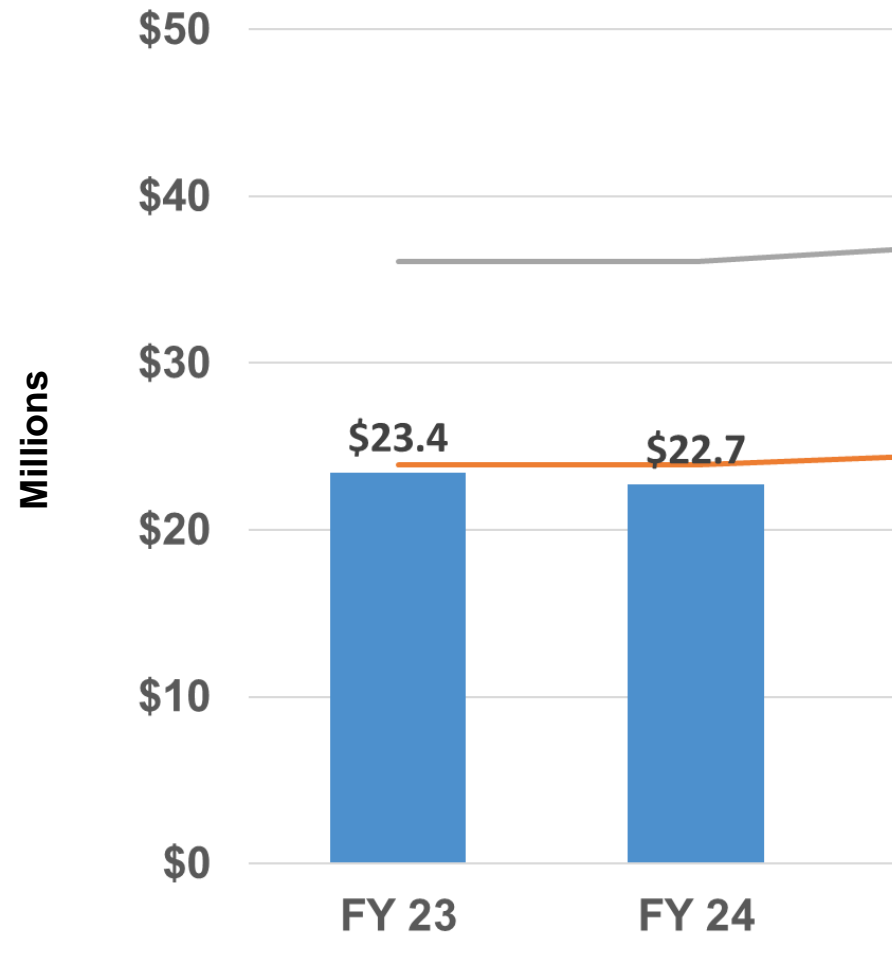


- **Budgeted Deficit**
\$2,107,000
- **No Rate Increase**
- **Cost Increases**
- **Importance of Reserves**

— Minimum — Maximum

FY 24 Gas Fund

5-Year Gas Fund Projected Ending Reserves

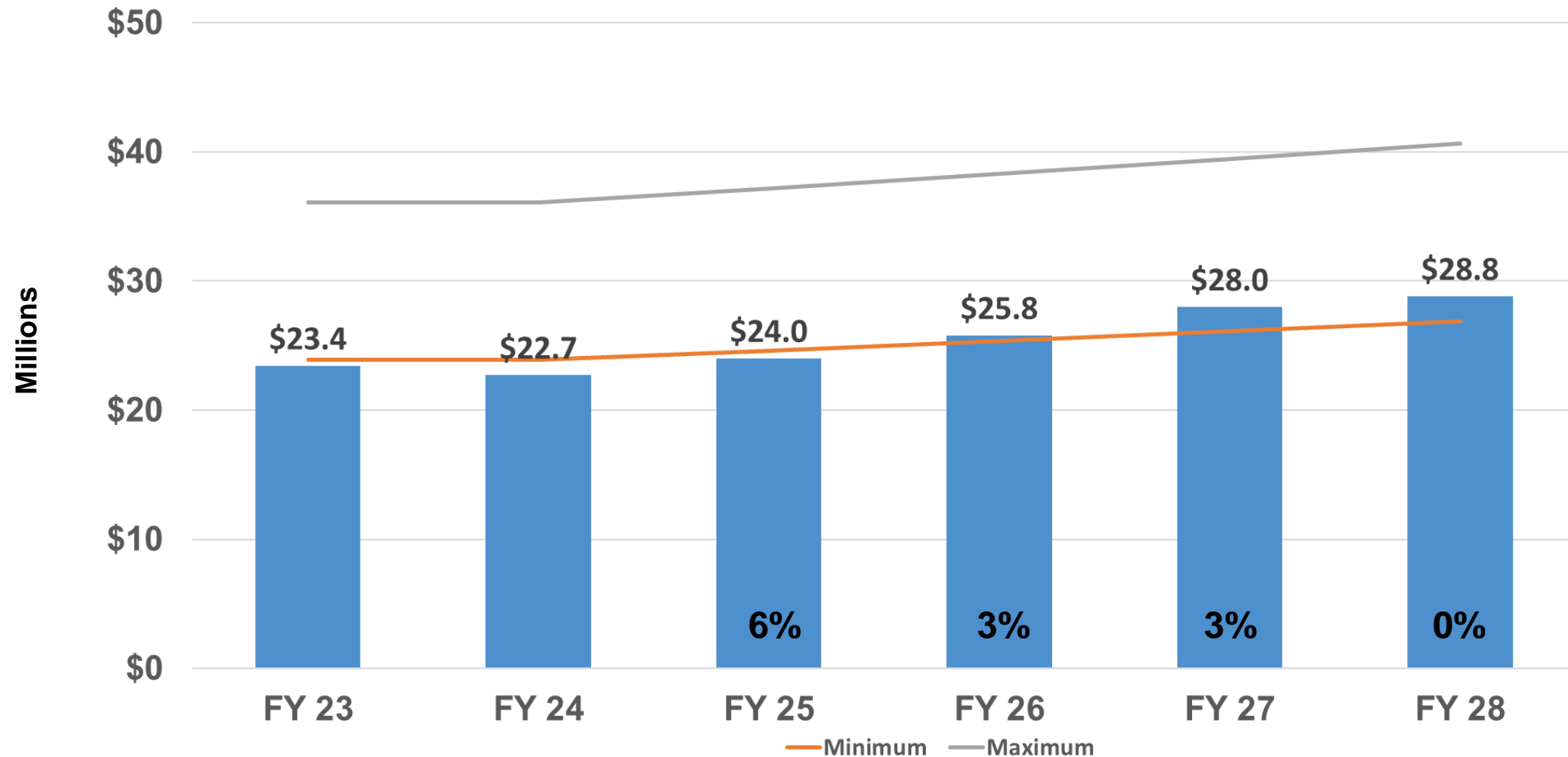


- **Budgeted Deficit**
\$725k
- **No Rate Increase in FY 24**
- **Cost Increases**
- **Importance of Reserves**

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

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Water · Gas · Sewer