



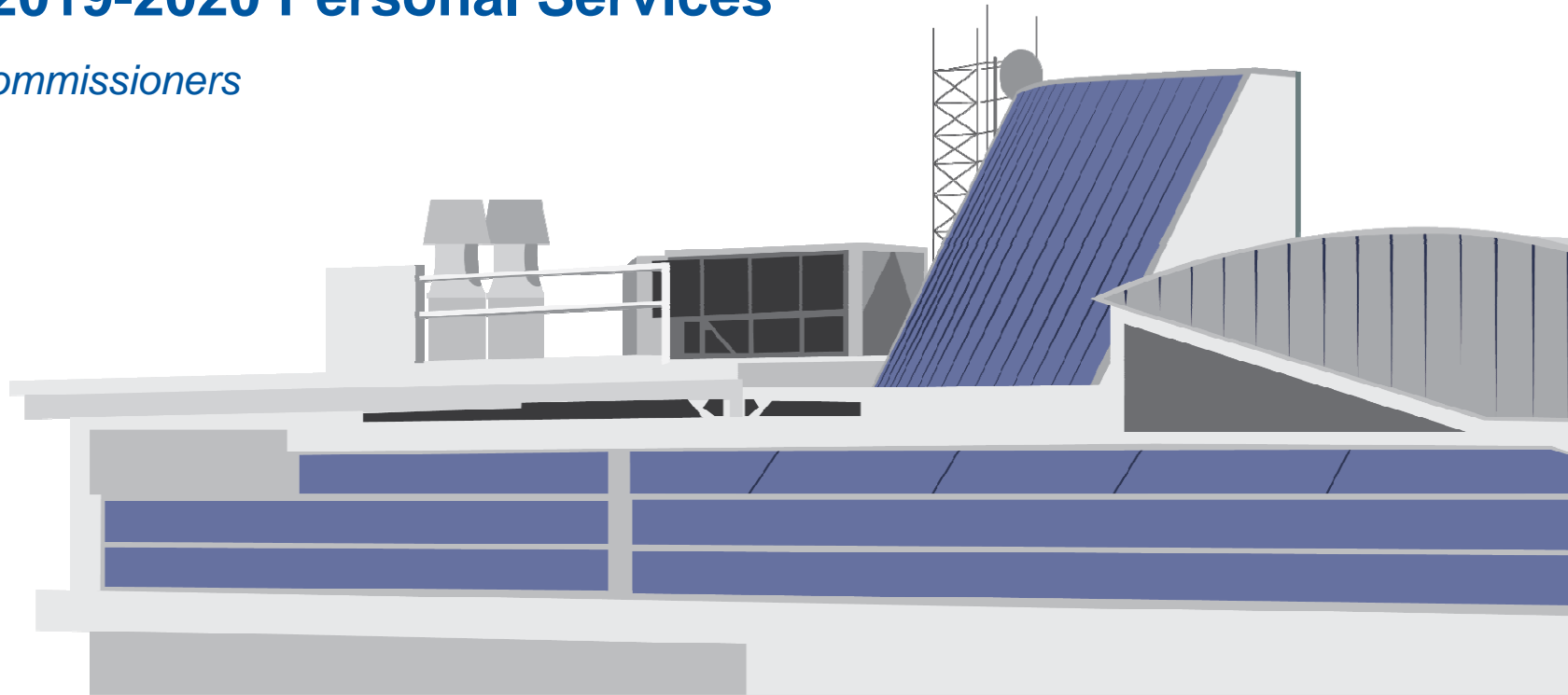
Long Beach Water

Budget Workshop

Fiscal Year 2019-2020 Personal Services

Board of Water Commissioners

April 18, 2019



Changes in Budgeted Positions (FTEs)

- **9 additional FTEs requested**
- **5 additional FTEs approved**
- **Positions approved only if net savings can be achieved**
 - **1 Business Systems Specialist – SCADA**
 - **2 Capital Projects Coordinators – CIP**
 - **1 Civil Engineer Asst - Development**
 - **1 Construction Inspector - Inspection**

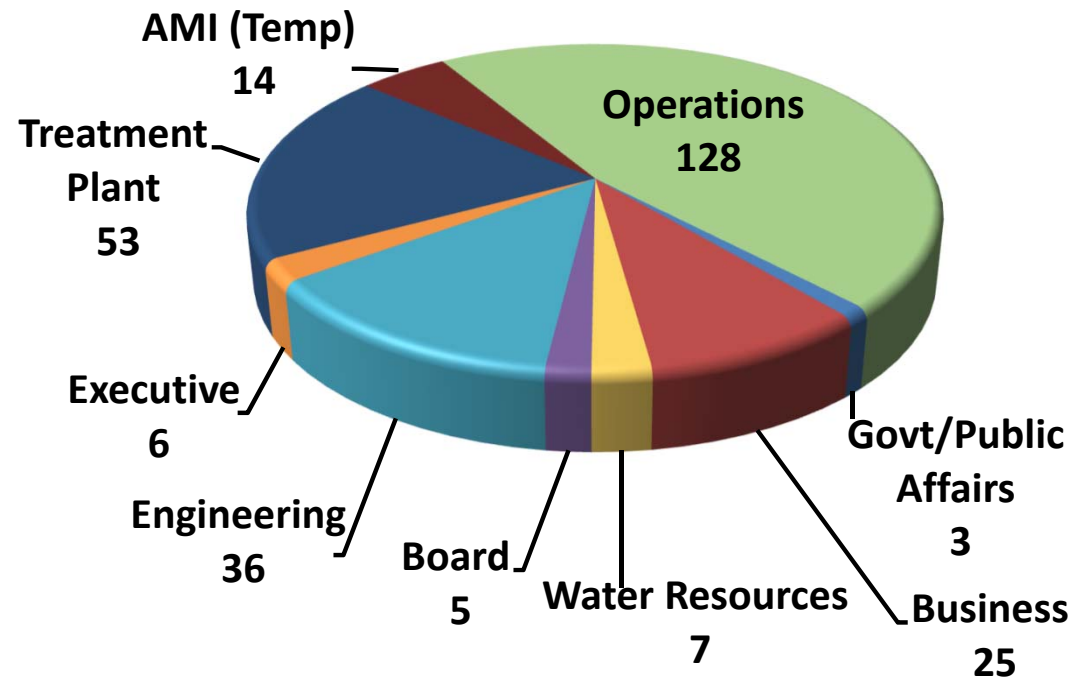
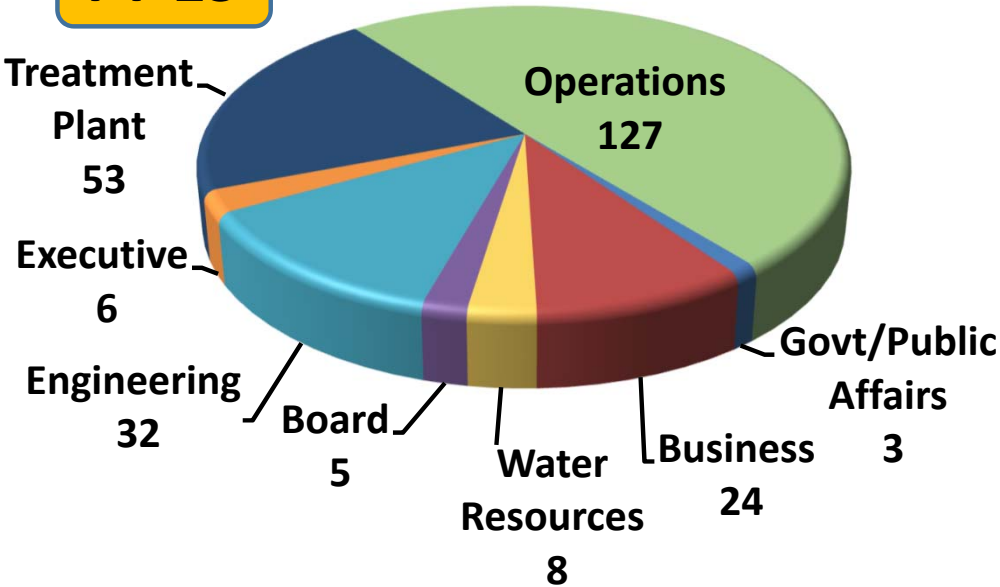
Additional FTEs for AMI

- **14 additional temporary FTEs**
 - In-house meter installation savings
 - Second half of FY 19 and first half of FY 20 only
 - Split between Water and Sewer Funds
 - Budgeted positions will be removed in FY 21

FTE (Full-Time Equivalents) Changes

FY 19

FY 20

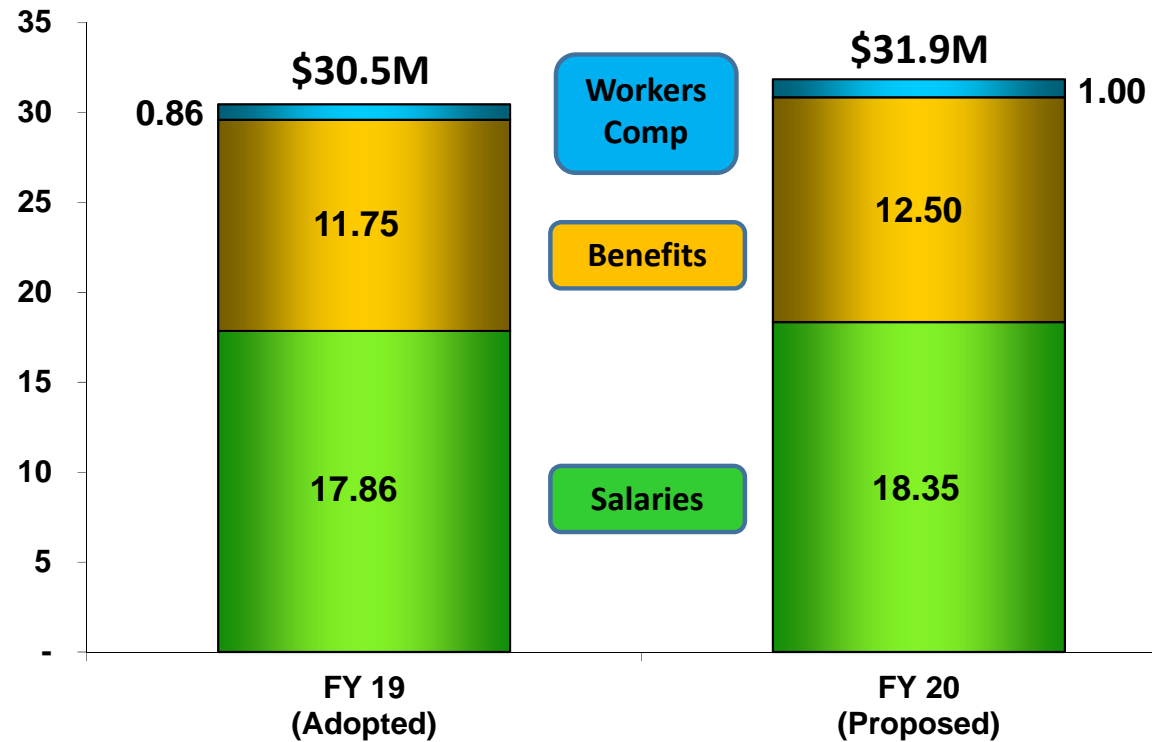


FY 19 FTEs: 256.85

FY 20 FTEs: 275.39

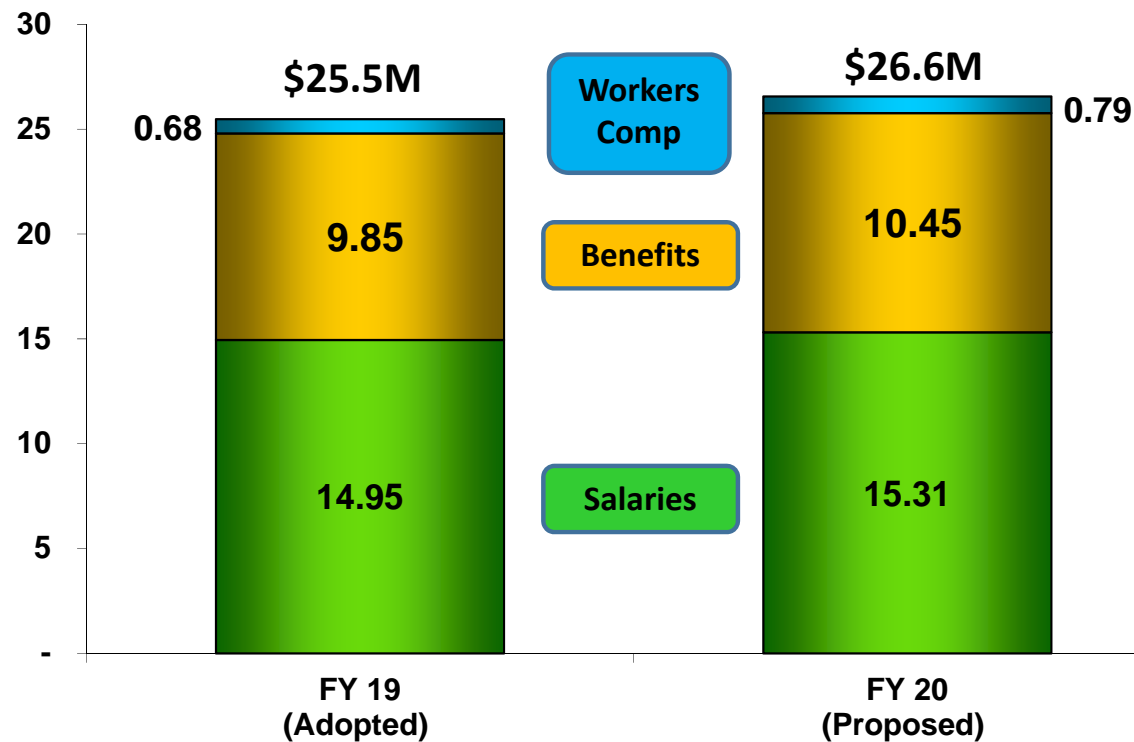
Personal Services - Department

- Salaries cost increase \$490k (3%)
- Benefits increase \$760k (6%)
- Workers Comp increase \$140k (17%)
- FY 20 Budgeted expenditures \$1.4M higher than FY 19



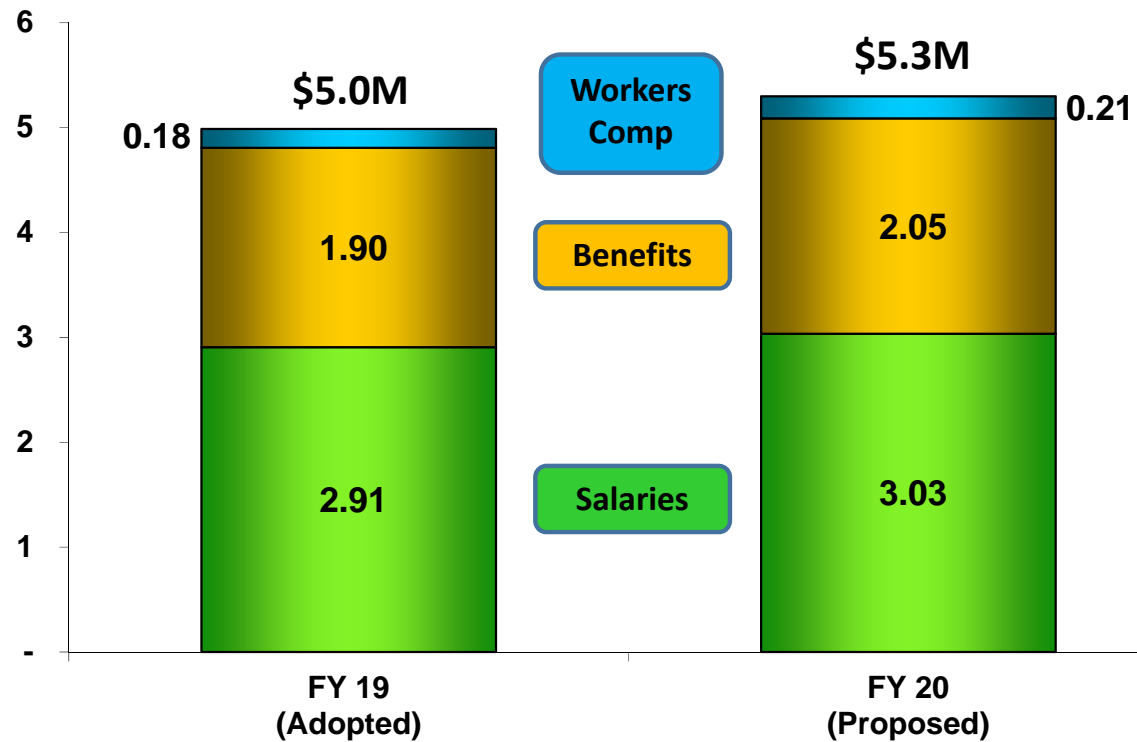
Personal Services – Water Fund

- **Salaries cost increase \$360k (2%)**
- **Benefits increase \$610k (6%)**
- **Workers Comp increase \$110k (17%)**
- **FY 20 Budgeted expenditures \$1.1M higher than FY 19**



Personal Services – Sewer Fund

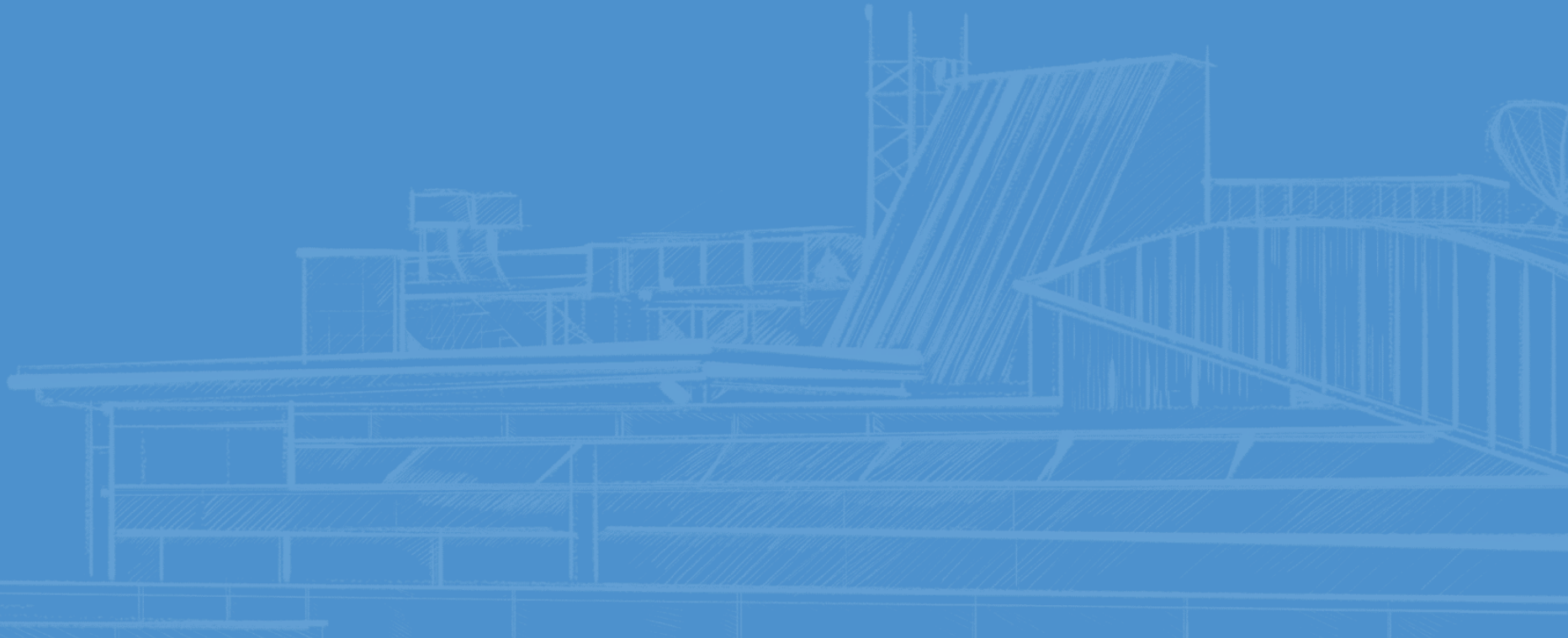
- Salaries cost increase \$130k (4%)
- Benefits increase \$150k (8%)
- Workers Comp increase \$30k (17%)
- FY 20 Budgeted expenditures \$310k higher than FY 19





Long Beach Water

Exceptional Water - Exceptional Service





Long Beach Water

Budget Workshop

Fiscal Year 2019-2020 Non-Personal Services

Board of Water Commissioners

April 18, 2019



Water Fund Summary



Water Fund – Key Assumptions

- **FY 20 Demand budgeted at 53,000 AF**
 - Equal to FY 19 Budgeted Demand
- **MWD Tier I Rates**
 - 2.7% increase in January 2020
- **WRD Replenishment Assessment (RA)**
 - 8.0% increase in July 2019
 - 5.0% increase in July 2020

Water Fund – Savings and Deferments

- **Vehicles**
 - Most of the scheduled FY 20 vehicles are deferred to FY 21
- **Pumping**
 - Additional pumped water from Lakewood agreement will help offset LBWD reduced pumping capacity
- **Treatment Plant Landscaping Renovation**
 - Deferred to future years

Water Fund – Cost Drivers

	FY 19*	FY 20	Variance
Seawater Barrier	4,707	2,627	(2,080)
Water Purchases - Customers	25,058	30,868	5,810
Pump, Power & Treatment	14,558	13,080	(1,478)
General Fund Transfer	12,318	12,684	367
City Services	6,963	7,183	220
Materials, Supplies & Services	5,605	6,038	433
Debt Service	4,332	4,270	(63)
Contracts	4,075	3,792	(283)
Capital Equipment	1,565	1,545	(20)
Total Non-Personal	79,180	82,085	2,905

Water Fund – Cost Drivers

	FY 19*	FY 20	Variance
Seawater Barrier	4,707	2,627	(2,080)
Water Purchases - Customers			
Pump, Power & Treatment			
General Fund Transfer			
City Services	6,963	7,183	220
Materials, Supplies & Services	5,605	6,038	433
Debt Service	4,332	4,270	(63)
Contracts	4,075	3,792	(283)
Capital Equipment	1,565	1,545	(20)
Total Non-Personal	79,180	82,085	2,905

**Increase in LVL production results in reduction in purchased water
100% revenue offset**

Water Fund – Cost Drivers

	FY 19*	FY 20	Variance
Seawater Barrier	4,707	2,627	(2,080)
Water Purchases - Customers	25,058	30,868	5,810
Pump, Power & Treatment			
General Fund Transfer			
City Services			
Materials, Supplies & Services	5,605	6,038	433
Debt Service	4,332	4,270	(63)
Contracts	4,075	3,792	(283)
Capital Equipment	1,565	1,545	(20)
Total Non-Personal	79,180	82,085	2,905

**MWD rate increase
Reduction in pumping capacity**

Water Fund – Cost Drivers

	FY 19*	FY 20	Variance
Seawater Barrier	4,707	2,627	(2,080)
Water Purchases - Customers	25,058	30,868	5,810
Pump, Power & Treatment	14,558	13,080	(1,478)
General Fund Transfer			
City Services			
Materials, Supplies & Services			
Debt Service	4,332	4,270	(63)
Contracts	4,075	3,792	(283)
Capital Equipment	1,565	1,545	(20)
Total Non-Personal	79,180	82,085	2,905

Reduction in pumping capacity, offset by pump assessment rate increase

Water Fund – Cost Drivers

	FY 19*	FY 20	Variance
Seawater Barrier	4,707	2,627	(2,080)
Water Purchases - Customers	25,058	30,868	5,810
Pump, Power & Treatment	14,558	13,080	(1,478)
General Fund Transfer	12,318	12,684	367
City Services	Per City Charter		
Materials, Supplies & Services			
Debt Service			
Contracts			
Capital Equipment	4,075	3,792	(283)
	1,565	1,545	(20)
Total Non-Personal	79,180	82,085	2,905

Water Fund – Cost Drivers

	FY 19*	FY 20	Variance
Seawater Barrier	4,707	2,627	(2,080)
Water Purchases - Customers	25,058	30,868	5,810
Pump, Power & Treatment	14,558	13,080	(1,478)
General Fund Transfer	12,318	12,684	367
City Services	6,963	7,183	220
Materials, Supplies & Services			
Debt Service			
Contracts			
Capital Equipment	1,565	1,545	(20)
Total Non-Personal	79,180	82,085	2,905

Assumed 3% growth in City MOUs until final amounts are provided

Water Fund – Cost Drivers

	FY 19*	FY 20	Variance
Seawater Barrier	4,707	2,627	(2,080)
Water Purchases - Customers	25,058	30,868	5,810
Pump, Power & Treatment	14,558	13,080	(1,478)
General Fund Transfer	12,318	12,684	367
City Services	6,963	7,183	220
Materials, Supplies & Services	5,605	6,038	433
Debt Service			
Contracts			
Capital Equipment			
Total Non-Personal	79,180	82,085	2,905

**L2G rebate payments \$250k
Offset by MWD contribution**

Water Fund – Cost Drivers

	FY 19*	FY 20	Variance
Seawater Barrier	4,707	2,627	(2,080)
Water Purchases - Customers	25,058	30,868	5,810
Pump, Power & Treatment	14,558	13,080	(1,478)
General Fund Transfer			
City Services			
Materials, Supplies & Services			
Debt Service	4,332	4,270	(63)
Contracts	4,075	3,792	(283)
Capital Equipment	1,565	1,545	(20)
Total Non-Personal	79,180	82,085	2,905

2010 Revenue Bonds
2012 Revenue Bonds
AMI

Water Fund – Cost Drivers

	FY 19*	FY 20	Variance
Seawater Barrier	4,707	2,627	(2,080)
Water Purchases - Customers			
Pump, Power & Treatment			
General Fund Transfer			
City Services			
Materials, Supplies & Services			
Debt Service			
Contracts	4,075	3,792	(283)
Capital Equipment	1,565	1,545	(20)
Total Non-Personal	79,180	82,085	2,905

\$100k Watersmart Software, \$100k Grant Consultant, \$200k Water Resources Consultants, \$160k Education Programs, \$265k Communications Consultants, \$95k Advertising, \$100k Promotional Materials, \$440k Security, \$500k Paving

Water Fund – Cost Drivers

	FY 19*	FY 20	Variance
Seawater Barrier	4,707	2,627	(2,080)
Water Purchases - Customers	25,058	30,868	5,810
Pump, Power & Treatment	14,558	13,080	(1,478)
General Fund Transfer	12,318	12,684	367
City Services	6,963	7,183	220
Materials, Supplies & Services			
Debt Service			
Contracts			
Capital Equipment	1,565	1,545	(20)
Total Non-Personal	79,180	82,085	2,905

Most of FY 20 vehicles deferred to FY 21

Sewer Fund Summary



Sewer Fund – Cost Drivers

	FY 19	FY 20	Variance
City Services	3,465	3,556	90
General Fund Transfer	2,094	2,088	(6)
Debt Service	1,968	1,937	(31)
Overhead Transfer	1,038	1,069	31
Materials, Supplies & Services	644	668	24
Capital Equipment	779	635	(144)
Contracts	271	421	150
Power	102	102	-
Total Non-Personal	10,362	10,476	115

Sewer Fund – Cost Drivers

	FY 19	FY 20	Variance
City Services	3,465	3,556	90
General Fund Transfer			
Debt Service			
Overhead Transfer			
Materials, Supplies & Services	644	668	24
Capital Equipment	779	635	(144)
Contracts	271	421	150
Power	102	102	-
Total Non-Personal	10,362	10,476	115

Assumed 3% growth in City MOUs until final amounts are provided

Sewer Fund – Cost Drivers

	FY 19	FY 20	Variance
City Services	3,465	3,556	90
General Fund Transfer	2,094	2,088	(6)
Debt Service	Per City Charter		
Overhead Transfer			
Materials, Supplies & Services			
Capital Equipment	779	635	(144)
Contracts	271	421	150
Power	102	102	-
Total Non-Personal	10,362	10,476	115

Sewer Fund – Cost Drivers

	FY 19	FY 20	Variance
City Services	3,465	3,556	90
General Fund Transfer	2,094	2,088	(6)
Debt Service	1,968	1,937	(31)
Overhead Transfer			
Materials, Supplies & Services			
Capital Equipment			
Contracts	271	421	150
Power	102	102	-
Total Non-Personal	10,362	10,476	115

**2016 Revenue Bonds
AMI**

Sewer Fund – Cost Drivers

	FY 19	FY 20	Variance
City Services	3,465	3,556	90
General Fund Transfer	2,094	2,088	(6)
Debt Service	1,968	1,937	(31)
Overhead Transfer	1,038	1,069	31
Materials, Supplies & Services			
Capital Equipment			
Contracts			
Power	102	102	-
Total Non-Personal	10,362	10,476	115

Transfer of overhead charges from Water Fund to Sewer Fund

Sewer Fund – Cost Drivers

	FY 19	FY 20	Variance
City Services	3,465	3,556	90
General Fund Transfer	2,094	2,088	(6)
Debt Service	1,968	1,937	(31)
Overhead Transfer	1,038	1,069	31
Materials, Supplies & Services	644	668	24
Capital Equipment			
Contracts			
Power			
Total Non-Personal	10,362	10,476	115

Pipes, valves, fittings, rock materials, small tools, parts, fuel, electrical supplies

Sewer Fund – Cost Drivers

	FY 19	FY 20	Variance
City Services	3,465	3,556	90
General Fund Transfer	2,094	2,088	(6)
Debt Service			
Overhead Transfer			
Materials, Supplies & Services			
Capital Equipment	779	635	(144)
Contracts	271	421	150
Power	102	102	-
Total Non-Personal	10,362	10,476	115

Cleaning Truck \$380k, Pumps \$100k, Generator \$75k, City Technology Upgrades \$80k

Sewer Fund – Cost Drivers

	FY 19	FY 20	Variance
City Services	3,465	3,556	90
General Fund Transfer	2,094	2,088	(6)
Debt Service	1,968	1,937	(31)
Overhead Transfer			
Materials, Supplies & Services			
Capital Equipment			
Contracts	271	421	150
Power	102	102	-
Total Non-Personal	10,362	10,476	115

Vector Control \$150k, SSO Cleanup \$110k, Smart Cover Maintenance \$55k

Sewer Fund – Cost Drivers

	FY 19	FY 20	Variance
City Services	3,465	3,556	90
General Fund Transfer	2,094	2,088	(6)
Debt Service	1,968	1,937	(31)
Overhead Transfer	1,038	1,069	31
Materials, Supplies & Services			
Capital Equipment			
Contracts			
Power	102	102	-
Total Non-Personal	10,362	10,476	115

Sewer Pump Stations

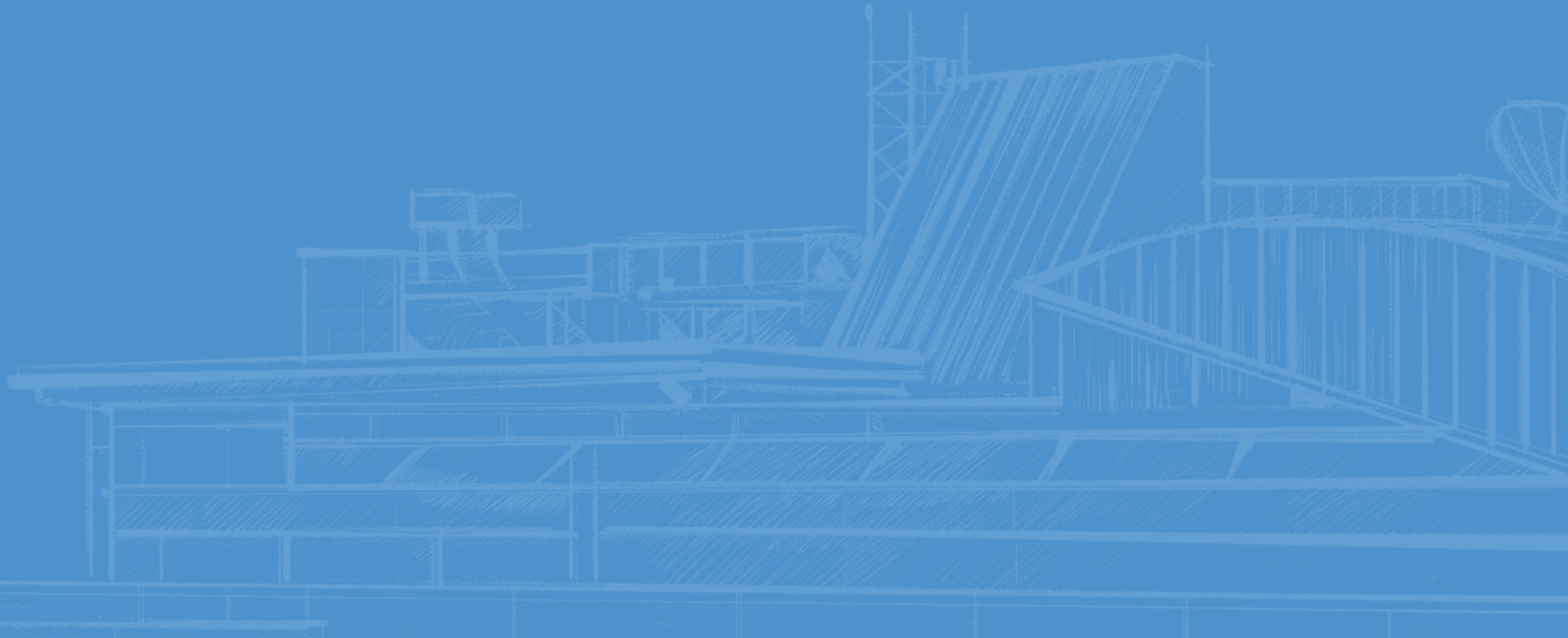
Next Steps

- **May 2 - Budget Workshop**
- **May 30 - Budget Workshop**
- **June 13 - Budget and rate resolutions for Board adoption**
 - Mail out Prop 218 notice
- **July - Budget briefings with Mayor and City Council**
- **August 28 - Prop 218 Public Hearing**
- **September**
 - City Council Adoption
 - Budget and rates effective October 1, 2019



Long Beach Water

Exceptional Water - Exceptional Service





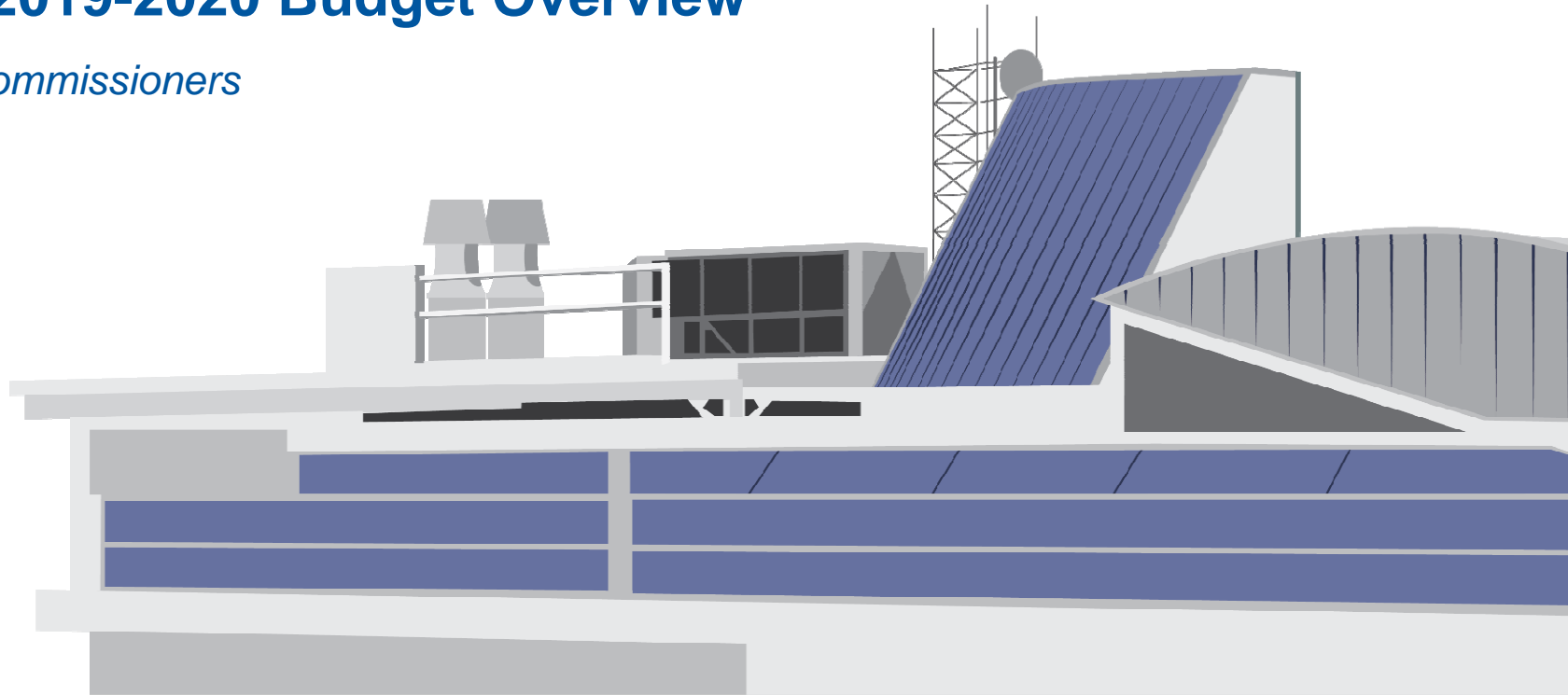
Long Beach Water

Budget Workshop

Fiscal Year 2019-2020 Budget Overview

Board of Water Commissioners

May 2, 2019



Budget Overview Presentation Summary

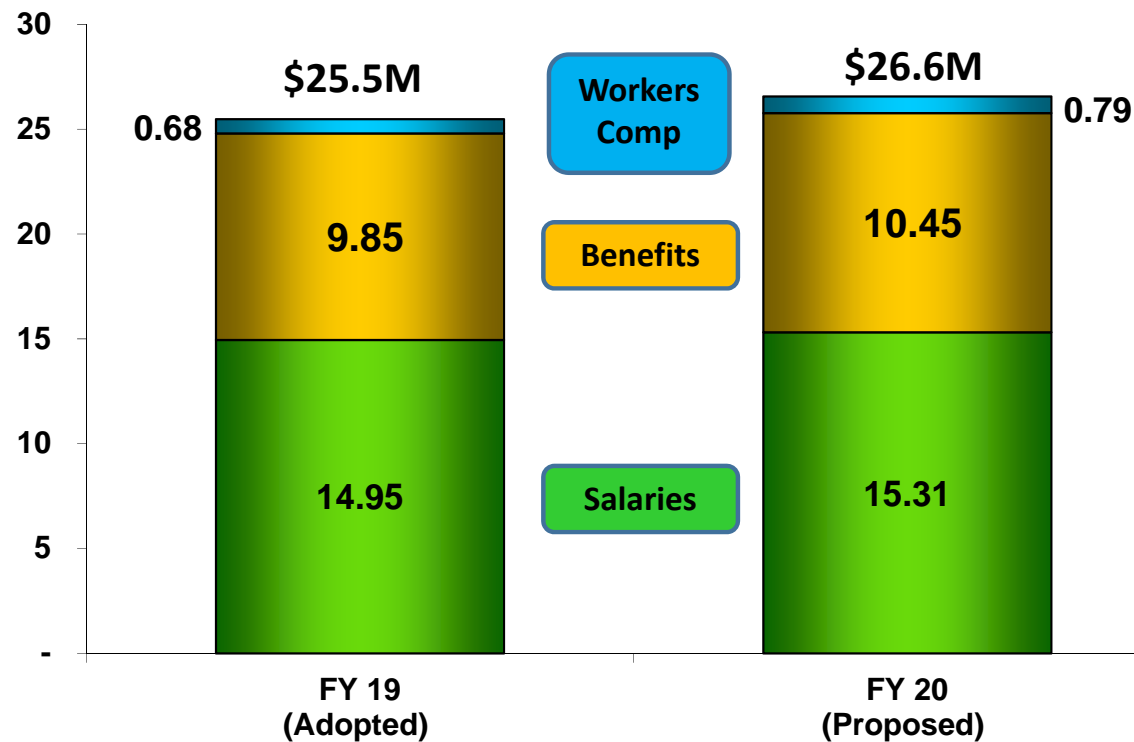
- **Water Fund FY 20 Expenditures & Revenues**
 - **Structural Deficit**
- **Water Fund Expenditure Reductions & Rate Scenarios**
- **Sewer Fund FY 20 Expenditures & Revenues**
- **Rate Comparisons**
- **Next Steps**

Water Fund FY 20 Expenditures & Revenues



FY 20 Personal Services – Water Fund

- Salaries cost increase \$360k (2%)
- Benefits increase \$610k (6%)
- Workers Comp increase \$110k (17%)
- FY 20 Budgeted expenditures \$1.1M higher than FY 19



FY 20 Non-Personal Services - Water Fund

	FY 19*	FY 20	Variance
Seawater Barrier	4,707	2,627	(2,080)
Water Purchases - Customers	25,058	30,868	5,810
Pump, Power & Treatment	14,558	13,080	(1,478)
General Fund Transfer	12,318	12,684	367
City Services	6,963	7,183	220
Materials, Supplies & Services	5,605	6,038	433
Debt Service	4,332	4,270	(63)
Contracts	4,075	3,792	(283)
Capital Equipment	1,565	1,545	(20)
Total Non-Personal	79,180	82,085	2,905

FY 20 Water Fund Expenditures (in \$1,000's)

	FY 19	FY 20	
	Budgeted	Proposed	Variance
Personal Services	25,475	26,559	1,084
Non-Personal Services	79,180	82,085	2,905
CIP	19,511	25,518	6,006
Total Expenditures	124,167	134,162	9,996

AMI Capital Project Budget (in \$1,000's)

	FY 19	FY 20	
	Budgeted	Proposed	Variance
Water Fund Exp	5,258	9,873	4,615
Water Fund Rev	5,258	9,752	4,494
Sewer Fund Exp	5,258	121	(5,137)
Sewer Fund Rev	5,258	-	(5,258)

FY 20 Water Fund Expenditures (in \$1,000's)

	FY 19	FY 20	
	Budgeted	Proposed	Variance
Personal Services	<div style="background-color: yellow; border: 1px solid black; padding: 5px; text-align: center;"> AMI \$4.6 M (offset by rev) New wells \$2.1 M </div>		
Non-Personal Services			
CIP	19,511	25,518	6,006
Total Expenditures	124,167	134,162	9,996

FY 20 Water Fund Revenues (in \$1,000's)

	FY 19 Budgeted	FY 20 Proposed	Variance
Potable Water Sales	93,360	93,246	(114)
Reclaimed Water Sales	3,844	4,216	372
AMI Debt Proceeds	5,258	9,752	4,494
Seawater Barrier Reimbursement	5,983	4,065	(1,918)
Misc Revenue	4,012	5,369	1,357
Total Revenues	112,457	116,648	4,191

FY 20 Water Fund Revenues (in \$1,000's)

	FY 19 Budgeted	FY 20 Proposed	Variance
Potable Water Sales	93,360	93,246	(114)
Reclaimed Water Sales	<div style="background-color: #FFD700; padding: 5px; border: 1px solid black; text-align: center;"> Based on FY 18 activity No change in demand </div>		
AMI Debt Proceeds			
Seawater Barrier Reimbursement	5,983	4,065	(1,918)
Misc Revenue	4,012	5,369	1,357
Total Revenues	112,457	116,648	4,191

FY 20 Water Fund Revenues (in \$1,000's)

	FY 19 Budgeted	FY 20 Proposed	Variance
Potable Water Sales	93,360	93,246	(114)
Reclaimed Water Sales	3,844	4,216	372
AMI Debt Proceeds	Based on FY 18 activity		
Seawater Barrier Reimbursement			
Misc Revenue	4,012	5,369	1,357
Total Revenues	112,457	116,648	4,191

FY 20 Water Fund Revenues (in \$1,000's)

	FY 19 Budgeted	FY 20 Proposed	Variance
Potable Water Sales	93,360	93,246	(114)
Reclaimed Water Sales	3,844	4,216	372
AMI Debt Proceeds	5,258	9,752	4,494
Seawater Barrier Reimbursement	Offsetting AMI capital costs		
Misc Revenue			
Total Revenues	112,457	116,648	4,191

FY 20 Water Fund Revenues (in \$1,000's)

	FY 19 Budgeted	FY 20 Proposed	Variance
Potable Water Sales	93,360	93,246	(114)
Reclaimed Water Sales	<div style="background-color: yellow; border: 1px solid black; padding: 5px; text-align: center;"> Increased LVL activity Decreased water purchases </div>		
AMI Debt Proceeds			
Seawater Barrier Reimbursement	5,983	4,065	(1,918)
Misc Revenue	4,012	5,369	1,357
Total Revenues	112,457	116,648	4,191

FY 20 Water Fund Revenues (in \$1,000's)

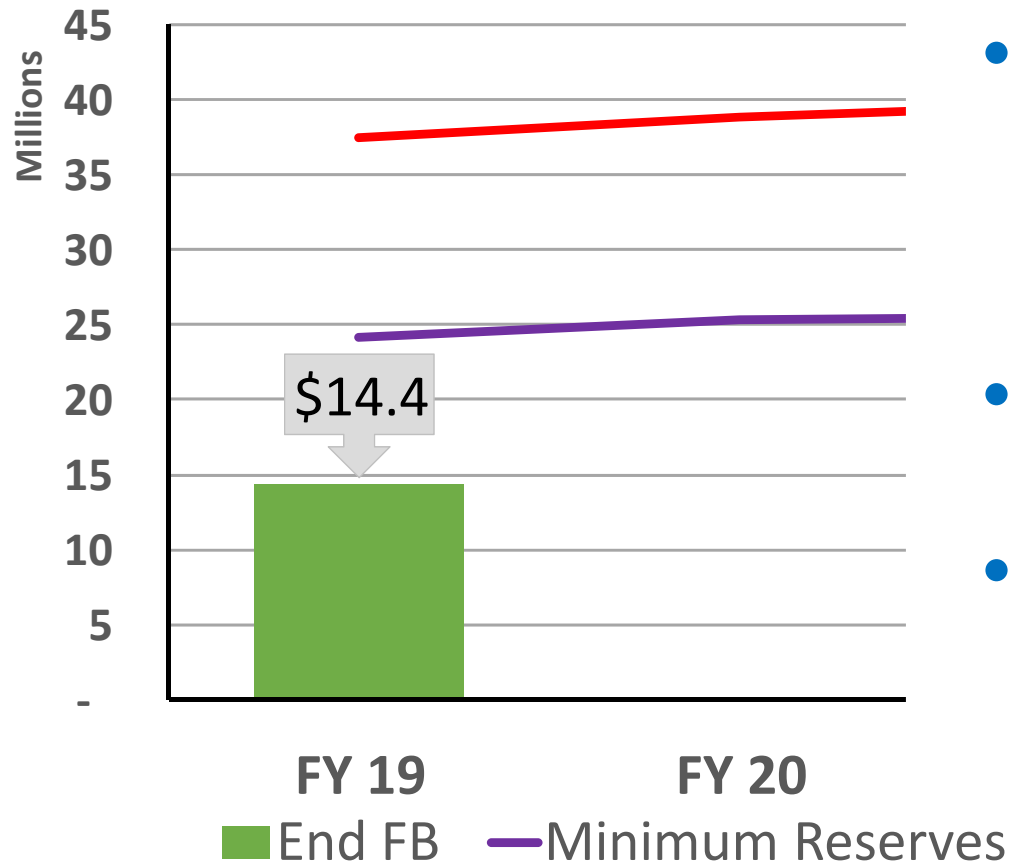
	FY 19 Budgeted	FY 20 Proposed	Variance
Potable Water Sales	93,360	93,246	(114)
Reclaimed Water Sales	3,844	4,216	372
AMI Debt Proceeds			
Seawater Barrier Reimbursement			
Misc Revenue	4,012	5,369	1,357
Total Revenues	112,457	116,648	4,191

\$1.0 M L2G MWD reimbursement

FY 20 Water Fund Summary (in \$1,000's)

	FY 19	FY 20	
	Budgeted	Proposed	Variance
Total Expenditures	124,167	134,162	9,996
Total Revenues	112,457	116,648	4,191
Fund Balance Gain/(Loss)	(11,710)	(17,514)	(5,804)

Water Fund Projected Ending Fund Balances



- **Projected Savings**
 - Not budgeted
 - Non-Personal (\$750k)
 - CIP (\$1.5 M)
- **Projected Structural Deficit**
 - \$15,000,000
- **Remaining reserves would be depleted**

Structural Deficit Options



Structural Deficit Options – Reduce Expenditures

- **Fixed costs**
 - **Customer demand**
 - **Purchase, pump & treatment costs**
 - **General Fund Transfer**
 - **City Services**
 - **Labor**
 - **Staffing reductions would result in service level reductions**

Structural Deficit Options – Reduce Expenditures

- **Labor reductions incorporated into FY 20 proposed budget**
 - **Vacant positions converted to new classifications**
 - **No increase to budget**
 - **Additional FTEs must demonstrate savings to be fund neutral**

Structural Deficit Options – Reduce Expenditures

- **Non-Personal reductions incorporated into FY 20 proposed budget**
 - Vehicle replacement deferrals
 - Lakewood purchase water agreement
 - Treatment Plant Landscaping project deferral

Structural Deficit Options – Reduce Expenditures

- **CIP reductions incorporated into FY 20 proposed budget**
 - **Main Replacement by Contractor**
 - **Bridge Crossing Repairs/Maintenance**
 - **In-House Main & Meter Replacement**
- **Deferrals increase risk of asset failure**

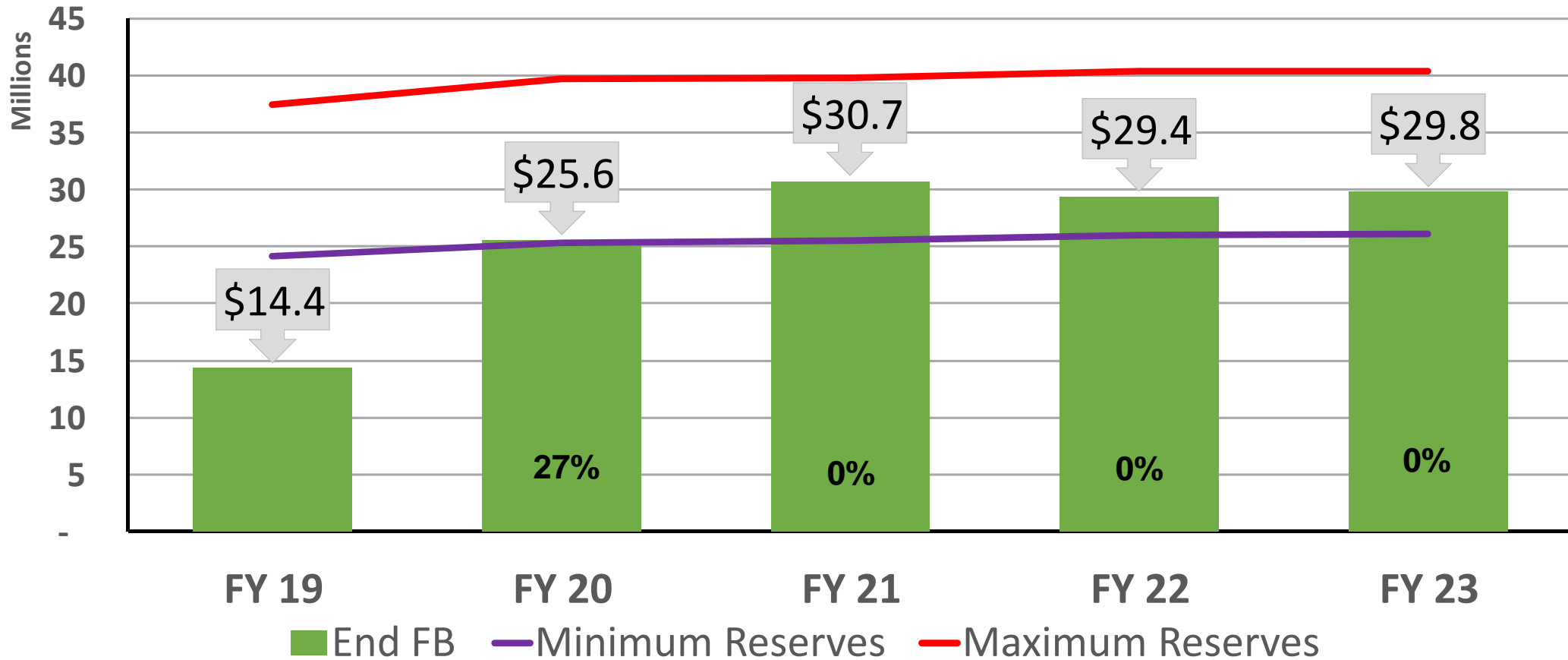
Structural Deficit Options – Increase Revenue

Rate Increase Scenarios

- **Return to Board reserve policy \$25 M minimum (27%)**
- **Balance structural deficit (15.5%)**
- **12% Water Fund rate increase**
- **9% Water Fund rate increase**
- **6% Water Fund rate increase**

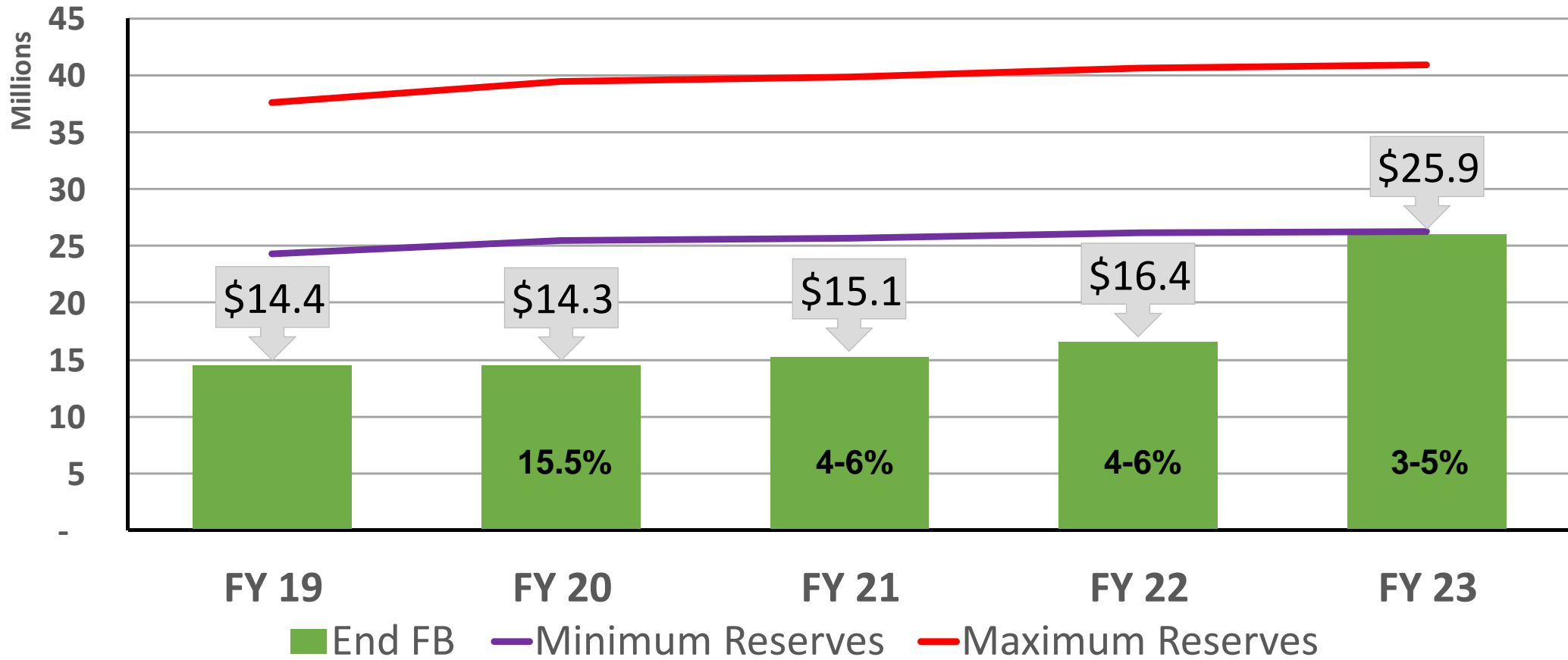
Water Fund Projected Ending Fund Balances

Return To Minimum Target Fund Balance



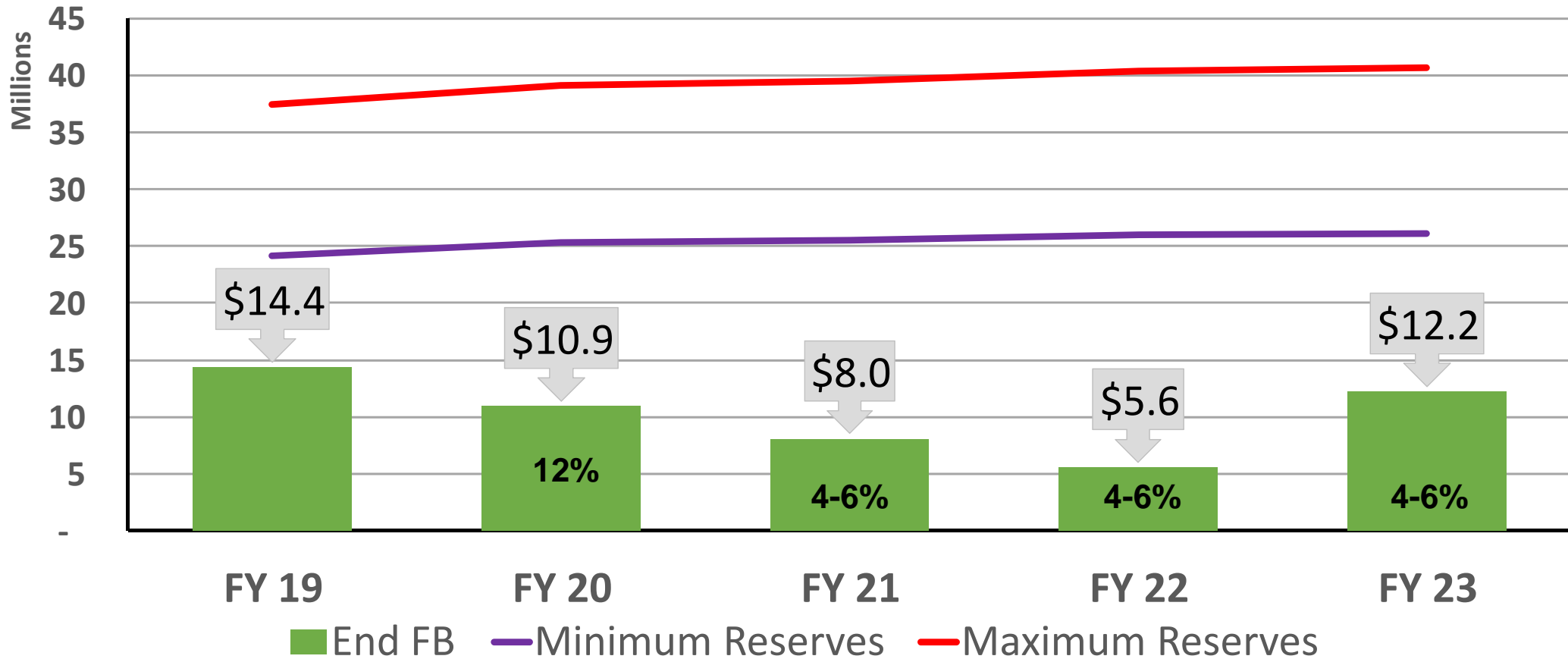
Water Fund Projected Ending Fund Balances

Balance Structural Deficit



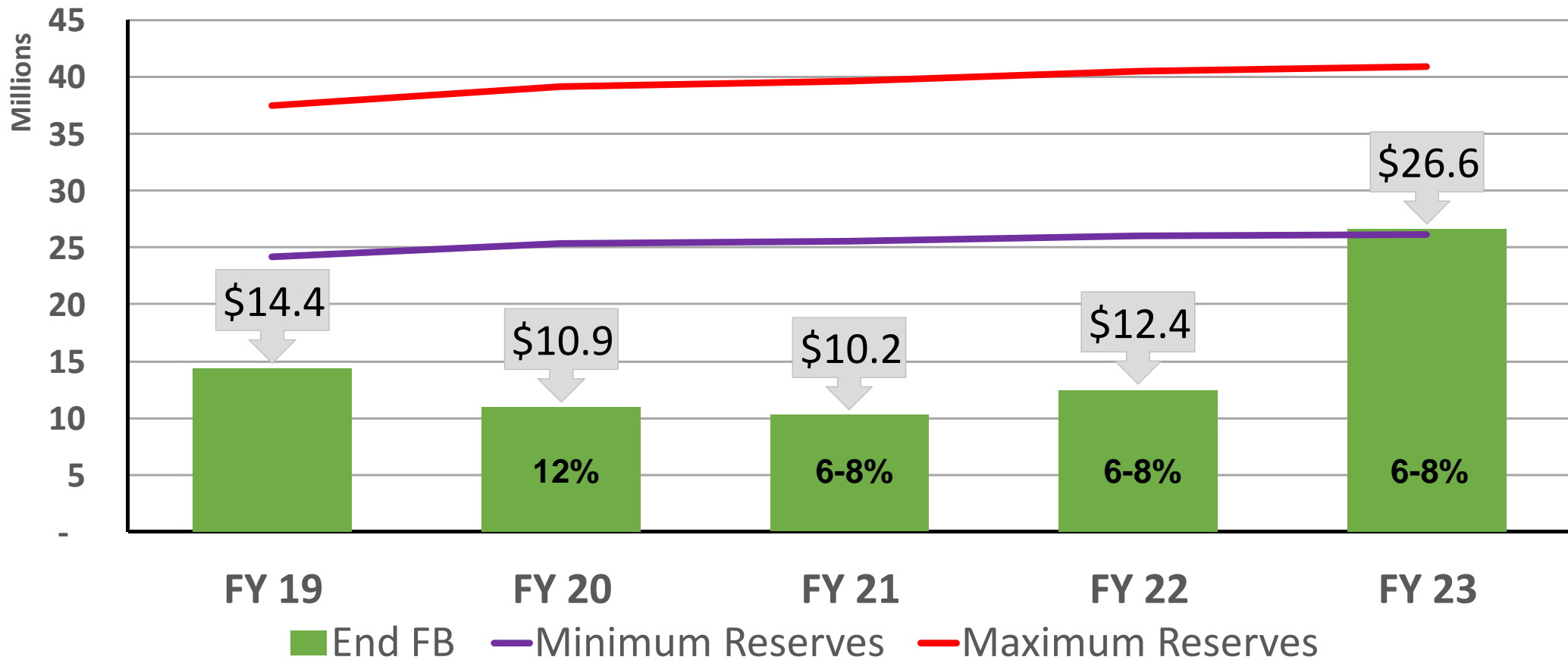
Water Fund Projected Ending Fund Balances

12% FY 20 Rate Increase



Water Fund Projected Ending Fund Balances

12% FY 20 Rate Increase

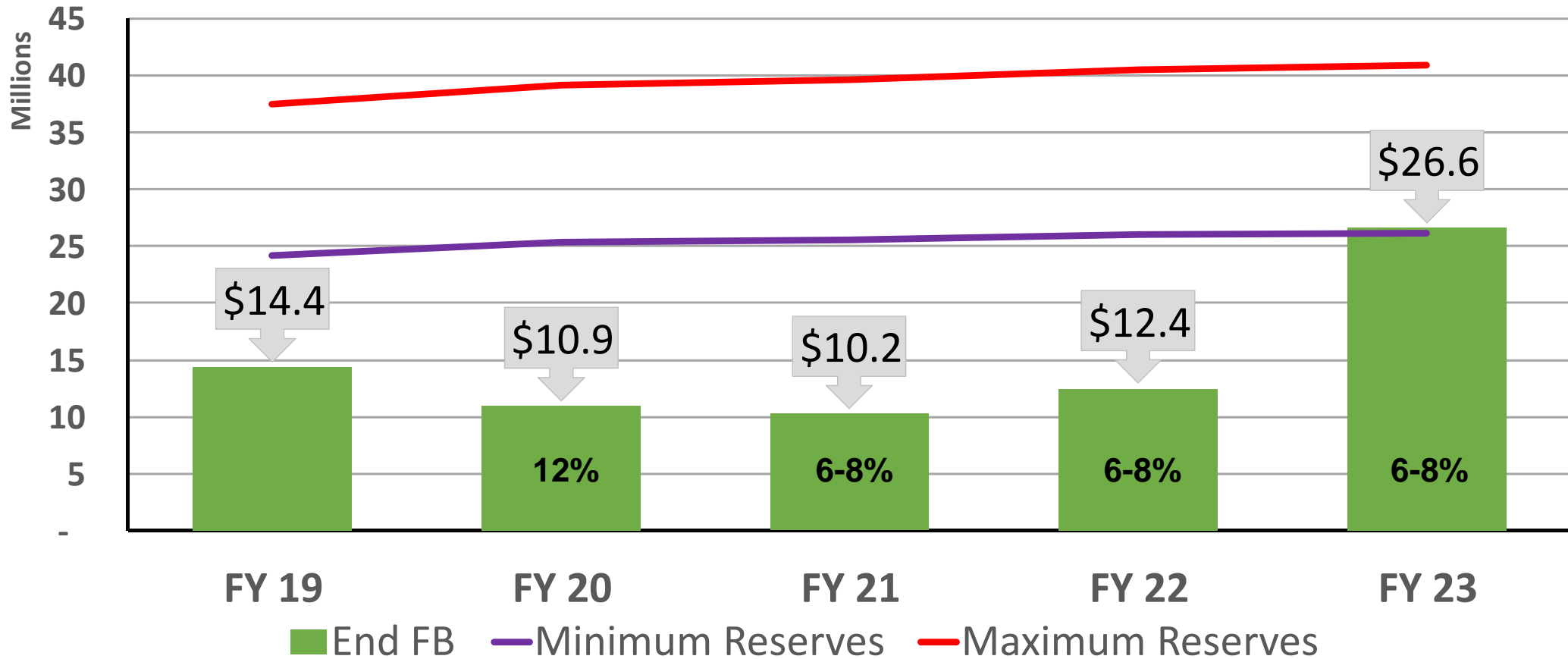


New Well Program

	FY 19 ETC	FY 20 Budget	FY 21 Budget	FY 22 Budget	FY 23 Budget	FY 24 Budget
Wells 1 & 2	350,000	750,000	4,400,000	4,000,000	-	-
Wells 3 & 4	-	150,000	750,000	3,450,000	4,000,000	-
Wells 5 & 6	-	-	150,000	750,000	3,450,000	4,000,000
Annual Total	350,000	900,000	5,300,000	8,200,000	7,450,000	4,000,000
Cumulative Total			5,300,000	13,500,000	20,950,000	24,950,000
		Line of Credit Savings	(4,900,000)	(7,700,000)	(6,700,000)	(3,100,000)

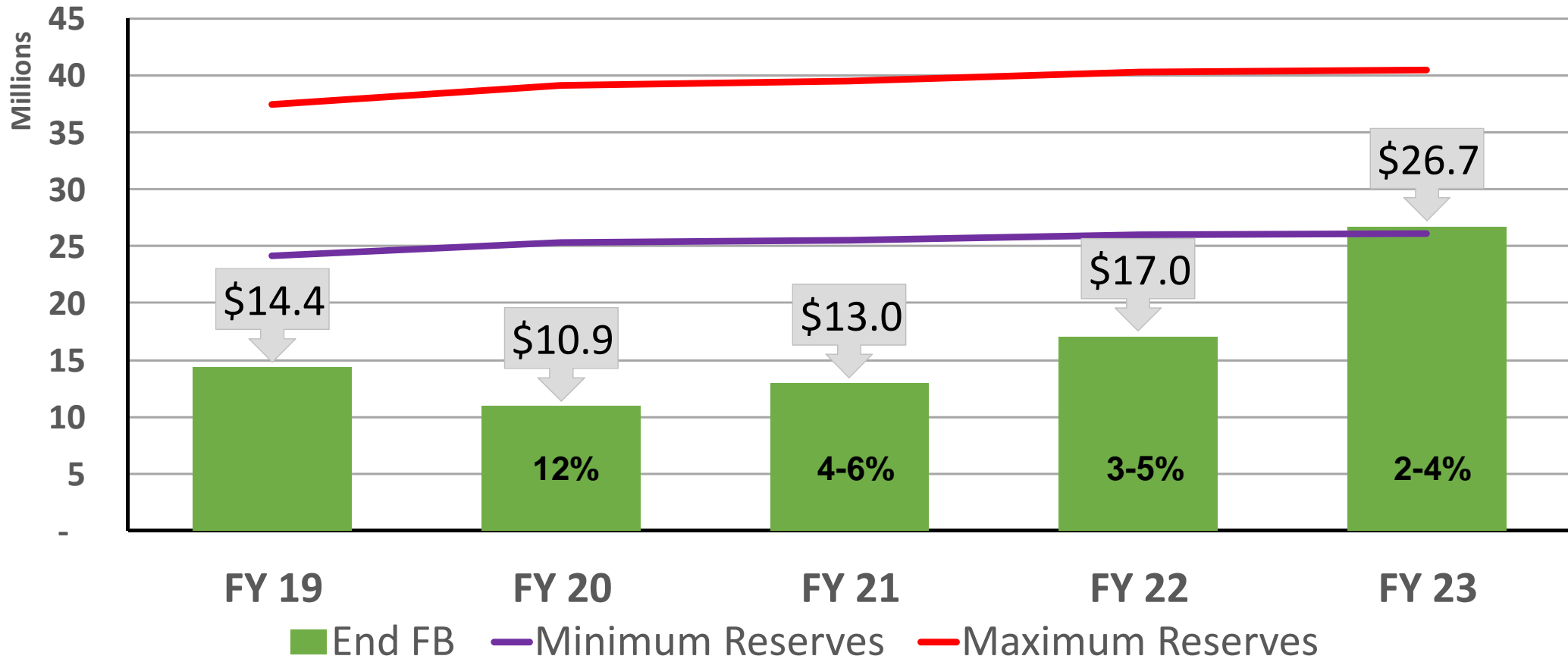
Water Fund Projected Ending Fund Balances

12% FY 20 Rate Increase (without debt financing well program)



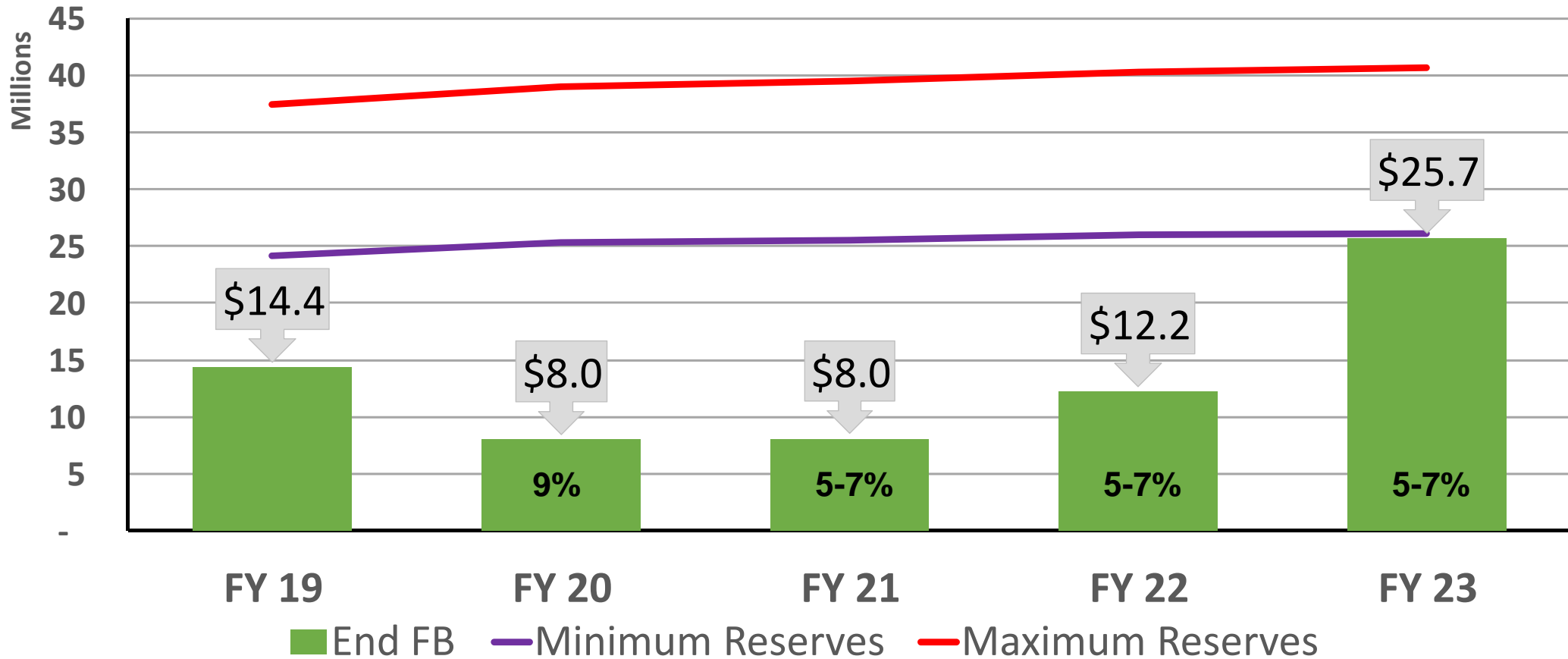
Water Fund Projected Ending Fund Balances

12% FY 20 Rate Increase (with debt financing well program)



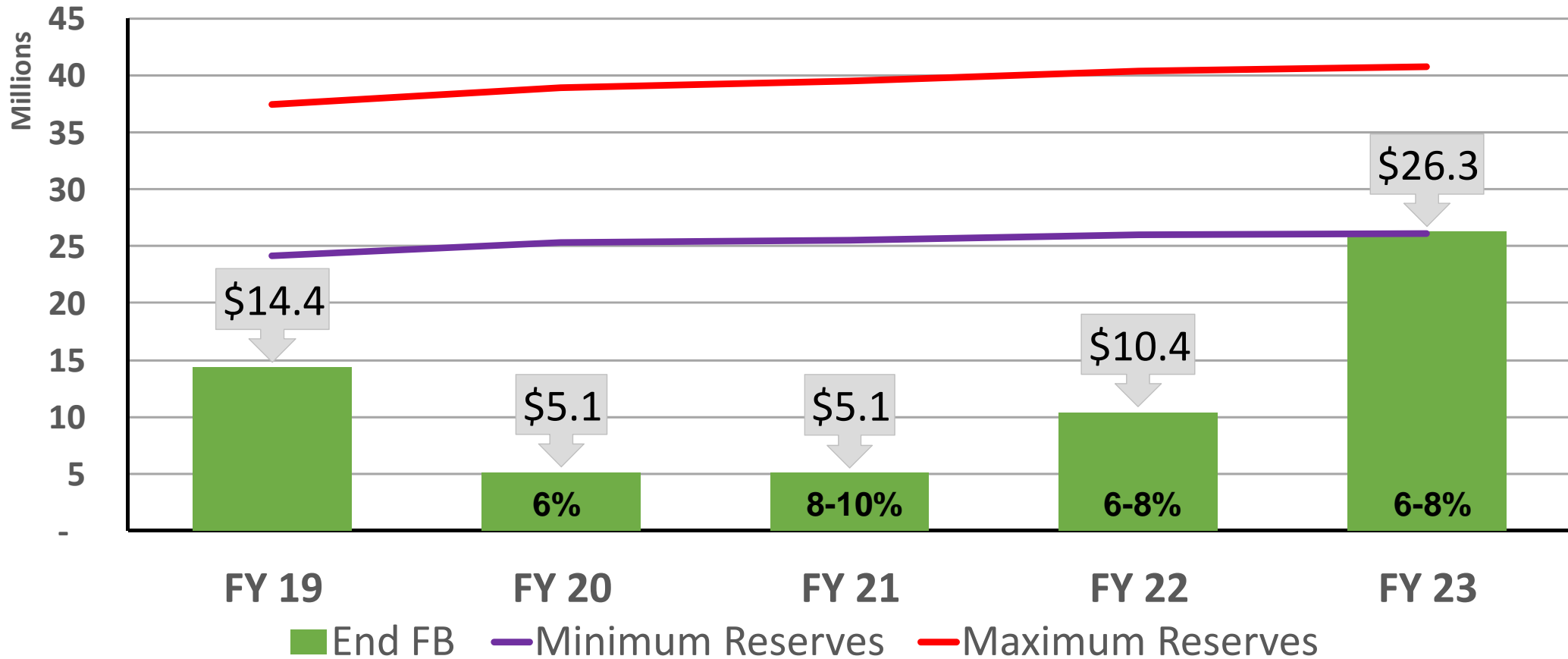
Water Fund Projected Ending Fund Balances

9% FY 20 Rate Increase (with debt financing well program)



Water Fund Projected Ending Fund Balances

6% FY 20 Rate Increase (with debt financing well program)

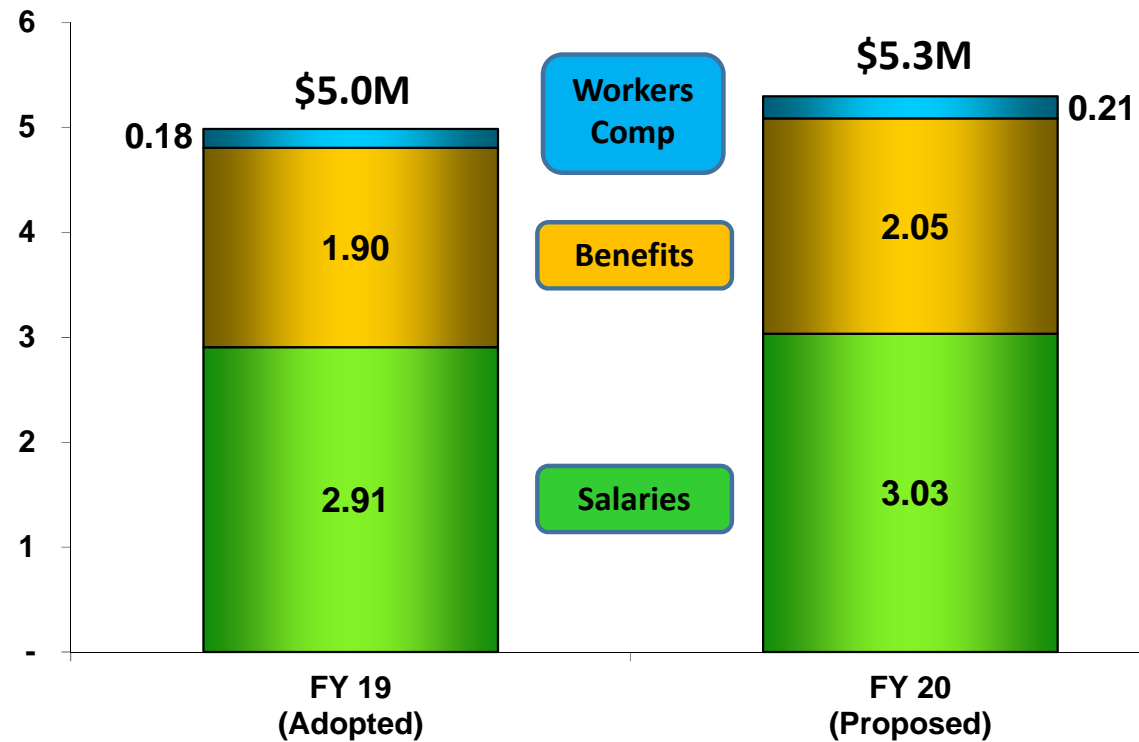


Sewer Fund FY 20 Expenditures & Revenues



FY 20 Personal Services – Sewer Fund

- Salaries cost increase \$130k (4%)
- Benefits increase \$150k (8%)
- Workers Comp increase \$30k (17%)
- FY 20 Budgeted expenditures \$310k higher than FY 19



FY 20 Non-Personal Services - Sewer Fund

	FY 19	FY 20	Variance
City Services	3,465	3,556	90
General Fund Transfer	2,094	2,088	(6)
Debt Service	1,968	1,937	(31)
Overhead Transfer	1,038	1,069	31
Materials, Supplies & Services	644	668	24
Capital Equipment	779	635	(144)
Contracts	271	421	150
Power	102	102	-
Total Non-Personal	10,362	10,476	115

FY 20 Sewer Fund Expenditures (in \$1,000's)

	FY 19	FY 20	
	Budgeted	Proposed	Variance
Personal Services	4,988	5,298	310
Non-Personal Services	10,362	10,476	115
CIP	11,769	5,198	(6,571)
Total Expenditures	27,118	20,973	(6,146)

FY 20 Sewer Fund Expenditures (in \$1,000's)

	FY 19 Budgeted	FY 20 Proposed	Variance
Personal Services	AMI shifted to Water Fund -\$5.1 M		
Non-Personal Services			
CIP	11,769	5,198	(6,571)
Total Expenditures	27,118	20,973	(6,146)

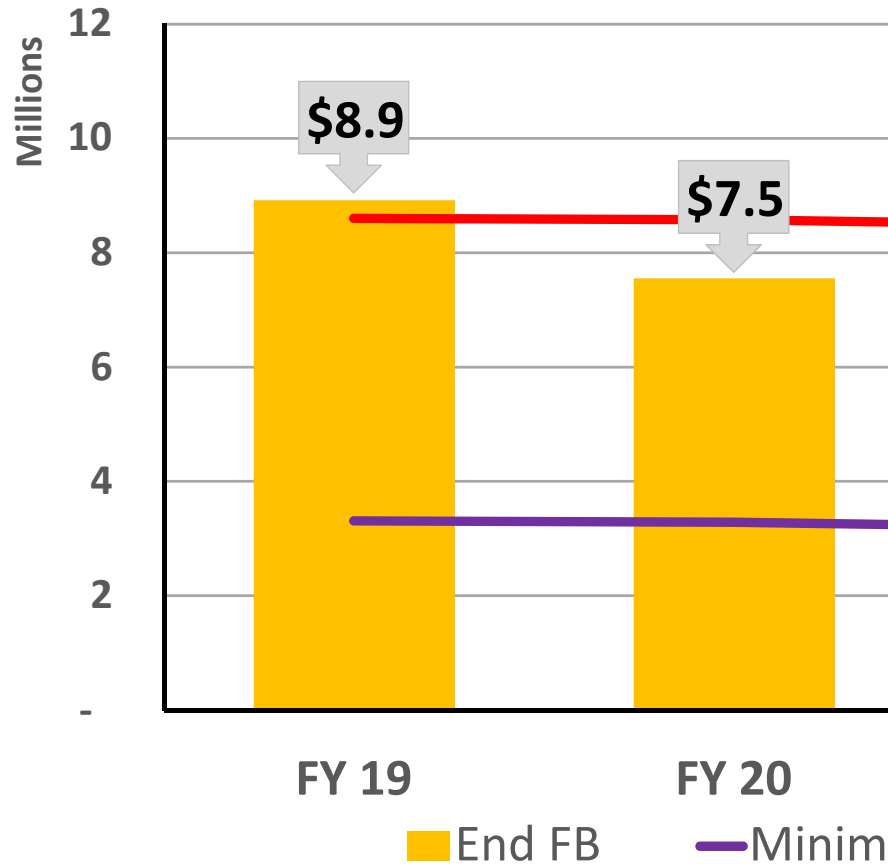
FY 20 Sewer Fund Revenues (in \$1,000's)

	FY 19	FY 20	
	Budgeted	Proposed	Variance
Sewer Sales	16,612	16,652	40
Sewer Capacity Charge	750	750	-
AMI Debt Proceeds	5,258	-	(5,258)
Misc Revenue	1,476	1,477	2
Total Revenues	24,095	18,879	(5,216)

FY 20 Sewer Fund Summary (in \$1,000's)

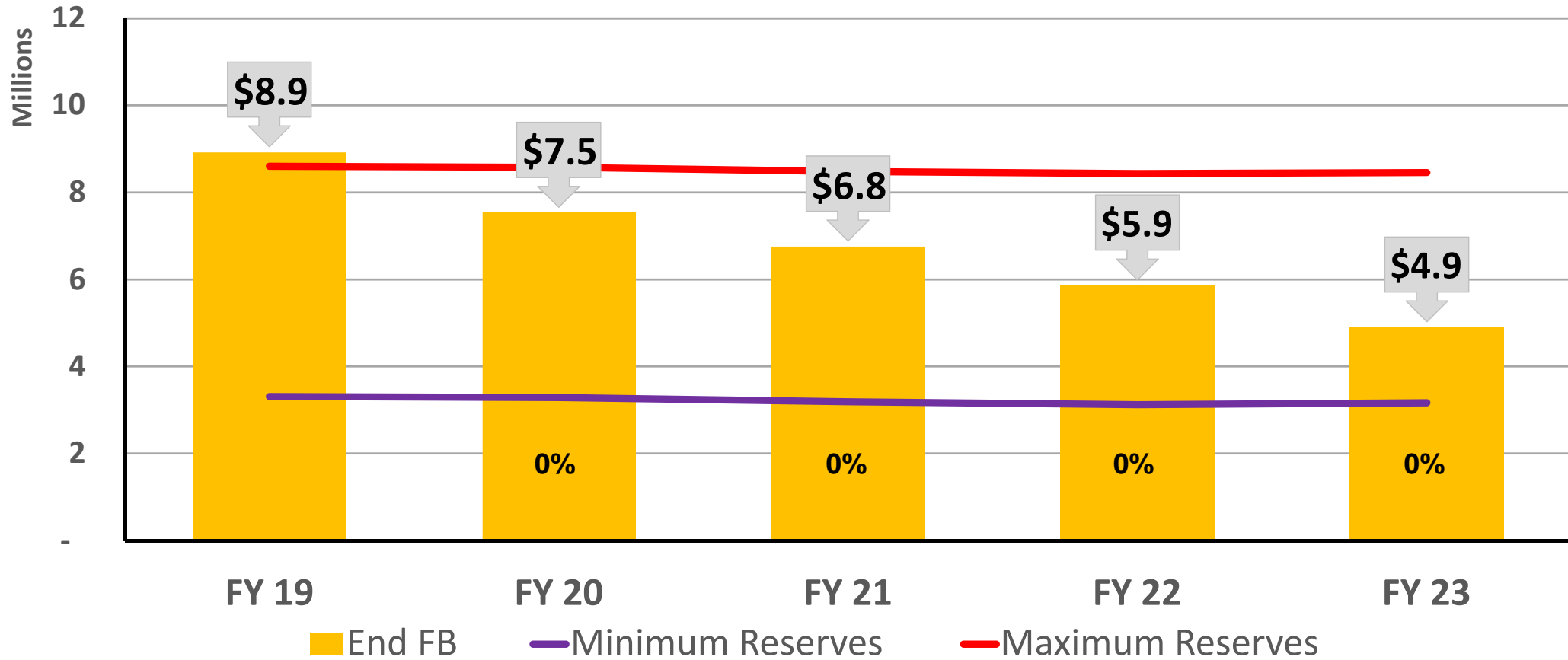
	FY 19	FY 20	
	Budgeted	Proposed	Variance
Total Expenditures	27,118	20,973	(6,146)
Total Revenues	24,095	18,879	(5,216)
Fund Balance Gain/(Loss)	(3,023)	(2,093)	930

Sewer Fund Projected Ending Fund Balances



- **Projected Savings**
 - Not budgeted
 - Non-Personal (\$200k)
 - CIP (\$300k)
- **Projected Structural Deficit**
 - \$1,400,000
- **Reserves would be between minimum and maximum**

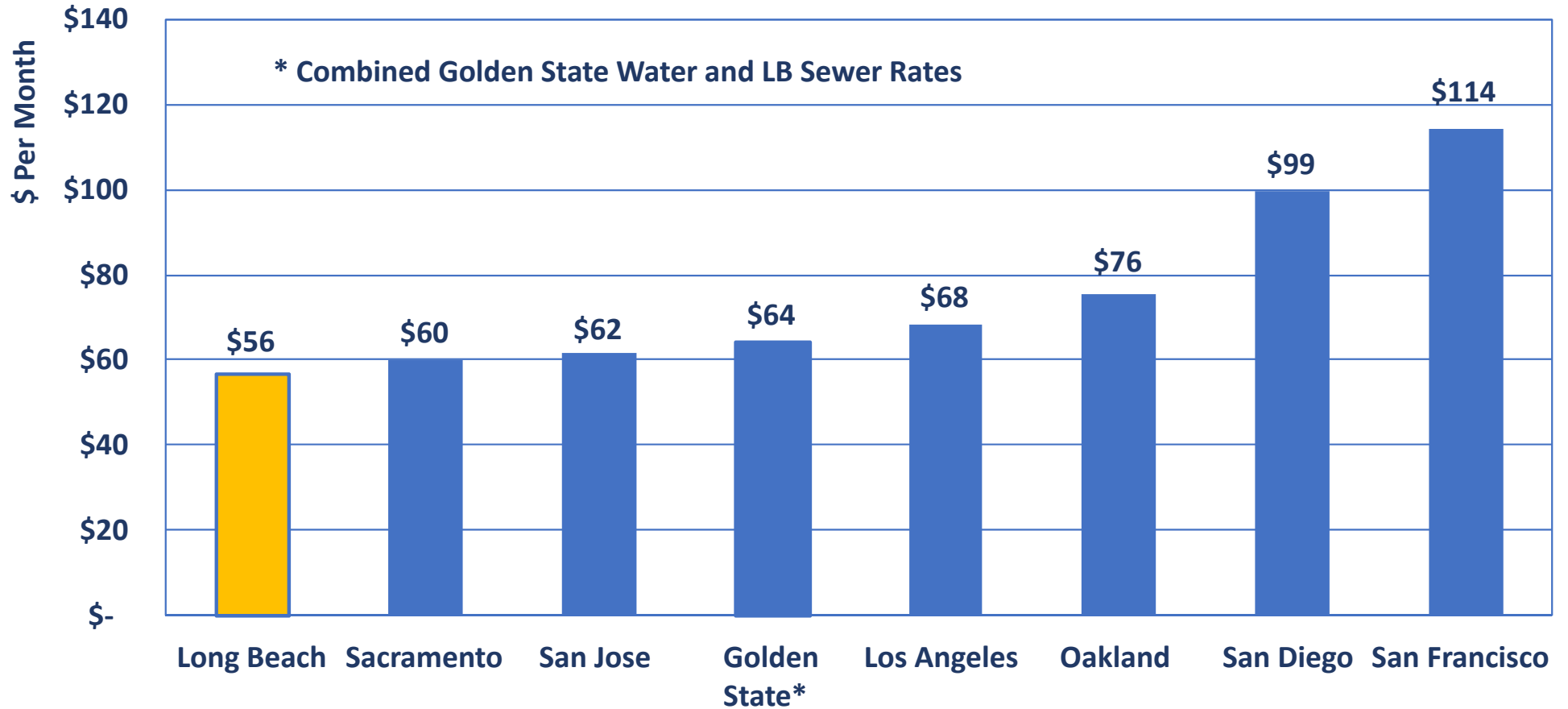
Sewer Fund Projected Ending Fund Balances



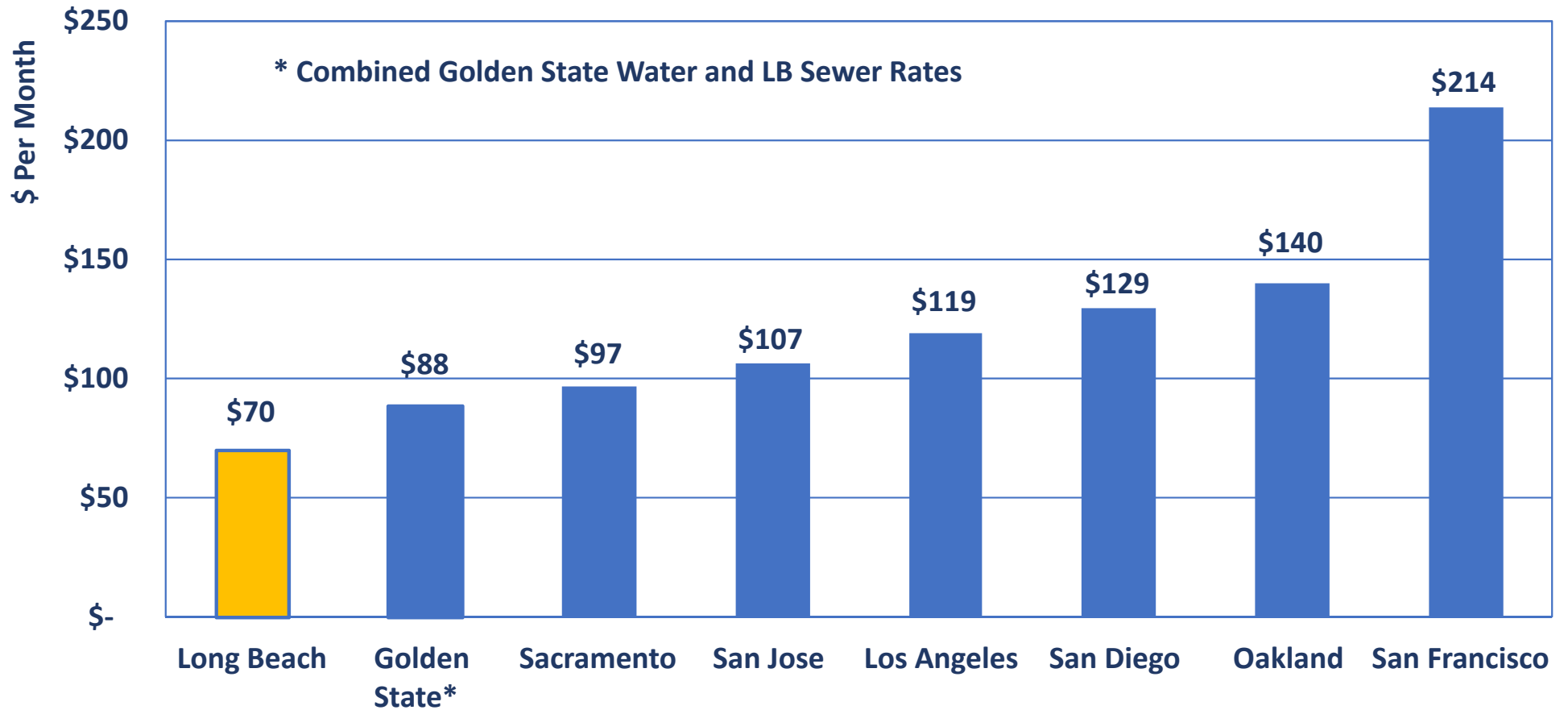
Rate Comparisons



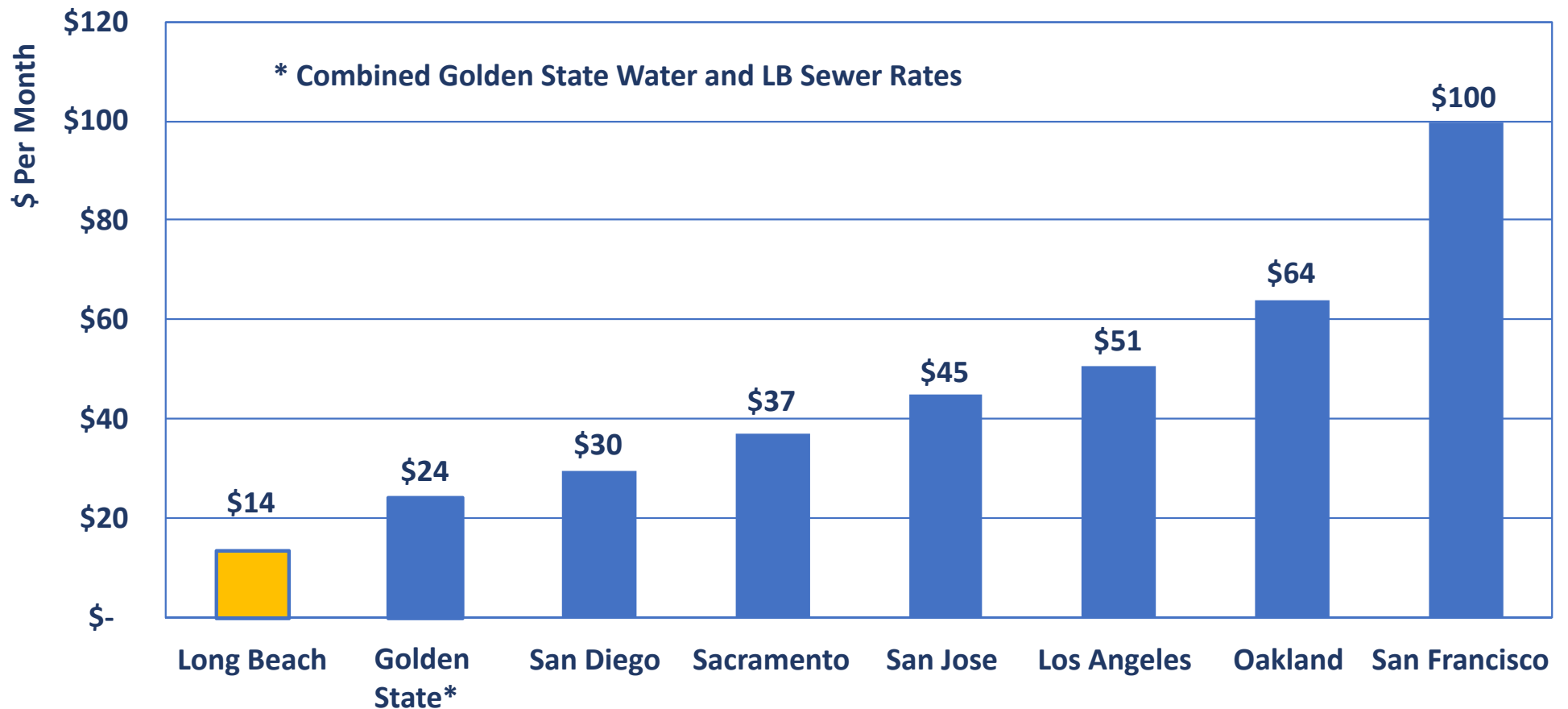
2010 Combined Bill Comparison (10 ccf Water & Sewer)



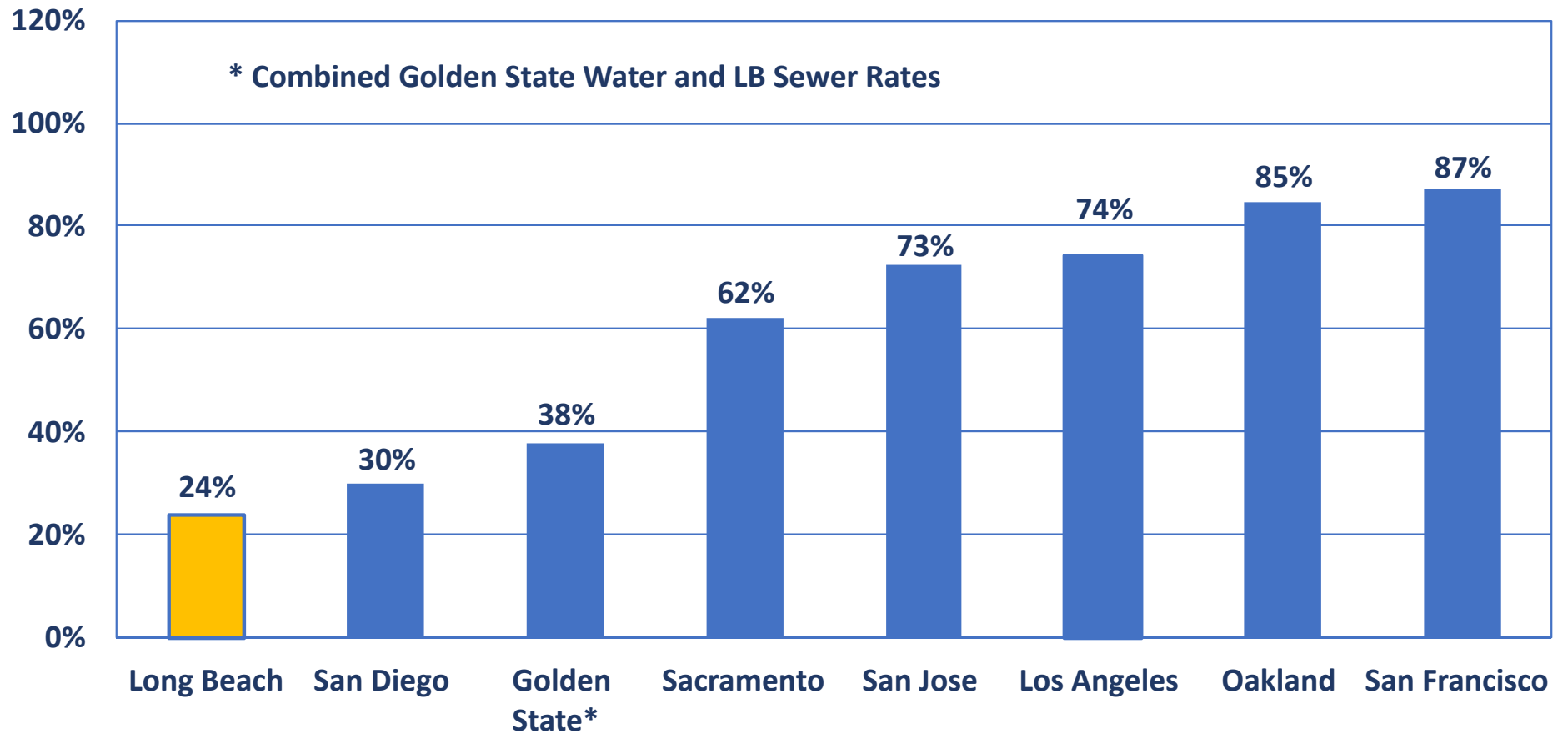
2019 Combined Bill Comparison (10 ccf Water & Sewer)



Combined Bill \$ Growth Since 2010



Combined Bill % Growth Since 2010



Next Steps

- **Input from Board for May 30 Budget Workshop**
- **May 30 - Budget Workshop**
- **June 13 - Budget and rate resolutions for Board adoption**
 - **Mail out Prop 218 notice**
- **July - Budget briefings with Mayor and City Council**
- **August 28 - Prop 218 Public Hearing**
- **September - City Council Adoption**
- **Budget and rates effective October 1, 2019**



Long Beach Water

Exceptional Water - Exceptional Service

