

Long Beach Utilities

BUDGET SUMMARY

Fiscal Year 2024



Overview

The newly merged Utilities Department continues the legacy of providing reliable, cost-effective, and high-quality drinking water, gas, and sewer services to Long Beach residents and businesses. With a service area covering Long Beach and parts of Signal Hill, the department serves a population of over 458,222 residents and numerous businesses, managing nearly 150,000 active accounts.

In FY 24, the Department continues to embark on significant infrastructure improvements initiative, utilizing debt to drill new local water wells, refurbish existing wells, and rehabilitate storage tanks. Despite facing rising construction costs and materials expenses, the Department remains committed to enhancing service delivery while minimizing the financial burden on customers.

Management of Utility Resources

To meet the diverse needs of customers, the Department employs a comprehensive approach to managing utility resources. Groundwater extraction from 24 active wells, coupled with imported supplies, water recycling, and conservation efforts, forms the backbone of the water supply system. Meanwhile, the newly merged department continues to deliver natural gas to approximately 1,800 miles of gas main and service pipelines, providing residents the much-needed commodity in their homes and businesses.

The Department relies on a combination of domestic production and imports via pipelines from other states (through So Cal Gas) for its natural gas supply. The specific sources vary depending on market conditions, contractual agreements, and infrastructure availability.

The Department meets the needs of its customers through an increasingly diverse portfolio of water resources. Local groundwater, combined with imported supplies, water recycling and water conservation are used in combination to meet the water demands within the service area.

The Department's proactive approach to water conservation, coupled with infrastructure investments, has enabled customers to achieve significant reductions in water consumption. Looking ahead, the Department remains committed to promoting sustainable practices and resilience in the face of climate change challenges.

With an extensive network of water, gas, and sewer infrastructure spanning hundreds of miles, the Department prioritizes maintenance and replacement efforts to ensure reliability and resilience. Investments in infrastructure upgrades, such as the transition from cast iron to ductile iron pipes, have contributed to a significant reduction in main breaks over the years.

The establishment of a Line of Credit in 2020 underscores the Department's commitment to modernizing its water system infrastructure, with planned capital improvements aimed at enhancing production, conveyance, treatment, and distribution capabilities.

Similarly, the Sewer Fund focuses on targeted infrastructure repairs and replacements in compliance with statewide regulations, ensuring the integrity of the sewer collection system. Since 2009, the Department's Sewer Fund capital expenditures have been focused on a large amount of capital work driven by the Sewer Master Plan. The Department's Sewer Master Plan was also updated in response to increased statewide regulations that required the preparation of a Master Plan and targeted infrastructure repairs and replacements to the sewer collection system. Statewide regulations also established additional annual activities such as televising and cleaning of sewer lines and a Fats, Oil, and Grease (FOG) reduction program.

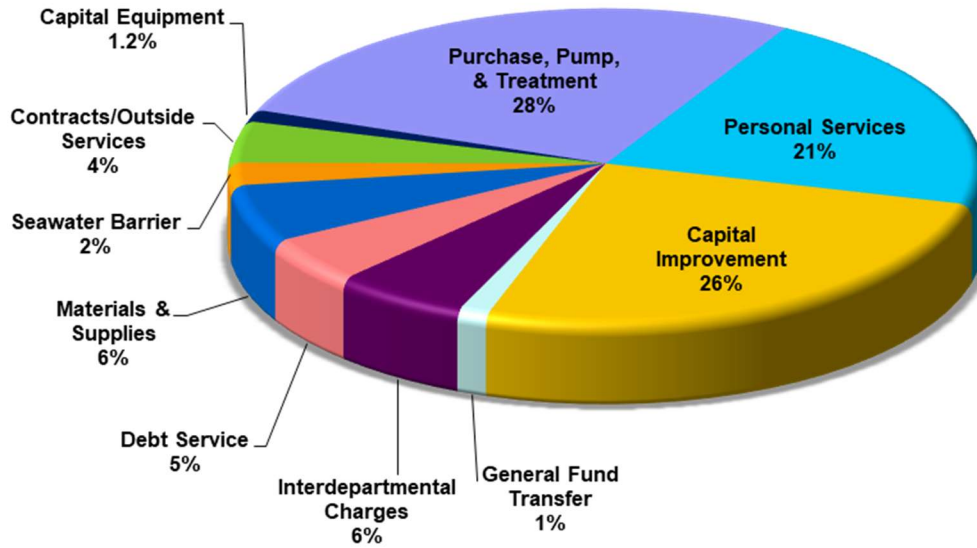
Budget Highlights

Please refer to Figures 1 - 6 for the budget summaries of the Water, Sewer, and Gas Funds.

- FY 24 Water Fund expenditures total \$162.5 million, a 4% increase compared to the FY 23 budget.
- FY 24 Water Fund revenues total \$168.3 million, a 14% increase compared to the FY 23 budget.
- FY 24 Sewer Fund expenditures total \$23.6 million, a 2% increase compared to the FY 23 budget.
- FY 24 Sewer Fund revenues total \$21.4 million, a 4% increase compared to the FY 23 budget.
- FY 24 Gas Fund expenditures total \$130.7 million, a 9% increase compared to the FY 23 budget.
- FY 24 Gas Fund revenues total \$129.1 million, an 8% increase compared to the FY 23 budget.

FIGURE 1

**Water Fund
FY 24 Expenditures**

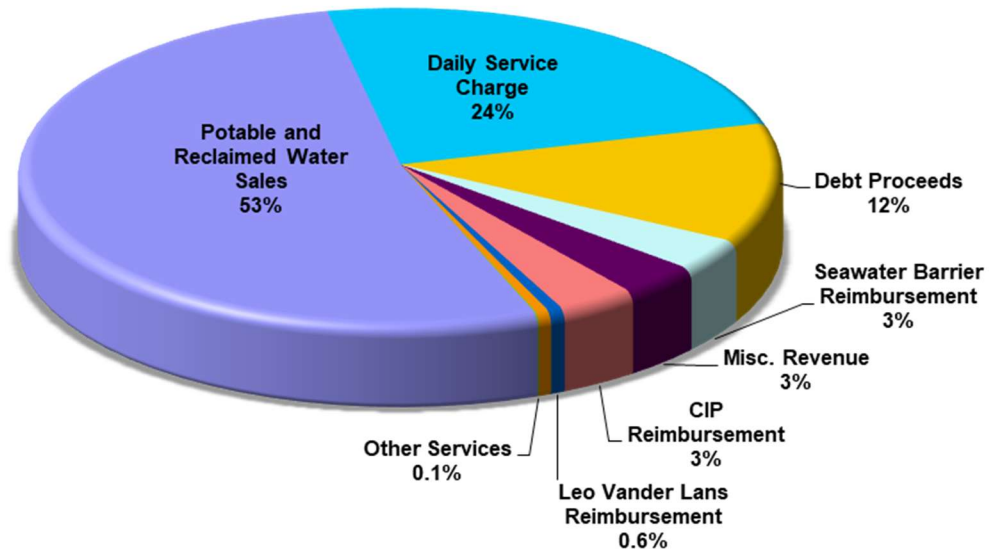


Expenditures (in \$1,000's): Budget-to-Budget Comparison

| | FY 23 Budget | FY 24 Budget | Change | Percent Change |
|-----------------------------|-------------------------|-------------------------|---------------|---------------------------|
| Purchase, Pump, & Treatment | 44,630 | 44,786 | 156 | 0% |
| Personal Services | 34,173 | 34,161 | (13) | 0% |
| Capital Improvement | 41,127 | 42,208 | 1,081 | 3% |
| General Fund Transfer | 2,100 | 2,100 | - | 0% |
| Interdepartmental Charges | 8,834 | 9,366 | 532 | 6% |
| Debt Service | 7,415 | 7,655 | 240 | 3% |
| Materials & Supplies | 6,250 | 9,565 | 3,315 | 53% |
| Seawater Barrier | 4,029 | 3,763 | (266) | -7% |
| Contracts/Outside Services | 5,880 | 6,900 | 1,020 | 17% |
| Capital Equipment | 2,403 | 1,962 | (441) | -18% |
| Total Expenditures | 156,842 | 162,466 | 5,624 | 4% |

FIGURE 2

**Water Fund
FY 24 Revenues**

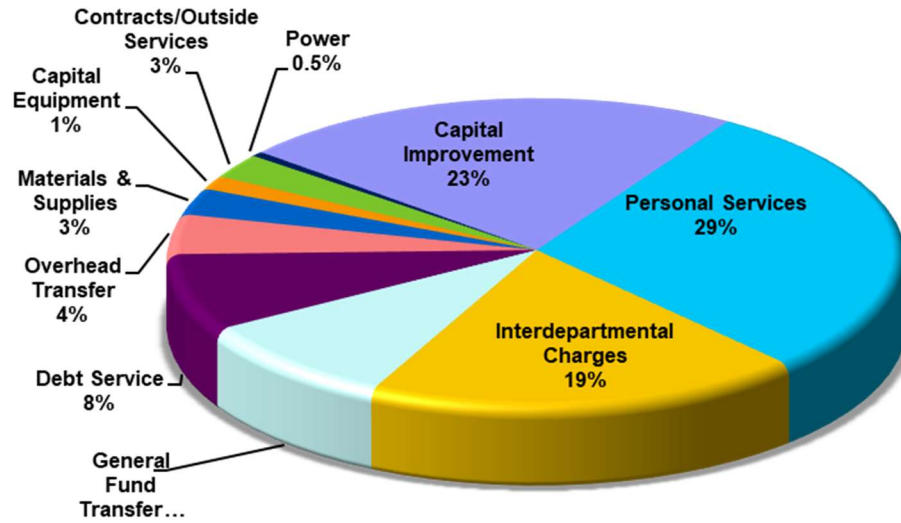


Revenues (in \$1,000's): Budget-to-Budget Comparison

| | FY 23 Budget | FY 24 Budget | Change | Percent Change |
|-----------------------------------|-------------------------|-------------------------|---------------|---------------------------|
| Potable and Reclaimed Water Sales | 81,227 | 88,656 | 7,429 | 9% |
| Daily Service Charge | 36,557 | 40,321 | 3,764 | 10% |
| Debt Proceeds | 16,663 | 20,500 | 3,837 | 23% |
| Seawater Barrier Reimbursement | 5,563 | 5,563 | - | 0% |
| Misc. Revenue | 2,490 | 5,642 | 3,152 | 127% |
| CIP Reimbursement | 3,025 | 5,608 | 2,583 | 0% |
| Leo Vander Lans Reimbursement | 1,045 | 1,045 | - | 0% |
| Grants | 750 | 904 | 154 | 0% |
| Other Services | 619 | 106 | (513) | -83% |
| Total Revenues | 147,938 | 168,345 | 20,407 | 14% |

FIGURE 3

**Sewer Fund
FY 24 Expenditures**

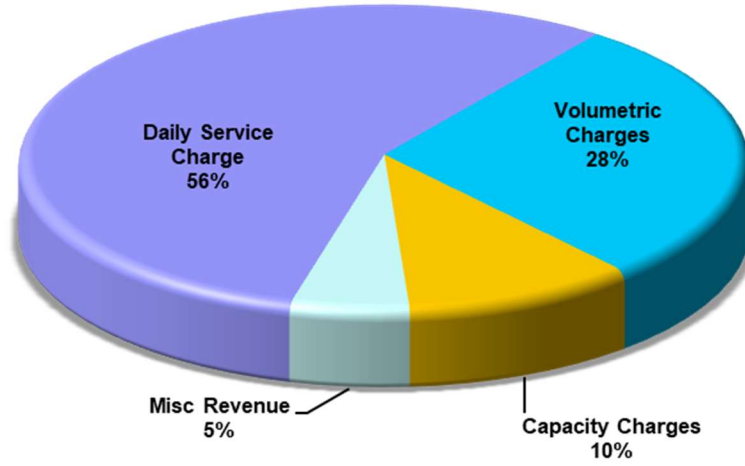


Expenditures (in \$1,000's): Budget-to-Budget Comparison

| | FY 23 Budget | FY 24 Budget | Change | Percent Change |
|----------------------------|-------------------------|-------------------------|---------------|---------------------------|
| Capital Improvement | 5,179 | 5,379 | 200 | 4% |
| Personal Services | 6,826 | 6,866 | 40 | 1% |
| Interdepartmental Charges | 4,337 | 4,542 | 205 | 5% |
| General Fund Transfer | 2,161 | 2,161 | - | 0% |
| Debt Service | 1,896 | 1,896 | - | 0% |
| Overhead Transfer | 1,253 | 986 | (268) | -21% |
| Materials & Supplies | 657 | 661 | 4 | 1% |
| Capital Equipment | 322 | 340 | 18 | 6% |
| Contracts/Outside Services | 444 | 613 | 169 | 38% |
| Power | 112 | 120 | 8 | 8% |
| Total Expenditures | 23,188 | 23,564 | 376 | 2% |

FIGURE 4

**Sewer Fund
FY 24 Revenues**

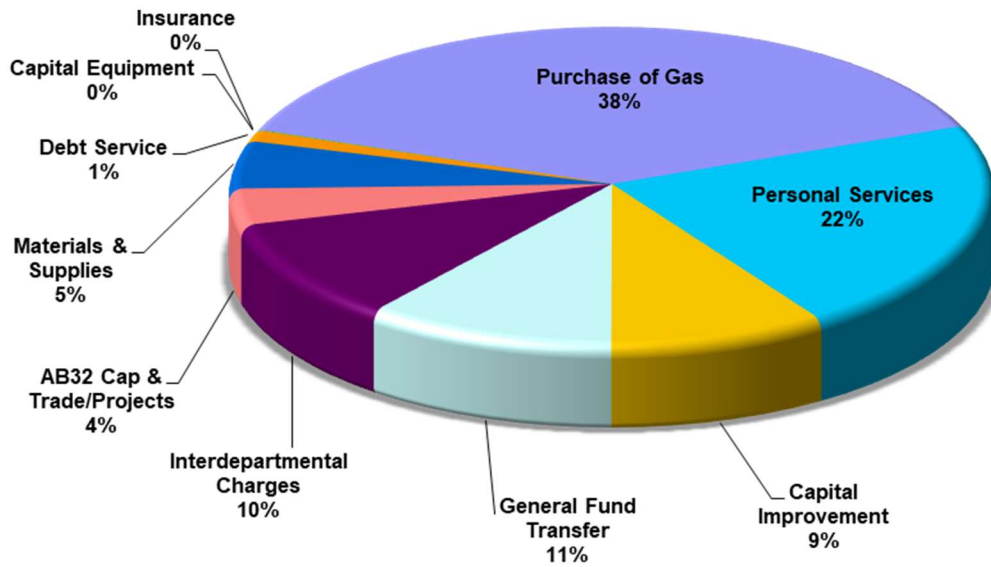


Revenues (in \$1,000's): Budget-to-Budget Comparison

| | FY 23 Budget | FY 24 Budget | Change | Percent Change |
|-----------------------|-------------------------|-------------------------|---------------|---------------------------|
| Daily Service Charge | 12,215 | 11,993 | (222) | -2% |
| Volumetric Charges | 6,186 | 6,073 | (112) | -2% |
| Capacity Charges | 2,000 | 2,200 | 200 | 10% |
| Misc Revenue | 263 | 1,130 | 867 | 329% |
| Total Revenues | 20,664 | 21,396 | 732 | 4% |

FIGURE 5

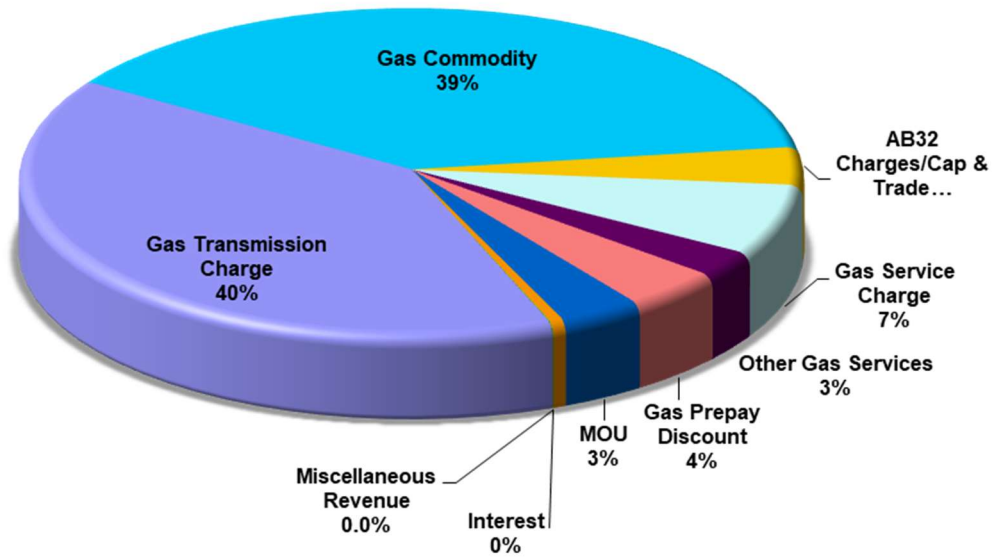
**Gas Fund
FY 24 Expenditures**



| | FY23 Budget | FY 24 Budget | Change | Percent Change |
|---------------------------|------------------------|-------------------------|---------------|---------------------------|
| Purchase of Gas | 37,140 | 50,323 | 13,183 | 35% |
| Personal Services | 27,366 | 28,448 | 1,082 | 4% |
| Capital Improvement | 12,050 | 12,050 | - | 0% |
| General Fund Transfer | 13,898 | 13,898 | - | 0% |
| Interdepartmental Charges | 11,879 | 13,345 | 1,466 | 12% |
| AB32 Cap & Trade/Projects | 11,883 | 4,800 | (7,083) | -60% |
| Materials & Supplies | 3,167 | 6,305 | 3,138 | 99% |
| Debt Service | 1,415 | 1,444 | 29 | 2% |
| Capital Equipment | 738 | 117 | (621) | -84% |
| Insurance | 2 | 2 | - | 0% |
| Total Expenditures | 119,540 | 130,733 | 11,193 | 9% |

FIGURE 6

**Gas Fund
FY 24 Revenues**



| | FY 23 Budget | FY 24 Budget | Change | Percent Change |
|--|-------------------------|-------------------------|---------------|---------------------------|
| Gas Transmission Charge | 51,471 | 51,507 | 36 | 0% |
| Gas Commodity | 31,584 | 50,000 | 18,416 | 58% |
| AB32 Charges/Cap & Trade | 11,300 | 4,800 | (6,500) | -58% |
| Gas Service Charge | 9,044 | 9,044 | - | 0% |
| Other Gas Services | 5,748 | 3,358 | (2,390) | -42% |
| Gas Prepay Discount | 5,204 | 5,204 | - | 0% |
| MOU | 4,436 | 4,436 | - | 0% |
| Miscellaneous Refunds & Reimbursements | 726 | 694 | (32) | 0% |
| Interest | 60 | 60 | - | 0% |
| Miscellaneous Revenue | 8 | 8 | - | 0% |
| Total Revenues | 119,581 | 129,110 | 9,530 | 8% |