

Water Department Proposed Budget and Rates for Fiscal Year 2021-2022

May 20, 2021



Presentation Summary

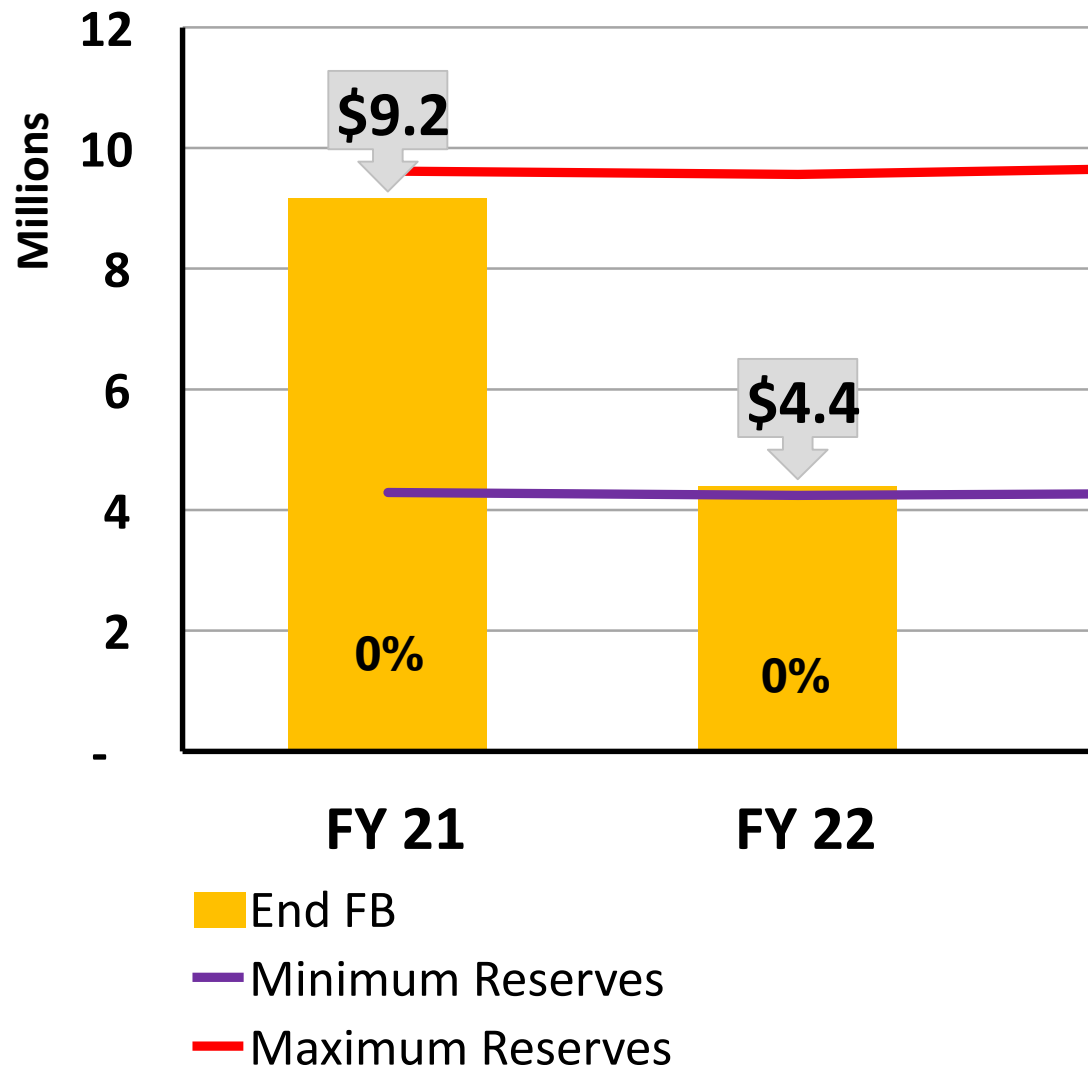
- Sewer Fund Projected Ending Reserves and 5-Yr Projection
- Water Fund Projected Ending Reserves and 5-yr Projection
- FY 22 Rate Comparisons
- Next Steps



Sewer Fund



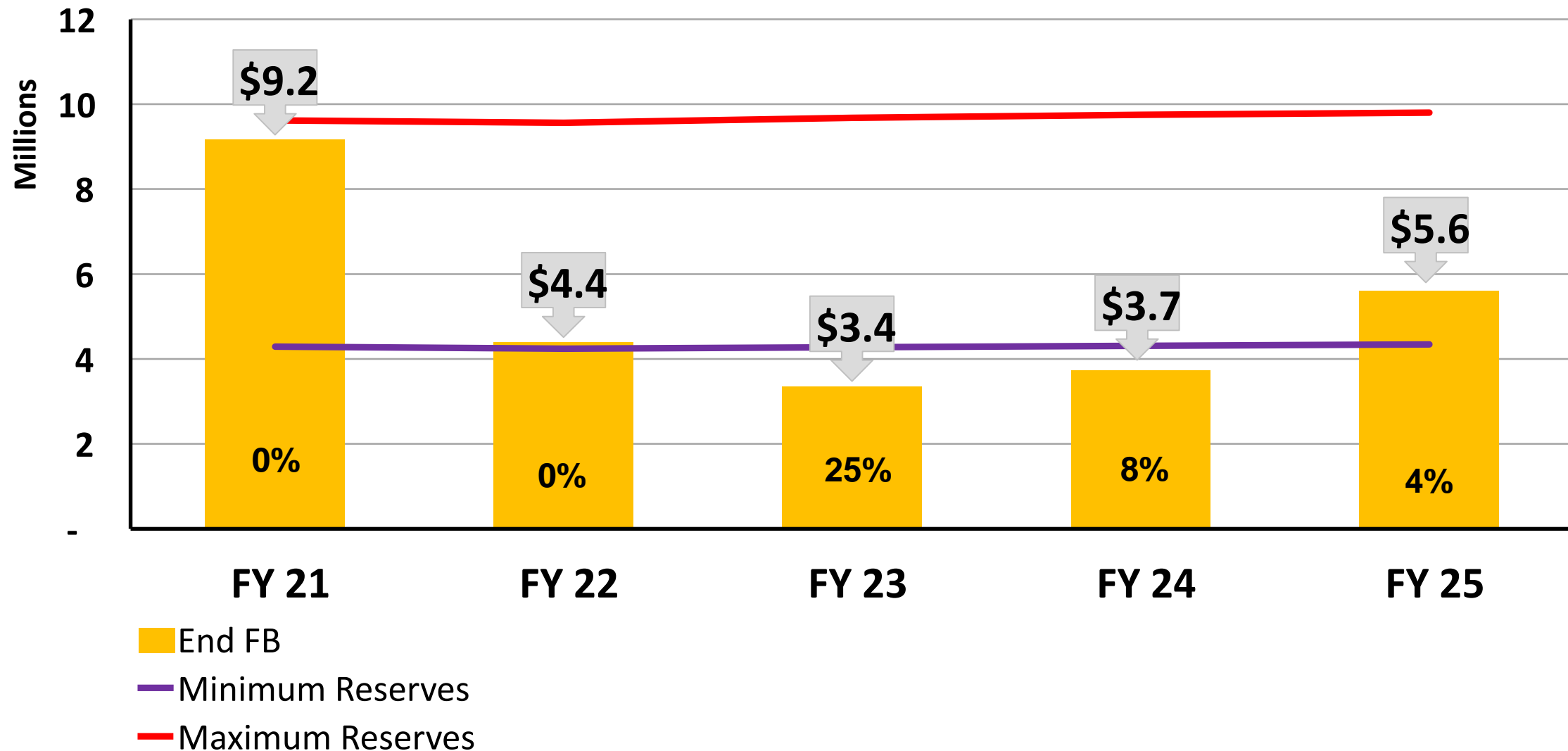
FY 22 Sewer Fund Projected Ending Reserves



- Budgeted Deficit
 - \$5,600,000
- Projected Savings
 - Not budgeted
 - Non-Personal (-\$100k)
 - CIP (-\$750k)
- Projected Deficit
 - \$4,800,000



5-Yr Sewer Fund Projected Ending Reserves (With no FY 22 Sewer rate increase)

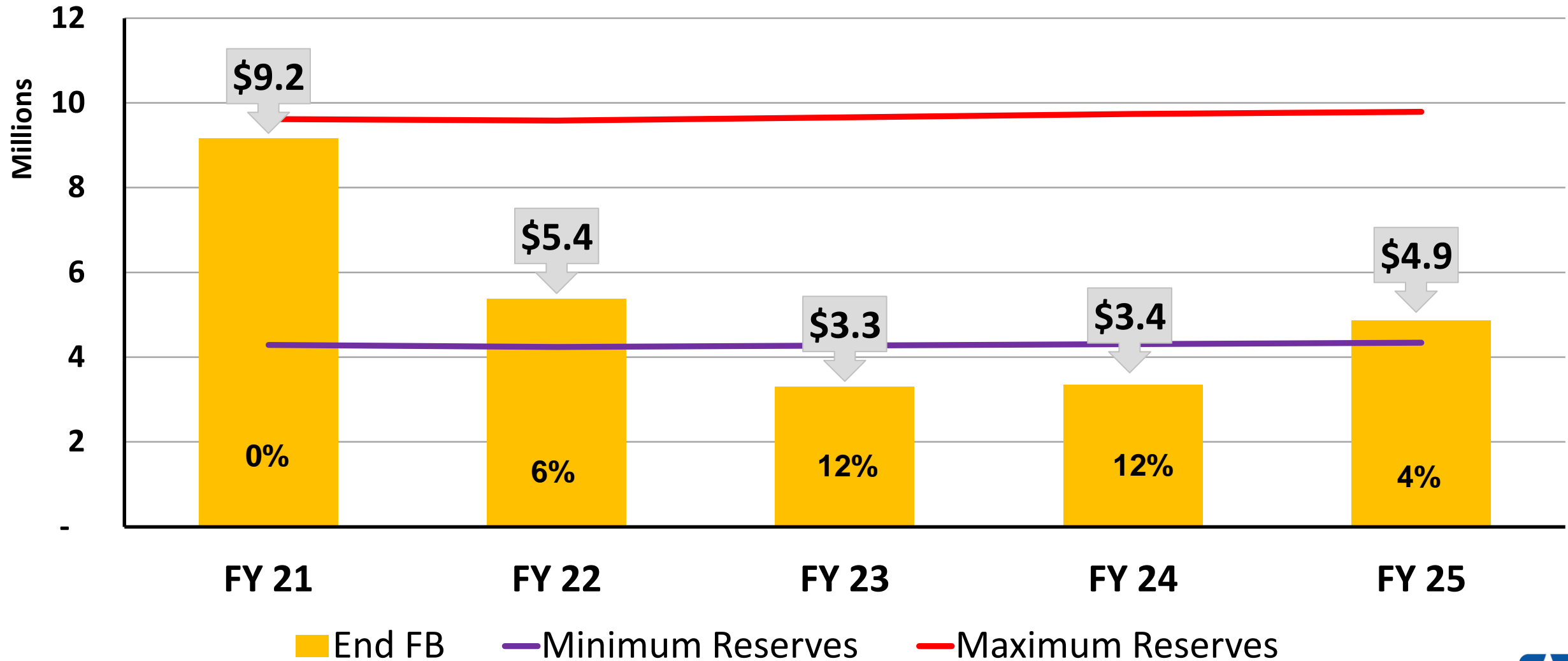


Structural Deficit Rate Options

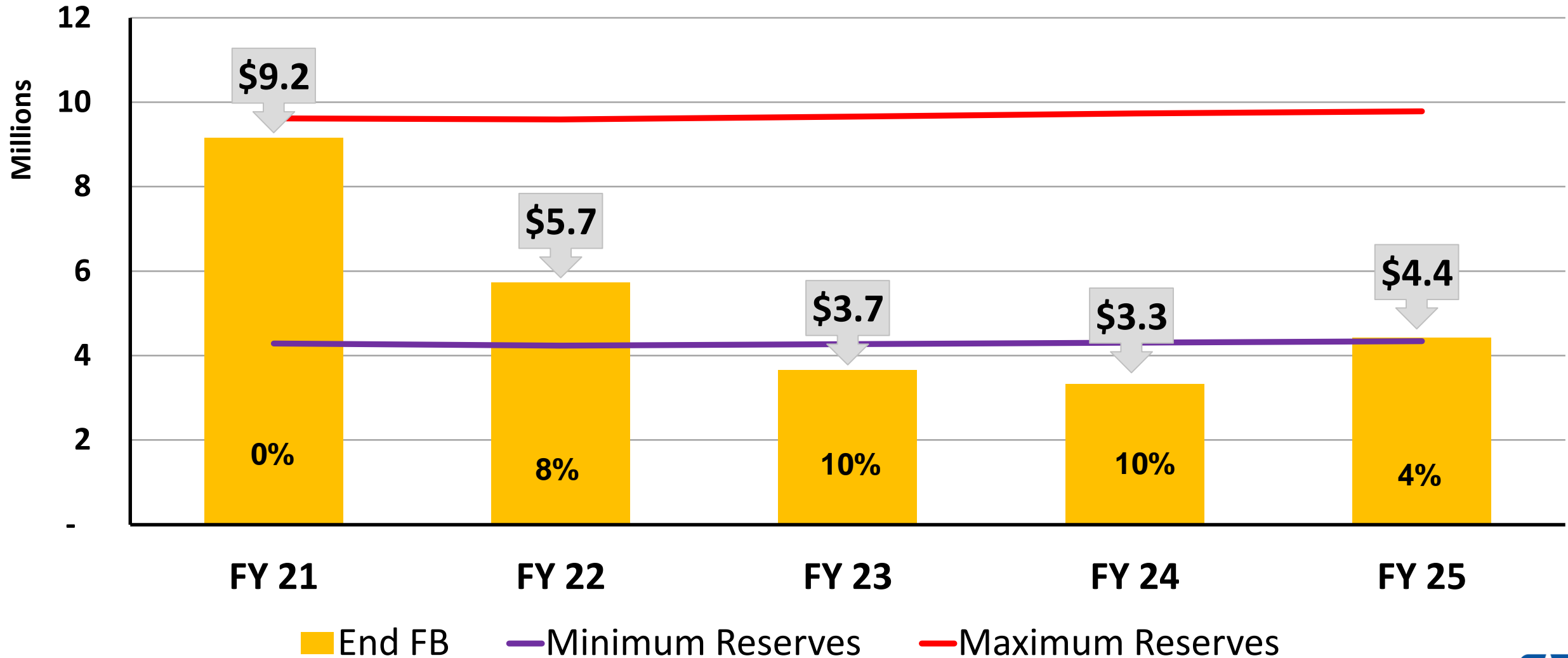
- Projected Structural Deficit - \$4,800,000
- 1% Sewer Rate Increase = \$170,000 in revenue
- Scenario 1 – Increase Sewer Rates by 6%
- Scenario 2 – Increase Sewer Rates by 8%
- Scenario 3 – Increase Sewer Rates by 10%



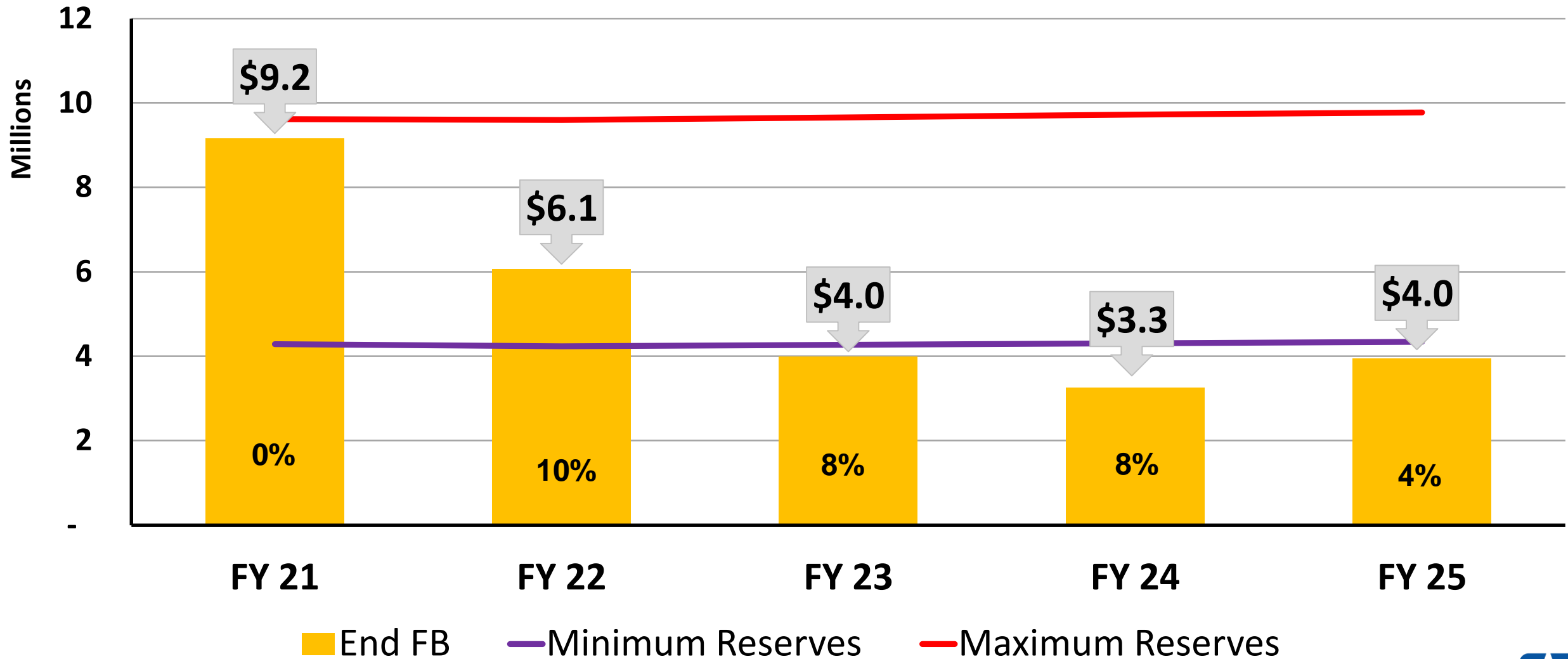
Sewer Rate Scenario #1 – 6% Increase



Sewer Rate Scenario #2 – 8% Increase



Sewer Rate Scenario #3 – 10% Increase



Sewer Rate Scenarios

Effects on Typical Monthly Sewer Bill*

Rate Scenarios	FY 22
Sewer Rate Scenario 1 - 6%	\$0.63
Sewer Rate Scenario 2 - 8%	\$0.83
Sewer Rate Scenario 3 - 10%	\$1.05

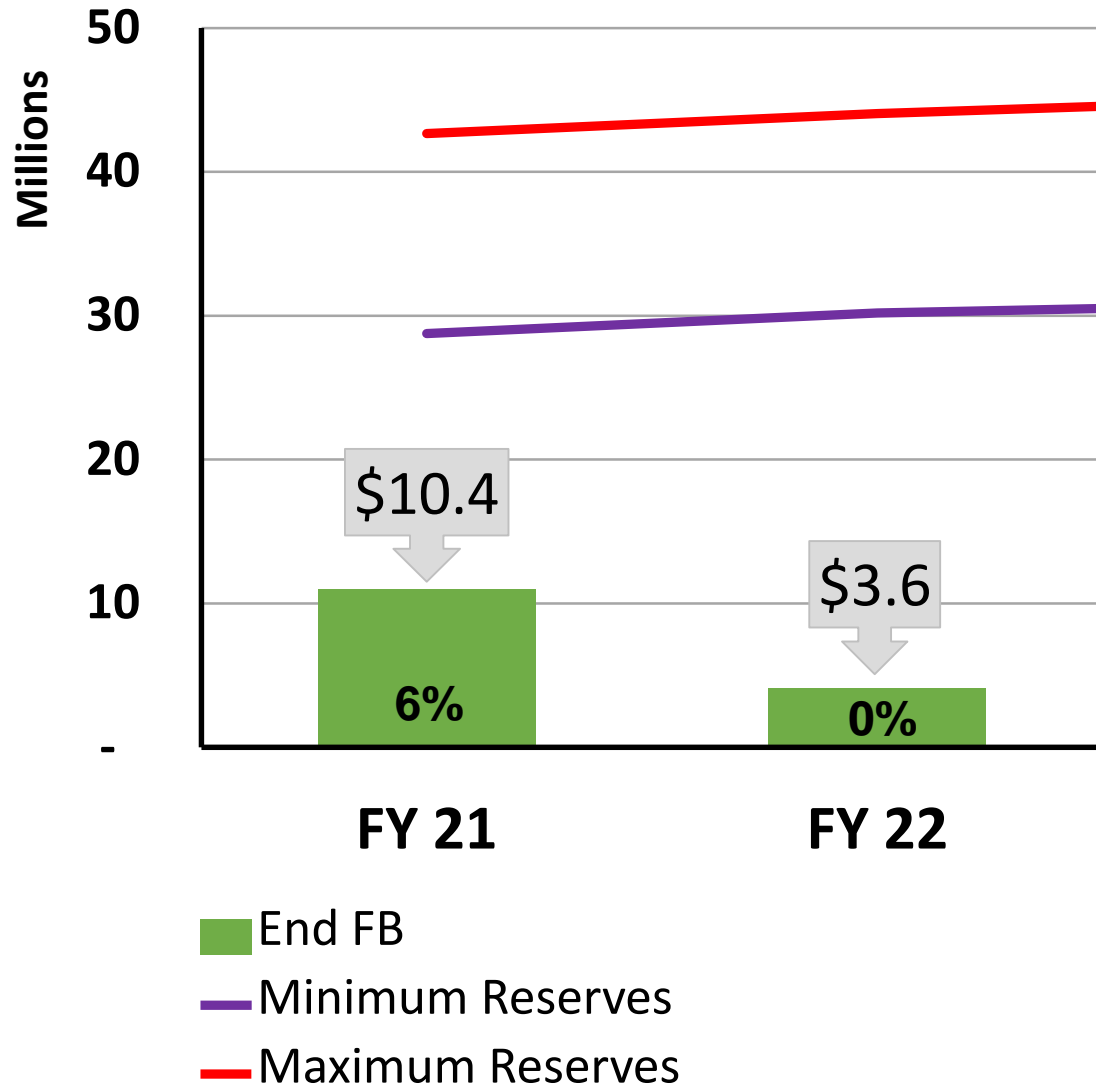
* Typical Bill - 10 billing units Sewer



Water Fund



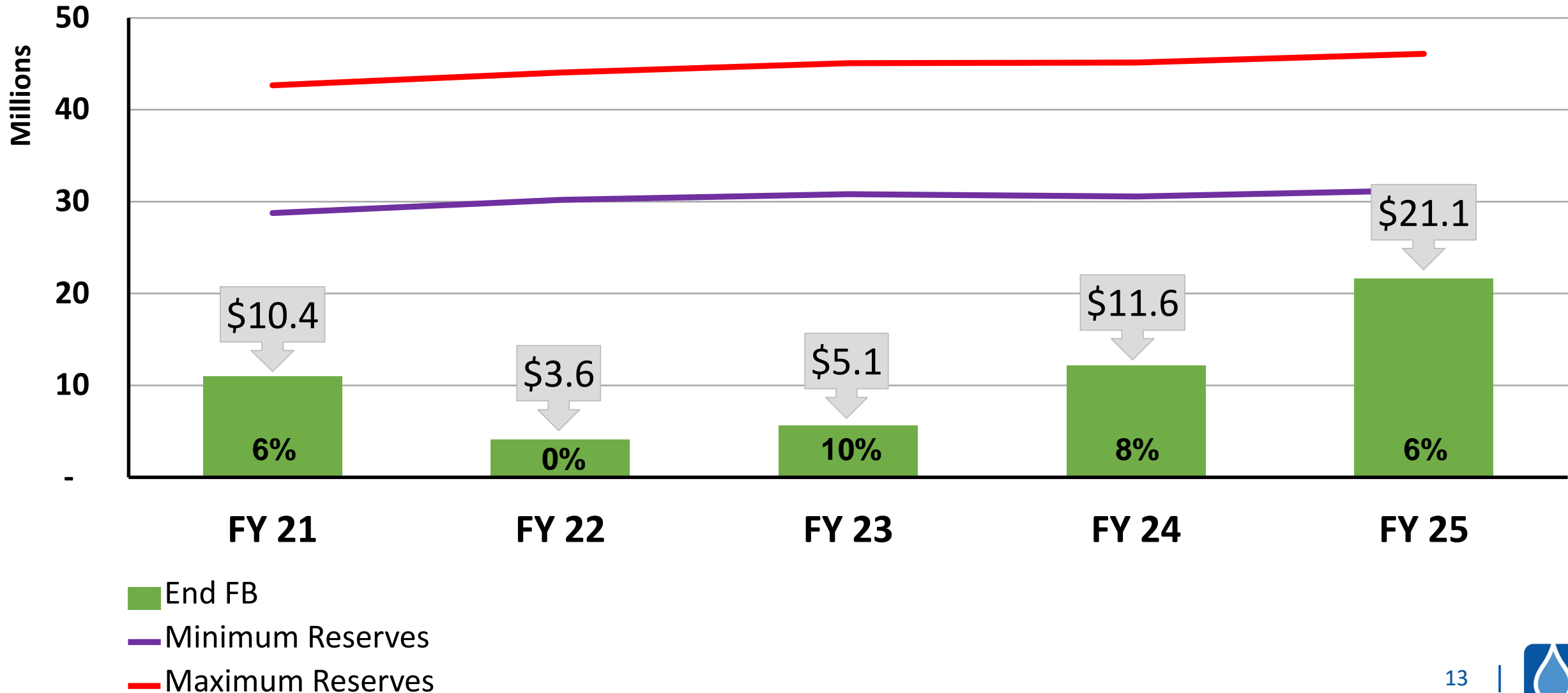
FY 22 Water Fund Projected Ending Reserves



- Budgeted Deficit
 - \$8,300,000
- Projected Savings
 - Not budgeted
 - Non-Personal (-\$500k)
 - CIP (-\$1.0 M)
- Projected Deficit
 - \$6,800,000



5-Yr Water Fund Projected Ending Reserves (With no FY 22 Water rate increase)

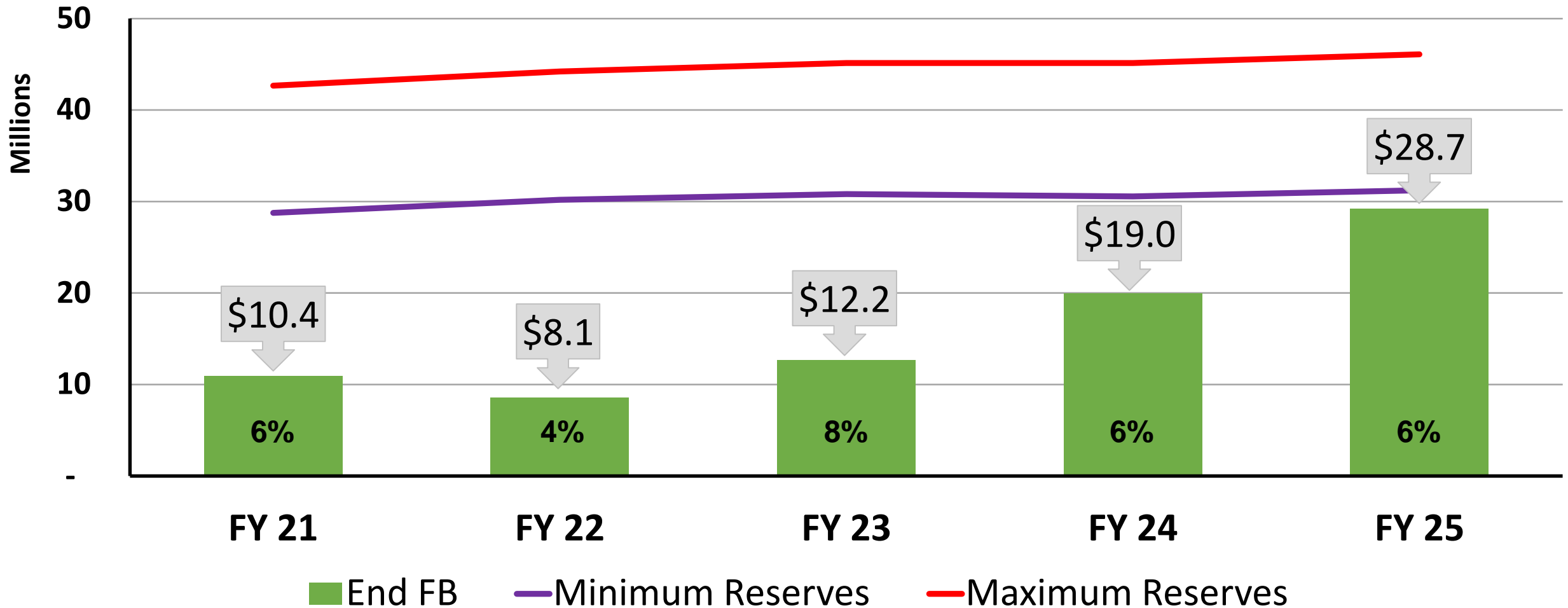


Structural Deficit Rate Options

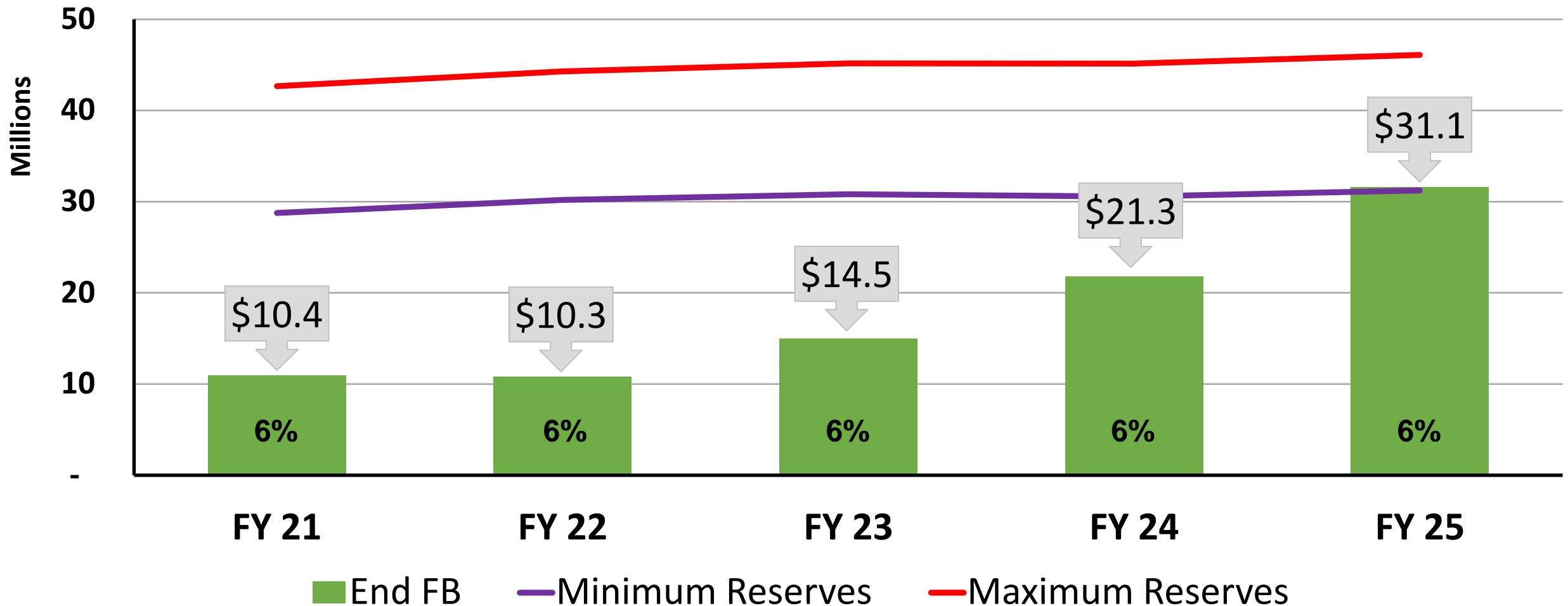
- Projected Structural Deficit - \$6,800,000
- 1% Water Rate Increase = \$1,100,000 in revenue
- Scenario 1 – Increase Water Rates by 4%
- Scenario 2 – Increase Water Rates by 6%
- Scenario 3 – Increase Water Rates by 8%



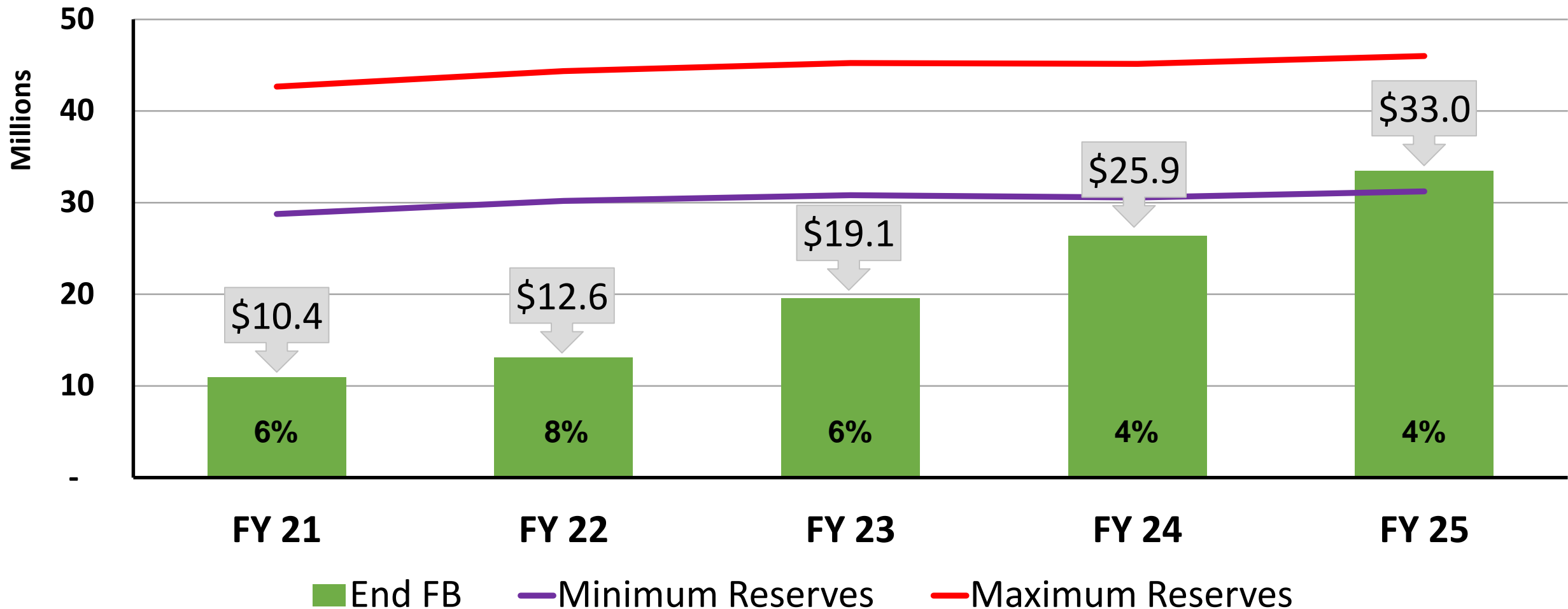
Water Rate Scenario #1 – 4% Increase



Water Rate Scenario #2 – 6% Increase



Water Rate Scenario #3 – 8% Increase



Water Rate Scenarios

Effects on Typical Monthly Water Bill*

Rate Scenarios	FY 22
Water Rate Scenario 1 - 4%	\$2.17
Water Rate Scenario 2 - 6%	\$3.25
Water Rate Scenario 3 - 8%	\$4.34

* Typical Bill - 10 billing units Water



FY 22 Rate Comparisons



City Benchmarking Analysis

- Cities

- Long Beach
- Anaheim
- Bakersfield
- Burbank
- Cerritos
- Downey
- Fresno
- Fullerton
- Glendale
- Golden State
- Lakewood
- Los Angeles
- Oakland
- Pasadena
- Pomona
- Sacramento
- San Diego
- San Francisco
- San Jose
- Santa Ana
- Santa Monica

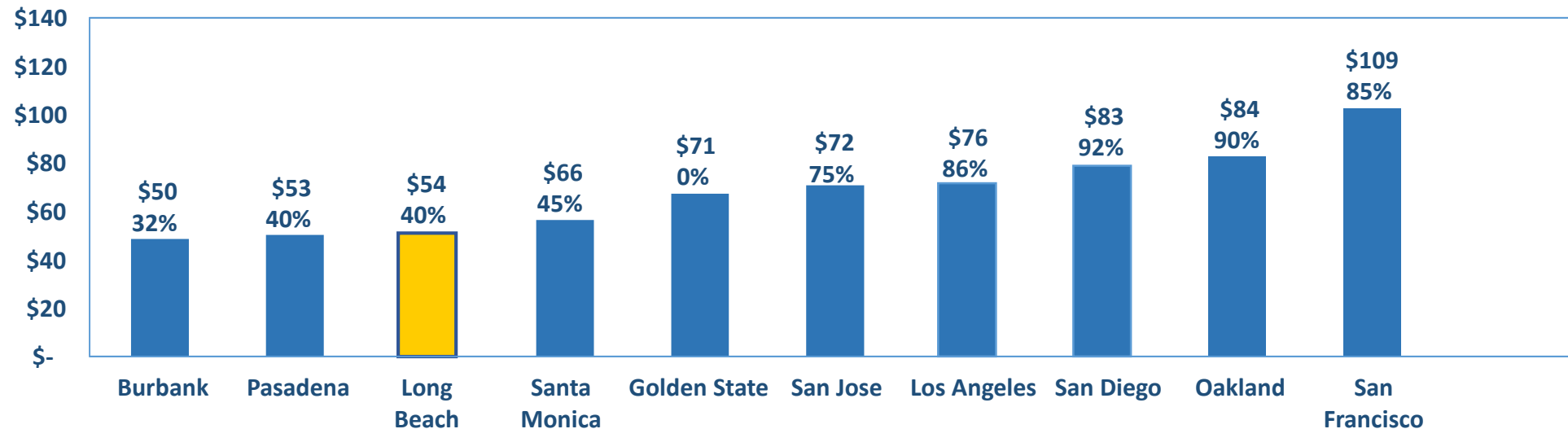
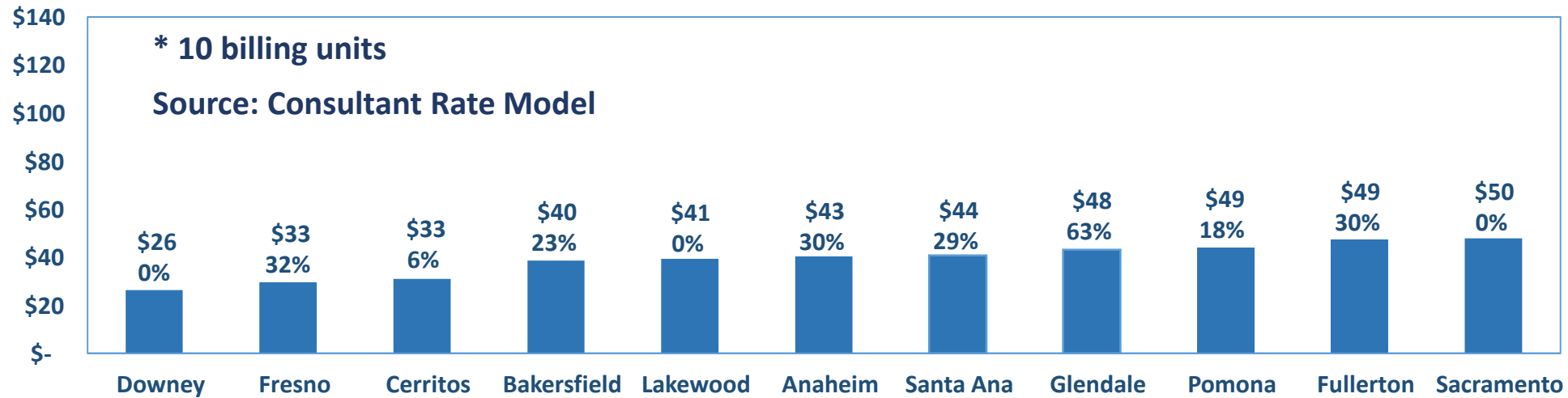


City Benchmarking Analysis

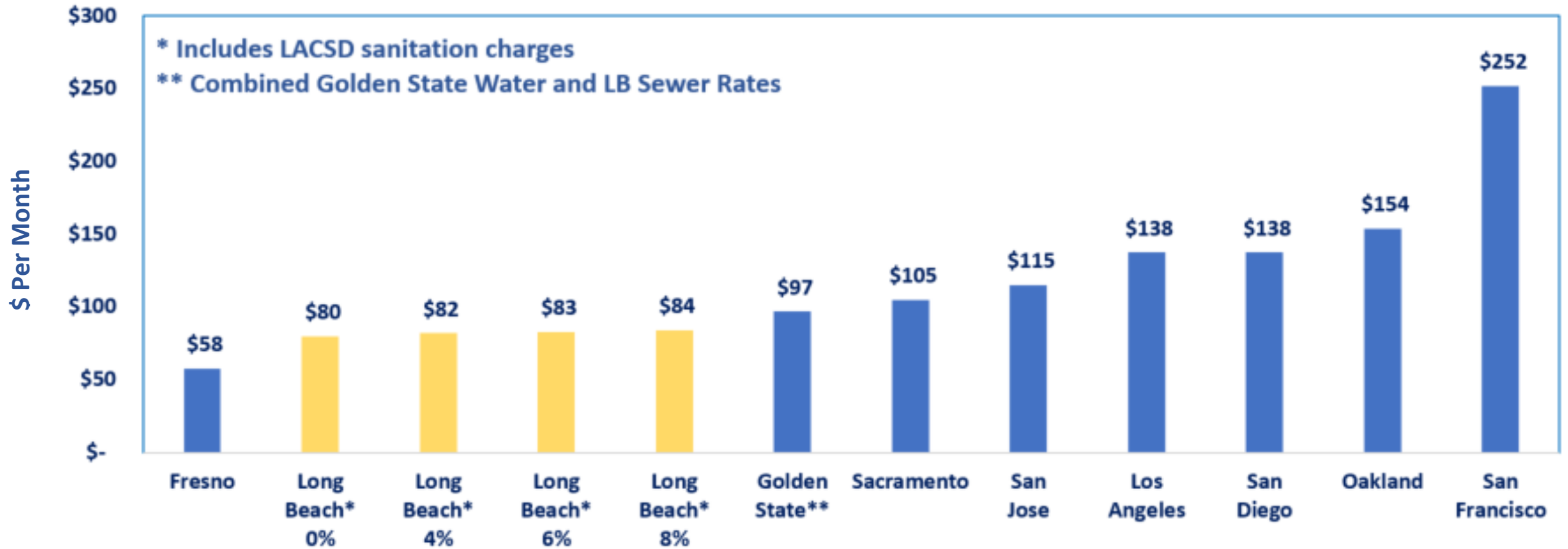
- Typical Bills
 - Water Bill
 - Sewer Bill
- Demographics
 - Population
 - Water Demand
 - Service Connections
- Asset Values
 - Total Capital Assets
 - % Change in Capital Assets Over Time
- Water Supply Mix
 - Imported
 - Ground
 - Surface
 - Recycled



FY 21 Water Bill* and Imported Water %



FY 22 Combined Bill Comparison (Water & Sewer)



Source: Consultant Rate Model



Next Steps

- Budget Workshop #3 June (If Requested)
- Budget and Rates Adoption
 - Target Date June 24
 - Mail out Prop 218 Notice (If Needed)
- Prop 218 Hearing (If Needed)





Long Beach Water

Exceptional Water • Exceptional Service

