

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

June 10, 2021



Presentation Summary

- Review Discretionary Reductions
- Revisit Sewer and Water Projections
- Review Rate Scenarios and Recommendations
- FY 22 Rate Comparisons
- Next Steps



Sewer FY 22 Discretionary Reductions

	FY 22 vs FY 20
Misc Materials & Supplies	(30,000)
Machinery Repair Services	(20,000)
Auto Equipment Parts	(20,000)
Training	(13,500)
Janitorial Supplies	(8,000)
Machinery Parts	(7,500)
Technical Services	(7,000)
Electrical Supplies	(6,500)
Safety Equipment	(5,000)
Tires	(5,000)
Paint Supplies	(4,000)
Pipes & Fittings	(3,000)
Total Discretionary Reductions	(129,500)



Water FY 22 Discretionary Reductions

	FY 21 vs FY 20	FY 22 vs FY 20		FY 21 vs FY 20	FY 22 vs FY 20
Technical Services	(202,000)	(128,000)	Exec Sponsorships	(13,000)	(13,000)
Electrical Supplies	(71,500)	(36,500)	Office Supplies	(12,100)	1,800
Machinery Repair Services	(65,000)	(49,500)	Paint Supplies	(12,000)	(6,000)
Financial Services	(36,000)	(36,000)	Carpentry Supplies	-	(10,050)
Fencing Contractors	(30,000)	(20,000)	Planning & Survey Services	(10,000)	(10,000)
Pipes, Valves & Fittings	(28,700)	(20,200)	Investigative Services	(10,000)	(10,000)
Travel	(26,000)	(4,000)	Postage	-	(10,000)
Automotive Repairs	(25,000)	(40,000)	Small Tools	(8,500)	(7,500)
Traffic Signs and Barricades	(25,000)	(21,000)	Seminars	(6,000)	(6,600)
Memberships	(24,700)	1,300	Welding Supplies	(6,000)	(6,000)
Plumbing Supplies	(20,000)	64,000	Gardening	-	(6,000)
Janitorial Supplies	(19,400)	(11,400)	Structural Maintenance Services	(5,000)	(5,000)
Office Machine Rentals	-	(16,500)	Telecommunication Services	(5,000)	(25,000)
Incentive Awards	-	(15,000)	Public Affairs Sponsorships	(5,000)	(6,000)
			Total Discretionary Reductions	(665,900)	(452,150)



FY 21 Board Reductions

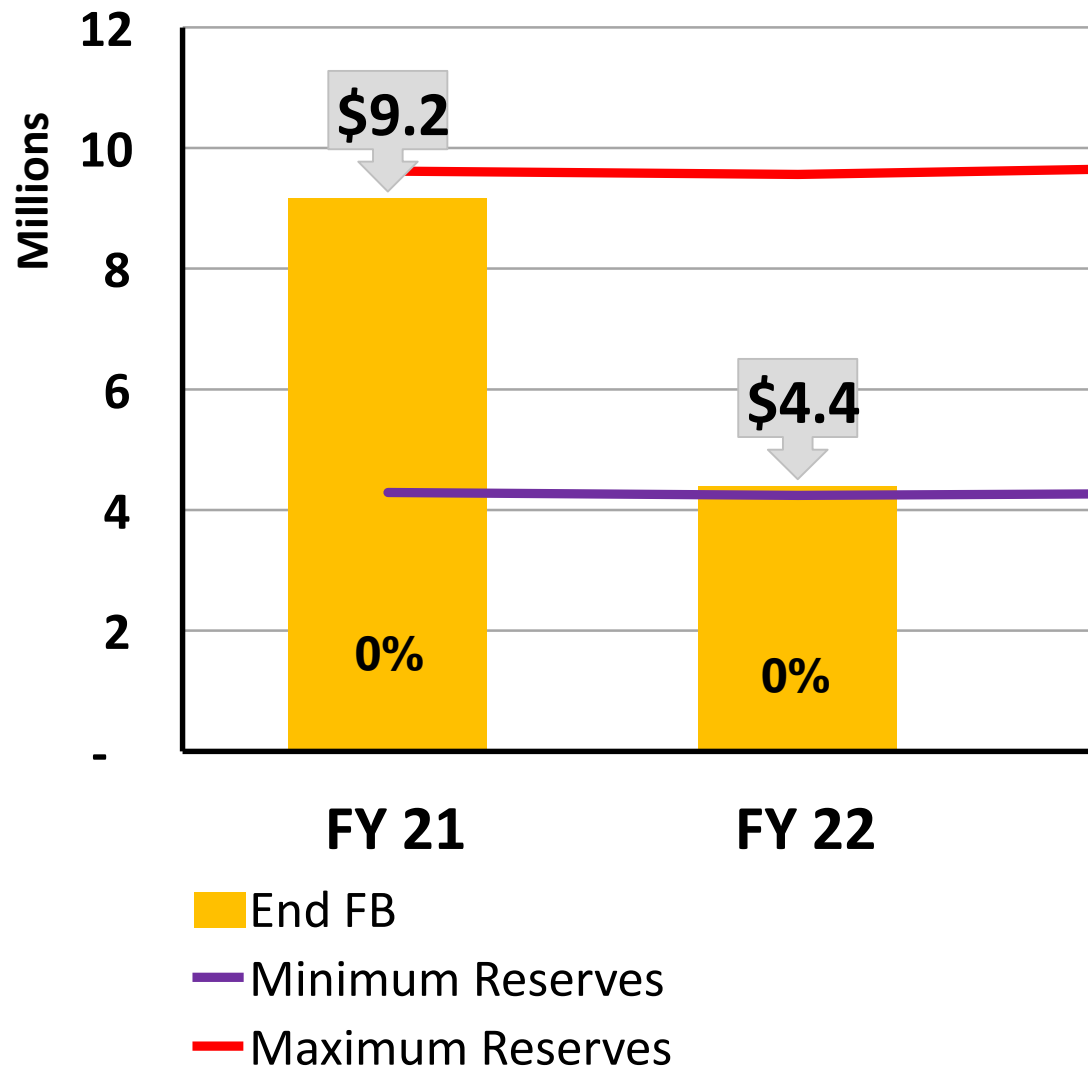
	FY 21 vs FY 20	FY 22 vs FY 20
CSULB Advertising	(50,000)	(50,000)
Movie Theater Advertising	(40,000)	(40,000)
Outdoor Advertising	(12,000)	(12,000)
Board Travel	(10,000)	?
Board Sponsorships	(50,000)	?



Sewer Fund



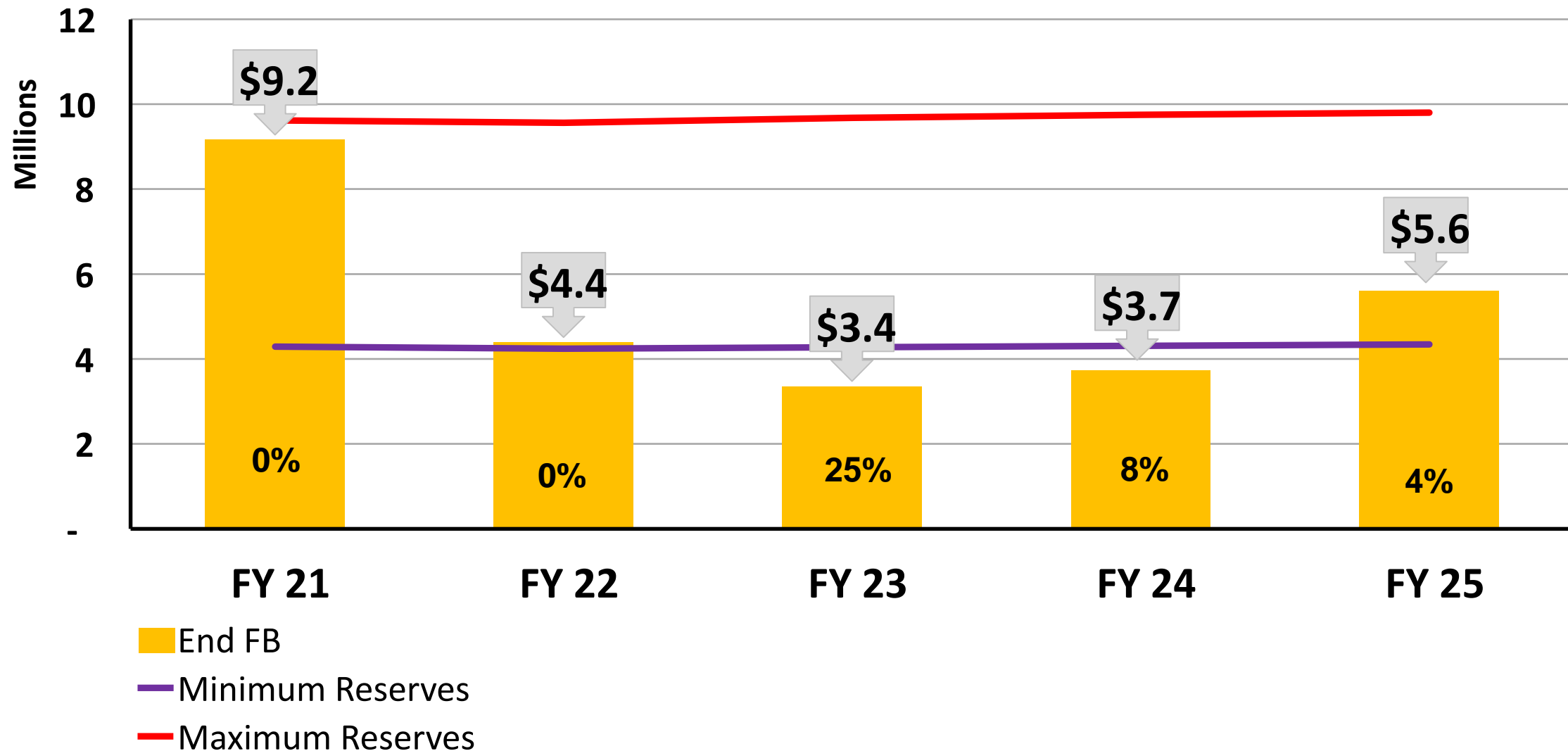
FY 22 Sewer Fund Projected Ending Reserves



- 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)

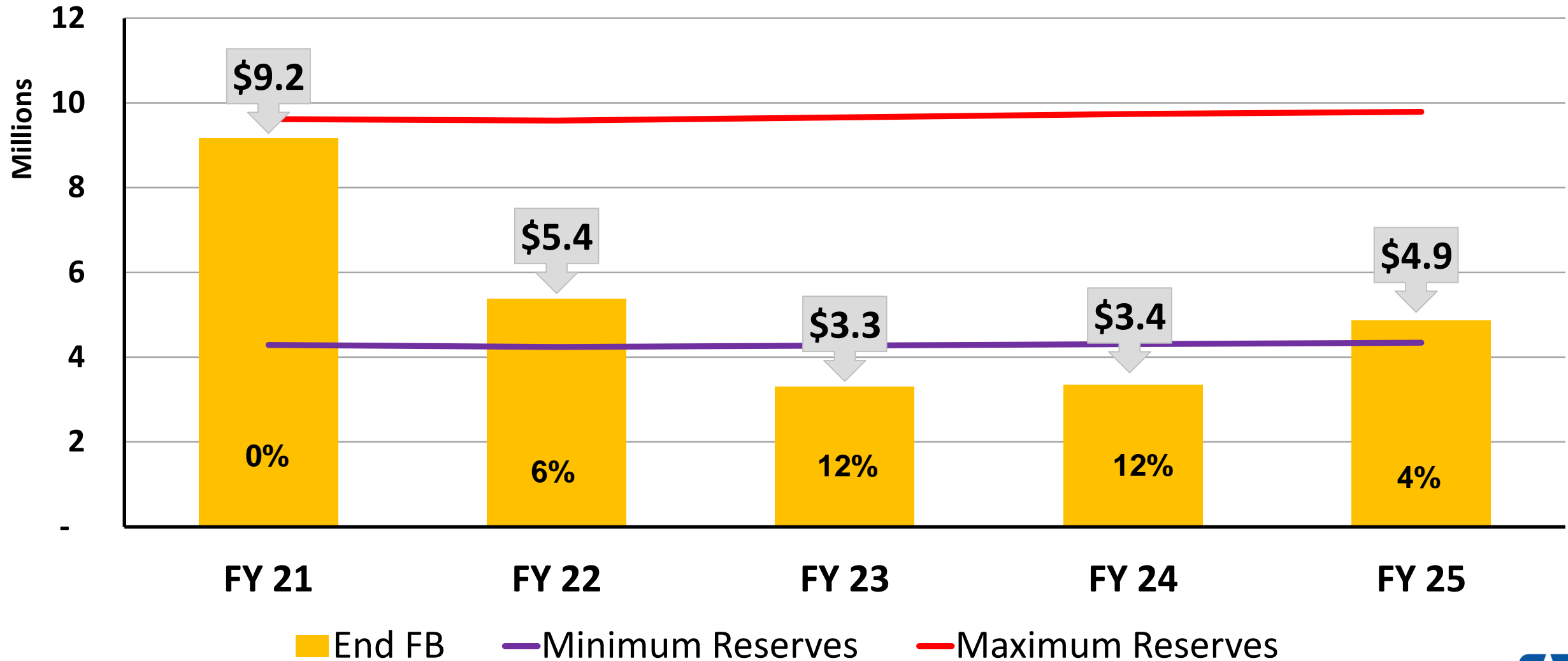


Structural Deficit Rate Options

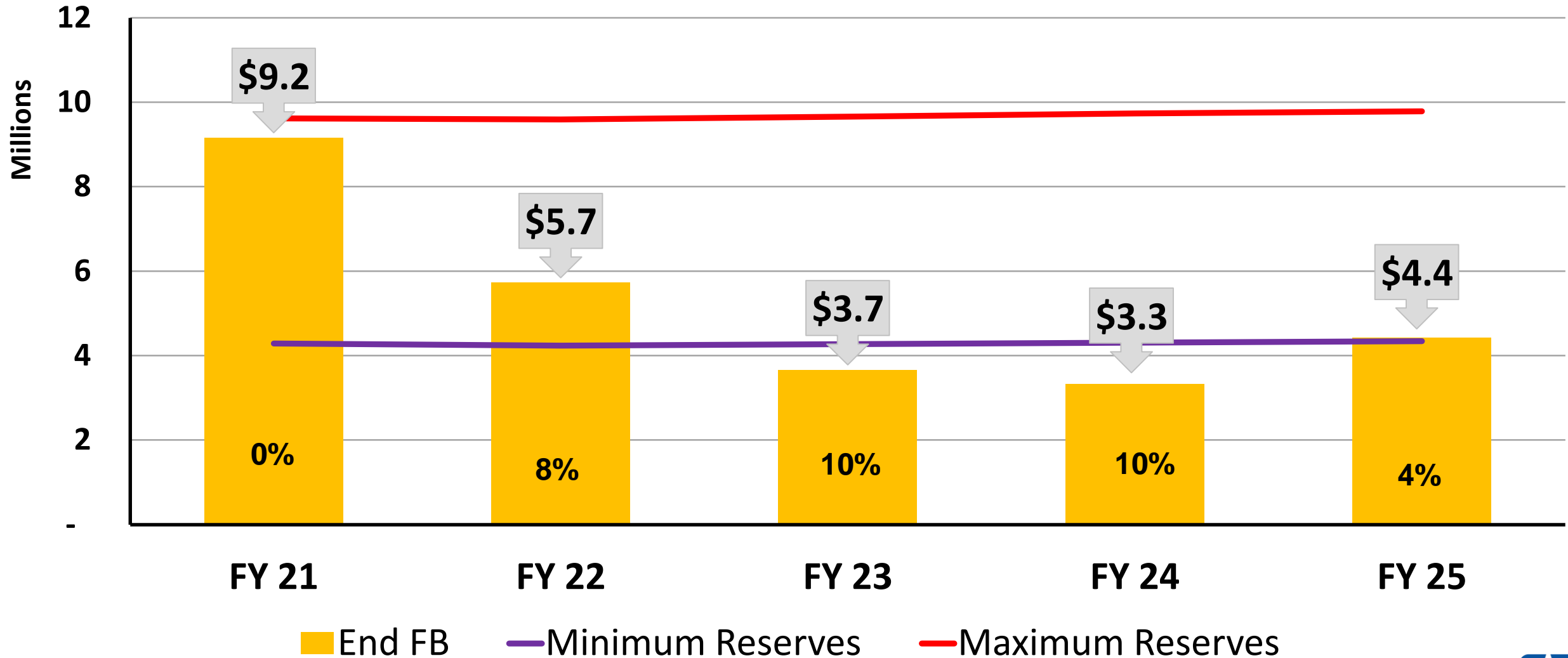
- Projected Structural Deficit - \$4,800,000
- 1% Sewer Rate Increase = \$170,000 in revenue
- Scenario 1 – Increase Sewer Rates by 6%
- Scenario 2 – Increase Sewer Rates by 8%
- Scenario 3 – Increase Sewer Rates by 10%



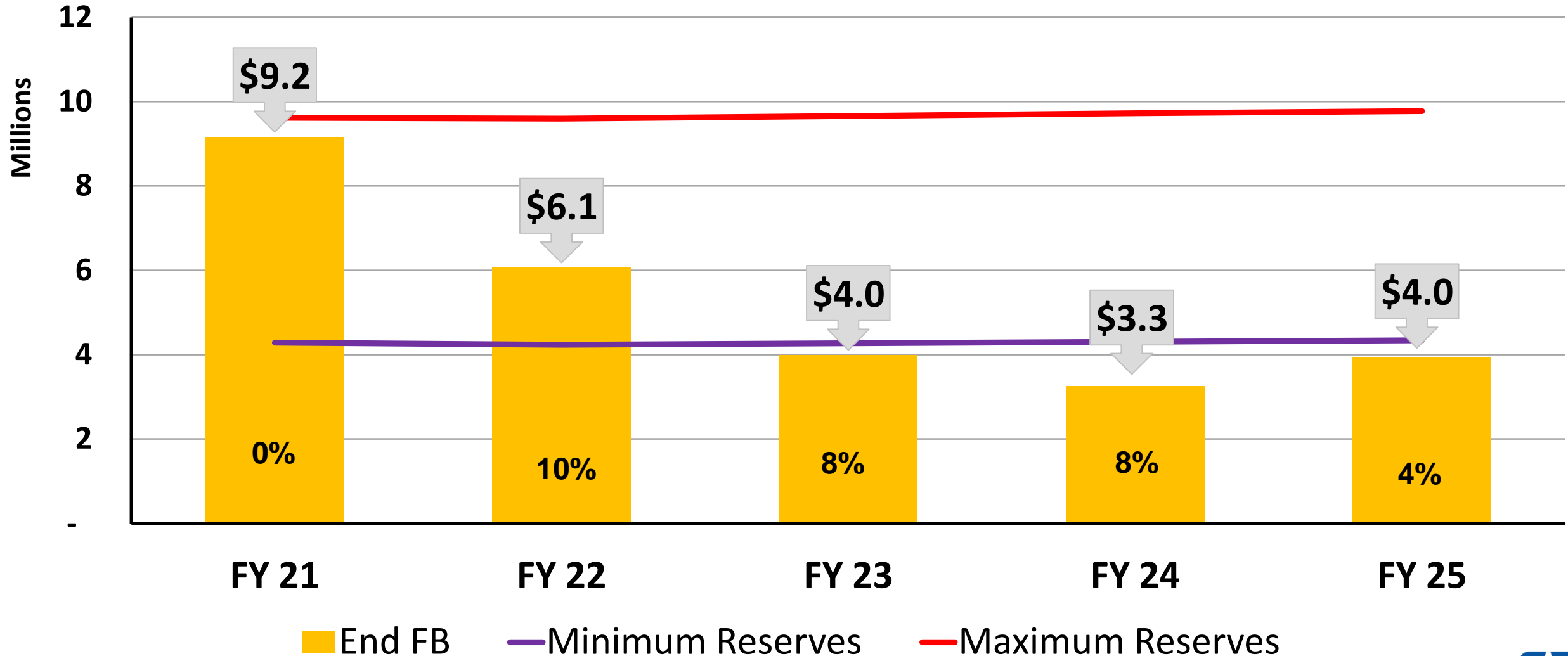
Sewer Rate Scenario #1 – 6% Increase



Sewer Rate Scenario #2 – 8% Increase



Sewer Rate Scenario #3 – 10% Increase



Sewer Rate Scenarios

Effects on Typical Monthly Sewer Bill

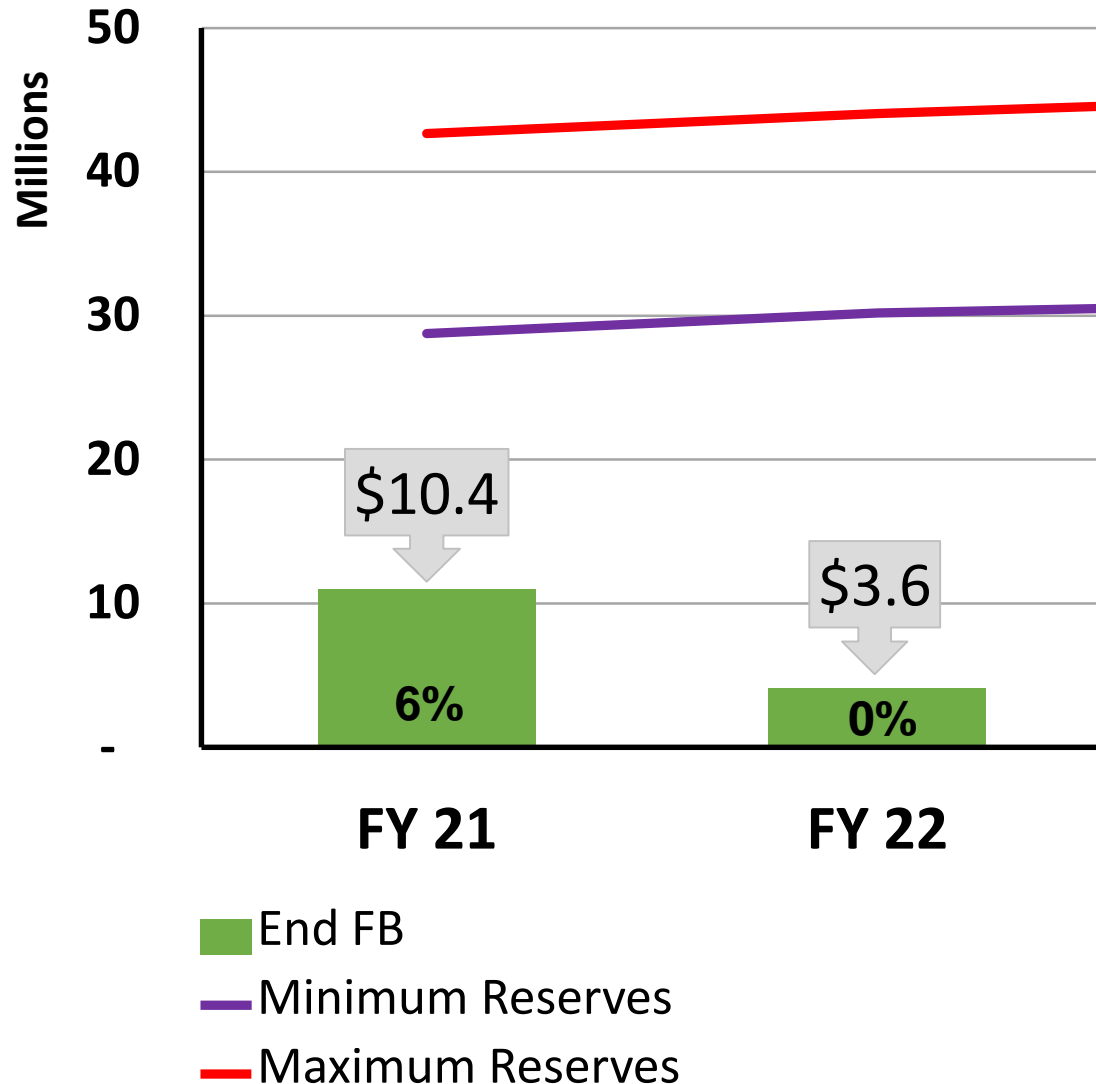
Rate Scenarios	FY 22
Sewer Rate Scenario 1 - 6%	\$0.63
Sewer Rate Scenario 2 - 8%	\$0.83
Sewer Rate Scenario 3 - 10%	\$1.05



Water Fund



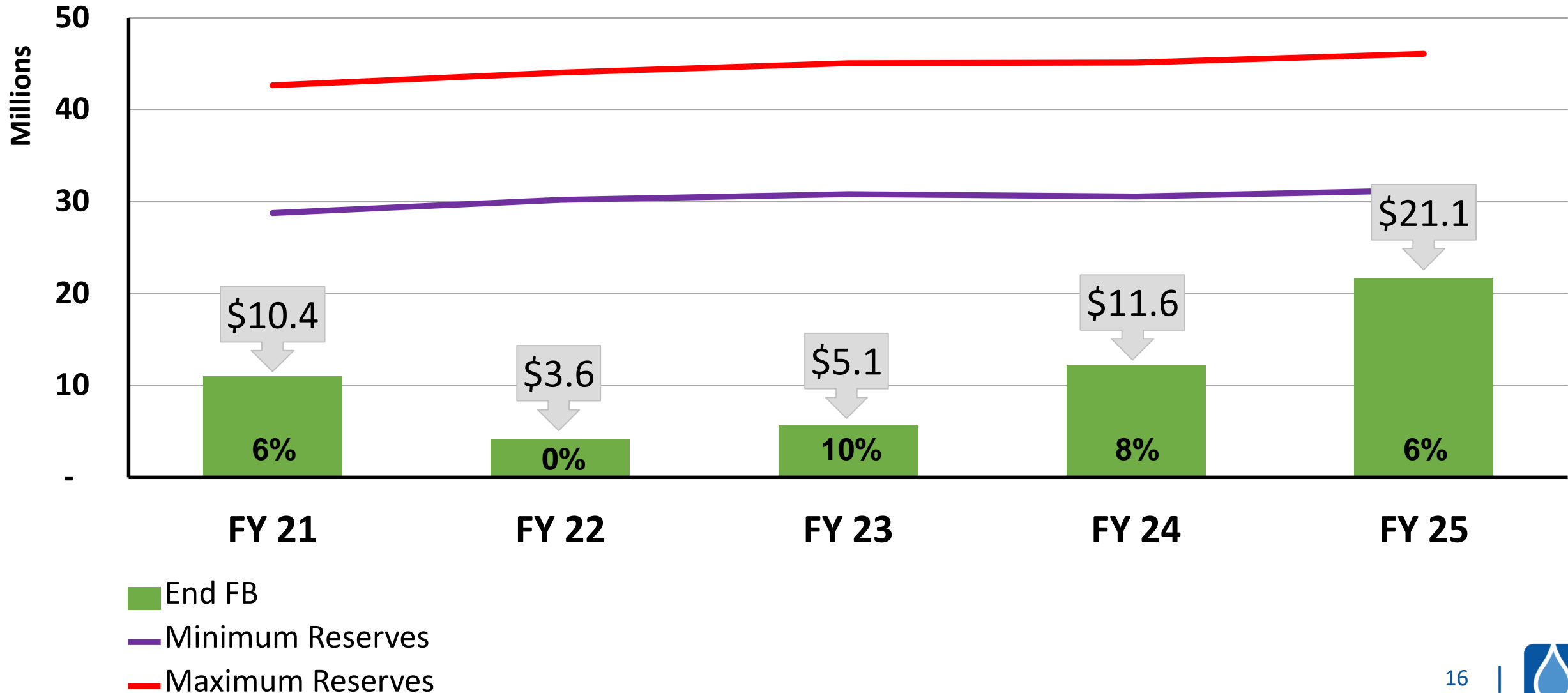
FY 22 Water Fund Projected Ending Reserves



- 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)

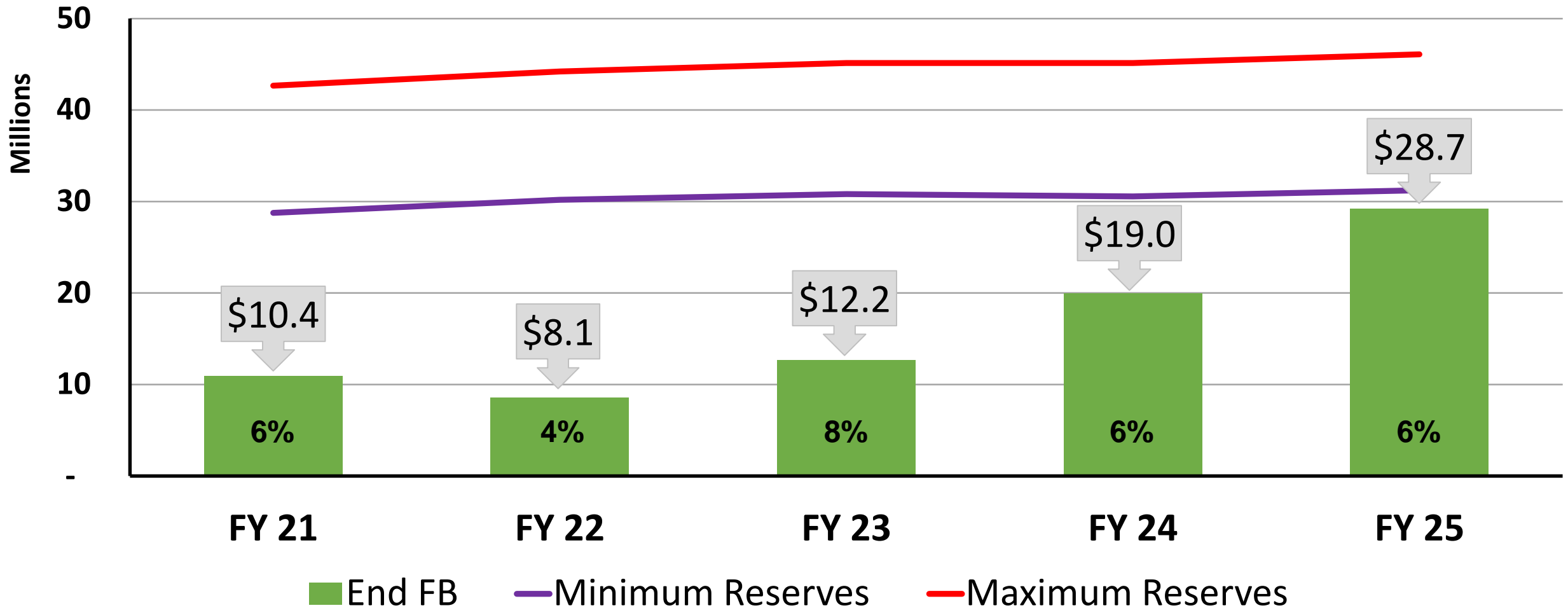


Structural Deficit Rate Options

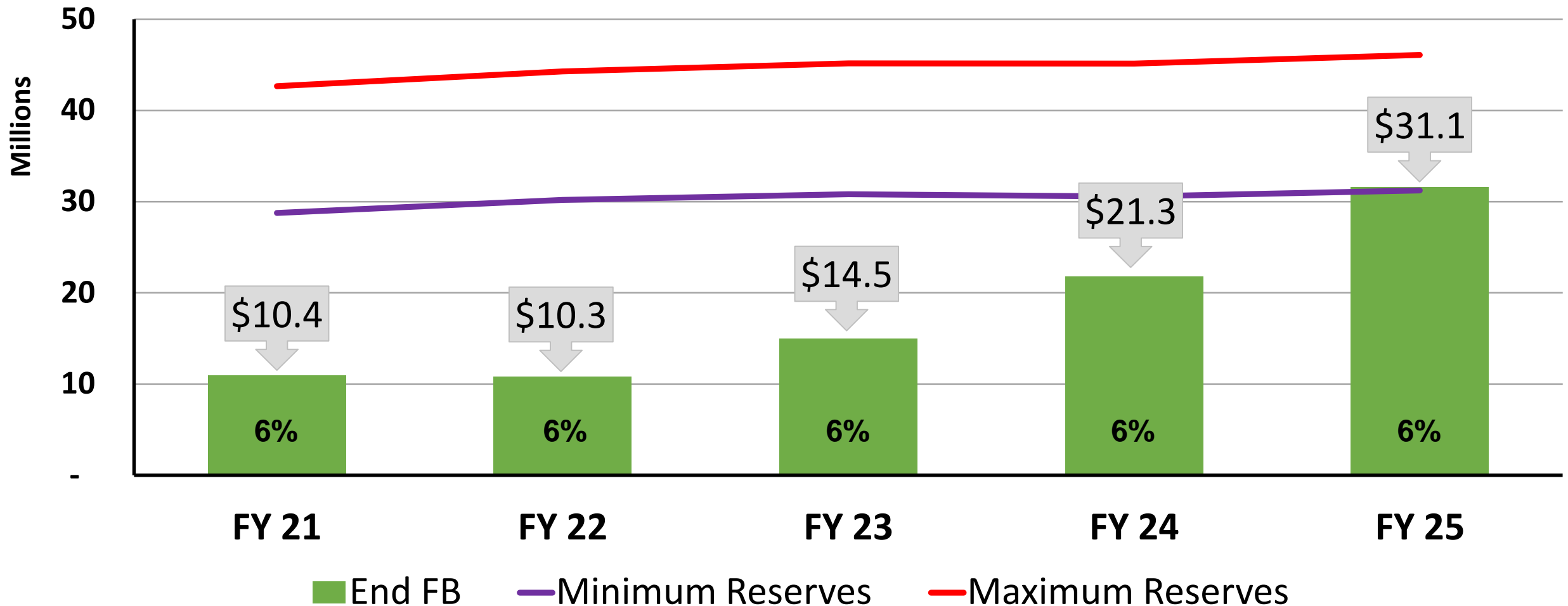
- Projected Structural Deficit - \$6,800,000
- 1% Water Rate Increase = \$1,100,000 in revenue
- Scenario 1 – Increase Water Rates by 4%
- Scenario 2 – Increase Water Rates by 6%
- Scenario 3 – Increase Water Rates by 8%



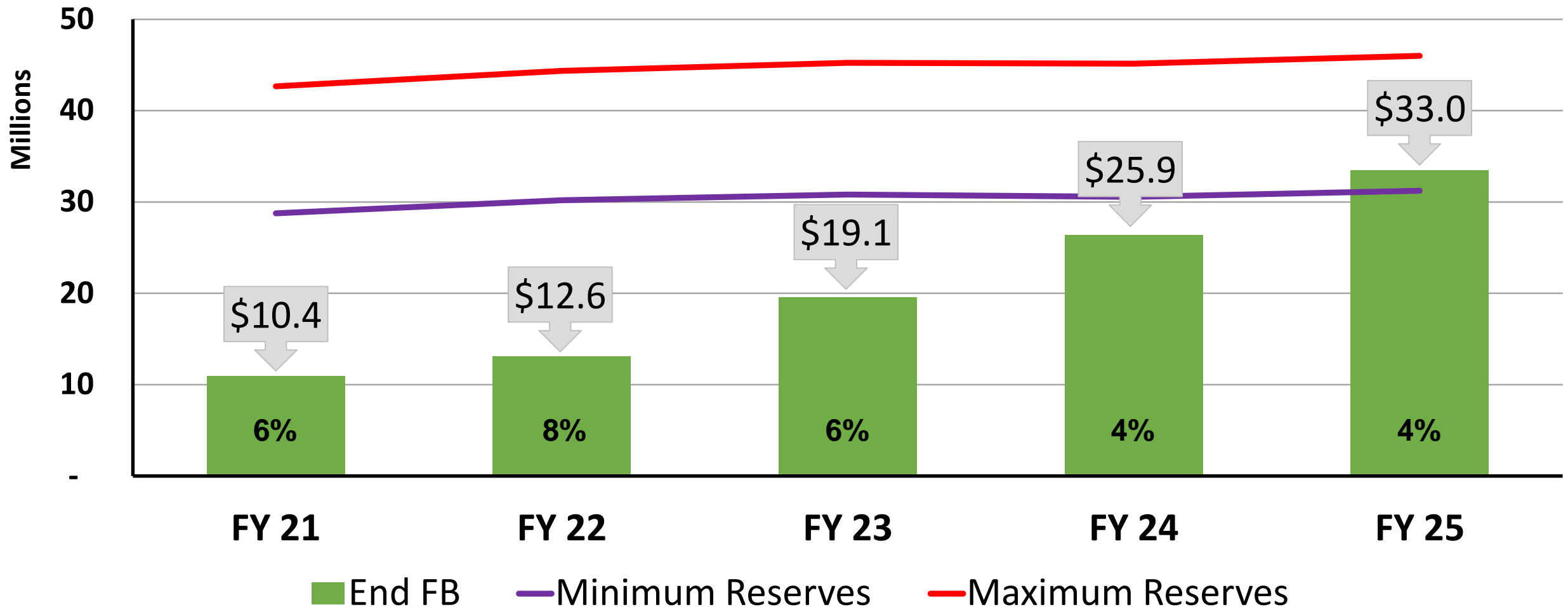
Water Rate Scenario #1 – 4% Increase



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



FY 22 Rate Comparisons



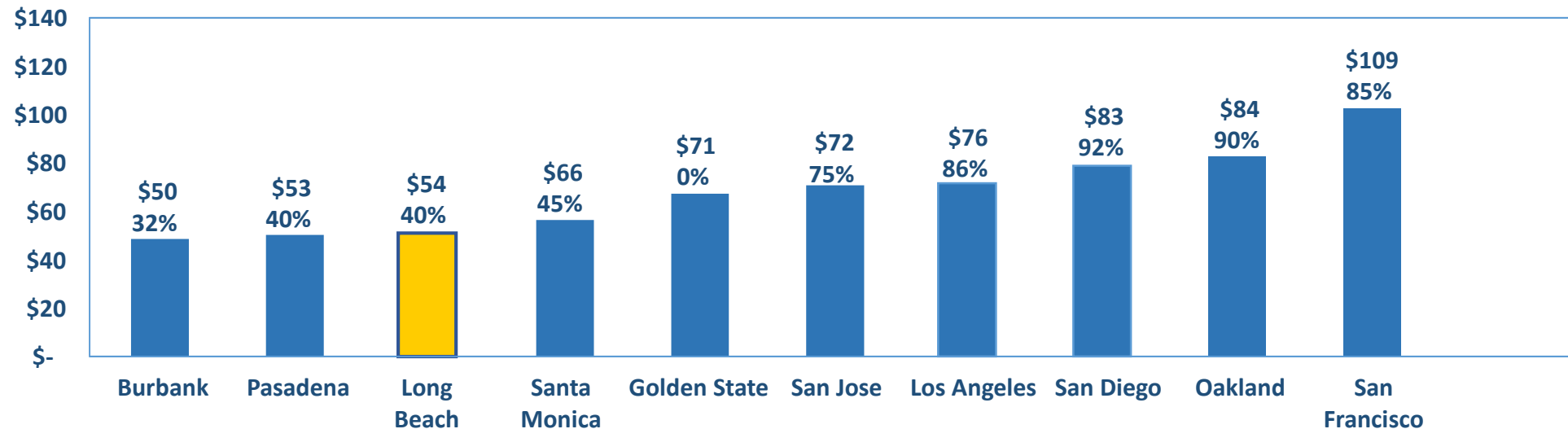
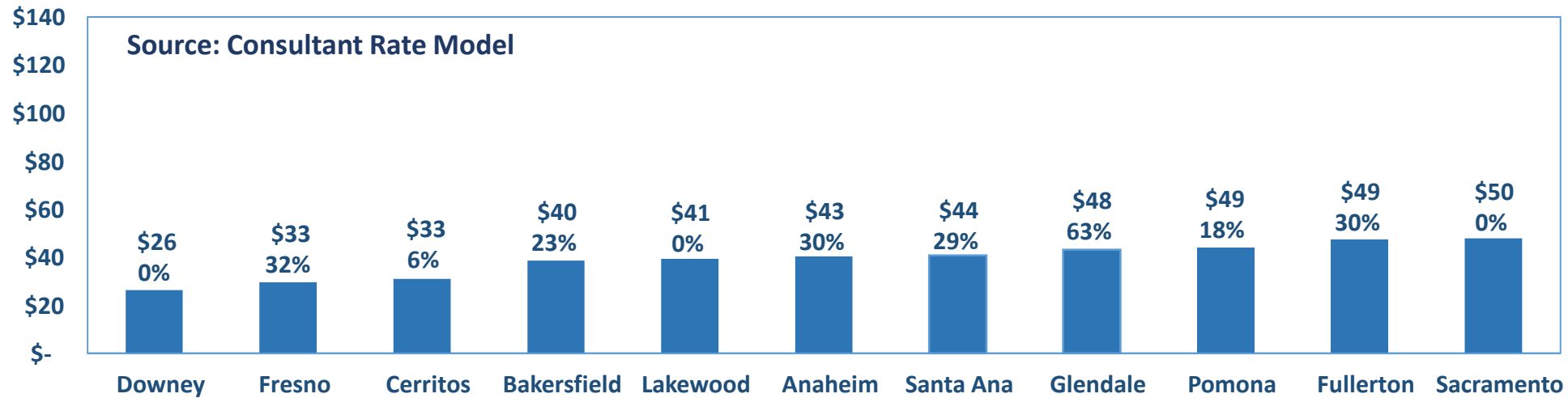
City Benchmarking Analysis

- Cities

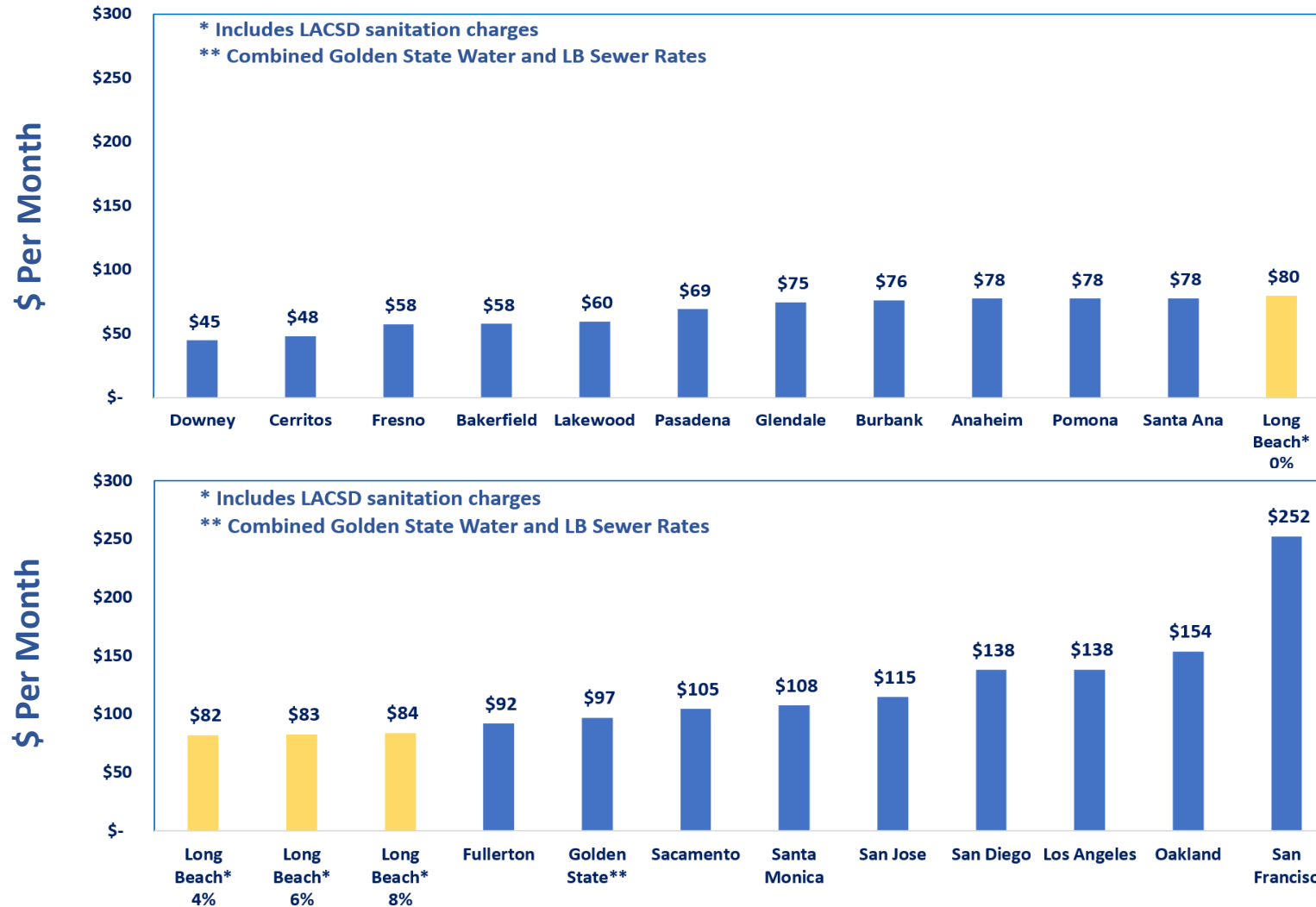
- Long Beach
- Anaheim
- Bakersfield
- Burbank
- Cerritos
- Downey
- Fresno
- Fullerton
- Glendale
- Golden State
- Lakewood
- Los Angeles
- Oakland
- Pasadena
- Pomona
- Sacramento
- San Diego
- San Francisco
- San Jose
- Santa Ana
- Santa Monica



Water Bill and Imported Water %



FY 22 Combined Bill Comparison (Water & Sewer)



FY 22 Staff Recommendation

- Rates for FY 22
 - 10% Sewer rate increase
 - 8% Water rate increase
- Continue investments in new well development to maximize access to (cheaper) ground water
- Build up minimum reserves



Next Steps

- June 24th-Adopt FY 22 budget and rates
- July – August
 - Mail out Prop 218 notice
 - Budget briefings with Mayor and City Council
 - Prop 218 Public Hearing (TBD)
- September
 - City Council Adoption
- October
 - Budget and rates effective October 1, 2021





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