


BOARD OF UTILITIES COMMISSIONERS

1800 E. Wardlow Road, Long Beach, CA 90807
562.570.2300 | LBUutilities.org

June 17, 2025

Recommendation

Adopt Resolution UT-1538 adopting the annual budget for the Long Beach Public Utilities Department for the fiscal year 2025-2026 and authorize staff to transmit the Resolution and the budget to the City Manager, Mayor, and City Council.

Executive Summary

The Fiscal Year 2025-2026 Budget represents the planned expenditures and projected revenues needed to execute the Public Utilities Department's mission for the next fiscal year. All individual sections of the budget have been reviewed with the Board.

To accommodate the City's budget development schedule, the Public Utilities Department must estimate the City budget components of employee salary, skill pay, fringe benefits, and City support services. As a result, this authorizes the General Manager to adjust the adopted Water, Sewer, and Gas Fund budgeted expenditures on the aforementioned budget items by an amount not to exceed 5.0% of the total of such charges. If these changes exceed 5.0%, staff will return to the Board of Public Utilities Commissioners for amendment and approval of the FY 2025-2026 Budget.

Attachment 1 provides a summary of the major budget components. Attachment 2 is the Budget Resolution for Board adoption, which is a necessary action as identified in the guidelines for the Department in the City Charter. Subsequently, staff would transmit the approved Resolution and Budget to the City Manager, Mayor, and City Council, prior to approval by the City Council in September.

Stefanie Clavery
Senior Director of Finance

B. Anatole Falagán
General Manager

Attachments

Water Fund Budget Summary

Budget Category	FY 25	FY 26	% Change
Salaries, Wages & Benefits	36,499,333	38,530,760	5.6%
O&M	93,277,020	92,329,125	-1.0%
CIP	50,000,000	56,641,727	13.3%
Total Appropriation	179,776,353	187,501,612	4.3%
Total Budget Revenue	189,832,376	193,739,992	2.1%

Sewer Fund Budget Summary

Budget Category	FY 25	FY 26	% Change
Salaries, Wages & Benefits	7,648,000	8,070,929	5.5%
O&M	12,331,595	14,510,205	17.7%
CIP	12,444,000	14,133,866	13.6%
Total Appropriation	32,423,595	36,715,000	13.2%
Total Budget Revenue	26,050,023	34,811,966	33.6%

Gas Fund Budget Summary

Budget Category	FY 25	FY 26	% Change
Salaries, Wages & Benefits	35,333,951	37,478,172	6.1%
O&M	110,337,407	105,365,488	-4.5%
CIP	19,074,710	16,644,000	-12.7%
Prepay	-	13,662,000	
Total Appropriation	164,746,068	173,149,660	5.1%
Total Budget Revenue	157,184,456	174,804,127	11.2%

HIGHLIGHTS

Salaries, Wages, & Benefits – The FY 26 Water Fund, Sewer Fund, and Gas Fund salaries, wages, and benefits budgets are projected to increase due to union contract negotiations.

O&M – The FY 26 Water Fund and Gas Fund O&M decreased due to commodity purchases driven by lower demand and are offset by higher costs in materials and services. The Sewer Fund O&M budget is expected to increase compared to FY 25 due to inflationary pressures.

CIP – The FY 26 Water Fund, Sewer Fund, and Gas Fund CIP continues to reflect investment in well rehabilitation and development, and critical infrastructure repair and maintenance. The reduction in Gas Fund CIP reflects the planned costs of tenant improvements for the previous purchase of office space located on Elm Street – though costs have not yet been incurred, the transaction will be accounted for through debt financing in partnership with the City, and debt service costs have yet to be determined.

Prepay – The Gas Prepay Debt Fund, previously under the purview of Financial Management, will now be budgeted by the Long Beach Public Utilities Department to account for revenue and appropriations. Although not included in operating revenue or expenses, it has a net neutral effect.

Revenue – FY 26 Water Fund rate revenues are estimated to increase from FY 25. Revenues also include bond proceeds to fund the increase in Water CIP. FY 26 Gas Fund revenue is higher, mainly due to bond proceeds and increased transmission rates. Due to recent hedging measures and lower gas commodity market prices, staff does not forecast a significant winter price surge in FY 26. The FY 26 Sewer Fund rate revenues are estimated to increase compared to FY 25. Revenues also include bond proceeds to fund the increase in the Sewer CIP.

RESOLUTION NO. UT-1538

A RESOLUTION OF THE CITY OF LONG BEACH
 BOARD OF PUBLIC UTILITIES COMMISSIONERS
 ADOPTING THE ANNUAL BUDGET FOR THE LONG BEACH
 PUBLIC UTILITIES DEPARTMENT FOR THE FISCAL YEAR
 2025-2026

The Board of Public Utilities Commissioners of the City of Long Beach
 ("Board") resolves as follows:

Section 1. That the annual department budget of the Long Beach Public
 Utilities Department ("LBPUD") for the fiscal year 2025-2026 is hereby adopted as follows:

WATER

Estimated Fund Balance 10-1-2025	\$18,856,555
Estimated Revenues	<u>\$193,739,992</u>
Total Estimated Resources	\$212,596,547
Estimated Expenditures	<u>\$187,501,612</u>
Estimated Fund Balance 9-30-2026	\$25,094,935

SEWER

Estimated Fund Balance 10-1-2025	\$6,355,417
Estimated Revenues	<u>\$34,811,966</u>
Total Estimated Resources	\$41,167,383
Estimated Expenditures	<u>\$36,715,000</u>
Estimated Fund Balance 9-30-2026	\$4,452,383

GAS

Estimated Fund Balance 10-1-2025	\$2,906,355
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1	Estimated Revenues	<u>\$174,804,127</u>
2	Total Estimated Resources	\$177,710,482
3	Estimated Expenditures	<u>\$173,149,660</u>
4	Estimated Fund Balance 9-30-2026	\$4,560,822

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6 The most up-to-date current year estimated expenditures and revenues are
7 included in the estimated fund balances and were provided in detail at the Board Meeting
8 held on June 17, 2025. Detailed schedules and other data which accompany the budget
9 are provided for information purposes only and are not intended to limit expenditures.

10 Section 2. The City's Fiscal Year 2025-2026 budget development
11 calendar requires submission of proposed budgets to the Mayor by July 3, 2025. To
12 accommodate the City's schedule, the LBPUD must accelerate the adoption of its Fiscal
13 Year 2025-2026 budget. This requires the LBPUD to estimate certain City budget
14 components, including ongoing labor negotiations, employee fringe benefits, and City
15 support charges. These charges are included in the above budget numbers as estimated
16 amounts.

17 The LBPUD anticipates the final City amounts will be delivered to the
18 LBPUD in July. After the LBPUD receives the actual amounts, the Budget of the LBPUD
19 will need to be revised to reflect these actual amounts. Therefore, the Board authorizes
20 the General Manager of the LBPUD to adjust the adopted Water Fund, Sewer Fund, and
21 Gas Fund budgeted expenditures for employee salaries, skill pays, fringe benefits, and
22 City support charges by an amount not to exceed five percent (5.0%) of the total of such
23 charges included in the adopted budgets to reflect any increases in City charges above
24 the estimated amounts budgeted for fiscal year 2025-2026. The General Manager shall
25 make the necessary adjustments prior to submittal of the LBPUD budget to the City.

26 Section 3. The Secretary of the Board shall certify to the passage of this
27 resolution, and cause copies of the same to be filed with the City Council, the City
28 Auditor, and the City Manager.

I hereby certify that the foregoing resolution was adopted by the Board of Public Utilities Commissioners of the City of Long Beach, at its meeting of June 17, 2025, by the following vote:

Ayes: Commissioners: _____

Noes: Commissioners: _____

Absent: Commissioners: _____

Secretary
Board of Utilities Commissioners

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