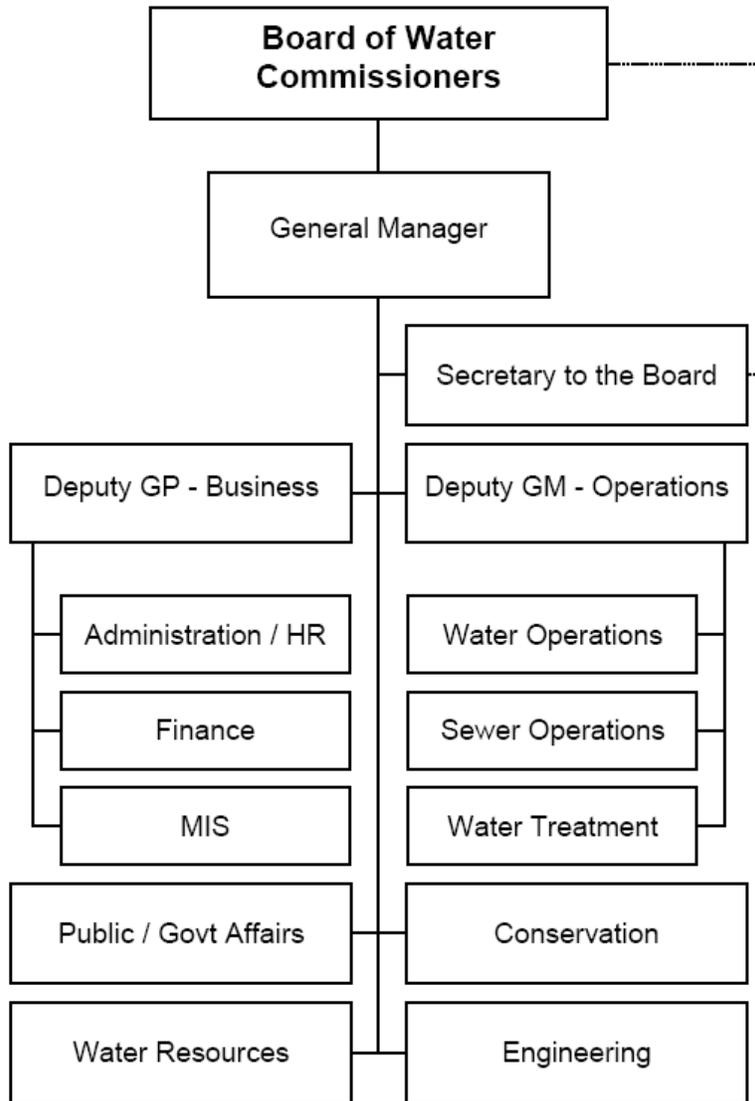


Water



To deliver an uninterrupted supply of quality water to our customers; to effectively dispose of, or reclaim sewage; and to operate in a manner that is economically efficient and environmentally responsible.

Financial Summary by Category

	Actual FY 11	Adopted* FY 12	Adjusted** FY 12	Estimated** FY 12	Adopted* FY 13
Revenues:					
Property Taxes	-	-	-	-	-
Other Taxes	-	-	-	-	-
Licenses and Permits	691,404	291,520	291,520	353,024	354,350
Fines and Forfeitures	-	-	-	-	-
Use of Money & Property	1,577,788	1,379,241	1,379,241	1,500,842	1,218,003
Revenue from Other Agencies	221,852	800,000	800,000	23,700	87,500
Charges for Services	103,091,183	100,577,506	100,577,506	99,133,798	101,024,760
Other Revenues	2,429,200	3,556,318	3,556,318	2,588,928	2,625,967
Interfund Services - Charges	86,400	86,400	86,400	86,400	86,400
Intrafund Services - GP Charges	-	-	-	-	-
Harbor P/R Revenue Transfers	-	-	-	-	-
Other Financing Sources	2,000,000	5,269,600	5,269,600	-	4,426,160
Operating Transfers	-	-	-	-	-
	-----	-----	-----	-----	-----
Total Revenues	110,097,827	111,960,585	111,960,585	103,686,692	109,823,140
Expenditures:					
Salaries, Wages and Benefits	22,294,536	23,500,779	23,500,779	23,430,212	24,765,777
Overtime	1,679,944	900,000	900,000	900,000	1,200,000
Materials, Supplies and Services	66,861,665	55,372,235	55,372,235	55,658,579	59,468,161
Internal Support	5,854,178	9,789,180	9,789,180	6,021,400	6,268,764
Capital Purchases	1,573,494	28,369,600	28,369,600	24,667,598	25,070,540
Debt Service	1,810,570	2,232,413	2,232,413	2,046,997	4,122,202
Transfers to Other Funds	-	-	-	-	-
Prior Year Encumbrance	-	-	-	-	-
	-----	-----	-----	-----	-----
Total Expenditures	100,074,386	120,164,207	120,164,207	112,724,786	120,895,444
Personnel (Full-time Equivalents)	220.58	224.35	224.35	224.35	224.35

*Amounts exclude all-years carryover. See budget ordinance in the front section of this document.

** Numbers as published in the FY 13 Proposed Budget released August 1, 2012

Personal Services

Classification	FY 11 Adopt FTE	FY 12 Adopt FTE	FY 13 Adopt FTE	FY 12 Adopted Budget	FY 13 Adopted Budget
General Manager - Water	1.00	1.00	1.00	220,000	220,000
Accountant II	1.00	1.00	-	67,549	-
Accountant III	-	-	1.00	-	82,077
Accounting Clerk III	2.00	2.00	2.00	90,803	99,696
Administrative Aide II	1.00	1.00	1.00	56,323	60,265
Administrative Analyst III	6.00	6.00	6.00	511,920	531,581
Administrative Intern-NC/H32	0.77	-	-	-	-
Administrative Intern-NC/H36	1.54	1.54	1.54	50,301	53,888
Administrative Intern-NC/H43	-	0.77	0.77	34,173	34,173
Assistant Administrative Analyst II	1.00	1.00	-	62,701	-
Automatic Sprinkler Control Technician	1.00	1.00	1.00	52,511	56,254
Business Systems Specialist III	1.00	2.00	3.00	146,391	243,035
Business Systems Specialist IV	2.00	1.00	1.00	87,569	95,690
Business Systems Specialist V	1.00	1.00	1.00	98,799	105,845
Business Systems Specialist VI	1.00	1.00	1.00	109,392	117,192
Business Systems Specialist VII	1.00	1.00	1.00	124,222	133,080
Civil Engineer Associate	2.00	5.00	6.00	383,299	477,792
Civil Engineer Assistant	4.00	3.00	2.00	195,382	117,494
Civil Engineer	4.00	5.00	6.00	492,453	576,149
Clerk Typist I - NC	-	0.77	0.77	24,733	26,497
Clerk Typist III	1.00	1.00	1.00	45,348	48,583
Clerk Typist IV	1.00	1.00	1.00	49,823	53,302
Commercial Specialist III	-	-	1.00	-	72,380
Construction Inspector II	1.00	1.00	1.00	77,424	82,937
Deputy General Manager - Business	1.00	1.00	1.00	174,070	174,070
Deputy General Manager - Operations	1.00	1.00	1.00	174,070	174,070
Director - Engineering	1.00	1.00	1.00	138,766	138,766
Director - Water Resources	1.00	-	-	-	-
Director of Finance	1.00	1.00	1.00	107,014	107,014
Division Engineer	1.00	2.00	2.00	259,800	259,800
Electronic Communication Technician III	1.00	1.00	-	61,156	-
Electrician	3.00	3.00	3.00	183,433	187,265
Engineering Technician I	-	1.00	1.00	56,994	56,994
Engineering Technician II	1.00	-	-	-	-
Equipment Mechanic I	1.00	1.00	1.00	58,559	65,297
Equipment Mechanic II	2.00	2.00	2.00	120,672	135,500
Equipment Operator II	1.00	1.00	1.00	52,511	42,499
Garage Supervisor	1.00	1.00	1.00	73,933	78,877
Garage Service Attendant II	1.00	1.00	1.00	45,325	49,681
Laboratory Analyst I-NC	0.77	0.77	-	38,718	-
Laboratory Analyst I	-	-	1.00	-	64,864
Laboratory Analyst II	3.00	3.00	2.00	197,596	141,122
Laboratory Assistant I	-	-	1.00	-	39,489
Laboratory Assistant III	2.00	2.00	2.00	97,835	107,230
Laboratory Services Supervisor	1.00	1.00	1.00	99,998	99,998
Machinist	1.00	1.00	1.00	60,664	64,912
Subtotal Page 1	59.08	62.85	64.08	4,982,231	5,275,356

Personal Services

Classification	FY 11 Adopt FTE	FY 12 Adopt FTE	FY 13 Adopt FTE	FY 12 Adopted Budget	FY 13 Adopted Budget
Subtotal Page 1	59.08	62.85	64.08	4,982,231	5,275,356
Maintenance Assistant III	1.00	1.00	1.00	39,869	45,578
Members-Boards\Commissions	-	-	-	29,600	26,000
Manager-Government-Public Affairs	1.00	1.00	1.00	68,250	68,250
Manager-Planning	1.00	1.00	1.00	110,880	110,880
Manager-Security/Safety	1.00	1.00	1.00	108,200	108,200
Manager - Administration	1.00	1.00	1.00	86,529	86,529
Management Information Systems Officer	1.00	1.00	1.00	110,896	110,896
Office Administrator	1.50	1.50	1.50	98,903	100,964
Painter II	1.00	1.00	1.00	55,279	59,221
Park Maintenance Supervisor	1.00	1.00	1.00	58,120	67,234
Payroll Assistant II	1.00	1.00	1.00	45,348	48,583
Plumber	1.00	1.00	1.00	62,495	66,856
Principle Construction Inspector	1.00	1.00	1.00	85,357	86,088
Procurement/Warehouse Supervisor	1.00	1.00	1.00	71,499	79,033
Research Assistant - Water	1.00	-	-	-	-
Safety Specialist II	1.00	1.00	1.00	76,615	82,077
Secretary to Board-Water	1.00	1.00	1.00	70,718	70,718
Senior Accountant	2.00	2.00	2.00	168,892	181,911
Senior Civil Engineer	2.00	1.00	1.00	109,576	107,158
Senior Equipment Operator	13.00	13.00	13.00	883,397	951,491
Senior Program Manager	2.00	2.00	1.00	225,686	121,304
Senior Secretary	2.00	2.00	2.00	107,527	116,476
Sewer Operations Superintendent	1.00	1.00	1.00	91,225	91,225
Storekeeper I	3.00	2.00	2.00	79,074	84,760
Storekeeper II	1.00	1.00	1.00	50,095	54,778
Supervisor - Property	-	1.00	1.00	56,679	62,826
Supervisor - Water Support Services	1.00	1.00	1.00	75,000	75,000
Telemetry Instrument Technician II	2.00	2.00	2.00	138,678	148,568
Telemetry Systems Superintendent	1.00	1.00	1.00	86,199	86,199
Water Comm Center Supervisor	1.00	1.00	1.00	76,602	81,930
Water Comm Dispatcher I	2.00	2.00	2.00	113,899	121,782
Water Comm Dispatcher II	1.00	1.00	1.00	59,572	54,915
Water Conservation Specialist	1.00	1.00	1.00	91,598	99,174
Water Operations Superintendent	1.00	1.00	1.00	99,584	99,584
Water Quality Organic Chemist	1.00	1.00	1.00	96,388	103,260
Water Treatment Operator I	3.00	3.00	3.00	172,138	156,930
Water Treatment Operator II	8.00	8.00	8.00	533,858	588,653
Water Treatment Operator III	9.00	9.00	9.00	644,349	723,932
Water Treatment Operator IV	3.00	3.00	3.00	250,358	262,369
Water Treatment Superintendent	1.00	1.00	1.00	130,000	130,000
Water Treatment Supervisor I	1.00	1.00	1.00	91,794	96,533
Water Treatment Supervisor II	1.00	1.00	1.00	96,388	110,351
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Subtotal Page 2	138.58	140.35	140.58	10,689,344	11,203,572

Key Contacts

Kevin L. Wattier, General Manager

B. Anatole Falagan, Deputy General Manager – Business

Robert C. Cheng, Deputy General Manager – Operations

Paul T. Fujita, Director of Finance

The Long Beach Water Department Board of Water Commissioners

Frank Clarke, President, Board of Water Commissioners

William B. Townsend, Vice President, Board of Water Commissioners

John D. S. Allen, Secretary, Board of Water Commissioners

Paul C. Blanco, Member, Board of Water Commissioners

Suzanne Dallman, Ph.D., Member, Board of Water Commissioners

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Long Beach Water Department Fiscal Year 2013 Annual Budget Summary

I. Overview

For over 100 years, the Department has provided Long Beach residents and businesses with a reliable, cost-effective and high-quality drinking water supply. In addition, the Department has established itself as one of California's leaders in the areas of water conservation and environmental stewardship. As imported water supplies continue to become more expensive, yet less reliable, the Department continues to seek out cost-effective methods for expanding its utilization of alternative water supply sources and water conservation programs.

The Department's service area encompasses the boundaries of the City of Long Beach, the sixth largest city in State, with an area of approximately 50 square miles and a population of 462,257 with some customers outside the City limits. Total active water accounts number just under 90,000. The Department's budget and activities are divided into two independent funds, the Water Fund and the Sewer Fund.

For the FY 13 Water Fund budget, revenues are slightly reduced compared with FY 12, mainly due to reduced reimbursement contributions from third party development projects. Revenues from water sales and charges are estimated to remain unchanged. Expenditures will be the same as in FY 12, balancing Personal and Non-Personal services cost increases by reducing planned capital expenditures for the fiscal year.

For the FY 13 Sewer Fund budget, revenues and expenditures will also remain relatively unchanged when compared to the current fiscal year, reflecting a slightly lower amount of debt issuance to cover planned capital expenditures.

Two main focal points of the Department's budget are related to the management of its water resources portfolio and the maintenance of the Department's infrastructure.

II. Management of the Water Resources Portfolio

The Department meets the needs of its customers through a 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.

Groundwater. Ownership of water rights in the Central Groundwater Basin allows just over half of Long Beach's water supply needs to be produced from groundwater wells located within the City. High-powered pumps extract the groundwater from 31 active wells and pump it to our groundwater treatment plant. Long Beach Water Department pays a Replenishment Assessment,

or pump tax, to the Water Replenishment District of Southern California, for water produced from the wells, in addition to Long Beach Water Department's costs for electricity, maintenance and treatment of the groundwater at our groundwater treatment plant.

For FY 13, the pump tax charged by WRD was not increased. Previously, the pump tax rate had been increased 64% since FY 07.

Imported Supplies. The balance of water supply needed to meet the City's demand for potable (drinking) water is treated water purchased from The Metropolitan Water District of Southern California. MWD's water supplies originate from two sources: the Colorado River Aqueduct and the State Water Project (SWP). The Long Beach Water Department has been a member of MWD since 1931, and is one of the 13 original founding cities.

For FY 13, MWD's rates for treated water rose 7%. MWD's rates have risen a total of 77% since FY 07.

These core costs associated with the production of groundwater and payment for imported water comprise approximately 39% of the Water Fund budget.

Water Conservation - Drought Related Developments. Since 2007, the Water Department has undertaken a comprehensive public communications strategy to emphasize the need for a comprehensive reduction in water consumption. The Water Department began communicating a regular update on the overall demand in its service area, compared to a historical ten (10) year average period immediately predating the call for conservation. Since 2007, the Water Department's customers have achieved a sustained conservation response leading to annual demands at about 16% below the historical ten (10) year average. Currently, overall consumption by Water Department customers is approximately equivalent to the consumption levels in 1966. The Water Department continues to provide additional communications and programs such as landscape retrofits to its customers, and believes the conservation response is a sustained change in consumption behavior.

Since 2007, reduced water usage by the customers of the City has resulted in reduced Department revenues. However, such reduction in revenues has also been mitigated by a reduction in operating expenses as a result of less water having to be purchased from Metropolitan Water District (MWD). However, with the significant increases in the costs for pumped groundwater and imported water, those core costs have continued to increase, even with reduced consumption.

III. Infrastructure Repair and Rehabilitation

The City has an aging infrastructure, which needs to be maintained and in certain parts replaced. At September 30, 2011, the water distribution system totaled 909 miles of water mains with 89,851 active service connections.

Long Beach Water Department continues to annually replace approximately 27,000 linear feet of aging cast iron mains with ductile iron pipe, which enhances the reliability of the distribution system and protects against main breaks. Since 1991, this investment in infrastructure has reduced the annual number of main breaks from near 150 in 1991 to just over 20 estimated for this fiscal year. This effort represents \$5.2 million of the budgeted capital expenditures for the Water Fund.

Additionally, efficient operation of the distribution system requires the ongoing maintenance, repair and rehabilitation of the other components of the distribution system, such as control valves, storage tanks and the network of groundwater pumping wells. Those efforts comprise an additional \$7.3 million of the budgeted capital expenditures for the Water Fund.

The Department responds immediately, 24-hours a day, 365 days a year to water emergencies such as main breaks.

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 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.

In order to complete the first years of the mandated program, the Department has issued short term debt obligations to manage the initial ramp up in capital costs of the projects. These projects represent \$5.5 million in the Sewer Fund.

For FY 12, capital project expenses saw below budget expenditures due to a favorable bidding climate, and needed deferral of some capital projects based on additional design requirements. For the Water Fund, there was a significant change to a joint well development project, causing the project to be put on hold, subject to further analysis and potential reconfiguration.

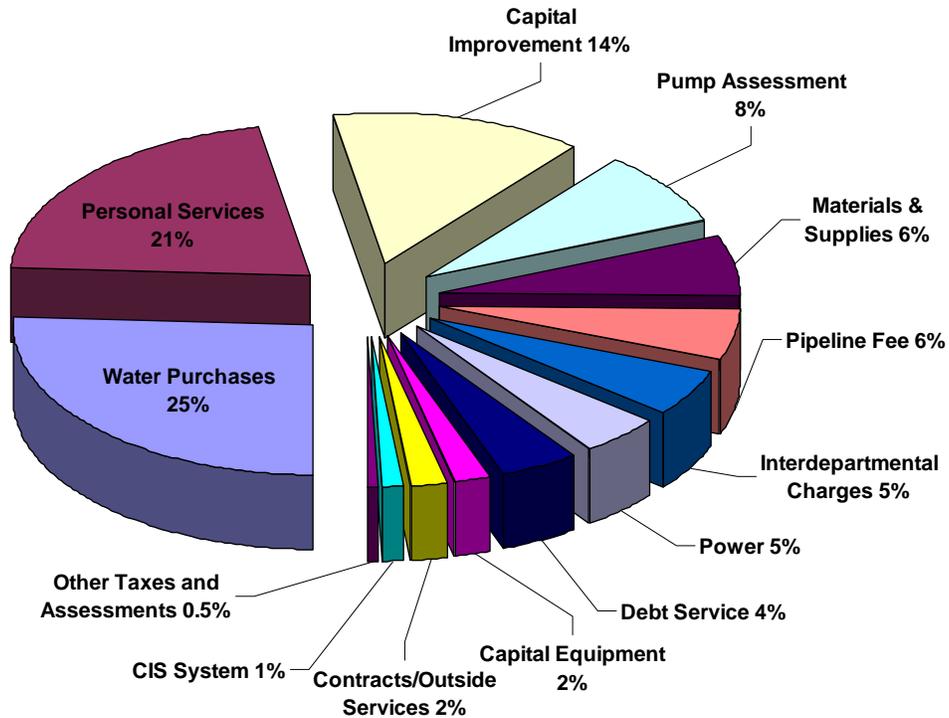
IV. Budget Highlights

Please refer to Figures 1 - 4 for the budget summaries of the Water and Sewer Funds.

- FY 13 Water Fund expenditures total \$100.2 million, a 0% increase over the FY 12 budget.
- FY 13 Sewer Fund expenditures total \$21.6 million, a 1% increase over the FY 12 budget.
- FY 13 Water Fund revenues total \$88.5 million, a 2% decrease over the FY 12 budget.
- FY 13 Sewer Fund revenues total \$21.4 million, a 3% decrease over the FY 12 budget.
- Personal services includes bargaining unit salary increases, no management increases.
- Planned borrowing of \$4.4 million for Sewer Fund capital expenditures.

FIGURE 1

**Water Fund
FY 13 Expenditures**

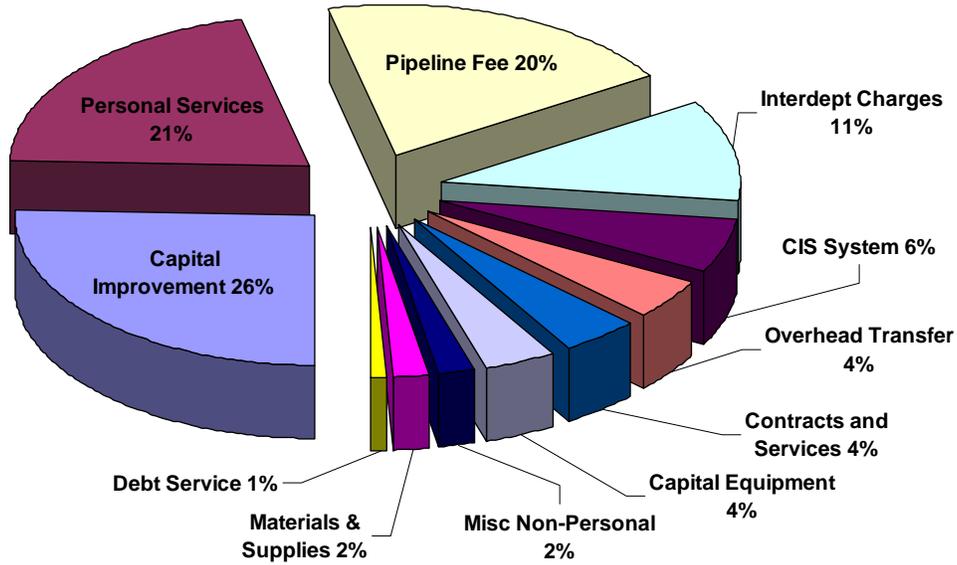


Expenditures (in \$1,000's): Budget to Budget Comparison

	FY 12 Budget	FY 13 Budget	Change	Percent Change
Water Purchases	23,010	25,576	2,565	10.03%
Personal Services	20,438	21,504	1,065	5.0%
Capital Improvement	19,457	13,572	(5,885)	-43.4%
Pump Assessment	8,299	7,863	(436)	-6%
Materials & Supplies	6,205	6,430	226	4%
Pipeline Fee	5,549	5,567	18	0.3%
Interdepartmental Charges	4,480	4,773	293	6%
Power	4,356	4,619	263	6%
Debt Service	1,915	3,960	2,045	52%
Capital Equipment	1,928	2,146	218	10%
Contracts/Outside Services	3,891	1,922	(1,969)	-102%
CIS System	-	1,734	1,734	100%
Other Taxes & Assessments	609	487	(123)	-25%
Total Expenditures	100,137	100,150	14	0%

FIGURE 2

**Sewer Fund
FY 13 Expenditures**

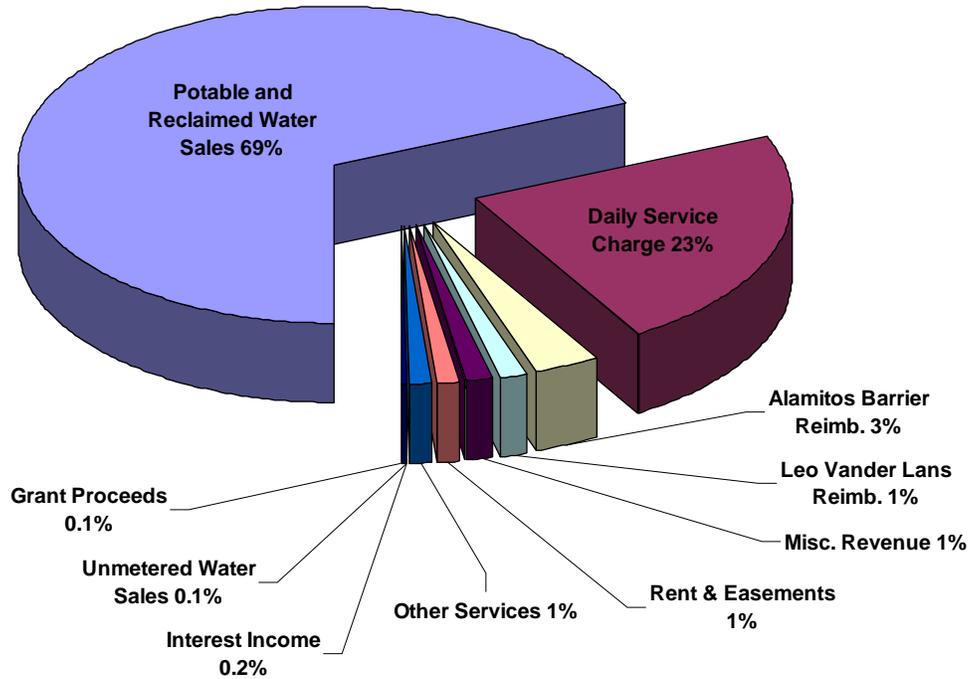


Expenditures (in \$1,000's): Budget to Budget Comparison

	FY 12 Budget	FY 13 Budget	Change	Percent Change
Capital Improvement	6,587	5,533	(1,054)	-19.1%
Personal Services	4,292	4,463	171	3.8%
Pipeline Fee	4,273	4,284	11	0.26%
Interdepartmental Charges	2,090	2,316	226	10%
CIS System	-	1,274	1,274	100%
Overhead Transfer	979	962	(18)	-2%
Contracts and Services	1,461	883	(579)	-65.6%
Capital Equipment	398	812	414	51%
Misc Non-Personal	476	449	(26)	-6%
Materials & Supplies	424	428	4	1%
Debt Service	318	162	(156)	-96%
Total Expenditures	21,298	21,565	267	1%

FIGURE 3

**Water Fund
FY 13 Revenues**

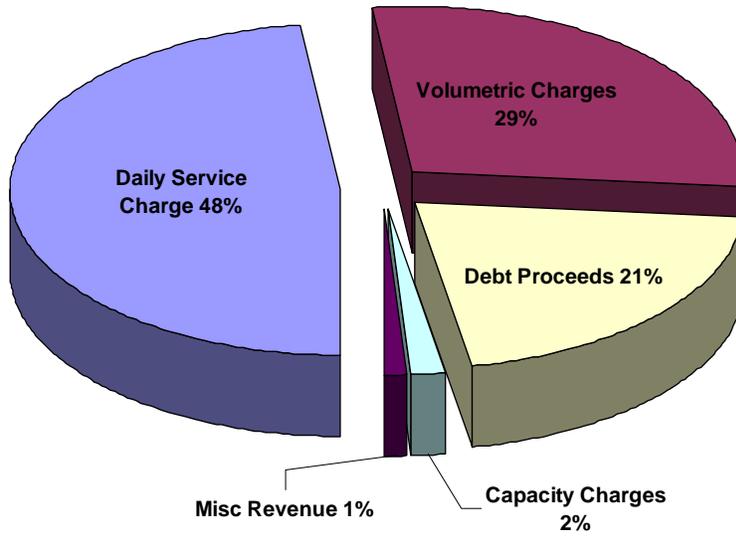


Revenues (in \$1,000's): Budget to Budget Comparison

	FY 12 Budget	FY 13 Budget	Change	Percent Change
Potable and Reclaimed Water Sales	60,705	60,794	89	0.1%
Daily Service Charge	19,983	19,978	(5)	-0.03%
Alamos Barrier Reimb.	2,768	2,969	201	7%
Leo Vander Lans Reimb.	1,200	1,350	150	11.1%
Misc. Revenue	2,315	1,156	(1,159)	-100%
Rent & Easements	1,225	1,042	(183)	-18%
Other Services	693	855	162	19%
Interest Income	123	141	18	13%
Unmetered Water Sales	100	100	-	0.0%
Grant Proceeds	800	88	(713)	-814%
Total Revenue	89,912	88,472	(1,439)	-2%

FIGURE 4

**Sewer Fund
FY 13 Revenues**



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

	FY 12 Budget	FY 13 Budget	Change	Percent Change
Daily Service Charge	10,236	10,236	-	0.0%
Volumetric Charges	6,093	6,093	-	0.0%
Debt Proceeds	5,270	4,426	(843)	-19.06%
Capacity Charges	287	350	63	18%
Misc Revenue	163	246	83	34%
Total Revenues	22,049	21,351	(698)	-3%

