


**Clean water.
Healthy neighborhoods.**


Ten-year Financial Plan
For your L.A. Wastewater Infrastructure

CITY OF LOS ANGELES
SANITATION
DEPARTMENT OF
PUBLIC WORKS



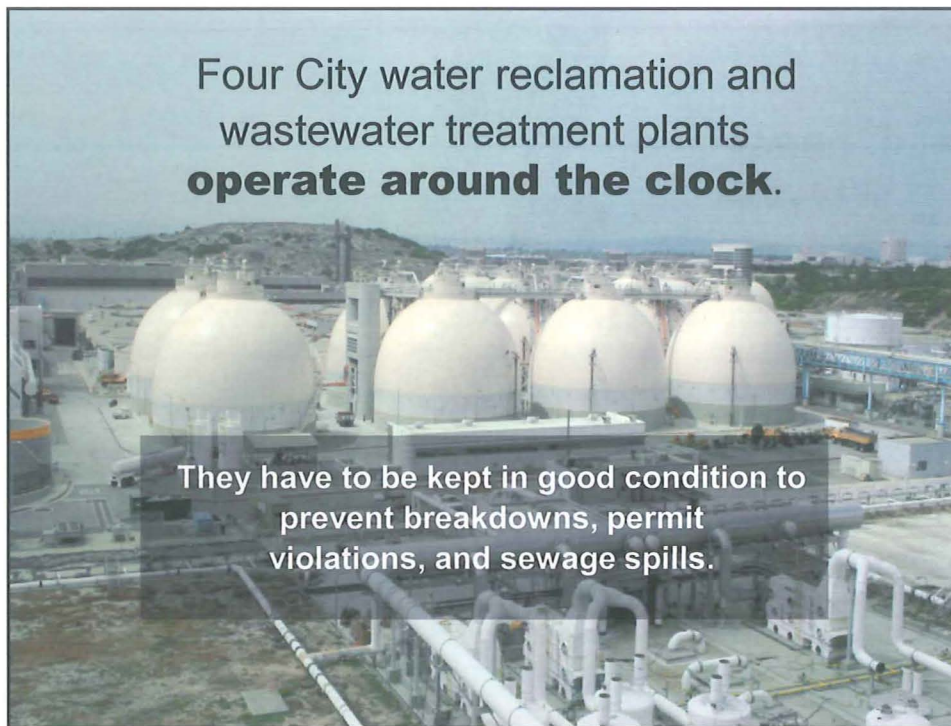
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We are **clean water** stewards
24/7

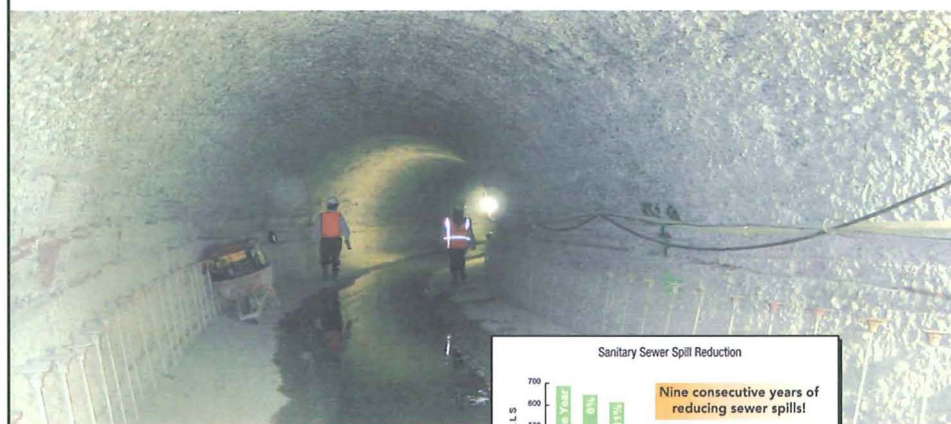


2

Date: 5/17/11
Submitted in ESG Committee
Council File No: 10-1947
Item No.: 1
Deputy: Adam R. Lid



Los Angeles has 6,700 miles of sewers. Currently, we have **50 projects underway** to repair old sewers and build new ones.



Sewage spills are **down 80%** since 2000.



Our sewers are getting **older**.



The average lifespan of an L.A. sewer line before needing major repairs is **80 years...and about 20% are older than that.**



...and over **50% of L.A. sewers are already over 70 years old.**

5

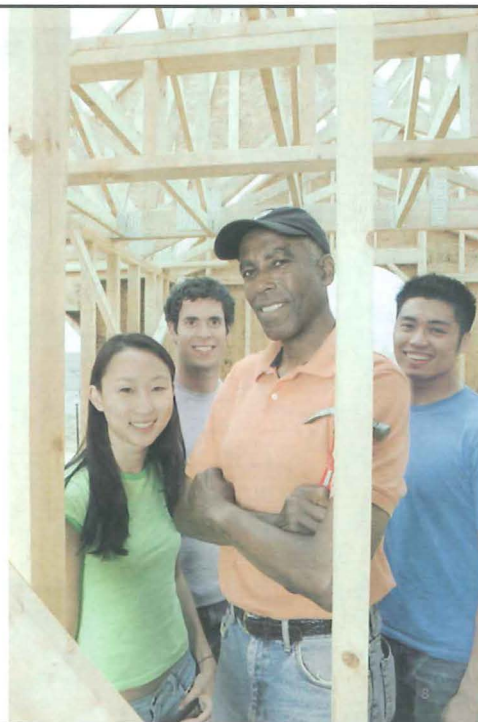




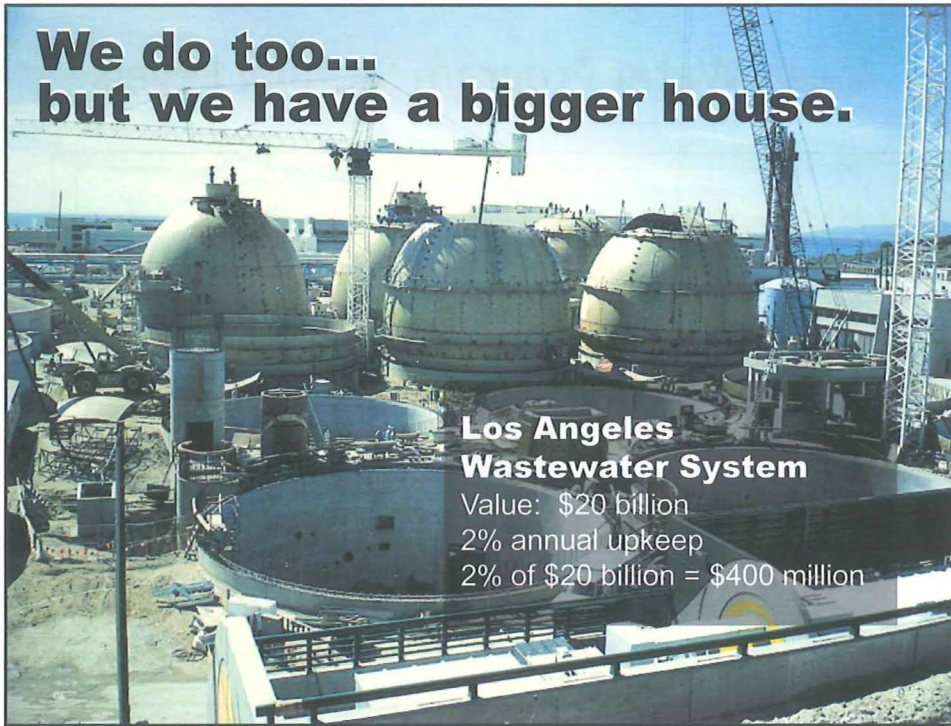
With our current budget, we can replace or repair our wastewater system components only **once every 168 years.**

7

The average homeowner spends around **2% of their home's value** on upkeep annually.



**We do too...
but we have a bigger house.**



**Los Angeles
Wastewater System**

Value: \$20 billion
2% annual upkeep
2% of \$20 billion = \$400 million

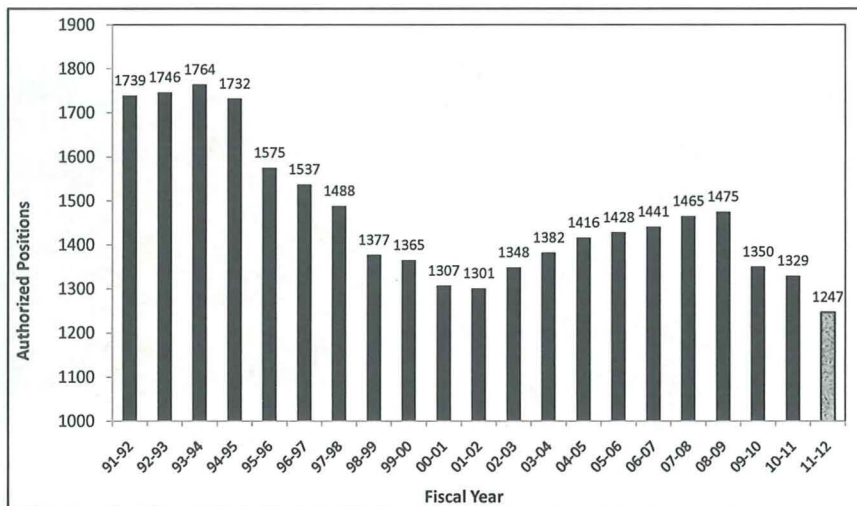
**We've done more with less
for a long time.**



- Staff reduced by **29%** since 1994; 15% in the last 3 years.
- By installing automated systems, we've cut operating costs by **\$27 million** in the last two years.
- By restructuring how we borrow money, we are **saving \$15 million** each year from 2002 to 2029 (projected savings of \$416 million).
- By tightening our belts, we've been **able to meet our obligations.**
- But there's nothing left to cut.

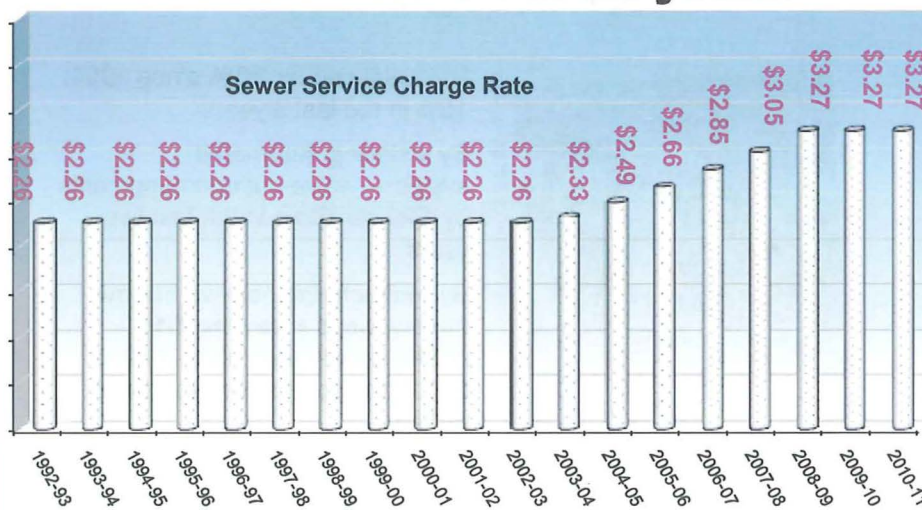
10

Clean Water Program Staffing Levels



11

Los Angeles sewer service charges have held the **same for 14 of 20 years.**



Our sewer rates today are 4% less than in 1992, after adjusting for inflation.

12



What is proposed in the 10-year plan?

~~\$37~~
\$34

An increase of approximately ~~\$37~~ **\$34 per year for each of the next 10 years** for the average L.A. family.

13

You adjust the financial dial



- ❖ Debt Service Coverage ratio
- ❖ Year-end cash balance
- ❖ Amount of cash financing of capital improvement program



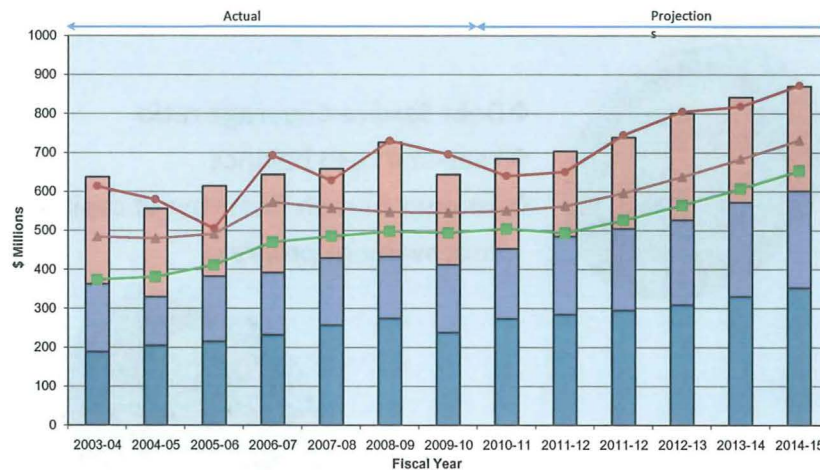
14

Proposed Adjustments

Annual Charges			Monthly Charges		
	Original	Revised		Original	Revised
Current	\$359	\$359	Current	\$29.88	\$29.88
January 2012	\$378	\$375	January 2012	\$31.52	\$31.22
July 2012	\$399	\$391	July 2012	\$33.25	\$32.62
July 2013	\$433	\$420	July 2013	\$36.08	\$35.07
July 2014	\$470	\$452	July 2014	\$39.15	\$37.70
July 2015	\$510	\$486	July 2015	\$42.48	\$40.53
July 2016	\$548	\$523	July 2016	\$45.66	\$43.57
July 2017	\$589	\$562	July 2017	\$49.09	\$46.84
July 2018	\$633	\$604	July 2018	\$52.77	\$50.35
July 2019	\$681	\$450	July 2019	\$56.73	\$54.13
July 2020	\$732	\$698	July 2020	\$60.98	\$58.19

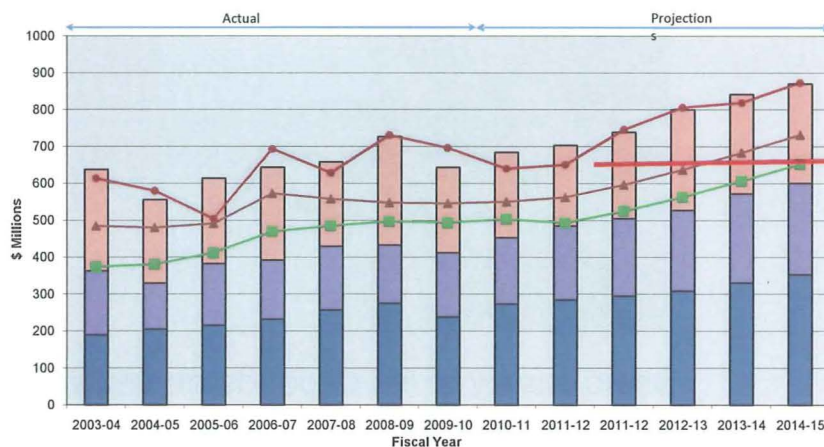
15

Revenue and Expenditures



16

Program cap with no rate adjustment



17

L.A.'s sewer service charges are in the **middle of the largest 10 cities** in the U.S.

Also in the middle compared to California cities

San Francisco	\$85.20
San Diego, CA	\$48.06
Santa Morica	\$39.90
Glendale	\$33.70
Long Beach	\$33.00
San Jose, CA	\$32.86
Los Angeles, CA	\$29.88
Burbank	\$21.01
Pasadena	\$19.78



18

It's simple:



Basic quality of life depends on sewers and treatment facilities that work.

19

Next Steps

Council & Mayor

- Energy & Environment
- City Council

Outreach

- Community Meetings
- Proposition 218 notice

Council & Mayor

- Public Hearing
- Ordinance adoption

Proposed effective date of new rates: January 1, 2012

20