

Los Angeles  Department of Water & Power

ERIC GARCETTI
Mayor

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RONALD O. NICHOLS
General Manager

December 4, 2013

The Honorable City Council
City of Los Angeles
Room 395, City Hall
Los Angeles, California 90012

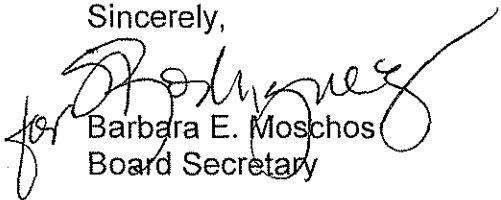
Honorable Members:

Subject: Power Revenue Fund Transfer to the City of Los Angeles
During Fiscal Year 2013-2014

Enclosed is a certified copy of Resolution No. 014 116, adopted by the Board of Water and Power Commissioners on December 3, 2013. This resolution consents to the adoption of an ordinance by the Council of the City of Los Angeles transferring from the Power Revenue Fund to the City during the 2013-2014 Fiscal Year, the sum of \$253,000,000. Supporting documents are also enclosed.

If additional information is required, please contact Ms. Winifred Yancy, Manager of Intergovernmental Affairs and Community Relations, at (213) 367-0025 or Mr. Ronald O. Nichols (213) 367-1338.

Sincerely,


for Barbara E. Moschos
Board Secretary

BEM:sar
Enclosures: LADWP Resolution
Board Letter

(Ordinance transmitted under separate cover)

Los Angeles Aqueduct Centennial Celebrating 100 Years of Water 1913-2013

111 N. Hope Street, Los Angeles, California 90012-2607 Mailing address: Box 51111, Los Angeles, CA 90051-5700
Telephone: (213) 367-4211 www.LADWP.com

c/enc: Mayor Eric Garceti
Councilmember Felipe Fuentes, Chair, Energy and the Environment Committee
Gerry F. Miller, Chief Legislative Analyst
Miguel A. Santana, City Administrative Officer
Rafael Prieto, Legislative Analyst, CLA
William R. Koenig, Chief Administrative Analyst
Winifred Yancy

BE IT RESOLVED:

1. That the City of Los Angeles (City) Charter provides that the Board of Water and Power Commissioners (Board) may, after the close of a fiscal year, consent to a transfer of money from the Power Revenue Fund to the Reserve Fund of the City based on audited financial data; and
2. That this Board finds and determines, after first considering, and subject to, all covenants made by the City of Los Angeles Department of Water and Power (Department) with respect to transfers from the Power Revenue Fund, that there is surplus money, as defined in the City Charter and applicable contracts, in the Power Revenue Fund as of the close of fiscal year 2012/13 and consents to the transfer of \$253,000,000 of said surplus money to the Reserve Fund of the City during fiscal year 2013/14 and pursuant to the terms of this resolution; and
3. That this Board does further consent that the Council of the City of Los Angeles adopt an ordinance in words and figures substantially as follows, to wit:

"ORDINANCE NO. _____

An ordinance directing the transfer of surplus money from the Power Revenue Fund of the City of Los Angeles Department of Water and Power to the Reserve Fund of the City of Los Angeles during Fiscal Year 2013/14.

THE PEOPLE OF THE CITY OF LOS ANGELES DO ORDAIN AS FOLLOWS:

Section 1. Subject to audited financial data for fiscal year 2012/13 and all covenants made by the City of Los Angeles Department of Water and Power (Department) with respect to transfers from the Power Revenue Fund, subject to there having been, and only to the extent that there was, surplus money in the Power Revenue Fund at the close of the 2012/13 fiscal year, and subject to the declaration of consent adopted by the Board of Water and Power Commissioners, it is hereby directed that \$253,000,000 be transferred from the Power Revenue Fund of the Department to the Reserve Fund of the City of Los Angeles during the 2013/14 fiscal year.

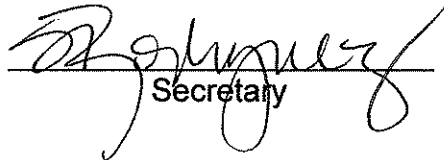
Sec. 2. The City Clerk shall certify to the passage of this ordinance and have it published in accordance with Council policy, either in a daily newspaper circulated in the City of Los Angeles or by posting for ten days in three public places in the City of Los Angeles: one copy on the bulletin board located at

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the Main Street entrance to the Los Angeles City Hall; one copy on the bulletin board located at the Main Street entrance to the Los Angeles City Hall East; and one copy on the bulletin board located at the Temple Street entrance to the Los Angeles County Hall of Records."

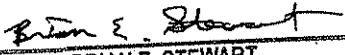
BE IT FURTHER RESOLVED that, after the adoption of an ordinance as set forth in (3) above, the Chief Accounting Employee of this Department is directed, upon certification by the General Manager, to cause to be transferred \$126,500,000 within 10 days after the effective date of the ordinance in one lump sum payment from the Power Revenue Fund of the Department to the Reserve Fund of the City and the remaining amount in approximately equal monthly installments from the Power Revenue Fund of the Department to the Reserve Fund of the City so that by June 30, 2014, the full amount of \$253,000,000 has been paid.

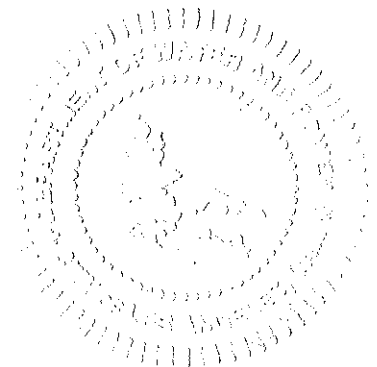
I HEREBY CERTIFY that the foregoing is a full, true, and correct copy of a resolution adopted by the Board of Water and Power Commissioners of the City of Los Angeles at its meeting held on **DEC 03 2013**


Secretary



APPROVED AS TO FORM AND LEGALITY
MICHAEL N. FEUER, CITY ATTORNEY

NOV 22 2013

BY 
BRIAN E. STEWART
DEPUTY CITY ATTORNEY



LOS ANGELES DEPARTMENT OF WATER AND POWER (LADWP) BOARD APPROVAL LETTER

TO: BOARD OF WATER AND POWER COMMISSIONERS		DATE: November 13, 2013
 PHILIP LEIBER Chief Financial Officer		SUBJECT: Transfer of Funds from the Power Revenue Fund to the Reserve Fund of the City of Los Angeles During Fiscal Year 2013/14
 RONALD O. NICHOLS General Manager		
		FOR COMMISSION OFFICE USE:
CITY COUNCIL APPROVAL REQUIRED: Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	IF YES, BY WHICH CITY CHARTER SECTION: 344	

PURPOSE

To authorize the adoption of an ordinance by the Los Angeles City Council to transfer funds from the Power Revenue Fund of the City of Los Angeles Department of Water and Power (LADWP) to the Reserve Fund of the City of Los Angeles (City) in the amount of \$253,000,000 during the Fiscal Year 2013/14. This amount is available for transfer based on a review of the Power System's operations as of the close of Fiscal Year 2012/13.

COST AND DURATION

\$253,000,000 to be paid during Fiscal Year 2013/14.

BACKGROUND

The Power System transfers funds annually to the City of Los Angeles Reserve Fund. Transfers of this nature are a common practice of municipal electric utilities, based on data from the American Public Power Association. The amount for Fiscal Year 2013/14 is based on transferring eight percent of the gross operating revenue from Fiscal Year 2012/13. Eight percent has been used as the percentage to transfer since Fiscal Year 2008/09.

The transfer is subject to the following bond covenants:

- 1) No transfer may exceed prior fiscal year's net income; and

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November 13, 2013

- 2) No transfer may result in prior fiscal year's surplus less the 2013/14 transfer amount being less than 33-1/3 percent of the total indebtedness (including the current portion) outstanding not more than 10 days prior to the date of such transfer.

Based on the calculations as shown in Attachment A, the LADWP recommends a transfer of \$253,000,000 during the Fiscal Year 2013/14, which is in compliance with the bond covenants.

This Resolution provides for \$126,500,000 to be transferred within 10 days after the effective date of the ordinance in one lump sum payment and the remainder to be transferred in approximately equal monthly installments so that by June 30, 2014, the full amount of \$253,000,000 has been paid.

RECOMMENDATION

It is requested that your Honorable Board adopt the attached Resolution recommending the Los Angeles City Council's approval of an ordinance authorizing the transfer of money to the Reserve Fund of the City.

AMS:en

Attachments

e-c/att: Ronald O. Nichols
Richard M. Brown
Aram Benyamin
James B. McDaniel
Gary Wong
Philip Leiber
Ann M. Santilli

Power System
City Transfer Calculation for Fiscal Year 2013-14
and Bond Covenants Compliance Tests
Based on Audited Financial Data for Fiscal Year Ended June 30, 2013
(amounts in thousands)

City Transfer Amount for Fiscal Year 2013/14	\$253,000
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Test 1: No transfer may exceed prior fiscal year's Net Income.

Net Income for fiscal year ended June 2013	\$381,642
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Conclusion: Transfer amount is less than Net Income.

Test 2: No transfer may result in prior fiscal year's Surplus less the 2013/14 transfer amount being less than thirty-three and one-third percent (33-1/3%) of the Total Indebtedness (including the current portion) outstanding not more than 10 days prior to the date of such transfer.

Surplus as of June 30, 2013	\$5,189,846
Less: 2013/14 City Transfer Amount	\$253,000
Adjusted Surplus	\$4,936,846
Total debt outstanding including current portion	\$7,744,011
Debt issued since June 30, 2013	\$0
Total Indebtedness as of November 30, 2013	\$7,744,011
Thirty-three and one-third percent	33.33%
33.3% of Total Indebtedness as of November 30, 2013	\$2,581,079
Adjusted Surplus less 33.3% of Total Indebtedness	\$2,355,767

Conclusion: Adjusted Surplus is greater than 33.33% of Total Indebtedness as of November 30, 2013

