

Los Angeles

Department of Water & Power



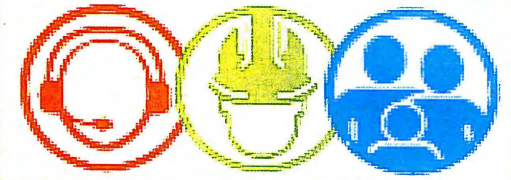
FY 15-16 PRELIMINARY BUDGET

Board of Water and Power Commissioners

March 17, 2015



Message from the GM



In keeping with the Mayor's Back to Basics initiative we are focused on the four "R's", as follows:

- **Reliability** – Address aging infrastructure through long-term, sustained investment
- **Rates** – Competitive, equitable and sustainable
- **Resources/Regulatory** – Energy efficiency, local water, renewables, mandates and workforce sustainability
- **Service** – Restoring public trust through benchmarking and performance accountability

Mayor's Priority Outcome Areas

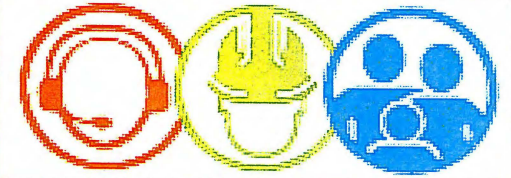


The FY 2015-16 Preliminary Budget is in alignment with Mayor Garcetti's five Priority Outcome Areas (see Appendix) and includes a strengthened commitment to:

- Providing excellent service and competitive rates for our customers;
- Continuing investment in critical infrastructure;
- Transitioning to sustainable Los Angeles water and energy supplies;
- Increasing system reliability;
- Compliance with Legal and Regulatory Mandates; and,
- Leveraging proposed FY 2015-16 spending to create 10,000 jobs and support the local economy

Successfully aligning the budget goals and incorporation of benchmarking and performance metrics provides both greater transparency and information for enhanced decision-making.

FY 15-16 Budget Development Status



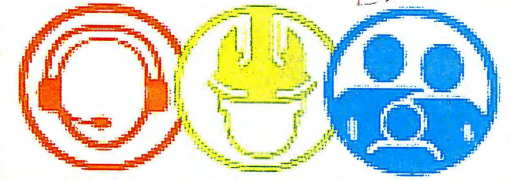
City Charter Section 511 (b) requires the Board of Water and Power Commissioners (Board) to adopt an annual receipts and appropriations Budget for the Water and Power Revenue Funds prior to the beginning of each fiscal year:

- ✓ Water and Power funds must be budgeted separately
- ✓ Joint costs shown in either Water or Power fund with reimbursement from the other system

The Receipts and Appropriations schedule is different from what is used for management and planning purposes. This schedule consolidates:

- ✓ Operation and Maintenance Expenditures
- ✓ Capital Expenditures
- ✓ Fuel & Purchased Power and Purchased Water Expenditures
- ✓ Financing Activities

Presentation Overview



- Cost Savings Since 2012
- Recent Accomplishments
- Development of FY 2015-16 budget
- Key Expenditure Plans & Recommended Budgets
- Staffing Plan by System
- Timeline & Next Steps
- Appendix – Budget Detail

Cost Savings Since 2012



Exceeded 3-year Cost Reduction Goal and saved over \$466.9 million from FY 11-12 through FY 13-14. Additional savings achieved include:

- New labor contract: Saves \$456 M over 4 years; \$5 B over 30 years
- Lower cost financing for water and power projects will save approximately \$267 M
- Recently formed Corporate Performance Unit benchmarking and performance metrics will ensure cost efficiency and accountability

Recent Accomplishments Power & Sustainability



We've made major strides in key Energy-related initiatives



Local Solar: Customer solar rebates & feed-in tariff, 113 MW to date



Charge Up L.A.: \$2M in rebates supported 1,300 chargers through 2014



Beacon Solar Plant groundbreaking north of Mojave: 1,200 MW new renewable projects—clean energy for 475,000 customers/year



Haynes GS in Long Beach: Rebuilt 2 units to reduce ocean water for cooling by 50%

Recent Accomplishments

Power Sustainability & Infrastructure

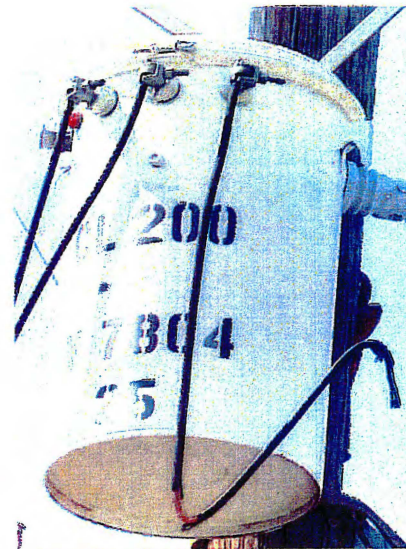


We doubled investment in Energy Efficiency programs



Lighting retrofits and other efficiency solutions helped reduce energy use by 27% in FY 13/14 citywide

We upgraded neighborhood Power Grid to improve reliability...



Replaced/upgraded 2,750 transformers, which with stood the last heat storms



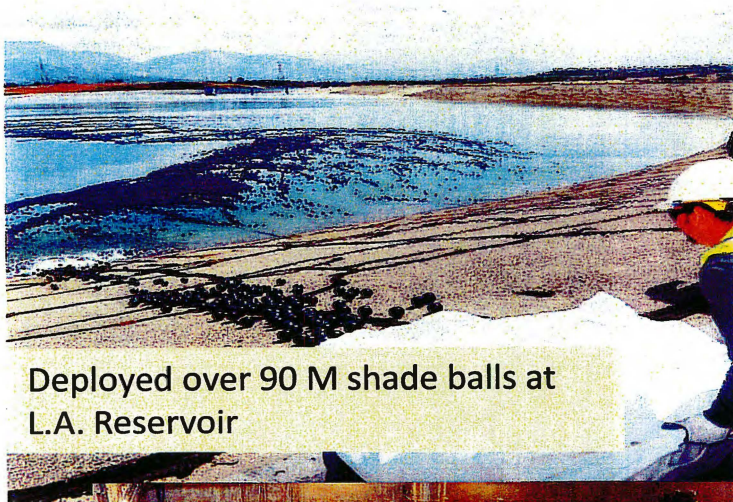
Replaced 2,620 poles since FY 13/14

Recent Accomplishments

Water Quality & Sustainability

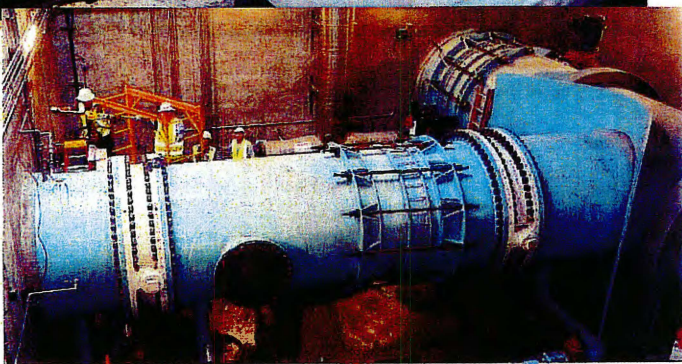


We've continued to meet stringent water quality regulations, increase conservation and local water supply.



Deployed over 90 M shade balls at L.A. Reservoir

Placed in service nation's second largest UV treatment plant



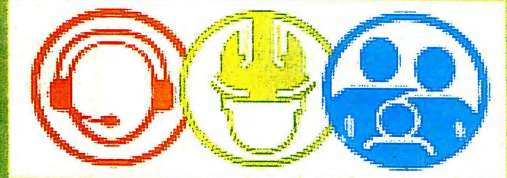
Headworks East storage facility



Reached historic agreement on Owens Lake

Recent Accomplishments

Water Sustainability & Infrastructure



We've continued expanding the local water supply and upgrading aging infrastructure

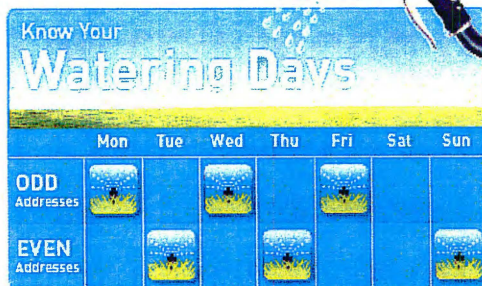


Conservation:
Cash for Your Lawn rebates, \$3.75
Saved 16% water use since 2009



Infrastructure Reliability:
Replaced over 100,000 feet of mainline per year

Los Angeles  Department of Water & Power



Increased Water Conservation outreach & water waste monitoring



Tujunga Spreading Grounds:
Improving stormwater capture to enhance local water supply