



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



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



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

Recent Accomplishments

Power Sustainability & Infrastructure



We doubled investment in Energy Efficiency programs

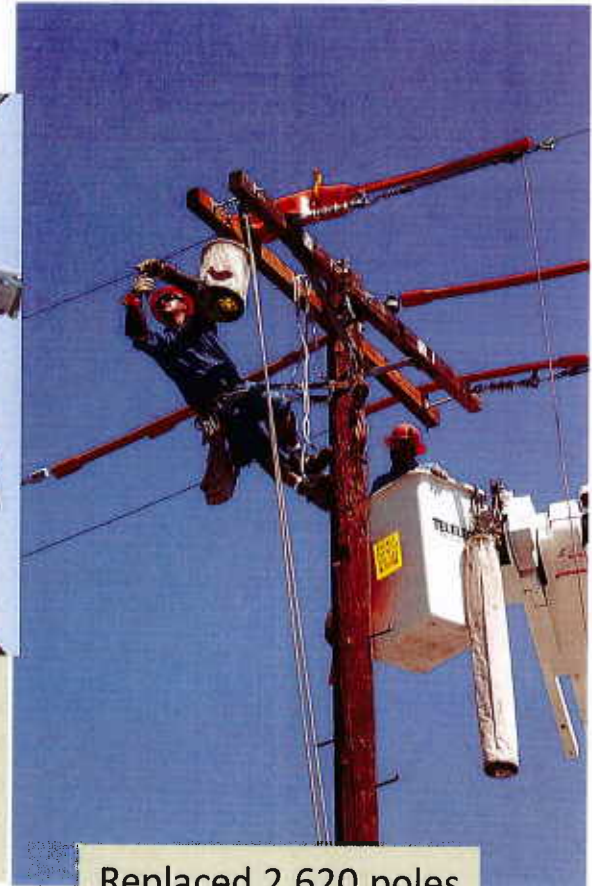


Lighting retrofits and other efficiency solutions helped reduce energy use by 27% in FY 13/14 citywide

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

Need for Sustained Investment

Customers - Mandates - Reliability



In 2012, LADWP received approval from the Board and the City Council for an increase in the water quality adjustment and a two-year power rate increase. Extensive public education and outreach was conducted to explain why the increases were needed and how increased revenues would be used.

At that time, LADWP described this request as the beginning, and explained the need for more long-term sustained rate changes.

Development of FY 2015-16 Budget

Customers - Mandates - Reliability



Work on the FY 2015-16 budget commenced during 2014 and will continue over the next two months leading towards a final budget with a multi-year capital improvement plan by May 31. This preliminary budget is a reflection of where we as an agency feel we need to be next year with regards to investment in infrastructure and critical programs.

This preliminary budget, which will continue to be updated and adjusted over the coming weeks, reflects additional revenues not yet approved by the Board of \$159 M and \$140 M for Power and Water¹, respectively.

These additional revenues directly correlate to what the department hopes to invest in planned water and power capital infrastructure, accelerate reliability and increase replacement cycles; decrease our risk for not complying with regulatory mandates; and improve customer service levels. We also feel that this would maintain LADWP's financial metrics and preserve our low cost of borrowing.

¹ Excluding Purchased Water

Competitive Rates - Now

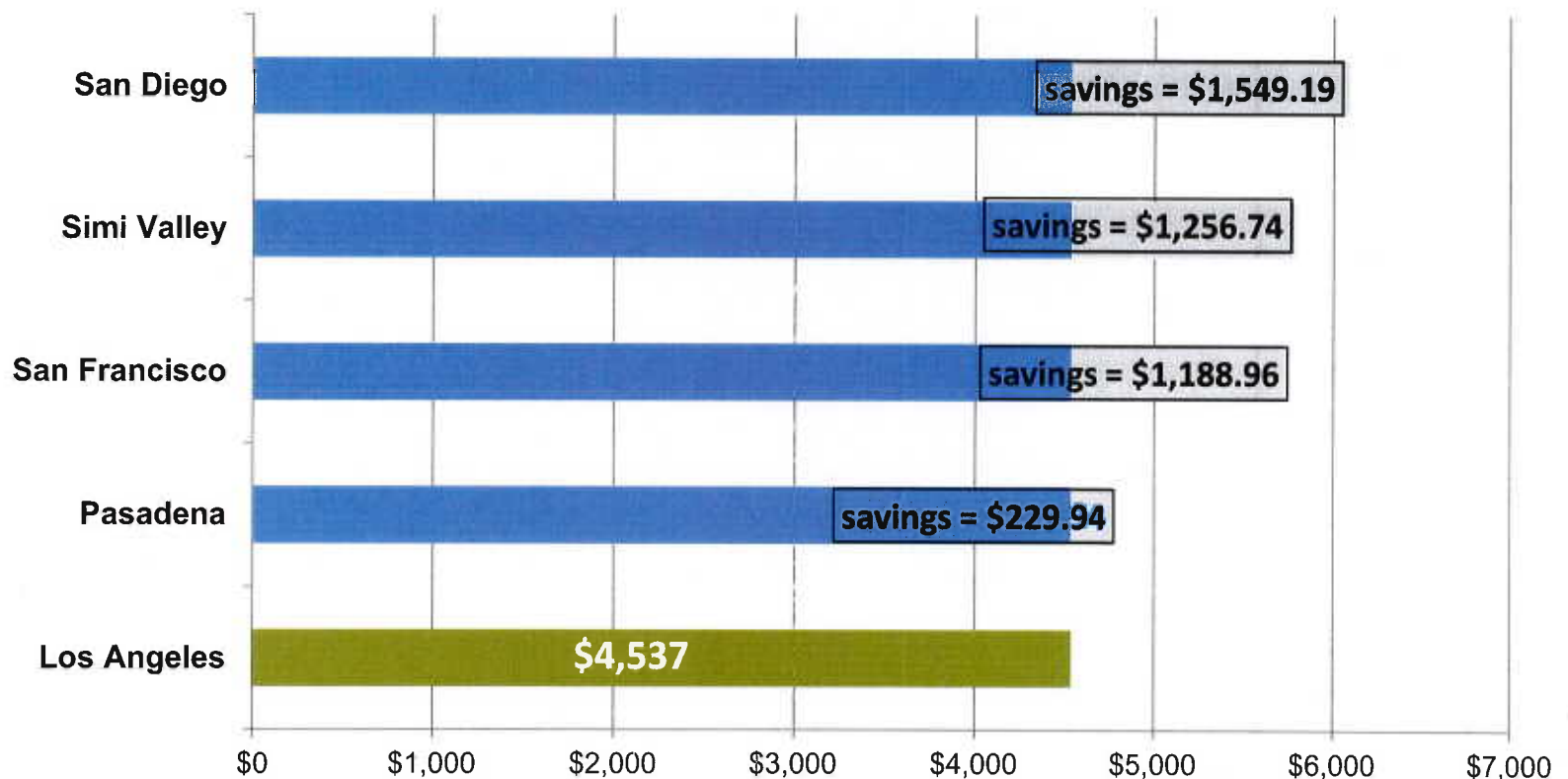


We've kept water and power rates competitive with other major California cities and nearby communities

3-year Typical Customer Water & Power Bill

Comparison of Water & Power bills over 3 years, 2012-2015

■ LADWP typical residential savings





Power Revenue Fund



Power Revenue Fund

Key Expenditure Plan Summary



\$ in Millions	FY 2013-14	FY 2014-15		FY 2015-16
	Actual	Approved	Estimated	Proposed
OPERATING EXPENSE				
Non-Renewables	\$ 1,065	\$ 1,165	\$ 1,137	\$ 1,144
Renewables	322	280	310	381
Feed in Tariff	0	11	2	16
CO2, Emission and Other Expenses	26	45	45	28
Total Fuel and Purchased Power	\$ 1,414	\$ 1,501	\$ 1,494	\$ 1,569
Operation and Maintenance	936	962	957	1,010
Property Tax	14	16	16	17
Depreciation	467	550	545	585
TOTAL OPERATING EXPENSE	\$ 2,831	\$ 3,029	\$ 3,012	\$ 3,181
CITY TRANSFER	253	261	266	273
DEBT SERVICE	451	436	412	464
INCREASE IN FUND NET ASSETS	134	130	52	75
REVENUE REQUIREMENT	\$ 3,320	\$ 3,474	\$ 3,410	\$ 3,696
TOTAL CAPITAL INVESTMENT	\$ 1,214	\$ 1,476	\$ 1,431	\$ 1,598
Notes:				
1) The annual cost associated with the Capital Investment is reflected in Debt Service and Depreciation.				

Power Revenue Fund

Key Programs Summary



Power System Reliability Program

Replace the rapidly aging backbone and infrastructure of the Generation, Transmission, Substation, and Distribution Systems

Power Supply Replacement Program

Develop greener power resources by Repowering and Rebuilding of Local Power Plants, more Renewable Energy Resources and transitioning from Coal

Customer Opportunities Program

Provide customers the opportunities to reduce their carbon footprint through Energy Efficiency, Solar Incentives, Demand Response, and Feed-in Tariff (FiT)

Customer Service

Support customers through field services, meter reading, customer account analysis, call center and customer contact and service center operations

Operating Support

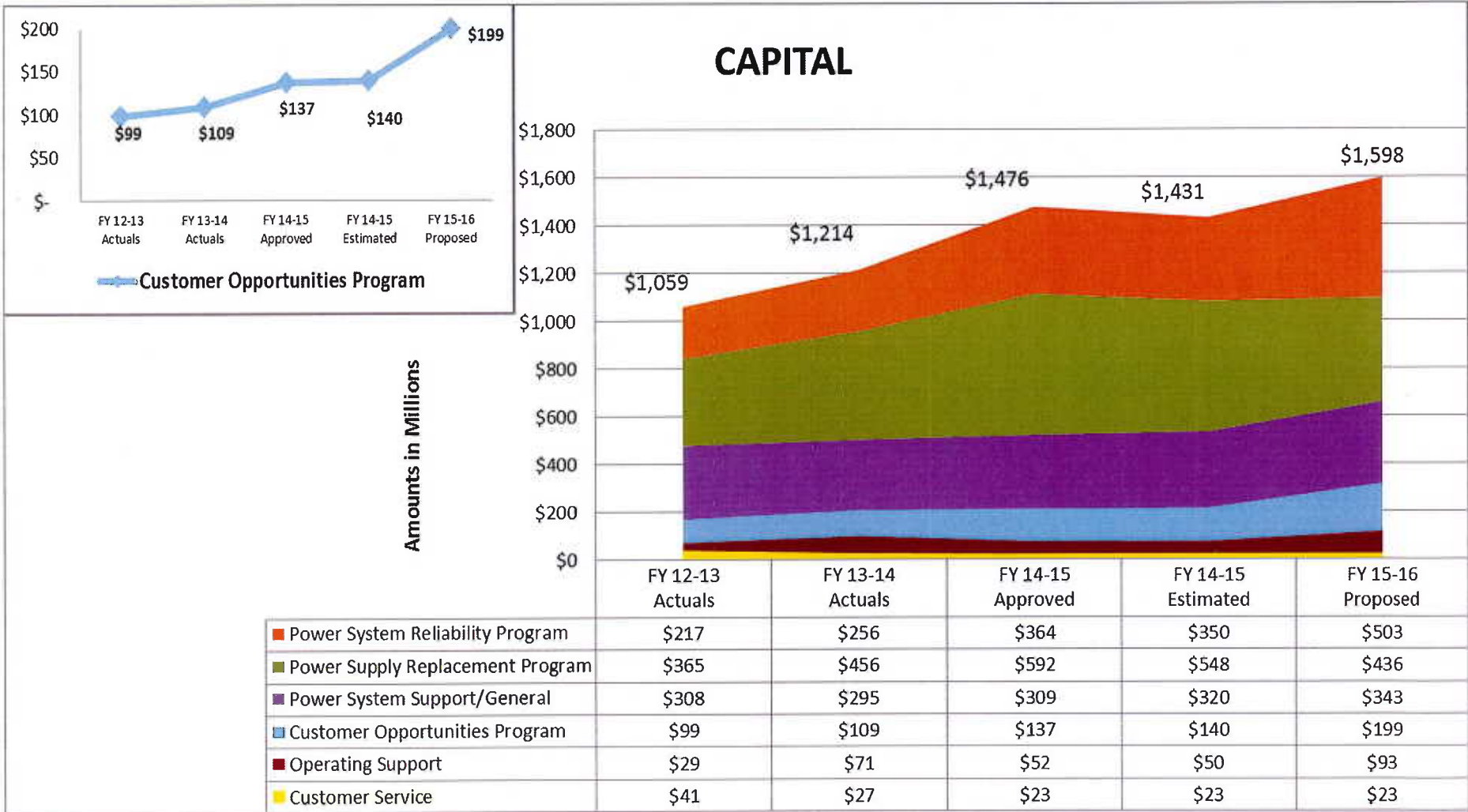
Provide shared and joint services including fleet, purchasing, finance, IT and human resources

Power System Support/General

Support for generation facilities, wholesale marketing, electric vehicles, etc.

Power Revenue Fund

FY 15-16: Capital Expenditures Trend

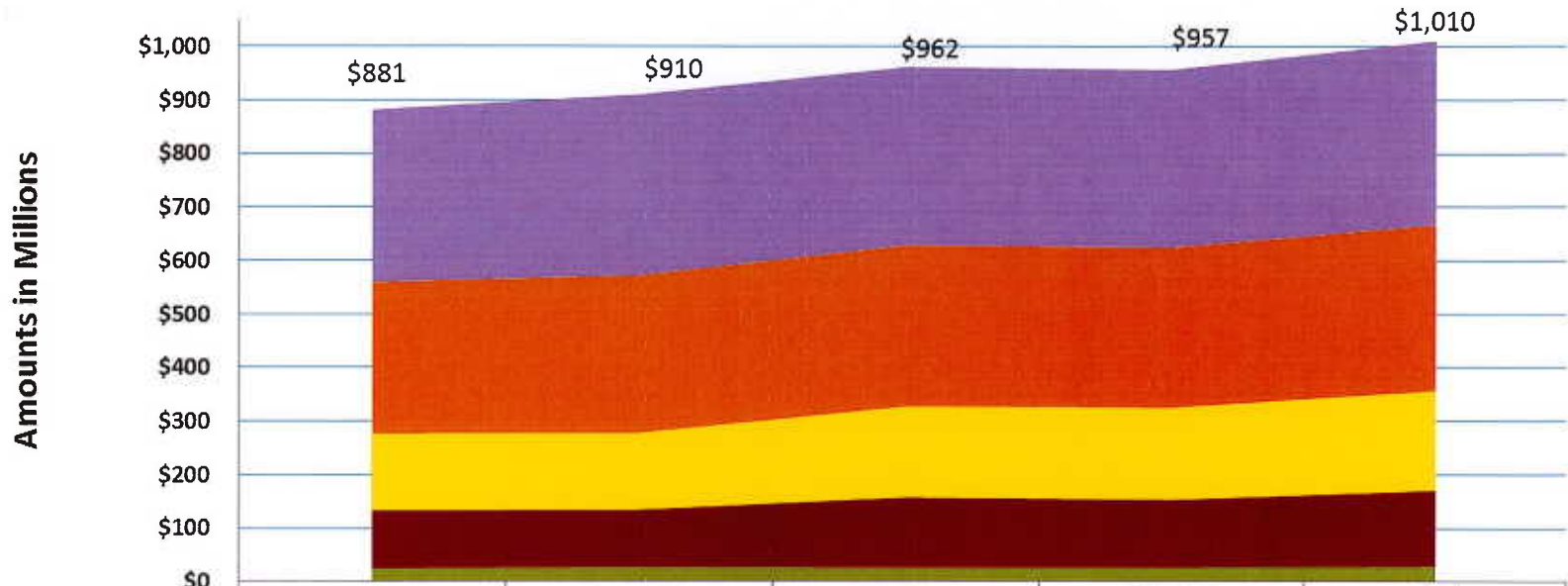


Power Revenue Fund

FY 15-16: O&M Expenditures Trend



OPERATION AND MAINTENANCE



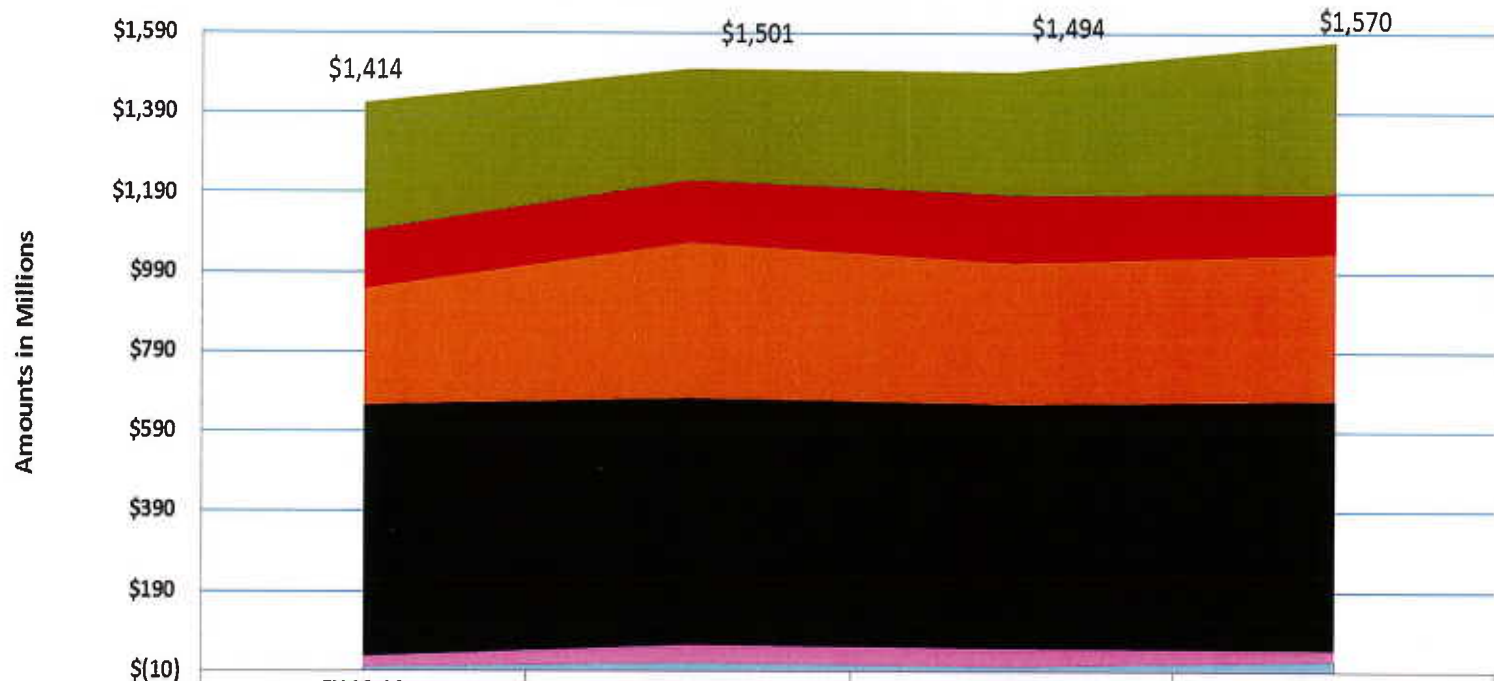
	FY 12-13 Actuals	FY 13-14 Actuals	FY 14-15 Approved	FY 14-15 Estimated	FY 15-16 Proposed
Power System Support/General	\$322	\$338	\$333	\$333	\$343
Power System Reliability Program	\$282	\$295	\$301	\$300	\$310
Customer Service	\$144	\$143	\$170	\$172	\$186
Operating Support	\$108	\$107	\$131	\$127	\$141
Power Supply Replacement Program	\$25	\$27	\$26	\$26	\$29

Power Revenue Fund

FY 15-16: Fuel & Purchased Power Trend



FUEL AND PURCHASED POWER



	FY 13-14 Actuals	FY 14-15 Approved	FY 14-15 Estimated	FY 15-16 Proposed
Renewables	322	280	309	381
Other Non-Renewables	144	156	170	150
Natural Gas	292	390	355	368
Coal and Nuclear	630	619	613	626
CO2 Emissions and Other	26	45	45	28
Feed-in Tariff	0	11	2	16



Water Revenue Fund



Water Revenue Fund

Key Expenditure Plan Summary



\$ in Millions	FY 2013-14	FY 2014-15		FY 2015-16
	Actual	Approved	Estimated	Proposed
OPERATING EXPENSE				
Purchase Water	\$ 339	\$ 344	\$ 298	\$ 209
Operating and Maintenance	418	422	426	450
Property Taxes	13	14	14	16
Depreciation	123	136	147	157
TOTAL OPERATING EXPENSE	\$ 894	\$ 917	\$ 885	\$ 833
DEBT SERVICE	203	217	220	270
INCREASE IN FUND NET ASSETS	152	91	107	85
REVENUE REQUIREMENT	\$ 1,142	\$ 1,146	\$ 1,130	\$ 1,082
TOTAL CAPITAL INVESTMENT	\$ 670	\$ 722	\$ 725	\$ 884

Notes:

- 1) Debt Service and Increase in Fund Net Assets include securitization.
- 2) The annual cost associated with the Capital Investment is reflected in Debt Service and Depreciation.

Water Revenue Fund

Key Programs Summary



Safe Drinking Water Program

Develop the highest quality water through reservoir covers, bypasses, and trunkline replacement, and regulatory compliance

Water Infrastructure Program

Replace aging pipeline and infrastructure, including regulator and pumping stations; and renewal of the 101 year old Los Angeles Aqueduct “in place”

Local Water Supply and Remediation Program

Invest in recycled water, groundwater remediation and stormwater, to increase local supply and meet the 20% conservation goal

Regulatory Compliance-Owens Valley Program

Complete dust mitigation and reduce water-intensive measures on the lake

Customer Service

Support customers through field services, meter reading, customer account analysis, call center and customer contact and service center operations

Operating Support

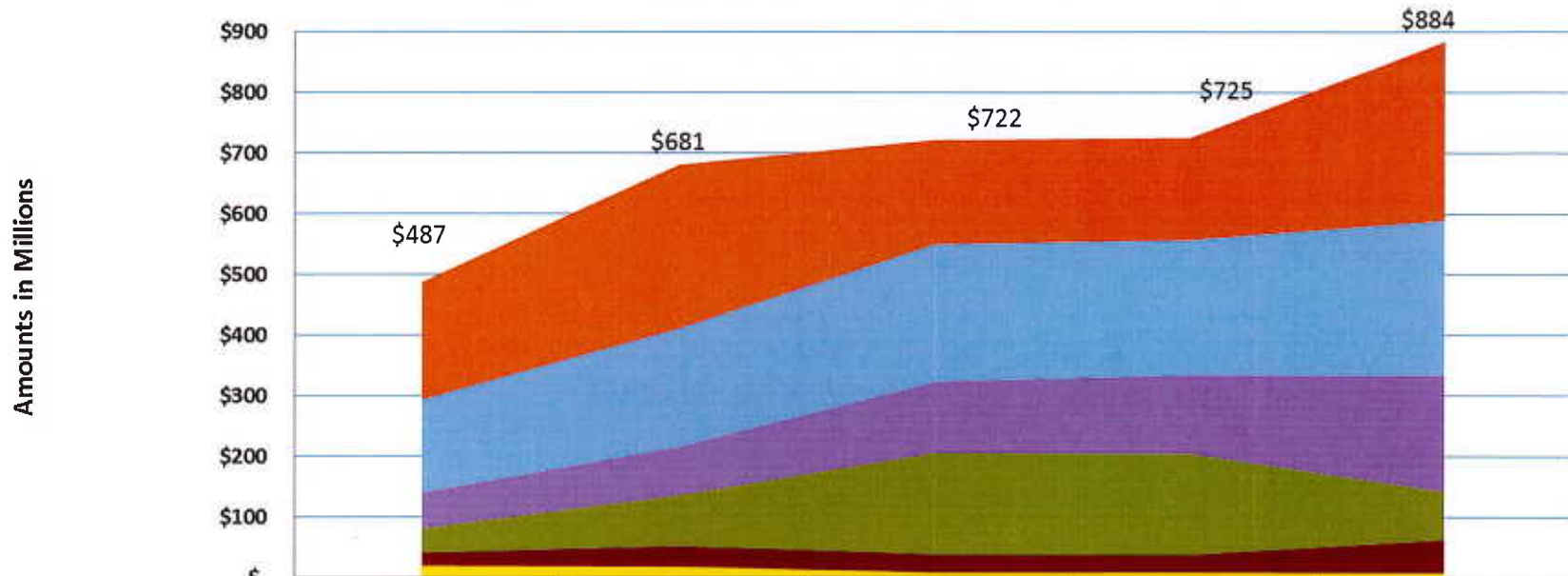
Provide shared and joint services including fleet, purchasing, finance, IT and human resources

Water Revenue Fund

FY 15-16: Capital Expenditures Trend



CAPITAL



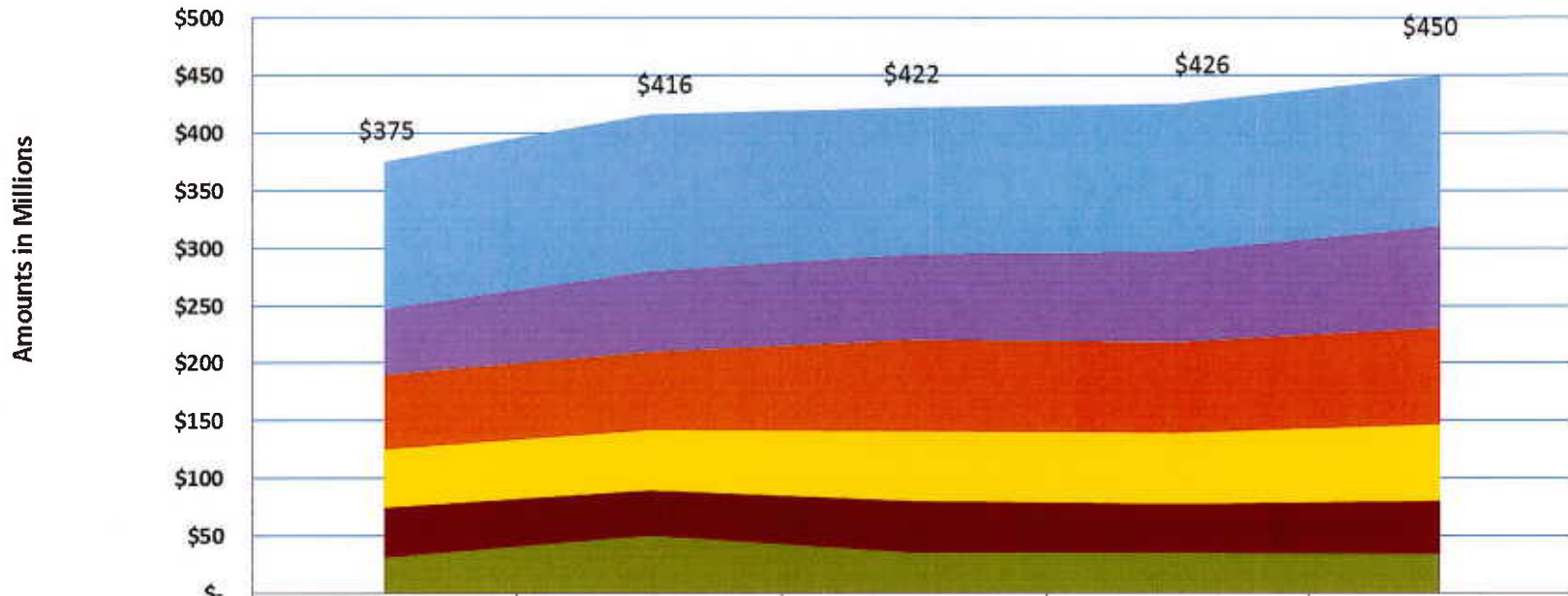
	FY 12-13 Actuals	FY 13-14 Actuals	FY 14-15 Approved	FY 14-15 Estimated	FY 15-16 Proposed
Safe Drinking Water Program	\$194	\$271	\$173	\$169	\$295
Water Infrastructure Program	\$153	\$195	\$227	\$223	\$255
Local Water Supply and Remediation	\$60	\$81	\$118	\$131	\$193
Regulatory Compliance - Owens Valley	\$40	\$84	\$168	\$167	\$80
Operating Support	\$21	\$33	\$29	\$28	\$54
Customer Service	\$19	\$17	\$8	\$8	\$8

Water Revenue Fund

FY 15-16: O&M Expenditures Trend



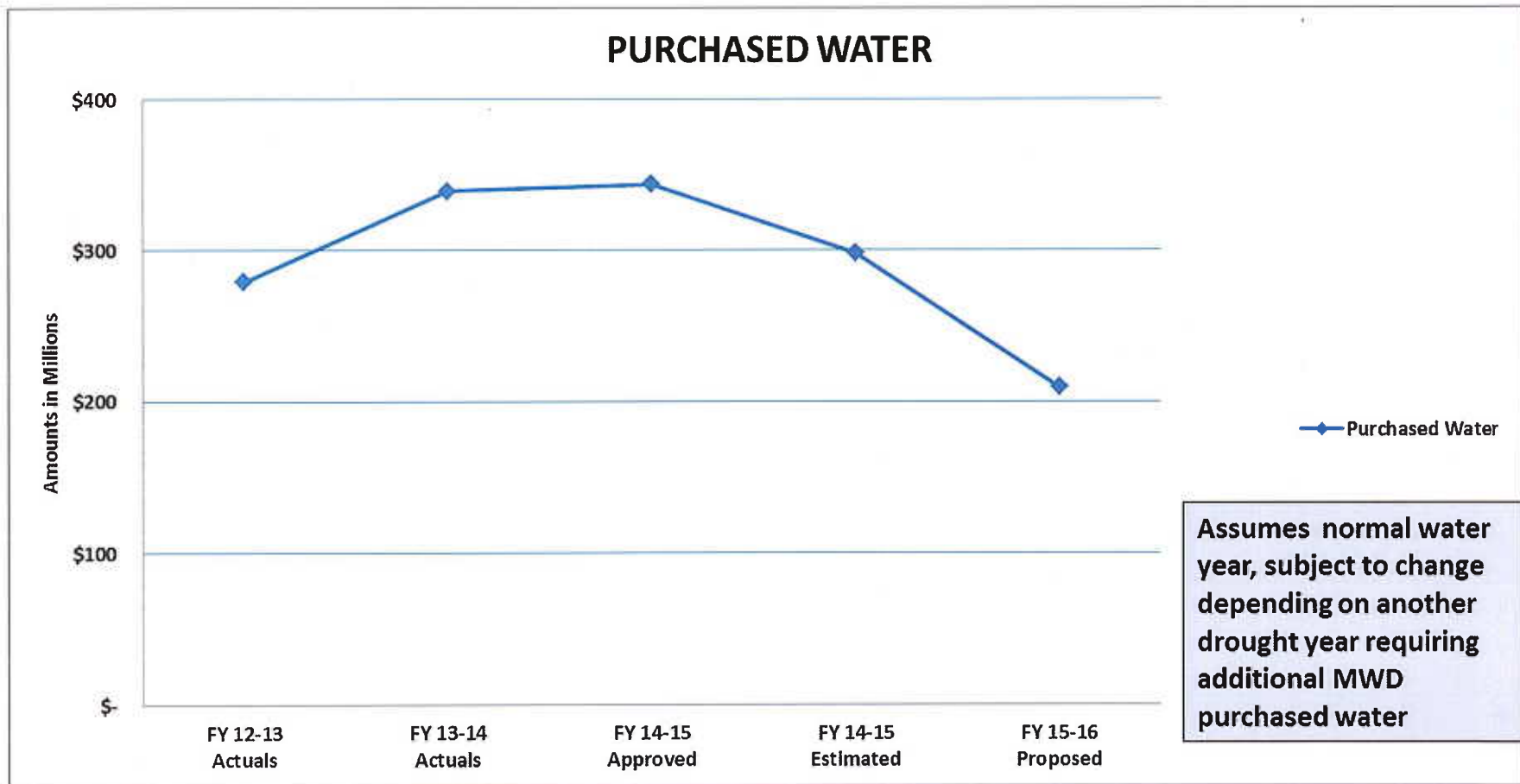
OPERATION AND MAINTENANCE



	FY 12-13 Actuals	FY 13-14 Actuals	FY 14-15 Approved	FY 14-15 Estimated	FY 15-16 Proposed
Water Infrastructure Program	\$128	\$136	\$127	\$129	\$131
Local Water Supply and Remediation	\$57	\$70	\$75	\$79	\$88
Safe Drinking Water Program	\$65	\$68	\$79	\$79	\$84
Customer Service	\$50	\$52	\$61	\$61	\$66
Operating Support	\$43	\$39	\$45	\$42	\$46
Regulatory Compliance - Owens Valley	\$31	\$50	\$35	\$35	\$34

Water Revenue Fund

FY 15-16: Purchased Water Trend



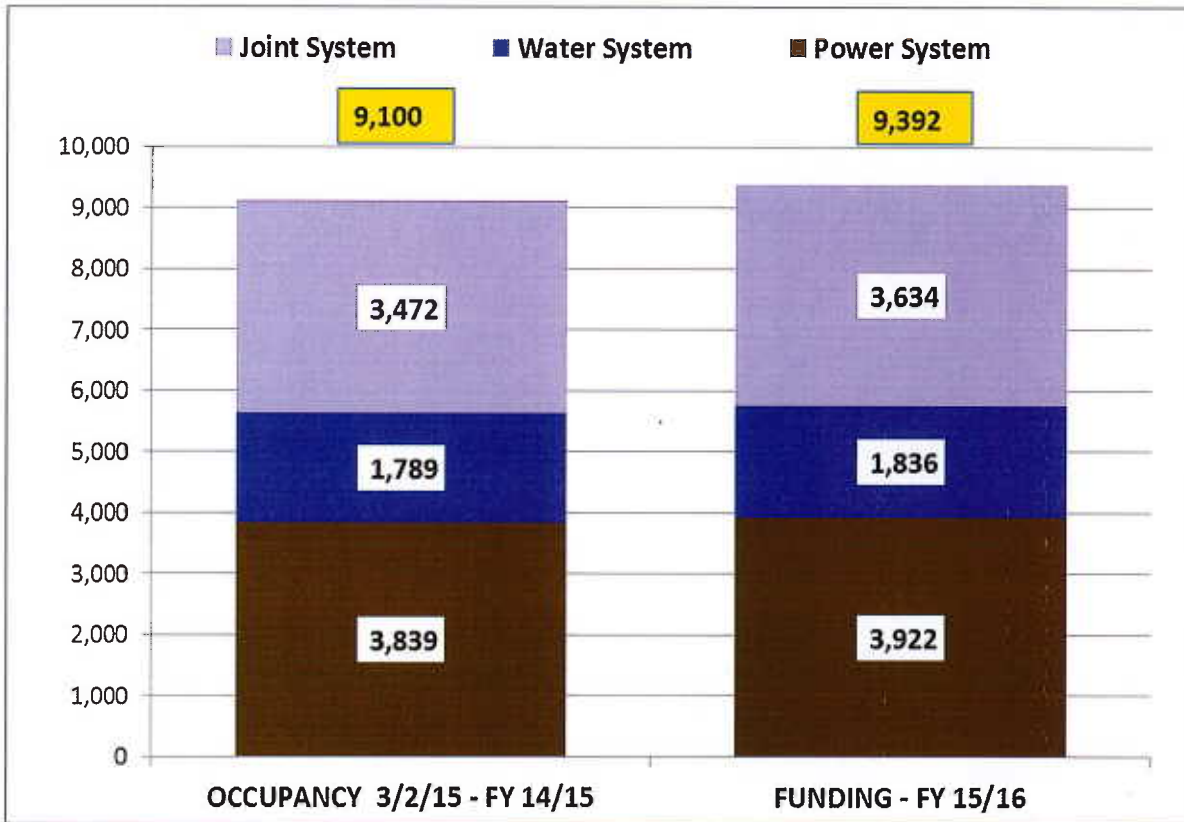


Staffing



Staffing Plan by System

FY 15-16: Proposed Funding & APR



Labor funding, 292 positions, above current occupancy is allocated primarily for implementing:

- Enhancing Customer Service
- Office of Sustainability and Economic Development programs
- Key Programs For Water and Power
- Succession Planning
- Financial System/ Human Resources Management System Project

Based on retirement eligibility criteria of Age 55 with 30 or more years of service and Age 60 with 5 or more years of service, approximately 2200 employees or roughly 24% of the existing LADWP workforce will be eligible to retire within FY 2015-16; actual Retirement for FY 2014-15 as of February 2015 is 179 employees

Total Budget (\$ in Millions)	Labor	Overtime	Benefits
Joint System	\$ 323.6	\$ 29.7	\$ 244.9
Water System	185.3	19.3	139.9
Power System	455.8	71.5	312.7
Total LADWP	\$ 964.7	\$ 120.4	\$ 697.6

- Annual Personnel Resolution is 10,008 Positions.

The Bottom Line

Next Steps



- Request Board Approval for FY 15-16 Preliminary Budget Transmittal – March 17, 2015
- Management Review and Update of Preliminary Budget – March and April 2015
- Present Final Budget to the Board – May 2015
- Rates Presentation to Board – April or May 2015
- Request Board Approval of Final FY 15-16 Budget - late May 2015

Water & Power Revenue Funds Budget Detail



APPENDIX

Power Revenue Fund

FY 15-16 Budget Overview



	FY 12-13		FY 13-14		FY 14-15		FY 15-16
	Actuals	Actuals	Approved	Estimated	Proposed		
Capital (in Millions)							
Power System Reliability Program	\$ 217.3	\$ 256.5	\$ 364.2	\$ 349.6	\$ 503.5		
Power Supply Replacement Program	365.1	455.6	591.8	547.8	435.8		
Power System Support/General	406.4	403.2	445.9	459.8	542.6		
Customer Opportunities Program	98.5	108.5	136.5	139.6	199.3		
Operating Support	29.4	71.2	51.5	50.0	93.0		
Total - Capital	\$ 1,058.9	\$ 1,213.6	\$ 1,476.2	\$ 1,430.5	\$ 1,597.8		
O&M (in Millions)							
Power System Support/General	\$ 322.1	\$ 338.0	\$ 333.3	\$ 332.7	\$ 343.3		
Power System Reliability Program	282.5	294.6	301.2	299.5	310.5		
Customer Service	144.0	143.5	170.0	171.9	186.0		
Operating Support	107.9	107.0	130.9	126.6	141.4		
Power Supply Replacement Program	25.0	27.1	26.2	26.2	29.0		
Total - O&M	\$ 881.4	\$ 910.2	\$ 961.6	\$ 957.0	\$ 1,010.3		
Fuel and Purchased Power (in Millions)							
Non-renewables	\$ 1,074.8	\$ 1,065.4	\$ 1,164.8	\$ 1,136.9	\$ 1,144.1		
Power Supply Replacement Program	262.0	322.0	280.3	309.5	381.1		
CO ₂ Emissions and Other	4.8	26.3	44.9	44.9	28.0		
Customer Opportunities Program	-	0.1	10.5	2.2	16.3		
Total - FPPB	\$ 1,341.5	\$ 1,413.8	\$ 1,500.5	\$ 1,493.5	\$ 1,569.5		

Power Revenue Fund

Power System Reliability Program



	FY 12-13	FY 13-14	FY 14-15		FY 15-16
	Actuals	Actuals	Approved	Estimated	Proposed
Capital (in Millions)					
Distribution	\$ 137.2	\$ 141.9	\$ 197.5	\$ 197.1	\$ 330.7
Substation	52.1	51.6	83.3	75.2	105.6
Transmission	9.8	46.2	82.0	76.0	51.6
Generation	18.3	16.8	1.4	1.3	15.5
Total - Capital	\$ 217.3	\$ 256.5	\$ 364.2	\$ 349.6	\$ 503.5
O&M (in Millions)					
Distribution	\$ 188.9	\$ 193.5	\$ 188.1	\$ 188.2	\$ 201.0
Apprentice and Journeyman Training	58.8	63.5	73.6	72.8	72.7
Transmission	23.3	25.3	27.5	26.6	26.0
Substation	11.6	12.4	12.1	11.9	10.9
Total - O&M	\$ 282.5	\$ 294.6	\$ 301.2	\$ 299.5	\$ 310.5

The **Power System Reliability Program (PSRP)** is critical for the replacement of the rapidly aging backbone and infrastructure of the Generation, Transmission, Substation, and Distribution Systems. PSRP initiated in FY 14-15, is the evolution of the existing reliability program to improve how funds are prioritized and the overall effectiveness of the program.

This includes the replacement of Poles, Crossarms, Transformers and Cables, Substation Automation, and Circuit Breakers. Specifically the construction of 15-mile Scattergood – Olympic 230kV Cable A which will provide improvements to the West Los Angeles area. Also, Apprentice and Journeyman Craft Training Programs are key elements of the PSRP.

Power Revenue Fund

Power Supply Replacement Program



	FY 12-13	FY 13-14	FY 14-15		FY 15-16
	Actuals	Actuals	Approved	Estimated	Proposed
Capital (in Millions)					
Repowering (Rebuilding Local Power Plants)	\$ 270.6	\$ 375.2	\$ 277.6	\$ 285.6	\$ 92.2
RPS					
Barren Ridge Transmission	\$ 7.5	\$ 22.8	\$ 217.7	\$ 144.4	\$ 152.4
LT Transmission Development	5.8	3.4	9.6	9.1	128.1
Power System Support/General	51.2	27.0	44.2	44.2	35.1
Utility Built Solar	30.0	8.1	12.7	22.2	21.5
Beacon Solar Projects	-	19.0	30.1	42.3	6.4
Total RPS - Capital	\$ 94.5	\$ 80.3	\$ 314.2	\$ 262.2	\$ 343.6
Total Capital RPS and Repowering	\$ 365.1	\$ 455.6	\$ 591.8	\$ 547.8	\$ 435.8
O&M (in Millions)					
Wind and Solar Plant O&M	\$ 8.1	\$ 11.0	\$ 10.1	\$ 10.1	\$ 12.0
OVES Gen & Facils O&M	7.2	7.4	6.6	6.6	7.0
Small Hydro O&M	8.3	7.4	7.9	7.8	7.6
Power System Support/General	1.4	1.4	1.7	1.7	2.3
Total - O&M	\$ 25.0	\$ 27.1	\$ 26.2	\$ 26.2	\$ 29.0
Fuel and Purchased Power (in Millions)					
Renewable Energy (PPA's)	\$ 262.0	\$ 322.0	\$ 280.3	\$ 309.5	\$ 381.1
Total - FPPB	\$ 262.0	\$ 322.0	\$ 280.3	\$ 309.5	\$ 381.1

The **Power Supply Replacement Program** includes developing a greener resource mix by Rebuilding of Local Power Plants, developing more Renewable Energy Resources, and transitioning from Coal to Cleaner Resources. Key Projects include Scattergood Units 1, 2 & 3 Repowering to comply with Once-Through Cooling Regulatory Mandates; the 65-mile 230kV Barren Ridge Transmission Line to transmit renewable energy from Barren Ridge Switching Station to Haskel Switching Station; and the Beacon, Springbok, and Recurrent 560 MW Solar Projects. Also included is O&M for existing Renewable Projects and Renewable Energy Power Purchase Agreements.

Power Revenue Fund

Customer Opportunities Program



	FY 12-13	FY 13-14	FY 14-15		FY 15-16
	Actuals	Actuals	Approved	Estimated	Proposed
Capital (in Millions)					
Energy Efficiency	\$ 49.9	\$ 76.8	\$ 101.5	\$ 101.0	\$ 145.1
SB1 Solar Incentives	48.7	31.7	35.0	34.9	47.8
Demand Response Program	-	-	-	3.7	6.4
Total - Capital	\$ 98.5	\$ 108.5	\$ 136.5	\$ 139.6	\$ 199.3
Fuel and Purchased Power (in Millions)					
Feed-in Tariff	\$ -	\$ 0.1	\$ 10.5	\$ 2.2	\$ 16.3
Total - FPPB	\$ -	\$ 0.1	\$ 10.5	\$ 2.2	\$ 16.3

Customer Opportunities Program provides Customers the opportunities to reduce energy reliance and carbon footprint on LADWP through Energy Efficiency, Solar Incentives, Demand Response and Feed-in Tariff (FiT) Programs.

The Energy Efficiency budget will support the achievement of 442 GWh savings and allow the LADWP to continue to invest in customer rebate and installation programs and achieve the 15% Energy Efficiency goal by 2020 that was adopted by the LADWP Board on August 5, 2014.

The Demand Response Program will achieve 500 MW of peak load reduction by 2026. There will be a 10 MW pilot phase in 2015-2016 with an interim goal of 200 MW by 2020.

The Department is working with customers to develop local solar energy through the Solar Incentives Program to achieve the goal of reaching 280MW by 2016 and FiT Program to achieve 150 MW by 2016. During FY 14-15, the Power System will be seeking Board approval for an expansion of the FiT program to a total of 450MW.

Power Revenue Fund

Other Functions



	FY 12-13		FY 13-14		FY 14-15		FY 15-16
	Actuals	Actuals	Approved	Estimated	Proposed		
Capital (in Millions)							
Fleet Purchases	\$ 25.5	\$ 18.3	\$ 22.9	\$ 22.9	\$ 34.6		
Financial System Replacement	0.1	0.2	4.8	4.7	23.4		
Total - Capital	\$ 25.6	\$ 18.5	\$ 27.7	\$ 27.7	\$ 58.0		
O&M (in Millions)							
Customer Service	\$ 144.0	\$ 143.5	\$ 170.0	\$ 171.9	\$ 186.0		
In-Basin Plant O&M	117.7	114.1	111.9	111.6	120.4		
Total - O&M	\$ 261.7	\$ 257.6	\$ 281.9	\$ 283.5	\$ 306.4		

While many recent improvements in the customer experience have been implemented, the Customer Service budget increases focus on improving service levels related to call waiting times, meter reading, and opportunities for customers to conduct business using automated tools.

The Financial System Replacement Project will replace/upgrade the Core Financial and Human Resources Systems. This project schedule has been extended.

Water Revenue Fund

FY 15-16 Budget Overview



	FY 12-13	FY 13-14	FY 14-15		FY 15-16
	Actuals	Actuals	Approved	Estimated	Proposed
Capital (in Millions)					
Safe Drinking Water Program	\$ 194.4	\$ 271.0	\$ 172.5	\$ 168.6	\$ 295.1
Water Infrastructure Program	153.0	195.0	226.7	222.9	255.3
Local Water Supply and Remediation	59.9	80.8	118.1	130.6	192.6
Regulatory Compliance - Owens Valley	40.1	83.6	167.7	167.0	80.2
Operating Support	20.5	33.2	29.3	28.4	53.7
Customer Service	19.0	17.1	7.6	8.0	7.6
Total - Capital	\$ 486.8	\$ 680.6	\$ 722.0	\$ 725.4	\$ 884.4
O&M (in Millions)					
Water Infrastructure Program	\$ 128.2	\$ 136.4	\$ 127.4	\$ 128.8	\$ 131.0
Local Water Supply and Remediation	57.3	70.2	74.8	79.0	88.3
Safe Drinking Water Program	64.9	67.9	79.5	79.0	84.2
Customer Service	50.4	52.1	60.5	61.4	66.4
Operating Support	43.2	39.2	44.8	42.4	46.2
Regulatory Compliance - Owens Valley	31.3	50.3	35.1	35.0	34.0
Total - O&M	\$ 375.2	\$ 416.2	\$ 422.1	\$ 425.5	\$ 450.0
Purchased Water (in Millions)	\$ 280.4	\$ 339.4	\$ 343.9	\$ 298.0	\$ 209.3

Water Revenue Fund

Safe Drinking Water Program



	FY 12-13		FY 13-14		FY 14-15		FY 15-16
	Actuals	Actuals	Approved	Estimated	Proposed		
Capital (in Millions)							
WQIP Trunkline Improvements	\$ 74.5	\$ 64.0	\$ 66.4	\$ 66.5	\$ 143.2		
WQIP Reservoir Improvements	76.2	174.5	65.0	65.4	106.2		
Water Treatment Improvements	14.9	13.8	22.3	17.7	33.1		
Chlorination Station Installations	27.4	16.8	16.6	16.6	10.8		
WSO Info Technology	1.2	1.6	1.9	2.1	1.4		
Tools & Equipment	0.1	0.3	0.3	0.3	0.3		
Total - Capital	\$ 194.4	\$ 271.0	\$ 172.5	\$ 168.6	\$ 295.1		
O&M (in Millions)							
Distr Reservoir O&M	\$ 20.8	\$ 20.8	\$ 23.8	\$ 23.7	\$ 25.2		
Distribution Treatment Opns	15.0	13.5	19.4	19.3	19.7		
WQ Control	14.8	16.0	15.3	15.1	18.4		
Filter Plant Opns	10.5	13.4	16.3	16.0	15.8		
Water Quality Regulatory	3.8	4.2	4.2	4.4	4.5		
System Flushing	0.0	0.0	0.5	0.5	0.5		
Total - O&M	\$ 64.9	\$ 67.9	\$ 79.5	\$ 79.0	\$ 84.2		

Safe Drinking Water Program: Significant accomplishments in the past year switching to chloramine disinfectant to provide the highest quality water through the entire system. This included the UV Plant, completing Headworks West, shade balls deployed at LA Res and Upper Stone Canyon Reservoir, removing Silver Lake and Ivanhoe Reservoirs from service and completing critical WQ Trunk lines necessary to connect the new facilities. Work in the coming year includes:

- Covers of Upper Stone Canyon Reservoir and Elysian Reservoir
- Completion of Head Works Reservoir second part
- Additional trunk lines that not only provide necessary part of WQ program, but replace aging infrastructure as well
- Complete second UV Plant.

Water Revenue Fund

Water Infrastructure Program



	FY 12-13	FY 13-14	FY 14-15		FY 15-16
	Actuals	Actuals	Approved	Estimated	Proposed
Capital (in Millions)					
Distribution Mains	\$ 63.3	\$ 68.8	\$ 77.6	\$ 76.7	\$ 86.6
Services, Meters and Hydrants	43.3	48.7	47.1	46.4	46.0
Trunkline & Major Sys Connection	3.0	5.2	12.1	12.7	33.6
Water System Support/General	17.0	17.1	43.1	41.0	33.0
Infrastructure Improvements	10.5	9.0	22.8	22.3	26.7
WSO Facilities	4.4	28.6	7.4	7.7	13.7
LA Aqueduct North and South	11.5	17.7	16.6	16.1	15.6
Total - Capital	\$ 152.8	\$ 195.0	\$ 226.7	\$ 222.9	\$ 255.3
O&M (in Millions)					
Water System Support/General	\$ 46.5	\$ 58.9	\$ 51.7	\$ 53.1	\$ 52.0
Distribution Mains O&M	39.1	34.7	35.4	35.1	36.3
LA Aqueduct North and South	22.7	23.0	19.9	20.6	21.9
Service Connections O&M	15.9	16.4	16.5	16.3	16.9
Fire Hydrant Maintenance	4.0	3.6	3.8	3.8	3.9
Total - O&M	\$ 128.2	\$ 136.4	\$ 127.4	\$ 128.8	\$ 131.0

Water Infrastructure Program: We continue the infrastructure program we started since 2006-07. During this time we have increased our mainline replacement and significantly reduced leaks. Pressure Regulator program has reduced staff call-outs to ensure smooth operations. Renewal of the LAA replaces sections of the 101 year old facility “in place”. Looking ahead:

- Increased investment including use of earthquake resilient pipe in appropriate locations to replace aging infrastructure with new technology
- Re-instate trunk line testing program to identify and strengthen transmission lines
- Continue refurbishment of pump stations, tanks, valves, and pressure regulator necessary to provide reliable and efficient service to our customers.

Water Revenue Fund

Local Water Supply and Remediation Program



	FY 12-13	FY 13-14	FY 14-15		FY 15-16
	Actuals	Actuals	Approved	Estimated	Proposed
Capital (in Millions)					
Reclaimed (Recycling) Water	\$ 16.1	\$ 21.0	\$ 36.5	\$ 49.7	\$ 72.5
Groundwater	13.7	16.2	32.6	32.5	49.5
Water Conservation	2.6	14.7	21.1	20.5	37.5
Stormwater	23.9	16.3	26.4	26.4	33.1
Resource Development	3.6	12.6	1.6	1.5	0.0
Total - Capital	\$ 59.9	\$ 80.8	\$ 118.1	\$ 130.6	\$ 192.6
O&M (in Millions)					
In City Pumping	\$ 31.8	\$ 38.5	\$ 38.9	\$ 39.3	\$ 41.4
Water Conservation	11.2	9.7	13.9	16.5	21.4
Resource Development	9.4	11.9	11.3	12.5	15.3
Reclaimed Water	2.6	5.4	6.8	6.7	6.0
Groundwater	0.7	1.6	1.4	1.4	2.3
Stormwater	1.5	3.1	2.5	2.5	1.9
Total - O&M	\$ 57.3	\$ 70.2	\$ 74.8	\$ 79.0	\$ 88.3

Local Water Supply and Remediation: Provides investment in resources to provide water to our customers, but more importantly, assists our customers in reducing their water usage by promoting conservation. Mayor has set 20% conservation goal. Budget includes programs and investment:

- to increase turf removal, education programs, technical assistance to commercial customers
- to clean up and remediate the groundwater supply in the SF Basin
- in cooperation with LASAN for increased water recycling
- in increased capture of stormwater within the basin
- in completing the Stormwater Master Plan.

Water Revenue Fund

Regulatory Compliance: Owens Valley



	FY 12-13	FY 13-14	FY 14-15		FY 15-16
	Actuals	Actuals	Approved	Estimated	Proposed
Capital (in Millions)					
Supplemental Dust Control	\$ 25.1	\$ 68.2	\$ 132.5	\$ 132.5	\$ 45.0
Owens Lake Master Project	-	-	21.5	21.5	21.5
East Sierra Environmental	3.0	6.5	5.5	4.6	7.0
Owens Valley Dust Mitigation	12.0	8.9	8.2	8.3	6.7
Total - Capital	\$ 40.1	\$ 83.6	\$ 167.7	\$ 167.0	\$ 80.2
O&M (in Millions)					
Owens Lake O&M	\$ 25.6	\$ 44.4	\$ 28.1	\$ 28.6	\$ 27.3
Lower Owens River O&M	3.0	3.7	4.2	3.7	3.7
East Sierra Environmental	2.7	2.1	2.9	2.7	3.0
Total - O&M	\$ 31.3	\$ 50.3	\$ 35.1	\$ 35.0	\$ 34.0

Regulatory Compliance- Owens Valley:

- With the new Owens Lake Agreement, LA has a long term plan for the area
- Complete remaining sections of dust mitigation
- Work to reduce the water-intensive measures on the lake
- Provide increased long term available water.

Alignment with Mayor's Priority Outcome Areas - Highlights



1. Make Los Angeles the best run big city in America

- Resolve billing system challenges and improve customer service response times
- Continue multi-agency benchmarking to identify opportunities for further efficiencies

2. Promote good jobs for Angelenos all across Los Angeles

- Leverage FY 2015-16 spending to create 10,000 jobs and support the local economy
- Provide entry-level pre-craft training to ensure skilled workers for critical utility work

3. Create a more livable and sustainable city

- Invest in local water supply and reduce reliance on imported water
- Increase renewable energy portfolio and achieve early divestiture from coal

4. Ensure our communities are the safest in the nation

- Continue to invest in infrastructure reliability and resiliency
- Provide safe and high-quality drinking water and pursue local groundwater clean up

5. Partner with residents and civic groups to build a greater city

- Generate sustainable energy (Solar/FiT) locally with customers and business
- Expand public awareness of and participation in water and energy conservation