


CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Date: May 23, 2017

To: Energy and Environment Committee
Councilmember Nury Martinez, Chair
Councilmember Bob Blumenfield
Councilmember Paul Koretz
Councilmember Gilbert A. Cedillo
Councilmember Mitch O'Farrell

From: Frederick H. Pickel, Ph.D. 
Office of Public Accountability/Ratepayer Advocate

Subject: **OFFICE OF PUBLIC ACCOUNTABILITY – FUNDING LEVEL HISTORY
COUNCIL FILE 17-0600-S54**

During consideration of the 2017-18 proposed budget, the Budget and Finance Committee requested the Office of Public Accountability / Ratepayer Advocate (OPA) to report to the Energy and Environment Committee on the OPA annual budget for the prior five years and how it compares to the Charter-mandated minimum funding level which is based on the DWP's annual sales of water and power.

The table on page 2 includes the actual, preliminary or proposed sales of water and power for Fiscal Years 2011-12 through 2017-18 along with the Charter-based minimum funding level and the OPA's adopted or proposed budget.

The Charter-specified minimum funding for the OPA's budget is based on the prior fiscal year's DWP sales. For example, the minimum OPA budget for FY2011-2012 was \$965,575, or 0.025% of DWP's \$3,862,300,000 sales in FY2010-2011. The adopted OPA budget for FY2011-2012 was \$1,050,000, above the minimum level, or 0.27% of DWP \$3,862,300,000 sales in FY2010-2011.

Additionally, in three instances during this time frame, the City's adopted budget included funds in the Unappropriated Balance that were reserved for potential OPA needs. The proposed City budget for 2017-18 also includes funds in the Unappropriated Balance for potential OPA needs.

This communication is for informational purposes only and has no fiscal impact.

cc: Budget and Finance Committee
Councilmember Paul Krekorian, Chair
Councilmember Mitchell Englander
Councilmember Nury Martinez
Councilmember Bob Blumenfield,
Councilmember Mike Bonin
Richard H. Llewellyn, Jr., Interim City Administrative Officer
Sharon M. Tso, Chief Legislative Analyst

Office of Public Accountability / Ratepayer Advocate Funding Level History								
	FY10-11	FY11-12	FY12-13	FY13-14	FY14-15	FY15-16	FY16-17	FY17-18
						(preliminary*)	(preliminary*)	(proposed)
Power: Sale of electric energy	\$ 2,994,100,000	\$ 2,950,400,000	\$ 3,172,500,000	\$ 3,306,200,000	\$ 3,490,600,000	\$ 3,458,200,000	\$ 3,662,700,000	\$ 4,008,400,000
Water: Sale of water	\$ 868,200,000	\$ 806,700,000	\$ 936,800,000	\$ 1,036,400,000	\$ 1,059,300,000	\$ 944,800,000	\$ 1,150,000,000	\$ 1,241,000,000
DWP Total Sales	\$ 3,862,300,000	\$ 3,757,100,000	\$ 4,109,300,000	\$ 4,342,600,000	\$ 4,549,900,000	\$ 4,403,000,000	\$ 4,812,700,000	\$ 5,249,400,000
	Source: Department of Water & Power, Receipts & Appropriation Reports							
	* Final numbers for FY2015-2016 will be available by June 1, 2017, and for FY2016-2017 will be available by June 1, 2018.							
OPA's Charter-based factor								
0.00025	\$ 965,575	\$ 939,275	\$ 1,027,325	\$ 1,085,650	\$ 1,137,475	\$ 1,100,750	\$ 1,203,175	\$ 1,312,350
factor as a percentage: 0.025%)								
		OPA Year 1	OPA Year 2	OPA Year 3	OPA Year 4	OPA Year 5	OPA Year 6	OPA Year 7**
		FY11-12	FY12-13	FY13-14	FY14-15	FY15-16	FY16-17	FY17-18
Adopted Budget		\$ 1,050,000	\$ 1,217,456	\$ 1,263,812	\$ 2,263,622	\$ 2,316,836	\$ 2,356,305	\$ 2,374,111
Unappropriated Balance Funds (reserved for potential OPA needs)		\$ -	\$ -	\$ -	\$ 750,000	\$ 750,000	\$ 750,000	\$ 750,000
		** Excludes requested increase in unappropriated balance to \$1,200,000.						
Adopted OPA Budget / Prior FY DWP Sales factor (factor as a %)		0.00027	0.00032	0.00031	0.00052	0.00051	0.00054	0.00049
		0.027%	0.032%	0.031%	0.052%	0.051%	0.054%	0.049%