

ENERGY, CLIMATE CHANGE, AND ENVIRONMENTAL JUSTICE COMMITTEE REPORT relative to the transmittal of the Preliminary and Final Fiscal Year (FY) 2018-19 Los Angeles Department Water and Power (LADWP) Budget to City Council.

Recommendation for Council action:

NOTE and FILE the March 14, 2018 and May 25, 2018 Board of Water and Power Commissioners (Board) reports and Resolution Nos. 018-160, 018-161, 018-233, and 018-234 relative to the transmittal of the Preliminary and Final FY 2018-19 LADWP Budgets to City Council.

Fiscal Impact Statement: Not applicable.

Community Impact Statement: None submitted.

Summary:

On June 19, 2018, your Committee considered March 14, 2018 and May 25, 2018 Board reports and Resolution Nos. 018-160, 018-161, 018-233, and 018-234 relative to the transmittal of the Preliminary and Final FY 2018-19 LADWP Budgets to City Council. According to the Board, on March 13, 2018, in accordance with City Charter Section 684 (as amended by Measure J adopted in March 2011), the Board reviewed and approved the transmittal of the FY 2018-2019 Preliminary Budget to the Council and the Mayor. By May 31, 2018, the LADWP must update the preliminary budget based on additional information received after March 31, including without limitation, additional information about revenue and expense projections. In terms of the Power Revenue Fund, since the development of the preliminary budget, LADWP Management has thoroughly reviewed the budget, prioritized, and adjusted the FY 2018-19 spending proposals to the approved five-year rate spending plan. Despite this effort, the projected five-year average rate increase over the rate action period is 0.7 percent (4.6 percent vs 3.9 percent) higher than the rate case largely attributed to the incremental reliability cost adjustment.

Upon approval from the Board, the FY 2018-2019 Power Revenue Fund Receipts and Appropriations final budget and associated schedules will be transmitted to the Council in accordance with the City Charter. The FY 2018-2019 proposed final budget and associated financial plans have been provided to the Ratepayer Advocate for review.

For the Water Revenue Fund, the FY 2018-19 funding priorities are consistent with the Mayor's priorities and reflect continued investment to comply with mandates, upgrade aging infrastructure to maintain reliability, and provide customers with opportunities to reduce or control their energy bills. The final budget is reflective of continued cost control and prioritization of resources, as well as enhanced performance metrics reporting contributing to greater cost efficiency and accountability. The FY 2018-19 funding priorities are consistent with the Mayor's priorities and reflect continued investment to comply with mandates, upgrade aging infrastructure, and create a more sustainable and local water supply. The final budget is reflective of continued cost control and prioritization of resources, as well as enhanced performance metrics reporting contributing to greater cost efficiency and accountability.

After consideration and having provided an opportunity for public comment, the Committee moved to note and file the Board reports and Resolutions as detailed in the above

recommendation. This matter is now submitted to Council for its consideration.

Respectfully Submitted,

ENERGY, CLIMATE CHANGE, AND ENVIRONMENTAL JUSTICE COMMITTEE



<u>MEMBER</u>	<u>VOTE</u>
MARTINEZ:	YES
KORETZ:	YES
KREKORIAN:	YES
CEDILLO:	YES
O'FARRELL:	YES

ARL
6/19/18

-NOT OFFICIAL UNTIL COUNCIL ACTS-