

CITY OF LOS ANGELES

CALIFORNIA



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April 24, 2020

Honorable Paul Krekorian, Chair
Honorable Curren D. Price, Jr., Vice Chair
Honorable Paul Koretz, Member
Honorable Bob Blumenfield, Member
Honorable Mike Bonin, Member
Budget and Finance Committee
City Council, City of Los Angeles
Room 435, City Hall
Los Angeles, California 90012

Dear Committee Chair and Members:

Thank you for the opportunity to submit to your Committee our comments on the Mayor's 2020-2021 Proposed Budget for the Office of Public Accountability/Ratepayer Advocate (OPA/RPA).

We believe that the Proposed Budget will be sufficient for the majority of the OPA/RPA's needs for next fiscal year – with a few challenges and one exception.

We greatly appreciate that the Proposed Budget provides regular position authority and full funding for two positions that were previously authorized by Resolution Authority and afforded partial year funding. We believe that this change will be a part of a solution to facilitate the filling of these unique and highly technical vacant positions along with our other vacant positions. The Personnel Department has solicited a proposal from an executive search service, previously used by the City, to aid in this effort. However, we had requested last year for the establishment of a new paygrade for one of the positions. A final determination of this request is pending.

Additionally, for your information, we also have pending a request, separate from this budget request, that five positions be categorized as exempt from the Civil Service provisions of the Charter. Currently, this request is under advisement. We strongly believe that this change will permit the OPA/RPA to quickly appoint highly qualified candidates who possess the requisite skills and knowledge of the rapidly changing utility industry, along with the capability to readily evolve under any new OPA/RPA leadership.

Our last issue deals with the Contractual Service Account funding level. We do not believe that the recommended level is sufficient to address the issues that are planned for next fiscal year. The OPA/RPA and the Department of Water and Power (DWP) are now responding to an action

of the Board of Water and Power Commissioners that directed "... the General Manager to formally propose electric and water rate actions by report to the Board no later than January 1 2021..." and "the Board directed the General Manager to subsequently formally propose electric and water rate actions to the Board every four years from 2021." As recently as March 2020, the Board instructed the General Manager to make provisions for a rate review by January 2021. The initial basis and assumptions for this review are in the DWP 2020-21 Budget, which is currently approaching the final stages of approval.

Attached in Table 1 is our best estimate of the funding level that will be necessary for the planned rate review process in 2021, plus the review of major studies in progress on DWP's evolving clean power and water plans.

The OPA/RPA utilizes the services of expert consultants in a variety of fields:

- ❖ To assist staff in our analysis, reports, and recommendations
- ❖ Frequently, these services are provided through multi-year contracts which can necessitate:
 - Significant funding levels, and
 - Require long term forecasting regarding needs, timing, and the availability of DWP staff participation.
 - Quite often key components must be adapted to changed circumstances, given the multi-year nature of the efforts.
- ❖ Unanticipated developments at DWP often require OPA/RPA attention and outside expert assistance within a budget year.

We request the Committee and Council adjust the OPA/RPA Contractual Service Account funding to the level shown in Table 1.

The Department of Water and Power fully reimburses the City for all OPA/RPA expenditures. All unexpended or non-encumbered funds revert at the end of the fiscal year to the City's Reserve Fund and are not subject to reimbursement by DWP.

We urge favorable consideration of these items by your Committee. I am readily available for you or your staff for any questions or assistance.

Regards,



Frederick H. Pickel, Ph.D.
Executive Director
Office of Public Accountability/Ratepayer Advocate

Table 1

**PUBLIC ACCOUNTABILITY
 DETAIL OF CONTRACTUAL SERVICES ACCOUNT**

2019-20 Adopted Budget	Program/Code/Description	2020-21 Contract Amount
Public Accountability and Ratepayer Advocate- AK1101		
\$ 3,000	1. Lease and maintenance of photocopiers.....	\$ 3,000
1,075,000	2. Support for monitoring and reporting on 2016 utility rate ordinance.....	-
40,000	3. Support for 2018 utility rate update and metrics review.....	-
225,000	4. Support for 2019 utility rate comprehensive update.....	-
50,000	5. Support for community outreach by the OPA.....	50,000
242,200	6. Undesignated.....	300,000
-	7. Update of and supplemental Benchmarking	750,000
-	8. Reviews of 100% Renewable/Cleanpower/Local Water Plans	500,000
-	9. 2020-21 Comprehensive Rate Review	900,000
<u>\$ 1,635,200</u>	Office of Public Accountability Total	<u>\$ 2,503,000</u>
<u>\$ 1,635,200</u>	TOTAL CONTRACTUAL SERVICES ACCOUNT	<u>\$ 2,503,000</u>

AdminOPA/Budget/OPA letter to ChairBudgetFinance A2020-04-24