



Los Angeles
Department of
Water & Power

RESOLUTION NO. _____

BOARD LETTER APPROVAL

ANN M. SANTILLI
Chief Financial Officer

RICHARD F. HARASICK
Senior Assistant General Manager
Water System

MARTIN L. ADAMS
General Manager and Chief Engineer

DATE: May 17, 2021

SUBJECT: Fiscal Year 2021-2022 LADWP Final Budget – Water Revenue Fund Receipts and Appropriations and Associated Schedules and Fiscal Year 2021-2022 Annual Personnel Resolution

SUMMARY

Submitted for the Board of Water and Power Commissioners' (Board) consideration and approval is a Resolution to adopt and transmit to the Los Angeles City Council (Council) the LADWP Proposed Fiscal Year (FY) 2021-2022 Water Revenue Fund Receipts and Appropriations final budget and associated schedules totaling \$2.02 billion. Approval of this Resolution also provides authority for the FY 2021-2022 Annual Personnel Resolution (APR) for the Water Revenue Fund totaling 4,249 positions.

City Council approval is not required.

RECOMMENDATION

It is recommended that the Board adopt the attached Resolution authorizing:

1. Approval and transmittal of the FY 2021-2022 LADWP Water Revenue Fund Final Receipts and Appropriations budget and associated schedules to the Council; and,
2. Approval and execution of the FY 2021-2022 APR.

FINANCIAL INFORMATION

The Water Revenue Fund Proposed Final Budget incorporates expenditures for the Water System, including the share of expenditures associated with the Joint System and Power Revenue Fund that support Water System functions. Estimated appropriations for the Water Revenue Fund for FY 2021-2022, total \$2.54 billion. Net of receipts from the Power System, contributions in aid of construction, individuals, and companies and other miscellaneous sources, appropriations total \$2.02 billion.

BACKGROUND

On March 23, 2021, 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 2021-2022 Preliminary Budget to the Council and the Mayor. By May 31, 2021, LADWP must update the preliminary budget based on additional information received after March 31, including without limitation, additional information about revenue and expense projections.

Since the development of the preliminary budget, LADWP Management has thoroughly reviewed the budget, prioritized, and adjusted the FY 2021-2022 spending proposals to support water infrastructure investment, comply with regulatory mandates, and provide exemplary customer service, with continued cost control, to mitigate impact on customer rates.

Upon approval from the Board, the FY 2021-2022 Water Revenue Fund Receipts and Appropriations final budget and associated schedules will be transmitted to the Council in accordance with the City Charter. The FY 2021-2022 proposed final budget and associated financial plans have been provided to the Ratepayer Advocate for review.

FY 2021-2022 WATER REVENUE FUND BUDGET

Changes between the FY 2021-2022 Water Revenue Fund preliminary budget and this proposed final budget include the following highlighted items:

- Water Revenue Fund Capital has increased by \$6 million (0.7 percent increase from \$885 million to \$891 million) primarily attributed to increases in Water Infrastructure projects (\$3 million), Owens Valley Regulatory Projects (\$2 million) and Operating Support (\$2 million).
- Water Revenue Fund Operation and Maintenance has decreased by \$3.6 million (0.6 percent decrease from \$595.2 million to \$591.6 million) due to various functional areas in Water Infrastructure, Water Supply, Water Quality and Operating Support.
- Operating revenue has increased by \$50.9 million mainly due to increases from the Water Quality and Owens Valley Regulatory adjustment factors.

The following documents are included in the FY 2021-2022 Water Revenue Fund Budget:

- LADWP Goals and Objectives
- Final Water Revenue Fund Receipts and Appropriations
- Water Revenue Fund Capital Improvement Program
- Water Revenue Fund Salaries and Authorized Number of Positions
- Retirement, Disability, and Death Benefit Insurance Plan
- Federal and State Grant Funding Estimates
- Final Budget Presentation

FY 2021-2022 ANNUAL PERSONNEL RESOLUTION

The attached Resolution, approved as to form and legality by the City Attorney, establishes the maximum allowable number of positions for the LADWP for FY 2021-2022. Positions in the APR Schedule are listed by System (Joint, Power, and Water), Civil Service classification, and duties description record. Establishing positions for each System will provide flexibility and allow positions to be reassigned between the Divisions within each System in a manner that is most advantageous to the LADWP and that meets critical operational needs as they arise.

See attached Water Revenue Fund Salaries and Authorized Number of Positions as of July 2021, which reflects a total of 4,249 budgeted positions. The 2,499 positions represent the total staffing that the Water System has identified as necessary for continued and planned critical operations, with 1,038 Joint System positions and 712 Power System positions in support. Employment of persons in positions authorized by this Resolution is subject to availability of authorized funding in the expenditure programs for the FY 2021-2022.

ENVIRONMENTAL DETERMINATION

Determine item is exempt pursuant to California Environmental Quality Act (CEQA) Guidelines Section 15060(c)(1). In accordance with this section, an activity is not subject to CEQA if it does not involve the exercise of discretionary powers by a public agency. Transmitting budget information to Los Angeles City Council is not an action subject to CEQA.

CITY ATTORNEY

The Office of the City Attorney reviewed and approved the Resolution as to form and legality.

ATTACHMENTS

- Resolution
- LADWP Goals and Objectives
- Final Water Revenue Fund Receipts and Appropriations
- Water Revenue Fund Capital Improvement Program
- Water Revenue Fund Salaries and Authorized Number of Positions
- Retirement, Disability, and Death Benefit Insurance Plan
- Federal and State Grant Funding Estimates
- Final Budget Presentation
- FY 2021-2022 APR Schedule by System (one green bar report for the Board Office)