

OPA Review of LADWP 21/22 Budget

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May 1, 2021

OPA/RPA Review of LADWP FY2021-22 Budget

- ❑ LADWP preliminary FY2021-22 budget as sent to Council: \$5.31 billion power, \$2.02 billion water, \$7.33 billion total.
- ❑ OPA's core concern: compensation is too low to maintain service and respond to potential sudden recovery in the local economy
- ❑ OPA's recommendation: increase total compensation by \$300 million
 - This does not mean cutting elsewhere
 - DWP rates are 50% to 70% based on pass-throughs in many categories. OPA recommends half of this cost increase be in O&M and half in capital.
 - This will increase rates slightly in the short-run, but failure to respond to the likely recovery hampers growth.



Preliminary Budget Overview



\$ in Millions

System/Organization	Sr.AGM	FY2019/20 Actual	FY2020/21 Preliminary Budget	FY2020/21 Approved	FY2020/21 Re-Estimate	FY2021/22 Preliminary Budget	FY2021/22Prelim vs.FY2020/21 Approved
Power System*	Reiko A. Kerr & Andy C. Kendall	\$ 3,139.5	\$ 3,605.1	\$ 3,329.6	\$ 3,282.9	\$ 3,630	9.0%
Water System	Richard F. Harasick	\$ 879.2	\$ 1,107.4	\$ 974.0	\$ 979.0	\$ 1,075	10.5%
Joint System							
Chief Financial Officer	Ann M. Santilli	1,573.3	1,706.9	1,845.1	1,802.3	1,751	(5.1%)
External and Regulatory Affairs	Nancy H. Sutley	342.0	463.2	357.0	338.0	406	13.8%
Information Technology Services	Richard F. Harasick	173.8	229.7	217.1	184.6	228	5.2%
Chief Administrative Officer	Shannon C. Pascual	507.4	583.9	558.6	553.4	570	2.1%
General Manager Direct Reports**	Martin Adams	64.4	105.3	101.0	100.9	98	(2.8%)
Joint System -Total		\$ 2,660.9	\$ 3,089.0	\$ 3,078.8	\$ 2,979.2	\$ 3,055	(0.8%)
Total - LADWP		\$ 6,679.6	\$ 7,801.5	\$ 7,382.4	\$ 7,241.1	\$ 7,761	5.1%

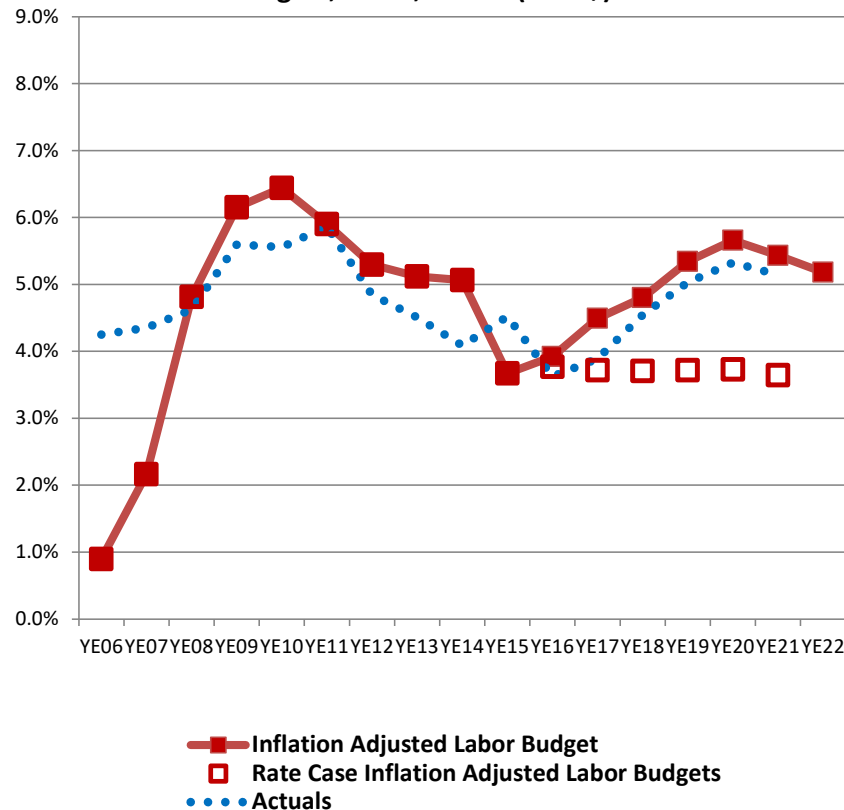
*Power System includes Fleet, Meter Services and Operations

** General Manager Direct Reports include Commission Office, Office of Diversity Equity and Inclusion, Office of City Attorney, Claims, Real Estate, and Office of Safety



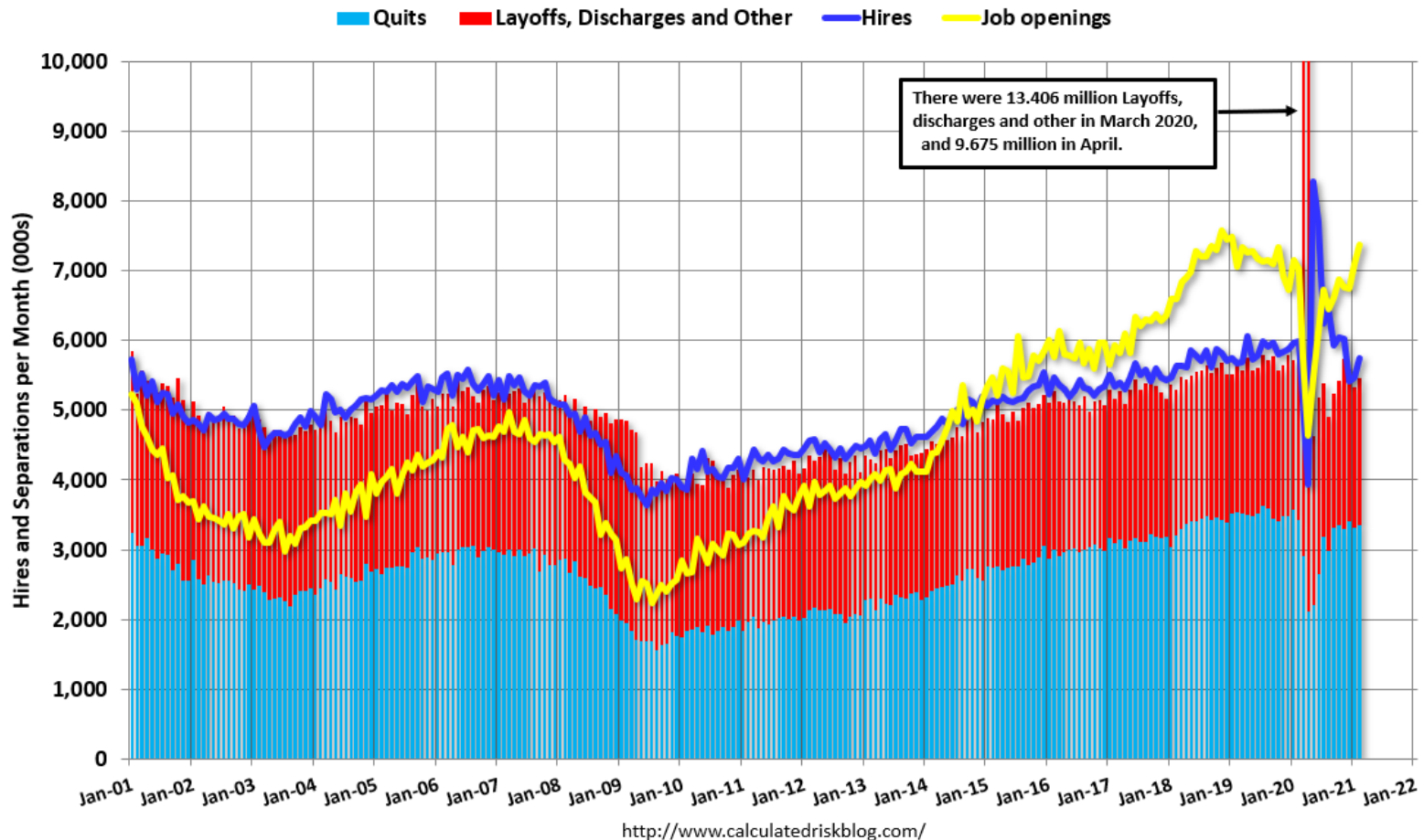
DWP's preliminary budget has total compensation costs that were a decrease of \$12,455,400

**Figure 3: Annual Growth Rate for Inflation-Adjusted Labor Costs
Budgets, Rates, Actual (2012\$)**



Hiring and Retention Won't be Easy....

Hires and Separations Monthly (SA) from
Job Openings and Labor Turnover Survey (JOLTS), Source: BLS



Other Information in the OPA Preliminary Budget

- ☐ Detailed recommendations on Preliminary Budget
- ☐ Context and review of DWP's 5 year rate period, 2015-2020
- ☐ How the OPA derived the increased Total Compensation Costs recommended
- ☐ OPA encourages DWP Board to exercise discretion given it in 2016 rate ordinance, in 6 areas

