



# LOS ANGELES RATEPAYER ADVOCATE

OFFICE OF PUBLIC ACCOUNTABILITY



## OPA Perspectives on LADWP 26/27 Budget and Streetlight Initiative

Presentation to LADWP Neighborhood Council  
Oversight & Advocacy Committee

**5/1/2026**

# Purpose



The purpose of this presentation is to provide information to the LADWP Neighborhood Council Oversight & Advocacy Committee on two issues in front of LADWP right now

1. OPA's Review of the LADWP Budget
2. Executive Directive 18 on street lights and next steps

# LADWP Budget - OPA Process



1. Met and corresponded with DWP staff in FSO multiple times Dec. through early May, requesting information on prelim and final budgets
2. Issued info. Requests examining specific budget items of interest
  - items constituting increases in expenditures >50M or 20-25% increase YoY
  - 22 items examined had a combined total of about 1.5 B in expenditures.
  - Issued info. Request # 2 examining information provided in IR #1
3. Developed process for FY 27/28 budget review (cost/benefit analysis, project timelines, etc), beta version of budget examination dashboard, OPA comments for delivery
4. Budget to be considered May 12, 2026

# LADWP Budget - OPA Observations



- Significant increases in borrowing over the last 5 years, particularly in the Power System, increasing from hundreds of millions to approximately \$1.69 billion annually in the proposed budget. A similar but delayed shift in the Water System, where borrowing increases to approximately \$800 million in the proposed budget.
- A corresponding increase in annual debt service, rising from approximately \$700 million to over \$1 billion in the proposed budget. Some, but not all can be accounted for by debt service payments to replace variable debt with fixed rate debt.
- Both power and water systems have seen significant expansion in construction, outside services, and professional services, indicating both increased capital execution and reliance on third-party resources to meet personnel needs and system goals

# LADWP Budget - OPA Observations



	Salaries and Wages	
Year	Power	Water
2022 – 2023	1.127 B	558 M
2023 – 2024	1.33 B	593 M
2024 – 2025	1.45 B	621 M
2025 – 2026	1.59 B	683 M
2026 – 2027 (Final Proposed)	1.78 B	770 M

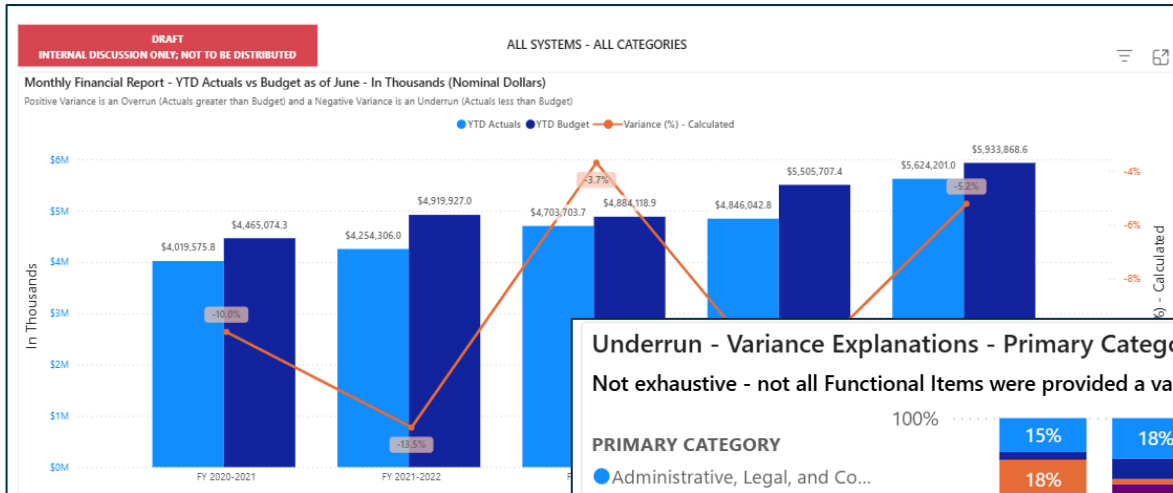
Workforce costs are increasing and represent a significant portion of the utility's budget, growing steadily over time at about 7-8% per year. However, these costs are not outpacing other spending increases. Additional labor is needed to meet retirement challenge, provide high-quality service, modernize utility infrastructure, and reduce overtime.

# LADWP Budget – Key Takeaways



1. DWP has budget justification for every item provided – and maintains business plans and documentation in both power and water system. DWP is working to better align budgets forecasts to actuals, which will create better fiscal management – in particular in the power system where they are creating a new PMO office
2. The FY 26/27 power system budget is largest yet, and includes some capital costs not seen before as well as core infrastructure upgrades necessary for service - Palisades rebuild costs approaching 200M, AMI costs at 55M, New business generation above 300 M, power system reliability over 1.5 B in capital improvement. Final budget is 300M less than prelim budget, with 100 M less in borrowing, but still expect a rate increase between 6-7% in July to meet these and other needs
3. Water system costs include major capital projects that support local supplies and reliable infrastructure – line and mains replacements, water reuse and groundwater. Do not anticipate a rate increase in FY 26 / 27 at this point.

# LADWP Budget - Dashboard



OPA is presently developing a budget visualization dashboard for transparency over budget numbers and drivers YoY.

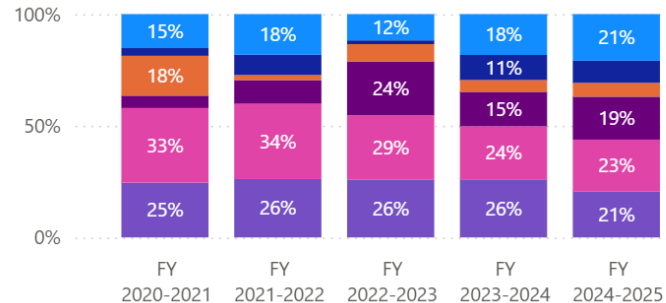
Expect completion in FY 26/27.

## Underrun - Variance Explanations - Primary Categories

Not exhaustive - not all Functional Items were provided a variance explanation

### PRIMARY CATEGORY

- Administrative, Legal, and Co...
- Customer and Programmatic ...
- External, Environmental, and ...
- Financial and Budgetary Varia...
- Operational and Project Exec...
- Resource and Supply Chain C...



# ED 18 - Streetlights



1. Met with DWP staff, mayor's office, and other city departments to understand ED 18 approach
2. Performed internal OPA analysis on ED 18 impact on commercial direct install program, impact to LADWP budget, and potential benefit to city
3. Awaiting MOU from LAWDP and BSL to make details more clear about next steps

# ED 18 – Streetlights cont...



1. Expansion of CDI to streetlights in alignment with other CDI program modifications over the years – but only a fraction of the outages will be included – OPA expects high priority, low cost, easy replacement to be the focus at the outset
2. Expect to see about 110 M in costs in LADWP budget for FY 26/27, with structured payback schedule from BSL forthcoming
3. With outages at many lights, a better cost accounting is needed to understand BSL's actual power use
4. Structured repayment of CDI costs from BSL to be developed from the outset (MOU), BSL arrearage plan also needed and is core focus of OPA

# Thank you



- Call us any time at: (213) 978-0220
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