

# CITY OF LOS ANGELES

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OFFICE OF PUBLIC ACCOUNTABILITY  
200 N. SPRING STREET, SUITE 1736  
LOS ANGELES, CA 90012

April 25, 2024

Council File 24-0600

Councilmember Bob Blumenfield, CD 3, Chair  
Councilmember Marqueece Harris-Dawson, CD 8, Vice Chair  
Councilmember Katy Yaroslavsky, CD5  
Councilmember Tim McOsker, CD15  
Councilmember Monica Rodriguez, CD 7

Budget, Finance, and Innovation Committee  
City Council, City of Los Angeles  
City Hall  
Los Angeles, California 90012

Re: OFFICE OF PUBLIC ACCOUNTABILITY (OPA) 2024-2025 BUDGET, FINANCE,  
AND INNOVATION COMMITTEE SUBMISSION

Dear Committee Chair and Members:

Thank you for the opportunity to submit to your Committee our comments on the Mayor's 2024-2025 Proposed Budget for the Office of Public Accountability/Ratepayer Advocate (OPA). As proposed, this budget could materially hamper the incoming Executive Director's ability to fulfill OPA's Charter and Ordinance mandates, in spite of OPA's costs being fully reimbursed by the Department of Water and Power (DWP). There is no net benefit to the General Fund from the cuts proposed.

We fully appreciate the efforts of the Mayor, her staff, and the City Administrative Officer and his staff in crafting the proposed budget. There are three areas, however, that need changes or further consideration:

1. **Restore the Viability of OPA's 2024-2025 Transition Budget.** Unfortunately, the Mayor's 2024-2025 Budget, as proposed, would severely impair the next OPA Executive Director's ability to respond to OPA's Charter and Ordinance mandates (See BFI Attachment 1 for background on OPA's unique design). In anticipation of a leadership transition, after failed attempts to fill positions during the pandemic recovery, OPA intentionally left positions vacant to give the next Executive Director flexibility. Cutting the OPA from 9 positions to 4 ensnares a new Executive Director in a disabling array of administrative challenges in a short 5-year term, including re-gaining exempt positions that are appropriate for the OPA. Cutting the contracting budget, especially removing the line for rate review support, disables the OPA's efforts for quarterly, semi-annual, annual, and comprehensive rate analysis. 100% of the rates are subject to adjustments every year. And a comprehensive rate review and Ordinance revision last was started a decade ago. This is a very long gap without a comprehensive, transparent review, and is unreasonable, and begs claims of fiscal gross negligence. OPA requests adoption of an OPA Budget equivalent to the autumn OPA request (BFI Attachment 2), restoring the balance for OPA's public, independent analysis mandates.
2. **Improve the OPA Budgeting Process.** The OPA's Charter and enabling Ordinance language in the Administrative Code are in the sections for departments that set their own budgets, but OPA's budgeting has been handled as a typical General Fund department, including addressing routine matters sometimes multiple times per day. This is a challenge for a tiny office, even with the expert assistance of the City Clerk's administrative services and a part-time CAO chief retiree. The Charter and enabling Ordinance stressed the need for the OPA's independence. The budgeting and administrative processes for the OPA should be reviewed to be more like oversight requirements for DWP or the retirement systems. Or a new approach could be created where, for example, a total set budget limit, adjusted for inflation, is deemed appropriated. Then, within this annual appropriation, the OPA could contract with City Attorney approval of form and/or fill positions within Civil Service standards.
3. **Addressing Low Income/Lifeline Water & Power Rates via the Mayor's Budget.** Beyond OPA's budget, State propositions, case law, and legal settlements have constrained or eliminated California public utility discounts for Low Income and Lifeline (LI/LL) ratepayers through cost-of-service standards

for rates. DWP's water rates have lost their LI/LL discount. DWP's power rate discounts for LI/LL customers have not been adjusted for inflation since 2008. Funds for adjustments to power LI/LL discounts can only come from outside sources or taxpayers. OPA has proposed (BFI Attachment 3) that a reasonable objective is to double the funds in a 20 year horizon, which is an addition of \$1.5M each year. Had this been done over the last 10 years or so, the funds available would have expanded by \$15M, leaving the City with \$120,237,521 minus \$15,000,000 or a net \$105,237,521 increase in utility users tax. This result would have yielded the City 97% of the utility users tax. Utility bills are typically the second biggest annual expense facing homeowners and renters – adjustments to LI/LL credits can help customers in this class stay housed!

Thank you for your consideration. I am readily available for you or your staff for any questions or assistance.

Regards,

A handwritten signature in black ink, appearing to read "Frederick H. Pickel".

Frederick H. Pickel, Ph.D.

Executive Director

Office of Public Accountability/Ratepayer Advocate

cc: Richard Katz, DWP Commission President  
Julie Riley, DWP General Council, Office of the City Attorney  
Matt Hale, Deputy Mayor for Finance, Operations, and Innovation  
Bernyce Hollins, Mayor's Office Senior Budget Director  
Sharon Tso, Chief Legislative Analyst  
Rafael Prieto, Office of the Chief Legislative Analyst  
Matthew Szabo, City Administrative Officer  
Jacqueline Wagner, Office of the City Administrative Officer  
Ida Rubio, Office of the City Administrative Officer  
Honorable Kenneth Mejia, City Controller  
Ann Santilli, DWP, Chief Financial Officer

<b>BFI Attachment 1</b>
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## **The Office of Public Accountability**

### **The History and Role of the Office of Public Accountability/Ratepayer Advocate**

The OPA is a City Charter mandated Office that is charged with providing public independent analysis of the Department of Water and Power as it relates to water and electricity rates. The ballot amendment that argued in favor of Charter Amendment in 2011, stated that the OPA would shed greater light on DWP's operations and finances and that the OPA would analyze proposed increases in water and electricity rates on a timely and continuous basis. Further, the Amendment intended that the OPA function independently of the DWP and City Officials. Critical to that independence was that the OPA was to exist outside of the DWP and other City Departments and Offices. However, certain administrative support services are provided by the City Clerk.

The detailed mission of the OPA is documented in the Los Angeles Administrative Code and City Charter. Documentation on OPA's Charter language and Administrative Code is as follows:

Sec. 23.144. Office of Public Accountability.

**(a) Legislative Findings.** On March 8, 2011, the voters of the City of Los Angeles adopted Charter Amendment I to establish an Office of Public Accountability for the Department of Water and Power (DWP). Charter Amendment I provides in Charter Section 683 (a) that "[t]he role of the Office of Public Accountability (OPA) shall be to provide public independent analysis of department [DWP] actions as they relate to water and electricity rates." The ballot argument in favor of the measure argued that it would establish the OPA "to shed greater light on the DWP's operations and finances" and that the OPA would be "charged with analyzing proposed increases in our water and power rates on a timely and continuous basis." Charter Amendment I intended that the OPA function independently of the DWI and City officials. The measure in Charter Section 683 (c)(1) provides that while the Executive Director is to "report directly" to the Board of Water and Power Commissioners (Board), he or she is "not to be instructed" by

the Board. The ballot argument in favor of the measure argued that the OPA is to serve as an "independent watchdog." Critical to the OPA's independence is that it exists outside of the DWP and other City departments and offices. The ballot argument in favor of Charter Amendment I argued that consumer protection would be increased by authorizing the OPA "to investigate legitimate complaints" from customers and "to propose recommendations" to address these issues.

**(b) Mission of the OPA**

- (1) The OPA shall seek to improve the performance of the DWP by analyzing and reporting on the reasonableness of the water and power utility rates, the DWP's long term strategic planning documents, and other DWP policies, procedures, decisions, contracts, and programs, including the reasonableness of such proposals and the assumptions upon which they are based.
- (2) The OPA shall provide information and make recommendations to the Board, the City Council, the Mayor, Neighborhood Councils, and the public to assure the DWP's transparency and accountability to its customers and reasonableness of its policies and rates.
- (3) The OPA shall provide information and advice, as opposed to direction, to the DWP, the Mayor, and Council.

**(c) Independence of the OPA**

- (1) While substantively the OPA shall function independently of the DWP and its management structure, and of the City Council, Mayor, and Controller, administratively the OPA shall be given ongoing support by City departments and offices in a manner that does not compromise the OPA's independence.
- (2) The Office of the City Clerk shall provide the OPA with ongoing support and advice on administrative matters, including, but not limited to, personnel, payroll, administrative, budgetary, and other general matters.

**(d) Authority of the Executive Director.** Consistent with Charter Section 683(c) prescription of the authority of the Executive Director, the Executive Director shall have the following powers duties:

- (1) Report to, but not be instructed by, the Board.

- (2) Have full charge and control of all the OPA's work and be responsible for the proper powers of its affairs.
- (3) Appoint, discharge, suspend, or transfer its employees, subject to the Civil Service provisions of the Charter.
- (4) Issue instructions to OPA employees in the line of their duties, subject to the Civil Service provisions of the Charter.
- (5) Prior to the beginning of each fiscal year in accordance with a schedule prescribed by ordinance, submit to the CAO, in accordance with City procedures, a proposed annual budget covering the anticipated expenditures of the OPA. The CAO shall review the proposed budget and submit it with recommendations to the Mayor and City Council for approval by ordinance. The approved budget will be forwarded to the DWP for funding. The budget shall be set at a level not less than 0.025 of DWP annual revenues from the sale of water and electric energy for the previous fiscal year.
- (6) Expend the funds of the OPA (including, without limitation, awarding contracts), in accordance with the provisions of the adopted budget, any subsequent budget amendments, and subject to applicable City provisions.
- (7) Perform other related duties as may be prescribed by ordinance.

**(e) Reporting Obligations.**

- (1) The OPA shall provide reports to the Board, the City Council, the Mayor, the Neighborhood Councils, and the public on the reasonableness of rate actions and any modifications to them.
- (2) The OPA shall provide information to the Board, the City Council, the Mayor, the Neighborhood Councils, and the public regarding the development of the DWP's long-term strategic plans (e.g., Integrated Resource Plan), the annual proposed DWP budget, and DWP policies, practices, programs, contracts, agreements, and other actions that may impact rates.
- (3) The OPA shall have the discretion to make recommendations to the Board, the City Council, the Mayor, and the public on ways to improve the reasonableness and transparency of DWP policies and rates.
- (4) The OPA shall provide information to the public and maintain a repository for all reports produced by the Office.

**(f) Consumer Protection and Complaint Procedures.** The OPA shall have the discretion to audit individual ratepayer cases and obtain customer data to develop analyses of customer

service performance at the DWP. Reports of waste, fraud, and abuse will be coordinated with the City Controller, City Ethics Commission and other concerned departments, offices or governmental agencies, as applicable.

#### SECTION HISTORY

Added by Ord. No. 181,768, Eff.8-7-11: Ord. No. 182,494, Eff. 5-10-13

Amended by: Subsec. (c)(2), Ord. No. 185,269, Eff. 1-10-18

The OPA has developed a highly experienced and technical staff as a core group to address the intricacies of the utility industry, including its cost of operations, and rate structures. This core group frequently utilizes the services of external experts to supplement their efforts through personal services contracts. Two additional, fully funded regular exempt positions, were added to provide additional capabilities to delve into the technical aspects, applicability, regulatory/legislative requirements, and the impact of utility rate development and implementation on the customer and to expand the OPA's ratepayer advocate service. However, the OPA has been unable to fill these positions primarily due to the unique requirements of the positions along with the impact of the CORONA-19 VIRUS and the Southern California economic issues.

Since its creation, the OPA has released numerous reports, reviews, and comments on a myriad of subjects related to DWP's rates, strategic plans, key policies, procedures, decisions, contracts, and programs. OPA has released an updated total compensation study, a detailed review of the NREL LA100 study, a report requested by the DWP Board on governance with recommendations, an annual review of the DWP budget, a special report on Management Employee and IT compensation and a just released study on Annual Incentive Compensation. Prior key studies include review of DWP rate proposals in 2012, 2016, and 2019, regular water and electricity proposed rate adjustments, 2016 total compensation benchmarking, 2020 total cost benchmarking, budget packages, once-through cooling alternatives and timing, labor MOU'S, rate metrics, Intermountain Power Project alternative re-powering proposal, billing system, ratepayer's cost from the California WaterFix project, alternative energy facilities, the elimination of coal as an energy producing source, Feed-In-Tariff expansion, regulatory assets in rates, and Delta Bay Conservation Plan (the entire list of documents is available at <http://opa.lacity.org>).

The OPA proposed budget request for 2024-25 anticipates the continuation of these types of reports and services (with an inflation adjustment), including possibly the review of two rate proposals, the DWP 2023 Power Strategic Long-Term Resource Plan, the evolving

CleanGridLA, and the local water Operation Next. The 2016 DWP rates now in place are based on FY 2013-14 data and assumptions - a comprehensive rate review for DWP is long past due.

### **Unappropriated Balance**

Historically, funds have been included in the Unappropriated Balance to augment budgeted OPA contractual services funds utilized to retain the services of experts in the utility industry, operational cost analysis, and rate analysis fields to assist OPA staff with these efforts. It is proposed to continue the use of experts at the present level of funding of \$742,414.

### **Revenue**

All direct and/or indirect City costs by the OPA or for the benefit of the OPA are fully reimbursed by the Department of Water and Power. These funds will be reimbursed through the City's normal billing process of invoicing the Independent Departments for City provided services. Indirect costs are employee benefits (estimated at about 40% of salaries) and general overheads (estimated at about 80% of salaries). Any funds that were designated for the OPA that are not expended or were unencumbered at the end of the Fiscal Year will revert to the City's Reserve Fund and are not subject to reimbursement by DWP. The City Administrative Officer monitors and processes invoices for all of these City expenditures. The OPA does not participate in this effort.

### **Challenges Facing the OPA in 2024-25:**

#### **Appointment of a New OPA Executive Director**

City Charter Section 683(a) provides that the Executive Director of the Office of Public Accountability/Ratepayer Advocate be appointed, for a five-year term by a citizens committee, subject to confirmation by the Mayor and City Council. This Charter section contains no provision for an incumbent Executive Director to apply for multiple terms unlike the Charter provision for the appointment of the Chief of Police.

The existing Executive Director's term expired on December 12, 2023. The current Executive Director, Frederick H. Pickel Ph.D has advised the City that he will not re- apply for another



term as Executive Director. Historically, due to the unique requirements of this position, the recruitment, selection, and appointment of an Executive Director, along with the lengthy appointment of selection committee members, has been very time-consuming and expensive. Contractual services funds of \$150,000 were included in the Personnel Department's adopted 2022-23 budget to fund a contract with a professional personnel recruitment and selection service to assist the City in this effort and begin the process early in Fiscal Year 2022-23. The City has successfully utilized this process in the prior the selections of the OPA Executive Director and the OPA staff. However, given the potential for the retirement of other OPA staff in early FY 2024-25, we caution that the Personnel Department budget might need additional funds for OPA professional recruiting through FY 2024-25.

The OPA Executive Director search contract would be administered by the Personnel Department with support provided by the OPA, the City Clerk, the City Administrative Officer, and the Chief Legislative Analyst, as necessary. All City costs of this effort will be reimbursed by the Department of Water and Power.

<b>BFI Attachment 2</b>
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**OPA Autumn 2023 Budget Request for 2024-2025**

# CITY OF LOS ANGELES

CALIFORNIA

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KAREN BASS  
MAYOR

OFFICE OF PUBLIC ACCOUNTABILITY  
200 N. SPRING STREET, SUITE 1736  
LOS ANGELES, CA 90012

November 30, 2023

The Honorable Karen Bass  
Mayor of the City of Los Angeles  
% Mayor's Office of Budget and Innovation  
22nd Floor City Hall

Subject: **Executive Summary** for the Office of Public Accountability/Ratepayer Advocate Fiscal Year 2024-2025 Proposed Budget Request

Dear Mayor Bass:

The Office of Public Accountability/Ratepayer Advocate (OPA) Fiscal Year 2024-25 Proposed Budget is hereby transmitted for your consideration. This Budget request has been prepared based on the Mayor's FY 2024-25 Budget policy letter and the City Administrative Officer's Budget letter along with the City Charter and ordinance mandated responsibilities of the OPA.

The Proposed Budget calls for a continuation of the current level of staffing and a minor increase in funding for inflation-related increases in contractual services funds and the normal change in the salary account to reflect the salary step and turn over effect.

All direct and indirect costs attributable to the operation of the OPA are fully reimbursable by the Department of Water and Power (DWP) through the City's normal process of billing for City services provided for Independent Departments.

Further, the Proposed Budget request reflects the OPA's goals and priorities established by the Charter and ordinance.

## **The History, Role, and Pending Leadership Transition of the OPA**

**History and Transition:** The OPA is a City Charter mandated Office that is charged with providing public independent analysis of the Department of Water and Power as it relates to water and electricity rates. The ballot amendment that argued in favor of Charter Amendment in 2011 stated that the OPA would shed greater light on DWP's operations and finances and that the OPA would analyze proposed increases in water and electricity rates on a timely and continuous basis. Further, the Amendment intended that the OPA function independently of the DWP and City Officials. Critical to that independence was that the OPA was to exist outside of the DWP and other City Departments and Offices. However, certain administrative support services are provided by the City Clerk.

The current OPA Executive Director was initially appointed by the OPA Citizen Selection Committee in February 2012. He was appointed again in December 2018. A new OPA Citizen Selection Committee is beginning a search for a new OPA Executive Director.

**Mission:** The mission of the OPA is defined in the Administrative Code, reflecting the requirements in the Charter Amendment creating the OPA (Attachment 1 to this Executive Summary provides further detail):

- (1) The OPA shall seek to improve the performance of the DWP by analyzing and reporting on the reasonableness of the water and power utility rates, the DWP's long term strategic planning documents, and other DWP policies, procedures, decisions, contracts, and programs, including the reasonableness of such proposals and the assumptions upon which they are based.
- (2) The OPA shall provide information and make recommendations to the Board, the City Council, the Mayor, Neighborhood Councils, and the public to assure the DWP's transparency and accountability to its customers and reasonableness of its policies and rates.
- (3) The OPA shall provide information and advice, as opposed to direction, to the DWP, the Mayor, and Council.

**Role:** The OPA has developed a highly experienced and technical staff as a core group to address the intricacies of the utility industry, including its cost of operations, and rate structures. This core group frequently utilizes the services of external experts to supplement their efforts through personal services contracts. Two additional, fully funded regular exempt positions, were added to provide additional capabilities to delve into the technical aspects, applicability, regulatory/legislative requirements, and the impact of utility rate development and implementation on the customer and to expand

the OPA's ratepayer advocate service. However, the OPA has been unable to fill these positions primarily due to the unique requirements of the positions along with the impact of the CORONA-19, the Southern California economic issues, and the pending OPA leadership transition. The City retained a professional employment search and recruiting firm to assist in filling these positions.

Since its creation, the OPA has released numerous reports, reviews, and comments on a myriad of subjects related to DWP's rates, strategic plans, key policies, procedures, decisions, contracts, and programs. In FY 2022-2023 and early FY 2023-2024, OPA released a review of the draft 2022 DWP Strategic Long-Term Resource plan (SLTRP), a full review of the final 2022 DWP SLTRP, and a special report on Management Employee and IT compensation. OPA is completing a review of incentive compensation. In FY 2021-22, OPA has released a total compensation study update, a detailed review of the NREL LA100 study, a report requested by the DWP Board on governance with recommendations, and an annual review of the DWP budget. Prior key studies include review of DWP rate proposals in 2012, 2016, and 2019, regular water and electricity proposed rate adjustments, 2016 total compensation benchmarking, 2020 total cost benchmarking, budget packages, once-through cooling alternatives and timing, labor MOU'S, rate metrics, Intermountain Power Project alternative re-powering proposals, billing system, ratepayer's cost from the California WaterFix project, alternative energy facilities, the elimination of coal as an energy producing source, Feed-In-Tariff expansion, regulatory assets in rates, and Delta Bay Conservation Plan (the entire list of documents is available at <http://opa.lacity.gov>).

**Budget during Transition:** The OPA proposed budget request for 2024-25 anticipates the continuation of these types of reports and services (with a 9.0% inflation adjustment from mid-2022 to mid-2024), including an anticipated review of rate proposals in FY 2024-2025, the DWP 2024 Power Strategic Long-Term Resource Plan, the evolving CleanGridLA, and the local water Operation Next. The 2016 DWP rates now in place are based on FY 2013-14 data and assumptions – a comprehensive rate review for DWP is long past due for transparency and rate review purposes.

### **Unappropriated Balance**

Historically, funds have been included in the Unappropriated Balance to augment budgeted OPA contractual services funds utilized to retain the services of experts in the utility industry, operational cost analysis, and rate analysis fields to assist OPA staff with these efforts. It is proposed to continue the use of experts by increasing the level of Unappropriated Balance funding of \$750,000 by \$151,800 for a 20.24% inflation adjustment from mid-2021 to mid-2024, , or a total of \$901,800. This should help the new OPA Executive Director post-transition maintain purchasing power for consulting experts.

## **Revenue**

All direct and/or indirect City costs by the OPA or for the benefit of the OPA are fully reimbursed by the Department of Water and Power, including pension, benefits, and general overhead. These funds will be reimbursed through the City's normal billing process of invoicing the Independent Departments for City provided services. Any funds that were designated for the OPA that are not expended or were unencumbered at the end of the Fiscal Year will revert to the City's Reserve Fund and are not subject to reimbursement by DWP. The City Administrative Officer monitors and processes invoices for all of these City expenditures. The OPA does not participate in this effort.

### **Challenges Facing the OPA in 2024-25: Appointment of a New OPA Executive Director**

City Charter Section 683(a) provides that the Executive Director of the Office of Public Accountability/Ratepayer Advocate be appointed for a five-year term by a Citizens Selection Committee, subject to confirmation by the Mayor and City Council. This Charter section contains no provision for an incumbent Executive Director to apply for multiple terms unlike the Charter provision for the appointment of the Chief of Police.

The existing Executive Director's term expires on December 12, 2023. The current Executive Director, Frederick H. Pickel Ph.D, has advised the City that he will not re-apply for another term as Executive Director. Historically, due to the unique requirements of this position, the recruitment, selection, and appointment of an Executive Director, along with the lengthy appointment of the OPA Citizen Selection Committee members, has been very time-consuming and expensive. Contractual services funds of \$150,000 were included in the Personnel Department's adopted 2022-23 budget to fund a contract with a professional personnel recruitment and selection service to assist the City in this effort and begin the process early in Fiscal Year 2022-23. The City has successfully utilized this process in the prior the selections of the OPA Executive Director and the OPA staff. However, given the potential for the retirement of other OPA staff in FY 2023-24 and FY 2024-25, we caution that the Personnel Department budget might need additional funds for OPA professional recruiting through FY 2024-25.

The OPA Executive Director search contract would be administered by the Personnel Department with support provided by the OPA, the City Clerk, the City Administrative Officer, and the Chief Legislative Analyst, as necessary. All City costs of this effort will be reimbursed by the Department of Water and Power.

## Closing

Thank you for your consideration of this proposal. Please contact me if you have questions or wish clarification.

Sincerely,

A handwritten signature in black ink, appearing to read "Frederick H. Pickel". The signature is fluid and cursive, with the first name "Frederick" and last name "Pickel" being the most legible parts.

Frederick H. Pickel Ph.D

## Attachment 1

The detailed mission of the OPA is documented in the Los Angeles Administrative Code and City Charter. Documentation on OPA's Administrative Code is as follows:

Sec. 23.144. Office of Public Accountability.

(a) **Legislative Findings.** On March 8, 2011, the voters of the City of Los Angeles adopted Charter Amendment I to establish an Office of Public Accountability for the Department of Water and Power (DWP). Charter Amendment I provides in Charter Section 683 (a) that "[t]he role of the Office of Public Accountability (OPA) shall be to provide public independent analysis of department [DWP] actions as they relate to water and electricity rates." The ballot argument in favor of the measure argued that it would establish the OPA "to shed greater light on the DWP's operations and finances" and that the OPA would be "charged with analyzing proposed increases in our water and power rates on a timely and continuous basis." Charter Amendment I intended that the OPA function independently of the DWP and City officials. The measure in Charter Section 683 (c)(1) provides that while the Executive Director is to "report directly" to the Board of Water and Power Commissioners (Board), he or she is "not to be instructed" by the Board. The ballot argument in favor of the measure argued that the OPA is to serve as an "independent watchdog." Critical to the OPA's independence is that it exists outside of the DWP and other City departments and offices. The ballot argument in favor of Charter Amendment I argued that consumer protection would be increased by authorizing the OPA "to investigate legitimate complaints" from customers and "to propose recommendations" to address these issues.

(b) **Mission of the OPA**

- (4) The OPA shall seek to improve the performance of the DWP by analyzing and reporting on the reasonableness of the water and power utility rates, the DWP's long term strategic planning documents, and other DWP policies, procedures, decisions, contracts, and programs, including the reasonableness of such proposals and the assumptions upon which they are based.
- (5) The OPA shall provide information and make recommendations to the Board, the City Council, the Mayor, Neighborhood Councils, and the public to assure the DWP's transparency and accountability to its customers and reasonableness of its policies and rates.
- (6) The OPA shall provide information and advice, as opposed to direction, to the DWP, the Mayor, and Council.



**(c) Independence of the OPA**

- (1) While substantively the OPA shall function independently of the DWP and its management structure, and of the City Council, Mayor, and Controller, administratively the OPA shall be given ongoing support by City departments and offices in a manner that does not compromise the OPA's independence.
- (2) The Office of the City Clerk shall provide the OPA with ongoing support and advice on administrative matters, including, but not limited to, personnel, payroll, administrative, budgetary, and other general matters.

**(d) Authority of the Executive Director.** Consistent with Charter Section 683(c) prescription of the authority of the Executive Director, the Executive Director shall have the following powers duties:

- (1) Report to, but not be instructed by, the Board.
- (2) Have full charge and control of all the OPA's work and be responsible for the proper powers of its affairs.
- (3) Appoint, discharge, suspend, or transfer its employees, subject to the Civil Service provisions of the Charter.
- (4) Issue instructions to OPA employees in the line of their duties, subject to the Civil Service provisions of the Charter.
- (5) Prior to the beginning of each fiscal year in accordance with a schedule prescribed by ordinance, submit to the CAO, in accordance with City procedures, a proposed annual budget covering the anticipated expenditures of the OPA. The CAO shall review the proposed budget and submit it with recommendations to the Mayor and City Council for approval by ordinance. The approved budget will be forwarded to the DWP for funding. The budget shall be set at a level not less than 0.025 of DWP annual revenues from the sale of water and electric energy for the previous fiscal year.
- (6) Expend the funds of the OPA (including, without limitation, awarding contracts), in accordance with the provisions of the adopted budget, any subsequent budget amendments, and subject to applicable City provisions.
- (7) Perform other related duties as may be prescribed by ordinance.

**(e) Reporting Obligations.**

- (1) The OPA shall provide reports to the Board, the City Council, the Mayor, the Neighborhood Councils, and the public on the reasonableness of rate actions and any modifications to them.

- (2) The OPA shall provide information to the Board, the City Council, the Mayor, the Neighborhood Councils, and the public regarding the development of the DWP's long-term strategic plans (e.g., Integrated Resource Plan), the annual proposed DWP budget, and DWP policies, practices, programs, contracts, agreements, and other actions that may impact rates.
- (3) The OPA shall have the discretion to make recommendations to the Board, the City Council, the Mayor, and the public on ways to improve the reasonableness and transparency of DWP policies and rates.
- (4) The OPA shall provide information to the public and maintain a repository for all reports produced by the Office.

(f) **Consumer Protection and Complaint Procedures.** The OPA shall have the discretion to audit individual ratepayer cases and obtain customer data to develop analyses of customer service performance at the DWP. Reports of waste, fraud, and abuse will be coordinated with the City Controller, City Ethics Commission and other concerned departments, offices or governmental agencies, as applicable.

#### SECTION HISTORY

Added by Ord. No. 181,768, Eff. 8-7-11; Ord. No. 182,494, Eff. 5-10-13

Amended by: Subsec. (c)(2), Ord. No. 185,269, Eff. 1-10-18



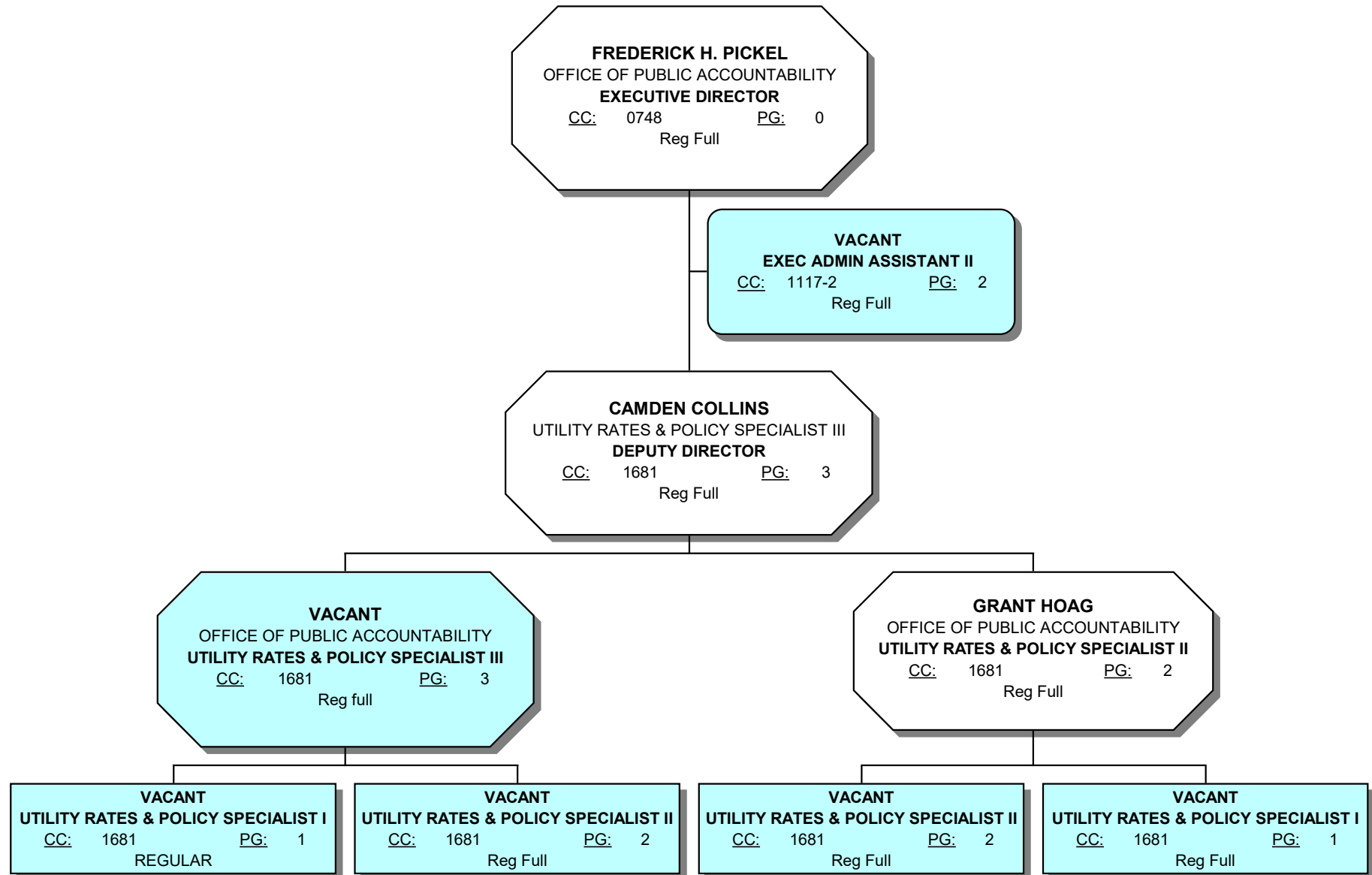
# Office of Public Accountability Proposed FOR FY 2024-2025

## LEGEND

Supervisor

Assistant

Staff



Signed with ClerkSign

Signature:

*Grant Hoag*



Date: 11/30/2023

1:24 PM 11/20/23

# 2024-25 Budget Program Overview

<u>Department Name</u>	<u>Program Name</u>	<u>Program Code</u>
Office of Public Accountability and Ratepayer Advocate	Office of Public Accountability and Ratepayer Advocate	AK 1101

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## Purpose of Program / Background

This program provides independent analysis of Department and Water and Power (DWP) actions as they relate to water and electricity rates and operations, as authorized by the City Charter, which includes, and is not limited to the following efforts: 1) review and analysis of proposed utility rate proposals and periodic adjustment; 2) evaluation of and advice on DWP long-term strategic plans, operations, budgets, finances and performance; 3) review of major plans, programs, policies, contracts, costs, and utility rates; and analysis of data and selected customer complaints to evaluate customer service performance at DWP.

## Milestones Already Achieved

Through the efforts of a very small group of knowledgeable and experienced staff members the OPA has successfully completed and released numerous reports, reviews, and comments on a myriad of subjects including DWP water and power proposed rate adjustments, budget proposals, labor MOU's, rate metrics, review of Once Through Cooling alternatives and timing, Intermountain Power Project Alternative Repowering Proposal, City ratepayers cost on the California WaterFix project, DWP Billing system, alternative energy facilities, the elimination of coal as an energy producing source, The Delta Bay Conservation Plan, and LA 100 renewable transition (a complete list of documents is available at [OPA@lacity.gov](mailto:OPA@lacity.gov)). The OPA and DWP have jointly completed a Total Compensation study in 2016 and Total Cost Benchmarking study along with an update of the Total Compensation study in 2020-2021.

The OPA attends and participates in all meetings of the DWP Board of Commissioners, along with appropriate City Council and Committee meetings, Neighborhood Council meetings, and various civic group meetings.

## Issues / Challenges

Monitoring revenue adjustments, decoupling mechanisms, and cost "pass throughs" which were incorporated into the City's 2016 utility rate ordinances along with the requirements for reporting key performance targets and metrics to hold DWP accountable for promised service levels.

Continuation of a 2018-2019 "mid-term" review of the 2016 rate ordinances to analyze the impact of the changes and develop any remedial actions necessary to deliver the intended outcomes of the ordinances.

Reviewing a likely 2023/24 DWP multi-year water and power rate proposal and its implementation. Reviewing multiple major multi-decade water and power programs, including the NREL 100% renewal study, the Clean Grid LA Program, and the water Operation Next.

*The current description for this program is included in the 2023-24 Detail of Departmental Programs (Blue Book). Please review that description. If you would like to propose a revision to that description, or if this is a new program, please write your proposed program description language below: NA*

**Key Metric**

**Please provide the metric for this program. The department must have direct influence/control over the metric. The metric must measure either an output or outcome. This metric should be the one that is printed in the Detail of Departmental Programs (Blue Book), or reflect the new metric that you are proposing.**

N/A

## 2024-25 Budget Program Request

<u>Department Name</u>	<u>Program Name</u>	<u>Program Code</u>	<u>Total Request Amount</u>
Office of Public Accountability/Ratepayer Advocate	Office of Public Accountability/Ratepayer Advocate	AK 1101	\$

### Name/Description of Budget Request

*Name:*

*Provide a general description of the resources you are requesting. If the positions requested are exempt, explain why an existing civil service classification cannot perform these functions. If the request requires a multi-year funding plan, provide a detailed funding breakdown that illustrates the cost for each year and the total cost of full implementation. If the request is for equipment or vehicles, current estimates must be included as backup documentation. If the request is due to increased non-salary costs due to inflation, report on the causes of the increase.*

☒ Continuation Request    ☐ New Request or Expansion of Existing Services for 2024-25

Is this an equity focused request?

☐ Yes    ☒ No

If this is an equity focused request, please select the applicable box below:

☐ Internally focused on workplace or City procedures/policies

☐ Externally focused on programs/services that are delivered in the communities of Los Angeles

**This request will provide complete funding of the base amount of the 2024-2025 request.**

### Departmental Collaboration

If you developed this request in conjunction with other departments, list the departments below.

Department of Water and Power

### Justification

*What problem will this request address? How is the problem resolved by this request?*

**1    This request will provide continued funding for the base operations contained in the 2024-25 budget request for this City Charter Office.**

*Please describe how your proposal will positively impact equity among our residents – by*

*addressing legacy or emerging inequities – or how your proposal will positively impact workplace equity. Please describe any disparity that will be addressed by this request.*

N/A

*Are there any specific communities that this proposal will prioritize in order to achieve more equitable service delivery or address any disparities?* No

2

*What are the 2024-25 goals of this request?*

To provide sufficient funds to successfully perform the City Charter authorized duties and responsibilities.

*What are the long-term goals of this request?*

See question No. 1

3

*What special funds are eligible to be used for this request?*

The Department of Water and Power fully reimburses the City for all direct and indirect costs associated with the Office of Public Accountability.

### Supporting Performance Metrics

Provide (a) metric(s) to support the above justification.

- 1. Provide metrics that measure either the amount of services produced (output) and/or the impact of those services on your stakeholders (outcome). The department must have direct influence/control over each metric. N/A*
- 2. Explain how the investment in resources will directly impact the metrics that measure the goals identified in question 2 of the Justification area above. Describe the impact on the metrics if the requested resources are not received. Provide numerical evidence. N/A*
- 3. Provide and discuss any data or metrics used to determine if the services are equitably distributed or advance equity in communities with the greatest needs. Describe any learnings from the City's Equity Index and Tool or other equity data / analyses. Will this request improve data collection in order to better measure equity and disparities? N/A*
- 4. Please describe any stakeholder feedback used to develop this request and/or any stakeholder engagement planned if this request is approved. N/A*

Indicate if the request aligns with one of the areas below:

- ☐ Racial Equity Action Plan
- ☐ Gender Equity Action Plan
- ☒ Reducing Greenhouse Gas (GHG) Emissions Indirectly contributes to a reduction of Greenhouse emissions including the rate impacts
- ☐ Comprehensive Homeless Strategy

Please describe how this request relates to the reasons indicated above. N/A



# 2024-25 Non-Departmental Request #1

<u>Department Name</u> Office of Public Accountability	<u>Total Request Amount*</u> \$ 901,800
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## Name/Description of Budget Request

*Name:*

*Provide a general description of the resources you are requesting. If the positions requested are exempt, explain why an existing civil service classification cannot perform these functions. If the request requires a multi-year funding plan, provide a detailed funding breakdown that illustrates the cost for each year and the total cost of full implementation. If the request is for equipment or vehicles, current estimates must be included as backup documentation. If the request is due to increased non-salary costs due to inflation, report on the causes of the increase.*

☒ Continuation Request   ☒ New Request or Expansion of Existing Services for 2024-25

Is this an equity focused request?

☐ Yes   ☒ No

If this is an equity focused request, please select the applicable box below:

☐ Internally focused on workplace or City procedures/policies

☐ Externally focused on programs/services that are delivered in the communities of Los Angeles

## Departmental Collaboration

**If you developed this request in conjunction with other departments, list the departments below.**

The Department of Water and Power is anticipated to propose a utility rate review in 2024-2025. This rate review will require OPA recommendations on the review, communication of the recommendations, and follow-up on implementation into the 2024-2025 fiscal years and beyond, but this timing and the breadth of the review is uncertain. In addition, the OPA analyzes the major programs and projects, and some new programs and projects may require efforts beyond the OPA's base proposed budget. Frequently, the OPA obtains the assistance of experts in various fields, including those in the utility industry, operational cost analysis and rate analysis. These efforts may include follow-up on requests by the DWP Board of Commissioners, the Mayor, and the City Council. The level of support, the cost, and duration can vary significantly and is unpredictable.

It is proposed to continue the use of experts by increasing the prior level of Unappropriated Balance funding of \$750,000 by \$151,800 for a 20.24% inflation adjustment from mid-2021 to

mid-2024, or a total of \$901,800. This should help the new OPA Executive Director post-transition maintain purchasing power for consulting service experts.

## Justification

*What problem will this request address? How is the problem resolved by this request?*

The 2016 City of Los Angeles utility rate ordinances authorized many changes in the City's water and electricity rates. The ordinances incorporated many highly technical/complex changes in the overall rate structure with corresponding revenue expectations. A 2019 mid-term review of the rates was conducted and the results will be incorporated in the next rate review. DWP is expected to propose a variety of major changes in a 2023/24 rate review. DWP is also conducting special studies such as the LA 100 Equity study, the SLTRP, Operation Next, and potential implementation efforts in these areas and follow-on for the joint OPA/DWP total cost and total compensation benchmarking efforts. Therefore, the potential for reviews to overrun base schedules is high.

*Please describe how your proposal will positively impact equity among our residents – by addressing legacy or emerging inequities – or how your proposal will positively impact workplace equity. Please describe any disparity that will be addressed by this request. N/A*

*Are there any specific communities that this proposal will prioritize in order to achieve more equitable service delivery or address any disparities? N/A*

*What are the 2024-25 goals of this request?*

If needed, allow deeper review beyond the current budget of the likely 2024/25 rate proposal and special programs, implementation efforts, and related projects.

*What are the long-term goals of this request?*

The goals of this request are to evaluate changes in the rates that have been determined to be necessary to achieve the goals of the 2019 mid-term review and new goals under consideration by the City, including long-term power system clean energy plans, local water use plans, and implementation efforts.

*What special funds are eligible to be used for this request?*

The Department of Water and Power reimburses the City's General Fund for all direct and indirect costs incurred by the OPA.

### Supporting Performance Metrics

Provide (a) metric(s) to support the above justification.

1. *Provide metrics that measure either the amount of services produced (output) and/or the impact of those services on your stakeholders (outcome). The department must have direct influence/control over each metric. N/A*
2. *Explain how the investment in resources will directly impact the metrics that measure the goals identified in question 2 of the Justification area above. Describe the impact on the metrics if the requested resources are not received. Provide numerical evidence. N/A*
3. *Provide and discuss any data or metrics used to determine if the services are equitably distributed or advance equity in communities with the greatest needs. Describe any learnings from the City's Equity Index and Tool or other equity data / analyses. Will this request improve data collection in order to better measure equity and disparities? N/A*
4. *Please describe any stakeholder feedback used to develop this request and/or any stakeholder engagement planned if this request is approved. N/A*

Indicate the reason for submitting this request. Check all that apply:

- ☐ Racial Equity Action Plan
- ☐ Gender Equity Action Plan
- ☐ Reducing Greenhouse Gas (GHG) Emissions
- ☐ Comprehensive Homeless Strategy

*Please describe how this request relates to the reasons indicated above. N/A*

## 2024-25 Budget Request Summary and Ranking

Department: Public Accountability and Ratepayer Advocate

Approved by: Frederick Pickel

		Positions	General Fund Revenue	Full-Time Salaries (001010 & 001012)	Salaries (As-Needed, Hiring Hall, Overtime)	Expense & Special	Total Budget
Reg	Reso						
2023-24 Adopted Department Budget:		9	\$ 6,587,648	\$ 1,726,616		\$2,148,722	\$ 3,875,338

### Departmental Requests

(List all requests individually in the Department's order of priority, including each section of the single program request form [base budget and requests A+] and each various program request.)

Indicate if this request to address:

RANKIN G	Program Code	Request Code	Program Name (State "Various" for Various Program requests)	Request Name	Request Type	Positions		General Fund Revenue	Full-Time Salaries (001010 & 001012)	All Other Salaries (As-Needed, Hiring Hall, Overtime)	Expense & Special	Total Budget Request	Racial Equity Plan	Gender Equity Plan
						Reg	Reso							
1	AK1101	11-0001	Public Accountability and Rate Payer	Public Accountability and Ratepayer Advocate - Baseline	CONTINUE	9	0	\$ 6,169,208	\$ 1,739,113		\$ 2,337,768	\$ 4,076,881	NO	NO
2												\$ -		
3												\$ -		
4												\$ -		
5												\$ -		
6												\$ -		
7												\$ -		
8												\$ -		

Total Departmental Budget Requests (New GF/Sub. SF): 0 0 \$ - \$ - \$ - \$ - \$ -

Total Departmental Budget Requests: 9 0 \$ 6,169,208 \$ 1,739,113 \$ - \$ 2,337,768 \$ 4,076,881

### Departmental Offset Proposals

(List each Offset Proposal individually, in the Department's order of priority. The General Fund Revenue amounts can be positive or negative, but all other expense account funding amounts should be negative.)

RANKIN G	Program Code	Request Code	Program Name (State "Various" for Various Program requests)	Request Name	Request Type	Positions		General Fund Revenue	Full-Time Salaries (001010 & 001012)	All Other Salaries (As-Needed, Hiring Hall, Overtime)	Expense & Special	Total Budget Request	Racial Equity Plan	Gender Equity Plan
						Reg	Reso							
1			N/A	N/A	N/A	0	0	\$901,800				\$901,800		
2												\$ -		
3												\$ -		
4												\$ -		
5												\$ -		
6												\$ -		
7												\$ -		
8												\$ -		
9												\$ -		
10												\$ -		

Total Departmental Budget Requests (Offset): 0 0 \$ 901,800 \$ - \$ - \$ - \$ 901,800

Total Departmental Budget Requests Needing Offset (New GF/Sub. SF) - New GF Revenue: \$ -

Offset Check (Offset=New Requests + New GF Revenue): \$ -

### Non-Departmental Requests

Non-Departmental Item Name	Request Type	GF Revenue	Total Budget Request
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Unappropriated Balance	CONTINUE		\$901,800
Total Non-Departmental Requests		\$ -	\$ 901,800

**Total Budget Request Summary**

	Positions			Full-Time	All Other	Expense &	
	Reg	Reso	GF Revenue	Salaries	Salaries	Special	Total Budget
2024-25 Total Requested Departmental Budget (Departmental Requests + Offset Proposals):	9	0	\$ 7,071,008	\$ 1,739,113	\$ -	\$ 2,337,768	\$ 4,978,681
Change from 2023-24 Adopted Department Budget:	0		\$ 483,360	\$ 12,497	\$ -		
			7.3%				
2024-25 Total Requested Non-Departmental Budget (from above):			\$ -				\$ 901,800
2024-25 Total Requested Departmental + Offset Proposals + Non-Departmental Budget:			\$ 7,071,008	\$ 1,739,113	\$ -	\$ 2,337,768	\$ 5,880,481

**Employment Level**

Program:			
As of:	07/01/23	11/01/23	06/30/24
Number of Vacancies:	6	6	6
Number of Authorized Positions:	9	9	9
Vacancy Rate:	66.67%	66.67%	66.67%
Salary Savings Rate:			

## 2024-25 Budget Request Summary and Ranking

Department: Public Accountability and Ratepayer Advocate

Approved by: Frederick Pickel

		Positions	General Fund Revenue	Full-Time Salaries (001010 & 001012)	Salaries (As-Needed, Hiring Hall, Overtime)	Expense & Special	Total Budget
Reg	Reso						
2023-24 Adopted Department Budget:		9	\$ 6,587,648	\$ 1,726,616		\$2,148,722	\$ 3,875,338

### Departmental Requests

(List all requests individually in the Department's order of priority, including each section of the single program request form [base budget and requests A+] and each various program request.)

Indicate if this request to address:

RANKIN G	Program Code	Request Code	Program Name (State "Various" for Various Program requests)	Request Name	Request Type	Positions		General Fund Revenue	Full-Time Salaries (001010 & 001012)	All Other Salaries (As-Needed, Hiring Hall, Overtime)	Expense & Special	Total Budget Request	Racial Equity Plan	Gender Equity Plan
						Reg	Reso							
1	AK1101	11-0001	Public Accountability and Rate Payer	Public Accountability and Ratepayer Advocate - Baseline	CONTINUE	9	0	\$ 6,169,208	\$ 1,739,113		\$ 2,337,768	\$ 4,076,881	NO	NO
2												\$ -		
3												\$ -		
4												\$ -		
5												\$ -		
6												\$ -		
7												\$ -		
8												\$ -		

Total Departmental Budget Requests (New GF/Sub. SF): 0 0 \$ - \$ - \$ - \$ - \$ -

Total Departmental Budget Requests: 9 0 \$ 6,169,208 \$ 1,739,113 \$ - \$ 2,337,768 \$ 4,076,881

### Departmental Offset Proposals

(List each Offset Proposal individually, in the Department's order of priority. The General Fund Revenue amounts can be positive or negative, but all other expense account funding amounts should be negative.)

RANKIN G	Program Code	Request Code	Program Name (State "Various" for Various Program requests)	Request Name	Request Type	Positions		General Fund Revenue	Full-Time Salaries (001010 & 001012)	All Other Salaries (As-Needed, Hiring Hall, Overtime)	Expense & Special	Total Budget Request	Racial Equity Plan	Gender Equity Plan
						Reg	Reso							
1			N/A	N/A	N/A	0	0	\$901,800				\$901,800		
2												\$ -		
3												\$ -		
4												\$ -		
5												\$ -		
6												\$ -		
7												\$ -		
8												\$ -		
9												\$ -		
10												\$ -		

Total Departmental Budget Requests (Offset): 0 0 \$ 901,800 \$ - \$ - \$ - \$ 901,800

Total Departmental Budget Requests Needing Offset (New GF/Sub. SF) - New GF Revenue: \$ -

Offset Check (Offset=New Requests + New GF Revenue): \$ -

### Non-Departmental Requests

Non-Departmental Item Name	Request Type	GF Revenue	Total Budget Request
----------------------------	--------------	------------	----------------------

Unappropriated Balance	CONTINUE		\$901,800
Total Non-Departmental Requests		\$ -	\$ 901,800

**Total Budget Request Summary**

	Positions			Full-Time	All Other	Expense &	
	Reg	Reso	GF Revenue	Salaries	Salaries	Special	Total Budget
2024-25 Total Requested Departmental Budget (Departmental Requests + Offset Proposals):	9	0	\$ 7,071,008	\$ 1,739,113	\$ -	\$ 2,337,768	\$ 4,978,681
Change from 2023-24 Adopted Department Budget:	0		\$ 483,360	\$ 12,497	\$ -		
			7.3%				
2024-25 Total Requested Non-Departmental Budget (from above):			\$ -				\$ 901,800
2024-25 Total Requested Departmental + Offset Proposals + Non-Departmental Budget:			\$ 7,071,008	\$ 1,739,113	\$ -	\$ 2,337,768	\$ 5,880,481

**Employment Level**

Program:			
As of:	07/01/23	11/01/23	06/30/24
Number of Vacancies:	6	6	6
Number of Authorized Positions:	9	9	9
Vacancy Rate:	66.67%	66.67%	66.67%
Salary Savings Rate:			

## 2024-25 Budget Request Summary and Ranking

Department: Public Accountability and Ratepayer Advocate

Approved by: Frederick Pickel

		Positions	General Fund Revenue	Full-Time Salaries (001010 & 001012)	Salaries (As-Needed, Hiring Hall, Overtime)	Expense & Special	Total Budget
Reg	Reso						
2023-24 Adopted Department Budget:		9	\$ 6,587,648	\$ 1,726,616		\$2,148,722	\$ 3,875,338

### Departmental Requests

(List all requests individually in the Department's order of priority, including each section of the single program request form [base budget and requests A+] and each various program request.)

Indicate if this request to address:

RANKIN G	Program Code	Request Code	Program Name (State "Various" for Various Program requests)	Request Name	Request Type	Positions		General Fund Revenue	Full-Time Salaries (001010 & 001012)	All Other Salaries (As-Needed, Hiring Hall, Overtime)	Expense & Special	Total Budget Request	Racial Equity Plan	Gender Equity Plan
						Reg	Reso							
1	AK1101	11-0001	Public Accountability and Rate Payer	Public Accountability and Ratepayer Advocate - Baseline	CONTINUE	9	0	\$ 6,169,208	\$ 1,739,113		\$ 2,337,768	\$ 4,076,881	NO	NO
2												\$ -		
3												\$ -		
4												\$ -		
5												\$ -		
6												\$ -		
7												\$ -		
8												\$ -		

Total Departmental Budget Requests (New GF/Sub. SF): 0 0 \$ - \$ - \$ - \$ - \$ -

Total Departmental Budget Requests: 9 0 \$ 6,169,208 \$ 1,739,113 \$ - \$ 2,337,768 \$ 4,076,881

### Departmental Offset Proposals

(List each Offset Proposal individually, in the Department's order of priority. The General Fund Revenue amounts can be positive or negative, but all other expense account funding amounts should be negative.)

RANKIN G	Program Code	Request Code	Program Name (State "Various" for Various Program requests)	Request Name	Request Type	Positions		General Fund Revenue	Full-Time Salaries (001010 & 001012)	All Other Salaries (As-Needed, Hiring Hall, Overtime)	Expense & Special	Total Budget Request	Racial Equity Plan	Gender Equity Plan
						Reg	Reso							
1			N/A	N/A	N/A	0	0	\$901,800				\$901,800		
2												\$ -		
3												\$ -		
4												\$ -		
5												\$ -		
6												\$ -		
7												\$ -		
8												\$ -		
9												\$ -		
10												\$ -		

Total Departmental Budget Requests (Offset): 0 0 \$ 901,800 \$ - \$ - \$ - \$ 901,800

Total Departmental Budget Requests Needing Offset (New GF/Sub. SF) - New GF Revenue: \$ -

Offset Check (Offset=New Requests + New GF Revenue): \$ -

### Non-Departmental Requests

Non-Departmental Item Name	Request Type	GF Revenue	Total Budget Request
----------------------------	--------------	------------	----------------------



## 2024-25 Budget Request Summary and Ranking

Department: Public Accountability and Ratepayer Advocate

Approved by: Frederick Pickel

		Positions	General Fund Revenue	Full-Time Salaries (001010 & 001012)	Salaries (As-Needed, Hiring Hall, Overtime)	Expense & Special	Total Budget
Reg	Reso						
2023-24 Adopted Department Budget:		9	\$ 6,587,648	\$ 1,726,616		\$2,148,722	\$ 3,875,338

### Departmental Requests

(List all requests individually in the Department's order of priority, including each section of the single program request form [base budget and requests A+] and each various program request.)

Indicate if this request to address:

RANKIN G	Program Code	Request Code	Program Name (State "Various" for Various Program requests)	Request Name	Request Type	Positions		General Fund Revenue	Full-Time Salaries (001010 & 001012)	All Other Salaries (As-Needed, Hiring Hall, Overtime)	Expense & Special	Total Budget Request	Racial Equity Plan	Gender Equity Plan
						Reg	Reso							
1	AK1101	11-0001	Public Accountability and Rate Payer	Public Accountability and Ratepayer Advocate - Baseline	CONTINUE	9	0	\$ 6,169,208	\$ 1,739,113		\$ 2,337,768	\$ 4,076,881	NO	NO
2												\$ -		
3												\$ -		
4												\$ -		
5												\$ -		
6												\$ -		
7												\$ -		
8												\$ -		

Total Departmental Budget Requests (New GF/Sub. SF): 0 0 \$ - \$ - \$ - \$ - \$ -

Total Departmental Budget Requests: 9 0 \$ 6,169,208 \$ 1,739,113 \$ - \$ 2,337,768 \$ 4,076,881

### Departmental Offset Proposals

(List each Offset Proposal individually, in the Department's order of priority. The General Fund Revenue amounts can be positive or negative, but all other expense account funding amounts should be negative.)

RANKIN G	Program Code	Request Code	Program Name (State "Various" for Various Program requests)	Request Name	Request Type	Positions		General Fund Revenue	Full-Time Salaries (001010 & 001012)	All Other Salaries (As-Needed, Hiring Hall, Overtime)	Expense & Special	Total Budget Request	Racial Equity Plan	Gender Equity Plan
						Reg	Reso							
1			N/A	N/A	N/A	0	0	\$901,800				\$901,800		
2												\$ -		
3												\$ -		
4												\$ -		
5												\$ -		
6												\$ -		
7												\$ -		
8												\$ -		
9												\$ -		
10												\$ -		

Total Departmental Budget Requests (Offset): 0 0 \$ 901,800 \$ - \$ - \$ - \$ 901,800

Total Departmental Budget Requests Needing Offset (New GF/Sub. SF) - New GF Revenue: \$ -

Offset Check (Offset=New Requests + New GF Revenue): \$ -

### Non-Departmental Requests

Non-Departmental Item Name	Request Type	GF Revenue	Total Budget Request
----------------------------	--------------	------------	----------------------

Unappropriated Balance	CONTINUE		\$901,800
Total Non-Departmental Requests		\$ -	\$ 901,800

**Total Budget Request Summary**

	Positions			Full-Time	All Other	Expense &	
	Reg	Reso	GF Revenue	Salaries	Salaries	Special	Total Budget
2024-25 Total Requested Departmental Budget (Departmental Requests + Offset Proposals):	9	0	\$ 7,071,008	\$ 1,739,113	\$ -	\$ 2,337,768	\$ 4,978,681
Change from 2023-24 Adopted Department Budget:	0		\$ 483,360	\$ 12,497	\$ -		
			7.3%				
2024-25 Total Requested Non-Departmental Budget (from above):			\$ -				\$ 901,800
2024-25 Total Requested Departmental + Offset Proposals + Non-Departmental Budget:			\$ 7,071,008	\$ 1,739,113	\$ -	\$ 2,337,768	\$ 5,880,481

**Employment Level**

Program:			
As of:	07/01/23	11/01/23	06/30/24
Number of Vacancies:	6	6	6
Number of Authorized Positions:	9	9	9
Vacancy Rate:	66.67%	66.67%	66.67%
Salary Savings Rate:			





[illegible][illegible]

### Non-Departmental Requests

[illegible]

Department:	Public Accountability and Ratepayer Advocate
Program Name:	Public Accountability and Ratepayer Advocate - Baseline

<b>2024-25 Baseline Program Data</b>	
Total Number of Regular Positions (Civilian):	9
Total Number of Regular Positions (Sworn):	0
<u>Budget:</u>	

[illegible]

Pension/Health (Add/Delete Rate):	\$	733,590
Applicable CAP rate:		114.09%
Estimated Related Cost Reimbursement from SFs (CAP Rate):	\$	- \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$

BASE General Fund Revenue attributable to this Program:	\$ 6,169,208
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**Request A**   **Name of Request:**

Continued or New?

Positions:

Workday Position Number	Quantity	Class Title	Class Code	Reg. Sworn, Reso., As-Needed, or Hiring Hall	Wages & Count Salary	Salary Savings Rate (%)	Number of Months Funding Requested	Net Salary	Total All Special Funds	XXX	XXX	XXX	XXX	XXX
								\$ - 0.00	0.00					
								\$ - 0.00	0.00					
								\$ - 0.00	0.00					
								\$ - 0.00	0.00					
								\$ - 0.00	0.00					
0	TOTALS							\$ - 0.00	0.00	0.00	0.00	0.00	0.00	0.00

Budget:

[illegible][illegible]

General Fund Revenue (Change): \$ -

2024-25 Program Budget Cost SUMMARY (Total all Sections Above)

Positions:

Baseline Data	9
ALL Requests	0
TOTAL	9

Direct Cost:

	TOTAL	General Fund 100	Total All Special Funds	Special Fund A XXX	Special Fund B XXX	Special Fund C XXX	Special Fund D XXX	Special Fund E XXX	Special Fund F XXX	Special Fund G XXX	Special Fund H XXX	Special Fund I XXX	Special Fund J XXX
Baseline Data	\$ 4,076,881	\$ 4,076,881	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL ALL REQUESTS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL	\$ 4,076,881	\$ 4,076,881	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Pension/Health (Add/Delete Rate):	\$ 733,590												
Estimated Related Cost Reimbursement from SFs (CAP Rate):		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total General Fund Revenue:	\$ 6,169,208												
Net GF Cost (Budget - Revenue):	\$ (2,092,327)												

## 2024-25 Non-Departmental Request

Department: Office of Public Accountability  
Item/Package Name: Funding for Rate Review Contract

General Item/Package Description:

### 2024-25 Baseline Non-Departmental Data (if any)

Acct	Account Name	TOTAL	General Fund 100	Total All Special Funds	Special Fund A XXX	Special Fund B XXX	Special Fund C XXX	Special Fund D XXX	Special Fund E XXX	Special Fund F XXX	Special Fund G XXX	Special Fund H XXX	Special Fund I XXX	Special Fund J XXX
XXXXXX	Account name	\$ 901,800	\$ 901,800	\$ -										
XXXXXX	Account name	\$ -		\$ -										
XXXXXX	Account name	\$ -		\$ -										
XXXXXX	Account name	\$ -		\$ -										
XXXXXX	Account name	\$ -		\$ -										
TOTAL:		\$ 901,800	\$ 901,800	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

General Fund Revenue: \$ 901,800

### Requested Change (Or total requested NEW amount, if there was no 2023-24 Adopted Budget for this item)

Acct	Account Name	TOTAL	General Fund 100	Total All Special Funds	Special Fund A XXX	Special Fund B XXX	Special Fund C XXX	Special Fund D XXX	Special Fund E XXX	Special Fund F XXX	Special Fund G XXX	Special Fund H XXX	Special Fund I XXX	Special Fund J XXX
XXXXXX	Account name	\$ -		\$ -										
XXXXXX	Account name	\$ -		\$ -										
XXXXXX	Account name	\$ -		\$ -										
XXXXXX	Account name	\$ -		\$ -										
XXXXXX	Account name	\$ -		\$ -										
TOTAL:		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

General Fund Revenue (Change):

### 2024-25 Requested Non-Departmental Budget Summary

Acct	Account Name	TOTAL	General Fund 100	Total All Special Funds	Special Fund A XXX	Special Fund B XXX	Special Fund C XXX	Special Fund D XXX	Special Fund E XXX	Special Fund F XXX	Special Fund G XXX	Special Fund H XXX	Special Fund I XXX	Special Fund J XXX
XXXXXX	Account name	\$ 901,800	\$ 901,800	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
XXXXXX	Account name	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
XXXXXX	Account name	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
XXXXXX	Account name	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
XXXXXX	Account name	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL:		\$ 901,800	\$ 901,800	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

General Fund Revenue: \$ 901,800



**2023-24 Revised Departmental Receipts**

Department: Office of Public Accountability

Actual Revenue Received Fiscal Year 2022-23	Revenue Budget 2023-24	Revenue Source		Estimated Revenue 2023-24	Check	July	August	September	October	November	December	January	February	March	April	May	June	
2,033,040	6,328,633			TOTAL	\$ 5,095,440	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,547,720	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,547,720	\$ 5,095,440
2,033,040	6,328,633	Office of Public Accountability	4596 SERVICE TO WATER & POWER	5,095,440	OK						\$ 2,547,720						\$ 2,547,720	

2024-25 Proposed Departmental Receipts

Department: Office of Public Accountability

Actual Revenue Received Fiscal Year 2022-23	Revenue Budget 2023-24	Revenue Source		Proposed Revenue 2024-25	Check	July	August	September	October	November	December	January	February	March	April	May	June	
		Department	Revenue Source															
2,427,823	6,328,633			TOTAL	\$ 6,169,208	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,084,604	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,084,604	\$ 6,169,208
2,427,823	6,328,633	Office of Public Accountability	4596 SERVICE TO WATER & POWER	6,169,208	OK						\$ 3,084,604						\$ 3,084,604	

# PUBLIC ACCOUNTABILITY DETAIL OF CONTRACTUAL SERVICES ACCOUNT

2022-23 Actual Expenditures	2023-24 Adopted Budget	2023-24 Estimated Expenditures	Program/Code/Description	2024-25 Contract Amount
<b>Public Accountability and Ratepayer Advocate - AK1101</b>				
\$ 388	\$ 3,862	\$ 3,862	1. Lease and maintenance of photocopiers.....	\$ 4,210
-	55,175	55,175	2. Support for community outreach.....	60,141
-	55,175	55,175	3. Undesignated.....	60,141
-	331,050	331,050	4. Update of and supplemental benchmarking.....	360,845
-	827,625	827,625	5. Reviews of 100% renewable clean power/local water plans.....	902,111
-	827,625	827,625	6. Comprehensive rate review.....	902,111
<u>\$ 388</u>	<u>\$ 2,100,512</u>	<u>\$ 2,100,512</u>	<b>Public Accountability and Ratepayer Advocate Total</b>	<u>\$ 2,289,558</u>
<u><u>\$ 388</u></u>	<u><u>\$ 2,100,512</u></u>	<u><u>\$ 2,100,512</u></u>	<b>TOTAL CONTRACTUAL SERVICES ACCOUNT</b>	<u><u>\$ 2,289,558</u></u>

<b>BFI Attachment 3</b>
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**OPA Report on  
Funding Inflation Adjustments to DWP Low Income and Lifeline Rate Credits**

Note page 3, section 2

REPORT FROM

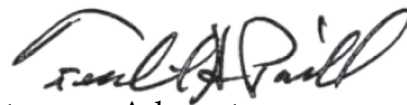
## OFFICE OF PUBLIC ACCOUNTABILITY

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Date: March 26, 2024

To: The Board of Water and Power Commissioners



From: Frederick H. Pickel, Ph.D., Executive Director/Ratepayer Advocate

Subject: OPA Report on Agenda Item P.9, Fiscal Year 2024 to 2025 Preliminary Budget of the Department of Water and Power

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### RECOMMENDATIONS

The Office of Public Accountability (OPA) respectfully recommends that the Board of Commissioners (Board) of the Los Angeles Department of Water and Power (DWP) include two additional Resolution provisions, separately or together with the Resolution submitting the preliminary budget of DWP for Fiscal Year (FY) 2024 to 2025.

1. Because only tax revenue can securely adjust the purchasing power of low income and Lifeline bill credits, OPA recommends that the Board request that the City appropriate \$1.5 million of utility user tax received in FY2024-2025, to be returned to DWP, and expended to adjust upward the existing bill credits.
2. Because grant funding was secured that entirely offsets the FY2022-2023 costs of free power interconnections to homeless housing developers for their projects, OPA recommends that the Board find no City general tax appropriation is needed in FY2024-2025 to pay this policy's FY2022-2023 costs.

### DISCUSSION

More than ten years have passed since two limitations began affecting intra-City payments between DWP funds and City funds. OPA tracks and monitors these flows of funds in order to issue opinions about the reasonableness of rates, concurrent with regular rate adjustments that occur quarterly, semi-annually, and annually. Reasonable rates have a component of justice, which underscores the non-discriminatory principles of rate setting, and leads to the phrase "just and reasonable" in common practice. An

important component of justice in DWP's case involves ensuring non-discriminatory practices with respect to the City as a customer of water and power services. No other customer has a similar opportunity to transfer its cost of business to DWP, or alter the otherwise applicable rates and practices.

DWP would have higher levels of public trust if there were a regular, institutionalized mechanism to ensure that costs incurred by DWP, when final and audited, are correctly allocated to rate revenue or tax revenue. Final and audited costs in a prior year (e.g., FY2022-2023) are available in January of a current year (e.g., FY2023-2024), to inform corrected allocations in the coming preliminary budget for the next year (e.g., FY2024-2025). The City regularly addresses multi-year budgeting issues, and many consider a five year forecast framework to be best practice when addressing municipal budgets generally.

In OPA's opinion, the most efficient method of correctly allocating costs in any grey zone between rate revenues and tax revenues arises with DWP's preliminary budget, which can timely advise the City and Mayor of appropriations in the next year, if any are triggered by non-rate policies, programs, and practices in the prior year.

The upcoming Fiscal Year 2024-2025 presents two such opportunities to secure inter-City, multi-year appropriations in the aftermath of Propositions 218, 26, and the settlement of the power transfer litigation. The most recent and audited year of origination is DWP's Fiscal Year 2022-2023. During that year, two important policy choices – favoring homeless housing and equity towards disadvantaged customers – were acted upon by the DWP Board. Before taking up these two subjects, a brief review of intra-City fund flows sets out the context of these two, relatively small areas of expenditure.

#### 1. Inter-City Flow of Funds, Fiscal Year 2022-2023

Excluding sanitation billings, in FY 2022-2023 DWP transferred to City accounts:

- \$232,043,000 for the transfer of surplus money from the Power Fund,
- \$450,846,521 for the utility users tax,
- \$136,438,324 for services rendered to the DWP, an amount that includes \$46,280,050 in street damage restoration fees, and
- \$129,515,441 for past due water and power bills of the City, of which \$91,165,149 were over 120 days past due.

The cumulative amount for all items above, using only the bills over 120 days, is \$910,492,994, or \$864,212,944 excluding the street damage restoration fee.

An aspect of monitoring these fund flows involves evaluating the relative change since the power and water base rates were last reviewed. Are these changes within the DWP's ability to pay, without reducing or delaying needed infrastructure in its capital improvement plans?

To answer this question, OPA examines marginal changes, and it is in that context that policy expenditures without a nexus to cost of service can arise.

- First, due to a litigation settlement, the transfer of surplus money from the Power Fund is down \$20,957,000 from the 2013-2014 cost history that was used in the last rate case (\$253,000,000).
- Second, the utility users tax has increased by \$120,237,521 from \$330,609,000.
- Third, the inter-departmental services have increased by approximately \$30-\$40M, a range that reflects some variation in the baseline years before the rate review (\$55M FY2012-2013 to \$64M FY2013-2014). This marginal change excludes the street damage restoration fees, initiated after 2016.
- Fourth, the accounts receivable has approximately doubled, although assessment is complicated by controlled and uncontrolled changes in DWP's billing systems.

The cumulative change is at least \$129,280,521, using the lower figure for inter-departmental services, and excluding (i) changes to City accounts receivable, and (ii) street damage restoration fees (a new fee of approximately \$46M). With all of these costs included, the changes are between \$200 - \$250M.<sup>1</sup>

Total sales budgeted for the FY2022-2023 by DWP was \$6,397,674,000. Therefore these changes in the intra-City fund flows with DWP have not exceeded 3-4% of sales. DWP's unit labor costs and unit non-labor costs have produced sufficient net income to buffer the scale of these changes since the last rate review. However, it cannot be said that adding non-rate costs to this amount is free of adverse consequences to ratepayers.

## 2. Diminished Purchasing Power of Low Income and Lifeline Credits For Power Customers

The combined FY2009-2010 expenditure on low income and Lifeline credits was \$33,887,913. This amount is grandfathered in the current rates. (This is composed of approximately \$13.9M for low income and \$19.9M for Lifeline.) Much has already been

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<sup>1</sup> Final power case 143 from the last rate case forecasted a power transfer amount of \$360M for FY2021-2022, which did not occur due to the litigation settlement. It is worth noting that such an increase (\$107M), had it occurred, would not necessarily have insulated DWP customers from increases in inter-department charges.

written about the loss of purchasing power associated with these credits for disadvantaged customers.

Every year that passes reduces the value of these 2010 credits further. While many alternative proposals have been put forward, none of the proposals curb the effects of waiting. In OPA's opinion, a gradual, annual adjustment for inflation, is long overdue.

A reasonable objective is to double the funds in a 20 year horizon, which is an addition of \$1.5M each year. Had this been done over the last 10 years or so, the funds available would have expanded by \$15M, leaving the City with \$120,237,521 minus \$15,000,000 or a net \$105,237,521 increase in utility users tax. This result would have yielded the City 97% of the utility users tax.

OPA is unaware that the DWP Board has ever requested of the City Council and Mayor an appropriation that would return a portion of DWP's utility users tax for this purpose. OPA recommends making this request now for \$1.5M, and adding \$1.5M to it each year in the future.

Such a request is timely, and it need not wait for any other remedies brought about by federal or state appropriations, collaboration with non-profits, or referendums seeking relief from Proposition 26 by the Los Angeles voters. All other tax revenue sources or voter-approved exceptions that may later be applied would be welcome. If they occur later, these options can only help purchasing power "catch up" after 14 years.

### 3. Emergency Authorization for Homeless Housing Developments and Interconnections

The policy of providing free power interconnections to homeless housing developments has been grant funded for the only year with audited and final costs. As such, the policy does not at this time trigger any recommendation to seek an appropriation from tax revenues.

However, as time passes and the emergency-related costs change, the annual preliminary budget of DWP would be the most efficient and effective time to apprise the City of this policy's costs. The Board's existing resolution should serve to annually apprise the Board of costs in January, so it can incorporate requests for appropriations of tax revenues in the submission of the DWP's preliminary budget. That is a time when the City's budget process can consider whether and when reimbursement is desired by the City Council and Mayor.



## CONCLUSION

OPA's total of nearly \$1B dollars transferred from DWP to the City in FY2022-2023 excludes other amounts that are not easily quantified. In this setting of transfers that have grown significantly, it is not too much to ask the City Council and Mayor to return to DWP \$1.5M of utility users tax in FY2024-2025. DWP has demonstrated with pandemic aid funding that it can administer this form of additional assistance, which is the most immediate and secure revenue source available.

cc: The Honorable Karen Bass, Mayor  
Martin L. Adams, General Manager & Chief Engineer, Department of Water & Power