

Office of the Los Angeles City Attorney  
Hydee Feldstein Soto

REPORT NO. R25-0598  
Dec 3 2025

**REPORT RE:**

**DRAFT ORDINANCE DIRECTING THE TRANSFER OF SURPLUS MONEY FROM  
THE POWER REVENUE FUND OF THE DEPARTMENT OF WATER AND POWER  
TO THE RESERVE FUND OF THE CITY DURING FISCAL YEAR 2025/26**

The Honorable City Council  
of the City of Los Angeles  
Room 395, City Hall  
200 North Spring Street  
Los Angeles, California 90012

Honorable Members:

This Office has prepared and now transmits for your consideration the enclosed draft ordinance, approved as to form and legality. The draft ordinance authorizes the transfer of \$225,782,000 from the Power Revenue Fund of the Department of Water and Power (Department) to the City's Reserve Fund.

Charter Section 344 controls intra-City transfers to the Reserve Fund. It provides, in relevant part, at Subsection (b):

"The Council may, by ordinance, direct that a transfer be made to the Reserve Fund from surplus money in the Water Revenue Fund or Power Revenue Fund with the consent of the Board of Water and Power Commissioners ..., as provided in this section."

Section 344 defines surplus in the Power Revenue Fund "as the amount remaining in the ... Power Revenue Fund, less outstanding demands and liabilities payable out of the fund, at the end of the fiscal year prior to the fiscal year in which the transfer is to be made, as shown by audited financial statements." This section also describes the process through which the Board of Water and Power Commissioners (Board) may withhold its consent to make the transfer in whole or in part if, despite the existence of a surplus, it finds that making the transfer would have a material negative

impact on the Department's financial condition in the year in which the transfer is to be made.

The Board is also given the authority to control the revenue produced from the Power Revenue Fund as long as the Board deems those funds necessary for the uses prescribed in Charter Section 679. These uses include: operation and maintenance; retirement of indebtedness; development of assets; reimbursements to other City departments for services or materials; promotion of business or conservation; employee benefits; maintaining bond reserve funds; and General Fund transfers. The Board resolution authorizing the transfer of this surplus money from the Power Revenue Fund states that such transfer is subject to all covenants made by the Department with respect to transfers from this fund.

Following an audit of the Department's financial data for Fiscal Year 2024/25, the Board has determined that the stated amount is surplus available for transfer to the Reserve Fund. As noted above, the draft ordinance authorizes that transfer.

#### Council Rule 38 Referral

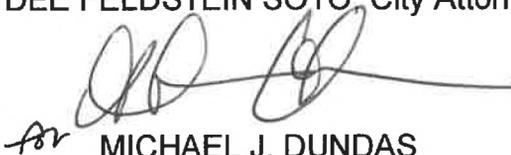
Pursuant to Council Rule 38, the draft ordinance has been presented to the Board of Water and Power Commissioners.

If you have any questions regarding this matter, please contact Deputy City Attorney Brian Stewart at (213) 367-5115. A member of this Office will be available when you consider this matter to answer questions you may have.

Sincerely,

HYDEE FELDSTEIN SOTO, City Attorney

By



MICHAEL J. DUNDAS  
Chief Assistant City Attorney

MJD:BS:img:ms  
Transmittal