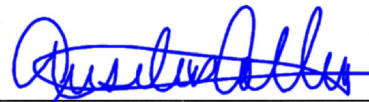


BOARD LETTER APPROVAL


ANN M. SANTILLI
Chief Financial Officer


ANSELMO G. COLLINS
Chief Operating Officer and Senior Assistant
General Manager - Water System


DAVID W. HANSON
Interim General Manager

DATE: April 14, 2026

SUBJECT: Fiscal Year 2026-2027 LADWP Final Budget – Water Revenue Fund Receipts and Appropriations and Associated Schedules and Fiscal Year 2026-2027 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) 2026-2027 Water Revenue Fund Receipts and Appropriations final budget and associated schedules totaling \$2.91 billion.

Approval of this Resolution also provides authority for the FY 2026-2027 Annual Personnel Resolution (APR) for the Water Revenue Fund totaling 4,935 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 2026-2027 LADWP Water Revenue Fund Final Receipts and Appropriations budget and associated schedules to the Council; and
2. Approval and execution of the FY 2026-2027 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 2026-2027, total \$3.83 billion. Net of receipts from the Power System, contributions in aid of construction, individuals, and companies and other miscellaneous sources, appropriations total \$2.91 billion.

BACKGROUND

On March 10, 2026, in accordance with City Charter Section 684 (as added to the City Charter by Measure J adopted in March 2011), the Board reviewed and approved the transmittal of the FY 2026-2027 Preliminary Budget to the Council and the Mayor. By May 31, 2026, LADWP must update the preliminary budget based on additional information received after March 31, 2026, 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 2026-2027 spending proposals to support water infrastructure investment, comply with regulatory mandates, and provide continued customer service and cost control to mitigate the impact on customer rates.

Upon approval from the Board, the FY 2026-2027 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 2026-2027 proposed final budget and associated financial plans have been provided to the Ratepayer Advocate for review.

FY 2026-2027 WATER REVENUE FUND BUDGET

The major changes between the FY 2026-2027 Water Revenue Fund preliminary budget and this proposed final budget include the following highlighted items:

- Water Revenue Fund Capital is \$1,419 million, reflecting a decrease of \$27 million (a 1.8 percent decrease from the \$1,445 million preliminary budget) primarily attributed to a decrease in anticipated spending for Infrastructure (\$40 million) offset by an increase in Water Quality (\$12 million).
- Water Revenue Fund Operation and Maintenance (O&M) is \$865 million reflecting a minor net increase of \$1 million (a 0.1 percent increase from the \$864 million preliminary budget) primarily attributed to increases in anticipated spending for Operating Support (\$4 million), Infrastructure (\$2 million), Water Supply (\$2 million), and Owens Valley Regulatory (\$1 million) offset by a decrease in Water Quality (\$8 million).

- Purchased Water is \$220 million, reflecting a decrease of \$7 million (a 3.1 percent decrease from the \$227 million preliminary budget).
- Retail revenue is \$2,092 million, reflecting an increase of \$19 million (a 0.9 percent increase from the \$2,073 million preliminary budget) mainly due to increases in the water supply cost adjustment revenues (\$22 million) and water quality revenues (\$20 million), offset by decreases in water infrastructure revenues (\$20 million).

The following documents are included in the FY 2026-2027 Water Revenue Fund Budget:

- 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

FY 2026-2027 APR

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 2026-2027. Positions in the APR Schedule are listed by System (Joint, Power, and Water), Civil Service classification, and Duties Description Record number. 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 2026, which reflects a total of 4,935 budgeted positions. The 2,791 positions represent the total staffing that the Water System has identified as necessary for continued and planned critical operations, with 1,894 Joint System positions and 250 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 2026-2027.

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
- 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
- FY 2026-2027 APR Schedule by System (one report for the Board Office)