



RESOLUTION NO. \_\_\_\_\_

BOARD LETTER APPROVAL

A blue ink signature of Ann M. Santilli.

**ANN M. SANTILLI**  
Chief Financial Officer

A blue ink signature of Aram Benyamin.

**ARAM BENYAMIN**  
Chief Operating Officer

A blue ink signature of Martin L. Adams.

**MARTIN L. ADAMS**  
General Manager and Chief Engineer

**DATE:** April 24, 2023

**SUBJECT:** Fiscal Year 2023-2024 Los Angeles Department of Water and Power Final Budget – Water Revenue Fund Receipts and Appropriations and Associated Schedules and Fiscal Year 2023-2024 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 Los Angeles Department of Water and Power (LADWP) Proposed Fiscal Year (FY) 2023-2024 Water Revenue Fund Receipts and Appropriations final budget and associated schedules totaling \$2.26 billion. Approval of this Resolution also provides authority for the FY 2023-2024 Annual Personnel Resolution (APR) for the Water Revenue Fund totaling 4,430 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 2023-2024 LADWP Water Revenue Fund Final Receipts and Appropriations budget and associated schedules to the Council; and,
2. Approval and execution of the FY 2023-2024 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 2023-2024, total \$2.97 billion. Net of receipts from the Power System, contributions in aid of construction, individuals, and companies and other miscellaneous sources, appropriations total \$2.26 billion.

## **BACKGROUND**

On March 14, 2023, in accordance with City Charter Section 684 (as amended by Measure J adopted in March 2011), the Board reviewed and approved the transmittal of the FY 2023-2024 Preliminary Budget to the Council and the Mayor. By May 31, 2023, LADWP must update the preliminary budget based on additional information received after March 31, 2023, 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 2023-2024 spending proposals to support water infrastructure investment, comply with regulatory mandates, and provide exemplary customer service, with continued cost control, to mitigate impact on customer rates.

Upon approval from the Board, the FY 2023-2024 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 2023-2024 proposed final budget and associated financial plans have been provided to the Ratepayer Advocate for review.

## **FY 2023-2024 WATER REVENUE FUND BUDGET**

The major changes between the FY 2023-2024 Water Revenue Fund preliminary budget and this proposed final budget include the following highlighted items:

- Water Revenue Fund Capital has decreased by \$29 million (3.0 percent decrease from \$958 million to \$929 million) primarily attributed to decreases in Recycled Water Capital expenditure (\$44 million), Infrastructure base expenditure (\$7 million), offset by increases in Owens Valley Regulatory (\$16 million) and Infrastructure Pass Through Projects (\$10 million).
- Included in the above changes, are \$8 million of various proposed Capital Infrastructure expenditures that were reclassified as Water Quality, Infrastructure, and Supply Pass Through expenditures based on review and recommendation by the Ratepayer Advocate.

- Water Revenue Fund Operation and Maintenance has increased by \$15 million (2.1 percent increase from \$700 million to \$715 million) primarily due to Owens Valley Regulatory Operation and Maintenance.
  - Included in the above change, are \$6 million of various proposed O&M Infrastructure expenditures that were reclassified as Water Quality Pass Through expenditures based on review and recommendation by the Ratepayer Advocate.
- Retail revenue is \$1,642 million, reflecting a decrease of \$66 million (3.9 percent decrease from the \$1,708 million preliminary budget) mainly due to decreases in the water infrastructure revenues (\$35 million) and the water quality revenues (\$25 million).

The following documents are included in the FY 2023-2024 Water Revenue Fund Budget:

- LADWP Goals and Objectives
- 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 2023-2024 ANNUAL PERSONNEL RESOLUTION**

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 2023-2024. Positions in the APR Schedule are listed by System (Joint, Power, and Water), Civil Service classification, and duties description record. 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 2023, which reflects a total of 4,430 budgeted positions. The 2,521 positions represent the total staffing that the Water System has identified as necessary for continued and planned critical operations, with 1,203 Joint System positions and 706 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 2023-2024.

## **ENVIRONMENTAL DETERMINATION**

Determine item is exempt pursuant to California Environmental Quality Act (CEQA) Guidelines Section 15060 (c)(2). In accordance with this section, an activity is not subject to CEQA if it will not result in a direct or reasonably foreseeable indirect physical change in the environment. Transmitting budget information to the 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
- LADWP Goals and Objectives
- 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 2023-2024 APR Schedule by System (one green bar report for the Board Office)

Resolution No. 023 228

(Amendment No. 327- 4371 )

(Amendment No. 328- 3594 )

**FISCAL YEAR 2023-2024 WATER REVENUE FUND BUDGET**

WHEREAS, Section 511(b) of the Los Angeles City Charter requires that the Board of Water and Power Commissioners (Board) shall, prior to the beginning of each Fiscal Year (FY), adopt an annual Department Budget for the Water Revenue Fund and make an annual appropriation covering its anticipated revenues and expenditures; and

WHEREAS, in March 2011, Los Angeles voters approved Measure J that requires the Los Angeles Department of Water and Power (LADWP) submit a Preliminary Budget to the Los Angeles City Council (Council) by March 31, 2023, and shall by May 31, 2023, update the preliminary budget based on additional information received after March 31, 2023, including without limitation, additional information about revenue and expense projections; and

WHEREAS, the Board approved the transmittal of the preliminary budget to the Council for informational purposes on March 14, 2023; and

WHEREAS, upon approval from the Board, the FY 2023-2024 Water Revenue Fund Receipts and Appropriations Final Budget and Associated Schedules will be transmitted to the Council in accordance with the City Charter; and

WHEREAS, Since the development of the preliminary budget, LADWP Management has thoroughly reviewed the budget, prioritized, and adjusted the FY 2023-2024 spending proposals to support water infrastructure investment, comply with regulatory mandates, and provide exemplary customer service, with continued cost control, to mitigate impact on customer rate; and

WHEREAS, estimated appropriations for FY 2023-2024 total \$2.97 billion; and

WHEREAS, Net of receipts from the Power System, contributions in aid of construction, individuals, and companies and other miscellaneous sources, appropriations are \$2.26 billion; and

**FISCAL YEAR 2023-2024 ANNUAL PERSONNEL RESOLUTION**

WHEREAS, Resolution Nos. 327 and 328, adopted October 9, 1947, pertaining to the creation of positions and fixing of duties, responsibilities and other terms and conditions of employment have from time to time have been amended by the Board; and



WHEREAS, it is the desire of said Board to fix annually the number of positions authorized for LADWP employment; and

WHEREAS, it is the desire of said Board to reaffirm its commitment to equal employment opportunity.

NOW, THEREFORE, BE IT RESOLVED by the Board, as follows:

- (1) The “FY 2023-2024 Proposed Departmental Budget – Water Revenue Fund,” submitted by the General Manager to this Board for adoption, and now on file with the Secretary of this Board, be and the same is hereby adopted as the “Annual Departmental Budget of the Los Angeles Department of Water and Power, FY 2023-2024, Water Revenue Fund” and that the appropriation shown therein be, and is hereby, made.
- (2) The amounts shown under the “Estimated Amounts for the FY 2022-2023” submitted as part of the “FY 2023-2024 Proposed Departmental Budget – Water Revenue Fund” by the General Manager to this Board for adoption, and now on file with the Secretary of this Board, be and the same are hereby adopted as the updated “Annual Budget of the Los Angeles Department of Water and Power, FY 2022-2023, Water Revenue Fund” and that the appropriation shown therein be, and is hereby, made.
- (3) The adopted “Annual Departmental Budget of the Los Angeles Department of Water and Power, FY 2023-2024, Water Revenue Fund” shall be transmitted to the Council as required by Los Angeles City Charter Section 684.
- (4) For the FY 2023-2024, employment of persons in positions heretofore created by the Board, as set forth in the LADWP Personnel Resolution, Resolution No. 328, and in Schedule “A” of the Position Evaluation and Compensation Plan, Resolution No. 327, as amended, shall not exceed the number of positions hereby fixed for each System by Civil Service Classification, and for each Duties Description Record (DDR), as set forth in the schedule now in the hands of the Secretary of the Board which schedule identifies said positions.
- (5) Employment of persons in positions authorized by this resolution shall be subject to availability of funds appropriated in the budget for the payment of salaries and wages, and shall not exceed the number of positions hereby fixed for each System by Civil Service Classification and DDR, as set forth in the schedule identified in Paragraph (4) above.
- (6) Appointment of persons to positions authorized by this resolution shall be subject to the conditions and constraints established in the Rules of the Board of Civil Service Commissioners of the City of Los Angeles.

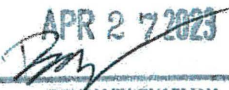
- (7) If a substitute position is used to make a regular appointment, the General Manager may require that a budgeted position be held vacant in the same System; provided, however, that at no time shall the total number of persons employed within a System exceed the total number of budgeted positions authorized for that System.
- (8) Substitute positions may be used without holding a budgeted position vacant for the following purposes:
  - a) To provide replacements for persons on extended sick leave or disability.
  - b) To provide temporary employment authority to meet emergency workloads that can be financed with funds accumulated due to position vacancies.
  - c) To provide succession planning to help ensure that institutional knowledge is captured, transferred, and understood by designated recipients.
  - d) To provide additional employment authority in training classifications for which the dropout rate is high and/or for which recruitment of positions is difficult or limited to specific periods of the year.
  - e) To fill Civil Service daily-rated, and Exempt daily-rated positions for which funding is provided in the expenditure program.
  - f) To fill part-time exempt positions to give students or recent graduates practical work experience which will assist them in qualifying for entry level Civil Service positions, provided the positions can be financed with funds accumulated due to position vacancies. Part-time exempt positions shall not be used to replace regular full-time positions.
- (9) The General Manager may approve the use of a substitute position in a Civil Service Classification and DDR not specifically listed in the schedule identified in Paragraph (8) above, to meet an emergency which involves or immediately threatens a substantial interruption or impairment of the LADWP's business. The use of a substitute position shall be subject to the provisions and limitations specified in Paragraphs (7) and (8) above.
- (10) It is the policy of this Board that when filling positions, express consideration be given to equal employment opportunity requirements prohibiting discrimination based on gender, race, color, national origin, age, disability, and all other protected classes, in the decisions and actions of the LADWP.

(11) This resolution shall continue in effect until modified or until such time as the Board adopts the next subsequent annual resolution, setting forth the number of positions authorized by the Board.

I HEREBY CERTIFY that the foregoing is a full, true and correct copy of a resolution adopted by the Board of Water and Power Commissioners of the City of Los Angeles at its meeting held **MAY 23 2023**

  
Secretary

APPROVED AS TO FORM AND LEGALITY  
HYDEE FELDSTEIN SOTO, CITY ATTORNEY

~~APR 27 2023~~  
BY   
BENJAMIN CHAPMAN  
ASSISTANT GENERAL COUNSEL