

February 28, 2024

The Honorable City Council
c/o Office of the City Clerk
Room 395, City Hall
Mail Stop 160

Honorable Members:

Subject: Los Angeles Department of Water and Power Recommendations Relative to
City Charter Amendments – Council File No. 23-1027

The Los Angeles Department of Water and Power (LADWP) appreciates the opportunity to provide comments relative to Motion (Krekorian, Harris-Dawson – McOskey) that directs City of Los Angeles (City) departments to report with Los Angeles City Charter (Charter) amendment recommendations that would benefit from reform and/or support strategic Citywide policies. We recognize the importance of taking a wholistic look at the Charter, as the landscape in which LADWP operates has changed dramatically in the last quarter century. The enclosed recommendations focus on administrative changes that would not only improve the internal effectiveness of our organization, but also enable us to more efficiently respond to the needs of City policymakers.

Charter Section 245 – City Council Veto of Board of Water and Power Commissioners Actions Timeline

LADWP concurs with the recommendations made by Los Angeles World Airports (LAWA) and the Port of Los Angeles (Port) relative to Charter Section 245. Any reduction in the number of scheduled City Council (Council) meeting days would add undue delay to the finalization of Board of Water and Power Commissioners actions under the current five Council meeting day timeline specified in Charter Section 245. If voters are asked to allow the Council to meet fewer than three days per week, we request to work with the future charter reform commission to develop options, such as a three Council meeting day review schedule, to adapt the Section 245 timeline to the new meeting schedule. This modification would avoid undue delay in approvals, while preserving the Council's existing authority to assert jurisdiction. LADWP would also like to maintain the Charter Section 245(b) "Waiver" provisions; however, it is our strong preference that this not become a default workaround for finalizing routine board actions in a timely manner.

Charter Section 679(c) – Use of Water and Power Revenue Funds

The legal, regulatory, procurement and project financing aspects of the broader water and energy sectors have changed dramatically over the last quarter century. LADWP requests that the future charter commission provide our agency with an opportunity to include specific recommendations for expanding the Charter Section 679(c) definitions of allowable appropriations, transfers or expenditures from the Water Revenue Fund and Power Revenue Fund to include environmental, innovation and/or pilot projects.

Charter Section 1001(c) – Exempt Management Positions

LADWP supports LAWA in their request to increase the number of Charter exempt managerial positions that they share equally with the Port to a total of 30. However, LADWP respectfully requests to increase our current 15 Charter authorized exempt management positions to a total of 90. When the 2000 Charter was crafted, LADWP was in the midst of a significant organizational downsizing in response to energy deregulation and dramatically reduced its headcount to approximately 6,500 employees. In contrast, as of January 31, 2024, we have grown the size of LADWP to 11,393 active employees, as compared to 2,930 for LAWA and 882 for the Port. Moreover, LADWP's Fiscal Year 2023-24 total capital and operating budget is \$7.4 billion, compared to \$1.076 billion for LAWA and \$2.021 billion for the Port. LADWP forecasted revenues for Fiscal Year 2023-24 are \$6.66 billion, as compared to \$2.005 billion for LAWA and \$652.9 million for the Port. We believe that increasing the number of exempt management positions allotted to LADWP is not only necessary relative to the size of our workforce, operational footprint and overall budget, but also due to the distinct customer-facing nature of our business model. The existing allotment of 15 exempt management positions also impedes our ability to attract the top talent and diverse skillsets needed to implement transformational water and energy initiatives, including Operation NEXT and LA100. The increased scope and complexity of these efforts will require LADWP to hire thousands of additional employees on top of the current headcount, which will require a commensurate expansion in our management structure.

Charter Section 1164(b) – Employing Retirees

LADWP continues to experience a serious and detrimental loss of institutional knowledge through retirements. Our organization would greatly benefit from reform to Charter Section 1164(b) by extending the current 120-day retired employee contracts to 240 days, as the Personnel Department has recommended in their Charter reform letter. This additional time is not only crucial for advancing our strategic initiatives, but also for transferring vital expertise to a new generation of employees. Should a future charter reform commission wish to further explore this request, LADWP requests that

The Honorable City Council
Page 3
February 28, 2024

the Water and Power Employees Retirement Plan be afforded the same opportunity as our executive management to engage in these discussions.

We thank you for initiating this effort to update the City Charter. Should you have additional questions and concerns, please contact Mr. Paul Habib, Interim Director of Legislative and Intergovernmental Affairs, at (213) 367-3846.

Sincerely,



Martin L. Adams
General Manager and Chief Engineer

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c: Mr. Paul Habib