

CITY OF LOS ANGELES

CALIFORNIA



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Councilmember Paul Krekorian, CD2, Chair
Councilmember Bob Blumenfield, CD 3, Vice Chair
Councilmember Kevin De León, CD 14
Councilmember Monica Rodriguez, CD 7
Councilmember Curren D. Price, Jr., CD 9
Budget and Finance Committee
City Council, City of Los Angeles
Room 435, City Hall
Los Angeles, California 90012

Dear Committee Chair and Members:

Thank you for the opportunity to submit to your Committee our comments on the Mayor's 2021-2022 Proposed Budget for the Office of Public Accountability/Ratepayer Advocate (OPA).

Background on the Office of Public Accountability/Ratepayer Advocate

The OPA is a unique, independent, highly specialized, and technical Office within the City family and the Charter. In addition, OPA's costs are covered by the Los Angeles Department of Water and Power. It was created in 2011 by a Charter Amendment, which provides the following authority and responsibilities:

- The OPA shall provide public independent analysis of Department and Water and Power (DWP) actions as they relate water and electricity rates.
- The executive director, an exempt position, is appointed by a citizens committee, subject to confirmation by the Mayor and Council.
- The executive director reports to the Board of Water and Power Commissioners although the Board cannot direct the work of the executive director.
- A minimum funding level for the OPA's annual budget shall be included in the DWP budget. The OPA has been funded above this minimum level for every year since beginning its operation. NOTE : The City's General Fund provides initial financing for OPA operations and is fully reimbursed by

- DWP, including all overhead costs, in accordance with the standard procedure for billing Proprietary Departments for City provided services.
- The executive director shall expend the funds of the OPA (including without limitation, awarding contracts) in accordance with the provisions of the budget appropriations.

Additionally, the Los Angeles Administrative Code (Chapter 7, Department of Water and Power) provides:

- 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.

OPA 2021-22 Budget

Consistent with this independence authorization, our 2021-22 budget request provides for the continuation of budget exemptions (from furloughs, hiring freezes, contracting, and similar intra-year restrictions) that were afforded the OPA in the adopted 2020-21 budget.¹

Our work plan for 2021-22 is based, in part, on the work plan of DWP. However, due to the nature of the services provided by DWP, their work plans frequently have to be changed and in some situations on an emergency basis. Thus, it must be acknowledged that the OPA's plan has to be flexible enough to accommodate changes by DWP and requests by the DWP Commission, the Mayor, the City Council, the ratepayers and others.

We fully appreciate the efforts of the Mayor, his staff and the City Administrative Officer and his staff in crafting a functional proposed budget for the OPA during these extremely difficult financial and operational times that the City is experiencing. We accept the challenges presented in the proposed budget and endeavor, to the greatest extent of our ability and without compromising the OPA mission in the Charter and Administrative Code, to implement them.

¹ From the final Budget and Finance Committee report in 2020-21, CF 20-0600, Item 15, "EXEMPT the Office of Public Accountability (OPA) from furloughs, the hiring freeze and any contracting restrictions placed upon them by the Mayor's directives, given the unique role played by OPA in the Charter, and the fact that 100 per cent of its costs are covered by the Los Angeles Department of Water and Power."

Additionally, in an effort to reduce our expenditures:

1. We accept the continuation of the 2020-21 funding of our contractual services funding level that was reduced from originally proposed in 2020-21.
2. We also commit to encumber only the funds that are reasonably expected to be expended in the current and following fiscal year for our multi-year contracts.
3. Further, we will continue to work with DWP and the City Attorney to determine the feasibility of requesting the establishment of a special fund alternative that might expedite the reimbursement of the general funds used to initially fund the OPA's operations.

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 "Fred Pickel", written in a cursive style.

Frederick H. Pickel, Ph.D.
Executive Director
Office of Public Accountability/Ratepayer Advocate