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## Benchmarking for OPA Executive Director annual cash compensation

Fred Pickel <fred.pickel@lacity.org>

Fri, Aug 30, 2024 at 1:53 PM

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Attached is the response from Mercer's compensation team on their estimate of current market annual cash compensation for an Executive Director of the OPA. Mercer is a corporate affiliate of Oliver Wyman, all under the Marsh McLennan corporate umbrella.

The Mercer minimum fee allowed us to also benchmark the compensation for the Assistant Executive Director of the OPA, which is a Utility Rates and Policy Specialist III (URPS) plus 4 salary steps above the 12th step for the URPS III, per the OPA DPO. This should help the new Executive Director in adjusting the URPS class within the OPA to market conditions.

This compensation information should apply toward only new hires within the OPA, not me.

Regards,  
Fred

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 **240830 OPA Market Data.pdf**  
19K



9/26/2024 Postscript: An upward correction of OPA compensation is needed ASAP! It is unreasonable to expect the current search to be successful without compensation changes.

The Citizens' Selection Committee for the appointment of the Executive Director of the Office of Public Accountability/ Ratepayer Advocate requested this report in August 2024.

Based on OPA 2024-04-23 report on incentive compensation at LADWP, which included a Mercer report on annual incentive cash compensation in utilities, the Mercer definition of target compensation is:

- "Paid for expected, "on target" performance overall, often "budget" or "plan".
- On average over a number of years, companies tend to pay out near the target level."

The current top step cash compensation (including car allowance) for the Executive Director is about \$70,000 per year below the 25th percentile, \$124,000 below the median, and \$202,000 below the 75th percentile. In revenue, LADWP ranks about 15th among the 3,000 local US public and investor-owned US utilities. Compared to just the investor-owned utilities, LADWP's revenue is in the top 10%.



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# Memo

**To:** Fred Pickel  
**Date:** August 30, 2024  
**From:** Mike Halloran; Elizabeth Toro  
**Subject:** Market Data: Requested Roles

Per your request, market levels of 2024 compensation for the Executive and Assistant Directors of the Office of Public Accountability (“OPA”), which functions as the Ratepayer Advocate for the Los Angeles Department of Water & Power (“DWP”), are outlined on the following page. Note that the market data for each element are independently arrayed and reflect percentiles and not averages; therefore, the numbers do not add down.

The OPA provides independent oversight of the DWP, analyzing utility operations and the impact of these operations on proposed increases in water and power rates on a timely and continuous basis. Responsibilities of the OPA include oversight of rate proposals, compensation, DEI, operational budgets, integrated resource planning (power and water), grid transformation, renewable energy, environmental and customer service, and performance of the DWP.

The methodology and sources used in this analysis are consistent with the 2021 Total Compensation Study. As a reminder, the market data are based on a mix of investor owned and public owned/municipal utilities with similar size and scale to the DWP.

Both the Executive Director and Assistant Director roles are unique to the OPA/City of Los Angeles. Given the atypical nature of these positions, market data were analyzed for a number of jobs with similar responsibilities and aggregated based on our experience with the roles.

The Executive Director reports to (but is not instructed by) the DWP Board of Water and Power Commissioners and oversees the OPA. The role includes significant interaction with the City Council to ensure proper governance and public oversight. The Assistant Director reports to the Executive Director. Market data for the role are based on a second level position with similar responsibilities.

(\$000s)	Executive Director		
	25th %ile	Median	75th %ile
Base Salary	\$290,500	\$341,800	\$401,600
Target Bonus %	37%	44%	52%
Target Total Annual Compensation	\$433,100	\$487,300	\$565,000

  

(\$000s)	Assistant Director		
	25th %ile	Median	75th %ile
Base Salary	\$206,100	\$239,100	\$275,400
Target Bonus %	20%	26%	32%
Target Total Annual Compensation	\$267,100	\$304,300	\$339,600

\* \* \*

We hope this information is helpful. Please feel free to call with any questions.