

Burbank Water & Power Proposed Budget Fiscal Year 2017-18

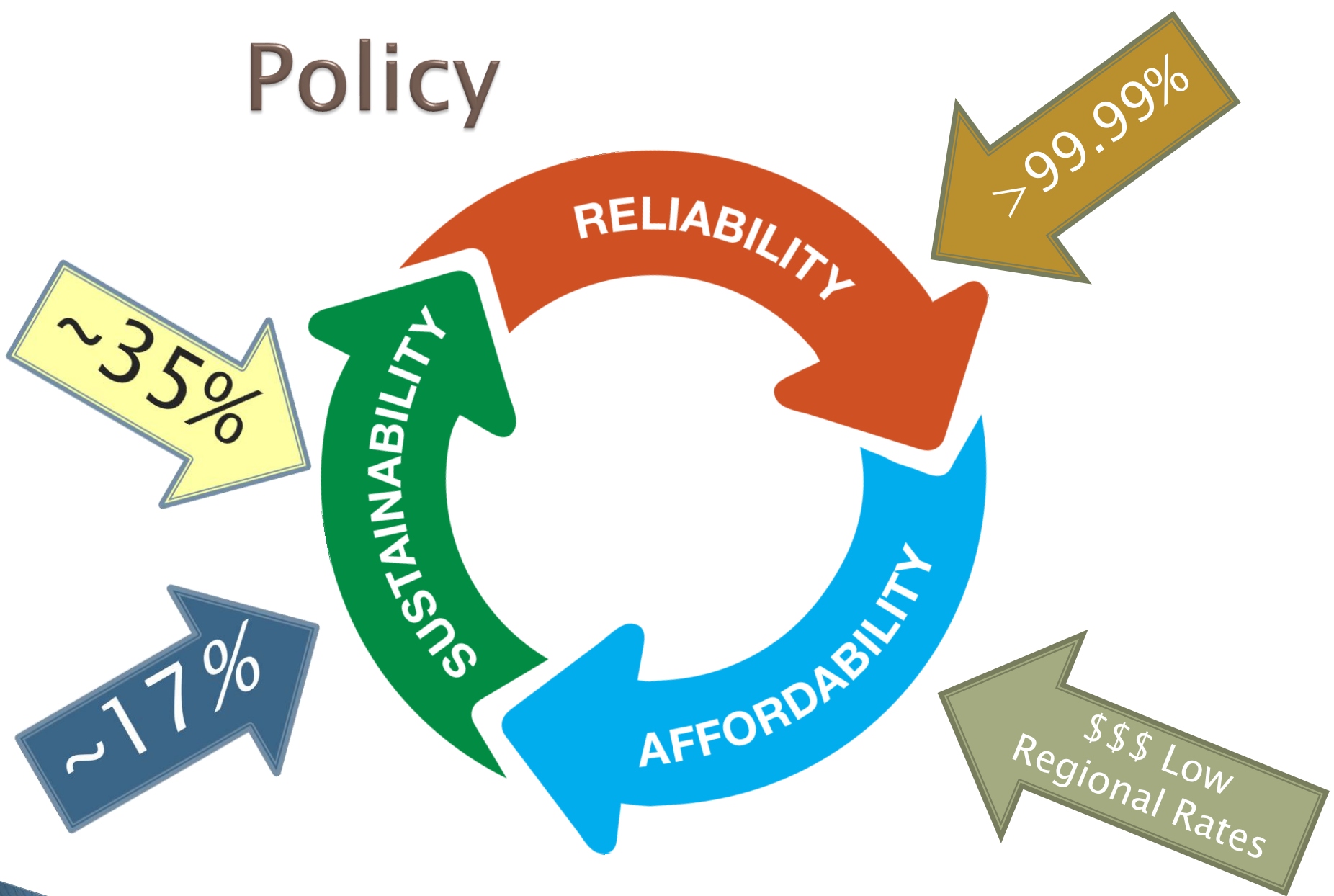


May 9, 2017

Policy



Policy



Budget Authority by Fund

(\$ in 000's)	FY 2016-17 Adopted	FY 2017-18 Proposed	Decrease / (Increase) in Budget
Electric Fund (496)	\$293,538	\$293,137	\$401
<u>Water Fund (497)</u>	\$34,136	\$35,567	(\$1,431)
MPP Operating Fund (483)	\$21,445	\$21,073	\$372
Tieton Hydro Operating (133)	\$2,372	\$2,593	(\$221)
Street Lighting Fund (129)	\$3,132	\$2,981	\$151
<u>Communications Fund (535)</u>	\$2,728	\$5,986	(\$3,258)
<u>Total Authority</u>	<u>\$357,351</u>	<u>\$361,337</u>	<u>(\$3,986)</u>



Electric Fund Budget



Electric Budget Assumptions

- Lower electric usage
- Lower power supply and O&M costs
- No change in staffing levels
- No additional renewable energy



Electric Budget Assumptions

- Distribution capital consistent with Council approved Master Plan
- Cash remains above minimum but below recommended levels
- No rate increase



Electric Forecast Assumptions (years 2–5)

- No electric growth
- No new renewable energy requirements
- Unfunded pension liability
- Long-term rate plan at or less than long-term inflation



Electric Budget Drivers

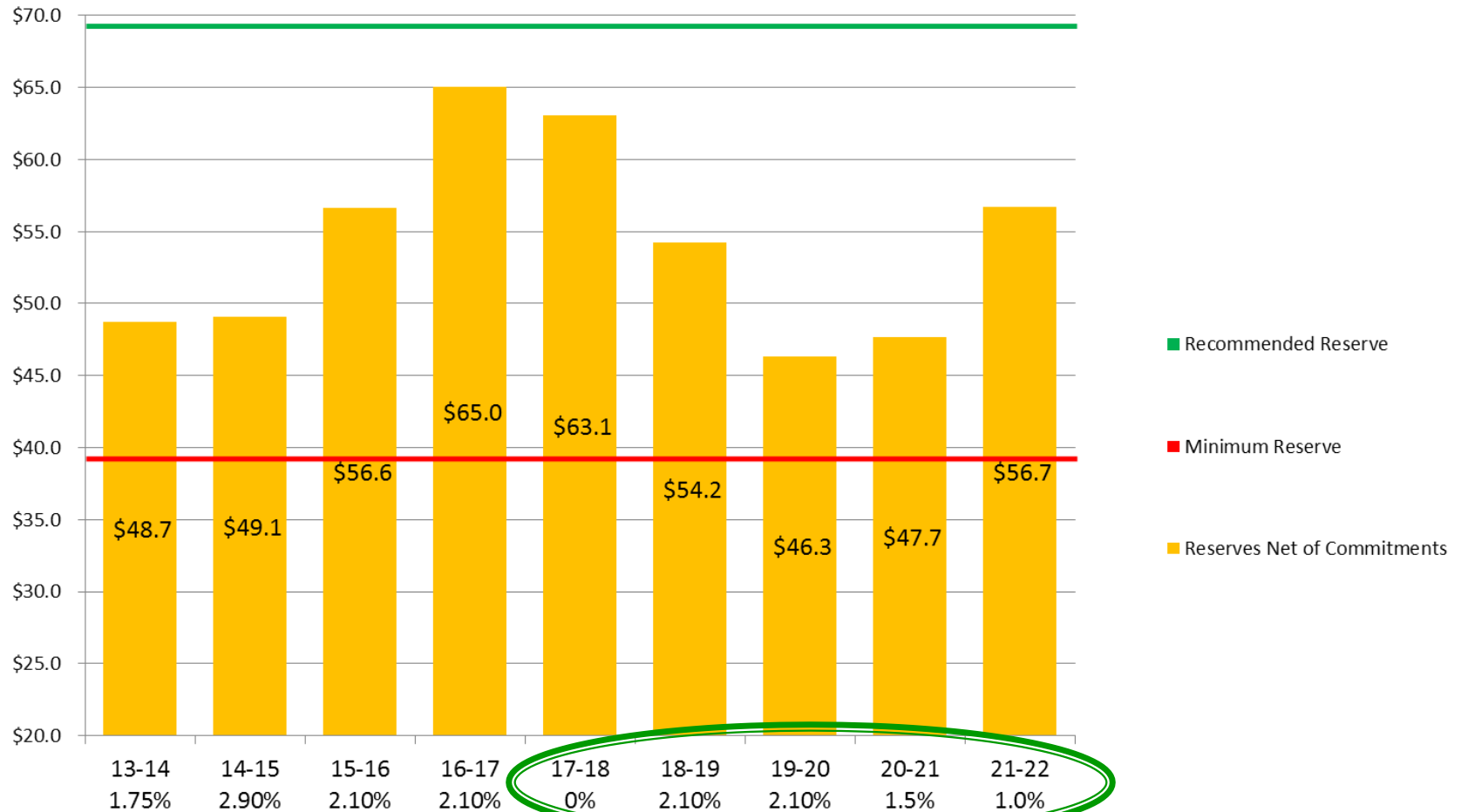
(\$ in 000's)

	<u>\$</u>	<u>Rate Impact</u>
2016-17 Requirements	\$4,638	2.55%
2016-17 Rate Increase	(\$3,774)	(2.10%)
Carryover from FY 2016-17	\$864	0.45%
Lower Revenues	\$2,249	1.25%
Lower Operating Costs	(\$1,890)	-1.05%
2017-18 Requirments	\$1,223	0.65%
Proposed Rate Increase	\$0	0.00%
Carryover to FY 2018-19	\$1,223	0.65%



Electric Cash Reserves

(\$ in millions)

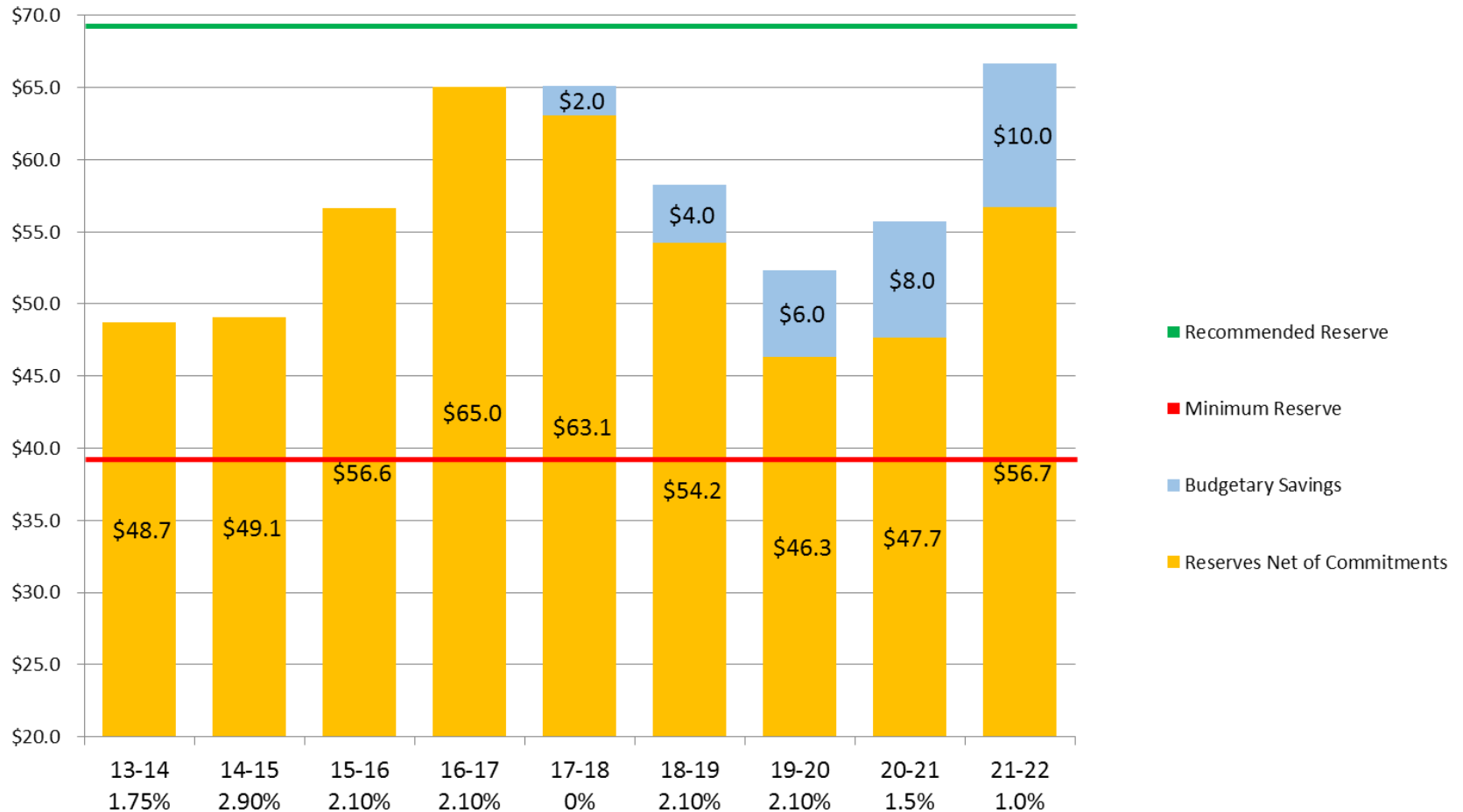


Actual and Planned Rate Increases



Electric Cash Reserves

(\$ in millions)

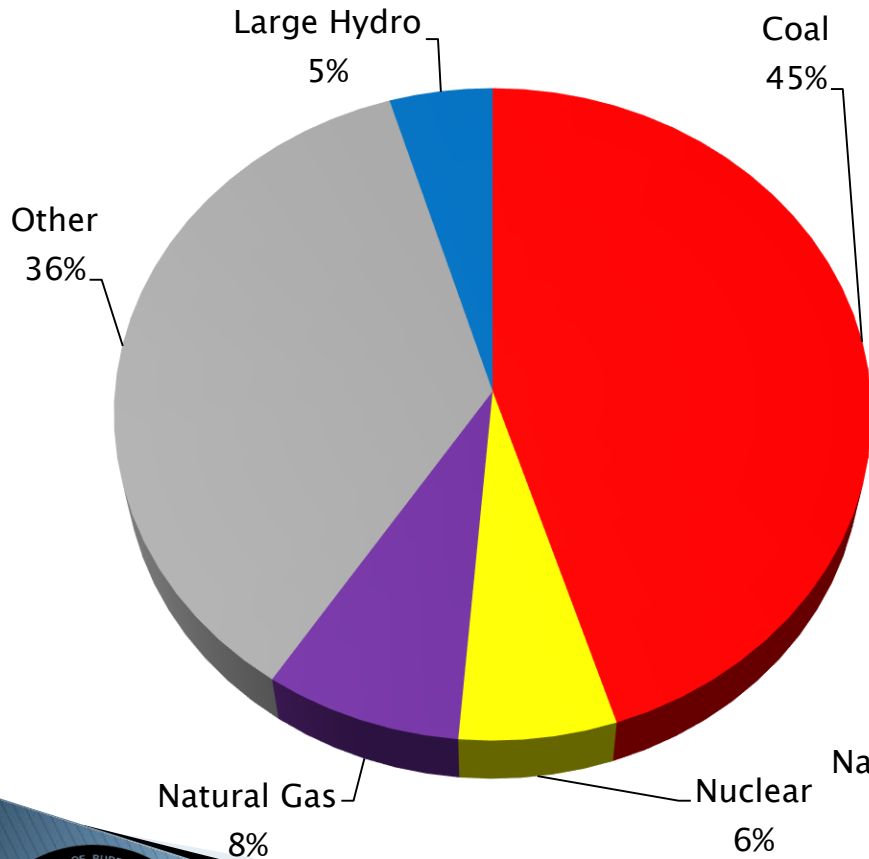


Actual and Planned Rate Increases

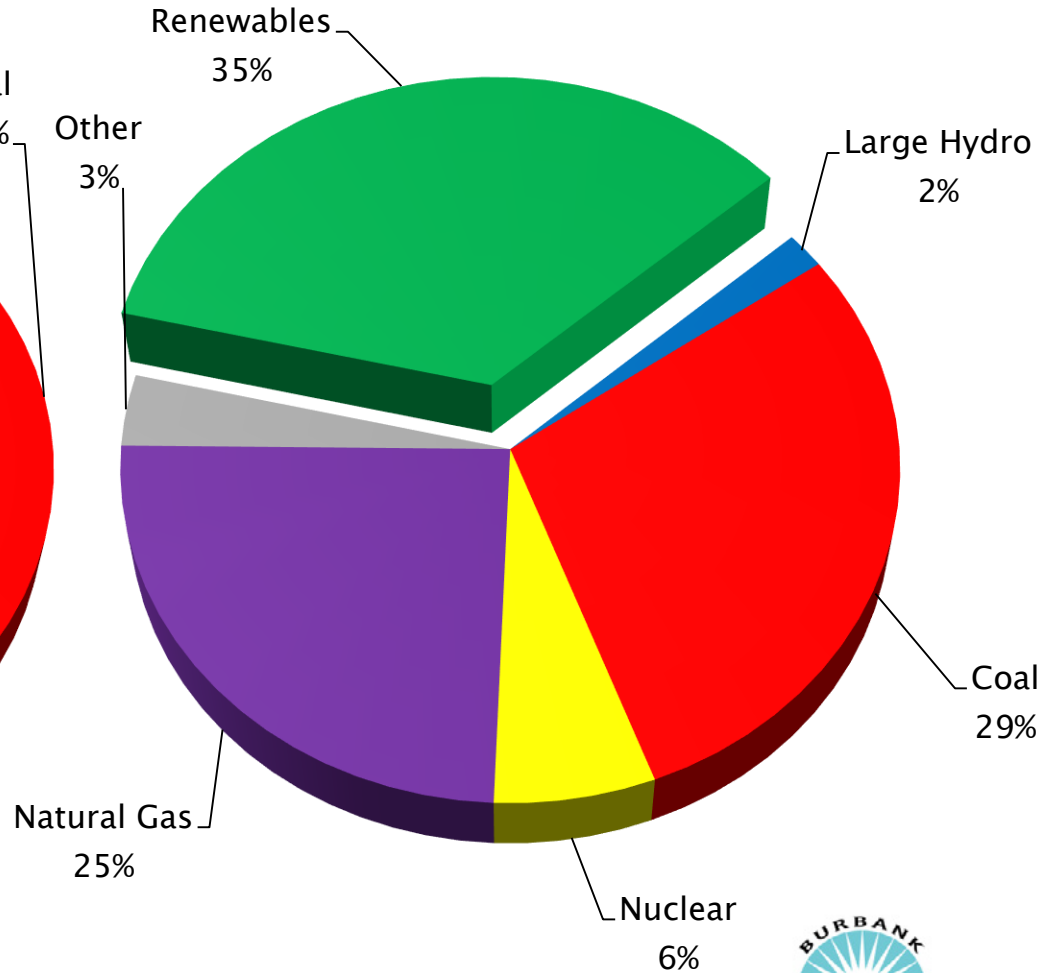


Energy Planning

FY 2001-2002



FY 2017-2018



Renewable Resources

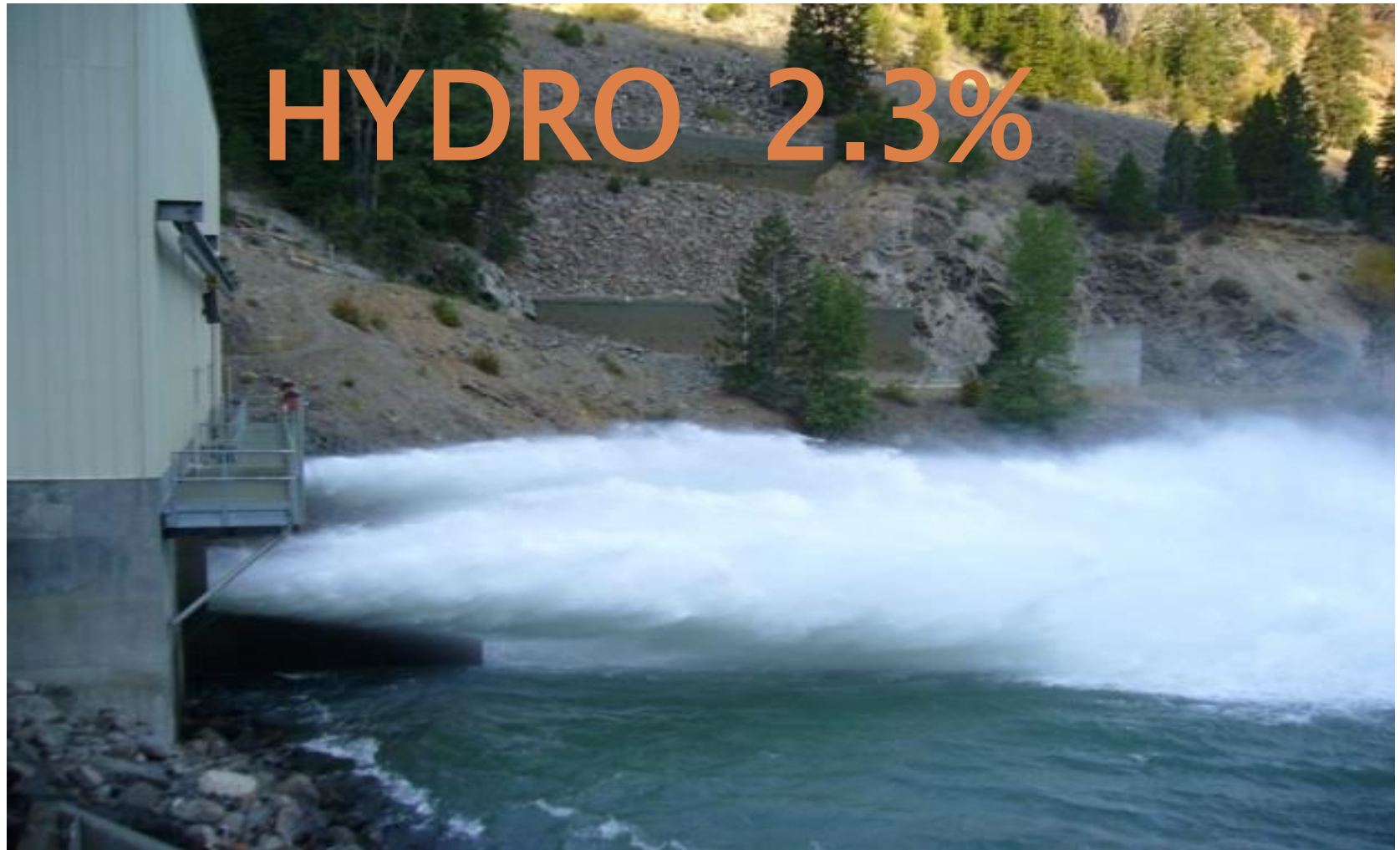
GEO THERMAL 2.0%



Don Campbell, Geothermal, NV



Renewable Resources



Tieton – Hydro, WA

Renewable Resources

WIND 7.8%



Milford 1, Wind, UT



Renewable Resources

SOLAR 9.3%



Copper Mtn 3, Solar, NV



Renewable Resources

BIOGAS 13.5%

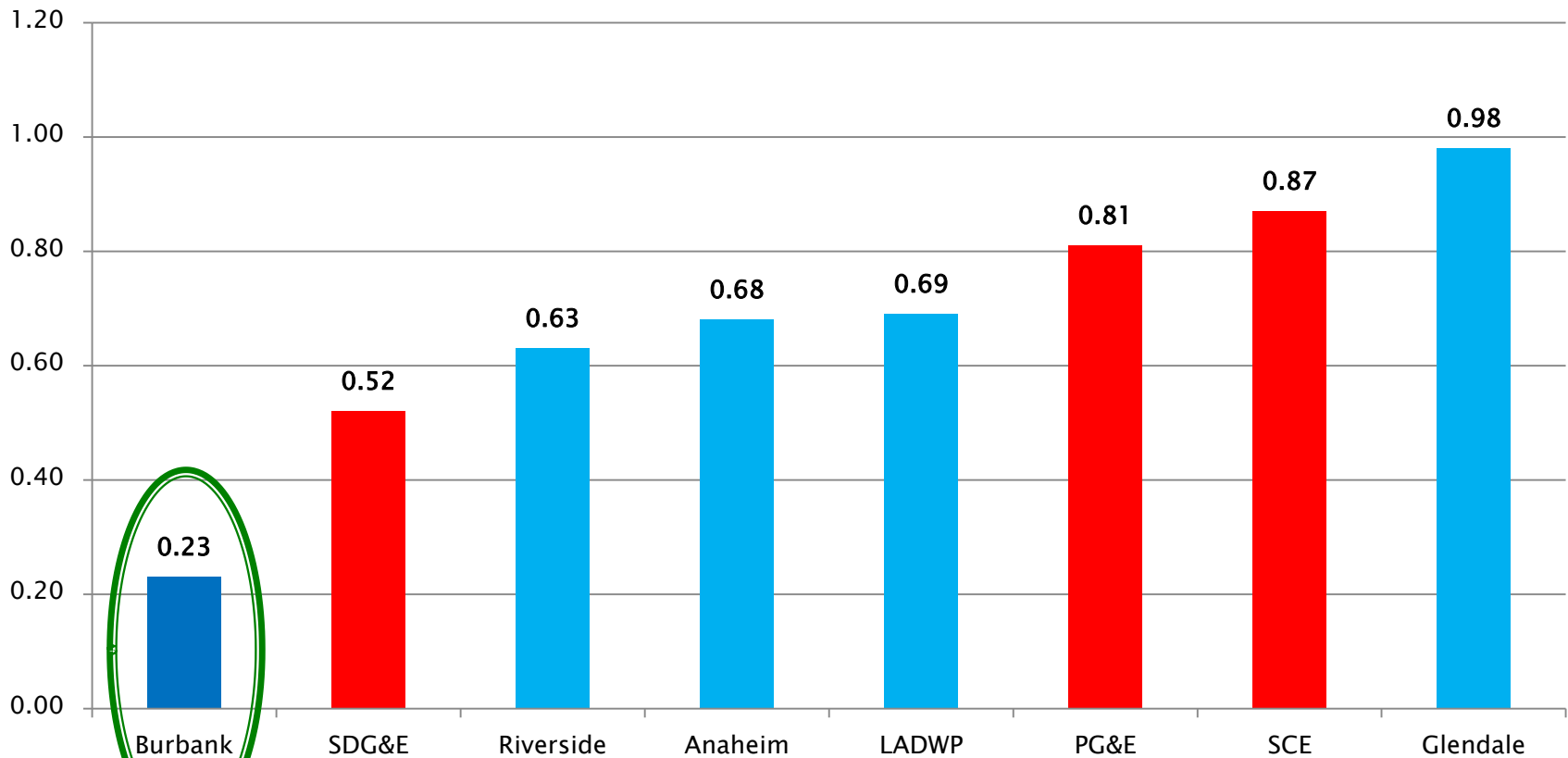


Huckabay Ridge, Biomethane Gas, TX



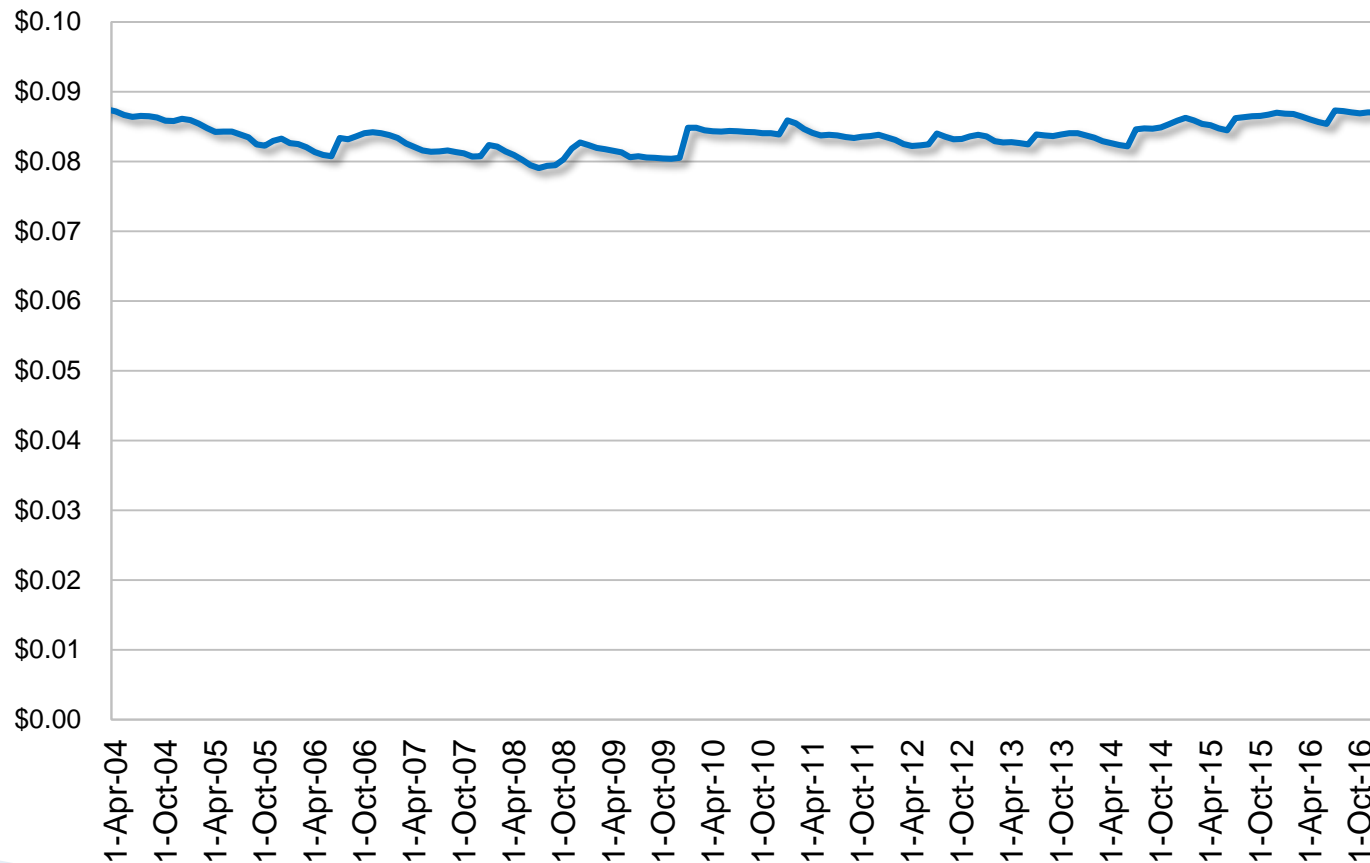
Outages per Year

Outages per Year – 5yr Avg 2011–2015

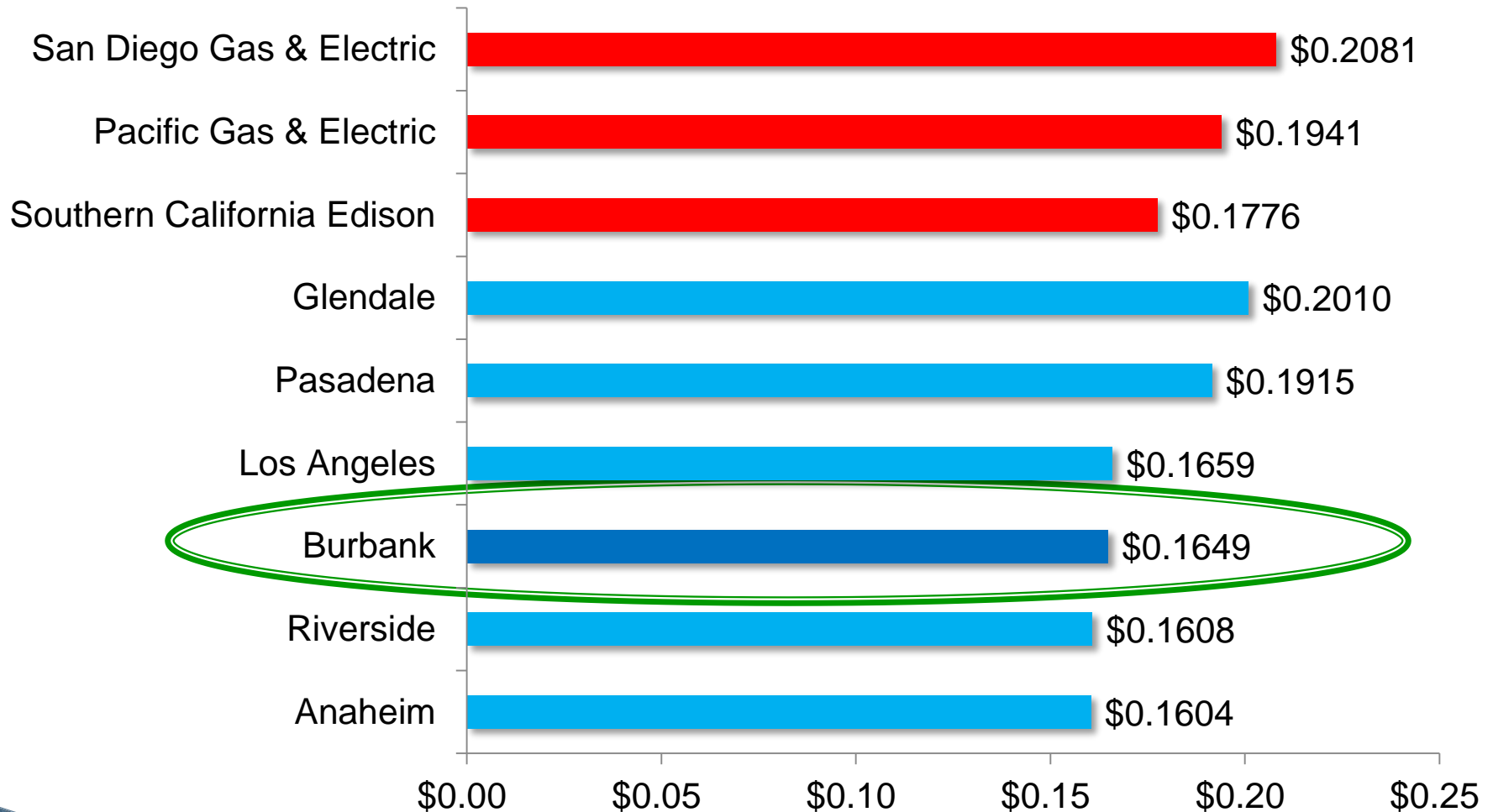


Competitive Electric Rates

Average Electric Residential Rate per kWh
Adjusted for Inflation (CPI)



2017-18 Average Residential Revenue Per kWh



Source: EIA



Electric Income Statement

(\$ in 000's)

	Adopted Budget FY 16-17	Proposed Budget FY 17-18
MWh NEL	1,165,811	1,155,094
Total Operating Revenues	\$ 265,103	\$ 262,854
Total Power Expenses	\$ 190,901	\$ 188,549
Gross Margin	\$ 74,202	\$ 74,305
Total Operating Expenses before Depreciation	\$ 38,271	\$ 37,251
Depreciation Expense	\$ 18,447	\$ 17,709
Operating Income/(Loss)	\$ 17,483	\$ 19,345



Electric Income Statement (cont.)

(\$ in 000's)

	Adopted Budget FY 16-17	Proposed Budget FY 17-18
Operating Income/(Loss)	\$ 17,483	\$ 19,345
Other Income / (Expense)	\$ (2,358)	\$ (2,324)
In Lieu	\$ (9,184)	\$ (9,040)
Street Lighting	\$ (2,640)	\$ (2,599)
Net Income	\$ 3,301	\$ 5,382
Capital Contributions (AIC)	\$ 1,967	\$ 7,764
Change in Net Position	\$ 5,268	\$ 13,146



Electric Fund 5 Year Capital Plan

	2017-18 Proposed	2018-19 Forecast	2019-20 Forecast	2020-21 Forecast	2021-22 Forecast
Power Supply Improvement Projects	7,717,091	1,100,000	1,100,000	100,000	100,000
Operations Technology	-	250,000	-	-	-
Distribution Expansion Projects	8,101,294	4,302,683	2,708,644	2,362,342	2,465,711
Distribution Replacement Projects	6,918,457	6,067,815	7,810,700	6,558,661	6,214,925
Facility Renovations	307,000	350,000	350,000	350,000	350,000
ONE Burbank	300,000	300,000	250,000	300,000	250,000
Finance, Warehouse and Fleet Facility	-	25,000	1,500,000	-	-
Customer Service	250,000	-	1,753,023	360,000	250,000
Security	582,843	-	-	-	-
Water Fund's share of common projects (A)	(133,582)	(43,125)	(431,878)	(85,250)	(71,500)
Total	\$ 24,043,104	\$ 12,352,373	\$ 15,040,490	\$ 9,945,753	\$ 9,559,136
New Customer Projects/AIC	7,764,063	3,778,020	2,437,725	2,358,625	1,763,404
Total AIC	\$ 7,764,063	\$ 3,778,020	\$ 2,437,725	\$ 2,358,625	\$ 1,763,404
Total CIP	\$ 31,807,167	\$ 16,130,393	\$ 17,478,215	\$ 12,304,378	\$ 11,322,540

Note:

(A) Includes 20% for Safety, 12.5% for Customer Service, and 11.5% for Operations Technology, Facilities, and Finance when applicable.



Electric Fund Capital Improvements

(\$ in 000's)

Landfill Generator Replacement	\$ 3,900
4kV to 12kV Conversions	\$ 3,800
Ontario Distributing Station - Transmission Lines Build-out	\$ 3,359
Advanced Distribution Management System	\$ 2,000
Distribution Substation Transformer Backup & Mobile Substation	\$ 1,200
Pacific Northwest DC Intertie	\$ 1,100
Replace Deteriorated Underground Distribution Lines	\$ 604
Replace Deteriorated Overhead Distribution Lines	\$ 550
Other Remaining Projects	<u>\$ 7,530</u>
Total CIP	\$24,043

Build Facilities for Avion Burbank Development (AIC)	\$ 3,722
Caltrans Burbank Bridge Replacement	\$ 2,000
Build Service to Large Project Over 1 MVA (AIC)	\$ 900
Build New Customer Transformer Stations, 750kVa & Under (AIC)	\$ 573
Other AIC Projects	<u>\$ 569</u>
Total AIC	\$ 7,764



Electric Fund 5 Year Capital Outlay

	2017-18	2018-19	2019-20	2020-21	2021-22
	Proposed	Forecast	Forecast	Forecast	Forecast
Capital Outlay	969,050	988,431	1,008,200	1,028,364	1,048,931
Information Technology	488,190	374,439	526,492	192,927	212,539
Master Fleet Plan	202,625	1,780,053	1,419,508	1,545,600	1,277,870
Total Capital Outlay	\$ 1,659,865	\$ 3,142,923	\$ 2,954,199	\$ 2,766,891	\$ 2,539,340



ONE Burbank Customers

❖ Disney



❖ Original Production

❖ Warner

❖ Captions Inc.

❖ Cast & Crew

❖ Dolby Laboratories



Optical Network Enterprise: Business networking at the speed of light

❖ Worthe Real Estate

❖ Entertainment Partners

❖ Evolution

❖ Civolution



❖ Modern VideoFilm



Century Link



❖ Technicolor

❖ MyEye Media



❖ Lakeside Golf Club

❖ SAG

❖ FotoKem



❖ Music Express

❖ Ole Music Publishing

❖ Keycode Media

❖ 42 Entertainment

❖ Buddy's All Stars

❖ Point 360



❖ Sohonet



❖ Deluxe



❖ Hula Post



❖ Hasbro

❖ KCET

❖ Quail Capital

❖ Viacom Inc.

❖ Liberman

❖ Producers/Writers Guild



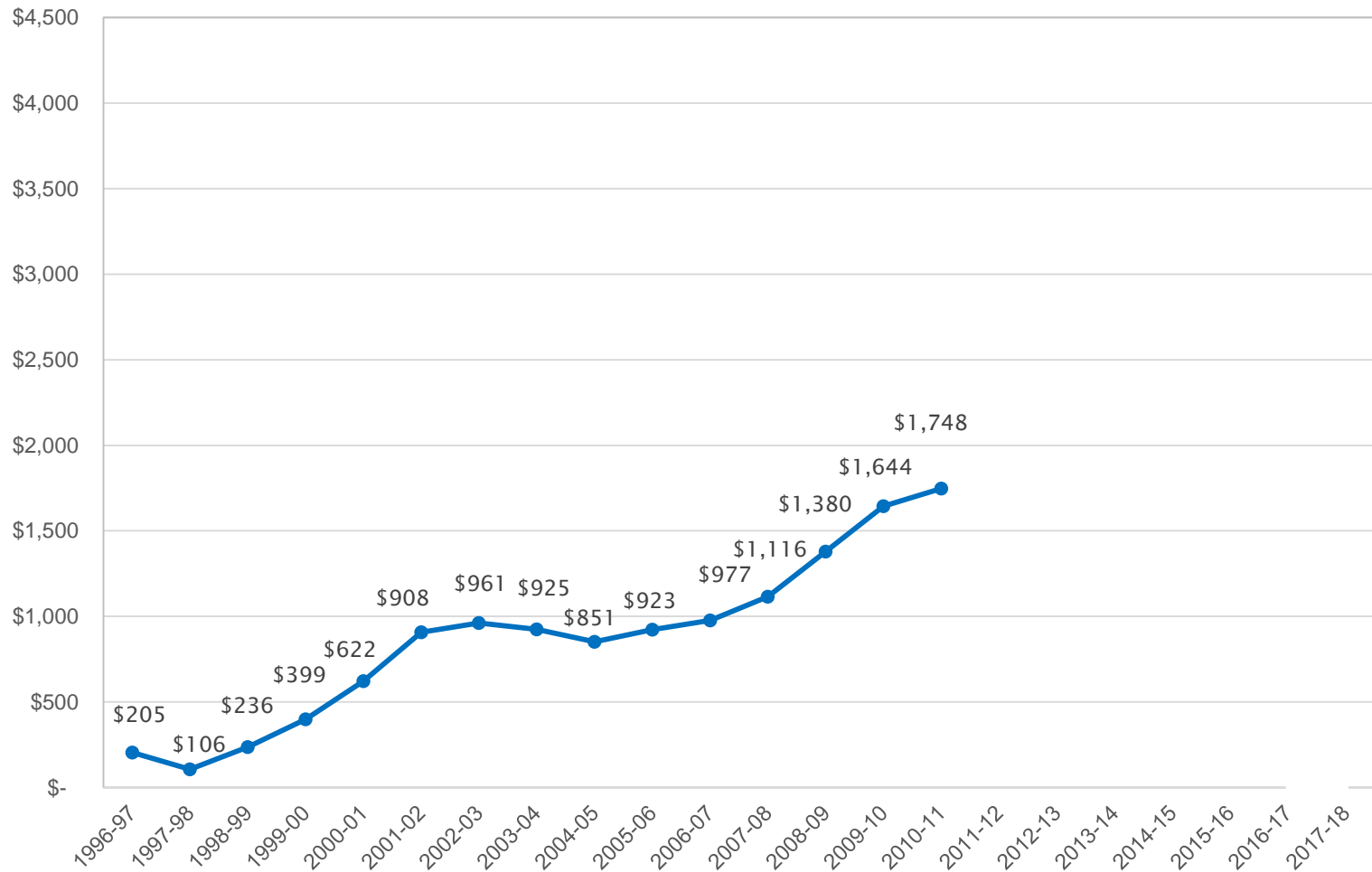
(Nickelodeon)

❖ Yahoo



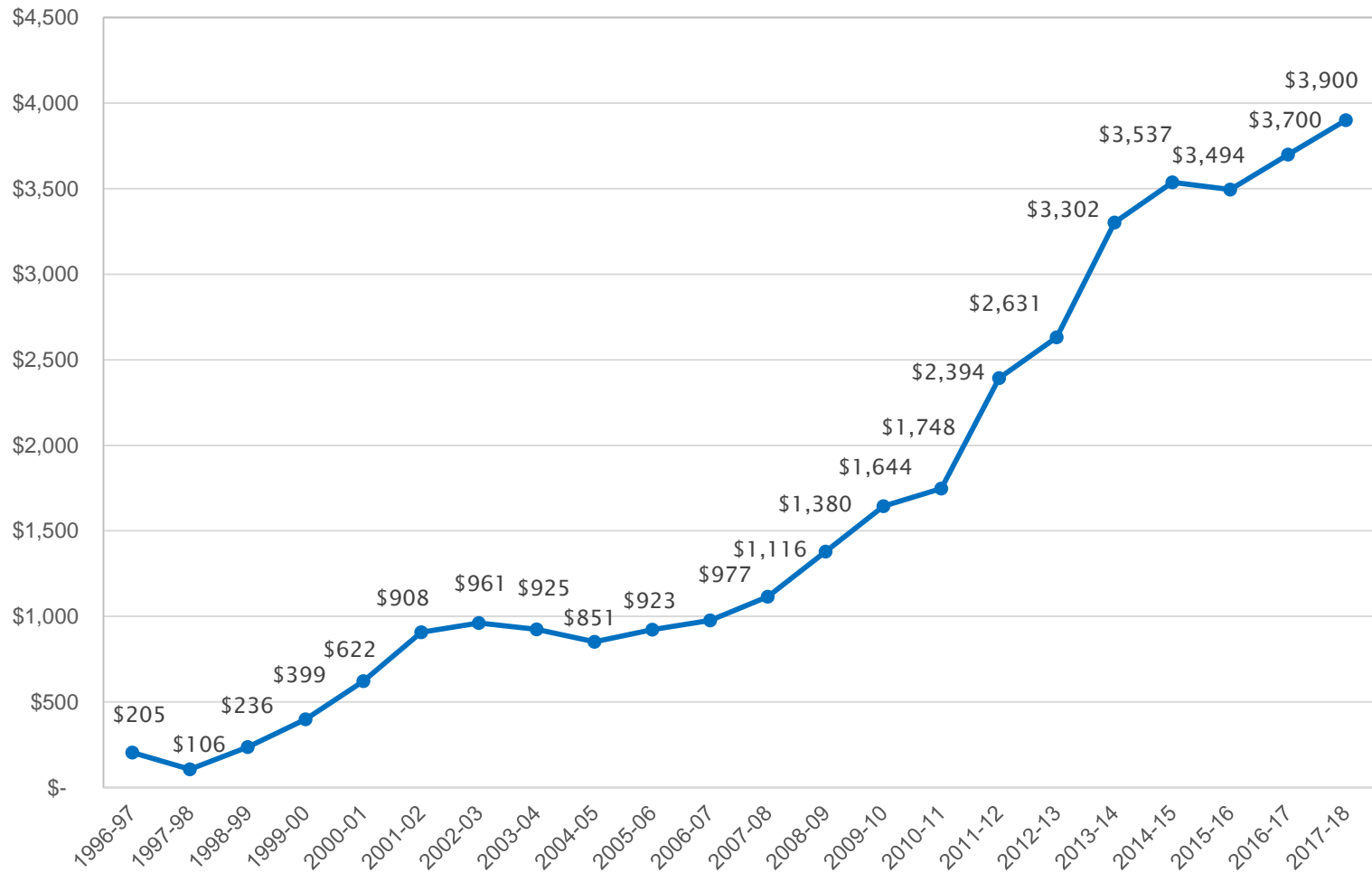
ONE Burbank Revenues

(\$ in 000's)



ONE Burbank Revenues

(\$ in 000's)



Community Broadband Benefits

- BWP cost savings ~ \$375k
- Other City departments cost savings ~ \$480k
- BUSD cost savings ~ \$330k
- Free City Wi-Fi



Water Fund Budget



Water Budget Assumptions

- 3 day per week watering
- Potable water sales increase by 6%
- Recycled water sales increase by 2%
- Higher MWD water costs



Water Budget Assumptions

- No change in staffing levels
- Maximize use of groundwater
- System losses at 2.5%
- Reduce conservation spending

Water Budget Assumptions

- Continue capital replacement plan and preventative maintenance program for efficiency and reliability
- Implement the planned water rate increase of 3.40% for FY 2017–18
- Cash reserves near minimum

Water Forecast Assumptions (years 2–5)

- No long-term sales growth
- Volumes 15% below pre-drought levels
- MWD rate increases
- Unfunded pension liability
- Revised future rate plan



Water Budget Drivers

(\$ in 000's)

	<u>\$</u>	<u>Rate Impact</u>
2016-17 Rate Requirement	\$1,855	8.41%
2016-17 Rate Increase	(\$750)	(3.40%)
Carryover to FY 2017-18	\$1,105	5.01%
Planned Capital	\$1,311	5.67%
Water Costs	\$1,007	4.36%
FY 2017-18 Budget Drivers	\$3,423	14.81%



Water Budget Drivers

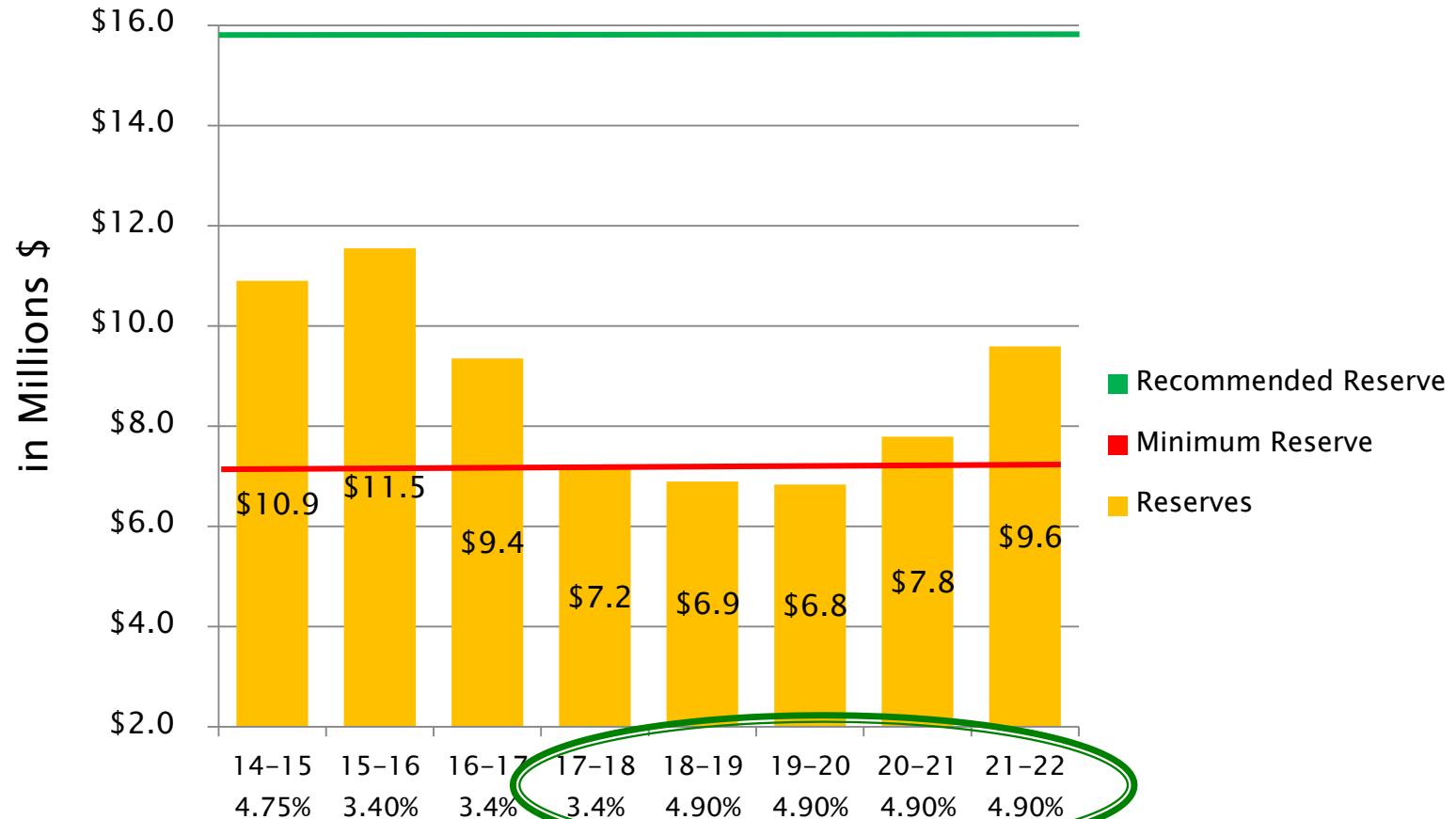
(\$ in 000's)

	<u>\$</u>	<u>Rate Impact</u>
2017-18 Budget Drivers	\$3,423	14.81%
Sales volume increase	(\$1,186)	(5.13%)
O&M (operations & misc inc/exp)	(\$81)	(0.35%)
Proposed 3.40% Rate Increase	(\$786)	(3.40%)
Carryover to FY 2018-19	\$1,370	5.92%



Water Cash Reserves

(\$ in millions)

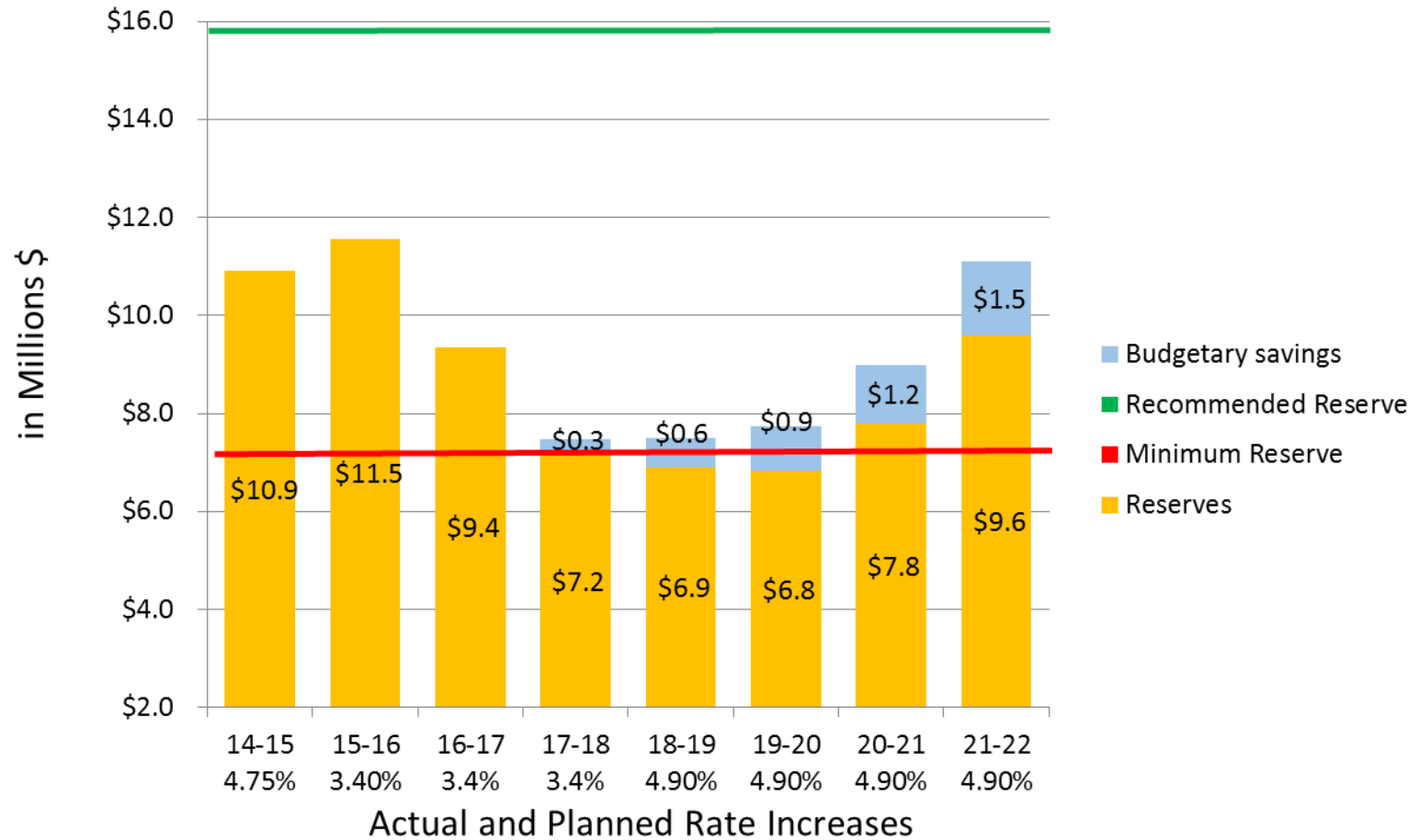


Actual and Planned Rate Increases



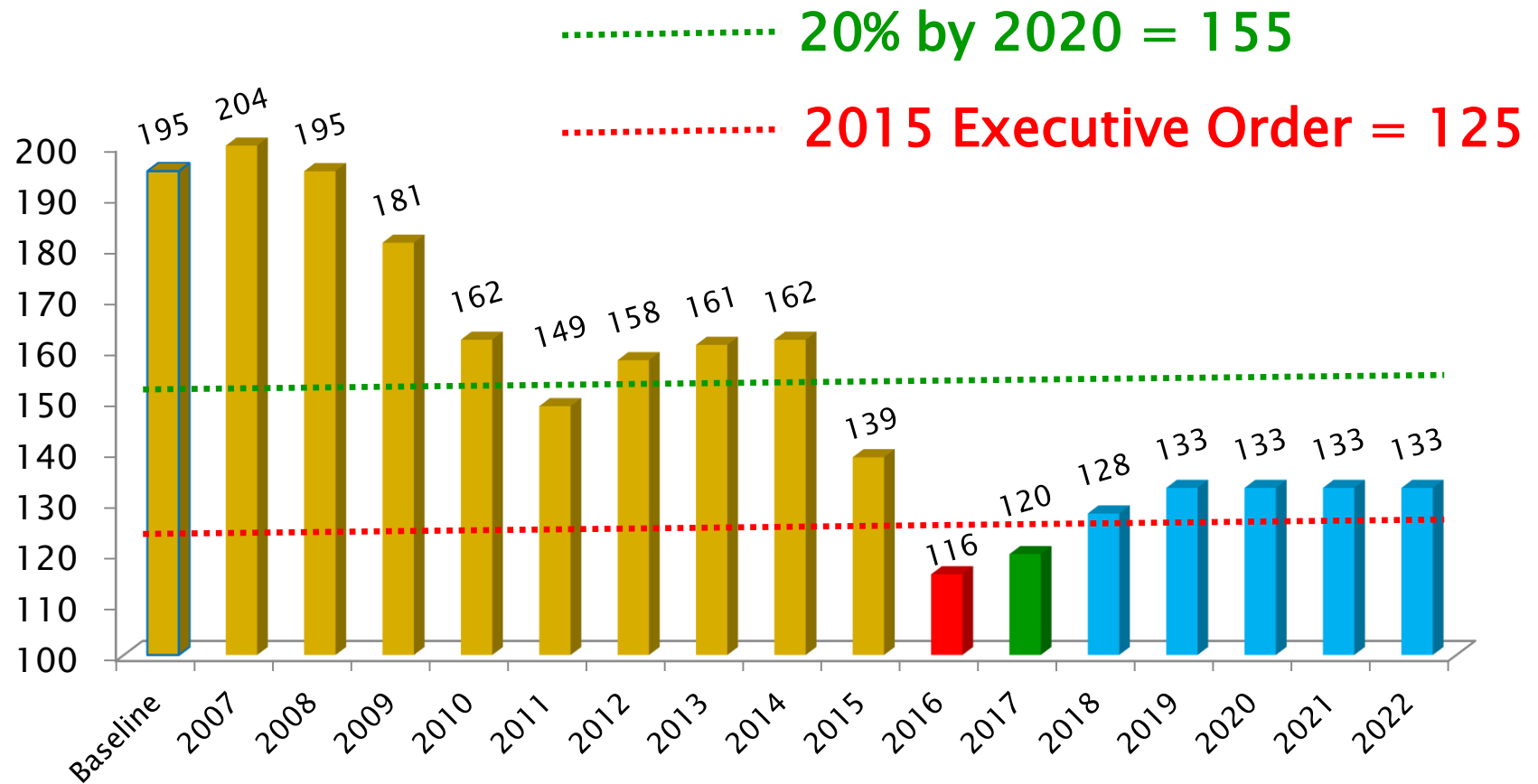
Water Cash Reserves

(\$ in millions)

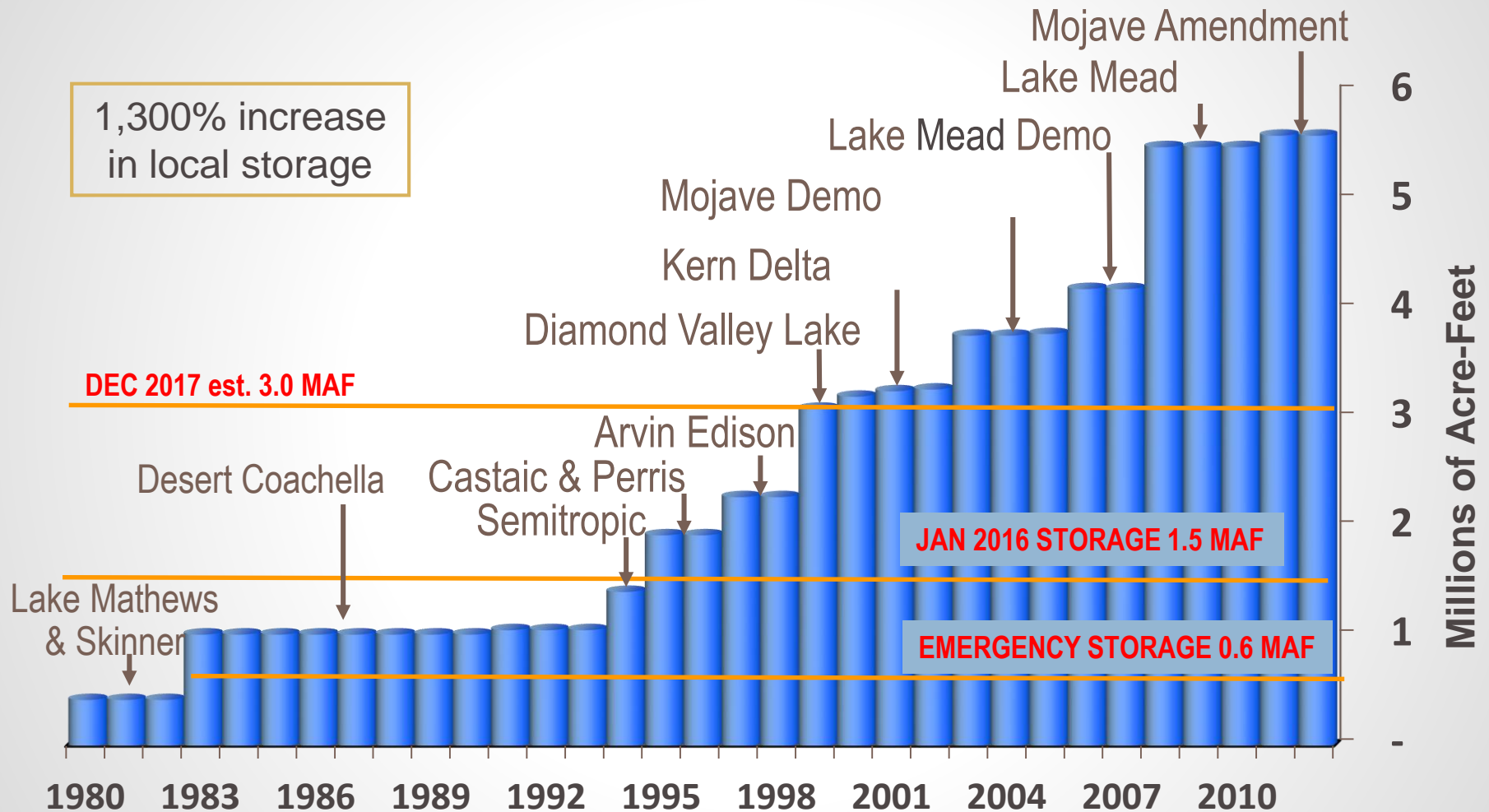


Water Use per Capita Under Order

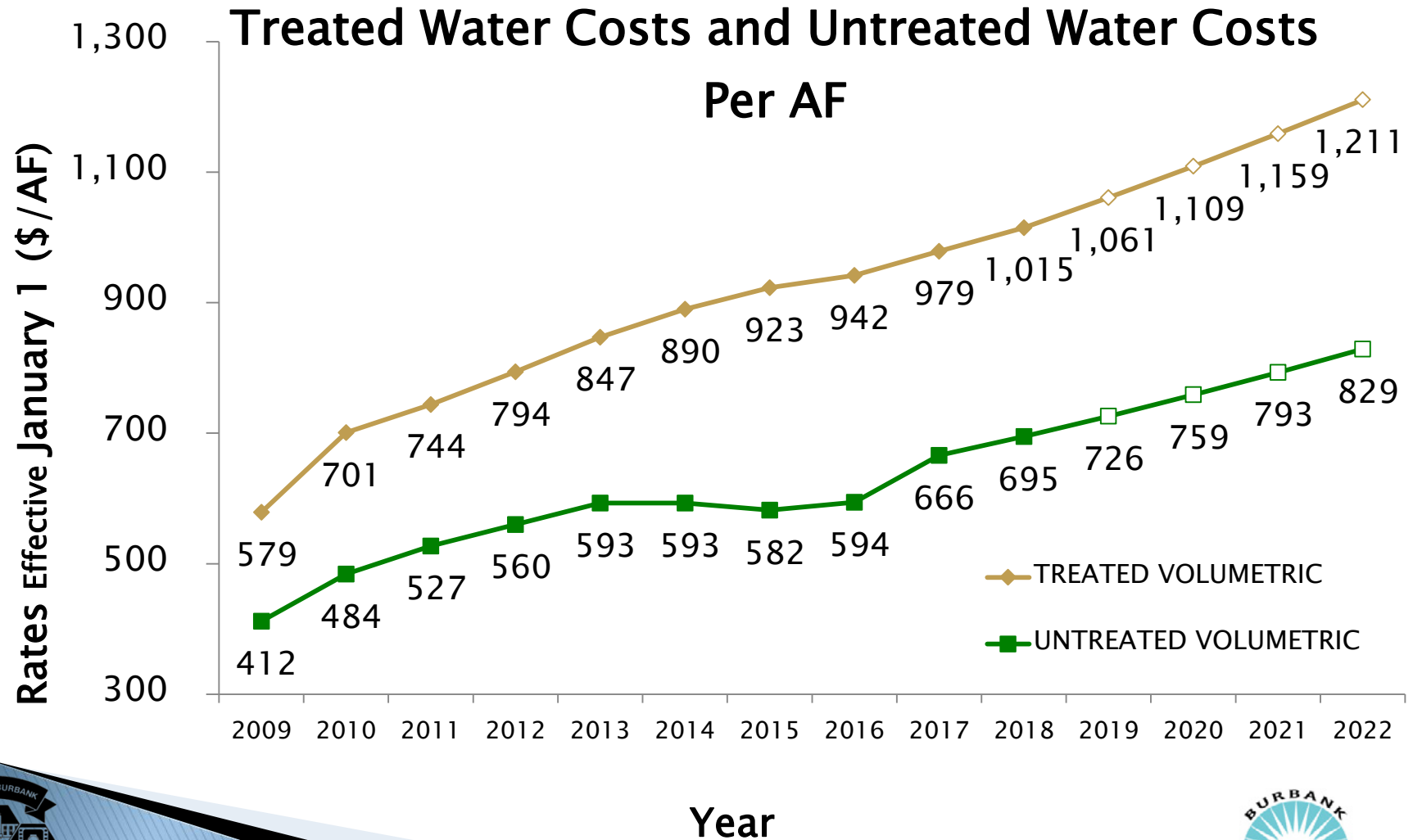
(gallons per day for fiscal years ending June 30th)



MWD Water Storage



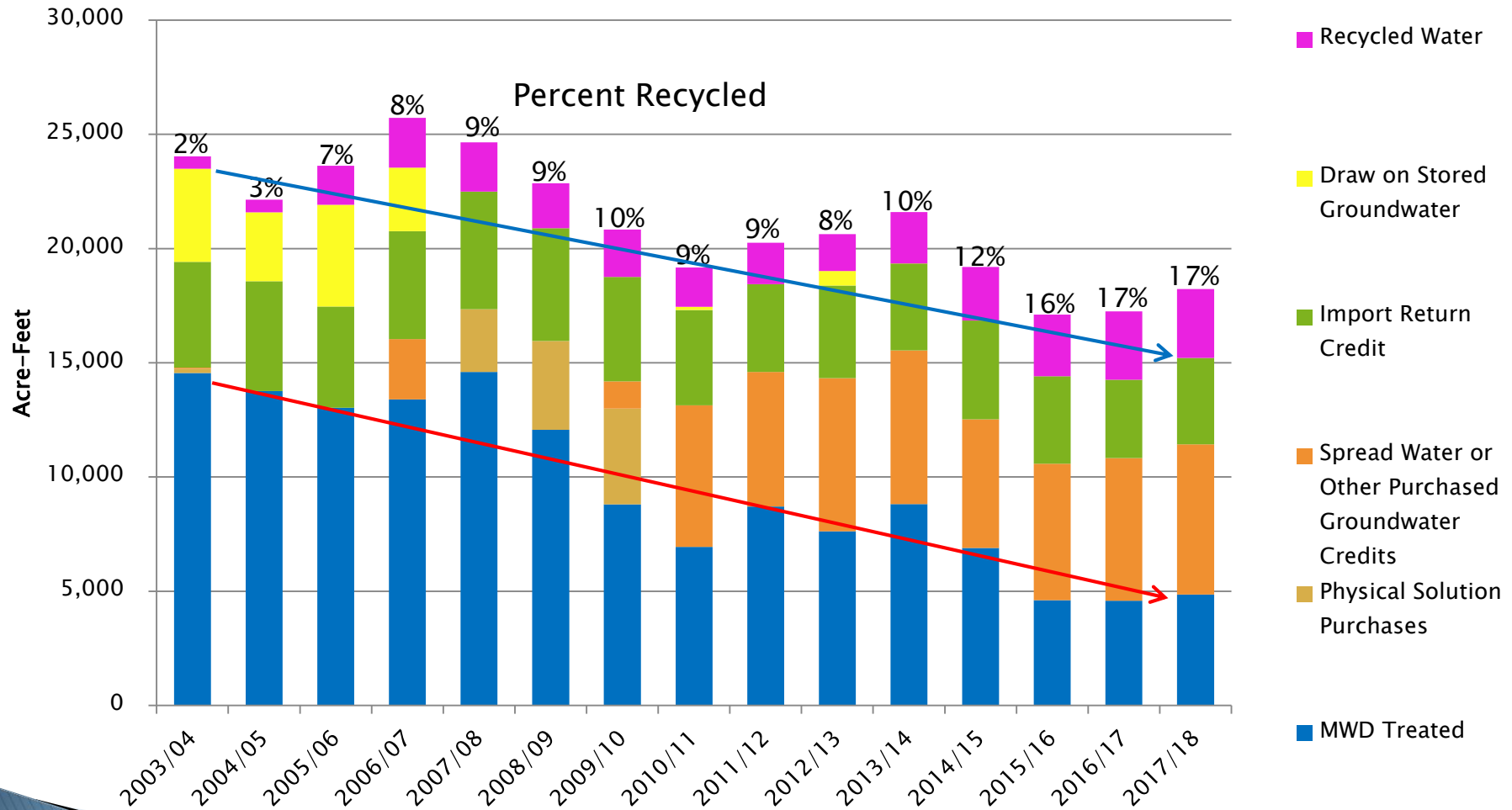
MWD Rate Outlook



Water Planning

Stage I, 3 days per week watering

BWP Projected Water Sources



Recycled Water



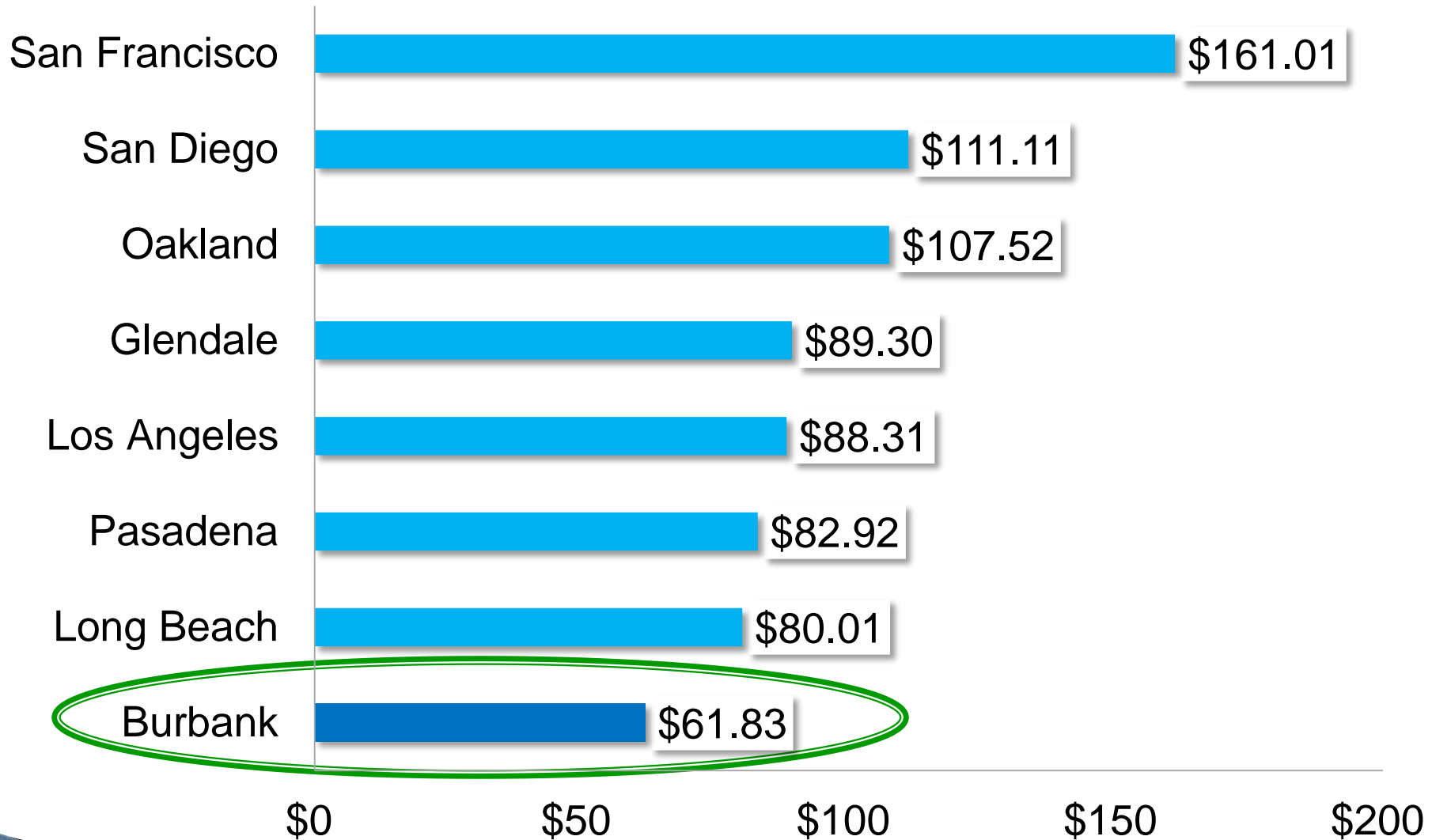
Recycled Water Goals

(in Millions of Gallons)

	Conversion Goal	Converted as of Early 2015	Converted Now	% of Conversion Goal Met
Valhalla Memorial Park	130	8	130	100%
Studios	92	17	90	98%
Parks and Recreation	80	80	80	100%
Commercial	58	20	58	100%
BUSD	27	5	27	100%
Other	22	7	11	50%
Total	409	137	396	97%



Water Bill Comparison (12,000 gallons)



Estimated Impact of Proposed 3.40% Rate Increase on Residential Bills

Change on a 6,000 Gallon Bill

2016	\$35.86
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2017	\$37.32
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Estimated Impact	
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	<hr/> \$1.46
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Estimated Impact of Proposed 3.40% Rate Increase on Residential Bills

Change on a 12,000 Gallon Bill

2016	\$59.72
2017	\$61.83
Estimated Impact	<hr/> \$2.11



Water Income Statement

(\$ in 000's)	Adopted Budget FY 16-17	Proposed Budget FY 17-18
Potable Sales in Billions of Gallons	4.581	4.855
Recycled Sales in Billions of Gallons	0.975	0.996
Total Operating Revenues	\$ 27,683	\$ 29,727
WCAC Expense	\$ 10,291	\$ 11,120
Gross Margin	\$ 17,392	\$ 18,607
Total Operating Expenses before Depreciation	\$ 12,349	\$ 12,374
Depreciation Expense	\$ 3,833	\$ 4,016
Operating Income/(Loss)	\$ 1,210	\$ 2,217



Water Income Statement (cont.)

(\$ in 000's)	Adopted Budget FY 16-17	Proposed Budget FY 17-18
Operating Income/(Loss)	<u>\$ 1,210</u>	<u>\$ 2,217</u>
Other Income / (Expenses)	<u>\$ (1,294)</u>	<u>\$ (1,251)</u>
Net Income	<u>\$ (84)</u>	<u>\$ 967</u>
Capital Contributions (AIC)	<u>\$ 319</u>	<u>\$ 374</u>
Change in Net Position	<u>\$ 235</u>	<u>\$ 1,340</u>



Water Fund 5 Year Capital Plan

	2017-18	2018-19	2019-20	2020-21	2021-22	FY 2017-18 to FY 2021-22
	Proposed	Forecast	Forecast	Forecast	Forecast	Forecast
Potable CIP						
Small Water Mains / Meter Replacements	3,116,063	2,351,063	2,311,063	2,301,063	2,226,063	12,305,315
Large Water Mains	200,000	625,000	575,000	450,000	1,075,000	2,925,000
Plant Replacement	35,000	35,000	35,000	35,000	35,000	175,000
Automation and Control	170,000	120,000	20,000	20,000	20,000	350,000
Boosters	60,000	250,000	100,000	250,000	-	660,000
Production Facilities	30,000	-	15,000	150,000	-	195,000
Miscellaneous Facilities	25,000	25,000	25,000	25,000	25,000	125,000
Storage - Reservoirs and Tanks	440,000	620,000	460,000	120,000	90,000	1,730,000
New Customer Projects/AIC	363,762	333,762	333,762	333,762	333,762	1,698,810
Water Fund's share of common projects	133,582	40,250	431,878	85,250	71,500	762,460
Total Potable CIP	\$ 4,573,407	\$ 4,400,075	\$ 4,306,703	\$ 3,770,075	\$ 3,876,325	\$ 20,926,585
Recycled CIP						
Recycled Water	1,019,105	349,105	259,105	509,105	204,105	2,340,525
New Customer Projects/AIC	10,000	10,000	10,000	10,000	10,000	50,000
Total Recycled CIP	\$ 1,029,105	\$ 359,105	\$ 269,105	\$ 519,105	\$ 214,105	\$ 2,390,525
Total CIP	\$ 5,602,512	\$ 4,759,180	\$ 4,575,808	\$ 4,289,180	\$ 4,090,430	\$ 23,317,110

(A) Includes 20% for Safety, 12.5% for Customer Service, and 11.5% for Operations Technology, Facilities, and Finance when applicable.



Potable Capital Improvements

(\$ in 000's)

Meter Replacements	\$ 1,439
Scott, Tulare to Glenoaks Small Water Main	\$ 450
Re-roof Granular Activated Carbon & Valley Forebays	\$ 300
Hollywood Way, Allan to Jeffries Small Water Main	\$ 250
Transmission Main Valve Replacements	\$ 200
Mariposa, Chestnut to Burbank Small Water Main	\$ 160
Programmable Logic Controller 5 Replacement	\$ 150
Lincoln, San Fernando to Kenmere Small Water Main	\$ 145
Hydrant Replacements	\$ 110
Coating of Steel Tanks	\$ 100
Other Remaining Projects	<u>\$ 906</u>
Total CIP	\$ 4,210
System Expansion Services (AIC)	\$ 225
Other Potable AIC Projects	<u>\$ 139</u>
Total AIC	\$ 364



Recycled Capital Improvements

(\$ in 000's)

Olive, Virginia to Lake Recycled System Expansion	\$ 375
Second Crossing Tie-in	\$ 225
System Optimization Study	\$ 125
Coating of Steel Tanks	\$ 100
Other Remaining Projects	<u>\$ 194</u>
Total CIP	\$ 1,019
Service Recycled Water Expansion	<u>\$ 10</u>
Total AIC	\$ 10



Water Fund 5 Year Capital Outlay

	2017-18	2018-19	2019-20	2020-21	2021-22
	Proposed	Forecast	Forecast	Forecast	Forecast
Capital Outlay	28,450	29,019	29,599	30,191	30,795
Information Technology	63,437	37,481	89,351	25,070	27,618
Master Fleet Plan	409,375	462,968	769,973	247,200	370,130
Subtotal Capital Outlay	\$ 501,262	\$ 529,467	\$ 888,923	\$ 302,461	\$ 428,543



MPP Joint Power Authority Budget



MPP Joint Power Authority Budget

(\$ in 000's)			
	Description	FY 16-17 Adopted Budget	FY 17-18 Proposed Budget
	Est. Net Generation in MWh	1,518,984	1,572,636
	Operating and Maintenance Expenses	\$21,171	20,798
	Capital Expenditures	\$274	\$275
	Operating Agent Budget (Fund 483)	\$21,445	\$21,073



Tieton Joint Power Authority Budget



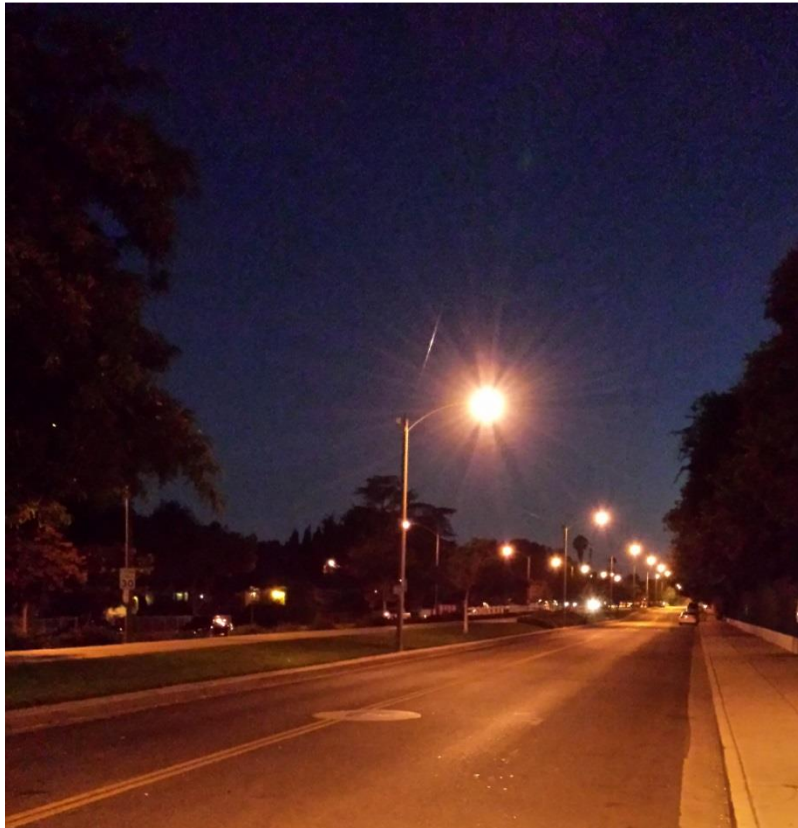
Tieton Joint Power Authority Budget

(\$ in 000's)

Description	FY 16-17 Adopted Budget	FY 17-18 Proposed Budget
Est. Generation in MWh	52,000	52,000
Operating and Maintenance Expenses	\$2,077	\$2,311
Transmission Expenses	\$95	\$90
Capital Expenditures	\$200	\$192
Operating Agent Budget (Fund 133)	<u>\$2,372</u>	<u>\$2,593</u>



Street Lighting (Fund 129)



Street Lighting (Fund 129)

(\$ in 000's)

	Adopted FY 16-17	Proposed FY 17-18
Operating Revenues		
Transfers In-Lieu	\$ 2,636	\$ 2,599
Operating Expenses		
Utilities	\$ 1,291	\$ 1,186
Maintenance	\$ 420	\$ 403
Other Operating Expenses	\$ 182	\$ 182
Total Operating Expenses	\$ 1,893	\$ 1,772
Net Income	\$ 742	\$ 828
Other Income		
Interest Income/(Expense) and Other Income	\$ 2	\$ 26
Aid in Construction	\$ 200	\$ 180
Total Other Income	\$ 202	\$ 206
Net Change in Net Assets	\$ 945	\$ 1,034
Capital Expenditures	\$ 1,155	\$ 1,125
Repay Capital Advance from Electric Fund	\$ 80	\$ 80
Cash Balance at June 30	\$ 482	\$ 312



Communications (Fund 535)

Citywide Radios and Telephones



COMMUNICATIONS SHOP



Communications (Fund 535)

(\$ in 000's)

	Adopted Budget FY 16-17	Proposed Budget FY 17-18
Revenues		
Charges for Services	\$ 2,820	\$ 2,891
Total Operating Revenues	\$ 2,820	\$ 2,891
Operating Expenses		
Operations and Maintenance	\$ 2,276	\$ 2,432
Depreciation	\$ 452	\$ 440
Total Operating Expenses	\$ 2,728	\$ 2,873
Net Income	\$ 92	\$ 18
Interest & Other Income	\$ 85	\$ 97
Total Indirect Income/(Expense)	\$ 85	\$ 97
Net Change in Net Assets (Net Income)	\$ 177	\$ 114
Capital Expenditures	\$ -	\$ 3,113 (a)

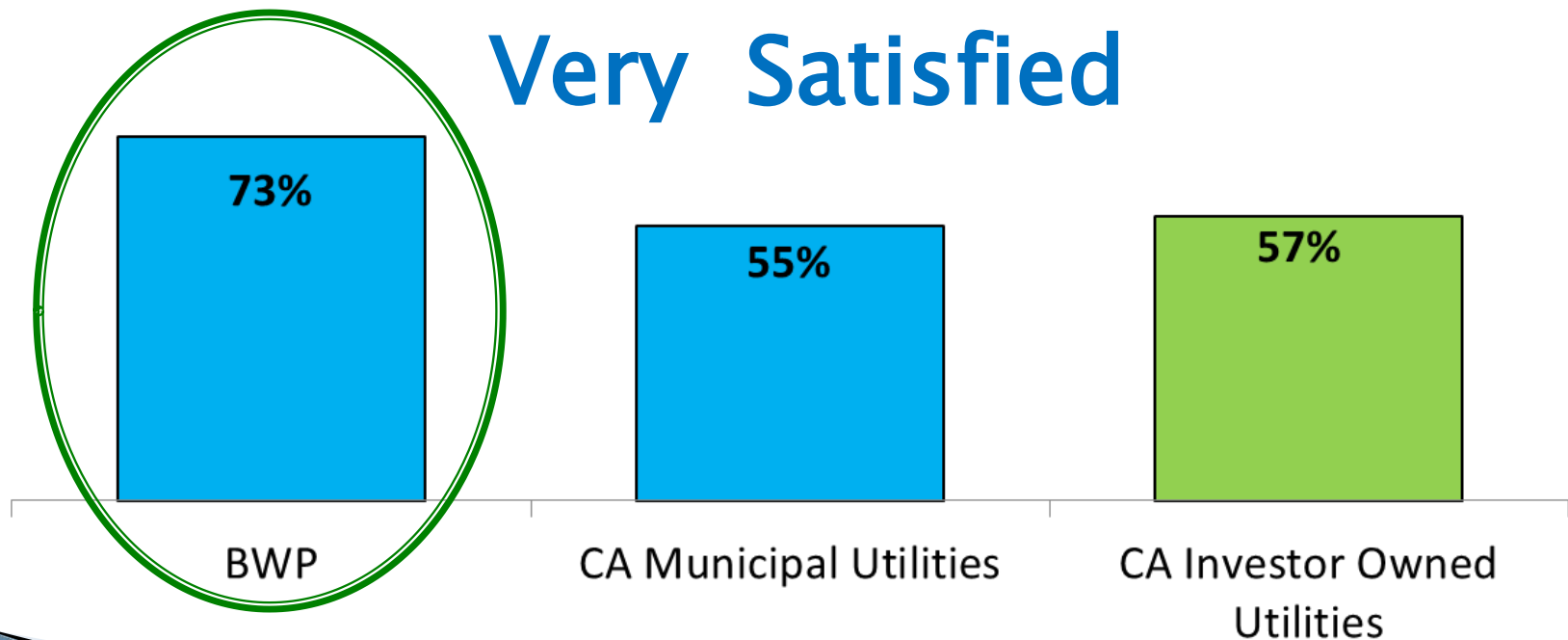
(a) Capital Expenditures for Police hand-held radio replacement and telephone system replacement



Customer Satisfaction

“Thinking about (your utility), please rate your overall satisfaction with them at the present time.”

Very Satisfied



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May 9, 2017