

FY 2024-2025 Budget

BWP Board
March 7, 2024

Joseph Lillio
Interim General Manager





**WATER AND
POWER**

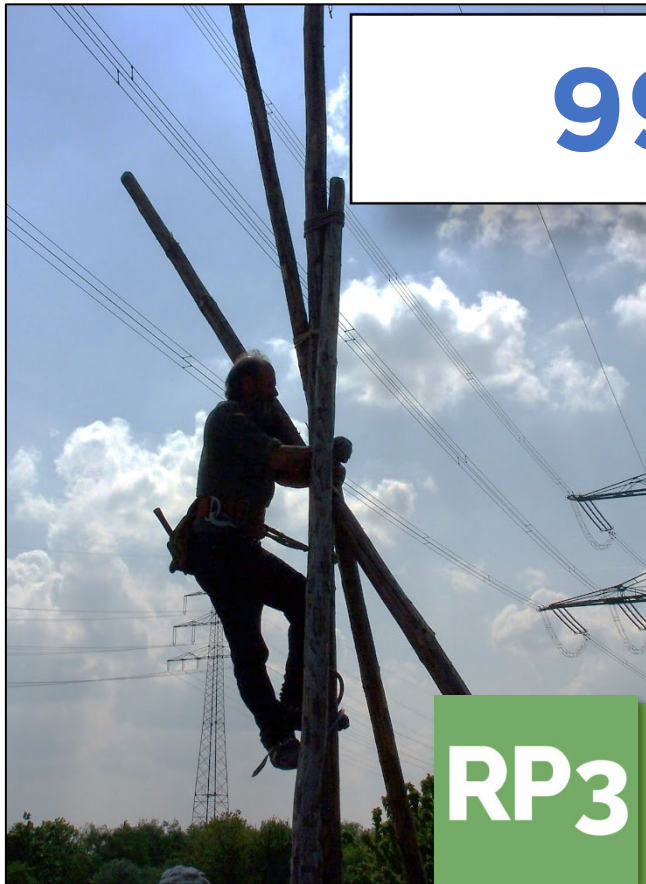
Approved Rate Increases

June 2023, Burbank City Council



	2023-24 July 1, 2023	2024-25 July 1, 2024
Electric 	8.5%	8.0%
Water 	9.0%	9.0%

Committed to delivering reliable electricity & water



99.997%

RP3



99.999%

S&P Global
Ratings



BWP must remain resilient



- Focus on increasing \$ reserves
 - Natural disaster resiliency
 - Housing development readiness
 - Manage debt capacity to maintain favorable bond ratings
- 33% loss in reserves over four years in the electric fund

Delivering a sustainable future



- 45% renewable energy by 2024, up from 42.5% in 2023

- Direct potable water re-use pilot

- \$7M+ in electric and water sustainability programs, education and outreach



Safeguarding our vulnerable populations

Customer Programs

Customer Segments



Aged 65+ on a fixed income

On-going bill discounts

**Lifeline rate or
BUSS discount**

One-time support

**Project Share
Efficiency programs**



Disabled or on life support equipment

Life-support rate

**Project Share
Efficiency programs**



Any household struggling with affordability

BUSS discount

**Project Share
Payment Plans
HEAP
Efficiency Programs**

24/25 proposed budget is in line with the approved rates



- No change in budget authority for:
 - Electric Fund (496)
 - Water Fund (497)
 - Street Lighting Fund (129)
 - Communications Fund (535)



SCPPA increases are paid by participants

- SCPPA owned projects require an increase in budget authority (MPP and Tieton)
- Burbank has offset the increases in our electric fund to remain rate-neutral

Budget Authority

(\$ in 000's)	Adopted FY 2023-24	Original FY 2024-25	Updated FY 2024-25	Decrease / (Increase)
Electric Fund	\$322,096	\$330,799	\$330,799	\$0
Water Fund	\$54,359	\$51,294	\$51,294	\$0
Communications Fund	\$5,120	\$4,408	\$4,408	\$0
Street Lighting Fund	\$3,919	\$5,920	\$5,920	\$0
MPP Operating Fund (SCPPA)	\$27,809	\$29,591	\$30,565	(\$974)
Tieton Operating Fund (SCPPA)	\$1,880	\$1,917	\$2,008	(\$90)
Total Authority	\$415,184	\$423,928	\$424,993	(\$1,065)

23/24 unexpected events and expenses



- Higher than expected costs associated with SB 100 and SB 1020 compliance
- Warner Station fire
- CARB compliance cap for the reduction of GHG emissions
- CalPERS (pensions) not meeting their investment returns
- Higher than expected inflation



Electric Budget Changes

Increases	
Item	\$(000s)
Increased contracted energy costs, including renewables	6,466
CARB GHG emissions cap & trade	1,000
New transmission contracts with new CARB compliance	875
PERS changes due to investment shortfall	676
Additional utility city attorney	244
Other	722
Total increases	\$9,983

Offsets	
Item	\$(000s)
Reduced fuel-gas purchases	(4,010)
Reduced market power purchases	(4,009)
MPP operational efficiency reduced OT labor	(480)
Policy change on software purchases	(453)
Updated capital plan	(240)
MOU driven salary adjustments	(214)
Other	(577)
Total offsets	\$ (9,983)



Water Budget Changes

Increases	
Item	\$(000s)
MOU driven salary adjustments	384
Insurance premiums	85
Other	79
Total increases	\$548

Offsets	
Item	\$(000s)
Reduction in shared service costs	(233)
Reduction in city cost allocation	(181)
Updated depreciation forecast	(35)
Updated capital plan	(31)
Other	(68)
Total offsets	\$ (548)

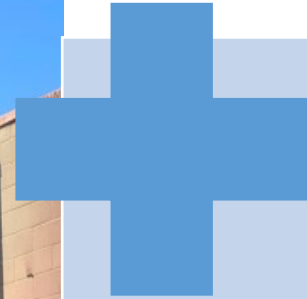


Staffing Plan Update

- Head count increase to 360 from 356
- 4 FTE - Customer Service Operations
 - Upgrade two half-time to full-time
 - 3 new FTE
- Additional City services
 - 1- City attorney
 - 1- Purchasing buyer (pending)

Labor costs have been offset and do not require a budget increase

Changes in Capital Plan



\$1.5m to rebuild conduits
\$1.5m to replace a transformer
\$700k to replace bus ducts
\$700k to replace switches
\$350k to replace high voltage circuit breakers

\$4.7m strategically deferred Media District 12kV capacity project



Electric Five-Year Capital Plan

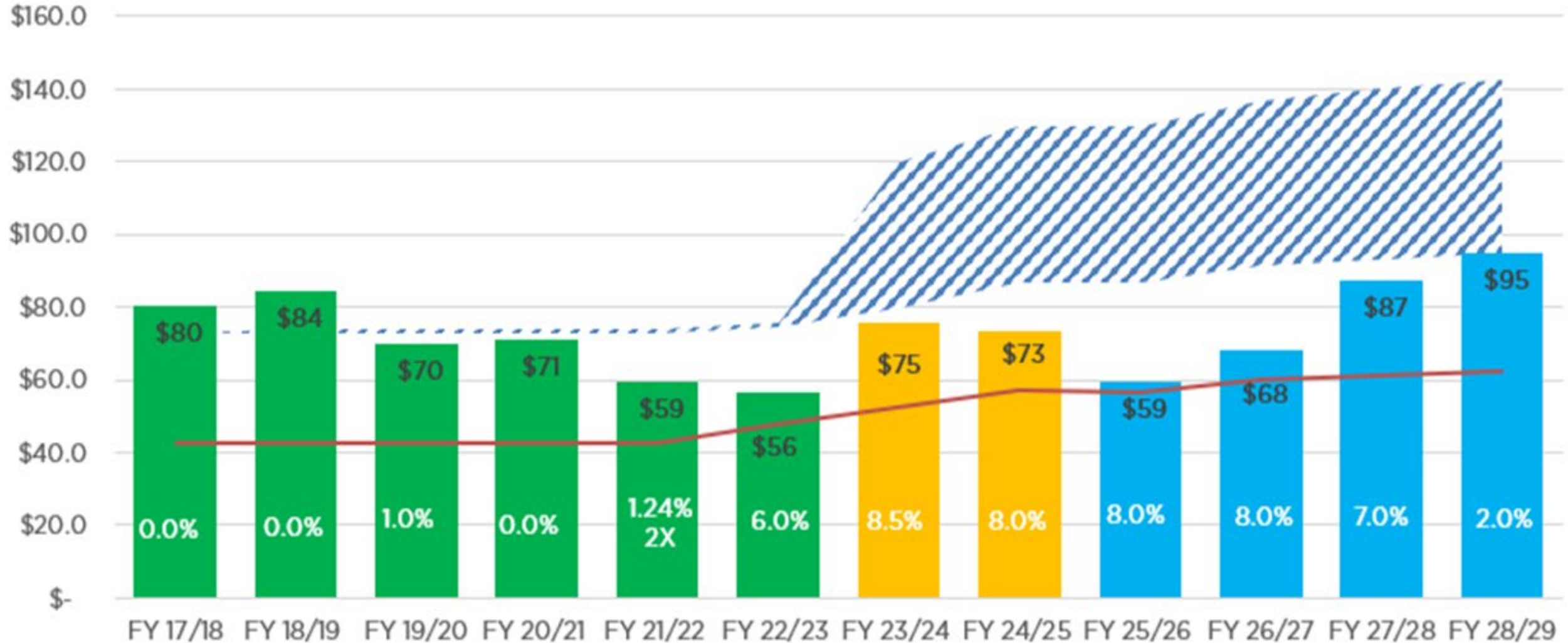
	2024-25	2025-26	2026-27	2027-28	2028-29	FY 2024-25 to FY 2028-29
	Proposed	Forecast	Forecast	Forecast	Forecast	Forecast Total
Power Supply Improvement Projects	10,775,000	10,515,000	16,075,000	16,315,000	20,375,000	74,055,000
Operations Technology	455,947	-	300,000	-	1,350,000	2,105,947
Distribution Expansion Projects	7,306,628	5,652,350	2,792,500	5,380,000	7,226,350	28,357,828
Distribution Replacement Projects	13,443,195	18,939,904	13,588,690	14,457,450	18,879,770	79,309,009
New Customer Projects/AIC	9,680,800	7,153,339	7,203,189	10,438,609	7,717,259	42,193,195
Facility Renovations	1,755,308	370,610	391,300	279,900	165,000	2,962,118
ONE Burbank	560,829	500,000	500,000	500,000	500,000	2,560,829
Finance, Warehouse and Fleet Facility	622,500	-	1,625,000	907,500	-	3,155,000
Customer Service	800,000	-	-	-	-	800,000
Sustainability and Marketing	-	-	50,000	150,000	50,000	250,000
Security	612,128	150,000	200,000	150,000	100,000	1,212,128
Water Fund's share of common projects	(496,277)	(59,870)	(222,375)	(228,801)	(210,725)	(1,218,047) (A)
Total CIP	\$ 45,516,058	\$ 43,221,333	\$ 42,503,304	\$ 48,349,658	\$ 56,152,654	\$ 235,743,007
Capital Outlay	4,100,000	4,182,000	4,265,640	4,350,953	4,437,972	21,336,565
Information Technology	154,875	150,000	121,070	123,491	125,961	675,397
Master Fleet Plan	600,000	6,174,050	2,585,375	2,892,500	3,400,000	15,651,925
Total Capital Outlay	\$ 4,854,875	\$ 10,506,050	\$ 6,972,085	\$ 7,366,944	\$ 7,963,933	\$ 37,663,887
Grand Total for Electric CIP	\$ 50,370,933	\$ 53,727,383	\$ 49,475,389	\$ 55,716,602	\$ 64,116,587	\$ 273,406,894

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



History & forecast of electric cash reserves

(\$ in 000s)





Future electric costs not included in the 5-year forecast

~\$320M - \$525M

- Additional renewable price increases
- Transmission buildout
- Downtown distribution substation
- Additional pension liability prepayment
- Olive replacement and decommissioning
- IPP & MPP decommissioning costs
- Carbon capture & green hydrogen implementation
- Necessary future staffing to support increased workload



Water Five-Year Capital Plan

	2024-25	2025-26	2026-27	2027-28	2028-29	FY 2024-25 to FY 2028-29
	Proposed	Forecast	Forecast	Forecast	Forecast	Forecast Total
Potable CIP						
Small Water Mains	3,324,589	3,836,298	2,628,704	1,871,865	2,490,815	14,152,272
Large Water Mains	475,000	-	1,175,000	2,260,000	1,610,000	5,520,000
Plant Replacement	42,890	43,962	44,841	45,738	46,653	224,084
Automation and Control	96,445	21,981	22,421	22,869	98,327	262,043
Boosters	-	-	-	-	175,000	175,000
Production Facilities	2,041,000	-	-	-	-	2,041,000
Miscellaneous Facilities	76,806	277,476	228,025	278,586	229,158	1,090,051
Storage - Reservoirs and Tanks	215,000	600,000	4,952,200	236,000	200,000	6,203,200
New Customer Projects/AIC	633,762	658,762	683,762	708,762	733,762	3,418,810
Water Fund's share of common projects	496,277	59,870	222,375	228,801	210,725	1,218,047
Total Potable CIP	\$ 7,401,769	\$ 5,498,349	\$ 9,957,328	\$ 5,652,621	\$ 5,794,440	\$ 34,304,507
Recycled CIP						
Recycled Water	448,025	157,763	320,368	211,009	297,686	1,434,851
Total Recycled CIP	\$ 448,025	\$ 157,763	\$ 320,368	\$ 211,009	\$ 297,686	\$ 1,434,851
Total CIP	\$ 7,849,794	\$ 5,656,112	\$ 10,277,696	\$ 5,863,630	\$ 6,092,126	\$ 35,739,358
Capital Outlay						
Information Technology	20,125	20,000	16,268	16,594	16,926	89,913
Master Fleet Plan	875,000	800,950	1,674,625	992,500	-	4,343,075
Subtotal Capital Outlay	895,125	1,177,950	2,055,033	1,380,517	395,777	5,904,402
Grand Total - Current Forecast	\$ 8,744,919	\$ 6,834,062	\$ 12,332,729	\$ 7,244,147	\$ 6,487,903	\$ 41,643,760

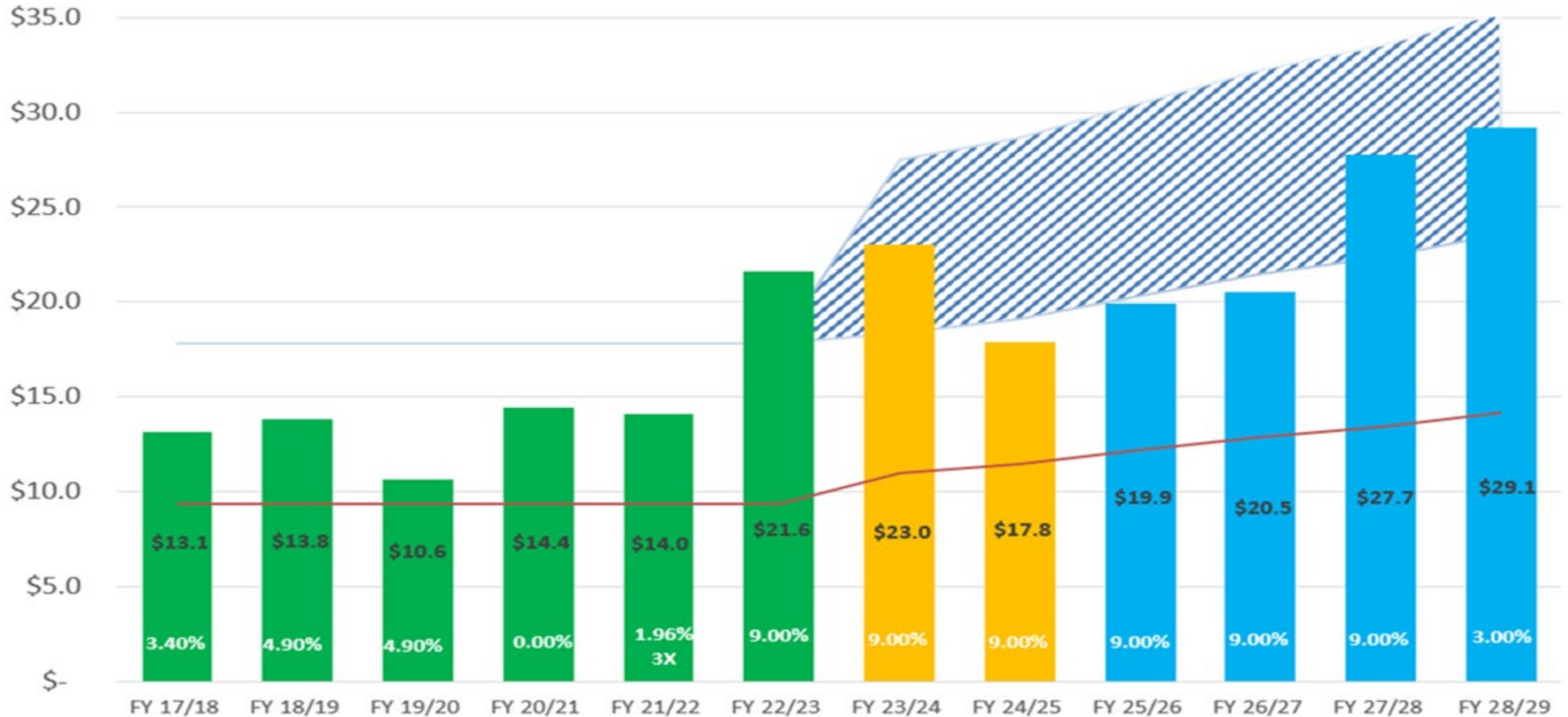
Note:

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



History & forecast of water cash reserves

(\$ in millions)





Future water costs not included in the 5-year forecast

~\$5M - \$6M

- 33% increase in pipeline replacement rate
- Necessary future staffing to support increased workload
- Unpredictability of climate-driven revenue loss
- MWD rate increases to fund regional water supply projects - 13% 2025 and 8% 2026
- Future regulations and permit requirements to treat new and emerging contaminants
- Additional pension liability prepayment

BWP cost savings, avoidance, and offsets

Item	Amount
Grants awarded	\$16,800,518
Developer-funded electric distribution infrastructure	\$7,721,694
IPP energy-loss settlement	\$2,500,000
Higher wholesale trading	\$1,925,000
Reduced wholesale costs for internet capacity	\$1,150,000
Other	\$3,742,000
Total	\$33,839,212



BWP Grants Received

As of 2/29/24



Staff Feedback on Biannual Budget



- Reduced Time Spent on Budget in Year 2
 - On average there was a 50% reduction in O&M
 - Capital-intensive divisions experienced ~90% reduction
- Early kick-off meeting in September
 - Clear expectations
 - Sufficient time to examine the budget



- Maintaining budget neutrality was challenging amid unexpected events and expenses
- Postponement of non-critical items
- Process inefficiencies and improvements to implement in the next budget cycle e.g. template changes and FAQs

Staff Recommendation

Staff is requesting that the BWP Board recommend approval of the utility's proposed FY 2024-25 budget as presented tonight to the Burbank City Council for the electric fund (fund 496), the water fund (fund 497), the MPP operating fund (fund 483), the Tieton operating fund (fund 133), the street lighting fund (fund 129), and the communications fund (fund 535).

Questions?

Joseph Lillio
Interim General Manager
JLillio@BurbankCA.gov
(818) 238-3723 office

