

Fiscal Years 2025-26 & 2026-27 Proposed Budgets

BWP Board
March 6, 2025

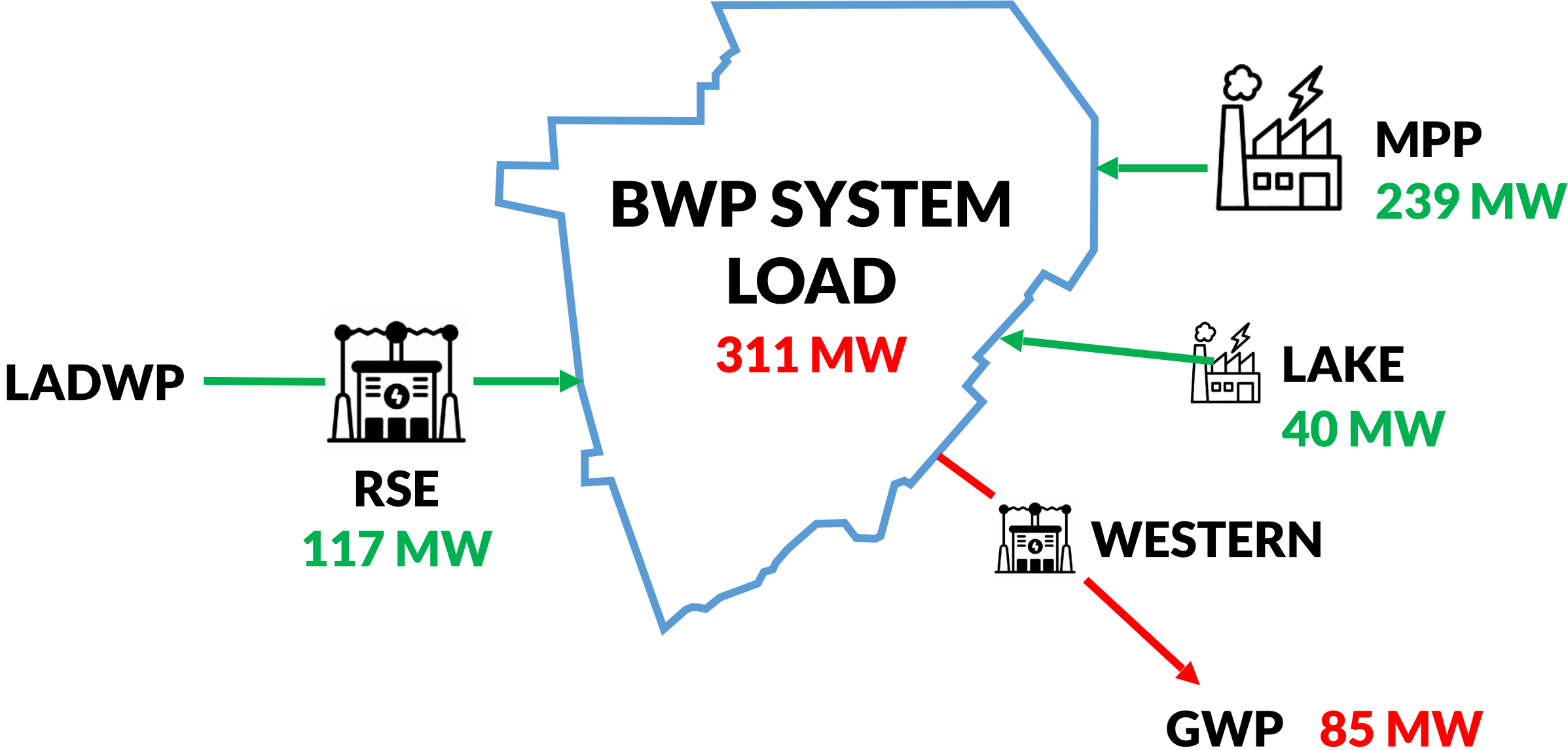


**WATER AND
POWER**

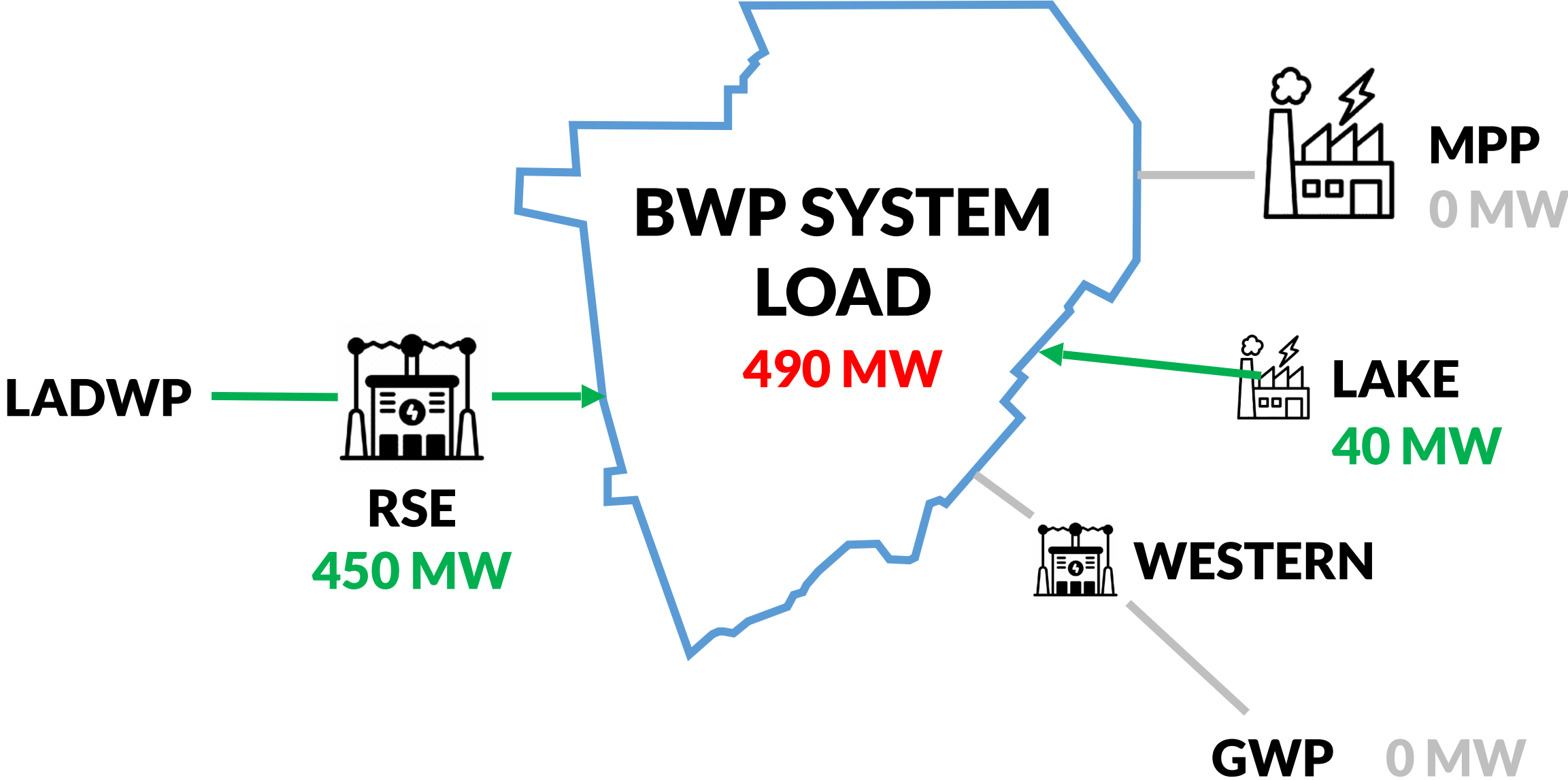
Burbank Water & Power Operations



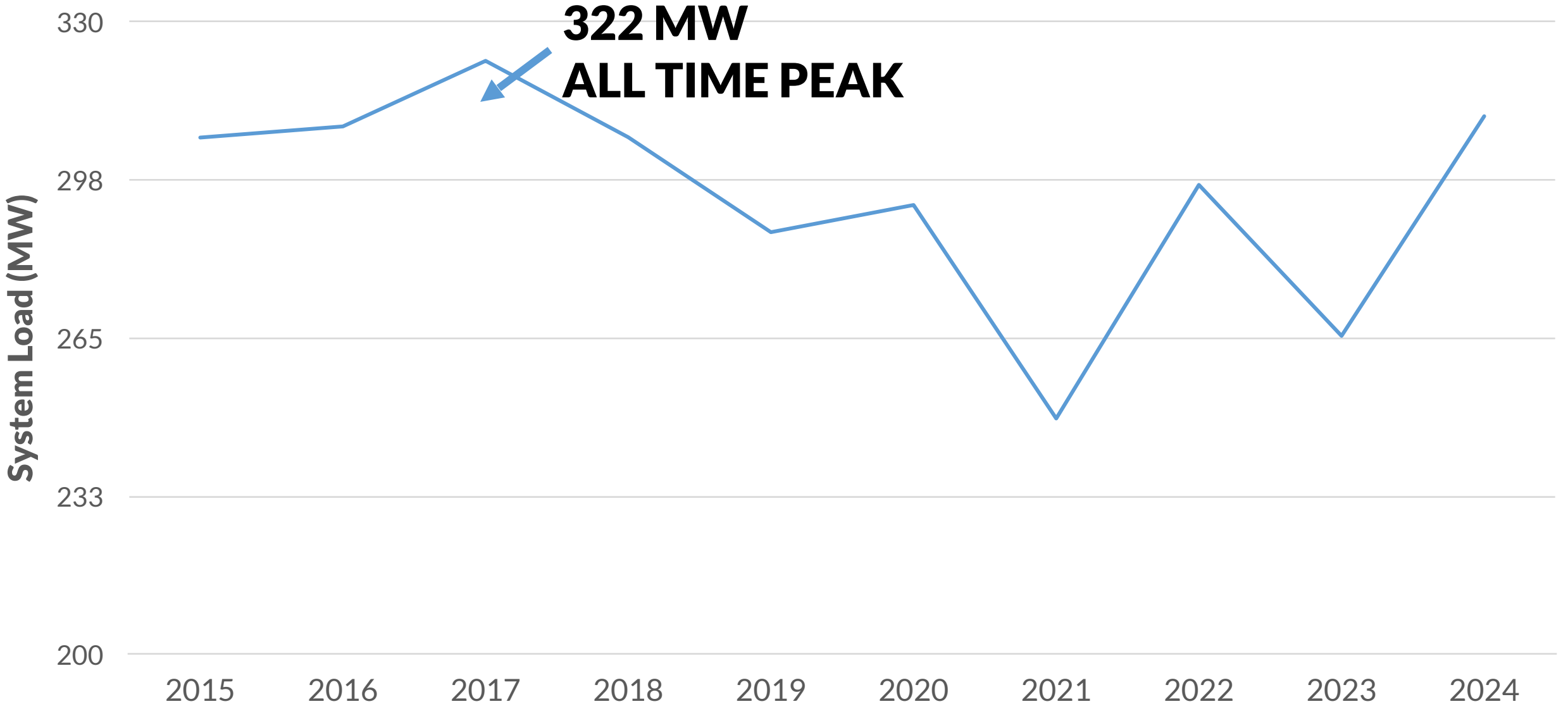
2024 SUMMER LOAD PEAK

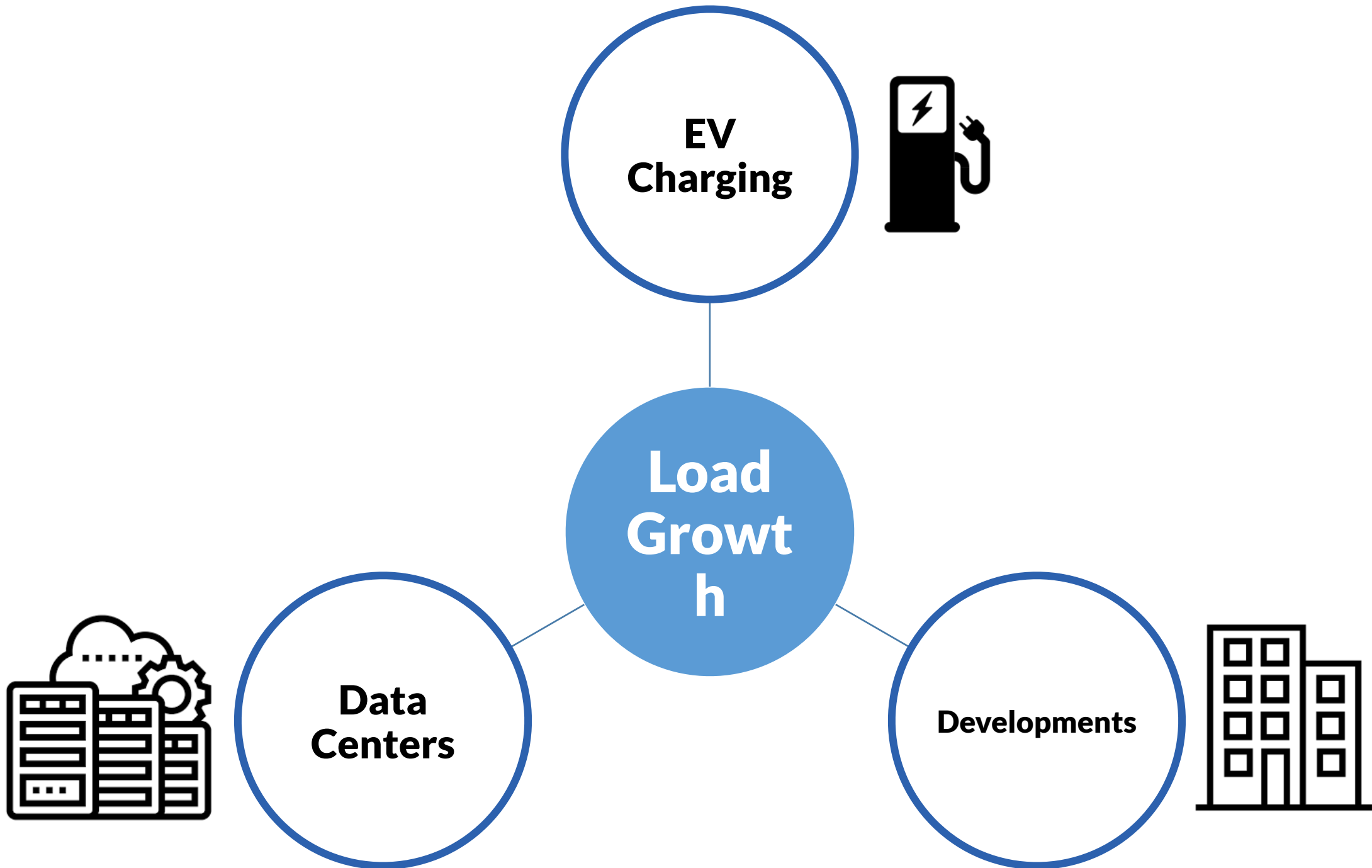


SYSTEM CAPACITY

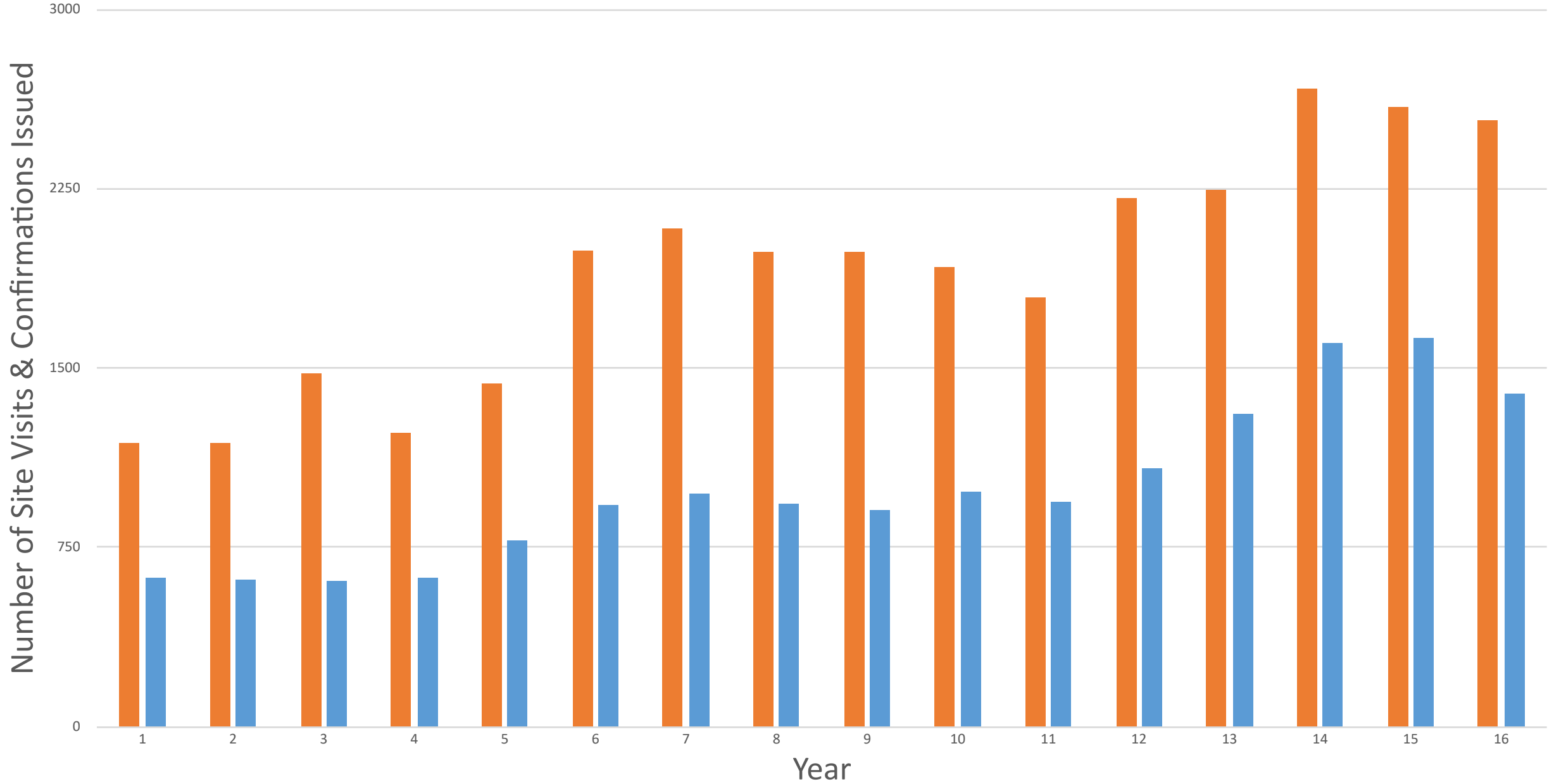


SYSTEM PEAK (2015 - 2024)



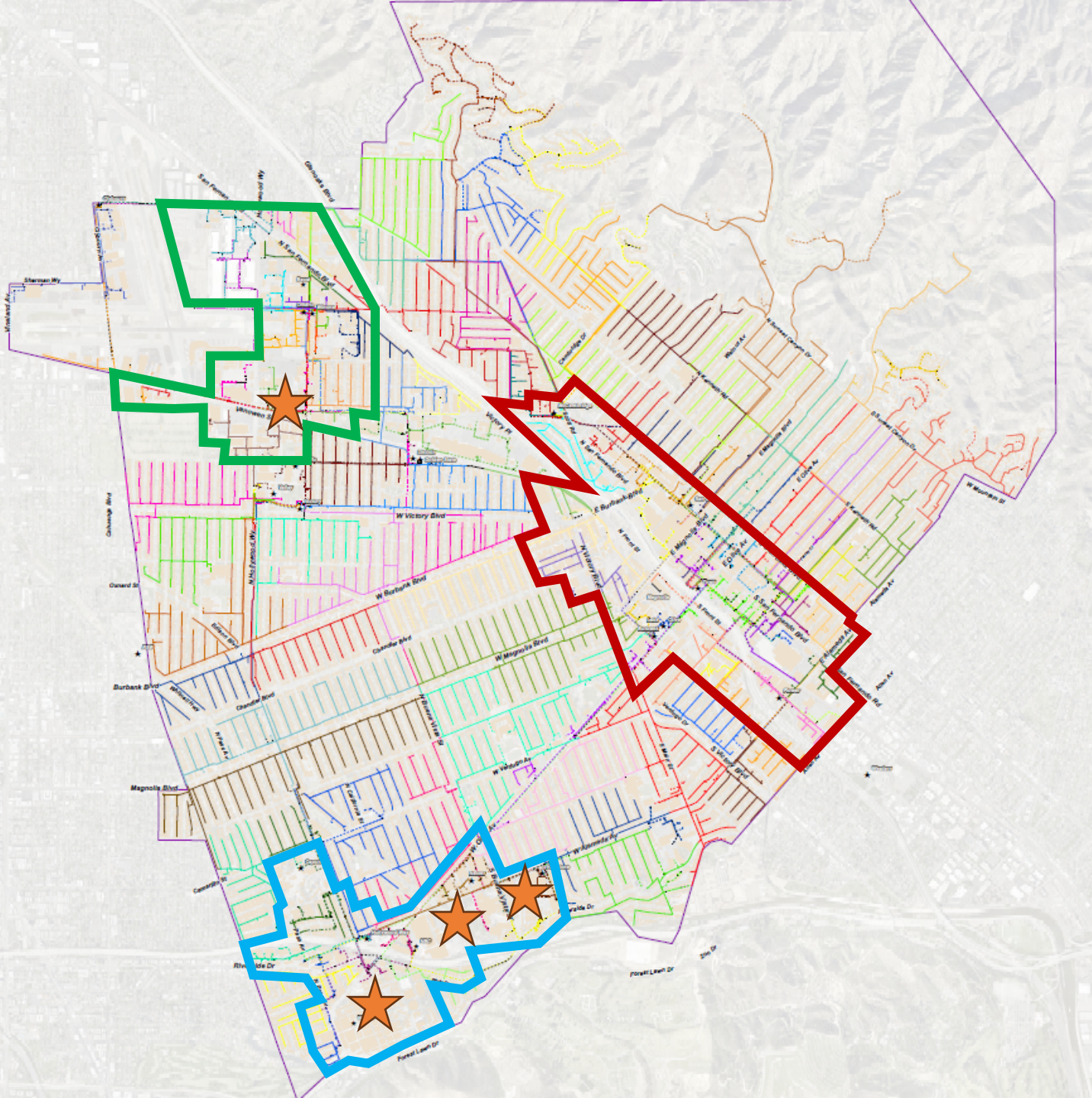


SITE VISITS AND CONFIRMATIONS ISSUED (RESIDENTIAL AND COMMERCIAL)



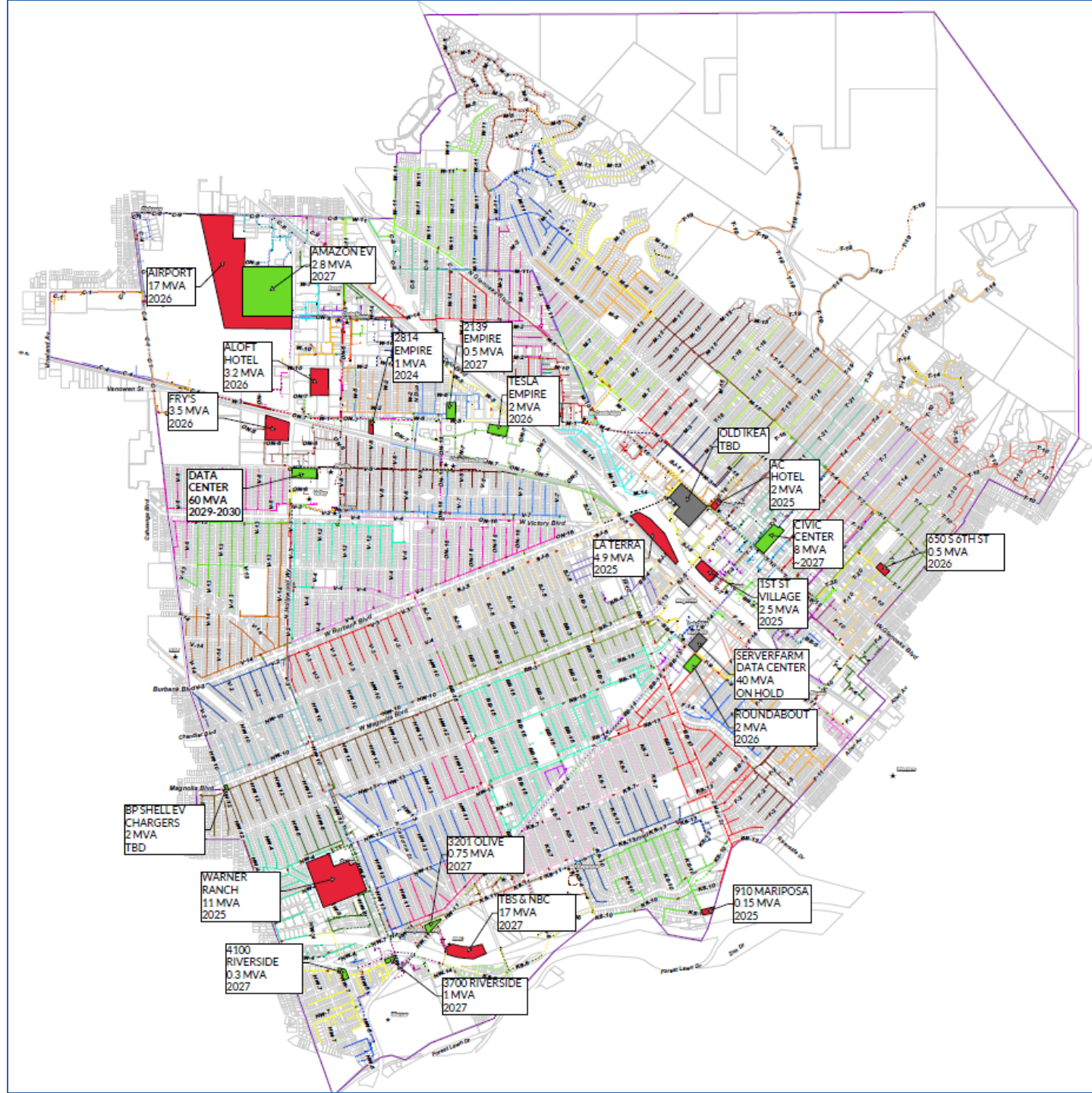
Zones of Development

- Golden State Specific Plan
- Downtown TOD
- Media District Specific Plan
- Existing Planned Developments (PDs)

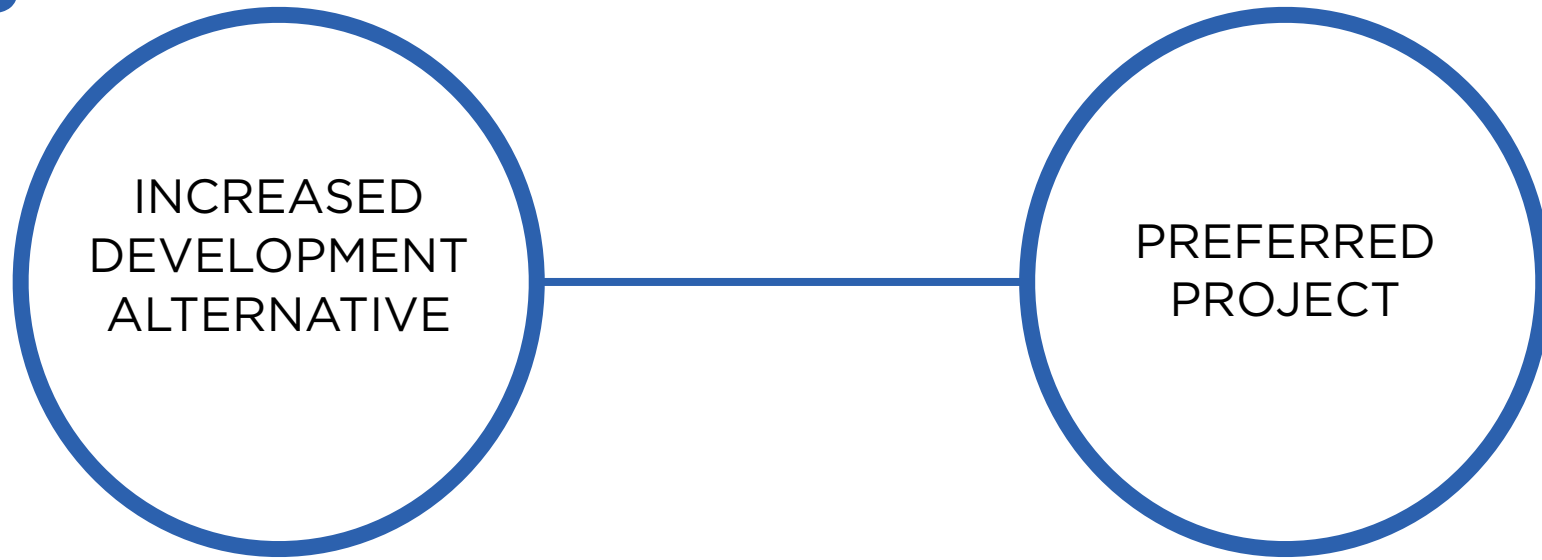


Active Developments

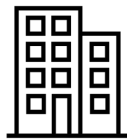
- 21 projects to be energized in 5 years
- **63 MW** of projected demand by 2030



ELECTRICAL DEMAND FROM SPECIFIC PLANS



40,322



16.9M sf



227 MW



26,847



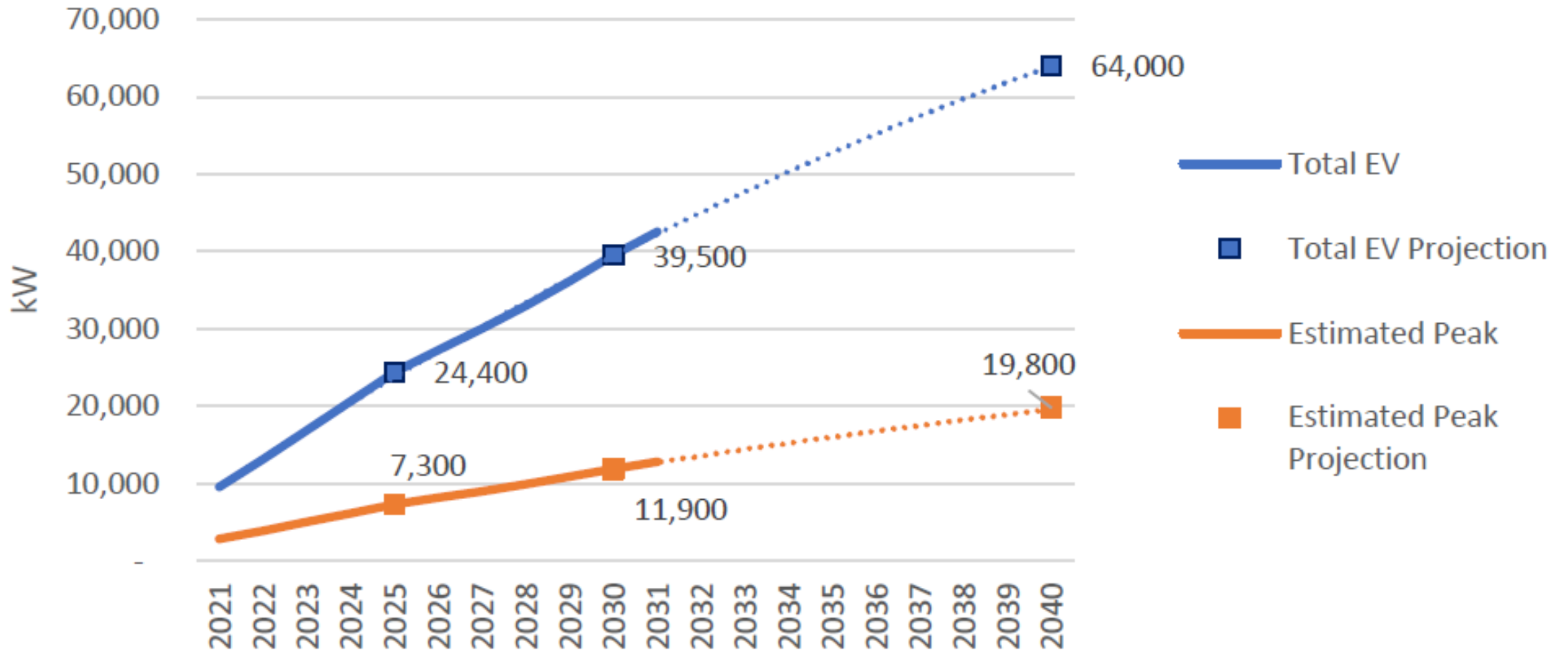
13.2M sf



164 MW

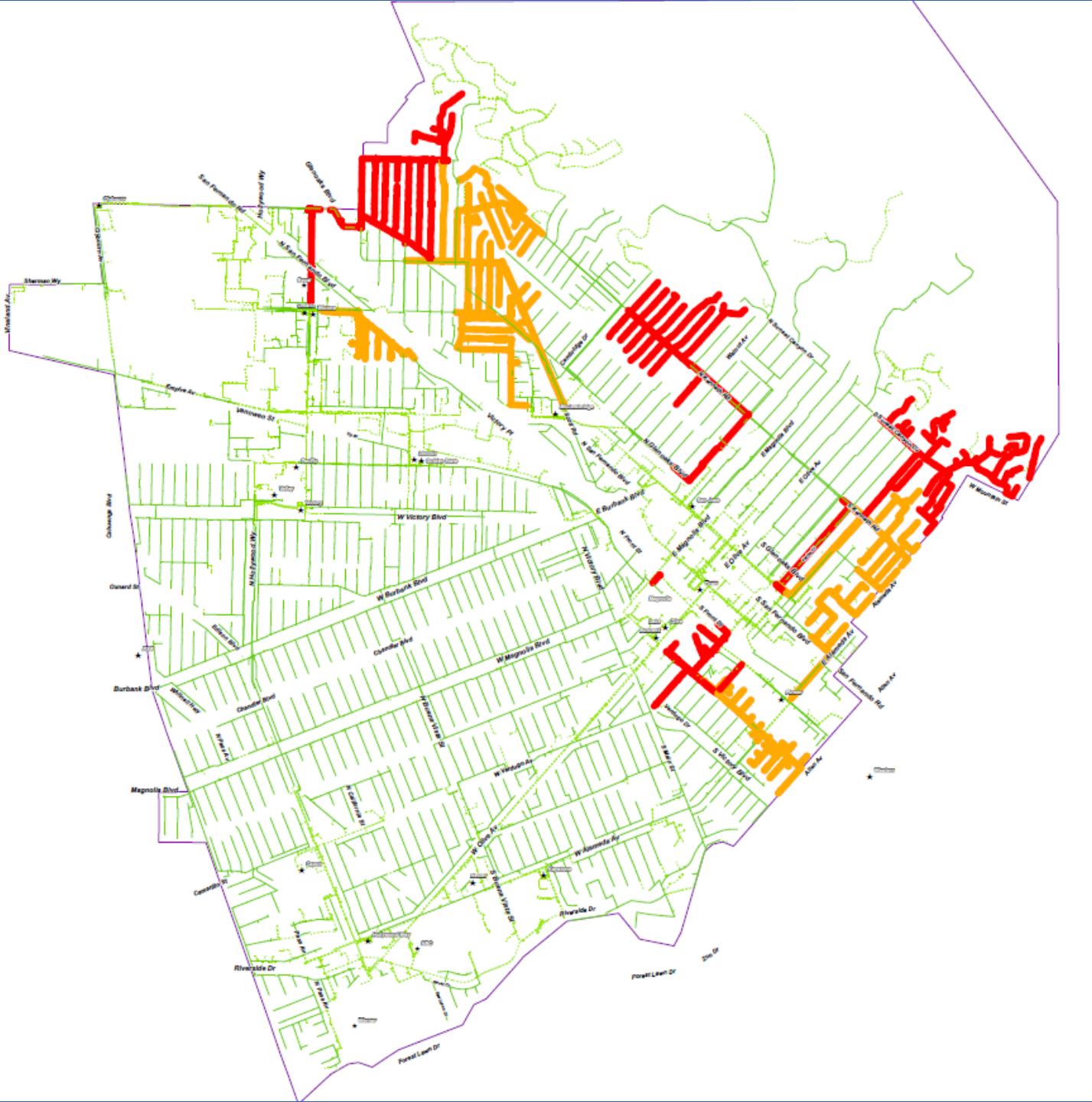
EV CHARGING FORECAST

EV Peak Projections (kW)



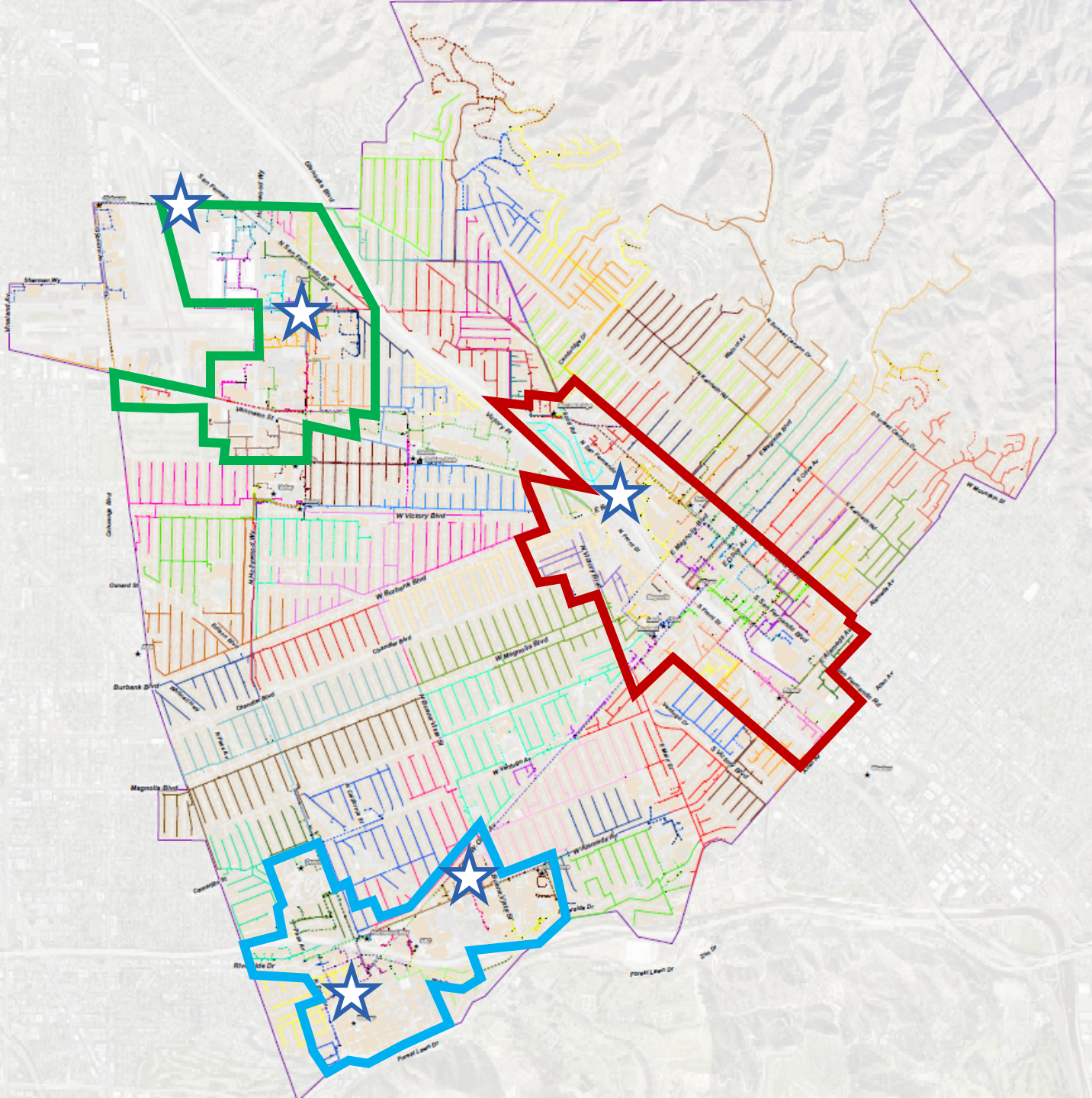
Load Growth

- 4kV circuits projected to have the most impact by load growth over the the next 10 years

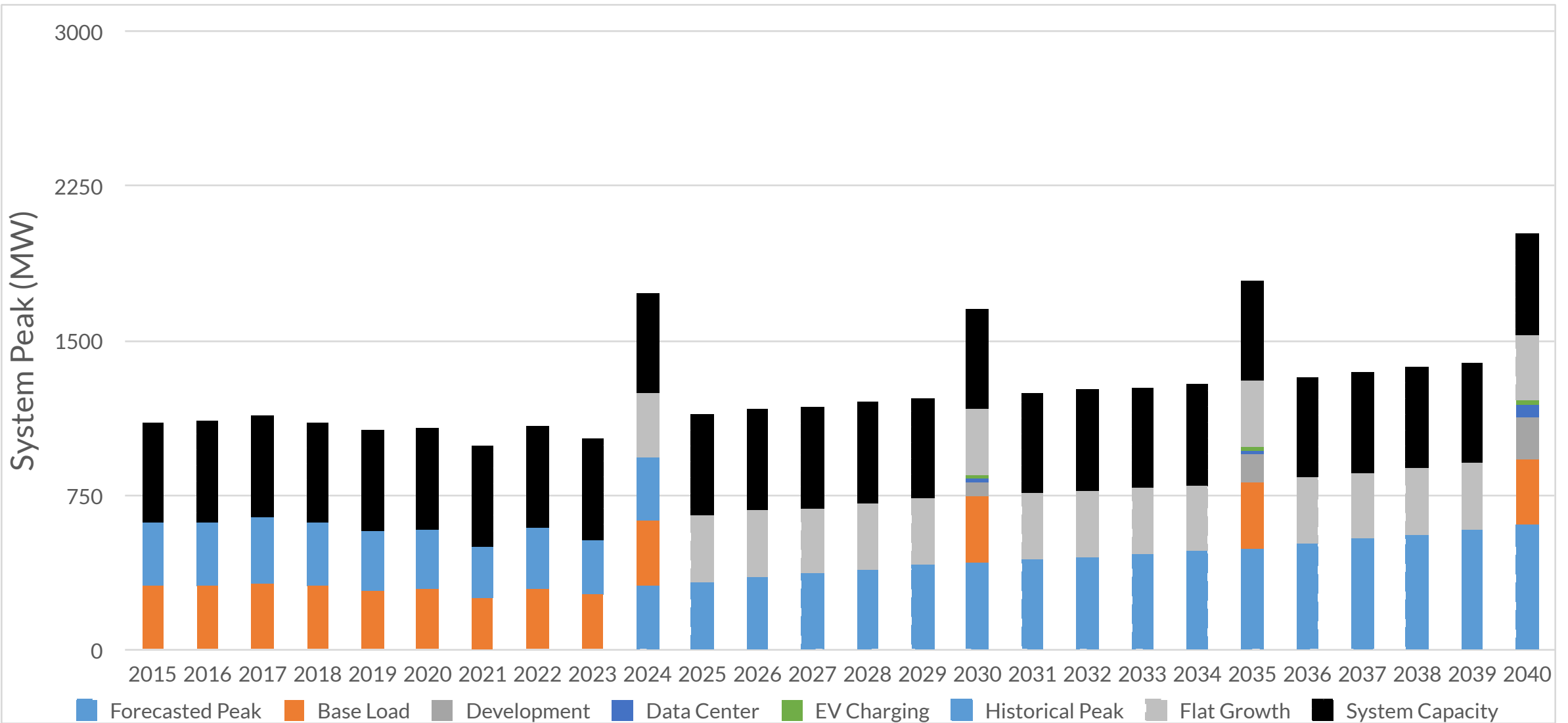


Substation Capacity Expansion

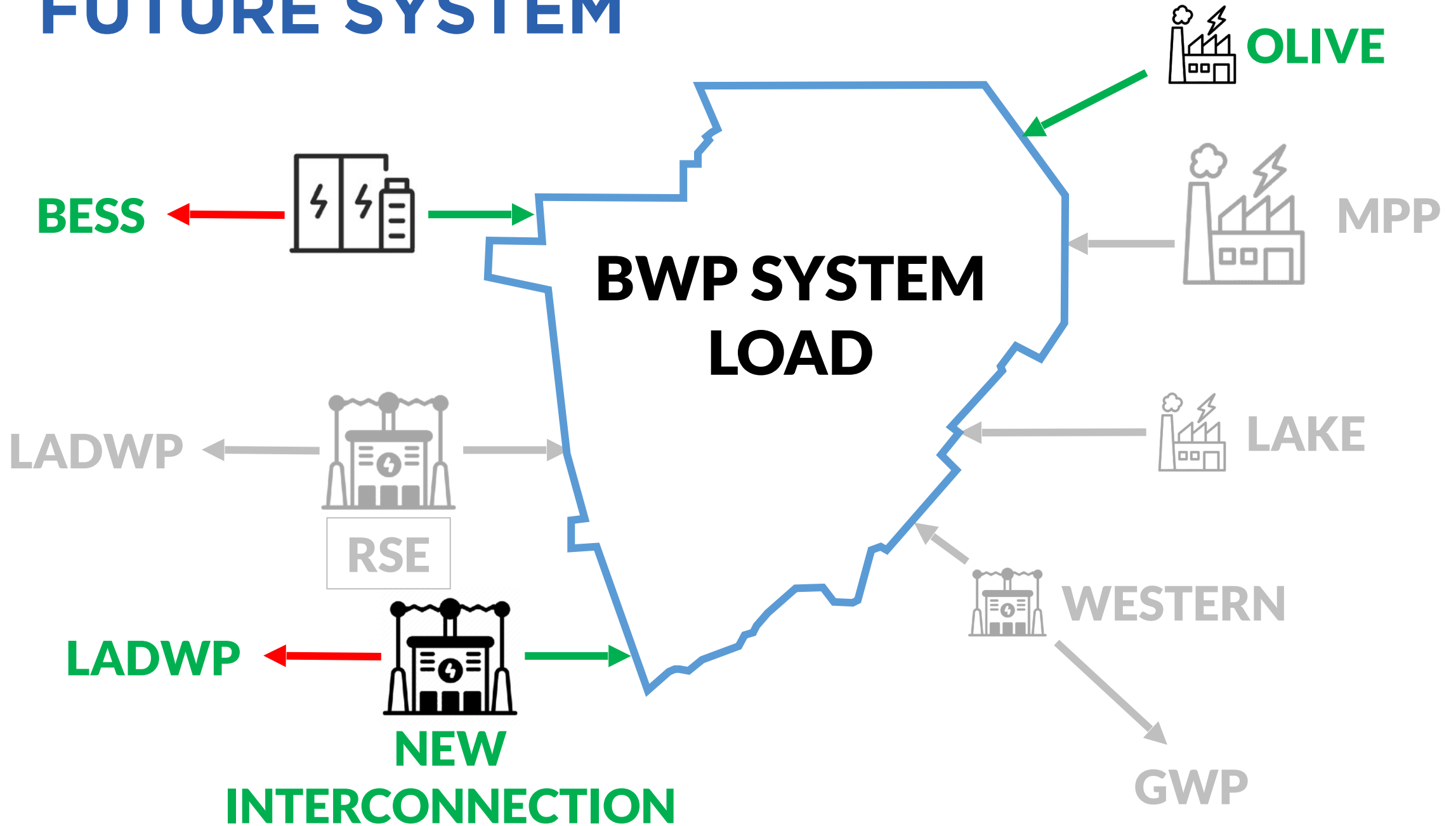
- Ontario 3rd Bank
- Airport Substation
- Willow Substation
- Downtown Substation



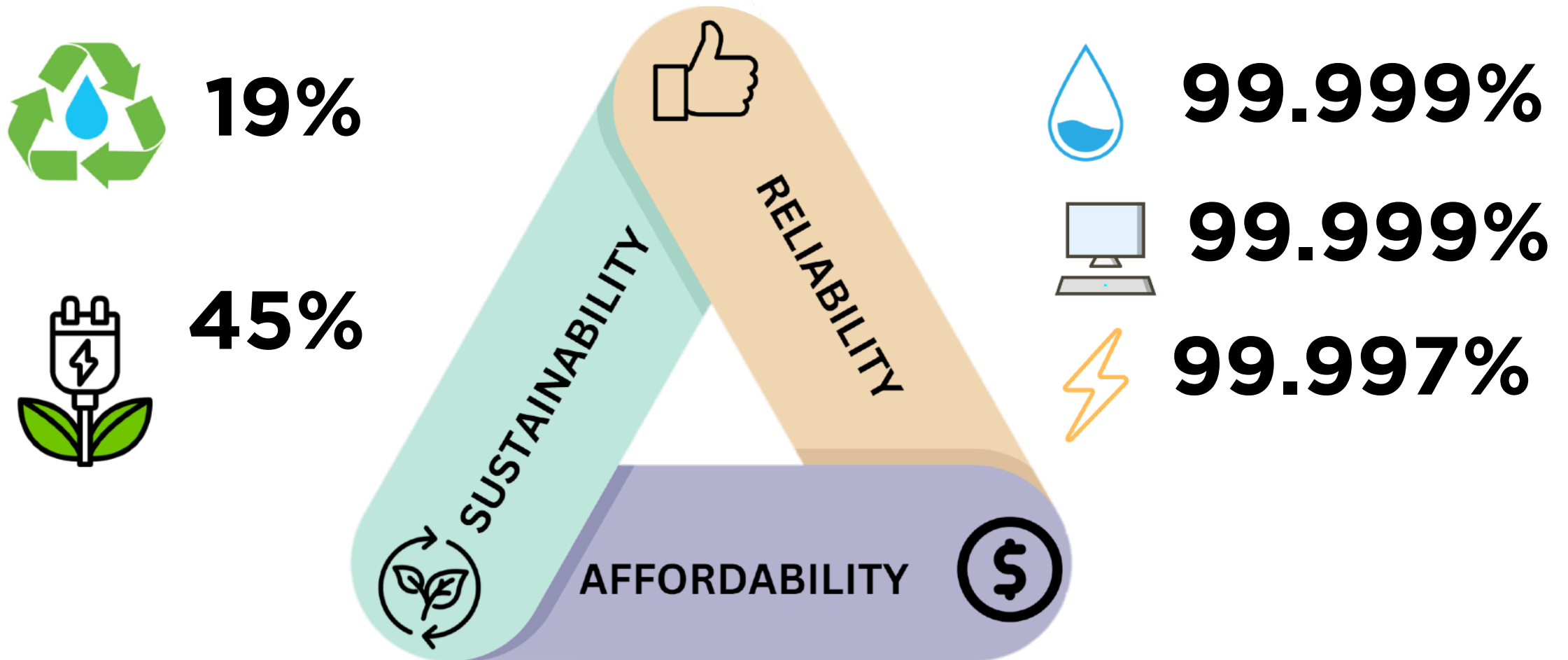
SYSTEM LOAD FORECAST



FUTURE SYSTEM

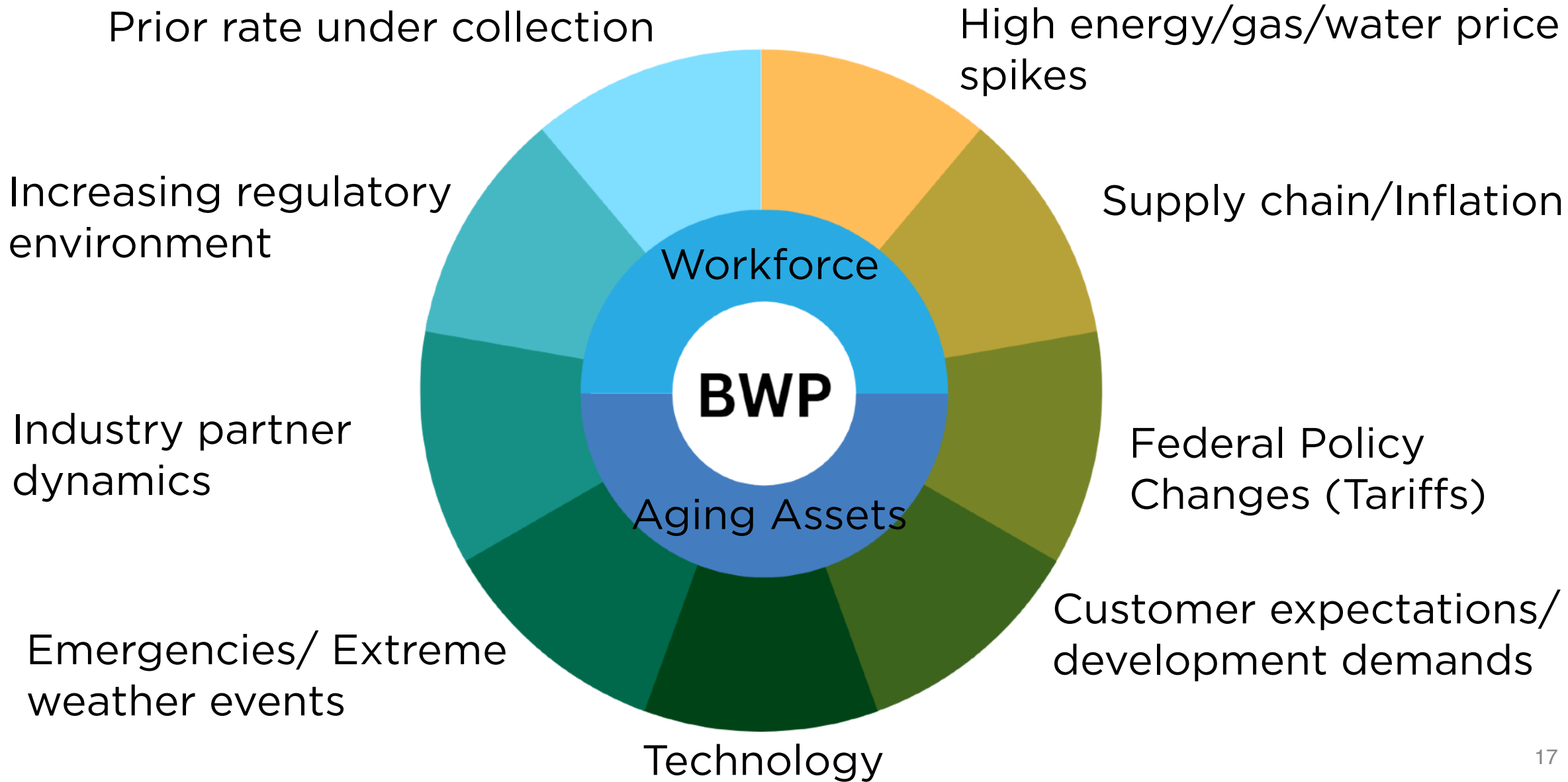


BWP Performance



 ***Low Regional Rates***

BWP Challenges



Inflation

Transformers
up 100%

New
substation
buildout up
270%

Fire
hydrants
up 41%

Fiber
optic
cable
up 20%

Renewables
up 2X - 3X

Copper coils for
water service
lines doubled

Water
meter
boxes up
59%

Chlorine
300%

Ductile iron
pipe up
52-79%

BWP Cost Savings and Avoidance

FY 23-24



Grants	\$16,132,000
Wholesale Margin	\$2,223,000
BABs Refunding	\$1,514,000
Increasing preventative maintenance measures	\$400,000
Insourcing	\$394,000
Water CIP Efficiencies	\$199,000
Contract negotiations	\$138,600
Other	\$239,000
Total	\$21,239,600

Risks

- Extreme weather events
- Recent windstorms could've impacted us
- Major catastrophic events
- Maintain recommended reserves
- Repair and maintain aging infrastructure
- Regulatory mandates

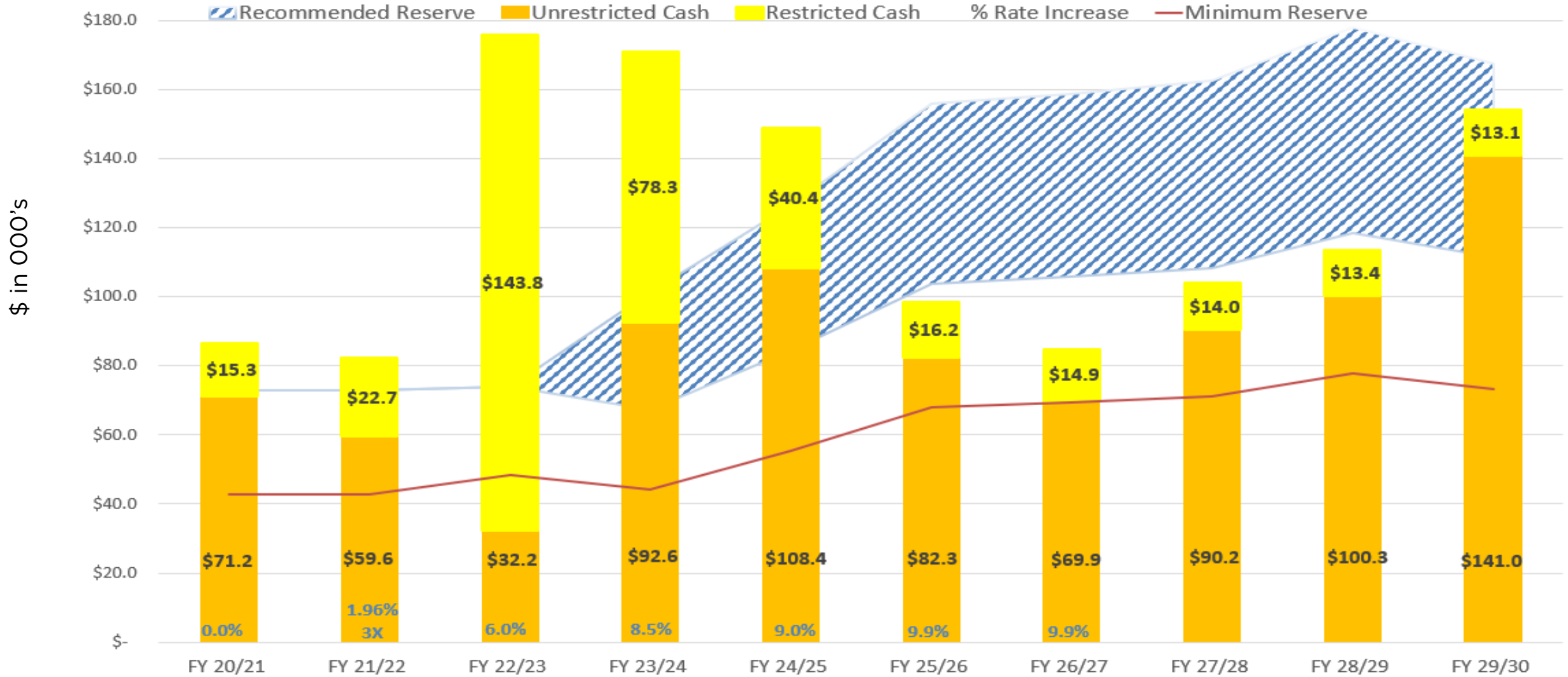
Proposed Budget Authority

(\$ in 000's)	FY 2024-25 Adopted	FY 2025-26 Proposed	25-26 vs 24-25 (Decr) / Incr in Budget	FY 2026-27 Proposed	26-27 vs 25-26 (Decr) / Incr in Budget
Electric Fund (496)	\$331,795	\$419,388	\$87,593	\$346,125	(\$73,263)
Water Fund (497)	51,494	61,586	10,092	66,179	4,593
MPP Operating Fund (483)	30,565	30,063	(502)	32,113	2,050
Tieton Hydro Operating (133)	2,008	2,206	198	2,290	84
Street Lighting Fund (129)	5,920	5,170	(750)	4,033	(1,137)
Communications Fund (535)	4,429	7,910	3,481	5,649	(2,261)
Total Authority	\$426,211	\$526,323	\$100,112	\$456,389	(\$69,934)



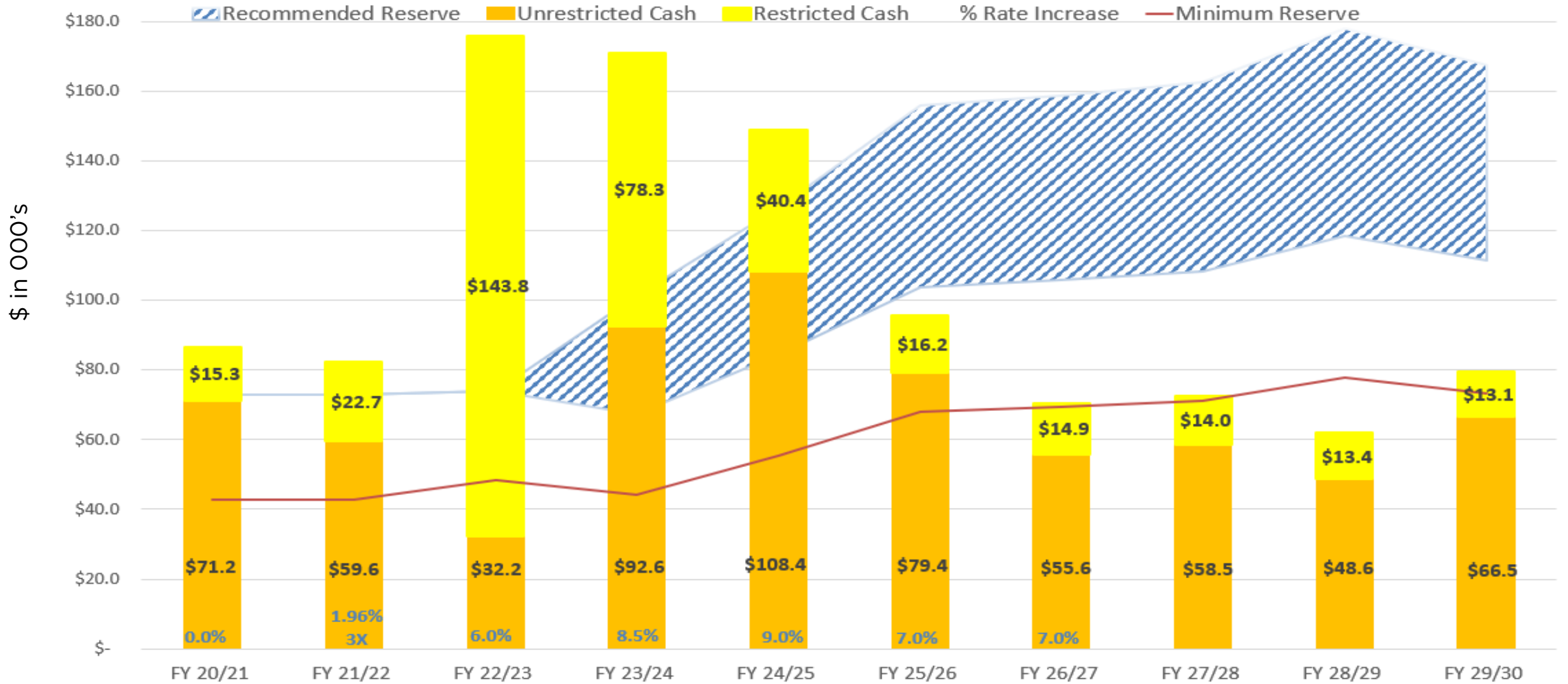
Electric Fund

Electric Cash Reserves



	FY 25-26	FY 26-27	FY 27-28	FY 28-29	FY 29-30
Reserve Shortfall	\$21,490	\$35,851	\$18,184	\$18,260	\$ --

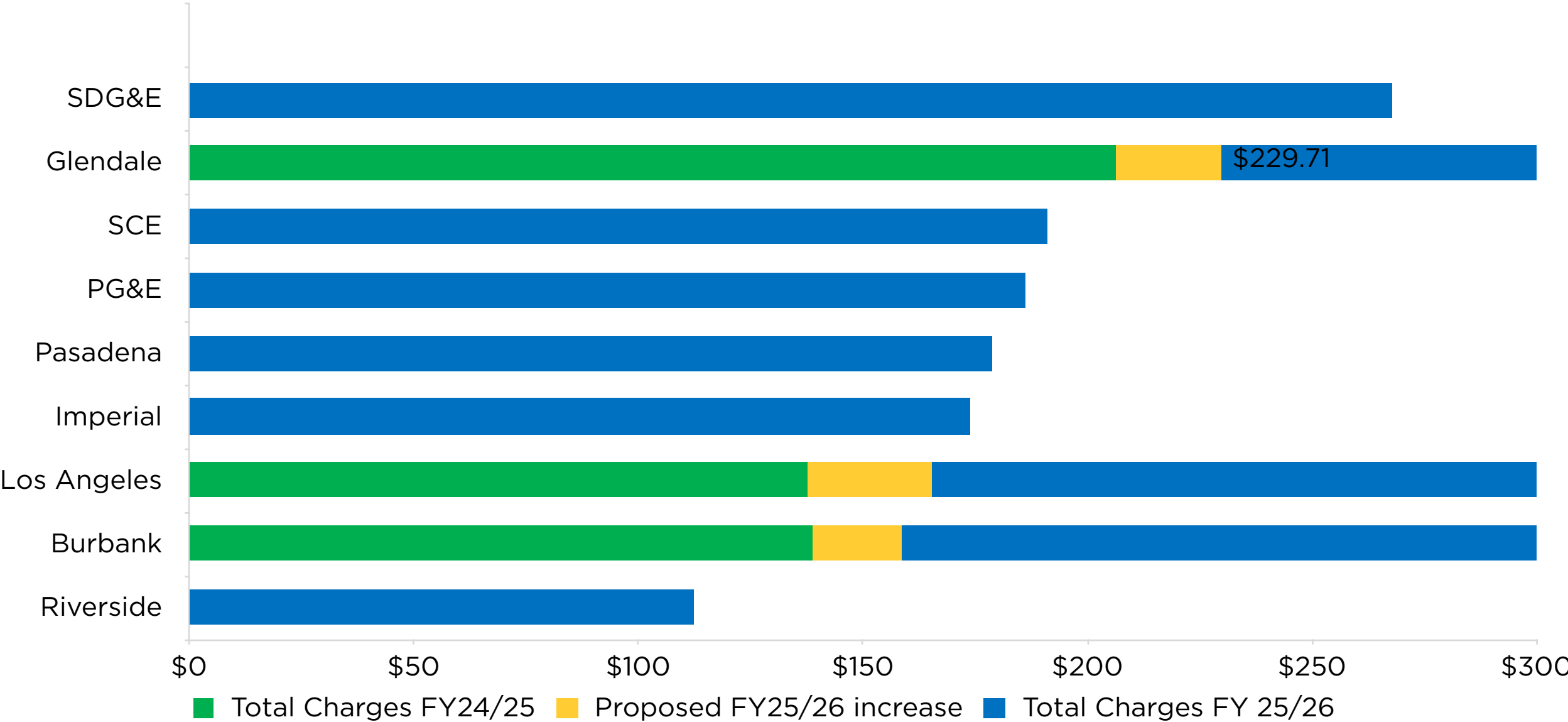
Electric Cash Reserves



	FY 25-26	FY 26-27	FY 27-28	FY 28-29	FY 29-30
Reserve Shortfall	\$24,444	\$50,131	\$49,897	\$69,958	\$45,048

Residential Electric Bill Comparison

520 kWh



Electric Highlights and Assumptions for Years 1-2



- 9.9% average rate increases effective January 2026 and 2027
- Higher costs to procure renewables and meet regulatory mandates (48% and 51% renewables)
- Increased transmission, operating, and capital costs
- IPP repowered with natural gas
- Investments in a sustainable future
- Utilizing energy cost adjustment charge (ECAC) and reserves to stabilize rates
- 3% system losses

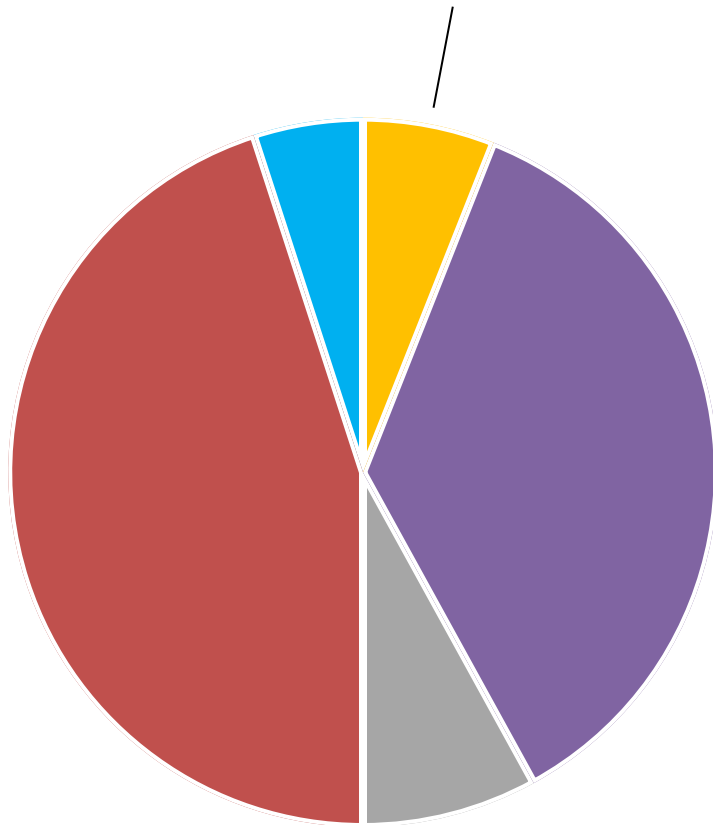
Electric Forecast Assumptions for Years 3-5



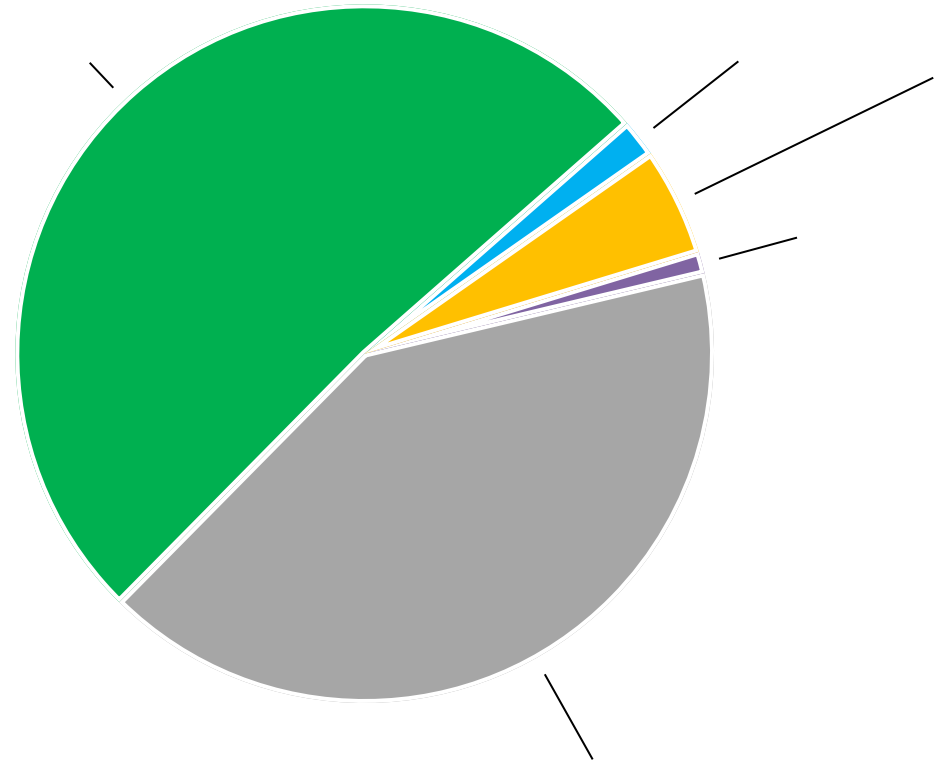
- Increase investments in a sustainable and innovative future
- Continue rate plan toward full cost recovery and maintaining recommended reserves
- New transmission planning
- Studies for hydrogen and carbon capture at MPP
- Increase in substation capacity
- Work force modernization
- Increased costs associated with SCPPA and other joint projects

Power Mix

FY 2001-2002



FY 2026-2027



Electric Income Statement

\$ in 000's	FY 24-25 Adopted Budget	FY 25-26 Proposed Budget	FY 26-27 Proposed Budget
Total Operating Revenues	\$264,079	\$258,630	\$295,655
Total Power Expenses	197,646	191,507	192,136
Gross Margin	66,433	67,123	103,519
Total Operating Expenses	72,626	83,459	88,939
Operating Income/ (Loss)	(\$6,193)	(\$16,336)	\$14,580
Other Income/ (Expense)	(6,273)	(4,545)	(4,927)
Net Income (before AIC)	(\$12,466)	(\$20,881)	\$9,653
Capital Contributions	9,681	56,286	7,050
Change in Net Assets	(\$2,785)	\$35,405	\$16,703

Electric Capital Improvements

Project (In \$000's)\$	FY 25-26 Proposed	FY 26-27 Proposed
Airport Substation	\$14,373	\$0
4kV to 12kV Conversions	8,000	8,000
Replacement of AMI	5,500	5,500
Citywide and Eco-campus Solar and Storage	5,000	2,000
Spare Transformers/Mobile Transformer Purchase	4,600	5,000
Underground Existing Overhead Electric Lines	3,596	0
Olive A3 Transformer Replacement	3,500	0
Replace Deteriorated Overhead Electrical Dist. Lines	3,000	3,000
Other Remaining Projects	22,695	16,097
Total Electric Fund CIP Projects	\$70,264	\$39,597

Electric Aid-in-Construction



Project (In \$000's)	FY 25-26 Proposed	FY 26-27 Proposed
Airport Substation – Sub-transmission and Distribution	\$49,093	\$0
Build Service to Large Project Over 1 MVA	5,000	5,000
Build New Customer Transformer Stations, 750 kVA & Under	1,600	1,800
BWP Campus Resiliency Upgrades	300	0
Provide Fiber Optic Services to Customers City Wide	250	250
Bus Differential Relay Upgrade (69kV)-TBD (AIC Share)	43	0
Total Electric Fund AIC Projects	\$56,286	\$7,050

Justification for Capital Projects

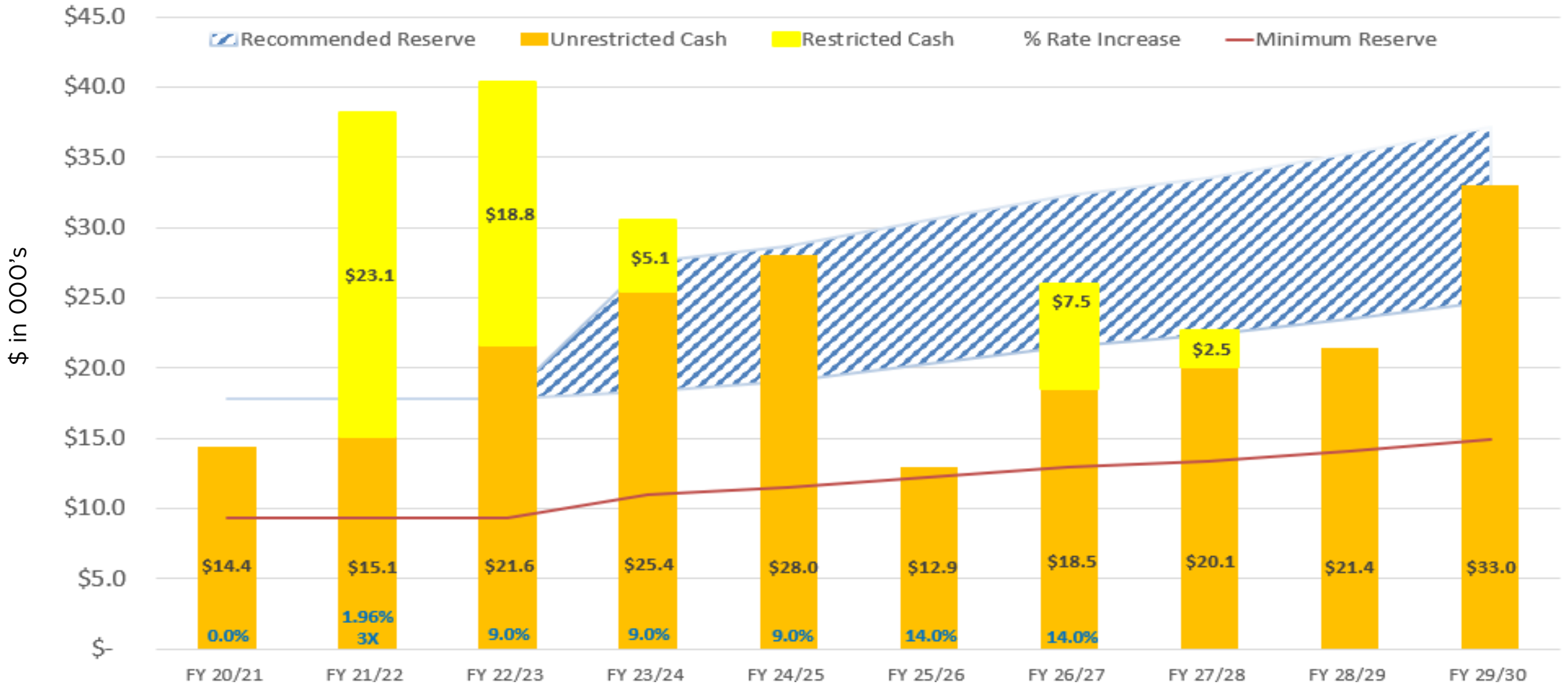


- We cannot delay projects due to state mandates, regulatory compliance, and reliability purposes.
- SB35 mandates (for additional housing) leads to additional electrical work across the city (new substations, energizing units, etc.)
- 4kV to 12kV conversion reduces our line losses and increases the amount of capacity we have available for the city.
- Supplies need to be purchased right away due to 3-4 year wait to get them. Budget authority is needed up front. The cost will only increase over time.



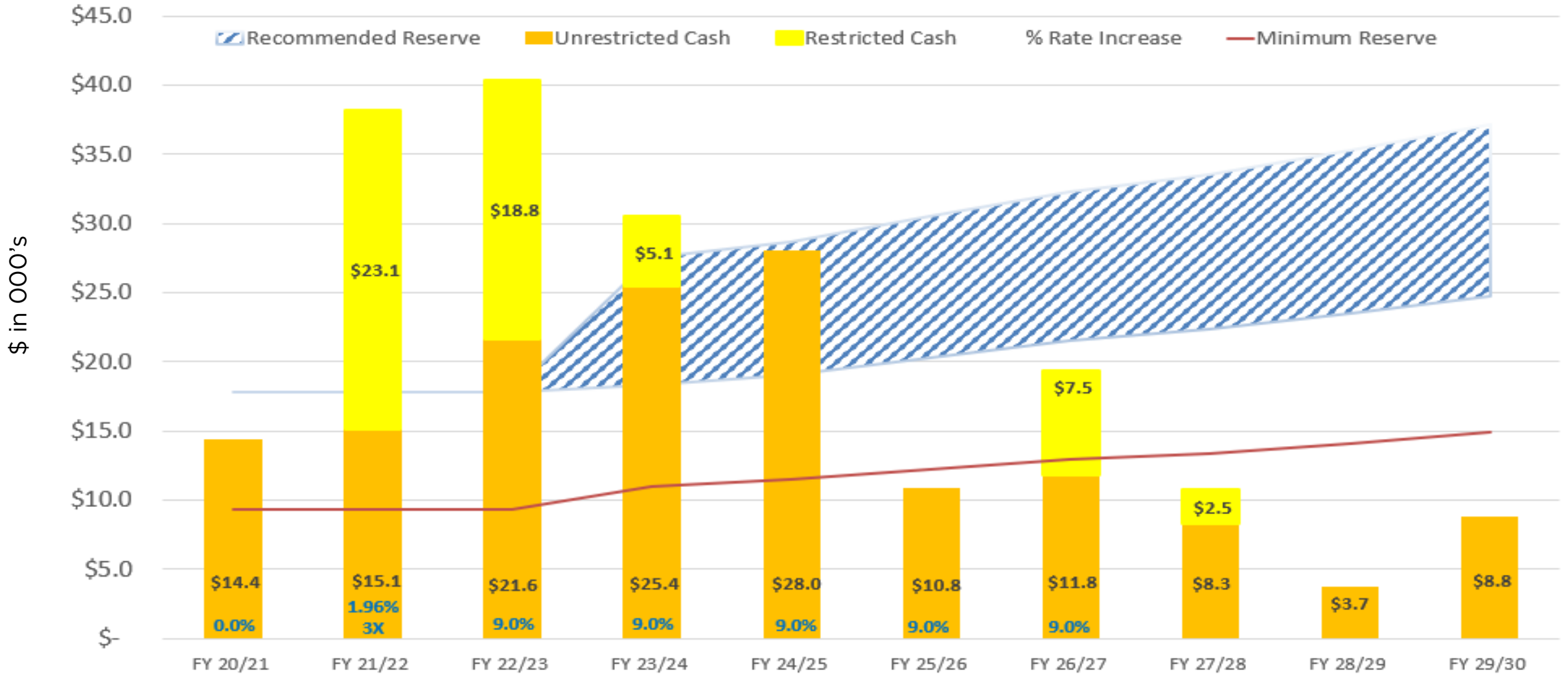
Water Fund

Water Cash Reserves



	FY 25-26	FY 26-27	FY 27-28	FY 28-29	FY 29-30
Reserve Shortfall	\$7,487	\$2,991	\$2,216	\$2,183	\$ --

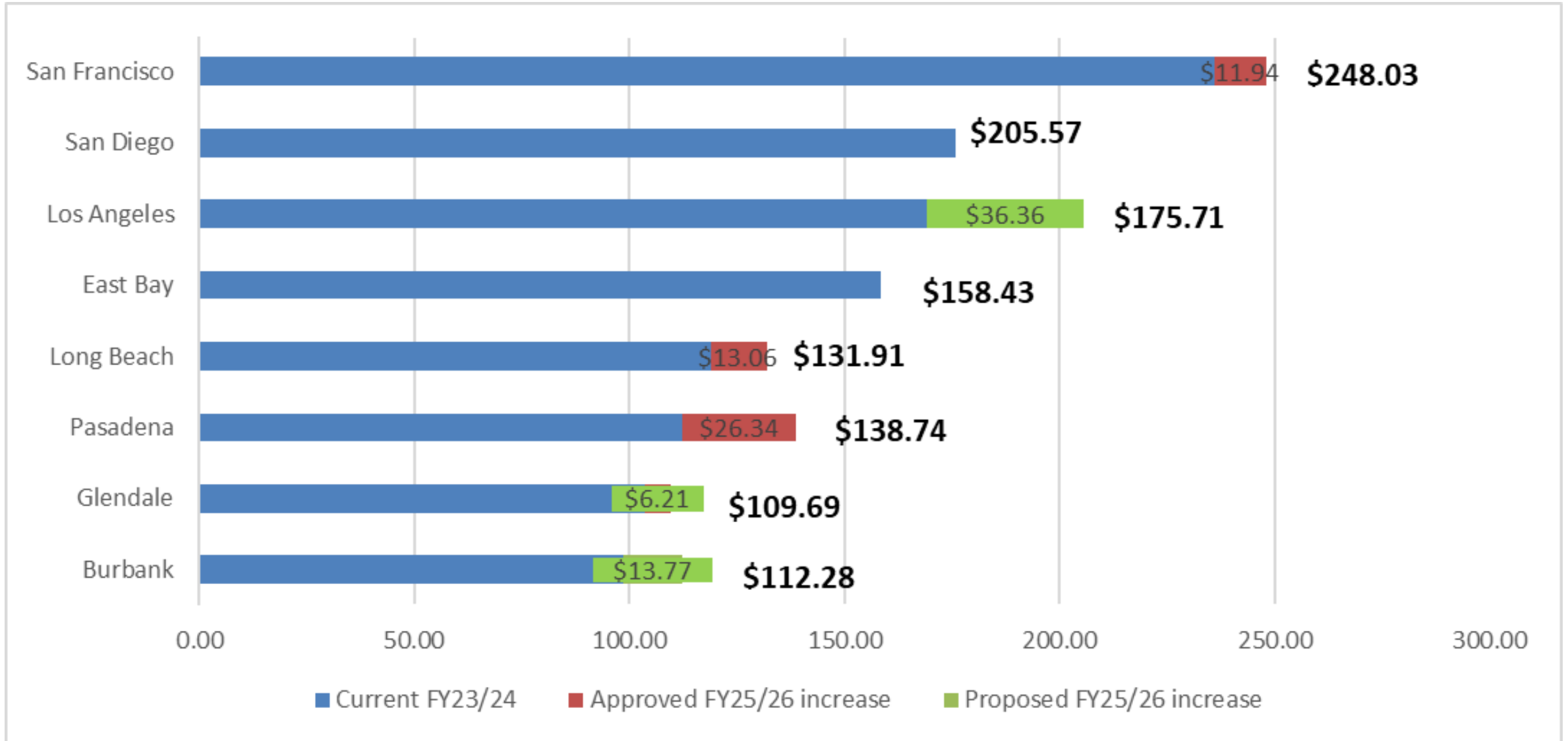
Water Cash Reserves



	FY 25-26	FY 26-27	FY 27-28	FY 28-29	FY 29-30
Reserve Shortfall	\$9,529	\$9,654	\$14,064	\$19,838	\$15,971

Residential Water Bill Comparison

Medium home: 12,000 gallons



Water Highlights and Assumptions for Years 1-2



- 14% average rate increases in January 2026 and 2027
- MWD annual overall rate increases of 8.5% on Jan. 1, 2025, and 2026 and a proposed 11% increase on Jan. 1, 2027, and 2028
- Possible bond issuance in year 2
- Reduction in demand for potable sales due to successful conservation efforts
- Increased capital costs to modernize infrastructure and adapt to climate change
- 6% system losses
- Matching funds for potential grants

Water Forecast Assumptions for Years 3-5



- Rate plan that balances affordability, reliability, and sustainability
- Maintain a sustainable workforce
- Higher water supply costs
- Higher water sales from development
- Continued emphasis on water conservation
- Investments in modernizing infrastructure through the use of cash reserves, grants, federal loans, and bond issuance
- Continue rate plan toward full cost recovery and maintaining recommended reserves

Water Income Statement

\$ in 000's	FY 24-25 Adopted Budget	FY 25-26 Proposed Budget	FY 26-27 Proposed Budget
Total Operating Revenues	\$44,633	\$45,131	\$54,814
WCAC Expense	15,485	16,395	17,586
Gross Margin	\$29,148	\$28,736	\$37,228
Total Operating Expenses	24,116	25,061	26,250
Operating Income/ (Loss)	\$5,032	\$3,675	\$10,978
Other Income/ (Expense)	(2,234)	(2,224)	(2,745)
Net Income (before AIC)	\$2,798	\$1,451	\$8,233
Capital Contributions	634	884	909
Change in Net Assets	\$3,431	\$2,335	\$9,141

Potable Capital Improvements

Project (In \$000's)	FY 25-26 Proposed	FY 26-27 Proposed
Reservoir #2 Replacement	\$0	\$23,805
Design-Build Pipeline Project	10,400	0
Upper Zones Disinfection Residual Improvement/Upper Zones CL2 Booster	5,038	0
Potable Small Water Mains	3,025	2,750
FEMA Seismic Pipeline Retrofit Grant	1,335	14,684
System Expansion AIC	884	909
Potable Large Water Mains	650	600
Other Remaining Projects	3,371	2,173
Total Potable Water Fund CIP Projects	\$24,703	\$44,921

Recycled Capital Improvements



Project (In \$000's)	FY 25-26 Proposed	FY 26-27 Proposed
Potable Reuse - Study/Program	\$1,100	\$0
RW Interior Tank Coating	0	144
PS 1 Rehabilitation	50	100
Meters - Recycled Water	41	42
Fiber Optic Communications	32	30
Water Supervisory Control and Data Acquisition (SCADA) Equipment Replacement	30	30
Other	57	58
Total Recycle Water Fund CIP Projects	\$1,310	\$405



Staffing Summary

BWP HEADCOUNT

	Current 24/25	Proposed 25/26	Proposed 26/27	Proposed 27/28+
Electric Fund	300	317	326	329
Water Fund	54	55	55	55
Communications Fund	6	6	6	6
BWP Headcount by FY	360	378	387	390
Headcount Increase by FY	1.70%	5.0%	2.4%	0.8%

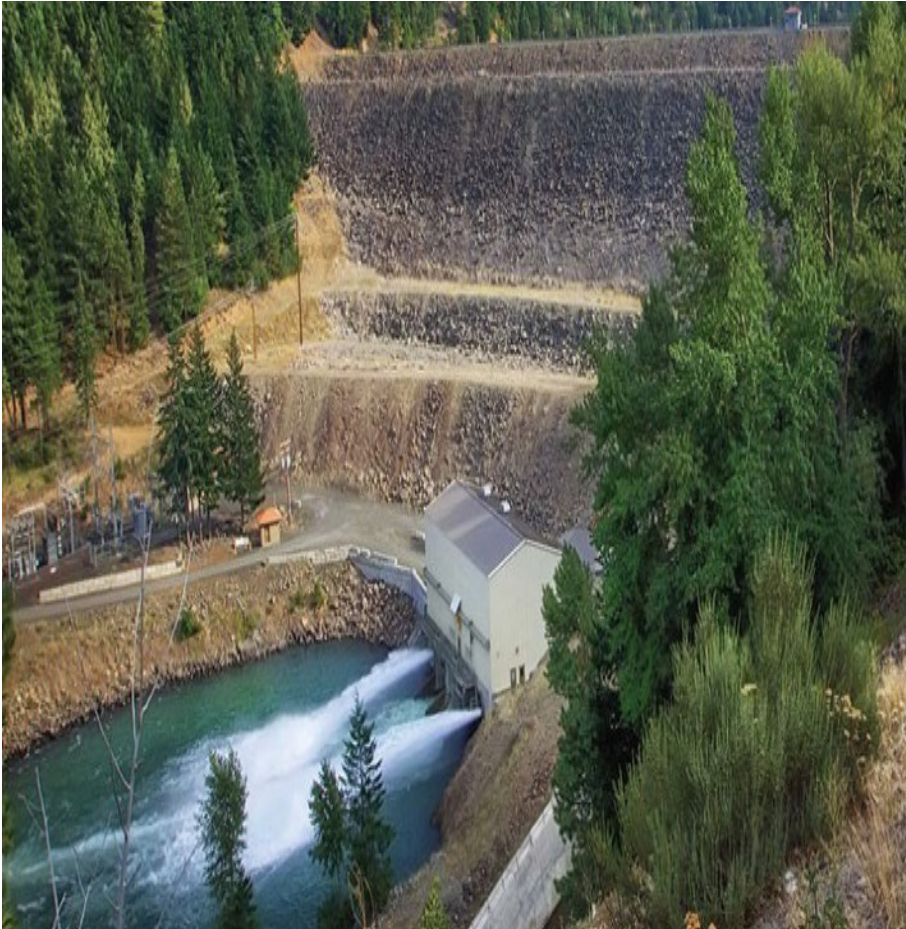
MPP Proposed Budget



(\$ in 000's)	FY 24/25 Adopted Budget	FY 25/26 Proposed Budget	FY 26/27 Proposed Budget
Description			
Est. Net Generation in MWh	1,320,480	1,524,593	1,084,820
Operating & Maintenance Expenses	\$29,447	\$29,888	\$31,963
Capital Expenditures	1,118	175	150
Operating Agent Budget (Fund 483)	\$30,565	\$30,063	\$32,113

MPP Joint Power Authority

Tieton Proposed Budget



(\$ in 000's) Description	FY 24/25 Adopted Budget	FY 25/26 Proposed Budget	FY 26/27 Proposed Budget
Est. Net Generation in MWh	47,704	45,471	45,471
Operating & Maintenance Expenses	\$1,860	\$2,058	\$2,135
Transmission Expenses	95	95	99
Capital Expenditures	52	53	56
Operating Agent Budget (Fund 133)	\$2,007	\$2,206	\$2,290

Tieton Joint Power
Authority

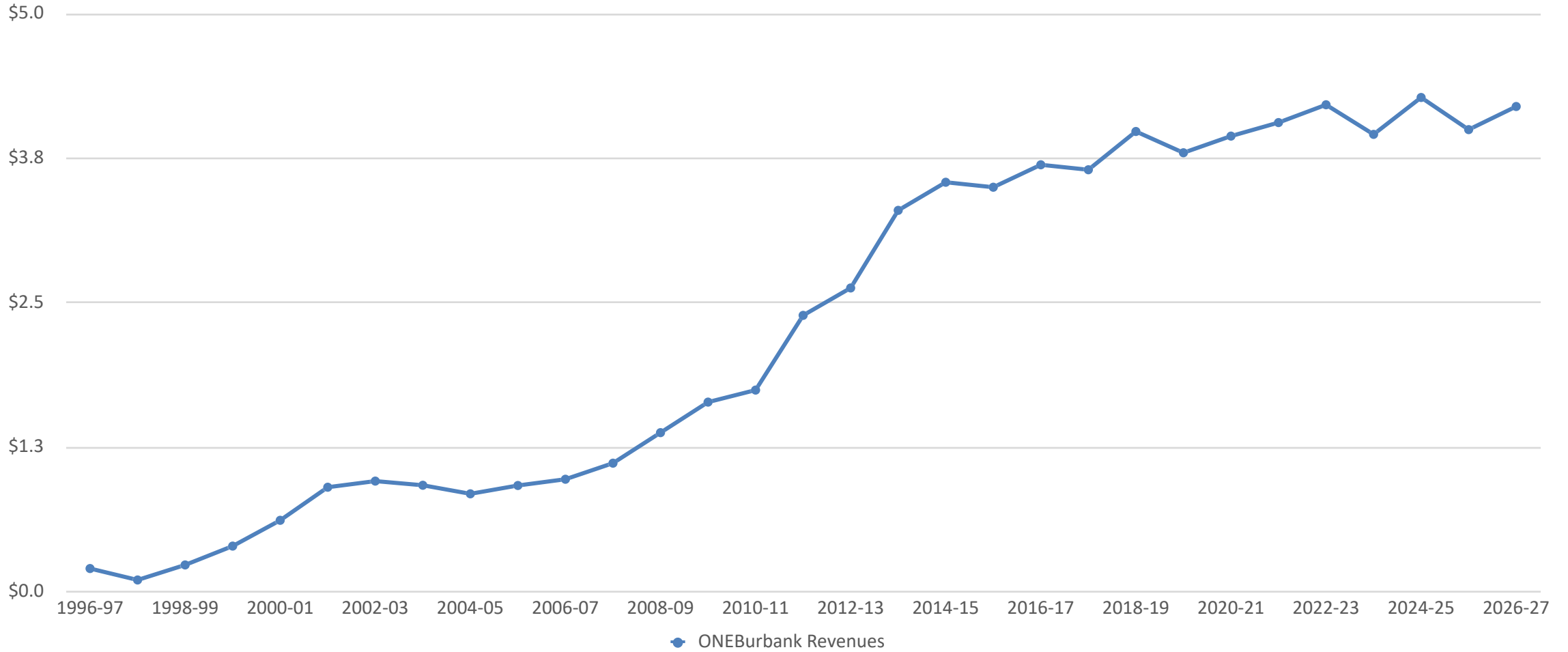
Street Lighting Proposed Budget



(\$ in 000's)	FY 24-25 Adopted Budget	FY 25-26 Proposed Budget	FY 26-27 Proposed Budget
Description			
Transfers	\$3,182	\$3,263	\$3,663
Operating Expenses			
Utilities	659	728	785
Street Lighting Maintenance	854	829	850
Other Operating Expenses	263	301	315
Total Operating Expenses	1,776	1,859	1,950
Net Income	\$1,406	\$1,405	\$1,713
Other Income			
Interest/Other Income and (Expenses)	72	100	100
Aid-in-Construction	1,560	430	431
Total Other Income	1,632	530	531
Net Change in Net Assets (Net Income)	\$3,038	\$1,935	\$2,244
Capital Expenditures	4,144	3,311	2,083
Cash Balance at June 30	\$642	\$1,210	\$1,371

ONEBurbank Revenues

\$ in millions

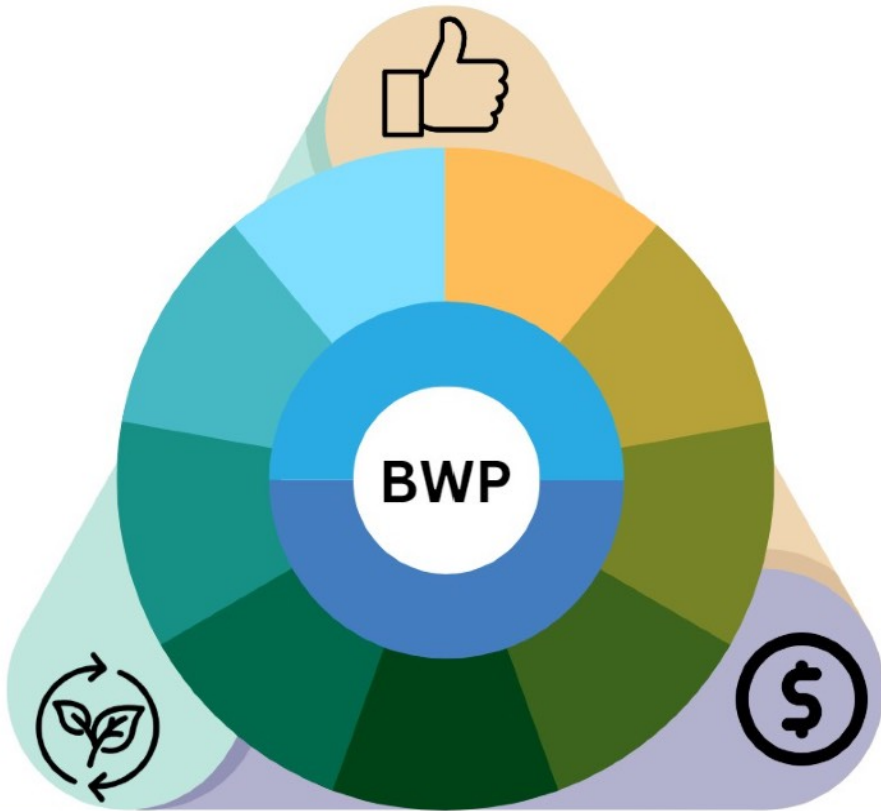


Communications Fund Proposed Budget



(\$ in 000's)	FY 24-25 Adopted Budget	FY 25-26 Proposed Budget	FY 26-27 Proposed Budget
Description			
Revenues			
Charges for Services	\$3,113	\$4,296	\$4,178
Total Operating Revenues	\$3,113	\$4,296	\$4,178
Operating Expenses			
Operations & Maintenance	3,197	3,605	3,556
Depreciation	825	670	622
Total Operating Expenses	4,022	4,275	4,178
Operating Income (Loss)	(\$909)	\$21	\$0
Interest & Other Income	117	120	124
Total Operating Income (Loss)	(\$793)	\$141	\$124
Extraordinary Expenses			
Pension Repayment	(42)	(21)	0
Net Change in Net Assets (Net Income)	(\$835)	\$120	\$124
Capital Expenditures	365	3,614	1,471
Ending Cash at June 30	\$4,126	\$1,283	\$464

BWP Budget Summary



- Extreme climate variability
- Increased focus on sustainability
- Balance affordability with prudent financial planning to reduce past revenue shortfalls
- Continue investments to maintain reliability
- Invest in our employees who continue to rise to the challenge
- Unfunded regulatory mandates

Recommendation

Staff is requesting that the BWP Board recommend approval of the utility's proposed FY 2025-26 and FY 2026-27 budget as presented at the March 6, 2025, BWP Board meeting to the Burbank City Council for the following funds: Electric (496), Water (497), MPP (483), Tieton Hydro (133), Street Lighting (129), and Communications (535).

QUESTIONS?

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