

STAFF REPORT



FINANCIAL SERVICES

DATE: June 4, 2024

TO: Justin Hess, City Manager

FROM: Jennifer Becker, Financial Services Director 
By: Leana Mkrtychyan, Deputy Financial Services Director

SUBJECT: Adoption of Resolutions Adopting the Fiscal Year 2024-25 Annual Budget, Citywide Fee Schedule, and Appropriations Limit

RECOMMENDATION:

1. Provide further direction as necessary regarding the budget follow-up requests.
2. Adopt A RESOLUTION OF THE COUNCIL OF THE CITY OF BURBANK ADOPTING THE BUDGET FOR THE FISCAL YEAR 2024-2025 AND MAKING APPROPRIATIONS FOR AMOUNTS BUDGETED.
3. Adopt A RESOLUTION OF THE COUNCIL OF THE CITY OF BURBANK DETERMINING AND ESTABLISHING THE CITY'S APPROPRIATIONS LIMIT FOR THE FISCAL YEAR 2024-2025.
4. Adopt A RESOLUTION OF THE HOUSING AUTHORITY OF THE CITY OF BURBANK ADOPTING THE BUDGET FOR THE FISCAL YEAR 2024-2025.
5. Adopt A RESOLUTION OF THE PARKING AUTHORITY OF THE CITY OF BURBANK ADOPTING THE BUDGET FOR THE FISCAL YEAR 2024-2025.
6. Adopt A RESOLUTION OF THE COUNCIL OF THE CITY OF BURBANK ADOPTING THE FISCAL YEAR 2024-2025 CITYWIDE FEE SCHEDULE.

BACKGROUND:

The Fiscal Year 2024-25 Proposed Budget documents were distributed on May 2, 2024, for the City Council’s review and made available to the public at the City Clerk’s Office, the Financial Services Department, the Burbank Library branches, and on the City’s website. Budget Review Council Meetings were held on May 7, and May 21, 2024, during which staff presented a detailed overview of the Proposed Citywide FY 2024-25 Budget and Fee Schedule, along with the General Fund Five-Year Financial Forecast and the Citywide Capital Improvement Program. The purpose of these budget presentations was to provide the City Council the opportunity to review each department and fund’s budget, ask questions, review new budget requests, and make modifications to the budget and fee schedule.

DISCUSSION:

FY 2024-25 Citywide Budget

The following chart provides a Citywide snapshot of the proposed resources and appropriations for FY 2024-25. The total appropriations for the FY 2024-25 Proposed Budget of \$869.5 million are roughly \$19.5 million more than the Adopted FY 2023-24 Budget, an increase of approximately 2.3%.

FUND/FUND GROUP	PROPOSED RESOURCES	PROPOSED APPROPRIATIONS *
General Fund	\$ 247,807,039	\$ 258,253,929
Special Revenue Funds (incl. Cap Projects Fund)	67,888,933	67,833,756
Internal Services Funds	80,903,987	91,263,960
Water Reclamation & Sewer	21,652,731	25,640,344
Water and Electric (BWP)	324,817,772	382,092,545
Refuse Collection and Disposal	22,826,130	26,626,862
Successor Agency	2,391,021	2,507,087
Housing Authority	12,842,154	14,421,027
Parking Authority	684,061	831,834
TOTAL ALL FUNDS	\$ 781,813,828	\$ 869,471,344

**Proposed Appropriations are funded by FY 2024-25 total citywide revenues as well as the use of available fund balances.*

Council Follow-up Items

During the City Council Meeting on May 21, 2024, the City Council reviewed 15 discussion paper and follow-up items related to the budget. At that time, the following items were approved by the City Council for incorporation into the proposed budget:

1. Interpretation Services for City Council Meetings- \$3,000 (Recurring)
2. Housing Enforcement Unit - \$650,000 (Recurring), \$100,000 (One-Time)
3. Addition of a Business Concierge Coordinator - \$147,138 (Recurring)
4. Cultural Affairs Supervisor Position- \$112,463 (Recurring)
5. Metro GO PASS program for BUSD students – \$40,410 (AQMD Fund, Recurring)
6. Leadership Burbank Funding Request - \$12,000 (One-Time)
7. Two-Year Community Event and Program Grant Pilot - \$100,000 (One-Time)
8. Burbank Pride, inc. Family Pride in the Park Event – up to \$15,000 (One-Time)

The City Council also requested additional information related to the following items to be reviewed at the Budget Public Hearing. These items are included in this report as Attachment 9.

1. Sustainable Burbank Commission Funding Request - \$15,000 (Recurring)
2. Expedited Survey and Public Outreach for a Potential Local Rent Cap in the City of Burbank - \$100,000 (One-Time)

General Fund Financial Status

Based on the forecasted FY 2024-25 revenue and proposed recurring appropriations, including the discussion papers approved by the City Council for incorporation into the budget on May 21, 2024, staff is projecting a recurring balance of approximately \$1.3 million in FY 2024-25 (see Attachment 6). Factoring in the anticipated ending balance from FY 2023-24, contributions to reserves, and proposed one-time appropriations, staff is expecting an available balance of \$5,841,620 in the General Fund at the end of FY 2024-25.

Infrastructure Investment Plan

Adhering to the City Council's adopted Infrastructure Maintenance, Repair, and Improvement Policy, the FY 2024-25 Proposed Budget continues to contribute half of the Measure P sales tax revenue to the Municipal Infrastructure Fund 534, in addition to the annual \$4.7 million General Fund maintenance of effort.

The FY 2024-25 Proposed Capital Improvement Program (CIP) continues the City's efforts towards addressing infrastructure needs, with just over \$33 million in proposed general city capital spending from 15 different funds and funding sources, alongside \$6.2 million in annual Fund 534 maintenance dollars. The proposed CIP projects were presented to the Infrastructure Oversight Board (IOB) for review at two public meetings

on February 22 and March 28, 2024, the second of which the IOB formally approved the capital plan for inclusion in the Proposed Budget. A summary of all new and continuing CIP projects for FY 2024-25 is included in Attachment 8.

Gann Initiative Appropriation Limit

The City is required by State law to establish an appropriation limit each fiscal year. Only those revenues received from proceeds of taxes are subject to this limit. This means that only certain revenues from funds such as the General Fund, the Gas Tax Fund, and various Transportation Funds are subject to the appropriation limit. All other funds that fall under the City Council's control (i.e., Enterprise Fund rates and General Fund user fees) are exempt from this limitation.

Utilizing the most current price and population data provided by the State of California, the City's FY 2024-25 appropriation limit is estimated to be \$267,350,291. The actual amount of the appropriations contained in the budget that is subject to the limit is \$186,183,933. The difference between the City's appropriation limit and the amount proposed to be appropriated that is subject to the limit is \$81,166,358. As a result, the City, in accordance with State law, is well below its appropriations limit.

Environmental Review

This activity includes the FY 2024-25 Proposed Budget and has no potential for resulting in either a direct or a reasonably foreseeable indirect physical change in the environment. As such, is not a "project" subject to the requirements of the California Environmental Quality Act (CEQA) 14 Cal. Code Regs § 15378.

CONCLUSION:

The adoption of the Budget sets forth the appropriations for the new fiscal year. For FY 2024-25, total General Fund appropriations of \$258 million have been balanced against projected revenues and the use of fund balance. If adopted as is, the overall General Fund budget will be balanced as required by the City Charter. However, it should be noted that the \$1.3 million projected recurring balance for FY 2024-25 is forecasted to turn into a deficit by year three of the five-year forecast as future projected expenses outpace projected revenues (see Attachment 7).

Burbank is heading into FY 2024-25 with a proposed budget that reflects the City Council's goals and priorities but still adheres to the City's values of fiscal responsibility. The City Council has consistently pursued sound fiscal policies and strategies like strengthening revenues, paying down pension liabilities, building up reserves, and utilizing one-time funds to make strategic investments to reduce future recurring expenses. In addition to the projected FY 2024-25 year-end General Fund Balance of \$5.8 million, Burbank's formal reserves total approximately \$54.4 million. These funds will

allow Burbank to weather any potential unexpected events or fluctuations in the economy over the next several years. Staff will continue to monitor any economic conditions or legislative actions that may impact the City's financial position and provide regular updates to the City Council.

ATTACHMENTS:

Attachment 1: A RESOLUTION OF THE COUNCIL OF THE CITY OF BURBANK ADOPTING THE BUDGET FOR THE FISCAL YEAR 2024-2025, AND MAKING APPROPRIATIONS FOR AMOUNTS BUDGETED.

Attachment 2: A RESOLUTION OF THE COUNCIL OF THE CITY OF BURBANK DETERMINING AND ESTABLISHING THE CITY'S APPROPRIATIONS LIMIT FOR THE FISCAL YEAR 2024-2025.

Attachment 3: A RESOLUTION OF THE HOUSING AUTHORITY OF THE CITY OF BURBANK ADOPTING THE BUDGET FOR THE FISCAL YEAR 2024-2025.

Attachment 4: A RESOLUTION OF THE PARKING AUTHORITY OF THE CITY OF BURBANK ADOPTING THE BUDGET FOR THE FISCAL YEAR 2024-2025.

Attachment 5: A RESOLUTION OF THE COUNCIL OF THE CITY OF BURBANK ADOPTING THE FY 2024-2025 CITYWIDE FEE SCHEDULE.

Attachment 6: General Fund Projected Spendable Fund Balance FY 2024-25

Attachment 7: General Fund Financial Forecast FY 2024-25 through FY 2028-29

Attachment 8: Summary of CIP Projects by Category FY 2024-25

Attachment 9: Discussion Paper Follow-up Items

Correspondences