CITY OF BURBANK

WATER AND POWER

# BEYOND THE NOW

2020/2021

## ANNUAL REPORT

Despite facing a year unlike any other in the history of Burbank, BWP remains financially strong and ended the year with a solid financial footing in electric and water.


**BWP has been providing reliable, affordable, and sustainable services to Burbank for over *100 years.***



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## MESSAGE FROM THE GENERAL MANAGER
*Dawn Roth Lindell*

**This year brought many challenges and changes to Burbank Water and Power (BWP). While we are used to dealing with droughts, storms and changing economic conditions, dealing with a global pandemic brought an entirely new dimension. As a result, we have faced falling revenues, difficulty in obtaining needed materials, and continuously shifting protocols as information on COVID-19 developed.**

Fortunately, the BWP team stood up to the challenge and brought their strong passion for problem solving to ensure Burbank residents and businesses continue to receive high-quality, reliable water, electric and fiber services.

BWP is responding to the climate crisis by exploring ways to create lasting transformations that make our energy and water infrastructure more reliable and sustainable moving forward. We are committed to positioning BWP to handle the industry's changing dynamics and continue to lead in creating a carbon-neutral future.

***We define our higher purpose as powering the flow of life, today and tomorrow.*** This frames for us the critical role that BWP plays in the lives of every person who lives, works and plays in Burbank.

Everything we do enables Burbank's residents and businesses to do everything they do. This builds upon our mission to safely provide reliable, affordable, and sustainable utility services for our community. And as always, we continue our strong, caring customer connection with our community that only a city-owned, not-for-profit utility like BWP can provide.



**This past year, we refined values and established core behaviors that we want everyone at BWP to exhibit. Here are a few accomplishments in each of our five value areas:**

### 1 | FIND A WAY
Drive to get it done

BWP completed the second major overhaul of our Magnolia Power Plant to continue providing reliable power. This project was completed on budget and with zero injuries in this 40,000-labor hour effort. A first-of-its-kind enhancement was also implemented which enables the plant to change output twice as fast and run at lower minimum output so we can utilize more renewable energy and still provide reliable power to meet Burbank's needs. This enhanced flexibility will provide an operational cost savings of $1 million per year.

We completed life-cycle replacement of radio infrastructure to enable capability for regional interoperability for police, fire and emergency response.

The water team achieved compliance with the "America's Water Infrastructure Act" before the mandated deadline. The certified water system resiliency assessment identified risks and developed prioritized mitigation measures for capital improvement. While there will always be the need for continued improvements to our water systems, this was a major accomplishment.

## 2 | CONTINUOUSLY IMPROVE
Be curious, learn, improve, repeat

BWP received the American Public Power Association's (APPA) Reliable Public Power Provider (RP3) Diamond Level status – the highest achievable rank awarded to only 6% of the nation's 2000 APPA utilities! The RP3 program recognizes utilities that demonstrate high proficiency in reliability, safety, workplace development, and system improvements.

Our marketing team launched Digital Currents – a monthly email newsletter for Burbank residents. The newsletter is emailed to approximately 27,000 residents and has an average open rate of 55% – double the industry standard for government agencies. You can read the Currents newsletter ***Currents.BurbankWaterandPower.com***

## 3 | INCLUDE OTHERS
Care, connect, collaborate, and create with intent

Our safety team implemented a web and mobile application, "EHS Insights," to enable employees to report safety incidents and work improvement observations. This application has helped BWP employees identify over 150 specific action items to prevent potential future incidents before they occur.

BWP launched the COVID-19 Job Loss Bill Credit Program in November 2020 which provided $200 in assistance for multifamily residents and $300 for single-family residents experiencing unemployment due to the pandemic. The program provided over $700,000 in assistance to our community.



## 4 | BE RESPECTFUL
Safeguard one another, our community and the environment

Transportation accounts for 43% of greenhouse gases in Burbank, so BWP actively supports transportation electrification in order to mitigate these impacts. BWP launched the BWP Online EV Buyers Guide in January 2021, which makes it easier to get personalized recommendations on electric vehicles, charging stations, and EV vehicle purchase incentives and rebates.

BWP installed 26 EV charging ports to meet three key community needs: workplace charging, public charging for visitors to Downtown Burbank, and residents living within walking distance to daily activities.

Almost one billion gallons of recycled water were delivered to customers for irrigation and industrial use. Using recycled water, instead of potable water, reduces our carbon footprint, helps reduce Burbank's overall water consumption during drought conditions, and benefits the state's river ecosystems.

## 5 | DELIVER THE FUTURE
Innovate with insight and purpose

Our high-speed internet team increased ONEBurbank fiber services to 10% more customers in spite of COVID-related business shutdowns in our core market.

BWP will execute a grant agreement with the U.S Bureau of Reclamation for a Drought Contingency Plan in the amount of $175,000. These funds will allow BWP's water team to expand plans for responding to future drought conditions and create actionable conservation measures.

Our water team is using ultrasonic, nondestructive condition assessments combined with satellite imagery to determine risk of failure for our pipelines and prioritize our investment in asset management.



**BWP is committed to maintaining its hallmark of fiscal responsibility as we move forward together. We want to continue delivering reliable, affordable, and sustainable service today and also for future generations. We are thankful for our customers' support and confidence in us.**

We know significant challenges remain as the growing threat of climate change impacts our world. Here at home, continued investments in our aging infrastructure are needed to move us toward a more sustainable energy and water future.

BWP will continue evolving to address Burbank's energy and water needs, investing in our system, protecting the quality service our customers enjoy, and ensuring a sustainable, reliable future.

Dawn Roth Lindell
**GENERAL MANAGER**

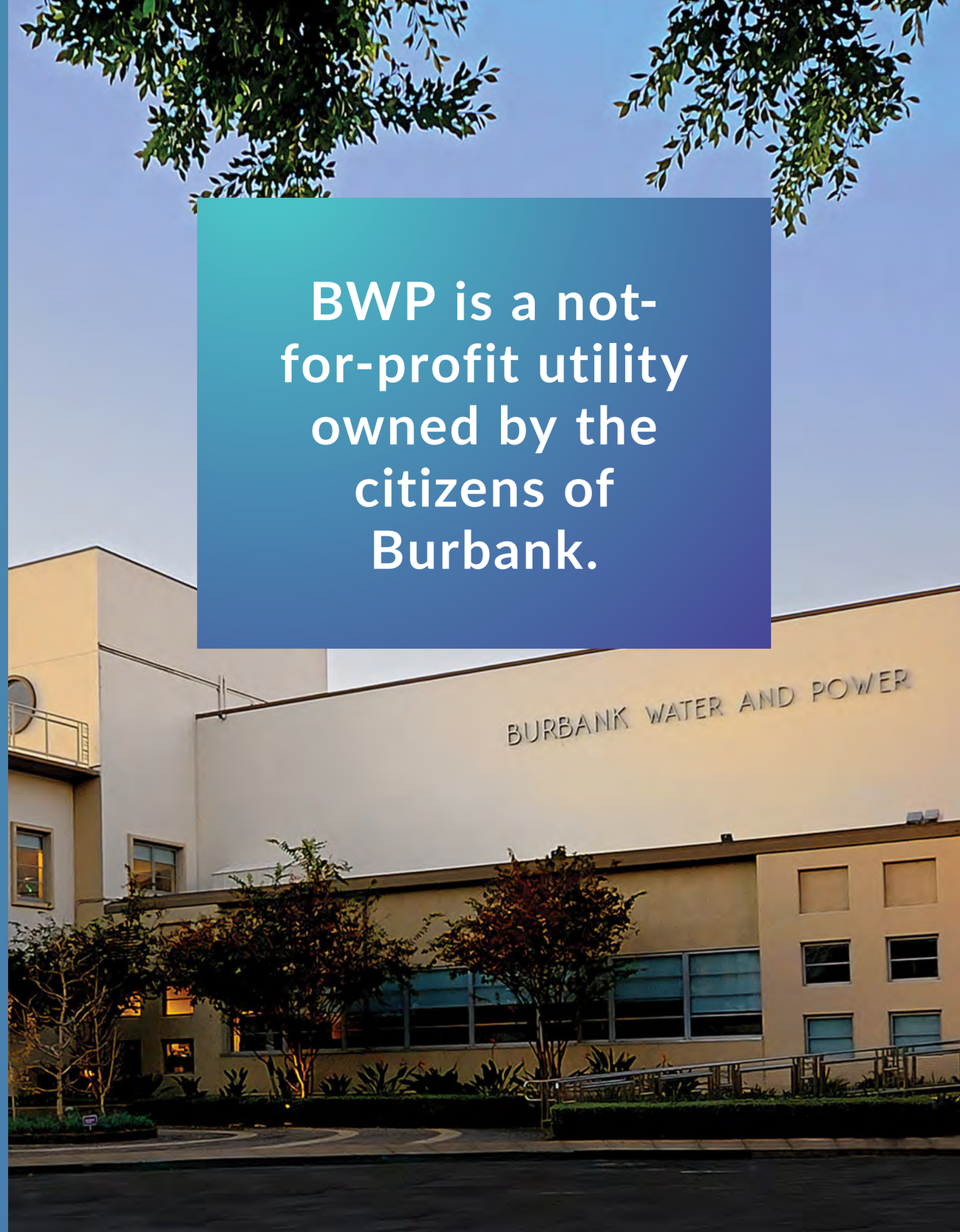
## BWP REMAINS FINANCIALLY STRONG

Despite facing a year unlike any other in the history of Burbank, I am happy to report that BWP remains financially strong. We ended the year with solid financial footing in electric and water. Standard & Poor's has affirmed the 'AA-' rating for the electric fund and Fitch Ratings affirmed the 'AAA' rating for the water fund. Our risk management process led us to a strongly hedged position in gas, enabling us to continue to deliver low cost, highly reliable power. Given that commercial customers account for approximately 75% of sales, the business closures and reduced activity brought on by COVID-19 had a tremendous negative impact on energy sales. We used our asset optimization strategy during persistent, record-breaking heatwaves to end the fiscal year with positive electric net income. Commercial customers account for only 25% of total water sales. The decrease in commercial sales was offset by an increase in residential demand driven by both the stay-at-home order and weather, resulting in positive net income for the water fund.

# WHO WE ARE

*Prioritizing Fiscal Responsibility*

**BWP is a not-for-profit utility owned by the citizens of Burbank.**



# *Who We Are*


**For more than 100 years, Burbank Water and Power (BWP) has been providing reliable, affordable and sustainable services to residents throughout the City of Burbank. Throughout our history, BWP has been there for its customers, keeping rates low while maintaining a high level of service through fiscal responsibility and efficient management. BWP's offices are located in the community and we are readily available to customers—in person, over the phone and online.**

BWP serves ***23,000 water & 55,000 electric customers.*** BWP provides ***award-winning*** utility services to over 100,000 residents.

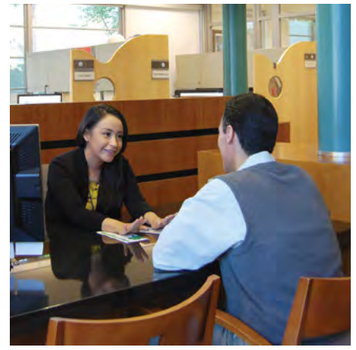
BWP is a not-for-profit utility owned by the citizens of Burbank. BWP is operated in the public interest, for the benefit of the residents and businesses of Burbank. As a community-owned utility, BWP does not operate for the financial benefit of stockholders who may live hundreds of miles away and have little interest in our community.

BWP serves 23,000 water customers and 55,000 electric customers. All told, within the City's 17 square miles, BWP provides award-winning utility services to over 100,000 residents, and tens of thousands of visitors during business hours in a typical work week. This work provides jobs to 313 people – pipefitters, engineers, line mechanics, technicians, and more – many of whom were born, raised in and/or currently live in Burbank.



**Nearly 50% of BWP employees have been with the utility for over 10 years.**

Out of 313 employees, ***30% have worked here for less than 5 years,*** 21% have worked here for 5-10 years, ***31% have worked here between 10-20*** years and 12% have worked here more than 20 years. 5% have worked here for more than 30 years and 1 employee has worked here for more than 40 years.



WHO WE ARE

# *Prioritizing Fiscal Responsibility*

**As a community-owned utility, BWP returns value to its customers, rather than investors, in two ways: by providing its services using increasingly sustainable, reliable, and safe methods - and by offering the lowest water and power rates in the region.**

BWP's Water Fund has a AAA - the highest rating that a major credit rating agency can assign to an organization. BWP is driven by responsible fiscal stewardship – as the utility tackles critical issues like handling California's drought and government-mandated shifts to renewable energy, BWP always approaches residents and businesses' costs as a priority.

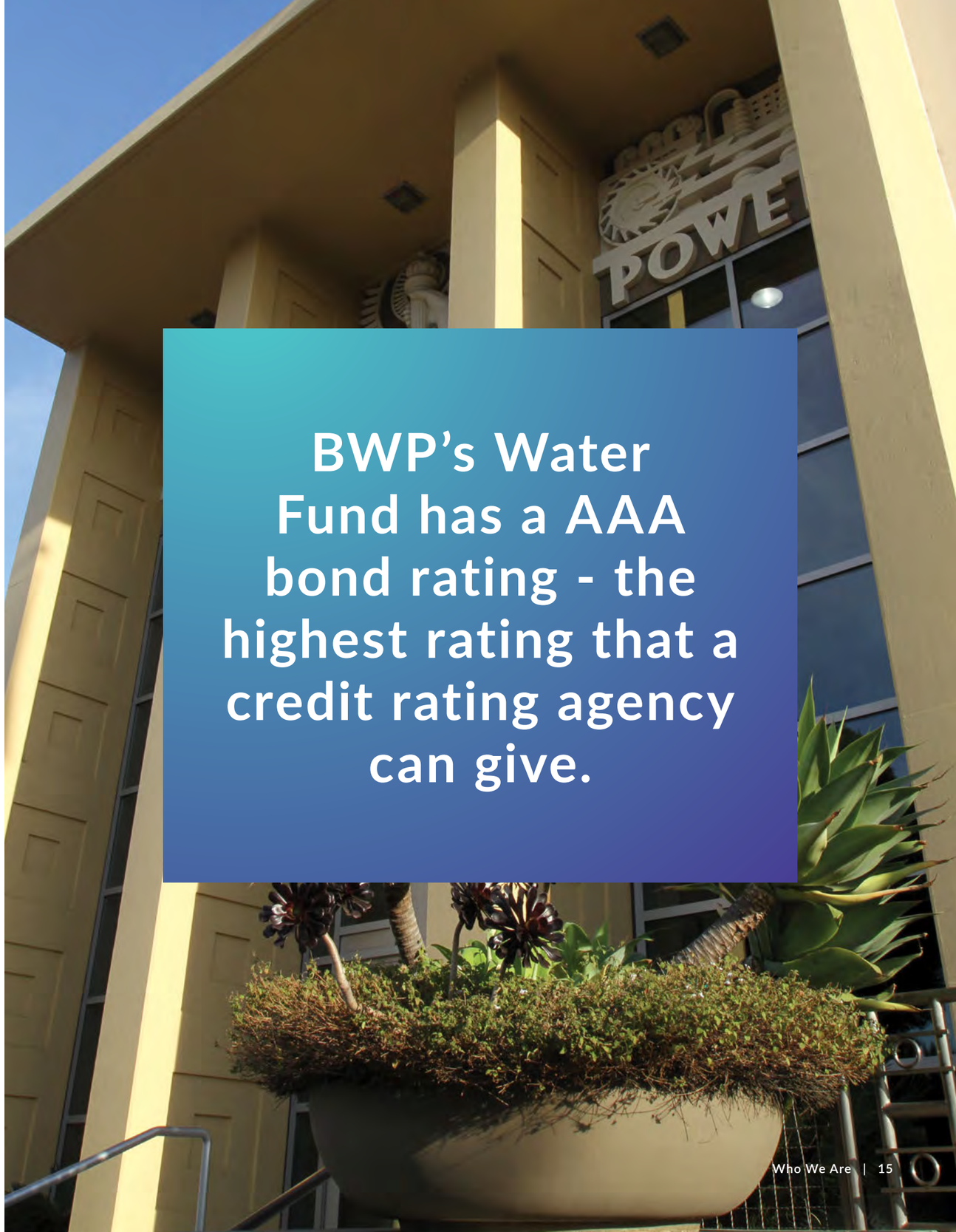
Burbank's City Council determines how BWP's services are provided, including setting rates and approving services. The council members are residents of Burbank who are familiar with BWP's operations and services. BWP encourages community engagement via our monthly BWP Board Meetings as well as guidance and perspectives through the Sustainable Burbank Commission and City Council meetings. Meeting our challenges ahead will take collaboration and innovation from a wide array of individuals and groups committed to making a difference.

BWP's responsible fiscal stewardship allows it to pursue essential projects that will protect the integrity of BWP's utility services for years to come. These projects are detailed in the following sections.

"I'm passionate about helping people and strive to positively impact our environment. I'm doing that at BWP. ***Every day we work to create a more sustainable future for the community we serve.*** Through legislation and policy, we can ensure that future generations can live and thrive in a healthier environment with reliable power and clean water, improving the quality of life today and for years to come.

**TIFFANY TITUS**
*Legislative Analyst | 5.5 years*






**BWP's Water Fund has a AAA bond rating - the highest rating that a credit rating agency can give.**

# NUMBERS AT A GLANCE

Maintaining public utilities for a city like Burbank requires a lot of work and a lot of facilities behind-the-scenes. That level of infrastructure means big effort and big numbers. Here are just a few facts and figures to illustrate exactly how much we do to keep our city running.

**EVERY YEAR, BWP REPLACES**

**250+**
*new utility poles*

**85,000+**
*feet of cable and wiring*

**120+**
*transformers*

**BWP HAS INSTALLED**

**73** *total EV charging ports across 17 sites*

**26** *public EV charging ports this fiscal year*

**THERE ARE**

**150** *ONEBurbank fiber internet customers, including major studios*

**130** *miles of fiber connected across Burbank*

**OVER**

**25,000**
*water quality tests are conducted annually, or about 68 tests a day*

**160**
*different chemicals and contaminants that Burbank's water is tested for*

**75.72%**
*of total street light luminaries have been converted to LEDs*

**BWP MAINTAINS**

**276** *miles of water pipes*

**14** *steel storage tanks*

**8** *concrete reservoirs*

**55** *million gallons total capacity for potable water storage*

**OUR COMMUNITY HAS**

**30,099**
*customers registered for an online account*

**24,571**
*customers enrolled in paperless billing*

# WATER

*Challenges*

*Infrastructure Maintenance & Improvements*

*Ongoing Solutions*

*Infrastructure*

**We are prepared to meet today's water challenges.**

WATER
# *Introduction*

**Getting safe, reliable drinking water to your home is a lot more complex than you may realize. Every time you turn on your tap, you're using water that's gone through a distant journey to get to your faucet. One hundred percent of Burbank's water is imported from as far as 400 miles away, pumped through extensive infrastructure that requires regular maintenance and forward-thinking improvements – all while meeting local, state, and federal regulatory drinking water standards. When needed, Burbank residents have answered the call to conserve this precious resource. This includes reducing our overall water usage to meet the required 157 gallons per capita per day (GPCD) mandated by Senate Bill No. 7.**

Burbank Water and Power's (BWP) team works tirelessly to ensure that clean and high-quality water flows reliably into Burbank's homes and businesses. This year, the water department is addressing extraordinary challenges – adapting to extreme drought and climate change, all the while responding to the COVID-19 pandemic by assisting residents and businesses and adapting its operations to keep workers safe while continuing to treat and distribute water and maintain its infrastructure. Throughout the COVID-19 crisis, BWP has continued to reliably provide both high quality drinking water, and recycled water.

BWP sees two particular challenges as our primary hurdles to clear over the coming years: dealing with the drought and improving our City's water infrastructure.

**100% of Burbank's water is imported from as far as 400 miles away, treated to meet high drinking water standards, and pumped through extensive infrastructure.**



WATER
# *Challenges*


**More severe and frequent droughts are the biggest threat to California's water supply that the state has ever seen. As climate change continues affecting our environment and water becomes more scarce, we need to make transformative changes to the ways we source and use water. Change on this scale needs to be a joint process among our entire community. BWP and its customers need to work together to adapt to our new reality.**

*Learn more about what BWP is doing to improve infrastructure on page 22.*

***BWP's team is working hard to improve our water infrastructure to make our system more sustainable, reliable, and cost-effective in the long-term.*** We're continuously identifying new ways to make it easier for customers to reduce their water consumption.

BWP offers more personalized services thanks to its status as a not-for-profit, city-owned utility – including the ***Home Improvement Program and our residential rebate program.*** More information on BWP's efforts to improve our infrastructure can be found in the next section.

The DROUGHT is here TODAY

CONSERVE for TOMORROW

ONE STATE
ONE CITY
ONE WATER

To learn more about the drought and how BWP can reduce your bills through rebates and conservation tips, visit ***BurbankWaterAndPower.com/Conserve-for-Tomorrow***.

The rolling ***12 month*** average water use is ***142 gpcd****

*gallons per capita per day

WATER

# *Infrastructure Maintenance & Improvements*

## MAINTENANCE

**BWP needs to perform core maintenance on our infrastructure to protect our water supply and to continue delivering the reliability our customers depend on and expect from BWP.**

**Examples of this maintenance include:**

- Replacing BWP's older pipes, to ensure our water is pumped safely and cleanly with no wasteful leaks
- Repairing BWP's Reservoir No. 2 to ensure it complies with today's regulations
- Replacing older pumping equipment, some of which dates back to the 1940's

> "Burbank can store 55 million gallons of water amongst 22 storage facilities. It's a lot to maintain, but ***everyone who works here cares deeply about the community*** and the work that we do because we want our residents and businesses to have access to clean and safe drinking water.
>
> **ASIF SHEIKH**
> *Principal Civil Engineer | 10.5 years*

## IMPROVEMENTS

Climate change is outpacing our ability to solve problems using old techniques. In the long-term, we'll need innovative, technologically advanced water infrastructure for our utility to offer quality water service to our residents.

Examples of these improvements include increasing our capacity to use recycled water – which is more sustainable and increases our water system's reliability – improving our water treatment plant, implementing advanced metering infrastructure, and more.



WATER

# *Ongoing Solutions*

## BWP is responding to climate change by exploring ways to create transformative, lasting change that will improve our water infrastructure in the long term.

While these issues must be addressed, BWP is prepared to meet the challenge. Here's what we've done this year to improve your water experience, and what we're doing to continue making it even better:

BWP has always worked to provide Burbank with quality service at a good value. Like many other utilities, BWP is facing rising challenges – necessary infrastructure improvements, the effects of climate change, unprecedented variability in precipitation, and more – which means, for the first time in years, BWP had to increase water rates for our residential and commercial customers.

In recognition of the challenges many of our customers are facing because of the COVID-19 pandemic and economic hardships, BWP chose to implement these increases in three phases throughout fiscal year 2021-22.

For our water services, an average Burbank apartment or condominium resident will pay approximately an additional $2.47 per month, while an average Burbank single family home will see an increase of approximately $4.08 per month once the rate increase is fully implemented in April 2022. Adapting to climate change, and addressing our infrastructure needs, requires that our rates reflect the increasing costs of providing water.

We understand that there are tremendous economic constraints for many in our community that have been exacerbated by the pandemic. BWP continues to support our community through several assistance programs, including the ***Lifeline Program*** for income-qualified seniors older than 62 or income-qualified individuals who are permanently disabled, as well as the ***Project Share program*** which provides up to $100 in bill assistance.

**Electric**
2.5% increase over the next year, split into two phases

**Water**
6% increase over the next year, split into three phases

WATER | INFRASTRUCTURE

# *Short Term*

## PIPES:

**30 miles of water pipeline in the City are 90-year-old cast iron pipes which only get more brittle with age.** Many of these pipes were installed when Burbank first developed as a city and they're now deteriorating. These pipes need to be replaced, and BWP is hard at work replacing approximately one mile of pipe per year. At that rate, we will experience a wave of aging pipe with the amount of 90-year-old pipes doubling to 60 miles in 10 years creating scenarios for water main breaks and service interruptions. Due to the pandemic, BWP replaced about half a mile of pipeline in FY 20/21. Several miles of pipeline still needs to be replaced, and we're using technology to help us prioritize pipeline replacement throughout the city.

## PUMPS:

Burbank's Valley Pumping Plant uses pumps that were installed in the 1940s. BWP gave life to these pumps through several rehabilitations, but after 75 years, these machines must be replaced before they fail or cause damage to other systems.

## RESERVOIRS:

Built in 1932, Reservoir No. 2 is one of our oldest reservoirs, and the only one constructed with wood members. Its design has outlasted the codes that govern it, and the reservoir is no longer compliant with today's seismic regulations or American Water Works codes. Planning for its replacement is underway.

***1,869 fire hydrants*** for emergencies

**In addition to these projects, BWP is also constantly at work providing other core maintenance services. Here's just a few highlights of what BWP did in FY 20/21:**

- Serviced 2,633 valves as part of our valve turning program
- Performed water main condition assessment on 10,000 feet of cast iron pipelines using advanced acoustic velocity signal processing technology.
- Conducted 893 residential and commercial plan reviews
- Replaced 942 water meters
- Cleaned and inspected 10 water storage facilities
- Installed 55 new potable water services for AIC (aid-in-construction) projects
- Upgraded 30 fire hydrants
- Installed 23 new fire services for AIC (aid-in-construction) projects



WATER | INFRASTRUCTURE

# *Long Term Improvements*

**Climate change is a serious problem. We need to act now to combat it. The increasingly severe, frequent, and long droughts California's been experiencing pose serious challenges to our community that require adaptations to climate change.**


Pivoting towards localized water sources has the benefit of being both more climate-change-resistant and more reliable. The more we're able to take advantage of the water in our immediate vicinity, the more control we'll have over our water supply chain; further ensuring our ability to deliver cost-efficient, eco-friendly water on a consistent basis.

At BWP, we're not just looking into how to improve our infrastructure in the long term – we're also doing extensive research into a variety of options to pay for it. We've worked with the Burbank City Council to secure bond financing to fund critical infrastructure investments and are making made a concerted effort to apply for grants to lessen the financial burden on the City's residents and businesses as much as possible.

## RECYCLED WATER AND GROUND WATER

All of Burbank's potable water is imported from outside sources like the Colorado River Aqueduct and the State Water Project. Potable water is drinkable, and this high-quality water is used for everything from filling your drinking glass to washing your car. Every drop of water we can save locally is a drop of water we don't have to import. Finding more uses for locally sourced, non-potable water - like groundwater and recycled water – is key to the long-term improvement of BWP's sustainability, reliability, and cost-efficiency.

Recycled water is created every time "excess" water is returned to the water system. Every time you flush your toilet, take a shower, or use your sink, the water that flows down the drain travels through Burbank's sanitary sewers to a water treatment plant, where it's treated until its quality is high enough to be re-purposed for other uses. Recycled water is non-drinkable - also known as non-potable - and it's re-distributed for uses outside of homes and businesses, like watering our local public parks, schoolyards, landscaping, firefighting, industrial processes, and street cleaning.



5 billion gallons of potable water used annually; ***1 billion gallons of recycled*** water used annually

BWP is exploring a variety of ways to make better use of recycled water, ***so we can use every drop of our water*** to its fullest potential.

Burbank Water and Power has the ability to create a strong supply of recycled water for the City. But the supply of recycled water outweighs the demand – since recycled water does not meet the same clean water standards as drinkable, potable water, there aren't as many uses for it. Currently, Burbank can only use roughly 50% of the recycled water that BWP produces, with the remainder either sold to LADWP or diverted into the Los Angeles River. If we can create more uses for it in Burbank and take better advantage of recycled water, our City will rely less on imported water and help conserve a precious resource.

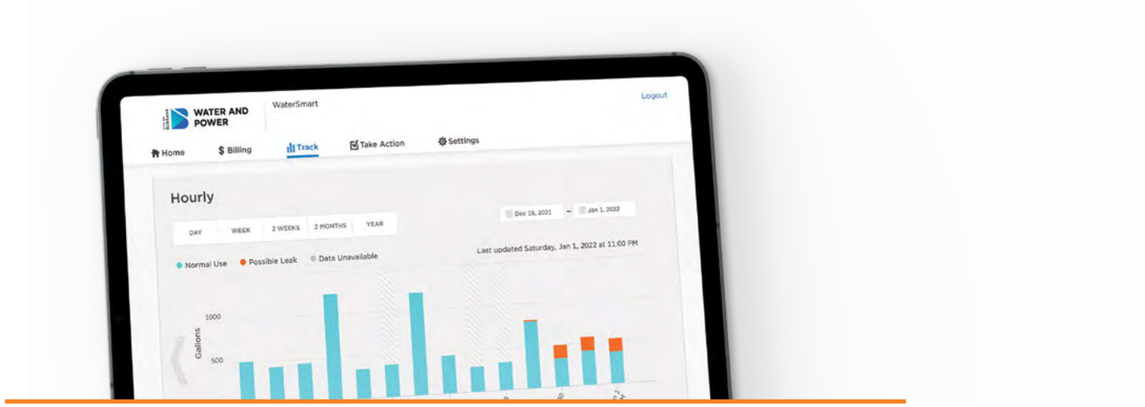
Burbank Water and Power is exploring a variety of ways to make better use of recycled water, including expanding BWP's water distribution system to give more areas access to recycled water – because recycled water is not drinkable, it requires its own set of pipelines and cannot be distributed through the same pipes as drinking water.

BWP is also examining the potential use of advanced water treatment to give our City indirect and direct potable reuse capabilities to reduce potable water consumption.

With these advancements, Burbank can be more self-sufficient – using every drop of imported water to its fullest potential, making our water more cost-efficient through local sourcing, and giving Burbank more control over its own water supply chain.

Watch The Story of Water in Burbank
*Vimeo.com/624959820*






# TAKE CONTROL OF YOUR WATER USAGE

**The more knowledge BWP customers have of their water usage, the impacts of the drought, and other factors contributing to their water usage, the more power they have to control their water bills.**

## IMPROVEMENTS TO THE WATERSMART SYSTEM

Within the next five years, BWP will dramatically improve our WaterSmart customer engagement system to provide residents with real-time information to monitor their water usage, avoid bill surprises and even be alerted when a leak is detected. Giving customers the power to look at their water usage on-demand gives them more control over their monthly water use and water bills.

## INFORMATIVE CONTENT ON THE DROUGHT

To help residents easily access information on the drought affecting California's water supply – including its current status, local watering schedules, and information on how the drought is affecting Burbank's water sources – BWP launched a suite of website and social media content about the drought. With videos, infographics, and written tips on how best to mitigate the effects of the drought, BWP created a source of readily available information for residents to stay informed on the drought. Access BWP's drought content here: *BurbankWaterAndPower.com/Water/Water-Drought*

## ADDITIONAL FUNDING FOR REBATE PROGRAMS

The Metropolitan Water District provides a variety of residential rebate programs for residents who purchase water-saving devices or implement water-saving measures, like replacing a grass lawn with drought-friendly plants. BWP added funds to these residential rebate programs in 2021. Burbank residents saw higher dollar amounts in rebates this year, with funding for rebates coming from both Metropolitan Water District and BWP.

Learn More
*BurbankWaterAndPower.com/Conserve-for-Tomorrow*

# POWER

*Introduction*

*Energy is Complicated*

*The Path Forward*

**Making our power more reliable means making it more sustainable - and vice-versa.**

POWER

# *Introduction*


"I grew up in Burbank and I'm proud to serve this community. It takes a lot of teamwork to keep the Magnolia Power Plant operating 24/7. ***We make sure that we safeguard one another, our community, and the environment,*** so that we can provide safe and reliable power to the people of Burbank.

**ANN CABALLERO**
*Power Plant Operator | 15 years*

## Burbank Water and Power is working towards 100% greenhouse gas-free power by 2040.

Burbank Water and Power is committed to safely providing reliable, sustainable, and cost-efficient power to our customers.

Burbank Water and Power's Electric Services section is hard at work on several projects designed to make the City of Burbank an even better place to live. The team replaced 250+ new utility poles this year, along with 120+ transformers, and 85,000+ feet of cable and wiring. BWP's Power Supply section is exploring potential new sources of energy, and is managing a multi-pronged effort to diversify our City's energy portfolio and create a sustainable future for the next generation of Burbank residents.

The threat of climate change means that we can't provide our power services the same way we have in the past: between the changing energy technology landscape, the fiscal and personal costs of climate change, and the need to meet government mandates, transitioning to renewable energy sources has become the financially and environmentally smart thing to do for Burbank.

BWP is driving towards a greenhouse gas-free power supply by 2040, 5 years earlier than mandated by the State of California. This transition will take time, effort, and a lot of planning if we are to continue providing services that are reliable, affordable, and sustainable. We are 100% committed to meeting this goal – an investment that is costly, but well worth the benefits to our community.



POWER

# *Energy is Complicated*

## The end result of your power experience feels simple: you flip a switch, and your lights turn on. But your power's journey is complicated.

Energy needs to be generated, transmitted, and sometimes stored to be used properly. This process is complex – Burbank's electricity is transmitted from as far as Utah, traveling hundreds of miles before it reaches your home or business.

BWP also needs to generate a lot of power. As the "Media Capital of the World," Burbank needs to have the capacity to provide power that brings entertainment to life and empowers global businesses who support our local economy by choosing to headquarter their operations in Burbank.

The BWP team balances the need to reduce our impact on the climate, our commitment to keeping rates low, government mandates that regulate how we approach energy consumption, and the complicated nature of securing and distributing new sources of renewable power.

BWP earned a Reliable Public Power Provider (RP3) Diamond Designation - the highest designation RP3 can give a utility to recognize its achievements in reliability, safety, workforce development, and system improvement.

All of this work is done to keep Burbank's power cost-efficient and reliable: our rates are as low as possible, and our power stays live even when neighboring cities lose their connection.

The future of BWP's power is only set to become more complicated as we transition to renewable energy in a way that is cost-efficient and sustainable in the long term.

POWER

# *The Path Forward*

For the Power Supply section, reliability and sustainability go hand-in-hand. Making our power grid increasingly reliable is directly connected to making it more resistant to climate change.

For decades, the energy powering Burbank homes and businesses has been created within Burbank's boundaries, using our natural gas-fired Magnolia Power Plant (MPP) and Lake One peaking unit. BWP has increasingly pursued renewable sources of power outside of Burbank from a number of sources located in California, Arizona, Nevada, Washington, Wyoming, and Utah. We call all these different sources and types of energy Burbank's "energy portfolio."

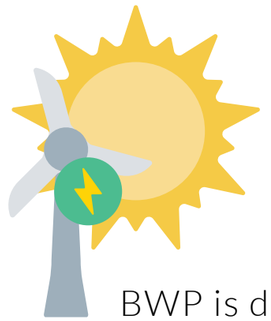
Right now, about 33% of BWP's energy is generated from renewable sources like solar, wind, and geothermal. By further diversifying our "energy portfolio," we'll make Burbank's power grid more sustainable, cost-efficient, and reliable. Through the addition of a variety of eco-friendly energy sources, our system will be more reliable with additional power sources to draw on; if one source fails, another can pick up the slack.

Transitioning away from Burbank's historic energy sources towards renewable energies needs to be done cost-effectively over time to make the change affordable for all of Burbank's rate-payers. More renewable and greenhouse gas-free (or zero-carbon) energy sources will be added to BWP's portfolio over the coming years as we work towards our goal of being entirely greenhouse-gas-free by 2040.

Planning ahead for sustainable energy requires that we remain nimble and constantly informed of all possible options for renewable energy projects, so we can find the best possible way forward for Burbank.

Burbank Water and Power will meet our goal of being entirely greenhouse-gas-free by 2040, but the exact path we'll take to get there is in development. The needs of our community, and the cutting edge of sustainable technology, are both in a state of constant change. Additionally, the COVID-19 pandemic has caused significant supply chain issues for the energy sector, creating a shortage of materials, equipment and labor.

We're leaving no stone unturned, exploring every option to find the most ecologically and fiscally responsible way to our goal.

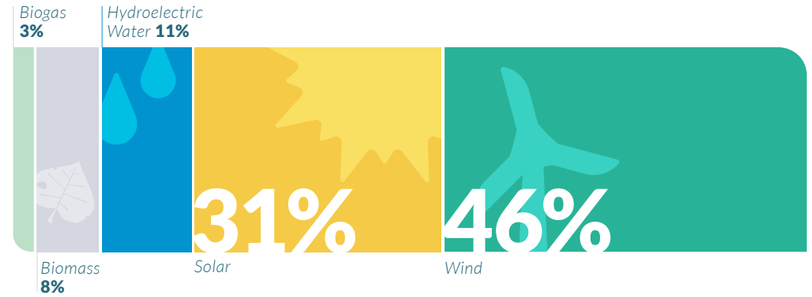


BWP is driving towards a greenhouse ***gas-free power supply*** by 2040, ***5 years earlier than mandated*** by the State of California.

**BURBANK'S 2020 RENEWABLE POWER MIX**

About 33% of BWP's energy is generated from renewable sources.

*Geothermal Energy not shown makes up 0.36% of the renewable sources.*




## HERE ARE SOME OF THE PROJECTS BWP IS EXPLORING:

**Solar |** By adding solar panels to the rooftops of businesses and homes, the City and ratepayers could become more eco-friendly and "self-sustainable" – since it's generated within City limits, solar energy can be reliably generated by Burbank, for Burbank. BWP is exploring the possibility of installing 4 acres of solar panels on top of the Regional Intermodal Transportation Center (RITC) at the Hollywood Burbank Airport, which would generate 2 - 2.5 megawatts of renewable power and add 2 megawatts of storage. The RITC solar energy project would power, on average, about 630 households in Burbank.

Once generated, solar energy also needs to be stored – solar energy can only be used during the day, if we don't have the capability to store it for later usage outside of daylight hours. BWP is investigating several options for storing solar energy for continuous use.

**Magnolia Power Plant's Shift to Renewable Energy |** Because of state regulations that require phasing out the use of natural gas, Magnolia Power Plant needs to shift its energy source to continue operating. In the future, a complete overhaul of the Magnolia Power Plant may be needed to meet regulations. In a major project that may require new infrastructure, reforming MPP will allow it to continue being a reliable, local source of energy for Burbank. BWP is working with our energy partners to explore our options to make MPP a renewable energy plant through cutting-edge technology like green hydrogen.

Green hydrogen is a completely carbon-neutral source of energy. Green hydrogen is hydrogen that was produced with only renewable energy, making both the creation of the hydrogen and its emissions completely carbon-neutral. Advances in electrolysis technology are needed to bring the cost of green hydrogen down. BWP is committed to exploring all options to bring sustainable energy into our power supply mix.

**Transmission Growth |** Transmission is the primary challenge for externally-sourced power. There is a limited amount of transmission (power lines) available in Burbank and in our surrounding areas – but we can only use as much externally-sourced energy as we can transmit into the City. Enough energy is being generated to power Burbank, but if we don't have the transmission and storage for that energy, we can't use it. Burbank is investigating ways to increase our transmission, either by increasing our "transmission rights" – the amount of energy we can use on existing power lines – or building more transmission for Burbank's use.

**Electric Vehicles (EVs) |** Burbank Water and Power is making it easier for residents to purchase electric vehicles with our EV buyer's guide, taking the guesswork out of charging and giving residents access to EV rebates. We're also providing significant rebates to Burbank businesses that purchase and install commercial charging stations for EVs, helping businesses attract EV-driving visitors and employees. In the coming years Burbank will also convert its entire fleet of vehicles to electric vehicles, to reduce our own impact on the planet.
*ev.BurbankWaterAndPower.com*

***BWP's Lake Street Parking lot has four public EV charging ports thanks to BWP Project Manager, Alfred Antoun.***

# FIBER

*A Connected City*

## Developed to meet the demands of today's digital age.

FIBER

# *A Connected City*

## Burbank Water and Power is continuously innovating and searching for new ways to improve our services. While delivering reliable, affordable, and sustainable water and power services are fundamental to our mission, BWP continues to be a leader in another service essential to modern life: one that ensures Burbank remains the "Media Capital of the World": fiber optic internet.

BWP began installing fiber optic cables in 1986 to link vital City facilities and to protect our electric infrastructure from equipment failures. The switch from copper to fiber optic communications immediately improved the reliability of our electric systems and contributes to BWP's standing as one of the top electric utilities in the country. *BurbankWaterAndPower.com/electric/power-delivery/electric-reliability*

All Burbank schools are connected to ONEBurbank, saving the school district more than ***$300,000 per year.***

## BWP'S FIBER OPTIC INFRASTRUCTURE HELPS BURBANK'S RESIDENTS AND BUSINESSES IN THREE WAYS:

**1. Making BWP's electric system reliable.** BWP's fiber optic infrastructure is essential to the award-winning, reliable power that BWP customers enjoy. BWP utilizes this technology across the grid to prevent and reduce the length of power outages by replacing transformers before they fail. BWP's fiber optics have evolved to meet the needs of today's digital age, serving as the backbone of our City-wide smart meter system that allows customers to monitor energy and water usage, detect leaks, and get an accurate analysis of their household's habits.

ONEBurbank saves the City more than half a million dollars annually by providing ultra-high-speed internet service for City Depts at a ***95% discount when compared to traditional service providers.***

**2. Saving taxpayer dollars, generating revenue, and providing better connectivity to schools, public facilities, and local businesses.** BWP maximizes unused fiber assets to provide ultra-high-speed connectivity, known as ONEBurbank, to local public schools and businesses including major TV and movie studios, some of whom have specialized requirements to send large amounts of data to offices and studios throughout the world. ONEBurbank's ability to meet these business needs is a unique asset that few cities provide and keeps Burbank well-positioned as one of the premier locations for the media and entertainment industry. ONEBurbank has 150 customers who receive fiber internet services via 130 miles of fiber connected across our City.

Since 2010, ONEBurbank has contributed $20 million to offset electric rate increases paid by residential and commercial customers.

The service also saves the City more than half a million dollars annually by providing ultra-high-speed internet service for City departments at a 95% discount when compared to traditional internet service providers.

**3. Supporting our local schools with dependable high-speed internet service.** As we look towards building a better future for the next generation, BWP is proud to support our local schools with dependable high-speed internet service. All Burbank Unified Schools are connected to ONEBurbank opening our classrooms, and student's minds, to more information than has ever been available in human history. With ONEBurbank, the school district saves more than $300,000 per year and recently saw its internet speeds jump from an average of 55 megabits to 1,250 megabits, which is 300 times faster than the nation's average download speed.

Our system also helps low-income students access the internet for homework, email, and other purposes. BWP offers free citywide Wi-Fi service that students and other Burbank residents can access at no extra cost. There is no guaranteed service level, but it is open to nearly 10,000 connections at one time, without interfering with the utility's use of the network for system monitoring and operations.

ONEBURBANK

Optical Network Enterprise: Business networking at the speed of light

**As our City continues to grow with nearly 12,000 additional units of housing slated for development in the next ten years, BWP will continue to explore options to expand ONEBurbank fiber internet services to additional businesses and multi-tenant buildings. Through forward-thinking innovation and an unwavering focus on providing reliable, affordable, and sustainable services, BWP will continue to invest in cost-effective technologies to ensure the quality services for the next generation of Burbank residents.**

# CUSTOMER SERVICE

*Customer Engagement*

*Community-Wide Engagement*

*Transportation Electrification*

*Looking Forward*


**As a community-owned utility, BWP returns value to its customers.**

CUSTOMER SERVICE

# *Customer Engagement*

**Burbank Water and Power's Customer Service and Marketing division is the face of BWP; they're the folks who answer your calls and emails, implement supportive programs like the Home Improvement Program, and facilitate the creation of all BWP communications materials – including the Annual Report you're reading.**

**BWP's Customer Service and Marketing division took unprecedented action throughout the COVID-19 pandemic to help residents and businesses. Just some of the ways BWP supported the Burbank community through the pandemic include:**

**COVID-19 JOB LOSS BILL CREDIT PROGRAM.** Burbank Water and Power quickly realized the impact of the pandemic on Burbank residents' livelihoods. Since BWP always operates to meet our goal of improving Burbank residents' quality of life, BWP swiftly moved to help impacted residents pay their utility bills. The COVID-19 Job Loss Bill Credit Program launched in November 2020 to provide immediate assistance to Burbank residents who lost their jobs due to the pandemic. Over 3,000 Burbank residential customers received bill credits of up to $300 to help them pay their electric costs. The program was designed for speed so customers would not have to wait to receive financial assistance. BWP's streamlined process helped customers receive approval for assistance within one week. In total, the program provided over $700,000 in assistance to families in need.

**LOW INCOME HOME ENERGY ASSISTANCE PROGRAM (LIHEAP).** BWP worked to connect our customers with the Low Income Home Energy Assistance Program, a federally funded program that helps eligible low-income households by providing them with a one-time financial credit toward their utility bill annually. The program also provides these households with free energy-efficiency upgrades.

**BWP PROJECT SHARE.** Project Share provides payment assistance of up to $100 in the form of a bill credit to income-qualified customers. LIHEAP and Project Share use the same eligibility guidelines, so you can use your LIHEAP application supporting documentation to expedite the processing of your Project Share application. The Burbank Temporary Aid Center administers Project Share.

**BWP LIFELINE PROGRAM.** BWP's Lifeline Program offers income-qualified customers a reduced rate as well as exemptions from the monthly customer service charge and the Utility User's Tax (about a 40% discount). In addition to income qualifications, applicants must meet one of the following requirements: someone in the household is at least 62 years old, or someone in the household is permanently disabled.

Over ***3,000 participants*** in the COVID-19 Job Loss Bill Credit Program; ***$700,000 in assistance*** provided through the program.


CUSTOMER SERVICE

# *Community-Wide Engagement*

**More than ever before, our customers are looking to BWP for around-the-clock support and resources. We've answered the call through our revamped social media presence, launching an online buyers' guide for electric vehicles, and increasingly personalized engagement. Our Customer Service and Marketing division is your trusted partner and first stop for resources and incentives to install electric vehicle charging, conserve water, and improve the energy efficiency of your home or business.**

Burbank Water and Power's community outreach programs have been so successful that we were recognized with two Excellence in Public Power Communications Awards from the American Public Power Association for our print/digital media, our social media, and our updated website.

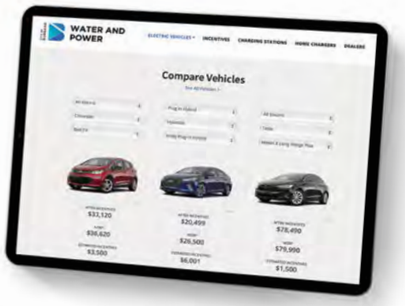
The website now has more touchpoints for customers, with more pages dedicated to providing customers with information on how to reduce their bills, conserve water and energy to fight climate change, and monitor their usage so they can stay consistently informed on their own activity.

BWP's *Currents* newsletter keeps residents and businesses fully informed of what their utility is doing for them. Featuring easy-to-read graphics and deeper stories on the history of the utility, every rate-payer is automatically signed up to receive Digital Currents – but if you aren't already receiving the e-blast, you can sign up here: ***burbankwaterandpower.com/my-home/newsletters*** or scan the QR code with a smartphone camera.


BWP launched Digital Currents, a monthly email newsletter sent to ~***27,000 Burbank residents.***

CUSTOMER SERVICE

# *Transportation Electrification*


**Burbank has two major freeways running through it with more than 129,000 commuters coming into the City, and about 36,000 commuting out of the city on a regular workday. According to the California Air Resources Board (CARB), almost 50 percent of California's total smog and 36 percent of greenhouse gases come from motor vehicles. BWP is improving our EV infrastructure and providing more options for Burbank residents and visitors to switch to an electric vehicle.**

In 2021, BWP delivered on two major projects to help the Burbank community transition to electric vehicles more easily: installing EV ports in high-traffic areas, and launching on online EV Buyers' guide.

BWP launched the Online EV Buyers Guide in January 2021.

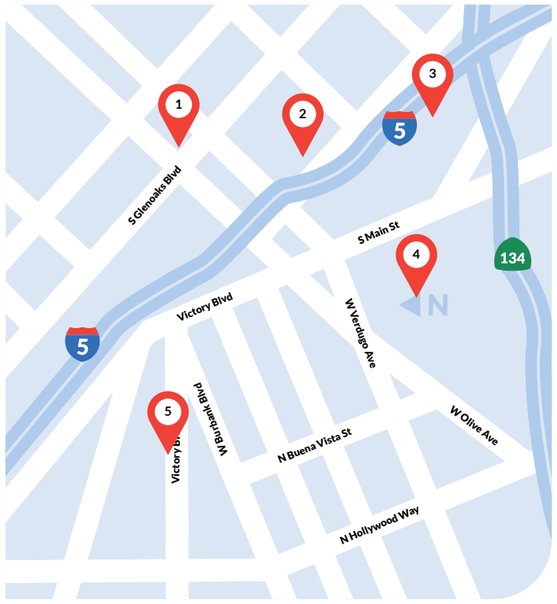
***ev.burbankwaterandpower.com***

## INSTALLING 26 EV PORTS

BWP installed 26 EV charging ports throughout Burbank, both curbside and in parking lots. Burbank now has 73 public EV charging ports at 17 sites throughout the city.

16 of these EV charging ports were installed at the City's Community Services Building parking lot in downtown Burbank. The location was chosen to meet three key community needs: workplace charging, public charging for visitors to Downtown Burbank, and charging for residents who live within walking distance to the lot – specifically, apartment renters that may not have access to charging at home. The chargers are available to the public to charge overnight, and are used about 300 times per month, on average.

These improvements to Burbank's EV infrastructure were made possible through grants including over $137,000 in funding from the Mobile Source Air Pollution Reduction Review Committee (MSRC) for installation of the chargers, and the chargers were funded through the California Low Carbon Fuel Standard (LCFS) program. It is the responsibility of the vehicle owner to pay for the energy used to charge their car – the same way traditional vehicle owners purchase fuel for their cars at gas stations.




### CHARGER LOCATIONS

**1 Community Services Building (CSB)**
*16 charging ports with overnight charging.*

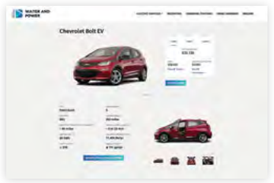
**2 BWP's Campus, Lake Street Parking Lot**
*4 charging ports with overnight charging.*

### CURBSIDE EV CHARGERS

**3 Alameda Ave. Near Main St.**
*2 charging ports (4 total ports available)*

**4 Buena Vista St.**
*2 charging ports (4 total ports available)*

**5 Hollywood Way Near Victory Blvd.**
*2 charging ports (4 total ports available)*


## ONLINE EV BUYERS' GUIDE

**BWP launched a robust online guide to electric vehicles. Electrification of transportation in Burbank is key to reducing our community's greenhouse gas emissions, and giving our City a cleaner environment, better air quality and stronger climate resiliency in the coming years; but we understand that switching to an electric vehicle can be a daunting change.**

BWP launched the Online EV Buyers' Guide to make customers' entire EV purchasing process easier. The online guide provides EV purchasing options, potential savings on commuting costs, charging options, and more.

**Some of the resources offered by the Online EV Buyers' Guide include:**

- EV recommendations based on personalized information; customers can input data, like the distance of their commute, their budget, or the number of passengers they normally carry, to help them find EV options that might best suit their lifestyle
- Charging station locations
- Federal, State and BWP-provided incentives
- Real-time inventory of EVs at nearby regional dealerships

This information gives customers a personalized understanding of what purchasing an electric vehicle will look like for them, removing barriers to EV adoption.

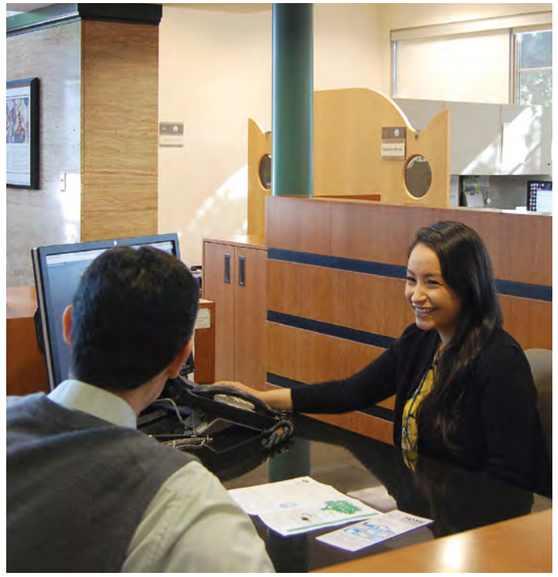
Visit the BWP Online EV Buyers Guide at

***ev.BurbankWaterAndPower.com***



CUSTOMER SERVICE

# *Looking Forward: The Future of BWP Customer Engagement*



**Burbank Water and Power is also exploring a myriad of other options to improve our customer engagement services. We are exploring all choices with an eye for both customer experience and cost efficiency.**

**Burbank Water and Power is exploring:**

**Increasing self-help options so customers can quickly conduct transactional options, like paying their bills.** BWP is looking into adding more online resources and increasing options for automated responses, so customers who need straight-forward services can conduct their business quickly online or over the phone without having to queue for a customer service representative.

**Improving real-time data visualization capabilities, so customers can track exactly when and why their water and power usage is increasing.** Giving customers access to real-time data will empower them to make decisions on how to adapt their usage behavior in relation to their estimated bill cost.

**Letting customers participate in our sustainability efforts.** BWP is exploring the possibility of leasing space on customer's rooftops for solar panels; creating more real estate for the utility to generate renewable, cost-efficient energy and giving residents a source of revenue.

"The community has entrusted us with managing their utility services – basically to ensure they can live their life not worrying about their electricity, water, and (for businesses) internet. I take that to heart. When working at BWP, I am helping my family and my community.

**JEANNINE EDWARDS**
*Assistant General Manager, Sustainability, Marketing, & Strategy | 2 years*

# CONCLUSION

**Burbank Water and Power stands ready to adapt to the challenges of climate change. BWP will be making necessary changes to the utility's infrastructure to keep our services resilient against our changing climate so Burbank can continue getting reliable, cost-effective, sustainable services to residents and businesses.**

**In the following pages, we detail the financial health of BWP as a utility for our community. The remainder of this report will include audited financial statements and related documents that detail how the utility performed in FY 2021/2022.**

# FINANCIAL DOCUMENTS


*Independent Auditor's Report*

*Message from the General Manager*

*Management's Discussion & Analysis*

*Audited Utility Financial Statements*

*Notes to the Basic Financial Statements*

*Required Supplemental Information*

*Other Supplemental Information*


CliftonLarsonAllen LLP
CLAconnect.com

# INDEPENDENT AUDITORS' REPORT

City Council Members
City of Burbank
Burbank, California

## Report on the Financial Statements

We have audited the accompanying financial statements of the Electric and Water Utility Funds of the City of Burbank (the City), as of and for the year ended June 30, 2021, and the related notes to the financial statements, as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.





City Council Members
City of Burbank

### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Electric and Water Utility Enterprise Funds of the City of Burbank as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Emphasis of Matter*

As discussed in Note 1(C) the financial statements present only the Electric and Water Utility Enterprise Funds and do not purport to, and do not, present fairly the financial position of the City of Burbank as of June 30, 2021, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

As discussed in Note 17 to the financial statements, the Electric and Water Utility Enterprise Funds made certain restatements to their previously reported net positions. Our opinions are not modified with respect to this matter.

### *Other Matters*

*Partial Comparative Information*

The financial statements include partial year comparative information. Such information does not include all of the information required to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the City's financial statement for the year ended June 30, 2020 from which such partial information was derived.

City Council Members
City of Burbank

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules of changes in the net pension liability and related ratios of the defined benefit plans, the schedules of contributions of the defined benefit plans, the schedule of changes in net OPEB liability and related ratios and the schedule of contributions of the OPEB plan be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the Water and Electric Fund financial statements. The introductory section and supplemental information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The introductory and supplemental information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

CliftonLarsonAllen LLP

**CliftonLarsonAllen LLP**

Irvine, California
November 23, 2021



***A Message from the General Manager, Dawn Roth Lindell***

FY20-21 brought many challenges and changes to Burbank Water and Power (BWP). While we are used to dealing with droughts, storms and changing economic conditions, dealing with a global pandemic brought an entirely new dimension. We took early steps to ensure the safety of our employees and our customers. We have faced falling revenues, difficulty in obtaining necessary inventory and the need to continuously shift protocols as information on coronavirus developed. Fortunately, the BWP team brought their strong passion for problem solving to bear on the many ways that this pandemic has impacted the team and our beautiful city.

Despite facing a year unlike any other in the history of Burbank, I am happy to report that BWP remains financially strong. We ended the year with solid financial footing in electric and water. Standard & Poor's has affirmed the 'AA-' rating for the electric fund and the 'AAA' rating for the water fund. Our risk management process led us to a strongly hedged position in gas, enabling us to continue to deliver low cost, highly reliable power. Given that commercial customers account for approximately 75% of sales, the business closures and curtailments of COVID-19 had a tremendous negative impact on energy sales. We used our asset optimization strategy during persistent, record-breaking heatwaves to end the fiscal year with positive electric net income. Commercial customers account for only 25% of total water sales. The decrease in commercial sales was offset by an increase in residential demand driven by both the stay-at-home order and weather, resulting in positive net income for the water fund.

We are committed to position BWP well to handle the changing industry dynamics and continue to lead in creating a carbon neutral future. To this end we initiated a strategic planning effort. We first reaffirmed our mission: We are committed to safely providing reliable, affordable, and sustainable utility services for our community.

We defined our higher purpose as powering the flow of life, today and tomorrow. This defines for us the critical role that BWP plays in the lives of every person who lives, works and plays in Burbank. We do what we do to enable everyone else in Burbank to do what they do. We continue our strong, caring customer connection with our community.

Finally, we created our values and vowed to live them. Here are a few accomplishments in each of our five value areas.

**Stay focused - Drive to get it done**

- BWP completed the second major overhaul of Magnolia Power Plant to continue reliable power generation with zero injuries in this 40,000 labor hour effort. This first of its kind enhancement enables the plant to run at lower minimum output so that we can add more renewables and still reliably supply power to meet Burbank's needs - and provide operational cost savings of $1 million per year.
- We completed life-cycle replacement of radio infrastructure to enable capability for regional interoperability for police, fire, and emergency response.
- The water team achieved compliance with the "America's Water Infrastructure Act" before the mandated deadline. The certified water system resiliency assessment identified risks and developed prioritized mitigation measures for capital improvement.

**Continuously improve - Be curious, learn, improve, repeat**

- BWP received the American Public Power Association's (APPA) Reliable Public Power Provider (RP3) Diamond Level status - the highest achievable rank awarded to only 6% of the nation's 2000 APPA utilities! The RP3 program recognizes utilities that demonstrate high proficiency in reliability, safety, workplace development, and system improvements.
- Our marketing team launched Digital Currents – a monthly email newsletter for Bu residents. The newsletter is emailed to approximately 27,000 residents and has an average open rate of 55% - double the industry standard for government agencies.

**Include others - Care, connect, collaborate, and create with intent**

- Our safety team implemented a web and mobile application, "EHS Insights" to enable employees to report safety incidents and work improvement observations. This application has helped BWP employees identify over 150 specific action items to prevent potential future incidents before they occur.
- BWP launched the COVID-19 Job Loss Bill Credit Program in November 2020 which provided $200 in assistance for multifamily residents and $300 for single-family residen who have been unemployed due to the pandemic. The program provided over$700,000 in assistance to our community.

**Be respectful - Safeguard one another, our community, and the environment**

- Transportation accounts for 43% of greenhouse gases in Burbank, so BWP actively supports transportation electrification in order to mitigate these impacts. BWP launched the BWP Online EV Buyers Guide in January 2021 which makes it easy to get personalized recommendations on electric vehicles, charging stations, and EV vehicle purchase incentives and rebates.
- BWP installed 26 EV charging ports to meet three key community needs: workplace charging, public charging for visitors to Downtown Burbank and residents living with walking distance.
- Almost one billion gallons of recycled water was delivered to customers for irrigation and industrial use. Using recycled water, instead of potable water, reduces our carbon footprint and benefits the state's river ecosystems.

**Deliver the future - Innovate with insight and purpose**

- Our high speed internet team increased OneBurbank services to 10% more customers despite COVID-related business shutdowns in our core market.
- BWP will execute a grant agreement with the U.S Bureau of Reclamation for a Drought Contingency Plan in the amount of$175,000. These funds enable plan expansion for responding to future drought conditions and create actionable conservation measures. Having a Drought Contingency Plan is also a prerequisite for winning future grant funds.
- Our water team is using ultrasonic, nondestructive condition assessments combined with satellite imagery to determine risk of failure for our pipelines and prioritize our invest in asset management.

**THIS SECTION INTENTIONALLY TO BE LEFT BLANK**

The management of the City of Burbank's (City) Electric and Water Utility Enterprise Funds (Management) offers the following financial highlights and overview of factors that had a material effect on the financial condition and results of operations for the fiscal year ended June 30, 2021 (the fiscal year). Management encourages readers to utilize the information in the Management Discussion and Analysis (MD&A) in conjunction with the accompanying basic financial statements and notes. All amounts, unless otherwise indicated, are expressed in thousands of dollars. Totals may not foot due to rounding.

## Overview of the Basic Financial Statements

The MD&A is intended to serve as an introduction to the Electric and Water Utility Enterprise Funds' (Utility) basic financial statements and to provide an objective and easily understood analysis of the financial activities based on currently known facts, decisions, and conditions. For comparative purposes, this analysis includes the financial statements of the Utility for the two most recent fiscal years.

Management has elected to provide highlights to the basic financial statements as well as vital statistics and other relevant information concerning the Utility. Included as part of the financial statements are the following statements and notes:

*The Statement of Net Position* presents information on the Utility's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference reported as total net position.

*The Statement of Revenues, Expenses, and Changes in Fund Net Position* presents information on how the Utility's net position changed during the two most recent fiscal years. Financial results are recorded using the accrual basis of accounting. Under this method, all changes in net position are reported as soon as the underlying events occur, regardless of the timing of cash flows.



CITY OF BURBANK * ELECTRIC AND WATER UTILITY FUNDS MANAGEMENT
DISCUSSION AND ANALYSIS

FISCAL YEAR ENDED JUNE 30, 2021 (in thousands)

Thus, revenues and expenses reported in this statement for some items may affect cash flows in future fiscal periods (examples include billed but uncollected revenues and employee earned but unused vacation leave).

*The Statement of Cash Flows* reports cash receipts, cash payments, and net changes in cash from operations, non-capital financing, capital and related financing and investing activities.

*The Notes* to the basic financial statements provide additional information that is essential for a full understanding of the data provided in these financial statements.

## Electric Utility Fund

### Electric Utility Fund highlights:

- For the fiscal year, overall retail load was lower due to the closing of businesses within Burbank due to the COVID-19 pandemic (COVID-19) beginning in March 2020. With many Burbank commercial enterprises being closed or curtailing operations, it significantly impacted commercial demand for energy in Burbank. However, staff made prudent decisions to manage the resources well. The Electric Utility's staff monetized the excess retail transmission assets and used it to offset the downside from retail operations.

- For the fiscal year, the Electric Utility's availability rate was 99.999%. The system average interruption was only 5.75 minutes per customer served. A low frequency of outages helped minimize the system average outage duration. The Burbank outage frequency rate was approximately 0.26 outages per customer served every year.

- The American Public Power Association's Reliable Public Power Provider (RP3) program recognizes utilities that demonstrate high proficiency in reliability, safety,

workforce development, and system improvement. In 2020, Burbank Water and Power (BWP) was designated a Diamond Level utility, the highest RP3 designation.

- Burbank's electric rates are amongst some of the lowest in the region.
- For the fiscal year, the Electric Utility's renewable energy resources made up 41.5% of its total retail sales. The Electric Utility is on track to meet the Renewables Portfolio Standard (RPS) of 35.75% for calendar year 2021.
- Total net position was higher by $9,515, or 3.2%, compared to the prior fiscal year despite lower energy sales as a result of COVID-19 due to BWP's asset optimization strategy during persistent and record-breaking heatwave during the summer months.

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CITY OF BURBANK * ELECTRIC AND WATER UTILITY FUNDS MANAGEMENT
DISCUSSION AND ANALYSIS

FISCAL YEAR ENDED JUNE 30, 2021 (in thousands)

## Financial Analysis

**Schedule of Revenues, Expenses, and Changes in Fund Net Position** (*$ in thousands*)

| | 2021 | 2020 | Incr. (Decr.) |
|---|---|---|---|
| Retail sales (in MWh) | 962,319 | 1,019,371 | (57,052) |
| Operating revenues: | | | |
| Retail | $ 149,846 | $ 158,024 | $ (8,178) |
| Wholesale | 42,088 | 15,442 | 26,646 |
| Intergovernmental | 94 | 94 | - |
| Other revenues | 8,946 | 7,180 | 1,766 |
| Total operating revenues | 200,974 | 180,740 | 20,233 |
| Operating expenses: | | | |
| Power supply and fuel – retail | 93,250 | 96,718 | (3,469) |
| Purchased power and fuel – wholesale | 34,197 | 14,126 | 20,072 |
| Transmission expense | 11,425 | 13,544 | (2,119) |
| Distribution expense | 11,158 | 13,892 | (2,735) |
| Other operating expenses | 24,869 | 25,720 | (851) |
| Depreciation | 19,163 | 20,162 | (998) |
| Total operating expenses | 194,062 | 184,164 | 9,899 |
| Operating income | 6,912 | (3,423) | 10,335 |
| Nonoperating income (expenses): | | | |
| Interest income | 733 | 3,330 | (2,597) |
| Interest expense | (3,403) | (4,071) | 668 |
| Gain (loss) on disposal of capital assets | 106 | 118 | (12) |
| Other income (expenses), net | 2,200 | 1,618 | 582 |
| Total nonoperating income (expenses) | (364) | 995 | (1,359) |
| Income before contributions | 6,548 | (2,428) | 8,977 |
| Capital contributions and transfers: | | | |
| Capital contributions | 2,949 | 6,361 | (3,412) |
| Transfers from the City | 31 | 1 | 30 |
| Transfers to the City | (13) | (358) | 345 |
| Total capital contributions and transfers | 2,967 | 6,004 | (3,037) |
| Change in net position | 9,515 | 3,573 | 5,910 |
| Net position, beginning of year (as restated) | 293,476 | 289,903 | 3,573 |
| Net position, end of year | **$ 302,991** | **$ 293,476** | **$ 9,515** |

Retail (primarily sales to residential and commercial customers) and wholesale revenues were the primary revenue sources for the Electric Utility. These revenues made up 95.5% of the Electric Utility's operating revenues. Retail energy sales decreased by 57,052 MWh, or 5.6%, compared to the prior fiscal year primarily attributable to the closing of businesses within Burbank due to the COVID-19 beginning in March 2020. With many Burbank commercial enterprises being closed or curtailing operations, it significantly impacted commercial demand for energy in Burbank. Commercial load makes up about 75% of the Electric Utility's retail load. Retail revenues were lower by $8,178, or 5.2%, resulting from lower demand. This fiscal year's Retail revenues include prior year overbilling adjustment of approximately $625.

Wholesale trading opportunities exist because the Electric Utility is able to market excess capacity, energy, and transmission. Wholesale margins of $7,891 contributed to the Electric Utility's financial performance by increasing the Electric Utility's Operating income. Wholesale margins were $1,316 in the prior fiscal year. The increase in wholesale margin is attributable to BWP's asset optimization strategy during persistent and record-breaking heatwave during the summer months and monetizing excess retail transmission assets.

Other revenues consist of ONE Burbank revenues, transmission, telecommunications, and other miscellaneous revenues. These revenues were $1,766, or 24.6%, higher than the prior fiscal year primarily due to insurance reimbursement from the Golden state sub-station fire in April 2020, higher revenues from ONE Burbank and were partially offset by lower revenues from Low Carbon Fuel Standard (LCFS) Credits. ONE Burbank is a fiber optic-based infrastructure program that includes dark fiber, carrier-class internet, and high-speed managed services for local Burbank businesses. ONE Burbank generated revenues of $3,944 this fiscal year, compared to $3,800 the prior fiscal year. During the fiscal year, ONE Burbank provided services to 10% more customers in spite of COVID-19 related business



**CITY OF BURBANK * ELECTRIC AND WATER UTILITY FUNDS * MANAGEMENT DISCUSSION AND ANALYSIS**

**FISCAL YEAR ENDED JUNE 30, 2021 (in thousands)**

shutdown in BWP's core market. The California Air Resources Board initiated a program, LCFS Credits, to reduce carbon intensity in transportation fuels as compared to conventional petroleum fuels, such as gasoline and diesel. The Electric Utility, on behalf of the City of Burbank, opted into the LCFS program in 2015, and began accumulating credits in the first quarter of 2016. The Electric Utility generates credits in two primary ways: providing electricity to residents through home electric vehicles (EV) charging and actual metered usage from workplace and public EV chargers. During the fiscal year, BWP installed 26 EV public charging ports. These charging ports meet three key community needs - workplace charging, public charging for Downtown Burbank visitors and residents living within walking distance.

Retail power supply and fuel expenses were $3,469, or 3.6%, lower than the prior fiscal year primarily attributable to prudent management of retail load using the most efficient resources. Despite adding a new renewable resource and surging spot energy prices driven by weather events during the year, staff made prudent decisions in managing retail power supply costs. Operations and maintenance for the year is higher due to repair cost for the Lake generating unit.

Transmission expenses were $2,119, or 15.6%, lower than the prior fiscal year primarily because of lower cost of Los Angeles Department of Water and Power (LADWP) transmission contracts and financing savings.

Distribution expenses were $2,735, or 19.7%, lower than the prior fiscal year primarily as a result of higher amount of capital work performed than the prior year, thereby resulting in lower operations and maintenance expenses and partially offset by higher expenses for private contractual services.

In addition to the annual required contribution, the Electric Utility also made an additional voluntary lump sum payment to CALPERS to reduce the City's unfunded actuarial liability

during the fiscal year. This is the second year of a multi-year citywide funding plan to reduce future pension obligations. This additional payment is included in the distribution expense and other operating expenses.

Depreciation expense is computed on the straight-line method over the estimated useful lives of the assets. For the fiscal year, depreciation expense was lower by $998, or 5%, primarily as a result of the retirement of fully depreciated capital assets.

Interest income was $2,597, or 78% lower. Prior year interest income included a significant increase in market value adjustment of investment holdings per GASB Statement No. 31, “Accounting and Financial Reporting for Certain Investments and for External Investment Pools”. Interest income was also lower due to a lower rate of interest, as compared to prior fiscal year.

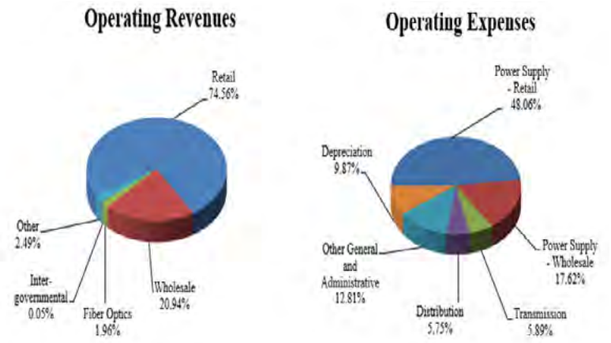
Other income was $582, or 36%, higher primarily as a result of higher miscellaneous revenues, as compared to prior year.

As of June 30, 2021, the Electric Utility had $53,810 in outstanding revenue bonds. The bonds were issued for modernization, replacement and upgrades of the electric system, general plant, and other facilities (see Debt Administration). The Electric Utility paid $3,403 in interest expense, compared to $4,071 in the prior fiscal year.

Capital contributions were $3,412, or 53.6%, lower compared to the prior fiscal year. The prior fiscal year included higher capital contribution for Caltrans Burbank Bridge.








The Electric Utility Fund’s net position as of June 30, 2021 and June 30, 2020 were as follows:

**Schedule of Net Position** *($ in thousands)*

| | 2021 | 2020 | Incr. (Decr.) |
|---|---|---|---|
| **Assets** | | | |
| Current and regulatory assets | $ 133,226 | $ 119,402 | $ 13,823 |
| Noncurrent and regulatory assets | 6,450 | 6,453 | (3) |
| Capital assets, net of accumulated depreciation | 313,391 | 310,807 | 2,584 |
| **Total assets** | **453,067** | **436,662** | **16,405** |
| **Deferred outflows of resources** | | | |
| Deferred outflows of resources | 15,215 | 14,913 | 303 |
| **Total deferred outflows of resources** | **15,215** | **14,913** | **303** |
| **Liabilities** | | | |
| Current liabilities | 23,335 | 13,545 | 9,790 |
| Noncurrent and regulatory liabilities | 139,092 | 138,689 | 403 |
| **Total liabilities** | **162,427** | **152,234** | **10,192** |
| **Deferred inflows of resources** | | | |
| Deferred inflows of resources | 2,864 | 5,864 | (3,000) |
| **Total deferred inflows of resources** | **2,864** | **5,864** | **(3,000)** |
| **Net position** | | | |
| Net investment in capital assets | 261,742 | 258,563 | 3,179 |
| Restricted for public benefits | 7,796 | 6,990 | 806 |
| Unrestricted | 33,453 | 27,923 | 5,530 |
| **Total net position** | **$302,991** | **$293,476** | **$ 9,515** |

Changes in total net position may serve as useful indicators of the Electric Utility Fund's financial strength over time. The highlight of changes in the Schedule of Net Position are increases in the Current and regulatory assets and Current liabilities. The primary drivers of the increase in the Current and regulatory assets by $13,823 during the fiscal year is the increase in general operating cash and increase in Accounts receivable, offset by reduction in Deposits and prepaid expenses. Cash increased due to favorable operating results, increase in customer deposits and insurance reimbursement from Golden state sub-station fire in April 2020. The increases in accounts receivable are partially due to the Public Utilities Commission of the State of California's (CPUC) decision to extend the moratorium on suspension of electric services. The City expects to receive some relief as part of $300,000 in federal funding allocated by the California legislature. The increase in capital assets is due to new capital investment, net of depreciation and retirement during the fiscal year. The primary drivers of the increase in Current liabilities by $9,790 are increase in accounts payable, accrued expenses and customer deposits. Deferred inflows of resources as of June 30, 2021 decreased by $3,000, or 51.2%, compared to the prior fiscal year primarily due to lower amounts deferred on pensions and Other Post-Employment Benefits (OPEB). Additional information on GASB Statement No. 68 and 75 as it relates to pensions and OPEB can be found in Note 12 and 13 to the basic financial statements.

Total net position was higher by $9,515, or 3.2%, compared to the prior fiscal year due to favorable operating results (see Schedule of Revenues, Expenses, and Changes in Fund Net Position). A significant portion of the Electric Utility's total net position was in net investment in capital assets of $261,742, or 86.4%, of total net position (see Capital Assets). $7,796, or 2.6% of the total net position was restricted for public benefits. The unrestricted net position of $33,453, or 11.0%, of total net position were funds available for future capital investments and maintenance activities.



CITY OF BURBANK * ELECTRIC AND WATER UTILITY FUNDS *
MANAGEMENT DISCUSSION AND ANALYSIS

FISCAL YEAR ENDED JUNE 30, 2021 (in thousands)

## Capital Assets

As of June 30, 2021, the largest portion of the Electric Utility Fund's total assets, $313,391, or 69.2%, was invested in capital assets. The Electric Utility invested $21,747 in the acquisition and construction of capital assets funded from cash reserves and Aid-In-Construction (AIC) funds. The majority of these investments were for expansion and replacement of the distribution system. These investments have resulted in improved efficiency and reliability of the Electric Utility.

The Electric Utility, in alignment with the Electric Distribution Master Plan, continued making strategic capital investments such as 4 kV to 12 kV conversions during the fiscal year to improve the robustness and reliability of the electric system. Converting 4 kV load to 12 kV is a capital investment strategy that helps BWP to manage its aging infrastructure by upgrading old 4 kV distribution equipment to new 12 kV standards and retiring old 4 kV substations, thereby enhancing system reliability, and reducing long term costs. In addition, 12 kV conversions also improve grid efficiency by transmitting electricity at a higher operating voltage which significantly reduces power losses and translates to cost reduction.

There has been increased development and service requests including large site developments, major housing developments, and accessory dwelling units during the fiscal year and this trend is expected to continue in the years to come. Approximately 750 service orders were issued in the fiscal year to install or upgrade small-to-medium commercial and residential services including solar installations and accessory dwelling units. Several thousands of feet of cable, conduit, and many manholes were also installed to serve larger developments and services including Avion Burbank, 1st Street Village, the Second Century Project at The Burbank Studios, and electric vehicle charging installations.

Due to an anticipated increase in electrical load growth to meet the

City's housing, development, and sustainability goals, BWP will need more system capacity to serve future loads. In order to serve the Second Century Project at The Burbank Studios, BWP entered into to an agreement with the developer of the project, authorizing the construction of a new 80 MVA (mega volt amp), 69 kV to 12 kV electrical substation in the Media District. In addition to serving the project, this new electrical substation will help BWP to reduce long-term costs, reduce system power losses, enhance system reliability, provide capacity for future development in the Media District and 12 kV conversions, and eliminate two older 34 kV to 4 kV substations.

Some of the major capital investments for the fiscal year include:

| *($ in thousands)* | |
|---|---|
| 4kV to 12kV Conversions | $ 5,388 |
| Build New Customer Transformer Stations, 750 kVA & Under | 2,033 |
| Overhead/Underground Distribution Lines | 1,892 |
| Pacific Northwest DC Intertie | 1,684 |
| Build Facilities for Avion Burbank Development | 1,569 |
| Transmission Distribution Management System | 1,250 |
| Electric SCADA Hardware Replacement | 804 |
| Ontario Distributing Station | 597 |
| Service Replacements | 562 |
| 69 kV and 34.5 kV Line Replacements | 534 |
| ONE Burbank Network Infrastructure Expansion | 481 |
| Fiber Optic Services to Customers City Wide | 413 |
| Electric Substations Equipment Replacement | 341 |
| Replace Station High Voltage Oil Circuit Breakers | 308 |
| Upgrade Relays for 34 kV Lines | 222 |
| **Total** | **$ 18,076** |

The results of maintenance and pro-active capital investments are reflected in the exceptional system-wide reliability statistics. For the fiscal year, the Electric Utility's availability rate was 99.999%, or in other words, the average Burbank resident could expect to experience only one electric service outage of just 14 minutes every 3.9 years. The system average interruption was only 5.75 minutes per customer. A low frequency of outages helped minimize the system average outage duration. The Burbank outage frequency rate was approximately 0.26 outages per customer every year.

The American Public Power Association's Reliable Public Power Provider (RP3) program recognizes utilities that demonstrate high proficiency in reliability, safety, workforce development, and system improvement. In 2020, BWP was designated a Diamond Level utility, the highest RP3 designation. The RP3 application is carefully evaluated every three years to ensure that the criteria is relevant, thorough and is keeping up with industry trends and best practices.

Additional information on capital assets can be found in Note 6 to the basic financial statements.

## Debt Administration

As of June 30, 2021, the Electric Utility had $53,810 in outstanding revenue bonds, of which $1,145 will be due within a year. These bonds were issued for modernization, replacement and upgrades of the electric system, general plant, and other facilities. The Electric Utility maintained a AA- rating from Standard & Poor's and Aa3 rating from Moody's.

## Environmental, Supply, and Economic Factors

During the fiscal year, the City received renewable energy from a new renewable resource Desert Harvest II Solar in addition to the existing resources from the Copper Mountain Solar 3 Project in Nevada, biomethane gas, wind and landfill gas as a result of the Morgan Stanley Exchange, Pebble Springs Wind in Oregon, Tieton Hydropower in Washington, Don A. Campbell Geothermal Project in Nevada, Milford Wind I in Utah, , Iberdrola Wind in Wyoming, Ameresco Chiquita Landfill in California, Burbank Landfill, Burbank customer solar, Burbank's Valley Pumping Station and Burbank's solar demonstration project.

The Desert Harvest II Solar Project is a 70 MW solar project

located in Riverside County, California. It achieved commercial operations on December 17, 2020.

The Electric Utility's renewable projects for the fiscal year were as follows:

| Projects | Source of Energy | County, State | In-service Date | Plant Capacity MW | Burbank's Capacity MW | Energy Received in MWh FY 20-21 | % Total Retail Sales |
|---|---|---|---|---|---|---|---|
| Copper Mountain Solar 3 | Solar | Clark County, Nevada | May 2014 | 250.000 | 40.000 | 98,669 | 10.3% |
| Biomethane gas | Biomethane | | Jun 2011 | | | 76,146 | 7.9% |
| Morgan Stanley Exchange | Wind & Landfill Gas | | Apr 2012 | | | 66,429 | 6.9% |
| Desert Harvest II Solar | Solar | Riverside County, California | Dec 2020 | 70.000 | 22.001 | 34,519 | 3.6% |
| Pebble Springs Wind | Wind | Gilliam County, Oregon | Feb 2009 | 98.700 | 10.000 | 23,550 | 2.4% |
| Tieton Hydropower | Hydro | Yakima County, Washington | Mar 2009 | 13.600 | 6.800 | 21,165 | 2.2% |
| Don A. Campbell Geothermal | Geothermal | Mineral County, Nevada | Dec 2013 | 25.000 | 3.845 | 20,713 | 2.2% |
| Milford Wind I | Wind | Beaver and Millard Counties, Utah | Nov 2009 | 200.000 | 10.000 | 19,840 | 2.1% |
| Renewable Certificate | Wind, Biomass, Solar, Hydro | N/A | N/A | N/A | N/A | 14,000 | 1.5% |
| Iberdrola Wind | Wind | Uinta County, Wyoming | Jul 2006 | 144.000 | 4.997 | 11,796 | 1.2% |
| Ameresco Chiquita Landfill | Landfill Gas | Los Angeles County, California | Nov 2010 | 10.000 | 1.667 | 5,800 | 0.6% |
| Burbank Landfill | Landfill Gas | Los Angeles County, California | Feb 2020 | 0.800 | 0.800 | 4,245 | 0.4% |
| Customer Solar | Solar | Los Angeles County, California | Ongoing | 1.500 | 1.500 | 2,355 | 0.2% |
| Micro Hydro | Hydro | Los Angeles County, California | 2002 | 0.450 | 0.450 | 308 | 0.0% |
| Solar Demo | Solar | Los Angeles County, California | 1998 | 0.500 | 0.500 | 175 | 0.0% |
| **Total** | | | | | | **399,710** | **41.5%** |

BWP continues to be on track to meet RPS compliance requirements for calendar year 2021. The calendar year 2021 goal is 35.75% RPS. BWP staff continues to evaluate renewable resources in order to meet future compliance requirements.

On December 22, 2020, the California Energy Commission (CEC) adopted new regulations on several important RPS regulations. The regulations were finalized on July 12, 2021. The CEC provided clarification on how to count resources towards the long-term requirement, which requires that 65% of RPS compliance come from contracts that are 10 years or longer in duration, as well as set new interim targets, post calendar year 2020. The new regulations now comply with the SB 100 requirement of utilities needing to meet a 60% RPS by 2030.

Negotiations with Los Angeles Department of Water and Power (LADWP), for several existing long-term Transmission Service Agreements (TSA), including those associated with Hoover Dam and Intermountain Power Project (IPP)



CITY OF BURBANK * ELECTRIC AND WATER UTILITY FUNDS *
MANAGEMENT DISCUSSION AND ANALYSIS

FISCAL YEAR ENDED JUNE 30, 2021 (in thousands)

generation resources were completed. City Council approved the renewal for both of these TSA's on August 10, 2021 through September 2067 for Hoover TSA and June 2077 for IPP TSA.

LADWP, BWP and Glendale Water and Power (the IPP repowering participants) are working together to create a detailed roadmap for green hydrogen production, storage, and power generation at IPP. In the medium-term, the IPP renewal participants are targeting 30% green hydrogen combustion by July 2025, when the repowered project is scheduled to come on-line. On a monthly basis, IPP participants continue to meet to discuss the IPP Renewal, including concerns on facilities development and potential additional resources at the site. At the June 3, 2021, BWP Board meeting staff provided an IPP update. The update included details on the IPP renewal contract, costs and how the green hydrogen will be incorporated into the IPP renewal.

The Cap-and-Trade Program, adopted by the California Air Resources Board (CARB), went into effect on January 1, 2012, and emission obligations commenced on January 1, 2013, for compliance to Assembly Bill 32 (AB 32), the Global Warming Solutions Act of 2006. Under AB 32, CARB is mandated to implement regulations that reduce greenhouse gas (GHG) emissions. Electric utilities were given emission allowances to cover their obligations.

Southern California continues to experience natural gas reliability and affordability challenges because of supply and demand mismatches. SoCalGas' system capacity and supply are primarily a function of two components: (1) transmission pipelines, which bring gas into and then transport it throughout the system; and (2) underground natural gas storage connected to transmission pipelines near system load. While one component of the system's limited supply is the transmission pipeline reductions and outages, the other critical component is storage operating constraints from the CPUC restricting the use of the Aliso Canyon Storage Facility. The current effective withdrawal protocol is

restrictive but is less restrictive than the previous protocol, in that Aliso Canyon was only allowed to be withdrawn from if curtailment was imminent, but now can occur under less acute circumstances.

## Water Utility Fund

### Water Utility Fund highlights:

- Total water sales have been minimally impacted by COVID-19. Commercial customers account for 25% of total sales. A decrease in commercial sales has been offset by an increase in residential demand primarily driven by the stay-at-home order, as well as weather driven demand during the year.
- Total net position was higher by $3,323, or 5.1%, compared to the prior fiscal year due to favorable operating results.
- Burbank's water rates are amongst some of the lowest in the region.
- In January 2021, Fitch Ratings affirmed the 'AAA' rating for the Water Revenue Bonds, Series 2010B.



CITY OF BURBANK * ELECTRIC AND WATER UTILITY FUNDS *
MANAGEMENT DISCUSSION AND ANALYSIS

FISCAL YEAR ENDED JUNE 30, 2021 (in thousands)

## Financial Analysis

**Schedule of Revenues, Expenses, and Changes in Fund Net Position** *($ in thousands)*

| | 2021 | 2020 | Incr. (Decr.) |
|---|---|---|---|
| Potable water (in AF) | 15,457 | 15,009 | 448 |
| Recycled water (in AF) | 2,995 | 3,032 | (37) |
| Operating revenues: | | | |
| Potable water sales | $ 29,037 | $ 28,440 | $ 597 |
| Recycled water sales | 3,924 | 3,953 | (29) |
| Intergovernmental | - | 32 | (32) |
| Other revenues | 1,064 | 923 | 142 |
| Total operating revenues | 34,025 | 33,349 | 676 |
| Operating expenses: | | | |
| Water supply expenses | 12,102 | 12,994 | (892) |
| Operations, maintenance and administration | 12,800 | 12,638 | 162 |
| Other operating expenses | 1,750 | 2,062 | (312) |
| Depreciation | 4,208 | 4,072 | 136 |
| Total operating expenses | 30,860 | 31,766 | (906) |
| Operating income | 3,165 | 1,583 | 1,582 |
| Nonoperating income (expenses): | | | |
| Interest income | 106 | 492 | (386) |
| Bond interest expense | (1,568) | (1,687) | 119 |
| Loan interest expense | (251) | (246) | (5) |
| Gain (loss) on disposal of capital assets | - | 6 | (6) |
| Other income (expenses), net | 546 | 539 | 7 |
| Total nonoperating income (expenses) | (1,167) | (896) | (270) |
| Income before contributions | 1,998 | 687 | 1,311 |
| Capital contributions and transfers: | | | |
| Capital contributions | 1,325 | 727 | 598 |
| Transfers to the City | - | (14) | 14 |
| Total capital contributions and transfers | 1,325 | 713 | 612 |
| Change in net position | 3,323 | 1,400 | 1,923 |
| Net position, beginning of year (as restated) | 64,725 | 63,325 | 1,399 |
| Net position, end of year | **$ 68,048** | **$ 64,725** | **$ 3,323** |

Potable water sales were the primary source of revenue for the Water Utility. Potable water revenue made up 85.3% of the total Water Utility operating revenues. Potable water sales volume increased by 448 AF, or 3%, compared to the prior fiscal year. A decrease in commercial sales has been offset by

an increase in residential demand primarily driven by the stay-at-home order, as well as warmer-than-average summer temperatures and a dry winter. Burbank received 4.9 inches of rainfall this fiscal year compared to an average precipitation of 13.8 inches. Potable water revenues were higher by $597, or 2.1%, compared to the prior fiscal year as a result of higher demand.

Recycled water sales (in AF) made up 16.2% of total water sales. Increasing the use of recycled water for landscaping and industrial or commercial cooling towers helps make water availability in Burbank more sustainable. During the fiscal year, 11 new customer connections were added or converted from the potable to the recycled water system. The recycled water system did not lose any customers during the fiscal year. Recycled water sales volume decreased by 37 AF, or 1.2% due to Magnolia Power Plant major overhaul. Recycled water revenues were lower by $29, or 0.7%, compared to the prior fiscal year as a result of lower sales volume.

Other revenues include connection fees, recycled water credits and other miscellaneous revenues. These revenues were $142, or 15.3%, higher than the prior fiscal year due to higher revenues from Metropolitan Water District (MWD)'s local resource program (LRP). MWD provides financial incentives for local resource development within MWD's service area for the purposes of improving regional water supply reliability.

Water supply expenses were lower by $892, or 6.9%, compared to the prior fiscal year due to using higher amount of the lower cost groundwater. The Burbank Operable Unit (BOU) supplied approximately 73.2% of the City's potable water supply for the fiscal year compared to approximately 57.9% in the prior fiscal year. The increase in BOU local production during the fiscal year is due to technological and operational changes, although the ability to operate at this higher level of production is subject to a variety of factors, including review and approval by the Environmental Protection Agency and the California Division of Drinking Water. The BOU water is less costly than the imported MWD water, resulting in cost savings.



CITY OF BURBANK * ELECTRIC AND WATER UTILITY FUNDS *
MANAGEMENT DISCUSSION AND ANALYSIS

FISCAL YEAR ENDED JUNE 30, 2021 (in thousands)

Other operating expenses were $312, or 15.1%, lower compared to the prior fiscal year. The lower expenses were largely attributed to lower cost of shared services.

In addition to the annual required contribution, the Water Utility also made an additional voluntary lump sum payment to CalPERS to reduce the City's unfunded actuarial liability during the fiscal year. This is the second year of a multi-year citywide funding plan to reduce future pension obligations. This additional payment is included in the operations, maintenance, and administration expenses and other operating expenses.

Interest income was $386, or 78.6% lower. Prior year interest income included a significant increase in market value adjustment of investment holdings per GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools". Interest income was also lower due to a lower rate of interest as compared to prior fiscal year.

As of June 30, 2021, the Water Utility had $27,945 in outstanding revenue bonds and $5,530 in outstanding SWRCB loans (see Debt Administration). The Water Utility paid $1,568 in bond interest expense, compared to $1,687 in the prior fiscal year, and paid $251 in loan interest expense, compared to $246 in the prior fiscal year.

Capital contributions were $598, or 82.3%, higher compared to the prior fiscal year, primarily due to capital contributions for the Los Angeles-Burbank ground water system interconnection project and various other customer driven projects.


The Water Utility Fund's net positions as of June 30, 2021 and June 30, 2020 were as follows:

**Schedule of Net Position** *($ in thousands)*

| | 2021 | 2020 | Incr. (Decr.) |
|---|---|---|---|
| **Assets** | | | |
| Current and regulatory assets | $ 29,972 | $ 27,354 | $ 2,618 |
| Noncurrent and regulatory assets | 23 | 42 | (19) |
| Capital assets, net of accumulated depreciation | 92,681 | 93,804 | (1,123) |
| **Total assets** | **122,676** | **121,200** | **1,476** |
| **Deferred outflows of resources** | | | |
| Deferred outflows of resources | 2,341 | 2,323 | 18 |
| **Total deferred outflows of resources** | **2,341** | **2,323** | **18** |
| **Liabilities** | | | |
| Current liabilities | 3,335 | 4,437 | (1,102) |
| Noncurrent and regulatory liabilities | 53,134 | 53,392 | (258) |
| **Total liabilities** | **56,469** | **57,828** | **(1,359)** |
| **Deferred inflows of resources** | | | |
| Deferred inflows of resources | 500 | 967 | (468) |
| **Total deferred inflows of resources** | **500** | **967** | **(468)** |
| **Net position** | | | |
| Net investment in capital assets | 59,154 | 60,064 | (910) |
| Unrestricted | 8,894 | 4,660 | 4,234 |
| **Total net position** | **$ 68,048** | **$ 64,725** | **$ 3,323** |

Changes in total net position may serve as useful indicators of the Water Utility Fund's financial strength over time.

Total net position was higher by $3,323, or 5.1%, compared to the prior fiscal year (see Schedule of Revenues, Expenses, and Changes in Fund Net Position). A significant portion of the Water Utility's total net position was in net investment in capital assets of $59,154, or 86.9%, of total net position (see Capital Assets). The unrestricted net position of $8,894, or 13.1%, of total net position were funds available for future capital investments and maintenance activities.



CITY OF BURBANK * ELECTRIC AND WATER UTILITY FUNDS *
MANAGEMENT DISCUSSION AND ANALYSIS

FISCAL YEAR ENDED JUNE 30, 2021 (in thousands)

As of June 30, 2021, total assets increased by $1,476, or 1.2%, primarily due to the increase in general operating cash, driven by favorable operating results, increase in accounts receivable and partially offset by decrease in deposits and prepaid expenses and decrease in capital assets due to retirements of fully depreciated assets. The increase in accounts receivable is partially due to the April 2, 2020 California Executive Order N-42-20 indefinitely restricting the shut off of water services to residential and qualifying small business customers. The City expects to receive some relief as part of $985,000 in federal funding allocated by the California legislature. The State Water Board is creating a new program, California Water and Wastewater Arrearage Payment Program ("CWWAPP"), to provide relief to community water and wastewater systems for unpaid bills related to the pandemic. The funding will cover water debt from residential and commercial customers accrued between March 4, 2020 and June 15, 2021. CWWAPP will initially prioritize drinking water residential and commercial arrearages. Funding to community water systems is expected to be disbursed through January 31, 2022.

Total liabilities as of June 30, 2021 decreased by $1,359, or 2.4%, compared to the prior fiscal year. This decrease was primarily due to a decrease in current liabilities driven by a decrease in accounts payable and a decrease in customer deposits. Deferred inflows of resources as of June 30, 2021 decreased by $468, or 48.4%, compared to the prior fiscal year primarily due to lower amounts deferred on pensions and Other Post-Employment Benefits (OPEB). Additional information on GASB Statement No. 68 and 75 as it relates to pensions and OPEB can be found in Note 12 and 13 to the basic financial statements.

## Capital Assets

As of June 30, 2021, the Water Utility Fund invested $92,681, or

75.5%, of its total assets in capital improvements. Capital improvement programs are designed to upgrade, replace and expand the water system infrastructure, ensure reliability, and provide safe drinking water and services at competitive rates.

For the fiscal year, the Water Utility invested $3,130 in the acquisition and construction of capital assets funded from cash reserves and AIC funds. The majority of the investments were for the replacement and upgrade of distribution of water mains, service expansions and meter replacements.

The Water Utility has on-going capital improvement programs, such as main, and service and meter replacement programs, which are designed to upgrade, replace and expand the water system infrastructure to ensure reliability, and to provide safe and accurately measured services. The water production facilities and systems were very reliable with the Water Utility's losses of 26.6 Water losses per service connection (GPD), compared to the national average of 66 GPD and the state average of 42 GPD. The Water Utility is using ultrasonic, nondestructive condition assessments combined with satellite imagery to determine risk of failure for the Water Utility's pipelines and prioritize the investment in asset management. These ongoing and pro-active investments reflect the Water Utility's goal of delivering competitive rates and safe drinking water with reliable production and distribution facilities.

Some of the major capital investments for the fiscal year include:

| *($ in thousands)* | |
|---|---|
| Potable System Expansion | $ 912 |
| Potable Large Water Mains | 430 |
| Potable Transmission Main Valves Replacement | 423 |
| Potable Meter Replacements | 336 |
| Potable Boosters | 237 |
| Potable Small Water Mains | 167 |
| Potable Storage - Reservoirs and Tanks | 147 |
| Potable Valve Replacements | 129 |
| Potable Miscellaneous Facilities | 119 |
| Potable Hydrants Replacement | 112 |
| **Total** | **$ 3,012** |



CITY OF BURBANK * ELECTRIC AND WATER UTILITY FUNDS *
MANAGEMENT DISCUSSION AND ANALYSIS

FISCAL YEAR ENDED JUNE 30, 2021 (in thousands)

Additional information on capital assets can be found in Note 6 to the basic financial statements.

## Debt Administration

As of June 30, 2021, the Water Utility had $27,945 in outstanding revenue bonds, of which none will be due within a year.

The Water Utility maintained a AAA rating from Standard & Poor's and Fitch. In January 2021, Fitch Ratings affirmed the 'AAA' rating for the Water Revenue Bonds, Series 2010B, primarily due to the Water Utility's strong debt profile coupled with strong revenue profile and low operating risks.

The Water Utility received a total of $9,254 in loans from the State Water Resources Control Board (SWRCB) for three recycled water transmission main extensions and a water pumping station beginning fiscal year 2011-12. All the SWRCB loans have 20-year repayment terms with an annual interest rate of 2.6%. As of June 30, 2021, there was $5,530 outstanding in SWRCB loans, of which $454 will be due within a year. The Water Utility repaid $443 towards these outstanding loans this fiscal year.

## Environmental, Supply, and Economic Factors

**Drought.** The State has a history of experiencing periods of drought, including most recently in 2012-2016. In April 2021, Governor Newsom declared a drought state of emergency in 41 of the State's 58 counties, primarily in the northern portion of the State and in the Central Valley. In July 2021, Governor Newsom issued an executive order expanding the drought state of emergency to 50 of the State's 58 counties (not including the County) and calling for Californians to voluntarily reduce water use by 15%. The SWP, which is one source of water for MWD, is a state water management project that collects water from rivers in the northern part of the State and through a network of aqueducts and pumping stations and redistributes it to the southern part of the State. Water

allocation from the SWP varies according to factors including reservoir storage, weather projections, and projected runoff into streams, reservoirs, and aquifers. These factors are impacted by precipitation that usually occurs from December through April, when California historically receives more than 90% of its snow and rain. In March 2021, due to ongoing dry conditions, the SWP allocation to MWD was reduced from 10% to 5%.

On August 16, 2021 the historic Colorado River Shortage Declaration was made by the Bureau of Reclamation declaring an official shortage condition due to the lowering of Lake Mead's water level behind Hoover dam to below 1,075 feet. The next day, on August 17, 2021, MWD declared a Water Supply Alert signaling an urgent need throughout the region to do more to reduce water use, and asked water agencies to look within their respective water shortage contingency plans to implement appropriate local actions to achieve conservation through the current drought conditions. On September 14, 2021, the Burbank City Council authorized the move to Stage II and defined conditions to move to Stage III of the Sustainable Water Use Ordinance. Stage I of the Sustainable Water Use Ordinance has been in effect since the last drought and has become the new normal in Burbank. Stage I allows landscape watering for no more than 15 minutes per station three days each week (Tuesdays, Thursdays, and Saturdays) year-round. Attended hand-watering is allowed any day of the week. By activating Stage II, all existing Stage I restrictions remain in place, plus the additional restrictions are (i) Watering of outdoor landscaped areas during the months of November through March is limited to fifteen (15) minutes per station, one (1) day per week (Saturday). (ii) The filling or refilling of an artificial or ornamental body of water that does not use recycled water is prohibited.

**Water Supply Availability and Treatment**. In 2017, MWD created a Cyclic Storage Program to store water supply that was in excess of MWD's demand and storage capacity. The program allows MWD to deliver water in advance of demand to



CITY OF BURBANK * ELECTRIC AND WATER UTILITY FUNDS *
MANAGEMENT DISCUSSION AND ANALYSIS

FISCAL YEAR ENDED JUNE 30, 2021 (in thousands)

Member Agencies for storage in the groundwater basin. Member agencies participating in the program are charged MWD's rate for full service untreated water in effect at the time the stored water is withdrawn and the water taken without affecting the capacity charge that would otherwise be in place. In December of 2018, BWP made an advanced payment for 5,719 Acre-feet at a cost of $3,970 of Cyclic Storage Water ("CSW") under this program, funded by a loan of $3,950 from the Electric Fund. During Fiscal Year 2019-20, BWP made another advance payment for 5,609 Acre-feet at a cost of $4,100, partially funded by a loan of $2,500 from the Electric Fund. As of June 30, 2021, the City had accumulated a total of 11,283 acre-feet in CSW. The City intends to coincide the use of CSW with planned upgrade work at the Pacoima Spreading Grounds, during which annual water spreading will be limited. The upgrade work at the Pacoima Spreading Grounds began in June 2021 and is expected to finish in July 2024. Burbank ratepayers will benefit from these advance purchases by avoiding MWD's future rate increases. The interest rate for the $3,950 loan in FY 2018- 19 is the City's pooled investment return rate with payment terms not to exceed August 2027. The interest rate for the $2,500 million loan in FY 2019-20 is the City's pooled investment return rate with a term not to exceed 4 years. The outstanding balance of the two loans as of June 30, 2021 was $6,450. The City expects to repay the loan within the next three years.

During the last fiscal year, the construction of the "temporary interconnection" (LAIX) under an agreement between BWP and Los Angeles Department of Water and Power (LADWP) was completed. This temporary interconnection uses excess capacity at the Burbank Operable Unit (BOU) to benefit Burbank ratepayers when BWP demand is lower than BOU capacity. The transfer agreement stipulates that LADWP will directly pay MWD for the treated surface water used to blend with the treated ground water and will reimburse BWP for their volumetric portion of the costs to operate, maintain, distribute and pump the water. The LAIX

began normal operation in October 2019 and continues to date. During the fiscal year, 611 A.F. was delivered to LADWP through LAIX.

For many years Burbank's water quality, rates and reliability have been some of the best in the region. The water utility has leaned on a strategy of predictive and preventative capital replacement and maintenance as a key part of this success. Burbank's history and record of being predictive and proactive in capital and maintenance spending has proven to be a cost-effective and very rate friendly strategy. The last Water Fund bond issuance was in 2010 to replace a potable water reservoir, expand the recycled water system, modernize the overall water system and refinancing of bonds to lower interest costs. Since then, the Water Fund has avoided debt issuance and has funded its capital projects through financial reserves. The Water Fund's assets have been dutifully maintained and it is now time to undertake "generational" projects to replace some of these assets. These projects are recommended to be funded through the issuance of bonds and they will provide long-term benefits to ratepayers and future generations. In October 2021, the City Council approved the issuance of water revenue bonds, not to exceed $31,000, for water system capital investments and prepayment of the SWRCB loans. The new bond issuance is primarily intended to upgrade the City's main pumping station and a reservoir, accelerate pipeline replacements, and make other upgrades to the water system as identified through the use of new available technologies. Prepayment of the SWRCB loans is estimated to generate a present value savings of 6.39%, or $.353. Management intends to utilize up to $25,470 of the $31,000 water revenue bonds issuance for water system capital upgrades and replacements; and the remaining $5,530 for SWRCB loan prepayments. The 30-year fixed rate tax-exempt bonds will incur an interest rate of 2.74%. In November 2021 the SWRCB loan were retired.



CITY OF BURBANK * ELECTRIC AND WATER UTILITY FUNDS *
MANAGEMENT DISCUSSION AND ANALYSIS

FISCAL YEAR ENDED JUNE 30, 2021 (in thousands)

In October 2021, S&P Global Ratings assigned its 'AAA' long-term rating to the City of Burbank's proposed 2021 water revenue bonds and re-affirmed its 'AAA' long-term rating on the City's existing water revenue bonds. This rating action considers the Water Utility's robust historical financial performance coupled with its financial forecast, coupled with the City's strong service area demographics. The rating action also acknowledges the underlying economic strength, diversity and wealth of the Water Utility's customer base, the Burbank City Council's demonstrated ability and willingness to raise rates when needed, strong liquidity and transparent and well-defined financial management practices.

## Requests for Information

This financial report is designed to provide a general overview of the Electric and Water Utility Enterprise Funds. Questions concerning any information provided in this report, or requests for additional financial information, should be addressed to Bob Liu, Chief Financial Officer, Burbank Water and Power, 164 W. Magnolia Blvd., Burbank, CA 91502.

**CITY OF BURBANK**
**WATER AND ELECTRIC UTILITY ENTERPRISE FUNDS**
Statement of Net Position
June 30, 2021
(With partial comparative financial information for the year ended June 30, 2020)
(in thousands)

| | Electric | | Water | |
|---|---|---|---|---|
| **Assets** | **2021** | **2020** | **2021** | **2020** |
| Current and regulatory assets: | | | | |
| Cash and cash equivalents | | | | |
| General operating | $ 66,714 | 46,227 | 10,970 | 7,296 |
| Capital and debt reduction | 10,000 | 10,000 | 2,220 | 2,220 |
| Restricted nonpooled cash and cash equivalents | 2,505 | 2,511 | 89 | 92 |
| General plant | 800 | 800 | - | - |
| Fleet replacement | 2,210 | 2,210 | - | - |
| Greenhouse gas credits' proceeds | - | 69 | - | - |
| Lower carbon fuel credits' proceeds | 2,999 | 3,413 | - | - |
| Distribution mains | - | - | 1,100 | 1,100 |
| Total cash and cash equivalents | 85,228 | 65,230 | 14,379 | 10,707 |
| Accounts receivable, net | 21,974 | 14,930 | 4,032 | 3,834 |
| Inventories | 8,747 | 7,102 | 605 | 623 |
| Deposits and prepaid expenses | 17,104 | 31,830 | 10,758 | 11,981 |
| Interest receivable | 159 | 259 | 29 | 40 |
| Regulatory costs to be recovered in one year | 14 | 51 | 169 | 169 |
| Total current and regulatory assets | 133,226 | 119,402 | 29,972 | 27,354 |
| Noncurrent and regulatory assets: | | | | |
| Interfund receivable | 6,450 | 6,450 | - | - |
| Regulatory costs for future recovery | - | 3 | 23 | 42 |
| Total noncurrent and regulatory assets | 6,450 | 6,453 | 23 | 42 |
| Capital assets : | | | | |
| Land | 2,734 | 2,734 | 309 | 309 |
| Rights to purchase power | 1,335 | 1,335 | - | - |
| Utility plant and buildings | 541,437 | 518,636 | 163,339 | 158,535 |
| Machinery and equipment | 78,273 | 74,943 | 7,891 | 7,660 |
| Construction in progress | 29,527 | 34,020 | 2,577 | 4,541 |
| Total utility plant and equipment | 653,306 | 631,668 | 174,116 | 171,045 |
| Less accumulated depreciation | (339,915) | (320,861) | (81,435) | (77,241) |
| Total capital assets, net | 313,391 | 310,807 | 92,681 | 93,804 |
| Total assets | 453,067 | 436,662 | 122,676 | 121,200 |
| Deferred outflows of resources: | | | | |
| Deferred amounts from pensions | 14,001 | 13,795 | 2,263 | 2,230 |
| Deferred amounts from OPEB | 1,214 | 1,118 | 78 | 93 |
| Total deferred outflows of resources | 15,215 | 14,913 | 2,341 | 2,323 |
| Total assets and deferred outflows of resources | $ 468,282 | 451,575 | 125,017 | 123,523 |

See accompanying notes to basic financial statements.

(Continued)



**CITY OF BURBANK**
**WATER AND ELECTRIC UTILITY ENTERPRISE FUNDS**
Statement of Net Position
June 30, 2021
(With partial comparative financial information for the year ended June 30, 2020)
(in thousands)

| | Electric | | Water | |
|---|---|---|---|---|
| **Liabilities** | **2021** | **2020** | **2021** | **2020** |
| Current liabilities: | | | | |
| Accounts payable | $ 8,887 | 5,714 | 1,316 | 2,028 |
| Accrued expenses | 4,172 | 1,910 | 5 | - |
| Bond interest payable | 279 | 284 | 135 | 136 |
| Due to the City of Burbank | 12 | 172 | - | - |
| Customer deposits | 8,535 | 4,095 | 1,369 | 1,767 |
| Current portion of revenue bonds payable, net | 1,145 | 1,090 | - | - |
| Current portion of loan payable | - | - | 454 | 443 |
| Current portion of compensated absences | 305 | 280 | 56 | 63 |
| Total current liabilities | 23,335 | 13,545 | 3,335 | 4,437 |
| Noncurrent liabilities: | | | | |
| Revenue bonds payable, net | 52,497 | 53,665 | 27,866 | 27,859 |
| Loan payable | - | - | 5,076 | 5,530 |
| Interfund payable | - | - | 6,450 | 6,450 |
| Compensated absences | 6,922 | 6,214 | 1,073 | 865 |
| Regulatory credits | 327 | 490 | - | 118 |
| Net OPEB liability | 3,766 | 3,382 | 451 | 455 |
| Net pension liability | 75,580 | 74,938 | 12,218 | 12,114 |
| Total noncurrent and regulatory liabilities | 139,092 | 138,689 | 53,134 | 53,392 |
| Total liabilities | 162,427 | 152,234 | 56,469 | 57,828 |
| Deferred inflows of resources: | | | | |
| Deferred amounts on pensions | 1,013 | 3,414 | 164 | 552 |
| Deferred amounts on OPEB | 1,851 | 2,450 | 336 | 415 |
| Total deferred inflows of resources | 2,864 | 5,864 | 500 | 967 |
| **Net Position** | | | | |
| Net position: | | | | |
| Net investment in capital assets | 261,742 | 258,563 | 59,154 | 60,064 |
| Restricted for public benefits | 7,796 | 6,990 | - | - |
| Unrestricted | 33,453 | 27,923 | 8,894 | 4,660 |
| Total net position (see Note 17) | $ 302,991 | 293,476 | 68,048 | 64,725 |

See accompanying notes to basic financial statements.

**CITY OF BURBANK**
**WATER AND ELECTRIC UTILITY ENTERPRISE FUNDS**
Statement of Revenues, Expenses and Changes in Fund Net Position
June 30, 2021
(With partial comparative financial information for the year ended June 30, 2020)
(in thousands)

| | Electric | | Water | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| Operating revenues: | | | | |
| Sale of power-retail | $ 149,846 | 158,024 | - | - |
| Sale of power and fuel-wholesale | 42,088 | 15,442 | - | - |
| Sale of water | - | - | 32,961 | 32,394 |
| Intergovernmental | 94 | 94 | - | 32 |
| Other revenues | 8,946 | 7,180 | 1,064 | 923 |
| Total operating revenues | 200,974 | 180,740 | 34,025 | 33,349 |
| Operating expenses: | | | | |
| Power supply expenses-retail | 93,250 | 96,718 | - | - |
| Purchased power and fuel expenses-wholesale | 34,197 | 14,126 | - | - |
| Water supply expenses | - | - | 12,102 | 12,994 |
| Water maintenance and operation expenses | - | - | 12,800 | 12,638 |
| Transmission expenses | 11,425 | 13,544 | - | - |
| Distribution expenses | 11,158 | 13,892 | - | - |
| Other operating expenses | 24,869 | 25,720 | 1,750 | 2,062 |
| Depreciation | 19,163 | 20,162 | 4,208 | 4,072 |
| Total operating expenses | 194,062 | 184,164 | 30,860 | 31,766 |
| Operating income | 6,912 | (3,423) | 3,165 | 1,583 |
| Nonoperating income (expenses): | | | | |
| Interest income | 733 | 3,330 | 106 | 492 |
| Bond interest expense | (3,403) | (4,071) | (1,568) | (1,687) |
| Loan interest expense | - | - | (251) | (246) |
| Gain (loss) on disposal of capital assets | 106 | 118 | - | 6 |
| Other income (expenses), net | 2,200 | 1,618 | 546 | 539 |
| Total nonoperating income (expenses) | (364) | 995 | (1,167) | (896) |
| Income before contributions | 6,548 | (2,428) | 1,998 | 687 |
| Capital contributions | 2,949 | 6,361 | 1,325 | 727 |
| Transfers from the City | 31 | 1 | - | - |
| Transfers to the City | (13) | (358) | - | (14) |
| Total capital contributions and transfers | 2,967 | 6,004 | 1,325 | 713 |
| Change in net position | 9,515 | 3,573 | 3,323 | 1,400 |
| Net position, July 1 - (as *restated* , see Note 17) | 293,476 | 289,903 | 64,725 | 63,325 |
| Net position, June 30 | $ 302,991 | 293,476 | 68,048 | 64,725 |

See accompanying notes to basic financial statements



**CITY OF BURBANK**
**WATER AND ELECTRIC UTILITY ENTERPRISE FUNDS**
Statement of Cash Flows
June 30, 2021
(With partial comparative financial information for the year ended June 30, 2020)
(in thousands)

| | Electric | | Water | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| Cash flows from operating activities: | | | | |
| Cash received from customers | $ 193,899 | 179,153 | 33,827 | 32,666 |
| Cash paid to suppliers | (127,341) | (111,015) | (19,312) | (23,525) |
| Cash paid to employees | (26,448) | (51,083) | (7,445) | (8,306) |
| Other income (expense) | 2,200 | 1,173 | 546 | 605 |
| Net cash provided by operating activities | 42,310 | 18,228 | 7,616 | 1,440 |
| Cash flows from noncapital financing activities: | | | | |
| Loans to other funds | - | (2,500) | - | - |
| Proceeds from other governmental agencies | - | 94 | - | 32 |
| Proceeds from other funds | 31 | 390 | - | 2,500 |
| Transfers to / from other funds | (13) | (357) | - | (14) |
| Net cash provided by (used in) noncapital financing activities | 18 | (2,373) | - | 2,519 |
| Cash flows from capital and related financing activities: | | | | |
| Principal payments - bond | (1,090) | (15,889) | - | (2,960) |
| Interest paid | (3,381) | (3,442) | (1,813) | (1,797) |
| Contributed capital | 2,949 | 6,361 | 1,325 | 727 |
| Acquisition and construction of assets | (21,747) | (24,463) | (3,130) | (3,258) |
| Proceeds from sales of capital assets | 106 | 118 | - | - |
| Principal payments - loan payable | - | - | (443) | (431) |
| Net cash used in capital and related financing activities | (23,163) | (37,315) | (4,061) | (7,720) |
| Cash flows from investing activities: | | | | |
| Interest received | 833 | 3,474 | 117 | 511 |
| Net cash provided by investing activities | 833 | 3,474 | 117 | 511 |
| Net increase (decrease) in cash and cash equivalents | 19,998 | (17,987) | 3,672 | (3,251) |
| Cash and cash equivalents - July 1 | 65,230 | 77,320 | 10,707 | 13,774 |
| Cash and cash equivalents - June 30 | $ 85,228 | 65,230 | 14,379 | 10,707 |

**CITY OF BURBANK**
**WATER AND ELECTRIC UTILITY ENTERPRISE FUNDS**
Statement of Cash Flows
June 30, 2021
(With partial comparative financial information for the year ended June 30, 2020)
(in thousands)

| | Electric | | Water | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| Reconciliation of operating income (loss) to net cash provided by (used in) operating activities : | | | | |
| Operating income (loss) | $ 6,912 | (3,423) | 3,165 | 1,583 |
| Adjustments to reconcile operating income (loss) to net cash provided by operating activities: | | | | |
| Depreciation | 19,163 | 20,162 | 4,208 | 4,072 |
| Other income | 2,200 | 1,173 | 546 | 605 |
| Changes in assets and liabilities: | | | | |
| (Increase) decrease in accounts receivable | (7,044) | (1,448) | (198) | (726) |
| (Increase) decrease in inventories | (1,645) | 436 | 18 | 3,167 |
| (Increase) decrease in prepaid items | 14,726 | (587) | 1,223 | (7,959) |
| (Increase) decrease in deferred outflows | (302) | 372 | (18) | 68 |
| (Increase) decrease in deferred bond issuance costs | 40 | 64 | 18 | - |
| Increase (decrease) in accounts payable and accrued expenses | 5,274 | 862 | (709) | 432 |
| Increase (decrease) in net pension and OPEB liability | 1,026 | (293) | 100 | 157 |
| Increase (decrease) in deferred inflows | (3,000) | 307 | (467) | 133 |
| Increase (decrease) in compensated absences | 683 | 745 | 201 | 111 |
| Increase (decrease) in deferred / unearned revenue | - | - | (118) | (118) |
| Increase (decrease) in customer deposits | 4,440 | (47) | (353) | 253 |
| Increase (decrease) in deferred revenue | (163) | (94) | - | (338) |
| Total adjustments | 35,398 | 21,652 | 4,451 | (144) |
| Net cash provided by operating activities | $ 42,310 | 18,228 | 7,616 | 1,440 |
| Noncash investing, capital, and financing activities: | | | | |
| Increase (decrease) in fair value of investments | $ (426) | 1,182 | (76) | 205 |

See accompanying notes to basic financial statements

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## NOTE 1: Summary of Significant Accounting Policies

### *(A) Accounting Methods*

The reporting model includes financial statements prepared using full accrual accounting for the Electric and Water Utility Funds' activities of the City of Burbank (City). This approach includes not just current assets and liabilities, but also capital and other long-term assets, as well as long-term liabilities and deferred outflows / inflows of resources. Accrual accounting also reports all of the revenues and costs of providing services each fiscal year, not just those received or paid in the current fiscal year or soon thereafter.

The basic financial statements include the following:

**Statement of Net Position –** The statement of net position is designed to display the financial status of the reporting entity. The net position of the Electric and Water Utility Funds are separated into three categories – 1) net investment in capital assets, 2) restricted for debt service, and 3) unrestricted.

- Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted net position are those in which use is restricted through external constraints imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of entities with jurisdiction, or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted net position consists of net position that do not meet the definition of restricted or net investment in capital assets.



CITY OF BURBANK * ELECTRIC AND WATER UTILITY FUNDS *
NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2021 (in thousands)

**Statement of Revenues, Expenses and Changes in Fund Net Position** – The statement of revenues, expenses and changes in fund net position reports revenues by major source and distinguishes between operating and nonoperating revenues and expenses.

**Statement of Cash Flows** – For the purposes of the statement of cash flows, the Electric and Water Utility Funds include their portion of the City's pooled cash and investments and restricted investments with an original maturity of three months or less as cash equivalents. The Electric and Water Utility Funds consider the pooled cash and investments to be a demand deposit account whereby monies may be withdrawn or deposited at any time without prior notice or penalty.

### *(B) Basis of Presentation*

The Electric and Water Utility Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the City Council is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be recovered primarily through user charges or (b) where the City Council has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital expenditures, public policy, management control, accountability and other purposes.

### *(C) Reporting Entity*

The Electric and Water Utility Funds' operations were established by the City in 1913. Burbank Water and Power (BWP) manages the generation, purchase, transmission, distribution, and sale of water and electric energy. The activities of BWP are overseen by the City Council.

The Electric and Water Utility Enterprise Funds are used to account

for the operation, maintenance, and construction of the City-owned electric and water utility. The City considers the Electric and Water Utility Funds to be Enterprise Funds (a proprietary fund type) as defined under accounting principles generally accepted in the United States of America. As an integral part of the City's overall operations, the Electric and Water Utility Funds' operations are also included in the City's Annual Financial Report (AFR).

The Electric and Water Utility Funds follow the regulatory accounting criteria set forth per the GASB (Government Accounting Standards Board) Codification, where the effects of the ratemaking process are recorded in the financial statements. As a result, certain revenues and expenses have been recorded in the Electric and Water Utility Enterprise Funds in order to not impact future electric and water rates to customers.

Only the funds of the Electric and Water Utility are included herein, therefore, these financial statements do not purport to represent the financial position or results of operations of the City of Burbank, California.

### *(D) Self-Insurance*

The Electric and Water Utility Funds are part of the City's self-insurance programs, which provide coverage for general liability and workers' compensation claims. See NOTE 14 Self-Insurance, for additional information on the City's self-insurance programs.

### *(E) Capital Assets*

Capital assets are recorded at cost or, in the case of gifts or contributed assets, at acquisition value at the date of donation. The threshold for capitalizing assets is $5 or greater, except for betterments which could be less. When items are sold or retired, related gains or immaterial losses are included in nonoperating income (expenses). Material losses on retirements are reported as regulatory assets, as provided by GASB Statement No. 62, to be collected from future ratepayers. There are no material losses on retirements as of June 30, 2021. Maintenance and repairs that do not add value to or materially extend



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useful lives of assets are expensed as incurred. Improvements to plant and equipment are capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Electric transformers are capitalized when purchased. Depreciation is computed on the straight-line method over the estimated useful lives of the assets as follows (see NOTE 6):

| | |
|---|---|
| Boiler Plant | 20 to 30 years |
| Buildings and Improvements | 25 to 40 years |
| Distribution Stations | 20 to 40 years |
| Electric Meters | 10 to 15 years |
| Machinery and Equipment (except vehicles) | 5 to 40 years |
| Office Equipment | 5 years |
| Poles, Towers, and Fixtures | 30 to 40 years |
| Production Plant | 20 to 40 years |
| Reservoirs and Tanks | 40 years |
| Transformers | 30 years |
| Transmission Equipment | 40 years |
| Transmission Structures | 40 years |
| Vehicles | 5 to 12 years |
| Water Meters | 20 years |
| Water Services | 30 years |
| Water Wells and Springs | 40 years |

### *(F) Accounts Receivable and Allowance for Uncollectible Accounts*

Accounts receivable includes billed and unbilled utility customer accounts, wholesale power sales, and miscellaneous charges unpaid as of June 30, 2021, offset by estimates for uncollectible accounts. Estimated allowances for uncollectible accounts are adjusted to the 91 days and over receivables' balances (see NOTE 3 for changes related to COVID-19 ).

### *(G) Inventories*

Inventories consist of materials and supplies held for future consumption and are priced at average cost .

### *(H) Deposits and Prepaid Expenses*

The Electric and Water Funds, in the normal course of operations place deposits and reserves with other governmental agencies, power providers and vendors, and record them as such. The Electric and Water Funds also prepay certain expenses, recording them as prepaid, which are then recognized as expense as benefits are received (see NOTE 4).

### *(I) Restricted Nonpooled Investments*

The Electric and Water Funds have restricted nonpooled investments, in the form of debt service and parity reserves, to comply with the covenants contained in the various debt indentures requiring the establishment of certain specific accounts (see NOTES 2 and 7).

### *(J) Compensated Absences*

The cost of employees' vested compensated absences, such as vacation and sick pay benefits, are accrued as they are earned by the employees (see NOTE 7).

### *(K) Use of Estimates*

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### *(L) Revenue Recognition*

Revenues are recorded in the period in which they are earned. The Electric and Water Utility Funds accrue estimated unbilled revenue for energy and water sold but not billed at the end of the fiscal period (see NOTE 3). All residential and commercial accounts are billed monthly. Operating revenues consist of retail and wholesale sales of electricity, and sales of potable and recycled water. Nonoperating income consists of charges for electric and water related work performed for



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customers such as aid-in-construction (AIC), service connections and relocation fees.

The Electric Utility Fund's revenues include grant reimbursements from the California Energy Commission (CEC) for systems modernization projects and new electric vehicle charging stations. The CEC total Grants of $1,000 allows for 100% prorated reimbursement for approved expenditures.

### (M) Operating Expenses

Purchased power and fuel expenses include all open market purchases of energy and fuel, firm contracts for the purchase of energy and fuel, energy production costs, and the costs of entitlements for energy and transmission as discussed in NOTE 9.

Water supply expenses include purchased water, electricity used to pump water, and chemicals used in water treatment.

Other operating expenses include all costs associated with the Electric and Water Utility Funds' operations and maintenance of general plant and equipment, administration, customer service, telecom and internet services, public benefits programs, warehousing, security, technology operations, work for others and transfers to the City for cost allocations (see NOTE 8).

### *(N) Bond Premiums and Discounts, and Debt Issuance Costs*

Initial-issue bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest rate method. Bond issuance costs, including underwriters' discount, are reported as current and noncurrent regulatory costs. Amortization of bond premiums and discounts are included in interest expense (see NOTE 7).

### *(O) Prior Year Data*

Selected information regarding the prior year has been included in the accompanying financial statements. This information has been included for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Electric and Water Utility Funds' prior year financial statements, from which this selected data was derived. Some prior year data may be classified differently for proper reporting and comparison purposes.

### *(P) Pensions*

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

### *(Q) Postemployment Benefits Other Than Pensions (OPEB)*

For purposes of measuring the net OPEB liability and deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB's plan and additions to/deductions from the OPEB plans' fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, the OPEB plan recognizes benefit payments when due and payable in accordance with the benefit terms.

### *(R) Lease Obligations*

The Utility is lessee under certain leases accounted for as operating leases. Operating leases do not give rise to property rights or lease obligations, and therefore the results of the lease agreements are not reflected as assets or liabilities in the Utility's statement of net position.

## NOTE 2: Cash and Investments

Cash and investments as of June 30, 2021 are classified in the accompanying financial statements as follows:

| | Electric | Water | Total |
|---|---|---|---|
| Unrestricted cash and investments | $ 82,723 | 14,290 | **$ 97,013** |
| Restricted investments | 2,505 | 89 | **2,594** |
| **Total** | **$ 85,228** | **14,379** | **$ 99,607** |
| Cash on hand | $ 13 | - | **$ 13** |
| Held by fiscal agent | 2,505 | 89 | **2,594** |
| Equity in City investment pool | 82,710 | 14,290 | **97,000** |
| **Total** | **$ 85,228** | **14,379** | **$ 99,607** |

The City combines the cash and investments of all funds into two pools (the City pool, and the Housing Authority pool), except for funds required to be held by outside fiscal agents under the provisions of bond indentures. The Electric and Water Utility Funds have investments of debt proceeds held by bond trustee that are classified as current restricted nonpooled investments.

Each fund's portion of the pooled cash and investments are displayed on the statement of net position. Cash and investments restricted for a specific purpose by either bond resolution, funding agency or an outside third party are classified as restricted assets.

BWP has no separate bank accounts or investments other than investments held by bond trustee and BWP's equity in the cash and investment pool managed by the City. BWP is a voluntary participant in that pool. This pool is governed by and under the regulatory oversight of the Investment Policy adopted by the City Council. BWP has not adopted a formal investment policy separate from that of the City. GASB

Statement No. 72 establishes disclosure requirements for fair value measurements related to investments. The information related to authorized investments, credit risk, etc. is available in the AFR of the City. The Electric and Water Utility Funds' equity in the City's investment pool is not subject to fair value hierarchy.

The City is responsible for all investments on behalf of the Electric and Water Utility Funds.

### Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. Investments held by fiscal agents consists mostly of money market mutual funds, which are due in less than one year.

### Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the Code.

### Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party.



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The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The amount of deposits are covered by FDIC (Federal Insurance Deposit Corporation) insurance or collateralized under California law.

The Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

### Fair Value Measurements

The City's investments are reported at fair value. The City categorizes its fair values measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the relative inputs used to measure the fair value of the investments. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are quoted prices of similar assets in active markets and Level 3 inputs are significant unobservable inputs. Investments held by fiscal agent are not subject to fair value hierarchy.

## NOTE 3: Accounts Receivable

Accounts receivable for the Electric and Water Utility Funds as of June 30, 2021 are:

| | Electric | Water |
|---|---|---|
| | 2021 | 2021 |
| Billed accounts receivable | $ 16,235 | $ 2,367 |
| Unbilled accounts receivable | 6,746 | 1,859 |
| Allowance | (1,007) | (194) |
| **Total** | **$ 21,974** | **4,032** |

The CPUC's decision to extend the moratorium on suspension of electric services, and the April 2, 2020 California Executive Order N -42-20 indefinitely restricting the shut off of water services to residential and qualifying small business customers resulted in an increase of $1,283 to the aged receivables balance.

The Electric Utility Fund accrued $3,679 for wholesale and retail resale power sales invoices; and $1,390 was accrued for AIC projects' invoices.

The allowance for uncollectibles calculation deterred from Policy due to COVID-19. The allowance for uncollectibles was calculated at 50% of the 91 days and over receivables balance, given that it is expected that at least half of retail and business customers with these aged balances will eventually pay the Utility, once California's moratoriums and restrictions are lifted.

## NOTE 4: Deposits and Prepaid Expenses

The Electric Utility Fund shows a total of $17,104 in deposits and prepaid expenses. The composition of these deposits and prepaid expenses includes a $10,158 prepayment to the Southern California Public Power Authority (SCPPA) Natural Gas Reserve for future gas deliveries, a $3,740 deposit with SCPPA for future use in projects, a $2,871 deposit with SCPPA as a fuel reserve for the Magnolia Power Project (MPP), $342 in administrative prepaid expenses; offset by $44 in renewables. In addition, in June 2000, the City prepaid a lease payment of $1,500 for the use of land to locate a new switching station. The terms of the agreement was an advance payment of $1,500 for a twenty-year lease term, with the City's right to renew for





ten years at an annual base payment of $50 in year 21, with a 3% increase in years 22-30. The twenty-year lease began in January 2002. The Electric Fund amortized $75 on this prepaid lease, leaving a balance of $38.

The deposit with SCPPA decreased by $13,423 to pay for purchased power costs in response to lower SCPPA investment earnings than the City's investment earnings.

The Water Utility Fund shows a total of $10,758 in deposits and prepaid expenses. The composition of these prepaid expenses include $8,074 of prepaid cyclic storage water, $2,645 of untreated groundwater, and $39 for other administrative prepaid expenses.

## NOTE 5: Regulatory Assets (Costs)

Utility regulatory assets are reported for unamortized bond issuance costs. These assets are classified as current and noncurrent, and the balances for the Electric and Water Utility Funds as of June 30, 2021 are $14 and $193, respectively. The Water Utility's 2010B Series Bonds' term is 30 years.

## NOTE 6: Capital Assets

| Electric Fund | Balance July 1, 2020 | Additions | Deletions | Balance June 30, 2021 |
|---|---|---|---|---|
| Capital assets not being depreciated : | | | | |
| Land | $ 2,734 | - | - | $ 2,734 |
| Construction in progress | 34,020 | 20,396 | (24,889) | 29,527 |
| Total capital assets not being depreciated | 36,754 | 20,396 | (24,889) | 32,261 |
| Capital assets being depreciated : | | | | |
| Rights to purchased power | 1,335 | - | - | 1,335 |
| Accumulated depreciation | (906) | (44) | - | (950) |
| Buildings & Improvements | 518,637 | 22,968 | (168) | 541,437 |
| Accumulated depreciation | (259,428) | (15,224) | 183 | (274,469) |
| Machinery & other | 74,943 | 3,300 | - | 78,243 |
| Accumulated depreciation | (60,527) | (3,939) | - | (64,466) |
| Total capital assets being depreciated, net | 274,054 | 7,061 | 15 | 281,130 |
| Total net capital assets - Electric utility | $ 310,808 | 27,457 | (24,874) | $ 313,391 |

| Water Fund | July 1, 2020 | Additions | Deletions | June 30, 2021 |
|---|---|---|---|---|
| Capital assets not being depreciated : | | | | |
| Land | $ 309 | - | - | $ 309 |
| Construction in progress | 4,540 | 3,725 | (5,688) | 2,577 |
| Total capital assets not being depreciated | 4,849 | 3,725 | (5,688) | 2,886 |
| Capital assets being depreciated : | | | | |
| Buildings & Improvements | 158,535 | 4,818 | (14) | 163,339 |
| Accumulated depreciation | (71,724) | (3,791) | 13 | (75,502) |
| Machinery & other | 7,660 | 231 | - | 7,891 |
| Accumulated depreciation | (5,516) | (417) | - | (5,933) |
| Total capital assets being depreciated, net | 88,955 | 841 | (1) | 89,795 |
| Total net capital assets - Water utility | $ 93,804 | 4,566 | (5,689) | $ 92,681 |

## Pacific DC Intertie

The City is a participant in an agreement with the City of Los Angeles, Southern California Edison, the City of Glendale, and the City of Pasadena for an unrestricted 3.846% interest in the Pacific DC Intertie. The City's voting right in the project is directly in proportion to its percentage interest.

The Electric Utility invested $1,684 in betterments for its share of the Intertie; and accrued capitalized assets of $58, and $1 in accumulated depreciation and depreciation expense. These capital improvements are expected to continue until 2024.

## NOTE 7: Long-Term Liabilities, including Loan Payable and Revenue Bonds Payable

The Water Utility Fund has outstanding loans that are collateralized by the pledging of Water Utility net revenues. These loans were direct borrowings. The following outstanding SWRCB loans were retired in November 2021.



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| **Water Loan Payable** | **2021** |
|---|---|
| This SWRCB Loan was issued for the purpose of upgrading the Recycled Water Pumping Station PS-1 project to create capacity needed to distribute recycled water to new users. The cost of the project is $1,916, of which $521 is funded by the SWRCB loan. The interest rate is 2.6%, with the principal to be repaid no later than November 2030. | $ 304 |
| Less current portion | (27) |
| **Total for Recycled Water Pumping Station** | **277** |
| This loan was issued for the purpose of Constructing the Valhalla Recycled Water Main Extension. This pipeline extends the existing Recycled Water Distribution System to Valhalla Memorial Park and Cemetery and other recycled water customers in its vicinity. The project also includes the design of a below-grade inline booster station to maintain pressure in the western extents of this extension. The cost of the project was $5,062, of which $3,709 is funded by the SWRCB loan. The interest rate is 2.6%, with the principal to be repaid no later than June 2031. | 2,129 |
| Less current portion | (189) |
| **Total for Valhalla Recycled Water Main Extension** | **1,940** |
| This loan was issued for the purpose of Constructing the Studio District Recycled Water Main Extension. This pipeline extends the existing Recycled Water Distribution System to Warner Brothers, Disney, and NBC Studios and other recycled water customers in their vicinity. The project also includes the design of a below-grade inline booster station to maintain pressure in the western extents of this extension. The cost of the project was $5,161, of which $3,240 is funded by the SWRCB loan. The interest rate is 2.6%, with the principal to be repaid no later than June 2032. | 1,938 |
| Less current portion | (154) |
| **Total for Studio District Recycled Water Main Extension** | **1,784** |
| This loan was issued for the purpose of constructing the Northern Burbank Main Extension. This pipeline extends the existing recycled water distribution system to Brace Canyon Park, Woodbury University and I-5 landscaping and other recycled water customers in its vicinity. The cost of the project is estimated to be $1,934, of which $1,784 is funded by the SWRCB loan. The interest rate is 2.6%, with the principal to be repaid no later than June 2033. | 1,158 |
| Less current portion | (83) |
| **Total for Northern Burbank Main Extension** | **1,075** |
| **Total long-term intergovernmental loan payments** | **$ 5,076** |

A schedule of aggregate maturities, including interest, on the intergovernmental loans payable subsequent to June 30, 2021 is as follows:

**SWRCB Loan for the Studio District Recycled Water Main Extension**

| | Water | | |
|---|---|---|---|
| | **Principal** | **Interest** | **Total** |
| 2022 | 154 | 50 | 204 |
| 2023 | 159 | 46 | 205 |
| 2024 | 163 | 42 | 205 |
| 2025 | 167 | 38 | 205 |
| 2026-2030 | 902 | 123 | 1,025 |
| 2031-2032 | 393 | 15 | 408 |
| | **$ 1,938** | **314** | **$ 2,252** |

**SWRCB Loan for the Northern Burbank Main Extension**

| | **Principal** | **Interest** | **Total** |
|---|---|---|---|
| 2022 | 83 | 30 | 113 |
| 2023 | 86 | 28 | 114 |
| 2024 | 88 | 26 | 114 |
| 2025 | 90 | 23 | 113 |
| 2026-2030 | 487 | 81 | 568 |
| 2031-2033 | 324 | 17 | 341 |
| | **$ 1,158** | **205** | **$ 1,363** |

**SWRCB Loan for the Recycled Water Distribution System**

| | Water | | |
|---|---|---|---|
| | **Principal** | **Interest** | **Total** |
| 2022 | 27 | 8 | 35 |
| 2023 | 28 | 7 | 35 |
| 2024 | 28 | 6 | 34 |
| 2025 | 29 | 6 | 35 |
| 2026-2030 | 158 | 17 | 175 |
| 2031 | 34 | 1 | 35 |
| | **$ 304** | **45** | **$ 349** |



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**SWRCB Loan for the Valhalla Recycled Water Main Extension**

| | **Principal** | **Interest** | **Total** |
|---|---|---|---|
| 2022 | 189 | 55 | 244 |
| 2023 | 194 | 50 | 244 |
| 2024 | 199 | 45 | 244 |
| 2025 | 204 | 40 | 244 |
| 2026-2030 | 1,104 | 119 | 1,223 |
| 2031 | 238 | 6 | 244 |
| | **$ 2,128** | **315** | **$ 2,443** |

## (B) Revenue Bonds Payable

All the revenue bonds issued by the Electric or Water Utility Funds are secured by a pledge of a lien upon the net revenues of the Electric or Water Utility Funds, depending on the purpose of the debt, as well as all amounts on deposit in the funds and accounts established under the indenture, including the reserve account. Net reserves include all revenues received by the Electric or Water Utility Funds, less amounts required for payment of operating expenses. The Electric and Water 2010A Series bonds have been paid in full.

| | **Electric** |
|---|---|
| **2010B Series Bonds:** | **2021** |
| These bonds were issued to finance a portion of the costs of certain improvements to the Electric System, including the conversion of certain residential and commercial distribution circuits, to fund a deposit in the Parity Reserve Fund and to pay the costs of issuance. Payable in installments ranging from $2,210 to $4,195. Interest rates range from 3.00% to 5.00%. Payments are made semiannually on June 1 and December 1, with the final payment to be made on June 1, 2040. The bonds are secured by a pledge of net revenues of the Electric Enterprise Fund, as well as all amounts on deposit in the accounts established under the indenture, including the reserve account. | $ 52,665 |
| Less: | |
| Current portion | - |
| Original issue discount/premium | (182) |
| **Long-term Bonds Series B of 2010** | **$ 52,483** |

| | Electric |
|---|---|
| **2012 Series A Bonds:** | **2021** |
| These bonds were issued to refund on a current basis all of the outstanding 2002 Electric Bonds and to pay the costs of issuance of the Series 2012A Bonds. Payable in installments ranging from $375 to $1,145. Interest rates range from 2.00% to 5.00%. Payments are made semiannually on June 1 and December 1, with the final payment to be made on June 1, 2022. The bonds are secured by a pledge of net revenues of the Electric Enterprise Fund, as well as all amounts on deposit in the accounts established under the indenture, including the reserve account. | $ 1,145 |
| Less: | |
| Current portion | (1,145) |
| Original issue discount/premium | 14 |
| **Long-term Bonds Series A of 2012** | **$ 14** |
| **Total Electric long-term revenue bonds payable** | **$ 52,497** |

| | Water |
|---|---|
| **2010B Series Bonds:** | **2021** |
| These bonds were issued to finance the costs of the 2010 Water Project and to pay the costs of issuance of the Series 2010B Bonds. Payable in installments ranging from $850 to $2,275. Interest rates range from 4.89% to 5.79%. Payments are made semiannually on June 1 and December 1, with the final payment to be made on June 1, 2040. The bonds are secured by a pledge of net revenues of the Water Enterprise Fund, as well as all amounts on deposit in the accounts established under the indenture, including the reserve account. The City expects to receive a direct cash subsidy from the United States Department of Treasury equal to 35% of the interest on the Series 2010B Bonds. | $ 27,945 |
| Less: | |
| Current portion | - |
| Original issue discount/premium | (79) |
| **Long-term Bonds Series B of 2010** | **$ 27,866** |
| **Total Water long-term revenue bonds payable** | **$ 27,866** |

The Electric and Water Funds are in compliance with the covenants contained in the various debt indentures, which require the establishment of certain specific accounts for the revenue and revenue/refunding bonds.



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A schedule of aggregate maturities on bonds payable subsequent to June 30, 2021 is as follows:

| | Electric | | Water | | |
|---|---|---|---|---|---|
| | **Principal** | **Interest** | **Principal** | **Interest** | **Total** |
| 2022 | $ 1,145 | $ 2,199 | - | 1,568 | **$ 4,912** |
| 2023 | - | 2,142 | 850 | 1,568 | **4,560** |
| 2024 | 2,210 | 2,142 | 1,050 | 1,527 | **6,929** |
| 2025 | 2,295 | 2,054 | 1,085 | 1,475 | **6,909** |
| 2026 | 2,390 | 1,963 | 1,120 | 1,422 | **6,895** |
| 2027-2031 | 13,475 | 8,307 | 6,240 | 6,116 | **34,138** |
| 2032-2036 | 16,485 | 5,337 | 8,980 | 4,077 | **34,879** |
| 2037-2040 | 15,810 | 1,656 | 8,620 | 1,274 | **27,360** |
| **Total** | **$ 53,810** | **$ 25,800** [1] | 27,945 | 19,027 | **$ 126,582** |

[1] Electric Series 2010B Bonds are Build America Bonds. $25,744 of the Electric interest shown is gross of the expected receipt of Federal Subsidy equal to 35% of the interest payment due.

## (C) Pledged Revenue

The Electric and Water Utility Funds have debt issuances outstanding that are collateralized by the pledging of utility net revenues. The amount and term of the remainder of these commitments are indicated in the Revenue Bonds Payable tables in Section (B). Utility net revenues are pledged to secure the payment of the principal and redemption premium, if any, and interest on the bonds outstanding, and any parity debt. All remaining utility net revenues, after making the aforementioned secured payments, will be available to the Electric and Water Funds for all lawful utility purposes. The pledge of utility net revenues shall be irrevocable until all of the bonds and parity debt are no longer outstanding.

| | **FY 20-21 Net Revenue Pledged** | **Total Bond Principal Debt** | **Total Bond Interest Debt** | **Principal Paid this Fiscal Year** | **Interest Paid this Fiscal Year** | |
|---|---|---|---|---|---|---|
| Electric Utility | $ 26,076 | 53,810 | 25,800 | 1,090 | 3,403 | [1] |
| Water Utility | $ 7,372 | 27,945 | 19,027 | - | 1,568 [2] | [1], [3] |

[1] Net of 2012B Series Build America Bonds (BAB) Federal subsidy rebates.

[2] For 2010A Series Bonds.

[3] Includes interest only payments of $1,568 for 2010B Series Bonds.

### (D) Utility Funds' Long-Term Liabilities

The following is a summary of changes in the Electric Utility Fund's long-term liabilities as of June 30, 2021:

| Electric | July 1, 2020 | Additions | Retirements | July 1, 2021 | Due within 1 Year |
|---|---|---|---|---|---|
| Revenue Bonds Payable: | | | | | |
| 2010 Series B Bonds | 52,665 | - | - | 52,665 | - |
| 2012 Series A Bonds | 2,235 | | (1,090) | 1,145 | 1,145 |
| Compensated Absences | 6,494 | 3,581 | (2,848) | 7,227 | 305 |
| | **$ 61,394** | **3,581** | **(3,938)** | **61,037** | **$ 1,450** |
| Less current portion | (1,370) | | | (1,450) | |
| Less unamortized bond premium (discount) | (145) | | | (168) | |
| **Total** | **$ 59,879** | | | **$ 59,419** | |

The following is a summary of changes in the Water Utility Fund's long-term liabilities as of June 30, 2021:

| | July 1, 2020 | Additions | Retirements | July 1, 2021 | Due within 1 Year |
|---|---|---|---|---|---|
| **Loans and Revenue Bonds Payable:** | | | | | |
| Intergovernmental Loan Payable | $ 330 | | (26) | 304 | $ 27 |
| Intergovernmental Loan Payable | 2,314 | | (184) | 2,129 | 189 |
| Intergovernmental Loan Payable | 2,089 | | (151) | 1,938 | 154 |
| Intergovernmental Loan Payable | 1,238 | | (80) | 1,158 | 83 |
| 2010 Series B Bonds | 27,945 | | - | 27,945 | - |
| Compensated Absences | 928 | 608 | (407) | 1,128 | 56 |
| | **$ 34,844** | **608** | **(849)** | **34,602** | **$ 510** |
| Less current portion | (506) | | | (510) | |
| Less unamortized bond premium (discounts) | (86) | | | (86) | |
| **Total** | **$ 34,254** | | | **$ 34,008** | |

### NOTE 8: Related Party Transactions

The City allocates certain administrative and overhead costs to the Electric and Water Utility Funds in the other operating expenses category. These costs for the year ended June 30, 2021 is as follows:



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| | Electric 2021 | Water 2021 |
|---|---|---|
| Administrative and overhead costs | $ 6,271 | 2,101 |
| **Total** | **$ 6,271** | **2,101** |

The City receives a 7% Utility Users Tax on electric revenues that is not reflected in the Electric Utility Fund's financial statements; it is recorded directly into the General Fund. This tax for the year ended June 30, 2021 is $9,830.

In addition, the City receives a 7% In-lieu of Taxes on electric retail revenues that is not reflected in the Electric Fund's financial statements; it is recorded directly into the General Fund. This tax for the year ended June 30, 2021 is Electric in-lieu of $8,288 and Street Lighting in-lieu of $2,260.

During the prior fiscal year, the Water Utility borrowed $2,500 from the City for the purchase of cyclic storage water from MWD. The interest rate for this loan is the City's pooled investment return rate with a term not to exceed four years. The interest paid was $37. In fiscal year 2018-19, the Water Utility borrowed $3,950 from the City, also for the purchase of cyclic storage water from MWD. The interest rate for this loan is at the City's pooled investment return rate with payment terms not to exceed August 2027. The interest paid was $59. The loan payable balance is $6,450.

### NOTE 9: Power Supply and Fuel Expenses - Retail

### A) Retail Energy Supply

The City receives electricity through firm contracts, local generation and market purchases. The majority of electricity is delivered through firm contracts, which include "take or pay", "take and pay" and term purchases. Local generation and market purchases supplement firm contracts to meet the City's retail load requirements.

## B) Joint Powers Agency Contracts

The City, through its Electric Utility Fund, has entered into several "take or pay" contracts and “take and pay” contracts through its participation in two joint power agencies, the Intermountain Power Agency (IPA) and the SCPPA in order to meet the electric needs of its customers. These contracts are not considered joint ventures since the City has no interest in the assets, liabilities, or equity associated with any of the projects to which these contracts refer.

Under the “take or pay” contract, the City is obligated to pay its share of the indebtedness regardless of the ability of the contracting agency to provide electricity or the City’s need for the electricity. The City is only obligated to pay its share of the indebtedness upon delivery of energy under the “take and pay” contracts. However, in the opinion of management, the City does not have a financial responsibility for purposes of GASB Statement No. 14, "Financial Reporting Entity", because the IPA and SCPPA do not depend on revenue from the City to continue in existence.

These contracts constitute an obligation of the Electric Utility Fund to make debt service payments from its operating revenues. The Electric Utility Fund's share of debt service is not recorded as an obligation on the accompanying basic financial statements; however, it is included as a component of its power supply expenses.

During the fiscal year, the Electric Fund made payments totaling $54,613 for "take or pay" contracts, and $17,878 for the "take and pay" contract.

### *(a) Intermountain Power Agency (IPA)*

In 1980, the City, along with the California Cities of Los Angeles, Anaheim, Glendale, Pasadena and Riverside, entered into a power sales contract with IPA, which obligates each purchaser to purchase, on a "take or pay" basis, a percentage share of capacity and energy generated by the Intermountain Power Project (IPP) in Utah. The City, through contract, is entitled





to 60 MW or 3.371% of the 1,800 MW of generation at the plant. In addition, the City entered into an Excess Power Sales Agreement, also on a "take or pay" contract, with Utah municipal and cooperative IPP purchasers, which provides for the City to obtain up to an additional 0.797% (14 MW) when not used by the Utah municipal or cooperative IPP purchasers.

### *(b) Southern California Public Power Authority (SCPPA)*

SCPPA membership consists of 11 Southern California cities and one public irrigation district of the State of California, which serves the electric power needs of its Southern California electricity customers. SCPPA, a public entity organized under the laws of the State of California, was formed by a joint powers agreement dated November 1, 1980, pursuant to the Joint Exercise of Powers Act of the State of California. SCPPA was created for the purpose of planning, financing, developing, acquiring, constructing, operating and maintaining projects for the generation and transmission of electric energy for sale to its participants. The joint power agreement has a term of 50 years.

#### Southern Transmission System Project (STS)

Pursuant to an agreement dated May 1, 1983 with the IPA, SCPPA made payments-in-aid of construction to IPA to defray all costs of acquisition and construction of the STS, which provides for the transmission of energy from the Intermountain Generating Station in Utah to Southern California. STS commenced commercial operations in July 1986. The Department of Water and Power of the City of Los Angeles (LADWP), a member of SCPPA, serves as project manager and operating agent of IPP. The STS consists of a 488 mile transmission line and the associated converter station on each end. The 500 kV DC bi-pole transmission lines are currently rated at 2,400 megawatts (MW) as a result of an upgrade completed in December 2010. The City’s ownership share of this project is 4.498%.

### Magnolia Power Project (MPP)

In March 2003, the City, along with the Cities of Anaheim, Cerritos, Colton, Glendale and Pasadena, entered into a power sales agreement with SCPPA for MPP. MPP commenced commercial operations in Burbank, California in September 2005. MPP is a combined-cycle natural gas-fired generation plant with a nominal rate net base capacity of 242 MW, but can boost its output to 310 MW, if needed. The City has entitlement up to 97.6 MW or 30.992% of its output. The City's share of outstanding debt is 32.350% which excludes debt relating solely to the City of Cerritos. The City is also MPP's operating agent.

### Prepaid Natural Gas Project (PNGP)

The PNGP primarily consists of the acquisition by SCPPA of the right to receive an aggregate amount of approximately 135 billion cubic feet of natural gas, which subsequently was reduced to approximately 90 billion cubic feet as a result of restructuring to accelerate a portion of the long-term savings, reduce the remaining volumes of gas to be delivered, and shorten the overall duration of five prepaid agreements (with the City, and the Cities of Anaheim, Colton, Glendale and Pasadena).

The City's natural gas supply agreement with SCPPA is expected to provide approximately one-fourth of the City's gas requirements for MPP. The City has no obligation under the natural gas supply agreement to pay for gas not delivered.

### Milford I Wind Project (M1WP)

M1WP is located near Milford, Utah and began commercial operations in November 2009. The facility is a 200 MW nameplate capacity wind farm comprised of 97 wind turbine generators, delivered by a 90 mile transmission line, 345 kV, extending from the generation site to the IPP switchyard in Delta, Utah. This plant generates enough capacity to supply electricity to power more than 60,000 homes and offset over



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366,000 tons per year of carbon dioxide that would otherwise be emitted from a coal-powered plant. SCPPA (on behalf of project participants LADWP, the City and the City of Pasadena, California) acquired 100.000% of this facility and issued bonds in 2010 to finance the purchase by prepayment of a specified quantity of energy from this facility over the 20-year delivery term, with a guaranteed annual quantity in each year. The City's share of this project is 5.000% of the total capacity of 10 MW, energy, and environmental attribute rights produced at this facility.

### Mead-Adelanto Project (MA)

SCPPA also entered into an agreement dated December 17, 1991 to acquire a 67.917% interest in the MA, a transmission line extending between the Adelanto substation in Southern California and the Marketplace substation in Nevada. Funding for these projects was provided by a transfer from the Multiple Projects Fund, and commercial operations commenced in April 1996. LADWP serves as the operations manager of MA. The project is a 202 mile, 500 kV AC transmission line with a rating of 1,200 MW. The City's ownership share of MA is 11.534%.

### Tieton Hydro Project (THP)

This facility was acquired by SCPPA in November 2009 with 100.000% of entitlement shares. Each of the two project participants, the City and the City of Glendale, California, have an equal 50.000% entitlement share of this project. THP is a run of the reservoir hydroelectric facility, comprised of a powerhouse constructed at the base of the United States Bureau of Reclamation (USBR) Tieton Dam on the Tieton River in the State of Washington, on a 21 mile, 115 kV transmission line from the plant substation to the interconnection of the electrical grid. The powerhouse has a maximum capacity of 20 MW, with a nameplate capacity of 13.6 MW. USBR owns and operates the dam and controls the flows into the Tieton River from the Rimrock Lake reservoir, which was created by the dam. Average annual

generation from this plant is approximately 48,000 megawatt hours (MWh). The City is also Tieton's operating agent.

**Mead-Phoenix Project (MP)**

SCPPA entered into an agreement dated December 17, 1991 to acquire an interest in the MP, a transmission line extending between the West Wing substation in Arizona and the Marketplace substation in Nevada. The agreement provides SCPPA with an 18.308% interest in the West Wing-Mead project, a 17.756% interest in the Mead substation project component and a 22.408% interest in the Mead-Marketplace component. The project is a 256 mile, 500 kV AC transmission line with a rating of 1,300 MW. The City's ownership share of MP is 15.400%.

**Natural Gas Project (NGP)**

The NGP was acquired by SCPPA in 2005 and 2006 and is being developed for the primary purpose of providing the participants with stable long-term supplies of gas for the purpose of fueling their electric generation needs. SCPPA issued 2008 Bonds to provide monies for the refinancing of the City's share of the costs of acquisition and development of the NGP through the redemption of a portion of SCPPA's draw down bonds previously issued for the NGP. SCPPA has sold entitlements to 100.000% of the production capacity of the NGP pursuant to separate gas sales agreements with the five participants - the City, and the Cities of Anaheim, Colton, Glendale and Pasadena. The participants are obligated to pay for such production capacity, including amounts required to pay debt service on bonds issued to finance their respective share of the NGP, on a "take or pay" basis. The City has 14.286% of entitlement shares in the Pinedale, Wyoming Subproject (2005 purchase), and 27.273% of entitlement shares in the Barnett, Texas Subproject (2006 purchase).

**Ameresco/Chiquita Landfill Gas Project**

Ameresco/Chiquita Landfill Gas Project is located in Valencia, California near Lake Castaic and began commercial operations in November 2010. The renewable energy is generated using landfill gas produced at the Chiquita Canyon Landfill. This plant has a total generating capacity of 10 MW and SCPPA members receive 100.000% of the project output. The project participants are the City and the City of Pasadena. The City contracted to purchase approximately 16.700% or 1.7 MW.

**Don A Campbell Geothermal (aka Wild Rose)**

In November 2013, the City began to receive geothermal energy output from the Wild Rose Geothermal (aka Don A. Campbell) Project, located in Mineral County, Nevada. The term of this agreement is 20 years. This is a geothermal power generating facility with a generating nameplate capacity of 25 MW and a projected capacity of 16.2 MW. The City and the City of Los Angeles are project participants. The City contracted to purchase approximately 15.380% (3.845 MW).

**Pebble Springs Wind Project**

Pebble Springs is located in Gilliam County, Oregon, near the town of Arlington and began commercial operations in early 2009. The term of this agreement is 18 years. The City, and the Cities of Los Angeles and Glendale receive the entire energy output of 99 MW. The City contracted to purchase approximately 10.000% (10 MW).

**Copper Mountain 3 Solar Project**

Copper Mountain 3 Solar Project is located near Boulder City, Nevada, approximately 25 miles southeast of Las Vegas, Nevada.

The facility is the third phase of one of the largest photovoltaic solar facilities in the U.S. situated on about 1,400 acres of land. The City and the City of Los Angeles entered into a 20-year power sales agreement through SCPPA. The City's share of this project is 16.000% (40 MW) of the total capacity of 250 MW. In May 2014, ahead of schedule, the City began to receive commercial operations in 2015.

## Desert Harvest II Solar Project

The Desert Harvest II Solar Project is a 70 MW solar project located in Riverside County, California. It achieved commercial operations on December 17, 2020. Desert Harvest II Solar Project supplies energy and renewable attributes to SCPPA under a twenty-five year Renewable Energy Credit (REC) + Index structure contract. The City and the Cities of Anaheim and Vernon are the participants. The City contracted to purchase approximately 31.34%.

A summary of the City's contracts and related projects and its commitments at June 30, 2021 are:

| | City of Burbank portion* | City of Burbank share of bonds | Burbank obligation relating to total debt service |
|---|---|---|---|
| Intermountain Power Project | 3.371% | $ 8,090 | $ 7,599 |
| SCPPA: [(1)] | | | |
| Southern Transmission System | 4.498% | 10,740 | 12,315 |
| Magnolia Power Project (Project A) | 32.350% | 75,498 | 103,515 |
| Prepaid Natural Gas Project #1 | 33.000% | 88,494 | 126,188 |
| Milford I Wind Project | 5.000% | 4,816 | 5,960 |
| Tieton Hydropower Project | 50.000% | 16,595 | 25,090 |
| Natural Gas Project - Barnett | 100.000% | 9,321 | 12,464 |
| Natural Gas Project - Pinedale | 100.000% | 3,009 | 4,024 |
| SCPPA Total | | 208,473 | 289,557 |
| Total | | $ 216,563 | $ 297,156 |

The following schedule details the amount of principal and interest that is due and payable by the City as part of the joint power agency contracts, by project, in the fiscal year indicated (year ending June 30).



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| | 2021/22 | | 2022/23 | | 2023/24 | |
|---|---|---|---|---|---|---|
| | Principal | Interest | Principal | Interest | Principal | Interest |
| Intermountain Power Project | $ 4,012 | (362) | 3,707 | (131) | 371 | 2 |
| SCPPA: | | | | | | |
| Southern Transmission System | 2,672 | 527 | 2,826 | 398 | 1,217 | 256 |
| Magnolia Power Project (Project A) | 4,162 | 4,426 | 3,352 | 2,687 | 3,529 | 2,566 |
| Prepaid Natural Gas Project #1 | 3,203 | 4,498 | 3,713 | 4,330 | 4,241 | 4,135 |
| Milford I Wind Project | 505 | 240 | 530 | 216 | 556 | 189 |
| Tieton Hydropower Project | 583 | 820 | 613 | 788 | 650 | 752 |
| Natural Gas Project - Barnett | 1,036 | 547 | 983 | 490 | 930 | 435 |
| Natural Gas Project - Pinedale | 334 | 177 | 317 | 158 | 300 | 141 |
| Total | $ 16,506 | 10,872 | 16,039 | 8,935 | 11,793 | 8,476 |

| | 2024/25 | | 2025/26 | | 2026/31 | |
|---|---|---|---|---|---|---|
| | Principal | Interest | Principal | Interest | Principal | Interest |
| Intermountain Power Project | $ - | - | - | - | - | - |
| SCPPA: | | | | | | |
| Southern Transmission System | 1,277 | 196 | 1,341 | 133 | 1,407 | 66 |
| Magnolia Power Project (Project A) | 3,711 | 2,437 | 3,905 | 2,301 | 22,815 | 9,178 |
| Prepaid Natural Gas Project #1 | 4,886 | 3,912 | 5,166 | 3,656 | 36,043 | 13,593 |
| Milford I Wind Project | 584 | 161 | 613 | 132 | 2,029 | 206 |
| Tieton Hydropower Project | 1,458 | 715 | 618 | 630 | 3,583 | 2,655 |
| Natural Gas Project - Barnett | 888 | 384 | 854 | 331 | 3,904 | 913 |
| Natural Gas Project - Pinedale | 287 | 124 | 276 | 107 | 1,261 | 295 |
| Total | $ 13,089 | 7,929 | 12,772 | 7,289 | 71,041 | 26,905 |

| | 2031/36 | | 2036/41 | | Total | |
|---|---|---|---|---|---|---|
| | Principal | Interest | Principal | Interest | Principal | Interest |
| Intermountain Power Project | $ - | - | - | - | 8,090 | (491) |
| SCPPA: | | | | | | |
| Southern Transmission System | - | - | - | - | 10,740 | 1,575 |
| Magnolia Power Project (Project A) | 34,025 | 4,423 | - | - | 75,498 | 28,018 |
| Prepaid Natural Gas Project #1 | 31,244 | 3,569 | - | - | 88,494 | 37,693 |
| Milford I Wind Project | - | - | - | - | 4,816 | 1,144 |
| Tieton Hydropower Project | 4,575 | 1,665 | 4,518 | 472 | 16,595 | 8,495 |
| Natural Gas Project - Barnett | 726 | 44 | - | - | 9,321 | 3,143 |
| Natural Gas Project - Pinedale | 234 | 14 | - | - | 3,009 | 1,015 |
| Total | $ 70,804 | 9,715 | 4,518 | 472 | 216,563 | 80,593 |

During the prior fiscal year, the outstanding principal and interest for the Mead Adelanto and Mead Phoenix Projects was paid in full.

For further information regarding SCPPA, please visit www.scppa.org.

## Hedge Policies and Outstanding Hedge Contracts

The Electric Utility Fund utilizes natural gas hedging as outlined in its Energy Risk Management Policy. The purpose of hedging is to protect against fluctuating prices and deliver stable and competitive rates to its retail customers.

### Greenhouse Gas Cap-and-Trade Program

The State of California has implemented a greenhouse gas cap-and-trade program, under California Assembly Bill 32 (the California Global Warming Solutions Act of 2006), to reduce greenhouse gas emissions. At June 30, 2021, the City of Burbank has sufficient allocated greenhouse gas allowances for its retail sales.

## NOTE 10: Purchased Power and Fuel Expenses - Wholesale

The Electric Utility Fund has been involved in the wholesale market for many years. Since 2000, the Electric Utility Fund's strategy has been one of primarily optimizing revenues from temporarily underutilized electric assets to develop wholesale net margins that reduce its power supply expenses.

The Electric Utility continues using the wholesale margin as an offset to its overall power supply expenses. Wholesale margins for the year ended June 30, 2021 are as follows:

| | 2021 |
|---|---|
| Wholesale Revenues | $ 42,088 |
| Wholesale Costs | 34,197 |
| Wholesale Margin | $ **7,891** |

## NOTE 11: Deferred Inflows of Resources / Unearned Revenue

On January 22, 2013 the Electric Utility was awarded a grant of $1,000 from the California Energy Commission (CEC) in support of the Department of Energy's systems' modernization capital projects funded during fiscal years 2010-11 through 2014-15. The Electric Utility is deferring payments received for these capital assets to match corresponding depreciation expense over their useful lives, as allowed by Accounting Standards Codification (ASC) 980 rules under GASB Statement No. 62. The Electric Utility recognized revenue and depreciation expense of $94. The deferred CEC payments were reported as regulatory credits in deferred inflows of resources and were $327.



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During fiscal year 2014-15, the Electric Utility sold greenhouse gas allowance credits at auction, resulting in proceeds of $69. These proceeds were reported as deferred inflows of resources. During the fiscal year the Electric Utility used these proceeds to fund PCC (Product Content Category)-3 renewable energy credits. The deferred greenhouse gas allowance sales proceeds have been fully recognized as revenue.

## NOTE 12: Retirement Plan

### A) Pension Plans

The Utility Funds participate in the City's Miscellaneous Employee Defined Benefit Plans and the Utility Funds' share of net pension liability is reported as a cost sharing plan in these financial statements.

1. *Plan Descriptions*

All qualified permanent and probationary employees are eligible to participate in the City's Miscellaneous (Non-Safety) Employee Pension Plan, an agent multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plan are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

*2. Benefits Provided*

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited

service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 to 62 with statutorily defined benefits. For employees hired into the plan with the 2.5% at 55 formula, eligibility for service retirement is age 50 with at least 5 years of service. PEPRA (Public Employees' Pension Reform Act) miscellaneous members become eligible for service retirement upon attainment of age 52 with at least 5 years of service. All members are eligible for non-duty disability benefits after 5 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for the plan are applied as specified by the Public Employees' Retirement Law.

The Plan's provisions and benefits in effect at the June 30, 2020 measurement date, are summarized as follows:

| | Miscellaneous | |
|---|---|---|
| Hire date | Prior to January 1, 2013 | On or After January 1, 2013 |
| Benefit formula | 2.5%@55 | 2%@62 |
| Benefit vesting schedule | 5 years of service | 5 years of service |
| Benefit payments | monthly for life | monthly for life |
| Retirement age | 50 - 55 | 52 - 67 |
| Monthly benefits, as a % of eligible compensation | 2.0% to 2.5% | 1.0% to 2.5% |
| Required employee contribution rates | 8.00% | 6.50% |
| Required employer contribution rates | 9.688% | 10.555% |
| Payment of unfunded liability | $17,187,123 | - |

*3. Contributions*

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially



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determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. City employer contributions to CalPERS for the fiscal year were $55,475. City Contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contributions requirements are classified as plan member contributions.

## (B) Net Pension Liability

As of June 30, 2021, the Electric and Water Utility Funds reported net pension liabilities for its proportionate shares of the net pension liability of the Miscellaneous Plan as follows:

| | Proportionate Share of Net Pension Liability | |
|---|---|---|
| | June 30, 2021 | June 30, 2020 |
| Electric Utility Fund | $ 75,580 | $ 74,938 |
| Water Utility Fund | 12,218 | 12,114 |

The Electric and Water Utility Funds' net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2020, using an annual actuarial valuation as of June 30, 2019 rolled forward to June 30, The Electric and Water Utility Funds' net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2020, using an annual actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 using standard update procedures. The Electric and Water Utility Funds' proportionate share of

net pension liability was based on a projection of the Electric and Water Utility Funds' long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The Utility's proportionate share of the net pension liability for the Miscellaneous Plan as of the June 30, 2020 measurement was as follows:

| | Electric Utility | Water Utility |
|---|---|---|
| Proportion - June 30, 2020 | 34.27% | 5.54% |

## (C) Pension Expenses and Deferred Outflows /Inflows of Resources Related to Pensions

Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that time.

The Utility has the following pension outflow that qualifies for reporting in this category:

- Deferred outflow related to pensions equal to employer contributions made after the measurement date of the net pension liability.

- Deferred outflows from pensions resulting from differences between actual and expected experiences. These amounts are amortized over a closed period equal to the average expecting remaining service lives of all employees that are provided with pensions through the Plan.

- Deferred outflows from pensions resulting from changes in assumptions. These amounts are amortized over a closed period equal to the average expecting remaining service lives of all employees that are provided with pensions through the Plan.



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- Deferred outflows related to OPEB for differences between projected and actual earnings on investments of the OPEB plan fiduciary net position. These amounts are amortized over five years.

Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For reporting purposes, pension inflows have been combined on the Statement of Net Position. The Utility has the following pension inflows that qualify for reporting in this category:

- Deferred inflows related to pensions for differences between expected and actual experiences. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the Plan.

- Deferred inflows from pensions resulting from changes in assumptions. These amounts are amortized over a closed period equal to the average expecting remaining service lives of all employees that are provided with pensions through the Plan.

For the year ended June 30, 2021, the City recognized pension expense for the Electric and Water Funds of $9,659 and $1,561, respectively. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | | Deferred Inflows of Resources | |
|---|---|---|---|---|
| | Electric | Water | Electric | Water |
| Pension contributions subsequent to measurement date | $ 11,622 | 1,879 | | |
| Differences between actual and expected experience | $ 495 | 80 | (819) | (132) |
| Change in assumptions | | | (195) | (31) |
| Net differences between projected and actual earnings on plan investments | 1,885 | 305 | | |
| **Total** | **$ 14,001** | **2,263** | **(1,013)** | **(164)** |

For the Electric and Water Utility Funds, $11,622 and $1,879, respectively, reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

| Year Ending | Electric Utility | Water Utility |
|---|---|---|
| 2022 | $ (1,456) | $ (235) |
| 2023 | 578 | 94 |
| 2024 | 1,226 | 198 |
| 2025 | 1,017 | 164 |
| 2026 | | |
| Thereafter | | |
| **Total Deferred Inflows of Resources** | **$ 1,366** | **$ 221** |

1. *Actuarial Assumptions*

The total pension liabilities in the June 30, 2019 actuarial valuations were determined using the following actuarial assumptions:



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| | Miscellaneous Plan |
|---|---|
| Valuation Date | June 30, 2019 |
| Measurement Date | June 30, 2020 |
| Actuarial Cost Method | Entry-Age Normal Cost Method |
| Actuarial Assumptions: | |
| Discount Rate | 7.15% |
| Inflation | 2.625% |
| Payroll Growth | 2.875% |
| Projected Salary Increase | 3.2% - 12.2% (1) |
| Mortality (2) | |
| Post Retirement Benefit Increase (3) | |

(1) Varies by entry age and service.

(2) The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates includes 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 that can be found on the CalPERS website.

(3) The less of contract COLA (Cost -of-Living Adjustment) or 2.50% until Purchasing Power Protection Allowance Floor on purchasing power applies, 2.50% thereafter.

All other actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at the CalPERS website under Forms and Publications.

*a. Discount Rate*

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was

projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short term and long term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The expected real rates of return by asset class are as follows:



CITY OF BURBANK * ELECTRIC AND WATER UTILITY FUNDS *
NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2021 (in thousands)

| Asset Class (a) | New Strategic Allocation | Real Return Years 1 - 10 (b) | Real Return Years 11+ (c) |
|---|---|---|---|
| Global Equity | 50.00% | 4.80% | 5.98% |
| Fixed Income | 28.00% | 1.00% | 2.62% |
| Inflation Assets | 0.00% | 0.77% | 1.81% |
| Private Equity | 8.00% | 6.30% | 7.23% |
| Real Assets | 13.00% | 3.75% | 4.93% |
| Liquidity | 1.00% | 0.00% | -0.92% |
| Total | 100.00% | | |

(a) In the CalPERS AFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.
(b) An expected inflation of 2.0% was used for this period.
(c) An expected inflation of 2.92% was used for this period.

### *b. Sensitivity of the Net Pension Liability to Changes in the Discount Rate*

The following presents the net pension liability of the Utility for the Miscellaneous Plan, calculated using the discount rate, as well as what the Utility's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate (actual amounts):

| | Utility |
|---|---|
| 1% Decrease | 6.15% |
| Net Pension Liability | $ 137,241 |
| Current Discount Rate | 7.15% |
| Net Pension Liability | $ 87,798 |
| 1% Increase | 8.15% |
| Net Pension Liability | $ 46,930 |

### *2. Pension Plan Fiduciary Net Position*

Detailed information about the Miscellaneous pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

### Payable to the Pension Plan

At June 30, 2021, the City reported a payable of $0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2021.

## NOTE 13: Post-Retirement Health Care Benefits

### PEMHCA

The CalPERS Public Employees' Medical and Hospital Care Act (PEMHCA) plan under the authority of section 22750 to 22948 of the State of California's government code, is an agent multiple employer plan. The City pays the required PEMHCA minimum contribution for all miscellaneous employees retiring directly from the City who enroll in a CalPERS medical plan. The 2021 PEMHCA minimum contribution amount is $143.00 per month. In addition, the City pays retiree health contribution amounts of $100.00 per month for 15 management retirees, and $188.00 per month for 9 IBEW retirees. For these management/IBEW retirees, the PEMHCA minimum required contribution of $143.00 is paid in addition to the retiree health contribution amounts. The allocated proportionate share to the retiree health contribution amounts to the Utility is 12.79% to the Electric Fund and 2.32% to the Water Fund. The PEMHCA benefit provisions are established and amended through negotiations between the City and its unions.

### BERMT

The Burbank Employees Retiree Medical Trust (BERMT) is a single employer, defined benefit plan. The BERMT was established in April 2003 by the city's employee





associations to provide post retirement medical benefits to all non-safety employees, including elected and appointed officials. BERMT members represented by a bargaining group are required to contribute $50.00 per pay period, and the City contributes $50.00 per pay period for these members. BERMT members unrepresented by a bargaining group are not able to make employee contributions, and the City contributes $100.00 per pay period for these members.

BERMT plan provisions and contribution requirements are established by and may be amended by the BERMT board.

The trust is controlled by the seven voting members from the various employee associations appointed to three year terms. The City appoints an eighth member to the board, but that member is non-voting. Investments are determined by the BERMT plan trustees, and are governed by the Employee Retirement Income Security Act of 1974 (ERISA) provisions.

Eligibility for benefits require that members are retired from the City, and have reached age 58 with a minimum of 5 years of contributions into the plan. The benefit ranges from $150.00 to $630.00 in reimbursements per month based on number of contributions for eligible medical expenses. For the fiscal year 2020-21, the City contributed $1,403 to BERMT. BERMT is not subject to GASB 75 reporting.

### Utility Retiree Medical Trust (URMT)

The URMT is an agent multiple employer plan, established during the 2008-09 fiscal year for IBEW members and 14 management employees as a supplement to benefit payments from BERMT and PEMHCA. The total target benefit is $1,200.00/month for individuals age 50 to age 64 and $750.00/month for those age 65 and above, with the exception that for

qualifying employees who retire after December 16, 2015 and who have not contributed to Medicare while employed at Burbank and who are also not otherwise eligible for premium-free Medicare Part A at age 65 and older, the maximum amount at age 65 and older shall be $975.00/month, including payments from BERMT, PEMHCA minimum and URMT. For the fiscal year 2020-21 (measurement period of June 30, 2020), the City contributed $170.

**Funding Policy**

The City has pre-funded the PEMHCA and URMT Plans through CalPERS OPEB Trust (CERBT) and has a policy of contributing 100% of the City's Actuarially Determined Contribution (ADC) each year. For the fiscal year 2020-21 (measurement period of June 30, 2020), the City contributed $3,328, consisting of $3,355 in CERBT contributions netted against $27 in benefit payments and administrative expense.

The CERBT is a tax qualified irrevocable trust, organized under Internal Revenue Code (IRC) Section 115, established to pre-fund OPEB. The CERBT issues a publicly available financial report that includes financial statements and required supplementary information for the City, not individualized, but in aggregate with the other CERBT participating agencies.

This report may be obtained at the following address:

**PEMHCA**, CERBT—State of California, 400 Q Street, Sacramento, CA 95811

**Employees Covered**

As of June 30, 2020 measurement date, the following current and former Miscellaneous employees were covered by the URMT plan:



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NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2021 (in thousands)

**Employees Covered**

As of June 30, 2020 measurement date, the following current and former Miscellaneous employees were covered by the URMT plan:

| Net OPEB Liability - PEMHCA Plan | URMT |
|---|---|
| Inactive employees or beneficiaries currently receiving benefits | 64 |
| Active employees | 144 |
| **Total** | **208** |

Contributions

The URMT and PEMHCA contribution requirements are established by City policy and may be amended. The annual contribution is based on the actuarially determined contribution. For the fiscal year ended June 30, 2021, the City's total contributions of $3,029 consist of payments to the trust of $3,029.

Net OPEB Liability

The City's net OPEB liability was measured as of June 30, 2020 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2019 rolled forward to June 30, 2020 using standard update procedures. A summary of the principal assumptions and methods used to determine the total OPEB liability follows:

| Miscellaneous Plan | PEMHCA | URMT |
|---|---|---|
| Valuation Date | June 30, 2019 | June 30, 2019 |
| Measurement Date | June 30, 2020 | June 30, 2020 |
| Actuarial Cost Method | Entry-Age Normal Cost Method | Entry-Age Normal Cost Method |
| Actuarial Assumptions: | | |
| Discount Rate | 6.75% | 6.75% |
| Inflation | 2.75% | 2.75% |
| Payroll Growth | 3.00% | 3.00% |
| Projected Salary Increase | 3.00% | 3.00% |
| Expected long term investment rate of return | 6.75% | 6.75% |
| Healthcare cost trends (PEMHCA) | 6.3% Medicare, 7.25% Non-Medicare, decreasing to 4% in 2076 and later | |
| Benefit Increase trend rates (URMT) | 0% to 2022, then 4% after | |
| Pre-retirement turnover | Derived from CalPERS pension plan | |
| Mortality [1] | | |

[1] The probabilities of mortality are derived using CalPERS membership data for all funds. The mortality table used was developed based on CalPERS specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 1997-2015 experience study report.

The actuarial assumptions used in the June 30, 2019 valuation were based on a standard set of assumptions the actuary has used for similar valuations, modified as appropriate for the City.

The long-term expected rate of return was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation are summarized in the following table:



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NOTES TO THE BASIC FINANCIAL STATEMENTS

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| Asset Class | New Strategic Allocation | Expected Real Return |
|---|---|---|
| Global Equity | 59.00% | 4.82% |
| Global Fixed Income | 25.00% | 1.47% |
| TIPS (Treasury Inflation-Protected Security) | 5.00% | 1.29% |
| Real Estate | 8.00% | 3.76% |
| Commodities | 3.00% | 0.84% |
| | 100.00% | |

### Discount Rate

The discount rate used to measure the total OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that the City's contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

### Change of Discount Rate

The discount rate used in the June 30, 2019 valuation was 6.75%, the same as the June 30, 2017 valuation discount rate of 6.75%. The discount rate was unchanged due to expected average returns, a 2.75% inflation assumption and a 10-year Capital Market Assumption projection.

### Changes in Assumptions

Changes in assumptions since the measurement period June 30, 2018, consisted of updating Demographic assumptions to CALPERS 1997-2015 Experience Study, Mortality improvement

scale was updated to Scale MP-2019 for both PEHMCA and URMT, PEHMCA participation was lowered, and Age factors for age-based claims were revised for URMT.

Changes in the NET OPEB Liability

**Changes in the net OPEB liability - URMT**

| | Total OPEB Liability | Increase (Decrease) Plan Fiduciary Net Position | Net OPEB Liability |
|---|---|---|---|
| Balance at June 30, 2019 (Measurement date) | $ 11,670 | 10,794 | 876 |
| Changes in the year: | | | |
| Service cost | 340 | | 340 |
| Interest on the total OPEB liability | 802 | | 802 |
| Differences between actual and expected experience | | | |
| Changes in assumptions | | | |
| Changes in benefit terms | | | |
| Contributions - employer | | 170 | (170) |
| Contributions - employee | | 168 | (168) |
| Net investment income | | 405 | (405) |
| Benefit payments | (266) | (266) | |
| Administrative expenses | | (5) | 5 |
| **Net Changes** | 876 | 472 | 404 |
| Balance at June 30, 2020 (Measurement date) | **$ 12,546** | **11,266** | **1,280** |

As of June 30, 2021 the Electric and Water Utility Funds reported net OPEB liability for its proportionate share of the net OPEB liability of the PEMHCA plan as follows:

| Net OPEB Liability - PEMHCA Plan | June 30, 2021 |
|---|---|
| Electric Utility | $ 2,486 |
| Water Utility | $ 451 |

*a. Sensitivity of the net OPEB liability to changes in the discount rate*

The following presents the net OPEB liability of the Utility, as well as what the Utility's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or higher than the current discount rate:



**CITY OF BURBANK* ELECTRIC AND WATER UTILITY FUNDS *
NOTES TO THE BASIC FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2021 (in thousands)**

| | PEMHCA | URMT |
|---|---|---|
| 1% Decrease | 5.75% | 5.75% |
| Net OPEB Liability | $ 4,066 | $ 3,514 |
| Current Discount Rate | 6.75% | 6.75% |
| Net OPEB Liability | $ 2,937 | $ 1,280 |
| 1% Increase | 7.75% | 7.75% |
| Net OPEB Liability | $ 2,005 | $ (485) |

*b. Sensitivity of the net OPEB liability to changes in healthcare cost trend rates*

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or higher than the current healthcare cost trend rates:

| | PEMHCA | URMT |
|---|---|---|
| 1% Decrease (Asset) | | |
| Net OPEB Liability | $ 1,851 | $ (1,680) |
| Current Trend | | |
| Net OPEB Liability | $ 2,937 | $ 1,280 |
| 1% Increase | | |
| Net OPEB Liability | $ 4,278 | $ 5,071 |

OPEB expense and deferred outflows/inflows of resources related to OPEB:

Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that time. The Utility has the following OPEB outflow that qualifies for reporting in this category:

- Deferred outflow related to OPEB equal to employer contributions made after the measurement date of the net pension liability.

- Deferred outflows related to OPEB for differences between projected and actual earnings on investments of the OPEB plan fiduciary net position. These amounts are amortized over five years.

Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For reporting purposes, pension inflows have been combined on the Statement of Net Position. The Utility has the following pension inflows that qualify for reporting in this category:

- Deferred inflows related to pensions for differences between expected and actual experiences. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the Plan.

- Deferred inflows from pensions resulting from changes in assumptions. These amounts are amortized over a closed period equal to the average expecting remaining service lives of all employees that are provided with pensions through the Plan.

- Deferred inflows related to OPEB for differences between projected and actual earnings on investments of the OPEB plan fiduciary net position. These amounts are amortized over five years.



CITY OF BURBANK * ELECTRIC AND WATER UTILITY FUNDS *
NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2021 (in thousands)

For the fiscal year ended June 30, 2021 the Utility recognized OPEB expense of ($31) and $297 for PEMHCA and URMT, respectively.

At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources as follows:

| | PEMHCA | |
|---|---|---|
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| OPEB contributions subsequent to measurement date: | | |
| Electric Fund | $ 358 | |
| Water Fund | $ 65 | |
| Differences between actual and expected experience: | | |
| Electric Fund | | 284 |
| Water Fund | | $ 52 |
| Change in assumptions: | | |
| Electric Fund | | 1,566 |
| Water Fund | | 284 |
| Differences between projected and actual earnings: | | |
| Electric Fund | 73 | |
| Water Fund | 13 | |
| **Total** | **$ 510** | **$ 2,186** |

| Electric Fund | URMT | |
|---|---|---|
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| OPEB contributions subsequent to measurement date | $ 228 | |
| Differences between actual and expected experience | 242 | |
| Change in assumptions | 134 | |
| Differences between projected and actual earnings | 178 | |
| **Total** | **$ 782** | |

$423 and $228 reported as deferred outflows of resources related to contributions subsequent to the measurement date for PEMHCA and URMT respectively, will be recognized as a reduction of the net

OPEB liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

| Year Ending June 30, | PEMHCA | URMT |
|---|---|---|
| 2022 | (434) | 50 |
| 2023 | (405) | 112 |
| 2024 | (394) | 132 |
| 2025 | (395) | 128 |
| 2026 | (429) | 61 |
| Thereafter | (43) | 71 |
| **Total Deferred Inflows of Resources** | **$ (2,100)** | **$ 554** |

### Payable to the OPEB Plan

At June 30, 2021, the Utility reported a payable of $0 for the outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2021.

## NOTE 14: Self-Insurance

The Electric and Water Funds are in the City's self-insurance program as part of its policy to self-insure certain levels of risk within separate lines of coverage to maximize cost savings. The City is a member in ACCEL (Authority for California Cities Excess Liability), which is a risk sharing pool for municipal excess liability.

Each individual member self-insures all general liability losses for the first $1,000 and the members of the pool share losses between $1,000 and $10,000. The members jointly purchase additional layers of coverage beyond the pooled layer, with Burbank purchasing an additional $45,000 of excess



CITY OF BURBANK * ELECTRIC AND WATER UTILITY FUNDS *
NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2021 (in thousands)

coverage, for total coverage of $55,000. The layers of coverage above $10,000 are not pooled, but rather jointly purchased.

The workers' compensation coverage is purchased through a pooling agreement. The City self-insures the first $2,000 of each loss and then the pool covers all losses to statutory limits. The City charges the Electric and Water Utility Funds a premium based upon the proportional payroll cost, job classification, and claim history. There were no significant settlements or reductions in insurance coverage from settlements for the past three years.

Additional information regarding all the City's self-insurance programs can be found in the City's AFR.

## NOTE 15: Insurance Proceeds

In April 2021, the City received an advance on its settlement with its insurance carrier concerning damaged property and equipment relating to the Golden State Substation fire. The proceeds received, which totaled $3,000, exceeded the carrying value of damaged assets and additional clean-up costs by $3,000. The excess of $3,000 is included in Other revenues in the accompanying fiscal year 2020/21 statement of revenues, expenses and changes in fund net position.

## NOTE 16: Contingencies

### *Potential Litigation*

BWP is presently involved in certain matters of litigation that have arisen in the normal course of conducting electric and water operations. Management believes, based on consultation with the City Attorney, that these cases in the aggregate are not expected to result in a material adverse financial impact on either the Electric or Water Funds.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Utility's financial condition, liquidity, and future results of operations. Management is actively monitoring the impact of the global situation on the Utility's financial condition, liquidity, operations and workforce. The Utility cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time; however, due to the Utility's strong financial position, various revenue sources, credit ratings and reserves it believes it is in a very good position to adjust to the ongoing pandemic going forward.

## NOTE 17: Restatement of Net Position at July 1, 2020

As of July 1, 2020, the beginning net positions for the following activities were restated:

| Electric Fund restatement | Change in reported net position | Water Fund restatement | Change in reported net position |
|---|---|---|---|
| Net position reported - June 30, 2020 | $ 286,486 | | $ 62,189 |
| Corrections to reported assets/liabilities: | | Corrections to reported assets/liabilities: | |
| Recognition of Public Benefits unspent balance of California Assemby Bill 1890's 2.85% of retail revenues | $ 6,990 | Revenue recognition of capital assets for the Burbank Empire Center and Bob Hope Airport | $ 2,536 |
| ***Restated* net position at July 1, 2020** | **$ 293,476** | ***Restated* net position at July 1, 2020** | **$ 64,725** |

## NOTE 18: Subsequent Event

In October 2021 the City Council approved the issuance of water revenue bonds, not to exceed $31,000, for water system capital investments and prepayment of the SWRCB loans. The new bond issuance is primarily intended to upgrade the City's main pumping station and a reservoir, accelerate pipeline replacements, and make other upgrades to the water system as identified through the use of new available technologies. The remaining of the bond proceeds is intended to prepay the SWRCB loans generating a present value savings of 6.39%, or $.353.



CITY OF BURBANK * ELECTRIC AND WATER UTILITY FUNDS *
NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2021 (in thousands)

Management intends to utilize $24,500 for water system capital upgrades and replacements; $5,106 for the SWRCB loan prepayments; and the remaining proceeds for cost of issuance and other costs associated with the 2021 bonds. The 30-year fixed rate tax-exempt bonds is expected to incur an interest rate of 2.74%. In November 2021, the 2021 water revenue bonds were issued, and the SWRCB loans were retired in full.

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CITY OF BURBANK * ELECTRIC AND WATER UTILITY FUNDS *
SUPPLEMENTARY INFORMATION

FISCAL YEAR ENDED JUNE 30, 2021 (in thousands)

*SUPPLEMENTAL INFORMATION*

## SCHEDULE OF NET PENSION LIABILITY INFORMATION AND RATIOS

**Last 10 Fiscal Years ***

**ELECTRIC FUND**

| Fiscal Year Ended / Measurement Period | 2021 / 2020 | 2020 / 2019 | 2019 / 2018 | 2018 / 2017 | 2017 / 2016 | 2016 / 2015 | 2015 / 2014 |
|---|---|---|---|---|---|---|---|
| Plan's Proportionate Share of Net Pension Liability in % | 34.27% | 34.27% | 34.96% | 34.96% | 34.96% | 34.96% | 34.96% |
| Plan's Proportionate Share of Net Pension Liability in $ | $ 75,580 | $ 74,938 | $ 73,226 | $ 78,580 | $ 71,305 | $ 58,442 | $ 55,065 |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 77% | 76% | 77% | 74% | 75% | 79% | 80% |
| Covered-Employee Payroll | 27,500 | 27,908 | $ 27,615 | $ 27,587 | $ 27,521 | $ 27,719 | $ 27,418 |
| Plan Net Pension Liability/(Asset) as a Percentage of Covered-Employee Payroll | 275% | 269% | 265% | 285% | 259% | 211% | 201% |
| Plan's Proportionate Share of Aggregate Employer Contributions | $ 11,867 | $ 7,321 | $ 6,663 | $ 5,864 | $ 5,355 | $ 4,788 | $ 4,258 |

**WATER FUND**

| Fiscal Year Ended / Measurement Period | 2021 / 2020 | 2020 / 2019 | 2019 / 2018 | 2018 / 2017 | 2017 / 2016 | 2016 / 2015 | 2015 / 2014 |
|---|---|---|---|---|---|---|---|
| Plan's Proportionate Share of Net Pension Liability in % | 5.54% | 5.54% | 5.49% | 5.49% | 5.49% | 5.49% | 5.49% |
| Plan's Proportionate Share of Net Pension Liability in $ | $ 12,218 | $ 12,114 | $ 11,499 | $ 12,340 | $ 11,198 | $ 9,178 | $ 8,647 |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 77% | 76% | 77% | 74% | 75% | 79% | 80% |
| Covered-Employee Payroll | $ 4,446 | $ 4,512 | $ 4,337 | $ 4,332 | $ 4,322 | $ 4,353 | 4,306 |
| Plan Net Pension Liability/(Asset) as a Percentage of Covered-Employee Payroll | 275% | 269% | 265% | 285% | 259% | 211% | 201% |
| Plan's Proportionate Share of Aggregate Employer Contributions | $ 1,918 | $ 1,183 | $ 1,046 | $ 921 | $ 841 | $ 752 | $ 669 |

* - Fiscal year 2015 was the 1st year of implementation.

Additional information regarding this Schedule can be found in the City's Annual Financial Report.

**CITY OF BURBANK * ELECTRIC AND WATER UTILITY FUNDS *
SUPPLEMENTARY INFORMATION**

**FISCAL YEAR ENDED JUNE 30, 2021 (in thousands)**

***SUPPLEMENTAL INFORMATION***

**CITY OF BURBANK * ELECTRIC AND WATER UTILITY FUNDS *
SUPPLEMENTARY INFORMATION**

**FISCAL YEAR ENDED JUNE 30, 2021 (in thousands)**

***SUPPLEMENTAL INFORMATION***

## Schedule of Plan Contributions - 2021

### ELECTRIC FUND

| Fiscal Year Ended June 30, | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|---|---|
| Actuarially Determined Contribution | $ 8,880 | $ 8,438 | $ 7,463 | $ 6,657 | $ 5,355 | $ 4,788 | $ 4,258 |
| Contributions in Relation to the Actuarially Determined Contribution | (11,622) | (11,865) | (7,463) | (6,657) | (5,355) | (4,788) | (4,258) |
| Contribution Deficiency (Excess) | $ (2,742) | $ (3,427) | $0 | $0 | $0 | $0 | $0 |
| Covered-Employee Payroll | $ 27,711 | $ 27,500 | $ 28,470 | $ 27,615 | $ 27,587 | $ 27,521 | $ 27,719 |
| Contributions as a Percentage of Covered-Employee Payroll | 41.94% | 43.15% | 26.21% | 24.11% | 19.41% | 17.40% | 15.36% |

### WATER FUND

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|---|---|
| Actuarially Determined Contribution | $ 1,436 | $ 1,364 | $ 1,172 | $ 1,045 | $ 841 | $ 752 | $ 669 |
| Contributions in Relation to the Actuarially Determined Contribution | (1,879) | (1,918) | (1,172) | (1,045) | (841) | (752) | (669) |
| Contribution Deficiency (Excess) | $ (443) | $ (554) | $0 | $0 | $0 | $0 | $0 |
| Covered-Employee Payroll | $ 4,480 | $ 4,446 | $ 4,471 | $ 4,337 | $ 4,332 | $ 4,322 | $ 4,353 |
| Contributions as a Percentage of Covered-Employee Payroll | 41.94% | 43.15% | 26.21% | 24.11% | 19.41% | 17.40% | 15.36% |
| Valuation Date | June 30, 2018 | June 30, 2017 | June 30, 2016 | June 30, 2015 | June 30, 2014 | June 30, 2013 | June 30, 2012 |

## * REQUIRED SUPPLEMENTARY INFORMATION *

**SCHEDULE OF NET PEMHCA LIABILITY INFORMATION AND RATIOS**
**Last 10 Fiscal Years * In Thousands**

**ELECTRIC FUND**

| Fiscal Year Ended June 30, / Measurement Date | 2021 / 6/30/2020 | 2020 / 6/30/2019 | 2019 / 6/30/2018 | 2018 / 6/30/2017 |
|---|---|---|---|---|
| Plan's Proportionate Share of Net PEMCHA Liability in % | 12.79% | 12.79% | 12.79% | 12.79% |
| Plan's Proportionate Share of Net PEMCHA Liability in $ | $ 2,486 | $ 2,506 | $ 5,034 | $ 5,039 |
| Plan Fiduciary Net Position as a Percentage of the Total PEMCHA Liability | 64.75% | 63.03% | 43.22% | 40.30% |
| Covered-Employee Payroll | $ 15,937 | $ 14,329 | $ 14,111 | $ 14,004 |
| Plan Net PEMCHA Liability/(Asset) as a Percentage of Covered-Employee Payroll | 16% | 17% | 36% | 36% |
| Plan's Proportionate Share of Aggregate Employer Contributions | $ 506 | $ 504 | $ 506 | $ 405 |

**WATER FUND**

| Fiscal Year Ended June 30, / Measurement Date | 2021 / 6/30/2020 | 2020 / 6/30/2019 | 2019 / 6/30/2018 | 2018 / 6/30/2017 |
|---|---|---|---|---|
| Plan's Proportionate Share of Net PEMCHA Liability in % | 2.32% | 2.32% | 2.32% | 2.32% |
| Plan's Proportionate Share of Net PEMCHA Liability in $ | $ 451 | $ 455 | $ 913 | $ 914 |
| Plan Fiduciary Net Position as a Percentage of the Total PEMCHA Liability | 64.75% | 63.03% | 43.22% | 40.30% |
| Covered-Employee Payroll | $ 2,891 | $ 2,599 | $ 2,560 | $ 2,540 |
| Plan Net PEMCHA Liability/(Asset) as a Percentage of Covered-Employee Payroll | 16% | 17% | 36% | 36% |
| Plan's Proportionate Share of Aggregate Employer Contributions | $ 92 | $ 91 | $ 92 | $ 73 |

* Fiscal year 2018 was the 1st year of implementation; therefore, only four years are shown.
Additional information regarding this Schedule can be found in the City's Annual Financial Report.



CITY OF BURBANK * ELECTRIC AND WATER UTILITY FUNDS * SUPPLEMENTARY INFORMATION
FISCAL YEAR ENDED JUNE 30, 2021 (in thousands)

## * REQUIRED SUPPLEMENTARY INFORMATION *

**SCHEDULE OF CHANGES IN THE NET URMT LIABILITY AND RELATED RATIOS**
**Last 10 Fiscal Years***

**In Thousands**

| Fiscal year end | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|
| Measurement date | 6/30/2020 | 6/30/2019 | 6/30/2018 | 6/30/2017 |
| Service cost | $ 340 | $ 299 | $ 291 | $ 283 |
| Interest on the total pension liability | 802 | 715 | 668 | 623 |
| Actual vs. expected experience | - | 320 | - | - |
| Assumption changes | - | 178 | - | - |
| Benefit payments | (266) | (285) | (256) | (222) |
| Net Change in Total OPEB liability | 876 | 1,227 | 703 | 684 |
| Total OPEB Liability - Beginning of Year | 11,670 | 10,443 | 9,740 | 9,056 |
| Total OPEB Liability - End of Year (a) | 12,546 | 11,670 | 10,443 | 9,740 |
| Plan Fiduciary Net Position: | | | | |
| Contributions - employer | 170 | 167 | 154 | 148 |
| Contributions - employee | 168 | 167 | 154 | 148 |
| Net investment income | 405 | 657 | 717 | 889 |
| Administrative expenses | (5) | (2) | (17) | (5) |
| Benefit payments | (266) | (285) | (256) | (222) |
| Net Change in Plan Fiduciary Net Position | 472 | 704 | 752 | 958 |
| Plan Fiduciary Net Position - Beginning of Year | 10,794 | 10,090 | 9,338 | 8,380 |
| Plan Fiduciary Net Position - End of Year (b) | 11,266 | 10,794 | 10,090 | 9,338 |
| Net OPEB liability - Ending (a) - (b) | $ 1,280 | $ 876 | $ 353 | $ 402 |
| Plan fiduciary net position as a percentage of the total OPEB liability | 89.80% | 92.49% | 96.62% | 95.87% |
| Covered payroll | $ 19,521 | $ 17,698 | $ 17,084 | $ 18,086 |
| Net OPEB liability as a percentage of covered payroll | 6.56% | 4.95% | 2.07% | 2.22% |

**Notes to Schedule**

1. There were no changes in benefits.
2. There were no changes in assumptions.

* Fiscal year ended June 30, 2018, was the first year of implementation; therefore, only four years are shown.

## CITY OF BURBANK * ELECTRIC AND WATER UTILITY FUNDS * SUPPLEMENTARY INFORMATION
## FISCAL YEAR ENDED JUNE 30, 2021 (in thousands)
## * REQUIRED SUPPLEMENTARY INFORMATION *

**Schedule of Plan Contributions - OPEB**

**Last Ten Fiscal Years***
**In Thousands**

| **UTILITY FUNDS** | PEMHCA 6/30/2021 | PEMHCA 6/30/2020 | PEMHCA 6/30/2019 | PEMHCA 6/30/2018 |
|---|---|---|---|---|
| Actuarially determined contribution | $ 410 | $ 621 | $ 608 | $ 598 |
| Contributions in relation to the actuarially determined contribution | (423) | (603) | (608) | (598) |
| Contribution deficiency (excess) | $ (13) | $ 18 | $ - | $ - |
| Covered payroll | $ 17,282 | $ 18,828 | $ 16,928 | $ 16,671 |
| Contributions as a percentage of covered-employee payroll | 2.45% | 3.20% | 3.59% | 3.59% |

**Notes to Schedule**

**Schedule of Plan Contributions - OPEB**

**Last Ten Fiscal Years***
**In Thousands**

| **UTILITY FUNDS** | URMT 6/30/2021 | URMT 6/30/2020 | URMT 6/30/2019 | URMT 6/30/2018 |
|---|---|---|---|---|
| Actuarially determined contribution | $ 224 | $ 170 | $ 167 | $ 154 |
| Contributions in relation to the actuarially determined contribution | (228) | (170) | (167) | (154) |
| Contribution deficiency (excess) | $ (4) | $ - | $ - | $ - |
| Covered payroll | $ 18,172 | $ 19,521 | $ 17,698 | $ 17,084 |
| Contributions as a percentage of covered-employee payroll | 1.25% | 0.87% | 0.94% | 0.90% |

**Notes to Schedule**

| Methods and assumptions used to determine contribution rates: | |
|---|---|
| Agent multiple employers | Entry age normal |
| Amortization method | Level percentage of payroll |
| Asset valuation method | Investment gains and losses spread over 5-year rolling period |
| Inflation | 2.75% |
| Investment rate of return | 6.75% |
| Mortality | CalPERS 1997-2011 experience study |

* Fiscal year 2018 was the first year of implementation; therefore, four years are shown.



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## CITY OF BURBANK * ELECTRIC AND WATER UTILITY FUNDS *
## SUPPLEMENTARY INFORMATION

## FISCAL YEAR ENDED JUNE 30, 2021 (in thousands)

## *SUPPLEMENTAL INFORMATION*

Schedule 1

| ANNUAL ELECTRIC SUPPLY<br>Fiscal Year ended June 30, 2021 | | |
|---|---|---|
| **Resource** | **MWh** | **Percentage** |
| Renewables[(1)] | 399,710 | 41.4% |
| Intermountain Power Project | 201,300 | 20.9% |
| Magnolia Power Project | 180,050 | 18.7% |
| Spot Purchases | 105,250 | 10.9% |
| Palo Verde Nuclear | 42,100 | 4.4% |
| On-Site Generation | 16,270 | 1.7% |
| Hoover Uprating | 20,110 | 2.1% |
| **Total[(2)]** | **964,790** | **100.0%** |

[1]Renewable resources include the Southwest Wyoming Pleasant Valley Facility Wind Contract, Milford Phase I Wind Project, Tieton Hydropower Project, Pebble Springs Wind Project, Ameresco Chiquita Canyon Landfill Gas Project, Copper Mountain Solar Project, Don A. Campbell Geothermal Project, Desert Harvest II Solar Project, Renewable Certificate, local generation from BWP Valley Pumping Plant, bio-methane gas, customer and utility solar installations, and an exchange agreement. For the Fiscal Year ended June 30, 2021, renewable energy resources made up approximately 41.5% of Burbank's total retail sales. This number differs from the official Renewable Portfolio Standard (RPS) calculation and compliance period, which are based on retail sales and calendar year.

[2]Does not equal total sales to customers throughout the City due to distribution losses and timing differences in billing cycle.



CITY OF BURBANK * ELECTRIC AND WATER UTILITY FUNDS *
SUPPLEMENTARY INFORMATION

FISCAL YEAR ENDED JUNE 30, 2021 (in thousands)

*SUPPLEMENTAL INFORMATION*

Schedule 2

| CUSTOMERS, SALES, ELECTRIC REVENUES AND DEMAND<br>Fiscal Years ended June 30 | | | | | |
|---|---|---|---|---|---|
| | **2017** | **2018** | **2019** | **2020** | **2021** |
| Number of Retail Service: | | | | | |
| Residential | 46,215 | 46,140 | 46,294 | 46,098 | 46,152 |
| Commercial[1] | 6,971 | 6,889 | 6,920 | 6,844 | 6,861 |
| Large Commercial[1] | 86 | 81 | 84 | 88 | 84 |
| **Total** | **53,272** | **53,110** | **53,298** | **53,030** | **53,097** |
| | | | | | |
| Retail Kilowatt-hour Sales (millions) | | | | | |
| Residential | 272 | 274 | 274 | 275 | 287 |
| Commercial [2] | 533 | 534 | 524 | 485 | 448 |
| Large Commercial [2] | 274 | 270 | 263 | 260 | 227 |
| **Total** | **1,080** | **1,078** | **1,061** | **1,019** | **962** |
| | | | | | |
| Electric Revenues ($ in thousands): | | | | | |
| Retail[3] | $ 175,964 | $ 176,450 | $ 162,386 | $ 158,024 | $ 149,846 |
| Wholesale | $ 23,512 | $ 21,252 | $ 21,791 | $ 15,442 | $ 42,088 |
| Other[4] | $ 5,912 | $ 6,448 | $ 8,504 | $ 7,274 | $ 9,040 |
| **Total** | **$ 205,388** | **$ 204,150** | **$ 192,681** | **$ 180,740** | **$ 200,974** |
| | | | | | |
| Peak Demand (MW) | 278 | 320 | 302 | 283 | 292 |

[1]Meter counts include all billed meters.

[2] Retail sales for Commerical and Large Commercial customers were lower in FY 2020-21 because of closing of businesses within Burbank due to the pandemic orders beginning on March 19th, 2020.

[3]Effective July 1, 2018, instead of passing through the Electric Fund, the in-lieu transfer is accounted for directly in the General Fund.

[4]Other miscellaneous revenues include transmission, telecommunications, intergovernmental, and other miscellaneous revenues. Other miscellaneous revenues do not include aid-in-construction.

## CITY OF BURBANK * ELECTRIC AND WATER UTILITY FUNDS *
## SUPPLEMENTARY INFORMATION

## FISCAL YEAR ENDED JUNE 30, 2021 (in thousands)

## *SUPPLEMENTAL INFORMATION*

Schedule 3

| SYSTEM WEIGHTED AVERAGE BILLING PRICE – ELECTRIC [1] [2] (Cents per Kilowatt-hour) | | | | | |
|---|---|---|---|---|---|
| | **2017** | **2018** | **2019** | **2020** | **2021** |
| Residential | 16.51 | 16.57 | 15.81 | 15.83 | 15.86 |
| Commercial | 16.49 | 16.76 | 15.89 | 16.07 | 16.02 |
| Large Commercial | 14.55 | 14.48 | 13.66 | 13.93 | 13.96 |
| System Weighted Average Electric Rate | 16.01 | 16.14 | 15.32 | 15.46 | 15.49 |

[1] All weighted average rates exclude Street Lighting charges.

[2] Effective FY 2019, all weighted average rates no longer include in-lieu transfer. Prior to 2019, this transfer was embedded in the rates. Burbank voters passed Measure T in June 2018 to continue a direct transfer of not more than 7% of Burbank Water and Power's gross annual sales of electricity to pay for City's essential services.

Schedule 4

| ANNUAL WATER SUPPLY Fiscal Year ended June 30, 2021 | | |
|---|---|---|
| **Resource** | **Acre Feet (AF)** | **Percentage** |
| Metropolitan Water District | 4,449 | 26.8% |
| Local Production – BOU | 12,134 | 73.2% |
| **Total** | **16,583** | **100.0%** |



CITY OF BURBANK * ELECTRIC AND WATER UTILITY FUNDS *
SUPPLEMENTARY INFORMATION

FISCAL YEAR ENDED JUNE 30, 2021 (in thousands)

*SUPPLEMENTAL INFORMATION*

Schedule 5

| CUSTOMERS, WATER SALES, WATER REVENUES Fiscal Years ended June 30 | | | | | |
|---|---|---|---|---|---|
| | **2017** | **2018** | **2019** | **2020** | **2021** |
| Number of Water Service: | | | | | |
| Potable | | | | | |
| Residential[1] | 22,262 | 22,216 | 22,173 | 22,161 | 22,188 |
| Commercial[2] | 3,248 | 3,213 | 3,235 | 3,205 | 3,212 |
| Other[3] | 1,138 | 1,145 | 1,160 | 1,171 | 1,184 |
| Recycled | 228 | 234 | 236 | 240 | 250 |
| **Total** | **26,876** | **26,808** | **26,804** | **26,777** | **26,834** |
| | | | | | |
| AF Sales Per Year: | | | | | |
| Potable | | | | | |
| Residential[1] | 10,862 | 11,887 | 11,331 | 11,671 | 12,642 |
| Commercial[2] | 3,328 | 3,455 | 3,340 | 3,155 | 2,645 |
| Other[3] | 192 | 225 | 199 | 183 | 170 |
| Recycled | 3,004 | 3,281 | 2,824 | 3,032 | 2,927 |
| **Total in AF** | **17,386** | **18,848** | **17,694** | **18,041** | **18,384** |
| | | | | | |
| Water Revenues ($ in thousands): | | | | | |
| Retail[4] | $ 27,836 | $ 30,565 | $ 30,578 | $ 32,394 | $ 32,961 |
| Other[5] | $ 2,702 | $ 3,518 | $ 702 | $ 955 | $ 1,064 |
| **Total** | **$ 30,538** | **$ 34,083** | **$ 31,280** | **$ 33,349** | **$ 34,025** |
| | | | | | |
| Maximum Demand Day (AF) | 57.4 | 63.5 | 63.1 | 62.8 | 57.1 |

[1] Residential includes multi-family dwellings.
[2] Commercial includes Large Commercial.
[3] Other includes city department water, school, fire protection, and miscellaneous users
[4] Potable and Recycled.
[5] Other operating revenues include connection fees, recycled water credits and other miscellaneous revenues.

Sched 6

| WEIGHTED AVERAGE BILLING PRICE – POTABLE WATER ($ per CCF[1]) | | | | | |
|---|---|---|---|---|---|
| | **2017** | **2018** | **2019** | **2020** | **2021** |
| Residential[2] | 3.75 | 3.82 | 4.04 | 4.21 | 4.18 |
| Commercial[3] | 3.56 | 3.66 | 3.87 | 4.17 | 4.29 |
| Weighted Average Water Rate | 3.71 | 3.78 | 4.00 | 4.20 | 4.20 |

[1] CCF is one hundred of cubic feet; one AF is equal to approximately 435.6 CCF.
[2] Residential includes multi-family dwellings.
[3] Commercial includes Large Commercial.


CITY OF BURBANK
WATER AND POWER

## CONTACT INFO

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