

# STAFF REPORT



## FINANCIAL SERVICES

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**DATE:** June 3, 2025

**TO:** Justin Hess, City Manager

**FROM:** Jennifer Becker, Financial Services Director   
By: Leana Mkrtchyan, Deputy Financial Services Director

**SUBJECT:** Adoption of Resolutions Adopting the Fiscal Year 2025-26 Annual Budget, Citywide Fee Schedule, and Appropriations Limit

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### **RECOMMENDATION**

1. Provide further direction as necessary regarding the budget follow-up requests.
2. Adopt A RESOLUTION OF THE COUNCIL OF THE CITY OF BURBANK ADOPTING THE BUDGET FOR THE FISCAL YEAR 2025-2026 AND MAKING APPROPRIATIONS FOR AMOUNTS BUDGETED.
3. Adopt A RESOLUTION OF THE COUNCIL OF THE CITY OF BURBANK DETERMINING AND ESTABLISHING THE CITY'S APPROPRIATIONS LIMIT FOR THE FISCAL YEAR 2025-2026.
4. Adopt A RESOLUTION OF THE HOUSING AUTHORITY OF THE CITY OF BURBANK ADOPTING THE BUDGET FOR THE FISCAL YEAR 2025-2026.
5. Adopt A RESOLUTION OF THE PARKING AUTHORITY OF THE CITY OF BURBANK ADOPTING THE BUDGET FOR THE FISCAL YEAR 2025-2026.
6. Adopt A RESOLUTION OF THE COUNCIL OF THE CITY OF BURBANK ADOPTING THE FISCAL YEAR 2025-2026 CITYWIDE FEE SCHEDULE.

## **BACKGROUND**

The Fiscal Year 2025-26 Proposed Budget documents were distributed on May 1, 2025, for the City Council's review and made available to the public at the City Clerk's Office, the Financial Services Department, the Burbank Library branches, and on the City's website. The Budget was reviewed during two City Council Meetings that were held on May 6, and May 20, 2025, during which staff presented a detailed overview of the Proposed Citywide FY 2025-26 Budget and Fee Schedule, along with the General Fund Five-Year Financial Forecast and the citywide Capital Improvement Program (CIP). The purpose of these budget presentations was to provide the City Council the opportunity to review each department and fund's budget, ask questions, review new budget requests, and make modifications to the budget and fee schedule.

## **DISCUSSION**

### **FY 2025-26 Citywide Budget**

The following chart provides a Citywide snapshot of the proposed resources and appropriations for FY 2025-26. The total appropriations for the FY 2025-26 Proposed Budget of approximately \$1 billion are roughly \$138 million more than the Adopted FY 2024-25 Budget, an increase of approximately 16%.

| <b>FUND/FUND GROUP</b>                          | <b>PROPOSED RESOURCES</b> | <b>PROPOSED APPROPRIATIONS *</b> |
|---|---------------------------|----------------------------------|
| General Fund                                    | \$ 264,820,908            | \$ 276,079,585                   |
| Special Revenue Funds (incl. Cap Projects Fund) | 67,230,864                | 67,980,167                       |
| Internal Services Funds                         | 84,195,227                | 100,215,980                      |
| Water Reclamation & Sewer                       | 22,663,966                | 30,732,030                       |
| Water and Electric (BWP)                        | 366,696,655               | 484,986,402                      |
| Refuse Collection and Disposal                  | 24,398,493                | 28,832,960                       |
| Successor Agency                                | 2,340,213                 | 2,256,769                        |
| Housing Authority                               | 17,085,592                | 17,350,094                       |
| Parking Authority                               | 1,706,027                 | 1,475,486                        |
| <b>TOTAL ALL FUNDS</b>                          | <b>\$ 851,137,945</b>     | <b>\$ 1,009,909,473</b>          |

*\*Proposed Appropriations are funded by FY 2025-26 total citywide revenues as well as the use of available fund balances.*

### **Council Follow-up Items**

During the City Council Meeting on May 20, 2025, the City Council reviewed 9 discussion papers and follow-up items related to the budget. At that time, the following items were approved by the City Council for incorporation into the Proposed Budget:

- 1) Citywide Outdoor Dining in Private Parking Lots - \$250,000 (One-time)
- 2) Request for Funding for Homeless Programs and Services - \$507,091 (Recurring) and \$76,000 (One-Time)
- 3) Job Connect Plus Program- \$87,500 (One-Time)

Additionally, the following two budget discussion items will remain included in the Proposed Budget:

1. Consideration of Expanded Fire Department Staffing Models - \$1,600,000 (One-Time)
2. City of Burbank Enterprise Resource Planning (ERP) Project - \$1,202,469 (One-Time)

### **General Fund Financial Status**

Based on the forecasted FY 2025-26 revenue and proposed recurring appropriations, including the discussion papers approved by the City Council for incorporation into the budget on May 20, 2025, staff is projecting a recurring balance of approximately \$519 thousand in FY 2025-26 (see Attachment 6). Factoring in the anticipated ending balance from FY 2024-25, contributions to reserves, and proposed one-time appropriations, staff is expecting an available balance of \$19.8 million in the General Fund at the end of FY 2025-26.

### **Capital Improvement Program**

Adhering to the City Council's adopted Infrastructure Maintenance, Repair, and Improvement Policy, the FY 2025-26 Proposed Budget continues to contribute half of the Measure P sales tax revenue to the Municipal Infrastructure Fund 534, in addition to the annual \$4.7 million General Fund maintenance of effort.

The FY 2025-26 Proposed CIP Budget continues the City's efforts towards addressing infrastructure needs, with just over \$31.5 million in proposed general city capital spending from 13 different funds and funding sources, alongside \$6.6 million in annual Fund 534 maintenance dollars. The proposed CIP projects were presented to the Infrastructure Oversight Board (IOB) for review at two public meetings on February 27 and March 27, 2025, the second of which the IOB formally approved the capital plan for inclusion in the Proposed Budget. A summary of all new and continuing CIP projects for FY 2025-26 is included in Attachment 8.

### **Gann Initiative Appropriation Limit**

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

Utilizing the most current price and population data provided by the State of California, the City's FY 2025-26 appropriation limit is estimated to be \$285,421,353. The actual

amount of the appropriations contained in the budget that is subject to the limit is \$204,261,028. The difference between the City's appropriation limit and the amount proposed to be appropriated that is subject to the limit is \$81,160,325. As a result, the City, in accordance with State law, is well below its appropriations limit.

### **ENVIRONMENTAL REVIEW**

This activity includes the FY 2025-26 Proposed Budget and has no potential for resulting in either a direct or a reasonably foreseeable indirect physical change in the environment. As such, it is not a "project" subject to the requirements of the California Environmental Quality Act (CEQA) 14 Cal. Code Regs § 15378.

### **CONCLUSION**

The adoption of the Budget sets forth the appropriations for the new fiscal year. For FY 2025-26, total General Fund appropriations of \$276 million have been balanced against projected revenues and the use of fund balance. If adopted as is, the overall General Fund budget will be balanced as required by the City Charter. However, it should be noted that the projected recurring balance for FY 2025-26 is forecasted to turn into a deficit in the second year and succeeding fiscal years of the five-year forecast as future projected expenses outpace projected revenues (see Attachment 7).

Burbank is heading into FY 2025-26 with a proposed budget that reflects the City Council's goals and priorities but still adheres to the City's values of fiscal responsibility. The City Council has consistently pursued sound fiscal policies and strategies like strengthening revenues, paying down pension liabilities, building up reserves, and utilizing one-time funds to make strategic investments to reduce future recurring expenses. In addition to the projected FY 2025-26 year-end General Fund Balance of nearly \$20 million, Burbank's formal reserves total approximately \$61.4 million and will increase to \$65.7 million with the adoption of this budget. These funds will allow Burbank to weather any potential unexpected events or fluctuations in the economy over the next several years. Staff will continue to monitor any economic conditions or legislative actions that may impact the City's financial position and provide regular updates to the City Council.

### **ATTACHMENTS**

- Attachment 1 – A RESOLUTION OF THE COUNCIL OF THE CITY OF BURBANK ADOPTING THE BUDGET FOR THE FISCAL YEAR 2025-2026, AND MAKING APPROPRIATIONS FOR AMOUNTS BUDGETED
- Attachment 2 – A RESOLUTION OF THE COUNCIL OF THE CITY OF BURBANK DETERMINING AND ESTABLISHING THE CITY'S APPROPRIATIONS LIMIT FOR THE FISCAL YEAR 2025-2026

Attachment 3 – A RESOLUTION OF THE HOUSING AUTHORITY OF THE CITY OF  
BURBANK ADOPTING THE BUDGET FOR THE FISCAL YEAR 2025-  
2026

Attachment 4 – A RESOLUTION OF THE PARKING AUTHORITY OF THE CITY OF  
BURBANK ADOPTING THE BUDGET FOR THE FISCAL YEAR 2025-  
2026

Attachment 5 – A RESOLUTION OF THE COUNCIL OF THE CITY OF BURBANK  
ADOPTING THE FY 2025-2026 CITYWIDE FEE SCHEDULE

Attachment 6 – General Fund Projected Spendable Fund Balance FY 2025-26

Attachment 7 – General Fund Financial Forecast FY 2025-26 through FY 2029-30

Attachment 8 – Summary of CIP Projects by Category FY 2025-26

Correspondences