

ESTIMATED REVENUES



The Estimated Revenues section presents the Adopted Fiscal Year (FY) 2018-19 City of Burbank projected revenues for all funds. This section is organized as follows:

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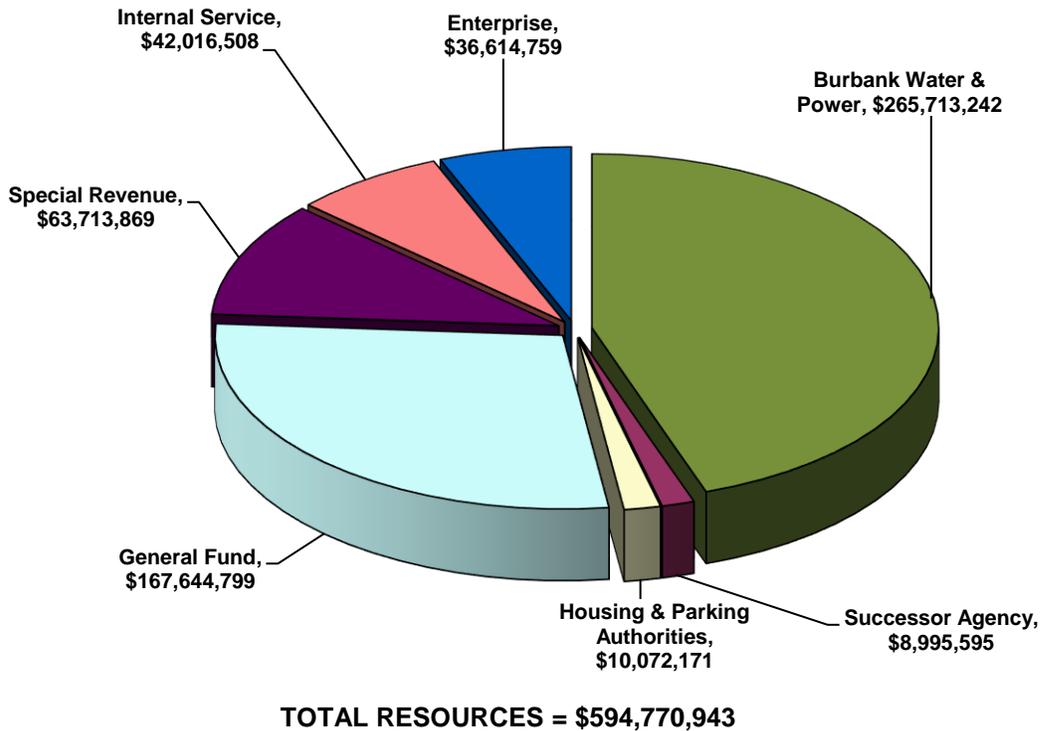
ESTIMATED REVENUES



REVENUE SUMMARY

FUND/FUND GROUP	ESTIMATED RESOURCES*
General Fund	\$167,644,799
Special Revenue Funds (incl. Cap. Projects Fund)	\$63,713,869
Internal Services Funds	\$42,016,508
Enterprise Funds	\$36,614,759
Electric and Water (BWP)	\$265,713,242
Successor Agency	\$8,995,595
Housing Authority	\$9,207,271
Parking Authority	\$864,900
TOTAL ALL FUNDS	\$594,770,943

* Resources represent the total sources available to each fund, such as taxes, fees, charges, sales, and interest.



ESTIMATED REVENUES



REVENUE SUMMARY- ALL FUNDS (RECURRING & NON-RECURRING)

FY 2014-15 through FY 2018-19

	FY 2014-15 ACTUAL	FY 2015-16 ACTUAL	FY 2016-17 ACTUAL	FY 2017-18 ADOPTED*	FY 2018-19 ADOPTED
CITY GOVERNMENTAL FUNDS					
General Fund, Fund 001	\$ 143,600,515	\$ 154,068,116	\$ 167,666,570	\$ 167,134,984	\$ 167,644,799
Proposition A, Fund 104	2,133,645	2,281,784	2,202,886	2,382,454	2,347,088
Proposition C, Fund 105	2,166,876	1,867,305	2,025,559	2,212,672	2,062,512
AQMD, Fund 106	134,280	140,168	134,784	173,052	140,500
Measure R, Fund 107	1,200,967	1,446,529	1,319,985	2,068,000	1,911,000
Measure M, Fund 108				1,300,000	1,454,437
General City Grant Fund, Fund 121	273,423	242,575	315,856	339,246	262,400
CDBG, Fund 122	1,150,601	657,453	938,167	1,098,772	1,240,553
RMRA, Fund 123					1,759,913
Drug Asset Forfeiture, Fund 124	28,953	22,981	43,655	21,250	20,650
State Gas Tax, Fund 125	3,061,077	2,340,429	1,970,073	2,835,910	2,280,009
Public Improvements, Fund 127	4,745,754	2,826,206	2,554,990	11,157,000	9,038,655
HUD Affordable Housing, Fund 128	168,465	354,240	42,873	857,790	1,070,017
Street Lighting, Fund 129	3,030,266	2,672,891	2,814,724	3,061,526	2,784,011
YES Fund, Fund 130	25,603	16,636	(782)	8,199	
Community Service (BCSF), Fund 131	39,331	6,903	1,421		300
Tieton Hydropower Project, Fund 133	1,443,442	1,888,767	2,015,648	2,592,550	2,615,493
Magnolia Power Project, Fund 483	17,669,220	16,736,664	22,289,450	21,072,870	21,671,824
General City Capital Projects, Fund 370	6,705,560	6,900,656	6,988,736	10,390,677	13,054,507
PROPRIETARY FUNDS					
General Liability Insurance, Fund 530	8,450,012	9,860,038	5,913,235	6,283,357	6,184,344
Workers Comp Insurance, Fund 531	11,523,364	12,960,638	12,761,961	12,090,883	12,702,629
Vehicle Equip Replacement, Fund 532	9,033,695	9,522,716	10,778,384	9,286,652	7,996,820
Office Equip Replacement, Fund 533	392,443	392,676	256,517	606,188	278,279
Municipal Bldg Maintenance, Fund 534	3,114,560	2,827,373	2,999,348	3,380,276	3,320,300
Communication Equip, Fund 535	2,881,687	2,901,604	2,857,625	5,977,288	3,033,600
Information Technology, Fund 537	2,724,467	2,787,499	2,715,274	4,412,124	8,500,536
Water Reclamation & Sewer, Fund 494	19,487,315	18,373,689	17,357,454	23,250,492	18,522,000
Golf, Fund 495	382,771	339,417	3,305,954		
BWP Electric, Fund 496	220,340,109	214,527,344	209,332,849	293,137,716	232,583,637
BWP Water, Fund 497	30,385,848	30,996,485	31,733,997	35,566,953	33,129,605
Refuse Collection & Disposal, Fund 498	17,782,188	17,952,261	18,209,940	18,965,856	18,092,759
SUCCESSOR AGENCY					
Golden State Debt Svc, Fund 201	309,328	17,510,506			
City Centre Debt Svc, Fund 202	15,071	16,559,319			
West Olive Debt Svc, Fund 203	3,001	1,693,163			
So San Fernando Debt Svc, Fund 204	29	358,186			
Comm. Facilities District Debt Svc, Fund 207	7	885,473			
Successor Agency Administration, Fund 208	59,356,511	20,384,130	14,321,855	15,572,758	8,995,595
Merged Project Area, Fund 306	309,779	42,292,000			
PUBLIC FINANCING AUTHORITY					
PFA Capital Projects, Fund 320	9,270,891	4,539,062	4,526,460	9,077,246	
HOUSING AUTHORITY					
Section 8 Vouchers, Fund 117	8,897,899	8,909,323	9,479,539	8,355,599	8,947,871
Low/Moderate Income Housing, Fund 305	1,178,189	273,245	292,304	1,112,574	259,400
PARKING AUTHORITY					
Parking Authority, Fund 310	810,797	791,573	873,532	1,079,166	864,900
TOTAL	\$ 594,227,939	\$ 632,108,023	\$ 561,040,823	\$ 676,862,080	\$ 594,770,943

* FY 2017-18 includes use of fund balance.

ESTIMATED REVENUES



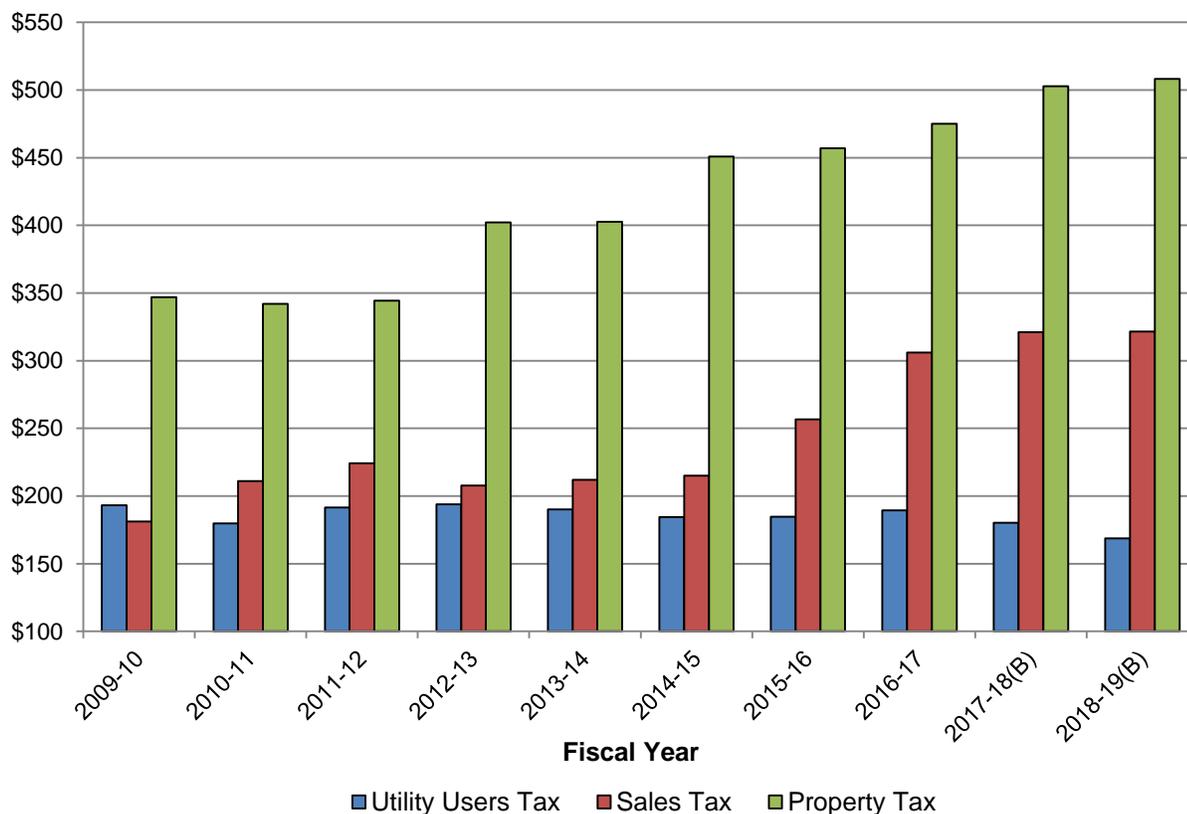
GENERAL FUND REVENUE OVERVIEW

The Fiscal Year (FY) 2018-19 revenue forecast was prepared using some basic assumptions about the growth of projected revenues based on the Consumer Price Index, adopted fee increases, and available economic data. General Fund revenues for FY 2018-19 are expected to increase by 1.1% from the revised FY 2017-18 recurring revenue estimates. Increases to sales tax, property tax, and service charges were offset by decreases to utility users' tax, intra-city service charges, and building permits. Burbank unemployment, which rose to over 10% during the recession, continues to drop and as of March of 2018, is currently at 4.6%. This is down from 5.3% in January 2018, and down from 4.9% in March 2017.

Sales, property and utility users taxes (UUT) are the three largest sources of funds for the City, representing 64% of General Fund revenues. Sales tax is projected to increase 2% from the revised FY 2017-18 estimates. This is a result of county pool allocations, general consumer goods and building and construction. Property tax is projected to increase 3.0%. Contributing factors include the strong real estate market, increases to assessed values allowed by Proposition 13, and additional property tax allocations from incremental revenue previously allocated solely to redevelopment agencies. Provisions in Proposition 13 cause property tax to be a lagging indicator of current real estate prices. UUT revenue is expected to decrease by 4.6% from the revised FY 2017-18 projection due to the underperformance of wireless services and electric conservation efforts. No change to electric rates is proposed for FY 2018-19.

The chart listed below provides eight years of actual results and two years of projections for the top three revenue sources for General Fund dollars: Property Tax, Sales Tax and Utility Users Tax. Representing 64% of the General Fund dollars, these three sources of revenue are a good indicator of Burbank's overall economy.

Top General Fund Revenue Categories (Per Capita)



ESTIMATED REVENUES



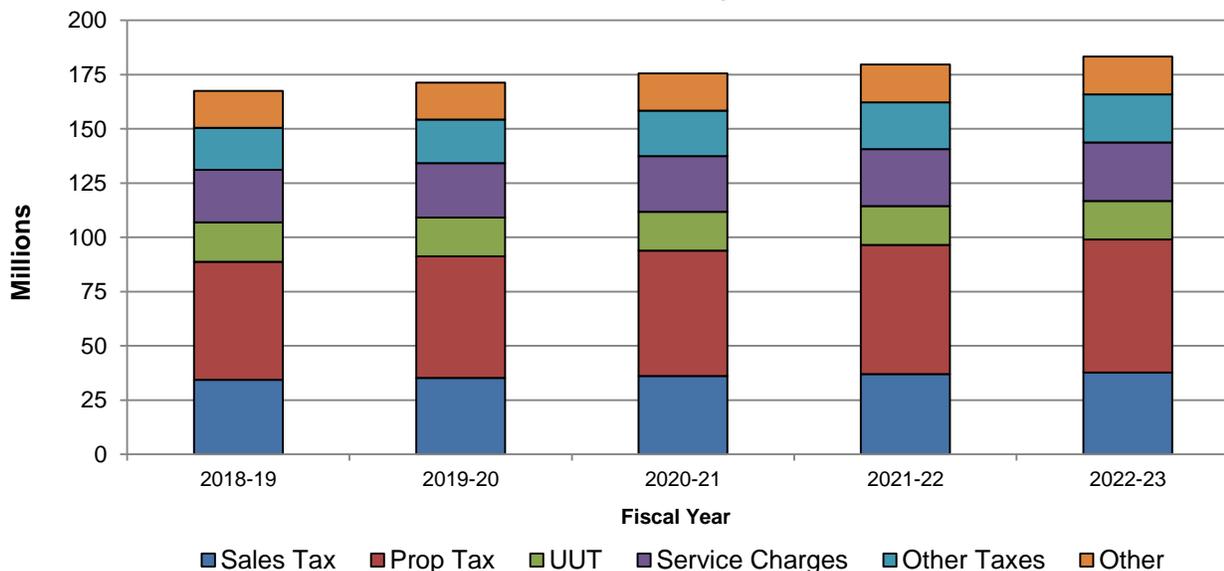
Since the 1950's, the City has transferred up to 7% from Burbank's Water and Power annual gross sales of electricity to the General Fund. This was in-lieu of taxes/fees that a private utility would pay in other cities, which don't have a city-owned water and power service provider. In September of 2017, a court ruling invalidated the City's annual In-Lieu of Tax transfer, potentially costing the City of Burbank up to \$12.5 million in annual revenue. On June 5, 2018, Measure T was approved by Burbank residents to allow the City to continue the transfer of funds and preserve funding for essential City services.

The City's General Fund provides for services that citizens associate with local government. This includes safety services - fire and police, park, recreation and senior programs, library programs, planning, street maintenance, and code enforcement. The City charges fees to end users of certain services to partially recover cost, i.e. permitting and facility rentals. In the prior fiscal year, Burbank completed a citywide fee study which was presented to City Council during the FY 2017-18 budget process. As a result of these efforts, the City was able to document compliance with California Proposition 26, which limits certain fees collected to the reasonable cost of providing the service. Additionally, the City Council established a cost recovery policy, which provides a set of principles to determine when and if cost recovery is appropriate for different types of fees for services based on the benefits a user receives above a general taxpayer. For FY 2018-19, increases to program and service fees are in accordance with the City Council's adopted cost recovery policy, either by continuing to move towards the policies established by the City Council in FY 2017-18 or by Consumer Price Index (CPI). It is important to note that while the City Council annually adopts a Fee Schedule outlining many of the fees charged within the City, the majority of General Fund revenue is beyond the City's control.

FINANCIAL FORECASTING

The City of Burbank continues to strive to provide the highest quality of service by taking into consideration the concerns and interests of the past year and integrating these into a vision dedicated to meeting the needs of our citizens. This is accomplished by making fiscally responsible decisions based on a solid forecasting model that will ultimately strengthen the organization, thereby improving the financial integrity of our City. Each year as part of the annual budget process, Financial Services provides an update to the General Fund Financial Forecast. The forecast portrays what is anticipated in the future, based on stated assumptions, and is only as reliable as those underlying assumptions. The intended purpose of this process is to gain an understanding of long-term financial trends, thus allowing the City to make informed financial decisions during the budget process while understanding the future financial impacts, particularly for recurring appropriations. Revenue assumptions are updated throughout the year based on current results and anticipated trends. The City's economy continues to slowly recover along with the region and state. General Fund revenues for the City are expected to increase an average of 2% over the next five years. The current forecast includes estimated revenues from economic development projects that are expected to come on-line during the next five years. The following chart illustrates the forecasted growth in General Fund revenue summarized by major revenue types.

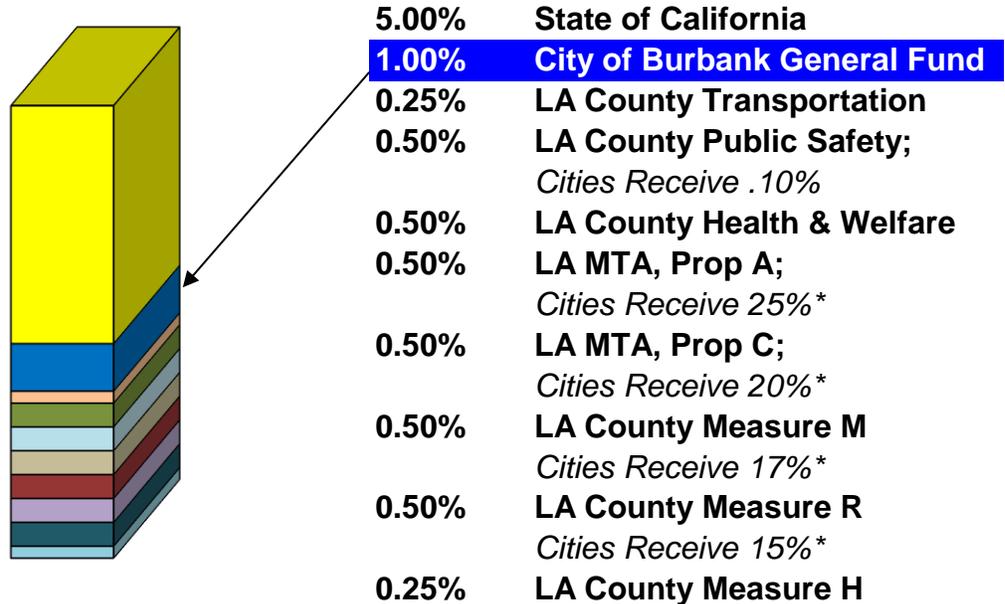
General Fund Five Year Recurring Revenue Forecast



ESTIMATED REVENUES



Allocation of the Burbank Taxpayer's 9.50% Sales Tax



* This is referred to as "Local Return" dollars for Burbank Transportation Projects/Services. The City can also compete for a small portion of the remaining percentage for use on specific one-time transportation projects.

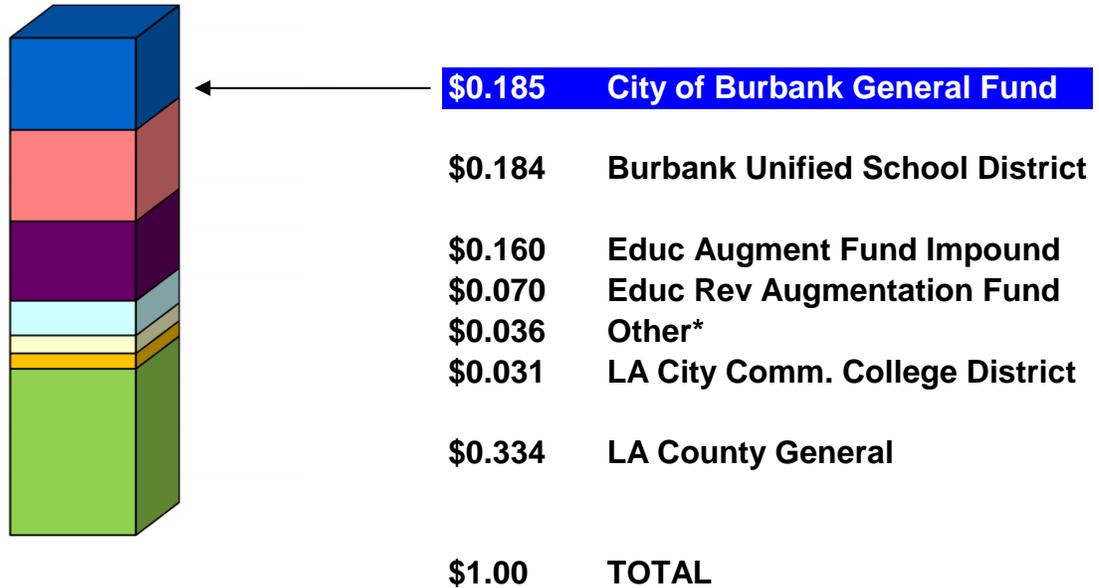
TOP SALES TAX PRODUCERS (ALPHABETICALLY)

- | | |
|----------------------------|---------------------|
| Abelcine | Lowes |
| Ashley Furniture Homestore | Macys |
| Best Buy | Morphe Brushes |
| BMC West | Nordstrom Rack |
| Carmax | Ralphs |
| Community Chevrolet | Target |
| Costco | Tesla |
| CVS Pharmacy | United Oil |
| Enterprise Rent A Car | Vons |
| Filmtools | Walmart |
| Frys Electronics | Warner Bros |
| Home Depot | World Fuel Services |
| IKEA | |

ESTIMATED REVENUES



Allocation of the Burbank Taxpayer's Property Tax



* Includes LA County Flood Control Maintenance; County School Services Fund Burbank; LA County Fire-FFW; Children's Institutional Tuition Fund; LA County Flood Control District Improvement District Maintenance; Burbank Children's Center Fund; County School Services; Greater LA County Vector Control; LA Community College Children's Center Fund; LA County Accumulative Capital Outlay.

TOP PROPERTY TAX PRODUCERS (ALPHABETICALLY)

- Burbank Empire Center LLC
- Burbank Mall Associates LLC
- Catalina Media Development II LLC
- Crep 3800 Holdings LLC
- Douglas Emmett 1993 LLC
- IKEA Property Inc.
- Pi Hudson MC Partners LLC
- Southwest Airlines Company
- Walt Disney Productions Inc
- Warner Bros Entertainment Inc

ESTIMATED REVENUES



GENERAL FUND REVENUE SUMMARY

	Actual 2016-17	% OF TOTAL	Revised 2017-18	% OF TOTAL	Adopted 2018-19	% OF TOTAL
GENERAL FUND 001						
TAXES						
Sales Tax	33,175,369	19.79%	33,733,500	20.36%	34,408,170	20.55%
Property Taxes	48,923,872	29.18%	52,081,824	31.43%	53,606,479	32.01%
Utility Users Tax (UUT)	19,185,032	11.44%	18,930,344	11.42%	18,058,907	10.78%
In Lieu Of Taxes - BWP	8,796,985	5.25%	8,889,775	5.37%	9,236,303	5.52%
Transient Occupancy Tax	11,204,153	6.68%	11,749,009	7.09%	12,101,479	7.23%
Transient Parking Tax	3,189,767	1.90%	3,018,996	1.82%	3,109,566	1.86%
Franchises	1,845,252	1.10%	1,806,117	1.09%	1,824,179	1.09%
Real Property Transfer Tax	766,219	0.46%	740,000	0.45%	800,000	0.48%
Total Taxes	\$ 127,086,649	75.80%	\$ 130,949,565	79.03%	\$ 133,145,083	79.52%
LICENSES & PERMITS						
Business Tax	2,193,234	1.31%	2,405,000	1.45%	2,295,000	1.37%
Building Permits	2,451,567	1.46%	2,000,000	1.21%	1,800,000	1.07%
Other Licenses	202,483	0.12%	197,158	0.12%	197,769	0.12%
Other Permits	520,645	0.31%	223,560	0.13%	247,500	0.15%
Business Licenses	171,005	0.10%	260,000	0.16%	260,000	0.16%
Studio Filming Permits	388,785	0.23%	324,000	0.20%	347,000	0.21%
Total Licenses & Permits	\$ 5,927,719	3.54%	\$ 5,409,718	3.26%	\$ 5,147,269	3.07%
FINES, FORFEITURES, & PENALTIES						
Parking Fines	2,096,330	1.25%	1,900,250	1.15%	2,023,746	1.21%
Traffic Fines	309,635	0.18%	450,000	0.27%	326,504	0.19%
Total Fines, Forfeitures & Penalties	\$ 2,405,965	1.43%	\$ 2,350,250	1.42%	\$ 2,350,250	1.40%
USE OF MONEY OR PROPERTY						
Interest	926,998	0.55%	801,929	0.48%	776,500	0.46%
Advertising	437,246	0.26%	387,800	0.23%	387,800	0.23%
Donations	271,049	0.16%	227,868	0.14%	225,220	0.13%
Rental	151,770	0.09%	148,300	0.09%	210,000	0.13%
Miscellaneous	129,001	0.08%	98,100	0.06%	97,600	0.06%
Total Use Of Money Or Property	\$ 1,916,064	1.14%	\$ 1,663,997	1.00%	\$ 1,697,120	1.01%
INTERGOVERNMENTAL REVENUES						
Grants-Park Rec & Comm Svcs	307,682	0.18%	436,000	0.26%	439,558	0.02%
Grants-Library	29,690	0.02%	29,000	0.02%	29,000	0.02%
Grants-Other	(28,147)	-0.02%	109,539	0.07%	110,500	0.07%
Grants-Safety	236,932	0.14%	218,365	0.13%	218,365	0.13%
Total Intergovernmental Revenues	\$ 546,157	0.33%	\$ 792,904	0.48%	\$ 797,423	0.48%
INTRA-CITY SERVICE CHARGES						
Indirect Charges	11,683,633	6.97%	11,349,761	6.85%	11,044,271	6.60%
Direct Charges	5,708,708	3.40%	1,738,507	1.05%	1,382,577	0.83%
Total Intra-City Service Charges	\$ 17,392,341	10.37%	\$ 13,088,268	7.90%	\$ 12,426,848	7.42%

ESTIMATED REVENUES



GENERAL FUND REVENUE SUMMARY

Actual 2016-17	% OF TOTAL	Revised 2017-18	% OF TOTAL	Adopted 2018-19	% OF TOTAL
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SERVICE CHARGES

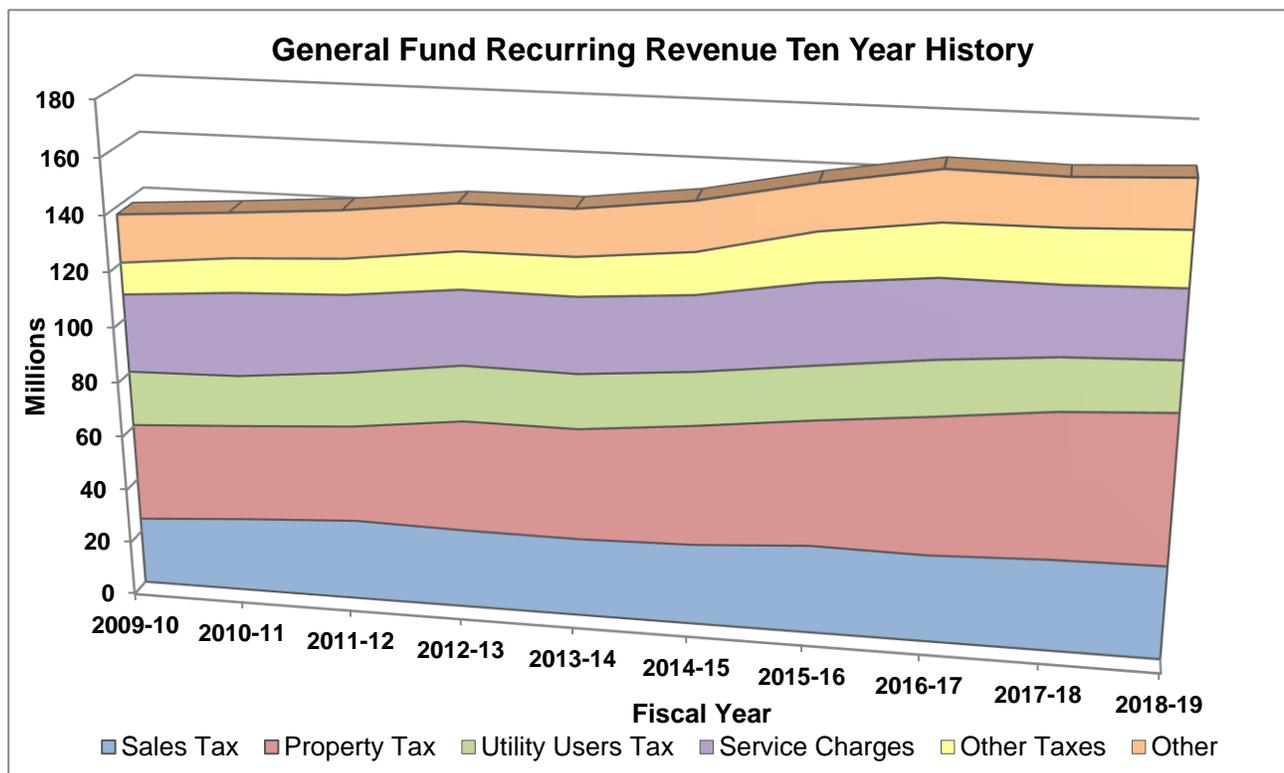
Other	2,736,494	1.63%	3,116,420	1.88%	3,245,813	1.94%
Recreation Fees	3,751,585	2.24%	3,685,500	2.22%	3,782,337	2.26%
Emergency Medical Services	2,748,122	1.64%	2,200,000	1.33%	2,200,000	1.31%
Plan Check Fees	1,014,412	0.61%	1,111,000	0.67%	1,311,656	0.78%
Safety Services Filming	1,246,411	0.74%	1,136,500	0.69%	1,146,000	0.68%
Encroachment Permits	134,106	0.08%	150,000	0.09%	150,000	0.09%
Environmental Impact Report	760,545	0.45%	45,000	0.03%	45,000	0.03%
Total Service Charges	\$ 12,391,675	7.39%	\$ 11,444,420	6.91%	\$ 11,880,806	7.10%

Total General Fund Recurring Revenue	\$ 167,666,570	100.00%	\$ 165,699,122	100.00%	\$ 167,444,799	100.00%
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Plus Non-Recurring General Fund Revenue \$ 200,000

TOTAL GENERAL FUND REVENUE	\$ 167,666,570		\$ 165,699,122		\$ 167,644,799	
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The following graph illustrates how economic cycles and legislation affect the various types of recurring revenue. Sales tax has provided for slow moderate growth recovering and surpassing the pre-recessionary levels. The housing market has fully recovered as current median home prices are at or above the pre-recession peak values. With the elimination of redevelopment agencies in 2011 by the State Legislature, locally allocated property taxes start to increase in FY 2012-13 and continue to grow each year as the unwinding process continues. Past decisions based on foresight and sound fiscal policies have given Burbank a diverse revenue base, allowing the City to weather economic cycles better than most cities.



ESTIMATED REVENUES



NON-GENERAL FUND REVENUE SUMMARY

	Actual 2016-17	% OF TOTAL	Adopted 2017-18	% OF TOTAL	Adopted 2018-19	% OF TOTAL
SPECIAL REVENUE FUNDS						
Proposition A, Fund 104	2,202,886	4.8%	2,382,454	4.0%	2,347,088	3.7%
Proposition C, Fund 105	2,025,559	4.4%	1,979,454	3.3%	2,062,512	3.2%
AQMD, Fund 106	134,784	0.3%	139,400	0.2%	140,500	0.2%
Measure R, Fund 107	1,319,985	2.9%	1,500,000	2.5%	1,911,000	3.0%
Measure M, Fund 108		0.0%	1,300,000	0.0%	1,454,437	2.3%
General City Grant Fund, Fund 121	315,856	0.7%	339,246	0.6%	262,400	0.4%
CDBG, Fund 122	938,167	2.1%	909,361	1.5%	1,240,553	1.9%
RMRA, Fund 123					1,759,913	
Drug Asset Forfeiture, Fund 124	43,655	0.1%	21,250	0.0%	20,650	0.0%
State Gas Tax, Fund 125	1,970,073	4.3%	2,835,910	4.7%	2,280,009	3.6%
Public Improvements, Fund 127	2,554,990	5.6%	11,157,000	18.7%	9,038,655	14.2%
HUD Affordable Housing, Fund 128	42,873	0.1%	838,045	1.4%	1,070,017	1.7%
Street Lighting, Fund 129	2,814,724	6.2%	2,809,087	4.7%	2,784,011	4.4%
YES Fund, Fund 130	(782)	0.0%	100	0.0%		0.0%
Community Service (BCSF), Fund 131	1,421	0.0%		0.0%	300	0.0%
Tieton Hydropower Project, Fund 133	2,015,648	4.4%	2,592,550	4.3%	2,615,493	4.1%
Magnolia Power Project, Fund 483	22,289,450	48.8%	21,072,868	35.3%	21,671,824	34.0%
General City Cap Projects, Fund 370	6,988,736	15.3%	9,861,521	16.5%	13,054,507	20.5%
Total Special Revenue Funds	\$ 45,658,026	100.0%	\$ 59,738,246	97.8%	\$ 63,713,869	97.2%

INTERNAL SERVICE FUNDS						
General Liability Insurance, Fund 530	5,913,235	15.4%	6,283,357	17.5%	6,184,344	14.7%
Workers Comp Insurance, Fund 531	12,761,961	33.3%	12,090,883	33.6%	12,702,629	30.2%
Vehicle Equip Replacement, Fund 532	10,778,384	28.2%	8,406,590	23.4%	7,996,820	19.0%
Office Equip Replacement, Fund 533	256,517	0.7%	305,602	0.8%	278,279	0.7%
Municipal Building Maintenance, Fund 534	2,999,348	7.8%	3,133,000	8.7%	3,320,300	7.9%
Communication Equip, Fund 535	2,857,625	7.5%	2,987,073	8.3%	3,033,600	7.2%
Computer Equip Replacement, Fund 537	2,715,274	7.1%	2,771,353	7.7%	8,500,536	20.2%
Total Internal Service Funds	\$ 38,282,344	100.0%	\$ 35,977,858	100.0%	\$ 42,016,508	100.0%

ESTIMATED REVENUES



NON-GENERAL FUND REVENUE SUMMARY

	Actual 2016-17	% OF TOTAL	Adopted 2017-18	% OF TOTAL	Adopted 2018-19	% OF TOTAL
ENTERPRISE FUNDS						
Water Reclamation & Sewer, Fund 494	17,357,454	6.2%	17,823,500	5.3%	18,522,000	6.1%
Sewer Service Charges	17,207,913		17,014,996		17,514,000	
Interest/Other	47,205		500,004		700,000	
Permits & Inspection	8,926		8,500		8,000	
Sewer Facilities Charge	93,410		300,000		300,000	
Golf, Fund 495	3,305,954	1.2%		0.0%		0.0%
Rents and Fees	70,218					
Electric Cart Rental						
Interest/Other	3,235,736					
BWP Electric, Fund 496	209,332,849	74.8%	272,815,381	80.6%	232,583,637	76.9%
Wholesale	18,866,080		75,000,000		50,000,000	
Retail	186,762,155		185,602,147		175,506,757	
Aid in Construction	1,029,333		7,764,063		3,828,020	
Interest	1,490,369		2,197,171		3,248,860	
Miscellaneous	1,184,912		2,252,000			
BWP Water Fund 497	31,733,997	11.3%	30,803,558	9.1%	33,129,605	11.0%
Potable Water Sales	26,909,108		25,939,815		28,028,372	
Reclaimed Water Sales	3,593,338		3,787,263		4,046,019	
Aid in Construction	619,201		373,762		333,762	
Interest	583,035		702,718		721,452	
Miscellaneous	29,315					
Refuse Collection & Disposal, Fund 498	18,209,940	6.5%	17,179,600	5.1%	18,092,759	6.0%
Residential/Apartment Collection	13,089,523		13,060,000		13,604,164	
Commercial Collections	1,795,916		1,760,000		1,930,125	
Interest/Other	1,478,095		616,200		1,066,032	
Gross Hauler Fees	1,751,928		1,400,000		1,400,000	
Recycling	94,478		75,000		92,438	
Total Enterprise Funds	\$ 279,940,194	100.0%	\$ 338,622,039	100.0%	\$ 302,328,001	100.0%

HOUSING AUTHORITY

Section 8 Vouchers, Fund 117	9,479,539	97.0%	8,214,665	97.1%	8,947,871	97.2%
Low/Moderate Income Housing, Fund 305	292,304	3.0%	245,000	2.9%	259,400	2.8%
Total Housing Authority	\$ 9,771,844	100.0%	\$ 8,459,665	100.0%	\$ 9,207,271	100.0%

ESTIMATED REVENUES



NON-GENERAL FUND REVENUE SUMMARY

	Actual 2016-17	% OF TOTAL	Adopted 2017-18	% OF TOTAL	Adopted 2018-19	% OF TOTAL
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PARKING AUTHORITY

Parking Authority, Fund 310	\$ 873,532	100.0%	\$ 725,675	100.0%	\$ 864,900	100.0%
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PUBLIC FINANCING AUTHORITY

Public Financing Authority, Fund 320	\$ 4,526,460	100.0%		0.0%		0.0%
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SUCCESSOR AGENCY

Successor Agency Admin, Fund 208	\$ 14,321,855	100.0%	\$ 15,572,758	100.0%	\$ 8,995,595	100.0%
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TOTAL NON-GENERAL FUND REVENUE	\$ 393,374,254		\$ 459,096,241		\$ 427,126,144	
GENERAL FUND REVENUE	<u>167,666,570</u>		<u>164,899,122</u>		<u>167,644,799</u>	
TOTAL ALL REVENUE	\$ 561,040,824		\$ 623,995,363		\$ 594,770,943	

REVENUE SOURCES AND DESCRIPTIONS



GENERAL FUND

The City of Burbank's recurring revenues are expected to increase 1.1% from the revised Fiscal Year (FY) 2017-18 revenue projections. Sales, property and utility users' taxes are the three largest sources of funds, representing 64 percent of the General Fund revenues. Increase to sales tax, property tax, and service charges were offset by decreases to building permits and intra-city service charges.

Sales Tax is imposed on all applicable retail and commercial businesses selling goods in the City and represent the City's second largest revenue source. This tax is based on the sales price of any taxable transaction relating to taxable personal property. In accordance with the City's Bradley-Burns Uniform Sales Tax ordinance, the Board of Equalization allocates the City's sales tax, 1% of taxable sales occurring in Burbank, to the City.

After reaching a peak in 2008, sales tax dropped 22% during the next two years. Contributing factors include the collapse of the housing market, rising unemployment and a significant decline in wing-tip jet fuel allocations. Reflecting the improving economy, sales tax has continued to rebound. The continued trend towards online shopping has hindered sales tax growth.

Sales tax results for the fourth quarter FY 2017-18 (first quarter calendar year 2018) were recently released. Revenue during this period decreased 2.2% compared to prior year on an unadjusted, or cash basis due to a significant one-time allocation that was in Burbank's favor in the prior year. After adjusting for audit results and economic factors, sales tax increased 3.7% compared to the same quarter, prior year. Recently opened and expanded businesses factored heavily towards this increase. Sales tax is forecast to grow 2.0% over the revised forecast of FY 2017-18. The following will contribute to the increase: county pool allocations, general consumer goods, building and construction, and fuel and service stations. This growth will be partially offset by anticipated decreases in autos and transportation, as well as business and industry. The forecast assumes minimal BOE adjustments.

Sales tax rates have fluctuated in recent years. In 2009 the California Legislature increased the statewide sales and use tax by 1% as part of an attempt to balance the State budget. That increase expired on July 1, 2011. In 2012, California voters approved a 0.25% increase in the sales tax rate, with all additional monies allocated to the State General Fund. The 2012 state increase expired in December 2016. In 2016 Los Angeles County voters approved Measure M, an additional 0.5% increase to sales tax, with funding dedicated to local transit systems and transportation infrastructure. In 2017 Los Angeles County voters once again approved Measure H, raising sales tax to an additional 0.25% to fund homeless services and prevention for 10 years. The total sales tax rate for most cities in Los Angeles County, including Burbank, is currently 9.50%.



A major concern, which has emerged in just the last several years, is a consumer shift to online purchasing. In many cases sales taxes are not collected by the seller because they have no physical presence in California. In an effort to address this gap in enforcement and increase sales tax collected by internet retailers, AB 155 was signed into law in June 2011 requiring Amazon and some other out-of-state retailers meeting certain criteria to collect California's state and local sales taxes. Whereas the City receives 1% of taxable sales from the brick and mortar businesses in Burbank, the City only receive a prorated share of online sales taxes through county pool allocations. Considerable growth in countywide pool allocations has occurred as a result of AB 155. However, more than half the merchandise sold on Amazon came

from third-party sellers, including many small and medium sized merchants which Amazon did not collect sales taxes on behalf of those merchants in California. On June 21, 2018, the Supreme Court ruled in the case of South Dakota vs. Wayfair, Inc that out-of-state online retailers are now required to collect sales tax. The recent court decision will help to offset the loss in brick and mortar sales. The California Department of Tax and Fee Administration (CDTFA) is currently reviewing the court's opinion to determine the next steps to support taxpayers as staff will continue to monitor progress.

REVENUE SOURCES AND DESCRIPTIONS



Property Taxes are one of the General Fund's top revenue sources. This tax is imposed on real property (land and permanently attached improvements, such as buildings) and tangible personal property (such as airplanes) located within the City. A total tax of one percent (1%) is levied on the assessed value of property as determined by the Los Angeles County Assessor. The City of Burbank receives approximately 18.5% of the 1% levy on the assessed value.

After two years of declining property taxes, revenues started rebounding during FY 2011-12. Home prices have steadily increased during the past few years. Some real estate analysts have expressed concerns over whether the market is experiencing unrealistic growth as it did during the early 2000's. Proposition 13 mandates that property tax rates not exceed 1% of the property's market value. Increases to assessed values (AV) on parcels not sold can increase up to 2% annually depending on the California Consumer Price Index (CPI). The AV on parcels changing ownership may increase to the market value as of sale date. For FY 2018-19, the assessed value on properties with no change in ownership will grow 2%. Other sources of AV growth are change of ownership, new construction and recapture of prior Prop 8 impairments of value. In 2012, redevelopment agencies (RDA) were eliminated statewide. As a result, in FY 2017-18 local agencies will continue to receive additional property tax allocations from incremental revenue previously allocated solely to RDAs. Taking these factors into consideration, a 3.0% increase over the FY 2017-18 amended budget is expected.



The City levies **Utility Users Taxes (UUT)** on electric sales, telephone usage (hardwired and cellular) and natural gas sales at the rate of seven percent (7%). Unlike other cities, Burbank does not apply this tax to water, cable television, sewer, and refuse collection usage/sales. The UUT is the third largest source of General Fund revenue. UUT growth has underperformed in recent years, and this trend has continued into the coming year. Wireless UUT has, and will continue to underperform due to the competition for providers to offer lower pricing and unlimited data, which has taken a toll on both postpaid and prepaid subscription rates. FY 2017-18 Electric UUT is less than anticipated due to conservation and mild temperatures. No change to electric rates is proposed for FY 2018-19. Overall, FY 2018-19 UUT revenue is expected to decrease by 4.6% compared to the revised forecast of FY 2017-18.

In-Lieu of Tax is paid by the City's Burbank Water & Power Department (BWP) instead of paying a franchise fee and other taxes. This revenue source represents a total charge of 7% on retail electric sales. This charge is deposited into two funds: the General Fund (Fund 001) receives 5.5%, and the Street Lighting Fund (Fund 129) receives the remaining 1.5%. On June 5, 2018, Measure T was approved by Burbank residents, allowing the City to continue transferring revenue from Burbank Water and Power to the General Fund to preserve funding for essential City services. In-Lieu of Tax represents the seventh largest source for General Fund revenue.



Transient Occupancy Tax (TOT), otherwise known as a "Bed Tax," is a 10% tax applied to the cost of occupying a room in a hotel, inn, motel, tourist home, or other lodging facility within the City's jurisdiction. This tax collects revenue for the use of City services by non-residents who would otherwise likely not contribute to the provision of these services. Continued economic recovery, newly opened hotels, economic development efforts, and aggressive marketing by the Tourism Based Improvement District (TBID) have all led to significant TOT increases in recent years. It is expected that TOT will have moderate growth in FY 2018-19. The forecasted 3% increase mostly accounts for anticipated inflation.

The **Transient Parking Tax (TPT)** is a 12% tax applied to the cost of most short term parking, with some exceptions such as approved medical facilities and monthly or long term parking. It is charged to customers and collected and remitted to the City by parking lot operators who charge for their services for parking for short periods of time (e.g., airport, businesses, hotels, and restaurants). Approximately 90% of TPT is derived from lots at or directly serving the Hollywood Burbank Airport. Passenger counts have increased significantly for the past several months compared to prior year. However, parking revenue has changed very little, possibly due to the pervasiveness of ride sharing services. Parking tax is expected to increase 3% in FY 2018-19.

REVENUE SOURCES AND DESCRIPTIONS



Franchise Fees are imposed on various companies using public rights-of-way to conduct their business operations. Such fees include: a 5% Franchise Fee on cable television gross receipts, a 1% fee on natural gas gross receipts, a 2% fee on receipts arising from electricity transmission by private companies, and a 2% fee on receipts arising from the use of pipelines within the City. Franchise fees are expected to increase 1% in FY 2018-19, reflecting the slowing cable television market.

Business Taxes are imposed for the privilege of conducting business within the City. Business taxes are considerably lower than many other Los Angeles County cities even though thousands of businesses operate in Burbank. Fees range from a flat amount applicable to specific business types to a graduated formula according to sales, number of employees and square footage. The tax rate is based on the Producers Price Index (PPI). Revenue for this category did not meet the projected forecast for FY 2017-18 therefore, staff anticipates a decrease of 4.6% in FY 2018-19.

Building Permits are required by the City to ensure that structures meet specific standards. Permits are issued to all businesses with physical addresses within the City to ensure proper zoning and maintenance. The City requires various construction permits for activities such as the installation of electric, plumbing and sewage facilities. A fee is levied for these permits in order to recover only the costs incurred. The California Constitution limits these fees to the cost reasonably borne by the City to provide the services. Many permits are linked to an applicable price index. This allows for automatic adjustments, preventing the gap from significantly increasing between cost of providing services and fees charged. Construction projects slowed down for FY 2017-18 and it is expected to end slightly below the forecast. With the anticipation of fewer large construction projects, the revenue for permits will decrease by 5.1% for FY 2018-19.

Licenses are collected for certain types of activities within City boundaries such as Business Licenses, Horse Licenses or Dog and Cat Licenses.

Parking Fines issued by the Police Department represent a small portion of General Fund revenues. Revenue is dependent on the amount of the fine, number of citations issued, and the amount retained by county and state agencies. Parking fines are expected to remain constant in FY 2018-19 compared to the current forecast, as no increase to fines is proposed.

Traffic Fines are collected from moving violations issued by the Police Department. They are issued for both City and California Highway Patrol traffic violations, with the majority of the revenue going to the County and State.



Interest Income represents an opportunity to generate revenue from unused resources. The City Treasurer invests static funds in various investment instruments and the City's portfolio receives interest income. The main investment goal is to protect each investment while achieving the highest rate of return. The Federal Reserve's goal and stated policies dictate a low rate environment for the foreseeable future. The City Treasurer's goal is to achieve an average annual investment portfolio yield of 1.7% during FY 2018-19. This will allow flexibility with short term maturity dates, in order to minimize market value fluctuations as rates normalize.

Intra-City Service Charges General Fund programs and staff provide services such as police protection, fire suppression and tree trimming, to a wide range of residents and businesses. However, some staff and services such as human resources, legal services, and payroll are utilized to support non-General Fund activities. Charges are derived from allocating the program, and service costs and the respective departments are charged accordingly. Beginning in FY 2018-19, the Information Technology Department (IT) has transitioned from the General Fund to an Internal Services Fund and is no longer a part of the cost allocation plan. Instead, services for IT will be charged through the Fund 537 technology rental rates. While intra-city services charge revenues will decrease by 5.1% for FY 2018-19, there is an offsetting decrease in General Fund expenses for IT as well.

Service Charges are fees charged to users of city provided services and are designed to at least partially cover the costs incurred providing these services. In FY 2017-18, the City conducted a citywide General Fund fee study to determine the cost associated with delivering many of the fee related services provided to residents and businesses. The FY 2018-19 forecasted increase of 3.8% takes into consideration the CPI adjustment to the fees implemented from the fee study. The City is continuing to operate the Burbank Program, Service and Activity Subsidy (PASS) program in FY 2018-19 to ensure that those in need of financial assistance can continue to participate in City programs and receive much needed City services.

REVENUE SOURCES AND DESCRIPTIONS



Plan Check Fees are charged to developers to cover a portion of the cost of processing building and structure plans. The fee is a percent of the permit and inspection fees for building construction, including new construction, additions or alterations to a building or structure. The California Constitution limits these fees to the cost reasonably borne by the City to provide the services. Increased plan check fees in FY 2017-18 are mostly due to services that are anticipated towards the end of the year for new projects and consideration of the CPI adjustment. Plan check fees are expected to increase by 12.4% for FY 2018-19.

Safety Services - Filming One of the benefits of having numerous studios and production companies within the City's boundaries is that hundreds of movies, television shows and commercials are filmed in Burbank every year. Location shoots require safety personnel to be available to manage traffic, watch over sets, and ensure that fire prevention regulations are enforced, among other duties. The City charges fees to the production companies to recoup its costs for providing this safety staffing.



Intergovernmental Revenues are recurring grants received to fund various programs such as public safety, literacy, senior services and nutrition. Other items classified as non-recurring include reimbursement for state mandated programs, and reimbursements for Fire Department strike teams sent to battle wild fires throughout the state. For FY 2018-19, intergovernmental revenues will see a slight increase of 0.6%.

REVENUE SOURCES AND DESCRIPTIONS



SPECIAL REVENUE FUNDS / CAPITAL PROJECTS FUND

Fund 104 Proposition A – Transportation: Proposition A revenues represent the City’s portion of a special Los Angeles County ½ cent Sales Tax passed by the voters in 1980. Cities are entitled to 25% of all the ½ cent revenues. Distribution to each city is pro-rated based on each city’s population. These revenues are used to fund the BurbankBus transit programs and maintenance of the Downtown Burbank Metrolink and other transit facilities. Revenue growth for these funds is contingent on the County’s overall sales growth.

Fund 105 Proposition C – Transportation: Proposition C revenues represent the City’s portion of a special Los Angeles County ½ cent Sales Tax approved by voters in 1990. Cities are entitled to 20% of all the ½ cent revenues. Distribution to each city is pro-rated based on each city’s population. These revenues are used to fund the uses and projects that provide BurbankBus Fixed Route Transit Services.

Fund 106 AQMD Fees – Transportation: The South Coast Air Quality Management District (AQMD) receives a small portion of the annual vehicle registration license fees. The AQMD remits a portion of these revenues to cities for selected anti-pollution/transportation projects. Burbank’s revenues are deposited into a special AQMD Fees–Transportation Fund for ride-sharing and anti-pollution projects.

Fund 107 Measure R – Transportation: Measure R revenues represent the City’s portion of a special Los Angeles County ½ cent Sales Tax approved by voters in 2008. Cities are entitled to 15% of all the ½ cent revenues for a period of 30 years. Distribution to each city is pro-rated based on each city’s population. A portion of Measure R supplements Proposition C to pay for the BurbankBus Fixed-Route Transit Program. Measure R funds are also used for other transportation-related projects and programs, including Active (Bicycle and Pedestrian) Transportation improvements and maintenance of the Burbank Airport-North Metrolink Station.

Fund 108 Measure M – Transportation: Measure M revenues represent the City’s portion of a special Los Angeles County ½ cent Sales Tax approved by voters in 2016. Cities are entitled to 17% of all the ½ cent revenues. Distribution to each city is pro-rated based on each city’s population. Funds will be utilized for Citywide roadway related capital improvement projects administered by the Public Works Department.

Fund 121 General City Grant Fund: This fund accounts for revenues and expenditures related to certain recurring public safety grants. The granting agencies may be federal, state or county; including Office of Traffic Safety, Citizens’ Option for Public Safety, and Department of Justice.

Fund 122 Community Development Block Grant: The Federal Department of Housing and Urban Development (HUD) created the Community Development Block Grant (CDBG) program to revitalize low and moderate income areas within American cities. Burbank’s CDBG revenues change each year and have specific restrictions.

Fund 123 Road Maintenance and Rehabilitation Fund: As a result of the Road Repair and Accountability Act of 2017, Senate Bill 1 (SB-1), funds are derived from the taxes on gasoline and diesel fuel and registration taxes on motor vehicles with allocations from the State of California for local streets and roads and other transportation purposes.

Fund 124 Drug Asset Forfeiture: The Drug Asset Forfeiture Fund was established to account for revenues and expenditures. Revenue estimates and appropriations will be made only after drug assets are seized, and the revenues are remitted to the City. Amounts will vary depending on the level of participation by Burbank’s officers.

Fund 125 State Gas Taxes: State Gas Taxes are derived from State of California taxes on gasoline purchases and are allocated, on a share basis to cities. These revenues are broken down into Section 2105, 2106, and 2107 and are restricted and can only be used on public street construction, improvements, and/or maintenance. Another Section 2107.5 restricts revenue usage to public street engineering costs and administrative/labor expenditures. SB 1 stipulates the repayment by the state General Fund to transportation funds over three fiscal years: 2017-18, 2018-19, and 2019-20. Under SB 1, the loan repayments will be allocated to local streets and roads in each of the three years.

Fund 127 Public Improvements: This fund provides for Public Improvements through imposition of Development Impact Fees. Public Improvement projects included in this fund are restricted to those designated in the Infrastructure Blueprint and the Community Facilities Element. Activities are restricted to specific projects in the Community Development, Fire, Library, Park, Recreation & Community Services, and Police Departments.

Fund 128 HUD Affordable Housing: These programs provide Housing and Urban Development (HUD) funding to increase the affordable housing supply in the City.

REVENUE SOURCES AND DESCRIPTIONS



Fund 129 Street Lighting: The General Fund directs 1.5% of the 7% BWP In-Lieu of Tax transfer revenue to this fund for the purpose of maintaining citywide street lights. With the approval of Measure T on June 5, 2018, funds will continue to be transferred to the Street Lighting Fund, preserving this essential City service. Most cities directly charge residents for street lighting through assessment districts. BWP administers the Street Lighting Fund.

Fund 133 Tieton Hydropower Project: The Tieton Hydropower Project is a hydroelectric power generating plant located at the Tieton Dam on the Tieton River in Yakima County, Washington. This facility was purchased by Southern California Public Power Authority (SCPPA) in November 2009 with 50% shares belonging each to the cities of Burbank and Glendale. Average annual output is 48,000 megawatt hours (MWh). Revenues are billed to recover expenses incurred by the operating agent, Burbank Water and Power.

Fund 483 Magnolia Power Project: The Magnolia Power Project (MPP) is a combined-cycle natural gas-fired, high efficiency, low polluting generation plant located in Burbank. MPP is jointly owned by the following SCPPA participating cities: Anaheim, Burbank, Cerritos, Colton, Glendale, and Pasadena. MPP commenced commercial operations in September 2005. Peak capacity is 295 megawatts with a forecasted yearly production of 1,472,864 MWh. Revenues are billed to recover expenses incurred by the operating agent, Burbank Water and Power.

Fund 370 Capital Projects Fund – General City: This fund accounts for capital projects within the City of Burbank. The majority of the funding for this fund comes from contributions from the General Fund (Fund 001) or grants.

INTERNAL SERVICE FUNDS

Each of the seven Internal Service Funds will receive adequate revenues in FY 2018-19 to cover this year's appropriations. Internal Service Funds are used for the following purposes:

- 1) Accumulate adequate replacement funds for a variety of capital goods.
- 2) Accumulate adequate maintenance funds for a variety of capital goods.
- 3) Pay for various services provided by one department to other City departments on a cost-reimbursement basis (such as General Liability and Workers' Compensation Insurance).

Each Internal Service Fund receives its revenues via:

- 1) Premium charges/rental rates/replacement charges to the applicable user departments.
- 2) Interest/Other.
- 3) Transfers from other funds.

ENTERPRISE FUNDS

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprise. The City of Burbank currently has five Enterprise Funds: Electric (operated by Burbank Water and Power), Water (operated by Burbank Water and Power), Water Reclamation & Sewer (operated by Public Works), and Refuse (operated by Public Works).

Each fund must ensure that its revenues cover operating expenses (including depreciation) of providing goods and services to users/customers. Revenues may be comprised of Service Charges/Fees/Sales, Interest and Other Income.

The Electric Fund's budget includes no change to electric rates despite costs related to sustainable power sources, power supply improvement, distribution expansion and improvements, and new customer projects. Burbank electric rates remain competitive, both locally and regionally.

The Water Fund's budget highlights include an approved water rate increase necessary because of water supply issues and water cost escalation beyond the City's control. Water rates will increase 4.9% for FY 2018-19. Other items contributing to the increase include: reduced usage due to conservation, water main replacement, storage reservoir upgrades, and other on-going maintenance and capital upgrades.

The Water Reclamation & Sewer Fund's approved budget reflects an overall sewer rate increase of 2.0%. The increase is needed because of increased charges from the City of Los Angeles for sewage treatment services, labor and utility costs to operate Burbank's wastewater treatment plant, and capital projects to improve the sewer system. The Refuse Fund will also increase rates by 1.0% for FY 2018-19.

REVENUE SOURCES AND DESCRIPTIONS



SUCCESSOR AGENCY ADMINISTRATION FUND

Legislation enacted by the State in June 2011, effectively ending RDAs statewide on February 1, 2012 also provided local agencies the authority to appoint their city as a Successor Agency to the redevelopment agency. Burbank elected to pursue this option. The City of Burbank currently serves as the Successor Agency and is responsible for administrative functions of both post RDA and affordable housing functions. These include ensuring continuation payments on existing bonds and contractual obligations during the wind down phase are accurate and timely. An administrative allowance (3% of approved continuation payments) is allocated to the successor agency to partially cover the costs of these functions.

HOUSING AUTHORITY FUNDS

The Burbank Housing Authority was formed in 1975 to administer the Section 8 Rental Assistance Program (Fund 117) that is funded by the United States Department of Housing and Urban Development (HUD). This Program provides rent subsidy payments directly to landlords on behalf of eligible tenants in order to increase the supply and quality of affordable housing within the City. The Section 8 Program provides an additional resource for assisting very low-income renters in Burbank.

Starting in 1977, redevelopment agencies had been required to set aside twenty percent (20%) of their incremental property tax revenues into the Low/Moderate Housing Fund (Fund 305) to be used solely for low and moderate housing development. The set aside ceased with the elimination of RDAs in February 2012. Fund 305 was shifted to the Housing Authority post RDA. The Housing Authority is responsible for administering existing contracts and ensuring all applicable regulations are adhered to during the wind down phase. As dictated by AB 1484, excess housing funds were given back during FY 2012-13, with counties responsible for distributing these funds to all the applicable taxing agencies. The Housing Authority now receives debt reimbursement payments associated with the debt between the former Redevelopment Agency and the City. As required by State law, 20% payments are restricted to affordable housing purposes only.

PARKING AUTHORITY FUND

The Parking Authority has one fund which is administered by the Public Works Department. The main sources of income include parking permits, lease fees, and the Downtown Public Facility Maintenance District levy. In addition, AMC Theaters provide funds to offset downtown parking structure maintenance costs. Although Parking Authority revenues are expected to increase for FY 2018-19, current revenues are not sufficient to cover anticipated ongoing expenses.

PUBLIC FINANCING AUTHORITY FUND

The Public Financing Authority purchased a portion of the Golden State Redevelopment Project Tax Allocation Bonds, 1993 Series A. Those bonds provided funds for the acquisition and construction of various projects within the area. Revenue for this fund is transferred from the Successor Agency Golden State Project Area. The original Golden State Redevelopment Project Tax Allocation Bonds that were purchased by the Public Financing Authority were refunded in 2017. Therefore, there are no revenues or expenses for this fund for FY 2018-19.

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