General Fund Top Financial Priorities

**Pension Liability**
- Pay Down Pension Liability
- Reduce City’s Annual Pension Cost
- Risk of Future CalPERS Changes & Market Performance

**Unfunded Infrastructure Needs**
- Improve Street Pavement
- Deferred Maintenance & Programmatic Capital
- New Community Assets (Library, Dog Park, Soccer Fields, etc.)
General Fund Top Financial Priorities

- Reduce increasing City pension costs and address the Unfunded Pension Liability totaling $349.9 million
  - Strategically invest available funds to reduce recurring costs and protect essential City services
  - Establish a reserve to protect the City from future pension funding volatility
    - Potential future CalPERS assumptions changes can significantly impact the unfunded liability balance and required annual payments
  - Effective 2013 new employees are receiving reduced pension benefits (PEPRA)
  - Negotiate with City labor groups to implement City 50% normal cost share policy
A Decade Look Back:
Municipal Capital Improvement Projects

2008
Community Services Building

2009
DeBell Clubhouse

2012
Verdugo Pool

2016
Johnny Carson Park
A Decade Look Back:
Transit Related Capital Improvement Projects

- 2009 Burbank Blvd. Streetscape
- 2011 Burbank Channel Lake-Alameda Path
- 2018 San Fernando/Burbank Blvd. Intersection
A Decade Look Back: Municipal Infrastructure Funding Shortfalls
The Community Speaks on Infrastructure: Citizen Survey Highlights

• Among those that ranked extremely or very important: +70% agreed:
  - Protecting local ground water quality and supply  87%
  - Keeping neighborhoods safe and clean  84%
  - Repairing streets  78%
  - Earthquake retrofitting of city buildings, and bridges  74%
  - Improve traffic flow & safety on streets  73%
  - Maintaining public parks, sports fields, and community centers  73%
General Fund Top Financial Priorities

- Unfunded Infrastructure needs totaling $470 million for existing City assets alone
  - Dedicate reliable funding source
    - Council adopted the Infrastructure Maintenance, Repair and Improvement Funding Commitment Policy
      - No less than 50% of Measure P plus $4.7 million General Fund annual commitment
  - Implement governance: Infrastructure Oversight Board
  - Evaluate staff capacity
  - Prioritize infrastructure needs and wants with a focus on the maintenance and programmatic capital needs of existing City assets
  - Execute a work program incorporating best practice project management that allows infrastructure maintenance, programmatic capital and eventually capital improvement projects to be completed on-time and on budget
Steps Taken To Date:

Proposed Infrastructure Oversight Board (IOB) Framework

- To ensure the reliability, maintenance and safety of the City’s infrastructure
  - *Ordinance Adoption presentation scheduled for March 26, 2019*

Committed

- Annual baseline commitment of $4.7 million of General Fund for Infrastructure
- No Less than 50% of Measure P revenue
  - *Adopted October 2018*
IOB Framework – Powers and Duties

- Act as an advisory body, with eventually some decision-making authority
- Assist in infrastructure funding prioritization
- Monitor status of funded projects
- Review infrastructure policies and practices
- Assist in communicating the importance of City’s infrastructure

• Presented September 2018/Ordinance Adoption Presentation scheduled 3/26/19
Commitment

Funding Policy:

• Dedicate no less than 50% of Measure P revenue to infrastructure repairs, maintenance and improvements

• Dedicate a baseline General Fund annual commitment of $4.7 million.
Next Steps:

- Develop our infrastructure plan
- Identify and prioritize infrastructure needs
- Identify resources required
- Allocate available funding
What is Infrastructure?

- Infrastructure (often referred to as Capital Improvements) is the collection of the City’s assets of basic physical structures, systems and facilities necessary to provide acceptable service levels to support a community.

- Examples include: streets, sidewalks, parks, libraries, fire stations, police stations, water and wastewater systems, etc.

- The condition of the infrastructure system impacts public health, safety and the quality of life of Burbank neighborhoods, businesses and visitors.
Infrastructure Plan Framework

Key Components of an Infrastructure Plan

1. Maintenance – painting, custodial, landscaping, etc.
2. Programmatic Capital – routine and regular annual capital renewal or small projects that support an infrastructure system – ex: Paving, roofs, HVAC, etc.
3. Capital Improvement Projects (CIP) - major projects – ex: Library
Driving Needs of an Infrastructure System
OBJECTIVE

Asset Condition Assessments

A Balanced Infrastructure System

Service Level Standards

Funding Strategies

Prioritization of Needs
Life Cycle Cost Analysis
Life Cycle

Cost of Service

High Capital
No Repair

Capital

High Repair
No Capital

Repair

Life-Cycle
## Existing Infrastructure Needs

### Estimated 10-Year Need: $470 million

<table>
<thead>
<tr>
<th>Streets</th>
<th>Storm Drains</th>
<th>Parks</th>
<th>Facilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bike &amp; Ped&lt;br&gt;Bridges&lt;br&gt;Circulation&lt;br&gt;Landscaping&lt;br&gt;Medians/Islands&lt;br&gt;Pavement&lt;br&gt;Sidewalks&lt;br&gt;Traffic Circulation</td>
<td>Catch Basins&lt;br&gt;Debris Basins&lt;br&gt;Drainage&lt;br&gt;Water Quality</td>
<td>Appurtenances&lt;br&gt;Colony Theater&lt;br&gt;Creative Arts&lt;br&gt;Golf Course&lt;br&gt;Landscaping&lt;br&gt;Nature Center&lt;br&gt;Parks/Fields&lt;br&gt;Pools&lt;br&gt;Recreation Centers&lt;br&gt;Tennis Center</td>
<td>ASB&lt;br&gt;CSB&lt;br&gt;City Hall&lt;br&gt;Fire Training Center&lt;br&gt;Landscaping&lt;br&gt;Libraries&lt;br&gt;Parking&lt;br&gt;Structures/Lots&lt;br&gt;Police/Fire&lt;br&gt;Police Range&lt;br&gt;Public Works Yard</td>
</tr>
<tr>
<td>$150M</td>
<td>$126M</td>
<td>$94M</td>
<td>$100M</td>
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</tbody>
</table>
Infrastructure Funding Components

MAINTENANCE

PROGRAMMATIC CAPITAL

CAPITAL IMPROVEMENT PROJECT
Annual Pavement Investment of $8 Million
Pavement Condition Index (PCI) Average = 65
City Street Pavement Funding Plan

Target PCI = 65

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>Existing Annual Funding</td>
<td>$3,000,000</td>
</tr>
<tr>
<td>SB1 Road Maintenance and Repair Act*</td>
<td>$2,500,000</td>
</tr>
<tr>
<td>Measure P Commitment</td>
<td>$2,500,000</td>
</tr>
<tr>
<td><strong>TOTAL SUSTAINABLE ANNUAL PAVING FUNDING:</strong></td>
<td><strong>$8,000,000</strong></td>
</tr>
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</table>

* SB1 commitment based on 10 year average revenue projection
## General Fund Infrastructure Funding

### Illustrative Example of Multi-Year Plan

<table>
<thead>
<tr>
<th></th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUE</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Carryover</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Fund Contribution (One-Time)</td>
<td>$10M</td>
<td>$21.2M</td>
<td>$33.6M</td>
<td>$36.2M</td>
</tr>
<tr>
<td>RDA Loan Repayment (One-Time)</td>
<td>$10M</td>
<td>$14M</td>
<td>$10.4M</td>
<td>$10.6M</td>
</tr>
<tr>
<td>Measure P (50%) (Recurring)</td>
<td>$10M</td>
<td>$10.2M</td>
<td>$10.4M</td>
<td>$10.6M</td>
</tr>
<tr>
<td>General Fund Commitment (Recurring)</td>
<td>$4.7M</td>
<td>$4.7M</td>
<td>$4.7M</td>
<td>$4.7M</td>
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<tr>
<td><strong>EXPENDITURES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Annual Maintenance</td>
<td>($3.5M)</td>
<td>($3.5M)</td>
<td>($3.5M)</td>
<td>($3.5M)</td>
</tr>
<tr>
<td>Programmatic Capital</td>
<td>($9M)</td>
<td>($9M)</td>
<td>($9M)</td>
<td>($9M)</td>
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<tr>
<td>Capital Improvement Project</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Project A</td>
<td>($1M)</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Project B</td>
<td></td>
<td>($4M)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Project C</td>
<td></td>
<td></td>
<td></td>
<td>($15M)</td>
</tr>
<tr>
<td>Carryover Funds</td>
<td>$21.2M</td>
<td>$33.6M</td>
<td>$36.2M</td>
<td>$24M</td>
</tr>
</tbody>
</table>
Other Sources of Infrastructure Funding

- Leverage restricted funds
  - Transit/Streets: Measure R, Prop C, Prop A, Measure M, RMRA, Gas Tax
  - Water Quality: Measure W

- Actively pursue grants

- Consider alternative financing options
  - Public Private Partnerships (P3)
  - Multi-agency collaboration

- Reprioritization of existing funded projects
## General Fund Infrastructure Funding

### Illustrative Example of Multi-Year Plan

<table>
<thead>
<tr>
<th>Year 3</th>
<th>Year 4</th>
<th>Year 5</th>
<th>Year 6</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUE:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Carryover</td>
<td>$33.6M</td>
<td>$36.2M</td>
<td>$28M</td>
</tr>
<tr>
<td>Restricted Funds (i.e, Meas R, M, W, etc)</td>
<td>$10.4M</td>
<td>$10.6M</td>
<td>$10.8M</td>
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<tr>
<td>Grants (One-Time)</td>
<td>$4.7M</td>
<td>$4.7M</td>
<td>$4.7M</td>
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<tr>
<td>Alternative Funding (i.e, P3 - one time)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reprioritization of Projects (one time)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Measure P (50%) (Recurring)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Fund Commitment (Recurring)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| **EXPENDITURES:** | | | |
| Annual Maintenance | ($3.5M) | ($3.5M) | ($3.5M) |
| Programmatic Capital | ($9M) | ($9M) | ($9M) |
| Capital Improvement Project | | | |
| Project C | ($15M) | | |
| Project D | ($10M) | | |
| Project E | | ($45M) | |
| Carryover Funds | $36.2M | $24M | $28M | $11.2M |
Infrastructure Work Plan Roll-out

- Establish the Infrastructure Oversight Board
- Focus on Deferred Maintenance & Programmatic Capital
- Build internal capacity for Capital Improvement Projects (CIP)
- Plan for the future
  - funding (including alternative funding options)
  - capacity
  - prioritization
  - implementation
Upcoming Council Items

- FY 2018-19 Mid-Year Report
  - March 5, 2019

- Establishment of Infrastructure Oversight Board
  - March 26, 2019

- Dedicated Budget Meeting
  - April 16, 2019
City Council

Questions and Direction to Staff