

TUESDAY, MAY 8, 2001

A special meeting of the Council of the City of Burbank was called to order this date as a joint meeting with the City Councils of Glendale and Pasadena, at the Glendale Hilton Hotel, Tropic Room, 100 West Glenoaks Boulevard, Glendale, at 9:10 a.m., by Mr. Wiggins, Mayor.

ROLL CALL

Present- - - - Burbank Council Members Golonski, Laurell, Ramos and Kramer.  
Glendale Council Members Quintero (arrived at 9:13 a.m.), Gomez, Manoukian, Weaver, and Yousefian.  
Pasadena Council Members Gordo, Streator, Tyler Jr., and Bogaard.

Absent - - - - Burbank Council Member Murphy.  
Glendale Council Members None.  
Pasadena Council Members Holden, Haderline, Little and Madison.

Also Present - Burbank – Mr. Ovrom, City Manager; Mr. Stevenson, Senior Assistant City Attorney; Mr. Davis, Burbank Water and Power General Manager; and Mrs. Sarquiz, City Clerk.  
Glendale – Mr. Starbird, City Manager, Mr. Trancoso, General Manager of Utility; and Mrs. Twedt, City Clerk.  
Pasadena – Ms. Kurtz, City Manager; Mr. Martinez, Assistant City Manager; Mr. Panzica, Pasadena Water and Power, Acting General Manager, and Ms. Tores, Deputy City Clerk.

The City of Glendale was the host of the tri-city special meeting.

Oral Communications There was no response to the Glendale Mayor's invitation for oral communications.

Mr. Starbird stated that the purpose of this meeting was to hold the second meeting of the three City Council's with an update on the status of the Tri-City Power Project and the RAND Corporation report on the feasibility of the Tri-City Project.

Tri-City Power Project Mr. Dan Waters, consultant, formerly the General Manger of the Los Angeles Department of Water and Power, discussed that Municipal Utilities have had adequate resources and for the most part have been able to avoid the current energy crisis for the following reasons: in the 1960's municipalities were building there own power plants; in the 1980's the Southern California Utilities participated in a number of regional power projects; and, in 1996 when the deregulation legislation was approved, the municipalities worked together to be exempted from the legislation.

He then discussed the importance of the three cities working together to improve upon the electric service provided to their customers. He said that although each city has sufficient electrical resources to meet the needs of their customers, each city also has the unique situation of having power plant sites located within their cities. He said that if each city were to develop new generating units on the existing sites, the multiple benefits would be: the older inefficient units would be replaced with new state-of-the-art facilities; reliability would be improved and emission and fuel consumption would be dramatically reduced; the cities would be assured of adequate low-cost electricity to meet their citizens' needs for many years to come; the excess power could be delivered to the State based on long-term firm cost-based contracts with the State; and, the sale of electricity to the State from new generating plants would provide a fair return to the cities to help support fire, police, and other city services.

Mr. Waters then said that as the Tri-City Project proceeds, it is essential that the cooperative efforts that allowed the cities to succeed continue. He noted that as new units are developed and existing units are dismantled, it will be necessary for the three cities to provide mutual support in order to ensure that the electric needs of the citizens are met.

RAND  
Corporation  
Study

Mr. Waters said that the three cities commissioned the RAND Corporation to conduct a study of the Tri-City Project that would look at the economic and environmental ramifications of the Project both from the perspective of the State and the three cities. He then introduced Mr. Mark Bernstein of the RAND Corporation who he said was the Project Manager of the study.

Mr. Bernstein said that RAND has been very heavily involved in energy issues for many years. He began by stating that the State of California is in an energy crisis mainly due to the States lack of energy efficiency. He said that currently, the State will continue to experience rolling blackouts and high prices and noted that the crisis is not expected to improve for another 18 to 24 months. He then said that the Tri-City Project is an insurance policy for the State.

Next, he briefly noted the following actions taken by the State to address the current energy crisis: expediting permits process, rushing to build new generation, spending \$850 million on efficiency programs, and creating a public power authority. He noted that these actions were a good start to addressing the energy crisis.

He then discussed that the report examines the costs and benefits of load-centered generation to the State of California. In particular, he said the study demonstrates the potential value of constructing municipal-owned, natural gas-powered generating plants at the sites of current, less-efficient power plants in Burbank, Glendale, and Pasadena. Using techniques from exploratory modeling, he said they have estimated the value that might accrue to the State due to this new municipal generation as the reductions in power costs as compared with what the costs would be if the new municipal generation was not constructed. Under a plausible scenario for future demand growth, natural gas prices, and emissions prices, he noted that they found that the power generation proposed by the three cities could potentially save the State over \$466 million over the period from 2002 to 2011.

Mr. Bernstein explained that the benefits of this new generation proposed by the three cities will help to make the market more competitive, lower the price of ancillary services, reduce volatility in energy purchases allowing for better risk management, and enhance reliability.

Relevant Tri-City  
of Burbank  
Energy Project  
Issues

Mr. Waters discussed that at this point, the cities would proceed with combined cycle gas units. Then, he said that he would be working with the State over the next few months to ascertain how many simple cycle units they would like for the cities to build by next summer and whether or not they are willing to assist in the process both financially and administratively. He noted that this Project will allow the cities to have more efficient units that will first meet the needs of their citizenry, with surplus energy being sold to assist the State of California.

Mr. Starbird concluded the meeting by stating that based on the RAND study it appears that the Tri-City Power Project makes sense to both the cities and the State. He noted that at this point, each city should conduct further analysis on the costs and benefits of the Project while at the same time working with the State to ascertain their role in the Project.

5/8/01

Adjournment      There being no further business to come before the Council  
the meeting was adjourned at 10:13 a.m.

Judie Sarquiz, City Clerk

APPROVED JULY 17, 2001

Mayor of the Council  
of the City of Burbank