

THURSDAY, MAY 24, 2001

An adjourned meeting of the Council of the City of Burbank was held at the Fire Training Center, 1845 North Ontario Street, on the above date. The meeting was called to order at 6:07 p.m. by Mr. Kramer, Mayor.

Present- - - - Council Members Laurell, Murphy, Ramos and Kramer.
Absent - - - - Council Member Golonski.
Also Present - Mr. Ovrom, City Manager; Ms. Alvord, Assistant City Manager; Mr. Garcia, Assistant City Attorney; and, Mrs. Sarquiz, City Clerk.

Budget Study Session Mr. Kramer said that the purpose of this meeting was to conduct the third Budget Study Session which includes discussion of the following departments: Community Development and Burbank Water and Power as well as an update on the Utility Users Tax.

Community Development Department Mr. Hanway began by presenting the Community Development Department Budget. He said the total proposed budget is \$6,102,844, a \$60,717 increase over the Fiscal Year (FY) 2000-01 budget. He noted the following Department budget highlights: Administration Division increased by \$21,537; Housing increased by \$21,537; Planning Division decreased by \$95,728 primarily due to a shifting of personnel to create the Transportation Division; Transportation Division increased by \$135,441 primarily due to the shifting and upgrading of personnel; and, Building Division decreased by \$29,378.

Next, he briefly discussed the budgets of the following Special Revenues contained in the Department: Proposition A - \$1,407,087 – funds the maintenance of the Regional Intermodal Transportation Center (RITC) and Burbank Transportation Service program and staffing; Proposition C - \$1,175,876 – funds the RITC maintenance and shuttle program and staffing; Air Quality Management District - \$110,003 – funds the rideshare program; Community Development Block Grant - total entitlement from Housing and Urban Development is \$1.52 million; HOME Program – total federal entitlement of \$746,000; Development Impact Fees - \$832,943; Housing Authority - \$6,521,251; Redevelopment Agency total proposed revenues of \$32,853,382 with total proposed expenditures of \$42,886,466 and noted the four project areas as follows - Golden State Project Area - \$18,491,417 – City Centre Project Area - \$11,660,227 – West Olive Project Area - \$7,116,930 – South San Fernando Project Area - \$780,380; and, Low and Moderate Housing - \$4,837,572.

Mrs. Georgino, Community Development Director, discussed that the Department was proposing a new fee resolution for

the NPDES/SUSMP Ordinance (Storm Water Management) mandated by the State. She noted the following proposed fees to address this mandate: 10 percent of basic plan check fee for sites over two acres; 10 percent of basic building permit fee for sites over two acres; and, an additional building inspector position associated with this proposed fee.

She then referred to the following performance indicators: Housing Division – applications reviewed for rehabilitation assistance, applications in progress, loans/grants completed, Section 8 Vouchers/Certificates, new applicants taken off waiting list; Planning – applications processed and business tax accounts; and, Building – building permits, plan checks, contractor's licenses, inspections, and revenue.

Mrs. Georgino then briefly discussed the following Community Development Department Work Program items: Administration – Implement departmental information technology master plan, Implement five-year economic development plan; Expand operations at the Business Assistance Center to include small business and employment counseling services; and, Expand internal and external training opportunities to maintain and enhance professional expertise; Building – Expand Department website services, including online permit procedures, and web access at counter; Develop neighborhood revitalization program in association with redevelopment; Develop public informational programs, including brochures, newsletter, CD-ROM's and career day; Provide real-time web cam video for major projects; Expand Code interpretation policies; Research and track State legislative activity affecting the Department; Evaluate computerized field inspection hardware, tracking system, and procedures; and, Implement NPDES/SUSMP Best Management Practices; Planning – Provide staff support for projects related to the Burbank-Glendale-Pasadena Airport in accordance with the City's interest, values, and concerns; Update General Plans-Land Use Element; Process Ordinances and Zone Text Amendments (ZTA) including update of Noise Ordinances, Notice and Appeals, Sign ZTA, Magnolia Park Sidewalk ZTA; Create special development standards for senior housing; Support neighborhood protection plans including Victory/Buena Vista, Hillside and Rancho Providencia; Update Chapter 31 of the Burbank Municipal Code to eliminate internal inconsistencies and make it more user friendly; Update application submittal forms for improved customer service; and, Assess the need for creating development standards for adult day care facilities; License and Code Services – Conduct Citywide Code enforcement for Zoning Codes, the property maintenance program, encroachments in the public right of way and various State laws; Implement business tax program for 14,000 accounts and regulatory business licenses and

business permit programs for 3,000 accounts; and, Identify, develop and implement technology based efficiencies for the License and Code Services Offices; Transportation – Construct Chandler Accessway Project; Update Infrastructure Blueprint; Update Transportation Element of General Plan; Implement five-year Transportation Capital Improvement Program; and, Represent City in regional transportation issues; Redevelopment Agency – Golden State – Complete the implementation of the terms of the existing Development Agreement for the development of the Media Studios North site (M. David Paul development); Complete the development of the Burbank Empire Center – Lockheed B-1 and Building 199 properties (Zelman), and Implement the development of the Lockheed A-1 North property (Zelman); City Centre – Implement terms of Owner Participation Agreement for Opportunity Site No. 6 (AMC); Develop Master Plan and encourage the development of Opportunity Site 6B (bounded by First Street, Orange Grove Avenue, Magnolia Boulevard, and Bonnywood Avenue); Continue to work with Marriott to facilitate hotel development on the former Bombay site; Re-examine tenant inducement incentives and focus on assisting/attracting quality downtown tenants to fill current major property vacancies; Select developer and negotiate development agreement for Opportunity Site No. 2 (Police Block); Assist and encourage the Media City Center with any planned upgrades and tenancing in the mall; Maintain professional expertise through providing ongoing training opportunities; and, Work with stakeholders to continue marketing efforts for downtown; South San Fernando – Complete design of the South San Fernando Boulevard Streetscape Project; Assist with the redevelopment of former ITT site; Monitor and encourage Opportunity Site No. 10; Assist with acquisition and development of South San Fernando Area Park project; Continue and enhance economic development programs; and, Continue to monitor interest and facilitate the redevelopment of other potential development sites; Low and Moderate Housing – Implement project with United Cerebral Palsy to construct Independent Living Facility at 600 South San Fernando Boulevard; Assist the Burbank Housing Corporation to acquire and rehabilitate properties in targeted neighborhoods; Assist the Burbank Housing Corporation to acquire and rehabilitate properties in the Elliot/Peyton area; Continue to market and monitor the Agency's residential rehabilitation program; Implement revised Mortgage Assistance Program to provide low interest down payment loans to low and moderate-income households; Continue to work with SCRAP Corporation for the development of a 20-unit townhouse/condominium project located at 3003-3015 Riverside Drive; Continue to develop the Housing and Childcare Center Demonstration Project; Facilitate

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development of 704-722 South San Fernando Boulevard; and, Implement Opportunity Site No. 4 (Burbank Senior Artists Colony) development agreement.

Lastly, she discussed the Department discussion paper item (the discussion paper includes unfunded items): \$157,810 recurring and \$40,000 non-recurring for a proposed Enforcement Program for Conditions of Approval which was proposed by the Planning Board.

Following discussion, the Council noted that they were generally not supportive of the proposed Enforcement Program.

7:42 P.M.
Recess

The Council recessed at this time. The meeting reconvened at 7:52 p.m. with the same members present.

Utility Users
Tax

Mr. Hanway discussed that at the April 24, 2001 City Council meeting, the Financial Services Department presented the Council with five options for dealing with the increased revenues derived from the Utility Users Tax (UUT) due to rising natural gas prices. He said that none of the options were adopted by Council and instead, staff was advised to consider and explore the feasibility of implementing one of the following: 1) Temporarily suspend the collection of the \$.43 street sweeping fee charged on the utility bills until the total uncollected revenue reaches the level of the excess UUT received by the City; or, 2) Contribute the excess revenue to the Lifetime Program until it is depleted.

He then discussed that staff from Public Works, Burbank Water and Power and Information Technology met to try and determine what would be required to implement these options. He noted that staff's findings are as follows: 1) The City Attorney's Office has indicated that the street sweeping fee may be considered a property-related fee under the provisions of Proposition 218. If this is the case, temporarily suspending the street sweeping fee may create a Proposition 218 problem when the fee is reinstated. Thus, if the street sweeping fee is temporarily suspended, there is a significant risk that the City would lose the ability to continue to collect this revenue in the current manner; 2) The City could direct the increased revenue to energy conservation programs that target Lifeline customers and that would enable them to reduce both natural gas usage and electric power usage. The money spent on these programs would count toward the City's Public Benefits Program spending obligation. These conservation measures have the

potential to generate savings for Lifeline customers long after the increased revenues have ceased.

Mr. Hanway concluded by stating that staff was recommending contributing the amount of UUT revenue received above the original budgeted estimate of \$1,296,625 to the Lifeline Assistance Program. He said that based on current revenue estimates, this amount could be as high as \$500,000. He noted that this recommendation is based on the City Attorney's concerns that the temporary suspension of the street sweeping fees may create a Proposition 218 problem when the fee is reinstated.

The Council will deliberate on this matter at a future City Council meeting.

Burbank Water
and Power

Mr. Davis, Burbank Water and Power (BWP) General Manager, began by discussing the Electric Budget. He said that staff was recommending a 10 percent electric rate increase. He said this increase would provide for the following: maintain the \$17.4 million Rate Stabilization Fund (RSF) balance; electric staffing plan reflective of increased local generation; and, increase of 50 percent in wholesale margins compared to amended FY 2000-01 Budget. He then noted the following budget contingencies: Wholesale margin increase of \$13 million is a staff goal; cost emissions are major unknown; required plant upgrades and stop operations; risk of unit failure greater due to increased local generation utilization; additional Intermountain Power Plant (IPP) call back next year; and, drought related costs likely to last several years.

Next, he discussed the following components of the electric budget: electric revenues - \$302.2 million with a variance of \$186.6 million; total generation expense increases - \$190.7 million; electric indirect expenses - \$20,638,000; and, electric cash balances - \$40 million.

Mr. Davis then said that the Electric Division has a total capital improvement project budget of \$23,558,993. He also said the Division has a total capital outlay budget of \$3,822,949. He further said that the total Public Benefits budget is \$3,418,422. Finally, he said the total Conservation Programs budget is \$1,587,172.

He then briefly discussed the City's electric conservation efforts and the benefits to be reaped if it is successful: reduces summer 2001 peak demand by 30MW to 260MW, a reduction of about 10 percent; reduce FY 2001-02 energy consumption by 82 million kWh, a reduction of about 7 percent; lowers

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dollar amount of customers' bills; and, improves utility's financial position.

8:50 P.M.
Mrs. Murphy
Left the Meeting

Mrs. Murphy left the meeting at this time.

Burbank Water
and Power
Continued

Jim Lazar, consultant, discussed the following proposed Alternative Rate Design: Programs encouraging low use – 5 cent kWh rebate for customers using less than 95 percent of last year's usage – similar program but with 90 percent threshold – save more than 20 percent and get 20 percent rebate; Rates combining conservation incentives – symmetrical incentive rate – seasonal time-of-use rates; and, Rates discouraging high kWh use – vintage (very limited application) – penalty (can go too far) – customer specific baseline (too complicated) – inverted rates (recommended).

Mr. Davis said that staff was recommending that the Council do the following regarding rates: Raise residential rates by the three-block inverted rate schedule and offer a 5/30 energy buy-back program (this would apply to Lifeline and Basic Service customers); and, Non-residential rates receive a uniform rate increase and the same 5/30 program (does not apply to seasonal time-of-use customers). He said that the rate change would be implemented in a manner that encourages conservation and would have the following effects: inverted residential rates would shelter 5 out of 6 customers from full impact of 10 percent rate increase; and, July to October energy buy-back for all customers who conserve more than 5 percent compared to the same period last year.

He then briefly noted the following Electric Division Work Program items: Significant improvement in wholesale power marketing margins; Establish a durable wholesale marketing organization; Utilization of local generation to reduce outside power supply costs; Obtain certification to construct the Magnolia Power Plant; Make new SCADA operational; Continue development of new local power plants in addition to the Magnolia Plant; Construct fourth switching station; Complete Receiving Station "E" expansion; Continue to convert overhead lines to underground service to be consistent with the City's community development goals; Complete replacement of one-third of Ben Mar Hill street lighting (Harvard Road to Bethany); Complete electrical facilities to serve Empire Center and other major developments; Install fiber along Alameda Avenue and Victory Boulevard, and add fiber to Hollywood Way; Implement a telecommunications network for

the City and BWP customers; Implement new municipal services bill format; Acquire new customer accounting and billing system; and, Provide customers internet access to their accounts.

9:30 P.M.
Recess

The Council recessed at this time. The meeting reconvened at 9:36 p.m. with the same members present except Mrs. Murphy who previously left the meeting.

Burbank Water
and Power
Continued

At this point, Mr. Davis discussed the Water Fund. He began by discussing the following budget highlights: No water rate increase; Increased reclaimed sales of \$735,000 for local generation; Capital investment of \$625,000 for system mains and replacement projects; and, \$650,000 in special water quality efforts. He then said that the total Water Capital Improvement Project budget is \$2,713,202. He also said that the Water Capital Outlay budget is \$765,774.

He then briefly noted the following Water Division Work Program items: Meet or exceed all State and Federal drinking water quality standards; Regain an annual capacity factor of 85 percent for the Groundwater Treatment Plant facility; Operate production and blending facilities to reduce total chromium levels to 5 parts per billion; Complete all water system replacement capital improvement projects for meters, valves, fire hydrants and mains; Complete the installation of the small hydro generation unit at the Valley Pumping Plant; Design the reclaimed water system expansion project from the Burbank Water Reclamation Plant to the Zelman development; and, Complete radio links for the Water SCADA System.

Lastly, Mr. Davis discussed the following Department performance indicators: OSHA injury rate to be less than 5; Provide utility service to customers on or before committed date 100 percent of the time; Correct streetlight outages within 24 hours of reporting; Electric service reliability at or above 99.99 percent; Unscheduled electric service interruptions less than 70 minutes; Maintain power cost at or below budget; Produce wholesale margins at or above budget; Operate local generation with a forced outage rate less than 10 percent; Reduce local Nox emissions per kWh by 10 percent; Increase Telecom revenues by 30 percent; Telecom reliability at or above 99.99 percent; Answer 90 percent of customer calls within 30 seconds; Keep 100 percent of customer service appointments on time; Manage customer bad debt ratio to less than .3 percent of retail revenue; Reduce unaccounted for water to less than 6 percent; and, Perform maintenance on 100 percent of fire hydrants.

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Adjournment There being no further business to come before the Council,
the meeting was adjourned at 9:56 p.m.

Judie Sarquiz, City Clerk

APPROVED JULY 24, 2001

Mayor of the Council
of the City of Burbank