

TUESDAY, FEBRUARY 5, 2002

A regular meeting of the Council of the City of Burbank was held in the Council Chamber of the City Hall, 275 East Olive Avenue, on the above date. The meeting was called to order at 4:00 p.m. by Mr. Kramer, Mayor.

CLOSED SESSION

Present- - - - Council Members Golonski, Laurell, Murphy, Ramos and Kramer.

Absent - - - - Council Members None.

Also Present - Mr. Barlow, City Attorney; and, Mrs. Campos, City Clerk.

Oral Communications There was no response to the Mayor's invitation for oral communications on Closed Session matters at this time.

4:01 P.M. Recess The Council recessed at this time to the City Hall Basement Lunch Room/Conference Room, to hold a Closed Session on the following:

- a. Conference with Legal Counsel – Existing Litigation:  
Pursuant to Govt. Code §54956.9(a)
  - 1. **Name of Case:** In the matter of the application of Burbank-Glendale-Pasadena Airport Authority – Administrative (Variance) Hearing conducted by Cal Trans.  
**Case No.:** OAH No. L-9701269  
**Brief description and nature of case:** Administrative review of Airport noise variance standards.
  - 2. **Name of Case:** City of Burbank v. Burbank-Glendale-Pasadena Airport Authority.  
**Case No.:** BC259852  
**Brief description and nature of case:** Declaratory Relief.
- b. Conference with Legal Counsel – Anticipated Litigation (City as possible plaintiff):  
Pursuant to Govt. Code §54956.9(c)  
**Number of potential case(s):** 1
- c. Conference with Legal Counsel – Anticipated Litigation (City as potential defendant):  
Pursuant to Govt. Code §54956.9(b)(1)  
**Number of potential case(s):** 1

Regular Meeting Reconvened in Council Chambers The regular meeting of the Council of the City of Burbank was reconvened at 6:47 p.m. by Mr. Kramer, Mayor.

Invocation	The invocation was given by Mayor Kramer.
Flag Salute	The pledge of allegiance to the flag was led by Police Captain Bowers.
ROLL CALL	
Present- - - -	Council Members Golonski, Laurell, Murphy, Ramos and Kramer.
Absent - - - -	Council Members None.
Also Present -	Mr. Ovrom, City Manager; Mr. Barlow, City Attorney; and, Mrs. Campos, City Clerk.
301-1 Donation to the Animal Shelter	Police Captain Bowers invited Dyana Burrows and Mayor Kramer to join him at the podium. Captain Bowers recognized a donation in the amount of \$5,000 made to the Burbank Animal Shelter in honor of her deceased parents and presented Mrs. Burrows with a Certificate of Appreciation.
6:58 P.M. Hearing 1704-3 602 CUP 2000-30 (Old Thrifty Site)	<p>Mayor Kramer stated that "this is the time and place for the hearing on the appeal of the Planning Board's decision on Conditional Use Permit 2000-30, a request by Ken Fisher to utilize the first floor of a 12,341 square foot building at 990 North Hollywood Way as a mini-mall with a parking requirement of five parking spaces per 1,000 square feet of adjusted gross floor area. The proposed project includes utilizing tenant spaces for restaurant uses. The Conditional Use Permit was approved by the Planning Board on December 17, 2001."</p> <p>"An adjacent property owner, Laird Robertson, has appealed the Planning Board decision to the Council. In addition, the Council has exercised its authority pursuant to Burbank Municipal Code Section 1946(c) to conduct a public hearing on the proposed conditional use permit. This is a consolidated hearing of Mr. Robertson's appeal and the Council's review of the Conditional Use Permit."</p>
Notice Given	The City Clerk was asked if notices had been given as required by law. She replied in the affirmative and advised that no written communications had been received.
Staff Report	Mayor Kramer acknowledged receipt of a letter dated February 4, 2002 from Laird Robertson in opposition to Conditional Use Permit (CUP) No. 2000-30, which he forwarded to Mrs. Georgino. Jeremy Ochsenein, Associate Planner, reported the current application pertains to 990 Hollywood Way, formerly

known as 3614 West Magnolia Boulevard, and commonly known as the Old Thrifty Site, in the Magnolia Park Commercial Retail Zone. He discussed that CUP No. 2000-30 is a request by Ken Fisher to utilize the first floor of a 12,341 square foot building as a mini-mall with an overall parking requirement of five parking spaces per 1,000 square feet, in lieu of the standards of ten parking spaces per 1,000 square feet generally required for mini-malls. In addition, he stated the proposal included a request to establish restaurant uses on the property, and a request to begin operations at 5:30 a.m., in lieu of 6:00 a.m. allowed by the Burbank Municipal Code. He noted the project was approved by the Planning Board on December 17, 2001, and subsequently, on January 8, 2002, the Council voted to review the Planning Board's decision, and on January 9, 2002, Mr. Laird Robertson, the owner of the neighboring property located at 3610 West Magnolia Boulevard, appealed the Board's decision.

He stated that in order to compensate for the reduction in the total amount of parking provided for the mini-mall use, a corresponding amount of building area must be precluded from use as a restaurant, and that Mr. Fisher owns a total of 56 parking spaces on two lots. He added that the first floor of the building in question has an adjusted floor area of 9,436 square feet, and based upon the City's parking standards for retail at 3.3 per 1,000 square feet and restaurant at 10 per 1,000 square feet, staff calculated that a mixture of 3,349 square feet of restaurant use which would require 33 spaces, and 6,087 feet of retail, requiring 20 parking spaces would be the optimum mixture of uses given the available supply of parking. He indicated Mr. Fisher has proposed to utilize the 2,905 square foot mezzanine as storage which would have a parking requirement of one space per 1,000 square feet, and the Planning Board's approval included a condition which would restrict the floor area to these types of uses, but did not approve Mr. Fisher's request for extended hours of operation due to the potential impacts on the surrounding residential areas.

Mr. Ochsenbein reported that this project had come before the Magnolia Park Citizens Advisory Committee, who generally supported the project as approved but with the addition that the City continue to work with Mr. Fisher on construction of a parking structure. He stated that Mr. Robertson has been leasing 14 parking spaces on Cordova Street from Mr. Fisher on a month-to-month basis to serve the 14 separate media-related companies that currently occupy Mr. Robertson's building; however, Mr. Robertson does not own any parking in the vicinity of his building and, according to records, his building is not tied to any parking by covenants. He stated

that Mr. Fisher intends to use these 14 parking spaces as part of the subject project, and Mr. Robertson has appealed on the grounds that the subject applicant will have a detrimental impact on current and proposed uses in the vicinity. He added that a parking study was not necessary as the mixture of uses approved by both the Planning Board and recommended by staff is consistent with Code required parking for each individual use, and that staff recommended the Council deny Mr. Robertson's appeal.

Applicant

Ken Fisher, Applicant, stated he has spent an inordinate amount of time working with staff to come to a resolution of this issue. He said Mr. Robertson purchased a building with no parking, and felt that neither he nor the City should be responsible to make up for Mr. Robertson's problem, and that it seems unfair that Mr. Robertson can hold up a project that meets all the requirements. He added that he has been working hard to find another tenant for this property to continue with this project as planned.

Appellant

Laird Robertson, Appellant, thanked staff for attempting to find a solution to a difficult problem. He discussed the following points: 1) his belief that as a matter of law, there is a detrimental impact due to the fact that his tenants have been relying on parking at the Old Thrifty for many years, and that this use will increase the demand for parking and place an extraordinary burden on his tenants because his building has no parking; 2) his building houses 14 businesses which have collectively millions invested, representing 35 people whose livelihood depends on the building which they have improved, and on available parking for them and their customers; and, 3) under certain conditions, he can support the CUP if a long-term solution is implemented to purchase the Sports Source property for a possible land-swap and requested the Council define some sort of short-term solution to this problem because if they don't solve their problem, they will become an even bigger burden on the neighborhood.

Citizen  
Comment

Appearing to comment were Dr. Jay Adams, Chair of the Magnolia Park Citizens Advisory Committee (MPCAC), who outlined the committee's decisions as follows: on January 24, 2002 the MPCAC held a special meeting to allow them to make additional comments, the two issues they discussed were that the MPCAC was not informed that the 14 parking spaces were being leased by Mr. Robertson from Mr. Fisher nor that Mr. Fisher had applied for permission to begin early morning operation of the businesses, the MPCAC

recommended approval of the CUP pursuant to the conditions placed on the CUP by the Planning Board, that with regard to the hours of operation for the proposed Starbucks, the MPCAC agreed that the 6:00 a.m. to 12:00 midnight restriction was fair because the same restriction exists for Starbucks in the Rancho Area, and the MPCAC recommended additional funds to implement diagonal parking in the area; Michael Perricone, owner of Interlock Studios, who has 25 employees and leases space at 3610 West Magnolia Boulevard, stating that post production is a client-oriented service business, that his clients need parking, that he fears losing high profile clients if this parking issue is not addressed, and that he hopes this doesn't become an adversarial issue; Donald Peake, stating he owns Transparent Sound in the 3610 Building, noting there is no front entrance to this building, and speaking to public safety issues including women who work in this building until midnight or later, and that as a law enforcement officer, he has observed suspicious activities and graffiti on the building; Ted McConkey, urging the Council to uphold the appeal, stating that the site is and has been underparked for years, and expressing concern that trucks will be making deliveries during business hours, further impacting parking problems, that conditions imposed on CUP's are not regularly enforced, and expressing concern with future traffic problems;

Robert Stratton, stating he was the real estate agent for Mr. Fisher and describing difficulties in obtaining tenants for this property, supporting Starbucks and Gourmet Pizza Café, stating he believes the uses are excellent and comply with the parking code, and that Mr. Robertson knew there were no parking spaces allocated to his building when he purchased it so there is no merit to the appeal; Yasmine Wolfe, stating she favors the project and that Mr. Fisher cannot be forced to provide parking to Mr. Robertson, and encouraging the Council to look at other parking alternatives in Magnolia Park; Robert Milhaus, stating he doesn't live in Burbank but he brought Quizno's to Southern California and worked with Mr. Stratton to bring it to Magnolia Park, that the biggest problem they encountered was parking, that Starbucks is a morning and daytime business, and the Gourmet Pizza Café is an evening business, and on the feasibility of putting parking on top of the building; Mark Barton, urging the Council not to make a Federal case out of this matter; and Mike Nolan, expressing displeasure with out of town promoters and real estate agents trying to help us with our problems in Burbank, stating the owners of Bars TV did put parking on the roof which is why Quizno's could even come here, and that the issue is that staff recommend a waiver of the parking requirements, which perpetuates the parking shortage in Magnolia Park.

Appellant Mr. Robertson stated that in principal they all want to have something like Starbucks, but he feels this project will have a detrimental impact on existing uses.

Mr. Fisher, the Applicant, stated he did not wish to present a rebuttal at this time.

Hearing Closed There being no further response to the Mayor’s invitation for oral comment, the hearing was declared closed.

Motion It was moved by Mr. Golonski and seconded by Mr. Laurell that "the following resolution be passed and adopted:"

1704-3  
602  
CUP 2000-30  
(990 N.  
Hollywood Way,  
Old Thrifty Site)

RESOLUTION NO. 26,173:  
A RESOLUTION OF THE COUNCIL OF THE CITY OF BURBANK DENYING AN APPEAL OF THE PLANNING BOARD’S DECISION AND APPROVING CONDITIONAL USE PERMIT NO. 2000-30 (990 NORTH HOLLYWOOD WAY – KENNETH FISHER, APPLICANT; LAIRD ROBERTSON, APPELLANT).

Adopted The resolution was adopted by the following vote:

Ayes: Council Members Golonski, Laurell, Ramos and Kramer.  
Noes: Council Member Murphy.  
Absent: Council Members None.

Reporting on Closed Session Mr. Barlow reported on the items considered by the City Council and Redevelopment Agency during the Closed Session meetings including the application of the Burbank-Glendale-Pasadena Airport Authority with CalTrans, and also discussed the existing case of the City of Burbank v. Burbank-Glendale-Pasadena Airport Authority and considered a request by Mr. Ted McConkey to Intervene in the Measure A lawsuit and on a 3-2 vote, with Mr. Golonski and Mr. Laurell voting no, agreed to allow Mr. McConkey to intervene if he decided to do so and directed staff to work out an agreement with Mr. McConkey’s attorney. He added that two cases of anticipated litigation were discussed and, although on the agenda, did not discuss the public employee performance evaluation for the City Manager and City Attorney. Mr. Barlow stated that as the Redevelopment Agency, a conference was held with the real property negotiator regarding the purchase of property at the

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southeast corner of San Fernando Boulevard and Verdugo Avenue, and discussed 11 cases of anticipated litigation.

406  
Airport  
Authority  
Meeting

Airport Commissioner Charlie Lombardo reported on the regular meeting of February 4, 2002 as follows: unanimously approved the mid-year budget amendment, stating most of the increases in operating expenses were for required Police presence at the Airport; deferred the Lot C parking structure and the relocation of Parking Lots A and B; unanimously approved Resolution 371 changing the language in the pension plan for Airport employees as mandated by the Internal Revenue Service; and awarded a work order for the residential acoustical treatment program. Furthermore, he reported on an amendment to the Professional Services Agreement with Landrum and Brown for the traffic study forecast at the Airport, and an amendment to the Airline Operating Agreement relating to Terminal B Baggage Area modification was approved to facilitate the relocation of American Airlines from the A Gates to the B Gates, the relocation of Alaska Airlines from a free-standing facility into a secure area and the existing United Airlines office space reconfiguration. He reported that the Authority was updated on the Engineered Material Resting System project at the end of the runway which cost about \$4 million and is now complete, and stated the material is engineered to stop a plane traveling at 58 miles per hour. He also announced the implementation of a new way to register complaints regarding noise at the Airport through e-mail sent to burbankairport.com and click on the noise complaint section, or residents can still use the noise hotline number at 1-800-441-0409. Finally, he reported the dissemination of Noise Rules Information to Flight Departments, which covers Airport noise rules and other notices to corporate fleets and clients at the Airport.

The Council noted and filed the report.

First Period of  
Oral  
Communications

Mr. Kramer called for speakers for the first period of oral communications at this time.

Citizen  
Comment

Appearing to comment were Paul Gottwald, in opposition to the drug rehabilitation facility in an R-1 zone; Jeri Primm, reading from a letter dated December 7, 2001 to Mr. Ostrom from the Sunset Canyon Citizens Committee in opposition to the findings of the Hillside Neighborhood Protection Plan; Marcia Baroda, continued reading the letter which indicated

the report was misleading and contradictory and recommendations were ill-conceived and unjust, and requesting that a new committee be formed to address specific issues; Richard Tilton, expressing concerns with omissions and inaccuracies in the Hillside Neighborhood Protection Plan; Suzanne Young, expressing concerns with the effects of the Hillside Neighborhood Protection Plan, citing increased traffic and safety concerns for pedestrians on one of the most popular walking routes in the City; Patrick Dougherty, stating safety concerns along Sunset Canyon due to increasing traffic and speeding, and the lack of sidewalks along much of Sunset Canyon; William Young, expressing concerns with high curbs along Sunset Canyon and with skateboarders who use them for jumping, requesting a reduction in the posted speed limit along Sunset Canyon and that traffic be diverted to wider streets which were designed to handle the traffic; Milford Blair, stating the City has built too many facilities on the hillside and has not provided proper control for the traffic created by these facilities;

Marian Cardarelli, on the drug rehabilitation facility at 437 Grinnell Drive and citing its close proximity to Burbank High School, a preschool and a church-operated child care center, and asking how the City will protect the students, the children, and the residents; R. C. Czapiewski, thanking Mr. Barlow for the letter in response to a previous Public Records Act request, requesting to inspect the contract with the firm who worked on the sewer problem at the City Hall Annex, and stating it's ironic that Mr. Ovrom is being evaluated by Mr. Laurell who he believes aspires to a better paying job; Esther Espinoza, commenting on Mr. Laurell seeking employment with the City, and commenting there are not enough multi-unit dwellings in Burbank; and Howard Rothenbach, noting a tremendous increase in traffic and speeding in the neighborhood, requesting traffic enforcement in the area, and requesting a study for pedestrian flow in the Barnes & Noble bookstore area.

Staff Response	Members of the Council and staff responded to questions raised.
8:58 P.M. Recess	The Council recessed at this time. The meeting reconvened at 9:11 p.m. with all members present.
Second Period of Oral	Mr. Kramer called for speakers for the second period of oral communications at this time.



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## Communications

Citizen  
Comment

Appearing to comment were Claudette Farah, in opposition to the drug rehabilitation facility on Grinnell Drive due to the close proximity to Burbank High School (BHS), the First United Methodist Church, and pre-schools in the area, traffic impacts, and lack of protection for neighbors; Lou Farah, on the motivation of fear which has caused the neighbors to protest the drug rehabilitation facility, on the facility not being a lock-up and having clients with active addictions who can come and go as they please in their neighborhood, concern for the safety of his family, devaluation of his property as a result of having to disclose this facility, his awareness that State law preempts the City, advising that the neighbors will band together to protect their neighborhood, even if they have to go to the State legislature, and requesting Council support; Tom Moutes, expressing concern with the drug rehabilitation facility, on some offenders being harmless but some being dangerous, requesting Council support to address this problem and to protect our children; Ted McConkey, on the State telling cities that drug addicts can be imposed on R-1 neighborhoods, noting the City went to Sacramento to keep them from taking away our area code, that this drug rehabilitation facility is a horrible imposition on the residential character of our neighborhood, citing the proximity to a high school, day care centers and churches in the area, and encouraging the Council to stop this facility in its tracks; Teri Bastian, opposing to the drug rehabilitation facility, on this facility perhaps being legal but not reasonable or responsible, citing the close proximity to BHS, day care centers and three churches, stating that Group Six homes are not the average family homes or good neighbors, and that this facility is a medical facility and not appropriate for any residential area; Dorothy Payne, opposing the drug rehabilitation facility on Grinnell citing its close proximity to kids, stating youth activities in this area begin early in the morning and extend well into the evening, and that a drug rehabilitation facility cannot be equated to a home for the chronically ill; Tracy Forster, reporting on a neighborhood meeting with Dr. Philip Lee, where neighbors were informed that the intake requirements are very strict, and background checks will be done, the cost is \$7500 per month per resident and they will have no State-subsidized residents, residents will be supervised and will need a pass to leave, residents cannot even sit in the front yard to smoke, the operators will be discriminating as far as their clientele, and Dr. Lee suggested that within six months they would not even be noticed; Salvador Velasquez, expressing sentiment that he will feel unsafe in his neighborhood due to the drug rehabilitation facility, that the facility will detrimentally affect his quality of life, and urging

the Council to look into the criteria for denying the license based upon the close proximity to places which have so many youth activities, and requested the City use its resources to keep the facility from being licensed;

Judy Van Dam, on the drug rehabilitation facility and urging the Council to consider this as their own situation, that this is a profit-making business which will generate \$50,000 a month for the owner, citing parking problems on the first block of Grinnell, and the inappropriateness of such a facility in an R-1 area; Patricia Parsons, addressing the parking issue on Grinnell, which will continue as long as the high school is under construction; Reanne Avazian and Shoghig Balkian, representing the students at BHS, addressed the parking issues and the fact that the students will be subjected to walking by this drug rehabilitation facility to a zero tolerance campus, that the facility will have a negative impact on BHS students and children in the neighborhood, as well as the neighborhood itself; Mark Barton, inquiring specifics as to closed session items, advising Mrs. Ramos to support Mr. Kramer and Ms. Murphy's position on the Measure A lawsuit; James Poledna, stating he believes that a better location for the drug rehabilitation facility would be up in the hills; Bryan Allen, in opposition to the Professional Services Agreement between the City and the Southern California Regional Rail Authority, and specifically the CalTrans approval; Esther Espinoza, on the change order for the alley reconstruction project, and on accepting donations to the police/fire museum; and Kathy Mackey, in opposition to the drug rehabilitation house in her neighborhood due to concerns with the traffic, and asking whether this can be considered in the issuance of the license.

Staff Response	Members of the Council and staff responded to questions raised.
10:08 P.M. Recess	The Council recessed to permit the Redevelopment Agency to hold its meeting. The Council reconvened at 10:12 p.m. with all members present.
Motion	It was moved by Mr. Golonski and seconded by Ms. Murphy that "the following items on the consent calendar be approved as recommended."
1301-3 B.S. 1066 (2000 Alley	<u>RESOLUTION NO. 26,174:</u> A RESOLUTION OF THE COUNCIL OF THE CITY OF BURBANK APPROVING THE FINAL CHANGE ORDER FOR BID SCHEDULE

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Reconstruction Project) NO. 1066 (2000 ALLEY RECONSTRUCTION PROJECT).

304-1 RESOLUTION NO. 26,175:  
801-2 A RESOLUTION OF THE COUNCIL OF THE CITY OF BURBANK  
Accept Donation to the Police/  
Fire Museum AMENDING FISCAL YEAR 2001-2002 BUDGET FOR THE  
PURPOSE OF ACCEPTING THE PUBLIC'S DONATIONS TO THE  
BURBANK POLICE AND FIRE MUSEUM.

304-1 RESOLUTION NO. 26,176:  
801-2 A RESOLUTION OF THE COUNCIL OF THE CITY OF BURBANK  
Accept Donation to the Animal  
Shelter AMENDING FISCAL YEAR 2001-2002 BUDGET FOR THE  
PURPOSE OF ACCEPTING DONATIONS TO THE BURBANK  
ANIMAL SHELTER.

Adopted The consent calendar was adopted by the following vote:

Ayes: Council Members Golonski, Laurell, Murphy, Ramos  
and Kramer.

Noes: Council Members None.

Absent: Council Members None.

1702 Mr. Bashmakian, City Planner, reported that at the request of  
604 Mayor Kramer, staff prepared a report summarizing the City's  
Residential Drug authority over residential drug rehabilitation facilities, the  
Rehab. Facility status of the proposed facility at 437 Grinnell Drive and the  
State of California licensing procedures for such facilities. He  
stated that drug rehabilitation facilities with six or fewer  
occupants are permitted in residential zones and are considered  
a community care facility, thus the State requires that these  
facilities be treated the same as a single family residence and  
prohibits local agencies from establishing additional zoning  
requirements on these uses. Mr. Bashmakian added that the  
license application for this facility has been received by the  
California Department of Alcohol and Drug Programs. He  
confirmed that the business is for profit, that the applicant will  
not offer detoxification services, that there is no contract with  
the Department of Corrections or Los Angeles County for  
referrals, and that there is no other drug rehabilitation facility  
serving six or less in the City, but there is a drug rehab facility  
at 207 North Victory Boulevard, located in a commercial area,  
serving more than six clients. Regarding criteria required by the  
State, he reported there is no criteria for proximity to schools,  
churches, traffic or parking concerns, that the license is good  
for two years, and then the applicant must reapply. He  
indicated the only requirement the City is involved with is fire

clearance.

Mr. Bashmakian reiterated that this item was not before the Council for approval as the Council has no jurisdiction over the matter, and that it is not related to the passage of Proposition 36 because the facility is not funded by the State.

Motion It was moved by Ms. Murphy and seconded by Mr. Golonski that "staff be directed to pursue every possible avenue appropriate to oppose the facility, appoint a Council sub-committee comprised of Mayor Kramer and Mrs. Ramos, and contact Assemblyman Dario Frommer and Senator Jack Scott."

801-2  
Mid-Year  
Adjustments to  
FY 2001-02  
Budget Mr. Hanway, Financial Services Director, stated he would report on Mid-Year Adjustments to the Fiscal Year (FY) 2001-02 by focusing on three different issues: 1) the City's financial status is as of December 31, 2001 and a projection of our status at the end of the fiscal year, 2) proposed specific mid-year adjustments, and 3) a high level view of the 2002-2003 budget year, and indicated the numbers will change due to the fact that it is early in the budget year.

With regard to the Projected FY 2001-01 General Fund Balance, he reported a beginning audited fund balance of \$4.4 million when we began the fiscal year, which included non-recurring revenues in the amount of \$187,300; estimated PERS Savings of about \$1.8 million; the Ramp-Up Savings which are imbedded into the operating budget but will not be spent this fiscal year is almost \$1.3 million; previously-adopted One-Time Appropriation, including the Airport appropriations, in the amount of \$3.7 million; the net Mid-Year Adjustments in the amount of \$825,645; and the amount set aside to increase the reserves which is done annually at the end of the fiscal year in the amount of \$1,873,000, leaving an estimated fund balance as of June 30, 2002 of about \$1.3 million.

Next, Mr. Hanway gave a brief reconciliation to the First Quarter Report by stating that in October 2001 they projected a \$4 million June 30 fund balance, but there has been a slight increase in the beginning fund balance of \$4,995 and they were recommending a change in the revenue estimates, including the amount set aside for Burbank Water Power, increasing revenues in the amount of \$35,807.

He stated the impact of the Mid-Year Adjustments were two-fold, with the first part being recurring in the amount of \$90,000 and the non-recurring discussed earlier, which together total almost \$916,000 which was not included in the First Quarter Report. He further stated that the impacts of the

Memorandum of Understandings (MOU's) were greater than anticipated which total approximately \$70,000, as well as the increase in reserves and compensated absences which total the \$1.3 million estimated adjusted projected available fund balance.

He reported from a revenue standpoint a brief review indicates a little over 44 percent has been collected as of last year versus 41 percent this fiscal year, and that the City had a slow first quarter in sales tax receipts. He stated the top three revenue sources comprise over 50 percent of the General Fund, and last year's sales tax included the unusual sale of two airplanes in the amount of \$660,000, which resulted in a decline, but felt confident that, if adjusted, the City will reach the revised projected revenue estimate. With regard to the property tax estimated, Mr. Hanway stated they assumed a 4 percent growth rate and the actual assessed value growth rate was 5.48 percent, so the estimated amount will be adjusted accordingly. He also reported an increase in the utility users tax as it relates to the electric rate increases, and that additional revenue is being set aside.

Mr. Hanway cited items which had impacted finances since the September 11, 2001 terrorist attack including a 9.4 percent decrease in transient occupancy tax collected so the revised budget assumes an 8.5 percent decrease from the prior year, that second quarter numbers for transient parking taxes represent a decrease of 11.4 percent versus the prior year, and the revised budget assumes a decrease of 13 percent. He added the City is setting aside approximately \$3.3 million of utility users taxes, in lieu taxes and interest related to the last four electric rate increases.

On the expenditure side, he stated the numbers were fairly consistent with last year, running slightly ahead at 46 percent due to the additional Police and Fire overtime as a result of September 11. He then presented a brief recap of the gross adjustments by funds, and the net impacts to the General Fund in the amount of \$90,000 in recurring costs, the net impact to the non-recurring in the amount of \$825,000, and the net impact to non-general funds in the amount of \$1,035,464, totaling a net impact to all funds in the amount of just under \$2 million.

He reported a significant impact to Police and Fire costs due to the September 11 attack, with the majority of the Police overtime cost being recovered from the Airport Authority, and the addition of three 24-hour shift positions in the Fire Department at a total cost of \$297,000, as well as the fact that the Disaster Preparedness Coordinator was called back to

active duty, and the position was back-filled with a Fire Captain necessitating the Fire Captain position be back-filled on an overtime basis in the amount of \$100,000 for this fiscal year. In addition, he reported money was expended for the purchase of lapel pins and American flag uniform patches for City uniforms in the amount of \$5,300, and flag banners which cost approximately \$16,000.

Mr. Hanway further stated that during the Community Development Block Grant process, staff was directed to fund the Joslyn Center Improvements in the amount of \$130,000 for the computer lab and classroom addition. Next, he discussed City Hall building improvements totaling \$180,000 out of the Municipal Buildings Replacement Fund, and an additional \$20,000 to be added to \$80,000 currently available to fund the estimated cost of updating Chapter 31 of the Burbank Municipal Code. In addition, he stated the Geographic Information System recommended updating the aerial photographs every two years to keep land survey records current and the amount totals \$58,000. He said key factors to consider for the upcoming budget include the City's remaining vigilant of the State budget process as its projected deficit may impact the City's budget, although the report did not propose any loss of revenues, the employee MOU's are up for negotiations, and the potential Internal Service Fund increases will be a significant issue this year.

In addition, he stated some of the other anticipated costs included the ramp-up costs for the Development and Community Services Building debt service, the projected increase of \$121,000 in Citywide utilities, Buena Vista Library expenses including \$50,000 to cover Sunday hours and \$96,000 for computers and books, \$500,000 in non-recurring costs set aside for new youth programs, \$125,000 in non-recurring funds for the Magnolia Park Streetscape Project, a set-aside of \$1.5 million for the City Facilities Building Fund for replacement of the former Municipal Services Building, \$390,000 to fund the Hillside Neighborhood Improvement Plan, as well as a one percent increase in the Departments' Materials, Services and Supplies accounts.

Following a discussion, staff was directed to bring back as soon as possible a discussion on Mid-Year appropriation items of \$25,000 or greater.

1503  
Integrated  
Power

Mr. Jeider, Principal Electrical Engineer, stated the purpose of the Integrated Power Resource Plan is to provide a roadmap to meet Burbank's electrical needs while meeting the City's

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Resource Plan  
for BWP

commitment to the environment, replacing maturing generation and contracts, and providing a reliable supply and competitive electric rates. He stated the Plan is a living document which changes as circumstances change. He further stated that in August of 1996 Assembly Bill 1890 (California Deregulation) was passed which proposed to implement a market-based solution for meeting the State's electrical needs, and a consequence of the plan was that many utilities moved and dropped their duty-to-serve to marketers, but Burbank chose to retain its obligation to serve and as a result fared well through the recent energy crisis. However, he indicated there is a need to plan due to changing regulations, load growth and maturing resources.

He said Burbank's planning process began through a joint effort with the cities of Glendale and Pasadena to work at the future of local generation and hired the RAND Corporation to develop a policy paper on whether it was in our best interests to develop future generation locally or remotely, and the resounding conclusion was that local generation reduces reliance in California's transmission grid and local generation was preferable. In addition, he stated that Burbank Water and Power (BWP) undertook an extensive study and hired a consulting group called LCG Consulting to perform a Strategic Resource Analysis, which concluded that BWP should undertake a detailed analysis of Demand-side Management (DSM), should participate in new local generation projects, and explore participating in reserve pooling groups and regional transmission organizations (RTO).

He stated the first step in the power resource planning process is to determine future demand and energy needs, and the predominant factors include the effects of weather, the economy and conservation. He discussed matching loads and resources on a daily basis, the effects of weather in forecasting, load duration curves, the peak demand forecast, the monthly energy forecast, the annual energy forecast which indicates growth at a rate of about two percent per year, and capacity shortfalls which begin to occur around 2004 and 2005.

He stated in May 2001, the South Coast Air Quality Management District instituted new rules requiring new emissions controls on our steam units and our combustion turbines, and BWP determined that this would not be feasible for the Magnolia 3 and Magnolia 4 steam turbines, and that the Olive 3 and 4 and Magnolia 5 combustion turbines were not worth retrofitting. He added that expiration of power contracts included the PGE 25 MW Contract, the Mead 25 MW Contract and the B.P.W. 40 MW Contract, and he

explained the energy allocation under load duration curve. He discussed considerations in making up the shortfall included conservation and DSM, renewables, contracts, buying vs. owning, resource diversity, transmission, operational flexibility and economics. He summarized the desirable characteristics for a new resource are local, load-centered generation, fuel diversity, low-emissions/high efficiency type generation to make BWP competitive and recognized the need to secure partners for optimal economics for a new resource.

He stated LCG Consulting undertook analysis of alternatives including contracts, local generation, managing reserves and the benefits and risks of joining an RTO, and concluded that it would be desirable to have local generation and suggested we look into reserve sharing with other utilities. LCG also advised that getting involved in the Magnolia Power Project for 75 MW made sense and calculated the utilities portfolio would be comprised of about 37 percent gas, goal remains at 42 percent, hydro at 12 percent, nuclear energy at 5% and other sources at 4 percent, minimizing the exposure to the spot market.

He summarized by discussing some of the items BWP would be analyzing over the next few months and years including: determining appropriate additional conservation and DSM initiatives, proceeding with the development and licensing of new local generation, proceeding with making the Olive generating units environmentally compliant or pursue other options, considering additional participation in the Intermountain Power Project, examining the feasibility of additional renewal resources, investigating opportunities to reduce reserve requirements, and participation in shaping the Western Regional Transmission Organization regulatory/legislative process.

The Council noted and filed the report.

1503  
NOX  
Compliance Plan

Mr. Fletcher, Assistant General Manager, Burbank Water and Power, stated that this year the South Coast Air Quality Management District (SCAQMD) made considerable changes in its approach to managing NOx emissions from power plants in the region. During the recent energy crisis, power plants in the South Coast were required to operate at much high levels than in the past, and as a result NOx emissions increased greatly. This caused the unexpected demand for NOx credits as there are only a finite number of credits in the region, the price for such credits skyrocketed, and the credits thus became unaffordable to many industries. He stated that as a result of



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the price increases, BWP sought to install NOx controls equipment to reduce the emissions to the level of credits that we currently hold, and that installation is in the current budget. He added that in May, the SCAQMD approved a new set of rules that dramatically changed the regulation of power plant emissions which removed power plants from the NOx trading markets, mandated state-of-the-art retrofits to all power plants and required the development of NOx compliance plans. He added that under these new rules, steam power plants must be shut down by January 1, 2003 if not retrofitted and combustion turbines must be shut down by January 1, 2004 if not retrofitted; therefore, BWP determined that it would not be cost-effective to retrofit the combustion turbines and subsequently the Council approved the new combustion turbine project last June, and which will be operational this summer. He stated that in September, BWP went out to bid for NOx retrofits for Olive 1 and Olive 2 based on the new rules. In the meantime, SCAQMD reviewed the performance of the power plants recently retrofitted and found the equipment was able to reduce NOx to a higher degree than was predicted by the vendors of the retrofits, and as a result in October lowered the mandatory target for NOx reductions.

Mr. Fletcher noted BWP notified the vendors of the higher standards for compliance and gave the vendors more time to consider their bids, only two bids were received, and neither was able to post performance bonds nor provide firm prices for the retrofit, and both bids were therefore rejected. He said as a result of the numerous rule changes and the failure to receive acceptable bids for retrofits, BWP requested an extension of time to consider their NOx compliance plans. He reported the retrofit of Olive 1 and Olive 2 at a cost of \$13 million is the least expensive option, and an in-depth evaluation of Olive 1 and Olive 2 was undertaken to determine whether the plants were in good enough condition to warrant the retrofits, and would serve to assist the vendors for the bid process. He recommended the following changes to the Integrated Resource Plan: immediately proceed with the evaluation of the remaining life and viability of Olive 1 and 2; assuming viability of Olive 1 and 2, develop compliance plans for the units this fiscal year and implement them in FY 1002-03; In compliance with AQMD regulations, take Olive 3 and 4, and Magnolia 5 out of service by January 1, 2004, and Magnolia 3 and 4 out of service by January 1, 2003, and requested the Council direct staff to proceed with the development of a NOx emissions reduction plan for the Olive 1 and 2 units provided the units could be found to have sufficient years of remaining service life.

- Motion                   It was moved by Ms. Murphy, seconded by Mrs. Ramos and carried that "the Integrated Resource Plan be noted and filed and staff be directed to develop a NOx Compliance Plan that includes the NOx emission control retrofit for Olive 1 and 2 provided the units are found to have sufficient life and remain in service."
- 11:43 P.M.  
Reconvene  
Redev. Agency  
Meeting  
Third Period of  
Oral  
Communication        The Redevelopment Agency meeting was reconvened at this time.
- Mr. Kramer called for speakers for the third period of oral communications at this time.
- Citizen  
Comment                Appearing to comment were Bryan Allen, on the deadline for public comment on the Empire Interchange Project, on public transportation in Burbank and on an environmental issue denied by CalTrans and Burbank staff which is the shortcut through a residential area south of McCambridge Park; Irma Loose, addressing a request to Mayor Kramer under the Public Records Act for records of minutes and votes, including closed session meetings and Planning Board meetings, on the Graciela Hotel issues and on a rumor that Mr. Laurell will be hired as a City employee in the future; Eden Rosen, on Charter Communications and complaining about customer service in the Public Works Department; Mark Barton, on the function of the City Attorney and the Council using their better judgment to make decisions; Mike Nolan, thanking the Council for their vote on the Intervenor issue, urging the Council to consider dropping the lawsuit, expressing his interest in the Intervenor role, and inquiring what the vote was to file for Summary Judgement.
- Staff  
Response                Members of the Council and staff responded to questions raised.
- Adjournment            There being no further business to come before the Council, the meeting was adjourned at 12:00 a.m.

Margarita Campos, City Clerk

APPROVED APRIL 2, 2002

Mayor of the Council  
of the City of Burbank