

THURSDAY, MAY 22, 2003

An adjourned 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 6:09 p.m. by Ms. Murphy, Mayor.

Present- - - - Council Members Campbell, Golonski, Ramos, Vander Borcht and Murphy.
Absent - - - - Council Members None.
Also Present - Ms. Alvord, City Manager; Mr. Barlow, City Attorney; and, Mrs. Campos, City Clerk.

Budget Study Session

City Attorney Mr. Barlow, City Attorney, presented the proposed budget reductions for the City Attorney's office.

City Council/City Manager Ms. Alvord, City Manager, presented the proposed budget reductions for the City Council and City Manager's offices.

Public Information Office Mr. McManus, Public Information Officer, elaborated on the proposed budget reductions for the Public Information Office.

Golden State Subordinated Debt Mr. Hanway, Financial Services Director, reported this item was agendized following Council Member Golonski's request for information regarding the ability of the Redevelopment Agency (Agency) to pay the \$25 million subordinated debt owed to the General Fund. He provided a brief background on the debt agreement and the alternatives available, and stated in 1993 the City loaned \$25 million to the Agency in the form of a subordinated taxable debt obligation for the construction of the new Police/Fire facility and that the Agency was paying interest to the City with the entire principal amount due in 2043, a 50-year debt obligation. He added the current interest revenues decreased dramatically prompting a review on how to proceed with the debt. He also noted the desperate need for capital outlay projects such as the construction of the Development and Community Services Building (DCSB).

Mr. Hanway then discussed three available options which included: 1) maintaining status quo; 2) remarketing with a subordinated debt issuance; 3) scheduling annual repayment plans on the principal as can be afforded by the Golden State Project Area.

He presented pros and cons on each option, stated staff

recommended the remarketing of the debt and noted, although the entire \$25 million would not be received due to the costs of issuance, the option would provide the highest net-present value and allow the City to receive the funds immediately, and lock in the debt so that the ultimate repayment term would continue to 2043 thereby fixing the interest rate and guarding against market risk. On the con side, he stated the General Fund would lose the annual interest payments of approximately \$750,000 and the interest rate, though fixed, would be higher than the current rate.

Regarding Option Three, he noted the unknown impacts from the State's budget process that would impact the Golden State Project Area's ability to make the payment, though the payments from this approach would be considered as recurring revenue for the General Fund. He also noted this approach provided the lowest net-present value analysis of the three options, the least amount of money to low and moderate-income housing funds, reduced the tax increment available for other obligations, and reduced the interest paid to the General Fund since the principal would be paid down.

He informed the Council, based on the City's need for capital outlay projects, Option Two would allow for the construction of the DCSB, and maximize recurring General Fund dollars.

The Council noted and filed the report

ERP Project
Summary

Ms. Wyatt, Information Technology Director, presented an update on the Oracle Project. She reported in the late 1990s, the City undertook an information strategic planning effort by the Warner Group which included recommendations for infrastructure upgrades, creation of the Information Technology Department, the different staffing levels, and replacement of the Legacy information systems to make them more effective. Specifically, recommendations were made to replace and upgrade the financial systems, the human resources and payroll systems, budgeting and accounting systems to be Year-2000 (Y2K) compliant, and that the City selected the Oracle suite of applications and implemented the financial portion of that suite in 1999. She noted coupled with lack of business engineering efforts and training for the new users, the new system provided several challenges to the users and that the Information Technology Department brought in consultants to stabilize the system but never fully installed the other components of the suite. She added further challenges still existed with the different departments especially Burbank Water and Power, and that the lifecycle of

the product would be coming to an end since Oracle 107 would no longer have technical support as of June 2003.

She noted the need to upgrade to the next product, and reported the needs assessment process approved by the Council last fall had been completed successfully. She stated interviews were held with all departments to ensure their needs were identified, and that the needs assessment conducted by Oracle Corporation identified several issues including: set-up issues, inaccurate and incomplete implementation set-up; insufficient training; limited technical resources; unimplemented reporting strategy; outdated business practices; and evolving business requirements that needed to be addressed.

Ms. Wyatt informed the Council staff recommended implementing the new financial system, Oracle 11I, in Fiscal Year 2003-04; developing and adopting a training model; reengineering the City's business processes to leverage the technology; and delivering software as a service through the Application Service Provider (ASP) model. She explained this would require finding a new service provider specialized for these services as opposed to the City hiring more technical staff to develop and support these projects; extending the base of Oracle 11I to include human resources and payroll operations; and, expanding the operational systems.

She explained the option to upgrade rather than re-implement was also considered and that though upgrading would cost less, staff was recommending re-implementation, noting the flaws in the initial implementation process would hamper the performance of the upgrade process. She further clarified staff recommended a phased approach for Oracle 11I migration in Phase One, human resources and payroll applications in Phase Two-A, work management applications in Phase Two-B; and budgeting and analysis applications in Phase Three.

Ms. Wyatt then discussed the fiscal impact associated with the implementation process and stated a survey with several vendors also resulted in comparable costs. She informed the Council of a proposal received from Automated Data Processing (ADP) to perform the payroll functions, at an amount less than the current cost.

The Council received the report.

Governor's May
Revision

Mr. Hanway, Financial Services Director, reported on the Governor's May Revision to the proposed State budget and

5/22/03

stated the proposed City budget did not take into account any effects that would result from the State's budget process. He stated the most onerous impact of the Governor's May Revision was the proposal to shift \$250 million from redevelopment agencies to pay the State's obligation to the Educational Revenue Augmentation Fund (ERAF) with the possibility of increasing the amount by approximately 50 percent in the future. He stated redevelopment was one of the few economic arms possessed by cities and is a critical resource. He also stated the Governor's January proposal included eliminating the \$15.8 million Public Library Fund (PLF) budget and that the May Revision was proposing a \$14.8 million cut in this fund, leaving only \$1 million. He explained this would result in a total of approximately \$2,800 to the City, as opposed to the \$92,000 current PLF budget. He also noted an additional \$12,772 in booking fees was proposed for elimination and that State mandates have been suspended, with several being repealed. He also informed the Council the Vehicle Licensing Fees (VLF) would be restored to the pre-1998 level but noted there could be a 60 to 90-day gap between the flow of associated revenues. He also mentioned the State allocated some sales tax revenues to the Transportation Fund to meet prior obligations.

The Council received the report.

Changes to
FY 2002-03
General Fund

Mr. Hanway informed the Council the balance for the Fiscal Year (FY) 2002-03 was initially projected at \$197,000 but noted with consideration of the Cable Franchise renewal and the Supplemental Employee Retirement Plans (SERP), the balance would now be \$71,000. He stated the recurring issues directly impacting the FY 2003-04 budget included: the declining Transient Parking Tax (TPT) revenues, declining Utility Users Tax revenues, reduction in Interest Revenues, and increase in the Memorandum of Understanding (MOU) Education Reimbursement Fund. He also reported the Police Department renegotiated their computer maintenance contracts for a savings of \$22,000, noted the PerformArt grants that were already awarded but needed one-time funding in the amount of \$39,000, and added a savings of \$91,000 was realized as a result of the April Consumer Price Index (CPI) with regard to the Burbank Police Officers Association's (BPOA) MOU negotiations. He concluded, currently, the FY 2003-04 budget proposed using \$1.2 million from the Burbank Water and Power Set-Aside Fund.

The Council received the report.

Fee Schedule
Review
Discussion

Mr. Hanway requested the Council discuss the items on their wish-list and the proposed Fee Schedule and direct staff as desired.

Mr. Vander Borcht requested clarification on the impact of not increasing the Transient Parking Tax. Mr. Hanway responded General Fund revenues would be reduced by \$400,000 as opposed to \$100,000 if the TPT was not increased by the proposed two percent.

Mr. Golonski requested a hearing be scheduled to discuss the potential TPT increase from 10 percent to 12 percent. The Council concurred that the hearing be scheduled.

Mr. Golonski requested the Council discuss the proposed fee charges for admission to the swimming pools, noting he was not supportive of raising resident fees but would support raising the non-resident fee.

Ms. Murphy inquired if staff surveyed other municipalities for their pool fees and Mr. Flad, Park, Recreation and Community Services Director, stated a survey was done which indicated that Burbank's proposed fees would be ranked in the middle, noting that staff would ensure youth rates were kept as low as possible. He informed the Council the City based all fees on an affordability model and not a cost recovery or competitiveness model and that fees were always generally lower than what other municipalities charged. Ms. Murphy requested the survey results be provided to the Council.

Mrs. Ramos noted the potential increase of non-resident users following the closure of other cities' pools and requested staff consider raising non-resident fees.

Ms. Alvord recounted the large number of non-resident users following the 1994 earthquake when the cities of Los Angeles and Glendale shut down their pools.

Ms. Murphy requested staff provide a report illustrating the fiscal impact of not raising the fee for residents aged 12 and under, and raising the fee for residents aged 13 to 18 by fifty cents.

Ms. Murphy stated it appeared that the Council Members were comfortable with the fees as proposed at this time.

Budget Overflow Mr. Hanway requested the Council discuss the Budget

5/22/03

Items	Overflow Items on the Council's wish-list.
Personnel Reductions	<p>Regarding personnel reductions, Mr. Golonski noted the difficulty of implementing employee lay-offs but noted it was a step that had to be done, considering the following fiscal years' forecasts were worse than this year's.</p> <p>Mr. Vander Borght requested the Council consider postponing employee lay-offs for a six-month period and fund those positions with a one-time allocation to provide a reasonable amount of time for the affected employees to make adjustments and seek other opportunities.</p> <p>Mr. Golonski concurred and requested one-time funding for retraining programs to help the subject employees in the transition and asked Mr. Nicoll, Management Services Director, to provide a report with regard to the cost of such program.</p> <p>Mrs. Ramos inquired as to the legal implications for retaining employees for the six-month period and Mr. Nicoll responded all employees scheduled for lay-offs were provided with services of a job-resume service, a financial advisor paid for by the City, and job transition counseling through the job outreach service. He informed the Council the retirement offer was statutorily set and that the employees had a 28-day review period of the agreement, an additional 7-day right of rescission, and a total of 30 days advance notice set by the Memoranda of Understanding (MOUs). He noted other implications included morale and their ability to work, following the lay-off notice. He also clarified only two employees were scheduled for lay-off without SERP offers, since they were not of retirement age.</p> <p>Ms. Murphy acknowledged the concern regarding morale, but stated compared to the ability for the employees to meet their daily obligations, she was in favor of Mr. Vander Borght's request for a six-month extension period.</p> <p>Mr. Campbell supported the six-month extension but noted the adverse financial status of the City in the following fiscal years.</p>
City Clerk's Training Budget	<p>Regarding the training budget reductions in the City Clerk's office, Ms. Murphy noted the critical need for training for staff to keep up-to-date with frequent changes in the law, especially with the recent close scrutiny of the election process. She requested Council support to keep the City</p>

Clerk's training budget intact. Mrs. Ramos and Mr. Vander Borght concurred.

Northwest
Library Hours

Mr. Golonski requested funding be provided to keep the Northwest Library open on Saturday and Tuesday nights. He noted the area was already underserved and that students would need to complete their homework during weekdays. He suggested the possibility of using one-time funds to address this need.

Ms. Murphy inquired as to the number of users at the Northwest Library and Mrs. Cohen, Library Services Director, responded the Northwest Library served a population of approximately 30,000 people, the average circulation on a Tuesday night or Saturday was approximately 300 items as compared to the Buena Vista Library with 1500 to 1800 items, and that there was only a small percentage of individuals who had expressed the lack of transportation to pick up items from other libraries. Ms. Murphy also noted the availability of the Got Wheels! Program to transport students to and from the different libraries. Mrs. Cohen also added the non-resident use at the Northwest Library on weekends was approximately 60 to 70 percent as opposed to 40 percent during weekdays. Ms. Murphy was supportive of the Library closing on Tuesday nights and Saturdays.

Mr. Vander Borght, Mrs. Ramos and Mr. Campbell concurred.

Planning Board
Meals

Mr. Golonski requested the Planning Board meals be restored. Ms. Murphy, Mr. Vander Borght and Mrs. Ramos concurred.

Year Round Lap
Swimming

Mr. Golonski requested the Year-Round Lap Swimming program be maintained and suggested increasing the fees to help defray the costs, and to advertise the availability of the program to increase participation.

Mr. Flad, Park, Recreation and Community Services Director, noted the significant drop-off in revenues from the program and that the users had already voiced concern that the current fees were high. He affirmed the fee increase would by no means off-set the costs associated with the program and noted the average number of participants was five people per day with more staff on any given day than the pool users.

Ms. Murphy was not supportive of funding the program with the low number of users considering the cost for maintaining the program. The Council concurred.

5/22/03

Staff was directed to work with the Burbank Unified School District in an effort to subsidize the Excel Swim Program.

PAY Grants Program

Mr. Golonski acknowledged the value of Positive Alternatives for Youth (PAY) Grants over the years but stated he supported the proposed cuts.

Mrs. Ramos stated she was not supportive of the cuts but suggested lowering the funding amount and keeping funding available for alternative youth programs that met the goals they were set for.

Mr. Golonski indicated support of Mrs. Ramos' comments to reduce the funding amounts, but recognized many of these programs were initially pilot programs which had turned into recurring expenses and suggested a phase-out process as opposed to eliminating programs at once.

Ms. Murphy also supported a reduction in funding, and a phase-out approach.

Mr. Golonski suggested funding half the cost of the program out of a one-time fund as a phase-out approach. Ms. Murphy and Mrs. Ramos concurred.

PerformArt Grants Program

The Council agreed to fund the proposal to pay the PerformArt grants which were awarded in January 2003 but would actually be disbursed in Fiscal Year 2003-04.

Mr. Golonski noted the need for the program and requested staff bring back the item for reconsideration in December before next year's awards, for a possible phase-out funding approach as was awarded to the PAY Grants program.

Fund 534 Projects

Mr. Golonski expressed support for staff's proposal. The Council concurred.

Speed Bumps

Discussion ensued regarding speed bumps and other traffic mitigation measures. Mr. Feng, Public Works Director, informed the Council there was sufficient funding to install speed bumps for all requests so far submitted to the Public Works Department, and that \$25,000 pertaining to the speed bump program would be eliminated from next year's budget.

Paramedic

Mr. Golonski affirmed the need for having more paramedic-

Training trained fire fighters and stated he was not supportive of eliminating the training program.

Following Council deliberation the Council agreed to eliminate funding for the program in Fiscal Year 2003-04 as a short-term solution and that the item needed to be earmarked for funding for future fiscal years.

Final Decision Making Mr. Hanway, Financial Services Director, stated pursuant to Council direction regarding the wish-list items, the total General Fund deficit was now \$1,338,363 to be off-set by the Burbank Water and Power Set-Aside Fund.

Mr. Golonski noted the Mayor's Youth Task Force would be presenting a request for Council approval to fund a violence prevention program at the high school level.

Mr. Hanway provided the Council with a schedule of future budget study sessions and noted June 10, 2003 as the hearing date for the proposed budget and the fee resolution.

Adjournment There being no further business to come before the Council, the meeting was adjourned at 9:40 p.m.

Margarita Campos, City Clerk

APPROVED JULY 15, 2003

Mayor of the Council
of the City of Burbank