

TUESDAY, JANUARY 27, 2004

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 5:03 p.m. by Ms. Murphy, Mayor.

CLOSED SESSION

Present- - - - Council Members Ramos, Vander Borght and Murphy.
Absent - - - - Council Members Campbell and Golonski.
Also Present - Ms. Alvord, City Manager; Mr. Barlow, City Attorney; and, Mrs. Wilson, Deputy City Clerk.

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

5:03 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 – Anticipated Litigation (City as possible plaintiff):
Pursuant to Govt. Code §54956.9(c)
Number of potential case(s): 3
- b. 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 6:38 p.m. by Ms. Murphy, Mayor.

Invocation The invocation was given by Pastor Ron White, American Lutheran Church.

Flag Salute The pledge of allegiance to the flag was led by John Dillon, Boy Scout Troop 104.

ROLL CALL

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

1/27/04

301-1
Disney School
and Home
Delivered Meal
Project

Mayor Murphy recognized the students, teachers, Principal and Garden Coordinator of Walt Disney School for brightening the lives of Burbank seniors who benefit from the City's Home Delivered Meal Program by providing them with flower arrangements. Principal Roberta Kavanaugh and Garden Coordinator Barbara Smith accepted a Certificate of Recognition from Mayor Murphy. Members of the Disney student body presented flower arrangements to the Council Members.

301-1
Reserve Officer
Promotions

Lieutenant Craig Varner acknowledged recent promotions for the following Burbank Police Reserve Officers: Captain Dewayne Wolfer; Lieutenant Rick Mattewson; Lieutenant Ken Crossman; and, Sergeant Steve Perez.

Reporting on
Council Liaison
Committees

Mr. Vander Borgh reported on the Audit Subcommittee meeting he and Vice Mayor Ramos attended.

6:56 P.M.
Hearing
804-5
Increase of the
Transient
Parking Tax

Mayor Murphy stated that "this is the time and place for the hearing on increasing the City's Transient Parking Tax from 10 percent to 12 percent."

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 on the matter.

Staff
Report

Mr. Hanway, Financial Services Director, reported that on December 17, 2002 the Council approved that a measure to increase the Transient Parking Tax (TPT) from 10 percent to 12 percent be placed on the April 8, 2003 ballot. He added that the measure was subsequently approved by the voters, but still required Council approval.

Mr. Hanway stated that a public hearing was held on June 10, 2003 to receive public input on the Fiscal Year (FY) 2003-04 Proposed Budget and Citywide Fee Schedule, which included a proposal to increase the TPT to 12 percent. He added that the Council voted 41 against raising the TPT at that time and directed staff to use the Burbank Water and Power Set-Aside Fund to cover the budget shortfall and to bring the matter back for discussion at the budget mid-year review. He

explained that as presented in the First Quarter Financial Status Report for FY 2003-04 on November 18, 2003, the City's Five Year Forecast showed an increasing budget gap between recurring revenue and expenditures, from a gap of \$3 million in FY 2004-05 culminating in a deficit of approximately \$8.5 million in FY 2007-08. He noted that after considering information subsequent to the First Quarter, such as the Governor's budget proposal to take \$1.1 million in Property Tax revenues from the City, staff anticipates a General Fund recurring budget deficit of \$4.5 million in FY 2004-05 to \$9.8 million in FY 2007-08. He stated that based on the FY 2003-04 TPT revenue estimate of \$1,650,000, staff anticipates receiving \$330,000 in additional revenues to the City. He noted that 75 percent of the General Fund is comprised of salaries and benefits, half of which are for Police and Fire personnel, and that any reductions would involve personnel.

Mr. Hanway also stated that at the first public hearing on this issue, it was the Council's overall concern as to how this increase would affect the parking lot owners/operators in Burbank. He noted that the TPT is levied on users who are generally not Burbank residents and added that each parking lot owner makes the decision as to whether or not to absorb the increased tax, based on their desire for profitability or market share concerns. He also stated that prior to the decrease in Airport parking rates, staff was considering creative ways to increase the City's revenues to address the projected budget deficit, including increasing the TPT. He concluded with staff's recommendations that the Council adopt a resolution increasing the TPT from 10 to 12 percent.

Citizen
Comment

Appearing to comment were Joseph Krivi, representing the Burbank Airport Hilton Hotel and Convention Center, requesting the Council delay the Transient Parking Tax (TPT) increase, stating that such an increase would equate to a 20 percent increase to patrons at the Hilton Hotel, noting that if parking prices were restored to the cost prior to the price wars, the City would receive significantly more revenue than that generated by the proposed increase and suggesting the Council establish a threshold to avoid a profitability decline; Charles Lombardo, President of the Burbank-Glendale-Pasadena Airport Authority, in opposition to the TPT increase, stating that the Airport Authority generates approximately \$1.227 million of the \$1.65 million in Parking Tax revenues received by the City, noting other revenues received by the City as a result of Airport operations such as the assessed tax roles of general aviation which have increased by approximately \$140 million and generate an additional \$1.4 million in revenues, stating that resolving the price wars will also generate additional

revenue, noting that the Desmond Studios and Burbank property operations are also generating additional revenue in addition to new hangar space leases to Avjet which will generate an additional \$400,000 in revenue to the City, and requesting the Council reconsider increasing the TPT at this time; and, Dios Marrero, Executive Director, Bob Hope Airport, stating that the Airport constitutes the second largest Property Tax base in the City next to Disney, stating that new confirmed information from the Tax Assessor's office places the Airport's value at \$764 million of assessed valuation and noting that the Airport's tax base has been rapidly increasing, stating that every aircraft addition increases valuation by approximately \$25 to 40 million thereby increasing the City's revenue by approximately \$250,000 to \$400,000 and requesting that the Council consider this information prior to making a decision on the TPT increase.

Brett Foy, representing Star Park, urging the Council to not increase the TPT at the present time and instead facilitate solving the parking price wars; Stan Hyman, commenting on the taxes generated by the Airport and stating that the Airport should be paying more taxes, noting the Airport land is not being utilized to its highest economic value which would generate more than \$100 million in Property Tax and expressing disappointment that the proposed increase is not 15 percent; Mike Nolan, in opposition to increasing the TPT, stating the increase was proposed by Council Member Golonski as a revenue stream to benefit the Burbank Unified School District, stating that the Council should maintain status quo and restrict expenditures and inquiring as to the Chamber of Commerce's position on the issue; David Piroli, stating it was not his intention when he voted for the TPT that the Tax be increased periodically, noting that Burbank residents also park at the Airport and would therefore be subject to the TPT increase, adding that parking revenues are decreasing due to an excess of parking space and encouraging the Council to defer action on the matter; and, Mark Barton, encouraging the Council to seek a solution to the price war situation and to improve the City's relationship with the Airport Authority.

Hearing
Closed

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

Staff rebuttal

In response to public comment, Mr. Hanway stated that the City's current ordinance does not allow for a volume-based tax option and clarified that the City receives only a third of the one percent assessed value and any growth in the unsecured

tax base benefits the Redevelopment Agency at a one percent rate. He also explained that staff stated that generally non-Burbank residents pay the TPT, however, Burbank residents are not exempt from the Tax.

Council
Deliberation

Mr. Golonski stated that although the financial contribution of the Airport has always been significant, it is not particularly relevant to the TPT which is a fee and a key revenue source for the City. He stated that the Council has not solely considered increasing the TPT to resolve the budget deficit, but is continuing to explore other solutions such as limiting library hours, employee lay-offs, increasing fees for services, and eliminating programs as was the case for the PerformArts Grant Program. He also stated that the bulk of expenses facing the City are beyond the Council's control, such as retirement and benefit programs in the City's safety services. He added that an increase in the TPT would equate to a 14-cent increase in parking rates, and that considering the current parking rate of approximately \$7 dollars, the fee would still be less than average. He also noted that increasing the TPT was not a result of the decreasing TPT revenues but was part of a prudent package to deal with the projected financial deficit.

Mr. Campbell stated that there is never a good time to raise taxes but with swift State budget reductions, cities are forced to look for other sources. He noted the opportunity to tax Airport patrons and concurred with public comment that it was not a good strategy to base the City's tax revenues on aircraft that come in and out of the community. He also acknowledged that the Airport was making efforts towards becoming a good neighbor. He explained that he did not support increasing the TPT in June 2003 due to the economic climate at that time, but given the elimination of the Vehicle License Fee backfill, Property Taxes taken by the State and the fact that the majority of the payees of the TPT will be non-residents, he was supportive of the increase.

Mrs. Ramos stated that she supported putting the measure on the ballot; however, she expressed hope for a resolution to the parking price wars which would help to recoup the declining revenues. She stated that she was not supportive of increasing the TPT at this time but was willing to consider the matter at a future date.

Mr. Vander Borcht inquired as to the time lag between adopting the resolution and the effective date of the increased tax. Mr. Hanway responded that staff proposed March 1, 2004 as the effective date but the Council could make changes as

1/27/04

desired. Mr. Vander Borcht stated that he was not supportive of the TPT increase at this time, recognizing the impact it will have on small businesses. He however expressed willingness to consider the matter at a future date.

Ms. Murphy clarified that this is not a tax on the Airport and stated that many other small businesses in the City will be affected. She noted that considering the decline in parking revenues, the remedy was not imposing a tax on businesses competing to stay afloat. She noted that the voters gave the Council the authority to raise the TPT, but at the appropriate time. She also stated that she was willing to consider the matter at a future date.

Motion It was moved by Mr. Golonski, seconded by Mr. Vander Borcht and carried with Mr. Golonski voting no that "this report be noted and filed."

Reporting on Closed Session Mr. Barlow reported on the items considered by the City Council and the Redevelopment Agency during the Closed Session meetings.

Initial Open Public Comment Period of Oral Communications Ms. Murphy called for speakers for the initial open public comment period of oral communications at this time.

Citizen Comment Appearing to comment were Christine Bevis, on the recent closure of the Alzheimers Day Health Care Center and requesting consideration for the needs of families with Alzheimers patients; Stan Hyman, on voluntary curfew violations; Mark Barton, on public perception; and, David Piroli, in opposition to the Transient Parking Tax increase.

Staff Response Members of the Council and staff responded to questions raised.

Agenda Item Oral Communications Ms. Murphy called for speakers for the agenda item oral communications at this time.

Citizen Comment Appearing to comment were Stan Hyman, inquiring whether the three Council Members who originally supported the TPT would still consider selling the Old Police Block property; Mike Nolan, stating that the TPT was put on the ballot because it

requires voter approval, commenting on the West Olive Redevelopment Project, inquiring as to why the parking structure associated with 3808 Riverside Drive is still designated medical yet the building was changed to general office use and commenting on the parking contractor at Warner Bros.; and, Mark Barton, on recent action by the Mobile Resource Air Pollution Reduction Review Committee.

Staff Response Members of the Council and staff responded to questions raised.

Motion It was moved by Mrs. Ramos and seconded by Mr. Campbell that "the following item on the consent calendar be approved as recommended."

902
1501-1
Agmts. with the
SCAQMD for
CNG Fleet
Vehicles

RESOLUTION NO. 26,643:
A RESOLUTION OF THE COUNCIL OF THE CITY OF BURBANK AUTHORIZING THE CITY MANAGER TO APPLY FOR GRANT FUNDS AND EXECUTE GRANT AGREEMENTS WITH THE SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT AND THE MOBILE SOURCE AIR POLLUTION REDUCTION REVIEW COMMITTEE FOR THE PURCHASE OF COMPRESSED NATURAL GAS FLEET VEHICLES.

Adopted The consent calendar was adopted by the following vote:

Ayes: Council Members Campbell, Golonski, Ramos, Vander Borcht and Murphy.
Noes: Council Members None.
Absent: Council Members None.

1202-1
Closeout of the
83-1 Assessment
District
(Rockmore)

Mr. Hanway, Financial Services Director, requested Council direction on closing out the 83-1 Rockmore Assessment District, created in 1983 for the purpose of issuing 20-year bonds to build streets, gutters and sidewalks in the hillside area above Brace Park. He stated that the \$6.2 million bond issue equated to a \$50,983 assessment on each of the 122 parcels. He added that in 1993, the City refunded the existing 1983 bonds due to a favorable interest rate environment and issued new bonds with a shortened maturity that ended in 2001. He explained that when the refunding was done, there were only 85 parcels that remained unpaid, as many homeowners, through sales or refinancing their property, paid off their assessments.

Mr. Hanway informed the Council that as of December 2003, \$280,396 remained in the District Redemption Fund. He also stated that following consultation with Muni Financial, the firm which administered the District, a number of options were developed. He added that staff requested clarification from the City Attorney's office related to the options and held discussions with the 1993 Bond Counsel, Quint and Thimmig. Subsequent to these discussions, he stated that Quint and Thimmig provided an opinion letter containing the legal options on the disposition of the funds as follows:

1. Transferring the remaining funds into the City's General Fund. He noted that Bond Counsel recommends this approach because of the potential difficulties that are described in option no. 2 below. He stated that the funds could be used for any purpose or be earmarked for improvements in the District, or any combination thereof. He added that Public Works staff can survey the District to compile a list of specific uses of these funds which might include slurry seal or other infrastructure work, or be used for brush clearance from the hillsides, flood control maintenance, or other area-related work.
2. Refunding the remaining redemption funds to property owners that remained in the 1993 refunded District. He stated that this process is extremely difficult and labor intensive because the refunds would have to be made proportionately to all the property owners who paid assessments between 1993 and 2001, and not just parcel owners at the time of the last levy in 2001. Additionally, he stated that staff has discussed this refunding process with Muni Financial and while they are willing to provide this service to the City, an accurate cost estimate cannot be provided without investing considerable time and effort, however, it could easily range between \$30,000 and \$50,000. He noted that this fee, as well as internal City costs associated with this refunding process, would be taken out of the redemption funds prior to refunding if this option was selected.
3. A combination of options 1 and 2 listed above; refunding a portion of the remaining funds and transferring the balance to the General Fund.

He informed the Council that there was no negative fiscal impact to the closeout of Improvement District No. 83-1 Rockmore Subdivision and that the General Fund could be positively impacted if the Council opted to transfer the remaining funds to the General Fund.

He concluded with staff's recommendation that due to the current General Fund budget crisis, the remaining Improvement District 83-1 (Rockmore Subdivision) Funds be transferred to the General Fund and dedicated for brush removal in the hillsides. He noted that should the Council agree with staff's recommendation, the related budget appropriations will be included within the mid-year financial update report scheduled for February 10, 2004.

Motion It was moved by Mr. Golonski and seconded by Mr. Campbell that "due to the current General Fund budget crisis, the remaining Improvement District 83-1 (Rockmore Subdivision) Funds be transferred to the General Fund and dedicated for brush removal in the hillsides, and that the related budget appropriations be included within the mid-year financial update report scheduled for February 10, 2004."

Carried The motion carried by the following vote:

Ayes: Council Members Campbell, Golonski, Ramos, Vander Borcht and Murphy.

Noes: Council Members None.

Absent: Council Members None.

1503
1504
Monthly Water
And Power
Operating
Report

Mr. Davis, Burbank Water and Power (BWP) General Manager, presented BWP's Monthly Water and Power Operating Report for the month of December 2003. He stated that water quality continued to meet or exceed State, Federal and the administrative standards set by the Council. He added that the Water Cost Adjustment Account for water rates continues to maintain a robust balance, given the lack of operation of the Burbank Operable Unit. He also reported that the financial results for the Water Division to date are on budget and that the accumulation of cash to build the reserves for the Water Fund continued, although very modest. He stated that the Burbank Operable Unit modifications are half done and will be completed in May 2004, and the interior replacement of Reservoir 2 (Palm Ball Field) is complete and the reservoir is in service.

Mr. Davis also reported that electric reliability continues to meet or exceed the City's goal with reliability at 99 percent, despite outages in December 2003 which impacted over 3000

1/27/04

customers. He added that the year-to-date financial gross margins are nearly \$8 million, mostly due to low power supply costs. He noted that \$4 million of that amount is for non-recurring items and is a result of staff action taken to hedge power. He also stated that despite lower wholesale margins, the overall income for the Electric Division is over \$8 million above budget and the cash reserves continue to grow.

With regard to electric generating units, Mr. Davis reported that the Olive Three and Four, and Magnolia Five Units were decommissioned and are permanently out of service. He added that the Olive One and Two Units have been redeveloped and are available for service in addition to the Lake One Unit.

Mr. Davis commented on the current efforts towards deregulating gas distribution in California and stated that staff is initiating efforts to obtain exemptions from the deregulation process and that the Council will be kept abreast of any developments. He also reported that the Magnolia Power Project is on schedule and within budget, informed the Council of two fiber-optic installations completed by the Department and gave a status update on the new customer information and billing system replacement project.

The Council noted and filed the report.

Final Open
Public Comment
Period of Oral
Communications

Ms. Murphy called for speakers for the final open public comment period of oral communications at this time.

Citizen
Comment

Appearing to comment were Eden Rosen, commenting on the City's award of funds to facilitate the operation of the Alzheimer's Day Care Center and on traffic at the intersection of Olive Avenue and Victory Boulevard; and, Mike Nolan, on re-zoning of 3808 Riverside Drive and the use of undeveloped lots for parking.

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 8:35 p.m.

