



COUNCIL AGENDA - CITY OF BURBANK
TUESDAY, FEBRUARY 15, 2005
5:30 P.M.

CITY COUNCIL CHAMBER – 275 EAST OLIVE AVENUE

This agenda contains a summary of each item of business which the Council may discuss or act on at this meeting. The complete staff report and all other written documentation relating to each item on this agenda are on file in the office of the City Clerk and the reference desks at the three libraries and are available for public inspection and review. If you have any question about any matter on the agenda, please call the office of the City Clerk at (818) 238-5851. This facility is disabled accessible. Auxiliary aids and services are available for individuals with speech, vision or hearing impairments (48 hour notice is required). Please contact the ADA Coordinator at (818) 238-5021 voice or (818) 238-5035 TDD with questions or concerns.

CLOSED SESSION ORAL COMMUNICATIONS IN COUNCIL CHAMBER:

Comments by the public on Closed Session items only. These comments will be limited to **three** minutes.

For this segment, a **PINK** card must be completed and presented to the City Clerk.

CLOSED SESSION IN CITY HALL BASEMENT LUNCH ROOM/CONFERENCE ROOM:

- a. Conference with Labor Negotiator:
Pursuant to Govt. Code §54957.6
Name of the Agency Negotiator: Management Services Director/Judie Sarquiz.
Name of Organization Representing Employee: Represented: Burbank City Employees Association, Burbank Management Association, International Brotherhood of Electrical Workers, Burbank Firefighters Association, Burbank Firefighters Chief Officers Unit, and Burbank Police Officers Association; Unrepresented, and Appointed Officials.
Summary of Labor Issues to be Negotiated: Current Contracts and Retirement Issues.
- b. Public Employee Performance Evaluation:
Pursuant to Govt. Code §54957
Title of Employee's Position: City Manager and City Attorney.

When the Council reconvenes in open session, the Council may make any required disclosures regarding actions taken in Closed Session or adopt any appropriate resolutions concerning these matters.

6:30 P.M.

INVOCATION:

The Courts have concluded that sectarian prayer as part of City Council meetings is not permitted under the Constitution.

FLAG SALUTE:

ROLL CALL:

ANNOUNCEMENT: WEDNESDAY NIGHT PRIME TIME PROGRAMS.

ANNOUNCEMENT: DARK MEETING ON FEBRUARY 22, 2005

RECOGNITION: COMMUNITY DISASTER VOLUNTEERS.

RECOGNITION: CITIZEN RECOGNITION - SHIRLEY SMITH.

RECOGNITION: TEENS IN ACTION'S RECEIPT OF A GOLDEN MIKE AWARD.

COUNCIL COMMENTS: (Including reporting on Council Committee Assignments)

INTRODUCTION OF ADDITIONAL AGENDA ITEMS:

At this time additional items to be considered at this meeting may be introduced. As a general rule, the Council may not take action on any item which does not appear on this agenda. However, the Council may act if an emergency situation exists or if the Council finds that a need to take action arose subsequent to the posting of the agenda. Govt. Code §54954.2(b).

6:30 P.M. PUBLIC HEARING:

1. SECOND AMENDMENT TO PLANNED DEVELOPMENT NO. 89-7 – M. DAVID PAUL DEVELOPMENT:

The developer, M. David Paul Development, LLC, is requesting to amend Planned Development (PD) No. 89-7 to expand the project boundaries to include 0.52 acres of property along the east side of Avon Street and expand the total project entitlement by 275,000 square feet. Additionally, the project includes a Summary Vacation (Vacation Map No. V-335) of an existing, unused utility easement on the 0.52-acre property.

PD No. 89-7 was originally approved in 1991 and subsequently amended in 1997 when M. David Paul Development, LLC took over the development of the site. The project, as currently approved, contemplates the development of 650,000 square feet of office space on 10.86 acres. Approximately 300,000 square feet of the existing entitlement has been utilized with additional construction phases scheduled to begin in early 2005.

When the Media Studios North project was approved by the Council, the project established an envelope (maximum height and minimum setbacks) for development rather than a specific site plan. As such, the approval functions more like a traditional zone change than an approval for a specific project. This approval allows the developer the flexibility to construct buildings to suit the needs of prospective tenants rather than being held to a specific building size or location while ensuring that future development would be within the constraints imposed by the City. Except for increasing the amount of development permitted on-site, the proposed amendment does not modify any of the development standards (e.g. height limits, parking requirements and setbacks) that were previously approved for Media Studios North.

Pursuant to the California Environmental Quality Act (CEQA), a Mitigated Negative Declaration has been prepared for the project. The Mitigated Negative Declaration indicates that, with the proposed mitigation measures, the project will not result in a significant impact on the environment. The document addresses potential impacts and mitigation measures related to air quality, noise and transportation/traffic.

On December 13, 2004, the Planning Board conducted a public hearing regarding the proposed amendment. At the completion of the public hearing, the Board recommended approval of the application to the Council by a vote of 5-0.

Recommendation:

1. Adoption of proposed resolution entitled:
A RESOLUTION OF THE COUNCIL OF THE CITY OF BURBANK ADOPTING THE MITIGATED NEGATIVE DECLARATION (MEDIA STUDIOS NORTH).
2. Introduction of proposed ordinance entitled:
AN ORDINANCE OF THE COUNCIL OF THE CITY OF BURBANK APPROVING THE SECOND AMENDMENT TO PLANNED DEVELOPMENT NO. 89-7 AND AN AMENDMENT TO THE DEVELOPMENT AGREEMENT RELATED THERETO (MEDIA STUDIOS NORTH).
3. Adoption of proposed resolution entitled:
A RESOLUTION OF THE COUNCIL OF THE CITY OF BURBANK ORDERING THE SUMMARY VACATION OF A PUBLIC SERVICE EASEMENT ON THE EAST SIDE OF AVON STREET, BURBANK, CALIFORNIA (V-335).

JOINT PUBLIC HEARING WITH THE HOUSING AUTHORITY:

2. PUBLIC HOUSING AGENCY FIVE-YEAR PLAN 2005-2009 AND ANNUAL PLAN FOR FISCAL YEAR 2005-06:

The purpose of this report is to provide the information necessary for the Housing Authority Board to consider: 1) the Five-Year Public Housing Agency Plan for 2005 –

2009; 2) the Public Housing Agency Plan for Fiscal Year (FY) 2005-06 (which includes an amendment to the Section 8 Program payment standard); and, 3) authorizing the Board Chairperson and the Executive Director to execute the certifications that are required by the United States Department of Housing and Urban Development. The Five-Year Plan describes the mission of the Housing Authority and the goals for achieving its mission over the next five years.

The mission of the Burbank Housing Authority is to provide affordable housing that is decent, safe and sanitary to very-low income tenants in Burbank. By implementing the federally-funded Section 8 Program, the Housing Authority is able to take existing units in the private market and make them affordable. The primary goal of the Housing Authority is to assist the greatest number of families or households within the Housing and Urban Development (HUD)-allocated budget, utilizing all 1,014 housing assistance vouchers available to Burbank. For the most part, Federal regulations dictate the way the Section 8 Program will be implemented. However, there are some areas where local discretion is allowed. Those local policy decisions are included in the revised Administrative Plan, including:

- Timing for opening and closing the Section 8 Waiting List;
- Establishing local preferences for the Waiting List;
- Obtaining credit reports for applicants and participants;
- Establishing local housing assistance payment standards;
- Obtaining information on criminal activity for household members; and,
- Establishing repayment options for fraudulent cases.

Since 1999, the Housing Authority established the policy of setting the Section 8 payment standards at 110 percent of the fair market rents. The Burbank Housing Authority has used this generous payment standard and has still been successful in achieving its primary goal. This has been possible because the Housing Authority had a sufficient amount of reserve funding available from which to draw.

The per-household subsidy is based on the fair market rents. As that component increases, the gap between what the tenants pay (Section 8 subsidy) also increases. With Burbank's rental rates on the rise, the local standard of paying 110 percent above the HUD fair market rents has negatively impacted the Authority's budget. As mentioned, the Authority has been fortunate to have had reserve funds available to bridge the gap between HUD funding and the 110 percent payment standard. However, these funds are finite and if conditions are left unchanged, the Housing Authority reserve funds will be exhausted within twelve months.

In an effort to avoid reducing rental vouchers or running out of funds, staff is recommending a program administration amendment that would adjust the payment standard from the fixed rate of 110 percent above the fair market rents to 90 percent of the fair market rents.

Setting the payment standards at 90 percent of the fair market rent would ultimately result

in a per-household subsidy decrease of roughly \$104 per month for approximately 34 percent of the program participants (roughly 341 households). In accordance with HUD guidelines, a local Authority must provide a two-year notice period to the affected tenants. In the meantime, households new to the program and tenants that move would be assisted at the new payment standard of 90 percent.

With this reduction, the Housing Authority will be able to continue serving the maximum number of households (1,014) possible, thereby providing the highest level of service and assistance to the greatest number of people while staying within the annual budget (without reliance on the General Fund for assistance).

Recommendation:

Adoption of proposed Housing Authority resolution entitled:

A RESOLUTION OF THE HOUSING AUTHORITY OF THE CITY OF BURBANK APPROVING THE FIVE YEAR PUBLIC HOUSING AGENCY PLAN AND THE PUBLIC HOUSING AGENCY ANNUAL PLAN FOR FISCAL YEAR 2005-06 AND AUTHORIZING THE CHAIRPERSON AND EXECUTIVE DIRECTOR TO EXECUTE THE CERTIFICATIONS REQUIRED BY THE UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT.

REPORTING ON CLOSED SESSION:

CONVENE the Redevelopment Agency, Parking Authority and Youth Endowment Services Fund Board meetings.

INITIAL OPEN PUBLIC COMMENT PERIOD OF ORAL COMMUNICATIONS: (Two minutes on any matter concerning City Business.)

There are four segments of Oral Communications during the Council Meeting. The first precedes the Closed Session items, the second and third segments precede the main part of the City Council's business (but follow announcements and public hearings), and the fourth is at the end of the meeting following all other City business.

Closed Session Oral Communications. During this period of oral communications, the public may comment only on items listed on the Closed Session Agenda(s). A **PINK** card must be completed and presented to the City Clerk. Comments will be limited to **three** minutes.

Initial Open Public Comment Period of Oral Communications. During this period of Oral Communications, the public may comment on any matter concerning City Business. A **BLUE** card must be completed and presented to the City Clerk. NOTE: Any person speaking during this segment may not speak during the third period of Oral Communications. Comments will be limited to **two** minutes.

Agenda Item Oral Communications. This segment of Oral Communications immediately follows the first period, but is limited to comments on agenda items for this meeting. For this segment, a **YELLOW** card must be completed and presented to the City Clerk. Comments will be limited to **four** minutes.

Final Open Public Comment Period of Oral Communications. This segment of oral communications follows the conclusion of agenda items at the end of the meeting. The public may comment at this time on any matter concerning City Business. NOTE: Any member of the public speaking at the Initial Open Public Comment Period of Oral Communications may not speak during this segment. For this segment, a **GREEN** card must be completed and presented to the City Clerk. Comments will be limited to **two** minutes.

City Business. City business is defined as any matter that is under the jurisdiction of the City Council. Although other topics may be of interest to some people, if those topics are not under City Council jurisdiction, they are not City business and may not be discussed during Oral Communications.

Videotapes/Audiotapes. Videotapes or audiotapes may be presented by any member of the public at any period of Oral Communications or at any public hearing. Such tapes may not exceed the time limit of the applicable Oral Communications period or any public comment period during a public hearing. The playing time for the tape shall be counted as part of the allowed speaking time of that member of the public during that period.

Videotapes must be delivered to the Public Information Office by no later than 10:00 a.m. on the morning of the Council meeting in a format compatible with the City's video equipment. Neither videotapes nor audiotapes will be reviewed for content or edited by the City prior to the meeting, but it is suggested that the tapes not include material that is slanderous, pornographic, demeaning to any person or group of people, an invasion of privacy of any person, or inclusive of material covered by copyright.

Printed on the videocassette cover should be the name of the speaker, the period of oral communication the tape is to be played, and the total running time of the segment. The Public Information Office is not responsible for "cueing up" tapes, rewinding tapes, or fast forwarding tapes. To prevent errors, there should be ten seconds of blank tape at the beginning and end of the segment to be played. Additionally, the speaker should provide the first sentence on the tape as the "in cue" and the last sentence as the "out cue".

As with all Oral Communications, videotapes and audiotapes are limited to the subject matter jurisdiction of the City and may be declared out of order by the Mayor.

Disruptive Conduct. The Council requests that you observe the order and decorum of our Council Chamber by turning off or setting to vibrate all cellular telephones and pagers, and that you refrain from making personal, impertinent, or slanderous remarks. Boisterous and disruptive behavior while the Council is in session, and the display of signs in a manner which violates the rights of others or prevents others from watching or fully participating in the Council meeting, is a violation of our Municipal Code and any person who engages in such conduct

can be ordered to leave the Council Chamber by the Mayor.

Once an individual is requested to leave the Council Chamber by the Mayor, that individual may not return to the Council Chamber for the remainder of the meeting. BMC §2-216(b).

Individuals standing in the Council Chamber will be required to take a seat. Also, no materials shall be placed in the aisles in order to keep the aisles open and passable. BMC §2-217(b).

Your participation in City Council meetings is welcome and your courtesy will be appreciated.

COUNCIL AND STAFF RESPONSE TO INITIAL OPEN PUBLIC COMMENT PERIOD OF ORAL COMMUNICATIONS:

AGENDA ITEM ORAL COMMUNICATIONS: (Four minutes on Agenda items only.)

COUNCIL AND STAFF RESPONSE TO AGENDA ITEM ORAL COMMUNICATIONS:

JOINT MEETING WITH THE REDEVELOPMENT AGENCY, HOUSING AUTHORITY, PARKING AUTHORITY AND YOUTH ENDOWMENT SERVICES FUND BOARD:

3. 2005 INVESTMENT POLICY:

Staff is requesting that the City Council, Redevelopment Agency Board, Housing Authority, Parking Authority and Youth Endowment Services Fund Board approve the 2005 Investment Policy.

The 2005 Investment Policy for the Investment Pool is comprised of the City, Redevelopment Agency, Parking Authority, Youth Endowment Services Fund and separately the Housing Authority.

The recommended changes are:

1. Decreasing the liquidity requirement needed monthly from \$67 million to \$62 million which is 2 1/2 (roughly 60 days) of the annual appropriations (less purchased power). This will be monitored and reviewed quarterly by the Treasurer's investment advisory committees.
2. Adding Gavin Lee, Wachovia Securities, to the list of qualified brokers from which the City may purchase investments and deleting Ken Herman, First Tennessee Bank (retired), Kirk Walske, Bank of America Securities (never involved with the City's portfolio) and Ron Gross, Vining Sparks (not active in servicing the City's needs).

Recommendation:

Staff recommends that the City Council, Redevelopment Agency Board, Housing

Authority, Parking Authority and Youth Endowment Services Fund Board approve the 2005 Investment Policy.

RECESS the Housing Authority, Parking Authority and Youth Endowment Services Fund Board meetings to hold a joint meeting with the Redevelopment Agency.

JOINT MEETING WITH THE REDEVELOPMENT AGENCY:

4. REVIEW OF THE CITY'S FINANCIAL STATUS AS OF DECEMBER 31, 2004, APPROVAL OF MID-YEAR ADJUSTMENTS TO THE FISCAL YEAR 2004-05 BUDGET AND PREVIEW OF THE FISCAL YEAR 2005-06 BUDGET:

The purpose of this report is to provide the Council with a review of the City's financial status as of December 31, 2004, and to request Council approval of mid-year adjustments to the Fiscal Year (FY) 2004-05 approved budget. The report will also provide relevant detail as it pertains to the development of the City's FY 2005-06 Budget.

The following provides a summary of FY 2004-05 which includes the impact of re-estimated revenues and the proposed mid-year adjustments.

Total Recurring Revenues (including the use of \$2,648,000 of the UUT & In-lieu set aside)	\$115,562,754
Less: Revised Recurring Appropriations	115,641,169
Potential Impact of Bargaining Unit Agreements	938,608
Projected Frozen Position Savings FY 2003-04 & 2004-05	(2,025,060)
Impact of Mid-Year Appropriations-Recurring	124,970
PERS contribution paid by Police Safety	(681,000)
Total Recurring Expenditures	\$113,998,687
 Excess of Recurring Revenues Over/(Under) Recurring Appropriations	 \$1,564,067
 Undesignated Fund Balance - July 1, 2004	 \$4,851,227
Plus: BAF Revenue for Capital Purchases (\$40,425) plus Airport Police OT (\$390,000) plus Park Development Fees (\$173,624)	604,049
Plus: Use of BWP UUT In-Lieu	3,289,457
Available Non-Recurring Sources	8,744,733
Less: Required Increases in Reserves and Compensated Absences	(1,834,000)
Less: Projected One-Time Appropriations	(1,022,057)
Less: Impact of Mid-year Appropriations – Non-Recurring	(5,230,333)
Available Non-Recurring Balance	658,343

Plus Available Recurring Balance	\$1,564,067
Projected Undesignated Fund Balance – June 30, 2005	<u>\$2,222,410</u>

For the first six months of the fiscal year, the General Fund received \$44,439,005 in revenue, which represents 38.5 percent of the adjusted estimated revenues. For perspective, last year’s six-month report showed the City receiving 41.2 percent of its estimated revenues, or \$44,807,473. The percentage of revenue collected declined due to the cashflow impact of State budget issues such as the “triple flip,” the Vehicle License Fee (VLF), and the Educational Revenue Augmentation Fund (ERAF) III payment to the State. Overall, the City’s revised recurring revenue estimates for FY 2004-05 have been increased by \$2,192,510 over original estimates as a result of major increases in the following categories: Sales Tax; Transient Occupancy Tax; Building Permits/License Fees; and, Transient Parking Tax. Although on a percent increase basis Property Tax only increased 1.4 percent over the original projections, this increase equates to nearly \$300,000 in revenue. The increases were offset in part due to declines in Service Charges and In Lieu Tax revenue.

With the exception of the requested mid-year adjustments, 49.1 percent of the appropriations have been expended as of December 31, 2004. For perspective, the mid-year expenditures for FY 2003-04 represented 48.6 percent of the recurring appropriations, or .5 percent lower than this fiscal year. It should be kept in mind that maintaining the less than 50 percent expenditure level was more difficult this fiscal year than last, since discretionary departmental budgets were reduced by two to four percent from last fiscal year.

In summary, the requested mid-year adjustments for the General Fund will have a total impact of \$5,355,303 (net of revenue is \$5,288,436) less \$3 million funded by Utility Users Tax (UUT) and In Lieu Set-Aside account for the Central Library ramp-up. Also, included in this figure is \$1 million for the new infrastructure reserve fund. There will also be an impact to the Non-General Funds of \$2,181,752 (net of revenue is \$1,313,752). The total fiscal impact Citywide is \$7,537,055 (net of revenue is \$6,602,188).

The City is heading into FY 2005-06 with a projected year-end available fund balance of \$2,222,410. More importantly, due to continued increased costs for the Public Employee Retirement System (PERS), projected increases in negotiated salaries and benefits, and the anticipated State Budget impacts (FY 2005-06 is year two of a two-year agreement with the State allowing it to divert revenue), the City continues to face serious budget challenges over the next several fiscal years.

The Governor released his FY 2005-06 proposed State budget on January 10, 2005. As mandated in the passage of Proposition 1A in November 2004, local governments’ Property Tax, Sales Tax and VLF were not further impacted beyond FY 2004-05 levels. Also, under the agreement reached between the State Legislature and local government, there were no changes in the ERAF. Local government will once again contribute \$1.3 billion in ERAF shifts to help solve the State budget. Burbank’s ERAF contribution for FY 2005-06 is expected to remain at FY 2004-05 levels (\$1,850,941) and Burbank’s Redevelopment Agency’s contribution remains at \$2,477,336. Starting FY 2006-07,

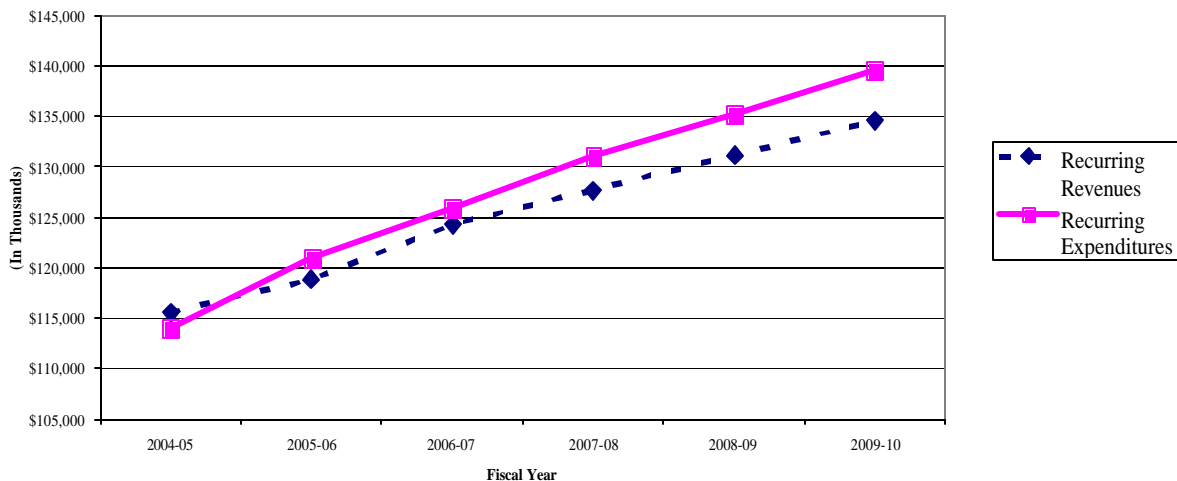
there will be no further contributions from local government to the State, unless a fiscal emergency exists, wherein the State may borrow money from local governments. The City projects a recurring budget deficit position over the next several years due to the significant increase in recurring costs, especially the PERS rates, and negotiated salaries and benefits. As a result, the General Fund budget parameters for this year are once again strict.

For FY 2005-06, departments have been requested to present discretionary appropriation reductions of 1 percent. An item worth mentioning is that in past years, revenue increases, either through fee increases or through volume, could be used towards a department's reduction. However, the Executive Team will be carefully scrutinizing using revenue as part of any allowed reductions and will review all cost reductions. It is the intent of the Executive Team to use the PERS Stabilization Fund to balance the FY 2004-05 recurring budget.

While the City is in the process of contemplating an upcoming difficult budget process, it is important to keep in mind that the City's forecast for the next several fiscal years only gets worse, primarily caused by projected increased PERS rates and negotiated salaries and benefits.

Although staff plans to provide the Council with a more descriptive five-year forecast throughout the upcoming FY 2005-06 budget process, the following chart will serve to highlight the difficult challenge that the City will be facing over the next several years. Clearly, the structural imbalance between recurring revenues and expenditures needs to be addressed.

**Five-Year Financial Forecast
General Fund Projected Revenues and Expenditures**



Recommendation:

1. Adoption of proposed City Council resolution entitled:
(4/5 vote required)
A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BURBANK

AMENDING THE BUDGET OF FISCAL YEAR 2004-2005 FOR THE PURPOSE OF MID-YEAR ADJUSTMENTS.

2. Adoption of proposed Redevelopment Agency resolution entitled:
A RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE CITY OF BURBANK FOR FISCAL YEAR 2004-2005 FOR THE PURPOSE OF MID-YEAR ADJUSTMENTS.

CONSENT CALENDAR: (Items 5 through 11)

The following items may be enacted by one motion. There will be no separate discussion on these items unless a Council Member so requests, in which event the item will be removed from the consent calendar and considered in its normal sequence on the agenda. A roll call vote is required for the consent calendar.

5. TREASURER'S REPORT:

The City Treasurer's report on investment and reinvestment of temporarily idle funds for the quarter ending December 31, 2004.

Recommendation:

Note and file.

6. APPROVAL TO AUTHORIZE THE CITY CLERK TO ADVERTISE FOR TWO VACANCIES ON THE TRANSPORTATION COMMISSION:

Staff requests Council authorization to solicit applications from Burbank residents to replace two members of the Transportation Commission. One of the members has asked to be replaced for health reasons, and the other has been called up to active duty in the National Guard, and is expected to be outside of the country for at least one year. Continuing difficulties in achieving meeting quorums necessitates that these existing members be replaced at this time.

Burbank Municipal Code (BMC) Section 2-419 specifies that the Burbank Transportation Commission be comprised of seven residents of the City, and that the attendance of at least four of the members shall constitute a quorum for conducting a meeting. BMC Section 2-403 states that if a member is absent for three consecutive regularly scheduled meetings, or has failed to attend at least 75 percent of the regularly scheduled meetings during a 12-month period, the Commission shall consider the reasons for the absences and make a recommendation to the Council as to whether the absences should be excused or unexcused.

The Commission voted at their December meeting to request that the Council consider replacing the two members, in accordance with the BMC attendance requirements. The

decision to replace Paul McKenna was especially difficult in that Mr. McKenna had been such a conscientious and active member in his first year on the Commission, and his absences were certainly justified by his current military obligation. However, in the absence of any existing BMC provision under which his continuing meeting absences could be excused, and because of the need to carry on with the duties and responsibilities of the Commission, staff requests that the Council consider replacing both members.

The Commission and staff wish to thank Mr. McKenna and Mr. Barneburg for their past service to the City.

Recommendation:

Staff recommends that the Council authorize the City Clerk to advertise for applicants to replace two members of the Transportation Commission.

7. RESOLUTION OF INTENTION FOR THE ANNUAL WEED ABATEMENT PROGRAM:

The annual weed abatement program removes the nuisance created on various properties by weeds, rubbish, refuse and brush. These nuisances create a potential fire hazard and a haven for rodents and vectors. The purpose of the **Resolution of Intention** is threefold:

1. To declare weeds and debris to be a public nuisance;
2. To declare the City Council's intent to abate the nuisance; and,
3. To establish the date of March 1, 2005, at 6:30 p.m. as the date and time for a public hearing relating to this issue.

This resolution is a necessary legal step in the execution of the 2005 Weed Abatement Program under the provisions of the State of California Government Code Title 4, Division 3, Part 2, Chapter 13, Article 2, Sections 39560 to 39588.

The County has compiled a list of properties within the City, which need to be cleared of weeds, rubbish, refuse and debris during the 2005 Weed and Debris Clearance Program. Data used in compiling this list has been developed from the official weed maps of the County of Los Angeles, which identify private property locations by parcel number.

Notices to destroy weeds will be mailed to the property owners as required by the Government Code of the State of California upon receipt of Council approval. An affidavit of mailing will be returned to the City by the County of Los Angeles Department of Agricultural Commissioner/Weights and Measures when the mailing of notices, as provided by law, has been completed.

This resolution declares weeds and debris a public nuisance and is the first Council action necessary for the City to carry out the annual program of abating weeds and

debris on certain private properties throughout the City. The owners of the private property involved may either complete the abatement themselves or the County will do the work and recover the cost of the abatement through a Property Tax lien. There is no cost impact on the City's General Fund or Redevelopment Agency's budget for this program other than incidental administrative costs.

Recommendation:

Adoption of proposed resolution entitled:

A RESOLUTION OF THE COUNCIL OF THE CITY OF BURBANK DECLARING THAT WEEDS GROWING UPON AND IN FRONT OF, AND BRUSH, RUBBISH, REFUSE, AND DIRT UPON AND IN FRONT OF CERTAIN PRIVATE PROPERTY IN THE CITY ARE A PUBLIC NUISANCE, AND DECLARING ITS INTENTION TO PROVIDE FOR THE ABATEMENT THEREOF.

8. ADJUSTMENT OF PARAMEDIC AMBULANCE TRANSPORTATION FEES:

The purpose of this report is to obtain authorization to amend Article V, Section 1 of the City of Burbank Fee Schedule by increasing paramedic ambulance fees to match the recently-adopted Los Angeles County rates.

The County of Los Angeles recently adopted an increase to their "General Public Ambulance Rates" schedule, which went into effect on January 1, 2005. This authorized an increase to the fee for a "response to call with equipment and personnel at an advanced life support (ALS) level" of 16.5 percent and an increase to the "response to call with equipment and personnel at a basic life support (BLS) level" of 21.5 percent. While an increase of this magnitude seems excessive, it is an unfortunate representation of the rising costs affecting the healthcare industry as a whole. With Medicare and HMO reimbursement rates steadily decreasing, agencies providing emergency medical transport must adjust their fees to offset these losses in revenue and maintain the quality of services they provide.

The Burbank Fire Department staff recommends the modification to Article V-Public Safety, "Paramedic Ambulance Services" fee schedule as follows:

(A) 1. Response to call with equipment and personnel at an advanced life support (ALS) level

Current: \$671.75 Proposed \$782.50 Percent Increase: 16.5 percent

(A) 2. Response to call with equipment and personnel at a basic life support (BLS) level

Current: \$438.00 Proposed \$532.00 Percent Increase: 21.5 percent

By keeping on top of these changes in County rates, the City can maximize its allowable

return in revenues while staying within the limits of Medicare-allowed billing. More importantly, it will allow the Burbank Fire Department to maintain the outstanding quality of emergency care it provides to City residents and businesses.

Recommendation:

Adoption of proposed resolution entitled:

A RESOLUTION OF THE COUNCIL OF THE CITY OF BURBANK AMENDING SECTION 1 OF ARTICLE V OF RESOLUTION NO. 26,737, THE BURBANK FEE RESOLUTION, RELATING TO PARAMEDIC FEES.

9. LM6000 SELECTIVE CATALYST REDUCTION UPGRADE AND NO_x CATALYST REPLACEMENT PROJECT:

Staff requests that the Council approve the Lake One LM6000 Selective Catalyst Reduction (SCR) Upgrade and NO_x Catalyst Project as a design-build project and to award this project to Turner Envirologic, Inc. (TEI) for \$726,095. Burbank Water and Power (BWP) received proposals associated with this project, RFP No. 1181, from TEI, Applied Utility Systems, and ARB, Inc. Staff has evaluated their proposals and recommend awarding this project to TEI due to the following reasons:

1. Meets all technical requirements;
2. Meets all performance guarantees;
3. Improves long-term reliability of the SCR; and,
4. Past performance on the Lake One LM6000 SCR Performance Improvement and CO Catalyst Upgrade Project.

In 2002, BWP constructed Lake One, a simple cycle gas turbine peaker equipped with the SCR system designed by Hamon for emission control. It is one of the few such simple cycle gas turbines of this type to utilize an SCR. In addition, the SCR is required to reduce emissions to very low levels.

While the SCR has performed as required, BWP staff has found that the flow of exhaust gases is concentrated near the bottom portion of the SCR rather than uniformly distributed from the top to the bottom and the ammonia injection nozzles are not properly spaced. The uneven flow characteristic results in lower performance and lessens the useful life of the catalyst. The catalyst wears out at a much faster rate where the exhaust flow is concentrated at the bottom; while the top part of the catalyst where the exhaust gas concentration is low has very little wear. By improving the flow both the top and bottom will wear out at the same time, last longer and do a better job of removing the emissions.

In 2003, BWP staff developed the request for proposal for improving the exhaust flow in the Lake One SCR and replacement of the CO Catalyst. The RFP was developed in conjunction with numerous discussions with potential vendors to assure that all-important technical considerations were addressed, that the work could be completed by summer,

and that competitive responses would be generated. The work was completed in May 2004 with significant improvement in exhaust flow distribution and CO emissions. In the course of the Lake One operation, the NOx catalyst began to show signs that portions of the catalyst were soon to require replacement. A failure of any portion of the catalyst results in a failure of the catalyst. It was determined that the Lake One NOx catalyst would require replacement.

It is proposed to utilize the remaining budget of the BWP's overall master yard plan for the SCR Upgrade and NOx Catalyst Replacement Project. The master yard plan budget consists of \$2,101,000 earmarked for the demolition of Magnolia 3, 4 and 5 and removal of Olive 3 and 4 Waste Heat Boilers and shop building. Cleveland Wrecking is currently performing the Demolition Project and is scheduled to complete this project by March 1, 2005. It is estimated that the completion cost for the demolition project will be approximately \$1,251,000. The remaining budget of \$850,000 is proposed to be used for the SCR Upgrade and NOx Catalyst Replacement Project.

Recommendation:

Adoption of proposed resolution entitled:

A RESOLUTION OF THE COUNCIL OF THE CITY OF BURBANK APPROVING AND AWARDED A DESIGN AND CONSTRUCTION SERVICES AGREEMENT TO TURNER ENVIROLOGIC, INC. FOR THE LM6000 SCR UPGRADE AND NOx CATALYST REPLACEMENT PROJECT (REQUEST FOR PROPOSAL NO. 1181).

10. APPROVAL OF "KIDSTEPS TO SAFETY" BICYCLE AND PEDESTRIAN SAFETY GRANT OFFERED BY THE CALIFORNIA OFFICE OF TRAFFIC SAFETY FOR FISCAL YEAR 2004-05 THROUGH 2006-07:

Staff is requesting Council authorization to accept a "Kidsteps to Safety" Bicycle and Pedestrian Safety grant offered by the California Office of Traffic Safety for Fiscal Year 2004-05 through 2006-07 in the amount of \$107,302. This grant will provide funding for bicycle and pedestrian educational programs for school-aged children, and will provide support equipment that will assist the Burbank Police Department in gathering and analyzing traffic collision data.

Recommendation:

Adoption of proposed resolution entitled:

(4/5 vote required)

A RESOLUTION OF THE COUNCIL OF THE CITY OF BURBANK AUTHORIZING ACCEPTANCE OF A BICYCLE AND PEDESTRIAN SAFETY GRANT FROM THE CALIFORNIA OFFICE OF TRAFFIC SAFETY AND AMENDING THE FISCAL YEAR 2005-2006 BUDGET.

11. APPROVAL OF FISCAL YEAR 2004-05 MEMORANDUM OF UNDERSTANDING WITH THE BURBANK MANAGEMENT ASSOCIATION:

The purpose of this report is to request Council approval of the compensation package for the Burbank Management Association (BMA) for Fiscal Year (FY) 2004-05. Staff has adhered to the City's compensation policy which includes the consideration of the condition of the economy as reflected by the Consumer Price Index (CPI); capacity in the City's approved budget; commitment to pay for performance; and, equity in the market place.

Staff has been negotiating with the BMA since March 2004. Due to the ongoing budget constraints, these negotiations have been very challenging. However, both the City and the BMA have been willing to make concessions in order to reach a reasonable consensus. The end result of the negotiations is that the BMA has accepted the City's offer of a 2.52 percent compensation package effective July 1, 2004.

In FY 2003-04, a 12-city market survey (Anaheim, Garden Grove, Glendale, Huntington Beach, Inglewood, Long Beach, Pasadena, Riverside, San Bernardino, Santa Ana, Santa Monica and Torrance) was completed for the BMA. In FY 2003-04, these managers were brought to approximately 51 percent of that market survey. As such, a marketplace survey for FY 2004-05 was not conducted, as the City continues to work on bringing salaries closer to the 2003-04 survey. In 2004-05, a 2.52 percent General Fund impact would bring the BMA managers to approximately 100 percent of their 2003-04 market survey. In addition, there are some non-General Fund positions that will be receiving equity adjustments to maintain internal equity and assist with on-going recruitment and retention efforts.

The proposed resolution will approve a total General Fund compensation package equaling 2.52 percent plus non-General Fund equity adjustments. The 2.52 percent has been distributed among the positions under survey in accordance with each position's market average. The survey adjustments will automatically be given to all employees whose last performance evaluation was satisfactory or above. The market adjustments provided to each position under survey range from 0.25 percent to 9.3 percent depending on the survey average. Those employees with less than a satisfactory performance evaluation will require department head approval to obtain any survey adjustment. It is important to note that those positions that are over survey will not receive any survey adjustment. In addition to the economic portion of the package, there are some proposed changes to language contained in the Memorandum of Understanding.

The adoption of the proposed resolution will conclude negotiations for FY 2004-05 with the BMA and provide reasonable compensation packages for the BMA.

Recommendation:

Adoption of proposed resolution entitled:
(4/5 vote required)

A RESOLUTION OF THE COUNCIL OF THE CITY OF BURBANK APPROVING A MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF BURBANK AND THE BURBANK MANAGEMENT ASSOCIATION AND AMENDING THE ANNUAL BUDGET FOR FISCAL YEAR 2004-2005.

END OF CONSENT CALENDAR *** *** ***

REPORTS TO COUNCIL :

12. VEHICLE LICENSE FEE GAP RECEIVABLES FINANCING PROGRAM:

Vehicle License Fees (VLF) were historically assessed in the amount of two percent of a vehicle's depreciated market value for the privilege of operating a vehicle on California's public highways. Beginning in 1999, the VLF paid by vehicle owners was offset (or reduced) to the effective rate of 0.65 percent. In connection with the offset of the VLF, the Legislature authorized appropriations from the State General Fund to backfill the offset so that local governments, which receive all of the VLF revenues, would not experience any loss of revenues. The legislation that established the VLF offset program also provided that if there were insufficient State General Fund moneys to fully backfill the VLF offset, the percentage offset would be reduced proportionately (i.e., the license fee payable by drivers would be increased) to assure that local governments would not be disadvantaged.

In June 2003, the Director of Finance under the Davis Administration ordered the suspension of VLF offsets due to a determination that insufficient State General Fund monies would be available for this purpose, and, beginning in October 2003, the VLF paid by vehicle owners were restored to the two percent level. However, the offset suspension was rescinded by Governor Schwarzenegger on November 17, 2003, and State offset payments to local governments resumed. Local governments received backfill payments totaling \$3.80 billion in Fiscal Year (FY) 2002-03. Backfill payments totaling \$2.65 billion were paid to local governments in FY 2003-04. However, approximately \$1.2 billion was not received by local governments during the time period between the suspension of the VLF offsets and the implementation of higher fees and is still owed them by the State (the VLF Gap Repayments). The City's share of the VLF Gap Repayment is \$1,771,985.85 (the VLF Receivable).

As part of the 2004 Budget Act negotiations, an agreement was made between the State and local government officials (the State-local agreement) under which the VLF rate will be permanently reduced from two percent to 0.65 percent. The State-local agreement also provides for the repayment by August 15, 2006 of the approximately \$1.2 billion VLF Gap Repayment. In order to protect local governments, the reduction in VLF revenue to cities and counties from this rate change will be replaced by an increase in the amount of Property Tax received. Under the State-local agreement, for FY 2004-05 and 2005-06 only, the replacement Property Taxes that cities and counties receive has been reduced by \$700 million. Commencing in FY 2006-07, local governments will receive their full share of replacement Property Taxes and those replacement Property Taxes will now

enjoy constitutional protection against transfers by the State due to the approval of Proposition 1A at the November 2004 election.

VLF Program: Authorized under Senate Bill 1096, the VLF Program was instituted by the California Statewide Communities Development Authority (CSCDA) in 2004 to enable the City and other cities and counties to sell their respective VLF Receivables to CSCDA for an up-front fixed purchase price estimated to be 92 percent to 96 percent of the VLF Gap Repayments. CSCDA is planning to issue taxable and/or tax-exempt notes (VLF Notes) and to use the note proceeds to purchase the VLF Receivables and pay financing costs. The actual purchase price of the VLF Receivables will depend on the total amount of VLF Receivables that cities and counties sell to CSCDA and on bond market conditions at the time the VLF Notes are priced. If the City sells its VLF Receivable under the VLF Program, CSCDA will pledge the City VLF Receivable to secure the repayment of a corresponding portion of the VLF Notes. The City's sale of its VLF Receivable will be irrevocable. Bondholders will have no recourse to the City if the State does not make the VLF Gap Repayment.

Participating in the VLF program allows the City to receive a discounted repayment of the \$1,771,985.85 receivable. Assuming that the discount is a reasonable amount, staff believes that it makes sense to shift the repayment risk to the loan program. Should the State of California delay the scheduled August 2006 repayment this risk will be absorbed by the credit enhancer and investments of the VLF loan pool.

The City has elected to have its VLF Receivable purchased on a tax-exempt basis in order to finance capital improvement costs (hard and soft costs) for the Community Services Building.

Tax-exempt financing is expected to lower the interest costs on the VLF Notes, thus enabling CSCDA to potentially pay a higher purchase price for the City's VLF Receivable by approximately two percent.

Recommendation:

Adoption of proposed resolution entitled:

A RESOLUTION OF THE COUNCIL OF THE CITY OF BURBANK APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF A PURCHASE AND SALE AGREEMENT AND RELATED DOCUMENTS WITH RESPECT TO THE SALE OF THE SELLER'S VEHICLE LICENSE FEE RECEIVABLE FROM THE STATE; AND DIRECTING AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH.

13. NATURAL GAS PROJECT GAS SALES AGREEMENT WITH THE SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY

Staff requests that the Council adopt the proposed ordinance and approve the proposed

resolution authorizing the General Manager of Burbank Water and Power (BWP) to enter into a Natural Gas Project Sales Agreement with the Southern California Public Power Authority (SCPPA) to facilitate the acquisition of 1,000 Dth/day of natural reserves for BWP's natural gas fuel portfolio. A Deca-Therm represents 1,000,000 British Thermal Units of energy, approximately the amount of energy in eight gallons of gasoline.

On June 29, 2004, the Council authorized BWP to become a participant with SCPPA to study the feasibility of purchasing non-operating working interests in natural gas producing properties. That effort was to identify potential reserves, identify consultants, prepare a Gas Sales Agreement and begin work on the financing documents. As anticipated, work has now progressed to the point where the Gas Sales Agreement needs to be approved by the participants. The authority requested under this item is for BWP to enter into this Gas Sales Agreement to purchase 1,000 Dth/day of gas reserves with SCPPA.

In the last few years, natural gas prices have become very volatile with prices ranging from \$3/Dth to as high as \$58/Dth. Natural gas price volatility is expected to continue. With the amount of volatility of prices in the short-term gas market combined with the large amount of gas BWP requires, typically 3,000 to 20,000 Dth/day, BWP seeks to pursue the strategy to secure natural gas at a stable fixed price and have the assurance to rely on its availability for the next 5-20 years.

At this point, BWP has determined that it would be prudent to acquire a small portion of its fuel portfolio, reserved for long term purchases, by procuring 1,000 Dth/day of natural gas reserves. The remaining long term portion of the portfolio could come from contracts with marketers of liquefied natural gas, when available and attractively priced. The remaining fuel portfolio will be a combination of mid-term (three to five years in length) and short-term (less than three years in length) gas supply contracts, monthly purchases such as those currently use for our local generating facilities, and the use of natural gas storage to take advantage of seasonal price variations.

Owning reserves has a production risk, the risk associated with the capability of a gas well to perform. To reduce the production risk associated with gas reserves and the risk of the gas market falling below the unit cost of gas delivered from the reserve properties, SCPPA will pursue a diversified portfolio of up to eight gas property acquisitions in different locations, purchased at different times and will evaluate all acquisitions thoroughly.

Once purchased, the gas rights and related facilities will be real property holdings and will not be subject to market price volatility or counterparty risk as might other long-term gas purchase agreements. The reserves will have an estimated life provided by an independent reservoir engineer, however, SCPPA will retain a perpetual right to all gas associated with the property. Therefore, there is a possibility that the properties will yield more gas than originally estimated.

Ownership introduces other risks associated with the amount of gas in the ground and the extraction of the gas, but these risks are mitigated by the type of reserves being pursued, i.e., proven, developed producing reserves and the due diligence program

employed prior to the acquisitions. The due diligence program will include an analysis by a nationally-recognized reservoir engineering firm to estimate the amount of gas associated with the reserve field and the cost of production over the life of the reserve. Land-title and environmental consultants will also be employed during the due diligence process to ensure clear title and limit environmental liability associated with the reserves.

SCPPA will likely have a minority interest in each acquisition, with the gas field operator holding the majority interest. SCPPA will sell 100 percent of the gas produced by its interest in the acquisitions to certain of its members, i.e., Anaheim, Burbank, Colton, Glendale and Pasadena, under the Gas Sales Agreements recommended for approval hereunder. SCPPA will also be required to enter into an operating agreement that will establish the relationship among the gas field owners and provide a means of extracting, processing and delivering the gas from the property to the inlet of an interstate pipeline.

SCPPA has chosen Merrill Lynch as the lead underwriter for Project A. SCPPA will secure interim financing for the initial purchase of the acquisitions. After the acquisitions are complete, SCPPA will issue permanent financing at the direction of the Project A participants. The Gas Sales Agreement will serve as the security for the bonds, including rate covenants and step-ups as required by the bond indentures.

Fulbright and Jawarski were retained by SCPPA as bond and tax counsel under the Development Agreement. Fulbright has the opinion that it is possible for SCPPA to issue bonds yielding interest that is exempt from Income Tax for the Project. This opinion allows SCPPA to secure the funds to make these acquisitions at the lowest rate of interest.

The Gas Sales Agreement between Burbank and SCPPA will require Burbank to use 95 percent of the gas to generate electricity for sale in its electric service area. This is considered a public use of the bond proceeds, so the interest paid on the bonds will be exempt from State and Federal Income Taxes and the interest rate will be lower than that of other taxable bonds. This interest cost savings will be passed on to Burbank through a lower cost of gas.

As a requirement of the contract, Burbank will have to maintain records showing that the gas was used to serve Burbank customers without displacing energy from other tax-exempt resources held by Burbank, i.e. Intermountain Power Project, Palo Verde Project, and Boulder Canyon Project. The amount of gas purchased under the Agreement is expected to generate approximately six megawatts of energy from the Magnolia Power Project, which amounts to about four percent of Burbank's average demand, so contract compliance should be easily fulfilled. Also, to further facilitate compliance, the tax regulations allow the use of a gas intermediary to bank surplus gas during plant outages for use by Burbank within a rolling 12-month period. Finally, the gas can be burned in any other Burbank generator if Magnolia experiences a sustained outage.

Before SCPPA acquires a particular reserve property, an analysis will be undertaken to determine that its gas is competitively priced. Only parcels that are attractively priced will be acquired. It is estimated that the actual cost of gas acquired under this Project will

span the rate of \$4.50 to \$5.50 per Dth over the life of the reserves. Based on current market conditions, this price range is lower than other options.

This effort to acquire a secure supply of 1,000 Dth/day of competitively priced natural gas is expected to lower the cost of electricity and will result in lower costs for power to our customers than would other purchases of gas.

Recommendation:

1. Adoption of proposed resolution entitled:
A RESOLUTION OF THE COUNCIL OF THE CITY OF BURBANK AUTHORIZING OFFICIALS TO EXECUTE AND DELIVER (I) THE NATURAL GAS PROJECT GAS SALES AGREEMENT (PROJECT A) AND (II) APPROVING THE SHARE OF PRODUCTION CAPACITY TO BE PURCHASED PURSUANT TO SUCH GAS SALES AGREEMENT.

2. Introduction of proposed ordinance entitled:
AN ORDINANCE OF THE COUNCIL OF THE CITY OF BURBANK APPROVING ENTERING INTO THE NATURAL GAS PROJECT GAS SALES AGREEMENT (PROJECT A).

RECONVENE the Redevelopment Agency, Housing Authority, Parking Authority and Youth Endowment Services Fund Board meetings for public comment.

FINAL OPEN PUBLIC COMMENT PERIOD OF ORAL COMMUNICATIONS: (Two minutes on any matter concerning the business of the City.)

This is the time for the Final Open Public Comment Period of Oral Communications. Each speaker will be allowed a maximum of **TWO** minutes and may speak on any matter concerning the business of the City. However, any speaker that spoke during the Initial Open Public Comment Period of Oral Communications may not speak during the Final Open Public Comment Period of Oral Communications.

For this segment, a **GREEN** card must be completed, indicating the matter to be discussed, and presented to the City Clerk.

COUNCIL AND STAFF RESPONSE TO THE FINAL OPEN PUBLIC COMMENT PERIOD OF ORAL COMMUNICATIONS:

ADJOURNMENT.

For a copy of the agenda and related staff reports,

**please visit the
City of Burbank's Web Site:
www.ci.burbank.ca.us**