



COUNCIL AGENDA - CITY OF BURBANK  
TUESDAY, MAY 9, 2006  
5:30 P.M.

**CITY COUNCIL CHAMBER – 275 EAST OLIVE AVENUE**

2006 INTEGRATED RESOURCE PLAN – ELECTRIC SYSTEM – STUDY SESSION:

The Integrated Power Resource Plan – Electric System’s (IRP) immediate purpose is to review the electric energy needs of Burbank and the alternative means of meeting these needs while maintaining its commitment to the environment. Its ongoing purpose is to provide support for the decisions that must be continually made in order to provide a reliable supply of electricity at competitive rates.

Additionally, Federal regulations require the City to submit an IRP to the Western Area Power Administration, the Federal agency that operates Hoover Dam, in connection with the City’s interest in the Hoover Dam generation station.

The most pressing resource planning issue facing BWP is the challenge of meeting the City’s commitment to development of energy efficiency and renewable energy resources economically, while continuing to integrate recent and renewed energy generation. The majority of the analysis in this IRP addresses these issues.

BWP plans to substantially meet all of its load growth requirements over the next 20 years with a combination of energy efficiency measures and renewable energy supplies. The City’s dependence on fossil fuels is expected to be stable or declining, even though the number of customers served and the amount of electricity required will continue to increase.

The IRP identifies the following action items for BWP to complete in the next two years:

- Implement a long-term reserve sharing agreement for Magnolia, or pursue one of the alternatives identified in the IRP;
- Acquire renewable resources to meet at least 10 percent of the system energy requirements not later than 2011 as progress toward a goal of 20 percent by 2017;
- Implement a multi-year fuel hedging program for natural gas;
- Continue to implement system efficiency improvements to reduce distribution losses;
  
- Maintain or augment current energy efficiency programs; and,
- Study the feasibility of relicensing the Olive 3 and 4 units for emergency use, or reserves.

The IRP identifies the following significant study elements for BWP to examine in the two-to five-year horizon:

- Resolve issues relating to the City’s future entitlement from the Intermountain Power Project (IPP) generating unit, in order to more effectively plan for energy and capacity needs;

- Explore with customers the potential impacts of a critical peak pricing program on curtailing loads during periods of extreme stress;
- Inventory the large HVAC demand in our service territory for potential use for capacity interruption for reserves;
- Explore the cost of installing a system for remote interruption of customer loads for reserve purposes;
- Explore with customers the option of interruption of customer loads and/or critical period pricing to constrain loads during times of extreme system stress;
- Inventory the number of oversized transformers on the BWP distribution system, and estimate the costs and benefits of right-sizing these units;
- Examine the possible additional loads that would develop if electric heat pumps were promoted in homes where central air conditioning is installed, and if plug-in hybrid electric vehicles (PHEVs) become common; and,
- Review the rate and bill impacts of increasing the BWP commitment to energy efficiency with the customers and Council, to determine if the level of effort should increase.

**6:30 P.M.**

INVOCATION: Reverend Ron White, American Lutheran Church.  
The Courts have concluded that sectarian prayer as part of City Council meetings is not permitted under the Constitution.

FLAG SALUTE:

ROLL CALL:

PROCLAMATION: BUILDING SAFETY WEEK.

RECOGNITION: BUILDING SAFETY POSTER CONTEST.

PROCLAMATION: MARY ALICE O'CONNOR DAY.

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).

**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 action items on the agenda 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 OPEN PUBLIC COMMENT AND AGENDA ITEM PERIOD OF ORAL COMMUNICATIONS:

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

COUNCIL AND STAFF RESPONSE TO AGENDA ITEM ORAL COMMUNICATIONS:

JOINT MEETINGS WITH THE REDEVELOPMENT AGENCY:

1. PROPOSED LEASE OF CITY PROPERTY LOCATED AT 401 NORTH BUENA VISTA STREET TO THE BURBANK HOUSING CORPORATION FOR THE

## OPERATION AND MANAGEMENT OF THE BUENA VISTA FAMILY CENTER:

The purpose of this report is to provide information to the Council for consideration of a lease of City property located at 401 North Buena Vista Street to the Burbank Housing Corporation (BHC) for the operation and management of the Buena Vista Family Center.

On August 23, 2005, the Council and Redevelopment Agency (Agency) Board approved the re-use of the former Buena Vista Library as a childcare and family resource center. Included in that approval was a Cooperation Agreement between the City and Agency that authorized the Agency to fund and complete the rehabilitation of the site as a childcare and family resource center. The authorization also included the approval of contract documents and bid award to TLD Construction, Inc. for Bid Schedule No. R-1190, and the approval of Alley Vacation V-370.

As background, the approved project includes the rehabilitation of the existing 7,900 square foot former library building to be utilized as a childcare center for 84 to 88 children. An additional 640 square feet has been added to the building along Buena Vista Street to be the family resource center. The project includes the undergrounding and rerouting of overhead electrical lines (in the alley, parallel to Buena Vista Street; adjacent to the building). In addition, a portion of the north/south alley with access from Verdugo Avenue has been vacated to create a contiguous site and a safe play yard area.

As recommended when the project was approved in August 2005, staff is proposing that the City enter into a long-term, real property lease with the BHC to provide exclusive management responsibilities of the childcare and family resource center. The management and operations of the Buena Vista Center are proposed to be structured similar to the management structure of the Children's Center located on Ontario Street, in which BHC owns the center and Knowledge Learning Center (KLC) operates the center. The proposed cost of the lease would be \$1 per year to the BHC. As a condition of the lease, the BHC will agree to enter into an initial five-year agreement with the KLC for the operation of the childcare center.

Comparable to the Children's Center structure, BHC would pay KLC a "flat" annual management fee of \$55,000 (with annual increases of five percent) to operate the childcare center. This management fee model would require BHC to maintain financial responsibility for the center while the KLC assumes all operational management and liability. In addition, BHC will maintain control over the tuition rates for both market and subsidized spaces, an important factor in managing the gap between market and affordable rates. BHC is required to pay all start-up and pre-opening expenses (furniture, equipment, hiring and associated initial opening expenses) estimated at \$305,000. Funding for the first year's management fee along with the start-up costs (and an initial \$10,000 allowance for the family resources component) is proposed to be provided by BHC. All expenses, except for the annual management fee, are one-time costs. It is estimated that after the first year of operation, the profits generated from the Center will offset the management fee. Any profit generated from the center after compensating the management fee will then be

reinvested to provide deeper subsidy levels for the affordable spaces. As part of the approved BHC debt restructuring, an annual allowance of \$65,000 per year has been incorporated to cover the operating costs of the facility.

In order to sustain BHC's housing activities, operation of the family resource centers, childcare center and their administrative costs, staff is recommending a forgivable loan in the amount of \$370,000, over ten-years of operating the center; as outlined in the Loan Agreement. In addition to the proposed forgivable loan, staff proposes to transmit the \$75,000 play yard allowance approved in the Fiscal Year 2005-06 project budget to BHC for the purchase and installation of play yard equipment. This will allow BHC to work with KLC in selecting the preferred play yard equipment.

Finally, the proposed lease between the City and BHC will require BHC to oversee the successful operation of the family resource center component. As it does with other BHC centers within the focus neighborhoods, City staff will assist with this task through a collaborative effort among a variety of non-profit service providers. There are available Agency funds to fund these necessary expenses.

Recommendation:

Adoption of proposed Council resolution entitled:  
(4/5)

A RESOLUTION OF THE COUNCIL OF THE CITY OF BURBANK APPROVING THE LEASE AGREEMENT BETWEEN THE CITY OF BURBANK AND BURBANK HOUSING CORPORATION (BUENA VISTA FAMILY CENTER).

Adoption of proposed Redevelopment Agency resolution entitled:

A RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE CITY OF BURBANK APPROVING A LOAN AGREEMENT BETWEEN THE AGENCY AND BURBANK HOUSING CORPORATION AND AMENDING THE AGENCY FISCAL YEAR 2005-2006 ANNUAL BUDGET TO APPROPRIATE \$370,000.

2. PROPOSED REAL PROPERTY ACQUISITION - 2721 WEST BURBANK BOULEVARD (APN: 2438-001-026)

The purpose of this report is to provide the information necessary for the: 1) Council to consider the proposed acquisition of real property located at 2721 West Burbank Boulevard (and related documents); and, 2) Redevelopment Agency (Agency) Board to consider a budget amendment to the Fiscal Year (FY) 2005-06 annual budget (and related documents).

The Council has historically shown its ongoing commitment to and support of the non-profit service providers in Burbank. More specifically, in FYs 2004-05 and 2005-06, Community Development Block Grant funding totaling \$1,034,900, was awarded to assist in the expansion and rehabilitation of the Burbank Temporary Aid Center facilities; and, since 1994, the City has leased the former Fire Station 13 to the Boys and Girls Club to further its mission in serving Burbank's youth. Similarly, the Council

has established a goal of helping the Family Service Agency find a suitable new location from which they can continue and expand operations.

The proposed acquisition price is \$1.95 million (or \$283 per square foot of gross building area). The City's appraiser, Otis Hackett and Associates, found the property to be listed within the fair market value range of \$1.895 to \$1.965 million (\$275 to \$285 per gross square foot). Staff also reported that based on a preliminary walk-through of the building, City building inspectors found the building to be structurally sound.

Should the Council approve the proposed purchase and sale agreement for the subject property, the next step will be to determine the specifics of how the property will be used. Staff recommends the City retain ownership of the property and negotiate a lease agreement with the Family Service Agency. Due to the aggressive timeframe in closing the proposed escrow, staff proposes to return to the Council at a later date with a lease agreement between the City and the Family Service Agency. Staff also recommends that a Project Oversight Committee be formed (including two Members of the Council, City Manager, Community Development Director and other key staff members) to negotiate the lease.

As mentioned, the acquisition price is \$1,950,000. In addition, there are escrow fees totaling \$1,500 which will be shared equally between the City and seller, resulting in a total expenditure of \$1,950,750. Staff recommends that the City utilize debt reimbursement funds from the Agency to acquire the subject property. More specifically, staff proposes the Agency repay a portion of its City Centre Project Area Loan for the sole purpose of funding the proposed acquisition.

Recommendation:

1. Staff recommends that the Council select two Members to serve on a Project Oversight Committee to negotiate the proposed lease with the Family Service Agency.
2. Adoption of proposed Council resolutions entitled:  
(4/5 vote required)  
A RESOLUTION OF THE COUNCIL OF THE CITY OF BURBANK AMENDING THE FISCAL YEAR 2005-2006 ANNUAL BUDGET, APPROPRIATING FUNDS IN THE AMOUNT OF \$1,950,000.00 AND APPROVING A COOPERATION AGREEMENT WITH THE REDEVELOPMENT AGENCY OF THE CITY OF BURBANK.  
  
A RESOLUTION OF THE COUNCIL OF THE CITY OF BURBANK APPROVING THE PURCHASE AND SALE AGREEMENT AND ESCROW INSTRUCTIONS BETWEEN THE CITY OF BURBANK AND THE BURNETT TRUST (2721 West Burbank Boulevard).
3. Adoption of proposed Redevelopment Agency resolution entitled:

A RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE CITY OF BURBANK AMENDING THE FISCAL YEAR 2005-2006 ANNUAL BUDGET IN THE AMOUNT OF \$1,950,000 AND APPROVING A COOPERATION AGREEMENT WITH THE CITY OF BURBANK.

CONSENT CALENDAR: (Items 3 through 6)

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.

3. MINUTES:

Approval of minutes for the regular meetings of March 21, March 28, April 4 and April 11, 2006.

Recommendation:

Approve as submitted.

4. APPROVAL OF CONTRACT DOCUMENTS AND AWARD OF THE CONSTRUCTION CONTRACT FOR BID SCHEDULE NO. 1208 - MAGNOLIA PARK IMPROVEMENTS PHASE 5:

Staff is requesting Council approval of contract documents and award of the construction contract for Bid Schedule (BS) No. 1208 – Magnolia Park Improvements Phase 5.

In November 1997, the City was awarded a grant by the United States Economic Development Administration (EDA) to stimulate economic recovery in this area, which was impacted by the 1994 Northridge Earthquake. This grant funded the first three phases of the Magnolia Park Improvement Project. These phases consisted of the following:

**Phase 1:** Side street angled-parking improvements on Cordova, Avon, and Lima Streets south of Magnolia Boulevard, which resulted in the addition of nine spaces.

**Phase 2:** Streetscape improvements along both sides of Magnolia Boulevard from Hollywood Way to Lima Street and along Hollywood Way from the alley north to the alley south of Magnolia Boulevard.

**Phase 3:** Parking lot construction on City of Los Angeles Department of Water and Power-owned property at the southwest corner of Magnolia Boulevard and Kenwood Street.

In November 2001, the Council approved annual funding in the amount of \$125,000



for five years beginning in Fiscal Year (FY) 2002-03 for additional improvements in the Magnolia Park area. The FY 2002-03 appropriation funded Phase 4, which was constructed in 2003 and included the following:

**Phase 4:** Side street angled-parking improvements on Avon and Lima Streets north of Magnolia Boulevard, which resulted in the addition of six parking spaces.

Phase 5 of the Magnolia Park Improvements utilizes three years of previously-approved funding. The work includes the widening of four streets to provide space for angled parking on one side of the street and parallel parking on the opposite side of the street. The improvements will also include new sidewalk, curb and gutter, asphalt concrete overlay pavement, as well as improvements to a church parking lot on Magnolia Boulevard between Lima and California Streets for shared parking. Construction of this project is planned to occur between June and October 2006.

BS No. 1208 was advertised for bids on February 15 and 18, 2006. A bid opening was conducted on March 14, 2006, at which four bids were received ranging from \$579,833.10 to \$743,879. Cinary Construction of Calabasas Hills, California submitted the lowest bid of \$579,833.10.

Recommendation:

Adoption of proposed resolution entitled:

A RESOLUTION OF THE COUNCIL OF THE CITY OF BURBANK APPROVING AND ADOPTING CONTRACT DOCUMENTS, PLANS AND SPECIFICATIONS, AND DETERMINING THE LOWEST RESPONSIBLE BIDDER, ACCEPTING THE BID, AND AUTHORIZING EXECUTION OF A CONTRACT FOR MAGNOLIA PARK IMPROVEMENTS PHASE 5 PROJECT, BID SCHEDULE NO. 1208, TO CINARY CONSTRUCTION COMPANY.

5. APPROVING CHANGE ORDER NO. 1 FOR BID SCHEDULE NO. 1191, ANIMAL SHELTER DRIVEWAY RECONSTRUCTION AND LANDSCAPING PROJECT:

Staff is requesting Council approval of Change Order No. 1 to add \$17,117.64 to the contract with Vido Samarzich, Inc. for the Animal Shelter Driveway Reconstruction and Landscaping Project, Bid Scheduled No. 1191, to incorporate additional costs associated with complying with new Southern California Regional Rail Authority (SCRRA) policies and guidelines for public safety along the rail system.

This project includes work within the SCRRA right-of-way along existing, operational railroad tracks. All work within and/or adjacent to the railroad right-of-way requires compliance of recently-modified SCRRA stringent policies and guidelines for public safety along the rail system. The contractor has identified \$17,117.64 in additional costs to comply with the new requirements. The amount of \$17,117.64 is a 19.46 percent increase to the original contract amount of \$87,955. The revised contract total will be \$105,072.64.

Recommendation:

Adoption of proposed resolution entitled:

(4/5 vote required)

A RESOLUTION OF THE COUNCIL OF THE CITY OF BURBANK APPROVING A CHANGE ORDER IN THE AMOUNT OF \$17,117.64 FOR THE ANIMAL SHELTER DRIVEWAY RECONSTRUCTION AND LANDSCAPING PROJECT, BID SCHEDULE NO. 1191.

6. APPROVING CONTRACT DOCUMENTS, AWARDED A CONSTRUCTION CONTRACT, AND THE APPROPRIATION OF FUNDS FOR BID SCHEDULE NO. 1210 –INSTALLATION OF BICYCLE DETECTION AT 11 SIGNALIZED INTERSECTIONS:

Staff is requesting Council approval of contract documents and the award of a construction contract for Bid Schedule (BS) No. 1210, to install bicycle detection systems at 11 signalized intersections on defined bike routes in the City.

In November 2004, the City received funding from the Safe Routes to School Program administered by the California Department of Transportation (Caltrans). The grant included four components: installation of bicycle route signing; installation of traffic signal bicycle detection at intersections; installation of bicycle-friendly drainage grates on the defined bicycle routes; and, a bicycle-safety education program at various schools. The installation of bicycle detection at 11 signalized intersections is the last component of the program to be completed. The 11 locations are located on six routes to nine schools.

BS No. 1210 was advertised for bids on March 18 and March 22, 2006. A bid opening was conducted on April 11, 2006, at which three bids were received ranging from \$76,800 to \$86,800. Republic Electric of Novato, California, submitted the lowest bid of \$76,800, which is 19 percent above the engineer's estimate of \$62,000.

The difference is due to the extraordinary increase in material costs over the last several months. Additional funds in the amount of \$10,852 will be received from Caltrans to fully fund this project. The additional \$10,852 will be allocated to the project by the Community Development Department and reimbursed by Caltrans from approved grant funds. Construction of this project is planned to occur between May and June 2006.

Recommendation:

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

A RESOLUTION OF THE COUNCIL OF THE CITY OF BURBANK APPROVING AND ADOPTING CONTRACT DOCUMENTS, PLANS AND SPECIFICATIONS, AND DETERMINING THE LOWEST RESPONSIBLE BIDDER, ACCEPTING THE BID, AND AUTHORIZING EXECUTION OF A CONTRACT FOR INSTALLATION OF BICYCLE DETECTION AT ELEVEN (11) SIGNALIZED INTERSECTIONS PROJECT, BID SCHEDULE NO.1210, TO REPUBLIC ELECTRIC AND AMENDING THE FISCAL YEAR 2005-2006 BUDGET TO APPROPRIATE ADDITIONAL FUNDS IN THE AMOUNT OF \$10,852.00 FOR THE PROJECT.

END OF CONSENT CALENDAR

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REPORTS TO COUNCIL:

7. RECOMMENDATION TO NAME THE BUENA VISTA CHILD CARE FACILITY AND FAMILY RESOURCE CENTER IN HONOR OF MARY ALICE O'CONNOR:

In early April 2006, staff received a request for the City to consider naming a municipal facility in honor of long-time Burbank resident Mary Alice O'Connor. The Buena Vista Child Care Facility and Family Resource Center was identified as a facility that may be appropriate for renaming in Mrs. O'Connor's honor. At the April 11, 2006 Council meeting, Council Member Ramos also requested that the Council consider naming a municipal facility in honor of Mrs. O'Connor.

The process for the nomination and approval of naming public facilities is set forth in the Naming of Public Facilities Ordinance, Burbank Municipal Code (BMC) Sections 2-1801 through 2-1804. Under Section 2-1805, the Council may dispense with the usual public facility naming procedures and establish any alternate process deemed appropriate, such as direct consideration and approval of a Naming of Public Facilities Application by the Council, as proposed with this agenda item.

It is the opinion of staff that Mrs. O'Connor meets the criteria set forth in the ordinance and is eligible for public facility naming consideration. Her contributions and service to the City include, but are not limited to, the following:

- Member of Burbank Board of Education for 10 years;
- Founding Member of Burbank Historical Society and Friends of the Burbank Library;

- Founding Member and 50-plus year Board Member of Family Service Agency of Burbank;
- Member of the Advisory Board for Burbank Community YMCA;
- Leader of the effort to reopen the Starlight Bowl in the early 1980s;
- One of the first Members of the Burbank Civic Pride Committee; and,
- Member of Board of Trustees of Burbank Community Hospital.

Based on Mrs. O'Connor's lifetime of community service and volunteerism, staff strongly recommends that the Council adopt the proposed resolution renaming the Buena Vista Child Care Facility and Family Resources Center as the Mary Alice O'Connor Family Center in honor of Mary Alice O'Connor.

Recommendation:

Adoption of proposed resolution entitled:

A RESOLUTION OF THE COUNCIL OF THE CITY OF BURBANK APPROVING RENAMING THE BUENA VISTA CHILD CARE FACILITY AND FAMILY RESOURCE CENTER THE MARY ALICE O'CONNOR FAMILY CENTER.

8. REQUEST FOR THE COUNCIL TO APPROVE CONVERTING THE CITY'S PENSION OBLIGATION BONDS FROM A VARIABLE RATE TO A FIXED RATE:

On June 22, 2004, the City issued \$25,120,000 of taxable Pension Obligation Bonds (POBs). The POBs were structured as variable rate bonds bearing a monthly interest at a rate equal to the 30-day London Inter-Bank Offered Rate (LIBOR) plus a margin of 30 basis points (0.30 percent). The bonds were purchased by Depfa Bank. LIBOR is the interest rate banks charge each other for short-term money and is a commonly used index for establishing short-term bond rates. Interest rates are set monthly and the bonds amortize on June 1 of each year from 2005 through 2024.

In connection with the bonds, the City established a \$10 million reserve as a hedge against potential volatility of the variable rate debt. In addition to scheduled amortization payments, the City planned to make additional principal prepayments in an amount equal to the difference between the actual variable interest rate and an assumed fixed rate (five percent) that was in effect at the time of the initial Council approval in 2004. To date, the City has made a total of approximately \$545,000 in prepayments from that interest rate differential.

However, since June 2004, the Federal Reserve Board has increased short-term interest rates 15 times. In turn, the 30-day LIBOR rates have increased from approximately 1.45 percent at the outset to 5.12 percent recently. To those interest rates is added the 30 basis point margin, making the most recent rate on the City's POBs equal to approximately 5.32 percent. As a result, the current variable rate now exceeds the original assumed fixed rate. Staff will address the impact of fixing the rates on the POBs as a means of avoiding costs associated with future increases in the POBs' variable rate. In addition, this action will free up the \$10 million currently

reserved for hedging against rising interest rates.

Recommendation:

1. Staff recommends that \$5 million of the \$10 million reserve be used to pay down the principle prior to fixing the rate and that the balance of the reserve, \$5 million, be reserved to be used as needed in the future to fund the City's Other Post Employment Benefits liability, future pension costs or other City priorities.

2. Adoption of proposed resolutions entitled:  
(4/5 vote required)

A RESOLUTION OF THE COUNCIL OF THE CITY OF BURBANK AMENDING THE FISCAL YEAR 2005-2006 ANNUAL BUDGET BY APPROPRIATING \$5,035,000 FOR THE PENSION OBLIGATION BONDS.

A RESOLUTION OF THE COUNCIL OF THE CITY OF BURBANK AMENDING RESOLUTION NO. 26,692, ADOPTED BY THE CITY COUNCIL OF THE CITY ON MARCH 30, 2004, MAKING PROVISIONS FOR THE FIXED RATE CONVERSION OF THE BONDS AND AUTHORIZING ACTIONS RELATED THERETO.

9. FISCAL YEAR 2006-07 BUDGET STUDY SESSIONS (CITY ATTORNEY'S OFFICE, CITY TREASURER'S OFFICE, CITY CLERK'S OFFICE, INFORMATION TECHNOLOGY DEPARTMENT, POLICE DEPARTMENT AND COMMUNITY DEVELOPMENT DEPARTMENT):

As indicated at the initial Budget Study Session on May 2, 2006, staff has prepared a schedule for the Fiscal Year (FY) 2006-07 Department Budget Study Sessions to be held on Tuesday nights. The Department Budget Study Sessions are scheduled on May 9, May 16 and May 23, 2006 as illustrated below. During these sessions, each department will have an opportunity to discuss the details of the proposed changes related to their respective department contained in the FY 2006-07 Proposed Budget.

<b>BUDGET STUDY SESSION SCHEDULE</b>		
<b>May 9, 2006</b>	<b>May 16, 2006</b>	<b>May 23, 2006</b>
Introduction	City Council Office	Fire Department
City Attorney's Office	City Manager's Office	Library Services
City Treasurer's Office	Park, Recreation & Community Services	Management Services
City Clerk's Office	Financial Services	Overflow Items
Information Technology	Public Works	Final Decision Making
Community	Burbank Water and Power	

Development		
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Recommendation:

Staff recommends the Council review the proposed budget materials and direct staff to incorporate any necessary changes into the June 6, 2006 Public Hearing report.

RECONVENE the Redevelopment Agency meeting 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](http://www.ci.burbank.ca.us)**