



COUNCIL AGENDA - CITY OF BURBANK
 TUESDAY, DECEMBER 12, 2006
 6:00 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:

Conference with Legal Counsel – Anticipated Litigation (City as potential defendant):
 Pursuant to Govt. Code §54956.9(b)(1)

Number of potential case(s): 1

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:

Pastoral Intern Dave Cameron, First Presbyterian Church.
 The Courts have concluded that sectarian prayer as part of City Council meetings is not permitted under the Constitution.

FLAG SALUTE:

ROLL CALL:

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).

REPORTING ON CLOSED SESSION:

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 PERIOD OF ORAL COMMUNICATIONS:

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

COUNCIL AND STAFF RESPONSE TO AGENDA ITEM ORAL COMMUNICATIONS:

CONSENT CALENDAR: (Items 1 through 9)

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.

1. SUBMISSION OF THE FISCAL YEAR END 2005-06 COMPREHENSIVE ANNUAL FINANCIAL STATEMENT:

The Council engaged an independent certified public accounting firm, Mayer Hoffman McCann P.C. (formerly Conrad and Associates), to perform the annual audit of the City and its component units. The results of the audit performed are formally published in the Comprehensive Annual Financial Report (CAFR).

The CAFR will be submitted to the Government Finance Officers' Association (GFOA) for an annual national achievement award. In order to qualify for this award, the City must publish an easily-readable and effectively-organized CAFR. Furthermore, the contents of the CAFR have to conform to the rigorous standards established by the award program. This report must satisfy both Generally Accepted Accounting Principles (GAAP) and applicable legal requirements. The City has received this national achievement award for 22 consecutive years and staff believes that the report submitted to the Council will continue to conform to the standards established by this award program.

Additionally, the CAFR is sent out to numerous financial institutions in order to comply with various financial and subsequent bond disclosure requirements.

The overall financial picture of the City is presented, in accordance to the Governmental Accounting Standards Board (GASB) pronouncements, on a Government-wide basis. This is designed to provide readers with a broad overview of the City's finances similar to a private-sector business. These statements show the June 30, 2006 Fiscal Year (FY) balances and overall results of operations for the period then ended, for all City funds, the Redevelopment Agency, the Housing Authority, the Parking Authority, the Burbank Community Services Fund and the Youth Endowment Services Fund. The statements are as follows:

- The statement of net assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.
- The statement of activities presents information showing how the City's net assets changed during the most recent FY.

Management's Discussion and Analysis (MD & A)

This discussion and analysis starts the financial section of the CAFR and serves as an executive summary. GAAP requires that management provide this narrative introduction, overview and analysis to accompany the basic financial statements. The letter of transmittal, which precedes the MD & A in the introductory section, is designed to compliment the MD & A and should be read in conjunction with it. The MD & A is found immediately following the report from the independent auditors. The report from the auditors contains an opinion letter in which an entity can receive basically three opinions; unqualified, qualified and adverse. An unqualified opinion from the auditors is the highest given. For the FY 2005-06 audit, the City, again, received an unqualified opinion.

Following the government-wide statements in the CAFR, the Balance Sheet, and the Statement of Revenues, Expenditures and Changes in Fund Balances are presented for all major and non-major governmental funds. A major fund is one of material significance and is determined through prescribed calculations. The General Fund is always considered a major fund by definition. Other governmental funds can be declared major funds by management due to other factors, even if they fail the qualifications resulting from the calculations. Non-major funds are all combined together for presentation. Reconciliations between these governmental statements and the government-wide statements are also presented, as well as a budget to actual comparison for the General Fund.

Proprietary fund statements follow the governmental funds. Included here are the Statement of Net Assets, the Statement of Revenues, Expenses and Changes in Fund Net Assets and the Statement of Cash Flows. As with the governmental funds, these are also broken into major and non-major fund categories. All of these statements are followed by the Notes to the Basic Financial Statements.

The next two sections of the CAFR provide statements for each individual non-major governmental fund, as well as the Internal Service Funds. The governmental funds are presented in their various categories: special revenue funds, debt service funds and capital project funds.

The last section of the CAFR, which is unaudited, contains statistical data about the City. All of the tables and schedules present numerous facts about the City, many for the last 10 years. The statistical facts include population figures, principal taxpayers and assessed valuations of taxable property.

Recommendation:

Note and file.

2. REQUEST FROM THE LEAGUE OF WOMEN VOTERS TO CONDUCT A CANDIDATE FORUM ON JANUARY 25, 2007:

The purpose of this report is to present the Council with a request from the League of Women Voters (League) of Glendale/Burbank. Each election year, the League has traditionally presented a candidate forum for local elected offices. This year the League has asked that the forum take place in the Council Chamber on Thursday, January 25, 2007, commencing at 7 P.M.

In recent years, these forums have been produced in cooperation with the City. The City has allowed the use of the Council Chamber, and has televised such forums live, and then rebroadcast them on Channel 6 until Election Day.

On May 21, 1996, the Council adopted Resolution No. 24,741, which establishes policies regarding the use of City cable broadcast facilities for election candidate forums. Through adoption of the resolution, the Council expressed its belief that "it would be in the public interest for the City to permit, at no cost recovery, access by qualified organizations to use City facilities for the purpose of broadcasting debates and forums provided that neutrality is maintained in how the program is conducted so as to ensure that public funds are utilized solely for public education and information."

In the same resolution, the League was recognized by the Council as a neutral, non-partisan organization that meets all established requirements. Additionally, as required by the resolution, the League does not endorse or back candidates for elective office or take positions on local measures. They have, however, taken positions on State measures.

Recommendation:

It is recommended that the Council approve the request from the League to conduct a candidate forum on Thursday, January 25, 2007 at 7 P.M.

3. DESTRUCTION OF RECORDS:

Staff is requesting Council approval of the following resolutions authorizing the destruction of specific records: a resolution regarding records located in the Records Center and in the custody of the City Clerk; and, a resolution regarding records maintained within department offices and in the custody of the Department Managers.

California Government Code Section 34090 provides for the annual destruction of municipal records that are no longer needed, if: they are at least two years old; the City Attorney consents to their destruction; and, the Council approves. Two resolutions have been prepared approving the destruction of specific records identified pursuant to the Departmental Records Retention Schedules. These records are over two years old and are no longer needed, the Department Managers, City Clerk and City Attorney have reviewed the record listings and consented to their destruction; therefore, approval is being requested to destroy these records.

Recommendation:

Adoption of proposed resolutions entitled:

1. A RESOLUTION OF THE COUNCIL OF THE CITY OF BURBANK APPROVING DESTRUCTION OF CERTAIN RECORDS IN THE CUSTODY OF THE CITY CLERK.
 2. A RESOLUTION OF THE COUNCIL OF THE CITY OF BURBANK APPROVING DESTRUCTION OF CERTAIN RECORDS IN THE CUSTODY OF THE VARIOUS DEPARTMENTS.
4. APPROVING AND AUTHORIZING THE AWARD AND EXECUTION OF A DESIGN-BUILD CONTRACT WITH ABB, INC. FOR THE REPLACEMENT BURBANK STATION PROJECT:

Staff is requesting Council approval of the bid award under Request for Proposal No. 1216 (RFP 1216) and authorization for the execution of a design-build contract with ABB, Inc. (ABB) for the Replacement Burbank Station (Station) Project for a lump sum, firm amount of \$17,247,260.

Burbank Water and Power (BWP) has an ongoing program of renewing its electric infrastructure, which includes replacing its oldest electric lines and stations. Replacing the Station, BWP's oldest major station, is key to strengthening the electrical backbone for the northeast and central areas of the City, which serve nearly 40,000 residents. BWP's goal is to energize the Station by July 1, 2008, and transfer all load from the old Station by July 1, 2009.

On June 27, 2006, the Council approved Resolution No. 27,268 and authorized the BWP General Manager to solicit design-build proposals for the Station under RFP 1216. Three proposals were received in response to RFP 1216 from: ABB; Siemens Power Transmission and Distribution, Inc. (Siemens); and, Contra Costa Electric/Energy Delivery Services-Shaw (Contra Costa/EDS Shaw).

Staff's objective was to identify the best value proposal, rather than the lowest responsible bidder proposal. Because major equipment represents approximately 50 percent of the project cost, a lowest responsible bidder approach could encourage bidders to over-emphasize low equipment cost, and under-emphasize the caliber of the firm's project team and quality of work. A best value evaluation process still encourages competitive equipment pricing, but not so much that bidders have an incentive to cut corners on their project management teams and quality of work.

The BWP General Manager and staff recommend ABB for award of the contract. The General Manager reviewed the recommendation of the Selection Committee, along with a summary of overall score, ranking, and price information of each bidder, and agreed with the recommendation. Building the Station is already a part of BWP's approved five-year capital improvement budget. The additional \$427,000 over the engineer's estimate can be absorbed over the five years of the project.

Recommendation:

Adoption of proposed resolution entitled:

A RESOLUTION OF THE COUNCIL OF THE CITY OF BURBANK APPROVING AND AUTHORIZING THE EXECUTION OF A DESIGN-BUILD CONTRACT WITH ABB, INC. FOR THE REPLACEMENT BURBANK STATION PROJECT (RFP NO. 1216) IN AN AMOUNT NOT-TO-EXCEED \$17,247,260.

5. APPROVING A PROFESSIONAL SERVICES AGREEMENT WITH BONTERRA CONSULTING FOR REGULATORY PERMITTING FOR THE ON-GOING MAINTENANCE AND OPERATION OF DEBRIS BASINS AND AMENDING THE FISCAL YEAR 2006-07 BUDGET:

Staff is requesting Council approval of a Professional Services Agreements (PSA) between the City and BonTerra Consulting to obtain approvals from Federal and State agencies to allow removal of accumulated sediment and vegetation from the City's flood control debris basins and an amendment to the Fiscal Year (FY) 2006-07 budget to partially fund the agreement.

The City owns, maintains and operates several debris basins that are regulated by the United States Army Corps of Engineers (USACE), California Department of Fish and Game (CDFG), and the Regional Water Quality Control Board (RWQCB). The City must obtain authorization from each of these regulatory agencies before removing any material from the basins to provide capacity for floodwaters.

Staff has determined that it is necessary to hire a consultant familiar with and experienced in the process of obtaining regulatory permits. The permit applications require performing and documenting detailed biological surveys of plant and wildlife species in and near the basins, and working closely with the various agencies to make sure their particular application needs are fully met. BonTerra Consulting has provided this service to the City previously, obtaining permits for the maintenance of the debris basin serving Burbank Landfill No. 3 and assisting the City in obtaining emergency permits.

The fee for BonTerra Consulting services is \$109,311. Currently \$25,000 is available in the flood control budget. During the FY 2006-07 budget process, \$400,000 was appropriated into a holding account to provide funding for emergency debris basin cleaning. Staff recommends appropriating \$84,311 of the funds in the holding account to use for the permitting of the debris basins, as the regulatory agencies have advised the City to obtain permits to allow periodic cleaning throughout the rainy season to prevent future emergencies and the threat of flooding to downstream land uses.

Recommendation:

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

A RESOLUTION OF THE COUNCIL OF THE CITY OF BURBANK APPROVING THE PROFESSIONAL SERVICES AGREEMENT BETWEEN THE CITY OF BURBANK AND BONTERRA CONSULTING AND AMENDING THE FISCAL YEAR 2006-07 BUDGET TO APPROPRIATE \$84,311 TO FUND THE ON-GOING MAINTENANCE AND OPERATION OF DEBRIS BASINS.

6. APPROVING CONTRACT DOCUMENTS AND AWARDED A CONSTRUCTION CONTRACT FOR BID SCHEDULE NO. 1222, SAFE ROUTES TO SCHOOL SIDEWALK PROJECT:

Staff is requesting Council approval of contract documents and the award of a construction contract for Bid Schedule No. 1222 – Safe Routes to School Sidewalk Project. This project provides for the repair of damaged sidewalk, curb, gutter and driveways, as well as new sidewalk construction on Lamer Street between Magnolia Boulevard and Chandler Boulevard.

Bid Schedule No. 1222 was advertised on October 21 and 25, 2006. A bid opening was conducted on November 7, 2006. Four contractors submitted bids ranging \$117,190 to \$213,035.90. KALBAN, Inc. of Sun Valley, California, submitted the lowest bid of \$117,190, which is 2.2 percent below the engineer's estimate of \$119,800. This contractor has previously performed work similar to the scope of work for the City with satisfactory results.

Construction of this project is planned to begin in January 2007 and be completed by the end of February 2007.

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 SAFE ROUTES TO SCHOOL SIDEWALK PROJECT, BID SCHEDULE NO. 1222 TO KALBAN INC.

7. ANNUAL ADJUSTMENT TO THE DEVELOPMENT IMPACT FEE SCHEDULE:

Ordinance No. 3340 establishes procedures for adoption of certain Development Fees in compliance with the provisions of Government Code Section 66000 through 60017, which enables the City to adopt such fees. The ordinance mandates the adjustment of these fees by a percentage equal to the construction cost inflation rate for the prior year as determined on December 1 of each calendar year. The Development Impact

Fees are adjusted using the Construction Cost Index as published in the Engineering News-Record. This year, the increase in construction costs is 3.7 percent, based on the latest data available by the Engineering News-Record in November 2006. The Council is authorized to further adjust this increase.

Staff recommends that the Council approve the adjustment to the Development Impact Fees in accordance with the current Construction Cost Index as required by Ordinance No. 3340 and adopt the resolution.

Recommendation:

Adoption of proposed resolution entitled:

A RESOLUTION OF THE COUNCIL OF THE CITY OF BURBANK ACCEPTING THE ANNUAL ADJUSTMENT TO THE DEVELOPMENT IMPACT FEE SCHEDULE.

8. PROFESSIONAL SERVICES AGREEMENT WITH MEYER-MOHADDES ASSOCIATES FOR UPDATE OF CITY OF BURBANK TRAVEL DEMAND MODEL:

Staff is requesting the Council appropriate \$74,950 from unappropriated Development Impact Fee funds for the purpose of translating and updating the City's Travel Demand Model to remain consistent with the Southern California Association of Governments' (SCAG) regional model. The City relies on SCAG to provide regional growth and traffic forecasts for use in developing the City's long-term growth forecasts. As SCAG continually updates its model to reflect changing travel patterns, growth projections and regional improvements, staff must update the regional context of the City's Travel Demand Model to ensure that regional growth is considered in long-range forecasting. As the timeline for adoption of the Mobility Element has been delayed, SCAG has moved into a new planning window for their regional growth forecasts, and has extended their modeling time horizon to 2030. In addition, they have moved their model to newer software that provides better accessibility to modeling data and has better compatibility with Geographic Information Systems (GIS) and other transportation planning tools. Staff feels that this is the appropriate time to update the City's Travel Demand Model to remain consistent with this new SCAG planning horizon and is requesting an appropriation to retain Meyer-Mohaddes Associates to perform this data translation and update to the new SCAG assumptions and time horizon.

Recommendation:

Adoption of proposed resolution entitled:

(4/5 vote)

A RESOLUTION OF THE COUNCIL OF THE CITY OF BURBANK APPROVING AND AUTHORIZING EXECUTION OF A PROFESSIONAL SERVICES AGREEMENT WITH MEYER AND MOHADDES ASSOCIATES FOR UPDATING AND DATA TRANSLATION OF THE CITY OF BURBANK TRAVEL DEMAND MODEL AND AMENDING THE FISCAL YEAR 2006-07 BUDGET IN THE AMOUNT OF \$74,950.

9. APPROVING CONTRACT DOCUMENTS AND AWARDING A CONSTRUCTION CONTRACT FOR BID SCHEDULE NO. 1221 – JOHNNY CARSON PARK RESTROOM RENOVATION PROJECT:

The purpose of this report is to obtain approval of contract documents and award a construction contract for Bid Schedule (BS) No. 1221 – Johnny Carson Park Restroom Renovation Project. Johnny Carson Park is one of the largest neighborhood parks, very well known and utilized for large community events throughout the year. Many events attract gatherings in excess of three thousand individuals, such as the Easter Eggspllosion, The Road Kings Car Show and The Ellen Show.

The existing restrooms at the park are old, antiquated and non-compliant with the Americans with Disabilities Act (ADA). They are in need of renovation from the aesthetic and functioning perspectives. In addition, the restrooms need to be brought up to current Code standards. The architectural services of David Evans & Associates was retained to prepare construction documents that will provide a new roof, interior and exterior paint, all new fixtures, ceramic tile, doors and appropriate spacing to accommodate ADA requirements.

BS No. 1221 was advertised in the Burbank Leader. Three bids were received at the bid opening on October 3, 2006. The bids ranged from \$211,000 to \$234,500. Amer Contractors was determined to be the lowest responsible qualified bidder. The lowest bid is above the original estimate by \$36,000 or 20.6 percent. There is sufficient funding for this project.

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 THE JOHNNY CARSON PARK RESTROOM RENOVATION PROJECT, BID SCHEDULE NO. 1221, TO AMER CONTRACTORS.

END OF CONSENT CALENDAR

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REPORTS TO COUNCIL:

10. CITY-WIDE WIRELESS INTERNET ACCESS (Wi-Fi):

At the September 19, 2006 Council meeting, Council Member Gordon requested that staff bring back information on providing City-wide wireless Internet access. Prior to extending significant staff effort, this item has been placed on the agenda as the first step in the process, for additional Council discussion and consideration.

Wireless Fidelity (Wi-Fi) is an inexpensive, short range, line-of-sight, broadband wireless technology that uses the same unregulated radio frequencies as microwave ovens and cordless phones. It is essentially a wireless local area network that can be deployed to serve a single business or citywide to an entire community.

There are three different scenarios the City can consider for providing citywide wireless internet access. Those approaches include the following:

- Do nothing and wait for the wireless market to further mature and stabilize. Many other cities currently have citywide Wi-Fi projects in progress but very few have actually implemented finished solutions;
- Partner with a third party, such as EarthLink, to develop, deploy and operate a system for a monthly fee to users of the system;
- Building the network using City resources by providing the service as a free City service using General Fund proceeds much like a park or City street; and,
- Incorporating the service on top of the future Burbank Water and Power communications and control infrastructure.

Recommendation:

Staff recommends the Council discuss and provide direction.

11. REVIEW OF THE GENERAL FUND'S FINANCIAL STATUS AS OF SEPTEMBER 30, 2006 AND THE CITY'S FIVE-YEAR FINANCIAL FORECAST:

The purpose of this report is to provide the Council with a review the City's General Fund financial status as of September 30, 2006 and the City's Five-Year Financial Forecast. Staff is also requesting Council approval of an appropriation for \$300,000 to fund airport-related legal expenditures.

For the first quarter of the fiscal year (FY), the General Fund received \$20,475,176 in recurring revenue, which represents 15.8 percent of the original estimated revenues, compared to 14.9 percent this time last year.

Overall, General Fund recurring appropriations are tracking as expected. Twenty-six percent of recurring appropriations have been expended as of September 30, 2006, compared to 24.6 percent for the same period in FY 2005-06.

Based on a review of revenues and appropriations, the following is a recap of the FY 2006-07 budget:

Total Recurring Revenues	\$129,386,231
Less:	
Recurring Appropriations	<u>(129,055,035)</u>
Undesignated Fund Balance, June 30, 2006	\$11,129,184
Less:	
Infrastructure Reserve Fund Appropriation June 30, 2006	(1,000,000)
Increase in working capital reserves	(1,525,000)
Increase in emergency reserves	(510,000)
Compensated absences	(800,000)
Other Post-Employment Benefits Liability (OPEB)	<u>(1,988,000)</u>
ADJUSTED BEGINNING BALANCE JULY 1, 2006	<u>\$5,306,184</u>
Less:	
Approved One-Time Appropriations at Budget Adoption	(3,587,700)
Approved One-Time-Appropriations Post-Budget Adoption	<u>(375,935)</u>
Total Non-Recurring Uses	(3,963,635)
AVAILABLE NON-RECURRING BALANCE	1,342,549
Plus Available Recurring Balance (from above)	<u>331,196</u>
ESTIMATED AVAILABLE FUND BALANCE, JULY 1, 2007	<u>\$1,673,745</u>

Although pending Council action, the requested \$300,000 appropriation for airport-related legal expenditures is included as part of the post-budget adoption items. Due to the combination of the overall economic climate and the City's projected expenditures and revenues, staff believes that we are in a stable fiscal position for FY 2006-07, with a projected recurring balance of \$331,000 at the end of FY 2006-07. The ending balance is expected to be \$1,673,745 but this excludes any potential interim and/or Mid-Year appropriation requests. The recurring budget gap in year five (FY 2010-11) is projected to be approximately \$2 million.

Over the next five years, revenues are expected to increase an average of four percent and costs are expected to increase an average of 4.6 percent. In the meantime, staff continues to monitor and update both the revenue and expenditure projections as information becomes available.

Recommendation:

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

A RESOLUTION OF THE COUNCIL OF THE CITY OF BURBANK AMENDING THE FISCAL YEAR 2006-2007 BUDGET BY APPROPRIATING \$300,000 FOR THE PURPOSE OF THE AIRPORT CONTINGENCY FUND.

12. AMENDING SECTION 6-502 OF THE BURBANK MUNICIPAL CODE RELATING TO THE RENEWAL OF ANIMAL REGISTRATION:

The current wording of Burbank Municipal Code (BMC) Section 6-502 states that the licensing period for animals is for the calendar year and expires each December 31st. Staff requests that the Council modify the wording to reflect that all animal licenses are valid for one year from the date of issuance.

The Animal Shelter has recently installed a new computer software system that will streamline processes, including allowing annual license renewals on the date of initial issuance. This will spread the workload throughout the year and eliminate the inequitable situation mentioned above. In order to accomplish this change, the BMC must be modified to reflect that animal licenses expire one year from the date of issuance.

Recommendation:

Introduction of proposed ordinance:
AN ORDINANCE OF THE COUNCIL OF THE CITY OF BURBANK AMENDING SECTION 6-502 OF THE BURBANK MUNICIPAL CODE RELATING TO THE RENEWAL OF ANIMAL REGISTRATION.

13. FOLLOW-UP ON INCOME REQUIREMENT FOR LIFE SUPPORT CUSTOMERS:

Burbank's rate assistance program, the Lifeline Rate, is the most generous in the region and Burbank Water and Power supports the program with approximately \$700,000 annually. The intent of the program is to provide financial assistance to the most vulnerable customers, low-income seniors and low-income customers with a disabled person in their household. Prior to July 2005, customers using certain life support equipment also received the Lifeline Rate.

On July 19, 2005, after reviewing key elements of the Lifeline Rate, the Council renewed their commitment to the fundamental design and structure of the Rate. In addition, the Council ensured the funds would be used solely for those in need by approving an income requirement for customers who use life support equipment as a prerequisite for receiving rate assistance. In the past, life support customers received rate assistance regardless of income or demonstrated financial need. For customers who do not qualify for the rate assistance program, yet are experiencing financial challenges, the Council approved modifying the Project Share program to provide annual support up to \$100. Project Share is a community-funded program administered by the Burbank Temporary Aid Center.

Funds to support low-income programs are not unlimited and are essentially supplied by the entire rate-paying community. The utility diligently works to keep rates low in spite of escalating energy costs and providing rate assistance to those who do not demonstrate a financial need places an undue burden on all customers, especially on lower-income customers. Limiting the Lifeline Rate to those who are truly in need provides the maximum overall community benefit.

Recommendation:

Note and file.

14. BURBANK WATER AND POWER WATER AND ELECTRIC MONTHLY OPERATIONS REPORT:

WATER UPDATE

Water Quality

Water quality during October met or exceeded State and Federal drinking water standards.

Fiscal Year-To-Date 2006-07 Water Fund Financial results as of October 31, 2006:

	<u>October 2006 Year-to- Date</u>			
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>% Variance</u>
Water put into the system (CCF)	3,973,282	3,968,316	4,966	0%
Potable water sales (CCF)	3,843,693	3,779,369	64,324	2%
Recycled water sales (CCF)*	389,571	576,327	(186,756)	(32%)
Potable Revenues	\$6,267	\$7,081	(\$814)	(11%) (A)
Recycled and Power Plant Revenues	579	855	(276)	(32%) (B)
<u>Total Operating Revenues</u>	<u>\$6,845</u>	<u>\$7,935</u>	<u>(\$1,090)</u>	<u>(14%)</u>
WCAC	2,713	3,098	385	12%
<u>Gross Margin</u>	<u>\$4,132</u>	<u>\$4,837</u>	<u>(\$705)</u>	<u>(15%)</u>
Operating Expenses	2,790	3,324	534	16%
<u>Operating Income</u>	<u>\$1,342</u>	<u>\$1,513</u>	<u>(\$171)</u>	<u>(11%)</u>
Interest and Other Income	330	465	(135)	(29%)
Interest Expenses	98	103	5	5%
<u>NI before Contr. & Transfers</u>	<u>\$1,574</u>	<u>\$1,875</u>	<u>(\$301)</u>	<u>(16%)</u>
Transfers (In Lieu)	346	354	8	2%
Contributed Capital (A.I.C)	132	374	(241)	(65%)
<u>Change in Net Assets (Net Income)</u>	<u>\$1,360</u>	<u>\$1,895</u>	<u>(\$535)</u>	<u>(28%)</u>

(A) WCAC adjustment decreased Potable Water Revenues by \$672k.

(B) Power Plant requirements were lower than planned.

* Includes Power Plant Sales, Commercial and Industrial Reclaimed Sales.

() = Unfavorable Variance

Fiscal Year (FY) 2006-07 Water Fund Financial Reserve balances as of October 31, 2006 are summarized in the following table:

Water (In thousands)	Balance 10/30/2006	Recommended Reserves
Unrestricted Cash		
General Operating Reserve	\$5,468	\$4,430
Capital Reserve	\$2,807	\$3,580
Sub-Total Unrestricted Cash	\$8,275	\$8,010
Restricted Cash		
Water Replenishment Reserve	\$1,000	\$1,000
WCAC	\$2,315	\$2,315
Distribution Main Reserve	\$1,100	\$1,100
Debt Service Fund	\$571	\$571
Parity Reserve Fund	\$620	\$620
Sub-Total Restricted Cash	\$5,606	\$5,606
Total Cash	\$13,881	\$13,616

ELECTRIC UPDATE

Electric Reliability

The following table shows the system-wide reliability statistics for FY 2006-07 through October 31 2006, as compared to the same time period for FY 2005-06:

Reliability Measure	FY 2005-06	FY 2006-07 (through Oct. 31, 2006)
Average Outages Per Year	0.2263	0.1229
Average Outage Duration	63.27 minutes	69.78 minutes
Average Service Availability	99.9919%	99.9952%

Financial and Operations Update

Fiscal Year-To-Date 2006-07 Electric Fund Financial results as of October 31, 2006:

	October 2006 Year-to-Date			
	Actual	Budget	Variance	% Variance
NEL MWh	466,403	438,444	27,958	6%
Retail Sales MWh	457,850	419,581	38,269	9%
Retail Revenues	58,984	54,775	\$4,209	8%
Other Revenues	1,319	1,226	93	8%
Retail Power Supply & Transmission Expenses	38,421	36,787	(1,634)	(4%) (A)
Retail Gross Margin	21,883	19,215	\$2,669	14%
Wholesale Revenues	50,047	62,400	(12,353)	(20%)
Wholesale Power Supply	47,495	61,035	13,540	22%
Wholesale Gross Margin	\$2,552	\$1,365	\$1,187	87%
Gross Margin	24,436	\$20,580	\$3,856	19%
Operating Expenses	12,495	13,478	983	7%
Operating Income	11,941	\$7,101	\$4,839	68%
Interest and Other Income	1,509	1,393	117	8%
Interest Expense	1,395	1,395	(0)	0%
NI before Contr. & Transfers	12,055	7,099	4,956	70%
Transfers In/(Out) - (In lieu)	3,684	3,423	(261)	(8%)
NI before Contributions	8,371	\$3,676	\$4,695	128%
Contributed Capital (A.I.C)	11	1,202	(1,191)	(99%) (B)
Change in Net Assets (Net Income)	\$8,382	\$4,878	\$3,505	72%

() = Unfavorable

Higher than planned purchased power costs correspond with higher than planned sales.

To date no Aid-in-Construction, Work for Others or misc. revenues have been recorded.

FY 2006-07 Power Fund Financial Reserve balances as of October 31, 2006 are summarized in the following table:

Electric (In thousands)	Balance 10/30/2006	Recommended Reserves
Unrestricted Cash		
General Operating Reserve	\$43,488	\$41,000
Capital and Debt Reduction Fund	\$10,000	\$15,100
Fleet Replacement Reserve	\$3,000	\$4,500
General Plant Reserve	\$800	\$1,170
Bond Cash	\$3,904	\$0
Sub-Total Unrestricted Cash	\$61,192	\$61,770
Debt Service Fund & other	\$5,554	\$5,554
Parity Reserve Fund	\$10,081	\$10,081
Public Benefit	\$3,178	\$0
Sub-Total Restricted Cash	\$18,813	\$15,635
Total Cash	\$80,005	\$77,405

Recommendation:

Note and File.

RECONVENE the Redevelopment Agency, Housing Authority and Youth Endowment Services Fund 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**