

BURBANK REDEVELOPMENT AGENCY  
AUGUST 28, 2001

A regular meeting of the Burbank Redevelopment Agency was held in the City of Burbank Fire Training Center, 1845 North Ontario Street, on the above date. The meeting was called to order at 5:01 p.m. by Mr. Kramer, Chairman.

CLOSED SESSION

Present- - - - Members Golonski, Laurell, Murphy (arrived at 5:05 p.m.), Ramos (arrived 5:02 p.m.) and Kramer.  
Absent - - - - Members None.  
Also Present - Mr. Ovrom, City Manager; Ms. Scott, Chief Assistant City Attorney; and, Mrs. Cabil, Municipal Records Clerk.

5:06 P.M. The Agency recessed at this time to the Fire Training Center  
Recess Conference Room to hold a Closed Session on the following:

- a. Conference with Real Property Negotiator:  
Pursuant to Govt. Code §54956.8  
**Agency Negotiator:** Assistant Executive Director/Susan M. Georgino.  
**Property:** Opportunity Site No. 2 (Police Block) bounded by Olive and Angeleno Avenues, Third Street and San Fernando Boulevard (except for the corner parcel at Olive and San Fernando, commonly known as the Radio Shack parcel).  
**Parties With Whom Agency is Negotiating:** Shaul Kuba of CIM Group & Mark Buckland of the Olson Company; Gary Toeller of Opus West Corporation.  
**Terms Under Negotiation:** Possible acquisition of Agency-owned property.
- b. Conference with Real Property Negotiator:  
Pursuant to Govt. Code §54956.8  
**Agency Negotiator:** Assistant Executive Director/Susan M. Georgino.  
**Property:** The westerly portion of the two blocks bounded by First Street, Magnolia Boulevard, San Fernando Boulevard and Orange Grove Avenue.  
**Party With Whom Agency is Negotiating:** Burbank Entertainment Village.  
**Terms Under Negotiation:** Sale of property.

Regular Meeting Reconvened in Council Chambers The regular meeting of the Redevelopment Agency of the City of Burbank was reconvened at 6:33 p.m. by Mr. Kramer, Chairman.

Invocation The invocation was given by Susie Peterson, Chair of Elders, Little White Chapel.

8/28/01

Flag Salute                      The pledge of allegiance to the flag was led by Boys Scout Troop 209.

ROLL CALL

Present- - - - -              Members Golonski, Laurell, Murphy, Ramos and Kramer.  
Absent - - - - -              Members None.  
Also Present - -              Mr. Ovrom, Executive Director; Ms. Scott, Chief Assistant City Attorney; Mrs. Georgino, Assistant Executive Director; and, Mrs. Sarquiz, Secretary.

6:55 P.M.  
Jt. Public Hrg. w/  
City Council  
RA 62-1  
Burbank  
Entertainment  
Village (AMC) -  
Implementation  
Agrmt. to an  
OPA, Amended &  
Restated Planned  
Dev. & Related  
Documents                      Chairperson Kramer stated that "this is the time and place for the joint public hearing of the Redevelopment Agency and the Council of the City of Burbank on the Burbank Entertainment Village Project for the development of the property bounded by First Street, Magnolia Boulevard, and midblock between Palm and Orange Grove. The Project involves the construction and development of a mixed-use project which will include a sixteen (16) screen movie theater; retail and restaurant space; and a health club. Additionally, two on-site parking structures will be built. The discretionary actions include City and Agency consideration of: 1) Agency and Council approval of Implementation Agreement to the Owner Participation Agreement between the Agency and Burbank Entertainment Village; 2) Council approval of an Amended and Restated Planned Development which involves the rezoning of the Property from BCC-2 to Planned Development No. 98-2; 3) Council approval of a Development Agreement; and, 4) Council approval of two resolutions extending resolutions vacating a portion of Palm Avenue and the midblock alley between Palm and Magnolia, and First Street and San Fernando. Burbank Entertainment Village is the applicant."

Notice Given                      The Secretary was asked if notices had been given as required by law. She replied in the affirmative and advised that no written communications had been received.

Staff Report                      Mr. Lynch, Senior Project Manager, reported that the proposed project before the City Council and Redevelopment Agency replaces the existing AMC 14 theater on the 100 block of East Palm Avenue with a new state-of-the-art AMC 16 screen theater including full stadium style seating. He said that the existing AMC 14 has acted as the main catalyst for the revitalization of the downtown, bringing millions of visitors to the area each year. However, he said that the theater is now 15 years old and needs to be replaced to help ensure the long-term vitality of this important anchor for the downtown.

He explained that on August 3, 1999, the City Council and Redevelopment Agency approved plans and agreements to implement the proposed replacement project, called Burbank Entertainment Village. After the project was approved in 1999, he said the Agency and the developer acquired the site, relocated the existing businesses and cleared the site for construction. He then noted that to date, the developer has spent \$10 million on the project for various activities.

Next, Mr. Lynch discussed that the developer was to have obtained financing and started construction on the project in the Fall of 2000. Unfortunately, he said that it was at that time the entire theater industry began a period of retrenchment with several theater chains filing for bankruptcy in 2000. With these changing conditions, he said the developer was unable to obtain the financing necessary to begin construction of the project.

Fortunately, he said the parent company, AMC Incorporated, has remained financially sound throughout this changing period in the theater industry. As a result, he said the AMC is now proposing to finance the project directly with its own source of funds. To accomplish this, he said the 1999 Owner Participation Agreement (OPA) needs to be modified through an Implementation Agreement. He further said that because AMC has requested certain design changes to the project, an amendment to the 1999 Planned Development No. 98-2, and Development Agreement must also be made.

Mr. Lynch then stated that prior to staff presenting and analyzing the proposed modifications to the Agreements, they would like to first introduce the project applicant Mr. Chuck Stilley, President of AMC Realty, and then have his architect present the plans. Following that, he said the project planner will discuss the proposed Amended and Restated Planned Development and Development Agreement and will conclude with a summary of the main points of the Implementation Agreement.

Applicant

Mr. Chuck Stilley, AMC Realty, discussed AMC's part in revitalizing the downtown and their desire to continue to be an integral part of that area. He said the current theater is old and considered functionally obsolete in the movie industry and noted the need to construct a state-of-the-art facility.

He then discussed that AMC not only survived the 2000 industry retrenchment, they thrived and are now the highest grossing theater circuit in the world. He said a lot of that success has to do with their assets noting they have continued to build and replace them. He noted that one of their jewel projects is Downtown Disney in Anaheim.

Mr. Stillely said that AMC is known for innovation and this project will provide Burbank with the latest and greatest technology available. He then said that AMC and Burbank have been great partners for the past 15 years and expressed their desire to jumpstart the continuation of the redevelopment process.

He then introduced Todd Stoutenborough, Stoutenborough Inc., project architect, who he said would present the modified project plans through a computer program.

Mr. Stoutenborough said this project would be the facility where the people who make the movies will see the movies. He said the main entry to the theater will be on Palm Avenue noting the street will be raised so it is the same elevation as San Fernando Road. He said this entrance design will more efficiently activate the downtown and provide an outdoor area connecting to San Fernando Road. He said this area, called Palm Court, will have kiosks, landscaping, seating and possible writings in the pavement that would give famous quotes from famous movies.

Next, he said the bottom level of the area will have retail and restaurant uses, with the theater located on the second level. He said the building has lots of movement with unique landscaping around the perimeter that is urban but very activated with plants.

Mr. Stoutenborough then discussed that there will be two entries to a two level parking structure on Magnolia Boulevard. He said that both parking levels are connected by a ramp, which is called the paseo, which is the area between the Ross Store and the new theater complex. He noted that this area is wide open to parking and will have retail uses.

He concluded by describing the theater complex as follows: state-of-the-art facility; full stadium seating; disabled access at the first 1/3 of the theater; and, the lobby will have written movie quotes. He then noted that the theater will include an Art in Public Places project that will be coordinated with the City.

Staff Report  
Continued

Mr. Garcia, Assistant Planner, said he will briefly review the project entitlements requested by the applicant as well as the actions taken by the Planning Board on August 13, 2001.

He said that the entitlements the applicant is seeking are as follows and can be found in the Amended and Restated Planned Development No. 98-2 and its related Development Agreement; project decreased by a total of 35,605 gross square feet with 885

new parking spaces; and, deviations from Burbank Municipal Code Chapter 31 (Zoning Code) in three areas - building setbacks, landscaping and number of loading spaces.

He then said that the City's traffic consultant, J.D. Douglas, Parsons Brinckerhoff, would discuss the findings of the parking study following his presentation, but noted that as a result of the study, the following three Conditions of Approval were incorporated to address the parking concerns during construction of the phases: 1) The developer shall provide a parking shuttle for off-site parking of employees during Phase One and Two construction; 2) Posting of signs indicating directions for alternative parking sites and showing slides before each movie indicating alternative parking locations; and, 3) Incorporating a smart signage system for the two new parking structures at eventually the existing AMC parking structure that indicate when a parking lot is full an alternative location(s) to park.

Lastly, Mr. Garcia said that the Planning Board met on August 13, 2001 and approved the amended project by a 4 to 0 vote with the following two recommendations to the City Council: 1) Landscaping enhancements be made within the public right of way which include planters, vine pockets, and other streetscape to soften up the west façade (Magnolia Boulevard side); and, 2) A parking Shuttle Plan be revealed by staff prior to Council approval. He said staff has looked at the possible areas for employee parking and shuttle service as required in the Conditions of Approval. He noted that while the Plan must ultimately be approved by the Traffic Engineer, the Courthouse and Orange Grove parking structures have already been identified as being under-utilized and would be ideal for employee parking.

J.D. Douglas said his company was retained by the City to evaluate the parking impacts of this project on this area of the downtown. In developing estimates of future parking demand, he said they have relied on factors in the Institute of Transportation Engineers Parking Generation Handbook and the Urban Land Institutes Evaluation of Shared Parking. He noted that in using these authoritative sources they have also made the following two important assumptions to make sure the analysis estimates a conservatively high demand that this project could generate so that they do not underestimate the potential demand: 1) The peak demand at the movie theater would increase on a per seat basis - it is estimated that the existing theaters generate one parking space for every five seats and the future theater will generate one parking space for every four seats; and, 2) In looking at shared parking uses, they have assumed that only 20 percent of the people coming to the developments in this project are going to multiple stops.

He stated that the project is providing 885 new parking spaces, with 231 existing spaces being taken away, thus, the net increase in the supply of spaces will be 654. In looking at the future demand, he said they compared the existing uses and how much parking they generate, and determined how much additional parking would be generated by the new theater plus the proposed retail, restaurant and health club uses, and found that they need 378 additional parking spaces during the peak time (weekend evening time period). Thus, he said the project would provide a net increase of 276 parking spaces during the peak period of time.

Mr. Lynch summarized the following three major elements of the Implementation Agreement: 1) Since the project has been scaled back, the scope of development has to be modified to reflect the changes proposed in the new Planned Development; 2) The Agreement allows the assignment of the rights to develop Phase One to the AMC parent company so they can self-finance the project correctly; and, 3) The Agreement allows AMC to assign the rights to develop Phase Two to a new developer which is subject to Redevelopment Agency approval. He noted that the Agreement also has provisions to allow the Agency to purchase the Phase Two parcel if necessary. He then said that most of the remaining deal points, including the economic deal points of the Owner Participation Agreement have remained unchanged.

Lastly, he explained that that the Agency will be spending, in today's dollars, approximately \$9 million towards the project of which \$4 million is for land acquisition and \$5 million is toward public parking. He said the Agency's revenues include \$1.16 million in land sale proceeds and nearly \$8 million in tax increment, which is the new property tax generated from the project. Thus, essentially, he said the Agency breaks even as with the previous Agreement.

Mr. Lynch concluded by noting the following project benefits: state-of-the-art theater will have an even greater impact on supporting the downtown retailers and restaurants; improved parking conditions by adding 276 additional parking spaces in the downtown during the peak times; and, the City will see new revenue separate from the Agency in that the project will generate approximately \$30 million in sales each year of which the City receives one percent or approximately \$300,000 each year.

Citizen  
Comment

Appearing to comment were Barry Kessler, Kessler Jewelers, stating his general support for the project but noting concern with the project construction beginning in the middle of December and

imploing the Council to postpone the demolition of the available parking until after the Christmas Holiday, stating Redevelopment has been promising parking "smart signage" for years and has never followed through and asking that this actually implemented during this project, and suggesting the City terminate the leased parking spaces on the second level of the Municipal Services Building parking structure on Orange Grove Avenue to provide additional parking until Phase Two is complete and to send a Citywide mailer outlining the project and where parking will be made available during the construction; Stan Hyman, asking the Council to require the developer to construct parking spaces prior to the completion of the Phase Two to assist the merchants in Downtown, and supporting the proposed shuttle service to bring employees to the AMC site but stating the shuttle should be open to all people including merchants in Downtown; Molly Hyman, on concern with the surrounding sidewalks and on the need for improved streetscape and suggesting landscape/paintings on the walls during construction; Sunder Ramani, Chamber of Commerce President, stating the Chambers support for the project but noting the need for a sophisticated parking management program in the Downtown area to maintain its vitality; Bob Etter, opposing the City's economic participation in the project, and asking that the developer be required to hire union help to hang the screens; C.L. Stack, opposing the City economic participation in the program, stating he hopes the money comes back to the City and suggesting they give Burbank residents free shows, and asking that the landscape be lush; Michael Cusumano, Downtown property owner and Chairman of Downtown Parking Management Committee, stating his support as well as the Committees support for the project, noting the increased parking to be provided by the project will more than support the new AMC project as well as the existing businesses, and supporting the other traffic mitigation plans including the shuttle, smart parking etc.; Theresa Karam, opposing the City's economic participation in the project and on concern with the availability of parking in the Downtown area noting it should all be constructed in the First Phase; David Piroli, stating his belief the Agency should not economically participate in this project noting his belief that the theater is not old and should not be considered blight, on concern with AMC being able to use a second party developer to construct the Phase Two portion of the project, on concern with the financial problems facing the theater industry and whether or not it has the stamina to maintain the Downtown, and opposing the proposed kiosks in the Downtown; Mike Nolan, opposing the project economics, questioning AMC's motivation for building a new complex noting his belief it is not necessary particularly since the economics are not beneficial, on concern that

AMC will close their other theaters in the mall, and asking the Council to reject the project; Mark Barton, supporting the project; and, James Schad, opposing the City's economic participation in the project and stating his general opposition to developers who look for financial assistance from the City.

Staff  
Response

Mr. Garcia addressed concerns that were raised related to the Amended and Restated Planned Development and related Development Agreement. He said the project is slated to begin in October noting staff believes this will provide ample opportunity for the public to adjust to the parking changes. Next, he said the smart signage is part of the parking management plan for the downtown and has two aspects: the first part of the program is for the smart signage in the parking structures and that will be paid for by the developer; the second part of the program is electrical signage throughout the downtown indicating where parking is and that will be paid for by the City. He said AMC will also have a shuttle program for all employees and construction employees. He also said the applicant is working with staff to incorporate more landscaping on the Palm Avenue and Magnolia Boulevard sides.

Next, Ms. Head, Keyser Marston, addressed concerns related to the project economics. First, she said it was important to understand that the project size decreased by about 32,000 square feet and some of the impacts that caused are a little bit counterintuitive which may be why some people are questioning the economics. She said the major changes to the project costs are the addition of a prevailing wage policy and the parking costs are materially higher than originally projected. She said these combined changes have increased the total project costs by \$8.6 million for a project that decreased in size by about 32,000 square feet.

On the income side of the project, she said the projected rents have increased from about \$19.25 per square foot on average for the non-theater use to \$21.15. However, she said a couple other things happened: project size decreased so there is less square footage to generate rent; and, the theater became a bigger portion of the project and they had always done the return calculation for this, with the theater taking a below typical rate of return for the developer given the developer's vested interest in maintaining market share in this market area. Thus, she said that when they looked at the original project, they estimated a 9.6 percent return and now it is a 9.3 percent return and noted that the bottom line is as follows: project rent decreased, project return decreased and the net result was the supportable private investment stayed exactly the same. She noted that the Agency assistance has not changed.



Ms. Head then discussed that a question was raised about the \$687,000 land value that was included as a revenue source in the original summary report for this project. She said that land value was derived as follows: there was a \$24 reuse value associated with the original project and that value was applied to the area that is being conveyed to the Agency to build the public parking structure. Now the value that is being conveyed to the Agency is actually a negative number so it is no longer a revenue source to the Agency. She then said those revenues were removed from the Summary Report. At the same time, given the changes in project costs that have occurred, she said the property tax increment actually went up by about \$900,000 in present value terms. Thus, she said the net revenue to the Agency is about \$200,000 higher under the currently proposed transaction than formerly.

Applicant	<p>Mr. Stillely, AMC Realty, responded to questions regarding AMC's financial condition. He said that AMC created the megaplex concept in 1995, the current state-of-the-art in movie theaters, and since then they opened about 2,000 screens. During that time, he said they also closed some of the older theaters that were not financially sound but noted that was no indication of the overall financial condition of the company. He said that AMC is financially healthy and said the fact that they are paying cash is a sign of their condition.</p> <p>MR. Stoutenborough said the building is designed to premiere movies in Burbank and will be a highly viewed theater throughout the world. He said the entire building has been carefully designed to provide adequate access, signage and landscaping. He noted that they particularly addressed the landscaping and activity at the back side of the theater, the corner of Magnolia Boulevard and Third Street.</p>
Hearing Closed	<p>There being no further response to the Mayor's invitation for oral comment, the hearing was declared closed.</p>
Motion	<p>It was moved by Mrs. Murphy and seconded by Mr. Laurell that "the following resolutions be passed and adopted and that the ordinance be introduced and passed to the second reading:"</p>
City Council Reso. Adopted	<p>City Council Resolution No. 26,080 Approving and Authorizing the Execution of the Implementation Agreement to the Owner Participation Agreement by and Between the Redevelopment Agency and Burbank Entertainment Village, L.L.C., a Limited Liability Company was adopted.</p>

8/28/01

RA 62-1  
Approved  
Implementation  
Agrmt. with  
Burbank  
Entertainment  
Village

RESOLUTION NO. R-2011:  
A RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE CITY OF BURBANK APPROVING AND AUTHORIZING THE EXECUTION OF THE IMPLEMENTATION AGREEMENT TO THE OWNER PARTICIPATION AGREEMENT BY AND BETWEEN THE AGENCY AND BURBANK ENTERTAINMENT VILLAGE, L.L.C., A LIMITED LIABILITY COMPANY.

City Council  
Ordinance  
Introduced

City Council Ordinance Approving the Amended and Restated Planned Development No. 98-2 and a Development Agreement Related Thereto (Burbank Entertainment Village) was introduced.

City Council  
Reso. Adopted

City Council Resolution No. 26,081 Amending Resolution No. 25,582 Ordering the Conditional Vacation of a Portion of the Alley Bounded by First Street and North San Fernando Boulevard, and Magnolia Boulevard and Palm Avenue (V-324) was adopted.

City Council  
Reso. Adopted

City Council Resolution No. 26,082 Amending Resolution No. 25,595 Ordering the Conditional Vacation of a Portion of Palm Avenue Between First Street and North San Fernando Boulevard (V-326) was adopted.

Adopted

The resolution, and introduction of the ordinance were adopted by the following vote:

Ayes: Members Golonski, Laurell, Murphy, Ramos and Kramer.  
Noes: Members None.  
Absent: Members None.

8:37 P.M.  
Recess

The Agency meeting was recessed at this time to allow the City Council to continue its meeting.

10:20 P.M.  
Meeting  
Continued

Following a Council report and the combined oral communications, the City Council recessed at this time to permit the Agency to continue its meeting.

Motion

It was moved by Mrs. Murphy and seconded by Mr. Laurell that "the following item on the consent calendar be approved as recommended:"

RA 42-1  
Amend FY 2001-  
2002 Budget for  
Continuing  
Appro. from FY  
2000-2001

RESOLUTION NO. R-2012:  
A RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE CITY OF BURBANK AMENDING FISCAL YEAR 2001-2002 BUDGET FOR THE PURPOSE OF CONTINUING APPROPRIATIONS FROM THE FISCAL YEAR 2000-2001.

Adopted                   The consent calendar was adopted by the following vote:

Ayes:       Members Golonski, Laurell, Murphy, Ramos and Kramer.  
Noes:       Members None.  
Absent:     Members None.

10:21 P.M.  
Mrs. Ramos  
Left the Meeting

Mrs. Ramos left the meeting at this time due to a conflict of interest with the following agenda item because her company has conducted business with one of the proposed development teams.

RA 62  
Opportunity Site  
No. 2 (Police  
Block) Dev.  
Selection Process

Ms. Davidson-Guerra, Senior Redevelopment Project Manager, reported that on March 27, 2001, the Redevelopment Agency directed staff to release a request for development proposals (RFP) for the development of the old Police Block site. She noted that over 350 RFP's were distributed to real estate development professionals and were due back to the Agency by 4:00 p.m. on May 11, 2001.

She explained that the RFP established the following project parameters: 75,000 to 150,000 square feet of office use; 24,000 to 45,000 square feet of retail/restaurant uses; 75 to 110 luxury rental units or an appropriate number of for-sale housing product; and, the developer must replace 60 public parking spaces, the Agency will make 190 spaces available at the adjacent courthouse parking structure and the developer is to provide all other parking per Code, a project-specific parking study, or combination of both.

In response to the RFP, Ms. Davidson-Guerra said that proposals were received from the following nine development teams: AvalonBay; CIM Group; Chandler Partners; Lambert Development/Gangi Development; Olson Company; Opus West Corporation; Southland Companies; Trammell Crow Company; and, Urban Residential Partners.

Following an analysis of the proposals from staff and an Oversight Committee, she said a short list of the following five developers was established based on experience, financial strength, quality of previous projects, the likelihood of project development and overall

development team composition and strength: AvalonBay, CIM Group, Olson Company, Opus West Corporation and Trammell Crow Company. She then said that supplemental information was requested of those making the short list, including a requirement for CIM and Trammell Crow Company to partner with a residential developer and a requirement for AvalonBay and Olson Company to partner with commercial developers. She noted that these requirements resulted in: CIM and Olson partnering to form a single development team; and, AvalonBay and Trammell Crow not proceeding with the project due to the perceived risk factor associated with a speculative office component.

Ms. Davidson-Guerra then discussed that interviews were held with both the CIM/Olson and Opus West development teams. Subsequently, she said staff preformed an analysis of the project economics and performed extensive reference checks on both teams. Based on the proposal analysis, she said that staff was recommending moving forward with CIM/Olson's Option 2 proposal which includes the following basic land use components: 45,000 square feet of retail, including a potential restaurant use; 85,999 square feet of office; 30 loft rental units; 110 for sale units; and, 604 on-site parking spaces, including 190 spaces provided by Agency at courthouse parking structure.

Motion

It was moved by Mrs. Murphy and seconded by Mr. Golonski that "staff be directed to begin negotiations for a Disposition and Development Agreement with CIM/Olson for a period of 180 days with periodic updates to the Agency as well as Agency direction on matters prior to a completed Agreement being presented to the Agency for approval."

Motion  
Approved

The motion was approved by the following vote:

Ayes: Members Golonski, Laurell, Murphy and Kramer.  
Noes: Members None.  
Absent: Member Ramos.

10:32 P.M.  
Mrs. Ramos  
Returned to the  
Meeting

Mrs. Ramos returned to the meeting at this time.

10:33 P.M.  
Recess

The Agency recessed at this time to permit the Parking Authority, Youth Endowment Services Fund Board and City Council to continue their meetings. The Agency reconvened at 11:48 p.m. for public

8/28/01

comment with all members present.

12:10 A.M.  
Adjournment

There being no further business to come before the Agency, the meeting was adjourned at 12:10 a.m.

---

Secretary

APPROVED OCTOBER 16, 2001

Chairperson