

BURBANK REDEVELOPMENT AGENCY
May 28, 2002

A regular meeting of the Burbank Redevelopment Agency was held in the City of Burbank Council Chamber, 275 East Olive Avenue, on the above date. The meeting was called to order at 5:30 p.m. by Mr. Laurell, Chairman.

CLOSED SESSION

Present- - - - - Members Golonski, Murphy, Ramos, Vander Borght and Laurell.
Absent - - - - - Members None.
Also Present - Mr. Ovrom, City Manager; Mr. Barlow, City Attorney; and, Mrs. Campos, Secretary.

5:32 P.M. The Agency recessed at this time to the City Hall Basement Lunch
Recess Room/Conference Room to hold a Closed Session on the following:

Conference With Real Property Negotiator:

Pursuant to Govt. Code §54956.8

Agency Negotiator: Assistant Executive Director/Susan M. Georgino.

Properties: Former police block, bounded by Olive Avenue, Third Street, Angeleno Avenue, and San Fernando Boulevard (except for the corner property at Olive and San Fernando, more commonly referred to as the Radio Shack parcel, APN 2453-13-010).

Parties With Whom Agency is Negotiating: Mark Buckland - The Olson Company.

Terms Under Negotiation: Sale of Agency property.

Regular Meeting Reconvened in Council Chambers The regular meeting of the Redevelopment Agency of the City of Burbank was reconvened at 6:37 p.m. by Mr. Laurell, Chairman.

Invocation The invocation was given by Thos Peterson, Elder, Little White Chapel.

Flag Salute The pledge of allegiance to the flag was led by Valerie Phillips.

ROLL CALL

Present- - - - - Members Golonski, Murphy, Ramos, Vander Borght and Laurell.
Absent - - - - - Members None.
Also Present - - Mr. Ovrom, Executive Director; Ms. Alvord, Assistant City Manager; Mr. Barlow, City Attorney; Mrs. Georgino, Assistant Executive Director; and, Mrs. Campos, Secretary.

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7:29 P.M.
Jt. Public Hearing
w/City Council
RA 82
State Route 134
Freeway Ramp
Project Transfer
of Property to
Agency (3510-16
W. Alameda,
101, 107, 111,
123 & 1011 W.
Burbank Blvd.)

Chairperson Laurell 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 regarding the approval of the Agency's commitment of property tax increment funds to pay for costs related to the 134/Hollywood Way Ramp and City Electric Substation, and to approve various land transfers to the City as well as to the Agency."

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. Gaudio, Redevelopment and Project Manager, and Real Estate Manager, for the City of Burbank and Redevelopment Agency (Agency), stated there were two resolutions before the Council and Agency that approve a cooperation agreement between the City and the Agency, which will allow the transfer of land from the Agency to the City and also from the City to the Agency in relation to the State Route 134 (SR 134) project. Mr. Gaudio stated that the result of this trade will be construction of a new on- and off-ramp project at Cordova and Alameda off the SR 134 freeway, with a realigned off-ramp and construction of a new on-ramp, construction of a new electric substation, reconstruction of an existing substation and elimination of the current off-ramp. Next, Mr. Gaudio identified land in renderings depicting the project, explaining why the project required the relocation of the electric substation, and identifying the remnant parcels left over from the Five Points Project construction to be transferred from the City to the Agency. Mr. Gaudio stated another element of the project was the financing, that the total project cost was \$32 million and the City's contribution was approximately \$11,120,000, which will be provided through the transfer of property worth \$1,120,000, and that the balance would be in the form of \$10 million from the issuance of Tax Increment Bonds from the West Olive Redevelopment Project area. He added that the conveyance of the Agency properties to the City requires a public hearing and certain findings set forth in Health and Safety (HS) Code Sections 33679

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Absent: Members None.

7:59 P.M.
Jt. Public Hearing
w/City Council
RA 52-1
Housing and
Childcare Ctr.
Demo. Proj. 1st
Amend to the
DDA (2245-2251
N. Fairview St. &
2242-2308 N.
Ontario St.)

Chairperson Laurell 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 regarding the Housing and Childcare Demonstration Project proposed by M. David Paul and Associates. The item that requires Council and Agency consideration is a First Amendment to the Disposition and Development Agreement."

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. Garcia, Project Analyst in the Community Development Department, stated that in July of 2001 the Redevelopment Agency (Agency) entered into a Disposition and Development Agreement (DDA) with M. David Paul to construct twenty single-family units and a childcare center to accommodate up to 92 children, that the project is located in the general area of the 2300 block of Ontario Street in the Golden State neighborhood near the Airport, that the intent of the project was to clean up a portion of a neighborhood that is blighted by vacant lots, substandard apartment buildings and non-conforming industrial uses, and to provide a quality child care center in the City. He said that while the City cleared the site for development, the developer proceeded with preparation of construction documentation but since then the developer has been faced with a growing number of changes including significantly higher construction costs as well as increased insurance rates. Mr. Garcia indicated that normally, a developer would pass on these costs by charging higher rents or increasing the sales price at completion, but in this case the developer is restricted in their ability to raise other revenues due to their agreement with the Agency in that the only source of revenue for this project is in the sale of the twenty homes for the developer. He stated the agreement strictly limits the sale of ten homes to a sales price of \$190,000 for moderate-income homebuyers, and for the remaining ten market-share homes, the developer is required to share one-half of the profits with the Agency for any home that sells above \$240,000.

Mr. Garcia informed the Council that the developer has requested the Agency raise the price level on which the Agency shares profits with the developer to help defray the rise in development costs, and that the amendment before the Council modifies the sale price for the ten moderate-income homes from \$190,000 to \$205,000 and increase the profit participation with the Agency for the remaining ten market-income homes from \$240,000 to \$273,000. He stated that an economic analysis prepared to determine whether the developer will realize a higher rate of return based on these changes concluded that the rate of return would be the same as was determined for the original project, and that the proposed amendment will not put any additional cost burden on the Agency.

Applicant Paul Krueger, representing the developer, stated the developer was in complete support of staff's recommendation.

Citizen Comment Appearing to comment were Howard Rothenbach, on risks accepted by developers being an inherent part of any project and inquiring as to the Agency's exposure to date, and inquiring as to the implication of lower interest rates and higher unemployment rates to the project; Mike Nolan, inquiring what specific radical changes justify amending the original agreement, and stating that an unfinished childcare center is useless to the community.

Applicant Mr. Krueger responded by stating many things have changed since the original agreement was negotiated which are reflected in higher costs of the development itself and subcontractor rates, as well as insurance, and that the developer is committed to delivering a quality project at the agreed-upon profit margin. In response to a question regarding increasing square footage per unit, Mr. Krueger stated that the developer wanted to provide a little more value for the money of buyers, and that the increased square footage transcended all three levels of the project, thereby significantly increasing costs.

Kathy Head, representing Keyser-Marston Associates, stated the analysis of the direct costs of the project indicated an increase of \$1.1 million over the original estimates, and the total cost increase was approximately \$580,000, that the change in interest rates was a factor in the analysis, and that the cost of square footage had gone from \$55 per square foot in the original proposal to \$72 for the current, larger units. She noted that since the original agreement, the Los Angeles County median income had increased by about seven percent, which allowed the affordable price to increase significantly, and hence the change in the participation

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formula allowing developer to realize the same 10.6 percent profit margin anticipated in the original transaction.

Hearing
Closed

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

Mr. Golonski stated he supported staff's recommendation on changing the price of the affordable units to \$205,000, and supported increasing the amount at which the Agency shares in the profits of the market-rate homes to be \$255,000, reflecting the \$15,000 per unit in direct cost for increasing the unit size.

Mrs. Murphy requested that the terms of the amendment be changed to reflect an increase to \$205,000 for the moderate-income units and an increase to \$255,000 for the market-rate units after which point the developer is required to share one-half of the profits with the Agency.

Mr. Krueger requested to take the modifications back to the developer for discussion.

Motion

It was moved by Ms. Murphy and seconded by Mr. Golonski "to continue the item to the meeting of June 4 and re-open the public hearing for comment on and consideration of developer's response."

Carried

The motion carried by the following vote:

Ayes: Members Golonski, Murphy, Ramos, Vander Borcht and Laurell.

Noes: Members None.

Absent: Members None.

9:44 P.M.
Meeting
Continued

Following the two Joint Public Hearings of the City Council and Redevelopment Agency and the combined oral communications, the Council and the Agency held a joint meeting.

9:44 P.M.
Jt. Mtg. w/the
Council
RA 42
RA 50
RA 90

Ms. Davidson-Guerra, Redevelopment Agency Project Manager, stated the purpose of this item was to present two loan agreements for public improvement projects calling for:

- 1) The Golden State Redevelopment Project to create debt obligation for two infrastructure projects:
 - a) The Empire Interchange/San Fernando Connector and IS-5

Infrastructure Loans - Golden State & S. San Fernando Redev. Proj. Areas (Agency to City)

HOV Lane (estimated to cost \$20 million), and

b) The other project is the Burbank Boulevard Streetscape Project (estimated to cost \$5.2 million), and

2) The second loan agreement calling for the South San Fernando Redevelopment Project to create debt obligation for two infrastructure programs,

a) The South San Fernando Boulevard Streetscape Project (estimated to cost \$4.5 million) and

b) A utility undergrounding program which would commit the Agency to fund roughly \$300,000 annually towards undergrounding of utilities in the project area.

She said the proposed funding sources for all of the projects is a bond issuance, that a bond issuance in the Golden State Redevelopment Project area was expected to result in available cash in the amount of \$26 million, and in the South San Fernando Project Area the bond is expected to result in available cash in the amount of roughly \$6.5 million. She noted the timing of the agreements was particularly important in light of the current State funding deficiencies, and that staff was hopeful this may be a mechanism to secure Agency funds for these infrastructure projects, and that taking these measures now and identifying these projects and their related costs may be a way to secure the funds for the projects. Next, she highlighted the findings which must be made pursuant to Section 33445 of the California Redevelopment Law, and stated that each project will return to the Council/Agency for subsequent consideration.

City Council Reso. Adopted

City Council Resolution No. 26,238 Approving and Authorizing the Execution of an Agreement with the Redevelopment Agency for the Reimbursement of City's Costs for Certain Public Improvements in the Golden State Project Area was adopted.

City Council Reso. Adopted

City Council Resolution No. 26,239 Approving and Authorizing the Execution of an Agreement with the Redevelopment Agency for the Reimbursement of City's Costs for Certain Public Improvements in the South San Fernando Project Area was adopted.

Motion

It was moved by Ms. Murphy and seconded by Mr. Vander Borght that "the following resolutions be passed and adopted:"

RA 50 Agrmt. w/ City for Public Improvement

RESOLUTION NO. R-2022:
 A RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE CITY OF BURBANK APPROVING AND AUTHORIZING THE EXECUTION OF AN AGREEMENT WITH THE CITY FOR THE REIMBURSEMENT OF

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Reimbursement Costs in Golden State Area CERTAIN PUBLIC IMPROVEMENT COSTS IN THE GOLDEN STATE PROJECT AREA.

RA 90 Agrmt. w/City for Public Improvement Reimbursement Costs in S. San Fernando Proj. Area RESOLUTION NO. R-2023:
A RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE CITY OF BURBANK APPROVING AND AUTHORIZING THE EXECUTION OF AN AGREEMENT WITH THE CITY FOR THE REIMBURSEMENT OF CERTAIN PUBLIC IMPROVEMENT COSTS IN THE SOUTH SAN FERNANDO PROJECT AREA.

Adopted The resolutions were adopted by the following vote:

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

9:49 P.M. Recess The Agency recessed at this time to permit the City Council to continue its meeting. The Agency reconvened at 10:52 p.m. for public comment with all members present.

11:03 P.M. Adjournment There being no further business to come before the Agency, the meeting was adjourned at 11:03 p.m.

Secretary

APPROVED AUGUST 6, 2002

Chairperson