

BURBANK REDEVELOPMENT AGENCY
JUNE 11, 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 5:04 p.m. by Mr. Laurell, Chairman.

CLOSED SESSION

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

5:08 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 Legal Counsel - Anticipated Litigation:
Initiation of litigation pursuant to Govt. Code §54956.9(c)
Number of potential case(s): 4 potential cases.

Regular Meeting Reconvened in Council Chambers The regular meeting of the Redevelopment Agency of the City of Burbank was reconvened at 6:47 p.m. by Mr. Laurell, Chairman.

Invocation The invocation was given by Dr. Jerry Jones, Burbank Community Church.

Flag Salute The pledge of allegiance to the flag was led by Sam Engel.

ROLL CALL

Present- - - - - Members Golonski, Murphy, Ramos, Vander Borgh 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.

7:30 P.M. Chairman Laurell stated that "this is the time and place for the
Jt. Public Hrg. w/ hearing on the proposed budget for the fiscal year 2002-03 for the
Council, Housing City, Redevelopment Agency, Housing Authority, Parking Authority
Auth., Parking and Youth Endowment Services Fund budgets."
Auth. & YES
Fund Board
RA 42-1
Proposed FY
2002-03 Annual
Budget, Citywide
Fee Schedule &
Appro. Limit

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.

7:32 P.M.
Ms. Murphy
Returned to the
Meeting Ms. Murphy returned to the meeting at this time.

Staff Report Ms. Michaels, Budget Manager, noted that the report before the Council included integration of several reports previously presented throughout the Budget Study Session process, beginning with the Goal Setting meeting in May, and a series of subsequent Study Sessions, the last being held on June 5, 2002. She stated that each Department has had an opportunity to present highlights from their individual budgets. In addition, she stated that included in the report were Discussion Papers approved by the Council for funding on June 5.

Ms. Michaels began by indicating the purpose of the public hearing is to obtain input on the Fiscal Year (FY) 2002-03 Proposed Budget, Proposed Citywide Fee Schedule and Proposed Appropriations Limit. She noted total resources of \$456,464,819, of which \$112,458,308 represents the General Fund, and approximately \$344,006,511 for all other funds. She reported total appropriations of \$450,549,774, of which \$110,819,946 represents the General Fund, and \$339,729,828 for all other funds.

Next, she highlighted the General Fund revenues, which total \$112,458,308, and stated the top three revenue sources remain Sales Tax, Property Tax and Utility Users Tax, which represent about 51 percent of revenues. She noted General Fund appropriations total \$110,819,946, and summarized the following expenditures: personnel costs associated with a negotiated MOU for Burbank Police Officers; a one percent MS&S increase to the departments totaling \$536,000; a \$1.816 million increase in Internal Service Fund Rates; new positions totaling \$1.167 million, \$444,000 of which is revenue off-set and \$432,000 being part of the Buena Vista Branch Library ramp-up bringing the total net impact to the General Fund to \$291,000; MS&S exceptions such as the postage rate increase and Verdugo Communications Center costs in the amount of \$369,655; and, Capital Outlay representing \$357,840 of non-recurring funds, plus additional recurring funds for the Library Learning Center and Public Information Office.

Ms. Michaels presented a revised Resources and Appropriations Summary, noting corrections being made to the Capital Projects Fund due to a miscalculation of the Community Development Block Grant (CDBG) backfilling total, and in the Redevelopment Agency, to include Educational Revenue Augmentation Fund (ERAF) funds pursuant to Council discussion on June 5, 2002. She projected a General Fund revenue increase of 2.8 percent, partially due to sales tax revenue generated at the Burbank Empire Center and transient occupancy tax generated to the hotels at the Burbank Empire Center, as well as the new Graciela Hotel. Next, Ms. Michaels noted the General Fund impact as a result of the Governor's May Revised State Budget which includes reductions in Public Library Funds in the amount of \$67,022, booking fees in the amount of \$12,772, Police Department Technology Grants in the amount of \$31,000, and State mandates in the amount of \$227,500, totaling \$338,294, and stated these reductions have not been factored into revenue projects, but they have been taken into account when calculating recurring fund balance. Ms. Michaels discussed the approved Discussion Paper items which total \$632,577 of non-recurring and \$12,678 of recurring funds, and include the Magnolia Park Streetscape, the Enforcement Program for Conditions of Approval pilot project, the Disaster Preparedness Program, the Hazardous Materials Plan Update, Buena Vista Branch Library Sunday hours, backfilling Public Works sidewalks, and the Downtown tree lights (funded by the Burbank Water & Power Street Lighting Fund).

Ms. Michaels noted the projected recurring fund balance is \$57,027, as a result of the release of \$50,000 from the Utility Users Tax (UUT) and \$50,000 from In-Lieu which are currently in designated reserves within the General Fund, and incorporates other changes disclosed during the Study Session. With regard to the non-recurring fund balance, she indicated the City had a \$336,819 fund balance coupled with the recommendation to freeze certain positions until January; however, this did not cover the \$556,000 needed to fund all the non-recurring Discussion Papers recommended the previous week. At that time, it was disclosed that there was approximately \$2.3 million in designated reserved accounts for the In-Lieu and UUT, and in order to make up the deficit, \$70,000 was released thereby leaving \$1.23 million in the designated accounts, and this brought us to a positive non-recurring fund balance. Prior to this release of dollars, the non-recurring fund balance reflected a deficit of \$64,000 and pursuant to the City Charter, a balanced budget must be adopted prior to July 1st.

With regard to fee schedules, Ms. Michaels noted this would be the

first year of a 4.8 percent increase in water rates, that this is the third year of a four-year smooth transition 5.75 percent increase in water reclamation and sewer rates, indicating this represented about a .70 cent increase for the average family, and that building fees also were increasing. She concluded by noting the Gann Initiative Appropriation Limit was \$112,058,395, with the appropriations subject to limitation being \$86,010,273 for a difference of \$26,048,122, and stated the City has remained well below the appropriation limit each year.

Citizen
Comment

Appearing to comment were Dorie Beaumont, requesting non-recurring funds with which to purchase art and plants to decorate the Buena Vista Branch Library, on a recent meeting to the Cerritos Library where she observed art and plants throughout the facility; Larry Johnson, in support of the discussion paper on the Buena Vista Branch Library, expressing appreciation to the Council for funding Sunday hours, and requesting additional non-recurring funding for artwork and plants for the Buena Vista Branch Library; Cele Burke, requesting funding for the purchase of art and plants for the Buena Vista Branch Library; Dr. Jay Adams, in support of the Magnolia Park Streetscape Project Discussion Paper item, and requesting that this funding be recurring over the next five years to improve parking as well as streetscape; C.L. Stack, in support of additional funding for the Buena Vista Branch Library; Mark Barton, in support of additional funding for the Buena Vista Branch Library; and Lee Paysinger, expressing appreciation to the Council for all they've done for the City, and especially for the Buena Vista Branch Library, and in support of additional non-recurring funds for the purchase of art and plants.

Hearing
Closed

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

Mr. Golonski expressed concern about some of the increases on the Fee Schedule, and after Council discussion, staff was directed to prepare a report justifying any proposed fee increase totaling 15 percent or greater. Mr. Golonski expressed concern about the purchase of chairs, and was assured by Mr. Ovrom that staff is already looking into the standards so the City has a uniform purchasing procedure. Mr. Golonski inquired as to the \$1.8 million increase in the Internal Service Funds remaining in the Proposed Budget while negotiations are pending, and Mr. Nicoll indicated he expected the amount would be less at the end of negotiations and would be adjusted accordingly. Mr. Golonski also questioned the Hillside Protection Plan appropriation, Mr. Ovrom assured him that these funds were in a holding account, and no funding would be

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expended prior to Council consideration, and Mr. Golonski requested this item be brought back at the mid-year budget review for discussion, so that the money could be reprogrammed, if needed, to other projects.

Ms. Murphy indicated she was in support of additional funding for the Buena Vista Branch Library for the purchase of art and plants. Discussion ensued regarding the three options for funding art and plants. Mr. Fuchs outlined the three options given by the consultant, and offered to have the consultant make a presentation to the Council. Ms. Murphy requested that this request be brought back to the Council in a timely fashion, including a presentation.

No amendments to the budget were recommended at this time.

8:33 P.M.
Jt. Public Hrg. w/
Council
RA 92-1
RA 90
Burbank Senior
Artists Colony
(Opportunity Site
No. 4)
Entitlements &
Implementation
Agreement

Chairman 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 Burbank Senior Artists Colony Project proposed by Meta Housing Corporation and Western Services Foundation. The various components of this project that require Council or Agency consideration are: a Mitigated Negative Declaration; an Implementation Agreement to the Disposition and Development Agreement; and Amendment to Planned Development No. 2000-1; and a 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

Ms. Davidson-Guerra, Senior Redevelopment Project Manager, stated the purpose of this item was to present the information necessary to consider: 1) an amendment to the approved Planned Development 2000-1 (PD 2000-1) and the associated Development Agreement, 2) a Mitigated Negative Declaration, 3) the landscape plan which was a condition of approval for PD 2000-1, and 4) the Implementation Agreement related to the approved Disposition and Development Agreement (DDA). She summarized the history of the project, and noted the approved project included 141 for-rent senior residential units, 113 parking spaces in a semi-subterranean parking facility; requirements for higher-than-typical education and recreation facilities and programs for the senior residents; and an

intergenerational education program involving senior resident mentors and the adjacent Miller kindergarten children; an affordability component for all of the units and warranted Redevelopment Agency assistance of \$3.25 million. She added that the project site was located within the South San Fernando Redevelopment Project Area, also known as Opportunity Site No. 4, and is roughly bounded by San Fernando Boulevard, Verdugo Avenue and the east/west alley between Verdugo Avenue and Santa Anita Avenue. She stated that since the project was approved two years ago, the developer has assembled the 1.5-acre site, and has applied twice for tax credit financing as prescribed by the approved DDA. She explained that because the financing plan was specified in the DDA and the developer has been unable to obtain the nine percent tax credit financing, the developer is proposing to modify both the financing plan and certain elements of the project design.

Mrs. Forbes, Principal Planner, discussed land use and the entitlement process by presenting powerpoint photos depicting existing conditions on the site, the surrounding uses in the neighborhood, next, she outlined the project itself, and discussed the land use features. Mrs. Forbes highlighted changes which include the age of seniors which was previously 62 years and older, that the proposed units will be available to seniors 55 and older; affordability was originally 100 percent all low and very low income residents and it is now 30 percent low and very low with 70 percent market-rate units; the unit sizes were increased; and that the project is providing additional parking. Mrs. Forbes noted surveys and studies were prepared to determine whether the additional parking was sufficient to compensate for the decrease in age and the decrease in affordable units, including a utilization study prepared of all the senior apartments throughout the City and the greatest ratio found was .58 percent during a peak weekday morning for usage. She stated the parking ratio compares favorably to the Park Avenue Apartments, which were found to have a parking ratio of 1.08. She cited a study prepared by National Survey Systems, who compile a database for the California Housing Finance Agency, which determined that although many senior projects are available to seniors age 55 and older, the average age tends to be around 72 years at first opening of the project, and they recommend that a 1-per-1 parking ratio is appropriate for senior housing, and recommend it be lowered if the project is made available to very low income seniors and if it is near transit routes and large transportation hubs, which subject project is. She compared the total square footage of amenities which is very similar to the previously-approved project, and stated that there is a significant change in that the revised project provides for open space for every unit, and additionally provides for an enclosed private storage space outside the unit (which is on the balcony) so

that items which might otherwise be left on the balcony detracting from the aesthetics of the project can be put away.

Mrs. Forbes noted there was a total overall reduction in open space, but that the previously approved project included open space which was provided in areas that did not meet common open space minimum requirements nor did it provide a functional open space, and by comparison the revised project contains more functional open space than the original project. Next, Mrs. Forbes addressed the building height and explained the tiering of the revised project, and compared the setback requirements between the two projects. Mrs. Forbes stated the Mitigated Negative Declaration noted no impacts in addition to those previously noted and all the impacts are mitigated, and pointed out an error in the Development Agreement (Section 4.6.2) which makes a reference to assisted living facilities as this project is not an assisted living facility and cannot be approved as such. She said the Planning Board recommended approval of the project on a 3-1 vote, and their recommended conditions were included in the proposal before the Council.

David Cain, Architect, representing Scheurer Architects, explained architectural plans, beginning with a layout of the first floor. He noted they have incorporated usable open space, specifically a pool facility, fitness center courtyard, picnic areas, gardens, and several courtyards, and a special feature of the project is a theater which will be used for the residents to put on programs, pointed out side slope and discussed components which were used to animate the project at the corner. He indicated 19 spaces for guest parking was separate from resident parking, which is behind security gates. Mr. Cain discussed the interior of each of the floors of the different wings in detail.

Craig Thibault, Landscape Architect, representing Collaborative West Designs, described the Verdugo Avenue and San Fernando elevations and stated the objective of the landscape application was to accentuate the elevation of the architecture with plant material reminiscent from the period from 1930's-1940's. He discussed the specific landscape application for each of the areas of the project.

Ms. Davidson-Guerra stated the proposed Implementation Agreement amends the approved DDA allowing the project to move forward with certain specific modifications. She noted that the primary revisions pertain to the affordability factor and loan

repayment to the Agency and are necessary because of the revised financing plan. She outlined the three primary components of the financing plan as follows: 1) a bond issuance by the California Housing Financing Agency (CHFA); 2) project approval by the California Debt Limitation Allocation Committee (CDLAC); and 3) the same level of financial assistance by the Redevelopment Agency. She reiterated that the project affordability had been reduced from 100 percent to 30 percent, and the warranted Redevelopment Agency assistance of \$3.25 million is structured in the form of an interest-bearing loan for a term of 40 years. She noted that the approved project did not include interest revenue to the Agency, and that the term was extended from 30 to 40 years due to the participation of CHFA. She stated that the repayment of the Agency loan will be the greater of either a minimum residual receipts payment of \$40,000 per year or 25 percent of the residual receipts generated by the project, and in addition any outstanding loan balance that exists at the end of the term is due and payable in full immediately. She stated that because the developer's tax exempt status does not extend to the proposed market-rate units, the project will now generate tax increment revenue of over \$5 million in non-discounted terms. She noted that if the project revisions were approved at this meeting, CDLAC will consider the project on June 24, 2002, relocation activities will begin in August and the developer will submit construction drawings within four months of project approval, construction will begin in six to nine months, and overall project construction will take about 18 months, or mid-2004. In conclusion, Ms. Davidson-Guerra stated that while several aspects of the approved project have evolved, staff believes that the financial and design attributes are even more favorable than those of the approved project.

Applicant

Mr. Clark, Vice President of Meta Housing Corporation, summarized the tax credit application process undertaken by developer twice in an unsuccessful effort to secure tax credit financing beginning in June 2000 and made even more difficult because of the fact that during the second round of applications, the project rules required that the project be located within a qualified census tract, which this project isn't. For this reason, the developer contacted CHF and worked out a solution which seems to be the most feasible, a combination of market-rate and targeted units. CHFA conducted a market study and, as a result, changes were made to the project such as increasing the size of the units, increasing amenities inside the units, added open space, adequate parking, and the bedroom mix. He concluded that the developer has acquired the site, and has a commitment from the CHFA for tax exempt bonds, and if the allocation of bonds is approved, they can move forward with the project.

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Citizen
Comment

Howard Rothenbach, expressing concerns about the market-share units included in the project, on the change in annual receipts paid to the City, on the split of residential receipts being changed to 25-75 for a period of 40 years favoring the developer, on the tax increment revenue, asking whether the increase in unit sizes includes balcony space and storage space, requesting who will pay for background checks for the mentors, whether the theater be available to people in the community, and, if so, whether there will be a charge for it; Eden Rosen, expressing concern about the change in affordability to 70 percent market-value and only 30 percent low-income; David Piroli, on the market study from National Survey System indicating the average age of residents is 72, that most 72 year olds still own their cars, questioning what the theater will be used for and the potential increase in parking when the theater is being used, inquiring why the theater increased in size from the original proposal, on the project going from 100 percent affordable to 70 percent market-rate, and on the need to address affordable housing for the needs of families, rather than just seniors; Mark Barton, in support of the project, but requesting additional parking; and Mike Nolan, stating the project has been stripped from its original intention, that this proposal fails to address the needs of low- to moderate-income family housing, that the dollars must be spent on housing, that the only needs being addressed are those of the developer, and that the Council should approve the project originally proposed.

Applicant

John Husky, President of Meta Housing Corporation, stated they presented a project for 100 percent senior tax credit housing, but that for several reasons, this can only be done now in a qualified census tract. He discussed that the reason they've gone from 50/50 to 25/75 in the residual receipts participation is directly related to the substantial portion of the units being market-rate because the amount from the 25 percent is so significantly greater than what the 50 percent was that the numbers are upside down, which will result in a significant increase to the City. Mr. Husky noted that the \$40,000 payment is a guaranteed minimum annual payment, and whether Meta Housing is still a part of the project or not will not reduce the payment. Also, he stated the unit size does not include the balconies, and that background checks are conducted for anyone participating in the intergenerational programs.

Ms. Davidson-Guerra clarified that tax increment revenue would not flow to the Agency under the original project comprised of 100 percent affordable units, and reiterated that the current proposal

results in a \$4.1 million net increase above and beyond the \$1.3 million as provided for in the original project. She agreed with a public speaker that the minimum guaranteed annual payment of \$40,000 per year for a term of 40 years results in a \$1.6 million less to the City; however, she pointed out that any amount of the loan which is outstanding at the end of the term of the loan is payable in full, so whether the Agency is repaid through the minimum guaranteed \$40,000 per year, or the 25 percent of the project's cash flow in terms of residual receipts, the Agency is guaranteed to get payment in full of the \$3.25 million, plus interest.

Mrs. Forbes, Principal Planner, noted the School District is very supportive of the intergenerational programs and, with regard to the use of the theater, she responded that there is a condition of approval which states the theater and all amenities on the property are for the sole use of residents of the project. She added that any events held where guests are invited would require having a shuttle service or valet service approved by the Public Works Director and Police Chief, that they cannot advertise any such events, or receive fees or in-kind payment for such events, and therefore events such as renting the theater would not be permitted under the conditions of approval. Mrs. Forbes noted that empirical data was collected with regard to parking, in addition to studies undertaken to arrive at the parking ratio.

Hearing
Closed

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

A discussion ensued regarding the massing of units along Verdugo Avenue, after which it was decided any change of massing at this point would not significantly affect the design. As a result of a detailed discussion regarding the landscaping along Verdugo Avenue, the Italian Cypress trees will be replaced with Mellaluca trees.

Council
Reso. Adopted

City Council Resolution No. 26,252 Adopting a Mitigated Negative Declaration (Southeast Corner of Verdugo Avenue and South San Fernando Boulevard) was adopted.

Council
Reso. Adopted

City Council Resolution No. 26,253 Approving the Implementation Agreement to the Disposition and Development Agreement by and Between the Redevelopment Agency and Burbank Senior Artists Colony, L.P., a Limited Partnership, was adopted.

Motion

It was moved by Ms. Murphy and seconded by Mrs. Ramos that "the following resolution be passed and adopted:"

