



Weekly Management Report

April 18, 2025

- 1. Minutes** Sustainable Burbank Commission
Meeting on March 24, 2025
Public Works Department
- 2. Memo** Aleppo Pine Removal and Replacement Project Update
Parks and Recreation Department
- 3. Memo** Provide an Informational Memo that Includes a List of
Municipalities that have Implemented a Local Film Tax
Credit – Tracking Item No. 2662
Community Development Department
- 4. Memo** Public Education and Outreach Regarding Disaster
Preparedness in the City of Burbank - Tracking Item No. 2675
Fire Department
- 5. Memo** Impact of Tariffs on City's Pension Plan and Investment
Portfolio – Tracking Item No. 2697
City Treasurer Department

**SUSTAINABLE BURBANK COMMISSION
MARCH 24, 2025, MINUTES**

I. CALL TO ORDER

The meeting of the Sustainable Burbank Commission was held in the Community Services Building, 150 N. Third St., on the above date. Chair Victoria Kirschenbaum called the meeting to order at 5:01 p.m.

II. ROLL CALL

Members Present:

Victoria Kirschenbaum (Chair)
Adrine Der-Tavitian (Vice Chair)
Kevin O'Brien – arrived at 5:02 p.m.
Jenny Deahl
Limor Zimskind
Jared Cavagnuolo
Charles Wilson – arrived at 5:12 p.m.
Alissandra Valdez
Robin Gemmill
Jared Cavagnuolo

Members Absent:

Council Members, Liaisons, and Staff Present:

John Molinar – Asst. Public Works Director – Streets & Waste Management
Amber Duran – Recycling Coordinator
Berenice Quintero – Senior Clerk, Recording Secretary
Drew Johnstone – Sustainability Officer, Burbank Water & Power
Michelle Hoffmann – Senior Admin. Analyst, Burbank Recycle Center
Nikki Perez – Mayor, City Council Member
Tamala Takahashi – City Council Member

III. ORAL COMMUNICATIONS (Limited to items on the printed agenda or items regarding the business of the Sustainable Burbank Commission. The Commission has adopted rules to limit oral communications to 3 minutes; however, the Commission reserves the right to shorten this time period.)

A. Public Communication

There were no comments from the public.

B. Commission Member Communication

Chair Kirschenbaum attended a Strong Towns meeting and volunteered at Stough Canyon Park with Commissioner Gemmill.

Commissioner Deahl provided an update on the Parks and Recreation Board meeting. She also provided an update on the Burbank Water & Power's (BWP) Drought Contingency Stakeholder task force.

Commissioner O'Brien shared with the Commission that he had a positive experience using the Burbank 311 app to report businesses that were not complying with the Waste Reduction Ordinance.

C. **Staff Communication**

Drew Johnstone provided an update on BWP's customer portfolio rebates and informed that BWP will be providing updates to City Council and BWP Board.

IV. APPROVAL OF MINUTES

Ms. Deahl moved, and Ms. Zimskind seconded a motion to approve the February 24, 2025, draft minutes. The motion was approved by Ms. Kirschenbaum, Ms. Gemmill, Ms. Valdez, Ms. Der-Tavitian, and Mr. Cavagnuolo. Mr. O'Brien abstained.

V. PRESENTATION ON SOLAR NET BILLING POLICIES

Solar Rights Alliance's Cailey Underhill presented to the Commission on rooftop solar policies and usage, and provided suggestions that Burbank could adopt into their policies to encourage the community to electrify.

VI. FISCAL YEAR 24-25 SUSTAINABLE BURBANK COMMISSION BUDGET PROPOSAL

Staff informed the Commission that the proposed 24-25 Sustainable Burbank Commission budget was approved (attachment 1).

VII. FISCAL YEAR 25-26 SUSTAINABLE BURBANK COMMISSION BUDGET PROPOSAL

The Commission discussed the proposed 25-26 Sustainable Burbank Commission budget for the ad hoc Budget subcommittee to evaluate and consider.

VIII. AD HOC OUTREACH SUBCOMMITTEE

The subcommittee met with the teen librarian Lindsey S. to discuss a youth roundtable on climate anxiety, community organizing and other environmental justice efforts. They provided an update on upcoming community events for the year.

IX. AD HOC BURBANK HABITAT RESTORATION SUBCOMMITTEE

The subcommittee informed the Commission that they had discussed planting native landscaping at the Stough Nature Center.

X. AD HOC GREENHOUSE GAS REDUCTION IMPLEMENTATION SUBCOMMITTEE

The subcommittee provided an update on their focus on electrification of leaf blowers.

XI. AD HOC WASTE REDUCTION ORDINANCE IMPLEMENTATION SUBCOMMITTEE

Staff informed the Commission that they will be going to City Council to give an update and are developing a program to issue microgrants.

XII. DISCUSS UPCOMING SUSTAINABILITY RELATED COUNCIL AGENDA ITEMS

1. Waste Reduction Ordinance – Update (March 25, 2025)
2. BWP's Changes to Customer Efficiency and Electrification Incentives – Approval (April 22, 2025)
3. Metro Bus Rapid Transit Configuration – Approval (April 22, 2025)

XIII. INTRODUCTION OF ADDITIONAL AGENDA ITEMS

1. Solar Net Billing Policies Discussion
2. Fiscal Year 25-26 Sustainable Burbank Commission Budget Proposal Discussion (April, May)

FUTURE AGENDA ITEMS

XIV. ADJOURNMENT

The meeting was adjourned at 6:41 p.m. The next meeting will be held on Monday, April 21, 2025, at 5:00 p.m. at the Community Services Building, Room 104.

Respectfully submitted,

John Molinar, Assistant Public Works Director - Street & Waste Management
JM: ad

2/24/25

TO: Ken Berkman, Public Works
FROM: Sustainable Burbank Commission
SUBJECT: FY 24-25 Budget Proposal for \$15,000

BACKGROUND:

The Burbank City Council has provided the Sustainable Burbank Commission with \$15,000 for FY 2024-2025 to support activities within SBC's scope of work. The SBC Budget SubCommittee met with Commission Staff liaisons to flesh out priority areas for funding. Recommendations from the Budget SubCommittee were then presented at the October 21, 2024, SBC meeting, where Commission members discussed and then voted unanimously to support the proposed activities. On February 24, 2025, the Commission approved needed amendments.

OBJECTIVE:

To use the City's financial support to promote SBC efforts in the community, as laid out below.

PROPOSED ACTIVITIES FOR FY 2024-2025:

1. **EARTH DAY EVENT**, April 26, 2025, at Ralph Foy Park, modeled on the successful Burbank Eco Council Pedal Party held in April of 2024 for Earth Day. The event will be a partnership that includes SBC, Burbank Eco Council (BEC), Burbank Recycle Center, Public Works, BWP, and Burbank Parks and Recreation, to create a signature environmental outreach event, with plans to recreate this event annually.

The Earth Day event will include a bicycle obstacle course, booths staffed by local environmental organizations, a stage and musical acts, BWP demonstrations, Burbank Recycling Center display, and an SBC outreach table. In 2025, we anticipate additional participation by local youth clubs and organizations, speakers on environmental topics, and more representation by local green groups. Last year's Pedal Party attendance was approximately 300. With additional marketing and partnerships, we foresee an increase in attendance of 30%.

SBC will provide an event sponsorship to the Burbank Eco Council to cover some of the costs in the Burbank Eco Council proposal below, not to exceed \$8,000.

PROPOSED BUDGET	COST
Canopies, Tables, Chairs*	\$2,000.00
Stage + Canopy (20x20 Riser)*	\$3,463.73
Audio (mic + speakers)*	\$929.00
Blowup Obstacle*	\$548.60
Falconer (Joe Suffredini-PW vendor)	\$400.00
Insurance for Non-City Exhibitors (35)*	\$1,593.00
Wayfinding Signage*	\$500.00
Misc admin (Nametag, pens, caution tape, easel rentals, etc)*	\$500.00
TOTAL	\$9,934.33

**These are quotes from Burbank Parks and Recreation approved vendors.*

2. **MICRO-GRANTS** to support small businesses in complying with Burbank's new [Waste Reduction Regulations Ordinance](#). With the passage of the City's Waste Reduction Regulations Ordinance, which was fully supported by the SBC, some small businesses in Burbank are feeling financially burdened by the unfunded mandate to transition to reusable foodware. To ease their initial investments in ordinance compliant materials, the SBC would like to pilot a micro-grant program, to provide eligible businesses up to \$500 each to support the new legislation. Burbank Recycle Center Staff would support SBC by developing the program, identifying the eligible recipients, and awarding the micro-grants to the seven businesses.
3. **SBC BRANDED REUSABLE PRODUCE BAGS** to increase SBC's visibility in the community and promote Senate Bill (SB) 1046 that bans single-use plastic produce bags which goes into effect January 1, 2025. These produce bags will encourage reduction of plastic and other one-time use bags. Burbank Recycle Center has offered to work with their contract graphic designer to present up to three SBC logos for the Commission's approval. There will be 2000 bags at \$1.94 each plus set up fees, taxes, etc.--costs split with Burbank Recycle Center. SBC portion of the cost will be \$2,000.

4. **NATIVE PLANTS** for the new Burbank Community Garden located on Hollywood Way, not to exceed \$1500.

PROPOSED BUDGET:

Summary of Proposed Activities:

\$8,000	Earth Day Event Sponsorship
3,500	7 Micro-Grants
2,000	Produce Bags
1,500	Native Plants
\$15,000	Grand Total

MEMORANDUM



PARKS AND RECREATION



DATE: April 18, 2025

TO: Justin Hess, City Manager

FROM: Marisa Garcia, Park, Recreation, and Community Services Director
VIA: Michael del Campo, Park, Recreation and Community Services Assistant Director
BY: Lupe Santarriaga, Administrative Analyst I

SUBJECT: Aleppo Pine Removal and Replacement Project Update

In October 2023, the City began the Aleppo Pine Removal and Replacement Project (Project), which includes the removal of 121 Aleppo Pine trees and one Stone Pine, for a total of 122 parkway trees identified by the City's arboriculture experts as having likely reached maturity and at potential risk of failure.

On October 9, 2023, Petitioner Guardians of the Pines (Petitioner) filed a Verified Petition for Writ of Mandate in Los Angeles Superior Court, alleging that the City's removal of certain trees violated the California Environmental Quality Act (CEQA). Concurrently, the Petitioner submitted an *Ex Parte* Application for a Temporary Restraining Order (TRO) to halt the City's tree removals. The Court granted the TRO in part by directing the City to refrain from any non-emergency removals until further notice. The City proceeded with the emergency removal of the three (3) highest-risk trees, and CEQA review of the entire Project.

In February 2024, following heavy rains, the City removed another eight (8) trees on an emergency basis due to the imminent danger they posed to the adjoining residential areas. On March 14, 2024, an additional Aleppo Pine tree failed during windy conditions, prompting the City to proceed with the emergency removal of 38 more trees. Most recently, following the January 7, 2025, windstorm and yet another Aleppo Pine tree failure on January 8, 2025, the City began removing all Level 2 trees, approximately 50 in total, on an emergency basis, and pursuant to a settlement reached with the Petitioner Guardians. This work began in late February and is expected to be completed in May.

On December 17, 2024, the City Council (Council) received a summary of the Project and its environmental analysis. A final Mitigated Negative Declaration (MND) and a Mitigation Monitoring and Reporting Program were presented for Council's adoption with Project approval. However, significant comment materials challenging the adequacy of the MND were submitted on the same date. To allow for a thorough review, Council deferred action on the Project.

Staff is now scheduled to return to Council on April 22, with the original MND and a slightly modified Mitigation Monitoring Report for consideration and adoption. In response to public input and to further enhance environmental protections, two key updates were made to Mitigation Measure BIO-1 in the MND: (1) buffer zone distances around active nests increased to better protect nesting birds and raptors, and (2) a pre-construction survey by a qualified biologist within three days prior to any tree removal or vegetation clearing is required during the nesting season. Further replanting and watering responsibilities have also been incorporated. As a result, the MND being presented April 22 to the Council will include minor but meaningful revisions from the version reviewed on December 17, 2024.

The MND and revised MMRP are on the April 22, 2025 Council consent agenda for consideration. The City has worked diligently to address public concerns, comply with legal requirements, and ensure public safety.


MEMORANDUM



COMMUNITY DEVELOPMENT

DATE: April 17, 2025

TO: Justin Hess, City Manager

FROM: Patrick Prescott, Community Development Director 
VIA: Simone McFarland, Assistant Community Development Director

SUBJECT: City Manager Tracking Item No. 2662 – Provide an Informational Memo that Includes a List of Municipalities that have Implemented a Local Film Tax Credit

BACKGROUND

On November 19, 2024, Council requested an informational memo that included a list of municipalities that have implemented a film tax credit. As economic development is a top priority for Council in 2025, this request will help facilitate future conversations concerning Burbank's local economy. Currently, there are only a few local cities that offer incentives specifically for filming within their city in addition to currently offered State tax credits. If a film company works within these jurisdictions and they qualify, they can request credits from the city and the State. These include the cities of Los Angeles and Santa Clarita. However, several states offer incentives, and cities promote these state incentives as reasons to film within their jurisdiction. Descriptions of some of these programs are listed below.

SUMMARY

State Tax Credits

Staff researched the various states across the U.S. currently offering film and television tax credits and incentives.

CALIFORNIA provides an incentive program that includes a 25% credit for relocating TV services, and independent films. Also offered is a 20% tax credit for feature films, new TV series, mini-series and pilots. There is a 5% to 10% additional credit for "out-of-zone" filming, visual effects and local hire labor. In his proposed 2025-26 Budget, Governor Gavin Newsome proposed an increase in funding for the California Film and Television Tax Credit Program that would adjust the program's cap from \$330 million to \$750 million.

On January 28, 2025, the Council approved a letter of support for the Governor's proposal.

GEORGIA offers a flat tax credit of 20% to certified projects, based on a minimum investment of \$500,000 over a single tax year on qualified expenditures. An additional 10% amount can be earned by including an embedded animated or static Georgia promotional logo provided by the Georgia Film Office.

ILLINOIS offers a 30% transferable Tax Credit for qualified productions.

NEW MEXICO offers a range of financial incentives for production, including a 25-35% refundable tax credit for direct production expenditures.

NEW YORK has a Film Production Tax Credit of 25% for qualified costs incurred within the State for eligible productions. There are no caps for potential benefit for this credit.

PENNSYLVANIA provides a 25% tax credit to productions that spend at least 60% of their total budget in the Commonwealth.

TEXAS offers a cash grant of up to 22.5% back, based on a percentage of a project's eligible Texas expenditures.

City Tax Credits

Staff researched the cities of Glendale, Los Angeles, Pasadena, Santa Clarita and West Hollywood and found that only Los Angeles and Santa Clarita currently offer local incentives.

1. Los Angeles, California

Program: Los Angeles Film Incentive Program

Details: The City of Los Angeles offers an exemption for "creative artists" who generate up to \$300,000 in total taxable and non-taxable work that is attributed to their creative activities. Work within-City and out-of-the-City qualifies. If the total of the taxable and nontaxable gross receipts from the work exceeds \$300,000, the exemption does not apply. The creative activities exemption is only available to registered businesses and not new businesses. This exemption applies only to individual "creative artists, when performing creative activities for entertainment or aesthetic purposes." Additionally, the exemption only applies to those receipts earned from their creative activities and does not include income from any other source. (Note: Burbank does not have a gross receipts tax so a creative artist is already receiving a tax exemption when working within Burbank.)

2. Santa Clarita, California

Program: Santa Clarita Incentive Program

Details: The City of Santa Clarita offers refunds on basic film permits for productions at an approved location for four consecutive weeks or four film permits within a specified time, or if the production is approved for the California Film and Television Tax Credit Program. They also refund 50% of Transient Occupancy Taxes (TOT), not to exceed 5%

of the TOT and with a maximum refund amount of \$7,500 to productions with 50 room nights within a 30-day period. (Attachment 1).

CONCLUSION

In conclusion, the vast majority of film incentives are offered via state programs. The State of California has a robust Film and Television Tax Credit Program that is designed to encourage more filming within the state. Staff has spoken with professionals in the industry and understand that studios are also requesting additionally flexibility to make the funding more competitive.

ATTACHMENTS

Attachment 1 – Santa Clarita Film Incentive Program



CITY OF SANTA CLARITA FILM INCENTIVE PROGRAM (FIP) SUMMARY

The Santa Clarita City Council is committed to doing everything possible to keep filming in L.A. County. To that end, since 2009 the Council has approved funding a Film Incentive Program (FIP). The FIP is aimed at retaining and increasing feature and television production in the City of Santa Clarita (City) and the Santa Clarita Valley (SCV) by subsidizing permit fees, in addition to reducing costs of safety personnel as possible.

The FIP offers refunds of basic film permit fees and portions of hotel occupancy taxes to qualifying productions as stated below and has a subsidy cap of \$60,000 per fiscal year (July 1 – June 30). Applications will be accepted and subsidies will be allocated on a first come, first served basis. Productions based in the City will be given first priority.

The FIP also provides a substantial savings to productions assigned LA County Sheriff Deputies for traffic control and safety during filming within City limits. In July 2010, the City began offering its contract rate to productions, providing a savings of up to \$25 per hour when compared to private entity rates. The process of ordering and paying for LA County Sheriff services was also streamlined with all aspects being handled by the Santa Clarita Film Office as part of the permitting process.

Incentive Option 1 – Locally Based & Recurring Productions

City will refund the basic film permit fee(s) to the following:

- Production based at an approved location in the SCV² for a minimum of four consecutive weeks; or
- Production that pulls four (4) or more City film permits within a specified time period
- Eligible productions include: feature length films, episodic television series, television pilots, television movies/miniseries, commercials, and music videos¹

Incentive Option 2 – CA Film & Television Tax Credit Program Approved Productions

City will refund the basic film permit fee(s) to the following:

- Production project that is approved for the California Film & Television Tax Credit Program

Incentive Option 3 – Occupancy at City Hotels

City will refund fifty percent (50%) of Transient Occupancy Taxes (TOT), not to exceed five percent (5%), collected within the City and a maximum refund of \$7,500 to the following:

- Production company that purchases a minimum of 50 room nights within a 30 day period at a hotel located within the City²; and
- Production that films at an approved location in the SCV³

¹ Not eligible productions for Incentive Option 1 include: news programs, current events or public affairs programs, interview or talk shows, game shows, cooking shows, sporting events, awards shows, "reality" shows, productions that solicit funds, industrial and corporate films, films or programs consisting of more than 50% stock footage, documentaries, variety programs, daytime dramas, internet content or web programming (not distributed by Netflix, Amazon, etc. and/or network/cable channels), strip shows, student films, non-profit, and any production for which records are required to be maintained with respect to any performer in such production under Section 2257 of Title 18 of the United States Code (reporting of books, films, etc. with respect to sexually explicit conduct)

² Hotels located in City of Santa Clarita include Best Western/Six Flags Inn & Suites (27513 Wayne Mills Pl.), Courtyard by Marriott (28253 Westinghouse Pl.), Embassy Suites (28508 Westinghouse Pl.), Holiday Inn Express & Suites (27513 Wayne Mills Pl.), Homewood Suites/Hampton Inn (28700 Newhall Ranch Rd.), Hotel Lexen (24219 Railroad Ave.), Hyatt Regency Valencia (24500 Town Center Dr.), Santa Clarita Motel (24971 Railroad Ave.), Springhill Suites/Residence Inn (27505 Wayne Mills Pl.) Super 8 (17901 Sierra Highway), Travel Lodge (17843 Sierra Hwy.)

³ "SCV" includes the following zip codes: 91321, 91350, 91351, 91354, 91355, 91381, 91382, 91383, 91384, 91387, 91390, 93510

MEMORANDUM



FIRE DEPARTMENT

DATE: April 15, 2025

TO: Justin Hess, City Manager

FROM: Danny Alvarez, Fire Chief *CA for D.A.*

SUBJECT: City Manager Tracking List Item No. 2675 - Public Education and Outreach Regarding Disaster Preparedness in the City of Burbank

BACKGROUND

At the January 14, 2025 City Council meeting, Councilmember Mullins requested a first step report to explore the feasibility of facilitating a community safety workshop for public discussion and inquiry into the City's preparation and response to emergencies, including wildfires, wind events, and other natural and manmade disasters. The Burbank Fire Department's Emergency Management Division, overseen by an Emergency Management Administrator, coordinates a comprehensive program to promote effective and efficient community-wide response and recovery in the event of a natural disaster or other emergency, with program elements that include hazard mitigation planning, emergency alerting and dissemination of informational resources to the public, disaster training for community members, volunteers, and City staff, and management of the City's Emergency Operations Center (EOC). This memo provides an overview of citywide disaster preparedness efforts led by the Burbank Fire Department, coordinated initiatives with other City departments and community stakeholders, and prospective opportunities to utilize existing platforms and City events for continuous and targeted outreach in effort to inform and prepare the public for a large-scale disaster.

DISCUSSION

Citywide disaster preparedness entails training, education, notification to, and input from internal and external stakeholders. The Emergency Management Administrator facilitates quarterly tabletop exercises for City Executives which simulate crucial policy-level decision-making processes involved in disaster response and recovery. City Departments and community organizations further coordinate with the City's Safety Division, Emergency Management Division, and the Burbank Police Department to engage in

mock trainings for natural disasters and mass casualty events. Training is also provided as necessary for designated staff assigned to the City's EOC to ensure rapid activation at the onset of an emergency such as the recent windstorm events.

As the function of key industries, community organizations, and other local government agencies may intersect with City response and recovery operations during a disaster, select community stakeholders are invited to participate in the development and review of the City's large-scale emergency plans, which include the following:

- *Emergency Operations Plan*, last revised in fall of 2023 and updated biannually, involved various community stakeholders from Providence Saint Joseph Medical Center, the Hollywood Burbank Airport, the Burbank Unified School District (BUSD), and film industry and local business leaders.
- *Local Hazard Mitigation Plan*, developed in 2023 to outline a five-year timeline for various hazard mitigation projects such as the hardening of electrical infrastructure in fire hazard zones, seismic retrofitting and replacement of potable water pipe, and flood and debris flow mitigation to reduce risk to private and public property.

The Fire Department's Emergency Management Division frequently communicates with internal and external stakeholders in the City of Burbank for the provision of key environmental updates, which includes notifications to City leaders, schools, medical facilities, key industries, the Hollywood Burbank Airport, and community organizations. Additionally, members of the general public are encouraged to register for Alert Burbank, an emergency notification system that provides time-sensitive messages via phone, email, or text in the event of evacuations or other significant events. The Emergency Management Division also maintains Ready Burbank, a web-based platform with links to informational resources that include checklists for disaster kits, hazard-specific preparedness tools, and evacuation planning. The Fire Department further coordinates with the City's Public Information Office and the Police Department for social media, website, and email notifications regarding severe weather, power outages, and other non-emergent advisories and participates in national campaigns such as Earthquake Awareness Month (April) and Disaster Preparedness Month (September).

For community members who are interested in receiving direct training on disaster preparedness, the Emergency Management Division coordinates the Community Emergency Response Team (CERT), a free four-week program encompassing topics ranging from basic fire suppression, search and rescue, and disaster medical techniques to disaster psychology and assistance to family members and neighbors in the event of an emergency. Fire Corps offers a long-term volunteer opportunity for CERT members who seek state certification as disaster service workers, enabling them to serve as a

volunteer auxiliary wing of the Burbank Fire Department and provide disaster preparedness trainings at monthly meetings that are open to the public.

The Fire Department's outreach is not limited to engagement with the community in long term planning or formal disaster training opportunities. The Fire Chief, Emergency Management Administrator, Fire Marshal, and other City staff conduct public education and outreach via participation at City fairs, public forums, and presentations to various community groups representing diverse residential and business interests in the City. Recent outreach regarding disaster preparedness includes the following:

- Large community events, such as National Night Out and Holiday in the Park, which enable City staff to interface with and reach a wide demographic.
- Participation in Woodbury University's *Connect and Reflect: Gratitude and Disaster Preparedness*, a presentation and question-and-answer session facilitated by Fire Department staff on the City's relationships with local and regional agencies and general disaster preparedness.
- Emergency Management presentation to the Burbank RISE (Residents Inspiring Service & Empowerment) Program.
- Presentations to residential care facilities such as Belmont Village Senior Living.

During the January windstorm events, the Fire Department received several inquiries from the public regarding general disaster preparedness, potential evacuation orders, and informational resources. As key stakeholders are already involved in the City's operational planning, outreach at large community events as well as targeted outreach to at-risk groups may be a more effective approach in answering specific disaster preparedness questions from the public, reaching a wider swath of the community, and facilitating effective public education outside of a formal townhall, study session, or community workshop.

Staff recommends the Emergency Management Division build upon its current education and outreach efforts by coordinating between the public safety departments to facilitate disaster preparedness presentations for future classes of the Police Department's Community Academy, attending neighborhood watch meetings, and hosting question-and-answer sessions at upcoming City events. Attended by hundreds of Burbank residents, Police & Fire Service Day in May presents an opportunity to host multiple brief presentations on the City's safety services, including an overview of the Police Department's Mobile Command Post; direct individuals to written and digital resources on emergency preparedness; and respond to specific inquiries from community members. These sessions would be facilitated by the Emergency Management Administrator and would be integrated into the schedule of demonstrations for Police & Fire Service Day.

CONCLUSION

Citywide disaster preparedness involves both comprehensive planning by internal and external subject matter experts as well as general education and outreach to ensure that public and private resources, families, and individuals are ready to respond to, cope with, and recover from a disaster or emergency. Both public safety departments contain outreach divisions that engage with the public and conduct presentations upon request. Ongoing education and targeted outreach may be more effective than a formal townhall or community workshop in that sessions can be integrated into existing programs and events and allow staff to directly interface with a range of demographics. In effort to address the goal of Councilmember Mullins' request for a safety workshop to educate and answer the questions and concerns of community members, City staff recommends a targeted approach and the utilization of the upcoming outreach opportunity at Police & Fire Service Day to integrate emergency preparedness education into existing City programs and events.

MEMORANDUM



CITY TREASURER

DATE: April 17, 2025

TO: Honorable Mayor and Council Members

FROM: Krystle Palmer, City Treasurer *Krystle Palmer*

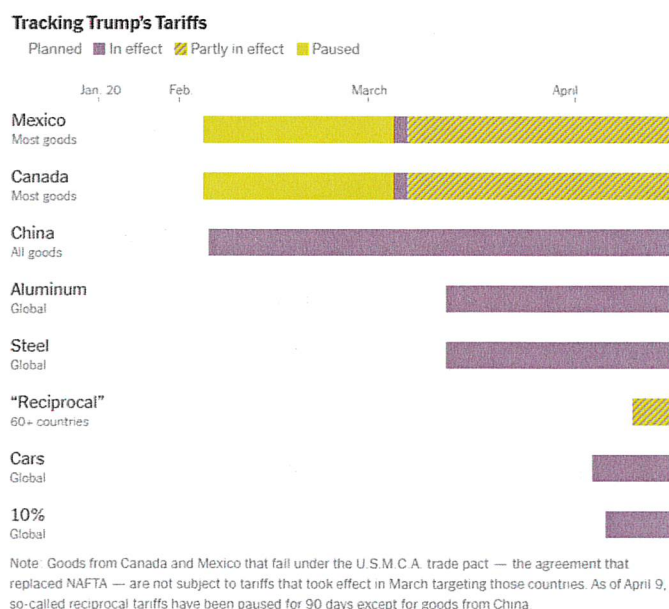
SUBJECT: City Manager Tracking List # 2697 – Impact of Tariffs on City’s Pension Plan and Investment Portfolio

BACKGROUND

At the April 8, 2025, Council Meeting, Council Member Rizzotti requested an update on the impact of tariffs on the City’s pension plan and investment portfolio.

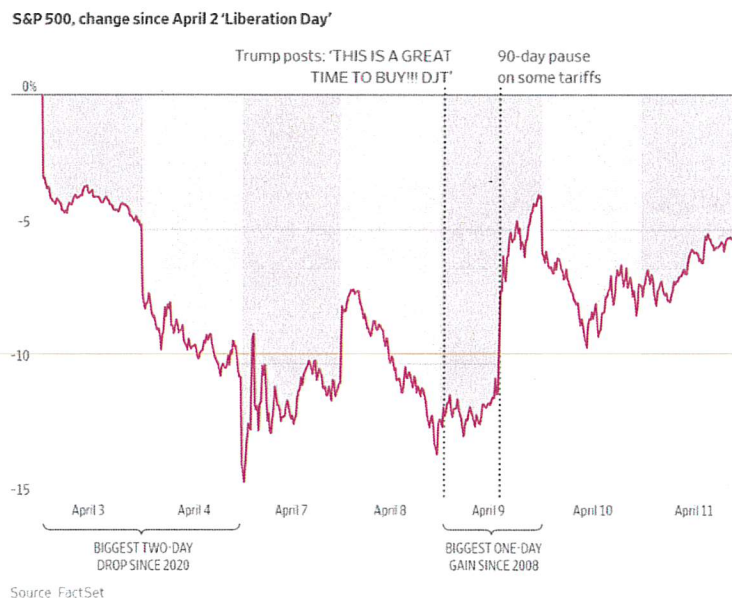
DISCUSSION

President Trump has issued a flurry of tariffs since he started his second term earlier this year. In the past few months, several tariffs have been announced, planned, paused, and rescinded, causing turmoil in the markets as investors assess the potential impact of these tariffs on both the US and global economy.



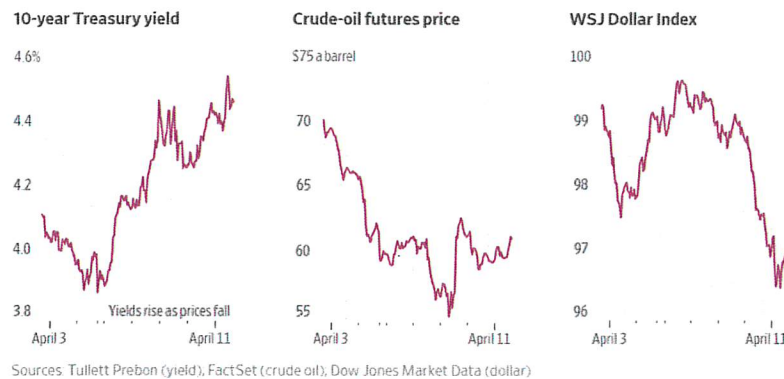
On April 2, 2025, President Trump announced the most expansive tariffs yet, imposing a minimum 10% tariff baseline on all countries effective April 5. Higher reciprocal rates were imposed on some countries, depending on the extent of their trade imbalance with the US, calculated at half the rate of tariffs and non-tariff barriers those countries place on US goods. China, for example, received an additional 34% in tariffs on top of the 20% previously imposed, for a total of 54%. Other big exporters like Vietnam and Cambodia got assessed with 46% and 49% in tariffs, respectively. Even US allies were affected with the European Union (EU) facing tariffs at 20%, Japan at 24%, and the United Kingdom (UK) at 10%.

Global market indices dropped in the days following the announcement with fears of a widespread economic downturn. Economists believe that the tariffs will lead to much slower economic growth with higher prices for most goods. Inflation may reignite with companies passing on cost increases to customers. With higher costs and weaker demand, employers may have to lay off workers, resulting in higher unemployment. Forecasters predicted an increased probability of a recession.



On April 3, China announced it will impose a 34% tariff on imports from the US, matching the US reciprocal rate, and further inciting fears of a global trade war. On April 8, President Trump countered with an additional 50% tariff on China, followed by China responding with an additional 50% tariff on the US on April 9. The EU also approved retaliatory tariffs on the US. At this point, the S&P 500 was down ~13% from where it was before the tariff announcement on April 2. Meanwhile, Treasury yields continued to climb, especially for the longer dated 10-year and 30-year Treasuries, as investors began to lose faith in the stability of the long-term US economy and demanded a higher return to hold US bonds.

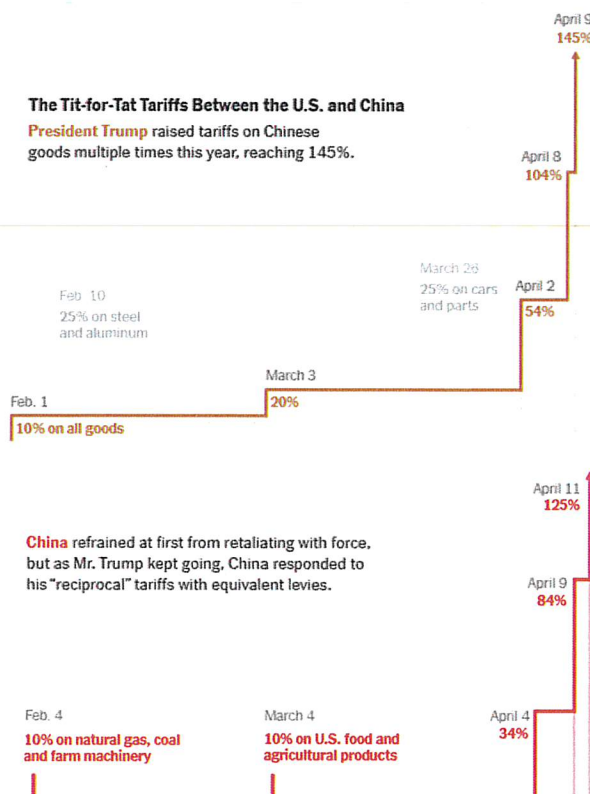
of longer maturities. Oil prices dropped with fears of slowing demand. The US dollar also continued to weaken with growing concern about the US dollar's status as the "global reserve" currency.



On April 9, in an abrupt change of plans, President Trump announced he would pause all reciprocal tariffs for the next 90 days, with the 10% baseline tariffs remaining in place. However, the pause did not apply to China. Instead, additional retaliatory tariffs were announced, bringing China's total tariffs to 145%. On April 11, China announced its own counter-tariffs, bringing the total imposed on the US to 125%. Following the pause on global reciprocal tariffs, the EU paused its own reciprocal tariffs on the US.

The Tit-for-Tat Tariffs Between the U.S. and China

President Trump raised tariffs on Chinese goods multiple times this year, reaching 145%.



Sources: White House, China's Ministry of Finance By Agnes Chang and Pablo Robles

With the pause on expansive reciprocal tariffs, global market indices have since rebounded. On April 9, the S&P 500 saw its biggest one-day gain since 2008, and is now down just ~6% from when tariffs were announced. The bond market has also recovered with yields stabilizing. The volatility index is still higher than what it was previously but has pulled back sharply from last week's peaks.

Impact on Pension Plan

The City of Burbank is a member of the California Public Employee Retirement System (CalPERS). CalPERS is the largest defined-benefit public pension in the nation, managing over \$500 billion in assets on behalf of more than 2 million members. Its standing policy is to earn an investment return of at least 6.8% over the previous 12 months. This discount rate (assumed investment rate of return) is what CalPERS expects its investments to earn on average, which sets the foundation of contribution rates set for employer partners, local governments, schools, and state government. For FY 2023-24, the total fund annual investment rate of return came in at 9.3%. CalPERS investments are well diversified, with exposure to both higher risk assets and defensive instruments. While its largest holdings are in Global Equity (Public Equity) comprising ~39% of the portfolio, it also invests in Fixed Income (~30%), Private Equity (~18%), Real Assets (~13%), and Private Debt (~4%).

In a statement this week, CalPERS CEO Marcie Frost stated that “on the day before the tariffs went into effect, our estimated market value was almost \$532 billion. Within a week's time, the value dropped by some \$26 billion. Recent events have moved the numbers around a bit more, but the overall trend during all of this has been one of decline... The current events here in the US could have a serious impact on our investment returns as of June 30 and into the fiscal year that begins after that.” She also added that “our investment team believes that the larger and more widespread these tariffs are, the more drag there may be on GDP and more increase in prices. And it feels as though a recession is now a real risk for the economy, posing substantial challenges.” However, in addressing the CalPERS Board, she also explained that “your pension is safe, even in challenging times, CalPERS has more than enough liquidity to make the monthly payments that you rely upon.”

As of December 31, 2024, CalPERS's Fiscal Year-to-Date Total Return was at 4.1%. While we will not know the final FY 2024-25 return for CalPERS's portfolio until next year, it should be noted that its market value has recovered since last week and ended at \$522 billion as of market close on April 15. In a recent statement, CalPERS CIO Stephen Gilmore said that “while we're well-positioned to weather unsettled times, we aren't immune to these market challenges. And it's quite possible these challenges will affect the annual investment returns that we will report on June 30. We share the concerns expressed by other investors. The new tariffs and other policy changes are creating the kind of volatility that's reminiscent of the Global Financial Crisis and the early stages of

the COVID-19 pandemic. To lessen the blow, we rely on a foundation of diversification across regions, sectors, and investment strategies. Diversification reduces the severity of drawdowns and supports long-term resilience. There's still much to learn about the nature of the governmental actions that have taken place, especially when it comes to the imposition of new tariffs and their impact on GDP and inflation. On the upside, market volatility can present opportunities to buy assets that may be oversold relative to their real value. Those purchases can boost our portfolio in the years to come.”

Impact on Investment Portfolio

The investment of the City's portfolio is governed by Federal, State, and local laws including our own Investment Policy that is approved by Council every year. Under these guidelines, the City's portfolio is only to be invested in certain high-quality allowable instruments, the specific type, maximum maturities, and maximum percentages of which are outlined in the City's Investment Policy. It is worth emphasizing that the portfolio may not be invested in equities (stock market), cryptocurrencies, private equity, hedge funds, commodities, or other alternative assets.

The foremost objective in investing the City's funds is Safety of Principal, primarily achieved by avoiding credit risk and minimizing market risk. With the implementation of tariffs, it is possible that costs may increase, and revenues may decrease for certain businesses or municipalities in which the City has invested in fixed income instruments (Medium Term Notes and Municipal Bonds). While the City only invests in bonds that are rated upper investment grade by the major ratings agencies, using Bloomberg real-time alerts and news feeds, we diligently monitor the credit ratings of our holdings and review any securities that may raise concern. Taking into account the impact of tariffs, we believe we do not own any bonds that are at serious risk for default.

Other holdings in the portfolio remain stable and credit worthy. The portfolio's Certificates of Deposit are fully insured by the Federal Deposit Insurance Corporation (FDIC) or the National Credit Union Administration (NCUA). Treasury obligations have the explicit guarantee of the full faith and credit of the United States for payment of principal and interest. The credit standing of US Agencies or Government Sponsored Enterprises is an implied guarantee on the part of the US Treasury. Our Supranational Organizations holdings all received the highest rating of AAA by the major ratings agencies. Our liquid investments with the California Asset Management Program (CAMP) and the Morgan Stanley money market fund seek to maintain a stable net asset value, meaning the chance of losing principal is minimized because a \$1 investment always maintains its \$1 value, and does not fluctuate depending on market movements. Similarly, with the Local Agency Investment Fund (LAIF), the value of the underlying securities within the pool do not affect the value of the money that LAIF participants deposit in the fund.

In terms of market risk, while the market value of the portfolio continues to fluctuate with interest rate movements, the City's portfolio is well diversified. Furthermore, following the second investment objective of Liquidity, we maintain ample levels of liquidity so that we can meet both expected and unexpected cash flow requirements, as well as preclude any need to sell holdings at a loss. It is worth noting that the City's portfolio employs a "buy and hold" approach, meaning that bonds are held until maturity, so that even if the market value of securities fluctuate throughout the life of the bond, it does not result in realized gains or losses because the bonds are not sold before the maturity date. The City still gets its regular interest payments throughout the life of the bond, and the principal upon maturity.

However, adverse interest rate movements do impact the reinvestment risk of the portfolio. There remains a lot of uncertainty surrounding tariffs and it is unclear what the Federal Reserve will do with rates given the potential impact of these tariffs on the markets and the economy. On one hand, slower economic growth and job losses may necessitate faster rate cuts to boost the economy. On the other hand, higher prices may necessitate holding rates higher longer to contain inflation. In a speech this week, Fed Chair Powell said that "the level of the tariff increases announced so far is significantly larger than anticipated. The same is likely to be true of the economic effects, which will include higher inflation and slower growth... Tariffs are highly likely to generate at least a temporary rise in inflation. The inflationary effects could also be more persistent. Avoiding that outcome will depend on the size of the effects, on how long it takes for them to pass through fully to prices, and, ultimately, on keeping longer-term inflation expectations well anchored... For the time being, we are well positioned to wait for greater clarity before considering any adjustments to our policy stance." To address reinvestment risk, the City employs a "ladder approach" meaning that investments are invested periodically so that maturities are spread across the maximum five year horizon. This allows the City to "dollar cost average" its investments, minimizing the risk that investments are concentrated in specific economic cycles and interest rate environments.

After the basic requirements of Safety and Liquidity are met, Yield is the final investment objective. If tariffs result in lower rates in the long run because of an economic slowdown, the City's portfolio yield may decline as new investments are purchased at a lower yield. However, it is also possible that rates remain steady or move higher if the Federal Reserve keeps rates higher for longer to control inflation. In addition, if investors lose faith in the stability of the US economy, it may lead to a reduced demand for US Treasuries, pushing up yields as investors demand higher compensation for holding US debt. Furthermore, the volatile environment may also present some temporary opportunities for higher yielding investments, especially as large investors are forced to liquidate their holdings in reaction to market movements.

CONCLUSION

Both CalPERS and the City's investment portfolio are well positioned to weather the impacts of tariffs on markets and the overall economy. With diversification and a longer time horizon, both CalPERS and the City's investment portfolio should be able to withstand the short-term fluctuations of the market. We continue to actively monitor policy developments and our current holdings, maintaining ample liquidity to address any unforeseen cash flow needs, while also taking advantage of opportunities resulting from the volatile economic environment.