



**CITY OF HUNTINGTON BEACH
PUBLIC WORKS COMMISSION
REQUEST FOR ACTION**

Item No. PW10-12

SUBMITTED TO: Chairman Siersema and Members of the Commission

SUBMITTED BY: Travis K. Hopkins, PE, Director of Public Works

DATE: March 17, 2010

SUBJECT: Fair Share Traffic Impact Fee Program Annual Report for Fiscal Year 2008/09

Statement of Issue: In accordance with Section 17.65.130 of the Huntington Beach Municipal Code (HBMC), the Public Works Department is required to prepare an annual report of the status of the Fair Share Traffic Impact Fee Program for the City Council. The process also provides an opportunity for the Public Works Commission to review revenues and expenditures under the program.

Funding Source: No funding is required for the recommended action. All Traffic Impact Fee funds are maintained in a separate account from other City operation funds.

Recommended Action: Motion to recommend approval of the 2008/09 Traffic Impact Fee Annual Report to the City Council.

Alternative Action(s): Recommend revisions to the report elements or request additional information.

Analysis: The Fair Share Traffic Impact Fee program is intended to implement the goals and objectives of the General Plan by providing revenue to ensure that the adopted Level of Service standards for arterial roadways and signalized intersections are maintained when new development is constructed within the City limits. The following sections comprise the annual report.

Fiscal Status

This report presents the fund information based on the City's final audit for Fiscal Year 2008/09. The balance for the fund at the beginning of the fiscal year was

\$2.24 million. During FY 2008/09, Traffic Impact Fee fund recognized \$4.7 million in revenues including the following:

- | | |
|------------------------|---------------|
| ▪ Grant reimbursements | \$2.8 million |
| ▪ Transfers | \$1 million |
| ▪ Impact Fees Paid | \$871,000 |
| ▪ Interest | \$64,000 |

Expenditures from the fund totaled \$6.35 million during the year, including \$5.8 million in capital expenditures and \$530,000 in personnel and professional services. The majority of the personnel expenses were attributable to the management and inspection of the major capital projects funded by the Traffic Impact Fee fund. At the end of FY 2008/09, the Traffic Impact Fee Fund had a cash balance of \$626,275.

2008/09 Funded Efforts

As detailed in the Fiscal Status section, there was \$6.35 million in expenditures in the Traffic Impact Fee program in 2008/09. The expenditures reflect actual payments/expenses including the following major efforts:

- Garfield Widening project near Delaware (\$150,000)
- Heil Widening Project west of Beach Boulevard (\$1 million)
- Traffic Signal Improvements (\$1 million)
- Newland Widening (\$3.8 million)
- Atlanta Widening (\$87,000)
- Design, professional services, fund administration (\$200,000)

Planned Capital Projects, Studies and Expenditures

The Public Works Department has prepared a five-year Capital Improvement Program which includes projects funded by the Traffic Impact Fee Program. No new projects were funded through the Traffic Impact Fee Fund for FY 2009/10 due to the expected low fund balance. However, several projects are still ongoing or have accrued expenses during the current fiscal year. The following is a list of current capital improvement program projects funded all, or in part by the Traffic Impact Fee fund:

- Newland Street Widening – Channel to PCH - \$560,000 TIF
- Atlanta Widening – Huntington to Delaware – \$192,000 TIF
- Circulation Element Update - \$91,000 TIF

Capital Project Reimbursements

Three projects which have been shown as expenditures (previous and planned) under the Traffic Impact Fee program have partial funding through grants administered by the Orange County Transportation Authority (OCTA) or Caltrans. The actual costs against the Traffic Impact Fee program are not accurately reflected until full reimbursement for these grants has been received.

On two projects, the City has also purchase private property and has significant surplus vacant lots. All of these are revenues or assets to the program. The majority of reimbursements from OCTA were received during FY 2008/09 and are reflected in the revenue. Some additional reimbursements are expected in the current fiscal year. The City still retains the vacant lots and will look to sell those lots when it appears to be favorable to do so. These are significant assets that could have a total value between \$750,000 and \$1,500,000.

The Newland Widening project, north of Pacific Coast Highway, is a Redevelopment Agency project as part of the Southeast Redevelopment Area. The funding of this project through the Traffic Impact Fee fund results in the redevelopment area incurring debt to the fund. Over time, the debt is to be paid back to the Traffic Impact Fee fund. However, a payment schedule has not been established, pending analysis of future revenue potential within the redevelopment area.

Projected Program Balance

Assuming that full expenditures and reimbursements will be completed within the 2009/10 fiscal year, the Traffic Impact Fee fund balance is expected to be approximately \$100,000, not including real estate assets and assumes no reimbursements from the Southeast Area Redevelopment Area.

Conformance with Program Goals and Objectives

The Traffic Impact Fee Program is intended to implement the goals, objectives and policies of the City of Huntington Beach General Plan, as stated in the Municipal Code Chapter 17.65. Completion of the planned projects implements improvements identified in the Circulation Element of the General Plan and is in conformance with the goals and objectives of the Fair Share Traffic Impact Fee program.

Attachments:

None