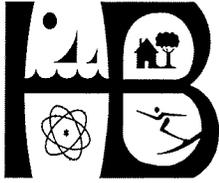


**Sanitary Sewer Facilities Fund**  
**Annual Report Fiscal Year 2005/2006**

<b>Beginning Balance 10/05</b>	<b>\$ 365,000</b>
<b>Revenue</b>	
From other agencies	\$ 12,500
Developer fees	\$ 289,350
Interest earned	\$ 19,750
<b>Total Revenue</b>	<b>\$ 321,600</b>
<b>Expenditures</b>	
Personal services	\$ (43,200)
<b>Total Expenditures</b>	<b>\$ (43,200)</b>
<b>Beginning Balance 10/06</b>	<b>\$ 643,400</b>
Budgeted revenues	\$ 222,000
Budgeted expenditures	\$ (360,000)
<b>Undesignated Balance 10/07</b>	<b>\$ 505,400</b>

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

Item No. PW 07-06

**SUBMITTED TO:** Chairman Mason and Members of the Commission

**SUBMITTED BY:** Robert F. Beardsley, PE, Director of Public Works

**DATE:** February 21, 2007

**SUBJECT:** Annual Drainage Fund Report Fiscal Year 2005/06

**Statement of Issue:** In accordance with Section 14.48 of the Huntington Beach Municipal Code (HBMC), the Public Works Department is required to prepare an annual report of the status of the Drainage Fund for the City Council. The process also provides an opportunity for the Public Works Commission to review planned projects, revenues and expenditures under the program.

**Funding Source:** No funding is required for this action.

**Recommended Action:** Recommend approval of the Drainage Fund Compliance Report to the City Council.

**Alternative Action(s):** Recommend revisions to the report.

**Analysis:** The Drainage Fund is a development fee that is restricted to use for drainage enhancements. Section 14.48.050 (d) requires the City Council to review the status of compliance with this Chapter, including the revenues collected and the funds expended. The following information conforms to the requirements of the HBMC regarding revenues and expenditures of the Drainage Fund. Although the reporting requirement became effective with the adoption of the revised ordinance in September 2006, the Drainage Fund has existed since 1975. The following information covers Fiscal Year 2005/06.

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**Fiscal Status**

As the result of project costs for the Shields Pump Station several years ago, the Drainage Fund maintains a negative balance of \$777,000.

**Revenues**

Revenue for FY 2005/06 from development was approximately \$125,600. Interest to the fund was a negative \$32,500.

**Expenditures**

No expenditures were made, or are planned for the Drainage Fund.

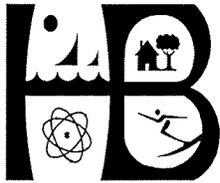
**Conformance with Program Goals and Objectives**

The Drainage Fund is intended to implement the goals and objectives of the current Drainage Master Plan. Funds collected and deposited to the fund may be expended solely for the construction or reimbursement for construction of sanitary sewer facilities. The Fund is in compliance with these requirements.

**Environmental Status:** Not applicable

RFB/LD:jg

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

Item No. 07-04

**SUBMITTED TO:** Chairman Mason and Members of the Commission

**SUBMITTED BY:** Robert F. Beardsley, PE, Director of Public Works

A handwritten signature in black ink, appearing to read 'R. Beardsley', is written over the printed name of Robert F. Beardsley.

**DATE:** February 21, 2007

**SUBJECT:** Infrastructure Calculation to City Council

**Statement of Issue:** The Public Works Commission moved to send a statement to the City Council expressing concern over the 15% Infrastructure Calculation methodology.

**Funding Source:** No funding is required for this action.

**Recommended Action:** Approve the draft memo for submittal to the City Council.

**Alternative Action:** Modify the memo as appropriate.

**Analysis:** At the December 20, 2006 meeting, the Public Works Commission (Commission) approved a motion regarding the 15% Infrastructure Calculation, per City Charter Section 617. This calculation requires that expenditures for infrastructure improvements and maintenance not be reduced below 15% of General Fund revenues based on a five-year rolling average. Staff prepared a draft memo based on the Commission's motion and the Commissioners discussed revisions to the draft memo at the January meeting. A revised draft memo has been prepared and is presented to the Commission for action.

G.5'



# CITY OF HUNTINGTON BEACH

## INTERDEPARTMENTAL COMMUNICATION

**TO:** Honorable Mayor Coerper and City Council Members

**FROM:** Public Works Commission

**DATE:** February 21, 2007

**SUBJECT: 15% to Infrastructure Calculation**

The Public Works Commission wishes to unanimously express its concern over the policy of including debt service for the South Beach Improvements and the Central Park Sports Complex as part of the Charter required 15% contribution for infrastructure improvements and maintenance. The Commission believes the Charter Amendment was intended to provide funds to maintain existing infrastructure. Members of the Infrastructure Advisory Committee (IAC) and Infrastructure Planning Committee (IPC) who advocated the Charter Amendment to the community, presented the amendment as an effective way to help repair deteriorating infrastructure facilities. Although the inclusion of funds for infrastructure debt service may be legal, it does not represent the intent of the Charter Amendment.

It should also be noted that the cost of park improvements were not included when the 15% set-aside requirement was established. During the Integrated Infrastructure Management Program (IIMP) deliberations, the IAC was advised that park improvement costs had an identified funding source through Park Acquisition and Development fees.

The Commission requests that, in the upcoming fiscal year, the 15% calculation methodology be revised to exclude debt service. This action will further the City's goal to fund necessary infrastructure repairs.

Attached to this letter are two tables setting forth City staff's calculation of the percentage of General Fund Revenue to Infrastructure with and without debt service and how the Debt Service amount is calculated.

"As discussed above, the Public Works Commission feels strongly that Debt Service should not be a part of the annual percentage calculation of General Fund Revenue to Infrastructure funding that is required by the Section 617 of the City Charter. Accordingly, we respectfully request the following Council Minute Action to clarify this point.

*It is the intent of Charter Section 617, the Infrastructure Fund amendment, that the minimum annual five (5) year rolling average of expenditures for infrastructure improvements and maintenance of 15% of general fund revenues shall include neither expenditures for bonded indebtedness (including principal, interest and/or other expenses) for capital improvements nor other costs not directly related to existing infrastructure maintenance, repair, replacement and/or improvement. The intent of the 15% of general fund revenues is to provide a minimum level of annual infrastructure investment which will assure that the state of the City's infrastructure does not degrade*

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Honorable Mayor Coerper and City Council Members  
15% to Infrastructure Calculation  
Page 2

*to a point that requires major taxpayer investments to correct. The Public Works Commission shall report annually to the City Council an assessment of the methodology for the General Fund budget's 15% infrastructure expenditure calculation. (City Council Minute Action of \_\_\_\_\_)"*

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, Chair

Attachment

GM:jg

cc: Penelope Culbreth-Graft, DPA, City Administrator  
Robert F. Beardsley, PE, Director of Public Works

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**From:** George Mason [mailto:gem325@socal.rr.com]  
**Sent:** Tuesday, February 13, 2007 1:41 PM  
**To:** Dick Harlow; Michael Siersema; receptionist@hunsaker.com  
**Cc:** Greene, Joyce  
**Subject:** Revision to PWC Letter to Council on 15% Infrastructure Calculation

Dick, Mike and Joyce

Attached is the current state of the letter as received from Joyce today. Please review this and provide your comments to me today by phone (714-964-1457) or email. I will then make final changes and forward the final changes to Joyce so that the letter can be finished tomorrow, signed and included in the Council's packet for the February 19th Council meeting.

Joyce - I will be in touch with you with the final. Just wanted you to know what we are doing. My goal is to sign this letter Wednesday afternoon. Don't make any changes yet.

Note the change in total infrastructure spending in the adopted 06/07 budget (as compared to the proposed 06/07 budget in earlier versions of the letter). The \$4 million increase results from inclusion of \$3 million for CIP Fund and \$1 million for Infrastructure Fund. This increase now puts the percentage of revenue to infrastructure w/o debt service at 15.92%. Also, note that the Sports Complex is no longer on the list of Debt Service items.

I propose we proceed with the letter with the following changes.

Add a fourth paragraph that says:

"Attached to this letter are two tables setting forth City Staff's calculation of the percentage of General Fund Revenue to Infrastructure with and without debt service and how the Debt Service amount is calculated."

Add a fifth paragraph that says:

"As discussed above, the Public Works Commission feels strongly that Debt Service should not be a part of the annual percentage calculation of General Fund Revenue to Infrastructure funding that is required by the Section 617 of the City Charter. Accordingly, we respectfully request the following Council Minute Action to clarify this point.

*It is the intent of Charter Section 617, the Infrastructure Fund amendment, that the minimum annual five- (5) year rolling average of expenditures for infrastructure improvements and maintenance of 15% of general fund revenues shall include neither expenditures for bonded indebtedness (including principal, interest and/or other expenses) for capital improvements nor other costs not directly related to existing infrastructure maintenance, repair, replacement and/or improvement. The intent of the 15% of general fund revenues is to provide a minimum level of annual infrastructure investment which will assure that the state of the City's infrastructure does not degrade to a point that requires major taxpayer investments to correct. The Public Works Commission shall report annually to the City Council an assessment of the methodology for the General Fund budget's 15% infrastructure expenditure calculation. (City Council Minute Action of \_\_\_\_\_)"*

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**CITY OF HUNTINGTON BEACH**  

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**INTERDEPARTMENTAL COMMUNICATION**

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The Commission requests that, in the upcoming fiscal year, the 15% calculation methodology be revised to exclude debt service. This action will further the City's goal to fund necessary infrastructure repairs.

---

George Mason, Chair

Attachment

GM/RFB/LD:jg

cc: Penelope Culbreth-Graft, DPA, City Administrator  
Robert F. Beardsley, PE, Director of Public Works

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**General Fund Infrastructure Debt Service**

**Approximate Annual Cost**

**HBPFA 1997 (Pier Plaza & 800 MHZ)**

Paid in full FY 06/07

**HBPFA 2000A (Emerald Cove & Cap Imp)**

\$

1,500,000

South Beach Phase II Design

Energy Retrofit

CPSC Design

South Beach Phase I

Beach Maintenance Facility

Water System Improvements

Emerald Cove

**HBPFA 2001A (HBCPSC & SB2)**

\$

1,990,000

CPSC Construction

South Beach Phase II Improv

**HBPFA 2001B (Civic Center/PD Buildings)**

\$

2,620,000

Civic Center

Police Building

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