



AGENDA

PUBLIC WORKS COMMISSION CITY OF HUNTINGTON BEACH

Wednesday, March 16, 2011 – 5:00 PM
City Council Chambers
2000 Main Street
Huntington Beach, CA 92648

A. PLEDGE OF ALLEGIANCE

ROLL CALL

Cook, Herbel, McGovern, O'Connell,
Siersema, Spencer, Thomas

B. PRESENTATIONS-COMMENDATIONS

C. MINUTES

C-1. Minutes of February 16, 2011

D. ORAL COMMUNICATIONS

Public Comments – the Public Works Commission welcomes public comments on all items on this agenda or of community interest. **Three minutes per person**, time may not be donated to others. Commission on this date can take no action on any item not on the agenda. This is the time to address Commission regarding items of interest or agenda items other than public hearings. Communications on agenda items will be scheduled such that public comments may be received as close to 5:00 p.m. as possible.

E. DIRECTOR'S ITEMS

E.1 Review of Public Works Budget Reductions

F. INFORMATION ITEMS

F-1. Active Capital Project Report – An update on active capital projects is presented for the Commission's information. Project information, including description, location maps and funding sources can be found in the FY 2010/11 Capital Improvement Program notebook, or on the city's website under Government, Current [Budget](#) information.

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- F-2. Prioritization of Infrastructure Needs and Identification of Potential Funding Sources - One of the goals established by the City Council during the most recent strategic plan efforts was for the Director of Public Works, with input from the Public Works Commission, to “prioritize infrastructure needs from the 10 Year CIP Needs List and make recommendation(s) to the City Council for action.” In an effort to begin this process, staff has reviewed the Integrated Infrastructure Management Program (IIMP) and the work of the Citizens Infrastructure Advisory Committee (CIAC or IAC) and is presenting this material as background to facilitate this discussion.

G. ADMINISTRATIVE ITEMS

- G-1. Planned Local Drainage Facilities Fund Annual Compliance Report Fiscal Year 2009/10 - 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 Planned Local Drainage Facility Fund (Drainage Fund) for the City Council. The process 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: Motion to recommend to the City Council the approval of the Planned Local Drainage Facility Fund Compliance Report for Fiscal Year 2009/10.

- G-2. Sanitary Sewer Facilities Fund Annual Compliance Report Fiscal Year 2009/10 - In accordance with Section 14.36 of the Huntington Beach Municipal Code (HBMC), the Public Works Department is required to prepare an annual report of the status of the Sanitary Sewer Facilities Fund (Sanitary Sewer Fund) for the City Council. The process 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: Motion to recommend to the City Council the approval of the Annual Sanitary Sewer Facilities Fund Compliance Report for Fiscal Year 2009/10.

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- G-3. Fair Share Traffic Impact Fee Program Annual Report Fiscal Year 2009/10 - 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 to City Council the approval of the 2009/10 Traffic Impact Fee Annual Report.

- H. **WRITTEN COMMUNICATIONS**
- I. **COMMISSION AND STAFF COMMENTS**
- J. **ADJOURNMENT**

<p>NEXT PUBLIC WORKS COMMISSION MEETING <i>April 20, 2011 5:00 PM, City Council Chambers</i></p>



MINUTES

CITY OF HUNTINGTON BEACH PUBLIC WORKS COMMISSION FEBRUARY 16, 2011

**Call to Order/
Pledge of Allegiance:** The meeting was called to order at 5:00 p.m. by Chairman Siersema, who led Commissioners and the audience in the Pledge of Allegiance to the Flag.

Commissioners Absent: McGovern

Commissioners Present: Commissioners Cook, Herbel, O'Connell, Siersema, Spencer, and Thomas were in attendance.

Others Present: Joan Flynn, City Clerk
Travis Hopkins, Director of Public Works
Tony Olmos, City Engineer
Terri Elliott, Principal Engineer
Jim Merid, Administrative Environmental Specialist
Judy Marquez, Administrative Environmental Specialist
Andy Ferrigno, Senior Civil Engineer
Joyce Greene, Administrative Assistant

B. PRESENTATIONS-COMMENDATIONS

None

C. MINUTES

Commissioner McGovern sent email requesting an amendment to the minutes of January 19, 2011.

Motion by Commissioner Herbel, seconded by Commissioner O'Connell to approve the minutes of January 19, 2011 as amended.

VOTE: The motion carried.
AYES: 3
NOES: 0
ABSENT: 1 (McGovern)
ABSTENTIONS: 3 (Cook, O'Connell, Thomas)

D. OATH OF OFFICE

City Clerk Joan Flynn administered the Oath of Office to newly appointed Commissioners Debbie Cook and Jennifer Thomas.

Travis Hopkins welcomed the two new Commissioners.

E. ORAL COMMUNICATIONS

None

F. DIRECTOR’S ITEMS

F-1. Commission Business – The reorganization of the Public Works Commission is held each February with the election of the Chair and Vice Chair.

Motion by Commissioner O’Connell, seconded by Commissioner Spencer to re-elect Commissioner Siersema as Chair and Commissioner Tom Herbel as Vice Chair.

VOTE:	The motion carried.
AYES:	6
NOES:	0
ABSENT:	1 (McGovern)
ABSTENTIONS:	0

F-2. Strategic Planning Retreat – Travis Hopkins provided information from the January 28, 2011 Strategic Planning Retreat. The Mission Statement, Core Values, and Three-Year Goals were included in the report.

The Strengths, Weaknesses, Opportunities, Threats (S.W.O.T.) accomplishments since the January 2010 Strategic Planning Retreat were presented. Other information in the report included Current Internal Weaknesses/Challenges; External Factors/Trends that Will/Might have a Positive Impact in the Coming Year; External Factors/Trends that Will/Might have a Negative Impact were in the report.

The 10-Year CIP Funding Gap was discussed. Travis Hopkins will email the presentation to the Public Works Commissioners. The presentation by the Finance Director regarding the options to address the budget shortfall was included in the report.

Travis Hopkins discussed the Six-Month Strategic Objectives. Of those objectives, two will involve the Public Works Commission. The Commission is to be involved in the process of identifying sources of funding for infrastructure

needs, a potential storm drain fee, and report the outcome to the City Council for action. Implementation of a storm drain fee would require a mail-in vote by property owners with a two-thirds vote in favor of the fee in order to pass. The city realizes it will be very difficult to pass a new fee and will need to involve other organizations to be advocates of the fee to be successful.

Discussion held on some suggestions of cost reductions such as street light reduction as the electric bill to the city is significant; alley ownership and maintenance be transferred to adjacent property owners.

Discussion was held to determine the preference of the Commission. Alternatives suggested were to form a sub-committee, hold a special meeting, or have staff prepare a report with recommendations of sources of funding for infrastructure projects, and information related to a storm drain fee. Staff could then present their recommendations to the Commission at the March meeting. The Commission agreed to have staff prepare a report for review at the next meeting. If at that time the Commission feels more time is required, a decision will be made to either start the following meeting at an earlier time, have an extended meeting, or schedule a special meeting.

Commissioner O'Connell expressed concern over the Governor's possible elimination of the Redevelopment Agency and inquired would such action result in lost funding already designated for projects. Travis Hopkins responded committed funding would not be eliminated.

Travis Hopkins stated much of the city shortfall is CalPERS related. The amount of shortfall for the city was recently updated with actuarial figures being revised. The rate of anticipated return on CalPERS investments has been reduced increasing the city deficit and could become higher should the projected rate of return not be met.

Commissioner Cook requested a summary of cuts made over the last several years. Travis Hopkins responded he can provide for Public Works and can request the same from other departments.

G. INFORMATION ITEMS

G-1. Active Capital Project Report – Tony Olmos provided updates on various projects and then asked the Commissioners for any questions.

Commissioner Herbel inquired of the Brookhurst/Adams improvement project. Tony Olmos responded it is grant funded and will design turn lanes at the intersection. Funding for only the design phase has been awarded. Currently, funding has not been granted for construction. Travis Hopkins stated the project will be expensive but could be done in phases.

Chair Siersema inquired on the status of the Utility Yard improvements and if the project is on budget. Tony Olmos responded the project is on schedule and coming in under budget. This project was suggested to be included in a tour of CIP projects for next fiscal year.

Commissioner Herbel inquired of the 30-inch waterline project on Adams Avenue and if the paving is final over the trenching. He stated the paving is very rough. Tony Olmos responded this is not the final paving. Commissioner Herbel requested an inspector look at the paving.

Chair Siersema inquired about the cost savings of the installation of LED streetlights in the downtown area over standard streetlights. Travis Hopkins said he would report back with that information.

G-2. Water Quality Report Update – Program Effectiveness Assessment – Terri Elliott introduced her staff and then presented the annual report. The report included information on such items as adoption of policies by the city, inspections conducted, dry weather diversions, street sweeping and debris collected, cleaning of catch basins and feet of storm drain pipes cleaned. Public education efforts included Coastal Clean-up Day, Green Expo, and participation in Children’s Festival of Folktales.

Tony Olmos added the duties of the Water Quality Sub-committee now fall under the jurisdiction of the Public Works Commission. Quarterly reports will continue to be presented along with the annual report.

H. ADMINISTRATIVE ITEMS

H-1. Advertise Adams/Ranger Sewer Lift Station #16 Rebuild; CC 1369 – Andy Ferrigno presented the staff report. The sewer lift station was originally constructed in 1963 and is showing sign of deterioration. The project will abandon the existing lift station and force main and will replace it with a new lift station and force main just east of the existing station. The cost of the project is \$1.3 million and the construction is estimated at 140 days to completion.

A neighborhood meeting will be held to advise residents of the project. The project will impact the frontage road. There will be some lane closures on Adams as a result of the project.

Motion by Commissioner Cook, seconded by Commissioner O'Connell to recommend to the City Council, the Adams/Ranger Sewer Lift Station #16 rebuild, CC 1369.

VOTE: The motion carried.
AYES: 6
NOES: 0
ABSENT: 1(McGovern)
ABSTENTIONS: 0

I. WRITTEN COMMUNICATIONS

None

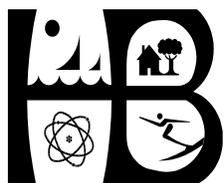
J. COMMISSION AND STAFF COMMENTS

K. ADJOURNMENT

The meeting adjourned at 6:18 pm.

Michael Siersema
Chair

Joyce Greene
Administrative Assistant



**CITY OF HUNTINGTON BEACH
PUBLIC WORKS COMMISSION
INFORMATION ITEM**

Item No. PWC 11-08

SUBMITTED TO: Chairman Siersema and Members of the Commission

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

DATE: March 16, 2011

SUBJECT: Prioritization of Infrastructure Needs and Identification of Potential Funding Sources

Analysis: One of the goals established by the City Council during the most recent strategic plan efforts was for the Director of Public Works, with input from the Public Works Commission, to “prioritize infrastructure needs from the 10 Year CIP Needs List and make recommendation(s) to the City Council for action.” In an effort to begin this process, staff has reviewed the Integrated Infrastructure Management Program (IIMP) and the work of the Citizens Infrastructure Advisory Committee (CIAC or IAC) and is presenting this material as background to facilitate this discussion.

Two additional Strategic Plan goals related to this discussion are:

“Determine what fees could be established and/or increased, whether they include a vote of the public, legal issues and the impact of the fees on the budget, including costs to institute, and recommend to the City Council for action.”

And

“Identify sources of funding for infrastructure needs, including a potential storm drain fee, and report the results, including recommendation(s) to the City Council for action.”

The latter of these two goals is specifically charged to the Public Works Department with input from the Public Works Commission.

Background: In 2000, in conjunction with the development of the IIMP, the IAC and Department Heads prioritized various unfunded infrastructure components rating each in terms of importance. The ranking at the time by committee and staff is presented below.

IAC Ranking	Department Head Ranking	Infrastructure Improvements
1	1	Sewers
2	2	Drainage and Pump Stations
3	4	Residential Sidewalks and Curbs
4	3	Residential Streets
5	6*	Traffic Signals, including Street Lighting
6	7	Beach Facilities
7	6*	Street Lighting
8	**	Arterial Highways
9	9	Alleys
10	8	Playgrounds
11	5	Buildings
12	13	Parks
13	11	Highway Block Walls
14	10	Fleet/Equipment
15	12	Street Trees

*Traffic Signals and Street Lighting are combined in City Department Heads' Ranking

**Not ranked by City Department Heads

For each infrastructure component, a list of programs/projects was developed. If a program or project was the City's responsibility and was deemed essential or desirable, it was included in the IIMP. Programs were further classified as either immediate or non-immediate needs and either new construction, maintenance or rehabilitation/replacement.

Since that time, sanitary sewer, the number one priority, has been addressed by adoption of the sewer maintenance fee in 2002. The fee has provided sufficient funds for CIP to address sewer lines and lift stations and the operations and maintenance of the sewer system.

In an effort to update the findings of the IIMP and to facilitate discussions regarding the City Council's Strategic Plan, the following 10-Year Unfunded Infrastructure Needs list was developed.

**City of Huntington Beach
10-Year CIP Funding Gap**

Infrastructure Asset	Estimated 10-Year Need	Projected Funding	Estimated 10-Year Shortfall
Drainage	\$116,500,000	\$0	\$116,500,000
Residential Concrete	\$39,500,000	\$10,000,000	\$29,500,000
Residential Pavement	\$31,000,000	\$20,000,000	\$11,000,000
Arterial Highways and Bridges	\$26,000,000	\$20,000,000	\$6,000,000
Alleys/Parking Lots/Block Walls	\$22,300,000	\$0	\$22,300,000
Building/Facilities	\$38,000,000	\$3,500,000	\$34,500,000
Parks and Playgrounds	\$11,000,000	\$400,000	\$10,600,000
Total	\$284,300,000	\$53,900,000	\$230,400,000

A blank prioritization list is included as an attachment to this Public Works Commission meeting item.

Funding:

As noted above, the Public Works Department is also charged with identifying possible sources of funding, including a potential storm drain fee. Attached for reference is a January 27, 2010 memo from the Director of Public Works to the City Administrator (Manager) providing an analysis of a potential storm drain fee designed to provide funds for operations and maintenance, regulations and enforcement, equipment replacement and capital facility projects.

A storm drain fee would be subject to State Proposition 218. Under Proposition 218, to adopt such a fee would require the following process:

1. Identify the parcels upon which a fee will be imposed; presumably all or most parcels in the City and calculate the amount of the fee to be imposed.
2. Provide written notice of the proposed fee to the record owner of each parcel.
3. Conduct a public hearing not less than 45 days after the mailing and consider all protests. If written protests are presented by a majority of the owners, the fee cannot be imposed.
4. If a majority of property owners do not provide written protests, an election must be held not less than 45 days after the public hearing. An all mail ballot is authorized and would be used in this case.
5. The City Attorney has opined that ballots should be sent to all property owners and all occupants. A 2/3 majority approval is required.

A possible option that is currently being explored is adding an urban runoff component to the City's water rate structure, although this would only address a

relatively small component of revenue needs for storm drain maintenance. The Utilities Division is in the process of an Allocation Based Water Rate Study. State law allows that revenue from tiered water rates, typically the highest tier, can be used to fund prevention, control or treatment of urban runoff.

A further discussion of other funding options for the infrastructure needs described above will be included as a part of the Commission's April meeting.

Attachments:

Infrastructure Prioritization List – Blank
January 27, 2010 memo

Infrastructure Asset	Ranking 1-12, (1 most important)	Notes
Drainage and Pump Stations		
Residential Sidewalks and Curbs		
Residential Streets		
Traffic Signals		
Street Lighting		
Beach Facilities		
Arterial Highways		
Alleys		
Playgrounds		
Buildings/Facilities		
Parks		
Highway Block Walls		



CITY OF HUNTINGTON BEACH

INTERDEPARTMENTAL COMMUNICATION

TO: Fred Wilson, City Administrator

FROM: Travis K. Hopkins, Director of Public Works

DATE: January 27, 2010

SUBJECT: Storm Drain Fee Analysis

The following is general information regarding a potential fee for storm water protection and urban runoff water quality. The assumption is the fee will be considered property related and subject to a protest vote, and then to a majority vote of property owners. A fully funded annual program of \$4 million relieves the general fund of operations and maintenance, equipment replacement and capital facility expense. It allows for scheduled flood control station reconstruction approximately every three to four years.

City of Huntington Beach Storm Drain Fee Analysis

The Huntington Beach storm drain system includes 15 storm drain pump stations with 49 engines and pumps, 135 miles of lines, over 1,700 catch basins and related appurtenances that require regular maintenance and replacement. In addition, the city must comply with water discharge and runoff regulations mandated by federal, state and county agencies. Comprehensive storm drain and water quality programs are critical to maintaining clean beaches and coastal ocean water. Funding can be accomplished through a storm drain fee applied to all developed parcels in the city or to all water metered locations. The information below is a general description of a potential revenue enterprise to fund the urban runoff and flood protection programs.

A new fee is subject to State Proposition 218. If under Proposition 218, storm drainage fees are property related, the adoption requires a two part process. The vote is restricted to property owners rather than the general electorate. First a majority protest hearing process is held and then a mail-in ballot supporting or opposing the proposed increase is submitted. Additional criteria, such as an Engineer's report, public hearings, voter notification, etc., must comply with the state guidelines. The City Attorney will provide specific direction.

Program Costs

The storm drain program is comprised of four cost elements: operations and maintenance, regulations and enforcement, equipment replacement and capital facility projects. Operating costs for the urban runoff component are subject to new compliance requirements, pollution prevention strategies, and increases in state and regional permit fees. Due to budget constraints, the equipment and capital programs have not been

fully funded in the past. In the past 40 years, two stations were partially rebuilt, both with a high percentage of FEMA Hazard Mitigation funds. A replacement station is \$4 to \$8 million, depending upon the size, and excludes property acquisition. One engine replacement is \$350,000, and a pump can be \$175,000. The current citywide equipment replacement fund is inadequate to support flood control station replacement needs.

Storm Drain Program Cost Estimates		
<u>Program</u>	<u>Annual Operating</u>	<u>Annual Average</u>
Urban Runoff	500,000	
Storm Drain Maintenance	300,000	
Flood Control Stations	450,000	
Equipment Replacement		750,000
Capital Projects		2,000,000
<i>Subtotal</i>	<i>1,250,000</i>	<i>2,750,000</i>
Total	4,000,000	

Methodology Options

- 1) Based on the fee as property related, all developed or graded parcels would be assessed a monthly charge. The revenue is restricted to drainage and water quality programs and fees may not exceed the proportional cost of the service. An accepted allocation method can be expressed in “drainage residential units” or portions thereof. This method has been applied by other agencies, such as San Clemente and Santa Monica. The benefit is a stable revenue source independent of influences such as water use or other environmental factors.
- 2) A second methodology would be based on water consumption and applied as a user fee. A percentage of water use is determined to be outside use that results in urban runoff. Annual revenue is subject to water use and weather patterns.
- 3) Thirdly, an initiative can be placed on the general election ballot to approve an annual parcel tax that would be placed in a separate fund for the urban runoff and flood protection programs. Santa Monica’s Measure V imposes an \$84 charge for single family residences to fund the Watershed Management Plan.

Fee Structure

Until a methodology is established and the engineer’s report completed, the exact cost per residence or parcel cannot be identified. Annual funding of \$4 million provides sufficient operating and capital replacement revenues, therefore this amount would be the anticipated revenue. As a general estimate, if the “drainage residential unit” concept is applied, charges for a typical single family residence in the city could range

between \$3 and \$4 per month, or less than \$50 per year. Single-family residences comprise over 85% of the developed properties in the city.

Below are examples of current agency charges.

- San Clemente
 - Single family residence on public streets are \$5.02/month
 - Multi-family dwellings is 80% of SFR or \$4.01/ dwelling unit
 - Non-residential is \$50.20 per acre or fraction

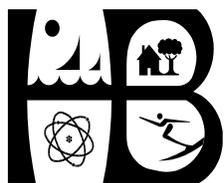
- Santa Monica:
 - Single family residence \$3/ month
 - Plus Measure V assessment of \$7/month (\$84/year)

- Santa Clarita:
 - Established prior to Proposition 218
 - Single family residence \$21.50/year

- San Jose:
 - Established prior to Proposition 218
 - Single family residence \$7.64/month
 - Small commercial, light industrial is \$26.91/month, plus \$12.65 per acre

Conclusion

The storm water fee is a viable revenue option that could reduce General Fund expenditures up to \$4 million annually, and provide necessary water quality and flood control maintenance. Proceeding with the necessary studies and legal requirements will require an unanticipated general fund appropriation. The first effort will require an engineering report and implementation schedule. Following tasks include public outreach pamphlet development, ballot language, public hearings, and two mailings. A professional public relations firm to work with city staff also may be beneficial. A fully funded drainage and water quality program will protect the residents and businesses of Huntington Beach, as well as support a clean beach and coastal ocean waters.



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

Item No. PW 11-05

SUBMITTED TO: Chairman Siersema and Members of the Commission

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

DATE: March 16, 2011

SUBJECT: Planned Local Drainage Facilities Fund Annual Compliance Report *Fiscal Year 2009/10*

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 Planned Local Drainage Facility Fund (Drainage Fund) for the City Council. The process 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.

Impact on Future Maintenance Costs: Not applicable.

Recommended Action: Motion to recommend to the City Council the approval of the Planned Local Drainage Facility Fund Compliance Report for Fiscal Year 2009/10.

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

Analysis: The Planned Local Drainage Facilities Fund (Drainage Fund) is a development fee that is restricted to use for drainage system 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 2009/10.

Fiscal Status

As the result of project costs overruns for the Shields Pump Station in Fiscal Year 2001/02, the Drainage Fund maintains a negative balance of (\$492,380). The Drainage Fund advanced \$250,000 to the Redevelopment Agency for improvements in 1987. With interest accrual of \$565,343, the debt amount is currently \$815,343.

Revenues

Revenue for FY 2009/10 from development was \$58,125. Interest to the fund was debited for a reduction of (\$8,183).

Expenditures

No expenditures were made in 2009/10, or are planned for the Drainage Fund in the foreseeable future.

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 drainage facilities. The Fund is in compliance with these requirements.

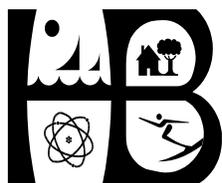
Beginning Balance 10/09	(\$542,322)
Revenue	
Developer fees	58,125
Interest earned	(8,183)
Total Revenue	\$ 49,942
Expenditures	
Total Expenditures	0
Beginning Balance 10/10	(\$492,380)
Budgeted revenues	50,000
Budgeted expenditures	0
Estimated Balance 10/11	(\$442,380)

Rate Schedule Fiscal Year 2009/10

Drainage Fees: \$13,270 per acre. Please note: this fee is accurate for the reporting period of FY 09/10. A revised fee of \$13,880/acre went into effect October 1, 2010.

Environmental Status: Not applicable

Attachments: None



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

Item No. PW 11-06

SUBMITTED TO: Chairman Siersema and Members of the Commission

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

DATE: March 16, 2011

SUBJECT: Sanitary Sewer Facilities Fund Annual Compliance Report
Fiscal Year 2009/10

Statement of Issue: In accordance with Section 14.36 of the Huntington Beach Municipal Code (HBMC), the Public Works Department is required to prepare an annual report of the status of the Sanitary Sewer Facilities Fund (Sanitary Sewer Fund) for the City Council. The process 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.

Impact on Future Maintenance Costs: Not applicable.

Recommended Action: Motion to recommend to the City Council the approval of the Annual Sanitary Sewer Facilities Fund Compliance Report for Fiscal Year 2009/10.

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

Analysis: The Sanitary Sewer Fund is a development fee that is restricted to use for sewer capacity enhancements. The fee is unrelated to the monthly Sewer Service Charge used for operations and maintenance of the existing sewer system.

Section 14.36.070 (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 Sanitary Sewer Fund. Although this requirement became effective with the adoption of the revised ordinance in

July 2003, the Sewer Facilities Fund has existed since 1988. The following information covers Fiscal Year 2009/10.

Fiscal Status

Revenues and expenditures are summarized below for the past fiscal year. The fund balance as of September 30, 2010 is approximately \$1,079,300.

Not included in this figure are monies owed the Sanitary Sewer Facilities Fund by the Huntington Beach Redevelopment Agency. The original advance was \$131,000. With interest accrual of \$299,573 the debt amount for the fiscal year end is \$430,573.

Revenues

Total revenue for FY 2009/10 was \$76,402. In accordance with their agreement, a payment of \$12,310 was received from the Sunset Beach Sanitary District. Residential and commercial developer fees contributed \$5,247 and \$35,284 respectively. Encroachment permits contributed \$8,745. The fund was credited \$14,816 in interest.

Expenditures

Fiscal Year 2009/10

Expenditures for the fund in FY 09/10 included \$78,223 in salaries and \$52,972 in engineering design related to the Adams/Ranger lift station and Oceanhill lift station projects for a total of \$131,195.

Fiscal Year 2010/11

\$32,226 in encumbrance rollover and \$300,000 in new funds are budgeted for the current fiscal year for continued design work on Adams/Ranger and Oceanhill. In addition, \$582,681 in funds for Warner Avenue Gravity Sewer was carried over from FY 09/10.

Conformance with Program Goals and Objectives

The Sanitary Sewer Facilities Fund is intended to implement the goals and objectives of the current Sewer 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.

Summary of Revenue and Expenditures
Sanitary Sewer Facilities Fund
Fiscal Year 2009/10

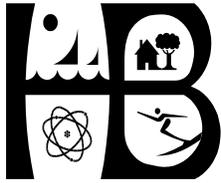
Beginning Balance 10/09	\$1,134,127
Revenue	
Developer fees (residential)	5,247
Developer fees (commercial)	35,284
Encroachment permits	8,745
Sunset Beach Sanitary District	12,310
Interest earned	14,816
Total Revenue	\$ 76,402
Expenditures	
Personal services	(78,223)
Design services	(52,972)
Total Expenditures	(\$131,195)
Beginning Balance 10/10	\$1,079,334
Budgeted revenues	122,000
Budgeted expenditures	(914,907)
Estimated Balance 10/11	\$286,427

Rate Structure Fiscal Year 2009/10

CITY SEWER CONNECTION FEES		Effective October 1, 2008	
Single Family Dwelling Unit		\$	1,973
Multiple Family Dwelling Unit		\$	1,614
Non-Residential (based on water meter size relationship to Equivalent Dwelling Unit, EDU)			
Meter Size & Type	EDU's	Charge	
3/4"	1	\$	2,243
1"	2	\$	4,485
1 1/2"	3	\$	6,728
2"	5	\$	11,214
3"	11	\$	24,671
4" Compound	17	\$	38,126
4" Domestic & Turbine	33	\$	74,011
6" Compound	33	\$	74,011
6" Domestic & Turbine	67	\$	150,265
8" Domestic	117	\$	262,402
10" Domestic	183	\$	408,076

Please note: the above fee schedule is accurate for the reporting period of FY 09/10. A new fee schedule went into effect on October 1, 2010.

Attachments: None



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

Item No. PW11-07

SUBMITTED TO: Chairman Siersema and Members of the Commission

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

DATE: March 16, 2011

SUBJECT: Fair Share Traffic Impact Fee Program Annual Report for Fiscal Year 2009/10

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 2009/10 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 2009/10. The balance for the fund at the beginning of the fiscal year was \$626,236. During FY 2009/10, Traffic Impact Fee fund recognized \$91,716 in revenues including the following:

- Grant reimbursements \$28,281
- Impact Fees Paid \$76,684
- Interest (negative accrual) (\$13,249)

Expenditures from the fund totaled \$1.25 million during the year, including \$660,000 in capital expenditures related to the Newland Avenue, Atlanta Avenue and Heil Avenue widening projects and \$590,000 in personnel and professional services. The fund balance at the end of the fiscal year was a negative \$532,833.

As part of staff's review of efforts funded during the 2009/10 Fiscal Year, several instances were noted where expenditures against the fund will be reimbursed through grants or fund transfers. These adjustments/acknowledgments are further detailed in the Capital Project Reimbursements section. Ultimately, the final audit for the program only recognizes "cash" balances and does not reflect these assets. This results in the final reflected balance being negative.

The \$1.25 million in expenditures for 2009/10 reflect actual payments/expenses including the following major efforts:

- Newland Widening (\$775,000)
- Atlanta Widening (\$105,000)
- Design, professional services, fund administration (\$370,000)

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 2010/11 due to the expected low fund balance. However, several projects are still ongoing or will accrue 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 - \$269,000 TIF
- Atlanta Widening – Huntington to Delaware – \$99,000 TIF
- Circulation Element Update - \$86,000 TIF

Capital Project Reimbursements

The actual costs against the Traffic Impact Fee program are not accurately reflected until full reimbursement for grants has been received. At this time, the City is awaiting final grant reimbursement for two projects totaling \$190,000. We also have acquired real estate assets from two projects. The City had purchased private property and the fund now owns surplus vacant lots. 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 depending on market conditions at the time. The City has also used the Traffic Impact Fee fund as a temporary funding location for projects funded through other programs including grants and Proposition 42 funds. As the projects progress, grant reimbursements for expenses and transfers from the Proposition 42 fund will be made to the Traffic Impact Fee fund. Of the \$1.25 million in expenses incurred against the program in 2009/10, approximately \$490,600 in reimbursements and transfers are expected back into the fund.

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. Current legislation regarding Redevelopment Agencies may also reflect the ability to reimburse these expenses in the future.

2009/10 Fund Balance Including Assets

Final Audited Fund Balance	- \$532,833
Reimbursable Expenses (grants)	+\$270,600
Reimbursable Expenses (fund transfers)	+\$220,000
Real Estate Assets (low estimate)	<u>+\$500,000</u>
Total	+\$427,167

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.