



City of Huntington Beach

File #: 19-377

MEETING DATE: 4/15/2019

REQUEST FOR CITY COUNCIL ACTION

SUBMITTED TO: Honorable Mayor and City Council Members

SUBMITTED BY: Fred A. Wilson, City Manager

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

Subject:

Approve the Infrastructure Fund Annual Report for FY 2017-2018

Statement of Issue:

The City Charter requires an annual review and performance audit of the Infrastructure Fund, and a report of the findings to the City Council prior to adoption of the following fiscal year budget. This review covers the fiscal year (FY) 2017-18.

Financial Impact:

None.

Recommended Action:

Approve the Infrastructure Fund Annual Report for FY 2017-2018.

Alternative Action(s):

Instruct staff to make revisions and resubmit at a later date.

Analysis:

The Infrastructure Fund was established 2002, by City Charter Section 617(c), which states, "the City Council shall by ordinance establish a Citizens Infrastructure Advisory Board (CIAB) to conduct an annual review and performance audit of the Infrastructure Fund and report its findings to the City Council prior to adoption of the following fiscal year budget."

The single substantial revenue source to the fund is General Fund excess fund balance per the Financial Policy adopted in FY 2006-07 and revised in FY 2009-10. The policy states the General Fund unassigned fund balance will be allocated 50% to the Economic Uncertainties Reserve, 25% to the Infrastructure Fund and 25% to the Capital Improvement Reserve. Beginning in FY 17-18, Capital Improvement Program (CIP) projects previously budgeted in the General Fund, were instead budgeted in the Infrastructure Fund with an accompanying General Fund transfer. Transfers in FY 17

-18 totaled \$6,521,836 to fund infrastructure improvements and purchase equipment used to maintain infrastructure. Other revenue included interest and a maintenance agreement reimbursement for a total of \$67,953. There was also a significant market adjustment that had an \$85,019 negative impact on the fund balance. Total revenue was \$6,504,770. Because FY 17-18 was a truncated, nine-month fiscal year (October through June), many projects couldn't be completed in that time frame. Expenditures for the year totaled \$2,217,734. The fund balance at year's end (June 30, 2018) was \$9,146,598.

Per the City Charter, the Infrastructure Fund is designated for the sole purpose of infrastructure expenditures. "Infrastructure" is defined in the Charter as "long-lived capital assets that normally are stationary in nature and normally can be preserved for significantly greater number of years. They include storm drains, storm water pump stations, alleys, streets, highways, curbs and gutters, sidewalks, bridges, street trees, landscaped medians, parks, beach facilities, playgrounds, traffic signals, streetlights, block walls along arterial highways, and all public buildings and public ways." Infrastructure expenditures are defined as "direct costs related to infrastructure improvements or maintenance, including construction, design, engineering, project management, inspection, contract administration and property acquisition."

Citizens Infrastructure Advisory Board Action:

The annual Infrastructure Fund Report was approved at the February 28, 2019, meeting of the Citizens Infrastructure Advisory Board by a vote of 4-0-2 (Schlosser, Thienes absent - one seat on the Board is currently vacant).

Environmental Status:

Not applicable

Strategic Plan Goal:

Enhance and maintain infrastructure

Attachment(s):

1. FY 17-18 Infrastructure Fund Annual Report