



City of Huntington Beach

File #: 21-369

MEETING DATE: 5/17/2021

REQUEST FOR CITY COUNCIL ACTION

SUBMITTED TO: Honorable Mayor and City Council Members

SUBMITTED BY: Oliver Chi, City Manager

PREPARED BY: Sean Crumby, Director of Public Works

Subject:

Approve the Infrastructure Fund Annual Report for Fiscal Year 2019/20

Statement of Issue:

The City Charter requires an annual review and performance audit of the Infrastructure Fund, as well as a report of the findings to the City Council, prior to adoption of the following Fiscal Year (FY) budget. This review covers FY 2019/20.

Financial Impact:

Not applicable.

Recommended Action:

Approve the Infrastructure Fund Annual Report for FY 2019/20.

Alternative Action(s):

Direct staff to make revisions and resubmit to Council at a later date.

Analysis:

The Infrastructure Fund was established in 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 2019/20 totaled \$4,250,000 to fund infrastructure improvements. Interest and market adjustments totaled \$329,936. Other revenue included a maintenance agreement reimbursement and sales of plans and specs totaling \$10,185. The fund also received a grant reimbursement of \$20,029 for the use of recycled asphalt on the FY 2018/19 Arterial Rehabilitation project. The remaining bond funds totaling \$514,651 from the Senior Center Project were transferred to the Infrastructure Fund. Total revenue was \$5,124,801. Expenditures for the year totaled \$3,080,342. The fund balance at year's end (June 30, 2020) was \$12,157,318.

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 April 15, 2021, meeting of the Citizens Infrastructure Advisory Board by a vote of 3-0-1 (absent - Schlosser) (three seats on the Board are currently vacant).

Environmental Status:

Not applicable.

Strategic Plan Goal:

Infrastructure & Parks

Attachment(s):

1. Infrastructure Fund Annual Report FY 2019/20