

Special Review of Alternate Transportation Impact Fee Surveys

AUDIT REPORT

Report by the
Office of the County Comptroller

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County Comptroller

County Audit Division

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Special Review of Alternate Transportation Impact Fee Surveys

Transportation impact fees provide financing for road construction projects in four areas of Orange County to support growth related transportation needs. During 1996-97 transportation impact fees in excess of \$14,000,000 were collected. The County adopted its road impact fee ordinance in 1985 and performed an update in 1990. County staff is currently working with a consultant to complete a second update.

March 1999
Report No. 275

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March 31, 1999

Mel Martinez, County Chairman
And
Board of County Commissioners

We have conducted a limited review of trip generation surveys performed by the Traffic Engineering Division of businesses having a Road Impact Fee Agreement with the County. The period reviewed was August 1, 1997 through May 31, 1998. Our audit was conducted in accordance with generally accepted government auditing standards and included such tests as we considered necessary in the circumstances.

Responses to our Recommendations for Improvement were received from the Manager of the Traffic Engineering Division and are incorporated herein.

We appreciate the cooperation of the personnel of the Traffic Engineering Division during the course of the review.

Martha O. Haynie, CPA
County Comptroller

c: Ajit M. Lalchandani, County Administrator
William P. Baxter, Acting Director, Public Works Department
Ruby Dempsey Rozier, Manager, Traffic Engineering Division

EXECUTIVE SUMMARY

Executive Summary

We have conducted a limited examination of trip generation surveys performed by the Traffic Engineering Division of businesses having a Road Impact Fee Agreement with the County. The review period was August 1, 1997 through May 31, 1998. During our review, we noted the following:

A list of businesses that have petitioned the Board of County Commissioners for an alternate transportation impact fee does not exist. Also, we were unable to determine the difference between the amount of impact fees collected from the businesses per the alternate formula and the amount that would have been collected had the fees been charged using the schedule in the Ordinance.

Facility square footages submitted with traffic studies to calculate impact fees are not consistent with other County records. We noted that the square footage figure utilized in the impact fee calculation by the County is provided by the applicant and is not verified against other square footage data maintained within the County. Applying the results of our testing to the entire population projected that an additional \$266,000 could have been collected if square footages consistent with the County's records had been used to compute impact fees.

Traffic count machine numbers are reduced by the applicant's traffic engineer (which reduces the impact fee) based on the results of manual traffic counts, made by the engineer's staff. We noted instances where the box counts were reduced by more than twenty percent from original totals. Although County regulations require staff to visit the study sites to ensure the fidelity of the data collected, these visits do not include visual counts by County personnel to verify the accuracy of the engineers box count reductions.

Only five of the nine applicant files corresponding to the surveys performed by Traffic Engineering contained information sufficient to verify the accuracy of the number of average daily trips, the percentage of new trips and the length of each trip reported by the applicants' engineers. Without this information, we were unable to determine if the correct impact fees were charged.

During our review of the County's contract for civil engineering consulting services, we noted that no itemization of the services comprising each billing was submitted. Consequently, we were unable to substantiate that the County received all of the services identified in the cost proposal. Further the contract does not contain a clause authorizing the County to audit the consultant's cost records, such as employee time sheets, for the projects it

has completed for the County. Over \$467,000 was spent on this contract for fiscal year 1997-98, of which approximately \$8,000 was for traffic count surveys.

The County did not charge interest on the difference between the amount of alternate traffic impact fees paid by a business and the recalculated amount that should have been paid, as determined from data obtained in the follow-up traffic survey.

In our review of the County's Road Impact Fee Ordinance, we noted the following concerns:

- Right-of-way (ROW) acquisition cost updates have not been performed since 1990 although the Ordinance requires that such analyses be prepared annually.
- Road construction and improvement cost analyses have not been performed since 1990. The entire Ordinance is to be reviewed by the Board of County Commissioners triennially.
- Impact fees have not been raised to a level necessary to cover 95% of the net costs to accommodate new development. In 1990, the fees were imposed to cover 75% of the net cost of new development with the intent that the County would increase the fees to a minimum level of 95% during the second (1996) triennial review.

The County has not surveyed 98 percent (49 of 50) of the traffic impact fee studies approved during the period 1987 through 1992. Traffic impact fee agreements authorize the County within five years of its acceptance of an alternate fee calculation to monitor traffic at the agreement site if it believes that traffic has increased at a rate beyond that originally projected. As such, the County has forfeited its right to review these studies.

The Traffic Engineering Division concurred with all of our recommendations for improvement and corrective action is either planned or underway as noted herein.

ACTION PLAN

Special Review of
Alternate Transportation Impact Fees
Action Plan

NO.	MANAGEMENT RESPONSE			IMPLEMENTATION STATUS		Recommendations
	CONCUR	PARTIALLY CONCUR	DO NOT CONCUR	UNDERWAY	PLANNED	
1.	X			X		County administration assigns an appropriate department the task of maintaining a record of all applicants requesting an alternate transportation impact fee. The list should identify the status of the request, either accepted or denied, and include a calculation of the difference between the amount of fees collected using the alternate formula to the amount that would have been collected per the Ordinance's fee schedule. Further, consideration should be given to assigning this department responsibility for coordinating all phases of the process.
2.	X			X		Traffic Engineering institutes a procedure to use County records in verifying the accuracy of square footages submitted by each applicant seeking an alternate traffic impact fee.
3.	X				X	The County enhances its monitoring of alternative traffic impact fee data collection procedures to include performing manual traffic counts to verify box count reductions.
4.	X			X		The County ensures that traffic studies aged more than five years not be used to approve alternate traffic fee agreements.
5.	X			X		The County enhances its efforts to retain traffic study documentation supporting road impact fee agreements.
6.						Future agreements for traffic engineering services include the following provisions:
A)	X				X	Requiring the consultant to submit itemized cost data with billings.

Special Review of
Alternate Transportation Impact Fees
Action Plan

NO.	MANAGEMENT RESPONSE			IMPLEMENTATION STATUS		Recommendations
	CONCUR	PARTIALLY CONCUR	DO NOT CONCUR	UNDERWAY	PLANNED	
B)	X				X	Giving the County the right to audit the consultant's financial records pertaining to projects it completes for the County.
7.	X			X		The County, in updating its Ordinance, considers imposing a market comparable interest rate on additional traffic impact fees calculated during the follow-up surveys.
8.	X			X		We Commend the County for its efforts to revise the Ordinance and recommend it perform future analyses and updates as required by the Board of County Commissioners.
9.	X			X		The County performs a greater number of evaluations to determine whether traffic flow patterns have increased.
10.	X			X		The County formulates a comprehensive and integrated set of policies and procedures defining the duties and responsibilities of each department's personnel with respect to alternate impact fees. Also, applicable administrative regulations should be updated to reflect the resulting departmental assignments.

INTRODUCTION

Background

The mission of the Orange County Traffic Engineering Division is to provide for safe and efficient traffic movement on County-maintained roads by installing and maintaining traffic control devices, designing and constructing intersection improvements and analyzing traffic movement and accident data. For fiscal year 1997-98 the Division had 62 authorized positions with an adopted budget of \$5,310,585.

Transportation impact fees provide financing for road construction projects in Orange County to support growth-related transportation needs. For the purpose of impact fees, the County is divided into four geographical regions. Monies collected from a specific region must be spent within the same region. The County adopted its road impact fee Ordinance No. 85-34 in 1985, and performed an update in 1990. County staff is currently working with a consultant to complete a second update. Transportation impact fees collected in fiscal year 1996-97 totaled over \$14,000,000 and over \$15,000,000 in fiscal year 1997-98.

If a commercial entity believes that the cost of road improvements needed to serve its development is less than the amount in the County's fee directory, the enterprise may, at its own expense, submit an alternate fee calculation to the County. The alternate fee calculation must be based on data provided by an independent transportation engineer who has completed a local traffic study using a County approved methodology.

The County is authorized to monitor traffic at the agreement site within five years of its acceptance of the alternate fee calculation, if it believes that traffic has increased at a rate beyond that originally projected. As of March 1998, nine follow-up surveys had been completed by the Traffic Engineering Division.

**Scope,
Objectives, and
Methodology**

The review consisted of a limited examination of trip generation surveys performed by the Traffic Engineering

Division of businesses having a Road Impact Fee Agreement with the County. The review period was August 1, 1997 through May 31, 1998. The audit objectives were as follows:

- 1) Evaluate Traffic Engineering's methodology of selecting sites to perform trip generation rate surveys;
- 2) Verify that the trip generation rate surveys conducted by Traffic Engineering were in accordance with the parameters contained in the applicable Alternate Traffic Study Agreement;
- 3) Ensure that transportation impact fees were correctly calculated in the alternate traffic studies and Transportation Engineering's surveys;
- 4) Evaluate the reasonableness and appropriateness of proposed changes to the County's Road Impact Fee Ordinance;
- 5) Ensure that the scope of services stipulations contained in the contract with the County's traffic engineering consultant are being followed;

To evaluate Traffic Engineering's methodology of selecting sites to perform trip generation rate surveys, we compared the sites monitored by industry type to the population of businesses that have had an alternate traffic impact study accepted by the County.

To verify that Traffic Engineering's trip generation rate surveys followed stipulations contained in the alternate traffic study agreements, we compared daily traffic count totals reported by the department to hourly traffic count documentation. We also ensured that the surveys were performed during the times of the year identified in the agreements.

To ensure that transportation impact fees were correctly calculated, we reviewed the methodology used to determine the number of average daily trip ends, average trip length

and new trip factors and recalculated the transportation impact fee for each alternate study and follow-up survey.

To evaluate the reasonableness and appropriateness of proposed changes to the County's Road Impact Fee Ordinance, we obtained the public review draft prepared by Duncan and Associates and evaluated the accuracy of the major findings and the reasonableness and appropriateness of the suggested revisions.

To ensure that the scope of services stipulations contained in the County's traffic consultant's contract are being followed, we examined each payment made to the consultant for trip generation surveys to determine that the appropriate job cost documentation supported each invoice submitted for payment.

**Overall
Evaluation**

The Traffic Engineering Division adequately performed trip generation rate surveys in accordance with the County's Road Impact Fee Ordinance. However, improvements in the County's overall administration and enforcement of alternate traffic impact fees are needed in the areas noted in this report.

RECOMMENDATIONS FOR IMPROVEMENT

Complete
Records of
Impact Fees
Should Be
Maintained

**1. A List Of Businesses Requesting An Alternate
Traffic Impact Fee Should Be Maintained**

There is no comprehensive list of businesses that have petitioned the Board of County Commissioners for an alternate transportation impact fee. We obtained a partial list, sorted by non-sequential case numbers, of 142 approved traffic studies that resulted in an agreement with the County. Because the list only identifies the parties that were successful in petitioning the Board, we were unable to determine the total population of businesses that have made a request. Also, we were unable to determine the difference between the amount of impact fees collected from the businesses per the alternate formula and the amount that would have been collected had the fees been charged using the schedule in the Ordinance.

A number of County departments are involved in the transportation impact fee process and the function has attracted a great deal of public interest. A good business practice is the maintenance of complete records. Currently, it is not possible to determine the entire population, and the ability to research a specific business' request for an alternate fee or the Board's decision on that request may not be possible.

We Recommend County administration assigns an appropriate department the task of maintaining a record of all applicants requesting an alternate transportation impact fee. The list should identify the status of the request, either accepted or denied, and include a calculation of the difference between the amount of fees collected using the alternate formula to the amount that would have been collected per the Ordinance's fee schedule. Further, consideration should be given to assigning this department responsibility for coordinating all phases of the process.

Management's Response:

The Traffic Engineering Division concurs with this recommendation, and has developed a database to record and track all Alternate Traffic Impact Fee requests and agreements in Orange County. The database includes the following information for each application:

- i. Applicant Information (Business Name, Location, Size, etc...)
- ii. Study Site Information (Business Name, Location, Size, etc...)
- iii. Impact Fee Calculation per Ordinance
- iv. Impact Fee Calculation per Alternate Impact Fee Study
- v. Date of Agreement
- vi. Monitoring Fee Collected
- vii. Impact Fee Calculation per Monitoring Study

The Traffic Engineering Division, which chairs the Alternate Road Impact Fee Committee, is responsible for coordinating all phases of the alternate road impact fee process and maintaining the information in the database. Included, as "Attachment A" is a list of the alternate road impact fee applications processed in 1998, as well as a copy of the data entry form for each application.

2. Square Footages Used To Calculate Traffic Impact Fees Should Be Consistent With County Records

Square Footages
Utilized By Traffic
Engineering Are
Not Consistent
With Other
County Records

Facility square footages used by engineers submitting traffic studies and Traffic Engineering to calculate impact fees are not consistent with other County records. We found differences between the square footages used in the studies and surveys used to calculate impact fees due, and the square footage reported on the Orange County Building Division's construction permit system and the Orange County Property Appraiser's system. The square footage figure utilized by Traffic Engineering is provided by the applicant and is not verified against other square foot data maintained within the County.

**RECOMMENDATIONS
FOR IMPROVEMENT**



For commercial structures, road impact unit fees are applied to each 1000 square feet of surface area. The square footage used by Traffic Engineering was less than the square footage identified in the Building Division’s or Property Appraiser’s records in 67% (6 of 9) of the surveys reviewed. If square footages had been used that were consistent with the greater of the surface areas identified in Building’s or the Property Appraiser’s records for each test site, additional impact fees of approximately \$43,955 could have been collected on the nine surveys performed by the County as detailed in the table below.

CASE NUMBER	IMPACT FEE USING GREATER OF APPLICANT, BUILDING, OR PROPERTY APPRAISER SQUARE FOOTAGE	ACTUAL IMPACT FEE	DIFFERENCE: IMPACT FEE USING GREATER SQUARE FOOTAGE OVER ACTUAL IMPACT FEE
92-19	\$79,314	\$79,314	\$0
93-26	\$229,697	\$226,181	\$3,516
93-37	\$5,679	\$4,753	\$926
95-04	\$21,676	\$21,676	\$0
95-05	\$83,613	\$60,288	\$23,325
95-17	\$2,965	\$2,965	\$0
95-20	\$59,705	\$52,953	\$6,752
95-27	\$45,436	\$40,048	\$5,388
96-20	\$27,921	\$23,872	\$4,049
TOTALS	\$556,006	\$512,050	\$43,956

Based on the above, an additional 8.6 percent of revenue could have been collected on these nine surveys if the County had used the highest reported square feet of the building. Applying the results from an analysis of another 25 cases to the population of 141 approved alternate traffic studies, we project that an additional \$266,000 could have been collected if square footages consistent with the County’s records had been used to compute impact fees.

Using sources with comparative data helps provide a more objective determination of a facility’s square footage and assists in identifying subsequent development subject to the traffic impact fee.

We Recommend Traffic Engineering institutes a procedure to use County records in verifying the accuracy of square footages submitted by each applicant seeking an alternate traffic impact fee.

Management's Response:

The Traffic Engineering Division concurs. A procedure is being implemented to verify the square footage submitted in alternate road impact fee studies. As part of the submittal a copy of the plans for the study site and the proposed site are requested. The "As-Built" plans are to be obtained from the Orange County Building Division or the appropriate permitting agency for existing sites.

3. The County Should Enhance Its Monitoring Of Alternative Traffic Impact Fee Data Collection Procedures

Site Visits By The
County Should
Include Visual
Counts To Verify
The Accuracy Of
The Engineer's
Count Reductions

Data used to calculate alternative traffic impact fees consists of the number of average daily trips made by travelers to a commercial enterprise, the percentage of those trips that were made primarily to the enterprise's location, and the length of each trip. Daily trips are determined from count boxes positioned at each of the study site's driveways that record the number of vehicles entering and exiting the facility. Box counts are adjusted by the applicant's traffic engineer based on the results of manual traffic counts, made by the engineer's staff, during a four-hour period on five consecutive weekdays. We were informed that adjustments are made because of the boxes' inherent limitations that result in double counting of traffic. Examples given include vehicles not driving over the cables attached to the boxes at a 90-degree angle or vehicles driving over the cables too slowly. We noted instances where the box counts were reduced by more than twenty percent from original totals.

In four of the surveys reviewed we noted that even an increase in the accuracy of the box counts of less than five percent would have resulted in almost \$4,000 of additional fees being collected. County regulations require staff to visit

the study sites to ensure the fidelity of the data collected. These visits should include visual counts performed by County personnel to verify the accuracy of the engineer's box count reductions.

We Recommend the County enhances its monitoring of alternative traffic impact fee data collection procedures to include performing manual traffic counts to verify box count reductions.

Management's Response:

The Traffic Engineering Division concurs with the essence of this recommendation. Currently, Traffic Engineering personnel make an inspection visit to the study site during the hours of study. The objective of the visit is to verify that the methodology is being implemented as agreed and to note any anomalies at the site if any exist. Traffic Engineering personnel do not collect data to verify the independent consultants' information due to time and labor constraints. However, a monitoring study is later conducted at the site as an overall verification of the study.

4. Traffic Studies Aged More Than Five Years Should Not Be Used To Approve Alternate Fee Agreements

Traffic Studies
Older than Five
Years Should Not
Be Used

The traffic study used to approve the road impact fee agreement between the County and an oil change facility was performed seven years before the agreement was executed. The study performed for a similar type business was submitted to the County on July 8, 1988. The agreement with the subsequent applicant was signed on August 29, 1995. The County's Ordinance authorizes the transfer of a previously accepted traffic study to new construction if the prior study was performed on a similar structure. However, the Ordinance does not allow the transfer of a study that is more than five years old.

The County's rapid population growth and accompanying surge in traffic flow may render a traffic study utilizing a trip generation rate beyond the five year limit inaccurate and could understate the amount of impact fees due the County.

We Recommend the County ensures that traffic studies aged more than five years not be used to approve alternate traffic fee agreements.

Management's Response:

The Traffic Engineering Division concurs with this recommendation. No alternate road impact fee studies conducted and approved more than five years from the date of a given request will be considered eligible for transfer.

5. The County Should Enhance Its Efforts To Retain Documentation Supporting Road Impact Fee Agreements

Information
Needed To Verify
The Calculations
May Have Been
Lost Or
Misplaced

Only five of the nine applicant files corresponding to the surveys performed by Traffic Engineering contained information sufficient to verify the accuracy of the number of average daily trips, the percentage of new trips and the length of each trip reported by the applicants' engineers. The other four files either did not contain the study or the documentation present was inadequate to allow an analysis to be performed. As a result, we were unable to assess the reasonableness of the alternate fee calculations prepared for these four applicants.

We were informed that the applicant files have been in the custody of several County departments over the past few years. Information needed to verify the calculations might have been lost or misplaced. As previously stated, an approved traffic study can be used for five years to obtain an alternate impact fee for current construction. Because a single study can be applied to several subsequent projects, retaining documents that connect the original data to the present applicant is essential.

We Recommend the County enhances its efforts to retain traffic study documentation supporting road impact fee agreements.

Management's Response:

The Traffic Engineering Division concurs with this recommendation. A central filing system has been implemented. All alternate road impact fee requests are currently being filed at the Traffic Engineering Division Offices in the Orange County Public Works Complex at 4200 S. John Young Parkway.

6. Future Agreements For Traffic Engineering Services Should Include Provisions Requiring That Cost Data Accompany Billings And Ensuring The County's Right To Audit Consultant Records

Future
Engineering
Consultant
Contracts Should
Be Modified

In June 1997, the County entered into a contract for civil engineering consulting services. The engineer's responsibilities include assisting Traffic Engineering in performing traffic surveys. A review of the contract noted the following concerns:

- A) The contract's scope of services section requires the consultant to submit a cost proposal to the County depicting man-hours with hourly rates, cost of subcontracted services, and out of pocket expenses. However, the contract is silent on what documents should accompany billings. We reviewed three payments to the consultant for a traffic survey proposal dated October 20, 1997. An invoice accompanied each payment with a line item identifying the percentage of the project's completion to date. No itemization of the services comprising each billing was noted. Consequently, we were unable to substantiate that the County received all of the services identified in the cost proposal. A good business practice to help ensure that all services have been received in percentage of completion projects is the identification of cost elements on invoices. The

**RECOMMENDATIONS
FOR IMPROVEMENT**



services on the invoices should then be matched against the services per the cost proposal for completeness.

- B) The contract does not contain a clause authorizing the County to audit the consultant's cost records, such as employee time sheets, for the projects it has completed for the County. The purpose of having such a provision is to help the County ensure that it has received all the services at the correct units and prices agreed to in each accepted cost proposal. Over \$467,000 was spent on this contract for fiscal year 97-98 including almost \$8,000 for traffic count surveys.

We Recommend future agreements for traffic engineering services include the following provisions

- A) Requiring the consultant to submit itemized cost data with billings.
- B) Giving the County the right to audit the consultant's financial records pertaining to projects it completes for the County.

Management's Response:

The Traffic Engineering Division concurs with this recommendation. The provisions will be incorporated into all future contracts regarding services for Alternate Road Impact Fees.

7. The County Should Consider Assessing An Interest Charge On Additional Traffic Impact Fees

The County
Should Consider
Charging Interest
On The
Difference From
The Amount That
Was Paid And
The Amount
Later Calculated

The County does not charge interest on the difference between the amount of alternate traffic impact fees paid by a business and the recalculated amount that should have been paid determined from data obtained in the follow-up traffic survey.

Currently, there is no requirement for charging interest on these additional fees. The County should consider including an interest amount to be charged on the difference from the amount that was paid and the amount calculated by the County. Four of the surveys resulted in the calculation of a higher trip generation rate than that determined in the alternate studies. As a result, applicants who had an alternate study approved as early as 1993 were assessed an additional \$23,000 of impact fees. However, because these payments were deferred for as much as five years the County has in effect provided these individuals with an interest free loan.

We Recommend the County, in updating its Ordinance, considers imposing a market comparable interest rate on additional traffic impact fees calculated during the follow-up surveys.

Management's Response:

The Traffic Engineering Division concurs with this recommendation. The standard Alternate Road Impact Fee Agreement has been revised by the Orange County Attorney's Office to include provisions for the collection of interest at the rate established by the Office of the County Comptroller for any fees due and owing subsequent to the monitoring study. Included, as "Attachment B" is a copy of the Form Alternate Road Impact Fee Agreement that an applicant must enter into prior to receiving final approval.

8. The County Should Continue Its Efforts To Update The Road Impact Fee Ordinance

Our review of the County's Road Impact Fee Ordinance noted the following concerns:

The Ordinance
Was Not Updated
As Required

- A) Right-of-Way (ROW) acquisition cost updates have not been performed since 1990 although the Ordinance requires that such analyses be prepared annually.

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Special Review of Alternate
Transportation Impact Fees

- B) Road construction and improvement cost analyses have not been performed since 1990. The entire Ordinance is to be reviewed by the Board of County Commissioners triennially.
- C) Impact fees have not been raised to a level necessary to cover 95% of the net costs to accommodate new development. In 1990, the fees were imposed to cover 75% of the net cost of new development with the intent that the County would increase the fees to a minimum level of 95% during the second (1996) triennial review.

In 1997 the County hired Duncan and Associates to assist in updating the Ordinance. The update for which Duncan was hired is the second with the first having been done in 1990 following the Ordinance's original adoption in 1985. The consultant's study is being reviewed by the County's Development Advisory Board and the Impact Fee Committee. Proposals for changes to the Ordinance and administrative regulations were submitted to the Board of County Commissioners in October 1998.

We Commend the County for its efforts to revise the Ordinance and recommend it perform future analyses and updates as required by the Board of County Commissioners.

Management's Response:

The Traffic Engineering Division concurs with this recommendation. The recently updated Road Impact Fee Ordinance (98-27) includes a mandate for the Ordinance to be re-evaluated and updated in five years.

9. A Greater Number Of Evaluations To Determine Whether Traffic Flow Patterns May Be Monitored For Trip Generation Rate Increases Should Be Performed

The County has not surveyed 98 percent (49 of 50) of the traffic impact fee studies approved during the period 1987

The County
Forfeited Its Right
To Survey 49
Studies Before
1993

through 1992. A list of approved impact fee studies provided by Traffic Engineering revealed that only a retail store, having had a traffic study approved in 1992, was surveyed. Traffic impact fee agreements authorize the County within five years of its acceptance of an alternate fee calculation to monitor traffic at the agreement site if it believes that traffic has increased at a rate beyond that originally projected.

As previously mentioned, the County conducted nine surveys and collected an additional \$22,886 or 3.5 percent of the \$642,061 of impact fees originally assessed the nine applicants. If these nine are representative of the population, the County could have potentially collected an additional \$50,587 had it performed surveys of the 49 agreements within the five year period of reassessment that has since expired.

We Recommend the County performs a greater number of evaluations to determine whether traffic flow patterns have increased.

Management's Response:

The Traffic Engineering Division concurs with this recommendation. Additionally, on October 20, 1998, the Board of County Commissioners directed staff to monitor every Alternate Road Impact Fee Agreement. Based on the direction given by the Board, staff has been collecting a monitoring fee for each agreement submitted. This monitoring fee will be used to conduct a monitoring study at every site that has entered into an Alternate Impact Fee Agreement with Orange County as of November 1998.

10. Policies And Procedures For County Staff Should Be Formulated And Applicable Administrative Regulations Updated

Integrated
Policies And
Procedures
Defining The
Responsibilities
Of Each
Department's

A number of County departments coordinate administrative and enforcement duties associated with alternate traffic impact fees. During the past several years, accountability

has diminished because various tasks have been transferred among the departments. Integrated policies and procedures defining the responsibilities of each department's personnel do not exist. Also, administrative regulations pertaining to the fees date to the late 1980's and even assign a department no longer directly involved with the process as the County's official designee in this matter.

The County's 1990 Ordinance does not address establishing procedures for affected departments. The administrative regulations are referenced to the original 1985 Ordinance and have not been updated to reflect existing staff assignments. Presently, the potential exists that critical tasks, such as maintaining a list of all commercial enterprises petitioning the County for an alternate traffic fee, may be overlooked because of misinterpreted scopes of responsibility.

We Recommend the County formulates a comprehensive and integrated set of policies and procedures defining the duties and responsibilities of each department's personnel with respect to alternate impact fees. Also, applicable administrative regulations should be updated to reflect the resulting departmental assignments.

Management's Response:

The Traffic Engineering Division concurs with this recommendation. As part of the Road Impact Fee Ordinance update process, the applicable administrative regulations were revised. The Alternate Road Impact Fees Administrative Regulations establishes the Alternate Road Impact Fee Committee with five members from appropriate County Divisions and chaired by the Traffic Engineering Division. The Alternate Road Impact Fee Committee has established procedures and processes for the handling of Alternate Road Impact Fee Requests. As an example, please find included as "Attachment C" a copy of the document provided to the applicant when applying for an Alternative Road Impact Fee. In addition "Attachment D" includes a copy of the updated Administrative Regulation #6.11.01.

**APPENDIX –
MANAGEMENT’S
SUPPLEMENTAL INFORMATION**

The Complete text of Management's Supplemental Information can be obtained by calling the County Audit Division at 836-5775.