

CITY OF COSTA MESA

NOTICE ANNUAL REVIEW OF DEVELOPMENT IMPACT FEE REPORT NOTICE IS HEREBY GIVEN that the Costa Mesa City Council at the regular meeting on **Tuesday, November 15, 2022 at 6:00 P.M.**, in the City Hall Council Chambers, 77 Fair Drive, Costa Mesa, California and virtual locations will consider the following item:

ANNUAL REVIEW OF THE CITYWIDE DEVELOPMENT IMPACT FEE ACTIVITY FOR THE FISCAL YEAR

California Government Code Section 66000-66008 requires an annual review and accounting of the Citywide Development Impact Fee Activity for the Fiscal Year. Agency description of specified activity is posted in the City Clerk's Office.

Public Comments:

Public Comments may be made in person by attending the meeting, may be made via Zoom Webinar, or send in written comments. Members of the public wishing to participate in the meeting via Zoom Webinar may find instructions to participate on the agenda. Members of the public may also submit written comments via email to the City Clerk at cityclerk@costamesaca.gov and they will be provided to the City Council, made available to the public, and will be part of the meeting record. Any written communications, photos, or other materials for copying and distribution to the City Council that are 10 pages or less, can be e-mailed to cityclerk@costamesaca.gov, submitted to the City Clerk's Office on a flash drive, or mailed to the City Clerk's Office. Kindly submit materials to the City Clerk **AS EARLY AS POSSIBLE, BUT NO LATER THAN 12:00 p.m.** on the day of the hearing, **November 15, 2022**. All materials, pictures, PowerPoints, and videos submitted for display at a public meeting must be previously reviewed by staff to verify appropriateness for general audiences. No links to YouTube videos or other streaming services will be accepted, a direct video file will need to be emailed to staff prior to each meeting in order to minimize complications and to play the video without delay. The video must be one of the following formats, .mp4, .mov or .wmv. Only one file may be included per speaker for public comments. Please note that materials submitted by the public that are deemed appropriate for general audiences will not be redacted in any way and will be posted online as submitted, including any personal contact information. For further assistance, contact the City Clerk's Office at (714) 754-5225. The City Council agenda and related documents may also be viewed on the City's website at <http://costamesaca.gov>, 72 hours prior to the public hearing date. **IF THE AFOREMENTIONED ACTION IS CHALLENGED IN COURT**, the challenge may be limited to only those issues raised at the public hearing described in the notice, or in written correspondence delivered to the City Council at, or prior to, the public hearing.

Brenda Green, City Clerk, City of Costa Mesa

Published October 30, 2022



CITY OF COSTA MESA

FY2021-22 DEVELOPMENT IMPACT FEE REPORT

NOVEMBER 15, 2022

**CITY OF COSTA MESA
77 FAIR DRIVE
COSTA MESA, CA 92626**



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City Leadership



JOHN STEPHENS
MAYOR



ANDREA MARR
MAYOR PRO TEM
DISTRICT 3



DON HARPER
COUNCIL MEMBER
DISTRICT 1



LOREN GAMEROS
COUNCIL MEMBER
DISTRICT 2



MANUEL CHAVEZ
COUNCIL MEMBER
DISTRICT 4



ARLIS REYNOLDS
COUNCIL MEMBER
DISTRICT 5



JEFF HARLAN
COUNCIL MEMBER
DISTRICT 6

City Official Directory

City Manager's Office

City Manager Lori Ann Farrell Harrison

Department Directors

City Attorney's Office Kimberly Barlow

Community Development Services..... Jennifer Le

Finance..... Carol Molina

Information Technology Steve Ely

Parks and Community Services..... Jason Minter

Public Services Raja Sethuraman

Public Safety

Fire and Rescue Dan Stefano

Police Ron Lawrence

Legal Requirements for Development Impact Fee Reporting

Legal Requirements for Development Impact Fee Reporting

California Government Code Section 66006 (b)

California Government Code Section 66006 (b) defines the specific reporting requirements for local agencies that impose AB 1600 DIFs on new development. Annually, for each separate fund established for the collection and expenditure of DIFs, the local agency shall, within 180 days of the close of the fiscal year, make available to the public the information shown below for the most recent fiscal year.

- a) A brief description of the type of fee in the account or fund.
- b) The amount of the fee.
- c) The beginning and ending balance of the account or fund.
- d) The amount of the fees collected and interest earned.
- e) An identification of each public improvement on which fees were expended and the amount of the expenditures on each improvement, including the total percentage of the cost of the public improvement that was funded with fees.
- f) An identification of an approximate date by which the construction of the public improvement will commence if the local agency determines that sufficient funds have been collected to complete financing on an incomplete public improvement, as identified in paragraph (2) of subdivision (a) of Section 66001, and the public improvement remains incomplete.
- g) A description of each inter-fund transfer or loan made from the account or fund, including the public improvement on which the transferred or loaned fees will be expended, and, in the case of an inter-fund loan, the date on which the loan will be repaid, and the rate of interest that the account or fund will receive on the loan.
- h) The amount of refunds made pursuant to subdivision (e) of Section 66001 and any allocations pursuant to subdivision (f) of Section 66001.

California Government Code Section 66001

For all funds established for the collection and expenditure of DIFs, California Government Code Section 66001 (d) has additional requirements. For the fifth fiscal year following the first deposit into the fund and every five years thereafter, the local agency shall make all of the following findings with respect to that portion of the fund remaining unexpended, whether committed or uncommitted:

- a) Identify the purpose to which the fee is to be put.
- b) Demonstrate a reasonable relationship between the fee and purpose for which it is charged.
- c) Identify all sources and amounts of funding anticipated to complete financing in incomplete improvements identified in paragraph (2) of subdivision (a).
- d) Designate the approximate dates on which the funding referred to in subparagraph (c) is expected to be deposited into the appropriate account or fund.

California Government Code Section 66002

The State of California Government Code Section 66002 states that:

- a) Any local agency, which levies a fee subject to Section 66001, may adopt a capital improvement plan, which shall indicate the approximate location, size, time of availability, and estimates of cost for all facilities or improvements to be financed with the fees.
- b) The capital improvement plan shall be adopted by, and shall be annually updated by, a resolution of the governing body of the local agency adopted at a noticed public hearing. Notice of the hearing shall be given pursuant to Section 65090. In addition, mailed notice shall be given to any city or county, which may be significantly affected by the capital improvement plan. This notice shall be given no later than the date the local agency notices the public hearing pursuant to Section 65090. The information in the notice shall be not less than the information contained in the notice of public hearing and shall be given by first-class mail or personal delivery.
- c) "Facility" or "improvement," as used in this section, means any of the following:
 1. Public buildings, including schools and related facilities; provided that school facilities shall not be included if Senate Bill 97 of the 1987-88 Regular Session is enacted and becomes effective on or before January 1, 1988.
 2. Facilities for the storage, treatment, and distribution of nonagricultural water.
 3. Facilities for the collection, treatment, reclamation, and disposal of sewage.
 4. Facilities for the collection and disposal of storm waters and for flood control purposes.
 5. Facilities for the generation of electricity and the distribution of gas and electricity.
 6. Transportation and transit facilities, including but not limited to streets and supporting improvements, roads, overpasses, bridges, harbors, ports, airports, and related facilities.
 7. Parks and recreation facilities.
 8. Any other capital project identified in the capital facilities plan adopted.

Description of Development Impact Fees with Corresponding Fee Schedule

Park Development Impact Fees (Quimby Act Fees)

Fee Description: This fee provides funding for additional or improved park and/or recreation facility improvements for which the need is generated by new development within the City.

Fee Schedule: The table below indicates the applicable park development fee per unit that will be applied to new residential projects based on the net increase in residential units.

Development	Fee per Unit
Single-family Dwelling Unit	\$13,572.00
Multi-family Dwelling Unit	\$13,829.00
Apartment Dwelling Unit	\$5,000.00

Drainage Impact Fees

Fee Description: This fee provides funding for additional construction and maintenance of the City's drainage system for which the need is generated by new development or redevelopment within the City.

Fee Schedule: The table below indicates the applicable drainage impact fee per acre that will be applied to new or redeveloped projects.

Development Type	Fee per Acre
Low Density Residential Use	\$6,283.00
Medium Density Residential Use	\$7,539.00
High Density Residential Use	\$10,052.00
Commercial / Industrial Density Residential Use	\$11,309.00

Traffic Impact Fees

Fee Description: This fee provides funding for additional or improved traffic signal, operation, and infrastructure improvements for which the need is generated by new or expanding development within the City.

Fee Schedule: The citywide Traffic Impact Fee is assessed on the increased number of average daily trips generated by the proposed project. The City Council adopted a fee of \$235 per daily trip on November 13, 2018. On December 17, 2020, the City Council voted to continue the Traffic Impact fees at \$235 per daily trip.

Fire System Development Fees

Fee Description: This fee provides funding for additional fire protection facilities, equipment, and paramedic support for which the need is generated by future development within the North Costa Mesa area. This fee is only levied against five identified developments: Home Ranch, South Coast Plaza Town Center, South Coast Metro Center, and Sakioka Farms' Lots 1 and 2.

Fee Schedule: The fee is \$0.285 per square foot of new commercial, industrial or residential development.

Statement of Revenues, Expenditures and Changes in Fund Balance

A summary of activities in each type of development impact fee for fiscal year ended June 30, 2022 is shown below:

Statement of Revenues, Expenditures and Changes in Fund Balance for the Fiscal Year Ended June 30, 2022* Development Impact Fees

Description	Park Development Fees	Drainage Fees	Traffic Impact Fees	Fire System Development Fees
Revenue				
Fees	1,278,941	348,736	437,943	
Investment Earnings	100,792	57,057	143,170	(15,857)
Other				
Revenue Total	1,178,149	291,679	294,773	15,857
Expense				
Expenditures	2,214,169	145,850	127,222	
Other				
Transfers Out				
Expense Total	2,214,169	145,850	127,222	

Rev Over(Under) Exp	(1,036,020)	145,829	167,552	(15,857)
Begin Fund Balance	4,651,456	2,096,392	5,490,214	651,541
End Fund Balance	3,615,436	2,242,221	5,657,766	635,685

*Unaudited actuals

Financial Summary Reporting and CIP

State law requires an identification of each public improvement on which fees were expended and the amount of expenditures on each improvement, including the total percentage of the costs of the public improvement that was funded with fees. A summary of improvements for each Development Impact Fee is provided.

PARK DEVELOPMENT FEES (QUIMBY ACT FEES)

Statement of Revenues, Expenditures and Changes in Fund Balance for the Last Five Years:

Description	For the Fiscal Year Ended June 30					
	2017	2018	2019	2020	2021	2022*
Revenue						
Fees	1,541,038	4,657,896	2,299,373	1,049,018	766,372	1,278,941
Investment Earnings	47,040	(8,310)	254,347	223,901	8,022	(100,792)
Other					106,966	
Revenue Total	1,588,078	4,649,586	2,553,720	1,272,919	881,359	1,178,149
Expense						
Expenditures	13,612	2,558,466	1,899,528	1,589,954	1,753,155	2,214,169
Other	11,879	10,810	9,735			
Transfers Out			3,842			
Expense Total	25,491	2,569,276	1,913,105	1,589,954	1,753,155	2,214,169
Rev Over(Under) Exp	1,562,587	2,080,310	640,615	(317,035)	(871,796)	(1,036,020)
Begin Fund Balance	1,556,775	3,119,361	5,199,672	5,840,286	5,523,251	4,651,456
End Fund Balance	3,119,361	5,199,672	5,840,286	5,523,251	4,651,456	3,615,436

*Unaudited actuals

Capital Improvement Projects (CIP) for the Last Five Years:

Capital Project	For the Fiscal Year Ended June 30					
	2017	2018	2019	2020	2021	2022
208 - Park Development Fees						
Tenagr Pk Plygrd Equip Repl						96,786
Wilson TeWinkle Prk Bridg						18,630
Fairview Park Improvements	13,456	3,455	198,810			
Pk Security Lighting Repl	156	11			86,983	
Jack Hammett Field Upgrade		55,000	63,634	3,300	8,796	1,532,681
Fairview Pk Mstr Plan			54,854			
Fairview Park Bluffs			151,406			
Fairview Pk Fence Sign Trail						5,136
Jordan Pk Playgrnd Equip						96,384
TeWinkle Park Lakes Repairs						31,830
NCC - Library Development		2,500,000	1,430,824	1,282,483	1,427,452	225,904
208 - Park Development Fees Fund Total	13,612	2,558,466	1,899,528	1,285,783	1,523,232	2,007,351

Funds held past the fifth year and first deposit

Not applicable at this time. All funds were expended within the five-year timeframe to fund park improvements and/or recreation facility improvements.

Construction Commencement Date for Incomplete Improvements

Not applicable at this time.

Inter-fund Transfers and Loans

No loans were disbursed during this period.

Amount of Refunds

No refunds of any of these funds were made or required in during this period.

DRAINAGE FEES

Statement of Revenues, Expenditures and Changes in Fund Balance for the Last Five Years:

Description	For the Fiscal Year Ended June 30					
	2017	2018	2019	2020	2021	2022*
Revenue						
Fees	549,871	113,610	268,800	898,498	433,328	348,736
Investment Earnings	18,965	9,519	57,202	78,484	2,100	(57,057)
Other	117,373					
Revenue Total	686,210	123,130	326,002	976,982	435,428	291,679
Expense						
Expenditures	66,950	1,101,378	56,980	194,127	593,405	145,850
Expense Total	66,950	1,101,378	56,980	194,127	593,405	145,850

Rev Over(Under) Exp	619,259	(978,248)	269,022	782,855	(157,977)	145,829
Begin Fund Balance	1,561,480	2,180,739	1,202,491	1,471,513	2,254,368	2,096,392
End Fund Balance	2,180,739	1,202,491	1,471,513	2,254,368	2,096,392	2,242,221

**Unaudited actuals*

Capital Improvement Projects (CIP) for the Last Five Years:

Capital Project	For the Fiscal Year Ended June 30					
	2017	2018	2019	2020	2021	2022
209 - Drainage Fees Fund						
Catch Basin Inserts-Variou		10,886		9,966	169,750	26,727
Citywide Storm Drain Impr	66,950	740,492	56,980	184,161	332,976	108,752
Westside Storm Drain Impr						10,370
NCC - Library Development		350,000			90,679	
209 - Drainage Fees Fund Total	66,950	1,101,378	56,980	194,127	593,405	145,850

Funds held past the fifth year and first deposit

Not applicable at this time. All funds were expended within the five-year timeframe to fund storm drain improvements.

Construction Commencement Date for Incomplete Improvements

Not applicable at this time.

Inter-fund Transfers and Loans

No loans were disbursed during this period.

Amount of Refunds

No refunds of any of these funds were made or required in during this period.

TRAFFIC IMPACT FEES

Statement of Revenues, Expenditures and Changes in Fund Balance for the Last Five Years:

Description	For the Fiscal Year Ended June 30					
	2017	2018	2019	2020	2021	2022*
Revenue						
Fees	99,419	878,865	182,166	259,298	1,212,500	437,943
Investment Earnings	30,967	4,203	177,173	174,806	(9,496)	(143,170)
Other					1,855	
Revenue Total	130,383	883,068	359,339	434,104	1,204,859	294,773
Expense						
Expenditures	62,148	1,227	67,090	220,544	404,704	127,222
Other				75,000		
Expense Total	52,148	1,227	67,090	295,544	404,704	127,222
Rev Over(Under) Exp	68,236	881,841	292,249	138,560	800,155	167,552
Begin Fund Balance	3,309,173	3,377,409	4,259,250	4,551,499	4,690,059	5,490,214
End Fund Balance	3,377,409	4,259,250	4,551,499	4,690,059	5,490,214	5,657,766

*Unaudited actuals

Capital Improvement Projects (CIP) for the Last Five Years:

Capital Projects	For the Fiscal Year Ended					
	2017	2018	2019	2020	2021	2022
214 - Traffic Impact Fees Fund						
Fairview Road/Wilson St Impr	2,726					
Bicycle Racks Citywide					35,032	8,299
Hyland/MacArthur Intersct Impr			58,148	23,224		
Adams at Pinecreek Imp						3,831
East 17th St. Landscape Enhanc	52,211					(2,611)
Fairview Traffic Signal Sync				10,457	174,575	
Baker/Placntia/19th/Victr TSSP						15,373
Sunflower Traff Signal Sync				93,407		
W 17th Design Newport Westside	7,211	1,227	5,842	48,992		
Newport Blvd Wide 19th to 17th			3,100	43,751	5,731	31,491
Class II and III Bicycle Proj				712	1,805	12,052
Merrimac Way Bicycle Facility					181,847	16,837
Adams Av Bicycle Facility Proj					5,715	6,832
Randolph Prkg & Pedestrin Impr						25,792
West 18th & Wilson Crosswalks						9,325
214 - Traffic Impact Fees Fund Total	62,148	1,227	67,090	220,544	404,704	127,222

Funds held past the fifth year and first deposit

Traffic Impact Fee funds are being held passed the fifth year and first deposit. These funds are intended to fund additional or improved traffic signal, operation, and infrastructure improvements for which the need is generated by new or expanding development within the City.

Construction Commencement Date for Incomplete Improvements

Not applicable at this time.

Inter-fund Transfers and Loans

No loans were disbursed during this period.

Amount of Refunds

No refunds of any of these funds were made or required in during this period.

FIRE SYSTEM DEVELOPMENT FEES

Statement of Revenues, Expenditures and Changes in Fund Balance for the Last Five Years:

Description	For the Fiscal Year Ended June 30					
	2017	2018	2019	2020	2021	2022*
Revenue						
Fees				469,332		
Investment Earnings	3,309	1,061	5,865	25,319	45	(15,857)
Other						
Revenue Total	3,309	1,061	5,865	494,651	45	(15,857)
Expense						
Expenditures		82,735				
Transfers Out		125,000				
Expense Total		207,735				

Rev Over(Under) Exp	3,309	(206,674)	5,865	494,651	45	(15,857)
Begin Fund Balance	354,347	357,655	150,981	156,846	651,497	651,541
End Fund Balance	357,365	150,981	156,846	651,497	651,541	635,685

*Unaudited actuals

Capital Improvement Projects (CIP) for the Last Five Years:

Capital Projects	For the Fiscal Year Ended June 30					
	2017	2018	2019	2020	2021	2022
218 - Fire System Dev. Fees						
Corp Yard Exhaust System		82,735				
218 - Fire System Dev. Fees						
Fund Total		82,735				

Funds held past the fifth year and first deposit

Fire System Development Fee funds are being held past the fifth year and first deposit. These funds are intended to fund additional fire protection facilities, equipment, and paramedic support for which the need is generated by future development within Costa Mesa.

Construction Commencement Date for Incomplete Improvements

Not applicable at this time.

Inter-fund Transfers and Loans

No loans were disbursed during this period.

Amount of Refunds

No refunds of any of these funds were made or required in during this period.

Development Impact Fee Project Identification

The City's current, Adopted Budget 2022-2023, which includes the Five-Year Capital Improvement Plan (CIP) 2022/23 — 2026/27 can be found on the City's website at:

<https://www.costamesaca.gov/home/showpublisheddocument/51218/637877023662070000>

Funding of Infrastructure

The FY 2022/23 — FY 2026/27 CIP identifies all funding sources and amounts for individual projects through FY 2026/27. The CIP is updated annually to reflect the current City's infrastructure needs. As a CIP is identified, the project is evaluated to determine the portion of the project that will service existing residents and businesses versus new development.

Once the determination of use is made, the percentage of use attributed to new development is then funded by the appropriate development fee based on the type of project. The percentage of use associated with existing residents or businesses are funded from other appropriate sources. Estimated construction start dates for projects are adjusted, as needed, to reflect the needs of the community.

ONGOING/NEW CAPITAL IMPROVEMENT PROJECTS

Park Development Fees

Projects by Fund	FY2022/23 - FY2026/27
208 - Park Development Fees Fund	
700016 - Tenager Park Playground Equipment Replacement	223,525
700021 - Wilson TeWinkle Park Bridge Repairs	197,264
700029 - Fairview Park Improvements	
700080 - Park Security Lighting/Replacement	164,500
700115 - Jack Hammett Sports Complex ADA Improvements	2,011,757
700125 - Fairview Park Master Plan Habitat Restoration Project	
700131 - Fairview Park Bluffs	
700134 - Fairview Park Fence Sign Trail	144,864
700136 - Jordan Park Playground Equipment Replacement	175,000
700137 - TeWinkle Park Lakes Repairs	126,745
800015 - NCC - Library Development and Lions Park Projects	1,162,767
208 - Park Development Fees Fund Total	4,206,422

Drainage Fees

Projects by Fund	FY2022/23 - FY2026/27
209 - Drainage Fees Fund	
550008 - Citywide Catch Basin Inserts and Water Quality Improvement	82,610
550011 - Citywide Storm Drain Improvements	1,777,590
550022 - Westside Storm Drain Improvements	1,591,865
800015 - NCC - Library Development and Lions Park Projects	
209 - Drainage Fees Fund Total	3,452,065

Traffic Impact Fees

Projects by Fund	FY2022/23 - FY2026/27
214 - Traffic Impact Fees Fund	
300129 - Harbor/Adams Intersection Improvements	
300146 - Fairview Road/Wilson Street Improvements	
300148 - Citywide Bicycle Rack Improvements	206,670
300160 - Hyland/MacArthur Intersection Improvements	
300174 - Adams at Pinecreek Improvements	869,242
350018 - East 17th Street Landscape Enhancements	
370034 - Fairview Traffic Signal Synchronization	66,854
370039 - Baker/Placentia/19th/Victoria Traffic Signal Synchronization	2,216,000
370047 - Sunflower Traffic Signal Synchronization	
370050 - West 17th Design Newport Westside	
370052 - Newport Blvd Improvements from 19th Street to 17th Street	486,952
450010 - Class II, III, and IV Bicycle Projects	997,327
450011 - Merrimac Way Bicycle Facility	
450014 - Adams Avenue Bicycle Facility Project	48,289
470001 - Randolph Parking and Pedestrian Improvements	395,326
470002 - West 18th Street and Wilson Street Pedestrian Crossings	400,000
NEW - Bicycle and Pedestrian Infrastructure Improvements	250,000
NEW - Fairview Road Improvement Project	250,000
214 - Traffic Impact Fees Fund Total	6,186,660

Fire System Development Fees

No current projects to report.

City Council Action and Studies

The following are Development Impact Fees related recent and prior Council Reviews (Traffic Impact Fees and Park Development Fees).