



# CITY OF COSTA MESA

77 Fair Drive  
Costa Mesa, CA 92626

## Agenda Report

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**File #:** 26-148

**Meeting Date:** 3/3/2026

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**TITLE:**

**TRAFFIC IMPACT FEE PROGRAM UPDATE**

**DEPARTMENT:** PUBLIC WORKS DEPARTMENT/ TRANSPORTATION  
**SERVICES DIVISION**

**PRESENTED BY:** RAJA SETHURAMAN, PUBLIC WORKS DIRECTOR

**CONTACT INFORMATION:** PAUL MARTIN, TRANSPORTATION SERVICES MANAGER,  
(714) 754-5343

**RECOMMENDATION:**

Staff recommends the City Council:

1. Award a Professional Services Agreement (PSA) to Kimley-Horn and Associates, Inc. for professional engineering services for the update of the City's Traffic Impact Fee Program for a period of three (3) years with the option for a one-year renewal period in an amount not to exceed \$149,740, in final form as approved by the City Attorney.
2. Authorize a ten percent (10%) contingency in the amount of \$14,974 for any unforeseen costs that may be required by the project.
3. Authorize the City Manager and the City Clerk to execute the PSA and any future amendments to the agreement.
4. Authorize appropriation of \$164,714 from the Measure M2 Fairshare Fund 416 fund balance.

**BACKGROUND:**

The City of Costa Mesa employs a Traffic Impact Fee (TIF) program to fund transportation system improvements necessitated by new land development. The TIF program, established in 1993, is based on the Comprehensive Transportation System Improvement Program (CTSIP), which serves as the program's nexus mandating circulation improvements to mitigate transportation system impacts resulting from new land development.

The current CTSIP uses capacity-based level of service (LOS) as the program evaluation metric. Improvements to ensure that the LOS standard is achieved and is maintained at intersections within the defined impact area are included within the current TIF program. The City seeks to revise the TIF program to update eligible projects and costs, support Statewide goals to reduce vehicle-miles-traveled (VMT) and greenhouse gases (GHGs) consistent with Senate Bill 743 (SB 743), and comply with all recently adopted applicable state laws. The need for this update was also identified and

recommended by the Traffic Impact Fee Ad Hoc Committee during their meetings in October 2025. The methodology for developing the TIF will be reviewed through this project and may be modified to be based on trips, LOS, VMT, or other applicable criteria.

The current state of the TIF program is summarized below:

- The City of Costa Mesa Ordinance 93-11 established the TIF in 1993.
- The TIF Program and CTSIP are codified in Title 13, Chapter 12, Article 3 - "Transportation System Management" of the Costa Mesa Municipal Code.
- The City's General Plan, adopted in 2016, requires the City to maintain a TIF for improvements to the Master Plan of Streets and Highways, and that the City review and update the fees on an annual basis through Council Resolution.
- The initial intent of the program was to fund projects that improve roadway LOS, typically intersection enhancements, lane additions, and roadway widenings, some of which require additional rights-of-way, which can be costly and may be infeasible. In 2018, the City completed its most recent TIF study and added the projects outlined in the City's Active Transportation Plan (ATP) into the program. These projects serve to provide active travel modes in the City, reduce the use of automobiles, and improve roadway LOS through reduced vehicular demand on the roadway. The City provided a five percent (5%) reduction in automobile trips for development projects due to the implementation of the ATP and an additional five percent (5%) reduction in average daily traffic (ADT) if a development proposes to implement active transportation improvements beyond typical code requirements. Currently, up to ten percent (10%) of traffic impact fees can also be used towards traffic signal synchronization projects.
- The current adopted TIF is set at \$231 per net daily trip.
- Fees collected can be used to fund any improvement in the City that is included in the fee program at the discretion of the City.

The major goals of the TIF Program update include:

- Identify best practices and fee program strategies given current transportation conditions and General Plan land development potential.
- Develop a new nexus study and a legally defensible TIF to be compatible with and complementary to the City's Vehicle-Miles-Traveled (VMT) guidelines currently under preparation.
- Evaluate the list of TIF eligible projects to achieve project objectives (VMT reductions, LOS improvements, etc.) such as congestion hot spot improvements, active transportation, complete streets, and transit enhancements.
- Maintain OCTA Measure M2 eligibility.

- Maintain consistency with the General Plan.
- Collaborate with and engage the TIF Ad Hoc Committee for community and business representative engagement.
- Update the program to be compliant with all new applicable state laws.
- Update the existing program ordinance and municipal code upon City Council approval.
- Establish a TIF that is equitable and comparable to those imposed by other neighboring cities.

**ANALYSIS:**

On November 19, 2025, the City issued a Request for Proposals (RFP) on PlanetBids for professional engineering services for the Project. Five (5) proposals were received to provide the professional services. Proposals were screened for compliance with the City's RFP process. To ensure an objective selection process, an evaluation committee was assembled, and all committee members evaluated proposals independently to assess qualifications and experience to address the City's needs. The proposals were evaluated based on project understanding, depth of experience, technical expertise, qualified personnel, ability to meet the schedule, and associated factors.

In developing the criteria and weightings, several factors were considered. The firm's qualifications and experience performing relevant work of similar scope, size and complexity are important to the success of the project. The proposed team should include key personnel who are experienced in working on traffic impact fee programs and nexus studies. The firm must also be knowledgeable on new state laws relevant to nexus studies and traffic impact fee programs.

All five (5) consultant proposals were deemed to be compliant with the minimum requirements and were evaluated based on the above criteria:

- Economic & Planning Systems, Inc. (EPS) -  
EPS is a real estate and land use economics consulting firm founded in 1983, with offices in Los Angeles, Oakland, Sacramento, California, and Denver, Colorado. The firm's scope of work is clear, but the knowledge provided by the proposed subconsultant is not emphasized in the proposal. The Key staff, however, are currently working on similar types of fees for the City of Anaheim and City of Carlsbad.
- Kimley-Horn and Associates, Inc. (Kimley-Horn) -  
Kimley-Horn showcases that they understand the City, the intent of the TIF update, and their experience in preparing TIFs and VMT fees. They highlighted their knowledge and experience on recently passed state laws that apply to traffic impact fees, such as AB 602, SB 99, and AB 3177, showcasing that they can provide a TIF update that meets all legal requirements. Relevant experience shows a long list of agencies where the firm has delivered similar work related to TIF program updates and VMT mitigation programs, including active transportation planning efforts and studies.

- Iteris, Inc.-  
The Iteris proposal provides a well-organized description of the differences between a trip-based and vehicle-miles-traveled-based Traffic Impact Fee. Iteris does not showcase knowledge of recently passed state laws that affect the development of traffic impact fees. They showcase a good understanding and approach to deliver the expedited project schedule. Key staff have over 20 years of experience and firm has worked on traffic impact fees for a few cities in southern California. These cities include Seal Beach, Camarillo, Simi Valley, Chino Hills, and Irvine.
- LSA Associates, Inc. (LSA) -  
The firm's proposal showcases their knowledge of the City and understanding of the background and needs of the City for the Traffic Impact Fee update. LSA is well-qualified in addressing requirements of SB 743, involving the metric of Vehicle-Miles-Traveled (VMT). The proposal, however, assumed that the City already decided on the new program methodology, which conflicts with the scope of services identified by City staff to prepare an evaluation through the Project. Key staff appear to have experience with VMT guidelines; however, they did not showcase experience on TIF Nexus Update studies.
- Willdan Financial Services (Willdan) -  
The firm has experience working on many types of development impact fees. The approach generally mentions the difference between development impact fees, such as sewer, parks, and transportation, but lacks specifics and does not further elaborate on transportation-related traffic impact fees. The proposal does not show full understanding of the needs of the City. Key personnel did not demonstrate their experience in developing traffic impact fees, and the team's experience is broader, helping cities develop a wide range of impact fees.

After a thorough evaluation of the five proposals, it was determined that Kimley-Horn and Associates, Inc. (Kimley-Horn) possessed the best qualifications and experience in performing the City's Traffic Impact Fee program update. Kimley-Horn was responsive to the requirements in the RFP and is well qualified to perform the requested engineering services for the Project. Selection of Kimley-Horn is based on the firm's proposal, which demonstrates the following:

- A thorough understanding of the project and its scope.
- Substantial experience and technical ability to perform the outlined scope of work.
- A proven track record of developing traffic impact fee and nexus study updates for cities consistent with new and relevant state laws.
- Understanding of the City's expedited schedule for the project.

Regarding the other four (4) remaining consultant proposers, their proposals were also deemed qualified by the evaluation committee. However, the level of expertise and scope of experience did not exceed those presented by Kimley-Horn.

<b>PROPOSERS</b>	<b>SCORES</b>
Kimley Horn	1260
Economic & Planning	1180
Iteris	1020
LSA Associates	970
Willdan	870

Kimley-Horn has been providing engineering services in and around the City of Costa Mesa for over 20 years, including the City’s Local Road Safety Plan and Safe Routes to School Action Plan. Kimley-Horn offers a wide range of professional services, and their team of engineers, planners, environmental scientists, and technical study specialists have worked together in Southern California to deliver a multitude of projects to public agencies and private developers. Kimley-Horn has demonstrated experience working on traffic impact fee programs and nexus studies, VMT analyses, and other mitigation fee programs. Kimley-Horn has recently worked on similar projects for the cities of Agoura Hills, Riverside, West Sacramento, and County of El Dorado. Kimley-Horn is currently working on the City’s federally-funded Safe Routes to School Action Plan as well as the federally-funded Signal Modernization for Systemic Safety Improvements project. Kimley-Horn was ranked 8th on the Engineering News-Record’s 2025 Top 500 Design Firms, and its extensive network of professionals across the nation can be utilized to provide high-quality deliverables to the City.

The proposal submitted by Kimley-Horn represents a thorough understanding of the Project. Kimley-Horn provided a comprehensive and viable work plan and schedule that demonstrated an understanding of the project requirements and the expedited project timeline required to complete the TIF program update prior to establishment of the 2027 TIF in December 2026. The proposal documents Kimley-Horn’s technical ability and experience with similar projects and includes a project team consisting of staff with multiple years of experience working on TIF programs. Kimley-Horn’s consulting fees were also determined to be competitive and commensurate with the requested services.

Therefore, staff recommends the approval of a PSA to Kimley-Horn for a not-to-exceed amount of \$149,740 with an additional 10% contingency for unforeseen costs.

**ALTERNATIVES:**

The City Council may elect not to approve the PSA and continue the current TIF program without modification. However, this alternative is not recommended because the TIF program would not be compliant with new state laws and the TIF Ad Hoc Committee recommended the TIF program update. The City Council could also choose to readvertise the RFP. City Staff does not recommend this alternative because the City received a competitive number of proposals and readvertising would result in significant delays in the completion of the TIF program update.

**FISCAL REVIEW:**

The total amount of the proposed contract plus contingency will not exceed \$164,714 and will be funded with Measure M2 Fairshare Fund 416 fund balance, as recommended.

**LEGAL REVIEW:**

The City Attorney's Office has reviewed this report, prepared the proposed PSA and approves them both as to form.

**CITY COUNCIL GOALS AND PRIORITIES:**

This item supports the following City Council Goals:

- Maintain and enhance the City's facilities, equipment and technology.
- Advance environmental sustainability and climate resiliency.

**CONCLUSION:**

Staff recommends the City Council:

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