



ADAMS AVENUE BICYCLE FACILITY PROJECT (FROM HARBOR BOULEVARD TO FAIRVIEW ROAD)

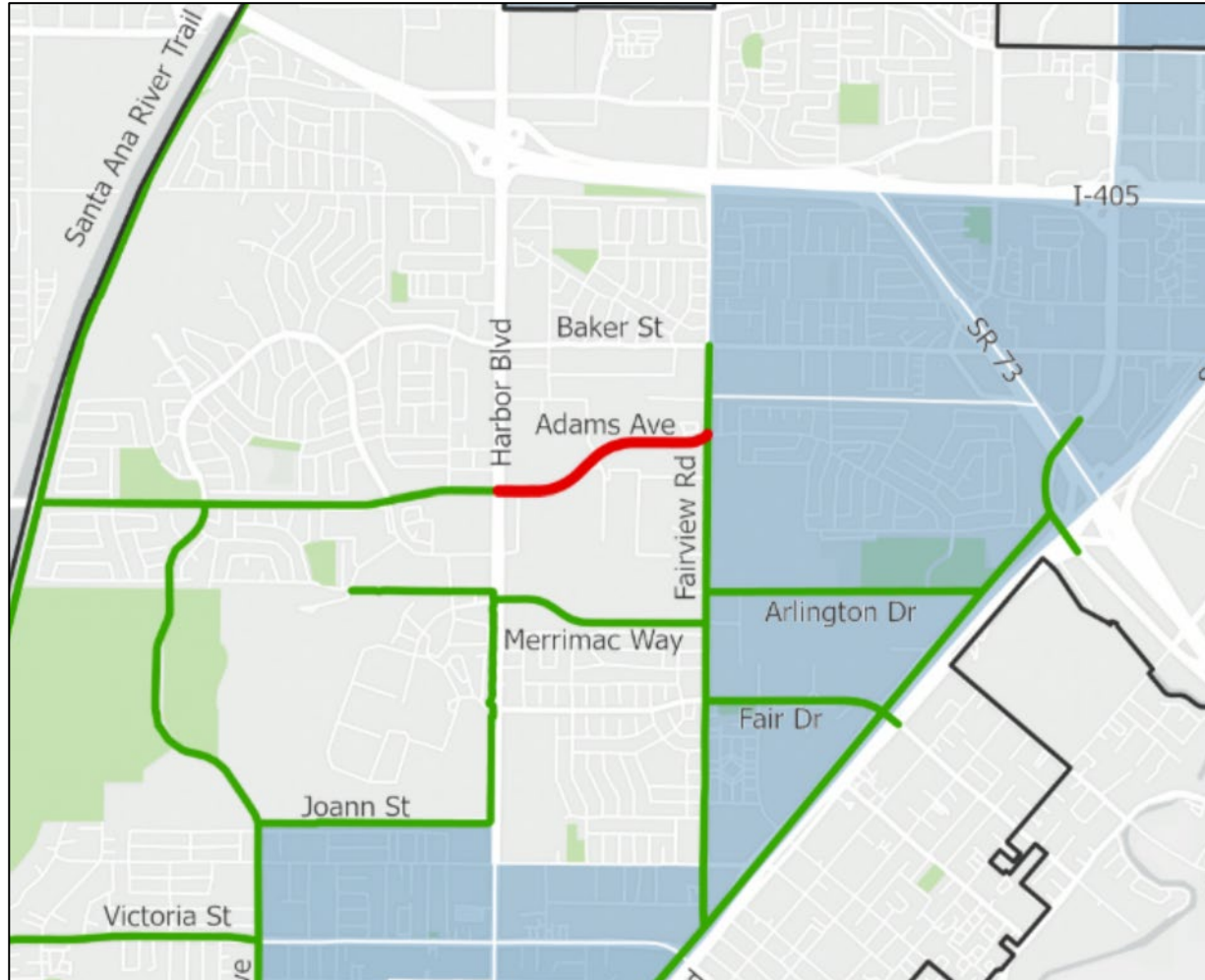
FEDERAL PROJECT NO. STPL-5312(108)
CITY PROJECT NO. 25-11

CITY COUNCIL MEETING
DECEMBER 2, 2025



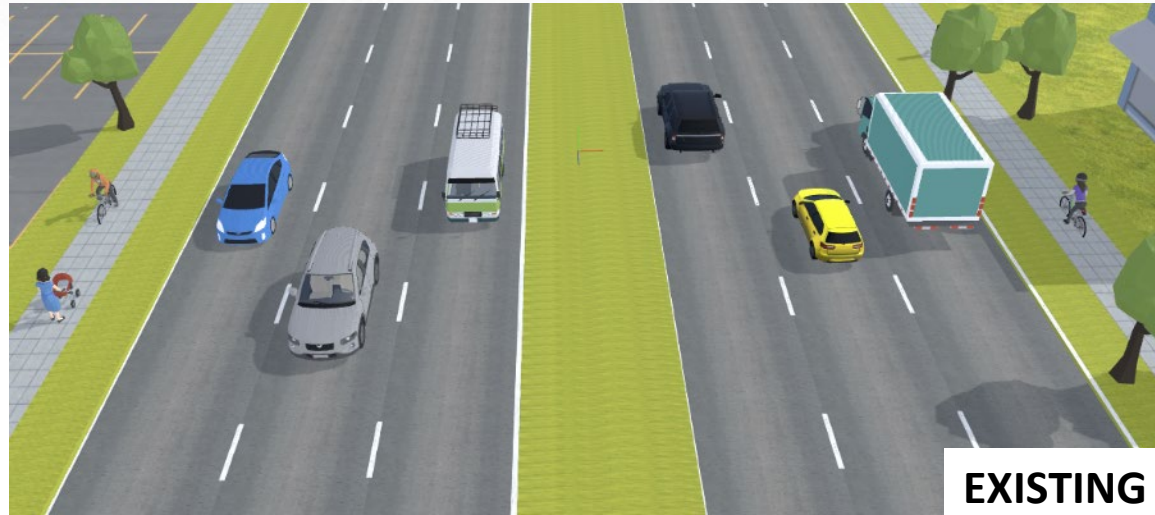
Background – Adams Avenue

- Limits: Harbor Boulevard to Fairview Road
- Currently:
 - Six (6) travel lanes with raised center median
 - Posted Speed Limit: 35 mph
- On-street parking westbound between Pinecreek Drive and Villa Sienna Driveway



Project Features

- Narrow center medians
- Slurry Seal Improvements
- Class IV Cycle Tracks
- Class II buffered bike lanes (adjacent to on-street parking)
- No reduction in travel lanes
- Consistent with the Active Transportation Plan and City Council Goals and Priorities



Project Features

- Green bicycle conflict markings and green bicycle crosswalks



Project Features

- New pedestrian streetlighting on the south side of Adams Avenue



Project Features

- Narrow Center Median and Implement New Landscaping



Project Features

- Traffic signal and bikeway modifications at the intersection of Fairview Road & Adams Avenue/El Camino Drive



Project Features

- Cycle track connects to newly constructed multi-use trails at the intersection of Adams Avenue and Pinecreek Drive



Project Information

Construction

- Bid Opening on October 15, 2025
- Six bids were received
- Low Bidder: *Excel Paving Company*
- Lowest Bid: \$2,268,636
- Average Bid Amount: \$2,760,000
- Completion: Summer 2026

Project Funding

- Contract Amount: \$ 2,495,500
(including contingency)
- Funding Source: Surface
Transportation Block Grant (STBG)
Federal Funding, Traffic Impact Fee,
OCTA Measure M2 Fairshare



Recommendations

- Adopt plans, specifications, and working details for the Adams Avenue Bicycle Facility Project (From Harbor Boulevard to Fairview Road), Federal Project No. STPL–5312(108), City Project No. 25-11, and find the project categorically exempt from CEQA.
- Approve a Public Works Agreement (PWA) in the amount of \$2,268,636.00, and a ten percent (10%) contingency in the amount of \$226,864 to Excel Paving Company, 2230 Lemon Avenue, Long Beach CA 90806.
- Approve a Professional Services Agreement (PSA) in the amount of \$241,374.00 and a ten percent (10%) contingency in the amount of \$24,137, to Z&K Consultants, Inc., 17130 Van Buren Blvd. #122, Riverside, CA 92504, for construction management and inspection support services for the Adams Avenue Bicycle Facility Project.
- Authorize the City Manager and the City Clerk to execute the PWA and the PSA and any future amendments to the agreements within Council authorized limits.





Questions?



Development Impact Fees & Traffic Impact Fee Analysis

City Council Meeting
December 2, 2025



Development Impact Fees State Requirements

- California Government Code 66006 specifies that local agencies must prepare annual reports of Development Impact Fees (DIF) within 180 days of the close of the fiscal year.
- California Government Code 66006 also specifies that the report must be reviewed by the agency's legislative body at a regularly scheduled meeting not less than 15 days following release to the public. The DIF was noticed to the public on November 17, 2025.
- The report must describe the fee, the amount of fees collected, interest earned if any, and identifications of any expenditures from those funds.

Types of Development Impact Fees

- Park Development Impact Fees – developer fees that provide funding for additional or improved park and/or recreational improvements.
- Drainage Impact Fees – developer fees that provide funding for the additional construction and maintenance of the City drainage system.
- Traffic Impact Fees – developer fees that provide funding for additional or improved traffic signal, operation, and infrastructure improvements.
- Fire System Development Fees – developer fees that provide funding for additional fire protection facilities, equipment and paramedic support.
- Cannabis Traffic Impact Fees – developer fees that provide funding for additional or improved traffic signal, operation, and infrastructure improvements.

Statement of Revenues, Expenditures and Changes in Fund Balance as of June 30, 2025*

Description	Park Development Fees	Drainage Fees	Traffic Impact Fees	Fire System Development Fees	Cannabis Traffic Impact Fees
Beginning Fund Balance	2,331,723	2,159,858	4,580,203	349,836	545,919
Revenue Total	367,122	260,450	762,416	16,967	45,774
Expense Total	(678,009)	(266,580)	(1,584,597)	-	-
Ending Fund Balance	2,020,837	2,153,729	3,758,021	366,803	591,693

* Preliminary unaudited FY 2024-25 financial results

Traffic Impact Fee (TIF)

Ad Hoc Committee Annual Review

- Ad Hoc Committee met twice on October 9 and 30, 2025
- TIF Analysis included:
 - TIF range between \$176 and \$476 per ADT
 - Recently Completed Projects
 - Consideration of Traffic Operations
 - Review of Eligible Project List
 - TIF Fund Balance
- Revised calculation of \$231 per ADT based on list of eligible projects including Active Transportation projects.

Traffic Impact Fee (TIF)

Ad Hoc Committee Recommendations

- Adopt proposed resolution which includes:
 - Adopt a traffic impact fee of \$231 per ADT with the inclusion of Active Transportation projects;
 - Continue allocation of up to 10% of traffic impact fees towards traffic signal synchronization projects;
 - Continue 5% reduction in automobile trips as result of ATP implementation and additional 5% reduction in automobile trips for developments proposing to implement active transportation improvements beyond typical development requirements.

Recommendations

Receive and file the Development Impact Fees Annual Report for Fiscal Year ended June 30, 2025.

Adopt resolution continuing the citywide traffic impact fee for new development that incorporates recommendations from the Traffic Impact Fee Ad Hoc Committee and staff, which include:

- Adopt a traffic impact fee of \$231 per Average Daily Trip (ADT) based on the Capital Improvement Projects in Attachment 4 and Active Transportation projects in the adopted Active Transportation Plan (ATP).
- Approve allocation of up to ten percent (10%) of traffic impact fees towards traffic signal synchronization projects.
- Approve a five percent (5%) reduction in automobile trips as a result of ATP implementation and an additional five percent (5%) reduction in automobile trips for developments proposing to implement active transportation improvements beyond typical development requirements

Amendment No. 2 of the MOU with the City of Newport Beach for use of beds at the Bridge Shelter

City Council Meeting
December 2, 2025



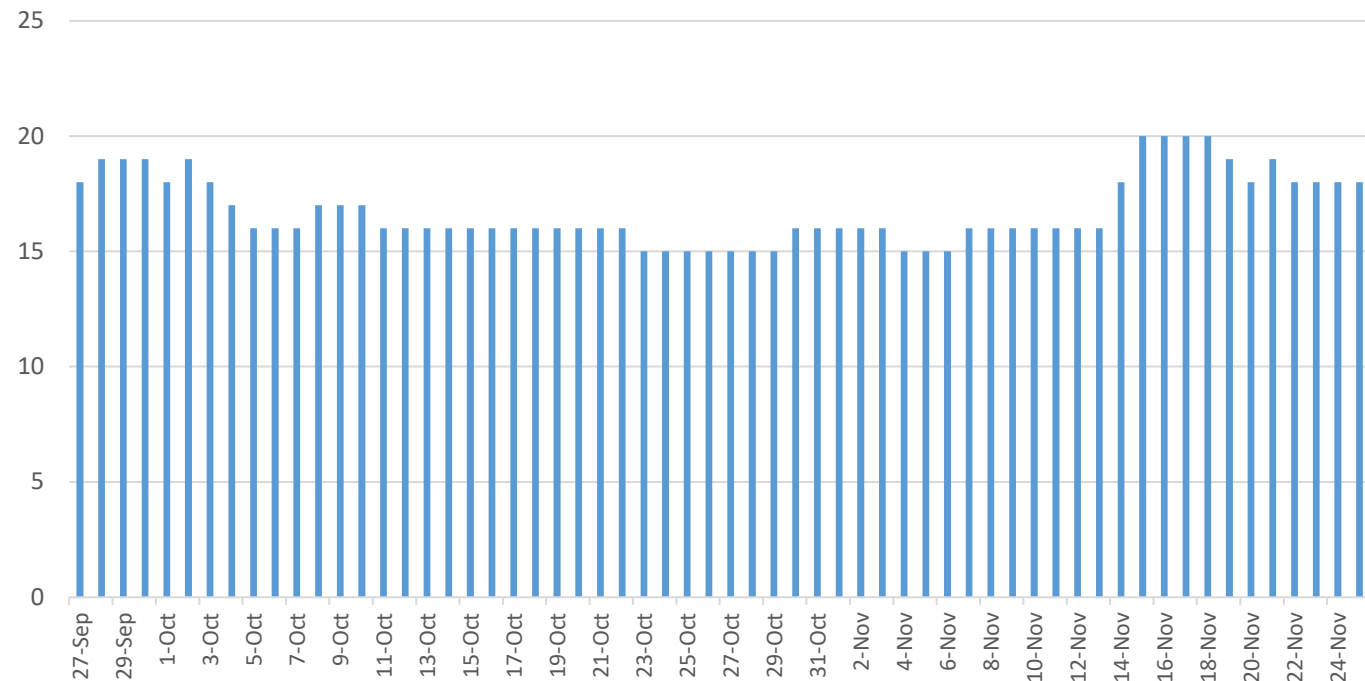
BACKGROUND

- December 15, 2020 – The City executed an MOU with the City of Newport Beach
 - Exclusive access to 20 beds.
- July 1, 2023 – The City executed Amendment No. 1 to the MOU
 - Exclusive access to 5 additional beds (25 total).
 - Access to 5 additional beds, as available.
- The MOU included annual cost increases based on changes in the Consumer Price Index (CPI) for the preceding 12 months.

Shelter Beds By the Numbers

- Newport Beach desires to decrease their allocation of beds by 5, from 25 beds to 20 beds.
- Over the past 60 days, Newport Beach's average bed utilization has been between 16-17 beds.

Newport Beach Bed Utilization
(September 27, 2025 - November 25, 2025)



TERM OF THE MOU

- Initial Term

- Upon execution of the MOU beginning December 16, 2025, and expires on June 30, 2026.
- Newport Beach has exclusive access to 20 beds.
- Access to 5 additional beds, as available.

- Secondary Term

- Begin on July 1, 2026, and expire on December 31, 2026.
- Eliminate Newport Beach's exclusive access to beds.
- Allow access to Shelter beds, as available, at a cost to be determined.

FINANCIAL IMPACT

- Newport Beach's annual cost per bed will increase from \$54,369 to \$59,494 (+\$5,125)
- Newport Beach's daily cost per bed will increase from \$148.96 to \$163 (+\$14.04)
- Newport Beach's annual payment will decrease from \$1,359,225 to \$1,189,880 (-\$169,345)

RECOMMENDATION

Staff recommends the City Council approve Amendment No. 2 to the Memorandum of Understanding with the City of Newport Beach, reducing their allocation of beds at the Costa Mesa Bridge Shelter from twenty-five (25) to twenty (20) and adjusting their associated costs, accordingly.

QUESTIONS?





Ballot Initiatives Pertaining to Transient Occupancy Tax (Hotel Tax) and Business License Tax

**City Council Meeting
December 2, 2025**



Background

- November 3, 2026 election presents an opportunity for the City to place ballot measures.
- Presenting two potential ballot measures for City Council consideration:
 - Transient Occupancy Tax (“Hotel Tax”)
 - Business License Tax

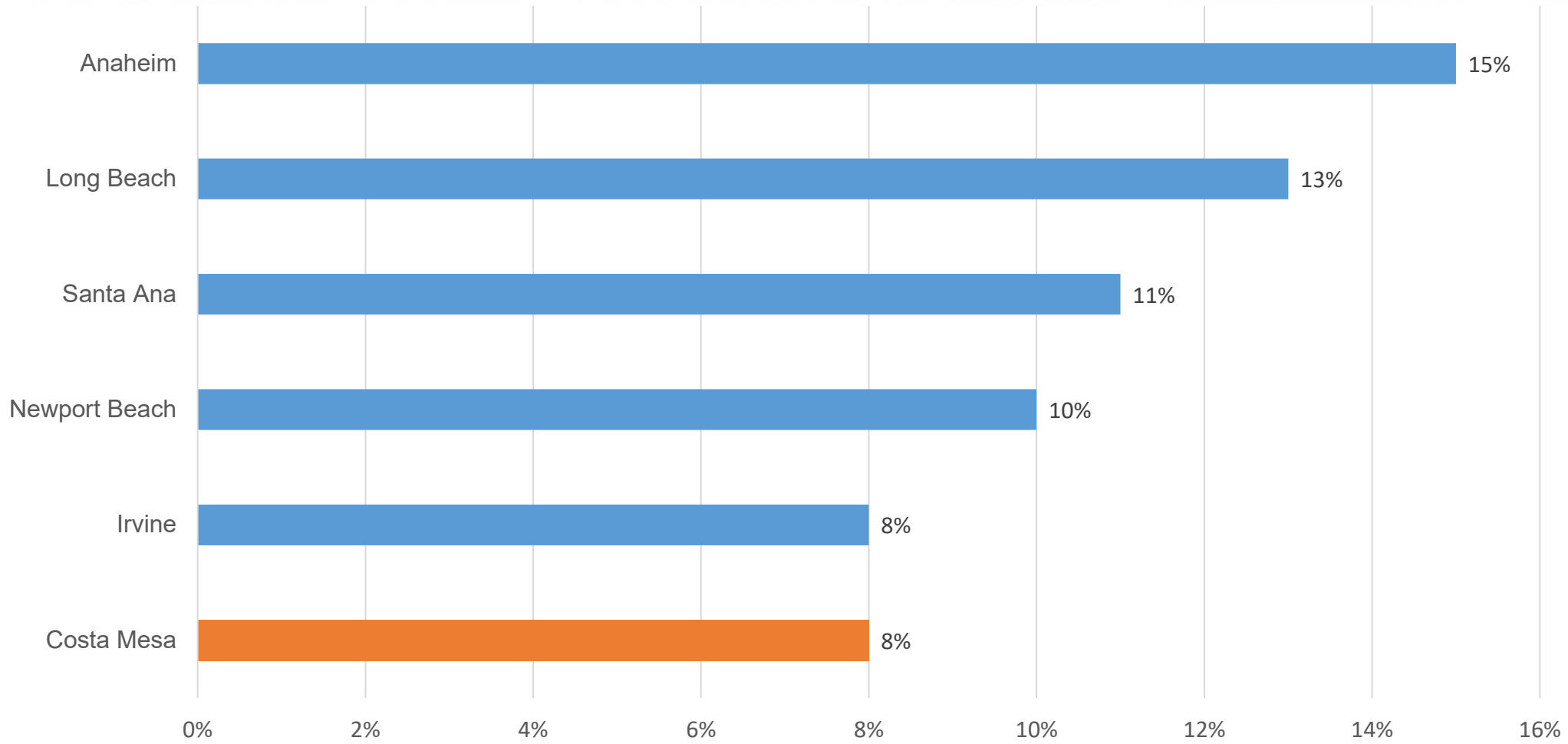
Transient Occupancy Tax

- **Transient Occupancy Tax** (also known as “Hotel Tax” or “TOT”) revenues provide revenues that are used for public service; funding public safety, public works, and street maintenance projects.
- Per Costa Mesa Municipal Code 16-68, each hotel stay is subject to a tax in the amount of 8%.
- TOT went into effect 40 years ago, in 1978, at 6.0%.

Transient Occupancy Tax

- Rate increases were presented in June 2000 and February 2004. No action was taken.
- In November 2010, Measure L was approved by voters, increasing TOT to 8%.
- In 2018, FIPAC recommended an increase of the TOT rate from 8% to 10% to align with other cities in Orange County. However, no action was taken.
- Costa Mesa's TOT rate remains one of the lowest in the region.

Transient Occupancy Tax (TOT) Rate Comparison



Business License Tax

- **Business License Tax** revenues provide revenues that are used for public service; funding public safety, public works, and street maintenance projects.
- Per Costa Mesa Municipal Code 9-1, every person conducting, carrying on, or engaging in any business shall pay a business tax to the City. Costa Mesa collects business license taxes based on gross receipts, which is a commonly used methodology. Business taxes are a fixed amount per gross receipt level and range from \$25 minimum tax for \$0 - \$25,000 in gross receipts to \$200 maximum tax for gross receipts of \$500,000+.
- Business License Tax was established in April 1985. To date the business license tax structure has not been amended or modified.

Business License Tax Comparison

Gross Receipts	Costa Mesa	Anaheim	Santa Ana	Tustin	Santa Monica/ Beverly Hills (b)
\$1 - \$25,000	\$25	\$40	\$80	\$25	\$75
\$25,001 - \$50,000	\$45	\$40	\$97	\$40	\$75
\$50,001 - \$100,000	\$60	\$60	\$129	\$40	\$125
\$100,001 - \$250,000	\$100	\$60	\$227	\$50/\$60*	\$312
\$250,001 - \$500,000	\$100	\$60	\$389	\$60/\$80*	\$625
\$500,001 - \$1,000,000	\$200	\$95	\$714	\$100*	\$1,250
\$1,000,001 - \$5,000,000	\$200	\$475	\$3,314		\$6,250
\$5,000,001 - \$10,000,000	\$200	\$950	\$6,564		\$12,500
\$10,000,001 - \$25,000,000+	\$200	\$2,375	\$16,314		\$31,250

# of Employees	Long Beach	Newport Beach
5	\$535	\$284
10	\$596	\$339
50	\$1,087	\$779
100	\$1,700	\$1,143
500	\$6,608	\$1,143

Notes:

Tustin * = \$50 (\$100k - \$200k)/ \$60 (\$200k - \$300k)/ \$80 (\$300k - \$600k)/\$100 (\$600k+)

(b) = Indicative tax rates only based on max gross receipt of range in Retail group. Santa Monica and Beverly Hills Tax rates use various business classifications.

FIPAC Recommendations

- At the October 1, 2025, FIPAC meeting, FIPAC voted to create an Ad Hoc committee to consider the viability of placing a business license and/or a transient occupancy tax (Hotel Tax) ballot initiative on the November 2026 ballot.
- On November 12, 2025, FIPAC unanimously approved a motion to formally request that the City Council authorize City staff, in coordination with FIPAC, to conduct a comprehensive review and analysis of both the Business License Tax and Transient Occupancy Tax. This review may result in the development of one or two ballot initiatives for consideration in the November 2026 election.

City Staff Recommendations

- City staff requests Council direction on a comprehensive review and analysis by City Staff of both Business License Tax and TOT for consideration of a ballot initiative.