



CITY OF COSTA MESA

FY2023-24 DEVELOPMENT IMPACT FEE REPORT

NOVEMBER 19, 2024

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



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City Leadership



JOHN STEPHENS
MAYOR



JEFFREY HARLAN
MAYOR PRO TEM
DISTRICT 6



DON HARPER
COUNCIL MEMBER
DISTRICT 1



LOREN GAMEROS
COUNCIL MEMBER
DISTRICT 2



ANDREA MARR
COUNCIL MEMBER
DISTRICT 3



MANUEL CHAVEZ
COUNCIL MEMBER
DISTRICT 4



ARLIS REYNOLDS
COUNCIL MEMBER
DISTRICT 5

City Official Directory

City Manager's Office

City Manager Lori Ann Farrell Harrison

Department Directors

City Attorney's Office Kimberly Barlow

Community Development Services..... Carrie Tai

Finance..... Carol Molina

Information Technology Steve Ely

Parks and Community Services..... Brian Gruner

Public Services Raja Sethuraman

Public Safety

Fire and Rescue Daniel Stefano

Police Ronald 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. Additionally, Council voted to continue with the Traffic Impact fees at \$235 per daily in 2021 through 2023.

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.

Cannabis Traffic Impact Fees

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

Fee Schedule: The citywide Cannabis 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 which is the same for the Cannabis Traffic Impact Fee. Additionally, Council voted to continue with the Traffic Impact fees at \$235 per daily in 2021 through 2023.

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, 2024 is shown below:

Statement of Revenues, Expenditures and Changes in Fund Balance for the Fiscal Year Ended June 30, 2024* Development Impact Fees

Description	Park Development Fees	Drainage Fees	Traffic Impact Fees	Fire System Development Fees	Cannabis Traffic Impact Fees
Revenue					
Fees	142,599	81,807	39,292		91,309
Investment Earnings	111,635	94,516	208,066	15,059	21,351
Other					
Revenue Total	254,234	176,323	247,358	15,059	112,660
Expense					
Expenditures	787,431	183,061	1,490,325	0	0
Other					
Transfers Out					
Expense Total	787,431	183,061	1,490,325	0	0

Rev Over(Under) Exp	(533,197)	(6,738)	(1,242,967)	15,059	112,660
Begin Fund Balance	2,872,722	2,174,951	5,840,901	639,122	435,436
End Fund Balance	2,339,525	2,168,213	4,597,934	654,181	548,096

**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					
	2019	2020	2021	2022	2023	2024*
Revenue						
Fees	2,299,373	1,049,018	766,372	1,278,941	158,327	142,599
Investment Earnings	254,347	223,901	8,022	(100,792)	33,194	111,635
Other			106,966			
Revenue Total	2,553,720	1,272,919	881,359	1,178,149	191,520	254,234
Expense						
Expenditures	1,899,528	1,589,954	1,753,155	2,214,169	934,235	787,431
Other	9,735					
Transfers Out	3,842					
Expense Total	1,913,105	1,589,954	1,753,155	2,214,169	934,235	787,431
Rev Over(Under) Exp	640,615	(317,035)	(871,796)	(1,036,020)	(742,714)	(533,197)
Begin Fund Balance	5,199,672	5,840,286	5,523,251	4,651,456	3,615,436	2,872,722
End Fund Balance	5,840,286	5,523,251	4,651,456	3,615,436	2,872,722	2,339,525

**Unaudited actuals*

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

Capital Project	For the Fiscal Year Ended June 30					
	2019	2020	2021	2022	2023	2024*
208 - Park Development Fees						
Tanagr Pk Plygrd Equip Repl				96,786	47,220	
Wilson TeWinkle Park Bridge				18,630	4,273	109,118
Fairview Park Improvements	198,810					344,382
Pk Security Lighting Repl			86,983		102,249	28,919
Jack Hammett Field Upgrade	63,634	3,300	8,796	1,532,681	204,580	106,056
Fairview Pk Master Plan	54,854					151,967
Fairview Park Bluffs	151,406					
Fairview Pk Fence Sign Trail				5,136	762	110
Jordan Pk Playground Equip				96,384	77,371	
TeWinkle Park Lakes Repairs				31,830	86,060	13,885
NCC - Library Development	1,430,824	1,282,483	1,427,452	225,904		
Shalimar Park Improvements					6,940	14,942
Fairview Pk Mstr Plan Update					59,822	
Ketchum-Libolt Park Exp					6,940	12,867
Education Hubs Fairview Pk						5,185
208 - Park Development Fees						
Fund Total	1,899,528	1,285,783	1,523,232	2,007,351	596,218	787,431

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					
	2019	2020	2021	2022	2023	2024*
Revenue						
Fees	268,800	898,498	433,328	348,736	76,516	81,807
Investment Earnings	57,202	78,484	2,100	(57,057)	22,712	94,516
Other					107,327	
Revenue Total	326,002	976,982	435,428	291,679	206,555	176,323
Expense						
Expenditures	56,980	194,127	593,405	145,850	273,825	183,061
Expense Total	56,980	194,127	593,405	145,850	273,825	183,061

Rev Over(Under) Exp	269,022	782,855	(157,977)	145,829	(67,270)	(6,738)
Begin Fund Balance	1,202,491	1,471,513	2,254,368	2,096,392	2,242,221	2,174,951
End Fund Balance	1,471,513	2,254,368	2,096,392	2,242,221	2,174,951	2,168,213

**Unaudited actuals*

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

Capital Project	For the Fiscal Year Ended June 30					
	2019	2020	2021	2022	2023	2024*
209 - Drainage Fees Fund						
Catch Basin Inserts-Variou		9,966	169,750	26,727		29,199
Citywide Storm Drain Impr	56,980	184,161	332,976	108,752	206,984	59,000
Westside Storm Drain Impr				10,370	66,841	89,625
NCC - Library Development			90,679			
209 - Drainage Fees Fund Total	56,980	194,127	593,405	145,850	273,825	177,824

Funds held past the fifth year and first deposit

Not applicable at this time. All funds were expended or committed 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					
	2019	2020	2021	2022	2023	2024
Revenue						
Fees	182,166	259,298	1,212,500	437,943	601,330	39,292
Investment Earnings	177,173	174,806	(9,496)	(143,170)	60,376	208,066
Other			1,855		7,167	
Revenue Total	359,339	434,104	1,204,859	294,773	668,873	247,358
Expense						
Expenditures	67,090	220,544	404,704	127,222	485,738	1,490,325
Other		75,000				
Expense Total	67,090	295,544	404,704	127,222	485,738	1,490,325

Rev Over(Under) Exp	292,279	138,560	800,155	167,552	183,135	(1,242,967)
Begin Fund Balance	4,259,250	4,551,499	4,690,059	5,490,214	5,657,766	5,840,901
End Fund Balance	4,551,499	4,690,059	5,490,214	5,657,766	5,840,901	4,597,934

**Unaudited actuals*

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

Capital Projects	For the Fiscal Year Ended					
	2019	2020	2021	2022	2023	2024*
214 - Traffic Impact Fees Fund						
W 19th St Wallace Av Traf Sig						181,158
Bicycle Racks Citywide			35,032	8,299	28,187	
Hyland/MacArthur Intersct Impr	58,148	23,224				
Adams at Pinecreek Imp				3,831	25,056	
East 17th St. Landscape Enhanc				(2,611)		
Fairview Traffic Signal Sync		10,457	174,575			
Baker/Placntia/19th/Victr TSSP				15,373	138,620	68,810
Sunflower Traff Signal Sync		93,407				
W 17th Design Newport Westside	5,842	48,992				
Newport Blvd Wide 19th to 17th	3,100	43,751	5,731	31,491	52,280	
Class II and III Bicycle Project		712	1,805	12,052	82,152	861,298
Merrimac Way Bicycle Facility			181,847	16,837		
Adams Av Bicycle Facility Project			5,715	6,832		
Bicycle/Pedestrian Infra Lamp					1,976	2,459
Randolph Prkg & Pedestrin Impr				25,792	124,208	
West 18th & Wilson Crosswalks				9,325	15,359	372,750
Fairview Road Improvement Proj					17,900	3,850
214 - Traffic Impact Fees Fund						
Total	67,090	220,544	404,704	127,222	485,738	1,490,325

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					
	2019	2020	2021	2022	2023	2024
Revenue						
Fees		469,332				
Investment Earnings	5,865	25,319	45	(15,857)	3,437	15,059
Other						
Revenue Total	5,865	494,651	45	(15,857)	3,437	15,059
Expense						
Expenditures						
Transfers Out						
Expense Total	0	0	0	0	0	0

Rev Over (Under) Exp	5,865	494,651	45	(15,857)	3,437	15,059
Begin Fund Balance	150,981	156,846	651,497	651,541	635,685	639,122
End Fund Balance	156,846	651,497	651,541	635,685	639,122	654,181

**Unaudited actuals*

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

Capital Projects	For the Fiscal Year Ended June 30					
	2019	2020	2021	2022	2023	2024
218 - Fire System Dev. Fees						
Corp Yard Exhaust System						
218 - Fire System Dev. Fees						
Fund Total	0	0	0	0	0	0

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.

CANNABIS 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					
	2019	2020	2021	2022	2023	2024*
Revenue						
Fees					432,659	91,309
Investment Earnings					2,778	21,351
Other						
Revenue Total	0	0	0	0	435,436	112,660
Expense						
Expenditures						
Transfers Out						
Expense Total	0	0	0	0	0	0

Rev Over(Under) Exp					435,436	112,660
Begin Fund Balance					0	435,436
End Fund Balance	0	0	0	0	435,436	548,096

**Unaudited actuals*

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

Capital Projects	For the Fiscal Year Ended June 30					
	2019	2020	2021	2022	2023	2024*
None	0	0	0	0	0	0

Funds held past the fifth year and first deposit

These funds are intended to fund off-site transportation improvements City-wide. Financing is provided by fees charged to cannabis retail establishments.

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 2024/25, which includes the Five-Year Capital Improvement Plan (CIP) 2024/25 — 2028/29 can be found on the City's website at:

<https://www.costamesaca.gov/home/showpublisheddocument/55579/638315291587670000>

Funding of Infrastructure

The FY 2024/25 — FY 2028/29 CIP identifies all funding sources and amounts for individual projects through FY 2028/29. 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	FY2024/25 - FY2028/29
208 - Park Development Fees Fund	
700021 - Wilson TeWinkle Park Bridge Repairs	67,981
700027 - TeWinkle Skate Park Expansion	100,000
700054 - Westside Park Development	250,000
700080 - Park Security Lighting/Replacement	33,332
700115 - Jack Hammett Sports Complex ADA Improvements	203,207
700129 - Shalimar Park Improvements	228,118
700133 - Canyon Park Inventory Management Restoration	60,000
700134 - Fairview Park Fence Sign Trail	293,992
700135 - Fairview Park Master Plan Update	177,777
700137 - TeWinkle Park Lakes Repairs	700
700139 – Ketchum-Libolt Park Expansion	30,192
700142 – Brentwood Park Improvements	400,000
700149 – Fairview Park – Education Hubs and Signage	84,815
700150 – Fairview Pk – Mesa Restor & Cult Resource Preservation	1,949,053
208 - Park Development Fees Fund Total	3,879,167

Drainage Fees

Projects by Fund	FY2024/25 - FY2028/29
209 - Drainage Fees Fund	
550008 - Citywide Catch Basin Inserts and Water Quality Improvement	151,189
550011 - Citywide Storm Drain Improvements	495,454
550022 - Westside Storm Drain Improvements	1,433,165
550023 – Placentia Ave Stormwater	125,000
209 - Drainage Fees Fund Total	2,204,808

Traffic Impact Fees

Projects by Fund	FY2024/25 - FY2028/29
214 - Traffic Impact Fees Fund	
300148 - Citywide Bicycle Rack Improvements	178,482
300174 - Adams at Pinecreek Improvements	1,408,566
300181 - Fairview Road Improvement Project	1,503,250
370010 - Mesa del Mar Multi-Model Access	100,000
370039 - Baker/Placentia/19th/Victoria Traffic Signal Synchronization	30,315
450010 - Class II, III, and IV Bicycle Projects	241,983
450014 - Adams Avenue Bicycle Facility Project	740,000
450015 - Bicycle/Pedestrian Infrastructure Improvements	495,564
450016 - Mesa/Santa Ana Bicycle Facility Improvements	100,000
450017 - MV/Peterson Place Class II Bicycle	100,000
214 - Traffic Impact Fees Fund Total	4,898,160

Fire System Development Fees

No current projects to report.

Cannabis Traffic Impact Fees

Projects by Fund	FY2024/25 - FY2028/29
240 – Cannabis Traffic Impact Fees Fund	
450015 – Bicycle Pedestrian Infra Improvements	150,000
240 – Cannabis Traffic Impact Fees Fund Total	150,000

City Council Action and Studies

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