



# **CITY OF COSTA MESA**



## **FY2022-23 DEVELOPMENT IMPACT FEE REPORT**

**DECEMBER 5, 2023**

**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

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## 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..... Alma Reyes (Interim)

Public Services ..... Raja Sethuraman

### Public Safety

Fire and Rescue ..... Daniel Stefano

Police ..... Ronald Lawrence

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## 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.

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## **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.

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## 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.

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### **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.



## 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, 2023 is shown below:

### Statement of Revenues, Expenditures and Changes in Fund Balance for the Fiscal Year Ended June 30, 2023\* Development Impact Fees

Description	Park Development Fees	Drainage Fees	Traffic Impact Fees	Fire System Development Fees	Cannabis Traffic Impact Fees
Revenue					
Fees	158,327	76,516	601,330		432,659
Investment Earnings	33,194	22,712	60,376	6,567	2,778
Other		107,327	7,167		
Revenue Total	191,520	206,555	668,873	6,567	435,436
Expense					
Expenditures	934,235	273,825	485,738		
Other					
Transfers Out					
Expense Total	934,235	273,825	485,738	0	0

Rev Over(Under) Exp	(742,715)	(67,270)	183,135	6,567	435,436
Begin Fund Balance	3,615,436	2,242,221	5,657,766	635,685	0
<b>End Fund Balance</b>	<b>2,872,722</b>	<b>2,174,951</b>	<b>5,840,901</b>	<b>642,252</b>	<b>435,436</b>

*\*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					
	2018	2019	2020	2021	2022	2023*
Revenue						
Fees	4,657,896	2,299,373	1,049,018	766,372	1,278,941	158,327
Investment Earnings	(8,310)	254,347	223,901	8,022	(100,792)	33,194
Other				106,966		
Revenue Total	4,649,586	2,553,720	1,272,919	881,359	1,178,149	191,520
Expense						
Expenditures	2,558,466	1,899,528	1,589,954	1,753,155	2,214,169	934,235
Other	10,810	9,735				
Transfers Out		3,842				
Expense Total	2,569,276	1,913,105	1,589,954	1,753,155	2,214,169	934,235
Rev Over(Under) Exp	2,080,310	640,615	(317,035)	(871,796)	(1,036,020)	(742,715)
Begin Fund Balance	3,119,361	5,199,672	5,840,286	5,523,251	4,651,456	3,615,436
<b>End Fund Balance</b>	<b>5,199,672</b>	<b>5,840,286</b>	<b>5,523,251</b>	<b>4,651,456</b>	<b>3,615,436</b>	<b>2,872,721</b>

*\*Unaudited actuals*

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

Capital Project	For the Fiscal Year Ended June 30					
	2018	2019	2020	2021	2022	2023
208 - Park Development Fees						
Tanagr Pk Plygrd Equip Repl					96,786	47,220
Wilson TeWinkle Prk Bridg					18,630	4,273
Fairview Park Improvements	3,455	198,810				
Pk Security Lighting Repl	11			86,983		102,249
Jack Hammett Field Upgrade	55,000	63,634	3,300	8,796	1,532,681	204,580
Fairview Pk Mstr Plan		54,854				
Fairview Park Bluffs		151,406				
Fairview Pk Fence Sign Trail					5,136	762
Jordan Pk Playgrnd Equip					96,384	77,371
TeWinkle Park Lakes Repairs					31,830	86,060
NCC - Library Development	2,500,000	1,430,824	1,282,483	1,427,452	225,904	
Shalimar Park Improvements						6,940
Fairview Pk Mstr Plan Update						59,822
Ketchum-Libolt Park Exp						6,940
208 - Park Development Fees						
Fund Total	2,558,466	1,899,528	1,285,783	1,523,232	2,007,351	596,218

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					
	2018	2019	2020	2021	2022	2023*
Revenue						
Fees	113,610	268,800	898,498	433,328	348,736	76,516
Investment Earnings	9,519	57,202	78,484	2,100	(57,057)	22,712
Other						107,327
Revenue Total	123,130	326,002	976,982	435,428	291,679	206,555
Expense						
Expenditures	1,101,378	56,980	194,127	593,405	145,850	273,825
Expense Total	1,101,378	56,980	194,127	593,405	145,850	273,825

Rev Over(Under) Exp	(978,248)	269,022	782,855	(157,977)	145,829	(67,270)
Begin Fund Balance	2,180,739	1,202,491	1,471,513	2,254,368	2,096,392	2,242,221
<b>End Fund Balance</b>	<b>1,202,491</b>	<b>1,471,513</b>	<b>2,254,368</b>	<b>2,096,392</b>	<b>2,242,221</b>	<b>2,174,951</b>

*\*Unaudited actuals*

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

Capital Project	For the Fiscal Year Ended June 30					
	2018	2019	2020	2021	2022	2023
209 - Drainage Fees Fund						
Catch Basin Inserts-Various	10,886		9,966	169,750	26,727	
Citywide Storm Drain Impr	740,492	56,980	184,161	332,976	108,752	206,984
Westside Storm Drain Impr					10,370	66,841
NCC - Library Development	350,000			90,679		
209 - Drainage Fees Fund Total	1,101,378	56,980	194,127	593,405	145,850	273,825

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					
	2018	2019	2020	2021	2022	2023*
Revenue						
Fees	878,865	182,166	259,298	1,212,500	437,943	601,330
Investment Earnings	4,203	177,173	174,806	(9,496)	(143,170)	60,376
Other				1,855		7,167
Revenue Total	883,068	359,339	434,104	1,204,859	294,773	668,873
Expense						
Expenditures	1,227	67,090	220,544	404,704	127,222	485,738
Other			75,000			
Expense Total	1,227	67,090	295,544	404,704	127,222	485,738

Rev Over(Under) Exp	881,841	292,249	138,560	800,155	167,552	183,135
Begin Fund Balance	3,377,409	4,259,250	4,551,499	4,690,059	5,490,214	5,657,766
<b>End Fund Balance</b>	<b>4,259,250</b>	<b>4,551,499</b>	<b>4,690,059</b>	<b>5,490,214</b>	<b>5,657,766</b>	<b>5,840,901</b>

*\*Unaudited actuals*

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

Capital Projects	For the Fiscal Year Ended					
	2018	2019	2020	2021	2022	2023
214 - Traffic Impact Fees Fund						
Fairview Road/Wilson St Impr						
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
Sunflower Traff Signal Sync			93,407			
W 17th Design Newport Westside	1,227	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 Proj			712	1,805	12,052	82,152
Merrimac Way Bicycle Facility				181,847	16,837	
Adams Av Bicycle Facility Proj				5,715	6,832	
Bicycle/Pedestrian Infra Lamp						1,976
Randolph Prkg & Pedestrin Impr					25,792	124,208
West 18th & Wilson Crosswalks					9,325	15,359
Fairview Road Improvement Proj						17,900
214 - Traffic Impact Fees Fund Total	1,227	67,090	220,544	404,704	127,222	485,738

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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					
	2018	2019	2020	2021	2022	2023*
Revenue						
Fees			469,332			
Investment Earnings	1,061	5,865	25,319	45	(15,857)	6,567
Other						
Revenue Total	1,061	5,865	494,651	45	(15,857)	6,567
Expense						
Expenditures	82,735					
Transfers Out	125,000					
Expense Total	207,735	0	0	0	0	0

Rev Over(Under) Exp	(206,674)	5,865	494,651	45	(15,857)	6,567
Begin Fund Balance	357,655	150,981	156,846	651,497	651,541	635,685
<b>End Fund Balance</b>	<b>150,981</b>	<b>156,846</b>	<b>651,497</b>	<b>651,541</b>	<b>635,685</b>	<b>642,252</b>

*\*Unaudited actuals*

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

Capital Projects	For the Fiscal Year Ended June 30					
	2018	2019	2020	2021	2022	2023
218 - Fire System Dev. Fees						
Corp Yard Exhaust System	82,735					
218 - Fire System Dev. Fees						
Fund Total	82,735	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					
	2018	2019	2020	2021	2022	2023*
Revenue						
Fees						432,659
Investment Earnings						2,778
Other						
Revenue Total	0	0	0	0	0	435,436
Expense						
Expenditures						
Transfers Out						
Expense Total	0	0	0	0	0	0

Rev Over(Under) Exp						435,436
Begin Fund Balance						0
<b>End Fund Balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>435,436</b>

*\*Unaudited actuals*

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

Capital Projects	For the Fiscal Year Ended June 30					
	2018	2019	2020	2021	2022	2023
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 2023/24, which includes the Five-Year Capital Improvement Plan (CIP) 2023/24 — 2027/28 can be found on the City's website at:

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

### Funding of Infrastructure

The FY 2023/24 — FY 2027/28 CIP identifies all funding sources and amounts for individual projects through FY 2027/28. 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	FY2023/24 - FY2027/28
208 - Park Development Fees Fund	
700021 - Wilson TeWinkle Park Bridge Repairs	177,099
700027 - TeWinkle Skate Park Expansion	100,000
700054 - Westside Park Development	250,000
700080 - Park Security Lighting/Replacement	62,252
700110 - Open Space Master Plan Update	75,000
700115 - Jack Hammett Sports Complex ADA Improvements	309,263
700129 - Shalimar Park Improvements	243,060
700133 - Canyon Park Inventory Mgmt Restoration	60,000
700134 - Fairview Park Fence Sign Trail	294,103
700135 - Fairview Park Master Plan Update	254,744
700137 - TeWinkle Park Lakes Repairs	14,585
700139 - Ketchum-Libolt Park Expansion	43,060
700142 - Brentwood Park Improvements	400,000
700149 - Fairview Park - Education Hubs and Signage	90,000
700150 - Fairview Pk - Mesa Restor & Cult Resource Preservation	3,000,000
<b>208 - Park Development Fees Fund Total</b>	<b>5,373,166</b>

## Drainage Fees

Projects by Fund	FY2023/24 - FY2027/28
209 - Drainage Fees Fund	
550008 - Citywide Catch Basin Inserts and Water Quality Improvement	95,883
550011 - Citywide Storm Drain Improvements	554,455
550022 - Westside Storm Drain Improvements	1,522,790
<b>209 - Drainage Fees Fund Total</b>	<b>2,173,128</b>

## Traffic Impact Fees

Projects by Fund	FY2023/24 - FY2027/28
214 - Traffic Impact Fees Fund	
300129 - Harbor/Adams Intersection Improvements	
300146 - Fairview Road/Wilson Street Improvements	
300148 - Citywide Bicycle Rack Improvements	178,482
300174 - Adams at Pinecreek Improvements	658,566
300181 - Fairview Road Improvement Project	882,100
370010 - Mesa del Mar Multi-Model Access	100,000
370034 - Fairview Traffic Signal Synchronization	5,377
370039 - Baker/Placentia/19th/Victoria Traffic Signal Synchronization	99,125
370056 - Bear Street Traffic Signal Sync	31,000
370059 - W 19 <sup>th</sup> St Wallace Av Traf Sig	192,037
450010 - Class II, III, and IV Bicycle Projects	1,103,281
450014 - Adams Avenue Bicycle Facility Project	500,000
450015 - Bicycle/Pedestrian Infrastructure Improvements	398,024
450016 - Mesa/Santa Ana Bicycle Facility Improvements	100,000
450017 - MV/Peterson Place Class II Bicycle	100,000
470002 - West 18th Street and Wilson Street Pedestrian Crossings	375,316
<b>214 - Traffic Impact Fees Fund Total</b>	<b>4,723,308</b>

## Fire System Development Fees

No current projects to report.

## Cannabis Traffic Impact Fees

No current projects to report.

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## **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).