

# REPEAL OF BICYCLE LICENSE ORDINANCE

Acting Captain Bryan Wadkins

February 7, 2023



# REPEAL OF BICYCLE LICENSE ORDINANCE

- The State of California adopted Assembly Bill 1909, known as the Bicycle Omnibus Bill, effective January 1, 2023
- One of the provisions prohibits any jurisdiction from requiring bicycle licensing.
- Based on this legislation our current bicycle license ordinance, Title 4, Chapter 1 of the Municipal Code is no longer lawful.



# PROJECT 529

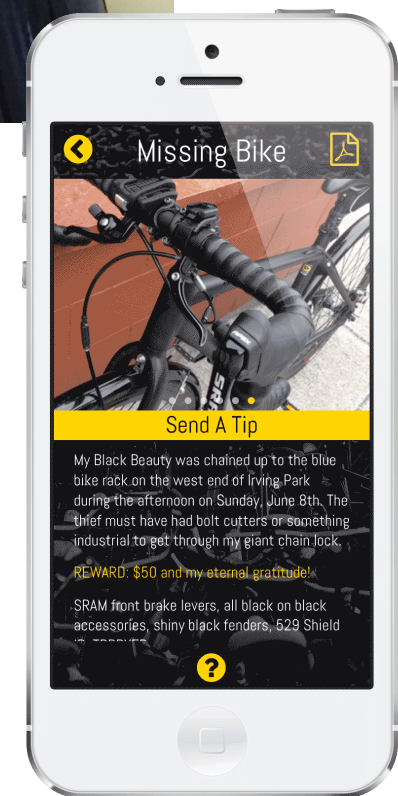
- In an effort to provide new methods and technology to prevent bicycle theft, the PD is launching a partnership with Project 529.
- App based program allows participants to:
  - Voluntarily register bicycles online
  - Post stolen bicycle information
  - Notify other users to be on the look out for their lost or stolen bicycle
  - Search the app for their bicycle





# PROJECT 529

- This program is:
  - Free to use
  - Completely voluntary
- The Police Department will **NOT** use the app for any licensing enforcement.
- But will use the app to:
  - Check any bicycle booked as evidence/storage.
  - Recover lost/stolen bicycles and reunite them with owners
  - Provide free “529 Shield” stickers as a possible deterrent.



# REPEAL OF BICYCLE LICENSE ORDINANCE

- Recommendation:
  - Staff recommends that the City Council Introduce this ordinance for first reading to repeal Chapter 1 (Bicycles and Motorized Bicycle Licensing) to Title 4 (Bicycles) of the Costa Mesa Municipal Code to comply with current California law.



# QUESTIONS





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**CO-2022-01**

**ADU Code Amendment**

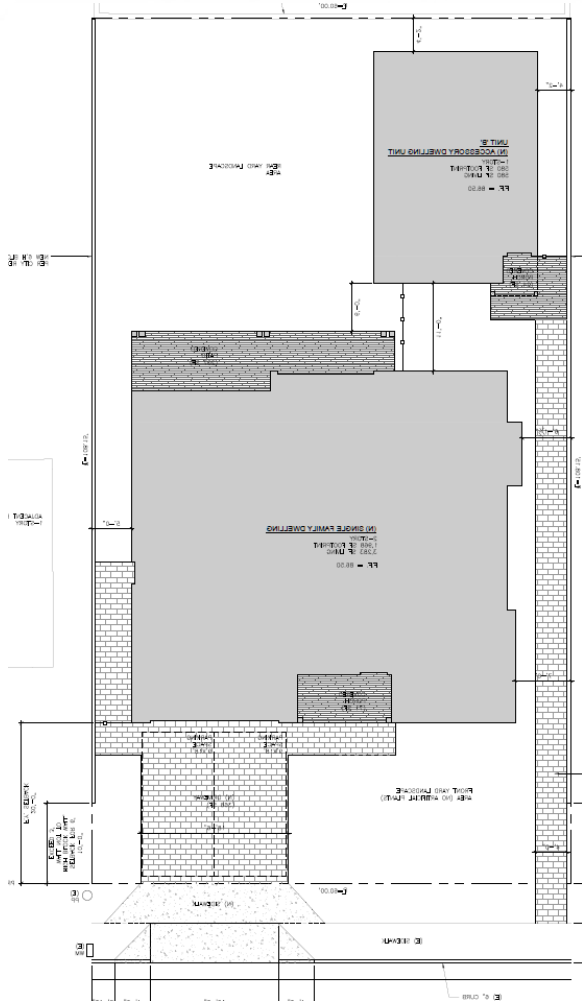
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**February 7, 2023**  
**City Council Meeting**





# What is an Accessory Dwelling Unit (ADU)?





# Ordinance Background



- Urgency Ordinance
- ADU Ordinance 2021-08
- 144 ADUs approved

# ADUs in Costa Mesa

ADU Permitting	
Total Approved	144
2020 Permits Issued	19
2021 Permits Issued	43
2022 Permits Issued	68
2023 Permits Issued – to date	14

223 in Process / Approved ADU and JADUs	
Attached ADUs	91
Detached ADUs	132
ADUs on Single Family Properties	163
ADUs on Multiple Family Properties	60
Average Square Footage	641 SF
Smallest Approved	152 SF
Largest Approved (converted ADU)	1,508 SF



# Proposed Code Amendment

- AB 2221 and SB 897 (effective in 2023)
- Consistency with State Law and HCD letter
- Clarifying provisions within the ordinance
- Planning Commission Recommendations





# Proposed Revisions for State Law Compliance

- Definition of Single Family Dwelling and Multi-Family Dwelling
- Number and type of ADUs permitted
- ADU Development Standards
  - Height
  - Setback
- ADU Balconies/Roof Decks/Entry Standards
- ADU Design











# Planning Commission Recommendations

- Consider allowing one ADU per unit on a common interest development property.
- Prohibit mechanical equipment within the minimum 4-foot side and rear setbacks.
- Improve garage façade design standards for garage conversion ADUs.
- Differentiate design requirements for ADUs facing front property lines versus side street or alley facing ADUs.
- Add more nuanced requirements for balcony locations to encourage privacy and allow for “eyes on the street”.

# PROPOSED ADU TYPES AND SQUARE FOOTAGE

Single Family Dwelling Properties		Single Family Dwelling and Multi Family Dwelling	
JADU*	CONVERSION	ATTACHED	DETACHED
 <p>One JADU max 500 SF Max Size</p>	<p>AND</p>  <p>One ADU max No Max Size</p>	<p>OR</p>  <p>One ADU max &gt; Of 50% existing or 1,000 SF</p>	<p>OR</p>  <p>One ADU max 1,200 SF Max</p>
Multi-Family Dwelling Properties			Common Interest Properties
Conversion	Detached	Mixed	Conversion
 <p>Min 1 ADU up to 25% of Existing units No Max Size</p>	<p>OR</p>  <p>Two ADUs max 800 SF each</p>	<p>OR</p>  <p>Conversion Units and Two Detached</p>	 <p>Each Unit can convert existing floor area into an ADU</p>



# Proposed ADU Building Height

ADU Type	Current Ordinance*	Proposed Ordinance*
Single Family Dwelling	Maximum Height of the Zone - 27'	Maximum Height of the Zone - 27'
Multi Family Dwelling	16'	Maximum Height of the Zone - 27'
*Two Story ADUs must comply with underlying zone setbacks. *Conversion ADUs have no height requirements because the structure is existing.		

# Proposed Exterior Stairways, Balconies and Entrances



- New balconies allowed on the front of the main building facing the street or facing side streets.
- Balconies within 25 feet of a neighbor require privacy screening.
- Roof decks on ADUs are not permitted.
- Exterior stairs to ADUs must not be visible at the front of the property.
- Entry door to ADUs shall be on a different building elevation from the main entry door.





# Proposed Design Requirements



- Design to match main residence
- Converted garage wall to be covered with at least 50% landscaping; or
- Converted garage wall to include windows that match the existing home covering at least 10% of the façade.

# Continuing Staff Efforts

- Post online a user friendly FAQ
- Work with the OCCOG for ADU processing and standard plan ADUs
- Offer expedited ADU plancheck
- Post online information in regards to potential State and regional funding sources for ADU pre-construction costs





# Recommendation

Staff recommends the City Council:

1. Find that the project is exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to Public Resources Code Section 21080.17 and CEQA Guidelines Section 154282(h), and
2. Give first reading to an Ordinance approving Code Amendment CO-2023-XX, amending Title 13 of the Costa Mesa Municipal Code (Zoning Code) regarding accessory dwelling units (ADUs) and junior accessory dwelling units (JADUs).



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**CO-2022-01**

**ADU Code Amendment**

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**February 7, 2023**  
**City Council Meeting**





# REALLOCATION OF COMMUNITY DEVELOPMENT BLOCK GRANT – CORONAVIRUS FUNDING

February 7, 2023



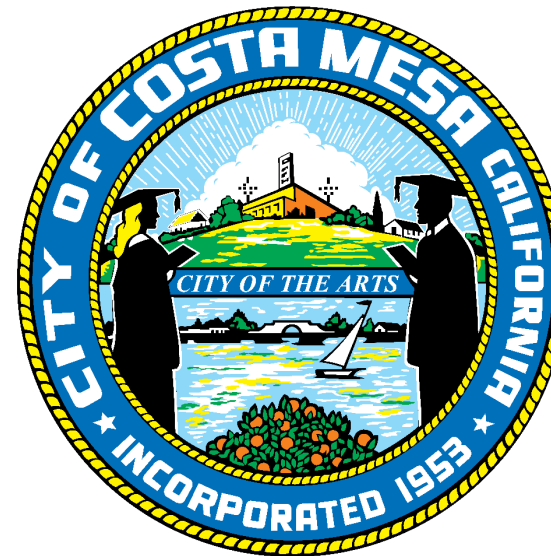


# BACKGROUND

**May 26, 2020** – City is awarded \$668,658 in Round 1 CDBG-CV funds

**October 9, 2020** – City is awarded \$1,168,216 in Round 2 CDBG-CV funds

- **Total CDBG-CV award** - \$1,836,874





# BACKGROUND

AGENCY	ACTIVITY	ALLOCATION	COUNCIL DATE
SPIN, Mercy House, Families Forward	Rental Assistance	\$904,633	Various Dates
City Net	Street Outreach	\$192,000	3/16/2021
Trellis	Community Impact Team	\$90,382	3/16/2021
Community SeniorServ	Meals for Seniors	\$15,000	7/1/2021
Project Hope Alliance	Youth Support Services	\$162,382	9/7/2021
Covid Motel Isolations	Motel Vouchers	\$138,535	10/20/2020
City 18% Admin	Staff Salaries	\$333,942	10/20/2020
TOTAL		\$1,836,874	

## Current Accomplishments:

- Rental Assistance – Assisted 82 households (216 individuals) with eviction prevention services
- City Net – Afterhours Street Outreach made 844 contacts
- Trellis – CIT performs three (3) Costa Mesa maintenance projects per week; 40-50 people attend weekly meetings
- Project Hope Alliance – On-Campus Counselors served 329 students across 22 NMUSD campuses + OCC
- Community SeniorServ – Projected to serve 170 Costa Mesa seniors with home-delivered and congregate meals

# PROPOSED REALLOCATION

AGENCY/USE	Original Allocation	Increase/ (Decrease)	Final Allocation
Rental Assistance	\$ 904,633	\$ -	\$ 904,633
Motel Isolation Vouchers	\$ 138,535	\$ (70,000)	\$ 68,535
City Admin (18%)	\$ 333,942	\$ (274,000)	\$ 59,942
City Net - Street Outreach	\$ 192,000	\$ 189,000	\$ 381,000
Trellis - Street Outreach	\$ 90,382	\$ 70,000	\$ 160,382
Project Hope Alliance - Youth Services	\$ 162,382	\$ 35,000	\$ 197,382
Community SeniorServ - Meals on Wheels	\$ 15,000	\$ -	\$ 15,000
TBD - Meals for Seniors	\$ -	\$ 50,000	\$ 50,000
<b>TOTALS</b>	<b>\$1,836,874</b>	<b>\$ -</b>	<b>\$1,836,874</b>

## Deliverables:

- City Net – 10.5 months of afterhours street outreach (Mon, Tue, Thu, Fri – 4-9pm)
- Trellis – 156 maintenance projects in Costa Mesa over 12 months
- Project Hope Alliance – Additional student support over the course of the school year
- Community SeniorServ – Continued support of our elderly population via the home-delivered and congregate meal programs.



# RECOMMENDATIONS

1. Approve the recommended reallocation of \$344,000 in Community Development Block Grant - Coronavirus (CDBG-CV) funds from Program Administration (\$274,000) and the Motel Isolation Voucher Program (\$70,000) for street outreach, workforce development, senior meals, and homeless youth programs.
2. Authorize the City Manager (or their designee) and the City Clerk to execute all agreements and/or amendments to the agreements to award CDBG-CV funding in the amount of \$70,000 for Trellis International, \$189,000 for City Net, and \$35,000 for Project Hope Alliance, each for a one-year term.
3. Approve the appropriation of \$50,000 in CDBG-CV funds to provide meals for Costa Mesa senior citizens.



# QUESTIONS?





# FY 21/22 Audited Financial Statements & Financial Performance

February 7, 2022

Carol Molina, Finance Director





# Overview

- FY 2021-22 Financial Performance and Audited Financial Reports
- FY 2021-22 Year-End General Fund Balance Reserve
- FY 2021-22 Housing Authority Financials
- Next Steps



# Financial Performance & Audited Financial Reports

Fiscal Year 2021-2022  
As of June 30, 2022





# FINANCE OVERVIEW

- Fiscal Year from July 1 to June 30
- Fiscal Year 2021/2022 adopted budget appropriations: \$154.4 million – General Fund; \$197.9 million – all funds
- Generally Accepted Accounting Principles(GAAP) based municipal accounting
- Governmental Accounting Standards Board (GASB) regulated municipal accounting and requirements for audited financial statements



# FINANCE OVERVIEW

- A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.
- Governmental fund types:
  - General Fund
  - Special Revenue Fund
  - Capital Projects Fund
  - Debt Service Fund
  - Internal Service Fund
  - Custodial Fund

# GOVERNMENTAL FUND ACCOUNTING

- General Fund – chief operating fund for governmental general purposes. Tax revenue is the primary source of its revenue. Important to monitor the fund balance of the General Fund.
- Special Revenue Fund – track revenues from specific sources restricted for certain purposes (i.e. grants)
- Capital Projects Fund – used to track large capital projects
- Debt Service Fund – used to pay long term debt obligations, such as bonded debt
- Internal Service Fund – collect revenues from departments to pay for services to all City departments (i.e. equipment replacement, legal claims and settlements, and technology replacement)
- Custodial Fund – used to account for funds held by the City in a fiduciary capacity, previously known as “Agency Fund”



# FY 2021-2022 AUDIT OVERVIEW

- FY 2021-22 ACFR received an unmodified (clean) opinion – the highest opinion possible.
- The City's ACFR is award winning – receiving the GFOA Certificate of Achievement for Excellence in Financial Reporting for the past 24 years.
- Annual financial audit conducted by Davis Farr LLP, an independent accounting firm.
- Audit covers the City's financial statements and internal controls.



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# Davis Farr, LLP

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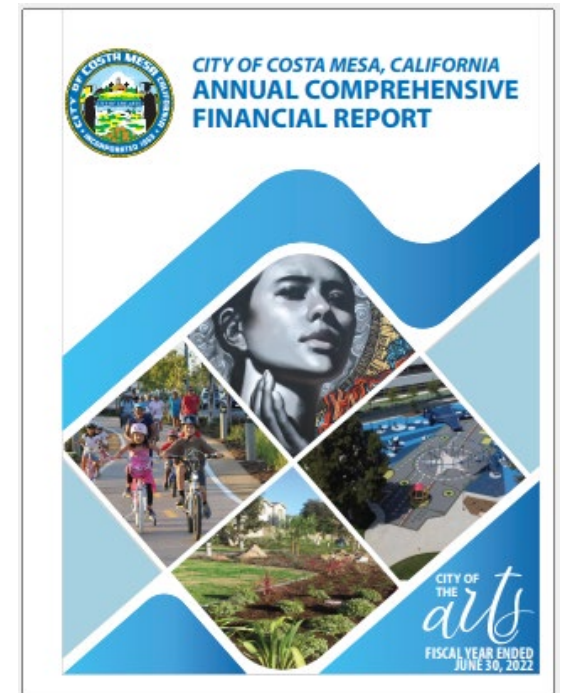
Jennifer Farr, Partner





# SCOPE OF THE AUDIT ENGAGEMENT

- Annual Comprehensive Financial Report
- Public Financing Authority, Financing Authority, and Housing Authority Financial Statements
- AQMD and Gann Limit Reports
- Letter to Those Charged with Governance
- Internal Control Letter
- Single Audit of Federal Awards (in process)



# AUDIT OPINION



**Davis Farr LLP**  
18201 Von Karman Avenue | Suite 1100 | Irvine, CA 92612  
Main: 949.474.2020 | Fax: 949.263.5520

## **INDEPENDENT AUDITOR'S REPORT**

The Honorable Mayor and  
Members of the City Council  
of the City of Costa Mesa  
Costa Mesa, California

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Costa Mesa (the City), as of and for the year June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Emphasis of Matter***

During the year ended June 30, 2022, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 87: Leases. Our opinion is not modified with respect to this matter.



# Communication to Those in Governance

- Audit risk areas identified during the planning stage of the audit:
  - New lease accounting standards
  - Compliance with federal grant requirements
- Auditor's evaluation of independence threats
- Estimates in the financial statements
- Material misstatements detected during the audit
- Immaterial uncorrected adjustments

# Evaluation of Internal Controls

Review of internal controls for purposes of planning the audit (not to express and opinion on the effectiveness of internal controls)

Reviewed and tested controls over key accounting cycles

- Cash receipting
- Purchasing
- Cash disbursements
- Payroll
- Investing and banking
- Information systems

Internal Control Recommendations

- Journal entries detected during the audit process
- Deficit unrestricted net position of \$226M largely as a result of recording net pension and OPEB obligations totaling \$297M.



# Audit Results on Compliance

- No material instances of compliance with laws and regulations that are direct and material to the financial statements
  - General fund expenditures did not exceed the City Council approved budget
  - No purchasing compliance issues identified
  - No investment compliance issues identified
  - No debt compliance issues identified



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# Financial Performance Review

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Fiscal Year 2021-2022





# FY 2021-22 GENERAL FUND YEAR-END AUDITED ACTUALS

General Fund	FY 20/21 Actual	FY 21/22 Actual	Difference
Total Revenues	141,067,096	165,718,869	24,651,773
Less: Total Operating Expenses	(123,533,084)	(140,070,170)	(16,537,086)
Less: Total Transfers, Net	(17,505,419)	(21,365,113)	(3,859,694)
<b>Net Change in Fund Balance</b>	<b>\$28,593</b>	<b>\$4,283,586</b>	<b>\$4,254,993</b>

# GENERAL FUND REVENUES

- Sales Tax receipts came in at an all time high of \$77.3 million, a year over year increase of \$13.5 million
- Transient Occupancy Tax (hotel tax) is almost reaching pre-pandemic levels at \$8.4 million
- Property Tax totaled \$49.1 million, 3.3% or \$1.6 million higher than the prior fiscal year
- Achieved a banner year at \$165.7 million in revenues, the highest amount received





# FUND BALANCE IN GENERAL FUND

## (IN THOUSANDS)

Fund Balance Category	FY 20/21 Audited	FY 21/22 Audited	Difference
<b>Committed</b>			
Declared Disaster	\$14,125	\$14,125	-
Self Insurance	2,000	2,000	-
Economic Reserves	9,000	9,000	-
<b>Assigned</b>			
Compensated Absences	5,920	5,584	(336)
Police Retirement 1% Supplemental Plan	2,275	1,885	(390)
Workers' Compensation	-	1,000	1,000
Facilities Reserve	-	2,000	2,000
Strategic Plan Projects	-	2,000	2,000
<b>Restricted</b>			
Pension and OPEB	1,778	3,061	1,283
<b>Non-Spendable</b>	965	604	(361)
<b>Unassigned</b>	17,429	16,517	(912)
<b>TOTAL</b>	<b>\$53,492</b>	<b>\$57,776</b>	<b>\$4,284</b>



# FISCAL ACHIEVEMENTS

- Revenues exceed the adopted budget by \$14.5 million, resulting in a banner year
- Exceeded City Council Policy by \$2.8 million to achieve a reserve level of \$55 million
- Allocated \$1.5 million of fiscal year-end General Fund surplus towards Section 115 Trust Fund
- Fully funded the CAN (CIP) at \$8.6 million
- Fully funded the Information Technology Replacement Fund at \$2.9 million, fully funding the IT Strategic Plan
- Secured low interest rate financing for two Fire and Rescue Department apparatus (truck and pumping engine) and Mobile Command Unit at an average of 1.9% interest rate







# FINANCIAL RESULTS ALL FUNDS



# Financial Results – All Funds FY 21-22

All Funds	FY 2021-22 Actuals
<b>Beginning Fund Balance, July 1</b>	<b>\$109,414,858</b>
Total Revenues	194,245,502
Less: Total Operating	(145,649,565)
Less: Total CIP	(15,846,075)
Less: Transfers Out	(21,365,113)
<b>Operating Results Before Debt Service Payment</b>	<b>\$11,384,749</b>
Less: Debt Service Payment	(3,298,349)
<b>Ending Fund Balance, June 30</b>	<b>\$117,501,258</b>
Change in Net Position	8,086,400



# ARPA FUNDING TRANCHE 1

Description	Amount
<b>Operating Expenses</b>	
Reinstatement of Staff Hours and Salary: 5% Furloughs	2,272,699
Small Business Grants: Phase 1	1,000,000
COVID-related Homeless Services Expenditures	668,000
<b>Subtotal</b>	<b>3,940,699</b>
<b>Transfers Net</b>	
Disaster Fund Expenses: FY 2019/2020	2,309,380
Disaster Fund Expenses: FY 2020/2021	1,748,728
Small Business Grants: Phase II	995,000
Reinstate funding for CAN	2,068,038
IT Replacement Fund: 1.5% of ARPA Revenues	200,000
Reinstate Defunded Positions (14 FTEs)	441,604
Reinstate Department Budget Cuts	1,416,396
<b>Subtotal</b>	<b>9,173,146</b>
<b>Grand Total</b>	<b>13,113,845</b>

# American Rescue Plan Act Fund

	FY 20/21 Actual	FY 21/22 Actual	FY 22/23 Estimated
<b>Beginning Available Resources, July 1</b>	-	-	13,291,086
Total Revenues/Cash	13,113,845	13,240,757	-
Plus Investment Earnings	-	50,329	-
Less: Operating Expenditures	(3,940,699)	-	-
Less: Committed*	-	-	(4,975,000)
Total Transfers, Net	(9,173,146)	-	-
Subtotal	-	13,291,086	(4,975,000)
<b>Ending Available Resources, June 30</b>	-	<b>13,291,086</b>	<b>8,316,086</b>

\*Committed: \$3.5 million towards the Motel 6 Project Homekey, \$975,000 for the Bungalows Project, and \$500,000 in Rental Assistance



# Recap

- Balanced the General Fund, ending in the year with a \$4.3 million, or 2.7% surplus
- General Fund Reserves at \$57.7 million, 2.7 million more than the Council's policy
- Deposited \$1.5 million in Section 115 Trust Fund
- Secured low interest lease for multiple public safety apparatus items
- Still have ARPA Funds of \$8.3 million that is available to utilize into Fiscal Year 2022-23



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# Housing Authority

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Fiscal Year 2021-2022





# HOUSING AUTHORITY

- Separate legal entity formed by the City in 2012 to function as the Housing Successor to the dissolved Costa Mesa Redevelopment Agency.
- Accounts for the City's homeless outreach and bridge shelter programs and operations.

# HOUSING AUTHORITY PROGRAMS

- Programs previously held by the former RDA
  - First time Homebuyers Program
  - Single Family Rehabilitation Program
  - Federal Neighborhood Stabilization Program (NSP)
  - Costa Mesa Family Village
  - Habitat for Humanity Loan Program
  - James Street/W. 18th Street Property (rental)
  - Affordable Housing Administration
- Established Programs as of FY 2019-20
  - Homeless Outreach
  - Homeless Bridge Shelter Operations





# FY 2021-22 HOUSING AUTHORITY YEAR-END AUDITED ACTUALS (In Millions)

Description	FY 2021/2022 Audited Actuals
<b>Beginning Fund Balance, July 1<sup>st</sup></b>	<b>\$3.7 M</b>
Revenues and Transfers In	3.9 M
Less: Total Operating Expenses	(4.0) M
<b>Net Change in Fund Balance</b>	<b>(\$0.1) M</b>
<b>Ending Fund Balance, June 30<sup>th</sup></b>	<b>\$3.6 M</b>

## Next Steps

- Request the City Council receive and file the various audited FY 2021/22 audited financial reports
- February 2023: FY 2022/23 Mid-Year Update Presentation
- April/May 2023: FY 2023/24 Proposed Budget and Capital Improvement Projects (CIP) Presentation
- June 2023: FY 2023/24 Proposed Budget for City Council adoption consideration



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# Financing Authority

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Fiscal Year 2021-2022





# FINANCING AUTHORITY

- Separate legal entity formed in 2017.
- Holds the 2017 Lease Revenue Bonds, which provided for partial funding of the Lions Park Projects.
- Outstanding debt of \$23.1 million matures in 2042.

Description	Amount
<b>Beginning Fund Balance on July 1st</b>	<b>\$1</b>
Plus General Fund Payment In	\$2,802,553
Less Debt Service Payment	(\$2,802,550)
<b>Net Change in Fund Balance</b>	<b>\$3</b>
<b>Ending Fund Balance: June 30, 2022</b>	<b>\$4</b>