



City of Costa Mesa

Agenda Report

77 Fair Drive
Costa Mesa, CA 92626

File #: 22-952

Meeting Date: 11/15/2022

TITLE:

PUBLIC HEARING REGARDING THE DEVELOPMENT IMPACT FEES ANNUAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2022 AND THE TRAFFIC IMPACT FEE ANALYSIS

DEPARTMENT: FINANCE / PUBLIC WORKS DEPARTMENT

PRESENTED BY: CAROL MOLINA, FINANCE DIRECTOR / RAJA SETHURAMEN, PUBLIC WORKS DIRECTOR

CONTACT INFORMATION: CAROL MOLINA, FINANCE DIRECTOR, (714) 754-5243 / RAJA SETHURAMEN, PUBLIC WORKS DIRECTOR, (714) 754-5343

RECOMMENDATION:

Staff recommends the City Council:

1. Receive and file the Development Impact Fees Annual Report (Attachment 1) for the Fiscal Year ended June 30, 2022.
2. Adopt the attached resolution (Attachment 2) continuing the citywide traffic impact fee for new development that incorporates recommendations from the Traffic Impact Fee Ad Hoc Committee and staff, which include:
 - Continue a traffic impact fee of \$235 per Average Daily Trip (ADT) for Capital Improvement Projects and Active Transportation projects
 - Approve allocation of up to ten (10) percent of traffic impact fees towards traffic signal synchronization projects

BACKGROUND:

Pursuant to the Mitigation Fee Act (California Government Code Sections 66001 through 66009), the City Council established certain Development Impact Fees (DIFs) that must be paid by developers of property to help offset some (or all) of the cost of public facilities related to the development project. The DIFs are for Park Development Impact Fees, Drainage Impact Fees, Traffic Impact Fees, and Fire Systems Development Fees. The Mitigation Fee Act requires that City Council approve an annual report that provides information about the DIFs. These fees are required to be deposited into their own separate accounts or funds. The law also requires that certain findings be made in association with accumulated DIFs after the deposit into their

respective account or fund.

ANALYSIS:

Reporting requirements under California Government Code 66006 specify that the City must prepare annual reports of Development Impact Fees within 180 days of the close of the fiscal year.

The reports must describe the fee, the amount of the fees collected, interest earned, and identification of any expenditures from those funds. The code also specifies that reports must be reviewed by the City Council at a regularly scheduled meeting not less than 15 days following release to the public. The FY2021-22 Development Impact Fee Annual Report was released for public review on November 1, 2022.

The Traffic Impact Fee Ad Hoc Committee and staff met on October 20, 2022 to review the program. Recently completed projects, project cost escalation and available traffic impact fee balance were accounted in the review. While this resulted in calculation of new traffic impact fee of \$232 per ADT, the Ad Hoc Committee recommended continuation of current fees as it is within the overall range of \$176 per ADT to \$476 per ADT. A detailed report documenting the analysis is included in Attachment 3.

The FY2021-22 Development Impact Fee Annual Report is attached for City Council's review and approval (Attachment 1). A summary of the fees collected and expenditures incurred in FY 2021-22 are included in the Financial Summary Report section.

Staff recommends that the City Council receive and file this Annual Report. Staff also requests the adoption of the attached resolution, continuing the citywide traffic impact fee for new development in the City. The resolution incorporates the recommendations from the Traffic Impact Fee Ad Hoc Committee and staff.

ALTERNATIVES:

The City Council may choose to reject all or part of the Annual Report as presented. California Government Code Section 66006 requires that the report be reviewed at a public meeting.

FISCAL REVIEW:

There is no fiscal impact by the recommended action as this report is not requesting that City Council adopt new development impact fees, but is reporting development impact fee activity for the Fiscal Year ended June 30, 2022 and traffic impact fee analysis.

LEGAL REVIEW:

The City Attorney's Office has reviewed this report and approves as to form.

CITY COUNCIL GOALS AND PRIORITIES:

This item is administrative in nature.

CONCLUSION:

Staff recommends the City Council receive and file the Development Impact Fees Annual Report for the Fiscal Year ended June 30, 2022.