ATTACHMENT 1

City of Costa Mesa

FY 2024-25 Development Impact Fee Report

DECEMBER 2, 2025

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

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City Leadership

CITY COUNCIL

JOHN STEPHENS
MAYOR

MANUEL CHAVEZ
MAYOR PRO TEM
DISTRICT 4

MIKE BULEY
COUNCIL MEMBER
DISTRICT 1

LOREN GAMEROS
COUNCIL MEMBER
DISTRICT 2

ANDREA MARR
COUNCIL MEMBER
DISTRICT 3

ARLIS REYNOLDS
COUNCIL MEMBER
DISTRICT 5

JEFF PETTIS
COUNCIL MEMBER
DISTRICT 6

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 November 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. On November 19, 2024, the City Council voted to decrease the Traffic Impact fees to $228 per daily trip.

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 $0.29 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 November 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. On November 19, 2024, the City Council voted to decrease the Traffic Impact fees to $228 per daily trip.

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, 2025 is shown below:

Statement of Revenues, Expenditures and Changes in Fund Balance
for the Fiscal Year Ended June 30, 2025*
Development Impact Fees

Description	Park Development Fees	Drainage Fees	Traffic Impact Fees	Fire System Development Fees	Cannabis Traffic Impact Fees
Revenue					
Fees	262,786	150,933	554,731		18,753
Investment Earnings	104,336	109,517	207,685	16,967	27,021
Other					
Revenue Total	367,122	260,450	762,416	16,967	45,774
Expense					
Expenditures	678,009	266,580	1,584,597	0	0
Other					
Transfers Out					
Expense Total	678,009	266,580	1,584,597	0	0
Rev Over(Under) Exp	(310,885)	(6,129)	(822,182)	16,967	45,774
Begin Fund Balance	2,331,723	2,159,858	4,580,203	349,836	545,919
End Fund Balance	**2,020,837**	**2,153,729**	**3,758,021**	**366,803**	**591,693**

**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:

	For the Fiscal Year Ended June 30					
Description	2020	2021	2022	2023	2024	2025*
Revenue						
Fees	1,049,018	766,372	1,278,941	158,327	142,598	262,786
Investment Earnings	223,901	8,022	(100,792)	33,194	103,834	104,336
Other		106,966				
Revenue Total	1,272,919	881,359	1,178,149	191,520	246,433	367,122
Expense						
Expenditures	1,589,954	1,753,155	2,214,169	934,235	787,431	678,009
Other						
Transfers Out						
Expense Total	1,589,954	1,753,155	2,214,169	934,235	787,431	678,009
Rev Over(Under) Exp	(317,035)	(871,796)	(1,036,020)	(742,714)	(540,999)	(310,885)
Begin Fund Balance	5,840,286	5,523,251	4,651,456	3,615,436	2,872,722	2,331,723
End Fund Balance	**5,523,251**	**4,651,456**	**3,615,436**	**2,872,722**	**2,331,723**	**2,020,837**

**Unaudited actuals*

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

Capital Project	For the Fiscal Year Ended June 30					
	2020	2021	2022	2023	2024	2025*
208 - Park Development Fees						
Tanagr Pk Plygrd Equip Repl			96,786	47,220		
Wilson TeWinkle Park Bridge			18,630	4,273	109,118	
Pk Security Lighting Repl		86,983		102,249	28,919	21,542
Jack Hammett Field Upgrade	3,300	8,796	1,532,681	204,580	106,056	
Fairview Pk Master Plan				59,822	151,967	30,828
Fairview Pk Fence Sign Trail			5,136	762	110	20,756
Jordan Pk Playground Equip			96,384	77,371		
TeWinkle Park Lakes Repairs			31,830	86,060	13,885	
NCC - Library Development	1,282,483	1,427,452	225,904			
Shalimar Park Improvements				6,940	14,942	
Ketchum-Libolt Park Exp				6,940	12,867	12,300
Education Hubs Fairview Pk					5,185	3,172
208 - Park Development Fees Fund Total	1,285,783	1,523,232	2,007,351	596,218	443,049	88,598

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:

	For the Fiscal Year Ended June 30					
Description	2020	2021	2022	2023	2024	2025*
Revenue						
Fees	898,498	433,328	348,736	76,516	81,806	150,933
Investment Earnings	78,484	2,100	(57,057)	22,712	86,162	109,517
Other				107,327		
Revenue Total	976,982	435,428	291,679	206,555	167,968	260,450
Expense						
Expenditures	194,127	593,405	145,850	273,825	183,061	266,580
Expense Total	194,127	593,405	145,850	273,825	183,061	266,580
Rev Over(Under) Exp	782,855	(157,977)	145,829	(67,270)	(15,093)	(6,129)
Begin Fund Balance	1,471,513	2,254,368	2,096,392	2,242,221	2,174,951	2,159,858
End Fund Balance	**2,254,368**	**2,096,392**	**2,242,221**	**2,174,951**	**2,159,858**	**2,153,729**

**Unaudited actuals*

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

	For the Fiscal Year Ended June 30					
Capital Project	2020	2021	2022	2023	2024	2025*
209 - Drainage Fees Fund						
Catch Basin Inserts-Various	9,966	169,750	26,727		29,199	
Citywide Storm Drain Impr	184,161	332,976	108,752	206,984	59,000	34,908
Westside Storm Drain Impr			10,370	66,841	89,625	106,671
Placentia Ave. Stormwater						125,000
NCC - Library Development		90,679				
209 - Drainage Fees Fund Total	194,127	593,405	145,850	273,825	177,824	266,579

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					
	2020	2021	2022	2023	2024	2025*
Revenue						
Fees	259,298	1,212,500	437,943	601,330	39,292	554,731
Investment Earnings	174,806	(9,496)	(143,170)	60,376	190,335	207,685
Other		1,855		7,167		
Revenue Total	434,104	1,204,859	294,773	668,873	229,627	762,416
Expense						
Expenditures	220,544	404,704	127,222	485,738	1,490,324	1,584,597
Other	75,000					
Expense Total	295,544	404,704	127,222	485,738	1,490,324	1,584,597
Rev Over(Under) Exp	138,560	800,155	167,552	183,135	(1,260,697)	(822,182)
Begin Fund Balance	4,551,499	4,690,059	5,490,214	5,657,766	5,840,900	4,580,203
End Fund Balance	**4,690,059**	**5,490,214**	**5,657,766**	**5,840,901**	**4,580,203**	**3,758,021**

**Unaudited actuals*

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

Capital Projects	For the Fiscal Year Ended					
	2020	2021	2022	2023	2024	2025*
214 - Traffic Impact Fees Fund						
W 19th St Wallace Av Traf Sig					181,157	
Bicycle Racks Citywide		35,032	8,299	28,187		3,427
Hyland/MacArthur Intersct Impr	23,224					
Adams at Pinecreek Imp			3,831	25,056		1,248,255
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	23,049
Sunflower Traff Signal Sync	93,407					
W 17th Design Newport Westside	48,992					
Newport Blvd Wide 19th to 17th	43,751	5,731	31,491	52,280		
Class II and III Bicycle Project	712	1,805	12,052	82,152	861,298	116,599
Merrimac Way Bicycle Facility		181,847	16,837			
Adams Av Bicycle Facility Project		5,715	6,832			122,846
Bicycle/Pedestrian Infra Lamp				1,976	2,459	56,707
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	13,714
214 - Traffic Impact Fees Fund Total	220,544	404,704	127,222	485,738	1,490,324	1,584,597

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:

	For the Fiscal Year Ended June 30					
Description	2020	2021	2022	2023	2024	2025*
Revenue						
Fees	167,540					
Investment Earnings	16,608	23	(8,300)	3,437	13,681	16,967
Other						
Revenue Total	184,148	23	(8,300)	3,437	13,681	16,967
Expense						
Expenditures						
Transfers Out						
Expense Total	0	0	0	0	0	0
Rev Over (Under) Exp	184,148	23	(8,300)	3,437	13,681	16,967
Begin Fund Balance	156,847	340,995	341,018	332,718	336,155	349,836
End Fund Balance	**340,995**	**341,018**	**332,718**	**336,155**	**349,836**	**366,803**

**Unaudited actuals*

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

	For the Fiscal Year Ended June 30					
Capital Projects	2020	2021	2022	2023	2024	2025*
218 - Fire System Dev. Fees						
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					
	2020	2021	2022	2023	2024	2025*
Revenue						
Fees				432,659	91,309	18,754
Investment Earnings				2,778	19,174	27,021
Other						
Revenue Total	0	0	0	435,436	110,483	45,774
Expense						
Expenditures						
Transfers Out						
Expense Total	0	0	0	0	0	0
Rev Over(Under) Exp				435,436	110,483	45,774
Begin Fund Balance				0	435,436	545,919
End Fund Balance	**0**	**0**	**0**	**435,436**	**545,919**	**591,693**

**Unaudited actuals*

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

Capital Projects	For the Fiscal Year Ended June 30					
	2020	2021	2022	2023	2024	2025*
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, Fiscal Year 2025-26 Adopted Budget, which includes the Five-Year Capital Improvement Plan (CIP) FY 2025-26 – FY 2029-30 can be found on the City's website at: https://www.costamesaca.gov/home/showpublisheddocument/61565/638978440985530000

Funding of Infrastructure

The FY 2025-26 – FY 2029-30 CIP identifies all funding sources and amounts for individual projects through FY 2029-30. 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 CAPTIAL IMPROVEMENT PROJECTS

Park Development Fees

Projects by Fund	FY 2025-26 – FY 2029-30
208 - Park Development Fees Fund	
700021 - Wilson TeWinkle Park Bridge Rep	67,981
700027 - TeWinkle Skate Park Expansion	100,000
700080 - Pk Security Lighting Replacement	11,789
700115 - Jack Hammett Field Upgrade	203,207
700129 - Shalimar Park Improvements	228,118
700133 - Canyon Pk Invntr Mgmt Restore	60,000
700134 - Fairview Pk Fence Sign Trail	273,236
700135 - Fairview Pk Master Plan Update	146,948
700137 - TeWinkle Park Lakes Repairs	700
700139 - Ketchum-Libolt Park Expansion	17892
700142 - Brentwood Park Improvements	400,000
700149 - Educational hubs @ Fairview Pk	81,642
208 - Park Development Fees Fund Total	**1,591,513**

Drainage Fees

Projects by Fund	FY 2025-26 – FY 2029-30
209 - Drainage Fees Fund	
550008 - Citywide Catch Basin Inserts and Water Quality Improvement	151,189
550011 - Citywide Storm Drain Improvements	460,546
550022 - Westside Storm Drain Improvements	1,326,494
209 - Drainage Fees Fund Total	**1,938,229**

Traffic Impact Fees

Projects by Fund	FY 2025-26 – FY 2029-30
214 - Traffic Impact Fees Fund	
300148 - Citywide Bicycle Rack Improvements	175,053
300174 - Adams at Pinecreek Improvements	160,311
300181 - Fairview Road Improvement Project	1,489,535
300187 - Fairview Road Improvement - Fair to Adams	120,000
370010 - Mesa del Mar Multi-Model Access	100,000
370039 - Baker/Placentia/19th/Victoria Traffic Signal Synchronization	7,265
450010 - Class II, III, and IV Bicycle Projects	125,383
450014 - Adams Avenue Bicycle Facility Project	817,154
450015 - Bicycle/Pedestrian Infrastructure Improvements	538,857
450016 - Mesa/Santa Ana Bicycle Facility Improvements	100,000
450017 - MV/Peterson Place Class II Bicycle	100,000
214 - Traffic Impact Fees Fund Total	**3,733,558**

Fire System Development Fees

No current projects to report.

Cannabis Traffic Impact Fees

Projects by Fund	FY 2025-26 – FY 2029-30
240 – Cannabis Traffic Impact Fees Fund	
450015 – Bicycle Pedestrian Infra Improvements	300,000
240 – Cannabis Traffic Impact Fees Fund Total	**300,000**

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).