

Attachment A

City of Newport Beach Development Impact Fee Report Fiscal Year 2015-2016

City of Newport Beach
Development Impact Fee Report
Fiscal Year 2015-2016

Background

The City's Fair Share Fee program was originally adopted in 1984, updated in 1994 and adjusted periodically based upon the consumer price index. The purpose of the Fair Share Fee program is to equitably distribute the cost of traffic congestion reduction improvements to the future development that generates the need for such projects. The fair share traffic contribution is based upon the unfunded portion of the estimated construction cost of the total circulation system roadway improvements necessary to implement the master plan of streets and highways (net roadway costs), and the total number of vehicle trips anticipated as a result of trend growth.

The Mitigation Fee Act, *Government Code §66000 et seq.*, (the "Act"), the bulk of which were adopted as 1987's AB 1600 and contains what are commonly referred to as "AB 1600 requirements". The Act governs the establishment and administration of development impact fees paid by new development projects for public facilities needed to serve new development. Fees must be separately accounted for and used for the specific purpose for which the fee was imposed.

Annual Reporting

The Act requires that the City prepare an annual report detailing the status of collected development impact fees as defined in the Act. The annual report must be made available to the public and presented to the City Council not less than fifteen (15) days after it is made available to the public at the next regularly scheduled City Council meeting. The meeting before the City Council must be held within one hundred eighty (180) days of the end of the fiscal year. The report must include the type of fee, beginning and ending balances, the amount of fees collected and interest earned, expenditures by type, a description of interfund transfers or loans, and the amount of any refunds made.

Excluded from this report are types of developer fees that are not subject to the reporting requirements of the Act. For example, fees collected pursuant to the City's zoning powers, rather than pursuant to the Act, are in-lieu housing fees, public art-in-lieu fees and park-in-lieu fees.

Annual Report

To comply with *Government Code §66006*, the following information regarding AB 1600 fees is presented:

- 1) A brief description of the type of fee in the account or fund:

Fair Share Fees - These fees provide funding to accommodate traffic generated by future development within the City and are separately accounted for in the Circulation & Transportation Fund.

- 2) The amount of the Fair Share Fee:

Fair Share rate is \$203.29 per trip for Fiscal Year 2015-2016.

- 3) The Beginning & Ending balance of the account or fund:

See attached Financial Report.

- 4) The amount of fees collected and interest earned:

See attached Financial Report.

- 5) 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 the fees:

See attached Financial Report.

- 6) An identification of an approximate date by which the construction of the public improvements will commence if the City determines that sufficient funds have been collected to complete financing on an incomplete public improvement, as identified in the City's master plans, and the public improvement remains incomplete:

New Fiscal Year 2015-2016 public improvement projects are underway and expected to be completed in the near future.

- 7) A description of each interfund 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 interfund 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:

The City entered into a Circulation Improvement and Open Space Agreement (CIOSA) with a developer whereby the City received a loan of \$14,395,572 to be used only for certain transportation and circulation improvements. The City agreed to match the contribution (without interest) by pledging 50 percent of future Fair Share fees (developer impact fees), which are recorded in the Circulation and Transportation special revenue fund. During the year ended June 30, 2016, the City received \$1,123,949 of Fair Share Fees of which \$382,796 was collected through February 20, 2016, the sunset date for the 50 percent pledge. Of this \$382,796 collected, \$191,398 was paid to the CIOSA Construction capital projects fund. Through June 30, 2016, \$5,226,841 of fair share fees has been paid to date. No additional liability has been recorded because any future repayment is uncertain; any amount not contributed by February 20, 2016, is forgiven.

- 8) The amount of refunds or any allocation made pursuant to subdivision (f) of Section 66001.

No refunds were made during the fiscal year.

Fair Share Revenues, Expenditures & Changes in Fund Balance			
FY 2015-2016			
		Total Project Costs (FY Only)	% Fair Share Funded
Revenues:			
Fair Share Fees	\$ 1,123,949		
Investment Income	12,396		
Total Revenues	<u>1,136,345</u>		
Expenditures:			
Capital Improvement Projects			
Dover Dr/West Cliff Dr, Street Rehab (14001-980000-15R15)	\$ (397,251)	(3,246,376)	12.2%
Traffic Signal Modernization Phase 8 (14001-980000-15T11)	<u>(20,280)</u>	<u>(534,843)</u>	3.8%
Total Expenditures	<u>(417,531)</u>	<u>(3,781,219)</u>	
Transfers In/(Out):			
Transfer In -Measure M Competitive	\$ 93,916		
Transfer Out - CIOSA Fund (Pledged Fair Share Fees)	<u>(191,398)</u>		
Total Transfers	<u>(97,482)</u>		
Net Change in fund balance	621,332		
Fund Balance, beginning ¹	<u>\$ 688,120</u>		
Fund Balance, ending	<u>\$ 1,309,452</u>		

¹ Beginning balance adjusted for prior year revenues not reported

Description of Projects

Dover Drive Westcliff Drive Pavement Rehab (Project 15R15)

This project rehabilitated asphalt pavement and existing landscaped medians on Dover Drive and Westcliff Drive. Deteriorated sidewalk and curb and gutter were removed and reconstructed. Construction was completed in the summer of 2016.

Traffic Signal Modernization Phase 8 (Project 15T11)

Traffic Signal Modernization is a multi-year, multi-phased program to update the City's traffic signal system. Phase 8 is the final phase of the improvement program. It includes installation of new hardware, fiber optic cable upgrades and CCTV cameras to intersections. The project will also complete gaps in the fiber optic communication network and is expected to be completed by the end of 2016.

Attachment B

City of Newport Beach Development Agreements Report Fiscal Year 2015-2016

City of Newport Beach
Development Agreements Report
Fiscal Year 2015-2016

Background

A Development Agreement (“DA”) is a contract between a local jurisdiction and a person who has ownership or control of property within the jurisdiction. The purpose of the agreement is to specify the standards and conditions that will govern development of the property. The development agreement provides assurance to the developer that he/she may proceed to develop the project subject to the rules and regulations in effect at the time of approval - the development will not be subject to subsequent changes in regulations.

DA should also benefit the local jurisdiction. The city or county may include conditions (mitigation measures) that must be met to assure that a project at a specific location does not have unacceptable impacts on neighboring properties or community infrastructure. The agreement may clarify how the project will be phased, the required timing of public improvements, the developer's contribution toward funding system-wide community improvements, and other conditions. The agreement can also facilitate enforcement of requirements, since it is a contract that details the obligations of the developer and local jurisdiction.

In March 2013, the City Council adopted Council Policy I-13 establishing a Public Art and Cultural Facilities Fund, and a funding source for the acquisition, installation, management and maintenance of Public Art without adopting or imposing new fees or charges. With the adoption of the policy, the council authorized the deposit of two percent of the unallocated public benefit fees received by the City from development agreements into the Public Arts and Cultural Facilities Fund. These funds will provide for the acquisition and maintenance of permanent art structures and installations as identified in the Newport Beach Master Arts and Culture Plan.

Annual Reporting

For DAs entered into or after January 1, 2004, *Government Code §65865 (e)* requires that the City shall comply with the reporting requirements pursuant to *Government Code §66000*, with respect to any fee the City receives or cost it recovers. *Government Code §66006* requires the City to submit annual and five-year notices detailing the status of collected public benefit fees, and be placed on the agenda for review at a public meeting not less than fifteen (15) days after the report is made available to the public. The meeting before the City Council must be held within one hundred eighty (180) days of the end of the fiscal year. The report must include the beginning and ending balances, the amount of fees collected and interest earned, expenditures

by type, a description of interfund transfers or loans, and the amount of any refunds made. Excluded from this report are types of developer fees that are not subject to the reporting requirements under *Government Code §65865(e)*. For example, these include fees collected pursuant to the City’s zoning powers, such as in-lieu housing fees, and park-in-lieu fees.

Annual Report

To comply with *Government Code §66006*, the following information regarding DA Fee is presented:

- 1) A brief description of the type of public benefit fee in the account or fund:

New Home Company Development Agreement – On January 10, 2006, the City Council adopted Resolution No. 2006-2 permitting the development of 79 condominiums (Santa Barbara Condominium project) on a 4.25-acre site located at 900 Newport Center Drive. Subsequently the City Council adopted a new Housing Element and approved the Affordable Housing Implementation Plan on August 14, 2007, per Resolution No. 2007-058. The resolution also approved the Memorandum of Understanding (“MOU”) between the City and the Developer establishing an understanding that a development agreement would be prepared outlining the provisions to be included in the development agreement. On February 28, 2012, the City Council adopted Resolution No. 2012-19 approving a Memorandum of Agreement (“MOA”) between the City Council and New Home Company, waiving the requirement of a development agreement for the Santa Barbara Condominium project. The MOA specifies the term, permitted uses, public benefits fee, in addition to the housing and park fees. Public benefit fees were required to be paid by New Home Company as part of the MOA, and are accounted for in the Facilities Financing Replacement Fund.

- 2) The amount of the DA fees:

\$63,291 per residential unit for 79 units concurrent with certificate of occupancy. Total of \$3,354,434 was received in September 2015. Two percent of this, \$67,089, was transferred to the Public Arts and Cultural Facilities Fund.

- 3) The Beginning and Ending balance of individual DAs:

See attached Financial Report.

- 4) The amount of DA fees collected and interest earned:

See attached Financial Report.

- 5) 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 the fees:

See attached Financial Report.

- 6) An identification of an approximate date by which the construction of the public improvements will commence if the City determines that sufficient funds have been collected to complete financing on an incomplete public improvement, as identified in the City's master plans, and the public improvement remains incomplete:

Newport Home Company Development Agreement funds, and the portion of funds transferred to the Public Art and Cultural Facilities Fund, are expected to be expended by 2017.

- 7) A description of each interfund 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 interfund 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:

Two percent of the public benefit fees, \$67,089, were transferred to the Public Arts and Cultural Facilities fund. There were no interfund loans made during the fiscal year.

The amount of refunds made pursuant to subdivision (f) of *Government Code §66001* any allocation pursuant to subdivision (f) of *Government Code §66001*.

No refunds were made during the fiscal year.

Financial Reports

New Home Company Development Agreement FY 2015-16			
		Total Project Costs (FY Only)	% Developer Agreement Funded
Revenues:			
Developer Fees	\$ 3,354,434		
Interest Income	163,859		
Total Revenues	3,518,293		
Expenditures:			
	\$ -		
Transfers In/(Out):			
Transfer Out -Lifeguard Headquarter fund	\$ (138,585)	(138,585)	100.0%
Transfer Out - Facilities Maintenance fund	(551,295)	(1,999,426)	27.6%
Transfer Out - Public Arts & Cultural Facilities fund	(67,089)	-	
Total Transfers	(756,969)	(2,138,011)	
Net Change in Fund Balance	2,761,324		
Fund Balance, beginning	\$ -		
Fund Balance, ending	\$ 2,761,324		

Public Arts And Cultural Facilities Revenues FY 2015-16			
Revenues:			
Developer Fees	\$ -		
Interest Income	5,861		
Total Revenues	5,861		
Expenditures:			
	\$ -		
Transfers In/(Out):			
Transfer In - New Home Company DA	\$ 67,089		
Total Transfers	67,089		
Net Change in Fund Balance	72,950		
Fund Balance, beginning ¹	\$ 408,180		
Fund Balance, ending	\$ 481,130		

1 Beginning balance adjusted for FY15 expenditures overlooked last year