

**City of Newport Beach**  
**Development Impact Fee Report**  
**Fiscal Year 2014-2015**

**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 are commonly referred to as "AB 1600 requirements" 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 \$200.29 per trip for Fiscal Year 2014-2015.

- 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 2014-2015 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, 2015, the City received \$315,403 of Fair Share Fees, and \$157,702 was paid to the CIOSA Construction capital projects fund. Through June 30, 2015, \$5,032,443 of fair share fees have been paid. No additional liability has been recorded because any future repayment is uncertain; any amount not contributed by February 20, 2016, will be forgiven.

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

No refunds were made during the fiscal year.

| <b>Fair Share Revenues, Expenditures &amp; Changes in Fund Balance</b> |                            |                                     |                           |
|--|----------------------------|-------------------------------------|---------------------------|
| <b>FY 2014-2015</b>  |                            |                                     |                           |
|  |                            | Total Project<br>Costs<br>(FY Only) | %<br>Fair Share<br>Funded |
| <b>Revenues:</b>   |                            |                                     |                           |
| Fair Share Fees  | \$ 315,403                 |                                     |                           |
| Total Revenues   | <u>315,403</u>             |                                     |                           |
| <b>Expenditures:</b>   |                            |                                     |                           |
| <b>Capital Improvement Projects</b>                                    |                            |                                     |                           |
| Traffic Signal Modernization Phase 6 (C3002018)                        | (192,469)                  | (4,231,817)                         | 4.5%                      |
| Traffic Signal Modernization Phase 8 (C3002023)                        | (132,766)                  | (135,866)                           | 97.7%                     |
| Dover Dr/West Cliff Dr, Street Rehab (C2002018)                        | <u>(102,367)</u>           | <u>(113,169)</u>                    |                           |
| Total Expenditures   | <u>(427,602)</u>           | <u>(4,480,852)</u>                  | 9.5%                      |
| <b>Transfers In/(Out):</b>   |                            |                                     |                           |
| Transfer Out - CIOSA Fund (Pledged Fair Share Fees)                    | <u>(157,701)</u>           |                                     |                           |
| Total Transfers  | <u>(157,701)</u>           |                                     |                           |
| Net Change in fund balance   | (269,900)                  |                                     |                           |
| <b>Fund Balance, beginning</b>   | <u><b>(339,594)</b></u>    |                                     |                           |
| <b>Fund Balance, ending</b>  | <u><b>\$ (609,494)</b></u> |                                     |                           |

## **Description of Projects**

### **Traffic Signal Modernization Phase 6 (C3002018)**

Traffic Signal Modernization is a multi-year, multi-phased program to update the City's traffic signal system. Phase 6 includes installation of new hardware, fiber optic cable upgrades and installation of CCTV cameras to intersections. Most of the project is funded with Measure M funds and gas tax revenue. Ongoing maintenance expected to be completed in 2017.

### **Traffic Signal Modernization Phase 8 (C3002023)**

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 summer 2016.

### **Street Rehab (C2002018)**

This project involves rehabilitating asphalt pavement and existing landscaped. Deteriorated sidewalk and curb and gutter will be removed and reconstructed. Construction expected to be completed by early 2016.