CITY OF NEWPORT BEACH

DEVELOPMENT IMPACT FEE NEXUS STUDY

PUBLIC REVIEW DRAFT

AUGUST 19, 2024

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Executive Summary

This report summarizes an analysis of development impact fees needed to support future development in the City of Newport Beach through calendar year 2045. It is the City's intent that the costs representing future development's share of public facilities and capital improvements be imposed on that development in the form of a development impact fee, also known as a public facilities fee. The public facilities and improvements included in this analysis are divided into the fee categories listed below:

- Recreation Facilities
- Police Facilities
- Fire/Life Safety Facilities
- Water Capacity
- Sewer Capacity

Background and Study Objectives

The primary policy objective of a development impact fee program is to ensure that new development pays the capital costs associated with growth. Although growth also imposes operating costs, there is not a similar system to generate revenue from new development for services. The primary purpose of this report is to calculate and present fees that will enable the City to expand its inventory of public facilities, as new development creates increases in service demands.

If adopted, the City would collect public facilities fees under authority granted by the *Mitigation Fee Act (*the *Act)*, contained in *California Government Code* Sections 66000 *et seq*. This report provides the necessary findings required by the *Act* for adoption of the fees presented in the fee schedules contained herein.

If the City adopts impact fees, it should program development impact fee-funded capital projects through its Capital Improvement Program (CIP). Using a CIP would allow the City to identify and direct its fee revenue to public facilities projects that will accommodate future growth. By programming fee revenues to specific capital projects, the City can help ensure a reasonable relationship between new development and the use of fee revenues as required by the *Act*.

Facility Standards and Costs

There are several approaches to calculate facilities standards and allocate the costs of planned facilities to accommodate growth in compliance with the *Act* requirements in this study.

The **system plan** approach is based on a master facility plan in situations where the needed facilities serve both existing and new development. This approach allocates existing and planned facilities across existing and new development to determine new development's fair share of facility needs. This approach is used when it is not possible to differentiate the benefits of new facilities between new and existing development. Often the system plan is based on increasing facility standards, so the City must find non-impact fee revenue sources to fund existing development's fair share of planned facilities. This approach is used for the police and fire/life safety facility fees in this report.

The **planned facilities** approach allocates costs based on the ratio of planned public facilities that are necessitated by the increase in demand associated with new development. This approach is appropriate when specific planned facilities that only benefit new development can be identified, or when the specific share of facilities benefiting new development can be identified. This approach is used for the recreation facilities fees in this report.

The **buy-in method** is typically used when the existing system has sufficient capacity to serve new development, now and into the future. Under the buy-in methodology, new development

"buys" a proportionate share of existing capacity at the current value of the existing facilities. This approach is typically used for utility fees, where existing facilities are built with excess capacity to serve future development. This approach is used for the water and sewer capacity charges in this report.

The **existing inventory** approach is based on a facility standard derived from the City's existing level of facilities and existing demand for services. This approach results in no facility deficiencies attributable to existing development. While preliminary facilities to accommodate growth are identified in this report, facilities to serve growth will be programmed through the City's annual CIP and budget process and/or completion of a new facility financial plan. This approach is not used in this report, though the existing level of service is identified as appropriate to comply with provisions of AB 602.

Use of Fee Revenues

Impact fee revenue must be spent on new facilities or expansion of current facilities to serve new development. Facilities can be generally defined as capital acquisition items with a useful life greater than five years. Impact fee revenue can be spent on capital facilities to serve new development, including but not limited to land acquisition, construction of buildings, construction of infrastructure, the acquisition of vehicles or equipment, information technology, software licenses and equipment.

Revenue from the capacity charges for water and sewer facilities can be used to reimburse the City for prior infrastructure investments. Once reimbursed, the City is able to spend fee revenue as it desires.

In that the City cannot predict with certainty how and when development within the City will occur during the planning horizon assumed in this study, the City may need to update and revise the project lists funded by the fees documented in this study. Any substitute projects should be funded within the same facility category, and the substitute projects must still benefit and have a relationship to new development. The City could identify any changes to the projects funded by the impact fees when it updates the CIP. The impact fees could also be updated if significant changes to the projects funded by the fees are anticipated.

Development Impact Fee Schedule Summary

Table E.1 summarizes the maximum justified development impact fees that meet the City's identified needs and comply with the requirements of the *Act*.

E.1: Maximum Justified Development Impact Fee Schedule

Land Use	Recreation Facilities	Police Facilities	Fire/Life Safety Facilities	Water Capacity	Sewer Capacity	Total
Residential - per Sq. Ft.	$ 4.70	$ 1.01	$ 1.69	$ 0.90	$ 0.56	$ 8.86
Nonresidential - per Sq. Ft.						
Commercial	$ -	$ 0.74	$ 1.77	$ 0.91	$ 0.70	$ 4.12
Office	-	1.14	2.72	0.62	0.51	4.99
Industrial	-	0.40	0.96	0.77	0.49	2.62

Sources: Tables 3.6, 4.7, 5.7, 6.4, and 7.4.

1. Introduction

This report presents an analysis of the need for public facilities to accommodate new development in the City of Newport Beach. This chapter provides background for the study and explains the study approach under the following sections:

- Public Facilities Financing in California;
- Study Objectives;
- Fee Program Maintenance;
- Study Methodology; and
- Organization of the Report.

Public Facilities Financing in California

The changing fiscal landscape in California during the past 45 years has steadily undercut the financial capacity of local governments to fund infrastructure. Three dominant trends stand out:

- The passage of a string of tax limitation measures, starting with Proposition 13 in 1978 and continuing through the passage of Proposition 218 in 1996;
- Declining popular support for bond measures to finance infrastructure for the next generation of residents and businesses; and
- Steep reductions in federal and state assistance.

Faced with these trends, many cities and counties have had to adopt a policy of "growth pays its own way." This policy shifts the burden of funding infrastructure expansion from existing ratepayers and taxpayers onto new development. This funding shift has been accomplished primarily through the imposition of assessments, special taxes, and development impact fees also known as public facilities fees. Assessments and special taxes require the approval of property owners and are appropriate when the funded facilities are directly related to the developing property. Development impact fees, on the other hand, are an appropriate funding source for facilities that benefit all development jurisdiction-wide. Development impact fees need only a majority vote of the legislative body for adoption.

Study Objectives

The primary policy objective of a public facilities fee program is to ensure that new development pays the capital costs associated with growth. The primary purpose of this report is to establish development impact fees for Newport Beach based on the most current available facility plans and growth projections. The maximum justified fees will enable the City to expand its inventory of public facilities as new development leads to increases in service demands.

If adopted the City would collect public facilities fees under authority granted by the *Mitigation Fee Act* (the *Act*), contained in California Government Code Sections 66000 et seq. This report provides the necessary findings required by the Act for adoption of the fees presented in the fee schedules presented in this report.

Newport Beach is forecast to see moderate growth through this study's planning horizon of 2045. This growth will create an increase in demand for public services and the facilities required to deliver them. Given the revenue challenges described above, Newport Beach has decided to investigate use of a development impact fee program to ensure that new development funds its share of facility costs associated with growth. This report makes use of the most current available

growth forecasts and facility plans to calculate impact fees to fund facility needs resulting from demand from new development.

Fee Program Maintenance

Once a fee program has been adopted it must be properly maintained to ensure that the revenue collected adequately funds the facilities needed by new development. To avoid collecting inadequate revenue, the inventories of existing facilities and costs for planned facilities must be updated periodically for inflation, and the fees recalculated to reflect the higher costs. The use of established indices such as the *California Construction Cost Index*, are necessary to accurately adjust the impact fees. See Chapter 9 for a discussion of best practices for inflation adjustments.

While fee updates using inflation indices are appropriate for annual or periodic updates to ensure that fee revenues keep up with increases in the costs of public facilities, it is recommended to conduct more extensive updates of the fee documentation and calculation (such as this study) when significant new data on growth forecasts and/or facility plans become available. For further detail on fee program implementation, see Chapter 9.

Study Methodology

Development impact fees are calculated to fund the cost of facilities required to accommodate growth. The six steps followed in this development impact fee study include:

1. **Estimate existing development and future growth:** Identify a base year for existing development and a growth forecast that reflects increased demand for public facilities;
2. **Identify facility standards:** Determine the facility standards used to plan for new and expanded facilities;
3. **Determine facilities required to serve new development:** Estimate the total amount of planned facilities, and identify the share required to accommodate new development;
4. **Determine the cost of facilities required to serve new development:** Estimate the total amount and the share of the cost of planned facilities required to accommodate new development;
5. **Calculate fee schedule:** Allocate facilities costs per unit of new development to calculate the development impact fee schedule; and
6. **Identify alternative funding requirements:** Determine if any non-fee funding is required to complete projects.

The key public policy issue in development impact fee studies is the identification of facility standards (step #2, above). Facility standards document a reasonable relationship between new development and the need for new facilities. Standards ensure that new development does not fund deficiencies associated with existing development.

Types of Facility Standards

There are three separate components of facility standards:

- ***Demand standards*** determine the amount of facilities required to accommodate growth, for example, park acres per thousand residents, square feet of library space per capita, or gallons of water per day. Demand standards may also reflect a level of service such as the vehicle volume-to-capacity (V/C) ratio used in traffic planning.
- ***Design standards*** determine how a facility should be designed to meet expected demand, for example, park improvement requirements and technology infrastructure

for City office space. Design standards are typically not explicitly evaluated as part of an impact fee analysis but can have a significant impact on the cost of facilities. Our approach incorporates the cost of planned facilities built to satisfy the City's facility design standards.

- ***Cost standards*** are an alternate method for determining the amount of facilities required to accommodate growth based on facility costs per unit of demand. *Cost standards* are useful when demand standards were not explicitly developed for the facility planning process. *Cost standards* also enable different types of facilities to be analyzed based on a single measure (cost or value) and are useful when different facilities are funded by a single fee program. Examples include facility costs per capita, cost per vehicle trip, or cost per gallon of water per day.

New Development Facility Needs and Costs

A number of approaches are used to identify facility needs and costs to serve new development. This is often a two-step process: (1) identify total facility needs, and (2) allocate to new development its fair share of those needs.

There are several methods for determining new development's fair share of planned facilities costs: the **system plan method**, the **planned facilities method**, the **buy-in method** and the **existing inventory method**. The formula used by each approach and the advantages and disadvantages of each method is summarized below:

System Plan Method

This method calculates the fee based on the value of existing facilities plus the cost of planned facilities, divided by demand from existing plus new development:

$$\frac{\text{Value of Existing Facilities + Cost of Planned Facilities}}{\text{Existing + New Development Demand}} = \$/\text{unit of demand}$$

This method is useful when planned facilities need to be analyzed as part of a system that benefits both existing and new development. It is difficult, for example, to allocate a new fire station solely to new development when that station will operate as part of an integrated system of fire stations that together achieve the desired level of service.

The system plan method ensures that new development does not pay for existing deficiencies. Often facility standards based on policies such as those found in General Plans are higher than the existing facility standards. This method enables the calculation of the existing deficiency required to bring existing development up to the policy-based standard. The local agency must secure non-fee funding for that portion of planned facilities required to correct the deficiency to ensure that new development receives the level of service funded by the impact fee. This approach is used for the police and fire/life safety facility fees in this report.

Planned Facilities Method

The planned facilities method allocates costs based on the ratio of planned facility costs to demand from new development as follows:

$$\frac{\text{Cost of Planned Facilities}}{\text{New Development Demand}} = \text{cost per unit of demand}$$

This method is appropriate when planned facilities will entirely serve new development, or when a fair share allocation of planned facilities to new development can be estimated. An example of the former is a wastewater trunk line extension to a previously undeveloped area. An example of the latter is when the identified planned facilities represent a lower level of service that currently exists, so new development can fully fund the identified planned facilities. This approach is used to calculate the recreation facility fees in this report.

Buy-In Method

The buy-in method is based on the value of the existing system's capacity. This method is typically used when the existing system has sufficient capacity to serve new development now and into the future. Under the buy-in methodology, new development "buys" a proportionate share of existing capacity at the current value of the existing facilities.

The buy-in fee is determined by taking the current value of assets (replacement cost new, less depreciation) divided by the current capacity provided by the system. Responsibility for new capital improvements is then shared equally by all customers. A simplified version of the calculation equation is:

$$\frac{\text{Present Value of Existing Facilities}}{\text{Existing System Capacity}} = \text{cost per unit of demand}$$

This approach is typically used for utility fees, where existing facilities are built with excess capacity to serve future development. This approach is used for the water and sewer capacity fees in this report.

Existing Inventory Method

The existing inventory method allocates costs based on the ratio of existing facilities to demand from existing development as follows:

$$\frac{\text{Current Value of Existing Facilities}}{\text{Existing Development Demand}} = \text{cost per unit of demand}$$

Under this method new development will fund the expansion of facilities at the same standard currently serving existing development. The existing inventory method results in no facility deficiencies attributable to existing development. This method is often used when a long-range plan for new facilities is not available. Future facilities to serve growth are identified through an annual CIP and budget process, possibly after completion of a new facility financing plan. This approach is not used in this report, though the existing level of service is identified as appropriate to comply with provisions of AB 602.

Organization of the Report

The determination of a public facilities fee begins with the selection of a planning horizon and development of growth projections for population and employment. These projections are used throughout the analysis of different facility categories and are summarized in Chapter 2.

Chapters 3 through 7 identify facility standards and planned facilities, allocate the cost of planned facilities between new development and other development, and identify the appropriate development impact fee for each of the following facility categories:

- Recreation Facilities
- Police Facilities
- Fire/Life Safety Facilities
- Water Capacity
- Sewer Capacity

Chapter 8 describes how this nexus study complies with the requirements of Assembly Bill (AB) 602.

Chapter 9 details the procedures that the City must follow when implementing a development impact fee program. Impact fee program adoption procedures are found in *California Government Code* Sections 66016 through 66018.

2. Growth Forecasts

Growth projections are used as indicators of demand to determine facility needs and allocate those needs between existing and new development. This chapter explains the source for the growth projections used in this study based on a 2024 base year and a planning horizon of 2045.

Estimates of existing development and projections of future growth are critical assumptions used throughout this report. These estimates are used as follows:

- The estimate of existing development in 2024 is used as an indicator of existing facility demand and to determine existing facility standards.
- The estimate of total development at the 2045 planning horizon is used as an indicator of future demand to determine total facilities needed to accommodate growth and remedy existing facility deficiencies, if any.
- Estimates of growth from 2024 through 2045 are used to (1) allocate facility costs between new development and existing development, and (2) estimate total fee revenues.

The demand for public facilities is based on the service population, dwelling units or nonresidential development creating the need for the facilities.

Land Use Types

To ensure a reasonable relationship between each fee and the type of development paying the fee, growth projections distinguish between different land use types. The land use types for which impact fees have been calculated for are defined below.

- **Residential Dwelling Units:** All residential dwelling units, including detached and attached one-unit dwellings and all multifamily dwellings including apartments, duplexes and condominiums.
- **Commercial:** All commercial, retail, educational, and service development.
- **Office:** All general, professional, and medical office development.
- **Industrial**: All manufacturing, warehouse, distribution, and other industrial development

Some developments may include more than one land use type, such as a mixed-use development with both residential and commercial uses. In those cases, the facilities fee would be calculated separately for each land use type.

The City has the discretion to determine which land use type best reflects a development project's characteristics for purposes of imposing an impact fee and may adjust fees for special or unique uses to reflect the impact characteristics of the use. If a project results in the intensification of use, at its discretion, the City can charge the project the difference in fees between the existing low intensity use and the future high intensity use.

Impact Fees for Accessory Dwelling Units

The California State Legislature recently amended requirements on local agencies for the imposition of development impact fees on accessory dwelling units (ADU) with AB 68 in 2021. The amendment to *California Government Code §65852.2(f)(2)* stipulates that local agencies may not impose any impact fees on ADU less than 750 square feet. ADU greater than or equal to 750 square feet can be charged impact fees in proportion to the size of the primary dwelling unit.

Calculating Impact Fees for Accessory Dwelling Units

For ADUs greater than or equal to 750 square feet, impact fees can be charged as a percentage of the single family impact fee. The formula is:

$$\frac{ADU\ Square\ Feet}{Primary\ Residence\ Square\ Feet} \times Single\ Family\ Impact\ Fee = ADU\ Impact\ Fee$$

In the case of an 800 square foot ADU and a 1,600 square foot primary residence, the impact fees would be 50 percent (800 square feet / 1,600 square feet = 50%) of the single family dwelling unit fee.

Existing and Future Development

Table 2.1 shows the estimated number of residents, dwelling units, employees, and building square feet in Newport Beach, both in 2024 and in 2045. The base year estimates of household residents and dwelling units come from the California Department of Finance (DOF). The population projection for 2045 was calculated based on the increase in dwelling units identified in the City's recent Housing Element (excluding development projects in the pipeline) multiplied by estimates of 2.09 residents per single family unit and 1.56 residents per multifamily unit calculated from the latest data from the American Community Survey for Newport Beach. The projection assumes that 90% of future dwelling units will be multifamily units, based on direction from City planning staff.

Base year employees were estimated based on the latest data from the US Census' OnTheMap application and exclude 886 local government (public administration) employees. Local government employees are excluded it is assumed that local government employees are needed to serve development, as opposed to being the development that must be served. The increase of 1,500 jobs in the City is based on the Southern California Association of Government's (SCAG) SoCal Connect Growth Forecast. The projected proportion of workers by land use is consistent with current estimates. The estimates of nonresidential building square feet were estimated by dividing employee counts by the occupancy density factors presented in the following table.

Table 2.1: Existing and New Development

	2024	2045	Increase
Residents[1]	82,008	96,107	14,099
Dwelling Units[2]			
Single Family	27,433	28,307	874
Multifamily	17,677	25,544	7,867
Total	45,110	49,001	8,741
Employment[3]			
Commercial	20,458	20,880	422
Office	43,646	44,546	900
Industrial	8,672	8,850	178
Total	72,776	74,276	1,500
Equivalent Building Square Feet (000s)[4]			
Commercial	9,629	9,828	199
Office	13,408	13,684	276
Industrial	7,488	7,642	154
Total	30,525	31,154	629

[1] Current household population from California Department of Finance. Projection for 2045 based on multiplying increase in dwelling units by an assumption of 2.09 residents per single family unit and 1.56 residents per multifamily unit, based on the latest data from the American Community Survey.

[2] Current values from California Department of Finance. Increase in total dwelling units based on total potential development capacity of dwelling units of housing need identified in the Housing Element Table 3-37, excluding projects in the pipeline. Assumes 90% of new units will be multifamily, based on direction from City staff.

[3] Current estimates of primary jobs from the US Census' OnTheMap. Increase of 1,500 jobs based on data from SCAG SoCal Connect 2020 Growth Forecast. Assumes current ratio among land uses will be maintained.

[4] Estimated building square feet calculated based on employment estimates and density factors in Table 2.2.

Sources: City of Newport Beach 2021-2029 Housing Element; California Department of Finance, Table E-5, 2024; SCAG SoCal Connect 2020 Growth Forecast Technical Report, September 3, 2020; OnTheMap Application, http://onthemap.ces.census.gov; Table 2.2, Willdan Financial Services.

Occupant Densities

All fees in this report are calculated based on dwelling units or building square feet. Occupant density assumptions ensure a reasonable relationship between the size of a development project, the increase in service population associated with the project, and the amount of the fee.

Occupant densities (residents per dwelling unit or workers per building square foot) are the most appropriate characteristics to use for most impact fees. The fee imposed should be based on the land use type that most closely represents the probable occupant density of the development.

The occupancy factors are shown in **Table 2.2**. The residential density factors are based on data for Newport Beach from the 2022 U.S. Census' American Community Survey. Note that the ratio of single family to multifamily units is projected to change over time. The average residents per dwelling unit for growth projected to 2045 is 1.61 residents per unit and reflects the increasing ratio of multifamily units. The nonresidential occupancy factors are derived from national data from the Institute of Traffic Engineers Trip Generation Manual, 11th Edition.

Table 2.2: Occupant Density Assumptions

Residential	1.61	Residents per dwelling unit[1]
Nonresidential		
Commercial	2.12	Employees per 1,000 square feet
Office	3.26	Employees per 1,000 square feet
Industrial	1.16	Employees per 1,000 square feet

[1] Current average density per dwelling unit is 1.89 residents per unit, per ACS data. This will change as ratio of single family units to multifamily units decreases. Average residents per dwelling unit for growth projected to 2045 is 1.61 residents per unit.

Sources: U.S. Census Bureau, 2022 American Community Survey 1-Year Estimates, Tables B25024 and B25033 (Newport Beach-specific); ITE Trip Generation Manual, 11th Edition (national data); Willdan Financial Services.

Land Value Assumptions

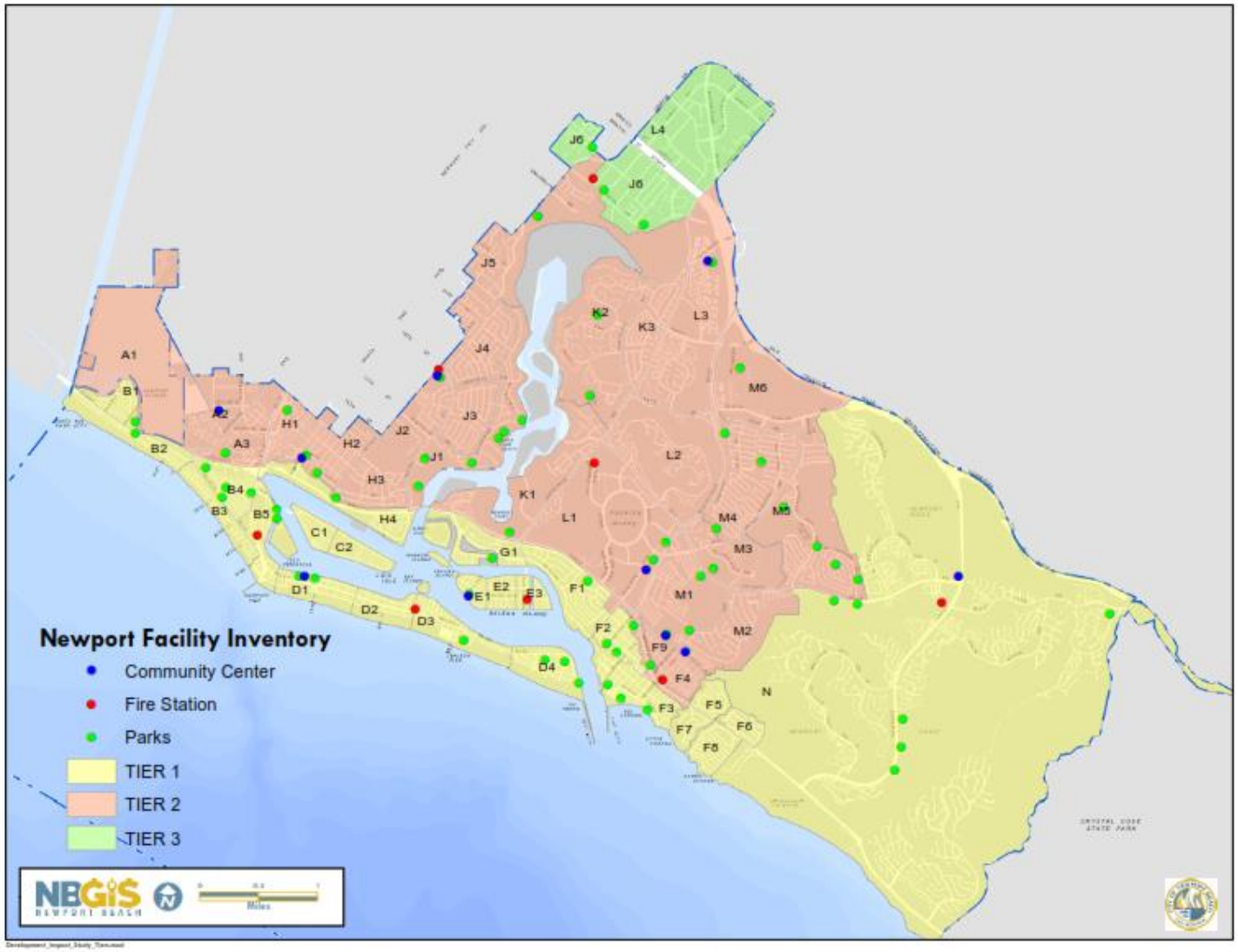
A key assumption in calculating impact fees is the value of land acquisition. Land acquisition costs vary widely in Newport Beach. To more accurately reflect the current cost of land acquisition, City staff prepared estimates of land acquisition costs for three geographical areas of the City, referred to in **Table 2.3** as tiers. City GIS staff identified City owned parcels within each tier for use in this analysis. **Figure 1** displays a map of the land value tiers.

Table 2.3: Land Value

Area	Cost Per Acre
Tier 1	$ 55,669,642
Tier 2	23,028,575
Tier 3	11,324,133

Source: City of Newport Beach.

Figure 1


Newport Facility Inventory
Community Center
Fire Station
Parks
TIER 1
TIER 2
TIER 3
NBGIS
NEWPORT BEACH
A1
B1
A2
H1
B2
A3
H2
J2
J3
J4
J5
J6
L4
K2
K3
L3
M6
J1
H3
L2
K1
L1
M4
M5
M3
B4
B3
B5
H4
C1
C2
G1
D1
E1
E2
E3
F1
M1
D2
D3
F2
F9
M2
D4
F4
N
F3
F5
F7
F6
F8

3. Recreation Facilities

The purpose of this fee is to ensure that new development funds its fair share of recreation facilities. A fee schedule is presented based on the planned facilities standard of recreation facilities per capita.

Service Population

Recreation facilities in Newport Beach primarily serve residents. Therefore, demand for services and associated facilities is based on the City's residential population. **Table 3.1** shows the existing and future projected service population for recreation facilities.

Table 3.1: Recreation Facilities
Service Population

	Residents
Existing (2024)	82,008
New Development (2024-2045)	14,099
Total (2045)	96,107

Source: Table 2.1.

Existing Facilities Inventory

The City's recreation facilities inventory is comprised of various community centers, senior centers, junior lifeguard facilities and harbor facilities. The replacement cost of the buildings was identified in City facilities planning documents. The assumed land costs were provided by the City for use in this analysis and vary by geographic area of the City. Replacement costs per square foot for existing buildings were identified in the City's Facilities Financial Plan (FFP). The replacement cost of existing recreation facilities that will be replaced by the planned facilities is excluded from the inventory. In total the City owns $438.8 million worth of recreation facilities. The recreation facilities inventory is displayed in **Table 3.2.**

Table 3.2: Existing Recreation Facilities Inventory

Facility	Amount	Units	Unit Cost	Replacement Cost
Land				
Oasis Senior Citizens Center	4.92	acres	$ 23,028,575	$ 113,252,475
Newport Coast Community Center	3.06	acres	55,669,642	170,512,612
Theater Arts Center	0.10	acres	23,028,575	2,302,858
West Newport Community Center	0.82	acres	23,028,575	18,792,797
Subtotal	4.92	acres		$ 304,860,742
Buildings				
Bonita Creek Park Community Center	2,876	sq. ft.	$ 850	$ 2,444,600
Carroll Beek Community Center[1]	1,500	sq. ft.	-	-
Junior Lifeguard Building	5,400	sq. ft.	850	4,590,000
Oasis Senior Citizens Center	43,232	sq. ft.	850	36,747,200
Cliff Dr Community Center	761	sq. ft.	850	646,850
Mariners Park Youth Center	1,820	sq. ft.	850	1,547,000
Grant Howald Community Youth Center[1]	5,146	sq. ft.	-	-
Newport Coast Community Center	16,865	sq. ft.	850	14,335,250
West Newport Community Center	11,980	sq. ft.	850	10,183,000
Theater Arts Center[1]	7,947	sq. ft.	-	-
Subtotal	97,527	sq. ft.		$ 70,493,900
Harbor Facilities				
Marina Park Recreation Facilities, Offices and Class Rooms	6,500	sq. ft.	$ 3,846	$ 25,000,000
Lighthouse Restaurant	2,500	sq. ft.	850	2,125,000
Sailing Center	3,000	sq. ft.	850	2,550,000
Harbor Department Offices	1,000	sq. ft.	850	850,000
Marina Park Building	24,390	sq. ft.	850	20,731,500
Marina Park marina – 23 slips	23	slips	86,957	2,000,000
Balboa Yacht Basin – 172 slips	172	slips	40,698	7,000,000
Subtotal				$ 60,256,500
Vessels (See Appendix Table A.1)				
Recreation Vessels				$ 2,592,976
Harbor vessels				550,000
Subtotal				$ 3,142,976
Total				$ 438,754,118

[1] No value is shown for these facilities because they will be replaced by the planned facilities.

Sources: City of Newport Beach; Tables 2.3 and A.1, Willdan Financial Services.

Preliminary Planned Facilities

The City preliminarily plans to construct several recreation facilities, including a pool complex, two piers and several improvements to existing community centers. The total cost of the planned facilities is $72.8 million.

Table 3.3: Planned Facilities

	Building Square Feet	Cost per Sq. Ft.	Total Cost
Pool Complex[1]			$ 15,000,000
Ocean Pier: Newport			20,000,000
Ocean Pier: Balboa			15,000,000
Newport Theatre Arts Center	7,950	900	7,155,000
Community Youth Center (CYC) - Grant Howald	5,658	850	4,809,300
Carroll Beek Center	1,500	1,000	1,500,000
West Newport Community Center	11,000	850	9,350,000
Total			$ 72,814,300

[1] Total estimated cost of this facility is $30 million. $15 million of these costs are assumed to be funded by other sources.

Source: City of Newport Beach.

Cost Allocation

Existing Level of Service

Table 3.4 expresses the City's current recreation facilities level of service in terms of an existing cost per capita, by dividing the replacement cost of the City's existing facilities by the existing service population. This cost per resident is not used in the fee calculation, rather it is shown here for informational purposes only.

Table 3.4: Existing Standard

Value of Existing Facilities	$ 438,754,118
Existing Service Population	82,008
Facility Standard per Resident	$ 5,350

Sources: Tables 3.1 and 3.2; Willdan Financial Services.

Future Level of Service

Table 3.5 shows new development's cost per capita needed to fully fund the planned facilities. The level of service indicated by the planned facility standard is lower than the existing standard. This level of service drives the fee calculation. This value is calculated by dividing the cost of planned facilities by the increase in population. The resulting cost per capita drives the fee calculation.

Table 3.5: Planned Facilities Standard

Cost of Planned Facilities	$	72,814,300
Growth in Service Population		14,099
Facility Standard per Capita	$	5,164

Sources: Tables 3.1 and 3.3; Willdan Financial Services.

Fee Revenue Projection

The City plans to use recreation facilities fee revenue to construct improvements and acquire capital facilities and equipment to add to the system of recreation facilities to serve new development. The City plans to construct the facilities in Table 3.3. By using the planned facilities cost allocation method, the cost of the planned facilities is equal to the projected impact fee revenue for this facility category.

Fee Schedule

Table 3.6 shows the maximum justified recreation facilities fee schedule. The cost per capita is converted to a fee per unit of new development based on dwelling unit densities (persons per dwelling unit). The fee per dwelling unit is converted into a fee per square foot by dividing the fee per dwelling unit by the assumed average square footage of a dwelling unit.

The total fee includes a two percent (2.0%) administrative charge to fund costs that include: a standard overhead charge applied to City programs for legal, accounting, and other departmental and administrative support, and fee program administrative costs including revenue collection, revenue and cost accounting and mandated public reporting.

In Willdan's experience with impact fee programs, two percent of the base fee adequately covers the cost of fee program administration. The administrative charge should be reviewed and adjusted during comprehensive impact fee updates to ensure that revenue generated from the charge sufficiently covers, but does not exceed, the administrative costs associated with the fee program.

Table 3.6: Maximum Justified Recreation Facilities Fee Schedule

Land Use	A Cost Per Capita	B Density	C = A x B Base Fee[1]	D = C x 0.02 Admin Charge[1, 2]	E = C + D Total Fee[1]	F = E / Average Fee per Sq. Ft.
Residential Dwelling Unit	$ 5,164	1.61	$ 8,314	$ 166	$ 8,480	$ 4.70

[1] Fee per average sized dwelling unit.

[2] Administrative charge of 2.0 percent for (1) legal, accounting, and other administrative support and (2) impact fee program administrative costs including revenue collection, revenue and cost accounting, mandated public reporting, and fee justification analyses.

[2] Assumes an average of 1,803 square feet per dwelling unit based on an analysis of data for the State of California from the 2019 American Housing Survey.

Sources: Tables 2.2 and 3.5; Willdan Financial Services.

Mitigation Fee Act Findings

The five statutory findings required for adoption of the recreation facilities fees documented in this chapter are presented below and supported in detail by the analysis above. All statutory references are to the *Act.*

Purpose of Fee

- *Identify the purpose of the fee (§66001(a)(1) of the Act).*

The recreation facilities fee is designed to ensure that new development will not burden the existing service population with the cost of recreation facilities required to accommodate growth. The purpose of the fees documented in this chapter is to provide a funding source from new development for capital improvements to serve that development. The fees advance a legitimate City interest by enabling the City to provide recreation facilities to serve new development.

Use of Fee Revenues

- *Identify the use to which the fees will be put. If the use is financing facilities, the facilities shall be identified. That identification may, but need not, be made by reference to a capital improvement plan as specified in §65403 or §66002, may be made in applicable general or specific plan requirements, or may be made in other public documents that identify the facilities for which the fees are charged (§66001(a)(2) of the Act).*

Recreation facilities fees, if enacted by the City, would be used to fund expanded recreations to serve new development Citywide. Facilities funded by these fees are designated to be located within the City limits. A list of planned recreation projects is included in Table 3.3.

Benefit Relationship

- *Determine the reasonable relationship between the fees' use and the type of development project on which the fees are imposed (§66001(a)(3) of the Act).*

The City will restrict fee revenue to the acquisition of land, construction of facilities and buildings, and purchase of related equipment, furnishings, vehicles, and services used to serve new development. Facilities funded by the fees are expected to provide a citywide network of facilities accessible to the residents with new development, who represent the demand for recreation facilities. Using the planned facilities cost allocation methodology outlined in Chapter 1, and the cost per capita standard calculated in Table 3.5, the resulting fees ensure that new development will only fund its fair share of improvements at a level of service that is lower than the existing

level of service. Thus, a reasonable relationship can be shown between the use of fee revenue and the new development residential use classification that will pay the fees.

Burden Relationship

- *Determine the reasonable relationship between the need for the public facilities and the types of development on which the fees are imposed (§66001(a)(4) of the Act).*

New residential development will generate additional population growth. An increase in residents will increase the demand for recreation facilities. Facilities need is based on a facility standard that represents the demand generated by new development for those facilities. For the recreation facilities fee, demand is measured by a single facility standard (cost per capita) that can be applied to residential development to ensure a reasonable relationship to the type of development. The service population standards are calculated based upon the number of residents associated with residential development.

The standard used to allocate facilities costs to new development is also used to determine if planned facilities will partially serve the existing service population by correcting existing deficiencies. This approach ensures that new development will only be responsible for its fair share of planned facilities, and that the fees will not unfairly burden new development with the cost of facilities associated with serving the existing service population. In this case the planned facilities cost per capita is lower than the existing standard cost per capita, which indicates that new development is not being asked to fund a higher level of service than currently exists in the City.

Proportionality

- *Determine how there is a reasonable relationship between the fees amount and the cost of the facilities or portion of the facilities attributable to the development on which the fee is imposed (§66001(b) of the Act).*

The reasonable relationship between each facilities fee for a specific new development project and the cost of the facilities attributable to that project is based on the estimated residential and nonresidential population growth the project will accommodate. Fees for a specific project are based on the project's size. Larger development projects can result in a higher service population resulting in higher fee revenue than smaller projects in the same land use classification. Thus, the fees ensure a reasonable relationship between a specific new development project and the cost of the facilities attributable to that project.

4. Police Facilities

The purpose of this fee is to ensure that new development funds its fair share of police facilities. A fee schedule is presented based on the system standard of police facilities in the City of Newport Beach to ensure that new development provides adequate funding to meet its needs.

Service Population

Police facilities serve both residents and businesses. Therefore, demand for services and associated facilities are based on the City's service population including residents and workers.

Table 4.1 shows the existing and future projected service population for police facilities. While specific data is not available to estimate the actual ratio of demand per resident to demand by businesses (per worker) for this service, it is reasonable to assume that demand for these services is less for one employee compared to one resident, because nonresidential buildings are typically occupied less intensively than dwelling units. The 0.31-weighting factor for workers is based on a 40-hour workweek divided by the total number of non-work hours in a week (128) and reflects the degree to which nonresidential development yields a lesser demand for police facilities.

Table 4.1: Police Facilities Service Population

	A Persons	*B* Weighting Factor	*A x B = C* Service Population
Residents			
Existing (2024)	82,008	1.00	82,008
New Development	14,099	1.00	14,099
Total (2045)	96,107		96,107
Workers			
Existing (2024)	72,776	0.31	22,561
New Development	1,500	0.31	465
Total (2045)	74,276		23,026
Combined Residents and Weighted Workers			
Existing (2024)			104,569
New Development			14,564
Total (2045)			119,133

[1] Workers are weighted at 0.31 of residents based on 40 work hours in a week relative to 128 non-work hours.

Sources: Table 2.1, Willdan Financial Services.

Existing Facility Inventory

The City's police facilities inventory is comprised of a police station, police vehicles, animal shelter, equipment and a recently purchased building at 1201 Dove Street. The replacement cost the existing police station is excluded from the inventory, as it will be replaced by the planned facility. In total, the City owns $39.2 million worth of police facilities. Replacement costs per square foot for existing buildings were identified in the City's Facilities Financial Plan (FFP). **Table 4.2** displays the City's existing inventory of police facilities.

Table 4.2: Existing Police Facilities Inventory

	Quantity	Units	Unit Cost	Replacement Cost
Police Station[1]				
Building	60,000	Sq. Ft.	$ -	$ -
Land	2.95	Acres	-	-
Subtotal				$ -
Animal Shelter				
Building	2,320	Sq. Ft.	$ 850	$ 1,972,000
Land	0.19	Acres	11,324,133	2,151,585
Subtotal				$ 4,123,585
1201 Dove Street				$ 28,750,000
Vehicles (Appendix Table A.2)				$ 5,748,000
Equipment (Appendix Table A.2)				$ 548,000
Total Cost - Existing Facilities Inventory				$ 39,169,585

[1] No value is shown for this facility because they will be replaced by the planned facilities.

Sources: City of Newport Beach; Tables 2.3 and A.2, Willdan Financial Services.

Preliminarily Planned Facilities

Table 4.3 displays the preliminarily planned police facility, which is a new police station estimated to cost $92.4 million. The cost per square foot was identified by the City.

Table 4.3: Planned Police Facilities

Description	Quantity	Units	Unit Cost	Total Cost
New Police Station	77,000	Square Feet	$ 1,200	$ 92,400,000
Total				$ 92,400,000

Sources: City of Newport Beach.

Cost Allocation

Existing Level of Service

Table 4.4 expresses the City's current police facilities level of service in terms of an existing cost per capita, by dividing the replacement cost of the City's existing facilities by the existing service population. The resulting cost per capita drives the fee calculation. The cost per capita is multiplied by the worker weighting factor to determine the cost per worker. This cost per capita standard does not drive the fee calculation and is included to comply with the requirements of AB 602.

Table 4.4: Police Facilities Existing Standard

Value of Existing Facilities	$	39,169,585
Existing Service Population		104,569
Cost per Capita	$	374
Facility Standard per Resident	$	374
Facility Standard per Worker[1]		115

[1] Based on a weighting factor of 0.31.

Sources: Tables 4.1 and 4.2.

Future Level of Service

Table 4.5 shows new development's projected per capita investment in fire/life safety facilities at the planning horizon. This value is calculated by dividing the cost of existing and planned facilities by the service population at the planning horizon. This cost per capita drives the fee calculation.

Table 4.5: Police Facilities - System Standard

Value of Existing Facilities[1]	$	39,169,585
Value of Planned Facilities		92,400,000
Total System Value (2045)	$	131,569,585
Future Service Population (2045)		119,133
Cost per Capita	$	1,104
Facility Standard per Resident	$	1,104
Facility Standard per Worker[2]		342

[1] Excludes value of existing police building.
[2] Based on a weighting factor of 0.31.

Sources: Tables 4.1, 4.2 and 4.3.

Fee Revenue Projection

The City plans to use police facilities fee revenue to construct improvements and acquire capital facilities and equipment to add to the system of police facilities to serve new development. The City plans to construct the facilities in Table 4.3**. Table 4.6** details a projection of fee revenue, based on the service population growth increment identified in Table 4.1. The cost of the planned facilities not funded by fee revenue represents existing development's share of the facilities and can be funded by any revenue source other than impact fees. The facilities identified in Table 4.3 must be constructed by the planning horizon of this study, or new development will have paid too high a fee.

Table 4.6: Revenue Projection - System Standard

Cost per Capita	$	1,104
Growth in Service Population (2024 - 2045)		14,564
Fee Revenue	$	16,079,000
Net Cost of Planned Facilities	$	92,400,000
Non-Fee Revenue To Be Identified	$	(76,321,000)

Sources: Tables 4.1, 4.3 and 4.4.

Fee Schedule

Table 4.7 shows the maximum justified police facilities fee schedule. The City can adopt any fee up to this amount. The cost per capita is converted to a fee per unit of new development based on dwelling unit and employment densities (persons per dwelling unit or employees per 1,000 square feet of nonresidential building space). The fee per dwelling unit is converted into a fee per

square foot by dividing the fee per dwelling unit by the assumed average square footage of a dwelling unit.

The total fee includes a two percent (2.0%) administrative charge to fund costs that include: a standard overhead charge applied to City programs for legal, accounting, and other departmental and administrative support, and fee program administrative costs including revenue collection, revenue and cost accounting and mandated public reporting.

In Willdan's experience with impact fee programs, two percent of the base fee adequately covers the cost of fee program administration. The administrative charge should be reviewed and adjusted during comprehensive impact fee updates to ensure that revenue generated from the charge sufficiently covers, but does not exceed, the administrative costs associated with the fee program.

Table 4.7: Maximum Justified Police Facilities Fee Schedule

Land Use	A Cost Per Capita	B Density	C = A x B Base Fee[1]	D = C x 0.02 Admin Charge[1, 2]	E = C + D Total Fee	F = E / Average Fee per Sq. Ft.[3]
Residential - per Dwelling	$ 1,104	1.61	$ 1,777	$ 36	$ 1,813	$ 1.01
Nonresidential - per 1,000 Sq. Ft.						
Commercial	$ 342	2.12	$ 727	15	$ 742	$ 0.74
Office	342	3.26	1,113	22	1,135	1.14
Industrial	342	1.16	396	8	404	0.40

[1] Fee per dwelling unit or per 1,000 square feet of nonresidential building space.
[2] Administrative charge of 2.0 percent for (1) legal, accounting, and other administrative support and (2) impact fee program administrative costs including revenue collection, revenue and cost accounting, mandated public reporting, and fee justification analyses.
[3] Assumes an average of 1,803 square feet per dwelling unit based on an analysis of data for the State of California from the 2019 American Housing Survey.

Sources: Tables 2.2 and 4.4.

Mitigation Fee Act Findings

The five statutory findings required for adoption of the police facilities fees documented in this chapter are presented below and supported in detail by the analysis above. All statutory references are to the *Act.*

Purpose of Fee

- *Identify the purpose of the fee (§66001(a)(1) of the Act).*

The police facilities fee is designed to ensure that new development will not burden the existing service population with the cost of police facilities required to accommodate growth. The purpose of the fees documented in this chapter is to provide a funding source from new development for capital improvements to serve that development. The fees advance a legitimate City interest by enabling the City to provide police facilities to serve new development.

Use of Fee Revenues

- *Identify the use to which the fees will be put. If the use is financing facilities, the facilities shall be identified. That identification may, but need not, be made by reference to a capital*

improvement plan as specified in §65403 or §66002, may be made in applicable general or specific plan requirements, or may be made in other public documents that identify the facilities for which the fees are charged (§66001(a)(2) of the Act).

Police facilities fees, if enacted by the City, would be used to fund expanded police facilities to serve new development Citywide. Facilities funded by these fees are designated to be located within the City limits. A list of planned police facilities projects is included in Table 4.3.

Benefit Relationship

- *Determine the reasonable relationship between the fees' use and the type of development project on which the fees are imposed (§66001(a)(3) of the Act).*

The City will restrict fee revenue to the acquisition of land, construction of facilities and buildings, and purchase of related equipment, furnishings, vehicles, and services used to serve new development. Facilities funded by the fees are expected to provide a citywide network of facilities accessible to the residents and workers associated with new development, who represent demand for police facilities. Using the system plan standard cost allocation methodology outlined in Chapter 1, and the cost per capita standard calculated in Table 4.5, the resulting fees ensure that new development will only fund its fair share of improvements, and impact fee revenue will not be used to correct existing deficiencies. Thus, a reasonable relationship can be shown between the use of fee revenue and the new development residential and non-residential use classifications that will pay the fees.

Burden Relationship

- *Determine the reasonable relationship between the need for the public facilities and the types of development on which the fees are imposed (§66001(a)(4) of the Act).*

New residential and nonresidential development will generate additional population growth. An increase in residents and workers will increase the demand for police facilities. Facilities need is based on a facility standard that represents the demand generated by new development for those facilities. For the police facilities fee, demand is measured by a single facility standard (cost per capita at the planning horizon) that can be applied across land use types to ensure a reasonable relationship to the type of development. The service population standards are calculated based upon the number of residents associated with residential development and the number of workers associated with non-residential development. To calculate a single, per capita standard, one worker is weighted less than one resident based on an analysis of the relative use demand between residential and non-residential development. See the *Service Population* section above for a discussion of the worker weighting factor.

The standard used to allocate facilities costs to new development is also used to determine if planned facilities will partially serve the existing service population by correcting existing deficiencies. This approach ensures that new development will only be responsible for its fair share of planned facilities, and that the fees will not unfairly burden new development with the cost of facilities associated with serving the existing service population.

Proportionality

- *Determine how there is a reasonable relationship between the fees amount and the cost of the facilities or portion of the facilities attributable to the development on which the fee is imposed (§66001(b) of the Act).*

The reasonable relationship between each facilities fee for a specific new development project and the cost of the facilities attributable to that project is based on the estimated residential and nonresidential population growth the project will accommodate. Fees for a specific project are based on the project's size. Larger development projects can result in a higher service population resulting in higher fee revenue than smaller projects in the same land use classification. Thus, the fees ensure a reasonable relationship between a specific new development project and the cost

of the facilities attributable to that project. See Table 2.2 for the occupancy density assumptions that drive the proportionality of the fees between the land uses included in this study.

5. Fire/Life Safety Facilities

The purpose of the fire impact fee is to fund the fire facilities needed to serve new development. A maximum justified fee schedule is presented based on the system plan standard of fire/life safety facilities per capita.

Service Population

Fire facilities are used to provide services to both residents and businesses. The service population used to determine the demand for fire facilities includes both residents and workers. **Table 5.1** shows the current fire facilities service population and the estimated service population at the planning horizon of 2045.

To calculate the service population for fire/life safety facilities, residents are weighted at 1.00. The use of a worker demand factor of 0.44 for workers in Newport Beach is based on an analysis of fire department call data, categorized by land use, in the City from 2023. Average annual incidents at residential land uses were divided by the residential population to yield an average annual incidents-per-capita factor. Dividing average annual incidents at nonresidential areas by average annual employment in the City yielded a comparable per-capita factor. The ratio of the worker per capita factor to the resident per capita factor is the worker demand factor used in the analysis. See **Appendix Table A.3** for a detailed worker weighting analysis.

Table 5.1: Fire Facilities Service Population

	A	*B*	*A x B = C*
	Persons	**Weighting Factor**	**Service Population**
Residents			
Existing (2024)	82,008	1.00	82,008
New Development	14,099	1.00	14,099
Total (2045)	96,107		96,107
Workers [1]			
Existing (2024)	72,776	0.44	32,021
New Development	1,500	0.44	660
Total (2045)	74,276		32,681
Combined Residents and Weighted Workers			
Existing (2024)			114,029
New Development			14,759
Total (2045)			128,788

[1] Workers are weighted at 0.44 of residents based on an analysis of fire department call data from 1/1/2023 To 12/31/2023. See Appendix Table A.1 for more detail.

Sources: Tables 2.1 and A.3; Willdan Financial Services.

Existing Facility Inventory

Table 5.2 summarizes the City's current inventory of land, apparatus and vehicles. Fire/life safety services are provided from eight stations and two lifeguard facilities located throughout the City. Replacement costs for existing buildings were identified in the City's Facilities Financial Plan (FFP). In total, the City owns $199.8 million worth of fire/life safety facilities.

Table 5.2: Existing Fire Facilities Land and Building Inventory

	Quantity	Units	Unit Cost	Replacement Cost
Land				
Fire Station #1 [1]	0.29	Acres	$55,669,642	$ 16,144,196
Fire Station #2	0.41	Acres	55,669,642	22,824,553
Fire Station #3[2]	-	Acres	23,028,575	-
Fire Station #4	0.10	Acres	55,669,642	5,566,964
Fire Station #5[3]	0.36	Acres	23,028,575	8,290,287
Fire Station #6	0.33	Acres	23,028,575	7,599,430
Fire Station #7	1.65	Acres	11,324,133	18,684,819
Fire Station #8	1.09	Acres	55,669,642	60,679,910
Subtotal	4.23			$ 139,790,160
Buildings				
Fire Station #1[4]	3,423	Sq. Ft.	$ -	$ -
Fire Station #2	11,600	Sq. Ft.	900	10,440,000
Fire Station #3[4]	13,000	Sq. Ft.	-	-
Fire Station #4	4,597	Sq. Ft.	900	4,137,000
Fire Station #5	6,513	Sq. Ft.	900	5,862,000
Fire Station #6	4,436	Sq. Ft.	900	3,992,000
Fire Station #7	11,207	Sq. Ft.	900	10,086,000
Fire Station #8	7,000	Sq. Ft.	900	6,300,000
Lifeguard HQ (Newport Pier)[4]	2,500	Sq. Ft.	-	-
Lifeguard HQ (CDM)	1,832	Sq. Ft.	900	1,649,000
Subtotal	66,108			$ 42,466,000
Vehicles and Apparatus (Appendix Table A.4)				$ 17,513,550
Total Cost - Existing Facilities Inventory				$ 199,769,710

[1] Fire station 1 is co-located with the Balboa Library. Land acreage allocated to each use proportionally based on square footage of each use.

[2] Fire station #3 is proposed to be moved to better respond to calls for service from existing and new development. Current site is 3.99 acres and will be used for other city purposes.

[3] Fire station 5 is co-located with the Corona del Mar Library. Land acreage allocated to each use proportionally based on square footage of each use.

[4] No value is included for Fire Station #1, #3 and Lifeguard HQ, since they will be replaced by the planned facilities

Sources: City of Newport Beach Fire Department; Tables 2.3 and A.4, Willdan Financial Services.

Planned Facilities

Table 5.3 summarizes the planned facilities needed to serve the City through 2045, as identified by the City. The City will replace three existing facilities with facilities that expand the City's capacity to serve new development. The new facilities with be strategically located to ensure that the City can maintain its incident response time. In total the City has identified $46.3 million worth of capacity expanding fire/life safety facilities.

Table 5.3: Planned Fire Facilities

Description	Quantity	Units	Unit Cost	Total Cost
Fire Station No. 1 Replacement	3,423	Sq. Ft.	$ 1,200	$ 4,107,600
Fire Station No. 3 Replacement	13,000	Sq. Ft.	1,200	15,600,000
Fire Station No. 3 Land Acquisition	1	Acres	23,028,575	23,028,575
Lifeguard HQ Replacement	3,000	Sq. Ft.	1,200	3,600,000
Total				$46,336,175

Source: City of Newport Beach.

Cost Allocation

Existing Level of Service

Table 5.4 expresses the City's current fire/life safety facilities level of service in terms of an existing cost per capita, by dividing the replacement cost of the City's existing facilities by the existing service population. The cost per capita is multiplied by the worker weighting factor to determine the cost per worker. This cost per capita standard does not drive the fee calculation and is included to comply with the requirements of AB 602.

Table 5.4: Existing Level of Service

Value of Existing Facilities	$	199,769,710
Existing Service Population		114,029
Cost per Capita	$	1,751
Facility Standard per Resident	$	1,751
Facility Standard per Worker[1]		770

[1] Based on a weighting factor of 0.44.

Sources: Tables 5.1 and 5.2.

Future Level of Service

Table 5.5 shows new development's projected per capita investment in fire/life safety facilities at the planning horizon. This value is calculated by dividing the cost of existing and planned facilities by the service population at the planning horizon. This cost per capita drives the fee calculation.

Table 5.5: System Standard Cost per Capita

Value of Existing Facilities	$	199,769,710
Value of Planned Facilities		40,509,275
Total System Value (2045)	$	240,278,985
Future Service Population (2045)		128,788
Cost per Capita	$	1,866
Facility Standard per Resident	$	1,866
Facility Standard per Worker[1]		821

[1] Based on a weighting factor of 0.44.

Sources: Tables 5.1, 5.2 and 5.3.

Fee Revenue Projection

The City plans to use fire/life safety facilities fee revenue to construct improvements and acquire capital facilities and equipment to add to the system of fire/life safety facilities to serve new development. The City plans to construct the facilities in Table 5.3. **Table 5.6** details a projection of fee revenue, based on the service population growth increment identified in Table 5.1. The cost of the planned facilities not funded by fee revenue represents existing development's share of the facilities and can be funded by any revenue source other than impact fees. The facilities identified in Table 5.3 must be constructed by the planning horizon of this study, or new development will have paid too high a fee.

Table 5.6: Projected Fee Revenue

Cost per Capita	$	1,866
Growth in Service Population (2023- 2045)		14,759
Fee Revenue	$	27,540,000
Net Cost of Planned Facilities	$	40,509,275
Non-Fee Revenue To Be Identified	$	(12,969,275)

Sources: Tables 5.1, 5.3 and 5.4.

Fee Schedule

Table 5.7 shows the maximum justified fire/life safety facilities fee schedule. The cost per capita is converted to a fee per unit of new development based on dwelling unit and employment densities (persons per dwelling unit or employees per 1,000 square feet of nonresidential building space). The fee per average sized single family, and multifamily dwelling unit is converted into a

fee per square foot by dividing the fee per dwelling unit by the assumed average square footage of each type of unit.

The total fee includes a two percent (2.0%) administrative charge to fund costs that include: a standard overhead charge applied to City programs for legal, accounting, and other departmental and administrative support, and fee program administrative costs including revenue collection, revenue and cost accounting and mandated public reporting.

In Willdan's experience with impact fee programs, two percent of the base fee adequately covers the cost of fee program administration. The administrative charge should be reviewed and adjusted during comprehensive impact fee updates to ensure that revenue generated from the charge sufficiently covers, but does not exceed, the administrative costs associated with the fee program.

Table 5.7: Fire/Life Safety Facilities Fee Schedule

Land Use	A Cost Per Capita	B Density	C = A x B Base Fee[1]	D = C x 0.02 Admin Charge[1, 2]	E = C + D Total Fee	F = E / Average Fee per Sq. Ft.[3]
Residential Dwelling Unit	$ 1,866	1.61	$ 3,004	$ 60	$ 3,064	$ 1.69
Nonresidential - per 1,000 Sq. Ft.						
Commercial	$ 821	2.12	$ 1,744	$ 34	$ 1,778	$ 1.77
Office	821	3.26	2,672	53	2,725	2.72
Industrial	821	1.16	950	19	969	0.96

[1] Fee per dwelling unit or per 1,000 square feet of nonresidential building space.
[2] Administrative charge of 2.0 percent for (1) legal, accounting, and other administrative support and (2) impact fee program administrative costs including revenue collection, revenue and cost accounting, mandated public reporting, and fee justification analyses.
[3] Assumes an average of 1,803 square feet per dwelling unit based on an analysis of data for the State of California from the 2019 American Housing Survey.

Sources: Tables 2.2 and 5.5.

Mitigation Fee Act Findings

The five statutory findings required for adoption of the fire/life safety facilities fees documented in this chapter are presented below and supported in detail by the analysis above. All statutory references are to the *Act.*

Purpose of Fee

- *Identify the purpose of the fee (§66001(a)(1) of the Act).*

The fire/life safety facilities fee is designed to ensure that new development will not burden the existing service population with the cost of fire/life safety facilities required to accommodate growth. The purpose of the fees documented in this chapter is to provide a funding source from new development for capital improvements to serve that development. The fees advance a legitimate City interest by enabling the City to provide fire/life safety facilities to serve new development.

Use of Fee Revenues

- *Identify the use to which the fees will be put. If the use is financing facilities, the facilities shall be identified. That identification may, but need not, be made by reference to a capital*

improvement plan as specified in §65403 or §66002, may be made in applicable general or specific plan requirements, or may be made in other public documents that identify the facilities for which the fees are charged (§66001(a)(2) of the Act).

Fire/life safety facilities fees, if enacted by the City, would be used to fund expanded fire/life safety facilities needed to serve new development Citywide. Facilities funded by these fees are designated to be located within the City limits. A list of planned fire/life safety projects is included in Table 5.3.

Benefit Relationship

- *Determine the reasonable relationship between the fees' use and the type of development project on which the fees are imposed (§66001(a)(3) of the Act).*

The City will restrict fee revenue to the acquisition of land, construction of facilities and buildings, and purchase of related equipment, furnishings, vehicles, and services used to serve new development. Facilities funded by the fees are expected to provide a citywide network of facilities accessible to the residents and workers associated with new development, who represent the demand for fire/life safety facilities. Using the system plan cost allocation methodology outlined in Chapter 1, and the cost per capita standard calculated in Table 5.5, the resulting fees ensure that new development will only fund its fair share of improvements at a level of service that is lower than the existing level of service. Thus, a reasonable relationship can be shown between the use of fee revenue and the new development residential and non-residential use classifications that will pay the fees.

Burden Relationship

- *Determine the reasonable relationship between the need for the public facilities and the types of development on which the fees are imposed (§66001(a)(4) of the Act).*

New residential and nonresidential development will generate additional population growth. An increase in residents and workers will increase the demand for fire/life safety facilities. Facilities need is based on a facility standard that represents the demand generated by new development for those facilities. For the fire/life safety facilities fee, demand is measured by a single facility standard (cost per capita) that can be applied to residential development to ensure a reasonable relationship to the type of development. The service population standards are calculated based upon the number of residents associated with residential development and the number of workers associated with non-residential development. To calculate a single, per capita standard, one worker is weighted less than one resident based on an analysis of the relative use demand between residential and non-residential development. See the *Service Population* section above for a discussion of the worker weighting factor.

The standard used to allocate facilities costs to new development is also used to determine if planned facilities will partially serve the existing service population by correcting existing deficiencies. This approach ensures that new development will only be responsible for its fair share of planned facilities, and that the fees will not unfairly burden new development with the cost of facilities associated with serving the existing service population.

Proportionality

- *Determine how there is a reasonable relationship between the fees amount and the cost of the facilities or portion of the facilities attributable to the development on which the fee is imposed (§66001(b) of the Act).*

The reasonable relationship between each facilities fee for a specific new development project and the cost of the facilities attributable to that project is based on the estimated residential and nonresidential population growth the project will accommodate. Fees for a specific project are based on the project's size. Larger development projects can result in a higher service population resulting in higher fee revenue than smaller projects in the same land use classification. Thus, the

fees ensure a reasonable relationship between a specific new development project and the cost of the facilities attributable to that project. See Table 2.2 for the occupancy density assumptions that drive the proportionality of the fees between the land uses included in this study.

6. Water Capacity

This chapter documents a reasonable relationship between new development and a water capacity charge to fund water facilities that serve new development. It uses a buy-in approach to allocate the cost of excess capacity in the system to new development. While the City generally has sufficient water capacity to accommodate new development, additional site-specific water facilities improvements may be required as a condition of approval for a development project.

Water Demand

Estimates of new development and its consequent increased water demand provide the basis for calculating the water facilities fee. The need for water facilities improvements is based on the water demand placed on the system by development. A typical measure of demand is the flow generation rate, expressed as the number of gallons per day generated by a specific type of land use. Flow generation rates are a reasonable measure of demand for the City's system of water improvements because they represent the average rate of demand that will be placed on the system per land use designation.

Table 6.1 shows the average flow generation factors by land use category identified in the City's water master plan.

Table 6.1: Water Demand by Land Use

Land Use Type	Flow Generation[1]	Density[2]	Average Flow Generation per DU or 1,000 Sq. Ft.
Residential Dwelling Unit			240.00
Nonresidential - per 1,000 Sq. Ft.			
Commercial	1,757	13.07	134.45
Office	2,000	21.78	91.83
Industrial	1,000	8.71	114.78

[1] Gallons per acre per day.

[2] 1,000 square feet per acre for nonresidential. Nonresidential densities are calculated using floor-area-ratios of 0.3 for commercial, 0.5 for office and 0.2 for industrial.

Sources: City of Newport Beach 2019 Water Master Plan, Table 4-8; Willdan Financial Services.

Current Water System Asset Valuation

In this case, Replacement New Cost Less Depreciation (RCNLD) is the appropriate method to determine the current value of the water systems. RCNLD is a commonly used method, and it is often preferred to alternative methods such as Original Cost Less Depreciation (OCLD), Original Cost (OC), and Replacement Cost (RC) because of its better reflection of the system's value in today dollars. Unless the systems have depreciated significantly due to lack of replacement and repair, RCNLD is more defensible because the replacement cost is inflation-adjusted to recover the cost of replacing that capacity in current dollars. RCNLD also accounts for depreciation and consequently addresses the fact that the system reflects its current condition.

The City provided original cost records for the fixed assets of the utility systems as of 2023. Original costs were adjusted to replacement cost new using the Construction Cost Index (CCI). Replacement cost new is the estimated expected cost of a similar facility constructed today. The CCI is based on an average of costs among 20 cities and is published by ENR. Accumulated depreciation was calculated based on the replacement cost of each asset, the year it went in service and estimates of the useful life of that asset.

Table 6.2: Water Facilities

Asset Category	Original Cost	Replacement Cost New	Accumulated Depreciation	Replacement Cost New Less Depreciation
Equipment	$ 54,905	$ 62,297	$ 28,808	$ 33,489
Fire Hydrants	728,025	1,509,527	1,509,527	-
Pumps	2,658,908	11,883,927	3,471,777	8,412,150
Reservoirs	40,248,160	579,389,729	405,090,901	174,298,828
Water Lines	96,111,555	268,632,525	118,198,311	150,434,214
Water Meters	4,041,124	8,379,086	8,379,086	-
Water Reducers	82,094	170,218	131,635	38,583
Wells	3,488,219	8,006,121	2,667,697	5,338,424
Total	$ 147,412,990	$ 878,033,429	$ 539,477,742	$ 338,555,687

Sources: Newport Beach Capital Asset Schedule, 2023; ENR Construction Cost Index; Willdan Financial Services.

Fee per Gallon per Day

Every impact fee consists of a dollar amount, representing the value of facilities, divided by a measure of demand. In this case, buy-in fees are first calculated as the adjusted system value per gallon per day (GPD). Then these amounts are translated into fees per housing unit (fee per unit) and employment space (fee per 1,000 square feet) by multiplying the cost per GPD by the flow generation rate for each land use category. These amounts become the fee schedule.

The calculation of the buy-in fee per GPD for water facilities is shown in **Table 6.3.** The City provided the sewer system's flow capacity, which is 50.8 million gallons per day. City staff confirmed that the water system has sufficient capacity to accommodate new development within the planning horizon. The adjusted system value divided by the total capacity of the system yields the facilities impact fee per gallon per day of $6.66 for water facilities.

Table 6.3: Fee per GPD

Total System Value	$ 338,555,687
System Flow Capacity (Gallons per Day)	50,800,000
Fee per GPD	$ 6.66

Sources: Tables 6.1 and 6.2.

Fee Schedule

The maximum justified fee for water capacity is shown in **Table 6.4**. The fee per GPD is converted to a fee per unit of new development based on the flow generation factors shown in Table 6.1

The total fee includes a two percent (2.0%) administrative charge to fund costs that include: a standard overhead charge applied to City programs for legal, accounting, and other departmental and administrative support, and fee program administrative costs including revenue collection, revenue and cost accounting and mandated public reporting.

In Willdan's experience with impact fee programs, two percent of the base fee adequately covers the cost of fee program administration. The administrative charge should be reviewed and adjusted during comprehensive impact fee updates to ensure that revenue generated from the charge sufficiently covers, but does not exceed, the administrative costs associated with the fee program.

Table 6.4: Maximum Justified Water Facilities Fee Schedule

	A	*B*	*C = A x B*	*D = C x 0.02*	*E = C + D*	*F = E / Average*
	Cost Per GPD	**GPD**	**Base Fee[1]**	**Admin Charge[1, 2]**	**Total Fee[1]**	**Fee per Sq. Ft.[3]**
Residential Dwelling Unit	$ 6.66	240.00	$ 1,598	$ 31	$ 1,629	$ 0.90
Nonresidential - per 1,000 Sq. Ft.						
Commercial	$ 6.66	134.45	$ 895	$ 17	$ 912	$ 0.91
Office	6.66	91.83	611	12	623	0.62
Industrial	6.66	114.78	764	15	779	0.77

[1] Fee per average sized dwelling unit or per 1,000 square feet of nonresidential building space.

[2] Administrative charge of 2.0 percent for (1) legal, accounting, and other administrative support and (2) impact fee program administrative costs including revenue collection, revenue and cost accounting, mandated public reporting, and fee justification analyses.

[2] Assumes an average of 1,803 square feet per dwelling unit based on an analysis of data for the State of California from the 2019 American Housing Survey.

Sources: Tables 6.1 and 6.3.

7. Sewer Capacity

This chapter documents a reasonable relationship between new development and a sewer capacity charge to fund sewer facilities that serve new development. It uses a buy-in approach to allocate the cost of excess capacity in the system to new development. While the City generally has sufficient sewer capacity to accommodate new development, additional site-specific sewer facilities improvements may be required as a condition of approval for a development project.

Sewer Demand

Estimates of new development and its consequent increased sewer demand provide the basis for calculating the sewer facilities fee. The need for sewer facilities improvements is based on the sewer demand placed on the system by development. A typical measure of demand is the flow generation rate, expressed as the number of gallons per day generated by a specific type of land use. Flow generation rates are a reasonable measure of demand on the City's system of sewer improvements because they represent the average rate of demand that will be placed on the system per land use designation.

Table 7.1 shows the average flow generation factors by land use category used in this analysis. Sewer flow generation factors were estimated by applying a "water sewer flow factor" which represents the percentage of water flow generation that is ultimately returned to the sewer system. The average water flow factors were identified in Table 6.1.

Table 7.1: Sewer Demand by Land Use

Land Use Type	Water Flow Generation Factor[1]	Water Sewer Flow Factor[2]	Average Flow Generation per DU or 1,000 Sq. Ft.
Residential Dwelling Unit	240	0.66	158
Nonresidential - per 1,000 Sq. Ft.			
Commercial	134	0.81	109
Office	92	0.87	80
Industrial	115	0.67	77

[1] Gallons per acre per day of water flow.

[2] Assumed percentage of water flow generation that is ultimately returned to the sewer system.

Sources: City of Newport Beach 2019 Water Master Plan, Table 4-8; Willdan Financial Services.

Current Sewer System Asset Valuation

In this case, Replacement New Cost Less Depreciation (RCNLD) is the appropriate method to determine the current value of the sewer systems. RCNLD is a commonly used method, and it is often preferred to alternative methods such as Original Cost Less Depreciation (OCLD), Original Cost (OC), and Replacement Cost (RC) because of its better reflection of the system's value in today dollars. Unless the systems have depreciated significantly due to lack of replacement and repair, RCNLD is more defensible because the replacement cost is inflation-adjusted to recover the cost of replacing that capacity in current dollars. RCNLD also accounts for depreciation and consequently addresses the fact that the system reflects its current condition.

The City provided original cost records for the fixed assets of the utility systems as of 2023. Original costs were adjusted to replacement cost new using the Construction Cost Index (CCI). Replacement cost new is the estimated expected cost of a similar facility constructed today. The CCI is based on an average of costs among 20 cities and is published by ENR. Accumulated depreciation was calculated based on the replacement cost of each asset, the year it went in service and estimates of the useful life of that asset.

Table 7.2 summarizes the City's current sewer system asset valuation.

Table 7.2: Current Sewer System Asset Valuation

	Original Cost	Replacement Cost New	Accumulated Depreciation	Replacement Cost New Less Depreciation
Sewer Facilities				
Pump Stations	$ 10,255,603	$ 71,377,176	$ 24,344,106	$ 47,033,070
Sewer Lines/Mains	38,583,727	80,001,600	80,001,600	-
Total	$ 48,839,330	$ 151,378,776	$ 104,345,707	$ 47,033,070

Sources: Newport Beach Capital Asset Schedule, 2023; ENR Construction Cost Index; Willdan Financial Services.

Fee per Gallon per Day

Every impact fee consists of a dollar amount, representing the value of facilities, divided by a measure of demand. In this case, buy-in fees are first calculated as the adjusted system value per gallon per day (GPD). Then these amounts are translated into fees per housing unit (fee per unit) and employment space (fee per 1,000 square feet) by multiplying the cost per GPD by the flow generation rate for each land use category. These amounts become the fee schedule.

The calculation of the buy-in fee per GPD for sewer facilities is shown in Table 7.3**.** The City provided the sewer system's flow capacity, which is 7.44 million gallons per day. City staff confirmed that the sewer system has sufficient capacity to accommodate new development within the planning horizon. The adjusted system value divided by the total capacity of the system yields the facilities impact fee per gallon per day of $6.32 for sewer facilities.

Table 7.3: Fee per GPD

Total System Value	$ 47,033,070
System Flow Capacity (Gallons per Day)	7,440,000
Fee per GPD	$ 6.32

Sources: City of Newport Beach; Table 7.2, Willdan Financial Services.

Fee Schedule

The maximum justified fee for sewer facilities is shown in **Table 7.4.** The fee per GPD is converted to a fee per unit of new development based on the flow generation factors shown in Table 7.1. The fee per dwelling unit is converted into a fee per square foot by dividing the fee per dwelling unit by the assumed average square footage of a dwelling unit.

The total fee includes a two percent (2.0%) administrative charge to fund costs that include: a standard overhead charge applied to City programs for legal, accounting, and other departmental and administrative support, and fee program administrative costs including revenue collection, revenue and cost accounting and mandated public reporting.

In Willdan's experience with impact fee programs, two percent of the base fee adequately covers the cost of fee program administration. The administrative charge should be reviewed and adjusted during comprehensive impact fee updates to ensure that revenue generated from the charge sufficiently covers, but does not exceed, the administrative costs associated with the fee program.

Table 7.4: Maximum Justified Sewer Capacity Fee Schedule

	A	B	C = A x B	D = C x 0.02	E = C + D	F = E / Average
	Cost Per GPD	GPD	Base Fee[1]	Admin Charge[1, 2]	Total Fee[1]	Fee per Sq. Ft.[3]
Residential per Dwelling Unit[3]	$ 6.32	158	$ 1,001	$ 20	$ 1,021	$ 0.56
Nonresidential - per 1,000 Sq. Ft.						
Commercial	$ 6.32	109	$ 688	$ 13	$ 701	$ 0.70
Office	6.32	80	504	10	514	0.51
Industrial	6.32	77	486	9	495	0.49

Note: GPD = Gallons per Day.

[1] Fee per average sized dwelling unit, per 1,000 square feet of nonresidential building space.

[2] Administrative charge of 2.0 percent for (1) legal, accounting, and other administrative support and (2) impact fee program administrative costs including revenue collection, revenue and cost accounting, mandated public reporting, and fee justification analyses.

[3] Assumes an average of 1,803 square feet per dwelling unit based on an analysis of data for the State of California from the 2019 American Housing Survey.

Sources: City of Newport Beach; Tables 7.1 and 7.3, Willdan Financial Services.

8. AB 602 Requirements

On January 1, 2022, new requirements went into effect for California jurisdictions implementing impact fees. Among other changes, AB 602 added Section 66016.5 to the Government Code, which set guidelines for impact fee nexus studies. Four key requirements from that section which concern the nexus study are reproduced here:

66016.5. (a) (2) When applicable, the nexus study shall identify the existing level of service for each public facility, identify the proposed new level of service, and include an explanation of why the new level of service is appropriate.

66016.5. (a) (4) If a nexus study supports the increase of an existing fee, the local agency shall review the assumptions of the nexus study supporting the original fee and evaluate the amount of fees collected under the original fee.

66016.5. (a) (5) A nexus study adopted after July 1, 2022, shall calculate a fee imposed on a housing development project proportionately to the square footage of proposed units of the development. A local agency that imposes a fee proportionately to the square footage of the proposed units of the development shall be deemed to have used a valid method to establish a reasonable relationship between the fee charged and the burden posed by the development.

66016.5. (a) (6) Large jurisdictions shall adopt a capital improvement plan as a part of the nexus study.

Compliance with AB 602

The following sections describe this study's compliance with the new requirements of AB 602.

66016.5. (a) (2) - Level of Service

For fees calculated under the buy-in methodology, the fees are calculated such that new development funds facilities at the existing level of service. Fees calculated using the planned facilities standard represent a lower level of service than currently exists. For fees calculated using the system plan methodology, the fees are calculated such that new development would fund its fair share of an increased level of service. This is contingent on existing development funding its share of the higher level of service through any funding source other than impact fees. All fees in this analysis use one of these approaches. The existing level service in terms of the existing facility cost per capita, or cost per gallon per day is shown in each corresponding chapter.

66016.5. (a) (4) – Review of Original Fee Assumptions

This is the first impact fee study conducted by the City of Newport Beach, so there are no original fee assumptions to review.

6016.5. (a) (5) – Residential Fees per Square Foot

Impact fees for residential land uses are calculated per square foot for all fee categories and comply with AB 602.

66016.5. (a) (6) – Capital Improvement Plan

A description of the planned facilities that the City could fund with impact fee revenue is included in each chapter in this report. Adoption of this nexus study would approve the planned facilities identified herein as the Capital Improvement Plan for this nexus study. The City will select which

particular projects fund with existing impact fee fund balances and projected fee revenue annually through its budgeting and CIP process.

9. Implementation

Impact Fee Program Adoption Process

Impact fee program adoption procedures are found in the *California Government Code* section 66016. Adoption of an impact fee program requires the City Council to follow certain procedures including holding a public hearing. Data, such as an impact fee report, must be made available at least 10 days prior to the public hearing. The City's legal counsel should be consulted for any other procedural requirements as well as advice regarding adoption of an enabling ordinance and/or a resolution. After adoption there is a mandatory 60-day waiting period before the fees go into effect.

Inflation Adjustment

The City can keep its impact fee program up to date by periodically adjusting the fees for inflation. Such adjustments should be completed regularly to ensure that new development will fully fund its share of needed facilities. We recommend that the CCCI be used for adjusting fees for inflation. The CCCI is based on data from ENR and is aggregated and made available for free by the State of California.

The fee amounts can be adjusted based on the change in the index compared to the index in the base year of this study (2024).

While fee updates using inflation indices are appropriate for periodic updates to ensure that fee revenues keep up with increases in the costs of public facilities, the City will also need to conduct more extensive updates of the fee documentation and calculation (such as this study) when significant new data on growth forecasts and/or facility plans become available. Note that decreases in index value will result in decreases to fee amounts.

Reporting Requirements

The City will comply with the annual and five-year reporting requirements of the *Mitigation Fee Act*. For facilities to be funded by a combination of public fees and other revenues, identification of the source and amount of these non-fee revenues is essential. Identification of the timing of receipt of other revenues to fund the facilities is also important.

There is no time limit by which impact fee revenue must be spent. However, if the City is accruing impact fee revenue to fund new development's share of a project, then it must make certain findings with respect to unexpended impact fee fund balances after five years. Among other requirements, the five-year report requires the City to "Identify all sources and amounts of funding anticipated to complete financing in incomplete improvements," and to "Designate the approximate dates on which supplemental funding is expected to be deposited into the appropriate account or fund."[1]

On October 13, 2023 AB 516 was signed into law by the Governor of California, and went into effect on January 1, 2024. The bill requires local agencies to:

- Include information on projects noted in prior reports and whether construction began on the approximate date noted in the previous report.

[1] *California Government Code* § 66001(d).

- Explain the reason for any delay in the start of the project and provide a new approximate date construction will begin.
- Identify the number of people or entities that receive refunds of Mitigation Fee Act fees.

The bill also requires local agencies to inform people paying mitigation fees that they:

- Can request an audit to determine if the fees charged by a local agency are more than the amount of money needed to cover the cost of the public improvements.
- Can receive information by mail about when the local agency will meet to review its annual Mitigation Fee Act report.
- Can access and review mitigation fee information on the local agency's website, and how to do so.

Table 9.1 summarizes the annual and five-year reporting requirements identified in the *Act*.

Table 9.1: Annual and Five-Year Reporting Requirements

CA Gov't Code Section	Timing	Reporting Requirements[1]	Recommended Fee Adjustment
66001.(d)	The fifth fiscal year following the first deposit into the account or fund, and every five years thereafter	(A) Identify the purpose to which the fee is to be put. (B) Demonstrate a reasonable relationship between the fee and the purpose for which it is charged. (C) Identify all sources and amounts of funding anticipated to complete financing in incomplete improvements. (D) Designate the approximate dates on which supplemental funding is expected to be deposited into the appropriate account or fund.	Comprehensive Update
66006. (b)	Within 180 days after the last day of each 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 the interest earned. (E) An identification of each public improvement on which fees were expended including share funded by fees. (F) (i) 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 and the public improvement remains incomplete. (ii) An identification of each public improvement identified in a previous report pursuant to clause (i) and whether construction began on the approximate date noted in the previous report. (iii) For a project identified pursuant to clause (ii) for which construction did not commence by the approximate date provided in the previous report, the reason for the delay and a revised approximate date that the local agency will commence construction. (G) A description of any potential interfund transfers. (H) The amount of refunds made (if any).	Inflationary Adjustment

[1] Edited for brevity. Refer to the government code for full description.

Sources: California Government Code §66001 and §66006.

Programming Revenues and Projects with the CIP

The City maintains a Capital Improvement Program (CIP) to plan for future infrastructure needs. The CIP identifies costs and phasing for specific capital projects. The use of the CIP in this manner documents a reasonable relationship between new development and the use of those revenues.

The City may decide to alter the scope of the planned projects or to substitute new projects if those new projects continue to represent an expansion of the City's facilities and provide benefit to new development. If the total cost of facilities varies from the total cost used as a basis for the fees, the City should consider revising the fees accordingly.

Appendix

Appendix Table A.1: Marine Vessel Inventory

Type	Count	Unit Cost	Total Replacement Cost
Recreation Vessels			
RS Venture	2	$ 42,390	$ 84,780
RS Quest	12	102,420	1,229,040
WD Schock Lido 14	3	98,800	296,400
Waterline J22	6	120,000	720,000
Zodiak Pro Classic 420	2	43,026	86,052
Single Ocean Kayak	8	3,144	25,152
Doubel Ocean Kayak	16	9,472	151,552
Subtotal	49		$ 2,592,976
Harbor Vessels			
Boston Whaler, 19'	1	$200,000	$ 200,000
Chislett, 21'	2	175,000	350,000
Subtotal	3		$ 550,000
Total	52		$ 3,142,976

Source: City of Newport Beach.

Appendix Table A.2: Police Vehicle and Equipment Inventory

	UNIT #	YEAR	MAKE	MODEL	ASSIGN	DESCRIPTION	F-9 CATEGORY	REPLACEMENT COST
1	1804						Plain/Detective	$ 65,000
2	1805	2020	FORD	EXPLORER	COP	SUV	SUV	35,000
3	1820	2019	FORD	EXPLORER	COP	Volunteers	SUV	36,000
4	1821	2019	GMC	CANYON	COP	Volunteers	Pickup Truck	28,000
5	1834	2009	FORD	RANGER	COP	Volunteers	Pickup Truck	28,000
6	1842	2016	Freightliner	3500 SPRINTER	COP	Command Post	Van	175,000
7	1844						Plain/Detective	46,000
8	1855	2007	TOYOTA	CAMRY	COP		Sedan	38,000
9	1856						Plain/Detective	38,000
10	1876	2007	NISSAN	QUEST	COP		Van	35,000
11	1898	2020	FORD	350 PASSENGER	COP	Explorers' Van	Van	52,000
12	1917						Plain/Detective	40,000
13	1919						Plain/Detective	50,000
14	1931	2005	FORD	ESCAPE	SSD	Mail Vehicle	SUV	26,000
15	1935						Plain/Detective	50,000
16	1937	2017	DODGE	DURANGO	SSD		SUV	36,000
17	1940	2009	NISSAN	TITAN	SSD	4X2 Pickup	Pickup Truck	36,000
18	1941	2019	DODGE	DURANGO	SSD		SUV	35,000
19	1967	2019	FORD	F-250	SSD	4WD Pickup	Pickup Truck	45,000
20	1977	2008	CHEVY	SILVERADO	SSD	4WD Pickup	Pickup Truck	45,000
21	2001	2021	FORD	EXPLORER	PATROL	Patrol Supv SUV	Patrol Vehicle	57,000
22	2004	2016	FORD	EXPLORER	PATROL	Patrol SUV	Patrol Vehicle	64,000
23	2008	2014	FORD	EXPLORER	PATROL	Patrol SUV	Patrol Vehicle	64,000
24	2016	2019	FORD	EXPLORER	PATROL	Patrol SUV	Patrol Vehicle	64,000
25	2017	2019	FORD	EXPLORER	PATROL	Patrol SUV	Patrol Vehicle	64,000
26	2022	2018	FORD	EXPLORER	PATROL	PatrolSUV	Patrol Vehicle	64,000
27	2024	2018	FORD	EXPLORER	PATROL	PatrolSUV	Patrol Vehicle	64,000
28	2025	2018	FORD	EXPLORER	PATROL	PatrolSUV	Patrol Vehicle	64,000
29	2027	2018	CHEVY	SILVERADO	PATROL	4WD Patrol Truck	Patrol Vehicle	62,000
30	2028	2020	FORD	HYBRID EXPLORE	PATROL	Patrol SUV	Patrol Vehicle	53,000
31	2029	2021	FORD	HYBRID EXPLORE	PATROL	Patrol SUV	Patrol Vehicle	57,000
32	2030	2021	FORD	HYBRID EXPLORE	PATROL	Patrol SUV	Patrol Vehicle	57,000
33	2032	2019	FORD	EXPLORER	PATROL	Patrol SUV	Patrol Vehicle	64,000
34	2040	2012	FORD	CROWN VIC	PATROL	Patrol LT	Patrol Vehicle	64,000
35	2041	2019	FORD	HYBRID EXPLORE	PATROL	Patrol SUV	Patrol Vehicle	57,000
36	2042	2021	FORD	HYBRID EXPLORE	PATROL	Patrol SUV	Patrol Vehicle	57,000
37	2043	2021	FORD	HYBRID EXPLORE	PATROL	Patrol SUV	Patrol Vehicle	57,000
38	2044	2021	FORD	HYBRID EXPLORE	PATROL	Patrol SUV	Patrol Vehicle	57,000
39	2045	2021	FORD	HYBRID EXPLORE	PATROL	Patrol SUV	Patrol Vehicle	57,000
40	2046	2021	FORD	HYBRID EXPLORE	PATROL	Patrol SUV	Patrol Vehicle	57,000
41	2047	2021	FORD	HYBRID EXPLORE	PATROL	Patrol SUV	Patrol Vehicle	57,000
42	2051						Plain/Detective	45,000
43	2053	2019	FORD	EXPLORER	PATROL	Patrol K-9 SUV	Patrol Vehicle	64,000
44	2054	2019	FORD	EXPLORER	PATROL	Patrol SUV	Patrol Vehicle	64,000
45	2058	2019	FORD	EXPLORER	PATROL	Patrol SUV	Patrol Vehicle	64,000
46	2062	2014	FORD	EXPLORER	PATROL	Patrol SUV	Patrol Vehicle	64,000
47	2065	2019	FORD	EXPLORER	PATROL	Patrol SUV	Patrol Vehicle	64,000
48	2066	2019	FORD	EXPLORER	PATROL	Patrol SUV	Patrol Vehicle	64,000
49	2067	2019	FORD	EXPLORER	PATROL	Patrol SUV	Patrol Vehicle	64,000
50	2069	2019	FORD	EXPLORER	PATROL	Patrol SUV	Patrol Vehicle	64,000
51	2070						Plain/Detective	50,000
52	2072						Plain/Detective	50,000
53	2076	2019	FORD	EXPLORER	PATROL	Patrol K-9 SUV	Patrol Vehicle	64,000
54	2080	2019	LOGAN	CARRIER	PATROL	Horse Trailer	Trailer	20,000
55	2081	2014	LENCO	BEAR CAT	PATROL	SWAT Armored Vehicle	Specialty Vehicle	350,000
56	2082	2003	Freightliner	VAN	PATROL	SWAT Van	Heavy Truck	275,000
57	2084	2018	LOGAN	CROSSFIRE	PATROL	Horse Trailer	Trailer	20,000
58	2085	2020	FORD	F-150	PATROL	4WD Patrol Truck	Patrol Vehicle	62,000
59	2086	2020	FORD	F-150	PATROL	4WD Patrol Truck	Patrol Vehicle	62,000
60	2087	2013	FORD	E-350	PATROL	Transport Van	Van	70,000
61	2089	2019	FORD	F-150	PATROL	4WD Patrol Truck	Patrol Vehicle	62,000
62	2095	2014	KAWASAKI	BRUTEFORCE 30	PATROL	Beach ATV	Beach ATV	6,000
63	2096	2014	KAWASAKI	BRUTEFORCE 30	PATROL	Beach ATV	Beach ATV	6,000
64	2098	2020	POLARIS	RANGER CREW	PATROL	Beach UTV	Beach ATV	23,000
65	2122	2016	BMW	R1200RTP	TRAFFIC	Motorcycle	Police Motorcycle	34,000
66	2123	2016	BMW	R1200RTP	TRAFFIC	Motorcycle	Police Motorcycle	34,000
67	2127	2016	BMW	R1200RTP	TRAFFIC	Motorcycle	Police Motorcycle	34,000
68	2128	2016	BMW	R1200RTP	TRAFFIC	Motorcycle	Police Motorcycle	34,000
69	2129	2016	BMW	R1200RTP	TRAFFIC	Motorcycle	Police Motorcycle	34,000
70	2131	2017	FORD	EXPLORER	DET	DC	Plain/Detective	45,000
71	2133	2009	CHEVY	SILVERADO 2WD	TRAFFIC	Comm Enforcement	Pickup Truck	62,000
72	2138	2014	FORD	EXPLORER	TRAFFIC	Traffic Investigators	Plain/Detective	55,000

Appendix Table A.2: Police Vehicle and Equipment Inventory Continued

	UNIT #	YEAR	MAKE	MODEL	ASSIGN	DESCRIPTION	F-9 CATEGORY	REPLACEMENT COST
73	2139						Plain/Detective	40,000
74	2144						Sedan	46,000
75	2147	2015	TOYOTA	TACOMA	TRAFFIC	Parking Control	Traffic Vehicle	38,000
76	2149	2015	TOYOTA	TACOMA	TRAFFIC	Parking Control	Traffic Vehicle	38,000
77	2150	2016	TOYOTA	TACOMA	TRAFFIC	Parking Control	Traffic Vehicle	38,000
78	2151	2016	TOYOTA	TACOMA	TRAFFIC	Parking Control	Traffic Vehicle	38,000
79	2152	2021	TOYOTA	TACOMA	TRAFFIC	Parking Control	Traffic Vehicle	38,000
80	2160	2016	CHEVY	COLORADO	TRAFFIC	Animal Control 4WD	Traffic Vehicle	43,000
81	2162	2017	CHEVY	COLORADO	TRAFFIC	Animal Control 4WD	Traffic Vehicle	43,000
82	2170	2017	CHEVY	COLORADO	TRAFFIC	Animal Control 4WD	Traffic Vehicle	43,000
83	2171	2019	BMW	R1250RT	TRAFFIC	Motorcycle	Police Motorcycle	34,000
84	2172	2019	BMW	R1250RT	TRAFFIC	Motorcycle	Police Motorcycle	34,000
85	2173	2019	BMW	R1250RT	TRAFFIC	Motorcycle	Police Motorcycle	34,000
86	2174	2020	BMW	R1250RT	TRAFFIC	Motorcycle	Police Motorcycle	34,000
87	2175	2020	BMW	R1250RT	TRAFFIC	Motorcycle	Police Motorcycle	34,000
88	2176	2020	BMW	R1250RT	TRAFFIC	Motorcycle	Police Motorcycle	34,000
89	2177	2020	BMW	R1250RT	TRAFFIC	Motorcycle	Police Motorcycle	34,000
90	NEW	2021	BMW	R1250RT	TRAFFIC	Motorcycle	Police Motorcycle	40,000
91	NEW	2023	BMW	R1250RT	TRAFFIC	Motorcycle	Police Motorcycle	40,000
92	NEW	2023	BMW	R1250RT	TRAFFIC	Motorcycle	Police Motorcycle	40,000
93	2178	2013	HAULMARK	PASSPORT	TRAFFIC	Enclosed ATV Trailer	Trailer	20,000
94	2179	2020	BMW	R1250RT	TRAFFIC	Motorcycle	Police Motorcycle	34,000
95	2180	2009	LOOK	TRAILER	TRAFFIC	Explorers' Box Trailer	Trailer	15,000
96	2181	2016	KENDON	TRAILER	TRAFFIC	Stand-up Motor hauler	Trailer	5,000
97	2193	2008	ATS	RADAR	TRAFFIC	Radar Trailer	Trailer	20,000
98	2194	2014	ATS	RADAR	TRAFFIC	Radar Trailer	Trailer	20,000
99	2226						Plain/Detective	38,000
100	2227						Plain/Detective	38,000
101	2228						Plain/Detective	40,000
102	2229						Plain/Detective	38,000
103	2259						Plain/Detective	40,000
104	2262						Plain/Detective	40,000
105	2265						Plain/Detective	40,000
106	2267						Plain/Detective	40,000
107	2271						Plain/Detective	40,000
108	2272						Plain/Detective	40,000
109	2275	2014	FORD	EXPLORER	DET	CSI	SUV	40,000
110	2278	2014	FORD	EXPLORER	DET	CSI	SUV	40,000
111	2286	2011	FORD	E-350	DET	Transport Van	Van	70,000
112	2287						Plain/Detective	38,000
113	2288						Plain/Detective	40,000
114	2289						Plain/Detective	40,000
							SUBTOTAL - VEHICLES	$ 5,748,000
Equipment								
115			In-Car Computers					$ 200,000
116			Gas Masks					105,000
117			Patrol Helmets					75,000
118			Patrol Rifles					78,000
119			Automated External Defibrillators					90,000
							SUBTOTAL - EQUIPMEN	$ 548,000
Total								
								$ 6,296,000

Source: City of Newport Beach.

Appendix Table A.3: Fire Facilities Worker Weighting Factor

Category	Calls for Service	Population or Employees	Calls per Capita
Residential	7,307	82,008	0.09
Nonresidential	2,871	72,776	0.04
Other[2]	1,555		
Worker Weighting Factor[1]			0.44

[1] Nonresidential calls per capita / residential calls per capita.

[2] "Other" calls are those that cannot be classified as residential or nonresidential-serving calls.

Sources: Newport Beach Fire Department; Willdan Financial Services.

Appendix Table A.4: Fire/Marine Vehicle, Apparatus and Equipment Inventory

Org Name	EQ #	Description	Model Ye	Manufacturer II	Model ID	Estimated Replacement Cost
Fire/Marine	2844	SEAWATCH 3 - 29.5 FT RESCUE BOAT	1985	NOREK	T58	$ 650,000
Fire/Marine	2842	SEAWATCH 1 - 29.5 FT RESCUE BOAT	2003	CRYSTALINER	RESCUE	650,000
Fire/Marine	2876	TRAILER WATERCRAFT	2003	ZIEMAN	G2B	3,000
Fire/Marine	2840	SEAWATCH 2 - 29.5 FT RESCUE BOAT	2007	CRYSTALINER	RESCUE	650,000
Fire/Marine	2866	QUAD	2017	YAMAHA	YXC70VPSHL	22,000
Fire/Marine	2873	YAMAHA WAVE RUNNER	2014	YAMAHA	FA1800-N FX	18,000
Fire/Marine	2874	YAMAHA WAVE RUNNER	2014	YAMAHA	FA1800-N FX	18,000
Fire/Marine	2845	SUV 4X4	2015	CHEVROLET	TAHOE	46,000
Fire/Marine	2897	1/4 TON 4X4 PICK UP 4 DOOR	2017	TOYOTA	TACOMA	45,000
Fire/Marine	2898	1/4 TON 4X4 PICK UP 4 DOOR	2017	TOYOTA	TACOMA	45,000
Fire/Marine	2896	1/4 TON 4X4 PICK UP 4 DOOR	2017	TOYOTA	TACOMA	45,000
Fire/Marine	2833	1/4 TON 4X4 PICK UP TRUCK	2018	TOYOTA	TACOMA	44,000
Fire/Marine	2805	1/4 TON 4X4 PICK-UP TRUCK	2019	TOYOTA	TACOMA	45,000
Fire/Marine	2803	1/4 TON 4X4 PICK-UP TRUCK	2019	TOYOTA	TACOMA	45,000
Fire/Marine	2804	1/4 TON 4X4 PICK-UP TRUCK	2019	TOYOTA	TACOMA	45,000
Fire/Marine	2802	1/4 TON 4X4 PICK-UP TRUCK	2019	TOYOTA	TACOMA	45,000
Fire/Marine	2801	TAHOE 4X4 SUV	2018	CHEVROLET	TAHOE	46,000
Fire/Marine	2830	FORD EXPEDITION 4X4	2020	FORD	EXPEDITION	-
Fire/Marine	2806	1/4 TON 4X4 PICK-UP TRUCK	2020	TOYOTA	TACOMA	-
Fire/Marine	2807	1/4 TON 4X4 PICK-UP TRUCK	2020	TOYOTA	TACOMA	-
Fire/Marine	2808	1/4 TON 4X4 PICK-UP TRUCK	2020	TOYOTA	TACOMA	-
Fire/Marine	2809	1/4 TON 4X4 PICK-UP TRUCK	2021	TOYOTA	TACOMA	-
Fire/Marine	2810	1/4 TON 4X4 PICK-UP TRUCK	2021	TOYOTA	TACOMA	-
Fire/Marine	2811	1/4 TON 4X4 PICK-UP TRUCK	2021	TOYOTA	TACOMA	-
Fire-Admin	2308	TRUCK 1 TON FLATBED STAKE	2009	FORD	F-350	41,967
Fire-Admin	2311	1/2 TON 4X4 PICK-UP TRUCK	2014	FORD	F-150	36,147
Fire-Admin	2301	SUV 4X4	2019	CHEVROLET	TAHOE	55,077
Fire-Community Education	2309	TRUCK 1/2 TON EXT CAB	2009	FORD	F-150	26,000
Fire-Community Education	2303	1/2 TON PICKUP 4X4	2021	FORD	F-150	-
Fire-EMS	2648	MEDIC	2013	INT NAVISTAR	TERRASTAR S	305,000
Fire-EMS	2647	MEDIC	2013	INT NAVISTAR	TERRASTAR S	305,000
Fire-EMS	2646	MEDIC	2013	INT NAVISTAR	TERRASTAR S	305,000
Fire-EMS	2601	POLARIS RANGER ATV	2018	POLARIS	RANGER	18,000
Fire-EMS	2649	FREIGHTLINER/LEADER AMBULANCE	2017	FREIGHTLINER	FL-70	305,000
Fire-EMS	2650	LEADER AMBULANCE	2018	FREIGHTLINER	FL70	390,000
Fire-EMS	2651	LEADER AMBULANCE	2018	FREIGHTLINER	FL70	390,000
Fire-EMS	2502	SUV	2015	FORD	EXPLORER	-
Fire-EMS	2302	SUV	2015	FORD	EXPLORER	38,497
Fire-EMS	2602	16` REHAB TRAILER	2019	SOUTHEASTEF	TRL0007	70,000
Fire-Operations	2441	AMERICAN LA FRANCE FIRE ENGINE	1920	LAFRANCE	FIRE TRUCK	-
Fire-Operations	2462	SIMON LTI 100FT. AERIAL	1997	SPARTAN / SIM	52-88-320	796,564
Fire-Operations	2410	FIRE TRUCK - PUMPER 1250 GALLON	2003	AMER LAFRAN	EAGLE	700,000
Fire-Operations	2411	FIRE TRUCK - PUMPER 1250 GALLON	2003	AMER LAFRAN	EAGLE	700,000
Fire-Operations	2415	FIRE TRUCK - PUMPER 1250 GALLON	2005	AMER LAFRAN	EAGLE	700,000
Fire-Operations	2497	UTILITY TRAILER	2012	CARRY ON	CO6X14GW	2,200
Fire-Operations	2402	FIRE ENGINE PUMPER	2010	PIERCE	ARROW XT	721,028
Fire-Operations	2403	FIRE ENGINE PUMPER	2010	PIERCE	ARROW XT	721,028
Fire-Operations	2480	1/2 TON 4X4 PICK UP TRUCK	2014	FORD	F-150	36,147
Fire-Operations	2429	3/4 TON 4X4 XLT CREW CAB	2015	FORD	F-250	61,389
Fire-Operations	2463	AERIAL LADDER FIRE TRUCK	2011	PIERCE	ARROW XT MU	1,436,603
Fire-Operations	2472	FIRE ENGINE PUMPER	2014	PIERCE	ARROW XT	800,624
Fire-Operations	2471	FIRE ENGINE PUMPER	2014	PIERCE	ARROW XT	800,624
Fire-Operations	2474	FIRE ENGINE PUMPER	2014	PIERCE	ARROW XT	800,624
Fire-Operations	2473	FIRE ENGINE PUMPER	2014	PIERCE	ARROW XT	800,624
Fire-Operations	2508	SUV 4X4	2015	CHEVROLET	TAHOE	-
Fire-Operations	2401	SUV 4X4	2015	CHEVROLET	TAHOE	49,926
Fire-Operations	2475	FIRE ENGINE PUMPER	2016	PIERCE	ARROW XT	858,962
Fire-Operations	2476	FIRE ENGINE PUMPER	2016	PIERCE	ARROW XT	858,962
Fire-Operations	2459	SUV 4X4	2017	CHEVROLET	SUBURBAN	65,689
Fire-Operations	2488	ONAN GENERATOR	2019	ONAN	50DGCA	30,000
Fire-Operations	2464	AERIAL LADDER TRUCK WITH PUMP (Q	2015	PIERCE	VELOCITY	1,662,966
Fire-Operations	2404	SUV 4X4	2019	CHEVROLET	TAHOE	55,077
Fire-Operations	2430	OES PUMPER	2005	HME	18 SFO	-
Fire-Operations	2405	FORD EXPEDITION 4X4	2020	FORD	EXPEDITION	-
Fire-Operations	2477	FIRE ENGINE PUMPER	2021	PIERCE	ARROW XT	-
Fire-Operations	2478	FIRE ENGINE PUMPER	2021	PIERCE	ARROW XT	-
Fire-Prevention	2506	SUV FIRE TRAINING	2010	FORD	EXPLORER	30,825
Fire-Prevention	2511	SUV	2020	FORD	ESCAPE	-
Fire-Prevention	2510	SUV	2020	FORD	ESCAPE	-
Fire-Prevention	2509	SUV	2020	FORD	ESCAPE	-
Fire-Trng/Jr Guards	2837	1/2 TON 4X4 TRUCK	2013	FORD	F-150	36,000
Fire-Trng/Jr Guards	2860	FORD F-150 4X4	2017	FORD	F-150	40,000
Total						$ 17,513,550

Source: City of Newport Beach.