

City of Newport Beach
Development Impact Fee Report
Fiscal Year 2023-24

Background

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

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

Annual Reporting

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

The Act also requires that in the fifth fiscal year following the first receipt of a development impact fee and at least every five years thereafter the City must make certain findings with respect to any portion of the fee remaining unexpended, whether committed or uncommitted. These findings must identify the purpose to which the fee is to be put, demonstrate a reasonable relationship between the fee and the purpose for which it is charged, identify all sources and amounts of funding anticipated to be utilized to complete incomplete improvements, and provide the approximate dates on which the anticipated funding is expected to be received.

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

Annual Report

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

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

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

- 2) The amount of the Fair Share Fee:

Fair Share rate is \$261.30 per trip for Fiscal Year 2023-24.

- 3) The beginning & ending balance of the account or fund:

See attached Financial Report.

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

See attached Financial Report.

- 5) An identification of each public improvement on which fees were expended and the amount of the expenditures on each improvement, including the total percentage of the cost of the public improvement that was funded with the fees:

See attached Financial Report.

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

The public improvements listed in the attached Financial Report were completed in Fiscal Year 2023-24. A future project related to traffic signal synchronization is expected to commence in Fiscal Year 2024-25.

- 7) A description of each interfund transfer or loan made from the account or fund, including the public improvement on which the transferred or loaned fees will be expended, and in the case of an interfund loan, the date on which the loan will be repaid, and the rate of interest that the account or fund will receive on the loan:

There were no interfund transfers or loans during the fiscal year.

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

There were no refunds during the fiscal year.

Financial Report

Fair Share Revenues, Expenditures & Changes in Fund Balance			
Fiscal Year 2023-24			
		Total Project Costs (FY Only)	% Fair Share Funded
Revenues:			
Fair Share Fees	\$ 299,476		
Investment Income	35,196		
Net decrease in fair value of investments*	<u>23,346</u>		
Total Revenues	<u>358,018</u>		
Expenditures:			
Capital Improvement Projects			
Lower Sunset View Park (15T09) - Pedestrian/Bicycle Bridge	<u>(1,093,629)</u>	<u>(7,218,549)</u>	15%
Net Change in Fund Balance	(735,611)		
Fund Balance, Beginning	<u>\$ 1,653,760</u>		
Fund Balance, Ending	<u>\$ 918,149</u>		

*Financial Reporting standards require the City's investments to be reported at fair value. As such, the City allocates to this fund the fair value fluctuations due to the changing interest rate environment.