

ATTACHMENT A

City of Newport Beach

Development Impact Fee Report

Fiscal Year 2024-25

Mitigation Fee Act (AB1600)

Assembly Bill 1600 (AB1600), commonly known as the Mitigation Fee Act (Act), was enacted by the State of California in 1987 and created Section 66000 et. seq. of the Government Code. 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 Requirements

AB1600 requires the City to report fee information annually and every fifth year. Within 180 days after the last day of each fiscal year, the City must make available the following information from the prior fiscal year:

1. Brief description of the type of fee in the account or fund.
2. Amount of the fee.
3. Beginning and ending balance in the account or fund.
4. Amount of fees collected and the interest earned during the previous year.
5. Identification of each public improvement for which fees were expended and the amount of expenditures, including the total percentage of the cost of the public improvement that was funded with fees.
6. 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.
7. Description of each interfund transfer or loan made from the account, including the public improvement on which the transferred or loaned fees will be expended, and when each loan will be repaid and the rate of interest the account will receive on the loan.
8. Identification of any refunds made once determined that sufficient monies have been collected to fund fee-related projects.

For the fifth fiscal year following the first deposit into the account or fund, and every five years thereafter, the City must make the following findings with respect to any remaining funds in the fee account, regardless of whether those funds are committed or uncommitted:

1. Identification of the purpose to which the fees are to be put.
2. Demonstrate a reasonable relationship between the fee and the purpose for which it is charged.
3. Identification of all sources and amounts of funding anticipated to complete financing for incomplete improvements identified as part of the City's annual report.
4. Identification of the approximate dates on which the funding referred to in Requirement 3 is expected to be deposited into the appropriate account or fund.

The City must make this information available for public review and must present it at the next regularly scheduled public meeting no less than 15 days after this information is made available to the public. This report is intended to satisfy the annual reporting requirements for each impact fee for Fiscal Year 2024-25. A five-year report was last completed in Fiscal Year 2020-21 and is not needed at this time.

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 such as 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 Traffic 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.

Recreation Facilities Fees – These fees provide funding to ensure new development funds its fair share of recreation facilities and are separately accounted for in the Recreation Development Impact Fee Fund.

Police Facilities Fees – These fees provide funding to ensure new development funds its fair share of police facilities and are separately accounted for in the Police Development Impact Fee Fund.

Fire/Life Safety Facilities Fees – These fees provide funding to fund the fire facilities needed to serve new development and are separately accounted for in the Fire Development Impact Fee Fund.

Water System Impact Fees – These fees provide funding to fund water facilities that serve new development and are separately accounted for in the Water Development Impact Fee Fund.

Sewage Collection Facilities Impact Fees – These fees provide funding to fund sewer facilities that serve new development and are separately accounted for in the Sewer Development Impact Fee Fund.

2) The amount of the Fee:

Fair Share Fee rate is \$271.49 per trip for Fiscal Year 2024-25.

See below table for schedule of other development impact fees.

Maximum Justified Development Impact Fee Schedule							
Land Use	Recreation Facilities	Police Facilities	Fire/Life Safety Facilities	Water System	Sewage Collection Facilities	Total	
<u>Residential - per Sq. Ft.</u>	\$ 4.70	\$ 1.01	\$ 1.73	\$ 0.90	\$ 0.56	\$ 8.90	
<u>Nonresidential - per Sq. Ft.</u>							
Commercial	\$ -	\$ 0.74	\$ 1.82	\$ 0.91	\$ 0.70	\$ 4.17	
Office	-	1.14	2.79	0.62	0.51	5.06	
Industrial	-	0.40	0.99	0.77	0.49	2.65	

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:

There were no public improvement projects constructed in the fiscal year. The project utilizing fair share funds related to traffic signal synchronization identified in the previous year's report is part of the Regional Traffic Signal Synchronization Program in which another agency is serving as the lead in construction of the project. Once the project is completed, the lead agency will bill the City for the completed work. The lead agency did not bill the City in Fiscal Year 2024-25. Additionally, a project utilizing fair share funds related to the widening of West Coast Highway is expected to commence in Fiscal Year 2025-26.

- 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

Development Impact Fees Revenues, Expenditures & Changes in Fund Balance						
Fiscal Year 2024-25						
	Fair Share	Recreation Facilities	Police Facilities	Fire/Life Safety Facilities	Water Capacity	Sewer Capacity
Revenues:						
Fees Collected	\$ 246,771	\$ -	\$ -	\$ -	\$ -	\$ -
Investment Income	46,290	-	-	-	-	-
Net increase in fair value of investments*	12,619	-	-	-	-	-
Total Revenues	<u>305,680</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:						
Capital Improvement Projects	-	-	-	-	-	-
Net Change in Fund Balance	305,680	-	-	-	-	-
Fund Balance, Beginning	<u>\$ 918,149</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance, Ending	<u>\$ 1,223,829</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Project Costs (FY Only)						
% Fair Share Funded						

*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.