



A G E N D A

**General Plan/LCP Implementation Committee
August 11, 2010
3:30 p.m.
City Council Chambers**

- | | |
|--|-------------|
| 1. Approve Draft Action Minutes from April 21, 2010
Attachment No. 1 | 3:30-3:35pm |
| 2. General Plan/LCP Implementation - Master Task List
Update From Staff (list to be distributed at meeting) | 3:35-3:50pm |
| 3. Fair Share Fee Update
Attachment No. 2
Attachment No. 3 | 3:50-5:00pm |
| 4. Items for Future Agenda & Future Meeting Dates | 5:00-5:10pm |
| 5. Public Comments on non-agenda items | 5:10-5:20pm |
| 6. Adjourn | |

Attachment:

1. Draft Action Minutes from April 21, 2010
2. Fair Share Fee Update Materials
3. Business Coalition Comment Letter



CITY OF NEWPORT BEACH GENERAL PLAN/LCP IMPLEMENTATION COMMITTEE

DRAFT ACTION MINUTES

Action Minutes of the General Plan/LCP Implementation Committee held at the Central Library (Friends Room), City of Newport Beach, on **Wednesday, April 21, 2010**

Members Present:

X	Ed Selich, Mayor, Chairman
X	Leslie Daigle, Council Member
X	Don Webb, Council Member
X	Barry Eaton, Planning Commissioner
X	Robert Hawkins, Planning Commissioner
X	Michael Toerge, Planning Commissioner

Advisory Group Members Present:

	Mark Cross
	Larry Frapwell
	William Guidero
X	Ian Harrison
	Brion Jeannette
	Don Krotee
	Todd Schooler
	Kevin Weeda
	Dennis Wood

Staff Representatives:

X	Sharon Wood, Assistant City Manager
E	David Lepo, Planning Director
E	Leonie Mulvihill, City Attorney
E	James Campbell, Principal Planner
X	Gregg Ramirez, Senior Planner
E	Melinda Whelan, Assistant Planner
X	Rich Edmonston, Consultant

E = Excused Absence

Committee Actions

1. **Agenda Item No. 1** – Approval of minutes for March 31, 2010.

Action: The following revision to the draft minutes was proposed by Committee Member Hawkins: for agenda item No. 2 insert the Action statement to “The

Committee reviewed Committee member's and other comments and took the following action:"

Vote: Consensus

2. Agenda Item No. 2 – Draft Zoning Code Review and Processing

Action: The Committee reviewed Committee member's, staff and public comments provided by Carol Hoffman and CAA Planning. The Committee directed staff to make the following changes for inclusion into the fourth draft of the code which, will be forwarded to the Planning Commission:

- Pg. 4-29, Section 20.48.170C.5, delete entire section.
- P. 2-36, Table 2-10, revise MU-W1 zoning district table to stipulate that residential uses are only permitted above the first floor, to be consistent with the CLUP.
- Pg. 5-22 Section 20.52.050, add retaining wall height to the list items that are eligible for relief through review and approval of a modification permit.
- Pg. 3-21 Section 20.30.070 replace entire Outdoor Lighting section with language recommended by staff in the April 14, 2010 memo to the Committee.
- Pg. 3-80, Section 20.40.040 – Table 3-10, for multi-unit dwellings, replace garage space requirement with a covered space requirement consistent with the existing code provisions.
- Pg. 3-86, Section 20.40.070C, Add Note 13 (structural element encroachment) from Public Works Standard Plan 805-L-B. Ensure all drive aisle and parking aisle dimensions are consistent with Public Works requirements.
- Pg. 3-149, Section 20.44.050E, change text as follows:
Rideshare vehicle loading area. A rideshare loading area shall be designated at a location approved by the City Traffic Engineer. The area shall accommodate a minimum of 2 passenger vehicles. Additional loading area may be required by the City Traffic Engineer based on the total number of anticipated employees.
- Pg 5-41, Section 20.54.030 (Effective Date of Permits), revise section to indicate that the 15 day time period only applies to discretionary permits.

- Pg. 7-44, add Hearing Officer to definition of Review Authority.
- Part 8 - Map H-1, change high rise height limit to 300 for consistency with height section.
- Pg. 3-7, Section 20.30.020B, delete reference to Section 20.48.140 and include screening provisions here.
- Pg. 3-111 through 3-117, Section 20.42.070, revise sign standards tables to eliminate duplicate entries.
- P. 3-112, Section 20.42.070, Revise table for consistency with provisions on page 3-120; maximum height 8 feet, average maximum height 6 feet for freestanding monument signs.

3. Agenda Item No. 3 – Fair Share Fee Update

Action: The Committee Discussed the Fair Share Fee Calculation and Nexus Report prepared by Revenue and Cost Specialists (RCS) and Rich Edmonston. Written and/or verbal public comments were provided by Bryan Starr (BIA), Kate Klimow (OCBC) Dennis O’Neil (Hoag), Marty Stradlin (NAIOP) and Carol Hoffman. Following the discussion, the Committee directed staff to complete the following before scheduling the next meeting:

- Re-evaluate inclusion of Banning Ranch road costs, considering the possibility that City will need to construct some road infrastructure if property is not developed
- Re-evaluate soft costs – 55% is too high
- Re-evaluate right-of-way costs, especially through Mariners’ Mile
- Re-evaluate whether grade separation at MacArthur and Jamboree should be included in cost study
- Re-evaluate changes in construction costs since RBF estimates were done
- Provide options for how fee increases can be phased in

Vote: Consensus

4. Agenda Item No. 4 – Future meeting dates

The next meeting date will be scheduled when the Fair Share Fee update study has been revised.

Vote: Consensus

5. Agenda Item No. 5 – Items for future agenda

None.

6. Agenda Item No. 6 – Public Comments on non-agenda items

None.

7. Agenda Item No. 7 – Adjourn - Meeting adjourned at 5:00 p.m.

DRAFT

**GENERAL PLAN/LOCAL COASTAL PROGRAM
IMPLEMENTATION COMMITTEE**

July 28, 2010

TO: MEMBERS OF THE COMMITTEE

FROM: Public Works Department
Stephen Badum, Public Works Director
949-644-3311

Richard M. Edmonston, PE, Consultant
949-270-8136

SUBJECT: FAIR SHARE FEE UPDATE

BACKGROUND

The Committee requested staff to prepare options on a number of components to the proposed Fair Share Fee Update at their meeting of April 21, 2010. The April 21st staff report and attachments are available online at <http://newportbeachca.gov/index.aspx?page=791>. The requests resulted from questions raised by the Committee members and various stakeholders. Those areas discussed by the Committee are presented below with the corresponding options and the percentage change in the Fair Share Fee (FSF) that would result from each option. There is a summary table listing each of the options and its impact on the FSF following the discussion.

After the Committee selects the options they wish to recommend to the City Council, a final report will be prepared by the fee consultant, Revenue & Cost Specialists, incorporating those recommendations. The revised RCS report, including the proposed fees, will be presented to the City Council for adoption.

Banning Ranch - Three issues were identified that relate to the improvements located on the Banning Ranch property.

RIGHT-OF-WAY COST - Right-of-way (r/w) is the most cost-significant aspect of the roadway improvements on Banning Ranch. The recent version of the RCS report used \$50/sf for land cost on Banning Ranch compared with the earlier versions which used \$100/sf. Subsequent to the Committee meeting, it was realized that the 55% cost markup value was still based upon

\$100/sf for right-of-way because RCS was not aware that additional markups for design, administration, and contingency costs had been applied to the base right-of-way estimates. Correcting this markup error would reduce the cost of the entire program by over \$105,000,000.

OPTIONS:

A. Revise the cost projections for right-of-way on Banning Ranch roadways to be calculated on a value of \$50/sf plus a 5% management fee and deleting all other markups. The Fair Share Fee (FSF) would be reduced by roughly 38% with this revision.

B. Retain the 55% markup charge for right-of-way and revise the cost projections using a base right-of-way cost of \$50/sf. This would reduce the Fair Share Fee Program costs by approximately 12%.

Note: Right-of-way costs for projects that are not on the Banning Ranch as well as the 55% markup on are discussed later in this report.

DEDICATIONS – The issue was raised as to why right-of-way on Banning Ranch would have to be purchased rather than dedicated by the developer. Chapter 19.40 of the Newport Beach Municipal Code provides that “the City may require the subdivider to dedicate or make an irrevocable offer to dedicate to the public ... all real property, both on-site and off-site, required for public use or benefit including, but not limited to, streets, highways, alleys” (emphasis added). Thus dedication is not a mandatory requirement of the Municipal Code. The current RCS report uses 25% as the amount of right-of-way that would have to be funded by the Fair Share Fee with the exception that the enlarged future intersections on West Coast Highway at Bluff Road and 15th Street would have 50% of the right-of-way cost borne by the Fair Share Fee.

Because the Municipal Code does not mandate full dedication and because the Banning Ranch project itself likely will not require four lane roadways it is assumed that Banning Ranch would bear 50% of the r/w costs, regional traffic’s share would be 25%, and the remaining 25% would be raised by the Fair Share Fee. The two intersections at West Coast Highway are required to be larger than standard intersections due to regional traffic so a 50% share of those dedication costs are assigned to the FSF.

OPTIONS:

A. Retain the present assignment of 25% of the right-of-way costs to the Fair Share Fee Program with the exception of 50% of the land costs for the two expanded intersections at Coast Highway. This would result in no change to the proposed FSF.

B. Revise the cost projections to delete all right-of-way costs for roadways in the Banning Ranch area. This option would reduce the overall costs of the improvement program and the Fair Share Fee by 12%.

If development is approved on the Banning Ranch, the City will need to review the dedications anticipated in deriving the Fair Share Fee and amend the FSF if different dedications occur.

ROADWAY NETWORK ASSUMPTIONS – The City’s Master Plan of Streets and Highways shows roughly 2.5 miles of 4-lane arterial roadways on Banning Ranch, not including the extension of 19th Street, which would be around another 0.6 miles of which two lanes, appear to be on Banning Ranch property. Several persons have questioned the reasonableness of assuming that all of these roadways would need to be constructed if Banning Ranch were to be developed and whether any roadways would be needed if the area were purchased for Open Space. One consideration for the City is how to pay for whatever r/w is needed for regional roadways and local access if Banning Ranch is acquired for Open Space.

The consultant that prepared the General Plan Update Traffic Studies identified the extension of 19th Street as a necessary project, thus, at a minimum a share of this improvement’s cost should be included in the Fair Share Fee Program. The same Traffic Studies also determined that at least one new roadway (likely Bluff Road) connecting West Coast Highway with an inland east-west street such as 17th Street will be required for regional connectivity even if Banning Ranch is acquired for open space. Otherwise an additional lane in both directions will be necessary at the West Coast Highway intersection with Balboa Ave-Superior Avenue. Such an improvement has not been included in the future network or in the Fair Share Fee calculations.

OPTIONS:

- A. *Leave report as currently written which includes 25% of the construction costs for the roadways on Banning Ranch and the extension of 19th Street in the Fair Share Fee Program. This option would not change the proposed FSF.*

- B. *Revise the construction estimates to delete costs associated with constructing roadways on Banning Ranch, but leaving 25% of the costs for the 19th Street extension in the Fair Share Fee Program. This option would reduce the program costs and the FSF by roughly 9%.*

Again, the City will need to amend the Fair Share Fee program if a development is approved for Banning Ranch that includes a different roadway network than anticipated at the time the updated FSF is adopted.

Other Right-of-Way Considerations – Questions have been raised regarding other aspects of the RBF estimates for right-of-way costs. Some have questioned the inclusion of right-of-way costs in the project to widen West Coast Highway through Mariners Mile. The other is the application of various overhead costs more typically associated with construction to the base right-of-way estimates.

WEST COAST HIGHWAY – Some stakeholders assert that most, if not all, of the required area would be dedicated to the City in conjunction with development. The Municipal Code provides

that on properties fronting a State Highway dedication of right-of-way cannot be required unless the proposed development meets three requirements including more than 25,000 square feet of additional gross floor area, the project generates more than three hundred (300) average daily trips, and the project contributes to the need to widen the adjacent roadway to Master Plan standards.

In reviewing the existing properties along Mariners Mile, it appears there are only three that potentially will meet the above requirements considering that all of the additional right-of-way is planned to come from properties on the north or inland side of the road. The two groups of parcels located between McDonalds Restaurant and Dover Drive may meet the listed criteria and may not due to the limited depth of the lots. The large area devoted to boat sales located just westerly of Rocky Point and the Pelican Wall appears likely to meet the criteria for requiring dedication. The estimated cost of the right-of-way from these three areas is \$2,809,000.

OPTIONS:

- A. *Leave right-of way costs for the widening of Coast Highway through Mariners Mile in the cost estimates for the Fair Share Fee Program.*
- B. *Delete the right-of-way costs for the three properties noted above. This would result in a reduction of the FSF on the order of 0.2%.*

RIGHT-OF-WAY OVERHEAD COSTS

The cost estimates prepared by RBF included a 5% management fee added to the base right-of-way costs. Additionally, the right-of-way costs were added to the construction prior to adding the fees for various phases of engineering support plus a contingency amount of twenty (20) percent. The total of these markups is 55%. Several stakeholders questioned the application of these markups to the right-of-way cost since they are more typically applied to just the construction costs. Staff has reviewed the right-of-way costs of the individual projects and believes the management fee of 5% is a reasonable estimate of the total administrative costs of acquiring property from the landowners.

OPTIONS:

- A. *Eliminate the markups on the cost of right-of-way with the exception of the 5% management fee. This would reduce program costs by approximately 2.7%.*
- B. *Keep the current 55% markup on right-of-way. This would not result in a change to the proposed Fair Share Fee.*

Payment of Fees – A question was raised about changing when the FSF is paid from at the time the grading or building permit is issued to later in the development process. Several cities were contacted and the practices are varied. Some require it at the permit stage and others require it prior to the final inspection or certificate of occupancy. Some like Costa Mesa use a

combination and require additions, remodels and changes in use to pay the fee at permit issuance while allowing new projects to pay just prior to issuance of the Certificate of Occupancy. Huntington Beach requires payment at the permit stage for commercial projects and prior to the final inspection for residential projects. In the Irvine Business Complex the fees are paid prior to issuance of permits.

The California Government Code includes a provision that impact fees on residential projects can be deferred. The Code also requires a contract be executed by the City and the property owner if the fee payment is deferred to the time of the final inspection or certificate of occupancy.

The only issue staff has identified with delaying the fee until final inspection or certificate of occupancy, is that it can, in some cases, result in considerable pressure on staff and City management to grant exceptions. Requiring the fee prior to permit issuance has worked well for the City over the past 25 years, and the City Council has the ability to approve a different payment schedule for any project that has a development agreement. However, the Committee may wish to revise this in light of current economic circumstances. Neither of the options listed would affect the amount of the Fair Share Fee for any project.

OPTIONS:

- A. *Require payment of Fair Share Fees at issuance of the first building or grading permit as is currently mandated by the Municipal Code, unless different provisions are included in a development agreement.*
- B. *Direct staff to develop a program for the payment of some or all Fair Share Fees at the time of final inspection or issuance of Certificate of Occupancy.*

MacArthur Blvd/Jamboree Road Interchange – Comments were made about the fact that the General Plan Update Traffic Study did not identify this as a location requiring mitigation based upon the Level of Service (LOS) criteria. Others commented that there were other, less costly improvements that would improve the operation of this intersection.

The General Plan Traffic Study forecast an ICU value at Build-out of 0.985 during afternoon peak hour. While this met the new requirement for intersections shared with the City of Irvine of LOS E (ICU of 0.90-1.00) it was very close to the upper limit during the afternoon peak when the ICU value was forecast to be 0.985. The engineering firm of RBF evaluated a number of roadway configurations to improve the operation of the intersection. These configurations included several at-grade solutions as well as the grade separation. The only two improvements that would result in LOS D, or better, operation were the grade separation and an alternative providing for a third westbound left turn lane on Jamboree Road and a fourth eastbound through lane. The grade separation was estimated to cost \$54,052,000 and the at-grade improvements were estimated at \$7,987,000.

It is noted that the at-grade solution requires widening along the easterly side of Jamboree Road on both sides of MacArthur Blvd and that some of this area may encroach on a wetlands and some would be in the City of Irvine on a parcel which has previously had a widening that required a substantial retaining wall and further widening in this area may be very difficult to accomplish.

This intersection is a key entry point for the eastern portion of the City with three of the four approaches being in Newport Beach. Adjacent intersections in the City must meet LOS D and staff believes improving this location to LOS D is appropriate and in keeping with the City's overall goals for the roadway system. Accordingly, three options have been identified for addressing future congestion at this location.

OPTIONS:

- A. *Leave the grade separation in the Fair Share Fee program. This would have no impact on the proposed FSF.*
- B. *Replace the grade separation with the at-grade improvements necessary to achieve LOS D in the Fair Share Fee program. This option would reduce the FSF by 11%.*
- C. *Do not include any improvements at the MacArthur Blvd/Jamboree Road Intersections in the Fair Share Fee program. This option would reduce the FSF by 12%.*

Changes in Construction Costs – It has been pointed out that recent changes in the economy have led to construction costs that have gone down since the cost estimates were prepared in 2007 based upon 2006/2007 bid prices. Staff originally proposed a five-year rolling average of changes in the Construction Cost Index (CCI) prepared by Caltrans in order to smooth large changes from year to year. Using this approach leads to a current increase of 1.2% per year. RBF's estimates were prepared in mid-2007 so staff has looked at shorter term rolling average rates to determine how that might affect setting the initial fees in the Fair Share Fee program. Since either a three-year or four-year average would fit the timeframe between when the estimates were prepared and the present time, these two averages and the total resulting adjustment to the RBF cost estimates are as follows:

- a. Three-year rolling average = -7.6% per year for a total of -22.8%
- b. Four year rolling average = -4.6% per year for a total of -18.4%

It should be noted that if one of these reductions is applied to the RBF estimates, the same number of years should be specified for calculating the rolling average going forward in the Fair Share Implementation Resolution. It should also be recognized that with a rolling average, the fee will lag actual changes in construction costs and hence will continue go down for some number of years after the economy begins to improve before any increase in the fee becomes effective.

Use of the four-year rolling average would result in a reasonable adjustment to the initial RBF estimates and offer most of the smoothing of future changes in the Fair Share Fee provided by a five-year rolling average.

OPTIONS:

- A. *Use five-year rolling average of CCI to determine initial Fair Share Fee and future annual increases. This would have no impact on the initial FSF and would provide the slowest rise in Fair Share Fees as construction costs begin increasing.*
- B. *Use four-year rolling average of CCI to determine initial Fair Share Fee and future annual increases. This option would reduce the initial FSF by 18% but fees would rise more quickly as construction costs increase when compared to using a five-year rolling average.*
- C. *Use three-year rolling average of CCI to determine initial Fair Share Fee and future annual increases. This option would reduce the initial FSF by 23% but fees would rise even more quickly as the economy improves and construction costs rise.*

Phasing of Fee Changes – The topic of phasing in changes to the Fair Share Fee was discussed because of the sizeable increase in fees for some land uses listed in the April report. The correction of the Banning Ranch right-of-way calculation mentioned above will reduce the proposed fee by approximately thirty-eight percent (38%). Other options listed in this report could reduce the proposed fee further. The use of a rolling average for annual adjustments will mean that the Fair Share Fee likely will be adjusted downward for the next few years due to negative changes in prior years. These two considerations may address the concerns that led to consideration of phasing in initial increases. The financial impact to developers and the City due to phasing of fee changes would depend on the timing of projects and the specifics of the phasing plan that is adopted.

OPTIONS:

- A. *Determine that the level of fee increase does not warrant a phasing of the increase over a period of time.*
- B. *Direct staff to include a phasing period for implementation of the new recommended Fair Share Fee schedule.*

Sources of Additional Funds – In determining the Fair Share Fee the City must include funding from other sources as the City must be able to show that the Fee is required in addition to other predictable highway funding sources. As indicated in the April 21st staff report to the GP/LCP Implementation Committee, the Fair Share Fee is anticipated to raise approximately 32% of the total funds needed to complete the improvements listed in the Master Facilities Plan. The City receives highway revenues from three sources including the State Highway Users Tax, OCTA Measure M turnback funds, and funds awarded on a competitive basis from OCTA. The first two of these are somewhat predictable and competitive funds are getting more and more difficult to acquire. The State will replace most of the Gas Tax with an Excise Tax on July

1, 2010 which allows them more flexibility in how and when they pass the City's share along. Measure M has some uncertainty associated with it since it is based upon sales tax revenues. The Highways Users Tax revenue to the City is estimated at \$1,343,187 this fiscal year and \$2,179,232 next fiscal year including payment of \$842,019 of Excise Tax to replace suspended payments from Proposition 42. Measure M is anticipated to provide an average of just over \$1,400,000 per year for the next five years.

The City is currently using all of its Gas Tax and Measure M turnback funds for maintenance of roadways and has been supplementing those sources with an additional \$1-2 Million of General Fund monies each year. Based upon historic usage of the Gas Tax and Measure M funds, none of these monies will be available to complete the improvements in the Master Facilities Plan. The City will need to aggressively seek competitive funds from OCTA and other sources to supplement those from the Fair Share Fee in order to construct the improvements included in the Master Facilities Plan. Because these funding sources are programmed for maintenance work, none were assumed available to help fund future roadway improvements.

OPTIONS:

- A. *Direct staff to assume that no turnback funds are available from either OCTA or the State Highway Users Taxes for the purpose of offsetting the portion of costs in the Master Facilities Plan assigned to the Fair Share Fee program. No change in the proposed FSF would result from this option.*

- B. *Recommend a specific proportion of Measure M and State Highway Users turnback funds be allotted to offset the costs of the Master Facilities Plan assigned to the Fair Share Fee program. The financial impact of this option would depend upon the level of funds that the City Council decides to apply toward the Master Facilities Plan.*

Impact of Options on Fair Share Fee

The following Schedule 1 shows the proposed Fair Share Fees for various land uses from the recent RCS report. Following that is the current fee schedule as of July 1, 2010. Lastly, there is Table A, the Summary of Options and the corresponding reductions in fees from Schedule 1.

Schedule 1

FAIR SHARE FEE SUMMARY TABLE¹				
Fair Share Fee Per Trip-Mile			\$371.47	
Land Use	UNIT	Trip-Mile Rate	Fee/Unit	2009 Fee
Res-Low (SFD)	DU	27.1	\$10,067	\$1,990
Res-Medium (SFA)	DU	20.4	\$7,578	\$1,555
Apartment	DU	19.4	\$7,207	\$1,176
Elderly Residential	DU	17.7	\$6,575	\$723
Mobile Home	DU	14.7	\$5,461	\$1,085
Motel	Room	17.8	\$6,612	\$1,827
Hotel	Room	22.2	\$8,247	\$1,899
Regional Commercial	TSF	43.7	\$16,233	\$3,979
General Commercial	TSF	43.0	\$15,973	\$7,235
Commercial/Recreation	TSF	73.0	\$27,117	\$7,235
Restaurant	TSF	83.6	\$31,055	\$12,100
Fast Food Restaurant	TSF	102.5	\$38,076	\$25,683
Auto Dealer/Sales	TSF	22.7	\$8,432	\$8,665
Yacht Club	TSF	44.7	\$16,605	\$9,043
Health Club	TSF	62.4	\$23,180	\$7,235
Tennis Club	Court	56.9	\$21,137	\$8,012
Marina	Slip	5.4	\$2,006	\$90
Theater	Seat	0.6	\$223	\$271
Newport Dunes	Acre	45.1	\$16,753	\$1,031
General Office	TSF	42.2	\$15,676	\$2,351
Medical Office	TSF	48.1	\$17,868	\$8,139
R & D	TSF	35.9	\$13,336	\$1,718
Industrial	TSF	21.8	\$8,098	\$904
Mini-Storage/Warehouse	TSF	18.4	\$6,835	\$472
Pre-School/Day Care	TSF	55.3	\$20,542	\$12,118
Elementary/Private School	STU	2.5	\$929	\$181
Hospital	Bed	49.8	\$18,499	\$2,062
Nursing/Conv. Home	Bed	7.3	\$2,712	\$488
Church	TSF	13.7	\$5,089	\$1,393

¹ Based upon RCS report dated March 2010

FAIR SHARE FEE SUMMARY TABLE²				
Fair Share Fee Per Trip				\$184.12
	USE	GEN RATE	UNIT	FEE/UNIT
1	Res-Low (SFD)	11.00	DU	\$2,025
2	Res-Medium (SFA)	8.60	DU	\$1,583
3	Apartment	6.50	DU	\$1,197
4	Elderly Residential	4.00	DU	\$736
5	Mobile Home	6.00	DU	\$1,105
6	Motel	10.10	ROOM	\$1,860
7	Hotel	10.50	ROOM	\$1,933
8	Resort Hotel	6.00	ROOM	\$1,105
9	Regional Commercial	22.00	TSF	\$4,051
10	General Commercial	40.00	TSF	\$7,365
11	Comm./Recreation	40.00	ACRE	\$7,365
12	Resort Commercial	35.00	TSF	\$6,444
13	Restaurant	66.90	TSF	\$12,317
14	Family Restaurant	177.87	TSF	\$32,749
15	Fast Food Restaurant	142.00	TSF	\$26,144
16	Auto Dealer/Sales	47.91	TSF	\$8,821
17	Yacht Club	50.00	TSF	\$9,206
18	Health Club	40.00	TSF	\$7,365
19	Tennis Club	44.30	CRT	\$8,156
20	Marina	0.50	SLIP	\$92
21	Theater	1.50	SEAT	\$276
22	Newport Dunes	5.70	ACRE	\$1,049
23	General Office	13.00	TSF	\$2,394
24	Medical Office	45.00	TSF	\$8,285
25	R & D	9.50	TSF	\$1,749
26	Industrial	5.00	TSF	\$921
27	Mini-Storage/Warehouse	2.61	TSF	\$481
28	Pre-School/Day Care	67.00	TSF	\$12,336
29	Elementary/Private School	1.00	STU	\$184
30	Junior/High School	1.40	STU	\$258
31	Civic Center/Museum	32.00	TSF	\$5,892
32	Library	41.80	TSF	\$7,696
33	Post Office	86.80	TSF	\$15,981
34	Hospital	11.40	BED	\$2,099
35	Nursing/Conv. Home	2.70	PAT	\$497
36	Church	7.70	TSF	\$1,418
37	Youth Ctr/Service	4.00	TSF	\$736
38	Park	6.00	ACRE	\$1,105
39	Regional Park	5.00	ACRE	\$921
40	Golf Course	6.00	ACRE	\$1,105
41	Resort Golf Course	3.00	ACRE	\$552

² Fee Table effective July 1, 2010

SUMMARY OF OPTIONS

<u>TOPIC AND OPTIONS</u>	<u>FEE CHANGE</u>
BANNING RANCH	
A. Right-of-Way Costs	
- Eliminate construction markup	- 38%
- Keep 55% markup, using \$50/sf	- 12%
B. Right-of-Way Dedication	
- Delete all right-of-way costs	- 12%
- Retain 25% of right-of-way costs	No Change
C. Roadway Construction Cost Assumptions	
- Delete construction costs for all roadways except 19 th St.	- 9%
- Keep 25% of construction costs in the FSF	No Change
MARINERS MILE RIGHT-OF-WAY	
- Assume right-of-way dedication from 3 largest parcels	- 0.2%
- Retain cost of all Coast Hwy right-of-way in FSF	No Change
TIMING OF FEE PAYMENT	
- Defer fee payment to final inspection	No Change
- Direct staff to develop a fee deferment program	No Change
MACARTHUR/JAMBOREE INTERSECTION	
- No improvements	- 12%
- At grade improvements	- 11%
- Include grade separation in the Fair Share Fee program	No Change
ROLLING AVERAGE TIME FRAME FOR UPDATING CONSTRUCTION ESTIMATES	
- Use five-year rolling average	No Change
- Use four-year rolling average	- 18%
- Use three-year rolling average	- 23%

SUMMARY OF OPTIONS

TOPIC AND OPTIONS

FEE CHANGE

PHASING OF FEE CHANGES

- Include no phasing of fees in the FSF Update
- Direct staff to develop a program to phase fee changes

No Change
Unknown

SOURCES OF ADDITIONAL FUNDS

- Assume no turnback funds are available
- Determine a proportion of turnback funds to apply to the FSF

No Change
Unknown

Table A – page 2



August 4, 2010

Honorable Edward Selich
Council Member / Chair
General Plan / Local Coastal Program Implementation Committee
City of Newport Beach
3300 Newport Blvd.
Newport Beach, CA 92663

Re: Newport Beach "Circulation System Master Facilities Plan and Fair Share Fee (FSF) Calculation and Nexus Report for the City of Newport Beach"

Chairman Selich,

We are writing on behalf of a broad coalition of business groups to formally submit our members' comments relative to the City's proposed FSF program update (dated August 11, 2010). We are grateful that staff has taken a number of our previous comments into account as they drafted the options presented to your committee in the updated staff report. While not all of our previous comments have been addressed, we would like to provide input on those that were addressed in the current report.

Banning Ranch Issues

RIGHT-OF-WAY COST – We feel that Option A is most appropriate for this issue. The reduced ROW value is much more appropriate than the original value assumption and we feel strongly, as stated in our previous letter, that the 55% for soft costs is not appropriate to be applied to the cost of ROW acquisition.

DEDICATIONS – Option B, to us, is the appropriate option presented for this issue as it better reflects the City's typical requirement that development projects dedicate the half-section ROW for roadways adjacent to a project's frontage.

ROADWAY NETWORK ASSUMPTIONS – Option B is the appropriate option for this issue since, like the previous issue, it best reflects the City’s typical requirements relative to adjacent development.

Other Right-of-Way Considerations

WEST COAST HIGHWAY – Option B is the best option presented relative to this issue as, like the prior issues, it best reflects the City’s typical practice of requiring the dedication of ROW necessary to complete the full roadway half-section along the frontage of proposed projects.

RIGHT-OF-WAY OVERHEAD COSTS – We feel that Option A is clearly the appropriate choice for this issue since, as previously stated, we feel strongly that it is not appropriate to apply these soft-cost markups to the ROW acquisition process.

Payment of Fees

We feel strongly that Option B is most appropriate during these troubled economic times. Such a delay in paying impact fees is an issue the BIA has taken up successfully with many jurisdictions over the past year as a means of trying to encourage the start of new projects that bring jobs and economic growth. Deferment of impact fee collection should not be limited to residential uses, but should include all land use designations.

MacArthur Boulevard / Jamboree Road Interchange

Though the General Plan Traffic Study seemed to indicate that **neither of the improvement programs proposed were necessary** to meet the established operational criteria, we support the selection of Option B, where the improvements are limited to an at-grade solution.

Changes in Construction Costs

We feel strongly, as stated in our previous letter, that the five-year rolling option is inappropriate as that longer period covered up the very real drop in construction costs that has occurred **since the project cost estimates were prepared**. In that light, we can support Option B, which does reflect the drop in construction costs that has been experienced.

Phasing of Fee Changes

Depending on the outcome of the previously discussed issues, Option A can be supported. This position assumes that the majority of the previous issues were resolved in accordance with our stated positions (which we feel best reflect past city practices and the requirements included in the current Fair Share Ordinance).

Sources of Additional Funds

Given the many issues affecting the availability of outside funds from governmental-related sources, it is probably best to not modify the assumptions currently reflected in this program.

Finally, we do want to indicate our disappointment that not all the issues raised in our prior letter were addressed in the current report. In particular, it seems appropriate to address the concern raised regarding the seven projects included in the program that were acknowledged in the General Plan as,

“are the result of growth in regional traffic and are not attributable to implementation of the proposed General Plan Update” (point 5 from our previous letter). Another issue not directly addressed was our concern regarding the treatment of “Frontage Improvements”. Frontage improvements are referenced in the Fair Share Study, but do not appear to be adequately reflected in the fee calculations.

Thank you for your consideration of our input on these issues.

Sincerely,



Kristine E. Thalman
CEO
BIA Orange County



Kate Klimow
VP of Government and Community Affairs
Orange County Business Council



Richard Luehrs
CEO
Newport Beach Chamber of Commerce



Rex Hime
President and CEO
CA Business Properties Association



Vickie Talley
Director of Legislative Affairs
NAIOP SoCal
Commercial Real Estate Development Association



Judith A. Legan
Executive Vice President
South Coast Apartment Association



John Sackrison
Executive Director
OC Automobile Dealers Association

Cc: GPI/LCP Committee Members
David Kiff, City Manager
Sharon Wood, City Consultant
Richard Edmonston, City Consultant

GENERAL PLAN IMPLEMENTATION TASKS

1. Interim Zoning Resolution (including ability to require development agreements)
*Staff, January 9, 2007 - **Complete***
2. Procedures to implement single- and two-family design policies
*Staff, March 27, 2007 - **Complete***
3. Zoning Code and Specific Plan rewrite
Consultant, with staff input and review, December 2010
 - *City Council hearings to begin September 14, 2010*
4. CLUP amendment
*Staff, Consultants - **Complete***
5. Housing Element certification by HCD
Planning Department Staff, December 2010
 - *Staff working on response to HCD comments and revisions to site inventory information. Resubmitted to HCD expected by September 1, 2010*
6. Park Dedication Fee (Quimby Act)
*Staff, April 10, 2007- **Complete***
7. ED Strategic Plan
*Staff, ADE and EDC, July 10, 2007 - **Complete***
8. Fair Share Fee update
Consultants, October 2010
 - *GP/LCP Committee to consider revisions August 11, 2010*
9. Airport Area infrastructure study and fee(s)
ROMA and Fair Share Consultant, TBD
 - *Proposed infrastructure plan to Committee, August 2010?*
10. Inclusionary Housing Ordinance and In-lieu fee
Consultant
 - *City Council adopted inclusionary housing ordinance, May 11, 2010
– **Complete***
11. Parking Requirements and Management
Staff, EDC, Consultants
 - *Parking requirements recommendations from Walker Parking Consultants included in Zoning Code recommended by Planning Commission*

- *Draft parking management plans prepared for Balboa Village and Corona del Mar; City Council consideration of implementation, Fall 2009*
 - *Parking management plan for Lido/Canner/McFadden to begin summer 2009*
12. LCP Implementation Plan
Staff, concurrent with/trailing Zoning Code rewrite
- *Implementation Plan deleted from draft Zoning Code*
13. City Council Ordinance on development agreements
*Staff, February 27, 2007 – **Complete***
14. Traffic signal synchronization
Consultant and Public Works staff
- *Phase 1 – **Complete***
 - *Phases 2 & 3 – **Complete***
 - *Phases 4 & 7 Under construction*
 - *Phase 5 – Design to begin September 2010; Construction to begin July 2011*
15. PC rewrite/revisions
Property owners for major ones, their schedule
Staff or consultant for smaller ones, with Zoning rewrite or second phase, TBD
16. Banning Ranch Pre-Annexation and Development Agreement
City Council, staff and property owners, TBD
- *City Council committee in negotiations with property owners*
17. Harbor Area Management Plan
Consultants, staff and Harbor Commission, July 2009
- *City Council review and comments, Fall 2009*
 - *City Council reconsideration, October 2010*
18. Run-off and Pollution Reduction Plan
Coastal/Bay Water Quality Committee and staff, ongoing
19. Database refinements and maintenance
Staff, refinements TBD, maintenance ongoing
20. Fiscal Impact Model training
*ADE and staff, March 29, 2007- **Complete***
21. Traffic Phasing Ordinance revision re: NBTAM
*Staff, July 24, 2007- **Complete***

22. Measure S Guidelines revision re: variable FAR
*Staff, August 11, 2009 - **Complete***

Lower Priority

- Municipal Code amendments re: property maintenance standards
- Building Code amendments re: green buildings
Building staff, December 2010
- Amend City Council Policies on historic, archaeo and paleo resources
- Funding and priority program for construction of noise barriers along arterials