City of Newport Beach

BALBOA VILLAGE MASTER PLAN

September 2012

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INTRODUCTION

As part of its budget planning process for FY 2011-12, the City Council identified several priority objectives to be addressed. To accomplish these key objectives in a timely fashion, the City Council appointed three of its members to serve on the Neighborhood Revitalization Committee (NRC) to study and develop recommendations for the City Council on various improvement projects in five areas: West Newport Beach, Mariner's Mile, Santa Ana Heights, Lido Village, Corona del Mar, and Balboa Village. The type and level of study and improvements in each of the areas varied widely, ranging from a landscape median design to a more comprehensive land use and parking study for both Lido Village and Balboa Village.

The City Council appointed a five-member Citizen Advisory Panel (CAP) in June 2011 to set a new vision and implementation strategy for the revitalization of Balboa Village. A map of the study area for purposes of this report is shown below as Figure 1. The members of the CAP are all residents of Newport Beach, and include: Mark Hoover, Terri Pasquale, Ralph Rodheim, Craig Smith, and James Stratton. The City Council representative to the CAP is Council Member Mike Henn.

Since its inception, the CAP has met monthly at the Nautical Museum. Meetings were well attended by area residents and business owners, and their interest in the future of Balboa Village was evident by their comments, suggestions, and regular participation. Additional meetings were held with Balboa Village property owners and business owners in an effort to obtain more specific information about their needs and concerns in the area. Further, residents within the Central Newport Beach Neighborhood Association played a key role in the development of the proposed parking management plan.

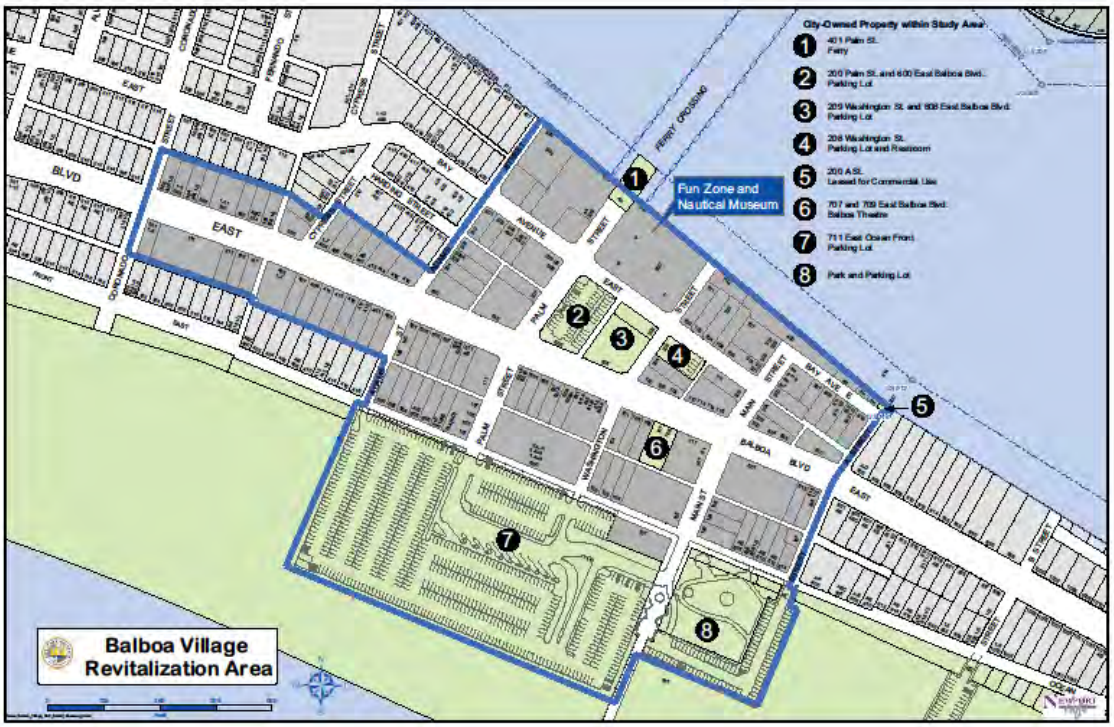

Figure 1 - Map of Revitalization Area

The City engaged the firm of Keyser Marston Associates and Nelson/Nygaard Consulting to conduct two key studies for the area: 1) a market analysis of the greater Balboa Peninsula area along with a specific feasibility analysis and implementation strategies for future development opportunities in Balboa Village; and 2) a parking analysis to specifically identify actions to address current and future demands in the area.

The CAP was clear in its intention to recommend implementation strategies that were feasible and could be realized within a reasonable time frame. The CAP identified several key areas to be addressed which are discussed in further detail in this report, including parking, zoning, appearance and new commercial investment.

VISION FOR BALBOA VILLAGE

The initial discussions of the CAP focused on the vision for Balboa Village. The CAP and community residents/businesses are very desirous of maintaining the unique character and history of Balboa Village. Enhancing the family-friendly environment is important, as well as providing quality dining, entertainment and shopping experiences to visitors and area residents. Following the initial visioning exercise, a draft vision statement was created: **"Balboa Village...a unique destination between the bay and sea where history meets the excitement of the future."** Gary Sherwin of Visit Newport Beach subsequently made a presentation to the CAP on the vision and brand promise for the entire city as it relates to visitor attraction. Balboa Village is viewed as a key player in the overall experience one has when spending time in Newport Beach. It is, therefore, important that the vision for Balboa Village be consistent with the overall vision/brand for the city. The CAP formed a working group, comprised of Ralph Rodheim, Jim Stratton, and Council Member Henn to work with Visit Newport Beach to further refine the Balboa Village vision and develop a brand promise for the area. The City engaged the firm of Destination Consulting Group to conduct opinion research on the area to assist in developing a consumer research-based vision that would lead to creative execution of the proposed Master Plan.

Effective destination/district branding is about defining an experience that leaves visitors and residents with a clear memory of a unique occasion that connects with them emotionally. It is important to engage in a brand visioning exercise in order to affect image building, create a greater competitive advantage, and enhance awareness and market conversion. An effective brand vision strategy will result in increased spending new investment, and enhanced experiences, as well as improve the quality of life in Balboa Village.

The data collection was comprised of three surveys sent to visitors, Newport Beach residents, and business owners/operators in Balboa Village. A summary of the process and data collection is attached as Exhibit 1. Below are key highlights resulting from the surveys:

- The Top 6 descriptive statements for Balboa Village were: good weather, unique destination, beautiful nature and scenery, peaceful and relaxed, safe, many opportunities for marine recreation.

- The Bottom 6 statements were: a variety of shopping options, nightlife and entertainment, affordable accommodation choices, interesting cultural activities, a good variety of accommodation choices, and a well-developed infrastructure is in place (i.e., clean, attractive public areas).

- The Top 10 attractions were: Balboa Island Ferry, the Wedge, Balboa Peninsula beach, Catalina Flyer, Balboa Pier, the Pavilion, Fun Zone harbor cruises, Balboa Fun Zone and boardwalk, Balboa Inn, and ExplorOcean/Newport Harbor Nautical Museum.

- 90% of the visitors come to Balboa Village for the day (average stay of approximately 4 hours)

- The majority of visitors and residents identify the area as Balboa, Balboa Island or the Fun Zone; none to few selected Balboa Village.

- If given their choice, the preferred name identifier for the area would be Balboa Fun Zone.

The survey results validated issues that were raised by CAP members, area residents, and businesses during the initial visioning exercise. Overall, one's experience when in Balboa Village is a pleasant and memorable one. Areas of opportunity include: upgrading the general appearance of the area; creating additional dining, shopping and cultural experiences; and providing enhanced wayfinding signage and parking. Another area of opportunity is creating reasons for visitors to extend their stay in the Village.

A final key point resulting from the survey results and discussion with the Branding Working Group is that the assumed boundary of the "Fun Zone" should be expanded as the new vision and brand promise encompasses the entire commercial district of Balboa Village (see Figure 2 below). The effects of such a change will have an impact on wayfinding signage (both Citywide and within Balboa Village), monument signage (existing and new), and various other marketing related activities and collateral.

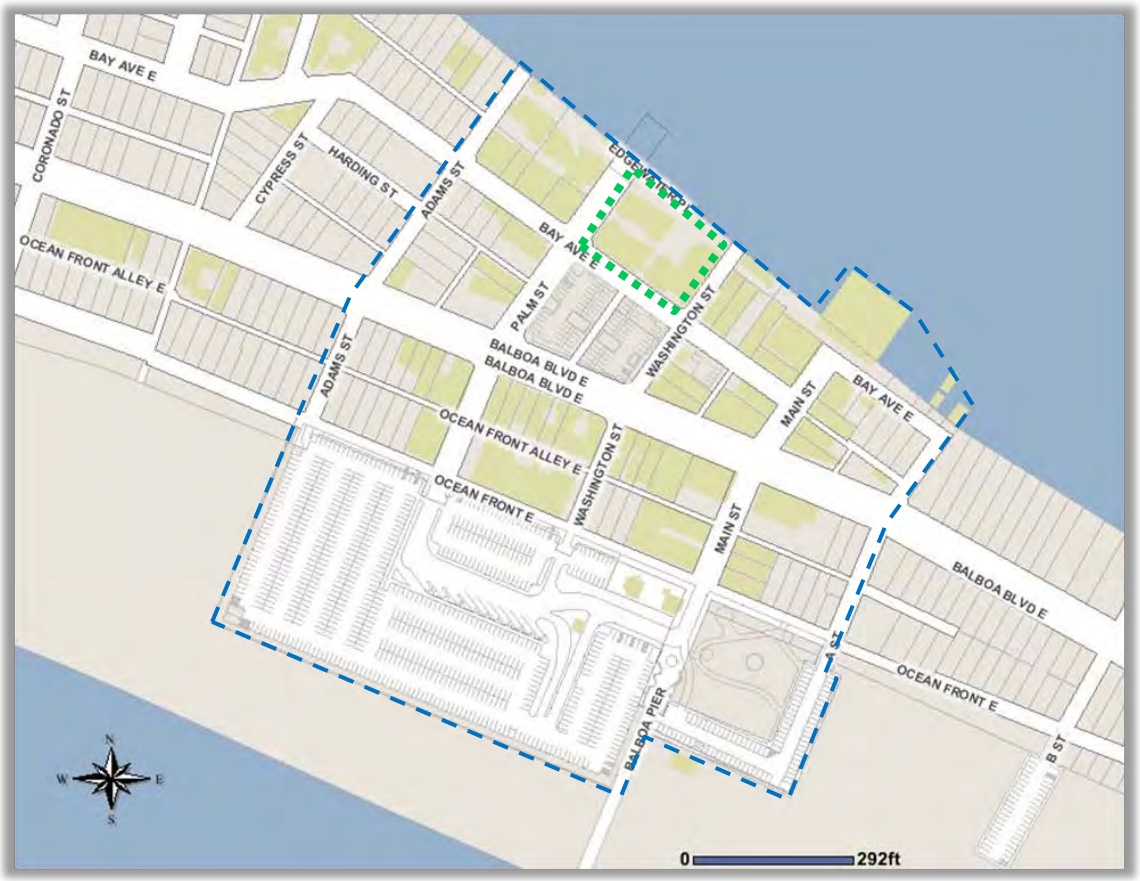

Figure 2 - Expanded Balboa Village Fun Zone

Existing Fun Zone

Expanded Fun Zone

Based on the research collected, and after further review by the Branding Working Group, the following Brand Name, 2020 Brand Vision Statement, and 2012 Brand Promise Statement are recommended to be endorsed by the City Council and incorporated into all marketing materials for the City of Newport Beach. **Most importantly, the brand vision and promise should serve as the guide post for all future policy decisions, programs and activities of the City, property owners, businesses and residents to ensure that the vision is realized for the area.**

Brand Name

Balboa Village Fun Zone

Brand Vision Statement - 2020

Balboa Village Fun Zone is a unique piece of the heart and soul of Newport Beach, and is an inviting, family-friendly entertainment, shopping and dining district. Recognized as Newport Beach's original town site, the revitalized neighborhood is anchored by a complementary mix of large and small scale attractions, including the dynamic new ExplorOcean interactive center, the restored Balboa Performing Arts Theater and event center, and the renovated iconic Pavilion. The expanded Fun Zone is a quaint and engaging environment that offers an array of harbor and beachfront activities for many age groups, and is a celebration of the classic Southern California beach life that is contemporary in personality yet steeped in tradition.

Brand Promise Statement - 2012

Balboa Village Fun Zone is a unique piece of the heart and soul of Newport Beach. It embraces the role of a classic Southern California beachside neighborhood that honors its entertainment heritage and provides a variety of active and passive harbor and beach activities, dining, and casual shopping. It is here that you can find an environment that offers a nostalgic and relaxed celebration of good times and family memories.

OVERVIEW OF MARKET CONDITIONS

Keyser Marston Associates (KMA) conducted a general market analysis of Mariner's Mile and Balboa Peninsula (including Lido Village and Balboa Village), and then further identified opportunities and constraints for future private and public investment in Balboa Village based on their findings in the marketplace, along with recommended implementation strategies based on market conditions. The full report is included as Exhibit 2. A summary of their findings as it relates to Balboa Village is noted below:

Constraints:

- Small, close-in population limits new commercial development
- Access and visibility constraints limit development opportunities
- There is a significant number of intervening commercial opportunities along the route to Balboa Village
- Parking is difficult during peak times
- The project entitlement process can be lengthy and complex due to Coastal Commission requirements.
- Existing parcel patterns and city parking requirements make it difficult to redevelop properties

Opportunities:

- Market support for a small, boutique hotel but City may need to provide assistance given the high cost of land in the area
- Strong market for residential rental and ownership housing

- Residential development is an economic engine for mixed-use development opportunities; carries the cost of ground floor commercial
- Cultural catalysts - ExplorOcean and Balboa Theater
- City-owned parking lot on Palm Street may be developed and serve as a catalyst to promote economic development in Balboa Village

Strategies:

- Pursue adoption of a Local Coastal Plan to expedite project review/permit issuance
- Eliminate parking requirements for new or intensified commercial uses
- Support/facilitate development of ExplorOcean/Balboa Theater
- Create financial incentive programs to encourage façade improvement and rehabilitation of commercial properties
- Support and encourage a variety of events and activities in the Village to improve community interest and increase business sales for local merchants
- Consider developing the Palm Street parking lot with a mixed use project, either hotel or residential with a small amount of ground-floor commercial
- Identify new revenue sources to assist in funding programs and projects recommended for Balboa Village

The following recommendations were made by the CAP in order of priority by category based on need and the ability to make the greatest impact with the limited resources available.

ECONOMIC DEVELOPMENT

A number of economic development related tools and strategies must be employed in Balboa Village to enhance its ability to be a viable commercial and tourist district. The following priority recommendations are ranked in the order provided:

1. Develop and Implement a Commercial Facade Improvement Program

There are approximately 55 commercial buildings located in Balboa Village, some of which contain residential units above the ground floor commercial space. Many of these buildings are in need of exterior renovations, such as paint, signage, awnings, window casings, and structural repairs. The KMA report concluded that, while commercial space rents in this area are adequate by market comparison, on balance, the property owners do not perceive that investing in exterior improvements will generate significant rent increases. The deterioration of these buildings is a key contributor to the overall declining appearance and appeal of the area to residents and visitors alike.

In an effort to incentivize property owners to invest in the rehabilitation of their buildings, it is recommended that the City Council create a facade improvement program and fund a portion of the costs to rehabilitate these commercial structures. These types of

programs are common in special districts such as Balboa Village, and the success of such a program would lead to a renewed sense of place.

As noted in the KMA study, there are several options the City could consider when developing such a program. The CAP is recommending that a tiered, matching fund grant program be created. The program would be designed to insure that City funds are not expended until such time as the owner's funds are available, such as requiring an escrow account for draw-down purposes. The City should consider a range of rebates based on the extent of improvements needed for a particular building, as suggested below:

Minor Building Improvements

These would include items such as sign removal and replacement, and exterior painting (no major repairs involved). The rebate would be based on scope as opposed to building frontage, with a not to exceed rebate of $15,000 per building.

Major Building Improvements

Up to 25' frontage	$15,000
25' to 50' frontage	$25,000
50' to 75' frontage	$37,500
75' and above	$50,000

Key to the program's success will be the targeting of initial funding to a model block that will have the most impact upon completion. This will demonstrate to the owners the potential for their buildings, and give tenants, residents and visitors renewed hope in the

revitalization of the area's commercial district. Often, these building improvements will lead to interior tenant improvements with existing businesses and/or attract new tenants to better serve the area. The specifics of such a program and potential funding sources will be developed if, and when, the City Council approves moving forward with such an incentive. A potential funding source would be the use of CDBG funding which is discussed in further detail below.

2. Develop and Implement a Targeted Tenant Attraction Program.

A complementary effort to the Facade Improvement Program is a key tenant, targeted marketing program. Based on the findings of the KMA market study, there exists a limited opportunity to attract a few key tenants and developments to the area(e.g., sit-down restaurant, quality boutique retail, and a boutique hotel). To do so, however, may require financial incentives on the part of the City to encourage such uses to locate in the Village. These might include fee waivers for plan check and building permits, and perhaps a tenant improvement loan program to offset the expense of opening a new restaurant in the area. Once the incentive programs are developed, a method to provide outreach will be needed to make potential tenants aware of the opportunities. First

priority should be given to implementing the Facade Improvement Program to make an immediate impact on the visual appearance of the area, followed by a targeted tenant attraction effort.

3. Support new cultural amenities such as ExplorOcean and Balboa Theater.

Balboa Village is in need of catalytic projects to bring a new energy and vitality to the area. Cultural venues are often these types of opportunities, and two planned projects that can positively influence economic change in the Village—are ExplorOcean and the Balboa Theater.

Balboa Theater as a commercial music and theatrical venue should create new demand for dining experiences in the Village for both area residents and others. In addition, once completed, the Theater will become a valuable community asset for educational purposes (youth and adult) and become a local resource venue for area residents, businesses and non-profit organizations. The project is at a critical fundraising juncture, and the City should be open to lease modifications if needed, as well as provide necessary support to assist in their fundraising strategies and offer responsive city services as needed during the construction phase.

While ExplorOcean's construction horizon is some five years out, the time is now to build community understanding and support for the facility. These types of projects require a partnership between all the parties to fully realize their potential. The front and center location of ExplorOcean along the bay front is the cornerstone of visitor activity in Balboa Village. The City's support will be required in the interim to assist the museum staff in the improvement and programming of their existing space to demonstrate that positive change is in the making for all to enjoy. Please note below further discussion regarding events and programs in the area.

4. Develop a special events initiative for Balboa Village.

Balboa Village's unique location between the bay and sea creates a natural environment to host community activities and events to showcase the local business, recreation and cultural attributes of the area. A carefully planned and executed special events program will further support the new vision and brand promise for Balboa Village. It is especially timely given the status of the Balboa Theater and ExplorOcean projects. Many of the comments made during the visioning discussions centered on creating more opportunities for families to come and enjoy what the area has to offer. Key is developing a plan that does not regularly attract hoards of new visitors to the area during peak season. If anything, the events and activities should be programmed during non-peak season when parking is readily available and the merchants could benefit from the customer support.

The major challenge with such an initiative is identifying events and activities that are not a drain on city resources, both staff and financial, during difficult economic times. Both Balboa Theater and ExplorOcean are embarking on their own marketing plans to raise funds and awareness for their projects. The City should capitalize on these efforts, and expand the opportunities where possible. To that end, it is recommended that the city engage a professional promoter to develop the framework for a special events initiative in Balboa Village. It is estimated that the cost to prepare such a plan is approximately $15,000 to $20,000.

5. Consider development of the City-owned Palm Street parking lot for future mixed-use development to generate additional revenues for the area.

The KMA report identified three development scenarios for the City-owned parking lot, including 1) a stand-alone parking structure that would require an annual City subsidy of

$532,000 per year; 2) a 45 room hotel above a level of structured parking would potentially yield the City $26,000 in annual ground lease income; and 3) a mixed-use retail/residential project that would generate $206,000 to $250,000 per year in ground lease payments but would not provide any additional public parking.

It is recommended that a final decision as to the development of the City-owned parking lot not be made until the development plan for ExplorOcean has been refined and a financing plan is in place for the project. It is critical that whatever gets developed on the City parcel is complimentary to the ExplorOcean and that the project feasibility study concurs that adequate parking exists in the area to support the project should the City lot be developed.

Any revenues generated from the sale or lease of the City-owned lot may be available for future capital improvements or City approved programs in Balboa Village in furtherance of this proposed Master Plan, subject to City Council direction.

6. Allocate additional funding to the Balboa Village Business Improvement District to enhance its marketing program for the area.

The Balboa Village BID currently generates approximately $35,000 per year in revenues to be used for capital improvements, marketing and promotions on behalf of the business community in the area. This level of funding is really not adequate to engage in a thoughtful and professional marketing program. The City is in the process of securing a Business Improvement District Administrator who will have daily management/oversight of the 5 BIDs in the city, as well as be responsible for developing an overall BID vision and brand for the 5 areas that will be in keeping with the City's vision and brand developed by Visit Newport Beach.

If the recommended strategies are adopted by the City Council, then an enhanced marketing and communications plan will be warranted for the area, and the BID seems to be the likely organization to carry out that plan with input from staff and the selected BID Administrator. Such a plan should be carefully executed in partnership with the City's proposed special events plan, ExplorOcean and Balboa Theater to capitalize on each other's resources and strengths.

It is recommended that an additional $25,000 per year be allocated to the Balboa Village BID for specific marketing, communications and events as jointly agreed to by the BID Advisory Board and City Council.

7. Modify the boundaries of the Balboa Village BID to delete the area between Adams and Coronado Streets.

During deliberations on the Residential Permit Parking Plan, it became apparent that certain residential properties are included within the BID boundaries that should be removed. The BID only collects assessments from business licenses associated with commercial businesses. There are approximately 24 residential properties and 2 legal,

non-conforming commercial properties in the proposed area to be deleted. The BID Board has indicated its desire to initiate the requisite public process to make these modifications, subject to final City Council approval.

Figure 3 - Balboa Village Business Improvement District

Residential area recommended to be removed from the Business Improvement District

PLANNING/ZONING

Design Guidelines: The City Council adopted Design Guidelines for Balboa Village in November 2002. These guidelines are not contained in the City's zoning code as development standards; rather, they are intended to guide owners, developers and staff in the review of new development in Balboa Village whether it be new construction or substantial rehabilitation of an existing building. The guidelines address building form, setbacks, architectural features and signage considerations.

The CAP appointed a working group to review the existing Design Guidelines in context with others, such as the recently approved Design Guidelines for Lido Village. The conclusion of the working group was that the current guidelines are still applicable, and

further change is not warranted. Further, when reviewing projects, staff should ensure that the project design is in keeping with the Brand Vision and Promise.

In addition, the CAP discussed whether a design "theme" was appropriate for Balboa Village. Places like Solvang, California and Leavenworth, Washington were discussed as examples of areas with much defined theme architecture. The CAP felt such an extreme application of design standards was not appropriate for Balboa Village, and preferred the eclectic mix of architecture that exists in the Village today. However, it was felt that enhanced streetscape treatments would be a better option to improve the appearance of the Village. This could be accomplished through concentrated code enforcement efforts, enhanced maintenance of the public right-of-way, and the creation of an incentive program for facade improvements on the commercial buildings. These topics are discussed in further detail below.

Zoning Recommendations

Considerable discussion took place regarding existing parking requirements and their impact on future development in Balboa Village. The KMA report also identified the off-street parking requirements for commercial uses as one impediment to new development and tenant attraction in the area. As a result, the CAP recommends the following strategies:

1. **Eliminate parking requirements for new commercial development and intensification of use applications**. The parking study affirmed that there is adequate parking in Balboa Village to meet the demands of commercial users, current and proposed for the future. A major challenge with the recycling of commercial properties in Balboa Village is the burdensome off-street parking requirement that currently exists in the city's zoning code that is reinforced by Coastal Commission guidelines and practices. Removing this barrier will greatly enhance future opportunities for new investment, and can be viewed as an incentive to stimulate new private investment in the area.

2. **Eliminate the in lieu parking fee permanently** (a moratorium currently exists) **for those properties in Balboa Village, and those paying annually in the program should be terminated concurrently.** It should be noted that the City currently collects $13,500 per year from Balboa Village business or property owners participating in the citywide in lieu fee program. These revenues will no longer be available should the program be terminated.

3. **Within five years after initial implementation, evaluate Strategies 1 and 2 above to determine if they have had a favorable impact on new investment in Balboa Village.**

4. **Continue to encourage mixed-use development pursuant to recently adopted land use designations in the City's General Plan.** New stand-alone commercial development is not economically viable as confirmed by KMA. Limited new

commercial uses can be supported, but only if incorporated into a mixed use development such as residential or hotel.

5. **Pursue adoption of a certified Local Coastal Plan to streamline the development review process.** The current entitlement process requires the review of projects by the Coastal Commission, which can significantly extend the review period and have a resultant impact on the economic viability of a project. If the City obtains certification of a Local Coastal Plan (LCP), then all new projects that meet the requirements contained in the LCP will only require City review and approval, thus eliminating the risk of unknown conditions imposed by an outside agency such as the Coastal Commission. There is an extensive amount of staff work required to develop such a plan; hence, this recommendation is noted as a mid-year objective in the Implementation Matrix.

PARKING SUMMARY

As part of its scope of services, KMA engaged Nelson/Nygaard Consulting Associates to study the current parking needs and issues in Balboa Village, taking into account previous parking studies, including the 2008 study conducted by Walker Parking as well as the Central Newport Beach Neighborhood Association response to the Walker report. The general boundaries of the parking study were Coronado Street to the west, the Newport Bay to the north, B Street to the east, and the public beach parking lot to the south. A complete copy of the Nelson/Nygaard report is attached as Exhibit 3. A summary of their key findings is noted below:

- Balboa Village has a large supply of parking, the majority of which is located in off-street facilities.
- Balboa Village's parking supply is underutilized for all but the busiest summer weekends.
- While the parking supply is underutilized, various "hot spots" of demand exist, even during non-peak months.
- Balboa Village exhibits a drastic seasonal peak parking demand with capacity highly constrained on summer weekends.
- Current pricing schemes discourage the use of off-street facilities, encourage excessive "cruising" for available on-street spaces, and cause parking spillover into surrounding residential streets. During peak summer months, these trends are exacerbated.
- Parking turnover is relatively low, as most vehicles stay parked in off-street spaces for long periods of time.

The report further finds that parking has been built at an average rate of 1.84 stalls per 1,000 gross square feet of development within the commercial core. This rate provides approximately the right amount of parking for commercial land uses which generate parking demand ratios of approximately 1.78 vehicles per 1,000 gross square feet during peak times. Parking demand during the balance of the year is far below 1.78. This finding is key to one of the implementation recommendations noted later in this report.

Recommendations

The following summarizes the CAP's recommendations with regard to parking after extensive discussion and input of the CAP, area residents, staff, consultants and preliminary discussions with the Coastal Commission staff[1]:

1. Remove time limits for all metered spaces. Implement demand-based pricing for on and off street parking facilities.

It is proposed that summer rates (peak periods) for on-street meters be increased to $2.00 per hour up to 2 hours; and $2.50 per hour thereafter. Off peak rates would be $1.00 per hour up to 2 hours; and $1.50 per hour thereafter. Off-street parking would be $1.50 per hour, no maximum, during peak periods; and $0.50 per hour, no maximum, during off peak times. The rates can be adjusted with the current meters and the City will need to periodically evaluate parking utilization and the effectiveness of the new rates and make adjustments as needed. The goal is to ensure that adequate parking exists for business patrons, while carefully managing the impacts from long-term users (e.g., beach parking).

2. Establish a commercial parking benefit district in Balboa Village to create a permanent, ongoing revenue source for eligible programs and activities.

Parking benefit districts (PBDs) are defined geographic areas in which any revenue generated from on-street and off-street parking facilities within the district is returned to the district to fund area improvements. There are two Neighborhood Enhancement Areas (i.e., parking districts) established along the Balboa Peninsula, including those in Balboa Village (see Figure 4). The revenues collected in those districts are used to improve and maintain public parking within those areas, as well as offset ongoing capital and maintenance costs for Tidelands operations. Revenues from Neighborhood Enhancement Area B that encompasses Balboa Village are presently directed to the General Fund for the next several years to reimburse costs associated with the purchase and construction of the expanded Palm Street parking lot. The redirection of revenues for new activities in Balboa Village would require a shift in current City Council policy; however, the CAP felt strongly that a permanent, ongoing source of revenue was critical to ensure the proposed recommendations are implemented within a reasonable time frame. The CAP is recommending that a portion of the parking revenues within the study area boundaries

[1] Consultation with Coastal Commission staff did not include a detailed discussion of the recommendations provided in this report and should not be viewed as any form of endorsement or approval of recommended parking strategies by the Coastal Commission or their staff.

be set-aside annually for eligible programs and activities identified in this report as well as additional programs and activities that may be needed in the future. The proper legal mechanism to accomplish this will need to be determined once City Council direction is provided.

Figure 4 - Neighborhood Enhancement Areas A & B

3. Establish an overnight residential parking permit program.

The primary goal of a residential parking permit program (RPPP) is to manage parking "spillover" into residential neighborhoods. This has been a long-standing issue in Balboa Village for area residents, particularly during the peak season from Memorial Day to Labor Day. The following program parameters are recommended:

- District boundaries: All residential streets between 7th Street and Adams Street, except for on-street metered stalls on Balboa Boulevard. In addition, Bay Island is included in the boundary in order to offer the residents permits to park their vehicles on streets within the area (see Figure 5 below).
- Program eligibility: All residences (homes, condos) within the proposed zone may purchase permits, including rental homeowners. City residents living on boats and who store their vehicles in the district would not be eligible to purchase permits.
- Hours of Operation: No parking 4 p.m. – 9 a.m., 7 days per week, excluding holidays. Permit holders exempt.

- Maximum number of permits: 4 per household; guest permits to be studied further to determine the most appropriate pricing and issuance structure.
- Permit Type: Rearview mirror "hangtag" that is a solid color (to change annually) and clearly indicates the year of the permit issued.

- Permit Cost:

1st Permit:	$20 per year
2nd Permit:	$20 per year
3rd Permit:	$60 per year
4th Permit:	$100 per year

The implementation of an RPPP will require the review and approval of the Coastal Commission. The recommendations suggested are mindful of this process, and modifications to the proposed plan may result.

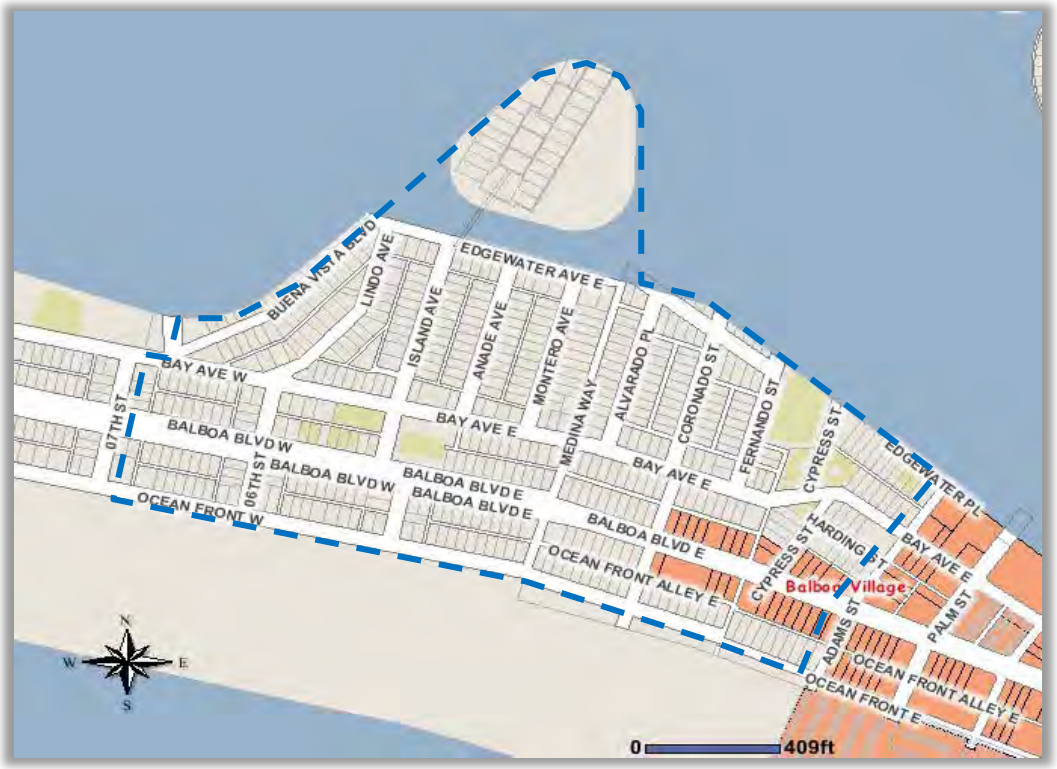

Figure 5- Proposed RPPP District

4. Establish an employee parking permit program.

Employers or employees may purchase a permit for priority parking in a designated area. The following program parameters are recommended:

- Eligibility: all employers and employees within Balboa Village

- Designated area: approximately 100 spaces in the north western portion of the Balboa Village municipal beach parking lot
- Hours of operation: 6 a.m. - 10 a.m., weekdays
- Number of permits issued: 1 per employee
- Permit Cost: $50 per year, no proration
- Compliance with California Coastal Commission

5. Revise minimum parking requirements for new development, and terminate in lieu parking program for existing participants.

As noted above, there is adequate parking in Balboa Village to serve existing commercial uses as well as proposed future development opportunities, such as the Balboa Theater, ExplorOcean and the limited amount of new commercial development that might occur. This also takes into consideration the intensification of existing land uses, e.g., retail converting to restaurant. See recommendations in the Planning/Zoning section below.

6. Formally establish Balboa Village as a shared parking district.

Shared parking is the most effective tool in parking management. Due to different periods of peak demand, uses can easily share parking facilities, thereby limiting the need to provide additional off-street parking. Key policy recommendations are noted below:

- Work with existing owners and businesses to ensure private parking is made available to the public when not needed for its primary commercial use
- Develop mutually agreeable operating and liability arrangements for public use of private parking facilities
- Require as a condition of approval that all newly constructed private parking in any non-residential development or adaptive reuse project be made available to the public.
- Allow parking to be shared among different uses within a single mixed-use building by right.
- If new public parking supply is needed in the future, first purchase or lease existing private parking lots or structures from willing sellers, and add to the public parking supply before building new lots/garages.

7. Develop a coordinated wayfinding program for Balboa Village.

Wayfinding signage helps orient visitors, shoppers and residents alike, pointing them to area parking facilities, restaurants, retail establishments, pedestrian and bicycle routes, and other important destinations. Parking wayfinding signs can also display real-time availability data.

The City of Newport Beach currently has a theme wayfinding sign program for key areas of the city. Further study of this program is warranted to identify additional signage needs in Balboa Village to enhance the effectiveness and visibility for visitors, customers, and residents.

8. In coordination with the City's Bicycle Safety Committee, identify and implement targeted improvements to bicycle and pedestrian facilities in Balboa Village.

The City's Bicycle Safety Committee is currently in the process of developing a plan and set of strategies to improve bicycle safety and conditions, including Balboa Village. Their recommendations should be implemented in collaboration with the strategies identified in this plan.

PUBLIC INFRASTRUCTURE/STREETSCAPE

The streetscape and public rights-of-way in Balboa Village are generally in good condition, but there is room for improvement. Since 2000, the City has invested over $12 million in the area, including new decorative sidewalks, street trees, and planters. In addition, the City acquired property and expanded the Palm Street public parking lot. A walking tour of the area revealed the need for new or improved streetscape, street furniture, wayfinding/parking signage and enhanced maintenance of the area.

The following actions are recommended to address the physical appearance of the public areas in Balboa Village:

1. **Engage an architectural firm to update the original conceptual streetscape and public signage (wayfinding and parking) plan for the Village, taking into consideration the improvements made to date by the City and the future development plans of ExplorOcean along the bay front.**

The intent with this recommendation is not to reinvent the wheel, but rather take into account the various public improvements made in the area over the last ten years such as the planter pots along Main Street and Balboa Boulevard, enhanced pavement, street trees, street furniture and signage. In addition, the boardwalk area will be added to the modified streetscape plan. The intent is to incorporate existing improvements to the extent possible, and build upon the original work for the plan into the future. Creating an enhanced landscape/streetscape design plan will also guide future development in the area, such as ExplorOcean, along key public access routes such as the Boardwalk. A unified streetscape will then become the "theme" if you will, rather than imposing a theme design for the commercial buildings in the Village. The plan will also address additional public signage in the area, which was a recommended action by the parking consultant in order to ease traffic congestion and direct people easily to public parking options, etc.

The cost to undertake an updated conceptual landscape design is approximately $20,000. Once completed, then the next steps would be replacement of the planting in the pots along Main Street and Balboa Boulevard, and refurbishment, replacement or installation of new trash receptacles, benches and other streetscape items identified in the plan. There is currently $100,000 allocated to improve disability street access citywide (curb access ramps) in Community Development Block Grant funds. Upon approval of the Master Plan, the City Council could re-consider allocating these funds or allocate future funds for the enhanced streetscape design and improvements. Installation of additional enhanced streetscape improvements will be build upon the improvements previously installed and will further unify and enhance the physical appearance of Balboa Village.

2. **Regular maintenance of the boardwalk area should be incorporated into the City's streetscape maintenance contract under direction of the Operations Department.**

The boardwalk area between Main and Adams Streets is maintained by the individual property owners fronting the boardwalk. An easement exists in favor of the City to provide a public access walkway along the water's edge. It is apparent that not all owners share the same level of maintenance standards. Further, the street furniture is dated and not appealing. Any new street furniture along the Boardwalk will be addressed in the conceptual plan discussed above.

The appearance of the Boardwalk makes an impression on those enjoying the Village offerings. It is important, therefore, that regular cleaning and upgrading of its appearance be undertaken by the City to ensure the level of quality and long-term visual appearance of this frequently used amenity.

The estimated cost of steam cleaning is $630.00 per cleaning, or $7,525 annually for monthly cleaning and $15,050 annually for bi-weekly cleaning. Given the amount of traffic experienced on the boardwalk year round, it is recommended that the bi-weekly cleaning be undertaken as soon as possible to address peak season usage. Frequency during off-peak season can be determined at a later date. Once the conceptual landscape plan is developed, it is recommended that new trash receptacles and street furniture be installed as soon as is practical.

ADMINISTRATIVE RECOMMENDATION

Finally, the CAP is recommending that the City Council establish a governance structure to provide ongoing oversight to ensure that resources (financial and staff) are allocated as needed to effectuate the final Master Plan recommendations. It is envisioned that Balboa Village residents and business owners would be participants in the proposed governance body.

CONCLUSION

Balboa Village is a special place that offers memorable experiences for all to enjoy. It is deserving of its preservation as a unique piece of the heart and soul of Newport Beach.

Implementation of the recommended strategies is necessary to ensure that the vision and brand promise for the area can be realized. It is recognized that City resources (both staff and financial) to undertake the actions recommended are limited; therefore, a short, mid and long-term implementation strategy has been developed, along with estimated costs to implement the programs suggested (Exhibit 4). Please note that these costs do not reflect the staff resources needed to implement the recommendations.

The CAP would like to thank the City Council for having the foresight to identify Balboa Village as an important asset in the community, and for its willingness to consider allocating resources to implement the revitalization strategies discussed in this report.

BALBOA VILLAGE MASTER PLAN

Exhibit 1
Brand Development Process

September 2012

Brand Development Status Report
Balboa Village Community Neighborhood

Balboa Village Citizen Advisory Panel
May 2, 2012 Meeting

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Balboa Village Brand Assessment

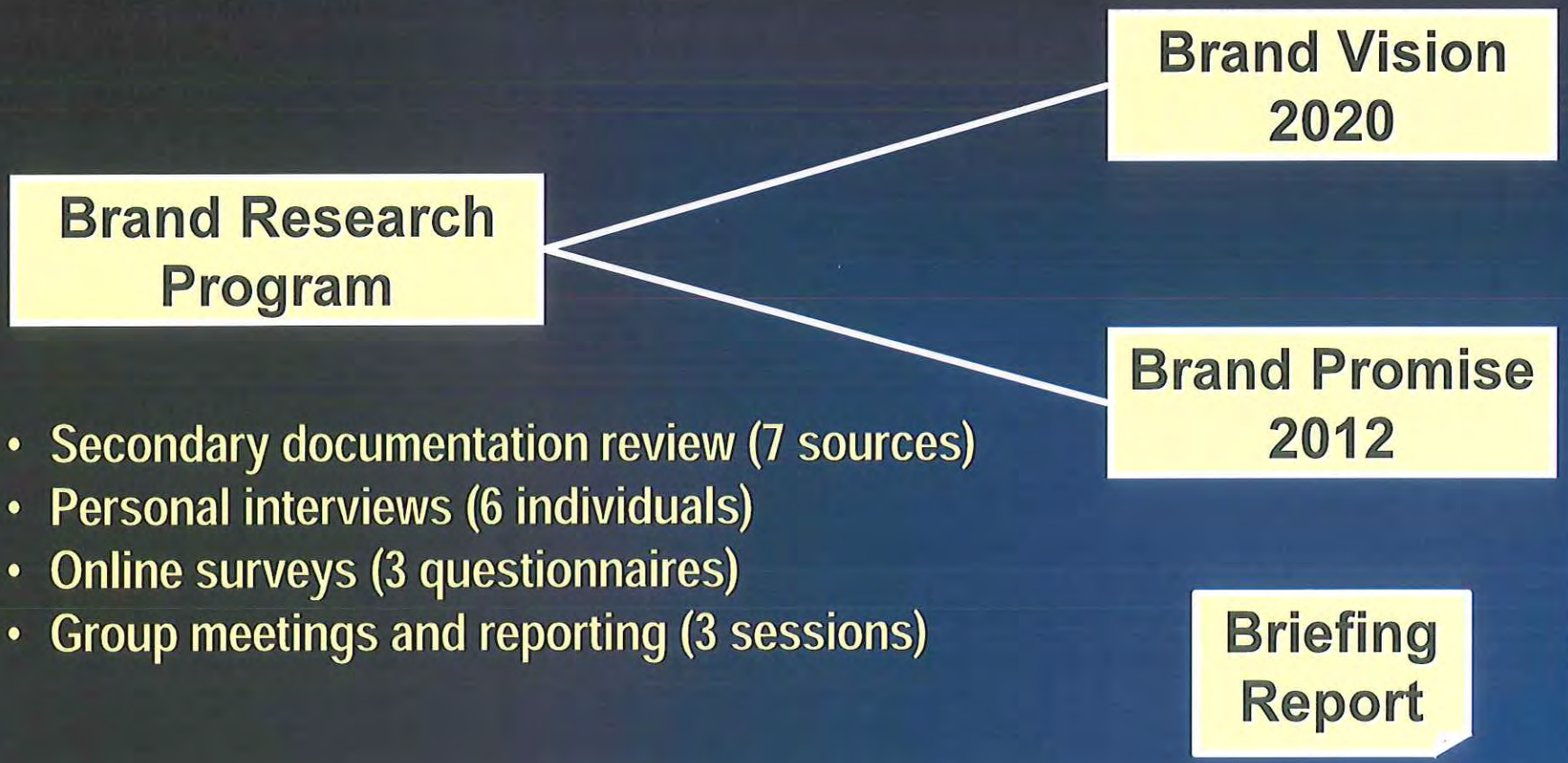
Branding Working Group Introductions

- Opening remarks
  Gary Sherwin
- Working group participants
- Brand research facilitator/advisor
  Don Anderson

Purpose of Working Group Effort

- Advise on and execute a customized brand research program
- Craft a Balboa Village brand vision statement
- Formulate a Balboa Village brand promise with key identity guidelines and messaging
- Communicate results to Balboa Village Citizens Advisory Panel (CAP)

Working Group Expected Outcomes



- Secondary documentation review (7 sources)
- Personal interviews (6 individuals)
- Online surveys (3 questionnaires)
- Group meetings and reporting (3 sessions)

What is Destination/Community/ District Branding?

The creation of a destination/community/district brand is not a quick fix process. It is not a one-time marketing campaign or program nor a logo/slogan driven identity.

Effective destination/community/district branding is about defining an experience that leaves visitors and residents with a clear memory of a unique occasion that connects with them emotionally.

Activities in the Effective Development of a Brand

- A research-based strategy leading to creative execution
- Descriptive functional and emotional attributes/benefits defined
- Unique appeals identified for community/district positioning
- A community/district brand promise formulation
- A future brand vision statement developed
- Guidelines provided to develop an effective brand identity platform

Why Destination/Community/District Branding and Visioning Are Important To Do?

- Positive destination/community/district image building
- Greater destination/community/district competitive advantage
- Enhanced destination/community/district awareness and market conversion
- Agreed-to destination/community/district future state of being

Destination/District Buying Proposition → Increased Spending and Investment → Higher Quality of Place and Life

Balboa Village Brand Methodology

- Branding working group meeting discussions centered on community values, key drivers, imagery and vision/promise statement formulation
- Three surveys containing approximately 20 closed-ended and open-ended questions for visitors/residents and 10 for BID owners/operators
- Email databases used
  - → Visitors (Visit Newport Beach and Catalina Flyer contacts)
  - → Residents (City of Newport Beach e-newsletter and two Balboa Peninsula community associations contacts)
  - → BID owners/operators (City of Newport Beach Balboa Village BID contacts)

Balboa Village Brand Image/Perception Survey Responses

Sample Sizes

Visitors/Potential Visitors (n=614; 459 visitors, 155 potential visitors)

Residents (n=408; 164 live in Balboa Village, 244 elsewhere in Newport Beach)

BID Owners/Operators (n=31)

Balboa Village
Brand Survey Key Results

Location Knowledge of Balboa Village

(% of respondents)

Location	Visitors	Potential Visitors	Residents
Balboa Peninsula	68.0	41.3	91.0
Balboa Island	30.9	24.5	7.8
Don't Know	1.1	34.2	1.2

Traveler Characteristics

Visitors

- 90% are day visitors (avg. stay of 4.6 hours)
- Over 90% used personal or rented vehicle
- Overwhelmingly married, well-educated, high household income and white
- Frequent visits (nearly 6 visits on avg.)

Residents

- Over 97% are day visitors (avg. stay of 2.4 hours)
- Almost 70% used personal or rented vehicle with the rest biking, walking or using ferry
- Overwhelmingly married, highly educated, very high household income and white
- Very frequent visits (nearly 14 visits on avg.)

Primary Purpose of Last Trip
(% of respondents)

Primary Purpose	Visitors	Residents
Leisure/Leisure Vacation	37.6	26.4
Catalina Island Transportation	21.4	1.3
Shopping	9.8	9.2
Visiting Friends and Relatives	8.1	7.1
Passing-Thru	5.7	8.8
Personal Reasons	5.7	10.9
Business Meeting/Event	2.2	3.8
Dining	2.0	7.1
Other	7.4	25.6

Top 10 Visitor Activities/Events Participation
(% of respondents)

Shopping	60.9
Dining experience	58.7
Beach outing	47.8
Sightseeing	47.8
Beach hiking/walking	39.1
Catalina Island transportation	37.0
Balboa Fun Zone entertainment/nightlife	26.1
Visiting friends and relatives	23.9
Biking	13.0
Visited ExplorOcean/Newport Harbor Nautical Museum	10.9

Key Functional Images/Word Descriptions
(ranked by number of mentions)

- Restaurants, dining, food
- Balboa Island Ferry
- Beaches, sand
- Boats, boating
- Water, ocean
- Ferris wheel
- Fun Zone

Key Emotional Images/Word Descriptions
(ranked by number of mentions)

- Fun
- Relaxing, restful, rejuvenating
- Memories, nostalgic
- Happy
- Rundown
- Beautiful, scenic, picturesque

Top 6 Community/District Descriptive Statements Ranking
(based on a 5-point scale)

Image Statement	Mean
Balboa Village has good weather	4.07
Balboa Village is a unique destination	3.87
The area contains beautiful nature and scenery	3.87
The overall mood of the area is peaceful and relaxed	3.84
Balboa Village is a safe region	3.83
The area offers plenty of opportunities for marine recreation	3.83

Bottom Six Community District Descriptive Statements Ranking
(based on a 5-point scale)

Image Statement	Mean
Balboa Village offers a variety of shopping options	3.22
The area offers a variety of nightlife and entertainment	3.15
The area offers affordable accommodation choices	2.95
Interesting cultural activities are available	2.93
The area offers a good variety of accommodation choices	2.91
Well-developed general infrastructure is in place	2.89

Top 10 Community District Attraction Ratings
(based on a 5-point scale)

Attraction	Mean
Balboa Island ferry	4.36
The Wedge surfing	4.33
Balboa Peninsula beach	4.15
Catalina Flyer catamaran	4.13
Balboa Pier	4.00
The Pavilion	3.74
Fun Zone Boat Company harbor cruise	3.66
Balboa Fun Zone and Boardwalk	3.55
Balboa Inn "The Resort"	3.32
ExplorOcean/Newport Harbor Nautical Museum	3.13

Key Decision Factors In Choosing a Area/Destination

(based on a 5-point scale)

Factor	Mean
Offers personal safety	4.46
Destination cleanliness	4.42
Excellent service quality	4.29
Relaxation	4.29
Good weather	4.28
Hospitable, friendly people	4.27
Excellent reputation	4.20
Unique setting	4.18

Priority New Development/ Improvement Requirements

	Visitors/Residents
Foodservices/Restaurants	1
Shopping	2
Parking	3

N.B. Residents and district business owners/operators are 2 and 3 times more likely to indicate that additional attractions, facilities or services are needed.

Community/District Name Identification

(number of responses, open-ended question)

Name	Visitors	NB Residents	BV Residents
Balboa	131	43	43
Balboa Island	43	7	0
Fun Zone	36	65	19
Newport Beach	23	0	0
Balboa Fun Zone	16	12	8
Balboa Peninsula	16	6	10
Peninsula	16	22	5
Balboa Village	0	5	10

Community/District Relevant Name Identification

(% of respondents, closed-ended question)

Name	Visitor	NB Residents	BV Residents
Balboa Village	26.5	19.6	31.0
Balboa Fun Zone	25.9	37.9	23.8
Balboa Peninsula Historic District	11.0	10.5	11.9
Balboa Village District	7.8	2.7	2.4
Newport's Old Town	7.2	4.6	1.6
Balboa Historic Village	6.7	5.0	4.0

Preliminary Balboa Village Brand Vision Statement

In 2020

Balboa Village Fun Zone is a unique piece of the heart and soul of Newport Beach and is an inviting family-friendly entertainment, shopping and dining district. Recognized as Newport Beach's original townsite, the revitalized neighborhood community is anchored by a complementary mix of large and small scale attractions including the dynamic new ExplorOcean interactive museum, the restored Balboa Performing Arts Theater and event center, and the renovated iconic Pavilion. The expanded Fun Zone offers a quaint and engaging environment that offers an array of harbor and beachfront activities for many age groups, and is a celebration of the classic Southern California beach life that is contemporary in personality but steeped in tradition.

Recommended Community/District Brand Name

Balboa Village Fun Zone

Preliminary Balboa Village Brand Promise

In 2012

Balboa Village Fun Zone is a unique piece of the heart and soul of Newport Beach. It embraces the role of a classic Southern California beachside neighborhood that honors its entertainment heritage and provides a variety of active and passive waterfront and beach activities, dining and casual shopping. It is here that you can find an environment that offers a nostalgic and relaxed celebration of good times and family memories.

Balboa Village Brand Development Next Steps

- Recommended revised brand identity including new signage program
- Other brand research and identity presentation meetings
- Brand development formal briefing report documentation

CAP Meeting
May 15, 2012

Brand Development Status Report

Balboa Village
Citizen Advisory Panel Participants

Thank You!

BALBOA VILLAGE MASTER PLAN

Exhibit 2
Keyser Marston Associates
Balboa Village Implementation Strategies

September 2012

KEYSER MARSTON ASSOCIATES
ADVISORS IN PUBLIC/PRIVATE REAL ESTATE DEVELOPMENT

MEMORANDUM

ADVISORS IN:
REAL ESTATE
REDEVELOPMENT
AFFORDABLE HOUSING
ECONOMIC DEVELOPMENT

SAN FRANCISCO
A. JERRY KEYSER
TIMOTHY C. KELLY
KATE EARLE FUNK
DEBBIE M. KERN
ROBERT J. WETMORE
REED T. KAWAHARA

LOS ANGELES
KATHLEEN H. HEAD
JAMES A. RABE
PAUL C. ANDERSON
GREGORY D. SOO-HOO
KEVIN E. ENGSTROM
JULIE L. ROMEY
DENISE BICKERSTAFF

SAN DIEGO
GERALD M. TRIMBLE
PAUL C. MARRA

To: Kimberly Brandt, Director Community Development Department
City of Newport Beach

From: Kathleen Head
Kevin Engstrom

Date: March 29, 2012

Subject: Newport Beach Market Opportunities Analysis

Pursuant to your request, Keyser Marston Associates, Inc. (KMA) evaluated the market conditions for the following three areas in the City of Newport Beach (Study Areas):

- Lido Village
- Balboa Village
- Mariner's Mile

The analysis is summarized in the following sections:

- Socio-Economic Characteristics – Identifying the current and projected socio-economic conditions of the market area residents is required to evaluate potential market opportunities. KMA evaluated the socio-economic characteristics of the market area for the Study Areas, the City of Newport Beach (City) and Orange County (County) based on data provided by Claritas.
- Employment & Business – Provides a summary of existing employment and businesses in the Study Areas.
- Retail Overview - Includes estimates of current retail productivity levels, a surplus / leakage analysis and current real estate market conditions.
- Office Overview - Includes data from regional brokerage houses and current asking rents.

- Residential Overview – Summarizes recent residential sales activity in the market area and the City.

- Hotel Overview – Summarizes recent hotel industry market conditions in Coastal Orange County and the overall County.

EXECUTIVE SUMMARY

Based on the assessment of market conditions KMA identified the strengths, weaknesses and opportunities for each Study Area.

Lido Village

For Lido Village the market strengths, weaknesses and opportunities include the following:

Market Strengths

The market strengths for Lido Village include:

1. The income levels of area residents are very high.

2. The area has quick access from Pacific Coast Highway and the mainland.

3. Retail rents in the area can be very high, with newly remodeled centers achieving asking rents that exceed $4.00 per square foot per month.

4. The nearby Hoag Hospital may provide opportunities for medical office development and leasing.

5. Residential:

    a. The sales prices for residential units are currently lower than the peak levels. However, the prices are still extremely high and well exceed the County average.

    b. A very strong market exists for rental residential development. Rents for high-end apartments are very high, particularly for two and three bedroom units.

6. The existing City Hall site offers a great opportunity for catalyzing development opportunities in the area.

Market Weaknesses

The market weaknesses for Lido Village include:

1. Until consensus is reached on the redevelopment of the existing City Hall site, leasing will likely remain stagnant and development opportunities will remain on hold.

2. A wide range of rents are currently being achieved in the Lido Village Study Area. Rents are very high for projects with good visibility and quality finishes. However, much of the commercial space in this area has limited visibility and poor access; consequently rents are relatively low and vacancies are high.

3. Development opportunities in the area are negatively impacted by ownership patterns and parcelization, including multiple ground leases under Lido Marina Village.

4. The retail development along Newport Boulevard has limited parking. As a result, patrons of these establishments often seek spaces in nearby commercial centers and the City Hall parking lot.

5. Retail tenants in the area do not appear to benefit from the commercial boating enterprises that use the marina. In fact, some tenants believe these uses hinder the retail opportunities due to their heavy use of parking.

Market Opportunities

Based on the market conditions, KMA summarized the opportunities for retail, office, residential and hotel development in Lido Village.

<u>Retail</u>

Lido Village is a strong location; with high income levels, good access and waterfront properties. However, the existing development patterns, which include a significant inventory of small shop space, poor circulation patterns and limited visibility have resulted in relatively high vacancy rates and lower than expected rents. Further, the uncertainty over the redevelopment of the City Hall site will continue to limit market opportunities in the near term.

Tenant types that appear to have market support for this area include: quick-service dining, small-scale electronics, bookstores and other miscellaneous retailers. Mixed-use projects with ground-floor retail and residential above would likely have strong support.

In the long-term, larger-scale commercial opportunities could be available assuming access and visibility issues are addressed.

Office

Overall, the office market in the region is still recovering from the recession, with vacancy rates remaining relatively high. Lido Village is not viewed as a major office destination, and as such demand will likely be limited. Typically, smaller professional firms, such as attorneys, architects, consultants, and insurance agents are tenants in those secondary locations. However, the area benefits from its proximity to Hoag Hospital, which could be leveraged to attract medical related tenants to the area.

Existing zoning permits offices uses in Lido Village. However, it is important to note that there is a limitation that medical and dental office can only be located above the first floor of any building.

Residential

Overall, the residential market in the region is still recovering from the recession. However, Lido Village has significant appeal for residential development. Given the densities along the Peninsula and level of existing development in Lido Village, the area is best suited for multi-family development likely with some ground-floor commercial.

The City's current zoning guidelines for mixed-use development allows for up to a .50 Floor Area Ratio (FAR) for commercial and up to a 1.0 FAR for residential. This density level is consistent with the surrounding area, and would likely be well received in the market. Current market conditions suggest for-rent residential would be the best suited product type. A review of high end apartments in the City indicates larger units (two and three bedrooms) would have strong support.

Hotel

A boutique hotel with fewer than 100 rooms could have market support in the mid-term. A hotel would be best suited for a waterfront location; however, the waterfront land in Lido Village is under private ownership. This is a significant constraint, because hotels are notoriously difficult to finance, so they typically require investment returns that exceed that of other land uses. As a result, hotels typically support land values that are lower than retail, residential or office uses. These lower land values are unlikely to incentivize the owners to redevelop their properties with a hotel use.

Balboa Village

For Balboa Village the market strengths, weaknesses and opportunities include the following:

Market Strengths

The market strengths for Balboa Village include:

1. The income levels of area residents are very high.

2. Retail spaces with strong visibility characteristics are achieving rents at upwards of $4 per square foot per month. However, these spaces represent only a small percentage of the retail uses in Balboa Village.

3. The Fun Zone, marine operators and other commercial enterprises take advantage of the waterfront location. This connection and opportunity needs to be strengthened as much as possible to further enhance market opportunities.

4. Residential:

    a. The sales prices for residential units remain extremely high.

    b. A strong for-rent residential market exists, as rents are very high, particularly for two- and three-bedroom units.

5. The proposed Balboa Performing Arts Theater and ExplorOcean are uses that can potentially mitigate the seasonal demand exhibited in the Balboa Village Study Area. This may in turn catalyze other development:

    a. The Balboa Theater operators are currently projecting that the venue will be active over 220 days/nights per year.

    b. The ExplorOcean project is anticipated to include up to 40,000 square feet of space, including a 10,000 square foot Event Deck.

6. The City owns a 32,000 square foot, surface parking lot at the intersection of Palm Street and Balboa Boulevard. This site offers an excellent opportunity for catalytic development.

Market Weaknesses

The market weaknesses for Balboa Village include:

1. There are significant access concerns for Balboa Village, including high traffic volumes in the summer, and the long distance down the Peninsula.

2. There are a significant number of competing uses located along the route to Balboa Village. Both Lido Village and McFadden Square are located along the route to Balboa Village, and they currently offer a mix of restaurant and retail uses. It is difficult to entice consumers to drive past these locations to reach Balboa Village.

3. The perception exists that there is too much commercial development towards the end of the Peninsula. The low sales volumes of commercial tenants in Balboa Village support this notion.

4. Parking counts and anecdotal evidence indicate the area is extremely busy during the peak summer months, for the balance of the year, activity is relatively low.

5. A shortage of parking is a significant concern during the peak summer months.

6. The relatively small close-in population base limits potential demand for commercial development. The significant seasonality of the current visitation patterns further impacts the potential for commercial development.

Market Opportunities

Based on the market conditions, KMA summarized the opportunities for retail, office, residential and hotel development in Balboa Village.

Retail

Typically, retail demand is primarily driven by residents with support provided by visitors. While the income levels around Balboa Village are healthy, and the area benefits from a spectacular waterfront, there is a limited population base to support significant commercial development. For this reason, retail development will rely on visitors from outside the area to be sustainable.

The demand for retail development is constrained by the fact that drive times to access Balboa Village can be lengthy, and there are a number of intervening commercial opportunities along the way. These issues do not detract visitors in the peak summer months, but do limit opportunities during off-peak times.

The development of the ExplorOcean project and the opening of the Balboa Performing Arts Theater could create visitor demand during the off-peak season. This, in turn, could prove catalytic for commercial development. However, retail opportunities in Balboa Village will likely be limited, with demand focused on small-scale dining (particularly sit-down restaurants), local serving uses, and retailers that can benefit from visitor demand and the development of the catalytic projects. Potential tenancies are sundries shops; beach and sports equipment shops; a small neighborhood hardware store; florists; stationers; etc.

Office

Given access issues, Balboa Village is not viewed as an office destination, as such demand will likely be limited. Typically, smaller professional firms, such as attorneys, architects, consultants, insurance agents are tenants in these tertiary locations. However, demand for this type of space is anticipated to be minimal.

Residential

Overall, the residential market in the region is still recovering from the recession; however, Balboa Village still has appeal for residential development. Balboa Village includes a significant share of Mixed-Use Vertical zone parcels. These guidelines allow a .35 to .50 FAR for commercial and up to a 1.0 FAR for residential. Given the limited retail demand in Balboa Village, a mixed-use project in this area would likely be developed at a .35 FAR and 1.0 residential FAR. Current market conditions suggest for-rent residential would be the best suited product type for a mixed-use development.

Hotel

For Balboa Village, market demand may support a smaller hotel property in the 35 to 45 room range. However, it is important to note that it can be difficult to attract this type of hotel due to economies of scale, marketing and financing issues. Given these factors, it is unlikely that a private property owner would undertake this type of development. As such, this development type may be best suited for the City owned parking lot at Palm Street and Balboa Boulevard.

Mariner's Mile

For Mariner's Mile the market strengths, weaknesses and opportunities include the following:

Market Strengths

The market strengths for Mariner's Mile include:

1. The income levels of area residents are very high.

2. Retail and Restaurant Uses:

    a. Retail rents in the area can be high for shops with good visibility. Overall, rents in the area are starting to increase again after having fallen during 2008 and 2009.

    b. A new two-story commercial development is currently being constructed in the Study Area.

    c. The recent opening of Pizzeria Mozza demonstrates the Study Area's attractiveness for restaurants.

3. A vertical mixed-use project that includes ground-floor retail with residential above is in the planning stages. This demonstrates that there are mixed-use development opportunities in the Study Area.

4. As is the case with the other Study Areas strong market opportunities exist for both high-end apartment development and for-sale residential products.

5. Support has been identified for maintaining a place for marine uses in Newport Beach, and the Mariner's Mile Study Area is suited for these uses.

Market Weaknesses

The market weaknesses for Mariner's Mile include:

1. Physical constraints to development include height limits and narrow parcel depths.

2. High traffic volumes along Pacific Coast Highway limit the ability to provide on-street parking, and also make building ingress and egress challenging.

3. There is significant retail and office competition in the market area (e.g. Newport Center).

Market Opportunities

Based on the market conditions, KMA summarized the opportunities for retail, office, residential and hotel development in Mariner's Mile.

Retail

The recently proposed commercial project at Dover Drive and Pacific Coast Highway is projecting rents that are nearing $5.00 per square foot. Achievable rents of this magnitude clearly support new construction. Tenant types that appear to have market support for this area include: restaurants, additional high-end auto dealerships and retailers such as jewelry stores, small-scale electronics, etc.

It is also anticipated that retail in a mixed-use configuration with residential above would have strong support. The area could also continue to offer a home for marine related retail; however, the perception exists that this type of development is not compatible with other tenant types already in the area.

Office

Overall, the office market in the region is still recovering from the recession, with vacancy rates remaining relatively high. Similar to Lido Village, Mariner's Mile could be well suited for medical office development due to its proximity to Hoag Hospital. Overall, Mariner's Mile is not viewed as a major office destination, as such demand will likely be limited. Typically, smaller professional firms, such as attorneys, architects, consultants, insurance agents are tenants in these secondary locations.

Residential

Overall, the residential market in the region is still recovering from the recession; however, Mariner's Mile has some appeal for residential development. Given the densities along the Pacific Coast Highway, the area is only suited for rental or condominium development. The area could be particularly well suited for condominium development, as sales prices exceeding $1,500 per square foot were identified as potentially having market support.

Hotel

The Balboa Bay Club demonstrates the viability of hotel development in Mariner's Mile. However, other land uses will support higher land values, and therefore private property owners are unlikely to pursue hotel development absent the provision of public financial incentives. The opportunity for hotel development may be stronger in the other two Study Areas given the availability of publicly owned land that can be used to incentivize development.

SOCIO-ECONOMIC CHARACTERISTICS

Attachment 1 - Tables 1A, 1B and 1C provide summaries of the salient socio-economic characteristics for one-half mile, one-mile and three-mile market areas surrounding each of the Study Areas; the City; and the County.[1] These socio-economic characteristics are summarized in this section of the analysis.

Population

The City's 2011 population totals 72,500 persons. For the one-half mile market areas the population levels are:

- Lido Village – 4,600
- Balboa Village – 3,100
- Mariner's Mile – 3,500

The population density for the market areas is relatively low due to the overall development patterns, as well as the existence of ocean and the bay. In particular the population levels for Balboa Village are very low.

Households

There are 33,400 households in the City, with an average household size of 2.1 persons. This is much smaller than the County average of 3.1 persons per household. Given the relatively low population base, the number of households in the one-half mile market area for the Study Areas is also relatively low:

- Lido Village – 2,200 households (2.0 persons per household)
- Balboa Village – 1,600 households (1.9 persons per household)
- Mariner's Mile – 1,500 households (2.3 persons per household)

[1] The following locations were utilized for the market areas: City Hall site for Lido Village, intersection of Palm Street and Balboa Boulevard for Balboa Village and the intersection of Tustin Avenue and Pacific Coast Highway for Mariner's Mile.

Income

Incomes in the City average $67,400 per person, and $145,300 per household. For reference purposes, the household income in the City is 52% higher than the County average of $95,400. Given that the Orange County average income falls within the top 2% of the counties in the United States, it can be concluded that the Newport Beach population exhibits very-high incomes.

For the one-half mile ring around the Study Areas, the incomes levels are also relatively high:

- Lido Village - $58,400 per capita, $119,500 per household
- Balboa Village - $62,600 per capita, $116,600 per household
- Mariner's Mile - $65,400 per capita, $151,000 per household

As can be seen above, the per capita incomes in the market areas are lower than the City average, but are still significantly higher than the County average. In addition, in both Lido Village and Balboa Village, the household income levels are significantly lower than the City average. Comparatively, for Mariner's Mile the household income levels are comparable to the City; however, when the market area is expanded to one-mile, then Mariner's Mile is more consistent with Lido Village and Balboa Village.

Nearly 50% of the households in the City have household incomes over $100,000, compared to one-third of the households in the County. For the one-half mile ring around the Study Areas, the share of households earning over $100,000 is also very high:

- Lido Village – 41.8%
- Balboa Village – 39.0%
- Mariner's Mile – 48.6%

Demographic Characteristics

Key demographic characteristics affecting market conditions include age, education and race. The results of the KMA analysis are summarized as follows:

Age

The distribution of residents by age indicates a concentration of persons over the age of 65 in the City (19.8%) as compared to the County (11.8%). Given the larger share of older residents, the City also has a smaller share of residents under the age of 18 (15.3%) when compared to the County (24.8%). For the one-half mile ring around the Study Areas, the mix of residents differs depending on location:

1. Lido Village – This market area has a significant concentration of residents between 18 and 34 (36.0%) compared to the City (19.4%) and County (23.7%)

2. Balboa Village – The market area has very few residents under 18 (approximately 10%) and a concentration of residents over 65 (approximately 20%).

3. Mariner's Mile – The one-half mile market area has a slight concentration of residents under 18, and between 55 and 64. Comparatively, the one-mile market area shows concentrations of residents over 65, and residents between 18 and 34.

Education

Residents of the City are highly educated, as 62% of the residents over the age of 25 are college graduates, compared to 35% within the County. Within a one-half mile ring of the Study Areas, the residents are also highly educated:

1. Lido Village – 60% college graduates

2. Balboa Village – 57% college graduates

3. Mariner's Mile – 60% college graduates

Race

The population of Newport Beach is relatively homogeneous, as 89.8% of the residents are White, compared to 59.5% within the County. The populations within the one-half mile market area for the Study Areas, are generally consistent with the City:

1. Lido Village – 91% White

2. Balboa Village – 93% White

3. Mariner's Mile – 89% White

Population, Household and Employment Projections

Attachment 1 - Table 2 provides Southern California Association of Governments (SCAG) population, household and employment projections for the region.[2] As shown in the table, key SCAG projections are:

Population

1. In 2010, Newport Beach represented approximately 2.6% of the total County population, and 12.9% of the population in the five city region.

2. Between 2010 and 2015, the population growth in the City is projected at 3.4%. Comparatively, the growth in the region is estimated at 4.6% and the growth in the County is estimated at 4.1%.

3. The rate of population growth is expected to slowly decrease over time. By 2035, the annual growth is projected at approximately .5% per year for the region, .7% per year for the County and .9% per year for the City.

4. Between 2003 and 2035, the City's population is projected to increase by 19.6%, while the regional growth is estimated at 26%, and the County growth is estimated at 21.8%.

Employment

1. In 2010, Newport Beach currently represented 4.4% of the employment in the County and 14.5% of the employment in the five city region.

2. Between 2010 and 2015, employment in the City is projected to grow by .8%. During the same period the growth in the region is estimated at 5.9% and the growth in the County is estimated at 4.7%.

3. Between 2003 and 2035, employment is estimated to grow by 5.4%, while employment in the region is estimated to grow by 37.8%, and the County growth is estimated at 26.4%.

Employment and Business

Attachment 1 - Tables 3 and 4 provide a KMA review of the employment and business patterns in the one-mile ring around each of the Study Areas, the City and County. The results are summarized in the following sections of this analysis:

[2] The region includes Newport Beach, Costa Mesa, Huntington Beach, Irvine and Laguna Beach.

Lido Village

Employment within the Lido Village market area can be summarized as follows:

1. The share of retail trade and finance, insurance and real estate (FIRE) employment is generally consistent with the Countywide distribution.

2. Service sectors include health services, personal services, business services and legal services. The share of employment in service sectors in Lido Village is significantly higher than the County average (64% compared to 39%). This is largely attributable to health and business services that draw support from Hoag Hospital. The balance of the service business areas are actually relatively underrepresented in Lido Village.

3. Given the development patterns in the area, there are relatively few manufacturing jobs.

4. Overall, the market exhibits a relatively high ratio of jobs to population as compared to the County average (.9 residents per employee versus 2.1 residents per employee.)

The distribution of businesses within the Lido Village market area can be summarized as follows:

1. The share of retail and FIRE businesses in the market area is lower than the County average.

2. The share of service businesses in the market area is substantial (54% compared 46% in the County).

3. Overall, the number of employees per business in the market area is slightly smaller than the County (9.7 employees and 10.3 employees respectively).

4. Overall, there is a significant concentration of businesses in the market area, as there are 8.6 residents per business compared to 21.5 residents per business in the County.

Balboa Village

Employment within the Balboa Village market area can be summarized as follows:

1. The share of retail trade and FIRE employment is higher than the County.

2. There are relatively few employees in the service sector when compared to the County. The service sector includes health services, personal services, business services and legal services.

3. Balboa Village is dominated by residential uses. The ratio of the residential population to the employment population is 3:1 in Balboa Village, while the ratio in the County is 2.1:1.

The distribution of businesses within the Balboa Village market area can be summarized as follows:

1. Approximately 36% of the businesses In Balboa Village fall within the retail trade category. Comparatively, 14% of the businesses in the City are in this category, and 20% of the businesses in the County are in this category. In particular, there is a significant concentration of dining establishments and miscellaneous retail stores. These stores include sports and surf shops; souvenir shops; and stores that carry a variety of goods including sundries, accessories and apparel.

2. The share of service businesses in the market area is lower than the County (35% versus 46%).

3. The businesses in the market area are much smaller than the County (6.2 employees and 10.3 employees respectively).

4. The number of businesses in the market area is generally consistent with the County; there are 18.4 residents per business compared to 21.5 in the County.

Mariner's Mile

Employment within the Mariner's Mile market area can be summarized as follows:

1. The share of retail trade employment is generally consistent with the County.

2. Services businesses, such as health, business, legal and personal services, represent 60% of the businesses in Mariner's Mile. This is significantly higher than the 39% share exhibited in the County. In particular, Mariner's Mile has concentrations of health services employment in businesses that benefit from the proximity of Hoag Hospital.

3. Overall, there are a relatively high number of jobs to residents in the market area. There are 1.0 residents per job in the market area, compared to the County average of 2.1 residents per job.

The distribution of businesses within the Mariner's Mile market area can be summarized as follows:

1. The share of retail and FIRE businesses in the market area is consistent with the County average.

2. There is a healthy share of service businesses in the market area, due primarily to Hoag Hospital and its related ventures.

3. Overall, the businesses in the market area are slightly smaller than the County (9.1 employees and 10.3 employees, respectively).

4. There is a significant concentration of businesses in the market area, as there are 8.9 residents per business compared to 21.5 in the County.

RETAIL OVERVIEW

The following section of this analysis describes the various issues that influence the demand for retail development.

Retail Sales

As shown in Attachment 2 – Table 1, the taxable retail store sales in the City are much higher than the sales at the County and the State. In addition, the sales are higher than all the cities in the five city region except Costa Mesa. Within the City, the per capita taxable sales are particularly high for the following establishment types:

- Food & Beverage Stores
- Clothing & Clothing Accessories Stores
- General Merchandise Stores
- Food Services & Drinking Places
- Other Retail Group (e.g. florists, bookstores, stationers, sporting goods stores, etc.)

As shown in Attachment 2 – Table 2, the taxable sales per permit for all retail stores in the City are generally consistent with the County and State, but are higher than all the cities in the five city region except Irvine.

Surplus/Leakage Analysis

Attachment 2 - Tables 3 and 4 estimate the retail surplus/leakage for the City in 2011 and 2016, respectively. The projections are based on the following:

1. The base year for the projections is 2009, and the data source is the taxable sales recorded by the State Board of Equalization (SBE).

2. The taxable sales are adjusted to reflect the non-taxable nature of some sales.

3. The resulting sales are adjusted at an inflationary rate to estimate the 2011 and 2016 productivity levels.

4. The estimated retail potential is estimated based on the assumption that the residents exhibit expenditure patterns consistent with Countywide expenditures patterns.

The analysis indicates the following establishment types are leaking sales to the surrounding region:

- Home furnishings & supplies
- Building materials & garden equipment
- General merchandise stores
- Other retail stores

Attachment 2 – Table 5 provides estimates of the surplus/leakage for the City and the one-mile market areas around the Study Areas based on data supplied by Claritas. As shown in the table, the following establishment types demonstrate potential demand:

- For Lido Village the establishment types include: furniture & home furnishings, electronic & appliances, building materials, food & beverage, health & personal care, clothing, sporting goods, general merchandise and miscellaneous retailers.
- For Balboa Village the establishment types include: furniture & home furnishings, electronics & appliances, building materials, health and personal care, sporting goods, general merchandise and miscellaneous retailers.
- For Mariner's Mile the establishment types include: furniture & home furnishings, electronics & appliances, building materials, food & beverage, clothing, sporting goods and general merchandise.

All of the Study Areas demonstrate potential demand for the following tenant types: home furnishings, electronics & appliances, building materials, sporting goods and general merchandise.

Retail Rents

As shown in Attachment 2 – Table 6, the asking rents for retail shop space in the market area are relatively high. The list of comparables includes listings on the Newport Beach Peninsula and along Mariner's Mile. For this area, the rents range from $1.75 to $4.50 per square foot per month on a triple net (NNN) basis. The average rent in the market area is $2.65 per square foot per month.

- Lido Village - For space along Via Oporto in the Lido Village area, the asking rents are $2.00 per square foot per month and less. Comparatively, some of the highest asking rents in the area are for the Landing project at Newport and 30th ($4.25 per square foot per month). The significant range in rents for this area reflects importance of quality finishes, good visibility and easy access.

- Balboa Village – Only two current listings were identified for retail space in the Balboa Village area. The asking rents for space at 514 Oceanfront are $2.95 to $4.50 per square foot per month, with the high end of the range being charged for space with boardwalk frontage. The asking rent for 705 Balboa is $2.50 per square foot per month.

- Mariner's Mile – The asking rents in this area range between $1.75 and $3.50 per square foot per month depending on location, visibility and building quality.

Retail Building Sales

As shown in Attachment 2 – Table 7, the average sales price for retail buildings in the market area ranges considerably, from $400 to $1,000 per square foot, depending on location, quality of the building and the tenants. The average price for these buildings is $600 per square foot.

Retail Sales Volumes

To better understand the retail real estate conditions in Balboa Village, KMA reviewed the sales productivity levels being achieved by establishments in the Study Area. Specifically, the sales per square foot for retail establishments in the area were compared to regional and national norms. Sales per square foot that are higher than the norm indicate that additional development can potentially be supported. When sales are below the norms, there may be too many tenants vying for limited demand.

To conduct this analysis, the City provided sales tax and square footage data for Balboa Village businesses, KMA then conducted a site visit to confirm these assumptions. Due to confidentiality issues, KMA has not presented any numbers when discussing the sales volumes in Balboa Village. The analysis found the following:

1. There is significant seasonality in the sales; area wide sales in the peak season are nearly double the sales in the low season.

2. The average sales per square foot for clothing stores and miscellaneous retail stores in Balboa Village are very low when compared to regional and national norms.

3. The average sales per square foot for dining establishments in the area are much higher than the sales generated by clothing and miscellaneous retail stores. This is consistent with national and regional trends, where restaurant sales typically range from $400 to $500 per square foot, while the sales for most retail tenant types range from $250 to $350 per square foot.

4. While the restaurant productivity levels are relatively higher than other retailers in Balboa Village, the average sales per square foot are still lower than regional and national norms.

5. A small number of restaurants and retail shops in Balboa Village generate sales that meet or exceed regional and national averages. This illustrates the potential for well executed concepts in the area.

6. Overall, the commercial square footage in the area is generating sales that are significantly below what would be considered healthy for retail centers in Southern California and the nation.

The current sales volumes in Balboa Village suggest that there is a surplus of commercial space in Balboa Village. This can lead to property owners being forced to accept less desirable tenants, at lower rents, in order to keep the space occupied. This, in turn, can create to cash flow shortfalls that lead to owners deferring maintenance on the properties.

Typically, areas with low sales volumes also have low rental rates. Within Balboa Village current asking rents are still healthy, with owners seeking rates that exceed $2.50 per square foot, per month. However, these high rental rates coupled with the low sales volumes, will have a significant impact on retail feasibility, as tenants will struggle to remain viable.

Real Estate Professionals

KMA contacted a number of real estate professionals active in the Study Areas. Their general comments can be summarized as follows:

1. The Peninsula and Mariner's Mile are perceived as desirable locations.

2. Market conditions are improving as potential tenants are becoming more active.

3. There appears to be demand for both quick serve and sit-down restaurants in all three Study Areas.

4. City Constraints:

    a. The City's parking requirements make development difficult.

    b. There is a significant amount of public oversight for development projects, which makes development difficult.

The professionals contacted by KMA offered a variety of comments directly related to each Study Area. The range of comments can be summarized as follows:

Lido Village

1. Rents:

    a. Rents range significantly in the area, from less than $2.00 per square foot per month to over $4.00 per square foot per month.

    b. Rents are low and vacancies are high for Lido Marina Village because of visibility and access issues.

    c. The high rents and success of the repositioning of the Landing project at Newport Boulevard and 30th Street demonstrates the viability of commercial in the Lido Village area.

2. Development Constraints:

    a. Limited parking for retail space along Newport Boulevard strains shopping center parking lots in Lido Village area.

    b. Diverse ownership and ground lease restrictions inhibit redevelopment opportunities in Lido Village.

c. The party boats do not have a positive impact on commercial activities in Lido Village. Patrons embark and disembark without shopping. Further, the boats utilize a significant amount of parking.

3. Development Opportunities:

a. Residential and lodging uses could benefit commercial development in Lido Village.

b. Some tenants are in a holding pattern until the City decides what to do with the existing City Hall site.

c. Anchor space in Via Lido Plaza likely to be filled in the next 12 to 18 months.

Balboa Village

1. Commercial space can generate rents of up to $3.00 per square foot per month.

2. Development Constraints:

a. Access issues for Balboa Village will continue to inhibit commercial opportunities.

b. Relatively small population base will limit commercial demand in Balboa Village.

c. Balboa Village is difficult to redevelop. It works decently as it is now, but long-term opportunities are limited.

3. Development Opportunities:

4. Balboa Theater and ExplorOcean may act as catalytic developments for Balboa Village.

5. A public parking structure on the City lot located at Palm Street and Balboa Boulevard could enhance development opportunities.

6. Waterfront activities and accessibility can promote opportunities in Balboa Village.

7. Sprucing up existing Balboa Village retail would make the area more attractive.

8. Potential tenancies:

a. Outdoor dining;

b. Small retailers such as sundries shops, florists, stationers, etc.; and

c. A small, neighborhood serving, hardware store.

Mariner's Mile

1. Rents:

   a. Rents along Mariner's Mile have declined by 20% from their peak in 2007 and 2008.

   b. Rents for existing space range from $3.00 to $4.00 per square foot per month.

   c. New retail projects are asking rents near $5.00 per square foot per month.

2. Development Constraints:

   a. Parking is an issue along Mariner's Mile, particularly as there is a limited amount of peripheral parking along Pacific Coast Highway.

   b. High traffic speeds on Pacific Coast Highway adds to ingress and egress difficulty.

   c. The multiple boatyards in Mariner's Mile can make development difficult. There are also a lot of small users and to redevelop the area will be difficult.

3. Development Opportunities:

   a. Healthy interest from restaurants still exists for Mariner's Mile. In addition, demand appears to exist from small-scale electronic stores (e.g. mobile devices) personal trainers/gyms and fast-food restaurant tenants.

   b. There is potential demand for medical office space.

   c. Eclectic mix of tenant types along Mariner's Mile is likely to continue (e.g. automotive, marine, restaurants).

Retail Summary

Overall, the retail market can be characterized as follows:

1. Newport Beach is exporting sales in the following retail categories: home furnishings, building materials, general merchandise and miscellaneous retail.

2. Opportunities for retail development in the Study Areas, include: home furnishings, electronics, building materials, sporting goods and general merchandise.

3. A wide range of retail rents are being achieved in the Study Areas ($1.75 to $5.00 per square foot). The rent range reflects variations in location, visibility, access and building condition. New and updated projects with convenient location and good visibility can achieve very strong rents.

4. Retail building sales prices vary considerably ($400 to $1,000 per square foot). There have been relatively few sales, with prices varying based on location, tenancies and building quality.

OFFICE OVERVIEW

Market Conditions

A summary of the current office market conditions follows:

1. As shown in Attachment 3 – Table 1, CB Richard Ellis survey information indicates that the average rent for office space in the Greater Airport market area is $2.00 per square foot per month on a full-service gross (FSG) basis.

2. Attachment 3 – Table 2 presents Cushman and Wakefield's summary of office market conditions for the City. According to their report, the average monthly rent is $2.30 per square foot per month, with an overall vacancy rate of 15.1%.

3. Attachment 3 – Table 3 shows office asking rents for space on the Newport Peninsula and Mariner's Mile. Rents range from $1.85 to $3.50 per square foot per month. The weighted average is $2.55 per square foot per month[3] These rents are generally higher the City average.

[3] Some of the rents are NNN, which means that the expenses are passed on to the tenant.

4. Attachment 3 – Table 4 shows a summary of recent office building sales in the market area, with five transfers occurring during in the last two years. The sales prices average $340 per square foot of building area.

Office Summary

In general, the office market can be characterized as follows:

1. Vacancy rates in the market are still relatively high, but are decreasing.

2. The rents being achieved in the market area are relatively high.

3. Little new office development is currently occurring in the region.

Both the Lido Village and Mariner's Mile Study Areas have the potential to capitalize on the demand for medical office space created by Hoag Hospital. The balance of the office development potential is likely to be focused on small professional spaces; this type of development may be supported in each of the Study Areas. However, given location and accessibility issues, it is likely that the demand for office development will very limited in the Balboa Village area.

RESIDENTIAL OVERVIEW

Over the last decade, the region experienced significant residential price increases, followed by a decelerating and depreciating market during the past three plus years. A review of the existing residential market follows.

Housing Stock

A review of the City's housing stock is shown in Attachment 4 – Tables 1 and 2. Since 2000, the number of residential units in the City increased at a faster rate (16.7%) than both the State (11.3%) and the County (7.3%). In addition, the housing stock in the City has a smaller share of detached single-family homes (46%) when compared to the County (52%) and State (60%).

For-Sale Residential

Detached Units

Recent residential sales prices for detached units in the Peninsula market area are shown in Attachment 4 – Table 3.[4] As shown in the table, the median sales price, and the average price per square foot for the unit types are as follows:

Number of Bedrooms	Median Sales Price	Average Price Per Square Foot
One Bedroom [5]	$1,200,000	$2,400
Two Bedrooms	$950,000	$1,170
Three Bedrooms	$1,100,000	$660
Four Bedrooms	$1,400,000	$1,000

Attached Units

Recent residential sales prices for attached units in the Peninsula market area are shown in Attachment 4 – Table 4. As shown in the table, the median sales price and average price per square foot for the unit types are as follows:

Number of Bedrooms	Median Sales Price	Average Price Per Square Foot
One Bedroom	$259,000	$340
Two Bedrooms	$460,000	$500
Three Bedrooms	$555,000	$330
Four Bedrooms	$570,000	$300

Sales Price Trends

Attachment 4 – Table 5 shows the sales activity for single-family homes and condominium units in the City during 2008 and 2010. The following summarizes the changes in the single-family home prices in the 92663 zip code between 2008 and 2010:

[4] Data is from November 2010 to November 2011.
[5] The sample only includes six sales.

Year	Median Sales Price	Average Price Per Square Foot	Number of Units in the Sample
2008	$2,000,000	$1,170	99
2010	$1,300,000	$858	136
Change		27% decrease	37% increase

The following summarizes the changes in single-family home prices in the 92661 zip code between 2008 and 2010:

Year	Median Sales Price	Average Price Per Square Foot	Number of Units in the Sample
2008	$2,000,000	$1,747	27
2010	$2,000,000	$1,233	48
Change		29% decrease	78% increase

For-Rent Residential

Based on data supplied by RealFacts, Attachment 4 – Table 6 presents the trend of rents and occupancy levels from 2003 through 2011. In 2011, the average asking rent was $1,950 per month, and the average occupancy rate was 96%. Attachment 4 – Table 7 shows the average asking rents for the various unit configurations in the City.

In addition, to the collecting data from RealFacts, KMA also conducted a survey of high-end apartment projects in the City. The results of this survey are summarized in Attachment 4 – Table 8. As shown in the following table, the average rental rate and price per square foot for the unit types are:

Number of Bedrooms	Average Rental Rate	Average Rent Per Square Foot
Studio	$2,100	$2.90
One Bedroom	$2,280	$2.70
Two Bedrooms	$2,270	$2.40
Three Bedrooms	$5,000	$2.70

The rents being achieved in the high-end projects are very strong. In addition, an extraordinary premium is being achieved for large three-bedroom units.

Residential Summary

The for-sale housing market within Southern California and Orange County is currently in a state of retrenchment. The for-sale housing market within the City began weakening in the beginning of 2008, and the per square foot sales prices have declined in much of the City. However, the currently achievable sales prices are potentially high enough to attract new development.

The achievable apartment rents at projects in the City are very strong. In particular the rents generated at projects such as The Colony, Promontory Point and The Terrace Apartments at Balboa Bay Club are very high. Given these rents, and occupancy levels, luxury apartment projects in the Study Areas would likely demonstrate healthy market support.

HOTEL OVERVIEW

Market Conditions

The market conditions for hotels can be summarized as follows:

1. Attachment 5 – Table 1, presents the occupancy levels for Coastal Orange County hotels between 2005 and 2011:

    a. Both Coastal Orange County and Orange County hotels reached peak occupancy levels during 2007. The occupancy rates declined in 2008 and 2009, and began rebounding in 2010.

    b. The current occupancy rates in Coastal Orange County are estimated at 67%. The occupancy rate for Orange County is approximately 70%.

2. Attachment 5 – Table 2 shows the changes in Average Daily Rate (ADR) for hotels between 2005 and 2011:

    a. As was the case with the occupancy levels, both Coastal Orange County and Orange County reached peak ADR's in 2007.

    b. For Coastal Orange County, the 2011 ADR is estimated at $230, which is higher than 2005, but lower than the peak year of 2007. The Countywide pattern is similar, with a 2011 ADR of $120, which is lower than the peak year of 2007.

3. To assess a hotel's cash flow, the occupancy rates and the achievable room rates are combined to arrive at the Revenue per Available Room (RevPAR). Attachment 5 – Table 3 shows the changes in RevPAR) during this period. RevPAR between 2005 and 2011:

    a. For Coastal Orange County, the RevPAR reached its height in 2007 ($180) and its nadir in 2009 ($130). The pattern was similar for the County, which exhibited its lowest RevPAR in 2009.

    b. For 2011, RevPAR is projected at $160 for Coastal Orange County and $80 in the County.

    c. These trends follow much of the nation, which saw a slowing in the hotel industry beginning in 2007 and continuing through 2010. Since 2010, the hotel industry has demonstrated signs of improvement.

4. Attachment 5 - Table 4 summarizes much of the information presented in the previous tables. In addition, these tables show the annual number of room nights occupied in each area:

    a. For Coastal Orange County, the number of occupied room nights reached its lowest point in 2009 at 1.1 million room nights.

    b. Between 2009 and 2011, the number of occupied room nights is projected to increase 18% to 1.3 million.

    c. The healthy increase in occupied room nights, in conjunction with the RevPAR, indicates a healthier hotel market for Coastal Orange County.

Hotel Summary

The lodging market can be summarized as follows:

1. The ADR and RevPAR numbers for Coastal Orange County significantly exceed the County.

2. The hotel market fluctuated between 2005 and 2011, with high RevPARs achieved in 2006 and 2007 followed by two declining years.

3. Since 2009, the hotel market has begun to stabilize, with occupied room nights and RevPAR increasing for both Coastal Orange County and Orange County.

The hotel market in the five city region is currently improving. For Coastal Orange County, occupancy levels and ADRs have increased since 2009. Given these improvements, the possibility of hotel development is improving.

LIMITING CONDITIONS

1. The analysis contained in this document is based, in part, on data from secondary sources such as state and local government, planning agencies, real estate brokers, and other third parties. While KMA believes that these sources are reliable, we cannot guarantee their accuracy.

2. The analysis assumes that neither the local nor national economy will experience a major recession. If an unforeseen change occurs in the economy, the conclusions contained herein may no longer be valid.

3. The findings are based on economic rather than political considerations. Therefore, they should be construed neither as a representation nor opinion that government approvals for development can be secured.

4. Market feasibility is not equivalent to financial feasibility; other factors apart from the level of demand for a land use are of crucial importance in determining feasibility. These factors include the cost of acquiring sites, relocation burdens, traffic impacts, remediation of toxics (if any), and mitigation measures required through the approval process.

5. Development opportunities are assumed to be achievable during the specified time frame. A change in development schedule requires that the conclusions contained herein be reviewed for validity.

6. The analysis, opinions, recommendations and conclusions of this document are KMA's informed judgment based on market and economic conditions as of the date of this report. Due to the volatility of market conditions and complex dynamics influencing the economic conditions of the building and development industry, conclusions and recommended actions contained herein should not be relied upon as sole input for final business decisions regarding current and future development and planning.

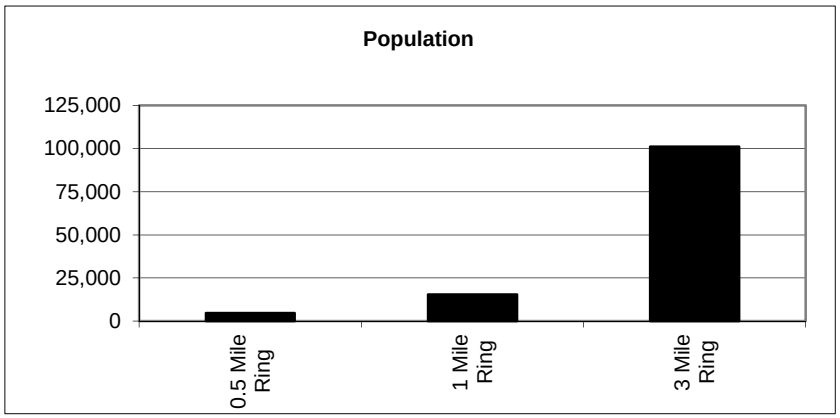
ATTACHMENT 1

DEMOGRAPHIC INFORMATION

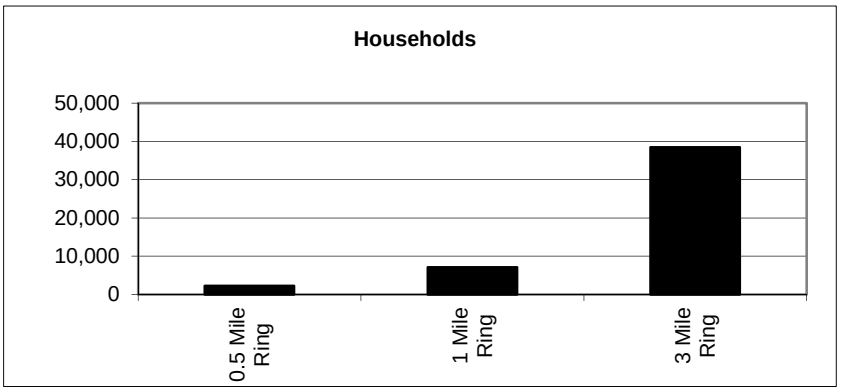
ATTACHMENT 1 - TABLE 1A

2011 SOCIO-ECONOMIC CHARACTERISTICS
LIDO VILLAGE
LIDO VILLAGE, BALBOA VILLAGE, MARINER'S MILE MARKET STUDY
NEWPORT BEACH, CALIFORNIA

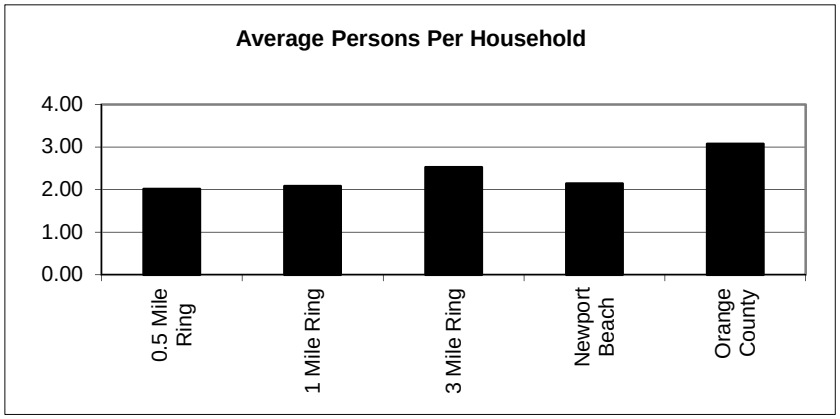
Population	
0.5 Mile Ring	4,600
1 Mile Ring	15,400
3 Mile Ring	101,100
Newport Beach	72,500
Orange County	3,063,500



Households	
0.5 Mile Ring	2,200
1 Mile Ring	7,100
3 Mile Ring	38,500
Newport Beach	33,400
Orange County	984,100



Average Persons Per Hhold	
0.5 Mile Ring	2.01
1 Mile Ring	2.08
3 Mile Ring	2.52
Newport Beach	2.14
Orange County	3.07

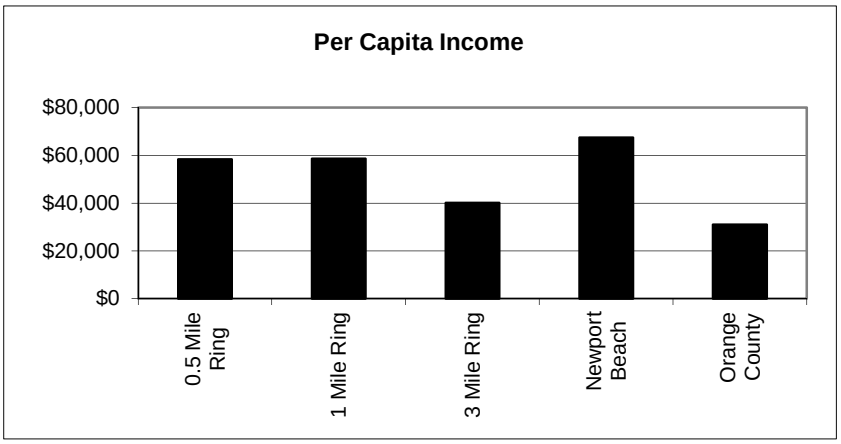


Source: Claritas 11/2011

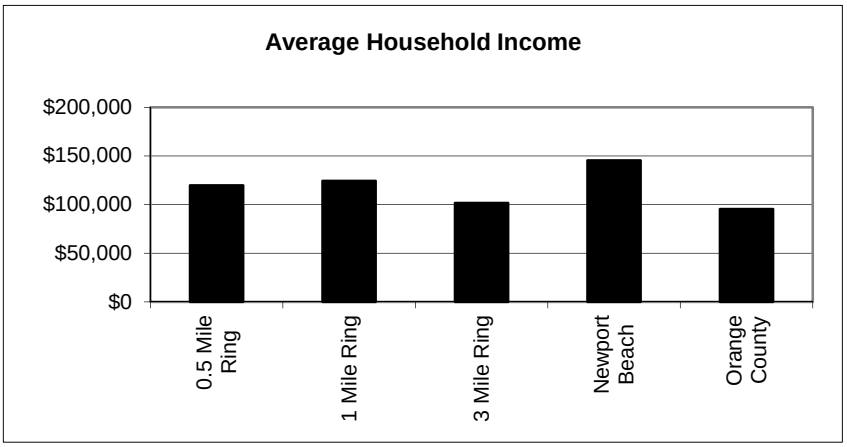
ATTACHMENT 1 - TABLE 1A (Continued)

2011 SOCIO-ECONOMIC CHARACTERISTICS
LIDO VILLAGE
LIDO VILLAGE, BALBOA VILLAGE, MARINER'S MILE MARKET STUDY
NEWPORT BEACH, CALIFORNIA

Per Capita Income	
0.5 Mile Ring	$58,400
1 Mile Ring	$58,600
3 Mile Ring	$40,100
Newport Beach	$67,400
Orange County	$31,000



Average Household Income	
0.5 Mile Ring	$119,500
1 Mile Ring	$124,400
3 Mile Ring	$101,600
Newport Beach	$145,300
Orange County	$95,400



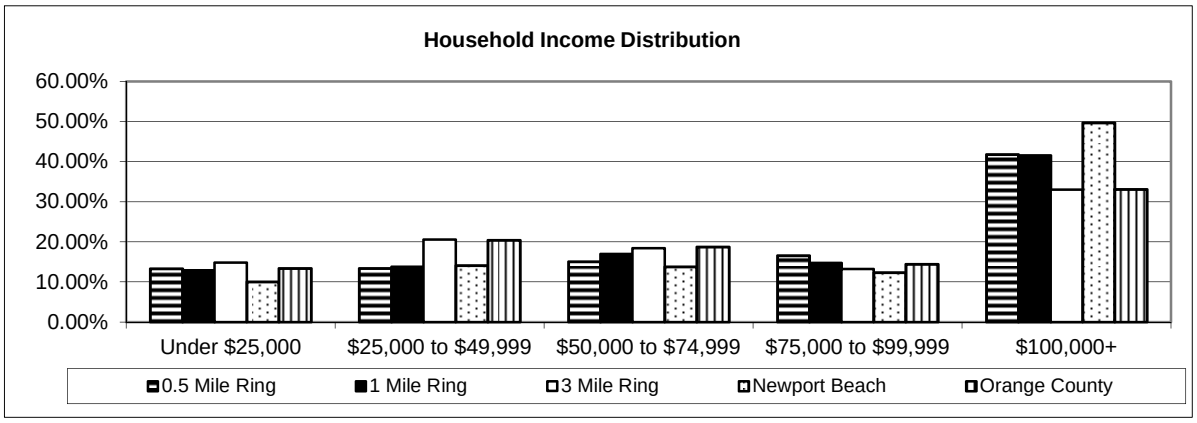
Source: Claritas 11/2011

ATTACHMENT 1 - TABLE 1A (Continued)

2011 SOCIO-ECONOMIC CHARACTERISTICS
LIDO VILLAGE
LIDO VILLAGE, BALBOA VILLAGE, MARINER'S MILE MARKET STUDY
NEWPORT BEACH, CALIFORNIA

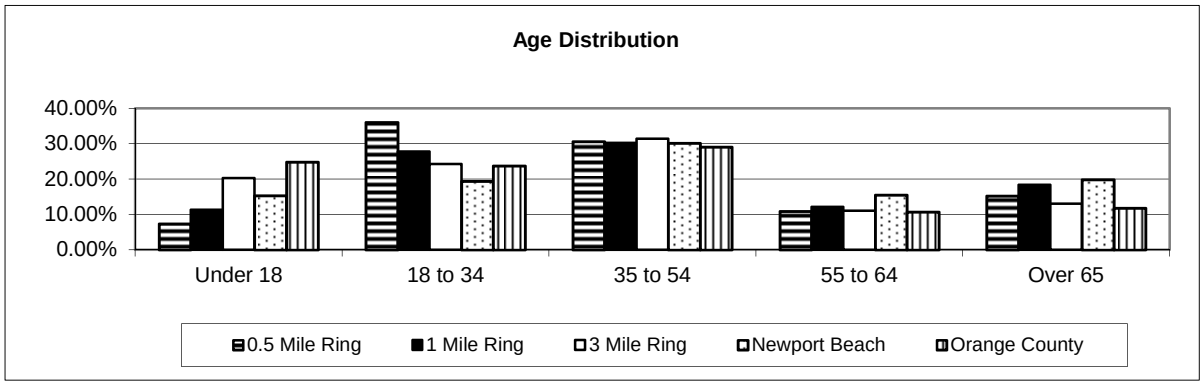
Household Income Distribution

	Under $25,000	$25,000 to $49,999	$50,000 to $74,999	$75,000 to $99,999	$100,000+
0.5 Mile Ring	13.31%	13.36%	15.02%	16.55%	41.78%
1 Mile Ring	12.92%	13.79%	17.01%	14.75%	41.55%
3 Mile Ring	14.85%	20.54%	18.41%	13.21%	32.97%
Newport Beach	10.05%	14.11%	13.79%	12.38%	49.66%
Orange County	13.42%	20.37%	18.74%	14.44%	33.05%



Age Distribution

	Under 18	18 to 34	35 to 54	55 to 64	Over 65
0.5 Mile Ring	7.35%	35.99%	30.56%	10.85%	15.26%
1 Mile Ring	11.36%	27.80%	30.24%	12.18%	18.42%
3 Mile Ring	20.29%	24.29%	31.37%	11.05%	13.01%
Newport Beach	15.28%	19.38%	30.09%	15.45%	19.79%
Orange County	24.83%	23.68%	29.05%	10.69%	11.76%



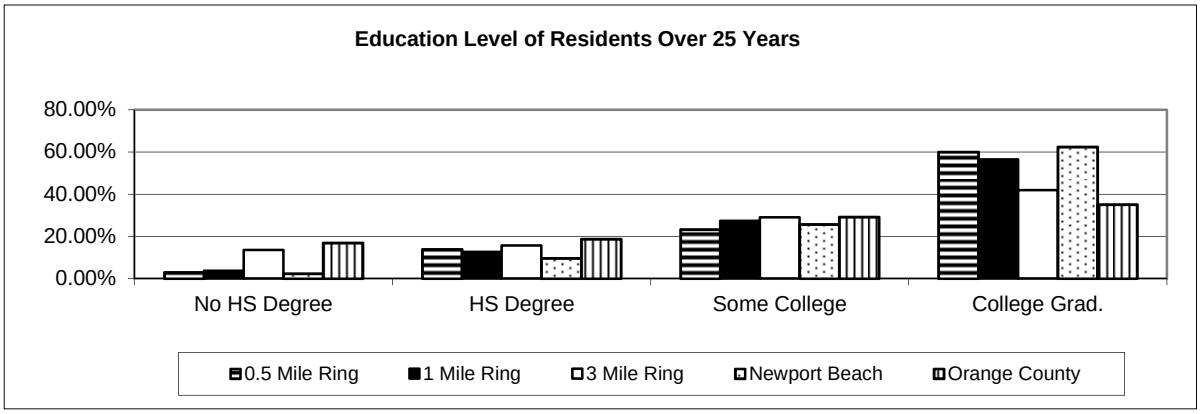
Source: Claritas 11/2011

ATTACHMENT 1 - TABLE 1A (Continued)

2011 SOCIO-ECONOMIC CHARACTERISTICS
LIDO VILLAGE
LIDO VILLAGE, BALBOA VILLAGE, MARINER'S MILE MARKET STUDY
NEWPORT BEACH, CALIFORNIA

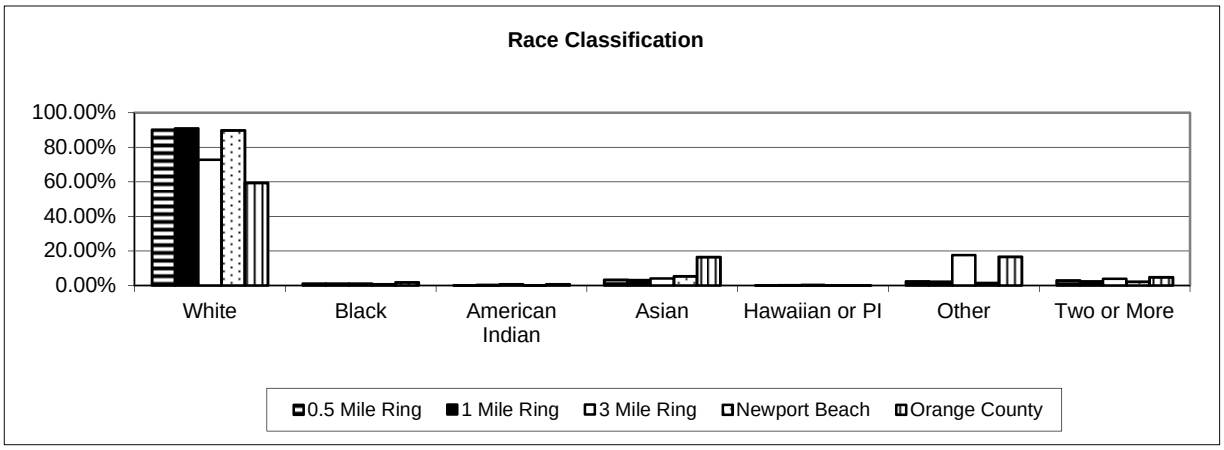
Education Level of Residents Over 25 Years

	No HS Degree	HS Degree	Some College	College Grad.
0.5 Mile Ring	2.89%	13.91%	23.28%	59.90%
1 Mile Ring	3.67%	12.63%	27.30%	56.41%
3 Mile Ring	13.49%	15.62%	28.96%	41.92%
Newport Beach	2.35%	9.65%	25.66%	62.34%
Orange County	16.95%	18.73%	29.18%	35.13%



Race Classification

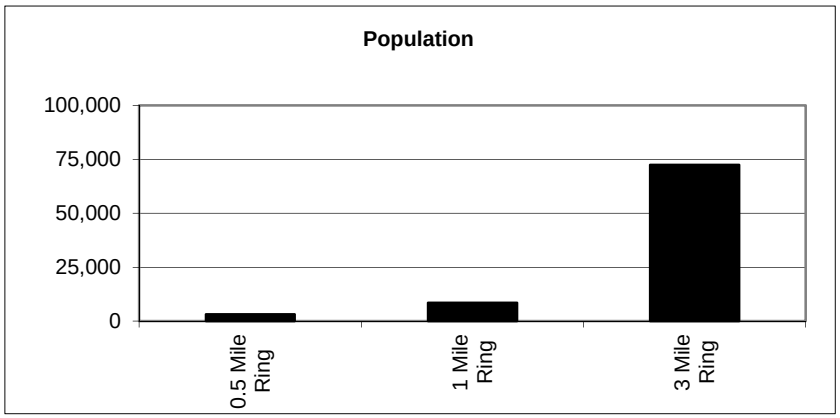
	White	Black	American Indian	Asian	Hawaiian or PI	Other	Two or More
0.5 Mile Ring	90.15%	1.03%	0.31%	3.27%	0.13%	2.25%	2.86%
1 Mile Ring	90.92%	0.96%	0.29%	3.12%	0.18%	2.15%	2.38%
3 Mile Ring	72.66%	0.97%	0.70%	3.98%	0.32%	17.59%	3.78%
Newport Beach	89.80%	0.73%	0.26%	5.38%	0.12%	1.48%	2.23%
Orange County	59.45%	1.74%	0.73%	16.49%	0.33%	16.55%	4.71%



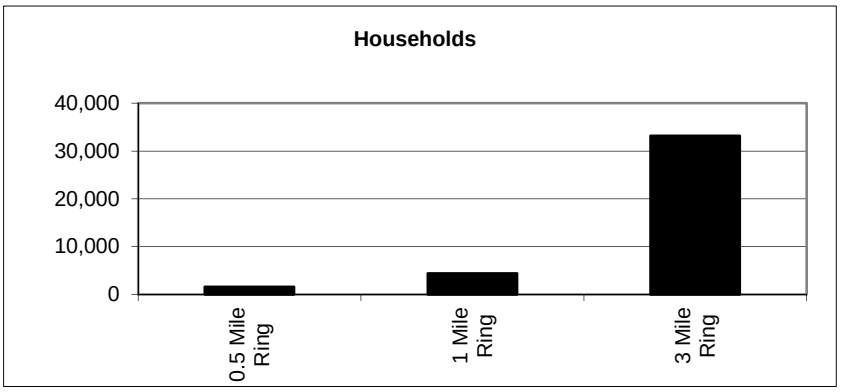
ATTACHMENT 1 - TABLE 1B

2011 SOCIO-ECONOMIC CHARACTERISTICS
BALBOA VILLAGE
LIDO VILLAGE, BALBOA VILLAGE, MARINER'S MILE MARKET STUDY
NEWPORT BEACH, CALIFORNIA

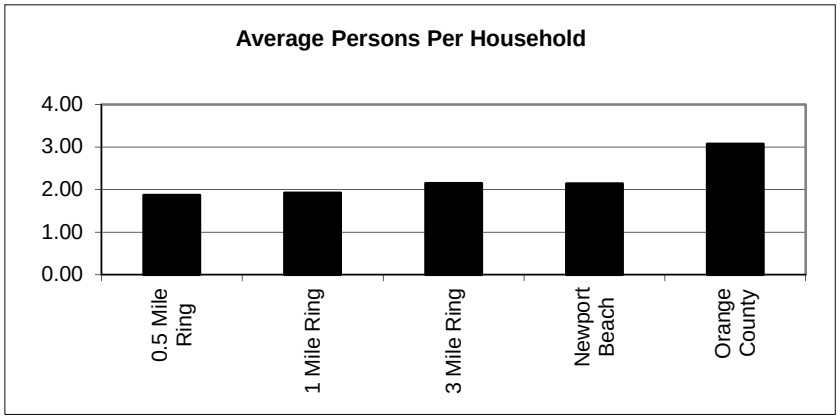
Population	
0.5 Mile Ring	3,100
1 Mile Ring	8,500
3 Mile Ring	72,400
Newport Beach	72,500
Orange County	3,063,500



Households	
0.5 Mile Ring	1,600
1 Mile Ring	4,400
3 Mile Ring	33,200
Newport Beach	33,400
Orange County	984,100



Average Persons Per Hhold	
0.5 Mile Ring	1.87
1 Mile Ring	1.92
3 Mile Ring	2.15
Newport Beach	2.14
Orange County	3.07

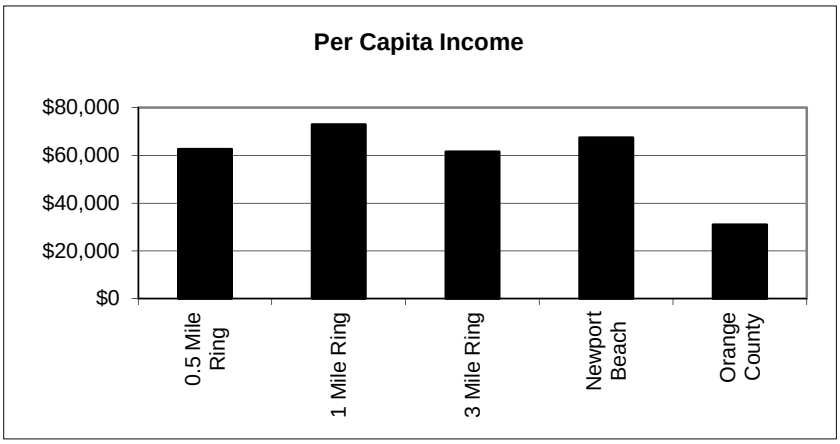


Source: Claritas 11/2011

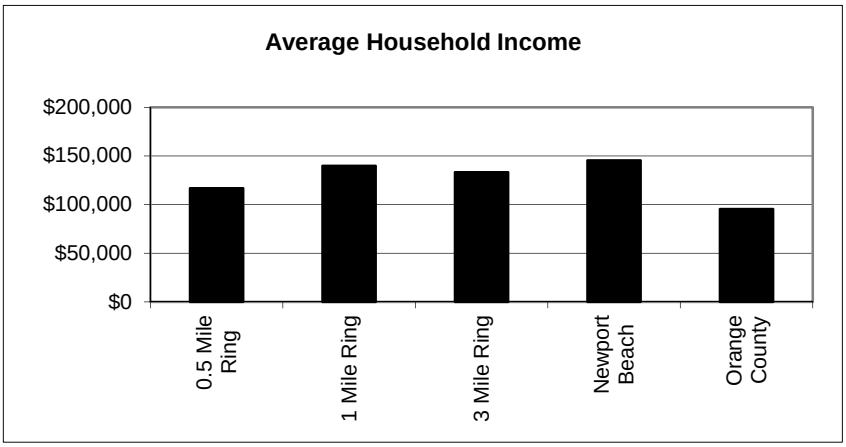
ATTACHMENT 1 - TABLE 1B (Continued)

2011 SOCIO-ECONOMIC CHARACTERISTICS
BALBOA VILLAGE
LIDO VILLAGE, BALBOA VILLAGE, MARINER'S MILE MARKET STUDY
NEWPORT BEACH, CALIFORNIA

Per Capita Income	
0.5 Mile Ring	$62,600
1 Mile Ring	$73,000
3 Mile Ring	$61,500
Newport Beach	$67,400
Orange County	$31,000



Average Household Income	
0.5 Mile Ring	$116,600
1 Mile Ring	$139,700
3 Mile Ring	$133,100
Newport Beach	$145,300
Orange County	$95,400



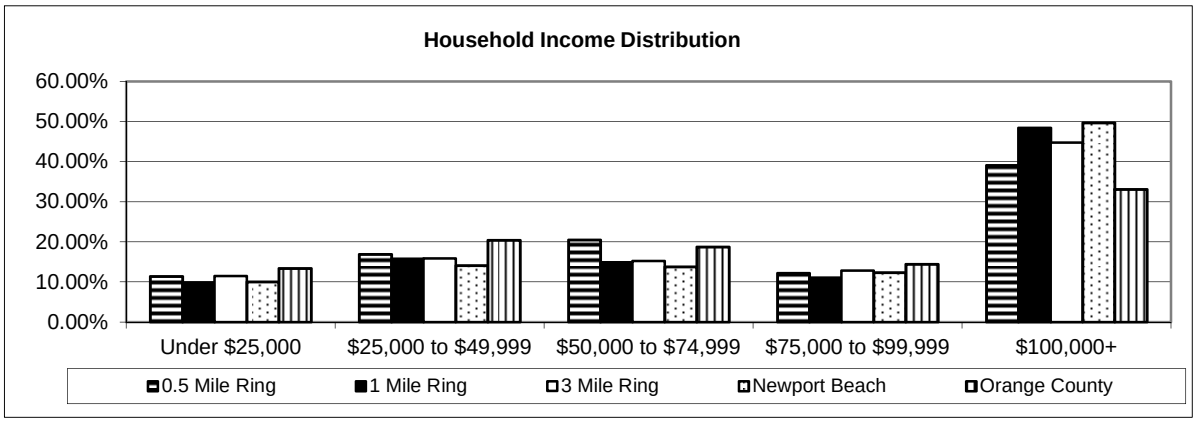
Source: Claritas 11/2011

ATTACHMENT 1 - TABLE 1B (Continued)

2011 SOCIO-ECONOMIC CHARACTERISTICS
BALBOA VILLAGE
LIDO VILLAGE, BALBOA VILLAGE, MARINER'S MILE MARKET STUDY
NEWPORT BEACH, CALIFORNIA

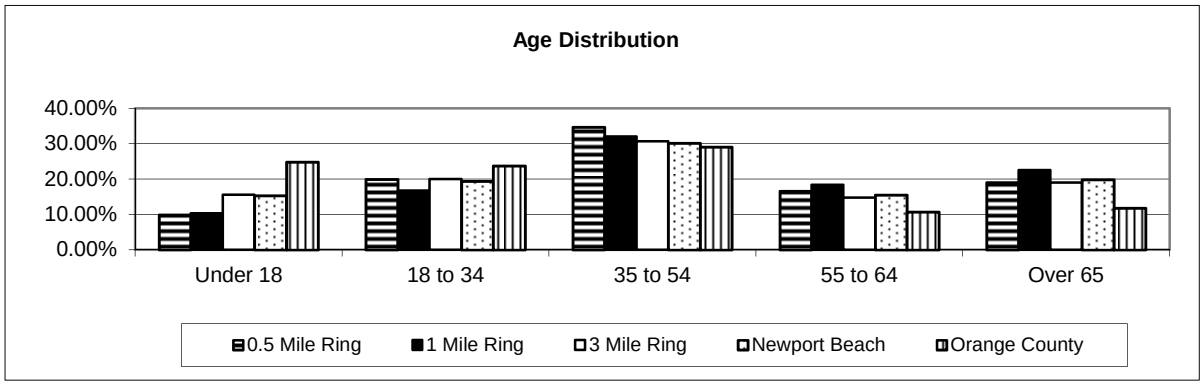
Household Income Distribution

	Under $25,000	$25,000 to $49,999	$50,000 to $74,999	$75,000 to $99,999	$100,000+
0.5 Mile Ring	11.37%	16.86%	20.46%	12.16%	39.03%
1 Mile Ring	9.87%	15.78%	14.89%	11.09%	48.37%
3 Mile Ring	11.43%	15.82%	15.18%	12.85%	44.71%
Newport Beach	10.05%	14.11%	13.79%	12.38%	49.66%
Orange County	13.42%	20.37%	18.74%	14.44%	33.05%



Age Distribution

	Under 18	18 to 34	35 to 54	55 to 64	Over 65
0.5 Mile Ring	9.88%	19.92%	34.61%	16.55%	19.01%
1 Mile Ring	10.37%	16.74%	32.02%	18.35%	22.52%
3 Mile Ring	15.54%	20.03%	30.65%	14.74%	19.03%
Newport Beach	15.28%	19.38%	30.09%	15.45%	19.79%
Orange County	24.83%	23.68%	29.05%	10.69%	11.76%



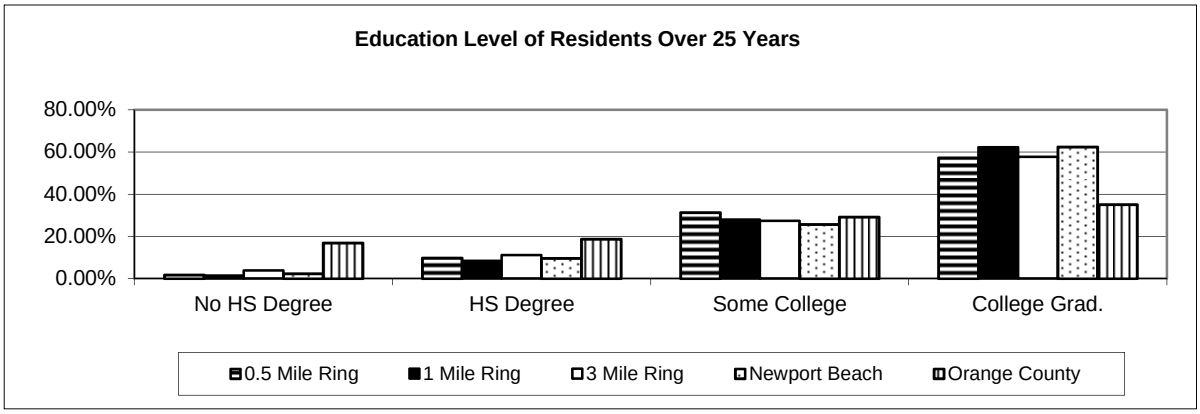
Source: Claritas 11/2011

ATTACHMENT 1 - TABLE 1B (Continued)

2011 SOCIO-ECONOMIC CHARACTERISTICS
BALBOA VILLAGE
LIDO VILLAGE, BALBOA VILLAGE, MARINER'S MILE MARKET STUDY
NEWPORT BEACH, CALIFORNIA

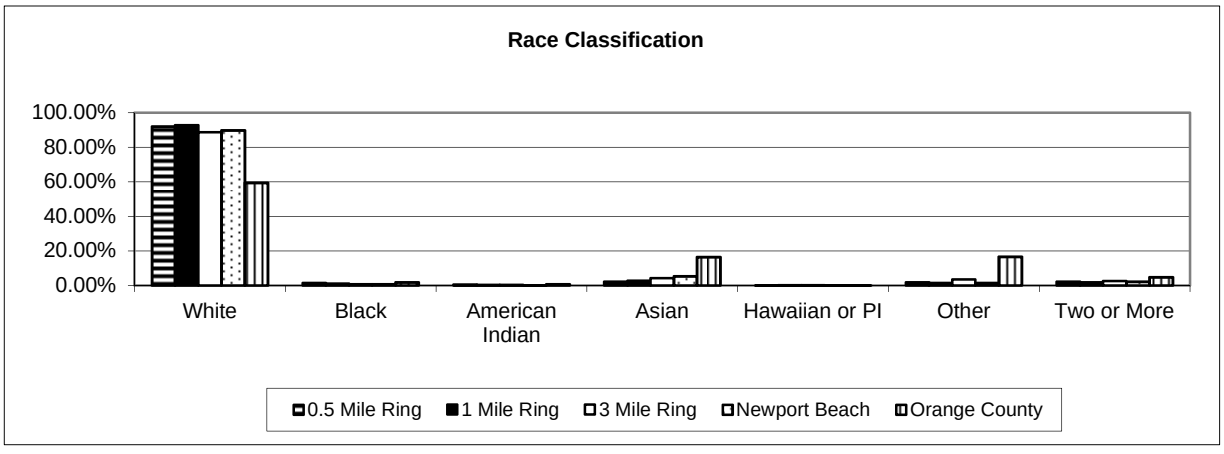
Education Level of Residents Over 25 Years

	No HS Degree	HS Degree	Some College	College Grad.
0.5 Mile Ring	1.75%	9.76%	31.29%	57.17%
1 Mile Ring	1.42%	8.41%	28.01%	62.17%
3 Mile Ring	3.81%	11.16%	27.41%	57.62%
Newport Beach	2.35%	9.65%	25.66%	62.34%
Orange County	16.95%	18.73%	29.18%	35.13%



Race Classification

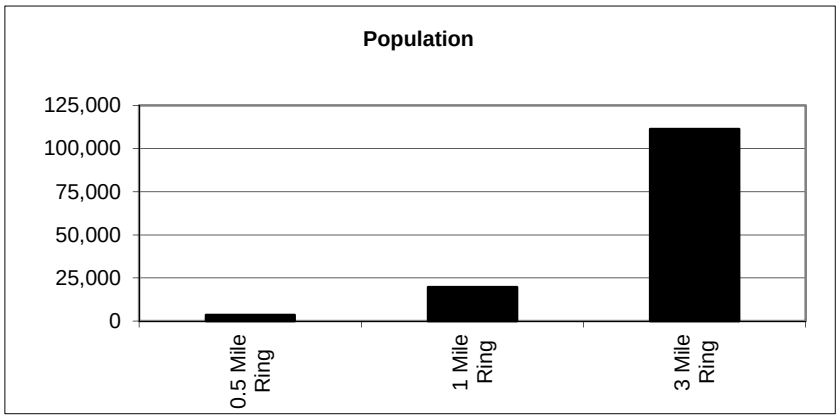
	White	Black	American Indian	Asian	Hawaiian or PI	Other	Two or More
0.5 Mile Ring	91.99%	1.31%	0.56%	2.06%	0.26%	1.73%	2.09%
1 Mile Ring	92.71%	0.94%	0.29%	2.76%	0.14%	1.42%	1.75%
3 Mile Ring	88.67%	0.75%	0.31%	4.23%	0.17%	3.43%	2.45%
Newport Beach	89.80%	0.73%	0.26%	5.38%	0.12%	1.48%	2.23%
Orange County	59.45%	1.74%	0.73%	16.49%	0.33%	16.55%	4.71%



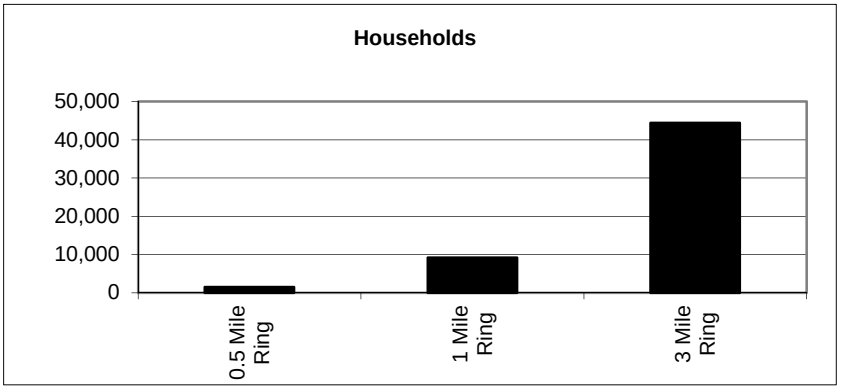
ATTACHMENT 1 - TABLE 1C

2011 SOCIO-ECONOMIC CHARACTERISTICS
MARINER'S MILE
LIDO VILLAGE, BALBOA VILLAGE, MARINER'S MILE MARKET STUDY
NEWPORT BEACH, CALIFORNIA

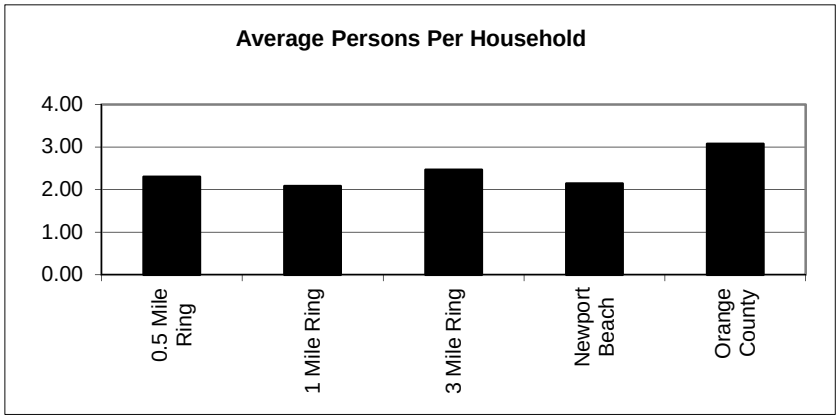
Population	
0.5 Mile Ring	3,500
1 Mile Ring	19,700
3 Mile Ring	111,300
Newport Beach	72,500
Orange County	3,063,500



Households	
0.5 Mile Ring	1,500
1 Mile Ring	9,200
3 Mile Ring	44,400
Newport Beach	33,400
Orange County	984,100



Average Persons Per Hhold	
0.5 Mile Ring	2.30
1 Mile Ring	2.08
3 Mile Ring	2.46
Newport Beach	2.14
Orange County	3.07

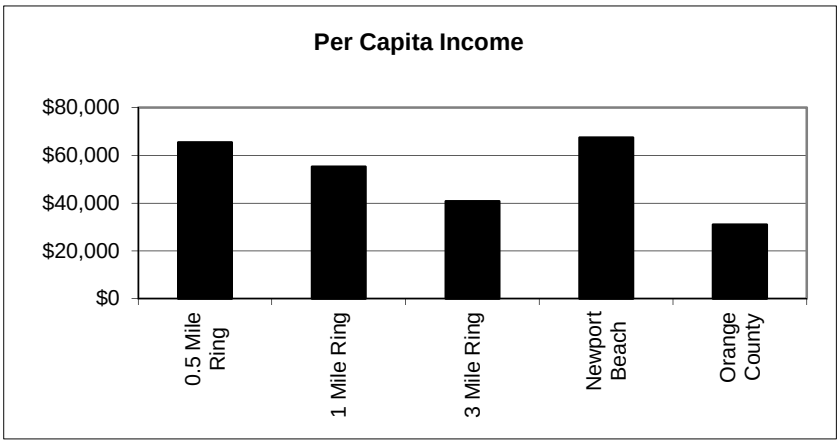


Source: Claritas 11/2011

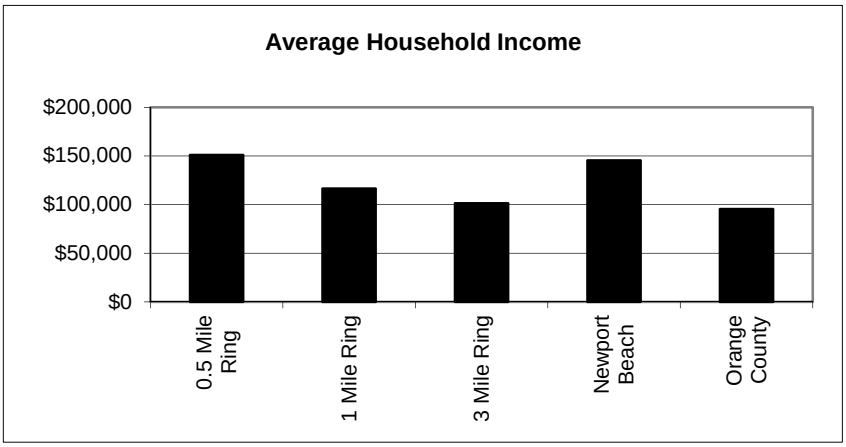
ATTACHMENT 1 - TABLE 1C (Continued)

2011 SOCIO-ECONOMIC CHARACTERISTICS
MARINER'S MILE
LIDO VILLAGE, BALBOA VILLAGE, MARINER'S MILE MARKET STUDY
NEWPORT BEACH, CALIFORNIA

Per Capita Income	
0.5 Mile Ring	$65,400
1 Mile Ring	$55,200
3 Mile Ring	$40,800
Newport Beach	$67,400
Orange County	$31,000



Average Household Income	
0.5 Mile Ring	$151,000
1 Mile Ring	$116,500
3 Mile Ring	$101,300
Newport Beach	$145,300
Orange County	$95,400



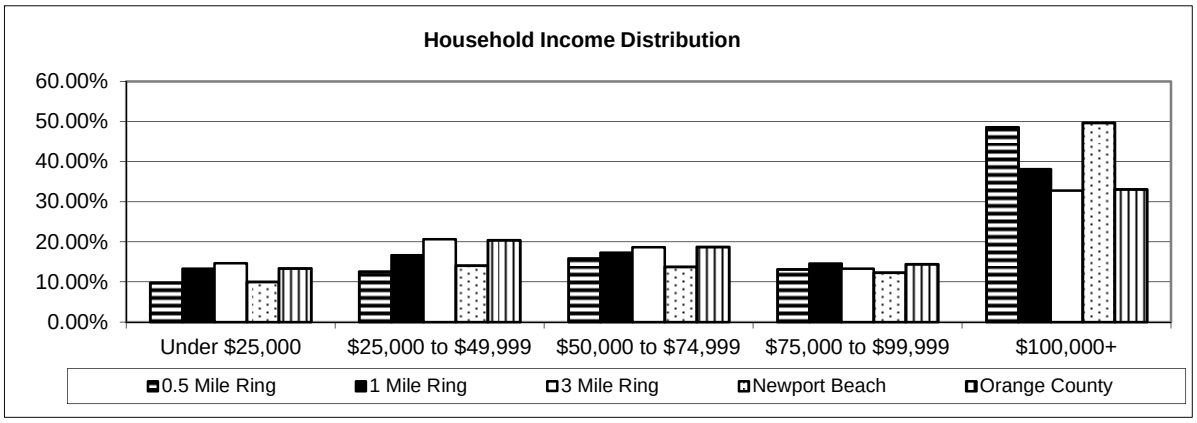
Source: Claritas 11/2011

ATTACHMENT 1 - TABLE 1C (Continued)

2011 SOCIO-ECONOMIC CHARACTERISTICS
MARINER'S MILE
LIDO VILLAGE, BALBOA VILLAGE, MARINER'S MILE MARKET STUDY
NEWPORT BEACH, CALIFORNIA

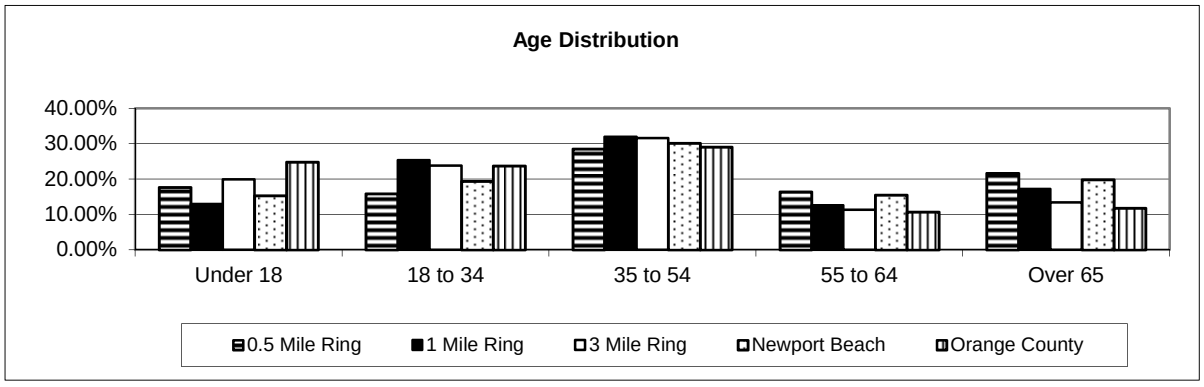
Household Income Distribution

	Under $25,000	$25,000 to $49,999	$50,000 to $74,999	$75,000 to $99,999	$100,000+
0.5 Mile Ring	9.79%	12.61%	15.83%	13.14%	48.56%
1 Mile Ring	13.31%	16.63%	17.33%	14.61%	38.10%
3 Mile Ring	14.65%	20.67%	18.62%	13.33%	32.75%
Newport Beach	10.05%	14.11%	13.79%	12.38%	49.66%
Orange County	13.42%	20.37%	18.74%	14.44%	33.05%



Age Distribution

	Under 18	18 to 34	35 to 54	55 to 64	Over 65
0.5 Mile Ring	17.65%	15.89%	28.45%	16.41%	21.60%
1 Mile Ring	12.97%	25.36%	31.90%	12.60%	17.16%
3 Mile Ring	19.87%	23.84%	31.60%	11.30%	13.39%
Newport Beach	15.28%	19.38%	30.09%	15.45%	19.79%
Orange County	24.83%	23.68%	29.05%	10.69%	11.76%

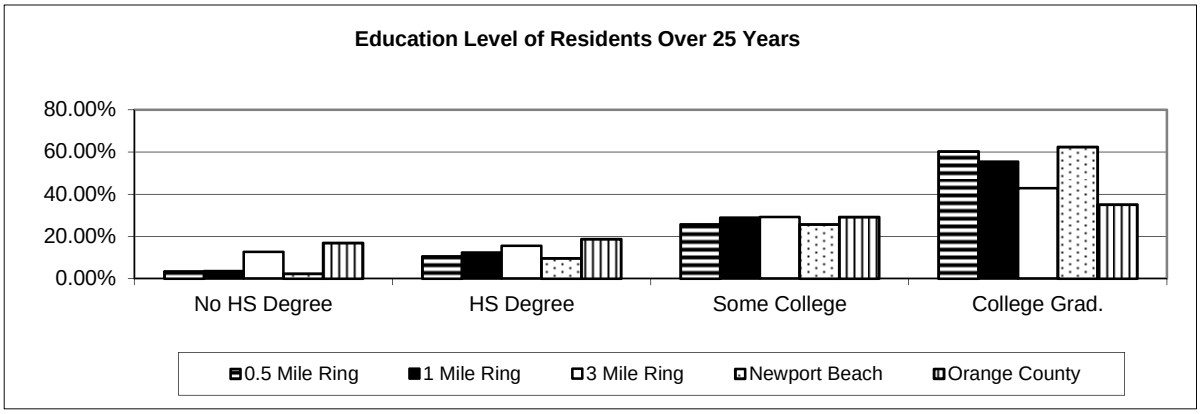


Source: Claritas 11/2011

2011 SOCIO-ECONOMIC CHARACTERISTICS
MARINER'S MILE
LIDO VILLAGE, BALBOA VILLAGE, MARINER'S MILE MARKET STUDY
NEWPORT BEACH, CALIFORNIA

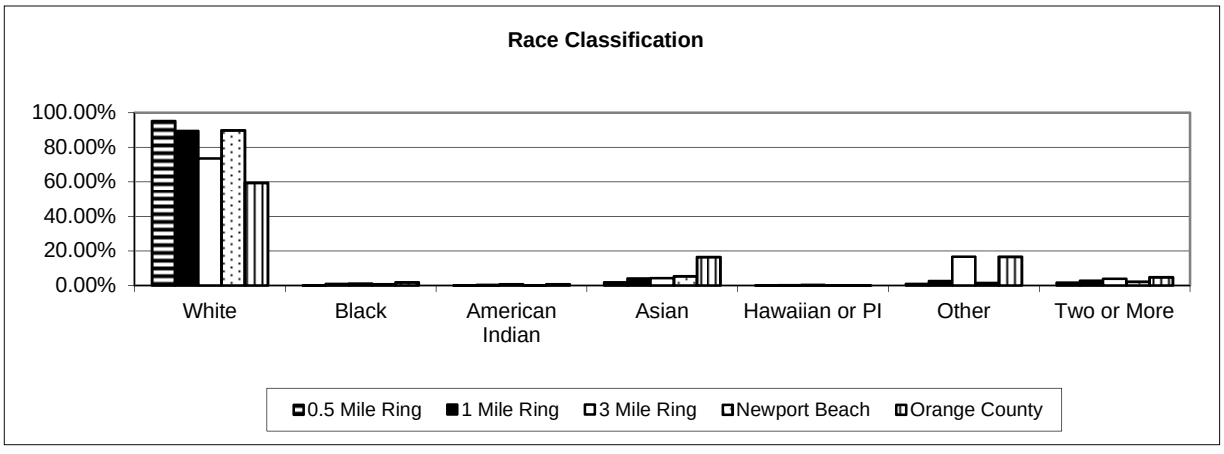
Education Level of Residents Over 25 Years

	No HS Degree	HS Degree	Some College	College Grad.
0.5 Mile Ring	3.45%	10.57%	25.68%	60.31%
1 Mile Ring	3.58%	12.28%	28.83%	55.32%
3 Mile Ring	12.58%	15.52%	29.12%	42.78%
Newport Beach	2.35%	9.65%	25.66%	62.34%
Orange County	16.95%	18.73%	29.18%	35.13%



Race Classification

	White	Black	American Indian	Asian	Hawaiian or PI	Other	Two or More
0.5 Mile Ring	95.15%	0.34%	0.23%	1.79%	0.06%	0.82%	1.56%
1 Mile Ring	89.47%	0.78%	0.33%	3.97%	0.16%	2.60%	2.69%
3 Mile Ring	73.53%	0.98%	0.68%	4.11%	0.34%	16.65%	3.72%
Newport Beach	89.80%	0.73%	0.26%	5.38%	0.12%	1.48%	2.23%
Orange County	59.45%	1.74%	0.73%	16.49%	0.33%	16.55%	4.71%



ATTACHMENT 1 - TABLE 2

SCAG POPULATION, HOUSEHOLD & EMPLOYMENT PROJECTIONS
LIDO VILLAGE, BALBOA VILLAGE, MARINER'S MILE MARKET STUDY
NEWPORT BEACH, CALIFORNIA

POPULATION

	2003	2005	2010	2015	2020	2025	2030	2035
Newport Beach	81,739	83,652	88,340	91,320	93,195	95,428	96,892	97,766
Costa Mesa	111,450	113,137	120,501	122,828	124,692	125,675	126,492	126,958
Huntington Beach	197,084	200,349	212,957	217,822	220,892	222,569	224,788	225,815
Irvine	178,516	191,808	235,633	256,721	264,322	265,965	268,246	269,802
Laguna Beach	24,429	24,931	25,886	26,371	26,670	26,787	26,950	27,045
Regional Market Total [1]	593,218	613,877	683,317	715,062	729,771	736,424	743,368	747,386
Orange County	2,999,320	3,059,952	3,314,948	3,451,755	3,533,935	3,586,283	3,629,539	3,653,990

Change	2003-2005	2005-2010	2010-2015	2015-2020	2020-2025	2025-2030	2030-2035	2003-2035
Newport Beach	2.3%	5.6%	3.4%	2.1%	2.4%	1.5%	0.9%	19.6%
Costa Mesa	1.5%	6.5%	1.9%	1.5%	0.8%	0.7%	0.4%	13.9%
Huntington Beach	1.7%	6.3%	2.3%	1.4%	0.8%	1.0%	0.5%	14.6%
Irvine	7.4%	22.8%	8.9%	3.0%	0.6%	0.9%	0.6%	51.1%
Laguna Beach	2.1%	3.8%	1.9%	1.1%	0.4%	0.6%	0.4%	10.7%
Regional Market Total [1]	3.5%	11.3%	4.6%	2.1%	0.9%	0.9%	0.5%	26.0%
Orange County	2.0%	8.3%	4.1%	2.4%	1.5%	1.2%	0.7%	21.8%

1 Includes Newport Beach, Costa Mesa, Huntington Beach, Irvine and Laguna Beach.

Source: Southern California Association of Governments

ATTACHMENT 1 - TABLE 2 (continued)

SCAG POPULATION, HOUSEHOLD & EMPLOYMENT PROJECTIONS
LIDO VILLAGE, BALBOA VILLAGE, MARINER'S MILE MARKET STUDY
NEWPORT BEACH, CALIFORNIA

HOUSEHOLDS

	2003	2005	2010	2015	2020	2025	2030	2035
Newport Beach	37,258	38,011	38,980	40,086	40,688	41,751	42,272	42,764
Costa Mesa	39,735	39,841	41,214	41,453	41,628	41,818	41,937	42,126
Huntington Beach	75,082	75,601	77,237	77,720	77,968	78,315	78,839	79,241
Irvine	59,065	65,421	82,479	90,937	93,098	93,421	93,498	94,168
Laguna Beach	11,645	11,644	11,661	11,688	11,706	11,719	11,753	11,797
Regional Market Total [1]	222,785	230,518	251,571	261,884	265,088	267,024	268,299	270,096
Orange County	964,090	980,964	1,039,201	1,071,810	1,088,375	1,102,370	1,110,659	1,118,490

Change	2003-2005	2005-2010	2010-2015	2015-2020	2020-2025	2025-2030	2030-2035	2003-2035
Newport Beach	2.0%	2.5%	2.8%	1.5%	2.6%	1.2%	1.2%	14.8%
Costa Mesa	0.3%	3.4%	0.6%	0.4%	0.5%	0.3%	0.5%	6.0%
Huntington Beach	0.7%	2.2%	0.6%	0.3%	0.4%	0.7%	0.5%	5.5%
Irvine	10.8%	26.1%	10.3%	2.4%	0.3%	0.1%	0.7%	59.4%
Laguna Beach	0.0%	0.1%	0.2%	0.2%	0.1%	0.3%	0.4%	1.3%
Regional Market Total [1]	3.5%	9.1%	4.1%	1.2%	0.7%	0.5%	0.7%	21.2%
Orange County	1.8%	5.9%	3.1%	1.5%	1.3%	0.8%	0.7%	16.0%

1 Includes Newport Beach, Costa Mesa, Huntington Beach, Irvine and Laguna Beach.

Source: Southern California Association of Governments

ATTACHMENT 1 - TABLE 2 (continued)

SCAG POPULATION, HOUSEHOLD & EMPLOYMENT PROJECTIONS
LIDO VILLAGE, BALBOA VILLAGE, MARINER'S MILE MARKET STUDY
NEWPORT BEACH, CALIFORNIA

EMPLOYMENT

	2003	2005	2010	2015	2020	2025	2030	2035
Newport Beach	74,898	76,439	77,319	77,940	78,198	78,366	78,824	78,979
Costa Mesa	88,780	91,305	99,562	100,478	102,245	102,631	103,565	103,816
Huntington Beach	78,924	81,599	92,028	96,842	98,226	98,752	99,830	100,085
Irvine	208,796	219,454	247,713	272,183	292,558	309,741	324,848	341,977
Laguna Beach	13,040	13,402	14,254	14,642	14,818	14,930	15,019	15,067
Regional Market Total [1]	464,438	482,199	530,876	562,085	586,045	604,420	622,086	639,924
Orange County	1,567,389	1,615,936	1,755,167	1,837,771	1,897,352	1,933,058	1,960,633	1,981,901

Change	2003-2005	2005-2010	2010-2015	2015-2020	2020-2025	2025-2030	2030-2035	2003-2035
Newport Beach	2.1%	1.2%	0.8%	0.3%	0.2%	0.6%	0.2%	5.4%
Costa Mesa	2.8%	9.0%	0.9%	1.8%	0.4%	0.9%	0.2%	16.9%
Huntington Beach	3.4%	12.8%	5.2%	1.4%	0.5%	1.1%	0.3%	26.8%
Irvine	5.1%	12.9%	9.9%	7.5%	5.9%	4.9%	5.3%	63.8%
Laguna Beach	2.8%	6.4%	2.7%	1.2%	0.8%	0.6%	0.3%	15.5%
Regional Market Total [1]	3.8%	10.1%	5.9%	4.3%	3.1%	2.9%	2.9%	37.8%
Orange County	3.1%	8.6%	4.7%	3.2%	1.9%	1.4%	1.1%	26.4%

1 Includes Newport Beach, Costa Mesa, Huntington Beach, Irvine and Laguna Beach.

Source: Southern California Association of Governments

ATTACHMENT 1 - TABLE 3

EMPLOYMENT & BUSINESSES
LIDO VILLAGE, BALBOA VILLAGE, MARINER'S MILE MARKET STUDY
NEWPORT BEACH, CALIFORNIA

	LIDO VILLAGE - 1-MILE RADIUS					BALBOA VILLAGE - 1-MILE RADIUS				
	Bus.	**Emp.**	**Pop./Bus.**	**Pop./Emp.**	**Emp./Bus.**	**Bus.**	**Emp.**	**Pop./Bus.**	**Pop./Emp.**	**Emp./Bus.**
Retail Trade	**320**	**2,816**	**48**	**5.5**	**8.8**	**168**	**1,163**	**51**	**7.3**	**6.9**
Home Improvement Stores	16	53	960	289.8	3.3	2	9	4,265	947.7	4.5
General Merchandise Stores	1	2	15,357	7,678.5	2.0	0	0	NA	NA	NA
Food Stores	13	87	1,181	176.5	6.7	13	131	656	65.1	10.1
Auto Dealers & Gas Stations	56	499	274	30.8	8.9	13	125	656	68.2	9.6
Apparel & Accessory Stores	27	91	569	168.8	3.4	38	94	224	90.7	2.5
Furniture/Home Furnishings	24	75	640	204.8	3.1	6	17	1,422	501.7	2.8
Eating & Drinking Places	95	1,747	162	8.8	18.4	45	656	190	13.0	14.6
Miscellaneous Retail Stores	88	262	175	58.6	3.0	51	131	167	65.1	2.6
Finance, Insurance & Real Estate	**199**	**841**	**77**	**18.3**	**4.2**	**64**	**444**	**133**	**19.2**	**6.9**
Banks, Savings & Lending Inst.	30	215	512	71.4	7.2	9	50	948	170.6	5.6
Securities Brokers & Investors	29	89	530	173	3.1	10	47	853	181.5	4.7
Insurance Carriers & Agents	33	118	465	130.1	3.6	5	17	1,706	501.7	3.4
Real Estate-Trust-Holding Co.	107	419	144	36.7	3.9	40	330	213	25.8	8.3
Services	**962**	**10,990**	**16**	**1.4**	**11.4**	**164**	**798**	**52**	**10.7**	**4.9**
Hotels & Lodging	7	549	2,194	28.0	78.4	4	21	2,132	406.1	5.3
Personal Services	161	497	95	30.9	3.1	28	114	305	74.8	4.1
Business Services	255	1,140	60	13.5	4.5	55	164	155	52.0	3.0
Motion Pictures & Amusement	60	1,002	256	15.3	16.7	21	195	406	43.7	9.3
Health Services	306	6,675	50	2.3	21.8	14	94	609	90.7	6.7
Legal Services	54	188	284	81.7	3.5	7	13	1,218	656.1	1.9
Education Services	16	222	960	69.2	13.9	5	9	1,706	947.7	1.8
Social Services	21	399	731	38.5	19.0	1	1	8,529	8,529.0	1.0
Other Services	82	318	187	48.3	3.9	29	187	294	45.6	6.4
Agriculture	**23**	**310**	**668**	**49.5**	**13.5**	**2**	**6**	**7,679**	**2,559.5**	**3.0**
Mining	**0**	**0**	**NA**	**NA**	**NA**	**0**	**0**	**NA**	**NA**	**NA**
Construction	**95**	**472**	**162**	**32.5**	**5.0**	**19**	**61**	**449**	**139.8**	**3.2**
Manufacturing	**47**	**357**	**327**	**43.0**	**7.6**	**9**	**43**	**948**	**198.3**	**4.8**
Trans., Comm. & Pub. Util.	**51**	**440**	**301**	**34.9**	**8.6**	**20**	**147**	**426**	**58.0**	**7.4**
Wholesale Trade	**66**	**247**	**233**	**62.2**	**3.7**	**14**	**81**	**609**	**105.3**	**5.8**
Government	**17**	**778**	**903**	**19.7**	**45.8**	**4**	**115**	**2,132**	**74.2**	**28.8**
Total	**1,780**	**17,251**	**9**	**0.9**	**9.7**	**464**	**2,858**	**18**	**3.0**	**6.2**

Source: Claritas 11/2011

ATTACHMENT 1 - TABLE 3

EMPLOYMENT & BUSINESSES
LIDO VILLAGE, BALBOA VILLAGE, MARINE
NEWPORT BEACH, CALIFORNIA

	MARINER'S MILE - 1-MILE RADIUS				
	Bus.	**Emp.**	**Pop./Bus.**	**Pop./Emp.**	**Emp./Bus.**
Retail Trade	**434**	**3,934**	**45**	**5.0**	**9.1**
Home Improvement Stores	23	74	855	265.8	3.2
General Merchandise Stores	1	2	19,667	9,833.5	2.0
Food Stores	19	290	1,035	67.8	15.3
Auto Dealers & Gas Stations	73	768	269	25.6	10.5
Apparel & Accessory Stores	40	121	492	162.5	3.0
Furniture/Home Furnishings	33	99	596	198.7	3.0
Eating & Drinking Places	126	2,162	156	9.1	17.2
Miscellaneous Retail Stores	119	418	165	47.1	3.5
Finance, Insurance & Real Estate	**232**	**959**	**85**	**20.5**	**4.1**
Banks, Savings & Lending Inst.	34	226	578	87.0	6.6
Securities Brokers & Investors	33	85	596	231.4	2.6
Insurance Carriers & Agents	41	137	480	143.6	3.3
Real Estate-Trust-Holding Co.	124	511	159	38.5	4.1
Services	**1,192**	**12,172**	**16**	**1.6**	**10.2**
Hotels & Lodging	9	563	2,185	34.9	62.6
Personal Services	239	887	82	22.2	3.7
Business Services	301	1,364	65	14.4	4.5
Motion Pictures & Amusement	71	1,034	277	19.0	14.6
Health Services	357	7,011	55	2.8	19.6
Legal Services	57	194	345	101.4	3.4
Education Services	20	230	983	85.5	11.5
Social Services	35	496	562	39.7	14.2
Other Services	103	393	191	50.0	3.8
Agriculture	**31**	**418**	**634**	**47.1**	**13.5**
Mining	**0**	**0**	**NA**	**NA**	**NA**
Construction	**100**	**512**	**197**	**38.4**	**5.1**
Manufacturing	**63**	**563**	**312**	**34.9**	**8.9**
Trans., Comm. & Pub. Util.	**69**	**486**	**285**	**40.5**	**7.0**
Wholesale Trade	**83**	**361**	**237**	**54.5**	**4.3**
Government	**17**	**778**	**1,157**	**25.3**	**45.8**
Total	**2,221**	**20,183**	**9**	**1.0**	**9.1**

Source: Claritas 11/2011

ATTACHMENT 1 - TABLE 3

EMPLOYMENT & BUSINESSES
LIDO VILLAGE, BALBOA VILLAGE, MARINE
NEWPORT BEACH, CALIFORNIA

	CITY OF NEWPORT BEACH					ORANGE COUNTY				
	Bus.	**Emp.**	**Pop./Bus.**	**Pop./Emp.**	**Emp./Bus.**	**Bus.**	**Emp.**	**Pop./Bus.**	**Pop./Emp.**	**Emp./Bus.**
Retail Trade	**1,635**	**19,749**	**44**	**3.7**	**12.1**	**27,762**	**316,244**	**110**	**9.7**	**11.4**
Home Improvement Stores	69	738	1,050	98.2	10.7	1,529	16,756	2,004	182.8	11.0
General Merchandise Stores	22	846	3,294	85.7	38.5	686	27,412	4,466	111.8	40.0
Food Stores	89	1,450	814	50.0	16.3	2,259	31,727	1,356	96.6	14.0
Auto Dealers & Gas Stations	155	2,092	467	34.6	13.5	2,439	28,305	1,256	108.2	11.6
Apparel & Accessory Stores	213	1,605	340	45.1	7.5	2,471	21,697	1,240	141.2	8.8
Furniture/Home Furnishings	211	1,357	343	53.4	6.4	3,616	30,050	847	101.9	8.3
Eating & Drinking Places	417	8,746	174	8.3	21.0	7,347	115,315	417	26.6	15.7
Miscellaneous Retail Stores	459	2,915	158	24.9	6.4	7,415	44,982	413	68.1	6.1
Finance, Insurance & Real Estate	**2,188**	**22,698**	**33**	**3.2**	**10.4**	**16,530**	**137,892**	**185**	**22.2**	**8.3**
Banks, Savings & Lending Inst.	432	4,415	168	16.4	10.2	4,009	34,193	764	89.6	8.5
Securities Brokers & Investors	486	3,443	149	21.0	7.1	2,152	14,375	1,424	213.1	6.7
Insurance Carriers & Agents	299	5,943	242	12.2	19.9	3,257	31,218	941	98.1	9.6
Real Estate-Trust-Holding Co.	971	8,897	75	8.1	9.2	7,112	58,106	431	52.7	8.2
Services	**5,974**	**56,444**	**12**	**1.3**	**9.4**	**65,746**	**574,583**	**47**	**5.3**	**8.7**
Hotels & Lodging	41	3,378	1,767	21.5	82.4	621	23,610	4,933	129.8	38.0
Personal Services	727	4,194	100	17.3	5.8	13,033	54,996	235	55.7	4.2
Business Services	2,057	18,908	35	3.8	9.2	19,764	163,980	155	18.7	8.3
Motion Pictures & Amusement	238	2,827	304	25.6	11.9	3,181	31,256	963	98.0	9.8
Health Services	1,184	15,833	61	4.6	13.4	12,317	122,524	249	25.0	9.9
Legal Services	866	5,191	84	14.0	6.0	4,556	23,993	672	127.7	5.3
Education Services	127	2,549	571	28.4	20.1	2,491	91,540	1,230	33.5	36.7
Social Services	194	1,313	374	55.2	6.8	2,861	29,585	1,071	103.5	10.3
Other Services	540	2,251	134	32.2	4.2	6,922	33,099	443	92.6	4.8
Agriculture	**105**	**1,178**	**690**	**61.5**	**11.2**	**1,932**	**16,922**	**1,586**	**181.0**	**8.8**
Mining	**5**	**25**	**14,492**	**2,898.4**	**5.0**	**82**	**1,328**	**37,360**	**2,306.9**	**16.2**
Construction	**419**	**2,609**	**173**	**27.8**	**6.2**	**9,656**	**65,589**	**317**	**46.7**	**6.8**
Manufacturing	**380**	**10,577**	**191**	**6.9**	**27.8**	**7,918**	**176,672**	**387**	**17.3**	**22.3**
Trans., Comm. & Pub. Util.	**292**	**2,795**	**248**	**25.9**	**9.6**	**4,183**	**43,622**	**732**	**70.2**	**10.4**
Wholesale Trade	**372**	**2,856**	**195**	**25.4**	**7.7**	**7,182**	**81,530**	**427**	**37.6**	**11.4**
Government	**68**	**4,032**	**1,066**	**18.0**	**59.3**	**1,322**	**53,246**	**2,317**	**57.5**	**40.3**
Total	**11,438**	**122,963**	**6**	**0.6**	**10.8**	**142,313**	**1,467,628**	**22**	**2.1**	**10.3**

Source: Claritas 11/2011

ATTACHMENT 1 - TABLE 4

SHARE OF TOTAL BUSINESSES & EMPLOYMENT
LIDO VILLAGE, BALBOA VILLAGE, MARINER'S MILE MARKET STUDY
NEWPORT BEACH, CALIFORNIA

	LIDO VILLAGE - 1-MILE RADIUS		BALBOA VILLAGE - 1-MILE RADIUS		MARINER'S MILE - 1-MILE RADIUS		CITY OF NEWPORT BEACH		ORANGE COUNTY	
	Businesses	**Employees**	**Businesses**	**Employees**	**Businesses**	**Employees**	**Businesses**	**Employees**	**Businesses**	**Employees**
Retail Trade	**18.0%**	**16.3%**	**36.2%**	**40.7%**	**19.5%**	**19.5%**	**14.3%**	**16.1%**	**19.5%**	**21.5%**
Home Improvement Stores	0.9%	0.3%	0.4%	0.3%	1.0%	0.4%	0.6%	0.6%	1.1%	1.1%
General Merchandise Stores	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	0.7%	0.5%	1.9%
Food Stores	0.7%	0.5%	2.8%	4.6%	0.9%	1.4%	0.8%	1.2%	1.6%	2.2%
Auto Dealers & Gas Stations	3.1%	2.9%	2.8%	4.4%	3.3%	3.8%	1.4%	1.7%	1.7%	1.9%
Apparel & Accessory Stores	1.5%	0.5%	8.2%	3.3%	1.8%	0.6%	1.9%	1.3%	1.7%	1.5%
Furniture/Home Furnishings	1.3%	0.4%	1.3%	0.6%	1.5%	0.5%	1.8%	1.1%	2.5%	2.0%
Eating & Drinking Places	5.3%	10.1%	9.7%	23.0%	5.7%	10.7%	3.6%	7.1%	5.2%	7.9%
Miscellaneous Retail Stores	4.9%	1.5%	11.0%	4.6%	5.4%	2.1%	4.0%	2.4%	5.2%	3.1%
Finance, Insurance & Real Estate	**11.2%**	**4.9%**	**13.8%**	**15.5%**	**10.4%**	**4.8%**	**19.1%**	**18.5%**	**11.6%**	**9.4%**
Banks, Savings & Lending Inst.	1.7%	1.2%	1.9%	1.7%	1.5%	1.1%	3.8%	3.6%	2.8%	2.3%
Securities Brokers & Investors	1.6%	0.5%	2.2%	1.6%	1.5%	0.4%	4.2%	2.8%	1.5%	1.0%
Insurance Carriers & Agents	1.9%	0.7%	1.1%	0.6%	1.8%	0.7%	2.6%	4.8%	2.3%	2.1%
Real Estate-Trust-Holding Co.	6.0%	2.4%	8.6%	11.5%	5.6%	2.5%	8.5%	7.2%	5.0%	4.0%
Services	**54.0%**	**63.7%**	**35.3%**	**27.9%**	**53.7%**	**60.3%**	**52.2%**	**45.9%**	**46.2%**	**39.2%**
Hotels & Lodging	0.4%	3.2%	0.9%	0.7%	0.4%	2.8%	0.4%	2.7%	0.4%	1.6%
Personal Services	9.0%	2.9%	6.0%	4.0%	10.8%	4.4%	6.4%	3.4%	9.2%	3.7%
Business Services	14.3%	6.6%	11.9%	5.7%	13.6%	6.8%	18.0%	15.4%	13.9%	11.2%
Motion Pictures & Amusement	3.4%	5.8%	4.5%	6.8%	3.2%	5.1%	2.1%	2.3%	2.2%	2.1%
Health Services	17.2%	38.7%	3.0%	3.3%	16.1%	34.7%	10.4%	12.9%	8.7%	8.3%
Legal Services	3.0%	1.1%	1.5%	0.5%	2.6%	1.0%	7.6%	4.2%	3.2%	1.6%
Education Services	0.9%	1.3%	1.1%	0.3%	0.9%	1.1%	1.1%	2.1%	1.8%	6.2%
Social Services	1.2%	2.3%	0.2%	0.0%	1.6%	2.5%	1.7%	1.1%	2.0%	2.0%
Other Services	4.6%	1.8%	6.3%	6.5%	4.6%	1.9%	4.7%	1.8%	4.9%	2.3%
Agriculture	**1.3%**	**1.8%**	**0.4%**	**0.2%**	**1.4%**	**2.1%**	**0.9%**	**1.0%**	**1.4%**	**1.2%**
Mining	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.1%**	**0.1%**
Construction	**5.3%**	**2.7%**	**4.1%**	**2.1%**	**4.5%**	**2.5%**	**3.7%**	**2.1%**	**6.8%**	**4.5%**
Manufacturing	**2.6%**	**2.1%**	**1.9%**	**1.5%**	**2.8%**	**2.8%**	**3.3%**	**8.6%**	**5.6%**	**12.0%**
Trans., Comm. & Pub. Util.	**2.9%**	**2.6%**	**4.3%**	**5.1%**	**3.1%**	**2.4%**	**2.6%**	**2.3%**	**2.9%**	**3.0%**
Wholesale Trade	**3.7%**	**1.4%**	**3.0%**	**2.8%**	**3.7%**	**1.8%**	**3.3%**	**2.3%**	**5.0%**	**5.6%**
Government	**1.0%**	**4.5%**	**0.9%**	**4.0%**	**0.8%**	**3.9%**	**0.6%**	**3.3%**	**0.9%**	**3.6%**
Total Businesses	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Source: Claritas 11/2011

ATTACHMENT 2

RETAIL MARKET ANALYSIS

ATTACHMENT 2 - TABLE 1

TOTAL & PER CAPITA RETAIL SALES
LIDO VILLAGE, BALBOA VILLAGE, MARINER'S MILE MARKET STUDY
NEWPORT BEACH, CALIFORNIA

	Total Taxable Sales (000's) 2009							
	Newport Beach	Huntington Beach	Irvine	Laguna Beach	Costa Mesa	Five-City Region	Orange County	State of California
Home Furnishing & Appliances	$40,242	$77,385	$282,865	$5,064	$259,031	$664,587	$2,829,758	$21,865,359
Building Materials & Garden Equipment	43,636	126,341	71,913	12,755	101,276	355,921	2,039,686	23,978,313
Food & Beverage Stores	96,597	143,136	121,813	24,383	125,904	511,833	1,894,642	22,546,285
Clothing & Clothing Accessories	161,013	95,231	167,816	24,297	737,172	1,185,529	2,742,626	25,641,272
General Merchandise	155,230	163,612	282,394	614	346,776	948,626	4,376,154	44,921,639
Food Services & Drinking Places	358,898	308,763	437,132	109,056	321,946	1,535,795	5,024,380	49,921,542
Other Retail Group	142,201	239,179	290,684	48,429	239,127	959,620	3,969,219	38,774,164
Retail Stores Total	**$997,817**	**$1,153,647**	**$1,654,617**	**$224,598**	**$2,131,232**	**$6,161,911**	**$22,876,465**	**$227,648,574**

	Per Capita Sales 2009							
Population	**86,252**	**202,480**	**212,793**	**25,208**	**116,479**	**643,212**	**3,139,017**	**37,883,992**
	Newport Beach	Huntington Beach	Irvine	Laguna Beach	Costa Mesa	Five-City Region	Orange County	State of California
Home Furnishing & Appliances	$467	$382	$1,329	$201	$2,224	$1,033	$901	$577
Building Materials & Garden Equipment	506	624	338	506	869	553	650	633
Food & Beverage Stores	1,120	707	572	967	1,081	796	604	595
Clothing & Clothing Accessories	1,867	470	789	964	6,329	1,843	874	677
General Merchandise	1,800	808	1,327	24	2,977	1,475	1,394	1,186
Food Services & Drinking Places	4,161	1,525	2,054	4,326	2,764	2,388	1,601	1,318
Other Retail Group	1,649	1,181	1,366	1,921	2,053	1,492	1,264	1,023
Retail Stores Total	**$11,569**	**$5,698**	**$7,776**	**$8,910**	**$18,297**	**$9,580**	**$7,288**	**$6,009**

Source: California State Board of Equalization; and California State Department of Finance (Table E1, population as of 1/1/09)

ATTACHMENT 2 - TABLE 2

TOTAL PERMITS & SALES PER PERMIT
LIDO VILLAGE, BALBOA VILLAGE, MARINER'S MILE MARKET STUDY
NEWPORT BEACH, CALIFORNIA

Total Permits
2009

	Newport Beach	Huntington Beach	Irvine	Laguna Beach	Costa Mesa	Five-City Region	Orange County	State of California
Home Furnishing & Appliances	249	250	553	82	456	1,590	4,761	38,751
Building Materials & Garden Equipment	42	87	75	25	129	358	1,298	16,335
Food & Beverage Stores	75	122	97	20	114	428	2,090	28,205
Clothing & Clothing Accessories	324	413	343	151	1,054	2,285	5,947	60,999
General Merchandise	33	142	76	20	218	489	1,385	15,024
Food Services & Drinking Places	369	495	568	108	465	2,005	7,960	90,797
Other Retail Group	1,269	2,500	1,724	806	4,091	10,390	29,230	332,222
Retail Stores Total	2,361	4,009	3,436	1,212	6,527	17,545	52,671	582,333

Taxable Sales Per Permit
2009

	Newport Beach	Huntington Beach	Irvine	Laguna Beach	Costa Mesa	Five-City Region	Orange County	State of California
Home Furnishing & Appliances	$161,614	$309,540	$511,510	$61,756	$568,050	$417,979	$594,362	$564,253
Building Materials & Garden Equipment	1,038,952	1,452,195	958,840	510,200	785,085	994,193	1,571,407	1,467,910
Food & Beverage Stores	1,287,960	1,173,246	1,255,804	1,219,150	1,104,421	1,195,871	906,527	799,372
Clothing & Clothing Accessories	496,954	230,584	489,259	160,907	699,404	518,831	461,178	420,356
General Merchandise	4,703,939	1,152,197	3,715,711	30,700	1,590,716	1,939,930	3,159,678	2,989,992
Food Services & Drinking Places	972,623	623,764	769,599	1,009,778	692,357	765,983	631,204	549,815
Other Retail Group	112,058	95,672	168,610	60,086	58,452	92,360	135,793	116,712
Retail Stores Average	$422,625	$287,764	$481,553	$185,312	$326,526	$351,206	$434,328	$390,925

Residents Per Permit
2009

	Newport Beach	Huntington Beach	Irvine	Laguna Beach	Costa Mesa	Five-City Region	Orange County	State of California
Population	**86,252**	**202,480**	**212,793**	**25,208**	**116,479**	**643,212**	**3,139,017**	**37,883,992**
Home Furnishing & Appliances	346	N/A	385	307	255	405	659	978
Building Materials & Garden Equipment	2,054	2,327	2,837	1,008	903	1,797	2,418	2,319
Food & Beverage Stores	1,150	1,660	2,194	1,260	1,022	1,503	1,502	1,343
Clothing & Clothing Accessories	266	490	620	167	111	281	528	621
General Merchandise	2,614	1,426	2,800	1,260	534	1,315	2,266	2,522
Food Services & Drinking Places	234	409	375	233	250	321	394	417
Other Retail Group	68	81	123	31	28	62	107	114
Retail Stores Average	37	51	62	21	18	37	60	65

Source: California State Board of Equalization; and California State Department of Finance (Table E1, population as of 1/1/09)

Prepared by: Keyser Marston Associates, Inc.
File name: 3_29_12_NB Mkt Study; II_2; trb

ATTACHMENT 2 - TABLE 3

ESTIMATED MARKET POTENTIAL - EXISTING CONDITIONS
LIDO VILLAGE, BALBOA VILLAGE, MARINER'S MILE MARKET STUDY
NEWPORT BEACH, CALIFORNIA

Population in City of Newport Beach [1]	72,461
Per Capita Income [1]	$67,400
Gross City Income	$4,883,871,000

Establishment Type	Newport Beach (2009)	Newport Beach (2011) [2]	Newport Beach Potential (2011)	Newport Beach Surplus/ (Leakage)	Typical Productivity	Additional Development
Home Furnishing & Appliances	$40,242,000	$41,688,400	$148,163,000	($106,474,600)	$350	304,200
Building Materials & Garden Equipment	43,636,000	45,204,300	106,796,000	(61,591,700)	$400	154,000
Food & Beverage Stores [3]	275,991,400	285,911,000	283,432,000	2,479,000	$450	0
Clothing & Clothing Accessories	161,013,000	166,800,100	143,601,000	23,199,100	$450	0
General Merchandise [4]	163,400,000	169,272,900	241,190,000	(71,917,100)	$400	179,800
Food Services & Drinking Places	358,898,000	371,797,400	263,071,000	108,726,400	$400	0
Other Retail Group	142,201,000	147,311,900	207,824,000	(60,512,100)	$350	172,900
Retail Stores Total	$1,185,381,400	$1,227,986,000	$1,394,077,000	($166,091,000)		810,900

Source: California State Board of Equalization; Bureau of Labor Statistics-CPI (Los Angeles-Riverside-Orange County; All items); DOF; and Claritas.

1 Based on estimates from Claritas.

2 Sales in 2011 assume annual rate of change between 2009 and 2011 for the CPI (Los Angeles-Riverside-Orange County) during this period.

3 Assumes food store sales are 35% taxable.

4 Assumes general merchandise store sales are 95% taxable.

ATTACHMENT 2 - TABLE 4

ESTIMATED MARKET POTENTIAL - FUTURE CONDITIONS 2016
LIDO VILLAGE, BALBOA VILLAGE, MARINER'S MILE MARKET STUDY
NEWPORT BEACH, CALIFORNIA

Population in City of Newport Beach [1]	75,502
Per Capita Income [1]	$73,600
Gross City Income	$5,556,947,000

Establishment Type	Newport Beach (2016) [2]	Newport Beach Potential (2016)	Newport Beach Surplus/ (Leakage)	Typical Productivity	Additional Development
Home Furnishing & Appliances	$49,738,000	$168,582,000	($118,844,000)	$350	339,600
Building Materials & Garden Equipment	53,933,000	121,514,000	(67,581,000)	$400	169,000
Food & Beverage Stores[3]	341,120,000	322,494,000	18,626,000	$450	0
Clothing & Clothing Accessories	199,009,000	163,391,000	35,618,000	$450	0
General Merchandise[4]	201,959,000	274,430,000	(72,471,000)	$400	181,200
Food Services & Drinking Places	443,591,000	299,326,000	144,265,000	$400	0
Other Retail Group	175,758,000	236,465,000	(60,707,000)	$350	173,400
Retail Stores Total	$1,465,108,000	$1,586,202,000	($121,094,000)		863,200

Source: California State Board of Equalization; Bureau of Labor Statistics-CPI (Los Angeles-Riverside-Orange County; All items); DOF; and Claritas.

1 Based on estimates from Claritas.

2 Sales in 2016 assume annual rate of change between 2009 and 2011 for the CPI Los Angeles-Riverside-Orange County Region and no new development.

3 Assumes food store sales are 35% taxable.

4 Assumes general merchandise store sales are 95% taxable.

ATTACHMENT 2 - TABLE 5

RETAIL SALES SURPLUS/LEAKAGE DATA SUMMARY
LIDO VILLAGE, BALBOA VILLAGE, MARINER'S MILE MARKET STUDY
NEWPORT BEACH, CALIFORNIA

City of Newport Beach	Expenditures	Sales	Gap/Surplus	Total Sales PSF	Potential (SF)
Motor Vehicle and Parts Dealers-441	$313,149,710	$539,592,284	($226,442,574)	NA	NA
Furniture and Home Furnishings Stores-442	43,920,094	20,254,562	23,665,532	$300	78,885
Electronics and Appliance Stores-443	42,811,767	9,904,671	32,907,096	$400	82,268
Building Material, Garden Equip Stores-444	165,925,146	58,167,538	107,757,608	$300	359,192
Food and Beverage Stores-445	198,555,016	182,205,050	16,349,966	$400	40,875
Health and Personal Care Stores-446	89,211,228	77,714,869	11,496,359	$33	348,375
Gasoline Stations-447	140,462,386	124,640,938	15,821,448	NA	NA
Clothing and Clothing Accessories Stores-448	88,090,806	185,152,017	(97,061,211)	$300	0
Sporting Goods, Hobby, Book, Music Stores-451	38,885,364	39,865,080	(979,716)	$300	0
General Merchandise Stores-452	217,541,888	156,223,895	61,317,993	$300	204,393
Miscellaneous Store Retailers-453	43,337,629	25,808,024	17,529,605	$300	58,432
Non-Store Retailers-454	133,397,901	70,795,894	62,602,007	NA	NA
Foodservice and Drinking Places-722	184,115,881	322,419,976	(138,304,095)	$400	0
Total Retail Sales Incl Eating and Drinking Places	**$1,699,404,816**	**$1,812,744,798**	**($113,339,982)**		**1,172,420**

Lido Village- 1 Mile Market	Expenditures	Sales	Gap/Surplus	Total Sales PSF	Potential (SF)
Motor Vehicle and Parts Dealers-441	$62,847,400	$64,967,330	($2,119,930)	NA	NA
Furniture and Home Furnishings Stores-442	8,165,530	2,904,855	5,260,675	$300	17,536
Electronics and Appliance Stores-443	8,327,719	2,495,372	5,832,347	$400	14,581
Building Material, Garden Equip Stores-444	31,321,599	9,509,539	21,812,060	$300	72,707
Food and Beverage Stores-445	39,356,367	24,567,142	14,789,225	$400	36,973
Health and Personal Care Stores-446	16,511,277	13,637,775	2,873,502	$33	87,076
Gasoline Stations-447	29,121,047	62,432,228	(33,311,181)	NA	NA
Clothing and Clothing Accessories Stores-448	16,846,231	10,195,483	6,650,748	$300	22,169
Sporting Goods, Hobby, Book, Music Stores-451	7,384,401	5,953,903	1,430,498	$300	4,768
General Merchandise Stores-452	41,982,928	1,016,962	40,965,966	$300	136,553
Miscellaneous Store Retailers-453	8,484,322	4,359,253	4,125,069	$300	13,750
Non-Store Retailers-454	25,437,704	17,143,408	8,294,296	NA	NA
Foodservice and Drinking Places-722	36,871,547	75,462,821	(38,591,274)	$400	0
Total Retail Sales Incl Eating and Drinking Places	**$332,658,072**	**$294,646,071**	**$38,012,001**		**406,113**

ATTACHMENT 2 - TABLE 5

RETAIL SALES SURPLUS/LEAKAGE DATA SUMMARY
LIDO VILLAGE, BALBOA VILLAGE, MARINER'S MILE MARKET STUDY
NEWPORT BEACH, CALIFORNIA

Balboa Village - 1 Mile Market	Expenditures	Sales	Gap/Surplus	Total Sales PSF	Potential (SF)
Motor Vehicle and Parts Dealers-441	$40,281,870	$73,358,401	($33,076,531)	NA	NA
Furniture and Home Furnishings Stores-442	5,567,277	621,900	4,945,377	$300	16,485
Electronics and Appliance Stores-443	5,455,171	513,232	4,941,939	$400	12,355
Building Material, Garden Equip Stores-444	20,753,944	3,131,245	17,622,699	$300	58,742
Food and Beverage Stores-445	25,279,273	29,209,445	(3,930,172)	$400	0
Health and Personal Care Stores-446	11,717,376	8,033,047	3,684,329	$33	111,646
Gasoline Stations-447	18,278,396	4,697,449	13,580,947	NA	NA
Clothing and Clothing Accessories Stores-448	10,923,680	17,400,968	(6,477,288)	$300	0
Sporting Goods, Hobby, Book, Music Stores-451	4,855,057	2,125,042	2,730,015	$300	9,100
General Merchandise Stores-452	27,387,301	465,187	26,922,114	$300	89,740
Miscellaneous Store Retailers-453	5,532,250	3,464,862	2,067,388	$300	6,891
Non-Store Retailers-454	17,042,939	692,059	16,350,880	NA	NA
Foodservice and Drinking Places-722	23,724,615	43,208,949	(19,484,334)	$400	0
Total Retail Sales Incl Eating and Drinking Places	**$216,799,149**	**$186,921,786**	**$29,877,363**		**304,960**

Mariner's Mile - 1 Mile Market	Expenditures	Sales	Gap/Surplus	Total Sales PSF	Potential (SF)
Motor Vehicle and Parts Dealers-441	$76,429,645	$111,230,099	($34,800,454)	NA	NA
Furniture and Home Furnishings Stores-442	10,081,638	4,560,485	5,521,153	$300	18,404
Electronics and Appliance Stores-443	10,425,055	3,480,746	6,944,309	$400	17,361
Building Material, Garden Equip Stores-444	39,033,797	12,292,129	26,741,668	$300	89,139
Food and Beverage Stores-445	50,821,772	35,848,973	14,972,799	$400	37,432
Health and Personal Care Stores-446	21,211,298	29,842,567	(8,631,269)	$33	0
Gasoline Stations-447	37,283,032	58,394,326	(21,111,294)	NA	NA
Clothing and Clothing Accessories Stores-448	21,054,659	15,052,244	6,002,415	$300	20,008
Sporting Goods, Hobby, Book, Music Stores-451	9,242,380	8,910,319	332,061	$300	1,107
General Merchandise Stores-452	53,375,161	9,212,358	44,162,803	$300	147,209
Miscellaneous Store Retailers-453	10,738,649	11,363,514	(624,865)	$300	0
Non-Store Retailers-454	32,180,225	17,771,759	14,408,466	NA	NA
Foodservice and Drinking Places-722	47,008,768	109,176,140	(62,167,372)	$400	0
Total Retail Sales Incl Eating and Drinking Places	**$418,886,079**	**$427,135,659**	**($8,249,580)**		**330,660**

Source: Claritas; KMA

ATTACHMENT 2 - TABLE 6

RETAIL LEASE RATE COMPARABLES
LIDO VILLAGE, BALBOA VILLAGE, MARINER'S MILE MARKET STUDY
NEWPORT BEACH, CALIFORNIA

No.	Address	Property Type	Asking Rent	Type	Building Size	SF Available	Vacancy
1	120 Tustin Ave	Street Retail	$3.50	NNN	10,000	500	5%
2	2900 Newport Blvd	Restaurant	$3.17	NNN	3,000	3,000	100%
3	3424-3432 Vio Oporto	Creative/Loft	$1.95	FS	13,074	1,934	47%
		Creative/Loft	$2.35	FS		1,260	
		Creative/Loft	$1.92	FS		481	
		Retail	$1.75	NNN		2,410	
4	3431 Via Oporto	Street Retail	$1.75	NNN	16,264	1,871	12%
5	3400 Via Oporto	Street Retail	$1.95	NNN	5,703	1,173	21%
6	3400 Via Lido	Street Retail	$2.00	NNN	2,593	2,593	100%
7	3440-3446 Via Oporto	Retail	$1.75	NNN	8,393	1,711	20%
8	3408-3412 Via Oporto	Creative/Loft	$1.95	FS	19,077	1,338	17%
		Restaurant	$2.00	NNN		985	
		Street Retail	$1.75	NNN		957	
9	3444 Via Lido	Street Retail	$3.00	NNN	11,074	11,074	100%
10	514 E. Oceanfront	Street Retail	$2.95	NNN	10,000	2,250	73%
		Anchor	$4.50	NNN		5,000	
11	3404 Via Oporto	Street Retail	$1.75	NNN	5,636	998	33%
		Creative/Loft	$1.95	FS		870	
12	3636 Newport Blvd	Free Standing Retail	$2.25	NNN	1,846	1,846	100%
13	3450 Via Oporto	Restaurant	$2.50	NNN	15,658	9,441	100%
		Retail	$2.50	NNN		6,217	
14	Newport Blvd & 30th St	Neighborhood Center	$4.25	NNN	50,000	1,998	4%
15	1100 W. Coast Hwy	Vehicle Showcase Bldg	$2.58	MG	10,468	10,468	100%
16	1910 W. Balboa Blvd	Street Retail	$2.50	NNN	3,629	1,229	34%
17	2700 W. Coast Hwy	Retail/Office	$2.65	FS	2,475	2,475	100%
18	2233 W. Balboa Blvd	Retail	$2.50	NNN	10,260	1,220	54%
			$1.75	NNN		4,370	
19	3201 Newport Blvd	Free Standing Retail	$3.46	NNN	4,275	4,275	100%
20	705 Balboa	Retail	$2.50		1,100	1,100	100%
	Total					**85,000**	

Lease Rate Range	**$1.75 - $4.50**
Weighted Average Lease Rate	**$2.65**

Note: Data search includes the Newport Beach Peninsula and Mariner's Mile.

Source: LoopNet.com 11/2011

ATTACHMENT 2 - TABLE 7

RETAIL BUILDING SALES
LIDO VILLAGE, BALBOA VILLAGE, MARINER'S MILE MARKET STUDY
NEWPORT BEACH, CALIFORNIA

No.	Building Type	Address	Sale Date	Year Built / Renovated	GLA (SF)	Sales Price	Price Per SF	Zoning
1	Retail Storefront	415 29th Street	12/30/2010	NA	3,200	$1,350,000	$422	SP-6
2	Retail Storefront	419 31st Street	11/4/2011	1999	3,600	$2,340,000	$650	MU-CV
3	Freestanding Retail	608 E. Balboa Blvd	3/8/2010	1935	5,700	$3,500,000	$614	SP-8
4	Retail Storefront/Residential	703 E. Balboa Blvd	1/14/2011	1975	2,355	$915,000	$389	MU-V
5	Freestanding Retail	1910-1920 W. Balboa Blvd	6/23/2011	1975	4,080	$1,540,000	$377	SP-6
6	Retail Storefront	2633 W. Coast Highway	1/18/2011	1995	5,900	$5,800,000	$983	MUW-1
7	Retail/Restaurant	3400 Via Lido	10/26/2010	1953	2,696	$1,100,000	$408	RSC
				Weighted Average			**$601**	

Note: Data search includes the Newport Beach peninsula and Mariner's Mile from 11/28/2009 to 11/28/2011. Non-arms length transactions, multi-property sales and sales transactions without

Source: Costar 11/2011

ATTACHMENT 3

OFFICE MARKET ANALYSIS

ATTACHMENT 3 - TABLE 1

3RD QUARTER 2011 OFFICE MARKET - ORANGE COUNTY OFFICE REPORT
LIDO VILLAGE, BALBOA VILLAGE, MARINER'S MILE MARKET STUDY
NEWPORT BEACH, CALIFORNIA

Building Type	Square Feet (Net Rentable Area)	Vacancy Rate	Net Absorption (Year-to-date)	Under Construction	Average Asking Lease Rate
Class A	25,049,013	19.80%	(75,386)	0	$2.17
Class B	20,323,662	12.40%	88,563	0	$1.79
Class C	1,759,275	18.30%	(5,799)	0	$1.58
Total	**47,131,950**		**7,378**	**0**	**$2.01**

(1) City is located within the Greater Airport Area Submarket.

Source: CBRE Orange County Office Report 3rd Quarter 2011.

ATTACHMENT 3 - TABLE 2

3RD QUARTER 2011 OFFICE MARKET - ORANGE COUNTY OFFICE REPORT
LIDO VILLAGE, BALBOA VILLAGE, MARINER'S MILE MARKET STUDY
NEWPORT BEACH, CALIFORNIA

Submarket	Square Feet (Net Rentable Area)	Overall Vacancy Rate	Direct Vacancy Rate	Overall Absorption (Year-to-date)	Under Construction	Completed Construction	Direct Weighted Average Rental Rate (Class A)	Overall Average Rental Rate (All Classes)
Newport Beach	7,336,698	15.10%	14.80%	200,408	0	0	$2.43	$2.27
Total	**7,336,698**	**15.10%**	**14.80%**	**200,408**	**0**	**0**	**$2.43**	**$2.27**

Source: Cushman & Wakefield Marketbeat Orange County Office Report 3rd Quarter 2011.

ATTACHMENT 3 - TABLE 3

OFFICE LEASE RATE COMPARABLES
LIDO VILLAGE, BALBOA VILLAGE, MARINER'S MILE MARKET STUDY
NEWPORT BEACH, CALIFORNIA

No.	Address	Property Type	Year Built	Asking Rent	Type	Building Size	SF Available	Vacancy
1	2244 W. Pacific Coast Hwy	Class B Office	1981	$2.30	FS	17,108	12,708	74%
2	3300 W. Coast Hwy	Class A Office - Medical	NA	$3.50	NNN	16,513	4,301	26%
3	3101 W. Coast Hwy	Office	NA	$2.75	FS	40,140	3,008	31%
				$3.25	FS		6,994	
				$2.50	FS		1,902	
				$3.25	NNN		690	
4	3416-3420 Via Oporto	Class B - Creative/Loft	NA	$2.01	FS	19,077	386	11%
				$2.25	FS		1,795	
5	3408-3412 Via Oporto	Class B - Creative/Loft	NA	$1.95	FS	19,077	1,338	7%
6	3700 Newport Blvd	Office	NA	$1.96	FS	17,130	369	44%
				$2.00	FS		1,387	
				$2.11	FS		471	
				$1.87	FS		428	
				$2.25	FS		1,289	
				$2.15	FS		585	
				$2.16	FS		340	
				$2.28	FS		186	
				$2.10	FS		762	
				$1.85	FS		723	
				$1.97	FS		394	
				$1.95	FS		589	
7	514 E. Oceanfront	Office/Retail	NA	$3.50	NNN	10,000	1,050	11%
8	3404 Via Oporto	Office - Creative/Loft	NA	$1.95	FS	5,636	870	15%
9	30th Street Loft	Class A - Creative/Loft	2005	$3.38	MG	800	800	100%
10	509 31st Street	Class B - Creative/Loft	NA	$2.46	NA	2,550	650	25%
11	151 Shipyard Way, Ste. 7	Class A Office	NA	$1.99	NA	5,000	600	17%
				$2.55	NA		240	
12	3471 Via Lido Plaza	Class A Office	NA	$2.25	MG	12,000	4,891	41%
13	2436 W. Coast Hwy	Class C Office	NA	$1.99	MG	9,512	1,249	13%
	Total						**51,000**	

Lease Rate Range	**$1.85 - $3.50**
Weighted Average Lease Rate	**$2.55**

Note: Data search includes the Newport Beach Peninsula and Mariner's Mile.

Source: LoopNet.com 11/2011

ATTACHMENT 3 - TABLE 4

OFFICE BUILDING SALES
LIDO VILLAGE, BALBOA VILLAGE, MARINER'S MILE MARKET STUDY
NEWPORT BEACH, CALIFORNIA

No.	Building Type	Address	Sale Date	Year Built	RBA (SF)	Sales Price	Price Per Sf	Zoning	Parking (Spaces/1000sf)
1	Class B Office/Residential	411 29th Street	10/20/2010	2005	3,376	$1,387,000	$411	SP-6	1.2
2	Class C Office	417 29th Street	5/4/2010	1946	1,221	$950,000	$778	SP-6	2.5
3	Class C Office Live/Work	505 30th Street	3/19/2010	2004	2,450	$1,425,000	$582	SP-6	2.5
4	Class C Office w/Street Retail	3355 Via Lido	10/28/2011	1957	31,885	$7,262,500	$228	RSC	1.3
5	Class B Office/Residential	3388 Via Lido	10/28/2011	1954	21,279	$9,514,000	$447	APF	3.0
					Weighted Average		**$341**		

Note: Data search includes the Newport Beach peninsula and Mariner's Mile from 11/28/2009 to 11/28/2011. Non-arms length transactions, multi-property sales and sales transactions without sales

Source: Costar 11/2011

ATTACHMENT 4

RESIDENTIAL MARKET ANALYSIS

ATTACHMENT 4 - TABLE 1

KEY HOUSING STATISTICS
LIDO VILLAGE, BALBOA VILLAGE, MARINER'S MILE MARKET STUDY
NEWPORT BEACH, CALIFORNIA

		Single-Family Homes		Multi-Family Homes		Mobile		Percent	Size of
	Total	Detached	Attached	2 to 4	5 Plus	Homes	Occupied	Vacant	Household
California									
2000	12,214,550	6,883,107	931,928	1,024,896	2,804,931	569,688	11,502,871	5.83	2.87
2005	12,941,231	7,401,694	943,086	1,045,690	2,969,952	580,809	12,184,048	5.85	2.94
2010	13,591,866	7,780,117	967,176	1,072,187	3,175,448	596,938	12,790,143	5.90	2.96
Change 2000-2010									
Percent	11.28%	13.03%	3.78%	4.61%	13.21%	4.78%	11.19%	1.24%	2.85%
Absolute	1,377,316	897,010	35,248	47,291	370,517	27,250	1,287,272	0.07	0.08
Orange County									
2000	969,484	489,657	124,702	88,804	233,871	32,450	935,287	3.53	3.00
2005	1,013,634	513,079	126,832	90,823	250,547	32,353	977,547	3.56	3.07
2010	1,040,544	521,768	130,118	91,400	265,146	32,112	1,005,502	3.37	3.11
Change 2000-2010									
Percent	7.33%	6.56%	4.34%	2.92%	13.37%	-1.04%	7.51%	-4.53%	3.60%
Absolute	71,060	32,111	5,416	2,596	31,275	(338)	70,215	(0.16)	0.11
City of Newport Beach									
2000	37,288	16,095	6,685	5,351	8,294	863	33,071	11.31	2.09
2005	42,143	18,918	7,166	5,475	9,721	863	37,561	10.87	2.18
2010	43,515	19,467	7,166	5,599	10,420	863	38,784	10.87	2.21
Change 2000-2010									
Percent	16.70%	20.95%	7.20%	4.63%	25.63%	0.00%	17.27%	-3.87%	5.89%
Absolute	6,227	3,372	481	248	2,126	0	5,713	(0.44)	0.12

Source: California Department of Finance

ATTACHMENT 4 - TABLE 2

HISTORIC DISTRIBUTION OF HOUSING UNIT MIX AND GROWTH
LIDO VILLAGE, BALBOA VILLAGE, MARINER'S MILE MARKET STUDY
NEWPORT BEACH, CALIFORNIA

		Single-Family Homes				Multi-Family Homes					
	Total [1]	Detached	As a % of Total	Attached	As a % of Total	2 to 4 Attached	As a % of Total	5 Plus Attached	As a % of Total	Multiple Subtotal	As a % of Total
California											
2000	11,644,862	6,883,107	59%	931,928	8%	1,024,896	9%	2,804,931	24%	3,829,827	33%
2005	12,360,422	7,401,694	60%	943,086	8%	1,045,690	8%	2,969,952	24%	4,015,642	32%
2010	12,994,928	7,780,117	60%	967,176	7%	1,072,187	8%	3,175,448	24%	4,247,635	33%
Orange County											
2000	937,034	489,657	52%	124,702	13%	88,804	9%	233,871	25%	322,675	34%
2005	981,281	513,079	52%	126,832	13%	90,823	9%	250,547	26%	341,370	35%
2010	1,008,432	521,768	52%	130,118	13%	91,400	9%	265,146	26%	356,546	35%
City of Newport Beach											
2000	36,425	16,095	44%	6,685	18%	5,351	15%	8,294	23%	13,645	37%
2005	41,280	18,918	46%	7,166	17%	5,475	13%	9,721	24%	15,196	37%
2010	42,652	19,467	46%	7,166	17%	5,599	13%	10,420	24%	16,019	38%

[1] Does not include mobile home units

Source: California Department of Finance

ATTACHMENT 4 - TABLE 3

SUMMARY OF RECENT DETACHED HOME SALES WITHIN ONE MILE OF LIDO VILLAGE (January 2010 - September 2011)
LIDO VILLAGE, BALBOA VILLAGE, MARINER'S MILE MARKET STUDY
NEWPORT BEACH, CALIFORNIA

			Unit Size (Sf)		Sales Price			Price Per Square Foot		
	Count	Average Year Built	Low	High	Low	High	Median	Low	High	Average
1 Bedroom - 1 Bath	6	1936	268	1,151	$555,000	$3,900,000	$1,191,208	$721	$5,942	$2,400
2 Bedroom - 1 Bath	26	1942	608	1,505	$475,000	$1,875,000	$905,000	$352	$2,156	$1,123
2 Bedroom - 2 Bath	9	1947	741	1,739	$625,500	$4,400,000	$950,000	$435	$5,938	$1,298
Total/Average	**35**	**1943**	**608**	**1,739**	**$475,000**	**$4,400,000**	**$950,000**	**$352**	**$5,938**	**$1,168**
3 Bedroom - 2 Bath	27	1954	1,120	2,991	$319,500	$3,300,000	$1,120,000	$235	$1,596	$691
3 Bedroom - 2.5 Bath	5	1973	1,440	2,684	$404,000	$2,593,000	$445,000	$236	$1,048	$507
Total/Average	**32**	**1957**	**1,120**	**2,991**	**$319,500**	**$3,300,000**	**$1,085,000**	**$235**	**$1,596**	**$662**
4 Bedroom - 2 Bath	6	1954	1,438	2,229	$950,000	$3,200,000	$1,447,500	$460	$2,086	$998

Note: Data search includes the one-mile radius surrounding the intersection of Lido Marina Village and Newport Beach Boulevard. Unit types were excluded if there were <5 transactions. Only full transactions ≥$100,000 were included.

Source: DataQuick (11/2010 - 11/2011)

ATTACHMENT 4 - TABLE 4

SUMMARY OF RECENT ATTACHED HOME SALES WITHIN ONE MILE OF LIDO VILLAGE (January 2010 - September 2011)
LIDO VILLAGE, BALBOA VILLAGE, MARINER'S MILE MARKET STUDY
NEWPORT BEACH, CALIFORNIA

			Unit Size (Sf)		Sales Price			Price Per Square Foot		
	Count	Average Year Built	Low	High	Low	High	Median	Low	High	Average
1 Bedroom - 1 Bath	10	1974	465	1,095	$186,000	$365,000	$258,500	$261	$459	$339
2 Bedroom - 2 Bath	26	1977	682	1,673	$269,500	$615,000	$447,500	$252	$652	$374
2 Bedroom - 2.5 Bath	19	1977	1,122	2,115	$339,000	$3,500,000	$500,000	$255	$2,298	$681
Total/Average	**45**	**1977**	**682**	**2,115**	**$269,500**	**$3,500,000**	**$460,000**	**$252**	**$2,298**	**$503**
3 Bedroom - 2.5 Bath	7	1975	1,531	1,790	$419,000	$810,000	$540,000	$274	$488	$354
3 Bedroom - 3 Bath	8	1975	1,543	1,778	$420,000	$645,000	$557,500	$272	$363	$311
Total/Average	**15**	**1975**	**1,531**	**1,790**	**$419,000**	**$810,000**	**$555,000**	**$272**	**$488**	**$331**
4 Bedroom - 2.5 Bath	5	1976	1,903	2,315	$530,000	$720,000	$570,000	$229	$372	$303

Note: Data search includes the one-mile radius surrounding the intersection of Lido Marina Village and Newport Beach Boulevard. Unit types were excluded if there were <5 transactions. Only full transactions ≥$100,000 were included.

Source: DataQuick (11/2010 - 11/2011)

ATTACHMENT 4 - TABLE 5

MARKET AREA HOME SALES - 2008 & 2010
LIDO VILLAGE, BALBOA VILLAGE, MARINER'S MILE MARKET STUDY
NEWPORT BEACH, CALIFORNIA

2008

		Single-Family Homes				Condominiums		
City	Zip	Units	Median Price	Change from 2007	Home Price/SF	Units	Median Price	Change from 2007
Newport Beach	92660	197	$1,350	-15.60%	$608	53	$675	-27.00%
Newport Beach	92661	27	$1,968	-25.60%	$1,747	5	$950	3.30%
Newport Beach	92663	99	$2,000	13.30%	$1,173	77	$565	-12.50%

2010

		Single-Family Homes				Condominiums		
City	Zip	Units	Median Price	Change from 2009	Home Price/SF	Units	Median Price	Change from 2009
Newport Beach	92660	335	$1,192	11.4%	$509	89	$548	-0.4%
Newport Beach	92661	48	$1,968	22.2%	$1,233	5	$650	-44.1%
Newport Beach	92663	136	$1,341	14.1%	$858	108	$464	-6.4%

Source: DQ News - 2011

ATTACHMENT 4 - TABLE 6

HISTORIC NEWPORT BEACH MARKET RENTS
LIDO VILLAGE, BALBOA VILLAGE, MARINER'S MILE MARKET STUDY
NEWPORT BEACH, CALIFORNIA

Year	Average Asking Rent	Average Occupancy
2003	$1,604	93.9%
2004	$1,669	94.5%
2005	$1,791	95.2%
2006	$1,921	94.9%
2007	$2,022	94.8%
2008	$1,966	94.7%
2009	$1,858	93.3%
2010	$1,901	94.6%
2011 (YTD)	$1,952	95.8%

Source: RealFacts

ATTACHMENT 4 - TABLE 7

CURRENT NEWPORT BEACH MARKET RENTS
LIDO VILLAGE, BALBOA VILLAGE, MARINER'S MILE MARKET STUDY
NEWPORT BEACH, CALIFORNIA

Unit Type	Units in Sample	Average Square Feet	Average Rent	Average Rent PSF
Studio	773	514	$1,235	2.40
Junio One Bedroom	30	683	$1,785	2.61
One Bedroom - One Bath	2,518	758	$1,646	2.17
One Bedroom - 1.5 Bath	75	1,201	$1,825	1.52
One Bedroom Townhome	24	1,152	$2,400	2.08
Two Bedroom - 1.5 Bath	16	1,100	$2,683	2.44
Two Bedroom - Two Bath	2,818	1,110	$2,303	2.07
Two Bedroom Townhome	292	1,165	$2,251	1.93
Three Bedroom - Two Bath	127	1,484	$3,579	2.41
Three Bedroom - Three Bath	5	1,989	$8,466	4.26
Three Bedroom - Townhome	250	1,372	$2,921	2.13
Overall	**6,928**	**934**	**$1,987**	**2.13**

Source: RealFacts

ATTACHMENT 4 - TABLE 8

SUMMARY OF LOCAL APARTMENT RENTS
LIDO VILLAGE, BALBOA VILLAGE, MARINER'S MILE MARKET STUDY
NEWPORT BEACH, CALIFORNIA

No.	Name	Address	Bedrooms	Apartment Sf	Rental Rate	Rent per Sf
1	The Terrace Apts @ Balboa Bay	1221 W. Coast Hwy	0/1	750	$1,850	$2.47
2	The Terrace Apts @ Balboa Bay	1221 W. Coast Hwy	0/1	870	$2,750	$3.16
3	Newport Bluffs	100 Vilaggio	0/1	549	$1,680	$3.06
			Average	**723**	**$2,093**	**$2.90**
4	The Terrace Apts @ Balboa Bay	1221 W. Coast Hwy	1/1	1,137	$3,300	$2.90
5	The Terrace Apts @ Balboa Bay	1221 W. Coast Hwy	1/1	1,357	$3,600	$2.65
6	Mariner Square	1244 Irvine Avenue	1/1	850	$1,747	$2.06
7	Baypointe	2500 Baypointe Drive	1/1	777	$1,915	$2.46
8	Newport North	2 Milano	1/1	687	$1,685	$2.45
9	Newport North	2 Milano	1/1	681	$1,695	$2.49
10	Newport North	2 Milano	1/1 + Loft	818	$1,775	$2.17
11	Newport Bluffs	100 Vilaggio	1/1	626	$1,685	$2.69
12	Newport Bluffs	100 Vilaggio	1/1	626	$1,970	$3.15
13	Newport Bluffs	100 Vilaggio	1/1 + Den	936	$2,120	$2.26
14	The Bays	1 Baywood Drive	1/1	775	$1,710	$2.21
15	The Bays	1 Baywood Drive	1/1	790	$1,710	$2.16
16	The Colony @ Fashion Island	5100 Colony Plaza	1/1	1,008	$2,905	$2.88
17	Newport Ridge	1 White Cap Lane	1/1	751	$2,030	$2.70
18	Newport Ridge	1 White Cap Lane	1/1	799	$1,915	$2.40
19	Promontory Point	200 Promontory Drive West	1/1	760	$2,490	$3.28
20	Promontory Point	200 Promontory Drive West	1/1 + Loft	870	$2,660	$3.06
21	Promontory Point	200 Promontory Drive West	1/1 + Loft	1,050	$2,995	$2.85
22	Promontory Point	200 Promontory Drive West	1/1 + Loft	1,050	$3,170	$3.02
23	Promontory Point	200 Promontory Drive West	1/1	750	$2,395	$3.19
24	Promontory Point	200 Promontory Drive West	1/2	850	$2,445	$2.88
			Average	**855**	**$2,282**	**$2.66**

ATTACHMENT 4 - TABLE 8

SUMMARY OF LOCAL APARTMENT RENTS
LIDO VILLAGE, BALBOA VILLAGE, MARINER'S MILE MARKET STUDY
NEWPORT BEACH, CALIFORNIA

No.	Name	Address	Bedrooms	Apartment Sf	Rental Rate	Rent per Sf
25	The Terrace Apts @ Balboa Bay	1221 W. Coast Hwy	2/2	1,359	$4,000	$2.94
26	The Terrace Apts @ Balboa Bay	1221 W. Coast Hwy	2/2	1,579	$4,700	$2.98
27	Mariner Square	1244 Irvine Avenue	2/1.5	1,280	$2,280	$1.78
28	Baypointe	2500 Baypointe Drive	2/2	1,065	$2,260	$2.12
29	Baypointe	2500 Baypointe Drive	2/2	1,074	$2,250	$2.09
30	Baypointe	2500 Baypointe Drive	2/2	1,074	$2,330	$2.17
31	Baypointe	2500 Baypointe Drive	2/2	1,168	$2,420	$2.07
32	Newport North	2 Milano	2/2	1,091	$2,040	$1.87
33	Newport North	2 Milano	2/2	926	$1,865	$2.01
34	Newport North	2 Milano	2/2.5	1,071	$2,060	$1.92
35	Newport Bluffs	100 Vilaggio	2/2	945	$2,140	$2.26
36	Newport Bluffs	100 Vilaggio	2/2	945	$2,710	$2.87
37	Newport Bluffs	100 Vilaggio	2/2	1,103	$2,810	$2.55
38	The Bays	1 Baywood Drive	2/2	1,075	$2,040	$1.90
39	The Bays	1 Baywood Drive	2/2	1,095	$1,955	$1.79
40	The Bays	1 Baywood Drive	2/2	1,095	$2,030	$1.85
41	The Bays	1 Baywood Drive	2/1.5	1,355	$2,520	$1.86
42	The Colony @ Fashion Island	5100 Colony Plaza	2/2	1,273	$3,150	$2.47
43	The Colony @ Fashion Island	5100 Colony Plaza	2/2	1,273	$3,600	$2.83
44	The Colony @ Fashion Island	5100 Colony Plaza	2/2	1,365	$3,450	$2.53
45	The Colony @ Fashion Island	5100 Colony Plaza	2/2	1,365	$3,850	$2.82
46	The Colony @ Fashion Island	5100 Colony Plaza	2/2 + Den	1,546	$3,740	$2.42
47	The Colony @ Fashion Island	5100 Colony Plaza	2/2 + Den	1,546	$4,540	$2.94
48	Bordeaux	1 Ambrose	2/2.5	1,303	$2,735	$2.10
49	Bordeaux	1 Ambrose	2/2.5	1,327	$2,800	$2.11
50	Newport Ridge	1 White Cap Lane	2/2	1,000	$2,240	$2.24
51	Newport Ridge	1 White Cap Lane	2/2	1,039	$2,330	$2.24
52	Newport Ridge	1 White Cap Lane	2/2	1,039	$2,220	$2.14
53	Newport Ridge	1 White Cap Lane	2/2	1,058	$2,255	$2.13
54	Newport Ridge	1 White Cap Lane	2/2	1,058	$2,130	$2.01
55	Promontory Point	200 Promontory Drive West	2/2	1,100	$2,495	$2.27
56	Promontory Point	200 Promontory Drive West	2/2	1,100	$2,770	$2.52
57	Promontory Point	200 Promontory Drive West	2/2	1,065	$2,245	$2.11
58	Promontory Point	200 Promontory Drive West	2/2	1,080	$2,425	$2.25
59	Promontory Point	200 Promontory Drive West	2/2	1,120	$2,940	$2.63
60	Promontory Point	200 Promontory Drive West	2/2	1,120	$2,680	$2.39
61	Promontory Point	200 Promontory Drive West	2/2	1,060	$2,525	$2.38
62	Promontory Point	200 Promontory Drive West	2/2	1,060	$2,845	$2.68

ATTACHMENT 4 - TABLE 8

SUMMARY OF LOCAL APARTMENT RENTS
LIDO VILLAGE, BALBOA VILLAGE, MARINER'S MILE MARKET STUDY
NEWPORT BEACH, CALIFORNIA

No.	Name	Address	Bedrooms	Apartment Sf	Rental Rate	Rent per Sf
63	Promontory Point	200 Promontory Drive West	2/2	1,130	$3,605	$3.19
64	Promontory Point	200 Promontory Drive West	2/2	1,130	$3,455	$3.06
65	Promontory Point	200 Promontory Drive West	2/2	1,150	$3,145	$2.73
66	Promontory Point	200 Promontory Drive West	2/1.5	1,110	$2,845	$2.56
67	Promontory Point	200 Promontory Drive West	2/2 + Loft	1,490	$3,760	$2.52
			Average	**1,168**	**$2,772**	**$2.36**
68	The Terrace Apts @ Balboa Bay	1221 W. Coast Hwy	3/2	1,616	$5,300	$3.28
69	The Terrace Apts @ Balboa Bay	1221 W. Coast Hwy	3/2	1,836	$6,300	$3.43
70	The Terrace Apts @ Balboa Bay	1221 W. Coast Hwy	3/2.5	2,606	$7,300	$2.80
71	The Terrace Apts @ Balboa Bay	1221 W. Coast Hwy	3/2.5	3,160	$9,300	$2.94
72	The Terrace Apts @ Balboa Bay	1221 W. Coast Hwy	3/3	1,989	$8,000	$4.02
73	The Terrace Apts @ Balboa Bay	1221 W. Coast Hwy	3/3	2,511	$10,300	$4.10
74	Newport North	2 Milano	3/2.5	1,203	$2,505	$2.08
75	Newport Bluffs	100 Vilaggio	3/2	1,336	$2,990	$2.24
76	Newport Bluffs	100 Vilaggio	3/2.5	1,317	$3,175	$2.41
77	Newport Bluffs	100 Vilaggio	3/2.5	1,317	$3,490	$2.65
78	The Bays	1 Baywood Drive	3/2	1,285	$2,615	$2.04
79	The Bays	1 Baywood Drive	3/2	1,305	$2,520	$1.93
80	Bordeaux	1 Ambrose	3/2.5	1,507	$3,180	$2.11
81	Bordeaux	1 Ambrose	3/2.5	1,634	$3,075	$1.88
			Average	**1,759**	**$5,004**	**$2.71**

Note: Apartments without known square footages were not included.
Source: Apartments.com, 11/2011

ATTACHMENT 5

HOTEL MARKET ANALYSIS

ATTACHMENT 5 - TABLE 1

2005-2011 OCCUPANCY RATES[1]
LIDO VILLAGE, BALBOA VILLAGE, MARINER'S MILE MARKET STUDY
NEWPORT BEACH, CALIFORNIA

	Coastal Orange County	Orange County
2005	65.6%	71.7%
2006	69.6%	72.7%
2007	70.8%	72.9%
2008	68.3%	71.0%
2009	58.0%	64.3%
2010 (E)	64.2%	68.5%
2011 (F)	67.4%	70.2%
Average	**66.1%**	**70.2%**

E - Estimate
F - Forecast

(1) Source: PKF "The 2011 Southern California Lodging Forecast"

ATTACHMENT 5 - TABLE 2

2005-2011 AVERAGE DAILY RATE[1]
LIDO VILLAGE, BALBOA VILLAGE, MARINER'S MILE MARKET STUDY
NEWPORT BEACH, CALIFORNIA

	Coastal Orange County	Orange County
2005	$219.44	$104.69
2006	$238.88	$118.16
2007	$258.85	$128.17
2008	$252.15	$128.16
2009	$220.50	$115.51
2010 (e)	$220.23	$113.35
2011 (f)	$230.14	$118.82
Average	**$234.31**	**$118.12**

E - Estimate
F - Forecast

(1) Source: PKF "The 2011 Southern California Lodging Forecast"

ATTACHMENT 5 - TABLE 3

2005-2011 ANNUAL REVPAR (occupancy x room rate)
LIDO VILLAGE, BALBOA VILLAGE, MARINER'S MILE MARKET STUDY
NEWPORT BEACH, CALIFORNIA

		Coastal Orange County	Orange County
2005		$143.94	$75.06
2006		$166.37	$85.92
2007		$183.19	$93.37
2008		$172.13	$90.94
2009		$127.80	$74.30
2010 (e)		$141.37	$77.68
2011 (f)		$155.11	$83.41
	Average	**$155.70**	**$82.95**

E - Estimate
F - Forecast

(1) Source: PKF "The 2011 Southern California Lodging Forecast"

ATTACHMENT 5 - TABLE 4

HOTEL MARKET PERFORMANCE [1]
LIDO VILLAGE, BALBOA VILLAGE, MARINER'S MILE MARKET STUDY
NEWPORT BEACH, CALIFORNIA

	Occupancy	Average Daily Rate	Occupied Room Nights Per Year	Occupied Room Nights Change	RevPar	RevPar Change
Coastal Orange County						
2005	65.6%	$219.44	1,125,991		$143.95	
2006	69.6%	$238.88	1,195,556	6.2%	$166.26	15.5%
2007	70.8%	$258.85	1,214,802	1.6%	$183.27	10.2%
2008	68.3%	$252.15	1,180,274	-2.8%	$172.22	-6.0%
2009	58.0%	$220.50	1,083,815	-8.2%	$127.89	-25.7%
2010 (e)	64.2%	$220.23	1,214,808	12.1%	$141.39	10.6%
2011 (f)	67.4%	$230.14	1,275,548	5.0%	$155.11	9.7%
2005-11	2.7%	4.9%	13.3%	2.1%	7.8%	
Orange County						
2005	71.7%	$104.69	12,326,014		$75.06	
2006	72.7%	$118.16	13,245,130	7.5%	$85.90	14.4%
2007	72.9%	$128.17	13,825,532	4.4%	$93.44	8.8%
2008	71.0%	$128.16	13,580,431	-1.8%	$90.99	-2.6%
2009	64.3%	$115.51	12,520,143	-7.8%	$74.27	-18.4%
2010 (e)	68.5%	$113.35	13,501,934	7.8%	$77.64	4.5%
2011 (f)	70.2%	$118.82	13,848,941	2.6%	$83.41	7.4%
2005-11	-2.1%	13.5%	12.4%	2.0%	11.1%	

E - Estimate
F - Forecast

(1) Source: PKF "The 2011 Southern California Lodging Forecast"

KEYSER MARSTON ASSOCIATES
ADVISORS IN PUBLIC/PRIVATE REAL ESTATE DEVELOPMENT

MEMORANDUM

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To: Kimberly Brandt, Director Community Development Department
City of Newport Beach

From: Kathleen Head
Kevin Engstrom

Date: April 10, 2012

Subject: Balboa Village: Implementation Strategies

In an accompanying analysis, Keyser Marston Associates, Inc. (KMA) evaluated the market opportunities available in the Balboa Village Study Area. The following analysis provides KMA recommendations for strategies the City of Newport Beach (City) can potentially implement to enhance the economic development opportunities in Balboa Village. The KMA recommendations are based, in part, on the market opportunities analysis results and interviews with stakeholders in the Balboa Village Study Area.

BACKGROUND STATEMENT

Market Analysis Summary

The KMA market study identified the following opportunities and constraints for the Balboa Village Study Area:

Retail

Retail demand is typically driven by residents, with ancillary support provided by visitors. The market area for Balboa Village is characterized by high-income households, but the population base is too small to support a significant amount of retail development. For this reason, the viability of retail development is largely dependent on visitors that are drawn to the ocean and the bay.

The attraction of visitors to Balboa Village is constrained by access issues. This problem is exacerbated by the fact that there are a number of competing commercial concentrations with more conveniently located along the route to Balboa Village. These issues to do not deter visitors during the peak season, but they do limit opportunities during non-peak times.

The retail sales volumes being achieved in Balboa Village suggest that there is currently a surplus of retail space. This can lead to property owners being forced to accept less desirable tenants, at lower rents, in order to keep the space occupied. This will ultimately compromise the viability of the retail development.

The development of the ExplorOcean project and the opening of the Balboa Performing Arts Theater could provide a catalyst for specific types of retail development. The most likely uses are small-scale sit-down restaurants and retailers that can benefit from visitor demand and the development of the catalytic projects.

Office

The market analysis concluded that Balboa Village does not have the locational characteristics required to support a significant amount of office development. The demand for office space in Balboa Village is very limited, and that demand is likely to be drawn primarily from small professional firms.

Residential

Balboa Village exhibits appealing characteristics for both rental and ownership residential development. Given that Balboa Village has a number of parcels that have Mixed-Use Vertical zoning designations, it is likely that residential development will be concentrated in a mixed-use environment. Recognizing the limited retail demand in Balboa Village, it is anticipated that the premium value associated with the residential use will be needed to backstop the ground-floor commercial space.

Hotel

The market analysis concluded that demand may exist for a 35 to 45 room hotel. However, it may be difficult to attract this type of hotel due to operating inefficiencies, marketing and financing issues. Given these factors, it is unlikely that a private property owner would undertake this type of development. However, this type of project may be well suited for development on the City-owned parking lot at Palm Street and Balboa Boulevard.

Development Constraints

Low population densities and accessibility concerns limit commercial viability in Balboa Village. In addition, Balboa Village stakeholders identified perceived development constraints such as density and height limits; stringent parking requirements; and the intense role the public plays in the approval process for proposed development projects.

EXECUTIVE SUMMARY

The KMA implementations strategy analysis is organized as follows:

1. Implementation Activities:
    a. A discussion of the potential zoning modifications and regulatory relief that the City could offer to assist in attracting desired development is provided.
    b. An array of economic development activities that could be undertaken by the City are described.
    c. A sample of potential marketing and activities programs are discussed.
2. Financial resources available to assist in economic development and capital improvement programs in Balboa Village are identified.
3. Conceptual pro forma analyses for potential development of the 37,717 square foot City-owned parking site at Palm Street and Balboa Boulevard are presented.

Based on our analysis of Balboa Village, KMA recommends the following implementation strategy actions. These recommendations call for focused use of available City resources to achieve the desired enhancement of the Balboa Village Study Area:

1. The City should consider selectively modifying development standards, and providing regulatory relief, in order to enhance development opportunities in Balboa Village.
2. The City should evaluate the opportunity for creating economic development programs in Balboa Village. Potential programs include:
    a. The City should consider supporting and facilitating the development of ExplorOcean and the Balboa Theater.

b. A façade improvement program could be developed. The program could be set up to provide seed money to qualified property owners throughout the area, or it could involve the City funding all of the improvements in a designated target area.

c. A tenant improvement loan program could be created to attract desirable new tenants to Balboa Village.

d. Business attraction programs could be devised that provide assistance to defray start-up expenses for selected businesses.

e. A public improvement plan could be developed to provide enhancements to Balboa Village.

3. The City should establish a marketing/activity program to attract visitors during off-peak periods.

4. Parking:

a. The City should consider creating a Parking Management Plan that addresses parking congestion issues. As part of the Plan, the City may wish to form a Parking Benefit District to generate revenues that would be programmed by the City Council.

b. The City should evaluate the potential for renting parking spaces in the City-owned beach lot to recreational vehicles during off-peak periods. The allocation of the revenues generated by this activity would be based on City Council policy decisions.

5. It may be advantageous to make the City-owned site available for development. KMA performed conceptual pro forma analyses for this site that generated the following order-of-magnitude results:

a. The development of a 237 space stand-alone public parking structure generates an annual shortfall of approximately $532,000 per year.

b. A public parking structure with a hotel on the upper levels could potentially generate net revenue to the City. However, to attract a hotel during the near term, it will likely be necessary to provide a discounted ground-lease payment structure and/or a reduction in the City's parking requirements.

c. A private development with ground-floor commercial space and upper-floor residential units is projected to support ground-lease payments that could potentially be used to fund programs identified in this Balboa Village implementation strategy.

IMPLEMENTATION ACTIVITIES

Regulatory Relief

Zoning

The City has the ability to establish zoning guidelines that incentivize private sector development and redevelopment. Important factors under the City's control include parking requirements, height limits, density, and land use flexibility. The current zoning standards for Balboa Village maintain the general character of the area. However, given the premium costs that must be incurred to purchase improved properties, the relatively low allowable densities, height limitations and parking standards inhibit the potential for existing uses to be redeveloped. It may be advisable to selectively increase the allowable densities, and to eliminate parking requirements for new or intensified commercial uses, to attract uses that meet the City's goals and objectives.

Permit and Entitlement Process

The permit and entitlement process in Newport Beach is perceived to be difficult. In addition to the lengthy time projects require to move through the City's process, developers in Balboa Village also need to obtain California Coastal Commission approvals. The combination of these two factors can extend a project's development timeline for months and even years.

An extended development timeframe can have a significant impact on development feasibility, as the carrying costs for property acquisitions can be significant, the pre-development costs are increased and shifts in the financial and real estate markets can render projects infeasible. As such, it may be advantageous for the City to streamline the entitlement process for projects that meet defined goals and objectives.

Economic Development Programs

Cultural Uses

It is anticipated that both the Balboa Performing Arts Theater and ExplorOcean projects will provide catalytic benefits to the surrounding area. These projects are expected to draw visitors from outside the area, and to help offset the significant seasonality for the commercial sector. In particular, restaurants, miscellaneous retailers and lodging

establishments could benefit from the increased visitation created by these developments. Therefore, it would be advantageous for the City to support and facilitate the development of these uses.

Façade Improvement Programs

Façade improvement programs can be implemented to assist in creating aesthetically pleasing, tenant preferred, commercial space. A well designed program can increase business exposure, enhance visual attractiveness, stimulate private investment and create harmonious commercial districts. Façade improvement assistance programs run the gamut from the provision of seed money to property owners, to programs that fund 100% of the approved façade improvement costs.

To entice property owners to participate in the program, façade improvement assistance is often provided in the form of a grant. However, to ensure that the desired tenancies remain in place over a specified timeframe, this assistance is sometimes treated as a forgivable loan. For example, the loan could be forgiven in 20% increments over a five year period. In that case, if a tenant remains for the entire five years, then the loan is forgiven in full.

Typically, the eligible work is limited to upgrading the facades that are visible from the street. The eligible improvements can include painting, masonry cleaning, exterior lighting, signage, accessibility improvements and so forth.

Seed Money Program

In a seed money program, the City would establish a loan or grant fund that provides qualified property owners with a grant or loan equal to a portion of the façade improvement costs. For example the City could contribute up to 50% of the eligible façade improvement costs up to a defined limit. One way to measure the grants is to tie the assistance to the number of linear feet encompassed by the façade. For example, seed money assistance could be set within the following range:

Façade under 25 feet	$15,000
Façade between 25 and 50 feet	$25,000
Façade between 50 and 75 feet	$37,500
Façade above 75 feet	$50,000

In a seed money program it is advisable for the City staff to identify target buildings, and to notify the property owners that the program is available. To further encourage participation, it may be useful to offer technical assistance to these owners in the preparation of the loan/grant applications.

Full Cost Program

A more aggressive program would involve the City controlling the entire process. In this program, the City would bear the entire cost burden for the façade improvements. In return, building owners would grant the City a façade easement, typically in the range of 10 years. In addition, after the improvements are completed, the property owners would be responsible for ongoing upkeep of the improvements.

To achieve the maximum impact, this type of program would require the participation of all the owners within the designated target area. With the City controlling the process, the design elements would be consistent, economies of scale could be achieved for the construction costs, and the improvements could be completed expeditiously. For reference purposes, the costs incurred by other programs have fallen in the range of $1,000 to $1,800 per linear foot. Based on the characteristics of Balboa Village commercial properties, the total cost is estimated to range from approximately $100,000 to $175,000 per building

Tenant Improvement Loans

Tenant improvement loan programs are designed to bring new desirable tenants to an area. The tenants that are selected to receive assistance should meet defined City objectives such as significant sales tax generation; ability to attract shoppers, diners, and visitors; and/or creation of “spin off” benefits to other businesses in the area. These programs are typically utilized to catalyze an area that is underperforming by making it financially attractive for desired tenants to rent space in the area.

In a tenant improvement loan program, the City assistance would be provided to qualified businesses to improve building interiors; assistance related to business operations should not be provided. Tenant improvement loans are particularly useful for restaurants, which have higher tenant improvement costs than other commercial uses due to the required kitchen equipment, décor and furnishings. However, they can also be used to attract desired retail shop space.

Programs that KMA has assisted in structuring require the building owner, the tenant and the City to contribute funds for the tenant improvement costs. The City contribution is typically capped at no more than 50% of the tenant improvement costs, and the assistance costs have fallen in the range of $30 to $70 per square foot of building area. The cost range is directly tied to type of tenancy and the magnitude of the improvements being constructed.

Tenant improvement programs often structure the assistance as a forgivable loan. A common structure is to allow for annual forgiveness of principal and interest payments as long as the tenant remains in place. Under this structure, the City can also require the tenant to provide participation payments to the City in any year that the tenant's gross sales exceed a defined threshold.

Business Attraction Programs

The City could create a program that provides credits to business license fees, utility users taxes and certain building permit fees on a project-by-project basis. This program could apply to businesses in specific sectors of the economy. The program should provide assistance over a limited period of time, with the goal of reducing the risks during the initial start-up period for the selected businesses.

Public Improvement Program

The City could create a public improvement program that provides enhancements to the Balboa Village area. This program could identify and fund needed improvements such as new or refurbished street furniture, benches, planters, trash receptacles, etc. As part of this program, the City could develop a maintenance plan for the Boardwalk and other public spaces.

Marketing/Activity Programs

The City could establish a marketing/activity program for Balboa Village that would attract patrons during the off-peak season. The activities should be oriented toward the interests of both residents and employees in the area. Local businesses and the community could collaborate in identifying and sponsoring those events that contribute to Balboa Village's identity and vitality. For instance, activities such as farmers' markets and events such as Lobsterfest can stimulate activity during non-peak times and seasons.

The City should work with the existing Business Improvement District (BID) in the area to explore activities that are well suited to Balboa Village. These activities would then serve as marketing programs for the area.

Parking

Parking Management Plan

In concurrence with the Nelson\Nygaard parking study findings, KMA believes the City should consider the creation of a Parking Management Plan in Balboa Village. A Parking Management Plan could address parking congestion and demand issues by

setting parking rates at amounts designed to keep an appropriate percentage of the spaces vacant and available. New parking meter technologies have improved customer convenience by providing several different payment options, while at the same time maximizing revenues by allowing for more effective and precise time windows, and reduced operating costs.

The Parking Management Plan could potentially include the creation of a Parking Benefit District that would generate revenues that could be used to pay for existing Tidelands parking obligation shortfalls. Once those obligations have been fulfilled, the City Council could make a policy decision regarding the deployment of these funds. One option would be to use the revenues to fund economic development and capital improvement programs.

Recreational Vehicle Parking Program

The Nelson\Nygaard parking study concluded that excess parking spaces are available during off-peak periods. It may be advantageous to create a program that allows recreational vehicle owners to rent spaces in the City-owned beach parking lot during the off-peak seasons. This use would create revenues that could be programmed by the City Council. It would also add to the close-in population that will create demand for goods and services during the off-peak seasons.

FINANCIAL RESOURCES

KMA identified 13 different funding sources and financing mechanisms that are potentially available to the City (See Attachment 1). KMA then evaluated each funding source and financing mechanism to identify the tools that offer the best chance of success in Balboa Village. The potential tools are described in the following table:

Source	Description
Community Development Block Grant Funds (CDBG)	These funds are awarded to the City by the federal government. The funds can be used to achieve defined national objectives, including the construction of public improvements such as streetscape improvements.
Disposition of City Assets	The City can sell or lease City owned property to attract desired uses.
General Fund	Includes sales taxes, transient occupancy taxes (TOT), property taxes, motor vehicle license fees, etc. These funds can be used to fund economic development and capital programs.
Parking Benefit District Revenues and Recreational Vehicle Parking Revenues	Parking revenues can be used to fill gap in funding existing parking obligations. In the future, the City Council could make the policy decision to direct revenues back into Balboa Village to fund implementation activities.
Community Facilities Districts (CFD) and Special Assessment Districts	A special tax is assessed on properties to fund public facilities and services.
Development Impact Fees	The City can impose impact fees directly tied to improvements and/or services necessitated by development.
Developer Advances	Developers can be asked to pay for public improvements in return for repayment from the public revenues generated by their project over time.
California Infrastructure and Economic Development Bank (IBANK)	The Bank offers a low interest bonds for projects such as streets, parks, and transit. The loans range from $250,000 to $10 million.

DEVELOPMENT PROGRAMS

The 37,717 square foot City-owned site located at Palm Street and Balboa Boulevard offers a major opportunity to catalyze the surrounding area. To test the potential for development on this "Study Site", KMA prepared pro forma analyses to provide order-of-magnitude estimates of the operating costs and/or land values that can be supported by three development alternatives.

It is important to note that the pro forma analyses are conceptual in nature, and should only be used to gain an understanding of the relative viability of the three alternatives being tested. It will be necessary to re-evaluate the results of the analysis if and when a formal development proposal is submitted for the Study Site.

Development Standards

To identify potential development programs, KMA reviewed the City's "Development Standards for Vertical and Horizontal Mixed-Use Zoning Districts" and worked with the City to estimate the potential scale of development. Assuming the projects are vertical mixed use, key sizing factors for the prototypes include:

1. Residential lot area required: The minimum lot size is set at 1,631 per square foot per unit. This allows for a maximum of 19 residential units on the 31,717 square foot Study Site.

2. Floor Area Ratio (FAR): The FAR is allowed to be .35 to .50 for non-residential uses, and 1.0 for residential uses. This indicates that the commercial space could range from 11,100 square feet to 15,850 square feet, and the residential use would be capped at 31,717 square feet of building area.

3. Height: The height limit is set at 31 feet with a sloped roof. This allows for three levels of development.

Prototype Projects

Alternative 1 – Public Parking Structure

Alternative 1 is a 237 space, three-level parking structure. Current parking demand during the peak summer months is extremely high, but it is very modest during the non-peak seasons. However, the potential development of two catalytic projects, ExplorOcean and The Balboa Performing Arts Theater, could generate demand for additional parking in the area during the non-peak seasons. Further, a public parking structure could allow for parking requirements to be relaxed for new or intensified development.

Alternative 2 – Public Parking Structure with Hotel

Alternative 2 is comprised of a four-story structure with 154 parking spaces on the first two floors, and 44 hotel units on the top two floors. The garage would include 44 dedicated spaces for the hotel and 110 spaces available to the public. The public parking spaces would address the same issues identified in Alternative 1, while the hotel would meet the General Plan's goal of introducing a small-scale lodging development into the area.

Alternative 3 – Mixed-Use Commercial and Residential

Alternative 3 is a project that includes apartments and ground-floor commercial space. The commercial component consists of 11,100 square feet, and the residential includes 19 rental units. This mix maximizes the number of residential units and minimizes the amount of commercial space in the project. To maximize the residential square footage, a mix of 1,400 and 1,600 square foot units are assumed, as presented in the following table:

	Building Area (Square Feet)
Residential Development	
Nine Units at 1,400 square feet	12,600
Ten units at 1,600 square feet	16,000
Circulation & Public Amenities (10%)	2,860
Total Residential Development	31,460
Commercial Development	11,100
Parking [1]	41,200
Total Building Area	83,760

Summary of Development Alternatives

The identified development alternatives were selected for the following reasons:

1. The public parking structure alternative was selected, because it has the potential to catalyze private development in the vicinity. Ground-floor commercial space was not included, because the limited income it would generate would not significantly defray the costs associated with this alternative.

[1] Assumes 2.5 spaces per residential unit and 5.0 spaces per 1,000 square feet of commercial space.

2. Hotel development was evaluated, because it is considered a desirable use, and given investment constraints, it is unlikely to occur without the provision of public financial incentives.

3. The vertical mixed-use project with a small amount of ground-floor commercial space and upper-level residential units was tested to demonstrate the land value supported by a project that is deemed feasible from both market and financial feasibility standpoints.

Financial Analysis: Alternative 1 – Public Parking Structure

The pro forma analysis for Alternative 1 is shown in Attachment 2. The parking structure is assumed to include 237 spaces at an average of 400 square feet per space. This equates to a 94,800 square foot structure.

Estimated Construction Costs (Attachment 2 – Table 1)

The KMA construction cost analysis is based on the following assumptions:

1. Direct Construction Costs:

    a. The on-site improvement costs are estimated at $7.00 per square foot of land area.

    b. The direct building costs are estimated at $20,000 per space, for a total of $5.9 million.

    c. A 10% direct cost contingency allowance is provided.

2. Indirect Costs:

    a. The indirect cost estimates used in the analysis are based on industry standards.

    b. KMA assumed that no public permits and fees cost would be applied to the public parking structure. The City staff will need to verify the accuracy of this assumption.

3. The construction period financing costs are based on an 18 month construction period, and the assumption that the City will use bond funds to finance the structure at a 5% interest rate.

As shown in Attachment 2 – Table 1, the total construction costs are estimated at $8.6 million. This equates to $36,000 per space.

Stabilized Net Operating Income (Attachment 2 - Table 2)

The following income analysis projects the on-site revenue generated by the parking structure. It should be noted that the projection does not address the transfer of parking revenues from other spaces in Balboa Village. Given the fact that the Nelson\Nygaard parking study concluded that outside the peak months there is limited to no demand demonstrated for new parking spaces in Balboa Village, when this transfer is considered, it is possible that the net new revenues could be minimal.

The net operating income estimates are based on the following assumptions:

1. Peak Day Revenues:

    a. The Nelson\Nygaard parking analysis concluded that there are 30 peak days per year, and that the spaces in the existing lot are utilized by 1.84 cars per day.

    b. The parking revenue is estimated at $5.52 per space per day. This translates to $39,000 per year for the 237 space garage.

2. Off-Peak Day Revenues:

    a. The utilization of the existing parking lot is relatively limited during the non-peak days. However, the proposed ExplorOcean project and Balboa Performing Arts Theater may generate additional parking demand in Balboa Village.

    b. Based on the potential and existing parking patterns, KMA estimated that on average, each space in the garage would be used for at least one hour per day by 1.84 cars.[2]

    c. The parking rate is set at $1.50 per hour, which results in total annual revenues of approximately $219,000.

3. The annual parking expenses are estimated at $500 per space.

The stabilized net operating income is estimated at $139,000.

[2] This is an aggressive estimate based on the survey research conducted by Walker Parking and reviewed by Nelson\Nygaard.

Net Annual Revenue/(Cost) to the City (Attachment 2 - Table 3)

As shown in Attachment 2 – Table 3, KMA's analysis assumes the City would utilize bond financing to pay for the project. To that end, we have provided an order-of-magnitude debt service estimate for the project based on the following assumptions:

1. Total construction costs of $8.59 million;

2. Bond issuance and contingency costs equal to 10% of total project costs; and

3. A 5% interest rate and a 25-year amortization term.

Based on these assumptions, the annual debt service for the project is $671,000. Comparatively, the net operating income is estimated at $139,000. Therefore, KMA estimates a funding shortfall of approximately $532,000 per year for Alternative 1.

Financial Analysis: Alternative 2 – Public Parking Structure with Hotel

The pro forma analysis for Alternative 2 is shown in Attachment 3. Attachment 3A estimates the return on investment for a 44-room hotel served by 44 parking spaces located in a parking garage below the hotel. Attachment 3B estimates the costs for 110 spaces public parking spaces that would be included in the garage. The pro forma analysis projects the City revenues that could be generated from the parking and the hotel ground lease.

Hotel (Attachment 3A)

The development scope assumes vertical mixed-use zoning for the project, which would allow for a commercial/hotel FAR of 1.0. Based on this standard, the hotel would include 31,717 square feet of building area. Typically, boutique hotels range from 600 to 800 square feet per key, and for this analysis we applied the midpoint of 700 square feet. This results in a total room count of 44 units. It is further assumed that the hotel would occupy the top two floors of the structure to take advantage of the views.

<u>Estimated Construction Costs (Attachment 3A - Table 1)</u>

The KMA construction cost analysis is based on the following assumptions:

1. Direct Construction Costs:

    a. The on-site improvement costs are estimated at $7.00 per square foot of land area.

b. The hotel developer would be responsible for paying the cost to construct 44 parking spaces in the on-site garage. The direct construction costs are estimated at $20,000 per space, or $880,000.

c. The direct building costs for the hotel are estimated at $150 per square foot of building area, or $4.8 million.

d. KMA provided a $25,000 per room allowance for furniture, fixtures and equipment (FF&E) costs. This reflects a high quality level.

e. A 10% direct cost contingency allowance is provided.

2. Indirect Costs:

a. The indirect cost estimates used in this analysis are based industry standards.

b. The public permits and fees costs are estimated at $10 per square foot of building area. The City staff should verify the accuracy of this estimate.

3. The financing costs are based on the following assumptions:

a. The construction period is set at 18 months, and the interest rate is set at 7%.

b. The loan to value ratio is set at 65%, and the loan origination fees are set at two points.

As shown in Attachment 3A – Table 1, the total construction costs are estimated at $10 million. This equates to approximately $228,000 per room.

<u>Stabilized Net Operating Income (Attachment 3A – Table 2)</u>

Attachment 3A- Table 2 summarizes the stabilized net operating income for the hotel. Based on our review of the market, and typical operating parameters for small-scale boutique hotels, KMA estimated the project's net operating income as follows:

1. Hotel Operating Income:

a. The average daily rate (ADR) for the hotel is estimated at $230, and the average occupancy level is set at 67%. This is consistent with the average for Coastal Orange County properties in 2011.

b. The revenue from "other" operating departments could include food and beverage, vending machines, telephone and rentals.

c. The parking revenues assume an 80% utilization rate for the parking spaces and a $15 overnight fee.

2. Operating Expenses

a. The undistributed expenses are estimated at 23% of gross revenues. These expenses include: administration, marketing/franchise costs, maintenance, utilities and management fees.

b. The fixed expenses are estimated at 5% of gross revenues, and include insurance and reserves.

c. Property taxes are estimated at 1.1% of project costs.

3. The analysis assumes the developer would enter into a ground or air rights lease with the City. Assuming this is case, KMA estimated the annual ground lease payments at 8% of room revenues, which is generally consistent with the current ground leases for the other Southern California coastal communities.

As shown in Attachment 3A – Table 2, the stabilized net operating income is estimated at $925,500.

Estimated Developer Return (Attachment 3A – Table 3)

The stabilized return on investment is estimated by dividing the net operating income by the total construction cost for the project. As can be seen in Attachment 3A – Table 3, the stabilized developer return for the 44-room hotel is estimated at 9.22%. This level of return is lower than the typical investor requirements of 10% to 11% for this type of product.

The market conditions for hotels have improved over the past two years; however, occupancy and ADR levels have still not reached 2007 peak levels. KMA conducted a sensitivity test for the project and found that an 8% increase in project RevPAR would provide a 10% return on costs for the project, and a 12% increase in RevPAR would provide an 11% return on costs.

Parking (Attachment 3B)

The pro forma analysis for the 110 public parking spaces is presented in Attachment 3B. At an average of 400 square feet per space, the public parking space area totals 44,000 square feet.

Estimated Construction Costs (Attachment 3B - Table 1)

The KMA construction cost analysis is based on the following assumptions:

1. Direct Construction Costs:

    a. The on-site improvement costs are estimated at $7.00 per square foot of land area.

    b. The direct building costs are estimated at $20,000 per space, for a total of $2.2 million.

    c. A 10% direct cost contingency allowance is provided.

2. Indirect Costs:

    a. The indirect costs are based on industry standards.

    b. KMA assumed that no public permits and fees costs would be assessed against the parking structure. The City will need to verify the accuracy of this assumption.

3. The construction period interest costs are based on an 18 month construction period and the assumption that the City will use bond financing at a 5% interest rate to finance the parking structure costs.

As shown in Attachment 3B – Table 1, the total construction costs are estimated at $3.4 million. This equates to $31,000 per space.

Stabilized Net Operating Income (Attachment 3B - Table 2)

1. For the Alternative 2 analysis, KMA applied the same underlying revenue assumptions as were used for Alternative 1. The resulting projected parking revenues are:

    a. The peak day revenues are estimated at $18,000 per year.

    b. The off-peak day revenues are estimated at $102,000.

2. The annual parking expenses are estimated at $500 per space.

Based on the preceding assumptions, the stabilized net operating income for the public parking is estimated at $65,000. In addition to the parking revenue, the hotel is estimated to generate $228,000 per year in ground rent payments. The total project income for Alternative 2 is estimated at $293,000.

Net Annual Revenue/(Cost) to the City (Attachment 3B - Table 3)

As shown in Attachment 3B – Table 3, KMA's analysis assumes the City utilizes bond financing to pay for the project. To that end, we have provided an order-of-magnitude estimate of the annual debt service costs for the parking structure based on the following assumptions:

1. Total construction costs of $3.4 million;

2. Bond issuance and contingency costs equal to 10% of total project costs; and

3. A 5% interest rate and a 25-year amortization term.

Based on these assumptions the annual debt service for the public parking is $267,000. Comparatively, the total project income is estimated at $293,000. Therefore, KMA estimates net annual revenue to the City of $26,000 for Alternative 2.

Financial Analysis: Alternative 3 – Mixed Use Commercial and Residential

The pro forma analysis for Alternative 3 is shown in Attachment 4. This Alternative includes 19 apartment units and 11,100 square feet of commercial space. It should be noted that this Alternative would remove a significant number of parking spaces from Balboa Village; however, the Nelson\Nygaard study indicates an adequate supply of parking spaces during the majority of the year.

Estimated Construction Costs (Attachment 4 - Table 1)

The KMA construction cost analysis is based on the following assumptions:

1. Direct Construction Costs:

    a. The on-site improvement costs are estimated at $7.00 per square foot of land area.

    b. A total of 104 parking spaces must be provided to serve the project. At a direct cost of $20,000 per space, the costs are estimated to total $1.11 million.

c. The building shell costs are estimated at the high end of the range for mixed-use projects reviewed by KMA in the region. These costs are estimated as follows:

   i. The residential costs are estimated at $120 per square foot of building area; and

   ii. The commercial costs are estimated at $110 per square foot of building area.

d. A 10% direct cost contingency allowance is provided.

2. Indirect Costs:

   a. The indirect cost estimates used in the analysis are based on industry standards.

   b. KMA applied a placeholder estimate for the public permits and fees costs that will need to be verified by the City. The estimated costs are:

      i. $20,000 per unit for the residential units; and

      ii. $10 per square foot of building area for the commercial use.

3. The financing costs are based on the following assumptions:

   a. The construction period is set at 18 months and the interest rate is set at 7%.

   b. A 70% loan to value ratio is applied, and the loan origination fees are set at two points.

As shown in Attachment 4 – Table 1, the total construction costs are estimated at $10.95 million. This equates to $260 per square foot of building area.

Stabilized Net Operating Income (Attachment 4 - Table 2)

KMA estimated the achievable residential rents based on the following methodology:

1. The average rent found in a KMA survey of Newport Beach apartment projects is $1,990 per unit, or $2.10 per square foot per month.

2. The pro forma used in this analysis is based on a review of high-end projects in Newport Beach. KMA found that these units are generating rents that are approximately 12% higher than the citywide average.

3. KMA applied a 10% premium over this average to reflect the premium associated with new construction.

4. The resulting residential rent estimates are:

    a. 1,400 Sf Units - $3,640 ($2.60 per square foot)

    b. 1,600 Sf Units - $4,080 ($2.55 per square foot)

The income projected to be generated by the project annually can be summarized as follows:

1. The gross residential rent income is estimated at $882,700 per year. When a $15 allowance is provided for miscellaneous income and a 5% vacancy and collection allowance is included, the residential effective gross income is estimated at $841,800.

2. The commercial rents are estimated at $3.00 per square foot per month, given the Study Site's high visibility in Balboa Village. After a 5% vacancy and collection allowance is applied, the commercial effective gross income is estimated at $379,600.

3. The operating expense estimates for residential and commercial uses are based on KMA's experience with similar projects in the region. The total operating expenses are estimated at $283,600.

The resulting stabilized net operating income is estimated at $937,800.

Residual Land Value (Attachment 4 - Table 3)

The land value that can be supported by the project is equal to the difference between the estimated construction costs and the amount of private investment that can be obtained. For this Alternative, the residual land value is estimated as follows:

<u>Supportable Private Investment</u>

The amount of private investment that can be supported is based on the project's net operating income and the threshold returns being required by investors in the marketplace. KMA estimates the supportable investment for the project based on the following assumptions:

1. The net operating income for the project is estimated at $937,800.

2. The threshold return on total investment is estimated at 6.9%. This return is based on the weighted average of the following:

    a. The threshold return for the residential component is set at 6%; and

    b. The threshold return for the commercial component is set at 9%.

The supportable private investment for the project is estimated at $13.53 million.

Estimated Residual Land Value

The residual land value for Alternative 3 is estimated as follows:

Supportable Private Investment	$13,528,000
(Less) Estimated Construction Costs	(10,950,000)
Residual Land Value	$2,578,000
Per Square Foot of Land Area	$81.00

Based on the preceding analysis, KMA estimates the residual land value for Alternative 3 at $2.58 million, or $81 per square foot of land area. If a ground lease of the Study Site is pursued, then the payments to the City could range from $206,000 to $258,000 per year.

RECOMMENDATIONS

KMA recommends that the City adopt an implementation strategy that maximizes the use of City assets, actively solicits new revenues, and creates opportunities for new revenue generators to locate in Balboa Village. To that end, KMA recommends that the City consider taking the following implementation actions in Balboa Village:

1. Selectively modify development standards and provide regulatory relief to enhance development opportunities in Balboa Village.

2. Support and facilitate the development of ExplorOcean and the Balboa Theater as they may catalyze complementary private development.

3. Create economic development programs targeted to property owners and desired tenant types.

4. Create a Parking Management Plan to address parking issues identified in Balboa Village. Consider including a Parking Benefit District and a Recreational Vehicle parking program to generate revenues to be distributed at the City Council's discretion.

5. Consider making the City-owned Study Site available for development. The pro forma analyses generated the following order-of-magnitude results:

    a. The development of a stand-alone public parking structure generates an annual shortfall estimated at approximately $532,000 per year.

    b. A public parking structure with a hotel on the upper levels could generate revenue to the City. However, to attract a hotel it may likely be necessary to provide a discounted ground-lease payment structure and/or a reduction in the City's parking requirements.

    c. The private mixed-use development alternative is projected to support a ground-lease payment in the range of $206,000 to $258,000 per year. These revenues could potentially be used to fund programs identified in the Balboa Village implementation strategy.

6. Create a Parking Management Plan address current parking constraints. A Parking Benefit District could be included as part of the Plan to generate funding for existing parking obligations. Once these obligations are met, the City Council would have the discretion to use funds in a variety of ways including the provision of funding for economic development and capital improvement programs.

ATTACHMENT 1
POTENTIAL FUNDING MECHANISMS

ATTACHMENT 1 - TABLE 1

POTENTIAL FUNDINDG MECHANISMS
IMPLEMENTATION STRATEGIES
BALBOA VILLAGE IMPLEMENTATION STRATEGIES
NEWPORT BEACH, CALIFORNIA

	Community Development Block Grants	General Fund Revenue
A. Description	● Entitlement program grant provided by the United States Department of Housing and Urban Development (HUD). Funds must be used to meet defined National Objectives.	● Fees collected in the City's General Fund, generated by property taxes, sales tax, transient occupancy tax, motor vehicle license fees, and other sources of revenue.
B. Eligible Uses	● Property acquisition ● Construction of public improvements ● Clearance, rehabilitation, and reconstruction of buildings ● Provision of public services ● Economic Development assistance ● Affordable housing activities	● City services such as police, fire, life safety, libraries, and parks and recreational facilities. ● Capital improvements.
C. Funding Parameters	● The City receives an annual grant from HUD based on funding allocation parameters.	● The City can elect to dedicate portions of specific revenues, e.g., TOT, sales tax, etc. to targeted capital improvements that the City determines that sufficient benefit exists for the assistance.
D, Funding Responsibilty	● Directly from City	● Directly from City

ATTACHMENT 1 - TABLE 1

POTENTIAL FUNDINDG MECHANISI
IMPLEMENTATION STRATEGIES
BALBOA VILLAGE IMPLEMENTATIC
NEWPORT BEACH, CALIFORNIA

	Disposition of City Assets	Infrastructure Facilities District
A. Description	● City can dispose of owned property in the Study Areas. ● Money generated by sale of properties can become funding source for other	● Property tax increment district. ● Voluntary program to fund capital costs of elgible public facilities (no school revenue) ● Typically, general fund is only participant ● Requires 2/3 voter approval ● Not yet available for urban areas.
B. Eligible Uses	● City services such as police, fire, life safety, libraries, and parks and recreational facilities. ● Capital Improvements	● Streets ● Streetscape & sidewalks ● Libraries ● Recreational facilities ● Sewage treatment, flood control, water ● Must serve broader community
C. Funding Parameters	● The City can elect to dedicate portions of revenue to targeted capital improvements and/or economic development programs.	● A portion of the growth in annual property tax revenues is deposited into the IFD (typically 5% to 20% of increment) ● Annual deposits can be monetized ● 30-Year program ● No new tax or liability on property owners
D, Funding Responsibilty	● Funded out of the sale of the asset.	● Funding derived from City's share of incremental share of property tax over established baseline.

ATTACHMENT 1 - TABLE 1

POTENTIAL FUNDINDG MECHANISI
IMPLEMENTATION STRATEGIES
BALBOA VILLAGE IMPLEMENTATIC
NEWPORT BEACH, CALIFORNIA

	Loan & Grant Programs	I-Bank - Infrastructure State Revolving Fund Program
A. Description	● City can administer revolving loan funds, low interest loan programs or loan guarantee programs. ● Local or regional lenders can be apprroached to ascertain their interest in contributing funds for lending.	● Low cost financing to public agencies for a wide variety of infrastructure projects.
B. Eligible Uses	● Tenant improvement loans ● Façade improvement loans ● Small business start-up loans	● City streets. ● Educational facilities. ● Environmental mitigation measures. ● Parks and recreational facilities. ● Public transit.
C. Funding Parameters	● Funds wold be available to applicants on a demonstrated needs basis.	● The Infrastructure State Revolving Fund Program offered by the I-Bank offers loans ranging between $250,000 to $10,000,000 with eligible repayment sources including General Fund revenues, tax increment revenues, and property assessments.
D, Funding Responsibilty	● Funding provided by City based on scale of program.	● Repaid by City with local tax revnues.

ATTACHMENT 1 - TABLE 1

POTENTIAL FUNDINDG MECHANISI
IMPLEMENTATION STRATEGIES
BALBOA VILLAGE IMPLEMENTATIC
NEWPORT BEACH, CALIFORNIA

	Community Facilities Districts (CFDs)	Special Assessment Districts
A. Description	● A special tax placed against property located within an established district to fund public facilities and services. ● Municipal bonds supported by revenues from the special tax are sold by the CFD to provide upfront funding to build improvements or fund services.	● Similar to a CFD but shifts the funding of infrastructure from all taxpayers to only those who benefit specifically from the improvement. ● Sets a fixed lien on every parcel within the assessment district. ● Municipal bonds supported by special assessments provide upfront funding.
B. Eligible Uses	● Funding of capital facilities including: - parks - schools - fire stations - water and sewer systems - government facilities ● Purchase, construction, and improvement or rehabilitation of real property.	● Construction of capital facilities such as roads, water, sewer, and flood control.
C. Funding Parameters	● Requires 2/3 vote of qualified electors in district. If fewer than 12 residents, vote is conducted on current landowners. ● Assessment based on allocation formula, not necessarily in proportion to the benefit received. ● Requires value-to-lien ratio of 3:1.	● Typically property owners petition a City to form a district to finance large-scale infrastructure improvements. ● Assessments on property owners are determined in proportion to the benefit received.
D, Funding Responsibilty	● Funding provided by landowners	● Funded by landowners benefiting from infrastructure improvement.

ATTACHMENT 1 - TABLE 1

POTENTIAL FUNDINDG MECHANISI
IMPLEMENTATION STRATEGIES
BALBOA VILLAGE IMPLEMENTATIC
NEWPORT BEACH, CALIFORNIA

	Development Impact Fees	Property Owner / Developer Exactions
A. Description	● Fees paid by developers to pay all or a portion of the costs of any public facility that benefits their development.	● Payments made by developers or property owners in addition to, or in lieu of, development impact fees. ● Funds contributed are used to install selected public improvements. ● Alternatively, developers are required to construct and deliver specific
B. Eligible Uses	● Capital facilities or ongoing services. Examples of impact fees include: - school impact fee - mitigation fee (police, fire, park, etc.) - water meter installation - sanitation capacity charge - water system facility/backup facility charge	● Dedication of right-of-way streets and utilities ● Provision of open space ● Parks or landscape improvements ● Schools and community facilities
C. Funding Parameters	● Fees are paid in the form of a predetermined money payment as a condition to the issuance of building permits, an occupancy permit, or subdivision map approval.	● Typically paid or committed as part of the development approval process.
D, Funding Responsibilty	● Paid by developers	● Typically paid or committed by developers as part of the development approval process.

ATTACHMENT 1 - TABLE 1

POTENTIAL FUNDINDG MECHANISI
IMPLEMENTATION STRATEGIES
BALBOA VILLAGE IMPLEMENTATIC
NEWPORT BEACH, CALIFORNIA

	Developer Advances/Reimbursement Agreements	User Fees
A. Description	● Advance of funds from developers for use toward backbone infrastructure. ● Alternatively, developers construct and deliver specific improvements. ● City and developer enter into Reimbursement Agreement.	● Fee imposed by a city, utility, or other franchise for services and facilities they provide.
B. Eligible Uses	● Backbone infrastructure.	● Water meter hook-ups. ● Gas, electric, cable, & telephone hook-ups. ● Park and recreation facilities.
C. Funding Parameters	● Typically repaid from redevelopment tax increment, CFD bond proceeds, and/or development impact fees collected from future developers.	● Use of user fee revenues are limited to paying for the service for which the fees are collected. ● The fee amount may not exceed the cost of providing the service but may include overhead, capital improvements, and debt service.
D, Funding Responsibilty	● Paid by developers.	● Paid by developers and property owners.

ATTACHMENT 1 - TABLE 1

POTENTIAL FUNDINDG MECHANISI
IMPLEMENTATION STRATEGIES
BALBOA VILLAGE IMPLEMENTATIC
NEWPORT BEACH, CALIFORNIA

	Landscape Districts/Parking Districts
A. Description	● Assessment on properties located within a specific district that benefit from landscaping and/or parking.
B. Eligible Uses	● Landscaping districts allow for the funding of lights, recreational equipment, landscaping, and irrigation. ● Parking districts allow for the acquisition, improvement, and operation of shared parking facilities.
C. Funding Parameters	● Funds are typically collected concurrently with the annual business license tax or property tax bill, with varying formulas for retail vs. non-retail businesses, and residential vs. non-residential property.
D, Funding Responsibilty	● Paid by developers and property owners

ATTACHMENT 2
DEVELOPMENT #1
PUBLIC PARKING STRUCTURE

ATTACHMENT 2 - TABLE 1

ESTIMATED CONSTRUCTION COSTS
237 PUBLIC PARKING SPACES
BALBOA VILLAGE IMPLEMENTATION STRATEGIES
NEWPORT BEACH, CALIFORNIA

I.	**Direct Costs** [1]						
	Off-Site Costs					$0	
	On-Site Costs	31,717	Sf	$7.00	/Sf of Land	222,000	
	Public Parking	237	Spaces	$25,000	/Space	5,925,000	
	Contractor/DC Contingency	10.0%	Other Direct Costs			615,000	
	Total Direct Costs						$6,762,000
II.	**Indirect Costs**						
	Arch, Engineering & Consulting	8.0%	Direct Costs			$541,000	
	Public Permits & Fees [2]	0	Sf of GBA	$0	/Sf	0	
	Taxes, Ins, Legal & Accounting	2.0%	Direct Costs			135,000	
	Developer Fee	10.0%	Direct Costs			676,000	
	Soft Cost Contingency Allowance	5.0%	Ind+Fin Costs			92,000	
	Total Indirect Costs						$1,444,000
III.	**Interest During Construction** [3]	$8,593,000	Cost	5.00%	Interest		$387,000
IV.	**Total Construction Cost**	237	Spaces	$36,000	/Space		$8,593,000

[1] Based on KMA's experience with similar projects.

[2] The estimate should be verified by the City staff.

[3] Assumes City cost of funds, an 18 month construction period and a 60% average outstanding balance.

ATTACHMENT 2 - TABLE 2

STABILIZED NET OPERATING INCOME
237 PUBLIC PARKING SPACES
BALBOA VILLAGE IMPLEMENTATION STRATEGIES
NEWPORT BEACH, CALIFORNIA

I.	**Parking Revenue** [1]						
	Peak Days - 30 Days	237	Spaces	$5.52	/Space/Day	$39,000	
	Off-Peak Days - 335 Days	237	Spaces	$2.76	/Space/Day	219,000	
							$258,000
II.	**Operating Expenses**	237	Spaces	$500	/Space		($119,000)
III.	**Net Operating Income**						$139,000

[1] High season rates and days based on Walker Parking & Nelson Nygaard research. KMA estimated low season rates.

ATTACHMENT 2 - TABLE 3

NET ANNUAL REVENUE/(COST) TO THE CITY
237 PUBLIC PARKING SPACES
BALBOA VILLAGE IMPLEMENTATION STRATEGIES
NEWPORT BEACH, CALIFORNIA

I.	**Net Operating Income**	See ATTACHMENT 2 - TABLE 2			$139,000
II.	**Parking Structure Costs**				
	Construction Cost	See ATTACHMENT 2 - TABLE 1			$8,593,000
	Issuance Costs & Contingency	10.0% of Construction Costs			859,000
	Total Parking Structure Costs				$9,452,000
III.	**Annual Debt Service Payment**	5.0% Interest	25	Year Term	($671,000)
IV.	**Total Net Annual Revenue/(Cost)**				($532,000)

ATTACHMENT 3
DEVELOPMENT #2
PUBLIC PARKING STRUCTURE AND HOTEL

ATTACHMENT 3A - TABLE 1

ESTIMATED CONSTRUCTION COSTS
44 ROOM HOTEL
BALBOA VILLAGE IMPLEMENTATION STRATEGIES
NEWPORT BEACH, CALIFORNIA

I.	**Direct Costs** [1]						
	Off-Site Costs					$0	
	On-Site Costs	31,717	Sf	$7.00	/Sf of Land	222,000	
	Hotel Parking	44	Spaces	$20,000	/Space	880,000	
	Hotel Shell Costs	31,717	Sf of GBA	$150	/Sf	4,758,000	
	Hotel FF&E	44	Rooms	$25,000	/Room	1,100,000	
	Contractor/DC Contingency	10.0%	Other Direct Costs			586,000	
	Total Direct Costs						$7,546,000
II.	**Indirect Costs**						
	Arch, Engineering & Consulting	8.0%	Direct Costs			$604,000	
	Public Permits & Fees [2]	31,717	Sf of GBA	$10	/Sf	317,000	
	Taxes, Ins, Legal & Accounting	2.0%	Direct Costs			151,000	
	Pre-Opening/Working Capital	44	Rooms	$3,000	/Room	132,000	
	Developer Fee	5.0%	Direct Costs			377,000	
	Soft Cost Contingency Allowance	5.0%	Ind+Fin Costs			125,000	
	Total Indirect Costs						$1,706,000
III.	**Financing Costs**						
	Interest During Construction [3]	$10,045,000	Cost	7.00%	Interest	$633,000	
	Loan Origination Fees [4]	$7,520,000	Cost	2.00	Points	150,000	
	Total Financing Costs						$783,000
IV.	**Total Construction Cost**	44	Rooms	$228,100	/Room		$10,035,000

[1] Based on KMA's experience with similar projects.

[2] The estimate should be verified by the City staff.

[3] Assumes an 18 month construction period and a 60% average outstanding balance.

[4] Based on a 65% loan to value ratio. The value is calculated based on a 8.00% capitalization rate.

ATTACHMENT 3A - TABLE 2

STABILIZED NET OPERATING INCOME
44 ROOM HOTEL
BALBOA VILLAGE IMPLEMENTATION STRATEGIES
NEWPORT BEACH, CALIFORNIA

I.	**Hotel Operating Income**						
	Room Revenues [1]	44	Rooms	$230	ADR	$2,474,800	
	Other Departments	10%	Room Revenue			247,500	
	Parking [2]	44	Spaces	$15	/Night	129,000	
	Gross Hotel Revenue						$2,851,300
II.	**Operating Expenses**						
	Distributed Expenses						
	Rooms	23%	Room Revenue			$569,000	
	Other	80%	Other Revenues			198,000	
	Parking	44	Spaces	$500	/Space	22,000	
	Total Distributed Expenses						
	Undistributed Expenses [3]	23%	Gross Hotel Revenue			655,800	
	Fixed Expenses [4]	5%	Gross Hotel Revenue			143,000	
	Property Taxes	1.1%	Development Costs			110,000	
	Total Operating Expenses						($1,697,800)
III.	**Ground Lease Payment [5]**	8.0%	Room Revenue				($228,000)
IV.	**Net Operating Income**						$925,500

[1] Based on PKF Coastal Orange County market performance. Assumes 67% occupancy rate.
[2] Assumes 80% utilization rate.
[3] Includes administrative costs, marketing/franchise fees, maintenance, utilities and management fees.
[4] Includes reserves and insurance
[5] Based on ground lease rates for other coastal communities in Southern California.

ATTACHMENT 3A - TABLE 3

ESTIMATED DEVELOPER RETURN
44 ROOM HOTEL
BALBOA VILLAGE IMPLEMENTATION STRATEGIES
NEWPORT BEACH, CALIFORNIA

I.	**Net Operating Income**	See ATTACHMENT 3A - TABLE 2	$925,500
II.	**Total Construction Cost**	See ATTACHMENT 3A - TABLE 1	$10,035,000
III.	**Estimated Devloper Return**		9.22%

ATTACHMENT 3B - TABLE 1

ESTIMATED CONSTRUCTION COSTS
110 PUBLIC PARKING SPACES
BALBOA VILLAGE IMPLEMENTATION STRATEGIES
NEWPORT BEACH, CALIFORNIA

I.	**Direct Costs** [1]						
	Off-Site Costs					$0	
	On-Site Costs	31,717	Sf	$7.00	/Sf of Land	222,000	
	Public Parking	110	Spaces	$20,000	/Space	2,200,000	
	Contractor/DC Contingency	10.0%	Other Direct Costs			242,000	
	Total Direct Costs						$2,664,000
II.	**Indirect Costs**						
	Arch, Engineering & Consulting	8.0%	Direct Costs			$213,000	
	Public Permits & Fees [2]	0	Sf of GBA	$0	/Sf	0	
	Taxes, Ins, Legal & Accounting	2.0%	Direct Costs			53,000	
	Developer Fee	10.0%	Direct Costs			266,000	
	Soft Cost Contingency Allowance	5.0%	Ind+Fin Costs			44,000	
	Total Indirect Costs						$576,000
III.	**Interest During Construction** [3]	$4,113,000	Cost	5.00%	Interest		$185,000
IV.	**Total Construction Cost**	110	Spaces	$31,000	/Space		$3,425,000

[1] Based on KMA's experience with similar projects.

[2] The estimate should be verified by the City staff.

[3] Assumes City cost of funds, an 18 month construction period and a 60% average outstanding balance.

ATTACHMENT 3B - TABLE 2

NET ANNUAL REVENUE/(COST) TO THE CITY
110 PUBLIC PARKING SPACES
BALBOA VILLAGE IMPLEMENTATION STRATEGIES
NEWPORT BEACH, CALIFORNIA

I.	**Parking Revenue** [1]					
	Peak Days - 30 Days	110	Spaces	$5.52 /Space/Day	$18,000	
	Off-Peak Days - 335 Days	110	Spaces	$2.76 /Space/Day	102,000	
					$120,000	
II.	**Operating Expenses**	110	Spaces	$500 /Space	($55,000)	
III.	**Parking Net Operating Income**					$65,000
IV.	**Net Annual Revenue/(Cost)**					
	Parking Net Operating Income				$65,000	
	Hotel Ground Lease Revenue				228,000	
	Total Net Annual Revenue/(Cost)					$293,000

[1] High season rates and days based on Walker Parking & Nelson Nygaard research. KMA estimated low season rates.

ATTACHMENT 3B - TABLE 3

ANNUAL OPERATING INCOME
110 PUBLIC PARKING SPACES
BALBOA VILLAGE IMPLEMENTATION STRATEGIES
NEWPORT BEACH, CALIFORNIA

I.	**Total Net Annual Revenue/(Cost)**	See ATTACHMENT 3B - TABLE 2			$293,000
II.	**Parking Structure Costs**				
	Construction Cost	See ATTACHMENT 3B - TABLE 1			$3,425,000
	Issuance Costs & Contingency	10.0% of Construction Costs			343,000
	Total Parking Structure Costs				$3,768,000
	Annual Debt Service Payment	5.0% Interest	25	Year Term	($267,000)
III.	**Total Net Annual Revenue/(Cost)**				$26,000

ATTACHMENT 4
DEVELOPMENT #3
MIXED-USE RESIDENTIAL AND COMMERCIAL

ATTACHMENT 4 - TABLE 1

ESTIMATED CONSTRUCTION COSTS
19 APARTMENT UNITS, 11,100 SF COMMERCIAL SPACE & 0 PUBLIC PARKING SPACES
BALBOA VILLAGE IMPLEMENTATION STRATEGIES
NEWPORT BEACH, CALIFORNIA

I.	**Direct Costs** [1]						
	Off-Site Costs					0	
	On-Site Costs	31,717	Sf	$7.00	/Sf of Land	222,000	
	Commercial Parking	56	Spaces	$20,000	/Space	1,110,000	
	Residential Parking	48	Spaces	$20,000	/Space	950,000	
	Building & Tenant Improvement Costs						
	Residential	31,460	Sf of GBA	$120	/Sf	3,775,000	
	Commercial	11,100	Sf of GBA	$110	/Sf	1,221,000	
	Contractor/DC Contingency	10.0%	Other Direct Costs			728,000	
	Total Direct Costs						$8,006,000
II.	**Indirect Costs**						
	Arch, Engineering & Consulting	8.0%	Direct Costs			$640,000	
	Public Permits & Fees [2]						
	Residential	19	Units	$20,000	/Unit	380,000	
	Commercial	11,100	Sf of GBA	$10	/Sf	111,000	
	Taxes, Ins, Legal & Accounting	2.0%	Direct Costs			160,000	
	Residential Insurance	19	Units	$2,500	/Unit	48,000	
	Marketing / Leasing						
	Residential	19	Units	$500	/Unit	10,000	
	Commercial	11,100	Sf of GLA	$10	/Sf	111,000	
	Developer Fee	5.0%	Direct Costs			400,000	
	Soft Cost Contingency Allowance	5.0%	Ind+Fin Costs			147,000	
	Total Indirect Costs						$2,007,000
III.	**Financing Costs**						
	Interest During Construction [3]	$10,950,000	Cost	7.00%	Interest	690,000	
	Loan Origination Fees [4]	$12,355,000	Cost	2.00	Points	247,000	
	Total Financing Costs						$937,000
IV.	**Total Construction Cost**	42,560	Sf of GBA	$257	/Sf		$10,950,000

[1] Based on KMA's experience with similar projects.

[2] The estimate should be verified by the City staff.

[3] Assumes an 18 month construction period and a 100% average outstanding balance.

[4] Based on a 70% loan to value ratio. The value is calculated based on a 4.50% capitalization rate for apartments and 7.5% for commercial.

ATTACHMENT 4 - TABLE 2

STABILIZED NET OPERATING INCOME
19 APARTMENT UNITS, 11,100 SF COMMERCIAL SPACE & 0 PUBLIC PARKING SPACES
BALBOA VILLAGE IMPLEMENTATION STRATEGIES
NEWPORT BEACH, CALIFORNIA

I.	**Residential Rental Income** [1]						
	Flat: 2-Bdrm @ 1,400 Sf	9	Units @	$3,640	/Month	393,100	
	Flat: 3-Bdrm @ 1,600 Sf	10	Units @	$4,080	/Month	489,600	
	Laundry/Miscellaneous Income	19	Units @	$15	/Month	3,400	
	Gross Income					$886,100	
	(Less) Vacancy & Collection Allow.	5.0%	Gross Income			(44,300)	
	Residential Effective Gross Income						$841,800
II.	**Commercial Rental Income**						
	Rental Income	11,100	/Sf of GLA	$3.00	/Sf	$399,600	
	(Less) Vacancy & Collection Allow.	5.0%	Gross Income			(20,000)	
	Commercial Effective Gross Income						$379,600
III.	**Operating Expenses**						
	Residential						
	General Operating Expenses	19	Units @	$4,000	/Unit	$76,000	
	Property Management	5%	Residential Effective Gross Income			42,100	
	Property Taxes [3]	19	Units @	$7,421	/Unit	141,000	
	Reserves Deposits	19	Units @	$200	/Unit	3,800	
	Commercial						
	Management	5%	Commercial Effective Gross Income			19,000	
	Reserve for Capital Repairs	11,100	/Sf of GLA	$0.15	/Sf	1,700	
	Total Operating Expenses						($283,600)
IV.	**Net Operating Income**						$937,800

[1] Based on KMA market research. Rents range from $2.55 to $2.60/Sf of GLA.

[2] Based on a 4.5% capitalization rate and a 1.1% property tax rate.

ATTACHMENT 4 - TABLE 3

RESIDUAL LAND VALUE
19 APARTMENT UNITS, 11,100 SF COMMERCIAL SPACE & 0 PUBLIC PARKING SPACES
BALBOA VILLAGE IMPLEMENTATION STRATEGIES
NEWPORT BEACH, CALIFORNIA

I.	**Supportable Investment**				
	Net Operating Income	See ATTACHMENT 4 - TABLE 2		$937,800	
	Threshold Return on Cost			6.9%	
	Total Supportable Investment				$13,528,000
II.	**Total Construction Cost**	See ATTACHMENT 4 - TABLE 1			$10,950,000

III.	**Residual Land Value**					
	Total	42,560	Sf of GBA	$60.60	/Sf	$2,578,000
	Annual Ground Lease Rate	8%	of Land Value			$206,200
	Annual Ground Lease Rate	10%	of Land Value			$257,800

BALBOA VILLAGE MASTER PLAN

Exhibit 3
Nelson Nygaard Associates Parking Management Plan

September 2012

City of Newport Beach

BALBOA VILLAGE PARKING MANAGEMENT PLAN

FINAL REPORT

May 2012

NELSON NYGAARD

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1 EXECUTIVE SUMMARY

OVERVIEW

Balboa Village in the City of Newport Beach is one of the region's most popular areas. It provides access to coastal areas and recreational opportunities, while also offering direct ferry connections to Balboa Island and Catalina Island. In addition, Balboa Village is home to a unique blend of residential neighborhoods and local commercial districts. Given its strong local community and regional status, one of the most challenging issues facing Balboa Village is how to effectively manage its parking supply and mitigate the impacts of parking demand, especially during peak periods (i.e. summer weekends).

This Parking Management Plan is the first step in the City's efforts to address parking challenges in Balboa Village. The Plan documents existing parking inventory, supply, and demand through parking counts of on- and off-street supply. These counts are utilized in order to examine actual parking data, not commonly accepted perceptions about parking, and conclusively establish key parking trends occurring throughout Balboa Village. Based on the key findings from the parking data, this Plan proposes a coordinated set of recommendations designed to improve parking within Balboa Village, while accounting for the unique regulatory framework that Balboa Village operates in as a coastal jurisdiction. These recommendations were also developed based on input from City staff, the Balboa Village Citizen Advisory Panel (CAP), the Newport Beach City Council, and other local stakeholders.

It is crucial to note that the recommendations in this parking management plan are established on the premise that parking and transportation are not ends in themselves, but means to achieve broader community goals. These recommendations seek to leverage Balboa Village's existing assets, respond to its current challenges, and further the overall vision for the area.

EXISTING CONDITIONS

An inventory of parking facilities was undertaken by Walker Parking Consultants in 2008 as a part of the Balboa Village Parking Policy Plan. The general boundaries of this study were Coronado Street to the west, the Newport Bay to the north, B Street to east, and the beach parking lots to the south. Figure 1-1 shows the breakdown of the parking facilities within this study area.

Figure 1-1 Study Area Parking Facilities, by Type

Location	Standard	Customers Only / Reserved	Metered / Paid	Loading (All)	Total	% of Parking
On-Street	212	0	53	15	280	17%
	76%	*0%*	*19%*	*5%*	*100%*	
Off-Street	0	198	1,158	0	1,356	83%
	0%	*15%*	*85%*	*0%*	*100%*	
Total	212	198	1211	15	1,636	100%
	13%	*12%*	*74%*	*1%*	*100%*	

Based on the data collected in this study a number of key parking trends can be observed regarding use of these parking facilities. These findings are summarized below:

Key Finding #1: Balboa Village has a large supply of parking, the majority of which is located in off-street facilities.

A total of 1,636 parking spaces exist in Balboa Village, 1,356 of which (83%) are located in various public and private off-street facilities. Of these off-street spaces, 1,158 are in paid lots open to the public. Only 280 on-street facilities exist in Balboa Village, 212 (76%) of which are unregulated and free of charge.

Key Finding #2: Balboa Village's parking supply is underutilized for all but the busiest summer weekends.

It should be emphasized that the parking counts reflect summer demand and that the Balboa Village area only experiences "peak" parking demand on roughly 30-35 days per year. Balboa Village has more than enough supply to meet current levels of demand during the vast majority of the year. During summer weekday counts (a figure that should be comparable and possibly higher than non-summer weekday and weekend counts), combined utilization rates never exceeded 67%, meaning that at any given time, 540 spaces *or more* are available in Balboa Village.

Figure 1-2 Summer Utilization Rates, by Day and Facility Type

	10 AM	1 PM	7 PM
Thursday			
On-Street	78%	89%	95%
Off-Street	47%	62%	51%
All	52%	67%	58%
Saturday			
On-Street	90%	96%	97%
Off-Street	86%	97%	82%
All	86%	96%	84%

Key Finding #3: While the parking supply is underutilized, various "hot-spots" of demand exist, even during non-peak months.

Various "pockets" of high demand exist in Balboa Village, even during non-peak times and months. Prime metered on-street spaces, unregulated and free on-street spaces, and off-street facilities closest to the beach and Balboa Island Ferry Terminal experienced the highest utilization rates. While these areas were highly utilized, large amounts of available parking existed within a short walk. These parking demand patterns are likely due to the following reasons:

- Most on-street spaces are free, while all publicly accessible off-street spaces are paid. As a result, motorists are incentivized to seek out and "circle" for available on-street spaces before deciding to enter a paid off-street lot.
- Many of Balboa Village's largest attractions are concentrated along the beachfront and ferry terminal area.
- Wayfinding signage does not exist to point visitors to off-street facilities with significant availability. Consequently, many motorists are unaware of the proximity and availability of additional parking facilities.

Key Finding #4: Balboa Village exhibits a drastic seasonal peaking of parking demand with capacity highly constrained on summer weekends.

Parking demand is highest in Balboa Village during summer weekends. During these times, on-street and off-street utilization peak at rates higher than target rates, meaning many motorists are stuck searching or "cruising" for parking.

Key Finding #5: Current pricing schemes discourage the use of off-street facilities, encourage excessive "cruising" for available on-street spaces, and cause parking spillover into surrounding residential streets. During peak summer months, these trends are exacerbated.

Currently, the only free, unregulated, publicly available parking in Balboa Village is located on-street, mostly along the area's residential roadways. The remaining parking supply, whether on- or off-street, is either paid parking or limited to customer or tenants only. As such, recreational visitors to the area typically seek out free on-street spaces before entering a paid lot. This causes excessive "cruising" for available spaces and creates parking spillover into Balboa Village's residential areas.

Key Finding #6: Parking turnover is relatively low, as most vehicles stay parked in off street spaces for long periods of time.

Turnover data suggests that approximately 52% of spaces in the count area were occupied by vehicles parked for five hours or more. The lack of on-street turnover represents an inefficient use of curb space, especially for visitors or customers wishing to access local businesses.

CURRENT AND FUTURE PARKING DEMAND

Utilizing the data gathered during the parking inventory as well as an inventory of existing land use and projected land uses, existing parking demand ratios were calculated, and these parking ratios were then used to estimate future parking demand. Parking demand ratio calculations reveal two different, but equally useful correlations, as shown in Figure 1-3:

- *Built Stalls to Built Land Use Ratio*. This represents the total number of existing parking stalls correlated to total existing land use square footage (occupied or vacant) within the study area. At this time, about **1.84 parking stalls per 1,000 GSF** of built land use

have been developed/provided within the commercial core (combining the on-and off-street parking supplies).

- *Combined Peak Demand to Occupied Land Use Ratio.* This represents peak hour occupancy within the commercial core combining the on- and off-street supply. Current peak hour demand stands at a ratio of approximately **1.78 occupied parking stalls per 1,000 GSF** of built land use.

Figure 1-3 Parking Demand in Commercial Core – Mixed Land Use to Built Supply

Time Period	A	B	C	D	E	F
	GSF (Built)	GSF (Occupied)	Total Supply Inventoried in Study Area	Built Ratio of Parking (per 1,000 GSF)	Total Occupied Spaces	Actual Ratio of Parking Demand (per 1,000 GSF)
Thursday, 10 AM	286,926	265,342	528	1.84	156	0.59
Thursday, 1 PM					220	0.83
Thursday, 7 PM					255	0.96
Saturday, 7 PM					309	1.16
Saturday, 10 AM					326	1.23
Saturday, 1 PM					472	1.78

To date, parking has been *built* at an average rate of 1.84 stalls per 1,000 GSF of development in Balboa Village's commercial core. This rate appears to have provided close to the right amount of parking, with commercial land uses in the study area generating parking *demand* ratios of 1.78 vehicles per 1,000 GSF. It is important to note that corresponds to the peak period of the summer months, and parking demand during the rest of the year is far below 1.78. For example, the Thursday peak demand for the commercial core (a more accurate representation of typical demand throughout the majority of the year) was at .96 vehicles per 1,000 GSF.

Future Demand

Based on information provided by the City of Newport Beach, the only large-scale, commercial development that is proposed for Balboa Village is the expansion and redevelopment of the ExplorOcean Newport Harbor Nautical Museum located at 600 East Bay Avenue. The existing museum would be expanded to three levels consisting of 38,685 SF. Based on the net square footage and existing demand in Balboa Village for commercial uses, it is estimated that the new museum would generate parking demand of roughly 27 net new parking spaces at peak demand.

Given the high level of demand during summer peak periods, it is likely that parking will be in high demand for parking facilities in proximity to the new museum. However, Nelson\Nygaard believes that this level of net new parking can be accommodated within the existing parking supply through more effective parking management strategies, and that the available development scenarios do not necessitate new parking supply. In addition, any new development would be subject to the requirements of the proposed "Parking & Multimodal" impact fee, which would fund additional traffic and parking mitigations.

THE CALIFORNIA COASTAL COMMISSION AND PARKING MANAGEMENT

Because Balboa Village is located within the Coastal Zone, the California Coastal Commission (Commission) has regulatory authority and will play an integral role in shaping the final recommendations of this parking management plan. The Coastal Commission takes a particularly keen interest in all residential permits within the Coastal Zone, as they have the potential to limit coastal and beach access for the general public. In brief, there are a number of key issues and concerns that the Commission repeatedly emphasized while evaluating previous RPP permit applications over the years. These include:

- Preservation of "24-hour" *public* access is the Commission's primary concern.
- The Commission strives to achieve regulatory "balance," but errs on the side of public access.
- Local jurisdictions can use policy to regulate parking, but cannot give *exclusive* access to residents.
- In order to prevent *exclusive* residential access, local jurisdictions must "replace" all public on-street parking that is "lost" to an RPP.
- The Commission typically views RPPs as "pilot" efforts to be reevaluated in the future.
- Nuisance issues fall under the purview of local law enforcement and are not to be regulated by residential permits.

SUMMARY OF PARKING MANAGEMENT PLAN RECOMMENDATIONS

Historically, a city wishing to "solve its parking problem" has almost always meant an increase in supply. Unfortunately, simply increasing parking supply often encourages more auto use, as people are incentivized to drive to places that offer plenty of "free parking." Furthermore, simply increasing supply does not address the core problem of concentrated demand, in which popular on-street spaces are consistently oversubscribed while nearby off-street spaces remain underutilized. Above all else, this plan proposes a parking management approach that utilizes policies and programs that will enable more efficient utilization of existing supply to meet a variety of parking needs.

The recommendations in this Plan are designed to work together to meet the City's parking management goals. While these recommendations could theoretically be implemented piece by piece, they are most effective if implemented together. It is important that to the greatest extent possible the recommendations be implemented as a cohesive "package" of reforms.

As Balboa Village continues to grow and evolve its parking needs will change as well. This Plan recommends techniques to both address current challenges and also allow the City to be nimble in reacting to future parking challenges. Finally, it is important to emphasize that these recommendations are specific to Balboa Village and *would not necessarily apply* to other neighborhoods within the City of Newport Beach.

RECOMMENDATION #1: MAXIMIZE USE OF "SMART" METER TECHNOLOGY FOR ALL COMMERCIAL CURB SPACES IN THE BUSINESS CORE AND REMOVE TIME LIMITS FOR ALL METERED SPACES. IMPLEMENT DEMAND-BASED PRICING FOR ON- AND OFF-STREET PARKING FACILITIES.

This recommendation proposes the elimination of all existing time limits for metered spaces. Instead, it is recommended that the City explore upgrading its existing "smart" parking meters for all curb spaces along the primary commercial corridors in Balboa Village. On- and off-street parking should use variable pricing as a means to meet target occupancy levels and generate an appropriate level of turnover.

Outlined below are the specific project locations and program parameters recommended for demand-based pricing of Balboa Village's on- and off-street spaces.

- On-street meter location: Existing on-street spaces on East Balboa Boulevard and East Bay Avenue between Adams Street and A Street, as well as Palm Avenue.
- The City recently installed roughly 1,600 new single and multi-space "smart" meters citywide, including on streets in Balboa Village. These new meters accept credit card payments. Moving forward, the City should also explore implementation of wireless meters, which would allow motorists to pay-by-phone, while improving revenue collection, enforcement, and parking data management for the City. Wireless meters can also allow the City to provide a free, publicly accessible wireless network in Balboa Village.
- Pricing may need to be adjusted periodically (i.e. quarterly) to meet target occupancy rates (85% for on-street spaces and 90% for off-street spaces).
- Initial Hours & Pricing Structure:

On-street
Peak period (Summer): *8 AM – 6 PM, 7 days*
▪ $2.00 per hour (0-2 hours)
▪ $2.50 per hour (2+ hours)
Off-peak period (non-Summer): *8 AM – 6 PM, 7 days*
▪ $1.00 per hour (0-2 hours)
▪ $1.50 per hour (2+ hours)
Off-street
Peak period (Summer)
▪ $1.50 per hour (no max)
Off-peak period (non-Summer)
▪ $.50 per hour (no max)

RECOMMENDATION #2: ESTABLISH A COMMERCIAL PARKING BENEFIT DISTRICT IN BALBOA VILLAGE.

Parking benefits districts (PBDs) are defined geographic areas in which any revenue generated from on-street and off-street parking facilities within the district is returned to the district to finance neighborhood improvements.

In practice, a successful PBD in Balboa Village would be implemented via adoption of city ordinance creating a Balboa Village PBD, stipulating that all parking revenue generated within the PBD be used to fund designated neighborhood improvements. In addition, establishment of an appropriate governing body to develop a program of expenditures and ensure proper oversight of PBD revenue is required. Any governing body should establish well-defined procedures for soliciting and incorporating resident input. This body and its structure will be determined pending additional study.

Potential PBD Expenditures can include a wide variety of transportation related expenditures designed to not only improve parking management, but also improve overall mobility, accessibility, and quality of life within the district.

RECOMMENDATION #3: ESTABLISH A RESIDENTIAL PARKING PERMIT PROGRAM.

A residential parking permit program (RPP) operates by exempting permitted vehicles from the parking restrictions and time limits for non-metered, on-street parking spaces within a geographic area. The primary goal of an RPP is to manage parking "spillover" into residential neighborhoods. The following program parameters are recommended for a potential RPP specific to the Balboa area.

- RPP District Boundaries: All residential streets between 7th Street and Adams Street
- Program Eligibility: All residences within the proposed zone are eligible to purchase permits, including rental home owners. In addition, Bay Island residents would be eligible to purchase permits.
- Hours of Operation: No Parking: 4 PM – 9 AM, 7 days, excluding holidays. Permit holders exempt.
- Maximum Number of Permits: 4 per household; Guest permits will be studied further to determine the most appropriate pricing and issuance structure
- Permit Type: Rearview mirror "hangtag" that is a solid color (to change annually) and clearly indicate the year of permit issued.
- Permit Costs: Permits should be priced at an escalating rate to encourage residents to make full use of their garages and purchase only the number of permits they actually need. Initial prices for the RPP are proposed below, although the City may need to adjust the pricing structure in future years to respond to demand for permits.
  - 1st permit: $20 per year
  - 2nd permit: $20 per year
  - 3rd permit: $60 per year
  - 4th permit: $100 per year
- Compliance with California Coastal Commission: The Coastal Commission will need to approve any RPP proposed by the City of Newport Beach for the 7th to Adams District. It is recommended that the City of Newport Beach permit application for the RPP emphasize a number of key program elements to ensure its approval.

RECOMMENDATION #4: ESTABLISH AN EMPLOYEE PARKING PERMIT PROGRAM FOR BALBOA VILLAGE.

An employee parking permit program offers employers or employees the option to purchase a permit that provides priority parking in a designated area. Employee parking permit programs provide a consistent parking option for employees, reducing the need for an employee to "hunt" for a parking space, move their vehicle to avoid parking restrictions, or occupy "prime" on-street spaces for customers.

The following program parameters are recommended for an employee permit program specific to the Balboa area.

- Eligibility: All employers and employees within Balboa Village
- Designated employee parking zone: Approximately 100 spaces in the north western portion of the Balboa Village Municipal Beach parking lot. During summer weekends, reduce to 50 spaces to ensure availability for beach users.
- Hours of operation: 6 AM – 10 AM, everyday
- Number of permits issued: 1 permit per employee, requiring proof of employment, photo ID, and vehicle registration information.
- Permit Cost: $50 per year, no proration
- Permit Revenue: Revenue would be used to cover cost of program administration
- Compliance with California Coastal Commission: While the Coastal Commission has largely focused on the creation of residential permit programs, it is possible that they may have similar issues with an employee permit program. The City should begin conversations with the Coastal Commission to determine if any regulatory issues need to be addressed.

RECOMMENDATION #5: IN THE SHORT-TERM, ELIMINATE MINIMUM PARKING REQUIREMENTS, REMOVE THE EXISTING PARKING IN-LIEU FEE OBLIGATION, AND DO NOT IMPLEMENT ANY ADDITIONAL IMPACT FEES. DEPENDING ON THE LEVEL OF DEVELOPMENT IN THE LONG-TERM, EVALUATE IMPLEMENTATION OF A "PARKING AND MULTIMODAL" IMPACT FEE.

This recommendation proposes potential options for how the City should address its minimum parking requirements and potential fees to mitigate transportation impacts.

Minimum Parking Requirements

Title 20, Part 3 of the Newport Beach Municipal Code describes the site planning and development standards for each land use type, including a chapter dedicated to off-street parking and loading standards. Of particular importance are the off-street parking requirements and the minimum number of parking spaces that each land use must provide.

Impact Fees

Local governments have been collecting impact fees for decades, with the power to exact impact fees arising from the city's police power to protect public health, safety, and welfare. Fees fund a variety of public facilities and services, including parks, schools, public art, and libraries. In recent years, many communities throughout California are increasingly relying on transportation-

specific impact fees to ensure that the costs of transportation infrastructure and services necessary to support new development are not borne disproportionately by existing residents, businesses, and/or property-owners.

The City of Newport Beach has already adopted a Fair Share Traffic Contribution Ordinance (see Chapter 15.38 of the Municipal Code), as a means to more fully mitigate traffic impacts from new development in Newport Beach and is based upon the unfunded cost to implement the Master Plan of Streets and Highways. The use of the funds generated is narrowly defined, as revenue can only be used for the purposes of planning, designing, and constructing roadway projects.

Parking In-lieu Fees

A voluntary in-lieu parking fee program allows proposed projects or uses to pay a designated fee rather than provide an on-site parking space. The City of Newport Beach has had a parking in-lieu fee for commercial uses since 1972, but was suspended in 1989. Those uses previously in the in-lieu parking program have continued to pay the fee on an annual basis. Revenue is approximately $69,000 per year and it goes into the City's General Fund. Within Balboa Village there are nine locations that participate in the existing in-lieu fee program, where a total of 93 spaces generate $13,950 in annual revenue for the City.

Short-term Recommendation: Eliminate minimum parking requirements for all non-residential uses. Do not implement an impact fee at this time. Eliminate existing obligations to the current parking in-lieu fee program.

Long-term Recommendation: Depending on the level of development in Balboa Village, evaluate implementation of a "Parking and Multimodal" impact fee.

RECOMMENDATION #6: FORMALLY ESTABLISH BALBOA VILLAGE AS A SHARED PARKING DISTRICT.

Shared parking is one of the most effective tools in parking management. Because many different land uses (a bank and a bar or restaurant, for example) have different periods of parking demand, they can easily share a common parking facility, thereby limiting the need to provide additional parking. Shared parking policies do not treat the parking supply as individual units specific to particular businesses or uses, but rather emphasize the efficient use of the parking supply by including as many spaces as possible in a common pool of shared, publicly available spaces.

Outlined below are specific policy recommendations designed to facilitate shared parking and the creation of a "park once" district in Balboa Village:

- Maximize use of the existing parking supply by improving wayfinding and parking information
- Work with existing property owners and businesses to ensure that private parking is made available to the public when not needed for its primary commercial use
- Work with property owners and businesses to develop mutually-agreeable operating and liability arrangements for public use of private parking facilities
- Require as a condition of approval that all newly constructed private parking in any non-residential Balboa Village development or adaptive reuse project be made available to the public
- Allow parking to be shared among different uses within a single mixed-use building by right

- If new public parking supply is needed, first purchase or lease existing private parking lots or structures from willing sellers, and add this parking to the shared public supply before building expensive, new lots/garages

RECOMMENDATION #7: DEVELOP A COORDINATED WAYFINDING PROGRAM FOR BALBOA VILLAGE.

Wayfinding signage helps orient visitors, shoppers, and residents alike, pointing them to area parking facilities, retail establishments, pedestrian and bicycle access routes, and other important destinations. Wayfinding informs people of the best way to access an area, depending on their mode of travel. Parking wayfinding signs can also display real-time availability data, pointing motorists to facilities with available spaces.

Wayfinding is most effective when it is consistent; all signage should be produced in a similar style, and organized by type (parking, bicycle/pedestrian, retail). Regardless of the particular signage installation utilized, good design that is consistent with and supports the character of the neighborhood is critical for all signage elements.

A wayfinding system in Balboa Village would be most effective if signs were located at the traditional entrances to the area, near major garages and attractions, and along major arterials. For example, signage pointing motorists to off-street parking lots with real-time availability data should be installed along Balboa Boulevard towards the entrance to Balboa Village, as well as near the Balboa Island Ferry for those motorists coming from Balboa Island. Additional signs should be installed at each large off-street facility, including the beach lot, the Newport Landing lot, and the public lots along Balboa Boulevard at Palm Street.

Bicycle and pedestrian wayfinding should be prioritized along and near the Newport Balboa Bike Trail, as well as the commercial blocks of Balboa Boulevard and Main Street. In partnership with local businesses, retail establishments could also be listed on wayfinding signs and materials, encouraging visitors to frequent Balboa Village businesses.

RECOMMENDATION #8: IN COORDINATION WITH THE CITY'S BICYCLE SAFETY COMMITTEE, IDENTIFY AND IMPLEMENT TARGETED IMPROVEMENTS TO BICYCLE AND PEDESTRIAN FACILITIES IN BALBOA VILLAGE.

Bicycle and pedestrian improvements include many different strategies that seek to encourage travel via non-motorized modes. The City of Newport Beach Bicycle Safety Committee is currently in the process of developing a plan and set of strategies to improve bicycle safety and conditions in Balboa Village. This recommendation should be implemented in collaboration with, or as part of, that planning process.

The Newport Balboa Bike Trail is the main bicycle and pedestrian access point to Balboa Village. As such, most bicycle amenities should be concentrated along that route, and along connection points between the trail and other important destinations. Improvements could also be made along Palm Street to encourage non-motorized travel from the Balboa Island ferry to Balboa Village and the Newport Balboa Bike Trail.

Improvements to the pedestrian realm should seek to encourage pedestrian traffic along the Balboa Avenue and Main Street retail corridors, and connect off-street parking facilities to important destinations. Spot improvements could include additional mid-block pedestrian crossings along long blocks and bulb-outs at busy signalized Balboa Boulevard intersections.

RECOMMENDATION #9: ESTABLISH AN ONGOING DATA COLLECTION, MONITORING, AND EVALUATION PROCESS.

In parking, you can only manage what you measure. Based on this maxim, this recommendation seeks to formalize the "measurement" process by proposing that the City implement an ongoing data collection and evaluation program for Balboa Village. More specifically, this Plan recommends that the City collect parking occupancy and turnover data for both on- and off-street parking facilities. This data is essential for evaluating whether the demand-based pricing policies recommended within this Plan are achieving their goals.

2 EXISTING CONDITIONS

OVERVIEW

Balboa Village is located within the City of Newport Beach along Balboa Boulevard on the eastern portion of Balboa Peninsula. Balboa Boulevard is the main vehicle access route to Balboa Village, though the Balboa Island Ferry also shuttles vehicles across Newport Bay from a terminal on the northern end of Palm Street, providing a second access point to the area for private vehicles. Bicyclists and pedestrians can access the area via the Newport Balboa Bike Trail Class I bikeway that connects Balboa Village to the rest of Newport Beach, along the Balboa Peninsula coastline.

The area is comprised mostly of single-family residential uses, though a limited amount of multifamily buildings exist near the Balboa Pier and along Cypress Street. Various retail, entertainment, and commercial uses are located along Balboa Boulevard, Main Street, and East Bay Avenue.

Balboa Village beaches and the coastline are a regional recreational destination. The area experiences a large seasonal influx of visitors, peaking during warm summer months, particularly on weekends. The Balboa Village Ferry Terminal, Catalina Flyer, Newport Harbor Nautical Museum, Balboa Pavilion, and the Balboa Pier are other major trip generators in the area that also exhibit seasonal peaks. As such, parking utilization rates and the number of retail and restaurant customers are quite high during the summer months and substantially lower during the rest of the year.

Effective management of Balboa Village's parking is integral to maintaining and enhancing livability in the area. By examining existing parking conditions, this chapter facilitates a better understanding of how people are utilizing Balboa Village's current parking facilities, highlights parking challenges and inefficiencies, and provides a framework for developing a targeted parking management plan.[1]

PARKING INVENTORY AND REGULATIONS

An inventory of parking facilities was undertaken by Walker Parking Consultants in 2008 as a part of the Balboa Village Parking Policy Plan. The general boundaries of this study were Coronado Street to the west, the Newport Bay to the north, B Street to the east, and the beach parking lots to the south. This section provides a brief summary of the parking inventory (type and number of spaces) and parking regulations (time limits and pricing) for each on-street block and off-street facility surveyed as part of the Walker study.

[1] It is important to note that no original parking data collection was performed as part of this study. All parking inventory and occupancy data was obtained from a parking study conducted by Walker Parking Consultants submitted to the City in 2009 (occupancy counts conducted in July 2008). Information from the Walker study serves as the primary data source for Nelson\Nygaard's analysis and recommendations, and we have summarized it as a part of this chapter to ensure that stakeholders fully understand the parking conditions and behaviors within the study area.

Methodology

Parking inventory and regulations were determined through field observations by Walker Parking Consultants. Walker Parking did not count private off-street facilities with fewer than 5 spaces and only off-street facilities that were accessible (i.e. not gated or closed for construction) were counted.

Findings

Parking Type and Pricing

Figure 2-1 provides a detailed breakdown of the type of parking in the study area for both on- and off- street facilities. A total of 1,636 parking spaces were counted in the study area, including 280 on-street spaces and 1,356 off-street spaces.

Figure 2-1 Study Area Parking Facilities, by Type

Location	Standard	Customers Only / Reserved	Metered / Paid	Loading (All)	Total	% of Parking
On-Street	212	0	53	15	280	17%
	76%	*0%*	*19%*	*5%*	*100%*	
Off-Street	0	198	1,158	0	1,356	83%
	0%	*15%*	*85%*	*0%*	*100%*	
Total	212	198	1,211	15	1,636	100%
	13%	*12%*	*74%*	*1%*	*100%*	

On-street parking exists along most streets in Balboa Village, representing roughly 17% of all parking in the area. The study area contains 280 total on-street spaces, the majority of which are unregulated (76%) except for weekly street sweeping. Approximately 19% of on-street spaces in the study area are metered. These spaces are located along Balboa Boulevard, Bay Avenue, and Palm Street and have time limits ranging from 30 minutes, one hour, and two hours. Meters in Balboa Village are priced at $1.50 per hour.

Off-street parking exists in both public and private facilities throughout Balboa Village. Approximately 1,356 off-street facilities account for 83% of parking spaces in the study area. The largest off-street lot is the Balboa Pier lot (711 spaces) located off of Balboa Boulevard at the end of Palm Street. Various public, “pay” lots are located at Balboa Boulevard and Palm Street, at East Bay Avenue and Washington Street, and on either side of Peninsula Park at the end of both A and B Streets.

Of the off-street spaces, approximately 85% are for pay, while the remaining 15% of spaces are reserved for customers or tenants only. The pricing structures of Balboa Village’s paid lots are as follows:

- Balboa Pier Main Lot
  - Autos: $1.50 per hour, $15 max for 24-hour period
  - RV's (No Camping): $1.50 per hour, $15 max for 24-hour period (Per Space Occupied)
  - Buses: $50 for 24 passengers or less; $100 for 25 passengers or more

  - Motorcycles: $0.75 per hour, $7.50 max for each 24-hour period
  - Peak Holidays (Memorial Day, July 4th, and Labor Day): $25 flat rate
- Newport Landing
  - Catalina Flyer
    - Monday - Thursday, $10 per day
    - Friday - Saturday, $12 per day
    - Sunday, $15 per day
  - Whale Watching boats - $6 with validation
  - Fishing boats - $8 with validation
- Public Lots
  - East Balboa Boulevard & Palm Street - $1.50 per hour (meter)
  - Peninsula Park Lots A & B - $1.50 per hour (meter)
  - Oceanfront lot - $1.50 per hour (meter)

Parking Revenue

Figure 2-2 provides a summary of the parking revenue generated in Balboa Village from both parking meters and public lots over the past four years. Since FY 07-08, revenue from Balboa Village parking facilities averaged about $1.27 million per year, of which approximately $320,000 comes from the on-street meters. Parking revenue in Balboa Village has increased 35% since 2007-08.

It is important to note that close to 90% of the parking revenue generated in Balboa Village is allocated to the City's Tidelands fund, which is used to finance a variety of projects to improve access and operations of the City's marine resources. In fact, all of the revenue from the public off-street facilities is allocated to the Tidelands fund. The remaining meter revenue, approximately $138,000, is allocated to the City's General Fund.

Figure 2-2 Balboa Village Parking Revenue

Fiscal Year	Meter Revenue		Lot Revenue		Total Revenue			% to Tidelands
	Total	To Tidelands	Total	To Tidelands	Total	To Tidelands	To General	
FY 07-08	$259,581	$141,938	$863,507	$863,507	$1,123,088	$1,005,444	$117,643	89.5%
FY 08-09	$268,573	$149,548	$862,628	$862,628	$1,131,201	$1,012,176	$119,025	89.5%
FY 09-10	$323,193	$200,039	$1,028,013	$1,028,013	$1,351,206	$1,228,052	$123,154	90.9%
FY 10-11	$427,615	$235,200	$1,083,898	$1,083,898	$1,511,513	$1,319,098	$192,415	87.3%
Average	$319,740	$181,681	$59,511	$959,511	$1,279,252	$1,141,193	$138,059	89.2%

Parking Permit Programs

The City of Newport Beach currently provides three parking permit programs: the Annual Parking Permit Program, the Master Parking Permit Program, and an Overnight Parking Permit Program.

An Annual Parking Permit allows a vehicle to occupy any "blue post" metered space free of charge. Blue parking meters exist in the Balboa Pier Main Lot, as well as the A Street and B Street Peninsula Park Lots. Permits are issued on a calendar year basis, with prorated rates. Pricing for the Annual Parking Permits are as follows:

- Purchased January 1 – September 30: $150
- Purchased October 1 – December 31: $37.50

Master Parking Permits allow vehicles to occupy *any* metered parking space within the City of Newport Beach (both off-street and on-street spaces) free of charge. Permits are issued on a calendar year basis, with prorated rates. Pricing for the Master Parking Permits are as follows:

- Purchased January 1 – September 30: $450
- Purchased October 1 – December 31: $112.50

The Overnight Parking Permit allows a motor vehicle of 20 feet or less in length to occupy a single parking space in the Balboa Municipal Parking Lot, day and/or overnight, without paying a parking fee. Overnight parking is defined as between 3-6 AM and vehicles may remain up to seven consecutive days. Permits are issued on a calendar year basis, with prorated rates. Pricing for the Overnight Permit are as follows:

- Purchased January 1 – September 30: $225
- Purchased October 1 – December 31: $56.25

PARKING UTILIZATION AND TURNOVER

This section provides an overview of the results from the original parking utilization and turnover data collection effort conducted by Walker Parking Consultants. It includes a summary of the count methodology, as well as the key findings.

Methodology

Walker Parking conducted utilization and turnover counts of on- and off-street spaces in the study area. The utilization count days and times included:

- Thursday, July 24th, 2008 at 10 AM, 1 PM, and 7 PM
- Saturday, July 26th, 2008 at 10 AM, 1 PM, and 7 PM

Utilization data was collected at three times during the day to observe parking behavior and demand throughout the day. Utilization rates were collected for all on-street spaces in the study area and all public and private off-street facilities containing more than 5 spaces.

Walker Parking also collected turnover data for on-street spaces along East Balboa Boulevard and East Bay Avenue between Cypress Street and Main Street. Staff members collected license plate numbers every hour during a weekday, tracking vehicle length of stay.

Findings

Utilization

Figure 2-3 and Figure 2-4 highlight summer parking demand for the study area as a whole. As expected, utilization was higher at all times and in all facility types on Saturday, when Balboa Village typically experiences a very large influx of beachgoers and visitors. On both Thursday and Saturday, combined on- and off-street utilization peaked at 1 PM (67% and 96%, respectively). On Thursday, utilization was lowest at 10 AM (52%), while on Saturday, utilization was lowest at 7 PM (84%).

Figure 2-3 Summer Utilization Rates by Day/Facility Type

	10 AM	1 PM	7 PM
Thursday			
On-Street	78%	89%	95%
Off-Street	47%	62%	51%
All	52%	67%	58%
Saturday			
On-Street	90%	96%	97%
Off-Street	86%	97%	82%
All	86%	96%	84%

Figure 2-4 Utilization Rates, Overall Study Area

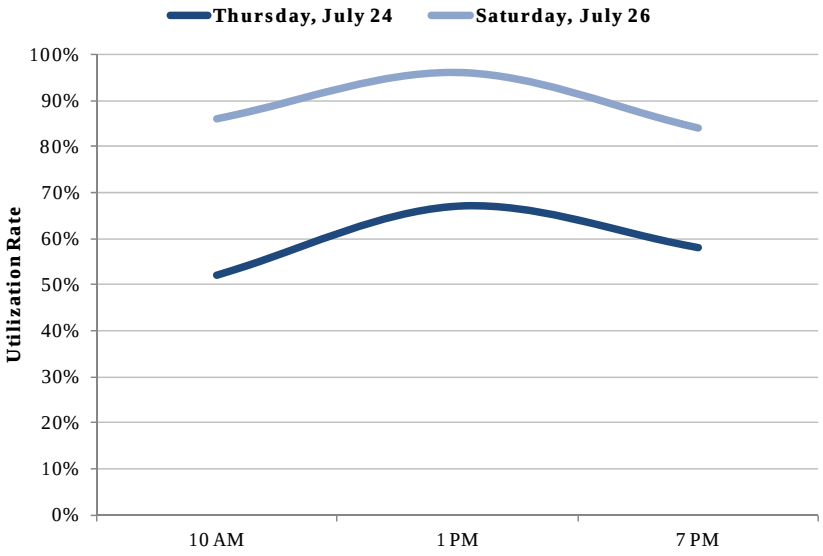


Figure 2-5 and Figure 2-6 show utilization rates for Thursday and Saturday by facility type. On Thursday, on-street facilities experienced significantly higher utilization rates than off-street facilities during all three count periods. On-street utilization peaked at 95% at 7 PM, while off-street utilization peaked at 1 PM (62%). This indicates that on-street spaces remain popular into the evening, likely serving individuals who are frequenting the area for dinner.

Saturday experienced much higher off-street utilization rates, and slightly higher on-street utilization rates. On-street and off-street utilization both peaked at 97%, though at different times: the on-street peak occurred at 7 PM, while the off-street peak occurred at 1 PM. Unlike Thursday's utilization patterns, parking demand on Saturday was spread more evenly throughout the area's on-street and off-street facilities.

Figure 2-5 Utilization Rates by Facility Type, Thursday

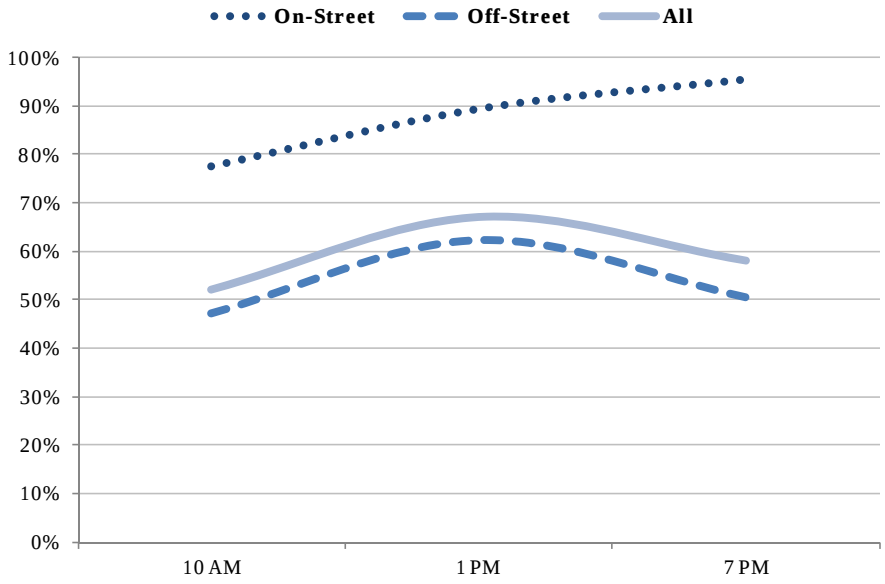
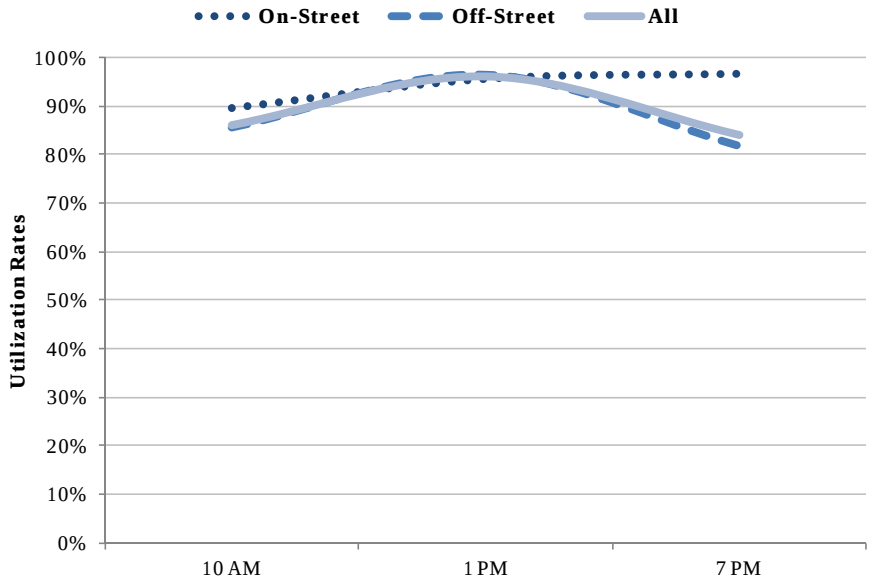


Figure 2-6 Utilization Rates by Facility Type, Saturday



Target occupancy rates of 85% and 90% are effective industry standards for on- and off-street spaces, respectively. In other words, maintaining 15% and 10% vacancy rates for corresponding on- and off-street stalls will help ensure an "effective parking supply." It is at these occupancy levels that roughly one space per block is available, making searching or "cruising" for parking unnecessary and allowing off-street lots to maintain adequate maneuverability. Utilization rates below these targets indicate a diminished economic return on investments in parking facilities. Figure 2-7 and Figure 2-8 show utilization rates in Balboa Village as compared to these target rates (depicted in a solid grey line).

Figure 2-7 On-street Utilization by Day

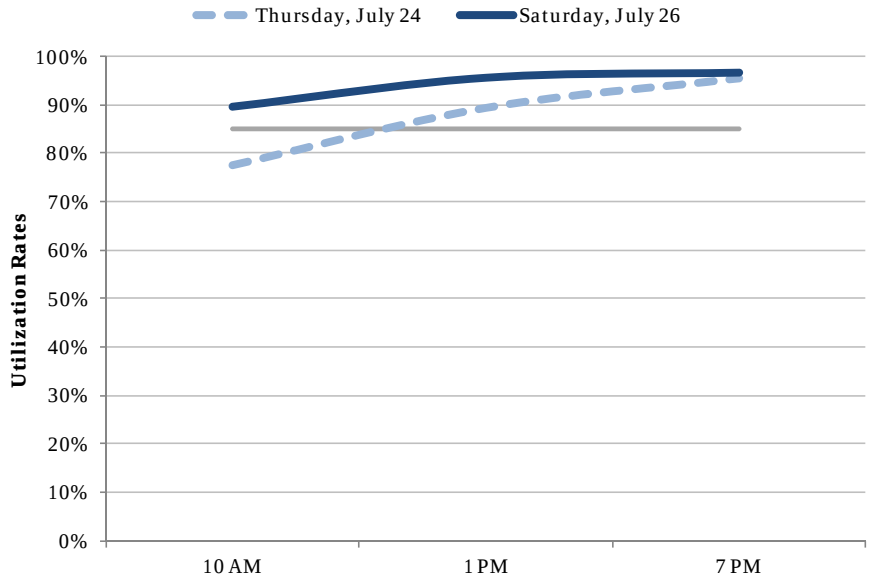
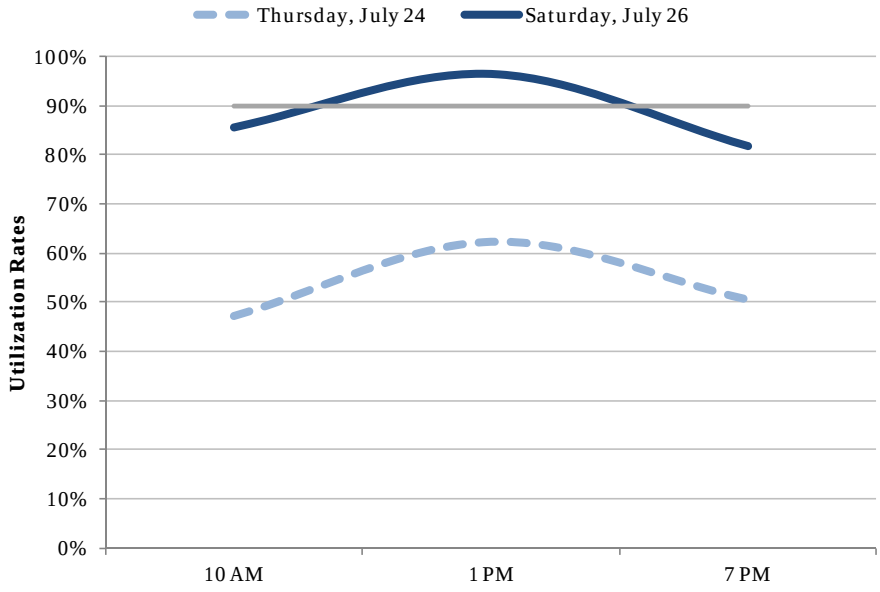


Figure 2-8 Off-street Utilization by Day



On Thursday, while on-street utilization approached 95% at 7 PM, the combined on- and off-street utilization rate never surpassed 67%. These results indicate that in general there is an ample supply of parking in the study area during weekdays, and that challenges associated with parking are likely due to inefficient management of existing supply. For example, off-street facilities were consistently underutilized during all count times. While the area saw spikes of high on-street utilization, total off-street utilization was only 62%. As most on-street spaces are unregulated, motorists will typically "cruise" for an on-street space before entering a pay lot. During peak demand on Thursday (1 PM, 67% combined occupancy), there were only 30 on-street spaces available, yet 510 available off-street spaces.

On Saturday, on-street utilization rates were above the 85% target during all three count periods, while off-street utilization exceeded the 90% target only at 1 PM. During the overall peak demand period (1 PM, 96% combined occupancy), only 12 on-street and 47 off-street spaces were available throughout the study area.

Figure 2-9 and Figure 2-10 map utilization by on-street block face and off-street block total during peak utilization on Thursday (1 PM) and Saturday (1 PM), respectively. During Thursday's peak period, over half of the area's block faces exhibited utilization rates at or above 85% target rates, the majority of which offer free, unregulated parking. Some blocks along Balboa Boulevard, Bay Avenue, and Coronado Street were utilized at lower rates, though in general "front-door" facilities closest to Balboa Village attraction exhibited high utilization rates.

Off-street utilization was significantly lower than on-street utilization, as only block ID #9 (the block bordered by East Balboa Boulevard, A Street, B Street, plus the two Peninsula off-street lots) exhibited utilization rates above the 90% off-street standard. As noted above, significant supply existed in the various public and private off-street facilities throughout the study area.

During Saturday's peak period, the majority of on-street block faces exhibited utilization rates above the 85% target rate for on-street spaces. Two blocks along Bay Avenue (metered), one along Adams Street (loading only), and one block along Balboa Boulevard exhibited utilization rates below 85%. Off-street utilization was also very high. At this peak hour, the Balboa Pier lot, Peninsula Park lots, and Newport Landing garage were 100% utilized.

Figure 2-9 Peak Hour Utilization, Thursday 1 PM

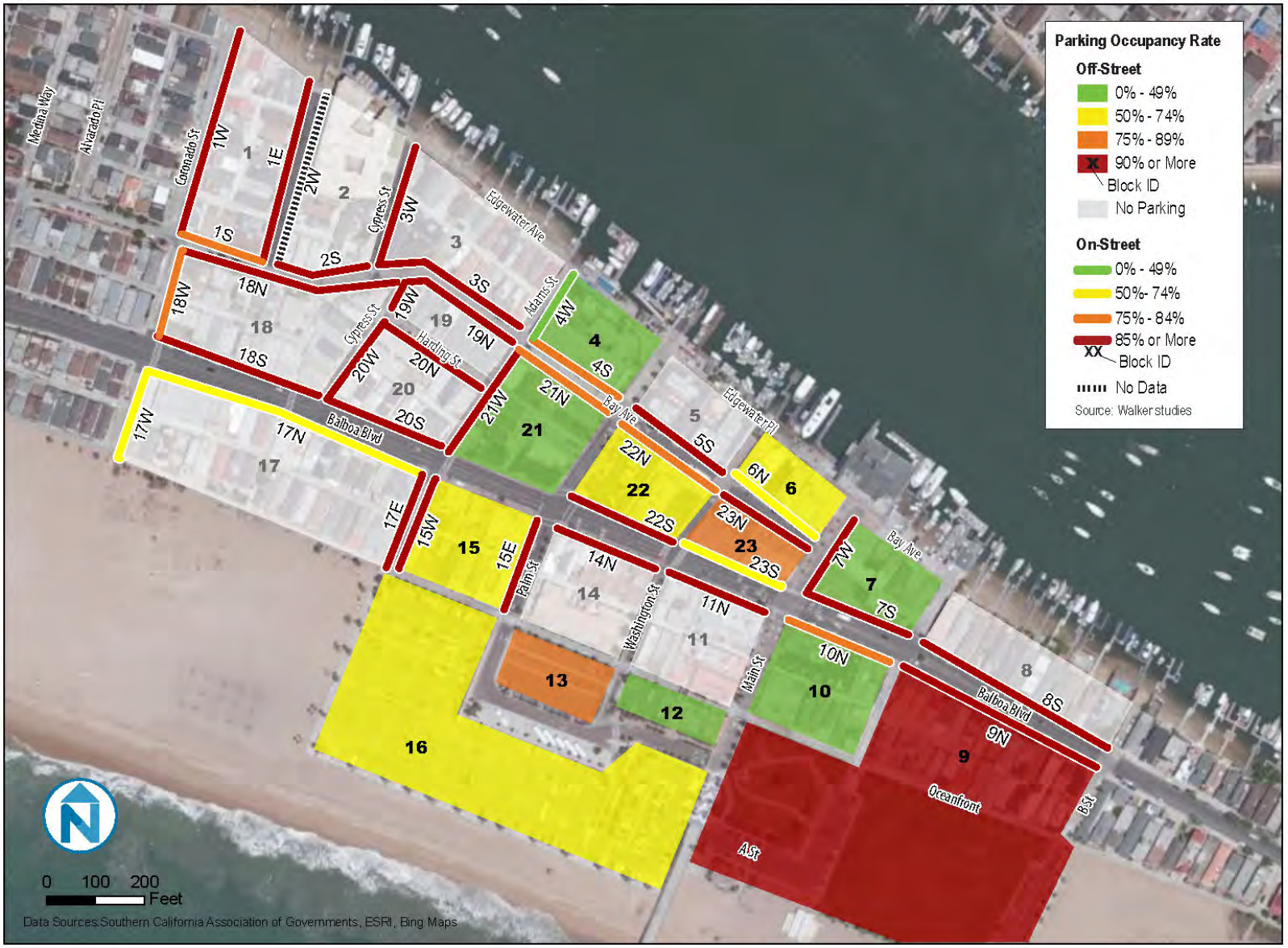
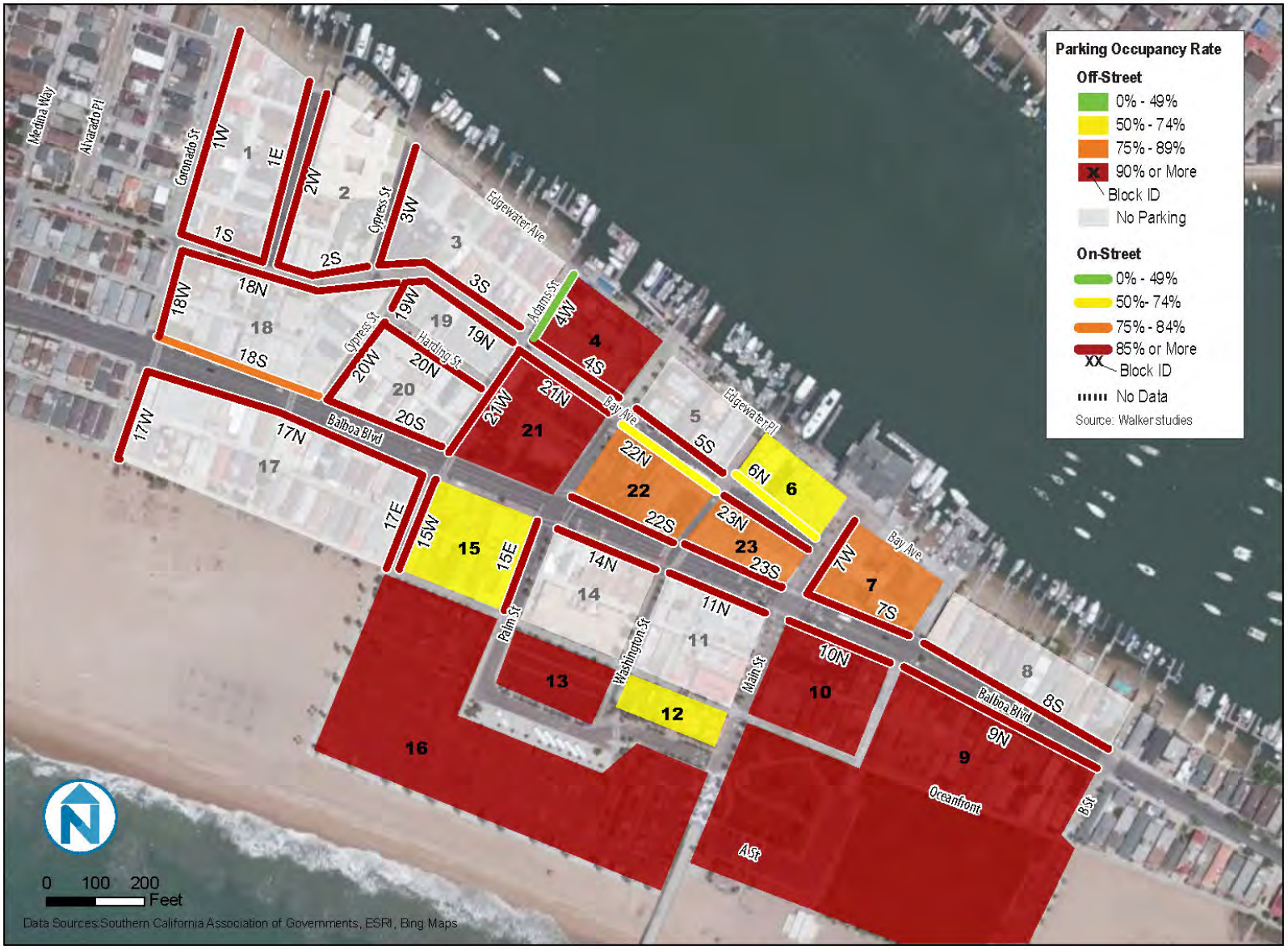


Figure 2-10 Peak Hour Utilization, Saturday 1 PM



Based on the Walker Parking utilization data for the study area, a number of observations can be made. First, it is clear that for the vast majority of the year, existing parking supplies are more than adequate to meet demand. While some "pockets" of high demand exist, particularly in prime on-street facilities, on a whole both peak and off-peak weekday utilization rates are below target utilization. This means that typically, a significant amount of parking is available in Balboa Village, and associated perceptions of parking difficulty are due to the lack of a coordinated parking management plan as opposed to the lack of sufficient supply.

However, the data also makes clear that during the area's periods of peak parking demand (summer weekends) utilization rates in the majority of the area's on- and off-street facilities exceed target utilization rates. As a result, spillover parking likely does occur into the surrounding neighborhoods, as beachgoers either seek free parking, or must look to on-street spaces because the beach lots are at or near capacity. A successful parking management plan will respond to both this extreme seasonality of demand and address spillover issues tied to parking regulation and pricing schemes.

Turnover

Walker Parking Consultants also conducted turnover data collection, noting vehicle license plates during a weekday every hour. The analysis was conducted on various block faces along Bay Avenue and Balboa Boulevard between Cypress and Main Streets.

Results from the Walker Parking license plate inventory indicate that a large percentage of vehicles are parked in on-street spaces for long periods of time. During the count day, approximately 52% of spaces in the count area were occupied by vehicles parked for five hours or more. The overall turnover ratio was 1.84 vehicles per space over the 11-hour study period.

It is possible that the majority of long-term, on-street parkers are employees parking in spaces that are intended to serve more short-term visitors, such as shoppers. The Walker Parking study correctly notes that this practice exacerbates congestion and helps to create a perception that a visit to Balboa Village is not worth the hassle of parking. Greater turnover of on-street spaces would help dispel this perception, and would free up prime "front-door" metered spaces for customers and short-term visitors.

As a part of this study, Nelson\Nygaard also conducted extensive resident and business owner stakeholder interviews to get a better sense of "on the ground" parking conditions. Many business owners noted that they encourage their employees, sometimes with free or discounted passes, to park in off-street facilities, mostly the Balboa Pier Lot and the Newport Landing structure. However, other merchants cannot afford to provide such an incentive, meaning employees are left to find parking on their own, likely seeking out free on-street spaces.

Synthesis of Parking Findings

As chronicled above, Nelson\Nygaard's analysis of previously collected parking utilization and turnover data yielded various key findings related to parking conditions in Balboa Village. In sum, during the off-peak, ample parking supply exists to meet current demand. Finding on-street parking along a few "front door" block faces, however, can be difficult during all times of the year, especially during summer months. Pockets of high demand and the perceived difficulty of parking during these times are likely due to the lack of a coordinated parking management plan, not the need for significant additional parking supply. However, during summer weekends, on- and off-street parking supplies are significantly constrained. The specific findings of the parking analysis are summarized below:

Key Finding #1: Balboa Village has a large supply of parking, the majority of which is located in off-street facilities.

A total of 1,636 parking spaces exist in Balboa Village, 1,356 of which (83%) are located in various public and private off-street facilities. Of these off-street spaces, 1,158 are in paid lots open to the public. Only 280 on-street facilities exist in Balboa Village, 212 (76%) of which are unregulated and free of charge. The remaining on-street spaces are either metered (53 total spaces) or reserved for loading purposes (15 total spaces).

Key Finding #2: Balboa Village's parking supply is underutilized for all but the busiest summer weekends.

It should be emphasized that the parking counts reflect summer demand and that the Balboa Village area only experiences "peak" parking demand on roughly 30-35 days per year. Balboa Village has more than enough supply to meet current levels of demand during the vast majority of the year. During summer weekday counts (a figure that should be comparable and possibly higher than non-summer weekday and weekend counts), combined utilization rates never exceeded 67%, meaning that at any given time, 540 spaces *or more* are available in Balboa Village.

Key Finding #3: While the parking supply is underutilized, various "hot-spots" of demand exist, even during non-peak months.

Various "pockets" of high demand exist in Balboa Village, even during non-peak times and months. Prime metered on-street spaces, unregulated and free on-street spaces, and off-street facilities closest to the beach and Balboa Island Ferry Terminal experienced the highest utilization rates. While these areas were highly utilized, large amounts of available parking existed within a 5-10 minute walk. As noted above, this is likely due to the following reasons:

- Most on-street spaces are free, while all publicly accessible off-street spaces are paid. As a result, motorists are incentivized to seek out and "circle" for available on-street spaces before deciding to enter a paid off-street lot.
- Many of Balboa Village's largest attractions are concentrated along the beachfront and ferry terminal area.
- Wayfinding signage does not exist to point visitors to off-street facilities with significant availability. Consequently, many motorists are unaware of the proximity and availability of additional parking facilities.

Key Finding #4: Balboa Village exhibits a drastic seasonal peaking of parking demand with capacity highly constrained on summer weekends.

Parking demand is highest in Balboa Village during summer weekends. During these times, on-street and off-street utilization peak at rates higher than target rates, meaning many motorists are stuck searching or "cruising" for parking. The difficulty in finding parking during the summer may also dissuade many from frequenting Balboa Village, thereby hindering economic activity. During Saturday's peak period, only 4% of on-street spaces and 3% of off-street spaces were available throughout the study area.

Key Finding #5: Current pricing schemes discourage the use of off-street facilities, encourage excessive "cruising" for available on-street spaces, and cause parking spillover into surrounding residential streets. During peak summer months, these trends are exacerbated.

As noted above, currently the only free, unregulated, publicly available parking in Balboa Village is located on-street, mostly along the area's residential roadways. The remaining parking supply, whether on- or off-street, is either paid parking or limited to customer or tenants only. As such, recreational visitors to the area typically seek out free on-street spaces before entering a paid lot. This causes excessive "cruising" for available spaces and creates parking spillover into Balboa Village's residential areas.

Key Finding #6: Parking turnover is relatively low, as most vehicles stay parked in off street spaces for long periods of time.

Turnover data suggests that approximately 52% of spaces in the count area were occupied by vehicles parked for five hours or more. The overall turnover ratio was 1.84 vehicles per space over the 11-hour study period. The lack of on-street turnover represents an inefficient use of curb space. Long term parking for employees or long term visitors should be moved to off-street facilities, freeing up prime "front-door" spaces for shorter term visits made by shoppers and visitors, and limiting the impacts of parking spillover.

3 CURRENT AND FUTURE PARKING DEMAND

This chapter provides an additional analysis of existing parking conditions in the study area based upon data collected as part of the Walker study. More specifically, it analyzes existing parking demand in relation to target occupancies and quantifies how much the study area is "over" or "under" supplied. In addition, this chapter analyzes parking demand in relation to existing land use and development patterns. This analysis will enable the City to demonstrate the effects of development on parking and determine whether the study area currently has more or less parking supply than existing demand requires.

INVENTORY, OCCUPANCY, AND LEVEL OF SUPPLY

As discussed in Chapter 2, the peak hour of parking demand was at 1 PM for both Thursday and Saturday. For the study area as a whole, peak occupancies were 67% on Thursday and 96% on Saturday. The figures below also show the parking data explicitly for the "commercial core," which is the area from Adam Street to A Street and does not include the beach or peninsula off-street lots. Looking at the commercial core by itself, the peak on Thursday was at 7 PM and the peak on Saturday was at 1 PM.

On Thursday, as shown in Figure 3-1, the occupancies for the study area as a whole and the commercial core are well below target levels of demand and result in an "oversupply" of parking. For example, at peak occupancy on Thursday 1,087 parking spaces in the study area were occupied. If one were to assume that this was meeting the target occupancy rate, then the study area would only require 1,224 spaces. Current supply in the study area, however, is 1,636 spaces, which translates into a 34% "oversupply" of parking based on current demand. However, the high demand for on-street spaces on Thursday result in an "undersupply" of on-street parking, especially for the commercial core. In other words, on-street spaces are in high demand, while off-street facilities have ample availability.

On Saturday, parking is much more constrained. As shown in Figure 3-2, parking is undersupplied for the study area as a whole during the peak (-8%), but is actually oversupplied for the commercial core (11%). This indicates that parking demand on weekends is heavily concentrated at the beach.

In all, this analysis reinforces several key findings. First, there is ample available supply in the off-peak, while parking is highly constrained in the peak. Second, on-street parking is highly sought after, while off-street parking is only efficiently utilized at peak periods.

Figure 3-1 Occupancy, Inventory, and Level of Supply – Thursday

On-street Parking						
Peak Period	Area	Occupancy	Necessary Supply	Existing Supply	Over / Under Supply	% Over / Under Supply
		(a)	*(b) = (a / .90)*	*(c)*	*(d) = (c-b)*	*(e) = (d / b)*
1 PM	Study Area	241	284	280	-4	-1%
7 PM	Commercial Core, no beach lots	74	87	81	-6	-7%
Off-street Parking						
Peak Period	Area	Occupancy	Necessary Supply	Existing Supply	Over / Under Supply	% Over / Under Supply
		(a)	(b) = (a / .90)	(c)	(d) = (c-b)	(e) = (d / b)
1 PM	Study Area	846	940	1,356	416	44%
7 PM	Commercial Core, no beach lots	181	201	505	304	151%
Total						
Peak Period	Area	Occupancy	Necessary Supply	Existing Supply	Over / Under Supply	% Over / Under Supply
		(a)	(b) = (a / .90)	(c)	(d) = (c-b)	(e) = (d / b)
1 PM	Study Area	1,087	1,224	1,636	412	34%
7 PM	Commercial Core, no beach lots	255	288	586	298	103%

Figure 3-2 Occupancy, Inventory, and Level of Supply – Saturday

On-street Parking						
Peak Period	Area	Occupancy	Necessary Supply	Existing Supply	Over / Under Supply	% Over / Under Supply
		(a)	*(b) = (a / .90)*	*(c)*	*(d) = (c-b)*	*(e) = (d / b)*
1 PM	Study Area	268	315	280	-35	-11%
1 PM	Commercial Core, no beach lots	72	85	81	-4	-4%
Off-street Parking						
Peak Period	Area	Occupancy	Necessary Supply	Existing Supply	Over / Under Supply	% Over / Under Supply
		(a)	*(b) = (a / .90)*	*(c)*	*(d) = (c-b)*	*(e) = (d / b)*
1 PM	Study Area	1,309	1,454	1,356	-98	-7%
1 PM	Commercial Core, no beach lots	400	444	505	61	14%
Total						
Peak Period	Area	Occupancy	Necessary Supply	Existing Supply	Over / Under Supply	% Over / Under Supply
		(a)	*(b) = (a / .90)*	*(c)*	*(d) = (c-b)*	*(e) = (d / b)*
1 PM	Study Area	1,577	1,770	1,636	-134	-8%
1 PM	Commercial Core, no beach lots	472	529	586	57	11%

PEAK DEMAND

The peak occupancy for the entire study area and for the commercial core occurred on Saturday at 1 PM. Parking demand ratio calculations reveal two different, but equally useful correlations:

- *Built Stalls to Built Land Use Ratio*. This represents the total number of existing parking stalls correlated to total existing land use square footage (occupied or vacant) within the study area. According to data provided by the City, there is approximately 286,926 gross square feet (GSF) of land uses. At this time, about **1.84 parking stalls per 1,000 GSF** of built land use have been developed/provided within the commercial core (combining the on-and off-street parking supplies).
- *Combined Peak Demand to Occupied Land Use Ratio.* This represents peak hour occupancy within the commercial core combining the on and off-street supply. As such, actual parked vehicles were correlated with actual occupied building area (approximately 265,342 GSF). From this perspective, current peak hour demand stands at a ratio of approximately **1.78 occupied parking stalls per 1,000 GSF** of built land use.

Figure 3-3 summarizes the analysis used to determine the built *ratio* of parking to built land use (i.e., Column D), which is based on the correlation between total built land use of 286,926 GSF (Column A – Built) and 528 stalls of "built" parking supply (i.e., Column C). As such, the *built ratio of parking* is 1.84 stalls per 1,000 GSF of commercial/retail building area.

Figure 3-3 also demonstrates that the *actual demand* for parking is approximately 1.78 occupied stalls per 1,000 GSF (Column F). This number is derived by correlating actual occupied building area of 265,342 GSF (Column B) to the 472 vehicles actually parked in the peak hour (Column E). Figure 3-3 also breaks out this data by the other count periods.

Figure 3-3 Parking Demand in Commercial Core – Mixed Land Use to Built Supply

Time Period	A	B	C	D	E	F
	GSF (Built)	GSF (Occupied)	Total Supply Inventoried in Study Area	Built Ratio of Parking (per 1,000 GSF)	Total Occupied Spaces	Actual Ratio of Parking Demand (per 1,000 GSF)
Thursday, 10 AM	286,926	265,342	528	1.84	156	0.59
Thursday, 1 PM					220	0.83
Thursday, 7 PM					255	0.96
Saturday, 7 PM					309	1.16
Saturday, 10 AM					326	1.23
Saturday, 1 PM					472	1.78

To date, parking has been *built* at an average rate of 1.84 stalls per 1,000 GSF of development in Balboa Village's commercial core. This rate appears to have provided close to the right amount of parking, with commercial land uses in the study area generating parking *demand* ratios of 1.78 vehicles per 1,000 GSF. It is important to note that corresponds to the peak period of the summer months, and parking demand during the rest of the year is far below 1.78. For example, the Thursday peak demand for the commercial core (a more accurate representation of typical demand throughout the majority of the year) was at .96 vehicles per 1,000 GSF.

Figure 3-4 provides a summary of built supply to actual demand for other cities that the consultant team has worked with. The Balboa Village commercial core is at the top of selected cities in relation to actual amount of parking built to land use. At its peak, Balboa Village has a similar demand ratio, resulting in a small gap between what the level of parking supplied and what is actually needed.

Figure 3-4 Built Parking Supply and Actual Peak Demand, Selected Cities

City	Minimum Requirement / 1,000 SF or Actual Built Supply	Actual Demand / 1,000 SF	Gap b/t parking built and actual parking demand (for every 1,000 GSF)
Hood River, OR	1.54	1.23	0.31
Oxnard, CA	1.70	0.98	0.72
Newport Beach, CA (Balboa Village)[2]	1.84	1.78	0.06
Corvallis, OR	2.00	1.50	0.50
Monterey, CA	2.14	1.20	0.94
Sacramento, CA	2.19	1.18	1.01
Seattle, WA (SLU)	2.50	1.75	0.75
Kirkland, WA	2.50	1.98	0.52
Palo Alto, CA	2.50	1.90	0.60
Santa Monica, CA	2.80	1.80	1.00
Ventura, CA (Westside)	2.87	1.26	1.61
Chico, CA	3.00	1.70	1.30
Hillsboro, OR	3.00	1.64	1.36
Bend, OR	3.00	1.80	1.20
Salem, OR	3.15	2.04	1.11
Lancaster, CA	3.67	1.37	2.30
Redmond, WA	4.10	2.71	1.39
Mill Valley, CA	4.13	3.08	1.05
Beaverton, OR	4.15	1.85	2.30
Soledad, CA	4.21	1.21	3.00

[2] Reflects peak parking demand during the summer months, which is achieved on approximately 30-35 days per year.

FUTURE DEMAND

Based on information provided by the City of Newport Beach, the only large-scale, commercial development that is proposed for Balboa Village is the expansion and redevelopment of the ExplorOcean Newport Harbor Nautical Museum located at 600 East Bay Avenue. The existing museum would be expanded to three levels consisting of 38,685 SF. Based on the net square footage[3] and existing demand in Balboa Village for commercial uses (see Figure 3-4), it is estimated that the new museum would generate parking demand of roughly 27 net new parking spaces[4] at peak demand.

Given the high level of demand during summer peak periods, it is likely that parking will be in high demand for parking facilities in proximity to the new museum. However, Nelson\Nygaard believes that this level of net new parking can be accommodated within the existing parking supply through more effective parking management strategies (as described in Chapter 5), and that the available development scenarios do not necessitate new parking supply. Because peak parking demand only occurs on approximately 20-30 days per year and additional parking management techniques can be utilized, expensive capital outlays for new parking facilities are not warranted in the immediate future.

In addition, any new development would be subject to the requirements of the proposed "Parking & Multimodal" impact fee (Recommendation #5), which would fund additional projects and programs to mitigate traffic and parking impacts from future projects.

[3] Net SF = 38,685 SF – 23,400 SF (estimated existing site SF) = 15,285 SF

[4] (15,285 SF / 1,000 SF) x 1.78 parking demand per 1,000 SF = 27 parking spaces

4 CALIFORNIA COASTAL COMMISSION AND PARKING MANAGEMENT

OVERVIEW

The California Coastal Commission (Commission) was established by voter initiative in 1972. The mission of the Coastal Commission is to: "Protect, conserve, restore, and enhance environmental and human-based resources of the California coast and ocean for environmentally sustainable and prudent use by current and future generations."[5] The statutory authority of the Commission comes from the California Coastal Act, which details the specific policies that govern numerous issues related to management of California's coastal resources. In practice, the Coastal Act is implemented by the Commission in partnership with all of the cities and counties (via local coastal programs, LCPs) that are located within the Coastal Zone.

Because Balboa Village is located within the Coastal Zone, the Commission will play an integral role in shaping the final recommendations of this parking management plan. More specifically, one of the key recommendations of this plan is a residential parking permit program for the Balboa Village area. As outlined below, the Coastal Commission takes a particularly keen interest in all residential permits within the Coastal Zone, as they have the potential to limit coastal and beach access for the general public. This chapter outlines the Commission's statutory authority to regulate residential parking permits and highlights the key issues that the City of Newport Beach should consider when designing its residential permit program.

COASTAL ACT AND PARKING MANAGEMENT

One of the most common issues related to parking management is "spillover" parking – when non-residents use on-street parking in residential areas to park their vehicles. Local residents often argue that this practice limits their ability to park near their homes. Spillover parking is a common challenge in residential areas that are located in close proximity to a major trip generator, such as a major employer or popular tourist attraction. As a response, many local jurisdictions have utilized residential parking permits (RPPs), which restrict the time and/or duration a non-resident can park in an on-street space.

Over the years, numerous coastal jurisdictions have submitted permit applications to the Commission asking for approval of an RPP as a means to manage parking spillover issues in residential areas near popular beach or coastal areas. Because each RPP has the potential to reduce public access opportunities to coastal resources, the Commission evaluates each application on an individual basis, ultimately seeking to meet its mission of providing, maintaining, and ensuring public access to coastal resources while taking into account the needs

[5] http://www.coastal.ca.gov/whoweare.html

of local residents. Some of the most relevant Coastal Act provisions that give the Commission purview over coastal access and parking policies within the coastal zone are outlined below:[6]

- **Section 30600:** Requires local governments to obtain permits to undertake "development" in the coastal zone.
- **Section 30106:** Development is defined as: "...change in the density or intensity of use of land...change in the intensity of use of water, or of access thereto..." Therefore, by converting on-street public parking spaces to private residential uses, a city wishing to implement an RPP is undertaking "development," and must apply for the required permit.
- **Section 30210:** "Maximum access...and recreational opportunities...shall be provided for all the people..."
- **Section 30211:** "Development shall not interfere with the public's right of access to the sea..."
- **Section 30212.5:** "Wherever appropriate and feasible, public facilities, including parking areas or facilities, shall be distributed throughout an area so as to mitigate against the impacts, social or otherwise, of overcrowding or overuse by the public of any single area."
- **Section 30213:** "Lower cost visitor and recreational facilities shall be protected, encouraged, and, where feasible, provided."
- **Section 30214:** "(a) The public access policies of this article shall be implemented in a manner that takes into account the need to regulate the time, place, and manner of public access depending on the facts and circumstances in each case including, but not limited to, the following:

  (3) The appropriateness of limiting public access to the right to pass and repass depending on such factors as the fragility of the natural resources in the area and the proximity of the access area to adjacent residential uses.

  (4) The need to provide for the management of access areas so as to protect the privacy of adjacent property owners and to protect the aesthetic values of the area by providing for the collection of litter.

  (b) It is the intent of the Legislature that the public access policies of this article be carried out in a reasonable manner that considers the equities and that balances the rights of the individual property owner with the public's constitutional right of access...

  (c) In carrying out the public access policies of this article, the commission and any other responsible public agency shall consider and encourage the utilization of innovative access management techniques...
- **Section 30252:** "The location and amount of new development should maintain and enhance public access to the coast by (1) facilitating the provision or extension of transit service, (2) providing commercial facilities within or adjoining residential development or in other areas that will minimize the use of coastal access roads, (3) providing non-automobile circulation within the development, (4) providing adequate parking facilities or providing substitute means of serving the development with public transportation..."

[6] California Coastal Act: http://www.coastal.ca.gov/coastact.pdf

SUMMARY OF SELECTED RPP APPLICATIONS TO COASTAL COMMISSION

Outlined below are brief summaries of selected Commission rulings on previous RPP permit applications. The primary source materials for this section are Commission Staff reports related to RPP applications.

City of Santa Cruz (1979)

- Live Oak residential area
- Hours: Summer weekends, 11 AM – 5 PM
- Commission approved the program with the following mitigation measures:
  - Availability of day use permits to general public
  - Provision of remote lots
  - Free shuttle system

City of Hermosa Beach (1982)

- Downtown commercial district and residential district 1,000 feet inland
- Original application included restricted parking near the beach and a free remote parking system to replace restricted on-street parking
- Commission approved a revised program that included availability of day use permits for the general public and a shuttle system to remote lots
- Commission later approved City request to eliminate the shuttle system based on evidence that it was lightly used, the remote parking areas were within walking distance, beach access would not be limited with loss of the shuttle, and the City could no longer afford to operate the shuttle

City of Santa Cruz (1983)

- Beach Flats area
- Commission approved RPP based on findings that the original residential area did not provide enough off-street parking for residents (based on conversion of rental cottages to permanent residential units), that residents were competing with visitors for on-street parking, and that adequate public parking was available in nearby public lots and non-metered on-street spaces.
- 150 permits were issued to residents

City of Capitola (1987)

- 2 RPP areas: “Village” and “Neighborhood” areas
- Original application – Village RPP: Resident permits that were exempted from 2-hour restriction and meters; Neighborhood RPP: Resident only parking
- Commission: “Village RPP did not exclude public parking, but Neighborhood RPP did.”
- Commission approved revised application, which included special conditions:
  - Limited number of permits in Village RPP
  - Limited areas of parking restrictions
  - Required access signage program

  - Operation of public shuttle system
  - Required ongoing monitoring program, with 1-year time limit requiring reauthorization
- Current restriction is primarily 11 AM – 5 PM in residential areas

City of Santa Monica (1996)

- Adelaide Drive and 4th Street
- Commission rejected 24-hour restriction on grounds that it was too restrictive and would significantly impact access and coastal recreation.
- Commission approved a revised permit that restricted parking between 6 PM and 8 AM, with special conditions:
  - 2-year program limit requiring reauthorization pending program evaluation

City of Santa Monica (2002)

- Area bounded by Montana Avenue, 4th Street, Wilshire Boulevard, and Ocean Avenue
- Proposed RPP Parameters
  - Hours: 6 PM – 8 AM
  - Resident permit cost: $15
  - No parking or stopping for those without permits
  - Number of permits limited to number of vehicles registered at residence – more than 3 permits requires demonstration that there is not sufficient off-street parking
- City studies showed that: 1) people parking were predominantly residents and visitors to Third Street; 2) there was ample supply in off-street lots and numerous other parking options exist; and 3) proposed restrictions are at a time when beach and recreational use is low, demand is minimized and can be met by nearby parking options.
- Commission concurred that "Because of the location of the proposed zone, hours of the parking restriction, and the availability of additional parking in the surrounding area, the impact to public access for the beach and recreational use will not be significant..."
- The RPP was approved pending the following revisions to the permit application:
  - The permit zone shall exclude all portions of Ocean Avenue because of its proximity and visibility for beach users.
  - The permit program expires after 5 years, at which time the City may apply for a reauthorization. Reauthorization shall include a new parking study (conducted on at least 3 non-consecutive summer weekends between Memorial Day and Labor Day) documenting utilization rates. Study must also include survey of trip purpose, length of stay, destination, and frequency of visit.
  - Any changes to program will require an amendment to the Commission permit.

City of Los Angeles (2009)

- Venice Beach area
- Proposed RPP from 2 AM to 6 PM, No Parking
- Implemented subject to 2/3 resident approval
- The Commission denied the permit application on the following grounds:

- The proposed permit parking program would give the residents with permits preferential access to public parking spaces on public streets in comparison to non-residents without establishing adequate safeguards for visitor parking.
- The City cannot guarantee that the proposed supply of metered on-street spaces will be available to beachgoers because these spaces may become parking areas for existing residents who do not purchase a permit once the RPP goes into effect.
- The City's proposal to allow for 4-hour parking in off-street lots was deemed to be inadequate because these lots are currently used by residents to store vehicles. Furthermore, many residents objected to the 4-hour restriction.
- The local residents' complaints about nuisance problems are a local law enforcement issue and should not be resolved by parking policy.

City of Los Angeles (2010)

- Playa del Rey area
- Proposed RPP from 10 PM – 5 AM, No Parking
- Implemented subject to 2/3 resident approval
- The Commission denied the permit application on the following grounds:
  - The proposed overnight restriction is exclusionary and would not allow non-residents access to on-street spaces.
  - The limited access points to the area meant that a loss of parking in the proposed RPP zone would severely restrict access and force people to park much farther south.
  - The proposed parking restrictions do not contain adequate safeguards for visitor parking.
  - The City's proposal to preserve 20 parking spaces for public parking by metering them was deemed inadequate – these spaces are too far south to serve the public.
  - City parking lots are only open from dawn to dusk. As a result, the only available parking supply during those hours is on-street parking.
  - The local residents' complaints about nuisance problems are a local law enforcement issue and should not be resolved by parking policy.

SUMMARY OF KEY RPP ISSUES

Based on a review of previous staff reports, it was evident that a number of key issues and concerns were consistently identified by the Commission. In other words, if a City could not demonstrate that its RPP would address these issues and concerns, then it was likely the RPP permit would be denied. The following list provides an overview of the key issues and concerns that the Commission repeatedly emphasized while evaluating previous RPP permit applications. Recommendation #3 in Chapter 5 provides additional detail for how the proposed Balboa Village RPP would seek to address the Commission's concerns.

1. **Preservation of public access is the Commission's primary concern.** Commission staff have repeatedly emphasized that one of the primary intents of the Coastal Act is to ensure equal access to the coast and that no policy should provide preference to one user group over the other. Sections 30210 and 30211 of the Coastal Act underscore this policy objective. In practice, this means that RPPs should not provide "exclusive" rights to on-street spaces to residents.

2. **Public access is a "24-hour" objective.** In other words, the Commission does not take into account what time of day or night the proposed parking restriction is for because the public should always have equal access to the coast. For example, even if it is 3 AM, and it is unlikely that many people will be seeking to access the beach or coast, public access should still be preserved.

3. **The Commission strives to achieve regulatory "balance," but errs on the side of public access.** Section 30214 articulates that Coastal Act policy should support the rights of property owners, and in many Commission rulings, staff recognize the need to strike a balance between public access and the ability of the public to park near their residence. For example, "...if proposed parking prohibition measures can be balanced with coastal access opportunities, where impacts to public access is minimized, the Commission may find such proposals consistent with the public access policies of the Coastal Act."[7]

   In practice, however, it appears that Commission is very "conservative" in its rulings and will most likely rule against an RPP if it believes that impacts to public access have not been minimized to the greatest degree possible.

4. **Local jurisdictions can use policy to regulate parking, but cannot give exclusive access to residents.** The Commission understands the value of RPPs, and has approved numerous such programs. However, it has consistently denied applications that provide "exclusive" access to residents.

5. **In order to prevent exclusive residential access, local jurisdictions must "replace" public on-street parking that is "lost" to an RPP.** The Commission has approved many RPPs over the years, but it has often stipulated that "replacement" parking must be provided if certain on-street spaces are restricted via an RPP. In other words, local jurisdictions must provide additional accessible parking options to the public. This replacement parking has taken many forms, such as:

   - Proximate and easily accessible on- or off-street parking facilities
   - Remote parking facilities served by public shuttles
   - Enhanced access to existing and nearby parking facilities through improved wayfinding
   - The option to purchase "day use" permits for non-residents

6. **The Commission typically views RPPs as "pilot" efforts to be reevaluated in the future.** In recent years, the Commission has set an expiration date on RPP permits and requires an evaluation of the RPP's effectiveness to date. For example, an RPP in the City of Santa Monica was approved for a period of 5 years, at which time the permit required the City to conduct a parking utilization study and motorist survey to evaluate the RPP and parking behavior in the zone.

7. **Nuisance issues fall under the purview of local law enforcement and are not to be regulated by residential permits.** The Commission has repeatedly rejected any arguments that RPPs should be used to regulate local nuisance issues, such as noise, vandalism, or loitering. The Commission has emphatically stated that these issues should be addressed through local law enforcement or other local policies.

[7] California Coastal Commission, Application No. 5-02-380, 2002.

5 PARKING MANAGEMENT PLAN

The Walker parking study and analysis of parking demand provide a wealth of information about parking conditions and behavior within Balboa Village. This data will serve as the guiding framework for the City of Newport Beach as it moves forward with reshaping Balboa Village and reforming its parking policies and management systems. The Parking Management Plan was also developed with input from City staff, the Balboa Village Citizen Advisory Panel (CAP), the Newport Beach City Council, and other local stakeholders.

The recommendations included below are designed to work together to meet the City's parking management goals. While these recommendations could theoretically be implemented piece by piece, they are most effective if implemented together. It is important that to the greatest extent possible the recommendations be implemented as a cohesive "package" of reforms.

Finally, it is important to emphasize that the recommendations outlined below are specific to Balboa Village and *would not necessarily apply* to other neighborhoods within the City of Newport Beach.

PRINCIPLES FOR EFFECTIVE PARKING MANAGEMENT

Historically, a city wishing to "solve its parking problem" has almost always meant an increase in supply. Unfortunately, simply increasing parking supply often encourages more auto use, as people are incentivized to drive to places that offer plenty of "free parking." Furthermore, simply increasing supply does not address the core problem of concentrated demand, in which popular on-street spaces are consistently oversubscribed while nearby off-street spaces remain underutilized. The goal of parking demand management is to "manage" curb spaces to ensure availability while also optimizing utilization of existing off-street supply to meet a variety of parking needs.

Managing parking has been shown to be one of the single most effective tools for alleviating congestion and improving operation of the street network, even when densities are relatively low and major investments in other modes have not been made. Parking management can also have a significant impact on mode choice, which translates directly to reductions in auto congestion and improved livability of commercial districts and adjacent neighborhoods. Finally, effective parking management can result in positive economic impacts for local businesses, as employees, residents, and visitors can all better utilize the parking supply to shop, dine, or recreate.

As Balboa Village continues to grow and evolve its parking needs will change as well. This plan recommends techniques to both address current challenges and also allow the City to be nimble in reacting to future parking challenges. Above all else, this plan proposes a parking management approach that utilizes policies and programs that will enable more efficient utilization of existing supply, while alleviating parking congestion in certain areas.

In recognition of these considerations, the following goals and objectives informed the development of parking management recommendations for Balboa Village:

- The parking supply should be a public resource that is convenient and easily accessible for all user groups.

- The parking supply (public and private) should be managed as part of an integrated, district-wide system.
- Parking facilities should be managed with a focus on making the most efficient use of all public and private parking facilities before increasing supply.
- Parking regulations should not prevent visitors and residents from coming to (or staying in) Balboa Village.
- Parking policies should support the ability of local employees to get to work, but also discourage employees from parking in "prime" on-street spaces all day long.
- Commercial parking practices should not negatively impact nearby residences and proper protection should be in place to help prevent "spillover" parking.
- Evaluate pricing as a tool to manage parking supply and demand, and use any potential parking revenue to fund transportation programs that maintain adequate parking supply and enhance mobility in the Downtown area.
- Embrace new parking technologies to maximize customer satisfaction, as well as foster enhanced parking data management and analysis.
- Provide flexibility to local decision makers and City staff to adapt to seasonal and long-term changes in parking demand and travel patterns, as well as make adjustments to parking policies to improve system performance.
- Balance the need to revise parking to better serve local businesses and residents with an understanding that Balboa Village falls within the Coastal Zone and that public access to the beach and coast is a regional priority.

RECOMMENDATION #1: MAXIMIZE USE OF "SMART" METER TECHNOLOGY FOR ALL COMMERCIAL CURB SPACES IN THE BUSINESS CORE AND REMOVE TIME LIMITS FOR ALL METERED SPACES. IMPLEMENT DEMAND-BASED PRICING FOR ON- AND OFF-STREET PARKING FACILITIES.

Description

This recommendation proposes the elimination of all existing time limits for metered spaces. Instead, it is recommended that the City explore upgrading its existing "smart" parking meters for all curb spaces along the primary commercial corridors in Balboa Village. On- and off-street parking should use variable pricing as a means to meet target occupancy levels and generate an appropriate level of turnover.

As described in more detail below, motorists would be allowed to park in a parking space for as long as they like, as long as they pay for it. Prices would be based on length of stay and also adjusted to respond to seasonal fluctuations in demand so that when parking demand is higher or lower, prices would increase or decrease accordingly.

Why implement it?

Like many other jurisdictions, Balboa Village has sought to regulate its curb spaces through time restrictions and parking fines. These traditional techniques are reasonably effective in generating turnover and increasing municipal revenues, but in most cities, are rarely linked to any larger transportation or quality of life goals. In fact, traditional parking policies have often resulted in increased congestion as motorists "circle" for on-street spaces, reduced functionality of streets for transit users, pedestrians, or bicyclists, and frustrated businesses that bemoan the lack of available parking.

Time limits, in particular, can present several disadvantages, as is experienced in Balboa Village today. First, enforcement of time limits is labor-intensive, requiring parking control officers to "chalk" tires and return in two hours. Second, long-term parkers or employees, who quickly become familiar with enforcement patterns, often become adept at the "parking shuffle," moving their vehicles regularly or swapping spaces with a co-worker several times during the workday. Even with strictly enforced time limits, if there is no price incentive to persuade long-term parkers to seek out less convenient, bargain-priced spots, these motorists will probably still park in prime spaces. Finally, for customers and visitors, strict enforcement can bring "ticket anxiety," the fear of getting a ticket if one lingers a minute too long (for example, in order to have dessert after dinner).

By contrast, one of the best ways to balance parking supply and demand and generate turnover is not through time limits, but with pricing structures that take into account *actual demand* for a parking space. By treating parking like any other scarce commodity, and requiring motorists to directly pay for use of a space, a jurisdiction can establish the "market value" for each parking space and adjust those prices depending on the level of demand. Just as hotel room rates increase or decrease based on availability, demand-based pricing for parking seeks to increase prices when and where demand is highest and reduce prices when and where demand is lowest. New advances in parking meter technology, such as wireless "smart" meters, make demand-based pricing a feasible option and can dramatically increase motorist convenience through new payment technologies.

In summary, the primary goal of demand-based pricing is to make it as easy and convenient as possible to find and pay for a parking space. By setting specific availability targets and adjusting

pricing, demand can be effectively managed so that when a motorist chooses to park, they can do so without circling the block or searching aimlessly. Demand-based pricing can result in the following benefits:

- Consistent availability and ease in finding a parking space, especially near local businesses and ground floor retail uses
- Flexible time limits, thereby eliminating the need to move a vehicle to avoid time restrictions
- Convenient payment methods that eliminate the need to "plug the meter" and make it easier to pay for parking and avoid parking tickets (see sidebar on meters)
- Incentivizes long-term parkers and daily commuters to park in off-street lots
- Reduces search time for parking, resulting in less local congestion and vehicle emissions
- Reduces illegal parking and improves safety and street operations
- Provides a more equitable and efficient way to account for the real costs to a city for providing parking
- Offers a potential revenue stream for the City that should be reinvested in local transportation and mobility improvements (see Recommendation #2)

Potential Tradeoffs

While demand-based pricing and the removal of time limits have proven effective, there are some potential tradeoffs that the City may wish to consider when evaluating this recommendation. These include:

- **Resistance to change:** Demand-based pricing will represent a change in how parking is currently being managed and may generate local opposition. Business owners, residents and regular visitors may resist such changes, often arguing that parking should be "free" and new or expanded meters will "hurt local businesses." Such arguments ignore the status quo, which has resulted in tangible parking, circulation, and quality of life challenges for Balboa Village. Furthermore, numerous examples exist that demonstrate that demand-based pricing can improve the local economy and that most people are willing to pay for parking if it makes the experience more convenient.

  Overcoming resistance to change may be the City's biggest obstacle to reforming its parking policies and programs. The City should be aware of potential local opposition and take steps to proactively educate and inform local residents and businesses.

- **Implementation and management costs:** The City will have to make an investment to implement and manage a demand-based pricing program. In addition to the capital infrastructure required, it is likely that the City will need to allocate additional staffing resources, at least in the initial stages of implementation, to manage the program. While these costs are real, other jurisdictions have shown that such financial outlays are well worth the investment, resulting in dramatic improvements to the areas in which they have been applied. Furthermore, revenue generated from a demand-based pricing program can potentially be used to finance its start-up and ongoing costs, thereby minimizing the costs to the City.
- **Success can take time:** Demand-based pricing may take time to fully realize its positive effects, as it is unlikely that the initial meter rates will be the exact prices need to meet the target occupancy rates. It may take a few additional price adjustments (based on additional occupancy analyses) to find the right prices for the different levels of demand throughout the year. The City should be prepared for ongoing monitoring and adjustments, and establish specific processes by which those adjustments are made to ensure consistency and transparency.

How Will It Work?

If prices are used to create vacancies and turnover in the prime parking spots, then what is the right price? A well-established, industry standard target occupancy rate for on- and off-street spaces is approximately 85% and 90%, respectively. At this level of occupancy, at even the busiest hour about one out of every seven spaces will be available, or approximately one empty space on each block face. This provides enough vacancies so that visitors can easily find a spot near their destination when they first arrive.

For each block and each parking lot in Balboa Village, the right price is the price that will achieve these target rates. This means that pricing need not be uniform: the most desirable spaces may need higher prices, while less convenient lots are less expensive. Pricing can also be based on length of stay with a higher rate charged the longer one stays. In other words, the goal is not to ticket someone for wanting to stay longer than two hours, but allow them to stay as long as they are willing to pay for the space being used. Prices can also vary by season or day of the week.

It is important to understand that demand-based pricing does not need to change the parking behaviors of *every* motorist. Motorists can be thought of as falling into two primary categories: bargain hunters and convenience seekers. Convenience seekers (shoppers, diners, or tourists) are more willing to pay for an available front door spot, and are typically less sensitive to parking charges because they stay for relatively short periods of time. By contrast, many long-term parkers, such as employees, find it worthwhile to walk a few blocks to save on eight hours worth of parking charges. With proper pricing, the bargain hunters will choose currently underutilized lots, leaving the prime spots free for those convenience seekers who are willing to spend a bit more. The ultimate goal, therefore, is to shift the parking behaviors of not all, but *just enough* motorists to reach target occupancy levels.

Draft Demand-based Parking Approach for Balboa Village

On-street Meter Location

Existing on-street meters should be upgraded to dynamically regulate all existing on-street spaces along Balboa Village's primary commercial and retail corridors, including: East Balboa Boulevard and East Bay Avenue between Adams Street and A Street, as well as Palm Avenue. No additional on-street meters are recommended to be installed at this time, but in the future the City may wish to expand the coverage of meters based on growth or changes in demand.

On-street Meter Type

The City recently installed roughly 1,600 new single and multi-space "smart" meters citywide, including on streets in Balboa Village. These new meters accept credit card payments. The City should continue to ensure that Balboa Village parking meters facilitate easy payment and improve motorist convenience by allowing multiple forms of payment. All meters should also enable the City to easily revise meters prices in response to changes in demand.

Moving forward, the City should also explore implementation of wireless meters, which would allow motorists to pay-by-phone, while improving revenue collection, enforcement, and parking data management for the City. Wireless meters can also allow the City to provide a free, publicly accessible wireless network in Balboa Village.

Overview of Meter Technologies

Various new meter technologies exist beyond the conventional coin meters used for the better part of the 20th century. These include smart meters, multi-space meters, in-car meters, and wireless / pay-by-phone technology.

Single-space Meters

Conventional Coin Meters

These meters have been used by municipalities since the 1930s. They only accept change, and do not exhibit illumined displays.

Coin Meter in Sausalito, CA

Source: Flickr user wuestenigel

Smart Meters

Smart meters are very similar to conventional coin meters; however, they allow motorists to pay for parking via credit or debit card. They also have illuminated displays that allow viewing of parking rates, hours, time limits, and other important information. The ease of payment with smart meters tends to reduce parking and ticketing anxiety.

Furthermore, when combined with embedded roadway sensors, smart meters allow for demand based pricing schemes, as they can send and receive data regarding parking pricing and availability. Some are also pay-by-phone enabled (see section below). A single smart meter can cost around $200.

Smart Meters in San Francisco, CA

Source: SFPark

Multi-space Meters

Pay-and-display Meters

Pay-and-display meters can be placed on existing light or utility poles and serve roughly 10 to 30 parking spaces each. People must park, walk to the meter where they receive a receipt and return to their vehicle to display the receipt on their dashboard. Pay-and-display meters cost approximately $10,000 to $12,000. These meters have minimal maintenance costs; operating costs vary depending on the type of power system used. Some pay-by-space meters can use solar-power, keeping operational costs very low and requiring no utility work for installation (battery powered meters are also available).

Pay-and-display Meter in Portland, OR
Source: Flickr user Ian Broyles

Pay-and-walk Meters

Multi-space pay-and-walk meters require on-street parking stalls be numbered. They are more convenient to parkers because they are not required to return to their cars, but they have an aesthetic disadvantage in that they require numbers to be painted in every parking space. Pay-and-walk meters cost between $7,000 and $10,000.

In-car Meters

In-car meters are small mirror-hanging units that can be purchased from cities and that can store prepaid parking time. Users can turn the meters on when they leave their vehicle and turn it off when they return. In-car meters are popular because they work in real time and people can avoid over or underpaying. Some of these meters operate using cellular technology, allowing people to pay-by-phone with a credit card. Time is then credited to a central database and the in-car meter "calls" the central computer when the meter is in operation.

Wireless / Pay-by-phone

Pay-by Phone technology allows a driver to pay a parking fare via cell phone, mobile phone application, or computer. Motorists can receive a reminder text when their time is almost up, and can add time without returning to their vehicle or parking meter. Receipts are available via email. Typically these programs require pre-registration. Pay-phone technology reduces maintenance and operational costs associated with meters, fare collection, and ticketing.

These meters typically require wireless technology, which can increase setup and maintenance costs, but also offer the potential benefit of creating a free, publicly available wireless network for the area in which the meters are installed.

Target Occupancy Rates

Target occupancy rates for on-street spaces should be 85% and 90% for off-street spaces, which would translate into approximately one space per block and several spaces per lot being available at all times of the day.

Initial Hours & Pricing Structure

Current meter rates are $1.50 per hour. Outlined below is the proposed hours and pricing structure for Balboa Village:

On-street

- Peak period (Summer)
  - 8 AM – 6 PM, 7 days
  - $2.00 per hour (0-2 hours)
  - $2.50 per hour (2+ hours)
- Off-peak period (non-Summer)
  - 8 AM – 6 PM, 7 days
  - $1.00 per hour (0-2 hours)
  - $1.50 per hour (2+ hours)

Off-street

- Peak period (Summer)
  - $1.50 per hour (no max)
- Off-peak period (non-Summer)
  - $.50 per hour (no max)

Legal Basis for Setting Meter Rates

The California Vehicle Code (CVC Sec. 200258) allows local jurisdictions to set parking meter prices at fair market rates necessary to achieve 85% occupancy. California case law authorizes local jurisdictions to enact parking meter ordinances with fair market rates that "may…justify a fee system intended and calculated to hasten the departure of parked vehicles in congested areas, as well as to defray the cost of installation and supervision."[8] California case law has also recognized that parking meter fees are for the purpose of regulating and mitigating traffic and parking congestion in public streets, *and are not a tax for revenue purposes.*[9]

[8] DeAryan v. City of San Diego, 75 CA2d pp 292, 296, 1946.

[9] Ibid.

Meter Pricing Adjustments

It is possible that the initial pricing structure proposed above will not achieve the target occupancy rate. Therefore, meter prices should not be static, but periodically adjusted to respond to changes in demand. Rates need not change constantly or abruptly. When revising meter hours or rates, it is safest to increase or decrease rates slowly, with occupancy checks before and after each rate adjustment.

On-street Pricing in Other Cities

Sausalito:
$1 per hour; 3 hour time limit; 8:30 AM – 6 PM, 7 days

Laguna Beach:
$1-2 per hour; 8 AM – 7 PM, 7 days

Long Beach:
$2 per hour, 9 AM – 9 PM, 7 days

Huntington Beach:
$1-3 per hour, depending on location

Manhattan Beach:
$1.25 per hour, 8 AM – 9 PM, 7 days

San Francisco:
Depends on location and time of day (www.sfpark.org)

More specifically, this Plan recommends that City Staff be authorized to increase parking prices up or down in $0.25 increments, with an upper price limit of $3 per hour, on a quarterly basis to achieve target occupancy levels. Prices could be adjusted no more than four times per year. If and when Staff deems that it is necessary to increase the hourly price further (i.e. higher that $3 per hour) on certain blocks or in certain parking facilities in order to manage higher parking demand in those locations, Staff should return to City Council to request authorization to do so, at which time a new price threshold (upper limit) on parking prices can be also be established.

Parking Validation

The issue of incorporating a parking validation program for local businesses was also evaluated, but is not recommended as part of this Parking Management Plan. The primary reason is that any validation system would substantially undermine the ability of pricing to effectively manage supply and demand. A validation system would allow customers to park for free in highly desirable spaces, thereby eliminating crucial pricing signals to motorists. Without a pricing structure that is applied to all motorists, it will be very difficult for Balboa Village to meet its target occupancies and ensure that parking is convenient. It is also worth noting that with a validation program, the City would be subsidizing parking for motorists and losing parking revenue that would fund various transportation improvements (see Recommendation #2).

RECOMMENDATION #2: ESTABLISH A COMMERCIAL PARKING BENEFIT DISTRICT IN BALBOA VILLAGE.

Description

Parking benefits districts (PBDs) are defined geographic areas, typically in downtowns or along commercial corridors, in which any revenue generated from on-street and off-street parking facilities within the district is returned to the district to finance neighborhood improvements.

Why Implement It?

Paying for parking can be unpopular for a number of reasons. One of the primary reasons is that when motorists feed the meter, their money seems to "disappear" and they feel they derive little benefit from the transaction. This is largely because most cities have traditionally sent their parking revenue into the general fund, and not necessarily to improving parking or enhancing the transportation system. In recent years, some cities have sought to reverse this dynamic by implementing PBDs.

The primary goal of a PBD is to effectively manage an area's parking supply and demand, so that parking is, above all, convenient and easy for motorists. PBDs typically employ a number of parking management techniques to manage parking supply and demand, including demand-based pricing and removal of time limits. However, experience has shown that in order to secure community and business support for new pricing of parking, the revenue needs to be reinvested back into the community. Drivers will always likely prefer not to pay for parking, but a PBD can create a new local constituency for pricing.

PBDs require local parking revenue to stay local, while financing neighborhood improvements. PBDs allow local merchants and property owners to clearly see that the monies collected are being spent for the benefit of their district, on projects that they have chosen. In turn, they become willing to support, and often advocate on behalf of, demand-based pricing.

Tradeoffs to Consider

- Additional administrative and management costs for the City
- It should be noted that in the City of Newport Beach, parking revenue used to be invested locally, but is now currently pooled into the City's General Fund. In Balboa Village, this revenue was used to purchase the land for the public lot at East Balboa Boulevard and Palm Street. Therefore, the City should carefully evaluate how revising this practice would impact City spending on other priorities and in other neighborhoods.
- Revenue can fluctuate from year to year depending on seasonal demand or overall health of local economy

How Will It Work?

In practice, a successful PBD in Balboa Village would be implemented in the following fashion and incorporate a number of key elements.

1. Adoption of city ordinance creating a Balboa Village PBD, stipulating that all parking revenue generated within the PBD be used to fund designated neighborhood improvements.
2. Establishment of an appropriate governing body to develop a program of expenditures and ensure proper oversight of PBD revenue. Any governing body should establish well-defined

procedures for soliciting and incorporating resident input. This body and its structure will be determined pending additional study.

3. Implementation of parking meters and pricing structures that facilitate demand-based pricing (see Recommendation #1).
4. Adoption of a defined list of PBD revenue expenditures, which can include the following:
   - Purchase and installation costs of meters (e.g., through revenue bonds or a "build-operate-transfer" financing agreement with a vendor)
   - Shuttle services to remote park-and-ride facilities during peak periods
   - Valet parking services during peak periods
   - Leasing of private spaces
   - Construction of additional parking, if deemed to be necessary
   - "Mobility Ambassadors" to provide assistance to visitors as well as additional security
   - Landscaping and streetscape greening
   - Street cleaning, power-washing of sidewalks, and graffiti removal
   - Transit, pedestrian, and bicycle infrastructure and amenities
   - Additional parking enforcement
   - Marketing and promotion of PBD and local businesses
   - Management activities for the oversight entity
5. Development of a coordinated public relations plan, which would use wayfinding, signage, and public outreach to explain the role of demand-based pricing and articulate how parking revenue is being utilized to benefit Balboa Village.
6. Ongoing evaluation and management of PBD policies and expenditures.

Successful PBD Examples

Old Pasadena, CA: In the early 1990s, the city's efforts to revive Old Pasadena were being hindered by a lack of convenient and available parking spots for customers. At that time, Old Pasadena had no parking meters, and proposals to install them were opposed by local merchants, who feared charges would drive customers away. In 1993, the Old Pasadena Parking Meter Zone was created and meters were installed. Borrowing against future meter revenues, the City was able to fund substantial streetscape, parking, maintenance, beautification, and safety projects. These investments reversed the decline in the district and an increase in sales tax revenue has created a cycle of reinvestment, making Old Pasadena a popular destination. Today, the district is managed by the Old Pasadena Management District (OPMD), a non-profit management entity.

Redwood City, CA: Redwood City is perhaps the foremost example of a city that has implemented the concept of using demand-based pricing to manage on-street demand and maintain availability across the on-street inventory. It created an ordinance that grants its parking management director authority to adjust meter rates based on documented utilization patterns and an explicit availability target of 15%. In addition, Redwood City took the parking meter revenue gained from this pricing strategy to build a new public parking facility and finance other district improvements.

Proposed PBD Boundaries

All commercial streets with meters and public parking lots from Adams Street to A Street.

Projected PBD Revenue

As shown in Figure 2-2, parking revenue in Balboa Village in FY 2010-11 was approximately $1.5 million. However, roughly 87% of this revenue went into the Tidelands trust fund, with the remaining $192,415 going to the City's General Fund. Given the City's ongoing obligation to the Tidelands fund, it is expected that the majority of revenue generated in Balboa Village will not be available for use by the PBD. Nevertheless, it is reasonable to expect that annual parking revenue for a Balboa Village PBD would be between $150,000 to $200,000.

"Your Meter Money Makes a Difference" - Old Pasadena, CA

Source: Flickr user mlinksva

RECOMMENDATION #3: ESTABLISH A RESIDENTIAL PARKING PERMIT PROGRAM.

Description

A residential permit program (RPP) operates by exempting permitted vehicles from the parking restrictions and time limits for non-metered, on-street parking spaces within a geographic area.

A conventional RPP is one that allows those without a permit to park for generally two to four hours during a specified time frame, such as 8 AM to 6 PM, Monday to Friday. Permit holders are exempt from these regulations and able to essentially store their vehicle on-street. Ownership of a permit, however, does not guarantee the availability of a parking space.

The proposed parameters for a RPP in Balboa Village have been informed by feedback from key stakeholders, particularly the Balboa Village CAP.

Why Implement It?

The primary goal of an RPP is to manage parking "spillover" into residential neighborhoods. RPPs work best in neighborhoods that are impacted by high parking demand from other uses, such as:

- Large employers
- Universities, colleges, neighborhood schools, or hospitals
- Transit stations
- Popular commercial, retail, entertainment, tourist, or recreational destinations

By managing spillover, RPPs can ensure that residential neighborhoods are not overwhelmed by commuters, employees, or visitors, thereby enabling local residents to park their vehicles on-street. RPPs are especially important in neighborhoods where residents have limited off-street parking.

Tradeoffs to Consider

- Potential additional administrative, management, and enforcement costs for the City if the program is not priced appropriately
- Permits do not guarantee parking availability for residents, which may become a problem if too many permits are made available and sold
- Negotiation process with the Coastal Commission over the program parameters and guidelines may be time consuming and resource intensive

How Will It Work?

Outlined below are the recommended program parameters for a potential RPP specific to the Balboa area.

RPP District Boundaries

Parking restrictions would apply to all residential streets between 7th Street and Adams Street. The metered spaces in the median on West Balboa Boulevard would remain metered and RPP permits would not be valid at these spaces.

There is potential that the RPP could create additional spillover into areas just outside of the boundaries of the proposed district. Boundaries may need to be adjusted in the future to respond

to changes in demand. In general, however, it is believed that the proposed district will largely capture the parking demand for the area and spillover will be limited.

Program Eligibility

All residences within the proposed zone and Bay Island are eligible to purchase permits. Rental home owners may purchase permits for use by tenants.

To purchase a permit the following is required:

- Completed application form and payment
- Proof of residence is required (no P.O. boxes), which can include one of the following: Pre-printed check; Driver's license; Current utility bill; Vehicle registration; or Current rental/lease agreement
- Permits can be purchased online, by mail, or in-person at City Hall

Hours of Operation

No Parking: 4 PM – 9 AM, 7 days, excluding holidays. Permit holders exempt. In addition, RPP permits would not be allowed for use in existing "green" short-term parking spaces during the hours of operation of abutting land uses.

Number of Permits

A maximum of four permits per household. The issue of guest permits is still being studied. Moving forward, any guest permit option should limit the number of guest permits per household, price the permits accordingly, limit the permit's time length (i.e. applies during the same overnight period as the standard RPP permit) and clearly distinguish the guest permit to ensure that they are not utilized as standard permits. Guest permits should also be eligible for purchase on-line.

Legal Standing for RPPs

The California Vehicle Code (CVC) authorizes local jurisdictions to limit or prohibit parking on local streets and roads. The CVC also allows the creation of a preferential parking program for residents and merchants to exempt them from such regulations (CVC Section 22507).[10] Section 22507 states:

(a) The ordinance or resolution may include a designation of certain streets upon which preferential parking privileges are given to residents and merchants adjacent to the streets for their use and the use of their guests, under which the residents and merchants may be issued a permit or permits that exempt them from the prohibition or restriction of the ordinance or resolution. With the exception of alleys, the ordinance or resolution shall not apply until signs or markings giving adequate notice thereof have been placed. A local ordinance or resolution adopted pursuant to this section may contain provisions that are reasonable and necessary to ensure the effectiveness of a preferential parking program.

Section 22507.2 also states that "The local authority may charge a nonrefundable fee to defray the costs of issuing and administering the permits."

Permit Type

Permits shall be a "hangtag" designed to be hung from a vehicle's rearview mirror. Permits will be a solid color (to change annually) and clearly indicate the year of permit issued.

If included as part of the RPP, it is recommended that guest permits also be a hangtag with the date of use and license plate of guest vehicle clearly indicated and visible.

[10] For more information, see the CVC at http://www.dmv.ca.gov/pubs/vctop/vc/tocd11c9.htm or Appendix B.

Permit Costs

Per the California Vehicle Code, jurisdictions are allowed to price permits to cover their administrative costs. Given the high demand for parking and limited supply of on-street spaces in Balboa Village, it is recommended that permits be priced at an escalating rate to encourage residents to make full use of their garages and purchase only the number of permits they actually need. Initial prices for the RPP are proposed below, which are comparative to RPPs in similar jurisdictions. The City may need to adjust (up or down) the pricing structure in future years to respond to evolving demand for permits.

- Permits are valid from January 1st to December 31st
- 1st permit: $20 per year
- 2nd permit: $20 per year
- 3rd permit: $60 per year
- 4th permit: $100 per year
- Lost or replacement permit: $100 without proration
- Guest permits: To be determined

Revenue projection

Figure 5-1 below provides the projected revenue for the proposed residential permit program at a given number of permits purchased. The revenue projections were determined using U.S. Census data for the number of households within the proposed permit zone (890 households) and the average number of vehicles per household in Newport Beach (1.9 vehicles per household).[11] The projections also include an estimate of revenue from replacement permits[12] and citation revenue[13].

Given the average number of vehicles per household in Newport Beach it is reasonable to assume that the average household will purchase between two and three permits, likely closer to two permits. As a result, a rough estimate is that the permit program would generate slightly more than $106,000 in revenue per year. This revenue would be utilized to pay for administrative, management, and enforcement of the program.

[11] The projections assume that 5% of the 890 households within the study area will not purchase any permits, resulting in 846 households purchasing at least one permit.

[12] Assumes the following: 2% of permits issued each year will be lost and repurchased at $100 each.

[13] Assumes the following: 1) Approximately 664 non-metered, on-street spaces in proposed district; 2) .05% of parking spaces will be issued a citation per day (about 3 citations per day in the district); 3) Regulations are enforced 350 days per year; and 4) All citations are paid on time at $58 per citation.

Figure 5-1 Projected Range of Revenue for Permit Program

Permit #	Max # of permits	Permit Price	Revenue	0.05% Citations Annually	Revenue	2% Lost Permits Annually	Revenue	Total Annual Revenue
1	846	$20	$17,800	1162	$67,423	17	$1,691	$86,914
2	1691	$20	$35,600	1162	$67,423	34	$3,382	$106,405
3	2537	$60	$89,000	1162	$67,423	51	$5,073	$161,496
4	3382	$100	$178,000	1162	$67,423	68	$6,764	$252,187

It is important to note that the revenue projections provided here are initial estimates. The City is still evaluating its potential administrative costs for the RPP program. Once implemented, the finances of the RPP could be substantially different. Once again, per what the law allows, and reflective of RPP best practices, the City may wish to price permits to cover the full costs of program administration.

Enforcement

RPP restrictions would be primarily enforced by the City of Newport Beach Police Department, with parking control officers supporting enforcement activities.

Compliance with California Coastal Commission

As discussed in Chapter 4, the Coastal Commission will need to approve any RPP proposed by the City of Newport Beach for the 7th to Adams District. The Commission has reviewed a number of RPP applications from other coastal jurisdictions in recent years and has consistently identified a number of key issues which must be addressed by the RPP in order to secure final approval. With those issues in mind, it is recommended that the City of Newport Beach permit application for the RPP emphasize the following program elements.

- **The permit program is just one piece of a larger "package" of parking reforms designed to strike a regulatory balance that makes it easier for both residents and visitors to park in the 7th to Adams District**. The Coastal Commission is primarily concerned with ensuring public access to coastal resources and preventing "exclusive" access by permit holders. To address this concern, the City should emphasize that the proposed RPP will complement the other recommendations included in this study, all of which are designed to improve overall parking management. These include:
  a. Demand-based pricing to improve availability of both on- and off-street parking facilities.
  b. The creation of a formal shared parking district, in which as many private off-street spaces as possible would be made public, thereby creating additional supply.
  c. A real-time wayfinding program directing visitors to immediately available public parking.
  d. Potential implementation of a valet parking program and/or shuttle services to remote lots during peak periods as a means to increase parking supply and efficiency.

e. The establishment of a PBD and the use of parking revenue to fund transit, bicycle, and pedestrian infrastructure.

- **The hours of operation for the RPP are designed to conflict as little as possible with beach visitors.** The proposed 4 PM – 9 AM hours of operation are designed to allow residents easy access to parking when they return home from work, while giving visitors the opportunity to park on-street for the period of the day associated with peak visitor demand. In addition, the proposed RPP would not be in effect on holidays, typically the busiest periods of demand.
- **There is a large amount of available public parking nearby.** The Walker study demonstrates that there are close to 1,200 off-street parking spaces from Coronado Street to B Street, all of which are within a 5-10 minute walk from the primary beach and commercial area in Balboa Village. Furthermore, the occupancy data from the Walker study shows that during the hours of operation of the proposed RPP these off-street spaces are 51% occupied on Thursday (7 PM) and 82% occupied on Saturday (7 PM). As a result, there should still be ample available off-street parking for visitors.

  It is also important to note that the Walker parking study took place at one of the busiest times of the year, and it is likely that parking occupancies in the various parking lots will be far lower for the vast majority of the year.
- **Residents within the proposed RPP district rely on on-street parking for their vehicles.** Many of the residences within the district do not have off-street parking or represent non-conforming uses (i.e. single car garages or garages too small), which forces residents to primarily use on-street parking for storage of their vehicles.
- **The City will monitor the program and make program revisions as needed.** As described in Recommendation #9, the City should establish an ongoing monitoring and evaluation program for parking in Balboa Village. This effort would be used to revise the RPP to ensure that it effectively serves both residents and visitors.

RECOMMENDATION #4: ESTABLISH AN EMPLOYEE PARKING PERMIT PROGRAM FOR BALBOA VILLAGE.

Description

An employee parking permit program offers employers or employees the option to purchase a permit that provides priority parking in a designated area. Designated parking areas for employees can be located at on-street curb spaces or in off-street facilities, with employees eligible to park in those spaces during a specific time period. Ownership of a permit, however, does not guarantee the availability of a parking space.

Employee permit programs are often established adjacent to major job centers or near commercial, retail, and entertainment districts.

Why Implement It?

Employee parking permit programs offer a number of key benefits to local businesses and employees, while helping to ensure that an area's parking supply is efficiently managed. These benefits include:

- Permits provide a consistent parking option for employees, reducing the need for an employee to "hunt" for a parking space or move their vehicle to avoid parking restrictions.
- Experience with other cities has shown that most employees will choose to pay for a permit that offers a reliable parking option over searching for free on-street parking and having to move their vehicle throughout the day.
- A convenient parking option makes it easier for employers to attract and retain employees.
- When employees park in popular on- or off-street spaces those spaces are no longer available for customers and visitors. Employee permits encourage participants to park in select areas while enhancing customer parking turnover at prime locations.

Tradeoffs to Consider

- Additional cost for employers that wish to provide them to their employees
- For those employers that cannot afford to subsidize parking for their employees, costs for permits would fall to employees[14]
- The proposed program would have more limited benefit to employees who only work at night or on the weekends
- While the Coastal Commission has largely focused on the creation of residential permit programs, it is possible that they may have similar issues with an employee permit program. The City should begin conversations with the Coastal Commission to determine if any regulatory issues need to be addressed.

[14] However, based on the proposed costs and given that there are an estimated 250 workdays per year, the cost to park per day would be approximately $.20 per day.

How Will It Work?

Eligibility

A future employee parking permit program would be available to all employers and employees within Balboa Village.

Designated Employee Parking Zone

During non-peak periods, approximately 100 spaces in the north western portion of the Balboa Village Municipal Beach parking lot. During summer weekends, the number of spaces available to employees should be reduced to 50 to ensure adequate parking for beach visitors.

Hours of Operation

Employee permit parking only: 6 AM – 10 AM, everyday. Employees with permits arriving between these hours would be entitled to park all day.

Examples from Other Cities

West Hollywood: $105 or $120 per quarter, depending on zone

Santa Cruz: $60 per quarter

Mill Valley: $60 per year

Danville: $25 or $50 per year, depending on zone

Eugene, OR: $20-57 per month, depending on location; 50% discount for rideshare and free for carpools

The proposed permit hours are limited to mornings largely to ensure that there is adequate beach parking during periods of peak demand. Given the demand patterns for beach parking, it is anticipated that there will be readily available off-street parking for employees in the evening and nighttime hours.

Number of Permits Issued

One permit per employee, requiring proof of employment, photo ID, and vehicle registration information.

Permit Cost

- $50 per year, no proration
- Permits renewed annually
- Permits may be purchased online or in-person

Permit Revenue

Revenue from an employee permit program would be used to cover cost of program administration.

Enforcement

The employee permit program would be primarily enforced by the City of Newport Beach Police Department, with parking control officers supporting enforcement activities.

RECOMMENDATION #5: IN THE SHORT-TERM, ELIMINATE MINIMUM PARKING REQUIREMENTS, REMOVE THE EXISTING PARKING IN-LIEU FEE OBLIGATION, AND DO NOT IMPLEMENT ANY ADDITIONAL IMPACT FEES. DEPENDING ON THE LEVEL OF DEVELOPMENT IN THE LONG-TERM, EVALUATE IMPLEMENTATION OF A "PARKING AND MULTIMODAL" IMPACT FEE.

Description

Minimum Parking Requirements

Title 20, Part 3 of the Newport Beach Municipal Code describes the site planning and development standards for each land use type, including a chapter dedicated to off-street parking and loading standards. Of particular importance are the off-street parking requirements and the minimum number of parking spaces that each land use must provide. For non-residential uses, minimum parking requirements are predominantly based on building square footage (e.g. four spaces per 1,000 gross square feet). Many of these existing parking requirements, however, do not necessarily support the existing character of Balboa Village or future plans to enhance the safety, accessibility, and walkability of this community. One potential solution is to eliminate minimum parking requirements for all non-residential land uses in Balboa Village.

Impact Fees

Local governments have been collecting impact fees for decades, with the power to exact impact fees arising from the city's police power to protect public health, safety, and welfare. Fees fund a variety of public facilities and services, including parks, schools, public art, and libraries.

In recent years, many communities throughout California are increasingly relying on transportation-specific impact fees to ensure that the costs of transportation infrastructure and services necessary to support new development are not borne disproportionately by existing residents, businesses, and/or property-owners.

Impact fees directly related to transportation are typically calculated on the projected number of PM peak-hour vehicle trips that a new development would generate and implemented as a dollar amount per square foot (non-residential) or per dwelling unit (residential).

Parking In-lieu Fees

A voluntary in-lieu parking fee program allows proposed projects or uses to pay a designated fee rather than provide an on-site parking space. The City of Newport Beach has had a parking in-lieu fee for commercial uses since 1972. The fee was initially set at $250 per space per year, but was subsequently reduced to $150 per space per year. In response to concerns about the in-lieu fee program and its ability to fund new parking facilities, the City Council imposed a moratorium on the use of parking in-lieu fees and no new uses have been allowed to take advantage of the program since 1989. Those uses previously in the in-lieu parking program have continued to pay the fee on an annual basis. Revenue is approximately $69,000 per year and it goes into the City's General Fund. Within Balboa Village there are nine locations that participate in the existing in-lieu fee program, where a total of 93 spaces generate $13,950 in annual revenue for the City.

Why Implement It?

Minimum Parking Requirements

Cities have been using minimum parking requirements for decades as a means to account for a given land use's parking demand to ensure that an adequate parking supply is available. Minimum parking requirements, however, have emerged as one of the biggest obstacles to many cities' efforts to encourage new residential and commercial development in downtown areas, and ultimately undermine many cities' efforts to create attractive, vibrant, and walkable communities. More specifically, minimum parking requirements have been shown to:

- Create an "oversupply" of parking in almost all communities in all but the highest periods of parking demand
- Devalue the true "costs" of parking to drivers, thereby creating an incentive to drive, which results in more local congestion and vehicle emissions
- Require tremendous amounts of land, thereby degrading the physical environment and impacting a community's urban form, design, and aesthetics
- Limit the ability to do urban "infill" projects or adaptively reuse historic structures
- Make projects more expensive and reduce overall profitability

Therefore, the ultimate goal of eliminating minimum parking requirements is to remove barriers to new development and renovation of existing buildings, while create a healthy market for parking where parking spaces are bought, sold, rented and leased like any normal commodity.

Impact Fees

Development impact fees are a widely used, well-accepted practice in California. They offer an efficient way to pay for new infrastructure, can help sustain job growth in local economies, and contribute to economic prosperity. Above all, impact fees are one of the most efficient and effective ways to create a link between new development and the impacts it will have on the community.

Furthermore, transportation impact fees offer cities a revenue stream that can be used to fund a variety of transportation improvements which can help to mitigate or "offset" transportation impacts. By law, these fees cannot simply go to a city's general fund, but must be specifically allocated to transportation projects. California cities have used revenue from impact fees to finance:

- Roadway and intersection improvements
- New or enhanced transit services
- Additional parking or parking management programs
- New bicycle and pedestrian infrastructure
- Transportation demand management (TDM) programs

It is important to note that the City of Newport Beach has already adopted a Fair Share Traffic Contribution Ordinance (see Chapter 15.38 of the Municipal Code). This ordinance was adopted as a means to more fully mitigate traffic impacts from new development in Newport Beach and is based upon the unfunded cost to implement the Master Plan of Streets and Highways. The ordinance sets forth procedures for calculating the fair-share amounts for residential projects, hotel/motels, and office/retail/commercial uses based on trip generation rates and size of the development. The use of the funds generated is narrowly defined, as revenue can only be used for the purposes of planning, designing, and constructing roadway projects.

How Will It Work?

Short-term Recommendation: Eliminate minimum parking requirements for all non-residential uses. Do not implement an additional impact fee at this time. Eliminate existing obligation to the current parking in-lieu fee program.

Chapter 20.40.040 of the Newport Beach Municipal Code provides minimum parking requirements for dozens of residential and non-residential land uses types. For example, in Newport Beach, retail uses require four spaces per 1,000 gross square feet (GSF), office uses require five spaces per 1,000 GSF, and food services require 20 spaces per 1,000 GSF.

As part of this short-term recommendation, all non-residential land uses would no longer be subject to any minimum parking requirements within Balboa Village, while residential uses would still be required to meet the parking standards set forth in Chapter 20.40.040.

Off-street parking could still be built, but it would be determined by a developer's own analysis of what is financially feasible for their project and what they believe the "market" would support. Given market demand, it is very possible that a developer in Balboa Village will build a project with on-site parking. Any parking built would still be subject to the parking design standards outlined in Chapter 20.40 and subject to City approval. However, as described further in Recommendation #6, it is also recommended that any newly constructed parking be made publicly available.

Successful Examples

Numerous cities throughout the country have partially (in particular neighborhoods and districts) or entirely eliminated minimum parking requirements. These include:

Boulder, CO: Within Boulder's downtown special district – the Central Area General Improvement District (CAGID) – the City has eliminated minimum parking requirements for non-residential uses. Developers are allowed to build as much or as little parking as they choose, subject to design standards in the zoning code, and to manage it as they see fit. If they choose to build little or no parking on-site, they can purchase permits for public lots and garages for resale to their employees.

Petaluma, CA: In 2003, Petaluma adopted the Central Petaluma Specific Plan, which reduced parking minimums, but also included a sunset clause – the specific date on which the required parking minimums would expire. According to Code section 6.10.070, "Effective January 1, 2008, there shall be no minimum parking requirements for any use."

Portland, OR: For Portland's primary mixed-use district (Mixed Commercial/Residential), there are no parking minimums. There are also no parking minimums for a number of other land use categories, such as Central Residential districts.

Furthermore, under this option no additional transportation impact fee for Balboa Village would be implemented and, without minimum parking requirements, a parking in-lieu fee is unnecessary. It is also recommended that the nine properties within Balboa Village that currently pay into the existing in-lieu fee be freed from this obligation moving forward. Removal of the in-lieu fee payments for these nine properties would result in a loss of $13,950 in annual revenue.

Tradeoffs to Consider

By eliminating minimum parking requirements, the City of Newport Beach can:

- Facilitate a "free market" for parking that is more realistically determined by actual parking demand, as opposed to arbitrary parking standards
- Reduce development costs and provide additional flexibility to developers, especially on smaller lots or with historic structures

- Help to ensure that existing parking supply is efficiently utilized before building additional parking supply
- It is important to note that the creation of a Commercial Parking Benefit District (Recommendation #2) would enable the City to potentially fund many of the same projects and programs as an impact fee.

Potential drawbacks include:

- Eliminating requirements could result in potential spillover problems if other recommendations are not implemented, depending on the amount and type of development in Balboa Village in future years.

Long-term Recommendation: Depending on the level of development in Balboa Village, evaluate implementation of a "Parking and Multimodal" impact fee.

In addition to eliminating minimum parking requirements as described in the first option, this option would include the potential implementation of a "Parking and Multimodal" impact fee. Such a fee would be applied to: 1) all new non-residential development within Balboa Village; and 2) any change of use resulting in a more intensive land use, subject to the discretion of City staff. Implementation of such a fee would depend largely on the amount of development that occurs in future years in Balboa Village. Currently, the amount of projected development in Balboa Village does not justify such a fee. If development increases, however, such a fee would be used to adequately mitigate the impacts of such development on the transportation system.

The proposed fee would be a per square foot fee based on land use type. Funds generated by the fee would be placed into a "Mobility Fund" and may be used to finance the planning, design, construction, and implementation of needed transportation related facilities, improvements, and programs. More specifically, unlike the existing traffic fee in Newport Beach, this fee would allow for a wide range of potential expenditures, and would permit the City to fund demand management programs, as well as improvements to parking, bicycle, pedestrian, and transit facilities.

It is important to note that the California Mitigation Fee Act[15] requires cities to make certain findings and conduct a "nexus" study in order to establish an impact fee. These findings must:

- Identify the purpose of the fee
- Identify the use to which the fee is to be put and the facilities (if any) to be financed
- Determine how there is a reasonable relationship (nexus) between the fee's use and the type of development project on which the fee is imposed
- Determine how there is a reasonable relationship between the need for the public facility and the type of development project on which the fee is imposed

The required nexus study is typically the venue by which the exact fee amount is determined. The methodology for determining the impact fee can vary from city to city, but generally involves a growth projection based on various land use scenarios, a synthesis of costs for potential capital projects and transportation programs to be funded by the fee, a traffic analysis to determine peak-hour vehicle trips and trip generation rates, and a final determination of fees by land use.

Until such a nexus study is conducted, it is difficult to determine the level of the new transportation impact fee. However, Figure 5-2 provides a summary of impact fees in California, and can provide an initial guide for what a fee might look like in Balboa Village.

[15] Government Code Section 66000 et seq.

Figure 5-2 Summary of New Development Impact Fees, Selected CA Cities[16]

Land Use	Average	Median	Min	Max
Retail (per sq. ft.)	$10.35	$8.80	$0.39	$46.68
Office (per sq. ft.)	$6.48	$4.54	$0.15	$22.19
Industrial (per sq. ft.)	$3.59	$2.76	$0.10	$12.61
Single-family (per unit)	$6,197	$4,612	$105	$26,014
Multi-family (per unit)	$4,059	$2,934	$63	$16,934

Tradeoffs to Consider

By instituting an impact fee, the City of Newport Beach can:

- Provide a valuable revenue source to mitigate potential transportation impacts in Balboa Village by financing not just roadway improvements, but also new or upgraded transit services, parking management measures, bicycle/pedestrian infrastructure, and other TDM programs.

Potential drawbacks include:

- This fee would fall under the purview of the California Mitigation Fee Act and would require an additional nexus study, which can be time and resource intensive.
- The development community will likely resist an additional impact fee, as it would increase development costs.
- Given the size of the proposed district and the projected development scenarios, revenue from such a fee would likely be limited.
- The City of Newport Beach currently has a traffic fee. The City would need to further evaluate the relationship of that fee to a separate fee in Balboa Village, especially in regards to any potential legal issues of two fees.

[16] The primary source of this information is the 2009 National Impact Fee study done by Duncan Associates, www.impactfees.com/publications%20pdf/2009_survey.pdf

RECOMMENDATION #6: FORMALLY ESTABLISH BALBOA VILLAGE AS A SHARED PARKING DISTRICT.

Description

Shared parking is one of the most effective tools in parking management. Because many different land uses (a bank and a bar or restaurant, for example) have different periods of parking demand, they can easily share a common parking facility, thereby limiting the need to provide additional parking.

Shared parking policies do not treat the parking supply as individual units specific to particular businesses or uses, but rather emphasize the efficient use of the parking supply by including as many spaces as possible in a common pool of shared, publicly available spaces.

It is important to note that Chapter 20.40.110 of the City of Newport Beach Municipal Code includes strict provisions for joint use or shared parking. Furthermore, shared parking, to a certain extent, does exist in Balboa Village, as much of the existing parking supply is publicly available. However, there are close to 200 off-street spaces that are specifically dedicated to tenant or customer parking within the study area. This recommendation seeks to formalize a flexible shared parking policy that, to the greatest extent feasible, ensures that existing parking supply is made public. Furthermore, this recommendation is also specifically aimed at any future development in Balboa Village and guaranteeing that future parking supply is publicly available.

Why Implement It?

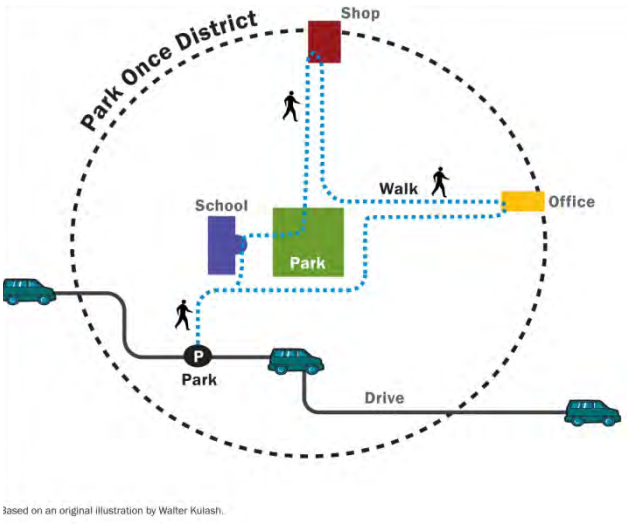
The typical suburban pattern of isolated, single use buildings, each surrounded by parking lots, requires two vehicular movements and a parking space to be dedicated for each visit to a shop, office, or civic institution. Similarly, to accomplish three errands in this type of environment requires six movements in three parking spaces for three tasks.

By contrast, shared parking policies facilitate “park once” districts, in which motorists can park just once and complete multiple daily tasks on foot before returning to their vehicle.

Overall, the benefits of fully implementing a “park once” strategy include:

- Reduces vehicle trips and required parking spaces because existing spaces (approximately 198 spaces or 15% of supply in Balboa Village) can be efficiently shared between uses with differing peak hours, peak days, and peak seasons of parking demand
- Creates a more welcoming environment for customers and visitors because they do not have to worry about getting towed for parking at one business while visiting another

Figure 5-3 Park-Once District



- Allows for fewer, but more strategically placed lots and structures, resulting in better urban design and greater redevelopment opportunities
- By transforming motorists into pedestrians, who walk instead of drive to different destinations, shared parking can immediately activate public life on the streets and generate additional patrons of street-friendly retail businesses.

Potential Tradeoffs

- Resistance from private property owners or local businesses that have their "own" parking
- Limited initial impact for increasing parking availability, as much of the existing supply is already public available

How Will It Work?

Outlined below are specific policy recommendations designed to facilitate shared parking and the creation of a "park once" district in Balboa Village. Some of these provisions would need to be reconciled with Chapter 20.40.110 of the existing zoning code.

- Maximize use of the existing parking supply by improving wayfinding and parking information
- Work with existing property owners and businesses to ensure that private parking is made available to the public when not needed for its primary commercial use
- Work with property owners and businesses to develop mutually-agreeable operating and liability arrangements
- Require as a condition of approval that all newly constructed private parking in any non-residential Balboa Village development or adaptive reuse project be made available to the public[17]
- Allow parking to be shared among different uses within a single mixed-use building by right
- If new public parking supply is needed, first purchase or lease existing private parking lots or structures from willing sellers, and add this parking to the shared public supply before building expensive, new lots/garages. Costs for purchase and leasing of spaces can vary dramatically, but would likely be in the range of $50-500 per month per space.

Successful Examples of Shared Parking

Santa Monica: Santa Monica recently updated the Land Use and Circulation Element (LUCE) of its General Plan, which articulates several specific goals related to shared parking in its Downtown core. These include:

- Goal D11: Address parking needs comprehensively, identifying shared parking opportunities.
- Policy D11.4: Pursue opportunities for shared use agreements with private parking facilities.

These policies seek to reinforce and support an existing shared parking district in Downtown Santa Monica. Within the Downtown District, there are more than ten public parking garages that serve as the parking supply for the vast majority of the retail and commercial businesses along the popular Third Street Promenade and surrounding retail streets. As a result of its shared parking pool, many new businesses or infill projects have been able to limit their parking obligations.

Downtown Ventura: Shared on-site parking between land uses with different periods of peak parking demand is allowed for all uses. Shared on-site parking is allowed to satisfy 100 percent of the minimum parking requirement for each use.

[17] The City may wish to further evaluate certain non-residential uses (i.e. hotel) and potentially allow for limited exemptions to this provision.

RECOMMENDATION #7: DEVELOP A COORDINATED WAYFINDING PROGRAM FOR BALBOA VILLAGE.

Description

Wayfinding signage helps orient visitors, shoppers, and residents alike, pointing them to area parking facilities, retail establishments, pedestrian and bicycle access routes, and other important destinations. A wayfinding program can be tailored to specific groups depending on contextual factors and desired outcomes; however, these tools are most relevant and important for those unfamiliar with an area. Wayfinding informs people of the best way to access an area, depending on their mode of travel. Parking wayfinding signs can also display real-time availability data, pointing motorists to facilities with available spaces.

Why Implement It?

Wayfinding strategies seek to efficiently coordinate movement within a neighborhood, pointing users of all modes of travel to the best access routes for their destination. It represents an important part of a comprehensive circulation and parking management strategy, improving the customer-friendliness of a neighborhood or district.

Parking signs can direct motorists to underutilized off-street facilities, freeing up the most convenient "front-door" curbside spaces, and maximizing the efficiency of a parking system. Improved wayfinding in the form of new signs helps maximize the use of off-street parking facilities, representing another way to help eliminate traffic caused by cars "cruising" for on-street parking. Wayfinding helps dispel perceived (but not actual) shortages in parking.

Signs for pedestrians and bicyclists can direct those on foot or on bike to the safest bicycle and pedestrian routes, as well as the location of bicycle parking spaces, showers, changing facilities, and other bicycle and pedestrian amenities. Such signs improve conditions for alternative modes, supporting various Transportation Demand Management (TDM) objectives, reducing vehicle trips to a specific area, and reducing the need for vehicle parking.

Tradeoffs to Consider

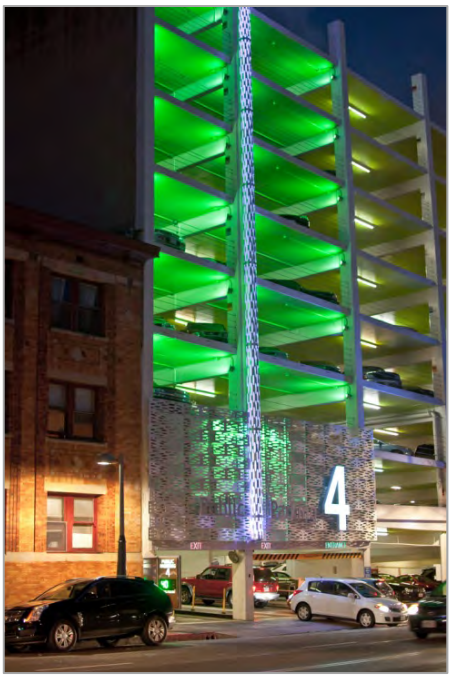
- Implementation and operations costs, including design and installation. For example, real-time parking availability systems and signage can cost $25,000 to $50,000 per unit, plus $500 in annual operating costs per unit.
- New wayfinding signs would need to replace those recently installed by the City that some stakeholders have found inadequate.

How Will It Work?

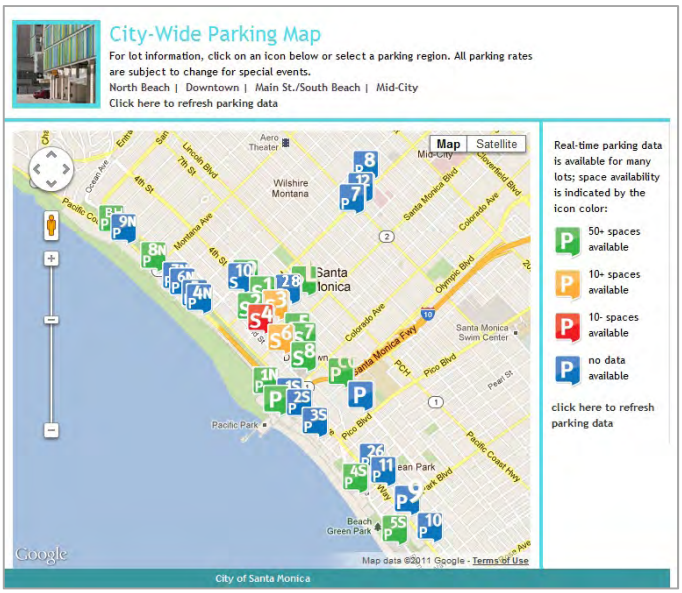
Wayfinding is most effective when it is consistent; all signage should be produced in a similar style, and organized by type (parking, bicycle/pedestrian, retail). Regardless of the particular signage installation utilized, good design that is consistent with and supports the character of the neighborhood is critical for all signage elements.

Real-time availability technology already exists in public and private parking lots and garages nationwide. Such a system is easy and relatively inexpensive to install, and also allows for the display of availability data on city or independent websites. Motorists should be encouraged to check availability online before traveling to Balboa Village, but real-time availability displays will direct vehicles to those off-street lots with the most availability. Pricing information can also easily be displayed on parking wayfinding signage.


Mission-
Bartlett
Garage
SFpark


4


DOWNTOWN PARKING
Convention Center
4th / San Fernando
SPACES OPEN


City-Wide Parking Map
For lot information, click on an icon below or select a parking region. All parking rates are subject to change for special events.
North Beach | Downtown | Main St./South Beach | Mid-City
Click here to refresh parking data
Map
Satellite
Real-time parking data is available for many lots; space availability is indicated by the icon color:
50+ spaces available
10+ spaces available
10- spaces available
no data available
click here to refresh parking data
Google
Map data ©2011 Google - Terms of Use
City of Santa Monica

Priority Locations

A wayfinding system in Balboa Village would be most effective if signs were located at the traditional entrances to the area, near major garages and attractions, and along major arterials. For example, signage pointing motorists to off-street parking lots with real-time availability data should be installed along Balboa Boulevard towards the entrance to Balboa Village, as well as near the Balboa Island Ferry for those motorists coming from Balboa Island. Additional signs should be installed at each large off-street facility, including the beach lot, the Newport Landing lot, and the public lots along Balboa Boulevard at Palm Street.

Bicycle and pedestrian wayfinding should be prioritized along and near the Newport Balboa Bike Trail, as well as the commercial blocks of Balboa Boulevard and Main Street. In partnership with local businesses, retail establishments could also be listed on wayfinding signs and materials, encouraging visitors to frequent Balboa Village businesses.

Successful Examples

SFpark, San Francisco: The SFpark Program is a coordinated citywide parking management and wayfinding program to direct motorists in San Francisco to both on-street and off-street facilities with available spaces. Various wayfinding signs throughout the city's pilot areas direct motorists to parking facilities, and contain real-time availability information. The program has a significant online presence as well, enabling motorists to find garages and blocks with available spaces before circling multiple blocks in search of parking. The site and smart phone application also reports the most recent pricing information, as rates are adjusted based upon demand.

Santa Monica: The City of Santa Monica created an integrated wayfinding and real-time data program for its downtown district. Wayfinding signage was installed throughout the downtown, directing visitors and residents to various amenities, and motorists to various parking garages. Each garage now has real-time availability posted both online and on signs throughout the downtown district. The program included a beautification effort which gave each off-street facility a distinct, attractive character, adding to neighborhood vitality.

RECOMMENDATION #8 IN COORDINATION WITH THE CITY'S BICYCLE SAFETY COMMITTEE, IDENTIFY AND IMPLEMENT TARGETED IMPROVEMENTS TO BICYCLE AND PEDESTRIAN FACILITIES IN BALBOA VILLAGE.

Description

Bicycle and pedestrian improvements include many different strategies that seek to encourage travel via non-motorized modes. Possible improvements include, but are not limited to, the following:

- Improving or installing sidewalks, crosswalks, paths, and bike lanes
- "Spot improvements" to remove specific roadway hazards
- Street furniture (benches) and other streetscape enhancements (lighting, street trees, etc.)
- Traffic calming measures such as bulbouts, raised intersections, or speed humps
- Bicycle parking facilities (corrals, lockers, covered, or rack) or programs (valet)
- Shower and changing facilities
- Bicycle sharing programs
- General programming including publicity campaigns, bike to school/bike to work programs, and educational/safety efforts

The City of Newport Beach Bicycle Safety Committee is currently in the process of developing a plan and set of strategies to improve bicycle safety and conditions in Balboa Village. This recommendation should be implemented in collaboration with, or as part of, that planning process.

Why Implement It?

Increasing the rate of biking and walking to and in Balboa Village will increase the area's livability, decrease localized pollution, and alleviate pressure on existing on- and off-street parking facilities, particularly during peak summer months. Numerous studies suggest that bicycle and pedestrian friendly neighborhoods experience lower drive-alone rates, as well as higher rates of walking and biking. Furthermore, many communities have significant latent demand for non-motorized travel, meaning many people would walk or bike if the facilities existed to enable them to do so safely and conveniently.

Tradeoffs to Consider

- Implementation costs, including design and installation
- Depending on the improvement selected and its design, it is possible that some on- and off-street parking may be lost

How Will It Work?

The Newport Balboa Bike Trail is the main bicycle and pedestrian access point to Balboa Village. As such, most bicycle amenities should be concentrated along that route, and along connection points between the trail and other important destinations. Bicycle parking could be installed near the trail, specifically in the form of corrals in one or two parking spaces within the large public beach lot. Improvements could also be made along Palm Street to encourage non-motorized travel from the Balboa Island ferry to Balboa Village and the Newport Balboa Bike Trail. A few on-street parking spaces could also be converted to bicycle parking corrals.

Improvements to the pedestrian realm should seek to encourage pedestrian traffic along the Balboa Avenue and Main Street retail corridors, and connect off-street parking facilities to important destinations. Spot improvements could include additional mid-block pedestrian crossings along long blocks and bulb-outs at busy signalized Balboa Boulevard intersections.

Source: Flickr_La Citta Vita

Source: Flickr_Earthworm

RECOMMENDATION #9: ESTABLISH AN ONGOING DATA COLLECTION, MONITORING, AND EVALUATION PROCESS.

Description

In parking, you can only manage what you measure. Based on this maxim, this recommendation seeks to formalize the "measurement" process by proposing that the City implement an ongoing data collection and evaluation program for Balboa Village. More specifically, this Plan recommends that the City collect parking occupancy and turnover data for both on- and off-street parking facilities. This data is essential for evaluating whether the demand-based pricing policies recommended within this Plan are achieving their goals.

Why Implement It?

Demand-based pricing policies are based on the goal of meeting target occupancy levels to ensure that there are always an adequate number of parking spaces available, that "cruising" for a parking space is limited to greatest degree possible, and that parking demand is evenly distributed. As part of Recommendation #1, this Plan recommends an initial pricing structure to help the City achieve 85% and 90% target occupancy levels for on-street and off-street spaces, respectively.

As mentioned earlier, it is possible that these pricing levels will be higher or lower than needed and will have to be adjusted accordingly. Without adequate occupancy data, however, it will very difficult to determine whether the pricing and regulatory structures are having their desired effect. By developing a formal data collection process, the City will be able to better understand its parking supply and quickly make adjustments to its pricing and regulatory structure to respond to changes in parking demand. Furthermore, ongoing data collection can improve transparency in decision-making and public understanding of parking behavior.

Tradeoffs to Consider

- Requires additional City resources and staffing

How Will It Work?

Outlined below are the recommended parameters for an ongoing data collection and monitoring program for Balboa Village.

Data to be Collected

The City should collect occupancy data for on- and off-street parking facilities. In addition, parking turnover data should be collected for on-street spaces. Above all, consistency is the most important part of any data collection effort as it allows for easy longitudinal comparisons. The baseline data collected as part of this study should serve as a foundation for future data collection efforts.

How to Collect Data

There are a number of potential methods by which the City could collect the necessary data, including:

- Manual counts conducted by trained surveyors.

- Automatic data provided by parking meters. Automatic collection of such data would depend on the type of meter ultimately installed for both on- and off-street facilities.

Frequency of Data Collection

At a minimum, data should be collected and analyzed on an annual basis. For example, if manual counts are utilized, they should be done during the peak period of demand. It is recommended that both an hourly Thursday and Saturday count be conducted during a non-holiday week between Memorial Day and Labor Day.

If feasible, another count during the off-peak period should also be conducted to evaluate off-peak pricing and regulatory structures. Once again, consistency is most important and subsequent counts should take place at the same time each year.

Depending on the parking meters selected, however, it is also possible that occupancy data could be collected and analyzed much more frequently.

BALBOA VILLAGE MASTER PLAN

Exhibit 4
Implementation Matrix

September 2012

Balboa Village Master Plan - Implementation Matrix

Recommended Strategy	Year 1	Year 2	Year 3-5	Estimated Cost (1)	Ease of Implementation	Level of Effectiveness	Priority
Economic Development							
1. Develop and implement Commercial Facade Improvement Program. Develop program criteria and application; identify funding sources; obtain City Council approval; outreach to property owners; administer program	Define program parameters; obtain City Council approval & funding; begin Model Block marketing	Continue implementation	Continue Implementation	$150,000/year 3 buildings; if limit to painting/signage/canopies costs would be significantly lower	Easy to develop and implement provided funding is identified	Highly effective in creating immediate aesthetic improvements to the area	High
2. Develop and implement Targeted Tenant Attraction Program. Identify key tenants; develop incentive program tailored for those tenants; obtain City Council approval of program and funding; outreach to owners and brokers to secure tenants.		Define program parameters; obtain City Council approval & funding; begin implementation	Continue Implementation	TBD	Moderate based on financial resources required to create incentives. Difficult to identify and outreach to potential tenants	Highly effective in encouraging new tenants to the area	Low
3. Support new cultural facilities (ExplorOcean/Balboa Theater). Ongoing, regular communication with entities to identify needs and opportunities; offer assistance in completing planning development application(s).	Prioritize project review; identify additional assistance as needed	Continue support	Continue support	TBD	Easy to continue communications and offer support	Low effectiveness related to specific action	High
4. Develop special events initiative. In conjunction with Parks and Recreation Department, refine project scope and select consultant/promoter to prepare program and identify funding opportunities.	Contract with promoter to develop program and identify funding sources	Implement recommendations	Continue implementation	$15,000 for initial contract	Easy to explore special events for the area	Highly effective in bringing new visitors and residents to the area	High
5. Develop operating budget and implementation strategy for RV parking during non-peak season. Program to include public outreach and explore requirements from Coastal Commission.	Develop program; obtain Council approval; identify funding sources	Install utility improvements	Manage leasing	$800,000 initial cost	Difficult based on uncertainty related to acceptance by community and Coastal Commission	Highly effective in bringing new visitors and additional revenue to the area	High
6. Consider development of Palm Street parking lot for mixed-used project. As appropriate, obtain City Council approval to proceed with solicitation of a developer for the property.	Review ExplorOcean plans prior to determination to market site		Market site for development	None	Difficult due to entitlement process	Highly effective in creating a catalyst project for revitalization	Low
7. Allocate additional funding to Balboa Village BID. Develop marketing strategies with input from BID and visit Newport Beach; and monitor implementation.	Approve with annual renewal				Medium based on need to reallocate funding from other sources	Highly effective in bringing additional funding to the area which could be used for marketing and street	High
8. Modify boundaries of Balboa Village BID to delete area from Adams to Coronado Streets. Requires ordinance to be approved by City Council.	Approve with annual renewal			None	Easy to implement	Low effectiveness in creating revitalization of the area	Low

(1) Does not include staff costs

Balboa Village Master Plan - Implementation Matrix

Recommended Strategy	Year 1	Year 2	Year 3-5	Estimated Cost (1)	Ease of Implementation	Level of Effectiveness	Priority
Parking							
1. Remove time limits for all metered spaces; implement demand based pricing for all public parking. Determine appropriate pricing limits for Ordinance adoption by City Council required. Amendment of existing contract with CPS (meter enforcement) required. Ongoing monitoring required to ensure rates are appropriate.	CPS to implement once ordinance and contract amendment are completed			TBD if install wireless meters	Easy to implement once City Council direction provided	Highly effective in encouraging long term visitors to park in beach parking lot	High
2. Establish a commercial parking benefits district to create permanent, ongoing revenue source.	Establish legal means to create; determine Council policy on revenue source	Set aside revenues for eligible activities.		TBD	Moderate based on the need to reallocate funds	High - Additional funds could be used for revitalization projects	High
3. Establish a residential parking permit program. Program development will require public participation and adoption of an ordinance by City Council. Additional surveys may be required by Coastal Commission to justify need and verify the program would not impact Coastal access. A Coastal Development Permit will also be required.	Develop program, conduct public outreach, prepare Coastal Commission application, and conduct additional surveys if required by Coastal Commission	Implement program		TBD	Difficult based on potential concerns from affected residents and the need to obtain approval from the Coastal Commission	Highly effective in encouraging visitors to utilize available public parking lots, rather than impact residential streets	High
4. Establish employee parking permit program. Survey all businesses, develop program, program approval requires City Council approval of a Resolution.	Develop program	Implement upon City Council approval		None	Medium based on uncertainty of Coastal Commission	Moderately effective - Permits will encourage employees to park in	High
5. Develop coordinated wayfinding sign program. Retain designer, prepare sign program, obtain City Council approval of conceptual plan.	Incorporate with streetscape plan			$15-20,000 initial contract	Medium based on need to coordinate existing signs	Medium effectiveness - Signage directing visitors to parking areas already exists	Medium
6. Identify and implement targeted improvements to bicycle and pedestrian facilities. Retain designer, prepare plans for identified improvements, perform outreach to community, obtain City Council approval of plans, obtain CDP.	Identify in streetscape plan	Process entitlements	Implement as funds permit	TBD	Difficult because of the type of improvements which would encourage additional walking and biking has not been	Low - The area already provides opportunities for biking and walking	Low
Planning/Zoning							
1. Eliminate parking requirements for new commercial development and intensification of use applications. Incorporate within Local Coastal Plan.					Medium based on uncertainty of acceptance by the	Highly effective to encourage revitalization; provides flexibility for new	High

(1) Does not include staff costs

Balboa Village Master Plan - Implementation Matrix

Recommended Strategy	Year 1	Year 2	Year 3-5	Estimated Cost (1)	Ease of Implementation	Level of Effectiveness	Priority
2. Eliminate in-lieu parking fee permanently, including current payees. City Council adoption of ordinance is required. Should be implemented with other parking management strategies.	Action taken by City Council			Loss of $13,500/year if only Balboa Village	Easy to implement on the basis that the program is outdated and does not generate significant funding	Low - As a stand alone program elimination of the fee would have no affect on managing parking	High
3. Evaluate changes to determine impact on new investment in Balboa Village. Determine and measure applicable benchmarks prior to actions. Measure and compare benchmarks on a periodic basis.	Identify and measure appropriate benchmarks	Measure and compare benchmarks	Review program changes	None	Easy to implement. Significant benchmarks will be obvious, new uses, redevelopment, façade improvements	Low - Monitoring alone will not directly result in revitalization of the area	Low
4. Pursue adoption of Local Coastal Plan. Prepare draft Implementation Plan (IP), public outreach, Planning Commission review, City Council adoption of IP by Ordinance, Certification by Coastal Commission required, City Council considers and potentially adopts Coastal Commission suggested modifications (if any).		Draft LCP for public review	Adopted LCP by Council/Coastal	$150,000 for consultant services to prepare LCP	Difficult - Acquiring a certified LCP will be a challenging and lengthy process	Highly effective in shortening the entitlement process	High
5. Continue focused code enforcement efforts.	Ongoing	Ongoing	Ongoing		Medium	High	High
Public Streetscape							
1. Develop conceptual streetscape and public signage plan. Staff to evaluate areas for improvement prior to directing preparation of plans for signage or street scape improvements. Consider consistency with existing wayfinding program. Include Boardwalk in plan.	Hire architect to prepare plan	Implement plan as funds are available		$15-20,000 initial contract	Medium based on need to create plan	Highly effective in creating new aesthetic improvements to the area	High
2. Assume maintenance of boardwalk area. Gain acceptance from property owners. Maintenance would include steamcleaning sidewalk installation of new furniture upon completion of streetscape plan.	Begin regular cleaning	Ongoing	Ongoing	$15,000/year	Easy to implement	Highly effective in immediate improvement of the area	High
Administrative Recommendation							
1. Create a governance structure to ensure implementation plan recommendations are executed in a timely fashion	Determine governance structure and establish work plan.	Ongoing review	Ongoing review		Easy once policy direction provided	Highly effective to ensure progress	High

(1) Does not include staff costs