



CITY COUNCIL AGENDA REPORT

MEETING DATE: JUNE 5, 2007

ITEM NUMBER

SUBJECT: REQUEST FOR WAIVER OF TRAFFIC IMPACT FEE

DATE: MAY 18, 2007

FROM: PUBLIC SERVICES DEPARTMENT – TRANSPORTATION SERVICES DIVISION

PRESENTATION BY: PETER NAGHAVI, MANAGER, TRANSPORTATION SERVICES

FOR FURTHER INFORMATION CONTACT: PETER NAGHAVI, MANAGER, TRANSPORTATION SERVICES (714) 754-5182

RECOMMENDATION:

Direct staff regarding the request to waive the traffic impact fee for a temporary pre-school use for St. Andrew's Presbyterian Church located at 265 McCormick Avenue.

BACKGROUND:

On May 14, 2007 the Planning Commission approved a Conditional Use Permit (CUP) for St. Andrew's Presbyterian Church to allow temporary office and preschool uses at 265 McCormick Avenue. Issuance of the CUP allows St. Andrew's Presbyterian Church to establish temporary quarters at this location to continue operating their current pre-school and after school childcare programs during the renovation of their existing facilities in Newport Beach. The CUP was issued for a maximum period of two years and expires on May 14, 2009.

St. Andrew's Presbyterian Church plans to temporarily lease only a portion of the building at 265 McCormick Avenue, located in an industrial zone. Operation of a pre-school or childcare facility in an industrial zone requires a CUP and is subject to the City's traffic impact fee as it will generate traffic beyond the existing rates. As a condition of approval of the CUP, the Transportation Services Division, in compliance with the City's Transportation System Management Ordinance, conditioned the payment of the traffic impact fee in an amount of \$234,576.

Following the determination of the fee, the City received a letter from St. Andrew's Presbyterian Church (ATTACHMENT 1) requesting waiver of the traffic impact fee due to the temporary nature of the pre-school and childcare programs operating only until the expiration date of May 14, 2009. As described in the attached letter, St. Andrew's Presbyterian Church is in the process of renovating their Newport Beach church campus where these programs are currently conducted. Completion of the renovation and move-in is anticipated in August 2008, well before the expiration of the CUP.

ANALYSIS:

The traffic impact fee program was originally approved by the City Council in 1993 to fund transportation/circulation improvements related directly to the incremental traffic/vehicle burden imposed on the City's transportation/circulation system by the development of new commercial, industrial and residential projects. Assessment of the traffic impact fee provides ongoing funding for the estimated total costs of public transportation/circulation improvements needed to accommodate the growth of traffic in the City of Costa Mesa at build-out of the General Plan and of the Master Plan of Highways (MPH), and as established by the City's Capital Improvement Plan. The City of Costa Mesa's traffic impact fee program is similar to other cities in Orange County and complies with the Countywide Growth Management Program. Compliance with the countywide program is necessary for the city to maintain eligibility for Measure M funds for transportation improvements.

As defined by the Municipal Code, Article 3, Transportation System Management, the Traffic Impact Fee program is applicable to development projects where a Conditional Use Permit (CUP) is required and the change of use will result in an increase in traffic generation.

The trip generation rate for pre-school and childcare centers is considerably higher than the underlying industrial use for the proposed temporary location. Based upon their proposed use of a 17,927 square foot portion of the building, the traffic impact fee is calculated at \$234,576. This includes a credit for the prior industrial use of the existing building. This is based on the established trip generation rate for pre-school/childcare of 79.26 average daily trips (ADT) per 1,000 square feet of building size, as compared to 6.96 ADT per 1,000 square feet for the original industrial use.

Exempt Projects:

In accordance with the City's adopted municipal code, **only** the following entities are exempt from paying the citywide traffic impact fee:

- Public benefit facilities limited to public libraries, public administration facilities, public parks, public utilities, schools and related facilities.
- Facilities serving the health and safety of the public, limited to hospitals, police, fire and safety facilities.

Based on the above criteria, the proposed pre-school/childcare project does not qualify as an exempt project for the waiver of traffic impact fees.

The applicant is requesting waiver of the fee only for the term of the CUP. However, the municipal code does not provide staff the discretion to approve waiver of the fee beyond the issuance of a Certificate of Occupancy without City Council approval.

ALTERNATIVES CONSIDERED:

The following are possible alternatives the Council may wish to consider:

1. The City Council could waive all or part of the traffic impact fee, due to the temporary nature of the use. This action, however, may set precedent for similar future projects.
2. The City Council could require the payment of the full fee as indicated by staff.

FISCAL REVIEW:

Funding for essential freeway and arterial capacity improvements as well as for transportation planning is provided primarily through the Citywide Traffic Impact Fee Program. The City receives approximately \$1,900,000 per year in Measure “M” Turnback funding. Each year these funds are fully allocated by the city to provide matching funds to obtain regional grants for street and intersection improvement projects as well as to complete arterial and residential street rehabilitation projects. Any shortfall in funding may delay or possibly jeopardize securing the necessary matching funds needed for larger projects.

LEGAL REVIEW:

There is no legal review required on this item. With proper findings, the City Council may reduce or waive required traffic impact fees

CONCLUSION:

Payment of the traffic impact fee in the amount of \$234,576 is required for St. Andrew’s Presbyterian Church to temporarily operate pre-school and childcare programs at 265 McCormick Avenue, an industrial zoned property. The Conditional Use Permit approved by the Planning Commission on May 14, 2007 limits the preschool/childcare use to a maximum of two years (May 14, 2009). Waiver of the traffic impact fee is requested by the applicant in order to continue these services uninterrupted while their site in Newport Beach undergoes renovation. Completion of the renovation and move-in to their original site is scheduled for August 2008, at which time they will cease operations and vacate the McCormick property.

PETER NAGHAVI
Transportation Services Manager

WILLIAM J. MORRIS
Director of Public Services

DISTRIBUTION: City Manager
Assistant City Manager
City Attorney
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ATTACHMENTS: 1 [Letter from Applicant](#)