


Agenda Report Reviewed by:  
 City Manager: 

**CITY OF SEBASTOPOL  
 CITY COUNCIL  
 AGENDA ITEM**

**Meeting Date:** May 4, 2021  
**To:** Honorable Mayor and City Councilmembers  
**From:** Kari Svanstrom, Planning Director  
**Subject:** Development Impact Fee Update  
**Recommendation :** Receive report, hold a public hearing, and adopt the Development Update Fee Study Update to approve updated Development Impact fees and Waive Further Reading and Approve Introduction of Ordinance to Amend the Municipal Code Sections related to Impact Fees  
**Funding:** Currently Budgeted:  Yes  No  N/A  
 Net General Fund Cost: N/A  
 Amount: \$0

Account Code/Costs authorized in City Approved Budget (if applicable) AK (verified by Administrative Services Department)

**INTRODUCTION/PURPOSE:**

This item is for the adoption of the Development Update Fee Study Update, and to approve updated Development Impact Fees and Waive Further Reading and Approve Introduction of Ordinance to Amend the Municipal Code Sections related to Impact Fees

**BACKGROUND:**

Development Impact Fees are charged by local governments on new development projects for the purpose of providing new or expanded public capital facilities required to serve that development. A Development Impact Fee Study, which show the relationship (called a “nexus”) between the fees collected and their impacts on the City’s infrastructure, is required under State law when an agency imposes an impact fee.

At its August 25, 2020 meeting, the Planning Commission received an overview of the City’s Development Impact Fees (DIF), and also discussed and provided feedback for the consultant team and staff. The Planning Commission discussed the various inputs, such as level of development anticipated over the study’s time frame. This information was incorporated into the draft Development Impact Fees presented to the Planning Commission at its January 26, 2021 meeting. The consultant also presented a comparison with the City’s current fees and with the fees of other area communities.

Following the presentation, the Commission heard public comment and, following deliberations, approved Planning Commission Resolution 21-001, recommending the City Council adopt the Development Impact Fee updates.

**DISCUSSION:**

The consultant, Harris & Associates, will present the draft fee studies and proposed fees to the Council.

The City's current Development Impact Fees include the following:

- Traffic
- Parks (Acquisition and Development)
- Water
- Sewer
- Wastewater Retrofit (to be removed from fee schedule)
- Annexation fees (a proportion of the above fees)
- Affordable Housing Fee (Inclusionary Housing Ordinance)
- Affordable Housing Linkage (for Commercial and Industrial uses, based on a County-level study, not being updated at this time)

Additionally, the study is looking at various new fees that most City's charge to new development which the City does not currently have, but can charge under State Law. These fees include:

- General Government (city buildings)
- Fire Facilities (including capital equipment such as fire engines and equipment)
- Storm Water Facility
- Administration costs (Staff and consultant costs in administering and updating studies as required by State Law)

All of these fees help pay for the costs of increasing infrastructure capacity for various city services needed due to the new development.

The fees are developed using the City's adopted General Plan, Capital Improvement Plan, and other adopted Master Plans (Water, Wastewater, Bicycle and Pedestrian Master Plan, Pedestrian Safety plans), which outline improvements needed to accommodate growth in the City. Costs for these projects, or portions of the cost associated with the increase in capacity to the infrastructure, are then attributed to the different types of development based on the impacts to infrastructure. For example, traffic impacts differ for different types of development between commercial and residential development. Similarly, some uses, such as residential and hotels, have impacts on parks while others, such as commercial, office, and industrial uses, have minimal impacts on park use.

Staff and the consultant are recommending that Administration costs (up to 5%) and Library Impact fees not be included at this time. The Planning Commission agreed with this recommendation. This is in an effort to keep the cost increases at a level that does not hinder new development. Additionally, as the Library is part of a joint powers authority (JPA), there is a potential that a county-wide measure could support new library construction/expansion. These fees could be included in a future study.

The other fees are proposed to be updated as follows. Please note that water and sewer connections for non-residential development are based on meter size and not square footage.

Storm Water fees are proposed to be charged at \$1.44 per square foot of impervious surface (including structures, driveways, pools, etc.), for any structure or addition that requires a building permit and is larger than 150 square feet. This is similar to Healdsburg, which charges \$1.32/SF of hard surface for certain construction types. While all other fees discussed in this report apply to new uses or new dwelling units, this Storm Water fee would also be applied to existing developed sites when they develop additions, pools, new accessory structures, etc. that are larger than 150 square feet and which require a building permit. For instance, a shed smaller than 120 square feet or patio that doesn't require a permit would be exempt from this fee. Any 'redevelopment' of existing sites would be charged only for net increase in impervious areas.

#### Single Family (Attached/Detached) Comparison (per Unit)

Fee	Current Fee	Proposed Fee	Increase
Park Fees	\$ 6,500	\$ 13,111	102%
General Government	n/a	\$ 2,934	n/a
Fire Facilities	n/a	\$ 975	n/a
Traffic Impact	\$ 4,040	\$ 8,066	100%
Storm Water Facilities	n/a	\$ 5,502	n/a
Water	\$ 5,040	\$ 10,346	105%
Sewer	\$ 16,815	\$ 4,550	-73%
<b>Total</b>	<b>\$ 32,395</b>	<b>\$ 45,484</b>	<b>40%</b>

#### Multifamily (Condos/Apartments) Comparison (per Unit)

Fee	Current Fee	Proposed Fee	Increase
Park Fees	\$ 5,580	\$ 8,935	60%
General Government	n/a	\$ 2,000	n/a
Fire Facilities	n/a	\$ 665	n/a
Traffic Impact	\$ 3,921	\$ 4,563	16%
Storm Water Facilities	n/a	\$ 2,830	n/a
Water	\$ 5,040	\$ 10,346	105%
Sewer	\$ 16,815	\$ 4,550	-73%
<b>Total</b>	<b>\$ 31,356</b>	<b>\$ 33,889</b>	<b>8%</b>

#### Commercial Comparison (per 1,000sf)

Fee	Current Fee	Proposed Fee	Increase
Park Fees	n/a	n/a	n/a
General Government	n/a	\$ 1,076	n/a
Fire Facilities	n/a	\$ 357	n/a
Traffic Impact	\$ 5,369	\$ 12,417	131%
Storm Water Facilities	n/a	\$ 2,887	n/a
<b>Total</b>	<b>\$ 5,369</b>	<b>\$ 16,737</b>	<b>212%</b>

Office Comparison (per 1,000sf)

Fee	Current Fee	Proposed Fee	Increase
Park Fees	n/a	n/a	n/a
General Government	n/a \$	2,366	n/a
Fire Facilities	n/a \$	786	n/a
Traffic Impact	\$ 2,711	\$ 9,370	246%
Storm Water Facilities	n/a \$	2,887	n/a
<b>Total</b>	<b>\$ 2,711</b>	<b>\$ 15,409</b>	<b>468%</b>

Industrial Comparison (per 1,000sf)

Fee	Current Fee	Proposed Fee	Increase
Park Fees	n/a	n/a	n/a
General Government	n/a \$	237	n/a
Fire Facilities	n/a \$	79	n/a
Traffic Impact	\$ 1,920	\$ 5,133	167%
Storm Water Facilities	n/a \$	2,887	n/a
<b>Total</b>	<b>\$ 1,920</b>	<b>\$ 8,336</b>	<b>334%</b>

Hotel Comparison (per Room)

Fee	Current Fee	Proposed Fee	Increase
Park Fees	\$ 2,600	\$ 3,701	42%
General Government	n/a \$	473	n/a
Fire Facilities	n/a \$	157	n/a
Traffic Impact	\$ 391	\$ 4,889	1150%
Storm Water Facilities	n/a \$	3,144	n/a
<b>Total</b>	<b>\$ 2,991</b>	<b>\$ 12,364</b>	<b>313%</b>

Considerations for Smaller Units

Similarly, smaller residential units have less impact than larger homes (fewer people residing in smaller units, and/or fewer services needed to maintain the unit). The City Council and Planning Commission had previously recognized this when it adopted a program to ‘discount’ fees for smaller units. This program currently includes multiple categories that relate to the type (single family vs multiple family), size (square footage or “SF”) and number of bedrooms, which is a complex methodology.

At its August 2020 discussion of Development Impact Fees, the Planning Commission directed staff to instead transition to a methodology that provides a discount for smaller homes on a square foot basis. Staff and the consultant have analyzed this methodology based on the average size of a new single family home in the City, which is 1,750 square feet:

- The full fees would be applied to any unit at or above the median home size.
- Units smaller than the median home size would be discounted based on relative square footage compared to the average.

- If a home takes advantage of the discounted fee, any future addition would be charged impact fees based on the square footage discount. The fees would be applied based on the fees in effect at the time of the addition (as this accounts for escalation) for the addition, up to the median home size (full fee).

This methodology will greatly simplify the application of Impact Fees, while still providing an incentive and cost reduction for smaller housing units. Additionally, under current State Law, Accessory Dwelling Units (ADUs) of 750 square feet or smaller, and Junior ADUs (JADUs) are exempt from Impact Fees. ADUs larger than 750 square feet are charged on the same scale basis as smaller housing units.

Multi-family fees are already discounted in the calculation methodology based on its more compact development and assumed fewer people per units. Additionally, discounting multi-family units based on smaller square footage would likely discourage units for families.

The Planning Commission reviewed the change to how Impact Fees are charged to smaller units, and concurred with the new methodology.

### Comparison of Fees

The total Impact Fees for a full-sized single family residence in Sebastopol is currently \$32,395, and the fee for Multi-family is \$31,356. The proposed fees would increase to \$45,787 for single family units, and \$34,081 for multi-family units.

Sebastopol’s current fees, which have not been updated for some time, are relatively low compared to other area communities. The proposed fees for Sebastopol are in line with other cities, which range from approximately \$28,700 (Healdsburg) to \$48,700 (Cotati):

	Admin / Gen Gov	Parks	Traffic	Storm Drainage	Fire	Water	Sewer	Plan Area/Misc	Total
<b>Single Family Dwelling Unit</b>									
Santa Rosa	\$ 8,911	\$ 15,957	Included in Admin	Included in Admin	n/a	\$ 6,242	\$ 8,120	N/A	\$ 39,229
Cloverdale	\$ 5,999	\$ 10,827	\$ 7,244	\$ 238	\$ 1,405	\$ 6,726	\$ 10,437	\$ 106	\$ 42,982
Petaluma	\$ 6,376	\$ 8,665	\$ 16,034	Footnote x	n/a	\$ 4,082	\$ 8,384	N/A	\$ 43,541
Sonoma	\$ 966					\$ 4,260		\$ 614	
Cotati	N/A	\$ 15,000	\$ 6,378	n/a	n/a	\$ 8,533	\$ 16,638	\$ 2,150	\$ 48,698
Rohnert Park	\$ 27,917	Included in Admin	Included in Admin	Included in Admin	Included in Admin	\$ 3,504	Included in Admin	\$ 12,319	\$ 43,741
Healdsburg	N/A	\$ 3,108	\$ 3,108	\$ 3,348	\$ 193	\$ 6,860	\$ 10,591	\$ 1,473	\$ 28,681
<b>Average</b>	<b>\$ 8,615</b>	<b>\$ 10,909</b>	<b>\$ 9,185</b>	<b>\$ 2,455</b>	<b>\$ 910</b>	<b>\$ 5,530</b>	<b>\$ 10,659</b>	<b>\$ 3,332</b>	<b>\$ 41,145</b>
<b>Proposed Sebastopol Fees</b>	<b>\$ 3,017</b>	<b>\$ 13,198</b>	<b>\$ 8,174</b>	<b>\$ 5,502</b>	<b>\$ 1,000</b>	<b>\$ 10,346</b>	<b>\$ 4,550</b>	<b>\$ -</b>	<b>\$ 45,787</b>
<b>Multifamily Dwelling Unit</b>									
Cloverdale	\$ 4,428	\$ 7,991	\$ 1,852	\$ 63	\$ 1,374	\$ 4,964	\$ 7,703	\$ 104	\$ 28,479
Petaluma	\$ 4,292	\$ 5,840	\$ 9,842	\$ 344	n/a	\$ 4,082	\$ 5,551	N/A	\$ 29,951
Sonoma						\$ 4,260		\$ 546	
Cotati	N/A	\$ 12,500	\$ 6,378	N/A	N/A	\$ 8,533	\$ 16,638	\$ 2,150	\$ 46,198
Rohnert Park	\$ 17,322	Included in Admin	Included in Admin	Included in Admin	Included in Admin	\$ 2,258	Included in Admin	\$ 12,319	\$ 31,899
Healdsburg	N/A	\$ 2,137	\$ 3,108	\$ 1,320	\$ 193	\$ 4,305	\$ 9,532	\$ 878	\$ 21,473
<b>Average</b>	<b>\$ 6,788</b>	<b>\$ 7,679</b>	<b>\$ 5,851</b>	<b>\$ 1,377</b>	<b>\$ 824</b>	<b>\$ 4,233</b>	<b>\$ 9,154</b>	<b>\$ 3,199</b>	<b>\$ 31,600</b>
<b>Proposed Sebastopol Fees</b>	<b>\$ 2,056</b>	<b>\$ 8,994</b>	<b>\$ 4,624</b>	<b>\$ 2,830</b>	<b>\$ 681</b>	<b>\$ 10,346</b>	<b>\$ 4,550</b>	<b>\$ -</b>	<b>\$ 34,081</b>

Rohnert Park general fee includes sewer, water, and public facilities. Does not include water capacity fee.

Healdsburg MF drainage is \$1.32/sf of hard surface. Used 1,000sf

Petaluma drainage is \$1,500/acre for SFR, \$4,500/acre for MFR

**GENERAL PLAN CONSISTENCY:**

The General Plan includes several Policies and Actions related to Development Impact Fees, including the following Goals, Policies, and Actions:

**Goal CIR 1:** *Provide a Transportation System that Promotes the Use of Alternatives to the Single-Occupant Vehicle and Facilitates the Efficient and Environmentally Responsible Movement of People and Goods Within and Through the City of Sebastopol*

**Policy CIR 1-1:** Ensure that the City's circulation network is maintained and improved over time to support buildout of the General Plan in a manner that is consistent with the General Plan Circulation Map.

**Policy CIR 1-5:** When analyzing impacts to the circulation network created by new development or roadway improvements, consider the needs of all users, including those with disabilities, ensuring that pedestrians, bicyclists, and transit riders are considered preeminent to automobile drivers.

**Policy CIR 1-18:** Consider the impacts of traffic and land use growth on the road network, especially in downtown Sebastopol, when evaluating proposals for new development.

**Action CIR 1g:** Update the City's Traffic Impact Fee (TIF) schedule to include, as appropriate, the roadway improvements necessary to support buildout of the General Plan.

**Goal CIR 4:** *Ensure that a Combination of Managed Growth and Adequate Funding Mechanisms are in Place to Complete Future Improvements on the Local and Regional Circulation Networks*

**Policy CIR 4-1:** Ensure that the rate of land use and population growth in Sebastopol is consistent with the ability to provide adequate transportation services.

**Policy CIR 4-2:** Require new development to contribute its proportional cost of circulation improvements necessary to address cumulative transportation impacts on roadways throughout the city, as well as the bicycle and pedestrian network.

**Action CIR 4a:** Maintain and routinely update the City's Development Impact Fee Program to cover the cost of mitigating development's share of improvements on non-regional and regional routes, as well as the cost of maintaining Sebastopol's identified service and/or performance standards.

**Goal CSF 2:** *Provide a Diversified and High Quality Public Park and Trail System that Provides Active and Passive Recreational Opportunities for All Segments of the Community and Provides Enhanced Connectivity Between Key Residential, Commercial, and Recreational Areas of the City*

**Policy CSF 2-1:** Work aggressively to achieve and maintain a park standard of a minimum of one acre per 200 residents in order to meet the City's recreation needs, with developed parkland calculated at 100% of acreage, and dedicated open space areas owned by the City or subject to a permanent open space easement calculated at 25% of acreage.

**Action CSF 2l:** Update the Municipal Code to establish minimum parks and open space standards for new development. At a minimum, the standards shall seek to maintain one acre of park land per 200 residents through provision of land, improvements, or payment of in-lieu fees.

Additional measures may include requirements to establish assessment or tax districts to fund park maintenance, or open space requirements.

Action CSF 2n: Periodically review, and if necessary update, the City's Park and Traffic Impact Fees in order to ensure that new development continues to provide a fair-share contribution towards parks, trails, and recreation facilities.

**Goal CSF 5:** *Provide Effective, High Quality, and Responsive Police and Fire Services to All Areas of the City*

**Policy CSF 5-2:** Provide adequate support to the Sebastopol Fire Department to maintain adequate staff, equipment, and response times to provide fire protection and emergency medical response services to existing and future residents.

**Policy CSF 5-4:** Ensure that new development is served with adequate water volumes and water pressure for fire protection.

Action CSF 5c: Consider creating a public safety impact fee to ensure that new development addresses its public safety effects. Periodically review and revise the fee structure for the Fire Protection Fund as necessary.

#### **ENVIRONMENTAL REVIEW:**

The implementation of development impact fees is exempt from the provisions of the California Environmental Quality Act (CEQA) under CEQA Guidelines Sections 15378(b)(4), 15273(a)(4) and Public Resources Code Section 21080(b)(8), in that the fee increase is for the purpose of obtaining funds for capital projects necessary to maintain service within existing service areas, and the fee increase will offset the increased costs of providing these services within the exiting City limits. The Council should further determine that the fee is exempt from CEQA pursuant to CEQA Guidelines Section 15061(b)(3) in that the activity in question will not have a significant effect on the environment.

#### **PUBLIC COMMENT:**

As of the writing of this staff report, the City has not received any public comment. However, public comment from interested parties following the publication and distribution of this staff report will be provided to the City Council as supplemental materials before or at the meeting.

#### **PUBLIC NOTICE:**

This item was noticed in accordance with the Ralph M. Brown Act and was available for public viewing and review at least 72 hours prior to scheduled meeting date.

#### **FISCAL IMPACT:**

Adopting the resolution to adopt the Development Update Fee Study will approve the proposed changes to the Development Impact Fees charged to development in the City. These changes will go into effect 60 days after adoption, per State law. These funds are utilized to support expansion of capacity for the various components of the City's Infrastructure, but cannot be used for maintenance of existing infrastructure. The resulting fees vary from category to category as outlined in this report, but overall will be a net increase in Impact Fees charged for development.



**RECOMMENDATION:**

Receive report, hold a public hearing, and:

- 1) Adopt the attached Resolution, which makes the findings necessary to adopt the Development Update Fee Study and, approve updated Development Impact Fees;
- 2) Waive Further Reading and Introduce for First Reading Ordinance to Amend the Municipal Code to authorize the Impact Fees not already authorized within the Municipal Code (fire and general government fees).

**Exhibits:**

City Council Resolution

EXHIBIT A Ordinance No. \_\_\_\_\_

EXHIBIT B Draft Development Impact Fee Program and Draft Affordable Housing In-Lieu Fee Nexus Study

**Attachments:**

Planning Commission Resolution 21-001 Recommending Adoption of the Development Impact Fee Study

Planning Commission report, minutes from the January 26, 2021 meeting

Current Development Impact Fee Schedule

Additional information available:

August 25, 2020 Planning Commission Discussion item: <https://ci.sebastopol.ca.us/Meeting-Event/Planning-Commission/2020/Planning-Commission-Meeting-of-August-25,-2020>



RESOLUTION NUMBER: -2021

CITY OF SEBASTOPOL

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SEBASTOPOL ADOPTING DEVELOPMENT  
IMPACT FEE UPDATES

WHEREAS, the City of Sebastopol ("City") provides a variety of services and amenities to its residents, businesses, and visitors, such as parks, bicycle and pedestrian and roadway infrastructure, water, stormwater, and sewer services, and fire and police protection; and

WHEREAS, new residential and nonresidential development increases the demand for the services and amenities that the City provides, burdening existing facilities and infrastructure; and

WHEREAS, the City's Municipal Code, Chapters 3.34, 3.36, 3.38, 3.64, 16.36, and 17.280 authorize the City to impose fees on new development to finance the capital costs of new development's fair share; and

WHEREAS, the City's Municipal Code, Chapter 17.250.080 authorizes the City to impose an in-lieu fee for affordable housing requirements for residential developments;

WHEREAS, the City completed a comprehensive General Plan update with adoption of a new General Plan on November 15, 2016; and

WHEREAS, the General Plan includes several Policies and Actions related to Development Impact Fees, including:

***Goal CIR 1:*** *Provide a Transportation System that Promotes the Use of Alternatives to the Single-Occupant Vehicle and Facilitates the Efficient and Environmentally Responsible Movement of People and Goods Within and Through the City of Sebastopol*

**Policy CIR 1-1:** Ensure that the City's circulation network is maintained and improved over time to support buildout of the General Plan in a manner that is consistent with the General Plan Circulation Map.

**Policy CIR 1-5:** When analyzing impacts to the circulation network created by new development or roadway improvements, consider the needs of all users, including those with disabilities, ensuring that pedestrians, bicyclists, and transit riders are considered preeminent to automobile drivers.

**Policy CIR 1-18:** Consider the impacts of traffic and land use growth on the road network, especially in downtown Sebastopol, when evaluating proposals for new development.

**Action CIR 1g:** Update the City's Traffic Impact Fee (TIF) schedule to include, as appropriate, the roadway improvements necessary to support buildout of the General Plan.

**Goal CIR 4:** *Ensure that a Combination of Managed Growth and Adequate Funding Mechanisms are in Place to Complete Future Improvements on the Local and Regional Circulation Networks*

**Policy CIR 4-1:** Ensure that the rate of land use and population growth in Sebastopol is consistent with the ability to provide adequate transportation services.

**Policy CIR 4-2:** Require new development to contribute its proportional cost of circulation improvements necessary to address cumulative transportation impacts on roadways throughout the city, as well as the bicycle and pedestrian network.

Action CIR 4a: Maintain and routinely update the City's Development Impact Fee Program to cover the cost of mitigating development's share of improvements on non-regional and regional routes, as well as the cost of maintaining Sebastopol's identified service and/or performance standards.

**Goal CSF 2:** *Provide a Diversified and High Quality Public Park and Trail System that Provides Active and Passive Recreational Opportunities for All Segments of the Community and Provides Enhanced Connectivity Between Key Residential, Commercial, and Recreational Areas of the City*

**Policy CSF 2-1:** Work aggressively to achieve and maintain a park standard of a minimum of one acre per 200 residents in order to meet the City's recreation needs, with developed parkland calculated at 100% of acreage, and dedicated open space areas owned by the City or subject to a permanent open space easement calculated at 25% of acreage.

Action CSF 2l: Update the Municipal Code to establish minimum parks and open space standards for new development. At a minimum, the standards shall seek to maintain one acre of park land per 200 residents through provision of land, improvements, or payment of in-lieu fees. Additional measures may include requirements to establish assessment or tax districts to fund park maintenance, or open space requirements.

Action CSF 2n: Periodically review, and if necessary update, the City's Park and Traffic Impact Fees in order to ensure that new development continues to provide a fair-share contribution towards parks, trails, and recreation facilities.

**Goal CSF 5:** *Provide Effective, High Quality, and Responsive Police and Fire Services to All Areas of the City*

**Policy CSF 5-2:** Provide adequate support to the Sebastopol Fire Department to maintain adequate staff, equipment, and response times to provide fire protection and emergency medical response services to existing and future residents.

**Policy CSF 5-4:** Ensure that new development is served with adequate water volumes and water pressure for fire protection.

Action CSF 5c: Consider creating a public safety impact fee to ensure that new development addresses its public safety effects. Periodically review and revise the fee structure for the Fire Protection Fund as necessary. And,

WHEREAS, the City has commissioned a Development Impact Fee Program report and update to the City's fees, analyzing the impacts of new development on City facilities, including Parks, Government Facilities, Fire Facilities, Traffic, and Stormwater Facilities; and

WHEREAS, the Planning Commission held a duly-noticed public meeting on August 25, 2020 to hear a presentation, hear public testimony, and provide direction to staff and the consultant regarding the development of this study and associated fees; and

WHEREAS, the Planning Commission held a duly-noticed public meeting on January 26, 2021 to hear a presentation, hear public testimony, and deliberated on the proposed fee updates, and voted unanimously (6-0, 2 members absent) to recommend the City Council adopt the proposed Development Impact Fee Study and update the City's Development Impact Fees; and

WHEREAS, in accordance with the California Government Code section 66016(a), at least 14 days prior to the public hearing at which this Resolution was adopted, notice of the time and place of the hearing was mailed to eligible interested parties who filed written requests with the City for mailed notice of meetings on new or increased fees; and

WHEREAS, 10 days advance notice of the public hearing at which this Resolution was adopted was given by publication in accordance with California Government Code section 6062(a); and

WHEREAS, the City Council held a duly-noticed public hearing on May 4, 2021, to hear a presentation and accept public testimony on the proposed Development Impact Fee Study and Affordable Housing In-lieu Fee Nexus Study.

NOW, THEREFORE, BE IT RESOLVED by the City of Sebastopol City Council as follows:

### **Section 1. Park Land and Facilities Fee**

A. Findings. The City Council finds as follows:

i. Purpose of Fee. The purpose of the Park Land and Facilities Fee is to acquire new park acres and to fund park facilities such as playground equipment, restrooms, and trash enclosures required to maintain the City's General Plan level of service of five (5) acres per 1000 residents.

ii. Use of Fee. The Park Land and Facilities Fee is used to fund the acquisition of land and development of new park facilities and/or to add additional amenities at the City's existing parks that increase the capacity of the park. Future park opportunities will be identified through City's CIP program.

iii. Relationship Between the Fee's Use and the Type of Development Project. As further detailed in the Fee Study, new residential development will generate additional residents. An increase in residents will increase the demand for park facilities. The Park Land and Facilities Fee

is calculated using the City’s proposed general plan standard of five (5) acres of park per 1,000 residents. Residential development is responsible for paying its fair share to maintain the City’s standard. Commercial and Office land uses do not pay the fee since they do not generate additional residents and workers have minimal impact on the City’s park system. Hotel land uses are calculated using average room occupancy to determine the associated fee.

iv. Relationship Between the Need for the Public Facility and the Type of Development Project. New residential development will contribute to an increase in residents that raises the need for park facilities to maintain the City’s proposed General Plan park standard of five (5) acres per 1,000 residents. Commercial and Office land uses do not pay the fee since workers have minimal impact on the City’s park system. Residential and hotel development pays its fair share of the fees based on the estimated persons per household or room occupancy for each type of development.

v. Relationship Between the Amount of the Fee And The Cost of the Public Facility. As new residential and hotel units are constructed, new park facilities are necessary to maintain the City’s proposed General Plan standard of five (5) acres per 1,000 persons served. The City’s current standard is higher than this, so new development is not funding existing deficiencies or and is funding parks at a similar standard to the standard the City currently provides. The fees are calculated by taking the cost per acre of park land times five acres of parks per 1,000 residents or guests and then dividing that by 1,000 to determine the cost per capita. The cost per capita is then spread to each development type based on the estimated PPH as shown in the Fee Study. The hotel fees are based on the City’s historical room occupancy multiplied by the cost per capita. The park fee consists of a land acquisition portion and a facilities construction portion. For developments that dedicate land, the land component or a portion of the component will not apply. Since the need for parks is based on the number of new residents, by spreading the fees based on user density assumptions, each new unit is paying only its fair share of the facilities required to maintain the City’s proposed General Plan Standard. Commercial and Office land uses do not have a park fee, as these developments will not generate a significant increase in park facility demand.

B. Fee Imposed.

Development impact fees are established and imposed on the issuance of all building permits for development within the City to finance the cost of additional park land acquisition and facilities necessary to mitigate the impacts upon existing park facilities caused by new development in the City, and maintain the City’s park standard of 5 acres per 1000 residents, in the amount stated in EXHIBIT B.

**Section 2. Traffic Impact Fee**

A. Findings. The City Council finds as follows:

i. Purpose of Fee. The purpose of the Traffic Impact Fee is to fund transportation-related facilities such as roads, intersections, and bicycle and pedestrian infrastructure that are necessary to mitigate transportation impacts created by new residential and non-residential development.

ii. Use of Fee. The purpose of the Traffic Impact Fee is to fund transportation-related facilities such as roads, intersections, and bicycle and pedestrian infrastructure that are necessary to mitigate transportation impacts created by new residential and non-residential development.

iii. Relationship Between the Fee's Use and the Type of Development Project. New residential and non-residential development will generate additional trips as identified in the ITE trip generation manual 10th edition and summarized in the Fee Study. These additional trips will impact the existing transportation infrastructure, this impact on the City's transportation infrastructure is addressed with the project listed in the Fee Study. Residential and non-residential development is responsible for paying their fair share of the City's infrastructure costs based on the new trips that are generated by each type of development.

iv. Relationship Between the Need for the Public Facility and the Type of Development Project. New residential and non-residential development will contribute to an increase in trips that create the need for expanded transportation infrastructure. These trips will affect the existing transportation infrastructure, which can be alleviated with additional transportation improvements. The Traffic Impact Fee will be used to build and improve new development's fair share of transportation facilities as identified in the Fee Study. Each development will pay its fair share of the fees based on the trip generation rates summarized in the Fee Study. Charging a Traffic Fee based on the number of new trips generated by each new development ensures that the project pays only to mitigate its fair share of the improvements.

v. Relationship Between the Amount of the Fee And The Cost of the Public Facility. New transportation facilities are necessary to accommodate new developments increased demand on the City's transportation system. The City's list of eligible projects is shown in the Fee Study. The eligible cost is based on the anticipated growth in the City through 2035. The eligible cost is then divided by the trips expected to be generated by future development in the City shown in the Fee Study. This cost per trip is then multiplied by the PM peak hour trip generation rate from the 10th edition ITE manual to calculate the fee for each land use. This fee calculation ensures that each development pays only its fair share to mitigate their traffic impacts within the City based on the additional trips generated by the development.

#### B. Fee Imposed.

Development impact fees are established and imposed on the issuance of all building permits for development within the City to finance the cost of additional or expanded traffic facilities

necessary to mitigate the impacts upon existing traffic facilities caused by new development in the City in the amount stated in EXHIBIT B.

### Section 3. General Government Facilities Fee

A. Findings. The City Council finds as follows:

i. Purpose of Fee. The purpose of the General Government Facilities Fee is to fund government facilities, including but not limited to city hall expansion, community or meeting rooms, public works corporation yard improvements, fire and building department facilities, parking lots, other vehicles and equipment, police station expansion, or any other items not covered by other fee areas) required to mitigate the impacts of new development on the City's infrastructure.

ii. Use of Fee. The General Government Facilities Fee will be used to fund government facilities to maintain the existing level of service the City provides. As new development occurs, the City will be required to expand general facilities to maintain the existing standard. The City will, through their CIP process, allocate the funds to eligible expansion projects as they are identified.

iii. Relationship Between the Fee's Use and the Type of Development Project. New residential and non-residential development will generate additional growth. An increase in residents and non-resident workers will increase the demand for facilities. The General Government Facilities Fee is calculated based on the City's existing standard. Residential and non-residential development are responsible for paying their fair share to maintain the City's existing standard based on the weighted service population assigned to each land use as shown in the Development Impact Fee Program.

iv. Relationship Between the Need for the Public Facility and the Type of Development Project. An increase in residential and non-residential development generates additional residents and workers that increase the need for general facilities to maintain the City's existing level of service. One worker is assumed to create half of the demand of a new resident. The value of the City's existing facilities is divided by the current service population to determine the existing cost per capita as shown in the Fee Study. Each residential land use is charged a fee based on the additional residents multiplied by the cost per capita. Non-residential development is charged a fee based on the cost per capita, multiplied by 0.5 (the weighting factor), and then multiplied by the number of assumed workers per 1,000 square feet of a building or in the case of hotels the number of assumed workers per room. By charging the fee based on the additional residents or workers created by each land use, the fee directly correlates to the demand created by each new development.



v. Relationship Between the Amount of the Fee And The Cost of the Public Facility. New facilities are necessary to maintain the City’s existing level of service as new residential and non-residential units are constructed. The City inventoried the existing government facilities and identified the value of each. This value was divided by the City’s existing service population to calculate the cost per resident and the cost per worker necessary to maintain the City’s existing level of service. This cost per resident and cost per worker was converted into a cost per unit for each type of residential development and a cost per square foot for non-residential development based on the estimated population and worker densities as shown in the Fee Study. Basing the fee on the additional residents or workers that are generated ensures that the development pays only their fair share of future facilities.

B. Fee Imposed.

Development impact fees are established and imposed on the issuance of all building permits for development within the City to finance the cost of additional or expanded government facilities necessary to mitigate the impacts upon existing government facilities caused by new development in the City in the amount stated in EXHIBIT B.

**Section 4. Fire Facilities Fee**

A. Findings. The City Council finds as follows:

i. Purpose of Fee. The purpose of the Fire Facilities Fee is to fund fire facilities that are required to mitigate the impacts of new development on the City’s infrastructure in order to meet required response times.

ii. Use of Fee. The Fire Facilities Fee will be used to fund new fire facilities that are necessary to maintain the existing level of service the City provides. As new development occurs, the City will be required to expand fire facilities in order to meet the required response times. The City will, through their Capital Improvement plan (CIP) process, allocate the funds to eligible expansion projects as they are identified.

iii. Relationship Between the Fee’s Use and the Type of Development Project. New residential and non-residential development will generate additional residents and employees. An increase in residents and non-resident workers will increase the demand for fire facilities. The Fire Facilities Fee is calculated based on the City’s existing level of service. Residential and non-residential development are responsible for paying their fair share to maintain the City’s existing standard based on the weighted service population assigned to each land use as further detailed in the Fee Study.

iv. Relationship Between the Need for the Public Facility and the Type of Development Project. An increase in residential and non-residential development generates additional



residents and workers that increase the need for fire facilities to maintain the City's existing level of service. The value of the City's existing facilities is divided by the current service population to determine the existing cost per capita. One worker is assumed to create half of the demand of a new resident. Each residential land use is charged a fee based on the additional residents it is expected to add multiplied by the cost per capita. Non-residential development is charged a fee based on the cost per capita, multiplied by 0.5 (the weighting factor), and then multiplied by the number of assumed workers per 1,000 square feet of a building or per hotel room as shown in the Fee Study. By charging the fee based on the additional residents or workers created by each land use, the fee directly correlates to the demand created by each new development.

v. Relationship Between the Amount of the Fee And The Cost of the Public Facility.

New facilities are necessary to maintain the City's existing level of service as new residential and non-residential units are constructed. The City inventoried the existing fire facilities and identified the value of each. This value was divided by the City's existing service population to calculate the cost per resident and the cost per worker necessary to maintain the City's existing level of service. This cost per resident and cost per worker was converted into a cost per unit for each type of residential development and a cost per square foot for non-residential development based on the estimated densities as shown in the Fee Study. Basing the fee on the additional residents or workers that are generated ensures that the development pays only their fair share of future facilities.

B. Fee Imposed.

Development impact fees are established and imposed on the issuance of all building permits for development within the City to finance the cost of additional or expanded fire facilities necessary to mitigate the impacts upon existing fire facilities caused by new development in the City in the amount stated in EXHIBIT B.

**Section 5. Stormwater Fee**

A. Findings. The City Council finds as follows:

i. Purpose of Fee. The purpose of the Stormwater Fee is to fund the drainage facilities necessary to mitigate the impact on the City's stormwater discharge system that is created by new development in the City.

ii. Use of Fee. The Stormwater Fee will be used to fund new development's fair share of stormwater facilities that are necessary to mitigate the impacts of new development in the City. The Fee Study summarizes the list of planned stormwater facilities allocated to new development in the City.

iii. Relationship Between the Fee's Use and the Type of Development Project. New residential and non-residential impervious square footage generates stormwater runoff that requires additional drainage facilities to store and transport water. The stormwater fees are calculated based on new development's fair share of the cost of the facilities necessary to handle the increased stormwater runoff. New development pays fees based on the amount of stormwater runoff that the development generates through the additional impervious area.

iv. Relationship Between the Need for the Public Facility and the Type of Development Project. New development in the City creates additional stormwater runoff that must be handled through new stormwater facilities. The Stormwater Fee will be used to build new stormwater infrastructure to serve future development in the City as identified in the Fee Study. Each development pays its fair share of the fee based on the estimated stormwater runoff which is dictated by the new impervious area. Using impervious square footage ensures that each type of development pays its fair share of the required facilities.

v. Relationship Between the Amount of the Fee And The Cost of the Public Facility. New stormwater facilities are necessary to mitigate the increased stormwater runoff generated by new development. New development increases the need for new stormwater facilities. New development is allocated its fair share of the required facilities based on the stormwater runoff generated by each development, which is indicated by the impervious square footage. The proposed stormwater fees are shown in the Fee Study. Charging the fee based on impervious square footage ensures that each new development only pays for its fair share of the required improvements based on the estimated stormwater runoff.

B. Fee Imposed.

Development impact fees are established and imposed on the issuance of all building permits for development within the City to finance the cost of additional or expanded stormwater facilities necessary to mitigate the impacts upon existing stormwater facilities caused by new development in the City in the amount stated in EXHIBIT B.

**Section 6. Water Fee**

A. Findings. The City Council finds as follows:

i. Purpose of Fee. The purpose of the Water Facilities Fees is to fund the water facilities necessary to mitigate the impact on the City's water system that is created by new development. This includes water supply and transmission facilities.

ii. Use of Fee. The Water Facilities Fee will be used to fund new development's fair share of water facilities that are necessary to mitigate the impacts of new development in the City. The Fee Study summarizes the list of planned water facilities allocated to new development in the City.

iii. Relationship Between the Fee's Use and the Type of Development Project. New residential and non-residential development generates additional water demand that requires additional water supply and transmission facilities. The Water Facilities Fee is calculated based on new development's fair share of the cost of the facilities necessary to handle the increased water demand. New development pays the fee based on the amount of water demand that the development is estimated to generate based on the meter size.

iv. Relationship Between the Need for the Public Facility and the Type of Development Project. New development in the City creates additional water demand that must be handled through new or expanded water facilities. The Water Facilities Fee will be used to build or expand water infrastructure to serve future development in the City as identified in the Fee Study. Each development pays its fair share of the fee based on the estimated water demand which is dictated by the water meter size. Using water meter sizes ensures that each type of development pays its fair share of the required water facilities.

v. Relationship Between the Amount of the Fee And The Cost of the Public Facility. New water facilities are necessary to mitigate the increased water demand generated by new development. New development increases the need for new or expanded water facilities. New development is allocated their fair share of new and expanded water facilities that are necessary to mitigate new development's impacts on the City's water infrastructure. New development is required to pay its fair share of the required facilities based on the estimated water demand of each development, which is indicated by the water meter size. The proposed water fees are shown in the Fee Study. Charging the fee based on water meter size ensures that each new development only pays for its fair share of the required improvements based on the estimated water demand.

#### B. Fee Imposed.

Development impact fees are established and imposed on the issuance of all building permits for development within the City to finance the cost of additional or expanded water facilities necessary to mitigate the impacts upon existing water facilities caused by new development in the City in the amount stated in EXHIBIT B.

### Section 7. Sewer Fee

A. Findings. The City Council finds as follows:

- i. Purpose of Fee. The purpose of the Sewer Facilities Fee is to fund the sewer facilities necessary to mitigate the impact on the City's sewer system that is created by new development.
- ii. Use of Fee. The Sewer Facilities Fee will be used to fund new development's fair share of sewer facilities that are necessary to mitigate the impacts of new development in the City. The Fee Study summarizes the list of planned sewer facilities allocated to new development in the City.
- iii. Relationship Between the Fee's Use and the Type of Development Project. New residential and non-residential development generates additional sewer demand that requires additional sewer infrastructure to transport waste. The sewer fees are calculated based on new development's fair share of the cost of the facilities necessary to handle the increased sewer demand. New development pays fees based on the amount of sewer demand that the development is estimated to generate based on the required water meter size in accordance with the 2005 Water Master Plan.
- iv. Relationship Between the Need for the Public Facility and the Type of Development Project. New development in the City creates additional sewer demand that must be handled through new sewer facilities. The Sewer Facilities Fees will be used to build new sewer infrastructure to serve future development in the City as identified in the Fee Study. Each development pays its fair share of the fee based on the estimated sewer demand which is dictated by the water meter size. Using water meter sizes ensures that each type of development pays its fair share of the required sewer facilities.
- v. Relationship Between the Amount of the Fee And The Cost of the Public Facility. New sewer facilities are necessary to mitigate the increased sewer demand generated by new development. New development increases the need for new sewer facilities. New development is allocated their fair share of new and expanded sewer facilities that are necessary to mitigate new development's impacts on the City's sewer infrastructure. New development is required to pay its fair share of the required facilities based on the estimated sewer demand of each development, which is indicated by the water meter size. The proposed Sewer Facilities Fee schedule is shown in the Fee Study. Charging the fee based on water meter size ensures that each new development only pays for its fair share of the required improvements based on the estimated demand.

B. Fee Imposed.

Development impact fees are established and imposed on the issuance of all building permits for development within the City to finance the cost of additional or expanded sewer facilities necessary to mitigate the impacts upon existing sewer facilities caused by new development in the City in the amount stated in EXHIBIT B.

## Section 8. Affordable Housing In-Lieu Fee

A. Findings. The City Council finds as follows:

i. Purpose of Fee. The purpose of this fee is to promote the construction of housing within Sebastopol that is affordable to all economic segments of the community, including households with lower incomes; provide a mechanism to assure affordability of housing units constructed under the provisions of this chapter for a specific period of time; provide the basis for establishment of a fee that may be paid under specified circumstances in lieu of building an inclusionary unit when a fraction of a unit is required by the City's Inclusionary Housing Ordinance.

ii. Use of Fee. The Affordable Housing In Lieu Fee will be used to fund housing programs and projects that providing housing affordable to low- and moderate-income households in the City of Sebastopol.

iii. Relationship to Municipal Code. This fee complies with the City of Sebastopol's Zoning Ordinance Chapter 17.250 Inclusionary Housing, and provides an alternative method for developers of housing developments to meet their fractional needs of affordable housing units. A developer shall also have the option of constructing an additional unit as specified in SMC 17.250.050(A).

B. Fee Imposed.

Development impact fees are established and imposed on the issuance of applicable building permits for development when a fraction of an Inclusionary Housing Unit is required.

The City Council further finds that the adoption and implementation of this ordinance is exempt from the provisions of the California Environmental Quality Act (CEQA) under CEQA Guidelines Sections 15378(b)(4), 15273(a)(4) and Public Resources Code Section 21080(b)(8), in that the fee increase is for the purpose of obtaining funds for capital projects necessary to maintain service within existing service areas, and the fee increase will offset the increased costs of providing these services within the exiting City limits. The City Council further determines the fee is exempt from CEQA pursuant to CEQA Guidelines Section 15061(b)(3) in that the activity in question will not have a significant effect on the environment.

The above and foregoing Resolution was duly passed, approved and adopted at a meeting by the City Council on the 4th day of May, 2021, by the following vote:

**VOTE:**

Ayes:

Noes:

Abstain:

Absent:

APPROVED: \_\_\_\_\_  
Mayor Una Glass

ATTEST: \_\_\_\_\_  
Mary Gourley, Assistant City Manager/City Clerk, MMC

APPROVED AS TO FORM: \_\_\_\_\_  
Larry McLaughlin, City Attorney

City of Sebastopol  
Ordinance No. \_\_\_\_\_

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SEBASTOPOL  
AMENDING TITLE 3 “REVENUE AND FINANCE” TO ADD CHAPTER 3.34 “FIRE IMPACT FEE ” AND  
CHAPTER 3.38 “GENERAL GOVERNMENT IMPACT FEE”

THE CITY COUNCIL OF THE CITY OF SEBASTOPOL does hereby ordain as follows:

**SECTION 1.** Title 3 “Revenue and Finance” of the City of Sebastopol Municipal Code (SMC) is hereby amended to add Chapter 3.34 “Fire Impact Fee” and Chapter 3.38 “General Government Impact Fee” as found in Exhibit A.

**SECTION 2.** Environmental Determination. The City Council finds that the adoption and implementation of this ordinance is exempt from the provisions of the California Environmental Quality Act (CEQA) under CEQA Guidelines Sections 15378(b)(4), 15273(a)(4) and Public Resources Code Section 21080(b)(8), in that the fee increase is for the purpose of obtaining funds for capital projects necessary to maintain service within existing service areas, and the fee increase will offset the increased costs of providing these services within the exiting City limits. The City Council further determines the fee is exempt from CEQA pursuant to CEQA Guidelines Section 15061(b)(3) in that the activity in question will not have a significant effect on the environment.

**SECTION 3.** Severability. If any section, subsection, sentence, clause, phrase or word of this ordinance is for any reason held to be invalid and/or unconstitutional by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this ordinance. NOW, THEREFORE BE IT RESOLVED, the City Council does hereby introduce this ordinance as attached as Exhibit A.

**SECTION 4.** Effective Date. This ordinance shall take effect 60 days from the adoption of this ordinance.

Approved for First Reading and Introduction on this 4th day of May, 2021.

Scheduled for Second Reading and Approval on the 18<sup>th</sup> day of May, 2021.

**VOTE:**

Ayes:

Noes:

Abstain:

Absent:



APPROVED: \_\_\_\_\_

Mayor Una Glass

ATTEST: \_\_\_\_\_

Mary Gourley, Assistant City Manager/City Clerk, MMC

APPROVED AS TO FORM: \_\_\_\_\_

Larry McLaughlin, City Attorney

EXHIBIT A**3.34 Fire Impact Fee****3.34.010 Purpose**

In order to implement the goals and objectives of the Sebastopol General Plan, and to mitigate the impacts caused by future development in the City, certain public facilities must be constructed. The City Council has determined that a fire impact fee is needed in order to finance to fund fire facilities that are required to mitigate the impacts of new development on the City's infrastructure in order to meet required response times. In establishing the fire impact fee described in the following sections, the City Council has found the fee to be consistent with its General Plan, and pursuant to Government Code Section 65913.2, has considered the effects of the fee with respect to the City's housing needs as established in the housing element of the General Plan.

**3.34.020 Fire Impact Fee Established**

A. A fire impact fee ("fire impact fee") is established pursuant to Government Code Section 66000 et seq. ("Mitigation Fee Act") to pay for public fire facilities.

B. Pursuant to Government Code Section 66001, the City Council shall, in a Council resolution adopted after a duly noticed public hearing, set forth the amount of the fire impact fee, describe the benefit and impact area on which the fire impact fee is imposed, list the public facilities to be financed, describe the estimated cost of these facilities, describe the reasonable relationship between the use of the fire impact fee and the need for the public facilities and the types of future development projects on which the fire impact fee is imposed, and set forth time for payment.

C. As described in the fee resolution, this development fee is due prior to issuance of a building permit, but may be deferred at the election of the developer until the certificate of occupancy is issued.

**3.34.030 Use of Fee Revenues**

The Fire Facilities Fee will be used to fund new fire facilities that are necessary to maintain the existing level of service the City provides. As new development occurs, the City will be required to expand fire facilities in order to meet the required response times. The City will, through their Capital Improvement plan (CIP) process, allocate the funds to eligible expansion projects as they are identified.

**3.34.040 Public Hearing and Notice**

The ordinance codified in this chapter was adopted at a noticed public hearing, at which time the Council also considered the initial development impact fee resolution, which resolution and associated studies were available to the general public for a period of at least 14 days prior to the public hearing. This fee shall apply to the issuance of any building permit, for all development projects issued 60 days following the passage of the ordinance codified in this chapter. The

ordinance codified in this chapter shall be published once within 15 days of its adoption in a newspaper of general circulation within the City of Sebastopol.

### **3.38 General Government Facilities Impact Fee**

#### **3.38.010 Purpose**

In order to implement the goals and objectives of the Sebastopol General Plan, and to mitigate the impacts caused by future development in the City, certain public facilities must be constructed. The City Council has determined that a general government facilities impact fee is needed in order to finance to fund expansion of government facilities that are required to mitigate the impacts of new development on the City's infrastructure. In establishing the general government facilities impact fee described in the following sections, the City Council has found the fee to be consistent with its General Plan, and pursuant to Government Code Section 65913.2, has considered the effects of the fee with respect to the City's housing needs as established in the housing element of the General Plan.

#### **3.38.020 General Government Facilities Impact Fee Established**

A. A general government facilities impact fee ("fire impact fee") is established pursuant to Government Code Section 66000 et seq. ("Mitigation Fee Act") to pay for expansions to general government facilities.

B. Pursuant to Government Code Section 66001, the City Council shall, in a Council resolution adopted after a duly noticed public hearing, set forth the amount of the impact fee, describe the benefit and impact area on which the impact fee is imposed, list the public facilities to be financed, describe the estimated cost of these facilities, describe the reasonable relationship between the use of the fire impact fee and the need for the public facilities and the types of future development projects on which the impact fee is imposed, and set forth time for payment.

C. As described in the fee resolution, this development fee is due prior to issuance of a building permit, but may be deferred at the election of the developer until the certificate of occupancy is issued.

#### **3.38.030 Use of Fee Revenues**

The General Government Facilities Fee will be used to fund government facilities to maintain the existing level of service the City provides. As new development occurs, the City will be required to expand general facilities to maintain the existing standard. The City will, through their Capital Improvement Plan (CIP) CIP process, allocate the funds to eligible expansion projects as they are identified.

#### **3.38.040 Public Hearing and Notice**

The ordinance codified in this chapter was adopted at a noticed public hearing, at which time the Council also considered the initial development impact fee resolution, which resolution and associated studies were available to the general public for a period of at least 14 days prior to

the public hearing. This fee shall apply to the issuance of any building permit, for all development projects issued 60 days following the passage of the ordinance codified in this chapter. The ordinance codified in this chapter shall be published once within 15 days of its adoption in a newspaper of general circulation within the City of Sebastopol.

EXHIBIT B



# Development Impact Fee Program

City of Sebastopol

March 2021

Prepared for:



Prepared by:



1401 Willow Pass Road, Suite 500  
Concord, CA 94520  
(925) 827-4900

EXHIBIT B

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# Executive Summary

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## Introduction

The City of Sebastopol (City) is located in Sonoma County (County), 56 miles north of the City of San Francisco and 7 miles west of Santa Rosa. The boundaries of the City extend roughly from the Ragle Ranch Regional Park on the east to the Laguna de Santa Rosa Wetlands Preserve on the west. The City reaches as far north as Mill Station Road and extends south to the slightly past Lynch Road. At the time of the 2010 U.S. Census, the City population was 7,379, down from 7,638 during the 2000 U.S. Census. The California Department of Finance (DOF) estimates that as of January 1, 2020, Sebastopol's population is 7,745.

The 2016 Sebastopol General Plan had several guiding principles including:

- Protecting Sebastopol's small-town charm, unique character, and strong sense of community.
- Encouraging a vibrant downtown core by supporting and enhancing local businesses and creating higher-density housing.
- Improve traffic downtown with infrastructure improvements to roadways and expanded facilities for bicycles and pedestrians.

As the resident population and non-resident employment in the City increase, there exists a correlating rise in the demand for public infrastructure and services to support the increased demand on the City. California's Assembly Bill 1600 (AB1600) adopted in 1987 and codified as California Government Code Section 66000 et. seq., allows the City to impose Development Impact Fees on new development within the City. Development Impact Fees are a one-time charge on new development that is collected and used by the City to cover the cost of capital facilities, vehicles, and equipment that are required to serve new growth.

The City currently collects fees on residential development for affordable housing, wastewater retrofit, water connection, fire sprinkler connection, sewer connection, traffic impact, and parks. The City also charges a fee for new area annexation. The City collects fees on non-residential development for Countywide affordable housing, traffic impact, water meter installation, water connection, and sewer connection.

The purpose of this study is to review and update the City's Development Impact Fee (Fee) program to ensure that new development pays their fair share of their impact on the City's infrastructure and that the Fees are in compliance with the legal requirements set out in AB1600 and relevant case law. This study includes fee updates to parks, water, sewer, traffic impact, and annexation and the addition of fees for general government facilities, fire facilities, and stormwater infrastructure. There are no changes to the commercial affordable housing or water meter

installation. Wastewater retrofit and fire sprinkler fees have been removed. The fees discussed in this report apply to all future development or redevelopment in the City.

## NEXUS ANALYSIS

### Purpose

As development occurs in the City, new infrastructure and capital facilities are required to mitigate the increased demand created by new residents and employees. Impact fee revenues fund this impacted backbone infrastructure and capital facilities through the City’s Fee program, which contains separate fee categories for each type of infrastructure and capital facility. Incorporated in this report are nexus findings for the following fee categories, as requested by the City:

- *Park Land and Facilities*
- *Traffic Impact*
- *General Government Facilities*
- *Fire Facilities*
- *Stormwater Facilities*
- *Water Facilities*
- *Sewer Facilities*

This report is designed to satisfy the AB1600 Nexus requirements and provide the necessary technical analysis to support the adoption of the Fee program. The fee will be effective 60 days after the City’s final action establishing and authorizing the collection of the fee.

### Results

Table E.1 shows a summary of the proposed Fee program. Residential development fees are on a per unit basis, non-residential development fees are on a per 1,000 square feet basis, and hotel fees are shown on a per room basis.

**Table E.1: Summary of Proposed Impact Fees**

Land Use	Park Land	Park Facilities	Traffic Impact	General Government	Fire Facilities	Stormwater Facilities <sup>1</sup>	Total
<i>(Fee per Dwelling Unit)</i>							
Single Family (Attached/Detached)	\$ 7,276	\$ 5,922	\$ 8,174	\$ 3,017	\$ 1,000	\$ 5,502	\$ 30,891
Multi-family (Condos/Apartments)	\$ 4,958	\$ 4,036	\$ 4,624	\$ 2,056	\$ 681	\$ 2,830	\$ 19,185
<i>(Fee per 1,000 Square Feet)</i>							
Commercial	<i>n/a</i>	<i>n/a</i>	\$ 12,583	\$ 1,106	\$ 366	\$ 2,887	\$ 16,942
Office	<i>n/a</i>	<i>n/a</i>	\$ 9,495	\$ 2,433	\$ 806	\$ 2,887	\$ 15,621
Industrial	<i>n/a</i>	<i>n/a</i>	\$ 5,202	\$ 243	\$ 81	\$ 2,887	\$ 8,413
<i>(Fee per Room)</i>							
Hotel	\$ 2,054	\$ 1,672	\$ 4,954	\$ 487	\$ 161	\$ 3,144	\$ 12,472

1) Storm water fee show assumes 8 du/acre for SFR and 70% lot coverage, 20 units/acre for MFR, and 90% lot coverage for non-residential uses at .45 FAR. Hotel assumes 90% lot coverage fee divided by the estimated units.

Water and sewer facilities fees are based on the size of the water meter installed on the property. Water meter size is used to estimate the water and sewer demand for each connection. See Table E.2 for the proposed schedule of water and sewer infrastructure fees.

*Table E.2: Summary of Proposed Water and Sewer Facilities Fees*

<b>Water Meter Size</b>	<b>Water Facilities</b>		<b>Sewer Facilities</b>	
3/4"	\$	10,346	\$	4,550
1"	\$	17,243	\$	7,583
1 1/2"	\$	34,487	\$	15,167
2"	\$	55,179	\$	24,267
3"	\$	103,460	\$	45,500
4"	\$	172,433	\$	75,833

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## Section 1 **REQUIREMENTS AND METHODOLOGY**

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### **NEXUS REQUIREMENT SUMMARY**

AB1600, commonly known as the Mitigation Fee Act, was enacted by the state of California in 1987 and created Section 66000 et. seq. of the Government Code. AB1600 requires public agencies to satisfy the following requirements when establishing, increasing, or imposing a fee as a condition of approval of a development project:

1. Identify the purpose of the fee.
2. Identify the use for the fee.
3. Determine how there is a reasonable relationship between the fee's use and the type of development project on which the fee is imposed.
4. 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.
5. Determine how there is a reasonable relationship between the amount of the fee and the cost of the public facility or portion of the public facility attributable to the development on which the fee is imposed.

The purpose of this report is to demonstrate that the fee components comply with AB1600. The assumptions, methodologies, facility costs and standards, and cost allocation factors used to establish the nexus between the levied fees and new development are in subsequent sections of this report.

### **METHODOLOGY**

Imposed fees require various findings to ensure that a reasonable relationship exists between the fee amount and the cost of the facility or portion of the facility attributable to the new development. Several methodologies are available to determine fee amounts. Choosing the appropriate methodology depends on the type of facility for which the fee is calculated and the availability of documentation to support the fee calculation. Following is a discussion of the methodologies available to calculate the separate fee components in this report.

#### ***Facility Standards Method***

The facility standards method determines the facilities and associated costs required to accommodate growth based on adopted City standards. Depending on the fee analysis, the City may or may not currently have sufficient facilities to meet the adopted standard. If the City's existing facilities are below the standards, then a deficiency exists. In this case, the portion of the cost of planned facilities associated with correcting the deficiency must be satisfied with funding sources other than Development Impact fees. AB1600 fees can only fund facilities needed to accommodate new development at the adopted standard.

***Master Plan Method***

The master plan method is based on a master facilities plan in situations where the needed facilities serve both existing and new development. This approach allocates existing and planned facilities across existing and new development to determine new development's fair share of the needed facility. This approach is used when it is not possible to differentiate the benefits of new facilities between existing and new development.

***Planned Facilities Method***

The planned facilities method calculates the standard based solely on the ratio of planned facilities to the increase in demand associated with new development. This method is appropriate when planned facilities are mostly for the benefit of new development, such as a wastewater trunk line extension to a previously undeveloped area. This method may also be used when there is excess capacity in existing facilities that can accommodate new development.

***Existing Inventory Method***

The existing inventory method uses a facility standard based on the ratio of existing facilities to the existing service population on a cost per unit or cost per person served. Under this approach, new development funds the expansion of facilities at the same standard currently serving existing development. By definition, the existing inventory method ensures that no facility deficiencies are spread to future development. This method is often used when a long-range plan for new facilities is not available.

**CREDITS AND REIMBURSEMENT POLICIES**

The City may provide fee credits or reimbursements to developers who dedicate land or construct facilities. Fee credits or reimbursements shall be the lesser of the estimated cost of the improvements as shown in this report, subject to inflation adjustments, or the actual cost incurred by the developer. Reimbursements will be made when funds are available based on the priority of capital improvements as determined by the City. Fee credits will be allowed on a case-by-case basis as determined by the City.

The Development Agreement Law (Gov. Code § 65864 et seq.) authorizes the City to enter into agreements for the development of real property with any party having a legal or equitable interest in such property to establish certain development rights in such property for their mutual benefit in a manner not otherwise available to the contracting parties. Such agreements can assure property owners that they may proceed with projects as approved by the City and that those approvals will not be modified (consistent with the legal principles of vesting) during the period covered by said agreements. The City is equally assured that elements of the project with particular and specific public interests are achieved and that its local land use policies are advanced. For developers that need to construct facilities included in the Fee program, the City can enter into a Development Agreement (DA) that

would condition the developer to construct said facilities and the City would provide fee credits or reimbursements to the developer for the constructed facilities. The DA would include the credit and reimbursement policy. The City may elect to enter into an off-site improvement agreement with the developer to construct the improvements and the City would provide fee credits or reimbursements to the developer for the constructed facilities instead of a DA.

## **SPECIALIZED DEVELOPMENT PROJECTS**

The fees in this report may not apply to specialized development projects such as golf courses, cemeteries, assisted living facilities, sports facilities, or other specialized land uses. For specialized development projects City, planning will review the development's impacts to determine the applicable fees. The fee rates presented in this Nexus Study may be reduced, exempted, or waived under certain circumstances as determined by the City. Any exemption or reduction in fees will be based on the City's independent analysis and review of the subject property. In addition, for reuse, density increasing, or rezone projects, the developer shall only be responsible for paying fees for the intensification of the development. City planning will review the development's increased impacts to determine the applicable fees.

Some developments may include more than one land use type. In these cases, the fee is calculated separately for each land use type. The City has the discretion to impose the fees based on the specific aspects of a proposed development regardless of zoning. The fee imposed should be based on the land use type that most closely represents the impacts of the development.

## **ACCESSORY DWELLING UNITS**

An accessory dwelling unit (ADU) is a second unit on the same lot that is attached or detached from a residential unit. In accordance with Government Code 65852, fees cannot be charged for an ADU that is less than 750 square feet. For an ADU that is 750 square feet or larger, an ADU will pay a percentage of the residential fee based on the square footage of the ADU in proportion to the primary dwelling unit.



## Section 2 **GROWTH ASSUMPTIONS**

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### **GROWTH FORECASTS**

Growth projections are used as indicators of demand. The City's existing population, as well as 2035 population projections, are critical assumptions used throughout the fee sections that follow in this report. The following resources were used to establish the City's Fee program:

- Estimates of total development through 2035 were calculated using the City's development cap of 50 permits per year or 750 permits between now and 2035 as adopted via Ordinance 1103 in April 2017.
- Development estimates were adjusted using the City's planning department and planning commission.
- Existing population estimates are from the 2020 California Department of Finance.
- Existing non-residential worker populations are based on US Census Bureau Data.

### **LAND USE TYPES**

To ensure a reasonable relationship between each fee and the type of development paying the fee, the following land use categories are used in this Study:

- **Single family:** Detached and attached single family dwelling units for residential uses, such as single family homes and townhomes.
- **Multifamily:** Attached residential dwellings such as condominiums, apartments, and care facilities with shared facilities and common areas.
- **Commercial:** Includes, but is not limited to, retail establishments, specialty shops, banks, professional offices, professional, administrative, medical, dental, and business offices, and business and personal services, along with ancillary commercial and service uses
- **Office:** Includes, but is not limited to, a range of offices including general offices, and those specialized for accounting, legal, life sciences, technology, biotechnology, or research and development uses.
- **Industrial:** Light industrial facilities (e.g., business/research parks, warehouses, mini-storage business, and light manufacturing facilities) as well as heavier operations (e.g., manufacturing, processing, and assembling).
- **Hotel:** Includes full-service hotels, limited-service hotels, motels, and other lodging designed for stays of under 30 days. Any non-hotel space, such as a restaurant or convention center, would be charged the fee based on the corresponding land use determination and square footage.

Some developments may include more than one land use type. In these cases, the fee is calculated separately for each land use type. The City may use its discretion to determine the applicable fees

and land use categories that apply to a specific project regardless of zoning. The fee imposed should be based on the land use type that most closely represents the impacts of the development.

## SERVICE POPULATION

The City’s service population accounts for persons who live in the City and a weighted percent of workers employed in the City. Workers are weighted to reflect the lower per capita service demand compared to City residents. Workers spend less time in the City than residents and use fewer City services. The service population is used to determine the cost standard necessary to continue providing the standard that the City’s facilities currently provide and to ensure that the fees are allocated fairly to each type of new development based on impact.

Table 1 summarizes the City’s service population used to develop the Fees. The total service population of 9,930, including a fifty percent (50%) weighted factor for employees, was calculated using information taken from the 2019 California DOF population estimate and On the Map, US Census Bureau Center for Economic Studies, 2016 Data.

**Table 1: Service Population Calculation**

	Total	Weighting Factor <sup>1</sup>	Service Population
Residents <sup>2</sup>	7,745	1.00	7,745
Workers <sup>3</sup>	4,370	0.50	2,185
<b>Total</b>	<b>12,115</b>		<b>9,930</b>

- 1) Employees are weighted at 50% of residents to reflect lower facility use
- 2) California Department of Finance E-5 Study, January 2020
- 3) On the Map US Census Bureau Center for Economic Studies, 2016 data

## RESIDENT AND EMPLOYMENT DENSITY

Using persons per household (PPH) data for residential units and employment density data for non-residential buildings establishes a reasonable relationship between the demand created by the development project and the fees charged. Developers pay fees based on the number of additional residential units, building square feet, or hotel rooms of non-residential development; therefore, the fee schedule must convert service population estimates to these units of measure for each land use. This conversion is done using the average PPH and employment density by land use type.

Table 2 summarizes the occupant density factors for residential and non-residential development. The residential density factors were calculated using information from the US Census, while the non-residential density factors were calculated using the default occupancy counts from US Green Building Council LEED v4.1 Building Design and Construction report dated January 22, 2019. The hotel employees per room factor is based on the hotel staff industry standards from *Hotel Operations Management*<sup>1</sup>.

<sup>1</sup> Hayes, David K., Miller, Allisha A., Ninemeier, Jack D. (July 30, 2016). *Hotel Operations Management*, 3<sup>rd</sup> Edition. Pearson.

**Table 2: Persons per Household and Employee Density**

<u>Residential</u> <sup>1</sup>		
Single Family	2.48	Residents per dwelling unit
Multifamily	1.69	Residents per dwelling unit
<u>Non-Residential</u> <sup>2</sup>		
Commercial	1.82	Employees per 1,000 square feet
Office	4.00	Employees per 1,000 square feet
Industrial	0.40	Employees per 1,000 square feet
Hotel <sup>3</sup>	0.80	Employees per room

1) US Census Bureau Tables B25024 and B25033, 2018 American Community Survey 1-Year Estimates

2) USBGC LEED BD+C: New Construction | v4 - Default Occupancy Counts

3) Hayes, David K., et al. Hotel Operations Management. Pearson, 2017

## 2035 LAND USE PROJECTION

The 2035 land use projection includes the estimated amount of residential units developed using assumptions from the 2016 General Plan EIR, discussions with the City planning department, and input from the Planning Commission. The City adopted a growth cap in 1994 and extended it via Ordinance 1103 in April 2017. The growth cap limits development to 50 new (non-ADU) dwelling unit permits per year or 750 permits between 2017 and 2035. Any ‘unused’ permit allocation is carried forward for three years. Residential development estimates were divided between single family and multifamily units using recent development trends toward smaller and denser development.

Non-residential development land use was estimated using the 2016 General Plan EIR. The EIR estimates were adjusted to remove annexation areas that are not likely to happen before 2035. The City planning department and the Planning Commission provided input to reach a final land use estimate.

Table 3 summarizes the distribution of the estimated residential and non-residential development anticipated to take place in the City.

**Table 3: 2035 Residential and Non-Residential Development Projections**

<b>Land Use</b>	<b>Acres</b>	<b>Units / Square Feet</b>	
<i>Residential</i>			
Single Family	28.13	225	Dwelling Units
Multifamily	18.75	375	Dwelling Units
<i>Non-residential</i>			
Commercial	4.59	80,000	Building Square Feet
Office	4.59	80,000	Building Square Feet
Industrial	2.58	45,000	Building Square Feet
Hotel	3.00	120	Rooms

*Source: Sebastopol Planning Commission*

## Section 3 **PARK LAND AND FACILITIES FEE**

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### **BACKGROUND**

This section presents an analysis of the need for park land and park facilities, such as picnic shelters, restrooms, and playground equipment to accommodate new development in the City and to ensure that new development provides adequate funding to meet its needs. Population information was reviewed to accurately determine the necessary fees to accommodate new development in the City and to ensure that new development provides adequate funding to meet increased demands.

The fee is calculated using the Facility Standards Method. Under this methodology, the fee is based on facilities and associated costs required to accommodate growth based on adopted City standards. The Park Land and Facilities Fee is based on the City's general plan standard of five acres of park land and open space per 1,000 residents. The Fee is calculated using the estimated costs of acquiring additional land for park and open space uses and the costs associated with the construction of the required facilities.

### **SERVICE POPULATION**

Assembly Bill 1191 (AB1191) or the QUIMBY Act, California government code §66477 (QUIMBY Act), outlines the requirements for imposing fees for park purposes with a minimum of three (3) acres and a maximum of five (5) acres of green space per 1,000 residents. The City currently provides 23.6 acres of developed parkland and 89.7 acres of dedicated open space. This equates to 3.05 acres of active park and 11.58 acres of open space per 1,000 residents. The City's General Plan Standard of 3 acres of active park and 2 acres of open space per 1,000 residents is used for this analysis. The Park Land and Facilities Fee is not applied to commercial or office development because of the minimal per employee service demand. The fee for hotel use is calculated using the City's historical average of 70% occupancy to reach a per room fee.

### **COST STANDARD**

Table 4 identifies the cost standard for land and construction costs per park acre. Charging a fee based on the City's General Plan standard of one acre per 200 residents, or five acres per 1,000 residents, ensures that the City will have sufficient revenues to maintain this standard as new development occurs and the population increases. The five-acre standard is comprised of three acres of active park land and two acres of open space.

As stated in the City's Municipal Code 17.280, as a condition of approval of a final subdivision map, the subdivider shall dedicate land or pay a fee in lieu thereof, or both, for park or recreational purposes at the time. The City Park Land and Facilities Fee satisfies the City's Quimby fee requirement. The developer could also dedicate land in-lieu of paying the land portion of the fee.



## NEXUS FINDINGS – PARK LAND AND FACILITIES FEE

*AB1600* requires that public agencies satisfy five requirements when establishing, increasing, or imposing a fee as a condition of approval of a development project. The required findings are as follows.

***Requirement 1: Identify the purpose of the fee.***

The purpose of the Park Land and Facilities Fee is to acquire new park acres and to fund park facilities such as playground equipment, restrooms, and trash enclosures required to maintain the City's General Plan level of service of five (5) acres per 1000 residents.

***Requirement 2: Identify the use of the fee.***

The Park Land and Facilities Fee is used to fund the acquisition of land and development of new park facilities and/or to add additional amenities at the City's existing parks that increase the capacity of the park. Future park opportunities will be identified through City's CIP program.

***Requirement 3: Determine how there is a reasonable relationship between the fee's use and the type of development project on which the fee is imposed.***

New residential development will generate additional residents. An increase in residents will increase the demand for park facilities. The Park Land and Facilities Fee is calculated using the City's proposed general plan standard of five (5) acres of park per 1,000 residents. Residential development is responsible for paying its fair share to maintain the City's standard. Commercial and Office land uses do not pay the fee since they do not generate additional residents and workers have minimal impact on the City's park system. Hotel land uses are calculated using average room occupancy to determine the associated fee.

***Requirement 4: 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.***

New residential development will contribute to an increase in residents that raises the need for park facilities to maintain the City's proposed General Plan park standard of five (5) acres per 1,000 residents. Commercial and Office land uses do not pay the fee since workers have minimal impact on the City's park system. Residential and hotel development pays its fair share of the fees based on the estimated persons per household or room occupancy for each type of development.



***Requirement 5: Determine how there is a reasonable relationship between the amount of the fee and the cost of the public facility or portion of the public facility attributable to the development on which the fee is imposed.***

As new residential and hotel units are constructed, new park facilities are necessary to maintain the City's proposed General Plan standard of five (5) acres per 1,000 persons served. The City's current standard is higher than this, so new development is not funding existing deficiencies or and is funding parks at a similar standard to the standard the City currently provides. The fees are calculated by taking the cost per acre of park land times five acres of parks per 1,000 residents or guests and then dividing that by 1,000 to determine the cost per capita. The cost per capita is then spread to each development type based on the estimated PPH as shown in Table 17. The hotel fees are based on the City's historical room occupancy multiplied by the cost per capita. The park fee consists of a land acquisition portion and a facilities construction portion. For developments that dedicate land, the land component or a portion of the component will not apply. Since the need for parks is based on the number of new residents, by spreading the fees based on user density assumptions, each new unit is paying only its fair share of the facilities required to maintain the City's proposed General Plan Standard. Commercial and Office land uses do not have a park fee, as these developments will not generate a significant increase in park facility demand.

## Section 4 **TRAFFIC IMPACT**

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### **BACKGROUND**

This section presents an analysis of the need for traffic and mobility improvements, such as roads, intersections, and bicycle and pedestrian infrastructure to accommodate new development in the City. The Traffic Impact Fee is calculated based on the ratio of planned facilities to the increase in demand associated with new development. As the resident population and non-resident employment in the City increase, there exists a correlating rise in the demand for traffic improvements to support the increased demand on the City.

The fee is calculated using the Planned Facilities Method. Under this methodology, the costs for the City's planned facilities are allocated to new development using the estimated demand generated by the development. Traffic infrastructure costs are allocated to new development based on the estimated trip generation rate.

### **SERVICE POPULATION**

The City's Traffic Impact Fee provides funding for new traffic and mobility facilities, such as roads, intersections, and bicycle and pedestrian infrastructure, to accommodate and mitigate new development's impact on the City's infrastructure. The residential and non-residential land uses will be assessed a fee based on the PM peak hour trips from the 10<sup>th</sup> Edition of the Institute of Transportation Engineers (ITE) Trip Generation Manual generated by each land use.

### **FACILITIES AND COSTS**

Calculating the Traffic Impact Fee based on the ratio of new development's increase in demand on planned facilities ensures that the City will have sufficient revenues to build and expand the City's traffic facilities to maintain acceptable levels of services as new development occurs. Traffic infrastructure costs are allocated between new and existing development to account for the City's existing need for expanded facilities.

Table 6 identifies the list of eligible traffic projects and associated costs based on discussions with the City Planning Commission and City engineering.

**Table 6: Traffic Impact Fee – Total Project Cost**

Project	Description	2021 Project Cost <sup>1</sup>	Allocation to New Development <sup>1</sup>	Cost Included in Fee Program
<i>City of Sebastopol 2020 CIP</i>				
Intersection Control - SR116 at Covert Lane	Install Signal or Roundabout	\$ 2,350,529	100%	\$ 2,350,529
Intersection Control - SR116 at Murphy Ave	Install Signal or Roundabout	\$ 2,250,000	100%	\$ 2,250,000
Bodega Avenue and Florence Ave	Pedestrian & Miscellaneous	\$ 98,300	50%	\$ 49,150
Bodega Avenue and Robinson Rd	Pedestrian & Miscellaneous	\$ 41,800	50%	\$ 20,900
SR116 Intersection Improvements	ADA Improvements	\$ 451,920	50%	\$ 225,960
Bodega Ave Sidewalks	Sidewalk Improvement	\$ 564,893	50%	\$ 282,447
Gravenstein Highway N Enhancement	Sidewalk Improvement	\$ 385,431	50%	\$ 192,715
Gravenstein Highway S Enhancement	Sidewalk and Crosswalk Improvements	\$ 1,000,000	50%	\$ 500,000
<i>City of Sebastopol Bicycle and Pedestrian Master Plan (November 2011)</i>				
Bodega Avenue - Atascadero Creek to Ragle Rd	Class I Bikeways (City Streets)	\$ 338,794	50%	\$ 169,397
Libby Park	Class I Bikeways (City Streets)	\$ 57,236	50%	\$ 28,618
Bodega Ave	Shared Lane Markings	\$ 66,760	50%	\$ 33,380
Ragle Rd	Shared Lane Markings	\$ 13,876	50%	\$ 6,938
Downtown Streetscape	Pedestrian & Miscellaneous	\$ 38,543	50%	\$ 19,272
<i>General Plan Projects</i>				
Willow St	Extend Street from Main St to Petaluma Ave	\$ 5,000,000	0%	\$ -
Abbott Ave	East Extension	TBD	50%	TBD
		\$ 153,000	25%	\$ 38,250
<b>Total Planned Facilities</b>		<b>\$ 12,811,082</b>		<b>\$ 6,167,556</b>
			New Trip DUEs Generated <sup>2</sup>	<b>747</b>
			<b>Facility Cost per Trip DUE</b>	<b>\$ 8,256.43</b>

1) City of Sebastopol Engineering

2) Table 7

The cost per trip is calculated by estimating the total eligible project cost shown in Table 6 and dividing by the total future trips estimated in Table 7 below. Projects within one-half mile of a transit stop are eligible for a reduction of their impact fees per California Government Code Section 66005.1.

## FEE SCHEDULE

Table 7 estimates the trips generated by future development based on the land use projections in Table 3. The ITE trip generation rate manual, 10<sup>th</sup> edition is used to estimate the total PM peak hour trips generated by the estimated 2035 development.

**Table 7: Traffic Impact Fee – Total Trips Generated and Fee Schedule**

<b>Land Use</b>	<b>Planned Units</b>	<b>ITE Trip Generation Rate<sup>1</sup></b>	<b>Trip DUEs Generated<sup>2</sup></b>	<b>Cost per Trip DUE</b>	<b>Fee Per Unit / 1,000 SF (Rounded)</b>
<i>Residential</i>		<i>Per Unit</i>		<i>Fee Per Unit</i>	
Single Family	225	0.99	223	\$ 8,256.43	\$ 8,174
Multifamily	375	0.56	210	\$ 8,256.43	\$ 4,624
<i>Non-Residential</i>		<i>Per 1,000 SF</i>		<i>Fee Per 1,000 SF</i>	
General Retail	80,000	1.52	122	\$ 8,256.43	\$ 12,583
High Turnover Restaurant	n/a	3.91	n/a	\$ 8,256.43	\$ 32,266
Quality Restaurant	n/a	3.12	n/a	\$ 8,256.43	\$ 25,760
General Office	80,000	1.15	92	\$ 8,256.43	\$ 9,495
General Industrial	45,000	0.63	28	\$ 8,256.43	\$ 5,202
Mini-Warehouse	n/a	0.17	n/a	\$ 8,256.43	\$ 1,404
		<i>Per Room</i>		<i>Fee Per Room</i>	
Hotel	120	0.60	72	\$ 8,256.43	\$ 4,954
			747		

1) Institute of Transportation Engineers Common Trip Generation Rates. General Retail, High Turnover Restaurant, and Quality Restaurant trip rates have been reduced by 60% to account for 'pass-by' trips

2) Land use assumes general zoning rather than specific land uses

## **NEXUS FINDINGS – TRAFFIC IMPACT FEE**

AB1600 requires that public agencies satisfy five requirements when establishing, increasing, or imposing a fee as a condition of approval of a development project. The required findings are as follows.

### ***Requirement 1: Identify the purpose of the fee.***

The purpose of the Traffic Impact Fee is to fund transportation-related facilities such as roads, intersections, and bicycle and pedestrian infrastructure that are necessary to mitigate transportation impacts created by new residential and non-residential development.

### ***Requirement 2: Identify the use of the fee.***

The Traffic Impact Fee will be used to fund the transportation facilities and infrastructure identified in Table 6 that are necessary to accommodate new development's increase in demand on the City's transportation system.

### ***Requirement 3: Determine how there is a reasonable relationship between the fee's use and the type of development project on which the fee is imposed.***

New residential and non-residential development will generate additional trips as identified in the ITE trip generation manual 10<sup>th</sup> edition and summarized in Table 7. These additional

trips will impact the existing transportation infrastructure, this impact on the City's transportation infrastructure is addressed with the project listed in Table 6. Residential and non-residential development is responsible for paying their fair share of the City's infrastructure costs based on the new trips that are generated by each type of development.

***Requirement 4: 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.***

New residential and non-residential development will contribute to an increase in trips that create the need for expanded transportation infrastructure. These trips will affect the existing transportation infrastructure, which can be alleviated with additional transportation improvements. The Traffic Impact Fee will be used to build and improve new development's fair share of transportation facilities as identified in Table 6. Each development will pay its fair share of the fees based on the trip generation rates summarized in Table 7. Charging a Traffic Fee based on the number of new trips generated by each new development ensures that the project pays only to mitigate its fair share of the improvements.

***Requirement 5: Determine how there is a reasonable relationship between the amount of the fee and the cost of the public facility or portion of the public facility attributable to the development on which the fee is imposed.***

New transportation facilities are necessary to accommodate new developments increased demand on the City's transportation system. The City's list of eligible projects is shown in Table 6. The eligible cost is based on the anticipated growth in the City through 2035. The eligible cost is then divided by the trips expected to be generated by future development in the City shown in Table 7. This cost per trip is then multiplied by the PM peak hour trip generation rate from the 10<sup>th</sup> edition ITE manual to calculate the fee for each land use. This fee calculation ensures that each development pays only its fair share to mitigate their traffic impacts within the City based on the additional trips generated by the development.

## Section 5 **GENERAL GOVERNMENT FACILITIES**

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### **BACKGROUND**

This section presents an analysis of the City's General Government Facilities Fee. The General Government Facilities Fee covers the costs to mitigate the effects of new development on the City's government facilities. The existing facilities include city hall, corporation yard, senior center, police station, museum, youth center, and any other government facilities not addressed by other fees in this report. As the resident population and non-resident employment in the City increases, there exists a correlating rise in the demand for government facilities to support the increased demand on the City.

The fee is calculated using the Existing Inventory Method. Under this methodology, the facilities are inventoried and the value of the facilities is used to determine the current level of service (LOS) provided by the City on a per capita basis. This LOS calculation is then multiplied by the estimated persons per household (PPH) or employee density to determine the fee per residential unit, square foot of non-residential space, or hotel room that is needed for new development to fund the facilities needed to maintain this existing LOS.

### **SERVICE POPULATION**

Demand for services and the associated facilities is based on the City's existing service population, which includes residents and non-resident workers. In calculating the service population for growth, workers were weighted less than residents to reflect the lower service demand of workers. Non-resident workers spend less time in the City and use fewer City services, so the demand for services and the associated facilities is less than that of a resident. A non-resident worker's impact is weighted at 0.5 of a resident's impact.

### **COST STANDARD**

To calculate the General Government Facilities Fee, this study examines the existing general government facilities to calculate the existing standard. The total value is then divided by the existing service population to determine the cost per capita. The cost per capita is then multiplied by the PPH and worker density assumptions to determine the fee for each land use. This approach ensures that the new development contributes its fair share to new facilities at the same level of service the City currently provides. Table 8 identifies the City's general government facilities outlines the total value, and calculates the cost per person served.

**Table 8: General Government Facilities – Total Inventory Value**

Asset	Square Feet	2010 Replacement Value	CCI Increase (29.6%) <sup>1</sup>	CPI Increase (32.3%) <sup>2</sup>	Current Value
<i>Buildings</i>					
City Hall	3,357	\$ 1,023,000	\$ 302,916	n/a	\$ 1,325,916
Corporation Yard	7,574	\$ 1,602,000	\$ 474,361	n/a	\$ 2,076,361
Senior Center	2,093	\$ 392,000	\$ 116,073	n/a	\$ 508,073
Police station	11,795	\$ 3,026,000	\$ 896,016	n/a	\$ 3,922,016
Museum	1,771	\$ 469,000	\$ 138,874	n/a	\$ 607,874
Youth Center	5,005	\$ 2,000,000	\$ 592,211	n/a	\$ 2,592,211
Total Buildings		\$ 8,512,000	\$ 2,520,451		\$ 11,032,451
<i>Vehicles</i>					
Public Works Vehicles		\$ 513,600	n/a	\$ 165,781	\$ 679,381
Police Department Vehicles		\$ 278,600	n/a	\$ 89,927	\$ 368,527
Total Vehicles		\$ 792,200		\$ 255,708	\$ 1,047,908
<b>Total Existing Facilities</b>		<b>\$ 9,304,200</b>	<b>\$ 2,520,451</b>	<b>\$ 255,708</b>	<b>\$ 12,080,359</b>
			Existing Service Population		<b>9,930</b>
			<b>General Government Facilities per Resident</b>		<b>\$ 1,216.55</b>

1) ENR Construction Cost Index for the San Francisco Bay Area, October 2010 to February 2021

2) Consumer Price Index for the San Francisco Bay Area, October 2010 to December 2020

Source: City of Sebastopol Draft Public Facilities Fee Study, 2010

Note: Valuations do not include land costs

## FEE SCHEDULE

Table 9 summarizes the General Government Facilities Fee schedule based on the existing cost standard established in Table 8. The cost per capita is converted to a fee per residential unit based on the persons per household assumptions. The fee for non-residential uses is determined by multiplying the cost per capita times 0.5 (the weighting factor) and then multiplying by the number of employees per 1,000 square feet or in the case of the hotel, the number of employees per room.



**Table 9: General Government Facilities – Fee Schedule**

Land Use	A Cost per Capita	B Density	C = A x B Full Fee (Rounded)
<i>Residential</i> (Fee per Dwelling Uni)			
Single Family	\$ 1,216.55	2.48	\$ 3,017
Multifamily	\$ 1,216.55	1.69	\$ 2,056
<i>Non-Residential</i> (Fee per 1,000 Square Feet)			
Commercial	\$ 608.28	1.82	\$ 1,106
Office	\$ 608.28	4.00	\$ 2,433
Industrial	\$ 608.28	0.40	\$ 243
<i>(Fee per Room)</i>			
Hotel	\$ 608.28	0.80	\$ 487

**NEXUS FINDINGS – GENERAL GOVERNMENT FACILITIES FEE**

AB1600 requires that public agencies satisfy five requirements when establishing, increasing, or imposing a fee as a condition of approval of a development project. The required findings are as follows.

***Requirement 1: Identify the purpose of the fee.***

The purpose of the General Government Facilities Fee is to fund government facilities (e.g., city hall expansion, community or meeting rooms, corp yard improvements, parking lots, other vehicles and equipment, police station expansion, or any other items not covered by other fee areas) required to mitigate the impacts of new development on the City’s infrastructure.

***Requirement 2: Identify the use of the fee.***

The General Government Facilities Fee will be used to fund government facilities to maintain the existing level of service the City provides. As new development occurs, the City will be required to expand general facilities to maintain the existing standard. The City will, through their CIP process, allocate the funds to eligible expansion projects as they are identified.

***Requirement 3: Determine how there is a reasonable relationship between the fee’s use and the type of development project on which the fee is imposed.***

New residential and non-residential development will generate additional growth. An increase in residents and non-resident workers will increase the demand for facilities. The General Government Facilities Fee is calculated based on the City’s existing standard.

Residential and non-residential development are responsible for paying their fair share to maintain the City's existing standard based on the weighted service population assigned to each land use as shown in Table 9.

***Requirement 4: 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.***

An increase in residential and non-residential development generates additional residents and workers that increase the need for general facilities to maintain the City's existing level of service. One worker is assumed to create half of the demand of a new resident. The value of the City's existing facilities is divided by the current service population to determine the existing cost per capita as shown in Table 8. Each residential land use is charged a fee based on the additional residents multiplied by the cost per capita. Non-residential development is charged a fee based on the cost per capita, multiplied by 0.5 (the weighting factor), and then multiplied by the number of assumed workers per 1,000 square feet of a building or in the case of hotels the number of assumed workers per room. By charging the fee based on the additional residents or workers created by each land use, the fee directly correlates to the demand created by each new development.

***Requirement 5: Determine how there is a reasonable relationship between the amount of the fee and the cost of the public facility or portion of the public facility attributable to the development on which the fee is imposed.***

New facilities are necessary to maintain the City's existing level of service as new residential and non-residential units are constructed. The City inventoried the existing government facilities and identified the value of each. This value was divided by the City's existing service population to calculate the cost per resident and the cost per worker necessary to maintain the City's existing level of service. This cost per resident and cost per worker was converted into a cost per unit for each type of residential development and a cost per square foot for non-residential development based on the estimated population and worker densities as shown in Table 9. Basing the fee on the additional residents or workers that are generated ensures that the development pays only their fair share of future facilities.

## Section 6 **FIRE FACILITIES FEE**

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### **BACKGROUND**

This section presents an analysis of the City's Fire Facilities Fee. The Fire Facilities Fee covers the costs to mitigate the effects of new development on the City's fire facilities. Existing facilities include a fire station, six fire and emergency vehicles, and associated non-emergency vehicles. As the resident population and non-resident employment in the City increase, there exists a correlating rise in the demand for fire facilities to support the increased demand on the City.

The Fire Facilities Fee is calculated using the Existing Inventory Method. Under this methodology, the facilities are inventoried and the value of the facilities is used to determine the current LOS provided by the City on a per capita basis. This existing LOS is then used to determine the fee by land use that is needed to fund new fire facilities needed to maintain this existing LOS.

### **SERVICE POPULATION**

Demand for services and the associated facilities is based on the City's existing service population, which includes residents and non-residential workers. In calculating the service population for growth, workers were weighted less than residents to reflect the lower service demand of workers. Non-resident workers spend less time in the City and use fewer services, so the demand for City services is less than that of a resident. A non-resident worker's impact is weighted at 0.5 of a resident's impact.

### **COST STANDARD**

The City-owned fire facilities are summarized in Table 10. The total value of the facilities is divided by the City's existing service population to determine the cost per capita of the existing fire facilities. The cost per capita is then applied to the PPH and worker assumptions to determine the fee for each land use. This approach ensures that new development contributes its fair share to new facilities at the same level of service the City currently provides. Table 10 identifies the City's existing facilities and total value.

**Table 10: Fire Facilities – Total Inventory**

Asset	Square Feet	2010 Replacement Value	CCI Increase (29.6%) <sup>1</sup>	CPI Increase (32.3%) <sup>2</sup>	Current Value
<u>Buildings</u>					
Fire Station	8,246	\$ 1,767,000	\$ 523,219	n/a	\$ 2,290,219
Total Buildings		\$ 1,767,000	\$ 523,219		\$ 2,290,219
<u>Vehicles</u>					
International Emergency		\$ 100,000	n/a	\$ 32,278	\$ 132,278
Ford Escape		\$ 28,000	n/a	\$ 9,038	\$ 37,038
Chevrolet Rescue Van		\$ 17,100	n/a	\$ 5,520	\$ 22,620
Ford Rescue		\$ 14,200	n/a	\$ 4,584	\$ 18,784
Pierce Lance Fire Truck		\$ 596,000	n/a	\$ 192,379	\$ 788,379
Pierce Lance Pumper		\$ 200,000	n/a	\$ 64,557	\$ 264,557
International Pumper		\$ 200,000	n/a	\$ 64,557	\$ 264,557
Ford Pumper		\$ 100,000	n/a	\$ 32,278	\$ 132,278
Ford Expedition		\$ 10,000	n/a	\$ 3,228	\$ 13,228
GEM Electric Car		\$ 2,500	n/a	\$ 807	\$ 3,307
Ford Escape		\$ 26,700	n/a	\$ 8,618	\$ 35,318
Total Vehicles		\$ 1,294,500		\$ 417,842	\$ 1,712,342
<b>Total Existing Facilities</b>		<b>\$ 3,061,500</b>	<b>\$ 523,219</b>	<b>\$ 417,842</b>	<b>\$ 4,002,561</b>
Existing Service Population					<b>9,930</b>
<b>Fire Facilities per Capita</b>					<b>\$ 403.08</b>

1) ENR Construction Cost Index for the San Francisco Bay Area, October 2010 to February 2021  
 2) Consumer Price Index for the San Francisco Bay Area, October 2010 to December 2020  
 Source: City of Sebastopol Draft Public Facilities Fee Study, 2010  
 Note: Valuations do not include land costs

## FEE SCHEDULE

Table 11 summarizes the Fire Facilities Fee schedule based on the existing cost standard established in Table 10. The cost per capita is converted to a fee per residential unit based on the persons per household assumptions. The fee for non-residential uses is determined by multiplying the cost per capita times 0.5 (the weighting factor) and then multiplying by the number of employees per 1,000 square feet or in the case of hotels, the number of employees per room.

**Table 11: Fire Facilities – Fee Schedule**

Land Use	A Cost per Capita	B Density	C = A x B Full Fee (Rounded)
<i>Residential</i>			<i>(Fee per Dwelling Unit)</i>
Single Family	\$ 403.08	2.48	\$ 1,000
Multifamily	\$ 403.08	1.69	\$ 681
<i>Non-Residential</i>			<i>(Fee per 1,000 Square Feet)</i>
Commercial	\$ 201.54	1.82	\$ 366
Office	\$ 201.54	4.00	\$ 806
Industrial	\$ 201.54	0.40	\$ 81
			<i>(Fee per Room)</i>
Hotel	\$ 201.54	0.80	\$ 161

## NEXUS FINDINGS – FIRE FACILITIES FEE

AB1600 requires that public agencies satisfy five requirements when establishing, increasing, or imposing a fee as a condition of approval of a development project. The required findings are as follows.

***Requirement 1: Identify the purpose of the fee.***

The purpose of the Fire Facilities Fee is to fund fire facilities that are required to mitigate the impacts of new development on the City’s infrastructure in order to meet required response times.

***Requirement 2: Identify the use of the fee.***

The Fire Facilities Fee will be used to fund new fire facilities that are necessary to maintain the existing level of service the City provides. As new development occurs, the City will be required to expand fire facilities in order to meet the required response times. The City will, through their CIP process, allocate the funds to eligible expansion projects as they are identified.

***Requirement 3: Determine how there is a reasonable relationship between the fee’s use and the type of development project on which the fee is imposed.***

New residential and non-residential development will generate additional residents and employees. An increase in residents and non-resident workers will increase the demand for fire facilities. The Fire Facilities Fee is calculated based on the City’s existing level of service. Residential and non-residential development are responsible for paying their fair

share to maintain the City's existing standard based on the weighted service population assigned to each land use as shown in Table 11.

***Requirement 4: 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.***

An increase in residential and non-residential development generates additional residents and workers that increase the need for fire facilities to maintain the City's existing level of service. The value of the City's existing facilities is divided by the current service population to determine the existing cost per capita. One worker is assumed to create half of the demand of a new resident. Each residential land use is charged a fee based on the additional residents it is expected to add multiplied by the cost per capita. Non-residential development is charged a fee based on the cost per capita, multiplied by 0.5 (the weighting factor), and then multiplied by the number of assumed workers per 1,000 square feet of a building or per hotel room as shown in Table 11. By charging the fee based on the additional residents or workers created by each land use, the fee directly correlates to the demand created by each new development.

***Requirement 5: Determine how there is a reasonable relationship between the amount of the fee and the cost of the public facility or portion of the public facility attributable to the development on which the fee is imposed.***

New facilities are necessary to maintain the City's existing level of service as new residential and non-residential units are constructed. The City inventoried the existing fire facilities and identified the value of each. This value was divided by the City's existing service population to calculate the cost per resident and the cost per worker necessary to maintain the City's existing level of service. This cost per resident and cost per worker was converted into a cost per unit for each type of residential development and a cost per square foot for non-residential development based on the estimated densities as shown in Table 11. Basing the fee on the additional residents or workers that are generated ensures that the development pays only their fair share of future facilities.

## Section 7 **STORMWATER FEE**

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### **BACKGROUND**

This section presents an analysis of the City's Stormwater Fee. The City will need to charge stormwater fees for the construction of stormwater facilities to accommodate growth. The stormwater facilities consist of upgraded and additional drainage facilities that will be used to address stormwater runoff. The planned infrastructure includes upsizing drainage lines, removal of silt from basins, and various system upgrades to increase capacity. This section documents the fee per impervious square foot and the reasonable relationship between new development, planned stormwater facilities, and the fees proposed for new development. Stormwater fees are based on impervious square footage which ensures that each new development pays only its fair share of the drainage facilities necessary to accommodate growth. Small projects are exempted from this impact fee, the Stormwater Fee will apply to all projects of 150 square feet or more. This includes additional impervious square footage on existing development including, but not limited to, additions, additional paving, or large sheds.

The fee is calculated using the Planned Facilities Method. Under this methodology, the costs for the City's planned facilities are allocated to new development using the estimated demand generated by the development. Stormwater facility costs are allocated based on the estimated new impervious surface created by new development.

### **FACILITIES AND COSTS**

Table 12 identifies the planned stormwater facilities necessary to meet the drainage demand created by new development in the City. The City will be required to increase the drainage infrastructure to meet future demand. The Stormwater Fee is calculated by dividing the cost of planned stormwater facilities by the estimated increase in the impervious surface from new development. This allocates the costs based on the increase in demand associated with a new development from additional impervious surfaces. The City's planned infrastructure improvements include upgrades to the Calder Creek Watershed, various upsizing projects, basin improvements, and other system improvements to meet the future stormwater runoff generated by the development. These facilities are allocated between existing and future users based on the reason for the upgrade and the estimated fair share of new development. New development also benefits from capacity in existing facilities that they are not required to fund.

#### **Stormwater Fee Cost Standard**

New development generates the need for more stormwater facilities. Stormwater facility costs are allocated to new development by the estimated impervious surface associated with new development. Table 12 shows the facilities required to meet future demands.



**Table 12: Stormwater Fee – Planned Facilities**

Project	Description	2020 Project Cost <sup>1</sup>	Allocation to New Development <sup>1</sup>	Cost Included in Fee Program
Calder Creek Watershed	System upgrades	\$ 1,200,000	40%	\$ 480,000
Witter Creek	Various upgrades	\$ 352,904	50%	\$ 176,452
Atascadero Creek	Various upgrades	\$ 254,686	50%	\$ 127,343
Gravenstein HWY S	Between Fircrest and Lynch to Hazel Cotter Ct	\$ 848,233	50%	\$ 424,117
Healdsburg Conduit Upgrade	Upsize lines in Laguna Park Way and Morris St	\$ 708,448	50%	\$ 354,224
Palm Ave Conduit Upgrade	Upsize lines in Palm and Petaluma Ave	\$ 392,251	50%	\$ 196,126
Willard F Libby Pond	Silt removal	\$ 250,000	50%	\$ 125,000
MS4 Permit	MS4 Stormwater Permit Offset Program	\$ 2,000,000	25%	\$ 500,000
Zimpher Creek	Existing System Improvements	\$ 2,457,437	25%	\$ 614,359
Gravenstein HWY N	Existing System Improvements	\$ 547,543	25%	\$ 136,886
<b>Total</b>		<b>\$ 9,511,503</b>		<b>\$ 3,134,506</b>

1) City of Sebastopol Engineering

The total cost allocated to new development for the Storm Water Fee is divided by the estimated impervious square feet generated by future development. Impervious surface estimates are from the Sonoma County Flood Management Design Manual. Table 13 shows the additional impervious surface associated with new development.

**Table 13: Stormwater Fee – Impervious Surface Estimate**

Land Use	Acres	Runoff Coefficient <sup>1</sup>	Total Impervious Acres	Total Impervious Square Feet
<u>Residential</u>				
Single Family	28.13	0.700	19.69	857,739.96
Multi-Family	18.75	0.900	16.88	735,075.00
<u>Non-Residential</u>				
Commercial	4.59	0.900	4.13	179,946.36
Office	4.59	0.900	4.13	179,946.36
Industrial	2.58	0.900	2.32	101,146.32
Hotel	3.00	0.900	2.70	117,612.00
			<b>49.85</b>	<b>2,171,466.00</b>

1) Sonoma County Flood Management Design Manual, 2020

## FEE SCHEDULE

The cost per impervious square foot is calculated by dividing the planned stormwater projects from Table 12 by the estimated impervious square foot estimate from Table 13. Charging fees based on impervious square footage ensures that each development pays its fair share of stormwater improvements. The cost per impervious square foot is calculated in Table 14.

**Table 14: Stormwater Fee – Fee Calculation**

Storm Drain Project Total	\$	3,134,506
Total Impervious Square Feet		2,171,466
<b>Storm Drain Fee per Impervious Square Foot</b>	<b>\$</b>	<b>1.44</b>

## NEXUS FINDINGS – STORMWATER FEE

AB1600 requires that public agencies satisfy five requirements when establishing, increasing, or imposing a fee as a condition of approval of a development project. The required findings are as follows.

### ***Requirement 1: Identify the purpose of the fee.***

The purpose of the Stormwater Fee is to fund the drainage facilities necessary to mitigate the impact on the City’s stormwater discharge system that is created by new development in the City.

### ***Requirement 2: Identify the use of the fee.***

The Stormwater Fee will be used to fund new development’s fair share of stormwater facilities that are necessary to mitigate the impacts of new development in the City. Table 12 summarizes the list of planned stormwater facilities allocated to new development in the City.

### ***Requirement 3: Determine how there is a reasonable relationship between the fee’s use and the type of development project on which the fee is imposed.***

New residential and non-residential impervious square footage generates stormwater runoff that requires additional drainage facilities to store and transport water. The stormwater fees are calculated based on new development’s fair share of the cost of the facilities necessary to handle the increased stormwater runoff. New development pays fees based on the amount of stormwater runoff that the development generates through the additional impervious area.

### ***Requirement 4: 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.***

New development in the City creates additional stormwater runoff that must be handled through new stormwater facilities. The Stormwater Fee will be used to build new stormwater infrastructure to serve future development in the City as identified in Table 12. Each development pays its fair share of the fee based on the estimated stormwater runoff which is dictated by the new impervious area. Using impervious square footage ensures that each type of development pays its fair share of the required facilities.

***Requirement 5: Determine how there is a reasonable relationship between the amount of the fee and the cost of the public facility or portion of the public facility attributable to the development on which the fee is imposed.***

New stormwater facilities are necessary to mitigate the increased stormwater runoff generated by new development. New development increases the need for new stormwater facilities. New development is allocated its fair share of the required facilities based on the stormwater runoff generated by each development, which is indicated by the impervious square footage. The proposed stormwater fees are shown in Table 14. Charging the fee based on impervious square footage ensures that each new development only pays for its fair share of the required improvements based on the estimated stormwater runoff.

## Section 8 **WATER FACILITIES FEE**

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### **BACKGROUND**

This section presents an analysis of the City's Water Facilities Fee. The City will need to charge a Water Facilities Fee for the construction of new water supply and upsizing of transmission facilities to accommodate growth. The water facilities will increase water supply and transmission lines to increase the City's water capacity. This section documents the fee by water meter size and the reasonable relationship between new development, planned water facilities, and the fees proposed for new development. Water fees are based on the water meter size required by each new development which ensures that each new development pays only its fair share of the water facilities necessary to accommodate growth in the City.

The fee is calculated using the Planned Facilities Method. Under this methodology, the costs for the City's planned facilities required are allocated to new development using the estimated demand generated by the development. Water facility costs are allocated based on the estimated new water demand created by new development.

### **FACILITIES AND COSTS**

Table 15 identifies the planned water facilities necessary to meet the water demand created by new development in the City. The City will be required to increase the size of two wells and upsize several transmission lines throughout the City. The cost of these facilities is allocated between existing and future development depending on whether or not there is an existing deficiency or if the improvement is triggered by new development. New development also benefits from capacity in the City's existing facilities that they are not required to fund. The Water Facilities Fee is calculated based on the ratio of planned facilities to the increase in water demand associated with new development.

#### **Water Facilities Cost Standard**

New development generates the need for additional or expanded water facilities. Water demand, consumption patterns, and facility costs are used to calculate the cost per gallon per day. Table 15 shows the facilities required to meet future demands, the allocation to future development, and the calculation of the cost of water facilities per gallon per day (GPD).

**Table 15: Water Facilities – Planned Facilities**

<b>Project</b>	<b>Description</b>	<b>2020 Project Cost<sup>1</sup></b>	<b>Allocation to New Development<sup>1</sup></b>	<b>Cost Included in Fee Program</b>
<i>City of Sebastopol Five-Year Capital Improvement Plan 2015-2020 (June 2015)</i>				
Well No. 6 Arsenic Treatment	Construction	\$ 2,288,559	50%	\$ 1,144,280
Water main Loop	14" to improve pressure and flow	\$ 3,489,047	50%	\$ 1,744,524
Abbott Ave Water Line Replacement	Replace 6" with 8"	\$ 181,008	100%	\$ 181,008
Teresa Court Watermain Replacement	Replace 6" with 8"	\$ 286,764	100%	\$ 286,765
Gravenstein Hwy N Watermain	Replace 6" with 8"	\$ 1,042,322	100%	\$ 1,042,322
Gravenstein HWY S Water Line	Increase main sizes, Palm to Lynch	\$ 1,332,740	100%	\$ 1,332,740
Well No. 4 Upgrade	Replacing well for capacity	\$ 1,500,000	50%	\$ 750,000
<i>City of Sebastopol Water Master Plan (September 2005)</i>				
Northeast Area	Replace 6" main with 8" DIP	\$ 1,386,562	100%	\$ 1,386,562
West Hills Circle	Replace 6" main with 8" DIP	\$ 387,922	100%	\$ 387,922
Pleasant Hill Ave	Replace 4" main with 6" DIP	\$ 113,303	100%	\$ 113,303
Gravenstein Hwy North	Replace 6" main with 8" DIP	\$ 216,475	100%	\$ 216,475
<b>Total</b>		<b>\$ 12,224,703</b>		<b>\$ 8,585,900</b>
		Gallons per Day of New Development		265,604
		<b>Cost per GPD</b>		<b>\$ 32.33</b>

*1) City of Sebastopol Engineering*

The total cost allocated to new development for the Water Facilities Fee is divided by the estimated new water demand (GPD) generated by future development. The Water Facilities Fee for a ¾” meter (single family service) is then derived by multiplying the residential water demand per day from the 2005 Water Master Plan by the water cost per GPD. Table 16 calculates the estimated water demand generated by new development and calculates the fee for a residential unit and ¾” water line. A residential unit typically requires a larger meter to accommodate fire sprinkler systems, however, the Water Supply and Storage Fees will only apply based on the water demand estimate outside of fire flow (which is typically a ¾” meter for a single family residential unit).

**Table 16: Water Facilities – Estimated Demand**

Land Use	Units	Gallons per	
		Day <sup>1</sup>	Total Gallons
<i>Residential (Fee per Dwelling Unit)</i>			
Single Family	225	320	72,000
Multi-Family	375	320	120,000
<i>Non-Residential (Fee per 1,000 Square Feet)</i>			
Commercial	80,000	260	20,800
Office	80,000	260	20,800
Industrial	45,000	420	18,900
Hotel <sup>2</sup>	120	109	13,104
		Total Gallons	265,604
		Project Cost \$	8,585,900
		Cost per GPD \$	32.33
		Cost per Residential Unit or 3/4" Line \$	10,346

1) Water use per 2005 Water Master Plan

2) Hotel rooms are assumed to be 420 square feet per room

## FEE SCHEDULE

The cost per ¾ meter is used as the standard for determining the fee cost per water meter size. The water meter size determines the maximum water flow capacity for a property and is a fair and equitable measure of potential water demand. The cost per ¾" meter can be applied to all meter sizes based on the American Water Work Association (AWWA) meter equivalency factor. Charging the fees based on the water demand ensures that each type of development pays its fair share. A summary of the Water Facilities Fee is presented in Table 17.

**Table 17: Water Facilities – Fee Schedule**

Water Meter Size	AWWA Rated Capacity GPM	AWWA Meter Service Ratio	Water Fee
Residential Service	30	1.00	\$ 10,346
3/4"	30	1.00	\$ 10,346
1"	50	1.67	\$ 17,243
1 1/2"	100	3.33	\$ 34,487
2"	160	5.33	\$ 55,179
3"	300	10.00	\$ 103,460
4"	500	16.67	\$ 172,433
6"	1,000	33.33	\$ 344,867
8"	1,600	53.33	\$ 551,787

## NEXUS FINDINGS – WATER FACILITIES FEE

AB1600 requires that public agencies satisfy five requirements when establishing, increasing, or imposing a fee as a condition of approval of a development project. The required findings are as follows.

***Requirement 1: Identify the purpose of the fee.***

The purpose of the Water Facilities Fees is to fund the water facilities necessary to mitigate the impact on the City’s water system that is created by new development. This includes water supply and transmission facilities.

***Requirement 2: Identify the use of the fee.***

The Water Facilities Fee will be used to fund new development’s fair share of water facilities that are necessary to mitigate the impacts of new development in the City. Table 15 summarizes the list of planned water facilities allocated to new development in the City.

***Requirement 3: Determine how there is a reasonable relationship between the fee’s use and the type of development project on which the fee is imposed.***

New residential and non-residential development generates additional water demand that requires additional water supply and transmission facilities. The Water Facilities Fee is calculated based on new development’s fair share of the cost of the facilities necessary to handle the increased water demand. New development pays the fee based on the amount of water demand that the development is estimated to generate based on the meter size.

***Requirement 4: 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.***

New development in the City creates additional water demand that must be handled through new or expanded water facilities. The Water Facilities Fee will be used to build or expand water infrastructure to serve future development in the City as identified in Table 15. Each development pays its fair share of the fee based on the estimated water demand which is dictated by the water meter size. Using water meter sizes ensures that each type of development pays its fair share of the required water facilities.

***Requirement 5: Determine how there is a reasonable relationship between the amount of the fee and the cost of the public facility or portion of the public facility attributable to the development on which the fee is imposed.***

New water facilities are necessary to mitigate the increased water demand generated by new development. New development increases the need for new or expanded water facilities. New development is allocated their fair share of new and expanded water



facilities that are necessary to mitigate new development's impacts on the City's water infrastructure. New development is required to pay its fair share of the required facilities based on the estimated water demand of each development, which is indicated by the water meter size. The proposed water fees are shown in Table 17. Charging the fee based on water meter size ensures that each new development only pays for its fair share of the required improvements based on the estimated water demand.

## Section 9 SEWER FACILITIES FEE

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### BACKGROUND

This section presents an analysis of the City's Sewer Facilities Fee. The City will need to charge a Sewer Facilities Fee for the construction of new and expanded sewer facilities to accommodate growth. The planned facilities include moving and upsizing conveyance lines to serve new development. The City does not have its own sewer treatment facility. All sewer flows are processed at the Santa Rosa Water Reclamation Facility.

This section documents the fee based on water meter size and the reasonable relationship between new development, planned sewer facilities, and the fees proposed for new development. Sewer fees are based on the water meter size required by each new development which ensures that each new development pays only its fair share of the sewer facilities necessary to accommodate growth in the City. Water meter size is the best estimate of sewer discharge from the development. The 2005 master plan assumes 62.5% of a project's water supply is discharged as sewer (320 gallons of water becomes 200 gallons of sewer per day per single family residential property).

The fee is calculated using the Planned Facilities Method. Under this methodology, the costs for the City's planned facilities required to serve new development are allocated to new development using the estimated demand generated by the development. Sewer facility costs are allocated based on the estimated new sewer flows created by new development.

### FACILITIES AND COSTS

Table 18 identifies the planned sewer facilities necessary to meet the sewer demand created by new development in the City. The City will be required to increase the size of several conveyance lines throughout the City. The cost of these facilities is allocated between existing and future development depending on whether or not there is an existing deficiency or if the improvement is triggered by new development. New development also benefits from capacity in the City's existing facilities that they are not required to fund. The Sewer Facilities Fee is calculated based on the ratio of planned facilities to the increase in sewer demand associated with new development from the estimated population growth.

#### Sewer Cost Standard

New development generates the need for additional or expanded sewer facilities. Sewer demand, consumption patterns, and facility costs are used to calculate the cost per gallon per day. Table 18 shows the facilities required to meet future demands, the allocation to future development, and the calculation of the cost of sewer facilities per gallon per day (GPD).

**Table 18: Sewer Facilities – Planned Facilities**

Project	Description	2020 Project Cost <sup>1</sup>	Allocation to New Development <sup>1</sup>	Cost Included in Fee Program
<i>City of Sebastopol Five-Year Capital Improvement Plan</i>				
Zimpher Creek Sewer Relocation	Project defined by Relocation Study	\$ 572,140	75%	\$ 429,105
Eastside Ave Sewer Replacement	Upsize 4" to 6"	\$ 94,828	100%	\$ 94,828
Calder Ave Sewer Replacement	Capacity increasing replacement	\$ 299,061	100%	\$ 299,061
High St Sewer Replacement	Capacity increasing replacement	\$ 237,380	100%	\$ 237,380
Florence Ave	Capacity increasing replacement	\$ 800,000	50%	\$ 400,000
Zimpher Creek Creek Sewer Replacement	Capacity increasing replacement	\$ 4,000,000	25%	\$ 1,000,000
<i>City of Sebastopol Sanitary Sewer System Utility Master Plan (December 2005)</i>				
Gravenstein Hwy South	Upsize Lines Village Way to Palm Ave	\$ 1,200,000	100%	\$ 1,200,000
<b>Total</b>		<b>\$ 7,203,408</b>		<b>\$ 3,660,373</b>
Estimated New Sewer Demand				160,864
<b>Cost per Gallon of Sewer Treatment</b>				<b>\$ 22.75</b>

1) City of Sebastopol Engineering

The total cost allocated to new development for the Sewer Facilities Fee is divided by the estimated new sewer demand (GPD) generated by future development. The Sewer Facilities Fee for a ¾” water meter (single family service) is derived by multiplying the per household sewer usage assumption for a residential unit from the 2005 Water Master Plan by the sewer cost per GPD. This result is the fee for a residential unit or ¾” water meter. A residential unit typically requires a larger meter to accommodate fire sprinkler systems, however, the Sewer Facilities Fee will only apply based on the water demand estimate outside of fire flow (which is typically a ¾” meter for a single family residential unit). Table 19 calculates the estimated sewer demand generated by new development and calculates the fee for an individual residential unit and a ¾” water meter.

**Table 19: Sewer Facilities – Estimated Demand**

<b>Land Use</b>	<b>Units</b>	<b>Wastewater Generation<sup>1</sup></b>	<b>Total Wastewater Generation</b>
<i>Residential (Per Unit)</i>			
Single Family	225	200.00	45,000
Multi-Family	375	200.00	75,000
<i>Non-Residential (Fee per 1,000 Square Feet)</i>			
Commercial	80,000	160.00	12,800
Office	80,000	160.00	12,800
Industrial	45,000	160.00	7,200
Hotel <sup>2</sup>	120	67.20	8,064
Total Wastewater Generation			160,864
Project Cost \$			3,660,373.09
Cost per GPD \$			22.75
Cost per Residential Unit or 3/4" Line \$			4,550

1) Wastewater generation per 2005 Master Plan

2) Hotel rooms are assumed to be 420 square feet per room

## FEE SCHEDULE

The cost per ¾” water meter is used as the standard for determining the fee cost per water meter size. The water meter size determines the maximum water flow capacity for a property and is a fair and equitable measure of potential sewer demand. The cost per ¾” meter can be applied to all meter sizes based on the American Water Work Association (AWWA) meter equivalency factor. Charging the fees based on the water demand ensures that each type of development pays its fair share. A summary of the Sewer Facilities Fee is presented in Table 20.

**Table 20: Sewer Facilities – Fee Schedule**

<b>Meter Size</b>	<b>Capacity GPM</b>	<b>Ratio</b>	<b>Sewer Fee</b>
Residential Service	30	1.00	\$ 4,550
3/4"	30	1.00	\$ 4,550
1"	50	1.67	\$ 7,583
1 1/2"	100	3.33	\$ 15,167
2"	160	5.33	\$ 24,267
3"	300	10.00	\$ 45,500
4"	500	16.67	\$ 75,833
6"	1,000	33.33	\$ 151,667
8"	1,600	53.33	\$ 242,667

## **NEXUS FINDINGS – SEWER FACILITIES FEES**

AB1600 requires that public agencies satisfy five requirements when establishing, increasing, or imposing a fee as a condition of approval of a development project. The required findings are as follows.

### ***Requirement 1: Identify the purpose of the fee.***

The purpose of the Sewer Facilities Fee is to fund the sewer facilities necessary to mitigate the impact on the City’s sewer system that is created by new development.

### ***Requirement 2: Identify the use of the fee.***

The Sewer Facilities Fee will be used to fund new development’s fair share of sewer facilities that are necessary to mitigate the impacts of new development in the City. Table 18 summarizes the list of planned sewer facilities allocated to new development in the City.

### ***Requirement 3: Determine how there is a reasonable relationship between the fee’s use and the type of development project on which the fee is imposed.***

New residential and non-residential development generates additional sewer demand that requires additional sewer infrastructure to transport waste. The sewer fees are calculated based on new development’s fair share of the cost of the facilities necessary to handle the increased sewer demand. New development pays fees based on the amount of sewer demand that the development is estimated to generate based on the required water meter size in accordance with the 2005 Water Master Plan.

### ***Requirement 4: 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.***

New development in the City creates additional sewer demand that must be handled through new sewer facilities. The Sewer Facilities Fees will be used to build new sewer

infrastructure to serve future development in the City as identified in Table 18. Each development pays its fair share of the fee based on the estimated sewer demand which is dictated by the water meter size. Using water meter sizes ensures that each type of development pays its fair share of the required sewer facilities.

***Requirement 5: Determine how there is a reasonable relationship between the amount of the fee and the cost of the public facility or portion of the public facility attributable to the development on which the fee is imposed.***

New sewer facilities are necessary to mitigate the increased sewer demand generated by new development. New development increases the need for new sewer facilities. New development is allocated their fair share of new and expanded sewer facilities that are necessary to mitigate new development's impacts on the City's sewer infrastructure. New development is required to pay its fair share of the required facilities based on the estimated sewer demand of each development, which is indicated by the water meter size. The proposed Sewer Facilities Fee schedule is shown in Table 20. Charging the fee based on water meter size ensures that each new development only pays for its fair share of the required improvements based on the estimated demand.

## **Section 10 IMPLEMENTATION AND ADMINISTRATION**

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### **IMPLEMENTATION**

According to the Mitigation Fee Act, before levying a new fee or increasing an existing fee, an agency must hold at least one open and public meeting. Notice of the time and place of the meeting, including a general explanation of the matter to be considered, and a statement that the data required by this section is available, shall be mailed at least 14 days before the meeting to any interested party who files a written request with the local agency for mailed notice of the meeting on new or increased fees or service charges. Any written request for mailed notices shall be valid for one year from the date on which it is filed unless a renewal request is filed. At least 10 days before this public meeting, the agency must make data on infrastructure costs and funding sources available to the public. Notice of the time and place of the public meeting and a general explanation of the matter is to be published in accordance with Section 6062a of California Government Code, which states that publication of the notice shall occur for 10 days in a newspaper regularly published once per week or more. The new or increased fees shall be effective no earlier than 60 days following the final action on the adoption or increase of the fees.

The fee categories summarized in this report may not apply to specialized or unique development projects in the City. For example, the development of a cemetery, golf course, or stadium will not fall under any of the fee categories in this report. For specialized development projects, the City will need to review the impacts and decide on an applicable fee based on the specific impacts.

### **DISCONTINUED FEES**

The City has decided to stop collecting the Wastewater Retrofit and Fire Sprinkler Service impact fees. The remaining fund balances will be spent in accordance with Resolution 5485 and Resolution **xx**. When funds are fully expended, the associated funds will be closed.

### **ANNEXATION FEES**

Properties that are annexing into the City will pay the associated impact fees as if they were a new development. Municipal Code Section 13.08 requires properties within the City to connect to the City's sewer system unless the property meets the specific conditions contained within 13.08.050(C)(1). Annexing properties will be subject to the Park Land and Facilities Fee, Traffic Impact Fee, General Government Facilities Fee, Fire Facilities Fee, and (if connecting to City services) Water Facilities Fee, and Sewer Facilities Fee. Annexing properties will not be charged impact fees for Stormwater Facilities, as the properties do not create additional runoff. The properties will be exempt from Sewer Facilities or Water Facilities Fees if not connecting to City utilities.



## FEE ADJUSTMENTS

The fees will be automatically adjusted each year on July 1<sup>st</sup> based on the Engineering News-Record Construction Cost Index (CCI) for the San Francisco Bay Area. Also, the fees may be adjusted to reflect revised facility standards, receipt of funding from alternative sources (i.e., state or federal grants), revised facilities or costs, changes in demographics, or changes to the land use plan. A complete review of the fees must be completed every five years per California Government Code but it is recommended that the fees be updated more frequently.

## IMPACT FEE PROGRAM ADMINISTRATIVE REQUIREMENTS

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

- Brief description of the type of fee in the account or fund
- Amount of the fee
- Beginning and ending balance in the account or fund
- Amount of fees collected and the interest earned
- Identification of each public improvement for which fees were expended and the amount of expenditures
- Identification of an approximate date by which time construction on the improvement will begin if it is determined that sufficient funds exist to complete the project
- Description of each inter-fund transfer or loan made from the account and when each will be repaid
- Identification of any refunds made once determined that sufficient monies have been collected to fund fee-related projects

The City must make this information available for public review and must present it at the next regularly scheduled public meeting no less than 15 days after this information is made available to the public.

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

- Identify the purpose of the fee
- Demonstrate a reasonable relationship between the fee and the purpose for which it is charged
- Identify sources and amounts of funding anticipated to complete the financing of any incomplete improvements
- Designate the approximate dates on which funding is expected to be deposited into the fee account, as needed

As with the annual disclosure, the 5-year report must be made public within 180 days after the end of the City's fiscal year and must be reviewed at the next regularly scheduled public meeting. The City must make these findings; otherwise, the law requires that the City refund the money on a prorated basis to the current record owners of the development projects.

## **ONLINE FEE REPORTING**

Assembly Bill No. 1843, which became effective January 1, 2020 requires that Cities make the following information available on their website. This must be completed by January 1, 2021. The following information must be provided:

1. A current schedule of fees, exactions, and affordability requirements imposed by the city, county, or special district, including any dependent special districts, of the city or county applicable to a proposed housing development project, which shall be presented in a manner that clearly identifies the fees, exactions, and affordability requirements that apply to each parcel.
2. All zoning ordinances and development standards, which shall specify the zoning, design, and development standards that apply to each parcel.
3. The list of information required to be compiled pursuant to Section 65940.
4. The current and five previous annual fee reports or the current and five previous annual financial reports, that were required pursuant to subdivision
5. An archive of impact fee nexus studies, cost of service studies, or equivalent, conducted by the city, county, or special district on or after January 1, 2018.

Any updates to the above information must be available within 30 days.

## **PROGRAMMING REVENUES WITH THE CAPITAL IMPROVEMENT PLAN**

The City should maintain and update its CIP to adequately plan for future infrastructure needs. The City's CIP should commit projected fee revenues and fund balances to specific projects that are necessary to serve growth as described in this report. The City's CIP provides the documentation necessary for the City to hold funds in a project account for longer than 5 years, if necessary, to collect sufficient funds to complete a project.



**PRELIMINARY DRAFT**

# Affordable Housing In-Lieu Fee Nexus Study

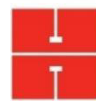
**City of Sebastopol**

**March 2021**

Prepared for:



Prepared by:



**Harris & Associates**

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EXHIBIT B

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# Executive Summary

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## INTRODUCTION

The City of Sebastopol (City) retained Harris & Associates (Harris) to prepare an Affordable Housing In-Lieu Fee Study (Study) in order to update the previously adopted Affordable Housing In-Lieu Fee (Fee) contained in Ordinance 1111 adopted in 2018. The City's current inclusionary in-lieu fee was adopted in July 2006. The City updated their Affordable Housing Ordinance in 2018 changing the inclusionary requirements and allowing additional flexibility to developers. This study will update the City's inclusionary in-lieu fee to match the updated policy.

The purpose of this report is to provide information to the City of Sebastopol (City) for its consideration in updating the Fee component of the City's Inclusionary Housing Ordinance (Ordinance). The Fee is part of the City's Inclusionary Housing Policy (Policy) and is an option for developers to satisfy their inclusionary housing requirement when the requirement results in a fractional inclusionary unit.

Harris & Associates has reviewed the current fees, analyzed the City's current inclusionary ordinance, updated build costs, and incorporated the County's Area Median Income (AMI) numbers for 2020. The updating of these data will create an 'affordability gap', which represents the difference between what is affordable to a lower income household and the costs of developing an affordable housing unit in the City. The affordability gap represents the amount that must be provided through special financing, public or private subsidies, or other sources such as an in-lieu fee, to make housing affordable to very low, low, and moderate-income households. The Fees in this Study represent the fees supported but do not represent specific Fee recommendations. The City has the latitude to adopt the Fees deemed appropriate.

## FINDINGS AND METHODOLOGY

The existing in-lieu fee is based on the requirements of an outdated Inclusionary Housing Ordinance. The City updated its Inclusionary Housing Ordinance in 2018 and this study will update the inclusionary in-lieu fee to align with the updated City Ordinance.

The City's 2018 inclusionary housing policy (Policy) applies to projects of five (5) units or more. The Policy requires 15% of a development to be provided at prices affordable to moderate-income (120% AMI) households, or 10% of units affordable to low-income (80% of AMI) households, or 5% of units affordable to very low-income (50% of AMI). The Ordinance and fractional in-lieu Fee are designed to mitigate the impact of an increase in demand for affordable housing from the development of new market-rate residential units.

Table E.1 shows the inclusionary unit equivalent fees using the analysis in this report. The report will give detailed calculations on how these fees are calculated in the following sections.

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**Table E.1: Inclusionary Unit Equivalent Fee**

Income Level	Inclusionary Unit Fee	
	For-Sale	For-Rent
Very Low-Income	\$ 436,586	\$ 331,903
Low-Income	\$ 278,872	\$ 220,858
Moderate-Income	\$ 149,931	\$ 115,625

Sources: Table 8 and Table 9.

The inclusionary unit fee is available to developers when a project’s inclusionary housing requirement has a fractional unit requirement. The City’s Policy states that required whole units will be constructed as part of the development and any fractional units may be rounded up to the next whole number and constructed or the project may pay an in-lieu fee for the fractional units. An example 16 unit development that opts for moderate-income inclusionary housing is required to provide 2.4 units (16 units x 15% inclusionary requirement) at prices affordable to households at 120% AMI. This project could construct two units and pay a fee of \$59,972.40 (0.4 units x \$149,931 Inclusionary Unit Equivalent Fee) if the project is for-sale and \$46,250.00 (0.4 units x \$115,625 Inclusionary Unit Equivalent Fee) if the project is for-rent or they could build three affordable units.

The inclusionary unit equivalent fee represents the difference between what very low, low, and moderate-income households can afford to pay for housing and the cost to develop and service affordable housing in the City. This difference is known as the ‘affordability gap.’ For rental affordable units, the net income available from lower-income households is used to determine the supportable debt and is compared with unit development costs to calculate the affordability gap. For-sale units calculate the maximum affordable mortgage for lower-income households compared to the development cost of affordable housing in the City.

To estimate future market-rate housing development in the City, Harris staff researched and reviewed new residential development projects in the City, Multiple Listing Service (MLS) data showing recently constructed units, information from City staff to identify recent market trends related to home prices, and academic and building industry publications. The Fees calculated in this Study reflect the estimated cost of future residential development.

**POLICY CONSIDERATIONS**

The City should evaluate several policy considerations and implications related to the in-lieu fees. Harris & Associates reviewed the supportable Fees for consistency with the Housing Policy outlined in the City’s Inclusionary Ordinance.

**Housing Policy Consistency**

The Inclusionary Housing Ordinance, adopted in 2018, discusses the current affordable housing issues that exist within the City and details the City’s existing Inclusionary Housing Program. The



## EXHIBIT B

Fees in this study are consistent with the City's goal of providing opportunities for the development of adequate housing for households of all income levels.

To be consistent with City housing policy, the household income categories addressed in this analysis are:

- Very Low-Income (<50% AMI)
- Low-Income (51-80% AMI)
- Moderate-Income (81-120% AMI)

**Role of Fee in Overall Housing Strategy**

Affordable housing in Sebastopol is funded through a variety of sources, including funding provided by the City and Sonoma County, as well as direct and indirect financing provided by the state and federal government. Inclusionary fee revenues would augment other affordable housing funding sources.



## Section 1 INTRODUCTION AND METHODOLOGY

---

### Introduction

The City of Sebastopol (City) retained Harris & Associates (Harris) to prepare an Affordable Housing In-Lieu Fee Study (Study) in order to update the previously adopted Affordable Housing In-Lieu Fee (Fee) contained in Ordinance 1111. The City's current inclusionary in-lieu fee was adopted in July 2006. The City's inclusionary housing policy at that time required 20% of a project to be sold or rented at a price affordable to households earning 80% or less of the Area Median Income (AMI). The City updated this policy in 2018 changing the inclusionary requirements and allowing additional flexibility to developers. This study will update the City's inclusionary in-lieu fee to match the updated policy.

The City is updating the Inclusionary Housing In-Lieu Fee for new residential development to offer developers the option to pay an in-lieu fee for fractional units that are required under the inclusionary ordinance as part of any new residential development project of five units or more.

While In-Lieu Fees are just one of several funding mechanisms that jurisdictions can use to mitigate affordable housing needs, they are a proven method of funding, as various California cities and counties have implemented inclusionary housing fee programs. The revenues collected through the Fee are to be deposited into a housing fund specifically reserved for the funding of affordable housing within the City.

The City's inclusionary housing policy (Policy) applies to projects of five units or more. The Policy requires 15% of a development to be provided at price affordable to moderate-income (120% AMI) households, or 10% of units affordable to low-income (80% of AMI) households, or 5% of units affordable to very low-income (50% of AMI). The dedicated units are required to be deed-restricted as affordable units for a period of 55 years.

The first portion of the analysis determines the demand for affordable housing units at various income levels to calculate the "affordability gap." For ownership housing units, the sales price needed for units to be affordable to very low, low, and moderate-income households is compared to the cost to develop these units to calculate the "affordability gap." For rental units, the development cost is compared with income sources available to service debt for affordable housing to determine the "affordability gap."

### Background

This section discusses the City's historical Inclusionary Housing Policy and the results of recent legislation and judicial rulings.

### City's Inclusionary Housing Ordinance

The City has historically used an Inclusionary Housing Policy originally established by Ordinance 1111 to generate affordable housing in proportion with the overall increase in market-rate residential units and is described in the Housing Element of the City's General Plan. The Policy requires the following for housing projects with five or more units:

- Fifteen percent (15%) of the units shall be inclusionary units affordable to households earning 120 percent or less of AMI; or
- Ten percent (10%) of the units shall be inclusionary units affordable to households earning 80 percent or less of AMI; or
- Five percent (5%) of the units shall be inclusionary units affordable to households earning 50 percent or less of AMI.

The current Policy allows developers to pay an Affordable Housing Payment in-lieu of providing a fractional unit equal to the applicable decimal fraction times the established in-lieu fee for one inclusionary unit.

### Legal Framework

In 2009, the Court of Appeals struck down a City of Los Angeles ordinance imposing inclusionary housing requirements on rental housing projects with a density of more than 10 dwelling units per lot. The Courts' decision that regulating the rent levels to ensure the units were affordable directly violated the provisions of the Costa-Hawkins Act. Jurisdictions were unable to require affordable housing units at affordable rental rates as a condition of project approval because of this decision.

In 2015, the California Supreme Court ruled in favor of the City of San Jose in a court case involving the California Building Industry Association (Association). The Association challenged the legality of San Jose's inclusionary program on the basis that it constituted an "exaction" that required a nexus study. The court deemed that San Jose's inclusionary program was not an exaction and it constituted a valid exercise of the City's power to regulate land use.

Finally, in 2017, a package of housing related bills was passed, which included AB 1505, commonly referred to as the "Palmer Fix". AB 1505 allows jurisdictions to adopt ordinances that require a percentage of residential rental units to be affordable to individuals whose income falls below the moderate-income level for the jurisdiction. Additionally, AB 1505 requires jurisdictions to provide alternative methods for developers to satisfy their affordable housing requirements, which may include in-lieu fees, off-site construction, land dedication, or acquisition and rehabilitation of existing units. AB 1505 also imposes specific standards on any county or city with an inclusionary housing policy requiring greater than 15% of a project to be provided as affordable units.

## Methodology

### Nexus Analysis

Residential development projects contribute to population growth. As the population grows, additional services and facilities are needed to accommodate the residential population influx. To meet the increased demands of population growth, new non-residential development will occur, correlating to an increase in the worker population. A portion of the new worker population will earn a wage that is not sufficient to rent or purchase market-rate housing. The Study analyzes the supported Fee to address the affordable housing need created by new residential development. The Fee will be used to build affordable housing to address the demand generated.

The methodology utilized in this nexus analysis complies with general best practices related to nexus studies and follows the following order, specific data points are explained in the following sections of this study. This nexus analysis is broken down into the steps described below.

#### ***Step 1: Determine the type of units to be developed***

Harris & Associates coordinated with City staff, local real estate professionals, and a sampling of planned and current recently developed housing types to determine the likely characteristics of new affordable residential units developed in the City and determined the likely affordable development will all be multifamily units.

#### ***Step 2: Determine the amount that very low, low, and moderate-income households can afford to spend on housing.***

Using the area median income (AMI), the maximum a household can spend on housing can be calculated. Per Sebastopol's Affordable Housing Ordinance, a maximum of 30% of household income can be used for the calculation of affordable housing. This amount does not include an allowance for utilities, property taxes, insurance, or maintenance. This amount represents the maximum affordable housing cost. Using monthly housing costs, the maximum mortgage amount can be calculated.

#### ***Step 3: Calculate the Supportable Debt of For-Rent Units***

For-rent units use a project's supportable debt amount to determine what is the affordable price for a multifamily unit. Rental projects have property expenses that affect the cash flow available for debt service, and the debt service requirements on nonresidential projects are different than that of standard residential mortgages.

#### ***Step 4: Calculate Development Costs of Affordable Units***

The next step in calculating the affordability gap is to determine the cost to develop an affordable unit in the City. Costs are determined by examining current development costs related to unit type

and size, the City's Policy, and recent land transactions. As the development, sale, and operations associated with for-rent and for-sale units vary, an analysis of each housing type was required.

***Step 5: Calculate the Affordability Gap***

The affordability gap can now be calculated by using the difference between the cost to develop a for-sale unit and what households at very low, low, and moderate incomes can afford as a mortgage (step 2). The for-rent affordability gap is calculated using the difference between the supportable debt and the cost to develop the units (step 4).

***Step 6: Calculate the Supported Fee***

The inclusionary equivalent Fee calculation for each housing type in this study is the affordability gap (Step 5) for each housing type. The fee for the fractional unit is calculated by multiplying the affordability gap by the fractional unit requirement.

## Section 2 **AFFORDABILITY GAP ANALYSIS**

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A key input required in the calculation of the supported fractional in-lieu Fees is the affordability gap. The affordability gap is the difference between what very low, low, and moderate-income households can afford to pay to buy or rent housing versus the total cost of developing and servicing the units. This section summarizes the methodology used to calculate the affordability gap and presents the results of this analysis for the respective unit type. For eligibility purposes, the City defines very low income as those earning less than 50 percent of the area median income (AMI), low-income households as those earning between 51 percent and 80 percent of AMI, and moderate-income as those earning between 81 percent and 120 percent of AMI.

### **Methodology**

The following section details the findings for affordable housing rates, total development costs of units in the City, and a summary of the affordability gap by unit type. Calculating the housing affordability gap for rental units involves the following three steps:

1. Estimate the housing costs that are affordable for households in target income groups from Table 1.
2. Estimate development and servicing costs of building new affordable housing units, based on current cost and market data.
3. Calculate the difference between what very low and low-income households can afford to pay for housing and the cost of developing and servicing affordable housing units.

The housing affordability gap calculation for ownership units involves the following three steps:

1. Estimate the affordable monthly maximum mortgage affordable to very low, low, and moderate-income households from Table 1.
2. Estimate the development costs of new affordable housing units.
3. Calculate the difference between what moderate-income households can afford to pay for housing and the cost of development of affordable housing units.

### **Affordable Housing Rates**

Prior to determining the affordability gap, the total amount that households can afford to allocate to their housing must be determined. For this report, the income levels included in the City's Inclusionary Housing Ordinance have been included in the analysis and are defined as:

- Moderate-income households earning 120 percent or less of AMI
- Low-income households earning 80 percent or less of AMI
- Very low-income households earning 50 percent or less of AMI.

The area median income is defined by the Department of Housing and Urban Development (HUD) for Sonoma County. Table 1 shows the AMI for various household sizes.

**Table 1: Threshold Incomes and percent of Area Median Income (AMI)**

	Persons per Household					
	1	2	3	4	5	6
30% AMI	\$ 23,900	\$ 27,300	\$ 30,700	\$ 34,100	\$ 36,850	\$ 39,600
50% AMI	\$ 39,800	\$ 45,450	\$ 51,150	\$ 56,800	\$ 61,350	\$ 62,650
80% AMI	\$ 63,650	\$ 72,750	\$ 81,850	\$ 90,900	\$ 98,200	\$ 105,450
100% AMI	\$ 71,900	\$ 82,150	\$ 92,450	\$ 102,700	\$ 110,900	\$ 119,150
120% AMI	\$ 86,300	\$ 98,600	\$ 110,950	\$ 123,250	\$ 133,100	\$ 142,950

1) California Department of Housing and Community Development July 2, 2020.

Housing affordability of rental and ownership units is defined by the City’s Ordinance as 30% of gross income and states that the cost of utilities, property taxes, insurance, homeowner’s dues, and the like shall not be included in the calculation of housing costs.

Because income levels for affordable housing programs vary by household size, calculating affordable rent requires a defined household size. Unit occupancy is calculated consistent with California Health and Safety Code Section 50052.5(h). Table 2 outlines the maximum available housing cost calculations for each income bracket and persons per household (PPH) category. All units being constructed are assumed to be multifamily housing. This will be a mix of studio, one-bedroom, two-bedroom, and three-bedroom units to represent the mix of units required for a diverse mix of household sizes. The maximum monthly housing cost on Table 2 is the maximum affordable rent for each income level.

**Table 2: Maximum Affordable Housing Cost by Income Level**

Income Level and Unit Type	Persons per Household	Household Income <sup>1</sup>	Maximum Monthly Housing Cost <sup>2</sup>
<b>Very Low Income (50% AMI)</b>			
One Bedroom	2	\$ 45,450	\$ 1,136
Two Bedroom	3	\$ 51,150	\$ 1,279
Three Bedroom	4	\$ 56,800	\$ 1,420
Four Bedroom	5	\$ 61,350	\$ 1,534
<b>Low Income (80% AMI)</b>			
One Bedroom	2	\$ 72,750	\$ 1,819
Two Bedroom	3	\$ 81,850	\$ 2,046
Three Bedroom	4	\$ 90,900	\$ 2,273
Four Bedroom	5	\$ 98,200	\$ 2,455
<b>Moderate Income (120% AMI)</b>			
One Bedroom	2	\$ 98,600	\$ 2,465
Two Bedroom	3	\$ 110,950	\$ 2,774
Three Bedroom	4	\$ 123,250	\$ 3,081
Four Bedroom	5	\$ 133,100	\$ 3,328

1) California Department of Housing and Community Development July 2, 2020.

2) 30% of gross income per Sebastopol Municipal Code 17.250.

Table 3 shows the maximum affordable mortgage and purchase price for very low, low, and moderate-income households.

**Table 3: Maximum Affordable Mortgage and Purchase Price by Income Level**

Income Level and Unit Type	Persons per Household	Household Income <sup>1</sup>	Maximum Monthly Mortgage <sup>2</sup>	Maximum Mortgage Amount <sup>3</sup>	Maximum Purchase Price <sup>4</sup>
<b>Very Low Income (50% AMI)</b>					
One Bedroom	2	\$ 45,450	\$ 1,136	\$ 200,118	\$ 222,353
Two Bedroom	3	\$ 51,150	\$ 1,279	\$ 225,216	\$ 250,240
Three Bedroom	4	\$ 56,800	\$ 1,420	\$ 250,093	\$ 277,881
Four Bedroom	5	\$ 61,350	\$ 1,534	\$ 270,127	\$ 300,141
<b>Low Income (80% AMI)</b>					
One Bedroom	2	\$ 72,750	\$ 1,819	\$ 320,321	\$ 355,912
Two Bedroom	3	\$ 81,850	\$ 2,046	\$ 360,389	\$ 400,432
Three Bedroom	4	\$ 90,900	\$ 2,273	\$ 400,237	\$ 444,708
Four Bedroom	5	\$ 98,200	\$ 2,455	\$ 432,379	\$ 480,421
<b>Moderate Income (120% AMI)</b>					
One Bedroom	2	\$ 98,600	\$ 2,465	\$ 434,140	\$ 482,378
Two Bedroom	3	\$ 110,950	\$ 2,774	\$ 488,518	\$ 542,798
Three Bedroom	4	\$ 123,250	\$ 3,081	\$ 542,675	\$ 602,972
Four Bedroom	5	\$ 133,100	\$ 3,328	\$ 586,045	\$ 651,161

1) California Department of Housing and Community Development July 2, 2020.

2) 30% of gross income per Sebastopol Municipal Code 17.250.

3) Assumes 30 year term at 5.5% interest.

4) Assumes a 10% down payment per Sebastopol Municipal Code 17.250.



The development costs and maximum mortgage amounts are used as the basis of the for-sale affordability gap, but for-rent units require an additional calculation. For-rent unit's affordability gap is defined as the difference between development costs and the first mortgage amount that can be supported by the net operating income (NOI) based on affordable rents. See Table 4 for the calculation of the supportable debt.

**Table 4: Supportable Debt Calculation on For-Rent Units**

<b>Income Level and Unit Type</b>	<b>Persons per Household</b>	<b>Household Income</b>	<b>Maximum Monthly Rent<sup>1</sup></b>	<b>Annual Rental Income</b>	<b>Net Operating Income<sup>2</sup></b>	<b>Revenue Available for Debt Service<sup>3</sup></b>	<b>Supportable Debt<sup>4</sup></b>
<b>Very Low Income (50% AMI)</b>							
One Bedroom	2	\$ 45,450	\$ 1,136	\$ 13,635	\$ 9,453	\$ 8,220	\$ 114,255
Two Bedroom	3	\$ 51,150	\$ 1,279	\$ 15,345	\$ 11,078	\$ 9,633	\$ 133,890
Three Bedroom	4	\$ 56,800	\$ 1,420	\$ 17,040	\$ 12,688	\$ 11,033	\$ 153,352
Four Bedroom	5	\$ 61,350	\$ 1,534	\$ 18,405	\$ 13,985	\$ 12,161	\$ 169,025
<b>Low Income (80% AMI)</b>							
One Bedroom	2	\$ 72,750	\$ 1,819	\$ 21,825	\$ 17,234	\$ 14,986	\$ 208,293
Two Bedroom	3	\$ 81,850	\$ 2,046	\$ 24,555	\$ 19,827	\$ 17,241	\$ 239,639
Three Bedroom	4	\$ 90,900	\$ 2,273	\$ 27,270	\$ 22,407	\$ 19,484	\$ 270,813
Four Bedroom	5	\$ 98,200	\$ 2,455	\$ 29,460	\$ 24,487	\$ 21,293	\$ 295,958
<b>Moderate Income (120% AMI)</b>							
One Bedroom	2	\$ 98,600	\$ 2,465	\$ 29,580	\$ 24,601	\$ 21,392	\$ 297,336
Two Bedroom	3	\$ 110,950	\$ 2,774	\$ 33,285	\$ 28,121	\$ 24,453	\$ 339,877
Three Bedroom	4	\$ 123,250	\$ 3,081	\$ 36,975	\$ 31,626	\$ 27,501	\$ 382,246
Four Bedroom	5	\$ 133,100	\$ 3,328	\$ 39,930	\$ 34,434	\$ 29,942	\$ 416,175

1) Table 2.

2) Assumes a 5% vacancy and \$3,500 per unit in operating expenses including management, taxes, insurance, and maintenance.

3) Maximum debt using a 1.15 debt service coverage ratio per California Housing and Community Development Uniform Multifamily Regulations, 2017 update.

4) Assumes a 30 year term and 6% interest rate.

## Affordable Development Cost Estimates

Next, the estimated cost of developing affordable housing units was determined by examining current development trends related to unit type and size. As the development, sale, and operations associated with for-rent and for-sale units vary, an analysis of each housing type was required. Single family units in Sebastopol tend to be significantly more expensive than multifamily units. For purposes of this analysis, it is assumed all City-led construction projects will be multifamily developments and as such only multifamily development costs have been calculated.

This study uses the baseline density assumption of 25 units per acre as directed by the City. Included in the total cost of developing new units are land acquisition costs, hard costs (direct improvements), soft costs (design, permits, fees, etc.), a prevailing wages cost increase, developer fees, and financing costs. These cost estimates were populated using data from a Multiple Listing Service and Commercial Sale Survey completed in November of 2020, as well as the “*Making It Pencil: The Math Behind Housing Development*” report published by the Turner Center for Housing Innovation at the University of California, Berkeley. As these projects are assumed to have federal and state funding, all labor costs are required to meet the prevailing wage requirements.

Table 5 shows the per square foot development cost and land costs of for-rent multifamily units, pursuant to the requirements in the City’s existing Inclusionary Housing Ordinance.

**Table 5: Development Costs – For-Rent Affordable Units**

Assumed Density	A		25 Units/Acre
Land Acquisition Cost (\$/Acre) <sup>1</sup>	B	\$	1,012,000.00
<b>Land Price per Unit</b>	<b>B ÷ A = C</b>	<b>\$</b>	<b>40,480.00</b>
<b>Development Costs <sup>2</sup></b>			
Building Hard Costs (\$/SF)	D	\$	250.00
Prevailing Wage Cost Increase (35%)	D x 0.35 = E	\$	87.50
Soft Costs (30%) <sup>3</sup>	D x 0.30 = F	\$	75.00
Developer Fees (12%)	(D + E + F) x 0.12	\$	49.50
Financing Costs (10%)	(D + E + F) x 0.10	\$	41.25
<b>Total Development Costs per SF</b>		<b>\$</b>	<b>503.25</b>

1) Per Multiple Listing Service survey and tax record search of vacant land sales completed December 2019.

2) “*Making It Pencil: The Math Behind Housing Development.*” Aug. 2019, [www.TurnerCenter.Berkeley.Edu](http://www.TurnerCenter.Berkeley.Edu), escalated by CCI.

3) Includes design, engineering, city permits and fees, and contingencies.

**Table 6: Development Costs – For-Sale Affordable Units**

Assumed Density	A		25 Units/Acre
Land Acquisition Cost (\$/Acre) <sup>1</sup>	B	\$	1,012,000.00
<b>Land Price per Unit</b>	<b>B ÷ A = C</b>	<b>\$</b>	<b>40,480.00</b>
<b>Development Costs <sup>2</sup></b>			
Building Hard Costs (\$/SF)	D	\$	275.00
Prevailing Wage Cost Increase (35%)	D x 0.35 = E	\$	96.25
Soft Costs (30%) <sup>3</sup>	D x 0.30 = F	\$	82.50
Developer Fees (12%)	(D + E + F) x 0.12	\$	54.45
Financing Costs (10%)	(D + E + F) x 0.10	\$	45.38
<b>Total Development Costs per SF, Rounded</b>		<b>\$</b>	<b>553.58</b>

1) Per Multiple Listing Service survey and tax record search of vacant land sales completed December 2019.

2) "Making It Pencil: The Math Behind Housing Development." Aug. 2019, www.TernerCenter.Berkeley.Edu, escalated by CCI.

3) Includes design, engineering, city permits and fees, and contingencies.

The estimated unit size (square footage) is multiplied by the total development cost per square foot to determine the building cost. Then, the estimated land cost per unit is added to calculate the total development cost for each unit type, as seen in Table 7. Rental square footages are based on the City's Inclusionary Ordinance minimum size requirements, for-sale square footages are from a Multiple Listing Service (MLS) survey of all Sonoma County multifamily transactions in 2020.

**Table 7: Unit Cost Summary**

Unit Development Cost	Unit Size <sup>1,2</sup>	Build Costs, Rounded	Land Costs	Total Development Costs
<b>For-Rent Units</b>				
1 Bedroom Unit	600	\$ 301,950	\$ 40,480	\$ 342,430
2 Bedroom Unit	750	\$ 377,438	\$ 40,480	\$ 417,918
3 Bedroom Unit	900	\$ 452,925	\$ 40,480	\$ 493,405
4 Bedroom Unit	1,200	\$ 603,900	\$ 40,480	\$ 644,380
<b>For-Sale Units</b>				
1 Bedroom Unit	650	\$ 359,827	\$ 40,480	\$ 400,307
2 Bedroom Unit	1,065	\$ 589,563	\$ 40,480	\$ 630,043
3 Bedroom Unit	1,345	\$ 744,565	\$ 40,480	\$ 785,045
4 Bedroom Unit	1,700	\$ 941,086	\$ 40,480	\$ 981,566

1) For-rent unit sizes per Sebastopol Municipal Code 17.250.

2) For-sale unit sizes per MLS survey of all multifamily property transactions in Sonoma County in 2020, rounded.

## Affordability Gap Analysis

The differences between the total amount that each targeted income level can afford to allocate for housing (Table 3, Table 4) and the total cost of developing new units (Table 6) determines the Affordability Gap. This difference represents the fee amount that is necessary to cover the costs of

developing housing at each of the respective income levels analyzed. While other funding sources may be available to assist in mitigating this difference between affordability and development costs, these sources are very difficult to predict with accuracy moving forward.

The City’s current Ordinance has the following inclusionary requirements:

- Fifteen percent (15%) of the units shall be inclusionary units affordable to households earning 120 percent or less of AMI; or
- Ten percent (10%) of the units shall be inclusionary units affordable to households earning 80 percent or less of AMI; or
- Five percent (5%) of the units shall be inclusionary units affordable to households earning 50 percent or less of AMI.

The affordability gap for rental units is the difference between the development costs and the maximum supported debt for each income level, shown in Table 8.

**Table 8: Affordability Gap –For-Rent Units**

Income Level and Unit Type	Persons per Household	Household Income	Supportable Debt <sup>1</sup>	Development Cost <sup>2</sup>	Affordability Gap
<b>Very Low Income (50% AMI)</b>					
One Bedroom	2	\$ 45,450	\$ 114,255	\$ 342,430	\$ 228,175
Two Bedroom	3	\$ 51,150	\$ 133,890	\$ 417,918	\$ 284,028
Three Bedroom	4	\$ 56,800	\$ 153,352	\$ 493,405	\$ 340,053
Four Bedroom	5	\$ 61,350	\$ 169,025	\$ 644,380	\$ 475,355
<b>Average Affordability Gap</b>					<b>\$ 331,903</b>
<b>Low Income (80% AMI)</b>					
One Bedroom	2	\$ 72,750	\$ 208,293	\$ 342,430	\$ 134,137
Two Bedroom	3	\$ 81,850	\$ 239,639	\$ 417,918	\$ 178,279
Three Bedroom	4	\$ 90,900	\$ 270,813	\$ 493,405	\$ 222,592
Four Bedroom	5	\$ 98,200	\$ 295,958	\$ 644,380	\$ 348,422
<b>Average Affordability Gap</b>					<b>\$ 220,858</b>
<b>Moderate Income (120% AMI)</b>					
One Bedroom	2	\$ 98,600	\$ 297,336	\$ 342,430	\$ 45,094
Two Bedroom	3	\$ 110,950	\$ 339,877	\$ 417,918	\$ 78,041
Three Bedroom	4	\$ 123,250	\$ 382,246	\$ 493,405	\$ 111,159
Four Bedroom	5	\$ 133,100	\$ 416,175	\$ 644,380	\$ 228,205
<b>Average Affordability Gap</b>					<b>\$ 115,625</b>

1) Table 2.

2) Assumes a 5% vacancy and \$5,000 per unit in operating expenses including taxes, insurance, and maintenance.

3) Assumes a 1.15 debt coverage ratio.

1) Table 4.

2) Table 7.

Using the inclusionary requirements, Table 9 shows the for-sale affordability gap calculation.

**Table 9: Affordability Gap – For-Sale Units**

Income Level and Unit Type	Persons per Household	Maximum Mortgage Amount <sup>1</sup>	Allowable Down Payment <sup>2</sup>	Maximum Purchase Price	Development Cost <sup>3</sup>	Affordability Gap
<b>Very Low Income (50% AMI)</b>						
One Bedroom	2	\$ 200,118	\$ 22,235	\$ 222,353	\$ 400,307	\$ 177,954
Two Bedroom	3	\$ 225,216	\$ 25,024	\$ 250,240	\$ 630,043	\$ 379,803
Three Bedroom	4	\$ 250,093	\$ 27,788	\$ 277,881	\$ 785,045	\$ 507,164
Four Bedroom	5	\$ 270,127	\$ 30,014	\$ 300,141	\$ 981,566	\$ 681,425
<b>Average Affordability Gap</b>						<b>\$ 436,586</b>
<b>Low Income (80% AMI)</b>						
One Bedroom	2	\$ 320,321	\$ 35,591	\$ 355,912	\$ 400,307	\$ 44,395
Two Bedroom	3	\$ 360,389	\$ 40,043	\$ 400,432	\$ 630,043	\$ 229,611
Three Bedroom	4	\$ 400,237	\$ 44,471	\$ 444,708	\$ 785,045	\$ 340,337
Four Bedroom	5	\$ 432,379	\$ 48,042	\$ 480,421	\$ 981,566	\$ 501,145
<b>Average Affordability Gap</b>						<b>\$ 278,872</b>
<b>Moderate Income (120% AMI)</b>						
One Bedroom	2	\$ 434,140	\$ 48,238	\$ 482,378	\$ 400,307	\$ -
Two Bedroom	3	\$ 488,518	\$ 54,280	\$ 542,798	\$ 630,043	\$ 87,245
Three Bedroom	4	\$ 542,675	\$ 60,297	\$ 602,972	\$ 785,045	\$ 182,073
Four Bedroom	5	\$ 586,045	\$ 65,116	\$ 651,161	\$ 981,566	\$ 330,405
<b>Average Affordability Gap</b>						<b>\$ 149,931</b>

1) Table 3.

2) 10% down payment per Sebastopol Municipal Code 17.250.

3) Table 7.

## Section 3 FINDINGS AND POLICY CONSIDERATIONS

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This section presents the inclusionary unit Fee, which is calculated by following the methodology outlined in Section 1 and using the results from the affordability gap analysis detailed in Section 2.

### Fee Calculation

The supported Fees are calculated by averaging the multiplication result of the affordability gap by unit type and at affordability levels required by the City’s Inclusionary Housing Ordinance. Table 10 shows the calculation of the inclusionary equivalent in-lieu fee for each income level.

**Table 10: Inclusionary Unit Equivalent Fee Calculation**

Income Level	Inclusionary Unit Fee	
	For-Sale	For-Rent
Very Low-Income	\$ 436,586	\$ 331,903
Low-Income	\$ 278,872	\$ 220,858
Moderate-Income	\$ 149,931	\$ 115,625

Sources: Table 8 and Table 9.

The inclusionary unit fee is available to developers when a project’s inclusionary housing requirement has a fractional unit requirement. The City’s Policy states that required whole units will be constructed as part of the development and any fractional units may be rounded up to the next whole number and constructed or the project may pay an in-lieu fee for the fractional units. An example 16 unit development that opts for moderate-income inclusionary housing is required to provide 2.4 units (16 units x 15% inclusionary requirement) at prices affordable to households at 120% AMI. This project could construct two units and pay a fee of \$59,972.40 (0.4 units x \$149,931 Inclusionary Unit Equivalent Fee) if the project is for-sale and \$46,250.00 (0.4 units x \$115,625 Inclusionary Unit Equivalent Fee) if the project is for-rent or they could build three (3) affordable units.

Adopting a fee to be collected from new development should be consistent with other City policies and should not have measurable impacts on the development community.

### Housing Policy Consistency

The City updated its inclusionary housing policy in 2018. Updating the affordable housing in-lieu fee enables the City to partially mitigate affordability issues for future development by providing housing for households in the very low, low, and moderate-income categories.

The Policy requires the following for housing projects with five or more units:

- Fifteen percent (15%) of the units shall be inclusionary units affordable to households earning 120 percent or less of AMI; or



- Ten percent (10%) of the units shall be inclusionary units affordable to households earning 80 percent or less of AMI; or
- Five percent (5%) of the units shall be inclusionary units affordable to households earning 50 percent or less of AMI.

The current Policy allows developers to pay an in-lieu Affordable Housing Payment to meet the requirements for fractional inclusionary units.

### **BENEFIT TO THE CITY'S OVERALL AFFORDABLE HOUSING STRATEGY**

The revenues to be collected from an Inclusionary Housing In-Lieu Fee provide an important source of local funding; however, fee revenues do not generally cover the entire funding gap encountered by sponsors of new affordable housing. Additional funding is usually required.

Currently, affordable housing in the City is funded using a variety of financing sources, including funding provided by the City, Sonoma County, the state, or the federal government. In addition, equity is also provided directly by developers and indirectly raised through the allocation and sale of Low Income Housing Tax Credits. Finally, a portion of permanent financing comes from conventional loans obtained from private lending institutions.

In-lieu fees would augment existing affordable housing funds. The existence of a local revenue source such as impact fees can also make certain projects more competitive for outside funding.

### **FEE ADJUSTMENTS**

Similar to any impact fee, the fee should be adjusted annually for inflation and increases in construction costs. Adjustments are also needed due to possible changes in the housing affordability gap.

The City should adjust its inclusionary in-lieu fee annually by using an annual adjustment mechanism. An adjustment mechanism updates the fees to compensate for inflation in development costs. Adjusting the fee for annual inflation by the Construction Cost Index published in the Engineering News-Record (ENR) will represent the annual increases in construction costs. Cost index information for the San Francisco area, the closest geographical area to the City, should be used as the annual inflator.

In addition to revising the fee annually for inflation, the City is encouraged to update the Study every five years, or at the very least, update the housing affordability gap used in the basic model. The purpose of these updates is to ensure that the fee is still based on a cost/revenue structure that remains applicable in the Sebastopol housing market. In this way, the fee will more accurately reflect any structural changes between affordable prices/rents and market-rate sales prices/development costs.

## Conclusion

Inclusionary Housing Fractional In-Lieu Fees, along with other development impact fees, are a necessary tool to allow development to ‘pay its own way’ and offset the impacts created by new development. The revenues generated by the in-lieu fees, in conjunction with other funding sources, can help mitigate the City’s affordable housing need. Fractional in-lieu fees allow developers to meet City requirements when building additional units may not be an option.

RESOLUTION NO. 21-001

RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF SEBASTOPOL  
RECOMMENDING THE CITY COUNCIL ADOPT  
DEVELOPMENT IMPACT FEE UPDATES

WHEREAS, the City of Sebastopol ("City") provides a variety of services and amenities to its residents, businesses, and visitors, such as parks, bicycle and pedestrian and roadway infrastructure, water and sewer services, and fire and police protection; and

WHEREAS, new residential and nonresidential development increases the demand for the services and amenities that the City provides, burdening existing facilities and infrastructure; and

WHEREAS, the City's Municipal Code, Chapters 3.32 and 3.36 authorize the City to improve fees on new development to finance the capital costs of new development's fair share; and

WHEREAS, the City completed a comprehensive General Plan update with adoption of a new General Plan on November 15, 2016; and

WHEREAS, the General Plan includes several Policies and Actions related to Development Impact Fees, including:

**Goal CIR 1:** *Provide a Transportation System that Promotes the Use of Alternatives to the Single-Occupant Vehicle and Facilitates the Efficient and Environmentally Responsible Movement of People and Goods Within and Through the City of Sebastopol*

**Policy CIR 1-1:** Ensure that the City's circulation network is maintained and improved over time to support buildout of the General Plan in a manner that is consistent with the General Plan Circulation Map.

**Policy CIR 1-5:** When analyzing impacts to the circulation network created by new development or roadway improvements, consider the needs of all users, including those with disabilities, ensuring that pedestrians, bicyclists, and transit riders are considered preeminent to automobile drivers.

**Policy CIR 1-18:** Consider the impacts of traffic and land use growth on the road network, especially in downtown Sebastopol, when evaluating proposals for new development.

**Action CIR 1g:** Update the City's Traffic Impact Fee (TIF) schedule to include, as appropriate, the roadway improvements necessary to support buildout of the General Plan.

**Goal CIR 4:** *Ensure that a Combination of Managed Growth and Adequate Funding Mechanisms are in Place to Complete Future Improvements on the Local and Regional Circulation Networks*

**Policy CIR 4-1:** Ensure that the rate of land use and population growth in Sebastopol is consistent with the ability to provide adequate transportation services.

**Policy CIR 4-2:** Require new development to contribute its proportional cost of circulation improvements necessary to address cumulative transportation impacts on roadways throughout the city, as well as the bicycle and pedestrian network.

Action CIR 4a: Maintain and routinely update the City's Development Impact Fee Program to cover the cost of mitigating development's share of improvements on non-regional and regional routes, as well as the cost of maintaining Sebastopol's identified service and/or performance standards.

**Goal CSF 2:** *Provide a Diversified and High Quality Public Park and Trail System that Provides Active and Passive Recreational Opportunities for All Segments of the Community and Provides Enhanced Connectivity Between Key Residential, Commercial, and Recreational Areas of the City*

**Policy CSF 2-1:** Work aggressively to achieve and maintain a park standard of a minimum of one acre per 200 residents in order to meet the City's recreation needs, with developed parkland calculated at 100% of acreage, and dedicated open space areas owned by the City or subject to a permanent open space easement calculated at 25% of acreage.

Action CSF 2l: Update the Municipal Code to establish minimum parks and open space standards for new development. At a minimum, the standards shall seek to maintain one acre of park land per 200 residents through provision of land, improvements, or payment of in-lieu fees. Additional measures may include requirements to establish assessment or tax districts to fund park maintenance, or open space requirements.

Action CSF 2n: Periodically review, and if necessary update, the City's Park and Traffic Impact Fees in order to ensure that new development continues to provide a fair-share contribution towards parks, trails, and recreation facilities.

**Goal CSF 5:** *Provide Effective, High Quality, and Responsive Police and Fire Services to All Areas of the City*

**Policy CSF 5-2:** Provide adequate support to the Sebastopol Fire Department to maintain adequate staff, equipment, and response times to provide fire protection and emergency medical response services to existing and future residents.

**Policy CSF 5-4:** Ensure that new development is served with adequate water volumes and water pressure for fire protection.

Action CSF 5c: Consider creating a public safety impact fee to ensure that new development addresses its public safety effects. Periodically review and revise the fee structure for the Fire Protection Fund as necessary. And,

WHEREAS, the City has commissioned a Development Impact Fee Program report and update to the City's fees, analyzing the impacts of new development on City facilities, including Parks, Government Facilities, Fire Facilities, Traffic, and Stormwater Facilities; and

WHEREAS, the Planning Commission held a duly-noticed public meeting on August 25, 2020 to hear a presentation, hear public testimony, and provide direction to staff and the consultant regarding the development of this study and associated fees; and

WHEREAS, the Planning Commission held a duly-noticed public meeting on January 26, 2021 to hear a presentation, hear public testimony, and deliberated on the

NOW, THEREFORE, THE PLANNING COMMISSION DOES HEREBY ADOPT THIS RESOLUTION recommending the City Council adopt the proposed Development Impact Fee Study and update the associated fees.

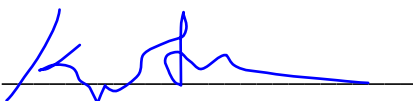
Approved on January 26, 2021 by the following vote:

AYES: Chair Fernandez, Vice Chair Fritz, Commissioners Douch, Kelley, Lindenbusch, and Oetinger

NOES: None

ABSTAIN: None

ABSENT: Commissioners Anderson and Haug

Certified: 

Kari Svanstrom, Planning Director

City Council

Mayor Una Glass  
Vice Mayor Sarah Gurney  
Patrick Slayter  
Neysa Hinton  
Diana Gardner Rich



Planning Director

Kari Svanstrom

Associate Planner

Alan Montes

Senior Administrative Assistant

Rebecca Mansour

## City of Sebastopol Planning Commission Staff Report

Meeting Date: January 26, 2021  
Agenda Item: 6A  
To: Planning Commission  
From: Kari Svanstrom, Planning Director  
Subject: Development Impact Fee Update  
Recommendation: Receive report and provide input to staff, recommend approval to Council

### Introduction:

These fees are charged by local governments on new development projects for the purpose of providing new or expanded public capital facilities required to serve that development. A Development Impact Fee Study, which show the relationship (called a “nexus”) between the fees collected and their impacts on the City’s infrastructure, is required under State law when an agency imposes an impact fee.

At its August 25, 2020 meeting, the Planning Commission received an overview of the City’s Development Impact Fees (DIF), and also discussed and provided feedback for the consultant team and staff. The Planning Commission discussed the various inputs, such as level of development anticipated over the study’s time frame. This information has been incorporated into the draft Development Impact Fees as shown in the attached tables. The consultant, Harris & Associates, will present the draft fees for discussion by the Commission. The consultant will also present a comparison with the City’s current fees and with the fees of other area communities.

Once the Commission has reviewed and recommends approval (with any adjustments), the City Council will hold a public hearing for approval of the fees.

### Discussion:

The City’s current Development Impact Fees include the following:

- Traffic
- Park (Acquisition and Development)
- Water
- Sewer
- Wastewater Retrofit (to be removed from fee schedule)
- Annexation fees (a proportion of the above fees)

- Affordable Housing Linkage (for Commercial and Industrial uses, based on a County-level study) and Affordable Housing In-lieu (up to date, so not being updated by this study)

Additionally, the study is looking at various new fees that most City's charge to new development which the City does not currently have, but can charge under State Law. These fees include:

- General Government (city buildings)
- Fire Facilities (including capital equipment such as fire engines and equipment)
- Storm Water Facility
- Administration costs (Staff and consultant costs in administering and updating studies as required by State Law)

All of these fees help pay for the costs of increasing infrastructure capacity for various city services needed due to the new development.

The fees are developed using the City's adopted General Plan, Capital Improvement Plan, and other adopted Master Plans (Water, Wastewater, Bicycle and Pedestrian Master Plan, Pedestrian Safety plans), which outline improvements needed to accommodate growth in the City. Costs for these projects, or portions of the cost associated with the increase in capacity to the infrastructure, are then attributed to the different types of development based on the impacts to infrastructure. For example, traffic impacts differ for different types of development between commercial and residential development. Similarly, some uses, such as residential and hotels, have impacts on parks while others, such as commercial, office, and industrial uses, have minimal impacts on park use.

After analysis, staff and the consultant are recommending that Administration costs (up to 5%) and Library Impact fees not be included at this time. This is in an effort to keep the cost increases at a level that does not hinder new development. Additionally, as the Library is part of a joint powers authority (JPA), there is a potential that a county-wide measure could support new library construction/expansion. These fees could be included in a future study.

The other fees are proposed to be updated as follows. Please note that water and sewer connections for non-residential development are based on meter size and not square footage.

Storm Water fees are proposed to be charged at \$1.44 per square foot of impervious surface (including structures, driveways, pools, etc.) This is similar to Healdsburg, which charges \$1.32/SF of hard surface for certain construction types. The Storm Water fee would also be imposed on additions, pools, new accessory structures, etc. for existing developments. Any 'redevelopment' of existing sites would be charged only for net increase in impervious areas.



Single Family (Attached/Detached) Comparison (per Unit)

Fee	Current Fee	Proposed Fee	Increase
Park Fees	\$ 6,500	\$ 13,111	102%
General Government	n/a	\$ 2,934	n/a
Fire Facilities	n/a	\$ 975	n/a
Traffic Impact	\$ 4,040	\$ 8,066	100%
Storm Water Facilities	n/a	\$ 5,502	n/a
Water	\$ 5,040	\$ 10,346	105%
Sewer	\$ 16,815	\$ 4,550	-73%
<b>Total</b>	<b>\$ 32,395</b>	<b>\$ 45,484</b>	<b>40%</b>

Multifamily (Condos/Apartments) Comparison (per Unit)

Fee	Current Fee	Proposed Fee	Increase
Park Fees	\$ 5,580	\$ 8,935	60%
General Government	n/a	\$ 2,000	n/a
Fire Facilities	n/a	\$ 665	n/a
Traffic Impact	\$ 3,921	\$ 4,563	16%
Storm Water Facilities	n/a	\$ 2,830	n/a
Water	\$ 5,040	\$ 10,346	105%
Sewer	\$ 16,815	\$ 4,550	-73%
<b>Total</b>	<b>\$ 31,356</b>	<b>\$ 33,889</b>	<b>8%</b>

Commercial Comparison (per 1,000sf)

Fee	Current Fee	Proposed Fee	Increase
Park Fees	n/a	n/a	n/a
General Government	n/a	\$ 1,076	n/a
Fire Facilities	n/a	\$ 357	n/a
Traffic Impact	\$ 5,369	\$ 12,417	131%
Storm Water Facilities	n/a	\$ 2,887	n/a
<b>Total</b>	<b>\$ 5,369</b>	<b>\$ 16,737</b>	<b>212%</b>

Office Comparison (per 1,000sf)

Fee	Current Fee	Proposed Fee	Increase
Park Fees	n/a	n/a	n/a
General Government	n/a	\$ 2,366	n/a
Fire Facilities	n/a	\$ 786	n/a
Traffic Impact	\$ 2,711	\$ 9,370	246%
Storm Water Facilities	n/a	\$ 2,887	n/a
<b>Total</b>	<b>\$ 2,711</b>	<b>\$ 15,409</b>	<b>468%</b>

Industrial Comparison (per 1,000sf)

Fee	Current Fee	Proposed Fee	Increase
Park Fees	n/a	n/a	n/a
General Government	n/a	\$ 237	n/a
Fire Facilities	n/a	\$ 79	n/a
Traffic Impact	\$ 1,920	\$ 5,133	167%
Storm Water Facilities	n/a	\$ 2,887	n/a
<b>Total</b>	<b>\$ 1,920</b>	<b>\$ 8,336</b>	<b>334%</b>

Hotel Comparison (per Room)

Fee	Current Fee	Proposed Fee	Increase
Park Fees	\$ 2,600	\$ 3,701	42%
General Government	n/a	\$ 473	n/a
Fire Facilities	n/a	\$ 157	n/a
Traffic Impact	\$ 391	\$ 4,889	1150%
Storm Water Facilities	n/a	\$ 3,144	n/a
<b>Total</b>	<b>\$ 2,991</b>	<b>\$ 12,364</b>	<b>313%</b>

**Considerations for Smaller Units**

Similarly, as discussed previously with the Commission, smaller residential units have less impact than larger homes (fewer people residing in smaller units, and/or fewer services needed to maintain the unit). The City Council and Planning Commission had previously recognized this when it adopted a program to ‘discount’ fees for smaller units. This program currently includes multiple categories that relate to the type (single family vs multiple family), size (square footage or “SF”) and number of bedrooms, which is a complex methodology. At its August meeting, the Planning commission directed staff to instead transition to a methodology that provides a discount for smaller homes on a square foot basis.

Staff and the consultant have analyzed this methodology based on the average size of a new single family home in the City, which is 1,750 square feet, and recommends the following:

- The full fees would be applied to any unit at or above the median home size.
- Units smaller than the median home size would be discounted based on relative square footage compared to the average.
- If a home takes advantage of the discounted fee, any future addition would be charged impact fees based on the square footage discount. The fees would be applied based on the fees in effect at the time of the addition (as this accounts for escalation) for the addition, up to the median home size (full fee).

This methodology will greatly simplify the application of Impact Fees, while still providing an incentive and cost reduction for smaller housing units.

Multi-family fees are already discounted in the calculation methodology based on its more compact development and assumed fewer people per units. Additionally, discounting multi-family units based on smaller square footage would likely discourage units for families.

**Comparison of Fees**

The total Impact Fees for a full-sized single family residence in Sebastopol is currently \$32,395, and the fee for Multi-family is \$31,356. The proposed fees would increase to \$45,484 for single family units, and \$33,889 for multi-family units.

Sebastopol’s current fees, which have not been updated for some time, are relatively low compared to other area communities. The proposed fees for Sebastopol are in line with other cities, which range from approximately \$28,700 (Healdsburg) to \$48,700 (Cotati):

	Admin / Gen Gov	Parks	Traffic	Storm Drainage	Fire	Water	Sewer	Plan Area/Misc	Total
<b>Single Family Dwelling Unit</b>									
Santa Rosa	\$ 8,911	\$ 15,957	Included in Admin	Included in Admin	n/a	\$ 6,242	\$ 8,120	N/A	\$ 39,229
Cloverdale	\$ 5,999	\$ 10,827	\$ 7,244	\$ 238	\$ 1,405	\$ 6,726	\$ 10,437	\$ 106	\$ 42,982
Petaluma	\$ 6,376	\$ 8,665	\$ 16,034	Footnote x	n/a	\$ 4,082	\$ 8,384	N/A	\$ 43,541
Sonoma	\$ 966					\$ 4,260		\$ 614	
Cotati	N/A	\$ 15,000	\$ 6,378	n/a	n/a	\$ 8,533	\$ 16,638	\$ 2,150	\$ 48,698
Rohnert Park	\$ 27,917	Included in Admin	Included in Admin	Included in Admin	Included in Admin	\$ 3,504	Included in Admin	\$ 12,319	\$ 43,741
Healdsburg	N/A	\$ 3,108	\$ 3,108	\$ 3,348	\$ 193	\$ 6,860	\$ 10,591	\$ 1,473	\$ 28,681
<b>Average</b>	<b>\$ 8,615</b>	<b>\$ 10,909</b>	<b>\$ 9,185</b>	<b>\$ 2,455</b>	<b>\$ 910</b>	<b>\$ 5,530</b>	<b>\$ 10,659</b>	<b>\$ 3,332</b>	<b>\$ 41,145</b>
<b>Proposed Sebastopol Fees</b>	<b>\$ 2,934</b>	<b>\$ 13,111</b>	<b>\$ 8,066</b>	<b>\$ 5,502</b>	<b>\$ 975</b>	<b>\$ 10,346</b>	<b>\$ 4,550</b>	<b>\$ -</b>	<b>\$ 45,484</b>
<b>Multifamily Dwelling Unit</b>									
Cloverdale	\$ 4,428	\$ 7,991	\$ 1,852	\$ 63	\$ 1,374	\$ 4,964	\$ 7,703	\$ 104	\$ 28,479
Petaluma	\$ 4,292	\$ 5,840	\$ 9,842	\$ 344	n/a	\$ 4,082	\$ 5,551	N/A	\$ 29,951
Sonoma						\$ 4,260		\$ 546	
Cotati	N/A	\$ 12,500	\$ 6,378	N/A	N/A	\$ 8,533	\$ 16,638	\$ 2,150	\$ 46,198
Rohnert Park	\$ 17,322	Included in Admin	Included in Admin	Included in Admin	Included in Admin	\$ 2,258	Included in Admin	\$ 12,319	\$ 31,899
Healdsburg	N/A	\$ 2,137	\$ 3,108	\$ 1,320	\$ 193	\$ 4,305	\$ 9,532	\$ 878	\$ 21,473
<b>Average</b>	<b>\$ 6,788</b>	<b>\$ 7,679</b>	<b>\$ 5,851</b>	<b>\$ 1,377</b>	<b>\$ 824</b>	<b>\$ 4,233</b>	<b>\$ 9,154</b>	<b>\$ 3,199</b>	<b>\$ 31,600</b>
<b>Proposed Sebastopol Fees</b>	<b>\$ 2,000</b>	<b>\$ 8,935</b>	<b>\$ 4,563</b>	<b>\$ 2,830</b>	<b>\$ 665</b>	<b>\$ 10,346</b>	<b>\$ 4,550</b>	<b>\$ -</b>	<b>\$ 33,889</b>

Rohnert Park general fee includes sewer, water, and public facilities. Does not include water capacity fee.  
 Healdsburg MF drainage is \$1.32/sf of hard surface. Used 1,000sf  
 Petaluma drainage is \$1,500/acre for SFR, \$4,500/acre for MFR

**Public Comment:**

No public comments have been received as of the writing of this staff report. Staff has notified interested parties/developers of the prior meeting and this meeting. The City Council Public Hearing will be noticed as required by the Zoning Ordinance.

**Recommendation:**

Receive the report, discuss the draft fees and provide any input to staff / consultant team. If the Planning Commission consensus is that the proposed fees are appropriate, approve the resolution recommending the Development Impact Fee Study and updates to City Council.

**Exhibits:**

Resolution Recommending Approval to City Council

**Attachments:**

Comparable Cities  
 Staff Report and Minutes from August 25, 2020 Planning Commission meeting



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PLANNING COMMISSION  
REGULAR MEETING OF: January 26, 2021

### APPROVED MINUTES

PLANNING COMMISSION  
CITY OF SEBASTOPOL  
MINUTES OF January 26, 2021

#### **PLANNING COMMISSION:**

The notice of the meeting was posted on January 21, 2021.

**1. CALL TO ORDER:** Chair Fernandez called the meeting to order at 7:00 p.m.

**2. ROLL CALL:**

**Present:** Chair Fernandez, Vice Chair Fritz, and Commissioners Kelley, Lindenbusch, Douch, and Oetinger  
**Absent:** Commissioners Haug & Anderson (excused)  
**Staff:** Kari Svanstrom, Planning Director

Chair Fernandez read an opening statement.

**3. APPROVAL OF MINUTES – December 08, 2020**

Vice Chair Fritz made a motion to approve the minutes as submitted.

Commissioner Oetinger seconded the motion.

**VOTE:**

**AYES:** Chair Fernandez, Vice Chair Fritz, and Commissioners Kelley, Lindenbusch, Douch, and Oetinger

**NOES:** None

**ABSTAIN:** None

**ABSENT:** Commissioners Haug and Anderson

**4. COMMENTS FROM THE PUBLIC ON ITEMS NOT ON AGENDA:** None.

**5. STATEMENTS OF CONFLICTS OF INTEREST:**

**6. REGULAR AGENDA ITEMS:**

- A. DEVELOPMENT IMPACT FEE STUDY** – This item is to review the draft Development Impact Fees for the update that is underway, discuss and provide any direction to staff and the consultant, and adopt a Resolution recommending the draft fees to City Council. This item was first discussed by the Planning Commission on August 25, 2020.

Director Svanstrom provided a brief introduction and introduced consultant, Nick Kral of Harris & Associates who then presented.

The Commission asked questions of Director Svanstrom and Mr. Kral.

**Kathy Oetinger, Commissioner**

I am looking at Healdsburg, and they are probably lower than average, and I am wondering when the last time they updated their fees was? Are we average because we are just updating our fees now, or because other people have not?

**Nick Kral, Harris & Associates**

Both. I believe Healdsburg's study was 10 years older, or more. It is not uncommon for these studies to be over 10 years old, that is extremely common. I believe they have not updated it in a very long time. I would have to pull it again to look, I could have looked before I just did not think about it. We are going to be a little bit higher because we are a newly updated study.

**Kari Svanstrom, Planning Director**

One of the other dynamics that I know, Healdsburg is different from a lot of the other cities is that they get an enormous amount of funding from TOT taxes. For instance, and this is not in their development impact fees, but their entire parks department is funded through TOT, so they do not have any general plan funding for that. I do not know how they use the TOT taxes in other areas of the budget, but I do know that they are sort of an outlier in that regard, they have a lot of TOT taxes to support a lot of the things the city does.

**Nick Kral, Harris & Associates**

If you look at our park fees as a comparison, our park fee is \$10,000 higher than theirs is so if they are using their TOT to fund parks, that will explain that massive gap and why the park funding is so different. It is not like the land cost is cheaper in Healdsburg, they find other funding sources.

**Luke Lindenbusch, Commissioner**

Is there a reason why the water fee is relatively high in comparison?

**Nick Kral, Harris & Associates**

I can actually show you a full list of all the facilities planned if you guys are interested in those? We went through it with Public Works. You can see with the project costs that there are a lot of expensive projects coming up, \$12.5 million in projects for a city the size of Sebastopol is quite a bit. The largest projects are a well improvement and a water main loop. Upon discussion with Public Works, all the water comes in at one point in the city and there is not a loop for pressure. The way it was described to me, and I am not an engineer, is if the wrong fire hydrant gets hit, nobody will have water. \$3.5 million of the

\$12.5 million dollars in projects total will help everybody have more consistent water pressure, will be better overall better for the city, more reliable, and all those things that everybody expects out of their water system.

**Kari Svanstrom, Planning Director**

As we learned in August, the development impact fees cannot be used for maintaining or replacing with existing, they can only be for increasing capacity. Particularly in this list, you see a lot of replacing a small pipe with larger pipe that is needed, increasing the main sizes, those types of things, the water main loop is part of supporting additional development, but it is only allocated at 50% to new development because the other portion of it is to support the improved conditions for the existing development in town. Mr. Kral has gone through with each of the relevant department heads to look at what things are for new development versus maintenance, to understand appropriate allocations.

**Nick Kral, Harris & Associates**

The Well #4 upgrade, where it says replacing well for additional capacity, that item would probably need to be serviced and maintained anyway, while we are in there upgrading it, we can upgrade it and get more water out of the same well, which is why 50% of the cost can be allocated to new development, and 50% to the existing city.

**Paul Fritz, Vice Chair**

I have a question related to that. The reference to Pleasant Hill condos sounds like a very specific project for a very specific development. How does new development that has nothing to do with the Pleasant Hill condos end up paying for an improvement at the Pleasant Hill condos?

**Nick Kral, Harris & Associates**

That is just what the naming convention of the project is. The main point of this is to dial back. When Public Works looks at this in 3 years and let us say no one in the Public Works Department is still there, they can look up Pleasant Hill condos and understand where the exact water main is, along with the technical details that go along with it. While the CIP shows exact details, this is more to make it easier for us to understand. I do not have all the specific engineering schematics, but I believe that that would be improving the water main that runs along the Pleasant Hill condos water line.

**Kari Svanstrom, Planning Director**

Vice Chair Fritz, I take that comment as really good input that we may want to modify the names of some of these, so it does not sound like it is just for one project. Staff has shorthand for the water mains that go through certain areas.

**Paul Fritz, Vice Chair**

That jumped out to me as a question of why we would be fixing their water main issues?

**Nick Kral, Harris & Associates**

We will change the name to the name of the actual street.

**Linda Kelley, Planning Commissioner**

In the graphs, the sewers broke out separately under dwelling units, but not for commercial, office, or hotel. Why is that?

**Nick Kral, Harris & Associates**

With nonresidential development, it is based on the water meter in size. Because residential development pretty much all uses the same water meter, we can make the estimate of what the average water meter going in and the average sewer line going out, it is going to look like for residential development. For stuff that is larger, for instance, if you are putting in a brewery that is running an 8" water line in, they are going to dump a lot of water in the sewer system. Because of this, the sewer charges are run proportionately to the water meter size, which can vary based on what you plan on putting in. While a small retail shop might have a standard water line running into it, that is a ¾" or maybe even a 1", something that is a large restaurant might have a 1 ½" or a 2" water line, depending on the size, it would have a completely different water demand.

**Linda Kelley, Planning Commissioner**

I do not understand. If it is a fee for proposed construction, why isn't it broke out as well for the commercial, office, or hotel? It must be accounted for someplace, I would imagine, because everyone pays their fair share for sewer.

**Nick Kral, Harris & Associates**

Displayed the water comparison charts side by side. Those were broken out because they are a specific item. It can be confusing.

**Kari Svanstrom, Planning Director**

What we may want to do in the charts, for say commercial and office, is put in the line for sewer and water and instead of putting in a number, putting based on meter size, so if someone is looking at doing a retail store and they look at this chart, they know that there is a fee, they have to reference the other table, otherwise they might think there is no water or sewer fee for commercial.

**Nick Kral, Harris & Associates**

No, it is spelled out differently in the nexus study. These comparison charts are mostly just for our purposes here today. The nexus study will not have these comparison charts in there because that is not a standard item that is offered. The actual published document will not have these exact tables in there. It looks slightly different in the way that the total fee summary is done.

**Evert Fernandez, Chair**

I have a question on the city comparison chart. In doing the different comparisons, I noticed that some of the cities say for traffic storm drains, etc. is included in the admin cost.

**Evert Fernandez, Chair**

That throws things a little askew as far as really comparing admin costs because what that includes varies. Looking at those numbers in comparison may not be an accurate representation.

**Nick Kral, Harris & Associates**

Yes, the way Rohnert Park does their fees especially, they just make a single fee, if you are doing a single family it is a set amount. There is a plan area fee based on the specific area of town you build in. They tried to make it as easy as possible for a developer coming in by creating a single-family impact fee, which makes it easy to read, but also difficult to read for the specific circumstances that we are in today. If you just go off the total at the end, it does make a little more sense, but the fact that their general government fee comes to \$28,000 makes ours look really, really cheap, when in reality, at the end of the



day, we are all charging \$40-\$45,000 dollars. It is a little misleading though, you are right Chair Fernandez.

**Paul Fritz, Vice Chair**

Do you have the proposed traffic impact projects, I would be curious to see what those are?

**Nick Kral, Harris & Associates**

Quite a bit of it is for intersection improvements along 116, which could be signals or roundabouts, and then there are some other pedestrian improvements. We put in a couple of placeholders because we do know down the road that we are going to need them. We just do not know the timing on these General Plan projects for Willow and Abbott. Because we do not have a specific timeline on them, they did not get included as costs. If we do an update in a couple years, because nobody knows what the future is going to look like with development right now, if there is more development than we think and we find there is a need, we can do an update to these and include these costs into this if that becomes something that is necessary in the near future.

**Kari Svanstrom, Planning Director**

What we got from the Commission at the last meeting was we are probably not going to get to the infrastructure of any annexation outside of town. We know the South Gravenstein Highway area really needs to have an infrastructure study done. The sewer is the big challenge, it is downhill from the one pipe we have going under the Highway 12 bridge. The infrastructure to get it up there is a pretty big lift, literally, against gravity, including a lift station. We do not know what exactly that would look like, we have not done the planning for that. With the development scenario that we talked about in August, that is not likely to happen in the next 5 years before we update this study, so we simply left all of the sphere of influence development out of this study, therefore we also left those projects out of this study. Willow Street is an extension from Main Street to Petaluma Avenue that would go through parking lots in that area and would potentially require right-away acquisition, but with the amount of commercial and office development assumptions that were reduced in August, and because of the economic outlook, unless there is significant downtown development to support that type of a project or the need for that type of a project, we keep it as a placeholder so we know in our mind that that is a project for when development intensifies on the commercial front.

**Paul Fritz, Vice Chair**

The Abbott Avenue extension makes me wonder if that should be looked at again because my recollection of that extension was that it would have gone through what is now the Davis Townhomes project. I think it was supposed to connect over to the intersection of Murphy, which seems less likely that these townhomes are under construction.

**Kari Svanstrom, Planning Director**

I can address that because I have had several conversations recently and you are correct, staff's assumption is that that might be a dead project. However, and I will report on the Benedetti car wash later, but one of the things that came up in Council during that hearing was the desire to have at least a portion of Abbott Avenue extended to support potential redevelopment in the area. The Benedetti site is happening, there is a vacant manufacturing lot south of there, and then just east of Benedetti is the Ford building. I see that the owner of the Ford Building, Huck, is on this call so he might have some input. To be able to access that, and then of course the Sebastopol Inn adjoining that is now going to be residential. The road may not go all the way through but would likely go through to somewhere in the Ford property. Whether it would go through to Sebastopol

Avenue or have some sort of turnaround is not known. I wanted to make sure we get this cost into the study because it could actually happen sooner rather than later, given the development. Especially the connection up to the trail in that area, bicycle, and pedestrian, even if it's not the full roadway portion of it. \$153,000 is allocated to that. We do have a portion allocated to the development impact fee study to support that project.

**Nick Kral, Harris & Associates**

I believe that is correct, I think that was a typo on my part.

**Paul Fritz, Vice Chair**

I know we talked a little bit about this last time, the idea of the vehicle miles traveled, and I know that the County is doing a study, and I cannot remember, is there an update on the vehicle miles traveled analysis?

**Kari Svanstrom, Planning Director**

That is something that is still pending. We, like most other smaller communities, and there's still only a handful that have adopted actual VMTs. What Sonoma County has done, and I believe it is completed, is a travel model that looked at and got us to what are the vehicle mile averages throughout. We do have that metric and we will be using that as we evaluate projects. The vehicle mile travel regulations require you to analyze a project in comparison and be better than the average for your town. We know what those numbers are now because of the SCTA cover model that was done so we have that for evaluating in the interim.

**Paul Fritz, Vice Chair**

Since we had this presentation in August, and the subsequent presentation on the RHNA numbers, we talked about development and the likelihood of development and I am wondering, do the RHNA allocations have to impact this in any way, or is that a separate issue?

**Kari Svanstrom, Planning Director**

You are right in that we do want to make sure that what we are assuming for development versus what the real number is are in the same ballpark. I think we are there now. I think we might have adjusted one of the numbers upwards by about 25 units, or so. If Mr. Kral has that information available, he can pull up the assumptions. It is fairly similar to what we were looking at before. I just calculated the fees a month ago for an ADU that was larger than 750 square feet and it basically ends up being similar to a small housing unit. Just to note, we consider single-family attached, like the Davis Townhomes project, which is now known as Barlow Crossing Townhomes, those are considered in the single-family category, not multifamily. That number does not just represent detached single-family homes.

**Evert Fernandez, Chair**

On page 2, you refer to the different fees, general government, fire facilities, stormwater, and administration costs. I did not see anything for the administration cost on there which says it is for staff and consultant costs. Is that part of general government, or am I missing that?

**Kari Svanstrom, Planning Director**

There are actually a couple of additional fees that we could have charged. One was a library impact fee, the other is the ability to charge for the cost of the study, and for staff's costs for administering it. I believe it is up to 5%. There were two things when we looked at that. One, the library was a very, very small amount compared to what it would

take to do a new library. Libraries generally get done on a much larger general obligation bond scale. When going over the fees we were wanting to be in the neighborhood of our neighbors so higher fees do not send developers away from wanting to build here. There is a balancing act for that. Then, for the administrative costs, we felt that would push it up. If we get the full 5%, we could always do 1 or 2%. We did want to include it in the study. This is a significant step for single-family and commercial development. We did not want to increase it anymore at this step. As we update any resolutions and ordinances, we want to make sure that there is the potential to do in the future should the City want to.

**Evert Fernandez, Chair**

What about general government? Are their projects that are in mind, or is that for maintenance? What is the idea behind that?

**Nick Kral, Harris & Associates**

It cannot be used for any maintenance, or any existing deficiencies like that. If you currently need new Public Works trucks, for example, it cannot be used for that current need, it is to be used for future needs only. Right now, it is being done on what is called a level of service standard. We took the existing value, this will all be in the actual nexus study as well so there is nothing secrete here, of course. We took the current value of City Hall, the Corporation Yard, Senior Center, Police Station, and other City facilities, and vehicles we took that and divided it by the current number of people being served, not just residents, but employees as well to come to a cost per person. That money does not have a specific spending plan right now, but it is going to be used for things that become identified projects as part of the funding.

**Kari Svanstrom, Planning Director**

Even though we do not have specific solutions yet, we do not have a facilities master plan, I think there is a recognized need as the community grows. If staff grows, community interest increases, etc. those are the types of things in the long term that lead you to look at facility expansions and relocations.

Hearing nothing further, Chair Fernandez opened public comment.

**PUBLIC COMMENT**

**Kari Svanstrom, Planning Director**

We received a question from Piazza Hospitality about whether this would impact the fees for their Hotel Sebastopol project. The developer has a fee agreement with the City, the City has locked in their fees, so they would not be impacted by this.

**A member of the public**

The definition has single-family and multifamily. Multifamily has condos and apartments, and single-family has attached and detached. Where would townhomes fall in that definition?

**Kari Svanstrom, Planning Director**

A townhome, where they have their own water/sewer connections would be considered single family as they do not usually have a shared sewer or water, they all have separate meters and things like that. For condos, the building often has one water meter. We consider townhomes to be single-family attached. A condo would be considered multifamily. That is really related to the size of the units, and also how the utilities end up getting structured for those.

**Evert Fernandez, Chair**

Hearing nothing further, Chair Fernandez closed public comment, and asked what the Council's process for this would be.

**Kari Svanstrom, Planning Director**

Once the Planning Commission has reviewed this, if you sign off on this tonight by adopting the resolution, we will go ahead and get it scheduled for Council. The Council agendas are in a bit of flux right now because we are trying to balance a lot of different things. It would likely be a March meeting. We will either do it as a study session at a hearing, but it may be that we just do it all in one and have the public hearing after the study session. I know Harrison & Associates usually does that in two meetings.

**Nick Kral, Harris & Associates**

We can typically do it in one meeting, as far opening public comment and allowing City Council comment. By that point, the actual study is completed, and they are going to be viewing the final document. Then, if everything goes as planned, you will have a second meeting for adoption because the fees take two readings to get through. The fees go into effect 60 days after the second City Council meeting.

**Kari Svanstrom, Planning Director**

The first reading is usually where all the public comment come in. Usually, second readings are on consent because they have incorporated all the changes that Council wants at that point.

**Evert Fernandez, Chair**

Are there further questions from the Commission? If not, I will entertain a motion for approval, and we can still have discussion after that.

**Paul Fritz, Vice Chair**

I appreciate the inclusion of discounts for smaller units. I think that is a good thing and I hope that will encourage people to build more efficient, smaller units. I think that is a good thing to include. I do have some concerns about us being one of the highest total fees in the county, but given your explanation, I see why that is, because we are just adopting, we are going to be towards the high end. I do not have any other concerns.

**Nick Kral, Harris & Associates**

If we took out the City of Healdsburg from that comparison, realistically we would probably be right about market. They are below market, which because the whole thing is looking at five or six cities, having one that is half of everybody else's fee makes everybody else look expensive.

**Kari Svanstrom, Planning Director**

That comparison chart, Vice Chair Fritz, is why we decided to not incur the administrative costs at this point, it is already going to be a jump. It is always nice to phase fees in if you can in that way, and since this is sort of a big, needed, but a significant course correction, we didn't want to make it too onerous.

**Paul Fritz, Vice Chair**

Yes, it is a big increase all at once.

**Kari Svanstrom, Planning Director**

I want to note a couple of points to reiterate on the fees for the smaller homes. If someone comes in to do a 1,000 sq. ft. home, we are looking at getting online permitting,

we would be able to track if that person has gotten a discount. What Mr. Kral kept reminding me, which I was not thinking previously was, the discount when you are doing a project needs to be made up from somewhere else. It ends up being made up from the General Fund. There is definitely a sense that both Council and the Commission want to support the smaller, more affordable by design homes, not big mansions. Less than 1,750 sq. ft. gets a discount which really supports that. We would be tracking units that get discounts, so if that property later does an addition, they will have to make up the impact fee for the expansion of that home to be the full impact fee at the time for the per sq. ft. discount. I think that is fair, and helpful if you think about, if someone comes in and builds a smaller home, but then they want to expand for their family, it helps them grow their home over time. That would impact an existing home in the future. Right now, none of our development impact fees impact existing homes of any sort, or commercial development unless they are doing a change of use from one category to another. The other fee that would impact existing development is the stormwater facility fee. Because that is being charged on new sq. ft. of impervious surface. I want to be clear; we are not going to go around and be driveway police, or if someone puts a new walkway in, that is not how we would manage this. We would administer this based on if someone came in for something that required a building permit, say a swimming pool, which is a significant impervious surface, or a large addition, or addition. The one thing I was curious to hear from this Commission on is whether there is a threshold below which it would not make sense to you. Such as a 100 sq. ft. addition to bump out their utility room, create an atrium, or any number of things. Is there a certain square footage below which you think the City should not bother?

**Paul Fritz, Vice Chair**

That seems like that does make some sense. I do not know exactly what it should be. A percentage could work. If you are currently covering 25% of your lot, and you are going to end up covering 27% of your lot in the end, that is probably fine. But if you are going from 25% to 40% lot coverage, that is a significant change. I do not know what exactly the right number is, but it seems like there should be something.

**Kari Svanstrom, Planning Director**

It will be far easier to do this on a threshold square footage. For instance, they do not charge the school fee unless it hits 250 or 500 sq. ft., something like that. I do not think it should be 500 sq. ft. because that is a significant amount of impervious surface. You know, that is the whole swimming pool basically. Staff will probably have to calculate that because the average homeowner will need help to calculate what their existing impervious surface is. For administration purposes, if we could go with square feet, below which we are not going to worry about it, that would be fine.

**Paul Fritz, Vice Chair**

What do other cities typically do for something like this, is there a standard approach to that?

**Nick Kral, Harris & Associates**

Most cities do not do it on a per square foot basis as a general whole. What I would personally suggest, just off of having done construction in the past, I think the cutoff for a shed is if it under 120 sq. ft. a building permit is not needed. You can be in that 120-150 sq. ft. range before it raises a flag and costs \$1.50 per sq. ft. You are going to get \$180 for storm drainage fees for a shed of 120 sq. ft. You are not going to necessarily raise any massive headaches with that, but there may be a couple of complaints at the counter. If you make it 200 sq. ft. you would be exempting most things. It is mostly for home additions because nobody is going to do an addition for 100 sq. ft. for the most part, they



might be closing a breezeway if their garage does not connect, but it is probably not that big a difference. Anywhere in that sub-200, maybe 250, if you really want to make it not onerous on staff, you are probably honestly not talking about a massive amount of money at the end of the day. It is more about doing it to try and encourage people not to cover their lot in concrete. That is what you are really trying to avoid. It is not so much about trying to collect every dime you can.

**Kari Svanstrom, Planning Director**

A shed does not require a building permit if it is less than 120 sq. ft. so we are not going to see those anyway unless they are adding electrical. If you have a light in your shed, or not, it is a pretty minimal impact. If I were to pick a number, I think somewhere around 150 sq. ft., but am interested in what the Commission thinks. I would like to get something in there so if somebody comes in for a really minor addition or something that requires a permit, that it is an easy process for them and the Building Department to say that an application is fine, that they do not have to worry about that, or yes, we need to collect this because it is over a certain sq. ft.

**Evert Fernandez, Chair**

What can somebody build with 150 sq. ft.?

**Paul Fritz, Vice Chair**

150 sq. ft. could be one bedroom.

**Kari Svanstrom, Planning Director**

It would be about a 10 x 13 space plus exterior walls. You could probably do an inground hot tub, but not a swimming pool, they are usually going to be larger than that.

**Paul Fritz, Vice Chair**

What was the decision calculus for having a cutoff of 1,750 or 1,500 SF? Was there any discussion on doing a cost per square feet basis?

**Nick Kral, Harris & Associates**

The reasoning with not just making it a pure square footage basis is that you need to have some kind of denominator to make the division work. You have to have a meeting to start with anyway. The other one is, the rational nexus is one of the things defined by AB1600, you have to be able to tie the impact of a facility or the impact of new development to a facility cost. If someone puts on a new living room on the front of their house that has no bedrooms, no bathrooms, you can say yes, that 100% changes are storm drainage, you can make that rational nexus connection. If they are addition is literally without bedrooms or bathrooms, they are probably not going to use any more sewer, or any more water, or cause any more traffic. You cannot really tie it directly to just the size of the house. Some cities like in Vacaville, charge water fees based on the number of faucets you have in your house. It is common down in Monterey county too. You can make that connection. You cannot just say that making a bigger bedroom or bigger living room increases park fees. Parks fees are generated based on the number of people because the City has a number of park acres per 1,000 populations.

**Paul Fritz, Vice Chair**

I understand the basis for coming to the average per square foot. And if the median house size is 1,750, that makes sense. I am just asking if it would be the same impact fee if a new home construction were 1,800 square feet versus 3,800 square feet.

**Nick Kral, Harris & Associates**

Yes, except for the drainage fee, it would be the same, unless they had a larger water meter, there would be an additional charge if they upsized their water meter. It would be charged on the actual impacts.

**Luke Lindenbusch, Commissioner**

Are there examples in other cities where they do just use a square foot basis, but still, as you mentioned, going back to that basis, drawn from the square footage size?

**Nick Kral, Harris & Associates**

There are a lot of cities that really want to. We get asked that almost every single time we adopt one of these studies. Somebody will eventually probably do that. That will likely be fought tooth and nail or wind up in litigation because you just do not have that tie that anyone has been able to establish in terms of impacts. We did a lot of research on this over the last couple years because this has been such a commonly asked for thing, we actually find it is usually the inverse, the larger the home, the fewer people live in it. Most people build bigger homes when they are older, and their kids are grown, and they are moved out, and they, for some reason, move into the giant house when kids are all out of high school. My parents did it.

**Evert Fernandez, Chair**

I understand why this needs to be done and I support it. My concern is all these fees, they work their way out to cost of living at some point, because all these are going to be passed on and it will just make the area more expensive which will exclude more people that cannot live in the area. But I understand why they are there and some of the needs for the community, but the unintended consequences always concern me. Little by little it will add more and more to the cost of living for everybody.

**Nick Kral, Harris & Associates**

I previously did pro formas and due diligence for developers around Northern California. Normally, the way a subdivision is done is they take the end sales price of the house, subtract out the cost of getting those houses built, the cost of all the fees and entitlements, and roads and powerlines, and everything else it takes to get the development off the ground, and what is left over is what the land is worth. Essentially, by passing something like this, what you really do is not necessarily increase the cost of housing, because the cost of the houses is based on what people are willing to pay in the area, you have just lowered the cost of raw land. It is a weird way to think about it, that it is not really that you are increasing the price of the house when you are effectively over the long-term going to increase the house a little bit. Vice Chair Fritz is an architect. If the house is 1,700 sq. ft. times a construction cost of \$300 per sq. ft.

**Paul Fritz, Vice Chair**

I am telling people between \$350 and \$400 per square foot right now.

**Nick Kral, Harris & Associates**

If you are saying \$400/SF by a 2,000 square foot house, that is \$800,000 and we are talking about increasing fees \$15,000 on \$800,000 in construction plus land cost. At the end of the day, we are inching close to 1 million dollars. I do not think \$15,000 is really what is going to make or break a house getting built or not.

**Kari Svanstrom, Planning Director**

Mr. Kral and I have been looking at that. The park fees are going up significantly. We know we have a lot of park needs. We have the acquisition of new development of parks, like the Railroad Forest, which was recently purchased, but we have not been able to do



anything with it so people cannot use it. The traffic impact fee is the other one that is going up. As you probably all know from hearing about projects, traffic is probably the biggest impact that people in the community are concerned about. A lot of that has to do with the fact that a lot of our infrastructure is getting more crowded, there is a capacity issue. There is a need to improve capacity. That may not be in the form of more lanes on the road, but a controlled intersection helps to adjust the flow to get more people through town more smoothly. Those are two of the areas where fees are going up more than some of the others. The other thing that I did find, and this was sort of a natural thing that came out of the study that I was somewhat surprised at, but the multifamily development is not going up significantly.

**Kari Svanstrom, Planning Director**

Asked Mr. Kral to respond to a question from the public about how the smaller unit discount would be calculated.

**Nick Kral, Harris & Associates**

On a smaller unit, something below 1,750 square feet, it would be the proportionate size of all impact fees, except for the storm drainage facilities, would be whatever percentage of 1,750 square feet you are. If you are 1,500 square feet, it would be 1,500 divided by 1,700, times whatever the impact fees are for everything but storm drainage because storm drainage is already being done on an impervious surface, it is a separate item. Everything else will be discounted based on the proportionate size of the unit versus the 1,750 sq. ft. mark.

**Kari Svanstrom, Planning Director**

For a single-family home, if you take out the storm water facility fee, it is \$39,982. You divide that by 1,750 square feet, you get \$22.85 a square foot. If you are two square feet under the 1,750, you would get a \$45 discount from that ( $\$22.85 \times 2$ ). The smaller the home you build, you would get another \$22.85 credit for each square foot below 1,750 square feet you are building.

Vice Chair Fritz moved to approve the resolution recommending this for approval by the City Council.

**Kari Svanstrom, Planning Director**

Before a vote, further discussion, or a potential amended motion, is there any direction on the stormwater fee as I am sure the Council would appreciate any recommendations on that?

Commissioner Oetinger seconded the motion.

The Commission concurred on anything over 150 sq. ft. of impervious surface, less than that would be exempt.

**Kari Svanstrom, Planning Director**

Vice Chair Fritz, are you okay amending your motion to reflect that?

**Paul Fritz, Vice Chair**

Yes.

**Kari Svanstrom, Planning Director**

Commissioner Oetinger, are you okay seconding the amended motion?

**Kathy Oetinger, Commissioner**

Yes.

**Kari Svanstrom, Planning Director**

We have an amended motion, which is adopting the resolution recommending the City Council adopt the impact fees, and we will add in the direction that the stormwater facilities fee not be applied to construction 150 sq. ft. or less.

The Commission voted on the amended motion as follows:

VOTE:

AYES: Chair Fernandez, Vice Chair Fritz, and Commissioners Kelley, Lindenbusch, Douch, and Oetinger

NOES: None

ABSTAIN: None

ABSENT: Commissioners Haug and Anderson

**Kari Svanstrom, Planning Director**

That motion passes unanimously. Thank you all very much. I will let you know when this does go to Council. We will want a Planning Commission liaison in attendance. I believe we have it scheduled up through March although I cannot recall who the representative is. It is on your schedule.

**7. SUBCOMMITTEE UPDATES**

**a. Climate Action Subcommittee**

**Luke Lindenbusch, Commissioner**

The Climate Action Subcommittee had its first meeting, and the second meeting will be held tomorrow. The first one was pretty straightforward, just introductions and getting a sense of where everyone is at, and procedures we are going to take. Tomorrow, we are going to be diving a little bit more into formation of task groups and developing the work plan for the subcommittee. I have stepped up to be a second or co vice chair. We will be helping in the steering of that committee and also reporting back as much as possible. If anyone has any questions on that, let me know. It is a really exciting group of people and everybody is just thrilled to be getting it off the ground. I am really excited for that and for all the hard work that staff has been putting in on that.

**b. Zero Waste Subcommittee – Appoint a Planning Commission Liaison**

**Evert Fernandez, Chair**

Provided a brief overview.

The Commission asked questions of Director Svanstrom of the structure for this subcommittee.

**Luke Lindenbusch, Commissioner**

I think it might be ideal to wait until we have a fuller Commission, especially with our newest member, Commissioner Anderson, to see if he has any interest in the position. If everybody would be fine with continuance, I think that might be the best course of action. But I also want to hear from Director Svanstrom if there is an urgent need, if they're if they're meeting sometime soon as well.

**Kari Svanstrom, Planning Director**

I do not think it is urgent.

The Commission asked additional questions of Director Svanstrom and agreed to continue this item to the next regularly scheduled Planning Commission meeting which will occur on February 09, 2021.

**Kari Svanstrom, Planning Director**

I can check with City management in terms of the meeting schedule, and other general information on this subcommittee, for when the Commission discusses this item again.

**8. PLANNING DIRECTOR'S REPORT**

Director Svanstrom reported on recent City Council items:

- Benedetti car wash City Council hearing on January 5, will be returning to Council on February 16
- Sebastopol Inn/Elderberry Commons update
- CoMission resident survey report

Director Svanstrom reported on upcoming items on February 2 City Council meeting:

- Ned Kahn revised art piece
- Discussion of Planning Commission composition and potential to increase # of seats available in 95472 zip code.

Planning Commissioners asked questions and offered comments on the various items.

**8. ADJOURNMENT:** Chair Fernandez adjourned the meeting at 8:51 p.m. The next regularly scheduled Planning Commission meeting will take place on Tuesday, February 09, 2021 at 7:00 p.m.

Respectfully Submitted By:

Kari Svanstrom  
Planning Director



# City of Sebastopol

Incorporated 1902

## IMPACT AND ANNEXATION FEE SCHEDULE

**Important Note:** Information is correct as of: 04.05.18; however, all amounts listed are subject to change. Other fees may apply. Please contact the appropriate City Department to verify current fees for any particular project.

Number in brackets [ ] indicates City Council Resolution by which fee was established.

### I. IMPACT FEES

<b>SCHOOL IMPACT FEES:</b>	
By law, you must provide a receipt from the local school district showing payment of the school impact fee before the Building Department can issue your Building Permit. The fee can vary; please call the local District Office at (707) 824-6402 for the correct amount.	
<b>RESIDENTIAL</b>	Per square foot, \$2.41
<b>COMMERCIAL</b>	Per square foot, \$0.38
<b>COMMERCIAL</b> – for Hotel/Motel uses only	Per square foot, \$0.33

<b>WASTEWATER RETROFIT IMPACT FEE</b>	
Single-Family Dwelling (SFD): Any SFD structure 1,500 square feet or greater is subject to the full fee, units with square footage less than 1,500 square feet are subject to a percentage of the full fee. This is calculated by taking the (project square feet floor area) divided by (1,500 square feet floor area), then multiplied by the (full fee – \$2,040). Examples are provided below.	
Example: SFD of 1,500+ square feet → full fee (\$2,040.00)	\$2,040.00
Example: SFD of 1,000 square feet → (1,000 sq. ft. / 1,500 sq. ft.) X \$2,040	\$1,359.99
Example: SFD of 650 square feet → (650 sq. ft. / 1,500 sq. ft.) X \$2,040	\$883.99
Multi-Family Residential (M-FR): Any M-FR structure 1,500 square feet or greater is subject to the full fee, units with square footage less than 1,500 square feet are subject to a percentage of the full fee. This is calculated by taking the (project square feet floor area) divided by (1,500 square feet floor area), then multiplied by the (full fee – \$1,040). Examples are provided below.	
Example: M-FR of 1,500+ square feet → full fee (\$1,040.00)	\$1,040.00
Example: M-FR of 1,000 square feet → (1,000 sq. ft. / 1,500 sq. ft.) X \$1,040	\$693.33
Example: M-FR of 650 square feet → (650 sq. ft. / 1,500 sq. ft.) X \$1,040	\$450.66

<b>HOUSING LINKAGE FEE</b>	
Commercial	Per square foot, \$2.08
Industrial	Per square foot, \$2.15
Retail	Per square foot, \$3.59

<b>HOUSING IN-LIEU FEE</b>	
For residential developments, no in-lieu fee is required for less than 4 dwelling units. For 5 or more dwelling units, on-site inclusionary housing is required: <a href="https://sebastopol.municipal.codes/SMC/17.250">https://sebastopol.municipal.codes/SMC/17.250</a>	Per square foot, \$22.24
If there is a decimal fraction unit requirement, an in-lieu fee shall be provided equal to the applicable decimal fraction times the established in-lieu fee for one inclusionary unit (based on the average size of the units being built), or, at the developer’s discretion, an inclusionary unit may be provided.	

<b>TRAFFIC IMPACT FEES [4824]</b>	
Single-Family Dwelling (SFD), per unit [1 Bedroom]. Any 1-bedroom SFD structure 800 square feet or greater is subject to the full fee, 1-bedroom SFD units with square footage less than 800 square feet are subject to a percentage of the full fee. This is calculated by taking the (project square feet floor area) divided by (800 square feet floor area), then multiplied by the (full fee – \$2,601). Examples are provided below.	
Example: 1 Bedroom SFD of 800+ square feet → full fee (\$2,601)	\$2,601.00
Example: 1 Bedroom SFD of 650 square feet → (650 sq. ft. / 800 sq. ft.) X \$2,601	\$2,113.31
Example: 1 Bedroom SFD of 500 square feet → (500 sq. ft. / 800 sq. ft.) X \$2,601	\$1,625.63
Single-Family Dwelling (SFD), per unit [2 Bedroom]. Any 2-bedroom SFD structure 1,100 square feet or greater is subject to the full fee, 2-bedroom SFD units with square footage less than 1,100 square feet are subject to a percentage of the full fee. This is calculated by taking the (project square feet floor area) divided by (1,100 square feet floor area), then multiplied by the (full fee – \$3,278). Examples are provided below.	
Example: 2 Bedroom SFD of 1,100+ square feet → full fee (\$3,278)	\$3,278.00
Example: 2 Bedroom SFD of 800 square feet → (800 sq. ft. / 1,100 sq. ft.) X \$3,278	\$2,383.99
Example: 2 Bedroom SFD of 500 square feet → (500 sq. ft. / 1,100 sq. ft.) X \$3,278	\$1,489.99
Single-Family Dwelling (SFD), per unit [3+ Bedroom]. Any 3-bedroom SFD structure 1,500 square feet or greater is subject to the full fee, 3-bedroom SFD units with square footage less than 1,500 square feet are subject to a percentage of the full fee. This is calculated by taking the (project square feet floor area) divided by (1,500 square feet floor area), then multiplied by the (full fee – \$4,040). Examples are provided below.	
Example: 3 Bedroom SFD of 1,500+ square feet → full fee (\$4,040)	\$4,040.00
Example: 3 Bedroom SFD of 1,200 square feet → (1,200 sq. ft. / 1,500 sq. ft.) X \$4,040	\$3,232.00
Example: 3 Bedroom SFD of 900 square feet → (900 sq. ft. / 1,500 sq. ft.) X \$4,040	\$2,424.00
Multi-Family Residences (M-FR), per unit [1 Bedroom]. Any 1-bedroom M-FR structure 800 square feet or greater is subject to the full fee, 1-bedroom M-FR units with square footage less than 800 square feet are subject to a percentage of the full fee. This is calculated by taking the (project square feet floor area) divided by (800 square feet floor area), then multiplied by the (full fee – \$2,314). Examples are provided below.	
Example: 1 Bedroom M-FR of 800+ square feet → full fee (\$2,314)	\$2,314.00
Example: 1 Bedroom M-FR of 650 square feet → (650 sq. ft. / 800 sq. ft.) X \$2,314	\$1,880.13
Example: 1 Bedroom M-FR of 500 square feet → (500 sq. ft. / 800 sq. ft.) X \$2,314	\$1,446.25
Multi-Family Residences (M-FR), per unit [2 Bedroom]. Any 2-bedroom M-FR structure 1,100 square feet or greater is subject to the full fee, 2-bedroom M-FR units with square footage less than 1,100 square feet are subject to a percentage of the full fee. This is calculated by taking the (project square feet floor area) divided by (1,100 square feet floor area), then multiplied by the (full fee – \$3,118). Examples are provided below.	
Example: 2 Bedroom M-FR of 1,100+ square feet → full fee (\$3,118)	\$3,118.00
Example: 2 Bedroom M-FR of 800 square feet → (800 sq. ft. / 1,100 sq. ft.) X \$3,118	\$2,267.64
Example: 2 Bedroom M-FR of 500 square feet → (500 sq. ft. / 1,100 sq. ft.) X \$3,118	\$1,417.27
Multi-Family Residences (M-FR), per unit [3+ Bedroom]. Any 3-bedroom M-FR structure 1,500 square feet or greater is subject to the full fee, 3-bedroom M-FR units with square footage less than 1,500 square feet are subject to a percentage of the full fee. This is calculated by taking the (project square feet floor area) divided by (1,500 square feet floor area), then multiplied by the (full fee – \$3,921). Examples are provided below.	
Example: 3 Bedroom M-FR of 1,500+ square feet → full fee (\$3,921)	\$3,921.00
Example: 3 Bedroom M-FR of 1,200 square feet → (1,200 sq. ft. / 1,500 sq. ft.) X \$3,921	\$3,136.80
Example: 3 Bedroom M-FR of 900 square feet → (900 sq. ft. / 1,500 sq. ft.) X \$3,921	\$2,352.60
Accessory Dwelling Units (ADUs). ADUs less than 750 SF are exempt from this fee. Fees for units larger than 750 SF are charged according to the SFD schedule and the size of the unit.	
Offices uses, each 1,000 square feet	\$2,711.00
Office Park, each 1,000 square feet	\$1,258.00
Industrial uses, each 1,000 square feet	\$1,920.00
Mini-warehouses, per unit	\$91.00
Motel w/Restaurant, per room	\$366.00
Motel w/o Restaurant, per room	\$391.00
Shopping Center, each 1,000 square feet	\$5,369.00
Hardware Center, each 1,000 square feet	\$1,341.00
Downtown Retail, per 1,000 square feet	\$990.00
Specialty Retail, per 1,000 square feet	\$1,303.00
Drive-thru Restaurant, per 1,000 square feet	\$2,218.00



High Turnover Restaurant, per 1,000 square feet	\$11,489.00
Quality Restaurant, per 1,000 square feet	\$6,481.00

<b>PARK IN LIEU FEES (Applies to residential developments only)</b>	
<i>Single-Family Detached 3+ Bedroom.</i> Any 3+ bedroom SFD 1,500 square feet or greater is subject to the full fee, 3+ bedroom SFD with square footage less than 1,500 square feet are subject to a percentage of the full fee. This is calculated by taking the (project square feet floor area) divided by (1,500 square feet floor area), then multiplied by the (full fee – \$6,500). Examples are provided below.	
Example: 3+ Bedroom SFD of 1,500+ square feet → full fee (\$6,500)	\$6,500.00
Example: 3+ Bedroom SFD of 1,200 square feet → (1,200 sq. ft. / 1,500 sq. ft.) X \$6,500	\$5,200.00
Example: 3+ Bedroom SFD of 900 square feet → (900 sq. ft. / 1,500 sq. ft.) X \$6,500	\$3,900.00
<i>Single-Family Detached 2 Bedroom.</i> Any 2-bedroom SFD 1,100 square feet or greater is subject to the full fee, 2-bedroom SFD with square footage less than 1,100 square feet are subject to a percentage of the full fee. This is calculated by taking the (project square feet floor area) divided by (1,100 square feet floor area), then multiplied by the (full fee – \$5,200). Examples are provided below.	
Example: 2 Bedroom SFD of 1,100+ square feet → full fee (\$5,200)	\$5,200.00
Example: 2 Bedroom SFD of 800 square feet → (800 sq. ft. / 1,100 sq. ft.) X \$5,200	\$3,781.82
Example: 2 Bedroom SFD of 500 square feet → (500 sq. ft. / 1,100 sq. ft.) X \$5,200	\$2,363.64
<i>Single-Family Detached 1 Bedroom.</i> Any 1-bedroom SFD 800 square feet or greater is subject to the full fee, 1-bedroom SFD with square footage less than 800 square feet are subject to a percentage of the full fee. This is calculated by taking the (project square feet floor area) divided by (800 square feet floor area), then multiplied by the (full fee – \$3,900). Examples are provided below.	
Example: 1 Bedroom SFD of 800+ square feet → full fee (\$3,900)	\$3,900.00
Example: 1 Bedroom SFD of 600 square feet → (600 sq. ft. / 800 sq. ft.) X \$3,900	\$2,925.00
Example: 1 Bedroom SFD of 450 square feet → (450 sq. ft. / 800 sq. ft.) X \$3,900	\$2,193.75
<i>3+ Bedroom Multi Family (M-F).</i> Any 3+ bedroom Multi-Family structure 1,500 square feet or greater is subject to the full fee, 3+ bedroom Multi-Family units with square footage less than 1,500 square feet are subject to a percentage of the full fee. This is calculated by taking the (project square feet floor area) divided by (1,500 square feet floor area), then multiplied by the (full fee – \$5,580). Examples are provided below.	
Example: 3+ Bedroom M-F of 1,500+ square feet → full fee (\$5,580)	\$5,580.00
Example: 3+ Bedroom M-F of 1,200 square feet → (1,200 sq. ft. / 1,500 sq. ft.) X \$5,580	\$4,464.00
Example: 3+ Bedroom M-F of 900 square feet → (900 sq. ft. / 1,500 sq. ft.) X \$5,580	\$3,348.00
<i>2 Bedroom Multi-Family (M-F).</i> Any 2-bedroom Multi-Family structure 1,100 square feet or greater is subject to the full fee, 2-bedroom Multi-Family units with square footage less than 1,100 square feet are subject to a percentage of the full fee. This is calculated by taking the (project square feet floor area) divided by (1,100 square feet floor area), then multiplied by the (full fee – \$3,900). Examples are provided below.	
Example: 2 Bedroom M-F of 1,100+ square feet → full fee (\$3,900)	\$3,900.00
Example: 2 Bedroom M-F of 900 square feet → (900 sq. ft. / 1,100 sq. ft.) X \$3,900	\$3,190.91
Example: 2 Bedroom M-F of 700 square feet → (700 sq. ft. / 1,100 sq. ft.) X \$3,900	\$2,481.82
<i>1 Bedroom Multi-Family (M-F).</i> Any 1-bedroom Multi-Family structure 800 square feet or greater is subject to the full fee, 1-bedroom Multi-Family units with square footage less than 800 square feet are subject to a percentage of the full fee. This is calculated by taking the (project square feet floor area) divided by (800 square feet floor area), then multiplied by the (full fee – \$3,250). Examples are provided below.	
Example: 1 Bedroom M-F of 800+ square feet → full fee (\$3,250)	\$3,250.00
Example: 1 Bedroom M-F of 600 square feet → (600 sq. ft. / 800 sq. ft.) X \$3,250	\$2,437.50
Example: 1 Bedroom M-F of 450 square feet → (450 sq. ft. / 800 sq. ft.) X \$3,250	\$1,828.13
<i>0 Bedroom Multi-Family (M-F).</i> Any 0-bedroom Multi-Family structure 600 square feet or greater is subject to the full fee, 0-bedroom Multi-Family units with square footage less than 600 square feet are subject to a percentage of the full fee. This is calculated by taking the (project square feet floor area) divided by (600 square feet floor area), then multiplied by the (full fee – \$2,600). Examples are provided below.	
Example: 0 Bedroom M-F of 600+ square feet → full fee (\$2,600)	\$2,600.00
Example: 0 Bedroom M-F of 500 square feet → (500 sq. ft. / 600 sq. ft.) X \$2,600	\$2,166.67
Example: 0 Bedroom M-F of 400 square feet → (400 sq. ft. / 600 sq. ft.) X \$2,600	\$1,733.33
Mobile Home Pad	\$3,900.00
Motel or Motel Room	\$2,600.00

**II WATER AND SEWER CONNECTION FEES AND CHARGES**

**WATER METER INSTALLATION (Installation of meter by Public Works)**

Updated 2-18-20

5/8" x 3/4" Meter	\$65.00
1" Meter	\$155.00
1-1/2" Meter	\$430.00
2" Meter	\$615.00
Larger than 2" Meter	Cost +40%

**WATER LATERAL INSTALLATION (Installed by licensed contractor at developer's expense)**

**WATER CONNECTION CHARGES: RESIDENTIAL – SINGLE FAMILY, DUPLEXES, TRIPLEXES, MULTI-FAMILY**

Meter Size	
3/4"	Any Single Family, Duplex, Triplex, or Multi-Family structure 1,500 square feet or greater is subject to the full fee, structures with square footage less than 1,500 square feet are subject to a percentage of the full fee. This is calculated by taking the (project square feet floor area) divided by (1,500 square feet floor area), then multiplied by the (full fee – \$3,970). Examples are provided below.
3/4"	Example: Structure of 1,500+ square feet → full fee (\$3,970) \$3,970.00
3/4"	Example: Structure of 1,200 square feet → (1,200 sq. ft. / 1,500 sq. ft.) X \$3,970 \$3,176.00
3/4"	Example: Structure of 900 square feet → ( 900 sq. ft. / 1,500 sq. ft.) X \$3,970 \$2,382.00
3/4"	Each additional dwelling unit on same connection, same lot (includes Accessory Dwelling Units) \$1,070.00
<b>ADD:</b>	
Additional charge for each connection outside City Limits	\$1,070.00

**WATER CONNECTION CHARGES: COMMERCIAL, INDUSTRIAL & MULTI-FAMILY RESIDENTIAL**

Meter Size	Capital Connection Charge	Distribution System Charge	Total
5/8" x 3/4"	\$1,070.00	\$2,900.00	\$3,970.00
1"	\$1,790.00	\$2,900.00	\$4,690.00
1 1/2"	\$3,565.00	\$2,900.00	\$6,465.00
2"	\$5,705.00	\$2,900.00	\$8,605.00
3"	\$12,490.00	\$2,900.00	\$15,390.00
4"	\$17,840.00	\$2,900.00	\$20,740.00
<b>ADD:</b>			
For each additional dwelling unit (on same meter)			\$1,070.00
For each transient occupancy of lodging unit (including motel and motel rooms)			\$268.00
Additional charge for each connection outside City Limits			\$1,070.00

**FIRE SRINKLER SYSTEM CONNECTION CHARGE**

(Fee for connecting residential fire sprinklers to City's water system)

Any Single Family, Duplex, Triplex, or Multi-Family dwelling 1,500 square feet or greater is subject to the full fee, structures with square footage less than 1,500 square feet are subject to a percentage of the full fee. This is calculated by taking the (project square feet floor area) divided by (1,500 square feet floor area), then multiplied by the (full fee – \$1,070). Examples are provided below.	
Example: Dwelling of 1,500+ square feet → full fee (\$1,070)	\$1070.00
Example: Dwelling of 1,200 square feet → (1200 sq. ft. / 1,500 sq. ft.) X \$1,070	\$856.00
Example: Dwelling of 900 square feet → ( 900 sq. ft. / 1,500 sq. ft.) X \$1,070	\$642.00

**SEWER CONNECTION CHARGES: (inside City Limits)**

Water Meter Size	Capital Connection Charge	Treatment Capital Charge	Collection System Charge	Total
5/8" x 3/4"	\$660.00	\$2,700.00	\$3,000.00	\$6,360.00
1"	\$1,102.00	\$2,700.00	\$3,000.00	\$6,802.00
1-1/2"	\$2,198.00	\$2,700.00	\$3,000.00	\$7,898.00
2"	\$3,518.00	\$2,700.00	\$3,000.00	\$9,218.00
3"	\$7,702.00	\$2,700.00	\$3,000.00	\$13,402.00
4"	\$11,002.00	\$2,700.00	\$3,000.00	\$16,702.00
<b>ADD:</b>				
Single-Family and Multi-Family 1-bedroom dwellings of 800 square foot of floor area or greater are subject to the full fee, dwellings with square footage less than 800 square feet are subject to a percentage of the full fee. This is calculated by taking the (project square feet floor area) divided by (800 square feet floor area), then				

multiplied by the (full fee - \$4,755). Examples are provided below.	
Example: Dwelling of 800+ square feet → full fee (\$4,755)	\$4,755.00
Example: Dwelling of 600 square feet → (600 sq. ft. / 800 sq. ft.) X \$4,755	\$3566.25
Example: Dwelling of 450 square feet → (450 sq. ft. / 800 sq. ft.) X \$4,755	\$2,674.69
Single-Family and Multi-Family 1-bedroom dwellings of 1,100 square foot of floor area or greater are subject to the full fee, dwellings with square footage less than 1,100 square feet are subject to a percentage of the full fee. This is calculated by taking the (project square feet floor area) divided by (1,100 square feet floor area), then multiplied by the (full fee - \$5,700). Examples are provided below.	
Example: Dwelling of 800+ square feet → full fee (\$5,700)	\$5,700.00
Example: Dwelling of 600 square feet → (600 sq. ft. / 800 sq. ft.) X \$5,700	\$4,275.00
Example: Dwelling of 450 square feet → (450 sq. ft. / 800 sq. ft.) X \$5,700	\$3,206.25
For each transient lodging unit	\$1,425.00
Additional charge for each connection outside of City Limits	\$660.00

**SEWER LATERAL INSTALLATION (Installed by licensed contractor at developer's expense)**

<b>ANNEXATION FEES</b>	
Prior Water improvements by City, per acre	\$5,688.00
Prior Sewer improvements by City, per acre	\$6,184.00
Prior Fire Service improvements by City, per acre	\$1,800.00
Prior Police Service improvements by City, per acre	\$1,400.00
Total per-acre annexation fee for Prior Capital Improvements	\$15,072.00