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## 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

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:

NOES:

ABSTAIN:

ABSENT:

Certified: \_\_\_\_\_

Kari Svanstrom, Planning Director



City Council  
Mayor Patrick Slayter  
Vice Mayor Una Glass  
Michael Carnacchi  
Sarah Glade Gurney  
Neysa Hinton



Planning Director  
Kari Svanstrom  
Associate Planner  
Alan Montes  
Senior Administrative Assistant  
Rebecca Mansour

## City of Sebastopol Planning Commission Staff Report

Meeting Date: August 25, 2020  
Agenda Item: 7B  
To: Planning Commission  
From: Kari Svanstrom, Planning Director  
Subject: Development Impact Fee Update  
Recommendation: Receive report and provide direction to staff

### **Introduction/Background:**

***Development Impact fees*** are payments required by local governments of new development 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.

Periodic updates are required for Development Impact Fees to be compliant with State law. The City of Sebastopol began working with Harris & Associates in late fall of 2019 for this fee study update, which will bring the City into compliance with these requirements.

The City’s current Development Impact Fees include the following: Traffic, Park, Affordable Housing Linkage, Wastewater Retrofit, and Annexation fees. The City also has ‘in lieu’ fees, where the developer has the option of building the improvements or, in certain cases, paying an ‘in lieu fee’ to the City instead. These fees include Inclusionary Housing fees (only allowed for ‘fractions’ of units), Art, and Utility Undergrounding Fee (with the approval of the City Engineer). The current Impact Fee Schedule has been provided as an attachment. fees made up approximately \$206,000 of City revenues in fiscal year 2018/19.

The Development Impact Fee study will update those fees as required by state law, as well potential new impact fees which are typically assessed by cities to support infrastructure needs, such as stormwater and government facilities.

The consultant has completed their initial nexus study and work on the project. However, there are several items that warrant review and discussion by the Planning Commission prior to completing the draft fee update. An overview of Development Impact fees and the items for discussion are included in the attached memo from the consultant.

**Public Comment:**

No public comments have been received as of the writing of this staff report. Staff has contacted a number of recent and current applicants (developers) to invite them to attend the Planning Commission meeting and provide public comment.

**Recommendation/Next Steps:**

Receive the staff report, take public comment, discuss and provide direction to staff and the consultant.

A follow-up meeting will be scheduled with the Planning Commission to discuss the proposed fee update and provide a comparison of the proposed fees with other nearby communities.

**Attachments:**

Impact Fee Policy Memo

Current Development Impact Fee Schedule

- AB1600 (Mitigation Fee Act) Overview
  - Fees can only fund capital costs. They cannot fund salaries, maintenance, or any non-permanent infrastructure.
  - Fees cannot fund existing infrastructure deficiencies. Any existing deficiencies cannot be included in the fee program.
  - Fees must fund development's fair share based on a rational nexus test. Project costs are allocated between new and existing development.
  - Funds must be used for the projects in which they were intended. Projects not included on the project list are ineligible. Project lists can be amended after the study is adopted.
  - If the funds are not spent they must be returned to property owners.
  - All funds must meet annual and five year reporting requirements.
- Current Fees
  - The City currently collects fees on residential development for affordable housing, wastewater retrofit, water connection, fire sprinkler connection, water meter installation, sewer connection, traffic impact, and parks. The City also charges a fee for annexation, which is a pro-rated fee for infrastructure that has been built.
  - The City currently collects fees on commercial development for affordable housing, traffic, water meter, water connection, and sewer connection.
  - The updated fees include residential affordable housing, parks, water, wastewater, and traffic. We are proposing to add fees for general government facilities, fire facilities, library facilities, and storm drainage. We are not proposing changes to the commercial affordable housing, water meter installation, or annexation fees. We are proposing removing the fees for wastewater retrofit and fire sprinklers.
    - Fees not being updated include: Commercial affordable housing (tied to a countywide fee study); water meter fees, which are based on actual cost; and, annexation fees, which would need to be tailored to specific parcels that want to annex into the city.
    - Additionally, fire sprinkler fees are no longer allowed under State Law. The wastewater retrofit fee is being included with the sewer fee.
- Fee Structure
  - Residential
    - Per Resolution 6173, adopted in February 2018, the City collects impact fees on a per square foot basis for housing under 1,500 square feet. Units over 1,500 square feet pay the entire fee amount.
    - This reduction in fees for smaller housing units was adopted by Council in 2018 for a three year term, with the intent of encouraging smaller, more affordable units to be constructed, and reducing fees for these units, in accordance with General Plan Housing Element Action G-8 "Reduce fees for smaller types of housing, including second units (Accessory Dwelling Units or ADUs), and also review fee structures for housing based on square footage, number of bedrooms, or valuation to ensure that such fee structures are equitable."
    - The Council adopted the fee reduction for smaller units for three years, with the understanding that this Development Impact Fee update would allow for further discussion and possible adjustments. In the interim, State Law updates have eliminated development impact fees for ADUs of 750 square feet or smaller, with fees for larger ADUs proportional to the size of the main dwelling unit.

- The City has the option of modifying the square footage ‘cutoff’ for a discounted impact fee.
  - Water and sewer fees are charged by meter size with units under 1,500 square feet given a discount.
  - Most cities charge a single fee per unit with separate fees for single family and multifamily.
  - Some cities are charging fees by unit square footage
  - Water fees are often charged by meter size though they can be by unit or number of fixtures.
- Non-Residential
  - The City generally collects non-residential impact fees based on building square footage or in the case of water and sewer, by meter size.
  - Most cities charge the fee by square foot of building.
  - Some cities charge per acre of development.
  - Water fees are often charged by meter size.
- Development Assumptions
  - The development assumptions are one of the most important issues when updating fee studies.
    - If development assumptions are materially inaccurate, the City can under collect for fees and not have the funds to build needed infrastructure. If development is underestimated, fees can be set too high discouraging development and stagnating economic development.
  - The City has a development cap of 50 new dwelling unit permits per year or 750 permits between 2017 and 2035. This is considerably higher than the approximately 5-15 permits for non-ADU development that are pulled annually. “Unused” permit allocations are held over for 3 years.
    - This growth cap was adopted in 1994 and extended via Ordinance 1103 in April 2017.
  - The 2016 General Plan EIR includes the following development assumptions for development through 2035:
    - 328 SFR units and 422 MFR units. This matches the 750 unit cap from Ordinance 1103
    - Commercial (retail/service) development is projected to be 341,159 sf
    - Office development is projected to be 137,375 sf
    - Industrial development is projected to be 59,959sf
    - Hotel development is projected at 173 rooms
  - The EIR estimates typically use the most extreme development scenarios based on the land use projections (“worst-case scenarios” for the purposes of analyzing environmental impacts). These are not usually good estimates of actual development. We are proposing the following land use estimates for 2040 but would like a discussion around this.
    - 200 single family units, 375 multifamily units (ADU units do not count in these figures)
    - 100,000 commercial square feet
    - 100,000 office square feet
    - 50,000 industrial square feet
    - 90 hotel rooms
- Park Development
  - The fee is based on the City’s General Plan standard of 5 acres of park per 1,000 residents.
  - The City currently provides 75% of acres as active parkland and 25% as open space.
  - We are proposing to maintain this ratio of active parkland and open space at the 5 acres per 1,000 residents standard for the impact fee update.
- Library Facilities
  - This is a new fee being proposed on residential development for the construction of new library facilities.

- The County library standard is 0.6 square feet of library space per resident. This standard would be applied to all residential development using library construction costs.
- General Government and Fire Facilities
  - General Government and Fire Facilities are two new fees being proposed
  - The fees will be calculated based on the value of the buildings, vehicle and equipment the City currently owns divided by the City’s existing service population. This will allow the City to maintain the existing level of service for these facilities.
- Traffic Fee
  - The City currently collects traffic fees based on a 2003 traffic impact fee study. This study used the trip generation rates from the 1997 ITE Manual. The study also used a discounting method to allocate trips within the City compared to trips that involve travel outside the City. The City’s current traffic trip calculation and land use categories are below. Some categories, such as drive-thru restaurants, are no longer applicable.
  - The current ITE Manual changes the trip calculations and uses a Dwelling Unit Equivalent (DUE) basis rather than individual trips. The current manual does not differentiate between trips within the City and trips to outside areas.
  - The following table compares the current land use designations and DUE equivalents with the proposed land uses and DUE’s. Note this is a calculation and not the figures used in the fee study. Alternatively, the City could adopt a fee per trip and use the ITE manual to calculate the fee individually for each new project. The City also has the option to expand or contract the number of land uses.

Land Use – Existing	Units	DUE’s	Land Use – Proposed	DUE’s
SF Detached 1 Bed	Dwelling Unit	0.64	Single Family Detached	0.99
SF Detached 2 Bed	Dwelling Unit	0.80		
SF Detached 3+ Bed	Dwelling Unit	0.99		
MF 1 Bed	Dwelling Unit	0.57	Multifamily	0.56
MF 2 Bed	Dwelling Unit	0.76		
MF 3+ Bed	Dwelling Unit	0.96		
Motel w/Restaurant	Room	0.09	Hotel	0.60
Motel w/o Restaurant	Room	0.10		
Shopping Center	1,000 sf	1.32	General Retail <sup>1</sup>	3.81
Hardware Store	1,000 sf	0.33	Hardware Store <sup>1</sup>	2.68
Downtown Retail	1,000 sf	0.24	Proposed to be Removed <sup>2</sup>	n/a
Specialty Retail	1,000 sf	0.32	Proposed to be Removed <sup>2</sup>	n/a
Drive thru Restaurant	1,000 sf	5.47	Proposed to be Removed <sup>2</sup>	n/a
High Turnover Restaurant	1,000 sf	2.82	High Turnover Restaurant <sup>1,3</sup>	9.77
Quality Restaurant	1,000 sf	1.59	Quality Restaurant <sup>1,3</sup>	7.80
Office	1,000 sf	0.66	General Office	1.15
Industrial	1,000 sf	0.47	General Industrial	0.63
Mini-warehouse	Unit	0.02	Mini-warehouse <sup>4</sup>	0.17

- 1) These land uses would have the option of a 40% trip discount for ‘pass-by’ trips.
  - 2) Downtown retail and specialty retail are no longer ITE categories. Drive thru restaurant is no longer a permitted land use.
  - 3) High turnover is typically defined as counter service while quality restaurant is table service.
  - 4) Mini-warehouse was assessed per unit under old ITE study. New mini-warehouse is on a per 1,000sf base.
    - The current Institute of Traffic Engineers (ITE) rates allow a discount for retail and service businesses of between 40% and 60% depending on the size of the development.
- Water and Sewer Connection Fees

- Impact fees are being proposed to be charged based on water meter size consistent with current practice.
- Storm Drainage
  - Storm drainage is a proposed new fee.
  - There are two options for allocating facility costs for storm drainage.
    - A fee per unit based on typical impervious service for each land use. The per unit basis makes the process easier at the permit counter, but will not capture any fees for home additions.
    - A fee based on the actual impervious area calculation for each project. This method is more difficult at the permit counter but will allow the City to capture additional revenue for any project creating additional impervious area. In addition, it incentivizes the use of more green infrastructure such as permeable pavement.
- Discussion Items

The following are policy discussion items for the Planning Commission to review and provide direction to staff and the consultant

- Do the land use assumptions above still make sense knowing how retail and office development may drop considerably over the next few years. For residential units, we assumed approximately 50% of the single family units would be ADUs. While the units would pull a permit, most are exempt from paying Development Impact Fees under State Law (any unit 750 square feet or smaller). Therefore, they are not included in the impact fee calculations.
- Discounting fees for smaller units. The City currently discounts for units under 1,500 square feet. Adjusting this limit can offer a discount for differently sized units. There are other methods of discounting fees on smaller units such as basing fees on the number of bedrooms or water fixtures. These other methodologies are much harder to accurately account for in our projections and more difficult for City staff to administer while offering little to no additional accuracy over a square footage basis.
  - The square footage basis offers a discount on the impact fees that would be covered by the General Fund. If a unit was given a discount and later added an addition the discount would need to be repaid.
  - While staff and the consultant recommend retaining the square footage basis for impact fees, the City has the option of modifying the square footage ‘cutoff’ for a discounted impact fee for smaller units. The current ‘cutoff’ is 1,500 square feet, so any unit over 1,500 square feet pays the full impact fee. Changing the ‘cutoff’ can reduce total construction costs for differently sized units. Lowering the ‘cutoff’ would likely result in very few projects taking advantage of the option while raising the ‘cutoff’ can further discount for small units while allowing for a modest discount for units that are still below the median for new construction.
  - One item that has not been previously discussed is how to address development that takes advantage of the lower fees, but then later adds square footage to the home. The City is implementing an electronic permit and parcel tracking system and will be able to track these fees into the future, so this should be considered. This policy would make any residential unit that received a discount repay that discount when they pull a permit for an addition.
- Park Fees
  - Park land is assumed to be 75% active park and 25% open space. These assumptions can be modified. If open space is likely to be a higher percentage into the future, this would

lower the impact fee costs as open space is generally less expensive to both purchase and develop.

- Traffic Fees
  - Is there agreement on the traffic fee categories? We can add or remove categories to better fit the estimated future development.
  - Retail and service land uses can have a trip rate discount of 40%. The net effect would be to lower the traffic fee on those land uses and raise the traffic fee on all other land uses. At the full rate retail uses pay approximately 3.8x the fee of a single family unit, with the discount the fee would be approximately 2.2x the single family fee.
- Storm drainage fee policy decisions
  - Assessing fees on a per unit or per parcel basis is easier to administer when a permit is pulled but does not allow for collection on additions or paving of additional ground.
  - Charging a fee on a per square foot of impervious surface requires more work when a permit is pulled but allows for collection in case of any additional impervious surface created or discounted based on a project's individual characteristics. This could encourage/reward more sustainable designs (green roofs, reduced impervious surfaces, etc.) that reduce the amount of stormwater created by new development. The fee could also be charged to existing developments that add new impervious surfaces for which a building permit is required (i.e. additions, new accessory structures, pools, etc.). This Policy could have a threshold for when the fee is required could be required. The threshold allows smaller projects to not pay additional fees.
  - The General Plan has policies regarding protecting and enhancing local water resources. What policy best meets the goal of the General Plan?
- Any additional questions or concerns?

#### Next Steps

- Using these methodologies and policy decisions draft fee amounts will be generated and compared with neighboring communities and presented to staff.
- After discussions with City staff, a nexus study will be prepared and presented to City Council.
- Fees can be effective as soon as 60 days after the presentation to Council.



# 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	\$22,318.00

Updated 2-18-20

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 ( <i>includes Accessory Dwelling Units</i> )	\$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

<b>SEWER LATERAL INSTALLATION (Installed by licensed contractor at developer's expense)</b>
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<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

## **B. DISCUSSION OF DEVELOPMENT IMPACT FEE STUDY**

This item is a study session to receive an overview of the Development Impact Fee Update that is underway, and to discuss and provide policy direction to staff and the consultant.

Director Svanstrom introduced the consultants, Alison Bouley and Nick Kral from Harris & Associates, and provided an introduction.

Mr. Kral and Ms. Bouley from Harris & Associates presented.

Commissioner Lindenbusch asked Director Svanstrom to clarify the ADU factoring into the development cap.

Director Svanstrom responded:

- We have a limit of 50 new dwelling units per year.
- There are several permits that are not subject to the yearly cap, but they do all count towards the 750-total cap in our Growth Management Ordinance through 2035.
- ADUs, deed restricted affordable housing, and senior housing units don't count towards the 50-unit cap, but they do count towards the overall 750 cap.
- The reason for that is that our Growth Management Ordinance is based on the limitations of our infrastructure.
- We do not want to restrict or prevent affordable housing units, but they do take part of the capacity of the overall infrastructure.

Commissioner Haug commented:

- Is constantly harping on ADUs and vacation rentals because our goals are to preserve our housing stock.
- If the Sebastopol Inn is converted into a homeless shelter, then we will lose additional hotel rooms.
- Has there been any discussion about people who have their development fees waived because they're building an ADU, and then turn around and use either their home or ADU as a vacation rental? Is there a way for the City to go back and collect fees on the ADU that are equivalent to a hotel (depending on how many people the vacation rental would serve)?

Director Svanstrom responded:

- The answer is no.
- ADUs and whether development impact fees can be charged for them are restricted by state law.
- One of the reasons that the proposed 2040 assumptions are looking at 200 units is because we know a number of the 328 units will likely be ADUs that we cannot charge development impact fees on.
- Single family homes are subject to development impact fees.
- In terms of vacation rentals, that is controlled through the vacation rental policy not through a development impact fee study.

Commissioner Haug surmised that there is no way to recoup what we would ask from a traditional developer in terms of impact when somebody is basically running a hotel out of their private property.

Director Svanstrom responded in the affirmative and commented:

- It is considered a residential use in a residential zoning district.

- It is inherent in the vacation rental policy to control whether that use would be allowed.
- Perhaps the consultant could respond to the fee question.

Vice Chair Fritz commented:

- All these numbers seem a bit optimistic in terms of development for Sebastopol.
- Sebastopol is not known as a community that develops a whole lot.
- The thought of having another 200 single family homes in the next 20 years seems unlikely.
- The multifamily figure of 375 units may not be so unlikely given that there are a couple of potentially larger projects that have been discussed.
- The numbers for Office, Commercial/Retail, and Industrial seem high too because we do not do a whole lot of those types of developments here either.
- Has lived in Sebastopol for 18 years.
- There has not been 100,000 square feet of commercial/retail development during that time.
- Hard to understand how they came up with these numbers.
- Does not see a big rush to do a whole lot more retail development here in the coming years either.
- Suggested that the consultant give the Commission some feedback on how they came up with these numbers.
- Reiterated that the numbers seem a little high.

Mr. Kral responded:

- The source of the numbers came from an EIR.
- There was a land use projection done by another consulting group that looked at the maximum intensity of the city's ability to hold new development.
- It is the question of what is considered likely versus possible.

Vice Chair Fritz commented:

- The multifamily figure might be the most realistic.
- The hotel figure might be realistic as well because we have a 70-unit hotel that will hopefully be beginning construction soon.
- The rest of the numbers seem a bit high.

Director Svanstrom noted that the consultant would be going through the presentation and would later return to each of the discussion issues after public comment and any questions from the Commission.

Mr. Kral continued his presentation.

Chair Fernandez asked Director Svanstrom to reiterate the Commission's goals and focus for this meeting and the next.

Director Svanstrom responded that the intent is for the Commission to provide input on some of the development assumptions and policy considerations. Harris & Associates will update those assumptions, do the adjustments, and fee calculations, and return to the Commission for discussion of the updated development impact fees.

Chair Fernandez thanked Director Svanstrom for reiterating that and asked for questions of the consultant from the Commission.

Vice Chair Fritz commented:

Asked if there is a point in the process, particularly around residential development, where the consultant looks at what the fee impact will be on an actual development to ensure that the fee is not too high to the point that it might discourage development.

Mr. Kral responded:

- Usually the best way to determine if a fee will be detrimental to a development is when you compare to your neighboring jurisdictions.
- If a developer has a choice between Sebastopol and Cotati for a new development, and there are two essentially equivalent tracks for everything else, but the fees in Sebastopol were double Cotati's, the developer will probably choose to build in Cotati.
- A preliminary comparison has already been done and it is looking like Sebastopol's fees will come in at, or below market for everybody else.
- That should not be a huge concern and will be zeroed in before the next Commission meeting on this topic.
- There is not a way to tell what the exact impact on development would be if you charge an extra \$3,000 in traffic fees.

Director Svanstrom commented:

- The assumptions about how fees are structured for residential with the discount for smaller units is one of the things that the City Council had looked at previously and is part of tonight's discussion.

Chair Fernandez asked about fees being passed on, how that is measured, and the impact they can have on making areas more expensive to live in.

Director Svanstrom asked Chair Fernandez if he was asking about the raised development fee getting passed on when a new house is sold.

Chair Fernandez responded in the affirmative.

Director Svanstrom commented that the City invited about a dozen or so developers that have either done work in the city, are currently doing work in the city, or have expressed some other interest to try to engage them in this process as well. While she saw quite a few in attendance earlier, some of them may have left due to the length of the meeting.

Vice Chair Fritz asked how funds that are assessed to a project can be spent and gave traffic impact fees as an example.

Mr. Kral responded:

- Traffic impact fee funds cannot be used to fund any maintenance items such as repairing potholes.
- Those funds would go into a separate Traffic Impact Fee fund which can only be spent on a list of projects that we would have available with Public Works.
- The funds in the Traffic Impact Fee fund can be spent on any one of the projects on that list, but it cannot be spent on anything outside of those projects.
- Spoke on cost allocation for new development and old development for projects that may be considered a bit overdue.

Commissioner Oetinger commented:

- Given how small Sebastopol is, she asked how it compares to other cities as in the consultant's mind when looking at this because we do not have that much building so we do not raise that much money which can make our fees look higher.
- Does the consultant recommend that the City do what most cities do, or should we look at something special for being a smaller town?

Mr. Kral responded:

- The idea of most cities is that there is kind of a general practice around these types of items.
- Some of the smallest cities they work with are half the size of Sebastopol.
- Some of the larger cities they work with are 20 times the size of Sebastopol.
- They all kind of follow the same methodology for most of these items so it all kind of balances out when it is all said and done.

Commissioner Lindenbusch commented:

- Asked how ADUs over 750 square feet are factored into the calculation.
- Asked if the impact fee calculation for single-family residences or multifamily residences would be used?
- Asked if they would be concurrent with the projection of units as well?

Mr. Kral responded:

- If the ADU is 751 square feet and the main house is 1,000 square feet, the fee for the ADU would be 75.1% of the fee for the main house because that is the proportionate size of the main unit.
- On a multifamily basis, it would be based on the size of that as well.

Chair Fernandez asked if members of the public wished to comment on this item.

Hearing none, Chair Fernandez closed the public comment period.

Director Svanstrom noted that staff had not received written comment on this item either.

Chair Fernandez confirmed that members of the public would have an opportunity to comment when this item returns to the Commission.

Director Svanstrom responded in the affirmative.

Chair Fernandez asked for questions and/or comments from the Commission.

Mr. Kral asked to hear from the Commission on development assumptions.

Director Svanstrom noted that they looked at office and retail space that had been built in the last 10 years when coming up with these assumptions.

Commissioner Oetinger asked if a vacant retail space, such as the old CVS space in Redwood Marketplace, would be included in the calculation if it was rebuilt.

Mr. Kral responded:

- If the old space were 20,000 sq. ft. and the developer demolished it and rebuilt a 50,000 sq. ft. space, it would count as 30,000 sq. ft. on our end because that amount reflects the increase.



Commissioner Oetinger commented:

- It seems like we could get that kind of development over the next 10 to 20 years on existing property, especially some of our shopping centers.

Commissioner Haug commented:

- Concurred with Commissioner Oetinger that Redwood Marketplace would be prime development for mixed use with multifamily units above and shopping below.
- On a personal level, she would like to see more infill that mixes commercial and residential, especially along our traffic corridors.
- Unsure how we as a City can support that.
- We should be looking at more infill in areas along traffic corridors that are accessible to Joe Rodota and other amenities within the city core.
- Both for environmental purposes and for smarter more dense community, and to make resources more available to people from a variety of income levels.
- Does not know if that Commercial/Retail figure might need to be adjusted.
- If we can pursue that type of development, then we could potentially have more retail space by building more densely because the denser your population is the more retail you can support.

Chair Fernandez asked about our fee structure for remodels or buildings over 25,000 sq. ft.

Director Svanstrom responded:

- Remodels would generally just go through a building permit if the improvements are internal.
- The City has received a proposal from The Beale Group to remodel the old Round Table Pizza building.
  - In this case their square footage is going down a little because they are adding an elevator to the building, so they are reducing the square footage of the building.
- As Mr. Kral stated, if there was an increase to their square footage the additional square footage would be subject to this fee, but any renovations where they are repurposing existing square footage would not be subject to development impact fees unless it was to something that was of a lower category that is changing to a higher intensity use.

Chair Fernandez commented:

- Recalled that there was some type of fee for development over a certain amount of square footage at one point.
- Offered to research that and come back to it later.
- The Hotel assumption of 90 rooms may be an underestimate.
- The Hotel assumption of 90 rooms could possibly be a higher number than that.

Director Svanstrom responded:

- Hotel Sebastopol is 66 rooms.
- Not sure why we set on 90 rooms versus 100 rooms.

Mr. Kral responded:

- Believes they took 173 and netted off a project and then rounded up to the next number to give a little bit of leeway.
- The number can be increased if there is a possibility for more.
- These numbers are not set in store for the next 20 years.

- These numbers can be looked at and adjusted as needed over the coming years.
- This is not a set it and forget it type of situation.

Chair Fernandez commented:

- We will be able to see how it translates in terms of how much the fee will be for a single-family residence with a certain number of square feet compared to that of a hotel room, a commercial space, etc.

Mr. Kral responded in the affirmative and noted that the calculation would be per sq. ft.

Chair Fernandez commented that it is difficult to understand the breakdown in terms of cost at this time, which he understood was not what the Commission was being asked to do during this meeting.

Director Svanstrom commented:

- This meeting is aimed at what the Commission thinks is going to happen in the next 5 to 10 years while looking to 2040.
- These fees are updated every five years.
- This gives us a chance to go back and assess our projections and compare them to what really happens.

Commissioner Lindenbusch commented:

- Tends to agree with Vice Chair Fritz in that the single-family assumptions might be a little high.
- Concurred with Chair Fernandez in that 90 hotel rooms may be a little bit low.
- In general, this looks good.
- The ADU portion of it brings up another way of thinking about it.
- An ADU over 750 sq. ft. would count as a single-family unit, in terms of the fee structure.
- 200 single-family units in Sebastopol seems unrealistic with our urban growth boundaries and the amount of space we have for that type of development.
- If the ADU rules change to be competitive with other jurisdictions in the county, by mainly having the portion that we can charge fees for increasing.
- The current cap is at 850 sq. ft.
- Associate Planner Montes provided him with some statistics on ADUs over the past couple years.
- Since the laws have become more lenient on ADU development, we have actually seen the numbers go down gradually.
- There could be more work on the City's behalf to increase the amount of ADUs as non-deed restricted and informal, or naturally occurring affordable housing.
- Santa Rosa has a cap of 1,200 sq. ft. where it is much more plausible to be able to build a two-bedroom ADU, for example, than you might be able to with 850 sq. ft.
- With the amount that State laws have been changing, this is a promising area for the City to look at for increasing revenue over the next 5 years, 10 years, 20 years, when we will likely continue to see a decrease in retail and these other revenue streams for impact fees from development.
- ADUs could be a really promising way to make that up.
- Does not think that 200 single-family units have been developed here since the 1940's.
- 200 ADUs might be plausible, which is about 10 per year, even if no single-family units were developed.
- 200 ADUs might be conservative for the amount of ADUs on single-family homes.

Director Svanstrom commented:

- One of the things to consider is what are most people building.
- We have some over 750 sq. ft. in the pipeline.
- The majority of ADUs that she has seen are in the 500 to 750 sq. ft. range though so they would not really be associated with this.
- We allow up to 1,000 sq. ft. for a two-bedroom ADU which is consistent with State law.
- Based on what she is hearing, it may make sense to adjust the Single Family number down because most likely more them are going to be ADUs.

Commissioner Lindenbusch thanked Director Svanstrom for her comments.

Associate Planner Montes asked if any consideration had been given to basing impact fees for a single-family house on its square footage.

Director Svanstrom responded that that was their next discussion point and asked if members of the Commission had any specific numbers they would like to see changed.

Commissioner Haug commented:

- She would downgrade the Commercial/Retail and the Office because we are in a very unpredictable moment in terms of development in California due to climate change and other considerations.
- We are entering fire season right now and it is August.
- The pandemic and recent evidence of climate change leads her to not feel confident in the proposed numbers.
- Suggested that those numbers be reduced by at least 20% to 80,000 sq. ft. for each.
- Asked if the Industrial category is referring to a spirit maker in The Barlow or a canning factory?

Director Svanstrom responded that the Industrial category refers to both of those types of uses and spoke on opportunities for industrial development in town.

Commissioner Haug commented:

- Would potentially downgrade Industrial to 45,000 sq. ft.
- If you are trying to look at projections in terms of funding, it is better to come in a little under then to think you might be getting funding that never materializes.

Director Svanstrom asked Mr. Kral and Ms. Bouley if they have thoughts about lowering the development assumptions too much because doing so could result in raised fees to the point that development would become more difficult and less likely to occur.

Mr. Kral responded:

- They would need to update the numbers on an Excel spreadsheet to know what a 20% reduction in assumptions would do to the fees.
- Specifically, for Retail, because of the higher trip usage for retail commercial square footage, the more you lower the fee the higher the traffic fee becomes on everybody else because that normally eats a big portion of the fee.
- Recalled that traffic fee recalculations are not horribly high and does not actually change much from what the current fee is.
- We could take a little bit more out of those square footages without making a material difference.

- The more you lower development assumptions the more you raise the fees.
- We cannot make up numbers that we know are way, way too low in hopes of collecting more money.

Director Svanstrom commented:

- Sounds like we are talking about increasing the Hotel numbers.
- Not sure if 100 or 110 would make sense.
- 110 would basically double what Hotel Sebastopol will bring in in the next 20 years.
- Given what hotels are experiencing financially right now, 110 is the upper limit of what she would personally foresee for it.

Vice Chair Fritz commented:

- Hotel Sebastopol is 66 units.
- Could see another similarly sized hotel in the next 20 years which would mean the addition of 120 hotel rooms in the next 20 years.

Chair Fernandez concurred with Vice Chair Fritz.

Director Svanstrom asked if the Commission would support changing the number of Single Family units from 200 to 175.

Vice Chair Fritz expressed support for reducing the figure of Single Family units to 175 and commented that he would leave the number of Multifamily units at 375 as proposed.

Chair Fernandez asked about the effect, if any, of allowing four story development and whether that was taken into consideration.

Director Svanstrom responded:

- The EIR assumptions are going to be based on density, which is the number of units per acre, and how they format that number of stories is not necessarily going to change because they still have a density limit.

Mr. Kral commented:

- These are the numbers he will use to make his calculations coming into the next meeting with the Planning Commission as there appears to be a consensus on them.
  - Reduce the Single Family number from 200 units to 175 units
  - Leave the Multifamily number at 375
  - Reduce Commercial/Retail from 100,000 sq. ft. to 80,000 sq. ft.
  - Reduce Office from 100,000 sq. ft. to 80,000 sq. ft.
  - Reduce Industrial from 50,000 sq. ft. to 45,000 sq. ft.
  - Increase Hotels from 90 rooms to 120 rooms.

Commissioner Lindenbusch expressed concern over downgrading the single-family number too much.

Director Svanstrom clarified that that number represents non-ADU units because the City cannot charge fees for a vast majority of ADU units. For those that the City can charge fees on, it would only be a portion of the fee.

Mr. Kral added:

- We might have a better image when we go back to update this after five years.
- If we are off by even a little in our assumptions, we can adjust that going forward.

- Time will tell how many of these larger ADUs will be built.
- Right now, it would be a guess at best.

Hearing consensus on the development assumptions, Mr. Kral provided an introduction and asked to hear from the Commission on the fee structure slide.

Commissioner Haug asked if the first 750 square feet are free in terms of calculating fees.

Mr. Kral responded that that is not the case for single-family units, only for ADUs.

Commissioner Haug asked if this applies to developers, or to individuals who want to build a house, or both.

Mr. Kral responded that they would apply to both.

Commissioner Haug asked about encouraging developers to make smaller units given the fact that we have a shortage of affordable family housing in the city.

Mr. Kral responded that in theory, smaller units are cheaper to build because they have less square footage.

Director Svanstrom commented:

- There are a lot of 1,200 sq. ft. three-bedroom, two bath homes.
- 1,500 sq. ft. for a family home is reasonable.
- Vice Chair Fritz is an architect and may be able to speak on this further.

Vice Chair Fritz commented:

- Three bedrooms can fit comfortably within a 1,500 sq. ft. home.
- It is good for the city to encourage smaller units because they are naturally more affordable, and we need more of that.
- The cost of construction today means that the average house size of 2,000 sq. ft. will cost at least \$350 a sq. ft. for a minimum of \$700,000 just for construction.
- The more we can do to encourage smaller house sizes the better.
- Does not know the best methodology (discounted, per sq. foot, or other) for doing that.
- The more we can do to encourage smaller house sizes the better.
- Would support a development impact fee structure that aids the city in accomplishing that goal.

Commissioner Haug commented:

- It seems like this is trying to be applied to developers, ones we are trying to encourage to come in and develop a bunch of smaller units that are more affordable, versus the individual who bought a piece of land and is going to build their own custom house on it.

Mr. Kral responded:

- In theory we are incentivizing both.
- But yes, more than likely it will be a developer building a small townhouse project, or something along those lines.
- More valuable will be found in this for developers.

Commissioner Haug thanked Mr. Kral for the clarification.

Commissioner Oetinger asked about the difference between basing it off square footage on a set scale versus a graduated scale based on the number of bedrooms, in terms of revenue.

Mr. Kral responded:

- As far as the revenue neutrality of the two options, based on the way it is set up now, if someone is building a 700 sq. ft. house or a 3,000 sq. ft. house, the amount of impact fee revenue is going to be the exact same.
- Plan Check fees, and other associate costs may be different.
- If a developer comes in and wants to build a whole bunch of two bedroom, 700 or 800 sq. ft. small apartments, it will be a judgement call as far as which one will generate more revenue.
- If we set it up to be a per square foot basis, which is kind of the new trend in impact fees to encourage rather than discounting off a number.
- Has never seen a study that shows that it encourages smaller units.
- Construction costs are \$350 per sq. ft. and impact fees are \$25-\$30 per sq. ft.
- Impact fees are not going to make a material difference.
- If someone is going to build a large house, they are going to build a large house.

Director Svanstrom commented:

- School fees are generally structured so that for each square foot you pay a certain amount.
- Discounting fees means you must supplement from somewhere else.
- From 2017 to current, the City has not been tracking additions that result in a larger home.
- Anyone that got a discount for building a smaller home, could come back in and do an addition without being subject to any development impact fees.
- Would recommend forgiving this discount.
- We are implementing an online permitting and tracking system.
- In doing so, we will be able to track things like who got what discount over time.
- If a person comes back with an addition, there may be a chance for the City to recoup that at that time.
- In some ways that will make things more affordable because if somebody is building something more modest because that is what they can afford, and later they are able to do an addition, they are able to defer those fees until that time.
- If it is based on square footage, each square foot is a certain amount.
- Asked Mr. Kral to confirm whether that would be possible, legal to do.

Vice Chair Fritz commented:

- Expressed support for that idea.
- Likes the idea of encouraging smaller units.
- It seems reasonable and fair to structure fees for people who are homesteading, who build what they can when they can afford to do so

Mr. Kral commented:

- For the discounting option, once a certain amount of square footage has been built, there would not be any additional costs under that model.
- Once the full impact fee has been charged, the only additional fees would be school fees which are based per square footage.
- With regards to school fees, if it is under a certain amount of square footage additional fees are not triggered (unsure what that exact amount is).
- For really small projects, school fees are not assessed.

- School fees are different all over the state, but they are something small like \$4 per sq. ft.
- Once you get past the discounted level, which is currently 1,500 sq. ft. there would be no additional impact fees.

Commissioner Haug commented:

- Mr. Kral is saying that a person can build a small house for a discounted fee and then add an addition with no additional fee.

Mr. Kral responded:

- If a 750 sq. ft. single-family home, which is half of the 1,500 sq. ft. floor that we have is built the person building the home would pay half of whatever the impact fees we calculate to be.
- If they come back later with a request to build an additional 750 sq. ft. they would have to pay the difference which would bring them to the full fee amount.
- If they came back later with a request to build another 750 sq. ft. they would not be subject to additional impact fees as that would be over the 1,500 sq. ft. mark.

Commissioner Haug understood that the full fee is currently based on 1,500 sq. ft.

Mr. Kral responded in the affirmative and noted that anything over 1,500 sq. ft. would be covered under the full fee and would not be charged additional impact fees based on any amount of additional square footage.

Commissioner Haug asked why the City is not charging based on square footage in that case.

Mr. Kral responded that that was not how it was sent up back in 2018.

Commissioner Haug commented:

- We should be charging per square foot because most people that are building here are not building little tiny houses because it is expensive to build here and buy land.
- If you are going to buy land here, you are not building a shack.
- Saw a 600 sq. ft. house in Graton that recently sold for \$600,000.
- If we are only talking about 200 units, we might as well get the full amount of fee structure.
- Because we are talking about developers, versus individual homeowners, we need to parse out who we are talking about.
- If we are talking about a developer, impact fees are a very negligible amount of their project costs so we should just base the fee on square footage.

Mr. Kral commented that the way the fee is applied to an individual homeowner or developer is the same.

Commissioner Haug commented:

- Understands that.
- To a developer who is getting bank financing, the development fees are very small.
- They are not going to be discouraged.
- If they feel like they can make money on a project, they are not going to be discouraged by impact fees because the amount of money that they are borrowing to fulfill their project far outweighs the cost of development fees.

Vice Chair Fritz commented:

- The developer passes those fees on to the homeowner.
- The developer is not subsidizing the development.
- Whatever the development fee is, it will get passed on to whomever rents or buys the unit.

Commissioner Haug commented:

- This fee is to cover the cost of using City services, infrastructure, etc.
- Somebody has to pay for it.

Vice Chair Fritz responded in the affirmative and commented:

- It is still fine to provide discounts and encourage smaller units because those units will be more affordable.
- We need more affordable units in this city.
- Encouraging developers to build smaller units by giving them a break on their development fees means that that break can eventually be passed on to the eventual occupants of those units.
- While he was not sure on Sebastopol's number specifically, he stated that development fees can be substantial, and in some cases can be \$50,000 per unit.

Commissioner Haug commented:

- It does not look like that here.
- If we are encouraging smaller units, it would make sense to base the fee on square footage as well.
- Feels like we are trying to over-control the developers in the marketplace.
- Developers are just using a spreadsheet.
- Affordable housing will come.
- If we really want affordable housing, we need housing grants and different methods of funding, different banking options such as 40-year mortgages, no interest down payments, etc.
- Trying to control it on the developer side through impact fees does not seem like the way she would like to go about it.
- If we are just talking about this item, we should just charge per square foot because the person who is building a big home is going to pay more in impact fees and the developer might be encouraged to build smaller units if that is even factored in to their considerations.

Mr. Kral commented:

- They can come back next month with a couple of examples on how this could be set up.
- Can work with Director Svanstrom to come up with some different options here.
- Smaller units are encouraged based on how it is currently set up.
- Charging per square foot is doable and would be based on the average house that has been built in Sebastopol over the last five years.
- That would represent our average house going forward.
- The fees would be built around whatever that average looks like.
- With these programs there is typically a ceiling.
- It still must pass the rational nexus test.
- It can be structured that way.

Mr. Kral asked if the general consensus was to try to structure it on a per square foot basis.



Vice Chair Fritz expressed support for looking at it on a per square foot basis.

Mr. Kral continued his presentation on the fee structure slide and asked if the Commission was in agreement with current water and sewer fees being charged based on water meter size.

Members of the Commission responded in the affirmative.

Mr. Kral presented on park fees.

Director Svanstrom commented:

- This cannot support maintenance or renovation.
- This is really focused on the acquisition of new parkland and development of new park.
- This can be used for development of new components for existing parkland.

Mr. Kral continued his presentation on park fees.

Vice Chair Fritz asked if we are currently meeting the 5 acres per 1,000 residents standard.

Mr. Kral responded that we exceed that standard.

Vice Chair Fritz commented:

- Not sure where we would be acquiring new parkland from.
- We are fairly built up within city limits.
- We have already bought and expanded some city parks beyond city limits, including the annexation of land to include Meadowlark Field, Village Park and the Skategarden Park.
- Does not see us acquiring much more parkland.

Director Svanstrom responded:

- The City has done some recent acquisition.
- Tomodachi Park on the east side of Park Village is one of our newest parks.
- The Skategarden Park was an acquisition and would be considered active parkland.
- The southside of town could use an active park.
- The central and northside of town with Ragle, Ives, and the Skategarden Park are pretty well situated in terms of active parks.
- For open space, the City is in the process of annexing the Railroad Forest into the city.
- Believes there is additional potential on the Laguna side of town.
- People are interested in potentially expanding the trail further down.
- This fee can be used to help us develop.
- The Railroad Forest has Himalayan blackberries overgrowing native species and there are no trails in it.
- The Tomodachi Park does not have a trail from the Joe Rodota connecting in.
- Those type of amenities can be paid for by this fee because it would be new construction that would add to the network.

Commissioner Haug asked if land could be annexed through this to build more multi-use trails in Sebastopol?

Mr. Kral responded that it can be used for land acquisition.

Commissioner Haug asked if the City could acquire the land for a multi-use trail or connector trail through use of this fee?

Director Svanstrom responded:

- Believes so.
- Will have our City Attorney weigh in on that.
- Sonoma County has had their legal team weigh in on it because they have a separation of cannabis uses for parks and they have ruled that trails are parks.
- All trails are part of the Regional Park trail system and are a public amenity in that way.
- A bicycle lane, or a pedestrian trail along a street would probably not be eligible.
- A rails to trails kind of park project, and certainly if it is something through the Laguna connections that is connecting open space to open space, or trails through open space would be eligible.

Commissioner Oetinger commented:

- As we intensify our development and become more urban, the concept of even the dedication of a small parcel of land for a pocket park can be really useful.
- That will allow us a lot of potential to look at pocket parks as we intensify our development.

Commissioner Lindenbusch commented:

- Echoed Commissioner Oetinger's comment on the inclusion of pocket parks as a possibility moving forward, not just on the south, but on the west and north side as well.
- Asked Director Svanstrom if she thinks that the 75% - 25% split is realistic.
- His inclination is to think that we are probably more than 25% open space given the size of the Laguna wetlands, Tomodachi Park, Railroad Forest, etc.

Director Svanstrom responded:

- That is a really good question.
- That is where we are currently at in our Level of Service reports.
- Acquisition of open space is more likely percentage wise.
- Some adjustment between active and open space would be more appropriate.
- The implication of that is that active parkland is much more expensive to develop so an adjustment that is more weighted towards open space would result in a lower fee.

Commissioner Haug commented:

- Echoed Commissioner Oetinger and Commissioner Lindenbusch on pocket parks if we move forward with more infill.
- Lived in cities for most of her adult life and pocket parks are very effective outdoor spaces for people who are living in smaller dwelling units just as a place to get outside and get some fresh air.
- Asked if a pocket park would be considered active parkland.
- Pocket parks would be a great idea for looking at denser development in downtown and along the 116 corridors.

Mr. Kral commented:

- One thing to keep in mind with this is that we are not actually making any policy regarding how much parkland you can buy in specific ways in the future.
- This would not be locking you in to anything about that.

- We are just trying to get zeroed in adjust the fee based on this assumption.
- It sounds like 25% open space is probably a little low.
- Adjusting it to 60% - 40% which would be three acres of active park per 1,000 residents may be more appropriate and is more of a standard that can be seen in other places.
- We would still be setting aside two acres per 1,000 residents of additional open space
- If what becomes available and matches the city's needs is all open space for the next three years, there are funds available for that.
- Open space would still be adding to parkland.
- We are not tying this to only being able to buy certain types of parkland or only renovating or working on certain types of parkland.

Chair Fernandez asked about whether parklets could tie into this.

Director Svanstrom responded that, while a great idea, it would need to be a permanent capital improvement project to be eligible for use of this fund.

Mr. Kral commented:

- Has seen it done in some other places.
- May be a gray area in terms of whether he would do it, but if it is a permanent installation, in theory it would qualify.

Members of the Commission were in support of changing to 60% acres active parkland and 25% open space.

Commissioner Haug commented that that change seems more appropriate, however, the downside is that it will lower the amount of fees being collected.

Director Svanstrom noted that the fee would still be much higher than it is currently.

Mr. Kral presented on the library facilities, general government, and fire facilities slide.

Vice Chair Fritz asked if we know how big our library is compared to our population.

Mr. Kral and Director Svanstrom responded that it is a 10,000 sq. ft. library for Sebastopol's 7,000 residents, however, it is a County facility, so the service area extends far outside Sebastopol city limits.

Director Svanstrom added:

- When you account for that it is about 0.3 sq. ft. per resident so it is about half the size a library should be.
- The County had been planning on doing a facility master plan update but that was put on hold.
- Checked with a firm she used to work with, and they indicated that the 0.6 sq. ft. is defensible and there are a lot more community spaces, access to technology, meeting rooms, etc. these days.
  - They do not see that 0.6 sq. ft. figure going down in any reasonable fashion.

Commissioner Haug asked if the library fee would go towards the maintenance of the library, or if would be used towards services?

Mr. Kral responded that the fee is not for services or maintenance, it is for expanded facilities.

Director Svanstrom commented:

- Because the County would be responsible for renovations, the City would be looking at maintaining this fee as a way of helping to support a larger facility that is either envisioned, or by adding on to the existing facility.

Commissioner Haug understood that the fee would be used to either develop a new library, or to expand the existing library.

Director Svanstrom responded in the affirmative and commented:

- All development impact fees for new development are really looking at the additional development in your community, and the fees that are collected through development impact fees are intended to support expansion of services to accommodate those new people in the community.

Commissioner Haug asked how much is expected to be gained from this fee?

Director Svanstrom responded that they would be going over that next time.

Mr. Kral responded in the affirmative and commented:

- The fee is not a massive amount of money.
- It is more of a small set aside to help when a renovation is needed.

Mr. Kral and Director Svanstrom presented on the traffic fee slide.

Vice Chair Fritz asked for the difference between General Retail and Hardware Store from the ITE (Institute of Traffic Engineers) standpoint.

Mr. Kral responded:

- Hardware Store was a category in the old study, and he did not have a reason to remove it.
- General Retail is considered a 3.8 D which is the equivalent traffic of 3.8 single-family homes.
- Hardware Store is considered a 2.6 which is lower.
- This category could be removed if you felt it was unnecessary and did not meet the needs of the city.
- We can also add more category options.

Vice Chair Fritz asked if any cities assess the traffic impact fee by VMT (vehicle miles traveled)?

Mr. Kral responded:

- That that is supposed to be down statewide, however, nobody has a VMT study.
- A VMT study was done on one region of a city near San Diego and it took them three years to do it.

Vice Chair Fritz commented:

- It seems like a multifamily project downtown versus a multifamily project on the edge of town would have two totally different kind of impacts.

Mr. Kral responded:

- Multifamily has a couple of different category options available.
- There is low-rise, mid-rise, and high-rise.
- With general land use in Sebastopol he does not see a lot of high-rise development.

Director Svanstrom commented that Sebastopol does not have the zoning for high-rise development.

Mr. Kral commented:

- If we had a VMT study, we would be able to take that into consideration.
- We are working with the best information that we have available.
- On the State level, all cities are supposed to start going to that pretty quickly.

Director Svanstrom commented:

- The City is working on getting funding for a VMT study.
- This is the first time the City has had an in-depth development impact fee study in much longer that we are supposed to.
- This study will get the City up to speed.
- Quality Restaurant refers to more of a sit-down restaurant, as opposed to High Turnover Restaurants which are more fast food.
- These categories are all about turnover and traffic.

Vice Chair Fritz commented:

- Not sure we need the Hardware Store category.
- The categories look fine otherwise.

Mr. Kral noted that the Hardware Store category is about 30% less than General Retail.

Commissioner Oetinger commented that Sebastopol Hardware is quite different from your typical hardware store.

Director Svanstrom commented that their main store is hardware.

Chair Fernandez asked about service business that are not what we would typically consider general retail, such as service outlets, automotive, mailing services, etc.

Mr. Kral responded that those would fall under General Retail as well as it is kind of a catchall for every other use, especially if we get rid of the Hardware Store category.

Director Svanstrom commented that salons, nail spas, spas, and fitness centers would be considered General Retail.

Mr. Kral responded in the affirmative.

Chair Fernandez asked if those should be broken up into separate categories?

Mr. Kral responded:

- That is an opinion question that the Commission can go forward with.
- The categories can be made broad and simple or granular.
- Can prepare something to show the Commission how many different ITE rates there are.
- The list is exhaustive.

Chair Fernandez suggested seeing the top 10-20 categories to see what else is there and if having more categories would make sense.

Mr. Kral responded:

- The list includes a couple hundred uses.
- Can bring some categories for comparison next time.
- He can run the numbers assuming all our retail build out is going to be General Retail.
- Can give a trip comparison so the Commission can see how different they may be.

Vice Chair Fritz asked if this would be for new development only.

Mr. Kral responded in the affirmative.

Vice Chair Fritz commented:

- A new commercial development will likely have a variety of uses that could all be considered retail space.
- The general number is better because during development we are not likely to get that specific data.
- Retail space changes all the time as well.

Chair Fernandez concurred.

Director Svanstrom responded:

- When the Barlow changed several spaces from Industrial to Retail that was an intensification.
- Was not on staff when the fees were assessed.
- Believes there were development impact fees for that change of use as it was an intensification.

Commissioner Haug commented:

- Concurred with Vice Chair Fritz in that when a developer is building out a space, they are generally building it out with a general understanding of the kind of space it will be (retail, office space, or light industrial), not specific.
- The way the Barlow shifted its entire use from industrial to retail confirms what Vice Chair Fritz is saying.
- A general number makes sense because this is about new development, or radical change of use, where the predictability of the occupant is minimal at the time that the development is assessed for fees.
- Most developers do not know those specifics unless they have an anchor tenant like Home Depot, Ikea, or Starbucks.

Director Svanstrom concurred with keeping it simple from a staff perspective and commented:

- We want to encourage small businesses.
- We do not want to make this complicated.
- Because we currently have downtown retail, specialty retail, and sit down quality restaurant, her peak calculation for Hotel Sebastopol which has all of those uses, plus the hotel, plus artists spaces, is a whole spreadsheet until itself.

Mr. Kral commented:

- The administration side of things would be much simple using broad categories.

- A change in use would not require a change in calculations as long as the use would fall under the General Retail category.

Chair Fernandez commented that Mr. Kral could move on to the next slide.

Mr. Kral asked if the Commission was in consensus on removing the Hardware Store category.

The Commission was in consensus on removing the Hardware Store category.

Mr. Kral presented on the water and sewer fees slide.

Chair Fernandez asked if consideration is given to reclaiming water or anything like that?

Director Svanstrom responded:

- No, we do not control our own wastewater.
- The City of Santa Rosa, who the City of Sebastopol contracts with, uses reclaimed water, however, that does not factor into these calculations.
- This fee is to support the infrastructure that carries the water to where it needs to go or pump the water on the ground.

Mr. Kral presented on the storm drainage fee slide.

Chair Fernandez commented that that is what he was getting at from the previous slide, so this helps answer that.

Director Svanstrom commented:

- The environmentalist in her likes the per sq. foot because then you can discount for good, more sustainable design.
- There are some practicalities to it.
- The fee would only be assessed on things that require a building permit.
- Even for existing development, we would be able to capture those impacts to the stormwater system.
- It is less about the vacant lots than just doing the per lot fee.
- Unsure of the exact percentage, but it is probably at least 95% of our land is already developed.
- The ability to capture from existing development goes away and we have very few vacant lots.

Vice Chair Fritz expressed support for the per sq. ft. method.

Director Svanstrom commented that Healdsburg charges the fee per sq. ft. as well so we are not the only one in the county that would be doing it.

Mr. Kral commented that Sacramento County does it that way as well and noted that it is absolutely doable at any scale.

The Commission expressed support for the per sq. ft. method.

Mr. Kral and Director Svanstrom presented on the affordable housing in-lieu slide.

Commissioner Haug asked what funds are available for affordable housing in the city.

Mr. Kral responded that just like other impact fees, it goes to a separate fund.

Director Svanstrom responded:

- The city has two funds, the affordable housing in-lieu fee and the commercial housing linkage fee.
- The funds are somewhat interchangeable because their sole purpose is to support affordable housing.
- The City works together on projects.
- The main project that we are focused on right now is Park Village.
- We are also part of the Community Development Commission Cities and Towns which has to do with the Community Development Block Grant Funding.

Mr. Kral discussed next steps.

Chair Fernandez asked if members of the public wished to comment on this item.

There were none.

Hearing nothing further, the Commission concluded their discussion of this item.

Director Svanstrom asked that members of the Commission that are interested in the Parks Foundation email her.

**8. ADJOURNMENT:** Chair Fernandez adjourned the meeting at 11:04 p.m. The next regularly scheduled Planning Commission meeting will take place on Tuesday, September 08, 2020 at 7:00 p.m.

Respectfully Submitted By:

Kari Svanstrom  
Planning Director