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City of Sebastopol

Planning Commission/Design Review Board Staff Report

Meeting Date: March 25, 2025

Agenda Item: 6A

To: Planning Commission and Design Review Board/Tree Board

From: Emi Theriault, Community Development Director
Jane Riley, Planning Consultant

Subject: Barlow Hotel Development Agreement

Applicant/Owner: Highway Partners LLC; Sebastopol Industrial Park LLC; and Barlow Star LLC; collectively "Barlow Hotel"

File Number: 2024-010

Address: 6782 Sebastopol Avenue and 385 Morris Street

CEQA Status: Previous EIR (CEQA 15183)

General Plan: Limited Industrial

Zoning: Hotel Site: CM (Commercial Industrial); Parking Lot Site: M/ESOS (Industrial/Environmental & Scenic Open Space Combining Zone)

Recommendation: Staff recommends that the Planning Commission hear staff reports and applicant presentations, hold a public hearing, discuss the project including Design Review Board member recommendations for future administrative level reviews, and adopt the attached resolution recommending that the City Council approve the Development Agreement for the Barlow Hotel project, subject to the terms and conditions set forth therein.

SUMMARY

The Barlow Hotel has requested a Development Agreement to allow the development and operation of the Barlow Hotel at 6782 Sebastopol Avenue. The hotel would replace the existing 36,402 square foot Guayaki Yerba Mate building at this site and would make use of the "batch plant" lot on Morris Street for overflow and valet parking. The Barlow Hotel project would include the following features:

- A single, 69,934 square foot structure of two and three stories, up to 55 feet in height;
- A rooftop deck with pool and café bar over the central portion of the structure, with a shade covering over the café bar & seating area for a maximum overall height of 65';
- Up to 83 hotel rooms;
- A meeting room of 1500 SF and a conference room of 750 SF, proposed to be made available to community groups when not in use by hotel guests;

- Retail space of 940 SF, open to guests and the public;
- Spa of 5,900 SF (including courtyard areas), open to guests and the public;
- Lobby restaurant with bar (total 2,220 SF with 107 seats, including 85 interior and 22 on the patio), serving breakfast, lunch & dinner and open to guests and the public;
- Rooftop pool and pool deck, for guest use only;
- Pool café bar with 36 seats, for the use of hotel guests and their guests;
- Redevelopment of the existing parking lot between Guayaki and Community Market, with development of 73 parking spaces (18 for the hotel use and 55 for Community Market) and 51 trees;
- The provision of 305 total new parking spaces, including the 73 spaces on-site in the lot shared with Community Market and 242 new spaces at the “batch plant” parking lot at 385 Morris Street, which would also be developed as a part of this project;
- The provision of a new high-visibility crosswalk at Morris and Laguna Park Way;
- A new pathway on the south side of the new batch plant parking lot, leading from Morris Street to a new Laguna promenade with picnic area and overlook to be developed at the rear of the parking lot site;
- Dedication of land for the existing AmeriCorps trail; and
- A permanent Open Space Easement over the Laguna de Santa Rosa, from the 50’ Laguna setback line east to the edge of the site.

Each of the proposed uses are further described below, with additional details available in Attachment A (Detailed Project Description) and by reviewing the application submittal materials available on the City’s website, [here](#).

The hotel is expected to bring in significant revenues from transient occupancy taxes (TOT), increased property taxes, and increased sales taxes. The project’s fiscal benefits and staff recommended fee reductions are discussed under the Fiscal Analysis section below.

Project Setting

The project site includes a 1.23-acre hotel site at 6782 Sebastopol Avenue within the Barlow market district (or “The Barlow”), with an additional 2 acre parking lot on a 2.9 acre site across the street at 385 Morris (“Batch Plant”) adjacent to The Barlow. The Barlow is a 12.4-acre, pedestrian-oriented development located immediately east of downtown Sebastopol. It is a destination for Sebastopol-area residents as well as visitors to the area and contains 222,000 square feet of building area between 18 buildings. Within The Barlow, 36 different tenants conduct a wide range of uses including industrial, food producers, retail shops, artisan restaurants and cafes, a community-based supermarket, and premium wine, beer, and cider-makers. Music and other special events are regularly conducted within The Barlow under their approved use permits.

As noted above, the 69,935 square foot hotel structure would be within The Barlow and would replace the existing 36,402-square-foot Guayaki organic beverage company warehouse building, which spans from Sebastopol Avenue to McKinley Avenue (see *Figure 1*, below). The Guayaki organic beverage company has not renewed their lease and will be vacating the project site by the end of 2025.



Figure 1, Project Location

Batch Plant Parking Lot Site. The 385 Morris Street parking lot site was formerly a concrete batch plant. Equipment associated with that former use was removed years ago and most of the existing disturbed area is paved. This site is adjacent to the Laguna de Santa Rosa, and as such carries the Environmental and Scenic Open Space (ESOS) Combining Zone designation (see discussion under Zoning Consistency, below). A pedestrian walkway including a new high-visibility crosswalk across Morris Street on the north side of Laguna Park Way would provide safe access for guests, employees, Barlow customers, and persons accessing Laguna Park and the AmeriCorps Trail from Laguna Parkway or Morris Street & the West County Trail. The parking lot would include 232 spaces, including 5 compact spaces, 6 ADA accessible spaces, 126 valet spaces and 19 spaces with EV charging. The valet spaces would be flexible, remaining available for self-parking when stacked parking is not needed. The parking lot design will feature the addition of 133 native trees, including 10 street trees, 31 shade trees within parking medians, 5 accent shade trees along a Laguna promenade, 53 accent understory trees, and 34 riparian upper story trees. A series of bioswales designed to pre-treat stormwater runoff add additional planting area to the site. An unmanned utility shed would be installed in the northwest corner of the lot to provide storage and house the valet function. As noted above, the project will feature a Laguna promenade, picnic area, and overlook with benches and interpretive signage. The “Laguna” portion of the parcel (east of the 50’ setback line) is offered as permanent undisturbed open space under an Open Space Easement (see Figure 2, below).

Development Agreements

As noted above, the approval mechanism for the Barlow Hotel will be a Development Agreement. A Development Agreement (DA) is a voluntary contract between a property owner and a local government to establish the terms and conditions that govern the development and use of a specific property.

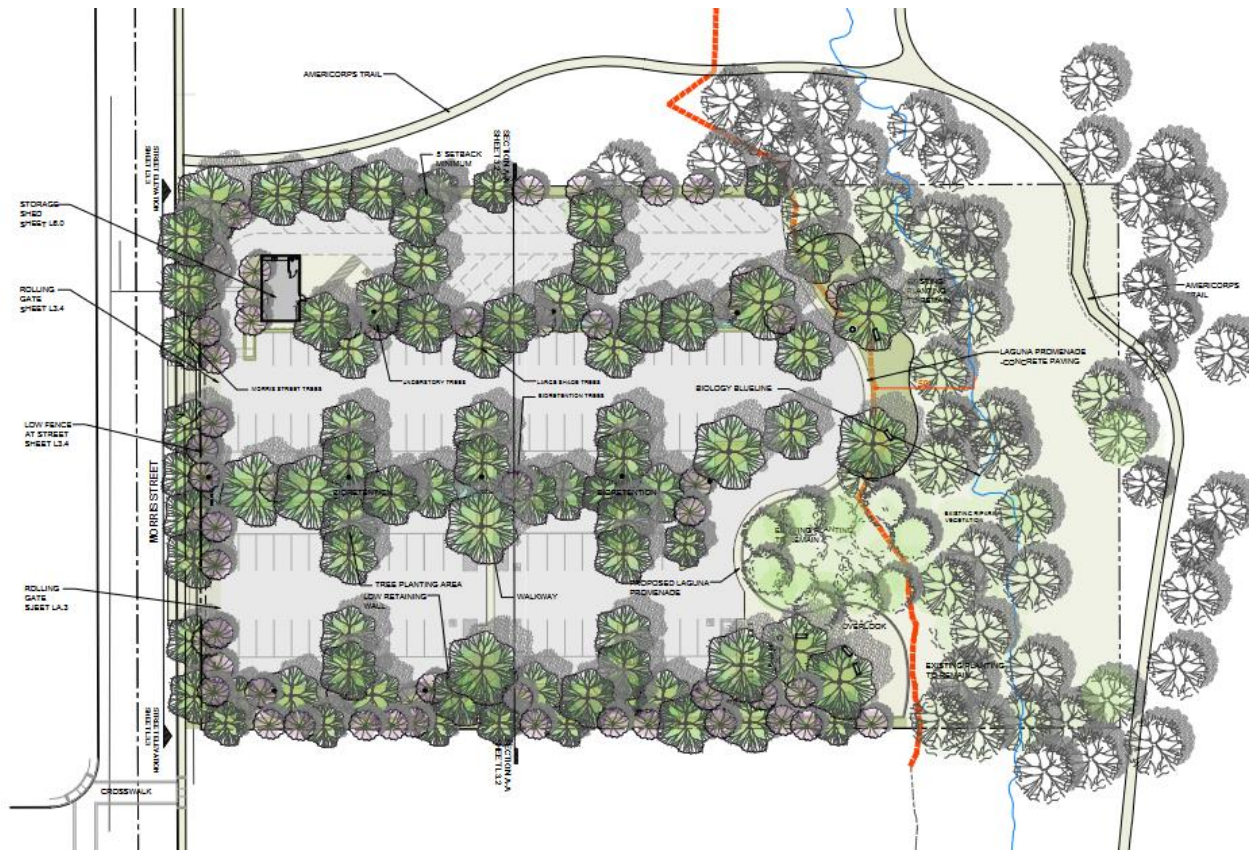


Figure 2: Landscaping Plan for Barlow Hotel Parking Lot at 385 Morris Street (Batch Plant site)

Development Agreements (DAs) are governed by state law (Government Code §65864-65868.5) and by Chapter 17.440 of the City Code. They are intended to strengthen the planning process, encourage comprehensive planning, and reduce uncertainty and costs in the development review process. A DA is a type of ordinance, and it must be consistent with the General Plan and must be approved by the City Council following a public hearing. The Planning Commission's role in approval of the Development Agreement is to review it and to make a recommendation to the City Council, much like they would review and recommend any other ordinance affecting land use and zoning. Code Section 17.440.070 requires that the Planning Commission make certain findings as part of their recommendation to the City Council; see the Analysis section, below.

A Development Agreement provides the site-specific land use and development standards for the property covered in the Agreement. State law authorizes the use of Development Agreements to establish standards for virtually every aspect of a development, including but not limited to:

- Building sizes, heights, densities, setbacks, vehicular access and parking, site design, landscaping, and other physical development features;
- Permitted uses and operating standards;
- Mitigation measures and conditions of approval;
- Amount and payment schedule of any impact fees;
- Required dedications, if any;
- Term of the Agreement;
- Development phasing, if any; and
- Procedures for subsequent reviews, along with standards for implementing decisions.

The Development Agreement for the Barlow Hotel incorporates each of its land use entitlements and conditions of approval that the City would otherwise handle through issuance of use permits and design review approvals. Because Development Agreements are adopted by Ordinance, they can approve certain allowances or design aspects that are different than what is required by the Zoning Code so long as the Development Agreement is consistent with the General Plan and the proposed uses are allowed by the Zoning Code. Approval of the Development Agreement is not a change to the Zoning Code and does not affect any other property in the City. **Table 1** reflects the different land use entitlements for the Barlow Hotel and indicates the typical and proposed processing mechanism for each:

Table 1: Barlow Hotel Project Components and Approval Procedures

	Project Component	Allowed by Zoning Code?	Typical Processing & Approval Procedure	Procedure for Barlow Hotel Project
Hotel	Hotel, with accessory uses including spa, restaurant, cafe & retail	Yes	Use Permit	Development Agreement
	Bar spaces/alcohol sales	Yes	Admin Review or Use Permit, depending on seats and food service	Development Agreement
	Hotel structure, height, massing, architectural features, colors & materials, landscaping, lighting	Yes	Design Review Board; Planning Commission (height)	Development Agreement; Subsequent Admin Design Review if consistent with Development Agreement
	Signs	Yes	Admin Review if consistent with Sign Program	Admin Review if consistent with Sign Program & Development Agreement
	Tree Removal (Tree #1)	Yes	Tree Board	Development Agreement
Parking Lot Site	Offsite Parking (batch plant parking lot)	Yes	Use Permit	Development Agreement
	Valet Parking (batch plant parking lot)	Yes	Use Permit	Development Agreement
	ESOS Setback reduction from 100' to 50'	Yes	Use Permit	Development Agreement
	Landscaping & Lighting; Shed structure	Yes	Design Review Board	Development Agreement; Subsequent Admin Design Review if consistent with Development Agreement

It is important to note the Development Agreement covers only the project's land use entitlements, and only those under the City's authority. It does not cover additional City or other agency reviews that will be required before development can begin. The project will still need to apply for and receive permits for such things as Improvement Plans, Grading Permits, Encroachment Permits (both City and Caltrans), Department of Alcohol Beverage Control (ABC) Permits to allow alcohol sales, food service permits from the County Health Department, and so on.

The Development Agreement has a term of ten (10) years, which is a common term for development agreements. The Project's approvals are vested during this period of time. Annual review of the Development Agreement by the City is required during each year of the DA. The conditions of approval for the project, and authorized uses, will continue after the expiration of the Development Agreement.

California Environmental Quality Act (CEQA) Review

CEQA Regulations (14 CCR §15183) mandate a special environmental review process for projects that are consistent with the General Plan and whose potential impacts have been studied in a previously certified Environmental Impact Report. When this occurs, the law considers that the project's environmental impacts have already been studied and limits additional environmental review to those potential impacts that are peculiar to the proposed use. The Barlow Hotel, with up to 90 rooms, was anticipated by and studied within the certified EIR for the 2019 General Plan and therefore the City must process the project using the Section 15183 procedure. While the City cannot impose additional CEQA review of the project, the statute does permit the City to request specific studies to demonstrate conformance with the previous reviews or to examine any aspects of the projects that may not have been analyzed in the earlier CEQA review. The following additional studies have been requested and provided by the applicant:

- Barlow Hotel Project CEQA Transportation Assessment, Fehr & Peers, June 2024
- Intersection LOS Assessment for Barlow Hotel Project, Fehr & Peers, May 2024
- Crosswalk Improvement Study for the Barlow Hotel, W-Trans, February 2025
- Historical Resources Evaluation Report, Yarborough Architectural Resources, Dec 2024
- Batch Plant Parking Lot Biological Assessment, WRA Consultants, May 2024
- Arborist's Report, Gary Balcerak, July 2024 with revision letter dated January 2025
- GHG and Air Quality Model Outputs for Barlow Hotel and Parking w/Detailed Bay Area Air Quality Management District (BAAQMD) Health Risk Report, December 2024
- Initial Stormwater Low Impact Development Submittal for Barlow Hotel, Adobe & Associates, August 2024

Attachment B presents the Section 15183 "Checklist" (similar in format to a Negative Declaration) and its supporting documentation. The CEQA documentation was prepared by Environmental Science Associates (ESA) on behalf of the applicant and has been peer reviewed by Rincon Consultants on behalf of the City. The Checklist confirmed that there are no project-specific environmental effects which are peculiar to the project or its site, and all potential significant effects were previously discussed by the General Plan EIR. Accordingly, Staff has determined that the applicable requirements are met and recommends that the Planning Commission adopt the draft resolution which includes findings that the previous CEQA review, along with the additional studies and documentation, are adequate and appropriate to support the project.

Role of the Planning Commission

A Development Agreement is a type of Ordinance and requires that the Planning Commission first review the proposal and make a recommendation to the City Council. In their review, the Commission should consider the project's consistency with the General Plan and with the uses

allowed by the Zoning Code. Proposed findings are provided in the Analysis section below and in the Draft Resolution attached to this Staff Report (see Attachment C).

Role of the Design Review Board/Tree Board

The Design Review Board/Tree Board has no formal role in the approval of a Development Agreement. However, the DRB's review and direction is important to advise the City Council and inform the subsequent reviews that will take place between approval of the DA and the start of construction. Statutes allow for subsequent discretionary approvals, such as administrative design review, as long as they do not preclude development of the project described within the Development Agreement. Staff will rely on the project's compliance with the Development Agreement and with the direction provided by the Design Review Board when performing their administrative design reviews. Analysis of the project's compliance with codified design standards for large projects is included below. See Attachment D for the City's Design Guidelines and staff analysis.

ANALYSIS

General Plan Consistency

There are many General Plan policies are applicable to the Barlow Hotel project proposal, including the goals and policies of the Land Use, Circulation, Community Services & Facilities, Conservation & Open Space, Community Design, and Economic Vitality Elements. A short list of applicable goals and policies from the Economic Vitality Element is presented below; for more details please see the complete General Plan Consistency Analysis dated February 2025 and provided as Attachment E.

GOAL EV 1: Encourage Economic Development that Broadens the City's Employment Base, Attracts High-Quality Jobs, Provides Services and Goods that Reflect the City's Values, and Increases the City's Tax Base

GOAL EV 4: Emphasize Sebastopol's Role as a Market, Service, and Tourism Hub for the West County and as a Gateway to the Coast

GOAL EV 7: Maintain a Stable and Self-Sustaining Fiscal Base in Order to Generate the Resources Necessary to Provide Desired City Services and Support New Growth that is Consistent with the City's Values and Goals

Policy EV 4-3: Encourage amenities needed to support tourism, including hotels, bed-and-breakfasts, eco-lodging, and a variety of restaurants, shopping, and services.

Policy EV 4-4: Encourage the development of civic amenities, entertainment venues, retail and restaurants, and services that increase visitation, spending, and tourism.

Policy EV 4-5: Promote both the City, and the City's open space and natural resources, with emphasis on the Laguna Wetlands Preserve, as a tourist destination.

Analysis and Conclusion. The Barlow Hotel project is consistent with the Sebastopol General Plan. It meets the goals of increasing the City's tax base, increases its role as a tourism hub for the west county by providing accommodations for visitors, and increases the City's fiscal base. It provides the amenities necessary to support tourism in a location and with a pedestrian orientation that is designed to increase spending both in The Barlow and within the adjacent Downtown. It promotes the Laguna de Santa Rosa as an important natural resource and tourism destination.

Zoning Consistency

As noted above, Development Agreements can set their own design and development standards for developments on the site or sites that are covered by the DA, so long as the proposed uses are allowed by Zoning. As noted in Table 1 provided above, each of the project's components are uses permitted or conditionally permitted by the Zoning Code. The analysis below provides details for the Commission's consideration, including the applicable findings for approval of the different project components.

Hotel Site (CM Zoning): Hotels are considered to be [transient residential](#) uses under the Municipal Code. The [Land Use Table for Commercial and Industrial Uses](#) lists these uses as conditionally permitted in the Commercial Industrial (CM) Zone. Findings for approval of a Use Permit are provided below.

The Zoning Code further defines "hotel" to include accessory uses such as restaurants, small shops, gyms and beauty/barber shops:

"Hotel" means a residential building other than a bed and breakfast inn containing six or more guest rooms which are used, rented or hired for sleeping purposes by [transient](#) guests or travelers for generally less than 30 consecutive days. Such uses may also include [accessory uses](#) such as beauty and barber shops, restaurants, florists, small shops, and indoor athletic facilities. Hotel includes "motel" uses.

Hotel Use. The Code sets forth the following standard Use Permit findings necessary for approval of the Barlow Hotel:

- a. That the use is consistent with the General Plan; and
- b. That the establishment, maintenance, and operation of the use applied for will not, under the circumstances of the particular case (location, size, design, and operating characteristics), be detrimental to the health, safety, peace, morals, comfort, or general welfare of persons residing or working in the area of such use or be detrimental or injurious to property and improvements in the neighborhood or to the general welfare of the City.

Analysis and Conclusion. The use is consistent with the Sebastopol General Plan, as discussed above. The project size, design, and operation are appropriate for its location within The Barlow, adjacent to downtown Sebastopol and providing convenient access and service to visitors. The hotel construction and operation will be regulated by a Development Agreement which is required to be reviewed annually, as well as by project conditions of approval to protect the public health, safety, and general welfare of residents and visitors alike.

Parking Requirements. The parking requirements in the Zoning Code include both a schedule of required spaces and standards for the provisions of parking spaces. The Parking Schedule (17.110.030) requirement for hotel and motel uses is 2 spaces for each room up to 75 rooms, then .75 space for each room over 75. This 83 room hotel therefore requires 156 parking spaces; 305 total spaces are provided. The number of spaces and the dimensions of spaces and aiseways meet or exceed the minimums required. Thirty-one bicycle parking spaces are also required and provided, along with 18 EV charging stations.

Code Sections (17.110.020 D and E) allow a portion of a project's parking requirement to be met off-site and through valet arrangements, with the Planning Commission's approval of a use permit, subject to finding as follows:

- a. The number of parking spaces conveniently available to the use will be sufficient for its safe, convenient and efficient operation;

- b. A greater number of parking spaces than required by the Commission will not be necessary to mitigate adverse parking or traffic impacts of the use on surrounding properties;
- c. For use of valet parking, the Commission determines that use of valet parking is appropriate due to the type of use, scale of use, or other factors;
- d. For use of valet parking, tandem parking, a higher proportion of compact parking spaces, or other changes to dimensional parking space requirements, the configuration of parking spaces and operation of the parking facility will ensure that the use has adequate parking availability; and
- e. The Commission finds that any modifications under these provisions will not create an impairment to public safety, impede safe and efficient pedestrian or vehicle traffic flow, or otherwise interfere with the operation of area uses or functions.

Analysis and Conclusion: The proposed parking arrangement is consistent with the General Plan, as discussed above. Taken as a whole, the proposed parking arrangement including redevelopment of the existing shared parking lot on-site and the development of a new parking facility adjacent to The Barlow provides sufficient parking for the new hotel use and provides additional parking for existing uses. A greater number of spaces is not necessary, and the use of valet parking is appropriate for this hotel use. The provision of a new high-visibility crosswalk at Morris Street and Laguna Park Way will provide safe access to the off-site parking facilities. Project conditions of approval will require approval of a parking phasing plan to address short-term parking needs during project construction.

Alcohol Use Permit. The Zoning Code also requires a Use Permit for facilities serving alcohol. The Barlow Hotel would include a lobby bar and a rooftop café bar and would also serve alcohol within its restaurant and with room service meals. Alcohol sales would feature products produced within the Barlow and local area. Food would be available during all times that alcohol is served. Because the combined restaurant areas include more than 50 seats, approval by the Planning Commission is required. In addition to the standard Use Permit findings outlined above, the following minimum standards are applicable to the alcohol uses associated with the project:

- a. A copy of the conditions of approval for the conditional use permit must be kept on the premises of the establishments and posted in a place where it may readily be viewed by any member of the general public.
- b. In making any of the findings required pursuant to this chapter, the Planning Commission, or the City Council on appeal, shall consider whether the proposed use will adversely affect the health, safety or welfare of area residents or will result in an undue concentration in the area of establishments dispensing, for sale or other consideration, alcoholic beverages, including beer and wine.

The Planning Commission, or City Council on appeal, shall also consider whether the proposed use will detrimentally affect nearby residentially zoned communities in the area, after giving consideration to the distance of the proposed use from the following:

1. Residential buildings;
2. Churches, schools, hospitals, public playgrounds and other similar uses; and
3. Other establishments dispensing, for sale or other consideration, alcoholic beverages including beer and wine.

Analysis and Conclusion: The Barlow Hotel project, as proposed and conditioned, is consistent with the Sebastopol General Plan and Zoning, as set forth above. Its establishment, maintenance, and operation will not, under the circumstances of this particular case, be detrimental to the health,

safety, peace, morals, comfort, or general welfare of persons residing or working in the area of such use or be detrimental or injurious to property and improvements in the neighborhood or to the general welfare of the City. The project is the subject of a DA that will be reviewed annually. The project is further subject to conditions of approval as shown in Attachment F, which conditions shall be posted on site as required by Code. Alcohol sales and service within the Barlow Hotel will not adversely affect the health, safety or welfare of area residents because of the placement and operating conditions of these uses within a hotel within The Barlow Market District, adjacent to Downtown Sebastopol. It will not form an undue concentration inconsistent with the activities and land uses within a vibrant downtown, and food will be available during all times that alcohol is served. There are no nearby residentially zoned properties, churches, or public playgrounds.

Parking Lot Site (M Zoning with ESOS Combining Zone): The Industrial (“M”) Zoning District lists Parking Lots as a conditionally permitted use in Table 17.25-1. As noted in the Project Description section of this Staff Report, the parking lot would be developed to include 232 spaces, including 5 compact spaces, 6 ADA accessible spaces, 126 valet spaces and 19 spaces with EV charging. The valet spaces would be flexible, remaining available for self-parking when stacked parking is not needed. The parking lot design will feature the addition of 133 native trees, including 10 street trees, 31 shade trees within parking medians, 5 accent shade trees along a Laguna promenade, 53 accent understory trees, and 34 riparian upper story trees. Species include live oak, valley oak, willows and maples. A series of bioswales will handle stormwater runoff and add additional planting area to the site. An unmanned utility shed would be installed in the northwest corner of the lot to provide storage and house the valet function. The project will also feature a Laguna promenade and overlook with benches and interpretive signage. The “Laguna” portion of the parcel (everything east of the 50’ setback line) will be offered as permanent undisturbed open space under an Open Space Easement.

The parking lot site is also within the Environmental and Scenic Open Space (ESOS) Combining Zone, which requires an additional level of review for projects within 100’ of the Laguna de Santa Rosa. The proposed parking, access, promenade and overlook are located less than 100 feet but greater than 50 feet from the Laguna de Santa Rosa wetland/riparian boundary. The Zoning Code at Section 17.46.050 specifies a 100-foot minimum setback buffer from the edge of a wetland or identified riparian dripline, which may be reduced to not less than 50 feet with approval from the Planning Commission. Approval of the parking lot site plan by the City, including areas within 100 feet of wetland and riparian habitat associated with Laguna de Santa Rosa, would be consistent with the approach identified in the Sebastopol General Plan.

The Zoning Code Section on the ESOS Combining Zone, at subsection 17.46.090, sets forth the circumstances under which the Planning Commission can approve a reduced ESOS setback without full submittal of a biological and visual analysis, as follows:

. . .where the applicant demonstrates to the satisfaction of the Planning Commission that, due to the existing character of the property or the size, nature, or scope of the proposed project or previous development of the property, the full scope of studies called for by SMC [17.46.050\(D\)](#) is not necessary, the Commission may modify study requirements of this chapter if it finds, on the basis of substantial evidence provided by a qualified professional, that specific resources of potential concern do not occur on the property or will not be affected by the project.

Analysis and Conclusion. The parking lot use is consistent with the Sebastopol General Plan, as discussed above. Its establishment, maintenance, and operation will not, under the circumstances of this particular case, be detrimental to the health, safety, peace, morals, comfort,

or general welfare of persons residing or working in the area of such use or be detrimental or injurious to property and improvements in the neighborhood or to the general welfare of the City.

The Code allows the Planning Commission to modify the setback requirements based on substantial evidence provided by a qualified professional that specific resources of potential concern do not occur on the property or will not be affected by the project. The biological resource study prepared for this project (WRA, 2024, provided as an Attachment to the CEQA Section 15183 Checklist) determined that the proposed use of the site as a parking lot would not differ significantly and would improve current conditions. As noted in Table 1, the mechanism for approval of the setback in this case will be the Development Agreement. The attached Resolution contains a suggested Planning Commission finding that it is appropriate to modify the ESOS submittal requirements and grant the reduced setback because a qualified professional has provided substantial evidence that resources of potential concern do not occur on the project site in the area to be developed (see May 2024 Biological Assessment by WRA Consultants, provided as an attachment to the CEQA 15183 Checklist), and that the development with the addition of 133 native trees and dedication of a permanent open space easement over the Laguna portion of the site from the 50' setback line east results in an environmentally and visually superior condition than currently exists on the site.

Development Agreement

Pursuant to Municipal Code Section 17.440.070, the Planning Commission's recommendation to Council shall include the Commission's determination of whether or not the proposed Development Agreement meets the following findings:

- A. Is consistent with the objectives, policies, general land uses and programs specified in the General Plan and any applicable specific plan.
- B. Is compatible with the uses authorized in, and the regulations prescribed for, the district in which the real property is located.
- C. Is in conformity with public convenience, general welfare and good land use practice.
- D. Will not be detrimental to the public health, safety and general welfare.
- E. Will not adversely affect the orderly development of property.
- F. Will provide sufficient benefit to the City to justify entering into the agreement.

Analysis and Conclusion As outlined in the above analyses, the Barlow Hotel project, as conditioned and with enforcement of the terms of the Development Agreement, meets the required findings. It is consistent with the Sebastopol General Plan and the uses allowed by zoning; it is in conformity with the public welfare and convenience; it is not detrimental to the public health, safety and welfare; and it does not adversely affect the orderly development of property. The project's fiscal benefits to the City, discussed under Fiscal Analysis below, justify entering into the Development Agreement.

Hotel Design Considerations

The following design statement is provided by the project architect:

The proposed project is a mixed-use hotel with up to 83 rooms, located on the Guayaki site within the Barlow Market District. It is conceived as a unique destination with a distinct identity and image that complements and draws inspiration from the Barlow Market District.

The architectural character of the hotel draws from the regional vernacular (farmhouses, local agricultural buildings found in the surrounding wine country, and the industrial aesthetic of venues situated nearby). The building's proposed finish materials pull

inspiration from the region with a combination of materials - wood, stone, and metal. The building is finished in a combination of lime-washed stone, stucco, grain-wood siding, and metal gabled roofs (along the north and south ends of the building). The adjacent Gravenstein Court parking lot is converted into a large grove of trees extending the rural character beyond the footprint of the proposed hotel.

The building layout is organized around a sequence of three beautifully landscaped courtyards, each with a distinct image and character, together creating a visual and experiential sequence between open-to-sky and covered spaces. The building is entered in three locations - along McKinley via a covered paseo; along Gravenstein Court from the drop-off area; and along Sebastopol Ave via ramp and stair. Two of the entries lead into the first (north) large courtyard from where one enters the lobby, bar and restaurant. The spa has a separate entrance off Sebastopol Ave but can also be accessed internally from the hotel. The material selections above weave themselves throughout the courtyards, drawing the aesthetic of the exterior into the experience within the courtyards and interior spaces.

The hotel guest rooms are configured around single-loaded arms overlooking the courtyards. The public functions of the hotel, such as the restaurant, meeting rooms, bar, and kitchen are situated closer to McKinley, around the entrance courtyard. The restaurant wraps around to line McKinley Street along with more retail to enliven the pedestrian experience. The design provides a spa located along Sebastopol Ave.

The building's highest massing is a fourth story rooftop bar which constitutes only 4% percent of the overall footprint, located in the least visible part of the site. The rest of the building is a combination of 2 and 3 stories. This varied massing is a conscious design approach generating a picturesque, and human-scale massing as opposed to a single monolithic and over-scaled building. The result is an aggregate compound of buildings intending to meet the scale of the adjacent buildings. The roofs are a combination of flat and sloping planes of varying degrees and materials, further scaling down the building's size.

The Zoning Code Section 17.25.030 (B) sets forth design criteria applicable to large projects within the CM Zone:

1. The development shall be human-scale and pedestrian-friendly, with the site plan focused on pedestrian access and architecture.
2. The development shall be oriented toward the street frontages and primary pedestrian access points, rather than the parking lot. Safe and convenient pedestrian access shall be provided throughout the development, with access and connections provided to existing and planned sidewalks and bicycle routes.
3. Development shall not resemble a typical strip commercial development. Strip commercial development is characterized by uses that are one store deep, buildings are arranged in a linear fashion rather than clustered, and site design that emphasizes automobile access and parking.
4. Off-street parking shall be distributed to the rear of buildings, except in unusual circumstances when parking to the side will be considered.

Analysis and Conclusion: The project uses a pedestrian scale with 2-storied elements along the street frontages. The third story and rooftop features are limited to the central portion of the building. Architectural features including courtyards and arches invite pedestrian interaction. Connections are made to sidewalks and walkways. It is not a strip mall commercial development. Off-street parking is provided to the side of the building, shared with the Community Market parking lot, and off site in a new parking lot to be developed at the old batch plant site at 385 Morris Street. The design criteria set forth in the Zoning Code for large projects within the CM Zone are met. See also Attachment D for the City's Design Guidelines.

Public Art

Sebastopol's Public Art program is set forth in Chapter 17.310 of the Zoning Code. This local law requires that a developer install approved public art, or pay an in-lieu fee, as required. The Barlow Hotel will be required to meet this obligation prior to the issuance of a certificate of occupancy, as reflected in the DA and the project Conditions of Approval

Parking Lot & Laguna Promenade with Overlook

The Laguna de Santa Rosa is the largest freshwater wetlands complex on the northern California coast. Its 14-mile channel forms the largest tributary to the Russian River, draining a 254-square-mile watershed which encompasses nearly the entire Santa Rosa Plain. Forming the eastern edge of the City, the Laguna de Santa Rosa is an important community asset and the preservation of its history and function is highly valued by the community. The Barlow Hotel project seeks to feature the Laguna as a community asset to be experienced by residents and visitors alike. The project features a promenade along the Laguna frontage just before the 50' ESOS setback line discussed above, and includes an overlook with bicycle parking, benches, trash receptacles, and interpretive signage (Figure 3, below). Public access to this area will be provided by a new pathway on the south side of the batch plant lot, and the promenade path at the easterly edge of the parking lot continues to the northern property line where it could eventually connect with the existing AmeriCorps trail on the adjacent City property to the north. The entire easterly portion of the parking lot site, from the 50' ESOS setback line to the easterly parcel boundary, would be dedicated as permanent open space through recordation of an open space easement. Finally, dedication of a strip of land 10' wide would be made to accommodate the existing AmeriCorps trail where it crosses the northeast corner of the property.

The batch plant parking lot utilizes a series of bioswales to provide drainage and percolation of stormwater while also enhancing the biodiversity and aesthetics of the setting. The bioswales are extensively landscaped with native (Laguna-area) plants, including under-story and upper-story trees.

Tree Removal, Protection, and Replacement

Plans for the hotel project include reconstruction of the existing parking lot located between the Guayaki and Community Market buildings. This reconstruction will include the removal of 41 existing parking lot trees, none of which are of a size or species that are protected under the City's Tree Protection Ordinance. The 41 existing parking lot trees will be replaced with 51 new trees, including 5 new street trees, which is a net gain of 10 trees. Landscape plans for the Parking Lot site include the provision of 133 new plantings of native trees. While no protected native trees are proposed to be removed from the parking lot site, there are two nearby protected native trees that will be subject to protective measures outlined in the Arborist's Report (Trees #3 and #5) and formalized in the project conditions of approval.



Figure 3: Landscaping Plan and Cross Section for Laguna Overlook

The Arborist's Report prepared for the project dated June 2024, along with an update letter dated January 2025, indicate that the only protected tree that will need to be removed for the project is a 27" dbh Valley Oak that is located between the existing Guayaki and Co-Op buildings (Tree #1). The tree has poor structural integrity and has been cabled for a number of years. The crown is one-sided, and construction activities would further destabilize the tree, thereby necessitating its removal under Sections 8.12.060(D) 2. & 4. The Development Agreement includes tree removal authorization for Tree #1 only and does not authorize the removal of any other protected native tree. Other protected trees are located on or near the parking lot site but outside of the limits of work. A Condition of Approval will require the submittal of a Tree Protection Plan, including A TPP sheet within the Grading Permit plan set. If it is determined during project construction that any Trees #3 and/or #5 cannot be saved, a Tree Removal Permit will be required.

Traffic and Parking

According to the Intersection Level of Service for the Barlow Hotel Project (Fehr & Peers, May 2024) submitted as a part of the CEQA review for this project, the Barlow Hotel will generate approximately 39 new net automobile trips during the am peak hour and 39 during the pm peak hour. This increase to existing traffic would not cause a change in the Level of Service (LOS) at any of the study intersections except at the intersection of Sebastopol (Highway 12) and Petaluma Avenues, where the LOS would decrease from C to D due to an increased delay of 3.8 seconds during the am peak hour. The Report concludes that because the City's LOS standard is D for all signalized intersections, the standard would continue to be met and additional mitigation is not required.

Senate Bill 743 was signed into law in 2013 and went into effect in 2020. Under this law, the standard for CEQA review of traffic impacts is no longer LOS. The new measurement is Vehicle Miles Traveled, or VMT, because it more accurately reflects the environmental impacts associated

with traffic. Under this measurement, the Barlow Hotel project actually decreases traffic impacts because it provides a “park once” strategy whereby guests and visitors can park one time and make multiple stops on foot or by bicycle. Using the VMT measurement that is now required for CEQA analysis, the project will reduce VMT in the City and the region (see CEQA Traffic Analysis for Barlow Hotel (Fehr & Peers, June 2024), provided as an attachment to the CEQA Section 15183 Checklist).

Fiscal Analysis

Upon completion, the Barlow Hotel is expected to bring significant fiscal benefits to the City by generating substantial tax revenue, particularly Transit Occupancy Tax (TOT), as well as increased property and sales taxes.

This analysis is based on two studies, one by RRC Associates provided by the Applicant and one by Economic and Planning Systems, commissioned by the City (see Attachments G and H). These studies were informed by an analysis of the project by HVS Global Hospitality Services, which specializes in the hotel industry (Attachment I). Our best professional judgment is that all three firms are credible, although there is significant variation between the RRC and EPS estimates.

In general, the RRC study provides higher projected revenues to the City and the EPS Study provides significantly more conservative figures, explained below. Study estimates of the projected financial benefits to the City are shown in Table 3 below. Note that they assume that the hotel is fully operational, which is expected to take about five years from opening. The projections below exclude the Barlow Hotel’s impact on the City’s public service costs, estimated by EPS to increase by about \$84,000 per year.

Table 3: Comparison of Projected Annual Revenues from the Barlow Hotel

	TOT	Property Tax*	Sales Tax**	Total
RRC Associates	\$1,548,000	\$180,000	\$350,000	\$2,078,000
EPS	\$891,000	\$54,000	\$34,200	\$979,200

*Reported as the incremental property tax over the industrial/office building currently on the project site.

**The EPS sales tax estimate is mid-way between estimates that vary based on assumptions regarding future Measure U revenue. The RRC Associates estimate did not consider Measure U, which had not been proposed at the time of their study.

The primary source of tax revenue identified in both studies is Transit Occupancy Tax, or TOT. However, the EPS projections are significantly more conservative than those provided by RRC due to differences in assumptions for the average annual room rate (both studies assume an occupancy rate of 70 percent). RRC assumes a nightly rate of \$575 per room, citing the HVS analysis. EPS sets the rate at a more conservative \$350 per room-night. Presently, hotel rooms in Sonoma County average \$200 per room-night, with luxury-class accommodations around \$370 per room-night.

The property tax estimates in the two studies also differ widely. This is because the two firms used significantly different assumptions on the value of the hotel at completion. RRC estimates the value at \$90.3 million, while EPS estimates the value at \$35 million based on its size and likely market performance. RRC cites the HVS analysis for this value.

The sales tax estimates differ even more widely. RRC estimates that the hotel’s guests will generate annual sales of \$23.4 million in Sebastopol (including at the hotel); EPS estimates this

benefit at \$4 million.¹ The reason for this substantial discrepancy is different sources for spending data and approaches in classifying taxable retail sales. RRC attributes the \$23.4 million spending total to the HVS study and assumes that 85 percent would be taxable. EPS bases their estimate on 2023 visitor spending data from the Sonoma County Economic Development Board and assumes that 36 percent is taxable (as the spending is mainly lodging and transportation).

Fees. The Barlow Hotel is subject to \$933,740 in one-time fees payable to the City, including \$417,042.88 in processing fees (see *Table 4*, below) and \$516,697.66 in impact fees (see *Table 5*, below). Processing fees cover the costs of City staff time to process the project's various applications, entitlements, plan checks and inspections. Impact fees address the impact of the development on City services related to traffic, parks, community facilities, water and sewer systems, and so on. The amount of the fees will remain fixed until July 1, 2026. Thereafter, the fees will increase by the same percentage as the City's fee scheduled. The final amount of the fees will be set when building permits are pulled for the project.

The above figures include credits that staff is proposing be granted toward the Parks impact fees for the development of the Laguna Overlook with promenade, benches, and interpretive signs, as well as for the dedication for the existing AmeriCorps Trail and the permanent open space easement over the Laguna portion of the batch plant site (full credit toward Parks fee to be granted). It also includes a recommended credit of \$51,727 (half the value of the cost of the improvements) toward the Traffic Impact Fees due to the provision of a high-visibility pedestrian crossing at Laguna Park Way and Morris Street. Providing such credits for on-site or nearby improvements is a common practice because the developer is directly providing the types of improvements and mitigation measures that impact fees from the project would otherwise be used to fund. The applicable fees without credits, the amount of the recommended credits, and the final level of proposed impact fees are shown in *Table 5*, below.

Table 4: Processing Fees Expected from Barlow Hotel

Barlow Hotel	Processing Fees
Permit Processing and Engineering Fees¹	
<u>Building (Hotel Facility) Portion of Project</u>	
Subtotal-Processing Fees (Building)	\$392,079.82
<u>Parking Lot Portion of Project</u>	
Subtotal-Processing Fees (Parking Lot)	\$24,963.06
TOTAL - PROCESSING FEES	\$417,042.88
1) Public Art Fee to be evaluated separately; Developer to either meet % requirement in art equivalent or pay same value in lieu fees.	

The developer has requested a phased payment of the development fees, in equal monthly installments over five years after the hotel opens. The City and developer agreed to similar arrangements when The Barlow was developed, and the developer met the obligations. This is a policy decision for the City Council; staff is supportive of the request.

¹ Includes spending on non-taxable expenses like Lodging, Transportation, and Food.

Table 5: Impact Fees Estimate for Barlow Hotel

Barlow Hotel	Fees	Value of In Lieu Improvements	Applicable Impact Fees
Traffic Impact	\$229,112.00	\$51,727.00	\$177,385.00
Park Land and Development	\$309,258.00	\$309,258.00	\$0.00
General Government	\$6,358.00		\$6,358.00
Fire Facilities	\$10,528.00		\$10,447.00
General Plan Update	\$15,106.66		\$15,106.66
Storm Water	\$28,800.00		\$28,800.00
Water Connection Fee	\$172,434.00		\$172,434.00
Sewer Connection Fee	\$106,167.00		\$106,167.00
TOTAL - IMPACT FEES	\$877,763.66	\$360,985.00	\$516,697.66

Conclusion: The Barlow Hotel is likely to provide substantial financial benefits to the City. While the range of those benefits varies substantially between the studies provided, the ‘bottom line’ is that the project, once built and operating, will provide important benefits to the City.

Staff Recommendation

As outlined above, staff recommends that the Planning Commission/Design Review Board take the following actions:

- 1) Planning Commission Chair call the joint meeting to order;
- 2) Planning Commission roll call of PC members and DRB roll call of DRB members;
- 3) Hear presentation by staff;
- 4) Questions of staff from PC and DRB members;
- 5) Hear presentation by applicants;
- 5) PC Chair open public hearing, receive public comment, and close public hearing;
- 6) PC and DRB members consideration and discussion of project, including DRB recommendations to staff for subsequent administrative design reviews;
- 7) PC motion and vote on resolution recommending approval of the Development Agreement to the City Council, making the findings and subject to the terms and conditions set forth therein.

Attachments:

- A – Description of Each Hotel Space
- B – CEQA Section 15183 Checklist, with supporting attachments
- C – Planning Commission Resolution
- D - Design Guidelines – staff analysis for Barlow Hotel
- E - General Plan Consistency Analysis, January 2025
- F – Project Conditions of Approval
- G – Barlow Hotel Economic and Tax Impact, RRC Associates, April 22, 2024
- H - Sebastopol Barlow Hotel Fiscal Impact Analysis, EPS, March 7, 2025
- I – AVS Hospitality Feasibility Study for the Barlow Hotel
- J – Development Agreement for Barlow Hotel, with attachments