

Lemos, June

From: Paul Clark [mailto:pclark@fortbraggrealty.co]
Sent: Wednesday, January 29, 2020 11:17 AM
To: McCormick, Sarah <SMcCormick@fortbragg.com>; CMAR (CMAR@MCN.ORG) <CMAR@MCN.ORG>
Cc: Paul Clark <pclark@fortbraggrealty.co>; Miller, Tabatha <TMiller@fortbragg.com>
Subject: City council comments 01292020 attached

Sarah please confirm you got this. Please take a look at the economic development strategy and have a copy for each council member should they care to see it again. Once again I ask that the city follow this grant funded document that was created and updated. Otherwise I suggest it be officially abandoned.

Outreach is still not happening. Sadly I am not surprised. The city consists of more than the folks that attend meetings, but you would not know it. That was some of the reason for outreach in the strategy. Coastal Mendocino Association of Realtors has asked to be more than someone to follow the agendas, to be a partner in issues we specialize in, but to no avail as of yet. I will ask them to again take a board position on this so maybe, just maybe it will be heard.

These comments are from me, someone that was a planning commissioner, and someone that has worked in Real Estate since 1978 and seen the ups and downs of council and planning issues. This is a definite down period. City is broke and can't seem to understand that business is the only rescue.

Subsidized housing won't solve the money issues facing Fort Bragg. Thank God for the motels we have, and each one had to fight to be approved.

Thank you.

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INTRODUCTION

* 1

The City of Fort Bragg welcomes new business investment and supports businesses which have already chosen to invest in our community. The City recognizes that investment decisions may be competitive and that high quality development and infrastructure benefits improve the quality of life for our residents and visitors. Effective economic development incentives support economic growth and job opportunities, as well as foster the preservation of residential neighborhoods and the revitalization of commercial districts. The City acknowledges that incentives are an effective way to meeting economic development goals.

Economic Development strategies, * 2, when used strategically, can promote employment opportunities and build the City's tax base. This document provides a standard approach and guidelines to ensure that economic development incentives support the goals of Fort Bragg community revitalization, attract new businesses, encourage investment of local businesses, and are applied consistently.

- * 1 - City, Should disclose Auto Zone treatment.
- * 2 - You don't Follow the adopted EDS. Now
- * 3 - Current Plan makes annexations impossible. - 1
- * 4 - Another way to Fleece motels?
- * 5 We have been here before.
Lots of Annings. Most gone now.
- * 6 - More "Special Treatment"
- * 7 - No private developed incentives.
Only encourages life time housing.
- Subsidized.

* 8 - MORE DELAY -

* 9 - AGAIN - EXPANDING CBD INTO THE MILL SITE WILL MAKE THE EXISTING CBD MORE VALUABLE.

* 10 - FORT BRAGG HAS SEEN WHAT HAPPENS WITH NO "BIG BOXES" WE DON'T HAVE ANY AND THE INTERNET HAS DONE WHAT ALL THOUGHT BIG BOXES WOULD DO.

* 11 THIS IS THE BIGGEST FEAR OF ALL - WE HAVE 3 1/2 MILES OF COAST VIEW - TAXPAYERS MONEY - WE HAVE GOMBLUFF, TAXPAYER MONEY - MCKAICHEN PART - TAXPAYER MONEY -- USING THIS FOR PLANNING COMMISSIONERS WITH A NO GROWTH AGENDA GIVES THEM A TOOL TO SAY NO - IT IS TOO BROAD.

#12 - Red hearing - Encourage
higher quality??

#13 Now you want to
Add more delay on existing
structures?

#14 - Why not Staff Review
with specific standards?

MOP = \$ \$ & Time.

#15 Lawscit time.

~~Can~~



AGENCY: City Council
 MEETING DATE: January 29, 2020
 DEPARTMENT: City Manager
 PRESENTED BY: Tabatha Miller, Victor Damiani, Sarah McCormack, Scott Perkins
 EMAIL ADDRESS: tmiller@fortbragg.com

AGENDA ITEM SUMMARY

TITLE:
 Receive Report and Provide Direction to Staff on Developing an Economic Development and Housing Development Incentives Manual

ISSUE:
 The City Council developed priority areas and goals at a retreat in 2019. The following priorities and goals relate to economic development and housing:

- Priority Area 1: Jobs/Industry
 - Goal 1 – Become more business and customer service friendly. *Really? - Really?*
 - Goal 3 – Foster and help sustain local businesses. *Autozone -*
- Priority Area 3: Housing
 - Goal 1 – 200 units of housing in the next five years. *Worth a try - Really?*
 - Goal 3 – Streamline permitting process and pursue creative approaches to fees. *ONLY FOR DRACO SO FAR -*

In order to develop tools to implement these goals, City staff has developed a draft Economic Development and Housing Development Incentives Manual. The manual includes a series of tools that the City could explore to help promote economic growth and housing development.

Staff will briefly present each of these tools and how they could be applied in the City of Fort Bragg. Councilmembers will be asked to identify their top choices and direct staff to further explore these options. Staff will bring more information to Council about the top choices in later staff reports. These future reports will outline how to implement the tools locally and the fiscal impact of the incentives.

RECOMMENDED ACTION:
 Direct staff to explore the top choice incentives in greater detail for future presentations to Council.

FISCAL IMPACT:
 Most of the incentives would either decrease revenues or increase expenses in the short term with the expectation that they will spur longer term increases in the economy, in turn generating future revenue for the City. Staff will present specific fiscal impacts of the top choice incentives in future reports.

GREENHOUSE GAS EMISSIONS IMPACT:

Economic and housing development can have impacts on greenhouse gas emissions, either through increased vehicle trips or construction related emissions. Staff will present specific greenhouse gas emissions impacts of the top choice incentives in future reports.

CONSISTENCY:

The incentives manual is consistent with the City Council priority areas and goals presented above. The project is also consistent with the following city goals:

General Plan Goal LU-4: Promote the economic vitality of the City's existing commercial areas. — Built AND unbuild ?

General Plan Policy CD-2.3: Continue to support the economic diversity and vitality of downtown businesses. — Then How Can you expand CBD to Mill Site ?

General Plan Program CD-2.3.1: Consider establishing a Business Improvement District (BID) to stimulate increased business activity and revenues by helping to fund public improvements and loans and/or grants for private improvements in the Central Business District. — More Fees ?

General Plan Program CD-2.3.2: Continue to periodically update the City's Economic Development Strategy. — Why - You dont follow it now - outreach ??

Housing Element: The Housing Element's goals, policies and programs are designed to reduce housing constraints and address the housing needs of our community.

Adopted FY 19/20 Budget Revenue Policy F: User fees are reviewed annually for potential adjustments to recover the full cost of services provided, except when the City Council determines that a subsidy is in the public interest. ———— ??

IMPLEMENTATION/TIMEFRAMES:

Implementation timeframes will vary depending on the top choices Council selects.

ATTACHMENTS:

1. Economic Development and Housing Development Incentives Manual
2. Presentation

NOTIFICATION:

1. Notify Me: Economic Development Planning
2. Notify Me: Finance and Budgeting
3. Notify Me: Fort Bragg Downtown Businesses

findings are required. An EIFD can be used on a single street, in a neighborhood or throughout an entire city. It can also cross jurisdictional boundaries and involve multiple cities and a county. While an individual city can form an EIFD without participation from other local governments, the flexibility of this tool and the enhanced financial capacity created by partnerships would likely call for creative discussions between the City and other local agencies on how the tool can be used to fund common priorities.

Community Revitalization and Investment Authority

The Community Revitalization and Investment Authorities (CRIAs) law (beginning with Section 62000 of Gov't. Code) authorizes tax increment to be used in combination with the powers of former redevelopment agencies. A CRIA focuses on assisting with the revitalization of poorer neighborhoods and former military bases. While similar to redevelopment, a CRIA is more streamlined. Accountability measures are included to ensure that the use of the CRIA remains consistent with community priorities, and a 25 percent set-aside is included for affordable housing. Although an initial protest opportunity exists, no public vote is required to establish an authority, and bonds and other debt can be issued after a CRIA is established.

Annexation Development Plan

3 The Annexation Development Plan (ADP) law (Section 99.3 of Revenue and Tax Code) authorizes tax-increment financing to be adopted by consenting local agencies (city and/or a county or special district) to improve or upgrade structures, roads, sewer or water facilities or other infrastructure as part of annexing a disadvantaged unincorporated community. An ADP can be implemented by a special district either formed for this purpose or incorporated into the duties of an existing special district. After the Local Agency Formation Commission (LAFCO) approves the annexation, the special district can issue debt without an additional vote.

APPROVAL PROCESS

Enhanced Infrastructure Financing District

Established by Resolution of the City Council (subject to certain prequalification). Once the District is established a governing body known as a Public Financing Authority (PFA) is appointed and consists of three members of the City Council plus two members of the public. Once appointed, the PFA directs the preparation of an Infrastructure Financing Plan (IFP) that includes the details of the public facilities and other forms of development that is proposed within the area of the district and how those facilities and development will be funded.

Community Revitalization and Investment Authority

A CRIA is a public agency separate from the city, county, or city and county that created it; and deemed to be an "agency" for purposes of receiving property tax increment. Any taxing entity within the Area (except for a school district) may choose to allocate some or all its share of tax increment funds to the CRIA. For a CRIA created by a city, county, or city and county, the governing body consists of three members of the city council plus two members of the public who live or work within the community revitalization and investment area. For a CRIA created through a joint powers agreement the governing body consists of a majority of the members from the legislative bodies of the public agencies that created the authority and a minimum of two public

TRANSIENT OCCUPANCY TAX (TOT)/HOTEL TAX INCENTIVE PROGRAM

ELIGIBLE ACTIVITIES

- Development and construction of new hotels or motels within City limits with at least ten rooms to be rented on a short term basis (30 days or less) only.
- Construction of additional hotel rooms at an existing hotel or motel to be rented on a short term basis (30 days or less) only.
- Renovation projects for existing hotels or motels rented on a short term basis (30 days or less) within City limits in which no less than \$5,000 per room is invested within a 12-month period.

REBATE

- Up to fifty percent (50%) of new TOT for up to 20 years for new construction
- Up to fifty percent (50%) of incremental TOT increase for up to 10 years for renovations/remodels
- Up to fifty percent (50%) of incremental TOT increase for up to 5 years for construction of additional rooms at existing hotel/motel

APPROVAL PROCESS

City Council approves a Tax Sharing Agreement with a Hotel/Motel owner or developer which sets forth the terms of the full agreement in compliance with the program requirements. Staff will evaluate and estimate the incremental TOT revenue anticipated from the project and determine if and how much of a gap exists to make the project financially feasible and determine a reasonable repayment period. The TOT rebate percentage and time period will be based on those factors with consideration for project specific circumstances or benefits.

SCENARIO

Hotel developer or owner who is interested in constructing a new hotel or motel develops the concept and applies for a planning permit with the City of Fort Bragg. At the same time the developer/owner may request that the City consider a TOT Sharing Agreement. City staff will evaluate the project, the potential incremental revenue, existing or projected gaps in in financial feasibility and provide Council with a proposed Agreement based on the project's alignment with City Council goals and the program criteria.

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FAÇADE IMPROVEMENT PROGRAM

ELIGIBLE ACTIVITIES

- Painting the façade of an existing business
- Replacing or adding an exterior business sign
- Repair or replacing outdoor lighting, windows or outdoor landscaping
- The addition of finishes that improve the appearance of the façade (siding, stucco, tile, stone or brick)
- The removal of dated, deteriorating or unattractive finishes
- Awnings, canopies or sunshades
- Façade improvement must be visible from the public right of way

FINANCING

The program provides a fifty percent (50%) match of up to \$2,000 for exterior improvements to local businesses throughout Fort Bragg. Program recipients will be reimbursed for work performed up to 50% based on submittal of acceptable evidence of the work performed, such as copies of paid invoices, credit card receipts with accompanying statement or invoices identifying work performed and copies of cancelled checks.

APPROVAL/APPLICATION PROCESS

Completion of the application by eligible applicant. Eligible applicants are property owners or tenants of commercial properties within the City limits with valid City of Fort Bragg Business Licenses. Business owners who are tenants must provide documentation as to the right to make the proposed alternations to the property. Applications will be reviewed by a City appointed committee and annual awards will be limited to \$5,000 per year, subject to annual appropriation. Businesses who qualify for the program and successfully complete the façade improvement project are eligible to apply in future years, although priority will be given to businesses who have not already participated in the program.

Recipients will hire contractor and is responsible for obtaining all local permits and approvals.

SCENARIO

A qualifying business owner in the Central Business District (CBD) who is interested in replacing the siding and painting the façade of the businesses on the front entrance can apply for a fifty percent match of funds up to \$2,000 to make the repairs. The business owner is responsible for obtaining at least two quotes and contracting for the services, if not completed by the owner.



PLANNING INCENTIVE PROGRAM FOR HIGH QUALITY JOBS

Planning Incentive Programs help guide development in the City and are created to be a “win-win” solution for both the community and developers. The core of these programs is an exchange of value given to a project for some kind of community benefit, in this case, high quality jobs. Created or retained jobs must meet the required wage threshold of ____ and must also provide a sufficient benefit package to all full-time employees.

ELIGIBLE ACTIVITIES

- Height, density and Floor Area Ratio (FAR) bonuses
- Reduction in parking requirements
- Fee waivers or reductions
- Tax Credits / Sharing / Exemptions
- Loans / Grant Assistance

FINANCING

Provisions granted to a business in exchange for creating or retaining high quality jobs reduce actual costs that might be associated with the relocation, modernization or expansion of a qualifying project in an effort to make such investments financially feasible.

APPROVAL PROCESS

A business interested in investing in Fort Bragg and benefiting from a High Quality Job Incentive Program would submit proposal to City. Through an iterative process, the project would be awarded bonus provisions to offset some of the costs incurred to relocate, expand or modernize a facility. This exchange would be fair and careful analysis is required through a project specific review. The guidelines and outcome of this exchange would be clearly agreed upon prior to project approval to ensure predictability for both parties.

SCENARIO

A local business that provides job opportunities for a skilled workforce and meets the wage threshold requirements for high quality jobs, desires to expand and modernize their facility. A project proposal is developed that includes company background, project description, number of jobs retained/created, wages and benefit summary and financial pro forma. City staff verifies eligibility and schedules a meeting to discuss potential assistance the City can offer based on the industry, quality and number of jobs generated.

For example, for each square foot of high quality jobs, the project could be granted an additional square foot of floor area. Or perhaps, there is an opportunity to refund sales tax, waive permit fees or reduce capacity fees.

HOUSING DENSITY BONUS

The California State Density Bonus Law, under Section 65915 of the California Government Code offers incentives of up to a 35-percent increase in densities, in exchange for including affordable housing units in a project. Residential or mixed use projects of five or more units could receive a density bonus by providing provisions such as, on-site affordable housing, senior housing, childcare facilities, and condominium conversions. The density bonus is based on the percentage of affordable units provided, and whether those units are considered moderate income, low income or very low income. In addition, waivers or reductions of local development standards such as height, parking, setbacks or open space could also be eligible.

ELIGIBLE ACTIVITIES

- Increased density up to 35%
- Waiver or reduction concessions of development standards

FINANCING

Housing density bonuses and concessions are granted to developers to reduce actual costs, which could significantly contribute to the economic feasibility of a project by reserving affordable units.

APPROVAL PROCESS

Projects eligible for Housing Density Bonus incentives are analyzed and entitled through the planning permit process. Pre-application meetings are encouraged prior to formal application submittal.

SCENARIO

A project has a maximum allowable residential density of 15 units. The developer reserves 2 units for rental to low income households. This would equal 13% of the project, the 10% minimum to be entitled to a 20% bonus would be met – an additional 3 bonus units. The remaining 3% over the minimum (10%) could mean the developer is also entitled to an additional bonus of 2.5% for each 1% over the minimum (2.5% multiplied by 3 = 7.5%). In this scenario, that would be an additional 2 units for a total of 4 bonus units, keeping in mind that the maximum increased density bonus any project could be granted is 35%.

In the same scenario, if the developer decided to reserve 2 units for rental to very low income households, this would still equal 13% of the project, however the minimum to be entitled to a 20% bonus is only 5%, allowing 3 bonus units. However, the remaining 8% could mean that the developer is entitled to an additional housing bonus of 3 units (2.5% multiplied by 8 = 20%), for a total increased density bonus of 6 units.

Furthermore, the developer may request concessions to development standards, such as setbacks, parking, private or open space. In the scenario above, reserving 2 units for low income households, the developer could be granted one concession. In the scenario providing 2 units to very low income households, two concessions could be granted. In order for a concession to be

conditional use permit (CUP)¹. CUPs (or UP/MUPs in Fort Bragg codes) add flexibility to zoning and allow for local review to ensure compatibility with the neighborhood or pre-established set of criteria.

Use Permits in Fort Bragg LUDC

Per the Fort Bragg ILUDC, a Use Permit (UP) or Minor Use Permit (MUP) provides a process for reviewing uses and activities that may be appropriate in the applicable zoning district. The impacts of certain land uses on a neighborhood cannot be evaluated without reviewing the specifics of the project, such as noise, traffic congestion, and the effects on neighboring properties. UPs and MUPs allow for an evaluation and if applicable placement of conditions on the permit to mitigate the negative impacts of a project on the neighborhood.

MUPs are approved or denied by the Community Development Director, while UPs must be approved or denied by the Planning Commission. Public notices of an application for an MUP will state that a decision will be made by the Director by the date specified unless an interested person requests in writing a public hearing. Notice of a pending UP or MUP is provided to property owners within a 300-foot radius by mail, is posted on the property and published in the newspaper at least 10 days before the decision.

The most significant difference between an MUP and UP is that an MUP will only get a hearing if an interested person requests it in writing. This makes the MUP permit process faster than a UP and therefore typically less expensive and less risky for the applicant.

Using an MUP versus a UP as a means to evaluate the compatibility of a formula business would provide much of the benefit of a UP but with a less expensive and time consuming permit process. It places the burden of requesting a hearing on the public while still providing a means for a public review and input. This is the process incorporated into Cannabis Dispensary Permits and vacation rentals allowed only in the Central Business District.

Whether an MUP or UP is required can and often does vary depending on the zoning district. What is allowed by right and appropriate in one zoning district may need to be evaluated on a case by case basis to assess impacts to another zoning district. A negative aspect of an MUP is that anyone can exercise this option, without justification or merit, so it can be used simply to slow down permit issuance and create additional work for staff adding cost to the applicant.

Summary of Council Input to Date

The only consensus from the October 24, 2019 special meeting on a formula business ordinance, was the desire by City Council to develop constraints on the type and location of formula businesses, and the desire to preserve the character and economic vitality of Fort Bragg. The Council was less united in what type, location and means to use to preserve the character should be incorporated into the Ordinance. That said, there were general themes

¹ The City of Fort Bragg Land Use & Development Codes refer to these Conditional Permits as a Use Permit (UP) or Minor Use Permit (MUP).

during that discussion to guide staff in the development of a proposed Ordinance for review and recommendation by the Planning Commission:

1. Gateway. The area from Highway 20 to the Noyo Bridge is sometimes referred to as the gateway to Fort Bragg, as most people enter the City from the south.² At least some Councilmembers indicated that they would like to see at least some restriction on formula based businesses here, despite the fact that formula businesses already exist. Of particular interest was creating more Fort Bragg character and charm in this entrance to our City.
2. General Commercial Corridor. There was little discussion or concern voiced about control over formula businesses in the Main Street corridor that stretches from the Noyo Bridge to the Central Business District (CBD). Many of the City's existing formula businesses are located in this commercial corridor and it seems to be the most likely District to allow such businesses. The City could still require an MUP so that there is an option to review the project before approval, if there is some concern about the impact from the project to the neighborhood.
3. Central Business District. The one clear consensus regarding the CBD was maintaining what is considered the character and charm of Fort Bragg as reflected in much of the CBD, with Laurel Street from Main St. to Franklin St. representing a strong example of that quaint small town charm. Whether formula businesses should be allowed in this district was debated by City Council. One thought was that office, retail and/or restaurant formula businesses would not detract from the character of the CBD and might increase foot traffic and occupy what are now empty, dilapidated store fronts in this struggling district. Businesses, including formula businesses could be required to maintain the character of the CBD by locating in existing vacant store fronts and conforming to design standards. For example, the City could prohibit façade renovations that incorporate an element of uniform branding and limit exterior displays to signage only. As pointed out in the October 24, 2019 staff report, many cities limit the size, design, location and configuration of businesses so they fit within historic downtowns and do not dominate a downtown district.
4. South of Pudding Creek. The area from the Pudding Creek bridge south to the CBD along Main Street is primarily zoned Highway Visitor Commercial and a few formula businesses already exist in this area. Council did not discuss this area in much detail and like the General Commercial Corridor it may be a good location to consider formula businesses subject to an MUP.
5. North of Pudding Creek. This area is zoned Highway Visitor Commercial and at the north end of town Industrial and Light Industrial. It is the northern entry or gateway to the City. A number of hotels already exist in this area; both those associated with a franchise and independent accommodations. The City Council did not spend much time discussing the merits of formula hotel/accommodation businesses but could distinguish this area from the General Commercial Corridor by not allowing additional formula accommodation businesses in this area. This area, close to MacKerricher

² The entire southern gateway is in the Coastal Zone and so almost all development is subject to a Coastal Development Permit and falls within the City's Coastal General Plan and Coastal Land Use & Development Code. Additionally, the western portion of the northern gateway is also in the Coastal Zone. Changes to the Coastal Codes involve the Coastal Commission approval and cannot be easily incorporated.

State Park and with better ocean views, may be more suitable to further restrictions to preserve the views and character of its surroundings. The Industrial and Light Industrial zones at the north end of the City are unlikely to need additional regulation beyond the MUP process.

Existing Formula Business Regulation

Fort Bragg's Coastal and Inland Land Use & Development Codes and General Plans contain some guidelines and restrictions on formula based businesses that should be considered in adding to and/or revising the existing regulation.

Formula Business (definition). A business that is required by contractual or other arrangement to maintain standardized uses, services, décor, uniforms, architecture, signs or other similar features. Formula businesses can include retail sales services, restaurants, gas stations, visitor accommodations, etc.

Goal LU-4 Promote the economic vitality of the City's existing commercial areas.

Policy LU-4.1 Formula Businesses and Big Box Retail: Regulate the establishment of formula businesses and big box retail to ensure that their location, scale, and appearance do not detract from the economic vitality of established commercial businesses and are consistent with the small town, rural character of Fort Bragg.

Policy LU-4.2 Require that a fiscal and economic analysis be performed as part of the conditional use permit process for big box retail projects. The analysis shall evaluate the economic effects of the project for a minimum five-year time frame. A consultant selected by the City and paid for by the project proponent shall carry out the analysis.

Policy LU-4.3 Large-Scale Commercial Development: To maintain scenic views of the coast and to ensure that building sizes at the City's gateways are in scale with the community, no commercial building shall exceed the following limitations on the gross floor area:

- a) between the Noyo River and Pudding Creek Bridges - maximum 50,000 square feet;
- b) east of Highway One and north of Pudding Creek Bridge - maximum 30,000 square feet;
- c) west of Highway One and north of Pudding Creek Bridge and south of the Noyo River Bridge - maximum 15,000 square feet; and
- d) east of Highway One and south of Noyo River Bridge – maximum 40,000 square feet.

Existing Gateway Guidance and Regulation

Fort Bragg's Coastal and Inland Land Use & Development Codes and General Plans contain some guidelines and restrictions for the City's entryways or Gateways that should

also be considered.

Goal CD-3 Create attractive entryways to the City.

Policy CD-3.1 Entryways: Clearly define the points of entry to the City through the use of distinctive signs, lighting, and landscaping.

Program CD-3.1.1: Maintain distinctive signs placed in a landscaped area at the south entryway at Highway 20/Highway One and at the north entryway on Highway One at the City Limits.

Policy CD-3.2 Gateway Development: Encourage a higher quality of development at the City's gateways.

Program CD-3.2.1: Consider adopting the following standards for Gateway Developments in the Citywide Design Standards:

- Define gateway development as development located South of the Noyo Harbor Bridge or North of the Pudding Creek Bridge.
- Gateway development should not detract from views to the ocean.
- Signage should be modest in scale and should not block the viewshed.
- Significant landscaping shall be installed to reinforce the transition from a wilderness environment to an urban environment in gateway development. Landscaping should include trees and drought tolerant plants. Lawns are discouraged.
- Site design should include open space around the periphery of the gateway development to reinforce the transitional quality of the area.
- Site design should include installation of bike lanes and sidewalks.
- Gateway development should model Green Building techniques and materials.

Recent Fort Bragg Formula Businesses

Notably, Policy LU-4.1 above, applied to AutoZone during its application for a Coastal Development Permit (CDP). The CDP also triggered Design Review. Likewise, Taco Bell, also in the Coastal Zone was subject to a CDP and Design Review. Other formula businesses that have opened in recent years in Fort Bragg have not been subject to any use or compatibility review, including: Mountain Mike's Pizza; SHN Consulting Engineers & Geologists; Edward Jones Investments or Sinclair Gas.

RECOMMENDED ACTION:

Direct staff to develop a formula business ordinance for review by the Planning Commission incorporating the following direction concepts:

- X 14 →
1. Revise the City's definition of Formula Business to be more specific and to allow expansion of small successful businesses in Fort Bragg.
 2. Require all formula businesses be subject to, at the least, a Minor Use Permit.
 3. Require fast-food restaurant formula businesses to have a Use Permit, not just a Minor Use Permit. Consider districts or zones where such businesses may be barred.
 4. Review existing design regulations and policies and ensure that they preserve the character of Fort Bragg in the south and north gateways to the City.
 5. Review existing design regulations and policies and ensure that they preserve the character of Fort Bragg in the Central Business District by limiting size, location and density of formula businesses, requiring specific design standards and encouraging historic preservation.
 6. Create policies that discourage or ban formula businesses, including formula accommodations, north of Pudding Creek.
- #15

ALTERNATIVE ACTION(S):

1. Provide staff direction to not develop formula business regulation.
2. Provide staff with alternative direction on a formula business ordinance.

FISCAL IMPACT:

The staff time and legal costs to develop the Ordinance are estimated at \$10,000-\$15,000.

The impact of the Ordinance on City revenues is unknown. Of the City's most recent top twenty-five sales tax generating businesses, fifteen (15) or 60% would likely be considered a formula business (depending on the specific definition). The top twenty-five sales tax generating businesses together generate 66% of the City's total sales tax revenue.

However, as a general rule local businesses typically spend a much greater portion of their profits or earnings locally, which creates a multiplier by supporting other businesses and jobs in the local economy.

GREENHOUSE GAS EMISSIONS IMPACT:

The impacts of a formula business Ordinance on greenhouse gas emissions are unknown but will likely be tied to an increase or decrease in new business construction or remodels.

CONSISTENCY:

A formula business ordinance is consistent with the City Council's goal:

Priority Area 1: Jobs/Industry

Goal 3 – Foster and help sustain Local businesses

IMPLEMENTATION/TIMEFRAMES:

The timeframe for implementing a zoning ordinance to regulate formula businesses differs depending on the business location. For the Inland Land Use & Development Code, an Ordinance is introduced at a Council meeting, adopted at the next meeting and typically effective thirty (30) days later. The process for the Coastal Land Use & Development Code is more complex because any modification to the Coastal Land Use & Development Code

Lemos, June

From: Johanna <Johanna@mcn.org>
Sent: Tuesday, January 28, 2020 6:03 PM
To: Miller, Tabatha; VDamiani@fortbragg.com; smccormack@fortbragg.com; sperkins@fortbragg.com; Lemos, June
Subject: Questions for Wednesday's special meeting
Attachments: Fort Bragg Economic Development and Housing Development Incentive Manual - Questions for Special Meeting.docx

I'm sorry to bother all of you with this, but I hoped to get these questions to the appropriate people before tomorrow's meeting and I wasn't certain who to send it to.

Thanks in advance for your help.

Johanna Jensen

Thank you for this comprehensive list of economic and housing development incentives. I am submitting the following questions to help guide the decisions regarding programs which deserve further exploration.

QUESTIONS

COMMUNITY FACILITIES DISTRICT

- Eligible Activities: Could CFD funds be used by a Community Land Trust to purchase land, develop the infrastructure and build homes?
- Financing: Can CDFs provide non-recourse financing for developers with no repayment costs?

INFRASTRUCTURE FINANCING DISTRICT

- Eligible Activities: Could IFD funds be used to open a construction trade school that produced products such as modular houses or alternative construction materials such as hemp bricks?

TRANSIENT OCCUPANCY TAX

- Eligible Activities: Would a Tiny House Village (RV Models) with month-to-month space rentals be eligible for TOT funding?

CAPACITY FEE DEFERENTIAL PROGRAM

- Eligible Activities: Could a homeowner building an ADU be able to defer capacity fees until after the unit is rented?
- Financing: How are these limits set? Could the total be less than \$15,000 for small projects? Could the down payment be less than 20%? Could the payment schedule be more than two equal payments with no interest?

CAPACITY FEE FORGIVENESS PROGRAM

- Eligible Activities: Can this be extended to include affordable homes outside the Central Business District?

INDUSTRIAL DEVELOPMENT / INDUSTRIAL REVENUE BONDS

- Eligible Activities: Can the bonds be used to start a Construction Trade School that produces items for sale such as pre-fab houses or hemp building materials?

HOUSING DENSITY BONUS

- Eligible Activities: Would converting a motel into affordable apartments or a boarding house be an eligible activity? (note condominium conversions in the introduction).