



# City of Fort Bragg

416 N Franklin Street  
Fort Bragg, CA 95437  
Phone: (707) 961-2823  
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## Meeting Agenda Finance and Administration Committee

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Tuesday, June 21, 2022

3:00 PM

Via Video Conference

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### Special Meeting

#### MEETING CALLED TO ORDER

#### ROLL CALL

#### PLEASE TAKE NOTICE

*Due to state and county health orders and to minimize the spread of COVID-19, Committee Members and staff will be participating in this meeting via video conference. The Governor's executive Orders N-25-20, N-29-20, and N-15-21 suspend certain requirements of the Brown Act and allow the meeting to be held virtually.*

*The meeting will be live-streamed on the City's website at <https://city.fortbragg.com/> and on Channel 3. Public Comment regarding matters on the agenda may be made by joining the Zoom video conference and using the Raise Hand feature when the Chair calls for public comment. Any written public comments received after agenda publication will be forwarded to the Committee Members as soon as possible after receipt and will be available for inspection at City Hall, 416 N. Franklin Street, Fort Bragg, California, during normal business hours. All comments will become a permanent part of the agenda packet on the day after the meeting or as soon thereafter as possible, except those written comments that are in an unrecognized file type or too large to be uploaded to the City's agenda software application. Public comments may be submitted to City Clerk June Lemos, MMC, [jlomos@fortbragg.com](mailto:jlomos@fortbragg.com).*

#### ZOOM WEBINAR INVITATION

*You are invited to a Zoom webinar.  
When: Jun 21, 2022 03:00 PM Pacific Time (US and Canada)  
Topic: Special Finance and Administration Committee Meeting*

*Please click the link below to join the webinar:  
<https://us06web.zoom.us/j/83997018567?pwd=cjVMYTBHd3pHY3hwOHR6L0tkSDg4UT09>  
Or Telephone: +1 253 215 8782 or +1 346 248 7799 (\*6 mute/unmute; \*9 raise hand)  
Webinar ID: 839 9701 8567  
Passcode: 819912*

**TO SPEAK DURING PUBLIC COMMENT PORTIONS OF THE AGENDA VIA ZOOM, PLEASE JOIN THE MEETING AND USE THE RAISE HAND FEATURE WHEN THE CHAIR OR ACTING CHAIR CALLS FOR PUBLIC COMMENT ON THE ITEM YOU WISH TO ADDRESS.**

#### **1. PUBLIC COMMENTS ON SPECIAL AGENDA ITEMS**

*Public comments may be made on the matters described in this Special Meeting Notice (Government Code Section 54954.3).*

#### **2. CONDUCT OF BUSINESS**





# City of Fort Bragg

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## Text File

File Number: 22-288

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**Agenda Date:** 6/21/2022

**Version:** 1

**Status:** Business

**In Control:** Public Works and Facilities Committee

**File Type:** Staff Report

**Agenda Number:** 2A.

Receive City Manager's Report Regarding Waiving Water and Wastewater Capacity Fees for Businesses in the Central Business District



**CITY OF FORT BRAGG**

416 N. FRANKLIN, FORT BRAGG, CA 95437  
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**COUNCIL COMMITTEE ITEM SUMMARY REPORT**

**MEETING DATE:** June 21, 2022  
**TO:** Finance and Administration Committee  
**FROM:** David Spaur  
**AGENDA ITEM TITLE:** Receive City Manager's Report Regarding Waiving Water and Wastewater Capacity Fees for Businesses in the Central Business District

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**BACKGROUND AND OVERVIEW:**

Staff sought direction from the City Council on Utility Capacity Fee Waiver/Deferral programs in September of 2019. The Council established a program to allow for [deferral of capacity fees associated with housing](#). Such fees can be deferred up to three years, depending on the amount of fees and the project.

At that meeting, staff polled the Council on whether or not there was interest in expanding a Capacity Fee Deferral/Waiver program beyond housing projects in an effort to encourage or assist development in certain areas or industries. Two proposed options included using a deferral or waiver program in the Central Business District (CBD) to attract new businesses and to encourage the installation of sprinklers. At that time, the Council was not inclined to extend the program for deferral or waiver to commercial development.

At the April 14, 2021 Finance and Administration Committee meeting, the Committee recommended that the City Council adopt a temporary waiver of water and wastewater capacity fees for restaurant and food service businesses locating in the Central Business District for a two-year period. The Committee also recommended discounting water and wastewater capacity fees by twenty-five percent (25%) in all other zoning districts in the City limits for a two-year period.

**ANALYSIS:**

Capacity fees are one-time charges applied to new development and expansion to provide funding for the increased need for City infrastructure impacted by the service

needs of new development. Capacity fees received by the City are generally accumulated over years and then used to pay for projects.

### ACCUMULATED CAPACITY FEES

FUND	BALANCE 6-30-21
Water	\$ 577,576
Sewer	\$ 699,092

### ANNUAL CAPACITY FEE REVENUES

Fiscal Year	WATER			SEWER		
	Residential	Commercial	Total	Residential	Commercial	Total
2021	\$ 340,560.92	\$ -	\$ 340,560.92	\$ 302,980.09	\$ 6,466.07	\$ 309,446.16
2020	3,843.50	3,843.50	7,687.00	21,840.00	4,454.65	26,294.65
2019	16,463.14	2,632.07	19,095.21	19,721.17	2,099.12	21,820.29
2018	4,483.92	15,053.20	19,537.12	3,523.60	16,045.27	19,568.87
2017	20,241.73	5,125.66	25,367.39	6,672.84	11,068.11	17,740.95
2016	42,099.24	83,923.26	126,022.50	20,811.02	950.98	21,762.00
2015	(433.04)	56,069.82	55,636.78	2,232.87	19,397.22	21,630.09
7 Year Total	\$ 427,259.41	\$ 166,647.51	\$ 593,906.92	\$ 377,781.59	\$ 60,481.42	\$ 438,263.01
Average/Year	\$ 61,037.06	\$ 23,806.79	\$ 84,843.85	\$ 53,968.80	\$ 8,640.20	62,609.00

In addition to capacity fees, the City's water and wastewater (sewer) rate structures are built to accumulate funding for future capital projects. In the last couple of years, both water and sewer rates have annually collected more than \$1 million each for capital reserves. This is by far the primary source of non-grant funding used for utility capital projects. In contrast, after many years of accumulation, water and sewer capacity fee balances are much lower.

The current discussion on providing assistance with capacity fees is part of the City's focus on economic development for the CBD. During the pandemic and Stay at Home Orders, small businesses, particularly those deemed "not essential" were the hardest hit by the economic shutdown. Many of those small unique businesses are located in the CBD and are part of what attracts visitors to Fort Bragg and encourages them to get out of their cars and spend dollars here. Restaurants, bakeries, bars and retail establishments are often cited as creating pedestrian traffic for downtown central business district.

The lack of food and drink businesses in the Central Business District (CBD), particularly on Franklin Street, has been cited as a contributing factor to the increase in vacant buildings. This lack has also been blamed as partially responsible for the limited hours of operation in the CBD, which in turn reduces the pedestrian traffic.

For food service businesses, capacity fees are often cited as the reason these new businesses are not able to financially make a new business viable. If a food service business is occupying a space previously used as a restaurant, then the capacity fees have likely been paid for that space and there is no increase in intensity that would trigger additional fees due. However, if the space has not been used in a more water/sewer intensive manner, such as a restaurant, a new food service business would trigger the additional capacity fees. These fees can be as high as \$50,000, and more often than not, make the business financially unfeasible.

**RECOMMENDATION:**

Staff recommends that the Finance and Administration Committee recommend to the full City Council that the City temporarily waive Capacity Fees in the Central Business District for all businesses as defined in the Inland Land Use & Development Code. Staff does not recommend reducing fees for restaurants and hotels outside of the CBD because there is not sufficient benefit or policy justification for that action.

**ALTERNATIVES:**

1. Propose modified language for the proposed Resolutions before Council adoption;
2. Reschedule approval of one or both of the Resolution(s) pending further input or staff information.

**ATTACHMENTS:**

Proposed Council resolution on waiving water capacity fees

**RESOLUTION NO. \_\_\_\_-2022**

**RESOLUTION OF THE FORT BRAGG CITY COUNCIL TEMPORARILY  
WAIVING WATER CAPACITY FEES FOR ALL FOOD, BEVERAGE AND  
RETAIL SHOPS IN THE CENTRAL BUSINESS DISTRICT**

**WHEREAS**, the City of Fort Bragg charges a fee to its water customers for capital improvements; and

**WHEREAS**, capacity charges collected are used for facilities in existence at the time the charge is imposed and for new facilities to be constructed in the future that are of benefit to the person being charged; and

**WHEREAS**, the capacity charges have been adjusted over time to provide a more equitable charge and to allow for an annual adjustment tied to the change in the Engineering News-Record 20-City Construction Cost Index; and

**WHEREAS**, the City has in the past temporarily reduced or waived development fees for parking in-lieu to encourage revitalization of the City's Central Business District, which is the City's commercial, civil, historic and cultural center of the community; and

**WHEREAS**, small businesses, located in the Central Business District were economically disproportionately impacted during the COVID-19 pandemic and associated State and County Shelter-in-Place orders; and

**WHEREAS**, businesses in the Central Business District have closed or downsized their retail presence during the COVID-19 pandemic and associated State and County Shelter-in-Place orders in greater numbers than businesses located in the rest of the City;

**WHEREAS**, the number of vacant storefronts in the Central Business District continues to impact the economic vitality of the downtown Central Business District; and

**WHEREAS**, the historic downtown Central Business District is an important aspect of and asset to the City's tourism-based economy; and

**WHEREAS**, essentially all of the businesses in the Central Business District have been and continue to be small unique enterprises that make the Fort Bragg Central Business District an attraction for visitors and encourages those visitors to stroll through the shops, and fee waivers may allow businesses to establish new uses in vacant buildings thereby improving the overall vitality of the downtown area; and

**WHEREAS**, lack of food, beverage and retail service businesses in the Central Business District, particularly on Franklin Street, has been cited as a contributing factor to the increase in vacant buildings. The lack of food service businesses has also been blamed as partially responsible for the limited hours of operation in the Central Business District, which in turn reduces the pedestrian traffic; and

**WHEREAS**, the City Council wants to assist local businesses by extending a temporary waiver of the Water Capacity Fees for all businesses that are considered a "change of use" within an existing structure for a three-year period (i.e., until June 30, 2025); and

**WHEREAS**, based on all the evidence presented, the City Council finds as follows:

1. The foregoing recitals are true and correct and are made a part of this Resolution.
2. A temporary waiver of the Water Capacity Fees could result in encouraging potentially any and all businesses (as defined in the City's Inland Land Use & Development Code) to expand their existing use or engage in new enterprises in the Central Business District; and
3. Increasing the existence of new and expanding businesses in the Central Business District would add additional pedestrian traffic to the neighborhood and create a destination or anchor that would benefit other businesses in the Central Business District; and
4. The temporary Water Capacity Fee waiver is consistent with the City's Priority Area 1: Jobs/Industry and Goal 3 - Foster and help sustain local businesses.

**WHEREAS**, the temporary waiver of the Water Capacity Fees for changes of use within an existing structure is exempt from environmental review under the California Environmental Quality Act ("CEQA") pursuant to Title 14, the California Code of Regulations ("CEQA Guidelines"), Section 15273(a)(4) which provides an exception for modifications to fees for the purpose of obtaining funds for capital projects necessary for maintaining service within existing service areas; and

**NOW, THEREFORE, BE IT RESOLVED** that the City Council of the City of Fort Bragg does hereby approve a temporary waiver of the Water Capacity Fees for changes of use for all businesses (as defined in the City's Inland Land Use & Development Code) located in the Central Business District Zoning District until June 30, 2025.

**The above and foregoing Resolution was introduced by Councilmember \_\_\_\_\_, seconded by Councilmember \_\_\_\_\_, and passed and adopted at a regular meeting of the City Council of the City of Fort Bragg held on the 27th day of June, 2022, by the following vote:**

**AYES:  
NOES:  
ABSENT:  
ABSENT:  
ABSTAIN:  
RECUSED:**

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**BERNIE NORVELL**  
Mayor

**ATTEST:**

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**June Lemos, MMC**  
City Clerk



**From:** [Paul Clark](#)  
**To:** [Lemos, June](#)  
**Cc:** [CMAR \(CMAR@MCN.ORG\)](#); [Paul Clark](#)  
**Subject:** Finance and Admin meeting 06212022 3:00 Item 2A  
**Date:** Tuesday, June 21, 2022 7:06:00 AM

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Just a comment on this item. The CBD has always been given special treatment, which is not un noticed by the rest of the City, and the rest of the commercial areas ignored to an extent.

Why not make this city wide? The property owners with vacant commercial buildings need help as well. The fees for example for a restaurant or laundromat are ridiculous everywhere, if they are enforced as scheduled, and should be revised. As stated before the fees were rushed to put in place to be in a position to get as much as possible from the GP site as it was thought it would develop. I sat in many meetings on this item. That did not work out very well.

Paul Clark