



## CITY COUNCIL STAFF REPORT

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**TO:** City Council

**DATE:** September 8, 2025

**DEPARTMENT:** Administration/Community Development

**PREPARED BY:** Marie Jones Consulting

**PRESENTER:** Isaac Whippy, City Manager, and Marie Jones, Consultant

**AGENDA TITLE:** Receive a Report and Provide Direction on Community Development Policy Options to Support Business Expansion, Attraction, and Retention (BEAR) Through Zoning Flexibility, Permit Streamlining—including Limited Term Permits—and Activation of Vacant Commercial Properties

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### RECOMMENDATION

Staff recommends that the City Council receive the report and provide direction on proposed Economic Development policy considerations aimed at supporting Business Expansion, Attraction, and Retention (BEAR), reducing commercial vacancy, and fostering a more business-friendly environment.

Specifically, staff seek Council input on the following policy options:

1. **Zoning Code Modernization**
  - a. Revise the Land Use Tables to allow a broader range of business types across more zoning districts.
  - b. Consider consolidating two or more commercial zoning districts to simplify regulations and increase site availability for new and expanding businesses.
2. **Support for Small Businesses/Startups**

Allow small-scale businesses (under 500 square feet) to operate in more locations, particularly where vacancy rates are high or activation is a priority.
3. **Streamlining the Limited Term Permit (LTP) Process**

Revise the LTP process to reduce administrative burden, improve predictability for applicants, and ensure timely approval for community events.
4. **Administrative Reform of the Minor Use Permit**

Modify the Minor Use Permit process to establish it as a streamlined, fully administrative approval, minimizing unnecessary delays for low-impact uses.
5. **Expansion of Non-Conforming Uses**

Amend non-conforming use regulations to allow existing businesses greater flexibility to expand within their current footprint or parcel, provided health and safety standards are met.

## 6. Evaluation of Fire Sprinkler Requirements

Consider revisions to the Fire Sprinkler Ordinance.

Staff will incorporate Council feedback into future policy proposals, zoning code amendments, and program design efforts to advance the City's economic development and downtown revitalization goals.

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## BACKGROUND

One of City Council's key goals in the 2024-2028 Strategic Plan is to: ***Invigorate Economic Opportunity and Community Vibrancy***. To support these goals, the City established a dedicated Economic Development Department in July 2024. Under the direction of the City Manager, the department's efforts are guided by the BEAR framework—Business Expansion, Attraction, and Retention—which serves as a foundational pillar of the City's economic development and downtown revitalization strategy. To further explore strategies that support this goal, the City Manager engaged Marie Jones Consulting to evaluate potential policy options, as outlined in this report. These considerations are intended to strengthen the City's approach to addressing long-term commercial vacancies, enhancing zoning flexibility, improving permitting efficiency, and creating a more supportive environment for entrepreneurs, startups, and small business owners. The strategic plan includes eight comprehensive strategies to realize this goal, and this report focuses on two of the strategies (emphasis added):

1. Cultivate a diverse business climate that welcomes innovation, entrepreneurship, and investment by fostering strong relationships between the City and business community to promote investments through economic incentive programs (e.g., TOT tax-sharing agreements, financing taxing districts, capacity fee deferrals).
2. Foster a business-friendly environment that simplifies the regulatory process, partners with business owners, and promotes policies that encourage success for local businesses and the community by providing additional City tax revenue, increasing local business transactions, and creating jobs.

## DISCUSSION AND ANALYSIS

This staff report explores the following six regulatory changes, which could help accelerate the City's efforts to make Fort Bragg easier for businesses to start, grow and expand.

- 1a. Revise the Land Use Tables to allow more business types in more zoning districts.
- 1b. Consider collapsing two or more commercial zoning districts into one district.
2. Allow Small Startups (less than 500 SF) in more locations.
3. Revise the Limited Term Permit Process.
4. Consider modifying the Minor Use Process to make it a truly administrative permit.
5. Modify non-conforming use regulations to make it easier for existing business to

expand.

6. Consider revisions to the Fire Sprinkler Ordinance.

Each of these policy options along with the underlying issue and possible regulatory solutions is detailed below.

**Policy Consideration 1: Address Zoning Constraints to Better Match Business Demand with Available Commercial Properties**

In supporting business attraction and retention, the City has identified a common challenge: some businesses are unable to find suitable space within zoning districts where their use is permitted, while others identify ideal locations that are not zoned for their operations. This mismatch between zoning designations and market realities can hinder business development, delay openings, and contribute to ongoing commercial vacancies. Exploring more flexible or adaptive zoning strategies may help bridge this gap and better support the City's economic development goals.

*Tensions for consideration:*

- Introducing potentially incompatible uses into the same area can lead to conflicts between property owners and/or business operators.
- Industrially zoned land generally has a low value, partly because other uses cannot occupy it. To the degree that the City allows other uses in the industrial zoning district, this land will no longer be available for industrial businesses, which have no alternative places to go. Care should be exercised to preserve industrially zoned land for industrial uses.

*Policy Option # 1a: Revise the Land Use Tables to allow more business types in more zoning districts.*

This would allow business owners who are seeking to open a new business (or expand an existing business) access to a wider array of locations (zoning districts). Staff recommends revising the attached Land Use Tables to include more diversity of business uses in different zoning districts (Attachment 2).

Potential revisions include the following key changes:

1. Allow more uses in more zoning districts, where they are unlikely to cause conflicts, as follows:
  - Neighborhood Commercial Zoning District: Change Live/Work, Single-Family Residential and Restaurant/café, Child day care center, and transit station from UP/MUP to permitted uses by right.
  - Commercial Office Zoning District: Change Printing and Publishing, R&D, Grocery (specialty Retail), and Vehicle Storage from prohibited to Use Permit required. Change Health Fitness facility, Private School, Art Studio, Artisan Shop, Child day care center, transit station, from requiring a Use Permit to permitted by right.

- Central Business District: Change Health Fitness facility, Meeting Facility, from requiring a Use Permit to permitted by right.
  - General Commercial. Change Health Fitness facility, Private school, Sport Facility from requiring a Use Permit to permitted by right. Change bar tavern from MUP to UP.
  - Highway Commercial. Change doctors office, adult day care, meeting facility, sports facility from Use Permit to permitted by right. Change Medical clinic, catering service from prohibited to permitted by right.
2. Simplify the required findings for commercial projects that require a Use Permit.
  3. Consider allowing small events by right in the Central Business District so long as they meet small event requirements (see Policy Option 3).

*Policy Option # 1b: Consider reducing the Number of Commercial Zoning Districts by Combining General Commercial and possibly Highway Commercial into one single General Commercial Zoning District.*

- Fort Bragg is a very small city. Perhaps the zoning code map could be simplified to allow more businesses in more places by collapsing two commercial zoning districts into just one district. The Highway Commercial and General Commercial zoning districts allow very similar uses, the only differences between the two districts include the following:
  - General Commercial allows the following uses which are not permitted in Highway Commercial: Research and Development, Large Facility Recycling (which might be more appropriate in an industrial zoning district), emergency shelter, Residential Care Facility, Fuel dealer (again more appropriate in the industrial zoning district), Medical services, Kennel, Maintenance services, Funeral home, Vehicle Storage (more appropriate for Industrial),
  - Highway Commercial only allows one use which is not permitted in General Commercial namely, Recreational Vehicle Park.
- Most of the Highway commercial zoning is located in the Coastal Zone and the Coastal Commission may not allow a similar collapse of districts in the Coastal Zone. The only inland Highway Commercial zoning is located east of highway 1 between Pine Street and Airport Road. This strip is composed of small already built-up parcels, so the impacts of combining these zoning districts would primarily increase the ability of business owners to utilize this area for a wider range of small businesses.
- This change would require both a General Plan and a zoning amendment and would require preparation of a CEQA document.
- Office Commercial could also be combined with this single commercial district; however, the change here would be more radical because Office Commercial

primarily allows only medical offices and support services. This district is also located entirely in the Coastal Zone, so it would require an LCP amendment.

## **Policy Consideration 2: Improve Conditions and Accessibility of Vacant Commercial Properties to Support Small Business Growth**

As the City works to attract and retain small businesses and startups, a persistent challenge remains: while many commercial properties sit vacant, entrepreneurs often struggle to find affordable, well-maintained, and appropriately managed spaces. High rents, absentee property owners, and poor property conditions have created a mismatch between available inventory and business needs. Addressing these barriers is essential to unlocking underutilized spaces, supporting economic development, and revitalizing the downtown core

### *Tensions for consideration:*

- Vacancy, which results from high rents coupled with poor property management and poorly maintained buildings, is unlikely to be affected by a change in zoning regulations. The vacancy tax may help address these properties.
- Introducing potentially incompatible uses into the same area can lead to conflicts between property owners and/or business operators.

### *Policy Option 2. Allow Small Startups (less than 500 SF) in more locations.*

This policy option would break with the norm in zoning law by allowing small startups of less than 500 SF the opportunity to open a business in more zoning districts than currently allowed. This might help fill empty buildings. It could also allow existing tenants or property owners to provide a small office or workspace to a startup in an already occupied space. The idea is that businesses with small footprints are unlikely to have a deleterious effect on other businesses in a zoning district, even if they are not currently allowed in that zone. To implement this policy, it is wise to start small, with the following recommendations (Attachment 2):

- Allow startups of any use that is already listed in one commercial zone to open in any of the commercial zones as a startup.
- Allow startups of any use that is already listed in the industrial zone to open up in either the light or heavy industrial zone.
- Limit this zoning flexibility to not more than two 500 SF startups per parcel, to limit the total impact to 1,000 SF.
- Do not allow chains or franchises to use this startup zoning flexibility.
- Allow the startup to open without a Use Permit to reduce barriers to opening a business.

- Consider allowing a one-time increase in SF to 1,000 SF for the startup with a Use Permit. But keep the total limit of 1,000 SF for startup use as a maximum for each parcel.

### **Policy Consideration 3: Improve the Limited Term Permit Process to Reduce Administrative Burden and Support Community Events**

As part of the City's broader effort to streamline permitting and encourage community-led activities, staff is evaluating the Limited Term Permit (LTP) process, which has presented challenges due to high administrative demands and frequent delays in application submissions by event organizers. Some events have been cancelled because applicants did not submit their LTP on time and/or failed to obtain the required insurance, placing strain on both coordinating agencies and non-profit partners.

#### *Issues/tensions for consideration:*

- The coordinated multi-department review often identifies safety/operational/public health issues that should be addressed in the event location/operations. This review thereby reduces risks associated with events and other activities.
- Most event operators need to get an encroachment permit even if they do not get a Limited Term permit. The encroachment permit includes insurance requirements to protect the City against claims for liabilities associated with an event. The Lack of insurance coverage results in event delay or cancelation.

#### *Policy Option 3. Revise the Limited Term Permit Process.*

Most community events require Limited Term Permits, and Community Development Department (CDD) staff process between 30 and 50 Limited Term Permits per year. Limited Term Permits allow short term activities in zoning districts where they are not typically permitted. Depending on the scale and type of event a Limited Term Permits involves multiple departments (Community Development, Public Works, Police Department, Fire Department, Caltrans and Mendocino County's Building Department & Environmental Health). However, not all events require review by all departments. The Limited Term Permit process also allows the City to require insurance where events will occur on City property or on the City right-of-way. Activities that are currently reviewed/approved through the Limited Term Permit process include parades, fairs, carnivals, first Fridays, farmers market, concerts, festivals, beer gardens, construction yards, temporary structures, etc. The purpose of the Limited Term Permit is to: 1) identify specific issues for the event or activity and address them through special conditions and coordination with other departments; and 2) obtain an insurance endorsement to protect the City.

*Revised Process.* The City could potentially revise the Limited Term Permit process in one or more of the following ways:

- Make some temporary activities permitted by right. Include indoor (possibly outdoor) events of less than 100 people and/or 2,000 SF or less as a permissible activity in the Central Business District, so long as the activity conforms with specific standards (complies with the noise ordinance, does not include construction of temporary facilities, does not include serving alcohol, etc.). This would reduce the permitting process for some types of special events and focus event activities in the downtown (attachment 2 and 5).
- Simplify the Limited Term Permit process for smaller events. Create two types of Limited Term Permits, one for more complex events and activities and a simpler process with a checklist and an over-the-counter approval process for simple events. Simple events would not require traffic control, include amplified sound, require an ABC license, and/or serve food. Instead, these events would be required to obtain an encroachment permit which also includes the requirement to provide proof of insurance (attachment 5).
- Establish a 5-year Limited Term Permit. Many events are largely recurring without significant changes over the years. These events are “dialed in”. The City could approve a five-year Limited Term Permit for events with a long-standing history (3+ years) with no significant issues. Some longer-term events might have to obtain an annual encroachment permit to keep insurance information up to date. Five-year Limited Term Permits should only be approval for commercial zones.

**Policy Consideration 4: Streamline the Minor Use Permit Process to Reduce Staff time and Improve Efficiency with Minimal Impact to Community Engagement**

- Minor Use Permits take significant staff time, because staff currently prepare a staff report and must go through a two stage noticing process (of neighbors and if appealed the general public).
- These permits are sometimes appealed by non-neighbors. They are very rarely appealed by neighbors.
- If appealed, the permit requires publication of a notice in the paper and a hearing with the Community Development Director. Permits are also appealable to the Planning Commission, though this has not yet happened in the past 20 years.

*Policy Option 4: Consider modifying the Minor Use Process to make it a truly administrative permit, similar to the sign permit, with a checklist for approval and the opportunity for staff to decide, according to specific criteria, if the specific request should be reviewed as a Use Permit by the Planning Commission.*

MJC recommends revising the Minor Use Permit requirements as illustrated in the attached Land Use tables which eliminates the Minor Use Permit requirement for some benign uses and changes the Minor Use Permit to a Use Permit requirement for more

controversial uses (Attachment 2). Staff also recommends revising the Minor Use Permit process so that it is truly administrative. The zoning code only requires the preparation of a Staff Report for a hearing before the City Council or the Planning Commission. It does not require a staff report for an administrative permit (Minor Use Permit, Administrative Design Review and Administrative Variance, Sign Permit). Previously staff did not prepare a staff report for these permit types, but just included the findings in the issued permit. Staff currently prepare a staff report for all of these permits.

MJC recommends that:

- Minor Use Permits be changed to Use Permit for the following business types: live/work unit (all zones), Bar/Tavern (CG, CH), Cannabis Retail (CBD), Vacation Rental (CBD).
- Minor Use Permits be changed to Permitted by Right for the following business types: Single family residential (CN), Cannabis Retail and Delivery (CG,CH), Day Care Center (CN, CO, CH), and Personal Services (CH).
- Administrative permits be approvable with a checklist (similar to the checklist that is utilized for sign permits). This will save considerable time for relatively minor decisions.

The City also processes Administrative Design Review and Administrative Variances, which also do not include a public hearing with the Planning Commission but require significant time and the same level of noticing. These could also be streamlined as described above.

### **Policy Consideration 5: Supporting Business Expansion Retention and Expansion (BEAR) Through Flexible Zoning for Legacy Businesses**

Evaluate zoning code amendments to allow long-standing, non-conforming businesses to expand within their existing locations, advancing BEAR and downtown revitalization goals. Recommended changes to the zoning code that would allow for this expansion are included in attachment #4

Overall, the changes would include the following:

- Allow non-conforming businesses (located in a zoning district where they are no longer allowed) to expand in area or intensity if: 1) they are not a nuisance and have not received no code violation letters or calls for service in three years; and 2) they get Use Permit approval.
- Allow non-conforming businesses to expand both within a structure and throughout a parcel, with Use Permit approval, so long as any new buildings comply with development standards (height, setbacks, etc.). Currently they are only allowed to expand within an existing building.



- Allow any business to increase the size of a non-conforming structure by 500 SF or up to 25% of the existing structures' area with Use Permit approval.
- Allow the reconstruction of a non-conforming structure in the same footprint.
- Allow an increase in the size of a non-conforming residential structure with a Use Permit approval.
- Allow existing nonconforming residential structures (e.g. not allowed in a zoning district) to be rehabilitated/renovated. Currently the code includes outdated (weird) cost thresholds for rehabilitation.
- Eliminate limits on the conversion of residential accessory structures to Accessory Dwelling Units, as these limits are no longer permissible under state law. This language was inadvertently left in the code.

### **Policy Consideration # 6: Aligning Fire Safety Regulations with Downtown Revitalization Goals**

Explore potential revisions to the Fire Sprinkler Ordinance to support economic development, reduce commercial vacancies, and ensure public safety.

The fire sprinkler ordinance currently requires all businesses to install fire sprinklers if they undertake more than \$120,000 worth of improvements in any given 3-year period.

#### *Issues/tensions for consideration:*

- The fire sprinkler ordinance has been revised at least four times since it was adopted. Each revision process was a challenge for all sides, as this is a contentious issue.
- This policy option should be explored in a thoughtful way that fully considers both sides of this important issue. Staff recommend gaining direction from the Council as to whether you would like to reopen and discuss this issue further.
- State law also triggers the installation of fire sprinkler systems, and the State's new fire code (July 1, 2025) will become enforceable as of January 1, 2026: it includes the following fire sprinkler triggers:
  - A remodel or addition that involves a change in occupancy type or use that creates a higher hazard, such as adding a woodworking operation or storage of combustible materials.
  - Any renovation or remodeling project (regardless of size) that causes the fire area to exceed 5,000 square feet.
  - Specific Occupancy Types (mercantile and factory) and building heights (greater than 35 feet) trigger the requirement for fire sprinklers.

- Assembly Bill 306 will freeze the California building code for all new housing through 2031. If the bill passes, local governments would be kept from adding their own local requirements (such as sprinklers). If this bill is adopted (the assembly passed it with no opposition and it is heading to the Senate) the City would not be able to adopt any new regulations with regard to sprinkler ordinances for multifamily housing, and our current sprinkler ordinance with regard to housing would be void.
- Some northern California cities (Santa Rosa, Healdsburg, etc) have adopted sprinkler ordinances that have various triggers requiring the installation of sprinklers for various types of projects, including the following:
  - A substantial remodel includes: the removal or demolition of more than 50% of the exterior or interior weight-bearing walls, or removal of the roof structure or ceiling, thereby permitting installation of overhead piping; or removal of interior tenant improvements, reducing the building to a “shell” condition, shall require the future build-out to comply with fire sprinkler requirements.
  - A substantial new addition: an increase of floor area by more than 25% of the existing floor area.
  - Additions that result in additional guest rooms or dwelling units, or a change of occupancy from apartment to condo.
  - All commercial additions of more than 2,500 square feet.
  - Regardless of size, an automatic fire sprinkler system is required to be installed in any addition when the existing building is already provided with an automatic sprinkler system.
  - All new buildings.

As part of the City's efforts to foster a more business-friendly environment and address long-term commercial vacancies downtown, the City Manager, Consultant, and Fire Marshal met to discuss fire sprinkler requirements and developed the following preliminary recommendations:

1. Require a state-of-the-art fire monitoring alarm system for all remodels, regardless of cost, instead of requiring sprinkler installation for projects of more than \$120,000;
2. Retain the sprinkler requirement for all new commercial and industrial buildings;
3. Require sprinklers for existing buildings where the occupancy changes from a low risk to a more fire-risky occupancy, regardless of the cost of renovations; and

4. Eliminate the City's building permit fee and general plan maintenance fee for the installation of fire sprinkler systems in existing buildings.

City Council could provide directions on whether staff should proceed with the development/negotiation of a revised fire sprinkler ordinance, and if so, what triggers/requirements you would like to see included in the ordinance.

#### **FISCAL IMPACT/FUNDING SOURCE**

The estimated \$12,000 in costs associated with these regulatory changes would be borne by the General Plan Maintenance Fund. These funds would be used to publish hearing notices and for staff and consultant time.

Implementing these regulatory changes might reduce the workload of Community Development Department staff. If it does, it would free up staff time to engage in other activities such as: code enforcement, special project management, economic development, community outreach, community events, and/or other activities as defined by the City Manager/City Council.

#### **ENVIRONMENTAL ANALYSIS:**

To proceed with these zoning amendments, the City will complete a CEQA analysis as part of the zoning amendment. At this time, the environmental impacts of the suggested changes would be minor as they relate primarily to businesses that have limited environmental impacts.

#### **STRATEGIC PLAN/COUNCIL PRIORITIES/GENERAL PLAN CONSISTENCY**

As noted this effort would align with the economic development priorities of the City's Strategic Plan. A general Plan consistency analysis would be prepared for the amendments when they are brought forward to Planning Commission and City Council for consideration.

#### **ALTERNATIVES:**

City Council can choose to undertake the following alternative actions:

1. Retain existing regulations.
2. Other direction.

#### **ATTACHMENTS:**

1. Fort Bragg Strategic Plan - Economic Development Section
2. Suggested Amendments to Use Permit Tables and Requirements for Commercial and Industrial Zoning Districts of the ILUDC
3. Suggested Amendments to Minor Use Permit Regulations of the ILUDC
4. Suggested Amendment to Non-Conforming Use Regulations of ILUDC
5. Suggested Amendment adding new use regulations for small events, which could be allowed by right in the ILUDC
6. Checklist of requirements for small exempt events.

**NOTIFICATION:**

The following “Notify Me” lists:

- Cannabis Legislation
- Economic Development Planning
- Fort Bragg Downtown Businesses
- Tourism and Marketing