



CITY COUNCIL STAFF REPORT

TO: City Council **DATE:** February 9, 2026

DEPARTMENT: Administration & Economic Development Department

PREPARED BY: Isaac Whippy, City Manager

PRESENTER: Isaac Whippy, City Manager

AGENDA TITLE: Resolution of the City Council of the City of Fort Bragg Adoption of First-Year Fee Waivers for New Businesses as Part of the City's Fee Schedule Update

RECOMMENDATION

Adopt a Resolution establishing a First-Year Fee Waiver Program that waives select City-imposed fees for qualifying new businesses during their first year of operation, consistent with the City's BEAR Strategy, Strategic Plan goal of being business-friendly, and the Vacant Commercial Registry adopted in 2025.

BACKGROUND

In July 2024, the City of Fort Bragg formally established an Economic Development Department to provide a more focused, proactive approach to supporting local businesses, encouraging entrepreneurship, and revitalizing the downtown and commercial corridors. Since its formation, the City Manager has worked closely with Community Development and other City divisions to evaluate existing policies and identify targeted changes that reduce barriers to entry while maintaining regulatory standards.

As part of this work, the City has advanced several economic development policy initiatives, including strategies to encourage small business formation, activate underutilized and vacant commercial spaces by offering facade improvement grants and low-interest loans, and implement the Vacant Commercial Registry adopted in 2025. Together, these efforts reflect a shift toward pairing accountability with incentives—holding long-term vacant properties to clear expectations while offering meaningful tools to support reinvestment and reuse.

The proposed fee waivers build on this foundation by addressing early-stage costs that disproportionately affect small businesses and first-time entrepreneurs, particularly in a low-income, rural coastal community like Fort Bragg.

DISCUSSION AND ANALYSIS

The purpose of this item is to reduce early-stage financial barriers for new businesses by waiving select administrative fees commonly incurred at the beginning of the business and permitting process. These targeted waivers are intended to encourage entrepreneurship, support reinvestment in existing commercial buildings, and accelerate the activation of vacant storefronts—while maintaining full compliance with zoning, building, fire, and safety standards.

This program reflects the City’s philosophy of serving as a facilitator, not just a regulator, by shifting the focus from simply identifying constraints to working collaboratively with applicants to identify a compliant path forward. The goal is not to lower standards, but to reduce unnecessary friction and help businesses move efficiently from concept to operation.

Program Overview: First-Year Fee Waiver Program Eligibility

Eligibility for participation in the First Year Free Fee Waiver Pilot Program is limited to Small Businesses, defined as independently owned and operated businesses with ten (10) or fewer employees, including the owner(s), that are not subsidiaries or franchises of regional, national, or international corporations.

In addition, eligibility is limited as follows:

- Applies only to new businesses establishing operations within the City of Fort Bragg
- Limited to one waiver per business entity
- Limited to one physical business location
- Business operations must be located at a site legally permitted under the Zoning Code

Typical Fees for 1st Time Businesses	Amount
Sign Permit	\$53
Minor Use Permit Fee <i>*Excludes Public Notice costs</i> <i>*Targets certain geographical areas</i>	\$1,315
Business License Fee	\$150
Administrative Design Review	\$846
Zoning Clearance	\$219
Total Potential Waiver Est. per Business	\$2,583

Description of Fees Proposed to Be Waived

- **Sign Permit**

Authorizes the installation of business signage, including wall signs, window signs, blade signs, and temporary “Now Open” signs. Sign permits ensure signage is safely installed and consistent with adopted design standards. Waiving this fee supports visibility and customer awareness during the startup phase and also ties into our goal of filling empty buildings in down town core.

- **Minor Use Permit for Business**

Allows certain uses that are conditionally permitted under the Zoning Code and require administrative review to ensure compatibility with surrounding uses. Minor Use Permits typically apply to small businesses operating in existing buildings and do not require Planning Commission approval. This will only apply to handful of businesses will utilize this.

- **Business License Fee**

Authorizes a business to legally operate within the City and ensures compliance with basic regulatory requirements. This fee is often one of the first costs incurred by a new business. Waiving it during the first year lowers barriers to formal business formation and encourages compliance.

- **Administrative Design Review**

Applies to projects requiring staff-level review to ensure exterior improvements, tenant changes, or minor modifications comply with adopted design standards. This review maintains community character while supporting reinvestment in existing buildings.

- **Zoning Clearance**

Verifies that a proposed business use or location is allowed under the Zoning Code and complies with applicable development standards. Zoning clearance is typically required prior to issuance of a business license or building permit. This will only apply to handful of businesses will utilize this.

These fees:

- Are incurred early in the process
- Can be a disproportionate barrier in a low-income community
- Do not reduce safety inspections or code enforcement
- Support experimentation, reuse, and downtown activation

Importantly, waiving these fees does not reduce review standards or compliance requirements with the Code.

Implementation and Safeguards

- Annual aggregate cap of \$25,000
- One-time eligibility per business entity and location
- Applies only during the first year of operation
- Geographic targeting to priority areas (Downtown, areas with documented long-term vacancies, properties subject to Vacant Commercial Registry)
- Excludes enterprise fund fees, taxes, and third-party costs
- City Manager or designee approval authority
- Two-year sunset, unless extended by City Council
- Annual reporting to City Council on participation and fiscal impacts

The First-Year Business Fee Waiver Program operationalizes the City's BEAR Strategy and Strategic Plan by reducing early barriers to entrepreneurship, encouraging reinvestment in vacant commercial spaces, and reinforcing a facilitator-first approach. By maintaining full regulatory standards while easing the path from concept to operation, the City supports local entrepreneurs and sends the right message that Fort Bragg is open for local business—responsibly and intentionally.

FISCAL IMPACT/FUNDING SOURCE

The First Year Free Fee Waiver Pilot Program is subject to an annual aggregate cap of \$25,000 in total waived fees. While the maximum potential waiver per business is estimated at \$2,583, this figure represents a *theoretical maximum* and assumes that a single business would require all eligible permits and approvals, which is not typical.

In practice, many new businesses do not require all of the fees included in the waiver program. For example:

- Some businesses require only a business license and zoning clearance
- Others may require a sign permit or limited-term permit, but not a Minor Use Permit
- Only a subset of businesses require Minor Use Permits, Administrative Design Review, or multiple planning approvals

As a result, the average fee waiver per business is expected to be significantly lower than the maximum potential amount. Because not all eligible businesses will utilize all waived fees, the program may be able to support more than fifteen (15) businesses per year while remaining within the \$25,000 annual cap.

The cap therefore functions as a maximum fiscal exposure, not a fixed allocation per business, and allows flexibility to:

- Support a greater number of lower-impact businesses
- Prioritize microbusinesses and tenant improvements
- Maintain fiscal discipline while maximizing economic development benefit

STRATEGIC PLAN/COUNCIL PRIORITIES/GENERAL PLAN CONSISTENCY

The proposed First Year Free Fee Waiver Pilot Program directly advances the City Council's adopted priorities and the City's Strategic Plan goals related to being business-friendly, supporting local entrepreneurship, and strengthening the economic vitality of Fort Bragg. By reducing early-stage administrative barriers, the program improves the customer experience for new businesses while maintaining full regulatory standards.

The program also supports Council priorities related to:

- Downtown and commercial corridor revitalization
- Activation and reuse of vacant storefronts
- Economic opportunity for residents in a low-income, rural coastal community
- Proactive and responsive service delivery

The use of caps, geographic targeting, narrow eligibility, and a two-year pilot period ensures alignment with the City's emphasis on fiscal responsibility and accountable governance.

IMPLEMENTATION TIMELINE

If adopted by the City Council, the First Year Free Fee Waiver Pilot Program will be implemented concurrently with the City's updated Fee Schedule and will become effective on April 20, 2026.

Between adoption and the effective date, staff will:

- Update internal procedures and checklists
- Coordinate across Planning, Building, Finance, and Economic Development
- Prepare clear eligibility guidance for applicants
- Update public-facing information on the City's website and business resource materials

Beginning April 20, 2026, eligible new businesses applying for permits and licenses will be able to access the First Year Free fee waivers, subject to program caps, eligibility criteria, and administrative approval.

This implementation timeline allows for an orderly rollout, consistent application of the program, and clear communication to both staff and the business community.

ATTACHMENT

Resolution- Fee Waiver