

RESOLUTION NO. ____-2025

RESOLUTION OF THE FORT BRAGG CITY COUNCIL

and

RESOLUTION NO. ID ____-2025

RESOLUTION OF THE FORT BRAGG MUNICIPAL IMPROVEMENT DISTRICT BOARD

EXPANDING THE WATER AND SEWER CAPACITY FEE DEFERRAL PROGRAM BEYOND THE CENTRAL BUSINESS DISTRICT ALIGNING WITH SB 937, AND DECLARING THE DEFERMENT PROGRAM EXEMPT FROM CEQA UNDER 14 CCR §15273(a)(4)

WHEREAS, pursuant to Resolution No. 4171-2000, the City of Fort Bragg imposes a capacity charge (the “Water Fee”) to fund capital improvements to the City’s water system; and

WHEREAS, pursuant to Section 14.24.060 of the Fort Bragg Municipal Code, the City of Fort Bragg and Fort Bragg Municipal Improvement District collects and sets the rate of a capacity charge (the “Sewer Fee”) to fund capital improvements to the wastewater system and are distinct from the service charges for ongoing use of water or sewer services; and

WHEREAS, the Water Fee and Sewer Fees (collectively the “Fees”) are a “capacity charge” as defined in Government Code Section 66013, collected in connection with the establishment of a new water or sewer connection or any change in occupancy of a structure served by an existing water or sewer connection, and does not exceed the reasonable cost of providing service to structures or occupancies that create new demands upon the City’s water or sewer systems; and

WHEREAS, the City Council previously adopted Resolution Nos. 4495-2021, 4741-2023, and 4762-2024 establishing and extending a temporary Water and Wastewater Capital Improvement Fee Deferral Program for Restaurants, Cafés, and Coffee Shops in the Central Business District (CBD) to support small businesses and reduce downtown vacancies; and

WHEREAS, Senate Bill 937 (SB 937), codified in part at Government Code Sections 66007 and 66020, allowing cities to delay the collection of impact and capacity fee for “designated residential development projects”; and

WHEREAS, the number of vacant storefronts, buildings, and underutilized commercial lots throughout the Central Business District and other commercial zones continues to impact the City’s overall economic vitality, and early payment of capacity fees creates a significant barrier to reinvestment, adaptive reuse, infill development, and new housing or commercial projects; and

WHEREAS, the City Council desires to comply with SB 937 and reduce the barrier for commercial development by expanding the existing Fee Deferral Program to specified commercial businesses; 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 deferrals may allow businesses to establish new uses in vacant buildings and thereby improving the overall vitality of the downtown area; and

WHEREAS, to ensure the program is targeted to those most in need of assistance, eligibility is limited to “designated residential development projects” as defined in SB 937 and small, locally owned businesses with fewer than 25 employees and gross receipts less than \$2.5 million, excluding national chains, large franchise operations, or enterprises exceeding the City’s capital investment thresholds; and

WHEREAS, deferring payment of the Fees encourages infill development, adaptive reuse of existing buildings, and neighborhood-based commerce — actions that reduce vehicle miles traveled (VMT), support greenhouse gas (GHG) reduction objectives, and align with state climate action goals under AB 32 and SB 375; and

WHEREAS, the deferral of capacity fees is not a waiver, and all deferred fees will be collected under legally binding agreements secured by recorded liens or covenants to ensure that the City’s Water and Wastewater Capital Improvement Funds remain whole; and

WHEREAS, the City Council and the Board of Directors desire to extend and expand the deferral program for the Fees; and

WHEREAS, this action is exempt from environmental review under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15273(a)(4), for modifications or restructuring of fees which the City of Fort Bragg finds are for the purpose of obtaining funds for capital projects necessary to maintain existing service within existing service areas.

NOW, THEREFORE, BE IT FOUND, DETERMINED AND RESOLVED AS FOLLOWS:

1. Based on all the evidence presented, the City Council and Board of Directors find as follows:
 - a. The foregoing recitals are true and correct and are made a part of this Resolution.
 - b. The continued deferral of the Fees would encourage Restaurant, Café, and Coffee Shop businesses (as defined in the Inland Land Use & Development Code) to expand their existing operations or establish new uses in the City.
 - c. Expanded or newly established Restaurant, Café, and Coffee Shop businesses will increase pedestrian traffic, strengthen commercial vitality, and create destination anchors that benefit surrounding businesses.
 - d. The continued deferral of the Fees is consistent with the City’s Strategic Plan Priority Area 1: Jobs/Industry and Goal 3: Foster and Help Sustain Local Businesses & General Plan.
2. Participation in the Capacity Fee Deferral Program shall be strictly voluntary on the part of the applicant.

At the written request of an applicant, submitted any time prior to December 31, 2026, the City and/or Improvement District shall defer collection of either or both of the Fees pursuant to SB 937 or when such fee would otherwise be due in connection with a change in occupancy within a commercial zoning district, provided the resulting

occupancy is a Restaurant, Café, or Coffee Shop use or a designated residential development project, as defined by California Government Code Section 66007. Deferral shall be conditioned upon the applicant's execution of a deferral agreement and compliance with all program requirements.

3. a. The deferred fee shall be secured by a fee deferral covenant approved by the City Attorney and which shall be recorded against the property. The deferred fees may be paid at any time but no later than the issuance of a Temporary Certificate of Occupancy or prior to the final building inspection, and shall be calculated based on the fee in effect at the time of payment (i.e., the then-current rate schedule, not the schedule in effect at the time the deferral was granted).
b. If a subsequent change in use occurs at a property with an outstanding deferred fee, the fee shall be calculated as if the existing use on the property was the use that existed prior to the change for which the deferral was granted. Payment of this amount at the then-current rate shall satisfy both the deferred and current fee obligations.
4. If the City Council and/or Board adopts a new fee that replaces or succeeds an eligible fee, such successor fee shall also be eligible for deferral under this program.
5. It is the intent of the City Council and Board that the City may loan from the General Fund to the funds into which fee proceeds are normally deposited in such amounts as are necessary to ensure that the deferral of fees does not delay water or sewer improvements.
6. a. Staff shall maintain as a public record a list of all locations granted deferrals pursuant to this Resolution.
b. The Master Fee Schedule shall be amended to reference this Resolution, summarize the deferral program, and advise of the existence of the public deferral list and methods for obtaining it.
7. a. "Restaurant, Café, or Coffee Shop" shall have the meaning set forth in the Inland Land Use & Development Code.
b. "Central Business District" shall mean the CBD Zoning District as established under the Inland Land Use & Development Code.
8. This action is exempt from environmental review under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15273(a)(4), which provides an exemption for modifications to fees for the purpose of obtaining funds for capital projects necessary to maintain service within existing service areas.
9. This Water and Sewer Capacity Fee Deferral Program shall remain in effect through June 30, 2027, unless extended or amended by subsequent action of the City Council and/or Improvement District Board. No new applications shall be accepted after June 30, 2027. All deferral agreements executed prior to this date shall remain in full force and effect under the terms of their recorded agreements.

BE IT FURTHER RESOLVED that this Resolution shall be effective immediately upon adoption.

The above and foregoing Resolution was introduced by Council/Board Member _____, seconded by Council/Board Member _____, and passed and adopted at a regular meeting of the City Council of the City of Fort

Bragg/District Board of the Fort Bragg Municipal Improvement District No. 1 held on the 27th day of October, 2025, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

RECUSED:

JASON GODEKE
Mayor/Chairperson

ATTEST:

Diana Paoli/Secretary
City Clerk