

Dear Council Members,

Increasing sales volume at existing businesses is the fastest way to immediately generate revenue for the City.

If stores lose 20% of their clients to online shopping, then you need to increase visitors by more events, increased walkable housing density, and hotel rooms.

The holidays are approaching, what does the City have planned to attract customers and visitors to Sebastopol's commercial areas?

I would suggest the following immediate steps that can be taken to help support our businesses:

- 1) Invite the Chamber of Commerce Director and a local business to speak and update the Council on the "State of Main Street." These presentations should be under 15 minutes and give a list of events and also check in with local businesses to get a sense of the sales climate in real time. Businesses can be bigger like Sebastopol Hardware and smaller like Cozy Plum. They can be established like Copperfield's or new like the Redwood. We hear from a variety of groups at Council, why not our members of the business community?
- 2) Survey local businesses in person and online. Use the previous survey Council Member Mc Lewis mentioned at a starting point. Figure out what businesses need and how the Council can support.
- 3) Invite one non-profit (Arts Center, Cultural Center, Senior Center, Little League, Library, Ives) per month to present upcoming events. How can the City support non-profits by creating cross promotion with the Chamber to bring people into the City? How can all events whether commercial or nonprofit be consolidated into a newsletter or posted on the City website? Can the Chamber list all events on their website with a link from the City site?
- 4) Immediately contact Headwest and ask them how to retain their marketplace in Sebastopol. Headwest brings in thousands of visitors and does their own marketing. They are very successful and it is a win/win for Sebastopol. They have markets in many other Californian cities. There must be an easy way to conduct permitting for the Headwest vendors.
- 5) Pursue all hotel opportunities. Given high interest rates and the high cost in financing projects which fall into the \$35,000,000- \$60,000,000 range, it is optimal to pursue more than one hotel project. If a developer wants to invest in Sebastopol and build a beautiful hotel and generate TOT and sales tax, Council should be actively pursuing all leads.
- 6) Meet with owners of Redwood Marketplace. Ask what would it take to redevelop the lot into a mix of retail and residential. All the space north of Lucky could be developed into moderate and market rate family housing of 3 bedroom/ 2 bath and 4 bedroom/2 bath row housing with parking, green space and a pocket park. The area south of Lucky could be developed into ground floor retail with 1 and 2 bedroom apartments above. Ask for a

4-5 story height to increase density. Currently the property is ½ vacant and the owners are enjoying the benefits of depreciation and low Prop. 13 property taxes.

- 7) Set financial goals for 2024. Council should set goals for 2024 such as increasing the number of events, breaking ground on a hotel, securing moderate and market rate infill housing, supporting local businesses, more effective partnerships with local nonprofits, beautifying the Town Square, Main Street and Ives Park.

In terms of the proposed “revenue” generating ideas, all of them require substantial staff time and appear to be unsubstantial in terms of actually generating revenue.

- 1) Vacancy Tax: Cumbersome to administer and is unlikely to generate any substantial taxes. In addition, this does not address the reasons why it is hard to rent spaces. If you impose a tax, then the City has very little control of what type of businesses inhabit the space and you could end up with a lot of one type of business or businesses that are not necessarily building a good ecosystem for neighboring businesses. It is better to make Sebastopol attractive to new businesses and to make existing businesses successful.
- 2) Formulary Businesses: While some new formulary businesses might attract more customers to the entire region, the priority should be on supporting existing businesses as they are open, staffed and ready to have customers.
- 3) Development fees do not hinder developers, development process that takes too long does hinder development. Instead of looking at fees, look at the Planning Department’s process. Can the process be streamlined so that developers can move more quickly from start to finish as the longer the permitting process takes, the more expensive a project becomes.
- 4) Event Licenses: How many of these licenses are issued each year? If it is under 50 events at \$500 is \$25,000. Is this a real revenue driver?
- 5) EMS Reimbursement. This is a viable revenue generated given that the fire service seems to have over 500 EMS calls per year. I support this and hope the Council will pursue this as a revenue stream.
- 6) Tiny Homes/ADUS. ADUs lose money for the City. ADUs do not pay impact fees yet add people to the City population. In other words, ADUs add density without the funding to support existing infrastructure. There is no obligation on the part of homeowners to rent ADUs and if they do rent them, they rent at Market rate or as AirBNBs. ADUs simply increase the home price for people who already own houses and have enough resources to build ADUs. In addition, they increase noise and the amount of cars in areas that are not zoned for increased density.
- 7) Parcel tax. No parcel tax should be considered until the entire infrastructure outlook is known and a funding plan is in place for roads (\$18,000,000), Wastewater (\$7,200,000/page 38 of consultant document), Water Capital Improvements (\$13,100,000 page 25 of consultants document) SmartMeters and other infrastructure in the (\$5,000,000/ 2022 loan), fire station (\$5,000,000). Total \$48,300,000 in infrastructure need.

The easiest and fastest way to increase revenue is by working with existing businesses and supporting them, especially during the holiday season.

Council needs to embrace our local business community by communicating with business owners on a regular basis and responding to their needs. How can Council and the City help our existing businesses? Find out what they need, talk with them, help them. You can start today with no delay. Work with your existing partners instead of searching for ones that may or may not appear.

Thank you for your work,

Kate Haug