

CITY OF SEBASTOPOL CITY COUNCIL

AGENDA ITEM REPORT FOR MEETING OF: November 19, 2024

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To: Honorable Mayor and City Councilmembers
From: Building Official Steven A Brown
Subject: Building Valuation Data for Building Permits

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RECOMMENDATIONS:

That the City Council conduct the public hearing and adopt the attached resolution.

EXECUTIVE SUMMARY:

The valuation of a project, which includes the labor and materials to complete the structure and all associated connections and access hardscape (driveways, walkways, utility connections), is used in determining the cost of permits for the project as the higher the valuation of the project the more expensive the permit costs. The City's adopted fee schedule establishes the amount of the building permit fee for a project based on the estimated building valuation. This approach is very common and is used by most jurisdictions in California. Setting the valuation by resolution eliminates any discussion from the developers or homeowners of all projects. The new valuations will set some of the more common fees for building types on a per square foot basis, and allow the Building Official to set costs for project types not listed here, and adjust as necessary should applicants show actual contracts that demonstrate actual costs that differ from our estimate of the valuation. It will also provide authority for annual cost of living increases on July 1 of each year based on the Consumer Cost Index (CCI) for the previous year.

BACKGROUND AND DISCUSSION:

The resolution updates the City of Sebastopol Valuation tables based on several different well trusted sources such as Engineering News Record, RS Means Data, and Statista, to name a few. The international Code Conference sets their current cost of construction at \$214 for this area, and that number will be updated in February 2025. The various valuation tables provided by each source are included as an attachment. All of these sources have somewhat varying costs of construction for different areas, but they are all in the \$300 to \$500 per square foot for the San Francisco Bay Area, except for the International Code Conference, which has historically undervalued the actual cost of construction. Using all these sources, the reasonable average (throwing out the high and the low) per square foot costs came in just over \$350 per square foot for new single-family dwellings and in a slightly lower range for multifamily dwellings.

We are recommending setting our new home construction costs at \$284 per square foot. In doing comparisons with other cities in the County, we found that some other cities were using a slightly lower valuation number than the \$284 per square foot we are proposing. This was to be expected as construction in Sebastopol is more expensive than neighboring cities for a number of reasons. First, we do not compare very closely with other cities as we have historically had very few new home projects built in Sebastopol while other cities have had much greater level of construction. In addition, all Sebastopol projects are "in-fill" projects. Existing buildings on three sides of a construction project make construction much more difficult than building on the edge of town as happens in other cities, and increase costs. Because other cities have a greater percentage of non-infill projects, the average cost of construction is less in those jurisdictions. Finally, given the significant amounts of construction occurring in Sonoma County in recent years, contractors prefer to handle projects in close proximity to their existing/prior projects, where they are familiar with the conditions and mobilization efforts. Contractors charge a premium to work on projects in new locations, especially if they are far away from the contractor's other projects.

Considering all this, costs to construct in Sebastopol are higher than in neighboring jurisdictions. Nevertheless, we have set our valuation number lower to be closer to our neighbors immediately surrounding us.

STAFF ANALYSIS:

We are proposing a lower cost per square foot price for Accessory Dwelling Units, as these are usually lesser quality than New Single-Family Dwelling, not designed to be sold separately, and are encouraged to meet the City's affordable housing state mandate. Under these new valuations a new from ground up ADU should be in the \$5,000-to-\$8,000-dollar total permit cost range depending on size.

COMMUNITY OUTREACH:

This item has been noticed in accordance with the Ralph M. Brown Act and was available for public viewing and review at least 72 hours prior to schedule meeting date.

FISCAL IMPACT:

Any changes to the attached Building Valuation Data sheet would raise or lower revenues based on which direction valuations are adjusted, the amounts of the adjustments, and the level of building activity. The numbers we are proposing are lower than this year's budget. We are projecting \$115,000 less in General Fund revenue, with (approximately \$160,000) less from the Canopy Project, off-set by \$45,000 we had not budgeted from Habitat for Humanity. We may further off-set any decrease if projects not included in our initial revenue projections, based on a lower level of confidence in these projects starting this year. These include revenue from the Barlow Hotel (\$400,000 + to general fund) and Huntley Square (\$100,000 General fund). Projecting revenue from projects is difficult, as many outside factors drive the projects. Our initial 24/25 revenue projections included \$400,000 from our on-going historic permit activity and \$900,000 from Canopy and Gravenstein Commons. Our revised estimate is \$1,185,000.

OPTIONS:

If the Council does not adopt the proposed Resolution, the Council has the option to:

1. Deny the request; or
2. Approve the request with amendments (raising the valuations higher or lower). Raising these number will result in increased revenues, lowering will result in lowering revenues

ATTACHMENTS:

Resolution

Building Valuation Data Sheet from other sources included.

APPROVALS:

Department Head Approval: Approval Date: 10-21-2024

CEQA Determination (Planning): Approval Date: 10-21-2024

Administrative Services (Financial) Approval Date: 10-21-2024

Costs authorized in City Approved Budget: ☐ Yes ☐ No ☐ N/A

Account Code (f applicable) _____

City Attorney Approval: Approval Date: _____

City Manager Approval: Approval Date: 11-10-2024

RESOLUTION NUMBER XXXX-2024

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SEBASTOPOL SETTING VALUATIONS FOR CERTAIN TYPES OF CONSTRUCTION AND DESIGNATING AUTHORITY TO BUILDING OFFICIAL TO SET RATES FOR CONSTRUCTION TYPES NOT LISTED HERE

WHEREAS, the City Council wishes to set standard valuations for certain types of construction; and

WHEREAS, these valuations have not been set by resolution since 2016; and

WHEREAS, the City Council desires to set new valuations based on an evaluation of the unique cost of construction in Sebastopol, as further detailed in the staff report dated November 19, 2024, and accompanying exhibits; and

WHEREAS, the City Council wishes to have these valuations adjusted automatically on July 1 of each year based on the annual construction cost index for the San Francisco Bay Area; and

WHEREAS, setting these valuations eliminates a large amount of discussion between contractor, architects, engineers, and the building official; and

WHEREAS, the City Council conducted a publicly noticed public hearing on November 19, 2024 to hear any objections to the proposed changes in this resolution.

NOW THEREFORE, BE IT RESOLVED that the costs per square foot listed on the attached document identified as Exhibit "A" are hereby adopted.

BE IT FURTHER RESOLVED that the amounts in Exhibit A shall increase annually on July 1 by the same percentage as the change the annual Construction Cost Index for San Francisco.

The above and foregoing Resolution was duly passed, approved and adopted at a meeting by the City Council on the 19th day of November 2024, by the following vote:

VOTE:

AYES:

NOES:

ABSTAIN:

ABSENT:

APPROVED: _____
Mayor Diana Gardner Rich

ATTEST: _____
Mary Gourley, Assistant City Manager/City Clerk, MMC

APPROVED AS TO FORM: _____
Alex Mog, City Attorney

City of Sebastopol
BUILDING VALUATION DATA 2024/25
Average Cost per square Foot by Occupancy & Type

**Valuation per square foot when contract price not available.
 See the Building Official for valuation of projects not listed.**

Apartment House

V-B wood frame \$275.00

Dwelling

V-B wood frame \$284.00

Private Garage

V-B wood frame \$100.00

Carports

\$90.00

Decks

\$60.00 per sq. ft.

Office Building

V-B wood frame \$270.00

Commercial Tennent Improvement \$250.00

Home Office/Studio (Detached) \$100.00

Accessory Dwelling Unit \$200.00