

CITY OF SEBASTOPOL CITY COUNCIL

AGENDA ITEM REPORT FOR MEETING OF: August 5, 2025

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To: Honorable Mayor and City Councilmembers
From: Requestor: Agenda Review Committee
Responsible Department: Community Development Director
Subject: Informational Presentation: The “Hotel Sebastopol” development Update. This is a requirement for the applicant to return annually for update on the status of the project.

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RECOMMENDATION

That the City Council receive the informational presentation regarding the “Hotel Sebastopol” development update. This annual update is required per the City Council’s approval of the Development Agreement on July 2, 2024.

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EXECUTIVE SUMMARY

This item provides the required annual informational update on the status of the Hotel Sebastopol development. In accordance with the Development Agreement approved by the City Council on July 2, 2024, the applicant is obligated to provide these yearly updates to keep the Council and the community informed about the project's progress and status. No Council action is required at this time.

BACKGROUND

The “Hotel Sebastopol” development, a proposed 66-room boutique hotel with many amenities, at 6828 Depot Street, with a parking area across Brown Street at 6826 Depot Street, was approved in 2017. The owners have proceeded with multiple entitlements since that time, including receiving a building permit which is currently active based upon the development agreement approved by the City Council. The permit is active until June 2027.

If completed and operational, the hotel is expected to:

- Revitalize the downtown area,
- Generate transient occupancy tax (TOT), sales tax, and property tax revenue,
- Support local businesses and tourism-related economic activity.

DISCUSSION

On July 2, 2024, the City Council approved a new Development Agreement extending the project’s approvals for an additional three years. The agreement includes the following key components:

- Incorporation of the 2018 Fee Reduction/Fee Deferral Agreement: Ensures financial feasibility for the developer while maintaining transparency on fees due.
- Site Maintenance Requirements: The developer is required to maintain the property in good condition while vacant. If construction begins but is not completed, the site must be returned to a natural state.
- Legal and Procedural Compliance: The Development Agreement incorporates all requirements under the City of Sebastopol’s Municipal Code and applicable state laws.
- Annual Review Requirement: A yearly status update is mandated, to be provided to the City Council by the applicant.

The applicant will be present at this meeting to fulfill the annual update requirement and provide a current status report on the development.

STAFF ANALYSIS:

Construction of the Hotel Sebastopol will support the ongoing revitalization of the downtown area. If operational, the hotel is expected to generate long-term economic benefits, including increased transient occupancy tax (TOT), sales tax, and property tax revenue. These revenue streams contribute to the City's long-term financial sustainability and support essential public services.

In addition to economic impacts, the project will promote a walkable, vibrant downtown that will attract both residents and visitors.

CITY COUNCIL GOALS / PRIORITIES / GENERAL PLAN CONSISTENCY

This agenda item supports the following City Council goal:

COMMUNITY VITALITY: Enhance Sebastopol as a great place to live that values community health and well-being. Preserve Sebastopol's unique character.

Restoring public trust

Improve Public Communications

Economic Vitality

This agenda item supports the following General Plan Consistency:

... connecting Downtown with key attractions/destinations, vibrant businesses with emphasis on sustainability, hotel and lodging opportunities...

Policy EV 4-3: Encourage amenities needed to support tourism, including hotels, bed-and breakfasts, eco-lodging, and a variety of restaurants, shopping, and services.

FISCAL IMPACT

There is no fiscal impact with receipt of this item.

COMMUNITY OUTREACH

This item has been noticed in accordance with the Ralph M. Brown Act and was made available for public review at least 72 hours prior to the scheduled meeting date. The City has also promoted the City Council meeting and agenda items through its social media platforms.

As of the writing of this report, the City has not received any public comments. Any comments received after publication will be provided to the City Council as supplemental materials prior to or during the meeting.

RESTATED RECOMMENDATION

That the City Council Receive the Informational Presentation: The "Hotel Sebastopol" development Update. This is a requirement for the applicant to return annually for update on the status of the project per the City Council approval of July 2, 2024.

OPTIONS

None. Item is informational only.

ATTACHMENTS

None

APPROVALS:

Department Head Approval: Approval Date: 7-7-2025

CEQA Determination (Planning): Approval Date: 7-7-2025

The proposed action is exempt from the requirements of the California Environmental Quality Act (CEQA)

Administrative Services (Financial): Approval Date: 7-7-2025

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

Account Code (f applicable) _____

City Attorney Approval: Approval Date: 7-7-2025

Interim City Manager Approval: Approval Date: 7-7-2025