

City Council, Staff, and the Public,

I strongly oppose any attempt to radically modify the already approved Barlow Hotel development agreement by adding a Transient Occupancy Tax sharing agreement that would rebate 50% of hotel TOT back to the developer for 10 years. The project was presented to the public and to the City as a development that would *increase* city revenues, not siphon them back after approval. The development agreement itself says the City will receive increased sales tax, transient occupancy tax, and property tax revenues, and cites an estimate of \$1.4 million in annual TOT revenue. The City's own fiscal analysis projected about \$890,000 a year in TOT to the General Fund and identified TOT as by far the largest fiscal benefit of the project. (cityofsebastopol.gov)

This matters even more because the applicant already received meaningful concessions in the approved deal. The City's fiscal analysis states that the applicant requested a reduction and delay in development impact fee obligations, and the development agreement allows those impact fees to be paid in 60 equal monthly installments after occupancy begins rather than entirely up front. In other words, the public was already asked to accept flexibility on fee timing based on the promise of substantial ongoing public tax benefit. A new 10-year rebate of half the TOT would flip that logic on its head after the fact. (cityofsebastopol.gov)

If the applicant is now saying that further discussion of the development will pause unless the City agrees to this new subsidy, that should be rejected outright. A threat to stall or withhold progress unless the public gives up a large share of future tax revenue is not a minor clarification to an annual report. It is a fundamental renegotiation of the bargain. The Council approved the Barlow Hotel development agreement in May 2025 to allow the hotel to move forward, and the project was described at that time as generating roughly \$1 million in new city revenue, primarily from TOT. If the applicant wants a major economic subsidy now, it should not be slipped in as a quiet amendment or treated as business as usual. It should face a full public justification, a clear dollar estimate of the revenue loss to Sebastopol, and a direct answer to the question of why this subsidy was not disclosed and debated before approval. (cityofsebastopol.gov)

I urge the Council to reject any TOT sharing amendment, refuse to negotiate under pressure, and insist that the original public benefits of the approved agreement remain with the public.

- Kyle Falbo