



City of Sebastopol

CITY OF SEBASTOPOL CITY COUNCIL

AGENDA ITEM REPORT FOR MEETING OF: February 3, 2026

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To: Honorable City Councilmembers
From: Alex Mog, City Attorney
Subject: Introduction and First Reading of an Ordinance to Amend Sebastopol Municipal Code Chapter 17.340 Regarding Exemptions to the Formula Businesses Ordinance and Related Definitions

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RECOMMENDATION:

Introduce and waive first reading of an Ordinance to amend Sebastopol Municipal Code Chapter 17.340 regarding exemptions to the Formula Businesses Ordinance and related definitions.

EXECUTIVE SUMMARY:

The City Council previously added Section 17.340 to the Municipal Code to govern chain or “formula” businesses in the City. New formula businesses must generally obtain a conditional use permit to open. However, the ordinance contains certain exceptions to this requirement. The proposed amendment would clarify the scope of certain existing exceptions and add related definitions.

PROCESS OF AGENDA ITEM:

- a. Presentation of agenda item by the City Attorney
- b. Questions and discussion from Councilmembers
- c. Public hearing and comment period
- d. Council takes action.

BACKGROUND

The City of Sebastopol has long sought to preserve its small-town character, local business identity, and vibrant downtown. The existing Formula Business Ordinance, codified as Sebastopol Municipal Code Chapter 17.340, has supported these goals by regulating the establishment of chain or “formula” businesses in downtown Sebastopol. Chapter 17.340 generally defines a “formula” business as an establishment with 25 or more locations in the Country.

The Formula Business Ordinance completely prohibits new formula business offices on the ground floor, formula business restaurants, and formula business hotels and motels. For all other types of businesses, Chapter 17.340 requires an applicant to obtain a conditional use permit in order to establish the formula business. The Planning Commission is responsible for reviewing and either approving or denying the use permit, and the Planning Commission’s decision can be appealed to the City Council.

The City Council and community members have expressed interest in reviewing the Formula Business Ordinance to ensure its continued effectiveness and alignment with City values. At its September 16 meeting, the City Council directed staff to review the Formula Business Ordinance for potential updates. The Council’s direction was to identify any limited and focused updates that would further the Ordinance’s purpose of preserving the City’s unique character and supporting locally owned businesses, but to not pursue any significant revisions.



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DISCUSSION:

After review of the Formula Business Ordinance, staff is proposing amendments to Section 17.340.030 regarding exemptions to the Ordinance. Currently, the Ordinance contains a number of exemptions, most of which are limited in scope. However, the Ordinance also includes an exemption for "Changes in ownership of existing formula businesses where there is no substantial change to the land use classification of the use, or in the mode or character of the operation." Staff has identified two potential issues with this exemption. First, whether or not there has been a change in the mode or character of the operation is subjective and not well-defined. This potentially makes the Ordinance hard to administer, and can create disputes as to whether or not a change has occurred.

Second, the City's land use classifications are relatively broad. Businesses that would commonly be thought of as different types of business often fall within the same land use classification. For example, the land use classification of "*Automotive Sales, Service, and Repair*" includes both "automotive rental service" and "automotive or truck wash". That means a theoretical existing Avis Car Rental could potentially become a Quick Quack Car Wash without having to obtain a conditional use permit pursuant to the Formula Business Ordinance. That is inconsistent with the intent of the existing ordinance.

The proposed amendments to the Formula Business Ordinance would remove reference to "land use classifications," and instead refer to changes in the "type of business". The amendment will define "type of business" to have the same meaning as that phrase "is commonly used and is intended to be narrower than the land use classifications used elsewhere in this Title. For example, a coffee shop would be the same type of business as another coffee shop, but a fast food restaurant would be a different type of business than a coffee shop."

In addition, the proposed ordinance would create a definition of what qualifies as a "substantial change in the mode or character of the operation." The proposed definition is not comprehensive, but rather is intended to provide guidance to decision makers.

Sebastopol Municipal Code Section 17.445.030 requires the City Council to make certain findings when recommending approval of zoning amendments. Specifically, the City Council must find that the proposed amendment:

- a. Is compatible with the general objectives of the General Plan and any applicable specific plan.
- b. Is in conformity with public convenience, general welfare and good land use practice.
- c. Will not be detrimental to the public health, safety and general welfare.
- d. Will not adversely affect the orderly development of property.

The proposed zoning amendments satisfy all of these required findings. It is consistent with the Sebastopol General Plan, including the following General Plan goals and policies:

- Goal LU 7: Emphasize and Advance Sebastopol's Role as a Market and Service Center for the West County by Providing for a Vibrant Downtown, Diversified Uses, and Community Services and Facilities



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- Policy LU 7-10: Maintain Zoning Ordinance controls on formula businesses that strengthen the City's unique character, support the local economy, and ensure the provision of needed goods and services.
- Goal CD 1: Preserve and Enhance Sebastopol's Unique Character, Design, and Sense of Place as a Small, Compact Town

Additionally, the amendments are in conformity with the public welfare and convenience; are not detrimental to the public health, safety and welfare; and do not adversely affect the orderly development of property. Specifically, the Amendments strengthen the City's existing formula business ordinance in order to provide clarity and ensure that the unique character of the City's downtown commercial core is protected. The proposed amendments do no authorize or prohibit any use, but rather require discretionary review by the City prior to the establishment of certain formula businesses.

PLANNING COMMISSION DISCUSSION & RECOMMENDATION:

The Planning Commission held a duly noticed public hearing to consider the proposed amendments on October 15, 2025. Commissioners made several suggestions regarding changes to the language, some of which have been incorporated into the proposed ordinance. Additionally, some commissioners questioned whether the ordinance was necessary. Ultimately, the Commission did not make a formal recommendation to the City Council regarding the proposed ordinance. Only three commissioners were present at the meeting, so it would have required all three to unanimously agree on what the recommendation to the City Council should be.

Section 17.445.030 of the Municipal Code provides that if the Planning Commission does not act on proposed amendments to the Zoning Code, the City Council may consider the amendments after 90 days.

CITY COUNCIL GOALS/PRIORITIES; AND/OR GENERAL PLAN CONSISTENCY:

This agenda item represents the City Council goals/priorities as follows:

Goal 1 Community Vitality: Enhance Sebastopol as a great place to live that values community health and well-being. Preserve Sebastopol's unique character.

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. The City has also used social media to promote and advertise the City Council Meeting Agenda Items. In addition, a display advertisement was published in the Press Democrat at least 12 days before the scheduled hearing, in compliance with the requirements of the Municipal Code. The Sebastopol Planning Commission held a duly noticed public hearing to consider these changes on October 15, 2025,

As of the writing of this agenda item report, the City has not received public comment. If staff receives public comments following the publication and distribution of this agenda item report, such comments will be provided to the City Council as supplemental materials before or at the meeting and will be posted to the city website.

FISCAL IMPACT:



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There are no direct fiscal costs associated with adoption of the proposed ordinance. However, enforcement of the ordinance will require staff time. The amount of staff time is unknown at this time. The City will be able to recover some of the costs of staff time through fines and other methods established by the ordinance, but is unlikely to recover most of such costs.

RESTATED RECOMMENDATION:

Introduce and waive first reading of an Ordinance to amend Sebastopol Municipal Code Section 17.340 regarding exemptions to the Formula Businesses Ordinance and related definitions.

OPTIONS:

1. Introduce ordinance
2. Do not introduce ordinance
3. Provide alternative direction to staff

ATTACHMENTS:

1. Ordinance with Exhibit A

ORDINANCE NUMBER

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SEBASTOPOL AMENDING SEBASTOPOL MUNICIPAL CODE CHAPTER 17.340 REGARDING EXEMPTIONS TO FORUMULA BUSINESS ORDINANCE AND RELATED DEFINITIONS

WHEREAS, the City of Sebastopol has long sought to preserve its small-town character, local business identity, and vibrant downtown; and

WHEREAS, the existing Formula Business Ordinance, codified as Sebastopol Municipal Code Chapter 17.340, has supported these goals by regulating the establishment of chain or “formula” businesses in downtown Sebastopol; and

WHEREAS, the City Council and community members have expressed interest in reviewing the Formula Business Ordinance to ensure its continued effectiveness and alignment with City values; and

WHEREAS, the proposed zoning amendments would clarify the scope of certain exemptions contained in Section 17.340.030 and establish related definitions; and

WHEREAS, the Planning Commission held a duly noticed Public Hearing on October 15, 2025, but did not make a recommendation to the City Council; and

WHEREAS, Section 17.445.030 of the Municipal Code provides that if the Planning Commission does not act on proposed amendments to the Zoning Code, the City Council may consider the amendments after 90 days; and

WHEREAS, the City Council held a duly noticed Public Hearing on February 3, 2026, at which time all interested parties had the opportunity to be heard; and

WHEREAS, the City Council has carefully considered the written and oral staff report, as well as all testimony presented during the public hearing.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF SEBASTOPOL DOES ORDAIN AS FOLLOWS:

1. Recitals. The above Recitals are true and correct and are made a part of this Ordinance.
2. Findings. Based on the whole of the record related to the proposed amendments to the Zoning Code, including the staff report, staff presentation and public testimony, the City Council hereby finds as follows:
 - a. The amendments are compatible with the general objectives of the General Plan and any applicable specific plan.
 - b. The amendments are in conformity with public convenience, general welfare and good land use practice.
 - c. The amendments will not be detrimental to the public health, safety, and general welfare.
 - d. The amendments will not adversely affect the orderly development of property.
3. Municipal Code Amendment. Chapter 17.340, Formula Business Regulations, of the Sebastopol Municipal Code, is hereby amended as shown in Exhibit A, attached hereto and incorporated herein.

4. **Severability.** If any section, subsection, sentence, clause, phrase or portion of this Ordinance is for any reason held to be invalid or unconstitutional by a decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance. The City Council hereby declares that it would have passed the Ordinance, and each and every section, subsection, sentence, clause, phrase or portion not declared invalid or unconstitutional without regard to whether any portion of this Ordinance would be subsequently declared invalid or unconstitutional.
5. **CEQA.** The Sebastopol City Council finds that this Ordinance is exempt from the requirements of the California Environmental Quality Act (“CEQA”) pursuant to Section 15061(b)(3) of the CEQA Guidelines. It can be seen with certainty that the ordinance has no potential for causing a significant effect on the environment.
6. **Effective Date and Publication.** This Ordinance shall be and the same is hereby declared to be in full force and effect from and after thirty (30) days after the date of its adoption. Before the expiration of fifteen (15) days after said passage, this ordinance or a summary therefore as provided in California Government Code Section 36933, shall be published at least once in a newspaper of general circulation published and circulated in the City of Sebastopol, along with the names of the Council Members voting for or against its passage.

APPROVED FOR FIRST READING AND INTRODUCTION OF ORDINANCE at the Regular City Council Meeting of February 3, 2026.

VOTE:

Ayes:

Noes:

Absent:

Abstain:

APPROVED:

Mayor Jill McLewis

ATTEST: _____

Mary Gourley, Interim City Manager/City Clerk, MMC

APPROVED AS TO FORM: _____

Alex Mog, City Attorney

EXHIBIT A

Additions to the Municipal Code are shown in underline and deletions in ~~strikethrough~~.

1. The following definitions shall be added to Section 17.340.020.B:

“Substantial change in the mode or character of the operation” includes, but is not limited to: extending the hours of operation to open earlier than 8:00 a.m. or close later than 9 p.m.; any change in use requiring a new discretionary approval from the City; or any change in ownership requiring a new license to sell alcoholic beverages.”

“Type of business” has the same meaning as this term is commonly used and is intended to be narrower than the land use classifications used elsewhere in this Title. Similar types of businesses offer substantially similar goods and services. For example, a coffee shop would be the same type of business as another coffee shop, but a fast food restaurant would be a different type of business than a coffee shop.

2. Section 17.340.030 is amended to read as follows:

17.340.030 Exemptions

This chapter shall not apply to:

- A. Those land use applications (namely, subdivisions, conditional use permits, variances, design review, General Plan amendment, rezoning, building or grading permits) which were deemed complete prior to the adoption of the ordinance codified in this chapter;
- B. Business licenses approved prior to the adoption of the ordinance codified in this chapter;
- C. Construction required to comply with fire and/or life safety requirements;
- D. Disability accessibility work;
- E. Renovation of existing formula businesses, including renovations involving the addition of square footage comprising up to 15 percent of the gross floor area of the existing establishment or 1,500 gross square feet, whichever is less;
- F. Changes in ownership of existing formula businesses where there is no substantial change to the type of business land use classification of the use, or in the mode or character of the operation of the business as determined by the Planning Director;
- G. Banks and credit unions;

H. Offices and tax preparation services, except as specified in SMC 17.340.040(A); and

I. Formula business uses of 10,000 square feet or less located in the following existing shopping centers:

1. Redwood Marketplace, located at 700-800 Gravenstein Highway North;
2. Fiesta Shopping Center, located at 500-660 Gravenstein Highway North and 7822-7840 Covert Lane;
3. Southpoint Shopping Center, located at 775-801 Gravenstein Highway South; and
4. Gravenstein Shopping Center, located at 950-980 Gravenstein Highway South.
5. The Planning Director shall be authorized to interpret any future address or name changes for these locations.”