City of Sebastopol

CITY OF SEBASTOPOL CITY COUNCIL
AGENDA ITEM REPORT FOR MEETING OF: November 17, 2026

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To:	Honorable Mayor and City Councilmembers
Requestor:	Building Official Steve Brown Public Works Superintendent Oriana Hart City Manager Mary Gourley City Attorney Alex Mog
Responsible Department:	Building Department/Public Works
Subject:	Consideration of a Request from the Society of St. Vincent de Paul District Council of Sonoma, Inc. (SVDP) to Defer Payment of Development Impact Fees for the Gravenstein Commons Project, 845 Gravenstein Highway North (Application No. 2025-0037)

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RECOMMENDATION: That the City Council adopt a resolution;: (1) approving a deferral of the Park Improvement Fee and Traffic Impact Fee ($299,596.00) for the Gravenstein Commons project, payable in two annual installments of $149,798.00 on July 1, 2027 and July 1, 2028 (Option 2A), with the General Government, Fire Facilities, and Strong Motion Instrumentation fees ($60,694.00) paid before issuance of the Certificate of Occupancy; and (2) authorizing the City Manager to execute a Fee Deferral Agreement with SVDP and to record a deed of trust securing SVDP's payment obligations, in a form approved by the City Attorney.

PROCESS OF AGENDA ITEM:

a. Presentation of the item by the Requestor or responsible staff;
b. Presentation from Lauren Taylo, SVdP
b. Council questions and discussion
c. Public comment
d. Council deliberation and action

EXECUTIVE SUMMARY: SVDP has asked the City to defer the $360,290.00 in impact fees still owed on Gravenstein Commons and accept three annual payments beginning October 1, 2027. Staff does not recommend deferring the entire balance. The Fire Facilities Fee passes through to the Gold Ridge Fire Protection District and the SMI Fee passes through to the State, and staff recommends the General Government Fee also be paid at Certificate of Occupancy. After reviewing the Capital Improvement Program projects these fees are expected to fund, staff recommends Option 2A, under which only the Park Improvement and Traffic Impact fees are deferred and paid in two annual installments, with the final payment received by July 1, 2028. Any deferral beyond Certificate of Occupancy requires Council approval, a written agreement, and a recorded deed of trust. Staff would consider Option 2C as the second choice.

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BACKGROUND: Gravenstein Commons is a housing project being developed by SVDP at 845 Gravenstein Highway North (APN 060-261-030) under Application No. 2025-0037. Fees assessed on the project total $543,666.83. SVDP has paid $183,376.83, primarily building, plan check, and water connection fees. A balance of $360,290.00 remains, consisting entirely of development impact fees and the State SMI fee.

In a letter dated September 23, 2026, SVDP Executive Director Lauren Taylor requested that the City accept the remaining balance in three annual installments. SVDP's requested payment schedule is as follows:

Payment	Due Date	Amount
1	October 1, 2027	$120,097.00
2	October 1, 2028	$120,097.00
3	October 1, 2029	$120,096.00
Total		**$360,290.00**

SVDP states that the deferral would support the long-term viability of the project.

DISCUSSION: Staff reviewed the outstanding fees and the payment options available to the Council.

The current invoice for Application No. 2025-0037 shows the following impact fees and other permit fees still owed. This total does not include charges to the project's separate deposit accounts.

Fee	Treatment	Balance Due
Park Improvement Fee	May be deferred	$197,868.00
Traffic Impact Fee	May be deferred	$101,728.00
General Government Fee	Due before C of O	$45,232.00
Fire Facilities Fee (Gold Ridge FPD pass-through)	Due before C of O	$14,682.00
Strong Motion Instrumentation – Residential (State pass-through)	Due before C of O	$780.00
Total		**$360,290.00**

Under every option below, if approved, staff recommends that the General Government, Fire Facilities, and SMI fees ($60,694.00) would be paid before the Certificate of Occupancy is issued. The Fire Facilities and SMI fees are collected on behalf of other agencies and are not the City's to defer. The Park Improvement and Traffic Impact fees ($299,596.00) are the portion staff considers suitable for installments.

Staff has prepared the following options for the outstanding balance for Council consideration:

Option 1 – Pay in full. One payment of $360,290.00, due before the Certificate of Occupancy is issued. No agreement or deed of trust is needed.

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Option 2 – Pay the Park and Traffic Impact fees in installments. Under each installment schedule, the General Government, Fire Facilities, and SMI fees ($60,694.00) are due before the Certificate of Occupancy is issued, and the Park Improvement and Traffic Impact fees ($299,596.00) are paid in installments.

Option 2A – Two annual installments. $60,694.00 before Certificate of Occupancy, then the Park and Traffic fees in two equal annual payments.

Payment	Fiscal Year	Due Date	Amount
1	FY 2026-27	Before Certificate of Occupancy	$60,694.00
2	FY 2027-28	July 1, 2027	$149,798.00
3	FY 2028-29	July 1, 2028	$149,798.00
Total			**$360,290.00**

Option 2B – Eight quarterly installments. $60,694.00 before Certificate of Occupancy, then the Park and Traffic fees in eight equal quarterly payments.

Payment	Fiscal Year	Due Date	Amount
1	FY 2026-27	Before Certificate of Occupancy	$60,694.00
2	FY 2027-28	July 1, 2027	$37,449.50
3	FY 2027-28	October 1, 2027	$37,449.50
4	FY 2027-28	January 1, 2028	$37,449.50
5	FY 2027-28	April 1, 2028	$37,449.50
6	FY 2028-29	July 1, 2028	$37,449.50
7	FY 2028-29	October 1, 2028	$37,449.50
8	FY 2028-29	January 1, 2029	$37,449.50
9	FY 2028-29	April 1, 2029	$37,449.50
Total			**$360,290.00**

Option 2C – Four semiannual installments. $60,694.00 before Certificate of Occupancy, then the Park and Traffic fees in four equal semiannual payments.

Payment	Fiscal Year	Due Date	Amount
1	FY 2026-27	Before Certificate of Occupancy	$60,694.00
2	FY 2027-28	July 1, 2027	$74,899.00
3	FY 2027-28	January 1, 2028	$74,899.00
4	FY 2028-29	July 1, 2028	$74,899.00
5	FY 2028-29	January 1, 2029	$74,899.00
Total			**$360,290.00**

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SVDP's preference is to request deferment of all fees ($360,290.00), including the pass-through and General Government fees, with no payment until October 1, 2027 and the final payment on October 1, 2029. Staff's options collect $60,694.00 at occupancy, with final payment dates for the Park and Traffic fees varying by option.

Park Improvement and Traffic Impact fee revenue funds park and transportation capital projects. The City expects to receive approximately $2.1 million in development fees from the Canopy project, paid in advance under the BOLD Program. Those revenues are expected to fund:

- City match for the SR 116 Pedestrian Enhancements
- City match for the Covert/Zimpher Crossing
- Sunset/Johnson Pedestrian Crossing
- Tomodachi Park Trail Connection

If the Canopy Phase 2 fees are received as budgeted by the end of the fiscal year, deferring the Gravenstein Commons fees would have little effect on the current CIP. The City can deliver only a limited number of CIP projects each year, and the Canopy fees will keep those projects on their planned schedule.

Any deferral of fees past the Certificate of Occupancy requires Council approval and a written agreement between the City and SVDP. If approved, the City Attorney would prepare a Fee Deferral Agreement that would, at a minimum:

- Set the payment schedule approved by Council;
- Require a deed of trust recorded on the property to secure SVDP's payment obligations;
- Make any unpaid balance immediately due upon sale, transfer, or refinancing of the property, or upon default; and
- Provide that the City's costs of preparing and recording the agreement and deed of trust are paid by SVDP.

STAFF ANALYSIS: Staff recommends Option 2A because it collects the deferred fees soonest and requires the fewest payments to track. Staff's second choice is Option 2C, four semiannual installments. Both options keep the pass-through fees and the General Government Fee on their normal schedule, limit the deferral to the two City fees that fund capital projects, and secure the deferred balance with a recorded deed of trust. The City still receives the full fee amount; only the timing changes.

CITY COUNCIL GOALS / PRIORITIES / GENERAL PLAN CONSISTENCY:
This action supports the City Council's goals and priorities, including:
• Supporting the production of housing in Sebastopol
• Fiscal sustainability and timely delivery of the Capital Improvement Program
• Restoring public trust through open, accountable, and transparent government

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PUBLIC COMMENT: As of the preparation of this staff report, no public comments have been received. Any written public comments received after publication of this report will be provided to the City Council as supplemental materials prior to or at the meeting. Members of the public may also provide oral comments during the public comment portion of the agenda item.

PUBLIC NOTICE: This item was noticed in accordance with the Ralph M. Brown Act and was made available for public viewing and review at least 72 hours prior to the scheduled meeting. SVDP has been notified of this meeting.

FISCAL IMPACT: A deferral does not change the total fee revenue the City receives; it changes when the revenue arrives. Under Options 2A and 2C, $299,596.00 in Park Improvement and Traffic Impact fees would be received in FY 2027-28 and FY 2028-29 instead of at occupancy. No interest is proposed. The $60,694.00 in General Government, Fire Facilities, and SMI fees would be collected at occupancy under every option. Staff time to prepare, record, and monitor the agreement would be minimal.

RESTATED RECOMMENDATION: That the City Council adopt a resolution: (1) approving a deferral of the Park Improvement Fee and Traffic Impact Fee ($299,596.00) for the Gravenstein Commons project, payable in two annual installments of $149,798.00 on July 1, 2027 and July 1, 2028 (Option 2A), with the General Government, Fire Facilities, and Strong Motion Instrumentation fees ($60,694.00) paid before issuance of the Certificate of Occupancy; and (2) authorizing the City Manager to execute a Fee Deferral Agreement with SVDP and to record a deed of trust securing SVDP's payment obligations, in a form approved by the City Attorney.

OPTION(S):

1. Approve installments on a different schedule (Option 2B, quarterly, or Option 2C, semiannual).
2. Approve SVDP's requested schedule (three annual installments on October 1, 2027, 2028, and 2029) for the City's Park Improvement, Traffic Impact, and General Government fees, with the Fire Facilities and SMI pass-through fees still paid before the Certificate of Occupancy.
3. Approve a deferral with modifications, such as interest on the deferred balance.
4. Deny the request and require payment in full before the Certificate of Occupancy is issued (Option 1).

ATTACHMENTS:

1. Letter from SVDP requesting amortization of fees, dated September 23, 2026
2. Draft Resolution No. ____-2026

APPROVALS:

Department Head Approval: Approval Date:

CEQA Determination (Planning): Approval Date:

This action is not a project under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15378(b)(4), as it involves the creation of a government funding

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mechanism or other fiscal activity that does not involve a commitment to any specific project that may cause a significant physical impact on the environment.

Administrative Services/Financial Approval: Approval Date:
Costs authorized in City Approved Budget: ☐ Yes ☐ No
Account Code (if applicable) _____
City Attorney Approval: Approval Date:
City Manager Approval: Approval Date:

RESOLUTION NO. ____-2026

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SEBASTOPOL APPROVING A DEFERRAL OF THE PARK IMPROVEMENT FEE AND TRAFFIC IMPACT FEE FOR THE GRAVENSTEIN COMMONS PROJECT, 845 GRAVENSTEIN HIGHWAY NORTH (APPLICATION NO. 2025-0037), AND AUTHORIZING THE CITY MANAGER TO EXECUTE A FEE DEFERRAL AGREEMENT WITH THE SOCIETY OF ST. VINCENT DE PAUL DISTRICT COUNCIL OF SONOMA, INC. AND TO RECORD A DEED OF TRUST SECURING PAYMENT

WHEREAS, the Society of St. Vincent de Paul District Council of Sonoma, Inc. ("SVDP") is developing Gravenstein Commons, a housing project located at 845 Gravenstein Highway North, Sebastopol, California (APN 060-261-030), under Application No. 2025-0037 (the "Project"); and

WHEREAS, the fees assessed on the Project total $543,666.83, of which SVDP has paid $183,376.83, leaving an outstanding balance of $360,290.00, consisting of the following:

Park Improvement Fee	$197,868.00
Traffic Impact Fee	$101,728.00
General Government Fee	$45,232.00
Fire Facilities Fee (Gold Ridge Fire Protection District)	$14,682.00
Strong Motion Instrumentation Fee (State of California)	$780.00; and

WHEREAS, by letter dated September 23, 2026, SVDP requested that the City accept the outstanding balance of $360,290.00 in three annual installments beginning October 1, 2027, and ending October 1, 2029; and

WHEREAS, the Fire Facilities Fee and the Strong Motion Instrumentation Fee are collected by the City on behalf of the Gold Ridge Fire Protection District and the State of California, respectively, and are not the City's to defer; and

WHEREAS, the Park Improvement Fee and Traffic Impact Fee fund park and transportation capital improvement projects, and a limited deferral of these fees, secured by a recorded deed of trust, would assist the Project while ensuring the City receives the full amount of the fees; and

WHEREAS, a deferral does not reduce the total fees owed to the City, but changes the timing of their receipt; and

WHEREAS, any deferral of fees beyond issuance of the Certificate of Occupancy requires approval of the City Council, a written agreement between the City and SVDP, and a deed of trust recorded against the property to secure payment; and

WHEREAS, on November 17, 2026, the City Council considered the staff report, SVDP's request, and all public comment received on this matter.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Sebastopol as follows:

Section 1. Recitals. The foregoing recitals are true and correct and are incorporated into this Resolution.

Section 2. Fees Due Before Certificate of Occupancy. The General Government Fee, Fire Facilities Fee, and Strong Motion Instrumentation Fee, totaling $60,694.00, shall be paid in full before the City issues a Certificate of Occupancy for the Project.

Section 3. Deferral Approved. The City Council approves a deferral of the Park Improvement Fee and Traffic Impact Fee, totaling $299,596.00, to be paid in two annual installments of $149,798.00 each, due on July 1, 2027, and July 1, 2028. No interest shall accrue on the deferred balance.

Section 4. Conditions. The deferral approved in Section 3 is subject to the following conditions, which shall be included in a Fee Deferral Agreement between the City and SVDP:

a. The payment schedule set forth in Sections 2 and 3 of this Resolution;
b. Execution of the Fee Deferral Agreement and recordation of a deed of trust on the Project property securing SVDP's payment obligations, both before issuance of the Certificate of Occupancy;
c. Any unpaid balance shall become immediately due and payable upon the sale, transfer, or refinancing of the property, or upon SVDP's default under the Fee Deferral Agreement;
d. SVDP shall pay the City's costs of preparing and recording the Fee Deferral Agreement and deed of trust; and
e. If the Fee Deferral Agreement is not executed and the deed of trust is not recorded before issuance of the Certificate of Occupancy, the full outstanding balance of $360,290.00 shall be due before the Certificate of Occupancy is issued.

Section 5. Authorization. The City Manager is authorized to execute the Fee Deferral Agreement and to record a deed of trust securing SVDP's payment obligations, each in a form approved by the City Attorney, and to take all other actions reasonably necessary to carry out this Resolution.

Section 6. CEQA. This action is not a project under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15378(b)(4), as it involves a government funding mechanism or other fiscal activity that does not involve a commitment to any specific project that may result in a potentially significant physical impact on the environment.

Section 7. Effective Date. This Resolution shall take effect immediately upon its adoption.

The above and foregoing Resolution was duly passed, approved, and adopted at a regular meeting of the City Council of the City of Sebastopol held on the 17th day of November, 2026, by the following vote:

VOTE:

AYES:
NOES:

ABSENT:
ABSTAIN:

APPROVED:

_____
Mayor Jill McLewis

ATTEST:

_____
Mary Gourley City Manager

APPROVED AS TO FORM:

_____
Alex Mog, City Attorney

The Society of St. Vincent de Paul
District Council of Sonoma County, Inc.

Neighbors helping neighbors across Sonoma County ♦ Serving the poor regardless of race, creed, or origin since 1958
♦ An independent non-profit organization founded in 1833 by Blessed Fredric Ozanam

9/23/2026

Dear City Manager Gourley,

The Society of St. Vincent de Paul District Council of Sonoma, Inc. (SVDP) sends this formal request to you, your staff, the Mayor, and Council to seek a fee deferral agreement regarding the payment of fees on the Gravenstein Commons project, located at 845 Gravenstein Highway North. Our staff estimates the amount owed to the City is roughly $360,290. We have already paid $183,376.83.

We respectfully request the following:

1. Remit $120,097 on October 1st, 2027
2. Remit $120,097 on October 1st, 2028
3. Remit $120,096 on October 1st, 2029

Should the amount we have estimated be incorrect, our request is to amortize the payments to 33.33%, paid annually, on October 1st of each calendar year, commencing October 1st, 2027.

Granting this request would be a tremendous help to the long-term viability of the project. As our partner that is jointly and severably liable for the success of the project, we believe it would be in our shared interest. As noted above, SVDP has already remitted $183,376.83 in fee payments to the City, so the City has already benefitted from our investment, and will continue to under this proposal.

Moreover, early on in the development process, SVDP incurred $96,000 in unanticipated change orders (construction expenses) due to outdated water and sewer maps provided by City Staff. Our contractor, Holly Construction, had secured an encroachment permit, paid our engineering consultant to design the plans, blocked off the street, and dug a trench, only to find that the infrastructure identified by the city-provided map was an old abandoned line. We then had to re-engineer the plans, pay a remobilization expense to the subcontractor, pay for a new encroachment permit, and dig into the street again.

At the time, we discussed asking the City to pay for the added cost, but we are aware Sebastopol - and many cities - do not have hundreds of thousands of dollars at their disposal to pay for such oversights. Furthermore, even though this was the City's mistake, overall, our

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Phone: 707.584.1579 ♦ **Fax:** 707.978.4282 ◊ **Website:** www.svdp-sonoma.org

The Society of St. Vincent de Paul
District Council of Sonoma County, Inc.

Neighbors helping neighbors across Sonoma County ♦ Serving the poor regardless of race, creed, or origin since 1958
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experience with your staff has been excellent. We find them to be capable, professional, reasonable, and supportive. We couldn't have asked for a better partner in your planning staff.

That said, however, instead of seeking direct cost recovery from the City for this error, this proposal to amortize the payments would still achieve our mutual goal of swift completion of the project, with funds available for its long-term success. Perhaps most important to the City and its taxpayers, this proposal will result in the City's ability to collect the full amount of fee revenue without compensating SVDP for the incorrect maps.

Thank you for your consideration of our request.

Sincerely,

Lauren Taylor

Executive Director
SVDP – Sonoma
ltaylor@svdp-sonoma.org
(707) 481-8206