

RESOLUTION NO. 2025-49

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COTATI APPROVING A TARGETED DEVELOPMENT IMPACT FEE ELIMINATION FOR HIGH QUALITY LODGING PROJECTS

WHEREAS, the City Council adopted a Development Impact Fee Nexus Study Update (Nexus Study) on August 12, 2025 at a duly noticed public hearing; and

WHEREAS, the adopted Nexus Study updated a variety of Development Impact Fees (DIF), including the Parks and Recreation Fee, Traffic Impact Fee, Water and Sewer Connection Fees, adding a General Plan fee and rescinding the Downtown Specific Plan Fee; and

WHEREAS, the adopted DIFs are now uniformly square footage based, in accordance with prior City Council direction and recent State law; and

WHEREAS, the DIFs were adopted at the maximum justifiable rates to ensure that new development continues to pay their fair share for the infrastructure needed to accommodate the development, set to go into effect 60 days following the adoption of the Nexus Study (October 13, 2025), in accordance with State law; and

WHEREAS, as part of the adoption of the Nexus Study, the City Council had a lengthy discussion about options for lowering or eliminating DIFs as a tool to achieve long-standing policy objectives for economic development, specifically as it relates to new lodging projects; and

WHEREAS, as part of a comprehensive economic development strategy, the City has been seeking to bring in high quality lodging options for visitors to Cotati, as overnight lodging brings visitors into the community that support local businesses, helps diversify the economy and supports local services and infrastructure through incremental increases in sales and property taxes as well as a local transient occupancy tax (TOT); and

WHEREAS, the City of Cotati is the only city in Sonoma County with no overnight lodging options or TOT revenue and given the economic imperative to diversify revenue sources and continue to grow revenue to provide high quality services and infrastructure for our residents, staff explored options to incentivize the construction of quality lodging through the impact fee program; and

WHEREAS, given the new local revenue source available from TOT, this development type can realistically self-fund the eliminated DIFs in a relatively short period of time through an internal payback process effectively deferring the impact fees internally; and

WHEREAS, the City Council provided direction to return prior to the new DIFs becoming effective (within 60 days) with a refined policy proposal to eliminate DIFs for lodging of a defined quality; and

WHEREAS, where it can be determined with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA review. This general rule can be applied to activities which could be subject to the CEQA process, but which logic dictates should not be subject to CEQA review. Therefore, based on the information provided above, the proposed resolution is exempt from CEQA pursuant to Section 14.03.021 of the CEQA Guidelines in that there is no possibility that the activity may have a significant impact on the environment.

NOW, THEREFORE, BE IT RESOLVED that the City of Cotati City Council, hereby finds, determines and resolves as follows:

Section 1. The foregoing recitals are hereby declared to be true and correct and to be findings of the City Council of the City of Cotati and are made a part of this Resolution.

Section 2. The City Council hereby adopts the following DIF elimination for certain lodging project types, with the primary criteria as follows:

All applicable City development impact fees, as indicated in the table below, are eliminated (set to zero) for any new Lodging Project in Cotati, that meet the indicated Narrative Criteria.

	Water Conservation	Water Capacity	Sewer Capacity	Traffic	General Plan	Linkage Fee	Fire Impact
Lodging Project	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

Narrative Criteria

- “Lodging Project” includes the hotel structure and any additional structures on the same parcel that are intended to serve the hotel guests with amenities.
- Minimum of 25 room hotel.
- Must be a 3-diamond equivalent or better product, as defined by the American Automobile Association (AAA), attached as Exhibit A.
- The City shall track the value of all eliminated development impact fees, which are to be calculated at issuance of vertical building permit(s).
- Extended stay hotels not eligible.
- Effective immediately and remains in effect until repealed by the City Council.

A portion of the Transient Occupancy Taxes (TOT) revenue, equivalent to the eliminated development impact fees, shall backfill the respective impact fee funds through an internal loan,

established at the time of the hotel certificate of occupancy. This includes City fire impact fees, collected on behalf of the Rancho Adobe Fire District. Interest earnings, at the then current rate applied to City pooled funds, shall be applied to the outstanding balance.

Section 3. The City Council directs the City Manager to create administrative procedures, as needed, to implement this program.

Section 4. It can be determined with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA review. This general rule can be applied to activities which could be subject to the CEQA process, but which logic dictates should not be subject to CEQA review. Therefore, based on the information provided above, the proposed resolution is exempt from CEQA pursuant to Section 14.03.021 of the CEQA Guidelines in that there is no possibility that the activity may have a significant impact on the environment.

IT IS HEREBY CERTIFIED that the foregoing resolution was duly adopted at a regular meeting of the City Council of the City of Cotati held on the 26th day of August, 2025, by the following vote, to wit:

RESULT:	Adopted [5-0]
MOVER:	Susan Harvey, Councilmember
SECONDER:	Sylvia Lemus, Vice Mayor
AYES:	Ford, Lemus, Harvey, Sparks, Savage
NAYS:	None

Approved: Ben Ford
Mayor

Attest: Kevin Patterson
Kevin Patterson, City Clerk

Approved as to form:

[Signature]
City Attorney

