

CITY OF SANTA ROSA  
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL  
FROM: RAISSA DE LA ROSA AND GABE OSBURN  
DIVISION DIRECTORS  
PLANNING & ECONOMIC DEVELOPMENT DEPARTMENT  
SUBJECT: COVID-19 HEALTH ORDER RELATED FEE REDUCTIONS,  
MODIFICATIONS AND WAIVERS FOR OUTDOOR BUSINESS  
USES

AGENDA ACTION: RESOLUTION

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RECOMMENDATION

It is recommended by the Economic Recovery Task Force that the Council, by Resolution, authorize the temporary waiver of building permit and encroachment permit fees, the temporary waiver of certain parking fees, and the reduction of park event fees specific to COVID-19 health orders that dramatically reduce or eliminate indoor business operations.

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EXECUTIVE SUMMARY

On March 4, 2020, California Governor Gavin Newsom declared a State of Emergency due to the threat of Coronavirus Disease 2019 (COVID-19). The County of Sonoma responded to the State's emergency declaration by instituting a series of health orders that involved shelter-in-place requirements intended to limit activity and business functions to only the most essential needs. Certain business operations have been required to cease or dramatically reduce all indoor operations since March due to either social distancing requirements or specific restrictions on indoor operations set forth in State and County health orders. In an attempt to provide assistance to the business community, the Planning and Economic Development Department implemented policies and procedures allowing certain business operations to relocate traditional interior functions to exterior spaces within private property or the public right-of-way. Further assistance was provided by the Parking District to the downtown business community through the temporary reduction of certain parking user fees and a waiver of parking reservation fees associated with outdoor seating areas. In addition, the Recreation Department has been enticing businesses to leverage the Park Permit Program to utilize park space for impacted business operations. Under the current fee schedules, Encroachment permits, Building permits and Park permits have associated application, permit review and inspection fees that apply to all submitted permit applications.

Businesses small and large have reported a collapse of their revenue streams, reduced sales, and the need to reduce workforce hours or lay off staff completely. A temporary suspension of any encroachment and building permit fees, a reduction of the park permit fee and a continuance of certain parking user fee waivers specific to businesses affected by State and County health orders to cease or reduce indoor operations is recommended in order to provide much needed assistance to the business community.

## BACKGROUND

As part of the State's response to address the global COVID-19 outbreak, Governor Gavin Newsom declared a State of Emergency on March 4, 2020 to formalize emergency actions across multiple state agencies and departments. The declaration required all residents within the State to immediately heed the State public health directives and shelter at their place of residence except as needed to maintain continuity of operations of the federal critical infrastructure sectors.

On March 17, 2020, the County of Sonoma Health Officer issued a shelter-in-place order which required the closure of any business or service deemed non-essential to the health and welfare of the community as it relates to COVID-19. Beyond healthcare, essential infrastructure, public safety and government services, essential businesses were allowed to remain open under modified operations including food suppliers such as grocers and mixed retail that sell food and beverage products, and restaurants and other such facilities for drive-through, delivery or carry out. Despite and beyond these exceptions, the business community is facing severe economic injury. Hit particularly hard are traditional retail, restaurant, and hospitality and personal service-oriented operations. Businesses small and large have reported a collapse of their revenue streams, reduced sales, and the need to reduce workforce hours or lay off staff completely. While sales have dramatically decreased, fixed costs to business such as rent, healthcare, outstanding loans, and taxes remain even if timing may be modified.

Since March of 2020, the County of Sonoma Health Officer issued three additional health orders that either modified existing restriction or brought forward additional requirements.

### **March 31, 2020 – Sonoma County Health Orders C19-05**

- Extends the shelter-in-place order through 5/3
- Clarifies, strengthens, and extends certain terms of the prior Order to increase social distancing and further reduce person-to-person contact

### **April 13, 2020 – Sonoma County Health Orders C19-07**

- Requires facial covering before entering any indoor facility besides their residence, any enclosed open space, or while outdoors when unable to maintain a 6-foot distance

**May 1, 2020 – Sonoma County Health Orders C19-09**

- Extends the shelter-in-place beyond 5/3
- Reduces restrictions in a number of employment areas
- Allows certain retail businesses to open for curbside pickup and deliveries only

On April 10, 2020, in order to respond quickly and effectively to the recovery needs related to the pandemic emergency orders, the City Manager created the Santa Rosa COVID-19 Recovery Framework comprised of four task forces and select County work groups. Regarding the Economic Recovery Task Force, Vice Mayor Fleming and Councilmember Sawyer were assigned as Council participants along with core staff members representing Economic Development, Finance and Legal, as well as staff from other City departments and divisions depending on the agenda topic and area of expertise required. The objective of the Task Force is to address immediate issues and needs of the business community and local economy resulting from the pandemic and related health orders while strengthening Santa Rosa's economic recovery and resiliency for the long run.

Restaurants and other facilities that prepare and serve food have experienced significant impacts due to the inability to provide traditional indoor dining services throughout most of the shelter-in-place requirements. In June of 2020, the Planning and Economic Development Department (PED) developed and implemented a permitting program focusing on the addition or expansion of temporary outdoor seating within private property and the public right-of-way through the placement of parklets and sidewalk seating. On August 25, 2020, the permitting program was expanded to include retail and other personal services that were permitted to operate outdoors under the County health order. The program requires the issuance of an encroachment permit for outdoor private business operations in the public right-of-way and a building permit for similar operations on private property.

As of November 23, 2020, 20 separate businesses have applied for encroachment permits to operate outdoor seating operations within the public right-of-way. PED has yet to receive any building permits associated with the temporary expansion, addition or relocation of restaurant seating or interior business operations to exterior spaces on private property.

On June 16, 2020, the City Council reviewed and approved a variety of parking fee reductions and waivers intended to encourage activity and support the downtown economy. Specific waivers were implemented to remove the meter reservation fees associated with the placement of outdoor seating or parklets within existing areas designed as paid street parking.

In an attempt to further assist the business community, the Recreation and Parks Department has been creatively responding to requests, mostly from fitness oriented businesses, to accommodate traditional indoor operations and services within City

Parks. The Parks Permitting Program has not historically been used by brick and mortar businesses looking to operate outdoors, but offers a streamlined affordable option for fitness classes, sports camps and similar uses to relocate to exterior spaces.

### PRIOR CITY COUNCIL REVIEW

On June 16, 2020, the City Council review and approved the following parking fee reductions effective July 1, 2020 – December 31, 2020.

- Parking meter rates in the Value Zone reduced to \$0.75/hour
- Free parking at all five garages, Monday – Friday from 5 PM to 6 AM
- Free parking at all five garages on Saturday and Sunday
- First hour of parking free at the 3<sup>rd</sup> Street, 5<sup>th</sup> Street and D Street garages
- One free metered parking session using the Passport mobile payment application, up to \$3.15 in value
- Waiver of meter reservation fees for temporary parklets, outdoor seating and retail to expand business footprint to meet physical distancing requirements related to COVID-19 health order

### ANALYSIS

#### **Building and Encroachment Permit Fees**

A temporary waiver of the fees associated with any building or encroachment permits related to the required temporary relocation of any internal business operations to the exterior of the building will provide much needed financial relief to the segment of the business community that has experienced significant impacts due to COVID-19 restrictions. Removing the fee component will simplify the permitting process and encourage permit compliance.

Under the current PED fee schedule, encroachment permits require the payment of a \$128.00 processing fee. Encroachment permit applications that do not propose any modifications to public infrastructure are not required under the current fee schedule to pay any plan review or inspection fees.

Building permits are required for the seating or business operation to exterior spaces on any privately owned parcel. The current PED fee schedule requires the payment of building plan review and inspection fees that results in an average total of \$650.00 per application. Approximately 50% of the total average \$650.00 fee collected is assigned to the Fire Department.

To ease the financial burdens on the business sectors impacted by COVID-19 and to encourage permit compliance, it is recommend that the encroachment permit process fee, the building permit plan review and inspection fees and any associated Fire Department plan review and inspection fees be temporarily waived on all applications

involving the relocation of business operations to the exterior of the building due to restrictions under current and future health orders.

It is recommended that any temporary fee waiver or reduction adopted as part of this action retroactively apply to any previously issued encroachment or building permits associated with the relocation of business operations to exterior spaces within private property and the public right of way. As of November 23, 2020, it is anticipated that this waiver would retroactively apply to 20 previously issued encroachment permits, a reimbursement total of \$2,560.00.

### **Parking Fees**

The majority of the existing temporary outdoor seating and parklet permits involve the use of areas designated as paid parking. Additionally, downtown area businesses are advertising free and reduced rate parking as part of their promotions to entice safe in person shopping and dining. An extension of certain previously approved parking fee waivers will provide for an alignment with the temporary PED permitting programs associated with outdoor business operations and provide further assistance to the downtown economy.

As it is unknown how long the COVID-19 health order restrictions will remain in place, it is proposed to extend the following parking user fee waivers, effective January 1, 2021, until Sonoma County reaches the Yellow Tier.

- Free parking at all five garages, Monday – Friday from 5 PM to 6 AM
- Free parking at all five garages on Saturday and Sunday
- First hour of parking free at the 3<sup>rd</sup> Street, 5<sup>th</sup> Street and D Street garages (the 1<sup>st</sup> and 7<sup>th</sup> Street garages already have the first hour free)
- One free metered parking session using the Passport mobile payment application, up to \$3.15 in value
- Waiver of meter reservation fees for temporary parklets, outdoor seating and retail to expand business footprint to meet physical distancing requirements related to COVID-19 health order

Specific to the one free metered parking session with mobile payment: The City currently offers a mobile payment option for metered parking through Passport Parking. To support use of the Passport Parking smart phone application, it is recommended the City continues to offer mobile payment users through Passport Parking, a one-time use per account, free validated metered parking session, up to \$3.15 in value, to parkers who utilize the mobile payment option. This is the equivalent of a 3-hour parking session in the Value Zone and a 2-hour parking session in the Premium Zone, including the \$0.15 convenience fee on a first-come, first-served basis up to a total amount of \$31,500 in incentives through the date the City reaches the Yellow Tier, as outlined by the State of California in its COVID-19 reopening criteria.

Specific to the waiver of meter reservation fees (meter cover) for parklets, outdoor seating and retail: The Schedule of Parking User Fees charges meter reservation fees of \$12/day per Value Zone metered parking space, and \$15/day per Premium Zone metered parking space (referred to as "Meter Cover"). It is recommended to continue to waive these fees for City encroachment permit holders for the duration of the permit, where the permittee is temporarily using the right of way for parklets, outdoor seating and retail to allow businesses to expand their footprint into adjacent parking spaces to meet physical distancing requirements under the Sonoma County Public Health Order.

### **Park Permit Fees**

The Park Permit, as defined in Council Policy 000-09 - Event Permits, has historically experienced limited use by the business community. The Recreation and Parks Department typically issues Park Permits to an average of three separate business per calendar year. The Park Permit can allow for the use of park spaces for traditional indoor business such as fitness, recreational and educational classes.

A separate Park Permit is issued for each individual park utilized under the application. The fee for each permit is determined based on the anticipated attendance per day associated with the application. The rates for individuals or business with a Santa Rosa address are as follows:

0-25 anticipated attendees	\$25.00 per day
26-100 anticipated attendees	\$50.00 per day
101-200 anticipated attendees	\$175.00 per day
201-500 anticipated attendees	\$350.00 per day
501-100 anticipated attendees	\$700.00 per day
1001 and above anticipated attendees	\$1,400.00 per day

The majority of Park Permits are issued to special events, most of which do not exceed a single day of park use. Under the current fee schedule, a business utilizing a park to move their indoor operations outdoors will generally trigger a per day fee of \$25.00 or \$50.00. Businesses and individuals with ongoing Park Permits are currently eligible for a 15% reduction of the daily permit fees. Ongoing Park Permits are typically those that eclipse 10 days of operations.

To further encourage use of the park space for traditional business operations and to ease the financial burden on businesses impacted by COVID-19, a temporary increase of the existing 15% discount on the daily rates associated with ongoing Park Permits issued to businesses and individuals to 80% is recommended.

### **Termination of Temporary Waiver Period**

The intent behind the proposed temporary fee waivers under this action is to provide financial relief to a segment of the business community that is currently experiencing significant impacts due to COVID-19. It is proposed that all temporary fee waivers, reductions or modifications associated with this action sunset on July 1, 2021 or at the time in which the County is elevated into the State's Yellow Tier, whichever occurs earlier. The Yellow Tier assumes a minimal risk level and allows reestablishment of most indoor business operations with modifications. The termination of any fee waivers addressed in this action shall occur at the earliest date specified above but will not extend beyond July 1, 2021.

If it becomes evident prior to July 1, 2021, that the County may not enter the Yellow Tier by this date, an extension of any approved temporary fee waivers may be presented to Council for further consideration prior to the sunset date.

### **FISCAL IMPACT**

#### **Building and Encroachment Permit Fees**

Building permits associated with the relocation of interior business operations to exterior spaces typically results in an approximate plan check and inspection fee that totals \$650.00. Based on the anticipated number of future building permit applications, it is anticipated that waiving the plan review and inspection fees for this application type will result in a loss of General Fund revenue that may reach \$49,000. Approximately \$24,500 of the estimated amount will be associated with the Fire Department's plan review and inspection fees. The total estimated loss in revenue represents less than 1% of the 5-year annual revenue average associated with Building plan review and inspections fees and approximately 3% of the 5-year annual revenue average associated with the Fire plan review and inspection fee revenue. Revenues in both fee categories can fluctuate year to year at a much higher rate than 1-3% and the reduction is not anticipated to have an impact on regular service delivery.

A waiver of the encroachment permit processing fee for all anticipated new applications, as well as a refund of the processing fees paid on all previously issued encroachment permits, is anticipated to result in an estimated \$3,200 loss in General Fund revenue. This amount represents less than 1% of the 5 year average annual revenue associated with the encroachment permit program. Similar to the Building plan review and inspections fees, encroachment permit revenue often experiences a year to year fluctuation higher than one percent and the temporary waivers proposed under this action are not anticipated to impact standard operations.

### **Parking Fees**

The fiscal impact is difficult to measure as it is unknown how many parkers have visited downtown solely based on parking fee reductions. Parking Fund revenue from the first quarter of Fiscal Year 2020/21 is 24% below budgeted revenue. Revenue reduction from the first hour free in the garages is estimated at \$10,000 per month, while the estimated revenue increase from the return of the Value Zone rate of \$1.00/hour (from the current temporarily reduced rate of \$0.75/hour) is also \$10,000 per month. The estimated revenue reduction from free parking in all five garages on Saturday and Sunday is estimated at \$10,000 per month. There is no impact to the General Fund from these parking fee waivers.

### **Park Permit Fees**

The financial impacts associated with a reduction of the park permit fee are difficult to determine due to the lack of significant historic utilization of the program by the business community. Staff is anticipating that fee reeducation may encourage additional use of the permitting program and may trigger an additional 25 new business permits prior to the end of the fiscal year. Businesses currently utilizing the Park Permits program to perform traditional indoor operations typically operate within park space an average of three days per week and generate an attendee count of less than 25. Based on the current rates and assuming the implementation of a similar operational model, a single Park Permit will result in a fee of \$1,657.50 if the operation commences for the remainder of the fiscal year. 25 separate permits will result in a total anticipated revenue of \$41,437.50. A temporary reduction of the per day fees on COVID-19 specific permits by 80% will result in a reduction of the anticipated permitting revenue by \$31,687.50.

### **ENVIRONMENTAL IMPACT**

This action is exempt from the California Environmental Quality Act (CEQA) because it is not a project which has a potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment, pursuant to CEQA Guidelines section 15378.

### **BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS**

The Economic Recovery Taskforce reviewed and discussed various options on how best to assist businesses related to health order required modifications to business operations, ultimately recommending the solutions herein.

### **NOTIFICATION**

Not applicable.



ATTACHMENTS

- Resolution/Exhibit A and Exhibit B

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