



CITY OF SAUSALITO

Staff Report Pursuant to California Elections Code Section 9212

Report on the Impacts of the “Arts, Industrial & Maritime (AIM) Preservation and Improvement Initiative”

Prepared by City of Sausalito Staff

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Executive Summary

On June 16, 2026, the City Council received certification that the petition for the “Arts, Industrial & Maritime (AIM) Preservation and Improvement Initiative” had qualified for the ballot and voted to submit the measure to Marin County voters at the November 3, 2026, General Election. At the same meeting, the Council directed City staff to prepare this report addressing the topic areas in Elections Code § 9212, in parallel with a report to be prepared by the City’s outside land use and economic consultants.

The AIM Initiative makes six principal changes to City land use law:

- Revises Ordinance No. 1022 (the 1985 “Fair Traffic Limits Initiative”) to remove the requirement that changes to land use standards and zoning in the City’s commercial and industrial districts, including the CN, SC, CC, CR, CW, I, and W districts, be approved by the voters at a citywide election. Future changes would instead proceed through the City’s standard legislative process (Planning Commission public hearing recommendation, Council public hearing, and adoption in compliance with state and local law, including CEQA review as appropriate). The measure provides an) with one exception: any changes in zoning, permitted uses and land use changes in the State approved \ Downtown Historic District as designated and/or depicted on the Sausalito zoning map as of January 1, 2026 shall still require a vote of the People of the City of Sausalito.be .
- Repeals the 1989 Marinship Specific Plan and the Marinship (-M) Overlay District (SMC § 10.28.050), including its Industrial-Equivalent FAR mechanism (conversion factors: Office 3.14, Retail 1.91, Restaurant 3.12) The Plan’s 40% commercial-use limitation is not eliminated outright: the measure carries it forward in modified form, allowing accessory commercial uses (including offices and retail) in both zones so long as they do not exceed 40 percent of permitted floor area for the parcel.
- Directly increases the development standards including FAR, building coverage, and height in the Industrial (I) and Waterfront (W) zones only; see the summary table below. development
- Makes the allowed land uses in the “I” and “W” zones identical, consolidated in SMC Chapter 10.26, and repeals the separate “W” and “W-M” use provisions of SMC Chapter 10.24. New uses allowed in the “W” zone include, but are not limited to, arts uses, some manufacturing and industrial uses, public utility and safety facilities, bakeries, fitness centers, financial uses, and medical clinics. As such, this would change permit requirements for some land uses and change which land uses are allowed in the W and I zones. City regulations on the number of liveaboard slips in marinas would also be repealed and instead governed by BCDC permit requirements and state law.
- Updates, by its own terms, various provisions of the General Plan, including the Land Use, Waterfront, and Economic elements, for consistency with the above changes.

Development Standards Summary (see Appendix A for full detail):

Zone	Max. FAR (Pre → Post)	Max. Coverage (Pre → Post)	Max. Height (Pre → Post)	
IM (Industrial Marinship) → Industrial (I)	0.40 → 3.00	50% → 70%	32 ft. → 47 ft. (flat)	
W (Waterfront)	0.30 → 3.00	30% → 70%	32 ft. → up to 47 ft. (CUP)	
W-M (Waterfront + Marinship Overlay) → removed	0.30 → 3.00	30% → 70%	32 ft. → up to 47 ft.*	
CN-1 / CN-2 (Neighborhood Commercial)	0.50 / 0.35 → unchanged	70% → unchanged	32 ft. → unchanged	
SC (Shopping Center)	0.20 → unchanged	50% → unchanged	32 ft. → unchanged	
CW (Commercial Waterfront)	0.30 → unchanged	50% → unchanged	25 ft. → unchanged	
CC (Central Commercial)	1.30 → unchanged	100% → unchanged	32 ft. → unchanged	
CR (Mixed Commercial/Residential)	1.00 → unchanged	70% → unchanged	32 ft. → unchanged	

Staff's principal findings are summarized below:

- **Fiscal impact:** Staff estimates a need for approximately 1.5 to 2.0 additional FTE (planning and engineering review capacity) during an initial multi-year implementation period, driven primarily by anticipated development activity in the I and W zones, partially offset by permit and plan-check fee revenue. One-time costs of an implementing/clean-up ordinance, updated fee study, and conforming General Plan amendments are estimated at \$150,000–\$250,000. See Section IV.1. Over the longer term, Staff anticipates that increased development activity in the Marinship could generate additional property tax, transient occupancy tax (to the extent visitor-serving uses are approved), property transfer tax, sales tax, and business license tax revenue.
- **General Plan and zoning consistency:** The measure by its own text updates the Land Use, Waterfront, and Economic elements of the General Plan; if passed, a follow-on implementing ordinance would still be required to update multiple sections of the Sausalito Municipal Code to create consistency with the initiative.
- **Land use:** AIM's stated liberalization of direct-to-public sales and complementary commercial uses is best textually supported for the I and W columns of specific retail, restaurant, and marine-use categories in SMC Table 10.24-1 and Table 10.26-1.
- **Infrastructure funding:** Repeal of the Industrial-Equivalent FAR mechanism removes the principal nexus tool tying private redevelopment to public infrastructure contributions in

the I and W zones, where AIM's numeric standards actually increase development potential. The City's only existing development impact fee, the Construction Impact Fee (0.85% of construction valuation plus \$5 per cubic yard of material removed), addresses construction-period road impacts only, and indirect revenues alone are unlikely to be sufficient, particularly in initial years. Staff recommends a Mitigation Fee Act nexus study to establish a successor mechanism. See Section IV.4.

- **Business attraction and retention:** Staff anticipates a generally positive effect on the retention of existing Marinship arts, maritime, and light-industrial tenants. The measure's expanded development potential and broadened use allowances also function as a draw for new businesses, business expansion, and diversification of operations; citywide the effect is likely modest, but within the Marinship it is potentially significant. See Section IV.5.
- **Governance:** By removing the citywide-vote requirement for rezoning, the measure also provides confined to the Industrial (I) and Waterfront (W) zoning districts). In addition, owners of parcels in the CN, SC, CW, CR, and CC (outside the Downtown Historic District) gain the option of future Council-level zoning changes without gaining any immediate entitlement increase from the measure's passage itself.

I. Introduction and Statutory Framework

California Elections Code Section 9212 authorizes (but does not require) a city council, during circulation of an initiative petition or before taking action under Elections Code § 9215, to refer a proposed initiative measure to City agencies for a report on any or all of the following:

1. Its fiscal impact.
2. Its effect on the internal consistency of the city's general and specific plans, including the housing element, the consistency between planning and zoning, and the limitations on city actions under Government Code § 65008 and Government Code Chapters 4.2 (§ 65913 et seq.) and 4.3 (§ 65915 et seq.).
3. Its effect on the use of land, the impact on the availability and location of housing, and the ability of the city to meet its regional housing needs.
4. Its impact on funding for infrastructure of all types, including transportation, schools, parks, and open space, and whether the measure is likely to result in increased infrastructure costs or savings to current residents and businesses.
5. Its impact on the community's ability to attract and retain business and employment.
6. Its impact on the uses of vacant parcels of land.
7. Its impact on agricultural lands, open space, traffic congestion, existing business districts, and developed areas designated for revitalization.
8. Any other matters the legislative body requests to be in the report.

At its June 16, 2026 meeting, the City Council received certification of the AIM Initiative petition, voted to place the measure on the November 3, 2026 ballot, and directed Staff to prepare this report, together with a report from retained outside consultants, both to be presented at the July 21, 2026 Council meeting.

This report is grounded in a section-by-section review of the Sausalito Municipal Code provisions the measure would amend or repeal (presented in Appendices A and B), in the Marinship Specific Plan itself (adopted by Resolution No. 3708 on April 5, 1988, and amended by Resolution No. 3824 on May 2, 1989), and the Sausalito General Plan.

This report does not constitute legal advice, does not take a position on the merits of the measure, and does not bind the Council to any particular implementation approach should the measure pass. Legal questions regarding consistency with the General Plan, and the Municipal Code are addressed in greater depth in the concurrently prepared outside counsel report.

II. Background: Ordinance 1022 and the Marinship Specific Plan

In 1985, Sausalito voters approved the “Fair Traffic Limits Initiative,” codified through Ordinance No. 1022 and now principally found at SMC § 10.40.020 (Development standards of the fair traffic limits initiative), which requires voter approval at a citywide election for amendments to development standards in the City’s commercial and industrial zones. The measure includes specific development standards for impacts all the City’s commercial and industrial districts, specifically the CC, which would require voter approval to change. is contrary to the text in SMC 10.40.020. development restrictionsIn 1988, following the 1985 Traffic Initiative, the City adopted the Marinship Specific Plan (Resolution No. 3708, April 5, 1988; amended by Resolution No. 3824, May 2, 1989) to guide development of the Marinship industrial/maritime district. The Plan retained the 1970 General Plan objectives for the area (promoting the waterfront and diversified water-dependent uses, and promoting development of other Marinship lands with industrial uses and uses compatible with an industrial area) and set out twenty-one development goals (Plan Section II.B), including preservation of the Marinship’s maritime history and industrial character, exclusion of new commercial office development, priority for resident-serving rather than tourist-oriented uses, low traffic generation, mixed use on larger parcels, public access to and along the water, view corridor preservation, protection of the commercial fishing industry, and improvement of Richardson Bay water quality. Over time, the Plan’s substantive standards were codified directly into Title 10 (Ordinance No. 1167 in 2003, with subsequent amendments through Ordinance No. 1281 in 2020), principally through SMC § 10.28.050 (the Marinship “-M” overlay district, including Table 10.28-1 site standards and the Industrial-Equivalent FAR formula) and SMC Chapter 10.26 (Industrial Marinship District, including Table 10.26-1 land uses and Table 10.26-2 site standards).

The Plan operates across six zoning categories: Industrial (“I”), Waterfront (“W”), Houseboat (“H”), Shopping Center (“CS”), Public (“P”), and Open Space (“OA”). It maintains the zoning boundaries fixed by the 1985 Traffic Initiative while substantially revising the permitted uses within them. Existing land uses in the area today remain predominantly office, industrial, storage, and maritime/marina uses, with some residential and houseboat uses. Its central quantitative mechanism is the Industrial-Equivalent (Traffic Trip Generation Equivalent) FAR analysis (Plan Section III.A): existing commercial floor area that generates more weekday PM peak-hour northbound traffic than general industrial use is converted to an equivalent industrial FAR using trip-generation rates prepared by DKS Associates (Plan Appendix C), and the adjusted total is compared against the zoning FAR cap to determine whether additional development is permitted. Under the Plan, no more than 40% of the permitted FAR in the I and W zones may be devoted to commercial uses (accessory office use excluded), and the Plan observes that the FAR standards approved by the voters in the 1985 Traffic Initiative “cannot be exceeded without another majority vote of Sausalito voters.”

Because Ordinance No. 1022 requires a citywide vote to amend the FAR and related standards in all five covered districts, the practical effect over the past four decades has been that routine, incremental zoning updates (not just in the Marinship, but in the other covered commercial districts as well) have not occurred through the normal Planning Commission/Council process. Marinship property and business owners have raised concerns to Staff and the Council that this dynamic has made it difficult for industrial and maritime tenants to add modest complementary uses needed to remain financially viable and has discouraged investment in aging buildings and underutilized parcels.

III. Summary of the AIM Initiative

The AIM Initiative is an initiative ordinance that, if approved by the voters, would amend Sausalito Municipal Code Title 10 and repeal certain provisions adopted by the City Council or by initiative measure such as Ordinance No. 1022. Staff's summary below reflects a direct, section-by-section review of the current Code provisions AIM would amend, presented in full in Appendices A and B.

A. Governance

- Repeals the requirement in Ordinance No. 1022 that amendments to FAR, height, and related development standards in the covered commercial and industrial districts, including CN, SC, CC, CR, CW, I, and W, be approved by voters. Future amendments to those standards in those districts would instead proceed through the City's standard process (Planning Commission recommendation, Council public hearing and adoption, consistent with the Permit Streamlining Act and CEQA as applicable). However, this would not apply for any portion of such zoning districts in the Downtown Historic District.

development and land use. Parcels within the Downtown Historic District will still require voter approval for changes to development standards or allowed land uses would become subject to a potential freeze of development standards, regardless of underlying base zoning district. This would potentially restrict changes to zoning and zoning standards in the Downtown Historic District, even if not previously subject to restriction under Ordinance No. 1022, and would likely affect residential, commercial, and public zoned parcels in such geographic area, including the Central Commercial (CC), Multi-family Residential (R-3), Public Institutional (PI), Public Parks (PP), and Open Area (OA) zoning districts as shown in Figure 1, below.

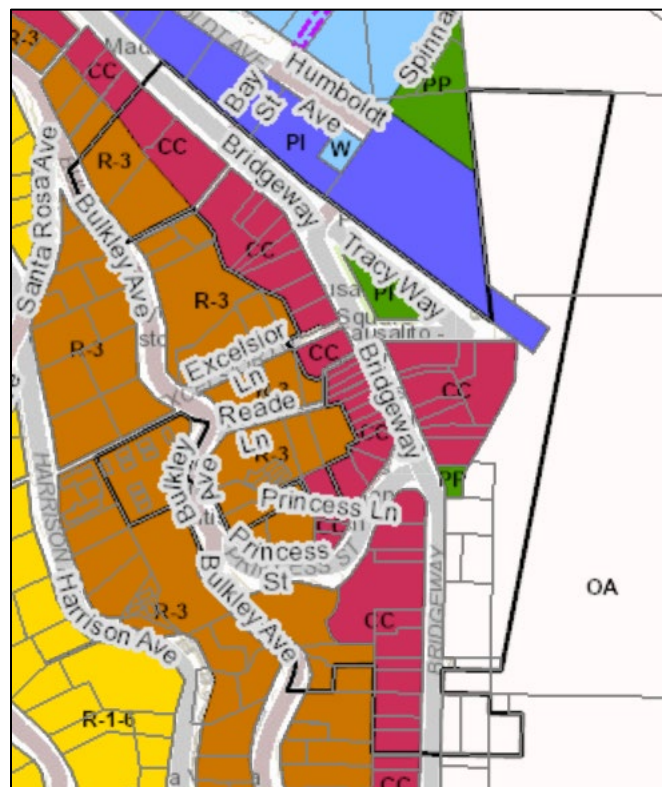


Figure 1: Sausalito Downtown Historic District and associated zoning districts

B. Land Use and Development Standards

Appendix A presents the full, zone-by-zone comparison. In summary:

- I and W zones: AIM's own text increases maximum FAR from 0.40 (I) / 0.30 (W,) to 3.00; increases maximum building coverage from 50% (I) / 30% (W) to 70% in both (per the certified Title and Summary); increases maximum height from 32 ft. to 47 ft. (flat in I; conditional on a use permit for marine commercial service/marine industrial uses in W); reduces the I rear setback (adjacent to residential/houseboat districts) from 30 ft. to 15 ft.; and changes side-yard setbacks adjacent to "R" or "H" districts in both zones from one-half the building height to 15 ft. AIM also repeals the Industrial-Equivalent FAR mechanism (Office 3.14 / Retail 1.91 / Restaurant 3.12 conversion factors). The current 40% commercial-use limitation is restated in modified form: accessory commercial uses, including offices and retail, would be allowed in both zones up to 40 percent of permitted floor area for each parcel.
- CN, SC, CC, CR, and CW zones: AIM does not change any FAR, coverage, height, or setback figure in these districts. Removing the Ord. 1022 vote requirements for future zoning changes does not, by itself, entitle any property to additional floor area, height, or coverage.
- Parcels within the Downtown Historic District, regardless of base zoning district, either retain or become subject to requirements for voter approval for subsequent for any zoning changes
- Land uses (Appendix B): Under the measure, the allowed land uses for the I and W zones become identical and are consolidated in SMC Chapter 10.26; the separate W and W-M use provisions of SMC Chapter 10.24 are repealed. The certified Title and Summary identifies new uses allowed in the W zone including, but not limited to, arts uses, some manufacturing and industrial uses, public utility and safety facilities, bakeries, fitness centers, financial uses, and medical clinics, together with changed permit requirements for some uses. The measure's stated allowance for direct-to-public sales accessory to a primary industrial/maritime use (e.g., "a fisherman could open a fish market") maps most directly to the Marine industrial use, Marine applied arts, Marine commercial services, Restaurants, and Wholesale and retail fish sales rows of SMC Table 10.24-1 and Table 10.26-1. Staff recommends confirming the full permitted-use redline against the measure's final adopted text before final reliance.
- Liveaboards: City regulations limiting the number of liveboard slips in marinas, including the Marinship Specific Plan's 10%-of-berths limit and its policy reserving one-half of recreational liveboard berths for persons of low and moderate income (Plan Section III.B.2), would be repealed and instead governed by BCDC permit requirements and state law. Staff notes the 10%-of-berths ratio is also BCDC policy, so repeal of the City regulation would effect no near-term practical change in the cap.

C. Infrastructure Financing

- Repeals the Marinship Specific Plan public-projects and financing framework (Plan Sections V and VI), including its parcel-by-parcel assignment of street and intersection improvement responsibilities, discussed in Sections III.E and IV.4 below.

D. Express Exclusions

- Does not allow for the alteration of development standards within the Downtown Historic District. Such changes would require future voter approval

- Does not allow new uses to displace existing uses at the Industrial Center Building (ICB, 480 Gate 5 Road) or the historic Arques Shipyard (currently known as the Sausalito Shipyard and Marina). Because the initiative text does not identify these sites by parcel number or designate specific boundaries, Staff recommends that any implementing ordinance define them by APN and clarify the treatment of the adjacent Arques School of Boat Building / Spaulding Center for Wooden Boats parcel (APN 063-030-04). The proposed measure authorizes the Council to adopt changes to regulations to clarify ambiguities.
- Does not alter the lawful status of existing legal non-conforming uses.

E. Effect of Repealing the Marinship Specific Plan

Because the measure repeals the Marinship Specific Plan in its entirety (not only the standards later codified into Title 10), provisions of the Plan document (Rev. 5/2/89) that exist only at the Plan level would also cease to apply. Staff's review of the Plan identifies the following principal categories:

- Development goals and intent statements. The Plan's twenty-one goals (Section II.B), which under the Plan's own terms supersede all other Plan standards where conflicts arise and serve as the basis of evaluation where the Plan is silent, would be repealed, including the exclusion of new commercial office development, the preference for resident-serving over tourist-oriented uses, and the traffic-minimization, small-scale-activity, and mixed-use policies.
- View corridors. The Plan's ten designated view corridors (A–J, Section IV.C), prioritized as Required, Desired, or Suggested, including Napa Street (A), Liberty Ship Way (B), Harbor Drive (C), and Coloma Street (D), and the parcel-crossing corridors E–J, together with their treatment standards and the Bridgeway landscaping view “window” (2.5 to 8 feet above eastern curb elevation) would be repealed, except to the extent restated in Title 10.
- Public access and small-boat facilities. The Plan's requirements that all shoreline parcels provide temporary small-boat tie-up space (minimum of one space per parcel or 2% of harbor berths, whichever is greater), that small boat launch sites be provided at City-owned shoreline sites and at public or private recreational harbors, and that the Path “A” and Path “B” pedestrian and bicycle systems be implemented (Plan Sections IV.A.4–7) would be repealed as Plan-level requirements.
- Houseboat and liveaboard framework. The Plan's houseboat legalization framework (tied to residential use on or before July 1, 1985), its 10%-of-berths liveaboard limit, and its 50% low/moderate-income liveaboard berth reservation policy would be repealed; per the Title and Summary, liveaboard slip counts would instead be governed by BCDC permit requirements and state law. Because BCDC policy independently applies the same 10%-of-berths ratio, the City-level repeal is not expected to change the operative cap in the near term.
- Berthing and marina standards. The Plan's prohibition on new recreational boat harbors, its 10% cap on expansion of existing pleasure boat harbors, its 100-berths-per-acre dry boat storage limit, and its tax-exempt-only yacht club standard would be repealed as Plan provisions.
- Special requirements. The Plan's geology and drainage requirements (Section IV.G), including site-specific geological suitability analysis referencing the 1985 EIP Associates Geological Background Report, and drainage-control expectations for the bayside 100-

year flood zone, would no longer apply as Plan standards; building-code and project-level CEQA review would remain.

- Public projects and financing. The Plan's public projects list (Section V: partial Marinship Way realignment, the Bridgeway Landscaping Project, Bridgeway/Gate 6 Road and Bridgeway/Harbor Drive intersection improvements, and redevelopment of the Napa Street Pier) and its suggested approaches and options for financing (Section VI: redevelopment, general obligation bonds, industrial development bonds, disbursement from general funds, private development requirements, and special assessments) would be repealed, together with the Plan's parcel-by-parcel assignment of responsibility for constructing specific street and intersection improvements (Section IV.A.3).
- Zones beyond I and W. Although the measure's zoning revisions reach only the I and W zones, repeal of the Plan also removes Plan-level guidance for the Houseboat (H), Shopping Center (CS), Public (P), and Open Space (OA) zones, including the Plan's contingency that the H zone convert to a Waterfront designation should residential use of the water no longer be permitted under the Public Trust Doctrine, and its objective that areas outboard of the Pierhead line remain undeveloped open water. The codified Title 10 zoning for these areas is not amended by the measure and remains in effect.
- Removes land use table which governs allowable land uses by parcel in the MSP area that supersedes allowable land uses found in SMC 10.24-1 and 10.26-1.

IV. Section 9212(a) Impact Analysis

1. Fiscal Impact

The AIM Initiative does not itself appropriate or require City expenditures; its fiscal impact arises primarily from (a) the administrative workload of processing entitlements in the I and W zones, where the measure creates new development capacity, and to a lesser extent from any future Council-initiated amendments in CN, SC, CC, CR, or CW, and (b) the one-time cost of conforming the Municipal Code and General Plan to the measure's provisions if it passes.

Cost Category	Staffing/Resource Impact	Estimated Cost
Planning review capacity (entitlements, design review)	0.75–1.0 FTE	Partially offset by application fees; net General Fund impact estimated at \$60,000–\$90,000/year during initial ramp-up
Engineering/Public Works plan-check capacity	0.5 FTE	Partially offset by plan-check fees
City Attorney support (implementing ordinance, code conflicts)	Contract/outside counsel, one-time	\$40,000–\$75,000 one-time
Potential General Plan conforming amendment(s)	Consultant-supported, one-time	\$50,000–\$100,000 one-time
Updated fee study (to ensure cost recovery on new entitlement volume)	Consultant-supported, one-time	\$25,000–\$40,000 one-time

Because the numeric development-capacity increase is confined to I and W zoning districts, the fiscal estimate above should be understood as driven primarily by activity in those two zones, with CN, SC, CC, CR, and CW contributing administrative workload only if and when the Council initiates a future standards amendment there.

Over the longer term, increased development activity in the Marinship could generate additional property tax increment, transient occupancy tax (to the extent visitor-serving uses are approved), sales tax, and business license tax revenue. These indirect revenue effects could arise through several channels: the attraction of new businesses to the district; the expansion of existing businesses from a square-footage and spatial-utilization perspective; and the diversification of existing business operations under the broadened use allowances. Staff is not able to reliably quantify these effects without a market-specific economic study (included in the scope of the outside consultant's parallel report). Staff recommends that any net fiscal effect be revisited in the City's mid-year and annual budget processes once implementation experience is available.

2. Consistency with the General Plan, Specific Plans, and Zoning

In general, zoning ordinances must be consistent with the applicable general plan. Planning and Zoning Law, specifically Gov. Code 65860, requires zoning ordinances to be consistent with the

applicable general plan. The consistency test has generally been articulated as follows: “A zoning ordinance is consistent with the city’s general plan where, considering all of its aspects, the ordinance furthers the objectives and policies of the general plan and does not obstruct their attainment.” See *Pfeiffer v City of Sunnyvale City Council* (2011) 200 Cal.App.4th 1552, 1565 (noting that “perfect conformity” is not required); Governor’s Office of Planning & Research, General Plan Guidelines 164 (2003). If a zoning ordinance becomes inconsistent with a general plan because of an amendment to the plan, or to any element of the plan, the ordinance must also be amended within a reasonable time so that it is consistent with the amended plan. Government Code 65860(c). Reviewing courts generally defer to cities’ superior abilities to interpret and apply the general plan policies they have authored. The court’s review is highly deferential because “policies in a general plan reflect a range of competing interests” and the city “must be allowed to weigh and balance the plan’s policies when applying them, and it has broad discretion to construe its policies in light of the plan’s purposes.” *Friends of Lagoon Valley v. City of Vacaville*, 154 Cal. App. 4th 807, 816 (2007).

By its own text, the measure updates various provisions of the General Plan, including the Land Use, Waterfront, and Economic elements, for consistency with its zoning changes; those amendments would be self-executing upon voter approval. While there is a potential for inconsistency with CD-1.3.1 Zoning Ordinance (Height Limit), which specifies a 32-foot maximum height limit for residential and commercial zones, it is unclear if the Waterfront (W) is now considered an industrial zone, based on the change from Chapter 10.24. In addition, CDD will need to confirm whether the Circulation, Safety, and Housing Elements of the General Plan require conforming updates beyond the Land Use, Waterfront, and Economic element amendments made by the measure’s own text. However, because the adoption of the Housing Element triggered a need to update the Safety Element, there will be an opportunity to address any inconsistencies.

Repeal of the Marinship Specific Plan also removes the need for analysis of consistency with any specific plan, as this is the only specific plan in Sausalito.

Based on Staff’s Code review, to avoid the potential for internal inconsistencies in the zoning, an implementing ordinance would still need to amend, at minimum:

- SMC § 10.40.020 (Development Standards of the Fair Traffic Initiative): the operative codification of the Ord. 1022 across the covered commercial and industrial districts (CN, SC, CC, CR, CW, IM, and W).
- SMC § 10.26 (Industrial Marinship District): Table 10.26-1 (land uses) and Table 10.26-2 (site standards), to reflect the new IM FAR/coverage/height/setback figures.
- SMC § 10.28.050 (Marinship “-M” Overlay): repeal of the Industrial-Equivalent FAR mechanism, the 40%-of-FAR commercial cap, and Table 10.28-1 site standards, with conforming updates to the W-M treatment in SMC Table 10.24-2.
- SMC § 10.24.030/.050 (Table 10.24-1 and Table 10.24-2): to reflect the new W-zone FAR/coverage/height figures, and any land-use table changes AIM makes for the W/W-M columns.
- SMC § 10.10.010 and 10.52.030: general cross-references to the Marinship Specific Plan.
- SMC § 10.44 (Specific Use Requirements): updates related to new uses and permit requirements in the W and I Zones.
- SMC § 10.88 (Definitions): ensuring any new uses have proper definitions.

3. Effect on Land Use, Housing Availability, and Regional Housing Needs

The AIM Initiative does not rezone any parcel for residential use. For context, the City has previously rezoned a limited number of parcels within the Marinship for residential use through a housing overlay adopted in implementation of the City's certified sixth-cycle (2023–2031) Housing Element; approximately five parcels are affected (Staff to verify the precise count against the certified Housing Element inventory). Those parcels are overlaid on the IM base zone and are identified in the Housing Element as opportunity or inventory sites. The measure does not amend the housing overlay: passage of AIM would neither diminish those parcels' existing ability to be developed residentially nor create new residential opportunity; it maintains the existing opportunity. Because the residential entitlement on those sites derives from the overlay and the Housing Element rather than from the base zoning standards or the Marinship Specific Plan, Staff does not anticipate the measure will materially change the City's ability to meet its RHNA obligations as more liberal base zoning development standards would not hinder development capacity.

Drawing on the citywide land use matrix in Appendix B, City staff observe:

- The increased FAR/height in I and W could improve the financial feasibility of adaptive reuse of older industrial and waterfront buildings,
- Repeal of the Industrial-Equivalent FAR mechanism removes the traffic-calibrated tool that currently limits conversion of industrial floor area to office, retail, and restaurant uses in those zones. The measure's successor standard caps accessory commercial uses (offices and retail) at 40 percent of permitted floor area, but because permitted floor area rises from 0.30/0.40 FAR to 3.00 FAR, the absolute amount of commercial floor area allowed increases substantially even at a comparable percentage (e.g., roughly 1.2 FAR of accessory commercial floor area under the measure, versus 0.15 FAR under the current IM commercial sub-cap).
- For CN, SC, CC, CR, and CW, no land use or housing effect is expected from AIM's passage alone, since neither the objective development standards nor the permitted-use tables change in those zones.
- Liveaboards and floating homes: repeal of the City's liveaboard slip limits, including the Specific Plan's 10%-of-berths cap and its policy reserving one-half of recreational liveaboard berths for persons of low and moderate income, transfers regulation of liveaboard counts to BCDC permitting and state law. Because BCDC policy independently applies the same ratio (10% of berths per marina, as confirmed by CDD), no near-term practical change in liveaboard counts is expected; repeal of the duplicative City regulation would leave BCDC's permit terms as the single operative control. The City has been working with BCDC to assess the feasibility of increasing that percentage, and the measure would not constrain that effort. Liveaboard berths function as a modest de facto housing resource; the loss of the Plan's reservation policy removes the only affordability-targeted provision applicable to them. Staff does not expect an effect on RHNA capacity, as liveaboard berths are not Housing Element inventory sites.
- There may be potential that some additional housing development could result in some commercial zones under AB 2011 if development standards are increased in the future, as AB 2011 allows housing development on commercial parcels meeting state law criteria.

4. Impact on Infrastructure Funding

The Specific Plan assigned responsibility for specific street and intersection improvements to specific parcels (Plan Section IV.A.3), including segments of Marinship Way, the Marinship Loop

Road, Liberty Ship Way, and the Bridgeway intersection improvements at Coloma Street and Gate 5 Road, and set out an a range of financing possibilities, without imposing specific requirements (Plan Section VI). Repeal eliminates these parcel-level assignments along with the Industrial-Equivalent FAR mechanism.

The City's only existing development impact fee is its Construction Impact Fee, assessed at 0.85% of construction valuation plus a surcharge of \$5 per cubic yard of material removed from any property being built or altered. That fee is designed to ensure new development pays its fair share of construction-period impacts to public roads; no other development impact fees are currently in place. The City would receive indirect additional revenues from new development, including property tax, transient occupancy tax, sales tax, and business license tax, but without a structure such as impact fees to ensure new development pays its fair share of infrastructure costs, those indirect revenues alone are unlikely, particularly in the initial years, to be sufficient to support new and existing infrastructure needs.

The measure's text directs the City to pursue alternative financing without a new tax, but does not itself establish a specific mechanism. Staff recommends the Council direct Public Works and Finance to scope a development impact fee nexus study (Mitigation Fee Act, Government Code § 66000 et seq.) for traffic, drainage, and shoreline infrastructure specifically in the I and W zones, to be adopted concurrently with or shortly after any implementing ordinance, so that the City may require proportional contributions for any required public infrastructure from future Marinship development. Alternatively, or in conjunction therewith, conditions of approval imposed on individual development projects to construct private improvements to offset impacts of the development may be necessary.

5. Impact on Business Attraction, Retention, and Employment

Staff has received consistent feedback over several years from Marinship arts, maritime, and light-industrial tenants that the inability to add modest direct-to-public sales or complementary commercial components has made it difficult to remain financially viable amid rising operating costs. Staff anticipates the measure, if approved, would have a generally positive effect on the retention of these existing businesses and could support modest employment growth in the Marinship as underutilized parcels are redeveloped. This effect is concentrated in the I/W zones specifically, consistent with the confirmed scope of AIM's numeric and land-use changes.

Beyond retention of existing tenants, Staff anticipates an overall positive effect on business attraction. The combined increase in development potential and broadened land use allowances operates as a centripetal, draw-type dynamic for the district: more can be built, and more kinds of activity can lawfully occur, in the Marinship. This tends to attract new businesses to the district, to support expansion of existing businesses from a square-footage and spatial-utilization perspective, and to enable diversification of existing business operations. Citywide this effect is likely modest, but within the Marinship as a whole it is potentially significant.

This latent demand is not hypothetical. CDD reports that retail, restaurant, and fitness/recreation uses are frequently requested for Marinship sites but are not permitted under existing zoning; these are among the categories the measure would newly allow (fitness centers are expressly named in the certified Title and Summary, and retail and restaurant uses would be addressed through the measure's accessory commercial allowance and revised use tables). CDD further reports that no new construction has occurred in the Marinship in recent years, and that several approved projects on Gate 5 Road and Varda Landing Road have not proceeded to building permits.

Outside the Marinship, the effect is likely modest, since the measure's numeric changes are limited to the Marinship and adjoining waterfront parcels and do not directly affect Downtown or other commercial businesses. Some Downtown merchants have expressed concern in public comment that increased visitor-serving uses in the Marinship could draw foot traffic away from Downtown; staff does not have data to support or refute this concern and notes it as an open question for Council consideration.

6. Impact on Uses of Vacant Parcels

Based on parcel-level information compiled by CDD in June 2026, the Marinship contains two existing vacant lots: APN 063-110-31, located in the I (IM) zone, and APN 063-100-10, located in the open space (OS) zone. Of the two, only the I-zone parcel gains development capacity under the measure; the measure does not change open space zoning. CDD has also identified six substantially underutilized sites (excluding the housing-overlay sites discussed in Section IV.3): APN 063-080-06 (boat storage); APN 063-090-07 (mostly vacant offices); APN 063-120-02 (Sausalito Shipyard/Arques, where the measure separately protects existing uses from displacement); APN 063-120-01 (underutilized storage and office space); APN 063-152-06 (vehicle storage); and APN 063-162-13 (parking lot). These sites, primarily surface parking, storage yards, and low-occupancy structures, could become more attractive for redevelopment or intensified use under the measure's revised FAR, coverage, and height parameters. Staff notes that no new construction has occurred in the Marinship in recent years: several projects have been approved on Gate 5 Road and Varda Landing Road, but no building permits have been issued, suggesting that project feasibility, rather than entitlement availability alone, has been a binding constraint. No comparable effect is expected in CN, SC, CC, CR, or CW, where standards are unchanged. The measure does not affect the limited inventory of vacant parcels elsewhere in the City, including those in the Downtown Historic District, where zoning and development standard changes would be subject to voter approval requirements.

7. Impact on Agricultural Lands, Open Space, Traffic Congestion, Business Districts, and Revitalization Areas

The City has no agricultural lands. The measure would not directly affect designated open space. With respect to traffic, increased development intensity in the I and W zones under higher FAR/height parameters could incrementally increase vehicle trips on Bridgeway, Marinship Way, and connecting streets, particularly if new uses include restaurant, tasting-room, or other higher-trip-generation components; Staff recommends that Public Works' traffic engineer evaluate trip-generation impacts and parking demand as part of any implementing ordinance or future project-level CEQA review, since the measure itself does not include a citywide traffic study. With respect to parking specifically, CDD has confirmed that the Sausalito ferry landing is the City's only "major transit stop" as defined in Public Resources Code § 21064.3, and that no portion of the Marinship falls within one-half mile of it; the parking-minimum prohibitions of AB 2097 (Government Code § 65863.2) therefore do not apply, and the City's parking requirements remain fully enforceable for Marinship projects under the measure.

The most recent comprehensive analysis of traffic congestion in Sausalito was completed on October 26, 2020, by Parisi Transportation Consulting and M-Group as Appendix F to the City's Environmental Impact Report (EIR) on the City's General Plan. The Parisi Report contemplated no improvements to the City's street system and estimated that General Plan buildout would increase total weekday vehicle trips by 26 percent, from 39,000 trips/day to 49,100 trips/day, with peak hour traffic increasing 31 percent. However, the City later rezoned several sites directly along Bridgeway for more intense housing development as part of its implementation of its Housing Element. Although no level of service analysis was completed for the Housing Element,

as traffic congestion is no longer a CEQA impact, the City has the authority to assess traffic impacts outside of CEQA as part of the entitlement process and retains the authority to require individual development projects to complete traffic improvements needed to maintain acceptable level of service.

With respect to existing business districts and revitalization areas, the Marinship is not currently a designated revitalization area, though it has been the subject of periodic economic development discussion by Council and Staff given its underutilized industrial land base. The measure could be viewed as facilitating revitalization of the district consistent with goals previously discussed by Council, subject to the infrastructure-funding considerations noted above.

V. Implementation Considerations

If approved by the voters, Staff recommends the Council consider the following implementation sequence, recognizing that an initiative ordinance is self-executing upon voter approval but that several of its provisions depend on conforming Code and General Plan amendments to operate without internal inconsistency:

1. Implementing/clean-up ordinance. Staff recommends the two reports be reconciled into a single implementation work plan, with any divergent findings, particularly regarding Ord. 1022's repeal language, resolved jointly by CDD, the City Attorney's Office, and the outside consultant team prior to the start of any implementing ordinance drafting. The City Attorney's Office and CDD will need to prepare a comprehensive implementing ordinance amending SMC § 10.40 (the operative Ord. 1022 codification), SMC § 10.24 (Tables 10.24-1 and 10.24-2), SMC § 10.26 (Tables 10.26-1 and 10.26-2), SMC § 10.28.050 (including Table 10.28-1 and the Industrial-Equivalent FAR provisions), and SMC §§ 10.10.010 and 10.52.030 to avoid internal conflicts in the zoning code, as well as amend other provisions left unaddressed by AIM such as 10.44 (Specific Use Requirements) and 10.88 (Definitions).
2. Infrastructure financing nexus study. Direct Public Works and Finance to scope a Mitigation Fee Act nexus study for I/W traffic, drainage, and shoreline infrastructure, to preserve the City's ability to require proportional contributions from future development.
3. Staffing and fee study. Direct Finance, in coordination with CDD and Public Works, to update the City's master fee schedule to ensure cost recovery on the anticipated increase in entitlement and plan-check volume, and to evaluate the staffing levels identified in Section IV.1.

VI. Conclusion

Of the seven districts where AIM removes the Ordinance No. 1022 voter-approval requirement (CN, SC, CC, CR, CW, I, and W), only two (I and W) see any actual change to development standards, allowable uses and permit requirements. The other five (CN, SC, CC, CR, and CW) gain only the option of future Council-level zoning action, with no immediate change in development capacity or standard. Parcels within the Downtown Historic District either become or remain subject to voter-approval requirements for future zoning changes regardless of base zone.

Appendices A and B are intended to let the Council and public verify this distinction directly against the current Code rather than relying on summary characterizations. Section III.E serves the same function for the Specific Plan itself, cataloguing what its repeal removes at the Plan level beyond the standards codified in the Sausalito Municipal Code.

This report, together with the concurrently prepared outside counsel report, is intended to provide the Council and the public with the information contemplated by Elections Code § 9212(a) in advance of the November 2026 election. Staff is available to respond to Council questions at the July 21, 2026, meeting and to undertake the implementation work outlined in Section V upon Council direction.

Respectfully submitted,

City of Sausalito Staff

Office of the City Manager • Community & Economic Development Department • Public Works Department • Finance Department

Appendix A - Citywide Development Standards Comparison

Presents current (“Pre-AIM”) numeric development standards from SMC Table 10.24-2 (Commercial Zoning Districts), Table 10.26-2 (Industrial Marinship District), and Table 10.28-1 (Marinship “-M” Overlay), against “Post-AIM” standards, organized by AIM’s actual effect on each zone.

SCOPING NOTE: AIM’s revision of the Ordinance No. 1022 citywide voter-approval requirement (SMC § 10.40.040) applies to the covered commercial and industrial districts, including CN, SC, CC, CR, CW, IM, and W/W-M, outside the Downtown Historic District; the carve-out is geographic, not district-based, and not all CC-zoned parcels lie within the Historic District. AIM’s own numeric FAR/coverage/height changes apply only to the IM and W/W-M zones. For Section B and Section C zones, AIM changes the process for subsequent amendment without changing present zoning standards themselves.

Zone	Min. Parcel	Max. FAR (Pre → Post)	Max. Coverage (Pre → Post)	Max. Height (Pre → Post)	Rear Setback adj. R/H (Pre → Post)	Ord. 1022 Voter-Approval Required (Pre → Post)*	Notes
A. Marinship Overlay Zones - AIM Directly Amends Numeric Standards							
IM (Industrial Marinship) → I (Industrial)	N/A (existing parcels; SMC § 10.26.040(A))	0.40 → 3.00	50% → 70%	32 ft. → 47 ft. (flat)	30 ft. → 15 ft.	Required → Not required	IM standards set independently in SMC § 10.26.040/Table 10.26-2, not Table 10.24-2. Side setback (adj. R/H): 1/2 bldg. height (min. 5 ft.) → 15 ft. flat. Commercial-use FAR sub-cap (0.15 of 0.40) and Industrial-Equivalent FAR conversion factors (Office 3.14 / Retail 1.91 / Restaurant 3.12, SMC § 10.28.050(E)(4)) are repealed along

Zone	Min. Parcel	Max. FAR (Pre → Post)	Max. Coverage (Pre → Post)	Max. Height (Pre → Post)	Rear Setback adj. R/H (Pre → Post)	Ord. 1022 Voter-Approval Required (Pre → Post)*	Notes
							with the Marinship (-M) overlay. AIM's own text establishes a successor accessory-commercial (office/retail) cap of 40% of permitted floor area in both zones.
W (Waterfront)	25,000 sf	0.30 → 3.00	30% → 70%	32 ft. → up to 47 ft. (CUP for marine commercial svc./marine industrial)	15 ft. → 15 ft. flat (unchanged in effect)	Required → Not required	Confirmed against SMC Table 10.24-2 (pre) and the certified petition text (post).
W-M (Waterfront + Marinship Overlay) → Removed	See Table 10.28-1	0.30	30%	32 ft.	See Table 10.28-1 (view corridor / CDD-determined)	Required	Removed
B. Other Ord. 1022–Covered Commercial Zones - AIM Removes the Voter-Approval Required Zoning Amendments; Present Zoning Standards Unchanged							
CN-1 (Neighborhood Commercial, subdistrict 1)	5,000 sf	0.50 → 0.50 (unchanged)	70% → 70% (unchanged)	32 ft. → 32 ft. (unchanged)	15 ft. → 15 ft. (unchanged)	Required → Not required	AIM does not itself amend Table 10.24-2 figures for CN. Removing the

Zone	Min. Parcel	Max. FAR (Pre → Post)	Max. Coverage (Pre → Post)	Max. Height (Pre → Post)	Rear Setback adj. R/H (Pre → Post)	Ord. 1022 Voter-Approval Required (Pre → Post)*	Notes
							voter-lock means Council could adopt future changes without a citywide vote; no future change has occurred as of the measure's passage.
CN-2 (Neighborhood Commercial, subdistrict 2)	5,000 sf	0.35 → 0.35 (unchanged)	70% → 70% (unchanged)	32 ft. → 32 ft. (unchanged)	15 ft. → 15 ft. (unchanged)	Required → Not required	Same as CN-1.
SC (Shopping Center) - referred to as "CS" in SMC § 10.40	10,000 sf	0.20 → 0.20 (unchanged)	50% → 50% (unchanged)	32 ft. → 32 ft. (unchanged)	20 ft. → 20 ft. (unchanged)	Required → Not required	"SC" (Table 10.24-2 header) and "CS" (SMC § 10.40.010/.040 text) refer to the same district based on the parallel structure of both provisions.
CW (Commercial Waterfront)	5,000 sf	0.30 → 0.30 (unchanged)	50% → 50% (unchanged)	25 ft. → 25 ft. (unchanged)	20 ft. → 20 ft. (unchanged)	Required → Not required	CW is the only non-Marinship commercial zone with a height limit below 32 ft. (25 ft.); AIM does not alter this.
C. CC and CR Districts - Voter-Approval Requirements Outside the Downtown Historic District Removed; Zoning Standards Unchanged							

Zone	Min. Parcel	Max. FAR (Pre → Post)	Max. Coverage (Pre → Post)	Max. Height (Pre → Post)	Rear Setback adj. R/H (Pre → Post)	Ord. 1022 Voter- Approval Required (Pre → Post)*	Notes
CC (Central Commercial)	5,000 sf	1.30 (no change)	100% (no change)	32 ft. (no change)	15 ft. (no change)	Required → Not required (outside the Downtown Historic District)	Per CDD clarification, CC is subject to Ord. 1022. CC substantially overlaps, but is not coterminous with, the Downtown Historic District; CC parcels within the District retain voter- approval protection under AIM's carve- out, while CC parcels outside it receive the procedural change.
CR (Mixed Commercial/Residential)	5,000 sf	1.00 (no change)	70% (no change)	32 ft. (no change)	15 ft. (no change)	Required → Not required (outside the Downtown Historic District)	Per CDD clarification, CR is subject to Ord. 1022 and receives the same procedural change as the other covered districts for parcels outside the Downtown Historic District. The SMC § 10.24.040(B) ground-floor land- use requirement is

Zone	Min. Parcel	Max. FAR (Pre → Post)	Max. Coverage (Pre → Post)	Max. Height (Pre → Post)	Rear Setback adj. R/H (Pre → Post)	Ord. 1022 Voter- Approval Required (Pre → Post)*	Notes
							unchanged by the measure.

- Setback and coverage figures for CC/CR/CN/SC/CW/W are drawn from SMC Table 10.24-2 as currently codified; IM figures are drawn from Table 10.26-2; W-M supplemental standards are drawn from Table 10.28-1.
- The Downtown Historic District carve-out applies regardless of underlying base zoning district; any parcel also lying within the Downtown Historic District shall be subject to voter-approval requirements irrespective of its base zoning district.

Appendix B - Citywide Land Use Matrix

MUP = Minor use permit required. CUP = Conditional use permit required. A blank cell means the use is not allowed in that district.

Land Use	Existing Table 10.26-1	AIM Initiative Table 10.26-1	Notes
Applied arts / Arts, applied	MUP	P	Permit reduced
Arts, fine; Arts, industrial; Arts, marine	P (combined entry)	P (separate entries)	Same permit level; AIM Initiative breaks the category into three lines
Art galleries	–	P	New
Digital Art	–	P	New
Performing arts, theaters and rehearsal use / spaces	P	MUP	Permit increased
Recording studios	P	P	No change
Publishers	CUP	P	Permit reduced
Printing and publishing	MUP	P	Permit reduced
Light manufacturing	P	P	No change
Industrial research and development	P	P	No change
Industrial service and supply	P	P	No change
Wholesaling and distribution	P	MUP	Permit increased
Commercial fishing facilities	CUP (processing plants only)	MUP	Permit reduced; the “processing plants” special requirement is dropped
Lumber yards	CUP	CUP	No change
Recycling collection stations	No table entry – cross-referenced to SMC § 10.44.200	CUP	Now has its own permit level in the table
Photofinishing labs	CUP	CUP	No change
Marine industrial uses	P	P	No change

Land Use	Existing Table 10.26-1	AIM Initiative Table 10.26-1	Notes
Marine commercial service uses	P	P	No change
Marine-oriented research and development	P	P (“...and education” added)	Same permit; description broadened to include education
Marine fuel facility	CUP	CUP	No change
Boat storage	P	P	No change
Boat launching ramps, haul out and drydocks	CUP	MUP	Permit reduced
Harbor and marina facilities	–	P	New
Moorings and mooring fields	–	P	New
Wholesale and retail fish sales	CUP	P	Permit reduced
Piers or docks for pleasure craft / Piers, docks, floats, wharves	CUP (only when accessory to marine industrial use)	P	Permit reduced; the new table is not limited to pleasure craft and the accessory use condition is dropped
Houseboats	–	P	New
Liveaboards	–	P	New
Parks and playgrounds	P	P	No change
Community centers	–	P	New
Libraries & Museums	–	P	New
Schools – specialized education and training / Schools	CUP	MUP	Permit reduced; description shortened to “Schools”
Recreation and fitness centers / Fitness and wellness facilities	CUP	MUP	Permit reduced;
Yacht clubs (tax exempt) / Yacht clubs	CUP	MUP	Permit reduced; “tax exempt” qualifier dropped
Temporary uses and events	P	P	No change
Ancillary retail	–	MUP	New

Land Use	Existing Table 10.26-1	AIM Initiative Table 10.26-1	Notes
Temporary outdoor retail sales	–	MUP	New (appears twice in the new table – once under Retail Trade, once under Temporary Uses)
Building material stores	CUP	MUP	Permit reduced
Auto, vehicle and parts sales	CUP	CUP	No change
Plant nurseries	CUP	–	No longer listed as a separate use
Nurseries	CUP	MUP	Permit reduced
Restaurants	CUP	MUP	Permit reduced
Outdoor dining areas	Address ed within the Restaurants standard , not a separate line	MUP	Now broken out as its own use
Child Day Care	–	MUP	New
Catering / Catering, retail	P	P	No change
Bakery	–	P	New
Business/office supply and support services	P	P	No change
Equipment rental and sales	P	P	No change
Financial institutions	P	P	No change
Laundry and dry cleaning plants	P	–	No longer listed
Medical services – clinics and laboratories	P	P	No change
Existing offices – prior to April 5, 1988	P	P	No change
Parcel delivery service	P	MUP	Permit increased
Public safety facilities	P	P	No change
Public utility facilities	P	P	No change
Repair and maintenance – consumer products	P	P	No change

Land Use	Existing Table 10.26-1	AIM Initiative Table 10.26-1	Notes
Repair and maintenance – vehicle	P	P	No change
Service stations	CUP	–	No longer listed
Storage, accessory	P	P	No change
Storage yards	CUP	CUP	No change
Veterinary clinics	CUP (only when accessory to a marine research laboratory)	CUP	Same permit; the marine research laboratory limitation is dropped
Warehousing	P	–	No longer listed
Antennas, communications facilities	CUP	CUP	No change
Off street parking	CUP (to serve use in W district)	CUP (“standalone”)	Same permit; existing table limits this to uses in the W district, Initiative table applies to standalone parking
Pipelines and transmission lines	P	MUP	Permit increased
Vehicle storage	CUP	CUP	No change
Offices, Temporary	–	MUP	New

AIM Initiative – Post-AIM Treatment

Consistent with Appendix A, AIM’s textual changes to specific permitted uses are limited to the W and I zoning districts.