

Georgia-Pacific Mill Site Reuse Study
Progress Report
May 24, 2004

1. **Community Workshop.** The Community Workshop on May 18th was attended by approximately 120 people representing a broad cross-section of the community. About one-third of the participants were new to the Mill Site Reuse planning process. Attendees participated in a hands-on planning exercise in which six "break out" groups developed concept plans for future development on the Mill Site. The objectives of the workshop were to:

- Provide Information on the Site Constraints and Opportunities
- Refine and Review Possible Land Uses for the Site
- Understand the Interplay Among Potential Site Uses
- Understand the Relationship Between Site Development and the City
- Test Community-Based Planning Principles
- Understand the Trade-offs for Land Use Options on the Site

The next Community Workshop is scheduled for Monday, July 19th.

2. **Community-Based Planning Principles.** Several broad planning principles to guide reuse of the Mill Site have emerged from the planning efforts thus far. These principles will continue to be refined and new principles added during the City's Mill Site Reuse Study. The Community-Based Planning Principles are listed below:

Community-Based Planning Principles

Physical Linkages

- Create a Public Coastal Trail
- Provide a Strong Connection Between Downtown and the Coast
- Establish Protected View Corridors
- Extend the City Street Grid on to the Mill Site

Economic Development

- Emphasize Creation of Quality Jobs and Expansion of Local Economy
- New Retail on Mill Site Must Complement- Not Compete With- the Historic Downtown
- Allow for Mill Site Development to Occur in Phases to Take Advantage of Future Economic Opportunities
- Take Advantage of Economic Linkages ("Complementary Uses")
- Ensure That Mill Site Development Has a Positive Fiscal Impact on the City

Land Use and Conservation

- Provide a Mix of Land Uses
- Provide a Variety of Open Space Uses
- New Development Must Respect and Complement Existing Uses
- Ensure Adequate Public Facilities, Services and Infrastructure
- Take Advantage of Infill Opportunities Throughout the City to Meet Community Needs
- Cluster Development on the Mill Site and Create a Livable and Sustainable Community
- Protect and Enhance Cultural Resources and Local Heritage

3. **Conservation Acquisition.** As discussed at the special Council meeting following the May 18th workshop, a Council study session is planned for June 14th to discuss the early public acquisition of open space on the Mill Site. The open space would be purchased with funds from the State Coastal Conservancy and other funding sources. State Coastal Conservancy staff and representatives of G-P have begun discussions about the structure, procedure and terms of an open space acquisition.

In order to proceed with a purchase transaction, the area of a potential open space acquisition must be defined. While delineation of the boundaries of the acquisition is necessary to transfer title of the property, the transaction would also establish a means whereby the boundaries of open space parcels could be adjusted in the future to respond to land use planning and development proposals consistent with the specific plan that will ultimately be developed for the Mill Site.

Through the planning process thus far, several areas on the Mill Site have been identified as having high open space and recreation potential. These include:

- A coastal bluff corridor to preserve the natural features along the coastline and allow for establishment of a coastal trail. While precise delineation will depend on natural features, coastal geology, and adjacent development opportunities, the coastal trail corridor would likely be approximately 100 feet in width. Early acquisition of the bluff trail corridor allows for development of this recreational resource and site amenity in advance of the entitlement process for development on the site.
- A strip of land along the north Mill Site boundary to provide a buffer between the Mill Site and Glass Beach and to provide expanded and improved access to Glass Beach.
- A “public green” connecting the central business district to the coast. A linear park corridor could provide a physical and visual linkage between downtown and the coast and enhance future development opportunities in its vicinity.
- A parcel that encompasses the Mill Pond wetland and provides an opportunity for enhancement of the wetland as a storm water detention facility for City and Site runoff, and as a scenic and recreational amenity for Site development.
- A parcel adjacent to and east of the City’s wastewater treatment facility that could be used for establishment of a wetland wastewater treatment facility (i.e., marsh) and/or as a buffer for the facility.
- A substantial parcel located in the southern portion of the Mill Site that could be “land-banked” for future development opportunities such as a marine research institution or other educational facility.

Not all of these areas would necessarily be acquired through an up-front public open space acquisition, as some areas (e.g., the “public green”) may be obtained through the specific planning and entitlement process for future development.

Developer Solicitation. In January 2004, the City and G-P approved a “Statement of Mutual Intent” outlining opportunities to cooperate during the City’s Mill Site Reuse Planning Study. The partnership between the City and G-P in the planning process is based on two interconnected concepts:

- A well-informed purchaser is most likely to pursue development plans consistent with the community’s objectives, and

- Understanding the community's objectives leads to a reduced level of risk and uncertainty in the entitlement process and is likely to generate a higher sales price for G-P.

In the Statement of Mutual Intent, G-P agreed to defer active marketing of the Mill Site during the first phase of the City's planning process. The first phase will conclude in July, at which time G-P will begin a full-press marketing effort. G-P has expressed an interest in preparing a "developer solicitation package" that would assist in marketing the property. This package could include basic information about the Mill Site and the local and regional context, as well as information about the City's land use entitlement process, the open space acquisition, the market potentials for the property, the community objectives for reuse, and so on. At the June 14th Council meeting, direction will be requested from the Council regarding the City's potential participation in a developer solicitation process.

4. **Community Survey.** The final summary of results of the Community Survey will be completed this week. It will be distributed to the Council and placed on the Mill Site Reuse Study website.

As the community dialogue around potential reuse options has evolved, it is interesting to note that some of the initial survey results may not accurately reflect current sentiments. For example, the survey results show strong opposition to "timeshare" visitor accommodations as a use on the Mill Site. However, based on the break-out team reports at the workshop last week, there seems to be a shifting of opinion with more folks supporting timeshares as a potential development opportunity.

5. **G-P Water Rights.** G-P has three different water rights: a pre-1914 right to divert and store water from Pudding Creek (.8 cfs), a licensed right to divert and store water from Pudding Creek (1 cfs; 200 AF storage), and a licensed right to divert water from Noyo River (1.33 cfs).

City staff, the City's water rights attorney, and G-P representatives are engaged in dialogue about the actions that are necessary to protect G-P's water rights and to prepare for future transfer of those rights. In addition to basic technical and procedural questions, the discussion has been geared towards developing an understanding of the various issues involved in transferring permanent ownership of the water rights to the City. Staff will continue to keep the Council informed as this dialogue continues.

6. **Site Remediation.** G-P recently submitted the Phase I Environmental Site Assessment report for the Mill Site to the Regional Water Quality Control Board (RWQCB) and it will be posted on the RWQCB website at www.swrcb.ca.gov/rwqcb1 this week. The Phase II Investigation Report was submitted to the RWQCB last week and will be posted on the website in the near future.

City staff and G-P representatives met last week with Jim Vreeland of the Environmental Protection Agency's Office of Public Affairs (EPA). The meeting was arranged by Congressman Mike Thompson's aide, Kendall Smith. Mr. Vreeland toured the Mill Site and provided information about funding resources and technical assistance offered by the EPA for "brownfield" sites. The initial discussion identified rehabilitation of the Mill Pond and creation of a wastewater treatment marsh as potential projects which might fit with EPA's funding opportunities.

7. **Mill Pond.** Approximately 40% of the City's stormwater runoff is collected in the former log pond on the Mill Site prior to being discharged to the ocean. The Mill Pond serves as a valuable stormwater detention and cleansing facility.

The City recently received notice from the Regional Water Quality Control Board (RWQCB) that G-P's NPDES permit for the Mill Pond discharge will be rescinded as G-P no longer discharges effluent from their industrial processes into the Mill Pond. According to RWQCB staff, in the future, the Mill Pond discharge will be monitored under terms established in the City's Stormwater Management Plan.

Currently the Mill Pond discharges over an approximately 35' high dam onto the beach at Soldier Bay. An inspection of the dam by the State Division of Dams and Safety is scheduled this week. City staff will attend the inspection to learn more about the condition of the dam.

8. **Wastewater Treatment Marsh.** The initial start-up meetings and site visit by Robert Gearheart, Ph.D., P.E. are scheduled for next week. Dr. Gearheart will prepare a preliminary technical study that evaluates the concept of establishing a wetland treatment system at the City's wastewater treatment facility. The study will be completed and presented to the Council in July.
9. **Economic Development Reports.** EPS and MJC are preparing two reports as part of the Mill Site Reuse Study. The "Economic Background Report" will present information generated by the market feasibility study. The "Economic Development Strategic Plan" will establish goals and strategies to maximize economic development opportunities in the City as a whole and on the Mill Site, in particular.

At the Council meeting following the May 18th workshop, Councilmember Gjerde asked EPS to estimate fiscal costs of various land uses to pair with the revenue projections. This request was followed up by a memo from Councilmember Gjerde to EPS (see attached) projecting City costs for public services on the Mill Site and estimating revenues based on several Mello-Roos District scenarios.

EPS' current scope of services includes estimating tax revenues associated with potential target land uses based on "industry standards" for revenue generation. The scope does not include an analysis of fiscal costs. While a fiscal cost analysis could be provided by EPS as an add-on to the existing scope of services, estimating fiscal costs would require substantial research into local service standards and funding, as there are no simple industry standards for projecting costs. Such an analysis would be made more difficult by the fact that there is no actual development plan to evaluate and many of the potential uses would be totally new to Fort Bragg. For these reasons, staff recommends that the detailed fiscal analysis be performed as part of the specific plan for development on the site rather than at this time. However, if the Council would like EPS to provide a scope and cost estimate for a fiscal analysis at this time, direction should be given to staff and a funding source identified for the study.

10. **G-P Mill Site Reuse Website.** The Community Development Department will be transferring the G-P Mill Site Reuse website from MIG's server to the City's server this week. It is likely that there will be a period of time when the website is not accessible.

Date: May 19, 2004

To: Jason Tundermann

From: Dan Gjerde

Re: Fiscal analysis of mill site

Here are some rough figures which I believe need to be factored into the fiscal analysis of the mill site, even for the initial analysis.

Property Tax Assumptions

After the Redevelopment Agency expires, the City of Fort Bragg will only receive .05 of 1 percent of any increase in taxes paid on the property. However, before the Redevelopment Agency expires (in 23 years), the General Fund won't even receive that miniscule amount, because any growth in taxable valuation (in excess of one percent each year) goes to the Redevelopment Agency and the pass-through agencies – the county, the school district, etc.

When you take all of this into account, then, I believe the rough revenue projections should not show any increase in revenues to the General Fund from property taxes, because the General Fund won't receive an increase in property taxes for more than 20 years. In fact, I believe we need to assume that the Redevelopment Agency (the City Council) will extend the agency's "life" by 10 years. As a result, the General Fund won't receive ANY increase in property tax revenues for more than 30 years. To conclude, the General Fund **won't receive any increase** in property tax revenues for a generation, and then it would only receive **.05 of one percent** of the assessed taxable valuation.

Mello-Roos Districts

The above illustration explains why the City Council wants to ensure that new development provides sufficient, ongoing revenue to pay for city services through the creation of Mello-Roos Districts. Although I fully understand that the details would be developed and refined at a later date, some rough figures are pretty obvious

Police Department: \$535,000 per year.

One additional officer per shift, 24/7, requires 5 additional officers. Cost: \$450,000/year.

One additional police support staff position. Cost: \$55,000/year.

Equipment for additional personnel: \$30,000/year.

City Hall Departments: \$173,000 per year.

Payroll expenses for the City Hall employees is \$1,315,000. Approximately 60 percent of these salaries – \$789,000 – come from the General Fund. Assuming just a 20 percent cost increase, the mill site development would increase General Fund costs by \$158,000. Additional equipment and supplies: \$15,000/ year.

Park Maintenance: \$300,000 per year.

The City spends \$64,000 per year to maintain 7 acres of open space and 3 acres of "urban parks." (Outside of the mill site, the city is going to add 25 acres of open space and 2 acres of "urban park.") On the mill site, the city could easily add 100 acres of open space and 30 acres of urban parks. (This is one of the reasons I am looking at having the City of Fort Bragg contract to the

Mendocino Coast Recreation and Park District/Mendocino Coast Botanical Gardens to maintain the city's parks.) Even with some economies of scale, the City could easily spend an additional \$300,000 each year, just to maintain the parks on the Mill Site.

Street Maintenance: \$300,000.

If the mill site had 3 linear miles of city streets, routine maintenance would cost \$300,000 per year. This is strictly a place-holder figure. Your consulting team needs to refine this figure.

Street Lighting: \$30,000 per year.

If development of the mill site increased the number of street lights by 30 percent, the city's street lighting bill would increase by \$30,000/year.

Rough estimate of extra general fund expenses: **\$1,338,000 per year.**

If the City were to create Mello-Roos Districts to cover:

- 100% of "mill site" street maintenance,
- 100% of "mill site" street lighting; and
- 60% of "mill site" park maintenance.

Then the General Fund would need to receive \$828,000 each year in order just to break even. And because the General Fund won't receive any increase in property taxes for more than 30 years, none of the \$828,000 should be assumed to come from the 1 percent property tax.

If the City were to create Mello-Roos Districts to cover:

- 100% of "mill site" street maintenance,
- 100% of "mill site" street lighting,
- 70% of "mill site" policing; and
- 70% of "mill site" park maintenance

Then the General Fund would need to receive \$354,500 each year in order to just break even.

If the City were to create Mello-Roos Districts to cover:

- 100% of "mill site" street maintenance,
- 100% of "mill site" street lighting,
- 100% of "mill site" policing; and
- 70% of "mill site" park maintenance

Then the General Fund would need to receive \$194,000 each year in order to just break even.

Summary

While all of these figures are clearly rough, they illustrate the need for Mello-Roos Districts on the Mill Site to cover a number of ongoing costs that will otherwise place a burden on the city's General Fund year. Also, because the Mill Site is located inside the Redevelopment Area and because the City of Fort Bragg receives such an insignificant percentage of the one percent property tax, I believe any fiscal analysis of the mill site should not assume **any** increase in general fund revenues from the one percent property tax.

CC: Linda Ruffing
City Clerk