

City of Fort Bragg
Georgia-Pacific Mill Site Reuse Study

Demographic and Market Analysis

VOLUME TWO



ECONOMIC AND PLANNING SYSTEMS

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1 INTRODUCTION

This report provides an in-depth analysis of demographic, employment, and real estate market trends and conditions in the City of Fort Bragg. The purpose of this analysis is to provide economic and market information that will (1) inform an Economic Development Strategy for the City of Fort Bragg, and (2) provide a realistic, market-based context for potential reuse alternatives at the Georgia-Pacific Mill Site. This report draws upon previously published sources and presents new information and analyses that will help the City of Fort Bragg achieve the economic future it desires.¹

1.1 REPORT CONTEXT

As its title suggests, this report – Volume 2: Demographic and Market Analysis – is one part of a five-volume analysis that consists of the following components:

- **Volume 1: Georgia-Pacific Mill Site Reuse Study.** This report summarizes results of community-based workshops designed to identify and explore potential reuse options at the Mill Site.
- **Volume 2: Demographic and Market Analysis.** This report presents and analyzes demographic, employment, and real estate market data to support development of Economic Development Strategies (Volume 3) and to evaluate market conditions for potential Mill Site reuse alternatives.
- **Volume 3: Economic Development Strategy.** This document presents a number of specific strategies and initiatives that the City of Fort Bragg can pursue to achieve the community’s vision for both economic development and Mill Site reuse goals. The strategies outlined in this document are based on community input, demographic and real estate trends, and the consulting team’s professional experience in other communities.
- **Volume 4: Economic Development Tools and Resources.** This document summarizes a range of public, private, and non-profit organizations that commonly provide funding, strategic, organizational, marketing, and other forms of support for economic development programs and initiatives.
- **Volume 5: Community Survey and Focus Group Results.** This report summarizes the results of a community survey, 11 focus groups, and 12 key informant interviews designed to identify reuse opinions and recommendations for the Mill Site.

Together, these documents provide a broad framework to identify, inform, and achieve the City’s and the community’s economic development goals and their vision for the Mill Site. While references to potential redevelopment opportunities at the Mill Site are made throughout this document, the information, analyses, and conclusions presented in this document apply to the City of Fort Bragg as a whole. Indeed, though the Mill Site reuse is an incredibly significant redevelopment opportunity, a successful economic development strategy must take a City-wide approach – one that recognizes that certain development and strategies will be well-suited for the Mill Site, and that others may be better suited for other parts of the City. Consequently, the Economic Development Strategies document (Volume 3) specifies which strategies apply to the City as a whole, to the Mill Site in particular, or to specific areas within the City (e.g., Noyo Harbor, etc.).

¹ In particular, this Background Report builds upon preliminary market information collected by Georgia-Pacific, and reported in an *Overview of Economic and Real Estate Market Opportunities and Constraints*, (the Sedway Group, July 2003), hereafter referred to as the “Sedway Report.” To avoid duplicating previous efforts, Georgia-Pacific authorized the consulting team to incorporate data presented in the Sedway Report. EPS verified the accuracy of any data referenced from the Sedway Report with original sources, and supplemented/updated data whenever possible and/or necessary.

1.2 METHODOLOGY

This Report was formulated through a series of steps:

1. Review of prior studies and plans for Fort Bragg and the Mill Site
2. The facilitation of 11 constituency focus groups
3. Key stakeholder interviews of 12 public representatives
4. Analysis of over 1,300 completed surveys from community and City residents with regard to community goals and Mill Site re-use preferences
5. Collection and analysis of economic and demographic data
6. Collection and analysis of real estate market data for a variety of potential land uses types
7. Interviews and data collection of current economic development activities in Fort Bragg and Mendocino County
8. Compilation of public and private economic development funding resources
9. Research and experience of the MIG consulting team regarding successful reuse projects and economic development efforts in other California cities of this size.

Together, these research and analytical tasks are used to develop an informed “snapshot” of the economic future the Fort Bragg community envisions for itself, and the real estate market realities it must face to achieve that vision.

1.3 REPORT ORGANIZATION

This report is divided into five Chapters and four Appendices. This Chapter introduces the goals, purpose, methodology, and structure of the report. **Chapter II** provides a brief overview of the physical, demographic, and economic conditions on the North Coast region and in the City of Fort Bragg. **Chapter III** summarizes the results of a community visioning process designed to identify key desires, opportunities, and constraints related to future economic and physical development in Fort Bragg. **Chapter IV** briefly outlines key demographic and labor force trends and conditions that form the basis for the economic and market analyses. **Chapter V** assesses real estate market conditions for a range of potential land uses, including a number of uses identified during the community visioning process as well as “traditional” uses that were included based on professional experience. Chapter V also includes a retail sales “leakage” analysis, which identifies current retail supply relative to demand and spending capacity.

Supporting documentation and more complete catalogues of available resources are attached as Appendices. **Appendix A** lists and describes existing documents that were reviewed and that are referenced throughout this report. **Appendix B** summarizes data and calculations used in the retail leakage analysis.

2 REGIONAL OVERVIEW

This section provides a general description of some of the primary physical, demographic, and economic characteristics of the North Coast region and the City of Fort Bragg. This overview is intended to provide the backdrop for the more detailed demographic and market analyses presented in the following chapters. In particular, this section includes a discussion of key “opportunity areas” in Fort Bragg – the areas within which the majority of the economic development strategies and targeted real estate development discussed throughout this report will likely take place.

2.1 THE MENDOCINO COAST

From a physical standpoint, Fort Bragg sits upon one of the most spectacular sections of the California coastline, one of the primary draws for both residents and visitors. Ample amounts of surrounding open space, State Parks, and recreational opportunities create a strong regional destination. From a visitor-serving perspective, the region’s image is strongly associated with the “Mendocino Coast” brand, which connotes romantic getaways, quaint but luxurious accommodations and dining, and opportunities for outdoor exploration.

From an economic standpoint, the region has historically depended largely on resource extraction industries, but is increasingly following the trend of Mendocino Village and becoming more dependent on the visitor-serving economy. The regional population of the Mendocino Coast extends from the town of Elk to the south to the town of Westport to the north, and includes approximately 23,000 total residents – about 16,000 in the unincorporated County and about 7,000 in the City of Fort Bragg. The entire coast is relatively remote: a 2 -4 hour drive is required from the nearest population centers (Santa Rosa; the Bay Area), and there are no commercial airports or passenger-serving seaports anywhere between San Francisco and Eureka. The major transportation access points are Highway 1, Highway 20, and Highway 128, all two-lane winding roads that are still frequented by large logging trucks. From an information technology standpoint, Mendocino Village and areas to the south recently received DSL service, which is expected to extend to Fort Bragg in several months.

2.2 CITY OF FORT BRAGG

The City of Fort Bragg is a vibrant small town that serves as the primary commercial and employment center for the Mendocino Coast. With a population just over 7,000, Fort Bragg is also the largest coastal community between San Francisco and Eureka. Though the logging and fishing industry have historically been the center-pins of the local and regional economies, Fort Bragg is increasingly transitioning from a resource-based to a visitor-serving economy. As a visitor destination, Fort Bragg still maintains a “blue collar” image relative to that of the town of Mendocino, approximately 10 miles to the south.

Fort Bragg is an ideologically diverse community, whose citizens include commercial loggers, active environmental advocates, baby boomer retirees, and everything in between. This diversity has formed a politically involved community that is accepting of a range of perspectives – a small town with unique character of acceptance and community participation.

From a physical perspective, the City extends from the junction of Highway 20 and Highway 101 to the south to about a mile north of Pudding Creek. The primary urban concentration lies between the Noyo River and Pudding Creek. The town is essentially laid out on a grid system, with Highway 1 forming the central north-south linkage and commercial backbone. The majority of residences are located east of Highway 1. The Georgia-Pacific Mill Site occupies virtually the entire coastline between the Noyo River and Pudding Creek, representing roughly one-third the land area of the entire City.

2.2.1 Key Opportunity Areas

From an economic development perspective, the City of Fort Bragg consists of a discrete number of key “nodes” or “opportunity areas” that function uniquely within the overall economic and community structure. While the market assessments and economic development tools described throughout the remainder of this report generally apply to the City as a whole (as opposed to only a specific area within the City), certain strategies, tools, or development types will be more successful in some areas of the City than in others. In this context, it is important first to review the different “opportunity areas” that exist in Fort Bragg, to describe their location and characteristics, and to consider the economic development roles they play alone and in combination with one another.

The Downtown

Fort Bragg’s community image and identity is centered around the downtown – an area of commercial and City government activity with a “core” bounded roughly by Alder, Laurel, Main, and Franklin Streets. The downtown exudes a “small town” feel, with walkable streets, diverse architecture, and a collection of independent stores that combine to create a truly unique commercial environment. The downtown serves as the primary tourist destination, as well as the community center for most local government functions. The community has officially recognized the importance of the downtown by adopting in 2002 a “Downtown Fort Bragg Implementation Program,” a document intended to guide downtown investment and revitalization efforts. Because the downtown serves such an important community, civic, and commercial function, care must be taken to ensure that future economic development strategies (i.e., encouraging retail development in other parts of the City) do not out-compete existing downtown businesses. Indeed, a primary role of future economic development strategies should be to improve and enhance both resident- and visitor-serving opportunities in the downtown area, and to provide funding for further downtown revitalization efforts.

The Georgia Pacific Mill Site

Occupying more than one-third the total land area of the City as well as its entire coastline, the Georgia-Pacific Mill Site reuse represents the single largest redevelopment opportunity the City of Fort Bragg will ever face. Spanning the length of the City from the Noyo River to Pudding Creek, the Mill Site can accommodate a range of potential site uses to be discussed throughout this document. Parts of the Mill Site border other existing “opportunity areas,” including the harbor, Highway 1 commercial areas, and the downtown, providing the potential to expand and improve these key nodes. Public open space, view corridors, and a coastal trail will be key components of any redevelopment plan as well, offering the chance for Fort Bragg residents and visitors to access the City’s coastline for the first time. Given the size of the Mill Site, the City’s distance from nearby urban centers, and a relatively small local population, it is likely that the Mill Site will be developed over a number of years.

Noyo Harbor

Noyo Harbor is the primary North Coast harbor between Bodega Bay and Eureka, and has served an important economic function throughout Fort Bragg’s history. Since the decline of the logging and fishing industries, the harbor’s role in the region’s overall economy has diminished, though a number of sight-seeing, and commercial and sport fishing operations still operate from the harbor. Noyo Harbor actually consists of two harbors: a larger harbor near the mouth of the Noyo River just east of the Highway 1 Bridge, and a smaller harbor about two-thirds of a mile upriver. The larger harbor is the primary commercial harbor, with more developed industrial infrastructure, larger slips, and a combination of relatively expensive seafood restaurants and marine-related commercial uses. The smaller harbor consists primarily of boat slips and piers, and includes a collection of lower-end housing and mobile homes in the surrounding area. The Noyo River empties into Noyo Bay, a scenic but poorly-sheltered coastal bay with a small beach on the northern shore. The harbor’s historical and cultural roles and its continued function as an operating seaport suggest future site

uses may include expanded recreational and/or research ventures, cultural attractions, and a revitalized commercial center with higher-end dining, lodging, and commercial establishments.

Highway 20 "Gateway"

The junction of Highway 20 and Highway 1 forms the southern entrance/terminus to the City of Fort Bragg. As the majority of traffic – resulting from the local trade area population and visitors – arrives from the south, this intersection essentially serves as the “gateway” to Fort Bragg. This gateway currently contains a diverse mixture of commercial uses including chain and independently-owned restaurants, overnight lodging, and retail shops. At present, it also contains a considerable amount of undeveloped land. To the extent that future economic development strategies call for new regional-serving retail uses, the gateway location would allow the regional population to shop more quickly here than in the central City and to avoid contributing to seasonal traffic. These potential convenience benefits would have to be balanced with perceived shortcomings associated with a heavily commercialized City gateway.

Highway One Corridor North

The Highway 1 corridor north of Pudding Creek can be considered a functionally separate “opportunity area” due to its geographic separation from the central City and due to its commercial mix, which is generally different from the rest of the Highway 1 corridor. The north corridor consists of about a 1.25 mile section from Pudding Creek to the City’s northern terminus. After crossing the creek, there is a heavy concentration of mid- to low-end motels, the majority on the west side of the road. MacKerricher Beach State Park also spans much of the coastline west of Highway 1 along this northern stretch of town. To the east of Highway 1 and further north along the corridor the commercial mix shifts to a variety of local-serving and industrial uses, including auto repair and construction materials processing and sales.

3 COMMUNITY VISIONING PROCESS AND RESULTS

This section summarizes the community visioning process conducted between January and May 2004. This process consisted of essentially two phases. In January and February of 2004, 11 focus group interviews and 12 key informant interviews were conducted to gauge community opinions and preferences regarding re-use of the Georgia-Pacific Mill Site. Based in part on information obtained during these interviews, a two-page written survey was developed and distributed to all Mendocino Coast residents to gauge the community's vision for Fort Bragg's future, and to measure interest in potential redevelopment options (e.g., housing, retail, etc.) at the Mill Site. A brief description of each component is provided below.

3.1 FOCUS GROUP AND KEY INFORMANT INTERVIEWS

A complete discussion of methodology, results, and conclusions of the focus group and key informant interviews can be found in the companion document, *Volume 5: Community Survey and Focus Group Results*.

3.1.1 Focus Group Methodology

City of Fort Bragg staff identified 11 separate focus groups, which were organized by affinity, to be interviewed as part of the community visioning process. The focus groups included 66 individuals, comprised of representatives from area business, education, housing, social services, neighborhoods, real estate and development, arts, preservation, and environmental communities, among others. Participants were questioned about their vision and goals for Fort Bragg, desirable and undesirable Mill Site activities, and concerns and recommendations for the process as the City moves forward.

3.1.2 Key Informant Methodology

Similarly, City staff identified 12 key informants, who were interviewed separately with open-ended questions concerning economic trends, goals, and objectives for reuse of the Mill Site. The following individuals were interviewed: Mayor Jere Melo; City Council members Dan Gjerde, Dave Turner, Lindy Peters and Brian Baltierra; Planning Commissioners Georgia Lucas, Rob Borcich, Don Snyder and Jerry Matson; Mendocino County Board of Supervisor Patti Campbell; Pomo elder Harriet Rhoades; and Tony Shaw, the Mendocino County Economic Development Coordinator. The results of the confidential, one-on-one interviews are summarized below and in the *Volume 5* report, referenced above.

3.1.3 Results and Conclusions

There was remarkable congruence among residents, business owners, non-profits and politicians with regard to priorities for the G-P Mill Site re-use. A summary of general conclusions gleaned from both focus group participants and key informants is provided below.

Development Priorities for Fort Bragg

The most frequently mentioned priorities for Fort Bragg as a whole included:

- Diversification of the employment base and increase the number of well-paying jobs
- New development should build upon and respect Fort Bragg's small town character
- Support of tourism and destination uses

Economic Development Challenges

Focus group participants, City Council members, and planning commissioners mentioned a wide variety of challenges currently facing Fort Bragg. Common themes included:

- The long entitlement process for the G-P Mill Site property.
- The difficulty of developing consensus regarding re-use options as “everyone knows exactly what should be done and is absolutely sure that they know best.”
- The cultural and political divisions in the community, particularly between “old timers and new comers” and “insiders vs. outsiders.”
- High transportation costs and lack of rail service which may limit job growth.
- The City’s limited financial means to address a wide variety of infrastructure needs, including: repair, replacement, and/or development of city water system, sewer system, streets, storm drain system, and other infrastructure.
- High housing prices and lack of housing affordability.
- The continued loss of well-paying jobs.
- Capital-improvement fees that represent a financial burden to new commercial development.

Re-Use Options for the Georgia-Pacific Mill Site

Focus group participants and key informants clearly supported a number of new uses for the Mill Site, including:

- A coastal bluff walking trail and central park along Soldier’s Bay
- A fine arts center
- A resort hotel and conference center within walking distance of downtown
- A marine sciences lab and/or a college
- A mix of housing on the site, including moderate income and timeshares
- Light industrial uses
- Development which respects the character of downtown
- A development project that integrates into the existing town and does not compete with the current downtown area
- A museum

Additionally, focus group participants and key informants were fairly unified in their opposition to some re-use options for the site including:

- Big box retail
- Casino
- Theme park
- A State Park covering the entire site
- Luxury housing as an exclusive re-use option
- A gated community
- Heavy industrial

3.2 COMMUNITY SURVEY

A complete discussion of the methodology, results, and conclusions of the community survey can be found in the companion document, *Georgia-Pacific Mill Site Community Survey Summary* (MJC, May 2004). A summary of methodology and results is provided below.

3.2.1 Methodology

A two-page survey was developed and distributed to residents of Fort Bragg and the Mendocino Coast. A copy of the survey was included in monthly utility bills and in circulated copies of the Fort Bragg Advocate and the Mendocino Beacon. Both English and Spanish versions of the survey were circulated. Over 1,100 copies of the survey were returned and tabulated.

The goal of the survey was to seek broad community input and/or identify community consensus about the future of Fort Bragg and to seek more specific feedback on potential re-use alternatives of the Georgia-Pacific Mill Site. The following categories of questions were included:

- **Demographic Information.** Basic demographic data were collected, such as place of residence, age, gender, household income, and ethnicity.
- **Level of Involvement in Mill-Site Planning Process.** Respondents were asked to indicate how closely they had followed and/or participated in the Mill Site planning process.
- **Vision for the City of Fort Bragg.** Respondents were asked to select *one* of the following future “visions” for the City of Fort Bragg:
 - “A working town with a diversified economy and well-paying jobs”
 - “A hub for the Mendocino Coast”
 - “A destination town that supports tourism”
 - “A sustainable community that celebrates and enhances the natural environment”
- **Mill Site Re-Use Alternatives.** Respondents were asked to indicate on a five-point scale (“strongly oppose” to “strongly support”) their level of support for approximately 40 specific site re-use alternatives (e.g., single family homes, affordable housing, light industrial, chain retail, etc.). Respondents were also asked to indicate their three preferred re-use ideas and the three re-use alternatives they most strongly oppose.

3.2.2 Results

Respondent Demographics

66 percent (or 883) of the returned surveys were completed by Fort Bragg residents, representing over 12 percent of the total Fort Bragg population. Remaining respondents were composed of North Coast residents (25 percent), inland County residents (4 percent), and visitors (1 percent). Survey respondents were more likely to be female, older, and white, and have a higher median household income than the typical Fort Bragg resident. Most survey participants had previously been involved or remained informed of the Mill Site reuse process through newspaper reports (58 percent) and attending community and/or City Council meetings (16 percent). Due to self-selection bias, the survey is not considered a scientifically representative sample of the Fort Bragg population.

Findings

There was little variation between survey responses by Fort Bragg residents and those by other respondents. The only noticeable difference is that Fort Bragg residents, male respondents, and respondents with lower median incomes are more likely to support job-generating uses at the Mill Site than the broader respondent pool. Following are key findings based on the entire survey sample:

- **Community Vision.** Respondents want to see Fort Bragg retain its working town character and economy.
- **Housing.** Respondents generally supported housing at the Mill Site, with the strongest support for senior, affordable, moderate income, and single family housing. Less support was expressed for high-end housing and vacation rentals.

- **Open Space.** Nearly all respondents supported incorporation of open space uses at the Mill Site, with the strongest support shown for a coastal trail, a central promenade, an outdoor public events venue, and undeveloped/recreational open space uses.
- **Businesses & Jobs.** Respondents generally supported job-generating uses at the Mill Site, with the strongest support offered for a marine research center, a woodworking school, a college campus, restaurants/cafes, a small business incubator, aquaculture, and light industrial uses. General opposition was indicated for a casino, big box retail, heavy industrial uses, and chain stores.
- **Visitor-Serving Uses.** Survey respondents expressed strong support for an arts center, a museum, and a conference center. Support for a resort hotel or golf course was moderated by opposition from some respondents.
- **Top Ten Favored Uses.** The top ten most favored uses, in order, were: coastal trail, open space, marine research center, college campus, promenade, affordable housing, art center, conference center/resort hotel, housing, and business/jobs.
- **Top Ten Least Favored Uses.** The ten least favored uses, in order, were: big box retail, casino, heavy industrial, housing, airport, chain stores, theme park, golf course, high-end housing, and hotels

4 LABOR FORCE TRENDS AND CONDITIONS

This section describes demographic, educational, employment, and socio-economic trends and conditions in Fort Bragg and the Mendocino Coast. The information presented below is based both on independent research conducted as part of this report and on information included in the documents described in **Appendix A**.

4.1 RESIDENTS

4.1.1 City of Fort Bragg

According to the 2000 Census, the City of Fort Bragg's population consists of 7,026 residents, which represents approximately 8 percent of the County's total population. Population growth over the last 10 years averaged approximately 1.5 percent per year, which although slow is more than double the average annual growth rate for the County as a whole. Demographic projections developed by Claritas suggest that population growth will slow gradually to about 1.2 percent annually, which would add about 590 new residents by 2007.

Table 1 shows demographic characteristics of the 1990 and 2000 Fort Bragg population. As shown, in 2000 residents between the ages of 25 and 44 constituted the largest age cohort (30 percent), followed by those under the age of 17 (25 percent). Compared to 1990, the proportion of residents in the 45-64 year old age class was the only cohort to show an increase by 2000; all other age classes declined relative to the total population. This trend is projected to continue, with all age cohorts showing a proportionate decline except the 45-65 age class. This trend is consistent with anecdotal demographic reports: an aging local population that continues to reside in Fort Bragg, younger residents leaving Fort Bragg for other areas, and an increasing influx of aging "baby boomers" from other locations.

The Fort Bragg population is primarily Caucasian – about 80 percent – with the remaining population consisting primarily of residents of Hispanic/Latino origin. With a 6.7 percent rate of growth between 1990 and 2000, the annual growth rate for Hispanic/Latino residents was more than four times greater than the growth rate for the general population. This demographic trend is expected to continue, with the Caucasian population expected to decline from about 80 percent to about 76 percent of the total population between 2000 and 2007.

As shown in **Table 2**, there were approximately 2,900 households in Fort Bragg in 2003. U.S. Census estimates indicate that roughly two-thirds of households in the year 2000 consisted of two people or fewer. The average household size in 2003 was 2.34 persons, which is lower than the County average of 2.51 persons-per-household.

4.1.2 North Coast "Trade Area"

Because the City of Fort Bragg is the primary retail center for much of the Mendocino Coast, this report defined a "trade area population" to analyze regional retail spending patterns. The trade area population includes residents of the surrounding towns and unincorporated County who are likely to travel to Fort Bragg to make some portion of their purchases. Fort Bragg's trade area population is estimated to extend from the town of Elk in the south to the town of Westport in the north – an area that contains roughly 15,700 residents according to the County Planning Department. Detailed demographic data and projections about this population were unavailable.

Table 1
Demographic Trends and Conditions in Fort Bragg and Mendocino County
Fort Bragg Economic Development Background Report

Location / Measure	Year						Average Annual Growth Rate		Projected "New" Residents by 2007
	1990 (1)		2000 (1)		2007 (2)		('90-'00)	('00-'07)	
	Number	%	Number	%	Number	%			
City of Fort Bragg									
Population	6,078	100%	7,026	100%	7,616	100%	1.5%	1.2%	590
Age 0 - 17	1,523	25%	1,731	25%	2,567	34%	1.3%	1.1%	183
Age 18 - 24	597	10%	653	9%			0.9%		
Age 25 - 44	1,907	31%	2,108	30%	2,078	27%	1.0%	-0.2%	-30
Age 45 - 64	1,071	18%	1,557	22%	1,923	25%	3.8%	3.1%	366
Age 65 and older	980	16%	977	14%	1,050	14%	0.0%	1.0%	73
Ethnicity (3)									
Caucasian	5,411	89%	5,583	79%	5,782	76%	0.3%	0.5%	199
Hispanic/Latino origin	833	14%	1,596	23%	2,070	27%	6.7%	3.8%	474
Estimated Fort Bragg "Trade Area" (4)			15,680	--	16,997	--	--	--	--
Mendocino County									
Population	80,345	100%	86,265	100%	92,873	100%	0.7%	1.1%	6,608
Age 0 - 17	21,952	27%	22,039	26%	30,685	33%	0.0%	0.8%	1,631
Age 18 - 24	6,081	8%	7,015	8%			1.4%		
Age 25 - 44	25,742	32%	22,093	26%	21,101	23%	-1.5%	-0.7%	-992
Age 45 - 64	15,669	20%	23,409	27%	28,633	31%	4.1%	2.9%	5,224
Age 65 and older	10,901	14%	11,709	14%	12,445	13%	0.7%	0.9%	736
Ethnicity (3)									
Caucasian	72,026	90%	69,671	81%	71,754	77%	-0.3%	0.4%	2,083
Hispanic/Latino origin	8,248	10%	14,213	16%	18,140	20%	5.6%	3.5%	3,927

(1) U.S. Census Bureau

(2) Claritas, Inc.

(3) Sum of populations by reported ethnicities may exceed total population due to individual's affiliating with multiple ethnicities.

Sources: U.S. Census Bureau; Claritas, Inc.; The Sedway Group; Economic & Planning Systems, Inc.

Table 2
Households and Household Size
Fort Bragg Economic Development Background Report

Item	Fort Bragg		Mendocino County	
	Number	%	Number	%
2003 Households (1)	2,877	--	34,118	--
Persons / Household	2.34	--	2.51	--
2000 Households (2)				
1-Person	1,016	36%	9,001	27%
2-Person	858	30%	11,497	34%
3-Person	413	14%	5,218	16%
4-Person	303	11%	4,178	13%
5-Person	153	5%	1,995	6%
6-Person	74	3%	804	2%
7-Person	43	2%	638	2%
Total	2,860	100%	33,331	100%
Persons / Household	2.35	--	2.53	--

(1) California Department of Finance (DOF)

(2) U.S. Census Bureau

Sources: DOF; U.S. Census Bureau; Claritas, Inc.; The Sedway Group; Economic & Planning Systems, Inc.

4.2 EMPLOYMENT & UNEMPLOYMENT

According to the 2001 County Business Patterns report, there were approximately 4,400 jobs in the City of Fort Bragg in 2000. Approximately 3,300 Fort Bragg residents were employed (both within and outside of the City) in 2003, which represents an unemployment rate of approximately 6.0 percent when compared to the total estimated labor force of roughly 3,500. Based on U.S. Census “journey to work” data, just over 60 percent of employed Fort Bragg residents work in the City, meaning that more than half of the jobs in Fort Bragg (about 54 percent) are held by residents of the unincorporated County. These data confirm Fort Bragg’s position as a regional employment center, and also highlight the fact that a number of jobs have “spilled over” into surrounding areas of the County. Employment data are summarized in **Table 3**.

Employment in Fort Bragg has historically been strong compared to the County as a whole. As shown in **Table 4**, the average annual unemployment rate in the City since 1990 is just over 7 percent, while the County has averaged about 8.5 percent unemployment over the same period. Unemployment in the City has been particularly low in recent years, ranging at or below 6.0 percent since 1999.

4.3 RESIDENT OCCUPATIONS

Table 5 shows the percentage breakdown of employed residents by job category in Fort Bragg and in the County as a whole. Relative to the County, a large percentage of Fort Bragg employees work for private companies owned by somebody else (about 70 percent in the City vs. 60 percent in the County); a smaller proportion of Fort Bragg employees work for government agencies or are self-employed than County-wide employees.

The largest employment sectors in the City are services (food, cleaning, maintenance, etc.), professional/management, sales/office, and transportation/production. Compared to the County, employment in the Fort Bragg food and maintenance sectors is very high (nearly one-third of resident occupations), while employment in the professional, office, and sales sectors is very low. Fort Bragg residents’ current occupational mix is weighted heavily on the low end of the wage spectrum, and relatively few residents are self-employed or own their own company in comparison to the County average.

4.4 EDUCATIONAL ATTAINMENT

Relative to the County as a whole, a large percentage of Fort Bragg residents above the age of 18 have completed high school, while a small percentage have earned a Bachelor’s degree or higher. In particular, a much higher percentage of County residents between the ages of 35 and 64 have attained a Bachelor’s degree or higher (over 42 percent) than have Fort Bragg residents (about 27 percent). Educational attainment for the 25 to 34 year old age cohort is much more similar between the City and the County. Educational attainment data are summarized in **Table 6**.

4.5 HOUSEHOLD INCOME

According to the U.S. Census Bureau, the median reported annual income in 2000 for Fort Bragg households was \$28,539. As shown in **Table 7**, approximately 45 percent of households earned less than \$25,000, about 31 percent earned between \$25,000 and \$50,000, and 24 percent earned greater than \$50,000. Historically, the Fort Bragg median income has increased about 1.5 percent per year since 1990, though it is projected to

Table 3
Fort Bragg Employment Data
Fort Bragg Economic Development Background Report

Item	Number	Source
Fort Bragg Jobs (1)	4,377	2001 County Business Patterns
Fort Bragg Labor Force (2)	3,500	EDD, 2003
Employed Residents (3)	3,290	EDD, 2003
% employed in FB (4)	61%	Census 2000
% jobs held by FB residents	46%	
Unemployment Rate (5)	6.0%	EDD, 2003

- (1) Total number of jobs in Fort Bragg, held both by Fort Bragg residents and non-residents
(2) Based on EDD estimates of working age population.
(4) Calculated based on U.S. Census bureau "journey to work" data.
(5) Unemployed residents divided by labor force.

EDD - California Economic Development Department

Sources: EDD; U.S. Census Bureau; Economic & Planning Systems, Inc.

Table 4
Historical Employment in Fort Bragg and Mendocino County
Fort Bragg Economic Development Background Report

Year	City of Fort Bragg			County of Mendocino		
	Employment	Labor Force (1)	Unemployment Rate	Employment	Labor Force	Unemployment Rate
1990	2,830	3,020	6.3%	35,940	38,890	7.6%
1991	2,740	3,000	8.7%	34,720	38,790	10.5%
1992	2,760	3,070	10.1%	35,040	39,920	12.2%
1993	2,840	3,130	9.3%	35,980	40,490	11.1%
1994	2,920	3,170	7.9%	36,980	40,880	9.5%
1995	2,950	3,200	7.8%	37,380	41,330	9.6%
1996	3,040	3,270	7.0%	38,500	42,090	8.5%
1997	3,100	3,320	6.6%	39,340	42,720	7.9%
1998	3,090	3,310	6.6%	39,250	42,610	7.9%
1999	3,080	3,260	5.5%	39,040	41,860	6.7%
2000	3,100	3,280	5.5%	39,370	42,160	6.6%
2001	3,170	3,360	5.7%	40,260	43,140	6.7%
2002	3,250	3,450	5.8%	41,190	44,370	7.2%
2003 (2)	3,290	3,500	6.0%	41,710	44,900	7.1%
Avg. Unemployment Rate, 1990-2003			7.1%	8.5%		

(1) Sub-county labor force is obtained by summing employment and unemployment, based on each area's 1990 Census Share of County Employment and Unemployment.

(2) 2003 Data is Preliminary Data for December 2003.

Source: EDD; Economic & Planning Systems, Inc.

Table 5
Employment by Occupation in Fort Bragg and Mendocino County
Fort Bragg Economic Development Background Report

Item	Fort Bragg		Mendocino County	
	Number	%	Number	%
Employed civilian population 16 and over	3,120	100%	38,575	100%
Employment by Job Type				
Private for-profit wage and salary workers	2,147	69%	22,901	59%
Employees of own corporation	20	1%	1,034	3%
Self-employed workers	284	9%	5,772	15%
Local government workers	248	8%	4,446	12%
State government workers	159	5%	1,661	4%
Federal government workers	<u>43</u>	<u>1%</u>	<u>852</u>	<u>2%</u>
Total government workers	450	14%	6,959	18%
Employment by Occupation				
Management, professional, and related occupations	621	20%	11,430	30%
Management, business, and financial operations occupations	195	6%	4,462	12%
Professional and related occupations	426	14%	6,968	18%
Service occupations	993	32%	7,512	19%
Food preparation and serving related occupations	512	16%	2,612	7%
Building and grounds cleaning and maintenance occupations	236	8%	1,946	5%
Sales and office occupations	519	17%	8,876	23%
Farming, fishing, and forestry occupations	162	5%	1,550	4%
Construction, extraction, and maintenance occupations	359	12%	4,221	11%
Production, transportation, and material moving occupations	466	15%	4,986	13%

Source: U.S. Census Bureau; Economic & Planning Systems, Inc.

Table 6
Education Attainment of Fort Bragg and Mendocino County Population
Fort Bragg Economic Development Background Report

Educational Attainment	Fort Bragg		Mendocino	
	Number	%	Number	%
Educational Attainment by Population Age 18 and older				
Less than high school graduate	1,152	22%	13,474	21%
High school graduate (incl. Assoc. Deg.)	3,565	67%	39,173	61%
<u>Bachelor's degree or higher</u>	<u>625</u>	<u>12%</u>	<u>11,695</u>	<u>18%</u>
Total	5,342	100%	64,342	100%
Percent Educational Attainment by Age Group				
High school graduate or higher				
25 to 34 years	--	74%	--	75%
35 to 44 years	--	81%	--	81%
45 to 64 years	--	89%	--	87%
65 years and over	--	76%	--	74%
Bachelor's degree or higher				
25 to 34 years	--	8%	--	10%
35 to 44 years	--	11%	--	15%
45 to 64 years	--	16%	--	27%
65 years and over	--	19%	--	20%

Source: U.S. Census Bureau; Economic & Planning Systems, Inc.

Table 7
Median Income by Household in Fort Bragg and Mendocino County
Fort Bragg Economic Development Background Report

Location / Measure	Year						Average Annual	
	1990 (1)		2000 (1)		2007 (2)		Growth Rate	
	Number	%	Number	%	Number	%	('90-'00)	('00-'07)
City of Fort Bragg								
Median Household Income	\$24,601	--	\$28,539	--	\$36,607	--	1.5%	3.6%
Households by Income Category:								
Income Less than \$25,000	1,234	51%	1,284	45%	1,046	34%	0.4%	-2.9%
Income \$25,000-\$49,999	844	35%	891	31%	951	31%	0.5%	0.9%
<u>Income \$50,000 and over</u>	<u>359</u>	15%	<u>686</u>	24%	<u>1,098</u>	35%	6.7%	7.0%
Total	2,437	100%	2,861	100%	3,095	100%	1.6%	1.1%
Mendocino County								
Median Household Income	\$26,443	--	\$35,996	--	\$42,488	--	3.1%	2.4%
Households by Income Category:								
Income Less than \$25,000	14,447	47%	11,517	35%	9,730	27%	-2.2%	-2.4%
Income \$25,000-\$49,999	10,354	34%	10,309	31%	11,515	32%	0.0%	1.6%
<u>Income \$50,000 and over</u>	<u>5,664</u>	19%	<u>11,505</u>	35%	<u>14,950</u>	41%	7.3%	3.8%
Total	30,465	100%	33,331	100%	36,194	100%	0.9%	1.2%

(1) U.S. Census Bureau

(2) Claritas, Inc.

Sources: U.S. Census Bureau; Claritas, Inc.; The Sedway Group; Economic & Planning Systems, Inc.

increase by about 3.6 percent per year through 2007. The 2000 median income for the County was \$35,996, about 26 percent greater than Fort Bragg's, and is projected to remain higher than Fort Bragg's through 2007.

These results are based on self-reported income data collected during the 2000 census. Based on anecdotal reports and on an apparent mismatch between income-based expenditure potential and actual retail sales (see the "Retail Leakage" section in **Chapter V**), it is likely that Fort Bragg residents earn a significant portion of their overall income from unreported sources, and that the actual median income is higher than \$29,000. The most likely additional sources of unreported income are "under the table" construction and contracting revenue and proceeds associated with the cultivation and sale of marijuana.

The nature of these potential revenue streams and the secrecy with which income recipients guard their personal information make it extremely difficult to estimate the percent of total income represented by unreported sources. Local residents informally estimate that unreported marijuana revenues range anywhere from 10 to greater than 30 percent of total income in the City. An exhaustive literature search was performed as part of this analysis, though very few academic studies were identified that yielded relevant data. One study – a 2000 report published by the National Organization for the Reform of Marijuana Laws – estimates that the farm value of marijuana cultivation in California ranges from roughly \$3.9 to \$8.3 billion dollars. **Table 8** shows a hypothetical calculation to illustrate the potential magnitude of this industry in Mendocino County. Assuming 10 percent of marijuana harvested State-wide comes from Mendocino County and that per-capita revenues are the same across the County, additional Fort Bragg household income could range from \$11,000 to \$23,000 per household – or between 28 and 45 percent of total income, respectively.²

4.6 SUMMARY

Fort Bragg's population is projected to grow more quickly than the County population, but to grow more slowly than it has over the past decade. The population is expected to age and to become more racially diverse. Employment numbers are strong, though many jobs are in the service and maintenance sectors, where wages are relatively low and professional growth opportunities relatively limited. Fort Bragg residents are relatively well educated to the high school level, though less well educated at the college level and beyond when compared with County averages. Median income levels in Fort Bragg are lower than the County median, though actual income is expected to be higher than reported due to marijuana cultivation and "under the table" income sources. These data support Fort Bragg's anecdotal image as a "blue collar" town that is becoming increasingly dependent on service- and visitor-oriented sectors, and which is attracting and retaining older residents.

² These assumptions likely underestimate actual marijuana revenues, as Mendocino County is one of the State's primary exporters of marijuana (likely producing more than 10% of the State's crop yield), and marijuana cultivation in the vicinity of Fort Bragg is more prevalent than in many other parts of the County (making a population-based distribution likely to underestimate actual local income).

Table 8
Hypothetical Calculation of Potential Marijuana Income in Mendocino County
Fort Bragg Economic Development Background Report

Item	Amount	
	Low	High
Retail Estimate of CA Marijuana Harvest (1)	\$6,500,000,000	\$13,800,000,000
Farm Value Estimate of Harvest (1)	\$3,870,000,000	\$8,260,000,000
Assumed Mendocino Share (2)	\$387,000,000	\$826,000,000
Trade Area Population as % of County	18%	
FB population as % of County	8%	
Estimated Trade Area farm value (3)	\$70,343,245	\$150,138,295
Estimated Fort Bragg farm value (3)	\$31,533,333	\$67,303,704
Potential marijuana revenue per Fort Bragg household	\$10,960	\$23,394
2000 reported Fort Bragg household	<u>\$28,539</u>	<u>\$28,539</u>
Estimated total "hypothetical" income	\$39,499	\$51,933
Marijuana percent of total "hypothetical" income	28%	45%
"Hypothetical" marijuana income as % of reported income	38%	82%

(1) National Organization for the Reform of Marijuana Laws (NORML), 2002.

(2) Assumes Mendocino County produces 10% of the State's marijuana yield.

(3) Assumes "hypothetical" marijuana revenues are distributed evenly within Mendocino County based on population.

Sources: NORML; Economic & Planning Systems, Inc.

5 MARKET ASSESSMENTS BY LAND USE TYPE

This section provides real estate market assessments for a variety of potential land use types in Fort Bragg. These assessments are intended to provide a general overview of the market potential and economic development implications for a range of potential land use types; the information provided below applies both to development potential at the Georgia-Pacific Mill Site and within the City at large. These assessments were based on research conducted by the consulting team, and on data presented in the Sedway Group's July 2003 report, *Overview of Economic and Real Estate Market Opportunities and Constraints*. Each assessment includes five general categories: a summary of the market evaluation; an analysis of demand; an analysis of supply; an assessment of the market prospects; and a discussion of the general implications of the particular land use from an economic development perspective.

The land use types evaluated in this section were selected based on a professional assessment of likely market strengths and on market segments that received specific mention in the public outreach phases (e.g., key informant interviews, community survey, etc.) described earlier in this report. The following market segments are addressed below:

- Lodging/Visitor Serving
- Retail
- Office
- Industrial
- Residential
- Golf Course
- College/University
- Marine Center
- Fine Arts Facility
- Performing Arts Facility

5.1 LODGING/VISITOR SERVING

Fort Bragg currently supplies the majority of affordable lodging options along the North Coast, yet it offers few higher-end rooms. The current lodging stock is characterized by average annual occupancy rates at or below 50 percent, indicating that the current supply of budget and moderate rooms is sufficient to meet demand for this product. However a luxury or resort hotel offers an attractive opportunity to increase tourism and expenditure capture of more affluent visitors who are not currently served by the Fort Bragg lodging market. A resort hotel could boost local job creation and generate significant revenues for the City of Fort Bragg from sales tax and transient occupancy tax (TOT) proceeds. The Mill Site's unique environmental assets and central location, the lack of local competition in the luxury niche, and likely growth in high-end lodging demand suggest good prospects for this development option.

5.1.1 Lodging Demand

Local lodging demand has generally shown a steady increase over the last decade, though average annual occupancy is relatively low due to the seasonality of the Fort Bragg tourist economy. Transient occupancy tax data collected from 1997 through 2001 indicate that during the five-year period total lodging receipts in Fort Bragg increased from approximately \$8 million to \$13.5 million per year – an average annual increase of more than 11 percent. While local operators estimate an average occupancy rate of around 50 percent, our analysis suggests that occupancy may be lower.³ As shown in **Table 9**, occupancy rates were estimated

³ Average 50 percent occupancy rate based on interviews conducted by the Sedway Group in 2003.

Table 9
For Bragg Lodging Receipts and Occupancy
Fort Bragg Economic Development Background Report

Tax Year	TOT Receipts	Lodging Receipts (1)	Avg. Room Rate (2)	Est. Overnight Stays (3)	Est. % Occupancy (4)
1997-98	\$807,053	\$8,070,530	\$102	78,987	25%
1998-99	\$898,946	\$8,989,460	\$105	85,418	27%
1999-2000	\$1,093,236	\$10,932,363	\$108	100,853	31%
2000-01	\$1,239,627	\$12,396,274	\$112	111,028	30%
2001-02	\$1,344,586	\$13,445,856	\$115	116,920	32%
Estimated Average Annual Occupancy					29%

(1) Derived from TOT receipts based on 10% TOT rate.

(2) 2001-02 room rate based on current inventory (see Table 10). Historical rates assume 3% annual inflation

(3) Lodging receipts divided by estimated average room rate. Assumes all rooms equally likely to be occupied, regardless of room rate.

(4) Overnight stays divided by total Fort Bragg lodging inventory (1,014 rooms), divided by 365 days per year.

Source: Sedway Group; Economic & Planning Systems, Inc.

by dividing annual sales per room by the average estimated room rate (e.g., \$115 per night in 2001-02). This calculation suggests that average annual occupancy in Fort Bragg was less than 30 percent over the same five-year period. Local operators confirm that occupancy has fallen in recent years, and speculate that this may be due to the completion of a number of new lodging facilities (13.4 percent of existing supply was added in 2001) and a general decline in State-wide tourism due to the cool economy and residual travel fears.

5.1.2 Lodging Supply

Current lodging supply in Fort Bragg consists of an estimated 1,014 rooms in 43 establishments. Though a complete catalogue of rooms by type or rate class was beyond the scope of this study, room survey information contained in the Sedway report was updated and supplemented to estimate lodging supply by rate class, as shown in **Table 10**. Based on this survey, it is estimated that approximately 77 percent of Fort Bragg rooms are “budget” accommodations (average nightly rates between about \$50 and \$150), 18 percent are “moderate” (between about \$80 and \$200 per night), while only about 5 percent are “luxury” (rates above \$175 per night). The weighted averages of the lowest and highest room rates at each hotel surveyed are \$76 and \$155 per night, respectively.

Similar data collected for lodging establishments in Mendocino Village indicate higher end accommodations and a significantly higher average room rate. Also shown in **Table 10**, the percentages of budget, moderate, and luxury units surveyed in Mendocino were estimated at 6, 80, and 15 percent, respectively. The weighted average room rates were approximately \$121 for the least expensive and \$250 for the most expensive unit offered at each establishment – approximately 60 percent more than Fort Bragg’s average.

5.1.3 Lodging Market Prospects

The Fort Bragg lodging supply currently captures the low end of the lodging market relative to Mendocino Village and the North Coast, which is consistent with Fort Bragg’s historical image as a “blue collar” town. Though average occupancy rates are typically low in seasonal tourist destinations (which must provide enough units to meet peak demand), rates at or below 50 percent suggest that the current supply of predominantly budget/moderate units is sufficient to accommodate demand for this product type. This is especially true given the recent construction of a number of new moderately priced units.

In contrast, there is relatively little supply of high-end luxury lodging accommodations in Fort Bragg. Continued growth in tourism, coupled with an aging “baby boomer” population (both nationally and in nearby population centers) that is relatively affluent and that finds itself with increasing amounts of leisure time, signal strong market potential for this site use. While Mendocino Village currently has a critical mass of luxury accommodations and supporting high-end retail, the site characteristics of the Mill Site along with Fort Bragg’s historical, recreational, and family-oriented options could make a higher-end product extremely competitive. A facility that incorporates lodging, conference, and “healing” services (e.g., massage, yoga, etc.) in a well-designed building that integrates with the natural environment, would be most likely to appeal to existing residents while garnering strong market support. Finally, the addition of new luxury lodging options would avoid competition with existing local low and moderate end lodging supply.

5.1.4 Economic Development Implications

A luxury or resort hotel represents an extremely attractive use of the Mill Site from an economic development perspective. The Fort Bragg economy is transitioning to a visitor and service base, and job creation in this setting will depend in part on the City’s ability to attract new visitors. Furthermore, given Fort Bragg’s remote location and the travel time from population centers, the tourist economy must focus on overnight visitors in particular. A resort hotel represents one of the City’s best opportunities to attract consumers with high expenditure potential, which will also support job creation in both the retail and services sectors.

Table 10
Lodging Inventory by Rate Class in Fort Bragg and Town of Mendocino
Fort Bragg Economic Development Background Report

Rate Class (1)	Establishments		Rooms		Average Room Rate (3)		
	Number	Percent	Number (2)	Percent	Low	High	Mid-Point
City of Fort Bragg							
"Budget"	25	58%	641	77%	\$56	\$134	\$95
"Moderate"	17	40%	153	18%	\$99	\$178	\$138
"Luxury"	<u>1</u>	<u>2%</u>	<u>39</u>	<u>5%</u>	<u>\$175</u>	<u>\$275</u>	<u>\$225</u>
Total	43	100%	833	100%	--	--	--
Weighted Avg. (4)	--	--	--	--	\$76	\$155	\$115
Town of Mendocino							
"Budget"	8	14%	25	6%	\$72	\$116	\$94
"Moderate"	41	69%	351	80%	\$114	\$246	\$180
"Luxury"	<u>10</u>	<u>17%</u>	<u>65</u>	<u>15%</u>	<u>\$185</u>	<u>\$375</u>	<u>\$280</u>
Total	59	100%	441	100%	--	--	--
Weighted Avg. (4)	--	--	--	--	\$121	\$250	\$185

(1) Lodging establishments were classified by the following general room rate categories:

"Budget" - approximately \$50 to \$150 per night

"Moderate" - approximately \$80 to \$200 per night

"Luxury" - rates above approximately \$175 per night.

(2) The number of rooms was not available from all establishments; reported total is less than actual inventory.

Rate class distribution of reported rooms is assumed to accurately represent distribution of total lodging supply.

(3) Average reported low and high room rates for each class of lodging establishment.

(4) Weighted by number of rooms.

Source: Sedway Group; Economic & Planning Systems, Inc.

A resort hotel development would also generate a number of new jobs directly, although many of them will be relatively low-paying positions (e.g., housekeeping, groundskeeping, etc.).

In addition to being a potential catalyst for job creation, a resort hotel represents the highest source of tax-generation-per-acre of all potential land uses considered in this report. As a source of both TOT and increased sales tax associated with comparatively high expenditure potential, a luxury hotel has the potential to generate a positive net fiscal balance for the City of Fort Bragg, and to support a number of associated Site uses (e.g., restaurants, specialty retail, and services). The “threshold” criteria for locating a large-scale resort hotel may represent a key hurdle: development of such ventures involves considerable cost and risk, and financially feasible projects typically include upwards of 300 rooms in multiple story buildings with significant amounts of surrounding open space and other amenities.

5.2 RETAIL

The Fort Bragg retail market reflects an economy in transition. Local spending constitutes the bulk of annual retail sales and spending is relatively stable throughout the year. At the same time, per capita retail sales exceed the County average, but are below those in more established visitor-serving destinations, signaling an emerging visitor-serving retail sector. A sales leakage analysis suggests opportunities may exist to better capture of local expenditures on “comparison” goods, though some of these sales will always “leak” to larger retail centers (e.g., Ukiah). In the short term, retail supply appears sufficient to meet current demand. In the long term, the prospects for comparison and higher-end retail uses appear strong, so long as complementary development (i.e., lodging, etc.) generates additional retail demand.

5.2.1 Retail Demand

The bulk of annual sales are currently made by residents of Fort Bragg and the surrounding trade area. Reported sales tax revenue statistics were segregated by retail category (see **Table 11**). Based on fixed assumptions of percent taxable sales by category, estimates of total retail spending by sector were developed, as shown in **Table 12**. As illustrated, “convenience” and “comparison” retail sectors represent approximately 52 and 31 percent of total estimated annual sales, respectively, while “specialty” retail – a strong sector in established visitor-serving economies – constitutes only 7 percent. Retail sales data also indicate relatively little sales differentiation by quarter, suggesting that local spending plays a larger role in total sales patterns than seasonal tourist spending.

The Fort Bragg economy exhibits more retail activity per-capita than the County as a whole and than many other visitor-serving destinations. As shown in **Table 13**, total taxable retail sales in Fort Bragg in 2002 were approximately \$98 million, or roughly \$14,000 per Fort Bragg resident. This amount is well above the County average (roughly \$8,700 per capita) and above many other visitor-serving destinations. High per-capita retail spending in Fort Bragg is likely due both to the emerging visitor-serving economy, and to the City’s status as a regional retail hub for the entire North Coast.

Demand for retail space appears healthy, but transaction data do not suggest a period of strong expansion. Retail lease rates are reported to range between \$1.00 and \$2.50 per sqft (NNN), which is slightly higher than office lease rates for similar space. As shown in **Table 14**, sales prices for retail space are reported to range from \$33 to \$104 per square foot, with restaurant properties commanding higher sales prices than other types of retail space. Property sales data indicate that retail properties for sale over the last 5 years have remained on the market for nearly a full year, signaling that current supply may be sufficient to meet demand. Finally, the retail market in Mendocino Village is characterized by comparatively high-end stores that cater more to a tourist market than Fort Bragg retail outlets. This difference is highlighted by the fact that lease rates and sales prices for retail space in Mendocino Village are approximately three times higher than similar measures for Fort Bragg, with retail properties staying on the market roughly 60 percent as long (see **Table 15**).

Table 11
Sales Tax Receipts by Category
Fort Bragg Economic Development Background Report

Category (1)	Sales Tax Receipts (2)					% Retail Subtotal
	3Q, 2002	4Q, 2002	1Q, 2003	2Q, 2003	Total	
Restaurant & Bar	\$54,581	\$37,805	\$36,178	\$43,581	\$172,136	14%
<u>Convenience Retail</u>						
Groceries	\$48,485	\$49,600	\$36,341	\$41,713	\$176,138	
Alcohol & tobacco	\$963	\$833	\$833	\$922	\$3,551	
Household supplies	\$0	\$0	\$0	\$0	\$0	
Gasoline & auto repair	\$50,737	\$42,134	\$35,626	\$42,878	\$171,374	
Health care & drugs	<u>\$22,599</u>	<u>\$26,143</u>	<u>\$22,003</u>	<u>\$26,870</u>	<u>\$97,615</u>	
"Convenience" subtotal	\$122,784	\$118,710	\$94,803	\$112,383	\$448,678	35%
<u>Comparison Retail</u>						
Auto sales	\$17,014	\$15,777	\$12,985	\$21,355	\$67,132	
Furniture & appliances	\$10,372	\$11,153	\$9,220	\$10,754	\$41,500	
Apparel	\$3,330	\$3,632	\$2,500	\$3,263	\$12,725	
Building Supplies & Landscaping	\$103,275	\$91,079	\$82,255	\$93,814	\$370,423	
Other Comparison	<u>\$7,854</u>	<u>\$10,611</u>	<u>\$6,965</u>	<u>\$8,472</u>	<u>\$33,901</u>	
"Comparison" subtotal	\$141,845	\$132,252	\$113,925	\$137,658	\$525,681	41%
Specialty Retail	\$32,018	\$43,409	\$21,354	\$27,368	\$124,148	10%
Subtotal Retail Receipts	\$351,228	\$332,176	\$266,260	\$320,990	\$1,270,643	100%
<u>Other Expenditures</u>						
Business to Business	\$0	\$0	\$0	\$0	\$85,171	--
Medical Services	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$9,549</u>	--
Subtotal Other Receipts	\$0	\$0	\$0	\$0	\$94,720	--
Total Sales Tax Receipts	\$351,228	\$332,176	\$266,260	\$320,990	\$1,365,363	--

(1) Sales tax receipts were categorized based on store type and function, as described in the report text.

(2) From *Sales Tax Analysis and Reporting Service for the City of Fort Bragg* (confidential), MBIA, 2nd Quarter 2003.

Sources: MBIA; Economic & Planning Systems, Inc.

Table 12
Estimated Total Fort Bragg Retail Spending by Category
Fort Bragg Economic Development Background Report

Category (1)	Estimated Retail Sales (2)				Total	% Distribution by Category
	3Q, 2002	4Q, 2002	1Q, 2003	2Q, 2003		
Restaurant & Bar	\$5,458,100	\$3,780,500	\$3,617,800	\$4,358,100	\$17,213,600	10%
Convenience Retail	\$23,895,961	\$23,905,928	\$18,512,996	\$21,724,310	\$88,038,787	52%
Comparison Retail	\$14,184,500	\$13,225,200	\$11,392,500	\$13,765,800	\$52,568,100	31%
<u>Specialty Retail</u>	<u>\$3,201,800</u>	<u>\$4,340,900</u>	<u>\$2,135,400</u>	<u>\$2,736,800</u>	<u>\$12,414,800</u>	<u>7%</u>
Total	\$46,740,361	\$45,252,528	\$35,658,696	\$42,585,010	\$170,235,287	100%
% Distribution by Quarter	27%	27%	21%	25%	100%	

(1) See Table 11 and report text for description of sales within each category.

(2) Calculated based on sales tax receipts (Table 11), and a City tax share of 1.0%. Assumes the percent of total sales that are taxable are:
100% for restaurant sales; 33% for food/grocery sales; 95% for gas/service stations sales; and 60% for health care spending.

Sources: MBIA; Economic & Planning Systems, Inc.

Table 13
Sales Tax Receipts per Capita in Visitor-Serving Destinations
Fort Bragg Economic Development Background Report

City	2002 Population	Taxable Retail Sales (2002)		
		Total Sales (1) (\$1,000s)	Sales per- Capita	% of Fort Bragg
Capitola	9,949	\$436,089	\$43,832	316%
Carmel-by-the-sea	4,133	\$160,205	\$38,762	279%
Eureka	25,866	\$568,916	\$21,995	159%
St. Helena	6,069	\$128,888	\$21,237	153%
Ukiah	15,544	\$306,854	\$19,741	142%
San Luis Obispo	44,256	\$781,657	\$17,662	127%
Sebastopol	7,787	\$121,379	\$15,587	112%
Monterey	29,649	\$452,785	\$15,272	110%
Santa Barbara	89,382	\$1,270,806	\$14,218	102%
Fort Bragg	7,029	\$97,520	\$13,874	100%
Sausalito	7,294	\$88,136	\$12,083	87%
Santa Cruz	53,836	\$627,111	\$11,649	84%
South Lake Tahoe	23,973	\$256,370	\$10,694	77%
Calistoga	5,296	\$55,714	\$10,520	76%
Truckee	14,630	\$152,457	\$10,421	75%
Laguna Beach	24,169	\$250,433	\$10,362	75%
Napa	75,032	\$726,229	\$9,679	70%
Mendocino County	87,240	\$758,790	\$8,698	63%
Arcata	16,663	\$96,815	\$5,810	42%

Sources: California State Board of Equalization; RAND; Economic & Planning Systems, Inc.

Table 14 (1)
Commercial Property sales in Fort Bragg by Category
Fort Bragg Economic Development Background Report

Year	Business Name	Use	Sales Price	Lot Size (Acres)	Approx.. Sq. Ft.	Sale Price Per Sq. Ft.	DOM (2)
1998	N/A	Industrial	\$115,000	0.67	N/A	N/A	1,683
1998	N/A	Industrial	\$110,000	0.83	N/A	N/A	1,683
2000	J&G Auto Repair and Part	Industrial	\$140,000	N/A	N/A	N/A	12
2000	N/A	Industrial	\$770,000	0.69	13,200	\$58	183
2002	Eureka Fisheries	Industrial	\$700,000	N/A	N/A	N/A	199
	Industrial Average		\$367,000	0.73	13,200	\$58	752
1998	Country Inn	Lodging	\$415,000	0.23	N/A	N/A	N/A
2001	Oaks Motor Inn	Lodging	\$450,000	0.25	N/A	N/A	155
2001	Grey Whale Inn	Lodging	\$995,000	0.69	15,000	\$66	118
2002	N/A	Lodging	\$205,000	0.16	2,000	\$103	117
2002	Old Stewart House Inn	Lodging	\$505,000	N/A	N/A	N/A	503
2002	Salmon Inn	Lodging	\$385,000	0.39	N/A	N/A	723
2002	Mendocino Bay Trading	Lodging	\$475,000	0.18	N/A	N/A	674
	Lodging Average		\$490,000	0.32	8,500	\$84	382
1998	N/A	Other	\$393,500	N/A	N/A	N/A	82
1999	Cypress Professional	Other	\$220,000	N/A	N/A	N/A	9
1999	N/A	Other	\$215,000	0.29	5,462	\$39	43
1999	Holmes Chiropractic	Other	\$114,500	0.09	1,200	\$95	1,154
1999	N/A	Other	\$165,000	0.14	1,500	\$110	2,117
2000	N/A	Other	\$925,000	0.61	13,550	\$68	43
2000	N/A	Other	\$465,000	N/A	11,000	\$42	100
2000	N/A	Other	\$420,000	0.26	9,000	\$47	326
2000	N/A	Other	\$253,000	N/A	N/A	N/A	404
2000	N/A	Other	\$86,250	0.21	780	\$111	495
2000	N/A	Other	\$144,500	0.20	1,200	\$120	78
2002	Branesky's	Other	\$300,000	0.31	N/A	N/A	913
2003	N/A	Other	\$182,000	0.17	9,000	\$20	30
2003	N/A	Other	\$385,000	0.10	2,950	\$131	408
	Other Average		\$304,911	0.24	5,564	\$78	443
2001	Ship's Wheel	Restaurant	\$300,000	0.17	N/A	N/A	1,004
2002	N/A	Restaurant	\$1,101,000	0.56	4,400	\$250	3
1998	N/A	Retail	\$110,000	0.11	3,300	\$33	491
1999	N/A	Retail	\$300,000	0.11	4,389	\$68	17
1999	N/A	Retail	\$181,000	0.21	2,732	\$66	64
1999	N/A	Retail	\$166,000	0.17	3,000	\$55	181
2000	Bernellio's Pizza	Retail	\$125,000	0.11	1,200	\$104	224
2000	N/A	Retail	\$220,000	0.34	2,600	\$85	545
2000	N/A	Retail	\$180,000	0.20	N/A	N/A	647
2001	Goody's	Retail	\$235,000	0.16	2,500	\$94	256
2001	N/A	Retail	\$650,000	0.40	N/A	N/A	149
2001	N/A	Retail	\$699,000	N/A	N/A	N/A	731
2003	Redwood Building	Retail	\$695,000	0.34	10,000	\$70	164
	Restaurant/Retail Average		\$381,692	0.24	3,791	\$92	344
ALL AVERAGE			\$371,686	0.30	5,453	\$83	440

Notes:

- (1) Some of the data presented in this table originally appeared as Exhibit B-2 in the Sedway Report.
(2) DOM = Days on the Market.

Sources: Coastal Mendocino Association of REALTORS MLS; and Sedway Group.

Table 15 (1)
Commercial Property sales in Mendocino Village by Category
Demographic Trends and Conditions in Fort Bragg and Mendocino County

Year	Business Name	Use	Sales Price	Lot Size (Acres)	Approx.. Sq. Ft.	Sale Price Per Sq. Ft.	DOM (1)
1998	Captain's Cove Inn	Lodging	\$1,150,000	0.26	N/A	N/A	117
1998	McElroy's Inn	Lodging	\$487,500	0.13	N/A	N/A	62
1999	Mendocino Village Inn	Lodging	\$1,173,333	0.32	5,000	\$235	187
2002	Whitegate Inn	Lodging	\$1,875,000	N/A	4,000	\$469	142
2002	MacCallum House Inn	Lodging	<u>\$2,350,000</u>	<u>1.00</u>	<u>N/A</u>	<u>N/A</u>	<u>640</u>
	Lodging Average		\$1,407,167	0.43	4,500	\$352	230
2002	N/A	Other	\$530,000	0.18	N/A	N/A	123
2002	Arts and Crafts	Other	<u>\$500,000</u>	<u>0.26</u>	<u>1,500</u>	<u>\$333</u>	<u>73</u>
	Other Average		\$515,000	0.22	1,500	\$333	98
2000	N/A	Retail	\$325,000	0.04	1,700	\$191	391
2001	Main Street Square	Retail	\$1,900,000	0.33	6,290	\$302	264
2002	Gamel Fraser Gallery	Retail	\$484,000	0.04	N/A	N/A	103
2002	Erin Dertner Studio	Retail	<u>\$320,000</u>	<u>0.02</u>	<u>370</u>	<u>\$865</u>	<u>164</u>
	Retail Average		\$757,250	0.11	2,787	\$453	231
AVERAGE ALL USES			\$1,008,621	0.26	3,143	\$399	206

Notes:

- (1) Some of the data presented in this table originally appeared as Exhibit B-3 in the Sedway Report.
(2) DOM = Days on the Market.

Sources: Coastal Mendocino Association of REALTORS MLS; and Sedway Group.

5.2.2 Retail Supply

According to interviews conducted with local real estate brokers, the current Fort Bragg retail supply consists of approximately 500,000 square feet of total space (e.g., grocery stores, pharmacies, gas stations, restaurants, independent retail, etc.). The majority of this inventory is located along the Highway 1 corridor, including within the “gateway,” “downtown,” and “Highway 1 North Corridor” nodes outlined in Chapter 2. Very few national retail franchises, including moderate-end apparel (e.g., Gap, Banana Republic) and larger-format stores (i.e., Walmart, and other “big box” retail), are currently located in Fort Bragg. **Table 16** summarizes the breakdown of current Fort Bragg retail establishments by business category. As shown, general retail, restaurant, and automotive/service represent the largest proportion of existing business establishments, with 38, 18, and 12 percent of total businesses, respectively.

Current market data suggest that existing retail space is sufficient to meet current demand. As discussed in the “Retail Leakage Analysis” below, total estimated resident and non-resident retail expenditure potential is approximately \$139 million. This amount of annual spending is estimated to support between 450,000 and 550,000 square feet of retail, assuming \$250 to \$300 in annual sales per square foot. With approximately 500,000 square feet of existing retail space, Fort Bragg does not appear to be over- or under-retailed. This conclusion is supported by the slow rate of retail construction: other than the addition of Long’s Drug in 2002, virtually no new retail space has been added in Fort Bragg since the mid-1990s. Furthermore, the value of new retail construction in Fort Bragg represents only 2 percent of new County-wide retail added over the last 10 years.

5.2.3 Retail Sales Leakage

A sales leakage analysis was performed to identify retail sectors where local expenditure potential exceeds current sales. Such a situation would indicate that sales that could be captured in Fort Bragg are currently “leaking” to other areas, and that opportunities therefore exist to expand local retail options in those particular sectors. Using sales tax summarized in **Table 11**, annual City-wide sales were compared to estimated expenditure potential by retail category.

The Fort Bragg retail environment presented several challenges to performing a standard leakage analysis:

- **Destination spending.** Spending by certain demographic groups – overnight and day visitors, and non-resident employees, for example – is not subject to leakage, because these groups are essentially “destination spenders” who by definition make the majority of their purchases in Fort Bragg. Expenditure potential by these groups had to be estimated and subtracted from total sales prior to calculating the remaining sales leakage.
- **Expanded trade area.** The rural nature of the North Coast economy means that limited retail opportunities exist, and that many non-residents drive to Fort Bragg to make purchases because it is the only nearby option. In other words, the City’s “trade area” is comparatively large. This analysis estimates that Fort Bragg’s trade area includes approximately 15,000 residents of unincorporated Mendocino County, extending from Elk to the south to Westport to the North.
- **Structural leakage.** Though the lack of retail options means this trade area population will make purchases in Fort Bragg, it is assumed that many of these buyers (including residents of Fort Bragg) will always travel outside the trade area to “comparison shop” for larger purchases (e.g., North Coast residents will continue to drive to Ukiah to shop at “big box” stores). This analysis estimated baseline capture rates by retail sector and by demographic group to account for differing degrees of “structural leakage.”

Table 16
Number of Retail Establishments by Category in the City of Fort Bragg
Demographic Trends and Conditions in Fort Bragg and Mendocino County

Retail Category	Number of Establishments	Percent of Total
General Retail		
Apparel Stores	11	5%
Department Stores	3	1%
Furniture/Appliance	14	6%
Drug Stores	3	1%
Recreation Products	11	5%
Florist/Nursery	8	3%
<u>Miscellaneous</u>	<u>42</u>	<u>17%</u>
Subtotal	92	38%
Food Products		
Restaurants	45	18%
Food Markets	10	4%
Liquor Stores	1	0%
<u>Food Processing Eqp</u>	<u>1</u>	<u>0%</u>
Subtotal	57	23%
Automotive/Service		
Auto Parts/Repair	20	8%
Auto Sales - New	1	0%
Auto Sales - Used	1	0%
Service Stations	6	2%
<u>Misc. Vehicle Sales</u>	<u>1</u>	<u>0%</u>
Subtotal	29	12%
Construction		
Building Materials - Whsle	13	5%
<u>Building Materials - Retail</u>	<u>12</u>	<u>5%</u>
Subtotal	25	10%
Business to Business		
Office Equipment	5	2%
Electronic Equipment	0	0%
Business Services	2	1%
Energy Sales	5	2%
Chemical Products	1	0%
Heavy Industry	3	1%
Light Industry	8	3%
<u>Leasing</u>	<u>4</u>	<u>2%</u>
Subtotal	28	11%
Miscellaneous		
Health & Government	6	2%
Miscellaneous Other	7	3%
<u>Closed Acct-Adjustmt</u>	<u>0</u>	<u>0%</u>
Subtotal	13	5%
Total	244	100%

Sources: MBIA; Economic & Planning Systems, Inc.

Expenditure potential was estimated for six demographic groups – full- and part-time Fort Bragg residents, trade area residents, overnight and day visitors, and non-resident employees – including capture rate estimates for each group. Spending and sales tax data were aggregated into five generalized retail categories that are consistent with spending in visitor-serving economies: restaurant/bar, “convenience” retail, “comparison” retail, “specialty” retail, and services/other. Leakage could not be calculated for “specialty” and “services/other” because data was insufficient to estimate expenditure potential and/or distinguish current sales in these categories. Total sales figures were estimated by applying fixed assumptions of “percent taxable sales” by retail category to actual sales tax receipts. Detailed calculations, including key assumptions, are presented in **Appendix B**.

Table 17 presents the results of the leakage analysis after accounting for the factors described above. This analysis suggests moderate leakage in the restaurant/bar retail sector (approximately \$1.1 million annually), and more significant leakage in comparison retail (nearly \$11 million in annual sales). These imply resident capture rates of about 80 percent and 45 percent, respectively. This is consistent with anecdotal descriptions of resident spending patterns and with the expectation of significant structural leakage in the “comparison” sector. Interestingly, with respect to “convenience” retail this analysis suggests that more money is flowing into the Fort Bragg economy than estimated expenditure potential would otherwise imply. One likely explanation is that actual resident and trade area expenditure potential have been underestimated due to the significant role that unreported income plays in the North Coast economy, as discussed in Chapter 4.5.

The results shown in **Table 17** confirm the large role of local spending in the retail economy. Estimated expenditure potential by full-time residents and trade area residents represent 35 and 39 percent of total annual sales, respectively, or nearly three-quarters of total sales, collectively. While some degree of structural leakage will always be likely to occur, this analysis suggests that opportunities exist to capture additional “comparison” sales by expanding retail opportunities in this sector.

5.2.4 Retail Market Prospects

Retail trends and conditions indicate that the retail market is moderately strong, though it is not currently in a period of significant expansion. While annual taxable sales data from 1997 through 2001 are characterized by an average annual growth rate of approximately 9 percent, 2003 sales tax data showed a slight drop to below 2001 levels. Though current retail occupancy appears to be healthy, the lack of new construction and the fact that for-sale properties stay on the market for about a year prior to sale indicate that existing supply is generally sufficient to meet current demand.

Residents of Fort Bragg and the surrounding trade area represent the primary drivers of the current retail market, though an expanding tourist-serving economy is beginning to shift this balance. While comparatively low median income levels along the North Coast limit local spending capacity, the growing role of tourist spending has pushed per-capita retail sales in Fort Bragg above the County average. The market will likely support modest growth in the “comparison” sector, though the need for new comparison stores will expand as more housing is constructed in Fort Bragg, and as the population grows. Similarly, as the visitor population grows, so will the need for expanded restaurant, convenience, and “specialty” stores. As retail opportunities expand to capture sales by the growing tourist sector and to provide a broader range of retail opportunities for the local and trade area populations, annual sales will increase accordingly. The degree to which future tourist spending begins to outpace local spending will be apparent in the seasonal nature of future sales receipts. As local tourist spending increases, future retail development in Fort Bragg can begin to expand into higher-end markets, eventually competing with Mendocino Village.

5.2.5 Economic Development Implications

Retail is attractive from an economic development perspective for a number of reasons. Retail development typically generates more jobs per developed acre than most other potential site uses (assuming demand exists to support new space). It provides opportunities for local entrepreneurs to open or expand small businesses, and provides expanded commercial outlets for local artisan goods. Furthermore, successful retail

Table 17
Sales Tax Leakage by Current Residents
Fort Bragg Economic Development Background Report

Item	Amount by Spending Category (1)			Total
	Restaurant & Bar	Convenience Retail	Comparison Retail (5)	
Total Annual Spending in Fort Bragg				
2002-'03 Sales Tax Revenues (2)	\$172,145	\$448,680	\$345,315	\$1,090,289
Imputed Annual Sales (3)	\$17,214,500	\$88,039,195	\$34,531,534	\$152,200,129
Estimated Non-Resident Annual Captured Expenditures				
Overnight Visitor	\$6,274,208	\$7,850,360	\$0	\$18,409,585
Day Visitor	\$476,086	\$396,739	\$79,348	\$1,507,607
Part-time Resident	\$16,370	\$81,660	\$81,267	\$195,466
Unincorporated N.Coast residents	\$3,604,859	\$40,223,118	\$23,546,792	\$76,276,402
Non-resident Employee	\$2,812,000	\$1,757,500	\$1,757,500	\$6,327,000
Total	\$13,183,524	\$50,309,377	\$25,464,906	\$102,716,059
Current Resident Sales Tax Leakage				
Imputed resident spending (4)	\$4,030,976	\$37,729,818	\$9,066,628	\$49,484,070
F/T resident expenditure potential (5)	\$5,161,338	\$20,326,005	\$20,228,187	\$53,362,596
Resident leakage by sales category (6)	\$1,130,362	-\$17,403,813	\$11,161,559	\$3,878,526

- (1) "Specialty" retail was excluded from this analysis because expenditure potential could not be estimated for this category.
(2) From Table 11. "Comparison Retail" excludes taxable expenditures on "Wholesale Building Materials" as consumer expenditure potential for this category was not estimated.
(3) Calculated based on sales tax receipts (Table 11), and a City tax share of 1.0%. Assumes the percent of total sales that are taxable are: 100% for restaurant sales; 33% for food/grocery sales; 95% for gas/service stations sales; and 60% for health care spending.
(4) Total actual sales minus estimated non-resident captured sales.
(5) Estimated annual household expenditure potential (by retail category) multiplied by current households (see Appendix A).
(6) Leakage is equal to resident expenditure potential minus imputed resident spending in Fort Bragg. Negative values imply actual spending exceeds expenditure potential (i.e., reported incomes are lower than actual incomes).

Source: Economic & Planning Systems, Inc.

developments often generate positive net fiscal balances, allowing local governments to raise municipal service levels or initiate targeted improvement and/or marketing efforts. Because of relatively high sales-per-square foot, retail development often yields high land values, which can sometimes be used to support or subsidize development goals in other areas. Finally, retail development is particularly appropriate for areas with growing tourist segments.

Limitations to future retail development include market, competitiveness, and “threshold” considerations. Future retail development at the Mill Site will need to be paired with complementary site uses that generate additional spending demand. In particular, retail development would ideally coincide with high-end lodging uses and residential development, both of which would generate retail spending demand. New retail options may increase the capture rate of local buyers and may provide jobs, but these jobs may be relatively low-wage, and these increases are not expected to provide enough increased demand to make new space self sufficient. Achieving an appropriate balance between new retail supply and overall demand is particularly important to ensure that new development does not outcompete existing stores in other areas of the City. Linkages between the Downtown and other “nodes” should be established to create as cohesive a retail sector as possible. Finally, future tenant mix and the scale of future retail development will need to consider retail “thresholds.” For example, it is unlikely that the Fort Bragg trade area and spending capacity will grow to a level sufficient to support large-scale retail (i.e., “big box”) or many national anchor tenants in the near future. In addition to poor market support, results of the community survey process suggest that these are some of the least popular commercial reuse alternatives.

5.3 OFFICE

The current office inventory is relatively small, but experiencing stable growth due to low lease rates and consistent demand from Mendocino tenants seeking more affordable space. With near-zero vacancy, future office market potential appears strong, though it is unclear whether new, more expensive space would remain as competitive against current Mendocino supply. The strongest market is likely for flexible commercial space that can be easily converted between office and retail uses, and that mimics downtown Fort Bragg’s current character. Expanded office space will help diversify the economic base by providing professional employment opportunities, but will likely generate lower land values and sales tax proceeds than retail and lodging uses.

5.3.1 Office Demand

Though relatively little office-specific market data is available, demand for office space in Fort Bragg appears stable with very little reported vacancy. Market data collected as part of the Sedway report indicate vacancy rates consistently below 5 percent, while real estate brokers interviewed for this report knew of only two commercial/office properties currently on the market. With no new construction and very little vacancy, net absorption is limited by current inventory. New space typically comes on the market in association with retirement-related turnover, and demand from Mendocino is strong enough to immediately fill these vacancies. As shown in **Table 14**, recent property sales data showed only two confirmed office sales since 1998, though approximately 12 additional transactions for “other” property types occurred over the same time period.

Lease rates appear to have shown a slight increase over the past year as Mendocino tenants continue to seek cheaper office space in the Fort Bragg market. Data collected by Sedway Associates approximately one year ago suggested office lease rates ranging from \$0.50 to \$1.50 per square foot (NNN) in Fort Bragg. Local brokers indicate that the least expensive space now goes for a minimum of about \$0.60 per square foot, indicating a slight increase over the last year.

5.3.2 Office Supply

The Fort Bragg office market is relatively limited, and primarily consists of one- and two-story buildings in the vicinity of downtown, shared with associated retail uses. While a comprehensive inventory of office space has not been conducted, local brokers estimate that there are only between 12 and 15 dedicated office spaces in Fort Bragg. Calculations based on information provided in the City's General Plan EIR suggest that the current inventory may consist of about 50,000 square feet, though this estimate has not been verified. As discussed in the Sedway Report, no new office space has been constructed in Fort Bragg since 1996.

5.3.3 Office Market Assessment

Though available data is limited, the Fort Bragg office market appears stable, with strong demand driven in part by affordable lease rates. The extremely limited current inventory suggests market opportunities for some new construction. Additional two-story structures that can be flexibly converted between office and commercial uses and that serve to enhance the City's small town "walkability" likely represent the strongest prospects for new office construction.

While near-zero vacancy suggests current unmet demand, it is unclear whether newer, more expensive office space would remain competitive as an alternative to Mendocino. Fort Bragg's relatively undeveloped communication and transportation infrastructure, coupled with its distance from other urban centers make it unlikely that many professional firms would relocate to the area, or that the market would support larger campus-style developments. Furthermore, the fastest growing population segment is the 45 to 64 year-old age cohort – a group unlikely to generate extensive demand for new office space. Finally, relatively low educational attainment beyond the high school level, coupled with low employment in the professional and office sectors suggest further impediments to large-scale office employers relocating to Fort Bragg in the near term. Nevertheless, as the Fort Bragg population grows, demand for professional services may increase slightly. This growth in demand may be particularly true for specialty office uses, such as medical and wellness (e.g., therapy, alternative healing, etc.) practices.

5.3.4 Economic Development Implications

The most important role of expanded office space in a Fort Bragg development strategy will likely be as a diversifying force in the local economy. While Fort Bragg should capitalize on its potential as a visitor-serving destination, traditional professional services should continue to be cultivated to develop as diverse an economic base as possible, and to provide a range of entrepreneurial opportunities for local residents. Expanded office space will provide employment opportunities and will increase local daytime expenditure potential to some degree, but to a lesser extent than retail or lodging. Similarly, new office space is expected to generate less tax revenue to the City than other potential non-residential uses.

5.4 INDUSTRIAL

Very little industrial land currently exists in Fort Bragg outside the Mill Site. Recent sales and construction activity is limited, and reported lease rates are generally very low. Fort Bragg's remoteness and its relatively undeveloped transportation infrastructure severely limit the market prospects for heavy industrial or manufacturing uses. Though relatively few light industrial facilities currently exist, anecdotal evidence and labor force availability suggest potential market support for light industrial uses. The Mill Site may offer an opportunity to provide artisan manufacturing space and entrepreneurial opportunities for the existing labor force, potentially in renovated buildings.

5.4.1 Industrial Demand

Industrial demand is difficult to gauge as very few strictly industrial properties can be found in Fort Bragg outside the Mill Site. Property sales records indicate that five industrial properties have been sold over the last five years, though building size was reported for only one of these transactions (see **Table 14**). Industrial

properties were slow to sell relative to other commercial uses – time on the market ranged from 12 days to more than 4.5 years, with an average of 2 years prior to sale. Industrial lease rates are about half of office rates, reported to range from approximately \$0.50 to \$0.75 per square foot (gross). Despite relatively weak activity in recent years, local real estate brokers report that demand for light industrial properties is probably sufficient to support limited development.

5.4.2 Industrial Supply

With more than 50 above-ground industrial structures, the Mill Site represents the majority of industrial supply in Fort Bragg. However, many of the industrial structures on the Mill Site are in disrepair and of debatable value as re-use structures. Outside the site, industrial land uses are a minor component of commercial supply, with very few existing businesses and very few parcels currently zoned for industrial development. Most heavy industrial uses outside the Mill Site are located along Highway 1 north of downtown, while light industrial is generally found west of the downtown. Largely due to lack of available land, limited industrial space has been added in recent years. Between 1990 and 2001, about \$1.4 million in new industrial construction took place, which represents just 3 percent of new supply added in the County over the same period. The most recent addition was construction of a \$178,000 facility in 2000.

5.4.3 Industrial Market Assessment

Based on Fort Bragg's remote location and relatively undeveloped transportation infrastructure, demand for heavy industrial or manufacturing uses that require frequent shipment of goods will always remain low. In contrast, light industrial development is relatively untested in the market place, and both anecdotal evidence and a labor supply assessment suggest this product could find market support. A strong construction industry combined with recent declines in resource-based trades suggests that the current labor force may be well-trained for light industrial and "artisan manufacturing" applications. This assessment is confirmed by local brokers who insist that light industrial space would capture an untapped market if only more development sites were available.

5.4.4 Economic Development Implications

While industrial development represents one of the lowest land values of the various site alternatives evaluated, it may represent a useful component of a successful economic development strategy. Expanded light industrial development could provide employment opportunities for the City's current labor force and could tie together new development and retail opportunities with the City's cultural and physical history. In particular, the Mill Site is an obvious choice for targeted industrial opportunities, which could leverage historical site uses and adaptively reuse existing structures to create a "creative industrial complex" that integrates other future site uses. In particular, the College of the Redwoods' woodworking program could be expanded into former Mill Site structures. Local artisans could manufacture high quality specialty goods in a historically relevant environment, with sightseeing and retailing opportunities integrated into the experience. Opportunities to expand industrial opportunities in other parts of the City should be explored to provide expanded employment opportunities for existing residents.

5.5 RESIDENTIAL

The current Fort Bragg housing stock consists primarily of detached single family units, with about 25 percent of the current inventory in multifamily. New construction over the last five years has not kept up with demand, and housing prices have increased by about 12 percent annually over this same period. Based on expected population growth and the desire to maintain housing options for a diverse job base, the strongest market opportunities are mid- to high-end single family residential and expanded affordable options across single family, multifamily, and senior housing categories. Housing will likely yield lower land values and produce less tax revenue than lodging and retail uses at the Mill Site, but is an important component of a broader economic development strategy.

5.5.1 Residential Demand

Home sale data from the past five years suggest a strong single family housing market. As shown in **Table 18**, the number of annual home sales has fluctuated from year to year, with a weighted average of 67 transactions per year between 1998 and 2003, 88 percent of which were either two- and three-bedroom unit sales. Though the number of sales has not shown a consistent pattern, sales prices exhibit a clear upward trend – the median sales price has increased roughly 12 percent annually over the last five years. Homes are selling more quickly as well: homes sold in 2002 and 2003 spent an average of 79 days on the market, compared to a five-year average of about 155 days. This decrease in time on-the-market coincides with closure of the Mill Site, which appears to have boosted residential demand in the City.

It is likely that much of this demand is being generated by a strong second-home market as aging “baby boomers” seek a more rural setting as they approach retirement. As discussed in the **Chapter IV**, population growth in Fort Bragg over the next five years is projected to slow relative to the last ten years, though the growth rate for the 45-to- 64 year old age class is expected to increase. It is likely that many of these new residents will come from the Bay Area and other urban centers, generating demand for relatively high-end second homes and, in the longer term, retirement housing. It is likely that many of these residents will prefer to live in or near the downtown, as it offers easy access to amenities and services.

At the same time, there is currently significant unmet demand for affordable and senior housing in Fort Bragg, particularly for single family homes. A 2003 Household Income Survey indicates that approximately two-thirds of Fort Bragg residents earn less than the median income average for Mendocino County, and that of these, roughly 57 percent were overpaying for housing. Market rates for multifamily rental units reportedly range from about \$650 to \$800 per month (2BR), which represents a more affordable alternative, though many multi-family units are subsidized affordable and/or senior units. The median rent reported by respondents to a 2003 Household Income Survey was \$575 for 3-8 unit multifamily complexes, affordable to households earning \$23,000 or more.

In comparison, homes in the Town of Mendocino are generally much more expensive than those in Fort Bragg, though they tend to spend longer on the market and there are many fewer transactions per year. For example, the 2003 median home price in Mendocino was over \$950,000 – more than 3.5 times the Fort Bragg median price – with homes in 2003 spending about twice as long on the market. Home sale data for the Town of Mendocino are shown in **Table 19**.

5.5.2 Residential Supply

As shown in **Table 20**, the Fort Bragg housing inventory in 2003 consisted of 3,091 housing units, 70 percent of which were single family units, and 25 percent multi-family units. Annual housing growth over the last ten years has been relatively modest (typically less than one percent per year), except for what appear to be a dramatic jump in 2000.⁴ Residential construction permit data from 1990 to 2001 indicate that on average roughly 21 new homes were constructed each year over this time period, the vast majority single family (see **Table 21**). Despite rapid increases in home prices, the average construction value of new homes added between 1990 and 2001 was relatively low – ranging from about \$63,000 to \$97,000 per unit.

⁴ Though the California Department of Finance reports over 350 housing units were added in 2000, this increase is not consistent with construction permits issued the prior year, nor with City staff input.

Table 18 (1)
Annual Single Family Residence Sales in Fort Bragg, 2000-2003
Fort Bragg Economic Development Background Report

Year	Total Sales Volume		Sales Price		Average DOM (2)
	Number	Value	Average	Median	
1998					
1-Bedroom	1	\$55,000	\$55,000	\$55,000	274
2-Bedroom	25	\$3,020,400	\$120,816	\$132,838	106
3-Bedroom	23	\$3,631,050	\$157,872	\$167,112	193
4-Bedroom	2	\$355,000	\$177,500	\$211,338	440
5-Bedroom	0	N/A	N/A	N/A	N/A
Sub-total	51	\$7,061,450	\$138,460	\$153,802	161
1999					
1-Bedroom	6	\$804,000	\$134,000	\$162,177	137
2-Bedroom	26	\$3,603,400	\$138,592	\$156,376	170
3-Bedroom	41	\$6,501,200	\$158,566	\$172,072	253
4-Bedroom	3	\$468,000	\$156,000	\$156,568	364
5-Bedroom	0	N/A	N/A	N/A	N/A
Sub-total	76	\$11,376,600	\$149,692	\$165,763	220
2000					
1-Bedroom	2	\$267,750	\$133,875	\$137,208	85
2-Bedroom	28	\$4,596,495	\$164,161	\$211,662	149
3-Bedroom	49	\$9,162,499	\$186,990	\$202,598	169
4-Bedroom	4	\$949,500	\$237,375	\$250,154	145
5-Bedroom	1	\$160,000	\$160,000	\$160,000	421
Sub-total	84	\$15,136,244	\$190,193	\$206,727	162
2001					
1-Bedroom	2	\$205,000	\$102,500	\$110,424	142
2-Bedroom	23	\$3,920,900	\$170,474	\$191,294	154
3-Bedroom	26	\$5,620,680	\$216,180	\$261,305	193
4-Bedroom	5	\$1,227,000	\$245,400	\$266,337	149
5-Bedroom	0	N/A	N/A	N/A	N/A
Sub-total	56	\$10,973,580	\$195,957	\$234,034	171
2002					
1-Bedroom	5	\$578,500	\$115,700	\$148,187	24
2-Bedroom	17	\$3,454,250	\$203,191	\$218,332	94
3-Bedroom	35	\$9,129,900	\$260,854	\$283,014	85
4-Bedroom	10	\$2,458,623	\$245,862	\$257,671	79
5-Bedroom	2	\$599,000	\$299,500	\$300,903	41
Sub-total	69	\$16,220,273	\$235,076	\$261,250	81
2003					
1-Bedroom	1	\$200,000	\$200,000	\$200,000	119
2-Bedroom	6	\$1,338,000	\$223,000	\$232,398	53
3-Bedroom	11	\$3,158,000	\$287,091	\$289,863	79
4-Bedroom	0	N/A	N/A	N/A	N/A
5-Bedroom	0	N/A	N/A	N/A	N/A
Sub-total	18	\$4,696,000	\$260,889	\$269,663	72
Total	354	\$65,464,147	--	--	
Average	67	--	\$184,927	--	155
Percent Change	--	--	88%	75%	-55%
Ann. % Change	--	--	14%	12%	-15%

(1) The data summarized in this table originally appeared in Exhibit D-4 in the Sedway Report.

(2) DOM = Days on the Market. Average represents a weighted average based on number of sales.

Sources: Coastal Mendocino Association of REALTORS MLS; and Sedway Group.

Table 19 (1)
Annual Single Family Residence Sales in Fort Bragg, 2000-2003
Demographic Trends and Conditions in Fort Bragg and Mendocino County

Year	Total Sales Volume		Sales Price		Average DOM (2)
	Number	Value	Average	Median	
1998					
1-Bedroom	1	\$290,000	\$290,000	\$290,000	295
2-Bedroom	2	\$615,000	\$307,500	\$373,537	76
3-Bedroom	1	\$650,000	\$650,000	\$650,000	340
4-Bedroom	0	N/A	N/A	N/A	N/A
5-Bedroom	0	N/A	N/A	N/A	N/A
Sub-total	4	\$1,555,000	\$388,750	\$473,521	197
1999					
1-Bedroom	0	N/A	N/A	N/A	N/A
2-Bedroom	6	\$2,131,000	355166.6667	\$445,395	96
3-Bedroom	5	\$1,515,000	\$303,000	\$337,442	101
4-Bedroom	3	\$1,373,500	\$457,833	\$461,026	226
5-Bedroom	0	N/A	N/A	N/A	N/A
Sub-total	14	\$5,019,500	\$358,536	\$417,139	126
2000					
1-Bedroom	0	N/A	N/A	N/A	N/A
2-Bedroom	2	\$900,000	\$450,000	\$518,056	206
3-Bedroom	2	\$1,135,000	\$567,500	\$596,145	66
4-Bedroom	1	\$360,000	\$360,000	\$360,000	695
5-Bedroom	1	\$395,000	\$395,000	\$395,000	5
Sub-total	6	\$2,790,000	\$465,000	\$512,007	207
2001					
1-Bedroom	0	N/A	N/A	N/A	N/A
2-Bedroom	0	N/A	N/A	N/A	N/A
3-Bedroom	3	\$2,245,000	\$748,333	\$784,087	227
4-Bedroom	1	\$330,000	\$330,000	\$330,000	105
5-Bedroom	0	N/A	N/A	N/A	N/A
Sub-total	4	\$2,575,000	\$643,750	\$725,893	196
2002					
1-Bedroom	0	N/A	N/A	N/A	N/A
2-Bedroom	2	\$1,100,000	\$555,000	\$569,595	56
3-Bedroom	2	\$1,229,000	\$614,500	\$636,209	8
4-Bedroom	0	N/A	N/A	N/A	N/A
5-Bedroom	0	N/A	N/A	N/A	N/A
Sub-total	4	\$2,329,000	\$582,250	\$604,596	81
2003					
1-Bedroom	0	N/A	N/A	N/A	N/A
2-Bedroom	1	\$750,000	\$750,000	\$750,000	110
3-Bedroom	1	\$1,125,000	\$1,125,000	\$1,125,000	171
4-Bedroom	1	\$900,000	\$900,000	\$900,000	183
5-Bedroom	0	N/A	N/A	N/A	N/A
Sub-total	3	\$2,775,000	\$925,000	\$950,676	155
Total	35	\$17,043,500	--	--	
Average	8	--	\$486,957	--	153
Percent Change	--	--	138%	101%	-21%
Ann. % Change	--	--	19%	15%	-5%

(1) The data summarized in this table originally appeared in Exhibit D-5 in the Sedway Report.

(2) DOM = Days on the Market. Average represents a weighted average based on number of sales.

Sources: Coastal Mendocino Association of REALTORS MLS; and Sedway Group.

Table 20 (1)
Total Housing Units in the City of Fort Bragg
Fort Bragg Economic Development Background Report

Year	Total Housing Units by Year			Annual % Change
	SFR (2)	Multifamily (3)	Total	
1990	1,805	700	2,505	N/A
1991	1,817	706	2,523	0.7%
1992	1,861	708	2,569	1.8%
1993	1,881	708	2,589	0.8%
1994	1,887	708	2,595	0.2%
1995	1,920	708	2,628	1.3%
1996	1,935	708	2,643	0.6%
1997	1,948	708	2,656	0.5%
1998	1,952	716	2,668	0.5%
1999	1,966	731	2,697	1.1%
2000 (4)	N/A	N/A	3,051	13.1%
2001	N/A	N/A	3,067	0.5%
2002	N/A	N/A	3,076	0.3%
Avg. Annual Growth Rate, 1990 - 2002:				1.7%

Notes:

- (1) The data summarized in this table originally appeared in Exhibit D-1 in the Sedway Report.
- (2) SFR means single-family residence and includes detached, semi-detached, row house, and townhouse units.
- (3) Includes duplexes, three to four unit structures, and apartment-type structures with five units or more.
- (4) Though DOF data suggest addition of 354 housing units in this year, City staff report no such construction spurt occurred.

Sources: California Department of Finance; Sedway Group; Economic & Planning Systems, Inc.

Table 21 (1)
Housing Construction Building Permits by Year, 1990 - 2001
Fort Bragg Economic Development Background Report

Year	Building Permits Issued			Ann. % Change	Avg. Construction Value per Unit (4)
	SFR (2)	Multifamily (3)	Total		
1990	22	7	29	N/A	\$88,379
1991	35	2	37	27.6%	\$96,405
1992	15	0	15	-59.5%	\$90,933
1993	7	0	7	-53.5%	\$96,714
1994	31	0	31	342.9%	\$86,161
1995	15	0	15	-51.6%	\$62,533
1996	14	8	22	46.7%	\$65,000
1997	26	0	26	18.2%	\$65,423
1998	18	5	23	-11.5%	\$62,739
1999	12	0	12	-47.8%	\$80,417
2000	9	0	9	-25.0%	\$78,889
2001	10	0	10	11.1%	\$84,900
Total	214	22	236	--	--
Ann. Avg.	19	2	21	--	--

Notes:

- (1) The data summarized in this table originally appeared in Exhibit D-2 in the Sedway Report.
- (2) SFR means single-family residence and includes detached, semi-detached, row house, and townhouse units.
- (3) Includes duplexes, three to four unit structures, and apartment-type structures with five units or more.
- (4) Total SF/MF construction value divided by total number of building permits issued.

Sources: California Construction Industry Research Board; the Sedway Group; Economic & Planning Systems, Inc.

Despite this low construction value, there is an under-supply of affordable single family homes in Fort Bragg. In 2003, for example, the median home price for in Fort Bragg was approximately \$270,000. Assuming 30 percent of a household's income is spent on housing, a household would need to earn roughly \$50,000 per year to afford this home – 75 percent more than the City's current median household income of \$28,539.⁵

Similarly, a 2001 Senior Housing Study estimated a shortage of approximately 100 senior housing units, projected to increase to about 200 units by 2006. With little new construction over the last decade, particularly of multifamily product, this affordability gap continues to increase.

According to the Fort Bragg Community Development Department, up to 440 new housing units may be proposed for construction over the next 2 to 5 years, all outside the Mill Site. Complete permit applications have yet to be submitted or approved, but three housing projects may add a combination of detached single family unit and attached townhomes near Hare Creek (south of the Noyo River), near Glass Beach (near the north end of the Mill Site), and in a proposed annexation area on the northern edge of the City. As relatively lower-end, high-density product, this construction may serve to ease increased housing prices in the middle of the market, though demand for higher-end housing is expected to be largely unaffected.

5.5.3 Residential Market Assessment

The market for single family units appears strong, particularly in the two- and three-bedroom size classes. Historical housing growth rates have been modest, constraining supply over the last decade. Given the rapid rise in home sale prices in recent years, demand appears very strong for residential development at the Mill Site. Residential demand can also be expected to increase with the continued arrival of new “baby boomers” planning for retirement. In particular, these relatively affluent newcomers will likely increase demand for higher quality housing than currently exists in the market. To attract these prospective home buyers, Fort Bragg will compete both with the higher-end Mendocino housing market, and with more secluded properties in the surrounding unincorporated County. The Mill Site redevelopment provides an opportunity to develop housing and/or other amenities to attract and retain this growing population. Higher-density market rate units (e.g., high-end loft units, etc.) are untested in the market place, but could be expected to garner market support if integrated with new development and coastal amenities.

Demand for multifamily units consists primarily of senior and working class populations in need of more affordable housing options. The current shortage of affordable units, coupled with projected growth in tourist-serving employment, will combine to increase this shortage in coming years. Potential construction in the pipeline may serve the middle of this market, though demand for truly affordable housing options will remain high.

5.5.4 Economic Development Implications

While housing availability across a range of income levels is an important component of any economic development strategy, housing construction will likely generate lower land values than other active site uses, and is likely to provide lower fiscal and financial benefits to the City. On a per-developed-acre basis, housing – including high-end housing – is generally expected to produce significantly less tax revenue than either lodging or retail uses, though slightly more than office or industrial uses. Lower land-use densities, combined with current residents' moderate income levels, are unlikely to generate significant tax proceeds to the City, or to support as much new retail development as expanded high-end lodging would. While new housing opportunities may attract comparatively affluent baby boomers seeking retirement, many would likely be part time or seasonal residents who make only a portion of their purchases locally. Nonetheless, Fort Bragg could

⁵ This calculation assumes a 20 percent down payment and a 30-year mortgage at 6.0 percent fixed interest. As noted in the previous Chapter, one possible explanation of this affordability gap is that Fort Bragg residents are earning more than their reported income from “under-the-table” sources, and can actually afford more expensive homes than the reported median income figure suggests.

benefit from this important market segment because of its growing size, purchasing power, and community involvement potential.

Housing development is not expected to generate a significant number of long-term jobs. Providing affordable options for the Fort Bragg work force is important to attract and maintain a diverse job base. Beyond one-time construction jobs, which may or may not go to local residents, housing by itself does not generate employment opportunities, however. As a growing visitor-serving destination, the retail and service-oriented sectors will likely see expanded employment growth. Because the Fort Bragg community has voiced a desire to avoid the gentrification that is often associated with other “high end tourist destinations,” the City should make proactive efforts to ensure that housing opportunities exist for a range of wage classes, whether at the Mill Site or at other locations in Fort Bragg.

5.6 OTHER USES

5.6.1 Golf

A golf course at the Mill Site would likely not generate revenues to cover construction and operating costs. The financial feasibility of such a course would depend on the degree to which it could add “amenity value” to neighboring site uses and to the overall land use plan.

The North Coast “trade area” from Elk to Westport currently contains only one golf course – the 18-hole Little River public golf course. A second 18-hole golf course is currently being planned along Highway 20, though no opening date has been established. Operators of the Little River course estimate that regional demand is strong enough to support at least one additional full-size golf course, though data regarding the total number of rounds played annually were unavailable. Peak (weekend/holiday) greens fees at the Little River course are currently \$35 per 18-hole round, which puts it on the low end of the price-spectrum for golf courses in California.

While the Mill Site contains many of the physical attributes to support a championship-level golf course, the course’s market value would likely be determined by the “amenity value” it adds to surrounding land uses, rather than by the revenues it could generate in its own right. In particular, golf courses require a large amount of land (at least 150 acres – more than one-third of the total site) and are extremely expensive to build and maintain, especially championship-caliber courses. The revenues generated by such enterprises, even those able to charge very high greens fees, typically do not cover construction financing and ongoing operating costs – i.e., they are not financially self-supporting. Rather, these courses typically generate overall financial returns by increasing the property value of surrounding lands – for example, by increasing the value of neighboring homes that border the fairways (i.e., “amenity value”).

The financial feasibility of a golf course at the Mill Site should therefore not be considered as a “stand alone” venture, but only as a potential component of a well-designed and -integrated land use concept. In reality, any successful such land use concept would likely include a resort hotel, a conference facility, a luxury timeshare development, and/or a significant number of high-end homes to fully capitalize on the associated amenity value of the golf course (itself a “high-end” use). Other than land and construction cost, potential barriers to golf course feasibility would also include travel time from nearby airports and urban centers, year-round climate (e.g., rain, wind, etc.), the seasonal nature of tourist demand, and environmental considerations (landscaping, water and fertilizer use, etc.). These all represent significant sources of risk, particularly given the untested market support and the large land requirement. A more detailed market analysis would be required to determine the feasibility of any land use plan involving a golf course.

5.6.2 College/University

Location of a public college or university in Fort Bragg is unlikely due to relatively low enrollment potential, the presence of three CSU campuses on or near the North Coast with relatively low enrollment, and the State budget crisis. It is more likely that a private institution, potentially oriented towards natural resource and/or non-traditional curricula, could decide to relocate or expand to Fort Bragg.

While students to a new college or university campus may come from a variety of locations, institutions considering relocation and/or expansion will ultimately evaluate demand for a new campus by the number of potential students in the City and surrounding trade area. **Table 22** shows a calculated estimate of the “college age” population in Fort Bragg and in the larger “trade area” (from Elk to Westport). Based on demographic data presented in **Table 1**, this calculation assumes that one-quarter of the projected 2007 population will be of “college age” at any given time (one-quarter of this age range approximates a floating four-year age span, equivalent to a four-year college program). As shown, the future “college age” population of the entire trade area is estimated to consist of about 2,100 residents. Even 100 percent enrollment of this age class would constitute a very small college program. For example, **Table 23** shows enrollment figures at the three closest four-year California State University programs that are geographically closest to Fort Bragg – Humboldt State, Chico State, and Sonoma State. As shown, enrollment at each of these programs is roughly four- to eight-times the total “college age” population in the Fort Bragg trade area.

As discussed in **Chapter III** and summarized in **Table 6**, current Fort Bragg residents show strong educational enrollment in the 3-17 year age class (i.e., elementary and high school), but very low enrollment in the 18-24 year age class (i.e., college) relative to the County as a whole. While this may be due in part to the lack of any four-year colleges in the trade area, it is likely that these statistics might further reduce the likelihood of potential colleges choosing to expand into the area. Though not within the trade area proper, the North Coast region is generally served by Humboldt State to the north, Chico State to the east, and Sonoma State to the south. As shown in **Table 23**, these three campuses are among the CSU system’s smallest in terms of total enrollment. Given these demographic considerations, as well as the current State budget crisis, it is therefore unlikely that CSU or other public universities would locate a campus in Fort Bragg in the near term.

While location of a public university in Fort Bragg appears unlikely, a private institution could potentially remain an option. Certainly, this possibility would also be limited by the demographic and enrollment characteristics described above, though a private institution with a specialty focus might attract applicants from outside the region more successfully than public institutions. Furthermore, regional resources and local characteristics could combine to make Fort Bragg an attractive location for a specialized institution that might not be subject to the same funding limitations as a new public campus. In particular, the potential for marine or forestry research, non-traditional curricula (e.g., holistic healing, homeopathy, culinary arts, etc.), and outreach to an increasingly active “baby boomer” population seeking continuing education options are several attributes that could serve to attract a “niche” campus.

A local college or university could potentially provide a range of economic development benefits. It would likely generate significant employment, and further highlight the City’s role as a regional destination. It would also provide opportunities for expanded work force and education, and could potentially yield a range of private-sector “spin-off” ventures, further increasing employment opportunities. While these outcomes certainly represent benefits to the local community, the tax-exempt status of most educational institutions could create a negative fiscal impact for the City in the form of lost property tax and other revenue sources. Furthermore, location of a new university would further exacerbate the existing housing shortage, likely contributing to increased housing prices and rents. Finally, it should be kept in mind that tuition at private institutions would likely be significantly higher than public options, and may therefore not be affordable for some portion of the local population.

5.6.3 Marine Center

The success of a marine research center in Fort Bragg will likely depend on the identification of a research specialty for which the Fort Bragg coast provides an appropriate research platform and for which adequate institutional interest and/or grant funding exists.

Current marine research trends suggest that the construction of new centers is primarily determined by the need for research into a particular topic and a site’s suitability as a research platform for that particular topic. Another recent trend in marine centers in more urban areas is the increased use of “public-private

Table 22
Potential "Trade Area" College Enrollment
Fort Bragg Economic Development Background Report

Item	Amount	Methodology	
		Formula	Source
Fort Bragg Population (2007 Projected)			
Population, Age 0 - 17	2,567	a	Table 1
Est. "College Age" Pop. (1)	642	$b = a / 4$	EPS
Total Population	7,616	c	Table 1
Trade Area Population			
Projected 2007 (2)	16,997	d	Table 1
Est. "College Age" Pop. (1)	1,432	$e = d * (b / c)$	EPS
Estimated "College Age" Pop.	2,074	$f = d + e$	calculation

- (1) Assumes one-quarter of "0-17" age class will be of "college age" at a given time (approximately equal to a 4-year age cohort).
- (2) Total unincorporated County population from Elk to Westport. Assumes this population grows at the same rate as Fort Bragg population.

Table 23
Student Enrollment at CSU Campuses
Fort Bragg Economic Development Background Report

Campus	2003 Headcount	Percent of Median	Headcount Rank of 21 (1)
Humboldt State	7,725	42%	20
Sonoma State	8,371	46%	16
Chico State	15,516	85%	13
CSU median (1)	18,303	100%	11

(1) In comparison to the 21 "full size" CSU campuses, excluding Maritime Academy, Channel Islands, Int'l Programs, and Calstate TEACH.

Source: California State University; Economic & Planning Systems, Inc.

partnerships,” where local public funds are combined with institutional investment to create joint centers that serve both technical research and public outreach/education functions (including aquaria). Demand for research stations fluctuates with fiscal cycles and funding availability. State-funded demand has generally declined recently in response to the budget crisis; for example, the nearby Humboldt station has recently had its operating budget significantly reduced, and has reduced its staff and programming accordingly.

There are currently three marine research centers on the North Coast. The College of Marin operates one station in the town of Bolinas, approximately 170 miles south of Fort Bragg, which reportedly specializes in algal research. UC Davis and UC Berkeley share a marine lab in Bodega Bay, approximately 110 miles south of Fort Bragg, which reportedly specializes in algal and salmon farming research. The third station is in the town of Trinidad, approximately 150 miles north of Fort Bragg, and is affiliated with Humboldt State University. The Humboldt facility’s specialty is the availability of a research vessel for student projects – one of the few such vessels in the country that is available for student use.

The success of a research center in Fort Bragg will likely hinge on the identification of a topic for which adequate scientific interest and/or research funding exists, and for which Fort Bragg can provide a unique research platform. Preliminary research suggests one potential research specialty would be the location of a marine monitoring outpost in association with the National Oceanic and Atmospheric Administration’s (NOAA’s) proposed North-Pacific ocean quality monitoring program. As with the development of new educational institutions, the current State fiscal climate makes funding of a new research station using State funds unlikely, so the most likely opportunities involve a privately funded institution, possibly in partnership with the City. A research station could provide an important economic development function by creating jobs, private-sector “spin-offs,” local educational opportunities, and a more marketable community image. While the City’s current population might not otherwise be sufficient to support significant public investment in an outreach/ educational facility (e.g., aquarium, etc.), the potential economic development benefits could justify public investment to some degree.

5.6.4 Fine Arts and Performing Arts Facilities

Mendocino County, Mendocino Village and the City of Fort Bragg are well known for excellent and extensive visual and the performing arts. Mendocino County has more artists per capita than any other Californian rural county of its size, over 30 non-profit arts organizations that present performing arts and art programming to visitors and residents, and a variety of well-regarded art galleries. This section provides a brief market overview for a fine arts facility and a performing arts center.

Fine Arts Facility

Market Overview

Fort Bragg and the Mendocino Coast have a sufficient arts market to support some kind of fine art center on the G-P mill site. A fine arts center for Fort Bragg would likely be based on successful model facilities like the Torpedo Factory in Arlington, VA; the Rockville Art Place in Rockville, Maryland; the Emerson Umbrella for the Arts, in Concord, Massachusetts; The Crucible in Oakland, California; the Mendocino Art Center; and other fine art centers. Most fine art facilities offer four interrelated programs:

- Individual and group artist studios for rent to area artists, which are open to the public on a regular basis as a visitor attraction and sales venue for artists. Open and accessible studios would provide a destination attraction to the Fort Bragg coast.
- Art classroom space and an arts education program, possibly through the College of the Redwoods or other non-profit partner. Art education programming provides a second stream of income to artists and the art center.

- An art gallery, where visitors can purchase art and openings entice local residents to re-visit the center.
- Event and meeting space which is leased out for weddings, parties, fundraisers and non-profits to further supplement center revenues.

Table 24 summarizes existing galleries and fine arts facilities in Fort Bragg and Mendocino Village. Most fine art facilities are non-profit organizations and range in size from 12,000 to 80,000 square feet. Virtually all have been built with some level of public subsidy, and foundation support and most take advantage of building re-use and or artist sweat equity (donated construction labor) to reduce construction costs. Art centers are generally viewed as a positive economic development engine, contributing to downtown revitalization, attracting visitors, improving visitor quality, and increasing visitor length of stay and visitor expenditures.

The Mendocino Art Center is the greatest competition to the success of a fine arts center in Fort Bragg. Mendocino is well known as an “Artist Colony” and has long been the center for arts on the North Coast. The Mendocino Art Center offers an art gallery, a nationally known arts education program, theater, seasonal art and crafts fairs, and an artist-in-residence program. However, at various times in the past the Mendocino Art Center has struggled financially and operates on a marginal budget. Consequently a successful Fort Bragg arts center should offer a different and non-competitive mix of programming for success. A Fort Bragg art center should probably include artists studios, a gallery and event space, but it should partner with either the College of the Redwoods or the Mendocino Art Center for provision of arts education classes, if such classes are warranted.

Separate market analyses for each of these four uses (studio space, gallery space, event space, and arts education) are provided below.

Artist Studio Space

A majority of Mendocino Coast artists works out of their homes. Consequently, a survey of local artists should be undertaken to determine how many artists would be interested in renting space in such a center, likely rents, and space requirements. This survey is beyond the scope of this engagement. However, based on similar surveys conducted by the consulting team for other communities, some general findings may apply here: most artists prefer to pay between \$0.50 and \$1.00 per square foot for full service space and desire a studio space of between 300 and 400 square feet. Local demand for studio space, e.g. the total number of studios which should be offered in a local facility can only be gauged through a direct artist survey.

The College of the Redwoods Fine Woodworking Program, which offers a world-renowned nine-month program in cabinetry and furniture-making, would make an excellent anchor tenant for such a facility. Both the College of the Redwoods Vice President and the Director of the Fine Woodworking Program have indicated that their current location is too small and in need of renovation. The Fine Woodworking program would require 5,000 square feet of space: 2,500 for the bench-room, 2,000 for a machine room and wood storage room, and 350 for a gallery. A facility which offers both work-space and a retail gallery with a viewing gallery to the workspace would be very valuable to the program and make an interesting visitor attraction on the G-P mill site.

Gallery Space

The number and quality of galleries that present high quality local art has grown significantly in Fort Bragg over the past ten years, indicated growing market demand for this type of retail space. Indeed, Fort Bragg is beginning to compete with Mendocino for cultural tourism visitors and their expenditures.

- Fort Bragg art galleries include: the Edgewater Gallery, Erin Dertner Studios, Masterpiece Gallery, and the Northcoast Artists Gallery among others.

Table 24
Fort Bragg and Mendocino County Attractions
Fort Bragg Economic Development Background Report

Attraction / Venue	Location	Description
Ananse Village	Ft. Bragg	Art gallery
Georgia Pacific Museum	Ft. Bragg	History Museum
Triangle Tattoo & Museum	Ft. Bragg	Museum
Gloriana Opera Company	Ft. Bragg	Opera Company
Mendocino Coast Botanical Gardens	Ft. Bragg	Public Garden
Skunk Train	Ft. Bragg	Scenic Train
California Western Railroad	Ft. Bragg	Scenic Train
MacKerricher State Park	Ft. Bragg	State Park
Grace Hudson Museum	Ukiah	Art Museum
Mendocino County Museum	Willits	Museum

- Key Mendocino Village-based art galleries include: Artists Co-op of Mendocino, Coastside Gallery, Ditto's Gallery and Studio, Gallery Mendocino, Gallery One, Highlight Gallery, Mendocino Art Center, Mendocino Ceramics Center, Panache Gallery, Showcase Gallery, William Zimmer Gallery, and Zacha's Bay Window Gallery among others.

In general, any art gallery would be unlikely to pay more for a space in the Art Center than for general retail space in Downtown Fort Bragg which range between \$1.00 and \$2.50 per square foot (NNN).

Arts Education

The arts education market is fairly saturated on the Mendocino Coast. The Mendocino Art Center and the College of the Redwoods offer a wide variety of arts and performing arts courses and serve either end of the arts education market. The Mendocino Art Center offers primarily one to five-day courses for \$80 to \$450 and serves primarily visiting students. The College of the Redwoods offers quarter and year long courses for \$18 per unit and primarily serves local residents. The College of Redwoods has indicated that its current “portable” fine arts classrooms are over-crowded and insufficient for demand. CR has indicated a willingness to discuss collaboration in the provision of arts education at a new Fort Bragg art center. A Fort Bragg Art Center would find competition in the market very difficult.

Event Space

The event market for weddings is strong in Mendocino and Fort Bragg. Indeed, Fort Bragg currently offers a number of quality wedding venues including: the Coast Botanical Gardens, Pine Beach Inn, and the Colonial Inn. Mendocino also offers a wide variety of up-scale wedding venues including the MacCallum House, the Heritage

House, Hill House, the Mendocino Hotel, the Agate Cove Inn among other sites. Event venues typically rent for between \$350 and \$1,500 depending on size, location and desirability.

Project Development Program

A hypothetical development program for a Fine Arts Center is provided below to illustrate the range of potential costs involved in such a project. A complete design charrette, market analysis, and development feasibility study would be necessary to scope out a true development program for such a facility. A more detailed summary of assumptions and supporting calculations is provided in **Appendix C**.

Development Program

Site	Square Feet
Facility Site	22,770
Parking (60 spaces)	24,000
Total Site Area	46,770

Proposed Uses and Space Requirements

Site	Square Feet
Office Space	400
Gallery & Gift Shop	600
Art Studios (group & individual)	6,000
Fine Woodworking Program	5,000
Classroom Space	3,000

Proposed Uses and Space Requirements (continued)

Site	Square Feet
Event Space & Event Storage	2,000
Restrooms & Kitchen	1,000
Circulation, Storage, Loading Dock	2,700
Total Square Feet	20,700

Estimated Project Cost and Feasibility Gap

A preliminary feasibility analysis for a hypothetical fine arts center is provided below. New construction of a 20,000 square foot facility with associated parking would cost roughly \$4,400,000.

Site acquisition	\$400,000
Hard Construction	\$3,000,000
Soft Construction	\$600,000
Construction Contingency	\$400,000
Total Project Costs	\$4,400,000

Project costs could be significantly reduced through:

- the use of volunteer (sweat equity) labor for both hard and soft construction costs,
- the adaptive reuse of an existing Mill Site structure, and
- donation of all or a portion of the site.

A project of this configuration could generate project income from studios, event space and classroom rentals sufficient to support project management costs and \$2 million in debt financing through a bond from the California Infrastructure Bank at 4 percent interest and a twenty year term (Please see funding sources for more information). The remaining costs of \$2.4 million could be obtained through a combination of fundraising activities, grants, and non-cash donations such as sweat equity and a site donation.

Performing Arts Facility

Current performing arts and community facilities in Fort Bragg and Mendocino are inadequate to meet the performing space requirements of existing theater, music and dance performance companies on the Mendocino Coast. Utilization of most spaces is high 60 to 80 percent but rates are relatively low at \$350 to \$800 per day, indicating price sensitivity among renting organizations.

In addition, existing performance space is slightly mismatched to current needs. For example Cotton Auditorium, the preferred performance space for many groups due to its excellent stage, wings and acoustics is too large, at 900 seats, for most current audiences. By contrast, Eagle's Hall is appropriately sized for the typical Fort Bragg audience, at 200 seats, but does not offer fixed seating and has inferior acoustics and lighting. The directors of various performing arts organizations indicated that existing facilities, while not ideal, do meet current needs though scheduling can be problematic. However, they also indicated that an ideal 300-350 seat theater with a variety of amenities (fixed seating, off stage and wing areas, modern lighting, excellent acoustics, and an orchestra pit) would likely attract a variety of traveling theater groups from the Bay Area and improve the overall quality of the performing arts experience in Fort Bragg.

Numerous performing art center models dot the Northern California landscape. Some notable examples include: the Gualala Art Center, The Mendocino Art Center, the Grass Valley Center for the Arts, among others. Most rural and small-town performing arts centers offer a small and flexible performance space of 100-300 seats, meeting venues and event space. These centers can be important community resources and

add to the visitor appeal of a location such as Fort Bragg. It is also possible that such a facility could be incorporated into the Fine Art Center described above or located adjacently in its own building.

Supply

As summarized in **Table 25**, Fort Bragg and the Mendocino Coast currently offer a variety of event and theater venues including:

- Fort Bragg : Cotton Auditorium, Eagle’s Hall, the Footlighters Theater
- Mendocino: Pentacost Hall, Crown Hall, the Helen Shonei Theater and the Presbyterian Church

These theater venues experience heavy seasonal utilization, with most performances and event rentals occurring in the summer and fall. Average daily rental rates are relatively low, \$100-\$700, while the facilities are utilized at a fairly high rate, indicating that organizations that rent space are fairly price sensitive.

Table 26 summarizes a number of performing arts organizations active in Fort Bragg and Mendocino Village.

Demand

A variety of performing arts organizations bring lively cultural events to the Mendocino Coast. Many have successful performance histories of 20 years or more. Some rent or own their own dedicated performance spaces or use outdoor facilities, and so may be unlikely to utilize a new performing arts facility, as is the case for Footlighters, the Mendocino Theater Company, the Mendocino Music Festival, and Second Story Dance Studio. The remaining stable groups, Opera Fresca, the Symphony of the Redwoods, Gloriana Opera Company among others, do not provide sufficient demand of themselves to support an additional performing arts center. However, a number of performing art directors indicated that groups from the Bay Area would travel to Fort Bragg to present performances if Fort Bragg had a quality performance venue. In addition, the strong wedding market would also provide a potential source of revenue for the right kind of performing arts venue.

Estimated Project Cost and Feasibility Gap

A preliminary project estimate based on standard assumptions for a 12,000 square foot facility is presented below. This estimate is for discussion purposes only; a final estimate would have to be completed based on a comprehensive market analysis to proceed beyond the preliminary discussion stage. A more detailed summary of assumptions and calculations is presented in **Appendix C**.

Development Program

Site	Square Feet
Facility Site	11,638
Parking	24,000
Total Site Area	35,638

Proposed Uses and Space Requirements

Site	Square Feet
Office Space	200
Box office, entry way, coat closet	600
Theater	5,000
Multipurpose Room	2,400
Restrooms & Kitchen	1,000
Circulation, Storage, Loading Dock	1,380
Total Square Feet	10,580

Table 25
Performing Arts Venues in Fort Bragg and Mendocino Village
Fort Bragg Economic Development Background Report

Venue	Seats	Day Rate	Utilization	Description
Eagle's Hall Alder Street 961-1464	200-250	\$350-\$700	High	This theater has a split stage, thrust platform, inadequate acoustics, and is in some disrepair. Theater utilization has recently increased while Cotton auditorium is undergoing renovations.
Cotton Auditorium 500 N. Harold Street	900	NA	Under construction	Cotton Auditorium is currently undergoing renovations. Theater includes fixed seating for 900, a large stage with fly-wings, good acoustics.
Caspar Community Center (707) 964-4997	100	\$	280 70% utilization, year round	This small community center primarily serves the non-profit and dance community. Hit and Run Theater will use the venue for the summer 2004 season
Crown Hall Mendocino 707-937-0672	350	\$350/day, 3 day minimum	Summer	Summer wedding, Whale Festival, Kelley House fundraiser, has had a few theatrical events, not many, small stage.
Mendocino Presbyterian Church	250	\$300-\$500, or percentage of proceeds	Weekends, all year	In sanctuary, numerous weddings and concerts (Opera Fresca, College of the Redwoods, Music Festival)
Preston Hall, Mendocino 707 937-5441	180	\$500/day, \$1,000 for weddings, recurring groups are free	80-90%	Concerts (Opus, Symphony of the Redwoods, Fort Bragg Art Center) State of the Art Kitchen \$100 extra, excellent sound system is \$100 extra, numerous weddings
Helen Schoeni Theatre Mendocino Art Center (707) 937-4477 Dick Ahrens, 937-2718	88	\$100 -\$300/day	Full utilization by Mendocino Theater	Small quality theater in garden setting of Mendocino Art Center. Theater is in use 10 months of the year by the Mendocino Theater Company and Jump Start Theater.

Source: Marie Jones Consulting, 2004

Table 26
Performing Arts Organizations in Fort Bragg and Mendocino
Fort Bragg Economic Development Background Report

Organization	Season	Current venues	Description
Mendocino Music Festival P.O. Box 1808, Mendocino (707) 937-2044	Summer	Mendocino Headlands	In its 18th season, the Mendocino Music Festival presents twelve days and nights of music in a tent on the Mendocino Village Headlands.
Gloriana Opera Company 721 North Franklin St., Fort Bragg (707) 964-7465	Summer	Gloriana Theater	Over the years, Gloriana has consistently offered shows and programs that reflect the wishes and needs of the Mendocino Coast.
Mendocino Theater Company 45200 Little Lake St. Mendocino (707) 937-4477		Helen Schoeni Theatre	The Mendocino Theatre Company has been producing high quality theatre for nearly 27 years. The company performs in the intimate 88 seat Mendocino Theatre, producing a variety of plays ranging from great literary classics to modern comedies, and from much
Footlighter's 248 East Laurel St., Fort Bragg (707) 964-3806		FootLighters Theater	
Opera Fresca P. O. Box 411 Mendocino (707) 937-3646	Spring -Fall	Eagle's Hall Hill House, Preston Hall Mendocino College Theater	From its inception in 1996, Opera Fresca's distinctive and unique style is the remarkable result of wonderful voices, chamber orchestra, world-class musical and artistic direction, and the generosity and support of our creative,
Symphony of the Redwoods Fort Bragg, CA (707) 964-0898		Eagle's Hall, Preston Hall Tent at Mendocino Headlands	The Symphony of the Redwoods was founded in 1983 and has grown to include 45-50 amateur and professional musicians from Mendocino, Humboldt, Lake and Sonoma Counties and the Bay Area.
Fort Bragg Center for the Arts 321 N. Main Street (707) 964-0807		Preston Hall	The Center, created in 1989, provides art education, exhibition and performance space.

Source: Marie Jones Consulting, 2004

Development Costs

Site acquisition	\$400,000
Hard Construction	\$1,900,000
Soft Construction	\$400,000
Construction Contingency	\$300,000
Total Project Costs	\$3,000,000

A new performing arts center would likely not generate sufficient income to underwrite bond or loan financing, consequently the \$3 million project would have to be funded entirely through a combination of a capital campaign, sweat equity and site donation.



**Economic &
Planning Systems**

Real Estate Economics

Regional Economics

Public Finance

Land Use Policy

APPENDIX A:

RECENT REPORTS AND PLANNING DOCUMENTS

APPENDIX A: RECENT REPORTS AND PLANNING DOCUMENTS

A.1 CITY OF FORT BRAGG GENERAL PLAN

In December of 2002, the City Council adopted a new General Plan. The General Plan expresses the community's vision for the future physical development of Fort Bragg, setting forth goals, policies and programs for land use, facilities, coastal uses, conservation, open space, parks, circulation, design, safety, noise and housing. Many policies and goals of the general plan impact the G-P mill site, some with significant policies include:

- Policy LU-5.1 Requires the G-P mill site developer to prepare a Specific Plan for the site, which must be approved by City Council, prior to submission of rezoning or general plan amendments. The Specific Plan must identify future uses and infrastructure requirements, and establish development standards for the property. The Specific Plan shall contain financing mechanisms to provide infrastructure and public amenities based on a nexus between development exactions and development-induced needs.
- Policy PF-2.1 Requires new development to pay its share of capital improvements and the cost of public services.
- Policy LC-1.1 Provides for proposed public and shoreline access along the entire G-P headlands, as well as access to Soldiers Bay from Pine Street (Page 33).
- Policy LC-3.1 Limits uses on environmentally sensitive habitat along the coastal edge of the G-P mill site (page 39)
- Policy LC-5.1-3 Requires the City to protect visual resources, which include the large stand of trees between the North Cliff Hotel and Cypress Street along the west side of Highway one. In addition, the general plan requires a Visual Analysis for any commercial, industrial or residential development in the Scenic Viewshed which runs along the entire G-P mill site. (page 44& 45).
- Policy OS-11.1 Calls on the City to set a standard of three acres of parkland for each additional 1,000 residents (page 57).
- Policy OS 13.1 develop a multiple use trail system, including coastal trails (page 60)
- Policy CD-1 All new development is consistent with the Design Review Guidelines.
- Policy H-3.4 Calls on the City to increase the inclusionary housing requirement from 10 to 15 percent of units for low-income households.
- Policy H-3.5 Calls on city to revise the zoning ordinance to provide density bonus of 25% for projects which provide 20% or more of units to for lower income households.

Many goals and policies of the General Plan also have specific relevance to economic development in the City, namely:

- Policy LU-3.1 Retain and enhance the small-scale, pedestrian-friendly and historic character of the Central Business District (page 19)
- Policy LU-3.2 through 3.5 Support mixed-use development, historic building reuse, infill development, and building reuse in the CBD (page 19)
- Policy LU-4.1-4.2 Regulate formula and big box retail, require a fiscal and economic impact analysis, limit new large scale commercial development to 50,000 square feet.

- Policy 2.4 Improve the availability of parking in the CBD and other commercial areas
- Policy CD-3 Create attractive entryways to the City
- Policy CD-6 Preserve cultural and historic resources

A.2 DOWNTOWN FORT BRAGG IMPLEMENTATION PROGRAM

This report, completed in February 2002, outlines an implementation mechanism, funding sources and recommended improvements to the downtown gateway, streetscape, public facilities, parks and parking. The program also recommends the formulation of a Business Improvement District (BID) and the development of a Main Street Program.

A.3 REDEVELOPMENT 2003 TAX ALLOCATION BOND REPORT

This report, completed in October of 2003, outlines historic and estimates future tax increment revenues for the Redevelopment Agency. In 2002-03 the redevelopment area generated \$1,179,941 in tax increment, of this increment as required by statute, 20% is set aside for affordable housing and an additional x% is set aside to the county, recreation and fire districts via pass thru agreements. The report estimates that the Redevelopment Agency will collect approximately \$20 million through 2037, after adjusting for inflation, for redevelopment activities within the redevelopment area. This estimate assumed the continued operation of the G-P mill site as a timber mill. Based on this estimate, the report notes that the Redevelopment Agency could obtain as much as \$35 million in bonded indebtedness in support of redevelopment activities.

Note: the re-use of the mill site will significantly increase the tax increment and limit on bonded indebtedness above these initial estimates.

A.4 GEORGIA PACIFIC REPORTS

A.4.1 Overview of Economic and Real estate Market related to G-P Mill Site

This July 2003 report, completed by Sedway and Associates for Georgia-Pacific, outlines key economic trends in Fort Bragg. In specific the report indicates that there is:

- Solid and growing market demand for residential uses on the site, particularly retirement, vacation and second homes.
- Limited demand for local-serving office, light industrial and retail uses.
- Good long term outlook for hospitality/tourism and resort/recreation uses.
- Possible long term opportunities for institutional uses such as higher education, marine research center and/or a museum/cultural facility.

A.4.2 Georgia Pacific Mill Site Community Meeting Presentation

This November 2003 presentation document summarizes the design concepts of the G-P planning process, and it outlines a number of planning principles for the site, including:

- Balance land uses on the site, base development on realistic market expectations and community values, respond to existing land use patterns in Fort Bragg, include a “heart” that is a community gathering place
- Connect residents and visitors to the Fort Bragg coastline via access and view corridors, pedestrian, bicycle and auto access, and multi-use open spaces.

The document outlines a number of specific recommendations including:

- Shoreline access along the GP property coastline (pedestrian paths, bike trails, overlooks, etc.)
- A large central park or promenade around Soldiers Bay, with access from Oak Street, that opens up a view corridor from Main and Oak Street to the Bay and includes an area for community events (farmers market, etc.)
- Create new workplaces; evaluate existing buildings such as the Fuel Barn, Power Plant, Drying Kilns for alternative re-use as performance space, small business incubator, arts center;
- Locate resort development within walking distance of CBD, improve linkages between CBD and soldiers bay via walking trail and design
- Consider new retail and tourist-serving uses, a B&B near Glass Beach,
- Consider in-town higher density residential uses, include a mix of housing types in a range of prices; expand existing residential neighborhood from Oak to Spruce streets toward the shoreline; establish a new neighborhood at Noyo Bay
- Consider an educational campus adjacent to the coast
- Develop a new entry way on Cypress Street; establish an arterial street that reduces traffic impact on Highway One.
- Preserve existing tree grove, use natural systems for bioremediation throughout the open space system.



**Economic &
Planning Systems**

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APPENDIX B:

RETAIL LEAKAGE ANALYSIS CALCULATIONS

**Appendix Table B-1
Overnight Visitor Demographic and Economic Profile
Fort Bragg Economic Development Background Report**

Item	Existing Conditions
<u>Fort Bragg Lodging Demand</u>	
Tourism annual growth rate	--
Annual overnight stays	150,561
<u>Lodging Inventory</u>	
Budget rooms	780
Avg. occupancy rate	41%
Avg. room rate	\$95
Moderate rooms	186
Avg. occupancy rate	41%
Avg. room rate	\$138
Luxury rooms	47
Avg. occupancy rate	41%
Avg. room rate	\$225
Timeshare units	0
Avg. occupancy rate	0%
Avg. room rate	\$0
Total rooms	1,014
Average occupancy rate	41%
Potential annual overnight stays	150,561
<u>Average Rooms Occupied Each Night (Demand Adjusted)</u>	
Budget	317
Moderate	76
Luxury	19
Timeshare	<u>0</u>
Total	412
Annual lodging sales (\$2004)	\$16,472,640
<u>Overnight Visitor Profile</u>	
Party size	2.9
Length of stay (days)	2.60
Nights per stay	2.6
<u>Annual Overnight Stays</u>	
Budget	0
Moderate	335,987
Luxury	80,197
<u>Timeshare</u>	<u>20,442</u>
Total	0

**Appendix Table B-1
Overnight Visitor Demographic and Economic Profile
Fort Bragg Economic Development Background Report**

Item	Existing Conditions
<u>Captured Daily Expenditures per Traveler</u>	
Budget Accommodation	
Restaurant & bar	\$11
Convenience retail	\$17
Comparison retail	\$0
Specialty retail	\$3
Services/other	\$5
Moderate Accommodation	
Restaurant & bar	\$23
Convenience retail	\$21
Comparison retail	\$0
Specialty retail	\$5
Services/other	\$10
Luxury Accommodation & Timeshare Units	
Restaurant & bar	\$34
Convenience retail	\$21
Comparison retail	\$0
Specialty retail	\$10
Services/other	\$18
Total annual captured sales	\$18,409,585
Total annual taxable sales (1)	\$13,140,235
<u>Annual City Revenue</u>	
TOT revenue	\$1,647,264
Est. sales tax revenue to City	\$131,402

(1) Alcohol, groceries, and entertainments services are generally not taxable purchases. The model therefore assumes that 100% of restaurant sales, 51% of convenience sales, and 50% of 'services/other' sales are taxable. All remaining sales are assumed to be 100% taxable.

**Appendix Table B-2
Day Visitor Demographic and Economic Profile
Fort Bragg Economic Development Background Report**

Item	Existing Conditions
<u>Day Visitor Profile</u>	
Annual overnight stays (outside FB)	253,913
Party size	2.90
Length of stay (days)	2.60
Nights per stay	3.0
Percent with children	22%
Percent traveling to FB for day (2)	50%
Percent of "full day" day spent in FB	50%
<u>Annual Visitation by Day Visitors</u>	
Visitor nights (outside Fort Bragg)	736,347
"Full Day" Person-Trips to Fort Bragg	21,159
<u>Captured Daily Expenditures per Day Visitor</u>	
Restaurant & bar	\$23
Convenience retail	\$19
Comparison retail	\$4
Specialty retail	\$11
Services/other	\$15
Total annual captured sales	\$1,507,607
Total annual taxable sales	\$1,154,365
<u>Annual City Revenue</u>	
Est. sales tax revenue to City	\$11,544

- (1) Assumes projected development does not affect overnight stays or spending patterns of people staying outside Fort Bra
(2) The percent of overnight parties staying outside Fort Bragg who make a day-trip to Fort Bragg.

**Appendix Table B-3
Full-time Resident Demographic and Economic Profile
Fort Bragg Economic Development Background Report**

Item	Existing Conditions
<u>Population</u>	
Population	7,029
Percent full time	98%
Households	2,877
Persons per household	2.34
<u>Employment</u>	
Total jobs	4,377
Employed residents	3,067
Residents employed in FB	1,884
<u>Housing</u>	
Single family units	
Affordable	1,431
Market rate	737
<u>Luxury</u>	<u>0</u>
Total	2,168
Multi-family units	
Affordable	609
<u>Market rate</u>	<u>314</u>
Total	923
Units filled by existing residents	3,091
Units filled by new residents	<u>N/A</u>
Total Units	3,091
<u>Expenditure Potential</u>	
Reported median HH income	\$28,539
% income unreported	20%
Adjusted median HH income	\$34,247
Estimated annual retail expenditure potential per HH (3)	
Restaurant & bar	\$1,794
Convenience retail	\$7,065
Comparison retail	\$7,031
Specialty retail	\$0
Services/other	<u>\$2,658</u>
Total	\$18,548

Appendix Table B-3
Full-time Resident Demographic and Economic Profile
Fort Bragg Economic Development Background Report

Item	Existing Conditions
Annual estimated captured sales by residents (4)	
Restaurant & bar	\$3,881,678
Convenience retail	\$15,286,541
Comparison retail	\$15,212,975
Specialty retail	\$0
<u>Services/other</u>	<u>\$5,751,115</u>
Total	\$40,132,308
Annual captured taxable sales	\$29,760,792
<u>Annual City Revenue</u>	
Annual sales tax to City	\$297,608
Estimated property values	\$415,512,800
Property tax to City	\$1,329,641

- (1) New population associated with projected development, including new homes and new jobs filled by non-FB residents.
(2) See Table 7.
(3) Based on Bureau of Labor Statistics Consumer Expenditure Survey
(4) See Table 6.

**Appendix Table B-4
Part-time Resident Demographic and Economic Profile
Fort Bragg Economic Development Background Report**

Item	Existing Conditions
<u>Population</u>	
Total population	7,029
Est. percent part time	1.9%
Est. part-time residents	131
<u>Housing</u>	
No. second/vacation homes	58
Est. P/T household size	2.27
Median home price	\$350,000
<u>Part Time Characteristics</u>	
Full weeks/year spent in FB	4
Annual part-time resident days	3,687
<u>Expenditure Potential</u>	
Estimated median HH income	\$93,800 (1)
Annual captured FB expenditure potential per HH	
Food & beverages	\$283
Convenience retail	\$1,414
Comparison retail	\$1,407
Specialty retail	\$0
<u>Services/other</u>	<u>\$280</u>
Total	\$3,385
Total estimated captured sales	\$195,466
Total estimated captured taxable sales	\$147,338
<u>Annual City Revenue</u>	
Annual sales tax to City	\$1,473
Annual property tax to City	\$64,677

(1) Assumes majority of part-time residents are from the Bay Area. Reported income is 2000 ABAG estir for Bay Area region.

**Appendix Table B-5
 Unincorporated County Resident Demographic and Economic Profile
 Fort Bragg Economic Development Background Report**

Item	Existing Conditions
<u>Population</u>	
Unincorporated No. Coast Res.	15,680
Persons per household	2.34
Est. households	6,698
<u>Employment</u>	
Non FB-res employees in FB	2,493
<u>Expenditure Potential</u>	
Reported median HH income	\$28,539
% income unreported	20%
Adjusted median HH income	\$34,247
Estimated annual retail expenditure potential per HH (3)	
Restaurant & bar	\$1,794
Convenience retail	\$7,065
Comparison retail	\$7,031
Specialty retail	\$0
Services/other	<u>\$2,658</u>
Total	\$18,548
Annual estimated captured sales by unincorporated No. Coast HH	
Restaurant & bar	\$538
Convenience retail	\$6,005
Comparison retail	\$3,516
Specialty retail	\$0
<u>Services/other</u>	<u>\$1,329</u>
Total	\$11,388
Total annual captured sales	\$76,276,402
Total annual captured taxable sales	\$52,101,646
<u>Annual City Revenue</u>	
Annual sales tax to City	\$521,016

- (1) New population associated with projected development, including new homes and new jobs filled by non-FB residents
- (2) Assumes all new jobs not filled by FB residents are filled by unincorporated No. Coast residents. See Table 7.
- (3) Based on Bureau of Labor Statistics Consumer Expenditure Survey
- (4) See Table 6.

**Appendix Table B-6
 Nonresident Employee Demographic and Economic Profile
 Fort Bragg Economic Development Background Report**

Item	Existing Conditions
<u>Employment</u>	
Unemployment rate	6.00%
Total FB employment	3290
FB residents employed in FB	<u>1884</u>
Total non-resident employees	1406
<u>Spending Capacity</u>	
Daily captured expenditure potential (per employee)	
Food & beverages	\$8.00
Convenience retail	\$5.00
Comparison retail	\$5.00
Specialty retail	\$0.00
<u>Services/other</u>	<u>\$0.00</u>
Total	\$18.00
Annual captured retailed expenditures (2)	\$6,327,000
Annual taxable retail expenditures	\$5,465,187
<u>Annual City Revenue</u>	
Annual sales tax to City	\$54,652

(1) See Table 7.

(2) Assumes all daytime spending by non-resident employees is in Fort Bragg.

**Appendix Table B-7
Annual Retail Expenditures by Category
Fort Bragg Economic Development Background Report**

Category	Avg. Expenditure (Percent Annual Pre-tax Income) [1]
Restaurant & Bar	5.2%
<u>Convenience Retail</u>	
Groceries	9.7%
Alcohol & tobacco	1.8%
Household supplies	1.4%
Gasoline & auto repair	6.2%
Health care & drugs	<u>1.5%</u>
"Convenience" subtotal	20.6%
<u>Comparison Retail</u>	
Auto sales	11.9%
Furniture & appliances	3.9%
Apparel	<u>4.7%</u>
"Comparison" subtotal	20.5%
Entertainment & services	7.8%
Total Retail Expenditures	54.2%

(1) From Bureau of Labor Statistics (BLS) Consumer Expenditure Survey. Percent expenditures for the \$30,000 to \$39,000 annual household income class (corresponding to adjusted FB median HH income). Spending categorized according to table below:

<u>BLS Spending Category</u>	<u>EPS "Leakage Analysis" Category</u>
Food at Home	Groceries
Food away from Home	Restaurant & Bar
Alcoholic Beverages	Alcohol & tobacco
Housekeeping Supplies	Household supplies
Household Furnishing & Equip.	Furniture & appliances
Apparel and Services	Apparel
Vehicle Purchases	Auto sales
Maintenance and Repairs	Gasoline & auto repair
Gasoline and Motor Oil	Gasoline & auto repair
Drugs and Medical Supplies	Health care & drugs
Entertainment	Entertainment & services
Personal Care	Entertainment & services
Reading	Entertainment & services
Tobacco and Smoking Supplies	Alcohol & tobacco
Lodging	Entertainment & services

Source: BLS; Economic & Planning Systems, Inc.



**Economic &
Planning Systems**

Real Estate Economics

Regional Economics

Public Finance

Land Use Policy

APPENDIX C:

ARTS FACILITY ASSUMPTIONS AND CALCULATIONS

Table 1: Fort Bragg Fine Arts Center: Assumptions, Sources & Uses

Assumptions

Site Acquisition Cost	\$ 10 SF		
Facility Site	11,385 SF	Parking Spaces	60 Spaces
Parking	24,000 SF	Studio & Classroom Rental Rate	\$ 0.85 /SF/Month
Total Site Area	35,385 SF	Fine Woodworking Program	\$ 0.85 /SF/Month
Office Space	400 SF	Artist Studio Rate	\$ 0.85 /SF/Month
Gallery & Gift Shop	600 SF	Gallery Rental Rate	\$ 1.50 /SF/Month
Art Studios (group & individual)	6,000 SF	Event Rental Rate	\$1,000 /event
Fine Woodworking Program	5,000 SF	Parking Rate	\$1 /Space/Day
Classroom Space	3,000 SF	Operating Expenses	\$0.56 /SF/Month
Event Space & Event Storage	2,000 SF	Holding Period	2 Months
Restrooms & Kitchen	1,000 SF	Construction Period	16 Months
Circulation, Storage, Loading Dock	2,700 SF		
Total Square Feet	20,700 SF		

	TOTALS	
TOTAL SITE ACQUISITION		
Art Exchange Site	\$113,850	
Parking Site	\$240,000	
Site Demolition	\$30,000	
TOTAL SITE COSTS	\$383,850	18.54347826

CONSTRUCTION COSTS		
Site work (inc. Landscaping, Curbs, Sidewalks, Paving, etc.)		\$81,900
Construction Costs	\$ 105.00 /SF	\$2,173,500
Construction - Parking	\$ 525 /Parking Space	\$31,500
Subtotal Construction and Site Work		\$2,286,900
Furniture, Fixtures and Equipment (FF&E)		\$50,000
General Conditions	9% Construction costs	\$205,821
Contractor's Fee	4% Construction costs	\$91,476
Environmental Mitigation		\$15,800
Construction Escalation to Start April 2005	5% Construction costs	\$114,345
Construction Contingency 10%	10% Construction costs	\$228,690
TOTAL CONSTRUCTION COSTS		\$2,993,032
		144.5909179

GENERAL DEVELOPMENT COSTS		
Architect/Engineers		\$227,952
Feasibility/Program		\$20,000
Architect, Structural, Mechanical & Electrical Engineers	8% Construction	\$160,083
Geo Tech/Soils		\$25,000
Testing & Special Inspections	1% Construction	\$22,869
Cost Estimator		\$5,000
Environmental Assessment		\$8,500
Bond: Construction Interest & Fees	2,152,891	\$85,557
Construction Interest	4.00%	69,410 See Table 2
Origination Fees	0.25% of Const. Loan	5,382
Title & Recording	0.5% of Const. Loan	10,764
Legal & Leasing		\$15,000
Reserves		\$43,672

			<u>TOTALS</u>	
Rent-up Reserve (Tenant Area)	3 mo. tenant rent	\$	28,050	
Capitalized Operating Reserve	2 mo. operating costs	\$	15,622	
Permits and Fees			\$75,000	
Construction Project Manager	2.5% of Hard & Soft Costs		\$100,066	
Other - Carrying Costs			\$60,000	
Fire, Liability & Course of Construction Insurance		\$	60,000	
Property Tax		NA		
Accounting/Management Set-up			\$5,000	
TOTAL GENERAL DEV COSTS			\$625,746	30.22928163
PROJECT SUBTOTAL			\$4,002,628	
General Project Contingency	10% Total costs		\$400,263	
TOTAL PROJECT COSTS			\$4,402,891	212.7000455

Construction Loan **\$2,152,891**

SOURCES OF PERMANENT FUNDS

Art Exchange Equity **\$2,250,000**
 Capital Campaign \$ 2,250,000

Non-Profit Bond Financing 4.00% 30 year amortization **\$2,152,891**

TOTAL SOURCES OF PERMANENT FUNDS **\$4,402,891**

Cost to Construction Loan Ratio 48.9%

Amortization Table Permanent Mortgage

Interest	4.00%	5.75%	5.25%
Term	30	30	30
Amortization R	0.0047742	0.0077530	0.005522
Monthly Paym	\$10,278	\$41,582	\$11,888
Mortgage	\$2,152,891	\$5,363,342	\$2,152,891
		\$498,984	

Source: Marie Jones Consulting, 2004

Table 1: Fort Bragg Performing Arts Center: Assumptions, Sources & Uses

Assumptions

Site Acquisition Cost (a)	\$	10 SF	
Facility Site		11,638 SF	
Parking		24,000 SF	60 spaces
Total Site Area		35,638 SF	
Office Space		200 SF	
Box office, entry way, coat closet		600 SF	
Theater		5,000 SF	
Multipurpose Room		2,400 SF	
Restrooms & Kitchen		1,000 SF	
Circulation, Storage, Loading Dock		1,380 SF	
Total Square Feet		10,580 SF	

		TOTALS	
TOTAL SITE ACQUISITION			
Performing Arts Center Site		\$116,380	
Parking Site		\$240,000	
Site Demolition		\$30,000	
TOTAL SITE COSTS		\$386,380	
CONSTRUCTION COSTS			
Site work (inc. Landscaping, Curbs, Sidewalks, Paving, etc.)		\$81,900	
Construction Costs	\$	130.00 /SF	\$1,375,400
Construction - Parking	\$	525 /Parking Space	\$0
Subtotal Construction and Site Work			\$1,457,300
Furniture, Fixtures and Equipment (FF&E)			\$50,000
General Conditions	9% Construction costs		\$131,157
Contractor's Fee	4% Construction costs		\$58,292
Environmental Mitigation			\$15,800
Construction Escalation to Start April 2005	5% Construction costs		\$72,865
Construction Contingency 10%	10% Construction costs		\$145,730
TOTAL CONSTRUCTION COSTS			\$1,931,144
GENERAL DEVELOPMENT COSTS			
Architect/Engineers			\$161,584
Feasibility/Program		\$20,000	
Architect, Structural, Mechanical & Electrical Engineers	8% Construction	\$102,011	
Geo Tech/Soils		\$25,000	
Testing & Special Inspections	1% Construction	\$14,573	
Cost Estimator			\$5,000
Environmental Assessment			\$8,500
Bond: Construction Interest & Fees	0		\$0
Construction Interest	4.00%	-	See Table 2
Origination Fees	0.25% of Const. Loan	-	
Title & Recording	0.5% of Const. Loan	-	
Legal & Leasing			\$15,000
Permits and Fees			\$75,000
Construction Project Manager	2.5% of Hard & Soft Costs		\$67,887
Other - Carrying Costs			\$60,000
Fire, Liability & Course of Construction Insurance		\$ 60,000	
Property Tax		NA	
Accounting/Management Set-up			\$5,000
TOTAL GENERAL DEV COSTS			\$397,971 37.61544278
PROJECT SUBTOTAL			\$2,715,495
General Project Contingency	10% Total costs		\$271,550
TOTAL PROJECT COSTS			\$2,987,045 282.3293878

TOTALS

SOURCES OF PERMANENT FUNDS

Art Exchange Equity		\$2,987,045
Capital Campaign	\$ 2,987,045	

Non-Profit Bond Financing	4.00% 30 year amortization	\$0
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TOTAL SOURCES OF PERMANENT FUNDS		\$2,987,045
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Cost to Construction Loan Ratio	0.0%
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Amortization Table Permanent Mortgage

	4.00%	5.75%	5.25%
Interest	30	30	30
Term	0.0047742	0.0077530	0.005522
Amortization R	\$0	\$41,582	\$0
Monthly Paym	\$0	\$5,363,342	\$0
Mortgage		\$498,984	

Source: Marie Jones Consulting, 2004