

# Mill Site Master Development Agreement & Planning Program Phase 1 Development Strategy Report

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## 1. Background & Work Tasks

On October 15, 2024, the City Council considered a proposal from the City Manager to pursue a ‘development agreement’ and planning program for the Mill Site in lieu of continuing with the ongoing litigation. Mendocino Railways (MR) had suggested this approach as part of a proposed litigation settlement agreement. At the request of the City Manager, a related proposal describing such a development agreement-based planning program was prepared for the City by Economic & Planning Systems, Inc. (see **Attachment 1**). Following consultations with representatives of MR and the California Coastal Commission staff, the City and MR agreed to seek a stay of the pending litigation from the Court allowing time to complete the first phase of the work program to be completed. The Court agreed to stay the litigation for a period of 90 days beginning on November 28, 2024, and concluding on March 4, 2025.

The City then entered a contract with Economic & Planning Systems, Inc. (Consultant) to complete the first phase (Phase 1) of the proposed Master Development Agreement and Planning Program (see **Attachment 2**) which is intended to assemble and further develop an ‘illustrative plan’ and planning framework’ for the Mill Site through a process of collaboration with MR, coordination with the Coastal Commission, consultations with other agencies and entities, and public engagement. During the past two months, the planning team members worked independently on given tasks and met regularly to share information and further develop the *Illustrative Plan* and planning framework. During this time, several iterations of a working draft *Illustrative Plan* were prepared for continued review and refinement purposes.

In addition to reflecting prior planning efforts for the Mill Site the planning team focused on resolving *four* key issues, including:

1. The configuration of the proposed natural area that will encompass the Mill Pond and related wetland area, and the delineation of two new parks in the southern district for active and passive recreation;
2. More precise delineation of the locations of ‘rail-related’ facilities;
3. The circulation network of roadways, and multiuse trails connecting to the rest of the City and the open space, parks, and the Coastal Trail corridor; and
4. Detailing the potential future uses in the Southern district and focusing on mixed-use zoning opportunities to meet both housing and employment needs.

This work was completed in anticipation of a community workshop where the resulting draft *Illustrative Plan*, along with supporting materials, could be presented and public comments and questions received. The community workshop was held in Fort Bragg on February 25<sup>th</sup>. The meeting was well attended by more than 100 residents and livestreamed on the City’s website. The public comments that were received and documented provide substantial input for the subsequent phased of the Master Development Agreement and Planning Program.

## 2. Council Direction Requested

Based on the Phase 1 efforts, and given the end of the stay period, the Council must now decide how to proceed, i.e., whether to continue with the proposed Master Development Agreement and Planning Program or to allow the litigation process to resume.

- The Council's deliberations, as involving pending litigation, will occur in closed session.
- If the Council decides to seek an additional stay, then the Council will need to coordinate as appropriate with MR and the Coastal Commission.

If the Council opts to continue forward with the Master Development Agreement and Planning Program, the *Illustrative Plan*, Guiding Principles, and other results of the Phase 1 Development Strategy effort would serve as a starting point for the subsequent phases of the process, beginning with Phase 2, which is to create a Memorandum of Understanding for the effort (as further detailed below).

## 3. Phase 1 Development Strategy -- Progress to Date

### a. The Planning Team and Process

At the inception of the Phase 1 effort, following the initial agreement between the City and MR to seek a planning alternative to the pending litigation and proceed with the Phase 1 effort, a planning team was assembled that included City Manager Whippy, EPS staff (Walter Kieser) and sub-consultants (Marie Jones, Linda Ruffing, and Vanessa Blodgett), and MR (Chris Hart) and their planning and design consult (Burton Miller). A City Council Ad Hoc Committee (Mayor Godeke, Councilmember Peters) was provided with regular updates regarding the ongoing technical efforts as guided by the Phase 1 Work Program.

Members of the planning team were assigned specific tasks as defined in the Phase 1 Work Program and then collaborated informally and met as a group regularly to review the assigned work products. This collaborative effort was technical, focusing on the assembly of the *Illustrative Plan* and supporting documentation and preparing materials for the consultation process and public workshop.

### b. Coordination with California Coastal Commission

During the preparation of the *Illustrative Plan* and as part of the broader effort to consult with affected agencies and entities, the planning team has been in contact with Coastal Commission staff informing them about the Master Development Agreement and Planning Process, and sharing documents, including versions of the *Illustrative Plan* as it evolved over the past several months. Comments received from Commission staff were considered by the planning team as the *Illustrative Plan* and the planning framework was further developed, in general. While there has been an effort to conform with Coastal Act and General Plan policies and obtain informal guidance from Commission staff. Formal review by the Coastal Commission will only occur as the proposed LCP Amendment is prepared and submitted and as individual Coastal Development Permits are applied for and issued.

### c. Summarize Consultation with Other Agencies and Tribal Interests

Consultation with agencies and tribes is still in the early stages and will continue throughout the Master Development Agreement and Planning Process.

- Tribal Interests. Given the deep history of the Mill Site as part of Pomo culture it is particularly important to respect, reflect, and celebrate this history and living descendants. The following includes a brief synopsis of agency and tribal consultation activities to date. The initial *Illustrative Plan* and circulation plan were shared with Sherwood Valley Band of Pomo Tribal (SVBP) Officer, who brought the plan forward to SVBP Tribal Council for discussion. The team is working with SVBP to set up a formal consultation process, which will extend throughout the development of a formal project description for CEQA and the CEQA process.
- Caltrans (State Department of Transportation). The initial *illustrative plan* and circulation plan were shared with Caltrans. Caltrans is assembling an internal team to discuss the plan and provide formal feedback which may include a scheduled meeting to discuss the project and a formal letter at a later time. At this time the representative of Caltrans expressed some concern about the Maple Street access onto the Mill Site.
- State Department of Fish and Wildlife. The *Illustrative Plan* was shared with California Fish and Wildlife (CDFW). CDFW staff asked initial questions and made some initial comments. CDFW staff have been listening and will continue to listen in on workshops and will collect comments from the community about the project. They will provide formal comments once the Site land use plan and program are more fully defined through a complete project description as part of the CEQA process.
- State Department of Toxic Substances Control (DTSC). Consultation was initiated with DTSC's project manager for the Mill Site remediation to provide an overview of the Master Development Agreement and Planning Program, to discuss the interface of it and DTSC's ongoing planning process for the Operable Unit-E Remedial Action Plan (i.e., clean-up of the Mill Pond and other on-site ponds), and to discuss the potential for creek daylighting in conjunction with Mill Pond remediation. Consultation with DTSC will continue throughout the process and more formal directions be sought in future phases.
- Regional Water Quality Control Board (RWQCB). Consultation was initiated with the North Coast RWQCB staff to provide an overview of the Master Development Agreement and Planning Program and to discuss the scope of the agency's regulatory oversight regarding environmental remediation, stormwater management, wetlands protection and creek daylighting. Additional consultation with the RWQCB will occur at appropriate points throughout the planning process.
- Noyo Center for Marine Science. The City and the Noyo Center are actively engaged in discussions regarding various aspects of Noyo Center's proposed Ocean Science Center campus on its 11.6-acre parcel (adjacent to MR's property in the south part of the Mill Site). An LCP amendment for the Noyo Center parcel is currently under review by the Coastal Commission. Noyo Center's Laboratory project on the Ocean Science Center property is expected to break ground later this year. As neighbors on the Mill Site, Noyo Center and

MR have identified opportunities to work together for positive outcomes. Continued engagement with the Noyo Center will occur as plans for the Mill Site evolve.

#### d. Guiding Principles & Policies - Past and as Newly Expressed

As a companion to the *Illustrative Plan* and to create a planning framework for subsequent planning efforts, the Guiding Principles originally prepared in 2019 were updated and detailed. These new Guiding Principles & Policies have been derived from the earlier planning effort in 2017 through 2019 and additionally include new considerations resulting from ongoing consultations with other agencies, consideration of new site-specific topics, and, most recently, public comment from the February 25<sup>th</sup> Public Workshop (see **Attachment 3**).

#### e. Assembly of the Illustrative Plan Maps

The *Illustrative Plan*, which shows the general distribution of future land uses on the Mill Site has been derived from over 20 years of planning efforts for the Mill Site primarily relying on work by the City involving public meetings, supporting consulting efforts and most recently interactions with MR and its planning and design consultants. Key underpinnings and components of the *Illustrative Plan* include:

- *Planning Legacy and Foundation.* The current “in-progress” *Illustrative Plan* is underpinned by, and builds upon, the extensive heritage of prior planning efforts; a range of technical studies and site constraints and opportunities analysis; stakeholder mission statements; and Mendocino Railway’s visioning concepts first expressed and presented in a Special Joint Session of the City Council and Planning Commission, September 21, 2019.

MR then participated in an Ad Hoc Committee process 2020-2021, to refine North Mill Site land use designations and boundaries, and a Coastal Trail “buffer”. A next-iteration Plan was prepared to illustrate proposed refinements consistent with Ad Hoc Committee direction.

Planning resource documents included:

- *Mill Site Specific Plan Preliminary Draft* January 2012 – City and Georgia-Pacific.
  - Plan Revision prepared by Marie Jones in 2018 in a community process, including a presentation to the California Coastal Commission.
  - Stakeholder Proposals.
  - Mendocino Railway’s prior plan iterations for North Mill Site.
  - Technical studies for Mill Pond improvements.
  - Creek Daylighting Concepts
- *Constraints and Opportunities Analysis.* As noted above, research, analysis and a resultant understanding of known constraints has informed planning efforts to date. The Plan incorporates and reflects careful responses to those constraints. Additional study of site constraints, including detailed site-specific archeological resources, coastal wetlands, remediation will continue and be completed as part of the Master Development Agreement and Planning processes.
  - *Mill Site Planning Formative Elements.* As part of developing the *Illustrative Plan* a series of seven ‘formative elements’ were identified. These formative elements reflect key factors to be considered as a part of Mill Site planning and development (see **Attachment 4**).

- Illustrative Plan – Framework Elements. The *Illustrative Plan* is the product of an in-depth, broad-based collaborative coordination process with Mendocino Railway and its Planning Consultant, and City Staff/City Consultant Team. The *Illustrative Plan*'s purpose is to serve as an example or explanation, designed to clarify, demonstrate, and to provide with visual features intended to explain. It is a long-term vision that serves to inform/guide decisions and actions, while adhering to defined principles (e.g., Mill Site Reuse Guiding Principles) by using a structure of interconnected elements – a long-term vision in which future options are not foreclosed, and in which every move builds toward a greater goal (see **Attachment 5.1**).

Several of the “interconnected elements” are illustrated in the Open Space Network | Access and Circulation diagram: development parcels and land use; open space; coastal access, Coastal Trail; Nature Center Discovery Trail; South Parks Path (multi-use); Redwood Avenue Extension; street access; railway and trolley (see **Attachment 5.2**).

## f. Overview of MR-Requested Rail-Related Preemption Area

The *Illustrative Plan* (see **Attachment 5.1**) illustrates the extent of MR's proposed Railroad Related Uses. These areas are shown in purple and include the following:

- Parcel R4 "Railroad Square." This area is immediately west of the existing Skunk Train station, railyard and roundhouse. It includes the Dry Shed building from the former Mill operation. MR envisions this area to be used for future rail-related uses including equipment storage in the Dry Shed.
- Parcel R7 "Skunk Station." MR has a vision of relocating the Skunk Train Station on this parcel, south of Redwood Avenue. This would allow for a larger, more functional station with sufficient space for administrative offices, storage, etc. Convenient and central parking would be provided to allow passengers to "park once" to ride on the train and visit other uses in the downtown area.
- A loop of tracks is proposed in the central area, encompassing the Railroad Square and Skunk Station areas as well as lands for commercial and visitor serving uses. The railway loop would improve MR's operations by eliminating the current "dead end" track that requires a lot of push-pulls to turn trains around. The track would also allow MR to park the train on an east/west location parallel to Redwood Avenue where it would not interfere with pedestrian traffic between downtown and the site.
- A "trolley only" track is envisioned by MR, extending from the loop to a "Glass Beach Station" on the north end of the site. The track would be setback from Noyo Headlands Park. The trolley Only track would also extend south from the Skunk Station to a location just south of the Mill Pond. MR has indicated that they would not extend track elsewhere on the south end of the Mill Site unless agreed upon by the City.
- Parcel R1 "Glass Beach Station" on the north end of the site is envisioned as a secondary station for the proposed on-site trolley and would include a second story ocean view restaurant.

In an effort to provide clarity regarding Rail-Related Uses and Preempted Railroad Activities, MR prepared the following list of State and Local-regulated activities and federally pre-empted railroad activities:

**a. State and Local-Regulated Activities:**

- 1) **Construction and maintenance of non-railroad facilities.** This includes the development, renovation, and maintenance of buildings such as hotels, restaurants, bars, retail stores, residential housing, and other commercial or public facilities that are unrelated to railroad operations.
- 2) **Installation, maintenance, and improvement of non-railroad utilities:** This includes all work related to above- and below-ground utilities (such as electricity, water, sewage, gas, and telecommunications) that are unrelated to railroad operations.
- 3) **Installation, maintenance, and improvement of non-railroad roadways:** This includes all work related to City streets, sidewalks, and public roadways that are unrelated to railroad operations
- 4) **Parks, greenspace, and non-railroad landscaping:** This encompasses the design, creation, and maintenance of public parks, gardens, open spaces, and landscaping that are unrelated to railroad operations.
- 5) **Environmental compliance outside railroad operations:** This encompasses all state and local environmental regulations (including waste management, pollution controls, habitat preservation, and water quality) that are unrelated to railroad operations.
- 6) **Events within City limits that are unrelated to railroad operations:** This refers to the permitting and regulation of public or private events such as festivals, markets, parades, and community gatherings that occur within City boundaries and that are not related to railroad operations.
- 7) **Activities of non-railroad millsite tenants:** This encompasses the regulation of residential and business tenants on the millsite that are not involved in railroad operations.
- 8) **Compliance with building and zoning codes:** This encompasses construction projects, renovations, and land uses to ensure compliance with local building codes, zoning laws, and safety regulations. While railroads are, with certain exceptions, required to comply with building codes, railroads are not subject to preconstruction reviews or permit requirements.

**b. Federally Preempted Railroad Activities:**

- 1) **Development and operations related to railroad tracks, signals, and crossings:** This includes construction, maintenance, and improvements of railroad infrastructure such as ties, rail, other track materials, switches, and crossings. Street/lane closures are coordinated with the City.
- 2) **Development and operations related to railroad facilities:** This includes the construction, maintenance, and improvement of stations, yards, shops, transloading facilities, and ancillary facilities.
- 3) **Construction, maintenance, and operation of railroad equipment:** This includes the construction, maintenance, repair, and operation of railroad equipment such as

freight/passenger equipment, maintenance of way equipment, transloading equipment, as well as any noise, horns, and emissions relating thereto.

### g. Summary of the February 25th Community Meeting Public Comments

The City of Fort Bragg held a public workshop on February 25, 2025, to present the draft *Illustrative Plan* and Framework and to receive public comments and questions regarding the ongoing collaborative planning effort and the resulting *Illustrative Plan*.

- Mayor Jason Godeke and City Manager Isaac Whippy provided a brief overview of this collaborative planning process as a framework for decision-making regarding future reuse of the Mill Site, which parties are pursuing in lieu of continued litigation between the City of Fort Bragg (City) and Mendocino Railway (MR).
- Chris Hart and Burton Miller (MR team) summarized MR's vision as a bold, long-term plan. North side would be an extension of town. Future uses on the south side are less specific. Spoke to overall experience and the site as a destination. Discussed consolidation of rail-related uses (Railroad Square), railway loop, new Skunk station, extension of CBD and hotel uses in central area. Nature Center concept reflective of desire to create integrated open space connecting wetlands, ponds, daylighted creek with Discovery Trail loop. In the south, a mix of uses is contemplated including industrial, commercial, mixed use and residential. The trolley is envisioned as electric, low impact alternative to rail, connecting development.
- Walter Kieser (consultant) discussed the complexity of Mill Site development process, long timeframes, infrastructure requirements, and costs. Explained master development agreement strategy. There will be community involvement for each decision point.

During the workshop, which included the opportunity for informal conversations with the planning team, adding 'post it' comments on the wall maps and materials presented, and formal comments and questions. During the three-hour workshop there was lively discussion and interaction between the assembled public, the planning team, the City Council and MR representatives. A transcript of the Public Comments has been prepared (see **Attachment 6**).

## 5. Memorandum of Understanding (MOU) Work Plan and Timeline

The *Illustrative Plan*, Guiding Principles, and other assembled data and information as part of the Phase 1 Development Strategy will provide the Framework for seeking agreements needed to proceed with the proposed Development Agreement and Planning Program. The proposed Memorandum of Understanding (MOU) will be a non-binding agreement between the City and the applicant (Mendocino Railways) and may incorporate related agreements with other agencies and entities, to establish key terms and conditions, roles and responsibilities, and a preliminary project description of the development program (quantified types and amounts of land uses).

The negotiation and approval of the MOU would lead to the formal initiation of a master development agreement planning process. The key components addressed in the MOU should include:

- a. Overview of Master Development Agreement Planning Program. Assembling a development agreement-based planning program will build upon many years of planning, environmental

review, remediation, infrastructure improvement, and development that has occurred as well as the current aspirations of MR and land use and policy objectives of the City.

The master development agreement approach recommended has been successfully used in numerous complex development projects in California for decades. Development agreements (see Cal. Gov't Code § 65864 et seq.) are contractual agreements between a city or county and a developer(s) regarding a particular development planning area or project. Development agreements overlay standard planning and development regulations (zoning, etc.) adding a 'vesting' of development approvals (entitlement) and other considerations (public investments, etc.) by the local jurisdiction in trade for considerations and contributions benefiting the public from the developer (that cannot be imposed through normal 'police power' development regulations or financing methods).

The proposed Mill Site Development Agreement given the complexities involved will need to be approached in a phased approach allowing planning and technical analyses, community engagement, negotiations, cooperation with other landowners in or adjacent to the Mill Site, and consultations with the regulating agencies in the mix including the California Coastal Commission, the Department of Toxic Substances Control (DTSC), tribal interests, etc.

The Mill Site Master Development Agreement will encompass four key elements of Mill Site Planning and Development:

- Land Use Approvals. Development of the Mill Site will require a range of planning approvals including an amendment to the Local Coastal Plan and related CEQA (EIR) clearance, rezoning, creation of a master subdivision map, Coastal Development Permits (for individual development projects) and other City approvals (use permits, design review, etc.). These plans and regulatory efforts would occur in parallel with the Development Agreement. The key link being the 'vesting' of development and other regulations, i.e., making the approved plans and zoning regulations durable (not subject to future change by the City) for a specified period, usually 20 years or more.
- Other Regulatory Clearances. A variety of permits will be required by third party agencies. The Development Agreement can, in cooperation with these agencies, specify how and when activities needed to achieve these clearances occur and how they will be funded.
- Infrastructure Financing Plan. The Development Agreement will include terms related to the provision of infrastructure, including phasing and reference to improvement programs, and how infrastructure will be funded. The Development Agreement can also vest (grandfather) the City's development impact fees and other charges. Through the Development Agreement the City can agree to form land secured financing districts (assessment districts, Community Facility Districts, etc.), and cooperative financing including the use of tax increment financing through an Enhanced Infrastructure Financing District, pursuing state and federal grants, etc. Formation of such financing districts often parallel the Development Agreement and completion of the Land Use Approvals.
- Supporting Real Estate Transactions. It is likely that Mill Site development will involve the purchase, sale, or exchange of real property among the parties to the development agreement. The development agreement can set forth the terms surrounding the sale, lease, lease, exchange, or disposal of real property. Examples of such transactions on the



Mill Site include lot line adjustments to existing parcels as needed to conform to the land use designation boundaries and road network, open space parcels, and Pond area parcels.

- b. Memorandum of Understanding Scope of Work. As a step toward a decision toward formally proceeding with the Master Development Agreement Planning Program the MOU may include:
- 1) Adopting the *Illustrative Plan* and Planning Framework as a guide for future planning efforts. A formal agreement between the parties and commitment to the Framework Plan as a starting point for subsequent formal planning, regulatory, financing, and supporting real estate transactions.
  - 2) Resolving and settling the pending lawsuit. The entire purpose of the Phase 1 effort has been to create an *Illustrative Plan* and Planning Framework that provide an alternative to and incentive for settling the pending legal action. Key components of this effort include:
    - A conceptual agreement regarding the regulation of rail related properties/uses/buildings and the preemption of local jurisdiction and process to ensure that related public health and safety standards will be applied.
    - The terms, conditions, and timeline for settlement of the pending lawsuit(s) that can evolve from settlement agreement negotiations between the City, MR, and the Coastal Commission.
  - 3) Establishing the optimal approach to completing the Land Use Approvals. An agreement regarding the approach to establishing land use approvals and related environmental review including the appropriate mix and timing of the LCP amendment, CEQA review, applicable zoning districts and rezoning, LCP Amendment policy language, Development Agreement terms, master tentative map and final map terms fees, etc.
  - 4) Identifying and Exploring the Factors Influencing Development and Implementing Land Use Planning and Regulatory Actions:
    - Creating Value and Responding to Market Opportunities -- The key to a successful Master Plan involving a large swath of development land and lacking a fully developed market such as the Mill Site is 'creating value'. Value is created through good planning, establishing development entitlements and permits, improving existing amenities, and other development readiness investments as needed to attract investors and builders to the site. Value creation begins with removing or managing constraints such as the remediation requirements, infrastructure capacity or service deficiencies, and creating amenities. The development entitlements resulting from the Master Plan and related environmental clearances also create value as they render the site 'development ready'.
    - Linking the pace and scale of 'development readiness' to realistic development opportunities in concert with broader local, regional, and national economic conditions. For any project to proceed, there must be sufficient market demand to cover the cost of development and make a return on investment(s) in land, pre-development planning and entitlement, marketing, on-site and City infrastructure needed to develop/install new infrastructure on the site such as streets, sidewalks, storm drain systems, water and sewer lines and improve City's capacity to provide water and sewer services, funding the costs to complete environmental remediation and

other site-specific mitigation measures, and last but not least, the cost of vertical construction and related site improvements.

- Conducting long range market forecasting given known conditions and identification of potential ‘anchor’ institutional, commercial, and industrial uses, particularly those related to the unique circumstances and opportunities created by the Mill Site development opportunities. Continued market research, industry innovation sectors, and direct marketing to desired end-users should all be in the mix.
- Cooperating with other regulating agencies to achieve a more precise definition as needed for achieving regulatory permits remediation requirements for the Mill Site Pond areas and possible upgrades in remediation where necessary to support future uses.
- Further resolving site-specific development constraints. Some areas of the Mill Site are undevelopable due to site-specific constraints which will need to be more precisely mapped. Wetlands, rare plants and rare plant communities, and archaeological resources all pose development constraints. Indeed, the City’s Coastal General plan prohibits new development within 50 to 100 feet of any area with environmentally sensitive resources, cultural resources or wetlands. Also, development is prohibited or constrained in coastal view corridors. Not all wetlands have been mapped, and the location of rare plant populations can change over time, so while some areas of the *Illustrative Plan* show potential for development, that potential cannot be fully realized if wetland or rare plants or cultural resources are found on a specific location during the development review process.
- Further clarifying and conforming to Coastal Commission policies for development projects that serve priority uses as defined by the Coastal Act which include visitor serving uses, open space, parks, coastal access, and coastal dependent uses. The Coastal Act also includes policies to protect open space and natural communities, ensure adequate city services to support proposed development, and a wide variety of other topics.
- Conforming and where appropriate modifying the City’s zoning ordinance and related regulations which set development standards such as height limits, setbacks, building mass (FAR), maximum and minimum density (units per acre), maximum building size, and requirements for landscaping, lighting, parking, etc. The application of the existing standards will result in development that is similar in scale and scope to existing development within the City, which typically utilizes 20% to 40% of a parcel for the building footprint. The zoning code also determines allowable land uses in each zoning district and if a use permit is required. The City’s design guidelines set minimum and preferred design criteria for buildings, accessory structures, parking areas, landscaping, signage and more. Most new developments require design review approval from the Planning Commission in order to proceed.

The above factors influence when something is built, what gets built, where it is built, how it is built, what it looks like and who it will serve. While the *Illustrative Plan* is the starting point for community discussions/decisions (that includes the community, the City, the property owner, and the Coastal Commission) regarding the LCP Amendment, over the longer-term

new development must be designed and sited according to City regulations and procedures to receive development permits.

- 5) Clarifying and documenting infrastructure requirements and financing strategy. Building on prior engineering evaluation and infrastructure needs assessments, it will be necessary to document, to the degree possible at this stage of planning, the infrastructure and related facilities needed to serve Mill Site development. The following items will be included in this effort:
- An initial Site Improvement Program (basic public infrastructure needs), linkage of these improvements to development location and phasing, and identification of financing sources as needed to pay for improvements.
  - An agreement regarding private and public funding mechanisms including the use of special tax supported bonds (CFD), and grant sources that may be available. It is typical that substantial private equity investment will be necessary, especially in the early stages of ‘value creation’ on the Mill Site as needed to improve the land value or special tax capacity for debt financing.
  - A financial feasibility study building upon the foundational technical efforts should be prepared that links new development and related increases in property value to the phased program of needed site preparation and infrastructure and related private and public sources and investment. Meeting basic development feasibility criteria will be a necessary prior to moving on to the Phase 3, the formal planning process, as described above.
- 6) Identifying special real estate land transactions that underpin and define future development including ownership of parklands and open space, ownership of the Pond and surrounding natural area, and lot line adjustments needed to precisely align parcel boundaries to infrastructure locations (e.g., roadway alignments) and related irrevocable offers of dedication.
- c. Developing a Budget and Committing Funding for MOU Preparation. The preparation of the MOU will require a range of technical efforts that can be assigned to consultants. Given legal matters involved, including those related to settlement of the litigation and the structure of the development agreement, legal advisors will be required. The tasks listed above can provide a basis for development a Work Program, a related budget, and an agreement regarding funding of the MOU preparation effort.
- d. Memorandum of Understanding Process. The preparation and negotiation of the MOU will include ongoing Council oversight and community engagement. The technical preparation of the MOU components would occur as a cooperative effort between the City (with assembled consultants and legal advisors) and MR along with its planning and legal team, augmented, as may be necessary, by input from the involved regulating agencies and affected entities. It is expected that the City Council Ad Hoc Committee would continue to provide oversight and that there will be regular updates to the entire Council and public throughout the agreed upon Stay period needed to complete the MOU. Given the technical work involved a six-month period for the additional stay is recommended.

Once assembled in draft form the resulting MOU would be formally presented and reviewed in a public hearing by the City Council and following public comment, approved, remanded, or rejected at the Council's discretion. Adoption of the MOU would set in motion the formal preparation of the development agreement and its four constituent technical components (planning and entitlement, regulatory clearances, infrastructure financing, and real property transactions).