

# **STAFF REPORT**

## *City Council Consent Item*

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**DATE:** March 20, 2023

**TO:** Honorable Mayor and Council Members

**FROM:** Merritt Perry, City Manager

**SUBJECT:** **Approve Cost Sharing Agreement with Fortuna Mill Commerce Center LLC and Approve Supplemental Budget Request for \$63,000 to Provide Additional Planning Assistance for the Mill Site Specific Plan**

### **STAFF RECOMMENDATION:**

Authorize the City Manager to execute a cost sharing agreement with the Fortuna Mill Commerce Center LLC, approve Supplemental Budget Request for \$63,000, and authorize the City Manager to execute a contract amendment with Planwest Partners to provide additional planning assistance for the Mill Site Specific Plan.

### **EXECUTIVE SUMMARY:**

City staff is underway with planning of the Mill District Specific Plan for infrastructure, design standards, land use, and zoning of the Palco mill site, funded by a LEAP grant from HCD (\$65,000) and a Headwaters grant (\$75,000 plus a \$25,000 City match). Alternative land use scenarios are being designed for presentation at stakeholder and public meetings, with the goal of a preferred alternative to be presented to the Planning Commission for review, and the City Council for adoption. The first stakeholder meeting was held on 9/20/22, and numerous collaborative meetings have subsequently been held with representatives from the Fortuna Mill Commerce Center LLC, which has purchased remaining available parcels of the former Palco Mill Site property. The specific plan will identify integrated infrastructure throughout the 75-acre site, and land uses and zoning that are market-competitive and economically viable.

Staff have been discussing their vision for the development of the property that is generally consistent with the City's economic and land use goals of the site with some exceptions that conflict with the City's General Plan, including allowing development of the lower portion of the Mill Site within the Strongs Creek flood plain and increasing the densities of development on the site. Staff supports analyzing the proposed changes and incorporating them into the specific that is being prepared, as it is felt that both changes would result be a benefit to the development of the City. Allowing development within the Strongs Creek flood plain at the southerly end of the site could open up potential for additional freeway commercial uses with excellent exposure to Highway 101. Increasing development density on this site would focus development in a previously developed area and allow consideration for other potential uses in other areas designated for commercial and industrial use.

Because of additional planning efforts in responding to developer input and an expanded scope, staff has identified extra steps needed to complete the planning project. These efforts include updating maps and analysis for the revised concepts, changes to land use and zoning, increased allowable commercial and industrial square footage that exceed the General Plan area limits, flood

plain analysis, drainage analysis, and analyzing for CEQA and General Plan conformance for the changes. Due to the modified scope, the degree of analysis under the California Environmental Quality Act (CEQA) will increase as well. The detailed scope of work and cost proposal by Planwest Partners is attached to this staff report outlining the additional work beyond that originally contemplated and as amended by the Council on December 19, 2022.

The additional planning work is in direct request by the developer for the City to modify its approach to the specific plan process already underway. Therefore, staff requested that the developer compensate the City for the full amount of the contract amendment with Planwest Partners. The City Attorney developed a cost sharing agreement that was presented to the developer, and they agreed to execute the agreement and compensate the City for the planning work contemplated in advance. Therefore, if approved the City will proceed with the work upon receipt of the funds from the developer. A copy of the cost sharing agreement is attached.

**FINANCIAL IMPACT:**

The total cost increase to the specific planning project will be \$63,000. The developer has agreed to compensate the City that amount; therefore, there will be no additional cost to the City for this requested change. The total project budget will increase to \$239,880. This includes HCD and Headwaters grants, and the prior approved city match to complete the project.

**RECOMMENDED COUNCIL ACTION:**

Authorize the City Manager to execute a cost sharing agreement with the Fortuna Mill Commerce Center LLC, approve Supplemental Budget Request for \$63,000, and authorize the City Manager to execute a contract amendment with Planwest Partners to provide additional planning assistance for the Mill Site Specific Plan. Consent agenda vote.

**ATTACHMENTS:**

- Supplemental Budget Request
- Planwest Partners Scope of Services and Cost Schedule
- Cost Sharing Agreement with Fortuna Mill Commerce Center