



**AGENDA SUMMARY  
EUREKA CITY COUNCIL**

**TITLE: Award Lease Option to Purchase Agreement for City Owned Waterfront Property (Bid No. 2017-35)**

**DEPARTMENT: Parks and Recreation**

**PREPARED BY: Miles Slattery**

**PRESENTED FOR:**            Action             Information only     Discussion/Direction

**RECOMMENDATION**

Authorize staff to negotiate and execute lease option to purchase agreements for APNs 002-241-013 and 002-241-007 for development and operation of a RV park and future mixed use development to T. Schneider Enterprises Inc.

**FISCAL IMPACT**

No Fiscal Impact                       Included in Budget                       Additional Appropriation

**COUNCIL GOALS/STRATEGIC VISION**

- Enhancing Economic Vitality

**DISCUSSION**

At the May 2, 2017, Council meeting, staff presented a report on the City's Harbor fund detailing the current state of the fund and potential options for stabilizing the fund in the future. It was reported that the city's Harbor Division includes many revenue generating properties along Eureka's waterfront. The current revenues generated, however, are not sufficient to keep up with the Harbor Division's debts and operational costs. The report included revenue generating strategies that included the potential sale of City owned property, specifically noting the two parcels east of Halvorsen Park (APN 002-241-013 and 002-241-007) which have the potential to be repurposed as an RV Park and mixed use development. Selling the property would not only generate much needed revenue for the City's harbor fund but also ongoing transient occupancy taxes (TOT). The TOT generated from the property can be designated towards the Harbor fund. Staff estimates that this could increase on-going harbor revenues by \$15,000 to \$20,000 per year. Selling this property would also remove 11 acres of open space from the Harbor Division's open space maintenance responsibilities as well as increase the appropriate usage near the Samoa Bridge which is home to one of the City's public boat launches and developing Waterfront Trail.

At the August 1, 2017, Council meeting, Council directed staff to circulate a Request for Qualifications (RFQ) soliciting proposals for a lease option to purchase the two parcels east of Halvorsen Park for development and operation of a RV park and future mixed use development. The RFQ was advertised on September 1, 2017, with a submittal deadline of October 2, 2017. By the deadline, staff received one proposal from T. Schneider Enterprises Inc.

The proposed development consists of a 40 space RV park, Humboldt Bay RV Park, and a future commercial, retail, office and residential development, Halvorsen Village. The proposed RV park will provide all the amenities of a modern facility and capitalize on all the adjacent recreational opportunities. The mixed use development will include a hotel amongst the commercial uses. The TOT generated from the hotel could also be designated towards the Harbor fund.

A review committee consisting of Parks and Recreation and Finance staff reviewed the proposal to determine if T. Schneider Enterprises met all the requirements of the RFQ and demonstrated the ability to not only finance and operate a RV park, but also fund the future Phase 2 mixed use development. The committee determined that the proposal clearly demonstrated that T. Schneider Enterprises possess the qualifications and financial stability to make the proposed development a reality. Based on the review of the committee, the development costs are appropriate, the pro-forma provided is realistic and the proposer's financial profile demonstrates the financial wherewithal to fund the proposed development.

If approved by Council, staff will get an appraisal of the properties and negotiate and execute the agreements for the lease option.

**REVIEWED AND APPROVED BY:**

- City Attorney
- City Clerk/Information Services
- Development Services
- Finance
- Fire
- Parks and Recreation
- Personnel
- Police
- Public Works

**ATTACHMENTS:**

T. Schneider Enterprises Proposal