

From: [Mike Hart](#)
To: [Munoz, Cristal](#)
Subject: Fwd: COMMENTS FOR MAY 17th CLOSED SESSION DISCUSSION
Date: Monday, May 17, 2021 10:44:34 AM
Attachments: [image001.png](#)
Importance: High

Begin forwarded message:

From: Mike Hart <mike@sierraenergy.com>
Subject: COMMENTS FOR MAY 17th CLOSED SESSION DISCUSSION
Date: May 17, 2021 at 10:43:20 AM PDT
To: "Norvell, Bernie" <Bnorvell2@fortbragg.com>, Tabatha Miller <TMiller@fortbragg.com>
Cc: Robert Pinoli <rjpinoli@sierrarailroad.com>, Jlemos@fortbragg.com

To members of the Fort Bragg City Council

Closed Session May 17th, 2021
Regarding the Georgia Pacific Millsite
Item 2A. 21-245

CONFERENCE WITH REAL PROPERTY NEGOTIATORS FOR POSSIBLE ACQUISITION OF REAL PROPERTY, Pursuant to Government Code Section §54956.8: Real Property: APN 018-430-22-00, 018-040-61-00, 018-430-21-00, 008-020-17-00, 008-171-07-00, 008-161-08-00, 90 W. Redwood Ave., Fort Bragg, CA 95437; City Negotiator: Tabatha Miller, City Manager; Negotiating Party: Dave Massengill, Environmental Affairs, Georgia Pacific Corporation; Under Negotiation: Terms of Acquisition, Price

I wish to thank Tabatha and Mayor Norvell for their time last week to discuss the current situation concerning the former GP millsite. We are obviously concerned that all of our work to finalize our agreement with GP for the purchase of the remaining portions of the millsite appears suddenly to have been derailed by the city.

Candidly, and the reason for my message, is that I am dismayed by what seems to have happened to our relationship with the city. We have been throughout our negotiations with GP acted in good faith toward the city and, per the city's request, fully disclosed our negotiations with GP so that the city would be aware of what we were doing. To suddenly be told by the mayor that the city has unilaterally decided to "take your position in the purchase" is shocking, to say the least.

During our discussion, it became clear to me that the city has made this decision solely to prevent the railroad's purchase of the property. This is a surprising turn of events given the following facts:

1. We in December 2020 informed the city that we were interested in purchasing the 15-acre property at Cypress for a new train station to connect to our existing rail system, but that we would only proceed if this use of the property was acceptable to the city. We discussed the value of the new location freeing up considerable downtown parking (note- that since the city abandoned its lease of our parking lot we have allowed downtown visitors to use our lot for free). The new parking lot for the station on Cypress is a major benefit for the city. After we were told that the city had no objections, we proceeded to purchase the property. At no time, until our call last week, did anyone from the city inform us that they city council had not been informed of our inquiry and that we would need to separately confirm the city's lack of objections with the city council before proceeding.
2. After we purchased the Cypress property, we informed the city that we were interested in resuming our negotiations with GP for the balance of the millsite property. As we wanted to ensure we did not get crosswise with the city, we told the city that we would not seek to purchase more than we needed to reach our Cypress property if the city objected. We were again told that the city had no objections and we proceeded with our negotiations with GP which commenced on February 12th. At the city's request, we engaged in regular meetings with the city as to the progress of those negotiations.
3. Since 2019, all the developers we have approached about helping us develop the northern portion of the millsite have said that the only way they would consider a project in such a remote location is if they could develop the whole millsite, that it otherwise simply wasn't economic. This is the main reason we sought to purchase the remainder of the millsite. To now learn that the city is going to undermine our development efforts, which will adversely impact not just the development of the southern portion of the millsite but also the northern portion, is disturbing. This project was already going to cost hundreds of millions of dollars to develop. The continued division of the property, not to mention the city's plan undermine an approved resolution with the DTSC, will certainly kill the chance of any development happening on any of this property.
4. The city's decision to take on unlimited environmental liability, rather than simply obtain the portions of the property it really needs through a conventional agreement with us, frankly makes little sense. The added environmental liability becomes a massive unknown if the dam (and wetland) is removed as the city is currently proposing as it would reopen the currently approved DTSC plan for remediation, resulting in potentially new and open-ended obligations for the city and an enormous delay for the community in any onsite development.

Clearly there must be some profound underlying reason for the city to in this manner undermine a relationship with a local business that has bent over backwards to ensure that its development of the millsite will provide all of the elements the city and its residents have long desired, while also providing new local housing and jobs. So what could that reason be?

During our discussion, I was told that the city decided to take this unilateral action because of four concerns about our purchase of the property (none of which concerns have ever before been raised with us):

That the city has "no desire" for rail on the southern portion of the millsite. This is a surprising concern given the many years we have been talking about the need for rail in planning for industrial zoning on the southern portion of the millsite and the relative ease of just replacing the track going to the south (something that has been discussed in many planning sessions). This is especially surprising given that we discussed this very issue with the city prior to purchasing the Cypress property for a new train station, a property (and a station) that we cannot reach without replacing the former tracks between our original property and the Cypress property. As we have participated in every session about the millsite since our purchase of the railroad in 2003, I can say with confidence that the city's current concern has **never** been voiced in any public meeting or in any of the written comments concerning the millsite (which we retain and index). During our call last week, the mayor was concerned about us "covering the property with railroad tracks," which struck me as odd given that it costs about a million dollars a mile to build new tracks so we only build what is essential. In this case, that only means tracks to reach our proposed Cypress station and any spur as needed to reach any industrial customers who wish to avoid trucking.

That the city wants "full control" over all millsite development. We informed the city of our plan to purchase the remainder of the millsite, offering to enter into an agreement to allow the city to purchase any portions from us that it wanted, and asking the city to tell us what development it would like to see on the property so we could plan accordingly. We then throughout our negotiations with GP informed the city of what we envision for the property, receiving only positive comments and being told that what we envisioned was consistent with the city's vision. The fact we kept the city manager up to date about our confidential negotiations with GP shows just how seriously we took our relationship with the city and our desire to meet the city's goals as well as our own. We have, in reliance on the city's support of our plans, invested tens of thousands of dollars in legal and environmental review, and in design and engineering costs related to the property. Yet despite our openness with the city, and our efforts to fulfill the city's desires, the city didn't even have the courtesy to call us before deciding to steal an opportunity that we had, until now, been working on with city support? This is a disturbing way to deal with a business that has been in your city since 1885. To be told on our call that "the only way the city can control the development is to own the property" strikes me as a pretty radical, and expensive, approach to city planning. To be clear, the city has been fully in control of planning on the northern parcel for over five years and just gave up and decided to start over... we have not objected or pointed out the massive waste of money and time both of our own and the public's. We simply agreed to follow your lead once again...

Concerns that railroads are governed by different laws than other developers. As a railroad and as a California public utility, some of operations are not subject to local jurisdiction. But those operations—which are strictly limited to railroad operations—are nevertheless subject to considerably more laws, and to considerably more governmental agency oversight, than is any other business in town. And the vast majority of the development we have planned and discussed with the city as to the millsite is subject to all of the regular laws and all of the regular governmental jurisdiction and oversight. And look at our actions since we purchased the northern portion of the millsite in July: we have spent hundreds of thousands of dollars to prepare a development plan mirroring the city's plans, making a public presentation of our plans as soon as they were completed in September 2019; we were told in that meeting that our plan was excellent and met all of the city's desires for the property; when we then sought to start the formal (and normal) development process with the city and the Coastal Commission, the city declined to respond and instead formed an "ad-hoc committee" that failed to respond to us until February of 2021; when the ad-hoc committee finally responded to us and ignored every comment and document we had provided to them, it struck the Pomo Indian project from our plans and told us that they wanted us to start over with our entire plan, in one stroke invalidating years of work by us and the city. If either of us has grounds to doubt the good faith of the other in the development process, it would be us, not the city. We have at all times done exactly what the city has asked of us; doing our best to meet all of the city's stated goals for the property.

That the city does not want the railroad to "run the full length of the trail?" This concern frankly stumps me. We have embraced the "City of Trails" plans and are spending millions of dollars to develop a trail that will connect the city's trails all the way to Willits. We have a full-time trail construction crew now and have done some pretty amazing work with trails and pedestrian bridges. Our objective in purchasing the millsite has been to make it the ultimate destination for our trails, with the crown jewel being the city's coastal trail. Our plan has been to anchor the city's trails on each end with the new **Glass Beach Station** (which we presented to the city in September 2019) and our planned **Cypress Station**, which would serve as the trailhead with a restaurant, restrooms, and maps (and which we informed the city of in December 2020). Our goal was to enable anyone who wished to hike the coastal trail one-way could return to their starting point via a new set of railcars we have under construction. We felt this would allow people of differing abilities, people who wished to ride a bike or just walk one-way, to enjoy the entire length of the coastal trail and not have to turn back part-way. See the attached image. How this in any way harms the community escapes me.



I am struggling to understand why our company—which has done everything in our power to work with the city, to meet the city’s stated goals for the millsite, and to bring jobs, housing, and other benefits to the city and its residents—is being treated like this. Not only does this create extensive and unnecessary costs to us, as well as wasted expenditures, but it dramatically increases the city’s costs as well, not to mention increasing the city’s environmental liability exposure. **But I do not understand what the city or its residents gain by this?**

I ask that the city **immediately withdraw it is offer to GP** and, if the city wishes, provide us with a list of the things the city desires as to the property so we can discuss getting the city what it wants without needlessly increasing the city’s costs and risks as well as our own. This has been primed for a win-win solution and I do not understand why the city is doing its utmost to seemingly turn it into a lose-lose proposition that could derail hundreds of millions of dollars in investment and that could prevent the city and its residents from obtaining what they have for years said they want on the millsite property.

The city and its residents have already lost 17 years of time in developing the millsite property, have already lost 17 years of time to create new jobs, new housing, and new community uses. We were so close to finally making something of this site, something that would fulfill exactly what the city and its residents have said they wanted on the site. Yet the City seems, from its actions, to be throwing the millsite back into chaos. All we ask is that the city step out of the way so we can get done what the city and its residents have long said they wanted.

In short- you say there are problems but you refuse to talk about them. You say that they are so important that you are considering a radical approach- but you won't talk about them. I write this while we have been sitting on our scheduled zoom call (you set it up) and there is silence from the city again...

Thank you,

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CEO

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