



**CITY OF FORT BRAGG**

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**COUNCIL COMMITTEE ITEM SUMMARY REPORT**

**MEETING DATE:** September 12, 2018  
**TO:** Public Works & Facilities Committee  
**FROM:** Scott Schneider, Administrative Services Director  
**AGENDA ITEM TITLE:** **RECEIVE REPORT AND PROVIDE RECOMMENDATION TO CITY COUNCIL REGARDING OPTIONS FOR THE LEASED PARKING LOT LOCATED AT THE SKUNK TRAIN DEPOT INCLUDING A SUB-LEASE OF PART OF THE LOT TO THE NORTH COAST BREWING COMPANY**

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**ISSUE:**

The City, since October 1, 2008, has leased the parking lot at the foot of Laurel Street from Mendocino Railway (MR), operating as the Skunk Train. The lease, set to expire on October 1, 2018, identifies an annual payment of \$8,000 from the City to MR for the use of the lot as public parking. Also included in the lease is the requirement for the City to set aside up to \$1,500 for maintenance each year. Staff seeks direction on the future utilization of the parking lot, specifically the renewal of the lease with MR and cessation of the sub-lease of a section of the lot to the North Coast Brewing Company (NCBC).

**SUMMARY:**

Providing convenient parking to locals, visitors and residents has been an ongoing discussion for this committee and the entire City Council for many years. Going back to 1996, the City and California Western Railroad (CWR) partnered to construct the parking lot and entered into an agreement to lease the parking lot to the City for \$1/year. In 2004, Sierra Railroad purchased CWR's assets including the parking lot. Following the change of ownership, and after much discussion, a 10-year lease of the parking lot to the City which currently expires on October 1, 2018 was executed. The Depot parking lot consists of a total 127 spaces – 77 of which are a part of the City's lease with MR – 12 of those 77 spaces are sub-leased to the NCBC.

The current lease allowed for the City to renew the 10-year "Term" of the lease if notice was provided to MR at least 120 days prior to the expiration of the lease. We are now within the 120 days, so the City's right to renew the "Term" has expired under the current lease.

Over the past several weeks, Staff has been in discussions with MR on the possible renewal of the parking lot lease as well as the current sub-lease between the City and NCBC both which expire on the 1<sup>st</sup> of next month. Due to the exciting, yet unpredictable future use of the land surrounding the Depot, it is MR's wish (and Staff's recommendation) to not enter into another lease with the City for use of the parking lot. However, MR is willing to transition the agreement to a month-to-

month lease keeping the annual rent the same (\$8,000/year) but payable in monthly increments of \$667.

A month-to-month lease does not provide a long-term commitment of the lot for public use. MR has indicated it would be willing to enter into a long-term agreement but it would increase the annual rent to near \$25,000 - an amount closer to the assessed value of the parking lot. The annual maintenance fee would also, most likely, increase by a similar percentage to properly upkeep the lot which is currently in need of resealing.

The City funds the lease of the parking lot by using accrued parking in-lieu fees. The policy to not assess those fees in recent years means that this is a dwindling source of funds. As of July 1, 2013, this fund had \$64k available. Today that balance is \$32k. At the current costs, a month-to-month lease would use up these funds within three and a half years. At an increased cost for a long-term lease, those funds would last a little longer than one year. An additional revenue source would be necessary to continue to fund this or any other lease.

Leasing parking spaces provides parking today but it does not preserve or provide for the future parking needs of the City, which will likely only grow. A month-to-month lease provides no certainty that the public parking inventory will be sufficient into the future. Given our limited resources, it seems that a better solution would be to invest in longer-term solutions, such as owning municipal lots. The Mill Site redevelopment, including the Skunk Train's own project, may provide such opportunities.

With regards to current parking availability, this Committee was presented a report at its last meeting regarding paid parking downtown. The Staff report noted that during peak hours (11am – 5pm) on the most desirable street for parking (North 300 block of Franklin St.), utilization was between 70 and 90%. Taking this into consideration along with prior discussions with local businesses as well as observations of available parking in the downtown area, the Depot Lot is not vital in ensuring convenient, free parking today but this may change as vacancy rates in the downtown drop and we attract more activity.

**Sub-Lease:** The North Coast Brewing Company (NCBC) has been utilizing approximately 12 spaces of the City's leased area within the Depot parking lot for its own use – employee parking, pallet storage, truck parking, etc. through a sub-lease which expires October 1, 2018. NCBC has been paying the City \$27 per month per space. It is the recommendation of Staff and the wishes of both NCBC and MR to have the sub-lease expire between the City and NCBC and have MR and NCBC re-negotiate a lease directly with one another for use of the spaces along the West side of NCBC's building. The relationship between these two businesses is positive and given the larger transaction in play, we believe that they are able to work out their own arrangements.

### **RECOMMENDATION:**

Staff recommends the following:

1. Staff recommends that the lease expire on October 1, 2018 and the funds that would pay the lease be used to improve other Municipal Parking Lots and signage and/or that the City start to actively plan for additional parking in and near the Central Business District.

### **NOTIFICATIONS:**

Mr. Robert Pinoli, Mendocino Railway

Mr. Doug Moody, North Coast Brewing Company

### **ATTACHMENTS:**

1. Parking Lease Agreement between the City and Mendocino Railway
2. North Coast Brewery Company Sub-Lease