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DRAFT REPORT

MILL SITE MARKET STUDY UPDATE/ LAND USE PROGRAM

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City of Fort Bragg

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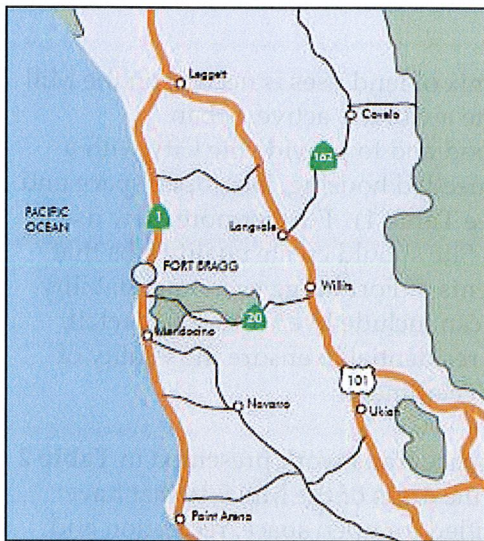
Figure 1. Dana Point Harbor29

I. INTRODUCTION

The redevelopment and revitalization of the Georgia Pacific Mill Site (Site) offers the City of Fort Bragg and the North Coast region a unique, transformational opportunity. Losing the mill operations was a significant economic shock to the City and the region, employing as it did a major fraction of the region's work force.

However, redevelopment of the 430-acre site into a combination of private and public uses will result in multiple benefits to the community, far outweighing the loss of lumber mill jobs. These benefits include an expanded and more diverse downtown for the City of Fort Bragg; new housing opportunities; an expanded and diversified lodging sector; work space for existing, expanding, and new businesses; a range of visitor-attracting civic and community facilities; and last but not least, stunning public open spaces including a continuous public trail along the coastal bluff extending from Pudding Creek to Noyo Harbor.

Achieving this vision for the Mill Site, as originally set forth in the extensive community planning process that occurred in 2004, will not only benefit the immediate area surrounding the Mill Site and the people and businesses who locate there, but will provide a visitor attraction, a center of community activity, recreation opportunities, and employment opportunities for the entire North Coast region.



Developing the Georgia Pacific Mill Site will depend in large measure upon the marketplace—the demand for urban uses needed to create the value necessary to support the complementary and varied public amenities. The small scale of the City of Fort Bragg's economy and that of the North Coast region as a whole, and its relatively remote location, create a range of market challenges that must be overcome with careful planning, marketing, and value added strategies.

This report provides an update of market information that has been previously prepared as a part of the community planning process.¹ In addition to reviewing prior studies and plans

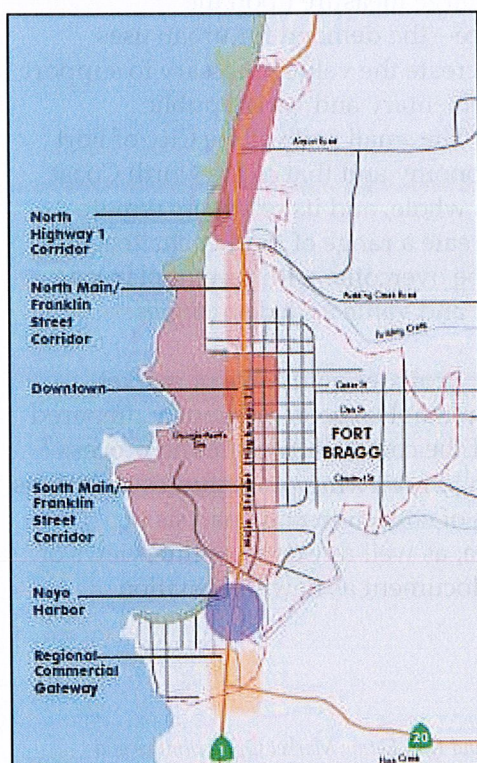
for Fort Bragg and the Mill Site, the update consists of collection and analysis of economic, demographic, and real estate market data, as well as extensive interviews of key stakeholders. EPS will continue to revise this document as new information emerges.

¹ The Sedway Group's July 2003 report, *Overview of Economic and Real Estate Market Opportunities and Constraints* and EPS' September 2004 report, *Demographic and Market Analysis*.

The updated market information will inform the emerging Specific Plan for the Site. Specifically, the range and amount of land uses in the Specific Plan will need to respond to both policy objectives (e.g., expanding and diversifying the downtown) and market demand. Without such market demand and the ability to attract related developers and private investment, the Specific Plan will not be realized. It is important to note that while market analysis provides useful information at the planning level, what will actually happen in the future depends on many variables, some that can be controlled locally and others that are beyond anyone's control.

In this uncertain environment, the key to achieving the vision for the Mill Site will be establishing an informed and effective public and private planning and development process. From a market perspective, it will be essential to “create value” by initially focusing upon those market segments that are currently indicated to be strong while retaining portions of the Site for subsequent high value uses. Initially creating a “there” and giving Fort Bragg the reputation as a primary destination (e.g., by developing the key public amenities such as the coastal trail and other open spaces) is critical to this process. While specific market conditions are limiting at the present time, in the longer run, demographic and economic trends and related market conditions will result in demand for all of the uses envisioned for the Site in the community planning process.

SUMMARY OF FINDINGS



A diverse mix of land uses is needed on the Mill Site to create a vibrant, active, urban neighborhood and to provide the City with a balance of needed housing, jobs, open space and services (see **Table 1**). Furthermore, new uses on the Mill Site should create quality jobs that offer residents of Fort Bragg economic stability. The mixes can include live/work units, retail, office, and residential to ensure the vitality of the new development.

The open space framework presented in **Table 2** delineates the areas of the Mill Site that have been identified for open space, recreation and conservation uses. All other land on the Site is available for development of some kind. Through the planning process conducted in 2004, seven development areas were defined—West Fort Bragg (52 acres on the north end of the site), North Headlands (32 acres on the north headlands of Soldier Bay), Downtown Addition (18 acres adjacent to the existing Fort Bragg

Table 1
Summary of Policy Objectives
Georgia-Pacific Mill Site Specific Plan; EPS #15113

Uses	Policy Objectives						
	Enhance Market Value	Increase Tax Flows	Stimulate Job Creation	Increase Visitor Expenditures	Create Visitor Attraction	Provide Community Amenity	Expand Housing Options
<u>Primary</u>							
Hospitality							
Timeshare	X			X			
Boutique Hotel	X	X		X			
Resort Hotel	X	X	X	X	X		
Residential	X	X					X
<u>Subordinate</u>							
Retail		X	X	X	X	X	
Office			X			X	
Light Industrial/Office Flex			X			X	
Other							
Marine Center			X		X		
Satellite Educational Facility			X			X	
Fine Art and Performing Arts Facilities				X	X	X	
Quasi-Public Community Space				X		X	
<u>Public Open Space</u>					X	X	

Source: Economic & Planning Systems, Inc.

Table 2
Summary of Market Assessment/Land Use Program
Georgia-Pacific Mill Site Specific Plan; EPS #15113

Uses	Portion of Mill Site	Suggested Size		Phasing (1)		Potential User(s)
		Units/Sq. Ft.	Site Acres	Near-Term	Long-Term	
<u>Primary</u>						
Hospitality						
Timeshare	North Headlands	70-100 units	8-10	X		Bay Area residents
Boutique Hotel	North Headlands	50-75 units	2	X		Bay Area residents
Resort Hotel	North Headlands	100-200 units	30		X	National visitors
Residential	West Fort Bragg, Downtown Addition	400 units	50	X		Workforce, second homes
Sub-Total			90-92			
<u>Subordinate</u>						
Retail	Downtown Addition, Central Corridor	50,000 sq. ft.	4	X		Resident and visitor serving
Office	Downtown Addition	30,000 sq. ft.	2	X		Businesses and services
Light Industrial/Office Flex	Southern Headlands, Central Corridor	20,000 sq. ft.	1		X	Warehousing, artisans
Other						
Marine Center	Southern Reserve	6,000 sq. ft.	40		X	Noyo Center
Satellite Educational Facility	Central Corridor, Southern Headlands	10,000 sq. ft.	1		X	College of the Redwoods, private college
Fine Art and Performing Arts Facilities	Downtown Addition	10,000 sq. ft.	1		X	Local artisans
Quasi-Public Community Space	Downtown Addition	10,000 sq. ft.	1		X	Weddings, festivals
Sub-Total			51			
<u>Public Open Space</u>						
Glass Beach Staging Area			0.5			
Coastal Blufftop Trail Parcel (northeast)			0.8			
Coastal Blufftop Trail Parcel (north)			11.7			
North Soldier Bay Headlands			3.8			
Mill Pond/Central Park			28.4			
Wastewater Treatment Facility Enhancement Parcel			12			
Coastal Blufftop Trail Parcel (central)			7.4			
South Parkland			30.3			
Southern Reserve			25.1			
Coastal Blufftop Trail Parcel (south)			18.1			
Sub-Total			138			
Total			279-281			
Mill Site Balance			149-151			

(1) Near-term represents a 10-year time-frame while long-term represents a 20-year time-frame.

Source: Economic & Planning Systems, Inc.

Central Business District), Central Corridor (34 acres along Highway 1, just south of the central business district), Southern Headlands (120 acres comprising the southern “half” of the Mill Site), and Southern Reserve (30 acres of land at the southern end of the site).

Because of its proximity to the West Fort Bragg neighborhood and the historic downtown, the northern half of the Mill Site has a greater potential for creating a vibrant, pedestrian-serving district. The southern portion of the Mill Site is physically separated by a greater distance and is likely to be more automobile-dependent.

Phasing development over time can help the City concentrate development activity in areas where it will complement adjacent uses and ensure market support for the new uses. Phasing also can help preserve opportunities to take advantage of future high-value, high-amenity development that may not be immediately feasible, such as a resort hotel. As a result, the land use program options provide near-term feasible uses (i.e., 10 years), as well as uses viable in the longer term (i.e., 20 years). The mix, amount, and timing of these uses are discussed, as well as their relationship to each other.

HOSPITALITY

- 1. The land use program of the Mill Site presents the opportunity to transform Fort Bragg into a primary destination, thereby strengthening the existing hotel market and the potential for adding a higher-end product.** Currently, one of Fort Bragg’s primary attractions is its large number of relatively affordable lodging options. As a result, demand in Fort Bragg is largely from people visiting Mendocino and other North Coast attractions but seeking lower cost lodging.
- 2. The market for a large-scale resort hotel of 100 to 200 rooms does not currently exist in Fort Bragg but has potential in the longer term (i.e., 20 years).** The North Headlands of Soldier Bay is an optimum area for hospitality and hospitality-related commercial uses. It is within walking distance to the shops, restaurants and other attractions of the historic downtown and has commanding views of Soldier Bay and the coastline.
- 3. In the near term (i.e., 10 years), there is potential for a 70- to 100-unit timeshare product in the North Headlands section of the Site.** This product type is more feasible for the Mill Site than a traditional hotel because the distance threshold criteria is less (i.e., visitors are willing to travel farther). However, from the City’s perspective, this hospitality product generates less Transient Occupancy Tax (TOT) revenues than a resort hotel and may compete with existing lodging establishments.
- 4. Another market-ready hospitality use is a boutique hotel of 50 to 75 rooms, also to be located in the North Headlands section of the Mill Site.** A boutique hotel provides an intimate, usually luxurious or unique hotel environment. Boutique hotels differentiate themselves from larger chain/branded hotels and motels by providing an exceptional and personalized level of accommodation and services/facilities.

RESIDENTIAL

5. The Mill Site presents the opportunity to provide a mix of housing, ranging from workforce to high-end. Residential uses may include single-family homes, two-family attached dwelling units (duplexes), townhouses, condominiums, apartments, and senior housing. The high-end housing will most likely attract second home owners, people that work out of their homes, and aging “baby-boomers”. There is also a need in Fort Bragg for high-quality workforce housing to retain and attract the workforce needed to operate the service-oriented businesses that are key to the local economy. Furthermore, proposed land uses for the Mill Site (i.e., hospitality, retail, office, and light industrial) will most likely generate additional demand for housing as they generate jobs.

6. The northernmost section of the Mill Site, northwest of downtown Fort Bragg, is an ideal location for residential development. The proximity to downtown will enable this area to become a walkable, vibrant, and accessible neighborhood, while taking advantage of the residential qualities of the adjacent neighborhood. The city grid could extend into this area, complementing the existing residential neighborhood adjacent to the Mill Site.

7. Residential, retail, and office mixed-use development in the downtown area will contribute to the creation of a more cohesive, compact, and vibrant “core” of Downtown by adding residents and increasing pedestrian activity. Downtown residents would enliven the area by using downtown areas when others have left and by creating a new nighttime market for activities, stores, and restaurants.

RETAIL

8. With approximately 500,000 square feet of existing retail space, Fort Bragg appears to have an adequate amount and mix of retail. However, the need for new comparison retail stores will expand as more housing is constructed in Fort Bragg and the population grows. Similarly, as the visitor population grows, so will the need for additional restaurant, convenience, and “specialty” stores.

9. Development in the Mill Site area adjacent to the Fort Bragg central business district should be retail-oriented at the ground level. The focus of this new pedestrian-oriented retail and commercial development near downtown will allow for a unified commercial district that boosts sales for the existing businesses, and increases the success of new ones.

10. Retail is attractive from an economic development perspective because it typically generates more jobs per developed acre than most other potential site uses. It also provides opportunities for local entrepreneurs to open or expand small businesses, and to increase commercial outlets for local artisan goods.

OFFICE

11. The extremely limited current office inventory suggests market opportunities for some new construction. Though relatively little office-specific market data is available, the Fort Bragg office market appears stable, with demand driven in part by affordable lease rates. EPS calculations suggest that the current inventory may consist of about 50,000 square feet. Market data collected in earlier market work indicate vacancy rates consistently below five percent and lease rates ranging from \$0.50 to \$1.50 per square foot (NNN) in Fort Bragg.

12. Expanded office space will help to diversify the local economy. While Fort Bragg should capitalize on its potential as a visitor-serving destination, traditional professional services should continue to be cultivated. In addition to diversifying the economic base, professional services can enhance the attractiveness of the area as a business and residential community.

LIGHT INDUSTRIAL/OFFICE FLEX

13. The Mill Site may offer an opportunity to provide artisan manufacturing buildings. Though relatively few light industrial facilities currently exist, anecdotal evidence and labor force availability suggest potential market support for light industrial uses. Providing light industrial space can help the region's cottage industries expand. Furthermore, expanded light industrial development could tie together new development and retail opportunities with Fort Bragg's cultural and physical history by adding blue collar jobs.

INDUSTRIAL

14. Since heavy industrial uses, such as a mini-mill, are not the highest and best uses, no such industrial uses are proposed at the Site. Very little industrial land currently exists in Fort Bragg outside the Mill Site. Recent sales and construction activity is limited, and reported lease rates are generally very low. Fort Bragg's remoteness and its relatively undeveloped transportation infrastructure severely limit the market prospects for heavy industrial or manufacturing uses.

GOLF

15. The market could support a world-class golf course surrounded by high-end housing and open space but this use would probably not be received well by the community. An 18-hole golf course would require at least 150 acres, which represents more than one-third of the total Mill Site. However, a golf course at the Mill Site would

likely not generate revenues to cover construction and operating costs. The financial feasibility of such a course would therefore depend on the degree to which it could add “amenity value” to neighboring site uses and to the overall land use plan.

EDUCATIONAL FACILITY

16. The population base in the Fort Bragg area could support a satellite educational facility. Potential users would be the College of the Redwoods (CR) or a small private college. An intensive hospitality-oriented program through the CR would provide an educational draw for service workers. This could have a positive effect on the service-based local economy since it is facing a dwindling labor market because of increasing housing prices. However, the construction of the education facility to host such a program would most likely require a public-private partnership since potential users such as the College of the Redwoods generally do not have the necessary funding. However, the construction of the education facility to host such a program would most likely require a public-private partnership since potential users such as the College of the Redwoods generally do not have the necessary funding.

MARINE CENTER

17. A marine center would provide an additional visitor attraction, which could be linked to the local fishing industry. The center could provide both research and educational opportunities. There is potential demand for a marine center at the southern portion of the Site, which would require about 40 acres. An appropriate location for this use on the southern portion of the Site adjacent to the proposed South Parkland parcel was identified at a recent workshop.

FINE ART AND PERFORMING ARTS FACILITIES

18. The Fort Bragg and the Mendocino Coast arts market could support a fine art center at the Mill Site. A variety of performing arts organizations bring lively cultural events to the Mendocino Coast. Some rent or own their own dedicated performance spaces and may therefore be unlikely to utilize a performing arts facility. The remaining long-term groups do not provide sufficient demand of themselves to support an additional performing arts center. However, a number of performing arts directors indicated that groups from the Bay Area would travel to Fort Bragg to present performances if Fort Bragg had a quality performance venue. It is possible that the Mendocino Music Festival would move to a venue on the Site. A performing arts center should be designed to accommodate this use.

QUASI-PUBLIC COMMUNITY SPACE

19. Quasi-public community space would contribute to the overall value of the Site by providing space for ancillary uses, such as weddings and festivals. Since weddings are events for which people are willing to travel longer distances, the relatively remote location of Fort Bragg would not deter visitors from coming to the Mill Site. The Mill Site is a great opportunity for an events space to hold wedding ceremonies and receptions, because of the oceanfront location and proximity to other tourist draws such as Mendocino and the Anderson Valley. Such a facility could also serve as a performance center to hold events such as music festivals.

II. HOSPITALITY

Currently, one of Fort Bragg's primary attractions is its large number of relatively affordable lodging options. As a result, demand in Fort Bragg is largely from people visiting Mendocino and other North Coast recreational attractions but seeking lower cost lodging. The land use program of the Mill Site presents the opportunity to transform Fort Bragg into a primary destination, thereby strengthening the existing hotel market and the potential for adding a higher-end product. The addition of new higher-end lodging options would avoid competition with the existing local low-and moderate-end lodging supply.

A higher-end hospitality product represents an extremely attractive use of the Mill Site from an economic development perspective. In addition to being a potential catalyst for job creation, this use represents the highest source of tax-generation-per-acre of all potential land uses considered since it generates both TOT and increased sales tax from guests. This use has the potential to support a number of associated Mill Site uses (e.g., restaurants, specialty retail, and services).

The North Headlands of Soldier Bay is an optimum area for hospitality and hospitality-related commercial uses. It is within walking distance to the shops, restaurants and other attractions of the historic downtown and has commanding views of Soldier Bay and the coastline. However, the market currently does not exist for a large-scale resort of 100 to 200 rooms.

DEMAND

The trade area for Fort Bragg lodging consists of urban centers within a four-hour drive, which includes the Bay Area. Approximately 60 percent of Fort Bragg guests come from the Bay Area, 20 percent come from Los Angeles, and 20 percent come from the rest of California the U.S., and international locations.²

About 42 percent of San Francisco hotel guests visited other Bay Area locations during their stay in 2004. The vast majority only took day trips to these destinations but some spent the night. Approximately 1.8 percent of total San Francisco hotel guests visited Mendocino County.³

Approximately 17.9 percent of San Francisco hotel guests selected the desire to visit wineries as a factor that affected their decision to visit San Francisco on a leisure trip.⁴ Finally, the San Francisco hotel market's three biggest feeder markets were the Los

² Estimates based on conversations with lodging operators in Fort Bragg and Mendocino.

³ Data from the 2004 San Francisco Hotel Guest Survey (San Francisco Convention and Visitors Bureau). The most visited Bay Area destinations were Sausalito (14.5%), the Napa and Sonoma wine countries (13.4% and 10% respectively) and Monterey/Carmel/Big Sur (9.5%).

⁴ Ibid.

Angeles (12.7 percent), San Francisco-Oakland-San Jose (7.7 percent), and Sacramento-Stockton-Modesto (7 percent) Designated Market Areas.⁵

Since the Mendocino County hotel market is leisure-oriented, it tends to be busy on weekends and relatively empty on weekdays. Examination of the TOT revenues for the City of Fort Bragg from fiscal year 1992 to 2005 shows that the peak season occurs during the months of July through September. As a result of its seasonal nature, the average annual occupancy rate for Fort Bragg is approximately 50 percent. However, interviews with Fort Bragg and Mendocino lodging operators suggest that there is the potential to operate at higher occupancy rates. Properties in Mendocino with an Average Daily Rate (ADR) of approximately \$200 reach the 70 percent "healthy" market benchmark year-round. Similarly, ocean-front hospitality products in Fort Bragg reach occupancy levels between 68 and 72 percent though with significantly lower ADRs than in Mendocino.

SUPPLY

There are currently 1,000 hotel rooms in Fort Bragg. Since the Old Stewart House was purchased as a private residence in late August 2005, its five rooms are not included in the inventory. The current mix of hotels in Fort Bragg consists mostly of motels, beds & breakfasts, and a few hotels.

PIPELINE

A 70-unit timeshare project, which is proposed on South Main Street, is in the pre-application process. This proposed project is a Trendwest WorldMark product, which offers a drive-to getaway for residents of major urban centers, such as the Bay Area. Trendwest has surveyed its Bay Area customer base to determine the ranking of a limited number of destination options. Mendocino ranked as one of the top destinations, after Tahoe and Monterey. By contrast, the location would not meet the criteria for a Fairfield Resorts, Hyatt, Hilton, or Marriott product, which are located in major fly-to destinations. The timing for the proposed project is uncertain. It could open late 2007 if the permitting process takes no more than a year and there is no coastal commission appeal.

The Heritage Trust Inn in Little River currently has 68 rooms, which according to management are easily rented out on the weekends. General Hotel Management has acquired this property and plans to transform it into a world class hotel with a spa. The first phase of this project is due to begin in December 2005 and will consist of converting the existing 68 rooms into 34 larger rooms. The second phase will focus on restoration

⁵ Ibid.

and is scheduled to begin in October 2006. The management aims to mostly attract a Bay Area clientele as well as some international visitors. ADRs will range from \$800 to \$1,000.

MARKET ASSESSMENT

Virtually every study of traveler motivations has shown that, along with rest and recreation, visiting scenic areas and historic sites are the top reasons people travel.⁶ People travel to visit a place that offers something special, even unique. It is those places that are attractions in and of themselves that people most want to visit.⁷ With that in mind, the Mill Site's oceanfront views and access, as well as history, make it very desirable for a higher-end hotel product. However, its relatively remote location from a major urban center and airport creates access issues. Fort Bragg requires more of a time commitment in terms of driving than successful destinations such as Napa, Sonoma, Monterey, and Carmel, which offer more convenient getaways. On the other hand, the relatively remote location is also one of this market's biggest assets since the area is not very commercialized and is less dense, with a slower pace of life.

Findings with respect to hospitality products under consideration for the Mill Site include:

- The potential hotel product type needs to cater to the existing market, which is the weekend and summer leisure market.
- Since the market occupancy rate is relatively low, the product will need to command higher ADRs in order to be financially feasible. The fact that hotels are expensive to operate, especially higher-end hotels, make it preferable from a management perspective to increase the ADR than to increase the occupancy level.
- The Mill Site location is too far from an airport for a hotel with a significant conference center. It is unlikely that the product could attract any corporate business. Furthermore, the proposed golf course on Highway 20 may eventually include a conference center component.
- There are many different kinds of retreats—solitary or group, religious or secular, highly structured or self-directed. It is conceivable that such a retreat center would be a feasible use for the Site. Visitors are typically willing to travel long distances to attend retreat centers, which tend to be located in remote, high-amenity locations such as Fort Bragg.⁸

⁶ Urban Land, Resort Issue. August 2005. Quote from heritage tourism expert Amy Webb.

⁷ Ibid.

⁸ Examples of successful retreat centers include the Esalen Institute in Big Sur, the Asilomar Conference Grounds on the Monterey Peninsula, and various locations in Marin County.

- Condo-hotels are generally feasible in locations where people are interested in having a second home. A recent National Association of Realtors survey found that about half of leisure homes sold are within 300 miles of a buyer's primary residence. It would be difficult to sell the units and attract the hotel revenue needed to deliver return to the unit holders in a town like Fort Bragg that does not yet have a strong tourism draw or a strong hotel market. There is also a reluctance of chain affiliations (e.g., Four Seasons, Fairmont, Ritz-Carlton) to professionally manage smaller-sized projects.
- The possibility of a timeshare product for the Mill Site is worth exploring since the distance threshold criteria for this product is less than for a traditional hotel (i.e., visitors are willing to travel farther). In the near term (i.e., 10 years), there is potential for a 70- to 100-unit timeshare product in the North Headlands section of the Site. From the City's perspective, this hospitality product generates less TOT revenues than a traditional hotel product type.
- Another market-ready use is a boutique hotel of 50 to 75 rooms, also to be located in the North Headlands section of the Mill Site.⁹
- A large world-class resort hotel with a spa would create a draw to Fort Bragg, especially since Mendocino probably will not be able to build one because of an insufficient water supply.¹⁰ A comparable product would be the Mission Inn in Sonoma, which has a large spa. However, because of its remote access and the fact that Fort Bragg is not currently a destination, the market does not currently support a resort hotel. There is potential for a 100- to 200-unit resort hotel in the future, especially as the Mill Site is redeveloped.

⁹ Boutique hotel is a term describing intimate, usually luxurious or unique hotel environments. Boutique hotels differentiate themselves from larger chain/branded hotels and motels by providing an exceptional and personalized level of accommodation and services/facilities.

¹⁰ Mendocino does not have a municipal water system.

III. RESIDENTIAL

The high quality of life in Fort Bragg has contributed to a rapid escalation of residential property values. With an economy that is mostly focused on tourism and retirees, it is necessary to provide good jobs and high quality workforce housing in order to attract and retain the workforce needed to operate these businesses (e.g., hotels and restaurants).¹¹ Furthermore, other proposed land uses for the Mill Site (i.e., hospitality, retail, office, and light industrial) will most likely generate additional demand for housing as they generate jobs.

The Mill Site presents the opportunity to provide a mix of housing, ranging from workforce to high-end. The high-end housing, with its oceanfront views, will attract some second home owners but it will also most likely attract people that work out of their homes (e.g., self-employed or free-lancers) and aging “baby-boomers” that are not yet ready to completely retire from the workforce. It is likely that these future residents will either bring existing small businesses with them as they relocate from urban areas or will create new businesses. Location of office/professional services adjacent to housing on the Mill Site would support this aspect of the market. As a result, entrepreneurial activities are likely to become a strong component of the Fort Bragg economy.

PIPELINE

There are a total of 478 to 503 residential units in the pipeline in Fort Bragg. Two residential projects are currently in the development review process. The White Property Annexation and Specific Plan, on the north side of Fort Bragg, consists of 283 single-family residences, and the Moura Townhomes consists of 40 multifamily residences. The White Property includes an affordable housing component, with approximately 48 units. The affordable component targets the local market, while the cluster homes and the traditional single-family homes target the local market as well as retirees relocating to Fort Bragg. Since this project is facing some regulatory and infrastructure hurdles, it is difficult to determine if/when the project will be developed.

The Hare Creek Development is in the pre-application process. It consists of approximately 80 townhomes or apartments, in addition to a commercial and office component.

The Glass Beach Townhomes project has been in and out of the pre-application process over the past few years but development is likely to occur within the next five years. This project will likely include from 75 to 100 townhomes.

¹¹ In 2000, the majority of the employment was in the trade (32 percent), services (23 percent), and manufacturing (20 percent) sectors. The 2002 Fort Bragg Housing Element projects that future job creation will be increasingly based on the growth of the service and retail sectors, rather than on the growth of the manufacturing industry.

EXISTING CONDITIONS

The 2005 Fort Bragg housing stock includes 2,184 single-family residences (2,026 detached and 158 attached), 783 multifamily units (324 with less than five units and 459 with at least 5 units), and 163 mobile homes.¹² The Fort Bragg housing stock has increased by 49 single-family detached units, 12 multifamily units, and 18 mobile homes since 2000. There is an unmet housing need for 70 very-low income, 45 low-income, and 104 moderate-income units in Fort Bragg.¹³

There are approximately 88 affordable senior housing units in Fort Bragg. This includes the 41 units at Moura Senior Housing, the 43 units at Duncan Place (which also includes housing for disabled persons), the 2 units at River Garden Apartments, and the 2 units at Walnut apartments. However, the *Fort Bragg General Plan Housing Element* reports that these units do not meet the need for affordable senior housing.

Based on conversations with residential brokers, Fort Bragg housing prices have experienced a 20 percent appreciation over the last couple of years. There are undeveloped parcels suitable for residential development within Fort Bragg; however, there appears to be an unwillingness from owners to put them on the market. Price points for homes recently sold in Fort Bragg are close to \$600,000. For example, an oceanfront two-story single-family house in the Glass Beach area has been on the market for a while with an asking price of \$699,000. It is anticipated that the White Property, if/when built, will affect properties in town and potentially reduce the asking price. When properties are priced appropriately, they sell in less than 30 days.

MARKET ASSESSMENT

Given the rapid rise in home sale prices in recent years, demand appears very strong for residential development at the Mill Site. There is potential for some high-end housing to create value for the Mill Site, as well as some workforce housing that is price controlled as opposed to affordable by design.¹⁴

¹² California Department of Finance.

¹³ Fort Bragg General Plan Housing Element.

¹⁴ It should be noted that the City's current inclusionary housing program calls for 15 percent inclusionary units for residential developments of five or more units. Furthermore, since the Mill Site is in a redevelopment area, the 20 percent housing set-aside applies. This will assist with the development, conservation, or rehabilitation of affordable housing consistent with community housing priorities.

Demand for multifamily units consists primarily of senior and working class populations in need of more affordable housing options.¹⁵ The current shortage of affordable units, coupled with projected growth in tourist-serving employment, will combine to increase this shortage in coming years. Residential demand can also be expected to increase with the continued arrival of new “baby boomers” planning for retirement. In particular, these relatively affluent newcomers will likely increase demand for higher quality housing than currently exists in the market. To attract these prospective home buyers, Fort Bragg will compete both with the higher-end Mendocino housing market and with more secluded properties in the surrounding unincorporated County. The Mill Site redevelopment provides an opportunity to develop housing and/or amenities to attract and retain this growing population.

The northernmost section of the Site, northwest of downtown Fort Bragg, is an ideal location for residential development. The proximity to downtown will enable this area to become a walkable, vibrant, and accessible neighborhood, while taking advantage of the residential qualities of the adjacent neighborhood. The city grid could extend into this area, complementing the existing residential neighborhood adjacent to the Mill Site. Residential, retail, and office mixed-use development in the downtown area will contribute to the creation of a more cohesive, compact, and vibrant “core” of Downtown by adding residents and increasing pedestrian activity. Downtown residents would enliven the area by using downtown areas when others have left and by creating a new nighttime market for activities, stores, and restaurants.

The downtown portion of the Site could become a medium-density neighborhood allowing an average of 10 to 15 dwelling units per acre. Residential uses may include single-family homes, two-family attached dwelling units (duplexes), townhouses, condominiums, apartments, and senior housing. The expected growth in the senior resident population within the next ten years will generate demand for specialized housing for this age cohort.¹⁶ As a result, the townhome market, an untested product in

¹⁵ The Fort Bragg Housing Element forecasts that the 2000 Fort Bragg population of 7,026 residents is projected to increase to approximately 8,563 residents by 2010. This assumes a 2 percent growth rate, which is the growth rate projected by the Department of Finance for the whole county and approximately the growth rate that Fort Bragg grew by between 1980 and 2000.

¹⁶ State projections indicate that the proportion of the elderly population in Mendocino County is expected to increase in the next ten years. According to the Fort Bragg General Plan Housing Element, Fort Bragg will likely follow this trend, despite the recent decrease in the percentage of seniors between 1990 and 2000.

Fort Bragg, has some added potential for the Mill Site. This housing product type is particularly attractive to retirees since it is less expensive than a single-family home and does not require as much maintenance.

IV. RETAIL

Fort Bragg appears to have an adequate amount and mix of retail. However, the need for new comparison retail stores will expand as more housing is constructed in Fort Bragg and as the population grows. Similarly, as the visitor population grows, so will the need for additional restaurant, convenience, and “specialty” stores.

Development in the Mill Site area adjacent to the Fort Bragg central business district should be retail-oriented at the ground level. The focus of this new pedestrian-oriented retail and commercial development near downtown will allow for a unified commercial district that boosts sales for the existing businesses, and increases the success of new ones.

Retail is attractive from an economic development perspective because it typically generates more jobs per developed acre than most other potential site uses. It also provides opportunities for local entrepreneurs to open or expand small businesses, and provide expanded commercial outlets for local artisan goods.

EXISTING CONDITIONS

The current Fort Bragg retail supply consists of approximately 500,000 square feet of total space (e.g., grocery stores, pharmacies, gas stations, restaurants, independent retail, etc.). The majority of this inventory is located along the Main Street corridor. Very few national retail franchise, including moderate-end apparel (e.g., Gap, Banana Republic) and larger-format stores (i.e., Wal-Mart and other “big box” retail), are currently located in Fort Bragg. There is a limited selection of grocery stores in Fort Bragg, with Safeway on Main Street and Harvest Market on Boatyard Drive being the primary grocery stores. Others include B & C Grocery and Colombi Market on Oak Street, Nello’s Market on Main Street, and Purity Supermarket on Franklin Street.

Current market data suggest that existing retail space is sufficient to meet current demand. While annual taxable sales data from 1984 through 2004 are characterized by an average annual growth rate of slightly more than 3 percent, 2004 sales data showed a 13 percent drop from the previous year.

With approximately 12 properties on the market between Gualala and Westport, the retail market is relatively quiet. Retail rents in downtown Fort Bragg are currently in the range of \$2.00 per square foot.

PIPELINE

The rate of retail construction in Fort Bragg over the last ten years had been relatively slow. Other than the addition of Long’s Drug in 2002, virtually no new retail space had been added in Fort Bragg since the mid-1990s. Furthermore, the value of new retail

construction in Fort Bragg represented only 2 percent of new County-wide retail added over the last decade. However, there are at currently two projects with retail components in the pipeline for Fort Bragg.

The second phase of the Boatyard Shopping Center is under construction. The first phase of the Boatyard Shopping Center was developed in the early 1990s and included 75,000 square feet of commercial/retail space. The anchor tenant is Harvest Market which is about 25,000 square feet. The second phase consists of 27,000 square feet of commercial space, including a Harvest Market addition (15,000 square feet) and approximately six to ten retail/commercial spaces. Furthermore, the Hare Creek Development (Highway 20/Highway 1) is in the pre-application process. It includes 4,000 square feet of restaurant space, 3,000 square feet of commercial space, and highway frontage commercial parcels.

MARKET ASSESSMENT

The rural nature of the North Coast economy means that limited retail opportunities exist and that many nonresidents drive to Fort Bragg to make purchases because it is the only nearby option. This means that the Fort Bragg “trade area” is comparatively large, extending from Elk to the south to Westport to the north.

Limitations to future retail development include market, competitiveness, and “threshold” considerations. Retail trends and conditions indicate that the retail market is moderately strong, with expansion starting to pick up. Residents of Fort Bragg and the surrounding trade area represent the primary drivers of the current retail market, though an expanding tourist-serving economy is beginning to shift this balance. While comparatively low median income levels along the North Coast limit local spending capacity, the growing role of tourist spending has pushed per-capita retail sales in Fort Bragg above the County average.¹⁷

The market will likely support modest growth in the “comparison” sector, though the need for new comparison stores will expand as more housing is constructed in Fort Bragg, and as the population grows.¹⁸ Similarly, as the visitor population grows, so will the need for expanded restaurant, convenience, and “specialty” stores. As retail opportunities expand to capture sales by the growing tourist sector and to provide a broader range of retail opportunities for the local and trade area populations, annual sales will increase accordingly. The degree to which future tourist spending begins to outpace local spending will be apparent in the seasonal nature of future sales receipts.

¹⁷ The 1999 estimated median household income for Fort Bragg was \$36,000, which is projected to increase by 36 percent by 2009. (see *Fort Bragg General Plan Housing Element*.)

¹⁸ EPS conducted a sales leakage analysis in 2004 that suggests opportunities may exist to better capture local expenditures on “comparison” goods, though some of these sales will always “leak” to larger retail centers (e.g., Ukiah). (see *Demographic and Market Analysis*.)

As local tourist spending increases, future retail development in Fort Bragg can eventually expand into higher-end markets, potentially competing with Mendocino Village.

Since the City of Fort Bragg serves as the commercial hub of the coastal area of Mendocino County and if there is significant population growth in the trade area, it is possible that a big-box retail development will eventually be feasible in Fort Bragg. However, because of the concern that creating retail space such as a big box would compete with the existing stock, there is no community support for this use on the Mill Site.

Future retail development at the Mill Site will have to be paired with complementary uses that generate additional spending demand. In particular, retail development should ideally coincide with high-end lodging and residential development. New retail options may increase the capture rate of local buyers and may provide jobs, but these jobs may be relatively low-wage, and these increases are not expected to provide enough increased demand to make new space self-sufficient in the near term.

V. OFFICE

While Fort Bragg should capitalize on its potential as a visitor-serving destination, traditional professional services should continue to be cultivated. Expanded office space will provide employment opportunities, enhance services available to residents, and generate some additional employee expenditures. However, this use will likely generate lower land values and sales tax proceeds than retail and hospitality uses.

EXISTING CONDITIONS

Though available data is limited, demand for office space in Fort Bragg appears stable with little reported vacancy. Market data collected in earlier market work indicate vacancy rates consistently below 5 percent. Lease rates appear to have shown a slight increase over the past year as Mendocino tenants continue to seek cheaper office space in the Fort Bragg market. Data collected by the Sedway Group suggested office lease rates ranging from \$0.50 to \$1.50 per square foot (NNN) in Fort Bragg.¹⁹

SUPPLY/PIPELINE

The Hare Creek Development, which is in the pre-application process, includes 11,000 square feet of office building. As discussed in the Sedway Report, no new office space has been constructed in Fort Bragg since 1996.²⁰

MARKET ASSESSMENT

The current office inventory is relatively small but experiencing stable occupancy because of low lease rates and consistent demand from Mendocino tenants seeking more affordable space.²¹ With near-zero vacancy, future office market potential appears strong, though it is unclear whether new, more expensive space would remain as competitive against current Mendocino supply. The strongest market is likely for flexible commercial space that can be easily converted between office and retail uses, and that mimics downtown Fort Bragg's current character.

Two office products are envisioned at the Site, a lower end product for users such as engineers and architects that need cost-efficient work space, and a more typical class B product for professional offices (e.g., medical and lawyer practices). There will be limited demand for the class B product, which could be located on the second floor of mixed-use buildings.

¹⁹ *Overview of Economic and Real Estate Market Opportunities and Constraints*. July 2003.

²⁰ *Ibid.*

²¹ EPS calculations based on information provided in the City's General Plan EIR suggest that the current inventory may consist of about 50,000 square feet, though this estimate has not been verified.

VI. LIGHT INDUSTRIAL/OFFICE FLEX

The light industrial/office flex use includes specialized/incubator space and office flex in a tilt-up product. Tilt-up construction refers to a method of casting concrete walls on site in a horizontal position or preassembling wooden wall and partition frames, then tilting them up into their final position. This relatively cheap construction method allows for lower rents to be charged, which is essential to attracting tenants for this use.

Though relatively few light industrial facilities currently exist, anecdotal evidence and labor force availability suggest potential market support for light industrial uses. The Mill Site may offer an opportunity to provide artisan manufacturing buildings. This light industrial space can also help the region's cottage industries expand. Cottage industries are small entrepreneurial businesses, many of which typically operate out of people's homes or garages. They tend to start out with no employees and the activity is subordinate to the residential use of the property. If they are successful, over time, they may hire a couple of employees and eventually move out of the home and into commercial/industrial space in town. Fort Bragg has a number of successful businesses that have transitioned from home-based cottage industries (e.g., Wind & Weather, Carol Hall's Hot Pepper Jellies, Mendocino Mustards). Furthermore, expanded light industrial development could tie together new development and retail opportunities with the City's cultural and physical history by providing blue collar jobs.

VII. INDUSTRIAL

By developing other vacant sites throughout the City, more of the Mill Site land can be preserved for the “highest and best uses” based on proximity to the coast. Since industrial uses, such as a mini-mill, are not the highest and best uses, no industrial uses are proposed at the Site.

EXISTING CONDITIONS

Very little industrial land currently exists in Fort Bragg outside the Mill Site. Recent sales and construction activity is limited, and reported lease rates are generally very low. Fort Bragg’s remoteness and its relatively undeveloped transportation infrastructure severely limit the market prospects for heavy industrial or manufacturing uses.

MARKET ASSESSMENT

Based on conversations with a local mill operator, a mill on the Site is not currently feasible. Furthermore, it does not represent the highest and best use considering the prime coastal location of the Site.

A significant obstacle associated with running a mill is that operators run into economy of scale issues if the mill is too small of an operation. A mill is considered to be large when it is approximately half of the former Georgia-Pacific Mill. The ground up construction costs for a large mill range from \$50 million to \$100 million, which requires significant wood production to cover costs. However, there currently is excess capacity in Mendocino County because there are too many mills and not enough wood to supply them. For example, the Harwood Mill, which has about the same footprint as the Georgia-Pacific Mill, currently gets approximately half of its logs from Washington and British Columbia. Importing this much wood has proven to be only marginally cost effective but it does allow the Harwood Mill to run two shifts. The Mendocino Forest Products mill in Ukiah produces the same amount of wood as the Harwood Mill but it only runs one shift.²² If it were to run two shifts, it would absorb excess wood.

Even if there were enough wood in the future (10 to 20 years), there are much more cost efficient locations for a mill operation than Fort Bragg. Logs taken to the Site would more easily be taken to mills in the Highway 101 Corridor.

²² This mill distributes redwood lumber (primarily fencing, decking and garden products), Douglas-fir lumber and other wood products to Home Depot and other customers. According to the Mendocino Forest Product Company, the mill is expected to produce about 60 million board feet of softwood lumber on an annual basis.

VIII. GOLF COURSE

An 18-hole golf course would require at least 150 acres, which represents more than one-third of the total Site. The market could support a world-class golf course surrounded by high-end housing and open space but this use does not meet community objectives for the Site and it not likely to receive community support.

SUPPLY

There currently is only one golf course in the North Coast “trade area” from Elk to Westport. The semi-private Little River Inn Golf Course is a regulation 9-hole course with 2 extra greens, so it can be played as an 18-hole course. This is a certified Audubon Cooperative Sanctuary, having achieved certification in Environmental Planning, Water Conservation, Wildlife and Habitat Management, Outreach and Education, Water Quality Management, and Chemical Use Reduction and Safety. The peak (weekend/holiday) greens fees are currently \$35 per 18-hole round.

Other golf operations in Mendocino County include the 9-hole Brooktrails Golf Course and the Slice of Heaven Driving Range in Willits, as well as the 18-hole Ukiah Municipal Golf Course.

PIPELINE

An 18-hole public golf course is currently being planned by the Mendocino Coast Recreation and Park District at a site along Highway 20.²³ The proposed golf course would be located on a 600-acre site about three miles east of Fort Bragg. The regular nonresident, peak season green fees will be in the \$60 to \$90 range (expressed in 2001 dollars, including cart rentals and complimentary driving range use). The consultant for this project projected that nonresident play will stabilize at about 30,000 annual rounds by the fifth full year of operation. It is projected that demand from county residents will be more limited, stabilizing at about 14,000 annual rounds by the third full year of operation. Mendocino County resident rates during the peak season will be between \$25 and \$35 (expressed in 2001 dollars, not including cart rentals or driving range use). The anticipated completion date for the golf course is in 2007, including the six months required for the greens to root before they can be played on.

The stand-alone golf course will be part of a larger 745-acre park. Phase One will include the golf course; a nature park and associated hiking, mountain biking, and jogging trails; a covered barbecue and picnic area; a children’s playground; horseshoe, basketball, and volleyball facilities; and lawn areas. Phase Two would eventually encompass the remaining 145 acres and would include a sports park with softball,

²³ Information based on the *Mendocino Coast Regional Park & Golf Course; Draft Environmental Impact Report*. September 2005.

baseball, and soccer fields; tennis and basketball courts; and an additional covered picnic area. There is a possibility that a third phase of development would occur, potentially including a BMX course and a special events area (with capacity for 100 people).

MARKET ASSESSMENT

Since a golf course is an amenity for which people are willing to drive a long distance, there is potential for a world-class 18-hole golf course at the Mill Site.²⁴ However, a golf course at the Mill Site would likely not generate revenues to cover construction and operating costs. The financial feasibility of such a course would therefore depend on the degree to which it could assess “amenity value” to neighboring site uses and to the overall land use plan. Furthermore, this use would probably not be received well by the community.

²⁴ The 18-hole Sea Ranch Golf Links by Robert Muir Graves commands approximately 30,000 rounds per year. Another successful golf destination is Pebble Beach in Carmel.

IX. EDUCATIONAL FACILITY

Location of a public college or university in Fort Bragg is unlikely because of relatively low enrollment potential, the presence of three California State University campuses on or near the North Coast with relatively low enrollment, and the State budget crisis. However, the population base in the Fort Bragg area could support an expanded satellite educational facility.

Potential users would be the College of the Redwoods (CR) or a small private college. An intensive hospitality-oriented program through the CR would provide an educational draw for service workers. This could have a positive effect on the service-based local economy since it is facing a dwindling labor market because of an increase in housing prices. However, the construction of the education facility to host such a program would most likely require a public-private partnership since potential users such as the College of the Redwoods generally do not have the necessary funding. Furthermore, the CR already has a campus in Fort Bragg.

MARKET ASSESSMENT

The College of the Redwoods offers technical programs in marine science, fine wood-working, and natural history. The College recently hired Computer-Aided Planning to determine what short-term certification training programs the College could successfully offer based on area demographics. The study revealed that training programs in health, education, hospitality and service, and public services would be viable. The College is currently working on offering health programs, not yet working on the education programs, and looking at the hospitality and service industry, as well as public services. There currently is a hospitality and service industry program at the Eureka campus. However, the program does not have a facility for culinary training.

The CR is considering offering a short-term intensive culinary program such as the very successful wood-working one that is already in place. This program could take place in a teaching facility located on the Mill Site. A comparable program is the Culinary Institute of America (CIA) campus in Napa. The CIA's professional development programs are centered in a demonstration theatre and around a series of cooking islands in the 15,000-square-foot teaching area. The campus also includes 15 acres of vineyards, the Rudd Center for Professional Wine Studies, the Sutter Home Organic Garden, the Cannard Herb Garden, the Wine Spectator Greystone Restaurant, the DeBaun Theater, the Ken and Grace DeBaun Café, and the Spice Islands Marketplace (campus store).

It is more likely that a private institution, potentially oriented towards natural resource and/or nontraditional curricula, will decide to relocate or expand to Fort Bragg. Another potential user would be a small private college similar to the Deep Springs College in Bishop, California. This college is based on a cattle ranch and has an enrollment of 24 students. Deep Springs offers an educational leadership program, which students typically attend for two years before going on to a university. A similar college on the

Mill Site would be different in the sense that it would aim to not only attract nonresidents but retain them in the local workforce as well. This college could not necessarily be affiliated with a state school since they are typically designed to mainly serve residents. This is a type of use that is being considered in conjunction with the marine center use discussed in the next section.

X. MARINE CENTER

There is potential demand for a marine center at the southern portion of the Site, which would require about 40 acres. A marine center would provide an additional visitor attraction, which could be linked to the local fishing industry. The center could provide both research and educational opportunities. An appropriate location for this use on the southern portion of the Site adjacent to the proposed South Parkland parcel was identified at a recent workshop.

MARKET ASSESSMENT

In November 2005, the City of Fort Bragg hosted seven visitors with a background in administering marine research centers and terrestrial field stations across the country for a three-day workshop. The workshop was intended to troubleshoot the concept of developing a marine research and education facility on the Mill Site.

The following list summarizes advice provided at the Community Meeting.

- A big research facility needs the backing of a major university. There are no universities currently looking to site such a facility. The Fort Bragg facility should be of a smaller scale.
- Fort Bragg is a good location for a marine facility because there is a great deal of community interest and support for the use, suitable property with a spectacular coastline, several nearby watersheds and river systems, resource industries, and Native American tradition.
- Rather than calling it a “marine science institute,” the facility should be called the “Noyo Center.” This name ties it to a unique place name and is broad enough to encompass a variety of activities.
- This region presents an opportunity for integrated watershed research with the goal of helping to create and provide training for jobs in research, resource management and restoration.
- The Center would require about 40 acres of coastal land. It should have coastal views and connections to coastal access trails. The optimal location is on the northwest side of the airstrip.
- Facilities would be located on about three to five acres. Initially, the Center would only need about 6,000 square feet of space. It should be small-scale and be designed with flexibility in mind, so it can help to accommodate community needs.

The success of a marine research center in Fort Bragg will likely depend on the identification of a research specialty for which the Fort Bragg coast provides an

appropriate research platform and for which adequate institutional interest and/or grant funding exists. A research station could provide an important economic development function by creating jobs, private-sector “spin-offs,” local educational opportunities, and a more marketable community image.

CASE STUDY

A somewhat comparable project is the Ocean Institute at Dana Point Harbor in Dana Point, which is located about halfway between Los Angeles and San Diego on the southern Orange County coast (see **Figure 1**). Dana Point Harbor offers a variety of venues for a number of activities. The County of Orange operates the Youth and Group Facility providing meeting rooms and party facilities as well as sailing and ocean-related programs and the Sea Scout base. The Ocean Institute offers marine exploration programs and the Brig Pilgrim (130-foot historic tallship).

The Ocean Institute, founded in 1977 as the Orange County Marine Institute, is a nonprofit organization that educates 80,000 students, 8,000 teachers, and 50,000 public visitors annually through over 40 marine science and maritime history programs. Its location on 2.4 acres adjacent to a Marine Life Refuge (eight acres) makes the site ideal for hands-on learning about the ocean. In 1999, the Board of Directors voted to expand, and initiated a capital fundraising campaign for the design and construction of new facilities. Construction of the six-building, 33,800-square foot campus began in early 2001 and took 18 months to build, at a cost of \$16.5 million. The new Ocean Education Center opened in October 2002.

Figure 1. Dana Point Harbor



The Ocean Institute also includes the following facilities:

- The Ecology Learning Center and Children's Theater is primarily for students in grades K-3.
- The Center for Cooperation in Research and Education is the Institute's outreach arm that works to integrate current ocean research into Ocean Institute programs and "translate" that research for students and the general public.
- The Chambers Gallery Book and Gift Store, with proceeds benefiting the Ocean Institute programs.
- The Samueli Lecture Hall and Conference Center is used for a variety of educational programs.
- The Student and Teacher Services Building is the administrative center with an open, two-story lobby housing an interactive Sea Floor Science Exhibit funded in part by the National Science Foundation.

XI. FINE ART AND PERFORMING ARTS FACILITIES

Mendocino County, Mendocino Village, and the City of Fort Bragg are well known for excellent and extensive visual and performing arts. As a result, the Fort Bragg and the Mendocino Coast arts market could support a fine art center at the Mill Site.

MARKET ASSESSMENT

A variety of performing arts organizations bring lively cultural events to the Mendocino Coast. Some rent or own their own dedicated performance spaces or use outdoor facilities, and may therefore be unlikely to utilize a performing arts facility. The remaining long-term groups do not provide sufficient demand of themselves to support an additional performing arts center. However, a number of performing arts directors indicated that groups from the Bay Area would travel to Fort Bragg to present performances if Fort Bragg had a quality performance venue.

Most fine art facilities in Fort Bragg and Mendocino Village are nonprofit organizations, ranging in size from 12,000 to 80,000 square feet. Virtually all of these fine arts facilities have been built with some level of public subsidy and foundation support. They generally offer four interrelated programs:

- Individual and group artist studios for rent to area artists, which are open to the public on a regular basis as a visitor attraction and sales venue for artists. Open and accessible studios would provide a destination attraction to the Fort Bragg coast.
- Art classroom space and an arts education program, possibly through the College of the Redwoods or other nonprofit partner. Art education programming provides a second stream of income to artists and the art center.
- An art gallery, where visitors can purchase art and openings entice local residents to revisit the center.
- Event and meeting space which is leased out for weddings, parties, fundraisers and nonprofits to further supplement center revenues (see quasi-public community space discussion).

Art centers are generally viewed as a positive economic development engine, contributing to downtown revitalization, attracting visitors, improving visitor quality, and increasing visitor length of stay and visitor expenditures. A Fort Bragg art center should probably include artist studios, a gallery and event space, but it should probably partner with institutions such as the College of the Redwoods or the Mendocino Art Center for provision of arts education classes, if such classes are warranted.

The College of the Redwoods Fine Woodworking Program, which offers a world-renowned nine-month program in cabinetry and furniture-making, would make an excellent anchor tenant for such a facility. Furthermore, this use would be complimentary to the artisan manufacturing buildings discussed in the light industrial/office flex section.

Previous market work found that the Fine Woodworking program would require 5,000 square feet of space. A facility which offers both work-space and a retail gallery with a viewing gallery to the workspace would be very valuable to the program and make an interesting visitor attraction on the Mill Site.

XII. QUASI-PUBLIC COMMUNITY SPACE

Quasi-public community space would contribute to the overall value of the Mill Site by providing space for ancillary uses, such as weddings and festivals.

MARKET ASSESSMENT

The MacCallum House in Mendocino has found a niche in weddings, with approximately 25 percent of its business coming from this market segment. However, there is minimal reception location in Mendocino to hold weddings of between 100 to 150 guests, sometimes up to 200. As a result, receptions are frequently held under tents during the summer months, making weddings a seasonal business.

The Mill Site offers a great opportunity for an events space to hold weddings year-round, both ceremonies and receptions so that guests do not have to be chartered from one location to another. In addition, proximity to the beach and the oceanfront location are draws. Since weddings are events for which people are willing to travel longer distances, the relatively remote location of Fort Bragg would not deter visitors from coming to the Mill Site.

Such a facility could also serve as a cultural center to hold events such as music festivals. The Mendocino Music Festival takes place in a tent that is erected in Mendocino Headlands State Park during the month of July. This festival would possibly relocate to a more permanent facility at the Mill Site.

