



CITY COUNCIL STAFF REPORT

TO: City Council

DATE: June 26, 2025

DEPARTMENT: Administration

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AGENDA TITLE: Engaging the community in shaping the direction and content of the Mill Site Memorandum of Understanding (MOU) through a collaborative, transparent process focused on land use planning.

RECOMMENDATION

Receive an update, receive public comment, and provide feedback:

- (i) On the implementation of Phase 2 of the Mill Site Master Development Agreement (MDA) Planning Program & Topics being discussed
 - (ii) Set a date for the second Public Workshop regarding the MOU Process in July to receive community feedback.
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BACKGROUND

In October 2024, the City Council evaluated and supported pursuing a cooperative planning strategy for the Mill Site redevelopment through the negotiation of a Master Development Agreement (MDA) and preparation of a Local Coastal Program (LCP) amendment. This strategic shift offered a collaborative alternative to the City's costly and protracted litigation with Mendocino Railway (MR) and aimed to advance meaningful redevelopment outcomes through shared goals, community engagement, and transparent planning.

Phase 1 of the planning program—initiated shortly after the litigation Stay was approved in November 2024—focused on integrating decades of prior Mill Site planning with new technical work completed by Economic & Planning Systems (EPS). That phase culminated in the Mill Site Draft Development Strategy Report, which was presented to the community during a public workshop on February 25, 2025, and subsequently accepted by Council in June 2025. Public feedback from the February workshop, as well as from City Council meetings on October 15, 2024, and March 10, 2025, has provided key guidance for shaping the next phases of the MDA Planning Program.

DISCUSSION:

Phase 2 – Preparation of a Memorandum of Understanding (MOU)

With the Council's direction and under the terms of the litigation Stay, the City has advanced into Phase 2, which centers on the development of a non-binding Memorandum of Understanding (MOU) between the City and MR. This MOU will outline the foundational framework for future planning, entitlement, and development of the Mill Site. It is intended to Clarify key development and regulatory issues:

- Identify terms and feasibility conditions for a future MDA
- Establish the roles and responsibilities of all parties
- Inform the scope of CEQA review and LCP amendment submittal
- Prevent costly misalignment on policy, land use, or infrastructure

Phase 2 also includes refined planning and coordination with regulatory partners, particularly the California Coastal Commission. Additional work has been undertaken to distinguish rail-related jurisdictional boundaries and integrate conceptual rail-related uses—such as a proposed electric trolley—into the broader Illustrative Plan.

MOU Public Workshop #1 – Land Use Planning Context and Approach

Tonight's public workshop represents the first formal step in community engagement for the MOU. The workshop is designed to provide an overview of the MOU process and gather feedback on five key topic areas that will shape the structure of the future development agreement and planning framework:

1. Land Use Planning Context
2. Key Factors Influencing Development
3. Infrastructure Requirements and Financing
4. Special Real Estate Transactions
5. Master Development Agreement Framework

These topics will be explored in a facilitated, interactive format to ensure active community participation. An updated Illustrative Plan—reflecting input from the February workshop and Council direction—will also be presented, with a focus on the North Mill Site and rail-related land use designations.

Next Steps

Following Workshop #1, City staff and consultants will:

- Compile public feedback and incorporate it into the MOU drafting process
- Refine and update the MOU Work Program and Schedule that will involve continuing technical work by the Planning Team and several more Public Workshops extending into early fall.
- Continue engagement with MR, Coastal Commission and regulatory agencies
- Prepare for the next workshop in late July regarding the next set of MOU Topics

When the MOU Topics have been fully addressed a public review draft will be prepared and presented at the City Council. If approved, the MOU would launch Phase 3—the

negotiation of a binding Master Development Agreement, initiation of CEQA review, submittal of the LCP Amendment, and development of infrastructure and financing strategies.

ATTACHMENTS:

1. MOU Public Workshop #1 – Agenda & Memo
2. Mill Site Entitlement Process
3. Illustrative Plan Maps Cover Sheet
4. Conformance with Coastal Act Priorities and City's LCP
5. Rail-Related Land Use Regulations
6. Mill Site Development Strategy Report (Phase 1 Summary)
7. Press Release – June 16, 2025
8. Resolution No. [XX-2025] – Initiating Phase 2 (Previously Adopted)