

SUCCESSOR AGENCY TO THE PALM DESERT REDEVELOPMENT AGENCY STAFF REPORT

MEETING DATE: September 28, 2023

PREPARED BY: Deborah Glickman, Management Analyst

REQUEST: SUCCESSOR AGENCY - APPROVE A PURCHASE AND SALE AGREEMENT BETWEEN THE SUCCESSOR AGENCY TO THE PALM DESERT REDEVELOPMENT AGENCY AND THE CITY OF PALM DESERT FOR ASSESSOR'S PARCEL NUMBER 620-400-025

RECOMMENDATION:

1. Approve a Purchase and Sale Agreement (PSA) between the Successor Agency to the Palm Desert Redevelopment Agency (SARDA) and the City of Palm Desert for Assessor's Parcel Number (APN) 620-400-025.
2. Authorize the Executive Director and the SARDA Attorney to make non-monetary changes to the PSA.
3. Authorize the Executive Director to execute the PSA and all related documents for the sale.

BACKGROUND/ANALYSIS:

APN 620-400-625 (14.46 acres), also referred to as Parcel A, is located adjacent to 34.25 acres of undeveloped land on Desert Willow Drive north of Country Club Drive. To preserve open space for its residents and visitors, the City seeks to acquire the parcel from SARDA for use as public parking and recreational space. To facilitate the construction of the improvements, the City needs to acquire the parcel from the SARDA, and to do so the City needs to enter into a PSA with SARDA for the Fair Market Value (FMV) of \$4,600,000 for Parcel A based, on the September 2023 appraisal.

The sale of the parcel from SARDA to the City is contingent on approvals from the Riverside County Oversight Board (OB) and the State of California Department of Finance (DOF). Additionally, the City must enter into compensation agreements with Riverside County designated taxing entities. Acquiring the parcel at fair market value (FMV), rather than a reduced price, is expected to streamline the necessary approvals for the acquisition to ensure a smoother sales process.

Parcel A is on the December 2022, approved Central Inventory of surplus City and SARDA properties. Therefore, in order to dispose of the properties on the Central Inventory, SARDA is required to follow the State's April 2021 Surplus Land Act (SLA) Guidelines. These Guidelines require that a local agency sell property through a Notice of Availability and subsequent negotiation processes that favor affordable housing. Section 103 of the Guidelines allows for exceptions to this standard SLA process. Specifically, Section 103(3)(d) allows for a property to be declared "Exempt Surplus" on the occasion that "Local agency surplus land is transferred to another local, state, or federal agency for the transferee agency's use." The City intends to use

the property for public parking and recreational space. In order to sell the property, SARDA must approve a Resolution declaring it “Exempt Surplus” for the purposes of the SLA. Such a Resolution is on the same SARDA Board meeting agenda as this request (September 28, 2023).

Contingent upon the SARDA Board’s approval of the Resolution, the City will also need approval of a PSA between SARDA and the City. Once the SARDA Board approves the PSA, it will be brought forward for approval by the OB and then forwarded to the State of California Department of Finance (DOF), which will have forty (40) days to respond to the PSA. When the PSA is approved by all entities, SARDA will be allowed to sell the property.

Additionally, the parcel is listed on the June 2, 2014, DOF approved Long Range Property Management Plan (LRPMP) with a designation of “No Potential”, indicating that at the time that the LRPMP was approved, there was no intended government use for Parcel A and that SARDA will sell it and disburse the proceeds of the sale to the Riverside County designated taxing entities as required.

Since the parcel is now being sold for a purpose other than it is designated as on the LRPMP, in addition to the PSA, the City will be required to enter into Compensation Agreements with the aforementioned designated taxing entities. The Palm Desert City Council will be reviewing the Compensation Agreements at the same meeting as the PSA (September 28, 2023), after which staff will begin engaging with the taxing entities. Once the agreements with the taxing entities are executed, and the PSA and Resolution are approved by the SARDA Board, staff will bring the item before the OB and DOF for approval to sell the property to the City.

Staff estimates that the sale of the parcel will be completed by Q1 2024, dependent on approvals from all entities.

Details and location of the property are as follows.



APN	Size (acres)	Zoning	Property Description	General Plan Designation
620-400-025	14.46	Planned Residential (PR-5)	Vacant	Conventional Suburban Neighborhood

Legal Review:

This staff report and PSA have been reviewed by the City Attorney's office and Robert Messinger, Special Counsel for the Economic Development Department.

FINANCIAL IMPACT:

SARDA will receive the FMV of \$4,600,000 for the parcel from the City. Proceeds will be forwarded to the County of Riverside for distribution to the taxing entities, one of which is the City. The City will receive 2.8% of the proceeds (\$128,800).

ATTACHMENTS:

1. PSA
2. Map of Parcel A