

CITY OF PALM DESERT STAFF REPORT

MEETING DATE: March 28, 2024

PREPARED BY: Randy Chavez, Deputy Director of Public Works

REQUEST: APPROVE AN EMERGENCY GRANT PROGRAM IN AN AGGREGATE AMOUNT NOT TO EXCEED \$1,500,000 FOR COMMERCIAL PROPERTY OWNERS AND HOMEOWNERS ASSOCIATIONS LOCATED ALONG INTERSTATE 10 AND AFFECTED BY TROPICAL STORM HILARY

RECOMMENDATION:

1. Approve emergency grant program in an aggregate amount not to exceed \$1,500,000 for commercial property owners and homeowners associations located along Interstate 10 and impacted by Tropical Storm Hilary.
2. Authorize the Finance Director to appropriate funds in the amount of \$1,500,000 from General Fund Emergency Reserves to Account No. 1104159-4219100.
3. Authorize the City Attorney to prepare all necessary documents and make any non-monetary changes to the agreement.
4. Authorize City Manager to execute agreements and any documents necessary to effectuate actions taken herewith.

BACKGROUND/ANALYSIS:

On August 20, 2023, Tropical Storm Hilary brought unprecedented rain to Palm Desert. Flood waters and debris from the Morongo Valley basin overwhelmed the City's storm drain system, catch basins, culverts, and other infrastructure used to convey flood water. Many of the storm channels were silted with over five feet of sediment and debris. The damage caused by the storm highlights the need for the City to prioritize infrastructure maintenance and preparedness to ensure public safety during severe weather events.

In response to the aftermath of Tropical Storm Hilary, which inflicted significant damage to commercial property owners and homeowners associations (eligible properties) in north Palm Desert along the Interstate 10 corridor, staff is proposing an implementation of \$1,500,000 in emergency grants. Each grant, with a maximum allocation of \$200,000 each, aims to cover up to 35% of the costs for eligible properties' external cleanup, repair, and restoration efforts. For instance, if a property owner incurs about \$572,000 in such expenses, they would be eligible for a reimbursement of up to \$200,000, representing the maximum allocation per grant.

The boundary extends 250 feet south of Interstate 10, between Miriam Way and Washington Street, effective the northern limits of Palm Desert. The focus on the northern portion of Palm Desert for the Program is driven by the significant damage caused by Tropical Storm Hilary along the Interstate 10 corridor, necessitating urgent assistance for affected commercial property owners and homeowners associations. The proposed grant program (Program) underscores the City's responsibility to promote the general welfare and address the collective needs and interests of its residents.

The primary objective of these grants is threefold: to support property cleanup efforts, address damage incurred as a result of Tropical Storm Hilary, and ensure the proper functioning of the City's integrated drainage systems within the affected area. To qualify, eligible properties must submit a formal cleanup plan outlining the scope of work to be undertaken prior to commencing work. That formal cleanup plan will be reviewed by City staff and then inspected at the end of the project to ensure that the agreed upon scope was satisfactorily performed prior to grant proceed disbursements. Note that use of grant funding by eligible properties is subject to State prevailing wage requirements.

The Program focuses on assisting commercial property owners and homeowners associations because their properties play a significant role in serving broader public interests and needs. Individual homeowners and renters, as well as tenants on commercial properties are ineligible for the Program. Likewise, homeowners associations that have previously received funding are ineligible. Completed work is also excluded from eligibility.

Furthermore, the disbursement of grant funds on a reimbursement basis will be subject to strict monitoring and auditing procedures. Grant funds may be reimbursed in stages as work progresses (completion points), including at 25%, 50%, 75%, and 100%. This approach ensures that funding reflects the extent of completed work.

It is important to note the Program will remain in effect until funds are exhausted, with the possibility of reinstatement contingent upon continued funding approval by the City Council. This comprehensive approach aims to expedite the recovery process for affected properties and mitigate the long-term impact of Tropical Storm Hilary along Interstate 10.

Legal Review:

This report has been reviewed by the City Attorney's Office.

FINANCIAL IMPACT:

The recommendation carries a fiscal impact of \$1,500,000 from General Fund Emergency Reserves. The ultimate financial impact will depend on commercial property owners and homeowners associations' requests for assistance and the advancement of the proposed cleanup and repair projects. In addition, the implementation of this recommendation may incur ancillary administrative costs related to monitoring, auditing, and oversight of grant disbursements, which will be managed within existing departmental budgets. Where eligible, staff will attempt to procure Federal and/or State grant funds for all storm-related costs.

ATTACHMENTS:

1. Grant Program Boundary Map
2. Program Guidelines