



CITY OF PALM DESERT
CITY MANAGER'S OFFICE
INTEROFFICE MEMORANDUM

Date: April 11, 2024
To: Honorable Mayor and Councilmembers
From: Anthony J. Mejia, City Clerk
Subject: City Council Meeting of April 11, 2024

Below you will find questions received from the Mayor or Councilmembers and answers provided by City staff regarding tonight's City Council meeting:

ITEM 9d: ACCEPTANCE OF A RESIGNATION FROM THE MARKETING COMMITTEE AND PARKS AND RECREATION COMMITTEE

Q1: What are the reasons for the recent resignations from the Marketing Committee? How many members remain?

A1: Below are the reasons for the three most recent resignations from the Marketing Committee:

- January 11, 2024, Eric Scott separated from the Living Desert.
- March 14, 2024, Jeffrey Norman retired from the McCallum Theater.
- April 11, 2024, Jan Hulahan is moving out of the area.

There are four out of seven members currently appointed to the Marketing Committee: Ray Rodriguez, Rolf Hoehn, Franchesca Forrer, and Brian Simpson. The City Council will be conducting interviews to fill vacancies in May 2024 for terms to commence July 1, 2024.

Palm Desert Municipal Code 2.14.030, Members, requires representation as follows:

"The Marketing Committee shall be comprised of up to seven members and should represent a cross section of the community as it relates to tourism. Each committee member should represent one of these categories: large hotel; small hotel; large retailer; small retailer; shopping center; restaurant; cultural, visual, or performing arts; real estate; local attraction; or marketing professional."

ITEM 9i: APPROVE CHANGE ORDERS/AMENDMENT TO CONTRACTS NO. C44620A-E FOR ON-CALL FACILITIES REPAIRS & IMPROVEMENTS IN THE AMOUNT OF \$1,500,000 (PROJECT NO. MFA00009)

Q1: Page 95, Why is this being raised by 50%? Outside of the emergency authorization for Hilary, how often is it necessary to increase by an amount this large?

A1: The request for the contract increases is due to the higher-than-anticipated cost of some planned projects (Civic Center dog park improvements and University dog park fence replacement), and new projects identified this Fiscal Year (University Park Community Gardens and Ironwood Park Restrooms). An appropriation from reserve funds was approved at the March 28, 2024, City Council meeting to fund these projects, however the contracts in place do

not currently support the expenditures. This approval will bring the contract amounts up to the budget to allow the work to be completed. Further, the contracts are implemented on a task order system so that projects may be completed on an as-needed basis, meaning only what is needed will be spent up to the aggregate \$4,500,000 amount.

ITEM 10a: INTRODUCE AN ORDINANCE RELATIVE TO THE PURCHASING SYSTEM AND PUBLIC WORKS CONTRACTS AND MAKING FINDINGS UNDER CEQA

Q1: By adjusting the procurement amount by 5x, from \$2000 to \$10000, does this bypass the RFP procedure in getting vendor quotes?

A1: The proposed change only applies to contracted services and supplies. The current limit for professional services is \$10,000. The change still requires review by Finance prior to the issuance of a purchase order. Most of the purchases in this category are small, one-time purchases. High inflation over the past few years has effectively reduced the flexibility for smaller purchases.

ITEM 10b: SECOND AMENDED AND RESTATED DDLA, RELATED RESOLUTIONS, LOANS IN THE AMOUNT OF \$1,965,539 AND \$4,789,461 FROM THE AUTHORITY, AND ACTIONS RELATED TO CONVEYANCE OF THE PARCELS IDENTIFIED AS APN 694-120-028 AND A PORTION OF 694-120-029 FOR AFFORDABLE HOUSING

Q1: Per gap analysis, what date was the CDLAC approved for allocation?

A1: The Developer has not yet received a CDLAC allocation yet. They are planning to apply for tax-exempt bonds from CDLAC in the first 2024 CDLAC round and applications are due on April 23. The projects receiving allocations should be announced in August.

Q2: Is it standard for there to be a Developer Fee of \$0? Does mean that they are not charging themselves a fee, or that they are not contributing to the fees as part of meeting the project funding goal?

A2: The Developer will be receiving a \$10,070,000 developer fee. The Developer will be deferring \$7,441,000, which means that \$2,562,000 of developer fee will be paid to the developer by the time the project is completed/leased-up and the remaining \$7,441,000 will be paid to the developer, without interest over a period of up to 15 years. There is a possibility that the developer will increase the deferred developer fee if there are cost overruns. It should be noted that to earn tax credits on the entire developer fee, the IRS requires the deferred fee to be repaid from project cash flow within 15 years or a portion of the tax credits allocated to the project can be recaptured. When the developer fee is deferred, the cash flow payments to the City will not commence until the deferred developer fee is paid back. As such, the KMA cash flow analysis projects that the City will not start receiving residual receipts loan payments until year 16 of operations. In some cases, developers also 'contribute' a portion of their developer fee back to the project as equity that does not require repayment. There are complicated IRS rules about this and none of the three developers that have worked with the City recently have contributed any of their developer fee.

ITEM 10c: ADOPT THE PALM DESERT BROADBAND FEASIBILITY AND MASTER PLAN STUDY AND APPROVE RELATED AMENDMENT

Q1: What are the challenges/obstacles preventing more providers from wanting to partner with the City?

A1: Providers face a number of obstacles including: permitting, cost of system deployment, and ensuring that there are enough subscribers to be profitable.

Q2: Does the City receive any financial benefit from Netly/Ubiquity using the City's Broadband Master Plan as guidance in building a fiber network throughout the Coachella Valley? Can Netly/Ubiquity build out Palm Desert's network?

A2: The City does not receive any financial benefits from Netly/Ubiquity using its Broadband Master Plan, however, Netly/Ubiquity has stated they will work with the City on identified priorities within the Master Plan.

Q3: Is there benefits or drawbacks from partnering with the Coachella Valley Association of Governments (CVAG) for the build out rather than them "complimenting" our plan?

A3: CVAG's fiber network is "CV Sync" and used mostly for the purposes of signal synchronization throughout the Coachella Valley. However, the project is implemented in 2 phases:

- CV Sync Phase 1 – is complete and there is no longer an opportunity to participate. Conduit is currently installed along Hwy 111 and Washington Street.
- CV Sync Phase 2 – is under construction for the next two years and adds conduit (up to 128-strands of fiber) to Cook Street, Dinah Shore Drive, Country Club Drive, Monterey Avenue, Fred Waring Drive. There is opportunity for the City to work with CVAG on the following:
 - Using CV Sync conduit to connect ONLY to City Facilities
 - The City can install an innerduct (a sleeve within a sleeve) within the CV Sync conduit to reserve future capacity. There is a cost to do this, but the conduit remains dark until the City installs its own fiber (we would own and operate a fiber network at that point) or the City partners with an operator to utilize the innerduct. We could likely recoup some of the cost of the installation through a partnership.

The CV Sync project is limited to major corridors and does not complete the middle-mile loop contemplated in the City's Broadband Master Plan. We can explore options with CVAG for partial build-out of the City's network; however, the recommendation is still for the City Council to adopt the plan and release an RFP to see if there are any potential partnerships to be had. If there are none, then it may not make sense to install the innerduct system, and it may be best to recruit or wait for private utilities to build out their own networks.

Q4: Page 4 of Staff Report, refers to the work of Netly/Ubiquity as an "option." In what sense is it an "option?" Would their work be an alternative to the recommendation to build out our own middle mile network, or would they be a potential source to accomplish this?

A4: Netly/Ubiquity is a private utility provider with interest in developing a full fiber network in the City of Palm Desert. The options with Netly is to wait for them to build the fiber network on their own and/or potentially partner with them through the RFP process.

ITEM 10d: ADOPTION OF A RESOLUTION ESTABLISHING PROCEDURES FOR THE APPOINTMENT OF THE MAYOR AND MAYOR PRO TEM

Q1: Where did the determination of alphabetical order come from? In the event of such a situation after an election cycle, does it make more sense to appoint the person who received the second highest number of votes, in place of Planning Commissioners who are appointed by Councilmembers?

A1: Alphabetical order was selected because staff did not identify an alternative way of determining who will call in a coin toss or drawing straws without using a second game of chance, which would still pose an issue of determining who goes first. By deciding to use alphabetical order now, there is no way to predict the future circumstances when tie breakers may be necessary and therefore this process does not favor any candidate or elected official.

Q2: Page 682, under the Procedure Highlights, should the removal provision specify “and/or”, indicating that one single vote of 4/5 would remove both Mayor and Mayor Pro Tem?

A2: Yes. In the staff report, staff inadvertently indicated that the Mayor and Mayor Pro Tem may be removed by 4/5ths vote of the City Council. However, the Resolution is correct in stating “and/or.”

“SECTION 7. REMOVAL. The City Council by four-fifths (4/5ths) vote may remove the Mayor and/or Mayor Pro Tem.”