

# CITY OF PALM DESERT STAFF REPORT

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MEETING DATE: September 12, 2024

PREPARED BY: Eric Ceja, Director of Economic Development

SUBJECT: APPROVE AN EXCLUSIVE NEGOTIATION AGREEMENT WITH KAM SANG COMPANIES, INC., FOR SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY (SARDA) PROPERTIES LOCATED AT DESERT WILLOW GOLF RESORT

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## **RECOMMENDATION:**

1. Approve an Exclusive Negotiation Agreement (ENA) with Kam Sang Company, Inc., for acquisition of Lots C and D at Desert Willow Golf Resort.
2. Authorize the City Attorney to make any necessary nonmonetary changes to the ENA.
3. Authorize the City Manager to execute the ENA and any other documents necessary to effectuate this action.

## **BACKGROUND/ANALYSIS:**

As required by the State of California's Surplus Land Act (SLA), the City provided a Notice of Availability (NOA) for certain parcels identified as Lots C, D, and E at the Desert Willow Golf Resort. Through negotiations of the parcels, and in consultation with the State Department of Housing and Community Development (HCD), the City expects to sell Lot E to Blieu, an affordable housing developer, and to sell Lots C and D outside of the SLA process.

The City has received interest from Kam Sang Company, Inc. (Kam Sang), owners of the JW Desert Springs Marriott, for the acquisition of Lots C and D, and as such, would like to explore this opportunity. To initiate the exploratory process, the City and Kam Sang will need to enter into an ENA. The attached draft ENA identifies:

- The proposed development,
- A 6-month timetable to negotiate with the City/SARDA for the development and acquisition of Lots C and D, and
- A \$15,000 "Good Faith Deposit" for City costs associated with the review.

Lots C and D are controlled by SARDA, and as such, any negotiation for these parcels will include the sale of said parcels at fair market value. In addition, any future agreement to sell these parcels will require approval from the Riverside County Oversight Board (OB).

Prior to County OB approval, a draft Purchase and Sales Agreement (PSA) and likely a Disposition and Development Agreement (DDA) will need to be prepared. The PSA/DDA will identify:

- Preparation and review of a development pro formas,
- The agreed-upon sales prices for the properties, and
- Development scope and milestones

- Conditions for sale
- Outline of any requirements for City assistance on the project (this may include a Transient Occupancy Reimbursement agreement).

The preparation of these documents, as well as approval by the County OB, is estimated to take an additional 6-8 months. A draft of this ENA is provided for City Council review. If successful through the ENA process, the City/SARDA will need to draft the PSA for OB approval.

**Legal Review:**

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

**Strategic Plan:**

Successful acquisition will result in the development of a larger-scale resort at the Desert Willow Golf Resort and will support the following Strategic Plan Priorities:

Economic Development

*Priority 1: "Expand job and business creation opportunities."*

Land Use, Housing, and Open Space

*Priority 1: "Enhance Palm Desert as a first-class destination for premier shopping and national retail businesses."*

**FINANCIAL IMPACT:**

Funds will be expended to obtain title reports and necessary property information. The Developer is required to provide a \$15,000 deposit as part of the ENA to cover these City expenses and for City use of legal assistance. Language is provided in the ENA for the developer to replenish the deposit should City costs exceed the initial deposit amount. Therefore, there is no fiscal impact to the City's General Fund.

**ATTACHMENTS:**

1. Kam Sang Letter of Interest
2. Draft Exclusive Negotiation Agreement
3. Draft Right of Entry Agreement