

CITY OF PALM DESERT STAFF REPORT

MEETING DATE: July 10, 2025

PREPARED BY: Mariela Salazar, Management Analyst

SUBJECT: AMENDMENT NO. 1 FOR THE DISBURSEMENT AND USE OF FUNDS AGREEMENT BETWEEN THE CITY OF PALM DESERT AND FINE QUALITY FOODS, INC., DBA PAPA DAN'S PIZZA AND PASTA TO EXTEND THE BUSINESS OPENING DEADLINE

RECOMMENDATION:

1. Ratify Amendment No. 1 for the Disbursement and Use of Funds Agreement extending the deadline to commence operations from July 1, 2025, to September 1, 2025, or reasonably thereafter.
2. Authorize the City Manager or designee to execute all documents, agreements, amendments, and related instruments necessary to implement and carry out the intent of this item.

BACKGROUND/ANALYSIS:

On February 27, 2025, the City Council approved an agreement with Fine Quality, Inc., dba Papa Dan's Pizza and Pasta (Recipient) for the disbursement of \$200,000 in Invest Palm Desert Program funds to support the business's reconstruction following the total loss of its original location due to arson fire at the Plaza de Monterey Shopping Center on April 17, 2024.

The agreement included a provision requiring the recipient to commence operations and generate sales tax by July 1, 2025, as a condition for compliance and to avoid potential claw back provisions.

Discussion:

Since the approval of the original agreement, the recipient has faced significant delays in obtaining the required approvals from outside regulatory agencies. Although the recipient has now received clearance from the Fire Department and the Coachella Valley Water District (CVWD), final authorization from the Riverside County Health Department remains pending. These delays have prevented the business from commencing construction and final buildout activities.

The recipient has confirmed that all preparations are in place to proceed as soon as the remaining health permit is issued. These delays are attributable solely to external permitting agencies and are beyond the recipient's control. Staff acknowledges the recipient's continued compliance with all City requirements.

The City remains committed to supporting the recovery of small businesses that contribute to the local economy, particularly long-standing establishments such as Papa Dan's Pizza and Pasta. Given the unique circumstances, staff recommends approval of the First Amendment to

the Agreement to extend the commencement of operations deadline to September 1, 2025, and authorizing the City Manager or designee to extend such deadline further in increments of one month, not-to-exceed January 1, 2026, by issuing Recipient a written letter executed by the City Manager setting forth the new deadline.

FINANCIAL IMPACT:

There is no additional impact associated with this amendment. The original \$200,000 allocation remains unchanged, and no additional funds are being requested. All other provisions of the agreement in full effect, including the claw back provision, minimum investment, and five-year operating requirement.

ATTACHMENTS:

1. Amendment No.1 Disbursement and Use of Funds- Papa Dan's Pizza and Pasta
2. Papa Dan's Pizza and Pasta-Original Agreement