

CITY OF PALM DESERT STAFF REPORT

MEETING DATE: August 28, 2025

PREPARED BY: Chris Gerry, Senior Project Manager

SUBJECT: APPROVE AMENDMENT NO. 1 TO C47800 WITH PAVEWEST, INC., FOR PARKING LOT REHABILITATION AND MAINTENANCE PROGRAM AND TO APPROPRIATE FUNDING FOR CAPITAL IMPROVEMENTS AT PRESIDENTS PLAZA III (PROJECT NO. MPL00002)

RECOMMENDATION:

1. Approve Amendment No. 1 to Agreement C47800 with PaveWest, Inc., for the Parking Lot Rehabilitation and Maintenance Program to increase annual compensation to \$750,000.
2. Authorize transfer out/in in the amount of \$365,000 from General Fund Facilities Reserve 1104199-4501000 to the Presidents' Plaza III Account No. 2820000-3910000.
3. Authorize appropriation in the amount of \$365,000 to the Presidents' Plaza III Account No. 2824373-43320000.
4. Authorize the City Attorney to make necessary non-monetary changes to the agreement.
5. Authorize the City Manager to execute the amendment, and any related documents necessary to effectuate this action, in accordance with Sections 3.30.160(I) and 3.30.170 of the Palm Desert Municipal Code.
6. Authorize the City Manager to execute the Notice of Completion (NOC) and the City Clerk file the NOC upon satisfactory completion of the project(s).

BACKGROUND/ANALYSIS:

Overview:

The purpose of this action is to authorize funding within the Presidents Plaza III Property and Business Improvement District (District) to address deferred capital and maintenance needs. Improvements will enhance safety, circulation, and appearance of the shared-use parking facilities. Council is also requested to amend the agreement with PaveWest to ensure these improvements can be completed without affecting other planned projects or unplanned needs.

By completing improvements ahead of the District's next five-year renewal in Fiscal Year (FY) 2026-27, the City can address immediate needs while positioning for a reassessment process that aligns long-term maintenance and capital requirements with sustainable funding. This follows the strategy used during the 2022 renewal of PBID I-II.

District Background:

The District, established in 2001 under the State's PBID Law, includes 16 commercial parcels located south of Palm Desert Drive at Highway 111 and north of El Paseo. Renewed every five years, the District provides a consistent funding mechanism for shared parking, lighting, landscaping, and circulation improvements.

While assessments support routine maintenance, CPI adjustments have not kept pace with rising service costs. As a result, capital needs such as pavement rehabilitation, striping, and lighting upgrades have been deferred. Current funding shortfalls also prevent building adequate reserves for medium- and long-term needs.

Existing Conditions & Needs:

A recent traffic study confirmed that circulation, signage, and striping require upgrades, while pavement, lighting, and landscaping need targeted repairs. Photos of existing conditions are provided in Attachment 8. In FY 2024-25, direct costs exceeded revenues by about \$40,000, a trend projected to continue.

Recommended Improvements:

Staff recommends the following targeted investments:

<i>Improvement</i>	<i>Estimated Cost</i>
<i>Asphalt, Striping & Signage</i>	\$200,000
<i>Concrete Repairs</i>	\$50,000
<i>Lighting</i>	\$20,000
<i>Landscaping</i>	\$15,000
<i>Subtotal</i>	<i>\$285,000</i>
<i>Reserve Fund Replenishment</i>	\$80,000
<i>Total</i>	<i>\$365,000</i>

These improvements will restore functionality, improve appearance, and preserve the long-term usability of shared facilities.

Contract Amendment:

Staff recommends amending the City's agreement with PaveWest by increasing the annual limit from \$500,000 to \$750,000. Staff believes it is in the best interest of the City to increase the compensation under the existing agreement with PaveWest in order to accomplish the City's goal of completing Presidents Plaza III improvements without impacting other planned projects or unplanned needs. Staff recommends the City Council make a finding that entering into this Amendment No. 1 with PaveWest is in the best interest of the City pursuant to Palm Desert Municipal Code section 3.30.160(I). Amendment No. 1 is included as Attachment 3.

Next Steps:

Pavement and signage improvements are anticipated in September 2025, with remaining work to follow. Concurrently, staff will begin outreach to property owners ahead of the District's FY 2026-27 renewal, when assessment levels will be re-evaluated to ensure sustainable funding.

Legal Review:

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

FINANCIAL IMPACT:

The total project budget, including replenishment of the District's Reserve Fund, is estimated at \$365,000. A transfer-in from the General Fund Facility Reserves will be necessary to support the appropriation necessary to fund and complete the improvements. The District's available Reserve Fund has been nearly exhausted due to transfers made to offset maintenance shortfalls in FY's 2024-25 and 2025-26. Assessment levels will be evaluated during the District's next five-year renewal in FY 2026-27 to better align funding with long-term maintenance and capital requirements.

ATTACHMENTS:

1. Action Stamped Staff Report (August 22, 2024)
2. Agreement C47800
3. Amendment No. 1
4. Boundary Map
5. PBID Summary
6. Fiscal Year 2025/26 District Budget
7. Updated Striping and Signage Plan
8. Existing Conditions Photos