

CITY OF PALM DESERT STAFF REPORT

MEETING DATE: September 25, 2025

PREPARED BY: Mariela Salazar, Management Analyst

SUBJECT: RESOLUTION DECLARING CITY-OWNED PROPERTY LOCATED AT 72880 HIGHWAY 111 FORMERLY KNOWN AS THE SEARS BUILDING AT WESTFIELD MALL, APN 640-140-020, AS SURPLUS LAND UNDER THE GOVERNMENT CODE SECTION 54221 AND FINDING THE ACTION CATEGORICALLY EXEMPT FROM CEQA

RECOMMENDATION:

Adopt a Resolution entitled “A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALM DESERT, CALIFORNIA, DECLARING PURSUANT TO GOVERNMENT CODE SECTION 54221 THAT REAL PROPERTY OWNED BY THE CITY OF PALM DESERT LOCATED AT 72880 HIGHWAY 111 (APN 640-140-020), FORMERLY KNOWN AS THE SEARS BUILDING IS SURPLUS LAND AND NOT NECESSARY FOR THE CITY’S USE, AND FINDING THAT SUCH DECLARATION IS EXEMPT FROM ENVIRONMENTAL REVIEW UNDER THE CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA), PURSUANT TO CEQA GUIDELINES SECTION 15312 (CLASS 12 – SURPLUS GOVERNMENT PROPERTY SALES), AND TAKING RELATED ACTIONS.” This action declares approximately 7.46 acres of city-owned property located on 72880 Highway 111 (APN 640-140-020), as surplus land in accordance with the California Surplus Land Act (SLA).

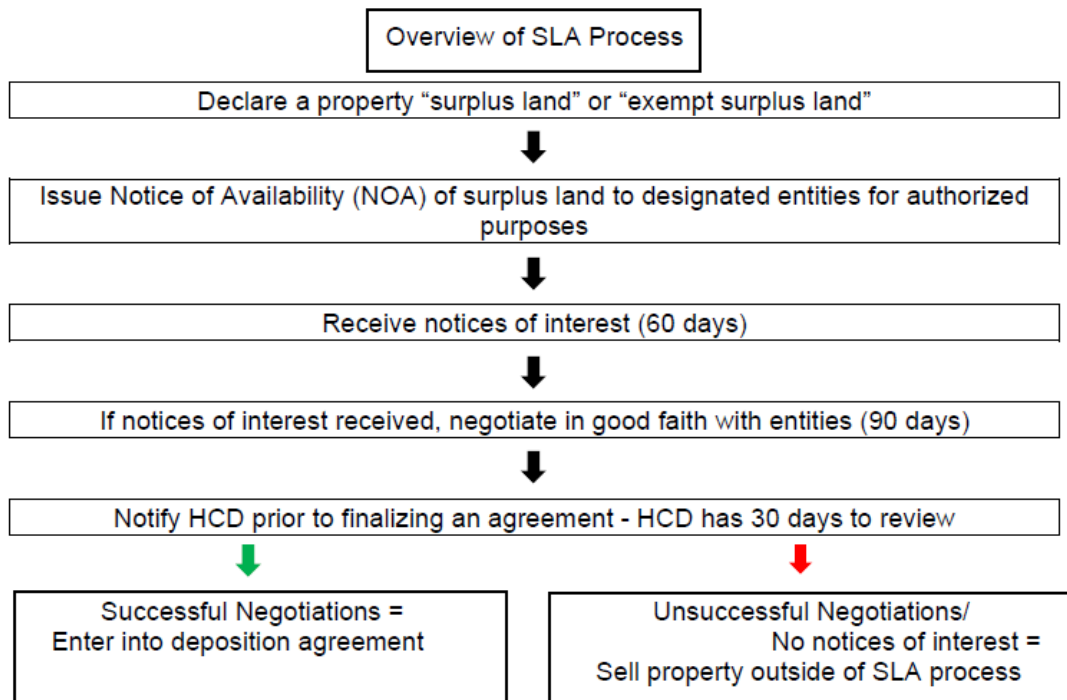
BACKGROUND/ANALYSIS:

On December 27, 2022, the City of Palm Desert purchased the former SEARS property, located at 72880 Highway 111, as part of a strategic economic development initiative. The property was acquired with the intent of ensuring local control in a key commercial corridor, supporting long-term redevelopment opportunities, and preventing prolonged vacancy at the prominent Highway 111 and Monterey Avenue intersection.

Pursuant to State law, public agencies must comply with the Surplus Land Act (SLA) prior to sale, lease, or transfer of property. The SLA requires local agencies to formally declare property as surplus through a City Council Resolution before initiating the required noticing process for affordable housing developers and eligible entities.

The SLA process as noted below does not authorize the disposition of the properties. Once the process is complete, staff will return to the City Council for approval to sell. If there is no interest in the properties, or if good faith negotiations are not successful, the City will have satisfied its SLA requirements, subject to review by HCD, and will be able to sell the properties on the open market.

SLA Process:



Staff is seeking approval from the City Council to initiate the disposition process through an Notice of Availability (NOA) and pursuant to the SLA for the City-owned parcels. As set forth below, staff is also seeking approval of the attached Resolution.

Environment Review:

Pursuant to the California Environmental Quality Act (CEQA), the proposal action is exempt from environmental review under CEQA Guidelines Section 15312 (Class 12 – Surplus Government Property Sales). The Property does not have significant value for wildlife habitat or other environmental purposes, and the use of the Property and adjacent property has not changed since the time of purchase by the public agency. Any future development or use of the Property by a purchaser will be subject to separate CEQA review by the appropriate lead agency at the time such development or use is proposed. This declaration of surplus land is therefore categorically exempt from further environmental review under CEQA.

FINANCIAL IMPACT:

An appraisal will be necessary to establish fair market value (FMV). Costs for the appraisal will be covered by available professional service funds in the Economic Development operational accounts. Once the SLA is completed and the property is sold at FMV, proceeds from the sale of the 7.46 acres will be deposited into the City’s Capital Project Funds, with a designated portion allocated to the Economic Development Fund. These funds may be used to support priority capital improvement projects or other Economic Development initiatives.

ATTACHMENTS:

1. Resolution declaring APN 640-140-020 as Surplus Land
2. Property map APN 640-140-020