

CITY OF PALM DESERT STAFF REPORT

MEETING DATE: February 26, 2026

PREPARED BY: Martin Alvarez, Director of Economic Development

SUBJECT: EXCLUSIVE NEGOTIATION AGREEMENT BETWEEN THE CITY AND
THE CLUB MCC (MARRAKESH COUNTRY CLUB) FOR PROPERTY
KNOWN AS THE HAYSTACK/PORTOLA SITE

RECOMMENDATION:

1. Authorize the City Manager to execute a six-month Exclusive Negotiation Agreement (ENA) between the City and The Club MCC (Marrakesh Country Club) for property located at the northwest corner of Portola Avenue and Haystack Way, and to execute any related documents necessary to effectuate this action.
2. Authorize the City Attorney to make any necessary non-monetary changes to the ENA.

BACKGROUND/ANALYSIS:

The City of Palm Desert owns a 1.24-acre undeveloped property located at the northwest corner of Portola Avenue and Haystack Way, adjacent to Marrakesh Country Club. The property was acquired in 2006 from the Coachella Valley Water District to preserve open space adjacent to the existing Haystack storm drain channel. The property was recently subdivided into two parcels: the eastern 0.91-acre parcel is proposed for sale, while the western 0.33-acre parcel is proposed for retention by the City as open space.

Surplus Land Act and Disposition:

To facilitate the disposition of the site, the Property is subject to the requirements of the California Surplus Land Act (SLA), administered by the California Department of Housing and Community Development (HCD). The SLA requires appropriate notice, the first right of refusal to affordable housing developers, engagement with eligible entities, and documentation of proposals received.

A 60-day Notice of Availability for the Property was issued on March 12, 2025. No affordable housing proposals were submitted, and staff subsequently obtained a Notice of Determination from HCD allowing the City to proceed with the sale of the property, contingent upon recording a covenant on the property title requiring that any future housing development of 10 or more units include a minimum of 15 percent affordable housing.

Exclusive Negotiation Agreement:

Staff was contacted by the Marrakesh Country Club Homeowners Association (HOA) with a proposal to acquire the property at the appraised value of \$210,000. The HOA is requesting approval of a six-month Exclusive Negotiation Agreement (ENA) to evaluate the feasibility of developing additional recreational amenities and open space.

The proposed six-month ENA would allow the Marrakesh HOA to:

- Conduct property due diligence
- Prepare a conceptual site plan for review by the HOA Board and membership
- Negotiate and Purchase and Sale Agreement, including a project schedule for entitlements and close of escrow

Staff recommends approval of the six-month ENA, with an option for a six-month extension at the City Manager's discretion if needed to facilitate the sale of the property.

Legal Review:

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

FINANCIAL IMPACT:

There is no fiscal impact to the City with the execution of this ENA.

ATTACHMENTS:

1. Property Site Map
2. Marrakesh Correspondence
3. Exclusive Negotiation Agreement

CONFLICT OF INTEREST AWARENESS CHECKLIST:

Site-Specific Property Interest – Councilmembers should check if they own or lease real property within 1,000 feet of the project site (Gov. Code § 87103(b); FPPC Reg. 18702.2).

SB 1439 Applicability (Campaign Contributions) – Applies to licenses, permits, or other entitlements for use, and to contracts or franchise agreements other than competitively bid, labor, or personal employment contracts.

Applicant(s)/Appellant(s): Marrakesh HOA, Ashley Varela, Kent Stone

Councilmembers should review any campaign contributions received within the last 12 months from parties or participants to the proceeding and must not accept contributions over \$500 from those parties for 12 months following the final decision (Gov. Code § 84308).

Note: These indicators are informational and do not constitute a legal determination. Each Councilmember is responsible for identifying and disclosing any disqualifying interests in accordance with the Political Reform Act and FPPC regulations.