

CITY OF PALM DESERT STAFF REPORT

MEETING DATE: September 28, 2023

PREPARED BY: Deborah Glickman, Management Analyst

REQUEST: APPROVE A PURCHASE AND SALE AGREEMENT BETWEEN THE CITY OF PALM DESERT AND THE SUCCESSOR AGENCY TO THE PALM DESERT REDEVELOPMENT AGENCY AND A COMPENSATION AGREEMENT BETWEEN THE CITY OF PALM DESERT AND THE RIVERSIDE COUNTY DESIGNATED TAXING ENTITIES FOR ASS

RECOMMENDATION:

1. Approve a Purchase and Sale Agreement (PSA) between the City of Palm Desert and the Successor Agency to the Palm Desert Redevelopment Agency (SARDA) for Assessor's Parcel Number (APN) 620-400-025.
2. Authorize the City Manager and City Attorney to make non-monetary changes to the PSA.
3. Authorize the City Manager to execute any and all documents associated with the PSA.
4. Approve Compensation Agreements between the City of Palm Desert and the Riverside County designated taxing entities for APN 620-400-025.
5. Authorize the City Manager and City Attorney to make non-monetary changes to the Compensation Agreements.
6. Authorize the City Manager to execute any and all documents associated with the Compensation Agreements.
7. Appropriate \$4,600,000 from unobligated Desert Willow Capital Fund Balance Account No. 4414195-4809200 for the purchase of APN 620-400-025.

BACKGROUND/ANALYSIS:

APN 620-400-625 (14.46 acres), also referred to as Parcel A, is located adjacent to 34.25 acres of undeveloped land on Desert Willow Drive north of Country Club Drive. To preserve open space for its residents and visitors, the City seeks to acquire the parcel from SARDA for use as public parking and recreational space. To facilitate the construction of the improvements, the City needs to acquire the parcel from the SARDA, and to do so the City needs to enter into a PSA with SARDA for the Fair Market Value (FMV) of \$4,600,000 for Lot Pad A, based on the September 2023 appraisal.

The sale of the parcel from SARDA to the City is contingent on approvals from the Riverside County Oversight Board (OB) and the State of California Department of Finance (DOF). Additionally, the City must enter into compensation agreements with Riverside County designated taxing entities. Acquiring the parcel at fair market value (FMV), rather than a reduced price, is expected to streamline the necessary approvals for the acquisition to ensure a smoother sales process.

SARDA and Surplus Land Act

In December 2022, Parcel A was identified in the City approved Central Inventory of surplus City and SARDA properties. In order to dispose of properties on the Central Inventory, SARDA is required to follow the State’s April 2021 Surplus Land Act (SLA) Guidelines. These Guidelines require that a local agency sell property through a Notice of Availability and subsequent negotiation processes that favor affordable housing; however, Section 103 of the Guidelines allows for exceptions to this standard SLA process. Specifically, Section 103(3)(d) allows for a property to be declared “Exempt Surplus” on the occasion that “Local agency surplus land is transferred to another local, state, or federal agency for the transferee agency’s use.” The City, which is a separate and distinct local agency from SARDA, intends to use the property for use of a public parking lot and recreational space. In order to sell the property, SARDA must approve a Resolution declaring it “Exempt Surplus” for the purposes of the Surplus Land Act. That Resolution is provided in a separate staff report and is on the same SARDA Board meeting agenda as this request (September 28, 2023).

Contingent upon the SARDA Board’s approval of the Resolution, staff is seeking approval of a Purchase and Sale Agreement (PSA) between SARDA and the City. Once the SARDA Board approves the PSA, it will be brought forward for approval with the Riverside County Oversight Board (OB). Once approved by the OB, it will be forwarded to the State of California Department of Finance (DOF), which will have forty (40) days to respond to the PSA. Once the PSA is approved by all entities, SARDA will be allowed to sell the property to the City. It is anticipated that approval of the PSA and acquisition of Parcel A will occur in Q1 2024.

Compensation Agreement

Parcel A is listed on the June 2, 2014, DOF approved Long Range Property Management Plan (LRPMP) as having “No Potential” for government use. With that designation, the intention is for SARDA to sell the parcel and forward the proceeds of the sale to Riverside County to disburse to the Riverside County designated taxing entities.

Since the parcel is now being sold for a purpose other than what it is designated as on the LRPMP, in addition to the PSA, the City is required to enter into Compensation Agreements with each of the designated taxing entities. Once the agreements with the taxing entities are executed, and the Resolution and PSA are approved by the SARDA Board, staff will bring the item before the OB and DOF for approval for SARDA to sell the parcel to the City.

Details and location of the parcel are as follows:



APN	Size (acres)	Zoning	Property Description	General Plan Designation
620-400-025	14.46	Planned Residential (PR-5)	Vacant	Conventional Suburban Neighborhood

Legal Review:

This report and agreements have been reviewed by the City Attorney’s office and Robert Messinger, Special Counsel to the City.

FINANCIAL IMPACT:

The cost breakdown for the project is as follows:

DESCRIPTION	AMOUNT
ACQUISITION	4,600,000
CONSTRUCTION*	1,583,262
CONTINGENCY*	158,326
SOFT COST/ESCROW FEES*	150,000
TOTAL APPROPRIATION NEEDED	6,491,588
LESS: REIMB FROM DSRT SURF	(500,000)
TOTAL PROJECT FUNDING	5,991,588

**Appropriation request for Improvements included with staff report for Lot A Improvements*

Staff is requesting an appropriation of \$4,600,000 to account 4414195-4809200 for the purchase of APN 620-400-025. With the contribution from Dsrt Surf toward this project, the total amount funded by the City will be \$5,991,588. Fund 441 has adequate funding to cover these costs, therefore there will be no impact to the General Fund.

Additionally, as one of the designated taxing entities, the City shall receive 2.8% (approximately \$128,800) of the proceeds distributed from the County. Closing costs will be borne by the SARDA.

ATTACHMENTS:

1. Compensation Agreement
2. Purchase and Sale Agreement
3. Map of APN 620-400-025