

SHAH MANAGEMENT

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July 14, 2014

Martin Magana
City Manager
City of Desert Hot Springs
65950 Pierson Boulevard
Desert Hot Springs, CA 92240

Re: Mission Lakes Marketplace, Development Impact Fees
64949 Mission Lakes Boulevard

Dear Martin,

During the boom in Desert Hot Springs more than 10,000 homes were approved for development with 3,000 of those homes within one mile of The Village at Mission Lakes. The area was called the city's new "West Side" and the shopping center was to provide 68,000 square feet of rentable space, perfect for gourmet or neighborhood restaurants, markets, services and more. Office space was also to be available.

The shopping center was envisioned as a shopper-friendly environment where people can gather and enjoy businesses and services while taking in the surrounding views and beauty of Desert Hot Springs. The shopping center is listed on the city's website with the former developer's direct telephone number. The developer is long gone having abandoned the project.

City Council members and city management repeatedly said at council meetings the abandoned shopping center was the most frequently asked question they received with people wanting to know when it would be finished. It sat unfinished for five years, it became much blighted and was featured in newspapers as an example of the troubles for Desert Hot Springs because of the real estate market crash.

The Village is no longer an eyesore. It is a beautiful finished shopping center that was completed to a much higher standard than originally planned. It is by far the nicest shopping center in Desert Hot Springs. Renamed Mission Lakes Marketplace it is now ready for tenants and to live up to its promise to bring jobs and retail sales tax revenue to the city. Instead of garnering bad press it is now the subject of newspaper stories about a turn-around in the city.

In September the Five Star Fitness gym and health center will employ 50 people. It will follow the model of a very successful similar operation owned and operated by my company in Yucca Valley that also employs 50 people. Many more jobs and retail sales tax revenue will come to the city when the 68,000 square feet of space is filled with retail businesses to serve the community.

Only one item remains to be resolved to bring this much needed jobs and retail sales tax revenue to the city and to put behind the city the very troubled development history of this property that was caused by the prior developer and for other reasons.

The former developer left the property abandoned, unfinished and blighted for five years. This was due to very unusual financial guarantees that were accepted by the city as an accommodation to the former developer. Those insecure financial guarantees collapsed.

Construction was allowed to take place before water service was installed. This created an unnecessary and very significant fire hazard. Water mains were in place. Fire hydrants for use by the Fire Department in the event of a fire were never put in place and there was no water service to the property. Our company has corrected this. Fire hydrants and water service is in place.

The project was originally approved with a very unusual arrangement to allow a drainage run-off catch basin to be installed on an adjacent property owner's land instead of contained on the project site as is the normal development standard. Our company corrected this problem. Catch basins to contain run-off from the site and from surrounding streets are installed and working properly.

Many of the public improvements that are normally associated with a project like this were not imposed on the original developer for unknown reason. Our company agreed to install these additional public improvements at our expense to correct these public improvement deficiencies.

Your city staff can detail for you the many other items that we corrected on this project. I have cited only a few very significant ones. The result of our efforts has transformed a blighted, stalled project and made it right for the city.

Development impact fees are normally paid before any work begins on a project. These fees were not paid by the prior developer for unknown reasons. This is the last issue standing between Mission Lakes Marketplace becoming the shopping center envisioned on the city website as "a shopper-friendly environment where people can gather and enjoy businesses and services while taking in the surrounding views and beauty of Desert Hot Springs" and one that brings jobs and retail sales tax revenue.

Please consider this letter as a request for the City Council to recognize the extraordinary expense our company incurred to bring this shopping center from mess to beauty and to give consideration to our request that we be credited for the extra ordinary effort and expense through the waving of remaining development impact fees. This consideration will allow our company to perform that last remaining task to create hundreds of jobs and bring much needed retail sales tax to the city that will over time amount to many hundreds of thousands of dollars.

Thank you for your time and cooperation in this matter.

Sincerely,



Suresh C. Shah
Owner