

REPORT TO THE SUCCESSOR AGENCY



DATE: November 15, 2016

TITLE: (Successor Agency)
Resolution Approving an Agreement Between NAI Capital and the Desert Hot Springs Successor Agency to List and Sell Certain Real Property Assets of the Successor Agency

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RECOMMENDATION

Adopt a Resolution of the Successor Agency to the Redevelopment Agency of the City of Desert Hot Springs approving an agreement between NAI Capital and the Successor Agency to list and sell certain real property assets of the Successor Agency and approve certain related actions.

BACKGROUND:

Pursuant to Health and Safety Code (the "HSC") § 34172 (a)(1), the Redevelopment Agency of the City of Desert Hot Springs was dissolved February 1, 2012. Consistent with the provisions of the HSC, the City Council previously elected to serve in the capacity of the Successor Agency to the Redevelopment Agency of the City of Desert Hot Springs (the "Successor Agency").

On September 10, 2013, the Successor Agency received its Finding of Completion (the "FOC") from the California Department of Finance (the "DOF") pursuant to HSC § 34179.7. Within six (6) months of the date of the FOC, HSC § 34191.5 requires the Successor Agency to prepare a Long-Range Property Management Plan (the "LRPMP") to address the disposition and use of the real property assets held by the Successor Agency. Pursuant to HSC § 34191.5 (c), the Successor Agency previously prepared and filed with the DOF its Oversight Board-approved LRPMP.

In its May 5, 2015 letter, the DOF formally approved the Successor Agency's LRPMP and notified the Successor Agency that pursuant to HSC § 34191.3, the approved LRPMP shall govern and supersede all other provisions relating to the disposition and use of all the real property assets of the former redevelopment agency. The approved LRPMP includes 44 parcels of land grouped into sixteen (16) separate sites, of which four (4) sites have already been sold or transferred to the City, leaving twelve (12) sites (3 sites zoned general commercial and 9 sites located within the City's Vortex Specific Plan) to be sold pursuant to the approved LRPMP.

In addition to these twelve (12) sites, the Successor Agency has two (2) surplus residential properties that are required to be sold, thereby creating a total of fourteen (14) sites to be sold (the "Successor Agency Property").

On August 18, 2016, twenty-nine (29) local commercial brokers were mailed an invitation to apply for an opportunity to List and Sell the Successor Agency Property, and four (4) brokers responded by September 16, 2016, the deadline to apply.

On October 17, 2016, the four (4) prospective brokers were interviewed by a four-person panel, and NAI Capital ("NAI Capital") scored the highest. NAI Capital was selected based on their proposal, the highest proposed return on the sale of the Successor Agency Property, proposed fees associated with selling the Successor Agency Property, and outreach to potential buyers, NAI Capital is the most competitive broker to list and sell the Successor Agency Property.

Adoption of the attached Resolution ("Exhibit 1") will authorize the selection of NAI Capital as a commercial broker to the Successor Agency and authorize the City Manager, in the capacity as Executive Director of the Successor Agency, to execute an agreement, which is included as Exhibit "A" to the attached Resolution, along with their proposal and interview scoring sheet, for the purpose to List and Sell the Successor Agency Property.

The attached Resolution has been reviewed with respect to applicability of the California Environmental Quality Act (the "CEQA"), the State CEQA Guidelines (California Code of Regulations, Title 14, § 15000 *et seq.*, hereafter the "Guidelines") and the City's environmental guidelines. The Resolution does not constitute a "project" for purposes of CEQA, as that term is defined by Guidelines § 15378, because this Resolution is an organizational or administrative activity that will not result in a direct or indirect physical change in the environment, per § 15378 (b)(5) of the Guidelines.

FISCAL IMPACT:

There is no fiscal impact to the City or to the Successor Agency. Commissions to be paid to NAI Capital for the sale of the Successor Agency Property will be paid from the sales proceeds of the property sold.

EXHIBIT(S)

- 1) Resolution Approving an agreement between NAI Capital and the Successor Agency to list and sell certain real property assets of the Successor Agency
- 2) Agreement with NAI Capital
- 3) NAI Capital Property Listing Proposal
- 4) Interview Scoring Worksheet for the City of Desert Hot Springs Broker Selection