

## REPORT TO THE CITY COUNCIL

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**DATE:** February 6, 2018

**TITLE:** Request for Development Impact Fee Deferment Agreement  
With Attached Lien Agreement From Snider Interests, LLC

**Prepared by:** Jennifer Mizrahi, City Attorney

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### RECOMMENDATION

- 1) Consider a request from Snider Interests, LLC to enter into the attached Development Impact Fee Deferment Agreement with Attached Lien Agreement (“Agreement”), which would allow Snider to defer the development impact fees (“DIFs”) in the amount of \$825,198.45, pursuant to the payment schedule in the attached.
- 2) Should the City Council desire to grant Snider’s request to defer the DIFs and enter into the Agreement, Staff would recommend that the City Council grant authorization to the City Manager and the City Attorney to make such substantive amendments to the Agreement as they may deem necessary.

### DISCUSSION

Snider Interests is requesting that the City Council entertain and approve the attached Agreement. Snider Interests is the owner of certain real property consisting of approximately 14.6 acres located on Little Morongo Road between Pierson Boulevard and Dillon Road in the City of Desert Hot Springs. The Property, with Assessor’s Parcel Number 663-270-004, is approved by the City to be developed as a 180,900 square foot facility for the indoor cultivation of medical marijuana (“Project”). The Project is proposed to be developed in 3 phases, each phase containing one building. The Project has associated DIFs associated with the project, which in sum total \$825,198.45 (“DIFs”). The breakdown of the DIFs are as follows:

- Law Enforcement Facilities, Vehicles and Equipment Fee: \$ 146,237.70
- Streets, Bridges and Traffic Signals Fee: \$ 591,218.13
- Storm Drainage Fee: \$ 33,425.76
- General Facility Expansion Fee: \$ 31,336.65
- Fire Suppression Facility: \$ 22,980.21

### Pertinent Terms of the Agreement

The Agreement proposes to allow the payment of the DIFs be deferred for a term not to exceed 5 years for Buildings 1 and 2, and for a term not to exceed 6 years for Building 3. **Snider Interests** has already made the first installment payment for Buildings 1 and 2, which total amount of the payment was \$110,026.46. More specifically, the payments are proposed to be made as follows:

#### For Building Number 1:

- a. The initial installment of \$55,013.23, has been paid and collected by the City.
- b. The second installment of \$55,013.23, shall be due and payable by no later than the first anniversary of the Effective Date.

- c. The third installment of \$55,013.23, shall be due and payable by no later than the second anniversary of the Effective Date.
- d. The fourth installment of \$55,013.23, shall be due and payable by no later than the third anniversary of the Effective Date.
- e. The fifth installment of \$55,013.23, shall be due and payable by no later than the fourth anniversary of the Effective Date.

**For Building Number 2:**

- a. The initial installment of \$55,013.23, has been paid and collected by the City.
- b. The second installment of \$55,013.23, shall be due and payable by no later than the first anniversary of the Effective Date.
- c. The third installment of \$55,013.23, shall be due and payable by no later than the second anniversary of the Effective Date.
- d. The fourth installment of \$55,013.23, shall be due and payable by no later than the third anniversary of the Effective Date.
- e. The fifth installment of \$55,013.23, shall be due and payable by no later than the fourth anniversary of the Effective Date.

**For Building Number 3:**

- a. The initial installment of \$55,013.23, shall be due and payable prior to the building permit issuance of building Number 3.
- b. The second installment of \$55,013.23, shall be due and payable by no later than the first anniversary of the date of building permit issuance of building Number 3.
- c. The third installment of \$55,013.23, shall be due and payable by no later than the second anniversary of the date of building permit issuance of building Number 3.
- d. The fourth installment of \$55,013.23, shall be due and payable by no later than the third anniversary of the date of building permit issuance of building Number 3.
- e. The fifth installment of \$55,013.23, shall be due and payable by no later than the fourth anniversary of the date of building permit issuance of building Number 3.

Further, the Agreement contains a Lien Agreement as a separate Exhibit, which secures the payment of the DIFs in the Agreement. The City would have a lien on the Property in the amount of the DIFs. Therefore, should the DIFs not be paid according to the Agreement, the City pursuant to the Lien Agreement could exercise any and all rights it has pursuant to law, including foreclosure of the property.

**FISCAL IMPACT:**

Snider Interests must pay a total of \$825,198.45 in DIFs. Snider Interests has already paid to the City an amount of \$110,026.46, which comprise of the first instalment for both Buildings 1 and 2. This leaves a remainder of total of \$716,171.99, to be paid in accordance with the fee schedule.

**EXHIBITS:**

- 1) DIF Deferment Agreement and Lien Agreement – Snider Interests, LLC