

## REPORT TO THE CITY COUNCIL

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**DATE:** July 3, 2018

**TITLE:** (City Council) Resolution Approving Purchase and Sale Agreement and Joint Escrow Instructions With the Successor Agency for Real Property Located on the North Side of Pierson Boulevard (APN 639-252-043) and Approving Certain Related Actions

**Prepared by:** Linda Kelly, Finance Director

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

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### RECOMMENDATION

**Adopt a Resolution of the City Council approving Purchase and Sale Agreement and Joint Escrow Instructions between the Successor Agency to the Redevelopment Agency of the City of Desert Hot Springs and the City of Desert Hot Springs with respect to the Real Property located on the north side of Pierson Boulevard, Desert Hot Springs, California (APN 639-252-039) and approving 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 of the City of Desert Hot Springs (the "City") 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"). The Oversight Board for the Successor Agency ("Oversight Board") has been established pursuant to HSC § 34179 to assist in the wind-down of the dissolved redevelopment agency.

On May 15, 2015, the DOF 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, which addresses the disposition and use of the real property assets held by the Successor Agency, 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 Properties").

### DISCUSSION

The Successor Agency is the owner of that certain real property consisting of approximately 0.15 acres of vacant land located on the north side of Pierson Boulevard, approximately 300 feet west of palm Drive, Desert Hot Springs, California (APN 639-252-039) (the "Property") and within the LRPMP, the Property is: identified as Site No. 12 of the LRPMP; (ii) described as 0.15 acres of vacant land zoned Mixed-use Planning Area 0.02 in the Vortex Specific Plan; (iii) designated to be sold; and (iv) more fully described in Exhibit "A," which is an excerpt from the LRPMP, and to the attached Resolution.

On November 15, 2016, the Successor Agency approved an Agreement with NAI Capital (the "NAI Agreement") to list and sell certain real property assets of the Successor Agency, all of which were subsequently listed for sale. As a part of the NAI Agreement, NAI Capital has agreed to prepare a Broker's Opinion of Value (the "BOV") for each Successor Agency property

that is sold. The City wishes to purchase and the Successor Agency wishes to sell the Property for the City Hall Annex project for the amount of **\$22,542**.

To determine whether the Purchase Price is fair and reasonable, the Successor Agency requested NAI Capital to prepare a BOV, to confirm if the Purchase Price is fair and reasonable. Based on past practice, the DOF has acknowledged that BOVs are an acceptable method and basis for confirming that the value of real property being sold by a successor agency is fair and reasonable. On May 31, 2018, the Successor Agency received the BOV from NAI Capital indicating its opinion that the market value of the Property is currently **\$22,542** (the "BOV Market Value"). In consideration that the Purchase Price is equal to the BOV, it may be concluded that the purchase price for the Property is fair and reasonable, as more fully described within the BOV for the Property, a copy of which is attached to the Resolution as Exhibit "B."

Approval of the attached Resolution will approve the Purchase and Sale Agreement and Joint Escrow Instructions (the "Purchase and Sale Agreement") between the Successor Agency and the City with respect to the Property, a form of which is attached to the Resolution as Exhibit "C," and authorize certain related actions.

Consistent with the provisions of the HSC and the LRPMP, with respect to the Property to be sold, the effectiveness of the Purchase and Sale Agreement is subject to the approval of the Oversight Board and review by DOF. Subject to the approval of the Oversight Board and review by DOF, the Successor Agency intends to distribute the net land proceeds to the Riverside County Auditor Controller for distribution to the taxing entities.

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 the 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.

This item was approved by the Desert Hot Springs Successor Agency Oversight Board at their regularly scheduled meeting on June 2, 2018.

#### **FISCAL IMPACT**

The Property will be purchase for its BOV value of **\$22,542** and the funding will be coming from existing General Fund Balance. This item was not included in the current two-year budget cycle, upon approval of this item, staff will make the necessary budget amendment.

#### **EXHIBIT(S)**

- 1) Resolution Approving Purchase and Sale Agreement and Joint Escrow Instructions
- 2) Narrative for Site Number 12 – Excerpt from the DHS Long Range Property Management Plan (Exhibit "A" to Resolution)
- 3) May 31, 2018, Brokers Opinion of Value prepared by NAI Capital (Exhibit "B" to Resolution)
- 4) Purchase and Sale Agreement and Joint Escrow Instructions between the Successor Agency and the City (Exhibit "C" to Resolution)
- 5) Council Properties Map – Site 12