



City of Palm Springs

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July 27, 2022

Via Electronic Mail

ACHialtas@aalrr.com

Andreas Chialtas, Special Legal Counsel
College of the Desert
43500 Monterey Ave.
Palm Desert, CA 92260

Re: Offer Regarding 119.4 Acres of Real Property, located at the Northwest Corner of Indian Canyon Dr. and Tramview Rd. (“North End Site”) and College of the Desert (“COD”) West End Campus

Dear Mr. Chialtas,

We are writing in an effort to resolve issues associated with North End Site, while at the same time addressing the current public concern that has arisen regarding the COD’s West End Campus.

Background

By way of background, the proposed development of the North End Site as a COD campus was intended to provide traditional higher educational opportunities, as well as other important goals for the West End of the Coachella Valley, and in particular, the North End area of the City of Palm Springs. The North End of Palm Springs is home to many lower income residents who have significant needs for higher education and better job opportunities. This area is part of Palm Springs District 1, which is majority non-white with numerous disadvantaged residents. And throughout Palm Springs and surrounding West Valley the North End Site was considered a critical component to broader efforts to invest in social equity. The West Valley Campus was to be paid for by the voter-approved \$346.5-million bond Measure B from 2004, as well as the 2016 voter-approved \$577-million bond Measure CC.

Specifically, as referenced in the Property Transfer and Development Agreement for West Valley Campus of College of the Desert Project, dated July 10, 2010 (“Property Transfer and Development Agreement”), the project was also aimed at providing workforce training in areas critical to the local economy and local industries, such as hospitality and culinary arts; film and media arts; allied health; and green and clean technology.¹ The North End Site campus project

¹ Property Transfer and Development Agreement, Recital D.

was also intended to support other economic development and cultural activities and provide new facilities and amenities that will be available to the community for cultural and performing arts, education, and recreation.²

As such, in 2007, the City applied to the United States Department of Interior in order to acquire the site, and in 2010, the City acquired the property from the United States government, paying \$2,100,000.

Pursuant to the Property Transfer and Development Agreement, the City then transferred the North End Site to the COD at no cost to the COD. COD's primary obligation was to develop the North End Site with facilities to accommodate an enrollment of at least 10,000 full time equivalent students, with facilities to include classroom, lecture, lab, administrative, and other academic support facilities; parking facilities; and recreational and athletic facilities.³ COD also committed in the Property Transfer and Development Agreement that the North End Site would emphasize sustainable and renewable energy technologies and "support locally vital industries", such as "hospitality, conferencing and culinary arts, as well as entertainment, film, television and theatre arts."⁴

Accordingly, in the deed transferring the North End Site to from the City to the COD, the COD covenanted that this specific property would "be developed by [COD] for the [COD]'s West Valley Community College Campus".

The COD subsequently abandoned its plans for the development of the North End Site with, from what the City can tell, no consultation with or agreement from the City, which had donated the North End Site for those specific purposes. Instead, COD purchased the property on Tahquitz Canyon Way for \$22,000,000. It seems reasonable that if COD no longer intended to honor the vision to invest directly in North Palm Springs that the property would be returned to the City and its taxpayers. This would enable the City to invest in other areas of social equity. If the property were returned to the City, the City could invest in affordable housing, commercial developments like a grocery store, community facilities that provide job training and childcare and a host of other programs that would directly benefit area residents. Instead, COD sought to sell the North End Site to the highest bidder, a residential developer, again with no consultation with or agreement from the City and ignoring the legal requirement that COD agreed to as recorded in the deed restriction to only utilize the property for the "West Valley Community College Campus" As COD is aware, the property cannot presently be developed for market rate residential housing, due to the deed restriction COD signed and is recorded against the property.

The City learned during a presentation made by COD Board Chair Perez to City Council on April 7, 2022, that COD needs the proceeds from the sale of the North Site property to support development of the West Valley Campus at the Tahquitz Canyon Way property. However, the very purpose of the April 7 presentation was to address growing community concerns that COD was no longer committed to the full scope and scale of the West Valley Campus and may, in fact, redirect substantial funds promised to the West Valley Campus to other endeavors.

The City Council understands that, after more than 17 years with very little progress, costs for the West Valley Campus may well have escalated. But area residents point out that it appears inconsistent, if not disingenuous, to suggest that the proceeds from the sale of the North End Site,

² Property Transfer and Development Agreement, Recital D.

³ Property Transfer and Development Agreement, § 7.2.

⁴ Property Transfer and Development Agreement, § 7.4.

estimated at under \$6 million, are essential to build a \$345 million West Valley Campus that COD may downsize to a fraction of what bond payers will be required to pay for that Campus. In such a scenario, West Valley residents not only potentially pay the full cost of bond proceeds that may never be invested at the scope and scale promised, but also pay for a property that COD intends to sell for profit, despite the potential reduction in investment in the West Valley. The City Council is cautiously optimistic that COD, in good faith, does intend to make the investment in the West Valley Campus as promised and therefore does need the proceeds from the sale of the property paid for by Palm Springs residents. The City Council has constructed an offer based on those assumptions.

Proposed Offer

The City of Palm Springs would offer to purchase the North End Site from COD. The offered purchase price would be equal to that proposed to be paid by the residential developer, \$5,700,000. Please note that the City of Palm Springs already paid \$2,100,000 for this property. As stated previously in this letter, one could argue that it ought to be returned outright as the City would not have bought this property simply to facilitate market-rate residential development. The offer to pay not once, but twice, for the property reflects the importance of this property in advancing social equity in North Palm Springs.

Returning the North End Site to the City's ownership would enable the City to see to it that many of the community benefits that were previously promised to the West End Valley residents are provided. Purchasing the property at the current contract price ensures COD receives the full potential monetary benefit from the property gifted to COD by the City. Of course, the purchase price COD has been offered for the property is contingent on the City removing the deed restriction, which the City is not currently willing to do without an agreement acceptable to the City Council.

As part of the proposed agreement, the City expects that COD agree to develop the West End Campus (at the Tahquitz Canyon site) to a scale and scope as has previously been committed. Namely, that COD agree to include a culinary program and hospitality program, and of a scope that is approximately \$345,000,000, in 2021 dollars. The City would request that the COD commit, as part of the purchase agreement to have the West End Campus completed and open for students on or about December 2025, consistent with current COD timelines.

As further evidence of the City's commitment to seeing the educational and related community benefits that were long ago promised by the COD come to fruition, the City would agree to support COD applying the proceeds from the City's purchase of North End Site toward the cost of the West End Campus within the current proposed total budget of \$345,000,000.

We look forward to hearing from the COD regarding this proposal. We believe that the City's proposal provides for the educational and training benefits that were promised by the COD, over the past eighteen (18) years.

Sincerely,

A handwritten signature in blue ink, appearing to read "J. Ballinger".

Jeffrey S. Ballinger
City Attorney
City of Palm Springs

cc: Mayor and Councilmembers, City of Palm Springs
Justin Clifton, City Manager
Hon. President and Boardmembers, College of the Desert
Martha Garcia, Ed.D., Superintendent/President