



**CITY COUNCIL  
MINUTES  
TUESDAY, NOVEMBER 4, 2014**

A regular meeting of the La Quinta City Council was called to order at 5:00 p.m. by Mayor Adolph.

PRESENT: Councilmembers Evans, Franklin, Henderson, Osborne, Mayor Adolph  
ABSENT: None

**CLOSED SESSION** – None

Mayor Adolph led the audience in the pledge of allegiance.

**PUBLIC COMMENT ON MATTERS NOT ON AGENDA**

Public Speaker: Lois Power, La Quinta – Ms. Power requested assistance with a neighbor's barking dog.

Mayor Adolph referred the matter to Code Enforcement to investigate and report back to Council and the speakers.

Public Speaker: Monica Lagasse, La Quinta – Ms. Lagasse said she lives next door to the barking dog and requested that the City take action to resolve the problem.

Public Speaker: Mark Johnson, Director of Engineering for Coachella Valley Water District – Mr. Johnson reported that the relocation of the Coachella Canal is complete and has been restored to its original capacity. He presented a PowerPoint of the project as it progressed.

Public Speaker: Chelsey Panchot, US Sales and Tour Manager for *Up With People* – Ms. Panchot announced that the group's 100-member cast will be coming to desert cities in March. They will be contributing 1,000 hours of community service in local school and community organizations, and will conduct two public performances of music and dancing from all over the world. Ms. Panchot said the purpose of the organization is to inspire people to get involved in their community. She explained the group was looking for suggestions on ways to get involved in La Quinta because the money raised from performances is donated back to organizations in the local communities. Councilmember Evans asked Ms. Panchot to work with Community Services Director Hylton on the event.

Public Speaker: Mark Moran, La Quinta – Mr. Moran congratulated Councilmember Henderson on her upcoming retirement and expressed his gratitude for her service.

**CONFIRMATION OF AGENDA** – Confirmed

## **ANNOUNCEMENTS, PRESENTATIONS AND WRITTEN COMMUNICATIONS**

Mayor Adolph and Councilmembers presented the *Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting* for fiscal year ending June 30, 2013 to members of the Finance Department.

## **CONSENT CALENDAR**

1. **APPROVE MINUTES OF OCTOBER 21, 2014**
2. **APPROVE DEMAND REGISTERS DATED OCTOBER 17, OCTOBER 20, AND OCTOBER 24, 2014**
3. **APPROVE TWO YEAR EXTENSION TO BANKING SERVICES AGREEMENT WITH WELLS FARGO BANK**
4. **APPROVE SETTLEMENT AGREEMENT AND RELEASE BETWEEN SAVE OUR LA QUINTA NEIGHBORHOOD, THE CITY OF LA QUINTA AND LQR PROPERTY, LLC AND ACCEPT SURRENDER OF ENTITLEMENTS FOR SIGNATURE POOL PROJECT AT LA QUINTA RESORT**
5. **DENIAL OF CLAIM FOR DAMAGES FILED BY VERIZON; DATE OF LOSS – APRIL 16, 2014**
6. **ADOPT A RESOLUTION TO APPROVE A PURCHASE AND SALE AGREEMENT WITH DESERT LAND HOLDINGS, LLC FOR SALE OF CERTAIN CITY PROPERTY LOCATED ON THE EAST SIDE OF JEFFERSON STREET BETWEEN PALM CIRCLE DRIVE AND THE WHITEWATER CHANNEL [RESOLUTION 2014-058]**

**MOTION** – A motion was made and seconded by Councilmembers Evans/Franklin to approve the Consent Calendar as recommended with Item No. 6 adopting Resolution 2014-058. Motion passed unanimously.

**BUSINESS SESSION** – None

**STUDY SESSION** – None

## **MAYOR'S AND COUNCIL MEMBER'S ITEMS**

Councilmember Evans reported that Karen Ross of the World Affairs Council spoke at the Speaker Series about water issues, and Brian Nestande held a town hall discussion on the Salton Sea at La Quinta City Hall. She said both were good discussions and shed light on Coachella Valley issues and needs.

Councilmember Franklin said the weekend airshow, a free public event held in the Valley every two years at Jacqueline Cochran Airport, was maybe the best ever. Ms. Franklin said she was glad La Quinta was a contributor.

Mayor Adolph reported that the Italian Festival held in Civic Center Park over the weekend was a great success. Thousands of participants enjoyed wonderful food and entertainment.

## **PUBLIC HEARINGS**

1. **ADOPT RESOLUTIONS APPROVING THE ENVIRONMENTAL ASSESSMENT AND PURCHASE AND SALE AGREEMENT, AND INTRODUCE AN ORDINANCE APPROVING THE DEVELOPMENT AGREEMENT WITH SILVERROCK DEVELOPMENT COMPANY, LLC FOR THE SILVERROCK RESORT PROJECT** [RESOLUTIONS 2014-059 AND 2014-060, ORDINANCE 520]

City Manager Spevacek, Assistant to City Manager Chris Escobedo, the City's economic and real estate consultant Jon McMillen of Tall Man Group, and Community Development Director Johnson presented the staff report, which is on file in the City Clerk's Office.

Councilmembers received clarification from staff on the sources of Transient Occupancy Tax (TOT), bond restrictions regarding property sale and public revenue, accommodating residents and hotel guests on one golf course, and clubhouse financing.

Mayor Adolph declared the JOINT PUBLIC HEARING OPEN at 5:56 p.m. for the two agreements: Development Agreement and the Purchase, Sale and Development Agreement, both of which are by and between the City of La Quinta and SilverRock Development Company, LLC.

Public Speaker: John Gamlin, SilverRock Development Company, LLC – Mr. Gamlin introduced members of the SilverRock Development Company, LLC and gave a brief overview of the project.

Public Speaker: Gregory Mangus, La Quinta – Mr. Mangus spoke against the SilverRock development, specifically, selling parcels for \$1 regardless of IRS regulations; guaranteeing the developer an 11% return; the developer's sale of single-family homes built on land sold to them for \$1, and: considering a sales tax increase, while offering sales tax and TOT rebates to developers.

Public Speaker: Robert Sylk, La Quinta – Mr. Sylk said he is not in favor of the plan because the developer has not won over the residents; there is no proof of funds statement; if developer goes belly up and assigns it, it could go to someone who wants to build a race track; the City is at risk, not the developer; it burdens the next generation, and; the vote should be delayed until newly-elected councilmembers are seated.

Public Speaker: Don Tannahill, Rancho Mirage – Mr. Tannahill spoke in support of the project. He has had offices in La Quinta since 1984 working first for Landmark Land Company and now with Capitis Real Estate. Mr. Tannahill commended the Council for approaching the development as a partnership because it's still very scary for project financiers and stated that he has had successful dealings with this developer.

Mayor Adolph declared the JOINT PUBLIC HEARING CLOSED at 6:11 p.m.

Councilmember Osborne said that the City Council has been working on the development of SilverRock since 2002 when the City purchased it for \$2 a foot, which is one of the best investments the City ever made. The City has gone through numerous challenges since the purchase, including the worst recession since 1929 (2008 recession), the dissolution of the Redevelopment Agency (RDA), the Governor taking \$41 million from the City to balance the State budget, and numerous hurdles set by the State Department of Finance. Mr. Osborne noted that the Council considered numerous developers and thinks the Council has chosen the right developer who has been straight with Council and staff from day one with an open set of books showing everything they want to do, all they need to do, and negotiating with staff with the understanding that the City must get what it needs as well. Mr. Osborne said that the Council must look well beyond the initial 15 years of this deal to secure a level of income to keep the City viable and it is serious business as the current revenue cannot cover ongoing costs of public safety and services. The Council considered a sales tax increase but if this development is successful, that may not be necessary. Mr. Osborne continued to say that the agreements contain protection clauses for the City to take back the property should the developer be unable to perform, and depending on the stage of the development, the property could return to the City with over \$40 million of infrastructure improvements done at the developer's expense and potentially much more than that if hotels or residential units have been built. He further stated that this developer is contributing substantial funds of its own, about \$360 million. Mr. Osborne explained that the agreements before the Council tonight have been available for public review in full detail for three to four weeks – full access has been available to everyone in La Quinta or elsewhere – and the public has had many opportunities to ask questions of the Council or staff. He said all questions are welcome, and that everything is wide open because that is how it's done in La Quinta. Mr. Osborne acknowledged that the Council had few questions tonight because over the past year and one-half they have studied this and have had many, many questions about every aspect of the deal. He said that, as with all things in life, there are some uncertainties but he believes the right developer is at the table, and the right protection clauses are in the agreements to protect the people of La Quinta as much as possible with something of this size. Mr. Osborne thanked the Council and staff for their 12 years of hard work on this SilverRock project.

Councilmember Henderson stated that this complex process started 12 years ago with great excitement, meetings until 2:00 a.m., disagreements, water issues, and finally all parties got to the point of approval. She said the plan before the Council maintains the

integrity of the original purpose. Ms. Henderson said that if all goes well, the revenue stream from this property will be precisely what is needed in the future. She recalled that it was disheartening when the economy took a nosedive in 2008 and the first developer, who lost \$10 million, was not able to perform. That may happen again, she continued, because La Quinta does not control Sacramento or Washington DC. Ms. Henderson said she has no confidence in Sacramento because it does not seem to have any understanding of how city revenue sources work. She said that although the Governor, who as a former mayor used the RDA to its fullest and understands city revenues, crippled cities once he became Governor by dissolving RDAs and relying on the naivety of Legislators to go along. Ms. Henderson said again that she has no confidence in Sacramento and no confidence in the next steps they will take against cities – such as SB 7 going into effect January 2015. She stated that she has no problem with the integrity, ability or reputation of the developers to this deal and believes they are as good as or better than any development team and further, that the City has put together the best deal possible. However, Ms. Henderson stated that she has very serious concerns about the future economy and about the State of California. She thanked everyone for all the time and goodwill put into this project and stated that she was pleased that the Council maintained the original purpose for buying the property. Ms. Henderson said the Council has done its job with over 12 reviews, presentations and hearings on this project.

Councilmember Evans said that she has been one of the loudest supporters of the project from day one and echoes the summary of Councilmember Osborne. She said the resident card matter is outside the scope of this agreement because it concerns a City-owned facility, run by City rules. Ms. Evans noted that the Council was making a very serious decision tonight that was also very exciting. She expressed that she was proud of the work done by the entire team and the project the Council was bringing to the City of La Quinta.

Councilmember Franklin recalled her first days on the Council when Councilmember Henderson said that the development of SilverRock will be La Quinta's secure financial future because once the City is fully built out, there must be revenue streams to support services. She stated that the Council does not take this decision lightly – every aspect of the deal has been examined and much of it torn apart and rebuilt – and she has great confidence in the development team and is excited to move forward with it.

Mayor Adolph said that all his questions and concerns have been answered. He explained that the Council in 2002, which included Councilmember Henderson and himself, had a vision when the SilverRock land was purchased: the key was future revenue. He said it's unfortunate that due to the economic downturns, it has taken so many years to put a shovel in the ground. Mayor Adolph said he understands both the need to share TOT and that the future can bring unforeseen events that are not in the City's best interest. He stated that he likes the development plan uses and design, but wonders if adding 340+ rooms will affect the occupancy of existing hotels and questioned where the saturation point is for hotel rooms in the Valley. He said everything has been done to protect the City in the agreements during both the

development and operating stages. Mayor Adolph stated that the project is something the City needs to move forward with and wished the best to the developer and to future residents of the City. Although he expressed disappointment that the canal relocation was not put underground, Mayor Adolph said he hopes the result is a project for which everyone can be proud.

MOTION – A motion was made and seconded by Councilmembers Franklin/Evans to adopt RESOLUTION 2014-059 entitled:

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LA QUINTA, CALIFORNIA, APPROVING AN ADDENDUM TO MITIGATED NEGATIVE DECLARATION OF ENVIRONMENTAL ASSESSMENT NO. 2002-453 (SCH NO. 1999081020) AND ADDENDUM NO. 2006-568, FOR SILVERROCK RESORT

Motion passed unanimously.

MOTION – A motion was made and seconded by Councilmembers Osborne/Evans to take up Ordinance No. 520 by title and number only and waive further reading.

Motion passed: Ayes 4, Noes 1 (Henderson voted against the motion)

City Clerk Maysels read the title of Ordinance No. 520 into the record:

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LA QUINTA, CALIFORNIA, APPROVING A DEVELOPMENT AGREEMENT BY AND BETWEEN THE CITY OF LA QUINTA AND SILVERROCK DEVELOPMENT COMPANY, LLC, RELATING TO THE VESTING OF CERTAIN DEVELOPMENT RIGHTS FOR THE SILVERROCK RESORT, AND AUTHORIZING IMPLEMENTATION ACTIONS RELATED THERETO

MOTION – A motion was made and seconded by Councilmembers Osborne/Franklin to introduce Ordinance No. 520 on first reading.

Motion passed: Ayes 4, Noes 1 (Henderson voted against the motion)

MOTION – A motion was made and seconded by Councilmembers Evans/Osborne to adopt RESOLUTION 2014-060 entitled:

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LA QUINTA, CALIFORNIA, APPROVING THE PURCHASE, SALE, AND DEVELOPMENT AGREEMENT BY AND BETWEEN THE CITY OF LA QUINTA AND SILVERROCK DEVELOPMENT COMPANY, LLC, RELATING TO THE DISPOSITION AND USE OF CERTAIN REAL PROPERTY FOR THE SILVERROCK RESORT, AND AUTHORIZING IMPLEMENTATION ACTIONS RELATED THERETO

Motion passed: Ayes 4, Noes 1 (Henderson voted against the motion)

## **REPORTS AND INFORMATIONAL ITEMS**

La Quinta's representative for 2014, Councilmember Henderson reported on her participation in the following organizations meeting:

- RIVERSIDE COUNTY TRANSPORTATION COMMISSION

La Quinta's representative for 2014, Councilmember Osborne reported on his participation in the following organizations meeting:

- CVAG VALLEY-WIDE HOMELESSNESS COMMITTEE
- IID ENERGY CONSUMERS' ADVISORY COMMITTEE

La Quinta's representative for 2014, Mayor Adolph reported on his participation in the following organizations meeting:

- SUNLINE TRANSIT AGENCY

## **DEPARTMENT REPORTS**

Department Reports were received and filed. Copies are available in the City Clerk's Office.

The Council expressed its support of the preparation of a Municipal Code Amendment addressing agricultural and trade school uses as reported in the Department Report from Community Development.

The Council suggested staff follow through with their plan to use the Coachella Valley Association of Governments' model ordinance for a new Vehicle Impound Recovery Fee for those found to be driving under the influence.

Mayor Adolph confirmed that the Council decided previously not to take action on a plastic bag ban but to abide by the law the State is expected to pass on the matter in early 2015.

## **ADJOURNMENT**

There being no further business, a motion was made and seconded by Councilmembers Franklin/Evans to adjourn 6:52 p.m. Motion passed unanimously.

Respectfully submitted,

SUSAN MAYSELS, City Clerk  
City of La Quinta, California

