CITY COUNCIL STAFF REPORT

DATE: September 5, 2012 UNFINISHED BUSINESS

SUBJECT: APPROVE AMENDMENT NO. 1 TO THE REIMBURSEMENT AGREEMENT WITH WESSMAN HOLDINGS, LLC TO COVER ADDITIONAL PURSUIT COSTS UNDER THE AGREEMENT FOR THE REDEVELOPMENT OF REAL PROPERTY AT 123 N. PALM CANYON DRIVE

FROM: David H. Ready, City Manager

BY: Community and Economic Development

SUMMARY

Owner and City entered into a Reimbursement Agreement for the redevelopment of the Desert Fashion Plaza in March, 2011, which provided that the City reimburse the Owner for 50% of the architecture and engineering costs ("Pursuit Costs"), which was estimated not to exceed $400,000. However, given the complexity of the project, the actual Pursuit Costs incurred totaled $460,238.20, thereby increasing the City's 50% share to $230,119.10. It is recommended the City increase its contribution by $30,119.10 consistent with the intent of the Agreement. Funds are available in the account 001-1400-65232.

RECOMMENDATION:

1. APPROVE AMENDMENT NO. 1 TO THE REIMBURSEMENT AGREEMENT WITH WESSMAN HOLDINGS, LLC TO PROVIDE AN ADDITIONAL $30,119.10 FOR PURSUIT COSTS FOR THE REDEVELOPMENT OF CERTAIN REAL PROPERTY AT 123 NORTH PALM CANYON DRIVE
2. Authorize the City Manager to execute all documents to effectuate the Amendment.

John Raymond, Director
Community and Economic Development

David H. Ready
City Manager

Attached Document: Amendment to Reimbursement Agreement

ITEM NO. 4.A.

AMENDMENT NO. 1 TO REIMBURSEMENT AGREEMENT

This AMENDMENT NO. 1 TO A REIMBURSEMENT AGREEMENT ("Amendment") is entered into as of this _____ day of _____, 2012, by and between the CITY OF PALM SPRINGS, a California public entity ("City"), and JOHN WESSMAN, an individual, and WESSMAN HOLDINGS, LLC, a California limited liability company (collectively the "Owner").

RECITALS

A. Owner and City entered into that certain Reimbursement Agreement related to the development of the Desert Fashion Plaza ("Property") on or about March 2, 2011.

B. The City and Owner desire to enter into this Agreement to provide for City to reimburse Owner for 50% of Owner's costs for architectural and engineering costs ("Pursuit Costs").

C. It was originally estimated that the Pursuit Costs would not exceed $400,000, and the City's share of the Pursuit Costs was estimated at the time not to exceed Two Hundred Thousand Dollars ($200,000.00). Owner has incurred a total of $460,238.20 in Pursuit Costs City and Owner now desire to amend the Agreement to cover the costs of additionally beneficial design work.

AGREEMENT

Based upon the foregoing Recitals and for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by both parties, City and Owner hereby agree as follows:

1. **Pursuit Period**. The "Pursuit Period" shall be from March 2, 2011, until November 1, 2012.

2. **City Reimbursement**. The total reimbursement obligation of City for Pursuit Costs shall be Two Hundred Thirty Thousand, One Hundred Nineteen Dollars and Ten Cents ($230,119.10).

3. **No Other Amendment**. Except as expressly amended herein, the Reimbursement Agreement shall remain in full force and effect.

(signatures on next page)

IN WITNESS WHEREOF, City and Owner have entered into this Amendment as of the date set forth above.

"CITY"

CITY OF PALM SPRINGS

By: _____
David H. Ready, Esq., Ph.D.
City Manager

ATTEST:

_____
James Thompson
City Clerk

APPROVED AS TO FORM:

_____
Douglas C. Holland, Esq.
City Attorney

"OWNER"

By: _____
John Wessman
Manager

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