

# DESERT CITIES HOA COUNCIL

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## Recap of Meeting May 21, 2015

### HOA Members Represented

Canyon Sands	Montage at Mission Hills
Canyon Vista Estates	Parc La Quinta
Cathedral Canyon #1	Rio del Sol Villages
Cathedral Canyon #2	Sun City Palm Desert
Cathedral Canyon #8	Terra Lago
Cathedral Canyon #17	Versailles
First Palm Springs Villa Alejo	Versailles Condominiums
La Pasada	Villa Alejo

**Welcome:** Mike Traidman, Chair

**Treasurer's Report** – To be distributed

**Guest Speakers** – John Raymond, Director of Community and Economic Development  
“State of the City – Palm Springs”

Stan Henry, Mayor, Cathedral City – “State of the City – Cathedral City”

Mike Traidman welcomed John Raymond.

Palm Spring has had many properties vacant for many years. The City is in the process of changing that.

The City receives about \$100 million in revenue annually. Of that about \$26 million this year is from their Hotel Tax. This us up from the \$12 to \$13 million they received in 2009. Their Sales Tax revenue is up to about \$11.5 million. They have received \$31 million from Measure J since the tax began in 2012.

The Palm Springs Airport traffic is up to 2 million per year. This is an indicator of prosperity of not only Palm Springs, but the entire Coachella Valley.

The Palm Springs downtown renewal program seriously began in 2012 with the demolition of the Bank of America building. It was the first step toward the development of the Downtown Mall. Since then they have been working on subsurface infrastructure. The building North of the bank had underground parking supporting single story structures. The plan calls for three story building in that area. So the underground parking structure needed to be reinforced to support the larger structures.

Across the street in Block B they have been working on the underground parking structure. Next week they will start working on the foundation for the Kimpton Hotel over the parking structure. It will be 75 feet high from the sidewalk to the top, with a swimming pool on top. The building is going to be a concrete structure. They will be pouring concrete every Thursday night through the summer to complete the structure. There will be a Marriott AC Hotel North of the Kimpton. This will be a 125 room boutique hotel. Marriott started the AC hotels in Europe, where they are popular.

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In 2005 the Convention Center was renovated for \$45 million. In 2008 the City Council decided many existing hotels needed upgrades. They developed a program to help fund the upgrades. They would provide property owners with an incentive of 50% of the incremental increase in their Hotel Tax for the next 10 years following renovations.

From this incentive 12 hotels have been upgraded to date and 6 more are in the planning stage:

- Riviera
- Hyatt
- Hilton
- Hard Rock
- Saguara
- Colony Palms
- Triada
- Bearfoot Inn
- Skylark
- Sparrows
- Palm Springs Hotel
- Renaissance
- Palm Mountain Resort – expansion underway
- The Curve
- Viceroy of Avalon
- Garden Vista – conversion to Infusion Beach Club
- Former Alpine Gardens (Colt' Lodge) conversion

There are 7 new hotels coming soon:

- Arive – a 32 room boutique hotel
- Port Lawrence – Andaz (Hyatt) – will start construction in June at Alejo
- Dolce – Selene – 200 rooms across from the Convention Center. It will be built in the current 290 space parking lot. The design will provide 200 public parking spaces.
- 750 Lofts – 38 rooms at the Bank of America building site.
- Orchid Tree
- Kimpton
- Marriot AC

The City also has programs to help fund major remodels of buildings, interior remodels, façade improvements and infrastructure improvements – mainly sidewalks. Examples of these included:

- Palm Spring Motor Sports – a renovate structure on Indian at I10. The owner invested \$450,000 to convert a long vacant 9,000 SF building to a Yamaha motorcycle and KTM Sports Crafts dealership. It now has the largest sales in the Western United States. The owner wants additional motorcycle dealerships to be developed in that area – to make it a hub for buying motorcycles. The City provided a \$30,000 incentive grant.

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- The Hacienda – the owners invested \$2.5 million. The City provided a \$250,000 incentive grant.
- Appetito Cal – Italian Deli – the owner invested \$1.1 Million. The City provided a \$145,740 incentive grant.
- Bernie’s Lounge & Supper Club – the owner invested \$60,338. The City provided a \$25,000 incentive grant.
- Go Deli Market – the owners invested \$172,638. The City provided a \$25,000 incentive grant.
- The New York Restaurant Company – the owners invested \$44,055. The City provided a \$22,027 incentive grant.
- Dish Creative Cuisine – the owners invested \$950,000. The City provided a \$25,000 incentive grant.
- Miro’s – the owners invested \$47,917. The City provided a \$23,958 incentive grant
- Mister Lyons
- Earnest Coffee

Other developments – there are 10 housing developments currently in planning or construction:

- Escena
- Palm Springs Country Club
- Avalon
- Rock Garden/Fairfield Site
- Cameron Corner
- Woodbridge Homes
- Vallera
- Sol/Jul
- Canyon Lofts (downtown)
- Alvarado Art Colony

The Buzz – free trolley service in the downtown area. They have 4 trollies 15 minutes apart on Thursdays through Sundays. Since the trial started last December they have had over 100,000 riders.

Community Projects:

- The renovated downtown Historical Society/Library building
- The Plaza Theater

A question was asked about the status of the Spa Hotel. John said that the old hotel demolition was proceeding cautiously. They do not want to disturb the hot springs. It should be down by the end of summer. He anticipates conceptual plans for the new construction by the end of the year. Most likely it will include a new hotel attached to the casino and perhaps another hotel at the hot springs.

### **Guest Speaker – Stan Henry**

Stan began by introducing Shelly Kaplan, City Councilman. Mark Carnevale, City Councilman; Charlie McClendon, City Manager; and Pat Milos, Community

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Development Director joined later. Stan said he's new in the job and wanted a lot of backup.

Stan said he has been with the City for 31 years, 26 with the Police Department and 15 of those as Chief of Police. He has been on the City Council since 2012.

Following up on John Raymond's presentation, Stan said that all the Cities in the Coachella Valley work together to generate a synergy.

November 2014 saw major changes in City government, 4 new City Council members were elected. They have a new City Manager Charlie McClendon. He is from Avondale, Arizona – a City very similar to Cathedral City both in demographics and geography – it is a long narrow City with an Interstate Highway at one end and a river at the other end. The City has a new Police Chief – George Crum. And a new Fire Chief – Paul Wilson.

The City is not moving as fast as Palm Springs because they only have revenues of about \$30 million. They incorporated at the wrong time – after the passage of Proposition 13, which limits the property tax revenue they can receive. But still Cathedral City has 6,000 more residents than Palm Springs, higher home ownership than Palm Springs and larger geography than Palm Springs.

The City has never had a stable tax base. Most of the property taxes collected go to the various taxing districts and the County. The City only gets about \$1 million.

Measure B, the 1% Sales Tax, provided the City with a more stable revenue source.

They asked a consultant why Cathedral City has so much trouble attracting development. He responded that Cathedral City lies between the centers of development within the Coachella Valley. The centers are Palm Springs, Palm Desert and Indio/La Quinta. Cathedral City is also perceived as “where the workers live”.

Stan showed a 4 minute video developed to promote the reputation of Cathedral City.

Recent improvements include:

- The Ramon Road improvements
- The Eagle Canyon Dam – it had been in planning for 20 years. It significantly reduced the flood insurance for the properties in the area.
- The Date Palm/I 10 interchange

The City Council held a strategic planning session a couple of months ago. They agreed that they can accomplish great things by doing them as a team. Everybody will work on making Cathedral City better.

The City relies heavily on the Transient Occupancy Tax (TOT). Like Palm Springs, they are providing incentives for development.

- For the Desert Princess expansion they are providing 50% of the incremental increase in the TOT.

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- They are participating in the funding of the proposed Double Tree Inn
- They are helping developers acquire redevelopment land, but they are requiring them to perform or get out of the way. The City will take the land back for 75% of the asking price.
- The shopping center by Carl's Jr. at Date Palm and Hwy 111 – They have an agreement for redevelopment with John Wessman.

The City lost \$11 million in redevelopment funds when the State took them. Since then 118 properties have been in limbo. The State finally agreed to the disposition two months ago. The City is selling the properties to a non-profit corporation for the State approved appraisals. The non-profit corporation then sells to developers and the money goes to the City.

Current projects in process:

- Ocotillo Park – playground, soccer field near Cathedral City High School.
- Perez Road Culvert – phase 2 of the Eagle Canyon Dam project construction of a culvert to take water from the dam to the flood control channel behind the Acura dealership.
- Palm Canyon Drive – from Rancho Mirage to Palm Springs overlay/slurry
- Date Palm bridge widening – additional lands and sidewalks
- Cathedral Canyon Bridge – have received grant funds for the design
- Cathedral Canyon at Perez Road – slurry
- Corregidor Dr. – road reconstruction
- San Joaquin – sidewalks, using “Safe Route to Schools” funds.
- Vista Chino – slurry, phase 1 White Water to Landau. Phase 2 Landau to Date Palm.
- Edom Hill Truck Land – I10 to Varner Road (road to dump)

The City staff recently completed a comprehensive citywide Pavement Management Plan that indicates work needed on every street within the City.

Economic Update – forthcoming private investments:

- Dairy Queen Grill & Chill – Date Palm and I10
- Aaron's (furniture) – McCallum and Date Palm
- Mattress store – East Palm Canyon Drive – creating a mattress store group to increase synergy.
- Desert Princess Hotel – 122 single family homes
- North End Development – Date Palm to Bob Hope starting with commercial at Ramon and Bob Hope and continuing with residential development building toward Date Palm over the next 20 years.
- Verano Rio Vista Village – off Landau finish development of 1300 single family homes over the long term
- Desert Bloom – 18 units on Landau by Cimarron
- The District – 47 homes
- Tesoro – 107 single family homes in canyon next to Jessup Auto Plaza
- Downtown mixed use – 69 apartments above 5,000 SF of commercial space

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- Festival Lawn Installation/Festival Park – in design events like balloon festival, food trucks, farmers market, glow run.

They have just completed a series of three vignettes about the City, each 30 seconds to 1 ½ minutes. They were written by City staff and produced at no cost to the City. The producers only want the ability to sell advertising along with them. They will be on You Tube.

Stan closed with the facts that Cathedral City has the best Police and Fire Departments in the valley. They have not lost control like other Cities that contract with the County for services. And they have their own paramedics. The City still has the lowest crime rate in the valley.

**Handouts:** None

**Next Meeting** – Thursday, June 19, 2015 at the Cathedral City – City Hall

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Tom Tousignant, Recorder