



City Council Staff Report

DATE: April 5, 2017

NEW BUSINESS

SUBJECT: AUTHORIZE THE PAYMENT OF COSTS INCURRED IN THE CONSTRUCTION AND INSTALLATION OF PUBLIC IMPROVEMENTS IN CONJUNCTION WITH THE DEVELOPMENT OF THE DOWNTOWN PALM SPRINGS PROJECT; AUTHORIZE THE CONSTRUCTION, INSTALLATION, AND PAYMENT OF ADDITIONAL PUBLIC IMPROVEMENTS IN THE AMOUNT OF \$3,060,582.40 IN CONJUNCTION WITH THE DEVELOPMENT OF THE DOWNTOWN PALM SPRINGS PROJECT; AND CONSENT TO A SUBORDINATION OF THE CITY'S INTEREST IN THE PERFORMANCE TRUST DEED FOR BLOCK F SOLELY FOR THE BENEFIT OF A CONSTRUCTION LOAN ON BLOCK B.

FROM: David H. Ready, City Manager

BY: Douglas Holland, City Attorney
Marcus Fuller, Assistant City Manager

SUMMARY

This action requests the City Council to authorize the payment of costs incurred in the construction and installation of public improvements as a part of the Downtown Palm Springs Project. These costs are associated with (1) improvements identified in furtherance of the Project as originally contemplated under the Project Financing Agreement and secured through the Public Improvement Escrow Account, and (2) additional improvements the City previously identified as necessary and/or appropriate subsequent to the Project Financing Agreement. These additional improvements were not part of the original scope of work identified in the Project Financing Agreement and were first identified as part of a change order process initially undertaken in November and December of 2014, in the amount of \$3,060,582.40 to be funded from the Measure J Capital Fund. These improvements consisted of various improvements associated with the City-owned public parking garages, various improvements associated with the Downtown Palm Springs Park site on Block E, and street improvements along Palm Canyon Drive.

ITEM NO. 5.D.

This action also requests the City Council authorize the City Manager to execute an agreement to subordinate the City's interest in the Performance Trust Deed in favor of a construction loan on Block B insofar as such Performance Trust Deed burdens Block F. The City's priority status in Block F would be restored upon completion of the building on Block B.

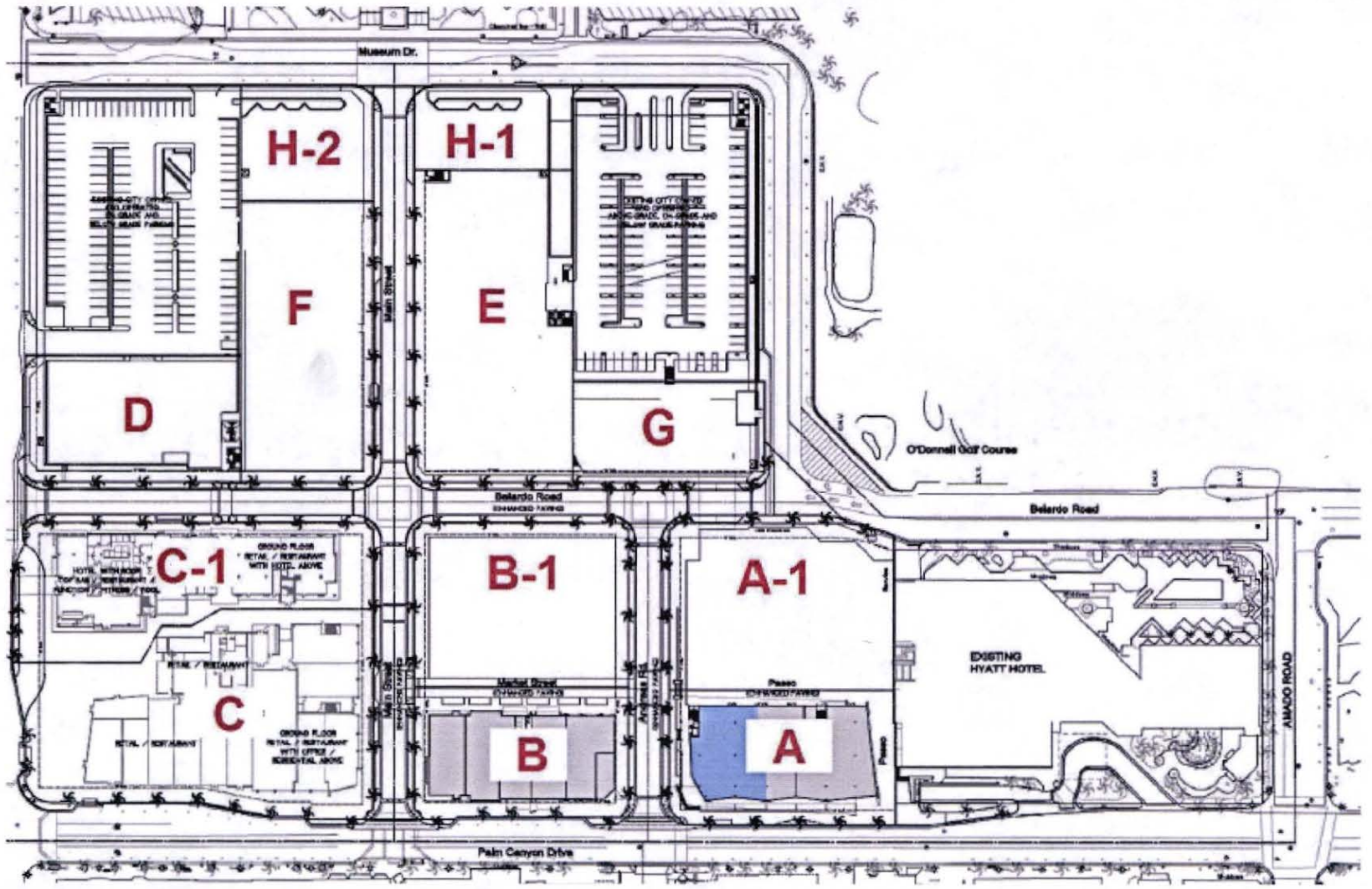
RECOMMENDATION:

- 1) Authorize the City Manager to release payments to Palm Springs Promenade, LLC, through the public improvement escrow account, for public improvements completed to the satisfaction of the City Engineer, and upon independent third-party verification of the completion of the public improvements, in accordance with the original Public Financing Agreement approved on September 7, 2011;
- 2) Find and reaffirm the additional improvements the City previously identified as necessary and/or appropriate as part of a change order process initially undertaken in November and December of 2014, are consistent with the current, adopted Specific Plan and are still necessary and appropriate, and authorize payment in an amount not exceed \$3,060,582.40 for such improvements upon independent third-party verification of the completion of all of such public improvements;
- 3) Authorize the City Manager to execute a Subordination Agreement in a form approved by the City Attorney, allowing the City's priority interest under the terms of the Performance Trust Deed to be subordinated in favor of a construction loan on Block B; and
- 4) Authorize the City Manager to execute all necessary documents.

STAFF ANALYSIS:

On December 2, 2009, the City Council adopted Ordinance No. 1764, adopting the Museum Market Plaza Specific Plan, Case No. 5.1204, (the "Specific Plan").

On September 7, 2011, the City Council adopted Resolution No. 23018, authorizing the City and Palm Springs Promenade, LLC, (the "Developer") to enter into a Project Financing Agreement ("PFA" – Agreement No. 6144) applicable to the financing, development, redevelopment, creation and refurbishment of public and private improvements within the Specific Plan area. The PFA included, among other things, a Site Plan and Project Description depicting the proposed improvements, including new public streets described as Main Street, Andreas Road, and the Belardo Road extension. The currently approved configuration of the Specific Plan area is shown below.



As referenced in the original PFA, the “Public Assets” include (a) land located under proposed new streets as depicted on the Project Site Plan and described in the Project Description; (b) land located below the three level parking structure at the northwest corner of the Desert Fashion Plaza (“DFP”) Area; (c) land located below the two level parking structure at the southwest corner of the DFP Area; (d) land located below the underground parking garage that connects the three level parking structure and the two level parking structure; (e) land shown as Blocks H-1 and H-2 on the Project Site Plan; and (f) easements for sidewalks and pedestrian rights-of-way and restroom facilities.

As referenced in the original PFA, the “Public Improvements” include the creation and refurbishment of public improvements as depicted on the Project Site Plan and described in the Project Description, including demolition and construction work sufficient to install and complete the new public streets referenced in the Project Description, and rehabilitation of the Parking Facilities to be acquired by the City to a top quality, clean, safe, and operable condition.

Exhibit “A”, Project Site Plan, to the original PFA is shown as Figure 1 on the following page.

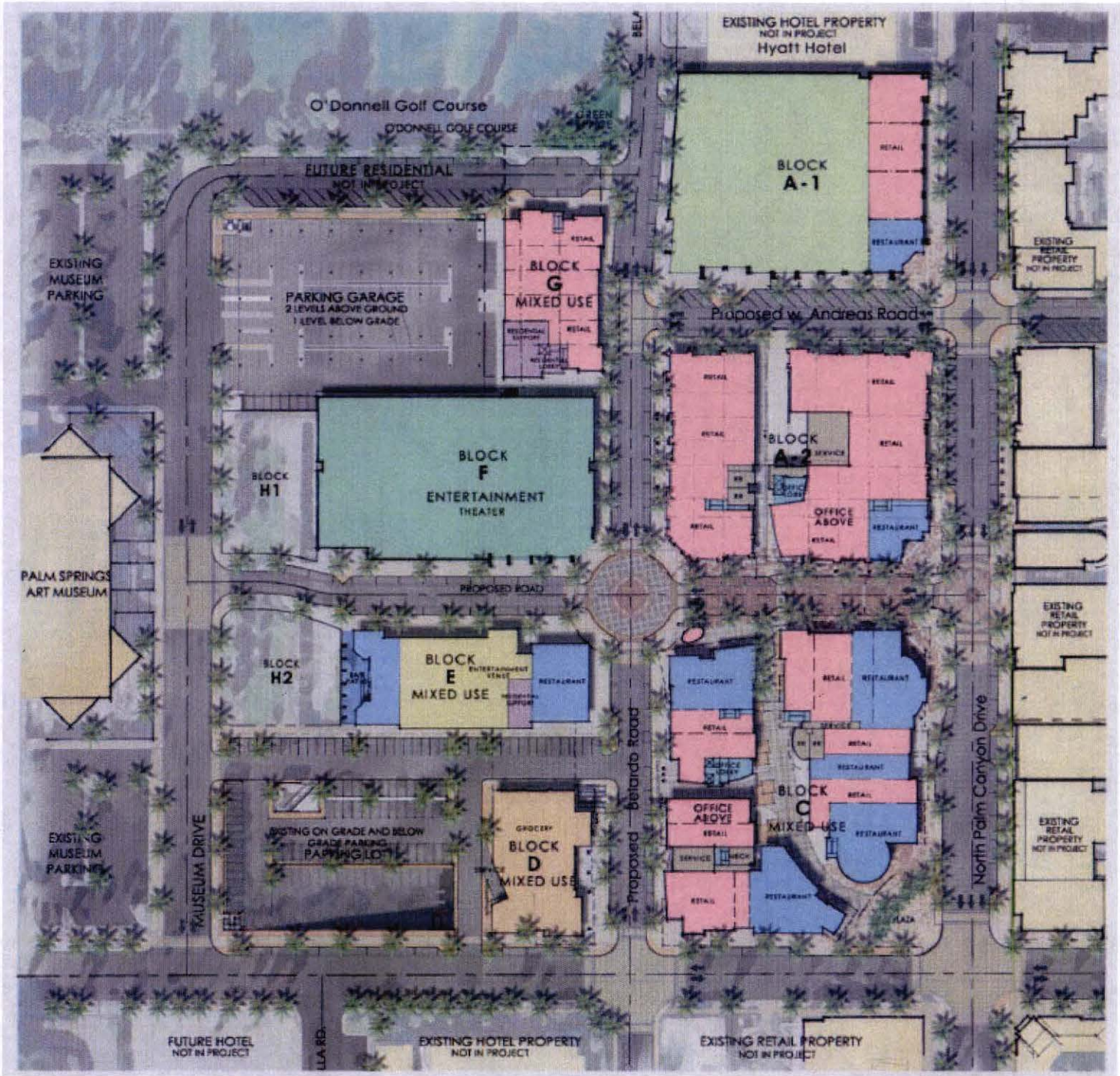


Figure 1

Exhibit “B”, Project Description, to the original PFA (with regard to the “Public Improvements”), is shown here:

PROJECT DESCRIPTION

1. **Public Improvements.** “Public Improvements” are planned as follows:

a. **New Public Streets.** New public streets will be constructed as follows: (i) a new public street will be created from Palm Canyon Drive to Museum Drive; (ii) Belardo Road will be extended from Tahquitz Canyon Way to the easterly terminus of Museum Drive; and (iii) West Andreas Road will be created from Palm Canyon Drive to the Belardo Road extension. Costs related to such new public streets shall include, without limitation, streets, street parking, curbs, gutters and sidewalks, up to building footprint lines, a relocated traffic light, signs, decorative pavers and enhanced concrete in intersections and pedestrian walkways and public gathering areas, electrically operated bollards as referenced in Section 3 below, all under and above ground utilities and services including, without limitation, gas, electricity, telephone, cable television, storm drains, etc., all of which shall be stubbed, as appropriate, five (5) feet into adjacent building footprint lines, and demolition as required for the above.

b. **Refurbished Public Parking.** Existing parking improvements within the DFP Area will be purchased and refurbished by the City to provide free public parking.

c. **Responsibility for Public Improvements.** The Project Financing Agreement to which this Exhibit “B” is attached (“PFA”) provides that Developer shall be responsible for all costs and expenses incurred in connection with obtaining entitlements for and constructing (creating and refurbishing) the Public Improvements. The PFA further provides that upon close of the Acquisition Escrow, the parties shall open a Public Improvement Escrow, and the City shall then deposit a portion of the City Payment, i.e., the sum of \$11 million, into the Public Improvement Escrow. The PFA further provides that Developer shall cause the creation and refurbishment of the Public Improvements per the approved plans, and that in the event that such creation and refurbishment work exceeds the sum of \$11 million, Developer shall promptly pay any and all costs in excess of \$11 million. The PFA also provides that all funds needed to obtain entitlements for and construct the Public Improvements will flow through the Public Improvement Escrow. (Note: Any City fees for public improvements shall be waived.)

Thus, the original PFA provided for the City’s acquisition of land and construction of public improvements to be constructed and/or refurbished by the Developer for a set acquisition fee of \$43 Million.

Downtown Specific Plan Adoption / Architectural Approvals

On April 20, 2016, the City Council adopted Ordinance No. 1889, "An Ordinance of the City of Palm Springs, California, Amending the Museum Market Plaza Specific Plan, and re-designating it as the Downtown Palm Springs Specific Plan (Case 5.1204);" adopted Resolution No. 24002 approving a Major Architectural Application for a one and two story building located on Block C (Case 3.3607); adopted Resolution No. 24003 approving a Major Architectural Application for a six story hotel with 142 rooms located on Block B-1 (Case 3.3908); and adopted Resolution No. 24004 approving a Minor Architectural Application for a parking lot located on Block A-1 (Case 3.3948). This Specific Plan is the controlling land use policy for area within the boundaries of the Specific Plan, including the Downtown Palm Springs Project.

Performance Trust Deed

Section 2(b)(10) of the PFA required that the Developer provide to the City a Performance Trust Deed to encumber the Specific Plan area, which was recorded concurrently with the close of escrow with the City's acquisition of the various parcels from the Developer. The Performance Trust Deed was used to secure the Developer's performance required under the PFA, with respect to completion of the Private Improvements and Public Improvements identified in the PFA. The Performance Trust Deed was recorded as Document No. 2012-0298857 on June 27, 2012, encumbering the various parcels of land located within the Specific Plan area, with the City as Beneficiary (the "Performance Trust Deed").

The original PFA stipulated that once the Private Improvements and the Public Improvements have been substantially completed, the Performance Trust Deed would be released and reconveyed in full. Amendment No. 4 to the PFA included a revision to the Performance Trust Deed process. Construction lenders wanted security in the property they were lending funds on and wanted to have a secured first position on such property. The City agreed to incrementally reconvey the Performance Trust Deed on a parcel by parcel basis concurrently with the recordation of a loan to fund all Private Improvements on each such parcel, subject to a certain conditions; namely, that 100% of the costs to complete the private improvements are fully funded by the construction loan and/or Developer funds, and that such funding was reviewed and approved by the City Manager or City Manager's designee.

Effect of District Attorney's Felony Complaint

The recent criminal charges filed against the former Mayor and the principal of the Developer of the Downtown Palm Springs Project has introduced various challenges to the completion of the project. The charges include allegations of violations of Government Code Section 1090, and if there is a judicial determination that these

violations occurred, contracts between the City and the Developer would be void. This result will not affect contracts that were entered into prior to the date of the earliest violation related to this project, September 5, 2012. Thus, the City Attorney has concluded that the initial PFA and the first amendment to the PFA are currently in effect and enforceable by the parties. Staff recommends the City Council continue to implement the original obligations identified in the PFA, and in particular, the City's acquisition of 1) the "Public Assets" for the cost of \$32 Million, and 2) the "Public Improvements" for the cost of \$11 Million. It is also the City Attorney's opinion that the City Council's actions on April 20, 2016, related to the Downtown Palm Springs Specific Plan and related architectural approvals are not actions affected by Government Code Section 1090 therefore remain valid and enforceable.

The Lender on the Private Improvements on Block B has requested additional security from the Developer in the form of a secured first position on Block F. The Developer has advised the City that the Lender for the construction loan on Block B has requested additional security from the Developer. The Lender has specifically asked that the City allow the Lender to take a secured first position on Block F (as shown on the 2016 Specific Plan) a 0.84 acre parcel now identified for future construction of a residential condominium building. Staff is recommending that the City Council authorize the partial release of the Performance Trust Deed on Block F, as the PFA does not obligate the Developer to complete any Private Improvements on Block F. Pursuant to Section 2B(8) of the PFA, as part of completion of the Private Improvements, the Developer's obligation for Block F is to install temporary grass landscaping. Staff recommends the Council authorize a subordination agreement where the City would subordinate its interest for the benefit of the Lender of the construction loan with the condition that the City's priority status would be restored when the improvements on Block B are completed. Staff also recommends that as a condition of the City's subordination, the subordination agreement be submitted to the Developer's escrow, and as a condition of escrow, recorded only at such time and immediately preceding recordation of the Developer's construction loan. In the event the escrow does not close and the construction loan is not funded, the City's subordination documents are required to be returned to the City and not recorded, and to remain of public record and an encumbrance on the property.

The following identifies the status of the Developer's satisfaction of its obligation to construct the required Private Improvements:

- Block A (satisfied – West Elm Building completed)
- Block A-1 (satisfied – permanent surface parking lot completed)*
- Block B (satisfied – commercial building under construction)
- Block B-1 (pending – proposed hotel approved, but not yet constructed)
- Block C (satisfied – commercial building under construction)
- Block C-1 (satisfied – hotel under construction)

*The Performance Trust Deed remains recorded against Blocks A-1, D and G to secure Developer's completion of Private Improvements on Block B-1. The subordination of the Performance Trust Deed on Block F will not affect the remaining and sufficient security to ensure the Developer satisfies its obligation to complete the Private Improvements on the one remaining undeveloped parcel – Block B-1.

Project Change Order Process / Additional Public Improvements

On November 19, 2014, the City Council adopted Resolution 23708 appropriating an additional \$2,115,605 in funding for additional City-requested work at the Downtown Palm Springs Project related to the parking structure and park site. The City Council also authorized the City Manager to execute all documents related to the additional task items specified in the Change Order Logs. A Change Order Log was included with the November 19, 2014, staff report identifying \$800,401.15 in estimated costs for parking structure improvements and \$1,315,203.25 in estimated costs for improvements related to the "Event Center" park site, for a total estimate cost of \$2,115,604.40. However, a number of items identified on the Change Order Log did not have an estimated cost, which was to be determined at a later date. A copy of the November 19, 2014, staff report and initial Change Order Log is included as **Attachment 1**.

On December 17, 2014, the City Council approved various actions and authorized additional City-requested work consistent with the scope of additional work previously approved on November 19, 2014. Included as supplemental material at the City Council meeting of December 17, 2014, was an updated Change Order Log that revised the estimated costs for items previously identified on the initial Change Order Log from November 19, 2014, as well as an estimated cost for items that were to be determined. A copy of the December 17, 2014, staff report and final Change Order Log is included as **Attachment 2**.

The final Change Order Log identified different sub-totals for all of the additional work, as follows:

- Parking Structure Upgrades – Revised Cost: \$851,748.65
 - Parking Structure Upgrades – To Be Determined Costs: \$521,497.40
 - Event Center (Park Site) Improvements – Revised Cost: \$913,205.80
 - Event Center (Park Site) Improvements – To Be Determined Costs: \$414,481.85
 - Palm Canyon Street Improvements (Tahquitz-Hyatt): \$359,648.70
- Total cost of all additional work: \$3,060,582.40

All of these additional public improvements are outside of the scope of the Public Improvements identified in the original PFA, and were specifically requested by the City to accommodate the City's planned construction of the Downtown Palm Springs Park on Block E, as well as further improvements related to the parking structures and Palm

Canyon Drive street improvements. All of these public improvements directly benefit the City and are located on public property. Staff recommends that the City Council ratify the actions taken on November 19, 2014, and December 17, 2014, re-authorize the total expenditure of \$3,060,582.40, and authorize the City Manager to make payments to the Developer for completion of items identified on the final Change Order Log, in an amount not to exceed \$3,060,582.40, with an allowance for adjustment of individual line item costs provided that the total cost of \$3,060,582.40 is not exceeded.

ENVIRONMENTAL IMPACT:

Pursuant to Section 15063 of the California Environmental Quality Act (CEQA) Guidelines, a Notice of Preparation (NOP) of a Draft Environmental Impact Report (DEIR) was prepared and circulated for this project. The DEIR was released for review on October 22, 2008. Notices of the reports were sent to all applicable agencies and published in accordance with CEQA. Comments were received by the City and responses to comments were provided in the Final Environmental Impact Report (FEIR). The FEIR determined that the project would result in post-mitigation significant effects on aesthetics/visual resources, regional air quality, and cultural resources. However, the City Council concluded that the benefits of the Specific Plan implementation would outweigh the potential adverse effects. On November 18, 2009, the City Council adopted Resolution No. 22625, which was re-adopted on December 2, 2009, certifying the FEIR including Findings and a Statement of Overriding Considerations associated with the Museum Market Plaza Specific Plan approval.

In 2012, the City prepared Addendum #1 to the FEIR for the Specific Plan. Addendum #1 was prepared to evaluate the revised Downtown Revitalization Plan (“Downtown Palm Springs”), as well as the approval of a parcel map to realign property boundaries, the dedication of public streets and abandonment of certain rights-of-way, and acceptance of public easements. Addendum #1 evaluated the potential visual and aesthetic impacts that could result from the proposed changes and found that the overall effects would be no more significant than those associated with the implementation of the adopted Specific Plan. No other environmental impacts were expected to result that were not analyzed and mitigated in the previously certified FEIR, Statement of Overriding Considerations, and Mitigation Monitoring and Reporting Program. Addendum #1 was adopted by City Council on October 17, 2012.

In 2015, the City prepared Addendum #2 to the FEIR to evaluate the potential environmental impacts of the changes to the Specific Plan identified in the Amendment, which included various revisions and updates to the Specific Plan, the development of Block E as the Downtown Palm Springs Park, and a Major Architectural Review for the development of a hotel use of up to 75 feet located on Block B-1 (Case No. 3.3908 MAJ). The environmental analysis concluded that the potential environmental impacts associated with the revised Specific Plan identified in the Amendment were substantially

consistent with the impacts previously analyzed in the certified FEIR and in Addendum #1 approved in 2012. No changes were proposed that would require major revisions to the previously certified FEIR, and it was determined that the revised Specific Plan identified in the Amendment will ultimately reduce the overall intensity and density previously allowed within the originally adopted Specific Plan. It was also determined that the potential environmental impacts associated with the revised Specific Plan identified in the Amendment will result in the same or reduced environmental impacts when compared to those analyzed in either the previously certified FEIR or Addendum #1 approved in 2012. The City determined that none of the components of the revised Specific Plan identified in the Amendment will result in a significant effect not previously identified in the certified FEIR or Addendum #1 approved in 2012. The Findings and Statement of Overriding Considerations adopted by the City in 2009 are consistent with the environmental analysis provided in Addendum #2.

On March 2, 2016, the City Council adopted Resolution No. 23977 confirming, ratifying, and adopting the findings and conclusions of Addendum #2 to the FEIR.

FISCAL IMPACT:

Sufficient funds are available in the Measure J Capital Fund, Account No. 260-4500-59464 to accommodate the total expenditure of \$3,060,582.40 for payment to the Developer for completion of the additional public improvements identified on the final Change Order Log.

SUBMITTED:



Douglas Holland, Esq.
City Attorney



Marcus L. Fuller, MPA, P.E., P.L.S.
Assistant City Manager/City Engineer



David H. Ready, Esq., Ph.D.
City Manager

Attachments:

1. November 19, 2014, staff report
2. December 17, 2014, staff report

ATTACHMENT 1



CITY COUNCIL STAFF REPORT

DATE: NOVEMBER 19, 2014 UNFINISHED BUSINESS

SUBJECT: APPROVE PROJECT CHANGE ORDER PROCESS AND TRANSFER AN ADDITIONAL \$2,115,605 FOR EVENT CENTER AND PARKING GARAGE DEMOLITION, CONSTRUCTION AND REHABILITATION OUTSIDE THE SCOPE OF WORK CONTAINED IN THE PROJECT FINANCING AGREEMENT, AS AMENDED, WITH PALM SPRINGS PROMENADE, LLC TO PROVIDE FOR VARIOUS CHANGES TO THE PROJECT FOR THE REDEVELOPMENT OF CERTAIN REAL PROPERTY AT 123 NORTH PALM CANYON DRIVE

FROM: David H. Ready, City Manager

BY: Community & Economic Development Department

SUMMARY

On September 29, 2011, the City and Palm Springs Promenade, LLC ("Developer") entered into a Project Financing Agreement ("PFA"), which related to financing, development, redevelopment, creation, and refurbishment of Public and Private Improvements in the Desert Fashion Plaza area of downtown Palm Springs.

Since the approval of the Original PFA in 2011, work under the Public Improvement Escrow and the Private Improvement Escrow has proceeded, including the demolition of all building structures on the site and the underground work related to the construction of the public infrastructure.

The Parties have recently entered PFA Amendment No. 4 that approved certain changes to the Site Plan, and notably provided for the City to acquire the land designated for the Event Area in order to keep it under permanent City control. In addition to PFA Amendment No. 4, a number of improvements were made necessary by changes in the project scope, timing, or land uses brought about by amendments to the Project Financing Agreement. Other changes were requested because of practical reasons in order to improve the visitor and shopper experience beyond "repainting" the parking structure. These represent additional work requested by the City, in furtherance of an improved project.

ITEM NO. 21

RECOMMENDATION:

1. Approve Resolution No. _____, "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALM SPRINGS, CALIFORNIA, ADJUSTING THE BUDGET FOR FISCAL YEAR 2014-15 TO PROVIDE \$2,115,605 IN FUNDING FOR ADDITIONAL CITY-REQUESTED WORK AT THE DOWNTOWN REVITALIZATION PROJECT, SPECIFICALLY RELATED TO THE PARKING STRUCTURE AND THE EVENT CENTER."
2. Authorize the City Manager to execute all documents related to the Budget Resolution and the additional task items specified in the Change Order Logs.

Background

Since the approval of the Original PFA in 2011, work under the Public Improvement Escrow and the Private Improvement Escrow has proceeded, including the demolition of all building structures on the site and the underground work related to the construction of the public infrastructure. Most of the work is paid for by the Developer, or paid through either the Public Improvement Escrow or the Private Improvement Escrow. Changes to the project, however, have been approved by changes in the project scope, timing, or land uses brought about by amendments to the Project Financing Agreement. These represent additional work requested by the City, which needs to be ratified by the City Council.

Palm Springs Promenade, LLC, the Developer of the overall project, is responsible for constructing all of the Private Improvements on the site but is also responsible for the construction of the public improvements on the site including the streets, sidewalks and utilities. The Original PFA required the Developer to renovate the existing surface and underground parking structure to a first class condition.

As a baseline, the understanding of the parties was that "returning the parking garage to a first class condition" involved painting, cleaning, resurfacing, and refurbishing the existing mechanical and electrical infrastructure. These baseline costs were included in a parking structure allowance that was part of the original \$11 million public improvement escrow. It did not involve the upgrading or replacement of any of the fans or light fixtures, nor did it involve installing significant additional fans or lights.

In addition, the Event Center was introduced to the Project in Amendment No. 2 to the Project Financing Agreement and the funding of improvements related to the Event Center was not covered in the Original Project Financing Agreement. There have been other refinements to the overall project over the last few years.

Event Area on Block E. Under the Original PFA, Block E, formerly labeled as Block F, was slated for movie theatres. All improvements as a movie theatre would have been private. Under Amendment No. 2, Block E was identified as an Event Area for a period of at least ten years and essentially changed the character of the improvements from private to public use. Under Amendment No. 4, the City Council approved the permanent acquisition of the Block E. Part of the reason for the acquisition was that it was difficult for the City to strike a balance between an appropriate expenditure level for a high quality Event Center and the original provision that provided the Developer, at the end of the ten year period could develop and use the Block E for any purposes authorized by the Specific Plan. Thus the City would only have the use of the Event Area for 10 years and the costs for any improvements would be amortized over that short period.

While the City will scope, design, bid, and contract for the construction of the Event Center separately from the Project Financing Agreement with the Developer, because of the inter-relatedness of the site with the surrounding private development, a number of activities need to be or have been undertaken by the Developer with respect to the Event Center on the City's behalf. These are infrastructure improvements that are required and will have been already completed by the time the City undertakes the construction of the Event Center on its own.

Parking Structure Changes. Amendment No. 2 also changed how Block H-2 was to be prioritized. H-2 is one of the parcels acquired by the City under the PFA that could be used for a future Art Museum expansion. Under Amendment No. 2, the portions of Block H-2 which do not include subsurface parking facilities were to be redeveloped as follows: (i) demolish and remove all existing improvements, i.e., concrete surface areas, walls, pavers, landscaping, etc., (ii) level the site with fill dirt, (iii) install new landscaping (grass, shrubs, trees, irrigation), and (iv) install (on immediately adjacent areas for the benefit of subsurface parking) a new stairwell and mechanical exhaust ventilation system. Such work was authorized under Amendment No. 2 and so far has been undertaken by Developer at the City's cost but without any profit or markup.

New Work Attributed to Amendment No. 2. Additional unanticipated improvements are necessary for the Parking Garage, necessitated by the filling in of Blocks H-2 (future development site) and H-1 (adjacent to Block E, Event Center). The filling in of the previous sunken gardens changed the character of the adjacent parking structure from passively ventilated (via openings covered with wrought iron fencing) to mechanically ventilated under new mechanical codes. These changes required new concrete vertical retaining walls, new ventilation shafts, new stairwells, and waterproofing of all exposed concrete structures. This scope of work is attributed to and benefits the Event Center.

Additional Event Center related improvements and repairs include:

Completed Items

- Demolition of existing Stage/Amphitheatre/Stairs/Deck
- Footings, Forms, Rebar and Concrete, walls & stairs for closure of opening into Parking Garage Tunnel to fill H1 and H2
- Mechanical Shafts x 6 North & South
 - Amphitheater Exhaust Shafts
 - South East Exhaust Shafts @ North Parking Garage
 - South West Pad H 2 Lot
 - Exhaust Shaft H 2 - Structured Door & Sheet Metal
 - Vent Shaft Covers
- 2nd Demolition (existing landscape and retaining walls for landscaping area above Parking Tunnel Connection)
- 3rd Demolition (Concrete Lid, Walls, Drive Aisle, Steel Shoring, Backfill) of service street into former Saks Building

Items in Progress

- Waterproofing
- Back Fill & Excavation of H1 & H2
- New Exterior & Interior Retaining Wall - Basement Level @ Future Elevator to Stage / Viewing Platform

Future Items

- Emergency Lighting / Stairwell H1 only
- Fire Protection Upgrades
- Painting of new Stairwell from Underground Parking due to filling H1 /H2
- Stair Handrail
- Demolition of remaining H 1& H 2 raised planter areas along Museum Drive
- Plumbing Upgrade (Sump Pump)
- Plumbing Sump Pump Electrical Installation
- Delivery Ramp, Future Elevator Flat Work and Elevator Pit
- New Doors (Elevator landing basement floor)
- CMU - Retaining Wall - Basement Elevator level
- Concrete Stairs - Basement Level to First Floor
- Elevator Storage Room - Framing and Drywall
- New Stairwell, Handrails @ delivery Ramp / Stairs
- Elevator Cabin, Equipment
- Elevator Electrical
- SWP Plans, PM 10 and Grading Plans

The items listed above as Future Items are not far enough along in the construction process to identify firm costs for such work and are shown in the Change Order Log as to be determined ("TBD"). Once the pricing on those items has been identified, the expenditures will be submitted to the City Council for ratification or approval.

Parking Garage Improvements

A number of changes to the scope of work, outside either the Project Financing Agreement or its amendments, were based on real-world, common sense decisions once the demolition of a major part of the mall structure was completed. These are largely due to upgrading 30 year old mechanical and electrical equipment to much more energy-saving systems rather than refurbishing; or, replacing the obsolete outdoor escalator with elevators, and deciding to create a new elevator opening on the north side of the event center to take patrons from the underground parking structure and the upper level of the parking structure to the event center level.

In the case of the mechanical ventilation systems, the old fans were inefficient and so loud as to be painful to somebody parking in the newly enclosed parking structure. Additionally, the new fans will be connected Variable Frequency Drives (VFDs) to make them much more energy efficient. There will be a credit to the City for the cost of not refurbishing the old fans and drive motors. Also, replacing the mechanical systems requires upgrading the electrical system to meet new codes.

The lights in the surface level and underground level of the parking structure are old T-8 fluorescent fixtures, now discontinued. The Developer has a stockpile of old T-8 bulbs and ballasts, and the lights were fixed in 2012 when the City purchased the structure, even in areas inaccessible to the public. Given the age, inefficiency, and obsolescence of the light fixtures, the City requested the Developer bid the replacement of the fixtures with more efficient LEDs. The estimated cost of that replacement is about \$100,000, but is awaiting the photometric study to determine optimal placement of new fixtures. LEDs are significantly more energy efficient than fluorescents and last up to 20 years with constant use. The quality of the light is now better, and there will be a credit to the City for the cost of not refurbishing the fluorescent lights. As with the mechanical upgrades, additional electrical system work would be required to meet new codes.

Elevators are another major change to the scope of the project. The Original PFA contemplated the refurbishment of the escalator serving the South Parking Garage as part of the Parking Structure allowance in the Public Improvement Escrow. It would have been possible to retain the escalator, but the energy cost of an escalator is significantly higher than the cost of an elevator. Maintenance costs, too, are much higher for escalators, especially ones located in open air (outdoor) environments because of the effects of dirt and grit in the mechanical equipment. Finally, the footprint of an elevator is about a quarter of an escalator, resulting in more usable parking.

In addition, it was determined that another elevator in the north Parking Garage, near the Event Center, would be beneficial to get people out of the west end of the garage. There will be a new stairwell located at the southwest corner of Block E, in the Event Center, to take people out of the connecting middle section, but an elevator will go from underground to the top level and would be the only elevator available from the top level to the surface.

Other upgrades include changing a portion of the existing, intact, fire sprinkler system from copper to black steel pipe. All of the missing sprinkler system, damaged by years of copper theft, is to be included in the Parking Structure Allowance in the Public Improvement Escrow. However, the remaining intact section should also be replaced to make the newly installed fire suppression pipe part of an integrated system.

Finally, there is some additional work on the roof of the structure and the slab of Block A above, to remove certain landscape planters that protrude downward into the drive aisles, and present a hazard for any large vehicles. The planter would be cut out and the slab above replaced.

These additional items include:

Completed Items

- Remove Escalator and Demo Staircase
- Escalator Service Credit - TBD
- New Upper concrete traffic rated slab related to closure of slab opening due to Escalator Removal
- Lower Slab @ Escalator - concrete for New Elevator Shaft
- Elevator exterior retaining wall - South parking North Wall for New Elevator Shaft
- Elevator - South Garage for New Elevator Shaft
- North Parking Garage - Belardo Road Electrical Room Retaining Wall

Items in Progress

- Waterproofing
- Tahquitz Parking Entry Structures (Exit and Entry)
 - Removal of overhead structures (Follies /Bus related)
 - Entrance/Exit

Future Items

- Mechanically Upgrade Fans and (VFDs)
- Electrical Upgrades for Fans, VFD's
- Electrical retrofit LED Lighting
- Fire Protection Upgrades - Hyatt side - from copper to steel pipe
- Underground Connection Upgrade FDC
- Interior Walls
 - Machine Room, Elevator Walls, Pit & Shaft
 - Machine Room doors, Lock, Emergency signs
 - Stairs Handrails
 - Fire Sprinklers & Area lightening
 - Machine Room Electrical
 - Elevator Cabin, Equipment and Installation
 - Elevator Structure / Enclosure Above Ground Stop
- Excavation/ Backfill - North Wall / South Parking Garage related to Waterproofing
- Water Proofing Pad E - parking garage
- Remove Low Clearance Planter Underground Parking plus concrete infill
- Existing Planters "encroaching" into the parking garage

The items listed above as Future Items are not far enough along in the construction process to have firms costs associated with them, and are shown in the Change Order Log as to be determined ("TBD"). Once the pricing on those items has been identified, the expenditures will be ratified by the City Council.

Change Order Authority


These additions are not "change orders" in the traditional sense, as the City does not have a construction contract with the developer with a detailed, line item scope of work. Rather, the City and Developer entered into a Project Financing Agreement, where the parties outlined the scope of the project with an agreed upon budget (the Developer is responsible for any cost overruns) and the City would be responsible for any additional work or changes requested by the City.

Separately, and independently, the City is utilizing the services of Michael Fontana and Associates to act as the City's project "Owners Representative" for expert advice and review of the public improvements under the Public Financing Agreements with Wessman Development. As such, each additional cost presented for Council approval has been reviewed and analyzed by Fontana and Associates for appropriateness based upon the City's additional project changes and enhancements. Also, the Council Project Sub-Committee (Mayor/Mills), along with staff, has been working closely with both the Developer and Fontana and Associates to coordinate these modifications for presentation to the City Council.

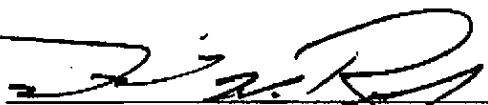
Fiscal Analysis

The Downtown Palm Springs Revitalization Project was the original Measure J public capital improvement project approved by the City Council in 2012. Subsequently, additional funds have been allocated into Measure J line items, "Project Reserve" (\$3,500,000) and "Land Acquisition and Development" (\$3,000,000). These account line items will be the source of funds for the previously approved Event Center purchase, and would also be the appropriate funding source for the additional \$2,115,605 of infrastructure public improvements recommended here. Timing of these expenditures will occur over two fiscal years to ensure adequate fund availability.

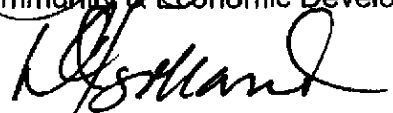
Additional future costs for the "to be determined" items described above and the Event Center design, surface improvements and equipment will be submitted to the City Council as soon as practicable.



John S. Raymond, Director of
Community & Economic Development



David H. Ready, City Manager



Douglas C. Holland
City Attorney

Attachments:

1. Budget Resolution
2. Parking Structure Project Change Order Log
3. Event Center Project Change Order Log

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
PALM SPRINGS, CALIFORNIA, ADJUSTING THE BUDGET
FOR FISCAL YEAR 2014-15.

WHEREAS, Resolution No. 23560 approving the Budget for the Fiscal Year 2013-2014 was adopted on June 4, 2014; and

WHEREAS the City Manager has recommended, and the City Council desires to approve, certain adjustments to said budget.

NOW THEREFORE THE CITY COUNCIL DETERMINES, RESOLVES AND APPROVES AS FOLLOWS: that the Director of Finance is authorized to record inter-fund cash transfers as required in accordance with this Resolution, and Resolution No. 23560, adopting the Budget for Fiscal Year 2014-15 is hereby amended as follows:

SECTION 1. ADDITIONS

Fund	Activity	Account	Amount
260 Measure J		59464 Parking Structure & Event Center	\$2,115,605

Purpose:

SECTION 2. SOURCE

Fund	Activity	Account	Amount
260 Measure J		50000 Unscheduled Capital Projects / Reserves	\$2,115,605

ADOPTED THIS 19TH DAY OF NOVEMBER, 2014.

David H. Ready, City Manager

ATTEST:

James Thompson, City Clerk

Resolution No. _____

Page 2

CERTIFICATION

STATE OF CALIFORNIA)
COUNTY OF RIVERSIDE) ss.
CITY OF PALM SPRINGS)

I, JAMES THOMPSON, City Clerk of the City of Palm Springs, hereby certify that Resolution No. _____ is a full, true and correct copy, and was duly adopted at a regular meeting of the City Council of the City of Palm Springs on _____, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

James Thompson, City Clerk
City of Palm Springs, California

PARKING STRUCTURE Change Order Log

Date 10/27/2014

DRAFT

PCO #	Description:	Est. Cost	Approved by City	Progress	Proposal or Invoice	Comment
Overall Parking Structure Systems Upgrade						
1.00	Mech. Upgrade Fans and VFD's	\$ 252,700.00			0% Proposal by Desert Air	
1.01	Electrical Upgrades for Fans, VFD's	\$ 100,765.00			0% Proposals by Alvarez	
1.02	Electrical retrofit LED Lighting	\$ 100,000.00			0% Estimate only waiting for Photometric	
1.03	Intentionally deleted				0%	New Shafts due enclosing of opening Pad H2 & H1
1.04	Intentionally deleted				0%	
1.05	Fire Protection Upgrades - Hyatt side - From copper to steel pipe - Upgrade	\$ 22,650.00			0% Proposal by Desert Fire	
1.06	Underground Connection Upgrade FDC	\$ 20,000.00			0% Estimate	
1.07	Relamping Credit - TBD	\$			0% TBA	
South Parking Garage Escalator / Stairs Demolition						
1.08	Remove Escalator and Demo Staircase	\$ 28,755.00			100% Proposal	
1.09	Escalator Service Credit - TBD				0% TBA	
1.10	New upper traffic rated slab - concrete	\$ 18,100.00			100% Invoice	Closure of slab opening related to Escalator Removal
1.11	Lower Slab @ Escalator - concrete	\$ 12,188.00			100% Invoice	
1.12	Elevator exterior retaining wall - South parking North Wall	\$ 40,480.00			100% Invoice	New Elevator Shaft
1.13	Elevator - South Garage				100% Invoice	New Elevator Shaft
a	Interior Walls	\$ 6,035.00				
b	Machine Room, Elevator Walls, Pit & Shaft				TBA	
c	Machine Room doors, Lock, Emergency signs				TBA	
d	Stairs Handrails				TBA	
e	Fire Sprinklers & Area lightening				TBA	
f	Machine Room Electrical				TBA	
g	Elevator Cabin, Equipment and Installation				TBA	
h	Elevator Structure / Enclosure Above Ground Stop				TBA	
1.14	Water Proofing (A,B,E,I,J)	\$ 32,050.00			25% Proposal	
1.15	Excavation/ Backfill - North Wall / South Parking Garage related to Waterproofing	\$ 30,180.00			0% Proposal	Water Proofing Pad E - parking garage
1.16	Taquitz Parking Entry Structures (Exit and Entry)				50% Proposals	Removal of overhead structures (Follies /Bus related)
a	Entrance	\$ 5,600.00				
b	Exit	\$ 7,870.00				
North Parking Garage						
1.17	Belardo Road Electrical Room Retaining Wall	\$ 18,628.00			100% Invoice	
1.18	Remove Low Clearance Planter Underground Parking plus concrete infill				TBA	Existing Planters "encroaching" into the parking garage - SUV?
TOTAL		\$ 696,001.00				
15%	Overhead, Supervision & Equipment	\$ 104,400.15				
TOTAL		\$ 800,401.15				

EVENT CENTER Change Order Log		Per PFA Amendments 2 & 4				
Date	10/21/2014	DRAFT				
PCO #	Description:	Est. Cost	Approved by City	Progress	Proposal or Invoice	Comments
Event Center - Block E & (Pad H 1 / H2) - Amphitheater In-Fill						
2.00	1st Demolition of existing Stage / Amphitheater / Stairs / Deck	\$ 60,780.00		100%	Proposal	
2.01	Footings, Forms, Rebar and Concrete, walls & stairs	\$ 83,850.00			Invoice	Closure of opening into Parking Garage Tunnel to fill H1 and H2
2.02	Waterproofing (C,D,F,G,H, L, K) - Alternate	\$ 291,095.00		20%	Proposal / Invoice	
2.03	Back Fill & Excavation (H1 & H2)	\$ 60,170.00			Proposal	
2.03	Back Fill Inspections	\$ 1,050.00			Estimate	
2.04	Mechanical Shafts x 6 North & South			100%	Invoice	
a	Amphitheater Exhaust Shafts	\$ 14,600.00			Invoice	
b	South East Exhaust Shafts @ North Parking Garage	\$ 7,600.00			Proposal	
c	South West Pad H 2 Lot	\$ 4,800.00			Proposal	
d	Exhaust Shaft H 2 - Structured Door & Sheet Metal				TBA	
e	Exhaust Shaft -A,G1,G2 int excavation	\$ 46,640.00			Invoice	
f	Vent Shaft Covers	\$ 21,000.00			Estimate	
2.05	2nd Demolition (existing landscape and retaining walls)	\$ 51,000.00		100%	Invoice	Landscaping area above Parking Tunnel Connection
2.06	Emergency Lighting / Stairwell H1 only	\$ 1,850.00		0%	Estimate	
2.07	Fire Protection Upgrades	\$ 750.00		0%	Estimate	
2.08	Stairwell Painting	\$ 500.00		0%	Estimate	New Stairwell from Underground Parking due to filling H1 /H2
2.09	Stair Handrail	\$ 5,000.00		0%	Estimate	
2.10	Demolition (remaining H 1& H 2 raised planter area Museum Way)	\$ 8,616.00		0%	Proposal	
2.11	Intentionally Deleted			0%		
2.12	3rd Demolition (Concrete Ut, Walls, Drive Aisle, Steel Shoring, Backfill)	\$ 129,345.00		100%	Proposal	Service Street into former Saks Building
2.13	New Exterior & Interior Retaining Wall - Basement Level @ Future Elevator	\$ 54,216.00		40%	Proposal	Stage / Viewing Platform
2.14	Plumbing Upgrade (Sump Pump)	\$ 21,380.00		0%	Proposal	
2.15	Plumbing Sump Pump Electrical Installation	\$ 5,000.00		0%	Estimate	
2.16	Delivery Ramp, Future Elevator Flat Work and Elevator Pit			0%	TBA	
2.17	New Doors (Elevator landing basement floor)			0%	TBA	
2.18	CMU - Retaining Wall - Basement Elevator level			0%	TBA	
2.19	Concrete Stairs - Basement Level to First Floor			0%	TBA	
2.20	Elevator Storage Room - Framing and Drywall			0%	TBA	
2.21	New Stairwell, Handrails @ delivery Ramp / Stairs				TBA	
2.22	Elevator Cabin, Equipment				TBA	
2.23	Elevator Electrical				TBA	
2.24	Swp Plans PM 10 and Grading Plans				TBA	
TOTAL		\$ 1,143,655.00				
15% Overhead, Supervision & Equipment		\$ 171,548.25				
TOTAL		\$ 1,315,203.25				

ATTACHMENT 2



CITY COUNCIL STAFF REPORT

DATE: DECEMBER 17, 2014 UNFINISHED BUSINESS

SUBJECT: APPROVE A PURCHASE AGREEMENT AND ESCROW INSTRUCTIONS WITH PALM SPRINGS PROMENADE, LLC RELATED TO THE ACQUISITION OF THE EVENT CENTER SPACE, PROVISION OF ADDITIONAL ON-SITE PARKING AND IMPROVED PARKING MANAGEMENT RIGHTS, ALLOCATION AND SHARING OF CERTAIN COSTS AND FEES; AUTHORIZE ADDITIONAL CITY REQUESTED EVENT CENTER AND PARKING STRUCTURE WORK; AND APPROVAL OF A PARTIAL RELEASE OF THE PERFORMANCE DEED OF TRUST FOR BLOCK C-1 AND BLOCK A OF PALM SPRINGS DOWNTOWN PROJECT.

FROM: David H. Ready, City Manager

BY: Community & Economic Development Department

SUMMARY

On September 29, 2011, the City and Palm Springs Promenade, LLC ("Developer") entered into a Project Financing Agreement ("PFA"), as amended, that relates to the financing, development, redevelopment, creation, and refurbishment of Public and Private Improvements in the Desert Fashion Plaza area of downtown Palm Springs.

This action recommends approval of adding additional public parking for the new Downtown Palm Springs redevelopment project, apportions fee expenditures between the City and Developer, approves additional City requested change orders associated with the Event Center/Parking Structure, and authorizes partial releases of the Performance Deed of Trust to secure construction loans for the project.

RECOMMENDATION:

1. Approve Purchase Agreement and Escrow Instructions with Palm Springs Promenade administered by First American Title Company, Escrow Holder, File No.: RIW-4765919 (SE), Dated November 10, 2014.

2. Authorize the provision of additional City requested work consistent with the Scope of Work Related to the Event Center Preparation and Parking Structure Upgrades, Approved by City Council on November 17, 2014.
3. Approve a Partial Release of Performance Deed of Trust By and Between the City of Palm Springs (Beneficiary) and Palm Springs Promenade, LLC (Trustor) for Block A and Block C-1.
4. Authorize the City Manager to execute all documents and/or agreements in a form approved by the City Attorney necessary or appropriate to implement the approvals and authorizations described in this Recommendation.

Discussion

Event Center and Additional Parking within the Project Area

At the meeting of September 17, 2014, City Council approved the purchase of the Event Center, identified as Block E in the Project Financing Agreement as amended (PFA), for a discounted price of \$4,500,000, for use as public open space. This parcel has been valued at \$5,300,000 based on a valuation report performed by CBRE Appraisal Services. The CBRE value was based upon the existing Specific Plan density and land use allowance, and the entitlement of the parcel for 65,000-70,000 square feet of commercial space plus 165 upper level residential units.

Moreover, as part of the agreement, the Developer agreed to use the proceeds of the sale of Block E for the construction of 188 +/- parking spaces below Block B, thereby increasing the total amount of parking within the project area approximately 20% by relieving the City's approximately 1,000 on-site spaces from the additional parking burden related to serving future development on Block B (Pursuant to the PFA, all development within the boundaries of the adopted specific plan which conforms to the specific plan is considered adequately served by existing parking and the Developer is not required to provide additional parking to serve development that is consistent with the specific plan. Thus, any additional parking provided in conjunction with development projects on the project site will have the effect of increasing available public parking in the City's parking structure).

In an effort to further increase the amount of available public parking, and while the project is currently under construction, staff is proposing an additional 108 +/- parking spaces below the surface areas of Block F. To accomplish this, we propose a new agreement for the purchase of the Event Center Space for the full value (an additional \$800,000), requiring the Developer to build not 188 new spaces, rather, 296 +/- additional underground parking spaces at the site. The new parking spaces will be constructed in conjunction with the development of Block B and Block F and will further relieve, by a cumulative 30%, the City's approximately 1,000 on-site spaces from the additional parking burden related to serving future development on Block B and Block F.

Additionally, where PFA 4 authorized an amendment to the Grant Deed that conveyed the Parking Facilities to authorize the City the discretion to prohibit overnight parking (as the City Council may designate by resolution) in Block A between the hours of 3:00 am and 6:00, the proposed Purchase Agreement and Escrow Instructions will expand the City's discretion regarding its ability to manage the use of the parking structure. The City's ability to prohibit parking between 3:00 am and 6:00 would include Block A and the city owned parking areas south of Block F and impose time restrictions for all parking areas in the parking structure with the exception of the top floor of the parking structure. These additional negotiated rights will allow the City to provide greater "free parking management.

Change Order improvements

On November 17, 2014, the City Council approved a Change Order Log and Additional Scope of Work for work undertaken by the Developer at the request of and on behalf of the City pursuant to the PFA, as amended. As described in that report, the City will scope, design, bid, and contract for the construction of the Event Center separately from the Project Financing Agreement, but because of the inter-relatedness of the site with the surrounding private development, a number of activities need to be or have been undertaken on the City's behalf. These are infrastructure improvements that are required and will have been already completed by the time the City undertakes the construction of the Event Center on its own. This scope of work is attributed to and benefits the Event Center. Thus the actions on tonight's agenda includes authorization for the completion of the work described in the Project Change Order Log (PCO Log) and Scope of Work reviewed and approved on November 17, 2014.

Development Mitigation Fees

In the Original PFA, the City agreed to waive all development mitigation fees associated with the Public Improvements, provide credits or waivers of development mitigation fees of the City to the extent of prior improvements and facilities had been previously developed, and "cooperate with" the Developer "in efforts to mitigate and reduce" development mitigation fees.

Although the final fees associated with the project cannot be calculated at this time, consistent with the general intent of these provisions, Purchase Agreement and Escrow Instructions provide for the following allocation and sharing of fees and related costs associated with the PFA for all phases of the Project, west of Palm Canyon Drive, and subject to the Museum Market Plaza Specific Plan:

Fees Paid to Outside Agencies/Funds Established by Ordinance

	<u>Developer</u>	<u>City</u>
School Fee	100%	0%
TUMF Fee	100%	0%
Drainage Fee	100%	0%
Plan Check	100%	0%
Sewer Inspection	100%	0%
Sewer Main	100%	0%
Sewer Agreement	100%	0%
Sewer Connection Fee	100%	0%
Public Arts Fee	50%*	50%
Quimby Parks Fee	50%	50%
Developer and City Litigation Costs	50%	50%

Fees Paid to City for Entitlement Services

Building Permit	50%	50%
SMIP Tax	50%	50%
Microfilm	50%	50%
Permit Issuance	50%	50%
Construction Tax	50%	50%
Dbf. Fee/RMW/Misc.	50%	50%
Construction Permit	50%	50%
Misc. Filing Fee	50%	50%
Planning Fee	50%	50%
Technology Fee	50%	50%
General Plan Maint. Fee	50%	50%

*(Developer can receive credit for public art approved as part of the project)

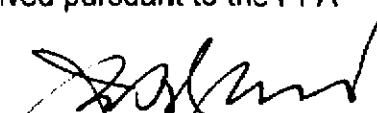
Performance Trust Deed

Staff is also recommending approval of a Partial Release of the Performance Deed of Trust for Block A and Block C-1. PFA, as amended, created the ability of the City to approve partial releases of the Performance Deed of Trust lien, pursuant to certain conditions, and only as blocks receive financing and ready to proceed with construction. As part of the PFA, the Developer provided the City with a Performance Trust Deed to secure its obligations to complete the Private Improvements. In order to accommodate funding of construction loans for the project, the City will incrementally re-convey the Performance Trust Deed on a parcel by parcel basis concurrently with the recordation of any loan to fund Private Improvements on each parcel, as long as 100% of the costs to complete the improvements are fully funded by the construction loan and/or Developer

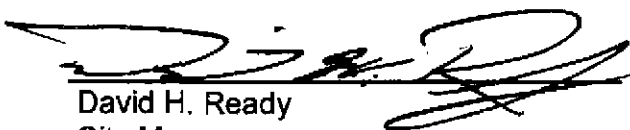
funds as determined by the lender and reviewed by a financial consultant identified by the City Manager to perform the review.

Fiscal Analysis

The Amendment to the Escrow Instructions increases the City's expenditure on the Event Center by \$800,000, to be paid for from City's "Property Acquisition" Account Number 260-4500-59437-Measure J. With the exception of Attorney's fees, the City's portions of fees are not due to third parties; rather they are "in-house" fees that will be waived pursuant to the PFA



John S. Raymond, Director of
Community & Economic Development



David H. Ready
City Manager



Douglas C. Holland
City Attorney

Attachments:

- Purchase Agreement and Escrow Instructions
- Partial Release of Performance Deed of Trust

PARKING STRUCTURE Change Order Log						
Date	12/16/2014	DRAFT				
PCO #	Description:	Est. Cost	Approved by City	Progress	Proposal or Invoice	Estimated TBA Line Item Costs
Overall Parking Structure Systems Upgrade						
1.00	Mech. Upgrade Fans and VFD's	\$ 252,700.00		0%	Proposal by Desert Air	
1.01	Electrical Upgrades for Fans, VFD's	\$ 100,765.00		0%	Proposals by Alvarez	
1.02	Electrical retrofit LED Lighting (Underground Footcures)	\$ 100,000.00		0%	Budget	
Underground Control Panels - North & South plus South Parking						
1.02a	Garage Transformer				Proposal by Alvarez	\$ 16,500.00
1.02b	Retrofit Exterior Parking Light Standards to LED				Proposal by Alvarez	\$ 72,900.00
1.03	Exhaust Shafts (total of 2) -incl Excavation and Fill	\$ 27,150.00		100%	Budget	
1.04	Shaft / Vent Covers (total of 7)	\$ 21,000.00		0%	Budget	
1.05	Fire Protection Upgrades - Hyatt side - from copper to steel pipe - Upgrade	\$ 22,650.00		0%	Proposal by Desert Fire	
1.06	Underground Connection Upgrade FDC	\$ 20,000.00		0%	Budget	
1.07	Relamping Credit -partially relamped	\$ (2,000.00)		0%	Budget	
South Parking Garage Escalator / Stairs Demolition						
1.08	Remove Escalator and Demo Staircase	\$ 28,755.00		100%	Proposal	
1.09	Escalator Service Credit - Mike Fontana to determine	\$ (1,500.00)		0%	Proposal	
1.10	New upper traffic rated slab - concrete	\$ 18,100.00		100%	Invoice	
1.11	Lower Slab @ Escalator - concrete	\$ 12,188.00		100%	Invoice	
1.12	New South Elevator "North" Exterior retaining wall	\$ 40,480.00		100%	Invoice	
1.12a	New South Elevator Cabin and Equipment - 2 stops hydraulic				Budget	\$ 100,000.00
1.12b	South Elevator, Machine Room and Accessories				Budget	
1.12c	South Elevator Electrical Services - see 1.02a				Budget	
1.12d	Shade Structure South Elevator Entry Above Ground incl Architecture and Engineering				Budget	\$ 134,500.00
1.12e	South Elevator Flatwork, Concrete Wall				Budget	\$ 36,416.00
1.12f	Elevator Concrete Block Shaft Walls above finished floor				Budget	\$ 12,360.00
1.12g	Elevator Electrical Lighting				Budget	\$ 3,900.00
1.13	West Elevator interior wall	\$ 6,035.00		100%	Invoice	
1.14	Water Proofing (A,B,E,L,I)	\$ 32,050.00		25%	Proposal	
1.15	Excavation/ Backfill - North Wall / South Parking Garage related to Waterproofing	\$ 30,180.00		0%	Proposal	
1.16	Taquitz Demo Parking Entry Structures (Exit and Entry)	\$ 13,470.00		50%	Proposals	
North Parking Garage						
1.17	Belardo Road Electrical Room Retaining Wall	\$ 18,628.00		100%	Invoice	
Remove Low Clearance Planter Underground Parking & install new						
1.18	Concrete Roof					\$ 18,000.00
1.19	Structural Engineering Costs					\$ 18,500.00
1.20	Contingency				Contingency	\$ 40,000.00
TOTAL		\$ 740,651.00			TOTAL	\$ 453,476.00
15%	Overhead, Supervision & Equipment	\$ 111,097.65			Overhead, Supervision & Equipment	\$ 68,021.40
TOTAL		\$ 851,748.65			TBA Line Items Total	\$ 521,497.40

12/17/2014
ITEM 4A

Prepared by Palm Springs Promenade, LLC
 Anthony Monaco (909-533-0929), Octavio Fernandez (760-408-7036), Michael Braun 760-641-4046
 Down Town Palm Springs

EVENT CENTER Change Order Log (per PFA Amendments Number 2 & 4)

Date 12/16/2014 DRAFT

PCO #	Description	Est. Cost	Approved by City	Progress	Proposal or Invoice	Estimated TBA Line Item Costs	Comments
Event Center - Block E & (Pad H 1 / H2) - Amphitheater In-Fill							
2.00	1st Demolition of existing Stage / Amphitheater / Stairs / Deck	\$ 60,780.00		100%	Proposal		
2.01	Footings, Forms, Rebar and Concrete, walls & stairs	\$ 83,850.00			Invoice		Closure of opening into Parking Garage Tunnel to fill H1 and H2
2.02	Waterproofing (C,D,F,G,H, L, K)	\$ 291,095.00		20%	Proposal / Invoice		
2.03	Back Fill & Excavation (H1 & H2)	\$ 60,170.00			Proposal		
2.03	Back Fill Inspections	\$ 1,050.00			Estimate		
2.04	Mechanical Shafts x 3 North & South	\$ 19,490.00		100%	Invoice		H1, H2 and North Parking Structure @ Belardo
2.04a	Additional Exhaust Shaft					\$ 10,800.00	Event Center H2 @ Museum Way
2.05	2nd Demolition (existing landscape and retaining walls)	\$ 51,000.00		100%	Invoice		Landscaping area above Parking Tunnel Connection
2.06	Emergency Lighting / Stairwell H1 only	\$ 1,850.00		0%	Estimate		
2.07	Fire Protection Upgrades	\$ 750.00		0%	Estimate		
2.08	Stairwell Painting	\$ 500.00		0%	Estimate		New Stairwell from Underground Parking due to filling H1/H2
2.09	Stair Handrail	\$ 5,000.00		0%	Estimate		
2.10	Demolition (remaining H 1 & H 2 raised planter area Museum Way) Note Nothing figured for additional improvements for H1 & H2	\$ 8,616.00		0%	Proposal		
2.11	Concrete Deck above underground parking tunnel			0%			
2.12	3rd Demolition (Concrete Lid, Walls, Drive Aisle, Steel Shoring, Backfill)	\$ 129,345.00		100%	Proposal		Service Street into former Saks Building
2.13	New Exterior & Interior Retaining Wall - Basement Level @ Future Elevator	\$ 54,216.00		40%	Proposal		Stage / Viewing Platform
2.14	Plumbing Upgrade (Sump Pump)	\$ 21,380.00		0%	Proposal		
2.15	Plumbing Sump Pump Electrical Installation	\$ 5,000.00		0%	Budget		
2.16	Delivery Ramp, Future Elevator Flat Work, Elevator Pit, Handrail			0%	Budget	\$ 40,989.00	
2.17	New Doors (Elevator landing basement floor) incl demo 12 inch wall			0%	Budget	\$ 15,000.00	
2.18	CMU - Retaining Wall - Basement Elevator level			0%	Budget	\$ 3,000.00	
2.19	Concrete Stairs - Basement Level to First Floor			0%	Budget	\$ 3,000.00	
2.20	Elevator Storage Room - Framing and Drywall, concrete block walls			0%	Budget	\$ 11,500.00	
2.21	North Elevator			0%	Budget	\$ 175,000.00	
2.22	North Elevator Shaft - Concrete Block			0%	Budget	\$ 36,180.00	
2.23	Elevator Electrical			0%	Budget	\$ 3,900.00	
2.24	H 1 Stairwell additional Lighting - see deduct 2.06			0%	Budget	\$ 1,450.00	
2.25	Additional Staircase Handrails			0%	Budget	\$ 9,000.00	
2.26	Roof Structure over Elevator Shaft			0%	Budget	\$ 10,000.00	
2.27	CONTINGENCY					\$ 40,000.00	
TOTAL		\$ 794,092.00				Total \$ 790,419.00	
15%	Overhead, Supervision & Equipment	\$ 119,113.80				Overhead \$ 54,062.85	
TOTAL		\$ 913,205.80				TBA Line Items Total \$ 414,481.85	

Prepared by Palm Springs Promenade, LLC
 Anthony Monaco (909-533-0929), Octavio Fernandez (760-408-7036), Michael Braun 760-641-4046)
 Down Town Palm Springs

STREET IMPROVEMENTS Change Order Log
 Date 12/16/2014 **DRAFT**

PCO #	Description:	Est. Cost	Approved by City	Progress	Proposal or Invoice
Palm Canyon Street Improvements - Tahquitz - Hyatt					
3.00	DEMO WORK			0%	Budget
3.01	Demo 8 inch Curb	\$ 13,050.00		0%	Budget
3.02	Demo AC Pavement	\$ 9,465.00		0%	Budget
3.03	Demo Concrete Ribbon	\$ 230.00		0%	Budget
3.04	Demo Pavers	\$ 1,932.00		0%	Budget
3.05	Demo Catch Basin	\$ 5,000.00		0%	Budget
3.06	Remove Street Lights (by city - completed)			0%	Budget
3.07	Demo SCE Vault Palm Canyon	\$ 5,000.00		0%	Budget
3.08	Improvements - Move New Curb and Gutter 8 Feet East	\$ 9,824.00		0%	Budget
3.09	Street Extension of Main & Andreas	\$ 4,032.00		0%	Budget
3.10	Curb Extension Main & Andreas	\$ 403.00		0%	Budget
3.11	3 inch AC over 6 inch base	\$ 1,656.00		0%	Budget
3.12	Reinstall Pavers	\$ 294.00		0%	Budget
3.13	Install new catch basin	\$ 28,000.00		0%	Budget
3.14	New Pavers behind Curb	\$ 53,852.00		0%	Budget
3.15	All Electrical to replace existing electrical	\$ 57,600.00		0%	Budget
3.16	Relocate existing 12 inch DWA water line Install new SCE Transformer and meter Pedestal as required incl	\$ 5,500.00		0%	Budget
3.17	SCE Fees	\$ 25,000.00		0%	Budget
3.18	Relocate all existing Palm Trees 8 feet east	\$ 25,300.00		0%	Budget
3.19	New Landscape Irrigation	\$ 12,500.00		0%	Budget
3.20	Plant Material	\$ 25,000.00		0%	Budget
3.21	Civil Engineering	\$ 12,000.00			
	Contingency	\$ 15,000.00			
TOTAL		\$ 312,738.00	\$		
15% Overhead, Supervision & Equipment		\$ 46,910.70			
TOTAL		\$ 359,648.70			

NOTE North Palm Canyon Improvements Expenses are the result of recommendation of the Landscape Sub Committee to move Palm Canyon Curb and Gutter 8 feet east to enhance the pedestrian experience creating rest areas and larger landscape planters along Palm Canyon