



**STAFF REPORT**  
**2/26/2020**

**TO:** Honorable Mayor and City Council Members

**FROM:** Gabriel Martin, Economic Development Manager

**SUBJECT:** Execute First Amendment to the Purchase Option Agreement with R.B. Johnson Investments, LLC., for the Affordable Housing and Sustainable Communities (AHSC) Program

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**STAFF RECOMMENDATION:**

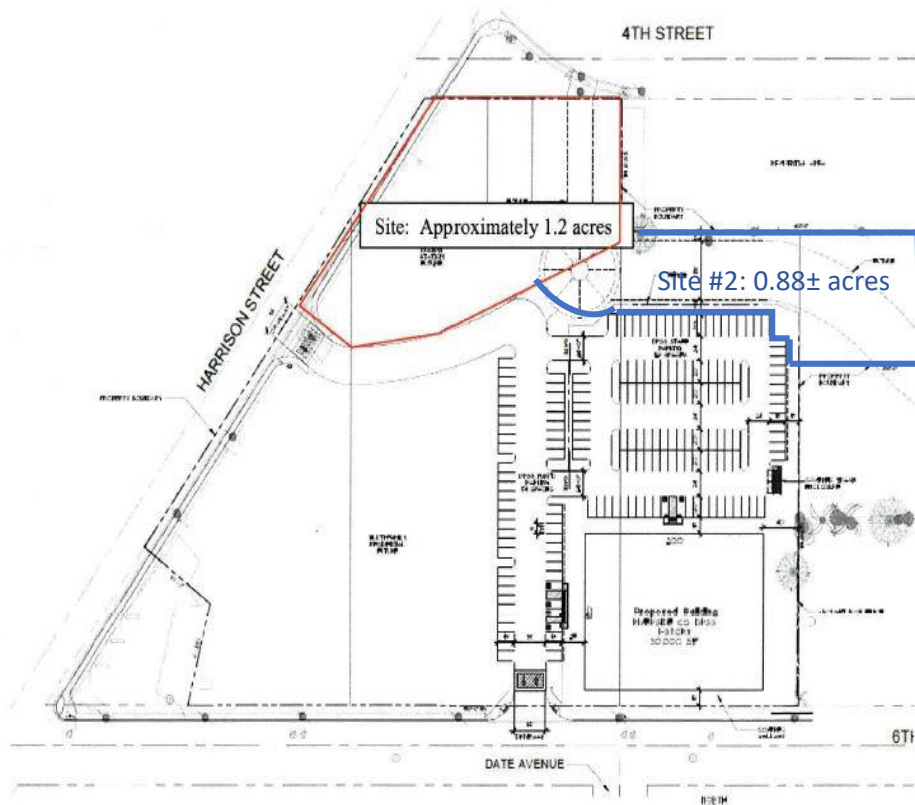
Execute First Amendment to the Purchase Option Agreement with R.B. Johnson Investments, LLC, for the Affordable Housing and Sustainable Communities (AHSC) Program.

**BACKGROUND:**

On December 13, 2017, the City Council approved the following items:

- Approved Resolution 2017-83 authorizing the City of Coachella to submit an application for the Affordable Housing and Sustainable Communities (AHSC) Program;
- Entered into a Purchase Option Agreement with R.B. Johnson Investment, LLC;
- Entered into a Affordable Housing Loan Agreement with Chelsea Investment Corporation for the purpose of submitting an application to the AHSC Program

The City Council conditionally approved the City Manager to enter into a Purchase Option Agreement between R.B. Johnson Investment, LLC, a California Limited Liability Company (“Optionor”), and the City of Coachella, a political subdivision of the State of California (“Optionee”) for the purpose of developing a new, state of the art transit hub for Sun Line Transit Authority (“Project”). R.B. Johnson Investment, LLC, owns the 1.2 acre property for the proposed project site (APN: 778-080-006) (highlighted red in following image). The purchase price for the property is \$750,000. Should the application be successful, \$500,000 would directly be charged to the AHSC grant while the remaining \$250,000 will be provided from the City’s Bus Shelter DIF (Fund 123).



On June 21, 2019, the City of Coachella was awarded the AHSC program grant for the amount of \$14,865,407 dollars to cover the cost of street improvements (\$696,000), two Sunline buses (\$2,800,000), 40 Cal Vans (\$1,160,000), the Transit Hub (\$1,813,500), and the Housing Loan (\$8,395,407). This grant award is to be funded on a reimbursement basis, such that the developer will submit invoices for their actual design and construction costs to the City for reimbursement. The term of the grant and the deadline for construction of the entire scope of work for the project is 24 months.

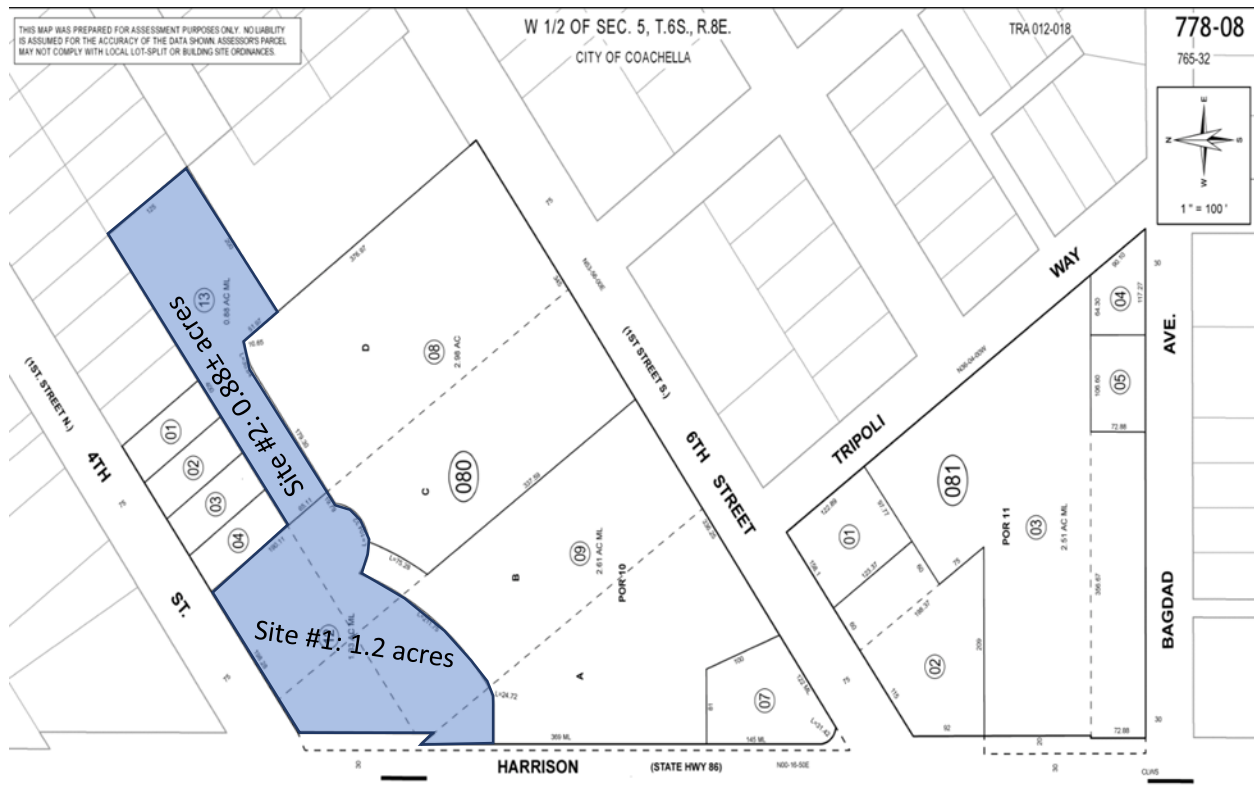
**DISCUSSION/ANALYSIS:**

The First Amendment to the Option Agreement increases the property size to include additional 0.88± acres (highlighted in blue in the image above) for a total of 2.21± acres (APNs 778-080-012 and 778-080-013). The purchase price for both properties will remain the same \$750,000. As a further condition of this increase to the size of the land, the Optionee shall assume full responsibility for all negotiations and eventual settlement(s) with adjacent property owners whose property abuts the eastern boundary of the land with respect to said property owners' access to Fifth Street.

The First Amendment also allows the Optionor to reserve the following rights on behalf of and for the benefit of a related entity, CP Coachella DPSS, LLC, developer of the DPSS project at

1283 Sixth Street on approximately 2.98 acres. CP Coachella DPSS, LLC, will be responsible for the following items:

- Relocate detention basin from Chelsea site to the Optionee site;
- Design and construct new detention basin that will accommodate Optionee’s future Project amenities, such as new bike path, sidewalk and associated landscaping;
- Enter into permanent maintenance agreement with the Optionee to maintain the new detention basin;
- Enter into permanent easement with the Optionee to discharge storm water from DPSS property into new detention basin and for a fire water line that services the DPSS project.



**ALTERNATIVES:**

1. Authorize the City Manager not to execute the First Amendment to the Option Agreement; and provide alternative direction.

**FISCAL IMPACT:**

The fiscal impact to the 2019/2020 Fiscal Budget will be for the property purchase to develop the transit hub in the amount of \$250,000 from the Bus Shelter DIF (Fund 123).

**ATTACHMENT(S):**

First Amendment to Option Agreement  
Original Option Agreement – executed on December 13, 2017