



PALM SPRINGS
PRESERVATION
FOUNDATION®

July 8, 2019

Honorable Robert Moon
Mayor, City of Palm Springs
3200 E. Tahquitz Canyon Way
Palm Springs, CA 92262

Subject: ITEM 4.A. UPDATE ON PROPOSED SETTLEMENT OF CITY'S POTENTIAL GOVERNMENT CODE SECTION 1090 CLAIMS AGAINST PALM SPRINGS PROMENADE, LLC, INCLUSIVE OF GRIT DEVELOPMENT LLC, (SUCCESSOR TO JOHN WESSMAN/WESSMAN HOLDINGS), IN CONNECTION WITH REDEVELOPMENT OF THE DESERT FASHION PLAZA (THE DOWNTOWN PALM SPRINGS PROJECT), AND AGAINST DAKOTA PS, LLC, IN CONNECTION WITH THE DAKOTA PROJECT

Dear Mayor Moon,

To aid in the Palm Springs city council's ongoing deliberations concerning the subject item, the Palm Springs Preservation Foundation would like to make you aware of enclosures (1) through (4) which recently appeared in the *Desert Sun* newspaper.

If you require any additional information, please contact PSPF board member Ron Marshall at (760) 837-7117 or info@pspreservationfoundation.org.

Sincerely,

A handwritten signature in black ink that reads "Gary Johns". The signature is fluid and cursive, with the first name "Gary" being larger and more prominent than the last name "Johns".

Gary Johns
President

Enclosures:

- (1) "Include Town & Country Center in talks," Your Voice, June 30, 2019, *Desert Sun*
- (2) Your Voice (letters), July 6, 2019, *Desert Sun*
- (3) "PS Council, take time to strike best 1090 deal with Grit Development," Our Voice, July 7, 2019, *Desert Sun*
- (4) Your Voice (letters), July 7, 2019, *Desert Sun*

Copy to:

Palm Springs City Council members (Middleton, Roberts, Kors, and Holstege)

Your Voice

Include Town & Country Center in talks



Your Turn

Gary Johns

Guest columnist

For years, local preservationists have worked diligently and passionately for the rehabilitation of the much-neglected Town & Country Center, a true architectural gem (1948, Paul R. Williams & A. Quincy Jones).

The preservationist's advocacy has been textbook-worthy. Intelligent and clever, it has included petitions, newspaper opinion pieces, letter-writing and email campaigns, scholarly historic assessments, an expert sustainability study, and recently even a four-minute

movie!

At every turn, this advocacy has been stymied by a stubborn owner (Grit Development), whose unwitting ally has been a series of city councils, all seemingly powerless to cure a malignancy in the heart of their downtown.

Hence, one can sympathize with the preservationist's palpable excitement over the possibility that the Town & Country Center might be in the mix of the city's ongoing California Code Section 1090 negotiations with that owner.

Like the *deus ex machina* of some ancient Greek play transported to today's sunny Southern California, the 1090 negotiations might very well solve the seemingly intractable problem of the beloved center.

As Grit Development throws around properties (e.g., The Boulders and Crescendo) like Monopoly game deeds during the 1090 negotiations with the city, the Palm Springs Preservation Foundation asked in a recent letter to Palm Springs officials: "Why isn't the T&CC in the mix? Why isn't the city demanding it be in the mix?"

The T&CC is a far more desirable property to the community, it's a critical connector to the tribe's new development, and it's a property the city formally designated as historic in 2016.

Fortunately, at a recent City Council meeting on the topic, Council member J.R. Roberts did have the insight to ask that question.

It's a good question that more city of-

ficials need to be asking.

Today, we are quite fortunate to have in place the most pro-preservation City Council ever elected. If the conundrum of the T&CC is ever to be solved, it will be on this council's watch.

The stage is set, the *deus ex machina* of the 1090 negotiations has been unveiled. It is time to end the drama of the Town & Country Center.

Gary Johns is a Realtor; president of the Palm Springs Preservation Foundation; secretary, Board of Directors, Modernism Week; and former chair of the City of Palm Springs Historic Site Preservation Board. Email him at gary.johnspss@gmail.com.

YOUR VOICE

Make T&C part of the deal

I hope that the Palm Springs City Council will consider inclusion of the Town & Country Center in the 1090 settlement claim being offered by its owners, Grit Development.

The Center is an important part of local history and should play a part in the revitalization of downtown.

Dante Noto, Palm Springs

TC&C deserves consideration

Palm Springs is a mecca of the mid-century architecture. People from all over the world visit our city to see the wonders of the mid-century architectural design.

I don't understand why preserving and restoring the Town & Country Center to its original glory is an issue. It is an historical site, and once restored, will generate a tremendous amount of revenue to the city, and even to the developer.

I hope the City Council takes this opportunity and

makes the right decision by including the T&CC in the 1090 settlement.

Felicia Pentto, Palm Springs

I back this move

The Palm Springs Preservation Foundation has advocated for the preservation and restoration of The Town & Country Center for 10 years. I am writing to express my support for inclusion of The Town & Country Center in the 1090 settlement agreement being offered the city by the owner of The Town & Country Center.

David Dunn, Palm Springs

An open letter

Dear Honorable Robert Moon and City Council Members:

I am writing to encourage and implore you to protect and preserve The Town & Country Center using whatever negotiations, powers and laws that you can

bring to bear to save and restore the complex. This is, to my architect's eye, very important to protecting a building complex that is vital to the historical fabric of Palm Springs buildings. I left L.A. years ago, and when I go back, all I see are slick new developments that have replaced iconic buildings, no matter their provenance and architectural importance. There is no tapestry created by buildings from all eras left. We cannot have this happen in Palm Springs without suffering the same fate.

The Town & Country Center, in addition to being a Class 1 Historical Site as declared by the Palm Springs City Council itself, was designed by two of the most admired architects of the 20th Century: Paul Williams and A. Quincy Jones. In my opinion, Palm Springs is lucky to have such an exemplary complex left largely intact.

Surely it is within your power to save the building. I urge you to use whatever power you have to make this happen.

John Powell, Palm Springs

Enclosure (2)

PS Council, take time to strike best 1090 deal with Grit Development

The Desert Sun Editorial Board

Palm Springs city leaders are negotiating a potential legal settlement with Grit Development that all involved hope will clear the road for the final work to be completed on the vaunted redevelopment of the heart of downtown.

We share the ultimate wish here, which is to see the final product that leaders have long promised, and city residents voted to support, committing millions in city resources to support the project. Still, this isn't a slam dunk, and we expect City Hall to closely vet this "1090 claims settlement" to ensure it really is in the best interest of the community.

First, some background.

We've arrived here after John Wessman — former head of now-defunct Wessman Development that morphed into Grit Development — former Mayor Steve Pougnet and another developer, Richard Meaney, were indicted on multiple charges that allege public corruption, including in dealings linked to the \$400 million downtown project.

Now, years after the contracts were signed and, indeed, after the bulk of the construction has been completed, the city-developer partnership could devolve into a tangled legal mess if convictions or guilty pleas come in the criminal case.

Why? Under California's Government Code Section 1090, underlying contracts

linked to wrongdoing by the former mayor would become void. The city could then "claw back" its costs — including tens of millions of dollars in promised future hotel tax rebates that were a key incentive agreed to by a previous City Council to seal the project deal.

Lawyers for Grit and the city have been working to settle this potential 1090 claims issue since shortly after the criminal case began in 2017. Grit says the 1090 issue looms over the project like a cloud, spooking lenders whose cash is needed to complete the work. City leaders, in a recent meeting with the Editorial Board, agree, saying they believe the city should lift this cloud with a deal that eliminates the 1090 questions. Otherwise, they may require years of court action to resolve.

In any negotiation, the parties must give and take to reach a deal acceptable to all. As detailed in a story last week by The Desert Sun's Shane Newell, the most recent offer by Grit includes various properties initially valued at \$33.7 million in exchange for the city setting aside its potential 1090 claims — claims that City Hall values at up to \$32.9 million.

At first glance, that seems like quite a deal. After all, \$33.7 million today for the city is more than the \$32.9 million Mayor Pro Tem Geoff Kors, City Manager David Ready and Assistant City Manager Marcus Fuller said the city would forgo under a 1090 clawback situation.

Grit President Michael

Braun, Wessman's son-in-law, declined an invitation to meet with the Editorial Board, saying his legal counsel advised against it. In an emailed statement, he praised the current City Council's leadership and wrote that Grit's settlement offer would "create clear benefits to the citizens of Palm Springs."

"Grit would like to move forward with its success-

See OUR VIEW, Page 31A

Our voice

Continued from Page 30A

ful partnership with the City of Palm Springs cooperating to finish Downtown, provide more housing options and revitalizing The Center," he wrote. "But we must remove future litigation risks if these projects can become a reality. While Grit disputes the merits of the City's claims, it has made a business decision in the best interests of both Grit and the City to try and settle them."

The properties Grit is offering include large Chino Canyon parcels near the Palm Springs Visitor's Center; another large parcel above the Rimrock shopping center along Highway 111; a strip of land across from Palm Springs International Airport along Gene Autry Trail; and Block G, a small part of the downtown project itself, which a few days ago had been pitched in the initial offer as the site of a Grit-constructed municipal library, but now could be used in some other fashion.

The city says it believes those properties are worth \$33.7 million and is awaiting expedited appraisals to be sure. But there's another potential muddying of the waters when it comes to value: The bulk of the land involved – more than 115 acres across the three mountain parcels – apparently would be set aside for conservation.

The Boulders and Crescendo projects have been the focus of fierce community opposition, which this deal could resolve for good. Still, we expect some might question whether those sites, worth \$27.7 million to a developer, are really worth that

much as land locked away from development.

Residents who've been asked more than once in recent years to OK new taxes to cover everything from public safety to the animal shelter to future city employee retiree expenses might wonder if those millions are too much to forgo for a city that seemingly needs more and more cash to operate.

While conservation of those lands could be seen by the community as worthwhile, a real discussion with public input on these tradeoffs is key to winning public support.

For our part, the Block G site and Gene Autry Trail parcel – which is envisioned as a site for much-needed affordable housing – are assets that the city clearly needs and can use.

Many recent Desert Sun letters to the editor have called for Grit to offer up the Town & Country Center as part of the deal.

Maybe Grit can be moved to include this complex from its vast inventory of Palm Springs properties, which may make for a better, more palatable deal for city residents.

The latest settlement package – developed in the days after the talks became public knowledge on June 19 – is better than the initial package discussed by the council just days ago.

Beyond the additional lands offered, Kors says the city will demand Grit release the city from its current obligation to help cover any future Grit legal costs related to the project. These sums, Kors says, could potentially rise to the millions of dollars.

Yes, it could be in the city's interests to lift

the 1090 cloud and help Grit finish what it promised Palm Springs. If uncertainty from the unresolved Wessman- Pougnet affair is feeding a "closed for business" atmosphere stifling completion of this marquee project – and poisoning the business community's view of Palm Springs in general – then it is vital that the City Council act to set this straight.

This negotiation, however, clearly remains a work in progress. A rush to get it done now, just a few weeks after city residents who've ridden this yearslong roller coaster learned what was in the works, would be a mistake.

City Council, you do have leverage here, so make sure you take the time you need to get this right.

YOUR VOICE

Get behind Town & Country Center settlement

Re: "Town & Country Center should be part of any Palm Springs/Grit Development settlement" June 29 Valley Voice/Your Turn column by Gary Johns

Kudos to Gary Johns and the Palm Springs Preservation Foundation for proposing a sensible, timely solution to the "conundrum" that has kept this Class 1 Historic Site in limbo and disrepair for years.

Now is the time for our City Council to step up and demand this property, which is so crucial to the heart of our downtown, be included in any settlement. Let's all get behind this opportunity!

Keith Ktncaid, Palm Springs

Let's see this fairy tale ending

Like in the famous Disney movie, we continue to watch not Aurora, but our own Sleeping Beauty – the Town & Country Center (T&CC), awaiting her Prince Phillip. I think Gary Johns' June 30 "Your Turn" column provides the map Prince Phillip is seeking.

Johns and the Palm Springs Preservation Foundation have long been the undaunted, stalwart guardians of this amazing cultural asset. They have now produced a solution to end this long slumber.

The T&CC certainly should be included in the 1090 negotiations undertaken by our city. The city should strive to obtain the property as suggested, then sell our Sleeping Beauty to a sensitive developer with expertise in successful adaptive reuse.

This is the solution we have been waiting for longer than I can remember.

Johns' assertion that our sitting City Council members are indeed the ones to lead us to that end has my head nodding in agreement. Palm Springs has the

most committed historic preservation city leadership I've witnessed in over 30 years of historic preservation endeavor.

Now, let's see it again in action.

Vanquish the delays and lead Phillip to Aurora's bedside, allowing his kiss to awaken her and the entire "kingdom."

Rick Seeley, Palm Springs

Town & Country Center fans

We feel strongly that the Town & Country Center is a valuable architectural asset to Palm Springs.

We are in favor of an adaptive reuse of the building, to make it both a hip and historical magnet for shops and restaurants and hopefully, an entertainment facility.

Looking at the success of Tahquitz Plaza, we know this can be done and done in Palm Springs style.

Joan and Gary Gand, Palm Springs

Preserve this treasure

I'm in support of including the Town & Country Center in the 1090 settlement claim being offered the city by the owner Grit Development of the Town & Country Center.

This is the perfect way to preserve a national treasure.

Cindra Stolk, Palm Springs

We need this 'original'

I have been a homeowner in Palm Springs for over 20 years and I am in full support for including the Town & Country Center in the city's settlement with Grit Development.

I feel that with so much new construction development in our city, which I am also in support of, it is our obligation to the history of our city to preserve the original mid-century designs that still exist and which make our city such a unique architectural desti-

nation, including the original Town & Country Center.

Alex Roldan, Palm Springs

Town & Country Center a modernist's mecca

Palm Springs is a wonderful mecca of modernism visited by thousands of travelers, photographers, students and architecture buffs.

The historic Town & Country Center is always on lists of "to see" architecture whenever visiting Palm Springs. It is a rare example of buildings designed by Los Angeles architects A. Quincy Jones and Paul R. Williams, along with local luminaries Albert Frey, Donald Wexler, Richard Harrison and John Porter Clark.

I hope to see a settlement negotiation that preserves and properly restores this important mid-century modern gem that has been sadly neglected over the years.

Adriene Blondo, Chair Emeritus, Los Angeles Conservancy Modern Committee

Respect, treasure this landmark

I strongly urge that the Town & Country Center be included in the 1090 settlement with Grit Development.

This important landmark, a Class I Historical structure, is worthy of the greatest respect and preservation.

Ellen P. Donaldson, Palm Springs

Listen up, City Hall

In the ongoing California Section 1090 negotiations between the city of Palm Springs and Grit Development, I am struck by the deafening silence concerning the Town & Country Center. Isn't that the property the city wants?

It seems like the city is being offered the desert equivalent of swampland by Grit Development. Let's make sure we

get something of real value out of the recent corruption scandal. Let's not allow Grit Development to wiggle out of a problem they created.

Kip Serafin, Palm Springs

Count me in

I would like to add my voice to those advocating for the inclusion of the Town & Country Center in the current negotiations with Grit Development.

The T&CC is a sadly neglected, architectural gem located directly in the center of Palm Springs, which has been already recognized by the city for its architectural and historical importance. In addition, with the completion of the Cultural Center on the horizon, the re-vivification of the T&CC will provide a connector from Palm Canyon Drive to Indian Canyon Drive at a crucial location.

T&CC is of greater value to the City than the proposed "Boulders" and "Crescendo" properties, and would be a terrific addition to the list.

Eltzabeth Hamilton, Palm Springs

City should restore Town & Country Center itself

The Town & Country Center should definitely be, in my humble opinion, part of the current negotiation with Grit Development as part of the city's 1090 proposed settlement.

The importance of the Center is humongous for the city and is what makes history become History. All one had to do is reflect for a moment on what happened to our city in the last 15-20 years and how much preservation has made people flock to our city.

The city needs to handle the T&C Center restoration and repurposing, NOT Grit.

Jacques Caussin, co-founder Modernism Week, Palm Springs