

ORDINANCE NO. ____

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF PALM DESERT, CALIFORNIA, ACTING IN ITS CAPACITY AS THE LEGISLATIVE BODY OF THE PALM DESERT COMMUNITY FACILITIES DISTRICT NO. 2025-1 (SHADOW RIDGE PUBLIC SERVICES) AUTHORIZING THE LEVY OF A SPECIAL TAX WITHIN SAID DISTRICT

WHEREAS, on January 9, 2025, the City Council of the City of Palm Desert adopted Resolution 2025-001 (the “Resolution of Intention”), and has conducted proceedings (the “Proceedings”) to establish the City of Palm Desert Community Facilities District No. 2025-1 (Shadow Ridge Public Services) (the “CFD”) pursuant to the Mello-Roos Community Facilities Act of 1982, Chapter 2.5 of Part 1 of Division 2 of Title 5, as amended, commencing with Section 53311, of the California Government Code (the “Act”) to levy a special tax (the “Special Tax”) to finance certain municipal services (the “Services) as provided in the Resolution of Intention and the Act;

WHEREAS, on February 13, 2025, pursuant to notice as specified in the Act, and as part of the Proceedings, the City Council has held a public hearing under the Act relative to the determination to proceed with the formation of the CFD and the rate and method of apportionment of the Special Tax to be levied within the CFD to finance the Services, and at such hearing all persons desiring to be heard on all matters pertaining to the formation of the CFD and the levy of the Special Tax were heard, substantial evidence was presented and considered by the City Council and a full and fair hearing was held;

WHEREAS, on February 13, 2025, upon the conclusion of the public hearing, the City Council adopted “A Resolution of the City Council of the City of Palm Desert Determining the Validity of the Prior Proceedings, Forming the City of Palm Desert Community Facilities District No. 2025-1 (Shadow Ridge Public Services), Authorizing the Levy of a Special Tax Therein, Establishing an Appropriations Limit, and Taking Other Certain Actions Relating to Said District” (the “Resolution of Formation”), pursuant to which it completed the Proceedings for the establishment of the CFD, the authorization of the levy of the Special Tax within the CFD and the calling of an election within the CFD on the propositions of levying the Special Tax and establishing an appropriations limit within the CFD, respectively; and

WHEREAS, on February 13, 2025 a special election was held among the landowners within the CFD at which such landowners approved the levy of the Special Tax by the two-thirds vote required by the Act, which approval has been confirmed by resolution of the City Council.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF PALM DESERT, IN ITS CAPACITY AS THE LEGISLATIVE BODY OF CITY OF PALM DESERT COMMUNITY FACILITIES DISTRICT NO. 2025-1 (SHADOW RIDGE PUBLIC SERVICES), DOES HEREBY ORDAIN AS FOLLOWS:

Section 1. The City Council finds the above recitals are true and correct and incorporated herein by this reference.

Section 2. By the passage of this Ordinance, the City Council hereby authorizes and levies the Special Tax within the CFD pursuant to the Act, at the rate and in accordance with the rate and method of apportionment of Special Tax (“Rate and Method of Apportionment”) on file with the City Clerk and as approved in the Resolution of Formation, and attached as Exhibit A to this Ordinance. By this reference, both the Resolution of Intention and the Resolution of Formation are incorporated herein. The Special Tax is hereby levied commencing in fiscal year 2025-26 and in each fiscal year thereafter to pay for the Services for the CFD, as contemplated by the Resolution of Formation and the Proceedings and all costs of administering the CFD.

Section 3. The City Council is hereby further authorized to determine, by ordinance, resolution, or by other action if permitted by then applicable law, on or before August 1 of each year, the specific special tax to be levied for the next ensuing fiscal year on each parcel of land within the CFD, in the manner as provided in the Rate and Method of Apportionment. The City Council further directs the City of Palm Desert’s Director of Finance, or designee, or an employee or consultant of the City of Palm Desert, to determine each fiscal year the specific amount of Special Tax to be levied.

Section 4. Exemptions from the levy of the Special Tax shall be as provided in the Resolution of Formation, the Rate and Method of Apportionment and the applicable provisions of the Act. In no event shall the Special Tax be levied on any parcel within the CFD in excess of the maximum Special Tax specified in the Resolution of Formation.

Section 5. All of the collections of the Special Tax shall be used as provided in the Act and in the Resolution of Formation, including, but not limited to, the payment of costs of the Services, the payment of the costs of the City in administering the CFD, and the costs of collecting and administering the Special Tax.

Section 6. The Special Tax shall be collected in the same manner and at the same time as ordinary ad valorem taxes are collected and shall have the same lien priority, and be subject to the same penalties and the same procedure and sale in cases of delinquency as provided for ad valorem taxes; provided, however, that the City Council may provide for other appropriate methods of collection by resolution(s) of the City Council. In addition, the provisions of Section 53356.1 of the Act shall apply to delinquent Special Tax payments. The Director of Finance of the City, or designee, is hereby authorized and directed to provide all necessary information to the auditor/tax collector of the County of Riverside in order to effect proper billing and collection of the Special Tax, so that the Special Tax shall be included on the secured property tax roll of the County of Riverside for fiscal year 2025-26 and for each fiscal year thereafter until no longer

required to pay for the Services or until otherwise terminated by the City. The City may also directly bill the Special Tax, may collect the Special Tax at a different time or in a different manner if needed to meet the financial obligations of the CFD.

Section 7. If for any reason any portion of this ordinance is found to be invalid, or if the Special Tax is found inapplicable to any particular parcel within the CFD, by a court of competent jurisdiction, the balance of this ordinance and the application of the Special Tax to the remaining parcels within the CFD shall not be affected.

Section 8. The Mayor shall sign this Ordinance and the City Clerk shall cause the same to be published no later than 15 days after its passage at least once in a newspaper of general circulation in the City.

Section 9. The City Clerk, or designee, is hereby directed to execute and cause to be recorded in the office of the County Recorder of the County of Riverside a notice of special tax lien in the form required by the Act, said recording to occur not later than 15 days following final passage by the City Council of this Ordinance, and to perform all other acts which are required by the Act, this Ordinance or by law in order to accomplish the purpose of this Ordinance.

Section 10. This Ordinance shall take effect thirty (30) days from the date of final passage.

PASSED, APPROVED and ADOPTED by the City Council of the City of Palm Desert, California, on this _____ day of _____, 2025, by the following vote, to wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

JAN C. HARNIK
MAYOR

ATTEST:

ANTHONY J. MEJIA
CITY CLERK

EXHIBIT A

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

**RATE AND METHOD OF
APPORTIONMENT OF SPECIAL TAX**

For the City of Palm Desert Community Facilities District No. 2025-1 (Shadow Ridge Public Services), County of Riverside, State of California

The Special Tax as hereinafter defined shall be levied on all Assessor's Parcels within the City of Palm Desert Community Facilities District No. 2025-1 (Shadow Ridge Public Services), ("CFD 2025-1"), other than Assessor's Parcels classified as Exempt Property as defined herein and collected each Fiscal Year commencing in Fiscal Year 2025-26, in an amount determined by the CFD Administrator through the application of the procedures described below. All the real property within CFD 2025-1, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent, and in the manner herein provided.

A. DEFINITIONS

The terms hereinafter set forth have the following meanings:

"Act" means the Mello-Roos Communities Facilities Act of 1982 as amended, being Chapter 2.5, Part 1, Division 2 of Title 5 of the Government Code of the State of California.

"Administrative Expenses" means the following actual or reasonably estimated expenses related to the administration of CFD 2025-1: (i) the costs of determining the amount of the levy of the Special Tax, the collection of Special Taxes, including the expenses of collecting delinquencies and pursuing foreclosures; (ii) the payment of a proportional share of salaries and benefits of any City employee and City overhead whose duties are directly related to the administration of CFD 2025-1; (iii) fees and expenses for counsel, audits, costs associated with responding to public inquiries regarding CFD 2025-1; and (iv) any and all other costs incurred in connection with the administration of CFD 2025-1.

"Annual Escalation Factor" means two percent (2%).

"Assessor's Parcel" means a lot or parcel shown in an Assessor's Parcel Map with an assigned assessor's parcel number.

"Assessor's Parcel Map" means an official map of the Assessor of the County designating parcels by assessor's parcel number.

"Base Year" means the first year that any Assessor's Parcel of Taxable Property is classified as Developed Property.

“Building Permit” means a permit issued for new construction of a Residential Unit. For purposes of this definition, “Building Permit” shall not include permits for construction or installation of retaining walls, grading, utility improvements, or other such improvements not intended for human habitation.

“Certificate of Occupancy” means a document issued by the City certifying that a newly constructed Residential Unit complies with all applicable codes and ordinances and that it is suitable and safe for occupancy.

“CFD Administrator” means an official of the City, or designee thereof, responsible for determining the Special Tax Requirement and providing for the levy and collection of the Special Tax for CFD 2025-1.

“CFD 2025-1” means City of Palm Desert Community Facilities District No. 2025-1 (Shadow Ridge Public Services) established by the City Council under the Act.

“City” means the City of Palm Desert.

“City Council” means the Council of the City of Palm Desert, acting as the legislative body of CFD 2025-1.

“County” means the County of Riverside.

“Developed Property” means an Assessor’s Parcel of Taxable Residential Property for which a Certificate of Occupancy was issued on or before June 1 preceding the Fiscal Year for which the Special Tax is being levied.

“Exempt Property” means all Assessor’s Parcels within CFD 2025-1 that are exempt from the Special Tax pursuant to the Act or Section F herein.

“Fiscal Year” means the period commencing on July 1 of any year and ending the following June 30.

“Land Use Type” means any of the land use types listed in Table 1 below.

“Maximum Special Tax” means the maximum Special Tax determined in accordance with Section C, which may be levied in any Fiscal Year on an Assessor’s Parcel of Taxable Property.

“Property Owner Association Property” means for each Fiscal Year any property within the boundaries of CFD 2025-1 that was owned by, or irrevocably dedicated as indicated in an instrument recorded with the County Recorder to a property owner association, including any master or sub-association, as of June 1.

“Proportionately” means in a manner such that the ratio of the actual Special Tax levy to the Maximum Special Tax is equal for all Assessor’s Parcels within each Land Use Class.

“Public Property” means any property that is owned by, dedicated or irrevocably dedicated to a city, the federal government, the State of California, the County, or any other public agency (each, a “Public Entity”); provided, however, that any such property

is leased by such a Public Entity to a private entity and is thereby subject to taxation pursuant to Section 53340.1 of the Act, such leasehold estate shall be classified and taxed according to the use thereof.

“Public Services” means those authorized services that may be funded by CFD 2025-1 pursuant to the Act, as amended including but not limited to police protection services, fire protection services, paramedic services, park maintenance, street maintenance and flood control.

“Residential Property” means Assessor’s Parcels of Developed Property within CFD 2025-1 for which a Building Permit has been issued for purposes of constructing one or more Residential Unit(s).

“Residential Unit” means any residence in which a person or persons may live, which is not considered to be used for non-residential purposes.

“Special Tax” means the special tax authorized to be levied within CFD 2025-1 pursuant to the Act, to fund the Special Tax Requirement.

“Special Tax Requirement” means the amount, as determined by the CFD Administrator, for any Fiscal Year to: (i) pay the costs of providing the Public Services during such Fiscal Year, (ii) pay Administrative Expenses associated with the Special Tax, (iii) establish or replenish any operational reserve fund established for Public Services, (iv) pay incidental expenses related to the Public Services as authorized pursuant to the Act, (v) fund an amount equal to a reasonable estimate of delinquencies expected to occur in the Fiscal Year in which the Special Tax will be levied (“Estimated Special Tax Delinquency Amount”) and (vi) fund the shortfall, if any, in the Special Tax revenues collected in the preceding Fiscal Year necessary to fund the Special Tax Requirement for such Fiscal Year where such shortfall resulted from delinquencies in the payment of the Special Tax in such Fiscal Year that exceeded the Estimated Special Tax Delinquency Amount included in the Special Tax Requirement for such Fiscal Year.

“Taxable Property” means all Assessor’s Parcels that are not exempt from the Special Tax pursuant to the Act or Section F.

“Undeveloped Property” means an Assessor’s Parcel of Taxable Property which is not classified as Developed Property.

B. CLASSIFICATION OF ASSESSOR’S PARCELS

Each Fiscal Year, beginning with Fiscal Year 2025-26, using the definitions above, each Assessor’s Parcel within CFD 2025-1 shall be classified by the CFD Administrator as Taxable Property or Exempt Property. In addition, each such Fiscal Year, each Assessor’s Parcel of Taxable Property shall be further classified by the CFD Administrator as Developed Property or Undeveloped Property and subject to the levy of the Special Tax pursuant to Section C below.

C. SPECIAL TAX RATES

1. Developed Property

Each Fiscal Year commencing in Fiscal Year 2025-26, each Assessor's Parcel of Developed Property shall be subject to the Special Tax.

The initial Maximum Special Tax for each Assessor's Parcel of Developed Property in its Base Year shall be \$2,200.

For each subsequent Fiscal Year following the Base Year, the Maximum Special Tax rates shall be increased from the Maximum Special Tax rate in effect for the prior Fiscal Year by the Annual Escalation Factor.

2. Undeveloped Property

Each Assessor's Parcel classified as Undeveloped Property shall be exempt from the levy of the Special Tax.

3. Exempt Property

No Special Tax shall be levied on Exempt Property as defined in Section F.

For each Fiscal Year, if the use or ownership of an Assessor's Parcel or Exempt Property changes so that such Assessor's Parcel is no longer classified as one of the uses set forth in Section F, therefore making such Assessor's Parcel no longer eligible to be classified as Exempt Property, such Assessor's Parcel shall be deemed to be Taxable Property and shall be taxed pursuant to the provisions of Section C.

D. METHOD OF APPORTIONMENT OF SPECIAL TAX

Commencing in Fiscal Year 2025-26 and for each subsequent Fiscal Year, the CFD Administrator shall levy the Special Tax on all Taxable Property of CFD 2025-1 until the total amount of Special Tax levied equals the Special Tax Requirement. The Special Tax shall be levied Proportionately on each Assessor's Parcel of Developed Property within CFD 2025-1 up to 100% of the Maximum Special Tax to satisfy the Special Tax Requirement.

Notwithstanding any provision of this Section D to the contrary, under no circumstances will the Special Tax levied against any Assessor's Parcel of Developed Property that is classified as Residential Property be increased by more than ten percent (10%) per Fiscal Year as a consequence of delinquency or default in the payment of the Special Tax by the owner of any other Assessor's Parcel.

E. PREPAYMENT OF SPECIAL TAX

The Special Tax for an Assessor's Parcel of Undeveloped Property that has been issued a Building Permit or for an Assessor's Parcel of Developed Property may be prepaid. The prepayment amount shall be the lesser of (i) \$66,000 or (ii) the Maximum Special Tax that will be in effect the following Fiscal Year times the number of Fiscal Years remaining in the 30-year period defined in Section I below.

F. EXEMPTIONS

The City Council shall classify as Exempt Property: (i) Public Property, (ii) Property Owner Association Property, (iii) Assessor's Parcels with public or utility easements making impractical their utilization for other than the purposes set forth in the easement, including but not limited to property designated for open space, trails, pathways, parks or park and recreation related facilities, and (iv) property reasonably designated by the City or CFD Administrator as Exempt Property due to deed restrictions, conservation easement, or similar factors.

G. APPEALS

Any property owner claiming that the amounts or application of the Special Tax is not correct may file a written notice of appeal with the CFD Administrator not later than twelve months after having paid the first installment of the Special Tax. The CFD Administrator shall promptly review the appeal, and if necessary, meet with the property owner, consider written and oral evidence regarding the amount of the Special Tax, and rule on the appeal. If the decision of the CFD Administrator requires that the Special Tax for an Assessor's Parcel be modified or changed in favor of the property owner, a cash refund shall not be made but an adjustment shall be made to the Special Tax on that Assessor's Parcel in the subsequent Fiscal Year(s) to compensate for the overpayment of the Special Tax.

H. MANNER OF COLLECTION

The Special Tax shall be collected in the same manner and at the same time as ordinary ad valorem property taxes, provided, however, that the Special Tax may be billed and collected at a different time or in a different manner if necessary to meet the financial obligations of CFD 2025-1.

I. DURATION OF TAX

For each Residential Unit, the Special Tax shall be levied for a cumulative 30-year period to fund the Special Tax Requirement unless such tax is no longer required as determined by the City Council.

J. INTERPRETATION

The City may interpret, clarify, and revise this Rate and Method to correct any inconsistency, vagueness, or ambiguity, by resolution and/or ordinance, that does not create a material adverse effect on the levy and collection of the Special Tax.