

ALL ACTIONS ARE DRAFT PENDING APPROVAL OF THE FINAL MINUTES

Minute Action Summary
Palm Desert City Council - Regular Meeting

Agenda Number: 14.c.

Title: RESOLUTION NO. 2025-001 DECLARING INTENTION TO ESTABLISH THE CITY OF PALM DESERT COMMUNITY FACILITIES DISTRICT NO. 2025-1 (SHADOW RIDGE PUBLIC SERVICES) AND SET A PUBLIC HEARING DATE FOR FEBRUARY 13, 2025

Date: Thursday, January 9, 2025

Motion by: Councilmember Joseph Pradetto

Seconded by: Mayor Pro Tem Trubee

1. Adopt Resolution No. 2025-001 entitled, "A RESOLUTION OF INTENTION OF THE CITY COUNCIL OF THE CITY OF PALM DESERT TO ESTABLISH THE CITY OF PALM DESERT COMMUNITY FACILITIES DISTRICT NO. 2025-1 (SHADOW RIDGE PUBLIC SERVICES), TO AUTHORIZE THE LEVY OF A SPECIAL TAX THEREIN, AND TAKING OTHER ACTIONS RELATED THERETO."
2. Direct staff to record the Boundary Map by January 24, 2025.
3. Set a Public Hearing for February 13, 2025, to consider formation of Community Facilities District No. 2025-1, and calling for a special election pursuant to the Mello-Roos Community Facilities District Act of 1982.

YES: 5

NO: 0

ABSTAIN: 0

CONFLICT: 0

ABSENT: 0

Motion Carried

YES: 5

Mayor Harnik

Mayor Pro Tem Trubee

Councilmember

Councilmember

Councilmember Joseph

Nestande

Quintanilla

Pradetto

NO: 0

ABSTAIN: 0

CONFLICT: 0

ABSENT: 0

CITY OF PALM DESERT STAFF REPORT

MEETING DATE: January 9, 2025

PREPARED BY: Eric Ceja, Director of Economic Development

SUBJECT: RESOLUTION DECLARING INTENTION TO ESTABLISH THE CITY OF PALM DESERT COMMUNITY FACILITIES DISTRICT NO. 2025-1 (SHADOW RIDGE PUBLIC SERVICES) AND SET A PUBLIC HEARING DATE FOR FEBRUARY 13, 2025

RECOMMENDATION:

1. Adopt a Resolution entitled, "A RESOLUTION OF INTENTION OF THE CITY COUNCIL OF THE CITY OF PALM DESERT TO ESTABLISH THE CITY OF PALM DESERT COMMUNITY FACILITIES DISTRICT NO. 2025-1 (SHADOW RIDGE PUBLIC SERVICES), TO AUTHORIZE THE LEVY OF A SPECIAL TAX THEREIN, AND TAKING OTHER ACTIONS RELATED THERETO."
2. Direct staff to record the Boundary Map by January 24, 2025.
3. Set a Public Hearing for February 13, 2025, to consider formation of Community Facilities District No. 2025-1, and calling for a special election pursuant to the Mello-Roos Community Facilities District Act of 1982.

BACKGROUND/ANALYSIS:

The Mello-Roos Community Facilities Act of 1982, as amended (Gov. Code § 53311 et seq.) (the "Act") establishes funding mechanisms for cities to form a community facilities district ("CFD") in order to pay for the provision of certain services. The levy of the annual special taxes on properties within the CFD is used to pay for ongoing municipal services associated with new residential development. As permitted by the Act, CFD No. 2025-1 may provide one or more of the following eligible services:

- Law enforcement services;
- Maintenance of parks, parkways and open space;
- Maintenance of streets and roadways;
- Flood and storm protection services; and
- Other eligible services permitted by the Act.

In order to form the City of Palm Desert Community Facilities District No. 2025-1 (Shadow Ridge Public Services) ("CFD No. 2025-1"), the City must take a series of actions including adopting the Resolution of Intention to establish CFD No. 2025-1, which Resolution of Intention authorizes the recordation of CFD No. 2025-1 Boundary Map, and sets February 13, 2025, for a public hearing to consider formation of CFD No. 2025-1, and calling for a special election pursuant to the Act.

The owner(s) of certain property (the "Property") have filed a petition (including waivers shortening the election noticing period) with the City Clerk's Office to have the Property included

within the boundaries of the proposed CFD No. 2025-1 for purposes of levying special taxes to finance the supplemental services associated with the new development. The Property will be subject to the special tax levy in accordance with the Rate and Method of Apportionment attached to the Resolution of Intention.

Legal Review:

This report was prepared by the City’s bond counsel, Nossaman, LLP.

Project Description:

On January 25, 2024, the City Council approved an amendment to Development Agreement 98-1 (the “DA”), allowing the sale of 18+ acres to Toll Brothers for the development of a 93-home subdivision within the Marriott Shadow Ridge Golf Club. As part of this amendment, Toll Brothers is required to form a CFD over the property to offset certain public safety and service costs as identified in the February 17, 2023, letter attached to this report. Toll Brothers has received all entitlement approvals for this development and is in the process of recording their final map. The formation of the CFD over this property satisfies the conditions of the amended DA.

For facilities CFDs, it is often necessary to include different rates for different size homes. With facilities CFDs, the City is trying to max out the Effective Tax Rate (ETR) so that it does not exceed the maximum amount allowable, and also so that different types of units can expect similar tax rates as a percentage of home value. With services CFDs; however, the City is not anywhere near the ETR limit, so the aim is to charge each home based on its benefit from the services rather than based on its estimated sales price. This is why services CFDs tend to have less complicated tax formulas.

Next Steps for CFD Formation

Subject to and subsequent to tonight’s actions, the City Council will be asked to consider the following legislative steps:

At the February 13, 2025, Public Hearing, the Council will be asked to consider and take action on the following:

- 1) Adopt the Resolution of Formation. This resolution: (a) incorporates the Brookfield Holdings (Shadow) LLC Property in the initial boundaries of CFD No. 2025-1; and (b) identifies the types of public services financed under CFD No. 2025-1.

- 2) Adopt the Resolution Calling for the Election for CFD No. 2025-1. After adopting the above Resolution of Formation, the City Clerk will open the ballots and state the results of the special mailed-ballot election, in accordance with the Act and all applicable provisions of the Elections Code. The only voters in this election will be the property owner(s) of the subject Property.

- 3) Adopt the Resolution Declaring the Results of the Election for CFD No. 2025-1.

Next, the City Clerk will confirm the results of elections. If the results of the election affirm the formation of CFD No. 2025-1 and the Resolution Declaring the Results of the Election is adopted, the City Council would then:

- 4) Introduce Reading of Ordinance Levying Special Tax within CFD No. 2025-1.

This Ordinance authorizes the levy of a special tax on the Property on the secured property tax roll of Riverside County that is within the boundaries of CFD No. 2025-1.

After the February 13, 2025 public hearing:

- Second Reading of Ordinance Levying Special Tax within CFD No. 2025-1. The Ordinance is published the day after the second reading and is effective thirty days after adoption.

FINANCIAL IMPACT:

There is no immediate fiscal impact as a result of these actions. The developers will cover the entire cost of forming CFD No. 2025-1, including staff time and consultant services. CFD No. 2025-1 will be fiscally self-sustaining. Ongoing administration fees will be paid by owners of properties included in CFD No. 2025-1 through the levy of annual special taxes. Properties within CFD No. 2025-1 are subject to the Annual Special Tax Requirement as described in the Rate and Method of Apportionment.

ATTACHMENTS:

1. Resolution - Intention to Establish Community Facilities District 2025-1
 - a. Exhibits to the Resolution
 - i. Exhibit A – Description of Services
 - ii. Exhibit B – Rate and Method of Apportionment
 - iii. Exhibit C – CFD Boundary Map
2. Petition / Unanimous Waiver Form
3. Letter dated February 17, 2023

PETITION AND WAIVER
To Create a Community Facilities District and Related Matters

To: City Council
City of Palm Desert
73-510 Fred Waring Drive
Palm Desert, CA 92260

This Petition and Waiver is to create a Community Facilities District and related matters under the Mello-Roos Community Services Act of 1982, set forth in California Government Code Section 53311 *et seq.* (the "**Act**").

1. Petitioner. This Petition and Waiver is submitted by the person/entity (whether one or more) identified below (the "**Petitioner**") as or for the owners of the parcel(s) of land identified in Exhibit B attached hereto and made a part hereof (the "**Property**"), which parcels of land are expected to be included within the boundaries of a Community Facilities District proposed to be established by the City of Palm Desert (the "**City**"). By submitting this Petition and Waiver, the persons signing below warrant to the City that they are authorized to execute it. The undersigned Petitioner warrants to the City that the Petitioner's ownership constitutes ownership of more than 10% of the Property.

2. Proceedings Requested. The Petitioner asks that the City Council, as the governing body of the City undertake proceedings under the Act to create a Community Facilities District to be designated "City of Palm Desert Community Facilities District 2025-1 (Maintenance and Services)" (the "**CFD**") and to levy special taxes in the CFD.

3. Purpose of CFD. The Petitioner asks that the CFD be created and the special taxes be levied to finance the costs of the Shadow Ridge Public Services identified on Exhibit A hereto (the "**Services**").

4. Boundaries of CFD. The Petitioner asks that the territory to be included in the boundaries of the CFD consist of those shown on the map attached hereto as Exhibit C and made a part hereof.

5. Elections. The Petitioner asks that: (a) the special elections (the "**Elections**") to be held under the Act to: (i) authorize the levy of special tax and the issuance of the Bonds and (ii) to establish an appropriations limits of the CFD, (b) such special elections be consolidated into a single election and that the election be conducted by the City and its officials, using mailed or hand-delivered ballots and that (c) such ballots be opened and canvassed and the results certified

at the same meeting of the City Council as the hearings on the CFD under the Act or as soon thereafter as possible.

6. Owner Representative. The Petitioner appoints Matthew Caldwell as the Petitioner's authorized representative for the purposes of receiving and executing ballots for the Elections.

7. Waivers and Consents. To expedite the completion of the proceedings for the CFD, the Petitioner expressly waives:

(a) all notice requirements relating to hearings and the Elections, whether by posting, publishing or mailing, and whether such requirements are found in the California Elections Code, the California Government Code or other laws or procedures, including but not limited to the provisions of Section 4101 of the California Elections Code;

(b) any requirement to have the Elections conducted within the time periods specified in Section 53326 of the Act or in the California Elections Code;

(c) all applicable waiting periods for the Elections;

(d) any requirements as to the form of the ballot for the Elections;

(e) any requirement for the mailing of the ballot for the Elections in the event the ballots are distributed by personal service;

(f) the requirement for analysis and arguments relating to the Elections, as set forth in Section 53327 of the Act (and hereby consents to not having such materials provided to the landowner in the ballot packet);

(g) any requirement regarding identification envelopes for the return of ballots for the Elections contained in Government Code Section 53327.5;

(h) all notice requirements relating to the special taxes as required by chapter 8.5 (consisting of Section 54930) of Part 1 of Division 2 of Title 5 of the Government Code; and

(i) without limiting any of the foregoing, any and all claims based on any irregularity, error, mistake, or departure from the provisions of the Act or other laws of the State in connection with the proceedings for the creation of the CFD and the levy of special taxes in the CFD.

8. Notice to Future Purchaser(s). The Petitioner acknowledges and agrees that after the successful formation of the CFD, the Petitioner shall comply with Government Code Section 53341.5 regarding the Notice of Special Tax to the purchaser(s) of the Property, if applicable.

9. Counterparts. This Petition and Waiver may be signed in counterparts and shall be effective as to any Petitioner who signs it, regardless of whether it is signed for or by all of the owners.

By executing this Petition and Waiver, the Petitioner below agrees to all of the above.

Each of the undersigned declares under penalty of perjury under the laws of the State of California that such person is properly authorized to execute this Petition and Waiver and to bind the Petitioner thereby and the statements contained herein are true and correct.

This Petition and Waiver is dated as of December 10th, 2024.

The name of the owner of record is:

Brookfield Holdings (Shadow) LLC

a Limited Partnership

By: Matthew Caldwell

Name: Matthew Caldwell

Its: Authorized Signatory

By:

Name: _____

Its: _____

The address of the above owner for receiving notices and ballots is:

NAME: Matthew Caldwell

ADDRESS: 14648 N. Scottsdale Road Suite 290
Scottsdale, AZ 85254

Accepted, Acknowledged and Agreed by Authorized Representative named in Section 6:

Name (Signature): Matthew Caldwell Digitally signed by Matthew Caldwell
Date: 2024.12.10 11:27:47 -07'00'

Print Name: Matthew Caldwell

Date: 12/10/2024

EXHIBIT A

DESCRIPTION OF SERVICES

The City of Palm Desert Community Facilities District No. 2025-1 (Shadow Ridge Public Services) will finance, in whole or in part, those services authorized to be financed under the Mello-Roos Community Facilities Act of 1982, including but not limited to, police protection services, fire protection services, paramedic services, park maintenance, street maintenance, flood and storm protection services, and all related administrative costs and expenses.

EXHIBIT B

The Property is Riverside County
Assessor's Parcel Numbers:

694-290-010
694-290-011
694-320-010
694-320-011
694-290-009 (portion)
694-320-008 (portion)

Acres

_____ acres

EXHIBIT C
BOUNDARY MAP

(see attached)

RESOLUTION NO. 2025-__

**A RESOLUTION OF INTENTION OF THE CITY COUNCIL OF
THE CITY OF PALM DESERT TO ESTABLISH THE CITY OF
PALM DESERT COMMUNITY FACILITIES DISTRICT NO.
2025-1 (SHADOW RIDGE PUBLIC SERVICES), TO
AUTHORIZE THE LEVY OF A SPECIAL TAX THEREIN, AND
TAKING OTHER ACTIONS RELATED THERETO**

WHEREAS, the City Council (the "City Council") of the City of Palm Desert (the "City") has received a petition requesting the institution of proceedings for the formation of a community facilities district pursuant to Chapter 2.5 (commencing with Section 53311) of Part 1 of Division 2 of Title 5 of the California Government Code, commonly known as the Mello-Roos Community Facilities Act of 1982, as amended (the "Act"), for the purpose of financing certain public services described below, which are necessary to meet the increased demands placed upon the City as a result of the development of real property within the territory to be included in the community facilities district; and

WHEREAS, in accordance with Section 53312.7 of the Act, on October 13, 2005 pursuant to Resolution No, 05-68, the City Council of the City adopted the City's Goal's and Policies for Community Facilities Districts ("Policy"); and

WHEREAS, the Policy provides for the financing of services authorized to be financed under the Act on a case by case basis; and

WHEREAS, the City Council, having received a petition and waiver ("Petition") from the owner(s) of not less than 10% of the area of land proposed to be included in a proposed community facilities district, now desires to proceed with the establishment of such community facilities district to finance the provision of certain public services pursuant to Section 53313 of the Act that are necessary to meet the increased demands for services placed upon the City as a result of development within the area, and to levy a special tax within the proposed community facilities district to finance such services, provided that the special tax levies are approved at an election to be held within the proposed community facilities district in accordance with the Act; and

WHEREAS, the owner (the "Owner") is the owner of all of the property which is proposed to be included within the proposed community facilities district; and

WHEREAS, the Council has determined that the Petition complies with the requirements of Sections 53318 and 53319 of the Government Code.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF PALM DESERT, DOES HEREBY RESOLVE AS FOLLOWS:

1. Recitals. The City Council finds and determines that all the foregoing recitals are true and correct and incorporated herein.

2. Authority. The City Council proposes to conduct proceedings to establish a community facilities district pursuant to the Act.

3. Name of CFD. The name proposed for the community facilities district is "City of Palm Desert Community Facilities District No. 2025-1 (Shadow Ridge Public Services), County of Riverside, State of California" (the "CFD").

4. Boundaries Described. The proposed boundaries of the CFD, as described in Exhibit C attached hereto and incorporated herein by reference, are hereby preliminary approved. A copy of the map is also on file with the City Clerk. The City Clerk is hereby directed to record, or cause to be recorded, the map of the boundaries of the CFD in the office of the Riverside County Recorder within 15 days of the date of adoption of this Resolution.

5. Services. The type of services proposed to be financed by the CFD pursuant to the Act shall consist of those listed in Exhibit A attached hereto and incorporated herein by reference (the "Services"). The City Council hereby determines that the Services are necessary to meet increased demands for such services placed upon the City as the result of development occurring within the area of the CFD. The Services are in addition to those provided in the territory of the CFD as of the date hereof and will not supplant services already available within the territory of the CFD as of the date hereof.

6. Special Tax. Except to the extent that funds are otherwise available to the CFD to pay for the Services, a special tax (the "Special Tax") sufficient to pay the costs thereof, secured by recordation of a continuing lien against all non-exempt real property in the CFD, will be levied annually within the CFD, and collected in the same manner as ordinary ad valorem property taxes, or in such other manner as the City Council shall determine, including direct billing of the affected property owners. The proposed rate and method of apportionment of the Special Tax among the parcels of real property within the CFD in sufficient detail to allow each landowner within the proposed CFD to estimate the maximum amount such owner will have to pay, are described in the Rate and Method of Apportionment of Special Tax attached hereto as Exhibit B and incorporated herein by this reference (the "Rate and Method of Apportionment"). The City Council hereby finds that the provisions of Section 53313.6, 53313.7 and 53313.9 of the Act (relating to adjustments to ad valorem property taxes and schools financed by a community facilities district) are inapplicable to the proposed CFD.

7. Exempt Property. Except as may otherwise be provided by law or by the Rate and Method of Apportionment of the Special Tax for the CFD, all lands owned by any public entity, including the United States, the State of California, the County and/or the City, or any departments or political subdivisions thereof, shall be omitted from the levy of the Special Tax to be made to cover the costs and expenses of the Services and the CFD. In the event that a portion of the property within the CFD shall become for any reason exempt, wholly or in part, from the levy of the Special Tax, the City Council will, on behalf of the CFD, increase the levy to the extent necessary upon the remaining property within the CFD which is not exempt in order to yield the annual expenses of the

CFD, if any, subject to the provisions of the Rate and Method of Apportionment of the Special Tax and the Act.

8. Election and Unanimous Approval. The levy of the Special Tax in the CFD shall be subject to the approval of the qualified electors of the CFD at a special election. The proposed voting procedure shall be by mailed or hand-delivered ballot among the landowners in the proposed CFD, with each landowner having one vote for each acre or portion of an acre such owner owns in the CFD.

9. CFD Report. The City Manager (or deputy or designee thereof) is hereby directed to study the proposed Services and to make, or cause to be made, and file with the City Clerk a report in writing (the “CFD Report”), which shall be a part of the record of the public hearing hereinafter specified and which report shall present the following:

(a) A description of the Services that will be required to adequately meet the needs of the CFD.

(b) An estimate of the fair and reasonable cost of the Services and incidental expenses in connection therewith, and all other related costs.

10. Public Hearing. February 13, 2025, at 3:00 p.m. (which date is at least 30 days and not more than 60 days after the date of this Resolution), or as soon thereafter as possible in the City Council Chambers located at City Hall, 73-510 Fred Waring Drive, Palm Desert, California 92260, shall be the time and place when and where the City Council, as legislative body for the CFD, will conduct a public hearing on the establishment of the CFD and consider and finally determine whether the public interest, convenience and necessity require the formation of the CFD and the levy of the Special Tax.

11. Notice of Hearing. The City Clerk is hereby directed to cause notice of the public hearing to be given by publication one time in a newspaper published in the area of the proposed CFD. The publication shall be completed at least seven (7) days before the date of the public hearing specified above.

The City Clerk may also cause notice of the hearing to be given to each property owner within the CFD by first class mail, postage prepaid, to each such owner’s address as it appears on the most recent tax records of the County or as otherwise known to the City Clerk to be correct. Such mailing shall be completed not less than 15 days before the date of the public hearing.

The notice of the public hearing shall be substantially in the form specified in Section 53322 of the Act, with the form summarizing the provisions hereof hereby specifically approved.

At the above-mentioned time and place for public hearing any persons interested, including taxpayers, persons registered to vote within the CFD, and property owners, may appear and be heard. The testimony of all interested persons for or against the

establishment of the CFD, the extent of the CFD, or the furnishing of the services will be heard and considered.

Any protests may be made orally or in writing. However, any protests pertaining to the regularity or sufficiency of the proceedings shall be in writing and clearly set forth the irregularities and defects to which the objection is made. All written protests shall be filed with the City Clerk on or before the time fixed for the public hearing. Written protests may be withdrawn in writing at any time before the conclusion of the public hearing.

If a written majority protest against the establishment of the CFD is filed (as determined in accordance with Section 53324 of the Act), the proceedings shall be abandoned. If such majority protest is limited to certain services or portions of the Special Tax, those services or that tax shall be eliminated by the City Council.

12. Work-in-Kind. The City may accept advances of funds or work-in-kind from any sources, including private persons or private entities, and is authorized and directed to use such funds for any authorized purpose, including any cost incurred in creating the CFD. The CFD may enter into an agreement to repay all of such funds as are not expended or committed for any authorized purpose at the time of the election on the levy of the Special Tax, if the proposal to levy such tax should fail, and to repay all of such funds advanced if the levy of the Special Tax shall be approved by the qualified electors of the CFD.

13. Further Action. The Mayor, City Manager, Finance Director, Community Development Director, City Attorney, City Clerk and all other officers and agents of the City are hereby authorized and directed to take all actions necessary or advisable to give effect to the transactions contemplated by this Resolution.

14. Effective Date. This resolution shall take effect upon its adoption.

PASSED, APPROVED and ADOPTED by the City Council of the City of Palm Desert, California, on this 9th day of January, 2025, by the following vote, to wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

JAN C. HARNIK, MAYOR

ATTEST:

ANTHONY MEJIA, MMC
CITY CLERK

EXHIBIT A

CITY OF PALM DESERT Community Facilities District No. 2025-1 (Shadow Ridge Public Services)

DESCRIPTION OF SERVICES

The services to be funded, in whole or in part, by the community facilities district (the "CFD" or "District") include, but are not limited to: (i) police protection and related services of the City of Palm Desert required to sustain the public safety service delivery capability for emergency and non-emergency services including related facilities, equipment, vehicles, services, supplies and personnel; (ii) Fire protection and suppression services, and ambulance and paramedic services; (iii) maintenance and lighting of parks, parkways, streets, roads and open space; (iv) flood and storm protection services; and (v) other public services authorized to be funded under Section 53313 of the California Government Code.

The District may fund any of the following related to the services described in the preceding sentence: obtaining, constructing, furnishing, operating and maintaining equipment, apparatus or facilities related to providing the services and/ or equipment, apparatus, facilities or fixtures in areas to be maintained, paying the salaries and benefits of personnel necessary or convenient to provide the services, payment of insurance costs and other related expenses and the provision of reserves for repairs and replacements and for the future provision of services. It is expected that the services will be provided by the City, either with its own employees or by contract with third parties, or any combination thereof.

The services to be financed by the District are in addition to those provided in the territory of the District before the date of creation of the District, and will not supplant services already available within that territory when the District is created.

Administrative Expenses: The administrative expenses to be funded by the District include the direct and indirect expenses incurred by the City in carrying out its duties with respect to the District (including, but not limited to, the levy and collection of the special taxes) including the fees and expenses of attorneys, any fees of the County of Riverside related to the District or the collection of special taxes, an allocable share of the salaries of the City staff directly related thereto and a proportionate amount of the City's general administrative overhead related thereto, any amounts paid by the City from its general fund with respect to the District or the services authorized to be financed by the District, and expenses incurred by the City in undertaking action to foreclose on properties for which the payment of special taxes is delinquent, and all other costs and expenses of the City in any way related to the District.

Other: The incidental expenses that may be funded by the District include, in addition to the administrative expenses identified above, the payment or reimbursement to the City of all costs associated with the establishment and administration of the District.

EXHIBIT B

CITY OF PALM DESERT Community Facilities District No. 2025-1 (Shadow Ridge Public Services)

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), County of Riverside, State of California 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.

“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 of Developed Property.

“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.

Toll Brothers

America's Luxury Home Builder™

February 17, 2023

Mr. Todd Hileman
City Manager
City of Palm Desert
73510 Fred Waring Drive
Palm Desert, CA 92260

**Subject: Community Facilities District Proposal;
Development Agreement and Condition Use Permit Amendment & Partial
Termination;
Proposed 93 Single Family Homes on Fallow Land in Shadow Ridge Resort**

Mr. Hileman:

In light of the initial discussion between Toll Brothers (“Toll”) and Marriott Vacations Worldwide Corporation (“MVW”) in April 2022 regarding MVW’s intent to convey its undeveloped land at the existing Shadow Ridge Resort (the “Land”), Toll has researched a funding mechanism for the City if 93 single family homes are approved, constructed, and occupied on the Land.

Said funding mechanism would be via a Community Facilities District (“CFD”) as permitted by The Mello-Roos Communities Facilities Action of 1982.

Per California Civil Code Section 53313 (attached), such a CFD may fund a variety of city services, including Police, Fire, Paramedic, Parks, Streets, Flood, etc. The City of Palm Desert (“City”) would receive such funding via the County of Riverside’s distributions from the property tax payments made by each of the 93 homeowners if the City approves the land use conversion request.

Balancing market parameters of a reasonable “Overall Tax Rate” including all taxes and assessments, a proposed \$2,200 per year CFD (or 0.2% of assessed value) would be imposed in Year 1 for each home.

Existing Taxes	Rate	Ass'd Value \$ 900,000	Overall Rate
Base Levy	1.000%	\$ 9,000	
PSUSD Bonds	0.152%	\$ 1,367	
Water District (CV)	0.110%	\$ 990	
College District	0.040%	\$ 356	
Other Fees	\$ 748	\$ 748	
Sub-Total Assessments		\$ 12,460	1.4%
+ CFD Services (proposed)		\$ 2,200	0.2%
Total Assessments		\$ 14,660	1.6%
<i>Disclaimer: Preliminary estimates subject to change.</i>			

At \$2,200 per home, with 93 homes the CFD would yield \$204,600± to the city in Year 1.

At a 30-year term, assuming a 2% annually compounded assessed value increase, the total yield to the City from the CFD would be \$8,300,000±.

In addition, the City's estimated portion of the 1% base levy is 0.064%± of assessed value, or \$576± per home in Year 1, or \$53,600 for all 93 homes in Year 1. The total would be \$2,200,000± over 30-years.

Collectively, the City's estimated payments would be approximately \$10,500,000±.


Implementation of the foregoing would require amendments to Development Agreement and the existing Conditional Use Permit relating, in part, and the necessary City approvals to construct the homes.

New Subdivision – 93 Lots

The conceptual site plan for the new 93 lot subdivision, to be processed with the City, is attached.

We appreciate your consideration of these matters in connection with Toll Brothers' intended application for approval of the proposed 93 homes in Shadow Ridge Resort.

Sincerely,

DocuSigned by:

9EDB0108A347406...

David W. Ernst
SVP Land Acquisitions
Toll Brothers

Attachments:

Community Facilities District ("CFD")
Conceptual Site Plan

CC: Martin Alvarez, Director of Community Development
Don Baarman, Marriott Vacations Worldwide Corp.
William S. Vanos, Esq., Marriott Vacations Worldwide Corp.
Brad Hare, Toll Brothers – Division President
Isaac Boyd, Toll Brothers – Vice President
Pete Kim, Toll Brothers – VP Land Development
David Yrigoyen, Toll Brothers – Project Manager

Community Facilities District (“CFD”)



California
LEGISLATIVE INFORMATION

Home | Bill Information | California Law | Publications | Other Resources | My Subscriptions | My Favorites

Code: Section:

[Up^](#) | [<< Previous](#) | [Next >>](#) | [cross-reference chaptered bills](#) | [PDF](#) | [Add To My Favorites](#) |

Search Phrase:

GOVERNMENT CODE - GOV

TITLE 5. LOCAL AGENCIES [50001 - 57607] (*Title 5 added by Stats. 1949, Ch. 81.*)

DIVISION 2. CITIES, COUNTIES, AND OTHER AGENCIES [53000 - 55821] (*Division 2 added by Stats. 1949, Ch. 81.*)

PART 1. POWERS AND DUTIES COMMON TO CITIES, COUNTIES, AND OTHER AGENCIES [53000 - 54999.7] (*Part 1 added by Stats. 1949, Ch. 81.*)

CHAPTER 2.5. The Mello-Roos Community Facilities Act of 1982 [53311 - 53368.3] (*Chapter 2.5 added by Stats. 1982, Ch. 1451, Sec. 1.*)

ARTICLE 1. General Provisions [53311 - 53317.5] (*Article 1 added by Stats. 1982, Ch. 1451, Sec. 1.*)

53313. A community facilities district may be established under this chapter to finance any one or more of the following types of services within an area:

(a) **Police protection services**, including, but not limited to, criminal justice services. However, criminal justice services shall be limited to providing services for jails, detention facilities, and juvenile halls.

(b) **Fire protection and suppression services, and ambulance and paramedic services.**

(c) Recreation program services, library services, maintenance services for elementary and secondary schoolsites and structures, and the operation and maintenance of museums and cultural facilities. A special tax may be levied for any of the services specified in this subdivision only upon approval of the registered voters as specified in subdivision (b) of Section 53326. An election to enact a special tax for recreation program services, library services, and the operation and maintenance of museums and cultural facilities may be conducted pursuant to subdivision (c) of Section 53326.

(d) **Maintenance and lighting of parks, parkways, streets, roads, and open space.**

(e) **Flood and storm protection services**, including, but not limited to, the operation and maintenance of storm drainage systems, plowing and removal of snow, and sandstorm protection systems.

(f) Services with respect to removal or remedial action for the cleanup of any hazardous substance released or threatened to be released into the environment. As used in this subdivision, the terms "remedial action" and "removal" shall have the meanings set forth in Sections 25322 and 25323, respectively, of the Health and Safety Code, and the term "hazardous substance" shall have the meaning set forth in Section 25281 of the Health and Safety Code. Community facilities districts shall provide the State Department of Health Care Services and local health and building departments with notification of any cleanup activity pursuant to this subdivision at least 30 days prior to commencement of the activity.

(g) **Maintenance and operation of any real property or other tangible property with an estimated useful life of five or more years** that is owned by the local agency or by another local agency pursuant to an agreement entered into under Section 53316.2.

A community facilities district tax approved by vote of the landowners of the district may only finance the services authorized in this section to the extent that they are in addition to those provided in the territory of the district before the district was created. The additional services shall not supplant services already available within that territory when the district was created.

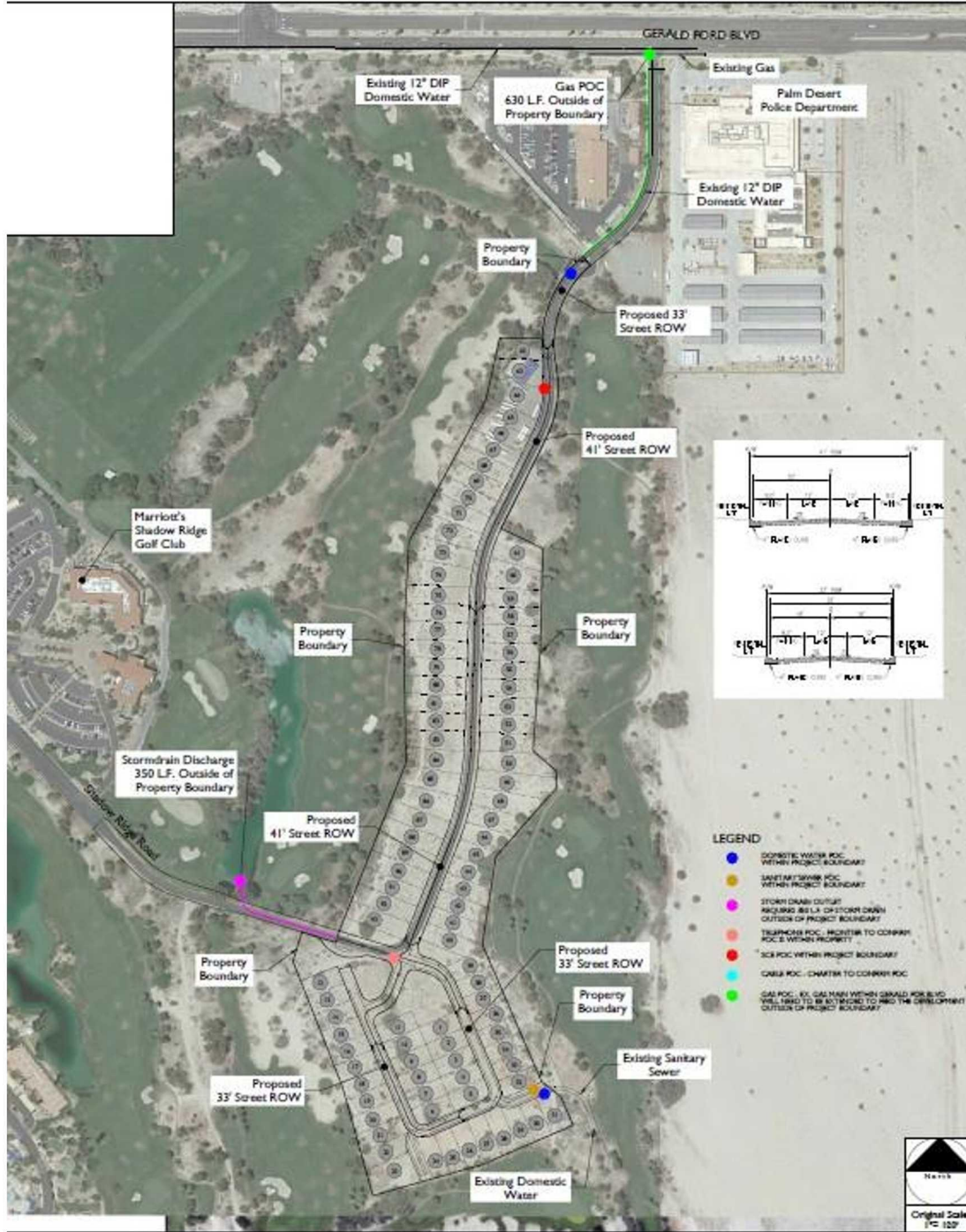
Bonds shall not be issued pursuant to this chapter to fund any of the services specified in this section, although bonds may be issued to fund capital facilities to be used in providing these services.

(Amended by Stats. 2014, Ch. 71, Sec. 78. (SB 1304) Effective January 1, 2015.)

Conceptual Site Plan

Site Summary :

50' x 110' (5,500 sq.ft.) : ± 93 Lots



- LEGEND**
- CONCRETE WATER POC WITHIN PROJECT BOUNDARY
 - SANITARY SEWER POC WITHIN PROJECT BOUNDARY
 - STORM DRAIN OUTLET REQUIRED AS L.A. CP STORM DRAIN OUTSIDE OF PROJECT BOUNDARY
 - TRAMPING POC - MONITOR TO CORPUS POC'S WITHIN PROPERTY
 - SCR POC WITHIN PROJECT BOUNDARY
 - GAS POC - CHARTER TO CORPUS POC
 - GAS POC - EX. GAS MAIN WITHIN CHARTER FOR BLVD WILL NEED TO BE EXTENDED TO REACH DEVELOPMENT OUTSIDE OF PROJECT BOUNDARY



WILSON HIXSON CORPORATION
 8 CORPORATE PARK, SUITE 100
 IRVINE, CA 92614
 TEL: 949.261.1000

UTILITY POINTS OF CONNECTION PLAN

SHADOW RIDGE ROAD

Palm Desert, California
 SCALE: 1" = 100'

03.10.22

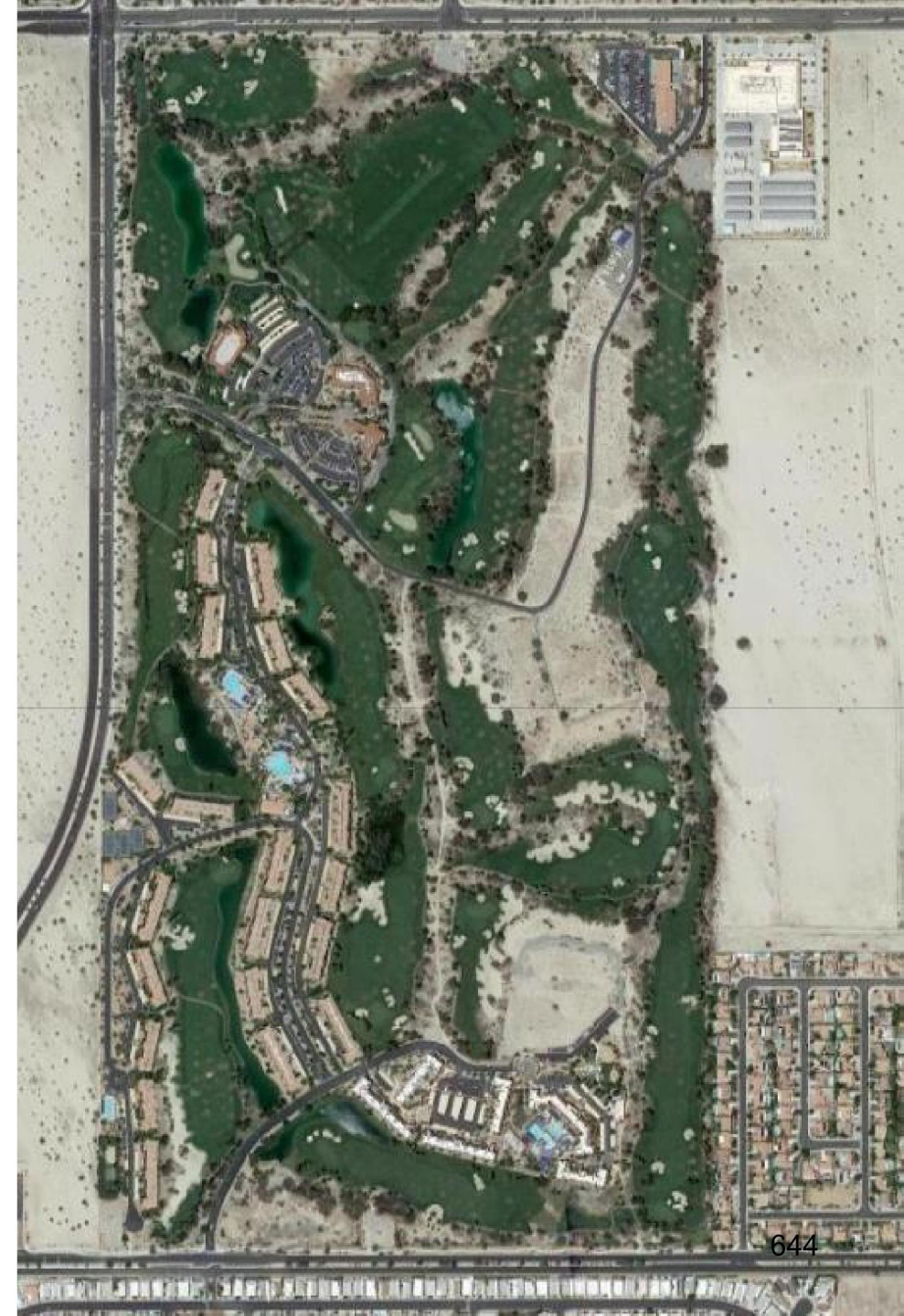
MARRIOTT SHADOW RIDGE

City Council January 9, 2025



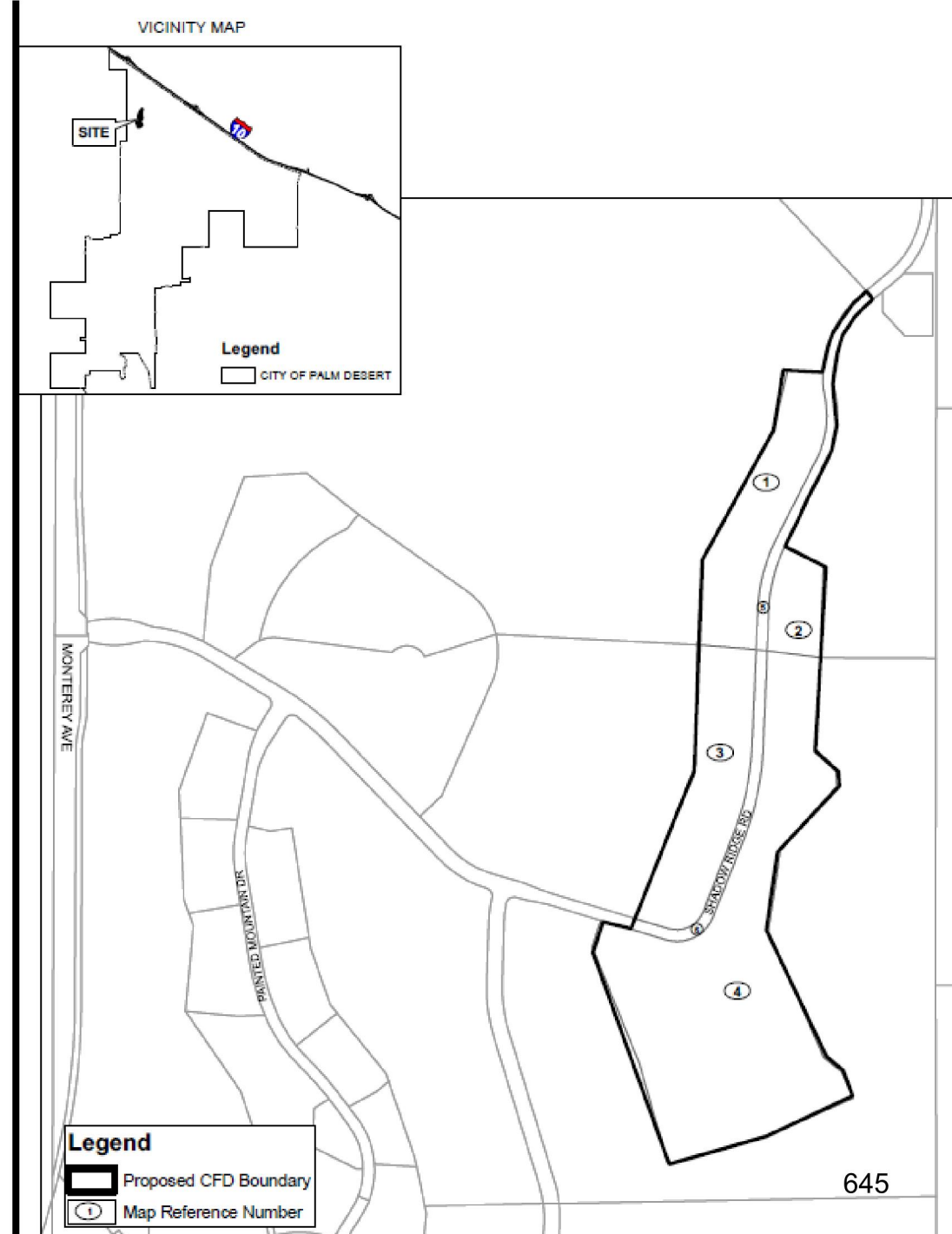
DA 98-1 AMD. 2

- Remove 18+ acres of undeveloped parcels from the existing DA
- One time payment of \$1.6M to the City upon sale of the land from Marriott to Toll Brothers
- Toll Brothers to build 93-single family homes
- New subdivision to create new service CFD



RESOLUTION OF INTENTION

- Community Facilities District (CFD) No. 2025-1 (Shadow Ridge Public Services)
- Mello-Roos Community Facilities Act of 1982 – funding mechanisms for cities to form CFD to pay for certain services.
- Rate and Method of Apportionment (\$2,200/developed property)
- Term is 30-years
- Tax is collected with property tax



NEXT STEPS

- Adopt Resolution of Intention to Establish the CFD (tonight)
- Record the Boundary Map by January 24, 2025
- Set a Public Hearing Date for February 13, 2025, to consider formation of the CFD:
 - Resolution of Formation
 - Resolution Calling for the Election
 - Resolution Declaring the Results of the Election
 - Ordinance levying the special tax within CFD 2025-1
- Second reading of the Ordinance at the next meeting.

