

# 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.