



CITY OF

Palm Desert

CFD Report

**City of Palm Desert
Community Facilities District
No. 2025-1 (Shadow Ridge Public Services)**

January 2025

Prepared by:



WILLDAN
Financial Services

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I. Introduction

WHEREAS, the City Council of the City of Palm Desert (hereinafter referred to as the “City Council”), in the State of California, did, pursuant to the terms and provisions of Chapter 2.5 of Part 1, of Division 2, of Title 5 of the Government Code of the State of California, as amended (the “Act”), adopt a Resolution of Intention for the proposed formation of City of Palm Desert Community Facilities District No. 2025-1 (Shadow Ridge Public Services) (“CFD No. 2025-1”).

WHEREAS, this Community Facilities District Report (“Report”) is being provided to the City Council and generally contains the following:

1. A brief description of CFD No. 2025-1;
2. A brief description of the Services (defined below) required at the time of formation to meet the needs of CFD No. 2025-1.
3. A brief description of the boundaries of CFD No. 2025-1; and
4. An estimate of the cost of services, including all costs associated with formation of CFD No. 2025-1, determination of the amount of any special taxes, collection of any special taxes, or costs otherwise incurred in order to carry out the authorized purposes of the City with respect to CFD No. 2025-1, and any other incidental expenses to be paid through the proposed financing.

For particulars, reference is made to the Resolution of Intention, Resolution No. 2025-001, as previously approved. All capitalized terms not defined herein are defined in the Rate and Method of Apportionment of Special Tax section, attached as Exhibit C to this report.

NOW THEREFORE Willdan Financial Services, the appointed responsible firm directed to prepare the Report, pursuant to the provisions of the Act, does hereby submit the following:

II. General Description & Boundaries of CFD No. 2025-1

A description of the exterior boundaries of the territory proposed for inclusion in CFD No. 2025-1, including properties and parcels of land proposed to be subject to the levy of a Special Tax by CFD No. 2025-1, is shown on the boundary map designated as "PROPOSED BOUNDARIES OF COMMUNITY FACILITIES DISTRICT NO. 2025-1 (SHADOW RIDGE PUBLIC SERVICES), CITY OF PALM DESERT, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA", which is on file in the office of the Clerk of the City Council of the City of Palm Desert and was recorded with the County Recorder of the County of Riverside on January 28, 2025 in Book 95 of Maps of Assessment and Community Facilities Districts at Page 13 and as Instrument Number 2025-0027288. A copy of the map is attached hereto as Exhibit A and hereby incorporated by reference.

III. Description of Services

The General Description of the Services that may be funded are as follows:

The services to be funded, in whole or in part, by CFD No. 2025-1 include, but are not limited to the following: (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.

CFD No. 2025-1 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 CFD No. 2025-1 are in addition to those provided in the territory of CFD No. 2025-1 before the date of creation of CFD No. 2025-1 and will not supplant services already available within that territory when the CFD No. 2025-1 is created.

IV. Cost Estimates

Costs of formation associated with CFD No. 2025-1 are currently estimated at approximately \$73,500.

The annual administration costs for CFD No. 2025-1 are expected to total \$13,000 in Fiscal Year 2025/2026, escalating by two percent (2%) per year on July 1, 2026 and each July 1 thereafter.

The district's development is projected to be complete in fiscal year 2028/2029. Revenue for CFD No. 2025-1 is projected at \$221,461 in year fiscal year 2028/2029 after the development has fully completed. Below is the projected revenue over the 30-year term.

Fiscal Year	Projected completed units	Estimated Revenue
2025/2026	0	\$0.00
2026/2027	18	40,392.00
2027/2028	54	123,599.52
2028/2029	90	210,119.18
2029/2030	93	221,465.62
2030/2031	93	225,894.93
2031/2032	93	230,412.83
2032/2033	93	235,021.09
2033/2034	93	239,721.51
2034/2035	93	244,515.94
2035/2036	93	249,406.26
2036/2037	93	254,394.38
2037/2038	93	259,482.27
2038/2039	93	264,671.92
2039/2040	93	269,965.35
2040/2041	93	275,364.66
2041/2042	93	280,871.96
2042/2043	93	286,489.39
2043/2044	93	292,219.18
2044/2045	93	298,063.57
2045/2046	93	304,024.84
2046/2047	93	310,105.33
2047/2048	93	316,307.44
2048/2049	93	322,633.59
2049/2050	93	329,086.26
2050/2051	93	335,667.99
2051/2052	93	342,381.35
2052/2053	93	349,228.97
2053/2054	93	356,213.55
2054/2055	93	363,337.82
Total Revenue:		\$7,831,058.71

V. Rate and Method of Apportionment of Special Tax

The Rate and Method of Apportionment (RMA) for each improvement area provides sufficient information to allow a property owner within CFD No. 2025-1 to estimate the Maximum Special Tax for his or her property. It also includes method of prepayment in full and the procedure for prepayments.

For particulars on the RMA for CFD No. 2025-1, reference is made to Exhibit B of this report.

EXHIBIT A

Boundary Map

COPY

95/13

SHEET 1 OF 1

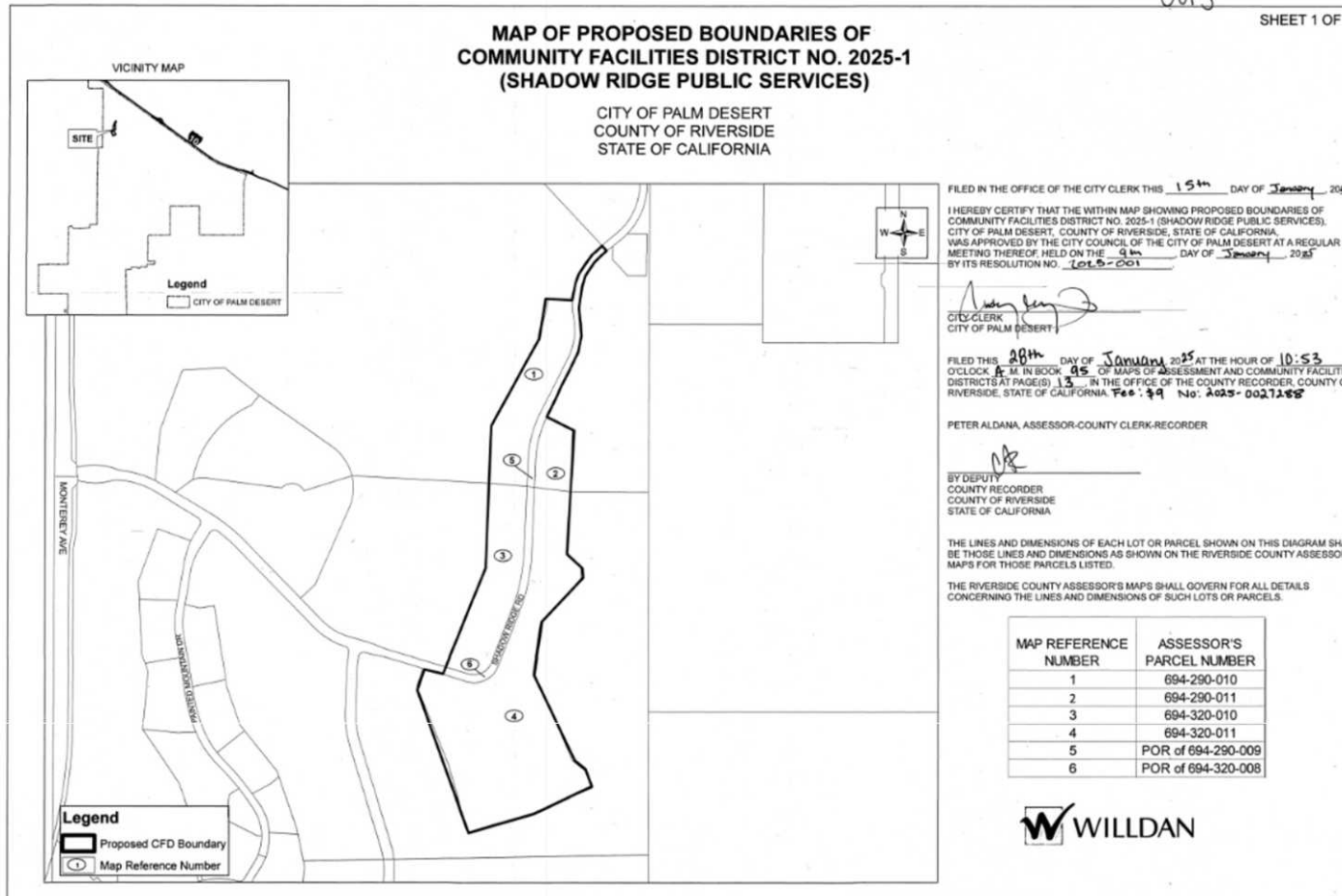


EXHIBIT B

Rate and Method of Apportionment

CFD No. 2025-1

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.