

**STAFF REPORT
CITY OF PALM DESERT
FINANCE DEPARTMENT**

MEETING DATE: May 14, 2020

PREPARED BY: Thomas J. Metz, Deputy City Treasurer
Randy Chavez, Landscape Supervisor

REQUEST: Approve the start of proceedings to levy the annual assessment for City of Palm Desert Benefit Assessment District No. 1 for Fiscal Year 2020/2021.

Recommendation

Waive further reading and adopt:

1. Resolution No. 2020-42, initiating proceedings for the levy and collection of assessments for City of Palm Desert Benefit Assessment District No. 1 for Fiscal Year 2020/2021.
2. Resolution No. 2020-43, declaring its intention to levy the annual assessment for City of Palm Desert Benefit Assessment District No. 1 for Fiscal Year 2020/2021, pursuant to the *Benefit Assessment Act of 1982* and appointing a time and place for the public hearing on these matters.

Strategic Plan Objective

Not applicable.

Background Analysis

City of Palm Desert ("City") Benefit Assessment District No. 1 was formed to assess property owners for the maintenance of the drainage system within Section 29. It was formed pursuant to state law, and maximum levy amounts were established at that time. Each parcel is assessed based on a weighted measure of apportionment known as Equivalent Benefit Unit ("EBU"), which may take into consideration land use, development status, size of the property, location of the property, development plans or restrictions, vehicular trip generation, street frontage, densities, or other property-related factors. The full levy amount of \$557.30 per EBU is being proposed for Fiscal Year 2020/2021.

Staff recommends that the City Council declare its intention to levy the full assessment, and to set the Public Hearing date for June 25, 2020, pursuant to state law.

Fiscal Analysis

The assessment and collection of the full levy amount finances the ongoing maintenance of the Section 29 retention basin and associated staff costs, relieving the City from any financial burden.

LEGAL REVIEW	DEPT. REVIEW	FINANCIAL REVIEW	ASSISTANT CITY MANAGER
N/A Robert W. Hargreaves City Attorney	<i>Janet M. Moore</i> Janet M. Moore Director of Finance	<i>Janet M. Moore</i> Janet M. Moore Director of Finance	<i>Andy Firestine</i> Andy Firestine Assistant City Manager
City Manager, Lauri Aylaian: <i>LA</i>			

ATTACHMENTS: Resolution No. 2020-42
Resolution No. 2020-43
Engineer's Annual Levy Report for FY 2020/2021 (Preliminary)

RESOLUTION NO. 2020-42

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALM DESERT, CALIFORNIA, INITIATING PROCEEDINGS FOR THE LEVY AND COLLECTION OF ASSESSMENTS FOR PALM DESERT BENEFIT ASSESSMENT DISTRICT NO. 1 FOR FISCAL YEAR 2020/2021

The City Council of the City of Palm Desert (hereafter referred to as the "City Council") does resolve as follows:

WHEREAS, the City Council by previous action and resolution formed the "Palm Desert Benefit Assessment District No. 1" (hereafter referred to as the "District") pursuant to the Benefit Assessment Act of 1982, chapter 6.45, division 2, title 5 of the Government Code of the State of California, commencing with section 54703 (hereafter referred to as the "Act") that provides for the collection of assessments by the County of Riverside on behalf of the City of Palm Desert to pay for the maintenance, operation, and services of improvements related thereto; and,

WHEREAS, the City Council desires to initiate proceedings for the levy and collection of annual assessments for the Fiscal Year 2020/2012 for the maintenance, operation, and servicing of the drainage basin and facilities that provide benefit to the property within the District pursuant of the provisions of the Act; and,

WHEREAS, the City has retained Willdan Financial Services for the purpose of assisting with the annual levy of the District, including the preparation and filing of an Engineer's Report (hereafter referred to as the "Report") with the City Clerk in accordance with the Act.

NOW, THEREFORE, LET IT BE RESOLVED, DETERMINED, AND ORDERED BY THE CITY COUNCIL, THE LEGISLATIVE BODY FOR THE DISTRICT, AS FOLLOWS:

Section 1. The above recitals are true and correct.

Section 2. The City Council hereby orders Willdan Financial Services for the purpose of assisting with the Annual Levy of the District, including the preparation and filing of an Engineer's Report (hereafter referred to as the "Report") with the City Clerk in accordance with the Act.

Section 3. The purpose of this District is to fund the activities necessary to operate, maintain, and serve the drainage basin constructed in a portion of Section 29, Township 4 South, Range 6, East SBM and to be enlarged in connection with current and new development of properties. The maintenance, operation, and servicing of these improvements may include, but are not limited to, all materials, equipment, labor and incidental expenses deemed

RESOLUTION NO. 2020-42

necessary to keep the drainage basin in satisfactory condition. The Engineer's Report shall provide a more detailed description of the improvements and services provided by the District and describes any new improvements or substantial changes of the improvements for which properties are assessed.

Section 4. The City Council hereby determines that to provide the improvements generally described in section 3 of this resolution and to be detailed in the Report, it is necessary to levy and collect assessments within the District for Fiscal Year 2020/2021, and that such improvements shall be outlined and described in the Report and imposed pursuant to the provisions of the Act and in accordance with the requirements of the California Constitution articles XIIC and XIID.

PASSED, APPROVED, AND ADOPTED at a regular meeting of the Palm Desert City Council, held on this 14th day of May, 2020, by the following vote, to wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

GINA NESTANDE, MAYOR

ATTEST:

GRACE L. ROCHA, ACTING CITY CLERK
CITY OF PALM DESERT, CALIFORNIA

RESOLUTION NO. 2020-43

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALM DESERT, CALIFORNIA DECLARING ITS INTENTION TO LEVY THE ANNUAL ASSESSMENT FOR CITY OF PALM DESERT BENEFIT ASSESSMENT DISTRICT NO. 1 FOR FISCAL YEAR 2020/2021, PURSUANT TO THE BENEFIT ASSESSMENT ACT OF 1982 AND APPOINTING A TIME AND PLACE FOR THE PUBLIC HEARING ON THESE MATTERS

The City Council of the City of Palm Desert, California (hereafter referred to as the "City Council") does resolve as follows:

WHEREAS, the City Council by previous action and resolution formed the "Palm Desert Benefit Assessment District No. 1" (hereafter referred to as the "District") pursuant to the Benefit Assessment Act of 1982, chapter 6.4, division 2, title 5 of the Government Code of the State of California, commencing with section 54703 (hereafter referred to as the "Act"), for purposes of levying annual assessments upon benefiting properties within the District for the maintenance, operation, and servicing of drainage basin and facilities related thereto; and,

WHEREAS, an Engineer's Report (hereafter referred to as the "Report") was prepared, filed, and approved by the City Council in connection with the District and the levy of such assessments, pursuant to section 54716 of the Act; and,

WHEREAS, the City Council conducted property owner protect proceedings relating to the improvements and services described in the Report, the levy and collection of annual assessments, and an assessment range formula related thereto, in accordance with the provisions of the California Constitution article XIIIID; and

NOW, THEREFORE, BE IT RESOLVED, DETERMINED, AND ORDERED BY THE CITY COUNCIL OF THE CITY OF PALM DESERT, THE LEGISLATIVE BODY FOR THE DISTRICT, AS FOLLOWS:

Section 1. The City Council hereby declares its intention to seek the annual levy of the District assessments pursuant to the Act, over and including the land within the District boundaries to pay the costs of the operation, maintenance, and servicing of the drainage basin and improvements and expenses related thereto for Fiscal Year 2020/2021.

Section 2. The boundaries of the District are described in the Report and include the parcels within the District at the time of the Resolution of Intention and are identified on the Riverside County Assessor's Secured Roll (as of June 2007) and on the Assessor's Parcel Map.

RESOLUTION NO. 2020-43

Section 3. Notice is hereby given that a Public Hearing on these matters will be held by the City Council on **Thursday, June 25, 2020 at 4:00 p.m.**, or as soon thereafter as feasible in the City Council (Council Chambers), located at 73-510 Fred Waring Drive, Palm Desert, California.

PASSED, APPROVED, AND ADOPTED at a regular meeting of the Palm Desert City Council, held on the 14th day of May, 2020, by the following vote, to wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

GINA NESTANDE, MAYOR

ATTEST:

GRACE L. ROCHA, ACTING CITY CLERK
CITY OF PALM DESERT, CALIFORNIA



PALM DESERT
CALIFORNIA

City of Palm Desert

Benefit Assessment District No. 1

2020/2021 ENGINEER'S ANNUAL LEVY REPORT

Intent Meeting: May 14, 2020
Public Hearing: June 25, 2020



27368 Via Industria
Suite 200
Temecula, California 92590
T 951.587.3500 | 800.755.6864
F 951.587.3510

www.willdan.com

ENGINEER'S REPORT AFFIDAVIT

Benefit Assessment District No.1

The District includes parcels of land within the subdivisions know as
Parcel Map No. 24255 (Monterey 170)/
Assessment District 2004-02 (Section 29)

City of Palm Desert,

County of Riverside, State of California

This Report and the enclosed budget, assessments, descriptions and diagrams describe the Benefit Assessment District No.1, and include each lot, parcel, and subdivision of land within said District, as the same existed at the time of the passage of the Resolution of Intention. Reference is hereby made to the Riverside County of Assessor's maps for a detailed description of the lines and dimensions of parcels within the District. The undersigned respectfully submits the enclosed Report as directed by the City Council.

Dated this 1st day of May, 2020.

Willdan Financial Services
Assessment Engineer
On Behalf of the City of Palm Desert

By: Josephine Moses

Josephine Moses, Senior Project Manager
District Administration Services

By: Richard Kopecky
Richard Kopecky
R.C.E. # 16742



TABLE OF CONTENTS

INTRODUCTION.....	1
PART I — PLANS AND SPECIFICATIONS	4
A. Benefiting Properties within the District	4
B. Funding authorized by the 1982 Act	4
C. Description of Services	4
PART II — METHOD OF APPORTIONMENT	6
A. General	6
B. Benefit Analysis.....	6
C. Assessment Methodology	7
D. Assessment Range Formula	9
PART III — DISTRICT BUDGET.....	11
PART IV — DISTRICT DIAGRAMS.....	12
PART V — ASSESSMENT ROLL	14

INTRODUCTION

Pursuant to the provisions of the Benefit Assessment Act of 1982, being Chapter 6.4 of the California Government Code, commencing with Section 54703 (hereafter referred to as the “1982 Act”), and in compliance with the substantive and procedural requirements of the California State Constitution Article XIID (hereafter referred to as the “California Constitution”), the City Council of the City of Palm Desert, County of Riverside, State of California (hereafter referred to as “City”), proposes to levy special benefit assessments for the district designated as:

City of Palm Desert Benefit Assessment District No. 1

Benefit Assessment District No. 1 (hereafter referred to as “District”), which includes lots and parcels of land within the subdivisions known as Monterey 170 and subdivision known as Section 29, within the City limits of Palm Desert. The areas included in the District are also known as Parcel Map No. 24255 (Monterey 170) / Assessment District 2004-02 (Section 29).

The Engineer’s Annual Levy Report (hereafter referred to as the “Report”) describes the District, the services, and the proposed assessments to be levied against properties in connection with the special benefits that the properties will receive from the maintenance and servicing of the District improvements and facilities for fiscal year 2020/2021. The District and the assessments described herein will provide a funding source (annual assessments) for the continued operation, maintenance and servicing of the drainage basin, including expansions thereto.

The services and assessments described in this Report are based on the current and planned development of properties within the District and represent an estimate of the direct expenditures, incidental expenses, and fund balances that will be necessary to operate, maintain and service the drainage basin that provides special benefits to properties within the District. The structure of the District (organization), the proposed services, the method of apportionment, and assessments described herein are based on the current and proposed development within the District; and by reference, the plans and specifications for the drainage basin and expansion thereto are made part of this Report. The word “parcel,” for the purposes of this Report, refers to an individual property assigned its own Assessor’s Parcel Number (APN) by the Riverside County Assessor’s Office. The Riverside County Auditor-Controller uses Assessor’s Parcel Numbers and specific Fund Numbers to identify properties to be assessed on the tax roll for the special benefit assessments.

As part of this District, the City of Palm Desert conducted a Property Owner Protest Ballot proceeding for the proposed levy of a new assessment pursuant to the provisions of the *California Constitution, Article XIID Section 4*. In conjunction with this ballot proceeding, the City Council conducted a noticed public hearing to consider public testimonies, comments and written protests regarding the formation of the District and levy of

assessments. At the public hearing, property owner protest ballots received were tabulated and a majority protest did not exist for the proposed assessments and the assessment range formula presented and described herein. The City Council approved the Report, ordered the formation of the District, and approved the levy and collection of assessments.

Each subsequent fiscal year, a Report is prepared and presented to the City Council describing any changes to the proposed services, the annual budget and assessments for that fiscal year, and the City Council shall hold a noticed public hearing regarding these matters prior to approving and ordering the proposed levy of assessments. If the proposed assessments for the District exceed the maximum assessment described herein (as approved by the property owners), the new or increased assessment must be confirmed through another property owner protest ballot proceeding before such an assessment may be imposed. It should be noted that an increased assessment to an individual property resulting from changes in development or land use does not constitute an increased assessment.

This Report consists of five (5) parts:

Part I

Plans and Specifications: A description of the District boundaries and the proposed improvements associated with the District.

Part II

The Method of Apportionment: A discussion of benefits the services provide to properties within the District and the method of calculating each property's proportional special benefit and annual assessment. This section also identifies and outlines an Assessment Range Formula that provides for an annual adjustment to the Maximum Assessment Rate that establishes limits on future assessments, but also provides for reasonable cost adjustments due to inflation without the added expense of additional property owner protest ballot proceedings.

Part III

The District Budget: An estimate of the annual costs to operate, maintain and service the drainage basin improvements and facilities installed and constructed to support current and proposed development within the District. This budget includes an estimate of anticipated direct maintenance costs and incidental expenses including, but not limited to administration expenses and the collection of appropriate fund balances. The special benefit assessments are based on the overall operation, maintenance and servicing costs minus any costs that are considered general benefit or not assessed as special benefit. The proposed assessments for the fiscal year 2020/2021, shall be based on the estimated net annual cost of operating, maintaining and servicing the District improvements for that fiscal year. The Maximum Assessments Rate (Rates per Equivalent Benefit Unit)

identified in the budget of this Report shall be adjusted annually by the Assessment Range Formula described in the method of apportionment.

Part IV

District Diagram: A Diagram showing the exterior boundaries of the District is provided in this Report and includes all parcels that will receive special benefits from the services. Parcel identification, the lines and dimensions of each lot, parcel and subdivision of land within the District, are inclusive of all parcels as shown on the Riverside County Assessor's Parcel Maps as they existed at the time of the passage of the Resolution of Intention, and shall include all subsequent subdivisions, lot line adjustments or parcel changes therein. Reference is hereby made to the Riverside County Assessor's maps for a detailed description of the lines and dimensions of each lot and parcel of land within the District.

Part V

Assessment Roll: A listing of the proposed assessment amount to be applied to each parcel within the District for the fiscal year 2020/2021. The proposed assessment amount for each parcel is based on the parcel's proportional special benefit as outlined in the method of apportionment and the Maximum Assessment Rates.

PART I — PLANS AND SPECIFICATIONS

A. Benefiting Properties within the District

The territory within the District consists of all lots, parcels and subdivisions of land within the subdivision known as Monterey 170 and the proposed subdivision known as Section 29, which encompasses an area of land totaling approximately four hundred sixty acres (460 acres). The subdivisions are generally located:

North of Gerald Ford;
Southwest of Interstate 10;
West of the Portola Avenue; and,
East of Monterey Avenue.

B. Funding authorized by the 1982 Act

As generally defined by the 1982 Act and applicable to this District, the City may impose a benefit assessment to finance the maintenance, operation and servicing costs associated with the drainage basin described below.

C. Description of Services

The purpose of this District is to fund the activities necessary to operate, maintain and service the drainage basin constructed in a portion of Section 29, Township 4 South, Range 6 East SBM and to be enlarged in connection with current and new development of properties. The maintenance, operation and servicing of these improvements may include but are not limited to all materials, equipment, labor, and incidental expenses deemed necessary to keep the drainage basin in satisfactory condition. The maintenance of the improvements and related activities shall be funded entirely through the District assessments. The District services are generally described as:

- Drainage basin maintenance that may include but is not limited to inspection, repair, removal and replacement, and servicing of drainage basins, inlets, catch basins, manholes, outlets, drywells, pumps, filters and storm drain pipes installed in connection with the development of benefiting properties as well as any off-site improvements and facilities directly associated with the aforementioned infrastructure that is deemed necessary to service or protect the properties;
- All appurtenant, equipment, materials and service contracts related to the operation, maintenance and servicing of the aforementioned improvements and facilities;

- Detailed maps and descriptions of the location and extent of the specific improvements to be maintained by the District are on file in the Office of Public Works and by reference are made part of this Report. The annual cost to provide the services determined to be of special benefit shall be allocated to each property in proportion to the special benefits received from those various services.

Drainage Basin Maintenance

The drainage basin maintenance may include, but is not limited to: grading of access perimeter roads, repair of erosion of slopes to access roads, debris clearance, anchor mat repairs, dust control through the application of soil stabilization agents, weed abatement, mosquito and vector control, storm drain inlets and outlets, pumps, filters and pipes. The annual assessments for this District are intended to support the drainage basin and the maintenance program that will adequately regulate and control storm water runoff resulting from current and proposed development within the District. This maintenance program may include but is not limited to: inspection and documentation of the system; cleaning, servicing or repair of the facilities and equipment; and the partial removal, replacement or rehabilitation of equipment and facilities. The drainage basin will cover an area of approximately 4 acres. The Public Works Department shall authorize and schedule all operational activities and maintenance of the drainage basin.

A portion of the services described above might not be performed on an annual basis but rather as a result of an extraordinary event, such as replacement of the anchor mats and other major facility repairs, and the funds necessary for these activities are collected as part of the annual assessments. The monies collected each year for these extraordinary services shall be accumulated in a special fund of the District (Reserve Fund). The monies accumulated for these activities shall be spent as needed to perform the services deemed necessary by the City. This process of providing a reserve shall continue until such time the District is dissolved; or the City determines that such funding procedures require modification. Changes in the process of providing a reserve that would result in an increase to the annual assessment rate must be presented to the property owners for approval prior to imposing such an increase.

PART II — METHOD OF APPORTIONMENT

A. General

The 1982 Act permits the establishment of assessment districts by agencies for the purpose of providing for the maintenance, operation and servicing of drainage and flood control improvements as well as streets, roads and appurtenant facilities. The 1982 Act further requires that the cost of these improvements be levied according to benefit rather than assessed value:

“The amount of the assessment imposed on any parcel of property shall be related to the benefit to the parcel which will be derived from the provision of the service.”

Furthermore:

“The annual aggregate amount of the assessment shall not exceed the estimated annual cost of providing the service, except that the legislative body may, by resolution, determine that the estimated cost of work authorized ... is greater than can be conveniently raised from a single annual assessment and order that the estimated cost shall be raised by an assessment levied and collected in installments.... The revenue derived from the assessment shall not be used to pay the cost of any service other than the service for which the assessment was levied.”

The method of apportionment described in this Report for allocation of special benefit assessments utilizes commonly accepted engineering practices and is in compliance with the provisions of the 1982 Act and the California Constitution. The formulas used for calculating assessments reflects the composition of parcels within the District and the improvements and services provided, to fairly apportion the costs based on the special benefits to each parcel.

B. Benefit Analysis

Each of the proposed services, and the associated costs and assessments have been carefully reviewed, identified and allocated based on special benefit pursuant to the provisions of the 1982 Act and the California Constitution. The drainage basin improvements associated with this District are necessary and essential requirements for existing development, and the orderly development of future properties within the District to their full potential, consistent with the conditions for development of the properties, protection of downstream properties which would be negatively affected by increased storm runoff from the developed properties without the basin, and the applicable portions of the City General Plan. As such, the ongoing operation, servicing and maintenance of those improvements would otherwise be the direct financial obligation of each individual property owner. Since the existing parcels and proposed new development to be assessed are directly served by the drainage basin, each parcel has a direct investment in the proper maintenance of the various improvements that is over and above any

general benefits that may be conferred by such improvements and services.

The construction and installation of these improvements are only necessary for the properties within the District. As such, these improvements were not required nor necessarily desired by any properties or developments outside the District boundary and any public access or use of the improvements by others is incidental. Therefore, it has been determined that the ongoing maintenance, servicing and operation of the District improvements provide no measurable general benefit to properties outside the District or to the public at large, but clearly provide distinct and special benefits to properties within the District.

C. Assessment Methodology

All costs associated with the services shall be fairly distributed among the parcels based upon the special benefit received by each parcel. Additionally, in compliance with the California Constitution Article XIID Section 4, each parcel's assessment may not exceed the reasonable cost of the proportional special benefit conferred to that parcel. The benefit formula used to determine the assessment obligation is therefore based upon both the services that benefit the parcels within the District as well as the gross acreage of each property as compared to other parcels that benefit from those services.

The method of apportionment established for this District and described herein, reflects the proportional special benefit each property receives from the services based on the gross acreage of that parcel as compared to the total gross acreage of all properties within the District except those that retain runoff on-site and do not receive any special benefit from those services.

Equivalent Benefit Units

In order to assess benefits equitably it is necessary to relate each property's proportional special benefits to the special benefits of all other properties within the District. The method of apportionment established for this district, formed under the 1982 Benefit Act, will utilize a weighted method of apportionment known as an Equivalent Benefit Unit (EBU) methodology. This proportional weighting may be based on several factors that may include, but are not limited to: the type of development (land use), development-status (developed versus undeveloped), size of the property, location of the property, development plans or restrictions, vehicular trip generation, street frontage, densities or other property related factors. Generally, for most districts the calculation of each parcel's proportional special benefit can be reasonably determined by applying one or more of these factors.

Since the drainage basin will be constructed to retain runoff from the properties within the District and the cost of maintenance is directly related to the size of the basin, each parcel's proportional special benefit has been based on the parcel's gross acreage as compared to the total gross acreage of all other parcels within the District except those

that retain runoff on-site and do not receive any special benefit from those services. Generally, storm water runoff occurs from the entire parcel before and after development. Thus, the gross size of a parcel prior to development provides a relative comparison to the amount of runoff the parcel will contribute to the drainage basin and thus the cost of maintenance. Therefore, it has been determined that for this District, each parcel's proportional benefit (Equivalent Benefit Units) shall be equal to the parcel's gross acreage before development (rounded to two decimal places).

Exempt Parcels — This land use identifies properties that are not assessed and are assigned 0.00 EBU. This land use classification may include but is not limited to:

- Lots or parcels identified as public streets and other roadways (typically not assigned an APN by the County) which are otherwise included in the gross acreage of the parcel prior to development;
- Dedicated public easements including open space areas, utility rights-of-way, greenbelts, parkways, parks or other publicly owned properties that are part of the District improvements or may provide other benefits to private properties within the District;
- Private properties that cannot be developed independently from an adjacent property, such as common areas, sliver parcels or bifurcated lots or properties with very restrictive development use but are included in the gross acreage prior to development;
- Parcels owned by the school district, Coachella Valley Water District and private developers that will not be assessed as part of this benefit assessment district, since the runoff generated by these properties shall be captured and retained onsite through the construction and grading of the sites.

These types of parcels are considered to receive little or no benefit from the improvements and are therefore exempted from assessment, but shall be reviewed annually by the assessment engineer to confirm the parcels' current development status. Government owned properties or public properties are not necessarily exempt properties and shall be subject to special benefit assessment unless it qualifies for an exempt status. The following formula is used to calculate each parcel's EBU (proportional benefit).

Total Budget / Total EBU (Gross Acres) = Assessment Rate per EBU

(Parcel's Acreage / Total Net Acreage) x Total EBU = Parcel's EBU

Assessment Rate per EBU x Parcel's EBU = Parcel Levy Amount

For all subsequent parcel subdivisions that result in a final map of buildable residential lots, the number of EBUs assigned to such lots shall be calculated by taking the EBU initially calculated for the original Parcel (identified at the time of this Report) and apportioning the original assigned EBUs equally to the new buildable residential lot(s) or

by equivalent gross acreage for non-residential lots created by a subdivision map. The corresponding assessment shall be levied against the applicable corresponding Assessor's Parcel Number(s).

D. Assessment Range Formula

Any new or increased assessment requires certain noticing and meeting requirements by law. Prior to the passage of Proposition 218 (California Constitution Articles XIII C and XIII D), legislative changes in the Brown Act defined a "new or increased assessment" to exclude certain conditions. These conditions included "any assessment that does not exceed an assessment formula or range of assessments previously adopted by the agency or approved by the voters in the area where the assessment is imposed." This definition and conditions were later confirmed through Senate Bill 919 (Proposition 218 implementing legislation).

If the proposed annual assessment (levy per EBU) for the upcoming fiscal year is less than or equal to the adjusted Maximum Assessment Rate, then the proposed annual assessment is not considered an increased assessment.

The purpose of establishing an Assessment Range Formula is to provide for reasonable increases and inflationary adjustment to annual assessments without requiring costly noticing and mailing procedures, which could add to the District costs and assessments. As part of the District formation, the notice and assessment ballots presented to the property owners for approval, included a maximum assessment amount for fiscal year 2007/2008 (initial maximum assessment), identification of the corresponding Maximum Assessment Rate and a summary of the Assessment Range Formula described herein.

The Assessment Range Formula for this District shall be applied to all future assessments and is generally defined:

The Maximum Assessment Rate is equal to the (Initial) Maximum Assessment Rate established for fiscal year 2007/2008 adjusted annually by the greater of three percent (3%) or the annual percentage change in the Consumer Price Index (CPI) of "All Urban Consumers" for the Los Angeles- Long Beach-Anaheim Area for March. Starting fiscal year 2019/2020 the Maximum Assessment Rate will be adjusted annually by the greater of three percent (3%) or the annual percentage change in the Consumer Price Index (CPI) of "All Urban Consumers" for the Riverside-San Bernardino-Ontario Area.

Beginning in the second fiscal year (fiscal year 2008/2009) and each fiscal year thereafter, the Maximum Assessment Rate will be recalculated and a new Maximum Assessment Rate established for the fiscal year utilizing the Assessment Range Formula described above. The adjusted Maximum Assessment Rate shall be calculated independent of the District's annual budget and proposed assessment. The annual percentage change in CPI shall be based on available data provided by the U.S. Department of Labor; Bureau of Labor Statistics at the time the annual Report is prepared.

Should the Bureau of Labor Statistics revise such index or discontinue the preparation of such index, the City shall use the revised index or comparable system as approved by the City Council for determining fluctuations in the cost of living.

Any proposed annual assessment (rate per EBU) less than or equal to the calculated (adjusted) Maximum Assessment Rate is not considered an increased assessment, even if the proposed assessment is greater than the assessment applied in the prior fiscal year.

To impose a new or increased assessment other than the annual inflationary adjustment provided by the preceding Assessment Range Formula, the City must comply with the provisions of the California Constitution Article XIID Section 4c, that requires a public hearing and certain protest procedures including mailed notice of the public hearing and property owner protest balloting. Property owners, through the balloting process, must approve a proposed new or increased assessment before such an assessment may be imposed.

PART III — DISTRICT BUDGET

Direct Costs		Total
Labor and Maintenance	\$	97,700.70
Materials		103,764.88
Utilities		2,038.91
	\$	203,504.49
 Administration		
City Administration Overhead	\$	15,093.07
Professional fees for Administration		2,550.14
County Administration Fee		424.17
	\$	18,067.39
 RESERVE FUND /CIP FUND	\$	31,252.84
 BALANCE TO LEVY ⁽¹⁾	\$	252,824.71
 Parcels Levied		740
Total EBU's (Gross Acres)		453.66
 FY 2020/2021 MAXIMUM LEVY PER EBU	\$	591.26
FY 2020/2021 LEVY PER EBU	\$	557.30
 FY 2019/2020 MAXIMUM LEVY PER EBU	\$	574.03
FY 2019/2020 LEVY PER EBU	\$	557.30
 Estimated Beginning Reserve Balance - June 30, 2020	\$	2,259,877.81
Reserve Fund Adjustments		<u>-</u>
Estimated Ending Reserve Balance - June 30, 2021	\$	2,259,877.81
 Beginning CIP Fund Balance - June 30, 2020	\$	1,832,219.29
CIP Fund Adjustments		<u>31,252.84</u>
Estimated CIP Balance - June 30, 2021	\$	1,863,472.12

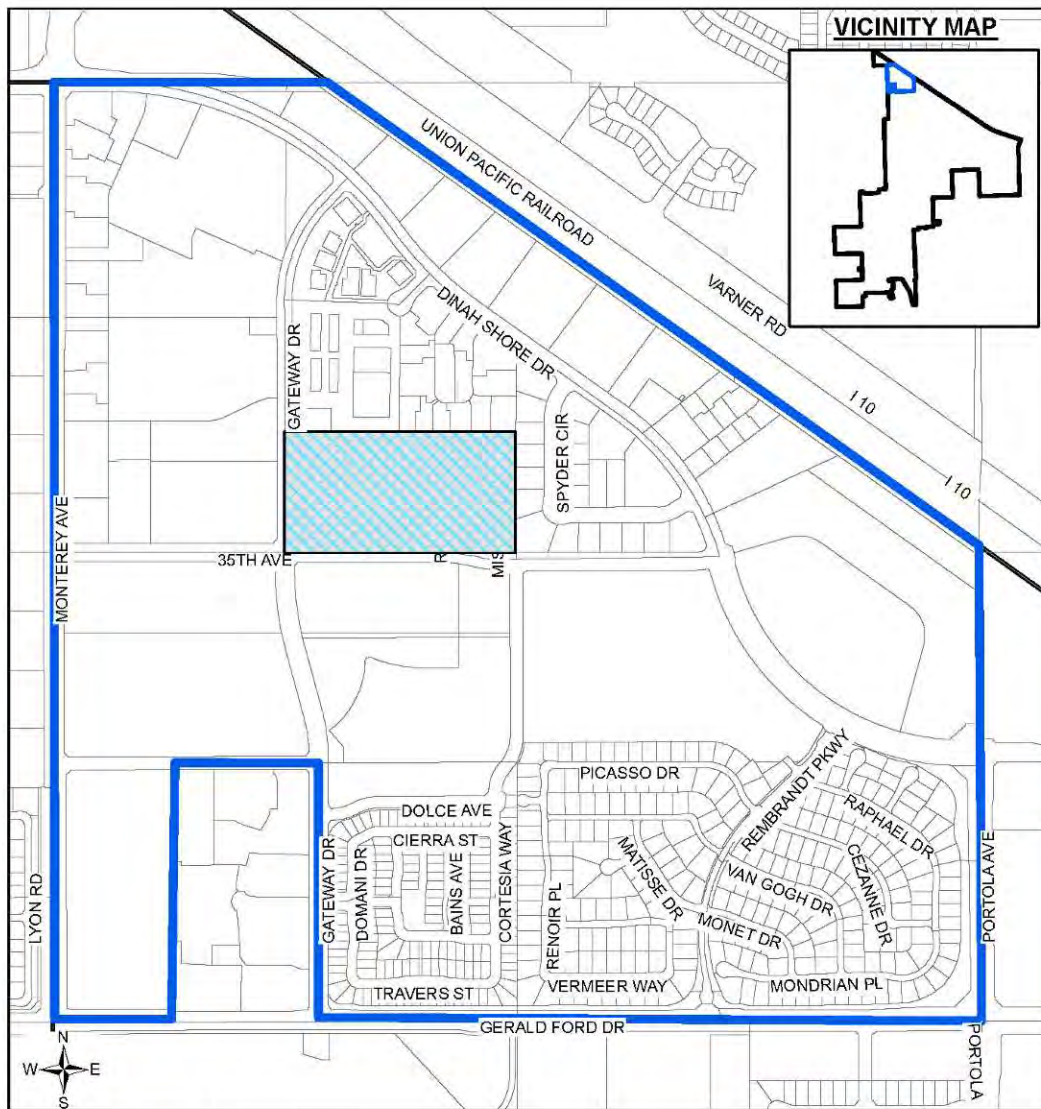
(1) Slight variance from Charge total sum on Assessment Roll due to rounding.

PART IV — DISTRICT DIAGRAMS




The parcels within Benefit Assessment District No. 1, Parcel Map No. 24255 (Monterey 170) / Assessment District 2004-02 (Section 29) consist of lots, parcels and subdivisions of land located in the planned residential and commercial development known as Section 29 and Monterey 170. The District covers approximately four hundred sixty acres (460 acres) in the City of Palm Desert.

The following District Diagram is based on the Riverside County Assessor's Maps and the Riverside County Assessor's information and identifies all the parcels of land within the proposed District, as the same existed at the time this Report was prepared. The combination of this map and the Assessment Roll contained in this Report constitute the District Assessment Diagram.

BOUNDARIES OF THE CITY OF PALM DESERT BENEFIT ASSESSMENT DISTRICT NO. 1 (MONTEREY 170 / SECTION 29)



Legend

-  District Boundary
-  City of Palm Desert
-  NOT A PART

PART V — ASSESSMENT ROLL

Parcel identification for each lot or parcel within the District is based on the Assessment Diagram presented herein and is based on available parcel maps and property data from the Riverside County Assessor's Office at the time the Engineer's Report was prepared. A listing of the proposed lots and parcels to be assessed within this District along with the assessment amounts is provided herein.

Non-assessable lots or parcels may include, but are not limited to public streets and other roadways (typically not assigned an APN by the County); dedicated public easements, open space areas, right-of-ways, common areas; bifurcated lots, and any other property that cannot be developed or has little or no value. These types of parcels are considered to receive little or no benefit from the improvements and are therefore exempted from assessment.

If any parcel submitted for collection is identified by the County Auditor-Controller to be an invalid parcel number for the fiscal year, a corrected parcel number and/or new parcel numbers will be identified and resubmitted to the County Auditor-Controller. The assessment amount to be levied and collected for the resubmitted parcel or parcels shall be based on the method of apportionment and assessment rate described in this Report as approved by the City Council. Therefore, if a single parcel is subdivided to multiple parcels, the assessment amount applied to each of the new parcels shall be recalculated and applied according to the approved method of apportionment and assessment rate rather than a proportionate share of the original assessment.