

INDIAN WELLS CITY COUNCIL

May 16, 2024



To: City Council
From: Finance Department
Prepared by: Kevin McCarthy, City Finance Director
Subject: **Proceedings to Form Proposed Community Facilities District No. 2024-1 (Public Safety)**

RECOMMENDED ACTIONS:

Council **ADOPTS** Resolution of Intention with Respect to Formation of Proposed City of Indian Wells Community Facilities District No. 2024-1 (Public Safety); and

FINDS the project to be exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Sections 15060 and 15378.

DISCUSSION:

The City of Indian Wells has identified the need to fund the continuing expansion of demand for additional municipal services associated with new development and population growth. In October 2021, the City began talks with the owner of certain properties located within the City and a Special Tax Consultant to assist in establishing Community Facilities District No. 2024-1 (Public Safety) ("CFD") to levy a special tax to fund Public Safety serving the new development.

The City has received a petition from Summit Developments, the owner and developer ("Owner") of Assessor's Parcel Numbers (APNs): 633-150-087, 633-310-004, 633-310-013, 633-310-026, 633-310-021, 633-310-028, 633-310-035, 633-410-045, 633-410-049 and 633-410-051 (the "Property") requesting the formation of the proposed CFD to fund additional municipal services.

It is also anticipated that additional property will annex into the CFD at a future date. The future property expected to annex into the CFD includes, but is not limited to, Leo Cook, the owner and developer of APN 633-240-042, and BBC Esmeralda, owner of APN 633-150-044.

APNs 633-310-014, 633-310-030, 633-310-032, 633-310-034, 633-410-036, 633-410-041, 633-410-046, 633-410-050, 633-410-052, 633-150-071, and 633-150-077 are owned by the City of Indian Wells and are proposed to annex into the CFD. As a public agency, the City is not subject to the proposed special tax and intends to transfer

ownership of the property to be included in the CFD to third parties. The property will be subject to a special tax once ownership is transferred to third parties.

Approval of the resolution described above is the first step to establishing the proposed CFD for the Property. The resolution of intention:

- establishes the name of the CFD;
- approves the boundaries of the proposed CFD;
- specifies the services to be financed;
- specifies that special taxes will be levied on all parcels of taxable property in the proposed CFD to finance the services and
- schedules a public hearing regarding the formation of the CFD.

Although the initial CFD will be established to serve property owned and under development by the Owner, several projects are already conditioned or are in the process of being conditioned to annex into the CFD once established. Once established, the Council will have the option to annex any future residential projects into the CFD.

The final steps for forming the proposed CFD will occur at the City Council meeting on June 20, 2024. The Mayor and the City Council will conduct a public hearing on such day and, following the public hearing, may adopt resolutions to form the proposed CFD, call a special election of qualified voters to approve the levy of special taxes, conduct a special election, and declare election results.

At the 2023 City Council Strategic Planning Session, the Council authorized staff to move forward with the formation of the CFD to provide operational funding for public safety.

OPTIONS:

Council provides alternative direction to staff.

FISCAL IMPACT:

There is a one-time cost to the City's general fund as the City will pay for the costs of this CFD formation proceedings. The formation costs are estimated to be approximately fifteen thousand dollars (\$15,000). The costs of future CFDs, including the annexation of additional territory to this CFD, will be paid for from proceeds of deposits collected from the property owners requesting the formation of additional CFDs or annexation to this CFD. The ongoing administration costs will be paid from the levy and collection of the annual special taxes. The initial annual special tax rates for the CFD are proposed as follows:

- Permanent Residential Property: \$388 per residential unit
- Short-Term Rental Property: \$291 per residential unit
- Hotel Property: \$277 per hotel room

- Retail Property: \$0.67 per building square foot
- Other Non-Residential Property: \$0.34 per building square foot

Beginning July 1, 2026, an annual escalation factor will increase the maximum special tax rates each subsequent fiscal year. Long-term revenue projections will depend on the number, scale, and progress of new developments annexed into the CFD.

CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA):

This action has been reviewed per the authority and criteria contained in the California Environmental Quality Act (CEQA), the State and local CEQA Guidelines, and the City's environmental regulations. The City, acting as the Lead Agency, determined that the resolution is not subject to CEQA pursuant to Sections 15060(c)(2), 15060(c)(3), and 15061(b)(3) of the State CEQA Guidelines, because it will not result in a direct or reasonably foreseeable indirect physical change to the environment as there is no possibility that the action would result in a significant environmental impact, and because it does not constitute a "project" as defined in Section 15378 of the State CEQA Guidelines, California Code of Regulations, Title 14, Chapter 3.

ATTACHMENTS:

1. Resolution of Intention for CFD No. 2024-1 (Public Safety)
2. Indian Wells CFD No. 2024-1 (Public Safety) Boundary Map