



INDIAN WELLS CITY COUNCIL

June 20, 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** the following Resolutions:

1. A Resolution of the City Council of the City of Indian Wells, California, Establishing Community Facilities District No. 2024-1 (Public Safety), City of Indian Wells, County of Riverside, State of California, and the Boundaries Thereof; and
2. A Resolution of the City Council of the City of Indian Wells, California Calling a Special Election and Submitting to the Voters of Community Facilities District No. 2024-1 (Public Safety), City of Indian Wells Propositions Regarding the Annual Levy of Special Taxes Within the Community Facilities District to Pay the Costs of Certain Services, and Establishing an Appropriations Limit Therefor; and
3. A Resolution of the City Council of the City of Indian Wells, California Declaring The Results of the Consolidated Special Elections Within Community Facilities District No. 2024-1 (Public Safety), and

INTRODUCES Ordinance to be read by title only and further reading waived, acting as the Legislative Body of Community Facilities District No. 2024-1 (Public Safety), Authorizing the Levy of Special Taxes in Such Community Facilities District; and

FINDS the project to be exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to Section Sections 15060(c)(2), 15060(c)(3), and 15061(b)(3).

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 property located within the City and a Special Tax Consultant to assist in establishing Community Facilities District No. 2024-1 (Public Safety) ("CFD No. 2024-1") to levy a special tax to fund Public Safety serving the new development.

The City has received petitions from Summit Developments, LLC, the owner and developer of Assessor's Parcel Numbers (APNs): 633-150-087, 633-310-004, 633-310-013, 633-310-026, and Pinnacle Oasis, LLC, the owner and developer (collectively the "Owners" and individually an "Owner") of APNs 633-310-021, 633-310-028, 633-310-035, 633-410-045, 633-410-049 and 633-410-051 (together the "Property") requesting the formation of the proposed CFD No. 2024-1 to fund additional municipal services. It is also anticipated that additional property will annex into CFD No. 2024-1 at a future date.

CFD No. 2024-1 will encompass the Property and will finance certain Services and incidental expenses, generally described below and in the attached CFD Report:

The types of City services to be financed by CFD No. 2024-1 ("Services") shall include but are not limited to, police protection services, fire protection and suppression services, ambulance and paramedic services, maintenance of streets and roadways, maintenance and operation of street lights, parks, parkways and open space, and maintenance of public facilities, including any incidental expenses authorized pursuant to the Mello-Roos Community Facilities Act of 1982, and any other miscellaneous or incidental services identified by the City necessary to provide the described Services herein.

In addition, the following costs will also be funded by the special taxes levied within CFD No. 2024-1:

1. Administrative Expenses, including costs incurred to determine, levy and collect the special taxes, including compensation of City employees for administrative work performed in relation to the CFD and a proportionate amount of the City's general administrative overhead related thereto, the fees of consultants and legal counsel, the costs of collecting installments of the special taxes upon the general tax rolls, preparation of required reports, and any other costs incurred for the administration of the CFD by the City;
2. Any amounts needed for operating reserves and capital replacement reserves; and
3. Any amounts needed to cure actual or estimated delinquencies in special taxes for the current or previous fiscal years.

On May 16, 2024, this City Council approved Resolution No. 2024-16 (the "Resolution of Intention"), which initiated the formation of CFD No. 2024-1, approved the boundaries of the proposed CFD No. 2024-1, described the Services proposed to be financed, and the proposed rate and method of apportionment of special taxes. Additionally, the Resolution of Intention set forth a public hearing and special landowner election to be held on June 20, 2024.

Although the initial CFD will be established to serve property owned and under development by the Owners, 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 development projects into CFD No. 2024-1.

On June 20, 2024, this City Council will hold a public hearing regarding the formation of the proposed CFD No. 2024-1. If a majority of the landowners within the boundaries of the proposed CFD No. 2024-1 do not register written or oral protests, then the City Council may consider adopting the following resolutions:

The resolution entitled "A Resolution of the City Council of the City of Indian Wells, California, Establishing Community Facilities District No. 2024-1 (Public Safety), the City of Indian Wells, County of Riverside, State of California, and the Boundaries Thereof (the "Resolution of Formation") which specifies that the special tax will be levied on all parcels of taxable property within CFD No. 2024-1 to pay the costs of the maintenance of the Services to be provided within the boundaries of CFD No. 2024-1. The amounts of the special taxes that may be levied for these purposes are set forth in Rate and Method of Apportionment of Special Taxes, which is contained in Exhibit B of the Resolution of Formation.

The resolution entitled "A Resolution of the City Council of the City of Indian Wells, California Calling a Special Election and Submitting to the Voters of Community Facilities District No. 2024-1 (Public Safety), City of Indian Wells Propositions Regarding the Annual Levy of Special Taxes within the Community Facilities District to Pay the Costs of Certain Services, and Establishing an Appropriations Limit Therefor" (the "Resolution Calling the Special Election") schedules the elections for CFD No. 2024-1 with respect to the annual levy of special taxes to pay the maintenance of the Services and with respect to establishing an annual appropriations limit of \$4,000,000.

The City Clerk and the Property Owners have consented to hold the election on June 20, 2024. The County of Riverside Registrar of Voters has certified that there are no registered voters within the boundaries of CFD No. 2024-1. Following the adoption of the Resolution Calling the Special Election, the City Clerk will conduct the election and declare the election results.

Following the election, the City Council may adopt "A Resolution of the City Council of the City of Indian Wells, California Declaring the Results of the Consolidated Special Elections within Community Facilities District No. 2024-1 (Public Safety)" (the "Resolution Declaring Election Results") which declares the results of the election.

If the results are in favor of the levy of special taxes within CFD No. 2024-1, the City Council may waive the full reading of the Ordinance Levying Special Taxes which authorizes the levy of special taxes within CFD No. 2024-1 in full and call for the first reading of such Ordinance by title only.

OPTIONS:

The City Council could choose not to approve the attached resolutions and not complete the formation of the proposed CFD No. 2024-1. The City Council could also provide alternative direction to staff.

FISCAL IMPACT:

As presented at the May 16, 2024, City Council meeting, there is a one-time cost to the City's general fund as the costs of this CFD formation proceedings will be paid for by the City. It is estimated the formation costs will 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 No. 2024-1. 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 CFD No. 2024-1.

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 resolutions are 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 Formation CFD No. 2024-1;
2. Resolution Calling the Election for CFD No. 2024-1;
3. Resolution Declaring the Election Results for CFD No. 2024-1;
4. Ordinance Authorizing the Levy of Special Taxes
5. A CFD Report for Proposed CFD No. 2024-1.