



Staff Report

City Council

Item No. {{section.number}}.D

Meeting Date: October 9, 2024

From: Kevin Biersack, Financial Services Director

Title: Resolution of Intention to Establish Improvement Area (IA) No. 22 - CFD NO. 2006-01

RECOMMENDATION:

To adopt a resolution of intention (ROI) to establish Improvement Area (IA) No. 22-CFD No. 2006-01.

BACKGROUND:

In 2006, the City Council formed a citywide Community Facilities District (“CFD 2006-1”) to pay for additional law enforcement, fire, paramedic, park maintenance and general services within areas of new development. A study was completed by David Taussig & Associates, Inc. to determine appropriate annual special tax rates mitigating the fiscal impact on the General Fund for the services proposed to be provided. In the event where there would be state budget cuts, CFD 2006-1 provides a secure source of funding at the local level, that cannot be taken away by state actions.

DISCUSSION:

New developments, with more than four equivalent dwelling units, are conditioned to join CFD 2006-1 through an annexation process. CFD 2006-1 annexations are processed as new developments and are required to complete the Community and Economic Development department’s approval process. The property owner for the new development project, The Wren, 204 multi-family units, has filed a petition (including consent and waiver) requesting the institution of proceedings for the formation of Improvement Area (“IA”) No. 22, within existing CFD 2006-1, which complies with the requirements of Section 53318(b) of the Mello-Roos Community Facilities Act of 1982 (“ACT”).

In accordance with the provisions of the Act, and specifically Sections 53326(a) and 53327(b) which allows for certain time and to conduct requirements relative to a special property owner election, the property owner has expressly waived the following:

- Any requirement to have the special election conducted within the time periods specified in Section 53326 of the Act or in the California Elections Code.
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- Any requirement for the mailing of the ballot for the special election; and agrees the election may be conducted by mail or hand-delivered ballot to be returned to the City Clerk; and requests the results of said election be canvassed and reported to the City Council at the public hearing on the formation of IA No. 22.
- All applicable waiting periods for the election and the requirement for analysis and arguments relating to the special election, as set forth in Section 53327 of the Act.
- All notice requirements relating to hearings and special elections, whether by posting, publishing or mailing, and whether such requirements are found in the California Elections Code, the California Government Code or other laws or procedures, including but limited to any notice provided for by compliance with the provisions of Section 4101 of the California Elections Code.
- Any and all claims based on any irregularity, error, mistake or departure from the provisions of the Act or other laws of the State and any and all laws and requirements incorporated therein, and
- No step or action in any proceeding relative to IA No. 22, or the special election shall be invalidated or affected by any such irregularity, error, mistake or departure.

A component of the Petition and Waiver is a map of proposed IA No.22, entitled “Proposed Boundaries of Improvement Area No. 22 of Community Facilities District No. 2006-1”, which is also on file in the office of the City Clerk and attached for reference. The original map will be filed in the City Clerk’s office and, within fifteen (15) days after the adoption by the City Council, a copy of such map so endorsed will be filed in the records of the County Recorder, County of Riverside, State of California.

Once approved, the resolution of intention (“Resolution”) will commence the formation process for the property described in the Petition. The Resolution will set a Public Hearing for November 13, 2024, regarding the proposed formation. An election will be held following the public hearing. At that time, the landowners within CFD IA No. 22 will vote on the levy of special taxes on their property within the CFD.

An exhibit to the Resolution, is the rate and method of apportionment (“RMA”). This is an analysis of the special tax to allow each property owner or resident, within the proposed district, to understand the annual amount that would be required for payment.

The RMA, which reflects the special taxes to be levied within CFD IA No. 22, is noted in Table 1 below:

TABLE 1
Maximum Special Tax for Developed Property
For Fiscal Year 2024-2025
Improvement Area No. 22

Land Use Class	Description	Maximum Special Tax
1	Residential	\$ 669.50 per Equivalent Dwelling Unit
2	Non-Retail Commercial/Industrial Property	\$0.1556 per SF of Floor Area

FISCAL IMPACT:

The proposed project is residential therefore, as identified in Table 1, the rate for Land Use Class of Residential, per Equivalent Dwelling Unit (“EDU”) for Fiscal Year (“FY”) 2024-2025, is \$669.50. The Non-Retail Commercial/Industrial Property special tax is not applicable. This special tax increases (but does not decrease) by the percentage change in the Consumer Price Index, not to exceed one percent (1%) per Fiscal Year.

The proposed IA No. 22, The Wren, will generate annual revenue in the amount of \$136,578.00.

FIVE-YEAR STRATEGIC PLAN:

This action will further Goal C – Fiscal Stability and Sustainability

Objective - Cathedral City has economically prospered by facilitating the investment of private dollars in high quality development which benefits the community. We remain financially solvent by instituting prudent fiscal policies and transparent financial practices.

ATTACHMENTS:

1. CC Services CFD 2006-1 (IA 22) - Petition and Waiver
2. CFD 2006-1 (IA 22) - Resolution of Intention
3. Rate and Method of Apportionment (RMA) CFD 2006-1, IA 22
4. Boundary Map CFD 2006-1 IA 22