



AGENDA STAFF REPORT

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Agenda Number: A
File ID: 0421.2

Section Name: CONSENT CALENDAR
Project ID:

MEETING DATE: May 14, 2024

SUBJECT: Formation of a California Statewide Communities Development Authority Community Facilities District for Phase 2 of the Verano Project located in the City of Cathedral City

TO: BOARD OF DIRECTORS

FROM: ENGINEERING/DEVELOPMENT SERVICES, CARRIE OLIPHANT

GENERAL MANAGER RECOMMENDATION:

RECOMMENDATION:

That the Board of Directors adopt a resolution which does the following:

1. Authorizes the California Statewide Communities Development Authority (CSCDA) to form a Community Facilities District (CFD) within the territorial limits of the Coachella Valley Water District (District) to finance certain public improvements including water demand offset fees, meter surcharges, sewer capacity charges, fair share contributions or similar;
2. Embodies a joint community facilities agreement setting forth the terms and conditions of the CFD financing;
3. Approves a form of funding and acquisition agreement between the District and the Developer; and
4. Authorizes staff to cooperate with CSCDA and its consultants in connection with the CFD formation and financing.

BUDGET IMPACT:

There is no fiscal impact related to this item. The Developer is responsible for all the costs associated with forming the CFD and issuing the bonds. There is no cost to the District's general fund related to the adoption of the attached resolution. The development within the CFD will promote economic development, the stimulation of economic activity, and the increase of the tax base within the District.

PROCUREMENT METHOD:

☒ N/A

If other, please explain:

BACKGROUND

The Coachella Valley Water District (the “District”) previously entered into a joint community facilities agreement with the California Statewide Communities Development Authority (“CSCDA”) and authorized CSCDA to form a Community Facilities District (CFD) for a portion of the Verano development project located in the City of Cathedral City and within the jurisdictional boundaries of the District (the “Verano Project”) consisting of 517 planned residential dwelling units with approximately 459 detached single family units and 58 townhomes (“Phase 1”). On October 19, 2023, CSCDA formed its California Statewide Communities Development Authority Community Facilities District No. 2023-07 (Verano), City of Cathedral City, County of Riverside, State of California (“CFD No. 2023-07”) for Phase 1 to finance certain public improvements to be owned by the District. The developer, NCP Verano LLC (the “Developer”), of the Verano Project, has now requested that the District consider formation of another CFD for the remainder of the Verano Project, consisting of 375 planned residential dwelling units with approximately 170 detached single family units, 131 attached single family units, and 74 townhomes (“Phase 2”) in order to finance certain public improvements, including through the financing of certain water demand offset fees, meter surcharges, sewer capacity charges and fair share contributions. The District wishes to authorize CSCDA to form and administer the CFD and issue bonds instead of allocating District resources and District staff time.

The CFD will be authorized to finance certain public improvements including water demand offset fees, meter surcharge, sewer capacity charges, fair share contributions and other similar charges or fees including:

- Sewer improvements, including, but not limited to, pipelines, valves, pumps, treatment facilities and improvements funded through a sewer connection fee, sewer capacity charge or a similar charge or fee.
- Water improvements, including, but not limited to, water distribution system improvements, wells, well site improvements, reservoirs, pipelines, valves, meters, hydrants, tie-ins and improvements funded through a water system backup facilities charge, water demand offset fee, meter surcharge, or similar charges or fees.

The above-referenced public capital improvements to be funded include those improvements eligible for construction from water system backup facilities charges, water demand offset fees, meter surcharge fees, sewer capacity charges and similar. The property owners within the CFD will receive a credit for certain improvements eligible for funding from a connection fee, capacity charge, fair share contribution or similar in the amount of any special tax or bond proceeds applied to such improvements or for their fair share contribution required for construction of facilities. Also, generally, for each of the categories of public capital improvements that are described above to be acquired, constructed and installed on public property (including dedicated rights-of-way and public easements), the authorized improvements shall be deemed to include, without limitation, the cost of real property, the cost and expense of mobilization, clearing, grubbing, protective fencing and erosion control, excavation, dewatering, lime treatment, drainage ditches, rock outfalls, curb, gutter and sidewalks, base and finish paving, striping, traffic signage, traffic signals, streetlights, landscaping, irrigation, soundwalls, retaining walls, barricades, and other related appurtenant work and facilities, together with the cost and expense of engineering design, plan review, project management, construction-related surety bonds or like security instruments, construction staking and management, inspection, and any like fees and costs incidental to such acquisition, construction and installation. The current estimate of the principal amount of the bond issuance is approximately \$11.375 million, to be issued in two or more series.

The District does not desire to allocate District resources and District staff time to the formation and administration of a CFD and to the issuance of the bonds. Accordingly, staff is proposing that the CFD be formed through CSCDA. CSCDA will form the CFD and issue the bonds and as such will be responsible for handling the funds, administering the tax levy, filing continuing disclosure reports and foreclosing if there are late property tax payments. Per the attached resolution, the District acknowledges that CSCDA has adopted Local Goals and Policies and approves the use of those Local Goals and Policies in connection with the CFD.

The resolution, included as Attachment A, accomplishes, among other things, the following:

- Authorizes CSCDA to form a CFD, with boundaries substantially as shown in Exhibit A to the resolution, to finance a proposed list of public capital improvements, water demand offset fees, meter surcharge fees, sewer capacity charges and fair share contribution, at no direct cost to the District and without binding or obligating the

District's general fund or taxing authority;

- Approves the list of public capital improvements, water demand offset fees, meter surcharge fees, sewer capacity charges and fair share contribution, to be financed;
- Provides that CSCDA is the issuer of any bonds and is fully responsible for their issuance and administration;
- Certifies to CSCDA that all of the public capital improvements to be financed by the CFD and owned by the District (including those financed through water demand offset fees, meter surcharge, sewer capacity charges and fair share contribution) (the "District Improvements") are necessary to meet increased demands placed upon the District as a result of the development occurring or expected to occur within the CFD;
- Provides that the District agrees to fully administer, and to take full governmental responsibility for, the construction and ownership of the District Improvements and for the administration and expenditure of the fees and charges financed by the CFD and paid to the District;
- Contains the provisions necessary to embody the requirements of and to constitute, along with the Joint Powers Agreement governing CSCDA (to which the District is a party), a joint community facilities agreement between the District and CSCDA under the Mello-Roos Act;
- Authorizes the Board President or General Manager or designee to execute the form of funding and acquisition agreement on behalf of the District in substantially the form as attached, with such changes as shall be approved by the District's authorized officer after consultation with the District's counsel; and
- Authorizes the General Manager and other appropriate District staff to cooperate with CSCDA and its consultants and to execute certificates and documents in connection with a future bond issuance for the CFD.

PRIOR BOARD ACTION:

N/A

DISTRICT STRATEGIC PLAN GOAL(S)/OBJECTIVES(S):

N/A

ENVIRONMENTAL IMPACT:

This is not a project as defined by CEQA; therefore, approval does not require any CEQA action.

PUBLIC NOTICE REQUIRED

N/A

LEGAL REVIEW

Best, Best, & Kreiger

ATTACHMENTS

Att 1 - JCFA Resolution for CSCDA CFD (Verano) 2024

Att 2 - Map-Facilities Agreement with NCP Verano