

POWER POINTS

**CITY COUNCIL
MEETING**

OCTOBER 17, 2023

City Council Regular Meeting October 17, 2023



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City Council Regular Meeting October 17, 2023 CLOSED SESSION IN PROGRESS



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Pledge of Allegiance



10/18/2023

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10/18/2023

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City Council Meeting October 17, 2023

P1-Talus Project Update



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City Council Meeting October 17, 2023 S1 – Land-Based Financing and Policy Discussion



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What is Land-Based Financing?

- Utilizing the value of land and improvements to raise money for infrastructure and/or services
- Many different forms such as Assessment Districts (AD), Community Facilities Districts (CFD), Enhanced Infrastructure Financing Districts (EIFD)

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Why Now?

Potential undertakings that may require financing options:

- Annexation of Sphere of Influence
- Electrical Infrastructure
- Utility Undergrounding
- Developer-requested as needed for residential projects

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Policy Update

- Adopted in 1999
- EIFD law established 2014
- Does not allow for use of land-based financing for residential areas
- Changing economic climate and Council priorities

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Fieldman, Rolapp & Associates

James Fabien, Principal



Chelsea Redmon, Asst Vice Pres.



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La Quinta
— GEM of the DESERT —

**City Council Meeting
– Study Session**

October 17, 2023

**FIELDMAN ROLAPP
& ASSOCIATES**
COMMUNITY DEVELOPMENT & SERVICE

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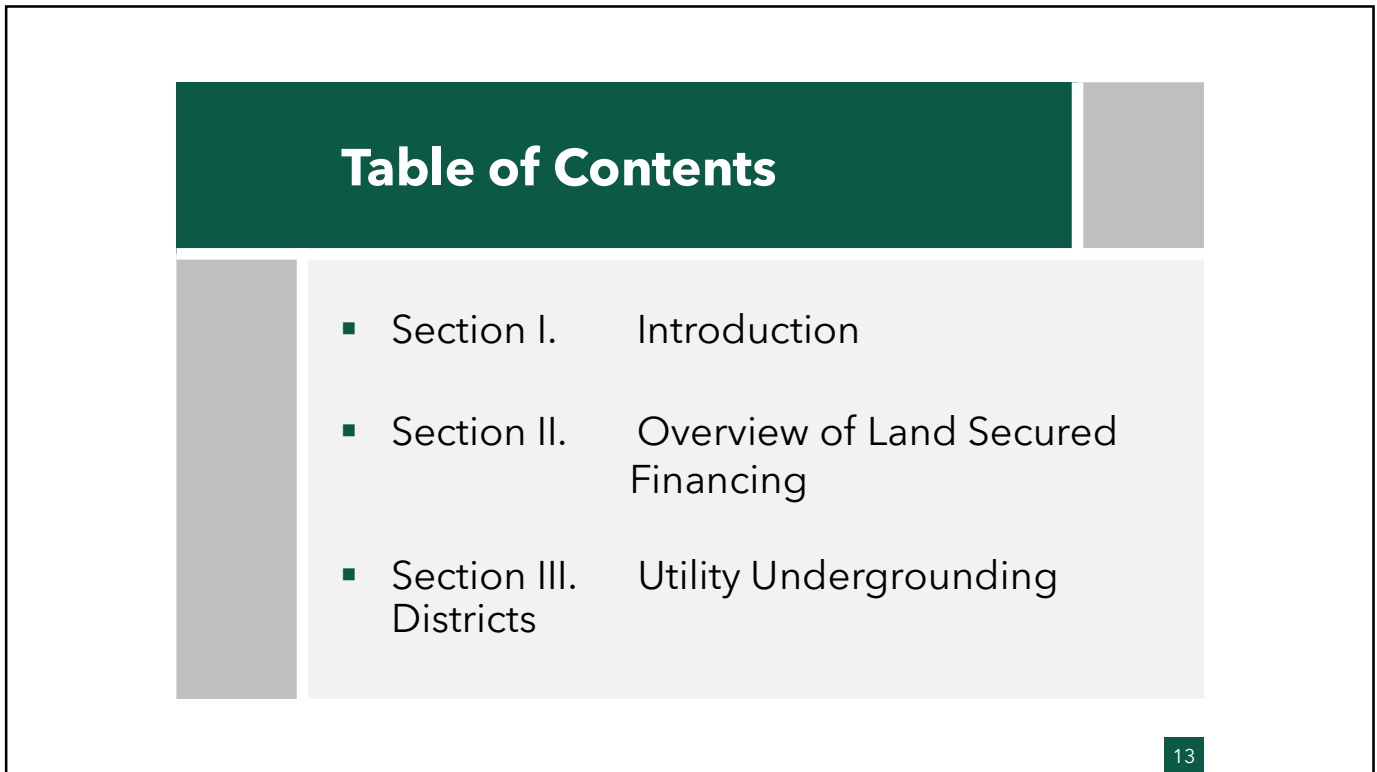


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Section I

Introduction

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Our Team



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Section II

Overview of Land-Secured Financing

California Statutes & Constitution

Assessment District (AD)

- ✓ Primarily 1913 & 1915 Acts for capital projects
- ✓ Primarily 1972 & 1982 Acts for maintenance and public services
- ✓ Article XIID of California Constitution
- ✓ Section 53753 of the Government Code

Community Facilities District (CFD)

- ✓ Mello-Roos Community Facilities Act of 1982
- ✓ Articles XIII A & XIII C of CA Constitution
- ✓ Charter cities can use legislative powers

Eligible Capital Facilities to Finance

Assessment District (Utility Ungrounding Districts)

- ✓ Authorized public improvements
- ✓ Must provide local, special benefits to property

Community Facilities District

- ✓ Public improvements with useful life of 5 years or longer
- ✓ Can finance facilities:
 - Owned/controlled by issuer and/or
 - Owned, operated and maintained by other public entities
 - JCFA's with other public agencies

AD vs. CFD

Assessment District

- ✓ Sets a fixed lien for every parcel
- ✓ Annual payment reduces lien
- ✓ Term of payments = term of bonds

Community Facilities District

- ✓ Sets a maximum annual special tax rate
- ✓ Maximum tax rate may escalate
- ✓ Term of tax may outlive term of bonds

Special Benefits vs. Reasonableness

Special Benefits - ADs

- ✓ Assessment based on the direct and special benefit each property receives from improvements

Reasonableness - CFDs

- ✓ Special tax is not a special assessment
- ✓ May be allocated on any "reasonable" basis, as determined by the legislative body
- ✓ Cannot be an ad valorem tax

AD vs. CFD Comparison - Similarities

Issue	ADs	CFDs
Pay-as-you-go finance	1913 Act - Not common but possible 1972 Act - Permitted and fairly common	Permitted and fairly common
Pay-off or Prepayment of Lien	Automatically allowed by State statute	Allowed if included in RMA
Debt Service Structure	Almost universally level debt service	Usually level or escalating debt service
Maximum Residential Property Tax Burden as % of Sales Price	No State statutory limit. Standard is not to exceed 2%	No State statutory limit. Standard is not to exceed 2%

AD vs. CFD Comparison - Differences

Issue	ADs	CFDs
District Boundaries	1913 Act - Boundaries are generally fixed once assessment confirmed 1972 Act - Annexation permitted	May be expanded through future annexations
Land Use Changes	1913 Act - Lien apportionments cannot easily be modified 1972 Act - Annual assessment can adapt	Special taxes generally adapt to changes in land use
Assessment of Undeveloped Property	1913 Act - Assessments on undeveloped land is based on potential development 1972 Act - Annual assessments generally differ between undeveloped and developed parcels	Special taxes between undeveloped and developed land can differ

Major Factors Favoring an AD

- ADs are appropriate for:
 - ✓ Small, local infrastructure projects with little "General Benefit"
 - ✓ Projects with multiple property owners
 - ✓ Projects where a fixed lien is important and property owner can pay-off during formation process or pre-pay in the future

Major Factors Favoring a CFD

- CFDs are appropriate for:
 - ✓ General benefit "community facilities"
 - ✓ Projects with few property owners, or broad support
 - ✓ Projects requiring flexibility
 - Phased land development projects
 - Uncertainties about eventual land use
 - ✓ Projects needing targeted economic burden
 - Exempting publicly-owned parcels
 - Reducing burden on select categories of parcels/uses
 - ✓ Projects requiring funding for eligible services and maintenance & operation activities

CFD Special Election Process

- Conducted after Resolution of Formation
- This ***is*** an election under the Elections Code
- Requires 2/3 approval of “qualified electors”
 - ✓ If 12 or more registered voters in CFD, registered voter election
 - ✓ If less than 12 registered voters, landowner election (one vote per acre or portion of acre)
- Record Notice of Special Tax Lien within 15 days of election

Assessment Ballot Process

- Required by Proposition 218
- Mailed with Notice of Public Hearing
- This is ***not*** an election, ***not*** a secret ballot
- Ballots opened and tallied after hearing
- Weighted by assessment amount
- More “no” than “yes”, then no assessment can be levied

Assessment Process After Formation

- Recordation of Notice of Assessment
- 30-Day Cash Collection Period
 - ✓ Mailed Notice to Pay Assessment
 - ✓ Cash payment discount
 - ✓ Paid / Unpaid List

CFD Public Hearing Report

- Description and estimated costs of facilities and services being funded
- Usually includes copy of Rate and Method of Apportionment of Special Tax
- Must be filed with the Clerk prior to public hearing

Rate and Method of Apportionment

- Approved by public agency at ROF and by 2/3 vote of qualified electors
- Describes methodology used to calculate the annual special tax levy
- Must generate amount needed each year to pay bond debt service and admin expenses, to replenish reserve fund, and to pay directly for facilities and/or services

CFD Special Tax Formulas:

Developed Property Special Tax

- Bond market expects 110% debt service coverage at buildout
- “Developed” trigger can be final map, building permit, certificate of occupancy, or other defined event as of a specified date
- Categories can be based on land use, home size, lot size, density, or other “reasonable” criteria
- Public agency policy limits maximum tax rate
- Avoid variability in special taxes levied on Developed Property

CFD Special Tax Formulas:

Undeveloped Property Special Tax

- Applies to parcels that do not yet meet definition of “Developed Property”
- Typically charged on a per-acre basis
- Provides coverage prior to buildout
- Should absorb variability in special tax levy prior to buildout

CFD Special Tax Formulas:

Additional Items to Consider

- Rate of Escalation (facilities vs. services)
- Steps of Taxation
- Backup Special Tax
- Transition Event
- “PayGo” Special Tax Revenues
- Prepayment Formula

Engineer's Report

S&H Code §10204 (1913 Act)

- Plans & Specifications
- Estimate of Costs
- Assessment Diagram
- Assessment Methodology
- Assessment Roll
- Annual Administration Costs

Engineer's Report

S&H Code §2960 (1931 Debt Limitation Act)

- Total principal amount of Unpaid Assessments on parcels
- Total true value of parcels
- Total Lien / Value
(must be less than 50%, by Code)

Engineer's Report

- Key information document in a dispute
- Prepared by a Registered Prof. Engineer
- Proposition 218 requirements
 - ✓ General Benefit should be identified, quantified and discussed
 - ✓ Special Benefit should be clearly defined
 - ✓ Assessment spread clearly detailed
 - ✓ Special treatment of public parcels should be discussed

Administration - Basic Steps

Community Facilities Districts

- Assign taxable parcels to appropriate tax category
- Calculate "Special Tax Requirement"
 - ✓ Debt Service
 - ✓ Administrative Expenses
 - ✓ Pay-as-you-go facilities costs
 - ✓ Services costs
- Apply RMA to determine special tax for each parcel
- Submit levy to county auditor's office before deadline
- With most CFDs, one-time ordinance at formation allows for annual special tax levy without further action of legislative body

Administration - Basic Steps

Assessment Districts

- Confirm prepayment of assessment liens
- Perform reapportionments as needed
- Identify Debt Service (principal & interest) for each parcel
- Determine Administrative Cost and allocate to each parcel
- Debt service + Administrative Cost = Annual Payment
- Submit levy to county auditor's office before deadline
- Record release of assessment lien for prepayments
- With ADs, resolution at formation allows for annual assessment levy without further action of legislative body

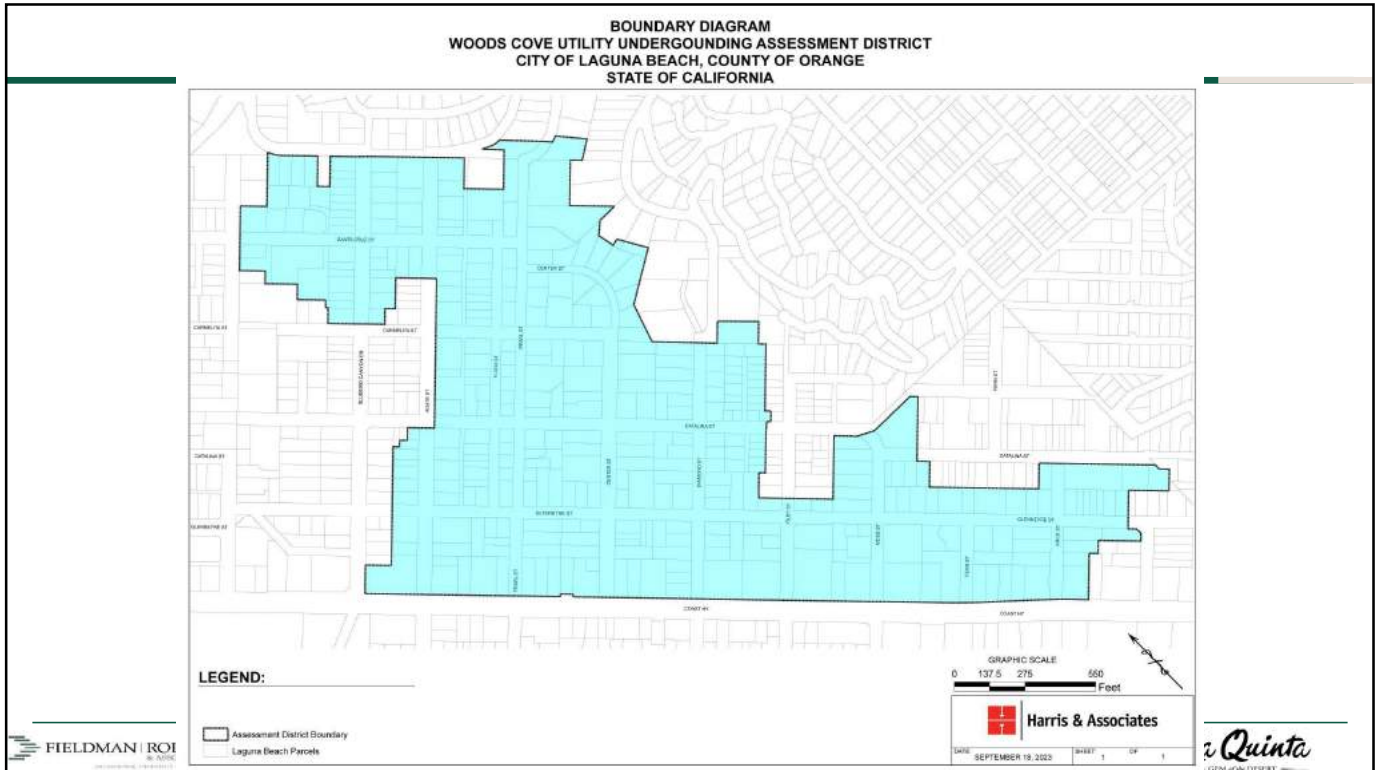
Section III - Utility Undergrounding Districts

Background On City of Laguna Beach Utility Undergrounding District

- The location, surrounding open space, limited access points, and terrain of Laguna make it one of the most vulnerable cities in California when it comes to wildfires and other natural disasters. In addition, many properties within Laguna Beach enjoy views of the ocean or the open space areas but the views are impacted by overhead utility lines. As such, the City of Laguna Beach is supportive of utility undergrounding projects that provide safety, reliability, and aesthetic benefits to the community.
- The City, in partnership with residents, Southern California Edison (SCE), and San Diego Gas and Electric (SDG&E), has done extensive work over the past decade to expedite moving dangerous and obstructive overhead utility wires underground. The City continues to identify projects to promote the undergrounding of utility lines to mitigate the threat of wildfires, improve critical evacuation routes, and improve service reliability, and neighborhood aesthetics throughout the community.

Background On City of Laguna Beach Utility Undergrounding District

- Utility Undergrounding Methods
- There are generally three methods to undergrounding utilities:
 1. **Rule 20A** - The City collaborates with the utility companies to underground overhead facilities that provide the greatest benefit to the general public. These projects are funded through annually allocated credits provided by the utility companies.
 2. **Rule 20B** - A project that is developed and funded by the City. Alternatively, property owners within a specific area **vote to form an Assessment District** to underground facilities within their neighborhood.
 3. **Rule 20C** - Property owners work directly with the utility companies to privately underground facilities adjacent to their property. The City generally does not participate in this type of project since it is typically funded and managed by one or more property owners. However, the project design must be submitted to the Community Development Department for Design Review, construction requires a Public Works permit, and the conversion of individual meters to underground service requires electrical permits from the City's Building Division.
- Each method listed above provides a mechanism for financing and implementing the underground projects. **Utility undergrounding is a lengthy process and can take four to six years** to complete depending on the number of active projects, coordination with the utility companies, and the level of support from affected residents.



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Woods Cove Utility Undergrounding Assessment District No. 2014-1

Project Description

AD 2014-2 is a proposed utility undergrounding assessment district. The district was petitioned in 2014 for portions of the Woods Cove neighborhood for the purpose removing all utility poles and placing existing, overhead utilities underground. The project will enter the Balloting phase in Fall 2023.

Schedule

Engineering designs and construction bidding have been completed. The proposed schedule for the Woods Cove project is as follows:

- September 14, 2023 - Districtwide Assessment Workshop, 6:00 p.m. at Community and Susi Q Center
- September 26, 2023 - City Council Meeting to Adopt Resolution of Intention and Resolution to Preliminarily Approve the Engineer's Report
- Early October - Ballots to be mailed to affected property owners
- **December 12, 2023 (tentative)** - City Council Meeting Public Hearing and Tally of Ballots
- Bond sale tentatively schedule for April of 2024

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Questions/Discussions



City Council Meeting October 17, 2023

B1 – Amendment No. 5 with SilverRock Development Company



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Background

- November 2014 Council approves Purchase, Sale, and Development Agreement
- May through November 2017 golf course realignment
- November 2018 Council approves Amendment No. 3 updating schedule to enable closing of \$212 million construction financing

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Background

- April 2019 through November 2019 mass grading and site preparation
- March 2020 through April 2021 project delays as a result of COVID-19 and cost escalations as a result of the pandemic
- October 2021 City executed Amendment No. 4 modifying development schedule, decreasing TOT receipts 5% for 15-year term.

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Amendment No. 5

Purpose

- Resets financial penalties for missed milestones.
- Allows for recapitalization of the project
- Updates Schedule of Performance
- Outlines TOT penalties
- Gives City additional oversight over how project funding is expended.

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Amendment No. 5 Update Schedule

Project Component	Amendment No. 4		Amendment No. 5	
	Start	Finish	Start	Finish
Luxury Hotel	8/30/21	9/30/23	8/30/21	3/31/25
Lifestyle Hotel	9/30/22	7/31/24	9/30/22	12/30/26
Conference and Shared	8/30/21	9/30/23	8/30/21	3/13/25
Golf Clubhouse and Range	8/30/21	11/1/22	8/30/21	11/25/24

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Questions?

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**City Council Meeting
October 17, 2023**

B2 – Zoom Cloud Phone System



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Phone System Overview

- Existing Phone System – Mitel
- Phone Provider: Intelsys One
- Hardware and Software Challenges

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Existing Challenges

La Quinta

**CITY HALL &
WELLNESS CENTER
PHONES ARE
BACK IN SERVICE**

Thank you for your patience and understanding.

La Quinta

**CITY HALL
PHONES ARE
TEMPORARILY DOWN**

Please be advised that Frontier's phone system is out and it has affected incoming and outgoing phone calls to City Hall.

This outage is expected to be temporary. City staff is in contact with Frontier to expedite this issue.

We appreciate your patience.

***Frequent Outages and
Failing Hardware***

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Phone Options Reviewed

- Verizon One
- RingCentral
- 8x8
- Zoom Phone



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ZoomPhone versus Mitel

- | | |
|---|--|
| ✓ <i>Internet and Cellular redundancy</i> | × Dependent on Phone Lines such as Frontier and Spectrum |
| ✓ <i>Softphone Functionality tested and proven</i> | × Hardware issues and Softphone issues |
| ✓ <i>Software Applications: Video, Chat, Phone, Rooms/Webinar</i> | × Mitel sold to RingCentral, analog equipment being past its prime with no support |
| ✓ <i>Cost Efficient and Bundling of Existing Contract</i> | × MiCollab competitor considered archaic for webinterface and difficult licensing |

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Discussion/Questions



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City Council Meeting October 17, 2023

B3 – Amendment to Chapter 2.60 of Municipal Code - Conflict of Interest



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**City Council Meeting
October 17, 2023
S2 – Discuss City Branded Merchandise**



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History

- City has previously distributed branded merchandise at City hosted or supported events.
- Residents & visitors have requested the ability to purchase promo items for many years.
- City receives requests to purchase postcards, license plates, stickers, shirts, etc.

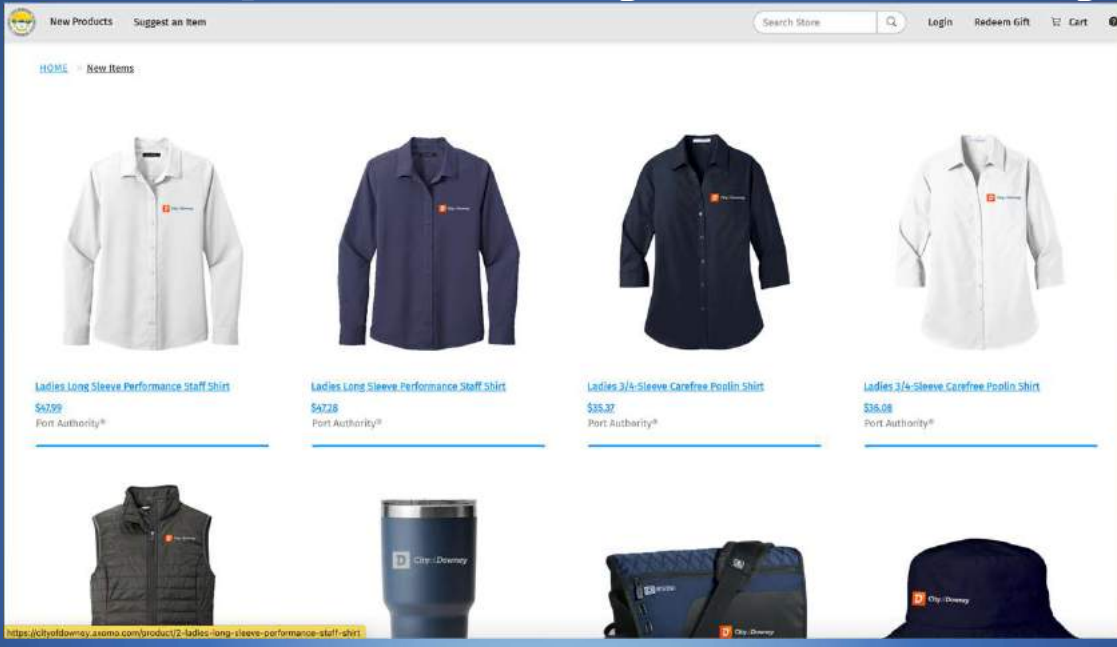
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Examples – City of Downey



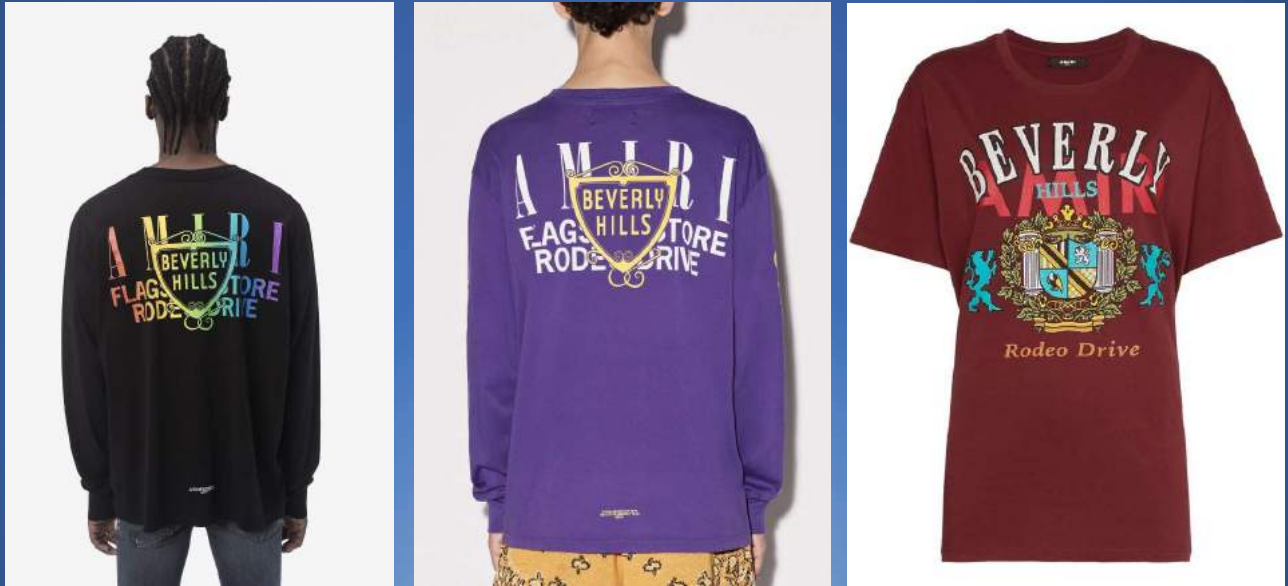
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Examples – City of Downey



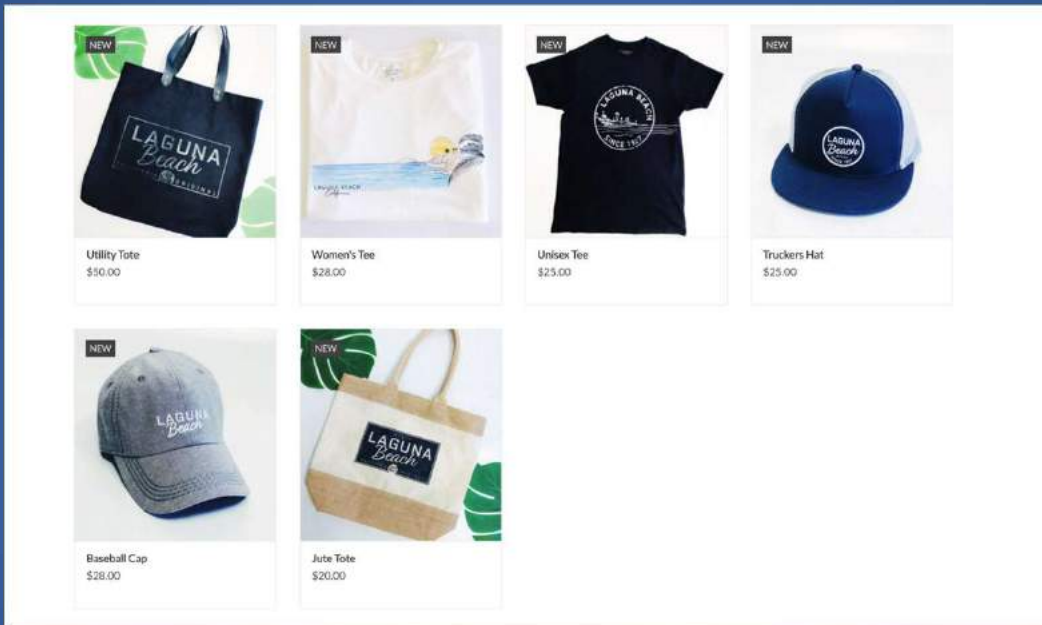
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Examples – City of Beverly Hills



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Examples – City of Laguna Beach



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City of La Quinta Swag



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Proposed Options

- City creates online store where items are sold at cost
- Create a non-profit that will allow the City to sell merchandise and create General Fund revenue
- Continue with current process of handing out city promo items at City events

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**City Council Meeting
October 17, 2023**

**S3 – 51001 Eisenhower Drive Building
Use Discussion**



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Building Acquisition

- 51001 Eisenhower Drive Acquired for historic preservation purposes.
- Constructed in 1938, 12 years after La Quinta Resort's opening.
- Served for over 40 years as the La Quinta Palms Realty building.

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Future of Building

- Currently being upgraded to ensure ADA Compliance.
- Interest from Local Businesses
- Public/Private Partnerships to be explored.

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Potential Uses

- | | |
|--|---|
| <input type="checkbox"/> Entryway to Bear Creek Trail | <input type="checkbox"/> City Facility w/ Conference Space |
| <input type="checkbox"/> Visitor's Center | <input type="checkbox"/> Extension of Museum as Cultural Campus Master Plan |
| <input type="checkbox"/> Leasable Space for Businesses | <input type="checkbox"/> Display of Future Art Exhibits |
| <input type="checkbox"/> Visitor's Center/Leased Space Combo | <input type="checkbox"/> Other miscellaneous uses as Directed by Council |

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Direction for Staff



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