



**STAFF REPORT**  
**4/23/2025**

**TO:** Honorable Mayor and City Council Members

**FROM:** Ron Goldman, Consultant Planner  
Bill Pattison, Interim City Manager

**SUBJECT:** Adopt Resolution No. 2025-17 Determining the Amount of Property Tax Revenue to be Exchanged Between the County of Riverside and the City of Coachella Pursuant to LAFO 2024-16-4 for the P7/Mesquite Annexation of Approximately 375 Acres of Land Located South of Avenue 50, North of Avenue 52, East of Jackson Street and East and West of Calhoun Street Between the Cities of Indio and Coachella.

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**STAFF RECOMMENDATION**

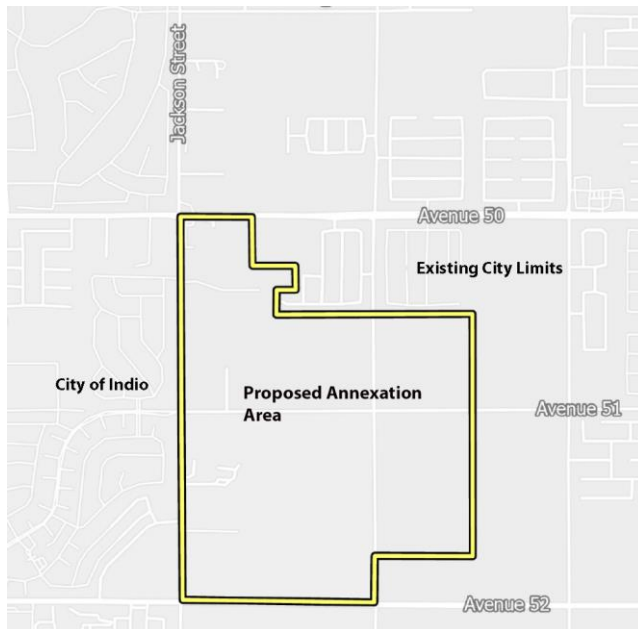
Staff recommends that the City Council take the following action:

Adopt Resolution 2025-17 determining the amount of property tax revenue to be exchanged between the County of Riverside and the City of Coachella for the P7/Mesquite annexation.

**EXECUTIVE SUMMARY:**

In December 2024, the City of Coachella submitted an application (LAFCO 2024-16-4) to the Local Agency Formation Commission (LAFCO) for the annexation of the Pocket 7 and Mesquite areas. The annexation area consists of approximately 375 acres of land located south of Avenue 50, north of Avenue 52, east of Jackson Street and east and west of Calhoun Street between the cities of Indio and Coachella as shown on Figure 1. The public hearing on the proposed annexation is scheduled before the Riverside Local Agency Formation Commission (LAFCO) on May 22, 2025. LAFCO is the decision maker on the proposed annexation.

**Figure 1: Proposed Annexation Area**



Section 99 (b) of the California Revenue and Taxation Code requires that local agencies whose service areas or responsibility will be altered by a jurisdictional change must negotiate an exchange of property tax revenues when the City and County have not entered into a Master Property Tax Agreement. The City of Coachella and the County do not have a Master Property Tax Agreement at this time.

Accordingly, on April 17, 2025, representatives of the City met with a representative of the Riverside County Executive Office to discuss the property tax revenue to be exchanged between the County and the for the P7/Mesquite annexation.

At the meeting it was determined that the City of Coachella will receive **25%** of all property tax revenue generated within the annexation area under the ad valorem tax rate established by Article XIII A of the California Constitution for the provision of general municipal services to the area.

Additionally, it was agreed that the City will receive **100%** of all property tax revenue generated within the annexation area under the ad valorem tax rate established by Article XIII A of the California Constitution for the provision for the suppression and prevention of structural fires.

The exchange of property tax revenue will become effective for tax purposes beginning July 1<sup>st</sup> of the subsequent calendar year following the recordation date of the annexation.

## **Discussion/Analysis**

The fiscal impact report prepared for the proposed annexation assumed that the City would receive the above negotiated percentages of the ad valorem tax rates for the provision of general municipal services and for the provision for the suppression and prevention of structural fires.

The fiscal impact report concluded that the overall net fiscal impact to the City's General Fund resulting from the revenues anticipated to be generated by the build out of the annexation area, as compared with the cost of providing public services associated with the build out of the annexation area will be an annual fiscal **surplus of \$773, 534** upon annexation to the City.

## **Alternatives**

- 1) Approve Resolution 2025-17
- 2) Deny Resolution 2025-17
- 3) Continue this item and provide staff with direction.

## **Recommended Alternative**

Staff recommends that the City Council approve Alternative #1

## **Attachments:**

1. Resolution 2025-17