



STAFF REPORT
9/14/2022

TO: Honorable Mayor and City Council Members
FROM: Nathan Statham, Finance Director
SUBJECT: Development Impact Fee Deferral Agreement for Coachella Lakes RV Resort

STAFF RECOMMENDATION:

Staff recommends that City Council approve resolution 2022-35 authorizing the City to enter into a Development Impact Fee Deferral Agreement with Coachella Lakes RV Resort for deferral of water and sewer connection fees associated with the development of the project.

BACKGROUND:

The Coachella Lakes RV Resort is a 469 space recreational vehicle campground with a 1,400 sq. ft. clubhouse and laundry/restroom facility buildings. In addition to increased property taxes, the City expects to see an increase in transient occupancy taxes (TOT) as these units begin renting. TOT increases are expected in excess of \$280,000 annually once fully operational.

On March 6, 2019 the Planning Commission approved a Conditional Use permit 308, Architectural Review 18-18 for Coachella Lakes RV Resort. The project is now under construction. On March 10, 2022 this deferral agreement request was evaluated by the Economic Development Sub Committee (EDSC). The EDSC evaluated the economic impact of the project and the benefits of increased TOT revenues to the City recommending the item be moved forward for approval by the City Council.

The permit and Development Impact Fees for Coachella Lakes RV Resort construction total \$1,770,448. The Owner has paid \$770,448 in permit and development impact fees. The Owner requested a deferral agreement of \$1,000,000 for utility connection fees (\$200,000 for water and \$800,000 for sanitation). The proposed deferral payment plan is five (5) annual installments of \$200,000 starting one (1) year from certificate of occupancy. The City's cash position in each of the water and sanitary funds is such that deferral of water and sanitary connection fees will not have any impact on the operation of the utilities.

DISCUSSION/ANALYSIS:

The deferred development impact fee is proposed under the following terms:

1. Deferred Amount – not to exceed \$1,000,000.
2. Loan Term - 5 years.
3. Interest - 3% simple interest annually.
4. Repayment – Annual payments of \$200,000 commencing upon issuance of certificate of occupancy.

With final agreement approved subject to the following conditions:

1. There exists no default nor any act, failure, omission or condition that would constitute an event of default under this Agreement.
2. Owner shall execute, in recordable form where applicable, and deliver to City the Note and Deed of Trust.
3. A title insurer will issue a CLTA standard form lender's policy of title insurance insuring the priority of the Deed of Trust as a lien against the property.
4. Owner has obtained all approvals and permits necessary to commence the project.
5. Owner has completed all acts and obtained all approvals necessary for the issuance of the final granted permit for the project.

FISCAL IMPACT:

This agreement is not expected to impact the City's finances in that the agreement interest will cover interest earnings on what would otherwise be idle cash balances.

ATTACHMENTS:

1. Resolution 2022-35.
2. DIF Deferral Agreement (water and sewer connection charges).