

Services Community Facilities District
Frequently Asked Questions

1. Why did the City establish a Community Services Community Facilities District (CFD) to fund municipal services?
The City hired a financial consultant that determined that the revenue received as a result of new residential units is less than the cost to provide municipal services, including police, fire and infrastructure maintenance, to those new units. To avoid burdening existing homeowners and businesses with subsidizing new development, a Services CFD was established that ensures new development pays for itself.
2. Does the CFD affect existing homes or businesses?
No, existing residences and businesses are not affected by the CFD as long as they continue their current use. For example, if a single-family home is converted to multi-family units or a residential care facility, the property will then be included in the CFD.
3. What projects are to be included in the Citywide Services CFD?
New residential development that is approved (entitled) after May 13, 2020 is to be included in the CFD. For projects that don't require entitlement, new residential building permit applications made after May 13, 2020 are to be included in the Services CFD.
4. What projects are excluded from the Citywide Services CFD?
Expansion of an existing home that doesn't result in a change in use is excluded from the Citywide Services CFD. In addition, accessory dwelling units are exempt from the CFD.
5. What is the process for annexing to the Services CFD?
The applicant should submit the Unanimous Consent form and Application with their development project or building permit application. For projects that have already applied as of May 13, 2020, forms should be provided as early as possible thereafter. After the forms are received, the City Council's approval to annex the property into the Citywide Services CFD will be requested. For projects that are approved administratively or by the Planning Commission, annexations will be considered by City Council generally quarterly and in advance of entitlement or permit issuance. For projects that require City Council approval, the annexation will be considered at the time of project entitlement.
6. When and how will the special tax begin to be assessed?
The special tax will be levied as a part of the property tax bill. Projects that receive a building permit prior to March 1st will see the special tax included in the tax bill mailed out in September of that year for taxes that are due in December and April. Special taxes will be reflected in the following year's property tax bill for building permits issued after March 1st.
7. What if there is not an adopted special tax rate for my planned use?
A special tax rate has not yet been adopted for certain unique uses, including residential care, supportive housing, and transitional housing. Projects that propose these uses will need to work

with the City to complete a Fiscal Impact Assessment to determine the impact of the project on City resources. A special tax rate for the proposed use would then be adopted.

8. What if my project or building permit expires?

Projects that are not completed within the timelines allotted within the entitlement or building permit are required to include the unanimous consent form as a part of their time extension application and annex into the Services CFD.

9. Can the Services CFD be prepaid and paid off?

No, since the special tax is intended to fund ongoing municipal service costs the Services CFD cannot be prepaid. Only facilities CFDs that fund one-time Improvement costs are eligible for pre-payment.

10. What is the difference between development impact fees and a Services CFD?

Development impact fees pay for a project's share of infrastructure and facilities necessary for build-out of a community, such as parks, libraries, mobility and drainage system capacity expansions. The Services CFD pays for the ongoing added costs to provide services, such as public safety and infrastructure maintenance, as the cost of providing these services exceeds revenues that development generates.

11. Are rebuilds due to a loss (i.e. fire), required to annex into the Services CFD?

No, if a structure is rebuilt with the same use, such as replacing a single-family home with another single-family home, the property is not required to annex into the Services CFD.

12. Can the special assessment increase and is there a limit on the increase?

Prior to July 30th of each year, the special tax levy will be set by the City Council for all properties within the Services CFD that have received a building permit as of March 1st of that year. The special tax for the Services CFD will escalate at the maximum rate of inflation as determined by the Consumer Price Index and at the minimum rate of two-percent (2%) per year.

13. If I am building a single-family home on a vacant lot in an existing community with existing homes, am I required to annex into the Services CFD?

Yes, all new residential units are required to annex into the Services CFD to offset the costs of providing services to new development.