

## GCSD Just Formed a Community Facilities District...What this Means for Me

By GCSD Management

**The Why-** Simply put, the community facilities district (CFD) was formed to ensure the fire and parks departments of the District have enough money to pay for the additional fire personnel, equipment and park services as the population in the District boundaries and demand for those services increases in the future. With increased development and population comes an increased strain on existing emergency and fire protection services, which can lead to longer response times and increased damage and hazards to life and property.

The only source of funding the District has to provide emergency and fire protection services to the community is a small portion of the ad valorem (property tax) from the properties that reside within the District's boundaries. In other words, the District receives a small percentage of the 1% homeowner's pay in property tax based off the assessed value of the property. This revenue source traditionally only increases on average 2% a year, while the expense to operate the fire department responsible for providing these services increases by 5% on average. Currently, the cost to fully fund our current fire and emergency services is \$784 per single family home and the District receives \$489 from the county in property taxes, leaving a -\$295 negative fiscal impact. State law does not allow the District to increase the property tax or to levy the CFD tax on existing developed properties. State law does allow the District to levy a tax in the CFD to cover the true cost of providing the service when new lots are created, new homes, commercial buildings or lodging units are built. This keeps existing properties from having to also cover the \$295 annual loss when a new home is built.

There are no properties currently in the CFD and properties have to be "annexed" into the CFD to be subject to the tax. Properties are only qualified to annex under the following conditions:

1. New construction or complete demolition and redevelopment of residential projects
2. New construction or complete demolition and redevelopment of hotel projects
3. New construction or complete demolition and redevelopment of RV park projects
4. New construction or complete demolition and redevelopment of commercial/industrial projects
5. Building additions (commercial/industrial) that increase total on-site building footprint by at least 100%
6. Any future projects that are likely to impose negative fiscal impacts to CSD services, as determined by CSD staff

**The What and How-** There are very few revenue generating options available to the District to plan and implement increased fire and emergency services in the future to mitigate against the effect of population growth and its increase in emergency call volume. A Community Facilities District ("CFD") is a type of Special Financing "Area" that allows GCSD to levy a special tax on new development projects to provide funding for authorized public improvements and/or public services. Through the formation of a CFD, the staffing of the fire department will be able to be increased in the future as call volumes

increase to keep response times what they are today. If the District does nothing to plan financially for the future, the cost to increase department staffing, the need for which is caused by population and call volume growth, will fall on the backs of all taxpayers within GCSD.

A year ago, the District began the process of evaluating and determining what the true negative fiscal impact of new residential and non-residential developments within its boundaries were and if a CFD was the right option to address and mitigate their impacts to the District's existing emergency and fire protection services and existing constituents. The District engaged a professional consulting firm who developed a Fiscal Impact Analysis ("FIA") report that evaluated all potential future development that could occur in the district and what that development should pay to offset their impact.

The GCSD Board of Directors was presented with the FIA and determined the formation of a CFD was in the best interest of the community to address the negative fiscal impact of new development. The District just completed the legal process of establishing the formation of a CFD, however, the county still needs to approve this formation as they are the land authority that will be responsible for collecting the tax levied by the District via property tax bills.

**What Does This Mean for Me?**- Unless you plan on building a new home, completely demolishing an existing home and rebuilding, or build a commercial development; your property will not be included in the CFD and you will not pay the tax. Pre-existing residential and non-residential development **are not subject** to the CFD or the tax that will be levied. In fact, existing residential and business owners benefit tremendously by the creation of this CFD as they don't have to worry that their emergency and fire protection services are being negatively impacted by new development because they will be paying their "fair share" to offset their impact, or that they are subsidizing new development.

The CFD in no way solves the revenue shortfall the District currently faces in providing these services or the enhanced services that will be needed to meet future demand, but it does help mitigate the expansion of the funding shortfall.