

City of Vallejo
Community Facilities District Nos. 2002-1, 2005-1A, and 2005-1B
Frequently Asked Questions

1. What is a CFD?

- CFD stands for “Community Facilities District”. A CFD is formed by a local governmental agency pursuant to the Mello-Roos Community Facilities Act of 1982 in order to finance certain capital facilities and services. Once formed, a CFD has the authority to levy a special tax on real property within its boundaries.

2. Why are there four CFDs? What does each one of them do?

- There are actually only three CFDs in Mare Island: the City of Vallejo CFD No. 2002-1, CFD No. 2005-1A, and CFD No. 2005-1B. The special tax for CFD No. 2005-1A has both a facilities and a services component, which are shown separately on your property tax bill. This gives the appearance of four separate CFDs. There are three separate CFDs because each CFD funds different facilities and services.

The services funded by CFD No. 2002-1 are defined as any activities that may be necessary and/or convenient for the care and preservation of the following facilities: landscaping, lighting facilities, streets, parks, water and sewer facilities, flood control and storm drainage facilities, riparian habitat, waterfront features, security and safety facilities, and vehicle parking facilities.

CFD No. 2005-1A funds both facilities and services. Authorized facilities include construction and rehabilitation of sanitary sewers, storm drains, water facilities, street improvements, bridge improvements, and landscaping. Authorized services include police protection services, fire protection and suppression services, ambulance and paramedic services, maintenance of parks, parkways, and open space, flood and storm protection services, and services with respect to removal or remedial action for the cleanup of any hazardous substance released or threatened to be released into the environment.

CFD No. 2005-1B funds similar services as those listed above for District No. 2002-1; however, special taxes levied in CFD No. 2005-1B are not used to fund services costs already paid for by special taxes levied in CFD No. 2002-1. Special taxes levied for CFD No. 2002-1 will likely be reduced and eventually eliminated. It is City policy that redevelopment of Mare Island be cost neutral to the general fund so it was necessary to form CFD 2005-1B to fund any gaps created by the reduction and future elimination of CFD No. 2002-1 special taxes.

3. Who is paying into the CFD and who does not? What are the boundaries of the CFD?

- Owners of real property within the boundaries of each CFD will pay the special tax. The Rate and Method of Apportionment (“RMA”) for each CFD dictates the tax rates and method of each year’s tax levy.

The boundaries of each CFD are declared upon formation in a recorded boundary map. The map for each CFD is attached to this document.

4. What specific costs and expenditures on Mare Island are being paid by CFD?

- See Item 2 above. The City determines the specific costs that are paid by the CFDs.

5. Why do property owners pay CFD and property tax to City? Isn't this double taxation for the same services?

- No, many of the services are specific and unique to Mare Island, which is why supplementary taxes were required to permit development on the island. There are also many other citywide services that will be paid from property taxes generated on Mare Island, including City administration, public works, planning, park and recreation programs, etc. As explained more in item 6 below, as other general revenues increase from development on Mare Island, the special tax levied for CFD No. 2002-1 will be reduced and, ultimately, may cease to be collected.

6. Does the CFD go away at some point?

- CFD No. 2002-1: The Council has determined, under Chapter 14.45 of the Vallejo Municipal Code, that the levy of the Special Tax for CFD No. 2002-1 shall terminate upon the determination by the Administrator that revenues available from the following sources exceed the cost of services authorized to be funded by the CFD: revenues generated from property or activities on Mare Island that are required to be applied to reduce the Special Tax Requirement, including but not limited to, property tax, sales tax, utility users tax, transient occupancy tax, franchise tax, business license fees, possessory interest tax, property transfer tax, storm drainage revenues, and net water and sanitary sewer revenue.
- CFD No. 2005-1A: The Facilities Special Tax shall be levied and collected until principal and interest on Bonds have been repaid and the Authorized Facilities have been completed. However, in no event shall Facilities Special Taxes be levied after Fiscal Year 2050-51. However, no bonds have been issued by this CFD yet.
- The Services Special Tax will continue indefinitely.

- CFD No. 2005-1B: The Special Tax will continue indefinitely.

7. How can homeowners and businesses participate with how the money is spent?

- City staff determines what needs to be spent on the authorized services through the budgetary process.

8. What can the City or LMI do to reduce or eliminate the cost?

- Continued development on the island will generate the revenues listed in item 6 which will cause CFD 2002-1 to be terminated.

9. Can money be transferred between CFD's? What are the restrictions?

- Revenues cannot be transferred between CFDs. Special taxes can only be spent on the facilities and services authorized for each CFD.