

City of Beaumont

CFD Program Overview & Goals and Policies Update

September 2, 2025



Presented by:

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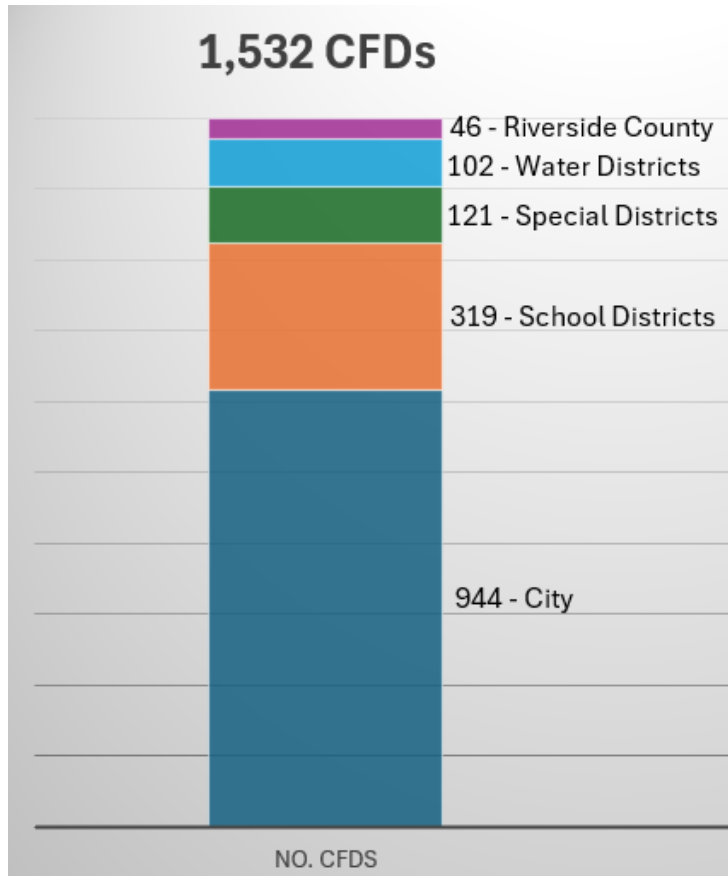
Welcome & Purpose

- Review Beaumont's current Community Facilities Districts (CFDs) landscape
- Outline the City's fiscal service needs driven by growth
- Introduce the proposed citywide Services CFD program (Public Safety & Maintenance)
- Explain how the City's approach to Facilities CFDs protects taxpayers and ensures fairness
- Seek Council adoption of updated CFD Goals & Policies

What Is a CFD?

- Created under the Mello-Roos Community Facilities Act of 1982
- Finances infrastructure or municipal services via a special tax
- Types:
 - Facilities CFD (bonds for capital projects)
 - Services CFD (ongoing operations/maintenance)
- CFD taxes are levied only within the district and are not General Fund revenue

CFDs in Riverside County



- FY 2024-25 there were 1,532 CFDs Levied
- Most popular district type making up 67% of all charges placed on the rolls
- Number of CFDs by Agency Type
 - Riverside County – 46 CFDs (3%)
 - Water Districts – 102 CFDs (7%)
 - Special Districts – 121 CFDs (8%)
 - School Districts – 319 CDs (21%)
 - Cities – 944 CFDs (62%)

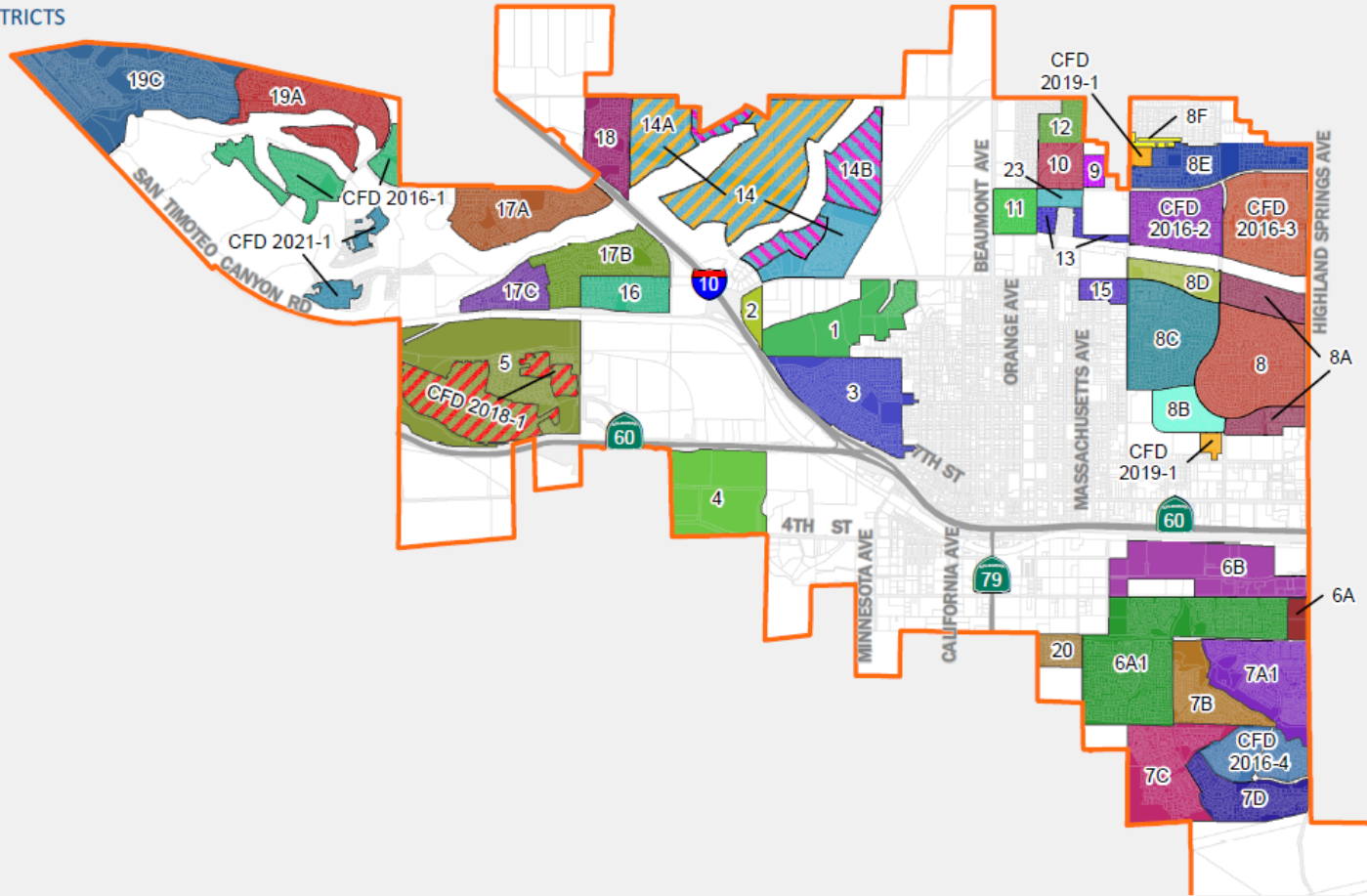
Why CFDs Matter to Beaumont

- Beaumont's population is projected to grow by 42,000 by 2040
- That growth will require:
 - +64 police officers
 - +20 firefighters
 - Significant new funding for parks, streets, trails, and storm drains
- Without mitigation, new development will create a shortfall in the General Fund
- Strategic economic development tool. Often required in Development Agreements (DAs) as part of project approvals.
 - e.g., Beaumont Pointe DA includes a \$0.05/sf CFD tax for facilities and services

Existing CFD Landscape

- 82 Individual CFDs and Improvement Areas
- 33,578 parcels enrolled across bonded and services-only CFDs
- \$30.1M in total levies for FY 2024-25
- Several CFDs include public safety and service components (e.g., CFDs 2016-2, 2019-1, 2021-1, 2023-1)
- But structure is not yet streamlined or citywide

CITY OF BEAUMONT
COMMUNITY FACILITIES DISTRICTS



Legend

CFD 93-1 IA 1	CFD 93-1 IA 6A	CFD 93-1 IA 7C	CFD 93-1 IA 8C	CFD 93-1 IA 9A	CFD 93-1 IA 14	CFD 93-1 IA 17A	CFD 93-1 IA 19C	CFD 2016-3
CFD 93-1 IA 2	CFD 93-1 IA 6A1	CFD 93-1 IA 7D	CFD 93-1 IA 8D	CFD 93-1 IA 10	CFD 93-1 IA 14A	CFD 93-1 IA 17B	CFD 93-1 IA 20	CFD 2016-4
CFD 93-1 IA 3	CFD 93-1 IA 6B	CFD 93-1 IA 8	CFD 93-1 IA 8E	CFD 93-1 IA 11	CFD 93-1 IA 14B	CFD 93-1 IA 17C	CFD 93-1 IA 23	CFD 2018-1
CFD 93-1 IA 4	CFD 93-1 IA 7A1	CFD 93-1 IA 8A	CFD 93-1 IA 8F	CFD 93-1 IA 12	CFD 93-1 IA 15	CFD 93-1 IA 18	CFD 2016-1	CFD 2019-1
CFD 93-1 IA 5	CFD 93-1 IA 7B	CFD 93-1 IA 8B	CFD 93-1 IA 9	CFD 93-1 IA 13	CFD 93-1 IA 16	CFD 93-1 IA 19A	CFD 2016-2	CFD 2021-1

Why Annexable Services CFD Program

- Provides a **citywide, consistent framework** for funding police, fire, parks, drainage, and maintenance services
- Ensures **growth pays for growth** – new development funds its own service needs without burdening the General Fund
- Establishes clear service responsibilities, distinguishing City-funded vs. POA-funded services
- Uses standardized maintenance exhibits to reduce disputes and litigation risk
- Adapts to **development-specific needs** with tailored tax zones and service costs
- Creates **transparency** for taxpayers through clear rates and defined services
- Promotes **long-term fiscal sustainability** by aligning revenue with service demands

Program Structure: Annexable Services CFDs

- Two coordinated distinct but coordinated CFDs:
 - **Public Safety CFD (residential only)** : for police, fire, paramedic services (citywide rate - escalates at 5%)
 - **Maintenance CFD (residential & commercial, tract-specific tax zones)**: landscaping, lighting, streets, parks, trails, drainage (zone specific rates - escalates by greater of CPI or 2%)
- Annexation is a condition of new development approvals

What a Public Safety CFD Funds

- Provides ongoing funding for:
 - Police protection
 - Fire suppression
 - Paramedic services
- Based on the City's **updated fiscal impact model** and projected staffing needs
- Applies a **consistent citywide tax rate** (residential only)
- Rate escalates annually by CPI or 5% (whichever is less)
- Revenues mitigate the fiscal burden of new development on public safety services

What a Maintenance Services CFD Funds

- **Special Tax A** – funds City-provided services, including:
 - Parks & open space maintenance
 - Medians, trails, and landscaped slopes
 - Street lighting and traffic signals
 - Street sweeping and pavement management
 - Drainage basins and BMP facilities
 - Citywide graffiti abatement
- **Special Tax B** – contingency levy if a Property Owners Association (POA) fails to perform services, typically for drainage basins and BMP facilities
- Each new tract = **Tax Zone** with its own cost schedule and maintenance map
- Annual escalation: 2% or CPI (whichever is greater)
- Applies to both **residential and commercial projects**

Example of Maintenance Exhibits

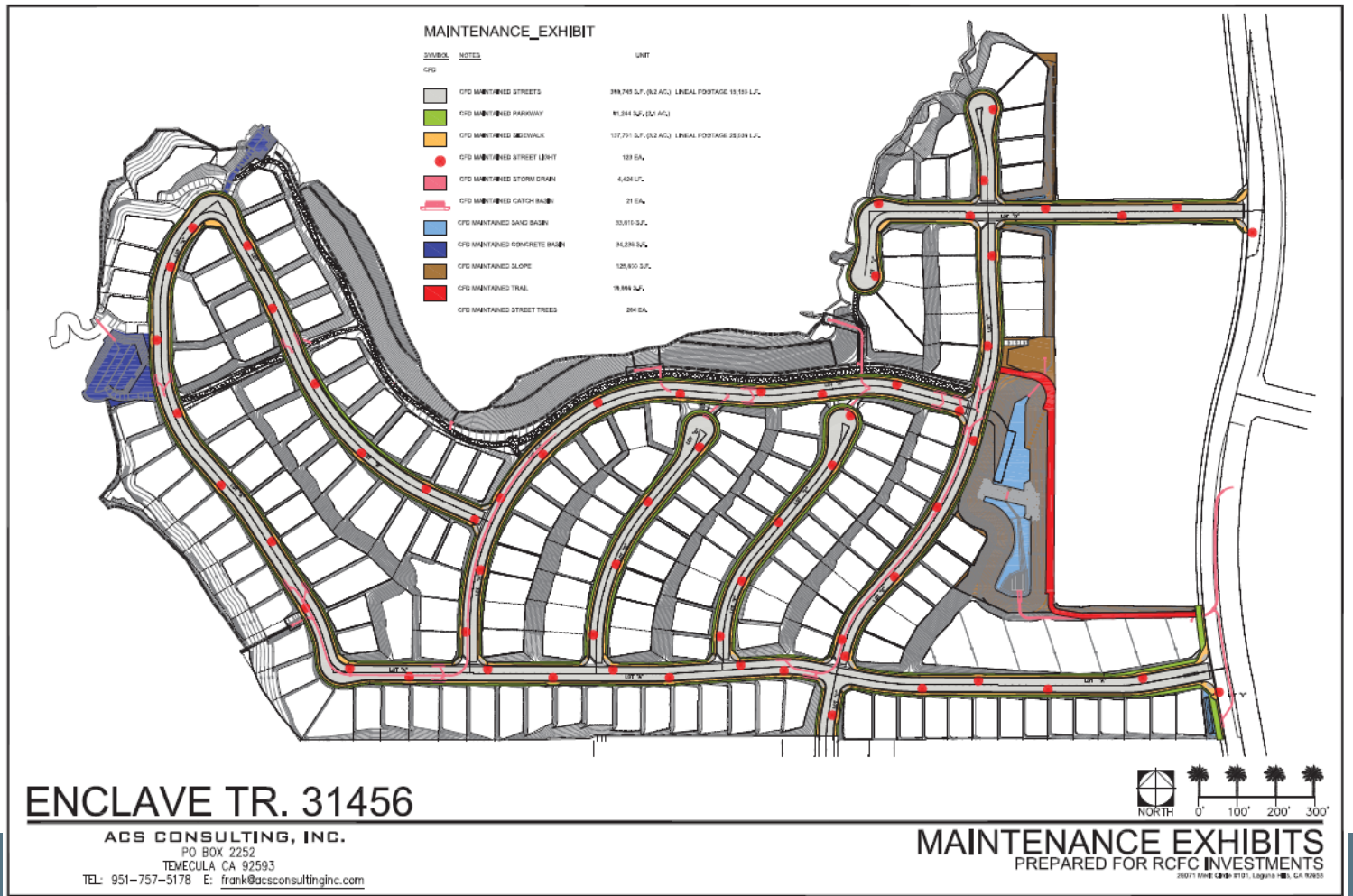
Residential Projects:

Tract Specific Improvement Maintenance:

- Landscaping (Street frontage, medians, slopes, open space, trees)
- Lighting (Streetlights, Traffic Signals)
- Street Maintenance (Street Sweeping, Pavement Management)
- Drainage (Basins, BMP Facilities)

Citywide Services:

- Park Maintenance (Neighborhood Parks)
- Trails (Fencing, DG or Cement)
- Graffiti Abatement

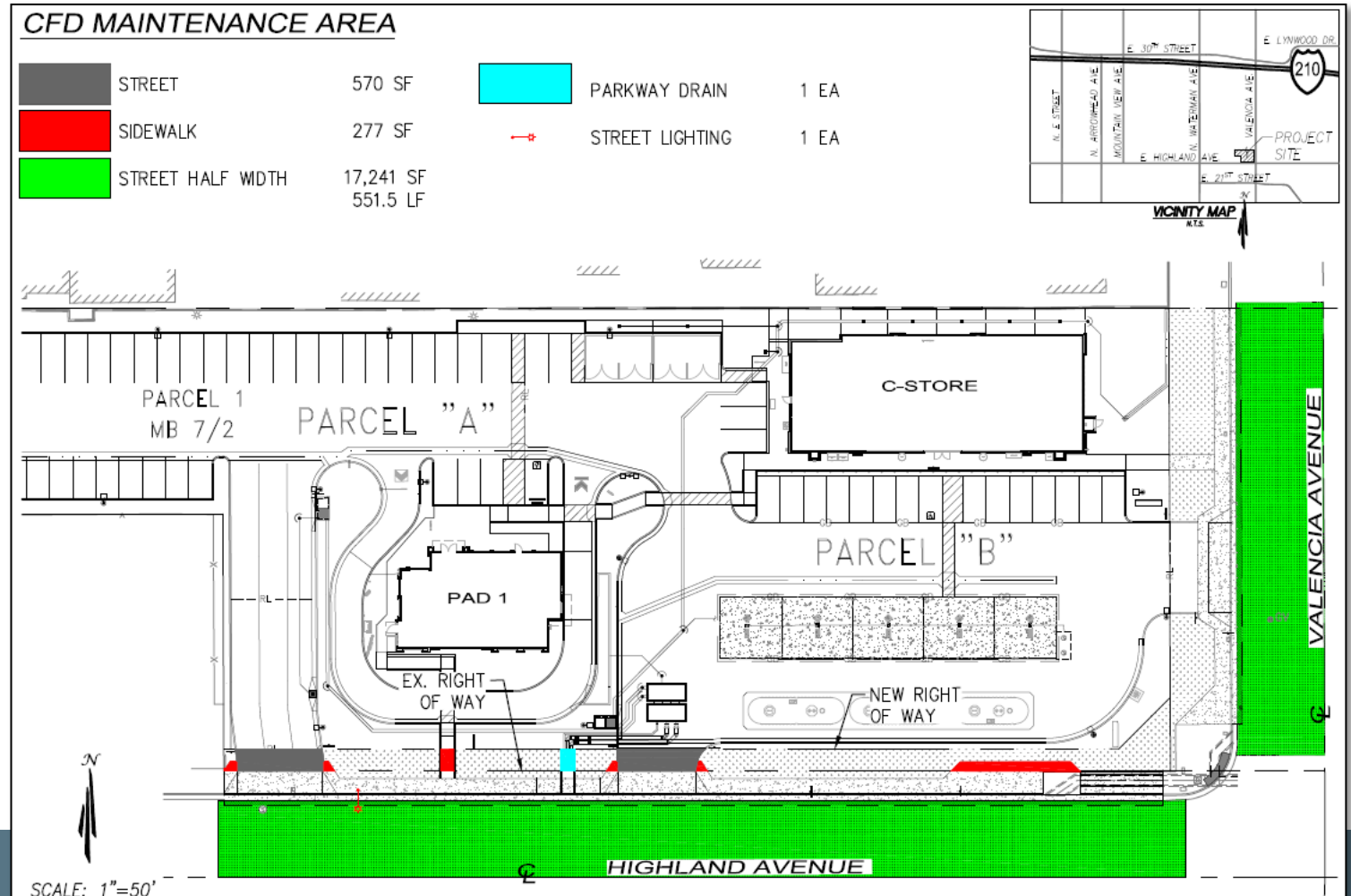


Example of Maintenance Exhibits

Non-Residential Projects:

Tract Specific Improvement Maintenance:

- Landscaping (Street frontage, medians, slopes, open space, trees)
- Lighting (Streetlights, Traffic Signals)
- Street Maintenance (Street Sweeping, Pavement Management)
- Drainage (Basins, BMP Facilities)



CFD Annexation Applications

Maintenance CFD Annexation

- Completed Application
 - Request
 - Petition
 - Maintenance Exhibit

Safety Services CFD Annexation

- Completed Application
 - Request
 - Petition



In order to annex into a services Community Facilities District, the following steps and information must be provided.

PLEASE SUBMIT THE FOLLOWING INFORMATION LISTED BELOW:

- Cover Letter
- Special District Application
- Signed Petition / Waiver Form
- Approved Tract Map or Parcel Map for Project
- Conditions of Approval for the Project
- Legal Description
- Title Report prepared within three months of the submittal date
- Check Payable to the City of Beaumont

Deposit Amount

A \$15,000 flat fee is required at the time of document submittal. Any unused funds from the deposit may be returned to the developer/owner. If the initial deposit is not sufficient to cover the cost of the annexation, an additional deposit may be required from the developer/owner.

In order to process your application, all documents need to be completed accompanied with a check payable to the City of Beaumont. Failure to complete these steps will result in a determination of incomplete application and will delay the processing of your application.

Please make check payable to:

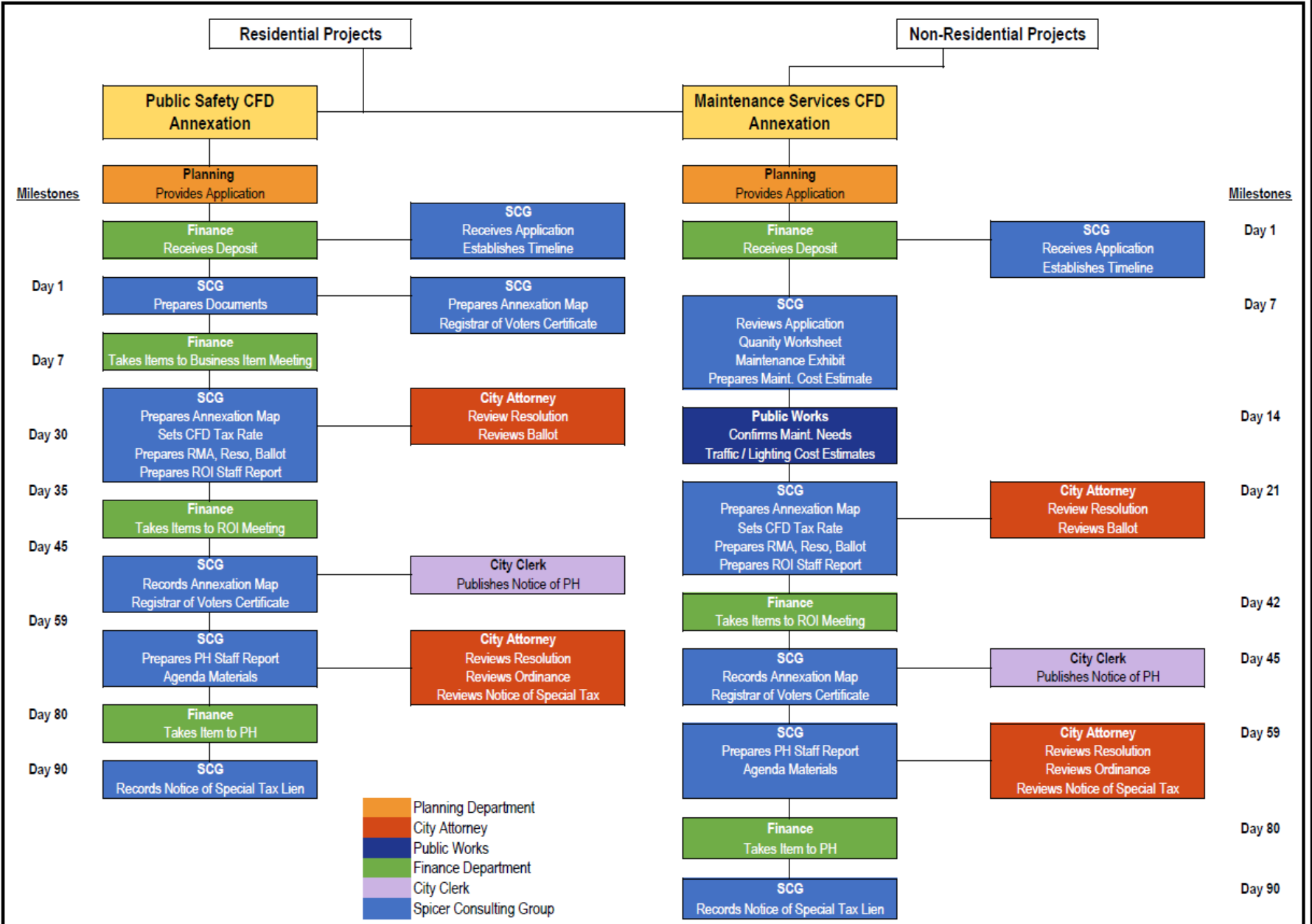
City of Beaumont
Attn: Finance Department

If you have questions please contact our Special Tax Consultant, Spicer Consulting Group at (866) 504-2067.

Thank you,
City of Beaumont
Finance Department

CITY OF BEAUMONT

SERVICES CFD ANNEXATION FLOW CHART



City Control of Facilities CFDs Protecting Taxpayers

- **City Council serves as the legislative authority** – all decisions on tax rates, bond issuance, and refinancings remain local
- **Timing of bond issuance** – City can delay bonds until projects are substantially developed, improving credit quality and preventing premature debt burdens
- **Prevents over-taxation** – City only levies what is needed, often below the maximum rate
- **Refunding savings benefit residents** – refinancing savings are passed back through reduced levies (e.g., homeowners can save \$200–\$400 per year)

City Control of Facilities CFDs Protecting Taxpayers

- **Avoids outside agency control** – unlike Joint Powers Authorities (JPAs) or other agencies which often:
 - Keep taxes at the maximum allowable rate
 - Use surplus revenues for unrelated projects
 - Lock property owners into long-term overpayments
- **Supports fairness and accountability** – ensures financing aligns with City debt policy and community priorities
- **Builds taxpayer trust** – bond proceeds and savings directly benefit local property owners

Community Facilities District Goals and Policies

Background

- City's CFD & Assessment District Goals and Policies first adopted in 1995.
- Original framework no longer reflects current law, industry standards, or Beaumont's growth needs.
- State law (Gov't Code §53312.7) and best practices (CDIAC, GFOA, SEC) now require stronger safeguards, transparency, and disclosure.
- Updated policy fully replaces 1995 version and reflects 30 years of legal, financial, and practical advances.

Policy Objective

- Provide clear, uniform guidelines for forming and administering CFDs & Assessment Districts.
- Ensure financings are fiscally responsible, transparent, and equitable.
- Support growth-related infrastructure and services while protecting existing residents.

Community Facilities District Goals and Policies

Key Policy Considerations

Taxpayer Protection: Cap effective tax rate at 2% for residential property to avoid overburdening property owners.

Credit Standards: Require minimum 4:1 value-to-lien ratio to safeguard credit quality.

Financial Safeguards: Maintain reserve standards and prohibit Capital Appreciation Bonds (CABs). These protections ensure long-term fiscal stability and fair treatment.

City Oversight: City Council controls consultant selection, bond structuring, and disclosure practices.

Transparency: Mandate developer deposits, disclosure notices to homebuyers, and property owner participation thresholds.

Refunding Savings: Under the City's Debt Management Policy, refundings are generally pursued to achieve debt service savings, revise covenants, or restructure debt. The policy requires at least 3% net present value savings (5% for advance refundings) before proceeding with a refinancing.

Community Facilities District Goals and Policies

Local Benefits

- Ensures “growth pays for growth” without burdening the General Fund.
- Tailors financing to Beaumont’s service and infrastructure needs.
- Promotes fairness, reduces litigation risk, and strengthens long-term fiscal sustainability.
- Creates a modern, transparent framework that protects residents and strengthens investor confidence

Community Facilities District Goals and Policies

Amendments

- 1 The City may condition CFD financing of impact fee-funded facilities on developer agreement to participate in public safety Services CFDs and may charge a premium on financed City fees to fund additional eligible improvements.
- 2 The Policy sets for priorities for funding City services
- 3 Sets for security provisions requiring property owners responsible for 20% or more of the special tax to provide collateral to the City to guaranty 2 years of special tax payments in the form of a letter of credit, cash deposit or other acceptable collateral
- 4 The City may permit the escalation of any facilities tax in any amount not to exceed 2% annually for those projects that also participate in a community facilities district for services.
- 5 If Effective Tax Rate exceeds 2% require the developer to prepay a portion of such taxes prior to the issuance of bonds in order to reduce the ETR to 2% or less.

Next Steps


Recommended Action:

Adopt the Amended and Restated Special Assessment and Community Facilities District Goals and Policies, replacing the original 1995 policy, to align with current statutory requirements and best practices in municipal finance.

QUESTIONS

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