

East Garrison Taxes – Frequently Asked Questions

Why are there so many different fees and taxes in East Garrison?

The developer had a vision for the kind of community he wanted to create and was prepared to establish a financing system to pay for it. Many communities in the County do not have sidewalks, or roads and parks that are maintained as well as East Garrison's. The location of a fire station, library and Sheriff Sub-Station in East Garrison are unique amenities. Through negotiations and financial analysis, the developer reached agreements with the County and Fire District that is reflected in the tax structure. The goal was to ensure that the community always has enough revenue to protect and maintain the unique nature of East Garrison.

The developer is obligated to disclose the variety of special taxes and fees that apply to East Garrison homes, so that prospective homeowners can make an informed decision about whether the financial breakdown works for them. It was anticipated and calculated that the price of the homes would be lower as a result of these extra taxes and fees. However, the prices of the market rate homes was not set by agreement, and is driven by market factors, such as demand and what buyers are willing to pay.

Aren't I being "double taxed"?

While some people say they are being "double taxed" because they pay property tax as well as these special fees, it is important to know that property tax is collected and distributed according to state law, it is not a "county" tax. The money is divided amongst all the local agencies - such as school districts, libraries, parks, fire districts - and the local cities/county only gets a small portion of that money. Furthermore, to help pay for operations of the East Garrison Fire Station, the County gave up a portion of its property tax allocation to the Fire District. As a result of all these factors, the County receives very little of the property tax. In 2017-18, the County received \$140,000 from East Garrison property tax collections, approximately 4% of total collections. By contrast, residents in the City of Salinas contribute 12% of their property taxes to the County, so in fact East Garrison residents contribute far less to the County general fund than even city residents.

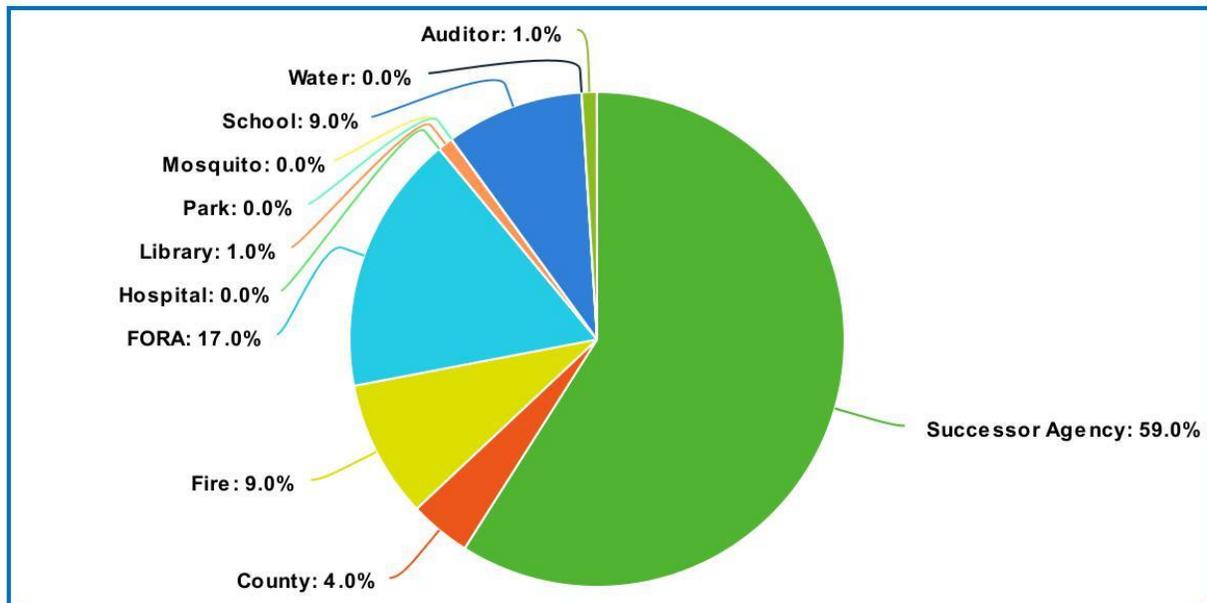
The following displays the amount and percentage breakdowns for distribution of 2017-18 property taxes collected in unincorporated Fort Ord, most of which came from East Garrison. We note that the Successor Agency, which receives 59% of these property taxes, is a former redevelopment agency created to assist with the redevelopment of Fort Ord; the money collected in 17-18 was used to help pay for construction of the Fire Station in East Garrison, and will be used in future years to pay for the library and Sheriff substation, and may also be needed to pay for aspects of the Town Center and affordable housing.

As a result, most of your property taxes are being spent in East Garrison:

**Monterey County Property Tax Distribution by Category
FY 2017-18**

| Row Labels | Sum of FY 17-18 Distributions |
|--------------------|-------------------------------|
| County | 146,312.90 |
| Fire | 297,888.43 |
| FORA | 577,157.45 |
| Hospital | 123.15 |
| Library | 15,744.14 |
| Mosquito | 5,783.88 |
| Park | 9,405.47 |
| School | 310,866.76 |
| Water | 972.73 |
| Auditor | 39,854.27 |
| Successor Agency | 2,032,121.58 |
| Grand Total | 3,436,230.76 |

FY 17-18 Distributions



- Successor Agency
- County
- Fire
- FORA
- Hospital
- Library
- Mosquito
- Park
- School
- Water
- Auditor

What about the Community Facilities/Services Districts (Mello Roos) on my tax bill?

Property tax bills include other fees and assessments that may be levied by other public agencies. In East Garrison, there are multiple fees and assessments, the largest being the Community Facilities District and Community Services District, also referred to as Mello Roos fees. These are listed on your bill as “CFD No 2006-1 East Garrison PFA-**Facilities**” and “CFD No 2006-1 East Garrison PFA **Services**”. The dollar amount is based on a set amount that was negotiated by the County and developer based on the square footage of the home, not a percent of the value of the home. Depending on the size of the home, this adds roughly two-thirds of one percent to your tax bill. (Ex. a property tax of \$\$6,750 has an additional \$4,546 for the CFD/CSD)

The CFD and CSD fees are increased annually per the rules governing the district; the CFD is increased 2% each year and the CSD is increased by the consumer price index, not to exceed 4%. Supervisor Parker has asked for a financial analysis to determine whether the maximum increases are necessary and what would be required to adjust the formula. At this time, we anticipate that the CSD fee will not increase July 1st; we are waiting final word from legal counsel whether special board action is required to keep the CSD fee flat this year. Also, the fee for Sheriff’s Protection services has not been paid yet; Supervisor Parker has requested a recalculation of the formula that staff initially proposed.

What is the difference between the Community Facilities District (CFD), the Community Services District (CSD), and the Homeowners Association (HOA)?

Simply put, the CFD levies a separate fee that pays for the initial construction of water pipes, drainage systems, parks and roads (up to \$27 million), while the CSD pays for maintenance of that infrastructure. The CFD and CSD are managed by the Monterey County Board of Supervisors, in conjunction with the developer who is constructing the facilities. The CFD will disband when the bonds that were issued to pay for construction are completely paid off, in approximately 30 years. The HOA has its own board, consisting of representatives for the developer and several residents. The HOA assumed responsibilities for maintenance of the roads, drainage, parks and opens space owned by the community. The following is a list from the Urban Services Agreement:

CFD/CSD: East Garrison Perimeter Roads (Public); Drainage, Stormwater and Flood Control Systems in Public Right of Ways or Easements; Lincoln Park and Open Space; Neighborhood Parks; Sheriff’s Protection.

HOA Fees: Front Yards of Private Homeowner Property; Private Roadways; Transit Services; Entry Statement; Drainage and Stormwater Systems in Private Rights of Way or Easements.

How is the CFD and CSD currently being spent?

The CFD collections are being used to pay down the bonds that were issued to pay for infrastructure to-date. The CSD current annual revenue collection is approximately \$1 million. Most of the revenue has been placed in a reserve account, which is currently at approximately \$3 million. There has been very little expenditure from the CSD account since the infrastructure is new and requires little maintenance. Supervisor Parker has asked that County staff prepare a financial analysis on the goals for a reserve fund and prepare detailed expenditure sheets to be available to East Garrison residents upon request. At this time, we anticipate that the CSD fee will not increase July 1st; we are waiting final word from legal counsel whether special board action is required to keep the CSD fee flat this year.

Will the tax rate or the obligations of the EGCSD change if we form an independent Board?

The residents of East Garrison can submit a petition signed by a minimum of 10% of registered voters, calling for an election by majority vote whether to become independent of the County Board of Supervisors and operate the CSD with their own elected board. Regardless of whether the County or the East Garrison residents run the EGCSD, the obligations of the bonds and the Urban Services Agreement must be met.

This information was compiled for the convenience of East Garrison residents by the Office of Supervisor Jane Parker from a variety of sources, including the Urban Services Agreement, The County special districts staff, budget documents, and state laws. This information should not be construed to serve as legal or financial advice.

Updated on June 24, 2019.