



CITY OF BANNING STAFF REPORT

TO: CITY COUNCIL

FROM: Elizabeth Gibbs, City Manager

PREPARED BY: Art Vela, Director of Public Works

MEETING DATE: March 10, 2026

SUBJECT: Discussion of the Development of a Citywide Community Facilities District (CFD)

RECOMMENDATION:

Receive the presentation regarding Community Facilities Districts (CFDs) and provide direction to staff regarding whether to proceed with development of a Citywide Public Safety Services CFD and preparation of CFD Goals and Policies.

BACKGROUND:

The purpose of this workshop is to provide the City Council with an overview of Community Facilities Districts (CFDs), discuss the City's municipal service demands associated with future development, and obtain direction. No formal action is requested at this time.

Community Facilities Districts are authorized under the Mello-Roos Community Facilities Act of 1982 and allow local agencies to fund public infrastructure and municipal services through a special tax levied only on properties within the district.

Many California cities utilize Services CFDs to fund ongoing municipal services such as police protection, fire suppression, paramedic services, and park maintenance. These districts are commonly used to ensure that new development contributes toward the cost of the services required to serve that growth.

JUSTIFICATION:

As the City continues to grow, municipal service demands, particularly public safety services, are expected to increase. Additional police staffing will be required at buildout, fire service costs continue to rise, and public safety services represent a significant and increasing portion of the General Fund budget. Without an identified funding mechanism, future development may create long-term fiscal pressure on the General Fund.

Staff is evaluating the concept of a citywide Services CFD that would apply to new development and could fund police, fire, and paramedic services.

Any future formation would require:

- Adoption of updated CFD Goals and Policies
- Preparation of fiscal analysis
- Public hearings
- Landowner election

- Future City Council action

The City's existing CFD policies are outdated. Updated policies would establish taxpayer protections, define effective tax rate thresholds, and align the City with modern municipal finance practices. Adoption of policies would not create a CFD but would establish a framework for future consideration.

Strategic Plan

On February 24, 2026, the City Council approved the City's Strategic Plan, "*Banning 2030 – Designing the Future Today.*" The Strategic Plan identifies several Tier 1 (Highest Priority) Strategic Initiatives that are essential to the City's long-term success. Among these initiatives, one has been recognized as particularly critical:

- Strategic Goal 4 – "Maintaining Effective and Efficient Services"
 - Strategic Initiative 4a: Develop and Implement Banning's Financial Workout Plan to Sustainability.

As part of the strategy to achieve this goal, the Strategic Plan identifies the development of a robust Community Facilities District (CFD) program as an important step toward strengthening and sustaining the City's General Fund over the long term.

FISCAL IMPACT:

There is no immediate fiscal impact associated with this workshop. Depending on Council direction, costs related to updating goals/policies and fiscal analysis will likely be incurred.

If the City ultimately proceeds, the intent of a Services CFD would be to offset future municipal service costs generated by new development and reduce long-term fiscal impacts to the General Fund.

ALTERNATIVES:

BUDGETED?:

No

CONTRACT/AGREEMENT:

No