

# Eastmark Community Facilities District No. 2 Board Report

**Date:** May 7, 2026  
**To:** Eastmark Community Facilities District No. 2 Board of Directors  
**Through:** Michael Kennington, District Treasurer  
**From:** Brian A. Ritschel, Office of Management & Budget Director  
**Subject:** FY 2026-27 Eastmark Community Facilities District No. 2 Budget

## Purpose

This action approves the FY 2026-27 proposed budget for the Eastmark Community Facilities District No. 2 (City of Mesa, Arizona) (the “District”). These actions are the first step in the approval process for the District’s FY 2026-27 budget (the “District Budget”). Arizona law ([ARS 48-716](#) and [ARS 48-723](#)) requires that, on or before July 15 of each year, community facilities districts approve a proposed budget and call a public hearing on the budget for the upcoming fiscal year.

## Background

On December 10, 2018, the Mesa City Council formed the District. The District issues general obligation bonds to finance the cost of eligible public infrastructure (streets, water lines, wastewater lines, parks, etc.) benefiting the land within the geographical boundaries of the District. The principal of and interest on these general obligation bonds is paid for with revenue generated by the levy of an annual ad valorem tax on all taxable property in the District.

The District also issues special assessment bonds secured by special assessments on residential lots within certain designated Special Assessment Districts (“SADs”, and each a “SAD”) within the District.

## Discussion

The FY 2026-27 District Budget includes spending for three purposes: (1) operations, (2) capital, and (3) debt service.

(1) Operations

a. Expenditures

The District pays for accounting, budget, clerk, engineering, legal, and treasurer services provided from City staff time. In addition, the District pays for publishing costs, audit work, outside legal counsel, and software license costs incurred by the District.

b. Funding Sources

Upon initial formation of the District, property owners approved an ad valorem tax on all real and personal property in the District at a rate equal to \$0.30 per \$100 of net assessed limited property valuation for all real and personal property in the District to fund the operation and maintenance expenses of the District (the "O&M tax") per Arizona law ([ARS 48-723](#)). Operation and maintenance expenses not funded by the O&M tax are reimbursed by the District's master developer, DMB Mesa Proving Grounds LLC ("DMB MPG") per an agreement among the City, the District, and DMB MPG.

(2) Debt Service

a. Expenditures

The proposed FY 2026-27 District Budget includes debt service (principal, interest, and administrative costs) for the District bonds that have already been issued.

b. Funding Sources

There are two funding sources for District bond debt service, depending on the type of bond:

(1) the District's general obligation bonds are secured by the levy of a secondary ad valorem tax on all taxable property in the District, and the planned secondary tax rate for FY 2026-27 debt service on such general obligation bonds is \$2.34 per \$100 of net assessed limited property valuation of taxable property, and

(2) the District's special assessment bonds are secured by special assessments on residential lots within a designated SAD in an assessment amount not greater than \$10,000 per residential lot. The amount of the special assessment that may be levied on a residential lot is limited by the value of the property in each SAD; assessments in SAD A were \$3,500 per residential lot. Payment of the special assessments by the property owner can be made in annual installments over the life of the special assessment bonds, which is typically 25 years. Owners of residential lots may prepay the special assessments at any time.

## Property Tax

The valuation of real property in the District is determined annually by either Maricopa County or the State of Arizona. Property is assigned a full cash value (“FCV”) and a limited property value (“LPV”). The annual increase in LPV is restricted to 5%; FCV does not have an annual increase restriction. A property’s LPV cannot exceed its FCV. The District’s property tax levy is a secondary property tax, which is levied against the net assessed LPV of a property.

A combined tax rate of \$2.64 per \$100 of net assessed LPV (\$2.34 for debt service and the \$0.30 O&M tax) is targeted in FY 2026-27.

**Table 1. Eastmark CFD No. 2 - FY 2026-27 Property Tax Rate and Levy**

<b>Purpose</b>	<b>Tax Rate</b> (per \$100 of NALPV)	<b>Tax Levy</b>
O&M	\$0.30	\$46,610
Debt Service	\$2.34	\$363,556
<b>Total</b>	<b>\$2.64</b>	<b>\$410,166</b>

## Impact to Property Owners

The owner of the average (mean) value residential property in the District would pay \$777 of District property taxes in FY 2026-27, in addition to \$250 of City property taxes.

## Additional Information

The property tax levy amount is included in the proposed FY 2026-27 District Budget to create budget capacity but does not obligate the District Board to any specific course of action with regards to the property tax rate and levy.

## Budget Adoption – Next Steps

On May 21, 2026, the District Board is scheduled to (1) hold a public hearing on the proposed District Budget, (2) approve the final District Budget, and (3) approve the levy of the ad valorem tax on taxable property in the District, which would complete the FY 2026-27 District Budget process.

## **Alternatives**

The District Board may also choose to postpone approval of the proposed District Budget until as late as July 15, 2026, to make any desired adjustments.