

# Eastmark Community Facilities District No. 1 Board Report

**Date:** May 21, 2026  
**To:** Eastmark Community Facilities District No. 1 Board of Directors  
**Through:** Michael Kennington, District Treasurer  
**From:** Mark Hute, City Treasurer  
**Subject:** Fiscal Year 2026-27 Property Tax Levy

## Purpose

This action approves the Fiscal Year 2026-27 property tax rate for the Eastmark Community Facilities District No. 1 (City of Mesa, Arizona) (the "District") as shown in Figure 1 below.

**Figure 1. FY 2026-27 Property Tax Rate and Corresponding Levy**

<b>Purpose</b>	<b>Rate</b> (per \$100 of taxable value)	<b>Corresponding Levy</b>
Operations	\$0.16	\$ 349,640
Debt Service	\$1.73	\$ 3,780,483
<b>Total</b>	<b>\$1.89</b>	<b>\$ 4,130,123</b>

## Highlights

- The total levy of \$4.1 million is a decrease of 12% from the prior fiscal year.
- The total rate decreased from \$2.27 to \$1.89.

## Background

On April 2, 2012, the Mesa City Council formed the District. The District issues general obligation bonds in order to finance the cost of eligible public infrastructure (streets, water lines, wastewater lines, parks, etc.) benefiting the land within the boundaries of the District. The principal of and interest on these general obligation bonds is paid for with revenue generated by an annual ad valorem levy on all taxable property within the District.

State law also allows for a portion of the property tax levy to support the operations and maintenance costs of the District.

## Discussion

Property tax is calculated as follows:

$$\text{taxable property value} * \text{tax rate} = \text{tax levy}$$

A property's taxable value is provided annually by the Maricopa County Assessor's Office. The property tax rate is set by the District Board as a dollar amount per \$100 of taxable value. The property tax levy is the dollar amount of property tax owed.

The District's ad valorem property tax has two components:

- (1) a rate of up to \$0.30 per \$100 of taxable value to fund the operations and maintenance costs of the District.

The District pays for accounting, budget, clerk, engineering, legal, and treasurer staff time. In addition, it pays for publishing costs, audit work, and software license costs incurred by the District. It may also pay for infrastructure maintenance costs in the District. Operations and maintenance costs not funded by the tax are reimbursed by the District's master developer, DMB Mesa Proving Grounds LLC ("DMB"). The proposed rate for the operations and maintenance portion of the property tax rate is \$0.16 per \$100 of taxable value.

- (2) a levy/rate sufficient to pay the debt service on general obligation bonds issued by the District to pay for public infrastructure reimbursement.

The District uses general obligation bond proceeds to reimburse DMB for the cost of eligible public infrastructure. The debt service (principal, interest, and administrative costs) on these general obligation bonds is funded by a property tax levy on all taxable property in the District. The proposed rate for the debt service portion of the property tax rate is \$1.73 per \$100 of taxable value. No new general obligation bonds are contemplated in FY 2026-27.

### Property Valuation

Each property in the District is assigned a full cash value ("FCV") and a limited property value ("LPV"). The annual increase in a property's LPV is restricted to 5% and cannot exceed its FCV. Property taxes are levied on a value derived from the property's LPV.

### Impact to Property Owners

The owner of the average (mean) value residential property in the District would pay \$591 of District property taxes in FY 2026-27.

### **Alternatives**

To pay existing general obligation bond debt, the District Board must adopt a property tax levy sufficient to pay the principal of and interest on existing bonds sold previously by the District. The proposed rate and levy are sufficient to pay debt service on the existing general obligation bonds, as well as the operational costs of the District. At this levy and rate, no additional debt service could be paid in FY 2026-27.