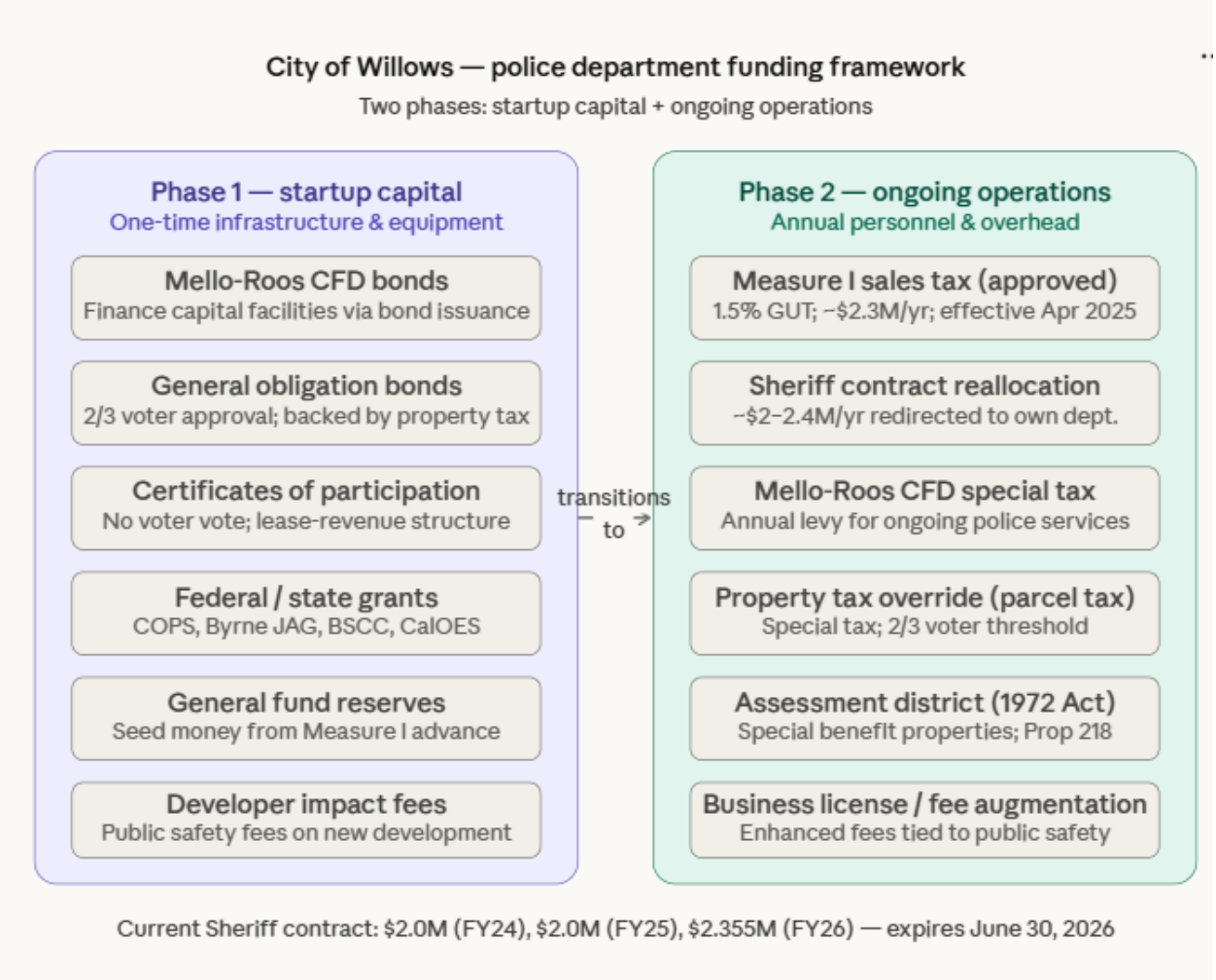
City of Willows
Police Department Formation Funding Tools
April 13, 2026

Summary of Available Financing Tools

Below is a summary of the available funding sources for the formation of a new Police Department in the City of Willows:



Fiscal Context and Baseline

First, the critical baseline: the current Sheriff contract totals $6,355,000 over 2.5 years: $2.0M in FY 2023-24, $2.0M in FY 2024-25, and $2.355M in FY 2025-26, expiring June 30, 2026. This contract cost is the single most important number in the analysis, it establishes both what Willows is already paying and the approximate ongoing cost floor for any police service model. Importantly, when the department was originally disbanded in 2017, it was costing over $1.6 million annually, meaning the Sheriff's contract has grown roughly 45% in cost over the intervening years.

Phase 1: Startup Capital Funding

The one-time costs of reconstituting a police department are substantial and distinct from ongoing operations. They include facility acquisition or renovation, vehicles and fleet, technology systems (CAD, RMS, body cameras), uniforms, weapons, and initial training.

Below are details on viable funding method for startup costs:

Mello-Roos Community Facilities District (CFD) — Bond Component

The Mello-Roos Community Facilities Act of 1982 (Gov. Code §53311 et seq.) is the most versatile tool available. The Act allows for the City to establish a CFD which may provide financing for a broad range of public improvements and services, including police protection, fire protection, ambulance services, schools, parks, libraries, museums, and other cultural facilities. Willows could form a citywide CFD, issue bonds backed by a special tax levy on all parcels, and use the bond proceeds to fund the capital build-out of the new department. Formation requires a 2/3 vote of registered voters. The 2023 fiscal emergency declaration and the strong showing of Measure I (58%+) suggest community receptivity.

General Obligation Bonds

GO bonds are backed by the full faith and credit of the City and repaid through an ad valorem property tax override. They require a 2/3 supermajority vote. Given the current community support trajectory, this is worth considering, particularly if the City needs to fund a new or renovated facility (e.g., a dedicated police station). GO bonds typically achieve the lowest interest rates of any tax-backed instrument.

Certificates of Participation (COPs)

COPs are a lease-revenue financing mechanism that does not require voter approval. The City would convey a public asset (e.g., city hall, a future police facility) to a financing entity, which leases it back to the City, with the lease payments securitized. COPs can fund construction or major equipment acquisition. The tradeoff is a slightly higher interest rate than GO bonds and the annual lease obligation must be appropriated by the City Council

(subject to non-appropriation risk). This is a viable path for facility financing without going to the ballot, pending budget availability.

Federal and State Grants

This is an important supplemental source for startup costs, but not necessarily a primary one. Some of the available programs include:

- *COPS Hiring Program* (U.S. DOJ): Provides funding for sworn officer positions for the first three years, then requires local assumption of costs. Highly competitive nationally but appropriate for Willows given its small size.
- *Edward Byrne Memorial Justice Assistance Grant (JAG)*: Flexible funding for equipment, technology, training, and personnel.
- *California Board of State and Community Corrections (BSCC)*: Various competitive grants for local law enforcement programs.
- *CalOES*: Homeland security and public safety infrastructure grants.

Developer Impact Fees (Public Safety)

Under the California Mitigation Fee Act (Gov. Code §66000 et seq.), Willows can adopt a public safety development impact fee applicable to new residential and commercial construction. The fee must be nexus-justified (i.e., tied to the increased demand for police services generated by new development). While Willows is a small, slow-growth city, any future residential or commercial development can be required to contribute to the capital cost of police facilities and equipment. This would not likely provide substantial new funding, but could be reviewed as a supplemental funding option.

General Fund Reserves / Measure I Seed Money

The City's 1.5% sales tax is effective April 1, 2025, and the city received its first advance of the new quarterly sales tax revenue from the State in April 2025 as well. The early proceeds can be used as seed funding for startup costs or bridge financing for procurement before longer-term mechanisms are in place.

Phase 2: Ongoing Operations Funding

The annual operating budget is the harder, more durable challenge. A realistic ongoing budget for a small city police department of 13 officers/staff in California today likely runs at least $2.5 million annually when fully loaded with benefits, dispatch, records management, and overhead. The key strategic insight here is that the Sheriff contract cost ($2.0–2.4M/year) is already being paid and will be redirected, the question is what gap, if any, remains.

Measure I Sales Tax (Already Approved)

This is the cornerstone of ongoing funding. The 1.5% sales tax increase is projected to generate up to $2.3 million in tax revenue per year. The ballot measure has a 15-year time sunset date, after which the tax would expire unless extended by another ballot measure. As a general (unrestricted) tax, spending is at Council discretion, which means the City should proactively build a police department line item into the annual budget to establish the spending pattern before the sunset question arises.

Sheriff Contract Cost Reallocation

This is arguably the most important element of any funding model. As the City transitions from the Sheriff contract to its own department, the $2.0-2.4M currently paid to Glenn County can be redirected to fund a Willows Police Department. The key modeling question is whether the City's own department can provide comparable or superior service at the same or lower cost. In 2017, the original department cost over $1.6M, inflation-adjusted to today, a comparable department would cost significantly more.

Mello-Roos CFD — Ongoing Services Tax

A citywide services CFD can be structured to levy an annual special tax specifically for police services, independent of the general fund. The CFD special tax rates are levied annually as part of each parcel's property tax bill and are subject to an annual inflation adjustment. The taxes do not expire but continue in perpetuity. This provides a dedicated, inflation-indexed, permanent revenue stream that is insulated from general fund budget pressures and cannot be raided for other purposes. Formation requires 2/3 voter approval, but the services CFD can be structured as a standalone mechanism layered on top of other revenues.

Parcel Tax (Special Tax)

A parcel tax is a flat or tiered tax per parcel (e.g., $X per residential unit, $Y per commercial square foot), placed on the ballot and requiring 2/3 voter approval. Unlike a CFD, a parcel tax does not require formation of a district, it's levied citywide through the City's own authority. It can be designated specifically for police services (making it a special tax), or structured as a general tax (simple majority required, but unrestricted in use). Given the community support shown in Measure I, a dedicated police parcel tax may be viable at 2/3 approval threshold.

Proposition 218 Assessment District (1972 Landscaping and Lighting Act / Other)

An assessment district levies charges based on special benefit to property owners. Public safety is notoriously difficult to structure as an assessment district because courts have held that general police protection benefits the public at large, not specific parcels in a quantifiable way, making it hard to satisfy Prop. 218's special benefit nexus requirement. This mechanism is not strongly recommended for police services, but may have limited applicability if a specific geographic area (e.g., a commercial corridor or new development area) can demonstrate a quantifiable, special benefit from enhanced police patrols.

Business License Tax Augmentation

The City can increase its business license tax and designate a portion of the increase for public safety. This requires only a majority Council vote if structured as a general tax, or 2/3 voter approval if structured as a special tax for police specifically. Willows' commercial base is modest, but the revenue contribution would be incrementally helpful.