



Finance, Affordability, Asset Management & Efficiency  
Committee

# Adopt Resolution Establishing the Ad Valorem Tax Rate for FY 2025/2026

Item 8-1  
August 19, 2025

# Ad Valorem Rate Adoption for FY 2025/26

## Item 8-1

### Subject

Adopt the resolution establishing the Ad Valorem tax rate for fiscal year 2025/26; the General Manager has determined that the proposed actions are exempt or otherwise not subject to CEQA.

### Purpose

Provide the board a resolution with supportive documentation for adoption in order to set the property tax rates for fiscal year 2025/26 in accordance with the currently Adopted Budget.

### Recommendation and Fiscal Impact

Adopt the resolution establishing the Ad Valorem tax rate for fiscal year 2025/26 at 0.007 percent, as assumed in the currently Adopted Budget.

Maintains the intent of the Board with respect to Metropolitan's long-term financial sustainability and near-term budget priorities.

# Tax Rate Adoption Process

April 12, 2022

Board action to adopt resolution on the applicability of the tax rate limit (Section 124.5)

March 12, 2024

Public hearing on proposed rates and charges (FY 25 & FY 26 Proposed Budget)

April 9, 2024

Board approved Adopted Budget for FY 2024/25 & FY 2025/26

August 20, 2024

Board adopted a resolution establishing the tax rate for FY 2024/25

May 13, 2025

Quarterly Finance Update provided to the board reflecting actuals to budget and projections for the fiscal year

August 19, 2025

Quarterly Finance Update provided to the board reflecting actuals to budget and projections for the fiscal year

**August 19, 2025**

**Board action to adopt resolution establishing the tax rate for FY 2025/26**

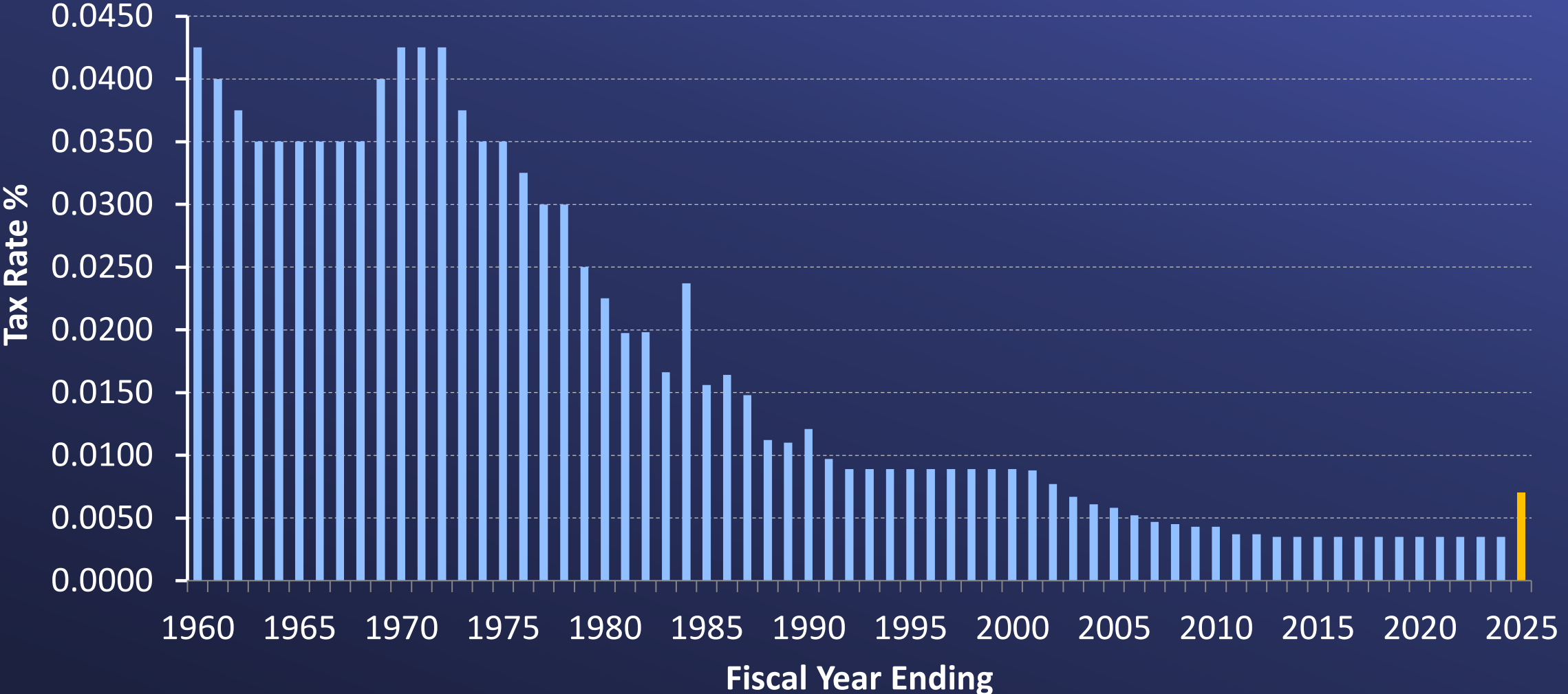
# Proposed Tax Rate Adoption

- Set the rate assumed in Metropolitan's Current Budget
- Biennial budget for FYs 2024/25 and 2025/26, water rates for CYs 2024 and 2025, and charges for CYs 2024 and 2025, adopted in April 2024 are based on an increase of the ad valorem tax rate to 0.007%

# Ad Valorem Tax Background

- Metropolitan Water District (MWD) Act authorizes property taxes to pay obligations of the district
- Proposition 13 allows agencies to repay existing voter-approved indebtedness
- Metropolitan's share of State Water Contract (SWC) costs is within the Prop 13 exception for indebtedness
- Metropolitan's general obligation bonds are within the Prop 13 exception for indebtedness

# Historical Property Tax Rate



# Proposed Ad Valorem Tax Rate

- 0.007% of assessed valuations
- A single-family residence in Metropolitan's service area, assessed at \$892,000, currently pays about \$62 per year in ad valorem taxes towards Metropolitan's costs

County	June 2025 Typical Single Family Home Value: Zillow Home Value Index [ZHVI]	Estimated Taxes per Year
Los Angeles	\$938,984	\$66
Orange	1,288,525	\$90
Riverside	628,666	\$44
San Bernardino	559,471	\$39
San Diego	1,006,580	\$70
Ventura	928,160	\$65



# Board Options

## Option #1

- Adopt the resolution establishing the ad valorem property tax rate for FY 2025/26

## Option #2

- Adopt the resolution establishing the ad valorem property tax rate for FY 2025/26 at a rate to be determined by the Board; and
- Direct staff to revisit the biennial budget for FYs 2024/25 and 2025/26 and rates and charges for CYs 2025 and 2026 to make up any loss in assumed property tax revenues, and propose a revised biennial budget, rates and charges to the Board.



# Staff Recommendation

- Option #1

