



Finance and Insurance Committee

# Adopt Resolution Establishing the Tax Rate for FY 2022/2023

Item 7-1

August 15, 2022

# Process

February 22, 2022

Published notice of hearing

February 24, 2022

Notice of public hearing provided to  
Legislature

March 8, 2022

Public Hearing

April 12, 2022

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

**August 2022**

**Board action to adopt resolution establishing  
the tax rate for FY 2022/23**

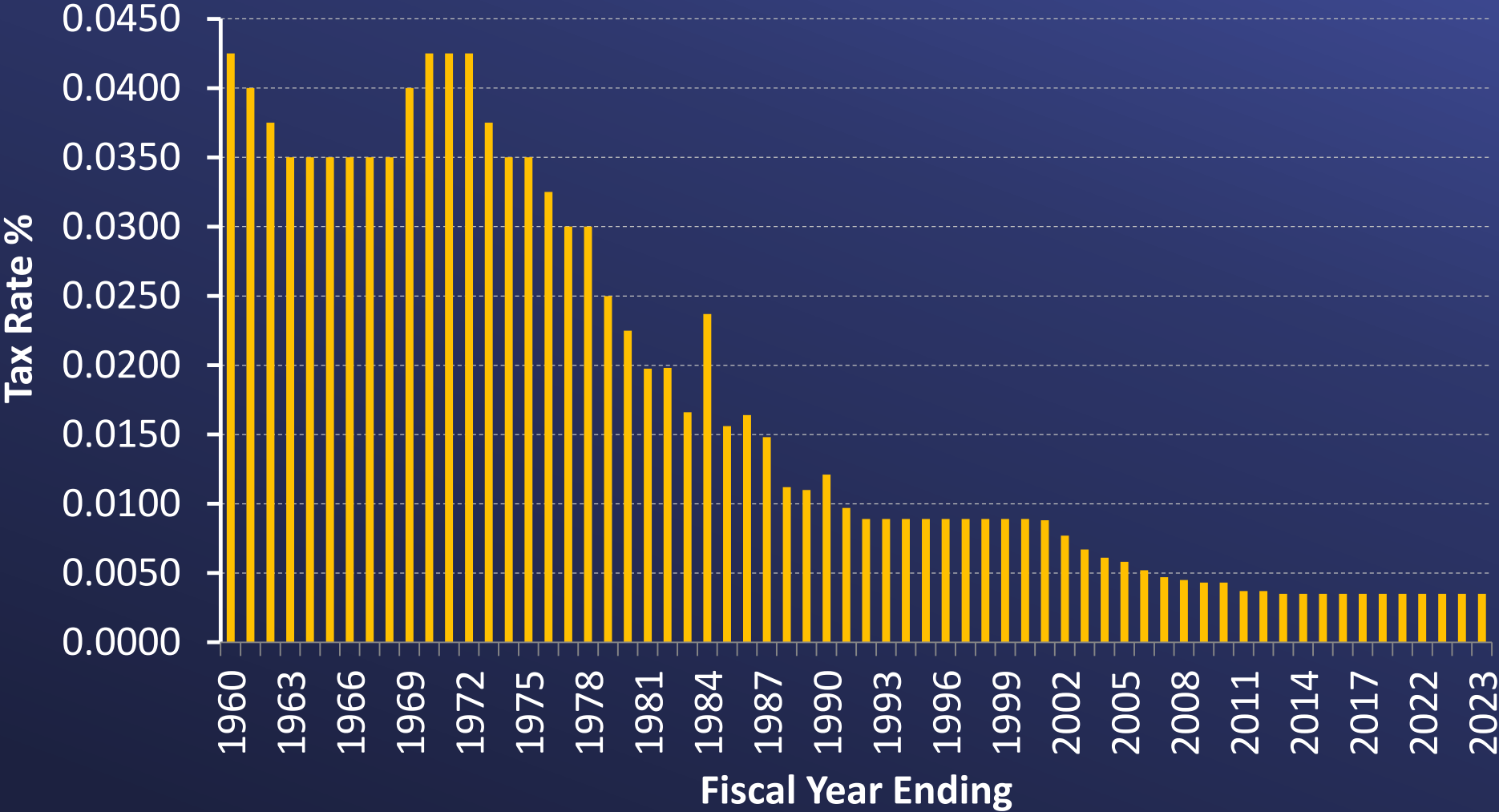
# Proposed Tax Rate Adoption

- Maintain the rate assumed in Metropolitan's approved Current Budget
- Biennial budget for FYs 2022/23 and 2023/24, water rates for CYs 2022 and 2023, and charges for CYs 2022 and 2023, adopted in April 2022 are based on a continuation of the existing tax rate
- If the FY23 property tax rates are not approved, an overall rate increase of approximately 8% would be necessary to cover Metropolitan costs assumed to be covered by property tax revenues in the Adopted Biennial Budget.

# 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 are within the Prop 13 exception for indebtedness
- Metropolitan's general obligation bonds are within the Prop 13 exception for indebtedness

# Historical Property Tax Rate



# Current Ad Valorem Tax Rate

- 0.0035% of assessed valuations
- A single-family residence in Metropolitan's service area assessed at \$700,000 currently pays about \$25 per year in ad valorem taxes towards Metropolitan's costs

| County         | August 2021<br>Typical Single Family Home<br>Value: Zillow Home Value<br>Index [ZHVI] | Estimated<br>Taxes per Year |
|----------------|---|-----------------------------|
| Los Angeles    | \$ 798,213  | \$28                        |
| Orange         | 928,318   | \$32                        |
| Riverside      | 531,441   | \$19                        |
| San Bernardino | 468,123   | \$16                        |
| San Diego      | 801,175   | \$28                        |
| Ventura        | 777,019   | \$27                        |

# Board Options

- Option #1
  - Adopt the Resolution Levying Ad Valorem Property Taxes for the Fiscal Year Commencing July 1, 2022 and ending June 30, 2023 for the Purposes of The Metropolitan Water District of Southern California (**Attachment 1**) maintaining the tax rate at 0.0035 percent of assessed valuation, the same rate levied in FY 2021/22; and
  - Direct staff to transmit that resolution to the county auditors
  - **Fiscal Impact:** No impact to the adopted biennial budget for fiscal years 2021/22 and 2022/23 and water rates and charges for calendar years 2022 and 2023 as they were based on a tax rate of 0.0035 percent.



# Board Options

- Option #2
  - Adopt the Resolution Levying Ad Valorem Property Taxes for the Fiscal Year Commencing July 1, 2022 and ending June 30, 2023 for the Purposes of the Metropolitan Water District of Southern California (**Attachment 2**) at a tax rate different than the existing tax rate, applied to assessed valuation; and direct staff to set a process to revisit the FY23 portion of the current biennial budget and water rates and charges for calendar year 2024.
  - Direct staff to transmit that resolution to the county auditors
  - **Negative Fiscal Impact:** Creates a potential budget deficit in fiscal year 2022/23 and water rates and charges for calendar year 2024.



# Staff Recommendation

- Option #1

