

**6J-2**  
**Preliminary**

July 22, 1999

**To:** Board of Directors (Budget and Finance Committee--Action)

**From:** General Manager \_\_\_\_\_

**Submitted by:** Lambertus H. Becker  
Chief Financial Officer \_\_\_\_\_

**Subject:** Tax Levy for Fiscal Year 1999-2000

**RECOMMENDATION(S)**

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It is recommended that the Board consider the provisions of a proposed resolution which would fix the Districtwide component of the secured property tax rate for fiscal year 1999-2000 at .0089 percent of assessed valuations and an unsecured property tax rate of .0089 percent, together with various additional tax rates for annexation charges due the District, thereby producing a total levy of approximately \$100,106,000, including an allocation estimated at \$8,864,000 for countywide taxes on utilities. After allowing for estimated delinquencies, allocations for redevelopment agencies and adjustments for supplemental tax collections and prior years' tax collections, this results in projected net tax revenues of approximately \$92,771,000.

In the event that certified assessed valuations are not received from the six County Auditors (due not later than Monday, August 16, 1999) in sufficient time for staff to substitute exact numbers and complete the rate calculations for the various annexation areas, it is recommended that the August 17, 1999 meeting of the Board be adjourned to Thursday, August 19, 1999 at which time action can be taken by the Board for fiscal year 1999-2000 (1) to determine the amount of money to be raised by taxation, (2) to fix the various tax rates, and (3) to levy the taxes.

**EXECUTIVE SUMMARY**

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This letter is a preliminary estimate of tax levy for fiscal year 1999-2000 and is provided to the Board for information. Upon receipt of the certified assessed valuations from the County Auditors, which are due no later than August 16, 1999, staff will prepare the final tax levy letter and resolution for fiscal year 1999-2000. If one or more County Auditors are unable to make the August 16, 1999 deadline, or the final calculation of the various annexation rates and tax levy amount is otherwise delayed, it is recommended that the August 17, 1999 meeting be adjourned to Thursday, August 19, 1999, to consider and act upon the tax levy matters for fiscal year 1999-2000. These matters are within the exclusive authority of the Board, and cannot be lawfully delegated.

## DETAILED REPORT

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This letter is a preliminary estimate of the tax levy for fiscal year 1999-2000 and is provided to the Board for information. Upon receipt of the certified assessed valuations from the County Auditors which are due no later than August 16, 1999, staff will prepare the final tax levy letter for 1999-2000. If one or more County Auditors are unable to make the August 16, 1999 deadline, or the final calculation of the various annexation rates and tax levy amount is otherwise delayed, it is recommended that the August 17, 1999 meeting be adjourned to Thursday, August 19, 1999, to consider and act upon the tax levy matters for fiscal year 1999-2000. These matters are within the exclusive authority of the Board, and cannot be lawfully delegated.

The assumption used during the water rate setting and budget processes for 1999-2000 was that the District would levy taxes for 1999-2000 using the same tax rate of .0089 percent that was used for the 1998-99 tax levy. The rate of .0089 percent of assessed valuation for fiscal year 1999-2000 will produce a net \$92.8 million in tax revenues.

If the tax were to be levied at the maximum allowed under Section 124.5 of the MWD Act, the tax rate would be .0098 percent, a 10 percent increase. The estimated net tax collections would increase from \$92.8 million to \$99.9 million. The additional \$7.1 million in tax revenues is equivalent to approximately \$4 on the water rate, if funds are carried over to 2000-2001.

The tax rate computation is based upon assessed valuations of property taxable for District purposes as certified by the auditors of the six counties in the District's service area.

The estimated gross tax levy of \$100.1 million takes into account an additional \$1.9 million for supplemental tax collections associated with properties reassessed during the year; \$4.0 million for prior years' tax collections; a reduction of \$6.0 million as an allowance for delinquencies; and a \$7.2 million allowance for redevelopment agencies, resulting in an estimated net tax levy of \$92.8 million. This levy is sufficient to pay annual installments due the District for annexations of areas to the District completed prior to June 6, 1978, debt service on the District's general obligation bonds and a portion of the District's obligation under its contract with the State of California for water.

The resolution to be submitted provides for:

1. a secured property tax rate of .0089 percent of assessed valuations, comprised of .0048 percent for Metropolitan's general obligation bond debt service and .0041 percent for State Contract obligations.
2. a .0089 percent tax rate for unsecured property, and
3. various tax rates for annexation charges due the District.

Provisions are made for the resolution to take effect immediately upon adoption. A certified copy of the resolution will be transmitted to the presiding officer of the governing body of each member public agency.

Also attached thereto and included as Section 9 of the resolution are two schedules:

- (1) Schedule A "Estimated Funds to be Produced by Tax Levy, Fiscal Year 1999-2000" and
- (2) Schedule B "Tax Rates and Amounts to be Derived from Respective Areas" (attachments not available for this preliminary letter).

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