



# Adopt Resolution Establishing the Tax Rate for FY 2021/2022

**Finance & Insurance Committee**

**Item 7-1**

**August 16, 2021**

# Process

|                    |   |
|--------------------|---|
| February 24, 2020  | Notice of public hearing provided to Legislature  |
| February 26, 2020  | Published notice of hearing   |
| March 9, 2020      | Presentation to F&I Committee   |
| March 10, 2020     | Public Hearing  |
| April 14, 2020     | Board action to adopt resolution on the applicability of the tax rate limit (Section 124.5) |
| August 2020        | Board action to adopt resolution establishing the tax rate for FY 2020/21                   |
| <b>August 2021</b> | <b>Board action to adopt resolution establishing the tax rate for FY 2021/22</b>            |

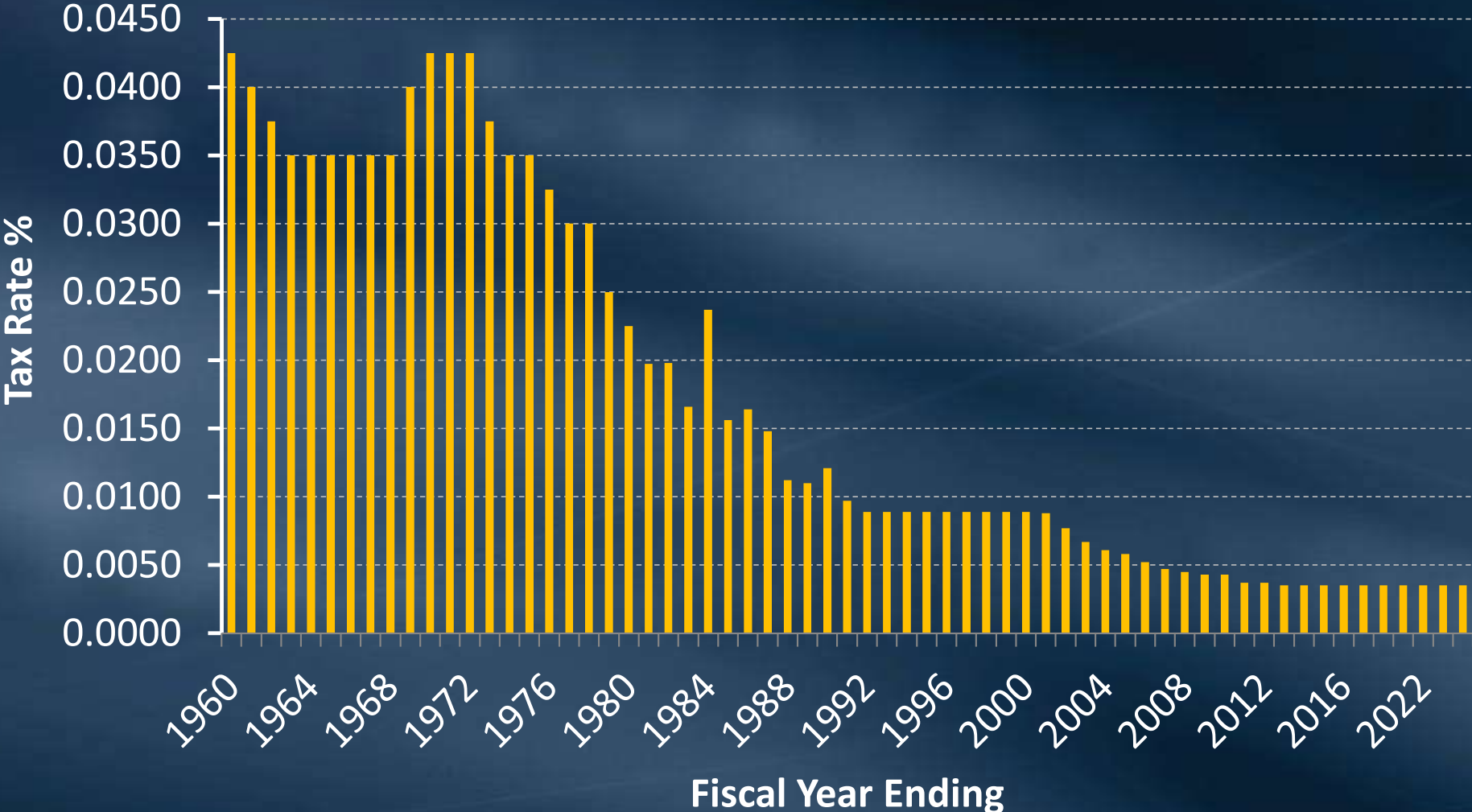
# Proposed Tax Rate Adoption

- Maintain the rate approved in Metropolitan's Current Budget
  - Biennial budget for FYs 2020/21 and 2021/22, water rates for CYs 2021 and 2022, and charges for CYs 2021 and 2022, adopted in April 2020 are based on a continuation of the existing tax rate

# 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

- .0035% of assessed valuations
- A single-family residence in Metropolitan's service area assessed at \$400,000 currently pays about \$14 per year in ad valorem taxes towards Metropolitan's costs

| County         | August 2020<br>Typical Single Family<br>Home Value: Zillow Home<br>Value Index [ZHVI] | Estimated<br>Taxes per Year |
|----------------|---|-----------------------------|
| Los Angeles    | 693,095   | \$24                        |
| Orange         | 815,418   | \$29                        |
| Riverside      | 425,242   | \$15                        |
| San Bernardino | 371,530   | \$13                        |
| San Diego      | 668,220   | \$23                        |
| Ventura        | 655,532   | \$23                        |



# Board Options

- Option #1

- Adopt the Resolution Levying Ad Valorem Property Taxes for the Fiscal Year Commencing July 1, 2021 and ending June 30, 2022 for the Purposes of The Metropolitan Water District of Southern California (**Attachment 1**) maintaining the tax rate at .0035 percent of assessed valuation, the same rate levied in FY 2020/21; and
- Direct staff to transmit that resolution to the county auditors
- **Fiscal Impact:** No impact to the adopted biennial budget for fiscal years 2020/21 and 2021/22 and water rates and charges for calendar years 2021 and 2022 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, 2021 and ending June 30, 2022 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 FY22 portion of the current biennial budget and water rates and charges for calendar year 2023.
- Direct staff to transmit that resolution to the county auditors
- **Negative Fiscal Impact:** Creates a potential budget deficit in fiscal year 2021/22 and water rates and charges for calendar year 2023.



# Staff Recommendation

- Option #1

