



COUNCIL STAFF REPORT

CITY COUNCIL of SALT LAKE CITY

TO: City Council Members

FROM: Sam Owen, Policy Analyst

DATE: May 21, 2024

RE: Metropolitan Water District of Salt Lake & Sandy Property Tax Proposal

Item Schedule:

Briefing: May 7, 2024

Public Hearing: May 7 & May 21, 2024

Potential Action: May 21, 2024
(property tax proposal)

ISSUE AT-A-GLANCE

A majority of the five Metropolitan Water District Board Trustees appointed by Salt Lake City will briefly present to the Council about the 2024 property tax proposal. This is one requirement in the State law that governs how the District sets its property tax levy.

The Council is scheduled to decide on the property tax proposal at its formal meeting, May 21, 2024. Each City Council of the member cities, Salt Lake City and Sandy City, must approve the proposal for the tax to increase. Sandy City approved the proposal following their hearing earlier in May. As discussed in previous briefings, if Salt Lake City does not approve the tax proposal, it does not move ahead, and the District could instead increase water sales prices to member cities to recover the revenue.

ADDITIONAL INFORMATION

The Metropolitan Water District of Salt Lake and Sandy stores, treats and conveys culinary water supplies for Salt Lake City and Sandy City. The District is one of the taxing entities that appears as a line on the property tax bill for Salt Lake City property owners. Water is delivered to City residents through Salt Lake City Public Utilities.

The District is proposing a property tax increase that would generate new property tax revenue from Salt Lake City taxpayers, netting an additional estimated \$6.77 million. Cost impact from the tax proposal to a residential property of median value in Salt Lake City (\$596,000) would be about \$49 annually.

Property tax makes up about one quarter of the District's annual revenue. The remainder comes from a regular capital assessment to member cities, as well as water sales, primarily to member cities. The District also proposes bonding revenue of about \$24.3 million for the new fiscal year.



The District highlights a current grouping of required capital improvements and projects totaling \$117.9 million. Anticipated annual fiscal impact is an estimated \$9.3 million per year, from just these new capital expenses. These figures capture part of the District's planned capital improvement program expenses.

The Council reviews the rest of the District's budget, and does not formally adopt it. The Council appoints five of the seven-member Board of Trustees. The total FY25 expenditures and revenues figure is an estimated \$100.3 million, up from last year's total \$51.2 million. Budget figures could shift pending outcome of the property tax proposal.