

Salt Lake City Council Meeting

April 2, 2024



FY25 Property Tax Certified Rate Increase Proposal

Background

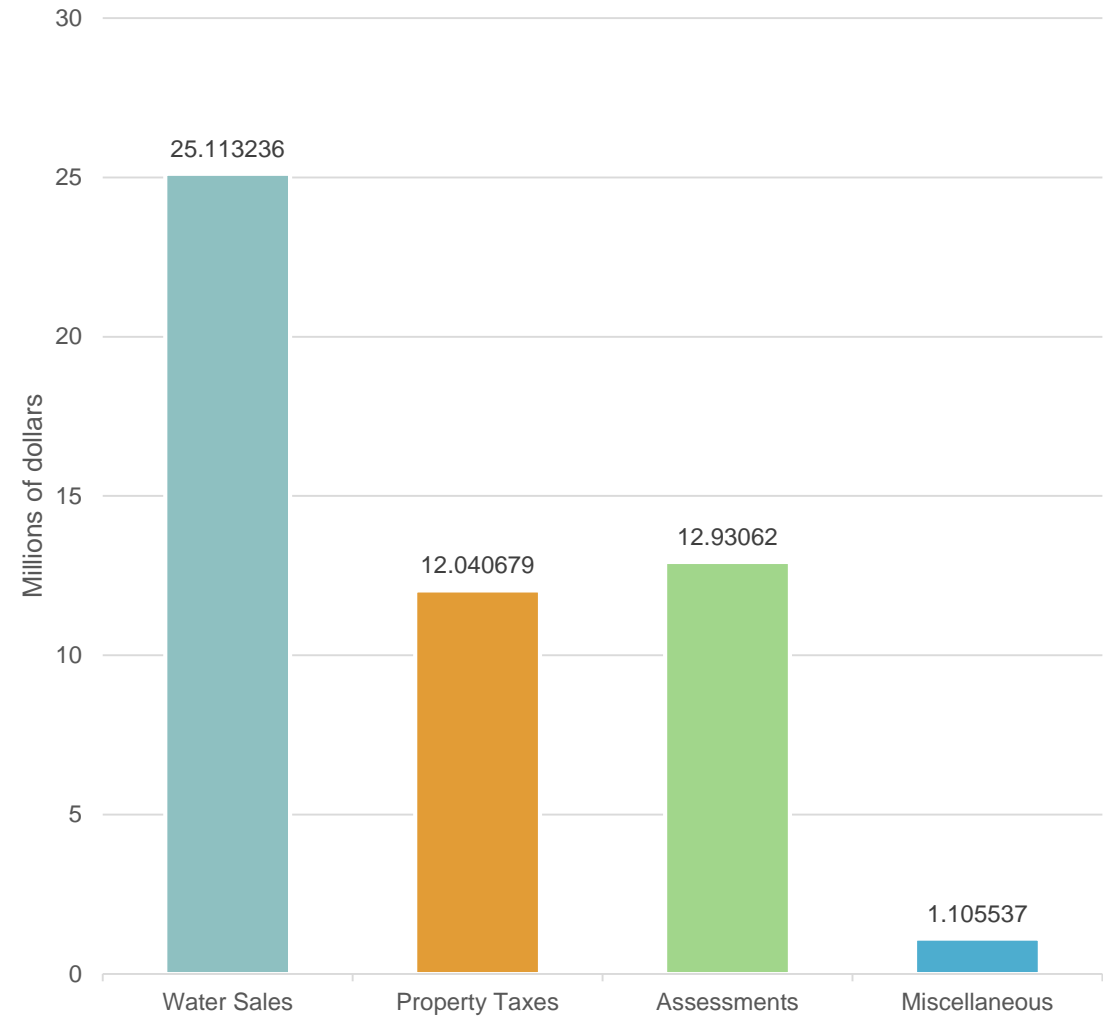
- The Metropolitan Water District of Salt Lake & Sandy is a special district that provides drinking water to Salt Lake City and Sandy City.
- Sandy City joined the District in 1990.
- The District's board is comprised of seven trustees.
 - The Salt Lake City Council appoints five of the trustees.
 - The Sandy City Council appoints two of the trustees.



Revenue Sources

FY24 Revenue

- 49.1% Water Sales
- 23.5% Property Taxes
- 25.0% Assessments
- 2.4% Miscellaneous



FY25 Escalating Costs and Capital Needs for Aging Infrastructure

Description	Annual Cost	Type of Expense	Long-Term Financial Impact	Entity responsible for securing funding
Cottonwoods Connection Project (District/SLC/SC) <u>Purpose:</u> Required project to address aging infrastructure and Salt Lake Aqueduct seismic and other elements of resiliency.	\$2,276,800	Capital	\$41.5 Million (repayment of 30 year loan/bond)	Metropolitan Water District of Salt Lake & Sandy
Deer Creek Dam Intake Project (PRWUA costs) <u>Purpose:</u> Required project to replace aging dam infrastructure that delivers 85,000 AF of water (80% of water portfolio) to the Salt Lake Valley.	\$1,240,000	Capital	\$37 Million (30 years repayment)	Provo River Water Users Association
Jordan Aqueduct/Jordan Valley Water Treatment Plant Capital and O&M (JVWCD costs) <u>Purpose:</u> Address aging infrastructure that delivers water to Northwest quadrant of Salt Lake City.	\$5,023,680 (5 year average)	Capital and O&M	\$32.5 Million (10 years of capital projects)	Jordan Valley Water Conservancy District
Central Utah Project OMR&R (CUWCD costs) <u>Purpose:</u> Expenses related to the District's investment in Central Utah Project water.	\$1,501,500	O&M and repair and replacement of CUP facilities	\$6.9 Million (forecasted target increase)	Central Utah Water Conservancy District
Total	\$9,371,370		\$117.9 Million	

\$9.3M of revenue needs

FY25 Tentative Budget

Review of certified rate increases

- District's last property tax increase occurred in 2008.
- In 2008, the rate was set to 0.00035.
- Rate has eroded as the value of properties has increased.
- Salt Lake City current year tax rate is 0.000200.
- FY25 budget proposes an increase (or reestablishment) to 0.00035 to generate revenue of \$8.6 Million.

Table 1: Annual impact of property tax increase to Property Owner

City	Median Market Value of Property	Taxable Home Value (55% of Median)	Current Year Tax Rate	Current MWDSLS Tax (Annual)	Proposed Next Year Certified Tax Rate	Percent Increase	MWDSLS Tax (Annual)	Net Annual Increase
Sandy City	\$628,000	\$345,400	0.000216	\$74.61	0.00035	62.04%	\$120.89	\$46.28
Salt Lake City	\$576,000	\$316,000	0.000200	\$63.36	0.00035	75.00%	\$110.88	\$47.52

Property Taxes versus Water Rates

- Increasing the certified tax rate to 0.00035 will generate revenue of \$8.6 Million.
- Increase of water rates by 36.33% will generate the same amount of revenue.

Table 2: Dollar amount generated from an increase in the certified tax rate

<i>City</i>	<i>2023 Tax Year Certified Tax Rate</i>	<i>2023 Tax Revenue</i>	<i>Proposed Certified Tax Rate</i>	<i>Estimated 2024 Tax Revenue</i>	<i>Net Revenue Increase</i>
Sandy City	0.000216	\$3,010,170	0.00035	\$ 4,877,590	\$1,867,420
Salt Lake City	0.000200	\$9,030,509	0.00035	\$15,802,603	\$6,772,094
Total MWDSLS Taxes		\$12,040,679	0.00035	\$20,680,193	\$8,639,514

Table 3: Dollar amount generated from an increase to water rates

<i>City</i>	<i>FY24 Water Sales Revenue</i>	<i>Percent Increase</i>	<i>Estimated FY25 Water Sales Revenue</i>	<i>Net Revenue Increase</i>
Sandy City	\$ 6,658,388	36.33%	\$ 9,077,381	\$2,418,993
Salt Lake City	\$17,121,570	36.33%	\$23,341,836	\$6,220,266
Total MWDSLS Water Sales to Member Cities	\$23,779,958	36.33%	\$32,419,217	\$8,639,259

MWDSLS Property Taxes versus Water Rates

Table 4: Certified tax rate increased to 0.00035

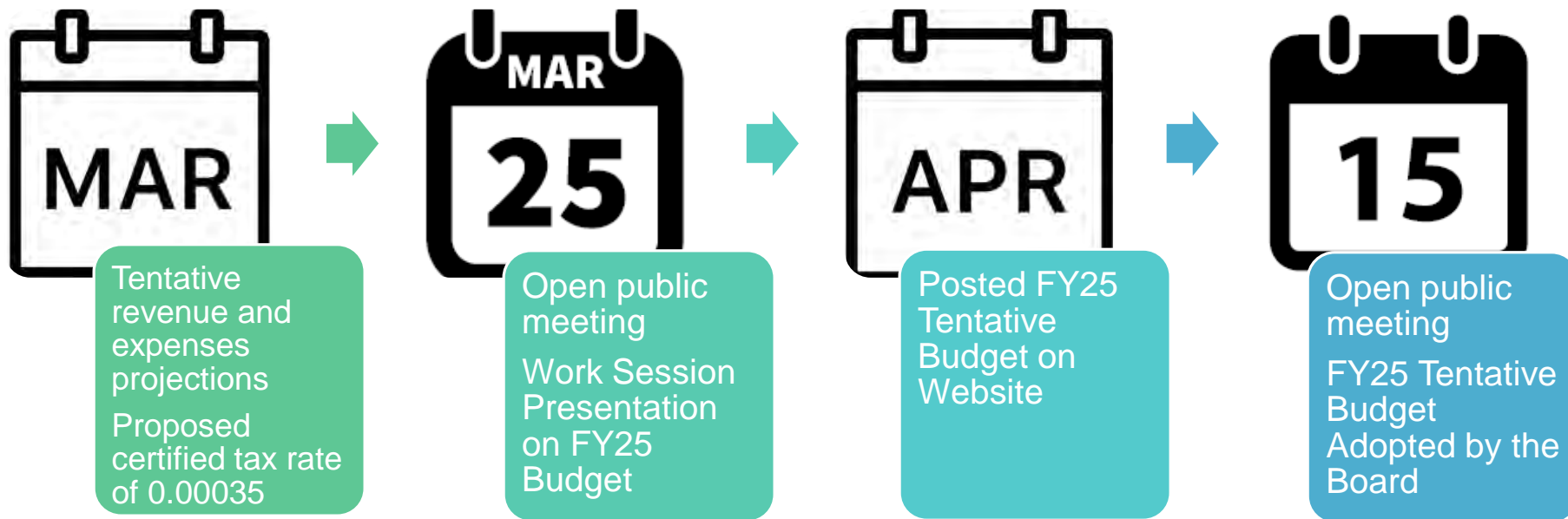
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Total MWDSLS Taxes	\$12,040,679	\$20,680,193	\$8,639,514

Table 5: Water rates increased by 36.33%

City	FY24 Water Sales Revenue	Estimated FY25 Water Sales Revenue	Net Revenue Increase
Sandy City	\$6,658,388	\$9,077,381	\$2,418,993
Salt Lake City	\$17,121,570	\$23,341,836	\$6,220,266
Total MWDSLS Water Sales	\$23,779,958	\$32,419,217	\$8,639,259

Council's decision will determine if there is an increase to the certified tax rate. If not approved by either council, the District will increase water rates to both member cities.

Background on Budget Process



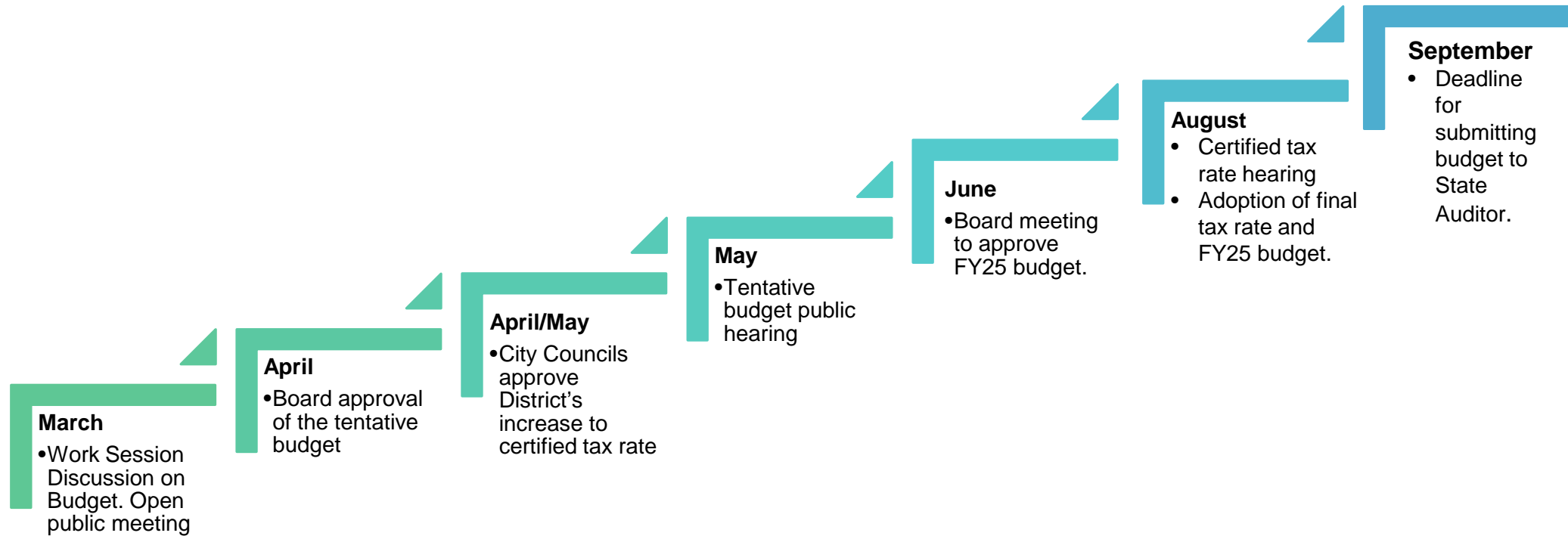
Statute 17B-2a-608

- Requirements

- Consistent with current statute (17B-2a-608), increasing the certified tax rate requires approval by “the legislative body of each municipality that appoints a member to the board of trustees under Section 17B-2a-604.”
- Salt Lake City and Sandy City Council must approve increasing the certified tax rate.
- Approval occurs after the District adopts tentative budget in April and before the District’s public hearing in May.
- Consensus required.
- Member Cities agreement requires equal application of certified tax rate and water rates.
- Note: MWDSLS Board of Trustees will evaluate property tax rate every 2 years and determine if the District needs to re-establish or increase property tax rate every 3 years.



FY25 Budget Process Timing Considerations





Thank you

