

Sandy City Council Meeting

March 26, 2024



# FY25 Property Tax Certified Rate Increase Proposal

# Background

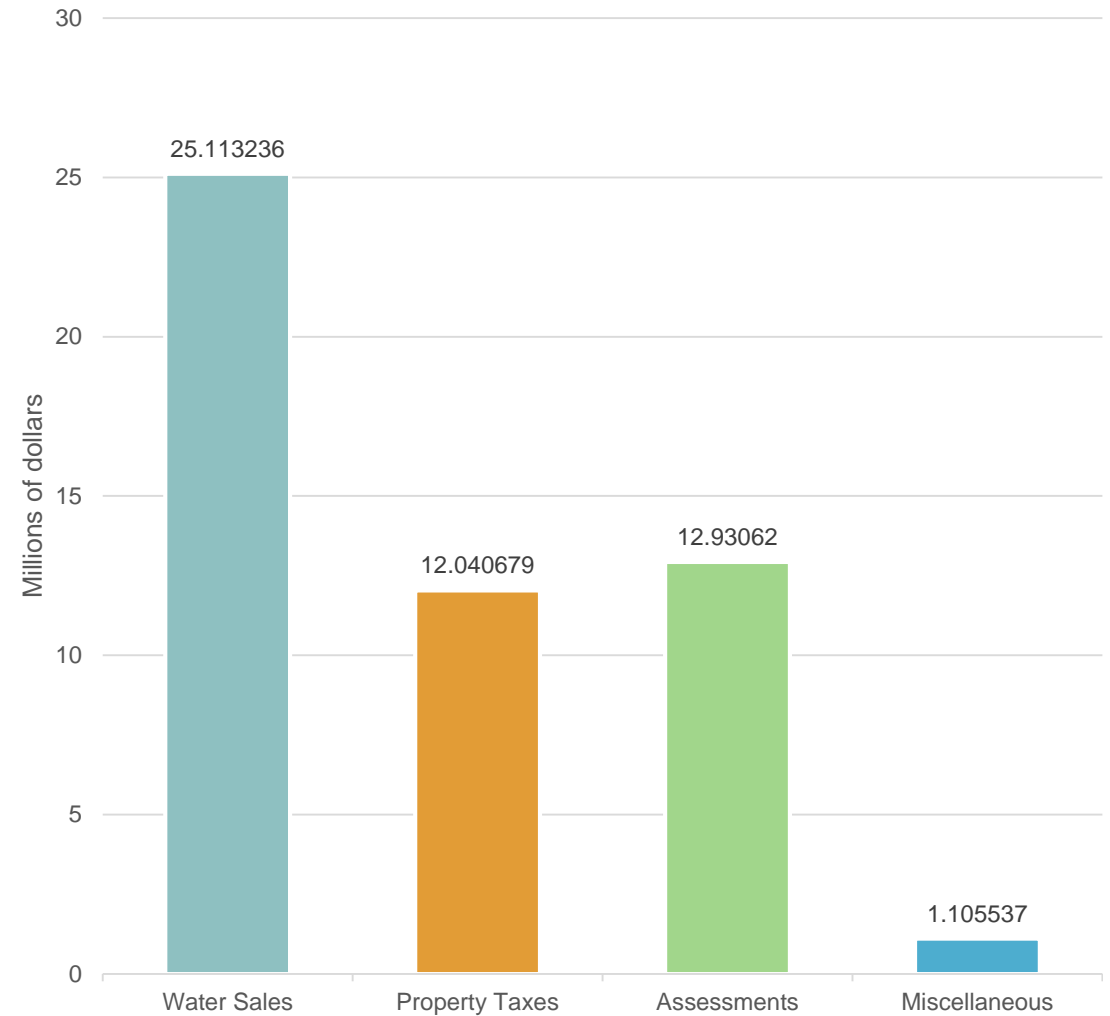
- The Metropolitan Water District of Salt Lake & Sandy is a special district that provides drinking water to Salt Lake City and Sandy City.
- Sandy City joined the District in 1990.
- The District's board is comprised of seven trustees.
  - The Salt Lake City Council appoints five of the trustees.
  - The Sandy City Council appoints two of the trustees.
    - JOHN KIRKHAM, Vice-Chair, Chair of Finance Committee, appointed in 2019. (Also served from 2003-2014)
    - DON MILNE, Chair of Engineering Committee, Finance Committee member, appointed in 2006



# 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
<b>Cottonwoods Connection Project (District/SLC/SC)</b> <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
<b>Deer Creek Dam Intake Project (PRWUA costs)</b> <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
<b>Jordan Aqueduct/Jordan Valley Water Treatment Plant Capital and O&amp;M (JVWCD costs)</b> <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
<b>Central Utah Project OMR&amp;R (CUWCD costs)</b> <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
<b>Total</b>	<b>\$9,371,370</b>		<b>\$117.9 Million</b>	

\$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.
- Sandy City current year tax rate is 0.000216.
- 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**

City	2023 Tax Year Certified Tax Rate	2023 Tax Revenue	Proposed Certified Tax Rate	Estimated 2024 Tax Revenue	Net Revenue Increase
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**

City	FY24 Water Sales Revenue	Percent Increase	Estimated FY25 Water Sales Revenue	Net Revenue Increase
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**

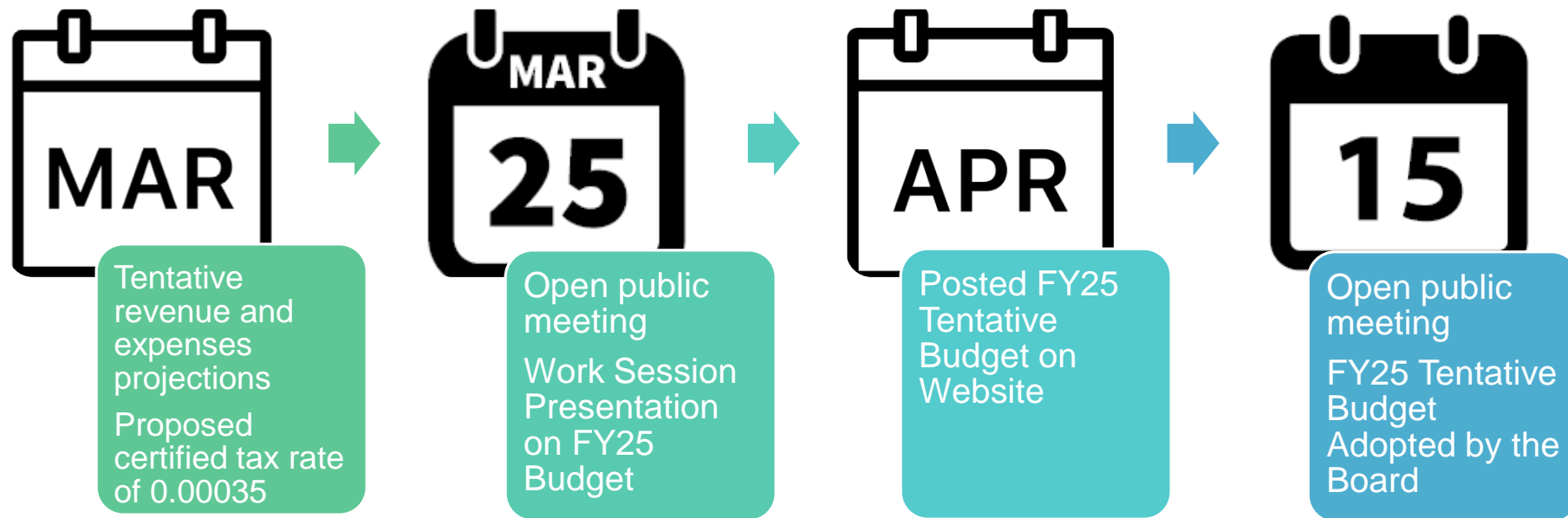
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Salt Lake City	\$9,030,509	\$15,802,603	\$6,772,094
<b>Total MWDSLS Taxes</b>	<b>\$12,040,679</b>	<b>\$20,680,193</b>	<b>\$8,639,514</b>

**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
<b>Total MWDSLS Water Sales</b>	<b>\$23,779,958</b>	<b>\$32,419,217</b>	<b>\$8,639,259</b>

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





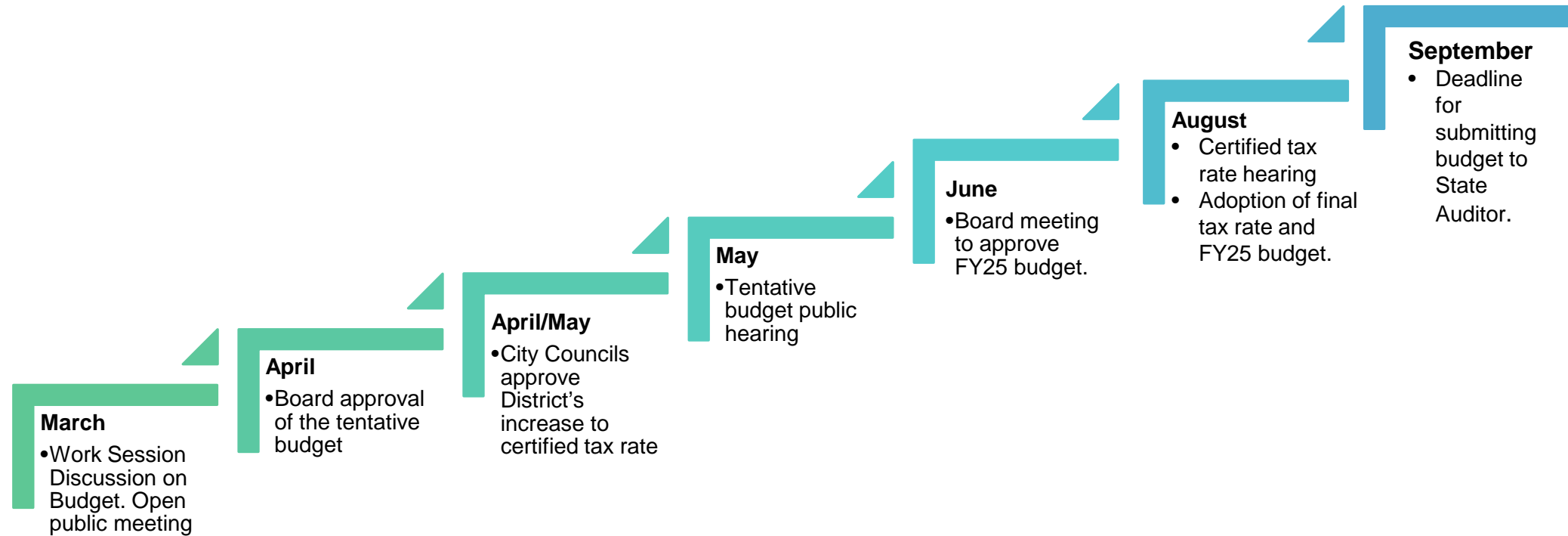
# Statute 17B-2a-608

- 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

