



## ● 2018 Per Acre Annexation Charge Report

### Summary

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The annexation charge for 2018 is \$5,671 per acre.

### Purpose

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Metropolitan Administrative Code Section 3300: Annexation Charge Computation

### Attachments

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**Attachment 1** – Financial Policies Related to Annexations

**Attachment 2** – Annexation Water Use Efficiency Report – 2017

### Detailed Report

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#### **Annexation Per-Acre Rate**

The annexation charge for calendar year 2018 is \$5,671 per acre. This represents an increase of 2.4 percent above the 2017 annexation charge of \$5,536 per acre, based, in part, on additional assets brought into service and increased State Water Project participation right charges. The increase is based on computations described in Metropolitan Administrative Code section 3300(b) (see Attachment 1). Metropolitan's current service area is 5,180 square miles. There was an increase of 8.3 acres in Metropolitan's service area during the fiscal year 2016/17.

Section 3300 of Metropolitan's Administrative Code sets forth Metropolitan's financial policies related to the annexation charge computation. The annexation charge for areas newly annexing to Metropolitan shall be the greater of the amounts computed under Section 3300(a) Back-Tax Computation and 3300(b) Per-Acre Charge.

Pursuant to Section 3300(b) of Metropolitan's Administrative Code, the per-acre charge is calculated by, first, adding the estimated replacement cost of (1) Metropolitan's facilities, (2) the unamortized participation rights in the State Water Project, and (3) other non-Metropolitan-owned projects in which Metropolitan participates. Second, Metropolitan's outstanding bonded indebtedness and the accumulated depreciation of facilities is subtracted from this total. Finally, the resulting net replacement cost is divided by the total acreage within the service area of Metropolitan as of the end of the recently completed fiscal year.

#### **Annexation Water Use Efficiency Report**

Metropolitan modified its Administrative Code section 3107 on October 12, 2004 to add annual reporting to the water use efficiency compliance portion of the annexation process for six years following each annexation. This reporting requirement is applicable to all completed annexations that were requested after April 1, 2005. Reports submitted for annexations completed since 2007 are listed in Attachment 2.

**Metropolitan's Administrative Code Division III, Chapter 3, Section 3300**

**FINANCIAL POLICIES RELATED TO ANNEXATIONS**

Sec.

3300. Annexation Charge Computation

3301. Taxes for Past Annexations

**§ 3300. Annexation Charge Computation**

Annexation Charge - The annexation charge for areas newly annexing to the District shall be the greater of the amounts computed under Sections 3300(a) and 3300(b):

(a) Back-Tax Computation - The annexing area shall be required to pay an amount that bears the same relation to total District taxes levied and annexation taxes to be levied (both exclusive of interest or adjusting factors) as the assessed valuation of the annexation area bears to the assessed valuation of the District, all data to be as of the August 31 preceding the year in which the annexation will be effective, and back interest to be simply calculated by multiplying the amount established as the bare back tax obligation by 5 percent and the resultant by half the number of years since taxes were first levied by the District.

(b) Per-acre Charge - The annexation charge per acre of land, other than land devoted to public roads, streets, highways, and freeways, to be paid by the annexing areas shall be determined by dividing the sum of the estimated replacement cost of the District's facilities and the participation rights in facilities of the State Water Project and other non-District owned projects in which Metropolitan participates, less accumulated depreciation of the District's facilities and participation rights on a replacement cost basis, less outstanding bonded indebtedness of the District's facilities and participation rights, by the total acreage within the service area of the District, all as of the end of the recently completed fiscal year.

M.I. 38048 – January 9, 1990; amended by M.I. 38304 - June 12, 1990; paragraph (b) amended by M.I. 39744 - July 14, 1992; paragraph (b) amended by M.I. 40406 - August 24, 1993; amended by M.I. 41204 - January 10, 1995; paragraph (b) amended by M. I. 46106 – February 8, 2005.

### **Annexation Water Use Efficiency Report for Year 2017**

#### **Eastern Municipal Water District**

<i>Annexation Territory</i>	<i>Completed</i>	<i>Years Left to Report</i>
103rd Fringe Area Annexation	October 1, 2013	2
104th Fringe Area Annexation	September 22, 2015	4

#### **Calleguas Municipal Water District**

<i>Annexation Territory</i>	<i>Completed</i>	<i>Years Left to Report</i>
Annexation No. 96	April 23, 2012	1
Annexation No. 95	December 20, 2012	1
Annexation No. 97	December 13, 2013	2
Annexation No. 98	April 8, 2014	3
Annexation No. 100	January 26, 2017	6

#### **San Diego County Water Authority**

<i>Annexation Territory</i>	<i>Completed</i>	<i>Years Left to Report</i>
Meadowood Annexation	December 4, 2014	3

#### **Western Municipal Water District**

<i>Annexation Territory</i>	<i>Completed</i>	<i>Years Left to Report</i>
43rd Fringe Area Annexation	April 8, 2014	3