



Office of Sustainability, Resilience and Innovation Group

● 2025 Per Acre Annexation Charge Report

Summary

The annexation charge for 2025 is \$8,265 per acre.

Purpose

Metropolitan Administrative Code Section 3300: Annexation Charge Computation

Attachments

Attachment 1 – Financial Policies Related to Annexations

Attachment 2 – Annexation Water Use Efficiency Report for year 2024

Detailed Report

Annexation Per-Acre Rate

The annexation charge for calendar year 2025 is \$8,265 per acre. This represents an increase of 8.8 percent above the 2024 annexation charge of \$7,596 per acre, based, in part, on the increase in State Water Project (SWP) Participation Rights which is the primary driver for the change in the annexation charge. The increase is based on computations described in Metropolitan Administrative Code section 3300(b) (**see Attachment 1**). There were two annexations over the past year adding 188.9 acres, adding to the total service area of 5,151 square miles.

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 SWP, 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 amended the Administrative Code Section 3107 which requires member agencies to report water use efficiency compliance for five years following each annexation or until the new territory is included in the annexing member agency’s Urban Water Management Plan (UWMP). The annexation reports on water use efficiency are on file and are listed in Attachment 2.

Attachment 1 – Financial Policies Related to Annexations
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.

Attachment 2 –Annexation Water Use Efficiency Report for Year 2024

Eastern Municipal Water District

<i>Annexation Territory</i>	<i>Completed</i>	<i>Years Left to Report</i>
111 th Fringe Area Annexation	February 11, 2021	2
112 th Fringe Area Annexation	November 3, 2023	4
114 th Fringe Area Annexation	June 28, 2024	5

Calleguas Municipal Water District

<i>Annexation Territory</i>	<i>Completed</i>	<i>Years Left to Report</i>
Annexation No. 104	July 25, 2022	3
Annexation No. 106	October 26, 2022	3

Western Municipal Water District

<i>Annexation Territory</i>	<i>Completed</i>	<i>Years Left to Report</i>
52 nd Fringe Area	June 16, 2020	1

San Diego County Water Agency *

<i>Annexation Territory</i>	<i>Completed</i>	<i>Years Left to Report</i>
Sringeri Vidya Bharati Foundation Temple Annexation	December 16, 2021	0
Rancho Corrido RV Park Annexation	February 14, 2022	0
Yerba Valley Annexation	December 15, 2023	0

* San Diego County Water Agency's annexations are included in its 2020 Urban Water management Plan which conforms with Section 3107(b) of the Metropolitan Administrative Code requirements for reporting to the District.