



THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Board Report

Finance Group and Administrative Services Section

- **Finance and Administrative Services Activities Report**

Summary

This report provides a summary of the Finance group and Administrative Services section activities for April 2024 and May 2024

Purpose

Informational

Attachments

Attachment 1–Finance group and Administrative Services section activities for April 2024 and May 2024

Finance Group and Administrative Services Section

Activities Report for April 2024 and May 2024

Maintain Strong Financial Position

Provide timely and discerning financial analyses, planning, and management to ensure that forecasted revenues are sufficient to meet planned expenses and provide a prudent level of reserves consistent with board policy.

In April the Board approved the Biennial budget for fiscal years 2024/25 and 2025/26 with overall rate increases of 8.5 percent in CY 2025 and 8.5 percent for CY 2026, which includes the Capital Investment Plan and revenue requirements for fiscal years 2024/25 and 2025/26 and the ten-year financial forecast.

Manage risk to protect Metropolitan's assets against exposure to loss.

The Risk Management Unit completed 54 incident reports communicating instances of Metropolitan property damage, liability, workplace injuries, regulatory visits, and spills.

Risk Management completed 52 risk assessments on contracts, including professional service agreements, construction contracts, entry permits, special events, and film permits.

Business Continuity

Facilitate district-wide planning and training to prepare employees and managers to effectively carry out critical roles and recover mission essential functions thus ensuring continuity of operations and resiliency in the event of a disaster.

Manage the Business Continuity Management Program in accordance with Operating Policy A-06.

- In conjunction with Information Technology, continued planning for employee webinars focused on creating awareness about alternate ways of accessing systems.
- Continued working with the district on Business Continuity Plan updates and approvals.
- In conjunction with the core planning team, continued working on the district-wide Local Hazard Mitigation Plan.
- Collaborated with the Office of Safety, Security and Protection to develop guidelines and training for emergency communications using the MetAlert employee emergency notification system.
- Conducted a Business Continuity plan update kickoff meeting for Water Quality.

Financial Management

Manage Metropolitan's finances in an ethical and transparent manner and provide consistent, clear, and timely financial reporting. Update Metropolitan's capital financing plans and work with rating agencies and investors to communicate Metropolitan's financial needs, strategies, and capabilities, thus ensuring that Metropolitan has cost effective access to capital markets and the ability to finance ongoing future needs. In addition, actively manage Metropolitan's short-term investment portfolio to meet ongoing liquidity needs and changing economic environments

Record and report the financial activities of Metropolitan in a timely, accurate, and transparent manner to the Board, executive management, member agencies, and the financial community.

- Water Transactions for April 2024 (for water delivered in February 2024) totaled 60.1 thousand acre-feet (TAF), which was 32.6 TAF lower than the budget of 92.7 TAF and translate to \$57.6 million in receipts for April 2024, which was \$33.9 million lower than budget of \$91.5 million.

- Year-to-date water transactions through April 2024 (for water delivered in May 2023 through February 2024) were 1,014.9 TAF, which was 302.8 TAF lower than the budget of 1,317.7 TAF. Year-to-date water receipts through April 2024 were \$1,015.4 million, which was \$300.0 million lower than the budget of \$1,315.4 million.
- In April 2024, Accounts Payable processed approximately 3,500 vendor invoices for payment.

Update capital financing plans and work with rating agencies and investors to communicate financial needs and capabilities, ensure cost-effective access to capital markets, and maintain long-term bond ratings of AA or better.

Metropolitan priced its \$367 million 2024 Series A bonds at favorably low spreads to industry benchmark indices, resulting in a true interest cost (TIC) of 3.08 percent for bonds with a final maturity of April 1, 2054. Treasury and Debt Management staff and the financing team continued to refine the structure and develop documentation for Metropolitan's 2024 Series B bonds, anticipated to price and close in June 2024. Both the Treasury and Debt Management Staff developed and released RFQs for the solicitation of services related to investment management and municipal advisory engagements.

Prudently manage the investment of Metropolitan's funds in accordance with policy guidelines and liquidity considerations.

As of April 30, 2024, Metropolitan's investment portfolio balance was \$1.08 billion; the total April earnings were \$3.5 million, and the effective rate of return was 4.38 percent.

Treasury staff managed daily cash flow to cover Metropolitan's operational expenditures and invest excess funds.

In April 2024, Metropolitan's portfolio manager executed three buy trades. Treasury staff completed the following transactions:

- 39 Dreyfus Cash Management Fund transactions
- 21 CAMP Investment Pool transactions
- \$34.7 million in Metropolitan's bond and SWAP payments
- 1,183 disbursements by check, 21 by Automated Clearing House (ACH), and 162 by wire transfer
- 81 receipts by check, 29 by ACH, and 50 by incoming wires and bank transfers
- Stop unauthorized ACH 4 times

The Treasury staff also processed for DCA the following transactions:

- Received and deposited 16 checks totaling \$3.77 million
- Issued 5 checks and 20 wires totaling approximately \$4.09 million

In addition, Treasury staff processed 21 professional services invoice payment requests totaling approximately \$0.46 million.

Furthermore, 8,896 P-One Card transactions, totaling \$1.3 million, recorded in the April bank statement were monitored by the P-One Card Administrator.

Administrative Services

Accomplishments

A major U.S. supplier that provided bulk chlorine trans-loading for over 15 years to Metropolitan ceased trans-loading operations at one of their terminals. In response to this urgent circumstance, the Procurement Team sourced, negotiated, and executed a new replacement contract with a second supplier, thereby helping ensure continuity of operations.

The Procurement Team also successfully renewed a contract option with another major supplier of bulk chlorine and negotiated better terms and conditions, resulting in less operational risk for Metropolitan.