



THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Board Report

Finance and Administration Group

- **Finance and Administration Group Activities Report**

Summary

This report provides a summary of the Finance and Administration group activities for June 2025 and July 2025.

Purpose

Informational

Attachments

Attachment 1 – Finance and Administration group activities for June 2025 and July 2025.

Finance and Administration Group Activities Report for June 2025 and July 2025

GM Business Plan – Goals, Outcomes, Target Measures

Follow Through on Business Model Refinement Recommendations	
Propose modification for treated water cost recovery	Revisions to the Treated Cost Recovery methodology were initially presented as an informational item to the Board in June 2025. The action was approved by the Board in July 2025 and included fixed charges for treatment peaking and standby. Staff is updating the COS methodology for implementation and incorporation into the FY 26/27 & FY 27/28 biennial budget.
Revise reserve policies and sales projections	Revisions to the Reserve Policy and Water Transaction Assumption policy was presented to the Board as an informational item in June 2025. Following Board feedback, the item was presented again in July, where the associated Administrative Code changes were adopted by the Board.
Develop a Biennial Budget that Meets Metropolitan's Needs	
Provide transparency and broad engagement to support informed policy making	Staff presented an informational item on Biennial Budget Drivers to the FAAME Committee in May and June 2025. Additional budget discussions, focusing on staffing and the financial forecast, are anticipated in September and October 2025, respectively.
Maintain strong credit ratings and access to capital markets	Metropolitan received confirmation of its senior lien ratings from S&P and Moody's of "AAA" and "Aa1", respectively, for the 2025A transaction, and ratings from Fitch and S&P of "AA+" and "AA+", respectively, for the Antelope Valley-East Kern (AVEK) Water Agency Financing Authority transaction.

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 July, the Board approved a Treated Water Cost Recovery Rate Structure to be included with the staff proposal for the fiscal year 2026/27 and 2027/28 Biennial Budget and calendar years 2027 and 2028 rates and charges. In addition, the Board approved revisions to Metropolitan's reserves policy effective July 1, 2026, and directed staff to set water demand projections at 70 percent exceedance for rate setting for the fiscal year 2026/27 and 2027/28 Biennial Budget and use 80 percent exceedance for fiscal year 2028/29 and beyond.

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

The Risk Management Unit completed 43 incident reports communicating instances of Metropolitan property damage, liability, workplace injuries, regulatory visits, and spills.

Risk Management completed 46 risk assessments on contracts, including professional service agreements, construction contracts, entry permits, special events, and film permits.

Business Continuity

Facilitate Metropolitan-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 A06.

Staff continued working on the implementation of the new MetAlert emergency notification system on the Everbridge vendor-hosted platform. This new system is scheduled to go live effective September 1, 2025, and will offer enhanced features and functionality.

In collaboration with Information Technology, a Disaster Recovery Business Continuity live exercise was conducted to validate the functionality of select critical applications running in the backup data center. Staff coordinated the participation of over 40 employees across Metropolitan for testing. The applications in scope for this test included Electronic Forms (eForms), Electronic System Log, Laboratory Information Management System, Labsheet, Maximo, On Call System, Oracle, PeopleSoft, Water Information System, and Worktech. All applications tested successfully. Performing periodic testing of key backup applications promotes resiliency and application availability during an emergency.

Kicked off the Business Continuity Plan review and update process with the Human Resources Group. Several other areas are working to finalize their updates.

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.

The following table illustrates the water transactions billed YTD as of June 2025. The last two months’ sales from FY 25 will be collected in FY 26.

FY25-26 Cash Water Transactions and Revenues Budget vs Actual (Preliminary, subject to change)

Month		Acre-Feet (AF) ¹		Variance		Revenue (\$) ²		Variance	
Delivered/Billed In	To be Collected in	Budget	Actual	AF	%	Budget	Actual	\$	%
May	July	110,834	104,883	(5,951)	-5%	122,873,000	121,413,402	(1,459,598)	-1%
June	August	117,893	106,070	(11,823)	-10%	150,144,000	142,830,958	(7,313,042)	-5%
YTD Total		228,727	210,953	(17,774)	-8%	273,017,000	264,244,360	(8,772,640)	-3%
July	September	130,799	-	-	0%	149,512,000	-	-	0%
August	October	133,060	-	-	0%	152,486,000	-	-	0%
September	November	125,227	-	-	0%	141,366,000	-	-	0%
October	December	126,161	-	-	0%	139,251,000	-	-	0%
November	January	128,056	-	-	0%	136,399,000	-	-	0%
December	February	107,621	-	-	0%	112,940,000	-	-	0%
January	March	90,739	-	-	0%	105,776,000	-	-	0%
February	April	78,856	-	-	0%	91,212,000	-	-	0%
March	May	84,484	-	-	0%	98,206,000	-	-	0%
April	June	110,200	-	-	0%	129,990,000	-	-	0%
FY Total		1,343,930	210,953	N/A	N/A	1,530,155,000	264,244,360	N/A	N/A

¹ AF reflected does not include non-member agency transactions.

² Includes Water Sales, Exchanges, and Wheeling for member agencies and non-member agencies.

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.

On July 1, 2025, Metropolitan closed on its' \$131.93 million Water Revenue Refunding Bonds, 2025 Series A bonds that were sold on June 11, 2025.

On July 10, 2025, Metropolitan closed on the \$170.05 million Antelope Valley-East Kern (AVEK) Water Agency Financing Authority Water Bank Revenue Bonds, which were sold on June 26, 2025. The bonds were sold as two series: \$52.4 million in Water Bank Revenue Bonds, Series 2025A (Fixed Rate Bonds), and \$117.6 million in Water Bank Revenue Bonds, Series 2025B (Term Mode Rate Bonds). Metropolitan will fund debt service on the bonds through installment payments, as a subordinate lien obligation. Bond proceeds will fund the remaining agreed costs of certain facilities of the High Desert Water Bank Program between Metropolitan and AVEK.

Metropolitan Debt and Treasury staff paid off the \$99.4 million outstanding balance of our revolving line of credit with Bank of America. Currently, staff is working to reduce the maximum line of credit from \$400 million to \$300 million. Given our improved liquidity and desire to lower our costs for any “unused” capacity of the credit facility, staff believes this is a prudent financial management strategy.

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

As of June 30, 2025, Metropolitan’s investment portfolio balance was \$1.6 billion; the total June earnings were \$5.26 million, and the effective rate of return was 4.29%.

In June 2025, Metropolitan’s portfolio manager executed 15 buy and four sell trades.

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

Treasury staff completed the following transactions:

- 30 Dreyfus Cash Management Fund transactions
- 22 CAMP Investment Pool transactions
- \$2.42 million in Metropolitan’s bond and Swap payments

- \$0.35 million BANA Revolver interest payments
- 988 disbursements by check, 23 by Automated Clearing House (ACH), and 187 by wire transfer
- 56 receipts by check, 36 by ACH, and 45 by incoming wires and bank transfers
- Two exception confirmations and no unauthorized ACH
- Stop payments: Four for the Demand Account; zero for the Payroll Account
- No GOP Alerts received from Bank of America

The Treasury staff also processed for DCA the following transactions:

- Received and deposited 10 checks, totaling \$2.97 million
- Issued six checks and 21 wires, totaling approximately \$3.137 million

In addition, Treasury staff processed 25 professional services invoice payment requests totaling approximately \$0.53 million.

Furthermore, 10,108 P-One Card transactions, totaling \$1.53 million, recorded in the June bank statement, were monitored by the P-One Card Administrator.