



Finance and Asset Management Committee

# Quarterly Financial Report

Item 6b

February 11, 2025

## Item 6b

# Quarterly Financial Update

### Subject

- Fiscal Year 2024/25 2<sup>nd</sup> Quarter Financial Review and Forecast

### Purpose

- Review Metropolitan's 2<sup>nd</sup> Quarter financial projections for Fiscal Year 2024/25

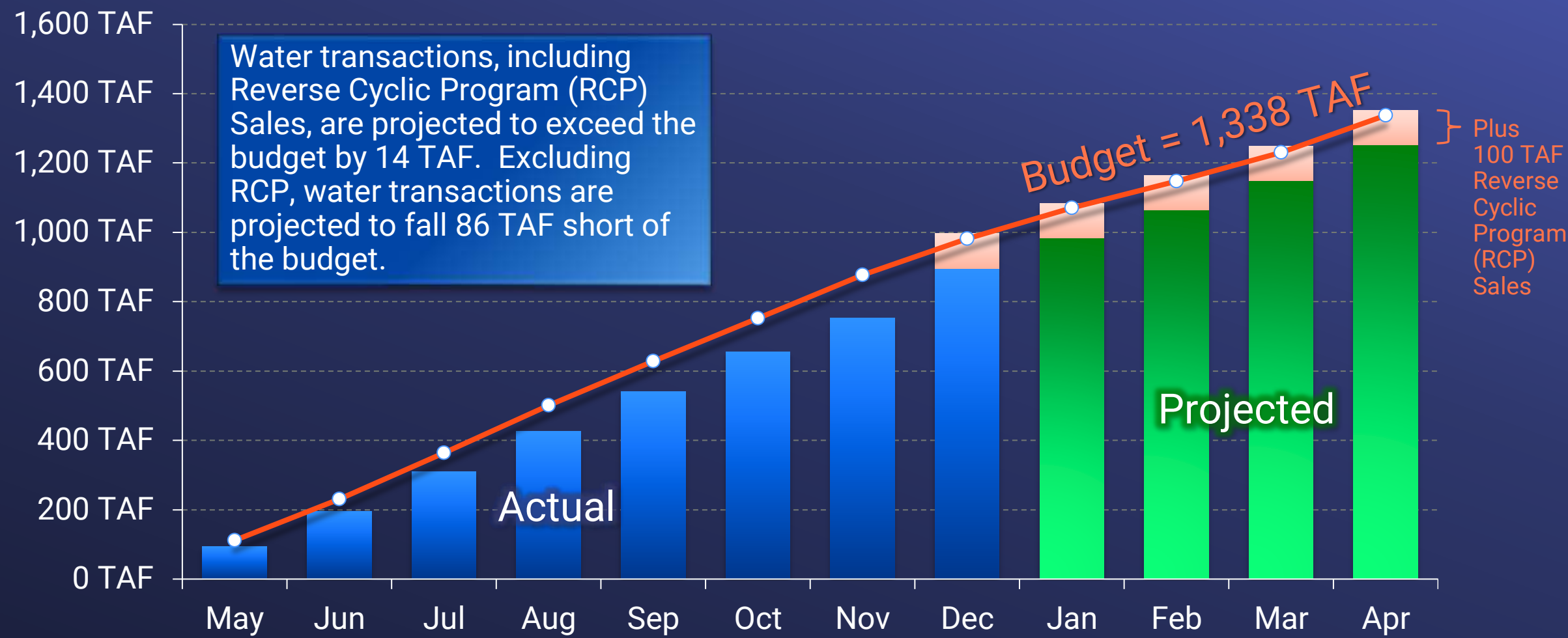
# Agenda

- 2<sup>nd</sup> Quarter Financial Results and Forecast
- Update on FY 2024/25 Revenue Generation

# 2<sup>nd</sup> Quarter Financial Results and Forecast

# Cumulative Water Transactions <sup>(1)</sup>

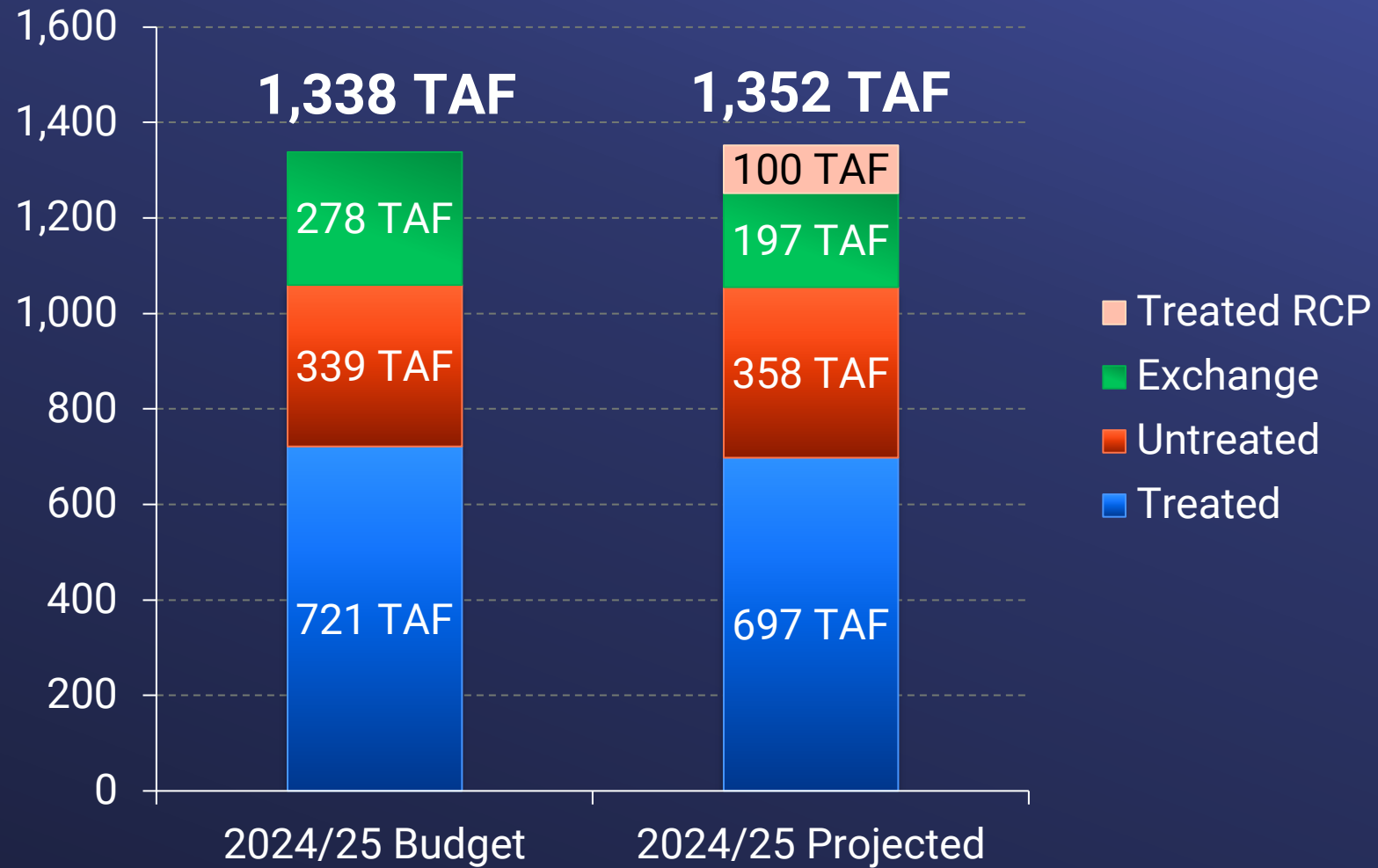
Cash Year 2024/25



<sup>(1)</sup> Includes Water Sales, Exchanges, and Wheeling from member agencies. Non-member agency transactions are excluded.

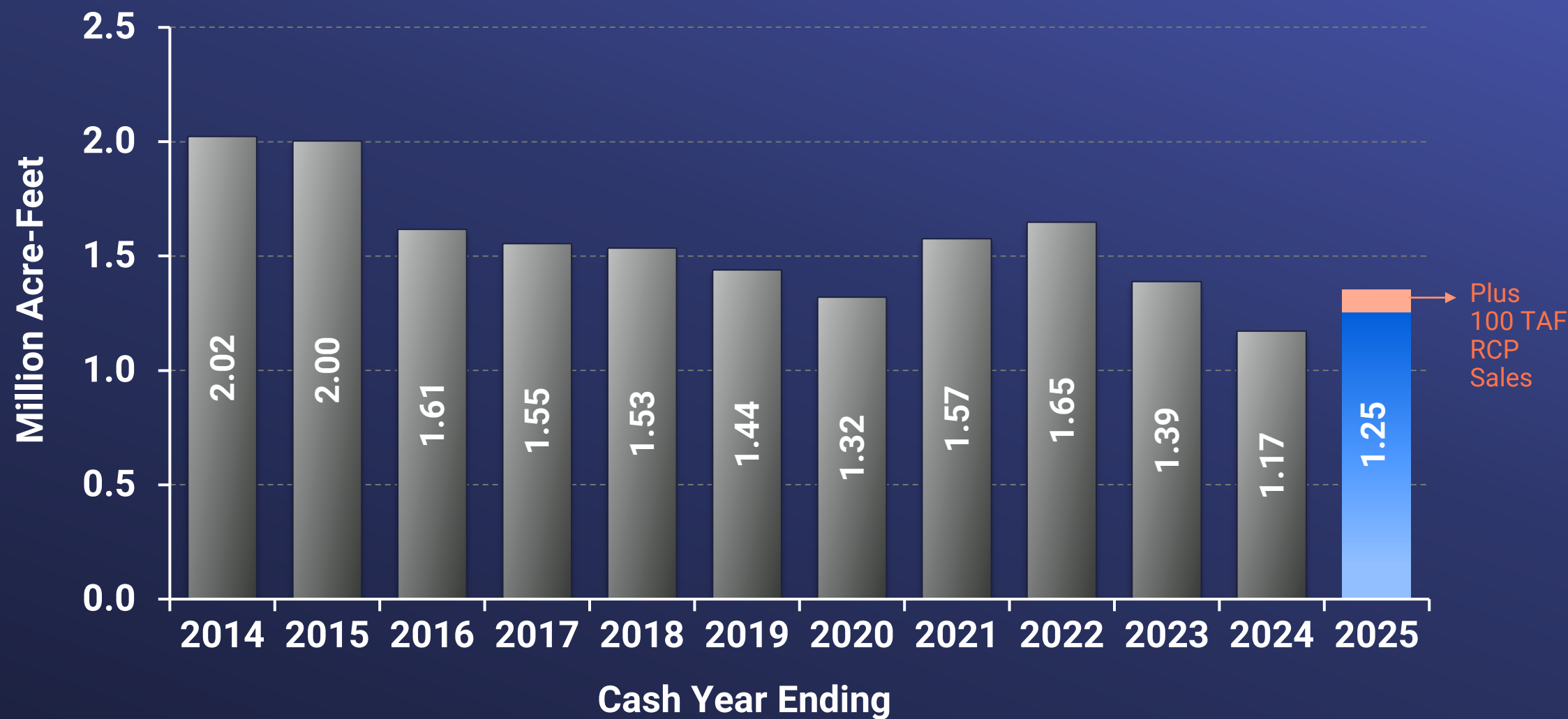
# Water Transactions <sup>(1)</sup>

## Cash Year 2024/25



<sup>(1)</sup> Includes Water Sales and Exchange from member agencies. Non-member agency transactions are excluded.

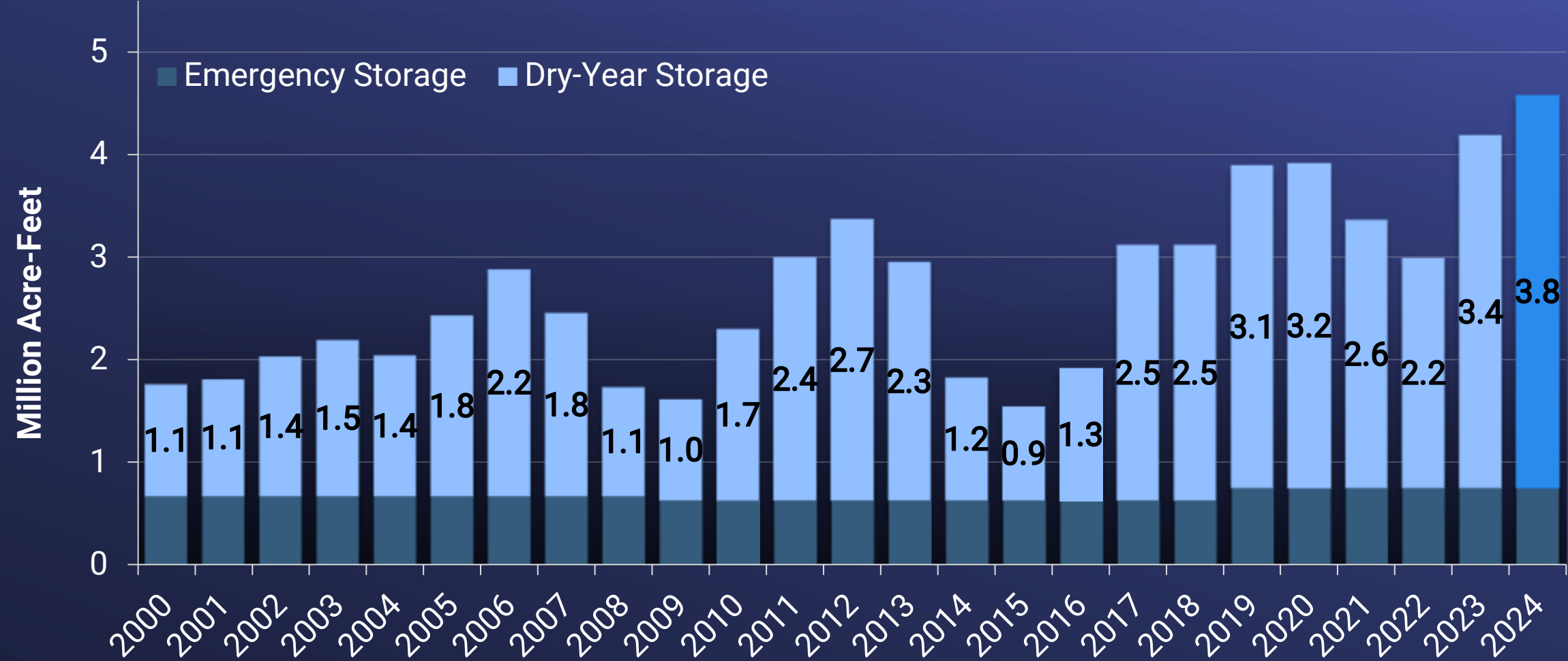
# Historic Water Transactions <sup>(1)</sup>



<sup>(1)</sup> Includes Water Sales, Exchanges, and Wheeling from member agencies. Non-member agency transactions are excluded.

# Record-High Storage Projection for Metropolitan

## End-of-Year Balances



Note:

2024 end-of-year balance is preliminary as it is subject to USBR final accounting.



# FY 2024/25 Q2 Financial Projection

in millions	Budget	Actuals/ Projected	Change
Water Transactions	1,418.5	1,360.7	(57.9)
Reverse Cyclic Sales Revenues	-	125.6	125.6
RTS Charge & Capacity Charge	213.8	213.8	-
Taxes	316.5	330.9	14.3
Interest Income	50.3	28.1	(22.2)
IRA Bucket 1 Funding	47.3	90.6	43.3
Other	112.7	23.7	(89.0)
<b>Total Revenues</b>	<b>2,159.2</b>	<b>2,173.3</b>	<b>14.1</b>
State Water Contract	689.0	579.9	(109.1)
Delta Conveyance	11.6	11.6	-
Departmental O&M & Operating Eq <sup>(1)</sup>	652.7 <sup>(2)</sup>	657.9	5.2
CRA Power	84.5	79.0	(5.5)
Supply Programs	179.5	107.4	(72.2)
Demand Management	87.6	77.9	(9.8)
Debt Service	340.4	343.9	3.6
PAYGO	175.0	175.0	-
<b>Total Expenditures</b>	<b>2,220.3</b>	<b>2,032.6</b>	<b>(187.8)</b>
Increase in Required Reserves	27.4	26.0	(1.4)
Transfers to Treatment SSF	-	-	-
AVEK & Conservation Debt Funded	(114.6)	(55.0)	59.5
<b>Total Fund Deposits (Withdraws)</b>	<b>(87.2)</b>	<b>(29.0)</b>	<b>58.2</b>
<b>Change in Unrestricted Reserves<sup>(3)</sup></b>	<b>26.0</b>	<b>169.8</b>	<b>143.8</b>

- 100TAF Treated RCP Sales  
→ \$126M Revenues
- \$170M deposit to  
unrestricted reserves
  - \$44M without counting  
Reverse Cyclic Sales

A

B

C

= A-B-C

## Footnotes:

- (1) Net of PWSC expenses funded from SWRCB \$80M State Fund and received USBR Grant from past PWSC expenses
  - (2) Includes full \$18M expenditure reduction
  - (3) Revenue Remainder and Water Rate Stabilization Funds
- Revenues and expenditures are net of reimbursements.

# Unrestricted Reserves\*

## End-of-Year Balances



\* Revenue Remainder and Water Rate Stabilization Funds

June 30, 2025, Unrestricted Reserves are Projected at \$493M (\$367M + \$126M from RCP Sales)

- \$264M above min reserve
- \$152M below target reserve

### Fiscal Year Ending 2025

- Cost-saving measures & new revenues initiatives have improved MWD's unrestricted reserves
- Risks remain:
  1. Increasing costs to maintain critical & aging infrastructure essential for operational integrity
  2. Financial pressure related to organization-wide resource and staffing needs
  3. Property Tax impacts from wildfires
  4. Uncertainty surrounding grant funds
  5. Funding gap and additional financial challenges for the next fiscal year

# FY 2024/25 Revenue Generation

# Revenue Generation

Items included in the Q2 projection

Other items under evaluation

The FY 2024/25 and FY 2025/26 Biennial Budget was adopted with an unidentified \$60 million per year in new revenues (\$120M over the biennium)

Type	Item Descriptions	Est. for FY 2024/25	Est. for FY 2025/26	Status / Details
New Revenue	Agreement with IID, SDCWA, and MWD for SDCWA to purchase Full-Service water from MWD, rather than exchange IID conserved water with MWD	\$17M	\$13M	Board Approved in Aug 2024 50TAF included in Q2 2025 Actual
New Revenue	Water sales agreements with Colorado River water contractors	\$15M	\$15M	Agreements under negotiation
New Revenue	Water sales agreements with Central Valley parties	\$30M	\$30M	In negotiation
Cash Mgmt	Reverse Cyclic Program	\$126M	N/A	100 TAF in Dec 2024 with signed agreements
Total		\$187M+	\$58M+	





# Current MWD Grant Status

Program/Project Title	Funding Category	Award Date	Awarded Amount	Actual Received	Pending agreement
USBR's WaterSMART: Water and Energy Grant Program for the FY24	Enacted annual appropriations for WaterSMART Grants and funding available under the Bipartisan Infrastructure Law (BIL)	8/6/2024	\$0.25 M	\$0	Yes
US16690 USBR's WaterSMART: Applied Science Grants (Select Areas) - FY 2023	Section 9509 and 9504(b) of the Science and Engineering to Comprehensively Understand and Responsibly Enhance (SECURE) Water Act, Subtitle F of Title IX of the Omnibus Public Land Management Act of 2009, Public Law (P.L.) 111-11 (42 United States Code [U.S.C.] 10364), as amended.	8/1/2024	\$0.39 M	\$0	Yes
USBR's WaterSMART: Water and Energy Grant Program for the FY24	Enacted annual appropriations for WaterSMART Grants and funding available under the Bipartisan Infrastructure Law (BIL)	8/6/2024	\$1.75 M	\$0	Yes
USBR's WaterSMART Grants: Water and Energy Efficiency Grants for Fiscal Year 2022	Enacted annual appropriations for WaterSMART Grants and funding available under the BIL	5/11/2022	\$2.0 M	\$0.3 M	No
US15847 USBR's WaterSMART: Drought Response Program: Drought Resiliency Projects (Select Areas) - FY 2024	Enacted annual appropriations for WaterSMART Grants and funding available under the BIL	9/1/2024	\$5.0 M	\$0	Yes
USBR's WaterSMART Grants: Water and Energy Efficiency Grants for Fiscal Year 2023	Enacted annual appropriations for WaterSMART Grants and funding available under the BIL	4/1/2023	\$5.0 M	\$0	No
USBR's WaterSMART Grants: Water Recycling & Desalination Planning Grants - FY 2023	Enacted annual appropriations for WaterSMART Grants and funding available under the BIL	-	\$5.0 M	\$2.5 M	No
US14796 USBR's WaterSMART: Large-Scale Water Recycling Projects (Select States) - FY 2023/2024	Infrastructure Investment and Jobs Act – Title IX Western Water Infrastructure, section 40905 (Pub. L. 117-58)	10/1/2024	\$125.4 M	\$0	Yes

# Current MWD IRA Funding and Status

Program/Project Title	Funding Category	Awarded Amount	Actual Funds Received
AVEK High Desert Water Bank	IRA Bucket 2	\$82 M	\$0
Turf Replacement	IRA Bucket 2	\$95.9 M	\$0
DAC Leak Detection and Repair	IRA Bucket 2	\$8.0 M	\$0
PVID Fallowing Program	IRA Bucket 1	\$140.4 M	\$93.6 M
Bard Seasonal Fallowing Program	IRA Bucket 1	\$6.8 M	\$2.3 M
Quechan Forbearance Program*	IRA Bucket 1	\$15.6 M	\$7.8 M
Quechan Forbearance Program - 2026 extension*	IRA Bucket 1	\$5.2 M	\$0
PVID Fallowing Program - 2026 Extension	IRA Bucket 1	\$14.4 M	\$0
Bard Seasonal Fallowing Program - 2025 and 2026 Expansion	IRA Bucket 1	\$4.6 M	\$0

# MWD Grants and IRA Funding Summary

	Awarded Amount	Actual Funds Received
Grants	\$144.8 M	\$2.8 M
IRA Bucket 1 & 2 Funding	\$373.0 M	\$103.7 M