



Finance, Audit, Insurance, and Real Property
Committee

Historical Revenue and Expense Analysis

Item 6c

February 12, 2024

Item 6c
Historical
Revenue and
Expense
Analysis

Subject

Historical Revenue and Expense Analysis

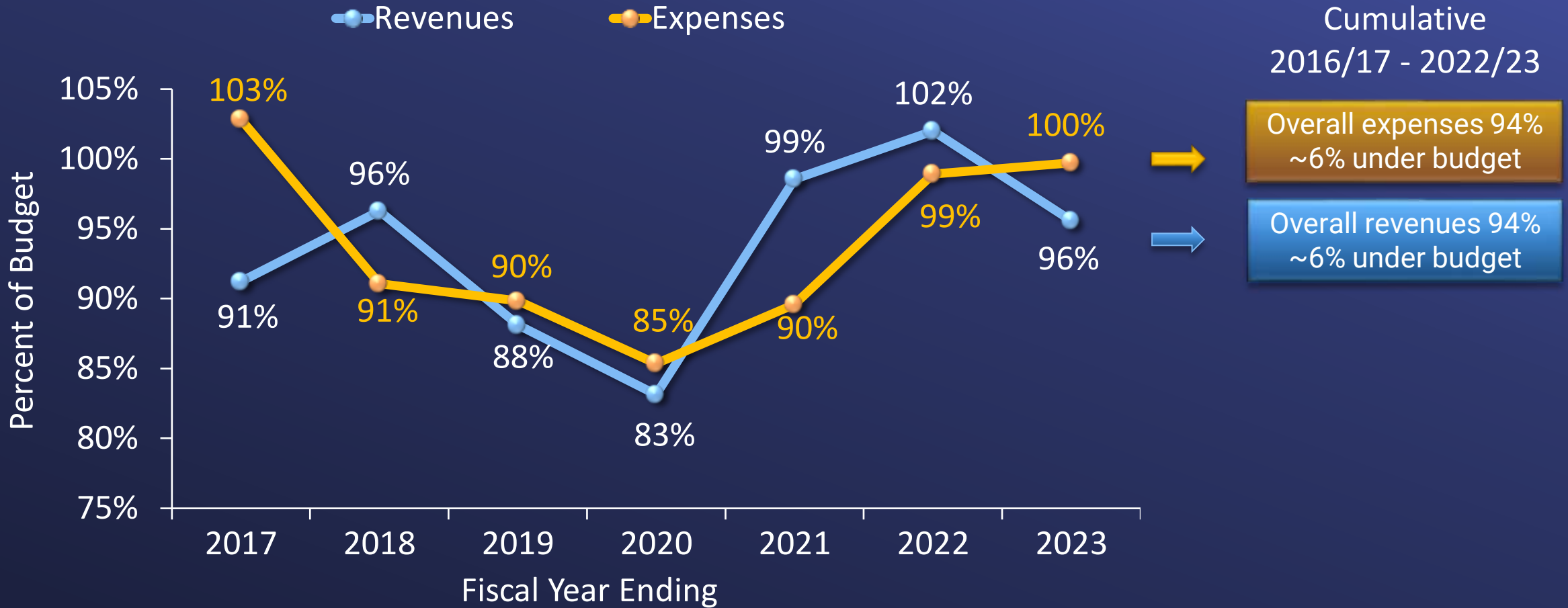
Purpose

Follow up item from August 15 FAIRP Request

Next Steps

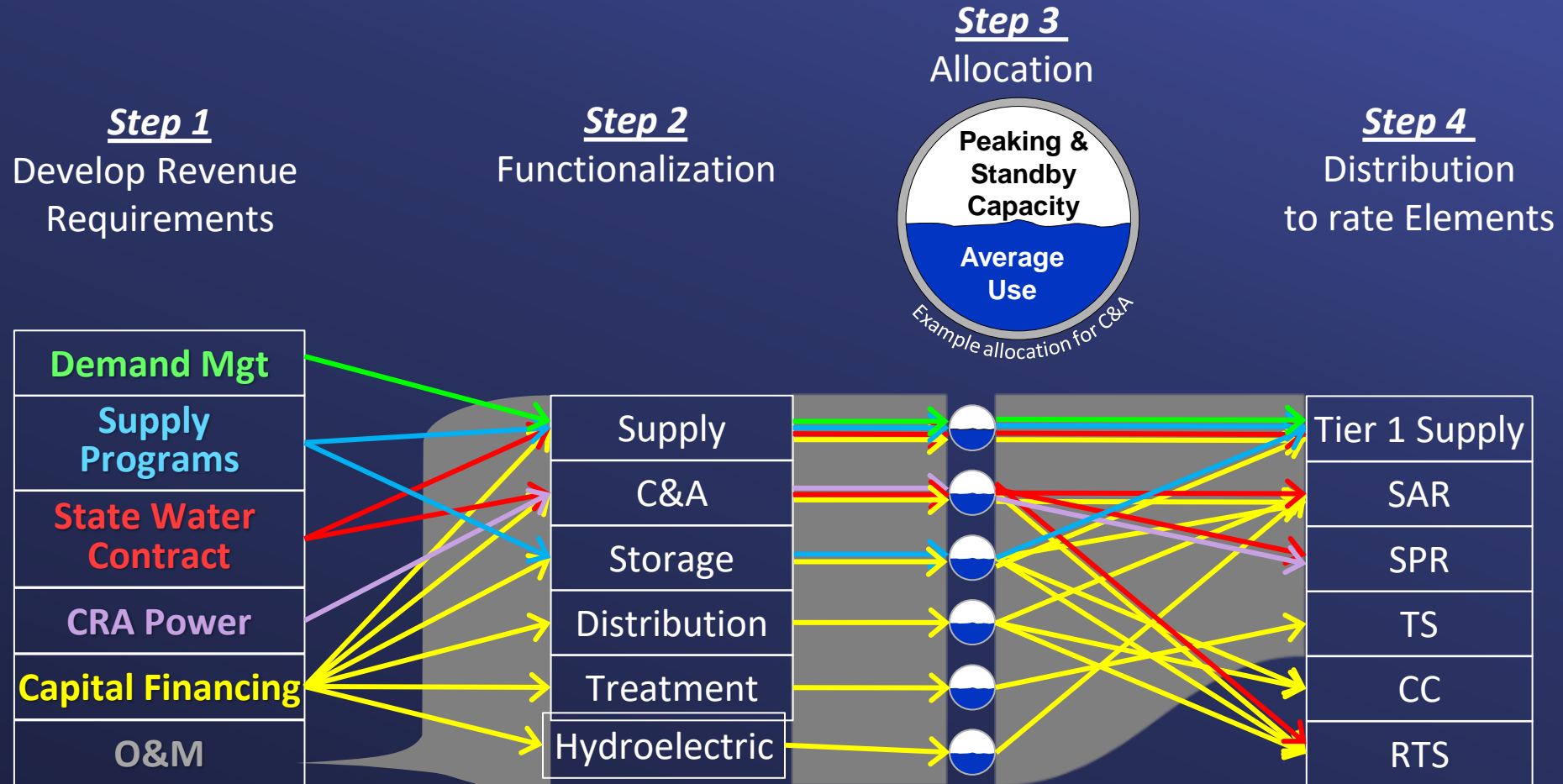
TBD

Actuals vs. Budget



FY2023 actuals are unaudited

Simplified Metropolitan COS Process

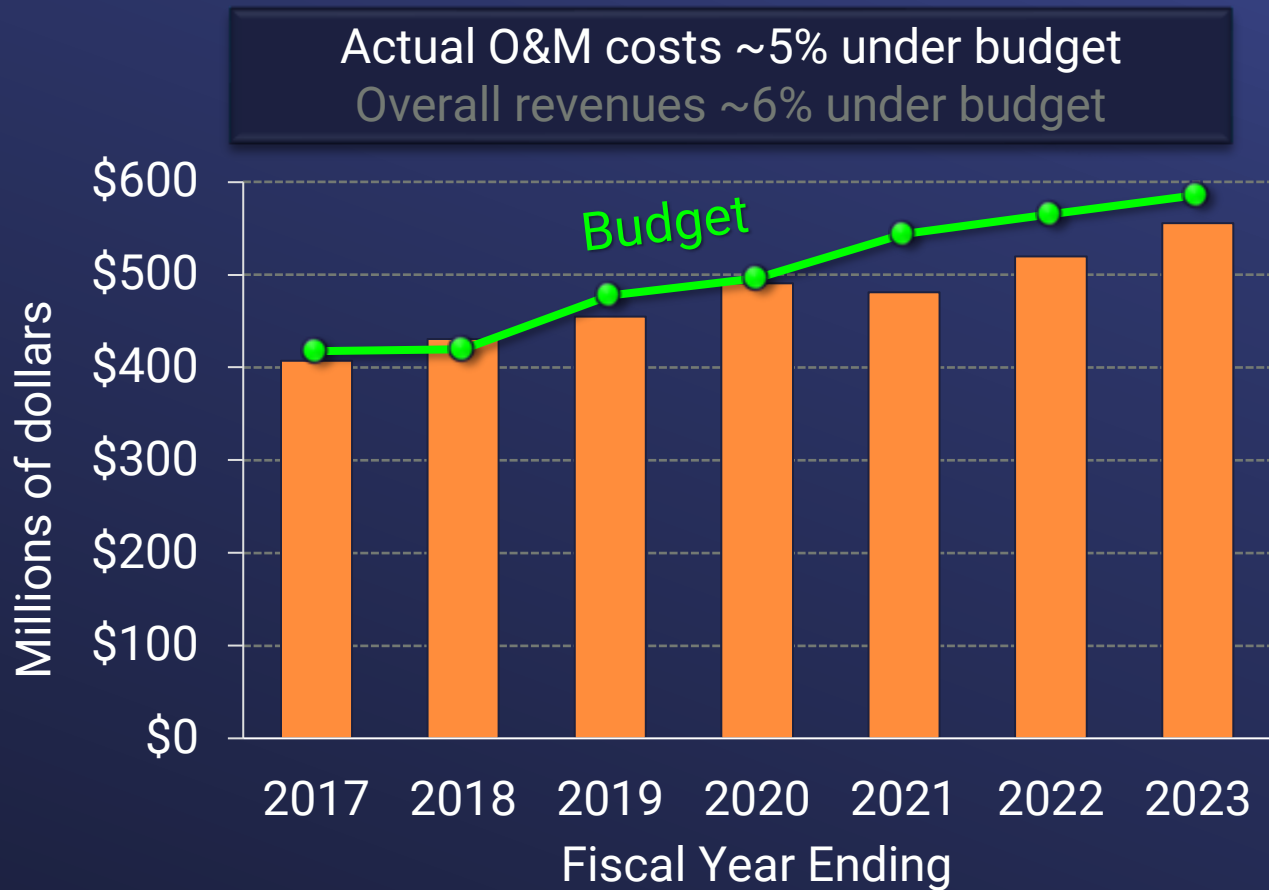


Ignoring A&G and Revenue Offsets (property tax, etc)

Actuals vs. Budget (Departmental) O&M Costs

(Departmental) O&M:

- Salaries & Benefits, Operating Equipment
- Outside Services - professional services, security, vendor services
- Materials & Supplies - includes software licensing & support
- Variable Treatment cost - chemicals, sludge & power
- Other - utilities, travel/training, insurance, taxes/permits, rents/leases and memberships/subscriptions



Recovered by:

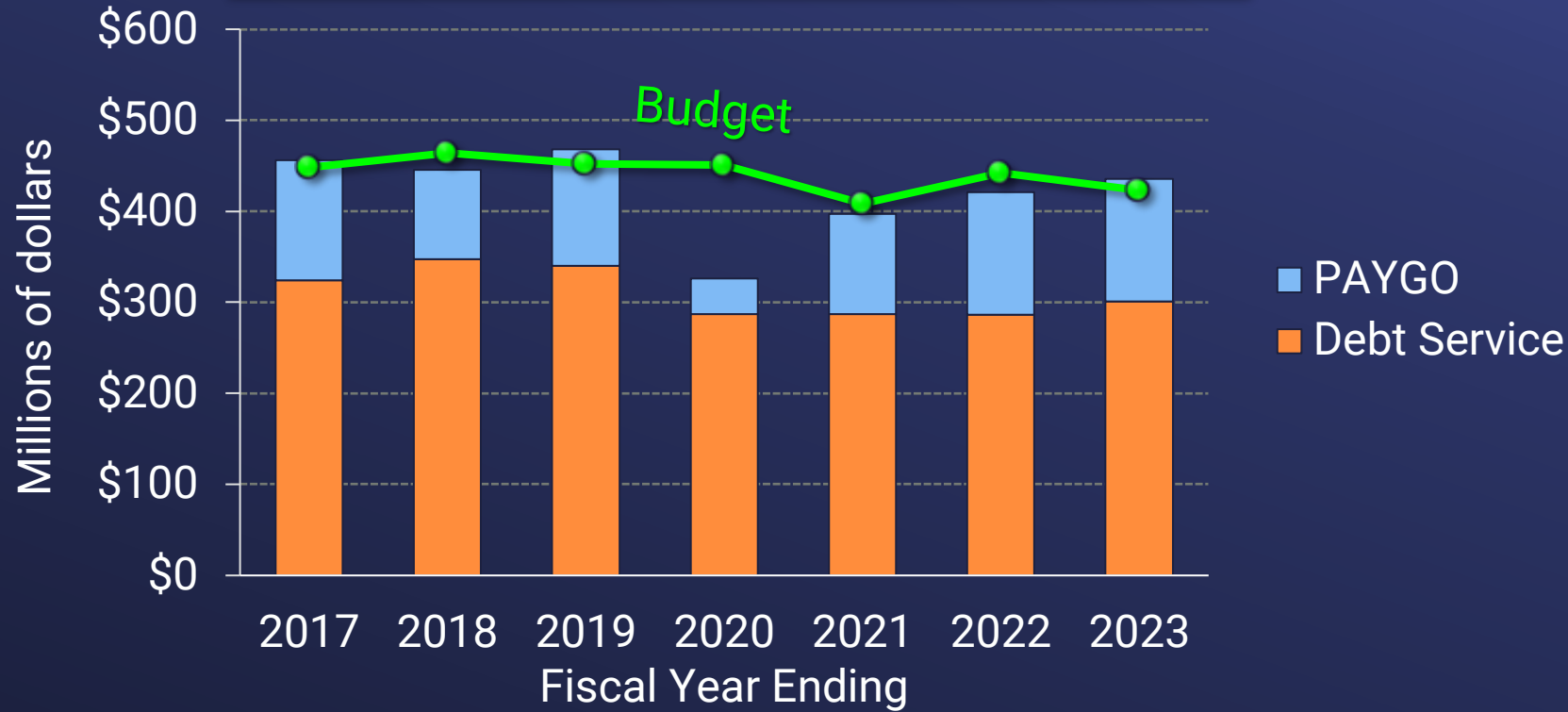
Supply
SAR
SPR
TS
CC
RTS

FY2023 actuals are unaudited

Actuals vs. Budget

Capital Financing Costs

Actual capital financing costs ~5% under budget
Overall revenues ~6% under budget



Recovered by:

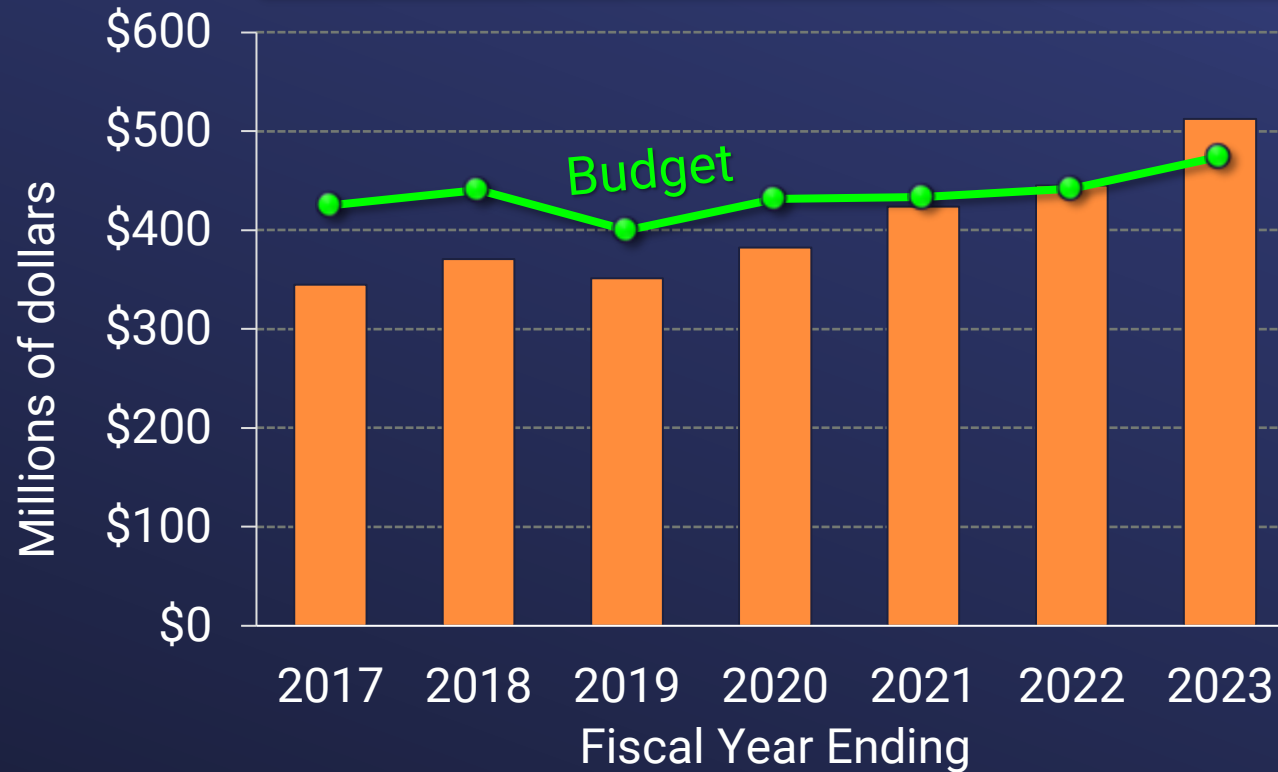
Supply
SAR
SPR
TS
CC
RTS

FY2023 actuals are unaudited

Actuals vs. Budget

Fixed State Water Contract (SWC) Costs

Actual fixed SWC costs ~7% under budget
 Overall revenues ~6% under budget



Recovered by:

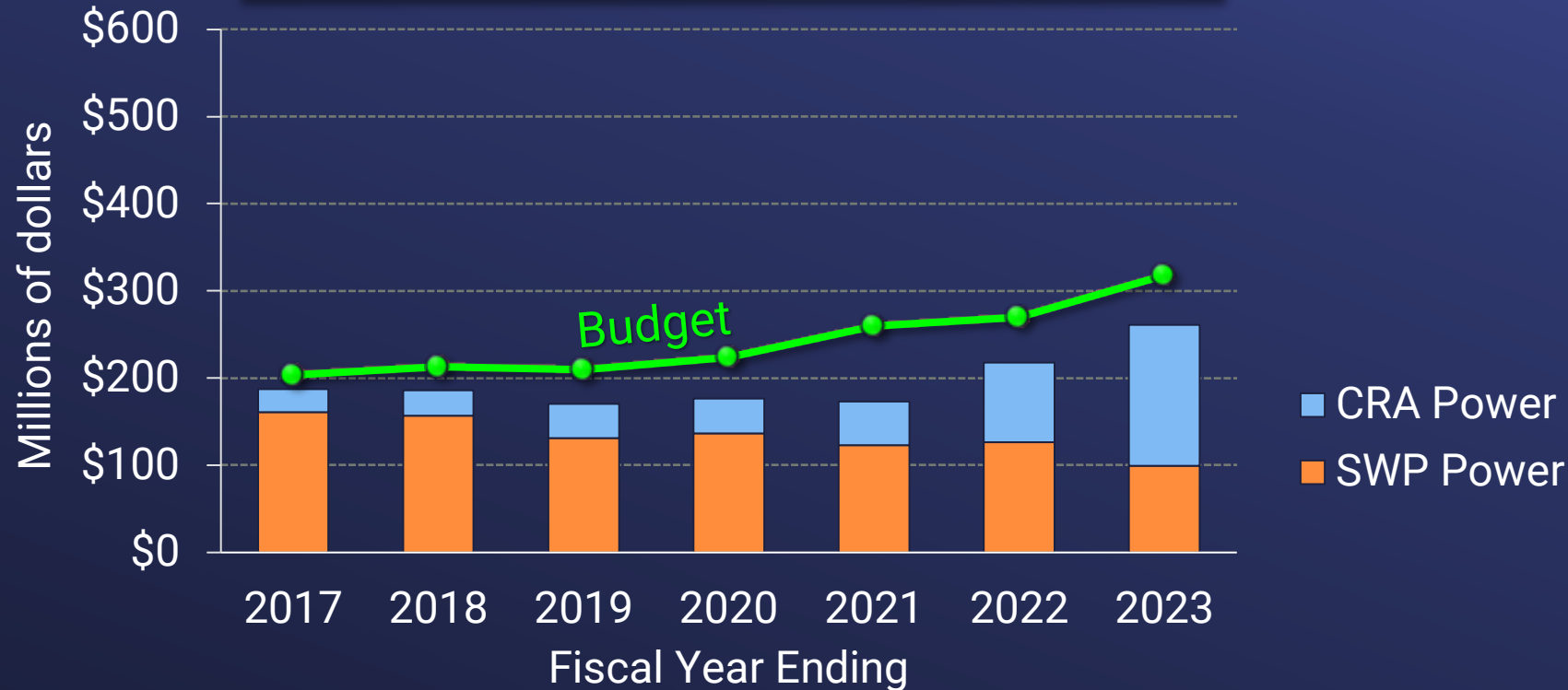
Supply
SAR
SPR
TS
CC
RTS

FY2023 actuals are unaudited

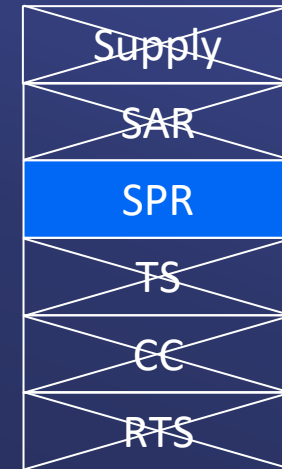
Actuals vs. Budget

Power Costs

Actual power costs ~19% under budget
 Overall revenues ~6% under budget



Recovered by:



FY2023 actuals are unaudited

Actuals vs. Budget

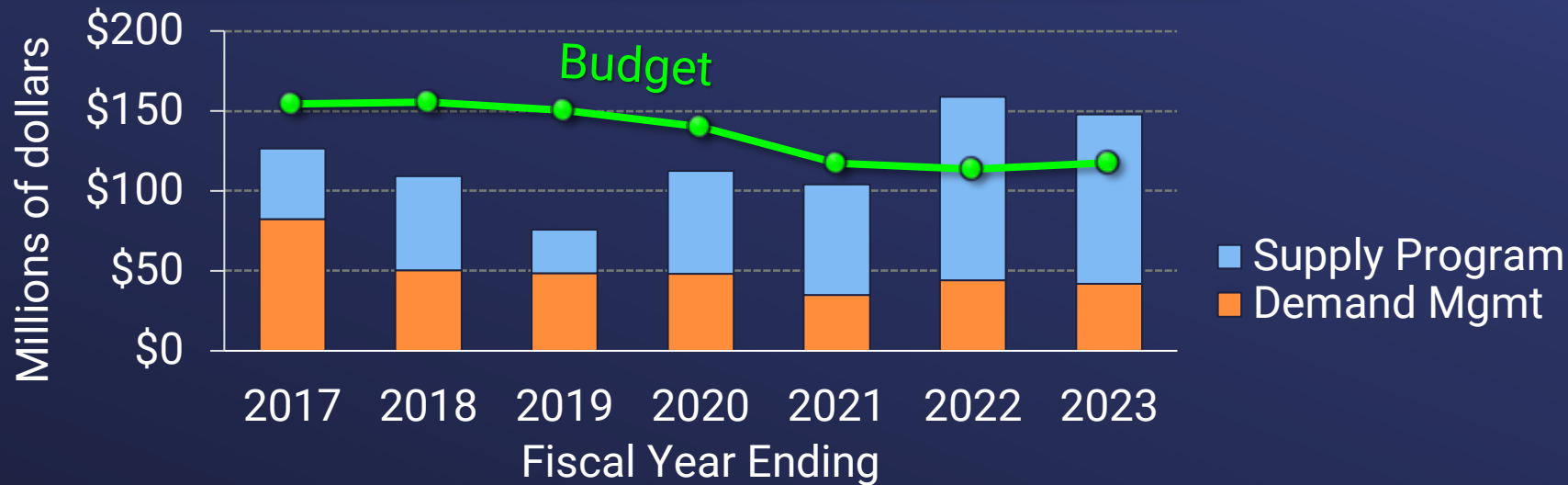
Supply Programs and Demand Management

Supply programs: supplement Metropolitan’s principal sources of supply – SWP and Colorado River. Ex. PVID, AVEK High Desert Water Bank, dry Year transfers, etc.

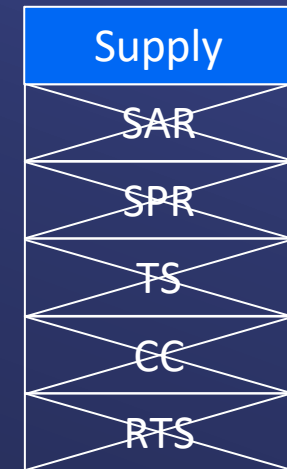
Demand management: Conservation Program, Local Resources Program, Future Supply Actions & Stormwater Pilot

Cumulative actual supply program & DM costs from FY2017 to FY2023 were ~12% under budget.

Overall expenditures were ~6% under budget
Overall revenues were ~6% under budget



Recovered by:



This slide shows some of the costs that are recover by the Tier-1 Supply rate element. Other costs include Sate Water Contract, O&M, capital financing costs.

FY2023 actuals are unaudited

Supply Revenue Requirement

Example from 2022/23 Budget/COS

SWC Delta: State Water Contract Delta
Capital and Delta OMP&R Charges

Supply programs: supplement Metropolitan's
principal sources of supply – SWP and
Colorado River. Ex. PVID, AVEK High Desert
Water Bank, dry Year transfers, etc.

Capital Financing: The portion of capital
financing costs that is attributed to Supply. Ex.
drought storage portion of DVL and PVID land
purchases

Demand management: Conservation
Program, Local Resources Program, Future
Supply Actions & Stormwater Pilot

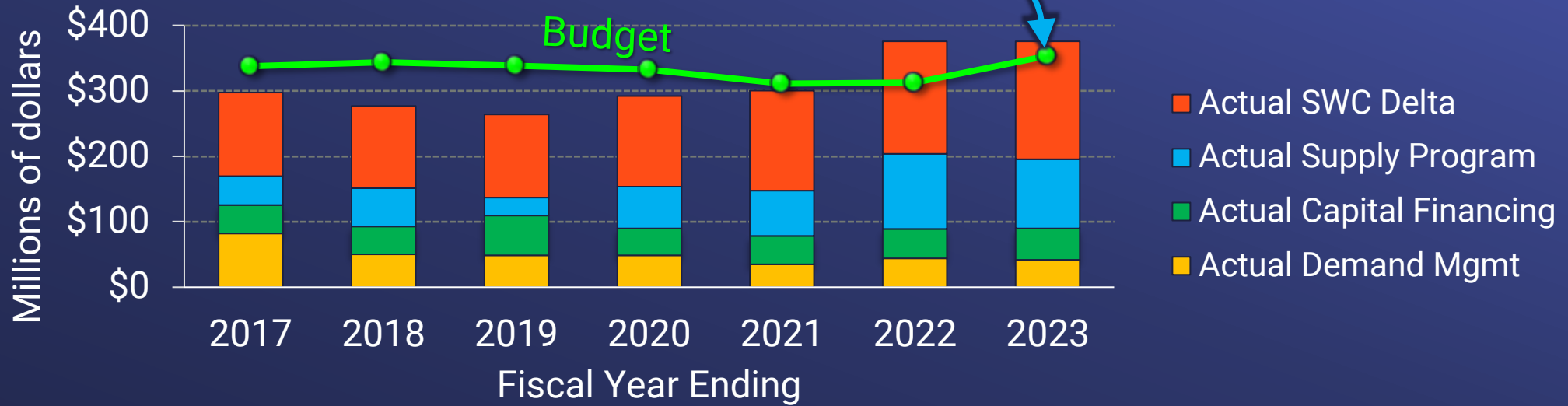
2023 Supply Revenue Requirement
in Million of dollars

SWC Delta	\$191
Supply Programs	67
Capital Financing	46
Demand Management	51
Departmental O&M	108
Total Supply Costs	462
Revenue offsets	(55)
Supply Revenue Requirement	\$407

\$354 Million
77% of the supply
expenditures.

Actuals vs. Budget

Supply Components*



Cumulative actual SWC delta, supply programs, capital financing, and demand mgmt costs from FY2017 to FY2023 were approximately 6% under budget

Overall expenditures were approximal 6% under budget
Overall revenues were approximately 6% under budget

Findings:

- Cost allocated to the supply rate element is in-line with the over/under collection for the overall expenditures and revenues
- The current COS process is reasonable at assigning costs to rate elements

*This slide shows most of the costs that are recover by the Tier-1 Supply rate element. It does not include departmental O&M costs.

FY2023 actuals are unaudited

Metropolitan Water Transactions

	Full-Service Water Service		SDCWA Exchange - Set by agreement
	Treated	Untreated	
Tier 1 Supply	✓	✓	
SAR	✓	✓	✓
SPR	✓	✓	✓
TS	✓		
CC	✓	✓	✓
RTS	✓	✓	

Wheeling and Exchanges set by agreement

