



# ***Financial Forecast and Strategic Plan for FY2016***

***Presented by  
John Hawes, Chief Financial Officer  
and  
Jim Forte', Planning & Development Mgr***



# ***FY2016 Budget Assumptions***

***Presented by  
John Hawes***



# **FY2016**

## **Assumptions - Revenues**

- **Raw Water System Rate – 1% to 5% increase – FY2016–FY2020**
- **Raw Water Non-System – very slight increase**
- **Lake Operations – decreased due to discontinuation of some lease fees**
- **Interest Income – Interest Rate of .60% to 1.00% for FY2016–FY2020**



## ***FY2016 Assumptions - Expenses***

- **O&M Expense increased by historical 10 year index rolling averages for FY2016 - FY2020**
  - Recommended – reduction of two full-time positions, no change in part-time positions
  - Recommended compensation increases – ECI based 1.6% across the board, plus 3.5% performance based pool
- **Poosum Kingdom RSMU (Reservoir System Maintenance Unit) – completed shift of expenditures from capital projects budget to the annual dam maintenance operating budget**



# FY2015 Plus Five-Year Financial Forecast

(in millions)

| <b>WATER SUPPLY SYSTEM</b>        | <b>FY2015</b>  | <b>FY2016</b>  | <b>FY2017</b>  | <b>FY2018</b>  | <b>FY2019</b>  | <b>FY2020</b>  |
|-----------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>Beginning Reserves</b>         | <b>\$ 46.4</b> | <b>\$ 44.5</b> | <b>\$ 33.2</b> | <b>\$ 24.0</b> | <b>\$ 17.0</b> | <b>\$ 16.0</b> |
| Revenues                          | 39.2           | 39.2           | 43.7           | 44.2           | 44.9           | 46.4           |
| Expenses                          | (33.9)         | (35.9)         | (40.4)         | (40.9)         | (40.6)         | (41.2)         |
| Revenue Available for Coverage    | 5.3            | 3.3            | 3.3            | 3.3            | 4.3            | 5.2            |
| Debt Service Subject to Coverage: | (2.8)          | (2.5)          | (2.5)          | (2.5)          | (3.3)          | (4.0)          |
| Net Surplus (Deficit)             | 2.5            | 0.8            | 0.8            | 0.8            | 1.0            | 1.2            |
| Capital Projects                  | (4.4)          | (12.1)         | (10.0)         | (7.8)          | (12.0)         | (10.0)         |
| Debt Repayment                    | -              | -              | -              | -              | -              | -              |
| Rate Stabilization                | -              | -              | -              | -              | -              | -              |
| Bond proceeds                     | -              | -              | -              | -              | 10.0           | 10.0           |
| Divestiture Proceeds              | -              | -              | -              | -              | -              | -              |
| <b>Ending Reserves</b>            | <b>\$ 44.5</b> | <b>\$ 33.2</b> | <b>\$ 24.0</b> | <b>\$ 17.0</b> | <b>\$ 16.0</b> | <b>\$ 17.2</b> |



# **FY2015 Plus Five-Year Financial Forecast**

| <b>WATER SUPPLY SYSTEM</b>    | <b>FY2015</b>  | <b>FY2016</b>  | <b>FY2017</b>  | <b>FY2018</b>  | <b>FY2019</b>  | <b>FY2020</b>  |
|-------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>System Rate Projection</b> | <b>\$69.50</b> | <b>\$70.50</b> | <b>\$71.50</b> | <b>\$72.50</b> | <b>\$73.50</b> | <b>\$77.25</b> |
| <b>Percentage Increase</b>    | <b>5.9%</b>    | <b>1.4%</b>    | <b>1.4%</b>    | <b>1.4%</b>    | <b>1.4%</b>    | <b>5.1%</b>    |
| <b>Debt Service Coverage</b>  | <b>1.91</b>    | <b>1.30</b>    | <b>1.30</b>    | <b>1.30</b>    | <b>1.30</b>    | <b>1.30</b>    |



# *Preliminary Raw Water System Rate Calculation Fiscal Year 2016*

- **The System Water Revenue Requirement (\$23.4M) divided by the System Water Price Contract Units (332,063 acre feet) = Required System Water Rate (\$70.50 per acre foot)**
- **Increase of 1.4% from current FY2015 System Water Rate of \$69.50 per acre foot**



# ***Long Range Financial Plan***

***Presented by  
Jim Forte'***





# ***Long Range Planning Factors***

- **2016 State Water Plan**
  - 2010 Census
  - 2011-15 Drought
  - New Projects
  - New Decades
  - New Costing
- **Initially Prepared Plans – May 2015**
- **BRA FY 2016 Budget Approved – July 27, 2015**
- **Regional Plans Adopted – November, 2015**
- **State Water Plan Adopted – December, 2016**



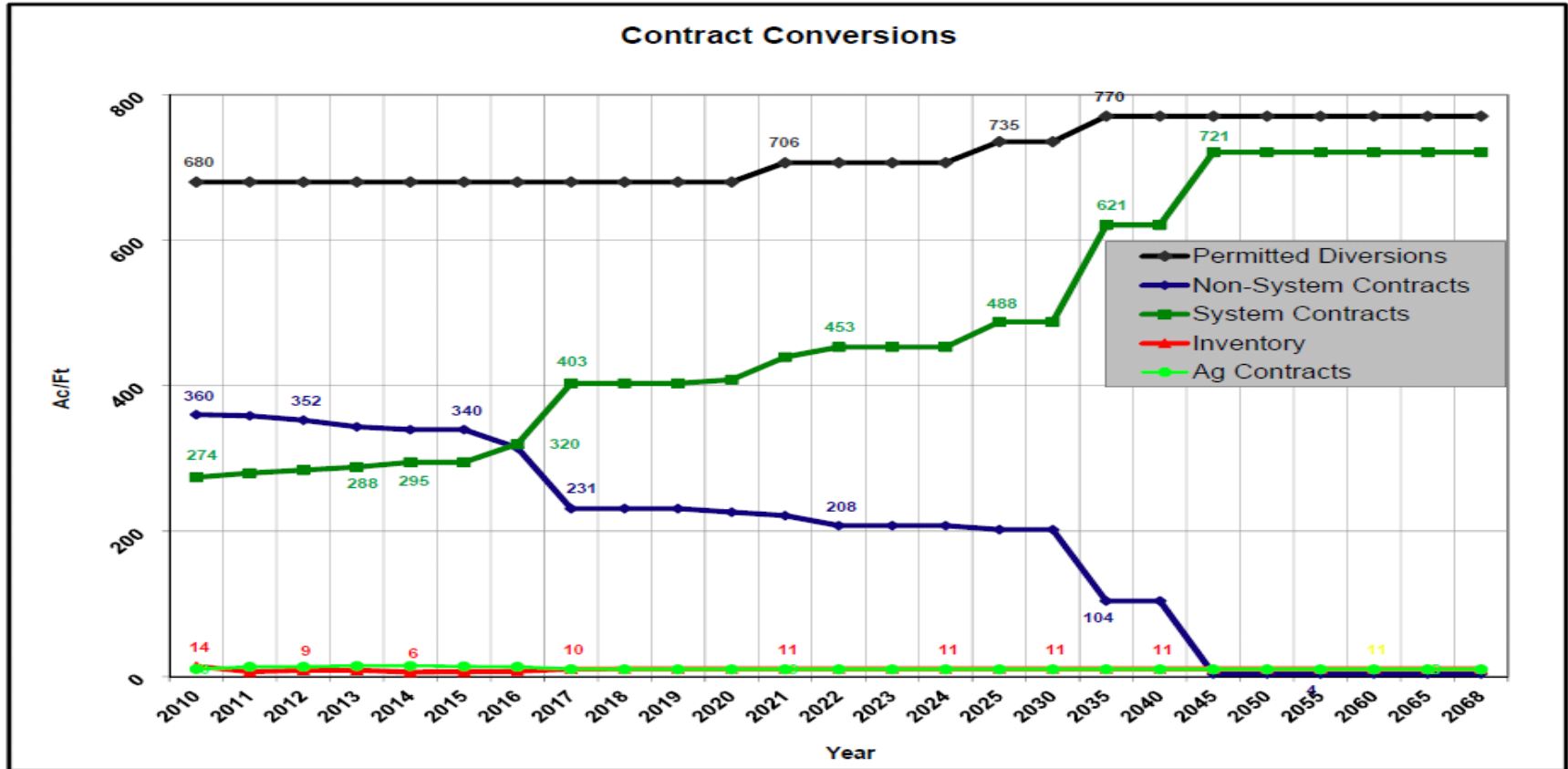
# Long Range Projects Plan

| PROJECTS                       | 2015             | 2016             | 2017             | 2018             | 2019             | 2020-25           | 2026-30           | 2031-35           | 2036-40           | 2041-45          | 2046-50          | 2015-2050           |
|--------------------------------|------------------|------------------|------------------|------------------|------------------|-------------------|-------------------|-------------------|-------------------|------------------|------------------|---------------------|
| Infrastructure/<br>Maintenance | \$ 6,663         | \$ 5,782         | \$ 5,947         | \$ 3,209         | \$ 141           | \$ 2,251          | \$ -              | \$ -              | \$ -              | \$ 55,000        | \$ -             | \$ 78,993           |
| New Water                      | 8,290            | 3,529            | 3,289            | 5,489            | 6,789            | 158,906           | 138,562           | 260,701           | 345,770           | 40,122           | 78,430           | \$ 1,049,877        |
| Operations and<br>Maintenance  | 962              | 404              | 466              | -                | -                | 3,000             | 24,800            | 6,150             | -                 | -                | -                | \$ 35,782           |
| Treatment<br>Contracts         | -                | -                | -                | 250              | 3,000            | -                 | -                 | -                 | -                 | -                | -                | \$ 3,250            |
| Central Services               | 913              | 1,500            | 2,400            | -                | -                | -                 | -                 | -                 | -                 | -                | -                | \$ 4,813            |
| Infrastructure/<br>Security    | 1,300            | 484              | 270              | 265              | -                | -                 | -                 | -                 | -                 | -                | -                | \$ 2,319            |
| Water Quality                  | -                | 1,037            | 1,037            | 1,037            | 1,037            | -                 | 34,221            | -                 | -                 | -                | -                | \$ 38,369           |
| <b>TOTAL<br/>PROJECTS</b>      | <b>\$ 18,128</b> | <b>\$ 12,736</b> | <b>\$ 13,139</b> | <b>\$ 10,255</b> | <b>\$ 11,232</b> | <b>\$ 164,157</b> | <b>\$ 197,583</b> | <b>\$ 266,851</b> | <b>\$ 345,770</b> | <b>\$ 95,122</b> | <b>\$ 78,430</b> | <b>\$ 1,213,403</b> |

FY 2015 Presentation

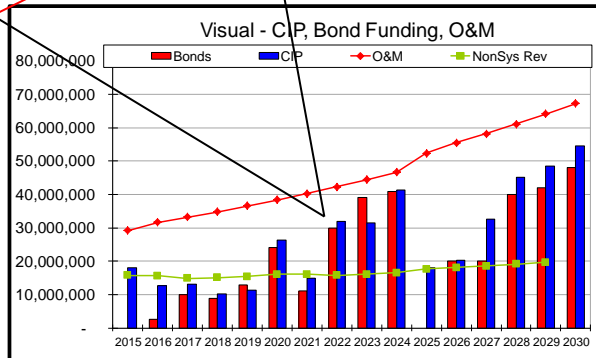
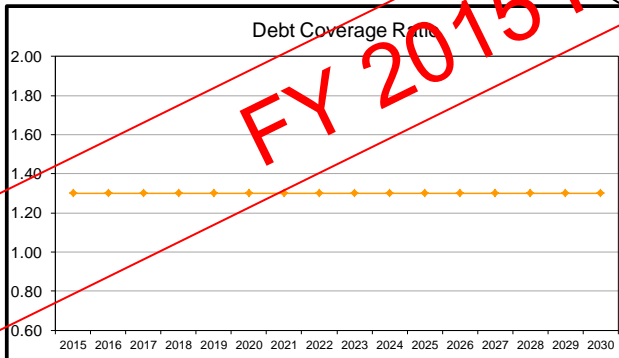
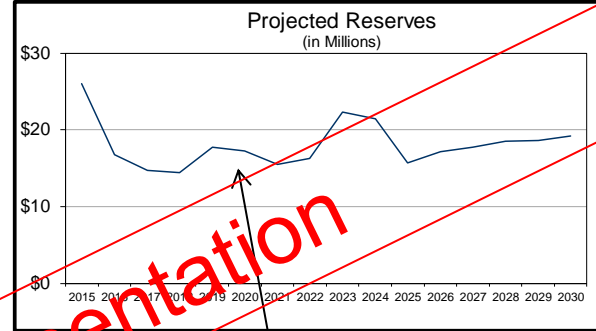
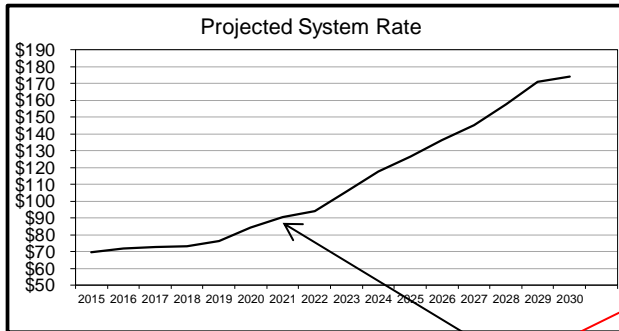


# Long Range Financial Plan





# Long Range Financial Plan



**FY 2015 Presentation**



# *Questions?*



# Brazos River Authority