



Fiscal Year 2017 Strategic Plan and Financial Forecast

***Presented by
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BRA Strategic Plan

- **Current Strategic Plan Adopted in 2007**
- **Legislative Budget Board recommendation:**
 - **“BRA should merge its strategic plan and long-range financial plan to ensure coordination and provide clarity regarding long-term decisions.”**
- **BRA Staff has reviewed 2007 and updated accordingly**
- **Board Input will be incorporated**
- **Proposed Adoption of Revised Strategic Plan in July, concurrent with Approval of FY 2017 Budget**



Strategic Plan

Meeting the Needs of the Brazos Basin

Mission Statement

The Brazos River Authority (BRA) exists to develop, manage, and protect the water resources of the Brazos River Basin.

Guiding Principles

Quality People – The right people for the right job

Integrity and Respect

Commitment to Service and Stewardship

Innovation and Continuous Improvement



Primary Goals and Objectives

I. The BRA will develop water resources, including both surface and groundwater.

- a. Support the development of strategies to meet the needs of the Water Supply System with a sensitivity to the System Water Rate**
- b. Support the development of surface water projects based on economic feasibility, environmental sensitivity and customer needs**
 - 1. Allens Creek**
- c. Develop groundwater responsibly and efficiently**
- d. Support reuse and conjunctive use to increase benefit of existing water resources**
- e. Support the development of economically feasible alternative water sources, such as Aquifer Storage and Recovery (ASR), and seawater and brackish groundwater desalination treatment technology**
- f. Research and develop infrastructure for the conveyance/ transportation of water from areas of surplus to areas of need**



Primary Goals and Objectives

II. The BRA will manage water resources as a service to BRA customers and to support beneficial use by citizens of the Brazos River basin.

- a. Manage water resources as a system**
- b. Operate and maintain the BRA water supply system and associated infrastructure in a safe, responsible manner in compliance with water right permits, water supply contracts, and other applicable regulatory requirements**
- c. Encourage water conservation strategies to address projected water shortages in the basin**
- d. Manage water and wastewater treatment operations in support of water supply needs**

Primary Goals and Objectives

III. The BRA will protect water resources, and where possible improve water quality, to support responsible and efficient use of the Brazos River basin's natural resources.

- a. Evaluate and monitor water quality throughout the basin for compliance with applicable regulatory requirements**
- b. Monitor and assess stream biology and morphology to determine the effectiveness of instream flows in maintaining healthy riparian and aquatic life conditions**
- c. Provide for environmental flows through reservoir operations and participate in state-wide instream flow initiatives**
- d. Participate in local watershed protection management efforts**
- e. Support development of new water supplies through environmental impact studies**
- f. Manage BRA-owned properties and administer rules and regulations relative to state-delegated programs for the protection of water resources and overall water quality**



Primary Goals and Objectives

IV. The BRA will establish communications and public relations to support the BRA's mission and service to the Brazos River basin communities.

- a. Be proactive in providing public information to support the BRA's mission and goals**
- b. Allow public access to BRA records and information in compliance with Freedom of Information Act and Texas Open Government provisions**
- c. Develop positive working relationships with legislators, local elected officials, customers, and other stakeholders in order to strategically position BRA to accomplish its goals.**
- d. Ensure transparency in all BRA programs and services by providing information on the BRA website, through social media, and to interested stakeholders**
- e. Maintain transparency in BRA's finances and operations**
- f. Ensure accountability to our customers, the legislature, and the public by cooperatively participating in statutorily required external audits and review processes**

Primary Goals and Objectives

V. The BRA will develop and retain employees to support the BRA's strategic vision, enhance diversity in the workforce, and prepare the BRA to accomplish its mission.

- a. Recruit, develop and retain the right people for the right job**
- b. Promote an organizational culture that values employee contributions, encourages collaboration and recognizes achievements**
- c. Ensure operational efficiency throughout programs and processes**
- d. Improve internal communication and coordination between functional groups**
- e. Conduct business with a customer service focus**
- f. Encourage a healthy workforce through programs and initiatives**
- g. Ensure a safe working environment, promote a safety conscious attitude in all employees and facilitate the implementation of proactive steps to reduce accidents and incidents**



Brazos River Authority

Questions?



FY 2017 Preliminary Budget Assumptions

***Presented by
David Thompson***



FY 2017 Revenue Assumptions

- **FY 17 does not include any revenue for interruptible water sales**
- **Recognizes converting 39,000 AF to System Rate**
- **Includes sale of 7,200 AF of System Rate water to Abilene**
- **West Central Brazos Pipeline revenues end in FY 2016**



FY 2017 Expense Assumptions

- **Includes an Employment Cost Index increase of 1.8% and a merit pool of 3.2%. Reduced two head counts from West Central Brazos Pipeline, but four new full-time positions are being authorized in FY17**
- **West Central Brazos Pipeline expenses end in FY16**



FY2016 Plus Five-Year Financial Forecast

(in millions)

WATER SUPPLY SYSTEM	Projected	Preliminary				
	<u>FY2016</u>	<u>FY2017</u>	<u>FY2018</u>	<u>FY2019</u>	<u>FY2020</u>	<u>FY2021</u>
Beginning Working Capital	\$ 54.5	\$ 57.2	\$ 36.4	\$ 18.7	\$ 14.3	\$ 14.5
Revenues	40.2	40.6	42.0	43.3	45.5	48.9
Expenses	<u>(31.8)</u>	<u>(36.7)</u>	<u>(37.2)</u>	<u>(37.2)</u>	<u>(38.6)</u>	<u>(40.2)</u>
Amount Available for Coverage	8.3	3.9	4.8	6.1	6.9	8.7
Debt Service Subject to Coverage	<u>(2.5)</u>	<u>(2.5)</u>	<u>(2.5)</u>	<u>(3.5)</u>	<u>(4.8)</u>	<u>(5.2)</u>
Net Surplus	5.8	1.3	2.2	2.6	2.0	3.5
Capital Projects	(14.4)	(22.2)	(19.8)	(28.1)	(29.7)	(11.7)
Divestiture Proceeds	11.3	-	-	-	-	-
Bond Proceeds	-	-	-	21.0	28.0	11.0
Ending Working Capital	<u>\$ 57.2</u>	<u>\$ 36.4</u>	<u>\$ 18.7</u>	<u>\$ 14.3</u>	<u>\$ 14.5</u>	<u>\$ 17.4</u>



FY2016 Plus Five-Year Financial Forecast

	<u>Projected</u>		<u>Preliminary</u>			
	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>
<u>System Rate</u>						
System Rate Projection	\$ 70.50	\$ 72.00	\$ 73.50	\$ 76.00	\$ 78.00	\$ 79.00
Percentage Increase	1.4%	2.1%	2.1%	3.4%	2.6%	1.3%
System Rate Units (AF)	320,785	371,422	371,422	376,422	381,122	418,205
<u>Debt Service Coverage Test (in millions)</u>						
Debt Subject to Coverage	\$ 2.5	\$ 2.5	\$ 2.5	\$ 3.5	\$ 4.8	\$ 5.2
Amount Available to Meet Coverage	\$ 8.3	\$ 3.9	\$ 4.7	\$ 6.1	\$ 6.9	\$ 8.7
Projected Coverage Ratio	3.3	1.5	1.8	1.7	1.4	1.7
Target Coverage Ratio	1.3	1.3	1.3	1.3	1.3	1.3
Coverage Test Met	Yes	Yes	Yes	Yes	Yes	Yes
<u>Reserve Test (in millions)</u>						
90 Day Working Capital	\$ 7.0	\$ 7.9	\$ 8.2	\$ 8.6	\$ 8.9	\$ 9.3
Contingency Reserve	\$ 5.0	\$ 5.0	\$ 5.0	\$ 5.0	\$ 5.0	\$ 5.0
Self Insurance Reserve	\$ 0.5	\$ 0.5	\$ 0.5	\$ 0.5	\$ 0.5	\$ 0.5
Total Required Reserves	\$ 12.5	\$ 13.4	\$ 13.7	\$ 14.1	\$ 14.4	\$ 14.8
Ending Working Capital	\$ 57.2	\$ 36.4	\$ 18.7	\$ 14.3	\$ 14.5	\$ 17.4
Reserve Test Met	Yes	Yes	Yes	Yes	Yes	Yes



Raw Water System Rate Calculation Fiscal Year 2017

	FY 16	FY 17	
	Budget	Preliminary	Difference
O&M Expenses	\$ 32,265	\$ 32,081	\$ (184)
Debt Service	5,135	5,130	(5)
Current Revenue Projects	920	2,061	1,141
Coverage Requirement	762	761	(1)
Rate Stabilization Fund	-	557	557
Total Water Supply Obligations	39,082	40,590	1,508
Less: Non-System Rate Revenues	(15,717)	(13,863)	1,854
System Rate Revenue Requirement	\$ 23,365	\$ 26,727	\$ 3,362
Divided by: System Units (AF)	332,063	371,422	39,359
System Rate per AF	\$ 70.50	\$ 72.00	\$ 1.50



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