



Fiscal Year 2023 Proposed Annual Operating Plan

***Presented by
David Thompson
Chief Financial Officer***

Meeting Date: May 23, 2022



BRA Business Model

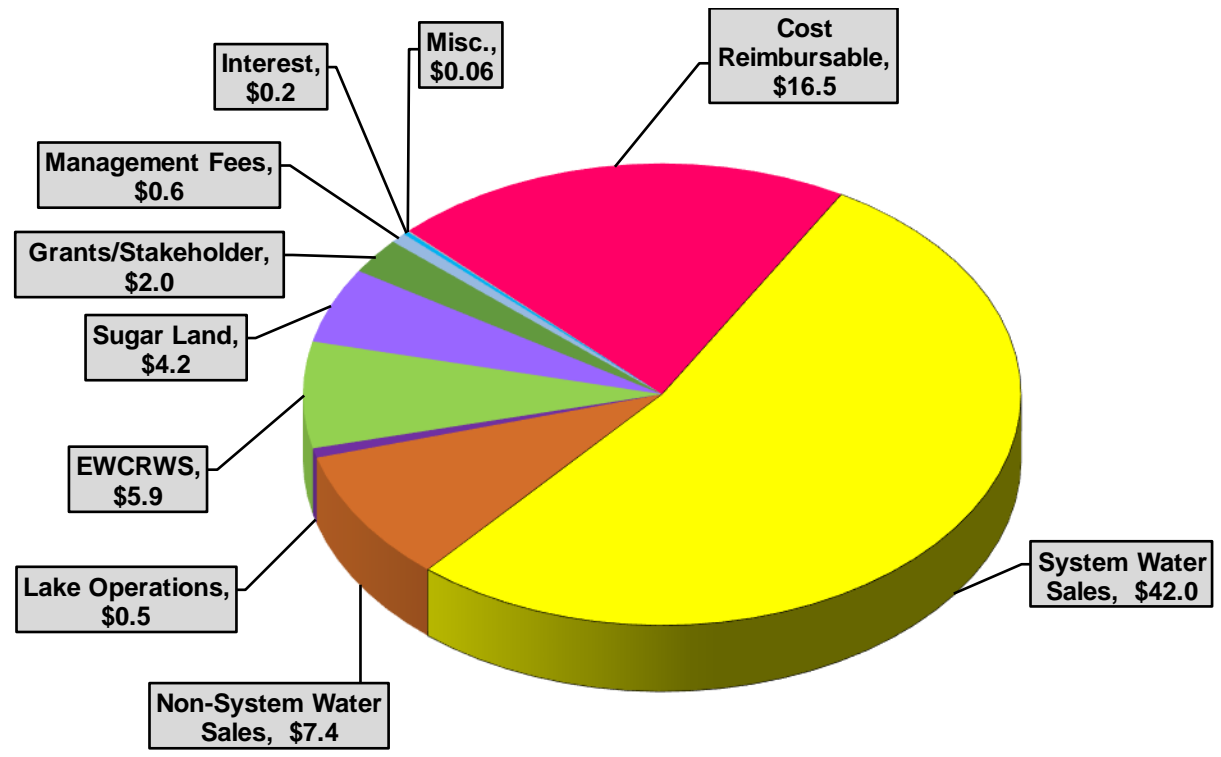
Elements of Ratemaking

	FY 22 Budget (in 000's)	FY 23 Budget (in 000's)
Water Supply Expenses		
Water Supply O&M Expenditures	\$ 47,451	\$ 52,442
Water Supply Debt Service (subject to coverage)	2,538	2,537
Water Supply Debt Service (not subject to coverage)	3,624	1,587
Operating Project Expenditures	5,835	4,068
Total Water Supply Expenses	\$ 59,448	\$ 60,634
Non-System Water Rate Revenues		
Non-System Water Revenues	(7,079)	(7,607)
Other Water Supply Revenues	(11,532)	(13,443)
Total Non-System Water Rate Revenues	\$ (18,611)	\$ (21,050)
Debt Coverage Requirement (1.3 ratio)	\$ 761	\$ 761
Gross Financial Requirement	\$ 41,598	\$ 40,345
Total System Water Billing Units (acre feet)	483,285	477,494
Calculated System Rate (Gross Financial Requirement/Number of System Rate Units)	\$ 86.10	\$ 84.50
Rate Stabilization Reserve Contribution	\$ (1,500)	\$ 1,650
Net Financial Requirement (Gross Financial Requirement less Rate Stabilization Fund Contribution)	\$ 40,098	\$ 41,995
Effective System Rate (Net Financial Requirement/Number of System Rate Units)	\$ 83.00	\$ 88.00

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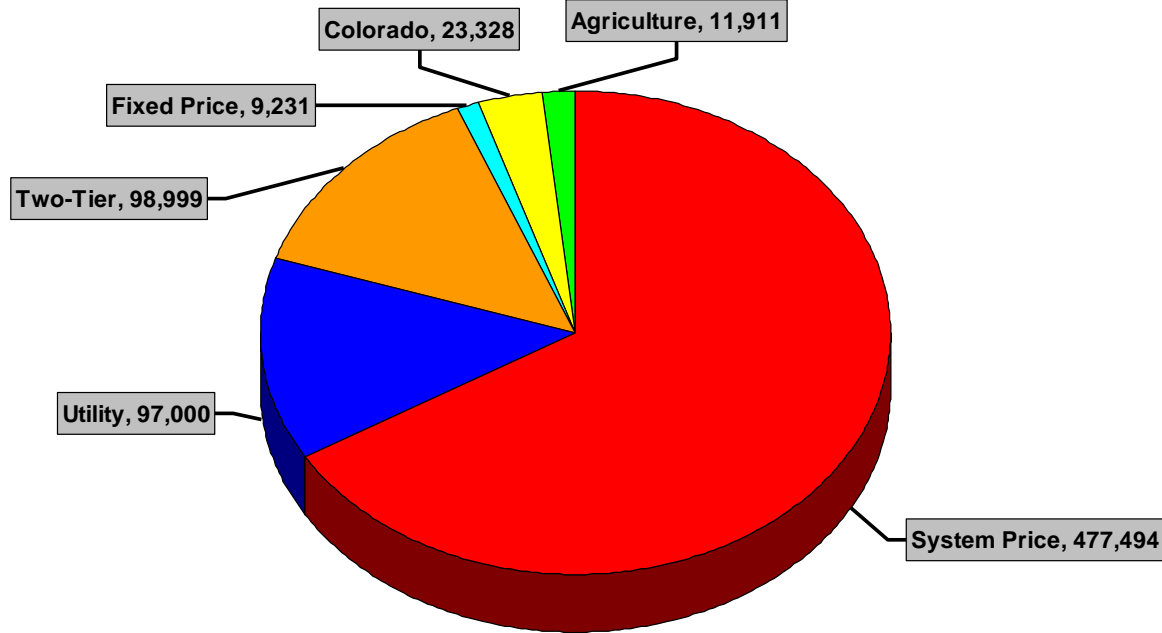


FY2023 Proposed Revenues ***\$79.4M***





FY2023 Long Term Raw Water Sales 717,963 AF





Long Term Billing Units and Average Price

	FY 2022			FY 2023		
	Units	Avg. Price	%	Units	Avg. Price	%
System Rate	483,285	\$83.00	67%	477,494	\$88.00	67%
Agricultural	12,031	\$58.10	2%	11,911	\$58.10	2%
Two-Tier	98,999	\$18.15	14%	98,999	\$18.69	14%
Other Fixed Price	9,505	\$24.89	1%	9,231	\$25.78	1%
Utilities	97,000	\$19.28	13%	97,000	\$19.28	14%
Colorado Basin	23,328	\$78.93	3%	23,328	\$84.38	3%
	724,148		100%	717,963		100%

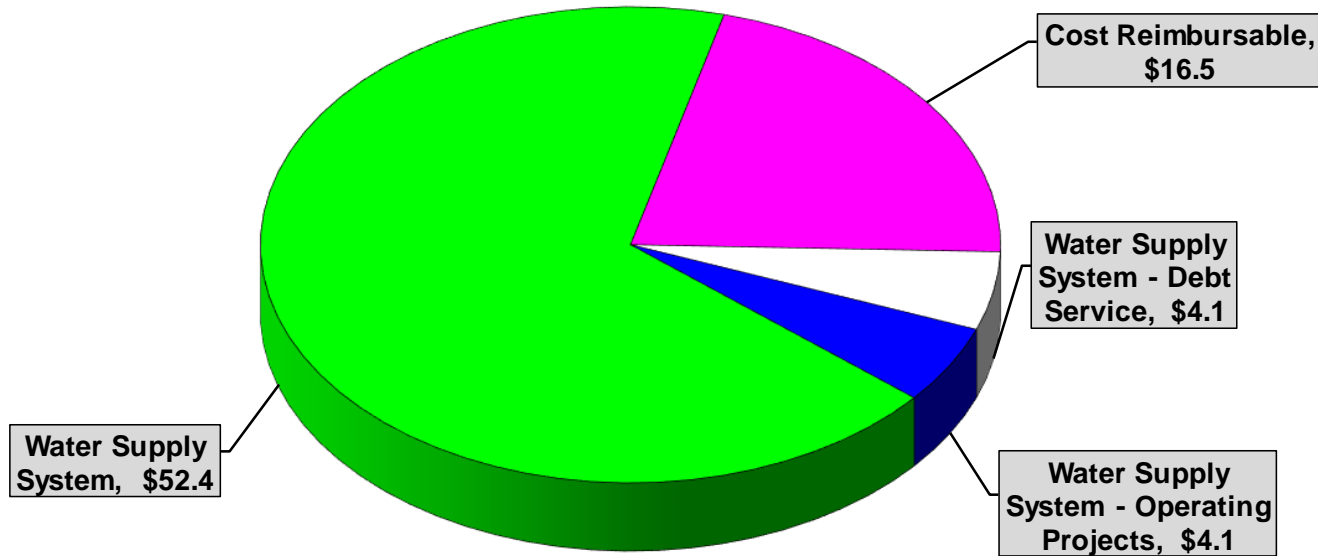


FY 2023 Expense Assumptions

- **Includes an Employment Cost Index increase of 4.0% and a merit pool of 1.0% increase.**
- **Includes adding four full-time positions**
- **BRA's share of the O&M expenses for the Federal Reservoirs for FY 2023 is \$4.6 million.**



FY2023 Proposed Operating Expenses \$77.1M





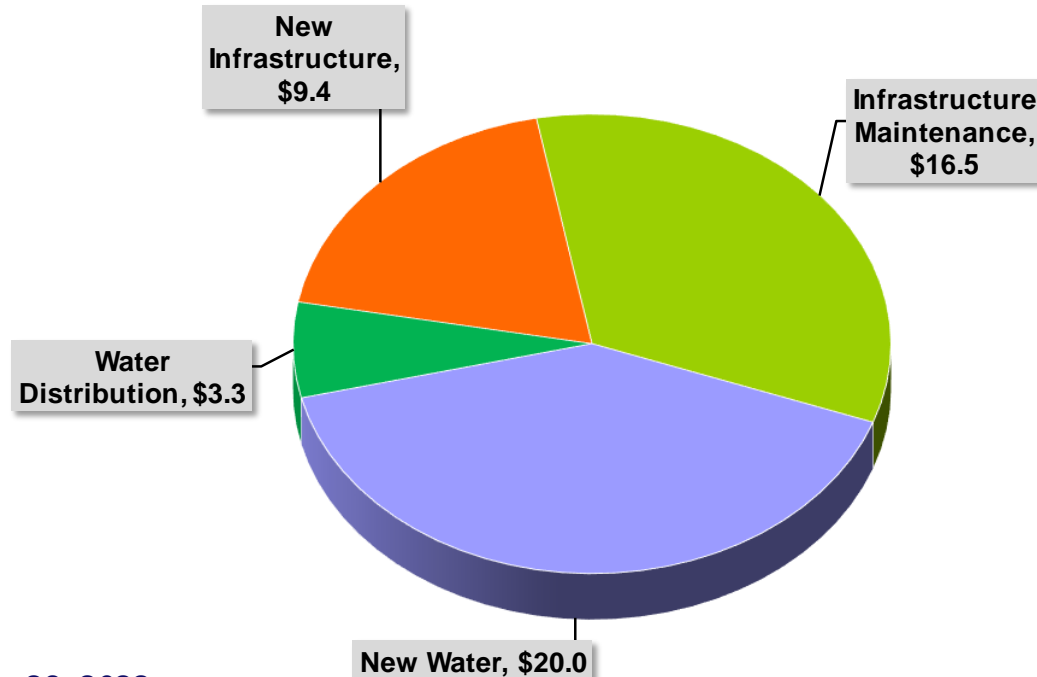
FY 2023 Proposed Operating Projects

Project Name	FY 2023 Budget Amount
BW-WS-Integrated Water Resources Plan	\$ 705,000
UB-PK-CAASLE (Concrete Assessment and Service Life Extension)	559,000
CO-IT-Audiovisual Technology Integrations	475,000
BW-TS- Risk Based Capital Planning and Management Support	450,000
UB-LG-Lake Granbury Workspace Needs Assessment	400,000
CB-WH-Lake Whitney Reallocation Study	332,000
BW-ES-Brazos Water Snake Study	325,000
BW-OSS- Security and Vulnerability Assessment Updates	250,000
CO-FA-Enterprise Financial Software	200,000
UB-PK-Operating Pier Trash Rack Replacement	133,000
UB-PK-Recreational Development	127,000
UB-PK-Bay 9 Transition Beam Leak Remediation	54,000
BW-WS-Brazos River Alluvium Study	33,000
LB-LL-Administrative Complex Architectural Assessment, Design & Rep	25,000
Total Proposed FY 2023 Operating Projects	\$ 4,068,000

Meeting Date: May 23, 2022



FY2023 Proposed Capital Improvement Projects by Type \$49.2M



Meeting Date: May 23, 2022



FY2023 Proposed Capital Improvement Projects

(in thousands)

<u>Project Name</u>	<u>Total Project Cost</u>	<u>FY2023 Proposed Expenditures</u>	<u>Est. Completion Date</u>
LB-AC-Allens Creek Reservoir	\$ 477,259	\$ 20,000	FY 2027+
LB-LL-Tainter Gate Replacement and Improvements	38,806	10,342	FY 2025
CO-ES-Environmental Services Building	10,585	3,316	FY 2024
CB-EW-EWC WTP Intake Slope Stabilization	2,637	2,637	FY 2023
CB-EW-EWCRWS Expansion Phase II	53,314	2,375	FY 2027+
CB-WCR-WCRRWL Phase 3 Pumps	25,022	2,042	FY 2025
CB-WCR-WCRRWL Copper Ion Generator	2,768	1,237	FY 2023
UB-PK-Spillway Pump and Piping	2,666	1,100	FY 2024
LB-LL-Park 5 Access Pier and Park Upgrades	3,006	1,000	FY 2023
UB-PK-Flow Control Gate Replacement	18,520	726	FY 2025
UB-LG-Reinforced Concrete Components	2,266	550	FY 2024
UB-LG-Low Flow Facilities	5,691	506	FY 2023
LB-LL-Hydrostatic Relief System Assessment & Replacemen	9,182	476	FY 2027+
CB-BE-Belhouse Drought Preparedness	90,285	2,652	FY 2027+
UB-LG-Trolley Replacement	3,871	200	FY 2026
LB-LL-Low Flow Facility Modifications & Improvements	16,574	25	FY 2027+
Total		<u>\$ 49,184</u>	

Meeting Date: May 23, 2022



5-year CIP Plan (in thousands)

Project Name	FY 22 Projected Actual	FY 23 Proposed Expenditures	FY 24 Proposed Expenditures	FY 25 Proposed Expenditures	FY 26 Proposed Expenditures	FY 27 Proposed Expenditures	Total
CB-BE-Belhouse Drought Preparedness	440	2,652	6,370	13,974	25,908	23,868	73,212
CB-EW-EWC WTP Intake Slope Stabilization	-	2,637	-	-	-	-	2,637
CB-EW-EWCRWS Expansion Phase II	1,729	2,375	3,500	9,000	8,500	10,000	35,104
CB-GR-Lake Granger Intake Future Expansion	-	-	-	-	-	3,000	3,000
CB-OT-Trinity Groundwater	615	-	1,000	1,000	1,000	4,000	7,615
CB-WCR-WCRRWL Copper Ion Generator	910	1,237	-	-	-	-	2,147
CB-WCR-WCRRWL Phase 3 Pumps	800	2,042	5,800	10,380	-	-	19,022
CO-ES-Environmental Services Building	850	3,316	6,175	-	-	-	10,341
LB-AC-Allens Creek Reservoir	67,000	20,000	14,000	6,000	23,000	23,000	153,000
LB-LL-Hydrostatic Relief System Assessment & Replacement	375	476	418	627	2,053	2,053	6,002
LB-LL-Low Flow Facility Modifications & Improvements	-	25	350	425	750	1,000	2,550
LB-LL-Park 5 Access Pier and Park Upgrades	365	1,000	-	-	-	-	1,365
LB-LL-Road Repairs & Improvements	-	-	-	25	1,550	-	1,575
LB-LL-Tainter Gate Replacement and Improvements	2,200	10,342	9,816	1,086	-	-	23,444
UB-LG-Inspection Walkway Lighting	-	-	-	-	314	1,314	1,628
UB-LG-Low Flow Facilities	1,913	506	-	-	-	-	2,419
UB-LG-Low Flow Facility Access Walkway	-	-	-	300	300	792	1,392
UB-LG-Reinforced Concrete Components	622	550	800	-	-	-	1,972
UB-LG-Rip Rap Repair	-	-	-	-	500	500	1,000
UB-LG-Road Repair	7	-	-	-	-	500	507
UB-LG-Tainter Gate Transmission System Modifications	-	-	-	-	-	1,000	1,000
UB-LG-Trolley Replacement	10	200	747	900	750	-	2,607
UB-LG-Two Slip Boathouse Replacement	285	-	-	-	-	-	285
UB-PK-Bay #9 Weir Box	-	-	250	160	-	-	410
UB-PK-Boathouses	-	-	-	100	700	-	800
UB-PK-COC Ring Jet Valve Replacement	-	-	-	500	750	1,000	2,250
UB-PK-Flow Control Gate Replacement	754	726	200	100	-	-	1,780
UB-PK-North/South Bank Reconstruction	-	-	-	-	250	500	750
UB-PK-Spillway Pump and Piping	213	1,100	1,100	-	-	-	2,413
TOTAL	\$ 79,088	\$ 49,184	\$ 50,526	\$ 44,577	\$ 66,325	\$ 72,527	\$ 362,227

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FY 2023 Five-Year Financial Forecast

(in millions)

	<u>Projected</u>			<u>Preliminary</u>		
	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>	<u>FY 2026</u>	<u>FY 2027</u>
WATER SUPPLY SYSTEM						
Beginning Working Capital	\$ 121.2	\$ 53.5	\$ 28.8	\$ 27.8	\$ 27.9	\$ 28.3
Revenues	61.4	62.8	66.8	69.1	73.1	79.2
Less: O&M Expenses	42.8	52.4	51.3	53.4	55.6	57.9
Debt Service (Not Subject to Coverage)	1.6	1.6	1.6	1.6	1.7	2.1
Operating Projects	4.7	4.1	5.1	3.9	3.2	4.9
Total before debt service subject to coverage	<u>49.1</u>	<u>58.1</u>	<u>58.0</u>	<u>58.9</u>	<u>60.5</u>	<u>64.9</u>
Amount Available for Coverage	12.3	4.7	8.8	10.2	12.6	14.3
Debt Service (Subject to Coverage)	<u>2.5</u>	<u>2.5</u>	<u>4.2</u>	<u>4.9</u>	<u>6.0</u>	<u>7.1</u>
Net Surplus	9.8	2.2	4.6	5.3	6.6	7.2
Capital Projects	(77.4)	(45.9)	(44.7)	(34.2)	(66.3)	(72.5)
Bond Proceeds	-	19.0	41.1	29.0	61.1	69.5
Rate Stabilization Reserves Utilized	-	-	(2.0)	-	(1.0)	(4.0)
Ending Working Capital	<u>\$ 53.5</u>	<u>\$ 28.8</u>	<u>\$ 27.8</u>	<u>\$ 27.9</u>	<u>\$ 28.3</u>	<u>\$ 28.5</u>

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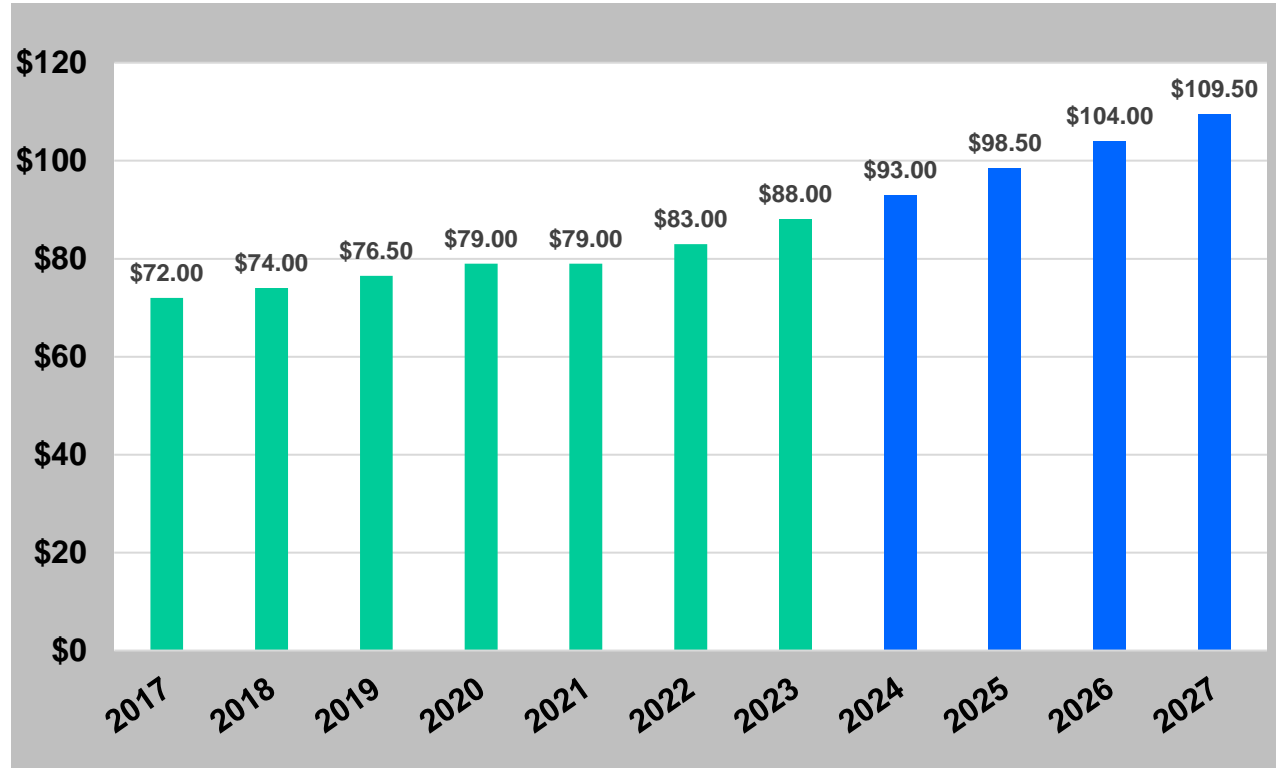


FY 2023 Five-Year Financial Forecast

	<u>Projected</u>			<u>Preliminary</u>		
	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>	<u>FY 2026</u>	<u>FY 2027</u>
<u>System Rate</u>						
System Rate Projection	\$ 83.00	\$ 88.00	\$ 93.00	\$ 98.50	\$ 104.00	\$ 109.50
Percentage Increase	5.0%	6.0%	5.7%	5.9%	5.6%	5.3%
System Rate Units (AF)	483,285	477,494	488,910	488,910	488,910	490,829
<u>Debt Service Coverage Test (in millions)</u>						
Debt Service Subject to Coverage	\$ 2.5	\$ 2.5	\$ 4.2	\$ 4.9	\$ 6.0	\$ 7.1
Amount Available to Meet Coverage	\$ 12.3	\$ 4.7	\$ 8.8	\$ 10.2	\$ 12.6	\$ 14.3
Projected Coverage Ratio	4.9	1.9	2.1	2.1	2.1	2.0
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 Reserve	\$ 10.5	\$ 12.9	\$ 12.7	\$ 13.2	\$ 13.7	\$ 14.3
Contingency Reserve	\$ 5.5	\$ 5.5	\$ 5.5	\$ 5.5	\$ 5.5	\$ 5.5
Self Insurance Reserve	\$ 0.5	\$ 0.5	\$ 0.5	\$ 0.5	\$ 0.5	\$ 0.5
Total Required Reserves	\$ 16.5	\$ 18.9	\$ 18.7	\$ 19.2	\$ 19.7	\$ 20.3
Ending Working Capital	\$ 53.5	\$ 28.8	\$ 27.8	\$ 27.9	\$ 28.3	\$ 28.5
Reserve Test Met	Yes	Yes	Yes	Yes	Yes	Yes



System Rate History/Forecast





Budget Process – Outstanding Items

- **Changes may arise from budget meetings with cost reimbursable customers, all should be final by June 17**
- **Conduct customer meetings in June presenting the new FY 2023 rate**
- **All items will be finalized with the most up to date information by the July Board meeting**



Questions?



Brazos

RIVER AUTHORITY