



***Fiscal Year 2025 Budget Presentation
and
Long-Range Financial Plan***

***Presented by
Michele Giroir
Chief Financial Officer***



FY 2025 Budget Assumptions

Expenses

- **Includes an Employment Cost Index increase of 2.5% and a merit pool of 3.0%. Health Insurance costs increasing 23%.**
- **Includes adding five full-time positions**
- **BRA's share of the O&M expenses for storage in Federal Reservoirs for FY 2025 is \$6.2M, a \$1M increase. This includes a one-time increase of \$177K for Lake Georgetown Improvements.**
- **Professional Services such as Sys Ops WMP Update, dam inspections and surveys increasing \$3.1M**



Operating Projects - 5 Year Plan

Project Name	Amounts in 000's				
	FY 25	FY 26	FY 27	FY 28	FY 29
UB-ES-Comprehensive Water Quality Modeling Tool PK	1,500	1,150	-	-	-
UB-PK-Elevators Replacement	800	-	-	-	-
CB-WH-Lake Whitney Reallocation Study	770	100	-	-	-
UB-PK-COC Recoating and Repairs	761	-	-	-	-
BW-TS- Risk Based Capital Planning and Management Support	600	105	-	-	-
UB-PK-Bay 9 Transition Beam Leak Remediation	564	302	-	-	-
CO-IT-Audiovisual Technology Integrations	479	-	-	-	-
UB-LG- Tainter Gate Evaluation	350	150	50	-	-
UB-LG-Embankment Stability Analysis and Assessment	250	250	-	-	-
UB-LG-Electric Vulnerability Assessment	240	-	-	-	-
UB-PK-Operating Pier Trash Rack Replacement	230	30	-	-	-
UB-PK-Seismic Analysis & Hydrographic Sedimentation Survey	200	155	-	-	-
BW-ES-Brazos Water Snake Study	190	65	-	-	-
CO-FA-Enterprise Financial Software	100	-	-	-	-
UB-LG-Hearth Stability Analysis	41	-	-	-	-
LB-LL-Concrete Assessment & Repairs (CAASLE)	-	-	-	800	200
LB-LL-Upstream Embankment Assessment	-	-	800	-	-
UB-LG-Inspection Access Walkway	-	-	50	50	-
UB-LG-Low Flow Facility Retaining Wall & Access Walkway Extension	-	-	100	50	-
UB-LG-South Dike Erosion Repair	-	-	-	150	75
UB-LG-CAASLE	-	-	-	-	519
UB-PK-Boathouses	-	-	-	-	100
UB-PK-Emergency Spillway Evaluation	-	-	250	-	-
UB-PK-Powerhouse Infrastructure Stabilization	-	-	-	-	230
UB-PK-Red Bluff Bridge Repair	-	-	195	205	-
UB-WS-PK Probable Maximum Flood Analysis	-	-	400	400	-
Total	\$ 7,075	\$ 2,307	\$ 1,845	\$ 1,655	\$ 1,124



FY 2025 Budget Assumptions

Revenues – Non-System Water

- Revenue from the sale of LCRA water will increase due to an increase in LCRA's Firm water rate (\$460K)
- Agriculture Water revenue will increase in combination with the increase in the System Rate and pro-rated conversion of 5,625 AF of Long-Term CPI water to Ag.

Revenues – Other Water Supply Revenues

- Interest Income is expected to increase \$1.8M due to higher than anticipated cash balances and favorable interest rates.
- Fees for the users of treated water from EWCRWS are expected to increase \$2.5M due to higher water usage.

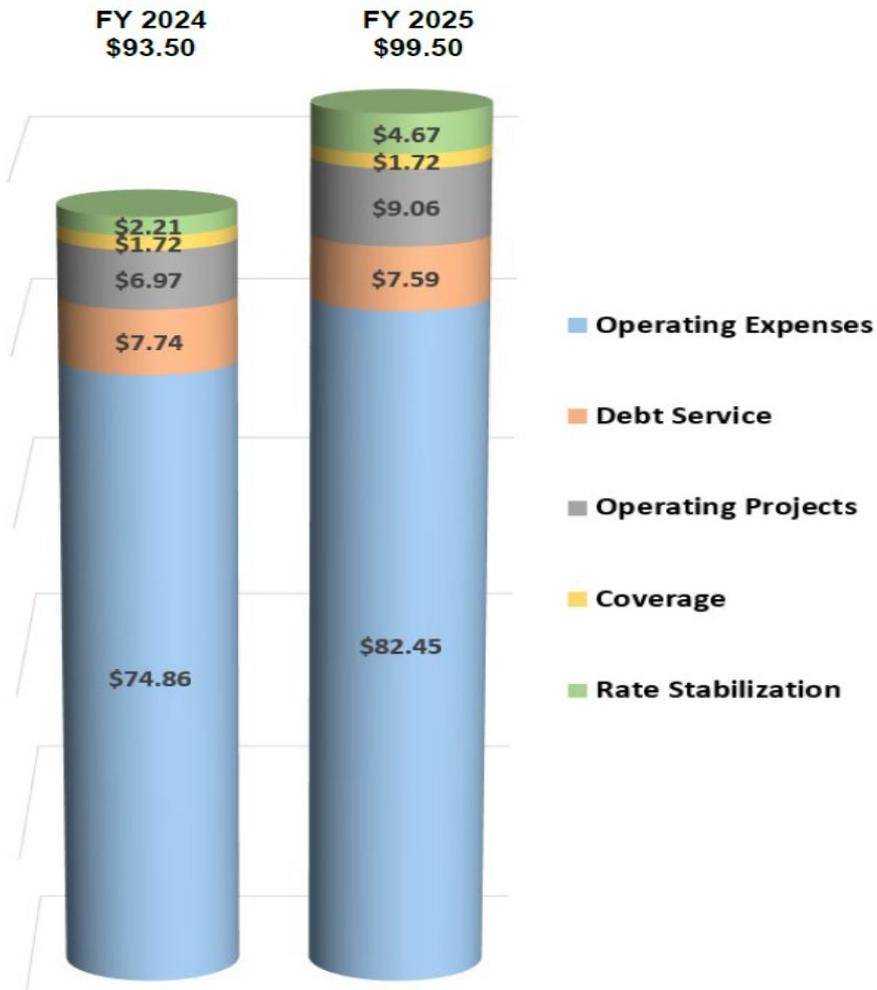


System Rate Calculation

	FY 24 Budget	FY 25 Budget
Non-System Water Rate Revenues		
Non-System Water Revenues	7,813	8,453
Other Water Supply Revenues	17,389	22,668
Total Non-System Water Rate Revenues	\$ 25,202	\$ 31,121
Water Supply Expenses		
Water Supply O&M Expenditures	55,312	61,127
Water Supply Debt Service (subject to coverage)	4,469	4,474
Water Supply Debt Service (not subject to coverage)	1,574	1,448
Operating Project Expenditures	5,442	7,075
Total Water Supply Expenses	\$ 66,797	\$ 74,124
Debt Coverage Requirement (1.3 ratio)	1,341	1,342
Rate Stabilization Reserve Contribution	1,725	3,650
Total Financial Requirement	\$ 44,661	\$ 47,995
Total System Water Billing Units (acre feet)	477,643	481,740
Calculated System Rate (Financial Requirement/Number of System Rate Units)	\$ 93.50	\$ 99.50



System Rate Composition



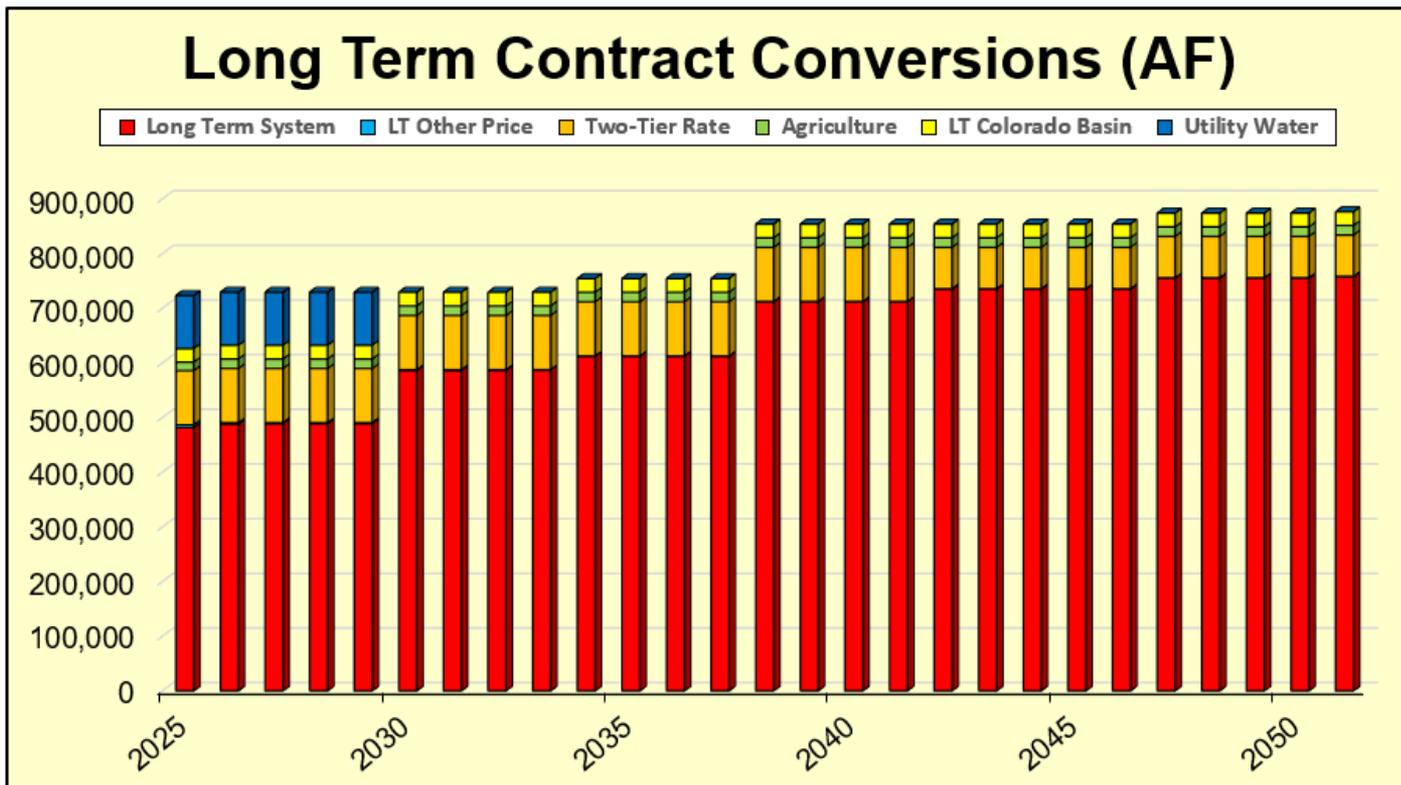


Long Term Billing Units and Average Price

	FY 2024			FY 2025		
	Units	Avg. Price	%	Units	Avg. Price	%
System Rate	477,643	\$93.50	66%	481,740	\$99.50	66%
Agricultural	11,911	\$65.45	2%	15,661	\$69.65	2%
Two-Tier	98,999	\$19.55	14%	98,999	\$19.54	14%
Other Fixed Price	8,957	\$26.88	1%	8,683	\$19.76	1%
Utilities	97,000	\$21.70	13%	97,000	\$21.70	13%
Colorado Basin	24,700	\$85.07	3%	24,700	\$103.83	3%
	719,210		100%	726,783		100%



Estimated Water Contract Conversions





FY2025 Budget Summary

All Lines of Business *(in millions)*

	<u>Water Supply</u>	<u>Cost Reimbursable</u>	<u>Total</u>
<u>Beginning Reserves</u>	<u>\$ 101.2</u>	<u>\$ -</u>	<u>\$ 101.2</u>
Revenues	79.1	22.7	101.8
Expenses - O & M	(61.1)	(15.2)	(76.3)
Expenses - Debt Service	(5.9)	(3.0)	(8.9)
Operating Projects	(7.1)	-	(7.1)
Surplus	5.0	4.5	9.5
Capital Improvement Projects	(38.0)	(4.5)	(42.5)
Debt Funding	-	-	-
<u>Ending Reserves</u>	<u>\$ 68.2</u>	<u>\$ -</u>	<u>\$ 68.2</u>



BRA Long Range Financial Plan

- **The BRA Long Range Financial Plan (LRFP) is a model that staff uses to forecast the organization's financial stability based on current conditions and also to evaluate the effects of proposed projects on future years.**



LRFP - Information and Inputs

- **The LRFP provides a 50-year forecast to align us with the State Water Plan**
- **Water Supply elements only**
- **Inputs:**
 - **Existing Debt Service Schedules**
 - **Upcoming Year Proposed Annual Operating Plan**
 - **Current Project Inventory**
 - **Current Water Contract Inventory**
 - **Updated Inflation Values**



Forecasting

- Annual Operating Plan (AOP)
 - Expenses
 - Expenses are estimated over the 50-year planning period using inflators that are unique to each class of expenditure
 - The inflators are applied to the proposed AOP to forecast future years
 - The inflators are re-evaluated every 5 years to ensure their efficacy and adjusted as needed
 - Expenses for planned new operations are layered into the model in the year following completion of the project
 - Manual adjustments are made for known future events (i.e., full funding of defined benefit pension, etc.)
 - Project Expenditures are based on the updated Project Budget Worksheets

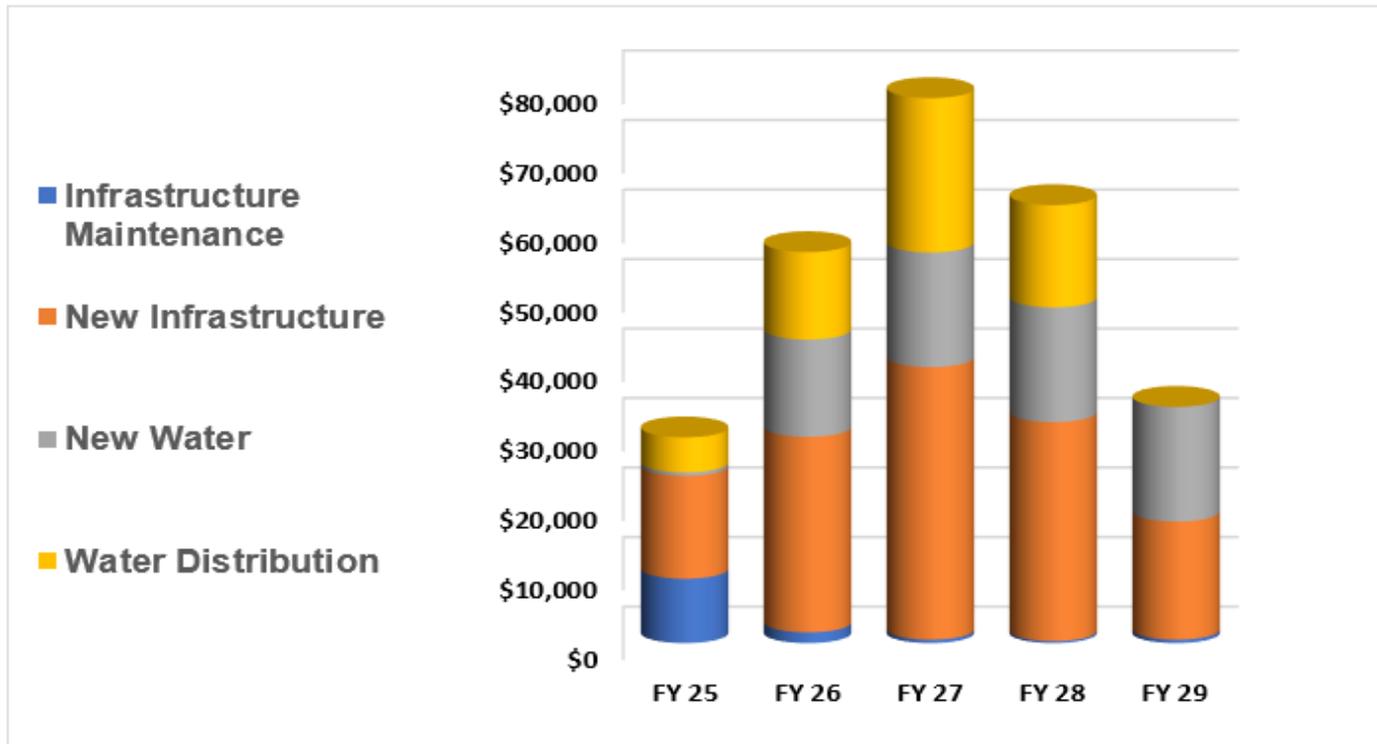


Capital Improvement Projects 5 Year Plan

Project Name	Type	Amounts in 000's				
		2025	2026	2027	2028	2029
CO-ES-Environmental Services Building	New Infrastructure	10,317	-	-	-	-
CB-EW-Trinity Well #1 Infrastructure	New Infrastructure	6,034	8,330	-	-	-
CB-BE-Bel-house Drought Preparedness	New Infrastructure	5,063	6,250	23,588	20,000	20,000
CB-WCR-WCRRWL Phase 3 Pumps	Water Distribution	5,042	12,587	22,214	14,725	-
CB-EW-EWCRWS Expansion Phase II (to 27.8 MGD)	New Infrastructure	4,279	39,044	39,274	19,753	-
LB-LL-Tainter Gate Replacement and Improvements	Infrastructure Maintenance	4,074	-	-	-	-
CB-EW-EWCRWS 48" Treated Water Pipeline	New Infrastructure	2,114	5,000	12,052	18,027	-
UB-LG-Low Flow Facilities	Infrastructure Maintenance	2,000	-	-	-	-
UB-PK-Flow Control Gate Replacement	Infrastructure Maintenance	1,301	900	-	-	-
UB-PK-Spillway Pump and Piping	Infrastructure Maintenance	571	-	-	-	-
LB-AC-Allens Creek Reservoir	New Water	500	14,000	16,500	16,500	16,500
UB-LG-Stoplog Replacement System	Infrastructure Maintenance	500	650	500	292	-
UB-PK-Bay #9 Weir Box	Infrastructure Maintenance	461	-	-	-	-
LB-LL-Park 5 Access Pier and Park Upgrades	New Infrastructure	400	400	-	-	-
LB-LL-Low Flow Facility Modifications & Improvements	Infrastructure Maintenance	355	-	-	-	-
UB-LG-Rip Rap Repair	Infrastructure Maintenance	-	-	-	-	500
Totals		\$ 43,011	\$87,161	\$114,128	\$89,297	\$37,000

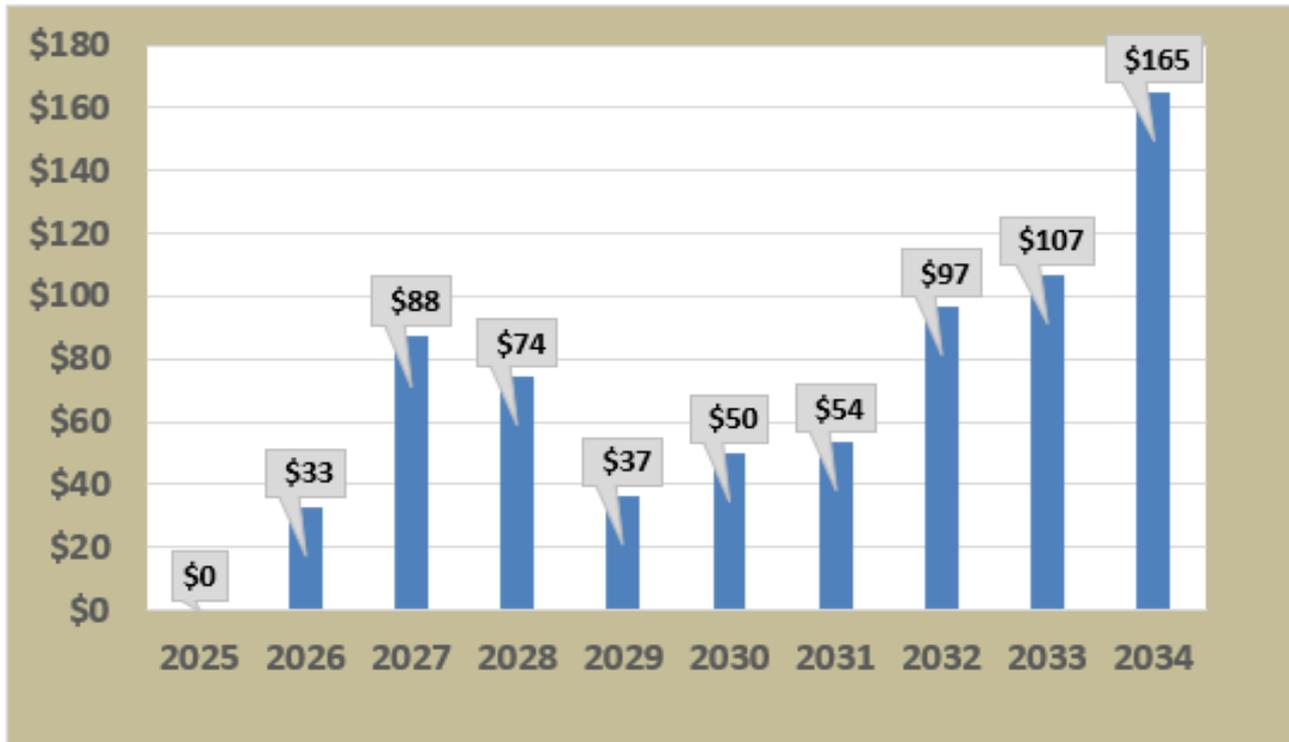


CIP 5 Year Plan by Project Type





Debt Issued (in millions)





Forecasting

- Annual Operating Plan (AOP)
 - Revenues – Water Sales
 - Non-System Water Supply Revenues are forecast based on existing contracts. It is assumed that most Non-System Water Supply contracts will convert to System Water contracts upon expiration.
 - Agriculture Contracts are assumed to renew as Agriculture Water at 70% of the System Rate
 - Revenue for new water created by projects is assumed to be sold at the System Rate in the year following the completion of the project

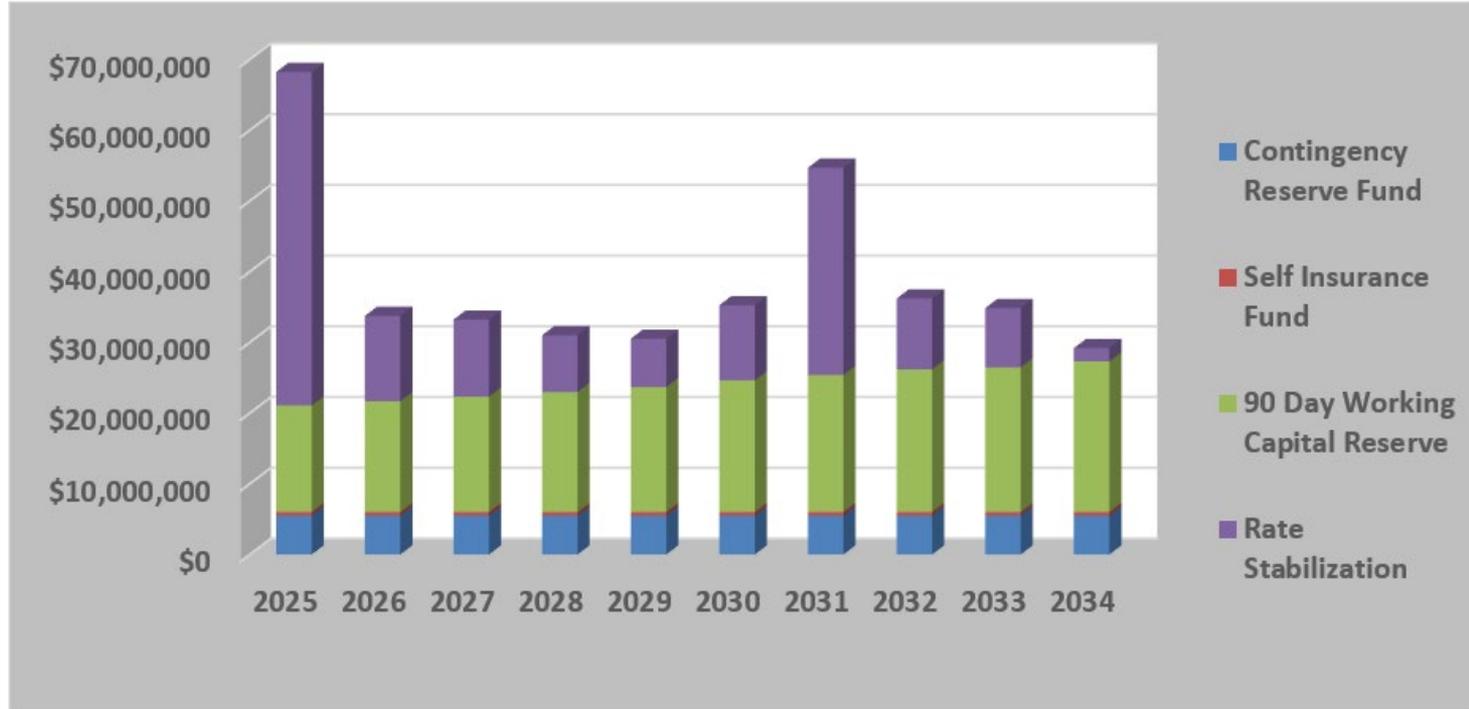


System Rate Forecasting

- **Once all of the expense data and Non-System Rate revenues have been updated in the model, we begin the process of “balancing” the model**
 - **This involves adjusting the System Rate, issuing new debt, or utilizing Rate Stabilization Reserves to make sure all of the following financial stability tests are met:**
 - **Debt Service coverage of at least 1.3**
 - **90 Day Working Capital Reserve**
 - **Contingency Reserve Fund (currently \$5.5M)**
 - **Self-Insurance Reserve Fund (currently \$500K)**
 - **Balanced Budget**



Projected Year-End Reserve Balances





Rate Stabilization Utilization

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Rate Stabilization Reserves Used (in 000's)	\$ -	\$ -	\$ 5,000	\$ 8,000	\$ 6,000	\$ -	\$ 4,000	\$ 6,000	\$ 2,000	\$ 7,000
Reduction to System Rate	\$ -	\$ -	\$ (9.98)	\$ (15.97)	\$ (11.98)	\$ -	\$ (6.69)	\$ (10.04)	\$ (3.34)	\$ (11.22)

BRA's goal is to avoid large spikes in the System Water Rate from one year to another. Rate Stabilization Reserves are used to offset rate increases and provide a more predictable rate structure.



System Rate Projection





Budget Process – Outstanding Items

Changes may arise from budget meetings with cost reimbursable customers, all should be final by June 16

Additional information may become available regarding the costs and timelines of Operating and Capital Projects

Conduct water customer meetings in June presenting the new FY 2025 rate

All items will be finalized with the most up to date information by the July Board meeting



Brazos River Authority

Questions?



Brazos River Authority



Brazos
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