



Fiscal Year 2025
Annual Operating Plan (Budget)
Workshop and Adoption of Budget

Presented by
Michele Giroir
Chief Financial Officer



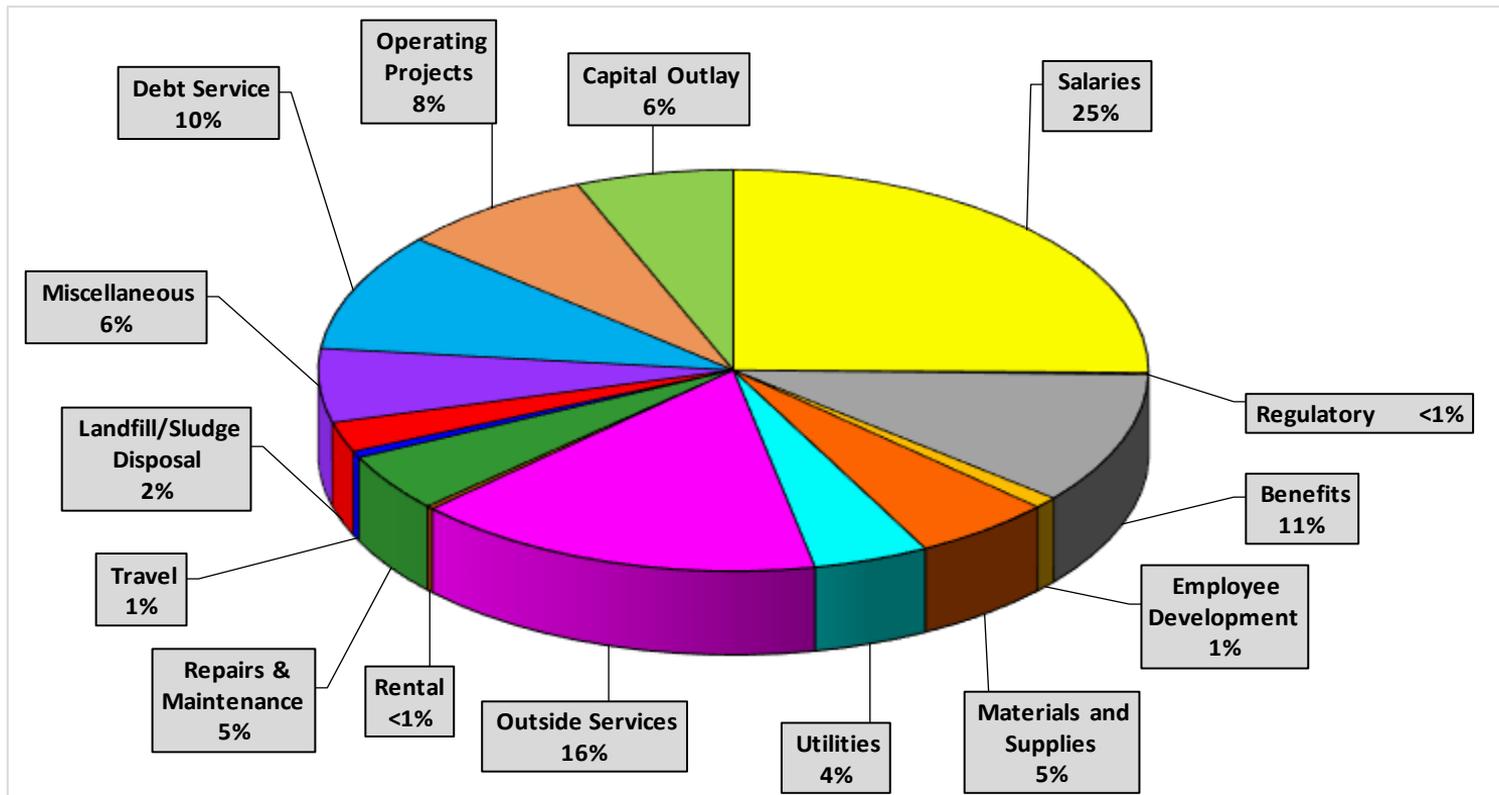
Expense Assumptions

- 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



FY 2025 Proposed O&M Expenses by Category





Operating Projects – 5 Year Plan (in thousands)

Project Name	Amounts in 000's				
	FY 25	FY 26	FY 27	FY 28	FY 29
UB-ES-Comprehensive Water Quality Modeling Tool for Possum Kingdom	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-Targeted Concrete and Structural Condition Assessment (CAASLE)	-	-	-	-	519
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	\$ 1,024



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.

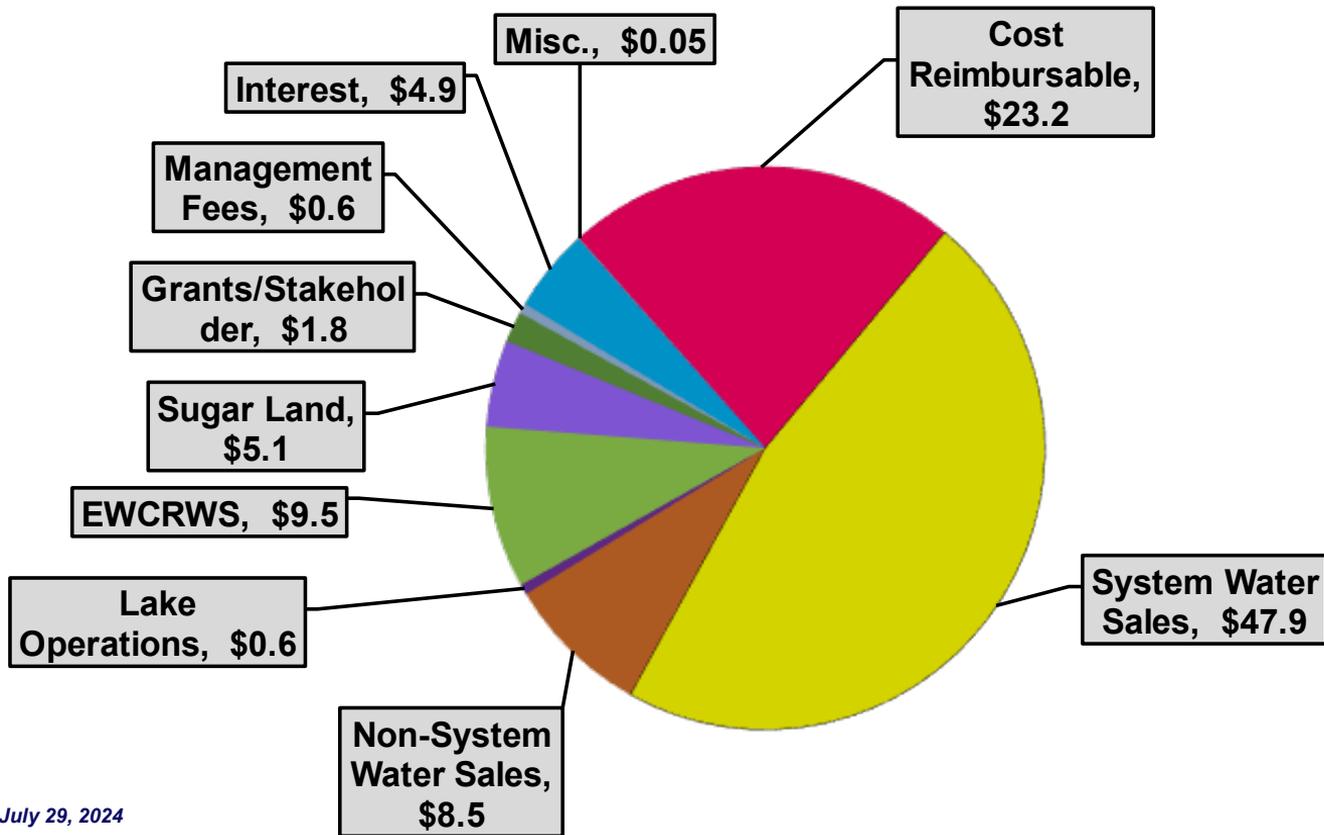
Revenues – Other Water Supply Revenues

- 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.



FY2025 Proposed Revenues

\$102.3M





Long Term Billing Units & Average Price

	<u>FY2024</u>			<u>FY2025</u>		
	<u>Units</u>	<u>Avg Price</u>	<u>%</u>	<u>Units</u>	<u>Avg Price</u>	<u>%</u>
System Rate	477,643	\$93.50	67%	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%
	<u>719,210</u>		<u>100%</u>	<u>726,783</u>		<u>100%</u>



BRA Business Model

	FY 24 Budget (in 000's)	FY 25 Budget (in 000's)
Water Supply Expenses		
Water Supply O&M Expenditures	\$ 55,312	\$ 61,527
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	\$ 74,524
Non-System Water Revenues		
Non-System Water Revenues	(7,813)	(8,503)
Other Water Supply Revenues	(17,389)	(22,685)
Total Non-System Revenues	\$ (25,202)	\$ (31,188)
Debt Coverage Requirement (1.3 ratio)	\$ 1,341	\$ 1,342
Gross Financial Requirement	\$ 42,936	\$ 44,678
Total System Water Billing Units (acre feet)	477,643	481,740
Calculated System Rate (Gross Financial Requirement/Number of System rate Units)	\$89.89	\$92.74
Rate Stabilization Reserve Contribution	\$ 1,725	\$ 3,250
Net Financial Requirement (Gross Financial Requirement less Rate Stabilization Fund Contribution)	\$ 44,661	\$ 47,928
Effective System Rate (Net Financial Requirement/Number of System Rate Units)	\$ 93.50	\$ 99.50



FY2025 Budget Summary

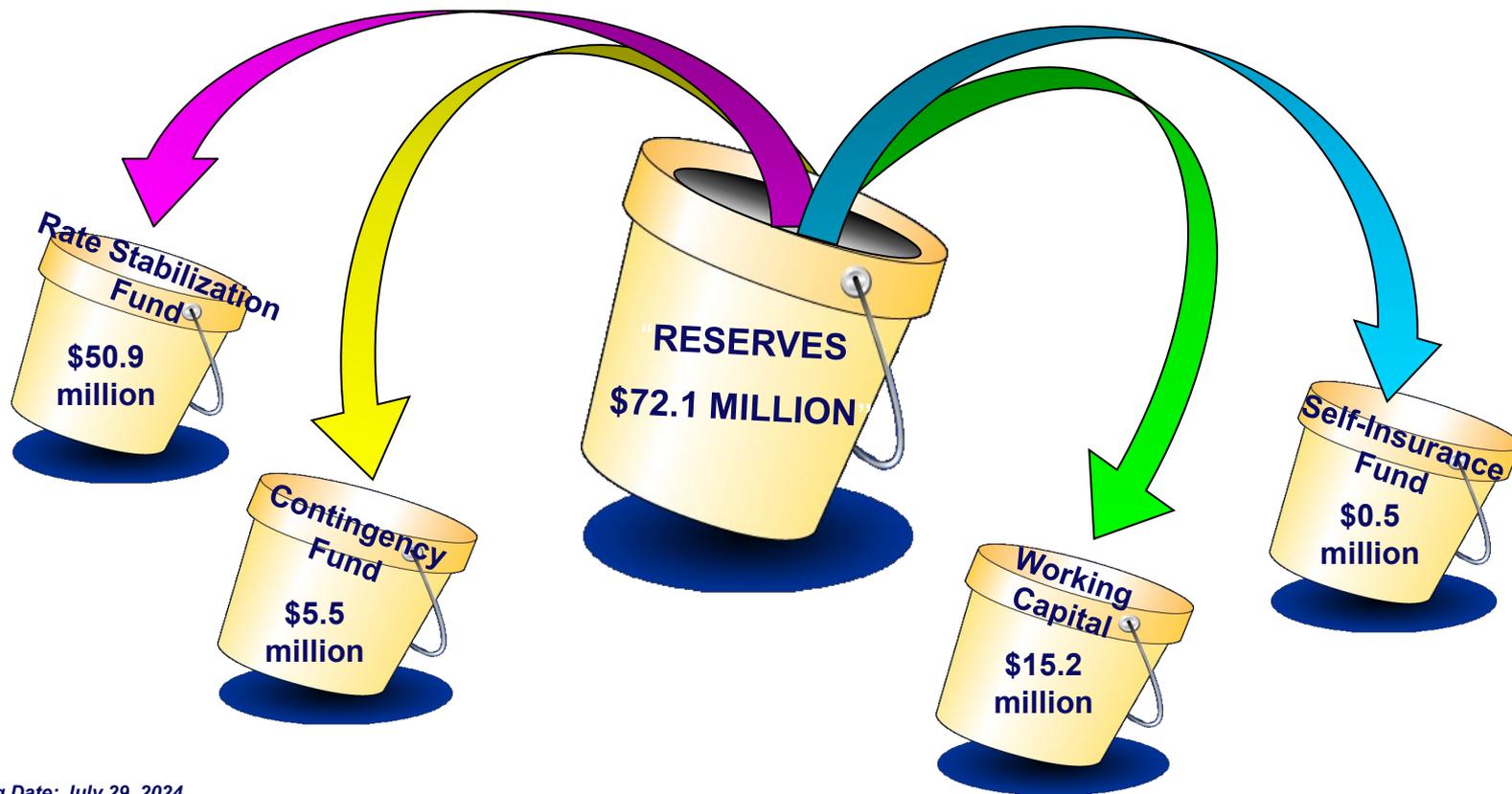
All Lines of Business *(in millions)*

	<u>Water Supply</u>	<u>Cost Reimbursable</u>	<u>Total</u>
<u>Beginning Reserves</u>	\$ 105.6	\$ -	\$ 105.6
Revenues	79.1	23.2	102.3
Expenses - O & M	(61.5)	(15.2)	(76.7)
Expenses - Debt Service	(5.9)	(3.0)	(8.9)
Operating Projects	(7.1)	-	(7.1)
Surplus	4.6	5.0	9.6
Capital Improvement Projects	(38.1)	(5.0)	(43.1)
Debt Funding	-	-	-
Ending Reserves	\$ 72.1	\$ -	\$ 72.1



Reserve (Working Capital) Funds

Projected for August 31, 2025



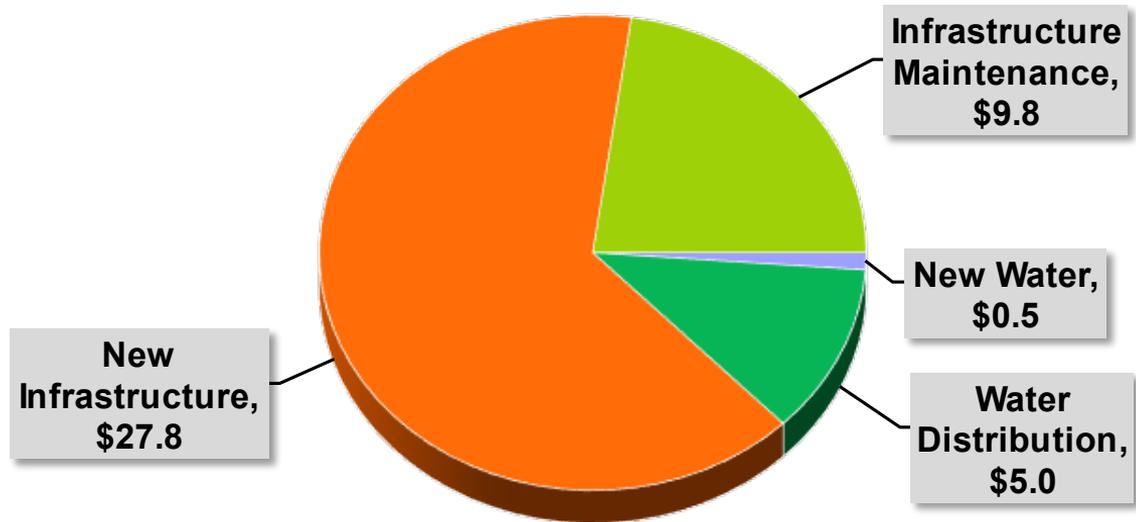


Fiscal Year 2025

Multi-Year Capital Improvement Plan



FY2025 Proposed Capital Improvement Projects by Type \$43.1M





5-year CIP Plan (in 000's)

Project Name		Amounts in 000's				
		FY 25	FY 26	FY 27	FY 28	FY 29
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-Hydrostatic Relief System Assessment & Replacement	Infrastructure Maintenance	500	371	883	711	2,843
LB-LL-Low Flow Facility Modifications & Improvements	Infrastructure Maintenance	355	-	-	-	-
Totals		\$ 43,111	\$87,132	\$115,011	\$90,008	\$39,343



Five-Year Financial Forecast Water Supply System FY2025 - FY2029



Assumptions - Revenues

- 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



Assumptions - Expenses

- **O&M Expense increased by historical ten-year index rolling averages for FY2026 - FY2029**
- **Debt Service – assumes existing debt and potential new debt for FY2026 - FY2029**
- **Operating Projects & Capital Projects based on updated Project Budget Worksheets**



Five-Year Financial Forecast

(in millions)

<u>WATER SUPPLY SYSTEM</u>	<u>FY2025</u>	<u>FY2026</u>	<u>FY2027</u>	<u>FY2028</u>	<u>FY2029</u>
Beginning Reserves	\$ 105.6	\$ 72.1	\$ 37.2	\$ 36.3	\$ 33.6
Revenues	79.1	81.0	89.1	97.1	99.8
Expenses	(70.0)	(68.1)	(69.5)	(71.8)	(74.5)
Revenue Available for Coverage	9.1	12.9	19.6	25.3	25.3
Debt Service Subject to Coverage:	(4.5)	(6.2)	(11.3)	(19.7)	(19.8)
Net Surplus (Deficit)	4.6	6.7	8.3	5.6	5.5
Capital Projects	(38.1)	(74.6)	(91.9)	(74.6)	(37.0)
Bond Proceeds	-	33.0	87.6	74.3	36.5
Rate Stabilization Reserves Used	-	-	(5.0)	(8.0)	(6.0)
Ending Reserves	\$ 72.1	\$ 37.2	\$ 36.3	\$ 33.6	\$ 32.6
90 Day Working Capital Reserve	15.2	15.8	16.4	17.1	17.8

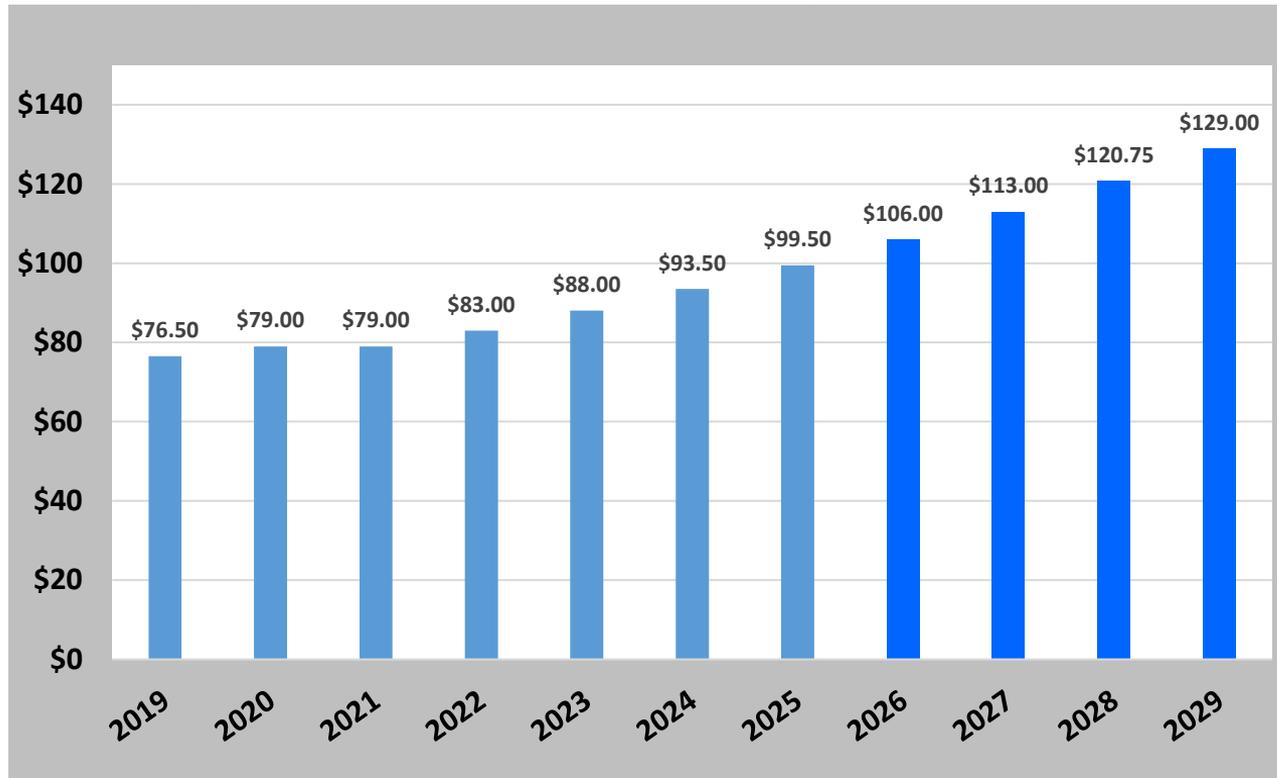


FY 2025 Five-year Financial Forecast

	Forecast				
	<u>FY 2025</u>	<u>FY 2026</u>	<u>FY 2027</u>	<u>FY 2028</u>	<u>FY 2029</u>
<u>System Rate</u>					
System Rate Projection	\$ 99.50	\$ 106.00	\$ 113.00	\$ 120.75	\$ 129.00
Percentage Increase	6.4%	6.5%	6.6%	6.9%	6.8%
System Rate Units (AF)	481,740	487,519	488,616	488,616	488,616
<u>Debt Service Coverage Test (in millions)</u>					
Debt Service Subject to Coverage	4.5	6.2	11.3	19.7	19.8
Amount Available to Meet Coverage	8.7	12.8	19.5	25.2	25.2
Projected Coverage Ratio	1.9	2.1	1.7	1.3	1.3
Target Coverage ratio	1.3	1.3	1.3	1.3	1.3
Coverage Test Met	Yes	Yes	Yes	Yes	Yes
<u>Reserve Test (in millions)</u>					
90 Day Working Capital Reserve	15.2	15.8	16.4	17.1	17.8
Contingency Reserve	5.5	5.5	5.5	5.5	5.5
Self Insurance Reserve	0.5	0.5	0.5	0.5	0.5
Total Required Reserves	21.2	21.8	22.4	23.1	23.8
Ending Working Capital	72.1	37.2	36.3	33.6	32.6
Reserve Test Met	Yes	Yes	Yes	Yes	Yes



System Rate History/Forecast





"BE IT RESOLVED by the Board of Directors of the Brazos River Authority (Board) that the Fiscal Year 2025 Annual Operating Plan and Multi-Year Capital Improvement Plan (Budget) as presented to the Board at the July 29, 2024, meeting be approved and adopted, including the following provisions:

BE IT FURTHER RESOLVED that the General Manager/CEO is hereby authorized to make expenditures and enter into contracts for expenditures as listed in the Budget, in accordance with the Brazos River Authority's General Operations Practices, Policy 2.01, *Authority And Responsibilities Of The Board Of Directors And General Manager/Chief Executive Officer*;



BE IT FURTHER RESOLVED that the **General Manager/CEO** is hereby authorized to make adjustments in the individual line item amounts of the **Budget** provided that the total amount expended shall not exceed the total amount authorized for each operating division as follows:

Water Supply	\$ 74,524,390
Cost Reimbursable	<u>18,184,672</u>
Total Operating Budget	<u>\$ 92,709,062</u>

Water Supply	\$ 38,069,000
Cost Reimbursable	<u>5,042,000</u>
Total Capital Budget	<u>\$ 43,111,000</u>



BE IT FURTHER RESOLVED that the Board hereby adopts the Multi-Year Capital Improvement Plan as presented in the Budget;

BE IT FURTHER RESOLVED that the Board hereby approves and adopts a rate of \$99.50 per acre-foot of water annually for Fiscal Year 2025, for both the System Water Rate and the Interruptible Water Rate;

BE IT FURTHER RESOLVED that the Board hereby approves and adopts a rate of \$69.65 per acre-foot of water annually for Fiscal Year 2025, for the Agricultural Water Rate;



BE IT FURTHER RESOLVED that the Board hereby approves and adopts a methodology for Quarterly Payments or Monthly Payments to include a multiplier to be applied to the annual payment to allow the Brazos River Authority to recover interest lost on any unpaid balance plus a Service Charge for administrative costs, including, but not limited to, costs involving the billing, accounting and collecting for the quarterly or monthly payments;



BE IT FURTHER RESOLVED by the Board that the methodology used to determine the multiplier consists of applying the current savings rate the Brazos River Authority would be earning on the funds if paid in full annually, to the unpaid balance on a monthly or quarterly schedule, to determine lost interest; and that the Service Charge shall remain at twenty dollars (\$20.00) per invoice to cover additional administrative costs for billing, accounting and collecting the associated payments; and



BE IT FURTHER RESOLVED that the Board hereby approves and adopts an annual interest rate of 5.0% and a daily interest rate charge of .0136986% ($5\% \div 365$) to be applied for quarterly and monthly payments for Fiscal Year 2025.”



Brazos River Authority



Brazos
— ★ —
RIVER AUTHORITY