



# ***Fiscal Year 2026 Preliminary Budget Presentation and Long-Range Financial Plan***

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# ***FY 2026 Budget Assumptions***

## **Expenses**

- Includes an Employment Cost Index increase of 2.5% and a merit pool of 3.0%. Health Insurance costs increasing 17%.
- Includes adding seven full-time positions for FY 2026, two of which are cost reimbursable.
- BRA's share of the O&M expenses for storage in Federal Reservoirs for FY 2026 is \$5.2M, an \$700K decrease from FY 2025.



# ***FY 2026 Budget Assumptions***

## **Revenues – Non-System Water**

- **Non-System Water Sales** expected to stay relatively level with prior year.

## **Revenues – Other Water Supply Revenues**

- **Management Fees** are expected to decrease due to the completion of several large capital projects at some of the Cost Reimbursable treatment operations.
- **Interest Income** is expected to decrease by \$275K due to lower cash balances as reserves are used to fund capital projects and interest rates are expected to be lower.



## ***User Fee Evaluation***

**As part of the FY 2026 and FY 2027 budget cycles, the Finance & Administration Dept. will be evaluating all User Fees (fees related to specific services). Fees being evaluated for FY 26 include:**

- **NSF Fee**
- **Airport Hangar Leases**
- **Residential and Commercial Water Permit Application Fees, Annual Fees & Late Fees**
- **Certified Mail Fee**

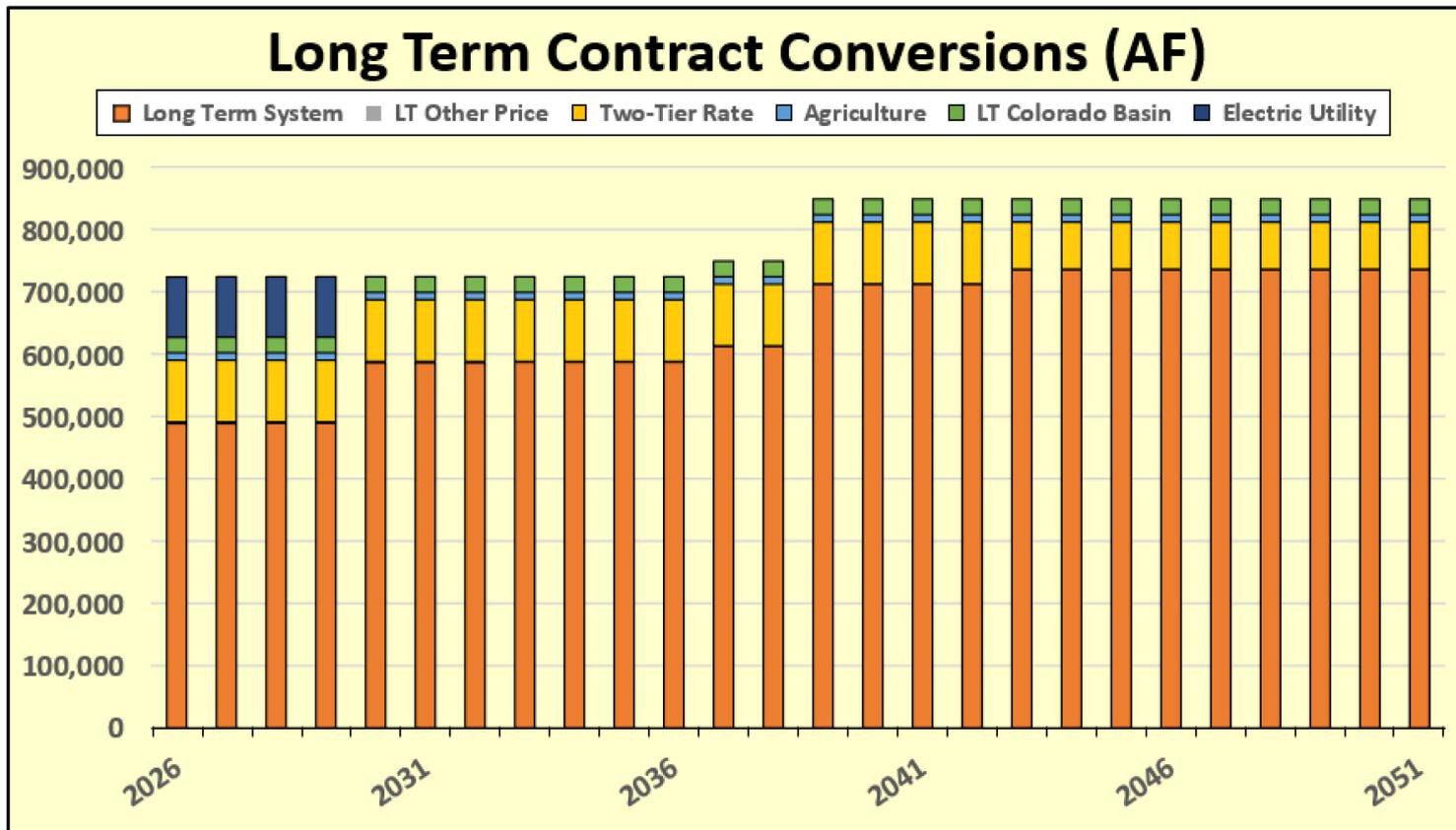


# Long Term Billing Units and Average Price

	FY 2025			FY 2026		
	Units	Avg. Price	%	Units	Avg. Price	%
System Rate	481,740	\$99.50	66%	488,357	\$106.00	67%
Agricultural	15,661	\$69.65	2%	11,911	\$74.20	2%
Two-Tier	98,999	\$19.54	14%	98,999	\$19.75	14%
Other Fixed Price	8,683	\$19.76	1%	2,784	\$36.81	0%
Utilities	97,000	\$21.70	13%	97,000	\$21.70	13%
Colorado Basin	24,700	\$103.83	3%	24,700	\$100.53	3%
	<b>726,783</b>		<b>100%</b>	<b>723,751</b>		<b>100%</b>



# Estimated Water Contract Conversions



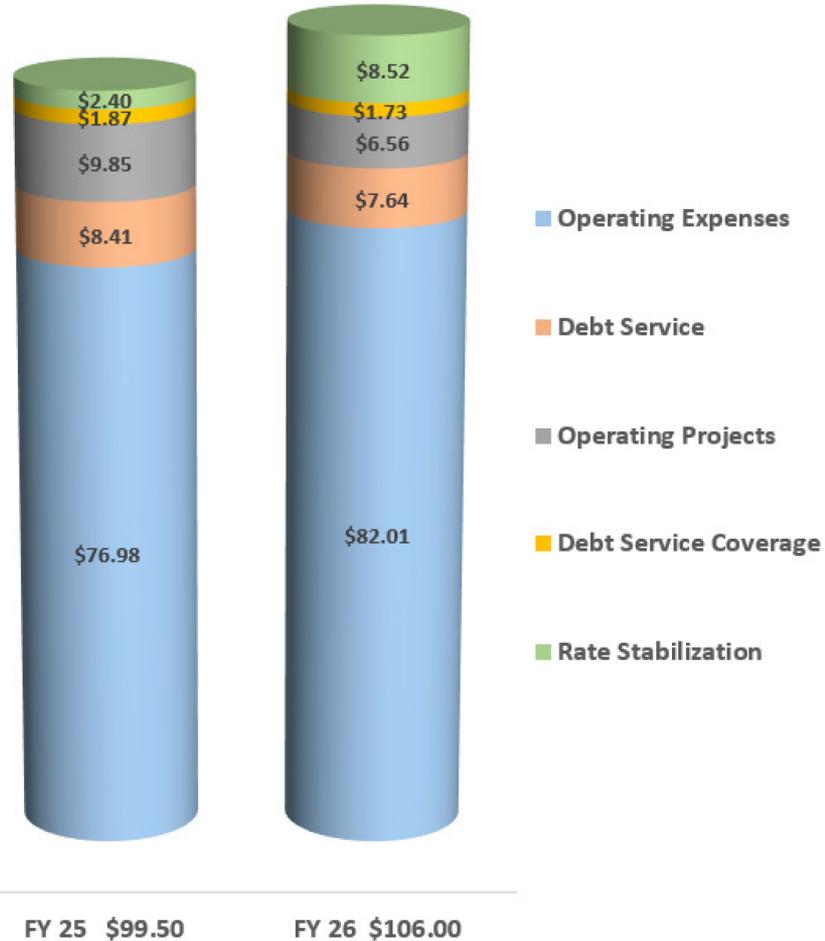


# System Rate Calculation

	FY 25 Budget	FY 26 Budget
<b>Non-System Water Rate Revenues</b>		
Non-System Water Revenues	8,503	8,008
Other Water Supply Revenues	22,685	22,368
<b>Total Non-System Water Rate Revenues</b>	<b>\$ 31,188</b>	<b>\$ 30,376</b>
<b>Water Supply Expenses</b>		
Water Supply O&M Expenditures	61,527	63,180
Water Supply Debt Service (subject to coverage)	4,474	4,473
Water Supply Debt Service (not subject to coverage)	1,448	1,448
Operating Project Expenditures	7,075	5,080
<b>Total Water Supply Expenses</b>	<b>\$ 74,524</b>	<b>\$ 74,181</b>
<b>Debt Coverage Requirement (1.3 ratio)</b>	<b>1,342</b>	<b>1,342</b>
<b>Rate Stabilization Reserve Contribution</b>	<b>3,250</b>	<b>6,600</b>
<b>Total Financial Requirement</b>	<b>\$ 47,928</b>	<b>\$ 51,747</b>
<b>Total System Water Billing Units (acre feet)</b>	<b>481,740</b>	<b>488,357</b>
<b>Calculated System Rate (Financial Requirement/Number of System Rate Units)</b>	<b>\$ 99.50</b>	<b>\$ 106.00</b>



# System Rate Composition





# FY2026 Budget Summary

## All Lines of Business *(in millions)*

	<u>Water Supply</u>	<u>Cost Reimbursable</u>	<u>Total</u>
<u>Beginning Reserves</u>	<u>\$ 100.2</u>	<u>\$ -</u>	<u>\$ 100.2</u>
Revenues	82.1	22.6	104.7
Expenses - O & M	(64.6)	(15.6)	(80.2)
Expenses - Debt Service	(8.0)	(3.0)	(11.0)
Operating Projects	(5.1)	-	(5.1)
Surplus	4.4	4.0	8.4
Capital Improvement Projects	(86.8)	(4.0)	(90.8)
Debt Funding	33.0	-	33.0
<u>Ending Reserves</u>	<u>\$ 50.8</u>	<u>\$ 0.0</u>	<u>\$ 50.8</u>



# ***Project Implementation Challenges***

- **Uncertainty and volatility**
- **Supply chain disruptions**
- **Inflation, especially in the construction sector**
- **Large volume of construction projects in Texas (data centers and semiconductors) means competition for limited resources**



# Operating Projects - 5 Year Plan

Project Name	Amounts in 000's				
	FY 26	FY 27	FY 28	FY 29	FY 30
UB-ES-Comprehensive Water Quality Modeling Tool for Possum Kingdom	1,250	1,250	-	-	-
BW-IT-Technical Security Upgrades	850	-	-	-	-
UB-PK-COC Recoating and Repairs	750	1,688	-	-	-
BW-TS- Risk Based Capital Planning and Management Support	505	-	-	-	-
CB-WH-Lake Whitney Reallocation Study	500	-	-	-	-
UB-PK-Elevators Replacement	400	-	-	-	-
UB-LG-Tainter Gate Evaluation	300	50	-	-	-
UB-PK-Bay 9 Transition Beam Leak Remediation	300	200	200	-	-
UB-LG-Embankment Stability Analysis and Assessment	159	500	-	-	-
BW-ES-Brazos Water Snake Study	66	-	-	-	-
UB-LG-Low Flow Facility Retaining Wall	-	100	50	-	-
UB-PK-Seismic Analysis & Hydrographic Sedimentation Survey	-	600	-	-	-
LB-LL-Upstream Embankment Assessment	-	-	600	-	-
UB-LG-South Dike Erosion Repair	-	-	-	-	130
UB-LG-Targeted Concrete and Structural Condition Assessment (CAASLE)	-	-	-	-	833
UB-PK-Emergency Spillway Evaluation	-	-	-	-	600
UB-PK-Powerhouse Infrastructure Stabilization	-	-	-	-	350
UB-PK-Red Bluff Bridge Repair	-	-	-	-	300
UB-WS-PK Probable Maximum Flood Analysis	-	-	-	-	400
UB-PK-Boathouses	-	-	-	-	100
LB-LL-Concrete Assessment & Repairs (CAASLE)	-	-	-	-	625
	<b>\$ 5,080</b>	<b>\$ 4,388</b>	<b>\$ 850</b>	<b>\$ -</b>	<b>\$ 3,338</b>

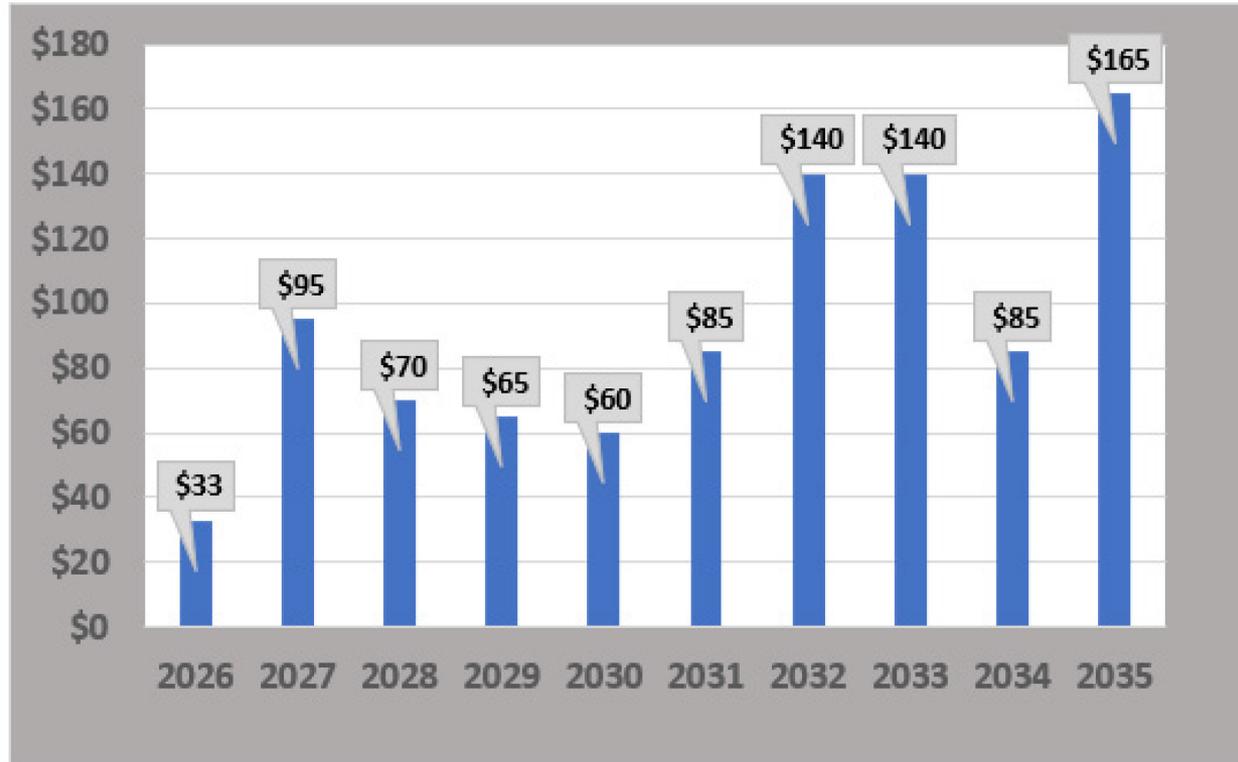


# Capital Improvement Projects 5 Year Plan

Project Name	Type	Amounts in 000's				
		FY 26	FY 27	FY 28	FY 29	FY 30
CB-BE-Belhouse Drought Preparedness	New Infrastructure	6,658	11,748	13,345	4,833	34,826
LB-AC-Allens Creek Reservoir	New Water	8,200	16,500	16,500	16,500	24,000
CB-WCR-WCRRWL Phase 3 Pumps	Water Distribution	3,978	6,052	22,969	19,990	12,766
LB-LL-Hydrostatic Relief System Assessment & Replacement	Infrastructure Maintenance	500	1,517	1,168	1,273	4,116
LB-LL-Low Flow Facility Modifications & Improvements	Infrastructure Maintenance	750	500	1,005	3,504	3,504
CB-EW-EWCRWS Expansion Phase II (to 27.8 MGD)	New Infrastructure	28,440	56,407	56,868	-	-
UB-LG-Hearth Stability Analysis	Infrastructure Maintenance	75	255	4,800	4,770	-
UB-LG-Stoplog Replacement System	Infrastructure Maintenance	2,006	5,479	4,750	-	-
UB-PK-Flow Control Gate Replacement	Infrastructure Maintenance	800	150	150	-	-
UB-PK-Bay #9 Weir Box	Infrastructure Maintenance	100	40	560	-	-
CB-EW-EWCRWS 48" Treated Water Pipeline	New Infrastructure	8,530	27,052	-	-	-
UB-LG-Buttress 1 and 44 Repairs	Infrastructure Maintenance	425	1,800	-	-	-
CB-EW-Trinity Well #1 Infrastructure	New Infrastructure	25,074	-	-	-	-
UB-LG-Low Flow Facilities	Infrastructure Maintenance	1,600	-	-	-	-
CO-ES-Environmental Services Building	New Infrastructure	1,364	-	-	-	-
LB-LL-Park 5 Access Pier and Park Upgrades	New Infrastructure	900	-	-	-	-
LB-LL-Tainter Gate Replacement and Improvements	Infrastructure Maintenance	1,400	-	-	-	-
UB-PK-COC Ring Jet Valve Replacement	Infrastructure Maintenance	-	-	1,375	2,125	-
CB-GR-Lake Granger Intake Expansion	New Infrastructure	-	-	1,920	-	-
UB-PK-North/South Bank Reconstruction	Infrastructure Maintenance	-	-	-	500	269
UB-LG-Tainter Gate Recoating	Infrastructure Maintenance	-	-	-	480	2,470
LB-LL-Road Repairs & Improvements	Infrastructure Maintenance	-	-	-	150	1,000
LB-LL-Upstream Embankment Construction	Infrastructure Maintenance	-	-	-	100	600
UB-LG-Tainter Gate Transmission System Modifications	Infrastructure Maintenance	-	-	-	-	750
UB-LG-Rip Rap Repair	Infrastructure Maintenance	-	-	-	-	500
CB-EW-EWCRWS High Service Pumps Replacement	Infrastructure Maintenance	-	-	-	-	250
<b>Totals</b>		<b>\$ 90,800</b>	<b>\$ 127,500</b>	<b>\$ 125,410</b>	<b>\$ 54,225</b>	<b>\$ 85,051</b>

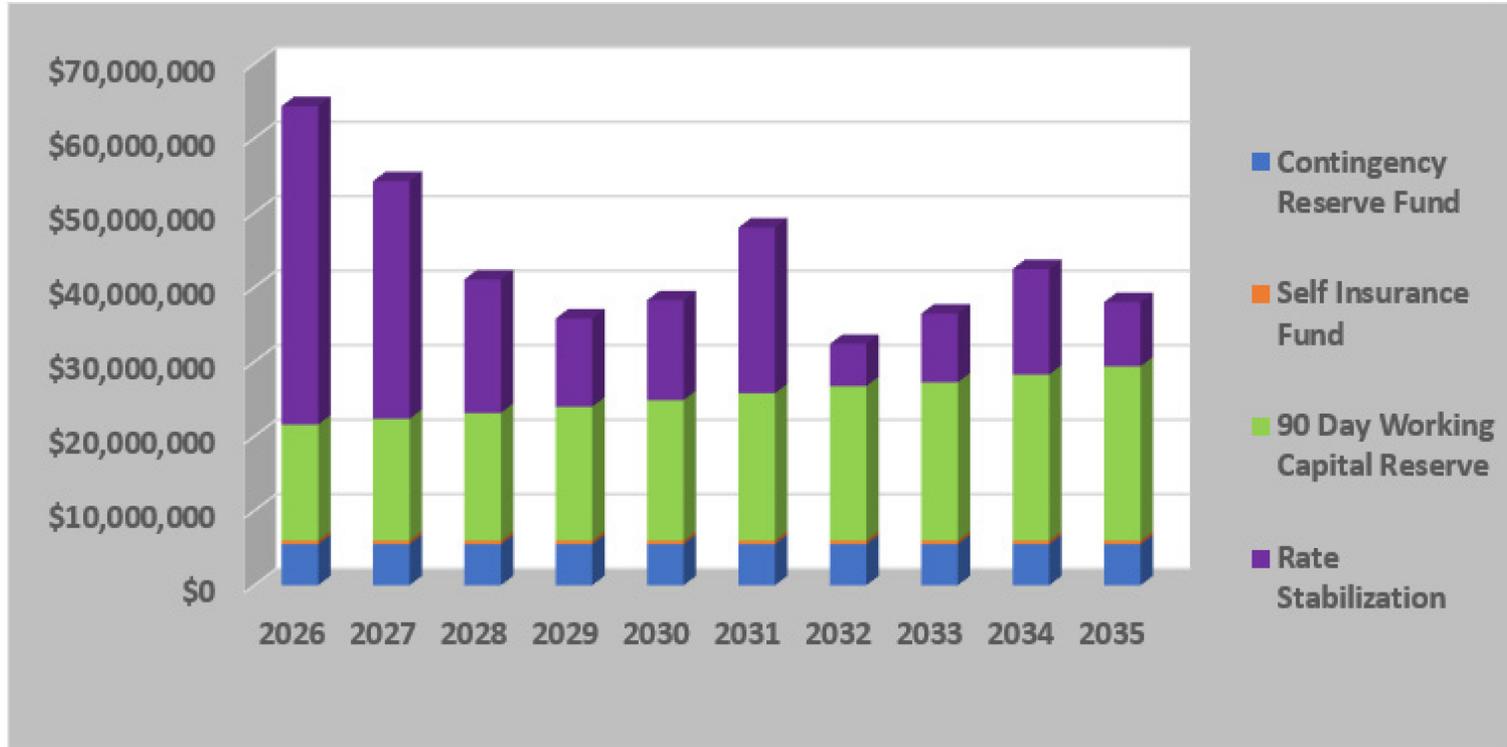


## Debt Issued (in millions)





# Projected Year-End Reserve Balances





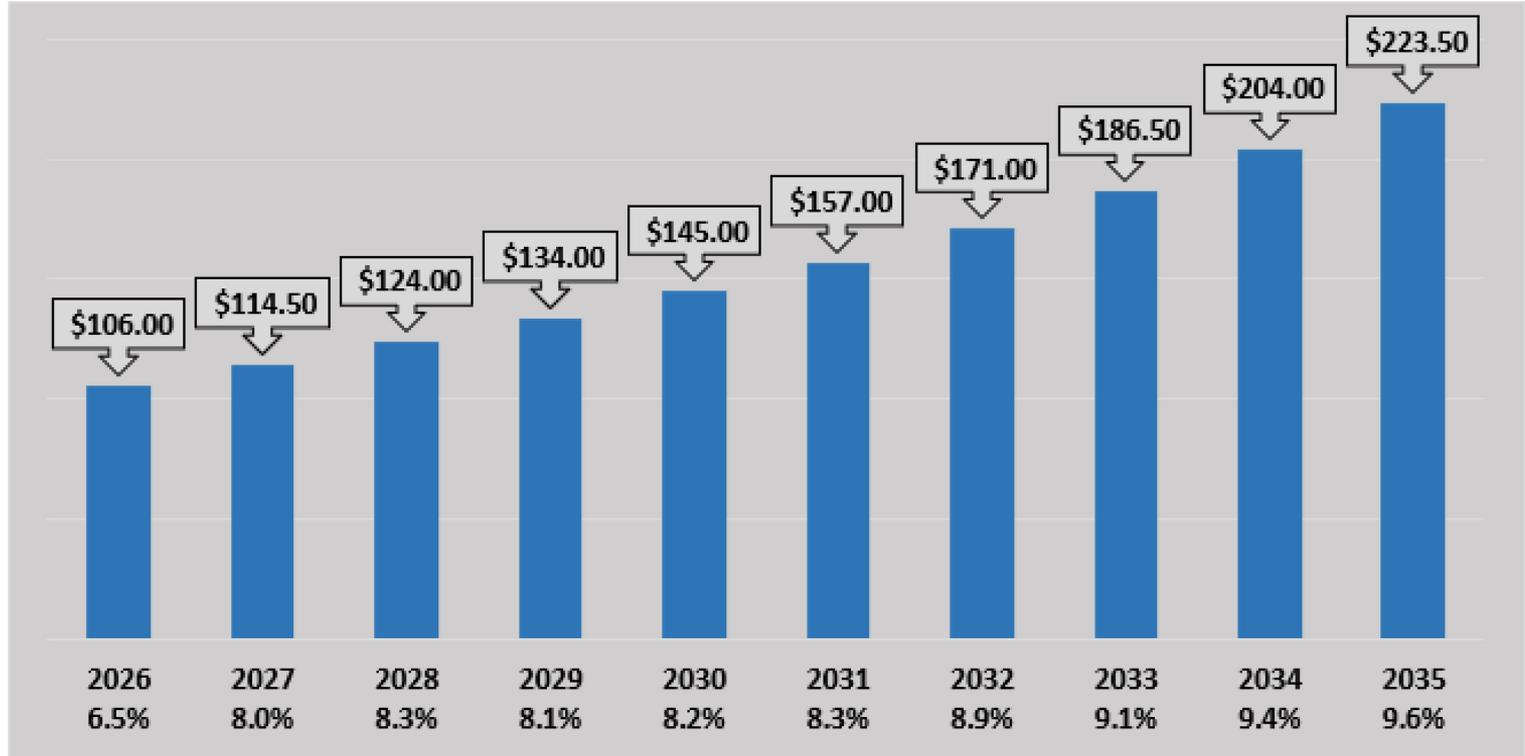
# Rate Stabilization Utilization

	2026	2027	2028	2029	2030	2031	2032	2033	2034	2034
Calculated System Rate	\$ 106.00	\$ 128.50	\$ 134.00	\$ 142.00	\$ 145.00	\$ 164.00	\$ 177.00	\$ 199.50	\$ 221.00	\$ 239.50
Rate Stabilization Reserves Used (in 000's)	\$ -	\$ 7,000	\$ 5,000	\$ 4,200	\$ -	\$ 4,000	\$ 3,750	\$ 7,500	\$ 10,000	\$ 9,500
Reduction to System Rate	\$ -	\$ (14)	\$ (10)	\$ (8)	\$ -	\$ (7)	\$ (6)	\$ (13)	\$ (17)	\$ (16)
Projected System Rate	\$ 106.00	\$ 114.50	\$ 124.00	\$ 134.00	\$ 145.00	\$ 157.00	\$ 171.00	\$ 186.50	\$ 204.00	\$ 223.50

**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 2026 rate**

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



***Questions?***



Brazos River Authority



**Brazos**  
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