



# ***Fiscal Year 2027 Preliminary Budget and Long-Range Financial Plan Presentation***

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# ***FY 2027 Budget Assumptions***

## **Expenses**

- Includes an Employment Cost Index increase of 2.5% and a merit pool of 3.0%.
- Includes adding four full-time positions for FY 2027 and converting two part-time positions to full-time positions.
- BRA's share of the O&M expenses for storage in Federal Reservoirs for FY 2027 is \$3.6M, a \$1.4M decrease from FY 2026.
- O&M expenses, not including debt service, are increasing less than 3% from FY 26 to FY 27
- Anticipate issuing \$59M in debt to fund capital projects and reimburse eligible capital project expenses from prior years



# ***FY 2027 Budget Assumptions***

## **Revenues – System Water**

- The proposed System Water Rate for FY2027 is \$113/AF, a 6.6% increase from FY2026

## **Revenues – Non-System Water**

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

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

- Treated water sales at the EWC plant are projected to increase \$700K.
- Interest Income is expected to increase by \$800K due to higher cash balances from debt issues.



## ***User Fee Evaluation***

**As a continuation of the process that was started for the FY 2026 budget cycle, the Finance & Administration Dept. will be evaluating the following User Fees for FY 2027:**

- **Recreational Fees**
- **Water Contract Fees**
- **On Water Facilities**

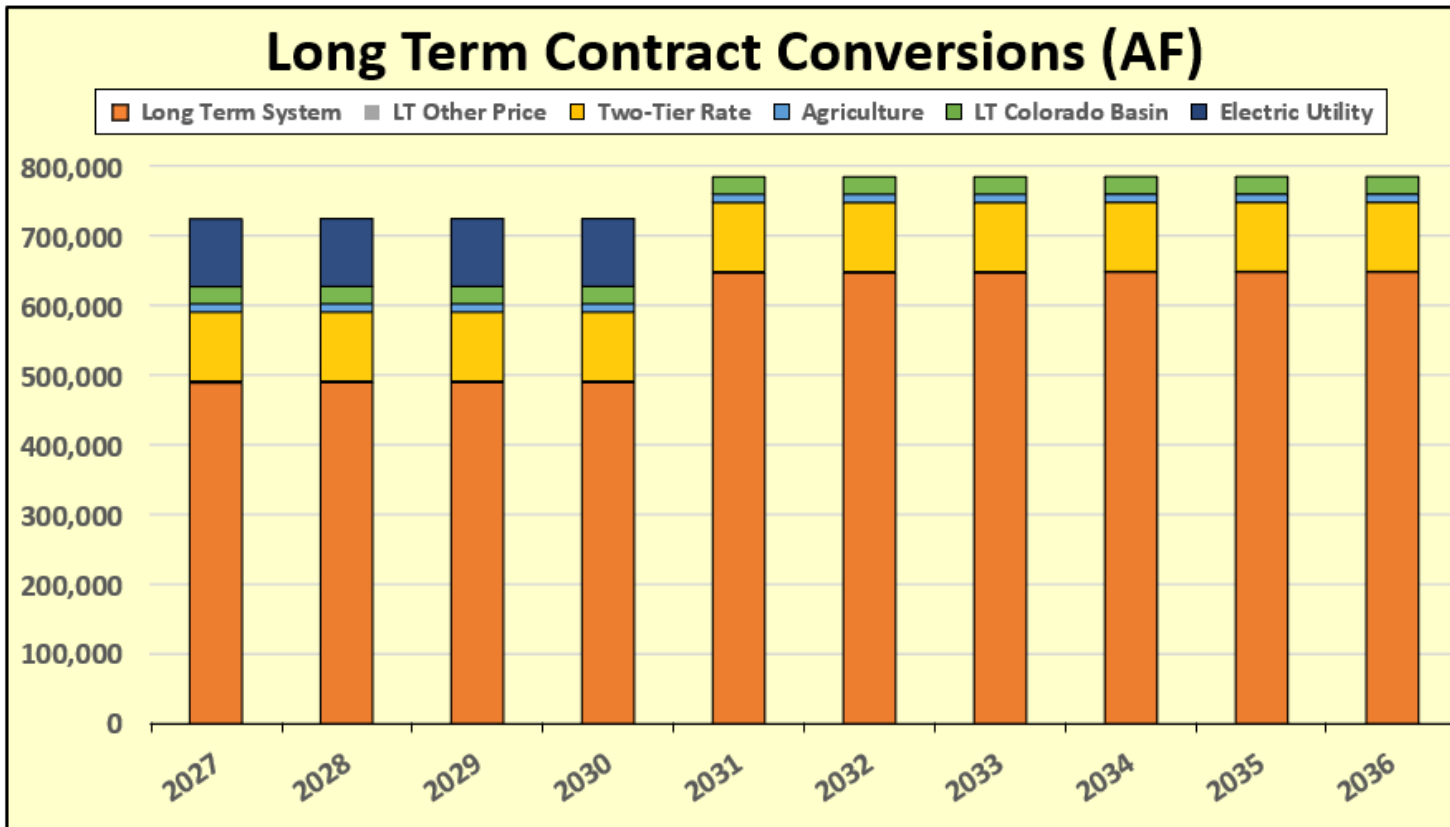


# Long Term Billing Units and Average Price

	FY 2026			FY 2027		
	Units	Avg. Price	%	Units	Avg. Price	%
System Rate	488,357	\$106.00	67%	488,632	\$113.00	68%
Agricultural	11,911	\$74.20	2%	11,911	\$79.10	2%
Two-Tier	98,999	\$19.75	14%	98,999	\$20.79	14%
Other Fixed Price	2,784	\$36.81	1%	2,509	\$40.46	<1%
Utilities	97,000	\$21.70	13%	97,000	\$21.70	13%
Colorado Basin	24,700	\$100.53	3%	24,700	\$90.56	3%
	<u>723,751</u>		<u>100%</u>	<u>723,751</u>		<u>100%</u>



# Estimated Water Contract Conversions



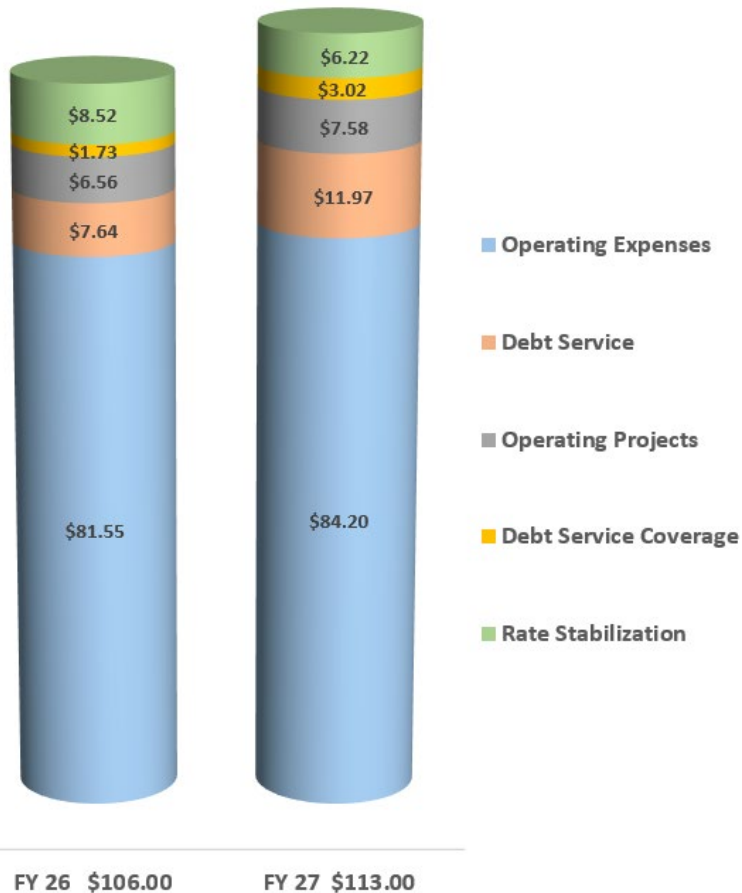


# System Rate Calculation

	FY 26 Budget	FY 27 Budget
<b>Non-System Water Rate Revenues</b>		
Non-System Water Revenues	8,008	8,369
Other Water Supply Revenues	22,368	22,598
<b>Total Non-System Water Rate Revenues</b>	<b>\$ 30,376</b>	<b>\$ 30,967</b>
<b>Water Supply Expenses</b>		
Water Supply O&M Expenditures	63,180	64,269
Water Supply Debt Service (subject to coverage)	4,473	7,691
Water Supply Debt Service (not subject to coverage)	1,448	1,448
Operating Project Expenditures	5,080	5,784
<b>Total Water Supply Expenses</b>	<b>\$ 74,181</b>	<b>\$ 79,192</b>
<b>Debt Coverage Requirement (1.3 ratio)</b>	<b>1,342</b>	<b>2,307</b>
<b>Rate Stabilization Reserve Contribution</b>	<b>6,600</b>	<b>4,750</b>
<b>Total Financial Requirement</b>	<b>\$ 51,747</b>	<b>\$ 55,282</b>
<b>Total System Water Billing Units (acre feet)</b>	<b>488,357</b>	<b>488,632</b>
<b>Calculated System Rate (Financial Requirement/Number of System Rate Units)</b>	<b>\$ 106.00</b>	<b>\$ 113.00</b>



# System Rate Composition





# ***FY2027 Budget Summary***

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

	<u>Water Supply</u>	<u>Cost Reimbursable</u>	<u>Total</u>
<b><u>Beginning Reserves</u></b>	<b>\$ 102.7</b>	<b>\$ -</b>	<b>\$ 102.7</b>
Revenues	86.2	14.6	100.8
Expenses - O & M	(64.3)	(11.1)	(75.4)
Expenses - Debt Service	(9.1)	(3.5)	(12.6)
Operating Projects	(5.8)	-	(5.8)
<b>Surplus</b>	<b>7.0</b>	<b>-</b>	<b>7.0</b>
Capital Improvement Projects	(79.8)	(3.3)	(83.1)
Debt Funding	50.0	3.3	53.3
<b>Ending Reserves</b>	<b>\$ 79.9</b>	<b>\$ -</b>	<b>\$ 79.9</b>



# ***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**

## **Mitigation Strategies**

- **Exploring alternative delivery methods**
- **Exploring opportunities to pre-order long lead time equipment**
- **Initiatives to generate interest in projects**
  - **Industry Days**
  - **Design engineer engagement in reaching out to contractors**



# Operating Projects - 5 Year Plan

Project Name	Amounts in 000's				
	FY 27	FY 28	FY 29	FY 30	FY 31
UB-PK-COC Recoating and Repairs	1,826	590	-	-	-
UB-ES-Comprehensive Water Quality Modeling Tool for Possum Kingdom	1,600	500	-	-	-
UB-LG-Tainter Gate Evaluation	890	90	-	-	-
UB-LG-Embankment Stability Analysis and Assessment	500	150	-	-	-
UB-PK-Bay 9 Transition Beam Leak Remediation	478	200	240	-	-
UB-PK-Red Bluff Bridge Repair	240	-	150	700	550
CB-WH-Lake Whitney Reallocation Study	150	-	-	-	-
BW-TS- Risk Based Capital Planning and Management Support	100	-	-	-	-
UB-WS-PK Probable Maximum Flood Analysis	-	400	400	-	-
LB-LL-Upstream Embankment Assessment	-	300	300	-	-
UB-PK-Emergency Spillway Evaluation	-	300	300	-	-
UB-PK-Seismic Analysis & Hydrographic Sedimentation Survey	-	300	300	-	-
BW-ES-Brazos Water Snake Study	-	200	200	150	-
LB-LL-Concrete Assessment & Repairs (CAASLE)	-	-	313	625	313
UB-LG-Facility Access Walkways	-	-	100	735	615
UB-LG-South Dike Erosion Repair	-	-	13	228	-
UB-LG-Targeted Concrete and Structural Condition Assessment (CAASLE)	-	-	-	417	834
UB-PK-Powerhouse Infrastructure Stabilization	-	-	-	150	425
UB-LG-South Downstream Channel Erosion	-	-	-	77	154
LB-ES-Comprehensive Water Quality Modeling Tool for Lake Limestone	-	-	-	-	1,000
BW-ES-Convert CCAA to Habitat Conservation Plan	-	-	-	-	750
LB-LL-Administrative Complex Architectural Assessment, Design & Replacement	-	-	-	-	213
UB-LG-RSMU Building	-	-	-	-	213
<b>TOTALS</b>	<b>\$ 5,784</b>	<b>\$ 3,030</b>	<b>\$ 2,316</b>	<b>\$ 3,082</b>	<b>\$ 5,067</b>

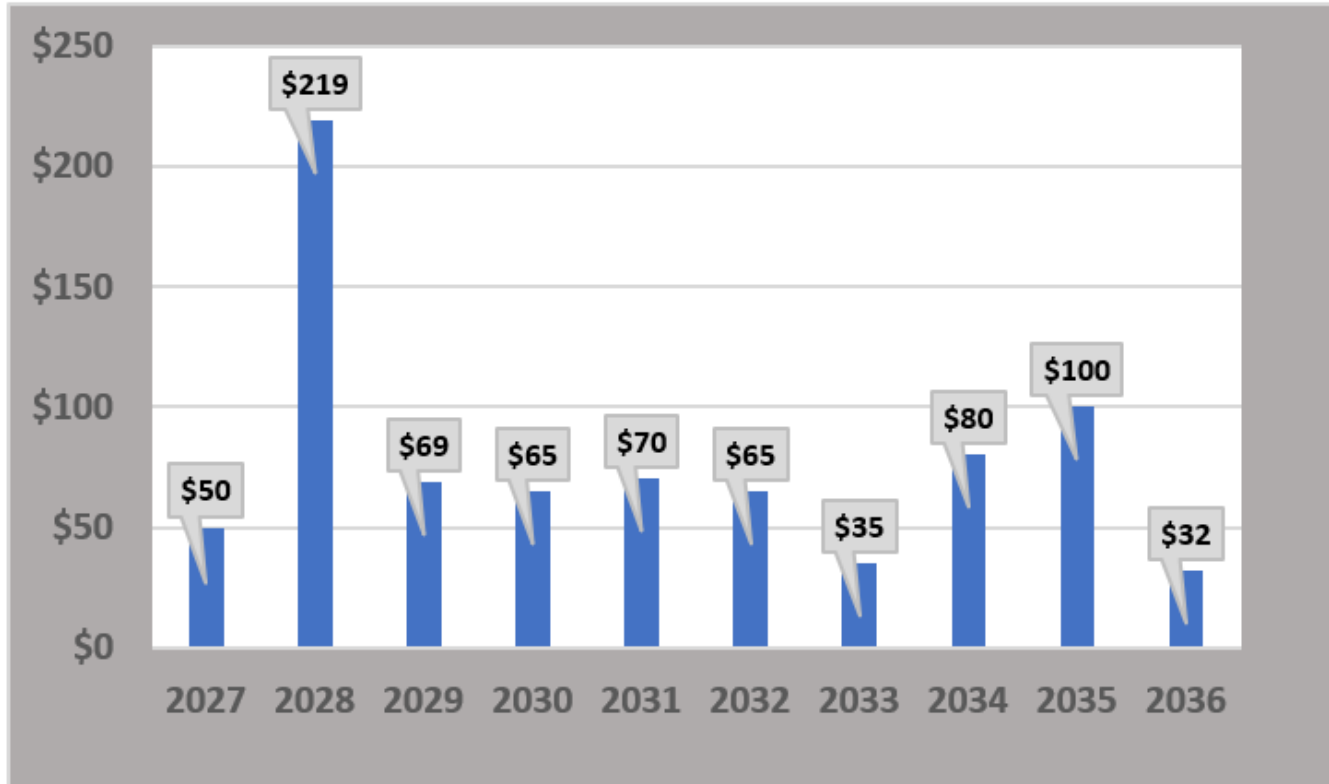


# Capital Improvement Projects 5 Year Plan

Project Name	Type	Amounts in 000's				
		FY 27	FY 28	FY 29	FY 30	FY 31
CB-EW-EWCRWS Expansion Phase II (to 27.8 MGD)	New Infrastructure	21,757	103,378	43,928	7,752	-
CB-EW-Trinity Well #1 Infrastructure	New Infrastructure	18,300	13,488	-	-	-
LB-AC-Allens Creek Reservoir	New Water	16,459	17,437	4,520	6,272	10,745
CB-BE-Belhouse Drought Preparedness	New Infrastructure	8,427	9,249	3,286	34,780	46,130
CB-EW-EWCRWS Treated Water Pipeline	New Infrastructure	6,289	17,985	-	-	-
UB-LG-Stoplog Replacement System	Infrastructure Maintenance	3,809	6,398	5,890	-	-
CB-WCR-WCRRWL Phase 3 Pumps	Water Distribution	3,342	22,969	19,990	17,929	-
LB-LL-Tainter Gate Replacement and Improvements	Infrastructure Maintenance	1,000	-	-	-	-
LB-LL-Park 5 Access Pier and Park Upgrades	New Infrastructure	900	-	-	-	-
LB-LL-Low Flow Facility Modifications & Improvements	Infrastructure Maintenance	700	500	1,630	3,504	2,628
UB-LG-Buttress 1 and 44 Repairs	Infrastructure Maintenance	673	2,615	-	-	-
UB-PK-Flow Control Gate Replacement	Infrastructure Maintenance	600	150	-	-	-
CB-WH-Lake Whitney Reallocation Implementation	New Water	450	59,350	500	-	-
UB-PK-Bay #9 Weir Box	Infrastructure Maintenance	200	40	573	-	-
UB-LG-Hearth Stability Analysis	Infrastructure Maintenance	150	1,380	4,800	3,570	-
LB-LL-Hydrostatic Relief System Assessment & Replacement	Infrastructure Maintenance	150	400	955	1,910	-
CB-GR-Lake Granger Intake Expansion	New Infrastructure	-	3,181	-	-	-
UB-LG-Tainter Gate Improvements	Infrastructure Maintenance	-	2,400	3,200	6,740	15,420
LB-LL-Road Repairs & Improvements	Infrastructure Maintenance	-	50	110	605	550
UB-PK-North/South Bank Reconstruction	Infrastructure Maintenance	-	-	250	519	1,076
LB-LL-Upstream Embankment Construction	Infrastructure Maintenance	-	-	-	390	320
UB-LG-Rip Rap Repair	Infrastructure Maintenance	-	-	-	250	250
UB-LG-Road Repair	Infrastructure Maintenance	-	-	-	-	100
CO-PD-Parking Lot Pavement Assessment & Repair	Infrastructure Maintenance	-	-	-	-	70
<b>TOTALS</b>		<b>\$ 83,206</b>	<b>\$ 260,970</b>	<b>\$ 89,632</b>	<b>\$ 84,221</b>	<b>\$ 77,289</b>

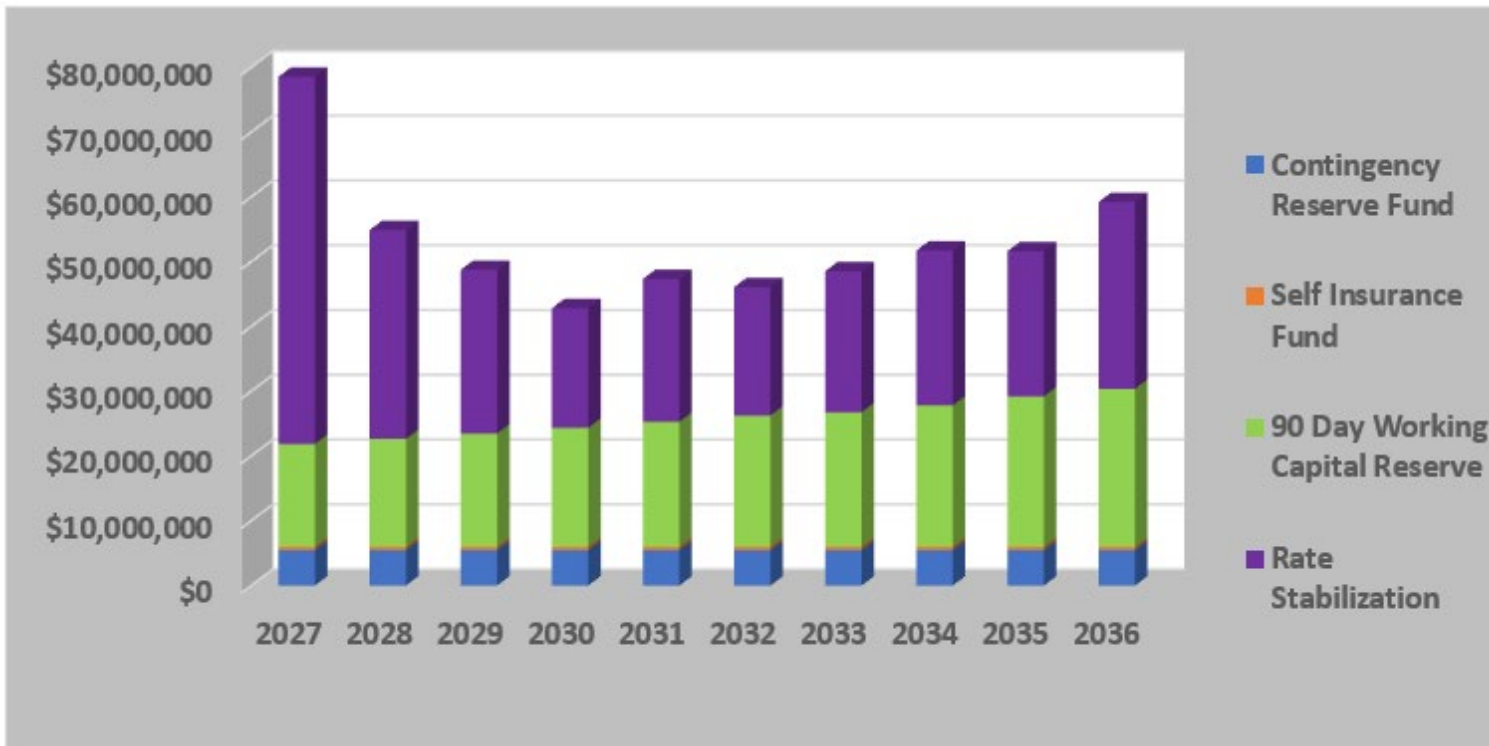


## Debt Issued (in millions)





# Projected Year-End Reserve Balances





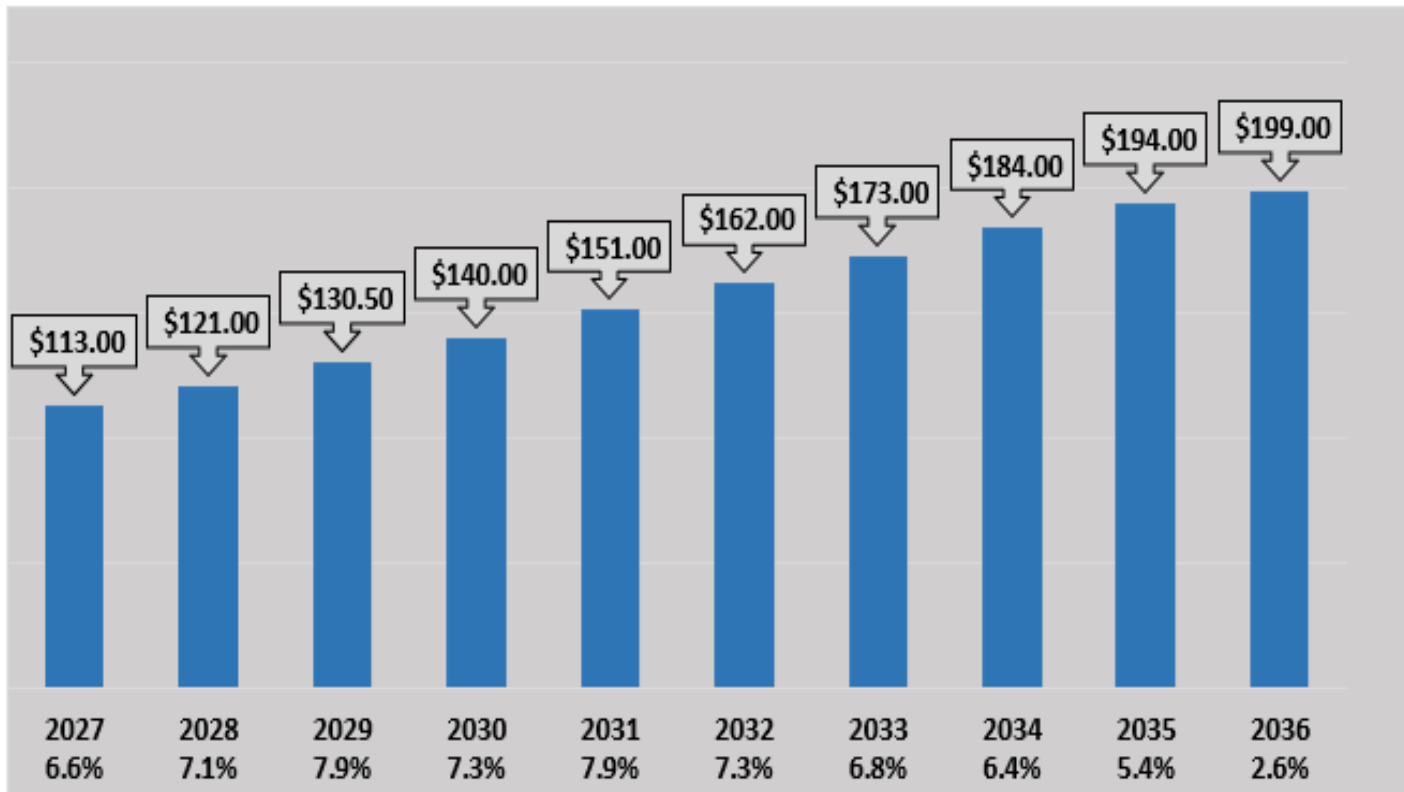
# Rate Stabilization Utilization

	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Calculated System Rate	\$ 113.00	\$ 143.00	\$ 160.50	\$ 170.00	\$ 151.00	\$ 170.00	\$ 173.00	\$ 192.00	\$ 212.00	\$ 214.00
Rate Stabilization Reserves Used (in 000's)	\$ -	\$ 11,000	\$ 15,000	\$ 15,000	\$ -	\$ 5,000	\$ -	\$ 5,000	\$ 12,000	\$ 10,000
Reduction to System Rate	\$ -	\$ (22)	\$ (30)	\$ (30)	\$ -	\$ (8)	\$ -	\$ (8)	\$ (18)	\$ (15)
Projected System Rate	\$ 113.00	\$ 121.00	\$ 130.50	\$ 140.00	\$ 151.00	\$ 162.00	\$ 173.00	\$ 184.00	\$ 194.00	\$ 199.00

**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 2027 System Rate.**

- June 23, Rosenberg
- June 25, Waco

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



***Questions?***



# Brazos

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RIVER AUTHORITY