



Fiscal Year 2027 Adoption of Annual Operating Plan

Michele Giroir
Chief Financial Officer



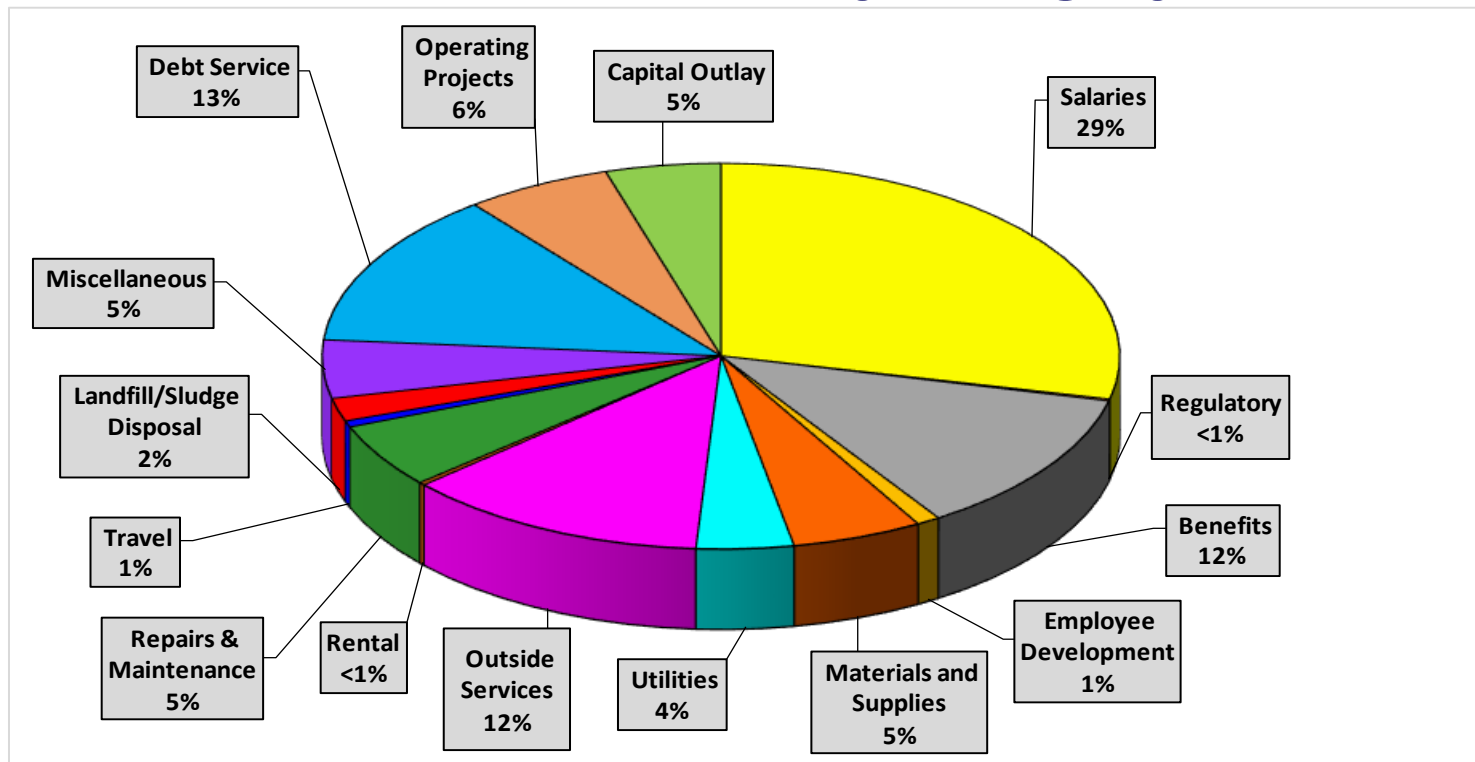
FY 2027 Budget Assumptions

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 Proposed O&M Expenses by Category





Operating Projects – 5 Year Plan (in thousands)

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
TOTALS	\$ 5,784	\$ 3,030	\$ 2,316	\$ 3,082	\$ 5,067



Water Supply Revenue

System Rate Water Sales

- The System Water rate for FY 27 will be \$113/AF, a 6.6% increase from FY 26.

Non-System Rate Water Sales

- Non-System Water Sales are expected to stay relatively level with FY 26.

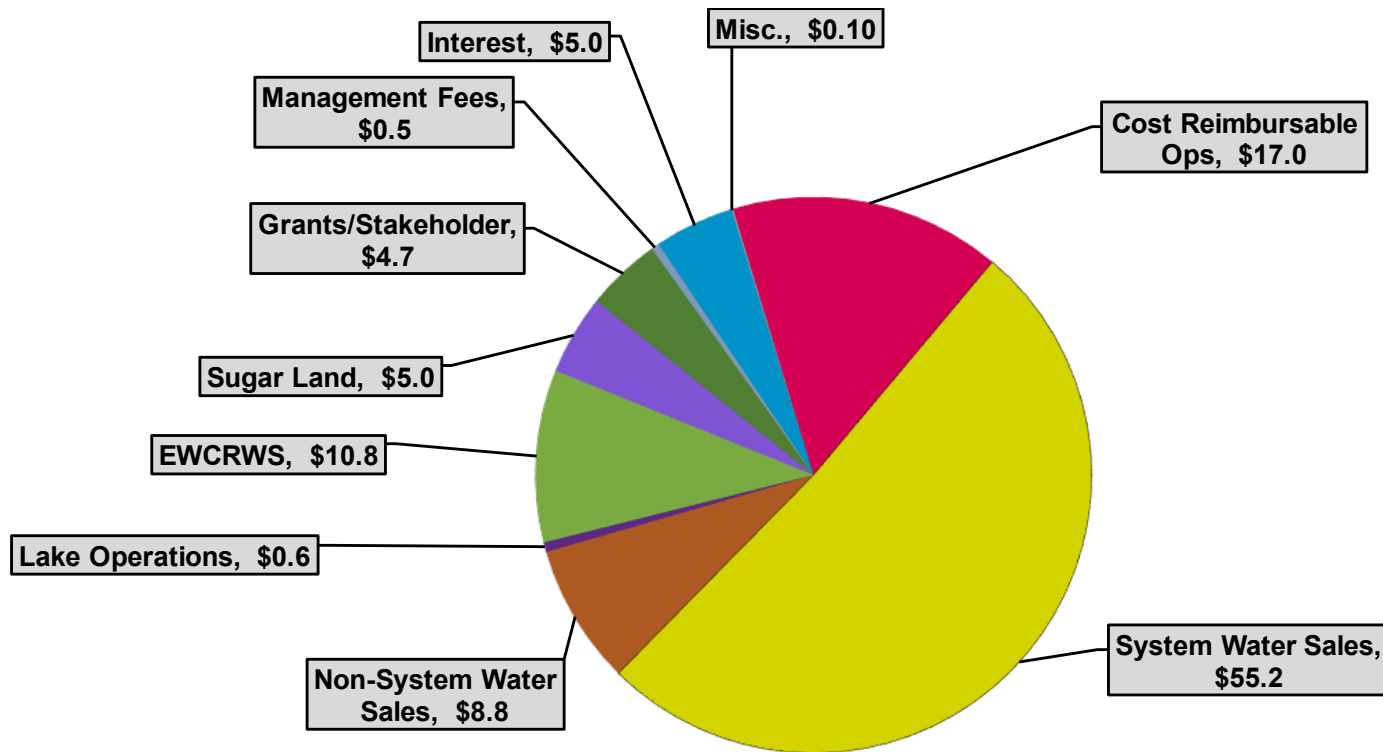
Other Water Supply Revenues

- Interest Income is expected to increase by \$800K due to higher cash balances from debt issues.
- Treated water sales at our East Williamson County facility are expected to increase by \$700K due to increased demand.



FY2027 Proposed Revenues

\$107.7M





Long Term Billing Units & 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	\$114.49	3%
	723,751		100%	723,751		100%



System Rate Calculation

	FY 26 Budget	FY 27 Budget
Non-System Water Rate Revenues		
Non-System Water Revenues	8,008	8,771
Other Water Supply Revenues	22,368	23,372
Total Non-System Water Rate Revenues	\$ 30,376	\$ 32,143
Water Supply Expenses		
Water Supply O&M Expenditures	63,180	64,389
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
Total Water Supply Expenses	\$ 74,181	\$ 79,312
Debt Coverage Requirement (1.3 ratio)	1,342	2,307
Rate Stabilization Reserve Contribution	6,600	5,775
Total Financial Requirement	\$ 51,747	\$ 55,251
Total System Water Billing Units (acre feet)	488,357	488,632
Calculated System Rate (Financial Requirement/Number of System Rate Units)	\$ 106.00	\$ 113.00



FY2027 Budget Summary

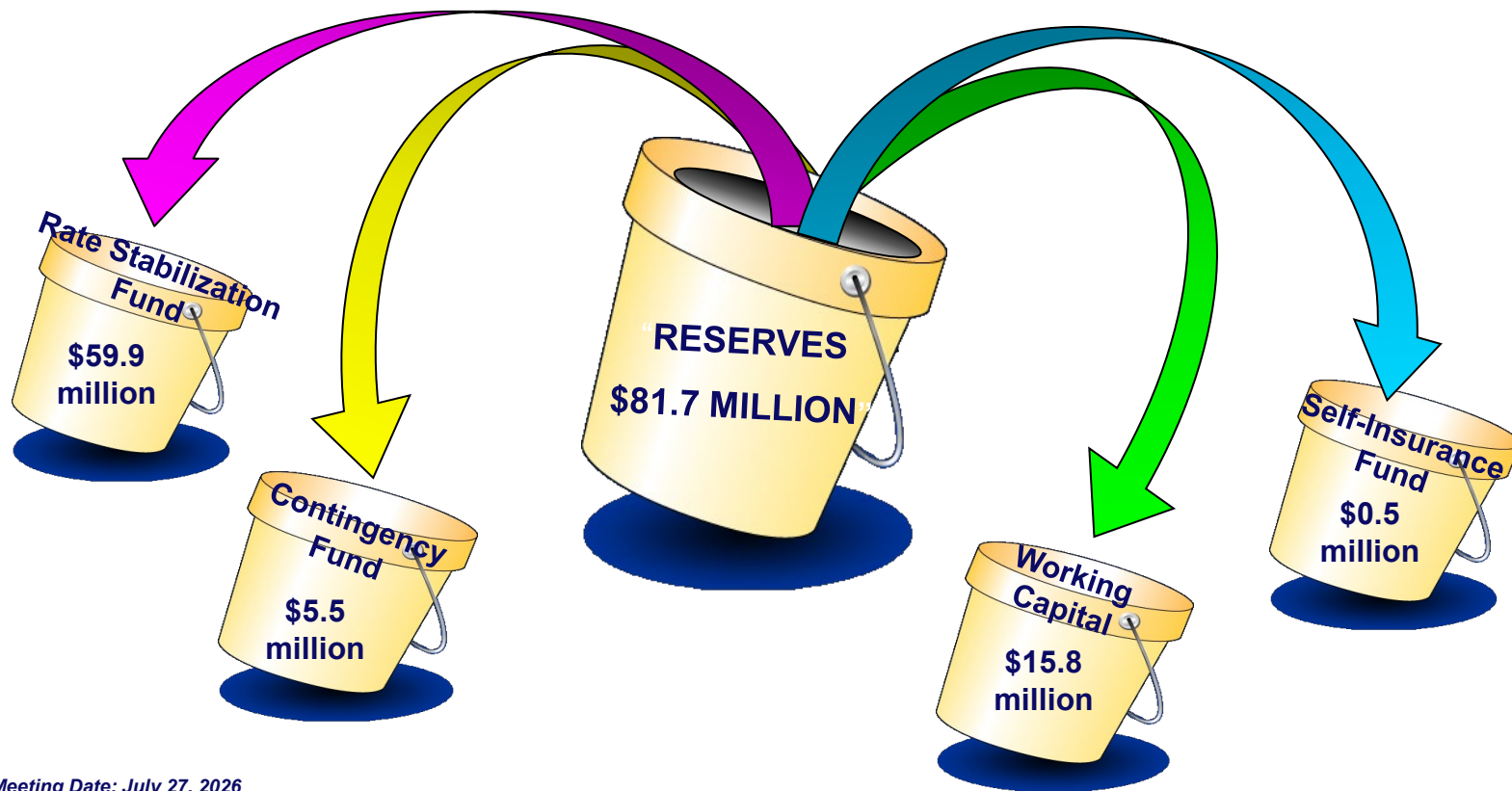
All Lines of Business (in millions)

	Water Supply	Cost Reimbursable	Total
<u>Beginning Reserves</u>	<u>\$ 103.6</u>	<u>\$ -</u>	<u>\$ 103.6</u>
Revenues	87.4	20.3	107.7
Expenses - O & M	(64.4)	(13.5)	(77.9)
Expenses - Debt Service	(9.1)	(3.5)	(12.6)
Operating Projects	(5.8)	-	(5.8)
Surplus	8.0	3.3	11.4
Capital Improvement Projects	(79.9)	(3.3)	(83.2)
Debt Funding	50.0	-	50.0
Ending Reserves	<u>\$ 81.7</u>	<u>\$ -</u>	<u>\$ 81.7</u>



Reserve (Working Capital) Funds

Projected for August 31, 2027



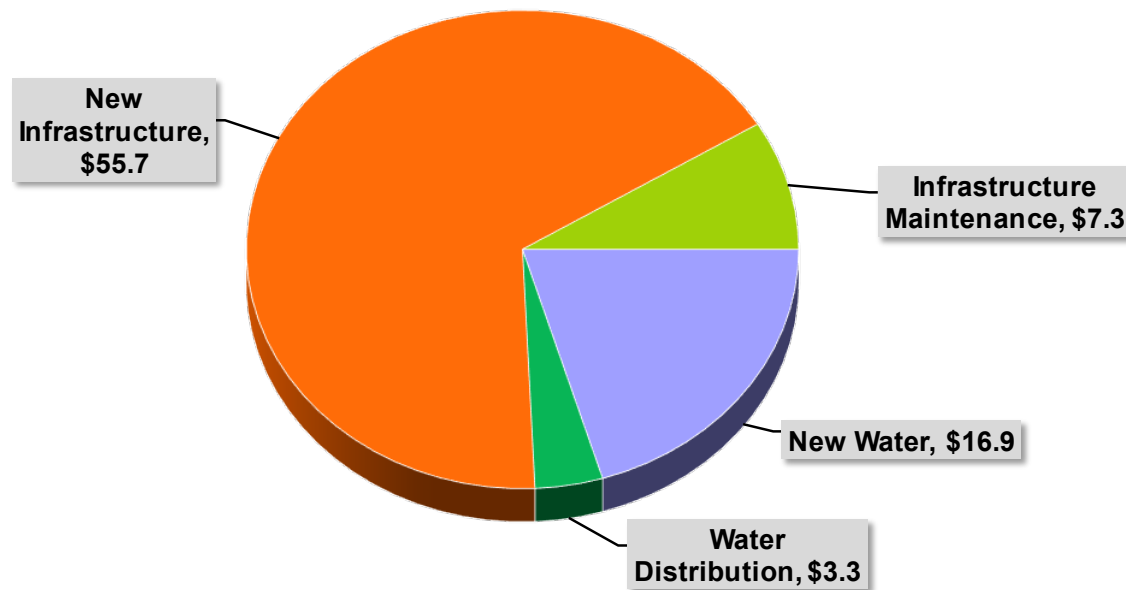


Fiscal Year 2027

Multi-Year Capital Improvement Plan



FY2027 Proposed Capital Improvement Projects by Type \$83.2M





5-year CIP Plan (in 000's)

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
TOTALS		\$ 83,206	\$ 260,970	\$ 89,632	\$ 84,221	\$ 77,289



Five-Year Financial Forecast Water Supply System FY2027 - FY2031



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.
 - 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 FY2028 - FY2031**
- **Debt Service – assumes existing debt and potential new debt for FY2028 - FY2031**
- **Operating Projects & Capital Projects based on updated Project Budget Worksheets**



Five-Year Financial Forecast

(in millions)

<u>WATER SUPPLY SYSTEM</u>	<u>FY2027</u>	<u>FY2028</u>	<u>FY2029</u>	<u>FY2030</u>	<u>FY2031</u>
Beginning Reserves	\$ 103.6	\$ 81.7	\$ 57.9	\$ 51.7	\$ 45.6
Revenues	87.4	99.9	108.5	117.9	129.6
Expenses	(71.6)	(71.8)	(74.5)	(78.9)	(84.6)
Revenue Available for Coverage	15.8	28.1	34.0	39.0	45.0
Debt Service Subject to Coverage:	(7.7)	(21.6)	(24.6)	(28.8)	(33.3)
Net Surplus (Deficit)	8.1	6.5	9.4	10.2	11.7
Capital Projects	(79.9)	(238.0)	(69.6)	(66.3)	(77.3)
Bond Proceeds	50.0	218.7	69.0	65.0	70.0
Rate Stabilization Reserves Used	-	(11.0)	(15.0)	(15.0)	-
Ending Reserves	\$ 81.7	\$ 57.9	\$ 51.7	\$ 45.6	\$ 49.9
 90 Day Working Capital Reserve	 15.9	 16.7	 17.5	 18.4	 19.3

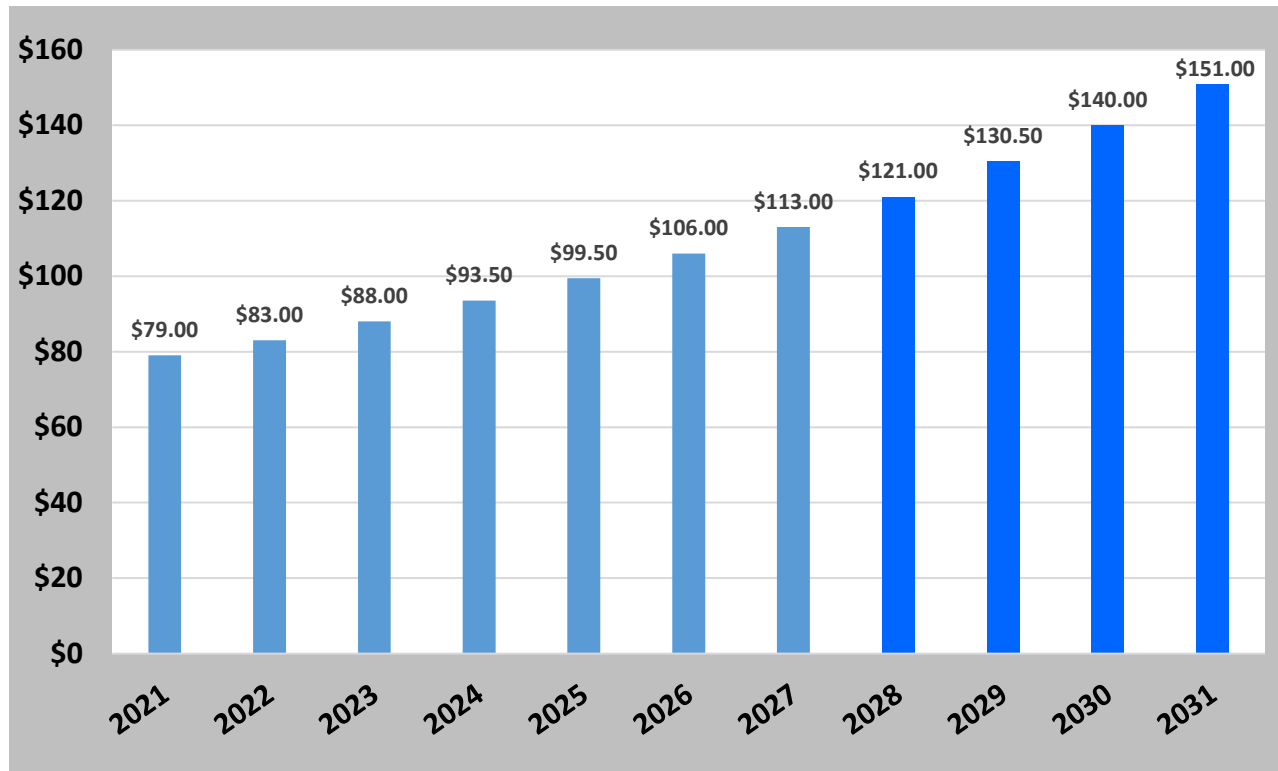


FY 2027 Five-year Financial Forecast

	Forecast				
	<u>FY 2027</u>	<u>FY 2028</u>	<u>FY 2029</u>	<u>FY 2030</u>	<u>FY 2031</u>
<u>System Rate</u>					
System Rate Projection	\$ 113.00	\$ 121.00	\$ 130.50	\$ 140.00	\$ 151.00
Percentage Increase	6.6%	7.1%	7.9%	7.3%	7.9%
System Rate Units (AF)	488,632	489,180	489,180	489,180	646,180
<u>Debt Service Coverage Test (in millions)</u>					
Debt Service Subject to Coverage	7.7	21.6	24.6	28.8	33.3
Amount Available to Meet Coverage	15.7	28.1	34.0	39.0	44.9
Projected Coverage Ratio	2.0	1.3	1.4	1.4	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	15.9	16.7	17.5	18.4	19.3
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	21.9	22.7	23.5	24.4	25.3
Ending Working Capital	81.7	57.9	51.7	45.6	49.9
Reserve Test Met	Yes	Yes	Yes	Yes	Yes



System Rate History/Forecast





Fiscal Year 2027 Adoption of Annual Operating Plan

Resolution



"BE IT RESOLVED by the Board of Directors of the Brazos River Authority (Board) that the Fiscal Year 2027 Annual Operating Plan and Multi-Year Capital Improvement Plan (Budget) as presented to the Board at the July 27, 2026, 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	\$ 79,312,122
Cost Reimbursable	<u>16,996,211</u>
Total Operating Budget	<u>\$ 96,308,333</u>

Water Supply	\$ 79,864,000
Cost Reimbursable	<u>3,342,000</u>
Total Capital Budget	<u>\$ 83,206,000</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 \$113.00 per acre-foot of water annually for Fiscal Year 2027, 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 \$79.10 per acre-foot of water annually for Fiscal Year 2027, 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 4.0% and a daily interest rate charge of .010959% ($4.0\% \div 365$) to be applied for quarterly and monthly payments for Fiscal Year 2027.”



Brazos River Authority



Brazos
— ★ —
RIVER AUTHORITY