



**FY2022**

**Annual Operating Plan and Adoption of  
Annual Operating Plan**

**Presented by  
David Thompson  
Chief Financial Officer**

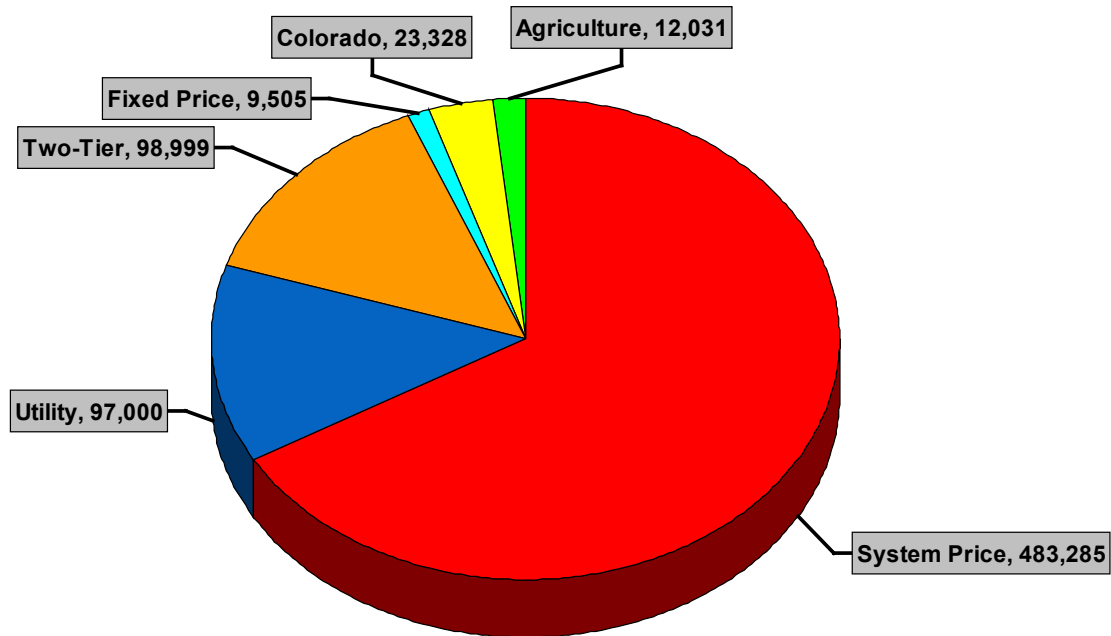


# BRA Business Model

	FY 21 Budget (in 000's)	FY 22 Budget (in 000's)
<b>Water Supply Expenses</b>		
Water Supply O&M Expenditures	\$ 44,240	\$ 47,451
Water Supply Debt Service (subject to coverage)	2,536	2,538
Water Supply Debt Service (not subject to coverage)	2,229	3,624
Operating Project Expenditures	4,968	5,835
<b>Total Water Supply Expenses</b>	<b>\$ 53,973</b>	<b>\$ 59,448</b>
<b>Non-System Water Revenues</b>		
Non-System Water Revenues	(7,223)	(7,079)
Other Water Supply Revenues	(10,438)	(11,532)
<b>Total Non-System Revenues</b>	<b>\$ (17,661)</b>	<b>\$ (18,611)</b>
<b>Debt Coverage Requirement (1.3 ratio)</b>	<b>\$ 761</b>	<b>\$ 761</b>
<b>Gross Financial Requirement</b>	<b>\$ 37,073</b>	<b>\$ 41,598</b>
<b>Total System Water Billing Units (acre feet)</b>	<b>469,300</b>	<b>483,285</b>
<b>Calculated System Rate (Gross Financial Requirement/Number of System rate Units)</b>	<b>\$79.00</b>	<b>\$86.07</b>
<b>Rate Stabilization Reserve Contribution</b>	<b>\$ -</b>	<b>\$ (1,500)</b>
<b>Net Financial Requirement (Gross Financial Requirement less Rate Stabilization Fund Contribution)</b>	<b>\$ 37,073</b>	<b>\$ 40,098</b>
<b>Effective System Rate (Net Financial Requirement/Number of System Rate Units)</b>	<b>\$ 79.00</b>	<b>\$ 83.00</b>



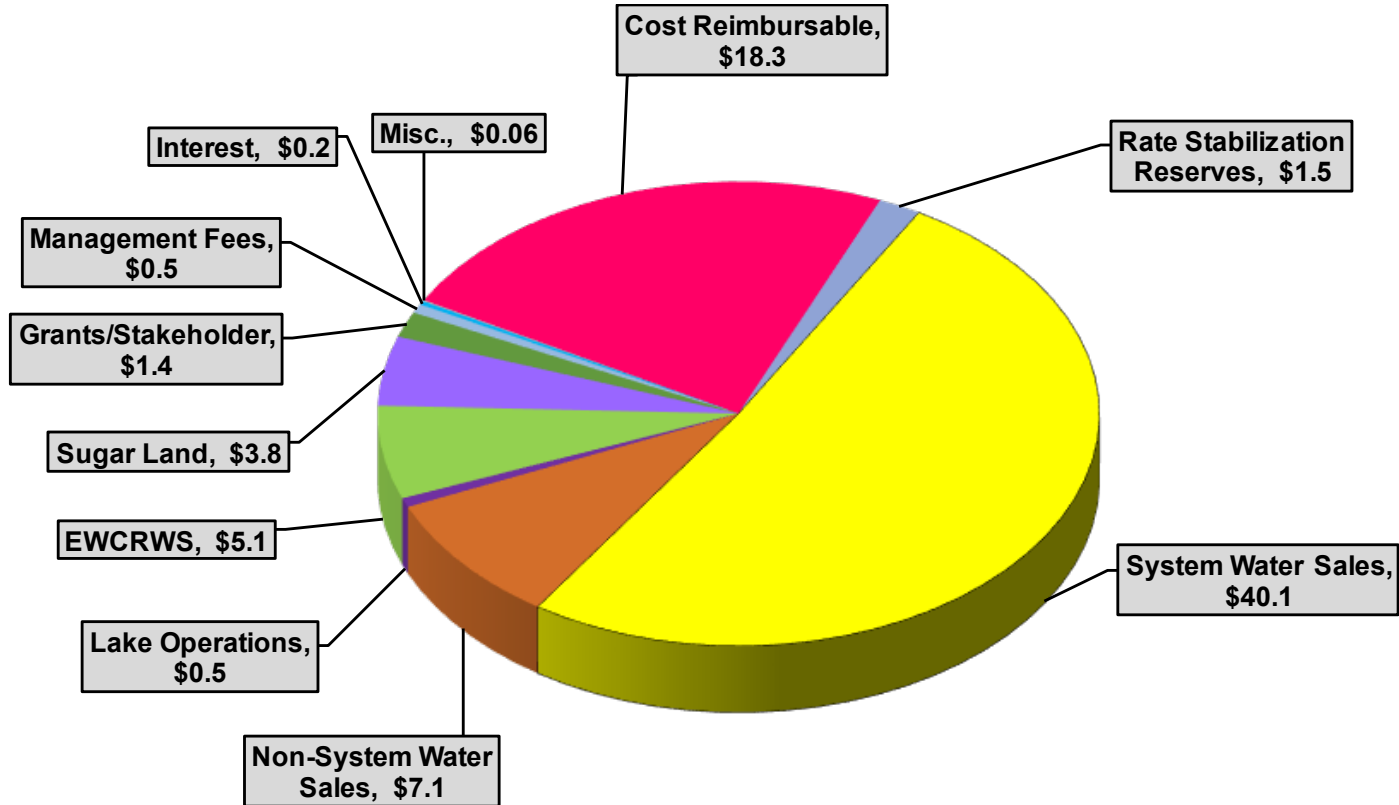
# FY2022 Long Term Raw Water Sales 724,148 AF





# FY2022 Proposed Revenues

## \$78.5M





# Long Term Billing Units & Average Price

	FY2021			FY2022		
	Units	Avg Price	%	Units	Avg Price	%
System Rate	469,300	\$79.00	65%	483,285	\$83.00	65%
Agricultural	12,106	\$55.30	2%	12,031	\$58.10	2%
Two-Tier	98,999	\$17.98	14%	98,999	\$18.15	14%
Other Fixed Price	23,530	\$19.42	3%	9,505	\$24.89	1%
Utilities	97,000	\$19.28	13%	97,000	\$19.28	13%
Colorado Basin	23,328	\$81.19	3%	23,328	\$84.38	3%
	<u>724,263</u>		<u>100%</u>	<u>724,148</u>		<u>100%</u>



# Expense Assumptions

- **Employee compensation & benefits**
  - **Provides for a 5% ECI and Merit pool**
  - **Net increase of nine full-time positions and a net decrease of three part-time positions**
  - **BRA's share of the O&M expenses for the Federal Reservoirs for FY 2022 increased from last year budget.**

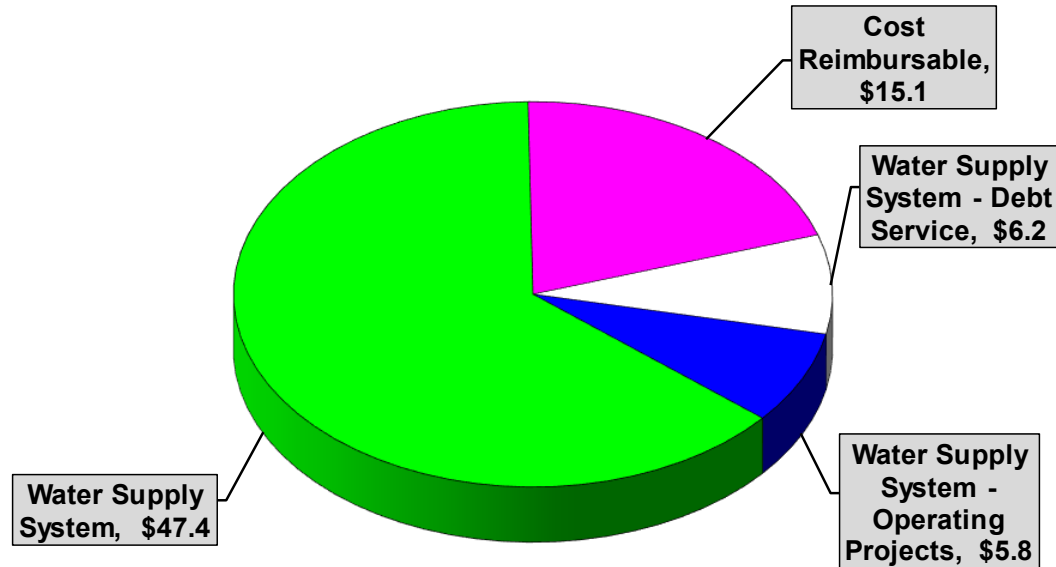


# ***Water Supply Costs***

**COE costs (O&M and debt service) budgeted for FY 2022 are \$7.9 million and that is about \$16/AF included in the \$83 system rate.**



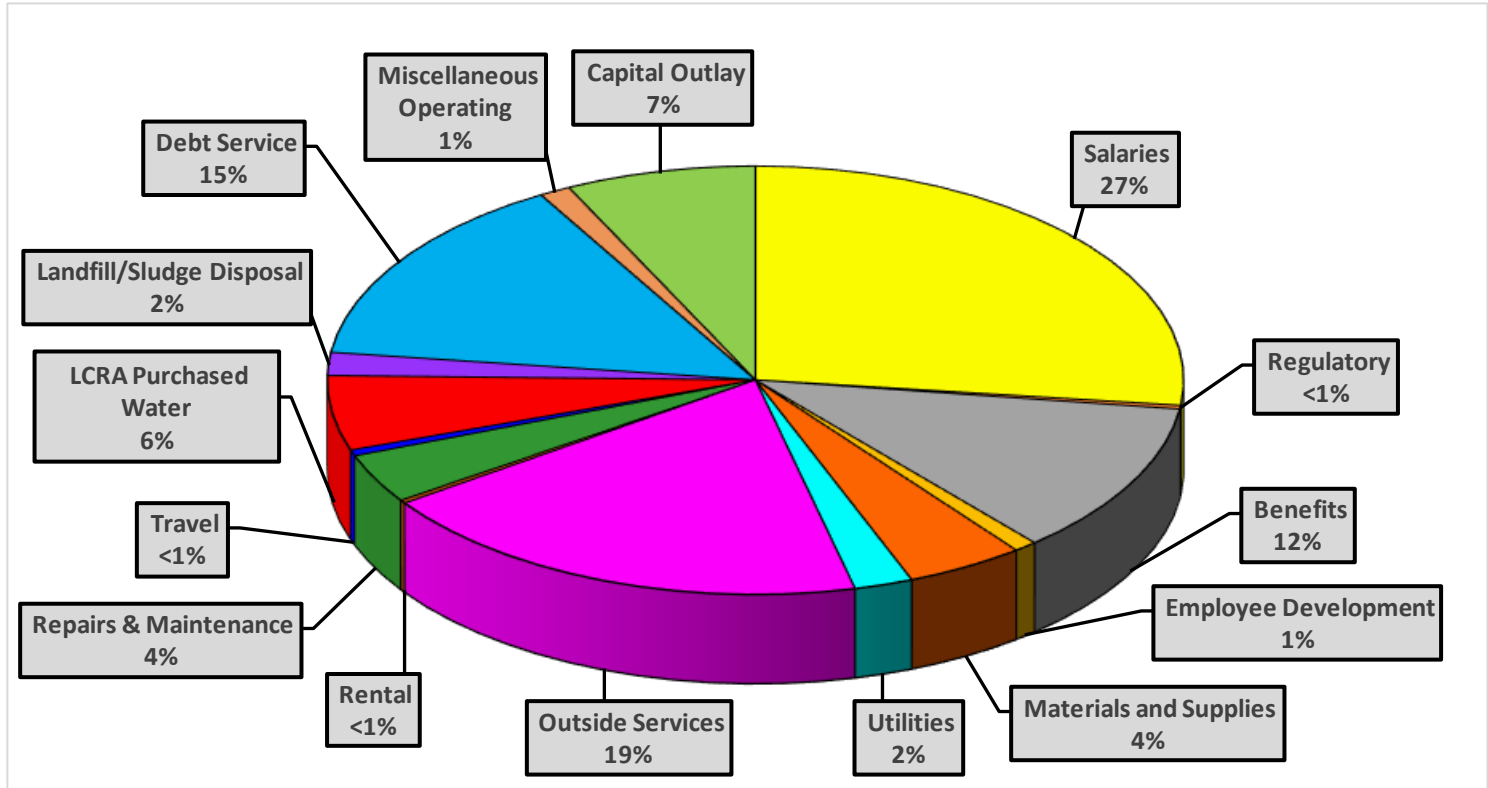
# FY2022 Proposed Operating Expenses \$74.5M







# FY 2022 Proposed Water Supply System O&M Expenses by Category





# Water Supply System O&M Expenses by Department (excluding Central Services overhead) (in thousands)

	<u>FY2021 Budget</u>	<u>FY2021 Projected</u>	<u>FY2022 Proposed</u>
Possum Kingdom Lake	\$ 8,283	\$ 8,087	\$ 6,010
Lake Granbury	2,571	2,453	2,846
Lake Limestone	1,857	1,815	1,982
Allens Creek	15	9	17
East Williamson Co. RWS Ops	1,595	1,449	1,919
Sugar Land	3,772	3,780	4,037
Federal Reservoirs & Water Contracts	11,027	9,332	12,155
Regional Basin Management	2,052	1,943	2,136
Technical Services	1,822	1,940	2,840
Water Services	1,052	976	1,250
Environmental Services	1,937	1,911	2,455
Security & Safety	761	819	841
Special Projects & Strategic Initiatives	272	176	292
Central Services	8,402	7,777	9,167
Central Services Allocated Out	(471)	(459)	(495)
Debt Service	4,765	4,765	6,162
Operating Projects	4,968	2,321	5,835
Total	<u>\$ 54,680</u>	<u>\$ 49,095</u>	<u>\$ 59,448</u>



**FY2022 Proposed Operating Projects**  
*(in thousands)*

<u>Project Name</u>	<u>FY2022 Proposed Expenditures</u>	
UB-PK-CAASLE (Concrete Assessment and Service Life Extension)	\$	774
BW-TS- Risk Based Capital Planning and Management Support		700
BW-TS-Property Master Plan		640
LB-IT-Lake Limestone Fiber Optic Cable Upgrade		616
BW-WS-Integrated Water Resources Plan		500
CO-IT-Audiovisual Technology Integrations		500
CB-EW-EWC WTP Intake Slope Stabilization		445
CO-ES-USFWS Mussel Studies		345
BW-OSS-Facility Safety and Systems Support		263
UB-LG-Lake Granbury Workspace Needs Assessment		250
UB-PK-Recreational Development		222
BW-ES-Brazos Water Snake Study		200
BW-OSS- Security and Vulnerability Assessment Updates		200
CO-FA-Enterprise Financial Software		100
BW-WS-Brazos River Alluvium Study		75
UB-PK-Powerhouse Infrastructure Stabilization		5
<b>Total</b>	<b>\$</b>	<b>5,835</b>

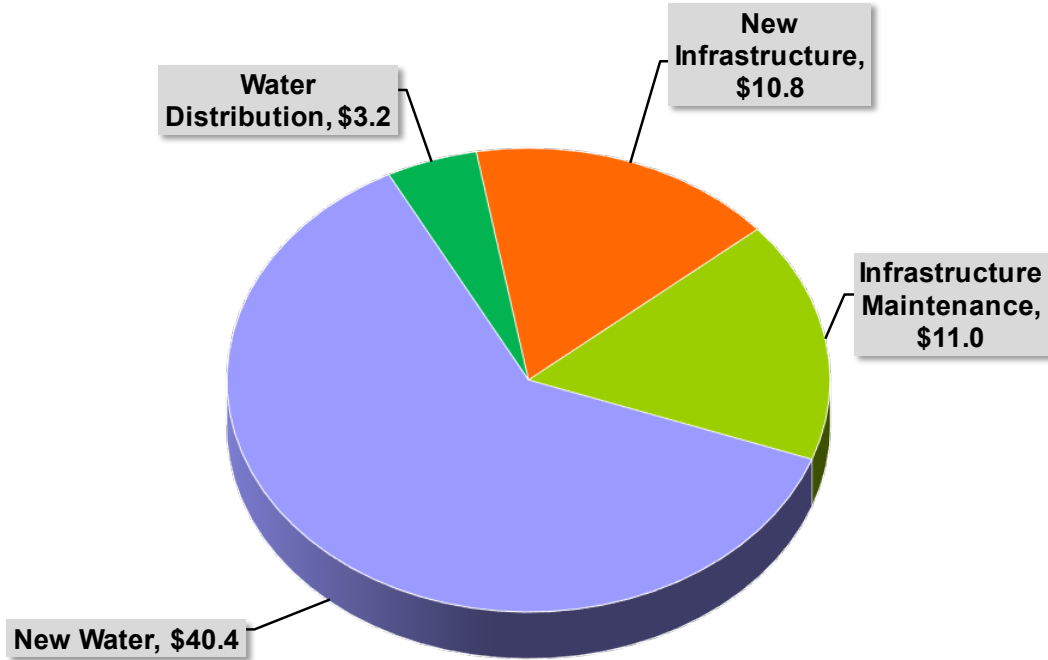


# ***Fiscal Year 2022***

## **Multi-Year Capital Improvement Plan**



# ***FY2022 Proposed Capital Improvement Projects by Type \$65.4M***





# FY2022 Proposed Capital Improvement Projects

(in thousands)

<u>Project Name</u>	<u>Total Project Cost</u>	<u>FY2022 Proposed Expenditures</u>	<u>Completion Date</u>
LB-AC-Allens Creek Reservoir	\$ 442,202	\$ 39,913	2026+
CO-ES-Environmental Services Building	11,421	6,326	2023
LB-LL-Tainter Gate Replacement and Improvements	42,783	4,652	2025
UB-LG-Low Flow Facilities	5,774	1,913	2023
CB-WCR-WCRRWL Phase 3 Pumps *	14,752	1,650	2026+
CB-WCR-WCRRWL Copper Ion Generator *	2,167	1,592	2023
CB-EW-EWCRWS Expansion Phase II	26,571	2,500	2026+
UB-PK-Flow Control Gate Replacement	1,837	945	2024
CB-BE-Belhouse Drought Preparedness	58,308	900	2026+
LB-LL-Hydrostatic Relief System Assessment & Replacem	9,216	755	2026+
LB-LL-Park 5 Access Pier and Park Upgrades	2,420	750	2022
UB-LG-Trolley Replacement	3,041	707	2024
UB-LG-Reinforced Concrete Components	2,951	560	2026
CB-OT-Trinity Groundwater	22,324	500	2026+
UB-PK-Spillway Pump and Piping	1,432	450	2024
UB-PK-Bay #9 Weir Box	890	435	2023
UB-LG-Road Repair	1,406	300	2022
UB-PK-Southside Boathouse	324	300	2023
UB-LG-Two Slip Boathouse Replacement	435	285	2022
<b>Total</b>		<b>\$ 65,433</b>	

\* Paid by Cost Reimbursable Customers

Meeting Date: July 26, 2021



# 5-year CIP Plan (in 000's)

Project Name	Total Project Budget	FY 22 Proposed Expenditures	FY 23 Proposed Expenditures	FY 24 Proposed Expenditures	FY 25 Proposed Expenditures	FY 26 Proposed Expenditures
CB-BE-Belhouse Drought Preparedness	\$ 58,308	\$ 900	\$ 1,500	\$ 15,500	\$ 20,000	\$ 14,500
CB-EW-EWCRWS Expansion Phase II	26,571	2,500	1,500	4,575	4,875	3,173
CB-OT-Trinity Groundwater	22,324	500	75	3,250	4,900	5,000
CB-WCR-WCRRWL Copper Ion Generator	2,167	1,592	314	-	-	-
CB-WCR-WCRRWL Phase 3 Pumps	14,752	1,650	1,000	5,000	5,000	502
CO-ES-Environmental Services Building	11,421	6,326	4,827	-	-	-
LB-AC-Allens Creek Reservoir	442,202	39,913	20,000	14,000	6,000	23,000
LB-LL-Hydrostatic Relief System Assessment & Replacement	9,216	755	575	575	2,500	1,500
LB-LL-Park 5 Access Pier and Park Upgrades	2,420	750	-	-	-	-
LB-LL-Tainter Gate Replacement and Improvements	42,783	4,652	10,860	10,860	1,086	-
UB-LG-Low Flow Facilities	5,774	1,913	600	-	-	-
UB-LG-Reinforced Concrete Components	2,951	560	475	550	550	550
UB-LG-Road Repair	1,406	300	-	-	-	-
UB-LG-Trolley Replacement	3,041	707	850	203	-	-
UB-LG-Two Slip Boathouse Replacement	435	285	-	-	-	-
UB-PK-Bay #9 Weir Box	890	435	400	-	-	-
UB-PK-Flow Control Gate Replacement	1,837	945	700	115	-	-
UB-PK-Southside Boathouse	324	300	19	-	-	-
UB-PK-Spillway Pump and Piping	1,432	450	600	290	-	-
<b>Totals</b>	<b>\$ 650,254</b>	<b>\$ 65,433</b>	<b>\$ 44,295</b>	<b>\$ 54,918</b>	<b>\$ 44,911</b>	<b>\$ 48,225</b>



# FY2022 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>\$ 117.9</b>	<b>\$ -</b>	<b>\$ 117.9</b>
Revenues	60.2	18.3	78.5
Expenses - O & M	(47.4)	(12.0)	(59.4)
Expenses - Debt Service	(6.2)	(3.0)	(9.2)
Operating Projects	(5.8)	-	(5.8)
<b>Surplus</b>	<b>0.8</b>	<b>3.2</b>	<b>4.0</b>
Capital Improvement Projects	(62.2)	(3.2)	(65.4)
Rate Stabilization Reserves Used	(1.5)	-	(1.5)
<b>Ending Reserves</b>	<b>\$ 55.0</b>	<b>\$ 0.0</b>	<b>\$ 55.0</b>
90 Day Working Capital Reserve - Per Board Policy			<u>\$ 11.7</u>





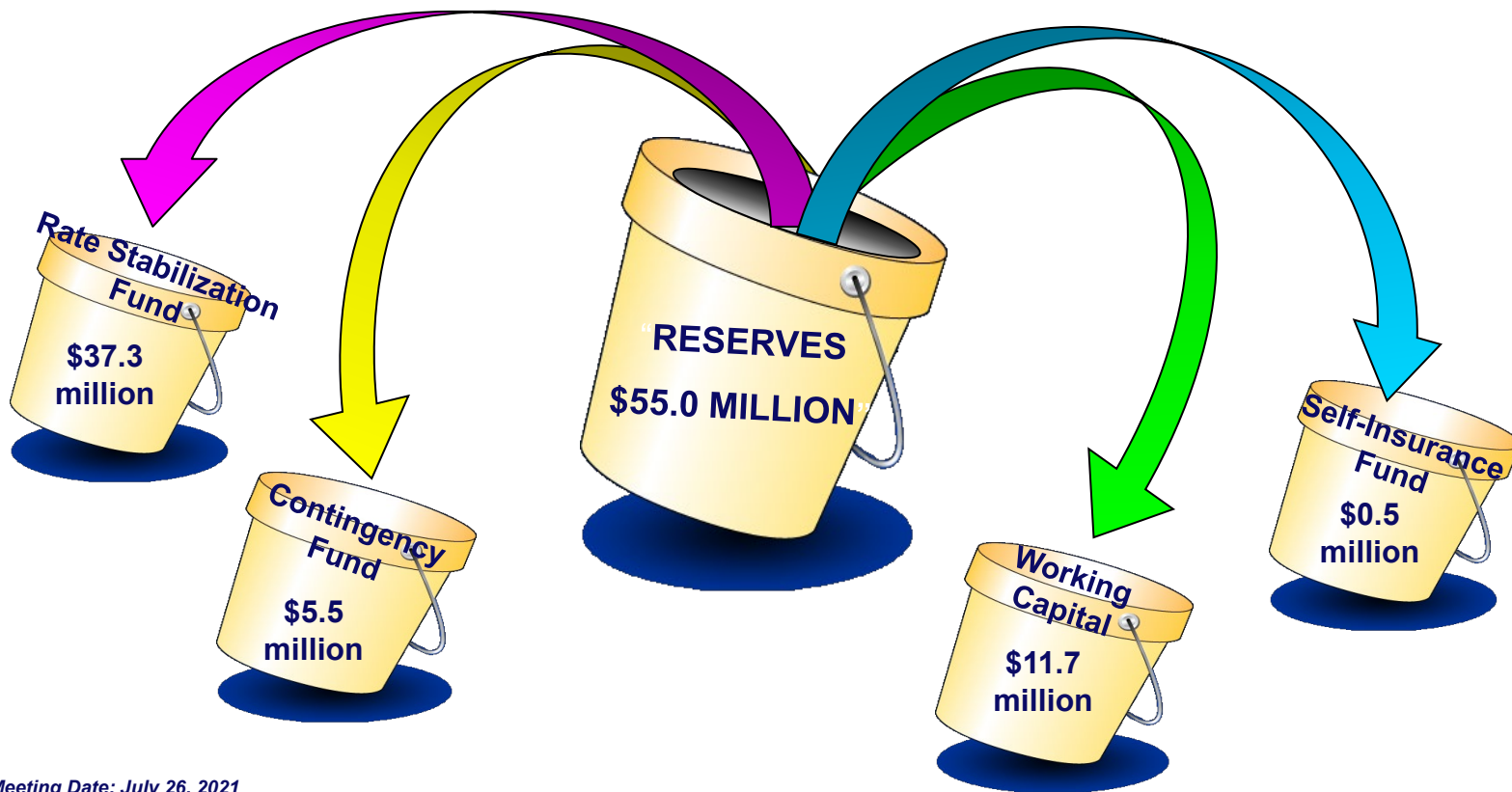
# Water Supply System Reserves Overview (in millions)

		<b>FY2022</b>
<b>Projected Beginning Balance (September 1, 2021)</b>		<b>\$ 117.9</b>
<b>Operations Surplus</b>		<b>\$ 0.8</b>
<b>Capital Expenditures</b>		<b>\$ (62.2)</b>
	<b>Allens Creek Reservoir</b>	<b>(39.9)</b>
	<b>Morris Sheppard Dam Improvements</b>	<b>(1.8)</b>
	<b>DeCordova Bend Dam Improvements</b>	<b>(3.2)</b>
	<b>Trinity Groundwater</b>	<b>(0.5)</b>
	<b>Belhouse Drought Preparedness</b>	<b>(0.9)</b>
	<b>Sterling Robertson Dam Improvements</b>	<b>(5.4)</b>
	<b>Environmental Services Bldg.</b>	<b>(6.3)</b>
	<b>Other</b>	<b>(4.2)</b>
		<hr/>
<b>Rate Stabilization Reserves Utilized</b>		<b>\$ (1.5)</b>
<b>Ending Balance (August 31, 2022)</b>		<b>\$ 55.0</b>



# Reserve (Working Capital) Funds

Projected for August 31, 2022





# Current Debt Outstanding

(in millions)

	<u>Actual</u> <u>Aug. 31, 2021</u>	<u>Projected</u> <u>Aug. 31, 2022</u>
<b><u>Water Supply System (BRA)</u></b>		
Revenue Bonds	\$ 29.1	\$ 26.9
Federal Reservoirs	<u>18.5</u>	<u>17.5</u>
Subtotal	47.6	44.4
<b><u>Contract Revenue Debt</u></b>		
Water Conveyance (WCRRWL)	<u>26.6</u>	<u>24.5</u>
Total Debt Outstanding	<u>\$ 74.2</u>	<u>\$ 68.9</u>



# **Five-Year Financial Forecast Water Supply System FY2022 - FY2026**



# Assumptions - Revenues

- **Raw Water Non-System – Consistent with Current Contract Terms**



## ***Assumptions - Expenses***

- **O&M Expense Increased by Historical Ten-Year Index Rolling Averages for FY2023 - FY2026**
- **Debt Service – Assumes Existing Debt and Potential New Debt for FY2023 - FY2026**



# Five-Year Financial Forecast

(in millions)

<u>WATER SUPPLY SYSTEM</u>	<u>FY2022</u>	<u>FY2023</u>	<u>FY2024</u>	<u>FY2025</u>	<u>FY2026</u>
<b>Beginning Reserves</b>	<b>\$ 117.9</b>	<b>\$ 55.0</b>	<b>\$ 24.7</b>	<b>\$ 26.3</b>	<b>\$ 26.6</b>
Revenues	60.2	64.0	66.4	71.2	73.4
Expenses	(56.9)	(59.8)	(60.1)	(62.2)	(62.5)
Revenue Available for Coverage	3.2	4.2	6.3	8.9	10.9
Debt Service Subject to Coverage:	(2.5)	(2.7)	(4.4)	(6.5)	(8.0)
Net Surplus (Deficit)	0.7	1.5	1.9	2.4	2.9
Capital Projects	(62.2)	(45.7)	(55.5)	(63.0)	(63.3)
Bond Proceeds	-	16.0	55.2	60.8	59.4
Rate Stabilization Reserves Used	(1.5)	(2.1)	-	-	-
<b>Ending Reserves</b>	<b>\$ 55.0</b>	<b>\$ 24.7</b>	<b>\$ 26.3</b>	<b>\$ 26.6</b>	<b>\$ 25.7</b>
<b>Working Capital Reserve</b>	11.7	12.2	12.7	13.2	13.7



# FY 2022 Five-year Financial Forecast

	Projected			Forecast		
	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>	<u>FY 2026</u>
<b><u>System Rate</u></b>						
System Rate Projection	\$ 79.00	\$ 83.00	\$ 88.00	\$ 92.50	\$ 97.00	\$ 101.50
Percentage Increase	0.0%	5.1%	6.0%	5.1%	4.9%	4.6%
System Rate Units (AF)	469,300	483,285	483,285	488,910	488,910	488,910
<b><u>Debt Service Coverage Test (in millions)</u></b>						
Debt Service Subject to Coverage	2.5	2.5	2.7	4.4	6.5	8.0
Amount Available to Meet Coverage	14.8	3.3	5.4	7.3	9.5	13.2
Projected Coverage Ratio	5.9	1.3	2.0	1.7	1.5	1.7
Target Coverage ratio	1.3	1.3	1.3	1.3	1.3	1.3
Coverage Test Met	Yes	Yes	Yes	Yes	Yes	Yes
<b><u>Reserve Test (in millions)</u></b>						
90 Day Working Capital Reserve	10.1	10.9	11.0	11.4	11.9	12.4
Contingency Reserve	5.5	5.5	5.5	5.5	5.5	5.5
Self Insurance Reserve	0.5	0.5	0.5	0.5	0.5	0.5
Total Required Reserves	16.1	16.9	17.0	17.4	17.9	18.4
Ending Working Capital	99.5	42.1	31.9	30.2	34.4	33.3
Reserve Test Met	Yes	Yes	Yes	Yes	Yes	Yes



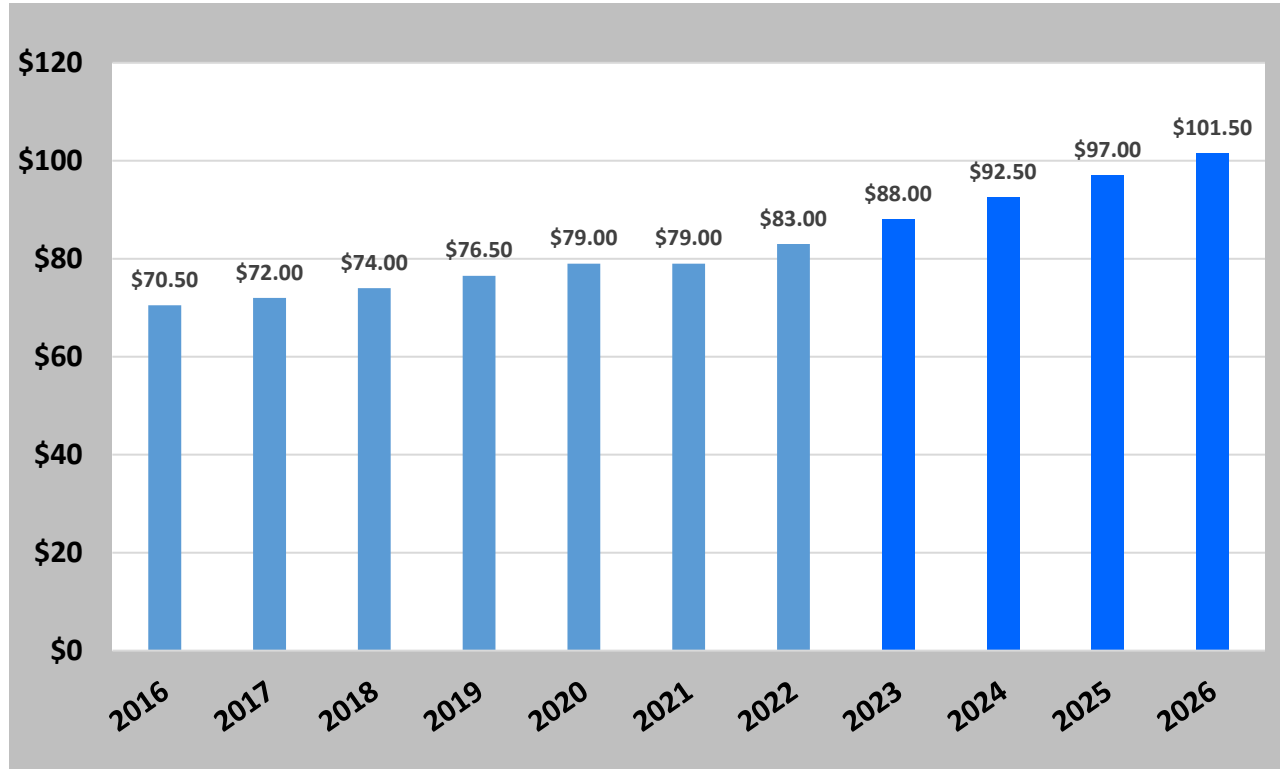


# Five-Year Financial Forecast

<b>WATER SUPPLY SYSTEM</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>	<b>FY 2025</b>	<b>FY 2026</b>
<b>System Rate Projection</b>	<b>\$83.00</b>	<b>\$88.00</b>	<b>\$92.50</b>	<b>\$97.00</b>	<b>\$101.50</b>
<b>Percentage Increase</b>	<b>5.10%</b>	<b>6.02%</b>	<b>5.11%</b>	<b>4.86%</b>	<b>4.64%</b>
<b>Debt Service Coverage</b>	<b>1.31</b>	<b>1.55</b>	<b>1.45</b>	<b>1.39</b>	<b>1.37</b>



# System Rate History/Forecast





# ***Fiscal Year 2022 Adoption of Budget***

## ***Resolution***



**"BE IT RESOLVED** by the Board of Directors of the Brazos River Authority (Board) that the Fiscal Year 2022 Annual Operating Plan and Multi-Year Capital Improvement Plan (Budget) as presented to the Board at the July 26, 2021 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:

<b>Water Supply</b>	<b>\$ 59,447,961</b>
<b>Cost Reimbursable</b>	<b><u>15,071,458</u></b>
<b>Total Operating Budget</b>	<b><u>\$ 74,519,419</u></b>

<b>Water Supply</b>	<b>\$ 62,191,000</b>
<b>Cost Reimbursable</b>	<b><u>3,242,000</u></b>
<b>Total Capital Budget</b>	<b><u>\$ 65,433,000</u></b>



**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 \$83.00 per acre-foot of water annually for Fiscal Year 2022, 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 \$58.10 per acre-foot of water annually for Fiscal Year 2022, 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. The annual interest rate of 4.0% and a daily interest rate charge of .0109589% ( $4\% \div 365$ ) to be applied for quarterly and monthly payments for Fiscal Year 2022 remains the same.”





Brazos River Authority



**Brazos**  
— ★ —  
**RIVER AUTHORITY**