



**Fiscal Year 2019
Strategic Plan, Annual Operating Plan,
Multi-Year Capital Improvement Plan, and Long
Range Financial Plan**

**Board of Directors Workshop
July 30, 2018**



Strategic Plan

***Presented by
Jim Forte'
Planning & Development Manager***



Strategic Plan

Meeting the Needs of the Brazos Basin

The Strategic Plan of the Brazos River Authority

Mission Statement

The Brazos River Authority (BRA) exists to develop, manage, and protect the water resources of the Brazos River basin.

Guiding Principles

Quality People – The right people for the right job

Integrity and Respect

Commitment to Service and Stewardship

Innovation and Continuous Improvement



Goals, Objectives and Strategies

- I. The BRA will develop water resources, including both surface and groundwater.**
 - a. Support the development of surface water projects based on economic feasibility, environmental sensitivity and customer needs**
 - 1. Allens Creek Reservoir**
 - 2. System Operation Permit**
 - 3. Lake Aquilla Re-allocation Assessment**
 - 4. Lake Whitney Re-allocation Assessment**
 - 5. Additional surface water opportunities**
 - b. Develop groundwater responsibly and efficiently**
 - 1. Trinity Wells**
 - 2. Brazos Alluvium Research**
 - 3. Monitor groundwater regulation, development, and opportunities**
 - c. Support reuse and conjunctive use to increase benefit of existing water resources**
 - 1. System Operation Permit**
 - 2. East Williamson County Regional Water System**
 - 3. Lake Somerville Augmentation**



Goals, Objectives and Strategies

- d. Support the development of economically feasible alternative water sources, such as Aquifer Storage and Recovery (ASR), and seawater and brackish groundwater desalination treatment technology**
- e. Research and develop infrastructure for the conveyance/transportation of water from areas of surplus to areas of need**
 - 1. Lake Belton-Stillhouse Hollow Pipeline**
 - 2. Lake Somerville Augmentation**



Goals, Objectives and Strategies

- II. The BRA will manage water resources as a service to BRA customers and to support beneficial use by citizens of the Brazos River basin.
 - a. Manage water resources as a system
 - 1. Possum Kingdom – Granbury Water Management
 - 2. **System Operation Permit**
 - 3. Supply downstream contracts from multiple reservoirs
 - 4. East Williamson County Regional Water System



Goals, Objectives and Strategies

- b. Operate and maintain the BRA water supplies and associated infrastructure in a safe, responsible manner in compliance with water right permits, water supply contracts, and other applicable regulatory requirements
 - 1. Reservoir asset management and long-term preventive maintenance of BRA Dams
 - a. Possum Kingdom Lake
 - b. Lake Limestone
 - c. Lake Granbury
 - 2. Manage floodwater releases from BRA reservoirs
 - 3. Williamson County Regional Raw Water Line
 - 4. Brazos Watermaster Program
 - 5. **Emergency Action Plans**

Goals, Objectives and Strategies

- c. Encourage water conservation strategies to address projected water shortages in the basin
 - 1. Support efforts to accomplish water conservation goals within the Regional and State Water Plans
 - 2. Assist in achievement of water conservation goals
- d. Encourage and support regional efforts to address flood-related problems and issues
 - 1. Lower Basin Floodplain Protection Study
 - 2. Nolan Creek Flood Protection Study
- e. Manage water and wastewater treatment operations
 - 1. East Williamson County Regional Water Supply System
 - 2. Hutto WWTP Operations
 - 3. Clute/Richwood WWTP Operations
 - 4. Sugar Land WWTP Operations
 - 5. Temple/Belton WWTP Operations
 - 6. Sandy Creek WTP Operations
 - 7. Doshier Farm WWTP Operations

Goals, Objectives and Strategies

III. The BRA will protect water resources, and where possible improve water quality and habitat, to support responsible and efficient use of the Brazos River basin's natural resources.

a. Monitor and assess water quality throughout the basin for compliance with applicable regulatory requirements

1. Clean Rivers Program and Water Quality Initiatives

2. Lake Limestone Watershed Assessment

b. Monitor and assess stream and reservoir biology and morphology to determine the effectiveness of instream flows and other programs in maintaining healthy riparian areas and aquatic life conditions

1. Baseline instream flow monitoring and assessment to inform on SB3 environmental flow standards

2. Candidate-listed aquatic species population and recruitment assessments

3. Reservoir Habitat Improvement Program

4. Participate with state and federal agencies on issues related to Threatened and Endangered Species or Invasive Species

5. Brazos Water Snake Study

Goals, Objectives and Strategies

- c. Provide for environmental flows through reservoir operations and participate in state-wide instream flow initiatives
 - 1. Participate in state-sponsored, advisory groups related to environmental flow standard development and revision
- d. Participate in local watershed protection management efforts
 - 1. Navasota Watershed Protection Plan being conducted by the Texas Water Resources Institute
 - 2. Bureau of Land Management Joint EIS/RMP for Texas
 - 3. Lake Limestone Downstream Riparian Restoration
- e. Support development of new water supplies through environmental impact studies
 - 1. Allens Creek 404 Permit
 - 2. Lake Belton-Stillhouse Hollow Pipeline
- f. Manage BRA-owned properties and administer rules and regulations relative to state and federal programs for the protection of water resources, aquatic life, and overall water quality
 - 1. Possum Kingdom Natural Resource Inventory
 - 2. USFWS Mussel Studies and Section 10 permitting

Goals, Objectives and Strategies

IV. The BRA will proactively engage in strategic planning and effective resource management.

- a. Support the development of strategies to meet the needs of the Water Supply System with a sensitivity to the System Water Rate**
 - 1. Involvement in State Water Planning Process**
 - 2. Internal Water Management Strategy Analysis**
 - 3. Long Range Financial Plan**
 - 4. Review and Adoption of Strategic Plan**
- b. Support the development of strategies that improve assessment of operational efficiency and physical condition of assets and that improve capital renewal of assets**
 - 1. Improve electronic data management platform options for collection and evaluation of physical condition, operating performance and environmental data**
 - 2. Develop a risk-based asset management framework for planning of capital renewal and rehabilitation**



Goals, Objectives and Strategies

- V. The BRA will establish communications and public relations to support the BRA's mission and service to the Brazos River basin communities.
 - a. Be proactive in providing public information to support the BRA's mission and goals
 - 1. Speaker's Bureau
 - 2. Website and Facebook
 - 3. BRA email newsletter
 - 4. Water school section of website
 - 5. Major Rivers Educational Program
 - 6. **BrazosBasinNow**
 - b. Allow public access to BRA records and information in compliance with Freedom of Information Act and Texas Open Government provisions
 - 1. Open records requests via the BRA website



Goals, Objectives and Strategies

- c. **Develop positive working relationships with legislators, local elected officials, customers, and other stakeholders in order to strategically position BRA to accomplish its goals**
 - 1. **Meetings and briefings held to provide information and updates**
 - 2. **Act as a source of information for policy discussions**
 - 3. **Manage local issues as needed for elected officials**
 - 4. **Annual regional customer meetings**
 - 5. **Create local stakeholder groups to facilitate dialogue where possible and appropriate**
- d. **Ensure transparency in all BRA programs and services by providing information on the BRA website, through social media, and to interested stakeholders**
 - 1. **Continual updates of BRA website and Facebook page with new content**
 - 2. **BRA email newsletter**

Goals, Objectives and Strategies

- e. Maintain transparency in BRA's finances and operations**
 - 1. Comprehensive Annual Financial Report (CAFR)**
 - 2. Annual Operating Plan (Budget)**
 - 3. Check Registers**
 - 4. Annual Retirement Financial Report**
 - 5. Quarterly Financial reports**
 - 6. Quarterly Investment Reports**
 - 7. Annual Debt Information**
 - 8. Long Range Financial Plan (last updated in FY 2011)**
- f. Ensure accountability to our customers, the legislature, and the public by cooperatively participating in statutorily required external audits and review processes**
 - 1. 5-year Management audits as needed**
 - 2. Sunset review process**



Goals, Objectives and Strategies

- VI. The BRA will develop and retain employees to support the BRA's strategic vision, enhance diversity in the workforce, and prepare the BRA to accomplish its mission.**
 - a. Recruit, develop and retain the right people for the right job**
 - 1. Attend job fairs and recruiting events to promote BRA employment opportunities**
 - 2. Provide training and advancement opportunities**
 - 3. Maintain equitable compensation system**
 - 4. Provide a secure retirement benefit**
 - b. Promote an organizational culture that values employee contributions, encourages collaboration and recognizes achievements**
 - 1. Foster positive employee relations**
 - 2. Service and Safety Award Program**



Goals, Objectives and Strategies

- c. Ensure operational efficiency throughout programs and processes**
- d. Improve internal communication and coordination between functional groups**
 - 1. Utilize Staff Summary Sheets**
 - 2. Development of Project Management Guidelines**
- e. Conduct business with a customer service focus**
 - 1. Educate customers and the public on BRA reservoir operations, drought and flooding conditions, and system operations issues.**
- f. Encourage a healthy workforce through programs and initiatives**
 - 1. Holistic wellness initiative that includes health and wellness training, annual health fairs, access to fitness and health-related materials, and alternative work schedules to allow time for exercise and annual wellness visits.**



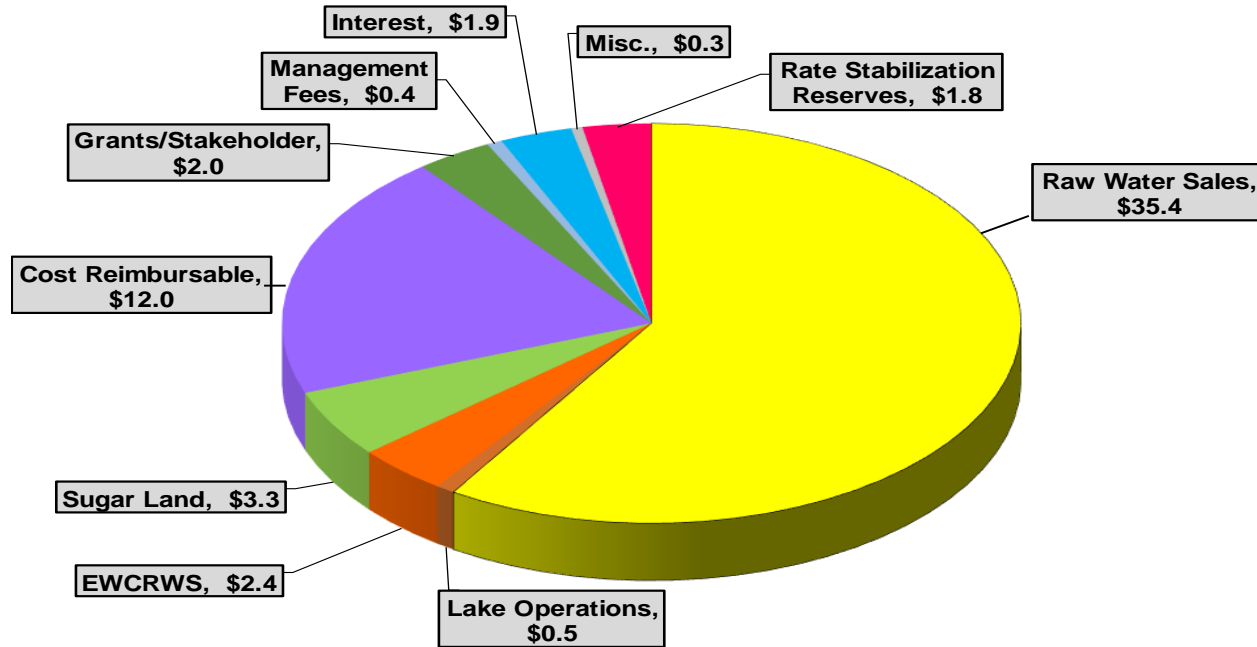
Goals, Objectives and Strategies

- g. Ensure a safe working environment, promote a safety conscious attitude in all employees and facilitate the implementation of proactive steps to reduce accidents and incidents**
 - 1. Conduct monthly employee safety training**
 - 2. Effectively implement and utilize Engineering and Administrative Controls and Personal Protective Equipment (PPE)**



Fiscal Year 2019 O&M Budget

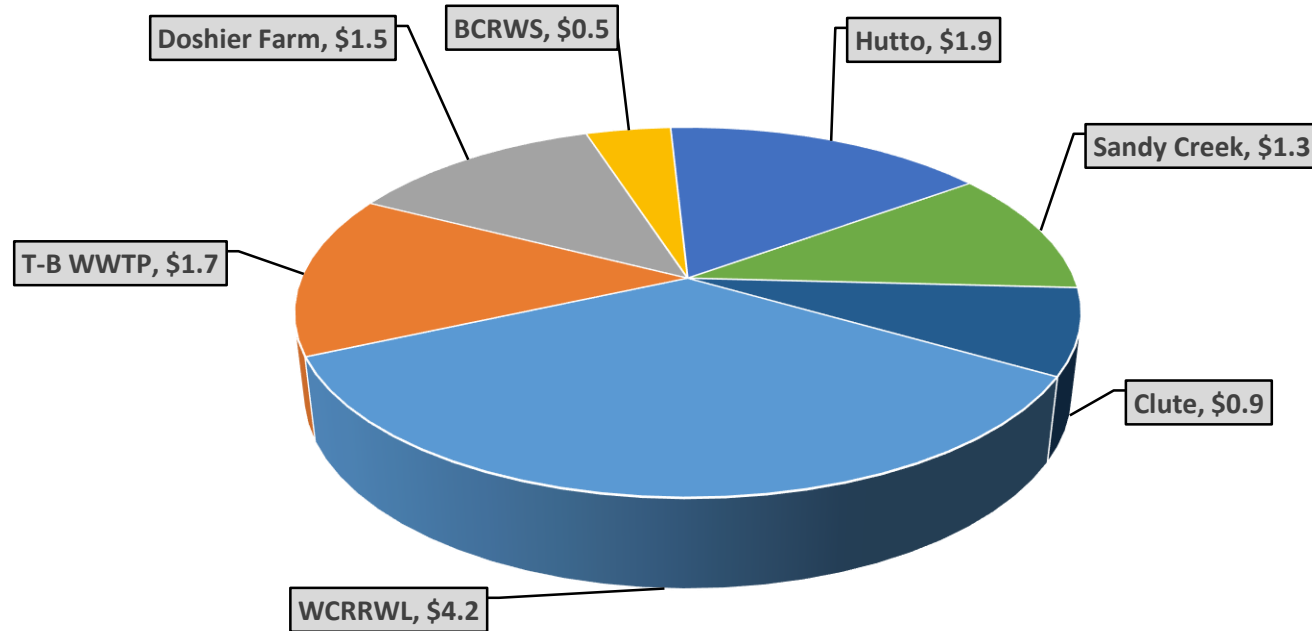
FY2019 Total Proposed Revenues \$60.0M



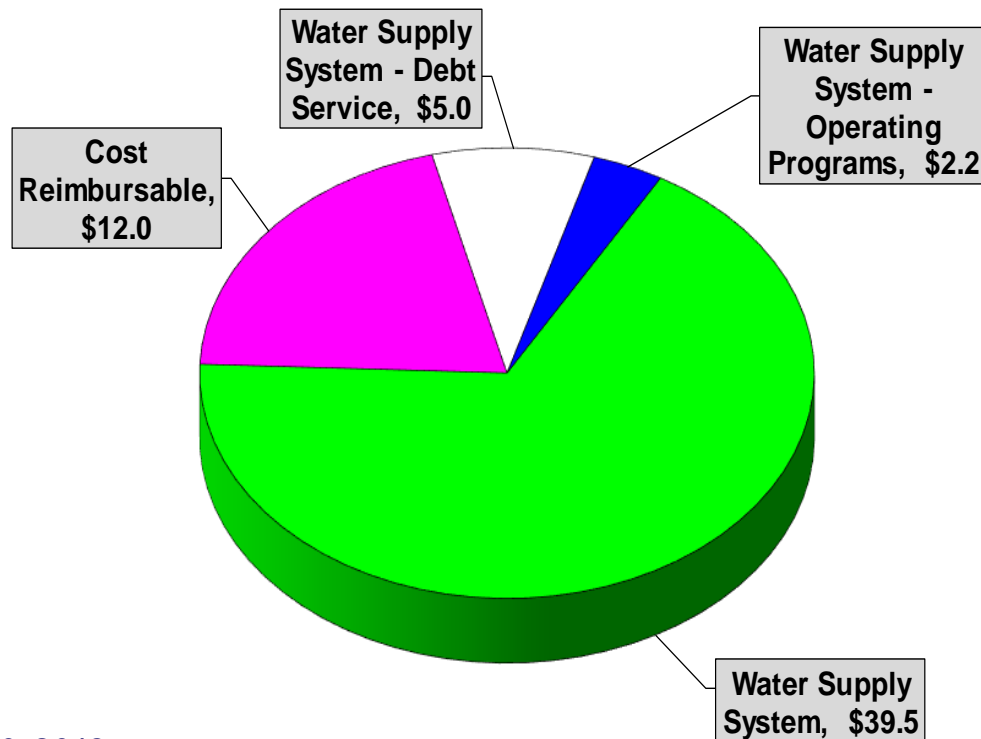


FY2019 Revenues

Cost Reimbursable : \$12.0M

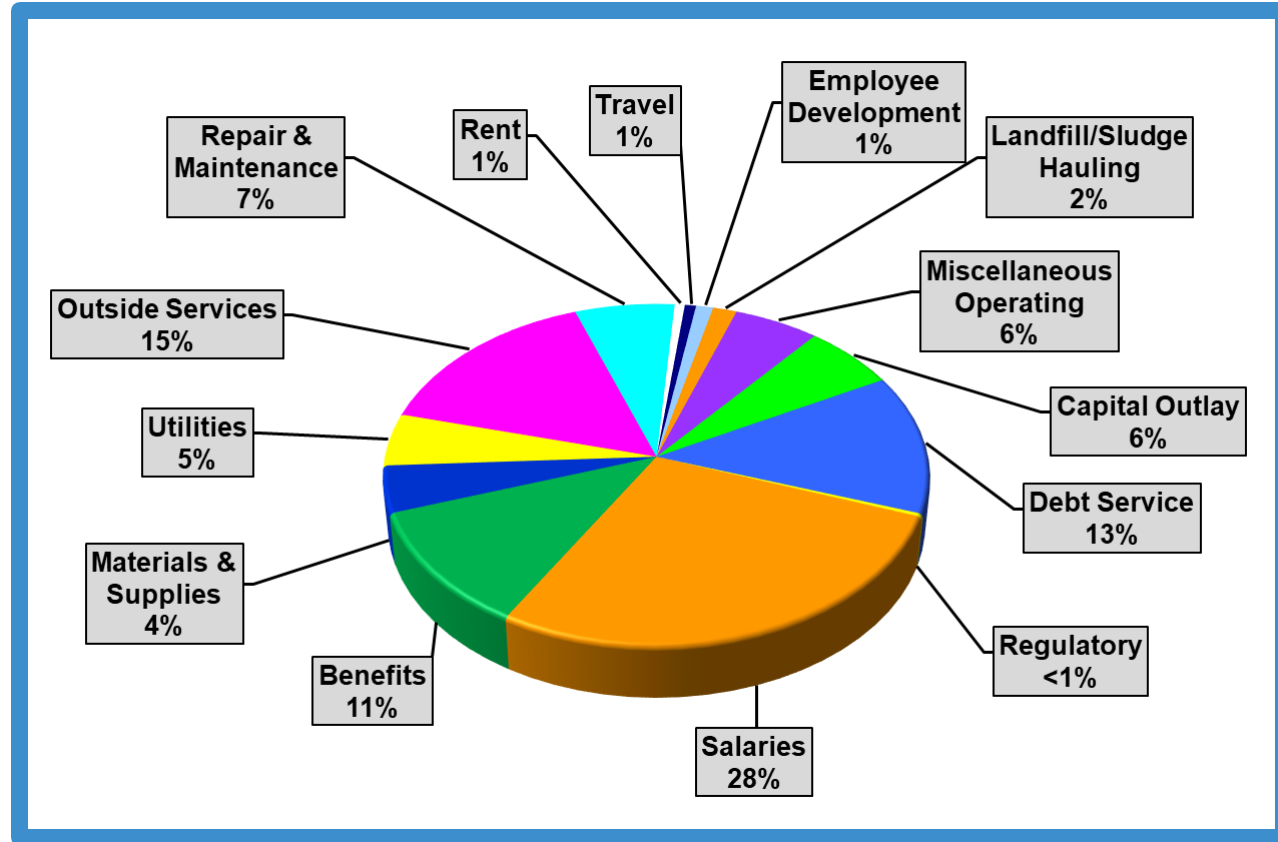


FY2019 Total Proposed O&M Expenses \$58.7M





FY2019 O&M Expenses by Category





Expense Assumptions

- **Employee compensation & benefits**
 - **2.1% Authority-Wide Salary Adjustment**
 - **2.9% Performance/Incentive Pay Pool**
 - **Net increase of four full-time positions**



FY2019 Operating Programs

(in thousands)

<u>Project Name</u>	<u>FY2019 Proposed Expenditures</u>
USFWS Mussel Studies	\$ 750
Potential Future Water Mgmt. Strategies	250
Lake Whitney Reallocation	250
HB 1437 No Net Loss *	200
Lake Limestone Downstream Riparian Restoration	200
Enterprise Financial Software	150
Contract Analysis Tool	150
Possum Kingdom Recreational Facilities	125
COE Pool Rise Feasibility Study	50
Brazos River Alluvium Study	50
LB Floodplain Protection Study Phase 1 & 2	22
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	\$ 2,197
Less Grant/Stakeholder Funding *	(100)
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Net BRA Expense	\$ 2,097

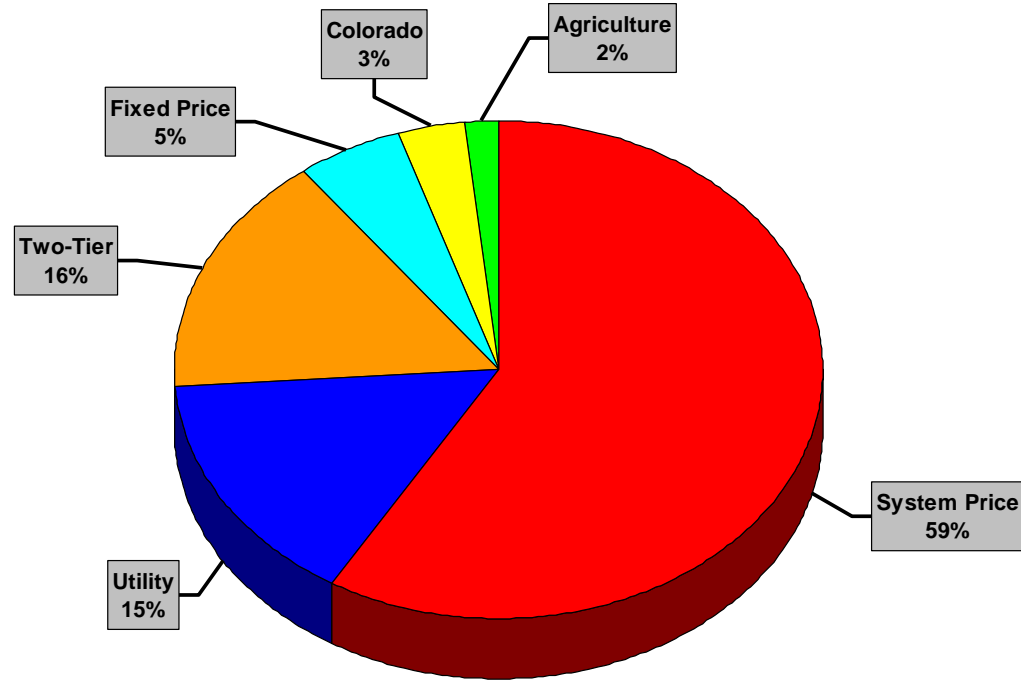


Water Supply System O&M Expenses

(excluding Central Services overhead) (in thousands)

	<u>FY2018 Budget</u>	<u>FY2018 Projected</u>	<u>FY2019 Proposed</u>
Possum Kingdom Lake	\$ 6,133	\$ 5,808	\$ 6,450
Lake Granbury	2,202	1,935	2,250
Lake Limestone	1,652	1,351	1,891
Allens Creek	50	5	16
East Williamson Co. RWS Ops	1,512	1,275	1,594
Sugar Land	2,425	1,981	3,016
Federal Reservoirs & Water Contracts	7,409	6,343	10,093
Regional Basin Management	1,558	1,363	1,740
Technical Services	1,774	1,820	2,013
Water Services	985	977	791
Environmental Services	1,866	1,773	2,268
Planning Services	221	213	216
Central Services	7,695	7,283	7,614
Central Services Allocated Out	(410)	(412)	(434)
Debt Service	5,133	5,133	5,011
Operating Programs	3,395	1,408	2,197
Total	<u>\$ 43,599</u>	<u>\$ 38,255</u>	<u>\$ 46,726</u>

FY2019 Long Term Raw Water Sales 633,302 AF





Raw Water System Rate Requirement

(in thousands)

	FY 2018 Budget	FY 2019 Proposed
Water Supply Expenses		
Water Supply O&M Expenditures	\$ 35,071	\$ 39,517
Water Supply Debt Service (subject to coverage)	2,538	2,538
Water Supply Debt Service (not subject to coverage)	2,595	2,475
Operating Program Expenditures	3,395	2,197
Total Expenditures	43,599	46,727
Less:		
Non-System Water Revenues	6,858	6,965
Other Water Supply Revenues	7,725	10,264
Rate Stabilization Reserves	2,800	1,825
Total Non-System Revenues	17,383	19,054
Plus:		
Debt Coverage Requirement (1.3 ratio)	761	762
System Water Revenue Requirement	\$ 26,977	\$ 28,435
Total System Water Billing Units (acre feet)	364,572	371,712
System Rate (System Rate Revenue Requirement divided by the number of System Rate Units)	\$ 74.00	\$ 76.50



Long Term Billing Units & Average Price

	FY2018			FY2019		
	Units	Avg Price	%	Units	Avg Price	%
System Rate	364,572	\$74.00	59%	371,712	\$76.50	59%
Agricultural	10,285	\$51.80	2%	10,285	\$53.55	2%
Two-Tier	98,999	\$17.37	16%	98,999	\$17.54	16%
Other Fixed Price	33,778	\$19.02	5%	33,778	\$19.06	5%
Utilities	97,000	\$18.84	15%	97,000	\$19.28	15%
Colorado Basin	21,528	\$77.95	3%	21,528	\$83.33	3%
	<u>626,162</u>		<u>100%</u>	<u>633,302</u>		<u>100%</u>

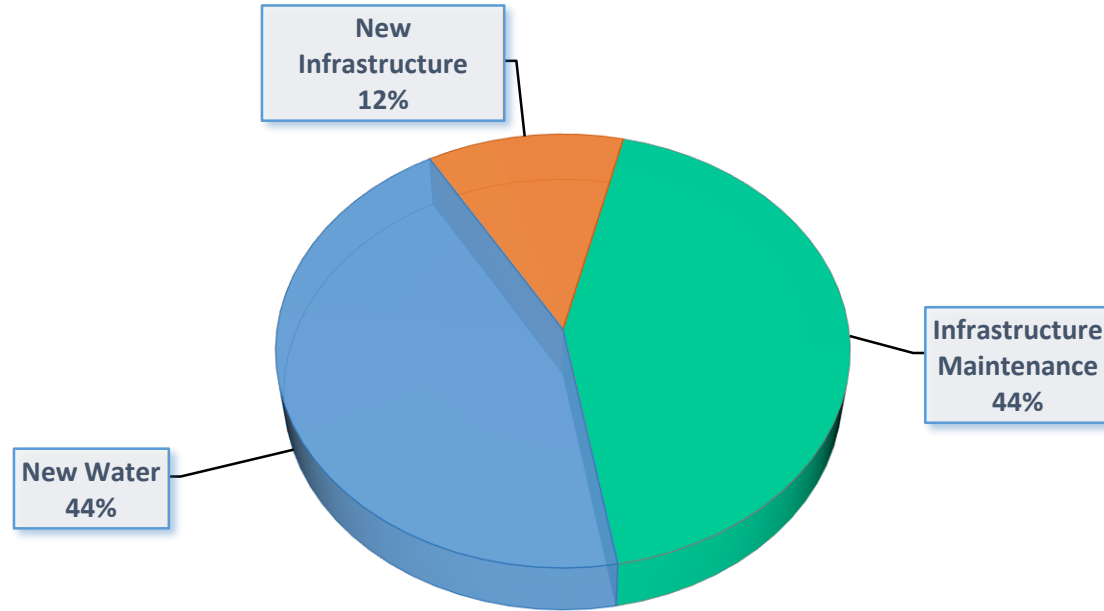


Fiscal Year 2019

Multi-Year Capital Improvement Plan

FY2019 CIP Projects by Type

\$27.0M



FY2019 Capital Improvement Projects

(in thousands)

<u>Project Name</u>	<u>Total Project Cost</u>	<u>FY2019 Projected Expenditures</u>	<u>Est. Completion Date</u>
Allens Creek Reservoir	\$ 507,473	\$ 10,000	2023+
Trinity Groundwater	23,436	2,000	2023+
DeCordova Bend Dam Improvements	9,062	1,265	2021
Morris Sheppard Dam Improvements	6,826	1,192	2021
Sterling Robertson Dam Improvements	56,453	4,000	2023+
LG/LL Road Repairs	13,481	1,160	2023+
EWCRWS Phase 2	15,500	1,060	2023+
Lake Belton/Stillhouse Hollow Pipeline	33,236	1,100	2023+
Central Office Renovations	3,648	3,613	2019
WCRRWL Phase 3 Pumps(Cost Reimbursable)	12,000	500	2023+
Other	5,591	1,174	2022
Total		<u>\$ 27,064</u>	



Current Debt Outstanding

(in millions)

	<u>Actual Aug. 31, 2017</u>	<u>Projected Aug. 31, 2018</u>
<u>Water Supply System (BRA)</u>		
Revenue Bonds	\$ 36.2	\$ 34.5
Federal Reservoirs	<u>22.7</u>	<u>21.5</u>
Subtotal	58.9	56.0
<u>Contract Revenue Debt</u>		
Water Conveyance (WCRRWL)	<u>31.1</u>	<u>30.2</u>
Total Debt Outstanding	<u>\$ 90.0</u>	<u>\$ 86.2</u>



FY2019 Budget Summary

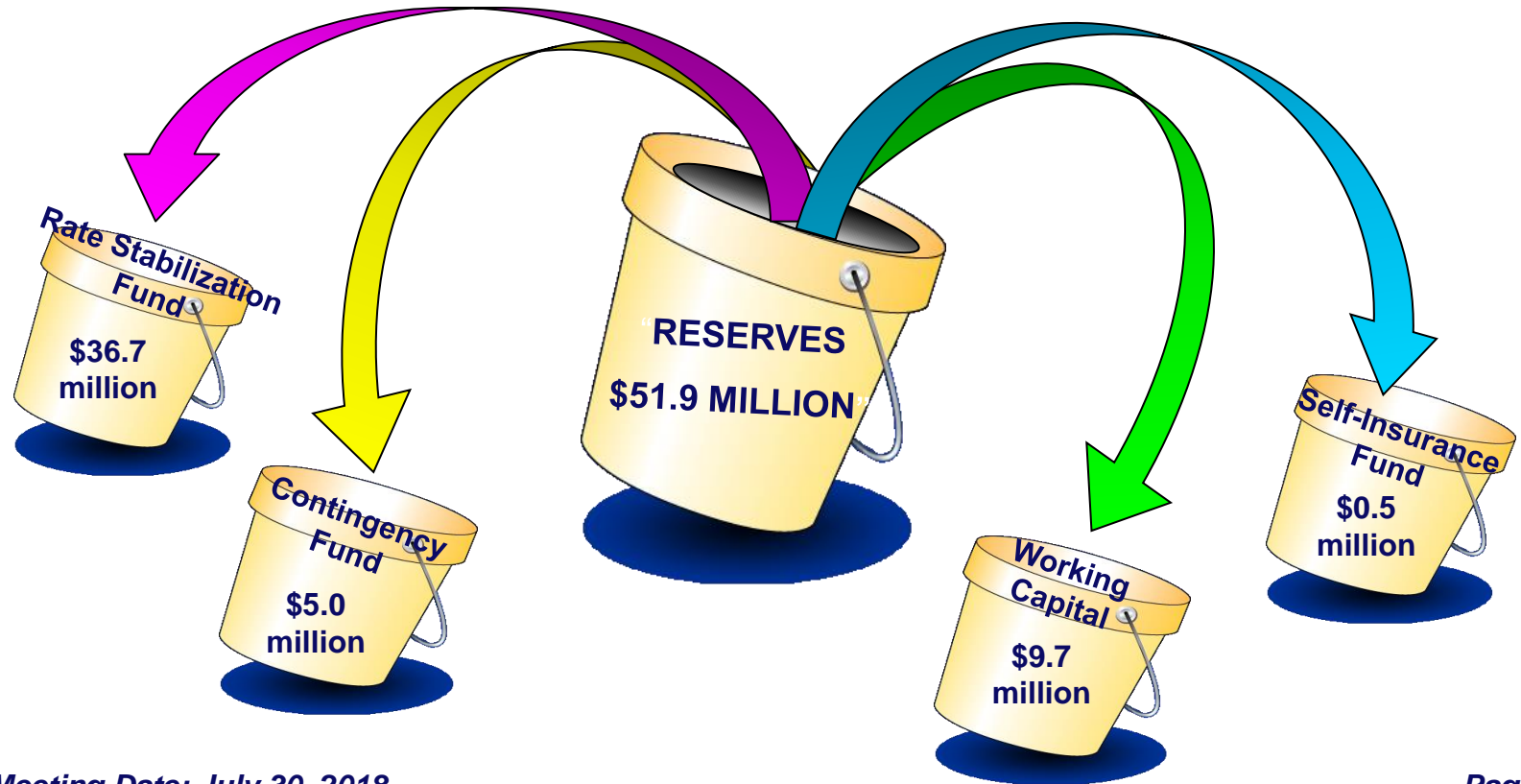
All Lines of Business (in millions)

	Water Supply	Cost Reimbursable	Total
Beginning Reserves	\$ 79.5	\$ -	\$ 79.5
Less: Rate Stabilization Reserves	(1.8)	-	(1.8)
Adjusted Beginning Reserves	\$ 77.7	\$ -	\$ 77.7
Revenues	47.5	12.5	60.0
Expenses - O & M	(39.5)	(9.4)	(48.9)
Expenses - Debt Service	(5.0)	(2.7)	(7.7)
Operating Programs	(2.2)	-	(2.2)
Surplus	0.8	0.5	1.3
Capital Improvement Projects	(26.5)	(0.5)	(27.0)
Ending Reserves	\$ 52.0	\$ (0.0)	\$ 52.0
90 Day Working Capital Reserve - Per Board Policy			\$ 9.7



Reserve (Working Capital) Funds

Projected for August 31, 2019





Five-Year Financial Forecast Water Supply System FY2019 - FY2023



Assumptions - Revenues

- **Raw Water System rate - 3.3% to 3.8% Increase FY2020–FY2023**
- **Raw Water Non-System - Consistent with Current Contract Terms**
- **Assumes System Operations Permit water is sold in FY 2020 at the System Rate**

Assumptions - Expenses

- **O&M Expense Increased by Historical Ten Year Index Rolling Averages for FY2020 - FY2023**
- **Capital Improvement Projects – consistent with CIP Plan**



Five-Year Financial Forecast

(in millions)

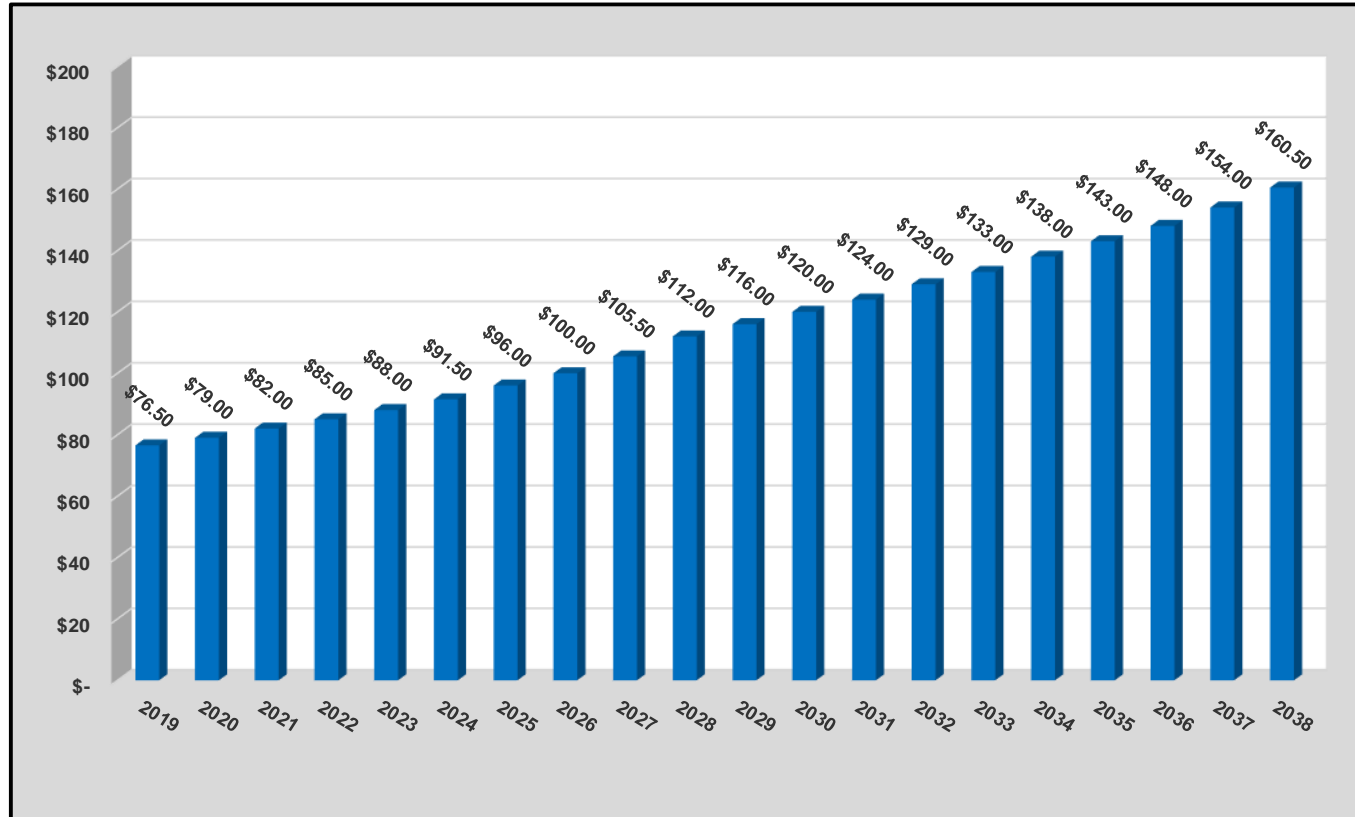
<u>WATER SUPPLY SYSTEM</u>	FY2019	FY2020	FY2021	FY2022	FY2023
Beginning Reserves	\$ 79.5	\$ 51.8	\$ 29.0	\$ 34.3	\$ 41.2
Less: Rate Stabilization Reserves	<u>(1.8)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Adjusted Beginning Reserves	77.7	51.8	29.0	34.3	41.2
Revenues	47.5	57.4	58.8	61.6	62.9
Expenses	<u>(44.2)</u>	<u>(46.1)</u>	<u>(47.4)</u>	<u>(48.8)</u>	<u>(48.9)</u>
Revenue Available for Coverage	3.3	11.3	11.4	12.8	14.0
Debt Service Subject to Coverage:	<u>(2.5)</u>	<u>(2.5)</u>	<u>(3.9)</u>	<u>(5.2)</u>	<u>(5.7)</u>
Net Surplus (Deficit)	0.7	8.8	7.6	7.6	8.3
Capital Projects	(26.6)	(31.6)	(27.3)	(24.7)	(21.0)
Bond Proceeds	<u>-</u>	<u>-</u>	<u>25.0</u>	<u>24.0</u>	<u>10.0</u>
Ending Reserves	<u>\$ 51.8</u>	<u>\$ 29.0</u>	<u>\$ 34.3</u>	<u>\$ 41.2</u>	<u>\$ 38.5</u>
 Working Capital Reserve	 9.7	 9.9	 10.2	 10.6	 11.0

Five-Year Financial Forecast

WATER SUPPLY SYSTEM	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
System Rate Projection	\$76.50	\$79.00	\$82.00	\$85.00	\$88.00
Percentage Increase	3.40%	3.27%	3.80%	3.66%	3.53%
Debt Service Coverage	1.30	4.48	2.95	2.45	2.44



System Rate Forecast



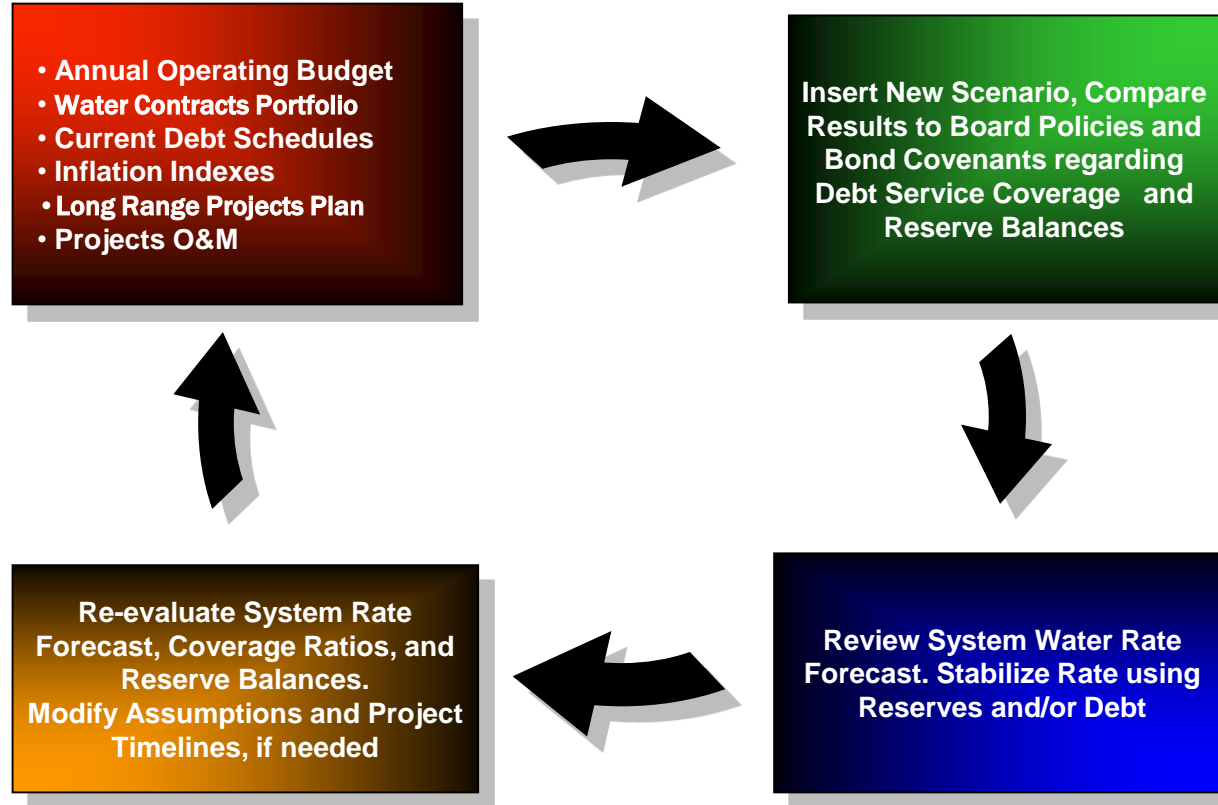


Long Range Financial Plan

***Presented by
Jim Forte'
Planning and Development Manager***



Long Range Financial Plan



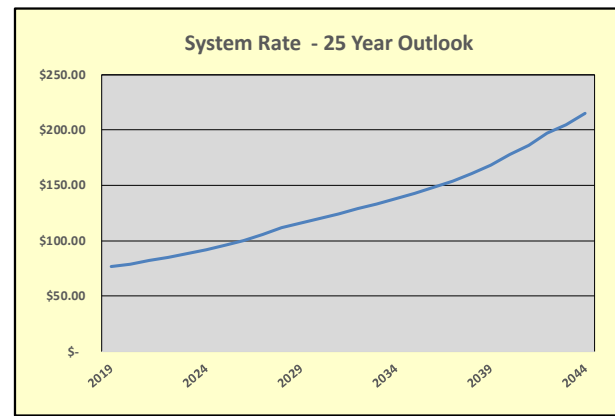
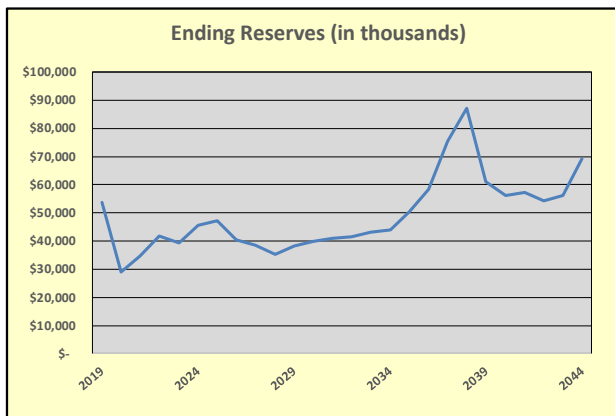
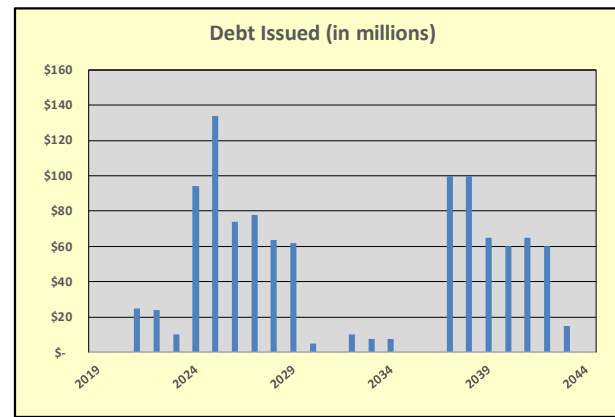
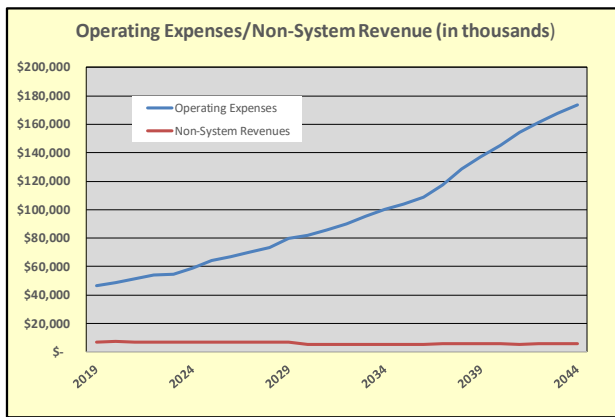


Long Range Projects Plan (in thousands)

Project Type	2019	2020	2021	2022	2023	2024-28	2029-33	2034-38	2039-43	2044-48	2049-69	Total
New Water	12,300	12,803	12,808	10,285	10,250	422,771	134,000	16,000	-	-	-	\$ 631,217
New Infrastructure	3,290	3,599	3,100	5,725	10,225	9,200	44,750	238,490	350,000	-	-	\$ 668,379
Infrastructure Maintenance	11,899	16,269	12,315	9,597	5,860	42,078	250	900	500	950	22,800	\$ 123,418
Studies/ Assessments	1,472	1,550	1,675	1,625	250	200	2,500	2,500	2,500	2,500	10,000	\$ 26,772
Other	300	214	71	143	-	-	-	-	-	-	-	\$ 728
ANNUAL TOTALS	\$ 29,261	\$34,435	\$29,969	\$27,375	\$26,585	\$474,249	\$181,500	\$257,890	\$353,000	\$3,450	\$32,800	\$1,450,514

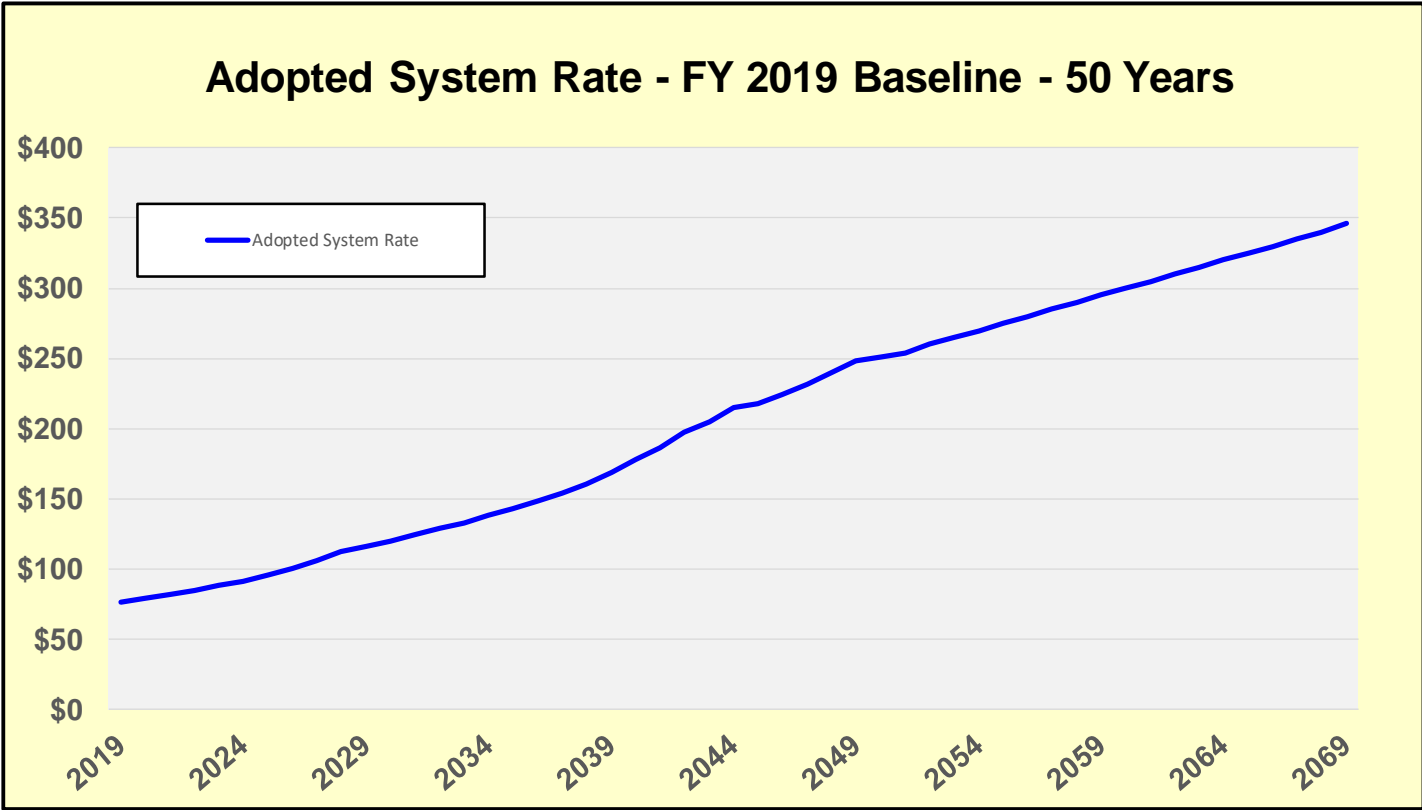


Long Range Financial Plan





Long Range Financial Plan





**Brazos
River
Authority**