



Fiscal Year 2024

Proposed O&M and Capital Budgets

Board Workshop – September 6, 2023

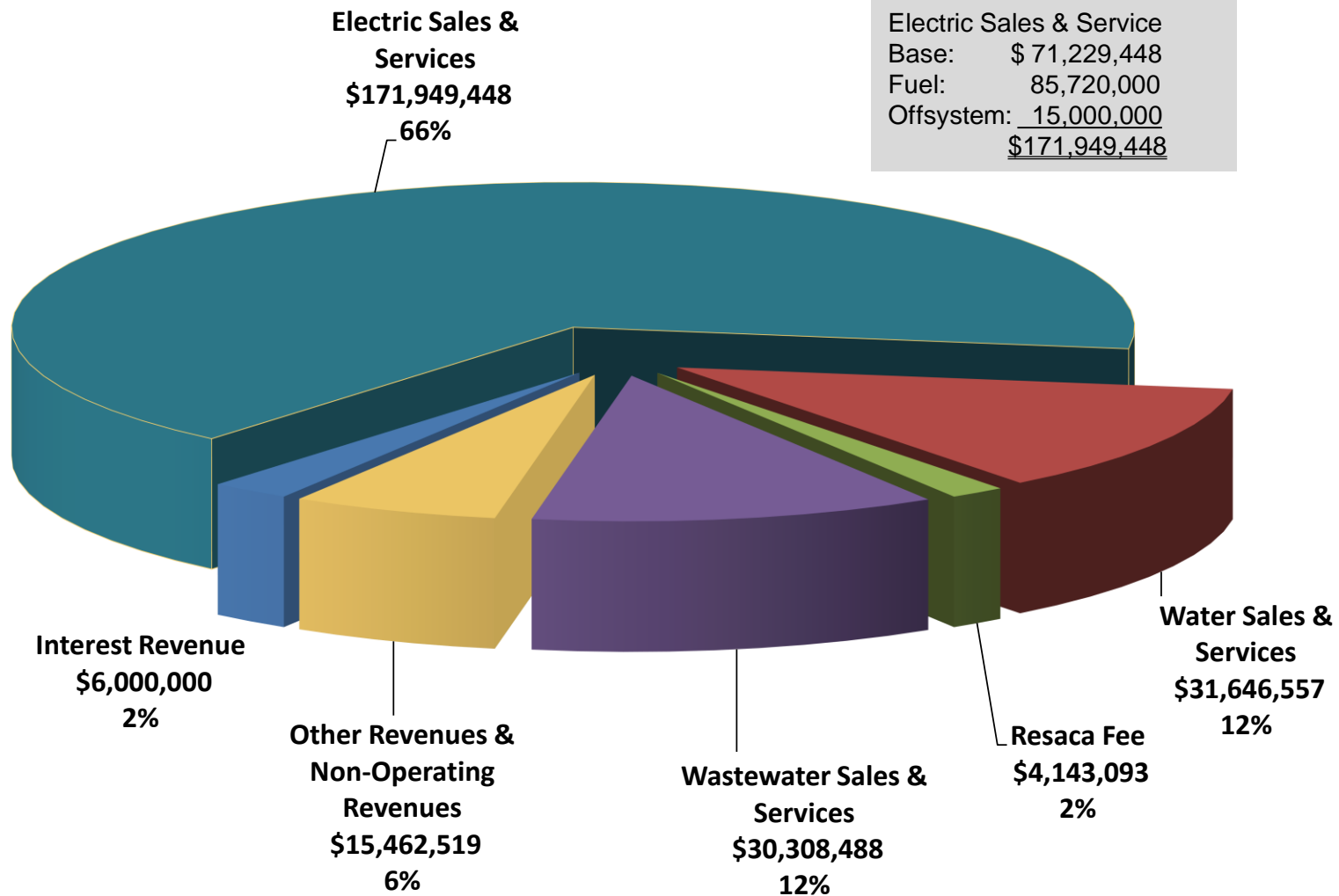
Fiscal Year 2024 Proposed O&M Budget

Source of Funds Key Drivers

- ❑ Base Rate Revenues Projections:
 - 3-year average of consumption
 - City approved rate increases - Water (6%), Wastewater (9%) effective 1/1/2024
 - Customer growth - 1.5% for electric, 1% for water/wastewater
- ❑ Resaca Fee to remain at \$6.25
- ❑ Increased interest revenue due to higher yields (estimated at 5%)
- ❑ Other Revenues and Non-operating Revenues based on 5-year averages.
 - ERCOT Congestion Revenue Rights – 48%
 - Penalties and Late Fees – 16%
 - Pole Rentals – 12%
 - Security Lights – 9%
 - Connection & Service Charges – 9%
 - TCOS – 6%

Proposed Budget Source of Funds: \$259,510,105

(Base Revenues: \$133,184,493; Fuel: \$85,720,000; Other: \$40,605,612)



Use of Funds Key Drivers

❑ Personnel O&M Expenses

- MAG Study Implementation
- Approved Positions FY 2023
- Reduced Vacancy Savings

❑ Non-Personnel O&M Expenses

- Repair & Maintenance to Unit 6
- Repair & Maintenance to several Substations
- Software Maintenance agreements
- Increased janitorial and grounds keeping costs for new facilities

Proposed Budget Use of Funds: \$259,510,105

❑ Personnel O&M Expenses:

- Implementation of MAG Study (3 phases)

Phase	Description	# of Employees Affected	Budget Allocated
1	5% salary increase, capped at the maximum of the employee's current pay grade	576	\$1,899,113
2	Establish new pay scales, including an updated minimum salary/wage and a new maximum	276	\$1,221,152
3	Adjustment for pay inequities	508	\$3,041,803

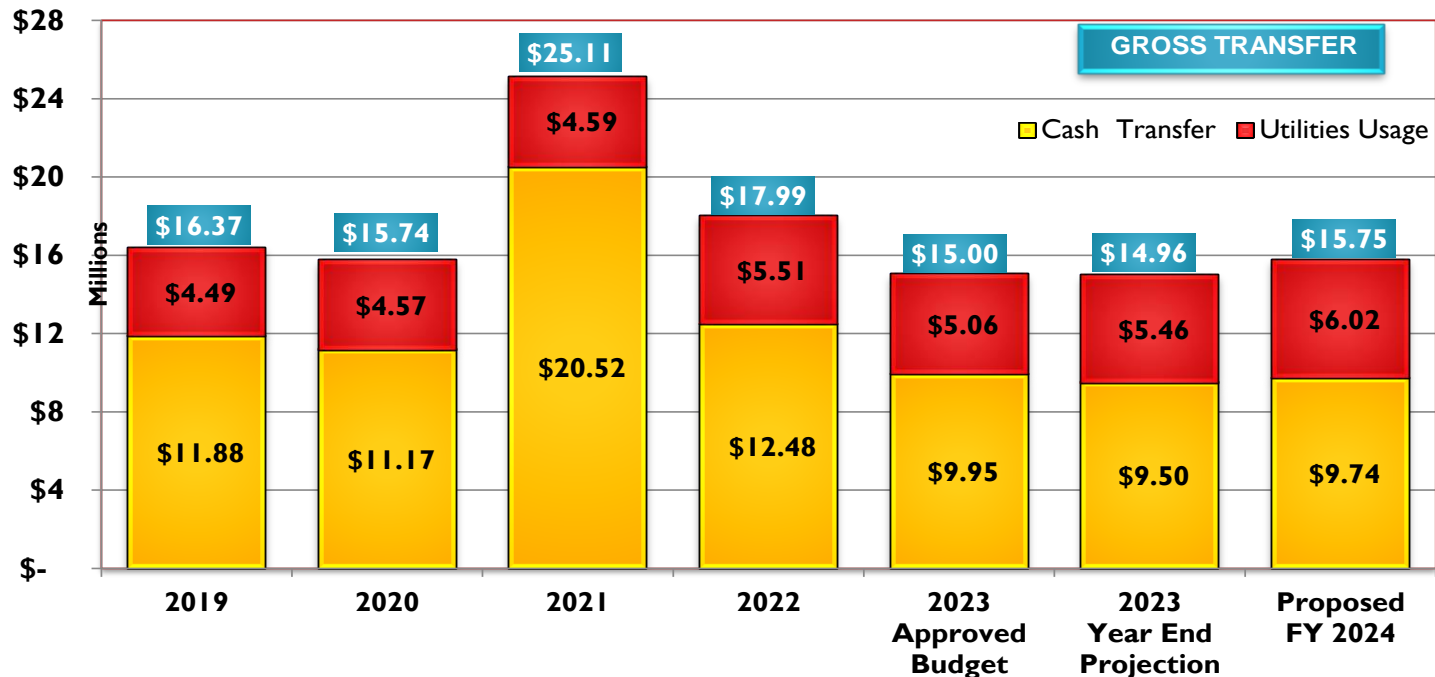
- BPUB staff was 15% below the minimum, 25% below the midpoint, and 19% below the maximum
- From 2020 through 2022, there were 182 separations; 40% disclosed low pay
- Retention efforts reduced vacancies from 58 to 44 vacancies
- 14 new positions approved
- Vacancy Savings reduced from 9% to 5%

Support to Our City

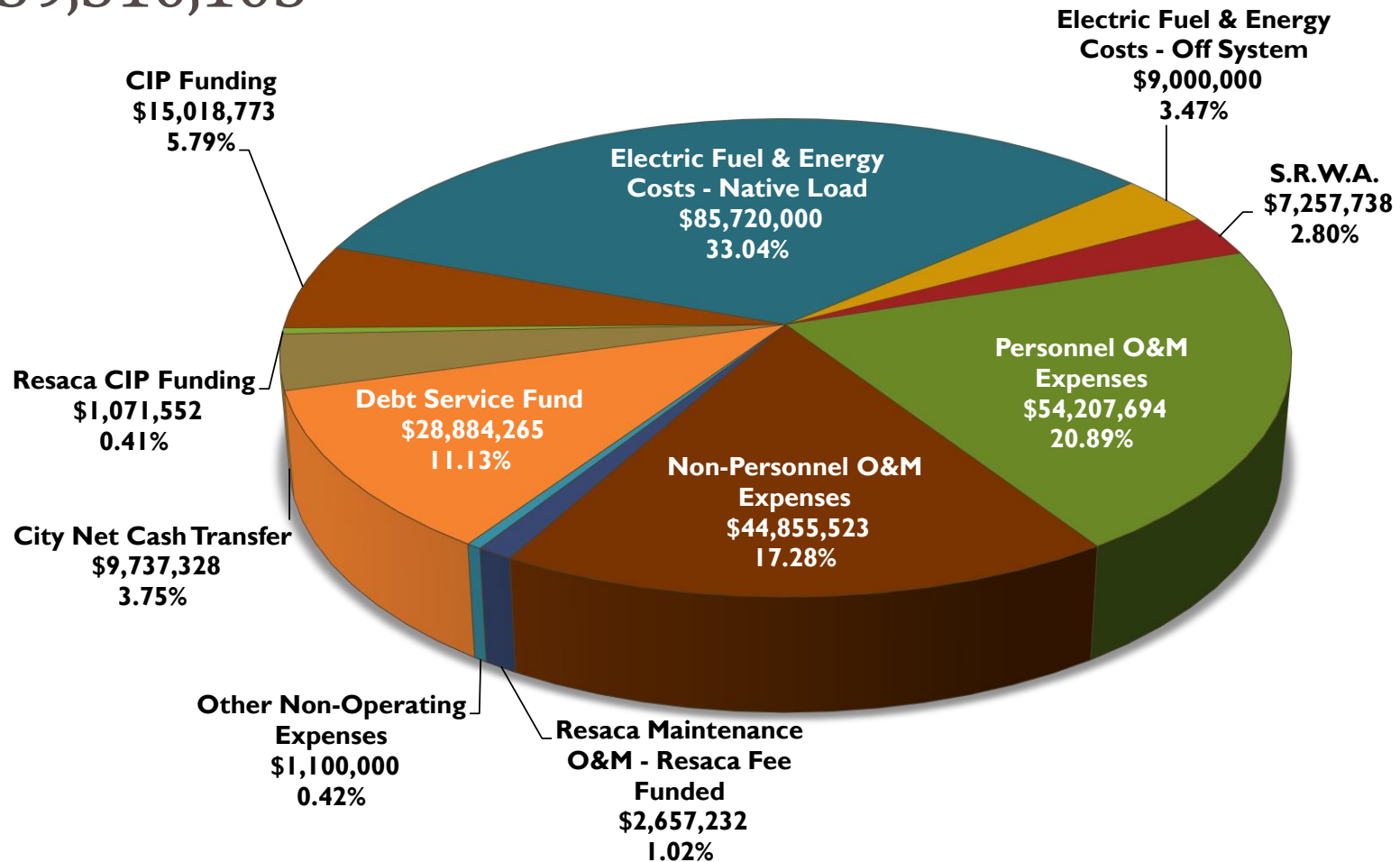
☐ Payments for City of Brownsville Provided Services

Category	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023 YTD August	Grand Total
COB Street Projects - Utility Improvements	\$ 289,221	\$ 180,200	\$ -	\$ 956,367	\$ 46,076	\$ 1,471,863
Credit Union Staff	26,345	26,746	27,995	16,531	42,135	139,751
Landfill Fees/Sludge Disposal	49,518	85,779	41,229	96,602	123,144	396,272
Records Checks for New Employees	3,400	3,300	3,385	255	410	10,750
Rental of Events Center	4,030	1,872	-	2,553	3,593	12,048
Street Patching	282,378	239,404	349,046	277,392	236,985	1,385,203
Sponsorships	8,500	2,500	-	15,000	-	26,000
Other	4,880	26,260	22,275	-	-	53,415
Total	\$ 668,271	\$ 566,060	\$ 443,930	\$ 1,364,700	\$ 452,342	\$ 3,495,302

☐ History of City Cash Transfer:

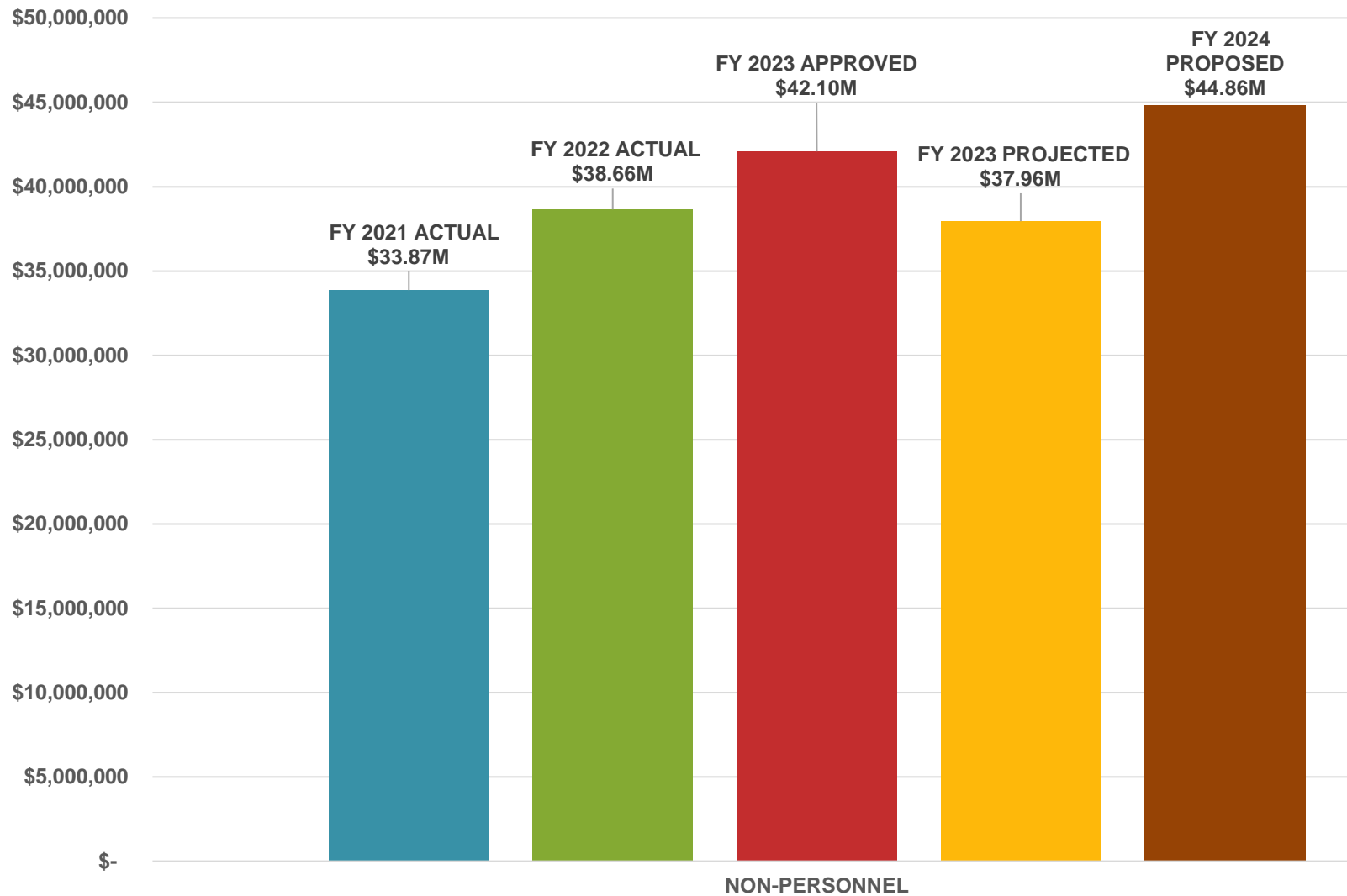


Proposed Budget Use of Funds: \$259,510,105



- Resaca Maintenance O&M expenses are anticipated to be \$5.44M of which \$2.79M is being funded by the RESTORE grant while the remaining \$2.66M will be funded through the Resaca Fees.
 - \$1.09M - 35% cost share of Contract I for the work with the USACE.
 - \$1.57M - Remaining Resaca Maintenance O&M expenses not covered by RESTORE.

Non-Personnel Comparison Graph:



- Actual expenses in the following categories are projected to be below budget in FY23:
 - chemicals – 38%, legal fees -57%, engineering fees – 71%, insurance-self insured damages – 81%, other services – 18%

Supplemental Personnel O&M Requests:

Full Time Equivalent (FTE) Budgeted Position History

Fiscal Year	Prior Year FTE	Additional Positions	Budgeted FTE
FY 2021	611	0	611
FY 2022	611	6	617
FY 2023	617	14	631
FY 2024	631	0	631

- ❑ In FY 2022 the Board approved the addition of six (6) positions for the Resaca program to be primarily funded through the RESTORE Grant
- ❑ In FY 2023 the Board approved the following positions which will eventually reduce the need for outside vendors and consultants:
 - Legal Services – 2 positions
 - Cross Connection Control for customer inspections – 2 positions
 - Electrical T&D crews – 10 positions
- ❑ In FY 2024 Staff requested an additional fifty-one (51) new positions.
 - As of the end of August there were fifty-eight (58) vacancies.
 - While there are obviously many needs in the departments, Executive Management does not plan to request additional positions until these vacancies are filled and the needs can be re-assessed.

Key Financial Metrics

- ❑ Ratings on Outstanding Bonds:
 - Moody's A2/Outlook Stable
 - S & P A-/Outlook Stable
 - Fitch A-/Outlook Stable

- ❑ 381 Days Cash on Hand

- ❑ Debt Service Coverage

	FY 2023 Amended Budget	FY 2023 Estimated Year End	FY 2024 Proposed Budget
Combined	1.90x	2.24x	1.89x
Electric	1.69x	1.81x	1.79x
Water	3.09x	4.11X	2.09x
Wastewater	1.87x	2.57X	2.16x

- ❑ All Required Reserves are Fully Funded
- ❑ \$100 million Commercial Paper Program – \$12 million in outstanding notes

Fiscal Year 2024

Combined Utility Summary of Approved Revenues & Expenses

	A	B	C	D	E
		FY 2023 Amended Budget	FY 2023 Estimated Year End	FY 2024 Proposed Budget	FY24 vs FY23 Budget Difference
11					
12					
13					
14					
15	Operating Revenues	\$ 218,175,436	\$ 209,068,115	\$ 223,047,586	\$ 4,872,150
16	Off-system Sales Revenues	15,000,000	16,504,927	15,000,000	-
17					
18	Net Operating Revenues	\$ 233,175,436	\$ 225,573,042	\$ 238,047,586	\$ 4,872,150
19					
20	Other Revenues	\$ 12,545,448	\$ 11,528,920	\$ 13,622,519	\$ 1,077,071
21	Interest from Investments	6,000,000	7,093,120	6,000,000	-
22	Other Non-operating Revenues	1,610,000	2,443,545	1,840,000	230,000
23	Gross Revenues	\$ 253,330,884	\$ 246,638,627	\$ 259,510,105	\$ 6,179,221
24					
25	Less:				
26	Fuel & Energy Costs	\$ 87,165,844	\$ 80,093,545	\$ 85,720,000	\$ (1,445,844)
27	Off-system Sales Expenses	9,000,000	9,534,726	9,000,000	-
28	SRWA O&M	5,285,010	5,285,010	5,142,961	(142,049)
29	SRWA Debt Service	2,116,457	2,116,457	2,114,777	(1,680)
30	Adjusted Gross Revenues	\$ 149,763,573	\$ 149,608,889	\$ 157,532,367	\$ 7,768,794
31					
32	Personnel O&M Expenses	48,457,714	44,880,026	54,207,694	5,749,980
33	Non-Personnel O&M Expenses	43,216,076	37,280,112	44,855,523	1,639,447
36	Resaca Fee Funded O&M	-	-	2,657,232	2,657,232
37	Subtotal O&M Expenses	\$ 91,673,790	\$ 82,160,137	\$ 101,720,449	\$ 7,389,427
38					
39	Other Non-Operating Expenses	1,100,000	828,367	1,100,000	-
40	Total Operating Expenses	\$ 196,341,101	\$ 180,018,242	\$ 204,798,187	8,457,086

Fiscal Year 2024

Combined Utility Summary of Approved Revenues & Expenses (continued)

	A	B	C	D	E
42		FY 2023	FY 2023	FY 2024	FY24 vs
43		Amended	Estimated	Proposed	FY23 Budget
44		Budget	Year End	Budget	Difference
45	Balance Available for Debt Service and	\$ 56,989,783	\$ 66,620,385	\$ 54,711,918	\$ (2,277,865)
46	Other Legal Purposes				
47					
48	Debt Service:				
49	Existing	29,748,071	29,748,071	28,054,265	(1,693,806)
52	Commercial Paper Interest Expense	200,000	-	830,000	630,000
53	Total Debt Service Requirements	\$ 29,948,071	\$ 29,748,071	\$ 28,884,265	\$ (1,063,806)
54					
55	Available After Debt Service	\$ 27,041,712	\$ 36,872,314	\$ 25,827,653	\$ (1,214,059)

Fiscal Year 2024

Combined Utility Summary of Approved Revenues & Expenses (continued)

	A	B	C	D	E
		FY 2023 Amended Budget	FY 2023 Estimated Year End	FY 2024 Proposed Budget	FY24 vs FY23 Budget Difference
57					
58					
59					
60					
61	Other Uses of Cash:				
62	COB Cash Transfer	\$ 9,915,813	\$ 9,496,504	\$ 9,737,328	\$ (178,485)
63	COB Usage	5,060,544	5,464,385	6,015,910	955,366
64	Total Cash/Utility Benefit COB	\$ 14,976,357	\$ 14,960,889	\$ 15,753,238	\$ 776,881
65					
66	Balance Available to Surplus for	\$ 17,125,899	\$ 27,375,810	\$ 16,090,325	\$ (1,035,574)
67	Transfers Out				
68					
69	Approved Transfers to BPUB Accounts:				
70	Oper Subacct-Fuel Adjustment	\$ 2,136,244	\$ 2,136,244	\$ -	\$ (2,136,244)
71	CIP Funding	8,908,415	8,908,415	15,018,773	6,110,358
	Improvement Fund (Resaca Fee) - Resaca				
72	CIP Funding	359,791	359,791	1,071,552	711,761
73	Resaca Fee Surplus	3,473,239	3,473,239	-	(3,473,239)
74	Commercial Paper Defeasance	-	-	-	-
75	Total Transfers to BPUB Accounts	\$ 14,877,689	\$ 14,877,689	\$ 16,090,325	\$ 1,212,636
76					
77	Balance Available to BPUB:				
78	Improvement Fund - Surplus Revenues	2,248,210	12,498,121	-	(2,248,210)
79	Total	\$ 17,125,899	\$ 27,375,810	\$ 16,090,325	\$ (1,035,574)
80					
81	Debt Service Coverage Ratio	1.90X	2.24X	1.89X	

Fiscal Year 2024 Proposed Capital Budget



**PROPOSED FISCAL YEAR 2024
FIVE-YEAR CAPITAL IMPROVEMENT PLAN
SUMMARY BY UTILITY**

UTILITY	TOTAL CARRYOVER	FISCAL YEAR 2024	FY 2025	FY 2026	FY 2027	FY 2028	FIVE-YEAR TOTAL
ELECTRIC	13,437,854	21,571,437	34,373,279	18,526,327	8,574,833	7,653,010	104,136,740
GENERAL & ADMINISTRATION	3,062,838	2,828,255	3,612,480	2,475,000	-	-	11,978,573
WATER	7,365,247	17,031,789	10,716,122	6,852,572	500,000	500,000	42,965,730
WASTEWATER	14,221,585	12,198,360	12,375,416	4,407,082	566,000	450,000	44,218,443
GRAND TOTAL	<u>\$ 38,087,524</u>	<u>\$ 53,629,841</u>	<u>\$ 61,077,297</u>	<u>\$ 32,260,981</u>	<u>\$ 9,640,833</u>	<u>\$ 8,603,010</u>	<u>\$ 203,299,486</u>

Proposed Budget Total for Fiscal Year 2024: \$ 91,717,365

Approved Budget Total for Fiscal Year 2023: \$ 92,133,995

% Change (2024 vs 2023): -0.45%

FY 2024 Capital Budget Summary by Phase

PHASE	AMOUNT	NUMBER OF PROJECTS	PERCENT OF TOTAL	CUMULATIVE
Under Construction	\$ 24,051,690	46	26.22%	\$ 24,051,690
In Design	13,713,957	67	14.95%	37,765,647
Customer Connections	4,489,132	7	4.89%	42,254,779
Routine Activities	3,215,240	4	3.51%	45,470,019
Utility Relocations	9,627,966	38	10.50%	55,097,985
Hidalgo Energy Center	6,286,814	1	6.85%	61,384,799
Grant Funded	14,056,900	6	15.33%	75,441,699
Resaca Fee Funded Equipment	1,420,867	11	1.55%	76,862,566
Out for Bids	7,581,931	16	8.27%	84,444,497
Heavy Equipment and Vehicles	4,955,891	68	5.40%	89,400,388
Proposed Projects	2,316,977	14	2.53%	91,717,365
TOTAL	\$ 91,717,365	278	100.00%	

Questions?

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