



September 1, 2023

Mayor Neal Linnartz and City Council Members
City of New Braunfels
550 Landa St.
New Braunfels, Texas 78130

Dear Mayor Linnartz and City Council Members:

The NBU Board of Trustees by Charter and Ordinance has the discretion after paying for operations and maintenance expense and meeting all debt service requirements, to make a payment to the City of New Braunfels. Since the creation of the utility in 1942, the Board of Trustees has authorized a transfer every year.

The NBU Board of Trustees has reviewed the preliminary financial results for fiscal year 2023, and based on total revenue performance for the electric, water and wastewater lines of business, has authorized the transfer of \$11,300,311 to the City of New Braunfels over 12 monthly payments. NBU's Financial and Operating Plan estimates a total transfer of \$66.8 million over the next five years.

The city transfer is calculated based on a percentage of a rolling three-year average of electric, water and sewer operating revenues. For purposes of estimating the general transfer for the budget year, the three-year average of revenues included in the calculation is based on two previous actual fiscal year revenues (2021 and 2022) and an estimate of revenues for the immediate past fiscal year (2023). The total general fund transfer will be "trued up" after the fiscal year 2023 financial statements are audited and approved. As a result, the remaining monthly general fund transfers in the current year would ultimately be adjusted to reflect the average of the audited actual revenues for the most recent three years. Exhibit I shows the general transfer calculation for fiscal year 2024.

In addition to the cash payment, NBU adds value to the city in a number of others ways.

- NBU currently provides billing and collection services for 26,574 City of New Braunfels garbage and recycling accounts, for an estimated annual cost of \$482,343.
- NBU operates and maintains 5,162 street lights on city streets and 602 IH 35 for an annual cost of \$325,031.
- NBU installs and maintains Christmas decorations on the plaza for an annual cost of \$36,511.



- NBU manages the banner program over S. Seguin Ave., Landa St., E. San Antonio St. and W. San Antonio St for an annual cost of \$1,677.
- New Braunfels Utilities (NBU) employee volunteers have contributed more than 12,590 hours of their time to community service since 2001. Employee volunteers proudly served their community and volunteered more than 704 hours during FY 2023 at the following events:
 - The 18th annual **Kinderschuhe 5K** was held on Saturday, March 4, 2023, in beautiful historic Gruene, Texas. Thirty-seven NBU employees invested time in serving their community. With a total of 274 event registrants, 209 runners/walkers participated. On March 30, 2023, former CEO Ian Taylor, the NBU Board of Trustees, and the Athlete Guild presented Communities in Schools with a check for \$2,852.43, bringing the total amount raised by this event to \$111,092.27 since 2004.
 - **Operation MedSafe and Shred Day** events were co-hosted at the Comal County Fair Grounds in October. A team of 36 NBU volunteers greeted customers who brought nearly 22,450 tons of sensitive documents to the NBU Community Shred Day for safe disposal and contributed nearly \$700, which was earmarked to benefit the NBU Utility Bill Assistance Program. In addition, our NBU employee volunteers assisted residents who showed up to help to keep our water supply safe by properly disposing of unused prescriptions and over-the-counter pills, tablets, and liquids at the MedSafe event. 190 pounds of unused prescription and over-the-counter medications were collected and safely disposed of. The New Braunfels Police Department was on hand to oversee the collection of expired customer medication and ensure safe and proper disposal.
 - **Comal County Fair Parade** had four volunteers represented in two NBU vehicles. Once again, NBU was pleased to participate and be a part of continuing our tradition of community involvement in the Comal County Fair Parade.
 - **Arbor Day** – New Braunfels Utilities participated in the annual Arbor Day Celebration and highlighted rebates and conservation.
 - **Veterans Day** – On November 10, 2022, Veterans Day, New Braunfels Utilities' recognized its Veteran employees. New Braunfels Utilities expressed appreciation to Veterans who honorably served their country. A come-and-go breakfast was offered at Krause's Cafe, allowing employees to connect and share stories. The event included a slide show of NBU Veteran employees and the Missing Man table.
 - **New Braunfels Home and Garden Show** – The NBU exhibit, hosted by eight NBU volunteers, had the opportunity to showcase a wide array of its services and conservation opportunities to event goers. Over the two-day event at the Civic and Convention Center on August 6 - 7, 2022, eight NBU volunteers greeted hundreds of participants.



- **New Braunfels Food Bank:** The management team and supervisors, comprised of more than 40 NBU volunteers, met on different days in the winter and spring to help box food, stock shelves, and perform various duties to help support the Food Bank's mission to feed the hungry.
- **United Way – Annual Employee Giving Campaign Results:** The NBU FY 2023 United Way Campaign was a huge success. More than 66 percent of our employees donated or pledged more than \$57,000. This level of giving speaks volumes about your generosity, care, and commitment to our community!

NBU has operated the system with conservative fiscal policies allowing it to achieve strong credit ratings, competitive rates for electric, water and wastewater services and provide for increased payments to the City over the years as indicated in the Exhibit II. It is a good track record that we plan to continue to for the benefit of our customers and the community we are proud to serve.

Sincerely,

Ryan Kelso, Interim Chief Executive Officer

Enclosures: Exhibit I – Calculation for City Contribution-Fiscal Year 2024



EXHIBIT I

NEW BRAUNFELS UTILITIES Calculation For City Contribution For Fiscal Year 2024 (\$ In Thousands)

| | FY 2021-2023 Three Year Average |
|---|------------------------------------|
| <i>ELECTRIC</i> | |
| Total Electric Operating Revenues | \$ 179,631 |
| Less: Direct Generation and Transmission Pass-Through Costs | |
| GCRF Revenue | \$ 43,218 |
| TCRF Revenue | 12,539 |
| Transmission Service Rate Pass-Throughs | 3,192 |
| Total Direct Generation and Transmission Pass-Through Costs | <u>\$ 58,949</u> |
| Net Electric Operating Revenues | \$ 120,682 |
| Electric General Transfer Rate | 7.45% |
| Electric General Transfer Amount | <u>\$ 8,991</u> |
| <i>WATER</i> | |
| Water Operating Revenue | \$ 29,975 |
| Purchase Water Cost | \$ 6,687 |
| Less: Purchase Water Cap of \$2.5 Million per year | (2,500) |
| Net Purchase Water Adjustment to Revenues (Amount Greater than \$2.5 M) | <u>\$ 4,187</u> |
| Adjusted Net Water Revenues | \$ 25,788 |
| Water General Transfer Rate | 4.35% |
| Water General Transfer Amount | <u>\$ 1,122</u> |
| <i>WASTEWATER</i> | |
| Wastewater Operating Revenues | \$ 27,303 |
| Wastewater General Transfer Rate | 4.35% |
| Wastewater General Transfer Amount | <u>\$ 1,188</u> |
| Grand Total - Electric, Water and Wastewater General Transfer Amount | <u><u>\$ 11,300</u></u> |