



August 30, 2024

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 2024, and based on total revenue performance for the electric, water and wastewater lines of business, has authorized the transfer of \$11,749,998 to the City of New Braunfels over 12 monthly payments. NBU's Financial and Operating Plan estimates a total transfer of \$71.3 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 (2022 and 2023) and an estimate of revenues for the immediate past fiscal year (2024). The total general fund transfer will be "trued up" after the fiscal year 2024 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 2025.

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

- NBU currently provides billing and collection services for 27,247 City of New Braunfels garbage and recycling accounts, for an estimated annual cost of \$494,212.
- NBU operates and maintains 5,468 street lights on city streets and 602 IH 35 for an annual cost of \$322,754.
- NBU installs and maintains Christmas decorations on the plaza for an annual cost of \$37,002.



- 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 \$2,679.
- New Braunfels Utilities (NBU) employees have dedicated over 12,774 hours to community service since 2001. During Fiscal Year 2024 alone, they volunteered more than 184 hours at various events and initiatives, such as Back to School Fairs, NBISD Teacher Expo, and Resource Fairs. Notable highlights from this period include:
 - **20th Annual Kinderschuhe 5K:** Held on March 2, 2024, in historic Gruene, Texas, this event saw over three dozen NBU employees assisting the 367 registrants. This event raised a total of \$116,092.27 since 2004. On March 28, 2024, NBU's Board of Trustees and the Athlete Guild presented Communities in Schools with a \$5,000 check.
 - **Comal County Fair Parade:** NBU proudly participated with four volunteers representing the organization in two vehicles, continuing the tradition of this cherished community event.
 - **National Night Out:** Twenty volunteers and two bucket trucks engaged with residents across two neighborhoods, fostering community connections.
 - **Spooktacular:** At this popular event, 30 NBU employees distributed candy and treats to over 2,000 attendees.
 - **Veterans Day:** On November 11, 2023, NBU honored its veteran employees and participated in the Veterans Day parade. A pre-parade lunch celebration at Krause's Café on November 9 highlighted NBU's 45 veterans and community veterans.
 - **New Braunfels Home and Garden Show:** From February 17-18, 2024, eight NBU volunteers showcased the organization's services and conservation initiatives. They engaged with hundreds of participants over the two-day event.
 - **New Braunfels Food Bank:** More than 45 NBU volunteers supported the Food Bank throughout the year, assisting with food packaging, shelf stocking, and other tasks to aid in feeding the hungry.
 - **United Way Annual Employee Giving Campaign:** The FY 2024 campaign was a tremendous success, with over 73% of employees contributing or pledging more than \$57,139. This exceptional level of giving underscores our team's generosity and commitment to the 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. 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, Chief Executive Officer

Enclosures: Exhibit I – Calculation for City Contribution-Fiscal Year 2025



EXHIBIT I

NEW BRAUNFELS UTILITIES Calculation For City Contribution For Fiscal Year 2025 (\$ In Thousands)

	FY 2022-2024 Three Year Average
<i>ELECTRIC</i>	
Total Electric Operating Revenues	\$ 190,284
Less: Direct Generation and Transmission Pass-Through Costs	
GCRF Revenue	\$ 49,628
TCRF Revenue	14,717
Transmission Service Rate Pass-Throughs	3,385
Total Direct Generation and Transmission Pass-Through Costs	<u>\$ 67,729</u>
Net Electric Operating Revenues	\$ 122,555
Electric General Transfer Rate	<u>7.45%</u>
Electric General Transfer Amount	\$ 9,130
<i>WATER</i>	
Water Operating Revenue	\$ 35,005
Purchase Water Cost	\$ 8,951
Less: Purchase Water Cap of \$2.5 Million per year	<u>(2,500)</u>
Net Purchase Water Adjustment to Revenues (Amount Greater than \$2.5 M)	\$ 6,451
Adjusted Net Water Revenues	\$ 28,554
Water General Transfer Rate	<u>4.35%</u>
Water General Transfer Amount	\$ 1,242
<i>WASTEWATER</i>	
Wastewater Operating Revenues	\$ 31,668
Wastewater General Transfer Rate	<u>4.35%</u>
Wastewater General Transfer Amount	\$ 1,378
Grand Total - Electric, Water and Wastewater General Transfer Amount	<u><u>\$ 11,750</u></u>