



Board Meeting

MONDAY, MARCH 2, 2026



Confirmation of a Quorum



Public Comments



Open Meeting

Consideration and Possible Action on Approval of the February 2, 2026, Southmost Regional Water Authority Board Meeting Minutes.



General Manager's Report

- a. Operational, Chemical Optimization and Financial Report - Jacob Galvan, Jorge Santillan
- b. Drought Update - Jaime Flores
- c. Presentation and Discussion of the Brownsville Public Utilities Board 2026-2030 Strategic Business Plan - Marilyn D. Gilbert



Operational, Chemical Optimization and Financial Report

● ● ● SRWA BOARD MEETING | March 02, 2026

Jacob Galvan

W/WW Operator Chief

Water Plant I

Jorge Santillan

Finance Manager

Finance Division



**Production
&
Distribution
Report**

**For the Month Ended
January 31, 2026
Jacob C. Galvan**

SRWA 2025-2026 FY Water Distribution Summary and True-Up Estimate										
		SRWA Total Distribution			BPUB ¹	Valley MUD#2	Los Fresnos ²	BND ¹	Indian Lake ²	Total
Allocation	Percent (%)	Million Gals	Dist. Per sum of		92.91%	2.51%	2.28%	2.10%	0.20%	100.00%
			column f-j	Difference	Million Gals	Million Gals	Million Gals			
	Oct-25	215.868	215.868	0.000	203.694	5.503	1.706	4.533	0.432	215.868
	Nov-25	214.472	214.472	0.000	202.702	5.278	1.559	4.504	0.429	214.472
	Dec-25	207.468	207.468	0.000	195.585	5.453	1.658	4.357	0.415	207.468
	Jan-26	216.848	216.848	0.000	196.888	5.954	9.018	4.554	0.434	216.848
	Feb-26		0.000	0.000						-
	Mar-26		0.000	0.000						-
	Apr-26		0.000	0.000						-
	May-26		0.000	0.000						-
	Jun-26		0.000	0.000						-
	Jul-26		0.000	0.000						-
	Aug-26		0.000	0.000						-
	Sep-26		0.000	0.000						-
Actual Distribution	YTD MG	854.656	854.656	0.000	798.869	22.188	13.941	17.948	1.710	854.656
	Daily Average (MGD)	6.948			6.495	0.180	0.113	0.146	0.014	6.948

True up Estimate: This is not a bill.

Allocable Distribution Based on % Participation	794.061	21.452	19.486	17.948	1.709	854.656
Consolidation of Distribution per Agreements	812.009	21.452	21.195	-	-	854.656
Over (Under) Distributed	4.81	0.74	(5.54)	-	-	0.000
FY2026 Estimated O&M Cost Per Thousand Gallons	\$ 1.93	\$ 1.93	\$ 1.93			
Total Cost of Over (Under) Distributed	<u>\$ 9,280.08</u>	<u>\$ 1,420.74</u>	<u>\$ (10,700.82)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

¹ BPUB is providing credit to the BND for their SRWA share on their monthly BPUB water bill.

² As of Jan 1, 2009, City of Los Fresnos is purchasing Indian Lake's water allocation (as per Interlocal Agreement dated 10/14/2008)

\$ -

SOUTHMOST REGIONAL WATER AUTHORITY
PRODUCTION / DISTRIBUTION COSTS

MONTH: **January-26**

	R.O. Water Produced MGD	Blend Water Produced MGD	Total Water Produced	DISTRIBUTION (MGD)			TOTAL WATER DISTRIBUTED
				TO BROWNSVILLE	TO LOS FRESNOS	TO VMUD #2	
1	7.347	0.000	7.347	7.435	0.017	0.192	7.644
2	7.251	0.000	7.251	7.286	0.104	0.196	7.586
3	7.271	0.000	7.271	7.338	0.011	0.185	7.534
4	7.236	0.000	7.236	6.863	0.033	0.193	7.089
5	7.229	0.000	7.229	7.520	0.010	0.183	7.713
6	7.267	0.000	7.267	6.691	0.021	0.170	6.881
7	7.188	0.000	7.188	6.929	0.028	0.168	7.125
8	7.093	0.000	7.093	6.672	0.683	0.190	7.546
9	5.450	0.000	5.450	5.572	0.534	0.325	6.431
10	7.226	0.000	7.226	5.742	0.031	0.381	6.154
11	7.074	0.000	7.074	6.723	0.625	0.472	7.820
12	7.268	0.000	7.268	5.458	0.605	0.155	6.218
13	7.318	0.000	7.318	6.611	0.577	0.171	7.359
14	6.715	0.000	6.715	5.926	0.607	0.166	6.699
15	7.224	0.000	7.224	6.944	0.555	0.208	7.707
16	6.715	0.000	6.715	5.563	0.529	0.136	6.228
17	7.221	0.000	7.221	6.789	0.559	0.174	7.522
18	7.236	0.000	7.236	6.711	0.543	0.196	7.450
19	7.293	0.000	7.293	6.652	0.726	0.153	7.531
20	6.341	0.139	6.480	5.018	0.583	0.110	5.711
21	5.560	0.261	5.821	6.265	0.498	0.131	6.894
22	3.882	0.175	4.057	4.153	0.220	0.073	4.446
23	6.257	0.120	6.377	4.584	0.202	0.141	4.927
24	7.201	0.000	7.201	6.767	0.136	0.173	7.076
25	7.249	0.000	7.249	6.853	0.116	0.222	7.191
26	7.224	0.000	7.224	6.952	0.108	0.156	7.216
27	7.254	0.000	7.254	7.140	0.104	0.190	7.434
28	7.214	0.000	7.214	7.274	0.180	0.200	7.654
29	7.190	0.000	7.190	8.075	0.108	0.172	8.355
30	7.166	0.000	7.166	7.047	0.278	0.213	7.538
31	7.391	0.000	7.391	5.890	0.121	0.158	6.169
TOTALS	214.553	0.695	215.248	201.442	9.452	5.954	216.848
AVERAGE	6.921	0.022	6.943	6.498	0.305	0.192	6.995

CHEMICAL CONSUMPTION

	TYPE	QUANTITY	COST/UNIT	TOTALS
Scale Inhibitor	275-Gal Tote	0.41	\$10,400.00	\$4,222.40
Calcium Chloride	lbs.	333,652.36	\$0.2200	\$73,403.52
Caustic Soda	lbs.	31,155.72	\$0.1980	\$6,168.83
Liquid Ammonium Sulfate	lbs.	21,511.59	\$0.1425	\$3,065.40
Chlorine	Ton Containers	6.11	\$2,397.00	\$14,643.27
Ferric Chloride	lbs.	8,253.74	\$0.2800	\$2,311.05
Sodium Bisulfite	lbs.	9,148.13	\$0.2125	\$1,943.98
High pH Membrane Cleaner (237)	55-Gal Drum	0.00	\$2,186.60	\$0.00
Low pH Membrane Cleaner (234)	55-Gal Drum	0.00	\$1,897.40	\$0.00
Citric Acid	330-Gal Totes	1.00	\$2,595.32	\$2,595.32
Sodium Chlorite	lbs.	4,359.87	\$0.727	\$3,169.63
<i>Chemical cost per thousand gals:</i>				\$0.518
				\$111,523.40

ELECTRIC CONSUMPTION

	kwh	COST/kwh	TOTALS
Well Field	561,000	\$0.07623	\$42,765.03
MF Processing Plant	143,400	\$0.0871	\$12,482.97
RO Processing Plant	441,000	\$0.0817	\$36,043.37
High Service Pumps	159,200	\$0.0973	\$15,497.32
<i>Power costs per thousand gals:</i>			\$0.496
			\$106,788.70

SOUTHMOST REGIONAL WATER AUTHORITY

MONTH: **January-26**

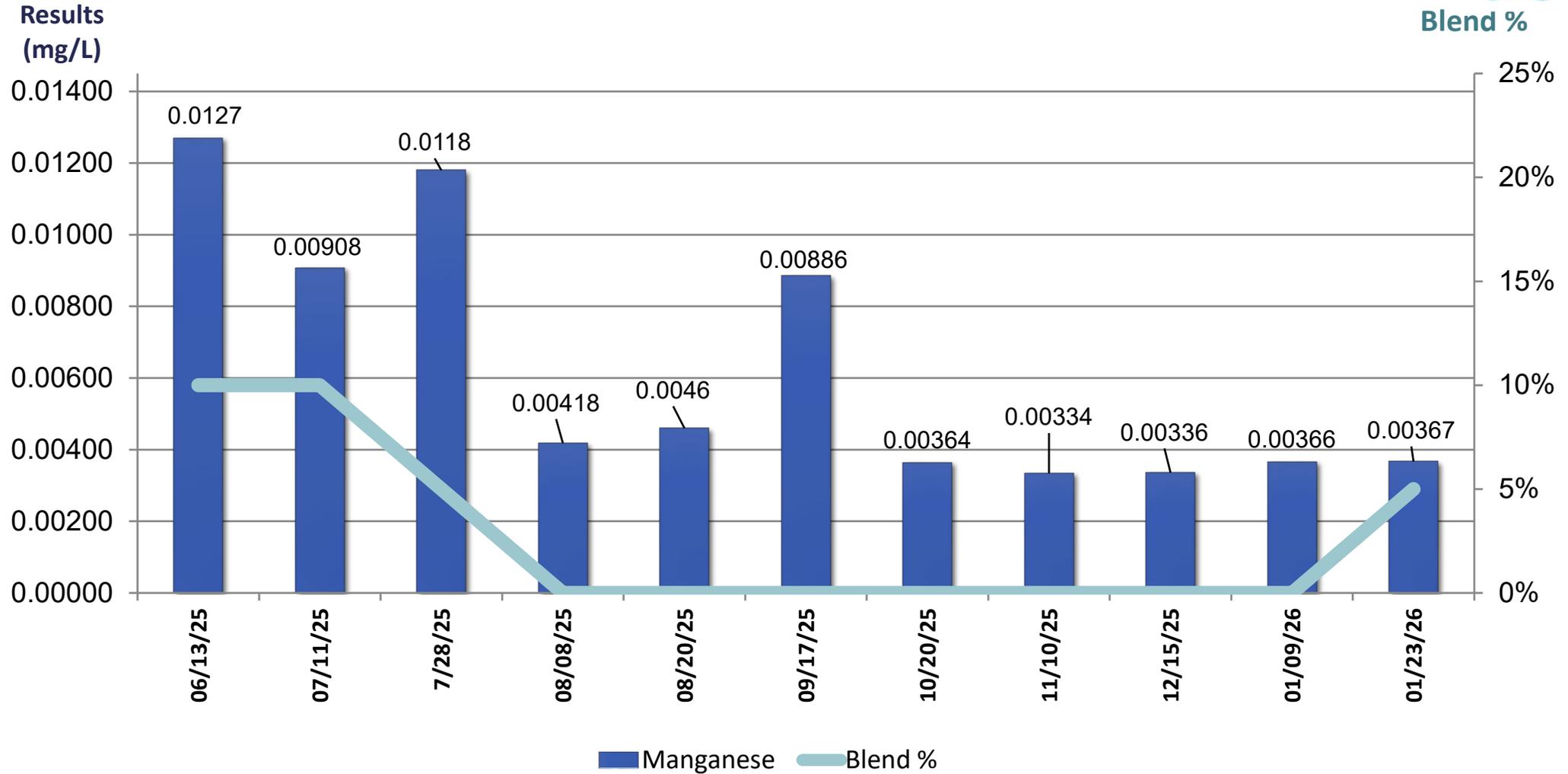
	TOTAL MGD PRODUCED	DESCRIPTION	DOWN TIME HOURS
1	7.347		
2	7.251		
3	7.271		
4	7.236		
5	7.229		
6	7.267		
7	7.188		
8	7.093		
9	5.450	Plant maintenance replumbed the chlorine feed line at the injection point.	9
10	7.226		
11	7.074		
12	7.268		
13	7.318		
14	6.715		
15	7.224		
16	6.715		
17	7.221		
18	7.236		
19	7.293		
20	6.480		
21	5.821	Three-day operational test, that excluded wells with the highest manganese concentrations.	
22	4.057	Plant maintenance replumbed the caustic feed line at the injection point.	8
23	6.377		
24	7.201		
25	7.249		
26	7.224		
27	7.254		
28	7.214		
29	7.190		
30	7.166		
31	7.391		
TOTALS	215.248		17
AVERAGE	6.943		

RO and WELL PUMP STATUS

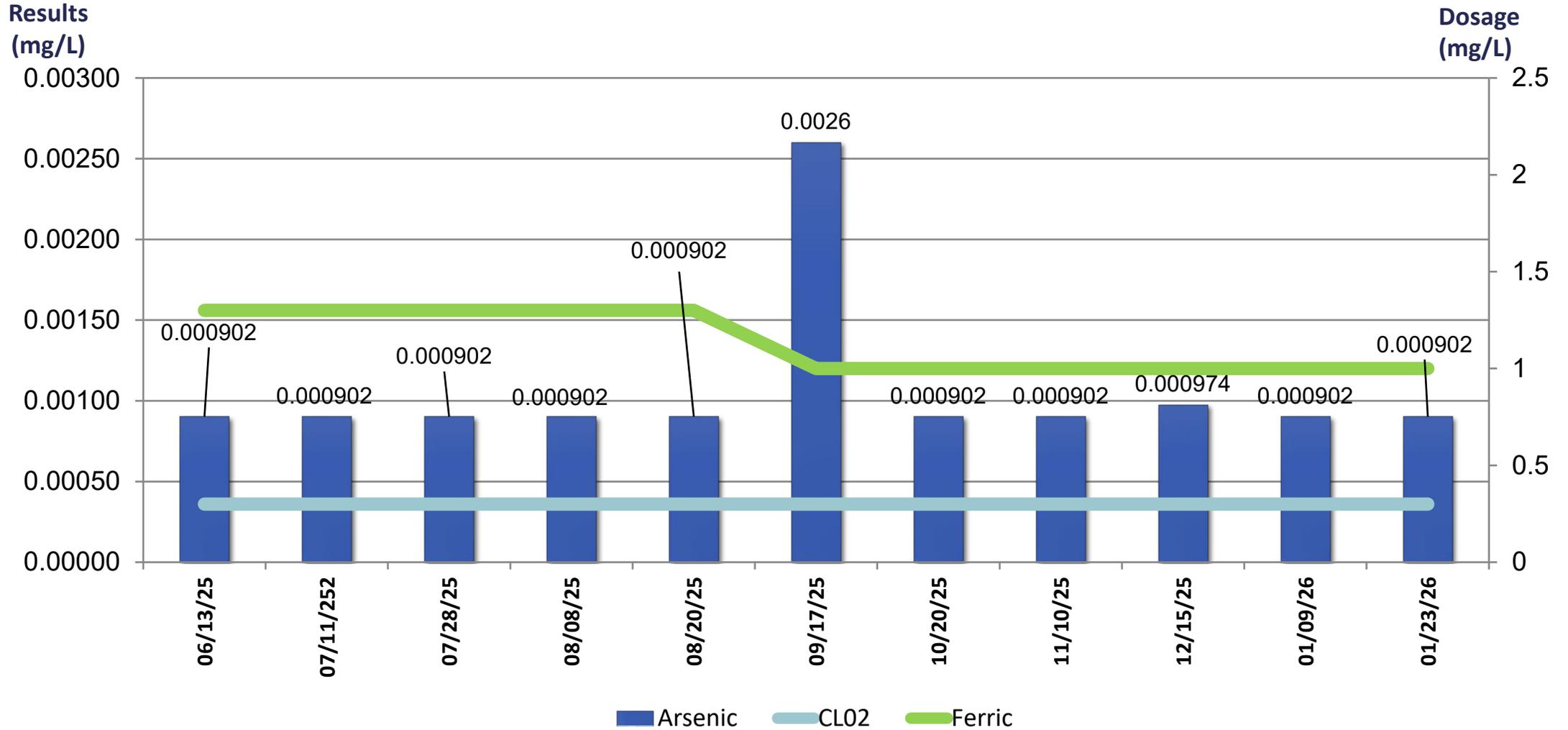
Well #	2/10/2025	3/10/2025	4/2/2025	5/9/2025	5/19/2025	6/13/2025	7/11/2025	8/8/2025	8/20/2025	9/17/2025	10/20/2025	11/10/2025	12/15/2025	1/9/2026	1/23/2026
1 (C-2)	ON	ON	ON	ON	ON	OFF	ON	ON	ON	ON	ON	on	ON	ON	ON
2 (S-5)	OFF	OFF	ON	ON	ON	ON	ON	ON	ON	OFF	ON	on	ON	OFF	OFF
3 (M-2)	ON	ON	ON	ON	on	ON	ON	ON							
4 (S-3C)	ON	ON	ON	ON	on	OFF	ON	ON							
5 (G-4)	ON	ON	ON	ON	ON	ON	OFF	ON	OFF						
6 (M-4)	ON	ON	ON	ON	on	ON	ON	ON							
7 (C-3)	ON	ON	ON	OFF	OFF	OFF	OFF	OFF	ON	ON	ON	on	ON	OFF	OFF
8 (G-1)	ON	ON	ON	ON	on	ON	ON	ON							
9 (D-4B)	ON	ON	ON	ON	ON	OFF	OFF	ON	ON	ON	ON	off	ON	ON	ON
10 (R-3)	ON	ON	ON	ON	on	ON	ON	ON							
11 (SWA-7)	ON	ON	OFF	OFF	OFF	OFF	OFF	OFF	OFF	OFF	OFF	off	OFF	OFF	ON
12 (S-3A)	ON	ON	ON	ON	on	OFF	OFF	ON							
13 (G-5)	OFF	ON	ON	ON	OFF	ON	ON	ON	ON	ON	ON	on	ON	ON	ON
14 (G-2)	OFF	OFF	OFF	OFF	OFF	OFF	ON	ON	ON	ON	ON	on	OFF	ON	OFF
15 (M-3)	OFF	OFF	OFF	OFF	OFF	OFF	ON	OFF	OFF	ON	OFF	on	OFF	ON	OFF
16 (D-7)	ON	ON	ON	OFF	OFF	ON	ON	OFF	OFF	OFF	OFF	on	ON	ON	ON
17 (S-3B)	ON	ON	ON	ON	ON	ON	OFF	ON	ON	ON	ON	off	ON	ON	OFF
18 (G-3)	OFF	OFF	OFF	ON	OFF	OFF	ON	ON	ON	ON	OFF	on	ON	ON	OFF
19 (M-1)	OFF	OFF	ON	ON	ON	ON	ON	ON	OFF	ON	ON	on	ON	ON	OFF
20 (D-6)	OFF	OFF	OFF	ON	ON	ON	ON	ON	ON	ON	ON	on	ON	ON	OFF
	ROs Online	ROs Online	ROs Online	ROs Online	ROs Online	ROs Online	ROs Online	ROs Online							
	A,B,C,D,F,H	A,B,C,D,G,H	A,B,C,E,G,H	A,C,E,F,G,H	A,B,C,E,G,H	A,C,E,F,G,H	B,C,E,F,G,H	A,B,C,D,F,G,H	A,B,D,E,F,G,H	B,C,D,E,F,G,H	A,B,C,D,F,G,H	A,B,C,D,F,G,H	A,B,C,D,F,G,H	A,B,D,E,F,G,H	A,B,E,G,H

Manganese

Blend %



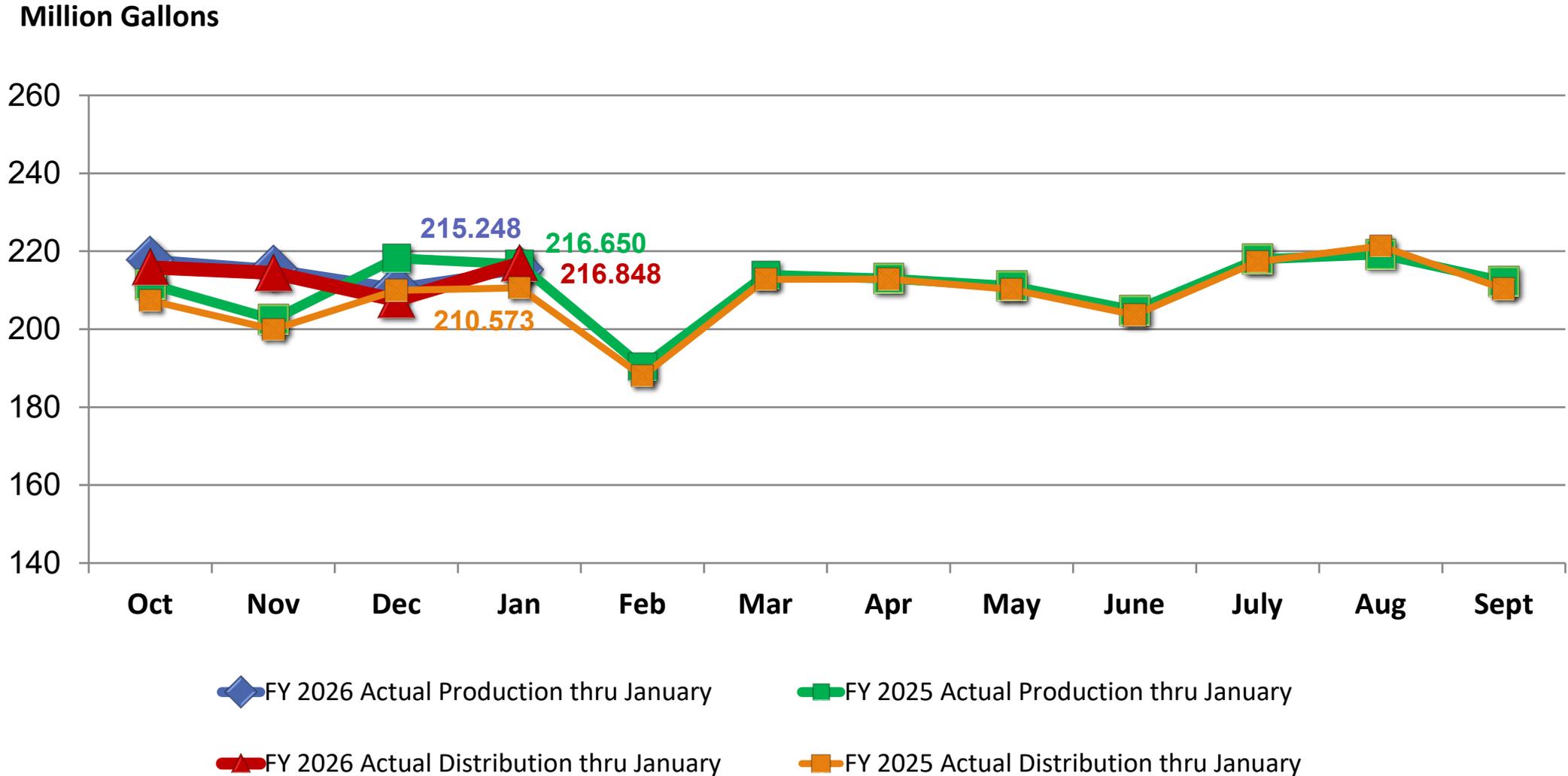
Arsenic



Fiscal Year 2026 Southmost Regional Water Authority Financial Performance as of January 31, 2026



Water Production & Distribution

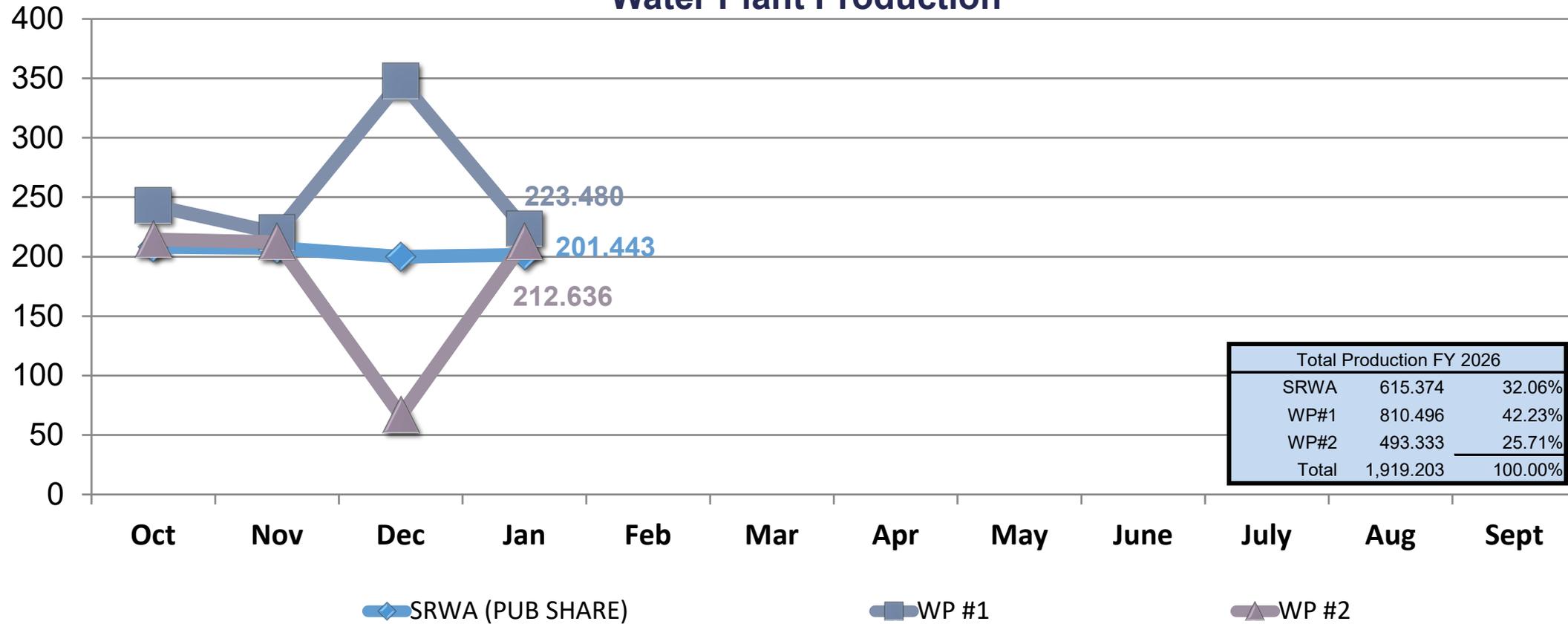


Fiscal Year 2026 Southmost Regional Water Authority Financial Performance as of January 31, 2026



Million Gallons

Water Plant Production



Total Production FY 2026		
SRWA	615.374	32.06%
WP#1	810.496	42.23%
WP#2	493.333	25.71%
Total	1,919.203	100.00%

Financial Performance

**For the Month Ended
January 31, 2026**

Jorge Santillan

Operating Revenues / Expenses

		FY 2026	
		January 2026	YTD
1.	Operating Revenues:		
2.	Member assessments	\$ 649,280	\$ 2,597,121
3.	Total Operating Revenues	649,280	2,597,121
4.	Operating Expenses:		
5.	Personnel services	92,561	330,656
6.	Materials and supplies	87,922	785,561
7.	Repairs and maintenance	-	19,667
8.	Contractual and other services	155,812	465,391
9.	Depreciation expense	112,723	450,891
10.	Total Operating Expenses	449,018	2,052,166
11.	Operating Income (Loss)	200,262	544,955

Non-Operating Revenues / Expenses

	January 2026	FY 2026 YTD
12. Non-Operating Revenues (Expenses):		
13. Non-operating revenues (expenses)	-	(1,979)
14. Interest from investments	47,771	192,264
15. Amortized regulatory costs and bond premium	7,017	28,069
16. Interest expense	(39,797)	(159,188)
17. Gain (Loss) on Disposition of Property	-	-
18. Net Non-Operating Revenues (Expenses)	<u>14,991</u>	<u>59,166</u>
19. Income (Loss) before capital contributions	<u>215,253</u>	<u>604,121</u>
20. Capital contributions	<u>-</u>	<u>-</u>
21. Change in net position	<u>215,253</u>	<u>604,121</u>
22. Net Position, beginning of year	<u>27,277,603</u>	<u>26,888,735</u>
23. Net Position, end of period	<u>\$ 27,492,856</u>	<u>\$ 27,492,856</u>



Fiscal Year 2026
Summary by Account

RUN DATE: 09-FEBRUARY-2026

ACCOUNT	APPROVED BUDGET	YTD BUDGET	YTD ACTUALS	DIFF	JANUARY BUDGET	JANUARY ACTUAL	BUDGET BALANCE
Personnel Services							
6160 Overhead Labor	1,127,484	375,828	330,656	45,172	93,957	92,561	796,828
Total Personnel Services	1,127,484	375,828	330,656	45,172	93,957	92,561	796,828
Materials and supplies							
7203 Sand, Caliche, Gravel,Concrete etc	27,000	9,000	-	9,000	2,250	-	27,000
7225 Safety supplies	2,500	833	-	833	208	-	2,500
7278 Chemicals - sodium chlorite	120,000	40,000	38,257	1,743	10,000	5,516	81,743
7281 Chemicals - ammonia	45,000	15,000	12,132	2,868	3,750	12,132	32,868
7282 Chemicals - caustic soda	55,000	18,333	11,736	6,597	4,583	5,840	43,264
7283 Chemicals - chlorine	177,000	59,000	47,940	11,060	14,750	9,588	129,060
7288 Chemicals - ferric chloride	25,000	8,333	13,126	(4,793)	2,083	-	11,874
7291 Chemicals-Microfiltration Cleaners	60,000	20,000	12,977	7,023	5,000	-	47,023
7292 Chemicals - Sodium Bisulfite	28,000	9,333	10,230	(897)	2,333	-	17,770
7293 Chemicals - other	1,500	500	-	500	125	-	1,500
7294 Chemicals - calcium chloride	626,000	208,667	259,288	(50,621)	52,167	50,046	366,712
7295 Chemicals - membrane cleaner	66,000	22,000	20,800	1,200	5,500	-	45,200
7296 Chemicals - scale inhibitor	55,000	18,333	-	18,333	4,583	-	55,000
7297 Chemicals - cartridge filters	42,000	14,000	16,232	(2,232)	3,500	-	25,768
7298 membranes	632,800	210,933	321,177	(110,244)	52,733	-	311,623
7299 Other materials & supplies	168,000	56,000	21,666	34,334	14,000	4,800	146,334
Total Materials and supplies	2,130,800	710,265	785,561	(75,296)	177,565	87,922	1,345,239
Repairs and maintenance							
7520 Maint. of minor equipment	7,000	2,333	-	2,333	583	-	7,000
7581 Maintenance wells	225,880	75,293	19,667	45,546	18,823	-	206,213
Total Repairs and maintenance	232,880	77,626	19,667	47,879	19,406	-	213,213



ACCOUNT	APPROVED BUDGET	YTD BUDGET	YTD ACTUALS	DIFF	JANUARY BUDGET	JANUARY ACTUAL	BUDGET BALANCE
Contractual and other services							
7102 Sponsorships	1,000	333	-	333	83	-	1,000
7105 Books & periodicals	150	50	-	50	13	-	150
7110 Dues & memberships	1,800	600	239	361	150	239	1,561
7120 Office supplies	1,200	400	511	(111)	100	110	689
7130 Postage/shipping charges	600	200	-	200	50	-	600
7135 Telephone expenses	19,000	6,333	5,454	879	1,583	1,364	13,546
7140 Training expenses	4,000	1,333	1,245	88	333	405	2,755
7145 Travel expenses	3,000	1,000	(441)	1,441	250	-	3,441
7180 Utilities - departmental	1,000,000	333,333	322,939	10,394	83,333	109,603	677,061
7310 Federal, state, & local fees	1,000	333	-	333	83	-	1,000
7315 Food, meals, ice, water	6,500	2,167	2,721	(554)	542	634	3,779
7325 Rental of equip/storage/land	151,000	50,333	35,588	14,745	12,583	8,636	115,412
7335 Wearing apparel & dry goods	2,500	833	-	833	208	-	2,500
7380 Insurance - general liability	1,950	650	594	56	163	148	1,356
7381 Insurance - boiler,mchnry,property	220,000	73,333	52,305	21,028	18,333	13,076	167,695
7384 Insurance - public officials liab	5,000	1,667	705	962	417	176	4,295
7385 Insurance - comprehensive auto liab	2,500	833	295	538	208	74	2,205
7415 Fuels & lubricants	4,000	1,333	1,010	323	333	350	2,990
7601 Legal Fees	6,000	2,000	1,305	695	500	934	4,695
7605 Engineering fees	60,000	20,000	-	20,000	5,000	-	60,000
7615 External auditor fees	10,000	3,333	-	3,333	833	-	10,000
7645 Maintenance services	25,120	8,373	7,449	924	2,093	4,355	17,671
7650 Security services	5,000	1,667	-	1,667	417	-	5,000
7660 Ground Keeping Maintenance	123,000	41,000	-	41,000	10,250	-	123,000
7699 Other services	250,000	83,333	30,538	52,795	20,833	12,828	219,462
7801 Communication equipment	1,000	333	-	333	83	-	1,000
7805 Computer equipment	2,500	833	-	833	208	-	2,500
7810 Laboratory equipment	5,000	1,667	-	1,667	417	-	5,000
7820 Office furniture & equipment	1,000	333	-	333	83	-	1,000
7830 Pumping equipment	84,000	28,000	2,881	25,119	7,000	2,880	81,119
7835 Tools, shop and garage equipment	1,000	333	53	281	83	-	947
7899 Other minor tools & equipment	6,000	2,000	-	2,000	500	-	6,000
Total Contractual and other services	2,004,820	668,269	465,391	202,878	167,065	155,812	1,539,429
GRAND TOTAL	5,495,984	1,831,988	1,601,275	220,633	457,993	336,295	3,894,709



Drought Update

● ● ● SRWA BOARD MEETING | MARCH 2, 2026

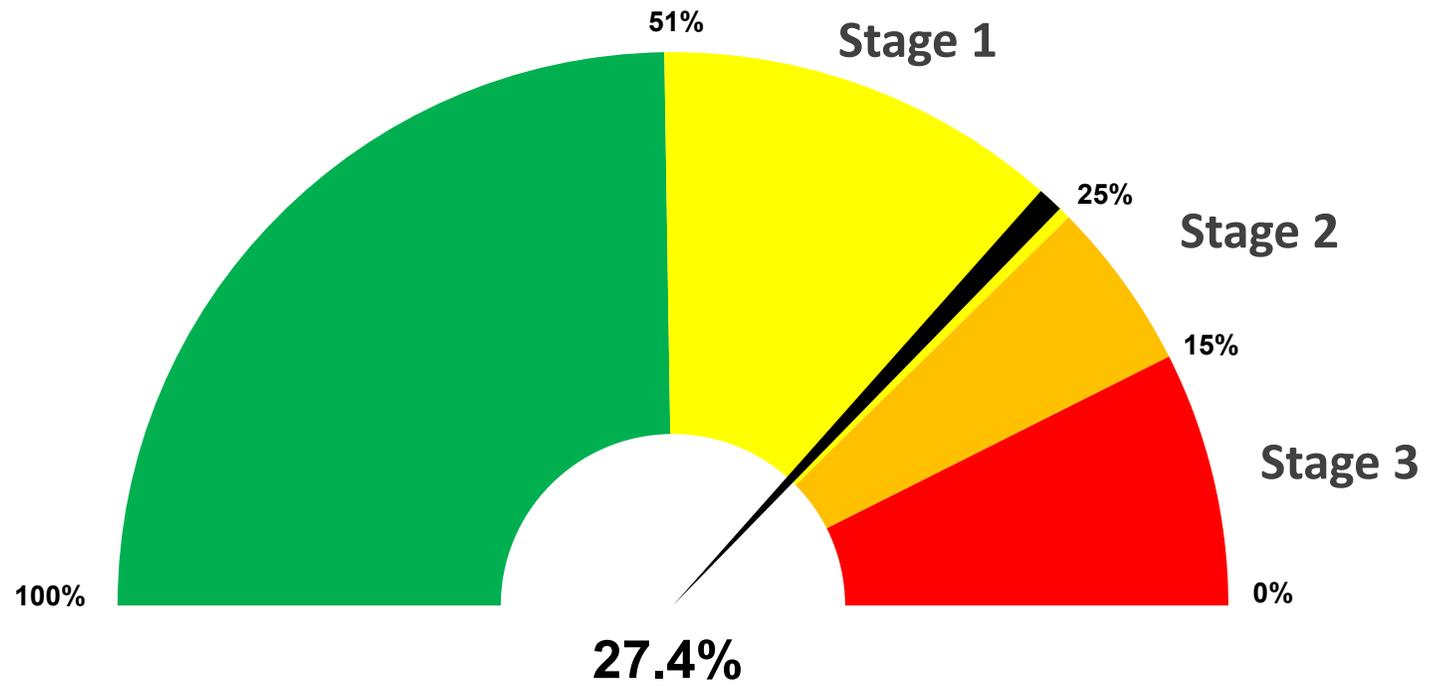
Jaime Flores

Water Resources Administrator

Raw Water Supply

A decorative graphic at the bottom of the slide consists of several overlapping, wavy blue shapes that create a sense of movement and depth, resembling water or a stylized landscape.

BPUB Drought Stage Meter



U.S. Combined ownership at Amistad and Falcon Reservoirs
February 21, 2026 = 27.4%

% U.S. Combined Ownership at Amistad/Falcon

Previous 3 Readings

27.5%

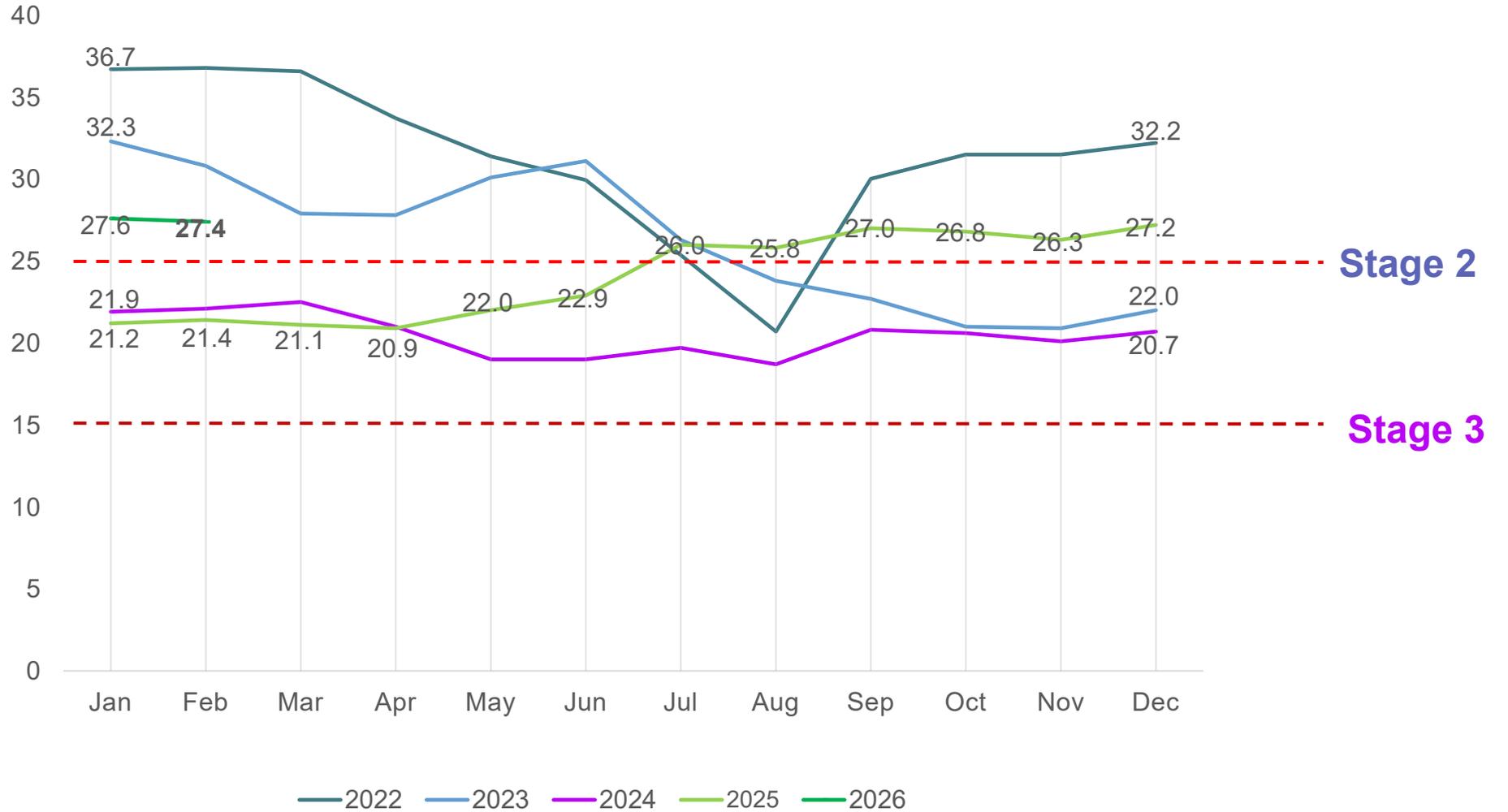
February 14, 2026

27.6%

February 7, 2026

27.6%

January 31, 2026



National Weather Service March to May 2026 Outlook: For the Lower Rio Grande Valley/Deep South Texas Region

- A warmer than normal outlook is anticipated through the March-May 2026 period.
- Meanwhile, **precipitation outlook is a true toss-up!**
- March, April, and May are amongst the fastest warming months in the RGV.
- Falcon International Reservoir remained near historic seasonal lows at the end of February.
- Confidence remains near-certain (~100%) on total reservoir storage remaining just above record lows through May.
- As we transition into March/April, severe thunderstorms (winds, hail, tornadoes), heavy rainfall and localized flooding has to be taken into consideration as the prospects for showers and thunderstorms could increase.



B R O W N S V I L L E
PUBLIC UTILITIES BOARD

EVERY DROP COUNTS!

Learn more about drought at:



brownsville-pub.com/drought-resources



BROWNSVILLE
PUBLIC UTILITIES BOARD

2026-2030 Strategic Business Plan

SRWA Meeting

March 2, 2026

Marilyn D. Gilbert, General Manager & CEO

Brownsville Public Utilities Board

Strategic Planning Partner: **ScottMadden**



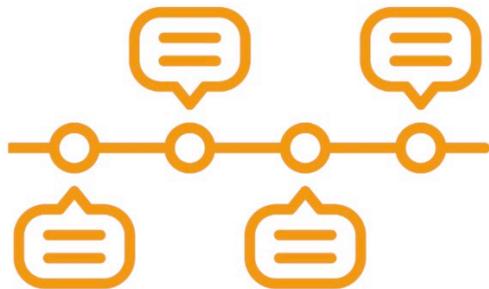
Management consulting firm specializing in strategic planning and utility sector transformation since 1983

DEVELOPMENT PROCESS:
19-week engagement
(March–December 2025)

STRATEGIC ASSESSMENT:
Stakeholder engagement, SWOT analysis,
framework development

STRATEGY DEVELOPMENT:
Plan formation, implementation
guidance, and socialization

KEY MILESTONES:



March 2025: RFP Issued

June 2025: Board Approval & Contract Signed

July 2025: Project Kickoff

December 2025: Strategic Plan Delivered & Approved by BPUB Board

Ongoing: Communication



Built Together, For Our Community



External Partners:

- City of Brownsville Leadership
- Cameron County
- Port of Brownsville
- GBEDC (Greater Brownsville Economic Development Corporation)
- BCIC (Brownsville Community Improvement Corporation)
- PUBCAP (Public Utilities Board Consumer Advisory Panel)



Internal Stakeholders:

- BPUB Board of Directors
- Executive Leadership Team
- Department Directors & Managers
- Employees across all divisions

Preparing BPUB for **Tomorrow**



Our Strategic Framework

Clear Direction

- The Strategic Business Plan serves as the unifying framework for all BPUB's subordinate plans

Measurable Progress Accountability



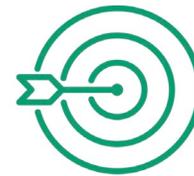
10

Strategic Focus Areas



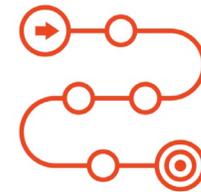
16

Measurable KPIs



4

Desired Outcomes



5

Year Roadmap



Vision

Empowering greater Brownsville's future through exceptional utility services, community leadership, and operational excellence.

Mission

To deliver **safe, reliable, and affordable** utility services that empower our community, champion growth, and are guided by operational excellence, financial strength, transparency, and strong leadership.

BPUB's Focus Areas

Affordability & Power Supply Optimization

Competitive rates and reliable infrastructure allows growth

Optimizing Water Supply

Strategic resource planning supports sustainable development

Resiliency, Reliability & Technology Modernization

Grid hardening and digital transformation ensure reliable services

Customer Experience & Community Engagement

Enhanced service delivery improves resident satisfaction

Risk Management & Interorganizational Effectiveness

Data-driven decisions and accountability strengthen operations

Employee Engagement & Development

Motivated, high-performing workforce supports operational excellence

Transparent & Accountable

How We Stay Accountable:

- **sp2030.brownsville-pub.com**
Complete plan, KPIs, and roadmap publicly available
- **Quarterly Performance Tracking**
All 16 KPIs are measured against industry benchmarks
- **Regular Updates**
Briefings on progress and risk





BROWNSVILLE
PUBLIC UTILITIES BOARD

Questions?





SRWA Audit

● ● ● SRWA BOARD MEETING | 3/2/2026

Melida R. Pinales

Director of Internal Audit

Internal Audit

A decorative graphic at the bottom of the slide consisting of several overlapping, wavy blue shapes that create a sense of movement and depth, extending across the width of the page.

Agenda

1. Scope
2. Objectives
3. Overall Opinion
4. Findings, Recommendations & Management Responses
5. Questions

Scope

Scope: Included a review of the area's internal controls for the period of October 1, 2022 to September 30, 2025.

Process entailed reviewing job descriptions, interviewing personnel and conducting field-testing.

Objectives

- Reviewed policies, procedures and/or work instructions.
- Reviewed any departmental records and reports.
- Reviewed data management for Supervisory Control & Data Acquisition System.
- Reviewed the Cityworks process (i.e., service requests, work orders).
- Reviewed files on vehicle/equipment/tool checklist(s).
- Ensured adherence to safety procedures, safety programs, proper personal protective equipment and regulatory compliance.
 - Job Safety Analysis Form(s)

Overall Opinion

Controls addressed within the scope of the audit need improvement. The areas that need improvement includes the consistency and accuracy of cost allocation and process documentation.

The audit resulted in four findings. Other minimal issues were conveyed to Management through discussion during the audit.

Findings

1. Work Instructions
2. Improper Cost Allocation for Janitorial Services
3. Well Site Inspections
4. Records Retention Process



MELIDA R. PINALES
DIRECTOR OF INTERNAL AUDIT



Consideration and Possible Action to Approve the Southmost Regional Water Authority Property Insurance

● ● ● SRWA BOARD MEETING | March 2, 2026

Estrella Solorzano

Director of Customer and Support Services

Dept. 1130

A decorative graphic at the bottom of the slide consisting of several overlapping, wavy blue shapes that create a sense of movement and depth, extending across the width of the page.

Background

1. Advertisement to submit proposals ran in the Brownsville Herald on December 13 and 20, 2025 and on the BPUB website; available for 6.5 weeks.
2. The invitation to submit proposals was sent to 6 vendors.
3. The current policy expires on April 1, 2026.
4. The request for proposals included a 3.65% increase in the BPUB schedule of values and requested coverage for an additional 20% in policy limits.
5. Only one broker/agency, Marsh USA, submitted a proposal for consideration with a not to exceed policy premium of \$2,600,000 for policy year 2026 to 2027.
6. The initial program proposed by Marsh shows a potential decrease in premiums of 4.48% or \$115,956 and is included in your packet.
7. BPUB property and liability consultant Arthur J. Gallagher Risk Management Services, Inc conducted an analysis of the proposal and is recommending the approval of the program and the not to exceed premium amount as ongoing negotiations to improve the terms of the program and overall premium will continue until policy is bound.

% Calculation SRWA and BPUB				
Policy Year 2026-2027				
Entity	Values	%	Cost	
SRWA	\$ 48,544,645	6%	\$ 156,000	
BPUB	\$ 774,933,150	94%	\$ 2,444,000	
Total	\$ 823,477,795	100%	\$ 2,600,000	

SRWA Board Meeting

Property Insurance

Arthur J Gallagher Risk Management Services, Inc.
February 12, 2026



Gallagher

Insurance | Risk Management | Consulting

©2021 ARTHUR J. GALLAGHER & CO.

2026 Property Market

Overall Market Conditions

Property market remains favorable to insureds, driven by strong financial results and positive reinsurance renewals.



Rate decreases expected across the board, with improvement in coverage terms.



Carriers widening appetites and participating on programs in different ways



Reinsurance

Reinsurance Renewals predicted to be positive through H1 2026.



Capacity

Capacity for Catastrophe exposed portfolios remains plentiful with carriers expanding existing lines and new entrants



Broker-led automatic capacity platforms continued to expand, giving clients competitive advantages



Capacity broadened for mid-sized property placements, including the introduction of new facilities and increased non-admitted alternatives



2026 Property Market

Capacity – MGA's

Rapid growth could test underwriting discipline. While the capacity that MGAs bring to the market is very beneficial, the appetite for growth could lead to inadequate pricing and poor risk selection.



Capacity contracted considerably when the property market hardened. It's an important consideration when choosing a carrier.



Severe Convective Storms (SCS)

Continue to be the top peril in terms of balance-sheet impact.



Most severe convective storm losses do not trigger catastrophe reinsurance program and primary insurers continue to absorb substantial losses from frequent SCS events.



CAT Uncertainty

While the market remains favorable, a major U.S. hurricane landfall or significant convective storm year could disrupt the softening trend.

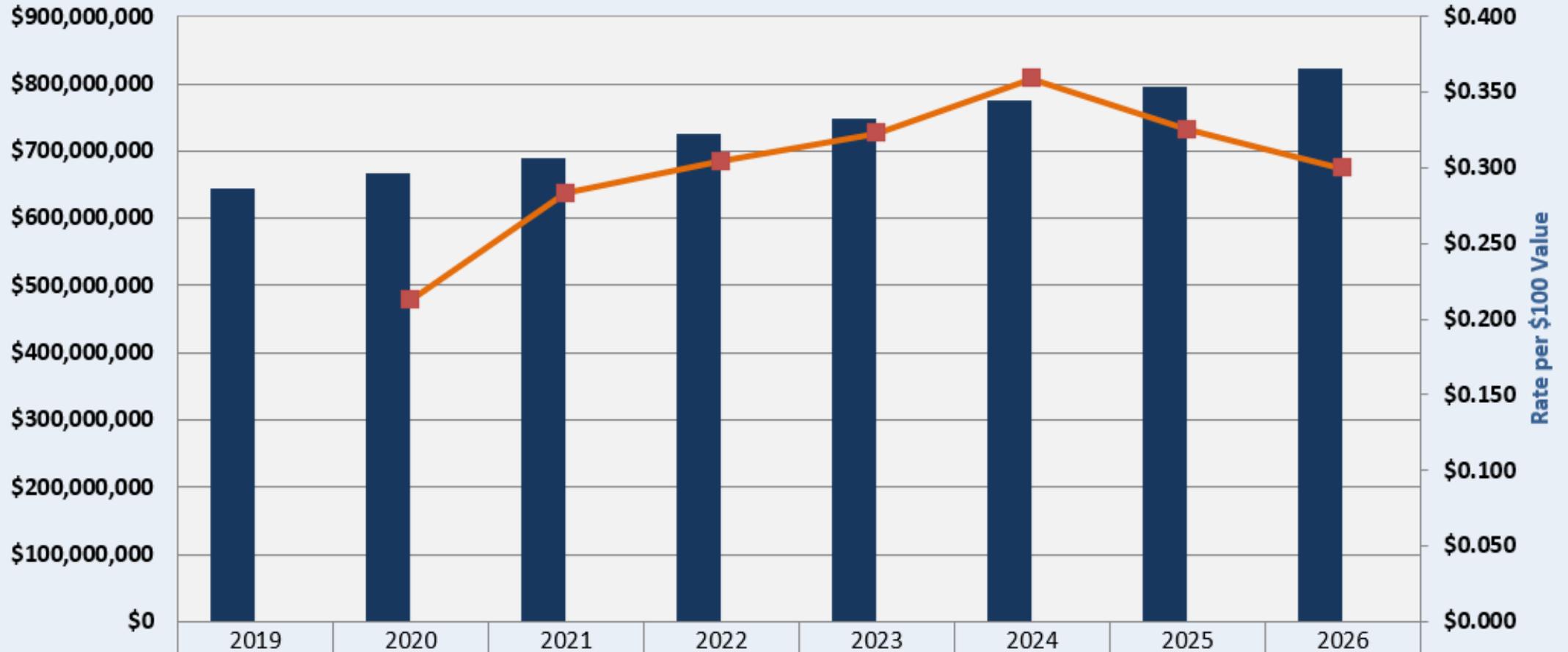
Property Historical Review

**2025-2026 Property Renewal Not to Exceed Premium: \$2,600,000*

 Marsh	Brownsville Public Utilities Board						
	2020	2021	2022	2023	2024	2025	2026
Total Insurable Values	\$666,419,669	\$688,426,022	\$724,847,978	\$748,758,966	\$775,957,444	\$794,458,441	\$823,477,795
Property							
Program Premium	\$1,395,944	\$1,930,139	\$2,189,813	\$2,397,396	\$2,761,839	\$2,565,368	\$2,451,042
Program Composite Rate	\$0.209	\$0.280	\$0.302	\$0.320	\$0.356	\$0.323	\$0.298
Annual Incurred Loss	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Loss Ratio	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total Limit	\$400,000,000	\$400,000,000	\$400,000,000	\$400,000,000	\$400,000,000	\$400,000,000	\$500,000,000
Terrorism							
Program Premium	\$19,688	\$17,706	\$16,031	\$20,365	\$21,424	\$20,059	\$18,429
Program Composite Rate	\$0.003	\$0.003	\$0.002	\$0.003	\$0.003	\$0.003	\$0.002
Annual Incurred Loss	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Loss Ratio	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total Limit	\$100,000,000	\$100,000,000	\$100,000,000	\$100,000,000	\$100,000,000	\$100,000,000	\$100,000,000
TOTAL PREMIUM	\$1,415,632	\$1,947,845	\$2,205,844	\$2,417,761	\$2,783,263	\$2,585,427	\$2,469,471
TOTAL RATE	\$0.212	\$0.283	\$0.304	\$0.323	\$0.359	\$0.325	\$0.300
YoY Total Rate Change	42.82%	33.20%	7.56%	6.11%	11.08%	-9.27%	-7.85%
YoY Total Premium Change	48.74%	38.27%	13.45%	9.48%	15.20%	-7.11%	-4.48%



Insurable Values, Incurred Losses & Property Composite Rate



■ Total Insurable Values	\$644,769,630	\$666,419,669	\$688,426,022	\$724,847,978	\$748,758,966	\$775,957,444	\$794,458,441	\$823,477,795
■ Annual Incurred Loss	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
—■ Program Composite Rate		\$0.212	\$0.283	\$0.304	\$0.323	\$0.359	\$0.325	\$0.300

Next Steps / Recommendation

Next Steps: Staff will present the BPUB portion of the premium to the BPUB Board of Directors for consideration and possible action to approve the property insurance on March 9, 2026.

Recommendation: Staff recommends approval of the SRWA property insurance as recommended by insurance consultant Arthur J. Gallagher Risk Management Services, Inc for an amount not to exceed \$156,000 for policy year 2026-2027 for an annual term with the Board's option to renew for two additional consecutive 1-year periods.

Thank You!

Paul D. Pousson, ARM, DRM
Area Executive Vice President
Managing Director – Higher Education Practice
paul_pousson@ajg.com | 512.844.8087

Cheryl Kelley| Area Vice President
cheryl_kelley@ajg.com | 512.652.2461



Gallagher

Insurance | Risk Management | Consulting

©2021 ARTHUR J. GALLAGHER & CO.

Your Team

Your Gallagher team is a true partner. We have the expertise to understand your business and we're here to service and stay alongside you, every step of the way.

Name/Title	Phone	Email	Role
Primary Service Team			
Paul D. Pousson, ARM, DRM Managing Director – Higher Education Practice	512.652.2443 (o) 512.844.8087 (c)	Paul_Pousson@ajg.com	Team Lead
Austin Stubbs Risk & Insurance Consultant	832.535.9124 (d)	Austin_Stubbs1@ajg.com	Account Executive
Cheryl Kelley, CISR Area Vice President	512.652.2461 (o)	Cheryl_Kelley@ajg.com	Client Service Executive
Daniel Pugliano Client Service Manager	512.652.2528 (o)	Daniel_Pugliano@ajg.com	Client Service Manager

Consideration and Possible Action to Amend the Purchase Order for the Annual Supply of Calcium Chloride Solution

JOSE A. GARZA





Discussion on Date, Time of Next Board Meeting



Adjournment
