



COASTAL WATER AUTHORITY

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November 8, 2023

The Honorable Sylvester Turner, Mayor
Members of the City Council
City of Houston
P. O. Box 1562
Houston, Texas 77251-1562

**RE: 2024 ANNUAL BUDGET
LAKE HOUSTON FACILITIES PROJECT**

Mayor Turner and Members of the City Council:

In compliance with provisions of the Operating Contract between the City of Houston (the City) and the Coastal Water Authority (CWA), the Board of Directors respectfully submits the 2024 Calendar Year Budget for the Lake Houston Facilities Project for your consideration and approval.

The CWA 2024 Proposed Budget is \$4,414,700, an increase in expenditures of about \$534,200 from the Adopted 2023 Budget. CWA expects to deliver 16.1 billion gallons of surface water as requested by the City. The budget increases in 2024 are primarily due to the need for additional vegetation control on the lake along with concrete repairs on the West Canal and enhanced security fencing and guard services.

This budget incorporates the activities and assignments requested by the City's Houston Public Works Department and authorized in the Authority's contract with the City as amended by the Mayor and City Council on November 25, 2003. At the direction of the City, CWA will provide maintenance and operational activities to include Lake Houston, the Lake Houston Dam and certain structures and property downstream of the Dam. CWA will also continue to provide the maintenance and operation of the Lake Houston Pump Station and the West Canal Facilities as it has since the original contract was executed in 1995.

The Authority's Board of Directors and its management team continue to identify activities where costs could be reduced and still allow CWA to meet its obligations to the City. Some of those activities are:

- The Authority has renegotiated the electricity contract and achieved a rate reduction that continues through 2026.
- The Authority anticipates an increase in the renewal of the employees' medical insurance during 2024.

CWA's staffing for electrical and equipment maintenance will be on a job order basis and will be charged to the Lake Houston Facilities Project as they are incurred. Personnel for the mowing season will be provided by CWA from our existing work force and with available mowing equipment. Costs for the mowing operations and other canal maintenance activities will also be charged to the Lake Houston Facilities Project as they are incurred.


The Honorable Sylvester Turner, Mayor
Members of the City Council
2024 Annual Budget, Lake Houston
November 8, 2023
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The proposed budget is reflective of the City of Houston's desire to maintain acceptable normal service levels while remaining in a position to respond favorably to requests for changes in water volume demands during peak periods. CWA will strive to continue to provide optimum service to our customers and keep maintenance and operating costs within the budget amounts.

It must be pointed out that there are minimal contingencies provided within the budget. In the event of unanticipated occurrences such as water deliveries in excess of 16.1 billion gallons, the failure of high-cost equipment or severe weather conditions that damage the system, a supplemental funding request may be necessary during the 2024 budget year. In the event of an additional funding request, it will be documented as to need and coordinated with the Department of Houston Public Works.

The members of the Board of Directors wish to express their appreciation to everyone involved in this Project, especially those City employees of the Department of Houston Public Works for their cooperation and assistance in furthering the Lake Houston Facilities Project as a major contributory resource for the Houston Combined Utility System. We look forward to continued efforts in planning and providing for the further growth of the City of Houston's water requirements.

Sincerely,



Tony L. Council
1st Vice President, Board of Directors

Attachment

COASTAL WATER AUTHORITY
LAKE HOUSTON FACILITIES PROJECT
2024 ANNUAL BUDGET

COASTAL WATER AUTHORITY
LAKE HOUSTON FACILITIES PROJECT
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2024 ANNUAL BUDGET

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COASTAL WATER AUTHORITY
LAKE HOUSTON FACILITIES PROJECT
BUDGET SUMMARY
2024 ANNUAL BUDGET

APPLICATION OF FUNDS	2023 BUDGET	2023 PROJECTED	2024 BUDGET
Expenditures (1)	\$3,880,700	\$3,582,000	\$4,414,700
Capital Outlay	3,078,400	480,000	132,525
Total Expenditures	6,959,100	4,062,000	4,547,225
Ending Fund Balances (2)	970,128	970,128	1,103,628
Total Applications	<u>7,929,228</u>	<u>5,032,128</u>	<u>5,650,853</u>
 SOURCE OF FUNDS			
Beginning Fund Balances (2)	871,328	871,328	970,128
Investment Income	46,800	90,000	100,000
Other Income	30,000	30,000	30,000
Subtotal Sources	948,128	991,328	1,100,128
Capital Funding - Construction	3,078,400	480,000	132,525
Subtotal	<u>4,026,528</u>	<u>1,471,328</u>	<u>1,232,653</u>
System Revenue - Project	<u>\$3,902,700</u>	<u>\$3,560,800</u>	<u>\$4,418,200</u>
Total Sources	<u>7,929,228</u>	<u>5,032,128</u>	<u>5,650,853</u>

(1) Includes assets purchased

(2) Operating Fund only.

COASTAL WATER AUTHORITY
LAKE HOUSTON FACILITIES
FACTS AND ASSUMPTIONS
2024 ANNUAL BUDGET

FACTS

1. The 2024 budget is prepared on a cash basis.
2. Lake Houston Facilities books and records consist of two funds, which are the Operating Fund and the Contingency Fund.
3. The required fund balances have been reflected at the minimum balances per the operating contract.
4. Lake Houston Facilities is charged with direct salary and costs as well as an allocation of certain general items based upon an overall payroll allocation of 15%.

ASSUMPTIONS

1. Salaries anticipate funding the employee benefits of one field retiree.
2. The 2024 budget staffing level supports ongoing activity levels as requested in the operating and maintenance contract.

COASTAL WATER AUTHORITY
LAKE HOUSTON FACILITIES PROJECT
RECONCILIATION OF 2023
BUDGET TO 2024 BUDGET

	2023 Budget to 2024 Budget
2023 Budget	<u>\$3,880,700</u>
Field Salaries Allocation	41,300
Materials and Supplies	(71,000)
Contract Labor and Equipment	437,500
Utilities	(7,900)
Administrative Expense	35,000
General Operating Expenses (Insurance)	33,200
Engineering, Legal and Professional	<u>65,900</u>
Subtotal	<u>534,000</u>
2024 Budget	<u><u>\$4,414,700</u></u>

COASTAL WATER AUTHORITY
LAKE HOUSTON FACILITIES PROJECT
STATEMENT OF REVENUES AND EXPENDITURES
2024 ANNUAL BUDGET

	2023 BUDGET	2023 PROJECTED	2024 BUDGET
REVENUES			
Funds provided by City of Houston	\$3,902,700	\$3,560,800	\$4,517,000
Interest on Investments	46,800	90,000	100,000
Other	30,000	30,000	30,000
Total Revenue	<u>3,979,500</u>	<u>3,680,800</u>	<u>4,647,000</u>
EXPENDITURES			
Field Salaries	1,349,600	1,250,000	1,390,900
Materials & Supplies	365,100	315,000	294,100
Contract Labor & Equipment (1)	953,600	841,000	1,391,100
Utilities	160,600	158,000	152,700
Administrative Expenses	571,500	545,000	606,500
General Operating Expenses	378,200	375,000	411,400
Engineering, Legal & Professional	102,100	98,000	168,000
Subtotal	<u>3,880,700</u>	<u>3,582,000</u>	<u>4,414,700</u>
Total Expenditures	<u>3,880,700</u>	<u>3,582,000</u>	<u>4,414,700</u>
	(2)		(3)
Net Increase (Decrease) in	<u>\$98,800</u>	<u>\$98,800</u>	<u>\$232,300</u>
Operating/Construction Fund Balances			

(1) Includes assets purchased.

(2) Increase in required operating reserve.

(3) Increase in required operating reserve.

COASTAL WATER AUTHORITY
LAKE HOUSTON FACILITIES PROJECT
RECONCILIATION OF FUND ACTIVITY
2024 ANNUAL BUDGET

	OPERATING FUND	CONTINGENCY FUND	TOTAL LAKE HOUSTON FACILITIES PROJECT FUND
Beginning Balance	\$871,328	\$2,000,000	\$2,871,328
Service Revenue	4,517,000	0	4,517,000
Interest Earnings	20,000	80,000	100,000
Other Income	30,000	0	30,000
Transfer - Interest	80,000	(80,000)	0
Expenses	(4,414,700)	0	(4,414,700)
Net Activity	232,300	0	232,300
Ending Balance	\$1,103,628	\$2,000,000	\$3,103,628

COASTAL WATER AUTHORITY
LAKE HOUSTON FACILITIES PROJECT
WATER DEMAND FORECAST
2024 ANNUAL BUDGET

	<u>2023 BUDGET</u>	<u>2023 PROJECTED</u>	<u>2024 BUDGET</u>
Gallons (in thousands)	<u>23,136,600</u>	<u>16,674,600</u>	<u>16,076,200</u>

COASTAL WATER AUTHORITY
LAKE HOUSTON FACILITIES PROJECT
INVESTMENT AND OTHER INCOME
2024 ANNUAL BUDGET

INVESTMENT INCOME

Average Cash and Investments	\$2,500,000
Average Effective Interest Rate	4.00%
Total	<u>\$ 100,000</u>

OTHER INCOME

Lake Houston Facilities anticipates \$30,000 to be received from the Texas Parks & Wildlife Department for aquatic vegetation control in Lake Houston.

COASTAL WATER AUTHORITY
LAKE HOUSTON FACILITIES PROJECT
SUMMARY OF GENERAL AND ADMINISTRATIVE EXPENDITURES
2024 ANNUAL BUDGET

<u>GENERAL AND ADMINISTRATIVE EXPENDITURES</u>	<u>2023 BUDGET</u>	<u>2023 PROJECTED</u>	<u>2024 BUDGET</u>
ADMINISTRATIVE	\$571,500	\$545,000	\$606,500
GENERAL OPERATING (Insurance)	378,200	375,000	411,400
ENGINEERING, LEGAL & PROFESSIONAL	<u>102,100</u>	<u>98,000</u>	<u>168,000</u>
Total	<u>\$1,051,800</u>	<u>\$1,018,000</u>	<u>\$1,185,900</u>

COASTAL WATER AUTHORITY
LAKE HOUSTON FACILITIES PROJECT
ADMINISTRATIVE EXPENSES
2024 ANNUAL BUDGET

Administrative Salaries	\$196,500 (1)
Pension Plan Contribution (11.8% of total compensation)	187,313
Payroll Taxes (7.65% of total compensation)	121,436
Office Lease and Utilities	60,000 (1)
Office Supplies	6,000 (1)
Travel, Meetings and Parking	3,750 (1)
Directors Compensation	6,750 (1)
Printing and Reproduction	3,750 (1)
Telephone/ Data Maintenance	6,750 (1)
Vehicle: Gas & Maintenance	3,000 (1)
Payroll / Employee Processing Services	5,250 (1)
Miscellaneous	6,000 (1)
	<u>\$606,499</u>

(1) Allocated based upon payroll estimate of 15%.

COASTAL WATER AUTHORITY
LAKE HOUSTON FACILITIES PROJECT
OFFICE SALARY ALLOCATION
2024 ANNUAL BUDGET

Executive Director

Chief Financial Officer

Chief Accountant

Senior Accountant

Senior Accountant

Senior Accountant

Senior Accountant

Executive Secretary

Financial Analyst

	Base Office Salaries <u>1,310,000</u>
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Office Allocation Factor (1)	<u>15.0%</u>
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	Lake Houston Office Salaries <u><u>\$196,500</u></u>
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(1) Based upon payroll estimate allocation

COASTAL WATER AUTHORITY
LAKE HOUSTON FACILITIES PROJECT
GENERAL OPERATING EXPENSES
2024 ANNUAL BUDGET

INSURANCE PREMIUM DESCRIPTION

Texas Commercial Policy (General Liability)	4,050	(3)	(5)
Watercraft Policy	19,500	(9)	(5)
Public Official & Employees Liability	1,650	(3)	(4) (7)
Pension - Fidelity Bond	53	(3)	(4)
Pension - Fiduciary Responsibility	1,050	(3)	(5)
Medical Insurance	330,000	(3)	(6) (7)
Public Official Position (Director Fidelity)	150	(3)	(4)
Automobile Insurance	5,700	(3)	(5)
Workers Compensation	19,200	(3)	(5) (7)
Dental Insurance	12,750	(3)	(5) (7)
Vision Insurance	3,750	(3)	(5) (7)
Combined Group Life/Short & Long Term Disability	13,500	(3)	(5) (7)
	<u>\$411,353</u>		

- (3) Allocated based upon total payroll estimate of 15%.
- (4) Assumes no rate increase.
- (5) Assumes 5% rate increase.
- (6) Assumes 12% rate increase.
- (7) Assumes full employment.
- (9) Allocated to Maintenance Boat Locations.

COASTAL WATER AUTHORITY
LAKE HOUSTON FACILITIES PROJECT
ENGINEERING, LEGAL AND PROFESSIONAL EXPENSES
2024 ANNUAL BUDGET

Engineering Services	\$100,000 (1)
Legal Services	20,000 (3)
Accounting & Auditing	13,500 (2)
Computer Support services	12,000 (2)
Website Development & Maintenance	6,000 (2)
Hardware, Software Upgrades and Maintenance	10,500 (2)
Miscellaneous Bank Fees	6,000 (3)
	<u>\$168,000</u>

(1) Based upon specific services.

(2) Allocated based upon total payroll estimate of 15%.

(3) Based upon specific and allocated services.

COASTAL WATER AUTHORITY
LAKE HOUSTON FACILITIES PROJECT
SUMMARY OF FIELD EXPENDITURES
2024 ANNUAL BUDGET

<u>FIELD EXPENDITURES</u>	<u>2023 BUDGET</u>	<u>2023 PROJECTED</u>	<u>2024 BUDGET</u>
SALARIES	\$1,349,600	\$1,250,000	\$1,390,900
MATERIALS & SUPPLIES	365,100	315,000	294,100
CONTRACT LABOR AND EQUIPMENT			
Contracted	\$877,000	780,000	1,311,000
Purchased	\$76,600	61,000	80,100
Subtotal	<u>953,600</u>	<u>841,000</u>	<u>1,391,100</u>
UTILITIES	160,600	158,000	152,700
Total	<u><u>\$2,828,900</u></u>	<u><u>\$2,564,000</u></u>	<u><u>\$3,228,800</u></u>

COASTAL WATER AUTHORITY
LAKE HOUSTON FACILITIES PROJECT
FIELD EXPENDITURES BY LOCATION
2024 ANNUAL BUDGET

LOCATIONS	FIELD SALARIES	MATERIALS AND SUPPLIES	CONTRACT LABOR AND EQUIPMENT	UTILITIES	LOCATION TOTAL
Lake Houston & Pump Station	\$637,839	\$66,460	\$653,533	\$152,678	\$1,510,510
West Canal	277,827	104,250	149,390	0	531,467
Dam & Downstream	475,194	123,340	588,150	0	1,186,684
	<u>\$1,390,860</u>	<u>\$294,050</u>	<u>\$1,391,073</u>	<u>\$152,678</u>	<u>\$3,228,661</u>

COASTAL WATER AUTHORITY
LAKE HOUSTON FACILITIES PROJECT
SUMMARY OF FIELD SALARIES BY LOCATION
2024 ANNUAL BUDGET

LOCATION	BASE COMPENSATION	RETIREE PAY (1)	5% OVERTIME (2)	TOTAL
Lake Houston & Pump Station	\$536,037	\$75,000	\$26,802	\$637,839
West Canal	264,597	0	13,230	277,827
Dam & Downstream	452,566	0	22,628	475,194
	<u>\$1,253,200</u>	<u>\$75,000</u>	<u>\$62,660</u>	<u>\$1,390,860</u>

(1) Allows for termination payment to retirees.

(2) Provides for minimum overtime.

COASTAL WATER AUTHORITY
LAKE HOUSTON FACILITIES PROJECT
ANALYSIS OF BASE FIELD SALARIES BY FUNCTION AND LOCATION
2024 ANNUAL BUDGET

<u>LOCATION AND FUNCTION</u>	<u># OF EMPLOYEES</u>	<u>MAN HOURS (4)</u>	<u>AVG. RATE PER HOUR</u>	<u>BASE SALARIES</u>
<u>MANAGEMENT (1)</u>				
Lake Houston Pump Station	0.38	790	\$72.00	\$56,909
West Canal	0.48	998	72.00	71,885
Dam & Downstream	0.59	1,227	72.00	88,358
Subtotal	1.45	3,016	72.00	217,152
<u>SUPERVISORY PERSONNEL (2)</u>				
Lake Houston Pump Station	0.50	1,040	68.00	70,720
West Canal	0.50	1,040	68.00	70,720
Dam & Downstream	0.55	1,144	68.00	77,792
Subtotal	1.55	3,224	68.00	219,232
<u>ALL OTHER PERSONNEL (3)</u>				
Lake Houston Pump Station	5.78	12,012	34.00	408,408
West Canal	1.73	3,588	34.00	121,992
Dam & Downstream	4.05	8,424	34.00	286,416
Subtotal	11.55	24,024	34.00	816,816
Total Base Salaries	14.55	30,264	\$41.41	\$1,253,200

(1)

Includes Manager of Operations, Manager of Security & General Superintendent.

(2) Includes Superintendents, Master Electrician, Administrator OPM, and Purchasing Agent.

(3) Includes Foremen, Electricians and Operators for construction, electrical, maintenance, and all routine operating functions.

(4) Estimated number of employees at 2,080 hours per year.

COASTAL WATER AUTHORITY
LAKE HOUSTON FACILITIES PROJECT
ANALYSIS OF MATERIALS AND SUPPLIES BY LOCATION
2024 ANNUAL BUDGET

LOCATION AND DESCRIPTION

LAKE HOUSTON AND PUMP STATION

Air Conditioning Repair Parts	\$2,400
Automotive / Equip Repair Parts	3,000
Building / Grounds Maintenance	5,400
Electrical / Instrument	6,000
Herbicides / Insecticides	2,000
Mechanical, Plumbing, Valves, etc	1,200
Miscellaneous Supplies	27,535
Office / Administrative	2,825
Oils and Lubricants	3,900
Power Tools, Hand Tools & Equip.	5,200
Road Base, Sand, Rock, Rip Rap, etc.	1,000
Tires & Batteries	1,000
Personal Protective Equipment	5,000
	<u>66,460</u>

WEST CANAL

Air Conditioning Repair Parts	1,200
Automotive / Equip Repair Parts	3,000
Building / Grounds Maintenance	3,200
Diesel Fuel	24,595
Electrical / Instrument	3,600
Gasoline	13,830
Herbicides / Insecticides	20,000
Mechanical, Plumbing, Valves, etc	1,200
Miscellaneous Supplies	14,075
Office / Administrative	1,250
Oils and Lubricants	600
Power Tools, Hand Tools & Equip.	6,200
Road Base, Sand, Rock, Rip Rap, etc.	5,500
Tires & Batteries	1,000
Personal Protective Equipment	5,000
	<u>104,250</u>

DAM & DOWNSTREAM

Air Conditioning Repair Parts	1,200
Automotive / Equip Repair Parts	3,000
Building / Grounds Maintenance	5,200
Electrical / Instrument	6,000
Herbicides / Insecticides	13,000
Miscellaneous Supplies	25,350
Office / Administrative	6,790
Oils and Lubricants	1,200
Power Tools, Hand Tools & Equip.	9,600
Road Base, Sand, Rock, Rip Rap, etc.	50,000
Tires & Batteries	1,000
Welding Equip & Supplies	1,000
	<u>123,340</u>

Total	<u><u>\$294,050</u></u>
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COASTAL WATER AUTHORITY
LAKE HOUSTON FACILITIES PROJECT
ANALYSIS OF CONTRACT LABOR AND EQUIPMENT BY LOCATION
2024 ANNUAL BUDGET

LOCATION AND DESCRIPTION

LAKE HOUSTON AND PUMP STATION

Security: Contract Guards	\$ 275,000
Security: Fencing Repairs/Replacement	20,000
Major Motor Repair, 1 each	14,400
Major Pump Repair, 1 each	180,000
4KV Remote Racking	40,218
4KV Breaker/Contractor Refurbish	40,000
Training: Safety (1st Aid, CPR, AED, CSE, etc.)	13,000
Training: RMP, Hazwop, Dam, AprPK, etc.	2,000
Annual Service Contracts:	
Crane/Hoist Test/Certification	480
Pest Control Service	625
Substation, Relay Testing	20,000
Uniform Service	4,500
Generator Load Testing	1,320
Asset Management Software	1,690
GPS Assett Tracking Units	700
Purchase Equipment:	
Portable Light Plant	1,000
45KW Mobil Generator	5,000
Security Cameras Purchase and Installation	33,600
	<u>653,533</u>

WEST CANAL

Contract Labor (Welders, Divers, Tech Spt, etc)	\$ 1,200
Security: Fencing Repairs/Replacements	57,000
Concrete Repair LH West Canal	60,000
Annual Service Contracts:	
Asset Management Software	1,690
Purchase Equipment:	
Portable Light Plant	2,000
15 ft Batwing Mower (BPS/LH)	12,500
45KW Mobil Generator	5,000
JD 1565 Front Deck Mower (72 inch)	10,000
	<u>149,390</u>

DAM & DOWNSTREAM

Buoy Maintenance/Replacement	11,500
Aquatic Vegetation Control	250,000
Dam: Debris Removal	200,000
Concrete Repair LH Dam	60,000
Equipment Rental Services	10,000
Security: Fencing Repairs/Replacement	20,000
Training: RMP, Hazwop, Dam, AirPk, etc.	11,000
Training: USACE Dam Safety	11,000
Annual Service Contracts:	
Crane/Hoist Test/Certification	480
Generator Load Testing	880
Asset Management Software	1,950
GPS Assett Tracking Units	340
Purchase Equipment:	
Portable Light Plant	2,000
15 ft Batwing Mower (BPS/LH)	4,000
45KW Mobil Generator	5,000
	<u>588,150</u>

Total \$1,391,073

COASTAL WATER AUTHORITY
LAKE HOUSTON FACILITIES PROJECT
ANALYSIS OF UTILITIES BY LOCATION
2024 ANNUAL BUDGET

LOCATION	ELECTRICITY				TOTAL
	KW HOURS	AVG. RATE PER HOUR (1)	AMOUNT	ALL OTHER (2)	
Lake Houston & Pump Station	1,829,200	\$0.0780	\$142,678	\$10,000	\$152,678
	<u>1,829,200</u>	<u>\$0.0780</u>	<u>\$142,678</u>	<u>\$10,000</u>	<u>\$152,678</u>

- (1) Reflects rate reduction accomplished through contract for electricity beginning July, 2015.
(2) Includes telephone, water and waste disposal services.