



COASTAL WATER AUTHORITY

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November 13, 2024

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

**RE: 2025 ANNUAL BUDGET
LUCE BAYOU SYSTEM PROJECT**

Mayor Whitmire 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 2025 Calendar Year Budget for the Luce Bayou System Project for your consideration and approval.

The Luce Bayou Project is the result of the contract between the City of Houston and the Coastal Water Authority to design and construct a new Trinity River conveyance system in Liberty County and convey water into the City's Lake Houston Reservoir.

The CWA 2025 Proposed Budget is an increase over the 2024 Budget of about \$149,862. This increase is to support the activities and responsibilities that CWA will encounter during 2025. It is forecasted that CWA will deliver 62.0 billion gallons of water to Lake Houston for the City's needs. The primary reasons for the increase in the Operating Budget is the increased electricity cost associated with an anticipated electricity rate increase in 2025. The Authority also anticipates an increase in the cost of property insurance and employees' medical insurance policies in 2025 and will be looking for options to minimize any anticipated increases.

The completed system has a pump station located next to the Trinity River, over three miles of dual 96-inch diameter pipelines and over twenty-six miles of canal leading to Lake Houston.

The proposed 2025 Budget is the product of several meetings and discussions between representatives of the City's Department of Houston Public Works and the Authority's operational and management staff members.

The members of the Board of Directors wish to express their appreciation to everyone involved in this Project, especially those City employees of Houston Public Works for their cooperation and assistance in furthering the CWA 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.

The Honorable John Whitmire, Mayor
Members of the City Council
2025 Annual Budget, Luce Bayou System Project
November 13, 2024
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Sincerely,



Tony L. Council
President, Board of Directors

Attachment

COASTAL WATER AUTHORITY
LUCE BAYOU SYSTEM PROJECT
2025 ANNUAL BUDGET

COASTAL WATER AUTHORITY
LUCE BAYOU SYSTEM PROJECT
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2025 ANNUAL BUDGET

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COASTAL WATER AUTHORITY
 LUCE BAYOU SYSTEM PROJECT
 BUDGET SUMMARY
 2025 ANNUAL BUDGET

<u>APPLICATION OF FUNDS</u>	2024 BUDGET	2024 PROJECTED	2025 BUDGET
Expenditures	\$6,683,475	\$4,846,000	\$6,833,337
Capital Outlay	0	0	0
Debt Service	14,604,700	14,604,700	17,229,300
Comparative Subtotal	<u>21,288,175</u>	<u>19,450,700</u>	<u>24,062,637</u>
Total Expenditures	21,288,175	19,450,700	24,062,637
Ending Fund Balances	1,670,891	1,670,891	1,708,354
Total Applications	<u>22,959,066</u>	<u>21,121,591</u>	<u>25,770,991</u>
 <u>SOURCE OF FUNDS</u>			
Beginning Fund Balances	1,446,166	1,446,166	1,670,891
Investment Income	4,000	4,000	35,000
Subtotal Sources	<u>1,450,166</u>	<u>1,450,166</u>	<u>1,705,891</u>
Debt Service Revenue - City	14,604,700	14,604,700	17,229,300
Subtotal	<u>16,054,866</u>	<u>16,054,866</u>	<u>18,935,191</u>
System Revenue	<u>\$6,904,200</u>	<u>\$5,066,725</u>	<u>\$6,835,800</u>

COASTAL WATER AUTHORITY
LUCE BAYOU WATER SYSTEM FUNDS
FACTS AND ASSUMPTIONS
2025 ANNUAL BUDGET

FACTS

1. The 2025 budget is prepared on a cash basis.
2. Luce Bayou Water System books and records consist of one fund, the Operating Fund.
3. The required fund balance has been reflected at minimum required balance.
4. Luce Bayou is charged with direct salary and costs as well as an allocation of certain general items based upon an overall payroll allocation of 16%.

ASSUMPTIONS

1. The 2025 budget anticipates staffing to support continuation of activities required to fulfill the obligation of the current contract with the City of Houston.
2. Staffing requirements were completed in 2022 as different phases of the Luce Bayou Inter-Basin Transfer Project was completed and the maintenance and operation become the responsibility of the Authority.
3. Debt service increases due to the repayment agreements supported in the CWA/ City of Houston Luce Bayou Projects Contract.

COASTAL WATER AUTHORITY
 LUCE BAYOU SYSTEM PROJECT
 RECONCILIATION OF 2024 BUDGET TO 2025 BUDGET

	2024 Budget to 2025 Budget
2024 Budget	<u>\$6,683,475</u>
Field Salaries	57,450
Materials & Supplies	7,210
Contract Labor & Equipment	(127,898)
Utilities	84,000
Administrative Expense	37,200
General Operating Expenses (Insurance)	57,700
Engineering, Legal & Professional	<u>34,200</u>
Subtotal	<u>149,862</u>
2025 Budget	<u><u>\$6,833,337</u></u>

COASTAL WATER AUTHORITY
 LUCE BAYOU SYSTEM PROJECT
 STATEMENT OF REVENUES AND EXPENDITURES
 2025 ANNUAL BUDGET

	2024 BUDGET	2024 PROJECTED	2025 BUDGET
REVENUES			
Funds provided by City of Houston	\$21,508,900	\$19,671,425	\$24,065,100
Interest on Investments	4,000	4,000	35,000
Total Revenue	<u>21,512,900</u>	<u>19,675,425</u>	<u>24,100,100</u>
EXPENDITURES			
Field Salaries	1,720,100	1,340,000	1,777,550
Materials & Supplies	261,700	320,000	268,910
Contract Labor & Equipment (1)	649,575	605,000	521,677
Utilities	2,475,000	1,200,000	2,559,000
Administrative Expenses	692,900	524,000	730,100
General Operating Expenses	752,100	675,000	809,800
Engineering, Legal & Professional	132,100	182,000	166,300
Subtotal	<u>6,683,475</u>	<u>4,846,000</u>	<u>6,833,337</u>
Bond Interest Expense	9,983,100	9,983,100	12,484,900
Bond Principal Retirement	4,621,600	4,621,600	4,744,400
Paying Agent Fees	0	0	0
Debt Service	<u>14,604,700</u>	<u>14,604,700</u>	<u>17,229,300</u>
Construction Program	0	0	0
Capital Outlay	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>21,288,175</u>	<u>19,450,700</u>	<u>24,062,637</u>
	(1)	(2)	(3)
Net Increase (Decrease) in Fund Balances	<u>\$224,725</u>	<u>\$224,725</u>	<u>\$37,463</u>

- (1) Net increase in required reserves funds
- (2) Net increase in required reserves funds
- (3) Net increase in required reserves funds

COASTAL WATER AUTHORITY
 LUCE BAYOU SYSTEM PROJECT
 RECONCILIATION OF FUND ACTIVITY
 2025 ANNUAL BUDGET

	OPERATING FUND
Beginning Balance	\$1,670,891
Service Revenue	24,065,100
Interest Earnings	\$35,000
Transfer - Service	\$0
Transfer - InterFund	0
Transfer - Interest	0
Expenses	(6,833,337)
Debt Service	(17,229,300)
Capital Outlay	0
Net Activity	37,463
Ending Balance	\$1,708,354

COASTAL WATER AUTHORITY
 LUCE BAYOU SYSTEM PROJECT
 REVENUES AND BILLING RATES
 2025 ANNUAL BUDGET

	2024 BUDGET	2024 PROJECTED	2025 BUDGET
Gallons (in thousands)	64,312,000	25,374,300	62,020,800
Revenue			
Project Revenue	\$6,904,200	\$5,066,725	\$6,835,800
Debt Service	14,604,700	14,604,700	17,229,300
	<u>\$21,508,900</u>	<u>\$19,671,425</u>	<u>\$24,065,100</u>

COASTAL WATER AUTHORITY
LUCE BAYOU SYSTEM PROJECT
INVESTMENT AND OTHER INCOME
2025 ANNUAL BUDGET

INVESTMENT INCOME

Average Cash and Investments	\$1,000,000
Average Effective Interest Rate	3.50%
Total	<u>\$35,000</u>

OTHER INCOME

Luce Bayou Water System does not anticipate any miscellaneous income.

COASTAL WATER AUTHORITY
 LUCE BAYOU SYSTEM PROJECT
 SUMMARY OF GENERAL AND ADMINISTRATIVE EXPENDITURES
 2025 ANNUAL BUDGET

<u>GENERAL AND ADMINISTRATIVE EXPENDITURES</u>	<u>2024 BUDGET</u>	<u>2024 PROJECTED</u>	<u>2025 BUDGET</u>
ADMINISTRATIVE	\$692,900	\$524,000	\$730,100
GENERAL OPERATING (Insurance)	752,100	675,000	809,800
ENGINEERING, LEGAL & PROFESSIONAL	132,100	182,000	166,300
Total	<u>\$1,577,100</u>	<u>\$1,381,000</u>	<u>\$1,706,200</u>

COASTAL WATER AUTHORITY
LUCE BAYOU SYSTEM PROJECT
ADMINISTRATIVE EXPENSES
2025 ANNUAL BUDGET

Administrative Salaries	220,000 (1)
Pension Plan Contribution (11.8% of total compensation)	235,711
Payroll Taxes (7.65% of total compensation)	152,813
Office Lease and Utilities	72,000 (1)
Office Supplies	6,400 (1)
Travel, Meetings and Parking	4,800 (1)
Directors Compensation	7,200 (1)
Printing and Reproduction	4,800 (1)
Telephone/ Data Maintenance	8,000 (1)
Vehicle: Gas & Maintenance	4,800 (1)
Payroll / Employee Processing Services	7,200 (1)
Miscellaneous	6,400 (1)
	<u>\$730,124</u>

(1) Allocated based upon payroll estimate of 16%.

COASTAL WATER AUTHORITY
 LUCE BAYOU SYSTEM PROJECT
 OFFICE SALARY ALLOCATION
 2025 ANNUAL BUDGET

Executive Director

Chief Financial Officer

Chief Accountant

Senior Accountant

Senior Accountant

Senior Accountant

Senior Accountant

Executive Secretary

Financial Analyst

Base Office Salaries 1,375,000

Office Allocation Factor (1) 16.00%

Luce Bayou Office Salaries \$220,000

(1) Based upon payroll estimate allocation

COASTAL WATER AUTHORITY
 LUCE BAYOU SYSTEM PROJECT
 GENERAL OPERATING EXPENSES
 2025 ANNUAL BUDGET

INSURANCE PREMIUM DESCRIPTION

Property Insurance	346,500	(1)	(6)
Texas Commercial Policy (General Liability)	4,800	(3)	(5)
Excess Liability	7,500	(8)	(5)
Public Official & Employees Errors and Omissions	1,920	(3)	(5) (7)
Pension - Fidelity Bond	80	(3)	(4)
Pension - Fiduciary Responsibility	1,120	(3)	(5)
Medical Insurance	384,000	(3)	(6) (7)
Public Official Position (Director Fidelity)	160	(3)	(4)
Automobile Insurance	6,080	(3)	(5)
Workers Compensation	22,400	(3)	(5) (7)
Dental Insurance	14,400	(3)	(5) (7)
Vision Insurance	4,800	(3)	(5) (7)
Combined Group Life/Short & Long Term Disability	16,000	(3)	(5) (7)
	<u>809,760</u>		

- (1) Allocated to the projects based upon total insurable value of 42%
- (3) Allocated based upon total payroll estimate of 16%.
- (4) Assumes no rate increase.
- (5) Assumes 5% rate increase.
- (6) Assumes 10% rate increase.
- (7) Assumes full employment.
- (8) Coverage 100% specific for Luce Bayou

COASTAL WATER AUTHORITY
 LUCE BAYOU SYSTEM PROJECT
 ENGINEERING, LEGAL AND PROFESSIONAL EXPENSES
 2025 ANNUAL BUDGET

Engineering Services	\$	50,000	(1)
Legal Services	\$	20,000	(3)
Accounting & Auditing	\$	16,000	(2)
U.S. Geological Survey	\$	28,300	(1)
Computer Support services	\$	12,800	(2)
Website Development & Maintenance	\$	6,400	(2)
Hardware, Software Upgrades and Maintenance	\$	12,800	(2)
Miscellaneous Bank Fees	\$	20,000	(3)
		\$166,300	

- (1) Based upon specific services
- (2) Allocated based upon total payroll estimate of 16%.
- (3) Based upon specific and allocated services

COASTAL WATER AUTHORITY
 LUCE BAYOU SYSTEM PROJECT
 SUMMARY OF FIELD EXPENDITURES
 2025 ANNUAL BUDGET

<u>FIELD EXPENDITURES</u>	<u>2024 BUDGET</u>	<u>2024 PROJECTED</u>	<u>2025 BUDGET</u>
SALARIES	\$1,720,100	\$1,340,000	\$1,777,550
MATERIALS & SUPPLIES	261,700	320,000	268,910
CONTRACT LABOR AND EQUIPMENT			
Contracted	637,600	593,000	521,680
Purchased	12,000	12,000	-
Subtotal	<u>649,600</u>	<u>605,000</u>	<u>521,677</u>
UTILITIES	2,475,000	1,200,000	2,559,000
Total	<u>\$5,106,400</u>	<u>\$3,465,000</u>	<u>\$5,127,137</u>

COASTAL WATER AUTHORITY
 LUCE BAYOU SYSTEM PROJECT
 FIELD EXPENDITURES BY LOCATION
 2025 ANNUAL BUDGET

<u>LOCATIONS</u>	<u>FIELD SALARIES</u>	<u>MATERIALS AND SUPPLIES</u>	<u>CONTRACT LABOR AND EQUIPMENT</u>	<u>UTILITIES</u>	<u>LOCATION TOTAL</u>
Luce Bayou	\$1,777,552	\$268,909	\$521,677	\$2,559,000	\$5,127,138
	<u>\$1,777,552</u>	<u>\$268,909</u>	<u>\$521,677</u>	<u>\$2,559,000</u>	<u>\$5,127,138</u>

COASTAL WATER AUTHORITY
 LUCE BAYOU SYSTEM PROJECT
 SUMMARY OF FIELD SALARIES BY LOCATION
 2025 ANNUAL BUDGET

<u>LOCATION</u>	<u>BASE COMPENSATION</u>	<u>RETIREE PAY (1)</u>	<u>5% OVERTIME (2)</u>	<u>TOTAL</u>
Luce Bayou Project	\$1,692,907	\$0	\$84,645	\$1,777,552
	<u>\$1,692,907</u>	<u>\$0</u>	<u>\$84,645</u>	<u>\$1,777,552</u>

- (1) Allows for employee benefit payments to retirees.
 (2) Provides for minimum overtime.

COASTAL WATER AUTHORITY
 LUCE BAYOU SYSTEM PROJECT
 ANALYSIS OF BASE FIELD SALARIES BY FUNCTION AND LOCATION
 2025 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>				
Luce Bayou Project	1.01	2,101	\$77.25	\$162,287
Subtotal	<u>1.01</u>	<u>2,101</u>	<u>77.25</u>	<u>162,287</u>
<u>SUPERVISORY PERSONNEL (2)</u>				
Luce Bayou Project	0.70	1,456	70.00	101,920
Subtotal	<u>0.70</u>	<u>1,456</u>	<u>70.00</u>	<u>101,920</u>
<u>ALL OTHER PERSONNEL (3)</u>				
Luce Bayou Project	19.63	40,820	35.00	1,428,700
Subtotal	<u>19.63</u>	<u>40,820</u>	<u>35.00</u>	<u>1,428,700</u>
Total Base Salaries	<u>21.34</u>	<u>44,377</u>	<u>\$38.15</u>	<u>\$1,692,907</u>

- (1) Includes Manager of Operations, Manager of Security, Electrical Engineer, Senior Engineer, Construction Manager, and Chief Engineer.
- (2) Includes Superintendents, Master Electrician, Administrator OPM, Purchasing Agent, IT Manager, Contracts Administrator, and Staff Engineer.
- (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
 LUCE BAYOU SYSTEM PROJECT
 ANALYSIS OF MATERIALS AND SUPPLIES BY LOCATION
 2025 ANNUAL BUDGET

LOCATION AND DESCRIPTION

LUCE BAYOU PUMPING STATION

Air Conditioning Repair Parts	\$2,880
Automotive / Equip Repair Parts	\$2,000
Building / Grounds Maintenance	720
Electrical / Instrument	4,320
Herbicides/ Insecticides	6,000
Mechanical, Plumbing, Valves, etc.	1,400
Miscellaneous Supplies	1,000
Office / Administrative	12,000
Oils and Lubricants	2,000
Power Tools, Hand Tools & Equip.	3,000
Tires & Batteries	1,000
Personal Protective Equipment	11,700
	<u>\$48,020</u>

LUCE BAYOU MAINTENANCE STATION

Air Conditioning Repair Parts	\$2,160
Automotive / Equip Repair Parts	\$15,000
Building / Grounds Maintenance	1,440
Diesel Fuel	48,298
Electrical / Instrument	2,880
Gasoline	28,771
Herbicides/ Insecticides	7,000
Mechanical, Plumbing, Valves, etc.	2,880
Miscellaneous Supplies	2,880
Office / Administrative	6,000
Oils and Lubricants	720
Power Tools, Hand Tools & Equip.	4,720
Tires & Batteries	8,000
Welding Equip & Supplies	3,000
Personal Protective Equipment	11,700
	<u>\$145,449</u>

LUCE BAYOU CANAL

Automotive / Equip Repair Parts	\$2,000
Building / Grounds Maintenance	720
Canal Check & Gate Maint.	3,400
Electrical / Instrument	1,440
Herbicides/ Insecticides	10,000
Miscellaneous Supplies	1,440
Oils and Lubricants	720
Power Tools, Hand Tools & Equip.	3,720
Tires & Batteries	2,000
Road Base, Sand, Rock, Rip Rap, etc	50,000
	<u>\$75,440</u>

Total	<u>\$268,909</u>
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COASTAL WATER AUTHORITY
 LUCE BAYOU SYSTEM PROJECT
 ANALYSIS OF CONTRACT LABOR AND EQUIPMENT BY LOCATION
 2025 ANNUAL BUDGET

LOCATION AND DESCRIPTION

LUCE BAYOU PUMPING STATION

Security: Contract Guards	220,000
SCADA: IFIX Tech Support	25,000
Training: Safety (1st Aid, CPR, AED, CSE, etc.)	15,200
Annual Service Contracts:	
Crane/Hoist Test/Certification	576
Janitorial Service	6,500
Pest Control Service	1,395
Substation, Relay Testing	20,000
Uniform Service	5,000
Generator Load Testing	1,320
Asset Management Software	1,690
Emergency Radio Subscription	940
PMIS	3,235
	<u>300,856</u>

LUCE BAYOU MAINTENANCE STATION

Security: Contract Guards	165,000
Training: Safety (1st Aid, CPR, AED, CSE, etc.)	15,200
Annual Service Contracts:	
Crane/Hoist Test/Certification	576
Janitorial Service	6,500
Pest Control Service	525
Uniform Service	5,000
Generator Load Testing	1,320
Asset Management Software	1,300
Emergency Radio Subscription	940
PMIS	3,235
	<u>199,596</u>

LUCE BAYOU CANAL

Annual Service Contracts:	
USGS - Water Level Meter	16,300
Asset Management Software	1,690
PMIS	3,235
	<u>21,225</u>

Total	<u>\$521,677</u>
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COASTAL WATER AUTHORITY
 LUCE BAYOU SYSTEM PROJECT
 ANALYSIS OF UTILITIES BY LOCATION
 2025 ANNUAL BUDGET

ELECTRICITY					
LOCATION	KW HOURS	AVG. RATE PER HOUR	AMOUNT	ALL OTHER (1)	TOTAL
Luce Bayou	21,200,000	\$0.1200	\$2,544,000	\$15,000	\$2,559,000
	21,200,000	\$0.1200	\$2,544,000	\$15,000	\$2,559,000

(1) Includes telephone, water and waste disposal services.

COASTAL WATER AUTHORITY
 LUCE BAYOU SYSTEM PROJECT
 DEBT SERVICE
 2025 ANNUAL BUDGET

	AMOUNT (1)	AMOUNT (2)	AMOUNT (3)	AMOUNT (4)	AMOUNT (5)	AMOUNT (6)	AMOUNT (7)	AMOUNT (8)	TOTAL
Bond/Loan Interest Expense	528,367	\$340,363	\$73,265	\$2,400,436	\$2,475,189	\$4,229,021	\$1,926,673	\$511,559	\$12,484,871
Bond/Loan Principal Retirement	724,439	2,900,000	460,000	0	0	0	0	660,000	\$4,744,439
Total Debt Service	<u>1,252,806</u>	<u>\$3,240,363</u>	<u>\$533,265</u>	<u>\$2,400,436</u>	<u>\$2,475,189</u>	<u>\$4,229,021</u>	<u>\$1,926,673</u>	<u>\$1,171,559</u>	<u>\$17,229,310</u>

- (1) In January 2009, CWA and City of Houston entered into The Luce Bayou Project Contract.
- (2) In February 2009, CWA received Water Infrastructure Funding in the amount of \$28,000,000 for the Luce Bayou Project.
- (3) In July 2010, CWA received Water Infrastructure Funding in the amount of \$5,115,000 for the Luce Bayou Project.
- (4) In March 2013, CWA received State Participation Funding in the amount of \$28,754,000 for the Luce Bayou Project.
- (5) In December 2015, CWA received Board Participation Funding in the amount of \$66,565,000 for the Luce Bayou Project.
- (6) In November 2016, CWA received Board Participation Funding in the amount of \$136,460,000 for the Luce Bayou Project.
- (7) In November 2017, CWA received Board Participation Funding in the amount of \$72,795,000 for the Luce Bayou Project.
- (8) In November 2017, CWA received Water Infrastructure Funding in the amount of \$24,180,000 for the Luce Bayou Project.