

**COASTAL WATER AUTHORITY
LUCE BAYOU SYSTEM PROJECT
2026 ANNUAL BUDGET**

DRAFT

COASTAL WATER AUTHORITY
LUCE BAYOU SYSTEM PROJECT
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2026 ANNUAL BUDGET

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COASTAL WATER AUTHORITY
 LUCE BAYOU SYSTEM PROJECT
 BUDGET SUMMARY
 2026 ANNUAL BUDGET

<u>APPLICATION OF FUNDS</u>	2025 BUDGET	2025 PROJECTED	2026 BUDGET
Expenditures	\$6,833,337	\$5,628,000	\$6,773,635
Capital Outlay	0	0	0
Debt Service	17,229,300	17,229,300	18,587,600
Comparative Subtotal	24,062,637	22,857,300	25,361,235
Total Expenditures	24,062,637	22,857,300	25,361,235
Ending Fund Balances	1,708,354	1,708,354	1,693,419
Total Applications	25,770,991	24,565,654	27,054,654
 <u>SOURCE OF FUNDS</u>			
Beginning Fund Balances	1,670,891	1,670,891	1,708,354
Investment Income	35,000	35,000	35,000
Subtotal Sources	1,705,891	1,705,891	1,743,354
Debt Service Revenue - City	17,229,300	17,229,300	18,587,600
Subtotal	18,935,191	18,935,191	20,330,954
System Revenue	\$6,835,800	\$5,630,463	\$6,723,700

COASTAL WATER AUTHORITY
LUCE BAYOU WATER SYSTEM FUNDS
FACTS AND ASSUMPTIONS
2026 ANNUAL BUDGET

FACTS

1. The 2026 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 2026 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 were 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 2025 BUDGET TO 2026 BUDGET

	2025 Budget to 2026 Budget
2025 Budget	<u>\$6,833,337</u>
Field Salaries	11,870
Materials & Supplies	(3,260)
Contract Labor & Equipment	114,888
Utilities	(359,000)
Administrative Expense	(12,000)
General Operating Expenses (Insurance)	136,400
Engineering, Legal & Professional	51,400
Subtotal	<u>(59,702)</u>
2026 Budget	<u><u>\$6,773,635</u></u>

COASTAL WATER AUTHORITY
 LUCE BAYOU SYSTEM PROJECT
 STATEMENT OF REVENUES AND EXPENDITURES
 2026 ANNUAL BUDGET

	2025 BUDGET	2025 PROJECTED	2026 BUDGET
REVENUES			
Funds provided by City of Houston	\$24,065,100	\$22,822,300	\$25,311,300
Interest on Investments	35,000	35,000	35,000
Total Revenue	24,100,100	22,857,300	25,346,300
EXPENDITURES			
Field Salaries	1,777,550	1,459,000	1,789,420
Materials & Supplies	268,910	250,000	265,650
Contract Labor & Equipment (1)	521,677	730,000	636,565
Utilities	2,559,000	1,630,000	2,200,000
Administrative Expenses	730,100	680,000	718,100
General Operating Expenses	809,800	730,000	946,200
Engineering, Legal & Professional	166,300	149,000	217,700
Subtotal	6,833,337	5,628,000	6,773,635
Bond Interest Expense	12,484,900	12,484,900	13,714,300
Bond Principal Retirement	4,744,400	4,744,400	4,873,300
Paying Agent Fees	0	0	0
Debt Service	17,229,300	17,229,300	18,587,600
Construction Program	0	0	0
Capital Outlay	0	0	0
Total Expenditures	24,062,637	22,857,300	25,361,235

COASTAL WATER AUTHORITY
 LUCE BAYOU SYSTEM PROJECT
 RECONCILIATION OF FUND ACTIVITY
 2026 ANNUAL BUDGET

	<u>OPERATING FUND</u>
Beginning Balance	<u>\$1,708,354</u>
Service Revenue	25,311,300
Interest Earnings	\$35,000
Transfer - Service	\$0
Transfer - InterFund	0
Transfer - Interest	0
Expenses	(6,773,635)
Debt Service	(18,587,600)
Capital Outlay	0
Net Activity	<u>(14,935)</u>
Ending Balance	<u><u>\$1,693,419</u></u>

COASTAL WATER AUTHORITY
LUCE BAYOU SYSTEM PROJECT
REVENUES AND BILLING RATES
2026 ANNUAL BUDGET

	2025 BUDGET	2025 PROJECTED	2026 BUDGET
Gallons (in thousands)	62,020,800	56,256,100	62,020,800
Revenue			
Project Revenue	\$6,835,800	\$5,630,463	\$6,723,700
Debt Service	17,229,300	17,229,300	18,587,600
	<u>\$24,065,100</u>	<u>\$22,859,763</u>	<u>\$25,311,300</u>

COASTAL WATER AUTHORITY
LUCÉ BAYOU SYSTEM PROJECT
INVESTMENT AND OTHER INCOME
2026 ANNUAL BUDGET

INVESTMENT INCOME

Average Cash and Investments

\$1,000,000

Average Effective Interest Rate

3.50%

Total

\$35,000

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
 2026 ANNUAL BUDGET

GENERAL AND ADMINISTRATIVE EXPENDITURES	2025 BUDGET	2025 PROJECTED	2026 BUDGET
ADMINISTRATIVE	\$730,100	\$680,000	\$718,100
GENERAL OPERATING (Insurance)	809,800	730,000	946,200
ENGINEERING, LEGAL & PROFESSIONAL	166,300	149,000	217,700
Total	<u>\$1,706,200</u>	<u>\$1,559,000</u>	<u>\$1,882,000</u>

COASTAL WATER AUTHORITY
LUCE BAYOU SYSTEM PROJECT
ADMINISTRATIVE EXPENSES
2026 ANNUAL BUDGET

Administrative Salaries	208,000	(1)
Pension Plan Contribution (11.8% of total compensation)	235,696	
Payroll Taxes (7.65% of total compensation)	152,803	
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>\$718,099</u>	

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

COASTAL WATER AUTHORITY
LUCE BAYOU SYSTEM PROJECT
OFFICE SALARY ALLOCATION
2026 ANNUAL BUDGET

Executive Director
Finance Manager
HR Manager
Chief Accountant
Senior Accountant
Senior Accountant
Accountant
Payroll / Pension Coordinator
Executive Secretary

	Base Office Salaries	1,300,000
Office Allocation Factor (1)		<u>16.00%</u>
	Luce Bayou Office Salaries	<u><u>\$208,000</u></u>

(1) Based upon payroll estimate allocation

COASTAL WATER AUTHORITY
 LUCE BAYOU SYSTEM PROJECT
 GENERAL OPERATING EXPENSES
 2026 ANNUAL BUDGET

INSURANCE PREMIUM DESCRIPTION

Property Insurance	346,500 (1) (6)
Texas Commercial Policy (General Liability)	4,000 (3) (5)
Excess Liability	8,500 (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	506,032 (3) (7) (9)
Public Official Position (Director Fidelity)	160 (3) (4)
Automobile Insurance	5,600 (3) (5)
Workers Compensation	26,720 (3) (6) (7)
Dental Insurance	16,800 (3) (5) (7)
Vision Insurance	4,800 (3) (5) (7)
Combined Group Life/Short & Long Term Disability	24,000 (3) (5) (7)
	<u>946,232</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
- (9) Assumes 15% rate increase.

COASTAL WATER AUTHORITY
LUCE BAYOU SYSTEM PROJECT
ENGINEERING, LEGAL AND PROFESSIONAL EXPENSES
2026 ANNUAL BUDGET

Engineering Services	\$ 100,000	(1)
Legal Services	\$ 20,000	(3)
Accounting & Auditing	\$ 16,000	(2)
U.S. Geological Survey	\$ 23,300	(1)
Computer Support services	\$ 16,000	(2)
Website Development & Maintenance	\$ 6,400	(2)
Hardware, Software Upgrades and Maintenance	\$ 16,000	(2)
Miscellaneous Bank Fees	\$ 20,000	(3)
	<u>\$217,700</u>	

(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
 2026 ANNUAL BUDGET

<u>FIELD EXPENDITURES</u>	<u>2025 BUDGET</u>	<u>2025 PROJECTED</u>	<u>2026 BUDGET</u>
SALARIES	\$1,777,550	\$1,459,000	\$1,789,420
MATERIALS & SUPPLIES	268,910	250,000	265,650
CONTRACT LABOR AND EQUIPMENT			
Contracted	521,680	730,000	532,420
Purchased	-	-	104,150
Subtotal	<u>521,680</u>	<u>730,000</u>	<u>636,565</u>
UTILITIES	2,559,000	1,630,000	2,200,000
Total	<u><u>\$5,127,140</u></u>	<u><u>\$4,069,000</u></u>	<u><u>\$4,891,635</u></u>

COASTAL WATER AUTHORITY
 LUCE BAYOU SYSTEM PROJECT
 FIELD EXPENDITURES BY LOCATION
 2026 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	\$1,789,416	\$265,650	\$636,565	\$2,200,000	\$4,891,631
	<u>\$1,789,416</u>	<u>\$265,650</u>	<u>\$636,565</u>	<u>\$2,200,000</u>	<u>\$4,891,631</u>

COASTAL WATER AUTHORITY
 LUCE BAYOU SYSTEM PROJECT
 SUMMARY OF FIELD SALARIES BY LOCATION
 2026 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	\$1,694,682	\$10,000	\$84,734	\$1,789,416
	<u>\$1,694,682</u>	<u>\$10,000</u>	<u>\$84,734</u>	<u>\$1,789,416</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
 2026 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	\$85.19	\$178,967
Subtotal	1.01	2,101	85.19	178,967
<u>SUPERVISORY PERSONNEL (2)</u>				
Luce Bayou Project	0.85	1,768	73.69	130,284
Subtotal	0.85	1,768	73.69	130,284
<u>ALL OTHER PERSONNEL (3)</u>				
Luce Bayou Project	19.63	40,820	33.94	1,385,431
Subtotal	19.63	40,820	33.94	1,385,431
Total Base Salaries	21.49	44,689	\$37.92	\$1,694,682

- (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, Projects 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
 2026 ANNUAL BUDGET

LOCATION AND DESCRIPTION

LUCE BAYOU PUMPING STATION

Air Conditioning Repair Parts	\$3,168
Automotive / Equip Repair Parts	\$2,000
Building / Grounds Maintenance	720
Electrical / Instrument	4,320
Herbicides/ Insecticides	5,000
Lab Tests Equipment & Supplies	2,500
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>\$49,808</u>

LUCE BAYOU MAINTENANCE STATION

Air Conditioning Repair Parts	\$2,376
Automotive / Equip Repair Parts	\$15,000
Building / Grounds Maintenance	1,440
Diesel Fuel	44,804
Electrical / Instrument	2,880
Gasoline	26,022
Herbicides/ Insecticides	6,000
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	6,000
Welding Equip & Supplies	3,000
Personal Protective Equipment	11,700
	<u>\$136,422</u>

LUCE BAYOU CANAL

Automotive / Equip Repair Parts	\$2,000
Building / Grounds Maintenance	720
Canal Check & Gate Maint.	3,880
Electrical / Instrument	1,440
Herbicides/ Insecticides	9,500
Miscellaneous Supplies	1,440
Oils and Lubricants	720
Power Tools, Hand Tools & Equip.	3,720
Tires & Batteries	6,000
Road Base, Sand, Rock, Rip Rap, etc	50,000
	<u>\$79,420</u>

Total	<u>\$265,650</u>
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COASTAL WATER AUTHORITY
 LUCE BAYOU SYSTEM PROJECT
 ANALYSIS OF CONTRACT LABOR AND EQUIPMENT BY LOCATION
 2026 ANNUAL BUDGET

LOCATION AND DESCRIPTION

LUCE BAYOU PUMPING STATION

Security: Contract Guards	227,200
Training: Safety (1st Aid, CPR, AED, CSE, etc.)	11,000
Load Test Overhead Cranes	2,000
Annual Service Contracts:	
SCADA: IFIX Tech Support	25,000
Crane/Hoist Test/Certification	635
Janitorial Service	6,500
Pest Control Service	1,470
Substation, Relay Testing	20,000
Uniform Service	5,000
Generator Load Testing	1,320
Asset Management Software	1,690
Emergency Radio Subscription	945
PMIS	3,235
	<u>305,995</u>

LUCE BAYOU MAINTENANCE STATION

Security: Contract Guards	172,200
Training: Safety (1st Aid, CPR, AED, CSE, etc.)	11,000
Load Test Overhead Cranes	2,000
Annual Service Contracts:	
Crane/Hoist Test/Certification	635
Janitorial Service	6,500
Pest Control Service	560
Uniform Service	5,000
Generator Load Testing	1,320
Asset Management Software	1,300
Emergency Radio Subscription	945
PMIS	3,235
Purchase Equipment:	
Tractor	104,150
	<u>308,845</u>

LUCE BAYOU CANAL

Annual Service Contracts:	
USGS - Water Level Meter	16,800
Asset Management Software	1,690
PMIS	3,235
	<u>21,725</u>

Total \$636,565

COASTAL WATER AUTHORITY
 LUCE BAYOU SYSTEM PROJECT
 ANALYSIS OF UTILITIES BY LOCATION
 2026 ANNUAL BUDGET

LOCATION	ELECTRICITY			ALL OTHER (2)	TOTAL
	KW HOURS	AVG. RATE PER HOUR	AMOUNT (1)		
Luce Bayou	24,750,000	\$0.0883	\$2,185,000	\$15,000	\$2,200,000
	<u>24,750,000</u>	<u>\$0.0883</u>	<u>\$2,185,000</u>	<u>\$15,000</u>	<u>\$2,200,000</u>

(1) Includes a 10% variance for electricity usage.

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

COASTAL WATER AUTHORITY
LUCE BAYOU SYSTEM PROJECT
DEBT SERVICE
2026 ANNUAL BUDGET

	AMOUNT (1)	AMOUNT (2)	AMOUNT (3)	AMOUNT (4)	AMOUNT (5)	AMOUNT (6)	AMOUNT (7)	AMOUNT (8)	TOTAL
Bond/Loan Interest Expense	499,462	\$260,352	\$61,591	\$2,400,436	\$2,675,880	\$4,975,319	\$2,339,531	\$501,648	\$13,714,218
Bond/Loan Principal Retirement	753,344	2,975,000	475,000	0	0	0	0	670,000	\$4,873,344
Total Debt Service	<u>1,252,806</u>	<u>\$3,235,352</u>	<u>\$536,591</u>	<u>\$2,400,436</u>	<u>\$2,675,880</u>	<u>\$4,975,319</u>	<u>\$2,339,531</u>	<u>\$1,171,648</u>	<u>\$18,587,562</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.