



## COASTAL WATER AUTHORITY

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November 21, 2025

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

**RE: 2026 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 2026 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 2026 Proposed Budget of \$6,773,635 is a decrease of \$59,702 from the 2025 Operating Budget of \$6,833,337. It is forecasted that CWA will deliver 62.0 billion gallons of water to Lake Houston for the City's needs. The Authority anticipates an increase in the cost of property insurance and employees' medical insurance policies in 2026 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 2026 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  
2026 Annual Budget, Luce Bayou System Project  
November 21, 2025  
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Sincerely,



Tony L. Council  
President, Board of Directors

Attachment

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

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	<u>51,400</u>
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
<b>REVENUES</b>			
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
<b>EXPENDITURES</b>			
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

	OPERATING FUND
	<hr/>
Beginning Balance	\$1,708,354
	<hr/>
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	<hr/> (14,935) <hr/>
Ending Balance	<hr/> \$1,693,419 <hr/>

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  
LUCE 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	<u><u>\$35,000</u></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  
 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)
	<hr/>
	<hr/> <div>\$718,099</div> <hr/>

(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)		16.00%
	Luce Bayou Office Salaries	<u>\$208,000</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

FIELD EXPENDITURES	2025 BUDGET	2025 PROJECTED	2026 BUDGET
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	521,680	730,000	636,565
UTILITIES	2,559,000	1,630,000	2,200,000
Total	\$5,127,140	\$4,069,000	\$4,891,635

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				TOTAL
	KW HOURS	AVG. RATE PER HOUR	AMOUNT (1)	ALL OTHER (2)	
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.