

**COASTAL WATER AUTHORITY
LUCE BAYOU SYSTEM PROJECT
2027 ANNUAL BUDGET**

DRAFT

COASTAL WATER AUTHORITY
LUCE BAYOU SYSTEM PROJECT
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2027 ANNUAL BUDGET

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COASTAL WATER AUTHORITY
 LUCE BAYOU SYSTEM PROJECT
 BUDGET SUMMARY
 2027 ANNUAL BUDGET

<u>APPLICATION OF FUNDS</u>	2026 BUDGET	2026 PROJECTED	2027 BUDGET
Expenditures	\$6,833,337	\$5,877,000	\$8,179,825
Capital Outlay	0	0	0
Debt Service	18,587,600	18,587,600	18,999,100
Comparative Subtotal	25,420,937	24,464,600	27,178,925
Total Expenditures	25,420,937	24,464,600	27,178,925
Ending Fund Balances	1,693,419	1,693,419	2,044,944
Total Applications	27,114,356	26,158,019	29,223,869
 <u>SOURCE OF FUNDS</u>			
Beginning Fund Balances	1,708,354	1,708,354	1,693,419
Investment Income	35,000	0	43,750
Subtotal Sources	1,743,354	1,708,354	1,737,169
Debt Service Revenue - City	18,587,600	18,587,600	18,999,100
Subtotal	20,330,954	20,295,954	20,736,269
System Revenue	\$6,783,402	\$5,862,065	\$8,487,600

COASTAL WATER AUTHORITY
LUCE BAYOU WATER SYSTEM FUNDS
FACTS AND ASSUMPTIONS
2027 ANNUAL BUDGET

FACTS

1. The 2027 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 2027 budget reflects the staffing levels established in 2022 following completion of various phases of the Luce Bayou Inter-Basin Transfer Project, supporting the Authority's ongoing operations and maintenance responsibilities and obligations under its contract with the City of Houston.
2. Testing of the four additional pumps at the Capers Ridge Pump Station during the latter half of 2027 is expected to result in an increase in utility costs.
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 2026 BUDGET TO 2027 BUDGET

	2026 Budget to 2027 Budget
2026 Budget	<u>\$6,773,640</u>
Field Salaries	295,800
Materials & Supplies	16,810
Contract Labor & Equipment	159,075
Utilities	868,400
Administrative Expense	107,300
General Operating Expenses (Insurance)	(69,200)
Engineering, Legal & Professional	<u>28,000</u>
Subtotal	<u>1,406,185</u>
2027 Budget	<u><u>\$8,179,825</u></u>

COASTAL WATER AUTHORITY
 LUCE BAYOU SYSTEM PROJECT
 STATEMENT OF REVENUES AND EXPENDITURES
 2027 ANNUAL BUDGET

	2026 BUDGET	2026 PROJECTED	2027 BUDGET
REVENUES			
Funds provided by City of Houston	\$25,311,300	\$24,464,600	\$27,486,700
Interest on Investments	35,000	-	43,750
Total Revenue	25,346,300	24,464,600	27,530,450
EXPENDITURES			
Field Salaries	1,789,420	1,440,000	2,085,220
Materials & Supplies	265,650	205,000	282,460
Contract Labor & Equipment (1)	636,570	565,000	795,645
Utilities	2,200,000	1,930,000	3,068,400
Administrative Expenses	718,100	610,000	825,400
General Operating Expenses	946,200	937,000	877,000
Engineering, Legal & Professional	217,700	190,000	245,700
Subtotal	6,773,640	5,877,000	8,179,825
Bond Interest Expense	13,714,300	13,714,300	13,990,700
Bond Principal Retirement	4,873,300	4,873,300	5,008,400
Paying Agent Fees	0	0	0
Debt Service	18,587,600	18,587,600	18,999,100
Total Expenditures	25,361,240	24,464,600	27,178,925

COASTAL WATER AUTHORITY
 LUCE BAYOU SYSTEM PROJECT
 RECONCILIATION OF FUND ACTIVITY
 2027 ANNUAL BUDGET

	OPERATING FUND
Beginning Balance	<u>\$1,693,419</u>
Service Revenue	27,486,700
Interest Earnings	\$43,750
Transfer - Service	\$0
Transfer - InterFund	0
Transfer - Interest	0
Expenses	(8,179,825)
Debt Service	(18,999,100)
Capital Outlay	0
Net Activity	<u>351,525</u>
Ending Balance	<u><u>\$2,044,944</u></u>

COASTAL WATER AUTHORITY
LUCE BAYOU SYSTEM PROJECT
REVENUES AND BILLING RATES
2027 ANNUAL BUDGET

	2026 BUDGET	2026 PROJECTED	2027 BUDGET
Gallons (in thousands)	62,020,800	55,146,700	85,159,200
Revenue			
Project Revenue	\$6,783,402	\$5,862,065	\$8,487,600
Debt Service	18,587,600	18,587,600	18,999,100
	<u>\$25,371,002</u>	<u>\$24,449,665</u>	<u>\$27,486,700</u>

COASTAL WATER AUTHORITY
LUCE BAYOU SYSTEM PROJECT
INVESTMENT AND OTHER INCOME
2027 ANNUAL BUDGET

INVESTMENT INCOME

Average Cash and Investments \$1,250,000

Average Effective Interest Rate 3.50%

Total \$43,750

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
 2027 ANNUAL BUDGET

GENERAL AND ADMINISTRATIVE EXPENDITURES	2026 BUDGET	2026 PROJECTED	2027 BUDGET
ADMINISTRATIVE	\$718,100	\$610,000	\$825,400
GENERAL OPERATING (Insurance)	946,200	937,000	877,000
ENGINEERING, LEGAL & PROFESSIONAL	217,700	190,000	245,700
Total	<u>\$1,882,000</u>	<u>\$1,737,000</u>	<u>\$1,948,100</u>

COASTAL WATER AUTHORITY
LUCE BAYOU SYSTEM PROJECT
ADMINISTRATIVE EXPENSES
2027 ANNUAL BUDGET

Administrative Salaries	229,600	(1)
Pension Plan Contribution (11.8% of total compensation)	273,149	
Payroll Taxes (7.65% of total compensation)	177,084	
Office Lease and Utilities	96,000	(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>\$825,433</u>	

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

COASTAL WATER AUTHORITY
 LUCE BAYOU SYSTEM PROJECT
 OFFICE SALARY ALLOCATION
 2027 ANNUAL BUDGET

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

	Base Office Salaries	1,435,000
Office Allocation Factor (1)		16.00%
	Luce Bayou Office Salaries	<u><u>\$229,600</u></u>

(1) Based upon payroll estimate allocation

COASTAL WATER AUTHORITY
 LUCE BAYOU SYSTEM PROJECT
 GENERAL OPERATING EXPENSES
 2027 ANNUAL BUDGET

INSURANCE PREMIUM DESCRIPTION

Property Insurance	315,000 (1) (6)
Texas Commercial Policy (General Liability)	4,160 (3) (5)
Excess Liability	8,500 (8) (5)
Public Official & Employees Errors and Omissions	2,160 (3) (5) (7)
Pension - Fidelity Bond	80 (3) (4)
Pension - Fiduciary Responsibility	1,120 (3) (5)
Medical Insurance	480,000 (3) (7) (9)
Public Official Position (Director Fidelity)	80 (3) (4)
Automobile Insurance	5,120 (3) (5)
Workers Compensation	15,200 (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>877,020</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
2027
ANNUAL BUDGET

Engineering Services	\$ 100,000 (1)
Legal Services	\$ 20,000 (3)
Accounting & Auditing	\$ 32,000 (2)
U.S. Geological Survey	\$ 23,300 (1)
Computer Support services	\$ 19,200 (2)
Website Development & Maintenance	\$ 7,200 (2)
Hardware, Software Upgrades and Maintenance	\$ 24,000 (2)
Miscellaneous Bank Fees	\$ 20,000 (3)
	<u>\$245,700</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
 2027 ANNUAL BUDGET

FIELD EXPENDITURES	2026 BUDGET	2026 PROJECTED	2027 BUDGET
SALARIES	\$1,789,420	\$1,440,000	\$2,085,220
MATERIALS & SUPPLIES	265,650	205,000	282,460
CONTRACT LABOR AND EQUIPMENT			
Contracted	532,420	460,850	680,650
Purchased	104,150	104,150	115,000
Subtotal	636,570	565,000	795,645
UTILITIES	2,200,000	1,930,000	3,068,400
Total	<u>\$4,891,640</u>	<u>\$4,140,000</u>	<u>\$6,231,725</u>

COASTAL WATER AUTHORITY
 LUCE BAYOU SYSTEM PROJECT
 FIELD EXPENDITURES BY LOCATION
 2027 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	\$2,085,220	\$282,460	\$795,645	\$3,068,400	\$6,231,725
	<u>\$2,085,220</u>	<u>\$282,460</u>	<u>\$795,645</u>	<u>\$3,068,400</u>	<u>\$6,231,725</u>

COASTAL WATER AUTHORITY
 LUCE BAYOU SYSTEM PROJECT
 SUMMARY OF FIELD SALARIES BY LOCATION
 2027 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	\$1,938,305	\$50,000	\$96,915	\$2,085,220
	<u>\$1,938,305</u>	<u>\$50,000</u>	<u>\$96,915</u>	<u>\$2,085,220</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
 2027 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	1.16	2,413	\$99.62	\$240,363
Subtotal	1.16	2,413	99.62	240,363
<u>SUPERVISORY PERSONNEL (2)</u>				
Luce Bayou Project	0.90	1,872	75.72	141,748
Subtotal	0.90	1,872	75.72	141,748
<u>ALL OTHER PERSONNEL (3)</u>				
Luce Bayou Project	20.38	42,380	36.72	1,556,194
Subtotal	20.38	42,380	36.72	1,556,194
Total Base Salaries	22.44	46,665	\$41.54	\$1,938,305

- (1) Includes Major Projects Director, Manager of Operations, Manager of Security, Senior Electrical I&C Manager, Deputy Operations Manager and Chief Engineer.
- (2) Includes Superintendents, Master Electrician, Asset Management Technician, Purchasing Agent, IT Manager, Projects Manager, Senior Construction Manager, Senior Contracts Manager, Safety Specialist, Government Relations Manager, Senior Project Manager 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
 2027 ANNUAL BUDGET

LOCATION AND DESCRIPTION

LUCE BAYOU PUMPING STATION

Air Conditioning Repair Parts	\$3,644
Automotive / Equip Repair Parts	\$2,500
Building / Grounds Maintenance	720
Electrical / Instrument	4,000
Herbicides/ Insecticides	5,000
Lab Tests Equipment & Supplies	2,500
Mechanical, Plumbing, Valves, etc.	1,610
Miscellaneous Supplies	1,000
Office / Administrative	12,000
Oils and Lubricants	2,300
Power Tools, Hand Tools & Equip.	3,000
Tires & Batteries	1,100
Personal Protective Equipment	11,700
	<u>\$51,074</u>

LUCE BAYOU MAINTENANCE STATION

Air Conditioning Repair Parts	\$2,732
Automotive / Equip Repair Parts	\$15,000
Building / Grounds Maintenance	1,440
Diesel Fuel	56,160
Electrical / Instrument	2,400
Gasoline	28,426
Herbicides/ Insecticides	6,000
Mechanical, Plumbing, Valves, etc.	3,312
Miscellaneous Supplies	2,880
Office / Administrative	6,000
Oils and Lubricants	828
Power Tools, Hand Tools & Equip.	4,720
Tires & Batteries	6,600
Welding Equip & Supplies	3,000
Personal Protective Equipment	11,700
	<u>\$151,198</u>

LUCE BAYOU CANAL

Automotive / Equip Repair Parts	\$2,500
Building / Grounds Maintenance	720
Canal Check & Gate Maint.	3,880
Electrical / Instrument	1,000
Herbicides/ Insecticides	9,500
Miscellaneous Supplies	1,440
Oils and Lubricants	828
Power Tools, Hand Tools & Equip.	3,720
Tires & Batteries	6,600
Road Base, Sand, Rock, Rip Rap, etc	50,000
	<u>\$80,188</u>

Total	<u>\$282,460</u>
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COASTAL WATER AUTHORITY
 LUCE BAYOU SYSTEM PROJECT
 ANALYSIS OF CONTRACT LABOR AND EQUIPMENT BY LOCATION
 2027 ANNUAL BUDGET

LOCATION AND DESCRIPTION

LUCE BAYOU PUMPING STATION

Security: Contract Guards	234,100
Training: Safety (1st Aid, CPR, AED, CSE, etc.)	12,100
Aquatic Vegetation Control	2,500
House Improvement	100,000
Annual Service Contracts:	
SCADA: IFIX Tech Support	25,000
AI Monitoring and Performance Improvement	20,000
Crane/Hoist Test/Certification	700
Janitorial Service	6,500
Pest Control Service	1,470
Substation, Relay Testing	35,000
Uniform Service	5,150
Generator Load Testing	1,320
Asset Management Software	1,690
Emergency Radio Subscription	945
PMIS	3,235
	<u>449,710</u>

LUCE BAYOU MAINTENANCE STATION

Security: Contract Guards	177,400
Training: Safety (1st Aid, CPR, AED, CSE, etc.)	12,100
Annual Service Contracts:	
Crane/Hoist Test/Certification	700
Janitorial Service	6,500
Pest Control Service	560
Uniform Service	5,150
Generator Load Testing	1,320
Asset Management Software	1,300
Emergency Radio Subscription	945
PMIS	3,235
	<u>209,210</u>

LUCE BAYOU CANAL

Annual Service Contracts:	
USGS - Water Level Meter	16,800
Asset Management Software	1,690
PMIS	3,235
Purchase Equipment:	
Tractor	115,000
	<u>136,725</u>

Total \$795,645

COASTAL WATER AUTHORITY
 LUCE BAYOU SYSTEM PROJECT
 ANALYSIS OF UTILITIES BY LOCATION
 2027 ANNUAL BUDGET

LOCATION	ELECTRICITY				TOTAL
	KW HOURS	AVG. RATE PER HOUR	AMOUNT (1)	ALL OTHER (2)	
Luce Bayou	36,178,229	\$0.0844	\$3,053,400	\$15,000	\$3,068,400
	<u>36,178,229</u>	<u>\$0.0844</u>	<u>\$3,053,400</u>	<u>\$15,000</u>	<u>\$3,068,400</u>

(1) Includes a 5% variance for electricity usage.

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

COASTAL WATER AUTHORITY
LUCE BAYOU SYSTEM PROJECT
DEBT SERVICE
2027 ANNUAL BUDGET

	AMOUNT (1)	AMOUNT (2)	AMOUNT (3)	AMOUNT (4)	AMOUNT (5)	AMOUNT (6)	AMOUNT (7)	AMOUNT (8)	TOTAL
Bond/Loan Interest Expense	469,403	\$177,141	\$49,180	\$2,400,436	\$2,675,880	\$4,975,319	\$2,752,390	\$490,913	\$13,990,661
Bond/Loan Principal Retirement	783,402	3,060,000	485,000	0	0	0	0	680,000	\$5,008,402
Total Debt Service	<u>1,252,806</u>	<u>\$3,237,141</u>	<u>\$534,180</u>	<u>\$2,400,436</u>	<u>\$2,675,880</u>	<u>\$4,975,319</u>	<u>\$2,752,390</u>	<u>\$1,170,913</u>	<u>\$18,999,063</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.