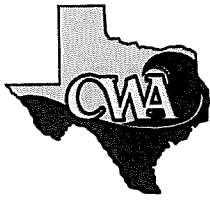


**COASTAL WATER AUTHORITY**  
**LUCE BAYOU SYSTEM PROJECT**  
**2022 ANNUAL BUDGET**

COASTAL WATER AUTHORITY  
 LUCE BAYOU SYSTEM PROJECT  
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 2022 ANNUAL BUDGET

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## COASTAL WATER AUTHORITY

1801 Main Street, Suite 800  
Houston, Texas 77002

Phone: 713-658-9020  
Fax: 713-658-9429

November 10, 2021

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

**RE: 2022 ANNUAL BUDGET  
LUCE BAYOU SYSTEM 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 2022 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 2022 Proposed Budget of \$4,998,100 is an increase over the 2021 Budget of about \$1,289,400. This increase is to support the additional activities and responsibilities that CWA will encounter during 2022 as all phases of the Luce Bayou Project have finalized construction. The entire facility will be operational in 2022. The maintenance station and several segments of the canal system were completed in 2020 while the pipelines and the pump station will be completed in 2021.

The anticipated completion of the project will necessitate the final staffing of additional operations and maintenance personnel as CWA becomes responsible for the entire completed conveyance system. This will also include increases in the cost of providing property insurance coverage on the new facility along with an increase in the amount of electricity that will be necessary to operate the new pump station.

The completed system will have 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 2022 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 Honorable Sylvester Turner, Mayor  
Members of the City Council  
2022 Annual Budget, Luce Bayou System Project  
November 10, 2021  
Page 2

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.

Sincerely,

A handwritten signature in black ink, appearing to read "D. Wayne Klotz". The signature is fluid and cursive, with a large, stylized initial "D" and "K".

D. Wayne Klotz, P.E.  
President, Board of Directors

Attachment

COASTAL WATER AUTHORITY  
 LUCE BAYOU SYSTEM PROJECT  
 BUDGET SUMMARY  
 2022 ANNUAL BUDGET

<u>APPLICATION OF FUNDS</u>	2021 BUDGET	2021 PROJECTED	2022 BUDGET
Expenditures	\$3,708,700	\$3,322,000	\$4,998,100
Capital Outlay	0	0	0
Debt Service	10,316,100	10,316,100	11,623,400
Comparative Subtotal	<u>14,024,800</u>	<u>13,638,100</u>	<u>16,621,500</u>
Total Expenditures	14,024,800	13,638,100	16,621,500
Ending Fund Balances	<u>927,136</u>	<u>927,136</u>	<u>1,249,566</u>
Total Applications	<u>14,951,936</u>	<u>14,565,236</u>	<u>17,871,066</u>
 <u>SOURCE OF FUNDS</u>			
Beginning Fund Balances	619,786	619,786	927,136
Investment Income	150	100	30
Subtotal Sources	<u>619,936</u>	<u>619,886</u>	<u>927,166</u>
Debt Service Revenue - City	10,316,100	10,316,100	11,623,400
Subtotal	<u>10,936,036</u>	<u>10,935,986</u>	<u>12,550,566</u>
System Revenue	<u>\$4,015,900</u>	<u>\$3,629,250</u>	<u>\$5,320,500</u>

COASTAL WATER AUTHORITY  
LUCE BAYOU WATER SYSTEM FUNDS  
FACTS AND ASSUMPTIONS  
2022 ANNUAL BUDGET

FACTS

1. The 2022 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 have been reflected at minimum balances.
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 2022 budget anticipates staffing to support continuation of activities required to fulfill the obligation of the current contract with the City of Houston.
2. Additional staffing requirements as different phases of the Luce Bayou Inter-Basin Transfer Project are 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 2021 BUDGET TO 2022 BUDGET

	2021 Budget to 2022 Budget
2021 Budget	<u>\$3,708,700</u>
Field Salaries	220,400
Materials & Supplies	58,700
Contract Labor & Equipment	224,100
Utilities	662,000
Administrative Expense	49,100
General Operating Expenses (Insurance)	75,100
Engineering, Legal & Professional	0
Subtotal	<u>1,289,400</u>
2022 Budget	<u><u>\$4,998,100</u></u>

COASTAL WATER AUTHORITY  
 LUCE BAYOU SYSTEM PROJECT  
 STATEMENT OF REVENUES AND EXPENDITURES  
 2022 ANNUAL BUDGET

	2021 BUDGET	2021 PROJECTED	2022 BUDGET
<b>REVENUES</b>			
Funds provided by City of Houston	\$14,332,000	\$13,945,350	\$16,943,900
Interest on Investments	150	100	30
Total Revenue	<u>14,332,150</u>	<u>13,945,450</u>	<u>16,943,930</u>
<b>EXPENDITURES</b>			
Field Salaries	1,605,100	1,420,000	1,825,500
Materials & Supplies	154,900	170,000	213,600
Contract Labor & Equipment (1)	142,900	160,000	367,000
Utilities	715,000	580,000	1,377,000
Administrative Expenses	603,600	560,000	652,700
General Operating Expenses	419,000	360,000	494,100
Engineering, Legal & Professional	68,200	72,000	68,200
Subtotal	<u>3,708,700</u>	<u>3,322,000</u>	<u>4,998,100</u>
Bond Interest Expense	6,026,600	6,026,600	7,229,200
Bond Principal Retirement	4,289,500	4,289,500	4,394,200
Debt Service	<u>10,316,100</u>	<u>10,316,100</u>	<u>11,623,400</u>
Total Expenditures	<u>14,024,800</u>	<u>13,638,100</u>	<u>16,621,500</u>
	(1)	(2)	(3)
Net Increase (Decrease) in Fund Balances	<u>\$307,350</u>	<u>\$307,350</u>	<u>\$322,430</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  
 2022 ANNUAL BUDGET

	OPERATING FUND
Beginning Balance	\$927,136
Service Revenue	16,943,900
Interest Earnings	\$30
Expenses	(4,998,100)
Debt Service	(11,623,400)
Net Activity	322,430
Ending Balance	\$1,249,566

COASTAL WATER AUTHORITY  
 LUCE BAYOU SYSTEM PROJECT  
 REVENUES AND BILLING RATES  
 2022 ANNUAL BUDGET

	2021 BUDGET	2021 PROJECTED	2022 BUDGET
Gallons (in thousands)	0	305,000	3,650,000
Revenue			
Project Revenue	\$4,015,900	\$3,629,250	\$5,320,500
Debt Service	10,316,100	10,316,100	11,623,400
	<u>\$14,332,000</u>	<u>\$13,945,350</u>	<u>\$16,943,900</u>

COASTAL WATER AUTHORITY  
LUCE BAYOU SYSTEM PROJECT  
INVESTMENT AND OTHER INCOME  
2022 ANNUAL BUDGET

INVESTMENT INCOME

Average Cash and Investments	\$150,000
Average Effective Interest Rate	0.02%
Total	<u><u>\$30</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  
 2022 ANNUAL BUDGET

<u>GENERAL AND ADMINISTRATIVE EXPENDITURES</u>	<u>2021 BUDGET</u>	<u>2021 PROJECTED</u>	<u>2022 BUDGET</u>
ADMINISTRATIVE	\$603,600	\$560,000	\$652,700
GENERAL OPERATING (Insurance)	419,000	360,000	494,100
ENGINEERING, LEGAL & PROFESSIONAL	68,200	72,000	68,200
Total	<u>\$1,090,800</u>	<u>\$992,000</u>	<u>\$1,215,000</u>

COASTAL WATER AUTHORITY  
 LUCE BAYOU SYSTEM PROJECT  
 ADMINISTRATIVE EXPENSES  
 2022 ANNUAL BUDGET

Administrative Salaries	\$178,880 (1)
Pension Plan Contribution (11.8% of total compensation)	236,517
Payroll Taxes (7.65% of total compensation)	153,335
Office Lease and Utilities	51,200 (1)
Office Supplies	5,600 (1)
Travel, Meetings and Parking	3,200 (1)
Directors Compensation	4,800 (1)
Printing and Reproduction	4,000 (1)
Telephone/ Data Maintenance	6,400 (1)
Vehicle: Gas & Maintenance	1,600 (1)
Payroll / Employee Processing Services	4,000 (1)
Miscellaneous	3,200 (1)
	\$652,732

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

COASTAL WATER AUTHORITY  
 LUCE BAYOU SYSTEM PROJECT  
 OFFICE SALARY ALLOCATION  
 2022 ANNUAL BUDGET

Executive Director  
 Chief Financial Officer  
 Chief Accountant  
 Senior Accountant  
 Senior Accountant  
 Senior Accountant  
 Senior Accountant  
 Administrative Assistant

Base Office Salaries      1,118,000

Office Allocation Factor (1)		16.00%
	Luce Bayou Office Salaries	\$178,880

(1) Based upon payroll estimate allocation

COASTAL WATER AUTHORITY  
 LUCE BAYOU SYSTEM PROJECT  
 GENERAL OPERATING EXPENSES  
 2022 ANNUAL BUDGET

INSURANCE PREMIUM DESCRIPTION

Property Insurance	\$105,000	(1)	(5)
Texas Commercial Policy (General Liability)	\$4,800	(3)	(5)
Excess Liability	\$10,000	(8)	(5)
Public Official & Employees Liability	\$1,920	(3)	(4) (7)
Pension - Fidelity Bond	\$32	(3)	(4)
Pension - Fiduciary Responsibility	\$1,280	(3)	(5)
Medical Insurance	\$312,000	(3)	(6) (7)
Public Official Position (Director Fidelity)	\$192	(3)	(4)
Automobile Insurance	\$4,160	(3)	(5)
Workers Compensation	\$24,000	(3)	(5) (7)
Dental Insurance	\$12,800	(3)	(5) (7)
Vision Insurance	\$3,520	(3)	(5) (7)
Combined Group Life/Short & Long Term Disability	\$14,400	(3)	(5) (7)
	<u>\$494,104</u>		

- (1) Allocated to the projects based upon total insurable value of 20%
- (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  
 2022 ANNUAL BUDGET

Engineering Services	\$10,000 (1)
Legal Services	\$20,000 (3)
Accounting & Auditing	\$10,560 (2)
U.S. Geological Survey	\$0 (1)
Computer Support services	\$12,800 (2)
Website Development & Maintenance	\$6,400 (2)
Hardware, Software Upgrades and Maintenance	\$6,400 (2)
Miscellaneous Bank Fees	\$2,000 (3)
	\$68,160

(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  
 2022 ANNUAL BUDGET

<u>FIELD EXPENDITURES</u>	<u>2021 BUDGET</u>	<u>2021 PROJECTED</u>	<u>2022 BUDGET</u>
SALARIES	\$1,605,100	\$1,420,000	\$1,825,500
MATERIALS & SUPPLIES	154,900	170,000	213,600
CONTRACT LABOR AND EQUIPMENT	142,900	160,000	367,000
Subtotal	<u>142,900</u>	<u>160,000</u>	<u>367,000</u>
UTILITIES	715,000	580,000	1,377,000
Total	<u><u>\$2,617,900</u></u>	<u><u>\$2,330,000</u></u>	<u><u>\$3,783,100</u></u>

COASTAL WATER AUTHORITY  
 LUCE BAYOU SYSTEM PROJECT  
 FIELD EXPENDITURES BY LOCATION  
 2022 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	\$1,825,524	\$213,600	\$367,000	\$1,377,000	\$3,783,124
	<u>\$1,825,524</u>	<u>\$213,600</u>	<u>\$367,000</u>	<u>\$1,377,000</u>	<u>\$3,783,124</u>

COASTAL WATER AUTHORITY  
 LUCE BAYOU SYSTEM PROJECT  
 SUMMARY OF FIELD SALARIES BY LOCATION  
 2022 ANNUAL BUDGET

<u>LOCATION</u>	<u>BASE COMPENSATION</u>	<u>RETIREE PAY (1)</u>	<u>4% OVERTIME (2)</u>	<u>TOTAL</u>
Luce Bayou Project	\$1,755,312	\$0	\$70,212	\$1,825,524
	<u>\$1,755,312</u>	<u>\$0</u>	<u>\$70,212</u>	<u>\$1,825,524</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  
 2022 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	3.00	6,240	\$73.50	\$458,640
Subtotal	<u>3.00</u>	<u>6,240</u>	<u>73.50</u>	<u>458,640</u>
<u>SUPERVISORY PERSONNEL (2)</u>				
Luce Bayou Project	2.00	4,160	64.20	267,072
Subtotal	<u>2.00</u>	<u>4,160</u>	<u>64.20</u>	<u>267,072</u>
<u>ALL OTHER PERSONNEL (3)</u>				
Luce Bayou Project	18.00	31,200	33.00	1,029,600
Subtotal	<u>18.00</u>	<u>31,200</u>	<u>33.00</u>	<u>1,029,600</u>
Total Base Salaries	<u><u>23.00</u></u>	<u><u>41,600</u></u>	<u><u>\$42.20</u></u>	<u><u>\$1,755,312</u></u>

- (1) Includes Manager of Operations and Production, Manager of Security, and Luce Bayou Chief Engineer & Luce Bayou Project Administrator and Construction Manager.
- (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  
 LUCE BAYOU SYSTEM PROJECT  
 ANALYSIS OF MATERIALS AND SUPPLIES BY LOCATION  
 2022 ANNUAL BUDGET

LOCATION AND DESCRIPTION

LUCE BAYOU PUMPING STATION

Automotive / Equip Repair Parts	\$2,000
Building / Grounds Maintenance	500
Electrical / Instrument	1,000
Herbicides/ Insecticides	5,000
Office / Administrative	24,400
	<u>\$32,900</u>

LUCE BAYOU MAINTENANCE STATION

Air Conditioning Repair Parts	\$1,500
Automotive / Equip Repair Parts	\$12,000
Building / Grounds Maintenance	3,000
Diesel Fuel	33,900
Electrical / Instrument	2,000
Gasoline	20,600
Herbicides/ Insecticides	7,000
Mechanical, Plumbing, Valves, etc.	2,000
Miscellaneous Supplies	2,000
Office / Administrative	12,200
Oils and Lubricants	4,000
Power Tools, Hand Tools & Equip.	3,500
Tires & Batteries	8,000
Welding Equip & Supplies	2,000
Herbicide Building	25,000
	<u>\$138,700</u>

LUCE BAYOU CANAL

Automotive / Equip Repair Parts	\$2,000
Building / Grounds Maintenance	500
Canal Check & Gate Maint.	2,000
Electrical / Instrument	1,000
Herbicides/ Insecticides	10,000
Miscellaneous Supplies	1,000
Power Tools, Hand Tools & Equip.	500
Road Base, Sand, Rock, Rip Rap, etc	25,000
	<u>\$42,000</u>

Total	<u>\$213,600</u>
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COASTAL WATER AUTHORITY  
 LUCE BAYOU SYSTEM PROJECT  
 ANALYSIS OF CONTRACT LABOR AND EQUIPMENT BY LOCATION  
 2022 ANNUAL BUDGET

LOCATION AND DESCRIPTION

LUCE BAYOU PUMPING STATION	
Security: Contract Guards	\$170,000
Annual Service Contracts:	
Janitorial Service	6,500
Pest Control Service	500
Uniform Service	\$2,500
Asset Management Software Upgrade	1,300
	<u>180,800</u>
 LUCE BAYOU MAINTENANCE STATION	
Security: Contract Guards	\$170,000
Annual Service Contracts:	
Crane/Hoist Test/Certification	400
Janitorial Service	6,500
Pest Control Service	1,000
Uniform Service	5,500
Generator Load Testing	1,000
Asset Management Software Upgrade	500
	<u>184,900</u>
 LUCE BAYOU CANAL	
Asset Management Software Upgrade	1,300
	<u>1,300</u>
Total	<u><u>\$367,000</u></u>

COASTAL WATER AUTHORITY  
 LUCE BAYOU SYSTEM PROJECT  
 ANALYSIS OF UTILITIES BY LOCATION  
 2022 ANNUAL BUDGET

ELECTRICITY					
LOCATION	KW HOURS	AVG. RATE PER HOUR	AMOUNT	ALL OTHER (1)	TOTAL
Luce Bayou	22,700,000	\$0.0600	\$1,362,000	\$15,000	\$1,377,000
	<u>22,700,000</u>	<u>\$0.0600</u>	<u>\$1,362,000</u>	<u>\$15,000</u>	<u>\$1,377,000</u>

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

COASTAL WATER AUTHORITY  
 LUCE BAYOU SYSTEM PROJECT  
 DEBT SERVICE  
 2022 ANNUAL BUDGET

	AMOUNT (1)	AMOUNT (2)	AMOUNT (3)	AMOUNT (4)	AMOUNT (5)	AMOUNT (6)	AMOUNT (7)	AMOUNT (8)	TOTAL
Bond/Loan Interest Expense	608,599	\$558,589	\$104,281	\$1,334,753	\$1,271,043	\$1,990,128	\$825,717	\$536,087	\$7,229,195
Bond/Loan Principal Retirement	644,209	2,680,000	430,000	0	0	0	0	640,000	\$4,394,209
<b>Total Debt Service</b>	<b>1,252,808</b>	<b>\$3,238,589</b>	<b>\$534,281</b>	<b>\$1,334,753</b>	<b>\$1,271,043</b>	<b>\$1,990,128</b>	<b>\$825,717</b>	<b>\$1,176,087</b>	<b>\$11,623,404</b>

- (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.