

**COASTAL WATER AUTHORITY**  
**RED BLUFF WATER TREATMENT PLANT PROJECT**  
**2022 ANNUAL BUDGET**

COASTAL WATER AUTHORITY  
 RED BLUFF WATER TREATMENT FUNDS  
 TABLE OF CONTENTS  
 2022 ANNUAL BUDGET

	PAGE
Budget Transmittal Letter	E - 1
Budget Summary - Comparative	E - 2
Facts and Assumptions	E - 2 - 1
Reconciliation of 2021 Budget to 2022 Budget	E - 2 - 2
Statement of Revenues and Expenditures	E - 3
Reconciliation of Fund Activity	E - 3 - 1
Revenues and Billing Rates	E - 4
Investment and Other Income	E - 5
Summary of General and Administrative Expenditures	E - 6
Administrative Expenses	E - 7
Office Salary Allocation	E - 7 - 1
General Operating Expenses	E - 8
Engineering, Legal and Professional Expenses	E - 9
Summary of Field Expenditures	E - 10
Summary of Field Salaries by Location	E - 11
Analysis of Base Field Salaries by Function and Location	E - 11 - 1
Analysis of Materials and Supplies by Location	E - 12
Analysis of Contract Labor and Equipment by Location	E - 13
Analysis of Utilities by Location	E - 14
Capital Outlays	E - 15

**CERTIFICATE FOR RESOLUTION**

THE STATE OF TEXAS     §  
  §  
COUNTY OF HARRIS     §

I, the undersigned Officer of the Board of Directors (the "Board") of the Coastal Water Authority, hereby certify as follows:

1.       The Board of Directors of the Coastal Water Authority (the "Authority") convened in regular session on the 10th day of November 2021, at the regular meeting place thereof, inside the boundaries of the Authority, and the roll was called of the duly constituted officers and members of the Board, to wit:

D. Wayne Klotz, P.E.	President
Tony L. Council, P. E.	1st Vice-President
Douglas E. Walker	2nd Vice President
Thomas A. Reiser	Secretary-Treasurer
Jon M. Sjolander	Director
Joseph G. Soliz	Director
Giti Zarinkelk, P.E.	Director

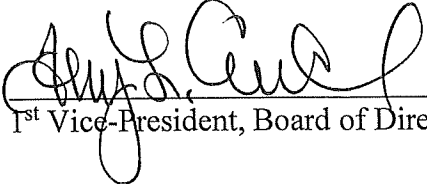
and all of said persons were present except Director(s): Reiser thus constituting a quorum. Whereupon, among other business, the following was transacted at said meeting: a written

**RESOLUTION OF THE BOARD OF DIRECTORS OF COASTAL WATER AUTHORITY ADOPTING THE FISCAL YEAR 2022 BUDGET AND SETTING RATES FOR THE RED BLUFF WATER TREATMENT PLANT; AND MAKING CERTAIN FINDINGS IN CONNECTION THEREWITH**

was introduced for the consideration of the Board. It was then duly moved and seconded that the Resolution be adopted, and, after due discussion, the motion, carrying with it the adoption of the Resolution, prevailed and carried unanimously.

2.       That a true, full and correct copy of the aforesaid Resolution adopted at the meeting described in the above and foregoing paragraph is attached to and follows this certificate; that the Resolution has been duly recorded in the Board's minutes of the meeting; that the persons named in the above and foregoing paragraph are the duly chosen, qualified and acting officers and members of the Board as indicated therein; that each of the officers and members of the Board was duly and sufficiently notified officially and personally, in advance, of the time, place and purpose of the aforesaid meeting, and that the Resolution would be introduced and considered for adoption at the meeting, and each of the officers and members consented, in advance, to the holding of the meeting for such purpose; that the meeting was open to the public as required by law; and that public notice of the time, place and subject of the meeting was given as required by Chapter 551, Texas Government Code, and Section 49.063, Texas Water Code.

SIGNED AND SEALED the 10th day of November 2021.

  
1<sup>st</sup> Vice-President, Board of Directors

(SEAL)

**RESOLUTION OF THE BOARD OF DIRECTORS OF COASTAL WATER AUTHORITY  
ADOPTING THE FISCAL YEAR 2022 BUDGET AND SETTING RATES FOR THE RED  
BLUFF WATER TREATMENT PLANT; AND MAKING CERTAIN FINDINGS IN  
CONNECTION THEREWITH**

WHEREAS, Coastal Water Authority (the "Authority") is a governmental agency and a body politic and corporate created as a conservation and reclamation district pursuant to the Constitution and laws of the State of Texas, including Article XVI, Section 59, Texas Constitution, and Chapter 601, Acts of the 60th Texas Legislature 1967 (Regular Session), as amended (the "Act"); and

WHEREAS, the Board of Directors of the Authority (the "Board") is vested with all of the rights, powers and privileges, authorities and functions conferred and imposed by the Act as well as the general laws of the State of Texas applicable to water control and improvement districts and municipal utility districts created under Article XVI, Section 59 of the Texas Constitution that are not in conflict or inconsistent with the Act; and

WHEREAS, the Authority owns and operates the Red Bluff Water Treatment Plant, from which it supplies treated water under contracts with Sekisui Specialty Chemicals America, LLC. ("Sekisui") and Pasadena Refining System, Inc. ("PRSI"); and

WHEREAS, the Authority is authorized under the Act and the general laws of the State of Texas, including §49.29 of the Texas Water Code, to adopt or enforce all necessary charges, mandatory fees, or rentals, for providing or making available any Authority facility or service; and

WHEREAS, the Authority's contracts with Sekisui and PRSI set out a procedure for adopting a budget for the operation of the Red Bluff Water Treatment Plant and establishing the rates charged by the Authority per 1,000 gallons of treated water; and

WHEREAS, in compliance with the procedures set forth in the Authority's contracts with Sekisui and PRSI, representatives of Sekisui and PRSI have approved the proposed Fiscal Year 2022 Budget for Red Bluff Water Treatment Plant and agreed to a rate of \$1.285 per 1,000 gallons of treated; and

WHEREAS, the Board has considered the above described matters, and has determined the adoption of the Fiscal Year 2022 Budget and a rate of \$1.285 per 1,000 gallons of treated water will allow the Authority to prudently operate and maintain the Red Bluff Water Treatment Plant and recover its costs of service associated with the operation of the Red Bluff Water Treatment Plant;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COASTAL WATER AUTHORITY, THAT:

Section 1: The findings and recitations set out in the preamble of this Resolution are found to be true and correct and are hereby adopted by the Board and made a part hereof for all purposes.

Section 2: The Board hereby approves and adopts the Fiscal Year 2022 Budget, a copy of which is attached hereto as **Exhibit A** and incorporated herein.

Section 3: The Board hereby approves and adopts a rate of \$1.285 per 1,000 gallons of treated water from the Red Bluff Water Treatment Plant for Fiscal Year 2022.

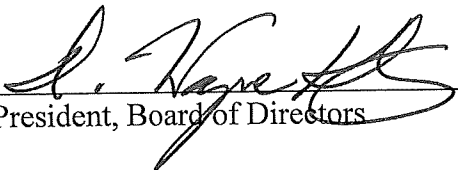
Section 4: The terms that are defined in the recitals to this Resolution are incorporated herein for all purposes.

Section 5: The provisions of this Resolution shall be effective as of the date of adoption and shall remain in effect until modified by action of the Board.


Section 6: It is hereby officially found and determined that the meeting at which this Resolution was adopted was open to the public and that public notice of the time, place and purpose of said meeting was given, all as required by the Texas Open Meetings Act, Chapter 551, Texas Government Code.

*[Execution page follows]*

PASSED AND APPROVED this 10th day of November 2021.

  
\_\_\_\_\_  
President, Board of Directors

ATTEST:

  
\_\_\_\_\_  
1<sup>st</sup> Vice-President, Board of Directors

(SEAL)



**EXHIBIT A**

COASTAL WATER AUTHORITY  
RED BLUFF WATER TREATMENT PLANT PROJECT  
2022 ANNUAL BUDGET



COASTAL WATER AUTHORITY  
 RED BLUFF WATER TREATMENT FUNDS  
 BUDGET SUMMARY  
 2022 ANNUAL BUDGET

<u>APPLICATION OF FUNDS</u>	<u>2021 BUDGET</u>	<u>2021 PROJECTED</u>	<u>2022 BUDGET</u>
Expenditures (1)	\$1,816,200	\$1,790,000	\$1,856,200
Capital Outlay (2)	0	0	250,000
Debt Service	0	0	0
Comparative Subtotal	<u>1,816,200</u>	<u>1,790,000</u>	<u>2,106,200</u>
Total Expenditures	1,816,200	1,790,000	2,106,200
Ending Fund Balances	<u>497,968</u>	<u>522,568</u>	<u>504,668</u>
Total Applications	<u>2,314,168</u>	<u>2,312,568</u>	<u>2,610,868</u>
 <u>SOURCE OF FUNDS</u>			
Beginning Fund Balances	492,668	492,668	522,568
Investment Income	500	100	100
CWA Special Project Equity Fund	0	0	250,000
Subtotal Sources	<u>493,168</u>	<u>492,768</u>	<u>772,668</u>
System Revenue	<u><u>\$1,821,000</u></u>	<u><u>\$1,819,800</u></u>	<u><u>\$1,838,200</u></u>

(1) Includes assets purchased.

COASTAL WATER AUTHORITY  
RED BLUFF WATER TREATMENT FUNDS  
FACTS AND ASSUMPTIONS  
2022 ANNUAL BUDGET

FACTS

1. The 2022 budget is prepared on a cash basis.
2. Water Treatment Plant books and records consist of two funds, which are the Operating Fund and the Special Projects Emergency Reserve.
3. The required fund balances have been reflected at the minimum operating balances.
4. Water Treatment Plant is charged with direct salary and costs as well as an allocation of certain general items based upon an overall payroll allocation of 8.8%.

ASSUMPTIONS

1. Salaries anticipates funding the employee benefits of one field retiree.
2. Assumes timely payment of billings by Pasadena Refinery Systems, Inc. and Sekisui Special Chemicals America, LLC.
3. The Operating Fund should be maintained adequate to provide funding for two months expenditures. Such amount is \$309,384 for 2022.

COASTAL WATER AUTHORITY  
 RED BLUFF WATER TREATMENT FUNDS  
 RECONCILIATION OF 2021 BUDGET TO 2022 BUDGET

2021  
to  
2022 Budget

\$1,816,200

2021 Budget

	13,700
Field Salaries	(16,200)
Materials & Supplies	8,500
Contract Labor & Equipment	2,200
Utilities	6,100
Administrative Expense ( Includes Pension, Social Security Costs)	25,700
General Operating Expenses (Insurance)	<u>0</u>
Engineering, Legal & Professional	<u>40,000</u>
Subtotal	<u>40,000</u>

\$1,856,200

2022 Budget

COASTAL WATER AUTHORITY  
 RED BLUFF WATER TREATMENT FUNDS  
 STATEMENT OF REVENUES AND EXPENDITURES  
 2022 ANNUAL BUDGET

	2021 BUDGET	2021 PROJECTED	2022 BUDGET
REVENUES & LOAN PROCEEDS:			
Interest on Investments	\$500	\$100	\$100
Service Revenues	1,821,000	1,819,800	1,838,200
Total Revenue	1,821,500	1,819,900	1,838,300
Total Revenues :	1,821,500	1,819,900	1,838,300
EXPENDITURES			
Field Salaries	620,900	605,000	634,600
Materials & Supplies	413,400	410,000	397,200
Contract Labor & Equipment (1)	63,400	63,000	71,900
Utilities	158,500	150,000	160,700
Administrative Expenses (1)	281,000	280,000	287,100
General Operating Expenses	214,300	218,000	240,000
Engineering, Legal & Professional	64,700	64,000	64,700
Subtotal	1,816,200	1,790,000	1,856,200
Total Expenditures	1,816,200	1,790,000	1,856,200
Net Increase (Decrease) in Operating Fund Balances	\$5,300 (2)	\$29,900	(\$17,900) (3)

(1) Includes assets purchased.

(2) Net of decrease in Operating Fund and increase in Special Projects Emergency Reserve.

(3) Net of decrease in Operating Fund and increase in Special Projects Emergency Reserve.

COASTAL WATER AUTHORITY  
 RED BLUFF WATER TREATMENT FUNDS  
 RECONCILIATION OF FUND ACTIVITY  
 2022 ANNUAL BUDGET

	OPERATING FUND	SPECIAL PROJECTS EMERGENCY RESERVE	TOTAL WATER TREATMENT PLANT
Beginning Balance	<u>\$327,323</u>	<u>\$195,245</u>	<u>\$522,568</u>
Service Revenue	1,838,200	0	1,838,200
Interest Earnings	61	39	100
Expenses	(1,856,200)	0	(1,856,200)
Net Activity	<u>(17,939)</u>	<u>39</u>	<u>(17,900)</u>
Ending Balance	<u><u>\$309,384</u></u>	<u><u>\$195,284</u></u>	<u><u>\$504,668</u></u>

COASTAL WATER AUTHORITY  
 RED BLUFF WATER TREATMENT FUNDS  
 REVENUES AND BILLING RATES  
 2022 ANNUAL BUDGET

	<u>2021 BUDGET</u>	<u>2021 PROJECTED</u>	<u>2022 BUDGET</u>
Gallons (in thousands)	1,350,500	1,350,000	1,430,500
Rate/1000 gallons	\$1.348	\$1.348	\$1.285 (1)
Revenue	<u>\$1,821,000</u>	<u>\$1,819,800</u>	<u>\$1,838,200</u>

(1) Budget rate for 2022 assumes average daily water volume demand of 2.5 MGD for Pasadena Refinery Systems and 1.2 MGD for Sekisui Special Chemicals America, LLC. Any changes to this assumption will impact the rate per 1000 gallons

COASTAL WATER AUTHORITY  
RED BLUFF WATER TREATMENT FUNDS  
INVESTMENT AND OTHER INCOME  
2022 ANNUAL BUDGET

INVESTMENT INCOME

Average Operating Cash and Investments	\$470,000
Average Effective Interest Rate	0.02%
Total	<u><u>\$100</u></u>

OTHER INCOME

Water Treatment Plant does not anticipate any miscellaneous income.

COASTAL WATER AUTHORITY  
 RED BLUFF WATER TREATMENT FUNDS  
 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	\$281,000	\$280,000	\$287,100
GENERAL OPERATING (Insurance)	214,300	218,000	240,000
ENGINEERING, LEGAL & PROFESSIONAL	<u>64,700</u>	<u>64,000</u>	<u>64,700</u>
Total	<u><u>\$560,000</u></u>	<u><u>\$562,000</u></u>	<u><u>\$591,800</u></u>



COASTAL WATER AUTHORITY  
 RED BLUFF WATER TREATMENT FUNDS  
 ADMINISTRATIVE EXPENSES  
 2022 ANNUAL BUDGET

Administrative Salaries	\$98,384 (1)
Pension Plan Contribution (11.8% of total compensation)	86,492
Payroll Taxes (7.65% of total compensation)	56,073
Office Lease and Utilities	28,160 (1)
Office Supplies	3,080 (1)
Travel, Meetings and Parking	1,760 (1)
Directors Compensation	2,640 (1)
Printing and Reproduction	2,200 (1)
Telephone/ Data Maintenance	3,520 (1)
Vehicle: Gas & Maintenance	880 (1)
Payroll / Employee Processing Services	2,200 (1)
Miscellaneous	1,760 (1)
	\$287,149

(1) Allocated based upon payroll estimate of 8.8%.

COASTAL WATER AUTHORITY  
 RED BLUFF WATER TREATMENT FUNDS  
 OFFICE SALARY ALLOCATION  
 2022 ANNUAL BUDGET

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

	1,118,000
Base Office Salaries	

	8.8%
Office Allocation Factor (1)	
Red Bluff Water Treatment Office Salaries	\$98,384

(1) Based upon payroll estimate allocation

COASTAL WATER AUTHORITY  
 RED BLUFF WATER TREATMENT FUNDS  
 GENERAL OPERATING EXPENSES  
 2022 ANNUAL BUDGET

INSURANCE PREMIUM DESCRIPTION

Property Insurance	\$ 31,500	(1)	(5)
Texas Commercial Policy (General Liability)	2,640	(3)	(5)
Public Official & Employees Liability	1,056	(3)	(4) (7)
Pension - Fidelity Bond	18	(3)	(4)
Pension - Fiduciary Responsibility	704	(3)	(5)
Medical Insurance	171,600	(3)	(6) (7)
Public Official Position (Director Fidelity)	106	(3)	(4)
Automobile Insurance	2,288	(3)	(5)
Workers Compensation	13,200	(3)	(5) (7)
Dental Insurance	7,040	(3)	(5) (7)
Vision Insurance	1,936	(3)	(5) (7)
Combined Group Life/Short Term & Long Term Disability	7,920	(3)	(5) (7)
	<u>\$ 240,008</u>		

- (1) Allocated based upon total insurable value of 6%.
- (3) Allocated based upon total payroll estimate of 8.8%.
- (4) Assumes no rate increase.
- (5) Assumes 5% rate increase.
- (6) Assumes 10% rate increase.
- (7) Assumes full employment.

COASTAL WATER AUTHORITY  
 RED BLUFF WATER TREATMENT FUNDS  
 ENGINEERING, LEGAL AND PROFESSIONAL EXPENSES  
 2022 ANNUAL BUDGET

Engineering Services - (M&O)	30,000	(1)
Legal Services	10,000	(3)
Accounting & Auditing	5,808	(2)
Computer Support services	7,040	(2)
Website Development & Maintenance	3,520	(2)
Hardware, Software Upgrades and Maintenance	3,520	(2)
Miscellaneous Bank Fees	4,800	(3)
	\$64,688	

- (1) Based upon specific services
- (2) Allocated based upon total payroll estimate of 8.8%.
- (3) Based upon specific and allocated services

COASTAL WATER AUTHORITY  
 RED BLUFF WATER TREATMENT FUNDS  
 SUMMARY OF FIELD EXPENDITURES  
 2022 ANNUAL BUDGET

<u>FIELD EXPENDITURES</u>	<u>2021 BUDGET</u>	<u>2021 PROJECTED</u>	<u>2022 BUDGET</u>
SALARIES	\$620,900	\$605,000	\$634,600
MATERIALS & SUPPLIES	413,400	410,000	397,200
CONTRACT LABOR AND EQUIPMENT			
Contracted	63,400	63,000	71,900
Purchased	0	0	0
Subtotal	<u>63,400</u>	<u>63,000</u>	<u>71,900</u>
UTILITIES	158,500	150,000	160,700
Total	<u><u>\$1,256,200</u></u>	<u><u>\$1,228,000</u></u>	<u><u>\$1,264,400</u></u>

COASTAL WATER AUTHORITY  
 RED BLUFF WATER TREATMENT FUNDS  
 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>
Water Treatment Plant	<u>\$562,162</u>	<u>\$50,000</u>	<u>\$22,486</u>	<u>\$634,648</u>

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

COASTAL WATER AUTHORITY  
 RED BLUFF WATER TREATMENT FUNDS  
 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> Water Treatment Plant	0.10	208	\$73.50	\$15,288
<u>SUPERVISORY PERSONNEL (2)</u> Water Treatment Plant	0.60	1,248	64.20	80,122
<u>ALL OTHER PERSONNEL (3)</u> Water Treatment Plant	6.80	14,144	33.00	466,752
Total Base Salaries	<u>7.50</u>	<u>15,600</u>	<u>\$36.04</u>	<u>\$562,162</u>

- (1) Includes Manager of Operations and Production, Manager of Security & General Superintendent.
- (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  
 RED BLUFF WATER TREATMENT FUNDS  
 ANALYSIS OF MATERIALS AND SUPPLIES BY LOCATION  
 2022 ANNUAL BUDGET

DESCRIPTION (1)

Air Conditioning Repair Parts	\$1,000
Automotive / Equipment Repair Parts	1,000
Building / Grounds Maintenance	2,000
CHEMICALS:	
-- Lime	213,000
-- Ferric Sulfate	99,000
-- Polymer	12,800
Diesel Fuel	1,100
Electrical / Instrument	6,000
Gasoline	1,100
Herbicides / Insecticides	3,000
Lab Test Equip&Supplies	2,000
Mechanical, Plumbing, Valves, etc.	10,000
Miscellaneous Supplies	18,500
Office / Administrative	1,700
Oils and Lubricants	11,000
Power Tools, Hand Tools & Equip.	4,000
Road Base, Sand, Rock, Rip Rap, etc.	1,000
Access Control Devices	5,000
Tires & Batteries	1,000
Welding Equipment & Supplies	3,000
Total	<u><u>\$397,200</u></u>

(1) Water Treatment Plant is the only location.



COASTAL WATER AUTHORITY  
 RED BLUFF WATER TREATMENT FUNDS  
 ANALYSIS OF CONTRACT LABOR AND EQUIPMENT BY LOCATION  
 2022 ANNUAL BUDGET

DESCRIPTION (1)

Contract Labor (Welders, Divers, Tech Spt, etc)	\$	5,000
Equipment Rental Services		5,000
Major Motor Repair, 1 each		17,000
Major Pump Repair, 1 each		12,000
Security: Fencing Repairs/Replacement		1,000
Trucking Services		25,000
Annual Service Contracts:		
Pest Control Service		400
Uniform Service		3,200
Generator Load Testing		800
Asset Management Software Upgrade		2,500
Total	\$	<u>71,900</u>

COASTAL WATER AUTHORITY  
 RED BLUFF WATER TREATMENT FUNDS  
 ANALYSIS OF UTILITIES BY LOCATION  
 2022 ANNUAL BUDGET

LOCATION	ELECTRICITY			ALL OTHER (2)	TOTAL
	KW HOURS	AVG. RATE PER HOUR (1)	AMOUNT		
Red Bluff Water Treatment Plant	2,470,000	\$0.06100	\$150,700	\$10,000	\$160,700

- (1) Reflects rate accomplished through contract for electricity beginning July, 2015  
 (2) Includes telephone, water and waste disposal services.

COASTAL WATER AUTHORITY  
RED BLUFF WATER TREATMENT FUNDS  
CAPITAL OUTLAYS  
2022 ANNUAL BUDGET

	<u>AMOUNT (1)</u>
Clarifier and Clear Well Painting Project	\$250,000
Total Capital Outlays	<u><u>\$250,000</u></u>

(1) Funded fro CWA Special Project Equity Fund