



## COASTAL WATER AUTHORITY

1801 Main Street, Suite 800  
Houston, Texas 77002

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

November 8, 2023

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

**RE: 2024 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 2024 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 2024 Proposed Budget is an increase over the 2023 Budget of about \$898,675. This increase is to support the activities and responsibilities that CWA will encounter during 2024 as all construction phases of the Luce Bayou Project have been completed. The Luce Bayou system is functioning and delivering water to Lake Houston. It is forecasted that CWA will deliver 64.3 billion gallons of water to Lake Houston for the City's needs. The primary reasons for the increase in the Operating Budget is the increased electricity cost associated with the increase in water demand and including the impact of an anticipated electricity rate increase in 2024. There is also a need to upgrade security throughout this system with a security guard upgrade and additional security equipment.


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 2024 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  
2024 Annual Budget, Luce Bayou System Project  
November 8, 2023  
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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,



Tony L. Council  
1<sup>st</sup> Vice President, Board of Directors

Attachment

**COASTAL WATER AUTHORITY**  
**LUCE BAYOU SYSTEM PROJECT**  
**2024 ANNUAL BUDGET**

COASTAL WATER AUTHORITY  
LUCE BAYOU SYSTEM PROJECT  
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2024 ANNUAL BUDGET

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COASTAL WATER AUTHORITY  
 LUCE BAYOU SYSTEM PROJECT  
 BUDGET SUMMARY  
 2024 ANNUAL BUDGET

<u>APPLICATION OF FUNDS</u>	2023 BUDGET	2023 PROJECTED	2024 BUDGET
Expenditures	\$5,784,800	\$5,045,500	\$6,683,475
Capital Outlay	0	0	0
Debt Service	13,050,500	13,050,500	14,604,700
Comparative Subtotal	18,835,300	18,096,000	21,288,175
Total Expenditures	18,835,300	18,096,000	21,288,175
Ending Fund Balances	1,446,166	1,446,166	1,670,891
Total Applications	20,281,466	19,542,166	22,959,066
<u>SOURCE OF FUNDS</u>			
Beginning Fund Balances	1,249,566	1,249,566	1,446,166
Investment Income	3,000	5,000	4,000
Subtotal Sources	1,252,566	1,254,566	1,450,166
Debt Service Revenue - City	13,050,500	13,050,500	14,604,700
Subtotal	14,303,066	14,305,066	16,054,866
System Revenue	\$5,978,400	\$5,237,100	\$6,904,200

COASTAL WATER AUTHORITY  
LUCE BAYOU WATER SYSTEM FUNDS  
FACTS AND ASSUMPTIONS  
2024 ANNUAL BUDGET

FACTS

1. The 2024 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 2024 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 was 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 2023 BUDGET TO 2024 BUDGET

	2023 Budget to 2024 Budget
2023 Budget	<u>\$5,784,800</u>
Field Salaries	59,100
Materials & Supplies	13,000
Contract Labor & Equipment	47,675
Utilities	536,600
Administrative Expense	19,600
General Operating Expenses (Insurance)	192,700
Engineering, Legal & Professional	<u>30,000</u>
Subtotal	<u>898,675</u>
2024 Budget	<u><u>\$6,683,475</u></u>

COASTAL WATER AUTHORITY  
 LUCE BAYOU SYSTEM PROJECT  
 STATEMENT OF REVENUES AND EXPENDITURES  
 2024 ANNUAL BUDGET

	2023 BUDGET	2023 PROJECTED	2024 BUDGET
<b>REVENUES</b>			
Funds provided by City of Houston	\$19,028,900	\$18,371,000	\$21,508,900
Interest on Investments	3,000	5,000	4,000
Total Revenue	<u>19,031,900</u>	<u>18,376,000</u>	<u>21,512,900</u>
<b>EXPENDITURES</b>			
Field Salaries	1,661,000	1,390,000	1,720,100
Materials & Supplies	248,700	208,500	261,700
Contract Labor & Equipment (1)	601,900	495,000	649,575
Utilities	1,938,400	1,680,000	2,475,000
Administrative Expenses	673,300	580,000	692,900
General Operating Expenses	559,400	590,000	752,100
Engineering, Legal & Professional	102,100	102,000	132,100
Subtotal	<u>5,784,800</u>	<u>5,045,500</u>	<u>6,683,475</u>
Bond Interest Expense	8,545,600	8,545,600	9,983,100
Bond Principal Retirement	4,504,900	4,504,900	4,621,600
Debt Service	<u>13,050,500</u>	<u>13,050,500</u>	<u>14,604,700</u>
Construction Program	0	0	0
Capital Outlay	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>18,835,300</u>	<u>18,096,000</u>	<u>21,288,175</u>
	(1)	(2)	(3)
Net Increase (Decrease) in Fund Balances	<u>\$196,600</u>	<u>\$280,000</u>	<u>\$224,725</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  
 2024 ANNUAL BUDGET

	OPERATING FUND
Beginning Balance	\$1,446,166
Service Revenue	21,508,900
Interest Earnings	\$4,000
Transfer - Service	\$0
Transfer - InterFund	0
Transfer - Interest	0
Expenses	(6,683,475)
Debt Service	(14,604,700)
Capital Outlay	0
Net Activity	224,725
Ending Balance	\$1,670,891

COASTAL WATER AUTHORITY  
 LUCE BAYOU SYSTEM PROJECT  
 REVENUES AND BILLING RATES  
 2024 ANNUAL BUDGET

	2023 BUDGET	2023 PROJECTED	2024 BUDGET
Gallons (in thousands)	30,295,000	41,446,000	64,312,000
Revenue			
Project Revenue	\$5,978,400	\$5,237,100	\$6,904,200
Debt Service	13,050,500	13,050,500	14,604,700
	<u>\$19,028,900</u>	<u>\$18,287,600</u>	<u>\$21,508,900</u>

COASTAL WATER AUTHORITY  
LUCE BAYOU SYSTEM PROJECT  
INVESTMENT AND OTHER INCOME  
2024 ANNUAL BUDGET

INVESTMENT INCOME

Average Cash and Investments	\$100,000
Average Effective Interest Rate	4.00%
Total	<u><u>\$4,000</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  
 2024 ANNUAL BUDGET

<u>GENERAL AND ADMINISTRATIVE EXPENDITURES</u>	<u>2023 BUDGET</u>	<u>2023 PROJECTED</u>	<u>2024 BUDGET</u>
ADMINISTRATIVE	\$673,300	\$580,000	\$692,900
GENERAL OPERATING (Insurance)	559,400	590,000	752,100
ENGINEERING, LEGAL & PROFESSIONAL	102,100	102,000	132,100
Total	<u>\$1,334,800</u>	<u>\$1,272,000</u>	<u>\$1,577,100</u>

COASTAL WATER AUTHORITY  
 LUCE BAYOU SYSTEM PROJECT  
 ADMINISTRATIVE EXPENSES  
 2024 ANNUAL BUDGET

Administrative Salaries	\$209,600 (1)
Pension Plan Contribution (11.8% of total compensation)	227,705
Payroll Taxes (7.65% of total compensation)	147,622
Office Lease and Utilities	64,000 (1)
Office Supplies	6,400 (1)
Travel, Meetings and Parking	4,000 (1)
Directors Compensation	7,200 (1)
Printing and Reproduction	4,000 (1)
Telephone/ Data Maintenance	7,200 (1)
Vehicle: Gas & Maintenance	3,200 (1)
Payroll / Employee Processing Services	5,600 (1)
Miscellaneous	6,400 (1)
	\$692,927

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

COASTAL WATER AUTHORITY  
 LUCE BAYOU SYSTEM PROJECT  
 OFFICE SALARY ALLOCATION  
 2024 ANNUAL BUDGET

Executive Director  
 Chief Financial Officer  
 Chief Accountant  
 Senior Accountant  
 Senior Accountant  
 Senior Accountant  
 Senior Accountant  
 Executive Secretary  
 Financial Analyst

Base Office Salaries      1,310,000

Office Allocation Factor (1)		16.00%
	Luce Bayou Office Salaries	<u>\$209,600</u>

(1) Based upon payroll estimate allocation

COASTAL WATER AUTHORITY  
 LUCE BAYOU SYSTEM PROJECT  
 GENERAL OPERATING EXPENSES  
 2024 ANNUAL BUDGET

INSURANCE PREMIUM DESCRIPTION

Property Insurance	\$327,600	(1)	(6)
Texas Commercial Policy (General Liability)	\$4,320	(3)	(5)
Excess Liability	\$6,500	(8)	(5)
Public Official & Employees Liability	\$1,760	(3)	(4) (7)
Pension - Fidelity Bond	\$56	(3)	(4)
Pension - Fiduciary Responsibility	\$1,120	(3)	(5)
Medical Insurance	\$352,000	(3)	(6) (7)
Public Official Position (Director Fidelity)	\$160	(3)	(4)
Automobile Insurance	\$6,080	(3)	(5)
Workers Compensation	\$20,480	(3)	(5) (7)
Dental Insurance	\$13,600	(3)	(5) (7)
Vision Insurance	\$4,000	(3)	(5) (7)
Combined Group Life/Short & Long Term Disability	\$14,400	(3)	(5) (7)
	<u>\$752,076</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 12% 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  
2024 ANNUAL BUDGET

Engineering Services	\$25,000 (1)
Legal Services	\$20,000 (3)
Accounting & Auditing	\$14,400 (2)
U.S. Geological Survey	\$28,300 (1)
Computer Support services	\$12,800 (2)
Website Development & Maintenance	\$6,400 (2)
Hardware, Software Upgrades and Maintenance	\$11,200 (2)
Miscellaneous Bank Fees	\$14,000 (3)
	<u>\$132,100</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  
 2024 ANNUAL BUDGET

<u>FIELD EXPENDITURES</u>	<u>2023 BUDGET</u>	<u>2023 PROJECTED</u>	<u>2024 BUDGET</u>
SALARIES	\$1,661,000	\$1,390,000	\$1,720,100
MATERIALS & SUPPLIES	248,700	208,500	261,700
CONTRACT LABOR AND EQUIPMENT	601,900	495,000	637,600
Purchased	0	0	12,000
Subtotal	<u>601,900</u>	<u>495,000</u>	<u>649,575</u>
UTILITIES	1,938,400	1,680,000	2,475,000
Total	<u><u>\$4,450,000</u></u>	<u><u>\$3,773,500</u></u>	<u><u>\$5,106,375</u></u>

COASTAL WATER AUTHORITY  
 LUCE BAYOU SYSTEM PROJECT  
 FIELD EXPENDITURES BY LOCATION  
 2024 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	\$1,720,053	\$261,674	\$649,575	\$2,475,000	\$5,106,302
	<u>\$1,720,053</u>	<u>\$261,674</u>	<u>\$649,575</u>	<u>\$2,475,000</u>	<u>\$5,106,302</u>

COASTAL WATER AUTHORITY  
 LUCE BAYOU SYSTEM PROJECT  
 SUMMARY OF FIELD SALARIES BY LOCATION  
 2024 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	\$1,638,146	\$0	\$81,907	\$1,720,053
	<u>\$1,638,146</u>	<u>\$0</u>	<u>\$81,907</u>	<u>\$1,720,053</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  
 2024 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	\$72.00	\$151,258
Subtotal	<u>1.01</u>	<u>2,101</u>	<u>72.00</u>	<u>151,258</u>
<u>SUPERVISORY PERSONNEL (2)</u>				
Luce Bayou Project	0.70	1,456	68.00	99,008
Subtotal	<u>0.70</u>	<u>1,456</u>	<u>68.00</u>	<u>99,008</u>
<u>ALL OTHER PERSONNEL (3)</u>				
Luce Bayou Project	19.63	40,820	34.00	1,387,880
Subtotal	<u>19.63</u>	<u>40,820</u>	<u>34.00</u>	<u>1,387,880</u>
Total Base Salaries	<u>21.34</u>	<u>44,377</u>	<u>\$36.91</u>	<u>\$1,638,146</u>

- (1) Includes Manager of Operations, 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  
 2024 ANNUAL BUDGET

LOCATION AND DESCRIPTION

LUCE BAYOU PUMPING STATION	
Air Conditioning Repair Parts	\$3,120
Automotive / Equip Repair Parts	\$2,000
Building / Grounds Maintenance	600
Electrical / Instrument	3,600
Herbicides/ Insecticides	5,000
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	10,000
	<u>\$44,720</u>
LUCE BAYOU MAINTENANCE STATION	
Air Conditioning Repair Parts	\$1,800
Automotive / Equip Repair Parts	\$15,000
Building / Grounds Maintenance	1,200
Diesel Fuel	48,698
Electrical / Instrument	2,400
Gasoline	29,256
Herbicides/ Insecticides	7,000
Mechanical, Plumbing, Valves, etc.	2,400
Miscellaneous Supplies	2,400
Office / Administrative	6,000
Oils and Lubricants	600
Power Tools, Hand Tools & Equip.	4,600
Tires & Batteries	8,000
Welding Equip & Supplies	3,000
Personal Protective Equipment	10,000
	<u>\$142,354</u>
LUCE BAYOU CANAL	
Automotive / Equip Repair Parts	\$2,000
Building / Grounds Maintenance	600
Canal Check & Gate Maint.	3,400
Electrical / Instrument	1,200
Herbicides/ Insecticides	10,000
Miscellaneous Supplies	1,200
Oils and Lubricants	600
Power Tools, Hand Tools & Equip.	3,600
Tires & Batteries	2,000
Road Base, Sand, Rock, Rip Rap, etc	50,000
	<u>\$74,600</u>
Total	<u>\$261,674</u>

COASTAL WATER AUTHORITY  
 LUCE BAYOU SYSTEM PROJECT  
 ANALYSIS OF CONTRACT LABOR AND EQUIPMENT BY LOCATION  
 2024 ANNUAL BUDGET

LOCATION AND DESCRIPTION

LUCE BAYOU PUMPING STATION

Security: Contract Guards	275,000
Contract Labor (Welders, Divers, Tech Spt, etc.)	2,400
Training: Safety (1st Aid, CPR, AED, CSE, etc.)	13,000
Annual Service Contracts:	
Crane/Hoist Test/Certification	480
Janitorial Service	6,500
Pest Control Service	750
Substation, Relay Testing	10,000
Uniform Service	3,500
Asset Management Software	1,690
GPS Asset Tracking Units	220
Purchase Equipment:	
Coats 80WX Tire Machine	1,000
	314,540

LUCE BAYOU MAINTENANCE STATION

Security: Contract Guards	275,000
Contract Labor (Welders, Divers, Tech Spt, etc.)	2,400
Training: Safety (1st Aid, CPR, AED, CSE, etc.)	13,000
Annual Service Contracts:	
Crane/Hoist Test/Certification	480
Janitorial Service	6,500
Pest Control Service	1,045
Uniform Service	5,000
Generator Load Testing	1,100
Asset Management Software	1,300
GPS Asset Tracking Units	220
Purchase Equipment:	
Coats 80WX Tire Machine	5,500
	311,545

LUCE BAYOU CANAL

Annual Service Contracts:	
USGS - Water Level Meter	16,300
Asset Management Software	1,690
Purchase Equipment:	
Coats 80WX Tire Machine	5,500
	23,490

Total	\$649,575
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COASTAL WATER AUTHORITY  
 LUCE BAYOU SYSTEM PROJECT  
 ANALYSIS OF UTILITIES BY LOCATION  
 2024 ANNUAL BUDGET

ELECTRICITY					
LOCATION	KW HOURS	AVG. RATE PER HOUR	AMOUNT	ALL OTHER (1)	TOTAL
Luce Bayou	20,500,000	\$0.1200	\$2,460,000	\$15,000	\$2,475,000
	20,500,000	\$0.1200	\$2,460,000	\$15,000	\$2,475,000

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

COASTAL WATER AUTHORITY  
 LUCE BAYOU SYSTEM PROJECT  
 DEBT SERVICE  
 2024 ANNUAL BUDGET

	AMOUNT (1)	AMOUNT (2)	AMOUNT (3)	AMOUNT (4)	AMOUNT (5)	AMOUNT (6)	AMOUNT (7)	AMOUNT (8)	TOTAL
Bond/Loan Interest Expense	556,163	\$416,785	\$84,378	\$1,334,753	\$2,073,807	\$3,482,723	\$1,513,814	\$520,601	\$9,983,023
Bond/Loan Principal Retirement	696,643	2,820,000	450,000	0	0	0	0	655,000	\$4,621,643
Total Debt Service	<u>1,252,806</u>	<u>\$3,236,785</u>	<u>\$534,378</u>	<u>\$1,334,753</u>	<u>\$2,073,807</u>	<u>\$3,482,723</u>	<u>\$1,513,814</u>	<u>\$1,175,601</u>	<u>\$14,604,666</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.