



COASTAL WATER AUTHORITY

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November 13, 2024

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

**RE: 2025 ANNUAL BUDGET
LAKE HOUSTON FACILITIES 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 2025 Calendar Year Budget for the Lake Houston Facilities Project for your consideration and approval.

The CWA 2025 Proposed Budget is \$4,737,260, an increase in expenditures of about \$322,560 from the Adopted 2024 Budget. CWA expects to deliver 16.1 billion gallons of surface water as requested by the City. The budget increases in 2025 are primarily due to the need for a major pump motor repair and enhanced security fencing along the West Canal.

This budget incorporates the activities and assignments requested by the City's Houston Public Works Department and authorized in the Authority's contract with the City as amended by the Mayor and City Council on November 25, 2003. At the direction of the City, CWA will provide maintenance and operational activities to include Lake Houston, the Lake Houston Dam and certain structures and property downstream of the Dam. CWA will also continue to provide the maintenance and operation of the Lake Houston Pump Station and the West Canal Facilities as it has since the original contract was executed in 1995.

The Authority's Board of Directors and its management team continue to identify activities where costs could be reduced and still allow CWA to meet its obligations to the City. Some of those activities are:

- The Authority has renegotiated the electricity contract and achieved a rate reduction that continues through 2026.
- The Authority anticipates an increase in the renewal of the employees' medical insurance during 2025 and will be looking at options to mitigate the increases in the premiums.

CWA's staffing for electrical and equipment maintenance will be on a job order basis and will be charged to the Lake Houston Facilities Project as they are incurred. Personnel for the mowing season will be provided by CWA from our existing work force and with available mowing equipment. Costs for the mowing operations and other canal maintenance activities will also be charged to the Lake Houston Facilities Project as they are incurred.

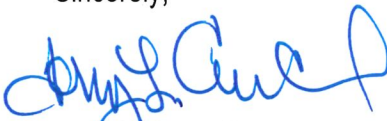
The Honorable John Whitmire, Mayor
Members of the City Council
2025 Annual Budget, Lake Houston
November 13, 2024
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The proposed budget is reflective of the City of Houston's desire to maintain acceptable normal service levels while remaining in a position to respond favorably to requests for changes in water volume demands during peak periods. CWA will strive to continue to provide optimum service to our customers and keep maintenance and operating costs within the budget amounts.

It must be pointed out that there are minimal contingencies provided within the budget. In the event of unanticipated occurrences such as water deliveries in excess of 16.1 billion gallons, the failure of high-cost equipment or severe weather conditions that damage the system, a supplemental funding request may be necessary during the 2025 budget year. In the event of an additional funding request, it will be documented as to need and coordinated with the Department of Houston Public Works.

The members of the Board of Directors wish to express their appreciation to everyone involved in this Project, especially those City employees of the Department of Houston Public Works for their cooperation and assistance in furthering the Lake Houston Facilities 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
President, Board of Directors

Attachment

COASTAL WATER AUTHORITY
LAKE HOUSTON FACILITIES PROJECT
2025 ANNUAL BUDGET

COASTAL WATER AUTHORITY
 LAKE HOUSTON FACILITIES PROJECT
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 2025 ANNUAL BUDGET

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COASTAL WATER AUTHORITY
LAKE HOUSTON FACILITIES PROJECT
BUDGET SUMMARY
2025 ANNUAL BUDGET

APPLICATION OF FUNDS	2024 BUDGET	2024 PROJECTED	2025 BUDGET
Expenditures (1)	\$4,414,700	\$3,985,000	\$4,737,260
Capital Outlay	132,525	0	0
Total Expenditures	<u>4,547,225</u>	<u>3,985,000</u>	<u>4,737,260</u>
Ending Fund Balances (2)	<u>1,103,628</u>	<u>1,103,628</u>	<u>1,184,268</u>
Total Applications	<u><u>5,650,853</u></u>	<u><u>5,088,628</u></u>	<u><u>5,921,528</u></u>
SOURCE OF FUNDS			
Beginning Fund Balances (2)	970,128	970,128	1,103,628
Investment Income	100,000	130,000	35,000
Other Income	30,000	25,000	25,000
Subtotal Sources	<u>1,100,128</u>	<u>1,125,128</u>	<u>1,163,628</u>
Capital Funding - Construction	132,525	0	0
Subtotal	<u>1,232,653</u>	<u>1,125,128</u>	<u>1,163,628</u>
System Revenue - Project	<u>\$4,418,200</u>	<u>\$3,963,500</u>	<u>\$4,757,900</u>
Total Sources	<u><u>5,650,853</u></u>	<u><u>5,088,628</u></u>	<u><u>5,921,528</u></u>

(1) Includes assets purchased

(2) Operating Fund only.

COASTAL WATER AUTHORITY
LAKE HOUSTON FACILITIES
FACTS AND ASSUMPTIONS
2025 ANNUAL BUDGET

FACTS

1. The 2025 budget is prepared on a cash basis.
2. Lake Houston Facilities books and records consist of two funds, which are the Operating Fund and the Contingency Fund.
3. The required fund balances have been reflected at the minimum balances per the operating contract.
4. Lake Houston Facilities is charged with direct salary and costs as well as an allocation of certain general items based upon an overall payroll allocation of 15%.

ASSUMPTIONS

1. Salaries anticipate funding the employee benefits of one field retiree.
2. The 2025 budget staffing level supports ongoing activity levels as requested in the operating and maintenance contract.

COASTAL WATER AUTHORITY
 LAKE HOUSTON FACILITIES PROJECT
 RECONCILIATION OF 2024
 BUDGET TO 2025 BUDGET

	2024 Budget to 2025 Budget
2024 Budget	<u>\$4,414,700</u>
Field Salaries Allocation	48,580
Materials and Supplies	40,470
Contract Labor and Equipment	156,010
Utilities	5,300
Administrative Expense	33,800
General Operating Expenses (Insurance)	35,400
Engineering, Legal and Professional	<u>3,000</u>
Subtotal	<u>322,560</u>
2025 Budget	<u><u>\$4,737,260</u></u>

COASTAL WATER AUTHORITY
LAKE HOUSTON FACILITIES PROJECT
STATEMENT OF REVENUES AND EXPENDITURES
2025 ANNUAL BUDGET

	<u>2024</u> <u>BUDGET</u>	<u>2024</u> <u>PROJECTED</u>	<u>2025</u> <u>BUDGET</u>
REVENUES			
Funds provided by City of Houston	\$4,517,000	\$3,963,500	\$4,757,900
Interest on Investments	100,000	130,000	35,000
Other	<u>30,000</u>	<u>25,000</u>	<u>25,000</u>
Total Revenue	<u>4,647,000</u>	<u>4,118,500</u>	<u>4,817,900</u>
 EXPENDITURES			
Field Salaries	1,390,900	1,250,000	1,439,480
Materials & Supplies	294,100	260,000	334,570
Contract Labor & Equipment (1)	1,391,100	1,150,000	1,547,110
Utilities	152,700	175,000	158,000
Administrative Expenses	606,500	590,000	640,300
General Operating Expenses	411,400	402,000	446,800
Engineering, Legal & Professional	<u>168,000</u>	<u>158,000</u>	<u>171,000</u>
Subtotal	<u>4,414,700</u>	<u>3,985,000</u>	<u>4,737,260</u>
Total Expenditures	<u>4,414,700</u>	<u>3,985,000</u>	<u>4,737,260</u>
	(2)		(3)
Net Increase (Decrease) in	<u>\$232,300</u>	<u>\$133,500</u>	<u>\$80,640</u>
Operating/Construction Fund Balances			

- (1) Includes assets purchased.
- (2) Increase in required operating reserve.
- (3) Increase in required operating reserve.

COASTAL WATER AUTHORITY
 LAKE HOUSTON FACILITIES PROJECT
 RECONCILIATION OF FUND ACTIVITY
 2025 ANNUAL BUDGET

	OPERATING FUND	CONTINGENCY FUND	TOTAL LAKE HOUSTON FACILITIES PROJECT FUND
Beginning Balance	\$1,103,628	\$2,000,000	\$3,103,628
Service Revenue	4,757,900	0	4,757,900
Interest Earnings	(35,000)	70,000	35,000
Other Income	25,000	0	25,000
Transfer - Interest	70,000	(70,000)	0
Expenses	(4,737,260)	0	(4,737,260)
Net Activity	<u>80,640</u>	<u>0</u>	<u>80,640</u>
Ending Balance	<u>\$1,184,268</u>	<u>\$2,000,000</u>	<u>\$3,184,268</u>

COASTAL WATER AUTHORITY
LAKE HOUSTON FACILITIES PROJECT
WATER DEMAND FORECAST
2025 ANNUAL BUDGET

	<u>2024</u> <u>BUDGET</u>	<u>2024</u> <u>PROJECTED</u>	<u>2025</u> <u>BUDGET</u>
Gallons (in thousands)	<u>16,076,200</u>	<u>16,075,100</u>	<u>16,102,100</u>

COASTAL WATER AUTHORITY
LAKE HOUSTON FACILITIES PROJECT
INVESTMENT AND OTHER INCOME
2025 ANNUAL BUDGET

INVESTMENT INCOME

Average Cash and Investments	\$1,000,000
Average Effective Interest Rate	3.50%
Total	<u>\$ 35,000</u>

OTHER INCOME

Lake Houston Facilities anticipates \$25,000 to be received from the Texas Parks & Wildlife Department for aquatic vegetation control in Lake Houston.

COASTAL WATER AUTHORITY
 LAKE HOUSTON FACILITIES PROJECT
 SUMMARY OF GENERAL AND ADMINISTRATIVE EXPENDITURES
 2025 ANNUAL BUDGET

<u>GENERAL AND ADMINISTRATIVE EXPENDITURES</u>	<u>2024 BUDGET</u>	<u>2024 PROJECTED</u>	<u>2025 BUDGET</u>
ADMINISTRATIVE	\$606,500	\$590,000	\$640,300
GENERAL OPERATING (Insurance)	411,400	402,000	446,800
ENGINEERING, LEGAL & PROFESSIONAL	<u>168,000</u>	<u>158,000</u>	<u>171,000</u>
Total	<u><u>\$1,185,900</u></u>	<u><u>\$1,150,000</u></u>	<u><u>\$1,258,100</u></u>

COASTAL WATER AUTHORITY
LAKE HOUSTON FACILITIES PROJECT
ADMINISTRATIVE EXPENSES
2025 ANNUAL BUDGET

Administrative Salaries	\$206,250 (1)
Pension Plan Contribution (11.8% of total compensation)	194,196
Payroll Taxes (7.65% of total compensation)	125,898
Office Lease and Utilities	67,500 (1)
Office Supplies	6,000 (1)
Travel, Meetings and Parking	4,500 (1)
Directors Compensation	6,750 (1)
Printing and Reproduction	4,500 (1)
Telephone/ Data Maintenance	7,500 (1)
Vehicle: Gas & Maintenance	4,500 (1)
Payroll / Employee Processing Services	6,750 (1)
Miscellaneous	6,000 (1)
	<u>\$640,344</u>

(1) Allocated based upon payroll estimate of 15%.

COASTAL WATER AUTHORITY
 LAKE HOUSTON FACILITIES PROJECT
 OFFICE SALARY ALLOCATION
 2025 ANNUAL BUDGET

Executive Director

Chief Financial Officer

Chief Accountant

Senior Accountant

Senior Accountant

Senior Accountant

Senior Accountant

Executive Secretary

Financial Analyst

	Base Office Salaries	1,375,000
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		Office Allocation Factor (1)	15.0%
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	Lake Houston Office Salaries	\$206,250
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(1) Based upon payroll estimate allocation

COASTAL WATER AUTHORITY
LAKE HOUSTON FACILITIES PROJECT
GENERAL OPERATING EXPENSES
2025 ANNUAL BUDGET

INSURANCE PREMIUM DESCRIPTION

Texas Commercial Policy (General Liability)	4,500	(3)	(5)
Watercraft Policy	19,500	(9)	(5)
Public Official & Employees Errors and Omissions	1,800	(3)	(5) (7)
Pension - Fidelity Bond	75	(3)	(4)
Pension - Fiduciary Responsibility	1,050	(3)	(5)
Medical Insurance	360,000	(3)	(6) (7)
Public Official Position (Director Fidelity)	150	(3)	(4)
Automobile Insurance	5,700	(3)	(5)
Workers Compensation	21,000	(3)	(5) (7)
Dental Insurance	13,500	(3)	(5) (7)
Vision Insurance	4,500	(3)	(5) (7)
Combined Group Life/Short & Long Term Disability	15,000	(3)	(5) (7)
	<u>\$446,775</u>		

- (3) Allocated based upon total payroll estimate of 15%.
- (4) Assumes no rate increase.
- (5) Assumes 5% rate increase.
- (6) Assumes 10% rate increase.
- (7) Assumes full employment.
- (9) Allocated to Maintenance Boat Locations.

COASTAL WATER AUTHORITY
 LAKE HOUSTON FACILITIES PROJECT
 ENGINEERING, LEGAL AND PROFESSIONAL EXPENSES
 2025 ANNUAL BUDGET

Engineering Services	100,000 (1)
Legal Services	20,000 (3)
Accounting & Auditing	15,000 (2)
Computer Support services	12,000 (2)
Website Development & Maintenance	6,000 (2)
Hardware, Software Upgrades and Maintenance	12,000 (2)
Miscellaneous Bank Fees	6,000 (3)
	\$171,000

- (1) Based upon specific services.
- (2) Allocated based upon total payroll estimate of 15%.
- (3) Based upon specific and allocated services.

COASTAL WATER AUTHORITY
 LAKE HOUSTON FACILITIES PROJECT
 SUMMARY OF FIELD EXPENDITURES
 2025 ANNUAL BUDGET

<u>FIELD EXPENDITURES</u>	<u>2024 BUDGET</u>	<u>2024 PROJECTED</u>	<u>2025 BUDGET</u>
SALARIES	\$1,390,900	\$1,250,000	\$1,439,480
MATERIALS & SUPPLIES	294,100	260,000	334,570
CONTRACT LABOR AND EQUIPMENT			
Contracted	\$1,311,000	1,075,000	1,547,110
Purchased	\$80,100	75,000	0
Subtotal	<u>1,391,100</u>	<u>1,150,000</u>	<u>1,547,110</u>
UTILITIES	152,700	175,000	158,000
Total	<u><u>\$3,228,800</u></u>	<u><u>\$2,835,000</u></u>	<u><u>\$3,479,160</u></u>

COASTAL WATER AUTHORITY
 LAKE HOUSTON FACILITIES PROJECT
 FIELD EXPENDITURES BY LOCATION
 2025 ANNUAL BUDGET

LOCATIONS	FIELD SALARIES	MATERIALS AND SUPPLIES	CONTRACT LABOR AND EQUIPMENT	UTILITIES	LOCATION TOTAL
Lake Houston & Pump Station	\$656,992	\$106,661	\$762,546	\$158,000	\$1,684,199
West Canal	289,281	110,511	196,925	0	596,717
Dam & Downstream	493,207	117,398	587,641	0	1,198,246
	<u>\$1,439,480</u>	<u>\$334,570</u>	<u>\$1,547,112</u>	<u>\$158,000</u>	<u>\$3,479,162</u>

COASTAL WATER AUTHORITY
 LAKE HOUSTON FACILITIES PROJECT
 SUMMARY OF FIELD SALARIES BY LOCATION
 2025 ANNUAL BUDGET

LOCATION	BASE COMPENSATION	RETIREE PAY (1)	5% OVERTIME (2)	TOTAL
Lake Houston & Pump Station	\$554,278	\$75,000	\$27,714	\$656,992
West Canal	275,506	0	13,775	289,281
Dam & Downstream	469,721	0	23,486	493,207
	<u>\$1,299,505</u>	<u>\$75,000</u>	<u>\$64,975</u>	<u>\$1,439,480</u>

(1) Allows for termination payment to retirees.

(2) Provides for minimum overtime.

COASTAL WATER AUTHORITY
 LAKE HOUSTON FACILITIES PROJECT
 ANALYSIS OF BASE FIELD SALARIES BY FUNCTION AND LOCATION
 2025 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>				
Lake Houston Pump Station	0.38	790	\$77.25	\$61,058
West Canal	0.48	998	77.25	77,126
Dam & Downstream	0.59	1,227	77.25	94,801
Subtotal	<u>1.45</u>	<u>3,016</u>	<u>77.25</u>	<u>232,985</u>
<u>SUPERVISORY PERSONNEL (2)</u>				
Lake Houston Pump Station	0.50	1,040	70.00	72,800
West Canal	0.50	1,040	70.00	72,800
Dam & Downstream	0.55	1,144	70.00	80,080
Subtotal	<u>1.55</u>	<u>3,224</u>	<u>70.00</u>	<u>225,680</u>
<u>ALL OTHER PERSONNEL (3)</u>				
Lake Houston Pump Station	5.78	12,012	35.00	420,420
West Canal	1.73	3,588	35.00	125,580
Dam & Downstream	4.05	8,424	35.00	294,840
Subtotal	<u>11.55</u>	<u>24,024</u>	<u>35.00</u>	<u>840,840</u>
Total Base Salaries	<u>14.55</u>	<u>30,264</u>	<u>\$42.94</u>	<u>\$1,299,505</u>

- (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, 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
 LAKE HOUSTON FACILITIES PROJECT
 ANALYSIS OF MATERIALS AND SUPPLIES BY LOCATION
 2025 ANNUAL BUDGET

LOCATION AND DESCRIPTION

LAKE HOUSTON AND PUMP STATION

Air Conditioning Repair Parts	\$2,880
Automotive / Equip Repair Parts	3,000
Building / Grounds Maintenance	8,280
Electrical / Instrument	7,200
Herbicides / Insecticides	2,000
Mechanical, Plumbing, Valves, etc	3,440
Miscellaneous Supplies	37,708
Office / Administrative	4,538
Oils and Lubricants	4,680
Power Tools, Hand Tools & Equip.	6,640
Road Base, Sand, Rock, Rip Rap, etc.	2,000
Tires & Batteries	1,000
Personal Protective Equipment	23,295
	<u>106,661</u>

WEST CANAL

Air Conditioning Repair Parts	1,440
Automotive / Equip Repair Parts	3,000
Building / Grounds Maintenance	4,740
Diesel Fuel	24,393
Electrical / Instrument	4,320
Gasoline	13,600
Herbicides / Insecticides	12,500
Mechanical, Plumbing, Valves, etc	6,440
Miscellaneous Supplies	19,418
Office / Administrative	1,300
Oils and Lubricants	720
Power Tools, Hand Tools & Equip.	7,640
Road Base, Sand, Rock, Rip Rap, etc.	10,000
Tires & Batteries	1,000
	<u>110,511</u>

DAM & DOWNSTREAM

Air Conditioning Repair Parts	1,440
Automotive / Equip Repair Parts	3,000
Building / Grounds Maintenance	6,840
Electrical / Instrument	7,200
Herbicides / Insecticides	13,000
Miscellaneous Supplies	34,376
Office / Administrative	9,182
Oils and Lubricants	1,440
Power Tools, Hand Tools & Equip.	13,920
Road Base, Sand, Rock, Rip Rap, etc.	25,000
Tires & Batteries	1,000
Welding Equip & Supplies	1,000
	<u>117,398</u>

Total	<u><u>\$334,570</u></u>
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COASTAL WATER AUTHORITY
 LAKE HOUSTON FACILITIES PROJECT
 ANALYSIS OF CONTRACT LABOR AND EQUIPMENT BY LOCATION
 2025 ANNUAL BUDGET

LOCATION AND DESCRIPTION

LAKE HOUSTON AND PUMP STATION

Security: Contract Guards	\$ 240,000
Security: Fencing Repairs/Replacement	45,000
Contract Labor (Welders, Divers, Tech Spt, etc)	\$ 10,000
Major Motor Repair, 1 each	150,000
Major Pump Repair, 1 each	180,000
4KV Remote Racking	50,000
4KV Breaker/Contractor Refurbish	48,000
Training: Safety (1st Aid, CPR, AED, CSE, etc.)	15,200
Annual Service Contracts:	
Crane/Hoist Test/Certification	576
Pest Control Service	585
Substation, Relay Testing	11,000
Uniform Service	5,000
Generator Load Testing	1,320
Asset Management Software	1,690
Emergency Radio Subscription	940
PMIS	3,235
	<u>762,546</u>

WEST CANAL

Contract Labor (Welders, Divers, Tech Spt, etc)	\$ 12,000
Security: Fencing Repairs/Replacements	120,000
Concrete Repair LH West Canal	60,000
Annual Service Contracts:	
Asset Management Software	1,690
PMIS	3,235
	<u>196,925</u>

DAM & DOWNSTREAM

Buoy Maintenance/Replacement	12,000
Aquatic Vegetation Control	250,000
Contract Labor (Welders, Divers, Tech Spt, etc)	\$ 50,000
Dam: Debris Removal	200,000
Equipment Rental Services	10,000
Security: Fencing Repairs/Replacement	45,000
Training: USACE Dam Safety	14,000
Annual Service Contracts:	
Crane/Hoist Test/Certification	576
Generator Load Testing	880
Asset Management Software	1,950
PMIS	3,235
	<u>587,641</u>

Total \$1,547,112

COASTAL WATER AUTHORITY
 LAKE HOUSTON FACILITIES PROJECT
 ANALYSIS OF UTILITIES BY LOCATION
 2025 ANNUAL BUDGET

ELECTRICITY					
LOCATION	KW HOURS	AVG. RATE PER HOUR (1)	AMOUNT	ALL OTHER (2)	TOTAL
Lake Houston & Pump Station	1,850,000	\$0.0800	\$148,000	\$10,000	\$158,000
	1,850,000	\$0.0800	\$148,000	\$10,000	\$158,000

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