

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 13th day of November 2024, 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:

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

and all of said persons were present except Director(s): WALKER & Sjolander 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 2025 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 13th day of November 2024.


Secretary-Treasurer, Board of Directors

(SEAL)

**RESOLUTION OF THE BOARD OF DIRECTORS OF COASTAL WATER AUTHORITY
ADOPTING THE FISCAL YEAR 2025 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 2025 Budget for Red Bluff Water Treatment Plant and agreed to a rate of \$1.817 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 2025 Budget and a rate of \$1.817 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 2025 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 \$1.817 per 1,000 gallons of treated water from the Red Bluff Water Treatment Plant for Fiscal Year 2025.

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.

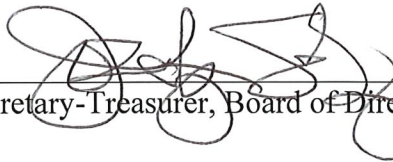
[Execution page follows]

PASSED AND APPROVED this 13th day of November 2024.



President, Board of Directors

ATTEST:



Secretary-Treasurer, Board of Directors

(SEAL)



EXHIBIT A

COASTAL WATER AUTHORITY
RED BLUFF WATER TREATMENT PLANT PROJECT
2025 ANNUAL BUDGET

COASTAL WATER AUTHORITY
RED BLUFF WATER TREATMENT PLANT PROJECT
2025 ANNUAL BUDGET

COASTAL WATER AUTHORITY
RED BLUFF WATER TREATMENT FUNDS
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2025 ANNUAL BUDGET

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COASTAL WATER AUTHORITY
 RED BLUFF WATER TREATMENT FUNDS
 BUDGET SUMMARY
 2025 ANNUAL BUDGET

<u>APPLICATION OF FUNDS</u>	<u>2024 BUDGET</u>	<u>2024 PROJECTED</u>	<u>2025 BUDGET</u>
Expenditures (1)	\$2,432,600	\$2,172,500	\$2,341,050
Capital Outlay (2)	0	0	0
Debt Service	0	0	0
Comparative Subtotal	<u>2,432,600</u>	<u>2,172,500</u>	<u>2,341,050</u>
Total Expenditures	2,432,600	2,172,500	2,341,050
Ending Fund Balances	<u>405,389</u>	<u>405,389</u>	<u>390,165</u>
Total Applications	<u>2,837,989</u>	<u>2,577,889</u>	<u>2,731,215</u>
 <u>SOURCE OF FUNDS</u>			
Beginning Fund Balances	792,189	792,189	405,389
Investment Income	18,800	51,000	17,500
Subtotal Sources	<u>810,989</u>	<u>843,189</u>	<u>422,889</u>
System Revenue	<u>\$2,027,000</u>	<u>\$1,734,700</u>	<u>\$2,308,326</u>

(1) Includes assets purchased.

COASTAL WATER AUTHORITY
RED BLUFF WATER TREATMENT FUNDS
FACTS AND ASSUMPTIONS
2025 ANNUAL BUDGET

FACTS

1. The 2025 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 9.0%.

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 \$390,165 for 2025.

COASTAL WATER AUTHORITY
 RED BLUFF WATER TREATMENT FUNDS
 RECONCILIATION OF 2024 BUDGET TO 2025 BUDGET

	2024 to 2025 Budget
2024 Budget	<u>\$2,432,600</u>
Field Salaries	19,820
Materials & Supplies	147,060
Contract Labor & Equipment	(299,830)
Utilities	(1,100)
Administrative Expense (Includes Pension, Social Security Costs)	18,500
General Operating Expenses (Insurance)	22,200
Engineering, Legal & Professional	<u>1,800</u>
Subtotal	<u>(91,550)</u>
2025 Budget	<u><u>\$2,341,050</u></u>

COASTAL WATER AUTHORITY
RED BLUFF WATER TREATMENT FUNDS
STATEMENT OF REVENUES AND EXPENDITURES
2025 ANNUAL BUDGET

	2024 BUDGET	2024 PROJECTED	2025 BUDGET
REVENUES & LOAN PROCEEDS:			
Interest on Investments	\$18,800	\$51,000	\$17,500
Service Revenues	2,027,000	1,734,700	2,121,700
Total Revenue	2,045,800	1,785,700	2,139,200
Total Revenues :	2,045,800	1,785,700	2,139,200
 EXPENDITURES			
Field Salaries	700,000	515,000	719,820
Materials & Supplies	538,700	496,500	685,760
Contract Labor & Equipment (1)	388,000	340,000	88,170
Utilities	127,300	107,000	126,200
Administrative Expenses (1)	337,700	338,000	356,200
General Operating Expenses	250,700	289,500	272,900
Engineering, Legal & Professional	90,200	86,500	92,000
Subtotal	2,432,600	2,172,500	2,341,050
Total Expenditures	2,432,600	2,172,500	2,341,050
Net Increase (Decrease) in Operating Fund Balances	(2) (\$386,800)	(3) (\$386,800)	(3) (\$201,850)

(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
 2025 ANNUAL BUDGET

	OPERATING FUND	SPECIAL PROJECTS EMERGENCY RESERVE	TOTAL WATER TREATMENT PLANT
Beginning Balance	\$600,000	\$228,150	\$828,150
Service Revenue	2,121,700	0	2,121,700
Interest Earnings	9,515	7,985	17,500
Expenses	(2,341,050)	0	(2,341,050)
Net Activity	<u>(209,835)</u>	<u>7,985</u>	<u>(201,850)</u>
Ending Balance	<u><u>\$390,165</u></u>	<u><u>\$236,135</u></u>	<u><u>\$626,300</u></u>

COASTAL WATER AUTHORITY
 RED BLUFF WATER TREATMENT FUNDS
 REVENUES AND BILLING RATES
 2025 ANNUAL BUDGET

	<u>2024 BUDGET</u>	<u>2024 PROJECTED</u>	<u>2025 BUDGET</u>	
Gallons (in thousands)	1,197,500	1,024,630	1,168,000	
Rate/1000 gallons	\$1.693	\$1.693	\$1.817	(1)
Revenue	<u>\$2,027,000</u>	<u>\$1,734,700</u>	<u>\$2,121,700</u>	

- (1) Budget rate for 2025 assumes average daily water volume demand of 2.0 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
2025 ANNUAL BUDGET

INVESTMENT INCOME

Average Operating Cash and Investments	\$500,000
Average Effective Interest Rate	3.50%
Total	<u><u>\$17,500</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
 2025 ANNUAL BUDGET

<u>GENERAL AND ADMINISTRATIVE EXPENDITURES</u>	<u>2024 BUDGET</u>	<u>2024 PROJECTED</u>	<u>2025 BUDGET</u>
ADMINISTRATIVE	\$337,700	\$338,000	\$356,200
GENERAL OPERATING (Insurance)	250,700	289,500	272,900
ENGINEERING, LEGAL & PROFESSIONAL	<u>90,200</u>	<u>86,500</u>	<u>92,000</u>
Total	<u>\$678,600</u>	<u>\$714,000</u>	<u>\$721,100</u>

COASTAL WATER AUTHORITY
 RED BLUFF WATER TREATMENT FUNDS
 ADMINISTRATIVE EXPENSES
 2025 ANNUAL BUDGET

Administrative Salaries	\$123,750 (1)
Pension Plan Contribution (11.8% of total compensation)	99,541
Payroll Taxes (7.65% of total compensation)	64,533
Office Lease and Utilities	40,500 (1)
Office Supplies	3,600 (1)
Travel, Meetings and Parking	2,700 (1)
Directors Compensation	4,050 (1)
Printing and Reproduction	2,700 (1)
Telephone/ Data Maintenance	4,500 (1)
Vehicle: Gas & Maintenance	2,700 (1)
Payroll / Employee Processing Services	4,050 (1)
Miscellaneous	3,600 (1)
	\$356,224

(1) Allocated based upon payroll estimate of 9%.

COASTAL WATER AUTHORITY
 RED BLUFF WATER TREATMENT FUNDS
 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)	9.0%
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	Red Bluff Water Treatment Office Salaries	\$123,750
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(1) Based upon payroll estimate allocation of 9.0%.

COASTAL WATER AUTHORITY
 RED BLUFF WATER TREATMENT FUNDS
 GENERAL OPERATING EXPENSES
 2025 ANNUAL BUDGET

INSURANCE PREMIUM DESCRIPTION

Property Insurance	\$	16,500	(1)	(6)
Texas Commercial Policy (General Liability)		2,700	(3)	(5)
Public Official & Employees Errors and Omissions		1,080	(3)	(5) (7)
Pension - Fidelity Bond		45	(3)	(4)
Pension - Fiduciary Responsibility		630	(3)	(5)
Medical Insurance		216,000	(3)	(6) (7)
Public Official Position (Director Fidelity)		90	(3)	(4)
Automobile Insurance		3,420	(3)	(5)
Workers Compensation		12,600	(3)	(5) (7)
Dental Insurance		8,100	(3)	(5) (7)
Vision Insurance		2,700	(3)	(5) (7)
Combined Group Life/Short Term & Long Term Disability		9,000	(3)	(5) (7)
	<u>\$</u>	<u>272,865</u>		

- (1) Allocated based upon total insurable value of 2%.
- (3) Allocated based upon total payroll estimate of 9.0%.
- (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
 SUMMARY OF FIELD EXPENDITURES
 2025 ANNUAL BUDGET

<u>FIELD EXPENDITURES</u>	<u>2024 BUDGET</u>	<u>2024 PROJECTED</u>	<u>2025 BUDGET</u>
SALARIES	\$700,000	\$515,000	\$719,820
MATERIALS & SUPPLIES	538,700	496,500	685,760
CONTRACT LABOR AND EQUIPMENT			
Contracted	322,300	340,000	88,170
Purchased	65,700	0	0
Subtotal	<u>388,000</u>	<u>340,000</u>	<u>88,170</u>
UTILITIES	127,300	107,000	126,200
Total	<u><u>\$1,754,000</u></u>	<u><u>\$1,458,500</u></u>	<u><u>\$1,619,950</u></u>

COASTAL WATER AUTHORITY
 RED BLUFF WATER TREATMENT FUNDS
 SUMMARY OF FIELD SALARIES BY LOCATION
 2025 ANNUAL BUDGET

<u>LOCATION</u>	<u>BASE COMPENSATION</u>	<u>RETIREE PAY (1)</u>	<u>5% OVERTIME (2)</u>	<u>TOTAL</u>
Water Treatment Plant	<u>\$637,925</u>	<u>\$50,000</u>	<u>\$31,896</u>	<u>\$719,821</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
 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>				
Water Treatment Plant	0.11	229	\$77.25	\$17,690
<u>SUPERVISORY PERSONNEL (2)</u>				
Water Treatment Plant	0.65	1,352	70.00	94,640
<u>ALL OTHER PERSONNEL (3)</u>				
Water Treatment Plant	7.22	15,017	35.00	525,595
Total Base Salaries	<u>7.98</u>	<u>16,598</u>	<u>\$38.43</u>	<u>\$637,925</u>

(1) Includes Manager of Operations, Manager of Security, Electrical Engineer, Senior

(2) Includes Superintendents, Master Electrician, Administrator OPM, Purchasing Agent, IT

(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
 2025 ANNUAL BUDGET

DESCRIPTION (1)

Air Conditioning Repair Parts	\$1,440
Automotive / Equipment Repair Parts	1,500
Building / Grounds Maintenance	6,440
CHEMICALS:	
-- Lime	393,750
-- Ferric Sulfate	124,500
-- Polymer	14,700
Diesel Fuel	1,525
Electrical / Instrument	8,640
Gasoline	1,511
Herbicides / Insecticides	3,000
Lab Test Equip&Supplies	2,500
Mechanical, Plumbing, Valves, etc.	34,400
Miscellaneous Supplies	41,294
Office / Administrative	14,514
Oils and Lubricants	14,400
Power Tools, Hand Tools & Equip.	7,880
Road Base, Sand, Rock, Rip Rap, etc.	2,000
Tires & Batteries	1,000
Welding Equipment & Supplies	3,000
Personal Protective Equipment	7,765
Total	<u><u>\$685,759</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
 2025 ANNUAL BUDGET

<u>DESCRIPTION (1)</u>	
Contract Labor (Welders, Divers, Tech Spt, Etc.)	10,000
Security : Fencing Repairs/Replacement	2,000
Security Camera Installation	25,000
Training: Safety (1st Aid, CPR, AED, CSE, etc.)	7,500
Trucking Services	30,000
Annual Service Contracts:	
Pest Control Service	365
Uniform Service	5,000
Generator Load Testing	880
Asset Management Software	3,250
Emergency Radio Subscription	940
PMIS	3,235
Total	<u>\$ 88,170</u>

(1) Water Treatment Plant is the only location.

COASTAL WATER AUTHORITY
 RED BLUFF WATER TREATMENT FUNDS
 ANALYSIS OF UTILITIES BY LOCATION
 2025 ANNUAL BUDGET

ELECTRICITY					
LOCATION	KW HOURS	AVG. RATE PER HOUR (1)	AMOUNT	ALL OTHER (2)	TOTAL
Red Bluff Water Treatment Plant	<u>1,660,000</u>	<u>\$0.07000</u>	<u>\$116,200</u>	<u>\$10,000</u>	<u>\$126,200</u>

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