

COASTAL WATER AUTHORITY
RED BLUFF WATER TREATMENT PLANT PROJECT
2015 ANNUAL BUDGET

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 12th day of November 2014, 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
Alan D. Conner	2nd Vice President
Zebulun Nash	Secretary-Treasurer
John Odis Cobb, P.E.	Director
Douglas E. Walker	Director
Giti Zarinkelk, P.E.	Director

and all of said persons were present except Director(s): NONE - ALL PRESENT 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 2015 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 12th day of November 2014.


Secretary, Board of Directors

(SEAL)

RESOLUTION OF THE BOARD OF DIRECTORS OF COASTAL WATER AUTHORITY ADOPTING THE FISCAL YEAR 2015 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 Air Products L.P. ("Air Products") 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 §49.212 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 Air Products 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 Air Products and PRSI, representatives of Air Products and PRSI have approved the proposed Fiscal Year 2015 Budget for Red Bluff Water Treatment Plant and agreed to a rate of \$1.32 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 2015 Budget and a rate of \$1.32 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 2015 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 \$1.32 per 1,000 gallons of treated water from the Red Bluff Water Treatment Plant for Fiscal Year 2015.


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 12th day of November 2014.



President, Board of Directors

ATTEST:



Secretary, Board of Directors

(SEAL)

EXHIBIT A

COASTAL WATER AUTHORITY
RED BLUFF WATER TREATMENT PLANT PROJECT
2015 ANNUAL BUDGET

COASTAL WATER AUTHORITY
RED BLUFF WATER TREATMENT FUNDS
TABLE OF CONTENTS
2015 ANNUAL BUDGET

	<u>PAGE</u>
Budget Transmittal Letter	E - 1
Budget Summary - Comparative	E - 2
Facts and Assumptions	E - 2 - 1
Reconciliation of 2014 Budget to 2015 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
Debt Service	E - 15

COASTAL WATER AUTHORITY
RED BLUFF WATER TREATMENT FUNDS
BUDGET SUMMARY
2015 ANNUAL BUDGET

<u>APPLICATION OF FUNDS</u>	2014 BUDGET	2014 PROJECTED	2015 BUDGET
Expenditures (1)	\$1,763,162	\$1,706,000	\$1,800,868
Debt Service	457,412	457,412	457,411
Comparative Subtotal	<u>2,220,574</u>	<u>2,163,412</u>	<u>2,258,279</u>
Total Expenditures	2,220,574	2,163,412	2,258,279
Ending Fund Balances	<u>479,743</u>	<u>624,236</u>	<u>486,121</u>
Total Applications	<u>2,700,317</u>	<u>2,787,648</u>	<u>2,744,400</u>
 <u>SOURCE OF FUNDS</u>			
Beginning Fund Balances	495,072	618,448	624,236
Investment Income	244	300	244
Subtotal Sources	<u>495,316</u>	<u>618,748</u>	<u>624,480</u>
System Revenue	<u>\$2,205,001</u>	<u>\$2,168,900</u>	<u>\$2,119,920</u>

(1) Includes assets purchased.

COASTAL WATER AUTHORITY
RED BLUFF WATER TREATMENT FUNDS
FACTS AND ASSUMPTIONS
2015 ANNUAL BUDGET

FACTS

1. The 2015 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 12%.

ASSUMPTIONS

1. Salaries anticipates funding the employee benefits of one field retiree and includes a provision for compensation contingencies equal to 3% to be administered consistent with the Coastal Water Authority Salary Administration Plan.
2. Assumes timely payment of billings by Pasadena Refinery Systems, Inc. and Air Products L.L.C.
3. The Operating Fund should be maintained adequate to provide funding for two months expenditures. Such amount is \$300,145 for 2015.

COASTAL WATER AUTHORITY
RED BLUFF WATER TREATMENT FUNDS
RECONCILIATION OF 2014 BUDGET TO 2015 BUDGET

	2014 to 2015 Budget
2014 Budget	<u>\$1,763,162</u>
Field Salaries	(2,724)
Materials & Supplies	(400)
Contract Labor & Equipment	22,600
Utilities	15,378
Administrative Expense (Includes Pension, Social Security Costs)	17,215
General Operating Expenses (Insurance)	(20,363)
Engineering, Legal & Professional	<u>6,000</u>
Subtotal	<u>37,706</u>
2015 Budget	<u>\$1,800,868</u>

COASTAL WATER AUTHORITY
RED BLUFF WATER TREATMENT FUNDS
STATEMENT OF REVENUES AND EXPENDITURES
2015 ANNUAL BUDGET

	<u>2014</u> <u>BUDGET</u>	<u>2014</u> <u>PROJECTED</u>	<u>2015</u> <u>BUDGET</u>
REVENUES & LOAN PROCEEDS:			
Interest on Investments	\$244	\$300	\$244
Service Revenues	2,205,001	2,168,900	2,119,920
Total Revenue	<u>2,205,245</u>	<u>2,169,200</u>	<u>2,120,164</u>
 Total Revenues & Loan Proceeds:	 <u>2,205,245</u>	 <u>2,169,200</u>	 <u>2,120,164</u>
 EXPENDITURES			
Field Salaries	538,624	520,000	535,900
Materials & Supplies	365,800	355,000	365,400
Contract Labor & Equipment (1)	38,400	36,000	61,000
Utilities	181,420	190,000	196,798
Administrative Expenses (1)	277,922	270,000	295,137
General Operating Expenses	286,276	265,000	265,913
Engineering, Legal & Professional	74,720	70,000	80,720
Subtotal	<u>1,763,162</u>	<u>1,706,000</u>	<u>1,800,868</u>
 Loan Interest Expense	 57,645	 57,645	 33,147
Loan Principal Retirement	399,767	399,767	424,264
Debt Service	<u>457,412</u>	<u>457,412</u>	<u>457,411</u>
Total Expenditures	<u>2,220,574</u>	<u>2,163,412</u>	<u>2,258,279</u>
	(2)		(3)
Net Increase (Decrease) in Operating Fund Balances	<u>(\$15,329)</u>	<u>\$5,788</u>	<u>(\$138,115)</u>

(1) Includes assets purchased.

(2) Net of \$15,422 decrease in Operating Fund and \$93 increase in Special Projects Emergency Reserve.

(3) Net of \$138,208 decrease in Operating Fund and \$93 increase in Special Projects Emergency Reserve.

COASTAL WATER AUTHORITY
RED BLUFF WATER TREATMENT FUNDS
RECONCILIATION OF FUND ACTIVITY
2015 ANNUAL BUDGET

	OPERATING FUND	SPECIAL PROJECTS EMERGENCY RESERVE	TOTAL WATER TREATMENT PLANT
Beginning Balance	\$438,353	\$185,883	\$624,236
Service Revenue	2,119,920	0	2,119,920
Interest Earnings	151	93	244
Expenses	(1,800,868)	0	(1,800,868)
Debt Service	(457,411)	0	(457,411)
Net Activity	(138,208)	93	(138,115)
Ending Balance	\$300,145	\$185,976	\$486,121

COASTAL WATER AUTHORITY
 RED BLUFF WATER TREATMENT FUNDS
 REVENUES AND BILLING RATES
 2015 ANNUAL BUDGET

	<u>2014 BUDGET</u>	<u>2014 PROJECTED</u>	<u>2015 BUDGET</u>	
Gallons (in thousands)	1,659,600	1,632,000	1,606,000	
Rate/1000 gallons	\$1.329	\$1.329	\$1.3200	(1)
Revenue	<u>\$2,205,001</u>	<u>\$2,168,900</u>	<u>\$2,119,920</u>	

- (1) Budget rate for 2015 assumes average daily water volume demand of 3.2 MGD for Pasadena Refinery Systems and 1.2 MGD for Air Products. Any changes to this assumption will impact the rate per 1000 gallons

COASTAL WATER AUTHORITY
RED BLUFF WATER TREATMENT FUNDS
INVESTMENT AND OTHER INCOME
2015 ANNUAL BUDGET

INVESTMENT INCOME

Average Operating Cash and Investments	\$487,400
Average Effective Interest Rate	0.05%
Total	<u><u>\$244</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
 2015 ANNUAL BUDGET

<u>GENERAL AND ADMINISTRATIVE EXPENDITURES</u>	<u>2014 BUDGET</u>	<u>2014 PROJECTED</u>	<u>2015 BUDGET</u>
ADMINISTRATIVE	\$277,922	\$270,000	\$295,137
GENERAL OPERATING (Insurance)	286,276	265,000	265,913
ENGINEERING, LEGAL & PROFESSIONAL	<u>74,720</u>	<u>70,000</u>	<u>80,720</u>
Total	<u>\$638,918</u>	<u>\$605,000</u>	<u>\$641,770</u>

COASTAL WATER AUTHORITY
RED BLUFF WATER TREATMENT FUNDS
ADMINISTRATIVE EXPENSES
2015 ANNUAL BUDGET

Administrative Salaries	\$127,590 (1)
Pension Plan Contribution (11.8% of total compensation)	78,292
Payroll Taxes (7.65% of total compensation)	50,757
Office Lease and Utilities	24,818 (2)
Office Supplies	1,800 (2)
Travel, Meetings and Parking	960 (2)
Directors Compensation	2,400 (2)
Printing and Reproduction	480 (2)
Telephone/ Data Maintenance	3,600 (2)
Vehicle: Gas & Maintenance	840 (2)
Miscellaneous	3,600 (2) (3)
	<u>\$295,137</u>

- (1) Allocated based upon payroll estimate of 12%.
- (2) Allocation based upon total payroll estimate of 12%.
- (3) Includes payroll and courier services.

COASTAL WATER AUTHORITY
 RED BLUFF WATER TREATMENT FUNDS
 OFFICE SALARY ALLOCATION
 2015 ANNUAL BUDGET

Executive Director

Chief Engineer

Chief Financial Officer

Accountant

Accountant

Accountant

Accountant

Accountant

Secretary

Base Office Salaries	1,032,280
----------------------	-----------

3% Compensation Contingency (1)	30,970
---------------------------------	--------

Total Office Salaries	1,063,250
-----------------------	-----------

Office Allocation Factor (2)	12%
------------------------------	-----

Red Bluff Water Treatment Office Salaries	\$127,590
---	-----------

(1) Provides for compensation contingency to include performance review in 2015.

(2) Based upon payroll estimate allocation

COASTAL WATER AUTHORITY
 RED BLUFF WATER TREATMENT FUNDS
 GENERAL OPERATING EXPENSES
 2015 ANNUAL BUDGET

INSURANCE PREMIUM DESCRIPTION

Property Insurance	\$ 34,427	(1)	(5)
Texas Commercial Policy (General Liability)	16,134	(3)	(5) (7)
Public Official & Employees Liability	6,787	(3)	(4) (7)
Pension - Fidelity Bond	20	(3)	(4)
Pension - Fiduciary Responsibility	648	(3)	(4)
Medical Insurance	171,754	(3)	(6) (7)
Contract Equipment/Difference in Conditions	2,957	(3)	(5)
Public Official Position (Director Fidelity)	138	(3)	(4)
Automobile Insurance	6,524	(3)	(6)
Workers Compensation	12,225	(3)	(5) (7)
Dental Insurance	7,795	(3)	(8) (7)
Vision Insurance	745	(3)	(5) (7)
Combined Group Life/Short Term & Long Term Disability	5,759	(3)	(5) (7)
	<u>\$ 265,913</u>		

- (1) Allocated based upon total insurable value of 8%.
- (2) Coverage 100% specific for Trinity River.
- (3) Allocated based upon total payroll estimate of 12%.
- (4) Assumes no rate increase.
- (5) Assumes 3% rate increase.
- (6) Assumes 10% rate increase.
- (7) Assumes full employment.
- (8) Assumes 4% rate increase.

COASTAL WATER AUTHORITY
RED BLUFF WATER TREATMENT FUNDS
ENGINEERING, LEGAL AND PROFESSIONAL EXPENSES
2015 ANNUAL BUDGET

Engineering Services - (M&O)	30,000 (1)
Legal Services	20,000 (3)
Accounting & Auditing	7,920 (2)
Computer Support services	7,200 (2)
Website Development & Maintenance	6,000 (2)
Hardware, Software Upgrades and Maintenance	4,800 (2)
Miscellaneous Bank Fees	4,800 (3)
	<u>\$80,720</u>

(1) Based upon specific services

(2) Allocated based upon total payroll estimate of 12%.

(3) Based upon specific and allocated services

COASTAL WATER AUTHORITY
 RED BLUFF WATER TREATMENT FUNDS
 SUMMARY OF FIELD EXPENDITURES
 2015 ANNUAL BUDGET

<u>FIELD EXPENDITURES</u>	<u>2014 BUDGET</u>	<u>2014 PROJECTED</u>	<u>2015 BUDGET</u>
SALARIES	\$538,624	\$520,000	\$535,900
MATERIALS & SUPPLIES	365,800	355,000	365,400
CONTRACT LABOR AND EQUIPMENT			
Contracted	38,400	36,000	61,000
Purchased	0	0	0
Subtotal	<u>38,400</u>	<u>36,000</u>	<u>61,000</u>
UTILITIES	181,420	190,000	196,798
Total	<u>\$1,124,244</u>	<u>\$1,101,000</u>	<u>\$1,159,098</u>

COASTAL WATER AUTHORITY
 RED BLUFF WATER TREATMENT FUNDS
 SUMMARY OF FIELD SALARIES BY LOCATION
 2015 ANNUAL BUDGET

<u>LOCATION</u>	<u>BASE COMPENSATION</u>	<u>RETIREE PAY (1)</u>	<u>3% COMPENSATION CONTINGENCY (2)</u>	<u>3% OVERTIME (3)</u>	<u>TOTAL</u>
Water Treatment Plant	<u>\$477,264</u>	<u>\$30,000</u>	<u>\$14,318</u>	<u>\$14,318</u>	<u>\$535,900</u>

(1) Allows for employee benefit payments to retirees.

(2) Provides for compensation contingency to include performance review in 2014.

(3) Provides for minimum overtime.

COASTAL WATER AUTHORITY
 RED BLUFF WATER TREATMENT FUNDS
 ANALYSIS OF BASE FIELD SALARIES BY FUNCTION AND LOCATION
 2015 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	\$64.80	\$13,478
<u>SUPERVISORY PERSONNEL (2)</u>				
Water Treatment Plant	0.60	1,248	51.50	64,272
<u>ALL OTHER PERSONNEL (3)</u>				
Water Treatment Plant	6.85	14,248	28.04	399,514
Total Base Salaries	7.55	15,704	\$30.39	\$477,264

- (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
 2015 ANNUAL BUDGET

DESCRIPTION (1)

Air Conditioning Repair Parts	\$500
Automotive / Equipment Repair Parts	1,000
Building / Grounds Maintenance	2,000
CHEMICALS:	
-- Sodium Hypochlorite (12.5%) 63000 gal @\$0.605	38,100
--10% contingency	3,800
-- Lime 750 ton @197.04	147,800
-- Ferric Sulfate 330 ton @ \$334	110,200
-- Polymer 18000 ton @ \$0.98	17,600
-- Misc Chemicals	2,000
Diesel Fuel 430 gallons @3.90	1,700
Electrical / Instrument	6,000
Gasoline 400 gallons @ \$3.50	1,400
Herbicides / Insecticides	3,000
Lab Test Equip & Supplies	12,000
Mechanical, Plumbing, Valves, etc.	10,000
Miscellaneous Supplies	1,000
Office / Administrative	800
Oils and Lubricants	1,000
Power Tools, Hand Tools & Equip.	1,000
Road Base, Sand, Rock, Rip Rap, etc.	1,000
Tires & Batteries	500
Welding Equipment & Supplies	3,000
Total	<u>\$365,400</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
 2015 ANNUAL BUDGET

DESCRIPTION (1)

Contract Labor (Welders, Divers, Tech Spt, etc)	\$	2,300
Major Motor Repair - Contingency		4,800
Training: Safety, RMP, Hazwop, AirPk, etc		5,000
Trucking Services		24,500
Spare Scraper Shaft for Clarifier		20,000
Annual Service Contracts:		
-- Pest Control Service		600
-- Uniform Service		3,100
-- Generator Load Testing		700
Total	\$	<u><u>61,000</u></u>

COASTAL WATER AUTHORITY
 RED BLUFF WATER TREATMENT FUNDS
 ANALYSIS OF UTILITIES BY LOCATION
 2015 ANNUAL BUDGET

ELECTRICITY					
LOCATION	KW HOURS	AVG. RATE PER HOUR (1)	AMOUNT	ALL OTHER (2)	TOTAL
Red Bluff Water Treatment Plant	2,820,000	\$0.06890	\$194,298	\$2,500	\$196,798

- (1) Reflects rate accomplished through contract for electricity beginning July, 2012
 (2) Includes telephone, water and waste disposal services.

COASTAL WATER AUTHORITY
RED BLUFF WATER TREATMENT FUNDS
SPECIAL PROJECT LOAN
2015 ANNUAL BUDGET

	<u>AMOUNT (1)</u>
Loan Interest Expense	\$33,147
Loan Principal Retirement	424,264
Total Debt Service	<u><u>\$457,411</u></u>

- (1) An extensive Improvement / Rehabilitation Project for the Treatment Plant was completed in 2011 utilizing CWA's internal funds for Project costs. These costs are being recovered in the treatment rate over eight budget years.

