



## COASTAL WATER AUTHORITY

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November 12, 2015

The Honorable Annise D. Parker, Mayor  
Members of the City Council  
City of Houston  
P. O. Box 1562  
Houston, Texas 77251-1562

**RE: 2016 ANNUAL BUDGET  
LUCE BAYOU SYSTEM PROJECT**

Mayor Parker 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 2016 Calendar Year Budget for the Luce Bayou System Project for your consideration and approval.

The CWA 2016 Proposed Budget of \$772,765 in the initial Operating Budget of the Luce Bayou Water Conveyance Project. The Luce Bayou Project is the result of the contract between the City of Houston and the Coastal Water Authority to transfer water from a new Trinity River Pump Station site in Liberty County and convey it into the City's Lake Houston Reservoir.

The first phase of the construction of the new Pump Station at the Trinity River site is scheduled to begin in early 2016 with the construction of the canal and pipeline to follow. The Project is scheduled to be substantially complete in June 2019.

The first Luce Bayou Operating Budget will support the portion of the Authority's staff that are assigned to the Project. These personnel are being transferred from the Trinity River Operating Budget and therefore there will be no net increase in overall cost to the City.

The proposed 2016 Budget is the product of several meetings and discussions between representatives of the City's Department of Public Works and Engineering and the Authority's operational and management staff members.

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 Public Works & Engineering and the Legal Department 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.

The Honorable Annise D. Parker, Mayor  
Members of the City Council  
2016 Annual Budget, Luce Bayou System Project  
November 12, 2015  
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Sincerely,

A handwritten signature in black ink, appearing to read "D. Wayne Klotz". The signature is fluid and cursive, with a large, stylized flourish at the end.

D. Wayne Klotz, P.E.  
President, Board of Directors

Attachment

**COASTAL WATER AUTHORITY**  
**LUCE BAYOU SYSTEM PROJECT**  
**2016 ANNUAL BUDGET**

COASTAL WATER AUTHORITY  
LUCE BAYOU SYSTEM PROJECT  
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2016 ANNUAL BUDGET

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COASTAL WATER AUTHORITY  
 LUCE BAYOU SYSTEM PROJECT  
 BUDGET SUMMARY  
 2016 ANNUAL BUDGET

APPLICATION OF FUNDS	2016 BUDGET
Expenditures	\$772,765
Capital Outlay	0
Debt Service	270,950
Comparative Subtotal	1,043,715
Total Expenditures	1,043,715
Ending Fund Balances	193,191
Total Applications	1,236,906
<b>SOURCE OF FUNDS</b>	
Beginning Fund Balances	0
Investment Income	75
Subtotal Sources	75
Debt Service Revenue - City	270,950
Subtotal	271,025
System Revenue	\$965,881

COASTAL WATER AUTHORITY  
LUCE BAYOU WATER SYSTEM FUNDS  
FACTS AND ASSUMPTIONS  
2016 ANNUAL BUDGET

FACTS

1. The 2016 budget is prepared on a cash basis.
2. Bayport Water System books and records consist of five funds, which are Operating Fund, Operating Reserve Fund, Special Projects Emergency Reserve, Revenue Fund and the Capital Improvement Fund.
3. The required fund balances have been reflected at minimum balances.
4. Bayport is charged with direct salary and costs as well as an allocation of certain general items based upon an overall payroll allocation of 4%.

ASSUMPTIONS

- 1 The 2016 budget anticipates staffing to support continuation of activities required to fulfill the obligation of the current contract with the City of Houston

COASTAL WATER AUTHORITY  
 LUCE BAYOU SYSTEM PROJECT  
 RECONCILIATION OF 2015 BUDGET TO 2016 BUDGET

	2015 Budget to 2016 Budget
2015 Budget	<u>\$0</u>
Field Salaries	347,968
Materials & Supplies	64,500
Contract Labor & Equipment	72,000
Utilities (Electricity)	13,400
Administrative Expense	128,054
General Operating Expenses	138,203
Engineering, Legal & Professional	<u>8,640</u>
Subtotal	<u>772,765</u>
2016 Budget	<u><u>\$772,765</u></u>

COASTAL WATER AUTHORITY  
 LUCE BAYOU SYSTEM PROJECT  
 STATEMENT OF REVENUES AND EXPENDITURES  
 2016 ANNUAL BUDGET

	2016 BUDGET
<b>REVENUES</b>	
Funds provided by City of Houston	\$1,236,831
Interest on Investments	\$75
Total Revenue	1,236,906
 <b>EXPENDITURES</b>	
Field Salaries	347,968
Materials & Supplies	64,500
Contract Labor & Equipment (1)	72,000
Utilities	13,400
Administrative Expenses	128,054
General Operating Expenses	138,203
Engineering, Legal & Professional	8,640
Subtotal	772,765
Bond Interest Expense	270,950
Bond Principal Retirement	0
Debt Service	270,950
Total Expenditures	1,043,715
Net Increase (Decrease) in Fund Balances	(1) \$193,191

(1) Net increase in required reserves funds



COASTAL WATER AUTHORITY  
LUCE BAYOU SYSTEM PROJECT  
RECONCILIATION OF FUND ACTIVITY  
2016 ANNUAL BUDGET

	<u>OPERATING FUND</u>
Beginning Balance	<u>\$0</u>
Service Revenue	1,236,831
Interest Earnings	\$75
Expenses	(772,765)
Debt Service	(270,950)
Net Activity	<u>193,191</u>
Ending Balance	<u><u>\$193,191</u></u>

COASTAL WATER AUTHORITY  
LUCE BAYOU SYSTEM PROJECT  
REVENUES AND BILLING RATES  
2016 ANNUAL BUDGET

	<u>2016 BUDGET</u>
Gallons (in thousands)	0
Rate/1000 gallons	Not Applicable
Revenue	
Project Revenue	\$965,881
Debt Service	270,950
	<u><u>\$1,236,831</u></u>

COASTAL WATER AUTHORITY  
LUCE BAYOU SYSTEM PROJECT  
INVESTMENT AND OTHER INCOME  
2016 ANNUAL BUDGET

INVESTMENT INCOME

Average Cash and Investments	\$150,000
Average Effective Interest Rate	0.05%
Total	<u><u>\$75</u></u>

OTHER INCOME

Luce Bayou Water System does not anticipate any miscellaneous income.

COASTAL WATER AUTHORITY  
LUCÉ BAYOU SYSTEM PROJECT  
SUMMARY OF GENERAL AND ADMINISTRATIVE EXPENDITURES  
2016 ANNUAL BUDGET

<u>GENERAL AND ADMINISTRATIVE EXPENDITURES</u>	<u>2016 BUDGET</u>
ADMINISTRATIVE	\$128,054
GENERAL OPERATING (Insurance)	138,203
ENGINEERING, LEGAL & PROFESSIONAL	<u>8,640</u>
Total	<u><u>\$274,897</u></u>

COASTAL WATER AUTHORITY  
 LUCE BAYOU SYSTEM PROJECT  
 ADMINISTRATIVE EXPENSES  
 2016 ANNUAL BUDGET

Administrative Salaries	\$39,800 (1)
Pension Plan Contribution (11.8% of total compensation)	45,757
Payroll Taxes (7.65% of total compensation)	29,664
Office Lease and Utilities	8,273 (1)
Office Supplies	600 (1)
Travel, Meetings and Parking	320 (1)
Directors Compensation	800 (1)
Printing and Reproduction	160 (1)
Telephone/ Data Maintenance	1,200 (1)
Vehicle: Gas & Maintenance	280 (1)
Payroll / Employee Processing Services	800 (1)
Miscellaneous	400 (1)
	<u>\$128,054</u>

(1) Allocated based upon payroll estimate of 4%.

COASTAL WATER AUTHORITY  
 LUCE BAYOU SYSTEM PROJECT  
 OFFICE SALARY ALLOCATION  
 2016 ANNUAL BUDGET

Executive Director

Chief Financial Officer

Chief Engineer

Accountant

Accountant

Accountant

Accountant

Secretary

IT Manager

	Base Office Salaries	995,000
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Office Allocation Factor (1)

	Luce Bayou Office Salaries	4%
		\$39,800

(1) Based upon payroll estimate allocation

COASTAL WATER AUTHORITY  
 LUCE BAYOU SYSTEM PROJECT  
 GENERAL OPERATING EXPENSES  
 2016 ANNUAL BUDGET

INSURANCE PREMIUM DESCRIPTION

Property Insurance	\$0	(1)	(5)
Property - Primary Flood	\$0	(2)	(5)
Texas Commercial Policy (General Liability)	\$5,745	(3)	(5)
Excess Liability	\$65,679	(9)	(5)
Public Official & Employees Liability	\$2,422	(3)	(4) (7)
Pension - Fidelity Bond	\$5	(3)	(4)
Pension - Fiduciary Responsibility	\$233	(3)	(4)
Medical Insurance	\$51,800	(3)	(6) (7)
Contract Equipment/Difference in Conditions	\$988	(3)	(5)
Public Official Position (Director Fidelity)	\$46	(3)	(4)
Automobile Insurance	\$2,255	(3)	(6)
Workers Compensation	\$4,283	(3)	(5) (7)
Dental Insurance	\$2,437	(3)	(8) (7)
Vision Insurance	\$248	(3)	(5) (7)
Combined Group Life/Short & Long Term Disability	\$2,062	(3)	(5) (7)
	<u>\$138,203</u>		

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

COASTAL WATER AUTHORITY  
 LUCE BAYOU SYSTEM PROJECT  
 ENGINEERING, LEGAL AND PROFESSIONAL EXPENSES  
 2016 ANNUAL BUDGET

Engineering Services	\$0 (1)
Legal Services	\$0 (3)
Accounting & Auditing	\$2,640 (2)
U.S. Geological Survey	\$0 (1)
Computer Support services	\$3,000 (2)
Website Development & Maintenance	\$1,400 (2)
Hardware, Software Upgrades and Maintenance	\$1,600 (2)
Miscellaneous Bank Fees	\$0 (3)
	\$8,640

(1) Based upon specific services

(2) Allocated based upon total payroll estimate of 4%.

(3) Based upon specific and allocated services



COASTAL WATER AUTHORITY  
 LUCE BAYOU SYSTEM PROJECT  
 SUMMARY OF FIELD EXPENDITURES  
 2016 ANNUAL BUDGET

FIELD EXPENDITURES	2016 BUDGET
SALARIES	\$347,968
MATERIALS & SUPPLIES	64,500
CONTRACT LABOR AND EQUIPMENT	72,000
Purchased	0
Subtotal	72,000
UTILITIES	13,400
Total	\$497,868

COASTAL WATER AUTHORITY  
 LUCE BAYOU SYSTEM PROJECT  
 FIELD EXPENDITURES BY LOCATION  
 2016 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	\$347,968	\$64,500	\$72,000	\$13,400	\$497,868
	<u>\$347,968</u>	<u>\$64,500</u>	<u>\$72,000</u>	<u>\$13,400</u>	<u>\$497,868</u>

COASTAL WATER AUTHORITY  
 LUCE BAYOU SYSTEM PROJECT  
 SUMMARY OF FIELD SALARIES BY LOCATION  
 2016 ANNUAL BUDGET

<u>LOCATION</u>	<u>BASE COMPENSATION</u>	<u>RETIREE PAY (1)</u>	<u>3% OVERTIME (2)</u>	<u>TOTAL</u>
Luce Bayou Project	\$337,833	\$0	\$10,135	\$347,968
	<u>\$337,833</u>	<u>\$0</u>	<u>\$10,135</u>	<u>\$347,968</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  
 2016 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	2.00	4,160	\$66.77	\$277,763
Subtotal	2.00	4,160	66.77	277,763
<u>SUPERVISORY PERSONNEL (2)</u>				
Luce Bayou Project	0.00	0	53.05	0
Subtotal	0.00	0	53.05	0
<u>ALL OTHER PERSONNEL (3)</u>				
Luce Bayou Project	1.00	2,080	28.88	60,070
Subtotal	1.00	2,080	28.88	60,070
Total Base Salaries	3.00	6,240	\$54.14	\$337,833

(1) Includes Project Chief Engineer & Project Administrator

(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  
2016 ANNUAL BUDGET

LOCATION AND DESCRIPTION

LUCE BAYOU	
Fuel, Oil Grease, Maintenance	\$40,000
Fencing & Gates	2,000
Culverts	18,000
Rock/C-Sand	4,500
Total	<u>\$64,500</u>

COASTAL WATER AUTHORITY  
LUCE BAYOU SYSTEM PROJECT  
ANALYSIS OF CONTRACT LABOR AND EQUIPMENT BY LOCATION  
2016 ANNUAL BUDGET

LOCATION AND DESCRIPTION

LUCE BAYOU

Rental	Office Traailer & Boxes	\$3,000
Rental	MOB; Level, Block & Anchor; Demob	6,000
Rental	Excavator	21,000
Rental	Dozer	21,000
Rental	Mower/Tractor	3,000
Rental	Haul Truck	12,000
Rental	Generators	6,000

Total \$72,000

COASTAL WATER AUTHORITY  
 LUCE BAYOU SYSTEM PROJECT  
 ANALYSIS OF UTILITIES BY LOCATION  
 2016 ANNUAL BUDGET

ELECTRICITY					
LOCATION	KW HOURS	AVG. RATE PER HOUR	AMOUNT	ALL OTHER (1)	TOTAL
Luce Bayou	160,000	\$0.0650	\$10,400	\$3,000	\$13,400
	<u>160,000</u>	<u>\$0.0650</u>	<u>\$10,400</u>	<u>\$3,000</u>	<u>\$13,400</u>

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

COASTAL WATER AUTHORITY  
LUCÉ BAYOU SYSTEM PROJECT  
DEBT SERVICE  
2016 ANNUAL BUDGET

	<u>AMOUNT (1)</u>
Loan Interest Expense	\$270,950
Loan Principal Retirement	0
Total Debt Service	<u>\$270,950</u>

- (1) In March 2013, CWA received State Participation Funding in the amount of \$28,754,000 for the Luce Bayou Construction Project.