



## CITY OF HOUSTON - CITY COUNCIL

Meeting Date:

Item Creation Date: 12/16/2019

HPW - 20DWO51 Approval of the 2020 O&M Budget for the Trinity River Authority

Agenda Item#:

### **Background:**

#### **RECOMMENDATION:**

Approve the 2020 Operations and Maintenance Budget for the Lake Livingston Project operated by the Trinity River Authority in the amount of \$4,763,498.00.00.

#### **BACKGROUND:**

##### **NOTICE/JUSTIFICATION:**

The Trinity River Authority ("TRA") is a conservation and reclamation district created by the 54th Legislature in 1955. TRA manages Lake Livingston for the benefit of the City of Houston ("City") and TRA, with the City owning 70% of the surface water rights (806 MGD) and TRA owning 30% of the surface water rights (314 MGD). Lake Livingston surface water rights are about 73% of the City's total water rights, which are approximately 1.1 billion gallons per day.

On September 2, 1964, the City and TRA entered into a contract dated ("1964 Contract") for the construction, operation, and maintenance of Lake Livingston. Under the 1964 Contract, the City pays for 70% of the operation and maintenance ("O&M") costs, along with debt service on construction bonds ("Lake Livingston Project"). The 1964 Contract remains in effect until all bonds are paid and for so long as the City and TRA take water from Lake Livingston.

Section 9.16 of the 1964 Contract requires TRA to submit to the City an annual budget for the Lake Livingston Project. The proposed 2020 budget by TRA is \$4,763,498.00. This budget reflects a funding increase of 6.13% as compared to TRA's 2019 budget of \$4,488,391.00. This increase is to support additional activities and responsibilities that TRA will encounter during 2020 including the following:

- Salaries and Benefits- This category contains an increase and is attributable to increases in health insurance costs as well as the Authority's structured salary administration program and associated merit increases.
- Supplies- This category contains an increase and is attributable to increases in maintenance supplies including hand tool replacement, grounds keeping tools, and janitorial supplies.
- Services and Charges- The engineering component of this category increased and includes additional piezometer installations, final payment for volumetric survey, and an evaluation of the upstream rip- rap protection of the dam. Other professional services were increased due to higher costs for NELAP lab certification, drug screens, and DMV checks. Insurance costs increased significantly due to a re-evaluation of the assets of the Project.

Houston Public Works (HPW) reviewed the submitted budget and concluded that the budget is reasonable given the work proposed.

The funds are allocated in the HPW budget the following fiscal year according to TRA's annual budget submittal during the month of October. TRA's Fiscal Year 2020 starts on December 1, 2019 and ends on November 30, 2020. Seven months of TRA's budget are allocated to the City's FY20 Budget (December 2019 to June 2020) and the remaining five months are allocated to the City's FY21 Budget (July 2020-November 2020). Payments made to TRA are based upon documented actual monthly O&M expenditures.

This Project was described and briefed to the Transportation, Technology and Infrastructure Committee on February 6, 2020.

It is recommended that City Council approve the 2020 TRA O&M budget for the Lake Livingston Project in the amount of \$4,763,498.00.

#### **FISCAL NOTE:**

Funding for this item is included in the FY20 Adopted Budget. Therefore, no Fiscal Note is required as stated in the Financial Policy.

DocuSigned by:

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Carol Ellinger Haddock, P.E., Director  
Houston Public Works

#### **Prior Council Action:**

Motion No. 2019-0233, May 8, 2019

**Amount of Funding:**

\$4,763,498.00 From Fund No. 8300 – Water and Sewer System Operating Fund

\$2,778,707.17 Allocation for FY20 (December – June)

\$1,984,790.83 Allocation for FY21 (July – November)

**Contact Information:**

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Houston Water  
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**ATTACHMENTS:**

Description	Type
Funding Documents	Financial Information
TRA Contract (1964)	Backup Material
TRA Contract (2016)	Backup Material
FY20 TRA Budget	Backup Material
Prior Coversheet and Motion	Backup Material
annual fees	Backup Material
TTI Agenda	Backup Material