



CITY OF HOUSTON - CITY COUNCIL

Meeting Date:

ALL

Item Creation Date:

HPW - 20DWO63- 2021 O&M Budget - Coastal Water Authority (CWA) - Luce Bayou

Agenda Item#:

Background:

RECOMMENDATION:

Approve the 2021 Operations and Maintenance Budget for the Luce Bayou System Project in the amount of \$3,708,700.00.

NOTICE/JUSTIFICATION:

The Coastal Water Authority ("CWA") operates the raw surface water transportation system for the City of Houston ("City") and provides conveyance for many governmental and industrial users. CWA plays an essential role in the City's program of increased surface water use.

On January 30, 2009, the City and CWA entered into a Projects Contract ("Projects Contract") approved by City Council on January 28, 2009 by Ordinance No. 2009-0053, pursuant to which the Parties agreed to cooperate in the planning, design, property acquisition, construction, and financing of the Luce Bayou Interbasin Transfer Project ("Luce Bayou System Project"). The City and CWA entered into an Operating Contract ("Operating Contract") approved by City Council on November 4, 2015 by Ordinance 2015-1072, pursuant to which CWA agreed to operate and maintain the Luce Bayou System Project and to transport, convey, and deliver the water of the City, for and on behalf of the City, through the Luce Bayou System Project on an annual cost basis.

Section 205 of the Operating Contract requires CWA to prepare and submit to the City an annual operating budget setting forth in detail proposed expenditures for the operation, maintenance, administration, capital improvements, and renovation and repair costs associated with the Luce Bayou System Project. CWA presented the City with the proposed 2021 operations and maintenance ("O&M") budget for the Luce Bayou System Project in the amount of \$3,708,700.00. This budget reflects a funding increase of \$1,229,700.00 as compared to the 2020 budget that was approved by City Council on March 4, 2020, Motion Number 2020 0106.

This increase is to support the additional activities and responsibilities that CWA will encounter during 2021 in the following categories:

- Field Salaries -Increase in staffing required to operate and maintain the _Conveyance System as all components (canals, pipelines, equipment and pumping station) become operational during 2021.
- Utilities -Increase in electrical costs as the Pump Station becomes operational during 2021
- Administrative Expenses - Administrative expenses (pension, social security, etc.) will increase as more employees are hired
- General Operating Expenses (Insurance) -Property insurance will increase as the facilities and equipment are transferred to CWA's responsibility. Employee insurance will increase as more staffing is added.

Houston Public Works (HPW) met with CWA officials to review the submitted budget and concluded that the budget presented by CWA is reasonable given the work proposed.

The funds are allocated in the HPW budget according to CWA's annual budget submittal during the month of October. CWA's Fiscal Year 2021 starts on January 1, 2021 and ends on December 31, 2021. Six months of CWA's budget are allocated to the City's FY21

Budget (January 2021 to June 2021), and the remaining six months are allocated to the City's FY22 Budget (July 2021-December 2021). Payments made to CWA are based upon documented actual monthly O&M expenditures.

The Project was described and briefed to the Transportation, Technology and Infrastructure Committee on October 1, 2020.

It is recommended that City Council approve the 2021 CWA O&M budget for the Luce Bayou System Project in the amount of \$3,708,700.00.

FISCAL NOTE:

Funding for this item is included in the FY21 Adopted Budget. Therefore, no Fiscal Note is required as stated in the Financial Policies.

DocuSigned by:

12/29/2020

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

Estimated Spending Authority

Department	FY2021	Out Years	TOTAL
Houston Public Works	\$1,854,350.00	\$1,854,350.00	\$3,708,700.00

Prior Council Action:

Motion No. 2020-0106, March 4, 2020

Ordinance No. 2015-1072, November 4, 2015

Ordinance No. 2009-0053, January 28, 2009

Amount of Funding:

\$3,708,700.00 From Fund No. 8300 - Water and Sewer System Operating Fund

\$1,854,350.00 Allocation for FY20 (January 2021 - June 2021)

\$1,854,350.00 Allocation for FY21 (July 2021 - December 2021)

Contact Information:

Sharon Citino, Planning Director

Houston Water

Phone: 832-395-2712

ATTACHMENTS:

Description	Type
Funding Documents	Financial Information
FY21 Annual Budget	Backup Material
CWA Luca Bayou Contracts	Backup Material
Prior Council Actions	Backup Material
TTI Agenda	Backup Material