



CITY OF HOUSTON - CITY COUNCIL

Meeting Date:

ALL

Item Creation Date: 11/15/2024

HPW - 20DWO122 - FY25 O&M Budget for CWA - Luce Bayou

Agenda Item#:

Background:

RECOMMENDATION: Approve the 2025 Operations and Maintenance Budget for the Luce Bayou System Project, operated by the Coastal Water Authority (CWA), in the amount of \$6,833,337.00.

NOTICE/JUSTIFICATION: 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").

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 2025 operations and maintenance ("O&M") budget for the Luce Bayou System Project in the amount of \$6,833,337.00.

The primary reasons for the increase in the Operating Budget is due to the increased electricity cost associated with an anticipated electricity rate increase in 2025. The Authority also anticipates an increase in the cost of property insurance and employees' medical insurance policies in 2025 and will be looking for options to minimize any anticipated increases.

The funds are allocated in the HPW budget according to CWA's annual budget submittal during the month of October. CWA's Fiscal Year 2025 starts on January 1, 2025 and ends on December 31, 2025. Six months of CWA's budget are allocated to the City's FY25 Budget (January 2025 to June 2025), and the remaining six months are allocated to the City's FY26 Budget (July 2025 to December 2025).

This Project was described and briefed to the Service Delivery Committee on December 12, 2024.

It is recommended that City Council approve the 2025 CWA O&M budget for the Luce Bayou System Project in the amount of \$6,833,337.00.

FISCAL NOTE: Funding for this item is included in the FY25 Adopted Budget. Therefore, no Fiscal Note is required as stated in the Financial Policies.

DocuSigned by: [Signature] BE463EF0DF454EB Randall V. Macchi Director, Houston Public Works

Table with 4 columns: Department, FY2025, Out Years, TOTAL. Row 1: Houston Public Works, \$3,416,668.50, \$3,416,668.50, \$6,833,337.00

Prior Council Action:

Ordinance No. 2009-0053, January 28, 2009
Ordinance No. 2015-1072, November 4, 2015
Motion No. 2023-0815, December 06, 2023

Amount and Source of Funding:

\$6,833,337.00 - Fund No. 8300 - Water and Sewer System Operating Fund

\$3,416,668.50 Allocation for FY25 (January 2025 – June 2025)

\$3,416,668.50 Allocation for FY26 (July 2025 – December 2025)

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ATTACHMENTS:

Description

SAP Documents
CWA FY25 Budget
CWA - Luce Bayou Contract
Prior Council Action
Annual Fees Table
SDC Agenda

Type

Financial Information
Backup Material
Backup Material
Backup Material
Backup Material
Backup Material