



## CITY OF HOUSTON - CITY COUNCIL

Meeting Date:

ALL

Item Creation Date:

20HW02 Approval of the 2018 Operations and Maintenance Budget for the Coastal Water Authority (CWA – Luce Bayou Project).

Agenda Item#:

### **Background:**

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

The Coastal Water Authority (CWA) operates the raw surface water transportation system for the City of Houston 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 30th, 2009, the City and CWA entered in to a Projects Contract (the "Projects Contract"), approved by City Council on January 28<sup>th</sup>, 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 (the "Luce Bayou Project").

The City and CWA entered into an Operating Contract (the "Operating Contract") approved by City Council on November 4<sup>th</sup>, 2015 by Ordinance 2015-1072, pursuant to which the Authority agreed to operate and maintain the Luce Bayou Project and to transport, convey and deliver the water of the City, for and on behalf of the City, through the Luce Bayou 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 Project.

CWA presented the City with the proposed 2018 operations and maintenance budget for the Luce Bayou Project in the amount of \$1,171,500.00. The budget reflects a funding increase of \$148,555.00 as compared to the 2017 budget that was approved by City Council on February 4, 2017, Motion Number 2017-0101. The Department of Public Works and Engineering 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 PWE budget the following fiscal year according to CWA's annual budget submittal during the month of October. CWA's Fiscal Year 2018 starts on January 1, 2018 and ends on December 31, 2018. Six months of CWA's budget are allocated to the COH's FY18 Budget (January 2018 to June 2018) and the remaining six months are allocated to the COH's FY19 Budget (July 2018 to December 2018). Payments made to CWA are based upon documented actual monthly O&M expenditures.

It is recommended that City Council approve the 2018 Coastal Water Authority Operations and Maintenance Budget for the Luce Bayou Project in the amount of \$1,171,500.00.

#### **FISCAL NOTE:**

Funding for this item is included in the FY2018 Adopted Budget. Therefore, no Fiscal Note is required as stated in the Financial Policy Ord. 2017-1078.

Carol Ellinger Haddock, P.E., Acting Director  
Public Works and Engineering

### **Prior Council Action:**

Motion No. 2017-0101, February 15, 2017  
Ordinance No. 2015-1072, November 4, 2015  
Ordinance No. 2009-0053, January 28, 2009

### **Amount of Funding:**

**\$1,171,500.00** From Fund No. 8300 – Water and Sewer System Operating Fund

\$585,750.00 Allocation for FY18 (January 2018– June 2018)

\$585,750.00 Allocation for FY19 (July 2018 – December 2018)

### **Contact Information:**

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Houston Water

**Phone: 832-395-2847****ATTACHMENTS:****Description**Prior Year Council MotionPrior Year RCAForm 3Fy18 Budget AnalysisFY18 Annual BudgetCWA - Luce Bayou ContractSAP Document**Type**

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