



LA PORTE AREA WATER AUTHORITY AGENDA

Notice is hereby given of a Regular Meeting of the La Porte Area Water Authority to be held on Thursday, September 10, 2014 beginning at 6:00 pm. in the Downstairs Conference Room of the Public Works Service Center, 2963 North 23rd Street, La Porte, Texas, for the purpose of considering the following agenda items. All agenda items are subject to action.

1. Call to order.
2. Consider approval or other action of minutes from the August 6, 2015 meeting.
3. Consider approval or other action of the \$293,763.82 City of Houston True Up Invoice for the Southeast Water Purification Plant expansion.
4. Consider approval or other action of the General Manager formally disputing the FY 2016 budget for the Southeast Water Purification Plant.
5. General Manager's Report.
6. **Board Comments** – Matters appearing on the: Recognition of community members, city employees, and upcoming events; Inquiry of staff regarding specific factual information or existing policy.
 - a. Matters appearing on agenda.
 - b. Inquiry of staff requiring a statement of specific factual information or a recitation of existing policy.
7. Adjournment.

In compliance with the American with Disabilities Act, the City of La Porte will provide reasonable accommodations for persons attending public meetings. To better serve attendees, requests should be received 24 hours prior to the meeting. Please contact Patrice Fogarty, City Secretary, at 281.470.5019.

CERTIFICATION

I certify that a copy of the August 6, 2015, agenda of items to be considered by the La Porte Area Water Authority was posted on the City Hall bulletin board on or before Friday, September 4, 2015.



David Mick, Public Works Director

I certify that the attached notice and agenda of items to be considered by the La Porte Area Water Authority was removed by me from the City Hall bulletin board on the ____ day of _____, 2015.

Signature of person removing from bulletin board



CITY OF HOUSTON

Public Works and Engineering
Department

Annise D. Parker

Mayor

Dale A. Rudick, P.E.,
Director
P.O. Box 1562
Houston, Texas 77251-1562
www.houstontx.gov

March 11, 2015

Mr. David Mick
Director of Public Works
La Porte Area Water Authority
2963 North 23rd St.
La Porte, Texas 77571

Subject: SEWPP Expansion Independent Accountants' Report on the Application of Agreed-Upon Procedures, Supplemental Interest Calculation, and Invoice

Dear Mr. Mick:

Enclosed is the Independent Accountants' Report on the Application of Agreed-Upon Procedures for the Southeast Water Purification Plant Expansion, with the interest calculated up to 11/24/2014. Additional interest up to 2/28/2015 is calculated and attached. As shown in the invoice enclosed, an amount due to the City of Houston should be remitted by 3/31/2015.

If you have any questions, please feel free to contact Sophia Chang at (832) 395-2580.

Sincerely,

A handwritten signature in blue ink, appearing to read "Susan Bandy".

Susan Bandy
Deputy Director
Resource Management Division

Attachments



INVOICE

City of Houston
Public Works & Engineering Department
Resource Management Division
Financial Management Branch
611 Walker, 24th Floor
Houston, TX 77002

Date: 2/28/2015
Invoice No.: SEWPP Expansion (LaPorte)

For: South East Water Purification Plant Expansion
LaPorte Area Water Authority

To: Mr. David Mick
Director of Public Works
2963 North 23rd St.
La Porte, Texas 77571

DESCRIPTION	LINE No.	DUE DATE	AMOUNT DUE TO/(FROM) COH
Southeast Water Purification Plant Expansion			
Additional Contribution Required	1	3/31/2015	\$ 307,320.00
Interest Earned (7/1/2006 - 2/28/2015)	2		\$ (13,556.18)
Please remit payment to: City of Houston Public Works & Engineering Dept Resource Management Division Financial Management Branch 611 Walker, 24th Floor Houston, TX 77002 Attention: Jennifer Nguyen (832)395-2586			
Total Amount Due to COH \$			<u>293,763.82</u>

Approved By:
Assistant Director

Date: 2-28-15

City of Houston
 Department of Public Works and Engineering
 SEWPP Plant Expansion Project
 Schedule 1 Summary of Refund or Further Contribution

Cities/Entities	MGD	Contract Cost	Recoupment	Total Cost	Total Contribution	Contribution w/o Recoupment	Refund (Due)	Accrued Interest (8/31/14)	Total Refund (Due)	Additional Interest (11/24/2014)	Updated Total Refund (Due)	Additional Interest (2/28/2015)	Final Total Refund (Due)
CLCWA	20.450	\$ 3,143,165	\$ (799,595)	\$ 2,343,570	\$ 1,537,840	\$ 2,337,435	\$ (805,730)	\$ 37,442	\$ (768,288)	\$ (1,803)	\$ (770,091)	\$ (1,800)	\$ (771,890)
JSC(CLWA)	1.600	\$ 245,920	\$ (62,560)	\$ 183,360	\$ 120,320	\$ 182,880	\$ (63,040)	\$ 3,515	\$ (59,525)	\$ (140)	\$ (59,665)	\$ (139)	\$ (59,804)
Nassau Bay	1.950	\$ 299,715	\$ (76,245)	\$ 223,470	\$ 146,640	\$ 222,885	\$ (76,830)	\$ 2,619	\$ (74,211)	\$ (174)	\$ (74,385)	\$ (174)	\$ (74,559)
Pearland (GCWA)	10.000	\$ 22,171,000	\$ 3,364,000	\$ 25,535,000	\$ 26,809,000	\$ 23,445,000	\$ 1,274,000	\$ 1,205,438	\$ 2,479,438	\$ 5,824	\$ 2,485,262	\$ 5,813	\$ 2,491,075
League City (GCWA)	21.500	\$ 13,621,550	\$ 2,997,350	\$ 16,618,900	\$ 16,605,800	\$ 13,608,450	\$ (13,100)	\$ 572,654	\$ 559,554	\$ 1,316	\$ 560,870	\$ 1,313	\$ 562,183
Friendswood	12.000	\$ 14,224,800	\$ 1,499,276	\$ 15,724,076	\$ 16,252,076	\$ 14,752,800	\$ 528,000	\$ 725,962	\$ 1,253,962	\$ 2,946	\$ 1,256,908	\$ 2,940	\$ 1,259,848
LaPorte	7.800	\$ 1,198,860	\$ (304,980)	\$ 893,880	\$ 586,560	\$ 891,940	\$ (307,320)	\$ 14,927	\$ (292,393)	\$ (686)	\$ (293,079)	\$ (685)	\$ (293,764)
City of South Houston	3.750	\$ 576,375	\$ (146,625)	\$ 429,750	\$ 282,000	\$ 428,625	\$ (147,750)	\$ (1,426)	\$ (149,176)	\$ (350)	\$ (149,526)	\$ (349)	\$ (149,875)
Webster	4.050	\$ 622,485	\$ 676,971	\$ 1,299,456	\$ 1,139,886	\$ 462,915	\$ (159,570)	\$ 10,825	\$ (148,745)	\$ (349)	\$ (149,094)	\$ (348)	\$ (149,442)
BayBrook MUD 1	1.800	\$ 276,660	\$ (70,380)	\$ 206,280	\$ 135,360	\$ 205,740	\$ (70,920)	\$ 4,610	\$ (66,310)	\$ (156)	\$ (66,466)	\$ (155)	\$ (66,621)
ClearBrook City MUD	2.500	\$ 2,346,450	\$ 587,557	\$ 2,934,007	\$ 2,981,807	\$ 2,394,251	\$ 47,801	\$ 84,781	\$ 132,582	\$ 312	\$ 132,893	\$ 311	\$ 133,205
HCMUD 55	3.463	\$ 532,186	\$ 475,392	\$ 1,007,578	\$ 871,156	\$ 395,764	\$ (136,422)	\$ 7,801	\$ (128,622)	\$ (302)	\$ (128,923)	\$ (301)	\$ (129,225)
Pasadena	40.000	\$ 40,727,015	\$ 3,641,153	\$ 44,368,168	\$ 45,652,320	\$ 42,011,167	\$ 1,284,152	\$ 1,613,575	\$ 2,897,727	\$ 6,809	\$ 2,904,536	\$ 6,795	\$ 2,911,331
Co-participants Only	130.863	\$ 99,986,181	\$ 11,781,314	\$ 111,767,495	\$ 113,120,765	\$ 101,339,451	\$ 1,353,270	\$ 4,282,724	\$ 5,635,995	\$ 13,246	\$ 5,649,241	\$ 13,220	\$ 5,662,461
Houston	69.138	\$ 101,626,727	\$ (11,781,314)	\$ 89,845,413									
Total	200.000	\$ 201,612,908	\$ -	\$ 201,612,908									



City of La Porte

Established 1892

Public Works Department

Providing essential public services to the citizens of La Porte in the most efficient and cost effective manner possible.

September 3, 2015

To: La Porte Area Water Authority Board Members

From: David Mick, Public Works Director

RE: Consideration of FY 2016 Southeast Water Purification Plant Budget Dispute

On average the LPAWA purchases 1.3-billion gallons of water each year from the Southeast Houston Water Purification Plant (SEWPP). As the Managing Owner, the City of Houston prepares the annual budget for the SEWPP. The contract between the co-owners provides a process for disputing portions of the annual budget provided that: 1) more than 50% of the plant co-owners, with the vote weighted by the percentage of water consumed over a 12-month period, are in agreement with the dispute, and 2) the disputed line items are not necessary for the regulatory compliance, health, safety or security.

Attached is summary of budget line items likely to be contested by a majority of the co-owners. The disputed amount may be as high as \$0.1102/1000 gallons pending further information from the City of Houston.

The FY 2016 LPAWA budget includes \$10,000 for consulting and legal fees associated with this consideration. Staff requests that this allowance be increased to \$25,000 at this time. Staff's best estimate of the worst-case cost exposure to the LPAWA in terms of legal and consulting fees is \$75,000 in the event that the dispute might eventually involve litigation.

Staff's recommendation is that the LPAWA Board authorize the City Manager to dispute the FY 2016 budget for the SEWPP. Mediation would be the next step provided that more than 50% of the co-owners, weighted by water consumption, all agree to the budget dispute. While unlikely, there is a potential for litigation if mediation proves to be unsuccessful. Staff also recommends that the FY 2016 LPAWA budget line item for Other Professional Services be increased by \$15,000 for a revised budget of \$25,000.

COH Adopted Budget and SEWPP Contested and Un-Contested Budgets

Item	COH Budget	COH's		COH SEWPP Budget	Questioned Amount	Uncontested Amount	Comment
		SEWPP Factor	Budget				
40017 SEWPP	Personnel Supplies Other Services Mgmt Initiative/Cons Generator Equip't Svcs Non-Cap Capital Add'l Serv & Charges	2,634,769 3,003,800 4,587,600 100.00% 83,000 8,300 476,653	2,634,769 3,003,800 4,587,600	- 83,000 8,300 476,653	21,400 578,900 -	2,634,769 3,003,800 4,587,600 (21,400) (578,900) 83,000 476,653	Need more information Need more information
Sub Total		10,794,122	10,794,122		600,300	10,193,822	
40012 DWO	Personnel Supplies Other Services Water Non-Cap Quality	3,224,613 273,511 1,644,400 60,600 33,000	696,781 59,101 355,325 13,095 7,131	59,101 355,325 13,095 7,131	-	-	Based on 2 full-time lab staff at SEWPP + proportional expenses
Sub Total		5,236,124	1,131,432		831,432	300,000	
40016 DWO	Personnel Supplies Other Services Non-Cap Maint Capital	129,291 - 5,119,500 - - -	27,937 - 1,106,232 -	- - 1,106,232 -	27,937 106,232	- 1,000,000	Need confirmation that all charges are 3rd party services for SEWPP only, so amount is truly a budget for as-needed services
Sub Total		5,248,791	1,134,169		134,169	1,000,000	
40015 DWO	Personnel Supplies Other Services Non-Cap Engr'g Capital	3,278,862 324,400 539,300 - 19,600	708,503 70,097 116,533 - 4,235	70,097 116,533 -	-	-	Based on 1 full-time, experienced engr + proportional expenses
Sub Total		4,162,162	899,368		739,368	160,000	
50025 UCS	Meter Equivalency Billings	16,348,900 16,348,900	0.0360% 0.0012%	5,878 200	-	0	
Sub Total				6,078		6,078	

COH Adopted Budget and SEWPP Contested and Un-Contested Budgets

Item	COH Budget	COH's		COH SEWPP Budget	Questioned Amount	Uncontested Amount	Comment
		SEWPP Factor	Budget				
40021 PUD Personnel	2,275,507		262,664				
Supplies	97,400		11,243				
Finance Other Services	699,900	11.5431%	80,790				Not per Agreement
Svcs Non-Cap	23,000		2,655				
Sub Total	3,095,807		357,352		357,352		
40021 PUD Personnel	2,181,347		251,795				
Supplies	13,800		1,593				
GIS Other Services	1,036,900	11.5431%	119,690				Not per Agreement
Non-Cap	17,100		1,974				
Sub Total	3,249,147		375,052		375,052		
40021 PUD Personnel	1,148,722		132,598				
Supplies	9,700		1,120				
Exec Other Services	1,940,600	11.5431%	224,005				Not per Agreement
Support Non-Cap	-		-				
Sub Total	3,099,022		357,723		357,723		
40021 Non-Supplies Personnel	1,074,551		124,037				
Exec Other Services	42,400		4,894				
Support Non-Cap	571,000	11.5431%	65,911				Not per Agreement
	137,400		15,860				
Sub Total	1,825,351		210,702		210,702		
40011 Personnel	1,718,921		371,428				
Supplies	16,500		3,565				
DWO Exec Other Services	526,800	21.6082%	113,832				Not per Agreement
Support Non-Cap	11,900		2,571				
Sub Total	2,274,121		491,397		491,397		
Admin	705,551	100.00%	705,551		-	705,551	Per Agreement
TOTAL O&M			16,456,870		4,097,496	12,359,374	

Water Rates - Contested vs. Un-Contested		COH Adopted Budget	Un-Contested Budget
A	Projected Water taken by the Co-Participant (in Thousand Gallons)	20,206,124	20,206,124
B	Total Treated Water Produced by the SouthEast Water Plant (in Thousand Gallons)	37,210,000	37,210,000
C	Total O&M costs for the SouthEast Water Plant (dollars)	16,462,952	12,359,374
D	All costs incurred by COH for O&M of Untreated Water Facilities (dollars) (32,048,845	
D1	CWA O&M	25,032,581	25,032,581
D2	CWA Debt Services - All Others	7,016,264	7,016,264
D3	CWA Debt Service - Pasadena	6,125,664	6,125,664
E	Total amount of untreated surface water sold to Houston's water customers	194,489,132	194,489,132
F	Total to be allocated Debt Services of CWA 96" Line	2,451,429	2,451,429
G	Total Cost of Line Repair Expenses \$ -	-	-

Rate - Friendswood, S. Houston, Webster, Clear Brook, Clear Lake, La Porte			
	Raw Water Rate O&M (D1/E) Per thousand gallons	0.1287	0.1287
	Raw Water Rate DS (D2/E) Per thousand gallons	0.0361	0.0361
	O&M Rate (C/B) per thousand gallons	0.4424	0.3322
	Total Rate (excluding contingency 2.5%)	0.6072	0.4969

Rate - Baybrook, Gulf Coast, Harris County			
	Raw Water Rate O&M (D1/E) Per thousand gallons \$ 0.1287	0.1287	0.1287
	Raw Water Rate DS (D2/E) Per thousand gallons	0.0361	0.0361
	O&M Rate (C/B) per thousand gallons	0.4424	0.3322
	Subtotal	0.6072	0.4969
	Total Rate (including contingency 2.5%)	0.6224	0.5094

Rate - Pasadena			
	Raw Water Rate O&M (D1/E) Per thousand gallons	0.1287	0.1287
	Raw Water Rate DS (D3/E) Per thousand gallons	0.0315	0.0315
	O&M Rate (C/B) per thousand gallons	0.4424	0.3322
	Total Rate (excluding contingency 2.5%)	0.6026	0.4924