



Jimmie Schindewolf, P.E.
General Manager

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MEMORANDUM

TO: NHCRWA Board of Directors

FROM: Jimmie Schindewolf, P.E. JAS

DATE: November 4, 2005

SUBJECT: Fiscal Year 2006 Budget and Fiscal Year 2006-2007 Capital Improvement Plan

Transmitted herewith please find the Fiscal Year (FY) 2006 Budget and FY 2006-2007 Capital Improvement Plan (CIP). This Budget-CIP is being submitted for consideration at the Public Hearing scheduled for Monday (November 7) at 6:30 p.m. and for your review and approval at the Board meeting that same night at 7:00 p.m.

A Budget Workshop was held at 6:00 p.m. on October 24, 2005. Detailed presentations were made at this workshop for both the Budget and the CIP. Authority staff members and consultants responded to several questions raised by Authority Board members. The Budget and CIP documents being presented to you are identical to those presented at the workshop.

The budget document consists of two major sections. Those sections are as follows:

1. ***Capital Improvement Plan.*** This is the third Capital Improvement Plan to be developed by the Authority. The CIP is a two year plan covering FY 2006 and FY 2007. This CIP includes the projects that we plan to undertake during those two years. Major components of this program include Engineering Design, Engineering Management, Real Estate Acquisition, Construction, Construction Management, Construction Materials Testing, etc. Tom Rolan and I will be presenting the CIP.

2. ***Fiscal Year 2006 Operating Budget.*** This budget was developed by the Authority staff members working with various representatives of our consultant team including legal counsel, financial advisors, engineering management, legislative affairs, public relations, and water conservation. Our goal was to develop a fiscally sound budget that was at the same time comprehensive enough to be able to continue to properly implement and accomplish the aggressive Capital Improvement Plan that is well underway and that will continue to progress over future years. In addition, the Authority enters a new era in 2006 with the added responsibility of operation and maintenance of the Groundwater Transfer System.

The FY 2005 Budget included three new positions (GIS/CAD Technician, Accounting Clerk, and Chief Inspector) that I chose not to fill during this year. The FY 2006 Budget carries those same positions forward for next year. I do intend to fill them. I am also proposing a new position of Operations and Maintenance Coordinator.

The Board has approved a cost of living pay increase for Authority employees in previous years. The U.S. Department of Labor CPI for the Houston/Galveston area from June, 2004 through June, 2005 reflects a cost of living increase of 2.9 percent. I am therefore recommending that the Board approve a cost of living increase of 2.9 percent for all Authority employees.

Cyndi Plunkett and I will be presenting this section.

We look forward to meeting with you at the Public Hearing and the Board meeting and stand ready to answer any questions that you might have.

JAS/lr

Attachment