
CITY OF PORT LAVACA

COUNCIL MEETING: AUGUST 11, 2025

AGENDA ITEM:

DATE: 8.05.2025

TO: HONORABLE MAYOR AND CITY COUNCIL MEMBERS

FROM: JODY WEAVER, INTERIM CITY MANAGER 

SUBJECT: UNDINE 2025-26 BUDGET

Background:

In accordance with the Water Supply Contract with Undine, no later than July 30 each year they are to prepare a preliminary annual budget with estimated costs of operation, maintenance and repair of the Plant for the next Fiscal Year.

I received the budget on July 29. The overall operating budget increased by 6.5% over the 2024-25 preliminary budget, however our share has increased from 66.67% to 80% now that Port O'Connor is not contracted with them for water. The contract reads "*The Treatment Charge for the City shall equal to the Committed Volume of the City as a percentage of the total committed regulatory capacity of Treated Water for all Participants multiplied by the total revenue from the delivery of Treated Water to all participants to achieve the Agreed upon operating Margin on the Annual Plant Budget.*" So currently the regulatory capacity of all participants equals our 4.0 MGD + 1.0MGD for the Calhoun County Rural Water, so our share is now 80%. This proposed budget would result in an increase of the Required Revenue of \$623,134 or about \$11.46 per customer per month.

I obviously challenged this nearly 30% increase. After careful thought, Undine has offered to reduce the percentage to 73.34% instead of 80%. This will result in a needed increase of \$6.95/customer per month.

I did share with Undine our ongoing concern about the level of Total Trihalomethanes in the treated water. She reported that they have a consultant working on a solution to reduce those levels and she will submit a written summary of their action plan to me soon.

Attachment:

- Undine Budget received 7/29/25
- Email from Carey Thomas offering to reduce 80% share to 73.34%
- Spreadsheet showing proposed budget with 73.34% share and comparing FYE's 2023 and 2024

Undine Wholesale Supply LLC
2025 - 2026 Budget

	Total 2025 -2026 Budget	Port Lavaca 2025 -2026 Budget	Total 06/24 - 05/25 Actual
GPD Committed	5,000,000	4,000,000	
% of Total		80.00%	
Projected Expenses			
Purchased Power	\$ 152,027	\$ 121,622	\$ 147,599
Chemicals	394,889	315,911	383,388
Contract Management Fees	894,158	715,326	894,156
Repairs & Maintenance	76,000	60,800	38,949
Materials & Supplies	-	-	-
Testing	9,604	7,683	8,976
Bank Fees	124	99	120
Insurance	112,392	89,914	104,415
Permitting and Other Regulatory	683	546	663
Telephone/Mission Units Monitoring	12,235	9,788	12,156
Property & Franchise Taxes	71,130	56,904	99,113
Audit Fees	35,000	28,000	34,661
Other Operating Expenses	16,273	13,019	19,887
Administrative and General	839,976	671,981	839,976 *
Depreciation and amortization	367,585	294,068	293,114
Interest Expense - Debt	76,755	61,404	76,755 *
Income Taxes	109,450	87,560	109,450 **
Total Utility Operating Expenses	<u>\$ 3,168,281</u>	<u>\$ 2,534,625</u>	<u>\$ 3,063,378</u>
Margin		11.5%	
Revenue Requirement		\$ 2,863,983	
Net Income		<u>\$ 329,358</u>	
Margin		11.50%	
Monthly Charge		\$ 238,665	

Note: The primary driver of the increase in allocated Utility Operating Expenses and thus the Monthly Charge is the increase in Committed Volume percentage from 66.67% to 80.00% as a result of the withdrawal of Port O'Connor as a Participant

* No TTM data available as amounts are calculated as part of the aggregate total for all Undine Utilities

** No TTM data available as amount is calculated using the agreed upon tax rate

Jody Weaver

From: Carey Thomas <cthomas@undinellc.com>
Sent: Friday, August 1, 2025 11:46 AM
To: Jody Weaver
Subject: Proposal

Follow Up Flag: Follow up
Flag Status: Flagged

See below:

		<i>Budget</i>	<i>Avg</i>
	2024- 2025	2025- 2026	2025- 2026
<i>Committed Volume %</i>	66.67%	80.00%	73.34%
<i>Monthly Charge</i>	\$186,737	\$238,665	\$218,781
<i>% Increase</i>		27.8%	17.2%

Kind regards,

Carey

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UNDINE WHOLESALE SUPPLY, LLC BUDGET

	Port Lavaca 2022-23	BUDGET 2023-24 100%	Port Lavaca 2023-24 66.67%	BUDGET 2024-25 100%	Port Lavaca 2024-25 66.67%	BUDGET 2025-26 100%	Port Lavaca 2025-26 73.34%
Projected Expenses							
Purchased Power	\$ 74,724	\$ 112,080	\$ 74,724	\$ 142,418	94,950	\$ 152,027	\$ 111,497
Chemicals	\$ 161,208	\$ 241,800	\$ 161,208	\$ 381,343	254,242	\$ 394,889	\$ 289,612
Contract Management Fees	\$ 607,340	\$ 910,956	\$ 607,334	\$ 894,156	596,134	\$ 894,158	\$ 655,775
Repairs & Maintenance	\$ 120,166	\$ 210,240	\$ 140,167	\$ 82,000	54,669	\$ 76,000	\$ 55,738
Materials & Supplies				\$ 6,439	4,293	\$ -	\$ -
Testing	\$ 21,561	\$ 32,340	\$ 21,561	\$ 31,029	20,687	\$ 9,604	\$ 7,044
Bank Fees	\$ -	\$ 2,340	\$ 1,560	\$ 214	143	\$ 124	\$ 91
Insurance	\$ 61,385	\$ 92,076	\$ 61,387	\$ 64,024	42,685	\$ 112,392	\$ 82,428
Permitting and Other Regulatory	\$ 240					\$ 683	\$ 501
Telephone/Mission Units Monitoring	\$ 1,033	\$ 7,236	\$ 4,824	\$ 9,198	6,132	\$ 12,235	\$ 8,973
Property & Franchise Taxes	\$ 40,554	\$ 60,828	\$ 40,554	\$ 50,901	33,936	\$ 71,130	\$ 52,167
Audit Fees	\$ -			\$ 42,500	28,335	\$ 35,000	\$ 25,669
Other Operating Expenses	\$ 6,367	\$ 9,540	\$ 6,360	\$ 14,691	9,794	\$ 16,273	\$ 11,935
Administration and General	\$ 242,417	\$ 404,232	\$ 269,501	\$ 803,588	535,752	\$ 839,976	\$ 616,038
Depreciation and amortization	\$ 61,385	\$ 181,226	\$ 120,823	\$ 262,685	175,132	\$ 367,585	\$ 269,587
Interest Expense - Debt	\$ 240	\$ 99,905	\$ 66,607	\$ 86,643	57,765	\$ 76,755	\$ 56,292
Income Taxes	\$ 50,050	\$ 84,600	\$ 56,401	\$ 102,750	68,503	\$ 109,450	\$ 80,271
Total Utility Operting Expenses	\$ 1,448,671	\$ 2,449,399	\$ 1,633,012	\$ 2,974,579	\$ 1,983,152	\$ 3,168,281	\$ 2,323,617
Total Operating Budget incr 24/25 to 25/26				\$ 2,974,579		\$ 3,168,281	6.5% incr
REVENUE REQUIREMENT	\$ 1,636,916		\$ 1,845,211		\$ 2,240,849		\$ 2,625,372 17.2%
Net Income	\$ 188,245		\$ 212,199		\$ 257,697		\$ 301,755
Margin	11.5%		11.5%		11.5%		11.5%
Monthly Charge	\$ 136,410		\$ 153,768		\$ 186,737		\$ 218,781
			12.7% incr since 2022		21.4% incr since 2023		17.2% incr since 2024

Add'l needed to pau for the FY after audit	<u>\$134,800</u>	<u>\$ 30,299</u>	not audited yet
Actual Total Paid to Undine	\$1,771,716	\$ 1,875,510	\$ 2,240,849

\$218,781
(\$186,737)
 \$32,044 monthly payment to Undine
4531 # customers
 \$7.07 *

* when I include the mulitplier for Out of City, I can reduce to \$6.95

