

LOWER NECHES VALLEY AUTHORITY

**ANNUAL OPERATING BUDGET AND
CAPITAL IMPROVEMENT PROGRAM**

PROPOSED FISCAL YEAR 2026 BUDGET

LOWER NECHES VALLEY AUTHORITY

SUMMARY BUDGET FOR FISCAL YEAR 2026

Division	2025 Budget	2025 Estimate	Proposed Budget	\$ Change (2025 Estimate)	\$ Change (2025 Budget)	% Change (2025 Budget)
Fresh Water Supply						
Revenue	38,628,298	42,721,902	43,190,494	468,592	4,562,196	11.8%
Expense	(26,228,298)	(25,257,667)	(25,020,441)	(237,226)	(1,207,857)	-4.6%
Funds Available	12,400,000	17,464,235	18,170,053	705,819	5,770,053	46.5%
Capital and Other Uses	(12,400,000)	(22,400,000)	(18,170,053)	4,229,947	(5,770,053)	46.5%
Change in Net Position	-	(4,935,765)	-	4,935,765	-	
Water Treatment Plant						
Revenue	1,821,843	1,537,273	1,670,250	132,977	(151,593)	-8.3%
Revenue Bond Payment	725,000	725,000	780,000	55,000	55,000	7.6%
Expense	(1,821,843)	(2,058,427)	(1,728,969)	329,458	92,874	-5.1%
Funds for Bond Payment	(725,000)	(725,000)	(780,000)	(55,000)	(55,000)	7.6%
Change in Net Position	-	(521,154)	(58,719)	462,435	(58,719)	
Wastewater Treatment Plant						
Revenue	9,979,053	8,582,611	10,636,068	2,053,456	657,015	6.6%
Expense	(9,979,053)	(8,582,611)	(10,636,068)	(2,053,456)	(657,015)	6.6%
Change in Net Position	-	-	-	-	-	
Total						
Revenue	50,429,194	52,841,786	55,496,812			
Expense	(47,882,351)	(55,515,278)	(53,046,562)			
Change in Net Position	-	(5,456,919)	(58,719)			



October 3, 2025

Lower Neches Valley Authority
Board of Directors

Proposed 2026 Fresh Water Supply Division Budget

Revenue

The Fresh Water Supply (FWS) 2026 Annual Operating Budget Revenue increased \$4,560,066 (11.8%) to \$43,188,364. Increased water rates to fund the Long-Term Capital Improvement Plan (\$3.0M) and industrial contract volume increases (\$1.5M) are the main contributions to the revenue increase.

Expenses

The FWS Operating Expenses decreased \$1,207,857 (-4.6%) to \$25,020,441, largely due to reductions in funding for operation and maintenance expense (-\$800k), defined benefit plan (-\$800k), property & casualty insurance (-\$170k), and economic development (-\$300k).

Regular Wage increases accounted for \$90,000 with the proposed 3.0% merit increase pool and personnel classification changes from the recent salary and wage survey.

Capital Improvement Plans

The Five-Year Capital Improvement Plan funding decreased by \$360,000 to \$9,140,000. The Long-Term Capital Improvement Plan funding increased by \$6,430,053 to \$9,030,053. The combined plans represent an increase over FY2025 of \$6,070,053. This funding is available due to increases in industrial contract volumes and the increase in Municipal, Industrial, Irrigation, and Mining water rates.

LOWER NECHES VALLEY AUTHORITY
 FRESH WATER SUPPLY DIVISION
 SUMMARY BUDGET FOR FISCAL YEAR 2026

	2024 Budget	2024 Actual	2025 Budget	2025 Estimate	Proposed Budget	\$ Change (2025 Estimate)	\$ Change (2025 Budget)	% Change (2025 Budget)
Operating Revenue								
Raw Water Sales	30,582,800	34,987,892	33,214,300	35,605,898	37,541,075	1,935,177	4,326,775	13%
Clean Rivers Program	196,326	200,625	159,703	192,526	170,497	(22,029)	10,794	7%
SWB Fed/ Local Share	435,995	643,482	565,530	620,224	714,676	94,452	149,146	26%
Drought Surcharge					-	-	-	na
Total Operating Revenue	31,215,121	35,831,999	33,939,533	36,418,648	38,426,248	2,007,600	4,486,715	13%
Non-Operating Revenue								
Interest and Late Fees	2,020,000	3,981,326	3,010,000	3,681,212	3,010,000	(671,212)	-	0%
Leases, Royalties & Cross.Fees	204,000	347,750	204,000	960,298	205,000	(755,298)	1,000	0%
NRTC Mgmt & Operating Fee	735,931	729,513	763,103	722,916	817,397	94,481	54,294	7%
IDC Mgmt & Operating Fees	678,663	678,663	678,663	678,662	673,849	(4,813)	(4,814)	-1%
FEMA and TDEM Payments	-	5,152	-	-	-	-	-	na
Miscellaneous Revenue	29,000	177,244	32,999	260,166	58,000	(202,166)	25,001	76%
Total Non-Operating Revenues	3,667,594	5,919,648	4,688,765	6,303,254	4,764,246	(1,539,008)	75,481	2%
TOTAL REVENUES	34,882,715	41,751,648	38,628,298	42,721,902	43,190,494	468,592	4,562,196	12%

LOWER NECHES VALLEY AUTHORITY
 FRESH WATER SUPPLY DIVISION
 SUMMARY BUDGET FOR FISCAL YEAR 2026

	2024 Budget	2024 Actual	2025 Budget	2025 Estimate	Proposed Budget	\$ Change (2025 Estimate)	\$ Change (2025 Budget)	% Change (2025 Budget)
Operating Expenses								
Neches Operation & Maintenance								
Neches Water Supply	1,416,946	1,388,712	1,566,829	1,479,832	1,889,861	410,029	323,032	21%
Neches Pumping Plants	3,826,774	3,133,849	4,107,140	3,862,185	4,460,195	598,010	353,055	9%
Neches Canal Maintenance	2,991,550	2,732,096	2,963,670	2,786,100	4,734,013	1,947,913	1,770,343	60%
Total Neches	8,235,270	7,254,658	8,637,639	8,128,117	11,084,070	2,955,953	2,446,431	28%
Devers Operation & Maintenance								
Devers Pumping Plants	494,660	615,258	701,970	897,678	659,743	(237,935)	(42,227)	-6%
Devers Canal Maintenance	1,537,630	1,402,648	1,600,030	1,473,401	1,609,669	136,268	9,639	1%
Total Devers	2,032,290	2,017,905	2,302,000	2,371,079	2,269,411	(101,668)	(32,589)	(0)
Consolidated Operating Expenses								
Depreciation Expense	2,850,000	3,010,963	3,000,000	3,000,000	3,150,000	150,000	150,000	5%
Overhead & Support Services:								
Overhead	6,111,300	6,528,928	6,186,470	6,044,642	1,077,797	(4,966,845)	(5,108,673)	-83%
Safety/Health/Environ	172,880	143,516	413,390	165,000	254,585	89,585	(158,805)	-38%
Network	275,290	241,656	251,800	256,532	316,070	59,538	64,270	26%
SCADA	402,250	393,565	409,320	410,306	726,875	316,569	317,555	78%
Service Center	411,890	396,938	426,270	447,650	407,925	(39,725)	(18,345)	-4%
Devers Office	23,500	15,298	23,500	21,000	113,500	92,500	90,000	383%
Vehicles/ Equipment	905,410	1,020,309	1,034,010	905,500	1,166,291	260,791	132,281	13%
Pipeline Administration	305,420	328,713	395,338	390,480	430,948	40,468	35,610	9%
Engineering	606,690	832,064	899,644	838,107	1,399,384	561,277	499,740	56%
Main Office	355,760	269,474	403,650	282,605	344,464	61,859	(59,186)	-15%
Transfer Out-PN, Ned, Jeff. Cnty.	-	-	-	-	-	-	-	na
Economic Development (exp)	-	65,499	-	400,000	-	(400,000)	-	na
Bond Amortization	4,095	4,096	4,096	4,096	4,096	-	-	0%
Administration	1,990,670	1,730,035	1,841,171	1,592,553	2,275,025	682,472	433,854	24%
Total Consolidated	14,415,155	17,992,016	15,288,659	14,758,471	11,666,959	(3,091,512)	(3,621,700)	-24%
Total Operating Expenses	24,682,715	27,264,579	26,228,298	25,257,667	25,020,441	(237,226)	(1,207,857)	-5%
Funds Available for Other Uses	10,200,000	14,487,069	12,400,000	17,464,235	18,170,053	705,819	5,770,053	47%
Capital and Other Uses								
Capital Improvements:								
Water Delivery	9,900,000	15,149,585	9,500,000	19,500,000	9,140,000	(10,360,000)	(360,000)	-4%
Water Supply Development	-	-	-	-	-	-	-	na
Long Term CIP Funding	-	-	2,600,000	2,600,000	9,030,053	6,430,053	6,430,053	na
Economic Development	300,000	-	300,000	300,000	-	(300,000)	(300,000)	-100%
Total Capital and Other Uses	10,200,000	15,149,585	12,400,000	22,400,000	18,170,053	(4,229,947)	5,770,053	47%
TOTAL EXPENSES AND OTHER USES	34,882,715	42,414,164	38,628,298	47,657,667	43,190,494	(4,467,173)	4,562,196	12%
CHANGE IN NET POSITION	0	(662,516)	0	(4,935,765)	-	4,935,765	-	



October 3, 2025

Lower Neches Valley Authority
Board of Directors

Proposed 2026 WRTP Division Budget

The West Regional Water Treatment Plant (WRTP) is a potable water facility providing improved drinking water to the communities along the Bolivar Peninsula in Galveston County, Texas. The plant is designed to maintain compliance with all TCEQ and US EPA drinking water standards and has a capacity of 5 million gallons per day (MGD), of which 100% is contracted to Bolivar Peninsula Special Utility District (BPSUD). The WRTP expenses are supported by BPSUD.

Revenue

The WRTP 2026 Annual Operating Budget Revenue is projected to be \$2,450,250, which includes the repayment of debt funding of \$780,000 for 2026. A fixed cost rate of \$102,000 per month and \$1.05 per 1,000 gallons used is proposed to generate this revenue.

Expenses

The WRTP Operating Expenses decreased \$28,466 (-1.1%) to \$2,518,377 largely due to Utilities and Services expenses.

- *Personnel Service* expenses remained relatively flat, as anticipated overtime is expected to decrease with the facility fully staffed.
- *Supplies* increased by \$2,500 (1.1%) with the price of process chemicals increasing.
- *Utilities* decreased by \$106,476 (-16%) with sludge handling (\$100,000) and raw water supply (\$6,976) expenses decreasing.
- *Services* increased by \$23,087 (26%) due to the Administrative Services Fee increasing from 10% to 15% in 2026.

LOWER NECHES VALLEY AUTHORITY
 WEST REGIONAL TREATMENT PLANT
 FOR FISCAL YEAR 2026

Program Revenue/Expenses	2024 Budget	2024 Actual	2025 Budget	2025 Actual (6/30)	9/1/24- 8/31/25	2025 Estimate	Proposed Budget	\$ Change (2025 Estimate)	\$ Change (2025 Budget)	% Change (2025 Budget)
Summary										
Operating Revenue										
Bolivar SUD	1,509,105	1,487,415	1,821,843	762,474	1,537,861	1,537,273	1,670,250	132,977	(151,593)	-8%
Debt Funding	725,000	725,000	725,000	725,000	725,000	725,000	780,000	55,000	55,000	8%
TOTAL REVENUES	\$ 2,234,105	\$ 2,212,415	\$ 2,546,843	\$ 1,487,474	\$ 2,262,861	\$ 2,262,273	\$ 2,450,250	\$ 187,977	\$ (96,593)	-4%
Operating Expenses										
Personnel Services	627,085	602,222	645,623	320,830	637,318	649,907	633,096	(16,811)	(12,527)	-2%
Supplies	223,822	203,860	228,500	120,461	253,594	225,000	231,000	6,000	2,500	1%
Utilities	372,278	213,418	656,000	113,355	248,466	991,699	549,524	(442,176)	(106,476)	-16%
Maintenance	204,000	128,690	204,000	42,677	123,516	109,800	204,000	94,200	-	0%
Services	81,920	84,230	87,720	35,568	79,670	82,020	111,349	29,329	23,629	27%
TOTAL Operating Expenses	1,509,105	1,232,419	1,821,843	632,890	1,342,564	2,058,427	1,728,969	(329,458)	(92,874)	-5%
Debt Payment	725,000	725,000	725,000				780,000	780,000	55,000	8%
TOTAL EXPENSES & USES	\$ 2,234,105	\$ 1,957,419	\$ 2,546,843	\$ 632,890	\$ 1,342,564	\$ 2,058,427	\$ 2,508,969	\$ 450,542	\$ (37,874)	-1%
NET INCOME (BUDGET BASIS)	\$ -	\$ 254,996	\$ -	\$ 854,584	\$ 920,298	\$ 203,846	\$ (58,719)	\$ (262,565)	\$ (58,719)	



October 3, 2025

Lower Neches Valley Authority
Board of Directors

Proposed 2026 North Regional Treatment Plant Division Budget

The LNVA North Regional Treatment Plant (LNVA-NRTP) was constructed to treat industrial wastewater streams from participating area industries. The treatment plant is a centralized aggressive secondary biological wastewater treatment facility (conventional activated sludge) that is owned by the Neches River Treatment Corporation (NRTC), a wholly owned subsidiary of ExxonMobil Oil Corporation. The Authority operates the NRTP in accordance with the agreement between the LNVA and NRTC titled Contract for Operation of the North Regional Treatment Plant for Transportation, Treatment, and Disposal of Wastewater. The NRTC is responsible for 100% of all costs associated with operation of the facility.

The NRTP 2026 Annual Operating Budget amount is \$10,636,068 as compared to the 2025 Budget amount of \$9,979,053. The 2026 Budget increase of \$657,015 (6.6%) is primarily due to the following:

Variable Expense

Biological Solids Processing and Outhauling: \$47,942

NRTP excess biosolids are transferred via pipeline to ExxonMobil Beaumont Refinery for processing and outhauling. ExxonMobil provides LNVA the projected solids handling costs to be included in the annual budget.

Fixed Expense

Plant Labor: \$251,823

The overall cost increase for this category is primarily due to:

- 1) a 3.0% hourly pay rate increase for LNVA employees assigned to the NRTP and a one-time market rate adjustment for the salaried employees, for a total of \$127,125.
- 2) the associated Benefits/Burden costs (\$79,902).
- 3) a LNVA Operating Fee increase (\$39,394) that is based on 30% of NRTP employee's straight time hourly pay rate for all hours worked.

Maintenance: \$400,800

The overall cost increase for this category is primarily due to:

- 1) Scheduling of additional maintenance activity including a screw pump repair (\$95,000), screw pump upper and lower bearing repair (\$19,600), and Flocculator/Splitter Box support structure replacement (\$49,000).
- 2) Vendor projected cost increases for one MAB gearbox repair (\$31,000), one Clarifier TA (\$85,000), one Filter Feed Pump repair cost (\$17,000), and two Bio Sludge system pumps (\$26,500).
- 3) Increase in Plant 600 Routine Maintenance costs (\$92,500) associated with the service life of existing plant equipment and vendor projected cost increases for materials and services.

LOWER NECHES VALLEY AUTHORITY
 NORTH REGIONAL TREATMENT PLANT
 FOR FISCAL YEAR 2026

Acct#	Acct Description	2024 Budget	2024 Actual	2025 Budget	2025 Actual (6/30)	2025 Estimate	Proposed Budget	\$ Change (2025 Estimate)	\$ Change (2025 Budget)	% Change (2025 Budget)
Revenues										
4164	Neches River Treatment Corp	9,712,286	8,399,326	9,979,053	4,265,105	\$ 8,582,611	10,636,068	2,053,456	657,015	7%
Expenses										
670	Operating Labor	4,485,898	4,053,382	4,655,170	2,097,192	4,194,384	4,906,993	712,609	251,823	5%
671	Direct Plant O&M	1,895,899	1,933,956	2,111,899	1,189,754	2,299,273	2,449,899	150,626	338,000	16%
672	Indirect Plant Operating Expenses	709,800	716,388	703,600	301,830	724,339	771,150	46,811	67,550	10%
673	Biological Solids	2,154,089	1,169,620	2,095,684	465,184	930,367	2,143,626	1,213,259	47,942	2%
674	Special Projects	84,000	177,237	84,000	59,614	119,228	84,000	(35,228)	-	0%
675	Regulatory Projects	111,100	78,944	68,600	22,331	54,921	60,400	5,479	(8,200)	-12%
679	Administrative Support	271,500	269,800	260,100	129,200	260,100	220,000	(40,100)	(40,100)	-15%
Total Department		\$ 9,712,286	\$ 8,399,326	\$ 9,979,053	\$ 4,265,105	\$ 8,582,611	\$10,636,068	\$ 2,053,456	657,015	7%
Net Incr (Decr) in Reserves					-	-	-	-	-	na

**Lower Neches Valley Authority
Water Rates Schedule
2026**

Raw Water Rate Schedule	Year		Per Unit	Rate Change	% Change
	2025	2026			
<u>Contracted</u>					
Spot Purchase (3)	\$4.600	\$5.000	1,000 Gallons	\$0.400	8.70%
Industrial - Contracted (1) (5)	\$0.460	\$0.500	1,000 Gallons	\$0.040	8.70%
Municipal - Contracted (1)	\$0.345	\$0.375	1,000 Gallons	\$0.030	8.70%
M&I - Excess Rate	\$0.920	\$1.000	1,000 Gallons	\$0.080	8.70%
Mining - Reservoir	\$1.380	\$1.500	1,000 Gallons	\$0.120	8.70%
Mining - Excess Rate	\$2.760	\$3.000	1,000 Gallons	\$0.240	8.70%
<u>Agriculture Water</u>					
Rice Irrigation Rate (2)	\$37.50	\$40.70	Acre-Foot	\$3.20	8.53%
Crawfish Water	\$37.50	\$40.70	Acre-Foot	\$3.20	8.53%
Ag-Rice Crop	\$37.50	\$40.70	Acre-Foot	\$3.20	8.53%
Ag-Turf/Hay/Leveling/Livestock, other	\$37.50	\$40.70	Acre-Foot	\$3.20	8.53%
<u>Other</u>					
Reservation Rate - Industry	\$74.95	\$81.47	Acre-Foot	\$6.52	8.70%
Reservation Rate-Municipality	\$56.21	\$61.10	Acre-Foot	\$4.89	8.70%
Duck Water (Recreation) (4)	\$37.50	\$40.70	Acre-Foot	\$3.20	8.53%
<u>Potable Water (Bolivar SUD)</u>	\$93,000	\$102,000	Month	\$9,000.00	9.68%
	\$1.000	\$1.050	1,000 Gallons	\$0.050	7.14%
<u>North Regional Water Treatment</u>	100% Cost Reimbursement				
Plus: Management Fee	\$7,500	\$7,500	Month	\$0.00	0.00%
30% of Operating Labor (Est.)	\$53,554	\$56,837	Month	\$3,283	6.13%
Allocation of Overhead	\$21,675	\$21,675	Month	\$0	0.00%

- (1) \$200 per month minimum; Plus Fuel Surcharge when Natural Gas rate exceeds \$4.50 per MMBTU
(2) consumption of 3.50 acre-feet per acre farmed on unmetered 1st crop rice fields and consumption of 1.50 acre-feet per acre farmed on unmetered 2nd crop rice fields.
(3) In 2019, the spot purchase is split from the excess rate
(4) \$250 sign-up fee per turn-out (TO) per customer
(5) Industrial water from Trinity River diversions are 'Industrial - Contracted' plus cost of water provided by others.