

Revenue Fund Water Supply



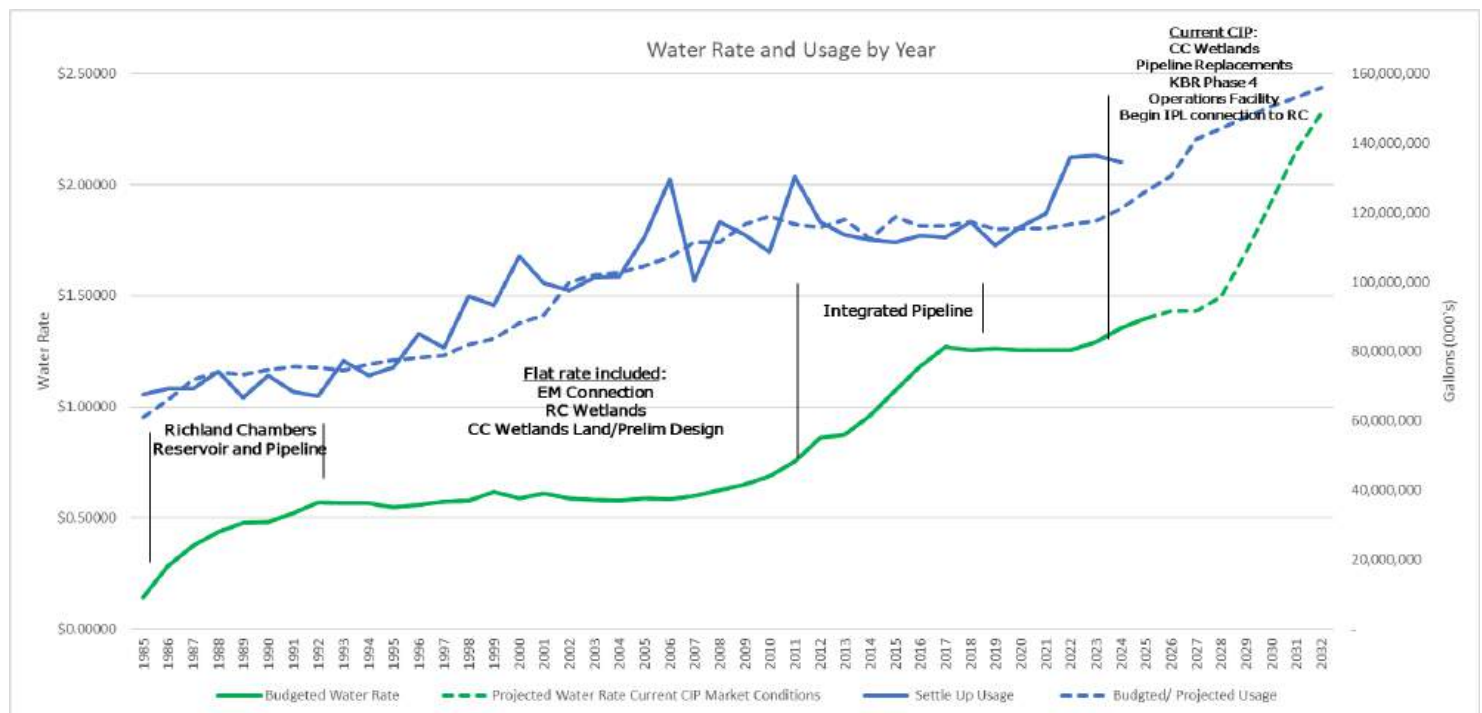
TRWD Revenue Fund - Water Supply FY26 Budget Highlights

Tarrant Regional Water District ("the District") exists to enrich communities and improve the quality of life through water supply and flood control. The District has approved a strategic plan to invest in our people, meet the rapid growth in our communities, further enhance our fiscal responsibility, and improve community stewardship.

The Revenue Fund budget for fiscal year 2026 shows an increase in the water rate of 2% due to \$2.2 billion of large capital projects over the next 7 years and higher maintenance and system improvements and capital. Some of these capital projects will be cash funded in order to be as strategic as possible to reduce interest expense and have less impact on the long term rate. All of these cost increases are described in more detail in the expense portion of the budget.

Some of the major projects in current CIP are shown below. (see "TRWD Capital Improvement Projects" on TRWD.com for detailed descriptions of projects)

- **Cedar Creek Wetlands** – This wetland facility is planned to allow water reclamation and enhance storage supply and yield of Cedar Creek Reservoir.
- **Aging Infrastructure Replacements** – The Cedar Creek Pipeline Replacement project is replacing distressed pipe on the 50 year old pipeline (see CIP presentation for age). The older pipe is being replaced with larger 90" and 102" welded steel pipes which will provide increased water deliver capacity.
- **Expanded Balancing Reservoir Capacity** - The KBR Phase 4 project is adding a new 165-million-gallon third cell at KBR providing additional emergency storage and optimized time-of-day capability.
- **Operations Facility** - The older operations facility no longer met work needs of staff and material storage was beyond maximum capacity; the new compound will accommodate the current workload and allow for future growth.
- **IPL Connection to Richland Chambers** - The new Section 16 IPL Pipeline will connect the future JRC1 pump station on Richland Chambers reservoir to the rest of the IPL water transmission system.



TRWD Revenue Fund - Water Supply FY26 Budget Summary

TRWD Purpose

Enriching communities and improving the quality of life through water supply, flood control, and recreation.

Water Supply Overview

TRWD supplies water to more than 2 million people in an 11-county service area, making it one of the largest water suppliers in the state. The District provides raw water to more than 50 direct wholesale customers in north central Texas, the largest of which include Fort Worth, Arlington, Mansfield, and the Trinity River Authority.

The District's service area population is projected to nearly double in the next 50 years. In anticipation of this growth, the District has begun planning for enough new water supply sources to provide water supply reliability through the year 2050. TRWD has a long-range water supply resilience and diversification plan to ensure a reliable water supply in extreme and challenging conditions, including power outages and climate change. TRWD is also pioneering the work to determine how to optimize regional water supply across north central Texas.

Below is the proposed Revenue Fund budget for fiscal year 2026. The Revenue Fund is supported by annual revenues from water sales and other miscellaneous income items that cover 100% of the annual cost of building, operating, and maintaining the Water Supply System.

Proposed FY26 Revenue Fund Budget

Expenditures	FY24 Actuals	FY25 Budget Approved	FY26 Budget Proposed	Change %
Operating Expenditures	\$ 65,613,380	\$ 82,997,536	\$ 81,875,704	(1.35)%
System Improvements & Capital	19,324,656	19,440,245	32,997,548	69.74 %
Debt Service	74,451,405	84,148,179	84,861,222	0.85 %
Total Expenditures	\$ 159,389,441	\$ 186,585,960	\$ 199,734,474	7.05 %

Revenues	FY24 Actuals	FY25 Budget Approved	FY26 Budget Proposed	Change %
Sale of Water	\$ 146,712,877	\$ 176,490,960	\$ 186,752,516	5.81 %
Dallas Water Utility - IPL	2,949,465	3,975,000	4,000,000	0.63 %
Interest Income	5,759,919	3,500,000	5,500,000	57.14 %
Water Conservation Contributions	1,131,530	1,229,768	1,217,918	(0.96)%
Other Income	2,835,650	1,390,232	2,264,040	62.85 %
Total Revenues	\$ 159,389,441	\$ 186,585,960	\$ 199,734,474	7.05 %

	FY24 Actual Rate	FY25 Budgeted Approved Rate	FY26 Budgeted Proposed Rate	Change %
System Rate	\$ 1.09091	\$ 1.40014	\$ 1.43092	2.20 %

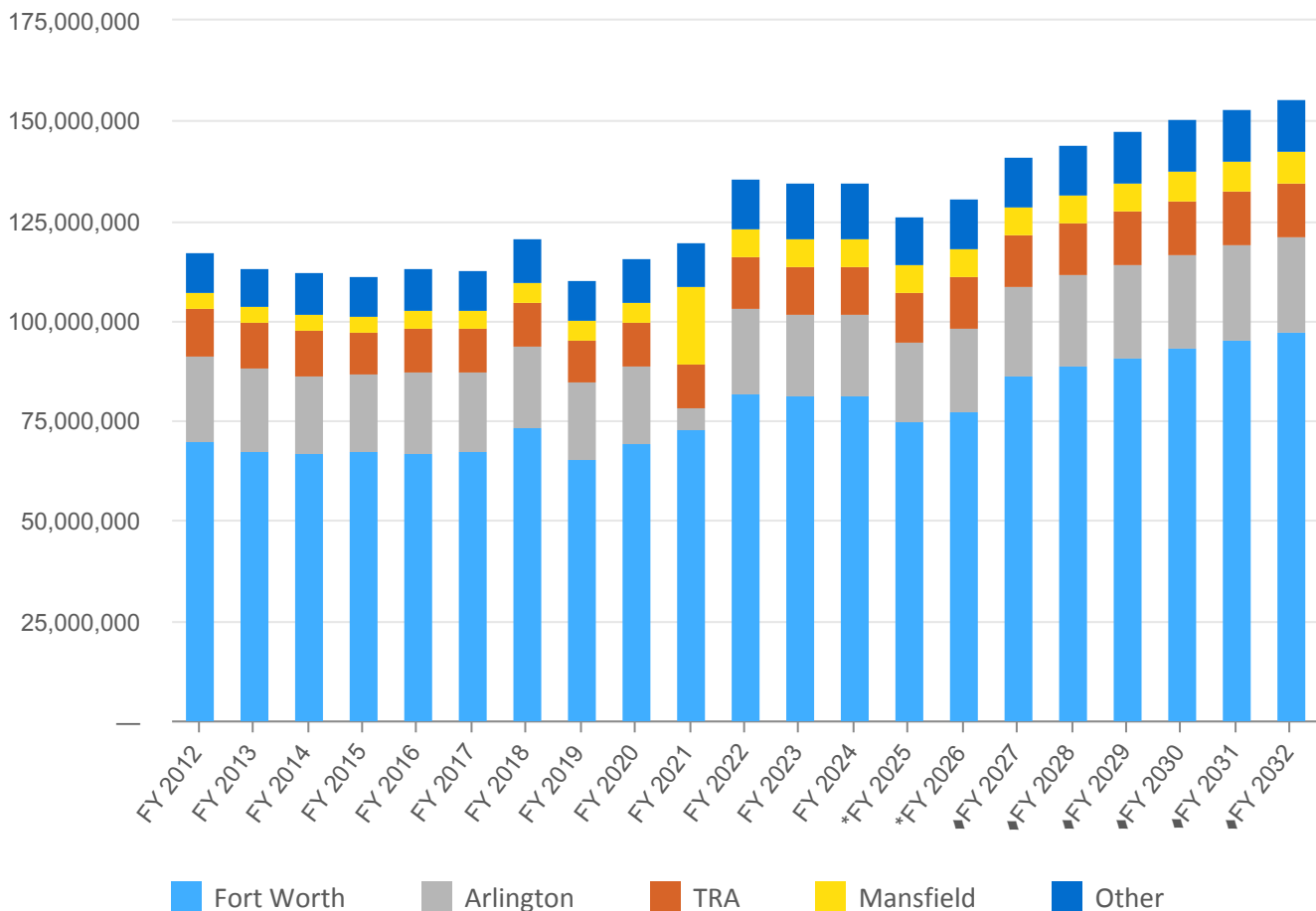
Water Supply Demands

Demand for water supply is based on many factors including population growth, water conservation, weather patterns, lake levels, and changing population lifestyles. All of these factors impact both current and future demands. The District continues to focus on water affordability as well as preparing for those future demands.

The graph below shows water usage for the past 13 years, budgeted usage for fiscal years 2025 and 2026, and projected usage for fiscal years 2027 - 2032. The District is currently preparing for future demands by expanding transmission system infrastructure, developing new sources of supply, and replacing aging infrastructure.

Note that the timing for new water supply sources and transmission system expansion is based on projections for dry-year usage to ensure adequate system capacity for all customers during those years. In the graph below, the years 2022 and 2024 are examples of dry years with higher water usage. The data from these types of years is considered and provides valuable input for the models that project future dry-year water supply needs.

Usage by Customer (000's gallons)



*Budgeted

♦Projected

System Rate Calculation

The sale of water revenue is estimated using the budgeted raw water rate multiplied by the estimated water usage for fiscal year 2026. This budgeted rate, expressed in dollars per 1,000 gallons, is calculated by taking the budgeted expenditures for fiscal year 2026, subtracting other income sources, and dividing that number by the estimated usage in gallons. Each fiscal year, the four primary customers provide their estimated usage for the year. The other customers' estimated usage is based on historical data combined with overall customer trends.

Net System Revenue Requirements	FY24 Actuals	FY25 Budget Approved	FY26 Budget Proposed	Variance	Change %
Total Expenditures	\$ 159,389,441	\$ 186,585,960	\$ 199,734,474	\$ 13,148,514	7.05 %
Less: Other Revenues Not Through Sale of Water	(12,676,564)	(10,095,000)	(12,981,958)	(2,886,958)	28.60 %
Net System Revenue Requirement	\$ 146,712,877	\$ 176,490,960	\$ 186,752,516	\$ 10,261,556	5.81 %

Projected Usage Gallonage (000's)	FY24 Actual Water Usage	FY25 Budgeted Water Usage	FY26 Budgeted Water Usage	Variance	Change %
Fort Worth	81,778,154	75,138,820	77,555,740	2,416,920	3.22 %
Arlington	19,988,617	19,863,483	20,761,976	898,493	4.52 %
Trinity River Authority	12,256,209	12,511,573	13,285,517	773,944	6.19 %
Mansfield	6,715,312	6,656,180	6,789,304	133,124	2.00 %
Other Customers	13,748,095	11,882,000	12,119,640	237,640	2.00 %
Total Gallonage (000's)	134,486,387	126,052,056	130,512,177	4,460,121	3.54 %

Calculated System Rate	FY24 Actual Rate	FY25 Budgeted Approved Rate	FY26 Budgeted Proposed Rate	Variance	Change %
District Rate	\$ 1.09091	\$ 1.40014	\$ 1.43092	\$ 0.03078	2.20 %

System Rate Model

The District utilizes a rate model to project future water rates. The District's estimated water supply expenses are combined with projections for raw water usage to calculate a projected water rate for future years. Projected Operations and Maintenance expenses are estimated to increase 10% each year while Pumping Power is generally held steady. Usage projections for fiscal year 2026 are provided by the customers. Usage for future years is the greater of customer projections or the dry-year model projections.

	FY25 Approved	FY26 Projected	FY27 Projected	FY28 Projected
SYSTEM OPERATIONS				
Operations and Maintenance	\$ 63,997,536	\$ 62,875,704	\$ 68,591,984	\$ 75,451,182
Pumping Power	19,000,000	19,000,000	19,000,000	19,000,000
Capital & System Improvements	19,440,245	32,997,548	33,863,000	23,297,000
TOTAL SYSTEM OPERATIONS	102,437,781	114,873,252	121,454,984	117,748,182
CURRENT DEBT SERVICE	\$ 79,985,204	\$ 79,967,747	\$ 80,016,496	\$ 79,914,963
PROPOSED BOND DEBT SERVICE				
2025 Issue - \$0 not needed	4,133,625	—	—	—
2026 Issue - \$180 mil (reduced issuance by \$20M to account for cash funded capital projects)		4,864,125	12,521,625	12,519,750
2027 Issue - \$230 mil (reduced issuance by \$20M to account for cash funded capital projects)			6,861,388	16,985,513
2028 Issue - \$333 mil (reduced issuance by \$12M to account for cash funded capital projects)				9,846,581
2029 Issue - \$430 mil				
2030 Issue - \$535 mil				
2031 Issue - \$340 mil				
2032 Issue - \$255 mil				
BOND PAYING AGENT FEES	29,350	29,350	29,700	30,050
TOTAL PROPOSED BOND DEBT SERVICE	4,162,975	4,893,475	19,412,713	39,381,894
TOTAL DEBT SERVICE	84,148,179	84,861,222	99,429,209	119,296,857
TOTAL EXPENDITURES	\$ 186,585,960	\$ 199,734,474	\$ 220,884,193	\$ 237,045,039
LESS: OTHER INCOME	\$ 10,095,000	\$ 12,981,958	\$ 12,073,253	\$ 14,832,474
NET SYSTEM REQUIREMENTS	\$ 176,490,960	\$ 186,752,516	\$ 208,810,940	\$ 222,212,565
PROJECTED WATER USE (1000 GAL.)	2025	2026	2027	2028
FORT WORTH	75,138,820	77,555,740	86,665,731	88,938,961
ARLINGTON	19,863,483	20,761,976	22,392,825	22,766,951
TRINITY RIVER AUTHORITY	12,511,573	13,285,517	12,928,806	13,066,160
MANSFIELD	6,656,180	6,789,304	6,812,573	7,004,139
OTHER	11,882,000	12,119,640	12,300,000	12,500,000
TOTAL USAGE	126,052,056	130,512,177	141,099,935	144,276,211
PROJECTED SYSTEM WATER RATES (\$/1000 GAL.)				
System Rate	\$ 1.40014	\$ 1.43092	\$ 1.47988	\$ 1.54019
PROJECTED SYSTEM REVENUE: (\$)				
FORT WORTH	\$ 105,205,126	\$ 110,976,078	\$ 128,254,862	\$ 136,982,767
ARLINGTON	27,811,725	29,708,732	33,138,689	35,065,397
TRINITY RIVER AUTHORITY	17,517,997	19,010,515	19,133,079	20,124,350
MANSFIELD	9,319,607	9,714,953	10,081,789	10,787,695
OTHER	16,636,505	17,342,238	18,202,521	19,252,356
TOTAL SYSTEM REVENUE	\$ 176,490,960	\$ 186,752,516	\$ 208,810,940	\$ 222,212,565

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System Rate Model

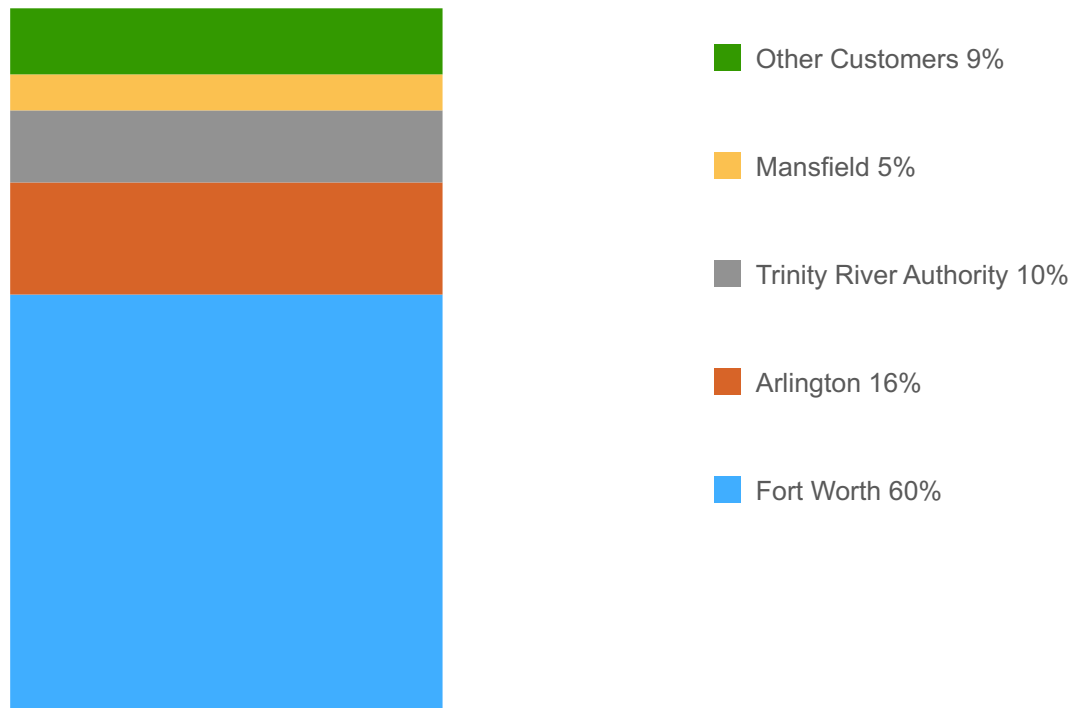
	FY29 Projected	FY30 Projected	FY31 Projected	FY32 Projected
SYSTEM OPERATIONS				
Operations and Maintenance	\$ 82,996,301	\$ 92,331,887	\$ 103,274,405	\$ 113,601,845
Pumping Power	19,000,000	19,000,000	19,000,000	19,000,000
Capital & System Improvements	10,500,000	10,250,000	10,250,000	10,250,000
TOTAL SYSTEM OPERATIONS	112,496,301	121,581,887	132,524,405	142,851,845
CURRENT DEBT SERVICE	\$ 79,862,226	\$ 75,639,440	\$ 70,159,334	\$ 69,733,717
PROPOSED BOND DEBT SERVICE				
2025 Issue - \$0 not needed	—	—	—	—
2026 Issue - \$180 mil (reduced issuance by \$20M to account for cash funded capital projects)	12,520,375	12,523,000	12,522,250	12,522,750
2027 Issue - \$230 mil (reduced issuance by \$20M to account for cash funded capital projects)	16,980,900	16,980,700	16,984,088	16,985,375
2028 Issue - \$333 mil (reduced issuance by \$12M to account for cash funded capital projects)	24,370,888	24,371,344	24,371,400	24,372,663
2029 Issue - \$430 mil	12,700,325	31,435,013	31,434,113	31,433,413
2030 Issue - \$535 mil		15,794,763	39,092,363	39,095,938
2031 Issue - \$340 mil			10,134,713	25,083,300
2032 Issue - \$255 mil				7,593,163
BOND PAYING AGENT FEES	30,400	30,750	31,100	31,100
TOTAL PROPOSED BOND DEBT SERVICE	66,602,888	101,135,570	134,570,027	157,117,702
TOTAL DEBT SERVICE	146,465,114	176,775,010	204,729,361	226,851,419
TOTAL EXPENDITURES	\$ 258,961,415	\$ 298,356,897	\$ 337,253,766	\$ 369,703,264
LESS: OTHER INCOME	\$ 16,932,474	\$ 19,132,474	\$ 15,332,477	\$ 13,332,475
NET SYSTEM REQUIREMENTS	\$ 242,028,941	\$ 279,224,423	\$ 321,921,289	\$ 356,370,789
PROJECTED WATER USE (1000 GAL.)				
	2029	2030	2031	2032
FORT WORTH	91,212,190	93,485,420	95,418,926	97,352,432
ARLINGTON	23,141,077	23,515,203	23,763,590	24,011,977
TRINITY RIVER AUTHORITY	13,203,513	13,340,867	13,381,247	13,421,627
MANSFIELD	7,195,705	7,387,271	7,575,987	7,764,703
OTHER	12,700,000	12,900,000	13,100,000	13,300,000
TOTAL USAGE	147,452,485	150,628,761	153,239,750	155,850,739
PROJECTED SYSTEM WATER RATES (\$/1000 GAL.)				
System Rate	\$ 1.64140	\$ 1.85373	\$ 2.10077	\$ 2.28662
PROJECTED SYSTEM REVENUE: (\$)				
FORT WORTH	\$ 149,715,956	\$ 173,296,337	\$ 200,453,105	\$ 222,607,626
ARLINGTON	37,983,832	43,590,739	49,921,809	54,906,170
TRINITY RIVER AUTHORITY	21,672,285	24,730,310	28,110,906	30,690,106
MANSFIELD	11,811,051	13,693,975	15,915,397	17,754,894
OTHER	20,845,817	23,913,063	27,520,072	30,411,993
TOTAL SYSTEM REVENUE	\$ 242,028,941	\$ 279,224,423	\$ 321,921,289	\$ 356,370,789

Water Usage Projections

The District's four primary customers, the cities of Fort Worth, Arlington, Mansfield, and the Trinity River Authority, provide an estimate of their usage to the District each year. The usage for other customers is estimated using historical data of reported usage.

Gallage (000'S)	FY24 Actual Water Usage	FY25 Budgeted Water Usage	FY26 Budgeted Water Usage	Variance	Change %
Fort Worth	81,778,154	75,138,820	77,555,740	2,416,920	3.22 %
Arlington	19,988,617	19,863,483	20,761,976	898,493	4.52 %
Trinity River Authority	12,256,209	12,511,573	13,285,517	773,944	6.19 %
Mansfield	6,715,312	6,656,180	6,789,304	133,124	2.00 %
Other Customers	13,748,095	11,882,000	12,119,640	237,640	2.00 %
Total Gallage (000's)	134,486,387	126,052,056	130,512,177	4,460,121	3.54 %

FY26 Budgeted Water Usage



Revenue Fund: Expenditures

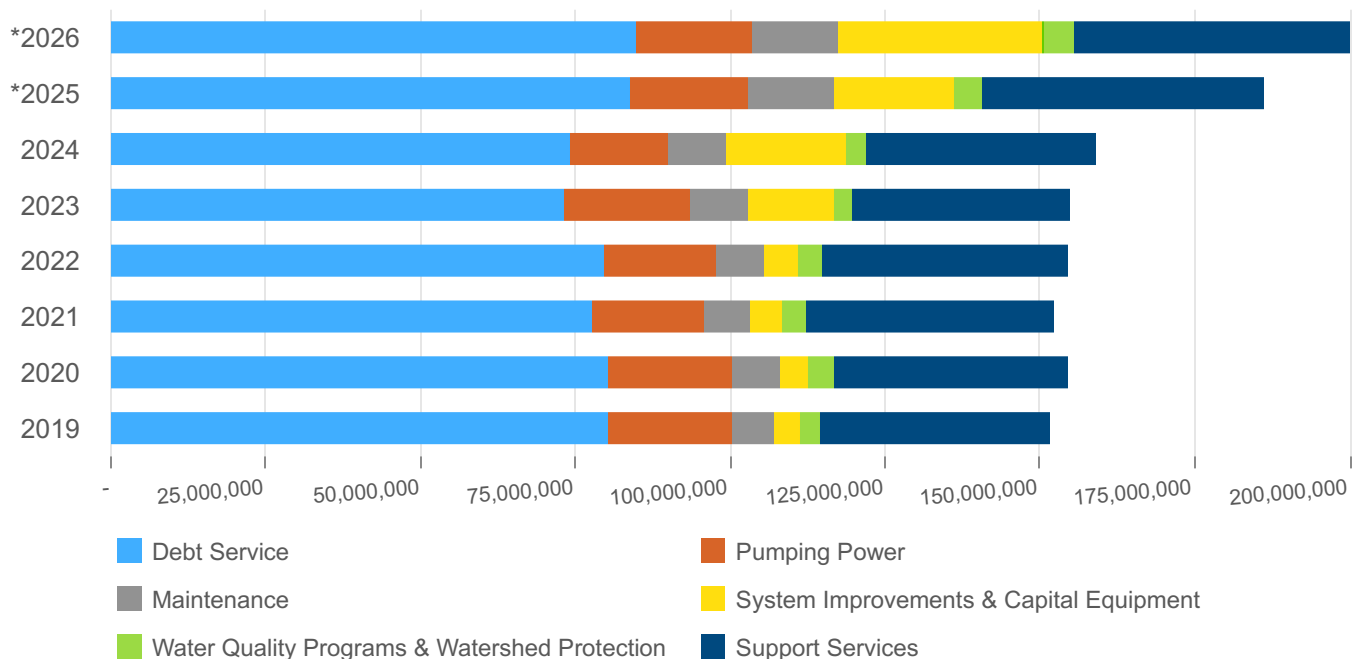
Expenditures Summary

Delivering a reliable and resilient water supply to over 2 million customers requires a combination of long-term planning and constant evaluation of the current system needs. Pumping power and maintenance provide a consistent supply of water through the existing system, while debt issuances for large capital projects, system improvements, and capital equipment allow the District to continue building the system needed to meet the rapid growth in the community. In fiscal year 2026 System Improvement and capital projects are budgeted to increase \$13.6 million. TRWD continuously reviews its expenditures, debt and system usage to maintain the most cost efficient way to pay for the system. This year we will be cash funding some of our capital projects to reduce the amount of debt that needs to be issued and therefore reduce long term system costs by incurring less interest expense.

The system is supported through administrative and professional services, information technology, and a diverse, well-trained workforce committed to being ready when the public needs them most. Support Services decreased \$1.3 million in 2026. This is due to the OPEB liability being funded at greater than 75%. See details on the Support Services & Employee-Related Expenditures page.

Budget Categories	FY24 Actuals	FY25 Budget Approved	FY26 Budget Proposed	Variance
Debt Service	\$ 74,451,405	\$ 84,148,179	\$ 84,861,222	\$ 713,043
Pumping Power	15,765,581	19,000,000	19,000,000	—
Maintenance	9,308,219	13,791,320	13,599,809	(191,511)
System Improvements & Capital	19,324,656	19,440,245	32,997,548	13,557,303
Environmental Stewardship & Public Outreach	3,334,229	4,363,542	4,778,875	415,333
Support Services	37,205,351	45,842,674	44,497,020	(1,345,654)
Total Expenditures	\$ 159,389,441	\$ 186,585,960	\$ 199,734,474	\$ 13,148,514

Revenue Fund Expenditures

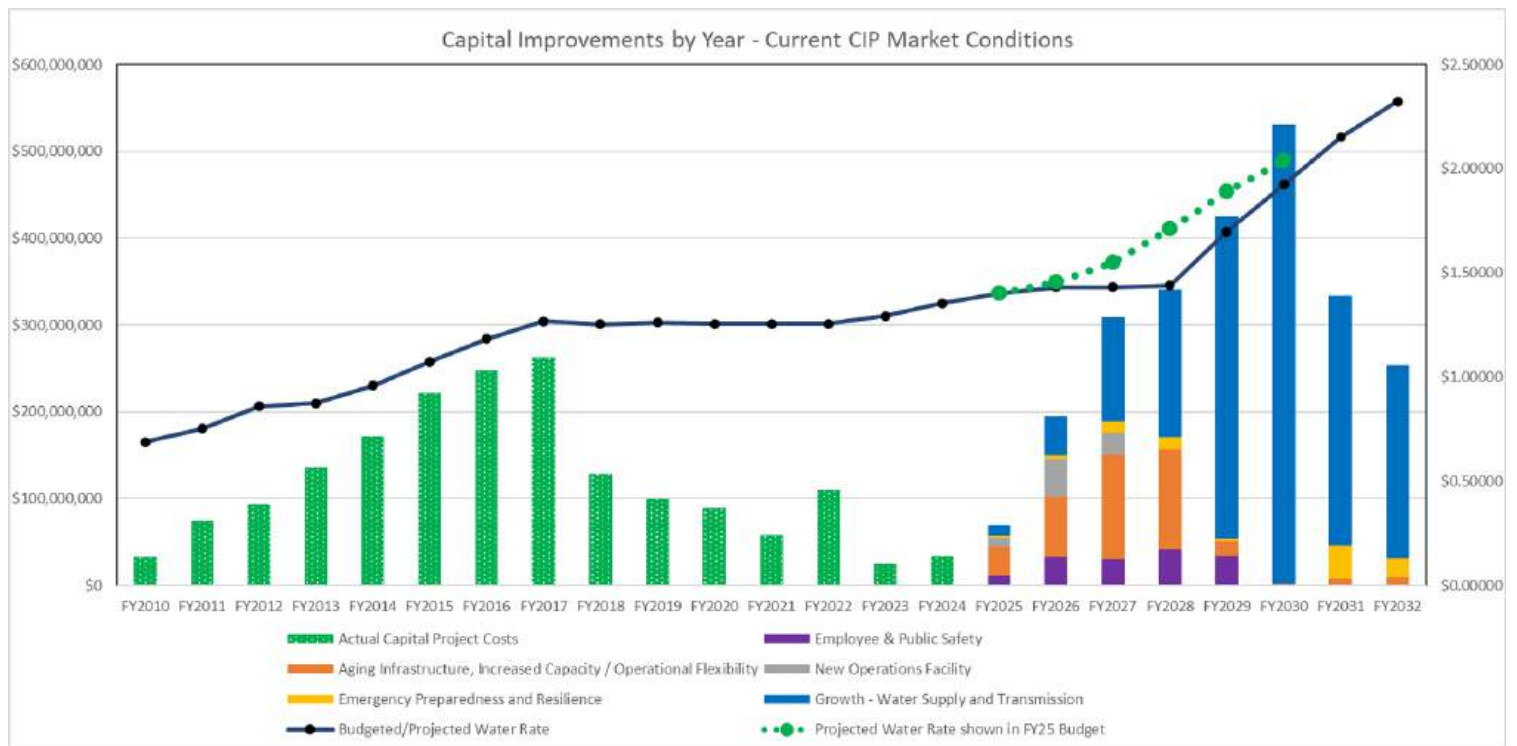


*Budgeted amounts

Debt Service Expenditures

The District is sensitive to the tension always present in providing reliable water supply service at the most affordable level. One key factor in keeping the water supply rate low is the issuance of debt, which distributes costs between current and future rate payers. See the rate model for more details.

	FY24 Actuals	FY25 Budget Approved	FY26 Budget Proposed	Variance
Bonds Payable	\$ 74,415,255	\$ 84,118,829	\$ 84,831,872	\$ 713,043
Bond Issuance Expense	28,000	23,000	23,000	—
Paying Agent Fees	8,150	6,350	6,350	—
Total Debt Service	\$ 74,451,405	\$ 84,148,179	\$ 84,861,222	\$ 713,043

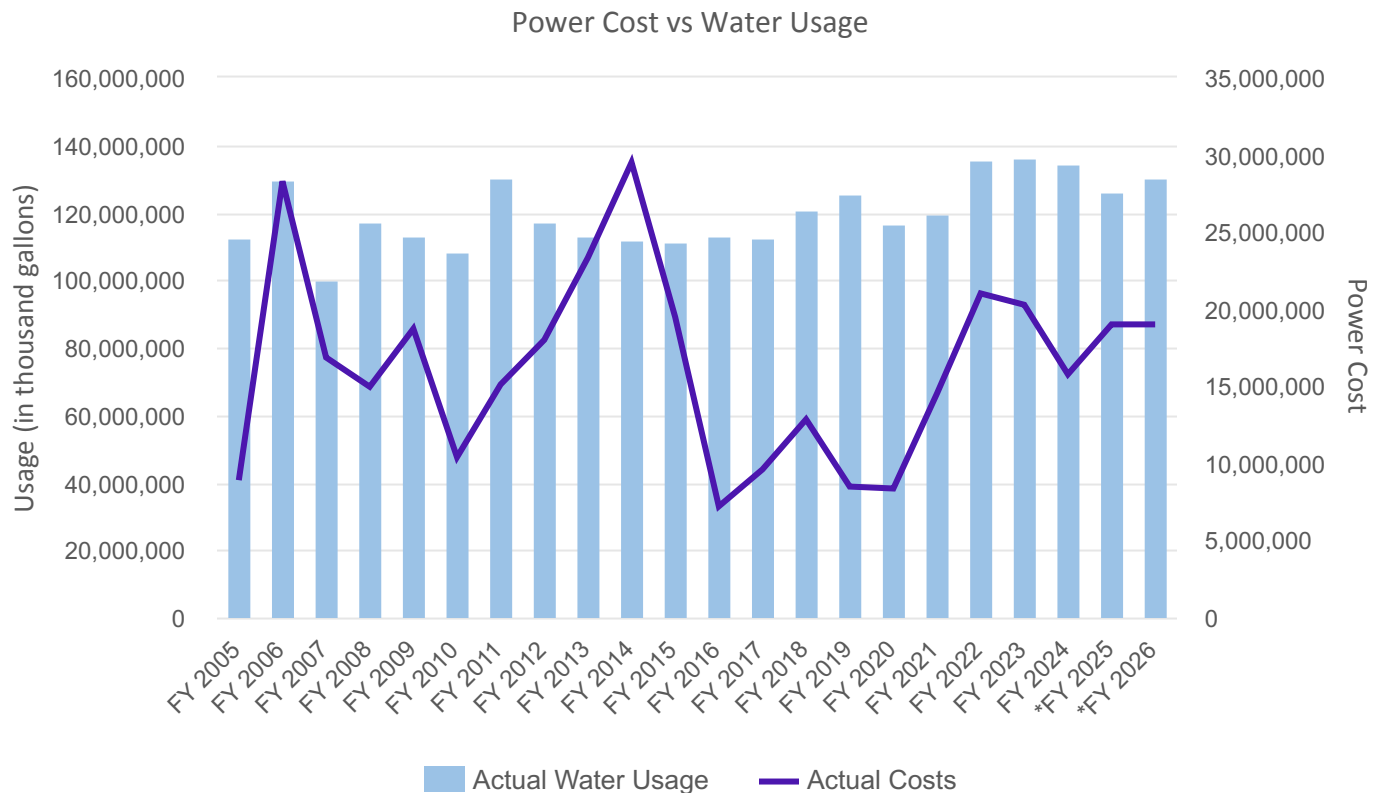


Pumping Power Expenditures

Pumping power is the cost of electricity needed to deliver water to the District's customers. Water usage and costs do not always have a direct correlation. From fiscal year 2014 to fiscal year 2016 the actual water usage stayed fairly level, but the cost of power dropped from \$30 million to \$10 million. The greater impact on actual costs is the amount of rainfall leading into the fiscal year and the overall unit cost of electricity.

Due to the unpredictability of rainfall and power costs, the District and the Customer Advisory Committee have agreed to maintain a steady pumping power budget to reduce budget volatility since the amount of water to be pumped each year can fluctuate greatly. To help offset costs in years where pumping power is higher than budget, the customers also approved a pumping power contingency fund that is currently fully funded at \$5 million.

	FY24 Actuals	FY25 Budget Approved	FY26 Budget Proposed	Variance
Pumping Power	\$ 15,765,581	\$ 19,000,000	\$ 19,000,000	\$ —



*Budgeted amounts

Maintenance Expenditures

The water supply maintenance budget consists of the costs needed to keep the existing water supply system functioning as intended and overall went down in 2026. More than half of the District's maintenance costs are for maintaining the pipeline and pump stations that move water from the reservoirs to the customers.

Pipeline & Pump Station costs decreased due to the decrease in budgeted pump unit rebuilds. The Pipeline Department has updated their budgeting approach from projection-based to needs-based.

Facilities & Grounds Maintenance increased in fiscal year 2026 due to an increase in the cost of mowing and maintaining the pipeline right of way both due to higher pricing as well as a larger area to maintain now that the entire core section of the IPL is being maintained, reservoir release warning system upgrades, and HVAC replacements at multiple pipeline facilities.

Maintenance Support increased mainly due to the increase in contract labor usage and price per hour. Contract labor supplements District staff for seasonal work.

		FY24 Actuals		FY25 Budget Approved		FY26 Budget Proposed		Variance
Pipeline & Pump Station	\$	4,011,407	\$	5,490,500	\$	5,039,000	\$	(451,500)
Pipeline Chemicals		885,332		1,830,000		1,745,000		(85,000)
Facilities & Grounds Maintenance		1,860,306		3,293,430		3,518,888		225,458
Equipment & Fleet		917,741		1,240,440		1,243,111		2,671
Maintenance Support		912,670		971,950		1,063,950		92,000
Benbrook Reservoir O&M		536,179		650,000		625,000		(25,000)
Stream Gauging Stations		184,584		315,000		364,860		49,860
Total	\$	9,308,219	\$	13,791,320	\$	13,599,809	\$	(191,511)

System Improvements and Capital Expenditures

The Revenue Fund system improvements and capital budget generally consists of shorter-term projects that enhance and rehabilitate the current system and capital needed to support the system. In fiscal year 2026 the District will cash fund some of the capital projects to avoid having to incur debt and pay interest for these projects. See Construction & Repair projects for further details.

System Study & Design Projects decreased primarily due to the implementation of the new Enterprise Resource Planning system concluding in fiscal year 2025.

The water supply contract budget is a potential contract with the Trinity River Authority (TRA) to secure the rights to additional water supply.

Additional details are shown on the following page.

	FY24 Actuals	FY25 Budget Approved	FY26 Budget Proposed	Variance
System Study & Design Projects	1,536,391	3,825,970	1,942,500	(1,883,470)
Pump & Valve Projects	2,384,398	3,868,900	4,584,900	716,000
Construction & Repair Projects	14,663,600	9,025,375	22,193,748	13,168,373
Capital Equipment*	740,267	2,150,000	3,706,400	1,556,400
Water Supply Contract	—	570,000	570,000	—
Total \$	19,324,656 \$	19,440,245 \$	32,997,548 \$	13,557,303

*The District considers machinery or equipment purchases of \$10 thousand or more capital equipment.

System Improvements and Capital Details

	FY26 Budget Proposed
<u>System Study & Design Projects</u>	
Contract To Restore District Right Of Ways After Pipe Replacement	300,000
System Operating Permit Evaluation	275,000
UTA Research/Study Butterfly Value	150,000
Aviso planning for Incorporation of RC and CC into the Flood Model	125,000
Arc Flash Updates	105,000
Eagle Mountain Lake High Flow Operations Assessment	105,000
GSI Implementation on TRWD Properties	105,000
NTMWD/DWU Interconnection Optimization Study	100,000
Sulphur River Basin Study	100,000
Engineering Consulting	60,000
ERP/HRIS System Implementation	52,500
CC Wetlands Collaboration with NTMWD Study	50,000
CEQUAL-W2 Modeling	50,000
SCADA Master Plan	50,000
JB3 Cooling Tower Improvements	20,000
Miscellaneous System Study & Design Projects	295,000
	\$ 1,942,500
 <u>Pump & Valve Projects</u>	
JB3 Pump Station Maintenance	857,900
VFD Annual Maintenance	700,000
RC1 Rewind 2 5500hp Motors	650,000
Eagle Mountain Flow Control Valves	620,000
Fuel System Upgrades	467,000
Comprehensive Industrial Control System Upgrade at BB1/BB2	350,000
VFD Upgrades (RC3H & JB3)	3 25,000
Overhead Crane Replacement	225,000
BB2 - Pump #4 Rehab	210,000
JB3 RELOCATE TRIDENT ACTUATORS	180,000
	\$ 4,584,900
 <u>Construction & Repair Projects</u>	
Cash Funding for Capital Projects - Cedar Creek Pipeline Replacement	18,880,873
CC1 Chlorine Demolition & Caustic Soda Improvements	1,900,000
Silt Removal at Shannon Wetlands	500,000
RC Embankment Phase 2	375,000
JB3 Cooling Tower Improvements	200,000
Grounds Improvements	110,000
Miscellaneous Construction & Repair Projects	227,875
	\$ 22,193,748

Revenue Fund

<u>Capital Equipment</u>	<u>FY26 Budget Proposed</u>
ROBINSON R66 HELICOPTER	1,350,000
Pickup Trucks	1,132,500
Heavy Equipment	450,600
Lifecycle Replacement Of Network Core Equipment	375,000
LED Boat Replacement	\$ 125,000
Miscellaneous Capital Equipment	249,300
Other Pump Station and Environmental Equipment	24,000
	\$ 3,706,400
 Water Supply Contract	 \$ 570,000
Total System Improvements & Capital	\$ 32,997,548

*All individual items listed under "Miscellaneous" are \$100 thousand or less.

Environmental Stewardship & Public Outreach

TRWD is committed to providing the public it serves with a clean, plentiful water supply and being a good steward of our watersheds and the environment. The Water Conservation Program has enabled TRWD to defer capital costs as people use less water than initially projected. The program has also expanded services and participation has steadily grown year over year. The programming expenditure increase will allow the District to update the conservation strategic plan with help from a consultant as we engage and involve our customer cities through multiple public input meetings, while we continue to provide additional customer city classes, workshops and events, residential sprinkler system evaluations and landscape consultations, and outreach resources. Likewise, the Watersheds Program continues to serve TRWD's mission by extending the life of our reservoirs by reducing erosion and sedimentation through targeted landowner engagement, education, and assistance. By directly assisting soil and water conservation districts who administer technical and financial assistance to qualifying agricultural producers, TRWD is leveraging federal and state funding to promote best management practices that help landowners keep soil on their properties and out of our reservoirs. By expanding into new watersheds and reaching new audiences, we are ensuring a reliable source of water for years to come.

	FY24 Actuals	FY25 Budget Approved	FY26 Budget Proposed	Variance
Water Conservation Program*	\$ 2,666,581	\$ 3,410,502	\$ 3,829,002	\$ 418,500
Watershed Protection	278,438	405,650	426,650	21,000
Environmental Stewardship	344,333	416,961	403,910	(13,051)
Public Outreach & Events	44,877	130,429	119,313	(11,116)
Total	\$ 3,334,229	\$ 4,363,542	\$ 4,778,875	\$ 415,333

* See next page for Water Conservation Program details.



TRWD actively participates in an average of 60 events per year with the TRWD Stream Trailer.

Water Conservation Program Revenues and Expenditures:

Program Area	FY25 Budgeted Expenditures	FY26 Budgeted Expenditures	FY26 Budgeted Contributions	TRWD Portion
"Water is Awesome" Campaign	\$ 2,035,002	\$ 2,035,002	\$ 1,166,668	\$ 868,334
Program Support (evaluations, watering advice, etc.)	885,000	877,000	20,000	857,000
School Education Program	313,000	373,000	—	373,000
Customer City Assistance Program	—	350,000	—	350,000
Video and Promotional Items	88,500	105,000	—	105,000
Rain Barrel & Customer City Workshops	65,000	65,000	12,250	52,750
Regional Symposiums	24,000	24,000	19,000	5,000
Total	\$ 3,410,502	\$ 3,829,002	\$ 1,217,918	\$ 2,611,084

Water Conservation has successfully developed and managed effective outreach and education programs. We are focused on customer city and community support to help build resilient and reliable long-term water supplies and promoting the importance and value of water and related infrastructure in our daily lives. Water Conservation programs focus on customer city support, regional coordination, adult classes, youth education, reducing outdoor water waste from sprinklers, and creating water champions in our communities.

Dallas and NTMWD each contribute \$583 thousand per year to the regional "Water is Awesome" Campaign, which covers broadcast TV, radio, digital, and other forms of outreach. The \$285 thousand difference between their portions and TRWD's covers local costs for specific advertising and promotions within our service area and includes billboards, local print ads, local cable ads, and radio ads. Additional details regarding the budgeted contribution revenues are shown on page 28.

The proposed increase in FY26 budgeted expenditures includes a new "Customer City Assistance Program" to support additional conservation measures. Staff will provide technical expertise, program support, and financial assistance for customer cities to advance water conservation within their service area. Staff will work with the customer city on the program that works best for them and examples include: third-party system water loss audits, leak detection equipment and/or services, home water use reports, public facility sprinkler system upgrades, residential high-efficiency toilet/showerhead distribution, public facility and/or residential landscape conversion incentives, and public facility and/or institutional large property irrigation audits is related to new improved customer city support for school education programs and maintaining services with increased costs for residential sprinkler system evaluations and promotional items such as moisture meters, brochures, and rain gauges.



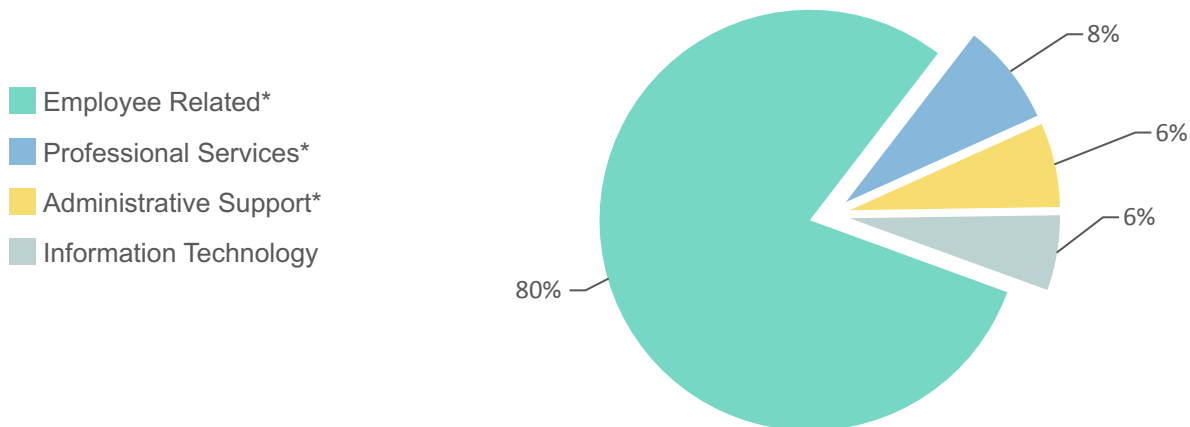
Support Services Summary

Support services makes up 22% of the overall Revenue Fund budget and serves to support the District's efforts in supplying water to customers. The largest portion of this cost is the District's investment in its people, resulting in strong employee retention, low turnover rates, high employee engagement, and a stable culture. Additional details are given on the following pages.

		FY24 Actuals		FY25 Budget Approved		FY26 Budget Proposed		Variance
Employee Related*	\$	30,349,081	\$	36,350,953	\$	35,547,973	\$	(802,980)
Professional Services*		2,045,760		4,136,404		3,485,969		(650,435)
Administrative Support*		2,782,499		2,840,243		2,892,792		52,549
Information Technology*		2,028,011		2,515,074		2,570,286		55,212
Total Support Services	\$	37,205,351	\$	45,842,674	\$	44,497,020	\$	(1,345,654)

* Additional details on following pages.

FY26 Revenue Fund Support Services



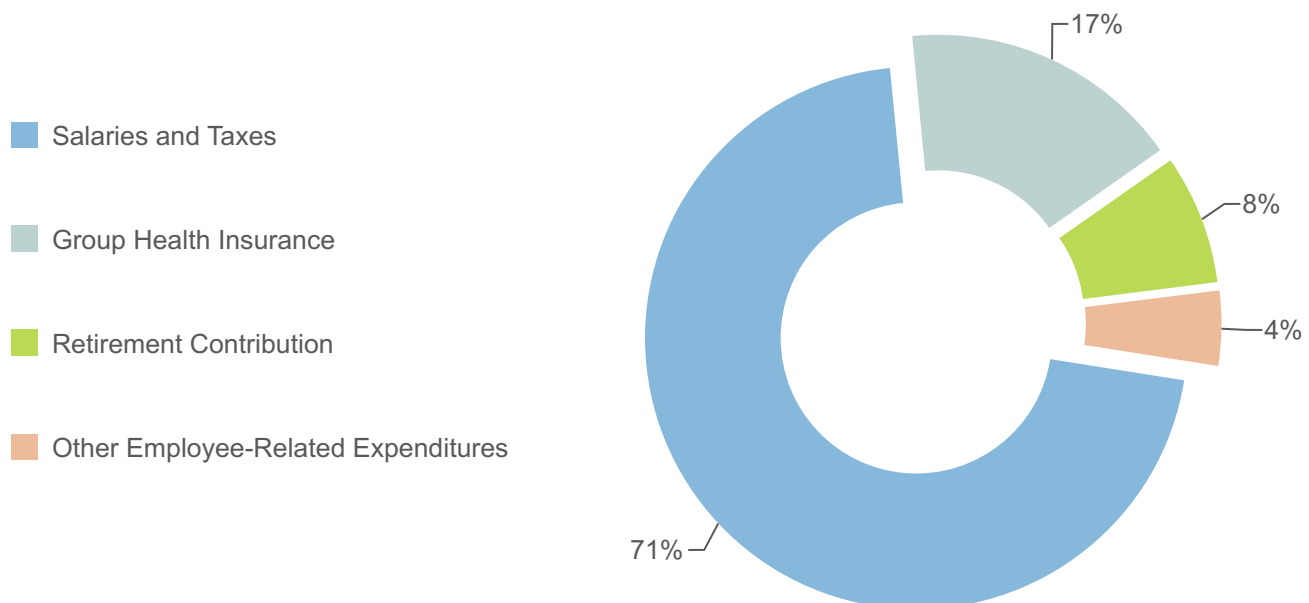
Support Services Employee-Related Expenditures

TRWD is proposing an addition of 7 FTEs (full-time equivalents) in 2026. These additions support TRWD's growth in infrastructure and provide the related support services within the areas of: system operations, SCADA, engineering, law enforcement, purchasing, and watershed management.

TRWD maintains an Other Post Employment Benefit (OPEB) trust to cover the actuarial liability related to its provision of medical insurance to retirees and their families. This retirement benefit was discontinued for new employees in 2017, thus the liability is finite. As of September 30, 2024, TRWD's OPEB trust was valued at 82% of the liability. Per the OPEB policy, contributions may cease once the Trust Fund has reached 75% of the liability; therefore, the District will not contribute to the OPEB trust in 2026.

		FY24 Actuals		FY25 Budget Approved		FY26 Budget Proposed		Variance
Salaries and Taxes	\$	21,156,687	\$	24,842,197	\$	25,224,978	\$	382,781
Group Health Insurance		4,186,716		5,828,647		5,975,287		146,640
Retirement Contribution		2,402,948		2,722,243		2,756,008		33,765
Other Post Employment Benefits		1,249,712		1,361,715		—		(1,361,715)
Other Employee-Related Expenditures		1,353,018		1,596,151		1,591,700		(4,451)
Total	\$	30,349,081	\$	36,350,953	\$	35,547,973	\$	(802,980)

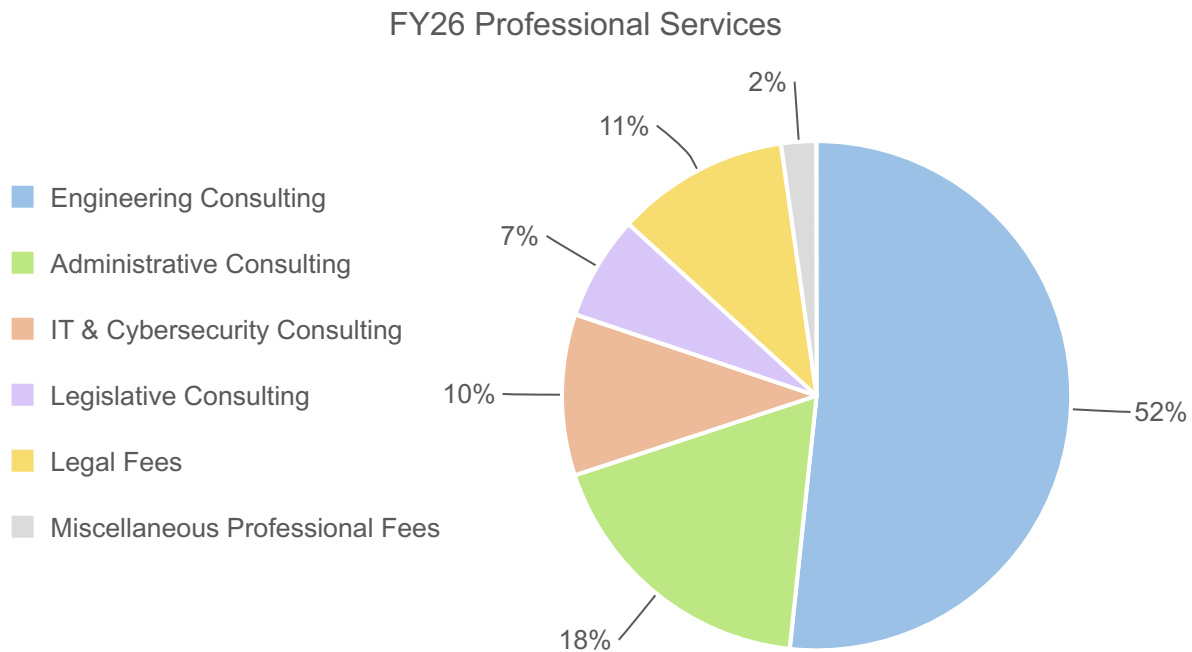
FY26 Employee-Related Expenditures



Support Services Professional Services Expenditures

Professional services are provided by external vendors with specialized technical expertise to support District efforts. Our Professional scenario requirements in FY 2026 are projected to be very similar to those in FY 2025.

	FY24 Actuals	FY25 Budget Approved	FY26 Budget Proposed	Variance
Engineering Consulting	\$ 556,744	\$ 1,928,050	\$ 1,801,725	\$ (126,325)
Administrative Consulting	525,432	747,994	636,459	(111,535)
IT & Cybersecurity Consulting	217,590	471,975	357,000	(114,975)
Legislative Consulting	256,621	290,250	230,250	(60,000)
Subtotal Consulting Fees	1,556,387	3,438,269	3,025,434	(412,835)
Legal Fees	449,677	615,750	382,875	(232,875)
Miscellaneous Professional Fees	39,696	82,385	77,660	(4,725)
Total Professional Services	\$ 2,045,760	\$ 4,136,404	\$ 3,485,969	(650,435)



Support Services
Administrative Support Expenditures

Administrative support services consist of a variety of overhead expenditures that support the District's water supply system as a whole. These categories tend to remain relatively stable from year to year.

	FY24 Actuals	FY25 Budget Approved	FY26 Budget Proposed	Variance
Utility Costs	\$ 606,022	\$ 658,600	\$ 611,062	\$ (47,538)
Insurance	664,237	771,527	839,409	67,882
Memberships	434,479	457,548	465,591	8,043
Administrative Building Leases	479,796	391,554	391,554	—
Administrative Building Maintenance	372,597	217,978	224,070	6,092
Communication Equipment	63,045	120,800	106,913	(13,887)
Legal Notices	2,237	2,075	2,600	525
Other Administrative Support	160,086	220,161	251,593	31,432
Total	\$ 2,782,499	\$ 2,840,243	\$ 2,892,792	\$ 52,549

Support Services
Information Technology

Information Technology supports the District's technology needs. These categories tend to remain relatively stable from year to year.

Information Technology	FY24 Actuals	FY25 Budget Approved	FY26 Budget Proposed	Variance
Hardware	\$ 838,513	\$ 800,888	\$ 914,550	\$ 113,662
Software	1,189,498	1,714,186	1,655,736	(58,450)
Total Information Technology	\$ 2,028,011	\$ 2,515,074	\$ 2,570,286	\$ 55,212

Revenue Fund: Revenues

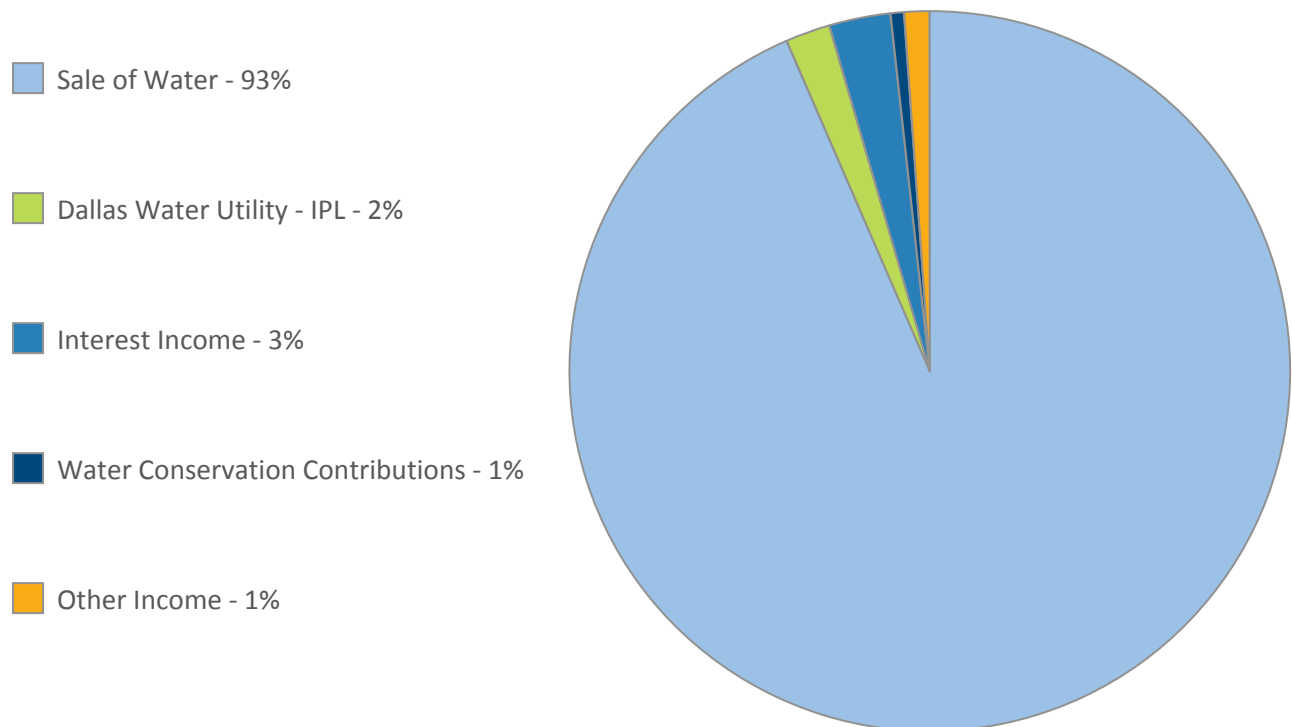
Sources of Revenue Summary

The primary source and largest single component of income to the Revenue Fund is the sale of water, which makes up 93% of the total budgeted revenues for fiscal year 2026. Interest earned on investments, contributions to the water conservation program, and other income (leases, permit revenues, and other water sales) comprise approximately 5% of the budgeted revenues for fiscal year 2026. The remaining 2% consists of maintenance costs shared with Dallas Water Utilities on the Integrated Pipeline (IPL) project.

Sources	FY24 Actuals	FY25 Budget Approved	FY26 Budget Proposed	Variance	Change %
Sale of Water*	\$ 146,712,877	\$ 176,490,960	\$ 186,752,516	\$ 10,261,556	5.81 %
Dallas Water Utility - IPL*	2,949,465	3,975,000	4,000,000	25,000	0.63 %
Interest Income*	5,759,919	3,500,000	5,500,000	2,000,000	57.14 %
Water Conservation	1,131,530	1,229,768	1,217,918	(11,850)	(0.96)%
Other Income	2,835,650	1,390,232	2,264,040	873,808	62.85 %
Total Revenues	\$ 159,389,441	\$ 186,585,960	\$ 199,734,474	\$ 13,148,514	7.05 %

*Additional Details on the following pages

FY26 Budgeted Revenues

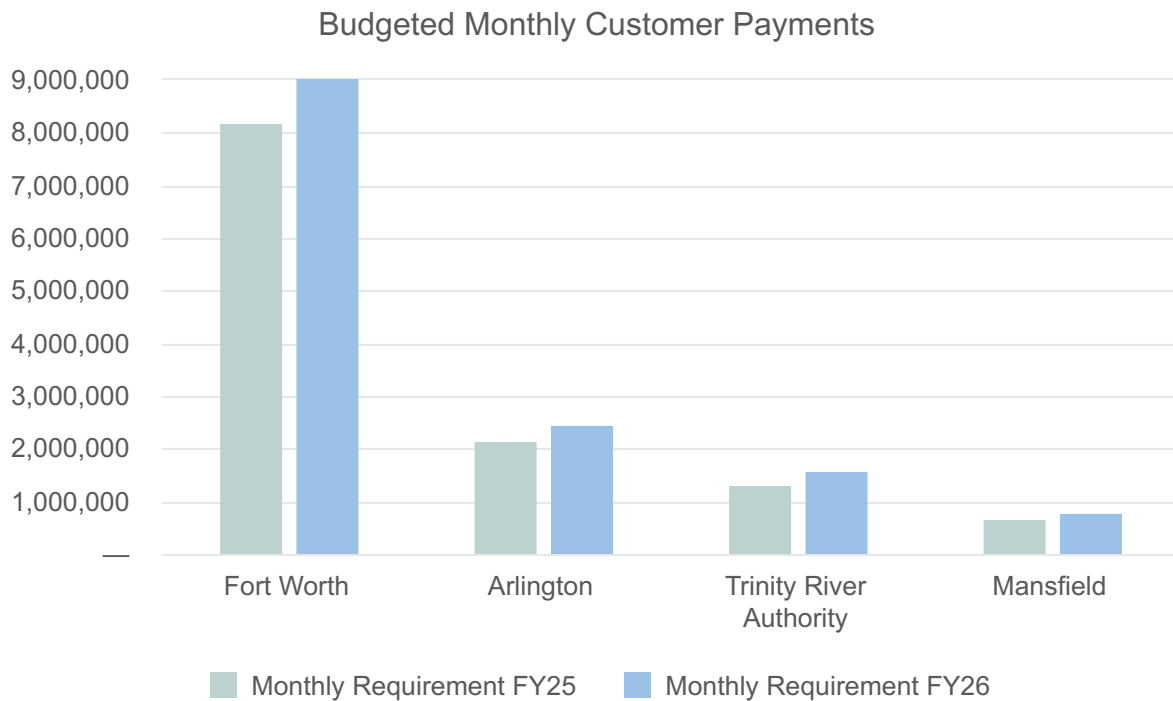


Sources of Revenue Sale of Water

Customer Monthly Payments

	Fort Worth	Arlington	Trinity River Authority	Mansfield
FY 2026 Estimated Usage (000's)	77,555,740	20,761,976	13,285,517	6,789,304
FY 2026 Rate per 1,000 Gallons	\$ 1.43092	\$ 1.43092	\$ 1.43092	\$ 1.43092
FY26 Budgeted Revenue Requirement	\$ 110,976,078	\$ 29,708,732	\$ 19,010,515	\$ 9,714,953
FY25 Budgeted Revenue Requirement	\$ 105,205,126	\$ 27,811,726	\$ 17,517,997	\$ 9,319,607

Monthly Requirement FY26	\$ 9,248,007	\$ 2,475,728	\$ 1,584,210	\$ 809,579
Monthly Requirement FY25	\$ 8,767,094	\$ 2,317,644	\$ 1,459,833	\$ 776,634



Sources of Revenue

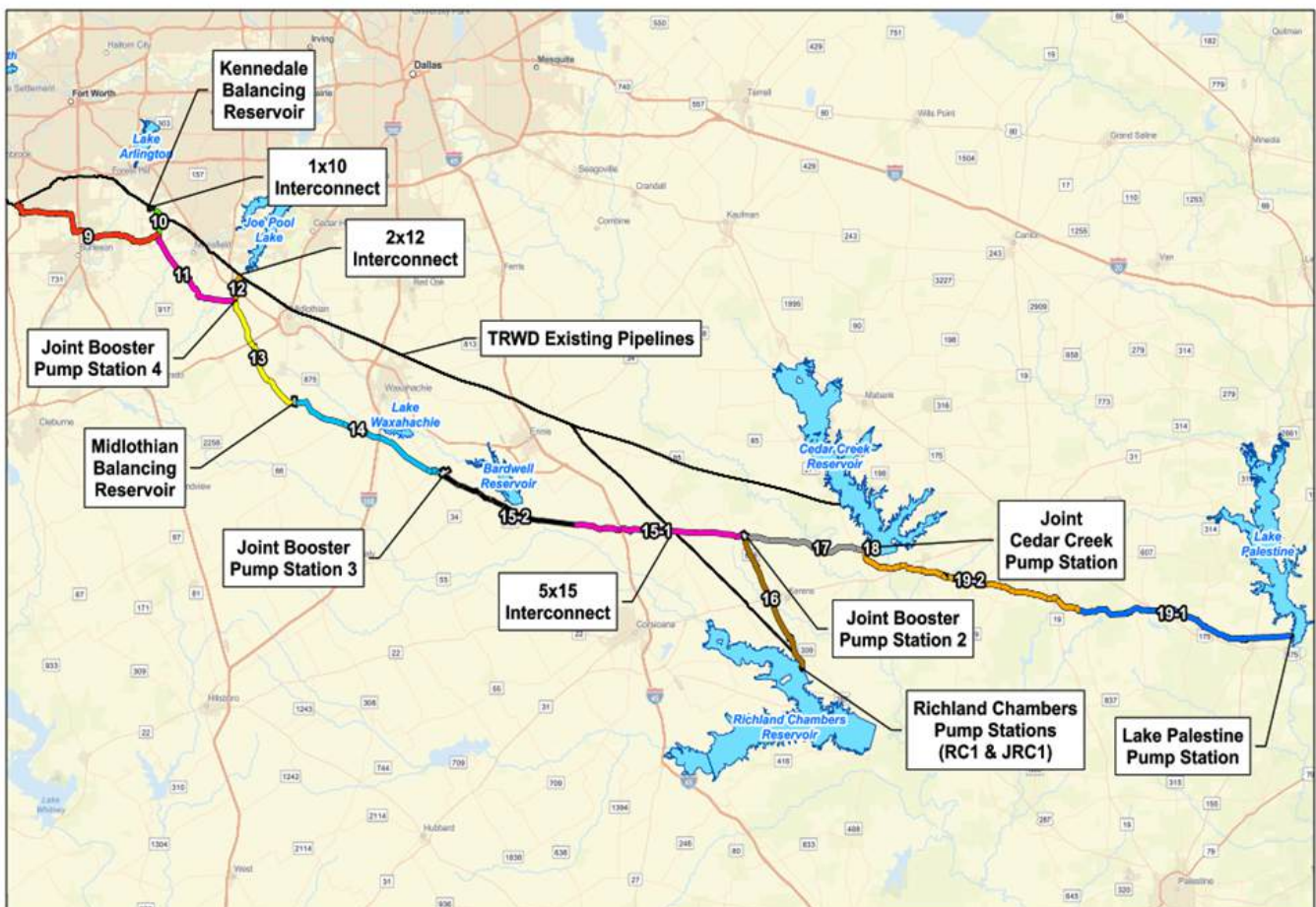
Dallas Water Utility - Integrated Pipeline Project

The District and Dallas Water Utilities (DWU) share costs on certain portions of the Integrated Pipeline project. The costs shown below are added as revenues to the Revenue Fund budget to offset a portion of current operating and maintenance (O&M) and capital replacement costs.

Direct O&M costs are incurred specifically on joint or Dallas-only sections of the pipeline system. Direct labor hours are also billed directly to specific portions of the pipeline. Indirect O&M costs and Capital Replacement costs benefit the District water supply system as a whole and are allocated between the District and DWU based on each entity's applicable share of system asset value.

Indirect labor costs similarly are for departments and personnel that provide support to the water supply system overall, and therefore their personnel costs are split based on the system asset value.

	FY24 Actuals	FY25 Budget Approved	FY26 Budget Proposed	Variance
Direct O&M Costs	\$ 264,430	\$ 450,000	\$ 500,000	\$ 50,000
Direct O&M Labor	185,005	425,000	500,000	75,000
Total Direct Operating Costs	449,435	875,000	1,000,000	125,000
Indirect O&M Costs	993,593	1,500,000	1,500,000	—
Indirect O&M Labor	1,395,978	1,000,000	1,000,000	—
Capital Replacement Costs	110,459	600,000	500,000	(100,000)
Total Indirect Operating Costs	\$ 2,500,030	\$ 3,100,000	\$ 3,000,000	\$ (100,000)
Total DWU Budgeted Revenues	\$ 2,949,465	\$ 3,975,000	\$ 4,000,000	\$ 25,000



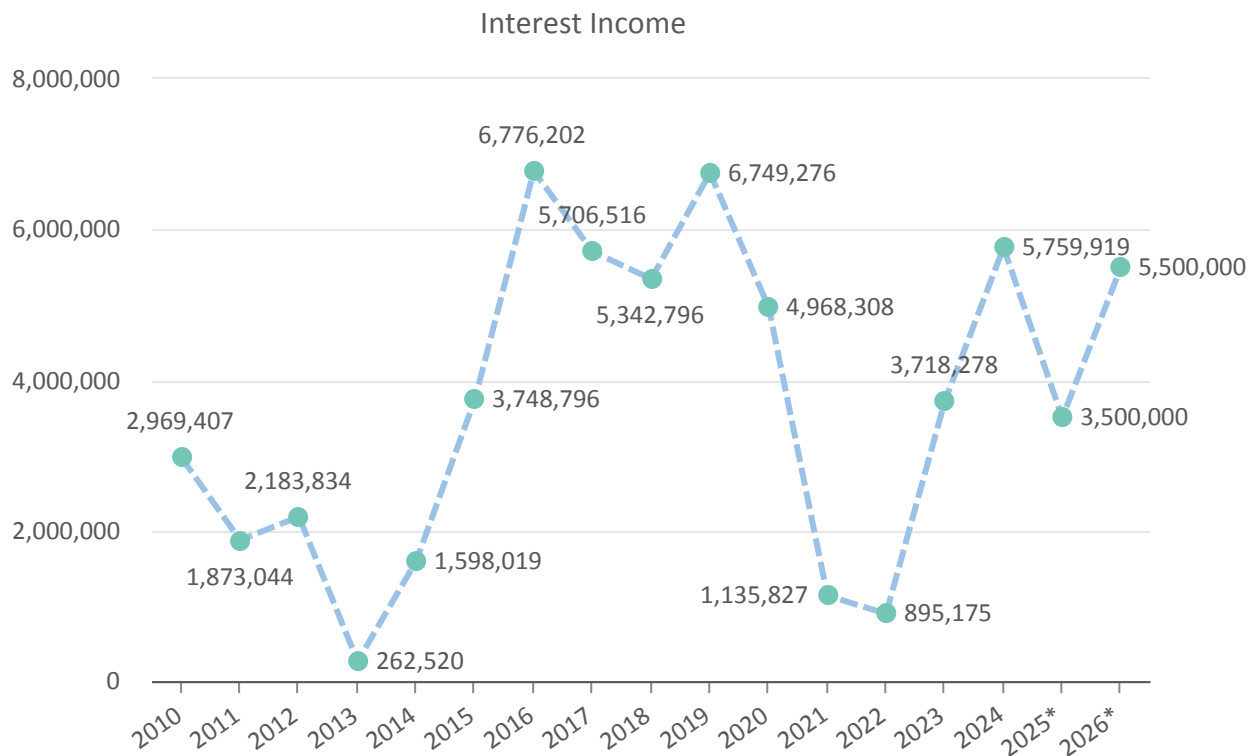
Sources of Revenue

Interest Income

The Revenue Fund budgeted interest income includes interest generated from the operating Revenue Fund as well as the Bond Reserve Fund and unspent bond proceeds. The majority of the income comes from the Reserve Fund which holds a balance equal to the largest annual debt service payment, per bond covenant requirements, which can be invested in longer-term investments.

Interest income is expected to increase compared to the fiscal year 2025 budget due to a rising interest rate environment. To be conservative, the District is assuming a 3% interest rate for short-term investments in fiscal year 2026. The District invests in US government and agency fixed income securities as well as investments in Local Government Investment Pools.

The graph below illustrates the actual interest earned on investments for the past 15 years as well as budgeted interest income for fiscal years 2025 and 2026.



*Budgeted Interest Income

Sources of Revenue

Water Conservation Contributions

Contribution revenues help off-set the District's expenses for the water conservation Program. In fiscal year 2026, these revenues will account for \$1.2 million in income for the Revenue Fund.

The five-year memorandum of understanding (MOU) for the regional Public Outreach & Education campaign with the City of Dallas (Dallas) and North Texas Municipal Water District (NTMWD) was renewed in fiscal year 2024 for an additional 5 years. Both Dallas and NTMWD agreed to renew the Public Outreach & Education campaign, also known as "Water is Awesome," at the current budget of \$583,334 each.

Water Conservation Program Revenues mainly consist of cost-share agreements with the other major regional wholesale water providers: City of Dallas, North Texas Municipal Water District and Upper Trinity Regional Water District. A memorandum of understanding defines the cost share of the Water is Awesome "Public Outreach & Education", "Program Support (weekly watering advice)" and "Regional Symposium" programs. Additional revenue comes from participant and/or customer city cost-share for rain barrel workshops with Tarrant County Master Gardeners.

Water Conservation Program Revenues	FY24 Actuals	FY25 Budget Approved	FY26 Budget Proposed
Public Outreach & Education - City of Dallas	\$ 554,300	\$ 583,334	\$ 583,334
Public Outreach & Education - NTMWD	543,412	583,334	583,334
Program Support (weekly watering advice)	6,690	20,000	20,000
Rain Barrel & Customer City Workshops	9,673	24,100	12,250
Regional Symposium - City of Dallas	4,775	5,000	5,000
Regional Symposium - NTMWD	4,535	5,000	5,000
Regional Symposium - UTRWD	4,535	5,000	5,000
Regional Symposium Registration Fees	3,610	4,000	4,000
Total Water Conservation Program Revenues	\$ 1,131,530	\$ 1,229,768	\$ 1,217,918



Sources of Revenue**Other Income**

The increase in other income is largely due to the interfund annually payments from the General Fund for its portion of the operations compound and new helicopter as well as the expected proceeds from the sale of the old helicopter.

Other Income	FY24 Actuals	FY25 Budget Approved	FY26 Budget Proposed	Variance
Other Water Sales	\$ 2,041,811	\$ 620,000	\$ 620,000	\$ —
Contribution Revenue (Capital)	250,000			—
NTMWD Cedar Creek Wetlands Study		100,000		(100,000)
Miscellaneous Revenue	77,048	70,000		(70,000)
Environmental Permits & Boat Inspections	188,286	243,200	225,900	(17,300)
ROW Easement	125,500	117,227		(117,227)
Sale of Equipment	4,600	23,397	641,900	618,503
Sale of Land/Encroachments	77,825			—
Special Permits		500		(500)
Lease/Concessions/Marinas	49,725	95,053	125,828	30,775
Interfund Payments from General Fund				
Existing Helicopter (final payment)	8,455	8,455	8,455	—
New Helicopter			20,094	20,094
Operations Compound - General Fund Portion			500,000	500,000
Network Equipment Lease		100,000	\$ 100,000	—
Interfund Payments from Dallas				
Existing Helicopter (final payment)	12,400	12,400	12,400	—
New Helicopter			9,463	9,463
Total Other Income	\$ 2,835,650	\$ 1,390,232	\$ 2,264,040	\$ 873,808

Revenue Fund FY26 Budget

Expenditures	FY24 Actuals	FY25 Budget Approved	FY26 Budget Proposed	Variance	Change %	Notes
Debt Service	\$ 74,451,405	\$ 84,148,179	\$ 84,861,222	\$ 713,043	0.85 %	
Pumping Power	15,765,581	19,000,000	19,000,000	—	— %	
Maintenance						
Pipeline & Pump Station	\$ 4,011,407	\$ 5,490,500	\$ 5,039,000	\$ (451,500)	(8.22)%	
Pipeline Chemicals	885,332	1,830,000	1,745,000	(85,000)	(4.64)%	
Facilities & Grounds Maintenance	1,860,306	3,293,430	3,518,888	225,458	6.85 %	1
Equipment & Fleet	917,741	1,240,440	1,243,111	2,671	0.22 %	
Maintenance Support	912,670	971,950	1,063,950	92,000	9.47 %	
Benbrook Reservoir O&M	536,179	650,000	625,000	(25,000)	(3.85)%	
Stream Gauging Stations	184,584	315,000	364,860	49,860	15.83 %	
Total Maintenance	9,308,219	13,791,320	13,599,809	(191,511)	(1.39)%	
System Improvements & Capital	\$ 19,324,656	\$ 19,440,245	\$ 32,997,548	\$ 13,557,303	69.74 %	2
Watershed Protection & Environmental Stewardship						
Water Conservation Program	\$ 2,666,581	\$ 3,410,502	\$ 3,829,002	\$ 418,500	12.27 %	
Watershed Protection	278,438	405,650	426,650	21,000	5.18 %	
Environmental Stewardship	344,333	416,961	403,910	(13,051)	(3.13)%	
Public Outreach & Events	44,877	130,429	119,313	(11,116)	(8.52)%	
Total Watershed Protection & Environmental Stewardship	3,334,229	4,363,542	4,778,875	415,333	9.52 %	
Support Services						
Employee Related	\$ 30,349,081	\$ 36,350,953	\$ 35,547,973	\$ (802,980)	(2.21)%	3
Professional Services	2,045,760	4,136,404	3,485,969	(650,435)	(15.72)%	
Administrative Support	2,782,499	2,840,243	2,892,792	52,549	1.85 %	
Information Technology	2,028,011	2,515,074	2,570,286	55,212	2.20 %	
Total Support Services	37,205,351	45,842,674	44,497,020	(1,345,654)	(2.94)%	
Total Expenditures	\$ 159,389,441	\$ 186,585,960	\$ 199,734,474	\$ 13,148,514	7.05 %	
Revenues	FY24 Actuals	FY25 Budget Approved	FY26 Budget Proposed	Variance	Change %	
Sale of Water	\$ 146,712,877	\$ 176,490,960	\$ 186,752,516	\$ 10,261,556	5.81 %	
Dallas Water Utility - IPL	2,949,465	3,975,000	4,000,000	25,000	0.63 %	
Interest Income	5,759,919	3,500,000	5,500,000	2,000,000	57.14 %	
Water Conservation Contributions	1,131,530	1,229,768	1,217,918	(11,850)	(0.96)%	
Other Income	2,835,650	1,390,232	2,264,040	873,808	62.85 %	
Total Revenues	\$ 159,389,441	\$ 186,585,960	\$ 199,734,474	\$ 13,148,514	7.05 %	

Variance Explanations

1. Facilities & Grounds Maintenance

The increase is mostly due to an increase in the cost of mowing and maintaining the pipeline right of way both due to higher pricing as well as a larger area to maintain now that the entire core section of the IPL is being maintained, reservoir release warning system upgrades, and HVAC replacements at multiple pipeline facilities.

2. System Improvements & Capital

The increase in the Construction & Repair Projects budget is mainly due to the partial cash funding for the Cedar Creek Pipeline Replacement project.

3. Employee-Related

TRWD is proposing an addition of 7 FTEs (full-time equivalents) in 2026. These additions support TRWD's growth in infrastructure and provide the related support services within the areas of: system operations, SCADA, engineering, law enforcement, purchasing, and watershed management.

TRWD maintains an Other Post Employment Benefit (OPEB) trust to cover the actuarial liability related to its provision of medical insurance to retirees and their families. This retirement benefit was discontinued for new employees in 2017, thus the liability is finite. As of September 30, 2024, TRWD's OPEB trust was valued at 82% of the liability. Per the OPEB policy, contributions may cease once the Trust Fund has reached 75% of the liability; therefore, the District will not contribute to the OPEB trust in 2026.