

This Agenda is posted pursuant to Chapter 551, Texas Government Code

**Matters to Come Before a Meeting of the Board of Directors
of Tarrant Regional Water District**

To Be Held the 16th Day of September 2025 at 9:00 a.m.

Front Doors to the Main Admin Building at 800 East Northside Drive Will Open to the Public at 8:30 a.m. and Close Fifteen (15) Minutes After the Meeting Adjourns

**TRWD Board Room
800 East Northside Drive
Fort Worth, Texas 76102**

PLEASE BE ADVISED THAT A QUORUM OF THE BOARD OF DIRECTORS OF TRWD WILL CONVENE ON THE ABOVE DATE AND TIME FOR THE PURPOSE OF CONSIDERING AND ACTING UPON THE MATTERS SET FORTH IN THIS AGENDA. THE LINK TO VIEW AND LISTEN TO THE MEETING VIA INTERNET IS <HTTPS://WWW.TRWD.COM/BOARDVIDEOS>. A RECORDING OF THE MEETING WILL ALSO BE AVAILABLE AT <HTTPS://WWW.TRWD.COM/BOARDVIDEOS>.

1. Pledges of Allegiance

2. Public Comment

Citizens may present public comment at this time, limited to a total time of three (3) minutes per speaker, unless the speaker addresses the Board through a translator, in which case the limit is a total time of six (6) minutes. Each proposed speaker must have completed and submitted a speaker card prior to the commencement of the meeting, identifying any agenda item number(s) and topic(s) the speaker wishes to address with the Board. By law, the Board may not deliberate, debate, or take action on public comment but may place the item on a future agenda.

3. Consider Approval of the Minutes from the Meetings Held on August 12, 2025, and August 19, 2025

4. Consider Approval of Fiscal Year 2026 General Fund Budget - Sandy Newby, Chief Financial Officer

5. Vote to Adopt a Tax Rate of \$.0265/\$100 for Tax Year 2025 - Sandy Newby, Chief Financial Officer

6. Consider Approval of Fiscal Year 2026 Governmental Contingency Fund Budget - Sandy Newby, Chief Financial Officer

- 7. Consider Approval of Fiscal Year 2026 Revenue Fund Budget - Sandy Newby, Chief Financial Officer**
- 8. Consider Approval of Consent Agenda**

All items listed on the consent agenda are considered to be regular, routine, and ministerial items that require little or no discussion. Therefore, in the interest of efficiency there will be no separate discussion of these items and the board will act on them through one motion and vote. If a board member wishes for an item to be discussed and considered individually, upon the board member's request the item will be removed from the consent agenda and considered separately.

 - **Consider Approval of Joint-Funding Agreement with U.S. Geological Survey for Gage Network Support Services**
 - **Consider Approval of Amendments with PVS and Brenntag for Pipeline Chemicals**
 - **Consider Approval of Amendment with Brenntag for Pipeline Chemicals**
 - **Consider Approval of Amendment with Univar for Pipeline Chemicals**
- 9. Consider Adoption of Tarrant Regional Water District's 2025 Integrated Water Supply Plan - Rachel Ickert, Chief Engineering Officer**
- 10. Consider Approval of Raw Water Supply Option and Contract Between Trinity River Authority of Texas and Tarrant Regional Water District - Stephen Tatum, General Counsel**
- 11. Consider Approval of Contract with McKee Utility Contractors, LLC for Dallas Phase 3 Pipeline Section 19 Micro Tunnel Crossings of the Integrated Pipeline Project - Ed Weaver, IPL Program Manager**
- 12. Consider Approval of Contract with Hydros Consulting, Inc., for Technical Support - Zachary Huff, Water Resources Director**
- 13. Consider Approval of Contract with Freese and Nichols, Inc. for Construction Management and Inspection Services for the Fort Worth Operations Compound - Mick Maguire, Chief Administrative Officer**
- 14. Consider Adoption of Panther Island Canal System Manual - Susan Alanis, Panther Island Program Director**
- 15. Consider Approval to Accept Grant from Texas A&M Forest Service for Tree Planting and Irrigation - Darrell Beason, Chief Operations Officer**
- 16. Consider Approval of Contract with Stovall Commercial Contractors LLC for Removal & Replacement of Eagle Mountain Underground Storage Tanks**

17. Executive Session under Texas Government Code:

Section 551.071 of the Texas Government Code, for Private Consultation with its Attorney about Pending or Contemplated Litigation or on a Matter in which the Duty of the Attorney to the Governmental Body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas Clearly Conflicts with this Chapter; and

Section 551.072 of the Texas Government Code, to Deliberate the Purchase, Exchange, Lease or Value of Real Property on Panther Island

18. Future Agenda Items

19. Schedule Next Board Meeting

20. Adjourn

MINUTES OF A MEETING OF THE BOARD OF DIRECTORS OF
TARRANT REGIONAL WATER DISTRICT
HELD ON THE 12th DAY OF AUGUST 2025 AT 2:30 P.M.

The call of the roll disclosed the presence of the Directors as follows:

Present
Leah King
Paxton Motheral
C.B. Team
Skylar O'Neal
Johnathan Killebrew

Also present were Dan Buhman, Darrell Beason, Lisa Cabrera, Kelly Harper, Zach Hatton, Zachary Huff, Laramie LaRue, Sandy Newby, Kathleen Ray, and Stephen Tatum of the Tarrant Regional Water District (District or TRWD).

1.

All present were given the opportunity to join in reciting the Pledges of Allegiance to the U.S. and Texas flags.

2.

Public comment was received from Sayeda Syed, who spoke regarding agenda item 2. Public comment was received from Eric Crile, who spoke regarding agenda item 5.

3.

The Board of Directors discussed the proposed Fiscal Year 2026 General Fund and Governmental Contingency Fund Budgets.

The Board of Directors recessed for a break from 3:29 p.m. to 3:30 p.m.

4.

The Board next held an Executive Session commencing at 3:30 p.m. under Section 551.071 of the Texas Government Code to Consult with Legal Counsel on a Matter in Which the Duty of Counsel Under the Texas Disciplinary Rules of Professional Conduct Clearly Conflicts with Chapter 551, Texas Government Code; and Section 551.074 of the Texas Government Code, Regarding Personnel Matters, Related to Nominee for the Tarrant Appraisal District Board of Directors.

Upon completion of the executive session at 3:39 p.m., the President reopened the meeting.

5.

The Board of Directors took no action on a vote for the Conservation and Reclamation District nominee for appointment to the Tarrant Appraisal District Board of Directors.

6.

There were no future agenda items approved.

7.

The next board meeting was scheduled for August 19, 2025.

8.

There being no further business before the Board of Directors, the meeting was adjourned.

President

Secretary

MINUTES OF A MEETING OF THE BOARD OF DIRECTORS OF
TARRANT REGIONAL WATER DISTRICT
HELD ON THE 19th DAY OF AUGUST 2025 AT 9:00 A.M.

The call of the roll disclosed the presence of the Directors as follows:

Present
Leah King
Paxton Motheral
C.B. Team
Skylar O'Neal
Johnathan Killebrew

Also present were Dan Buhman, Alan Thomas, Airin Barnett, Darrell Beason, Kate Beck, Ellie Garcia, Jason Gehrig, Zach Hatton, Zachary Huff, Rachel Ickert, Mick Maguire, Sandy Newby, Tony Shelly, Stephen Tatum, and Ed Weaver of the Tarrant Regional Water District (District or TRWD).

1.

All present were given the opportunity to join in reciting the Pledges of Allegiance to the U.S. and Texas flags.

2.

There were no requests from the public to address the Board of Directors during the Public Comment portion of the agenda.

3.

Director Team moved to approve the minutes from the meetings held on July 9, 2025, and July 15, 2025. Director O'Neal seconded the motion, and the votes were 5 in favor, 0 against. It was accordingly ordered that these minutes be placed in the permanent files of the District.

4.

With the recommendation of management, Director Team moved to approve a contract in an amount not-to-exceed \$10,974,071 with Municipal Valve and Equipment Company, Inc. to purchase three 84-inch Armacon pipeline isolation valves and five sets of 36-inch and 20-inch Armacon pump control valves for Integrated Pipeline Section 19 and Lake Palestine Pump Station of the Integrated Pipeline Project. In addition, the General Manager or his designee is granted authority to execute all documents associated with the contract. Funding for this item is included in the Dallas Bond Fund. Director Motheral seconded the motion, and the votes were 5 in favor, 0 against.

5.

With the recommendation of management, Director Team moved to approve a contract amendment in an amount not-to-exceed \$204,147 with HDR Engineering, Inc. for cathodic protection systems design for Integrated Pipeline Section 16 and the Richland-Chambers Lake Pump Station of the Integrated Pipeline Program. The current contract amount is \$22,708,931.33 and the revised not-to-exceed contract amount, including this amendment will be \$22,913,078.33. In addition, the General Manager or his designee is granted authority to execute all documents associated with the contract amendment. Funding for this item is included in the Joint and TRWD Bond Funds. Director Killebrew seconded the motion, and the votes were 5 in favor, 0 against.

6.

With the recommendation of management, Director Motheral moved to approve a contract amendment in the amount of \$2,233,177 with Accurate Inspections, LLC for construction materials inspection and testing services for Integrated Pipeline Section 19

projects and the Palestine Pump Station Package 2 IPL Project. The current contract amount is \$1,075,248, and the revised contract amount, including this amendment, will be \$3,308,425. In addition, the General Manager or his designee is granted authority to execute all documents associated with the contract amendment. Funding for this item is included in the Dallas Bond Fund. Director Team seconded the motion, and the votes were 5 in favor, 0 against.

7.

With the recommendation of management, Director Team moved to approve a contract amendment in the amount of \$802,757.75 with E TTL Engineers and Consultants, Inc. for construction materials inspection and testing services for Section 19-1 Part A and completion of Section 19 Long Tunnel Crossings, and Geotechnical Investigation Services for Section 19-1 Part D of the Integrated Pipeline Project. The current contract amount is \$800,000 and the revised contract amount, including this amendment will be \$1,602,757.75. In addition, the General Manager or his designee is granted authority to execute all documents associated with the contract amendment. Funding for this item is included in the Dallas Bond Fund. Director Motheral seconded the motion, and the votes were 5 in favor, 0 against.

8.

With the recommendation of management, Director Motheral moved to approve a contract amendment in an amount not-to-exceed of \$67,360 with Kleinfelder, Inc. for construction materials inspection and testing services for Lake Palestine Pump Station High Voltage Sub-Station of the Integrated Pipeline Project. The current contract amount is \$947,790 and the revised not-to-exceed contract amount, including this amendment

will be \$1,015,150. In addition, the General Manager or his designee is granted authority to execute all documents associated with the contract amendment. Funding for this item is included in the Dallas Bond Fund. Director O'Neal seconded the motion, and the votes were 5 in favor, 0 against.

9.

With the recommendation of management, Director Motheral moved to approve a change in the calculation of the retainage being held for Tegrity Contractors, Inc. to five (5) percent of the contract price. All remaining contract payments are to be made in full, the Board having found that satisfactory progress is being made. However, any changes to the contract price by change order or alternate base bid work for the project will require adjustment to the retainage schedule. In addition, the General Manager or his designee is granted authority to execute all documents associated with the contract. Funding for this item is included in the Bond Fund. Director Killebrew seconded the motion, and the votes were 5 in favor, 0 against.

10.

With the recommendation of management, Director Team moved to approve a contract amendment in an amount not-to-exceed \$1,320,000 with Kimley-Horn and Associates, Inc. for additional professional design services for Canal B Phase II, Canal C Phase II, and Canal D on Panther Island. Funding for this item is included in the Fiscal Year 2025 Special Projects/Contingency Fund. Director O'Neal seconded the motion, and the votes were 5 in favor, 0 against.

11.

With the recommendation of management, Director Team moved to approve a

contract amendment #6 in an amount not-to-exceed \$1,774,264 with Huitt-Zollars for construction administration and support on the construction of the Fort Worth Operations Compound. Funding for this item is included in the Bond Fund. Director Killebrew seconded the motion, and the votes were 5 in favor, 0 against.

12.

With the recommendation of management, Director Team moved to approve a contract in an amount not-to-exceed \$234,385 with Baird, Hampton & Brown to provide design and construction services for the Overton (Clear Fork) Lighted Loop segment of the Trinity Trails. Funding for this item is included in the General Fund Budget. Director O'Neal seconded the motion, and the votes were 5 in favor, 0 against.

13.

With the recommendation of management, President King moved to approve placing a proposal to adopt a tax year 2025 tax rate of \$.0265/\$100 on the agenda of the September 16, 2025 Board of Directors meeting, and establishing the date for a public hearing to be held September 10, 2025 at 9:30 a.m. on the proposed tax year 2025 tax rate of \$.0265/\$100. Director Motheral seconded the motion, and the votes were 5 in favor, 0 against.

14.

Presentations

- General Manager Update presented by Dan Buhman, General Manager
- Water Resources presented by Rachel Ickert, Chief Engineering Officer

The Board of Directors recessed for a break from 10:03 a.m. to 10:08 a.m.

15.

The Board next held an Executive Session commencing at 10:08 a.m. under Section 551.071 of the Texas Government Code to Consult with Legal Counsel on a Matter in Which the Duty of Counsel Under the Texas Disciplinary Rules of Professional Conduct Clearly Conflicts with Chapter 551, Texas Government Code; and Section 551.072 of the Texas Government Code to Deliberate the Purchase, Exchange, Lease or Value of Real Property.

Upon completion of the executive session at 10:28 a.m., the President reopened the meeting.

16.

There were no future agenda items approved.

17.

The next board meetings were scheduled for September 10, 2025, and September 16, 2025.

18.

There being no further business before the Board of Directors, the meeting was adjourned.

President

Secretary

TARRANT REGIONAL WATER DISTRICT

AGENDA ITEM 4

DATE: September 16, 2025

SUBJECT: Consider Approval of Fiscal Year 2026 General Fund Budget

FUNDING: Fiscal Year 2026 General Fund

RECOMMENDATION:

Management recommends approval of the proposed Fiscal Year 2026 General Fund budget of \$32,000,000.

DISCUSSION:

The proposed General Fund Budget consists of expenditures of \$29,119,555 and capital reserves of \$2,880,445. The proposed budget supports the District's flood control and recreation missions which require a combination of long-term planning and constant evaluation of the current system needs. System improvements and capital equipment support the enhancement of flood control infrastructure, while maintenance costs preserve the system that is already in place. Support Service costs include the personnel, administrative support, professional services, and information technology needed to execute the District's mission and capital reserves. Capital Reserves are for large projects that could not be accomplished in an annual Operating Budget (i.e. would take multiple years to accomplish), some currently identified projects are canals, the General Fund's portion of a new operations facility, and betterments and cash match for the Central City Flood Control Project.

The Board of Directors met on August 12, 2025 for a budget workshop. No changes have been made since that time.

The General Fund budget being recommended to the Board is shown on the next page. Please see attached General Fund budget book for further details.

This item was reviewed by the Finance Committee on September 8, 2025.

Submitted By:

Sandy Newby
Chief Financial Officer

General Fund - Flood Control FY26 Budget

Expenditures	FY24 Actuals	FY25 Budget Approved	FY26 Budget Proposed	Variance	Change %
Maintenance					
Facilities & Grounds Maintenance	\$ 789,219	\$ 928,800	\$ 1,233,130	\$ 304,330	32.77%
Equipment & Fleet	734,191	639,504	749,008	109,504	17.12%
Maintenance Support	682,710	912,195	778,795	(133,400)	(14.62)%
Stream Gauging Stations	296,698	167,900	130,140	(37,760)	(22.49)%
Total Maintenance	2,502,818	2,648,399	2,891,073	242,674	9.16%
System Improvements & Capital	2,541,714	3,324,000	3,233,580	\$ (90,420)	(2.72)%
Recreation					
Public Outreach	\$ 490,867	\$ 758,550	\$ 797,350	\$ 38,800	5.12%
Maintenance	588,298	634,450	582,270	(52,180)	(8.22)%
System Improvements & Capital Equipment	329,970	1,060,500	1,963,447	902,947	85.14%
Total Recreation	\$ 1,409,135	\$ 2,453,500	\$ 3,343,067	\$ 889,567	36.26%
Environmental Stewardship & Public Outreach					
Public Outreach & Events	\$ 98,579	\$ 76,648	\$ 76,648	—	—%
Environmental Stewardship	43,574	67,270	54,300	(12,970)	(19.28)%
Total Environmental Stewardship and Public Outreach	142,153	143,918	130,948	(12,970)	(9.01)%
Property Taxes Paid to TIF's	\$ 568,250	\$ 568,248	\$ 483,569	\$ (84,679)	(14.90)%
Property Taxes Paid to PID	\$ —	\$ —	\$ 150,000	\$ 150,000	100.00%
Support Services					
Employee Related	\$ 12,455,060	\$ 14,626,798	\$ 14,383,985	\$ (242,813)	(1.66)%
Administrative Support	1,757,087	2,510,091	2,463,782	(46,309)	(1.84)%
Professional Services	972,238	1,903,734	1,040,476	(863,258)	(45.35)%
Information Technology	687,366	940,867	999,075	58,208	6.19%
Total Support Services	15,871,751	19,981,490	18,887,318	(1,094,172)	(5.48)%
Subtotal	\$ 23,035,821	\$ 29,119,555	\$ 29,119,555	—	—%
Capital Reserves	—	—	2,880,445	2,880,445	100%
Total General Fund Expenditures	\$ 23,035,821	\$ 29,119,555	\$ 32,000,000	\$ 2,880,445	9.89 %

Revenues	FY24 Actuals	FY25 Budget Approved	FY26 Budget Proposed	Variance	Change %
Taxes	\$ 29,097,426	\$ 29,100,000	\$ 32,000,000	\$ 2,900,000	9.97%
Other Income	436,845	—	—	—	—%
Contributions	158,149	—	—	—	—%
Total Revenues	\$ 29,692,420	\$ 29,100,000	\$ 32,000,000	\$ 2,900,000	9.97 %
Net Decrease to Equity	\$ 6,656,599	\$ (19,555)	\$ —		

General Fund



TRWD General Fund FY26 Budget Summary

TRWD Purpose

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

TRWD owns and operates the flood control system built by the Army Corps of Engineers after the 1949 Trinity River flood. The General Fund flood control budget is used to maintain that system to protect the public.

The Fiscal Year 2026 expenditures budget represents a 0% increase over the Fiscal Year 2025 budget. The District is funding capital reserves to pay for canals on Panther Island, the General Fund's portion of a new operations facility, and betterments and cash match for the Central City Flood Control Project.

General Fund Budget

The General Fund budget supports the flood control and recreation functions of the District and is supported by tax revenues. The tax rate used to estimate the expected revenues is \$0.0265 per \$100 valuation.

Proposed FY26 General Fund Budget

Expenditures	FY24 Actuals	FY25 Budget Approved	FY26 Budget Proposed	Change %
Operating Expenditures	\$ 20,164,138	\$ 24,735,055	\$ 23,922,528	(3.28)%
System Improvements & Capital	2,871,684	4,384,500	5,197,027	18.53 %
Subtotal	23,035,822	29,119,555	29,119,555	— %
Capital Reserves	—	—	2,880,445	100.00 %
Total General Fund Expenditures	23,035,822	29,119,555	32,000,000	9.89 %
Revenues				
Taxes	29,097,426	29,100,000	32,000,000	9.97 %
Contributions	158,149	—	—	— %
Other Income	436,845	—	—	— %
Total Revenues	29,692,420	29,100,000	32,000,000	9.97 %
Budgeted Net Increase (Decrease) to Equity	\$ 6,656,598	\$ (19,555)	\$ —	

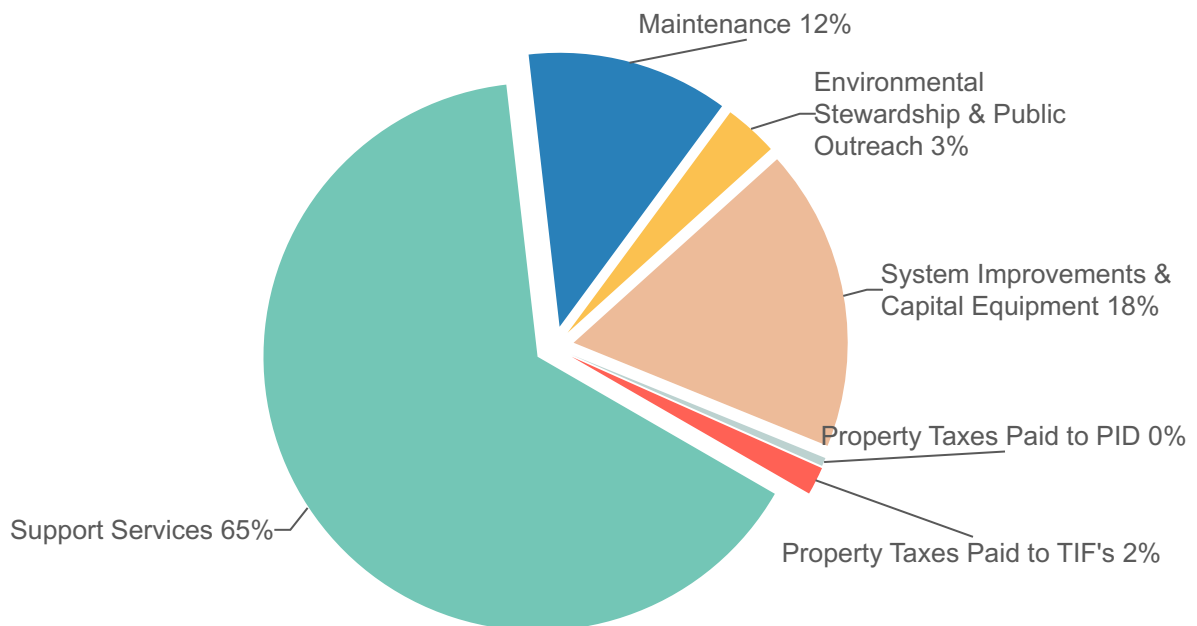
General Fund: Expenditures

Summary Expenditure Budget

The District's flood control and recreation missions require a combination of long-term planning and constant evaluation of the current system needs. System improvements and capital equipment support the enhancement of flood control infrastructure, while maintenance costs preserve the system that is already in place. Support Service costs include the personnel, administrative support, professional services, and information technology needed to execute the District's mission and capital reserves will be used to pay for canals on Panther Island, the General Fund's portion of a new operations facility, and betterments and cash match for the Central City Flood Control Project. Additional details are provided on the following pages.

Budget Categories	FY24 Actuals	FY25 Budget Approved	FY26 Budget Proposed	Variance	Change %
Maintenance	\$ 3,091,116	\$ 3,282,849	\$ 3,473,343	\$ 190,494	5.80 %
System Improvements & Capital	2,871,684	4,384,500	5,197,027	812,527	18.53 %
Environmental Stewardship & Public Outreach	633,020	902,468	928,298	25,830	2.86 %
Property Taxes Paid to TIF's	568,250	568,248	483,569	(84,679)	(14.90)%
Property Taxes Paid to PID	—	—	150,000	150,000	100 %
Support Services	15,871,751	19,981,490	18,887,318	(1,094,172)	(5.48)%
Subtotal	23,035,821	29,119,555	29,119,555	—	— %
Capital Reserves	—	—	2,880,445	2,880,445	100 %
Total General Fund Expenditures	\$ 23,035,821	\$ 29,119,555	\$ 32,000,000	\$ 2,880,445	9.89 %

FY26 General Fund Expenditures*



*Excludes the FY26 Capital Reserves budget

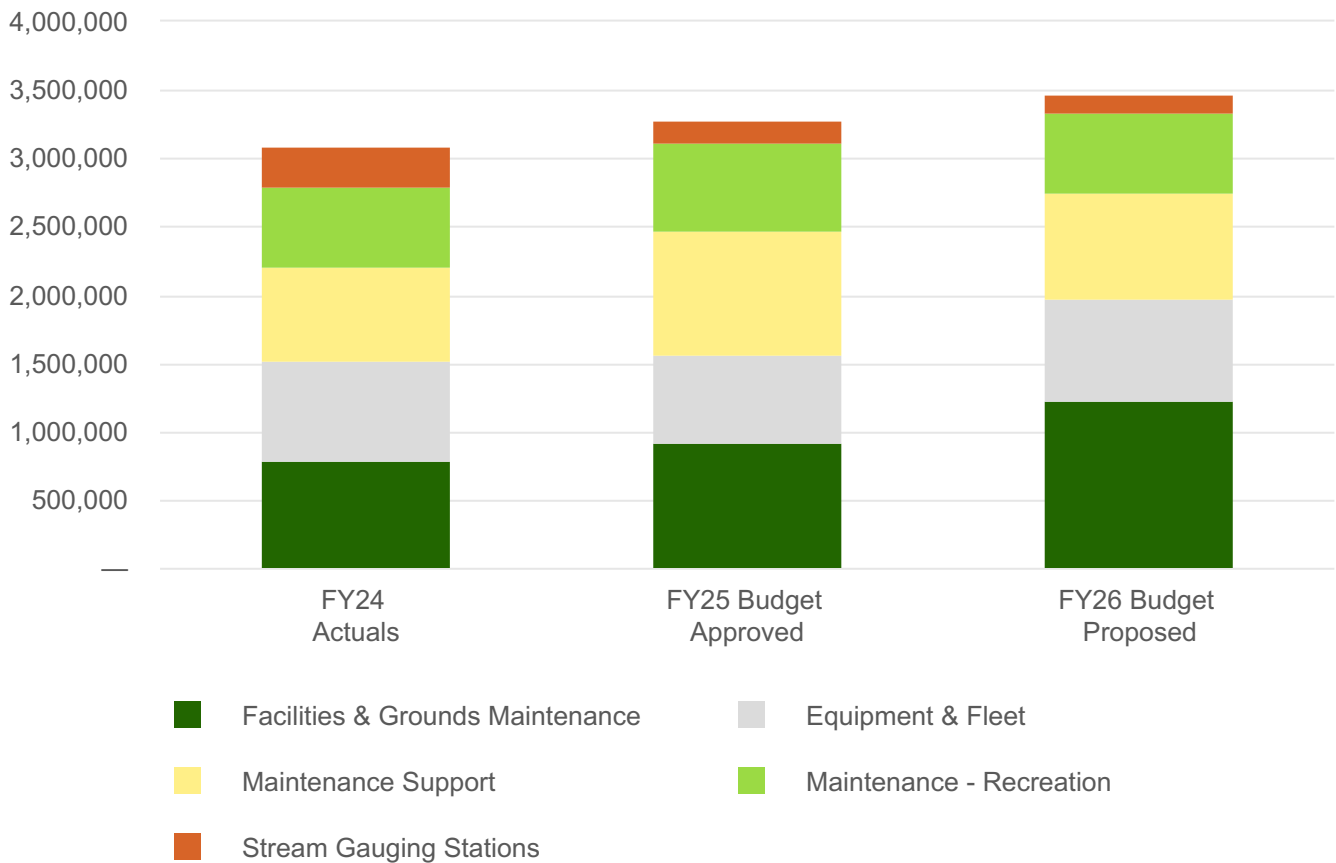
Maintenance Expenditures

TRWD is increasing the level of service in maintaining the floodway in response to increased public use. The Facilities & Grounds Maintenance budget and the Equipment & Fleet budget increased to meet this new service level and in response to higher market pricing for services and equipment.

Maintenance Support mainly consists of contract labor services. These services are generally used on an as needed basis. The FY26 proposed budget was decreased after analyzing trends in actual annual expenditures.

	FY24 Actuals	FY25 Budget Approved	FY26 Budget Proposed	Variance
Facilities & Grounds Maintenance	\$ 789,219	\$ 928,800	\$ 1,233,130	\$ 304,330
Equipment & Fleet	734,191	639,504	749,008	109,504
Maintenance Support	682,710	912,195	778,795	(133,400)
Maintenance - Recreation	588,298	634,450	582,270	(52,180)
Stream Gauging Stations	296,698	167,900	130,140	(37,760)
Total	\$ 3,091,116	\$ 3,282,849	\$ 3,473,343	\$ 190,494

Maintenance Expenditures



System Improvements and Capital Equipment Expenditures

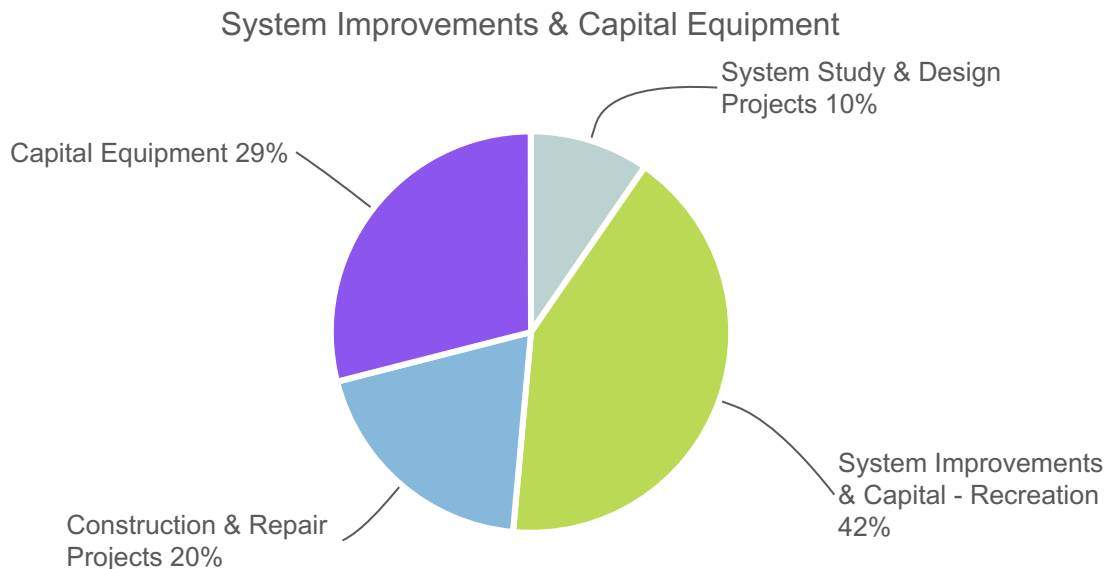
System improvement and capital equipment expenditures are used to improve and repair existing flood control and recreation infrastructure. The largest expenditures in this budget line are to implement portions of the TRWD 2025 Recreation Master Plan. For example, the Overton Lighted Loop on the Clear Fork will enhance trail safety and improve the overall experience for the public.

The District owns heavy equipment needed to maintain and improve the floodway, trails, trailheads, and parks. Capital equipment purchases are based on our asset management best practices which account for maintenance history and usage data. This category's budget increased due to a change in philosophy for maintenance and fleet replacements that will optimize total cost of ownership per mile, enhance employee safety, and improve fuel efficiency. We expect long-term savings and safer employees.

System Study & Design Projects decreased largely due to the design for Mary's Creek Flood Control Reservoir. This design was estimated to cost \$1.2M and anticipated to occur in FY25. The strategic decision was made to increase stakeholder engagement in 2025 prior to proceeding with design. This shift provided valuable insight and clarity regarding the best next steps and a timeline. As a result, we have adjusted the FY 26 budget to include additional analysis to address questions raised during stakeholder engagement versus re-budgeting the design at this time.

Additional details are shown on the following page.

	FY24 Actuals	FY25 Budget Approved	FY26 Budget Proposed	Variance
System Improvements & Capital - Recreation	\$ 329,970	\$ 1,060,500	\$ 1,963,447	\$ 902,947
Capital Equipment	1,317,108	804,000	1,610,530	\$ 806,530
Construction & Repair Projects	666,471	1,134,850	1,088,050	\$ (46,800)
System Study & Design Projects	558,135	1,385,150	535,000	\$ (850,150)
Total	\$ 2,871,684	\$ 4,384,500	\$ 5,197,027	\$ 812,527



System Improvements and Capital Equipment Expenditures

	FY26 Budget Proposed
<u>System Improvements & Capital Equipment - Recreation</u>	
Clearfork Overton Lighted Loop (see next page for more details)	1,115,000
Riverside Lighted Loop Design	217,447
Signage and Striping - Clear Fork	500,000
Miscellaneous Construction & Repair Projects*	131,000
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	\$ 1,963,447
 <u>Capital Equipment**</u>	
Pickup Trucks	731,000
Heavy Equipment	590,000
LED Replacement Boat - General Fund Portion	125,000
Miscellaneous Capital Equipment*	164,530
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	\$ 1,610,530
 <u>Construction & Repair Projects</u>	
Repair Erosion Under Riverside Drive	300,000
Repair Erosion Under Handley Ederville Road	250,000
Repair Erosion Under Farmers Branch	215,000
Eagle Mountain Park Maintenance / Storage Building	150,000
Miscellaneous Construction & Repair Projects*	173,050
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	\$ 1,088,050
 <u>System Study & Design Projects</u>	
Evaluations of Flood Levels for Fort Worth Floodway	350,000
Miscellaneous System Study & Design Projects*	185,000
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	\$ 535,000
 <u>Total System Improvements & Capital Equipment</u>	
	<hr/>
	\$ 5,197,027

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

** The District classifies any machinery or equipment purchases of \$10 thousand or more as capital equipment.



Rendering of the Clear Fork Overton Lighted Loop

The Clear Fork Overton Lighted Loop is an infrastructure initiative designed to enhance safety and accessibility along a 1.5-mile trail extending from Clearfork Main Street, encircling the river and the Overton Diversion Channel. This project will incorporate lighting and security features to create a well-illuminated, secure loop, enabling pedestrians, cyclists, and other trail users to navigate the area safely and efficiently.

Environmental Stewardship and Public Outreach Expenditures

TRWD acts as a steward of the natural environment and the communities it serves. As owners and operators of the Fort Worth floodway, protecting the quality of the water in the Trinity River is a priority of the District. In fiscal year 2024 the District realigned its public outreach events with its core mission, and moved these events from the Governmental Contingency Fund to the General Fund.

	FY24 Actuals	FY25 Budget Approved	FY26 Budget Proposed	Variance
Public Outreach & Events*				
Marketing & Outreach	\$ 98,579	\$ 76,648	\$ 76,648	\$ —
Recreation	490,867	758,550	797,350	38,800
Total Public Outreach & Events	589,446	835,198	873,998	38,800
Environmental Stewardship	43,574	67,270	54,300	(12,970)
Total	\$ 633,020	\$ 902,468	\$ 928,298	\$ 25,830

The District organizes and hosts a variety of annual events that align with its mission to enhance quality of life and promote active lifestyles across North Texas communities. These events—including Fort Worth’s Fourth, Flyfest, Trash Bash, Mayfest, Kid Fish, and Youth Hunts which are either hosted by the District or supported in partnership with other organizations. They aim to foster community engagement, celebrate local culture, and promote environmental stewardship, natural resource appreciation, and respect for the environment.

*Public Outreach & Events Detail	FY26 Budget Proposed	FY26 Proposed Revenues in the Governmental Contingency Fund
Fort Worth's Fourth	\$ 556,800	\$ 160,000
Trash Bash	77,500	
Flyfest & Trout Stocking	78,700	10,000
Community Sponsorships	16,355	
Mayfest	32,000	
Other Public Outreach & Events	112,643	18,600
Total	\$ 873,998	\$ 188,600



Property Taxes Paid to TIF's and PID

TRWD has agreed to participate in a number of tax increment financing (TIF) agreements to reinvest a portion of property taxes collected in programs that support economic development within District communities. TIF #8 Lancaster and TIF #10 Lone Star have expired and therefore we no longer contribute to them.

Property Taxes Paid to TIF's	FY24 Actuals	FY25 Budget Approved	FY26 Budget Proposed	Variance
TIF #8 Lancaster	70,149	70,148	—	(70,148)
TIF #9 Trinity River Vision	189,581	189,581	189,581	—
TIF #10 Lone Star	14,531	14,531	—	(14,531)
TIF #12 East Berry	38,400	38,400	38,400	—
TIF #13 Woodway	121,326	121,326	121,326	—
TIF #14 Trinity Lakes	78,005	78,005	78,005	—
TIF #15 Stockyards	56,258	56,257	56,257	—
Total	\$ 568,250	\$ 568,248	\$ 483,569	\$ (84,679)

Panther Island landowners are actively working to establish a Public Improvement District (PID) on Panther Island. TRWD has agreed to participate. The FY26 budget includes the anticipated PID assessment

	FY24 Actuals	FY25 Budget Approved	FY26 Budget Proposed	Variance
Property Taxes Paid to PID	\$ —	\$ —	\$ 150,000	\$ 150,000

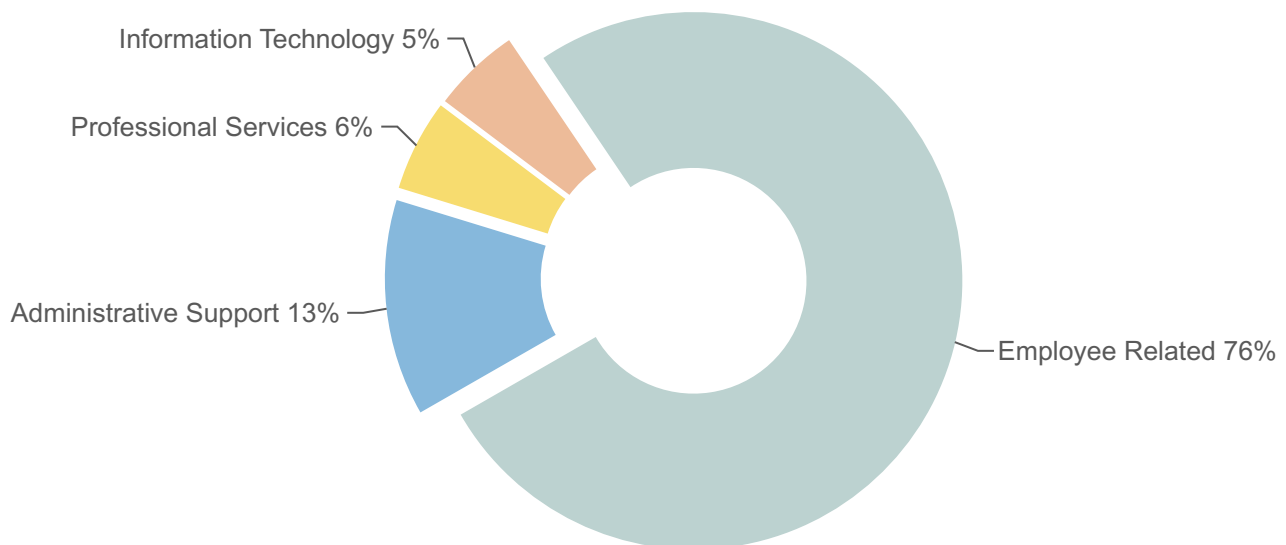
Support Services

Summary

Support services make up 64% of the fiscal year 2026 General Fund budget and serve to support TRWD's efforts in providing flood control and recreation to the communities served by the District. The largest portion of this cost is TRWD's investment in its people, resulting in employee retention, low turnover rates, employee engagement, and a stable culture.

	FY24 Actuals	FY25 Budget Approved	FY26 Budget Proposed	Variance
Employee Related	\$ 12,455,060	\$ 14,626,798	\$ 14,383,985	\$ (242,813)
Administrative Support	1,757,087	2,510,091	2,463,782	(46,309)
Professional Services	972,238	1,903,734	1,040,476	(863,258)
Information Technology	687,366	940,867	999,075	58,208
Total	\$ 15,871,751	\$ 19,981,490	\$ 18,887,318	\$ (1,094,172)

FY26 General Fund Support Services



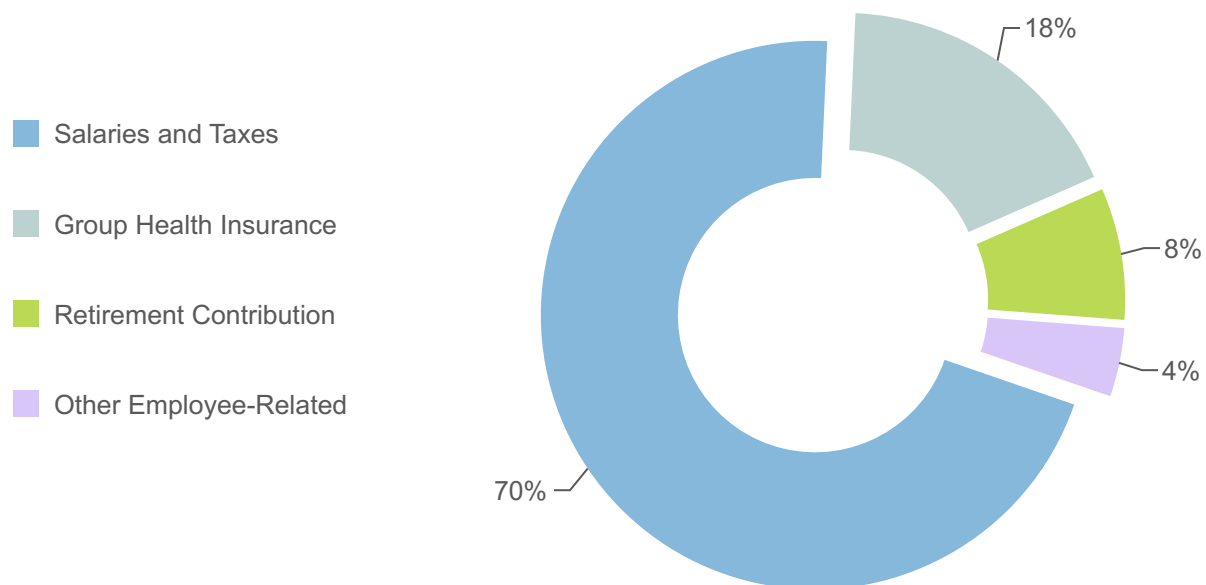
Support Services

Employee-Related Expenditures

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	Change %
Salaries and Taxes	\$ 8,788,364	\$ 9,940,237	\$ 10,132,755	\$ 192,518	1.94 %
Group Health Insurance	1,760,385	2,511,311	2,548,607	37,296	1.49 %
Retirement Contribution	986,892	1,099,951	1,120,135	20,184	1.83 %
Other Post Employment Benefits	448,010	492,811	—	(492,811)	(100.00)%
Other Employee-Related Expenditures	471,409	582,488	582,488	—	— %
Total	\$ 12,455,060	\$ 14,626,798	\$ 14,383,985	\$ (242,813)	(1.66)%

FY26 Employee-Related Expenditures



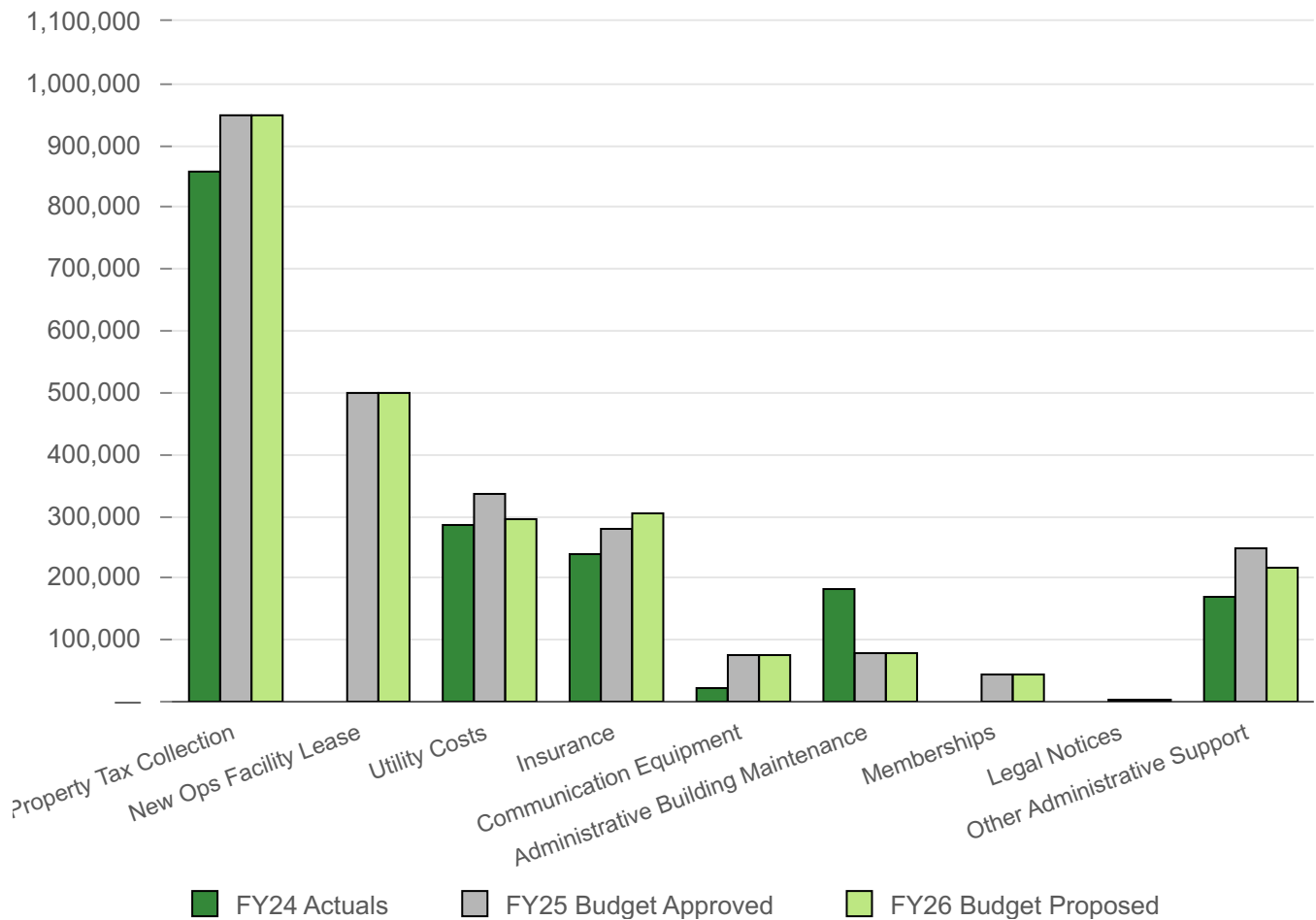
Support Services

Administrative Support Expenditures

Administrative support services consist of a variety of overhead expenditures that support the District's flood control and recreation systems as a whole.

	FY24 Actuals	FY25 Budget Approved	FY26 Budget Proposed	Variance
Property Tax Collection	\$ 857,606	\$ 950,000	\$ 950,000	\$ —
New Operations Facility Lease	—	500,000	500,000	—
Insurance	238,123	279,219	303,786	24,567
Utility Costs	285,247	336,380	296,095	(40,285)
Administrative Building Maintenance	181,568	77,621	77,621	—
Communication Equipment	23,158	74,080	74,080	—
Memberships	—	43,342	43,342	—
Legal Notices	1,257	1,820	1,820	—
Other Administrative Support	170,128	247,629	217,038	(30,591)
Total	\$ 1,757,087	\$ 2,510,091	\$ 2,463,782	\$ (46,309)

Administrative Support Expenditures



Support Services

Professional Services

Professional services are provided by external vendors with specialized technical expertise to support the District's flood control and recreation efforts. Administrative consulting provides professional support for financial, human resource, and other administrative efforts. These services are generally used on an as needed basis. The FY26 proposed budget was decreased after analyzing trends in actual annual expenditures.

		FY24 Actuals		FY25 Budget Approved		FY26 Budget Proposed		Variance
Engineering Consulting	\$	69,742	\$	322,280	\$	84,850	\$	(237,430)
Administrative Consulting		134,293		314,138		280,642		(33,496)
IT & Cybersecurity Consulting		78,004		170,810		129,200		(41,610)
Legislative Consulting		36,788		39,900		39,900		—
Subtotal Consulting Fees	\$	318,827	\$	847,128	\$	534,592	\$	(312,536)
Legal Fees		470,552		778,800		359,850		(418,950)
Miscellaneous Professional Fees		182,859		277,806		146,034		(131,772)
Total Professional Services	\$	972,238	\$	1,903,734	\$	1,040,476	\$	(863,258)

Support Services

Information Technology

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

		FY24 Actuals		FY25 Budget Approved		FY26 Budget Proposed		Variance
Software	\$	386,767	\$	551,022	\$	568,095	\$	17,073
Hardware		300,599		389,845		430,980		41,135
Total Information Technology	\$	687,366	\$	940,867	\$	999,075	\$	58,208

Capital Reserves

As part of the annual budgeting process, the District looks at what our future cash needs will be over the next 10-15 years, and what large projects it foresees that could not be accomplished in an annual Operating Budget. Below is a list of the currently known large projects, with estimated costs totaling \$324M. The District currently holds approximately \$108M in the Governmental Contingency Fund and will therefore need an additional \$216M. The remaining cash needs will be met through a combination of land sales, stormwater fees, oil and gas royalties, miscellaneous revenues (including leases, permits and equipment sales), and capital reserves.

Estimated Future Cash Needs

Canals	\$211,000,000
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New Operations Facility (General Fund Portion)	14,250,000
---	------------

Betterments	67,600,000
-------------	------------

USACE Cash Match	31,600,000
------------------	------------

	324,450,000
--	-------------

Existing Cash Reserves projected as of 9/30/2025	108,000,000
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Remaining Cash Needs	\$216,450,000
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	FY24 Actuals	FY25 Budget Approved	FY26 Budget Proposed	Variance
Capital Reserves	—	—	\$2,880,445	\$2,880,445

General Fund: Revenues

Sources of Revenue

Summary

The flood control and recreation missions of the District are funded by the collection of property taxes. In FY2024 Contribution Revenues and Other Income were moved to the Governmental Contingency Fund and therefore do not have a budget for FY2025 or FY2026.

		FY24 Actuals	FY25 Budget Approved	FY26 Budget Proposed	Variance
Taxes	\$	29,097,426	\$ 29,100,000	\$ 32,000,000	\$ 2,900,000
Contribution Revenues		158,149	—	—	—
Other Income		436,845	—	—	—
Total Revenues	\$	29,692,420	\$ 29,100,000	\$ 32,000,000	\$ 2,900,000

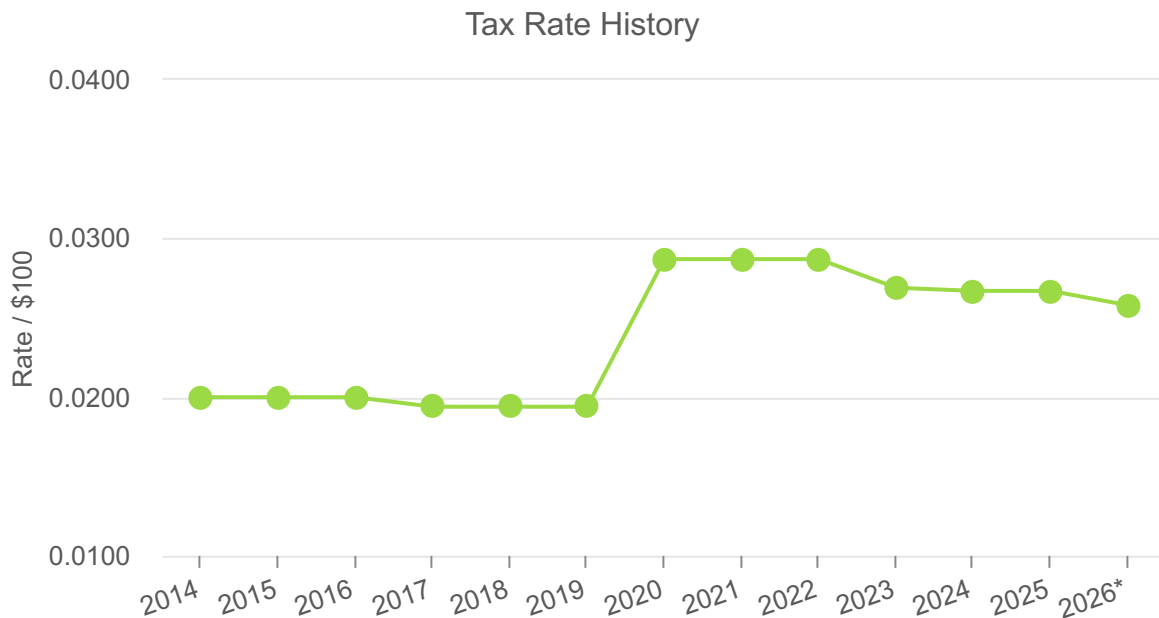
Sources of Revenue

Tax Revenues

As a governmental entity, the District is empowered to levy and collect ad valorem taxes to meet the maintenance, operations, and capital expenses of its systems. The approved budget for fiscal year 2026 estimates the tax revenues to be collected, using the 2025 fiscal year's ad valorem tax rate of \$0.0265 per \$100 valuation, to be approximately \$32 million. This is based on a net taxable value of approximately \$120.9 billion and represents a projected tax burden of approximately \$77.09 for an average home valued at \$290,901.

Tax Revenues	FY24 Actuals	FY25 Budget Approved	FY26 Budget Proposed	Variance
Property Tax Revenue	\$ 29,097,426	\$ 29,100,000	\$ 32,000,000	\$ 2,900,000

	2025 Approved Rate	2026 Proposed Rate	Increase/(Decrease)
Average Appraised value of Residence Homestead (per Tarrant Appraisal District)	\$289,918	\$290,901	\$983
Tax Rate	.0267/100	.0265/100	(.0002/100)
Average Tax	\$77.41	\$77.09	\$(0.32)



*Budgeted tax rate

General Fund - Flood Control FY26 Budget

Expenditures	FY24 Actuals	FY25 Budget Approved	FY26 Budget Proposed	Variance	Change %	Notes
Maintenance						
Facilities & Grounds Maintenance	\$ 789,219	\$ 928,800	\$ 1,233,130	\$ 304,330	32.77%	1
Equipment & Fleet	734,191	639,504	749,008	109,504	17.12%	1
Maintenance Support	682,710	912,195	778,795	(133,400)	(14.62)%	
Stream Gauging Stations	296,698	167,900	130,140	(37,760)	(22.49)%	
Total Maintenance	2,502,818	2,648,399	2,891,073	242,674	9.16%	
System Improvements & Capital	2,541,714	3,324,000	3,233,580	\$ (90,420)	(2.72)%	
Recreation						
Public Outreach	\$ 490,867	\$ 758,550	\$ 797,350	\$ 38,800	5.12%	
Maintenance	588,298	634,450	582,270	(52,180)	(8.22)%	
System Improvements & Capital Equipment	329,970	1,060,500	1,963,447	902,947	85.14%	2
Total Recreation	\$ 1,409,135	\$ 2,453,500	\$ 3,343,067	\$ 889,567	36.26%	
Environmental Stewardship & Public Outreach						
Public Outreach & Events	\$ 98,579	\$ 76,648	\$ 76,648	\$ —	—%	
Environmental Stewardship	43,574	67,270	54,300	(12,970)	(19.28)%	
Total Environmental Stewardship and Public Outreach	142,153	143,918	130,948	(12,970)	(9.01)%	
Property Taxes Paid to TIF's	\$ 568,250	\$ 568,248	\$ 483,569	\$ (84,679)	(14.90)%	
Property Taxes Paid to PID	\$ —	\$ —	\$ 150,000	\$ 150,000	100.00%	
Support Services						
Employee Related	\$ 12,455,060	\$ 14,626,798	\$ 14,383,985	\$ (242,813)	(1.66)%	
Administrative Support	1,757,087	2,510,091	2,463,782	(46,309)	(1.84)%	
Professional Services	972,238	1,903,734	1,040,476	(863,258)	(45.35)%	
Information Technology	687,366	940,867	999,075	58,208	6.19%	
Total Support Services	15,871,751	19,981,490	18,887,318	(1,094,172)	(5.48)%	
Subtotal	\$ 23,035,821	\$ 29,119,555	\$ 29,119,555	—	—%	
Capital Reserves	—	—	2,880,445	2,880,445	100%	3
Total General Fund Expenditures	\$ 23,035,821	\$ 29,119,555	\$ 32,000,000	\$ 2,880,445	9.89 %	

Revenues	FY24 Actuals	FY25 Budget Approved	FY26 Budget Proposed	Variance	Change %
Taxes	\$ 29,097,426	\$ 29,100,000	\$ 32,000,000	\$ 2,900,000	9.97%
Other Income	436,845	—	—	—	—%
Contributions	158,149	—	—	—	—%
Total Revenues	\$ 29,692,420	\$ 29,100,000	\$ 32,000,000	\$ 2,900,000	9.97 %
Net Decrease to Equity	\$ 6,656,599	\$ (19,555)	\$ —		

Variance Explanations

1. **Maintenance** - TRWD is increasing the level of service in maintaining the floodway in response to increased public use. The Facilities & Grounds Maintenance budget and the Equipment & Fleet budget increased to meet this new service level in response to higher market pricing for services and equipment.
2. **System and Capital Improvements - Recreation** - The largest expenditures are to implement portions of the TRWD 2025 Recreation Master Plan. For example, the Overton Lighted Loop on the Clear Fork will enhance trail safety and improve the overall experience for the public.
3. **Capital Reserves** - As part of the annual budgeting process, the District looks at what our future cash needs will be over the next 10-15 years, and what large projects it foresees that could not be accomplished in an annual Operating Budget. The District currently holds approximately \$108M in the Governmental Contingency Fund and will therefore need an additional \$216M. The remaining cash needs will be met through a combination of land sales, stormwater fees, oil and gas royalties, miscellaneous revenues (including leases, permits and equipment sales), and capital reserves.

TARRANT REGIONAL WATER DISTRICT

AGENDA ITEM 5

DATE: September 16, 2025

SUBJECT: Vote to Adopt a Tax Rate of \$.0265/\$100 for Tax Year 2025

FUNDING: N/A

RECOMMENDATION:

Management recommends formal adoption of an ad valorem tax rate of \$.0265/\$100 valuation, for tax year 2025.

DISCUSSION:

The Board must adopt a tax rate by official action and set it out in a written resolution, ordinance, or order. The tax rate must be adopted after the adoption of the FY 2026 General Fund Budget.

The public hearing was held September 10, 2025 at 9:30 a.m. on the proposed tax year 2025 tax rate of \$.0265/\$100.

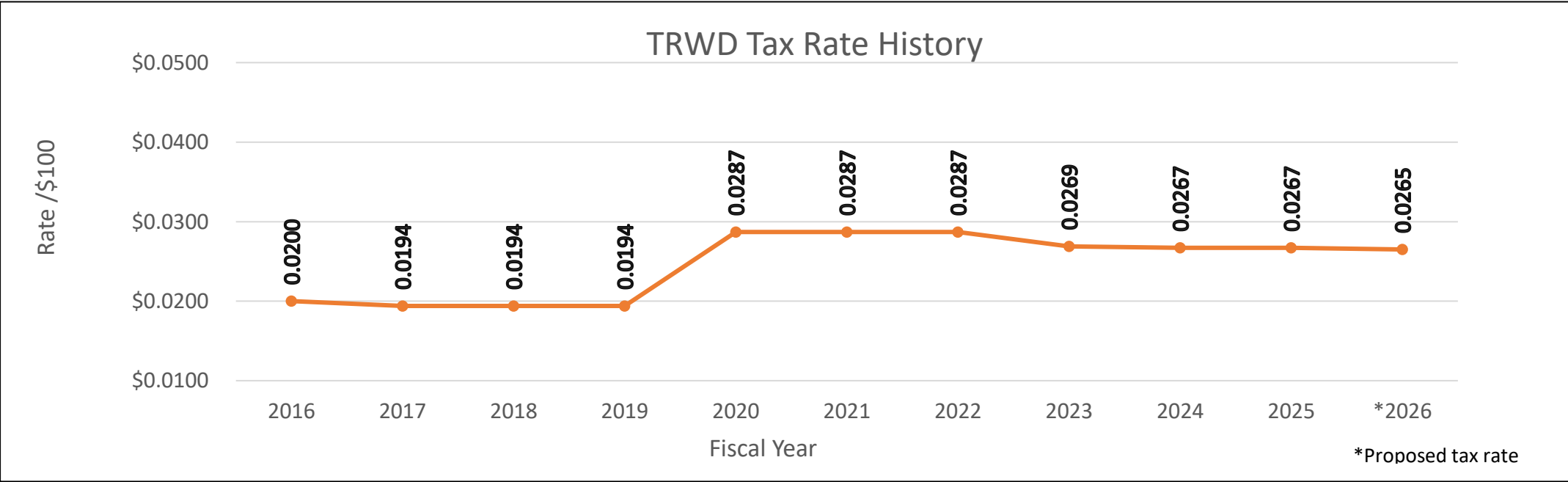
This item was reviewed by the Finance Committee on September 8, 2025.

Submitted By:

Sandy Newby
Chief Financial Officer

2025 Proposed Tax Rate for FY2026 Budget Discussion

	<u>2025 (FY26) Proposed Tax Rate</u>	<u>2024 (FY25) Tax Rate</u>	<u>Increase/(Decrease)</u>
Average Appraised Value of Residence Homestead (per Tarrant Appraisal District)	\$290,901	\$289,918	\$983
Tax Rate	0.0265/\$100	0.0267/\$100	(0.0002/\$100)
Average Tax	\$77.09	\$77.41	(\$0.32)



TARRANT REGIONAL WATER DISTRICT

AGENDA ITEM 6

DATE: September 16, 2025

SUBJECT: Consider Approval of Fiscal Year 2026 Governmental Contingency Fund Budget

FUNDING: Fiscal Year 2026 Governmental Contingency Fund

RECOMMENDATION:

Management recommends approval of the proposed Fiscal Year 2026 Governmental Contingency Fund budget of \$22,624,898.

DISCUSSION:

The proposed Governmental Contingency Fund budget consists of special projects expenditures of \$14,578,200 and capital projects of \$8,046,698. These expenditures are offset by expected revenues of \$14,564,708 for special projects and \$8,046,698 for capital projects.

The Board of Directors met on August 12, 2025, for a budget workshop. Since that time no changes have been made.

The Governmental Contingency Fund budget being recommended to the Board is shown on the next page. Please see the attached Governmental Contingency Fund budget book for further details.

This item was reviewed by the Finance Committee on September 8, 2025.

Submitted By:

Sandy Newby
Chief Financial Officer

Governmental Contingency Fund - FY26 Budget

Special Projects

Expenditures	FY24 Actuals	FY25 Budget Approved	FY26 Budget Proposed	Variance	Change %
Canal System Design and Construction	\$ 270,633	\$ 45,000,000	\$ 12,400,000	\$ (32,600,000)	(72.44)%
Panther Island Consulting	495,393	450,000	800,000	350,000	77.78 %
La Grave Stadium Demolition	191,766	200,000	—	(200,000)	(100.00)%
Program Management (addtl funds)	—	—	878,200	878,200	100.00 %
Canal Right-of-Way Purchase	—	—	500,000	500,000	100.00 %
Total Expenditures	\$ 957,792	\$ 45,650,000	\$ 14,578,200	\$ (31,071,800)	(68.07)%

Revenues	FY24 Actuals	FY25 Budget Approved	FY26 Budget Proposed	Variance	Change %
Oil and Gas	\$ 5,503,534	\$ 5,000,000	\$ 5,000,000	\$ —	— %
Interest Income	6,705,580	2,750,000	4,100,000	1,350,000	49.09 %
Capital Reserves	—	—	2,880,445	2,880,445	100.00 %
Recreation Revenues	990,675	1,049,968	994,600	(55,368)	(5.27)%
Leases, Permits, & Other Income	1,680,631	1,408,653	1,589,663	181,010	12.85 %
Total Revenues	\$ 14,880,420	\$ 10,208,621	\$ 14,564,708	\$ 4,356,087	42.67 %

Capital Projects

Expenditures	FY24 Actuals	FY25 Budget Approved	FY26 Budget Proposed	Variance	Change %
Debt Service / Project Costs	\$ 5,008,270	\$ 2,033,948	\$ 4,862,600	\$ 2,828,652	139.07 %
NCTCOG Bridge Payment	350,000	350,000	350,000	—	— %
TIF Revenues held for future Debt Service Pmts	—	6,412,400	2,834,098	(3,578,302)	(55.80)%
Total Expenditures	\$ 5,358,270	\$ 8,796,348	\$ 8,046,698	\$ (749,650)	(8.52)%

Revenues	FY24 Actuals	FY25 Budget Approved	FY26 Budget Proposed	Variance	Change %
TIF Revenues	\$ 8,039,644	\$ 8,796,348	\$ 8,046,698	\$ (749,650)	(8.52)%
Total Revenues	\$ 8,039,644	\$ 8,796,348	\$ 8,046,698	\$ (749,650)	(8.52)%

Net Increase to Equity	\$ 16,604,002	\$ (35,441,379)	\$ (13,492)	\$ 35,427,887	(99.96)%
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Governmental Contingency Fund



The Henderson and White Settlement Bridges as part of the Central City Flood Control Project

Governmental Contingency Fund FY26 Budget Summary

The Governmental Contingency Fund consists of Special Projects and Capital Projects.

Special Project expenditures are generally large projects that could not be accomplished in an annual operating budget and can span multiple years (i.e. canals, new operations facility, betterments, and USACE cash match). The revenues are from non-operating income (income earned from sources other than tax revenue) to support special projects approved by the Board. Recreation event expenditures are included in the General Fund but their revenues are in the Governmental Contingency Fund - Special Projects.

Capital Projects includes public improvements of the floodway and related infrastructure with general obligation bond proceeds funding these improvements. Additionally, TIF revenues for the Central City Flood Control Project and related debt service are budgeted here; the TIF proceeds are used to pay the annual debt service.

Special Projects:

Expenditures	FY24 Actuals	FY25 Budget Approved	FY26 Budget Proposed	Variance
Canal System Design and Construction	\$ 270,633	\$ 45,000,000	\$ 12,400,000	\$ (32,600,000)
Panther Island Consulting	495,393	450,000	800,000	350,000
La Grave Stadium Demolition	191,766	200,000	—	(200,000)
Program Management (addtl funds)	—	—	878,200	878,200
Canal Right-of-Way Purchase	—	—	500,000	500,000
Total Expenditures	\$ 957,792	\$ 45,650,000	\$ 14,578,200	\$ (31,071,800)

Revenues	FY24 Actuals	FY25 Budget Approved	FY26 Budget Proposed	Variance
Oil and Gas	\$ 5,503,534	\$ 5,000,000	\$ 5,000,000	\$ —
Interest Income	6,705,580	2,750,000	4,100,000	1,350,000
Capital Reserves	—	—	2,880,445	2,880,445
Recreation Revenues	990,675	1,049,968	994,600	(55,368)
Leases, Permits, & Other Income	1,680,631	1,408,653	1,589,663	181,010
Total Revenues	\$ 14,880,420	\$ 10,208,621	\$ 14,564,708	\$ 4,356,087

Capital Projects:

Expenditures	FY24 Actuals	FY25 Budget Approved	FY26 Budget Proposed	Variance
Debt Service / Project Costs	\$ 5,008,270	\$ 2,033,948	\$ 4,862,600	\$ 2,828,652
NCTCOG Bridge Payment	350,000	350,000	350,000	—
TIF Revenues held for future Debt Service Pmts	—	6,412,400	2,834,098	(3,578,302)
Total Expenditures	\$ 5,358,270	\$ 8,796,348	\$ 8,046,698	\$ (749,650)

Revenues	FY24 Actuals	FY25 Budget Approved	FY26 Budget Proposed	Variance
TIF Revenues	8,039,644	8,796,348	8,046,698	(749,650)
Total Revenues	\$ 8,039,644	\$ 8,796,348	\$ 8,046,698	\$ (749,650)

Net Increase to Equity	\$ 16,604,002	\$ (35,441,379)	\$ (13,492)	\$ 35,427,887
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Special Projects: Expenditures

Special Projects Expenditures Summary

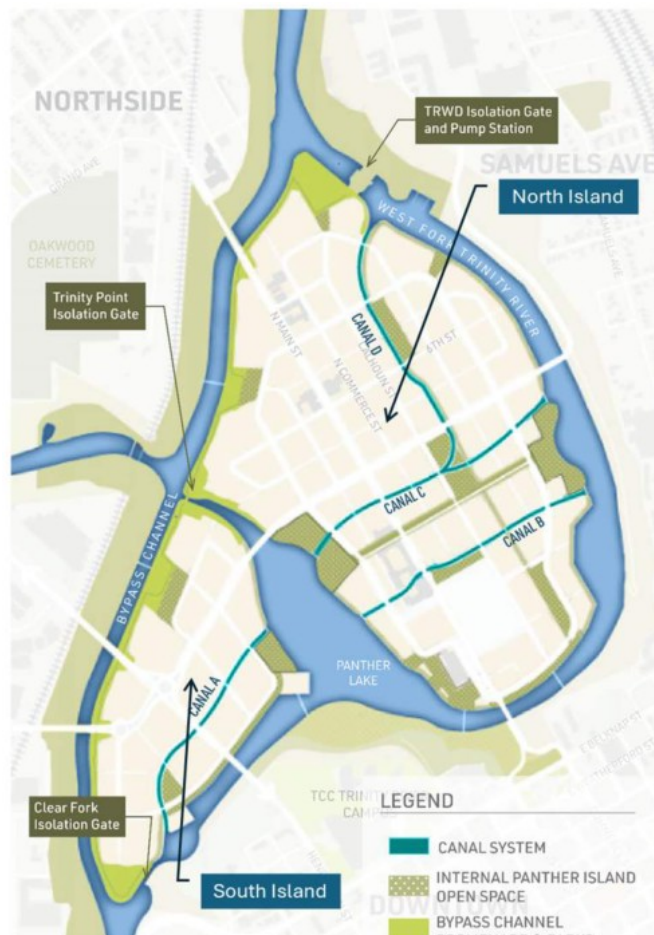
The Governmental Contingency Fund provides funding resources to support special projects approved by the Board that supports the mission of the District.

As part of its flood control mission, TRWD will need to build canals on Panther Island that will function as flood control and stormwater transmission.

Construction of Phase I of the Canal System is anticipated to begin in the fourth quarter of FY2026. The FY2025 budget included funding for phase I, prior to the project boundaries being fully defined by the land disposition strategy and completion of a drainage study. The \$45 million budget, mostly unexpended, was a placeholder for the total estimated project cost. Going forward funds will be budgeted on an estimated cashflow requirement basis. The estimated total Phase I cost for the canal and paseo is \$50 million including design and construction. Design and 20% of construction is budgeted in FY26. Additionally, the FY26 budget includes \$500 thousand for the purchase of a right-of-way to support Canal C.

	FY24 Actuals	FY25 Budget Approved	FY26 Budget Proposed	Variance
Canal System Design and Construction	\$ 270,633	\$ 45,000,000	\$ 12,400,000	\$ (32,600,000)
Panther Island Consulting	495,393	450,000	800,000	350,000
La Grave Stadium Demolition*	191,766	200,000	—	(200,000)
Program Management (addtl funds)	—	—	878,200	878,200
Canal Right-of-Way Purchase	—	—	500,000	500,000
Total Expenditures	\$ 957,792	\$ 45,650,000	\$ 14,578,200	\$ (31,071,800)

*The La Grave Stadium demolition was completed in FY25.



Conceptual canal plan

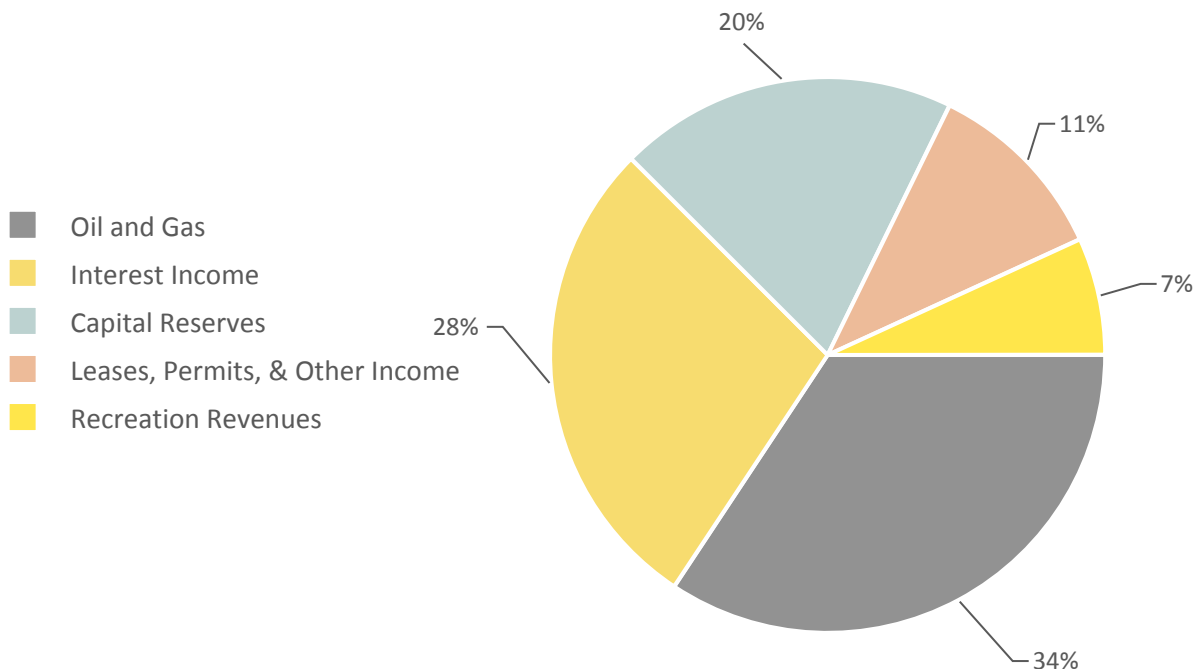
Special Projects: Revenues

Special Projects Sources of Revenue Summary

The District earns revenues from oil and gas, interest income, leases, permits, fees, recreation and other income. These revenues are held in a separate Governmental Contingency Fund to support special projects specifically approved by the Board. Additionally, a Capital Reserve is being established in 2026 for future cashflow needs, see page 15 for more details.

	FY24 Actuals	FY25 Budget Approved	FY26 Budget Proposed	Variance
Oil and Gas	\$ 5,503,534	\$ 5,000,000	\$ 5,000,000	\$ —
Interest Income	6,705,580	2,750,000	4,100,000	1,350,000
Capital Reserves	—	—	2,880,445	2,880,445
Recreation Revenues	990,675	1,049,968	994,600	(55,368)
Leases, Permits, & Other Income	1,680,631	1,408,653	1,589,663	181,010
Total Revenues	\$ 14,880,420	\$ 10,208,621	\$ 14,564,708	\$ 4,356,087

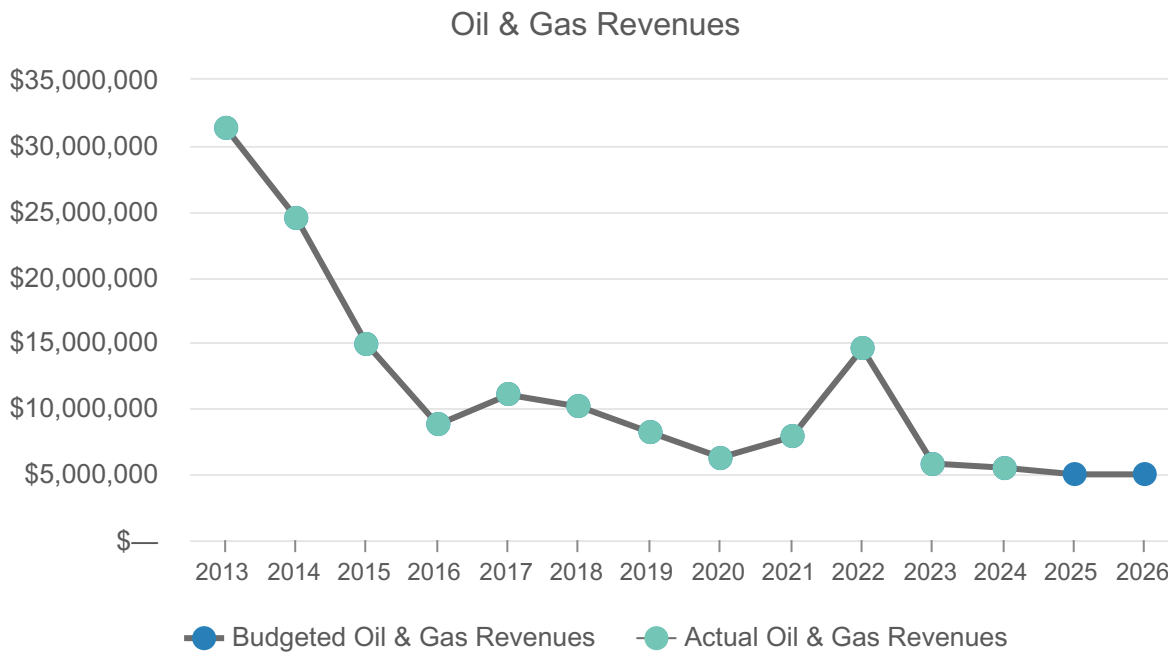
FY26 Budgeted Revenues



Special Projects Sources of Revenue **Oil & Gas Royalties**

The majority of revenue from oil and gas royalties is generated from mineral interests located in Wise, Jack and Tarrant counties under and surrounding Lake Bridgeport and Eagle Mountain Lake. Due to uncertainty of oil and gas production, these revenues are set aside as a contingency.

The chart below illustrates the actual revenues received from oil and gas royalties for the past 12 years and the budgeted revenues for fiscal years 2025 and 2026. Prior to fiscal year 2020, oil and gas revenues were in the General Fund. In fiscal year 2020 these revenues were moved here to the Governmental Contingency Fund due to the variability of this revenue source.



Interest Income

The District invests in US government and agency fixed income securities as well as investments in Local Government Investment Pools. The portfolio has a maximum maturity of 3 years, but over half of the portfolio is typically invested in shorter term investments to be available if needed. To be conservative, the District is assuming a 3% interest rate in fiscal year 2026. Additionally, interest income from the General Fund was moved in fiscal year 2024 to the Governmental Contingency Fund due to its unpredictability as a revenue source.

		FY24 Actuals	FY25 Budget Approved	FY26 Budget Proposed
General Fund Interest Income Added in FY24	\$	1,928,084	\$ 1,000,000	\$ 1,300,000
Governmental Contingency Fund Interest Income	\$	4,777,496	\$ 1,750,000	\$ 2,800,000
Total Interest Income	\$	6,705,580	\$ 2,750,000	\$ 4,100,000

Special Projects Sources of Revenue

Leases, Permits & Other Income

The District collects revenues from leases and permits paid to use District property. Historically, the revenues from leases of Coyote Drive-in, Woodshed Restaurant and other locations on Bridgeport and Eagle Mountain lakes were used to offset recreation-type expenditures. In fiscal year 2024 these related expenditures were moved to the General Fund, while their revenues remained in the Governmental Contingency Fund.

In FY24 the District received a donation of \$158,149 for the design and partial construction of the Oak Forest Trailhead. This one-time donation is reported on the “Other Floodway Leases & Permits” line.

The increase in Land, Equipment, & Sand Sales is due an increase in proposed equipment sales. In FY26 the District is proposing to sell 14 trucks, historically the District has sold six to eight trucks a year.

Leases, Permits & Other Income	FY24 Actuals	FY25 Budget Approved	FY26 Budget Proposed	Variance
Annex East, West and Garage Lease	\$ 602,391	\$ 602,391	\$ 602,391	\$ —
Coyote Drive-In Theater Lease	180,493	175,000	175,000	—
Woodshed Restaurant Lease	185,118	175,000	175,000	—
Bridgeport/Eagle Mountain Leases	202,427	165,725	165,725	—
Other Floodway Leases & Permits	354,910	157,037	194,847	37,810
Land, Equipment, & Sand Sales	85,460	113,500	256,700	143,200
Miscellaneous Revenues	69,832	20,000	20,000	—
Total	\$ 1,680,631	\$ 1,408,653	\$ 1,589,663	\$ 181,010

Recreation Revenues

Recreation revenues are revenues earned in relation to recreation-type activities on District property. The majority of these revenues are boat ramp and park entry fees from Twin Points Park. The reduction in Panther Island venue fees reflects a decline in scheduled events in fiscal year 2025, we are anticipating a similar schedule in fiscal year 2026. The decrease in Recreation event revenues is mainly due to decreased sponsorships received in fiscal year 2025, and we are projecting a similar sponsorship outlook for fiscal year 2026.

Recreation Revenues	FY24 Actuals	FY25 Budget Approved	FY26 Budget Proposed	Variance
Twin Points Park Fees	\$ 606,064	\$ 550,000	\$ 556,000	\$ 6,000
Panther Island Venue Fees	312,256	270,968	250,000	(20,968)
Recreation Events	72,355	229,000	188,600	(40,400)
Total	\$ 990,675	\$ 1,049,968	\$ 994,600	\$ (55,368)

Capital Projects: Expenditures

Capital Projects - Central City Flood Control Project

In May 2018 a special bond election was held and the voters approved \$250 million in bonds to finance the remaining outstanding local share of the Central City Flood Control Project. This \$250 million will be repaid by the Tax Increment Reimbursement Zone Number Nine (TIF9) in accordance with the project costs funding agreement. The first bond proceeds (\$50M) were received in August 2024 with a second issue to be received August 2025. Beginning in FY25 the bond proceeds will be used to pay budgeted project costs and the TIF9 revenues will be used to pay debt service. The table below illustrates how the TIF Revenues collected will offset the budgeted debt expenditures for fiscal year 2026.

Expenditures	FY24 Actuals	FY25 Budget Approved	FY26 Budget Proposed	Variance
Debt Service / Project Costs	\$ 5,008,270	\$ 2,033,948	\$ 4,862,600	\$ 2,828,652
NCTCOG Bridge Payment	350,000	350,000	350,000	—
TIF Revenues held for future Debt Service Pmts	—	6,412,400	2,834,098	(3,578,302)
Total Expenditures	\$ 5,358,270	\$ 8,796,348	\$ 8,046,698	\$ (749,650)

Revenues	FY24 Actuals	FY25 Budget Approved	FY26 Budget Proposed	Variance
TIF Revenues	\$ 8,039,644	\$ 8,796,348	\$ 8,046,698	\$ (749,650)
Total Revenues	\$ 8,039,644	\$ 8,796,348	\$ 8,046,698	\$ (749,650)

Central City Flood Control Project Proposed FY26 Budget

The Central City Flood Control Project costs are funded with bond proceeds and paid for with TIF Revenues reserved for debt service payments.

TRWD		FY26 Budget Proposed
Betterments - Bypass Local Share (Pedestrian Bridge Design)	\$	15,218,912
Land Acquisition		2,345,535
Program Management		461,800
Relocation		593,000
Demolition		1,022,052
Environmental		3,028,778
NCTCOG Bridge Repayment		350,000
Bond Issuance Costs		30,000
Subtotal TRWD	\$	23,050,077

City of Fort Worth		FY26 Budget Proposed
Sewer & Water Relocation Reimbursement	\$	19,480,981
Storm Water Relocation		5,501,295
Franchise Utilities		6,847,842
Gateway Park		2,443,706
Subtotal City of Fort Worth	\$	34,273,824

Total Central City Flood Control Project	\$	57,323,901
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Bond Proceeds

2024 Funding - unspent proceeds	\$7,323,901
2025 Funding - new bond issue	50,000,000
	\$57,323,901

Governmental Contingency Fund - FY26 Budget

Special Projects

Expenditures	FY24 Actuals	FY25 Budget Approved	FY26 Budget Proposed	Variance	Change %	Notes
Canal System Design and Construction	\$ 270,633	\$ 45,000,000	\$ 12,400,000	\$ (32,600,000)	(72.44)%	1
Panther Island Consulting	495,393	450,000	800,000	350,000	77.78 %	2
La Grave Stadium Demolition	191,766	200,000	—	(200,000)	(100.00)%	
Program Management (addtl funds)	—	—	878,200	878,200	100.00 %	3
Canal Right-of-Way Purchase	—	—	500,000	500,000	100.00 %	
Total Expenditures	\$ 957,792	\$ 45,650,000	\$ 14,578,200	\$ (31,071,800)	(68.07)%	

Revenues	FY24 Actuals	FY25 Budget Approved	FY26 Budget Proposed	Variance	Change %	Notes
Oil and Gas	\$ 5,503,534	\$ 5,000,000	\$ 5,000,000	\$ —	— %	
Interest Income	6,705,580	2,750,000	4,100,000	1,350,000	49.09 %	4
Capital Reserves	—	—	2,880,445	2,880,445	100.00 %	5
Recreation Revenues	990,675	1,049,968	994,600	(55,368)	(5.27)%	
Leases, Permits, & Other Income	1,680,631	1,408,653	1,589,663	181,010	12.85 %	
Total Revenues	\$ 14,880,420	\$ 10,208,621	\$ 14,564,708	\$ 4,356,087	42.67 %	

Capital Projects

Expenditures	FY24 Actuals	FY25 Budget Approved	FY26 Budget Proposed	Variance	Change %	Notes
Debt Service / Project Costs	\$ 5,008,270	\$ 2,033,948	\$ 4,862,600	\$ 2,828,652	139.07 %	1
NCTCOG Bridge Payment	350,000	350,000	350,000	—	— %	2
TIF Revenues held for future Debt Service Pmts	—	6,412,400	2,834,098	(3,578,302)	(55.80)%	
Total Expenditures	\$ 5,358,270	\$ 8,796,348	\$ 8,046,698	\$ (749,650)	(8.52)%	

Revenues	FY24 Actuals	FY25 Budget Approved	FY26 Budget Proposed	Variance	Change %	Notes
TIF Revenues	\$ 8,039,644	\$ 8,796,348	\$ 8,046,698	\$ (749,650)	(8.52)%	
Total Revenues	\$ 8,039,644	\$ 8,796,348	\$ 8,046,698	\$ (749,650)	(8.52)%	

Net Increase to Equity	\$ 16,604,002	\$ (35,441,379)	\$ (13,492)	\$ 35,427,887	(99.96)%	
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Variance Explanations

Special Projects

1. **Canals** - As part of its flood control mission, TRWD will build canals on Panther Island that will function as flood control and stormwater transmission.
2. **Panther Island Consulting** - In FY26 the majority of the consulting budget is for the design of Canal C.
3. **Program Management (addt'l funds)** - Program management costs not included in the original Central City Project budget.
4. **Interest Income** - To be conservative, the District is assuming a 3% interest rate for short-term investments for FY26. The District will receive \$50M in bond proceeds at the end of FY25, this additional funding is contributing to the increase in interest income.
5. **Capital Reserves** - As part of the annual budgeting process, the District looks at what our future cash needs will be over the next 10-15 years, and what large projects it foresees that could not be accomplished in an annual Operating Budget. The District currently holds approximately \$108M in the Governmental Contingency Fund and will therefore need an additional \$216M. The remaining cash needs will be met through a combination of land sales, stormwater fees, oil and gas royalties, miscellaneous revenues (including leases, permits and equipment sales), and capital reserves.

Capital Projects

1. **Debt Service/Project Costs** - In FY26 budgeted project costs will be paid with bond proceeds.
2. **NCTCOG Bridge Payment** - The fourth of ten payments.

TARRANT REGIONAL WATER DISTRICT

AGENDA ITEM 7

DATE: September 16, 2025

SUBJECT: Consider Approval of Fiscal Year 2026 Revenue Fund Budget

FUNDING: Fiscal Year 2026 Revenue Fund

RECOMMENDATION:

Management recommends approval of the proposed Fiscal Year 2026 Revenue Fund budget of \$199,734,474 offset by projected non-contract revenues of \$12,981,958 for a proposed net revenue requirement from contract customers of \$186,752,516.

DISCUSSION:

The resulting proposed budgeted water rate for FY2026 is \$1.43092.

The Board of Directors met on July 9, 2025, for the proposed Revenue Fund budget workshop and the following changes have been made to the budget that was presented (see below for further details):

- Deletion of Buyer I position → reduction of \$65,879.63
- Allocation correction → addition of \$22,804.00
- System Improvement adjustment → addition of \$43,173.63

These changes result in a net \$0 impact on the overall proposed Revenue Fund budget.

The Customer Advisory Committee met on September 8, 2025, and recommends the proposed Fiscal Year 2026 Revenue Fund budget for Water Supply to the TRWD Board of Directors.

The Revenue Fund budget being recommended to the Board is shown on the next page. Please see attached Revenue Fund budget book for further details.

This item was reviewed by the Finance Committee on September 8, 2025.

Submitted By:

Sandy Newby
Chief Financial Officer

Revenue Fund FY26 Budget

Expenditures	FY24 Actuals	FY25 Budget Approved	FY26 Budget Proposed	Variance	Change %
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	3,520,463	227,033	6.89 %
Equipment & Fleet	917,741	1,240,440	1,245,486	5,046	0.41 %
Maintenance Support	912,670	971,950	1,063,962	92,012	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	13,603,771	(187,549)	(1.36)%
System Improvements & Capital	\$ 19,324,656	\$ 19,440,245	\$ 33,040,721	\$ 13,600,476	69.96 %
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	404,160	(12,801)	(3.07)%
Public Outreach & Events	44,877	130,429	119,588	(10,841)	(8.31)%
Total Watershed Protection & Environmental Stewardship	3,334,229	4,363,542	4,779,400	415,858	9.53 %
Support Services					
Employee Related	\$ 30,349,081	\$ 36,350,953	\$ 35,486,720	\$ (864,233)	(2.38)%
Professional Services	2,045,760	4,136,404	3,496,744	(639,660)	(15.46)%
Administrative Support	2,782,499	2,840,243	2,895,610	55,367	1.95 %
Information Technology	2,028,011	2,515,074	2,570,286	55,212	2.20 %
Total Support Services	37,205,351	45,842,674	44,449,360	(1,393,314)	(3.04)%
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 %

Revenue Fund Water Supply



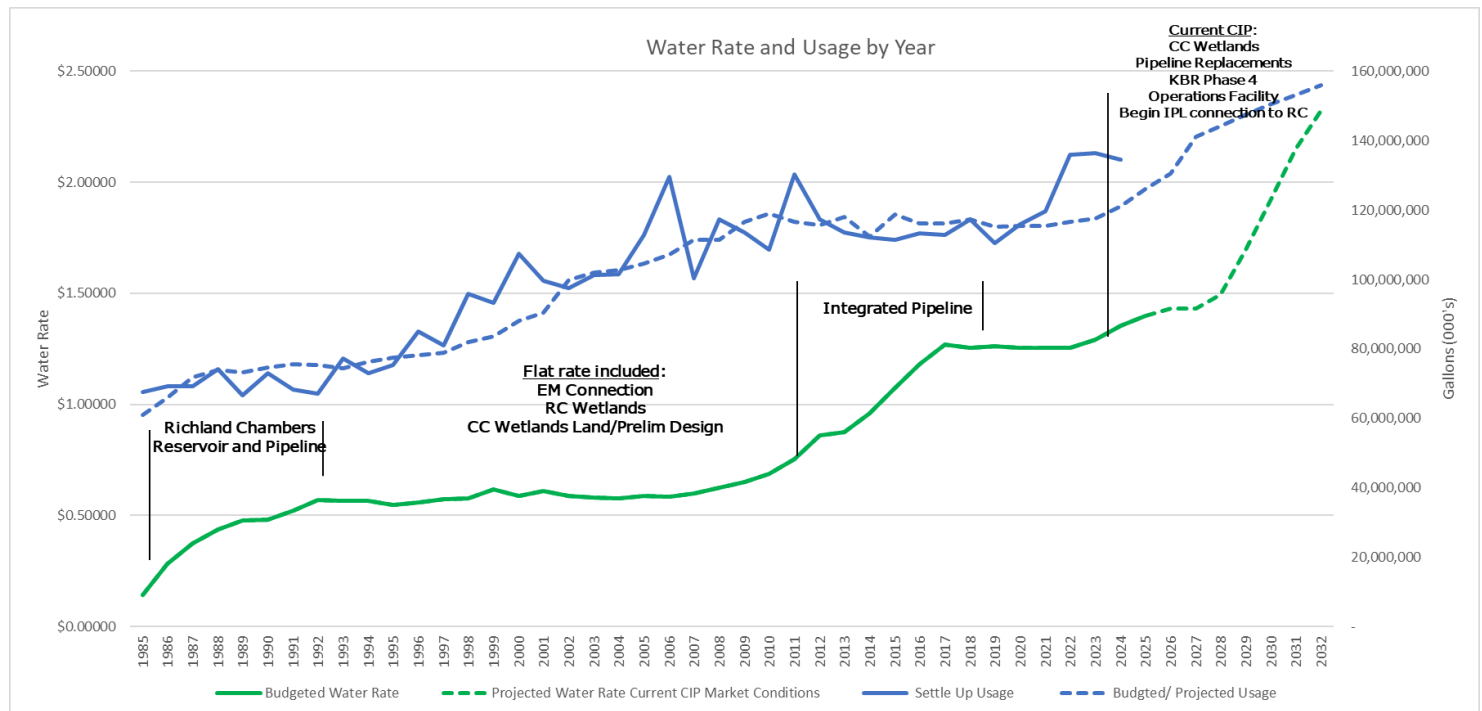
TRWD Revenue Fund - Water Supply FY26 Budget Highlights

Tarrant Regional Water District ("the District") exists to enrich communities and improve the quality of life through water supply, flood control, and recreation. 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	\$ 81,832,531	(1.40)%
System Improvements & Capital	19,324,656	19,440,245	33,040,721	69.96 %
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 %

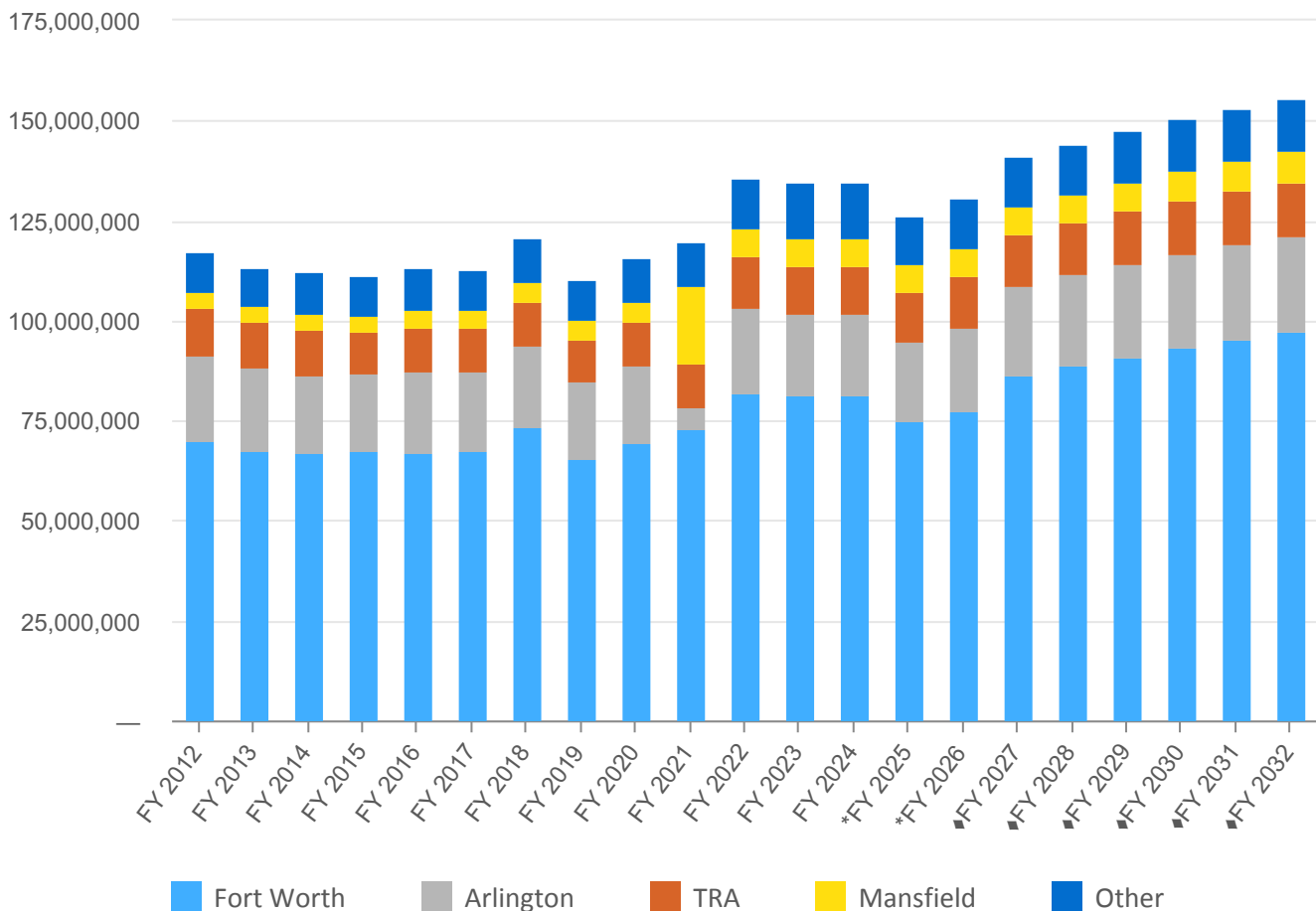
Water Supply Demands

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	\$ 62,832,531	\$ 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	33,040,721	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

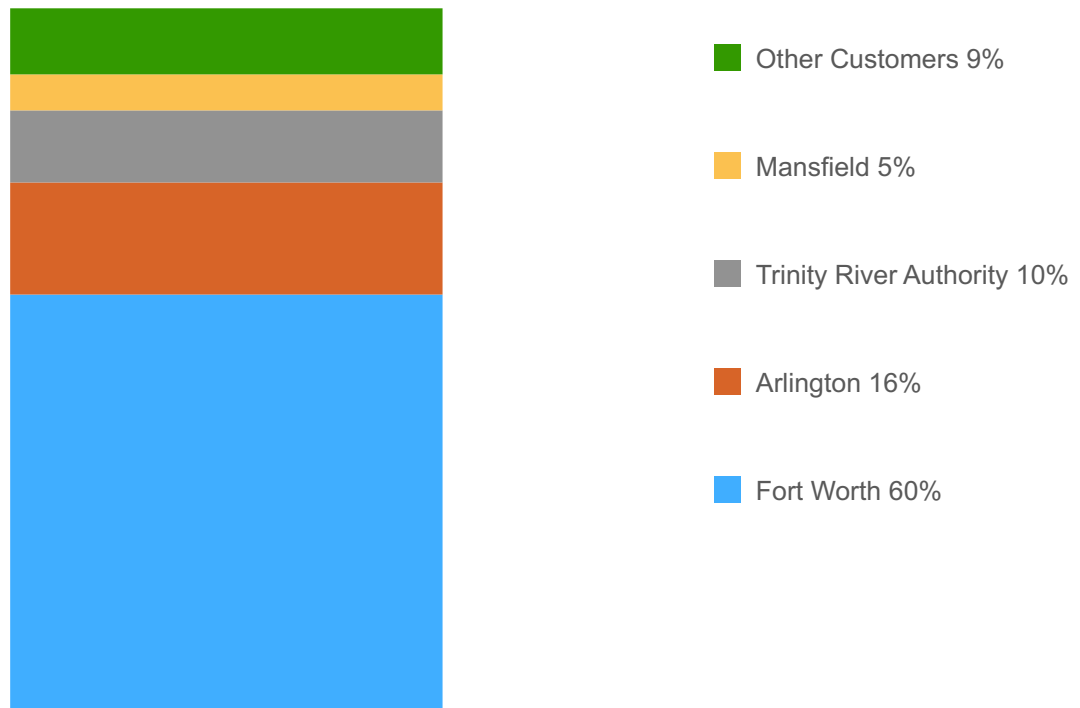
	FY29 Projected	FY30 Projected	FY31 Projected	FY32 Projected
SYSTEM OPERATIONS				
Operations and Maintenance	\$ 82,996,301	\$ 92,331,887	\$ 103,274,405	\$ 113,601,845
Pumping Power	19,000,000	19,000,000	19,000,000	19,000,000
Capital & System Improvements	10,500,000	10,250,000	10,250,000	10,250,000
TOTAL 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

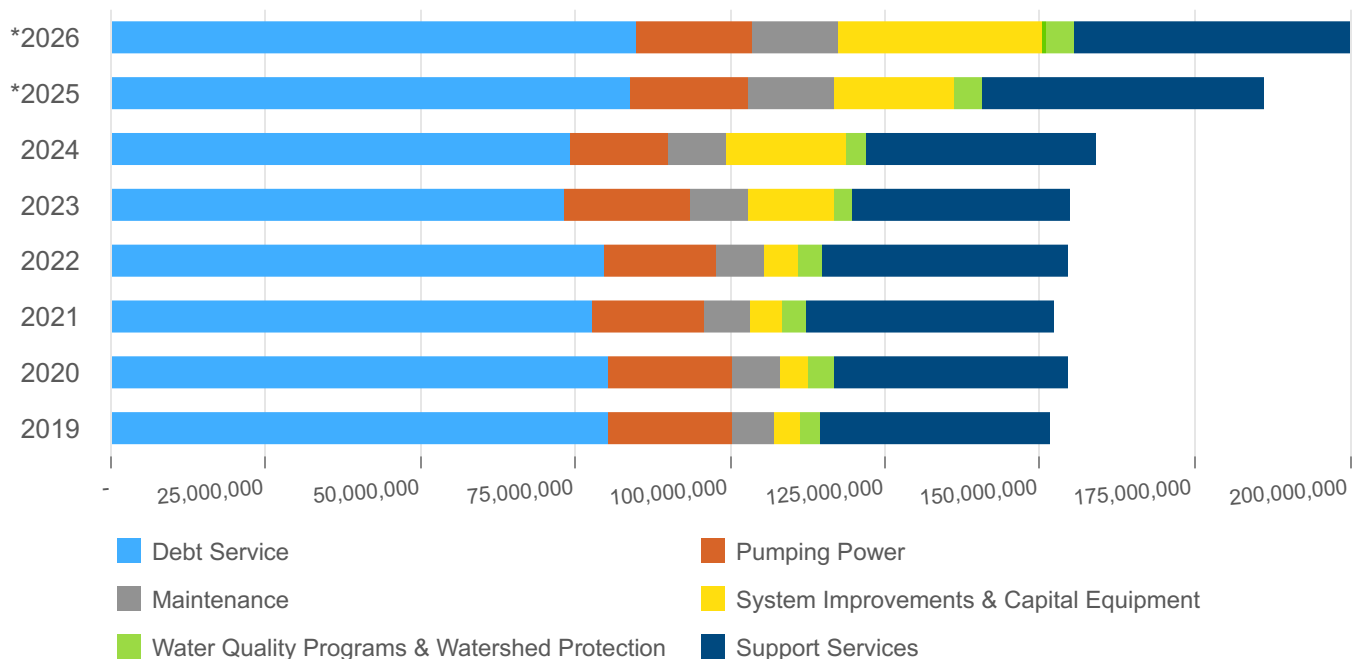
Expenditures Summary

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	13,603,771	(187,549)
System Improvements & Capital	19,324,656	19,440,245	33,040,721	13,600,476
Environmental Stewardship & Public Outreach	3,334,229	4,363,542	4,779,400	415,858
Support Services	37,205,351	45,842,674	44,449,360	(1,393,314)
Total Expenditures	\$ 159,389,441	\$ 186,585,960	\$ 199,734,474	\$ 13,148,514

Revenue Fund Expenditures

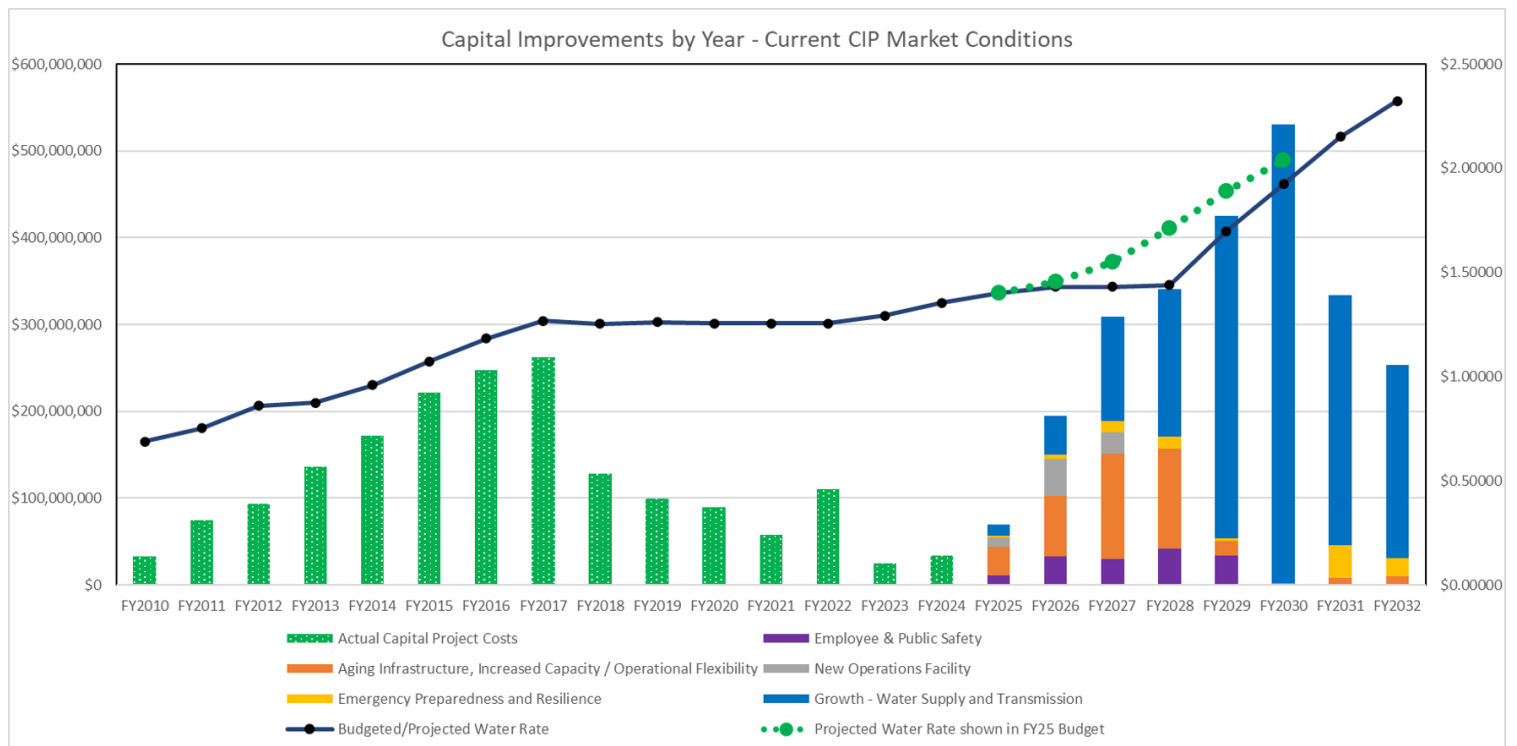


*Budgeted amounts

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

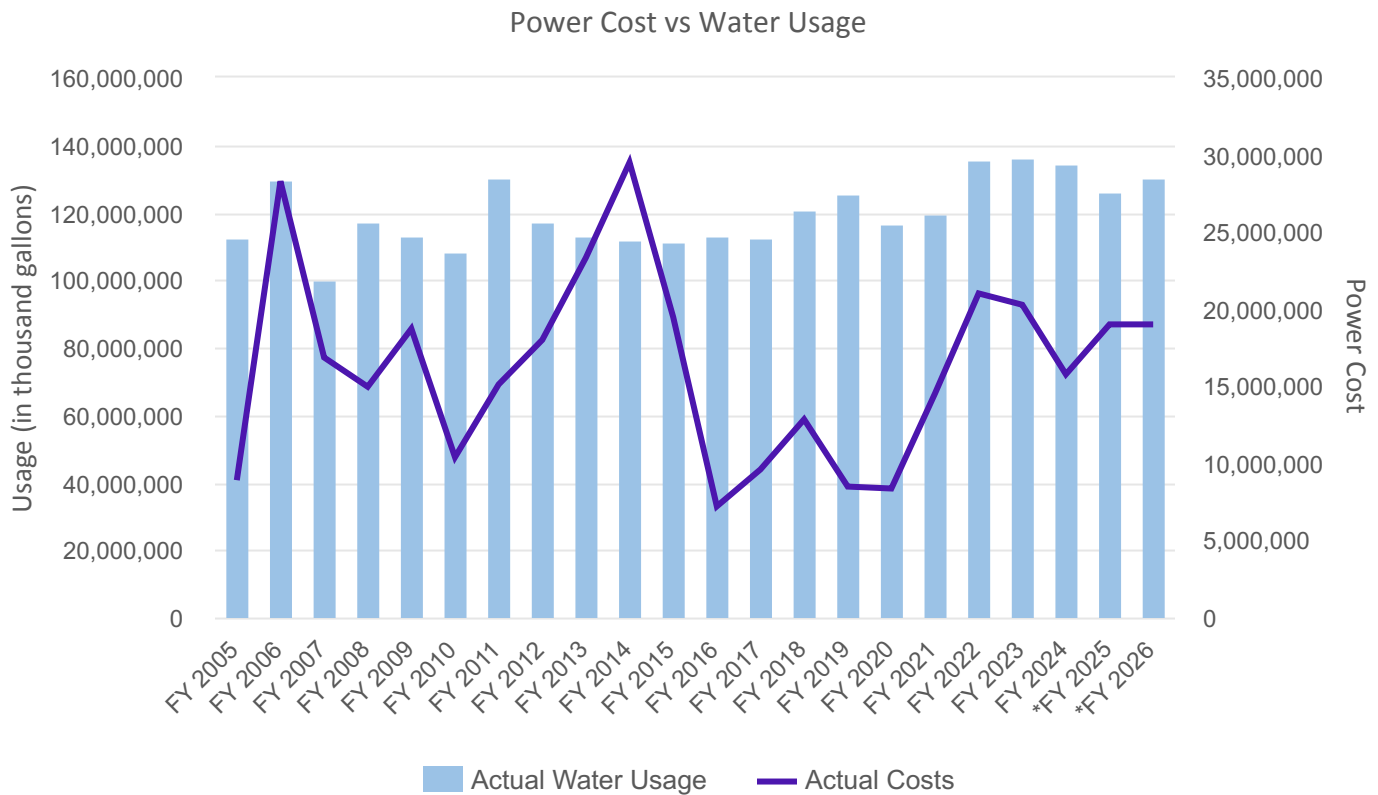


Pumping Power Expenditures

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.

The Facilities & Grounds Maintenance budget increased in fiscal year 2026 due to an increase in the service area as the pipeline right-of-way now includes the entire core section of the IPL as well as an increase in the market pricing for these services. This budget item also includes reservoir release warning system upgrades and HVAC replacements at multiple pipeline facilities.

Maintenance Support mainly increased 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	3,520,463	227,033
Equipment & Fleet	917,741	1,240,440	1,245,486	5,046
Maintenance Support	912,670	971,950	1,063,962	92,012
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	\$ 13,603,771	\$ (187,549)

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	22,236,921	13,211,546
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	\$ 33,040,721	\$ 13,600,476

System Improvements and Capital Details

FY26 Budget
Proposed**System Study & Design Projects**

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
	<hr/>
	\$ 1,942,500

Pump & Valve Projects

JB3 Pump Station Maintenance	857,900
Variable Frequency Drive Upgrades	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	325,000
Overhead Crane Replacement	225,000
BB2 - Pump #4 Rehab	210,000
JB3 RELOCATE TRIDENT ACTUATORS	180,000
	<hr/>
	\$ 4,584,900

Construction & Repair Projects

Cash Funding for Capital Projects - Cedar Creek Pipeline Replacement	18,924,046
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
	<hr/>
	\$ 22,236,921

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	\$ 33,040,721

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

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

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	404,160	(12,801)
Public Outreach & Events	44,877	130,429	119,588	(10,841)
Total	\$ 3,334,229	\$ 4,363,542	\$ 4,779,400	\$ 415,858

* 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.

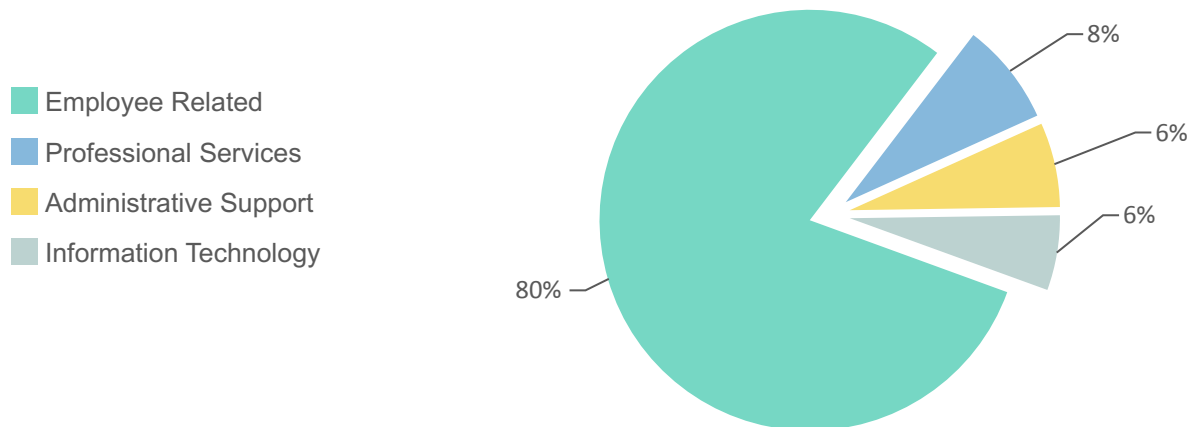


Support Services Summary

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	\$	35,486,720	\$	(864,233)
Professional Services		2,045,760		4,136,404		3,496,744		(639,660)
Administrative Support		2,782,499		2,840,243		2,895,610		55,367
Information Technology		2,028,011		2,515,074		2,570,286		55,212
Total Support Services	\$	37,205,351	\$	45,842,674	\$	44,449,360	\$	(1,393,314)

FY26 Revenue Fund Support Services

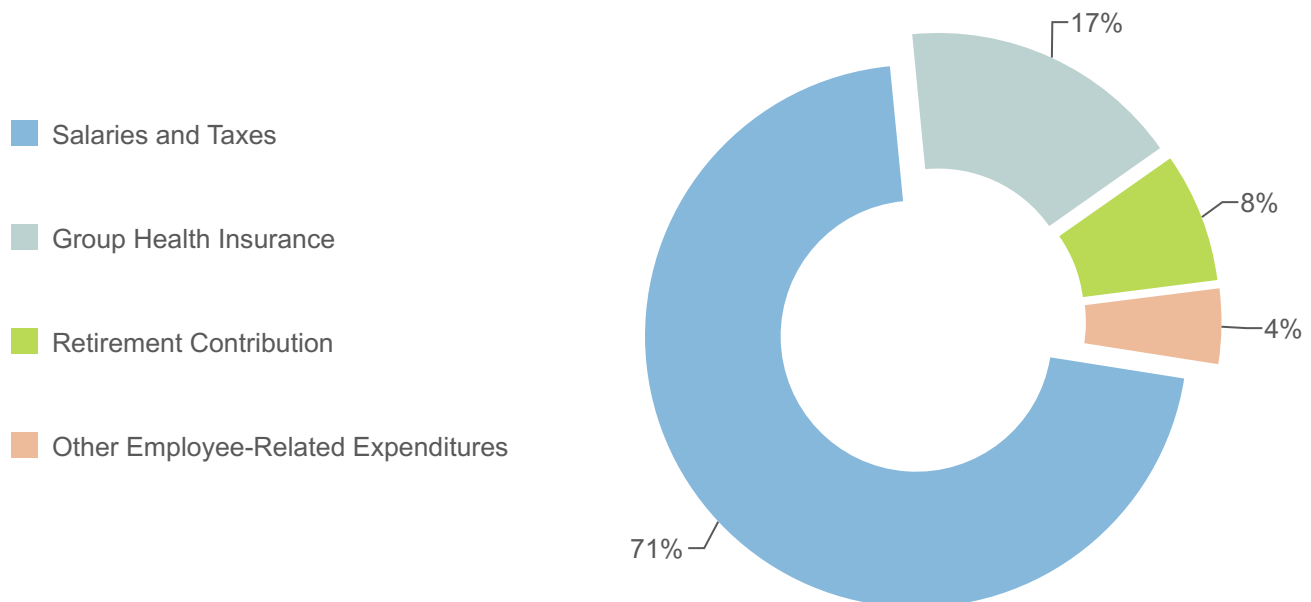


Support Services Employee-Related Expenditures

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	\$	25,181,716	\$	339,519
Group Health Insurance		4,186,716		5,828,647		5,958,062		129,415
Retirement Contribution		2,402,948		2,722,243		2,750,791		28,548
Other Post Employment Benefits		1,249,712		1,361,715		—		(1,361,715)
Other Employee-Related Expenditures		1,353,018		1,596,151		1,596,151		—
Total	\$	30,349,081	\$	36,350,953	\$	35,486,720	\$	(864,233)

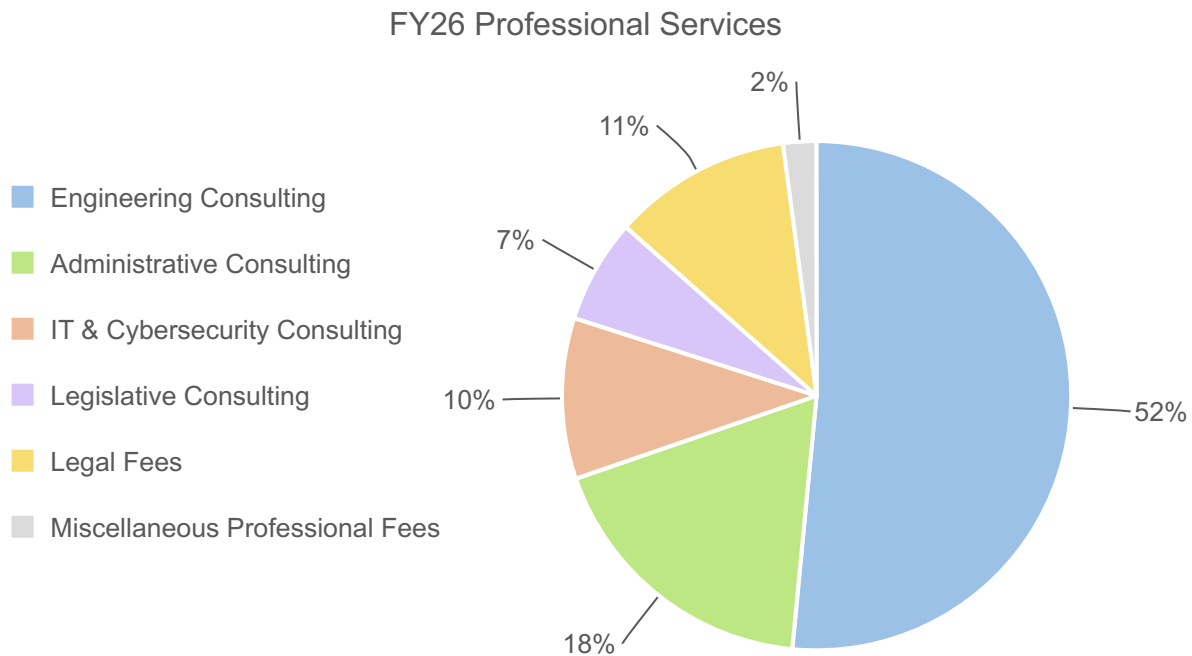
FY26 Employee-Related Expenditures



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	397,875	(217,875)
Miscellaneous Professional Fees	39,696	82,385	73,435	(8,950)
Total Professional Services	\$ 2,045,760	\$ 4,136,404	\$ 3,496,744	(639,660)



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	465,601	8,053
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	107,813	(12,987)
Legal Notices	2,237	2,075	2,600	525
Other Administrative Support	160,086	220,161	253,501	33,340
Total	\$ 2,782,499	\$ 2,840,243	\$ 2,895,610	\$ 55,367

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

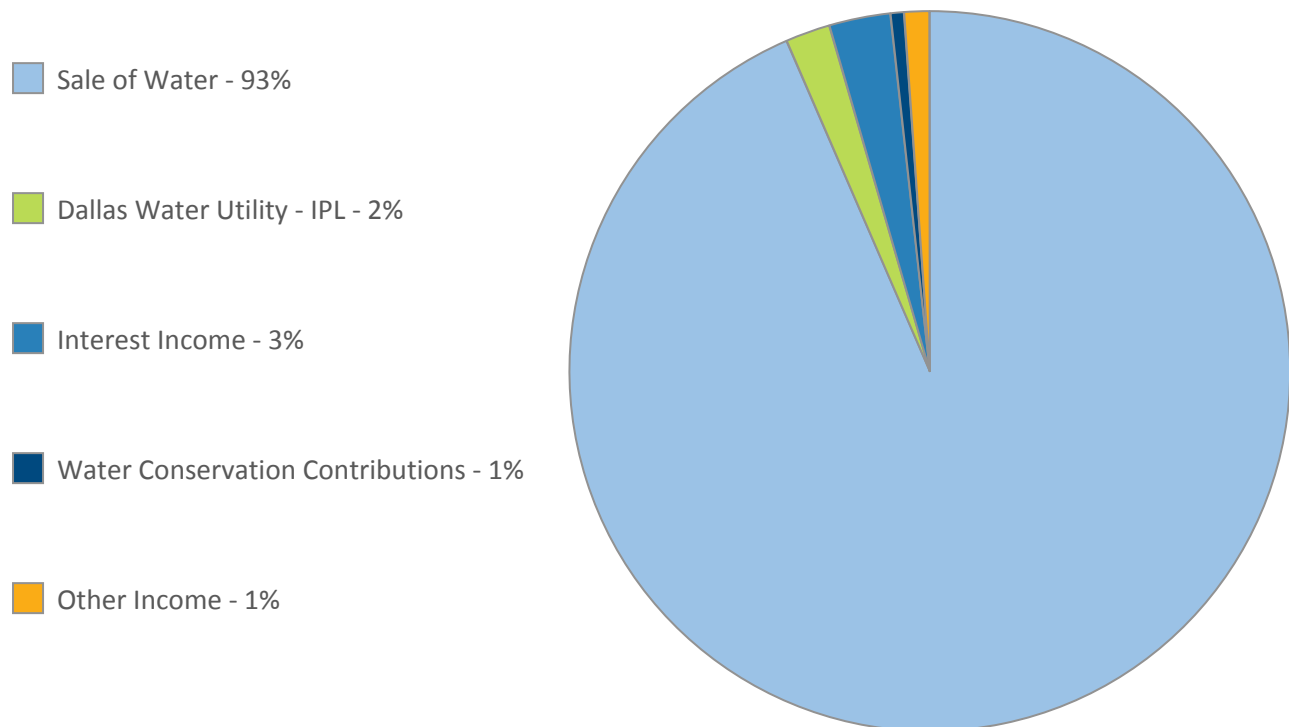
Sources of Revenue Summary

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

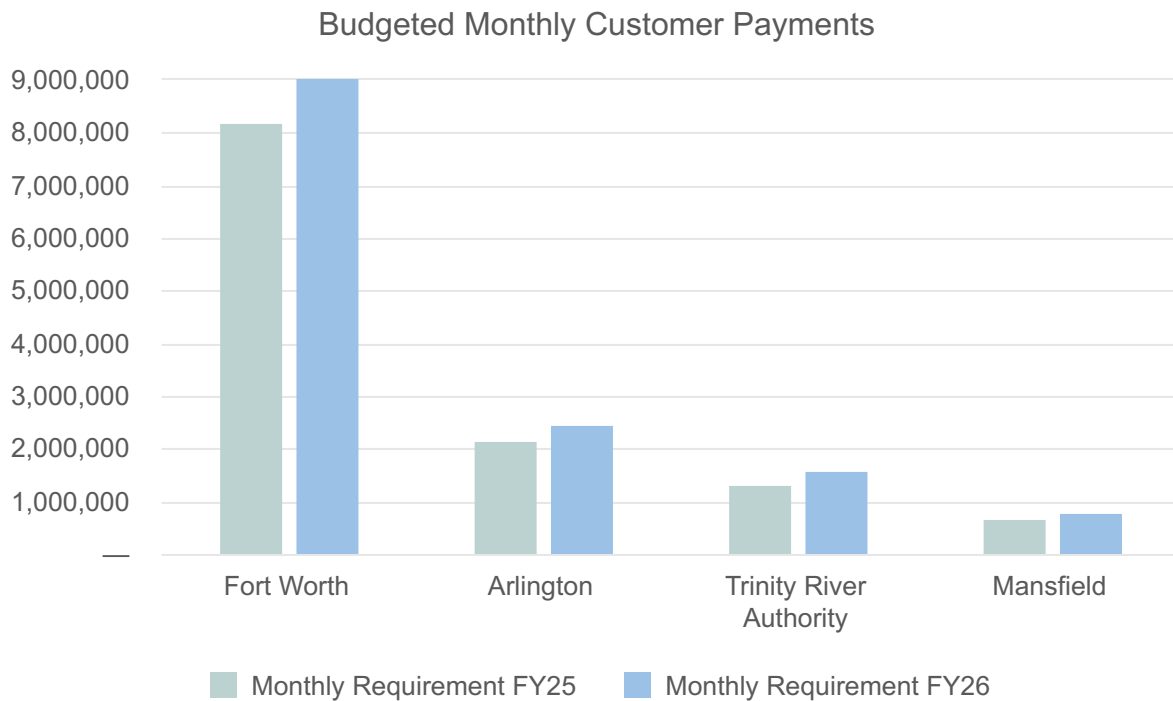


Sources of Revenue Sale of Water

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

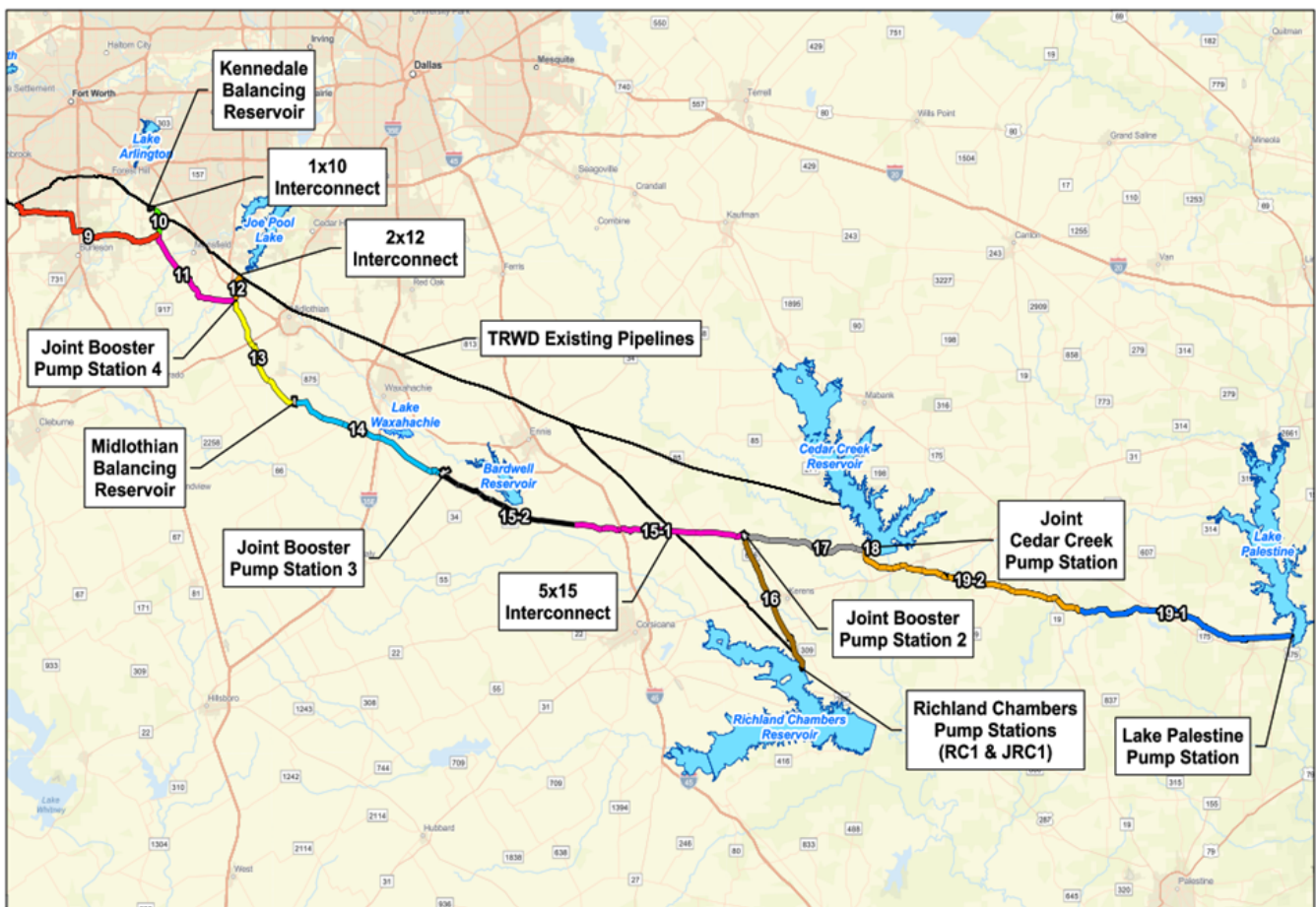
Dallas Water Utility - Integrated Pipeline Project

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



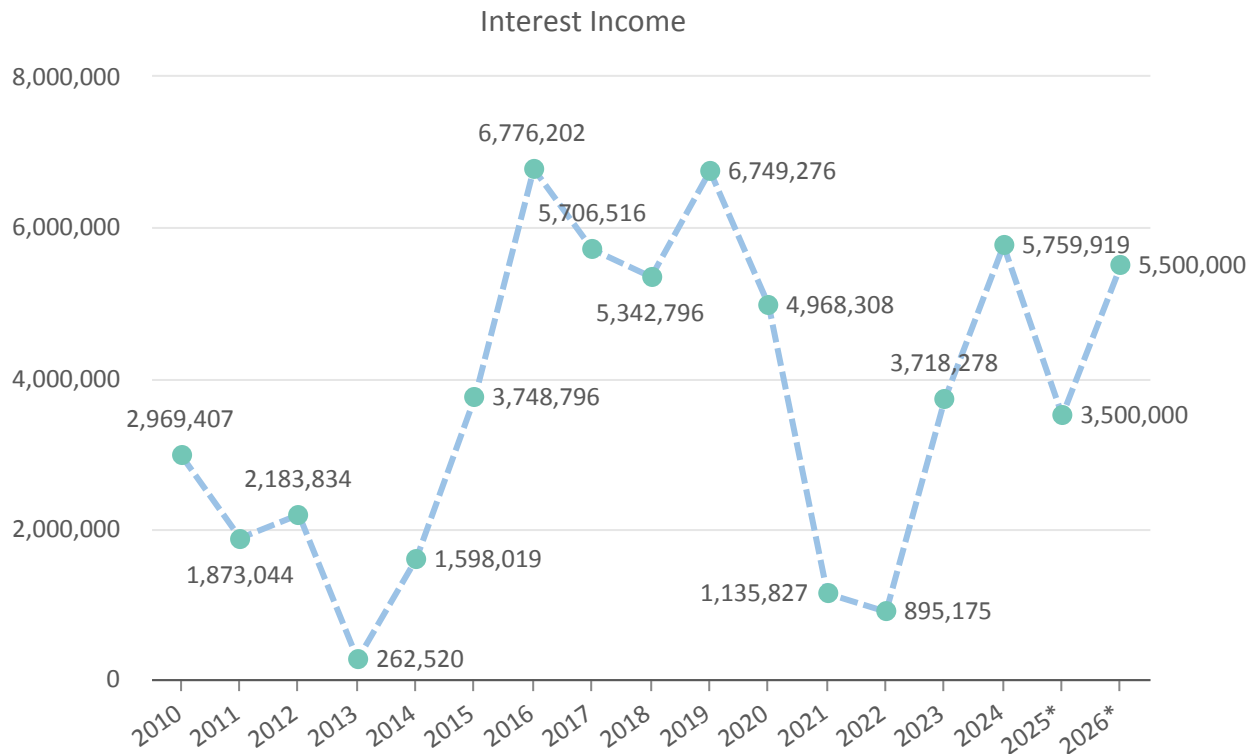
Sources of Revenue

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	3,520,463	227,033	6.89 %	1
Equipment & Fleet	917,741	1,240,440	1,245,486	5,046	0.41 %	
Maintenance Support	912,670	971,950	1,063,962	92,012	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	13,603,771	(187,549)	(1.36)%	
System Improvements & Capital	\$ 19,324,656	\$ 19,440,245	\$ 33,040,721	\$ 13,600,476	69.96 %	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	404,160	(12,801)	(3.07)%	
Public Outreach & Events	44,877	130,429	119,588	(10,841)	(8.31)%	
Total Watershed Protection & Environmental Stewardship	3,334,229	4,363,542	4,779,400	415,858	9.53 %	
Support Services						
Employee Related	\$ 30,349,081	\$ 36,350,953	\$ 35,486,720	\$ (864,233)	(2.38)%	3
Professional Services	2,045,760	4,136,404	3,496,744	(639,660)	(15.46)%	
Administrative Support	2,782,499	2,840,243	2,895,610	55,367	1.95 %	
Information Technology	2,028,011	2,515,074	2,570,286	55,212	2.20 %	
Total Support Services	37,205,351	45,842,674	44,449,360	(1,393,314)	(3.04)%	
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.

TARRANT REGIONAL WATER DISTRICT

AGENDA ITEM 8

DATE: September 16, 2025

SUBJECT: Consider Approval of Consent Agenda

RECOMMENDATION:

Management recommends approval of the Consent Agenda.

Item: Consider Approval of Joint-Funding Agreement with U.S. Geological Survey for Gage Network Support Services

Vendor: U.S. Geological Survey

Amount: Not-to-exceed \$421,340
Fiscal Year 2026 General Fund; Fiscal Year 2026 Revenue Fund

Reviewed by: Construction and Operations Committee

This agreement will provide funding for stream gaging services delivered by the USGS from October 1, 2025 through September 30, 2026. District staff utilize data collected and published by the USGS to inform decisions on flood operations, water supply management, and water quality. Furthermore, this information supports other Trinity Basin partners in areas such as flood risk awareness, emergency response planning, and water supply evaluation.

The scope of this agreement includes the annual operation and maintenance of current stream gages, as well as the installation of a new rain gage near Rosser, TX, enhancing coverage in the vicinity of the District's eastern reservoirs. The total cost of the agreement is \$455,090, with the USGS contributing \$33,750 (7%). The District will be responsible for the remaining \$421,340 for services rendered during the period from October 1, 2025, through September 30, 2026.

Item: Consider Approval of Amendments with PVS and Brenntag for Pipeline Chemicals

Vendor: PVS and Brenntag

Amount: not-to-exceed amount of \$250,000 with PVS; not-to-exceed amount of \$850,000 with Brenntag
Fiscal Year 2026 Revenue Fund

Reviewed by: Construction and Operations Committee

PVS will furnish and deliver sodium hydroxide to Cedar Creek Lake Pump Station,

Richland-Chambers Lake Pump Station and Joint Cedar Creek Lake Pump Station. This product is used for PH control in the pipelines.

Brenntag will furnish and deliver liquid chlorine to Richland-Chambers Lake Pump Station. This product is used for control of zebra mussels.

The original contracts for these chemicals were approved by the Board in August 2022. These contracts included a 13-month initial term, with three (3) one-year renewal options. This will be the third and final of three (3) one-year renewal options.

Item: Consider Approval of Amendment with Brenntag for Pipeline Chemicals

Vendor: Brenntag

Amount: not-to-exceed amount of \$75,000/year
Fiscal Year 2026 Revenue Fund

Reviewed by: Construction and Operations Committee

Brenntag will furnish and deliver liquid ammonium sulfate to Joint Cedar Creek Lake Pump Station which is combined with sodium hypochlorite to form chloramines used for pipeline biofilm control.

The original contract for this chemical was approved by the Board in March 2023 with a not-to-exceed amount of \$150,000 for the initial term. This contract included an 18-month initial term, with three (3) one-year renewal options. This will be the second of three (3) one-year renewal options.

Item: Consider Approval of Amendment with Univar for Pipeline Chemicals

Vendor: Univar

Amount: not-to-exceed amount of \$75,000/year
Fiscal Year 2026 Revenue Fund

Reviewed by: Construction and Operations Committee

Univar will furnish and deliver salt to Joint Cedar Creek Lake Pump Station for use in generating sodium hypochlorite used for pipeline biofilm control, with a not-to-exceed amount of \$75,000/year.

The original contract for this chemical was approved by the Board in April 2023 with a not to exceed amount of \$400,000 for the initial term. This contract included 17-month initial term, with three (3) one-year renewal options. This will be the second of three (3) one-year renewal options.



United States Department of the Interior

U.S. GEOLOGICAL SURVEY
Oklahoma-Texas Water Science Center
1505 Ferguson Lane
Austin, TX 78754

August 8, 2025

Mr. Craig Ottman
H&H Manager/Flood Team Coordinator
Tarrant Regional Water District
800 East Northside Drive
Fort Worth, TX 76102

Dear Mr. Ottman:

Enclosed is our standard joint-funding agreement 26SJFATX062000 between the U.S. Geological Survey Oklahoma-Texas Water Science Center and Tarrant Regional Water District for negotiated deliverables (see attached), during the period October 1, 2025 through September 30, 2026 in the amount of \$421,340 from your agency. U.S. Geological Survey contributions for this agreement are \$33,750 for a combined total of \$455,090. Please sign and return one fully-executed original to Kandis Becher at GS-W-OT_OTFM@usgs.gov or mail to the address above.

Federal law requires that we have a signed agreement before we start or continue work. Please return the signed agreement by **October 1, 2025**. If, for any reason, the agreement cannot be signed and returned by the date shown above, please contact Marsha Gipson at (682) 444-6392 or email mgipson@usgs.gov to make alternative arrangements.

This is a fixed cost agreement to be billed quarterly via Down Payment Request (automated Form DI-1040). Please allow 30-days from the end of the billing period for issuance of the bill. If you experience any problems with your invoice(s), please contact Kandis Becher at phone number (682) 316-5051 or kkbecher@usgs.gov.

The results of all work performed under this agreement will be available for publication by the U.S. Geological Survey. We look forward to continuing this and future cooperative efforts in these mutually beneficial water resources studies.

Sincerely,

Jason Lewis
Acting Director

Enclosure
26SJFATX062000

Form 9-1366
(May 2018)

U.S. Department of the Interior
U.S. Geological Survey
Joint Funding Agreement
FOR
Water Resource Investigations

Customer #: 6000000623
Agreement #: 26SJFATX062000
Project #: SJ009ME
TIN #: 75-6002584

Fixed Cost Agreement YES[X] NO[]

THIS AGREEMENT is entered into as of October 1, 2025, by the U.S. GEOLOGICAL SURVEY, Oklahoma-Texas Water Science Center, UNITED STATES DEPARTMENT OF THE INTERIOR, party of the first part, and the Tarrant Regional Water District party of the second part.

1. The parties hereto agree that subject to the availability of appropriations and in accordance with their respective authorities there shall be maintained in cooperation for negotiated deliverables (see attached), herein called the program. The USGS legal authority is 43 USC 36C; 43 USC 50, and 43 USC 50b.

2. The following amounts shall be contributed to cover all of the cost of the necessary field and analytical work directly related to this program. 2(b) include In-Kind-Services in the amount of \$0.00

- (a) \$33,750 by the party of the first part during the period
October 1, 2025 to September 30, 2026
- (b) \$421,340 by the party of the second part during the period
October 1, 2025 to September 30, 2026
- (c) Contributions are provided by the party of the first part through other USGS regional or national programs, in the amount of: \$0

Description of the USGS regional/national program:

- (d) Additional or reduced amounts by each party during the above period or succeeding periods as may be determined by mutual agreement and set forth in an exchange of letters between the parties.
- (e) The performance period may be changed by mutual agreement and set forth in an exchange of letters between the parties.

3. The costs of this program may be paid by either party in conformity with the laws and regulations respectively governing each party.

4. The field and analytical work pertaining to this program shall be under the direction of or subject to periodic review by an authorized representative of the party of the first part.

5. The areas to be included in the program shall be determined by mutual agreement between the parties hereto or their authorized representatives. The methods employed in the field and office shall be those adopted by the party of the first part to insure the required standards of accuracy subject to modification by mutual agreement.

6. During the course of this program, all field and analytical work of either party pertaining to this program shall be open to the inspection of the other party, and if the work is not being carried on in a mutually satisfactory manner, either party may terminate this agreement upon 60 days written notice to the other party.

7. The original records resulting from this program will be deposited in the office of origin of those records. Upon request, copies of the original records will be provided to the office of the other party.

8. The maps, records or reports resulting from this program shall be made available to the public as promptly as possible. The maps, records or reports normally will be published by the party of the first part. However, the party of the second part reserves the right to publish the results of this program, and if already published by the party of the first part shall, upon request, be furnished by the party of the first part, at cost, impressions suitable for purposes of reproduction similar to that for which the original copy was prepared. The maps, records or reports published by either party shall contain a statement of the cooperative relations between the parties. The Parties acknowledge that scientific information and data developed as a result of the Scope of Work (SOW) are subject to applicable USGS review, approval, and release requirements, which are available on the USGS Fundamental Science Practices website (<https://www.usgs.gov/office-of-science-quality-and-integrity/fundamental-science-practices>).

Form 9-1366
(May 2018)

U.S. Department of the Interior
U.S. Geological Survey
Joint Funding Agreement
FOR

Customer #: 6000000623
Agreement #: 26SJFATX062000
Project #: SJ009ME
TIN #: 75-6002584

Water Resource Investigations

9. Billing for this agreement will be rendered **quarterly**. Invoices not paid within 60 days from the billing date will bear Interest, Penalties, and Administrative cost at the annual rate pursuant the Debt Collection Act of 1982, (codified at 31 U.S.C. § 3717) established by the U.S. Treasury.

USGS Technical Point of Contact

Name: Marsha Gipson
Branch Chief - North Texas
Address: 501 W. Felix Street Bldg 24
Fort Worth, TX 76115
Telephone: (682) 444-6392
Fax: (682) 316-5022
Email: mgipson@usgs.gov

Customer Technical Point of Contact

Name: Craig Ottman
H&H Manager/Flood Team Coordinator
Address: 800 East Northside Drive
Fort Worth, TX 76102
Telephone: (817) 335-2491
Fax: (n/a)
Email: Craig.Ottman@trwd.com

USGS Billing Point of Contact

Name: Kandis Becher
Budget Analyst
Address: 501 W. Felix Street Bldg 24
Fort Worth, TX 76115
Telephone: (682) 316-5051
Fax: (682) 316-5022
Email: kkbecher@usgs.gov

Customer Billing Point of Contact

Name: Craig Ottman
H&H Manager/Flood Team Coordinator
Address: 800 East Northside Drive
Fort Worth, TX 76102
Telephone: (817) 335-2491
Fax: (n/a)
Email: Craig.Ottman@trwd.com

U.S. Geological Survey
United States
Department of Interior

Tarrant Regional Water District

JASON
By LEWIS

Name: Jason Lewis
Title: Acting Director

Signature
Digitally signed by JASON
LEWIS
Date: 2025.08.13
14:10:10 -05'00'

Signatures

By _____ Date: _____

Name:
Title:

By _____ Date: _____

Name:
Title:

By _____ Date: _____

Name:
Title:

Tarrant Regional Water District
26SJFATX062000

STATION NUMBER	DESCRIPTION	CODE	NO. UNITS	DIFF FACTOR	USGS FUNDS	TRWD FUNDS	TOTAL GROSS COST
001: SURFACE WATER PROGRAM							
08042600	West Fork Trinity River at Hwy 281 nr Windthorst, TX						
	Full Range Streamflow Station	QCONT	1	1.00	\$0	\$16,800	\$16,800
	Rain Gage Station	RSTAD	1	1.00	\$0	\$1,500	\$1,500
			Site Totals:		\$0	\$18,300	\$18,300
08042800	W. Fork Trinity River near Jacksboro, TX						
	Full Range Streamflow Station	QCONT	0	1.00	\$0	\$0	\$0
	Funded by Federal Priority Streamgages						
	Rain Gage	RSTAD	1	1.00	\$0	\$1,500	\$1,500
			Site Totals:		\$0	\$1,500	\$1,500
08042820	Lost Creek Reservoir near Jacksboro, TX						
	Reservoir Elevation	RES-E	1	1.00	\$0	\$7,000	\$7,000
			Site Totals:		\$0	\$7,000	\$7,000
08042950	Big Ck nr Chico, TX						
	Full Range Streamflow Station	QCONT	1	1.00	\$0	\$16,800	\$16,800
	Rain Gage Station	RSTAD	1	1.00	\$0	\$1,500	\$1,500
			Site Totals:		\$0	\$18,300	\$18,300
08043000	Bridgeport Reservoir above Bridgeport, TX						
	Reservoir Contents	RES-C	1	1.05	\$0	\$8,925	\$8,925
	Rain Gage Station	RSTAD	1	1.00	\$0	\$1,500	\$1,500
			Site Totals:		\$0	\$10,425	\$10,425
08043950	Big Sandy Creek near Bridgeport, TX						
	Full Range Streamflow Station	QCONT	0	1.00	\$0	\$0	\$0
	Funded by Federal Priority Streamgages						
	Rain Gage Station	RSTAD	1	1.00	\$0	\$1,500	\$1,500
			Site Totals:		\$0	\$1,500	\$1,500
08044500	W. Fork Trinity River near Boyd, TX						
	Full Range Streamflow Station	QCONT	0	1.00	\$0	\$0	\$0
	Funded by Federal Priority Streamgages						
	Rain Gage Station	RSTAD	1	1.00	\$0	\$1,500	\$1,500
			Site Totals:		\$0	\$1,500	\$1,500
08044800	Walnut Creek at Reno, TX						
	Full Range Streamflow Station	QCONT	1	1.00	\$5,700	\$11,100	\$16,800
	Rain Gage Station	RSTAD	1	1.00	\$0	\$1,500	\$1,500
			Site Totals:		\$5,700	\$12,600	\$18,300
08045000	Eagle Mountain Reservoir above Fort Worth, TX						
	Reservoir Contents	RES-C	1	1.05	\$0	\$8,925	\$8,925
	Rain Gage Station	RSTAD	1	1.00	\$0	\$1,500	\$1,500
			Site Totals:		\$0	\$10,425	\$10,425

08045400	Lake Worth above Fort Worth, TX						
	Reservoir Contents	RES-C	1	1.05	\$0	\$8,925	\$8,925
	Rain Gage Station	RSTAD	1	1.00	\$0	\$1,500	\$1,500
					Site Totals:	\$0	\$10,425
						\$10,425	
08045550	W. Fork Trinity River at White Settlement, TX						
	Full Range Streamflow Station	QCONT	1	1.00	\$5,700	\$11,100	\$16,800
	Rain Gage Station	RSTAD	1	1.00	\$0	\$1,500	\$1,500
					Site Totals:	\$5,700	\$12,600
						\$12,600	\$18,300
08045800	Lake Weatherford near Weatherford, TX						
	Reservoir Elevation	RES-E	1	1.00	\$0	\$7,000	\$7,000
					Site Totals:	\$0	\$7,000
						\$7,000	\$7,000
08045995	Clear Fork Trinity River at Kelly Road near Aledo, TX						
	Full Range Streamflow Station	QCONT	1	1.00	\$5,700	\$11,100	\$16,800
					Site Totals:	\$5,700	\$11,100
						\$11,100	\$16,800
08047000	Clear Fork Trinity River near Benbrook, TX						
	Full Range Streamflow Station	QCONT	1	1.20	\$0	\$20,160	\$20,160
	Rain Gage Station	RSTAD	1	1.00	\$0	\$1,500	\$1,500
					Site Totals:	\$0	\$21,660
						\$21,660	\$21,660
08047050	Mary's Creek at Benbrook, TX						
	Full Range Streamflow Station	QCONT	1	1.00	\$5,700	\$11,100	\$16,800
					Site Totals:	\$5,700	\$11,100
						\$11,100	\$16,800
08047500	Clear Fork Trinity River at Fort Worth, TX						
	Funded by Federal Priority Streamgages	QCONT	0	1.00	\$0	\$0	\$0
	Site funded by NSIP				Site Totals:	\$0	\$0
						\$0	\$0
08048000	W. Fork Trinity River at Fort Worth, TX						
	Funded by Federal Priority Streamgages	QCONT	0	1.00	\$0	\$0	\$0
	Weather Station, Operation & Maintenance	WSTAT	1	1.00	\$0	\$5,000	\$5,000
					Site Totals:	\$0	\$5,000
						\$5,000	\$5,000
08048543	W. Fork Trinity River at Beach St. Fort Worth, TX						
	Full Range Streamflow Station	QCONT	0	1.00	\$0	\$0	\$0
	Site funded by Trinity River Compact				Site Totals:	\$0	\$0
	Rain Gage Station	RSTAD	1	1.00	\$0	\$1,500	\$1,500
						\$1,500	\$1,500
08048970	Village Ck at Everman, TX						
	Full Range Streamflow Station	QCONT	1	1.00	\$5,250	\$11,550	\$16,800
	Rain Gage Station	RSTPUB			\$0	\$0	\$0
	Rain Gage funded by City of Arlington				Site Totals:	\$5,250	\$11,550
						\$11,550	\$16,800
08049200	Lake Arlington at Arlington, TX						
	Reservoir Elevation	RES-E	1	1.20	\$0	\$8,400	\$8,400
	Rain Gage Station	RSTAD	1	1.00	\$0	\$1,500	\$1,500
					Site Totals:	\$0	\$9,900
						\$9,900	\$9,900

08062575	Trinity River at Rosser					
	Full Range Streamflow Station	QCONT	0	1.00	\$0	\$16,800
	Rain Gage Station	INSTALL	0	1.00	\$0	\$4,000
		RSTAD	0	1.00	\$0	\$750
		Site Totals:			\$0	\$21,550
08062700	Trinity River at Trinidad, TX					
	Full Range Streamflow Station	QCONT	0	1.00	\$0	\$0
	Funded by Federal Priority Streamgages					
		Site Totals:			\$0	\$0
08062800	Cedar Creek nr Kemp, TX					
	Full Range Streamflow Station	QCONT	0	1.00	\$0	\$0
	Funded by TWDB					
		Site Totals:			\$0	\$0
08062895	Kings Creek at H 34 nr Kaufman, TX					
	Full Range Streamflow Station	QCONT	1	1.1	\$5,700	\$12,780
	Rain gage Station	RSTAD	1	1	\$0	\$1,500
		Site Totals:			\$5,700	\$14,280
08063010	Cedar Creek Reservoir near Trinidad, TX					
	Reservoir Contents	RES-C	1	1.05	\$0	\$8,925
	Rain Gage Station	RSTAD	1	1.00	\$0	\$1,500
	Wind Speed and Direction	WIND	1	1.00	\$0	\$1,500
		Site Totals:			\$0	\$11,925
08063100	Richland Creek near Dawson, TX					
	Full Range Streamflow Station	QCONT	1	1.00	\$0	\$16,800
		Site Totals:			\$0	\$16,800
08063460	Richland Creek at CR 0030, TX					
	Full Range Streamflow Station	QCONT	1	1.00	\$0	\$16,800
		Site Totals:			\$0	\$16,800
08063600	Lake Waxahachie near Waxahachie					
	Reservoir Elevation	RES-E	1	1.00	\$0	\$7,000
		Site Totals:			\$0	\$7,000
08063800	Waxahacie Creek near Bardwell, TX					
	Full Range Streamflow Station	QCONT	1	1.00	\$0	\$16,800
		Site Totals:			\$0	\$16,800
08064510	Halbert Lake near Corsicana, TX					
	Reservoir Elevation	RES-E	1	1.00	\$0	\$7,000
		Site Totals:			\$0	\$7,000
08064550	Richland-Chambers Reservoir near Kerens, TX					
	Reservoir Contents	RES-C	1	1.00	\$0	\$8,500
	Rain Gage Station	RSTAD	1	1.00	\$0	\$1,500
	Wind Speed and Direction	WIND	1	1.00	\$0	\$1,500
		Site Totals:			\$0	\$11,500

QCONT	1	1.00	\$0	\$16,800	\$16,800
		Site Totals:	\$0	\$16,800	\$16,800

QCONT	1	1.00	\$0	\$16,800	\$16,800
RSTAD	1	1.00	\$0	\$1,500	\$1,500
Site Totals:			\$0	\$18,300	\$18,300

\$33,750	\$342,140	\$375,890
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8047050

WQMON5	1	1	\$0	\$	39,600	\$39,600
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WQMON5	1	1	\$0	\$39,600	\$39,600
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\$0	\$ 79,200	\$79,200
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PROJECT	USGS FUNDS	TRWD FUNDS	TOTAL COST
001: SURFACE WATER	\$33,750	\$342,140	\$375,890
003: WATER QUALITY	\$0	\$ 79,200	\$79,200
GRAND TOTAL	\$33,750	\$421,340	\$455,090

TARRANT REGIONAL WATER DISTRICT

AGENDA ITEM 9

DATE: September 16, 2025

SUBJECT: Consider Adoption of Tarrant Regional Water District's 2025 Integrated Water Supply Plan

FUNDING: N/A

RECOMMENDATION:

Management recommends adoption of the 2025 Integrated Water Supply Plan prepared by Carollo Engineers.

DISCUSSION:

The 2025 Integrated Water Supply Plan (IWSP) will guide the District's efforts to meet the future water supply needs of its customers. This document outlines how TRWD will continue to provide reliable, affordable, and sustainable water to the communities it serves for the next 50 years and beyond. The plan evaluates future water supply options, policies, and management strategies to meet growing demand while staying aligned with community values. The District's previous Integrated Water Supply Plan was adopted in 2014.

The 2025 IWSP was presented to the Board and the Advisory Committee in June 2025 and presented to the Advisory Committee again in September 2025. The plan was posted on the District website, www.trwd.com, on August 15, 2025, and public comment was solicited through September 16, 2025. Please refer to the District website homepage for two links to the documents, *Summary and Recommendations 2025 TRWD Integrated Water Supply Plan* and *Technical Documentation 2025 TRWD Integrated Water Supply Plan*.

This item was reviewed by the Construction and Operations Committee on September 9, 2025.

Submitted By:

Rachel Ickert, P.E.
Chief Engineering Officer

TARRANT REGIONAL WATER DISTRICT

AGENDA ITEM 10

DATE: September 16, 2025

SUBJECT: Consider Approval of Raw Water Supply Option and Contract Between the Trinity River Authority of Texas and the Tarrant Regional Water District

FUNDING: Fiscal Year 2026 Revenue Fund Budget - \$570,000

RECOMMENDATION:

Management recommends approval.

DISCUSSION:

The District proposes to execute a contract with the Trinity River Authority of Texas ("TRA") for TRWD to secure 60,000 acre feet per year (AFPY) of treated return flows. If approved, the contract will give the District long-term access to a substantial new supply of water for use in one of its important water supply projects.

TRA holds a water right that permits it to divert, use, and/or sell return flows discharged from its Central Regional Wastewater System Treatment Plant. While the District holds a water right that permits it to divert and use return flows from this plant, it may not do so without TRA's approval. Hence, this contract lays out the option, pricing, and conditions under which the District may acquire and divert this water for its own use.

The contract consists of two parts: (1) an option right, and (2) a raw water sale agreement that kicks in once the option right is exercised. During the option period that runs until 2034, the District will pay an annual option fee for the right to claim the water. The option fee is calculated as 10% of TRA's current raw water rate for the 60,000 AFPY, or \$570,000 annually. Once the option is exercised, the District must pay for a minimum guaranteed supply whether it is used or not, with additional charges for extra diversions or reserved flows.

The contract's term runs until 2084, at which time the District in its sole discretion may extend the contract for an additional 50 years. At the end of the additional 50 years the parties by mutual consent may renew the contract for additional time.

This item was reviewed by the Construction and Operations Committee on September 9, 2025.

Submitted By:

Stephen Tatum
General Counsel

STATE OF TEXAS §
COUNTY OF TARRANT §

WHEREAS, the Authority's Red Oak Creek Regional Wastewater System holds a TPDES permit that empowers the Authority to treat an annual average daily flow of 6 MGD, for a maximum annual average discharge of Return Flows of 6,726 AFY; and

WHEREAS, the District desires to acquire the right to purchase the Authority's available Return Flows, and to divert and use the same for any authorized purpose; and

WHEREAS, the District further desires the right to purchase existing and future Return Flows discharged by the WWTPs that are not otherwise presently committed, up to 60,000 AFPY, pursuant to COA 08-4248.

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained, the Authority agrees to sell to or reserve for the District Return Flows for any use consistent with COA 08-4248, and the District agrees to pay charges therefor upon the terms and conditions hereinafter set forth, to-wit:

ARTICLE 1

INCORPORATION OF RECITALS

The above recitals are hereby made a part of this Contract and the Parties acknowledge and agree that each of the recitals is true and correct.

ARTICLE 2

DEFINITIONS

As used herein, the terms set forth below shall be defined as follows:

Acre-Foot: a volume equaling 325,851 gallons of water, herein abbreviated as "AF."

AFPY: Acre-Feet Per Year.

Contract: This Raw Water Supply Option and Contract.

COA 08-4248: Means Certificate of Adjudication No. 08-4248, as amended, which permits the Authority to divert and use up to 246,519 AFPY of Return Flows from its WWTPs, and to use the bed and banks of the Trinity River to convey such Return Flows downstream to Lake Livingston.

COA 08-4976: Means Certificate of Adjudication No. 08-4976, as amended, which together with COA 08-5035 permits the District to divert and use up to 195,818 AFPY of discharged Return Flows from the Fort Worth Village Creek and Authority Central Regional Wastewater System Treatment Plant, with diversions chargeable to discharges from the latter plant requiring the Authority's permission.

COA 08-5035: Means Certificate of Adjudication No. 08-5035, as amended, which together with COA 08-4976 permits the District to divert and use up to 195,818 AFPY of discharged Return Flows from the Fort Worth Village Creek and Authority Central Regional Wastewater System Treatment Plant, with diversions chargeable to discharges from the latter plant requiring the Authority's permission.

Diversion Allocation Interlocal Agreement: Means an interlocal agreement entered into pursuant to Texas Government Code Chapter 791, the requirements of which are further defined in Article 9, hereof.

Effective Date: Set forth in Article 38.

Contract Quantity: The annual volume of Return Flows committed to the District, which may be modified under Article 12 hereof.

Option Quantity: Means the Option Quantity, 60,000 AFPY, as the same has been increased or reduced in the subsequent Articles.

MGD: Million Gallons Per Day.

Outside Offer: Means a bona-fide offer from a third-party, in writing and signed by the offeror, to purchase Return Flows from the Authority, where that offer sets forth an authorized use, the willingness and substantiated capacity to pay the then-prevailing rate, made in good faith, and that includes a demonstrable intent to proceed with the transaction.

R-1611: Authority Resolution No. R-1611 concerning the Authority's Board of Directors approved rates and fees, which may be superseded and such superseding resolution and its rates and charges shall then be the basis for payments to be made by the District to the Authority.

Raw Water Rate: The rate charged per acre-foot of water committed to the District by the Authority, which may apply to water sold on a take-or-pay basis or water in excess of the take-or-pay volume that is made available by the Authority and diverted by the District. The current R-1611 Raw Water Rate for water sales that is incorporated by reference in this Contract is \$95 per acre-foot, which Raw Water Rate may be modified by the Authority's Board of Directors by a superseding resolution, which will likewise be incorporated by reference in this Contract.

Return Flows: Discharged treated effluent from the Authority's three WWTPs that is authorized for diversion under COA 08-4248.

Settlement Agreement with the City of Houston: An agreement between the Authority and the City of Houston, Texas, effective August 11, 2006, attached hereto as Attachment A.

Settlement Agreement with the City of Irving: An agreement between the Authority and the City of Irving, Texas, effective April 27, 2005, attached hereto as Attachment B.

Take-or-Pay Volume: A volume of water that is paid for regardless of whether it is diverted.

TCEQ: Texas Commission On Environmental Quality.

TEX. ADMIN. CODE: The Texas Administrative Code.

TPDES: Texas Pollutant Discharge Elimination System (TPDES) permit.

WWTPs: The Authority's Central, Ten Mile, and Red Oak Creek Regional Wastewater System Treatment Plants.

ARTICLE 3

SUBORDINATION TO OTHER THIRD-PARTY AGREEMENTS

The District agrees and acknowledges that the rights granted to it under this Contract are subject and subordinate to the requirements of the Authority's Settlement Agreement with the City of Houston, Texas and the Settlement Agreement with the City of Irving, Texas, copies of which are attached hereto as Attachments A and B, respectively, and incorporated herein by reference. The District further acknowledges that its entitlements to Authority Return Flows and the rate in MGD at which the same may be diverted are subject to the Raw Water Supply Contract between the Trinity River Authority of Texas and North Texas Municipal Water District, effective December 1, 2018, attached hereto as Attachment C. The District shall be entitled to divert water at a variable diversion rate not to exceed 122 MGD as the same may be reduced pursuant to Article 9 hereto and a Diversion Allocation Interlocal Agreement adopted pursuant to that Article.

ARTICLE 4

NATURE OF OPTION

The District is hereby granted an option to contract for the purchase of the Option Quantity, 60,000 AFY, derived from the Authority's rights pursuant to COA 08-4248, as such certificate has and may be amended. During the term of the option, the District shall have the right to contract with the Authority to divert and use the Option Quantity, such right being in the nature of a right of first refusal and a right to contract with the Authority for all of the Option Quantity, said quantity being subject to adjustment as set forth herein, and in consideration of payment by the District of fees described herein. If during the term of the option the Authority receives an Outside Offer to contract to purchase all or a portion of the Authority's Return Flows subject to COA 08-4248, then the Authority will promptly give written notice to the District of the terms of the offer received and the Authority's willingness to enter into a contract with the third party to satisfy the Outside Offer. Upon receiving the notice, the District may exercise its option for the Option Quantity in the manner specified in Article 7 below, and thereby invoke the provisions of this Contract with respect to the District's rights to divert and use the Contract Quantity (Articles 10 through 38).

The District may also exercise its option to contract for the Option Quantity independent of any Outside Offer at any time during the term of its option. If the District exercises its option in this manner, the provisions of this Contract related to the purchase of water by the District shall become operative (Articles 10 through 38). Any exercise by the District of its option shall be in an amount of no less than the Option Quantity.

ARTICLE 5

OPTION QUANTITY OF RETURN FLOWS

Notwithstanding the Option Quantity specified herein, the District agrees and

acknowledges that its rights relative to the Option Quantity are subject to and conditioned upon the Authority's rights under COA 08-4248, and that the diversion by the District of Return Flows will require one or more amendments to COA 08-4248 to add a diversion reach and/or diversion points, as appropriate. The Authority will apply for any amendments to COA 08-4248 as expeditiously as possible at its own expense to add the required diversion reach and diversion point or points, and the District shall cooperate as necessary and appropriate in the Authority's efforts in that regard. The Parties shall cooperate with respect to any amendments of COAs 08-4248, 08-4976, and 08-5035 that are necessary or useful with respect to the District's diversion of water pursuant to this Contract.

The Parties agree that the Option Quantity as the same may be modified shall represent the maximum amount of Return Flows the District shall be entitled to divert if it exercises the option authorized herein.

In addition to the option rights granted hereunder, the District is hereby granted a right of first refusal pursuant to which it may increase the Option Quantity by an amount up to any additional authorization for diversion of Return Flows, less channel losses, granted by subsequent amendments to COA 08-4248, subject to the presentation of a joint request by the Authority and the District that additional supply be included as a recommended strategy in the Region C Regional Water Plan. The District agrees and acknowledges that its rights relative to this right of first refusal are subject to and conditioned upon the Authority's rights under COA 08-4248.

If during the term of this option, the Authority receives a final amendment to COA 08-4248 or a new water right (as issued by the TCEQ or a successor agency, and not subject to appeal) that increases the Authority's maximum permitted diversions of Return Flows, then the Authority will promptly give written notice to the District of the additionally authorized and available quantity. Upon receiving the notice, the District may exercise its right of first refusal, in the manner specified below, to increase the Option Quantity. If the District exercises its right of first refusal, the resultant new quantity will be subject to all terms and conditions of this Contract concerning the Option Quantity beginning on the date the exercise of the option becomes effective as described in Article 7.

Upon the District's receipt of a notice from the Authority pursuant to this Article, then the District shall respond to same within 120 days of the date of receipt by delivering written notice to the Authority as specified herein. Said notice by the District shall specify whether the District elects to exercise its right of first refusal and the amount desired by the District. The Option Quantity shall be deemed increased for purposes of payments made pursuant to Article 6 as of the date of the District's written notice of exercise. If the District fails to respond within 120 days, the District shall be deemed not to have exercised and waived its rights under this Article.

If the Authority's rights under COA 08-4248 are modified by any action beyond the control of the Authority, and any such change reduces, or has the effect of reducing, the amount of Return Flows the Authority has the right to use or sell, then, in that event, the District's option rights in Option Quantity shall be reduced proportionately by the percentage of the decrease in the Authority's rights under COA 08-4248 for all purposes hereof, and all fees and charges due hereunder shall be adjusted in the same proportion.

ARTICLE 6

OPTION FEES

The Annual Option Fee shall be calculated by multiplying the Option Quantity in AF by the then-prevailing Raw Water Rate (presently \$95/AFPY under R-1611), and multiplying the product thereof by the then-prevailing Option Fee (presently 10 percent under R-1611), or any subsequent revision of that Raw Water Rate and Option Fee as approved by the Authority's Board of Directors. This calculation is as follows:

Option Quantity in AF x Raw Water Rate x Option Fee = Annual Option Fee

The District agrees to pay the Annual Option Fee within 30 days of the Effective Date as set forth in Article 38 of this Contract, and thereafter on or after December 1 and before December 31 of each year. If the option created hereby is effective for a portion of a year prior to November 30, the Annual Option Fee shall be calculated for that year as a pro rata portion of that year for which this Option Contract is effective based on a 365-day year. Adjustments to the Option Quantity, whether an increase or a decrease as provided herein, shall be accounted for as of the next succeeding Annual Option Fee payment following the effective date of any such adjustment. The current R-1611 Raw Water Rate for water sales that is incorporated by reference in this Contract is \$95 per acre-foot and the Option Fee is 10 percent. In the event R-1611 is superseded by another Authority Board resolution setting rates, fees, or charges, the District's future payments hereunder shall be calculated as provided above, but using the newly established rates, fees, and charges. If the prevailing Raw Water Rate or Option Fee changes during the course of an Authority fiscal year, the Authority shall recalculate the Annual Option Charge for that portion of the fiscal year to which the new rate or fee applied. The Authority shall provide the District with written notice of any proposed changes in the Authority's rate structure no less than 90 days prior to such change going into effect.

All sums paid by the District in relation to its option shall be retained by the Authority in consideration of the option rights conferred upon the District, and shall not constitute a credit towards future purchases of Return Flows by the District from the Authority, except and unless: (1) the Authority is unable to secure an amendment or amendments to COA 08-4248 or such other necessary authorization to permit the sale contemplated hereby by November 30, 2034, or for so long as is required in the case of a contested case hearing thereon or any subsequent judicial appeal; or (2) the Authority determines that the terms and conditions of such an amendment or authorization are unacceptable in its sole reasonable judgment. In either event, all sums paid by the District shall be refunded to the District without interest. The District stipulates and agrees that the option charges specified in this Contract constitute fees and are not rates charged for the sale of water controlled by the Authority under COA 08-4248.

Upon the District's exercise of its option, the Annual Option Fee described in this Article will no longer be applicable and all subsequent charges to the District will be determined under Article 12.

ARTICLE 7

EXERCISE OF OPTION

If the District receives a notice from the Authority of an Outside Offer pursuant to Article 4, then the District shall respond to the same within 120 days of the date of receipt by delivering written notice to the Authority by certified United States mail, return receipt requested, as set forth in Articles 20 and 21 below, specifying whether the District elects to exercise its option to contract for the Option Quantity. If the District fails to respond within such time period, the Authority may enter into a contract in relation to and consistent with the Outside Offer without restraint.

The Authority shall provide written notice to the District by certified United States mail, return receipt requested, as set forth in Articles 20 and 21 below, within 30 days of the date that the Authority enters into a binding contract with any third-party purchaser as a result of an Outside Offer. In the event the accepted and contracted Outside Offer is for a volume less than the Option Quantity in AFPY, the Option Quantity shall be reduced for all purposes hereof, including the calculation of the Annual Option Fee, by the volume of the accepted Outside Offer. The District shall retain its rights hereunder for the reduced Option Quantity.

If the District elects to exercise its rights under the option independent of any Outside Offer for the Option Quantity, it shall notify the Authority of its election by delivering written notice to the Authority by certified United States mail, return receipt requested, as set forth in Articles 20 and 21 below.

If the District exercises its option rights hereunder, the terms of Articles 10 through 38 hereof shall govern the District's and Authority's entitlements and obligations with respect to the use of and payment for Return Flows furnished by the Authority.

ARTICLE 8

TERM OF OPTION

The option created by this Contract shall be effective upon the Effective Date as set forth in Article 38 hereof, and shall continue in force and effect until November 30, 2034 or until such time as the District exercises the option prior to that date; provided, however, that: (1) the term of the option shall automatically be reduced such that the option shall terminate if the amendments to COA 08-4248 to permit the District's diversion have been secured by such date but they include terms or conditions that, in District's sole reasonable judgment, make the reliability of the supplies afforded thereunder inadequate or insufficient or undermine the feasibility of the water supply to be made available through diversion; or (2) the District may terminate its option by providing written notice to the Authority by certified United States mail, return receipt requested, as set forth in Articles 20 and 21 below, at least six months in advance of any Annual Option Fee payment date hereunder, of its election to terminate this Contract.

The Authority may terminate this Contract in the event that it determines, in the Authority's reasonable judgment, that the terms and conditions of a proposed amendment to COA 08-4248 or other authorization sought to enable the sale of water to the District contemplated hereby unacceptably burden the sale or utilization of the Authority's Return Flows.

If the Authority elects to exercise its right to terminate this Contract on that basis, it shall first notify the District of its election by delivering written notice to the District no later than 120 days before Contract termination by certified United States mail, return receipt requested, as set forth in Articles 20 and 21 below.

In the event that District has not exercised its option for the Option Quantity (as the same may be increased or reduced pursuant to Articles 5 and 7, respectively) by November 30, 2034, the District shall have 30 days from that date to notify the Authority of its desire to contract for the Option Quantity. Said notice shall be furnished to the Authority by certified United States mail, return receipt requested, as set forth in Articles 20 and 21 below. In the event such notice is not rendered by the District to the Authority, or the District fails to exercise its option rights in the Option Quantity, all option rights of the District to the Option Quantity shall expire.

ARTICLE 9

DIVERSION ALLOCATION INTERLOCAL AGREEMENT

On or before November 30, 2034, the Authority and District shall agree, by a separate interlocal agreement, on a means to allocate the diversion of Authority Return Flows among the District, the North Texas Municipal Water District, and the City of Irving on a daily basis. The Raw Water Supply Contract between the Authority and North Texas Municipal Water District, effective December 1, 2018, attached hereto as Attachment C, entitles the North Texas Municipal Water District to annually divert up to 56,050 AFPY of Authority Return Flows, at a rate not to exceed 114 MGD. In the event that the North Texas Municipal Water District diverts at a rate in excess of 50 MGD, the Authority may curtail the rate of diversion of Authority Return Flows by the District. In addition, the Authority may curtail diversions of Return Flows in the event that the City of Irving exercises its right to divert Return Flows pursuant to the Settlement Agreement, effective April 27, 2005, attached hereto as Attachment B. The contemplated interlocal agreement, to which the North Texas Municipal Water District may also be a party, will set forth a protocol that effectively and efficiently implements the terms and conditions of this Contract, including limitations necessitated by the North Texas Municipal Water District Raw Water Supply Contract and the Irving Settlement Agreement, and shall include provisions to address occasions when data are not available to calculate the availability of Return Flows.

ARTICLE 10

INITIAL QUANTITY OF RETURN FLOWS FOR SALE

Upon the exercise of the District's option as described in Articles 4 through 8, the Authority shall reserve for or sell to the District up to the Contract Quantity (being the Option Quantity as the same has been increased or reduced in the preceding Articles), from Authority's right to divert Return Flows pursuant to COA 08-4248. These Return Flows reserved for or sold to the District by the Authority will be used for any purposes consistent with COA 08-4248, and may not be resold by the District prior to its diversion of the same absent the written agreement of the Authority, which shall not be unreasonably withheld. The Contract Quantity may be modified as set forth in Article 14, herein, and in that event, will be modified for all purposes under this Contract, including but not limited to the calculation of all fees and charges hereunder.

The Parties agree that the District's actual diversions shall be limited to the amount available under the Authority's accounting plan, less losses to the point of diversion, as such rate may be further reduced by the Authority to: (1) divide daily available Return Flows among multiple purchasers holding rights to Authority Return Flows; or (2) to comply with the terms and conditions of COA 08-4248 or any accounting plan associated therewith.

For the District to limit its diversions as specified in the preceding paragraph, the Authority shall provide the District the following information by 5:00 AM each day following the initiation of operation of the District's diversion point(s): (1) the volume of Return Flows available for diversion that day under COA 08-4248; and (2) the amount, if any, by which the District's diversions under this Contract must be reduced by the Authority to limit such District diversions to comply with COA 08-4248 as specified herein or in any accounting plan. Based on such information, and in accordance with the terms of the preceding paragraph, the District agrees to limit its diversions of Authority Return Flows.

The District's ability to purchase and divert the Contract Quantity of Return Flows is conditioned on Authority's rights under COA 08-4248. The Parties acknowledge that additional actions or notifications to TCEQ may be required regarding actual diversion points associated with the District's diversion locations.

With respect to the Authority's obligations under the Settlement Agreement with the City of Houston, Texas (Attachment A), the Parties agree that the Authority shall bear the full responsibility for complying with the condition of such agreement regarding the passage of 30 percent of the flows generated by the Authority's three WWTPs for the benefit of Lake Livingston, and the Contract Quantity shall not be reduced by that Authority obligation.

Any water diverted by the District chargeable to COA 08-4248 may only be used once (*i.e.*, diverted, distributed as potable water, used, collected by sanitary sewer, treated by a wastewater treatment plant, and subsequently discharged, all to the extent not consumptively used), whether by the District or a subsequent purchaser of treated water from the District. The District shall make no claim for any entitlement or title to said once-through Return Flows. All rights to the return flows derived from the sale and use of the water supplied to the District hereunder, or to subsequent purchasers from the District, are reserved by the Authority to satisfy its obligations to the City of Houston.

If the Authority's rights under COA 08-4248 are changed by any action beyond the control of the Authority, and any such change reduces, or has the effect of reducing, the amount of water the Authority has the right to use or sell thereunder, then, in that event, the District's right to the Contract Quantity and its obligations to pay for water reserved and sold hereunder shall be reduced proportionately by the percentage of the decrease in Authority's rights under COA 08-4248.

ARTICLE 11

COMMITMENTS OF RETURN FLOWS

The minimum presently and firmly available volume of daily Return Flows from the WWTPs is 19.9 MGD, resulting in an annual minimum available discharge of 22,308 AFPY, said volume being the initial annual "Take-or-Pay Volume," and subject to adjustment as set forth in this Article. The Take-or-Pay Volume reflects the fifth percentile of available daily Return Flows for an eight-year period preceding the Effective Date as set forth in Article 38 hereof.

Continued growth in the service areas of the Authority's WWTPs is anticipated, which will provide additional available Return Flows. Total WWTP Return Flows are estimated to increase and be available for the District's diversion hereunder as follows:

Year	Projected Volume (AF/yr)
2030	40,617
2040	56,737
2050	72,857
2060	88,977

Because of the variability of the volume of Return Flows discharged by the three WWTPs, there will be dependable Return Flows that exceed the annual Take-or-Pay Volume. Those flows shall be made available by the Authority to the District for diversion pursuant to COA 08-4248. The District may divert those flows subject to the payment obligations set forth in Article 12.

Effective each November 30, the Authority shall review the eight-year fifth percentile Return Flows volume from the three WWTPs in the eight years ending November 30 of the prior year. If the value has changed by more than five percent, the Authority will adjust the annual Take-or-Pay Volume (increase or decrease) so that it reflects the most recent eight-year period of fifth percentile Return Flows. At any time during this Contract's effectiveness, upon the District's exercise of the right of first refusal described in Article 14, the Authority shall increase the Contract Quantity.

ARTICLE 12

CHARGES FOR COMMITMENTS AND DIVERSIONS OF RETURN FLOWS

Once the District has exercised its option and the Annual Option Fee is no longer due, the Authority's annual charge to the District for the entitlements granted hereunder shall consist of four components:

- (1) A "Take-or-Pay Volume Charge" for the annual Take-or-Pay Volume (presently \$95/AFPY);
- (2) A "Diversion Charge" for Return Flows diverted by the District (if any) during each fiscal year in excess of the annual Take-or-Pay Volume up to the Contract Quantity (presently \$95/AFPY);

- (3) A “Reservation Charge” (presently \$95/AFPY x 30 percent) assessed for the volume of Return Flows not included in (1) and (2), up to the Amount of Return Flows Made Available to the District. The “Amount of Return Flows Made Available to the District” is the amount of Return Flows net of other commitments on an annual basis less losses, limited to no more than the Contract Quantity that are available for diversion by the District; and,
- (4) A “Commitment Fee” (presently \$95/AFPY x 10 percent) assessed upon the remaining volume in excess of the Amount of Water Made Available to the District up to the Contract Quantity.

Calculation of the Annual Take-or-Pay Volume Charge

The annual Take-or-Pay Volume Charge shall be determined by multiplying the then-current Annual Take-or-Pay Volume by the then-prevailing raw water rate as established by Authority Resolution No. R-1611 (presently \$95/AFPY), or any subsequent revision thereof or substitute therefor, as follows:

$$\text{Annual Take-or-Pay Volume} \times \text{Then-Prevailing Raw Water Rate} = \text{Annual Take-or-Pay Volume Charge}$$

Calculation of the Diversion Charge

The Diversion Charge shall be based upon the amount of Return Flows made available to the District that are diverted or otherwise used by the District in excess of the annual Take-or-Pay Volume (determined by daily diversion reporting by the District) multiplied by the then-prevailing raw water rate as established by Authority Resolution No. R-1611 (presently \$95/AFPY), or any subsequent revision thereof or substitute therefor, as follows:

$$\text{Volume Diverted in Excess of Annual Take-or-Pay Volume} \times \text{Then-Prevailing Rate} = \text{Diversion Charge}$$

Calculation of the Reservation Charge

The Reservation Charge applies to all Return Flows made available to the District that are not diverted or used by the District. The Reservation Charge shall be calculated by subtracting from the Amount of Water Made Available to the District the sum of the annual Take-or-Pay Volume and the volume of Return Flows diverted or used by the District in excess of the annual Take-or-Pay Volume, and multiplying the result by the then-prevailing Raw Water Rate and reservation rate as established by Authority Resolution No. R-1611 (presently 30 percent), or any subsequent revision thereof or substitute therefor, as follows:

$$\begin{aligned} &\text{Amount of Water Made Available to the District} - \\ &(\text{Annual Take-or-Pay Volume} + \text{Volume Diverted in Excess}) \times \\ &\text{Then-Prevailing Raw Water Rate} \times \text{Reservation Rate} \end{aligned}$$

=
Reservation Charge

Calculation of the Commitment Fee

The Commitment Fee applies to future flows that the District desires to encumber for its use as those additional flows become available from the WWTPs. The Commitment Fee shall be calculated by multiplying the volume in excess of the Amount of Return Flows Made Available to the District up to the Contract Quantity by the then-prevailing Raw Water Rate and the prevailing Commitment Fee (presently 10 percent) as established by Authority Resolution No. R-1611, or any subsequent revision thereof or substitute therefor, as follows:

$$\begin{aligned} & \text{(Contract Quantity - Amount of Return Flows Made Available to the District) x Raw Water} \\ & \text{Rate x Commitment Rate} \\ & = \\ & \text{Commitment Fee} \end{aligned}$$

At such time as the Amount of Return Flows Made Available to the District equals the Contract Quantity, the District will no longer be liable for the payment of the Commitment Fee. In the event the Amount of Return Flows Made Available to the District is less than the Contract Quantity on November 30, 2060, the District will no longer be liable for the payment of the Commitment Fee for any amounts of water in excess of the Amount of Return Flows Made Available to the District, and amounts of Return Flows becoming available thereafter may be added to the Contract Quantity by an amendment to this Contract.

The sum of the annual Take-or-Pay Volume Charge, the annual Diversion Charge, the annual Reservation Charge, and the annual Commitment Fee (if any) shall equal the "Total Annual Charge" by the Authority to the District for water reserved for and/or sold to the District pursuant to this Contract.

Payment for Annual Take-or-Pay Volume Charge

The District agrees that within 30 days of the exercise of its option, it will pay the annual Take-or-Pay Volume Charge for the remainder of that Authority fiscal year ending on November 30. On or after December 1 and no later than December 31 of that year and each year thereafter, the District shall pay the annual Take-or-Pay Volume Charge for the Authority fiscal year commencing December 1 that year. In the event that Articles 10 through 38 are in effect for only a portion of an Authority fiscal year, the annual Take-or-Pay Volume Charge for that fiscal year shall be calculated by reducing the annual Take-or-Pay volume in proportion to the number of days of the Authority fiscal year in which the Contract is in effect, e.g., if this Contract is in effect for 200 days of an Authority fiscal year, the annual Take-or-Pay Volume shall equal 200/365 of the stated quantity and be the basis for the calculation of annual Take-or-Pay Volume Charge.

Payment for Annual Diversion Charge, Reservation Charge and Commitment Fee

On or before April 30 of each year after the District's exercise of its option, the District shall pay the Authority the Annual Diversion Charge, the Annual Reservation Charge, and the Annual Commitment Fee (if any) for the immediately preceding Authority fiscal year ended the prior November 30.

Payment shall be rendered based upon an invoice furnished by the Authority no later than March 1 of each year. If the prevailing rates and/or charges or the amounts committed to the District change during the course of an Authority fiscal year, the Authority shall recalculate the Total Annual Charge for that portion of the fiscal year to which the new rate or quantity applied.

It is agreed by the Parties that the charges for Return Flows diverted by or reserved for the District shall be determined by the Authority. In the event of any revisions to Resolution No. R-1611, the District's future payments hereunder shall be calculated as provided above, but using the newly established rates and/or charges. The Authority's current rate structure (or any future rate structure adopted by the Authority's Board of Directors) is incorporated by reference into this Contract, and the Parties stipulate that the Authority's rate structure is a material term of this Contract and reflects rates "charged pursuant to a written contract" within the meaning of 16 TEX. ADMIN. CODE § 24.307, or any successor rule thereto. The District further stipulates and agrees that the current rate and charge structure as of the effective date of this Contract is just, reasonable, without discrimination and does not adversely affect the public interest, within the meaning of the Texas Water Code and the rules of the Public Utility Commission of Texas or any agency succeeding to its jurisdiction. The Parties jointly stipulate and agree that this Contract states the essential terms of the Parties' agreement for the furnishing of goods to the District.

The Authority shall provide the District with written notice of any changes in the Authority's rate and charge structure no less than 60 days prior to such change going into effect. If the District objects to the new rate structure, as its remedy, the District shall have the option to terminate this Contract immediately and without penalty by providing the Authority with written notice of termination no more than 90 days after the date on which the Authority's notice is issued. In the alternative, the Parties may attempt to negotiate an amendment to this Contract, but any proposal to amend this Contract may be accepted or rejected in either Party's sole discretion.

Any notice of termination by the District shall specify a date of termination no less than 90 days from the date on which the notice of termination is issued, and pro-rata payment for the Total Annual Charge for the year in which the Contract is terminated under this Article shall be rendered by the District to the Authority within 30 days following the date of termination. In the alternative, the District shall have the right to appeal a rate change (but not a change to the option, standby or commitment charge or fee percentages, which are jointly stipulated as not subject its jurisdiction) to the Public Utility Commission of Texas or any agency succeeding to its jurisdiction, subject to the continued payment of the rates immediately preceding any complained-of change in the Authority's rate.

ARTICLE 13

EXCESS WATER

The District may not divert a quantity of water chargeable to COA 08-4248 in excess of its maximum authorized diversion amount under this Contract, as the same may be reduced as specified herein. In the event it does so, the District shall be liable to the Authority for all costs the Authority incurs, including penalties, as a consequence of excess diversions.

ARTICLE 14

INCREASES AND DECREASES IN CONTRACT QUANTITY; RIGHT OF FIRST REFUSAL

In addition to the rights granted with respect to the Contract Quantity, the District is hereby granted a right of first refusal pursuant to the exercise of which it may increase the Contract Quantity by an amount up to any additional authorization for diversion of Return Flows, less channel losses, granted by subsequent amendments to COA 08-4248, subject to the presentation of a joint request by the Authority and the District that additional District volumetric requirements be included as recommended strategies in the Region C Regional Water Plan. The District agrees and acknowledges that its rights relative to this right of first refusal are subject to and conditioned upon the Authority's rights under COA 08-4248.

If during the term of this Contract, the Authority receives a final amendment to COA 08-4248 (as issued by the TCEQ or a successor agency, and not subject to appeal) that increases the Authority's maximum permitted diversions of Return Flows from the three WWTPs, then the Authority will promptly give written notice to the District of the additionally authorized and available quantity. Upon receiving the notice, the District may exercise its right of first refusal, in the manner specified below, to increase the Contract Quantity under this Contract. If the District exercises its right of first refusal, the resultant new Contract Quantity will be subject to all terms and conditions of this Contract, and fees and charges for the remainder of that billing period prorated to recognize such an increase.

Upon the District's receipt of a notice from the Authority pursuant to this Article, then the District shall respond to same within 120 days of the date of receipt by delivering written notice to the Authority as specified herein. Said notice by the District shall specify whether the District elects to exercise its right of first refusal and the amount desired by the District. The Contract Quantity shall be deemed increased for purposes of payments made pursuant to Article 12 as of the date of the District's written notice of exercise. If the District fails to respond within 120 days, the District shall be deemed not to have exercised its rights under this Article.

In the event the District exercises its right of first refusal under this Article, the Contract Quantity shall be increased by the amount of the Noticed Quantity for which the District exercises its right of first refusal for all purposes. If the District elects not to exercise its right of first refusal under this Article in whole or part, the Authority may use, market or sell the part of the Noticed Quantity for which the District does not exercise its right of first refusal without restraint.

This Article creates no rights other than the right of first refusal it describes.

On each tenth anniversary of this Contract's Effective Date, if: 1) the Authority determines that the projected maximum available volume of Return Flows is, as a result of

changed circumstances, less than the Contract Quantity; and, 2) the District agrees in writing; then the Parties may agree to a commensurate reduction of the Contract Quantity.

ARTICLE 15

AMENDMENTS TO INCREASE DIVERSION AUTHORIZATION

In the event permitted discharges from the three WWTPs increase as a result of amendments to their TPDES permits, the Authority shall seek, at its sole expense, an amendment to COA 08-4248 to increase the Authority's permitted maximum diversion of Return Flows generated by those WWTPs. Subject to the District's right of review, the District shall support and shall not protest such an application by the Authority, in consideration of the rights granted in this Contract.

ARTICLE 16

FILING OF PLANS

Before diverting water from any new diversion structure, the District shall file and have approved by the TCEQ detailed plans and specifications showing the location, size and capacity of the diversion structure and a legal description of the intended point of diversion. The cost of all diversion facilities and costs associated with the operation and maintenance thereof shall be solely borne by the District.

ARTICLE 17

METERING

The District shall provide, operate, and maintain a meter or meters, approved by the Authority, to record and transmit (on a monthly basis) real-time diversion rates, and the District shall report to the Authority the daily volume of water it diverted, in acre-feet, chargeable to COA 08-4248. The District shall further provide all diversion and flow measurements required by COA 08-4248, as the same may be amended. For the purpose of accounting for water diverted that is chargeable to COA 08-4248, the District shall determine the amount of water diverted each month by recording, at a minimum, the reading on the District's meter on the last day of each calendar month or on a date as near as practicable to the last day of each calendar month. The Authority reserves the right to read and inspect the meter or meters during normal business hours upon providing 72-hour notification to the District. If requested in writing by the Authority, the District shall calibrate its raw water meter or meters. If the Authority requests calibration of a meter more than once per year, the Authority will bear the cost of the second and subsequent calibrations in the same year. The Authority shall have the opportunity to have a representative present during such calibration. If upon any test of the water meter, the percentage of inaccuracy of such metering equipment is found to be in excess of five percent, registration thereof shall be corrected for a period extending back to the time when such inaccuracy began, if such time is ascertainable, but in no event further back than a period of six months from the date of the Authority's written request. If the meter is out of service so that the amount of water diverted cannot be ascertained or computed from the reading thereof, the water delivered during the period such meter is out of service shall be estimated by the Authority based on data furnished by the District. The Authority reserves the right to install a check meter at the

Authority's cost.

ARTICLE 18

WATER CONSERVATION AND DROUGHT PLANS

The Parties shall cooperate in their efforts to develop and implement plans, programs, and rules to conserve water resources and to promote practices that will reduce the consumption of water, reduce the loss or waste of water and improve the efficiency in use of water. The Authority's obligations under this Contract shall be subject to the District's adoption and implementation of a water conservation plan and drought contingency plan required or approved by the TCEQ, the Texas Water Development Board, or any other federal, state, or local regulatory authority with power to require or approve water conservation and drought contingency plans. The District shall provide copies of its existing and any proposed amendments to its water conservation plan and drought contingency plan to the Authority for its review.

The District shall require any subsequent wholesale purchaser of the water sold to the District under this Contract, and include in any water supply contract the District enters into following the effective date of this Contract, a requirement to implement water conservation and drought contingency measures that comply with TCEQ requirements and with the District's approved water conservation and drought contingency plans.

In compliance with Texas Water Code Section 11.039, in the event of a shortage of water that results from drought, accident or other cause, and provided that the District has adopted a water conservation plan prepared in compliance with TCEQ and/or Texas Water Development Board rules, the Authority shall divide the water to be distributed among all customers pro rata according to: (1) the amount of water to which each customer may be entitled; or (2) the amount of water to which each customer may be entitled, less the amount of water the customer would have saved if the customer had operated its water system in compliance with its water conservation plan.

ARTICLE 19

TERM OF CONTRACT

The sales and reservations contemplated by Articles 10 through 38 shall be effective upon the exercise of the District's option, and shall continue in force and effect until November 30, 2084. The District, at its sole discretion, may exercise one option to extend the term of this Contract an additional 50 years, the right to such extension being contingent upon the District furnishing written notice of its desire to exercise that 50-year extension by certified mail with return receipt requested no less than 120 days before November 30, 2084. This Contract may be renewed after the conclusion of that secondary term by mutual consent; however, this Contract does not imply or create an obligation on the part of the Authority to continue to provide water to the District after its ultimate termination date.

ARTICLE 20

ADDRESSES AND NOTICE

All notices, payments, and communications required herein shall be sent, respectively, to the General Manager of the Authority at 5300 South Collins, Arlington, Texas 76018, and to the General Manager of the District at 800 East Northside Drive, Fort Worth, Texas 76102. Any notice required to be delivered under this Contract, whether by United States mail, return receipt requested or first class, may alternatively be hand delivered to the recipient at the foregoing addresses.

ARTICLE 21

CERTIFIED NOTICE

Any notice of breach of this Contract, notice of forfeit or notice of force majeure by either Party shall be sent by certified mail with return receipt requested to the addresses stated above. The Parties shall have the right from time to time and at any time to change their respective addresses, and both will have the right to specify as its address any other address by giving at least 15 days' written notice to the other Party.

ARTICLE 22

DEFAULT

In the event that either the District or the Authority shall breach or fail to perform any of the provisions of this Contract, the aggrieved Party shall promptly notify the other Party of the breach or failure to perform. In the event such breach or failure to perform is not cured or is not in the process of being diligently cured, within 30 days after the receipt of such notice, the Party sending the notice, at its discretion, may notify the other Party of its intention to declare this Contract terminated. Upon receipt of such notice the violating Party shall have 30 days to cure such violation prior to final action by the other Party declaring this Contract terminated. Any notice requirement under the terms of this Article shall be in writing and shall be delivered by certified mail in accordance with Articles 20 and 21, above.

No failure on the part of either Party to this Contract to require the performance by the other Party of any provision of this Contract shall in any way affect either Party's right to enforce such provision, nor shall any waiver by either Party be held to be a waiver of any other provision. No rights under this Contract may be waived and no modification or amendment to this Contract may be made except by written amendment executed by the Parties.

ARTICLE 23

SEVERABILITY

The Parties hereto agree that if any of the provisions of this Contract should be or be held to be invalid or to contravene Texas law, or the laws of the United States, such fact shall not invalidate the entire Contract, but it shall be construed as though not containing that particular provision, and the rights and obligations of the Parties shall be construed and remain in force accordingly.

ARTICLE 24

CONTRACT ASSIGNMENT

The District shall not assign its rights hereunder. In the event an assignment is attempted in violation of this Article, the District's rights under this Contract shall automatically and immediately terminate without notice.

ARTICLE 25

TERMINATION

This Contract may be terminated upon mutual written consent of the Parties hereto.

ARTICLE 26

VENUE

In the event any legal proceeding is brought to enforce this Contract or any provision hereof the same shall be brought in Tarrant County, Texas.

ARTICLE 27

FAILURE TO DELIVER

The District agrees that in the event of water shortage, the Authority shall incur no liability for the reduction or termination of sales of water hereunder, when, in the Authority's reasonable judgment, such action is necessary to comply with any order of any court or administrative body or any statute or regulation of any governmental body having jurisdiction.

ARTICLE 28

QUALITY OF WATER

Water sold hereunder is non-potable, treated wastewater effluent. The Authority expressly disclaims any warranty as to the quality or suitability for use by the District. The District agrees that any variation in the quality or characteristics of water contemplated for sale hereunder shall not entitle the District to avoid its obligation to make payments provided for herein. THERE ARE NO WARRANTIES THAT EXTEND BEYOND THE DESCRIPTION HEREIN.

The Authority shall be solely responsible for the legally compliant operation of the WWTPs. In the event of a TPDES permit violation at one of the Authority's WWTPs affects the quality of the Return Flows, the Authority shall promptly notify the District thereof. The District's obligations hereunder may be suspended in the event that, due to a TPDES permit violation by the Authority, the quality of the Return Flows at the point(s) of diversion is such to render it materially unsuitable for its intended use.

ARTICLE 29

PAYMENT OF TAXES AND FEES

In the event any sales or use taxes, or taxes of any similar nature or fees payable to the State of Texas or an agency or department thereof are hereafter imposed on gathering, taking, sale, use or consumption of the water furnished by the Authority and received by the District hereunder, the amount of such taxes and fees shall be borne by the District. In addition to all other charges, and whenever the Authority shall be required to pay, collect or remit any such taxes and fees on water received by the District, then the District shall promptly reimburse the Authority therefor. Reimbursement by the District of any sales or use taxes, or taxes of any similar nature or fees payable to the State of Texas or an agency or department thereof shall be in addition to the Total Annual Charge pursuant to this Contract.

ARTICLE 30

DELINQUENT PAYMENTS

All amounts due and owing to the Authority by the District shall, if not paid within 60 days of being due, bear interest at the Texas post-judgment interest rate set out in TEX. FIN. CODE § 304.003, or any successor statute, from the date when due until paid, provided that such rate shall never be usurious or exceed the maximum rate permitted by law. If any amount due and owing by the District to the Authority is placed with an attorney for collection, the District shall pay to the Authority, in addition to all other payments provided for by this Contract, including interest, the Authority's collection expenses, including court costs and attorneys' fees.

ARTICLE 31

FORCE MAJEURE

In the event that the performance by the Parties hereto of any of the Parties' obligations or undertakings hereunder shall be interrupted or delayed by an occurrence and not occasioned by the conduct of either Party hereto, whether such occurrence be an act of God or the common enemy or the result of war, riot, civil commotion, drought, flood, epidemic, sovereign conduct, or the act or conduct of any person or persons not party or privy hereto, then the Parties shall be excused from such performance for such period of time as is reasonably necessary after such occurrence to remedy the effects thereof. No damages shall be recoverable from the Authority by the District by reason of the suspension of the delivery of water due to any of the causes above mentioned, and no failure of the Authority to meet any obligations by reason of force majeure shall relieve the District from its obligations to make payments required under the terms of this Contract.

ARTICLE 32

STATE OR FEDERAL LAWS, RULES, ORDERS OR REGULATIONS

This Contract is subject to all applicable federal, state, and local laws and any applicable ordinances, rules, orders, and regulations of any local, state, or federal governmental authority having or asserting jurisdiction. Nothing contained herein shall be construed as a waiver of any

right to question or contest any such law, ordinance, order, rule, or regulation in any forum having jurisdiction, and each Party agrees to make a good faith effort to support such proposed laws and regulations which would be consonant with the performance of this Contract in accordance with its terms.

ARTICLE 33

REGULATORY AUTHORITY

The effectiveness of this Contract is dependent upon the Authority and the District complying with the rules and orders of the TCEQ or an agency succeeding to its jurisdiction. The Authority will file an executed copy of this Contract with the Executive Director of the TCEQ pursuant to the rules of the TCEQ. The District shall submit an annual written report to the Authority, in accordance with applicable TCEQ rules, indicating the total amount of water diverted under this Contract. In addition, on or before the tenth day of each month, the District shall furnish to the Authority, on forms provided by the Authority, the total amount of water diverted under this Contract during the prior month.

ARTICLE 34

INDEMNITY

To the extent each legally may, the Parties hereby agree to indemnify each other and provide a legal defense for and/or hold each other harmless from and defend each other against any claim that may arise in connection with or that arises as a result of this Contract.

ARTICLE 35

DELEGATED APPROVAL AUTHORITY

By approval of this Contract, the Board of each Party delegate to its respective representatives, their General Managers, the authority to take all discretionary actions set forth herein without the further approval of either governing body.

ARTICLE 36

DISPUTE RESOLUTION

It is the Parties' intention to avoid the cost of litigation and to resolve problems amicably if possible. To that end, the Parties agree to attempt in good faith to settle any dispute arising under or relating to this Contract by mediation, prior to the initiation of suit or petition to an administrative agency. The Parties further intend that this mediation requirement applies to all disputes arising under or related to this Contract. The initial mediation session will occur at a time mutually agreed on by the parties in consultation with a mediator, though no later than 45 days from service of an initial notice, unless otherwise agreed by the parties and the mediator. If the Parties are unable to settle through mediation the matters to be mediated pursuant to this Article, and the matter proceeds to litigation (including a petition for redress to an administrative agency), the Parties may by mutual agreement engage in further attempts to settle the dispute by mediation or other nonbinding dispute resolution methods. It is the parties' intent that further

mediation efforts be by mutual agreement only, and not by court order. The mediation mandated in this Article shall satisfy the requirements, if any, of pre-trial alternative dispute resolution programs. All applicable statutes of limitation shall be tolled while the mediation procedures specified in this Article are pending. The Parties agree to take all action, including the execution of stipulations or tolling agreements, necessary to effectuate the intent of this Article. A mediator will be chosen by mutual agreement of the Parties. The costs of the mediator will be borne equally by the Parties.

ARTICLE 37

ENTIRE AGREEMENT

This Contract contains the entire agreement between the Parties relating to the rights herein granted. Any oral representations or modifications concerning this Contract shall be of no force and effect, excepting a subsequent modification in writing, signed by the Party to be charged and supported by consideration.

ARTICLE 38

EFFECTIVE DATE

This Contract shall be effective August 27, 2025.

IN WITNESS WHEREOF, the Parties hereto acting under authority of their respective governing bodies have caused this Contract to be duly executed in several counterparts, each of which is deemed to be an original.

[Remainder of page intentionally left blank; signature page follows]

TRINITY RIVER AUTHORITY OF TEXAS

J. KEVIN WARD, General Manager

ATTEST:

ALEXIS S. LONG, Secretary
Board of Directors

(SEAL)

TARRANT REGIONAL WATER DISTRICT:

DAN BUHMAN, General Manager

ATTEST:

C.B. TEAM, Secretary
Board of Directors

(SEAL)

ATTACHMENT A

Attachment A

C70055

NCA

IN THE MATTER OF THE APPLICATION § BEFORE THE TEXAS COMMISSION
OF THE TRINITY RIVER AUTHORITY'S §
APPLICATION NO. 08-4248B § ON ENVIRONMENTAL QUALITY
 §
 §

SETTLEMENT AGREEMENT

This Settlement Agreement is entered into by and between the Trinity River Authority, a conservation and reclamation district created by the Texas Legislature pursuant to the provisions of Article XVI, Section 59 of the Texas Constitution ("TRA") and the City of Houston, a municipality of the State of Texas organized and operating pursuant to its home rule charter and the Constitution and laws of the State of Texas ("Houston"), to be effective this 11 day of August, 2006.

WHEREAS, TRA is the holder of Certificate of Adjudication No. 08-4248 authorizing TRA, in conjunction with Houston, to maintain an existing dam and reservoir known as Lake Livingston and on the Trinity River in the Trinity River Basin and to impound therein not to exceed 1,750,000 acre-feet of water and divert not to exceed 351,600 acre-feet of water per annum for domestic, municipal, industrial and agricultural purposes within TRA's service area; and

WHEREAS, Houston is the holder of Certificate of Adjudication No. 08-4261 authorizing Houston, in conjunction with TRA, to maintain an existing dam and reservoir known as Lake Livingston on the Trinity River in the Trinity River Basin and to impound therein not to exceed 1,750,000 acre-feet of water and to divert 916,200 acre-feet of water per annum for domestic, municipal, industrial and agricultural purposes within Houston's service area; and

WHEREAS, TRA has filed an application with the Texas Commission on Environmental Quality ("TCEQ") to amend TRA's certificate to authorize TRA to reuse treated effluent discharged from TRA's Central Regional, Denton Creek regional, Red Oak Creek, and Ten Mile Creek Wastewater Treatment Plant located in Dallas, Denton and Ellis counties for beneficial use within TRA's service area, including the right to use the bed and banks of the Trinity River to transport such reuse water for storage in TRA's storage space in Lake Livingston with a priority date of September 7, 2000; and

WHEREAS, TRA's application has been designated by TCEQ as Application No. 08-4248 B; and

WHEREAS, in response to TRA's application, TCEQ has prepared a draft amendment dated December 3, 2004, a copy of which draft amendment is attached hereto, and incorporated herein by reference as Exhibit "A"; and

WHEREAS, TRA and Houston recognize and desire to protect the valuable storage and diversion rights under their respective Certificates of Adjudication authorizing Lake Livingston; and

WHEREAS, the diversion and use of treated effluent generated upstream of Lake Livingston, which is not allowed to flow down the bed and banks of the Trinity River can significantly reduce the water in storage at Lake Livingston and thereby adversely impact TRA's and Houston's respective rights in Lake Livingston, including the yield available for diversion from Lake Livingston for beneficial purposes; and

WHEREAS, TRA and Houston desire to allow TRA to make beneficial use of its treated effluent upstream of Lake Livingston and minimize the potential for any negative impacts; and

WHEREAS, in consideration of the protection of those downstream water rights in Lake Livingston, including Houston's Certificate of Adjudication 08-4261, afforded by this settlement agreement Houston is willing to withdraw its protest of TRA's Application No. 08-4248 B;

NOW, THEREFORE in consideration of the mutual benefits to be derived by the Parties and other good and valuable consideration the sufficiency and receipt of which is hereby acknowledged, TRA and Houston agree as follows:

(1) Notwithstanding the rights TRA may be granted by TCEQ, or any successor agency, pursuant to the amendment of TRA's Certificate of Adjudication granted pursuant to Application No. 08-4248B, or any future amendment, authorizing the reuse of treated effluent upstream of Lake Livingston, TRA agrees (i) to limit its reuse to seventy percent (70%) of the metered return flows generated by TRA's wastewater treatment plants identified herein, less carriage losses between the points of discharge and diversion, and (ii) to allow the remaining thirty percent (30%) of such flows to be released to travel downstream in the Trinity River for the benefit and protection of the valuable downstream water rights in Lake Livingston; and

(2) With respect to the 70% of the return flows reused by TRA pursuant to paragraph 1. above, TRA will limit its reuse to a one-time reuse of those return flows; and

(3) The City of Houston agrees to withdraw its protest to TRA's application No. 08-4248 B and to support the issuance of an amendment substantially in the form attached hereto as Exhibit "A"; and

(4) Upon execution of this Agreement by TRA, Houston agrees to file the attached Notice of Withdrawal of Protest with the Chief Clerk of the Texas Commission on Environmental Quality attached hereto as Exhibit "B" and incorporated herein by reference for all purposes; and

(5) The Parties each agree to be solely responsible for their respective costs incurred in connection with TRA's application and this settlement agreement; and

(6) Except as expressly set forth in this settlement agreement, nothing in this agreement is intended to limit or otherwise modify TRA's rights or obligations under its Certificate of Adjudication as the same is modified by the amendment granted pursuant to Application No. 08-4248B; and

(7) The Parties agree that nothing in this settlement agreement is intended to confer, nor is it to be interpreted as conferring any rights or benefits on any third party; and

(8) The Parties represent and warrant to each other that each party:

(a) has entered into this settlement agreement freely and without reservation after consulting with legal counsel, and has satisfied itself as to the benefits and merits of the terms and conditions set forth herein; and

(b) has taken all steps necessary to obtain approval and authorization to enter into this settlement agreement in order for the same to be legally binding on and enforceable against the respective party.

SIGNATURE BLOCKS FOLLOW ON THE NEXT PAGE

Executed in duplicate originals on the dates shown in the signature blocks for the representatives of the respective Party to be effective on the date first written above.

TRINITY RIVER AUTHORITY

By: *Danny F. Vance*
Name: DANNY F. VANCE
Title: GENERAL MANAGER

**THE CITY OF HOUSTON,
TEXAS**

By: *Bill White*
Mayor *Martha L. Steen*

ATTEST:

By: *Unatimull*
City Secretary

APPROVED:

Andrew M. K... 72806
Director, Department of Public
Works and Engineering 14

APPROVED AS TO FORM:

J. Beaud...
Sr. Assistant City Attorney
L.D. File No.

COUNTERSIGNED:

Annise D. Parker
City Controller *Michael D. Appel*

DATE COUNTERSIGNED:

8-11-06

EXHIBITS

Exhibit	Description
"A"	TCEQ Draft amendment to Certificate of Adjudication No. 08-4348 B Dated 12/03/04
"B"	City of Houston's "Notice of Withdrawal Letter" to TCEQ's Chief Clerk

Exhibit "A"

**TCEQ Draft amendment to Certificate of Adjudication No. 08-4348 B
Dated 12/03/04**

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DRAFT 12/03/04

AMENDMENT TO
CERTIFICATE OF ADJUDICATIONCERTIFICATE NO. 08-4248B APPLICATION 08-4248B TYPE §§ 11.121, 11.122,
11.042 & 11.046Owner: Trinity River Authority
 of TexasAddress: P. O. Box 60
 Arlington, Texas 76004

Filed: September 7, 2000

Granted: **DRAFT**Purpose: Domestic, Municipal, Mining,
 Industrial, and AgricultureCounties: Trinity, Polk, San Jacinto,
 Liberty, Chambers, Jefferson,
 Leon, Houston, Walker,
 Galveston, Grimes, Freestone,
 Madison

Watercourse: Trinity River

Watershed: Trinity River Basin, San Jacinto
 River Basin, Neches River
 Basin, and the Neches-Trinity
 Coastal Basin

WHEREAS Certificate of Adjudication No. 08-4248 authorizes the Trinity River Authority (TRA or Applicant), in conjunction with the City of Houston, owner of Certificate of Adjudication No. 08-4261, to maintain an existing dam and reservoir (Lake Livingston) on the Trinity River, Trinity River Basin, and impound therein not to exceed 1,750,000 acre-feet of water, and to construct and maintain a dam and reservoir (Lake Wallisville) on the Trinity River and impound therein not to exceed 51,600 acre-feet of water; and

WHEREAS, Certificate of Adjudication No. 08-4248 also authorizes Applicant to divert and use not to exceed 351,600 acre-feet of water per annum from Lake Livingston and 51,600 acre-feet of water per annum from Lake Wallisville for domestic, municipal, industrial and agriculture (irrigation) purposes within Applicant's service area; and

WHEREAS, by Texas Water Commission, now Texas Commission on Environmental Quality, Order issued September 24, 1990, a portion of the water right authorized by Certificate of Adjudication No. 08-4248 was severed from the Certificate and re-authorized as Water Use Permit

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No. 5271 with a priority date of February 23, 1917, which includes the maintenance of two off-channel reservoirs and the diversion and use of 58,500 acre-feet of water per year at a combined diversion rate of 813 cfs (365,850 gpm) for agricultural (irrigation), mining and industrial purposes from a diversion point on the Trinity River in the Samuel Neathery Survey, Abstract No. 325, Liberty County, Texas, to a relift station located in the Jacob E. Self Survey, Abstract No. 104, Liberty County; and

WHEREAS, the Certificate authorizes recreation use of the water impounded in Lakes Livingston and Wallisville; and

WHEREAS, Applicant is authorized to divert a portion of the water at a point on the Trinity River in the Manuel Rionda Grant, Abstract 25, at a maximum rate of 66.67 cfs (30,000 gpm), a portion at the outlet works on Lake Livingston in the William Pace Survey, Abstract No. 60 at an unspecified diversion rate, and a portion at various points on the perimeter of Lake Livingston at a combined maximum rate of 71.79 cfs (32,305 gpm); and

WHEREAS, the priority date for the diversion and use of the water is September 23, 1959, and for the impoundment of water in Lake Livingston is September 23, 1959; and

WHEREAS, the Certificate authorizes the Trinity River Authority to use the water authorized for diversion and use from Lake Livingston in Trinity, Polk, San Jacinto, Liberty, Chambers, Jefferson, Galveston, Leon, Houston, Walker, Grimes, Freestone, and Madison Counties in the Trinity River Basin, the San Jacinto River Basin, the Neches River Basin and the Neches-Trinity Coastal Basins; and

WHEREAS, special conditions in the certificate include authorization to use the bed and banks of the Trinity River downstream of the dams and reservoirs to convey water, and to subordinate the authorization of the certificate to present and future use and reuse, and consumptive use of certain return flows within the Trinity River Basin upstream of Lake Livingston, as well as other conditions; and

WHEREAS, Applicant seeks authorization to impound, in its share of the storage capacity of Lake Livingston (30%), all of the return flows from TRA's wastewater treatment plants (WWTPs) located upstream from the lake under any theory recognized in Texas Law, including those of developed water, unappropriated return flows from whatever source, release of stored water, use of bed and banks, and unappropriated state water that will not cause adverse impact on other water right holders of a greater magnitude than under circumstances in which the certificate to be amended was fully exercised according to its terms and conditions that existed prior to the amendment; and

WHEREAS, the wastewater treatment plants are identified as TRA's Central Regional, Denton Creek Regional, Red Oak Creek, and Ten Mile Creek Wastewater Treatment Plants in Dallas, Denton, and Ellis Counties; and

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WHEREAS, whenever the natural flow of the Trinity River is insufficient to fill and refill TRA's storage space in Lake Livingston, Applicant will impound its return flows, however characterized, in its Lake Livingston storage space and will divert and use this water as authorized in Certificate of Adjudication No. 08-4248, as amended; and

WHEREAS, the Texas Commission on Environmental Quality finds that jurisdiction over the application is established; and

WHEREAS, *(PLACE HOLDER FOR PROTEST INFORMATION)*; and

WHEREAS, the Executive Director has determined that, in order to protect existing water rights and aquatic habitat in the Trinity River Basin, a special condition limiting Applicant's diversions and reuse of water to actual discharges from the WWTPs, less carriage losses, be included in the permit; and

WHEREAS, the Executive Director has determined that existing water rights will not be impacted by the discharge, conveyance, storage and redirection of TRA's historic and future return flows if appropriate accounting is made pursuant to an accounting plan that measures discharges and adjusts available amounts by losses to prohibit TRA from diverting return flows that physically and legally would have been available for impoundment, diversion, and use by water rights issued prior to the filing of this application; and

WHEREAS, the Texas Commission on Environmental Quality finds that granting this amendment will benefit the public welfare; and

WHEREAS, the Texas Commission on Environmental Quality's current rules provide that a water right may be granted upon the availability of return flows or discharges, however a water right granted based on return flows or discharges will be granted with the express provision that the water available to the water right is dependent upon potentially interruptible return flows and discharges; and

WHEREAS, TRA's application for this amendment was declared administratively complete by the Executive Director on September 7, 2000, and therefore the time priority for the appropriation of additional state water under this amendment is September 7, 2000; and

WHEREAS, the Commission has complied with the requirements of the Texas Water Code and Rules of the Texas Commission on Environmental Quality in issuing this amendment;

NOW, THEREFORE, this amendment to Certificate of Adjudication No. 08-4248, designated Certificate of Adjudication No. 08-4248B, is issued to Trinity River Authority of Texas, subject to the following terms and conditions:

1. **IMPOUNDMENT**

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TRA is authorized to impound, in its share of the storage capacity of Lake Livingston (30% of total capacity), the return flows, less carriage loss, that are discharged by TRA's Central Regional, Denton Creek Regional, Red Oak Creek Regional, and Ten Mile Creek Regional Wastewater Treatment Plants in Dallas, Denton, and Ellis Counties.

2. REUSE

In addition to the current diversion authorization, the Trinity River Authority is also authorized to divert the amount of documented return flows, less carriage and evaporative losses, discharged by the TRA's Central Regional, Denton Creek Regional, Red Oak Creek Regional, and Ten Mile Creek Regional Wastewater Treatment Plants and conveyed to Lake Livingston from the Lake for use within its service area for the purposes authorized by Certificate of Adjudication No. 08-4248. The maximum amount of effluent currently authorized for discharge from each identified WWTP (as of 7/22/2004) is as follows:

Wastewater Treatment Plant	Permit Amount	Per Annum
Central Regional WWTP	193 MGD	215,774 Acre-feet
Denton Creek WWTP	5.0 MGD	5,590 Acre-feet
Red Oak Creek WWTP	3.5 MGD	3,913 Acre-feet
Ten Mile Creek WWTP	24.0 MGD	26,832 Acre-feet
Total	225.5 MGD	252,109 Acre-feet

3. RELEASE POINTS

- A. Central Regional WWTP - approximately Latitude 32.776° N, Longitude 96.939° W on the right bank of the West Fork Trinity River approximately 0.55 river miles upstream of the confluence with Mountain Creek.
- B. Denton Creek Regional WWTP - approximately Latitude 33.023° N, Longitude 97.221° W on the right bank of Cade Branch approximately 0.3 stream miles upstream of the confluence with Denton Creek.
- C. Red Oak Creek Regional WWTP - approximately Latitude 32.483° N, Longitude 96.800° W on the left bank of Red Oak Creek approximately 0.7 stream miles upstream of the confluence with Sanger Branch.
- D. Ten Mile Creek Regional WWTP - approximately Latitude 32.563° N, Longitude 96.623° W on the left bank of Ten Mile Creek approximately 3 stream miles upstream of the confluence with the Trinity River.

DRAFT**4. TIME PRIORITY**

The time priority for the use of the water authorized by this amendment is September 7, 2000.

5. CONSERVATION

- A. Owner shall implement water conservation plans that provide for the utilization of those practices, techniques, and technologies that reduce or maintain the consumption of water, prevent or reduce the loss or waste of water, maintain or improve the efficiency in the use of water, increase the recycling and reuse of water, or prevent the pollution of water, so that a water supply is made available for future or alternative uses.
- B. Every wholesale water supply contract entered into or renewed after official adoption of the water conservation plan, including any contract extension, must ensure that each successive wholesale customer develop and implement a water conservation plan or water conservation measures that incorporate elements of Title 30, Texas Administrative Code Chapter 288.

6. SPECIAL CONDITIONS

- A. TRA is authorized to use the bed and banks of the West Fork Trinity River, Cade Branch, Denton Creek Red Oak Creek, Ten Mile Creek and the Trinity River to convey treated effluent from the four identified WWTPs downstream to Lake Livingston.
- B. Prior to diversion of the water authorized herein, TRA shall install and maintain a measuring devices at the discharge point of each WWTP, capable of measuring within plus or minus 5% accuracy, to record the amount of water discharged into the Trinity River for conveyance downstream to Lake Livingston.
- C. Prior to the diversion of the water authorized herein, TRA shall prepare, implement, and follow an accounting plan, approved by the Commission, designed to determine the combined total amount of divertable return flows present each month, based on measured discharges less calculated carriage losses resulting from the conveyance of the treated effluent from the WWTP to Lake Livingston.
- D. TRA shall maintain electronic records (in spreadsheet or database format) of the records of discharges of each of the specified WWTPs used in the return flow accounting, the calculations of carriage and evaporative losses, and diversions of the return flows from Lake Livingston and make them available to the public during normal business hours and shall submit them to the Executive Director upon request.

DRAFT

This amendment is issued subject to all terms, conditions and provisions contained in Certificate No. 08-4248 except as specifically amended herein.

This amendment is issued subject to all superior and senior water rights in the Trinity River Basin.

Certificate owner agrees to be bound by the terms, conditions and provisions contained herein and such agreement is a condition precedent to the granting of this amendment.

All other matters requested in the application which are not specifically granted by this amendment are denied.

This amendment is issued subject to the Rules of the Texas Commission on Environmental Quality and to the right of continuing supervision of State water resources exercised by the Commission.

TEXAS COMMISSION ON
ENVIRONMENTAL QUALITY

DRAFT

For the Commission

DATE ISSUED:

DRAFT

Exhibit "B"

City of Houston's "Notice of Withdrawal Letter" to TCEQ's Chief Clerk

LAW OFFICES OF
JACKSON, SJOBERG, MCCARTHY & WILSON, L.L.P.

711 WEST 7TH STREET
AUSTIN, TEXAS 78701-2785

DAVID E. JACKSON*
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OF COUNSEL

†LICENSED IN TEXAS AND
TENNESSEE

*BOARD CERTIFIED IN OIL,
GAS AND MINERAL LAW
TEXAS BOARD OF LEGAL SPECIALIZATION

July __, 2006

Ms. LaDonna Castañuela
Chief Clerk (MC 105)
Texas Commission on Environmental Quality
P.O. Box 13087
Austin, Texas 78711-3087

Certified Mail/Return Receipt Requested

Re: Application No. 08-4248 B; Application by the Trinity River Authority to
amend Certificate of Adjudication No. 08-4248

Dear Ms. Castañuela:

I represent the City of Houston in connection the above referenced application filed by the Trinity River Authority to amend Certificate of Adjudication No. 08-4248. Please be advised that as of this date the City of Houston is with drawing its protest and request for a contested case hearing in the matter of TRA's Application No. 08-4248 B.

If you have any questions, please call me at (512) 225-5606..

Sincerely,

JACKSON, SJOBERG, MCCARTHY & WILSON L.L.P.

Edmond R. McCarthy, Jr.
Attorneys for the City of Houston, Texas

cc: Trinity River Authority
Attn: Danny Vance, General Manager
Mike Booth, General Counsel
City of Houston
Attn: Bill Beauchamp, Assistant City Attorney
Jeff Taylor, Deputy Director of Public Works
TCEQ Water Rights
Attn: Todd Chenoweth

ATTACHMENT B

Attachment B

SETTLEMENT AGREEMENT

This Settlement Agreement ("Agreement") is made and entered into as of the date last executed below ("Effective Date") by and between: the TRINITY RIVER AUTHORITY of Texas (the "TRA"), a conservation and reclamation district created by the Texas Legislature pursuant to the provisions of Article XVI, Section 59 of the Texas Constitution, acting by and through its Board of Directors and pursuant to a resolution duly passed and adopted by said Board of Directors; and the CITY OF IRVING, TEXAS (the "City"), a municipality of the State of Texas, organized and operating pursuant to its home rule charter and the Constitution and laws of the State of Texas, acting herein by and through its City Council and pursuant to formal approval by said City Council.

RECITALS

WHEREAS, TRA owns and operates multiple regional wastewater treatment plants in the Trinity River Basin and has planned to make use of treated wastewater from those plants as a future water supply source, and in furtherance of that plan filed Application Certificate of Adjudication No. 08-4248B with the Texas Commission on Environmental Quality ("TCEQ") to amend its existing Lake Livingston water right;

WHEREAS, the City imports water from Lake Chapman in the Sulphur River Basin and has planned to make use of return flows from this imported water as a future water supply source,

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and in furtherance of that plan filed Application Certificate of Adjudication No. 03-4799C with TCEQ to amend its existing Lake Chapman water right;

WHEREAS, the City's Lake Chapman wastewater is treated at TRA's Central Regional Wastewater System's treatment plant ("CRWS") and the ownership of that wastewater is claimed by both TRA and the City;

WHEREAS, TRA and the City (jointly referred to as the "Parties") have both filed protests, each contesting the amendment application filed by the other and disputing the other's legal right to make reuse of the treated wastewater derived from City's Lake Chapman water supply;

WHEREAS, TRA and the City, in compromise and settlement of disputed claims, have reached the following agreement that will allow each to benefit from reuse of treated wastewater from CRWS, including wastewater from City's Lake Chapman water supply;

NOW, THEREFORE, be it resolved that for and in consideration of the mutual covenants, benefits, and agreements hereinafter set forth, the adequacy and sufficiency of which is evidenced by the Parties' respective execution of this Agreement, the Parties agree as follows:

AGREEMENT

1. Settlement Points

1.1. Irving agrees that TRA owns legal title to all wastewater collected and treated in its Central Regional Wastewater System Treatment Plant ("CRWS) prior to discharge into a public stream and, prior to discharge, has the unqualified right to sell the same for beneficial purposes. Irving agrees never to contest this right in any forum, provided TRA complies with this agreement. If Irving's fails to comply with this agreement TRA may void this agreement and any contract TRA may have entered into to sell and reserve its treated effluent to Irving.

1.2. TRA agrees to sell and will contractually reserve 25 mgd, including Irving's Lake Chapman return flow, from the amount of treated effluent available at TRA's CRWS for Irving's use under Certificate of Adjudication No. 03-4799C, and future amendments thereto. Irving agrees that if it should ever increase its return flow use under Certificate of Adjudication No. 03-4799C to an amount in excess of 25 mgd, it will amend its contract with TRA to increase the contract volume amount. The contract will provide for treated effluent to be purchased by Irving at a rate of \$0.1392 per thousand gallons and will be subject to modification annually thereafter based on the Consumer Price Index. TRA also agrees to reserve treated effluent under the contract for Irving's reuse benefit at an annual standby charge of \$175,000. The standby charge

will not be subject to Consumer Price Indexing. Irving will not participate in any of the revenues generated under this agreement. The foregoing rates shall remain in effect for so long as Irving is a member of the CRWS system. Irving shall have a feasibility period of 10 years from the date hereof to make arrangements for the reuse of effluent purchased from TRA to be used under Certificate of Adjudication No. 03-4799C. During the feasibility period Irving shall pay the annual standby charge, but may cancel its effluent purchase contract without penalty if it should determine, in its sole judgment, that reuse of effluent under Certificate of Adjudication No. 03-4799C is not practical, provided that Irving first voluntarily abandons pursuant to TCEQ Rules all reuse rights it has acquired pursuant to Certificate of Adjudication No. 03-4799C.

- 1.3. Irving agrees that it will amend the TCEQ's Executive Director's proposed Amended Certificate of Adjudication No. 03-4799C to recognize that Irving's reuse of its Lake Chapman water is subject to TRA's right to make direct reuse of those return flows.
- 1.4. Unless a contrary agreement is made with TRA in the future, Irving agrees that it will divert its Lake Chapman return flow downstream from TRA's CRWS' discharge point and will use the same, or the proceeds from of any sale or trade of its Lake Chapman return flow, only for municipal and industrial purposes, and only upstream from Lake Livingston.
- 1.5. Irving agrees to provide TRA with daily records of treated Lake Chapman water delivered to Irving by Dallas and Irving's daily treated water distribution losses. TRA

agrees to provide Irving TRA's daily discharge records of Irving's Lake Chapman return flow.

1.6. Irving agrees not to protest TRA's pending and/or future applications for return flow reuse and any amendments to such applications, provided that such applications or amendments comply with this agreement. TRA agrees to support Irving's Application Certificate of Adjudication No. 03-4799C in its motion to withdraw its pending protest and not to protest any future amendment of Certificate of Adjudication No. 03-4799C, provided that Irving's future amendments comply with this agreement

1.7. Irving and TRA agree to reduce these points to a formal settlement agreement and contract and to submit the same to their respective city council or board of directors for approval on or before April 27, 2005. Irving and TRA further agree that they will file a joint motion on or before March 21, 2005, requesting a continuance of the March 29, 2005, hearing on Irving's application and requesting a continuance until May 9, 2005.

2. Miscellaneous Provisions

2.1. ENTIRE AGREEMENT: The terms and provisions of this Agreement and the Trinity River Authority and the City of Irving CRWS Treated Wastewater Supply Contract of even date with this Agreement contain the entire Agreement between the TRA and City with respect to reuse of wastewater treated at CRWS. The rights and obligations of City and TRA under this CRWS Treated Wastewater Supply Contract shall be

interpreted consistent with the terms and conditions of this Agreement. The CRWS Treated Wastewater Supply Contract is incorporated into this Agreement for all purposes and is attached to this Agreement as Exhibit 1.

2.2. SEVERABILITY: The provisions of this Agreement are severable, and if for any reason any one or more of the provisions contained in this Agreement shall be deemed to be invalid, illegal, or unenforceable in any respect, the invalidity, illegality, or unenforceability shall not affect any other provisions of this Agreement and this Agreement shall remain in effect and be construed as if the invalid, illegal, or unenforceable provision had never been contained in the Agreement.

2.3. ASSIGNABILITY: This Agreement shall bind the Parties and their legal successors, and shall not be assignable by a Party without prior written consent of the other Party. All of the respective obligations of each of the Parties shall bind that Party and shall apply to and bind any successors or assigns of that Party.

2.4. COSTS AND EXPENSES: Each Party to this Agreement shall be responsible for all costs and expenses incurred by such Party in connection with this Agreement.

2.5. GOVERNING LAW: This Agreement shall be governed by the Constitution and laws of the State of Texas, except as to matters exclusively controlled by the Constitution and Statutes of the United States of America.

- 2.6. AMENDMENTS: This Agreement may be amended or modified only by mutual written agreement duly authorized by the respective governing bodies of the Parties and executed by the duly authorized representative of each.
- 2.7. VENUE: Exclusive venue for any action arising hereunder shall be in Tarrant County, Texas.
- 2.8. THIRD PARTY BENEFICIARIES: Except as expressly provided herein, nothing in this Agreement, express or implied, is intended to confer upon any person, other than the Parties, any rights, benefits, or remedies under or by reason of this Agreement.
- 2.9. DAMAGES: Neither of the Parties shall be liable or have any responsibility to the other for any indirect, special, consequential, punitive, or delay-related or performance-related damages including, without limitation, lost earnings or profits. Such limitation on liability shall apply to any claim or action, whether it is based in whole or in part on contract, negligence, strict liability, tort, statute, or any other theory of liability.
- 2.10. FURTHER ASSURANCES: The Parties agree to do all acts and things and to execute and deliver such further written instruments, as may be from time to time reasonably required to carry out the purposes and the provisions of this Agreement.

2.11. INTERPRETATION AND RELIANCE: No presumption will apply in favor of either Party in the interpretation of this Agreement or the CRWS Treated Wastewater Supply Contract or in the resolution of any ambiguity of any provisions thereof.

2.12. RELATIONSHIP OF PARTIES: This Agreement is based upon the active participation of the Parties. Neither the execution nor the delivery of this Agreement or the CRWS Treated Wastewater Supply Contract shall create or constitute a partnership, joint venture, or any other form of business organization or arrangement between the Parties, except for the contractual arrangements specifically set forth in this Agreement and the CRWS Treated Wastewater Supply Contract. Except as is expressly agreed to in writing in this Agreement, neither Party (or any of its agents, officers or employees) has any power to assume or create any obligation on behalf of the other Party.

2.13. TERM: This Agreement shall commence on the Effective Date and shall continue in effect for so long as City is a customer member of CRWS.

2.14. TERMINATION: This Agreement may be terminated by mutual written agreement of the Parties.

2.15. DUPLICATE ORIGINALS: The Parties, acting under the authority of their respective governing bodies, shall authorize the execution of this Agreement in several counterparts, each of which shall be an original. City shall submit written evidence in the form of bylaws, charters, resolutions, or other written documentation specifying the

authority of City's representative to sign this Agreement, which evidence shall be attached to this Agreement as Exhibit 2. TRA shall submit written evidence in the form of bylaws, charters, resolutions, or other written documentation specifying the authority of TRA's representative to sign this Agreement, which evidence shall be attached to this Agreement as Exhibit 3.

EFFECTIVE as of the latest date signed by the authorized representative of the parties.

CITY OF IRVING

BY: Joe Putnam
JOE PUTNAM

TITLE: Mayor

DATE: 4-21-05

ATTEST:

Janice Canoll
City Secretary, City of Irving

APPROVED AS TO FORM AND LEGALITY:

BY: Charles B. [Signature]
Attorney for City

Approved <u>4-21-05</u> Resolution # <u>4-21-05-135</u>
--

TRINITY RIVER AUTHORITY OF TEXAS

BY: 
DANNY F. VANCE

TITLE: General Manager

DATE: April 27, 2005

ATTEST:


Secretary, Trinity River Authority of Texas

APPROVED AS TO FORM AND LEGALITY:

BY: 
Attorney for Authority



EXHIBIT 1

Trinity River Authority of Texas and City of Irving, Texas,
CRWS Treated Wastewater Supply Contract

Original Contract Attached Following Page 13

EXHIBIT 2

AUTHORIZATION TO EXECUTE ON BEHALF OF CITY

SECRETARY'S CERTIFICATE

I, the undersigned, Secretary of the City of Irving, Texas, certify that the following motion was duly made and unanimously passed during the April 21, 2005 meeting of the Irving City Council and is included in the minutes of that meeting which are contained in the official files of the City of Irving.

TRINITY RIVER AUTHORITY OF TEXAS AND CITY OF IRVING, TEXAS,

SETTLEMENT AGREEMENT

Upon the motion of Council Person James Dickens, seconded by Council Person Joe Philipp, the City Council unanimously:

Authorized the Mayor to execute the Settlement Agreement between the Trinity River Authority of Texas and the City of Irving, Texas.

I further certify that, as of this date, Joe Putnam is the Mayor of the City of Irving, Texas.

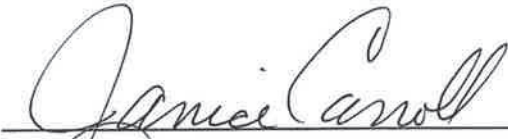


Secretary

(Print Name)
City of Irving, Texas

EXHIBIT 3

AUTHORIZATION TO EXECUTE ON BEHALF OF AUTHORITY

SECRETARY'S CERTIFICATE

I, the undersigned, Secretary of the Board of Directors of the Trinity River Authority of Texas, do certify that the following motion was duly made and unanimously passed during the April 27, 2005 meeting of the Board of Directors and is included in the minutes of that meeting which are contained in the official files of the Trinity River Authority of Texas:

TRINITY RIVER AUTHORITY OF TEXAS AND CITY OF IRVING, TEXAS

SETTLEMENT AGREEMENT

Upon the motion of Director Harold L. Barnard, seconded by Director Benny L. Fogleman, the Board of Directors unanimously:

Authorized the General Manager to execute the Settlement Agreement between the Trinity River Authority of Texas and the City of Irving, Texas.

I further certify that, as of this date, Danny F. Vance is the General Manager of the Trinity River Authority of Texas.



JAMES L. MURPHY, III
Secretary
Board of Directors
Trinity River Authority of Texas

EXHIBIT 1

Trinity River Authority of Texas Treated Wastewater Supply Contract With City of Irving, Texas

Central Regional Wastewater System

TRINITY RIVER AUTHORITY OF TEXAS
TREATED WASTEWATER SUPPLY CONTRACT

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THE STATE OF TEXAS
COUNTY OF TARRANT

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CITY OF IRVING
TREATED WASTEWATER SUPPLY
CONTRACT

This Treated Wastewater Supply Contract is made and entered into by and between the **CITY OF IRVING**, a municipality of the State of Texas organized and operating pursuant to its home rule charter and the Constitution and laws of the State of Texas, and the **TRINITY RIVER AUTHORITY OF TEXAS** a conservation and reclamation district created by the Texas Legislature pursuant to the provisions of Article XVI, Section 59 of the Texas Constitution.

RECITALS

1. Authority owns and operates the Central Regional Wastewater System located in Grand Prairie, Texas, and asserts the right to use treated wastewater from the System prior to its discharge into a public watercourse. City is a wastewater customer of the System and owns Certificate of Adjudication No. 03-4799 to appropriate water from Lake Chapman, located in the Sulphur River Basin for municipal and industrial uses in the Trinity River Basin.
2. City has applied to the Texas Commission on Environmental Quality for an amendment to its Certificate of Adjudication No. 03-4799 to authorize reuse of the treated wastewater derived from its Lake Chapman water supply. City's application is designated by the Texas Commission on Environmental Quality as Application No. 03-4799C.

3. Authority has protested City's Application No. 03-4799C. Authority and City have entered into a Settlement Agreement which resolves all issues between Authority and City concerning City's Application No. 03-4799C.

AGREEMENT

FOR AND IN CONSIDERATION OF THE MUTUAL PROMISES, COVENANTS, OBLIGATIONS, AND BENEFITS DESCRIBED IN THIS AGREEMENT, AUTHORITY AND CITY AGREE AS FOLLOWS:

SECTION 1. DEFINITIONS.

"Agreement" is this CRWS Treated Wastewater Supply Contract with City.

"Annual Standby Charge" is the cost to City for reserving 25 MGD of treated wastewater at CRWS prior to commencement of diversion and use of the treated wastewater.

"Authority" is the Trinity River Authority of Texas.

"City" is the City of Irving, Texas.

"CRWS" is the Authority's Central Regional Wastewater System, including the treatment plant located at 6500 Singleton Boulevard, Grand Prairie, Texas.

"Effective Date" is the date this Agreement was last signed by either City's or Authority's authorized representative.

"MGD" is million gallons per day.

"Reservation Quantity" is 25 MGD.

"Reuse Water Charge" is the payment made by the City for treated wastewater that it diverts.

"TCEQ" is the Texas Commission on Environmental Quality.

"Treated wastewater" is wastewater collected and treated at CRWS prior to its discharge into a public watercourse.

SECTION 2. TERM OF AGREEMENT.

The Effective Date of this Agreement shall be on the date last signed by either City's or Authority's authorized representative as shown on the signature page of this Agreement. This Agreement shall be for a term of thirty (30) years from the Effective Date and shall automatically renew for like terms for so long as City is a customer member of CRWS, unless terminated sooner by mutual consent or pursuant to the terms of this Agreement.

SECTION 3. QUANTITY OF TREATED WASTEWATER.

Subject to the limitations and conditions described in this Agreement, Authority agrees to sell and will contractually reserve the Reservation Quantity, including City's Lake Chapman return flow, from the amount of treated wastewater discharged at CRWS for City's use pursuant to Certificate of Adjudication No. 03-4799C, and any future reuse amendment to that Certificate. By execution of this Agreement, Authority agrees it will not sell, convey, or trade, via direct or in-direct reuse to any other party any portion of the Reservation Quantity. Authority further agrees that the Reservation Quantity shall be available for use by the City on a continuous-daily

basis at the CRWS discharge point located on the south bank of the West Fork of the Trinity River, as authorized under TPDES Permit No. TX0022802.

City agrees that if it should ever increase or decrease its return flow use pursuant to Certificate of Adjudication No. 03-4799C, and any future reuse amendment to that Certificate, to an amount different from the Reservation Quantity, this Agreement will be amended accordingly to reflect the increased or decreased volume amount.

SECTION 4. DIVERSION AND USE.

City agrees that it will divert the Reservation Quantity downstream from CRWS' discharge point, unless an alternate diversion point(s) is mutually agreed upon in writing between the Parties. City agrees that it will use the Reservation Quantity, or the proceeds from any sale or trade of the same, only for municipal and industrial purposes, unless a contrary agreement in writing is made with Authority. The Reservation Quantity shall be used upstream from the headwaters of Lake Livingston.

SECTION 5. RECORDS.

City agrees, upon request, to provide Authority with daily records of treated Lake Chapman water delivered to City by the City of Dallas and/or from any other water treatment plant the City may use to treat its Lake Chapman water and City's daily treated water conveyance losses that are associated with City's Lake Chapman water. Authority, upon request, agrees to provide City with CRWS' daily discharge records of City's Lake Chapman return flow.

SECTION 6. DIVERSION FACILITIES.

City will construct diversion facilities authorized by Certificate of Adjudication No. 03-4799C and any future reuse amendment to that Certificate to divert the treated wastewater discharged from CRWS for City's use pursuant to this Agreement. City will be responsible for all costs associated with such diversion facilities.

City shall provide Authority with the location of its diversion point(s) in a digital format compatible to Authority's then current Geographic Information System technology in use at the time City or City's assignee designs and constructs water diversion facilities to divert water authorized under Certificate of Adjudication No. 03-4799C, and any future amendment to that Certificate. City's diversions shall not exceed a maximum rate of 25 MGD, unless a contrary agreement is made with Authority.

SECTION 7. MEASUREMENT.

City shall provide, operate, maintain, and read meters that will record all water diverted by City pursuant to this Agreement. Water will be measured through conventional types of approved meter(s) capable of measuring instantaneous flow rates within an accuracy of plus or minus two percent. City shall keep accurate records of all measurements of water required by this Agreement for a period of at least 10-years. All of City's books and records pertaining to the diversion and measurement of water diverted under this Agreement shall be available for inspection, copying or audit by Authority during normal business hours. If requested in writing by Authority, once in each calendar year on a date that is as near to the end of the calendar month as practical, City shall calibrate its diversion meter(s). The City shall provide the Authority reasonable notice and an opportunity to observe the calibration. If, upon any test of the diversion

meter(s), one or more meters is found to be inaccurate in excess of two percent (2%), the registration of the inaccurate meter(s) shall be corrected for a period extending back to the time when such inaccuracy began, if such time is ascertainable. If such time is not ascertainable, then registration thereof shall be corrected for a period extending back one-half (1/2) of the time elapsed since the last date of calibration, but in no event further back than a period of six (6) months. If any meter is out of service or out of repair so that the amount of water delivered cannot be ascertained or computed from the meter reading, the water delivered through the period the meter is out of service or out of repair shall be estimated and agreed upon by Authority and City upon the basis of the best data available. Upon written request by Authority, City shall install new meter(s) or repair existing meter(s). Should City fail to install new meter(s) or repair existing meter(s) after one hundred eighty (180) days following Authority's request to do so, Authority at its option may install new meters or repair existing meters at City's expense. Authority shall recover its cost for labor, materials, and interest by billing City in twelve (12) equal monthly installments on or before the tenth (10th) day of each month following the date Authority incurred the costs.

If Authority and City fail to agree upon the amount of water delivered during the inaccurately measured period, the amount of water delivered may be estimated by:

(a) Correcting the error if the percentage of the error is ascertainable by calibration tests or mathematical calculation; or

(b) Estimating the quantity of delivery by deliveries during the preceding periods under similar conditions when the meter or meters were registering accurately.

SECTION 8. CHANNEL LOSSES.

City shall not divert more than the Reservation Quantity pursuant to this Agreement, measured at CRWS' discharge point. Channel losses established by TCEQ in any future reuse amendment to Certificate of Adjudication No. 03-4799C will be accepted by both parties. If TCEQ fails to establish channel losses, the parties will agree upon the amount of channel loss from CRWS' discharge point to City's or City's designee's diversion point(s).

SECTION 9. SOURCE AND ADEQUACY OF SUPPLY.

Water supplied by Authority to City under this Agreement shall be treated wastewater discharged from CRWS and from no other source. During the term of this Agreement, Authority will reserve the Reservation Quantity of treated wastewater from CRWS for City's sole use and benefit.

SECTION 10. PAYMENTS BY CITY.

As consideration for the treated wastewater supply to be provided to City pursuant to this Agreement, City agrees, prior to diversion of any treated wastewater under this Agreement, to pay Authority, at the time and in the manner provided by this Agreement, an Annual Standby Charge of \$175,000 for reserving the Reservation Quantity. The Annual Standby Charge shall be payable in equal monthly installments and billed by Authority monthly. The first monthly payment of the Annual Standby Charge shall be due and payable within thirty (30) days from the date Certificate of Adjudication No. 03-4799C is issued and becomes final and non-appealable, provided City's Certificate of Adjudication No. 03-4799C provides for the reuse of the Reservation Quantity. The Annual Standby Charge will not be adjusted by the Consumer Price Index or subject to any inflationary factor.

City agrees to pay Authority a Reuse Water Charge of \$0.1392 per 1,000 gallons (U.S. Standard Liquid Measure) plus channel losses of water diverted by City pursuant to this Agreement as measured at the City diversion point(s) authorized under Certificate of Adjudication No. 03-4799C, as may be amended. Beginning with calendar year 2006, this rate will be adjusted annually based upon the Consumer Price Index. City's monthly payment, together with a report of the amount of water diverted, are due and payable on the tenth (10th) day of the following month. City's failure to timely make any payment due shall be sufficient grounds for Authority to exercise any remedy available to it under this Agreement. Upon the Authority receiving the first Reuse Water Charge payment by the City, the City shall be no longer obligated to pay the Authority the Annual Standby Charge. All payments shall be sent to Authority by U.S. mail, postage prepaid, as specified in Section 25 of this Agreement.

If City at any time disputes the amount to be paid to Authority, City shall nevertheless timely make the disputed payment or payments. If it is subsequently determined by agreement or a court of competent jurisdiction that the disputed amount paid by City should have been less or more, the parties shall promptly revise and reallocate City's payments in a manner that City or Authority will recover the amount owed or due.

Authority agrees that the City's rate under this section shall automatically be adjusted to a rate equal to the lowest rate charged by Authority for CRWS treated wastewater if Authority should sell treated wastewater from CRWS to another customer at a rate lower than the rate being paid by the City.

City, as a customer of CRWS, shall not participate in any of the revenues generated by Authority under this Agreement. The foregoing rates shall remain in effect for so long as the City is a member of the CRWS system.

City and Authority stipulate and agree that the rates and policies specified in this Agreement are just, reasonable, without discrimination, and in the public interest. If City initiates or participates in any proceeding regarding Authority's rates and policies set forth and agreed to between the parties in this Agreement and advocates a position that is adverse to Authority and Authority prevails, City shall pay Authority for its expenses, including attorneys' and other professional fees, in the proceeding within thirty (30) days after Authority's demand for payment. If Authority initiates or participates in any proceeding regarding City's payments or rates and policies set forth and agreed to between the Parties in this Agreement and advocates a position that is adverse to the City and City prevails, Authority shall pay City for its expenses, including attorney's and other professional fees, in the proceeding within thirty (30) days after City's demand for payment.

SECTION 11. FEASIBILITY PERIOD.

City shall have a Feasibility Period of ten (10) years from the Effective Date of this Agreement to make arrangements for the reuse of CRWS treated wastewater purchased from Authority pursuant to this Agreement. City shall pay the Annual Standby Charge during the Feasibility Period, but may cancel this Agreement without penalty if it should determine, in its sole judgement, that reuse of treated wastewater under Certificate of Adjudication No. 03-4799C or any future reuse amendment to that Certificate is not practical, provided however that City first shall voluntarily abandon, in accordance with TCEQ rules and procedures, all reuse rights it

has acquired pursuant to Certificate of Adjudication No. 03-4799C and any future reuse amendment to that Certificate. At City's option, the Feasibility Period may be extended by continuing to pay the Annual Standby Charge for each year of extension that City desires.

SECTION 12. TEXAS COMMISSION ON ENVIRONMENTAL QUALITY.

This Agreement is dependent upon Authority and City complying with the rules of TCEQ regarding water supply contracts and amendments (30 TAC §§ 295.101 and 297.102, et. seq.). Authority will file a signed copy of this Agreement with the Executive Director of TCEQ. City may not divert the treated wastewater discharged from CRWS unless Authority notifies City that Authority has received written notification from the TCEQ that a copy of this Agreement has been received, and accepted for filing. City shall provide Authority a copy of its annual water use report filed with TCEQ for diversions made under Certificate of Adjudication No. 03-4799C, and any future reuse amendment to that Certificate.

SECTION 13. REGULATORY REQUIREMENTS.

This Agreement is subject to all applicable federal, state, and local laws and any applicable ordinances, rules, orders, and regulations of any local, state, or federal governmental authority having jurisdiction. However, nothing contained in this Agreement shall be construed as a waiver by either party of any right to question or contest any law, ordinance, order, rule, or regulation in any forum having jurisdiction.

SECTION 14. QUALITY OF TREATED WASTEWATER.

THE WATER THAT AUTHORITY OFFERS TO SELL TO CITY IS NON-POTABLE, TREATED WASTEWATER. CITY HAS SATISFIED ITSELF THAT SUCH WATER IS

SUITABLE FOR ITS NEEDS. EXCEPT FOR COMPLIANCE WITH ITS CRWS WASTE DISCHARGE PERMIT, AUTHORITY EXPRESSLY DISCLAIMS ANY WARRANTY AS TO THE QUALITY OF THE TREATED WASTEWATER OR SUITABILITY OF THE WATER FOR ITS INTENDED PURPOSE. AUTHORITY EXPRESSLY DISCLAIMS THE WARRANTIES OF MERCHANTABILITY AND FITNESS. CITY AGREES THAT ANY VARIATION IN THE QUALITY OR CHARACTERISTICS OF THE TREATED WASTEWATER OFFERED FOR SALE AS PROVIDED BY THIS AGREEMENT SHALL NOT ENTITLE CITY TO AVOID OR LIMIT ITS OBLIGATION TO MAKE PAYMENTS PROVIDED FOR BY THIS AGREEMENT. THERE ARE NO WARRANTIES WHICH EXTEND BEYOND THE DESCRIPTION CONTAINED IN THIS AGREEMENT.

SECTION 15. TITLE TO TREATED WASTEWATER.

Title for liability purposes to all treated wastewater Authority provides to City under this Agreement shall be in Authority up to the point of CRWS' discharge of the water into a public watercourse. Title for liability purposes shall pass to City at the point Authority's treated wastewater is discharged into a public watercourse. While title for liability purposes remains in a party, that party hereby agrees to save and hold the other party harmless from all claims, demands, and causes of action which may be asserted by anyone on account of the transportation and delivery of the treated wastewater. This section does not abrogate Authority's responsibility pursuant to its CRWS wastewater discharge permit issued by TCEQ, or any liability resulting from Authority's failure or inability to fully comply with the requirements of that permit and other legal requirements independently applicable to the quality of the CRWS effluent discharged.

SECTION 16. OTHER CHARGES.

In the event that any sales or use taxes, or taxes, assessments, or charges of any similar nature, are imposed on diverting, storing, delivering, impounding, taking, selling, using, or consuming the treated wastewater received by City from CRWS, the amount of such tax, assessment, or charge shall be borne by City, in addition to all other payments by City to Authority under this Agreement. If Authority is required to pay, collect, or remit any tax, assessment, or charge on treated wastewater received by City, then City shall promptly pay or reimburse Authority for the tax, assessment, or charge in the manner directed by Authority.

SECTION 17. DEFAULT IN PAYMENTS.

All amounts due and owing to Authority by City shall, if not paid when due, bear interest at the Texas post-judgment interest rate set out in TEX. FIN. CODE ANN. § 304.003 (Vernon Supp. 2004), or any successor statute, from the date when due until paid, provided however that such rate shall never be usurious or exceed the maximum rate permitted by law. If any amount due and owing by City to Authority is placed with an attorney for collection, City shall pay Authority, in addition to all other payments provided for by this Agreement, Authority's collection expenses, including court costs and attorneys' fees.

SECTION 18. WAIVER AND AMENDMENT.

Failure to enforce or the waiver of any provision of this Agreement or any breach or nonperformance by Authority or City shall not be deemed a waiver by either party of the right in the future to demand strict compliance and performance of any provision of this Agreement. Regardless of any provision contained in this Agreement to the contrary, any right or remedy for any default under this Agreement, except the right of Authority to receive the payment amounts

which shall never be waived, shall be deemed to be conclusively waived unless asserted by an appropriate proceeding in law or equity within two (2) years plus one (1) day after the occurrence of the default.

No officer or agent of Authority or City is authorized to waive or modify any provision of this Agreement. No modifications to or rescission of this Agreement may be made except by a written document signed by Authority's and City's authorized representatives.

SECTION 19. REMEDIES.

It is not intended hereby to specify (and this Agreement shall not be considered as specifying) an exclusive remedy for any default, but all other remedies (other than termination) existing in law or equity are available to each party to this Agreement and shall be cumulative. Recognizing, however, that failure in the performance of any party's obligations hereunder cannot be adequately compensated in money damages alone, each party agrees that in the event of any default on its part, the other party shall have available to it the equitable remedy of mandamus and specific performance.

SECTION 20. FORCE MAJEURE.

If for any reason of force majeure either Authority or City shall be rendered unable, wholly or in part, to carry out its obligations under this Agreement, other than the obligation of City to make the payments required under the terms of this Agreement, then if that party shall give notice of such reasons in writing to the other party within a reasonable time after the occurrence of the event or cause relied on, the obligation of the party giving the notice, so far as it is affected by the "force majeure," shall be suspended during the continuance of the inability

then claimed, but for no longer period. A force majeure condition shall be remedied with all reasonable dispatch. The term "force majeure," as used in this Agreement, shall mean acts of God, strikes, lockouts, or other industrial disturbances, acts of public enemies, terrorist attacks, orders or actions of any kind of government of the United States or of the State of Texas, or any civil or military authority, insurrections, riots, epidemics, land slides, lightning, earthquakes, fires, hurricanes, storms, floods, washouts, droughts, arrests, restraints of government and people, civil disturbances, explosions, breakage or accident to dams, machinery, pipelines, canals, or other structures, partial or entire failure of water supply, including pollution (accidental or intentional), and any inability on the part of Authority to deliver treated wastewater or of City to receive water, due to any other cause not reasonably within the control of the party claiming the inability.

SECTION 21. NON-ASSIGNABILITY.

City agrees that any contract between City and any third party which assigns or conveys all or any part of this Agreement shall not relieve City of its liabilities under the Agreement, unless City first obtains Authority's written consent to the assignment or conveyance. However, this Agreement shall not prohibit City from reselling the treated wastewater the City is receiving from the Authority to a third or more parties, if the requirements of Section 4 are satisfied.

SECTION 22. NO THIRD-PARTY BENEFICIARIES.

This Agreement shall inure only to the benefit of the parties hereto and third persons not privy hereto shall not, in any form or manner, be considered a third-party beneficiary of this Agreement. Each party hereto shall be solely responsible for the fulfillment of its customer

contracts or commitments. Authority shall not be construed to be responsible for City's contracts or commitments by virtue of this Agreement or any provision contained in this Agreement.

SECTION 23. RELATIONSHIP OF THE PARTIES.

This Agreement is by and between Authority and City and is not intended, and shall not be construed to create, the relationship of agent, servant, employee, partnership, joint venture, or association as between Authority and City or between Authority or the City and any officer, employee, contractor, or representative of the other party. No joint employment is intended or created by this Agreement for any purpose. City and Authority each agree to so inform its employees, agents, contractors, and subcontractors who are involved in the implementation of or construction under this Agreement.

SECTION 24. ENTIRE AGREEMENT.

The terms and provisions of this Agreement and the TRA and the City of Irving Settlement Agreement of even date with this Agreement contain the entire Agreement between the Authority and the City with respect to reuse of wastewater treated at CRWS. The Settlement Agreement is incorporated into this Agreement for all purposes. In the event of a conflict between this Agreement and the Settlement Agreement, this Agreement shall prevail.

SECTION 25. SEVERABILITY.

The provisions of this Agreement are severable, and if for any reason any one or more of the provisions contained in this Agreement shall be held to be invalid, illegal, or unenforceable in any respect, the invalidity, illegality, or unenforceability shall not affect any other provision of

this Agreement. This Agreement shall remain in effect and be construed as if the invalid, illegal, or unenforceable provision had never been contained in the Agreement.

SECTION 26. NOTICES AND PAYMENTS.

All notices and written communications under this Agreement shall be sent by hand-delivery, by fax and U.S. mail, postage prepaid, addressed to the following:

For Authority

Trinity River Authority
5300 S. Collins
P.O. Box 240
Arlington, TX 76004-0240
(817) 465-0970 (fax)
Attn.: General Manager

For City

City of Irving
825 Irving Blvd.
P.O. Box 152288
Irving, TX 75015
(972) 721-2420 (fax)
Attn.: City Manager

Either party to this Agreement may change the addressee or address upon fifteen (15) days notice to the other party.

SECTION 27. PLACE OF PERFORMANCE.

All amounts due under this Agreement, including but not limited to payments due under this Agreement shall be due and payable in Tarrant County, Texas. The place of performance agreed to by the parties to this Agreement is Tarrant County, Texas. Exclusive venue for any legal proceeding brought to construe or enforce this Agreement, or any provision of this Agreement, shall be in Tarrant County, Texas.

SECTION 28. DUPLICATE ORIGINALS.

City and Authority, acting under the authority of their respective governing bodies, shall authorize the execution of this Agreement in several counterparts, each of which shall be an

original. City shall submit written evidence in the form of bylaws, charters, resolutions, or other written documentation specifying the authority of City's representative to sign this Agreement, which evidence shall be attached to this Agreement as Exhibit 1. Authority shall submit written evidence in the form of bylaws, charters, resolutions, or other written documentation specifying the authority of Authority's representative to sign this Agreement, which evidence shall be attached to this Agreement as Exhibit 2.

CITY OF IRVING

BY: Joe Putnam
JOE PUTNAM

TITLE: Mayor

DATE: 4-21-05

ATTEST:

Janice Carroll
City Secretary, City of Irving

APPROVED AS TO FORM AND LEGALITY:

BY: Charles R. Anderson
Attorney for City

Approved <u>4-21-05</u> Resolution # <u>4-21-05-135</u>
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TRINITY RIVER AUTHORITY OF TEXAS

BY: _____

DANNY F. VANCE



TITLE: General Manager

DATE: April 27, 2005

ATTEST:


Secretary, Trinity River Authority of Texas

APPROVED AS TO FORM AND LEGALITY:

BY: _____

Attorney for Authority



EXHIBIT 1

AUTHORIZATION TO EXECUTE ON BEHALF OF CITY

SECRETARY'S CERTIFICATE

I, the undersigned, Secretary of the City of Irving, Texas, certify that the following motion was duly made and unanimously passed during the April 21, 2005 meeting of the Irving City Council and is included in the minutes of that meeting which are contained in the official files of the City of Irving.

TRINITY RIVER AUTHORITY OF TEXAS AND CITY OF IRVING, TEXAS,

CRWS TREATED WASTEWATER SUPPLY CONTRACT

Upon the motion of Council Person James Dickens, seconded by Council Person Joe Philipp, the City Council unanimously:

Authorized the Mayor to execute the CRWS Treated Wastewater Supply Contract between the Trinity River Authority of Texas and the City of Irving, Texas.

I further certify that, as of this date, Joe Putnam is the Mayor of the City of Irving, Texas.



Secretary
Janice Carroll
(Print Name)
City of Irving, Texas

EXHIBIT 2

AUTHORIZATION TO EXECUTE ON BEHALF OF AUTHORITY

SECRETARY'S CERTIFICATE

I, the undersigned, Secretary of the Board of Directors of the Trinity River Authority of Texas, do certify that the following motion was duly made and unanimously passed during the April 27, 2005 meeting of the Board of Directors and is included in the minutes of that meeting which are contained in the official files of the Trinity River Authority of Texas:


TRINITY RIVER AUTHORITY OF TEXAS AND CITY OF IRVING, TEXAS,

CRWS TREATED WASTEWATER SUPPLY CONTRACT

Upon the motion of Director Harold L. Barnard, seconded by Director Benny L. Fogleman, the Board of Directors unanimously:

Authorized the General Manager to execute the CRWS Treated Wastewater Supply Contract between the Trinity River Authority of Texas and the City of Irving, Texas.

I further certify that, as of this date, Danny F. Vance is the General Manager of the Trinity River Authority of Texas.


JAMES L. MURPHY, III
Secretary
Board of Directors
Trinity River Authority of Texas

ATTACHMENT C

Attachment C

RAW WATER SUPPLY CONTRACT BETWEEN THE TRINITY RIVER AUTHORITY OF TEXAS AND THE NORTH TEXAS MUNICIPAL WATER DISTRICT

STATE OF TEXAS §
 §
COUNTY OF TARRANT §

THIS CONTRACT (Contract) is made and entered into by and between the Trinity River Authority of Texas, a conservation and reclamation district organized and operating pursuant to the provisions of TEX. REV. CIV. STAT. ANN. art. 8280-188 and general law, pursuant to Article XVI, Section 59 of the Texas Constitution (Authority), and the North Texas Municipal Water District, a conservation and reclamation district organized and operating pursuant to the provisions of TEX. REV. CIV. STAT. ANN. art. 8280-141, pursuant to Article XVI, Section 59 of the Texas Constitution (District). The Authority and District are herein called each a "Party" and jointly the "Parties."

WHEREAS, the Authority holds Certificate of Adjudication No. 08-4248, as amended (COA No. 08-4248), which permits the Authority to store, appropriate, divert and sell water from Lake Livingston; and

WHEREAS, COA No. 08-4248 further permits the Authority to divert and use treated effluent return flows from three Authority wastewater treatment plants (WWTPs), and to use the bed and banks of the Trinity River to convey such return flows downstream to Lake Livingston; and

WHEREAS, the Authority and District entered into an Option for Raw Water Supply Contract (Option), effective March 23, 2015, pursuant to which the District acquired an option to enter into a raw water supply agreement with the Authority for the annual diversion of up to 56,050 acre-feet per year of treated effluent return flows discharged from three Authority WWTPs for municipal and industrial purposes; and

WHEREAS, the District desires to divert said return flows at a pump station on the Trinity River upstream of Lake Livingston (Main Stem Pump Station), for beneficial use within its service area in the Trinity River basin; and

WHEREAS, the Authority has secured an amendment to COA No. 08-4248, which is acceptable in its terms to the District, to permit said upstream diversion and use; and

WHEREAS, the District now desires to exercise its rights under the Option and to enter into this Contract to purchase and divert, on an annual basis, not greater than 56,050 acre-feet of raw water controlled by the Authority pursuant to COA No. 08-4248.

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained, the Authority agrees to sell raw water for municipal and industrial purposes to the District, and the District agrees to pay the Authority reservation charges and charges for raw water sold to the District upon terms and conditions hereinafter set forth, to-wit:

ARTICLE 1

QUANTITY OF RAW WATER

The Authority shall reserve for or sell to the District 56,050 acre-feet per year of raw water (Contract Quantity) from Authority's right to divert return flows from three Authority WWTPs pursuant to COA No. 08-4248. The water reserved for or sold to the District by the Authority on a take-or-pay basis will be used for municipal or industrial purposes only, and may not be resold by the District prior to its treatment without the subsequent written agreement of the Parties.

During the period of this Contract, the Authority is obligated to reserve for or sell to the District, for the District's treatment and distribution to its customers, the following total annual amounts of raw water:

<u>FISCAL YEARS</u>	<u>RESERVED (AF/Year)</u>	<u>WATER SOLD TAKE OR PAY (AF/Year)</u>
2019 – 2020	42,050	14,000
2021 – 2025	40,050	16,000
2026 – 2030	28,025	28,025
2031 – 2035	14,013	42,037
After 2035	0	56,050

The Authority's fiscal year begins annually on December 1. The District shall have the option, at any time and from time to time, to accelerate the schedule set forth above upon written notice furnished to the Authority. Such notice should request an increase, in acre-feet per year, in the annual amount of water sold on a take-or-pay basis and an equal decrease in the annual amount of water reserved under this Contract. Said notice shall be delivered to Authority not less than four (4) months prior to the effective date of the requested increase. Upon receipt of said notice the new total annual amount of water sold on a take-or-pay basis, and the new total annual amount of water reserved, shall be effective from and after the date specified by the District until the next scheduled increase or until District establishes a further increase in the same manner. With the Authority's approval, such increase may become effective in less than four (4) months after written notice is given if so requested by the District.

The District shall be entitled to divert raw water at a variable diversion rate not to exceed 114 million gallons per day. Notwithstanding the foregoing, the Parties agree that the District's actual diversions shall be limited to the lesser rate of: 1) 114 million gallons per day; or, 2) the Authority's actual discharge rate for the previous day from all three of the Authority's WWTPs, less losses to the point of diversion, as such rate may be further reduced by the Authority to i) divide daily available return flows among multiple purchasers holding rights to Authority return flows on a pro rata basis so that preference is given to no customer, or ii) to comply with the terms and conditions of COA No. 08-4248. In no case, however, shall such adjustments by the Authority reduce the District's authorized rate of diversion below 50 million gallons per day.

In order for the District to limit its diversions as specified in the preceding paragraph, the Authority shall provide the District the following information by 5:00 AM each day following the initiation of operation of the District's Main Stem Pump Station: 1) the actual discharges from all three of the Authority's WWTPs for the previous day; and, 2) the amount, if any, by which the

District's diversion rate may be reduced by the Authority in order to limit such District diversions to below 114 million gallons per day, but not below 50 million gallons per day, as specified in the preceding paragraph. Based on such information, and in accordance with the terms of the preceding paragraph, the District agrees to limit its diversions of Authority return flows diverted at the Main Stem Pump Station. Prior to the completion of construction of the Main Stem Pump Station, the Parties agree to collaborate in establishing a protocol that most effectively and efficiently implements the terms and conditions of this Contract, including this paragraph and the preceding paragraph, which shall include provisions to address occasions when data are not available to satisfy the requirements of this paragraph.

The District's ability to purchase and divert the Contract Quantity of raw water is conditioned on Authority's rights under COA No. 08-4248. The Parties acknowledge that additional actions or notifications to TCEQ may be required with regard to the actual diversion point associated with the Main Stem Pump Station. Prior to initiating diversions, the Parties shall jointly present to TCEQ any documentation necessary to permit diversions at that point.

The District's rights granted pursuant to this Contract are further subject to the requirements of the Authority's Settlement Agreement with the City of Houston, Texas, effective August 11, 2006, and the City of Irving, Texas, effective April 27, 2005, copies of which are attached hereto as Exhibits A and B, respectively, and incorporated herein by reference. With respect to the Authority's obligations under the Settlement Agreement with the City of Houston, Texas, the Parties agree that the Authority shall bear the full responsibility for complying with the condition of such agreement regarding the release of thirty percent (30%) of the flows generated by the Authority's three WWTPs for the benefit of Lake Livingston, and the Contract Quantity shall not be reduced by the Authority's obligations as to the release requirement under such Settlement Agreement.

Any water diverted by the District hereunder may only be used once (*i.e.*, once-through and subsequently discharged to the extent not consumptively used), whether by the District or a subsequent purchaser of treated water from the District. The District shall discharge into the Trinity River basin and take such actions within its authority to enable the Authority's subsequent diversion of that volume of return flows that results from its diversions and use of water diverted hereunder and in light of its average return flow percentage, as such percentage is initially calculated by the District for the 12-month period preceding the District's initiation of diversions at the Main Stem Pump Station, and as recalculated annually thereafter for the term of this Contract, as such term may be extended. The present return flow percentage calculated by the District is 48%, which shall apply in the first year of this Contract's effectiveness. The District shall make no claim for any entitlement or title to said once-through return flows. All rights to the District's return flows derived from the sale and use of the water supplied to the District hereunder are reserved by the Authority. The District shall not protest an application by the Authority to convey by bed and banks and to divert return flows discharged by District wastewater treatment plants that are derived from water conveyed by the Authority to the District hereunder.

If the Authority's rights under COA No. 08-4248 are changed by any action beyond the control of Authority, and any such change reduces, or has the effect of reducing, the amount of water the Authority has the right to use or sell thereunder, then, in that event, the District's right to the Contract Quantity of water and its obligations to pay for water reserved and water sold on a take-or-pay basis hereunder shall be reduced proportionately by the percentage of the decrease in Authority's rights under COA No. 08-4248.

ARTICLE 2

RESERVATION CHARGES AND CHARGES FOR RAW WATER

The Authority's annual charge to the District for the rights granted hereunder shall consist of two components: 1) "annual reservation charge" for water reserved (if any) by the Authority for the District but not sold to the District during the then-current Authority fiscal year; and, 2) the "annual charge for raw water" for water committed for sale to the District on a take-or-pay basis (if any) during the same fiscal year. The annual amounts of raw water reserved or sold by the Authority to the District on a take-or-pay basis will be determined exclusively by the schedule set forth in Article 1, as the same may be modified by mutual agreement of the Parties. The sum of the "annual reservation charge" and the "annual charge for raw water" shall equal the "total annual charge" by the Authority to the District for water reserved for and/or sold to the District on a take-or-pay basis pursuant to this Contract.

The "annual reservation charge" shall be calculated by multiplying the total annual amount of raw water reserved for the District pursuant to this Contract as set forth by the schedule in Article 1, if any, as the same may be modified by mutual agreement of the Parties, by thirty percent of the then-prevailing rate for raw water as established by Authority Resolution No. R-1403, or any subsequent revision thereof or substitute therefor. This calculation is as follows:

acre-feet reserved for District x then-prevailing rate x .3 = annual reservation charge

The "annual charge for raw water" shall be calculated by multiplying the total annual amount of raw water in acre-feet that the Authority has committed to sell the District on a take-or-pay basis pursuant to this Contract as set forth by Article 1, as the same may be modified by mutual agreement of the Parties, by the Authority's then-prevailing rate for raw water as established by Authority Resolution No. R-1403, or any subsequent revision thereof or substitute therefor. That rate (or any future rate adopted by the Authority's Board of Directors) is incorporated by reference into this Contract, is a material term of this Contract and is a rate "charged pursuant to a written contract" within the meaning of 16 TEX. ADMIN. CODE § 24.131. The District further stipulates and agrees that the current rate is just, reasonable, without discrimination and does not adversely affect the public interest, within the meaning of the Texas Water Code and the rules of the Public Utility Commission of Texas. The calculation of the "annual charge for raw water" is as follows:

acre-feet sold to the District x then-prevailing rate = annual charge for raw water sold

The "total annual charge" shall be the sum of the "annual reservation charge" and the "annual charge for raw water."

The District agrees that on or before the last day of each December following the effective date of this Contract, it will pay to the Authority an amount equal to the "total annual charge" as calculated above for the then-current Authority fiscal year. Payment shall be rendered based upon an invoice furnished by the Authority no later than December 1 of each fiscal year. If the prevailing rate for raw water or the amount sold to the District on a take-or-pay basis changes during the course of an Authority fiscal year, the Authority shall recalculate the "total annual charge" for water sold to the District on a take-or-pay basis for that portion of the fiscal year to which the new rate applied and the District shall pay to Authority the additional amount due within thirty (30) days of receipt of an invoice. The current rate for raw water sales that is incorporated by reference in this

Contract is \$95 per acre-foot. The Authority will advise the District in writing prior to any change in that rate.

It is agreed by the Parties that the charge per acre-foot of raw water sold to the District on a take-or-pay basis shall be determined by the Authority. In the event of any revisions to Resolution No. R-1403, the District's future payments hereunder shall be calculated as provided above, but using the newly established rate structure.

ARTICLE 3

EXCESS WATER

Within sixty (60) calendar days after each annual payment by the District of the "total annual charge," the Authority shall verify the amount of water the District has diverted during the preceding Contract year. If the District has diverted an amount of water in excess of the amount Authority is obligated to sell on a take-or-pay basis to the District in that year, the Authority shall collect from the District charges for that additional volume at the then-prevailing rate, plus a twenty-five percent (25%) surcharge, for such Contract year. The District shall pay such charges within thirty (30) days of receipt of an invoice from the Authority.

ARTICLE 4

EMERGENCY WATER

The Parties recognize that unforeseen circumstances, such as unprecedented drought conditions, introduction of invasive species, and water supply contamination, can drastically reduce and sometimes eliminate water supplies, at least on a temporary basis. To address this issue and ensure that the District's member cities and customers have sufficient safe and reliable drinking water, the Parties agree that prior to December 31, 2023, and during such time as: 1) the District's reservoir, authorized by Water Use Permit No. 12151, is not fully operational; and 2) emergency conditions require the District to enter into stage restrictions, the District will be allowed during two (2) one-year periods, consecutive or non-consecutive, to take more than the authorized take-or-pay amount, referred to herein as the "emergency amount," and shall pay the then-prevailing rate for such raw water taken as established by Authority Resolution No. R-1403, or any subsequent revision thereof or substitute therefor, without the payment of the surcharge provided for in Article 3. The "emergency amount" combined with the authorized take-or-pay amount shall not exceed 56,050 acre-feet and the District agrees to provide Authority not less than thirty (30) days' written notice of the need and timing for such "emergency amount."

ARTICLE 5

FILING OF PLANS

Before diverting water hereunder the District shall file and have approved by the Authority detailed plans and specifications showing the location, size, and capacity of the diversion structure associated with the Main Stem Pump Station and a legal description of the intended point of diversion. The cost of diversion facilities and costs associated with the operation and maintenance thereof shall be borne by the District.

ARTICLE 6

METERING

The District shall provide, operate, and maintain a meter or meters, approved by the Authority, to record and transmit real-time diversion rates, and that also measures and transmits daily and monthly water diverted in acre-feet. The District shall further provide all diversion and flow measurements required by COA No. 08-4248. For the purpose of accounting for water, the District shall determine the amount of water diverted each month by recording, as a minimum, the reading on the District's meter on the last day of each calendar month or on a date as near as practicable to the last day of each calendar month. The District shall report such reading to the Authority monthly. The Authority reserves the right to read and inspect the meter or meters during normal business hours. If requested in writing by the Authority, the District shall calibrate its water meter or meters. Authority shall have the opportunity to have a representative present during such calibration. If upon any test of the water meter, the percentage of inaccuracy of such metering equipment is found to be in excess of two (2) percent, registration thereof shall be corrected for a period extending back to the time when such inaccuracy began, if such time is ascertainable, but in no event further back than a period of six (6) months. If the meter is out of service so that the amount of water diverted cannot be ascertained or computed from the reading thereof, the water delivered during the period such meter is out of service shall be estimated and agreed upon by the Parties on the basis of the best data available. The Authority reserves the right to install a check meter; it being understood that in no event shall the Authority be liable for any special or consequential damages occasioned by the installation of said check meter.

ARTICLE 7

WATER CONSERVATION AND DROUGHT PLANS

The District shall cooperate with and assist the Authority in its efforts to develop and implement plans, programs and rules to conserve water resources and to promote practices that will reduce the consumption of water, reduce the loss or waste of water and improve the efficiency in use of water. The Authority's obligations under this Contract shall be subject to the District's adoption and implementation of a water conservation plan and drought contingency plan required or approved by the Texas Commission on Environmental Quality (TCEQ), the Texas Water Development Board, or any other federal, state, or local regulatory authority with power to require or approve water conservation and drought contingency plans. The District shall provide copies of its existing and any proposed amendments to its water conservation plan and drought contingency plan to the Authority for its review.

The District shall require any subsequent wholesale purchaser of the water sold to the District under this Contract, in any water supply contract the District enters into following the effective date of this Contract, to implement water conservation and drought contingency measures that comply with TCEQ requirements and with the District's approved water conservation and drought contingency plans.

ARTICLE 8

TERM OF CONTRACT

This Contract shall be effective upon the date specified in Article 25, and shall continue in force and effect until November 30, 2068. The term of this Contract may be extended for an

additional fifty (50) years at the District's sole discretion, upon notice delivered to the Authority not later November 30, 2063.

ARTICLE 9

ADDRESSES AND NOTICE

All notices, payments and communications required herein shall be sent, respectively, to the General Manager of the Authority at 5300 South Collins, Arlington, Texas 76018, and to the Executive Director of the District at 505 East Brown Street, Wylie, Texas 75098.

ARTICLE 10

CERTIFIED NOTICE

Any notice of breach of this Contract, notice of forfeit, or notice of force majeure by either Party shall be sent by certified mail with return receipt requested to the addresses stated above. The Parties shall have the right from time to time and at any time to change their respective addresses and both will have the right to specify as its address any other address by giving at least fifteen (15) days' written notice to the other Party.

ARTICLE 11

DEFAULT

In the event that either the District or the Authority shall breach or fail to perform any of the provisions of this Contract, the aggrieved Party shall promptly notify the other Party of the breach or failure to perform. In the event such breach or failure to perform is not cured within thirty (30) days after the receipt of such notice, the Party sending the notice, at its discretion, may notify the other Party of its intention to declare this Contract terminated. Upon receipt of such notice the violating Party shall have thirty (30) days to cure such violation prior to final action by the other Party declaring this Contract terminated. Any notice requirement under the terms of this Article shall be in writing and shall be delivered by certified mail in accordance with Articles 9 and 10 above.

No failure on the part of either Party to this Contract to require the performance by the other Party of any provision of this Contract shall in any way affect either Party's right to enforce such provision, nor shall any waiver by either Party be held to be a waiver of any other provision. No rights under this Contract may be waived and no modification or amendment to this Contract may be made except by written amendment executed by the Parties.

ARTICLE 12

SEVERABILITY

The Parties hereto agree that if any of the provisions of this Contract should be or be held to be invalid or to contravene Texas law, or the laws of the United States, such fact shall not invalidate the entire Contract, but it shall be construed as though not containing that particular provision, and the rights and obligations of the Parties shall be construed and remain in force accordingly.

ARTICLE 13

CONTRACT ASSIGNMENT

The District shall not assign its rights hereunder. In the event an assignment is attempted in violation of this Article, the District's rights under this Contract shall automatically and immediately terminate without notice.

ARTICLE 14

TERMINATION

This Contract may be terminated upon mutual written consent of the Parties hereto.

ARTICLE 15

VENUE

The place of performance as agreed to by the Parties to this Contract shall be Tarrant County, Texas. In the event any legal proceeding is brought to enforce this Contract or any provision hereof the same shall be brought in said Tarrant County, Texas.

ARTICLE 16

FAILURE TO DELIVER

The District agrees that in the event of water shortage, the Authority shall incur no liability for the reduction or termination of sales of water hereunder, when, in the Authority's judgment, such action is necessary to comply with any order of any court or administrative body or any statute or regulation of any governmental body having appropriate jurisdiction.

If the District fails to implement its approved drought contingency plan when trigger conditions occur, the Authority is authorized to institute rationing of the supplies purchased on a take-or-pay basis from Authority under this Contract and to enforce any contractual, statutory, or common law remedies available to the Authority necessary to protect the public welfare. Water made available to the District when the District is not in compliance with the its drought contingency plan will be reduced to the amount of water the Authority estimates would be necessary to satisfy the District's demand if the District was operating in compliance with its drought contingency plan.

ARTICLE 17

QUALITY OF RAW WATER

Water sold hereunder is non-potable, raw untreated water. The Authority expressly disclaims any warranty as to the quality or suitability for use by the District. The District agrees that any variation in the quality or characteristics of water contemplated for sale hereunder shall not entitle the District to avoid its obligation to make payments provided for herein. *THERE ARE NO WARRANTIES THAT EXTEND BEYOND THE DESCRIPTION HEREIN.*

ARTICLE 18

PAYMENT OF TAXES

In the event any sales or use taxes, or taxes of any similar nature are hereafter imposed on gathering, taking, sale, use, or consumption of the water received by the District hereunder, the amount of such taxes shall be borne by the District. In addition to all other charges, and whenever the Authority shall be required to pay, collect or remit any such taxes on water received by the District, then the District shall promptly reimburse the Authority therefor.

ARTICLE 19

DELINQUENT PAYMENTS

All amounts due and owing to the Authority by the District shall, if not paid when due, bear interest at the Texas post-judgment interest rate set out in TEX. FIN. CODE ANN. § 304.003, or any successor statute, from the date when due until paid, provided that such rate shall never be usurious or exceed the maximum rate permitted by law. If any amount due and owing by the District to the Authority is placed with an attorney for collection, the District shall pay to the Authority, in addition to all other payments provided for by this Contract, including interest, the Authority's collection expenses, including court costs and attorneys' fees.

ARTICLE 20

FORCE MAJEURE

In the event that the performance by the Parties hereto of any of the Parties' obligations or undertakings hereunder shall be interrupted or delayed by an occurrence and not occasioned by the conduct of either Party hereto, whether such occurrence be an act of God or the common enemy or the result of war, riot, civil commotion, sovereign conduct, or the act or conduct of any person or persons not party or privy hereto, then the Parties shall be excused from such performance for such period of time as is reasonably necessary after such occurrence to remedy the effects thereof. No damages shall be recoverable from the Authority by the District by reason of the suspension of the delivery of water due to any of the causes above mentioned, and no failure of the Authority to meet any obligations by reason of force majeure shall relieve the District from its obligations to make payments required under the terms of this Contract.

ARTICLE 21

STATE OR FEDERAL LAWS, RULES, ORDERS OR REGULATIONS

This Contract is subject to all applicable federal, state and local laws and any applicable ordinances, rules, orders and regulations of any local, state or federal governmental authority having or asserting jurisdiction. Nothing contained herein shall be construed as a waiver of any right to question or contest any such law, ordinance, order, rule or regulation in any forum having jurisdiction, and each Party agrees to make a good faith effort to support such proposed laws and regulations which would be consonant with the performance of this Contract in accordance with its terms.

ARTICLE 22

REGULATORY AUTHORITY

The effectiveness of this Contract is dependent upon the Authority and the District complying with the rules and regulations of the TCEQ or an agency succeeding to its jurisdiction. The Authority will file an executed copy of this Contract with the Executive Director of the TCEQ pursuant to the rules of the TCEQ. The District shall submit an annual written report to the Authority, in accordance with applicable TCEQ rules, indicating the total amount of water diverted under this Contract each week and each month. In addition, on or before the fifth day of each month, the District shall furnish to the Authority, on forms provided by Authority, the total amount of water diverted under this Contract during the prior month.

ARTICLE 23

INDEMNITY

To the extent each legally may, the Parties hereby agree to indemnify each other and provide a legal defense for and/or hold each other harmless from and defend each other against any claim that may arise in connection with or that arises as a result of this Contract.

ARTICLE 24

ENTIRE AGREEMENT

This Contract contains the entire agreement between the Parties relating to the rights herein granted. Any oral representations or modifications concerning this Contract shall be of no force and effect, excepting a subsequent modification in writing, signed by the Party to be charged and supported by consideration.

ARTICLE 25

EFFECTIVE DATE

This Contract shall be effective the 1st day of December, 2018.

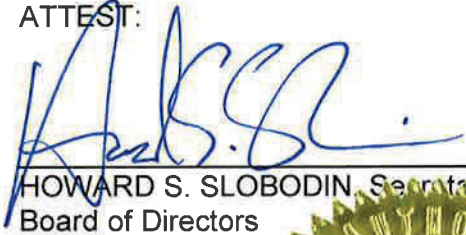
IN WITNESS WHEREOF, the Parties hereto acting under authority of their respective governing bodies have caused this Contract to be duly executed in several counterparts, each of which is deemed to be an original and as of the day and date written above.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK – SIGNATURES FOLLOW]

TRINITY RIVER AUTHORITY OF TEXAS


J. KEVIN WARD, General Manager

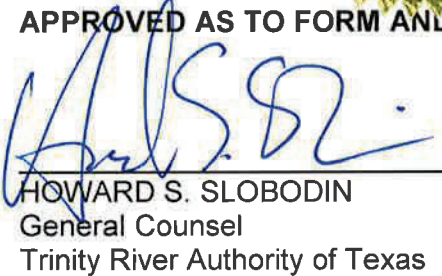
ATTEST:


HOWARD S. SLOBODIN, Secretary
Board of Directors

(SEAL)



APPROVED AS TO FORM AND RECOMMENDED:


HOWARD S. SLOBODIN
General Counsel
Trinity River Authority of Texas

NORTH TEXAS MUNICIPAL WATER
DISTRICT


THOMAS W. KULA, Executive Director

ATTEST:


MELISA FULLER, Assistant to the
Executive Director

(SEAL)


SARA R. THORNTON
Special Counsel
North Texas Municipal Water District

EXHIBIT A

C70055
NCA

IN THE MATTER OF THE APPLICATION § BEFORE THE TEXAS COMMISSION
 §
OF THE TRINITY RIVER AUTHORITY'S § ON ENVIRONMENTAL QUALITY
 §
APPLICATION NO. 08-4248B §

SETTLEMENT AGREEMENT

This Settlement Agreement is entered into by and between the Trinity River Authority, a conservation and reclamation district created by the Texas Legislature pursuant to the provisions of Article XVI, Section 59 of the Texas Constitution ("TRA") and the City of Houston, a municipality of the State of Texas organized and operating pursuant to its home rule charter and the Constitution and laws of the State of Texas ("Houston"), to be effective this 11 day of August, 2006.

WHEREAS, TRA is the holder of Certificate of Adjudication No. 08-4248 authorizing TRA, in conjunction with Houston, to maintain an existing dam and reservoir known as Lake Livingston and on the Trinity River in the Trinity River Basin and to impound therein not to exceed 1,750,000 acre-feet of water and divert not to exceed 351,600 acre-feet of water per annum for domestic, municipal, industrial and agricultural purposes within TRA's service area; and

WHEREAS, Houston is the holder of Certificate of Adjudication No. 08-4261 authorizing Houston, in conjunction with TRA, to maintain an existing dam and reservoir known as Lake Livingston on the Trinity River in the Trinity River Basin and to impound therein not to exceed 1,750,000 acre-feet of water and to divert 916,200 acre-feet of water per annum for domestic, municipal, industrial and agricultural purposes within Houston's service area; and

WHEREAS, TRA has filed an application with the Texas Commission on Environmental Quality ("TCEQ") to amend TRA's certificate to authorize TRA to reuse treated effluent discharged from TRA's Central Regional, Denton Creek regional, Red Oak Creek, and Ten Mile Creek Wastewater Treatment Plant located in Dallas, Denton and Ellis counties for beneficial use within TRA's service area, including the right to use the bed and banks of the Trinity River to transport such reuse water for storage in TRA's storage space in Lake Livingston with a priority date of September 7, 2000; and

WHEREAS, TRA's application has been designated by TCEQ as Application No. 08-4248 B; and

WHEREAS, in response to TRA's application, TCEQ has prepared a draft amendment dated December 3, 2004, a copy of which draft amendment is attached hereto, and incorporated herein by reference as Exhibit "A"; and

WHEREAS, TRA and Houston recognize and desire to protect the valuable storage and diversion rights under their respective Certificates of Adjudication authorizing Lake Livingston; and

WHEREAS, the diversion and use of treated effluent generated upstream of Lake Livingston, which is not allowed to flow down the bed and banks of the Trinity River can significantly reduce the water in storage at Lake Livingston and thereby adversely impact TRA's and Houston's respective rights in Lake Livingston, including the yield available for diversion from Lake Livingston for beneficial purposes; and

WHEREAS, TRA and Houston desire to allow TRA to make beneficial use of its treated effluent upstream of Lake Livingston and minimize the potential for any negative impacts; and

WHEREAS, in consideration of the protection of those downstream water rights in Lake Livingston, including Houston's Certificate of Adjudication 08-4261, afforded by this settlement agreement Houston is willing to withdraw its protest of TRA's Application No. 08-4248 B;

NOW, THEREFORE in consideration of the mutual benefits to be derived by the Parties and other good and valuable consideration the sufficiency and receipt of which is hereby acknowledged, TRA and Houston agree as follows:

(1) Notwithstanding the rights TRA may be granted by TCEQ, or any successor agency, pursuant to the amendment of TRA's Certificate of Adjudication granted pursuant to Application No. 08-4248B, or any future amendment, authorizing the reuse of treated effluent upstream of Lake Livingston, TRA agrees (i) to limit its reuse to seventy percent (70%) of the metered return flows generated by TRA's wastewater treatment plants identified herein, less carriage losses between the points of discharge and diversion, and (ii) to allow the remaining thirty percent (30%) of such flows to be released to travel downstream in the Trinity River for the benefit and protection of the valuable downstream water rights in Lake Livingston; and

(2) With respect to the 70% of the return flows reused by TRA pursuant to paragraph 1. above, TRA will limit its reuse to a one-time reuse of those return flows; and

(3) The City of Houston agrees to withdraw its protest to TRA's application No. 08-4248 B and to support the issuance of an amendment substantially in the form attached hereto as Exhibit "A"; and

(4) Upon execution of this Agreement by TRA, Houston agrees to file the attached Notice of Withdrawal of Protest with the Chief Clerk of the Texas Commission on Environmental Quality attached hereto as Exhibit "B" and incorporated herein by reference for all purposes; and

(5) The Parties each agree to be solely responsible for their respective costs incurred in connection with TRA's application and this settlement agreement; and

(6) Except as expressly set forth in this settlement agreement, nothing in this agreement is intended to limit or otherwise modify TRA's rights or obligations under its Certificate of Adjudication as the same is modified by the amendment granted pursuant to Application No. 08-4248B; and

(7) The Parties agree that nothing in this settlement agreement is intended to confer, nor is it to be interpreted as conferring any rights or benefits on any third party; and

(8) The Parties represent and warrant to each other that each party:

(a) has entered into this settlement agreement freely and without reservation after consulting with legal counsel, and has satisfied itself as to the benefits and merits of the terms and conditions set forth herein; and

(b) has taken all steps necessary to obtain approval and authorization to enter into this settlement agreement in order for the same to be legally binding on and enforceable against the respective party.

SIGNATURE BLOCKS FOLLOW ON THE NEXT PAGE

Executed in duplicate originals on the dates shown in the signature blocks for the representatives of the respective Party to be effective on the date first written above.

TRINITY RIVER AUTHORITY

By: *Danny F. Vance*
Name: DANNY F. VANCE
Title: GENERAL MANAGER

**THE CITY OF HOUSTON,
TEXAS**

By: *Bill White*
Mayor *Martha L. Stein*

ATTEST:

By: *Unatimul*
City Secretary

APPROVED:

Andrew M. K... 72806
Director, Department of Public
Works and Engineering 19

APPROVED AS TO FORM:

Ed Bean
Sr. Assistant City Attorney
L.D. File No.

COUNTERSIGNED:
Arvise D. Parker
City Controller *Arvise D. Parker*

DATE COUNTERSIGNED:

8-11-06

EXHIBITS

Exhibit	Description
"A"	TCEQ Draft amendment to Certificate of Adjudication No. 08-4348 B Dated 12/03/04
"B"	City of Houston's "Notice of Withdrawal Letter" to TCEQ's Chief Clerk

Exhibit "A"

**TCEQ Draft amendment to Certificate of Adjudication No. 08-4348 B
Dated 12/03/04**

DRAFT

DRAFT 12/03/04

AMENDMENT TO
CERTIFICATE OF ADJUDICATIONCERTIFICATE NO. 08-4248B APPLICATION 08-4248B TYPE §§ 11.121, 11.122,
11.042 & 11.046Owner: Trinity River Authority
 of TexasAddress: P. O. Box 60
 Arlington, Texas 76004

Filed: September 7, 2000

Granted: **DRAFT**Purpose: Domestic, Municipal, Mining,
 Industrial, and AgricultureCounties: Trinity, Polk, San Jacinto,
 Liberty, Chambers, Jefferson,
 Leon, Houston, Walker,
 Galveston, Grimes, Freestone,
 Madison

Watercourse: Trinity River

Watershed: Trinity River Basin, San Jacinto
 River Basin, Neches River
 Basin, and the Neches-Trinity
 Coastal Basin

WHEREAS Certificate of Adjudication No. 08-4248 authorizes the Trinity River Authority (TRA or Applicant), in conjunction with the City of Houston, owner of Certificate of Adjudication No. 08-4261, to maintain an existing dam and reservoir (Lake Livingston) on the Trinity River, Trinity River Basin, and impound therein not to exceed 1,750,000 acre-feet of water, and to construct and maintain a dam and reservoir (Lake Wallisville) on the Trinity River and impound therein not to exceed 51,600 acre-feet of water; and

WHEREAS, Certificate of Adjudication No. 08-4248 also authorizes Applicant to divert and use not to exceed 351,600 acre-feet of water per annum from Lake Livingston and 51,600 acre-feet of water per annum from Lake Wallisville for domestic, municipal, industrial and agriculture (irrigation) purposes within Applicant's service area; and

WHEREAS, by Texas Water Commission, now Texas Commission on Environmental Quality, Order issued September 24, 1990, a portion of the water right authorized by Certificate of Adjudication No. 08-4248 was severed from the Certificate and re-authorized as Water Use Permit

DRAFT

No. 5271 with a priority date of February 23, 1917, which includes the maintenance of two off-channel reservoirs and the diversion and use of 58,500 acre-feet of water per year at a combined diversion rate of 813 cfs (365,850 gpm) for agricultural (irrigation), mining and industrial purposes from a diversion point on the Trinity River in the Samuel Neathery Survey, Abstract No. 325, Liberty County, Texas, to a relief station located in the Jacob E. Self Survey, Abstract No. 104, Liberty County; and

WHEREAS, the Certificate authorizes recreation use of the water impounded in Lakes Livingston and Wallisville; and

WHEREAS, Applicant is authorized to divert a portion of the water at a point on the Trinity River in the Manuel Rionda Grant, Abstract 25, at a maximum rate of 66.67 cfs (30,000 gpm), a portion at the outlet works on Lake Livingston in the William Pace Survey, Abstract No. 60 at an unspecified diversion rate, and a portion at various points on the perimeter of Lake Livingston at a combined maximum rate of 71.79 cfs (32,305 gpm); and

WHEREAS, the priority date for the diversion and use of the water is September 23, 1959, and for the impoundment of water in Lake Livingston is September 23, 1959; and

WHEREAS, the Certificate authorizes the Trinity River Authority to use the water authorized for diversion and use from Lake Livingston in Trinity, Polk, San Jacinto, Liberty, Chambers, Jefferson, Galveston, Leon, Houston, Walker, Grimes, Freestone, and Madison Counties in the Trinity River Basin, the San Jacinto River Basin, the Neches River Basin and the Neches-Trinity Coastal Basins; and

WHEREAS, special conditions in the certificate include authorization to use the bed and banks of the Trinity River downstream of the dams and reservoirs to convey water, and to subordinate the authorization of the certificate to present and future use and reuse, and consumptive use of certain return flows within the Trinity River Basin upstream of Lake Livingston, as well as other conditions; and

WHEREAS, Applicant seeks authorization to impound, in its share of the storage capacity of Lake Livingston (30%), all of the return flows from TRA's wastewater treatment plants (WWTPs) located upstream from the lake under any theory recognized in Texas Law, including those of developed water, unappropriated return flows from whatever source, release of stored water, use of bed and banks, and unappropriated state water that will not cause adverse impact on other water right holders of a greater magnitude than under circumstances in which the certificate to be amended was fully exercised according to its terms and conditions that existed prior to the amendment; and

WHEREAS, the wastewater treatment plants are identified as TRA's Central Regional, Denton Creek Regional, Red Oak Creek, and Ten Mile Creek Wastewater Treatment Plants in Dallas, Denton, and Ellis Counties; and

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WHEREAS, whenever the natural flow of the Trinity River is insufficient to fill and refill TRA's storage space in Lake Livingston, Applicant will impound its return flows, however characterized, in its Lake Livingston storage space and will divert and use this water as authorized in Certificate of Adjudication No. 08-4248, as amended; and

WHEREAS, the Texas Commission on Environmental Quality finds that jurisdiction over the application is established; and

WHEREAS, *(PLACE HOLDER FOR PROTEST INFORMATION)*; and

WHEREAS, the Executive Director has determined that, in order to protect existing water rights and aquatic habitat in the Trinity River Basin, a special condition limiting Applicant's diversions and reuse of water to actual discharges from the WWTPs, less carriage losses, be included in the permit; and

WHEREAS, the Executive Director has determined that existing water rights will not be impacted by the discharge, conveyance, storage and redirection of TRA's historic and future return flows if appropriate accounting is made pursuant to an accounting plan that measures discharges and adjusts available amounts by losses to prohibit TRA from diverting return flows that physically and legally would have been available for impoundment, diversion, and use by water rights issued prior to the filing of this application; and

WHEREAS, the Texas Commission on Environmental Quality finds that granting this amendment will benefit the public welfare; and

WHEREAS, the Texas Commission on Environmental Quality's current rules provide that a water right may be granted upon the availability of return flows or discharges, however a water right granted based on return flows or discharges will be granted with the express provision that the water available to the water right is dependent upon potentially interruptible return flows and discharges; and

WHEREAS, TRA's application for this amendment was declared administratively complete by the Executive Director on September 7, 2000, and therefore the time priority for the appropriation of additional state water under this amendment is September 7, 2000; and

WHEREAS, the Commission has complied with the requirements of the Texas Water Code and Rules of the Texas Commission on Environmental Quality in issuing this amendment;

NOW, THEREFORE, this amendment to Certificate of Adjudication No. 08-4248, designated Certificate of Adjudication No. 08-4248B, is issued to Trinity River Authority of Texas, subject to the following terms and conditions:

1. **IMPOUNDMENT**

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TRA is authorized to impound, in its share of the storage capacity of Lake Livingston (30% of total capacity), the return flows, less carriage loss, that are discharged by TRA's Central Regional, Denton Creek Regional, Red Oak Creek Regional, and Ten Mile Creek Regional Wastewater Treatment Plants in Dallas, Denton, and Ellis Counties.

2. REUSE

In addition to the current diversion authorization, the Trinity River Authority is also authorized to divert the amount of documented return flows, less carriage and evaporative losses, discharged by the TRA's Central Regional, Denton Creek Regional, Red Oak Creek Regional, and Ten Mile Creek Regional Wastewater Treatment Plants and conveyed to Lake Livingston from the Lake for use within its service area for the purposes authorized by Certificate of Adjudication No. 08-4248. The maximum amount of effluent currently authorized for discharge from each identified WWTP (as of 7/22/2004) is as follows:

Wastewater Treatment Plant	Permit Amount	Per Annum
Central Regional WWTP	193 MGD	215,774 Acre-feet
Denton Creek WWTP	5.0 MGD	5,590 Acre-feet
Red Oak Creek WWTP	3.5 MGD	3,913 Acre-feet
Ten Mile Creek WWTP	24.0 MGD	26,832 Acre-feet
Total	225.5 MGD	252,109 Acre-feet

3. RELEASE POINTS

- A. Central Regional WWTP - approximately Latitude 32.776° N, Longitude 96.939° W on the right bank of the West Fork Trinity River approximately 0.55 river miles upstream of the confluence with Mountain Creek.
- B. Denton Creek Regional WWTP - approximately Latitude 33.023° N, Longitude 97.221° W on the right bank of Cado Branch approximately 0.3 stream miles upstream of the confluence with Denton Creek.
- C. Red Oak Creek Regional WWTP - approximately Latitude 32.483° N, Longitude 96.800° W on the left bank of Red Oak Creek approximately 0.7 stream miles upstream of the confluence with Sanger Branch.
- D. Ten Mile Creek Regional WWTP - approximately Latitude 32.563° N, Longitude 96.623° W on the left bank of Ten Mile Creek approximately 3 stream miles upstream of the confluence with the Trinity River.

DRAFT**4. TIME PRIORITY**

The time priority for the use of the water authorized by this amendment is September 7, 2000.

5. CONSERVATION

- A. Owner shall implement water conservation plans that provide for the utilization of those practices, techniques, and technologies that reduce or maintain the consumption of water, prevent or reduce the loss or waste of water, maintain or improve the efficiency in the use of water, increase the recycling and reuse of water, or prevent the pollution of water, so that a water supply is made available for future or alternative uses.
- B. Every wholesale water supply contract entered into or renewed after official adoption of the water conservation plan, including any contract extension, must ensure that each successive wholesale customer develop and implement a water conservation plan or water conservation measures that incorporate elements of Title 30, Texas Administrative Code Chapter 288.

6. SPECIAL CONDITIONS

- A. TRA is authorized to use the bed and banks of the West Fork Trinity River, Cade Branch, Denton Creek Red Oak Creek, Ten Mile Creek and the Trinity River to convey treated effluent from the four identified WWTPs downstream to Lake Livingston.
- B. Prior to diversion of the water authorized herein, TRA shall install and maintain a measuring devices at the discharge point of each WWTP, capable of measuring within plus or minus 5% accuracy, to record the amount of water discharged into the Trinity River for conveyance downstream to Lake Livingston.
- C. Prior to the diversion of the water authorized herein, TRA shall prepare, implement, and follow an accounting plan, approved by the Commission, designed to determine the combined total amount of divertable return flows present each month, based on measured discharges less calculated carriage losses resulting from the conveyance of the treated effluent from the WWTP to Lake Livingston.
- D. TRA shall maintain electronic records (in spreadsheet or database format) of the records of discharges of each of the specified WWTPs used in the return flow accounting, the calculations of carriage and evaporative losses, and diversions of the return flows from Lake Livingston and make them available to the public during normal business hours and shall submit them to the Executive Director upon request.

DRAFT

This amendment is issued subject to all terms, conditions and provisions contained in Certificate No. 08-4248 except as specifically amended herein.

This amendment is issued subject to all superior and senior water rights in the Trinity River Basin.

Certificate owner agrees to be bound by the terms, conditions and provisions contained herein and such agreement is a condition precedent to the granting of this amendment.

All other matters requested in the application which are not specifically granted by this amendment are denied.

This amendment is issued subject to the Rules of the Texas Commission on Environmental Quality and to the right of continuing supervision of State water resources exercised by the Commission.

TEXAS COMMISSION ON
ENVIRONMENTAL QUALITY

DRAFT

For the Commission

DATE ISSUED:

DRAFT

Exhibit "B"

City of Houston's "Notice of Withdrawal Letter" to TCEQ's Chief Clerk

LAW OFFICES OF
JACKSON, SJOBERG, MCCARTHY & WILSON, L.L.P.

711 WEST 7TH STREET
AUSTIN, TEXAS 78701-2785

DAVID E. JACKSON*
JOHN MATTHEW SJOBERG*
EDMOND R. MCCARTHY, JR.
ROBERT WILSON

(512) 472-7600
FAX (512) 225-5565

SHERIDAN L. GILKERSON
ELIZABETH A. TOWNSEND
OF COUNSEL

*LICENSED IN TEXAS AND
TENNESSEE

*BOARD CERTIFIED IN OIL,
GAS AND MINERAL LAW
TEXAS BOARD OF LEGAL SPECIALIZATION

July __, 2006

Ms. LaDonna Castañuela
Chief Clerk (MC 105)
Texas Commission on Environmental Quality
P.O. Box 13087
Austin, Texas 78711-3087

Certified Mail/Return Receipt Requested

Re: Application No. 08-4248 B; Application by the Trinity River Authority to
amend Certificate of Adjudication No. 08-4248

Dear Ms. Castañuela:

I represent the City of Houston in connection the above referenced application filed by the Trinity River Authority to amend Certificate of Adjudication No. 08-4248. Please be advised that as of this date the City of Houston is with drawing its protest and request for a contested case hearing in the matter of TRA's Application No. 08-4248 B.

If you have any questions, please call me at (512) 225-5606..

Sincerely,

JACKSON, SJOBERG, MCCARTHY & WILSON L.L.P.

Edmond R. McCarthy, Jr.
Attorneys for the City of Houston, Texas

cc: Trinity River Authority
Attn: Danny Vance, General Manager
Mike Booth, General Counsel
City of Houston
Attn: Bill Beauchamp, Assistant City Attorney
Jeff Taylor, Deputy Director of Public Works
TCBQ Water Rights
Attn: Todd Chenoweth

EXHIBIT B

SETTLEMENT AGREEMENT

This Settlement Agreement ("Agreement") is made and entered into as of the date last executed below ("Effective Date") by and between: the TRINITY RIVER AUTHORITY of Texas (the "TRA"), a conservation and reclamation district created by the Texas Legislature pursuant to the provisions of Article XVI, Section 59 of the Texas Constitution, acting by and through its Board of Directors and pursuant to a resolution duly passed and adopted by said Board of Directors; and the CITY OF IRVING, TEXAS (the "City"), a municipality of the State of Texas, organized and operating pursuant to its home rule charter and the Constitution and laws of the State of Texas, acting herein by and through its City Council and pursuant to formal approval by said City Council.

RECITALS

WHEREAS, TRA owns and operates multiple regional wastewater treatment plants in the Trinity River Basin and has planned to make use of treated wastewater from those plants as a future water supply source, and in furtherance of that plan filed Application Certificate of Adjudication No. 08-4248B with the Texas Commission on Environmental Quality ("TCEQ") to amend its existing Lake Livingston water right;

WHEREAS, the City imports water from Lake Chapman in the Sulphur River Basin and has planned to make use of return flows from this imported water as a future water supply source,

SCANNED
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5/11/05 sm

and in furtherance of that plan filed Application Certificate of Adjudication No. 03-4799C with TCEQ to amend its existing Lake Chapman water right;

WHEREAS, the City's Lake Chapman wastewater is treated at TRA's Central Regional Wastewater System's treatment plant ("CRWS") and the ownership of that wastewater is claimed by both TRA and the City;

WHEREAS, TRA and the City (jointly referred to as the "Parties") have both filed protests, each contesting the amendment application filed by the other and disputing the other's legal right to make reuse of the treated wastewater derived from City's Lake Chapman water supply;

WHEREAS, TRA and the City, in compromise and settlement of disputed claims, have reached the following agreement that will allow each to benefit from reuse of treated wastewater from CRWS, including wastewater from City's Lake Chapman water supply;

NOW, THEREFORE, be it resolved that for and in consideration of the mutual covenants, benefits, and agreements hereinafter set forth, the adequacy and sufficiency of which is evidenced by the Parties' respective execution of this Agreement, the Parties agree as follows:

AGREEMENT

1. Settlement Points

- 1.1. Irving agrees that TRA owns legal title to all wastewater collected and treated in its Central Regional Wastewater System Treatment Plant ("CRWS) prior to discharge into a public stream and, prior to discharge, has the unqualified right to sell the same for beneficial purposes. Irving agrees never to contest this right in any forum, provided TRA complies with this agreement. If Irving's fails to comply with this agreement TRA may void this agreement and any contract TRA may have entered into to sell and reserve its treated effluent to Irving.
- 1.2. TRA agrees to sell and will contractually reserve 25 mgd, including Irving's Lake Chapman return flow, from the amount of treated effluent available at TRA's CRWS for Irving's use under Certificate of Adjudication No. 03-4799C, and future amendments thereto. Irving agrees that if it should ever increase its return flow use under Certificate of Adjudication No. 03-4799C to an amount in excess of 25 mgd, it will amend its contract with TRA to increase the contract volume amount. The contract will provide for treated effluent to be purchased by Irving at a rate of \$0.1392 per thousand gallons and will be subject to modification annually thereafter based on the Consumer Price Index. TRA also agrees to reserve treated effluent under the contract for Irving's reuse benefit at an annual standby charge of \$175,000. The standby charge

will not be subject to Consumer Price Indexing. Irving will not participate in any of the revenues generated under this agreement. The foregoing rates shall remain in effect for so long as Irving is a member of the CRWS system. Irving shall have a feasibility period of 10 years from the date hereof to make arrangements for the reuse of effluent purchased from TRA to be used under Certificate of Adjudication No. 03-4799C. During the feasibility period Irving shall pay the annual standby charge, but may cancel its effluent purchase contract without penalty if it should determine, in its sole judgment, that reuse of effluent under Certificate of Adjudication No. 03-4799C is not practical, provided that Irving first voluntarily abandons pursuant to TCEQ Rules all reuse rights it has acquired pursuant to Certificate of Adjudication No. 03-4799C.

- 1.3. Irving agrees that it will amend the TCEQ's Executive Director's proposed Amended Certificate of Adjudication No. 03-4799C to recognize that Irving's reuse of its Lake Chapman water is subject to TRA's right to make direct reuse of those return flows.
- 1.4. Unless a contrary agreement is made with TRA in the future, Irving agrees that it will divert its Lake Chapman return flow downstream from TRA's CRWS' discharge point and will use the same, or the proceeds from of any sale or trade of its Lake Chapman return flow, only for municipal and industrial purposes, and only upstream from Lake Livingston.
- 1.5. Irving agrees to provide TRA with daily records of treated Lake Chapman water delivered to Irving by Dallas and Irving's daily treated water distribution losses. TRA

agrees to provide Irving TRA's daily discharge records of Irving's Lake Chapman return flow.

1.6. Irving agrees not to protest TRA's pending and/or future applications for return flow reuse and any amendments to such applications, provided that such applications or amendments comply with this agreement. TRA agrees to support Irving's Application Certificate of Adjudication No. 03-4799C in its motion to withdraw its pending protest and not to protest any future amendment of Certificate of Adjudication No. 03-4799C, provided that Irving's future amendments comply with this agreement

1.7. Irving and TRA agree to reduce these points to a formal settlement agreement and contract and to submit the same to their respective city council or board of directors for approval on or before April 27, 2005. Irving and TRA further agree that they will file a joint motion on or before March 21, 2005, requesting a continuance of the March 29, 2005, hearing on Irving's application and requesting a continuance until May 9, 2005.

2. Miscellaneous Provisions

2.1. ENTIRE AGREEMENT: The terms and provisions of this Agreement and the Trinity River Authority and the City of Irving CRWS Treated Wastewater Supply Contract of even date with this Agreement contain the entire Agreement between the TRA and City with respect to reuse of wastewater treated at CRWS. The rights and obligations of City and TRA under this CRWS Treated Wastewater Supply Contract shall be

interpreted consistent with the terms and conditions of this Agreement. The CRWS Treated Wastewater Supply Contract is incorporated into this Agreement for all purposes and is attached to this Agreement as Exhibit 1.

2.2. SEVERABILITY: The provisions of this Agreement are severable, and if for any reason any one or more of the provisions contained in this Agreement shall be deemed to be invalid, illegal, or unenforceable in any respect, the invalidity, illegality, or unenforceability shall not affect any other provisions of this Agreement and this Agreement shall remain in effect and be construed as if the invalid, illegal, or unenforceable provision had never been contained in the Agreement.

2.3. ASSIGNABILITY: This Agreement shall bind the Parties and their legal successors, and shall not be assignable by a Party without prior written consent of the other Party. All of the respective obligations of each of the Parties shall bind that Party and shall apply to and bind any successors or assigns of that Party.

2.4. COSTS AND EXPENSES: Each Party to this Agreement shall be responsible for all costs and expenses incurred by such Party in connection with this Agreement.

2.5. GOVERNING LAW: This Agreement shall be governed by the Constitution and laws of the State of Texas, except as to matters exclusively controlled by the Constitution and Statutes of the United States of America.

- 2.6. AMENDMENTS: This Agreement may be amended or modified only by mutual written agreement duly authorized by the respective governing bodies of the Parties and executed by the duly authorized representative of each.
- 2.7. VENUE: Exclusive venue for any action arising hereunder shall be in Tarrant County, Texas.
- 2.8. THIRD PARTY BENEFICIARIES: Except as expressly provided herein, nothing in this Agreement, express or implied, is intended to confer upon any person, other than the Parties, any rights, benefits, or remedies under or by reason of this Agreement.
- 2.9. DAMAGES: Neither of the Parties shall be liable or have any responsibility to the other for any indirect, special, consequential, punitive, or delay-related or performance-related damages including, without limitation, lost earnings or profits. Such limitation on liability shall apply to any claim or action, whether it is based in whole or in part on contract, negligence, strict liability, tort, statute, or any other theory of liability.
- 2.10. FURTHER ASSURANCES: The Parties agree to do all acts and things and to execute and deliver such further written instruments, as may be from time to time reasonably required to carry out the purposes and the provisions of this Agreement.

2.11. INTERPRETATION AND RELIANCE: No presumption will apply in favor of either Party in the interpretation of this Agreement or the CRWS Treated Wastewater Supply Contract or in the resolution of any ambiguity of any provisions thereof.

2.12. RELATIONSHIP OF PARTIES: This Agreement is based upon the active participation of the Parties. Neither the execution nor the delivery of this Agreement or the CRWS Treated Wastewater Supply Contract shall create or constitute a partnership, joint venture, or any other form of business organization or arrangement between the Parties, except for the contractual arrangements specifically set forth in this Agreement and the CRWS Treated Wastewater Supply Contract. Except as is expressly agreed to in writing in this Agreement, neither Party (or any of its agents, officers or employees) has any power to assume or create any obligation on behalf of the other Party.

2.13. TERM: This Agreement shall commence on the Effective Date and shall continue in effect for so long as City is a customer member of CRWS.

2.14. TERMINATION: This Agreement may be terminated by mutual written agreement of the Parties.

2.15. DUPLICATE ORIGINALS: The Parties, acting under the authority of their respective governing bodies, shall authorize the execution of this Agreement in several counterparts, each of which shall be an original. City shall submit written evidence in the form of bylaws, charters, resolutions, or other written documentation specifying the

authority of City's representative to sign this Agreement, which evidence shall be attached to this Agreement as Exhibit 2. TRA shall submit written evidence in the form of bylaws, charters, resolutions, or other written documentation specifying the authority of TRA's representative to sign this Agreement, which evidence shall be attached to this Agreement as Exhibit 3.

EFFECTIVE as of the latest date signed by the authorized representative of the parties.

CITY OF IRVING

BY: _____

JOE PUTNAM

TITLE: Mayor

DATE: _____

4-21-05

ATTEST:

Janice Canoll
City Secretary, City of Irving

APPROVED AS TO FORM AND LEGALITY:

BY: _____
Attorney for City

Approved <u>4-21-05</u> Resolution # <u>4-21-05-135</u>
--

TRINITY RIVER AUTHORITY OF TEXAS

BY: 
DANNY F. VANCE

TITLE: General Manager

DATE: April 27, 2005

ATTEST:


Secretary, Trinity River Authority of Texas

APPROVED AS TO FORM AND LEGALITY:

BY: 
Attorney for Authority



EXHIBIT 1

Trinity River Authority of Texas and City of Irving, Texas,

CRWS Treated Wastewater Supply Contract

Original Contract Attached Following Page 13

EXHIBIT 2

AUTHORIZATION TO EXECUTE ON BEHALF OF CITY

SECRETARY'S CERTIFICATE

I, the undersigned, Secretary of the City of Irving, Texas, certify that the following motion was duly made and unanimously passed during the April 21, 2005 meeting of the Irving City Council and is included in the minutes of that meeting which are contained in the official files of the City of Irving.

TRINITY RIVER AUTHORITY OF TEXAS AND CITY OF IRVING, TEXAS,

SETTLEMENT AGREEMENT

Upon the motion of Council Person James Dickens, seconded by Council Person Joe Philipp, the City Council unanimously:

Authorized the Mayor to execute the Settlement Agreement between the Trinity River Authority of Texas and the City of Irving, Texas.

I further certify that, as of this date, Joe Putnam is the Mayor of the City of Irving, Texas.


Secretary

Janice Carroll
(Print Name)
City of Irving, Texas

EXHIBIT 3

AUTHORIZATION TO EXECUTE ON BEHALF OF AUTHORITY

SECRETARY'S CERTIFICATE

I, the undersigned, Secretary of the Board of Directors of the Trinity River Authority of Texas, do certify that the following motion was duly made and unanimously passed during the April 27, 2005 meeting of the Board of Directors and is included in the minutes of that meeting which are contained in the official files of the Trinity River Authority of Texas:

TRINITY RIVER AUTHORITY OF TEXAS AND CITY OF IRVING, TEXAS

SETTLEMENT AGREEMENT

Upon the motion of Director Harold L. Barnard, seconded by Director Benny L. Fogleman, the Board of Directors unanimously:

Authorized the General Manager to execute the Settlement Agreement between the Trinity River Authority of Texas and the City of Irving, Texas.

I further certify that, as of this date, Danny F. Vance is the General Manager of the Trinity River Authority of Texas.



JAMES L. MURPHY, III
Secretary
Board of Directors
Trinity River Authority of Texas

EXHIBIT 1

**Trinity River Authority of Texas
Treated Wastewater Supply Contract
With City of Irving, Texas**

Central Regional Wastewater System

TRINITY RIVER AUTHORITY OF TEXAS
TREATED WASTEWATER SUPPLY CONTRACT

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THE STATE OF TEXAS	§	CITY OF IRVING
	§	
COUNTY OF TARRANT	§	TREATED WASTEWATER SUPPLY CONTRACT

This Treated Wastewater Supply Contract is made and entered into by and between the **CITY OF IRVING**, a municipality of the State of Texas organized and operating pursuant to its home rule charter and the Constitution and laws of the State of Texas, and the **TRINITY RIVER AUTHORITY OF TEXAS** a conservation and reclamation district created by the Texas Legislature pursuant to the provisions of Article XVI, Section 59 of the Texas Constitution.

RECITALS

1. Authority owns and operates the Central Regional Wastewater System located in Grand Prairie, Texas, and asserts the right to use treated wastewater from the System prior to its discharge into a public watercourse. City is a wastewater customer of the System and owns Certificate of Adjudication No. 03-4799 to appropriate water from Lake Chapman, located in the Sulphur River Basin for municipal and industrial uses in the Trinity River Basin.
2. City has applied to the Texas Commission on Environmental Quality for an amendment to its Certificate of Adjudication No. 03-4799 to authorize reuse of the treated wastewater derived from its Lake Chapman water supply. City's application is designated by the Texas Commission on Environmental Quality as Application No. 03-4799C.

3. Authority has protested City's Application No. 03-4799C. Authority and City have entered into a Settlement Agreement which resolves all issues between Authority and City concerning City's Application No. 03-4799C.

AGREEMENT

FOR AND IN CONSIDERATION OF THE MUTUAL PROMISES, COVENANTS, OBLIGATIONS, AND BENEFITS DESCRIBED IN THIS AGREEMENT, AUTHORITY AND CITY AGREE AS FOLLOWS:

SECTION 1. DEFINITIONS.

"Agreement" is this CRWS Treated Wastewater Supply Contract with City.

"Annual Standby Charge" is the cost to City for reserving 25 MGD of treated wastewater at CRWS prior to commencement of diversion and use of the treated wastewater.

"Authority" is the Trinity River Authority of Texas.

"City" is the City of Irving, Texas.

"CRWS" is the Authority's Central Regional Wastewater System, including the treatment plant located at 6500 Singleton Boulevard, Grand Prairie, Texas.

"Effective Date" is the date this Agreement was last signed by either City's or Authority's authorized representative.

"MGD" is million gallons per day.

"Reservation Quantity" is 25 MGD.

"Reuse Water Charge" is the payment made by the City for treated wastewater that it diverts.

"TCEQ" is the Texas Commission on Environmental Quality.

"Treated wastewater" is wastewater collected and treated at CRWS prior to its discharge into a public watercourse.

SECTION 2. TERM OF AGREEMENT.

The Effective Date of this Agreement shall be on the date last signed by either City's or Authority's authorized representative as shown on the signature page of this Agreement. This Agreement shall be for a term of thirty (30) years from the Effective Date and shall automatically renew for like terms for so long as City is a customer member of CRWS, unless terminated sooner by mutual consent or pursuant to the terms of this Agreement.

SECTION 3. QUANTITY OF TREATED WASTEWATER.

Subject to the limitations and conditions described in this Agreement, Authority agrees to sell and will contractually reserve the Reservation Quantity, including City's Lake Chapman return flow, from the amount of treated wastewater discharged at CRWS for City's use pursuant to Certificate of Adjudication No. 03-4799C, and any future reuse amendment to that Certificate. By execution of this Agreement, Authority agrees it will not sell, convey, or trade, via direct or in-direct reuse to any other party any portion of the Reservation Quantity. Authority further agrees that the Reservation Quantity shall be available for use by the City on a continuous-daily

basis at the CRWS discharge point located on the south bank of the West Fork of the Trinity River, as authorized under TPDES Permit No. TX0022802.

City agrees that if it should ever increase or decrease its return flow use pursuant to Certificate of Adjudication No. 03-4799C, and any future reuse amendment to that Certificate, to an amount different from the Reservation Quantity, this Agreement will be amended accordingly to reflect the increased or decreased volume amount.

SECTION 4. DIVERSION AND USE.

City agrees that it will divert the Reservation Quantity downstream from CRWS' discharge point, unless an alternate diversion point(s) is mutually agreed upon in writing between the Parties. City agrees that it will use the Reservation Quantity, or the proceeds from any sale or trade of the same, only for municipal and industrial purposes, unless a contrary agreement in writing is made with Authority. The Reservation Quantity shall be used upstream from the headwaters of Lake Livingston.

SECTION 5. RECORDS.

City agrees, upon request, to provide Authority with daily records of treated Lake Chapman water delivered to City by the City of Dallas and/or from any other water treatment plant the City may use to treat its Lake Chapman water and City's daily treated water conveyance losses that are associated with City's Lake Chapman water. Authority, upon request, agrees to provide City with CRWS' daily discharge records of City's Lake Chapman return flow.

SECTION 6. DIVERSION FACILITIES.

City will construct diversion facilities authorized by Certificate of Adjudication No. 03-4799C and any future reuse amendment to that Certificate to divert the treated wastewater discharged from CRWS for City's use pursuant to this Agreement. City will be responsible for all costs associated with such diversion facilities.

City shall provide Authority with the location of its diversion point(s) in a digital format compatible to Authority's then current Geographic Information System technology in use at the time City or City's assignee designs and constructs water diversion facilities to divert water authorized under Certificate of Adjudication No. 03-4799C, and any future amendment to that Certificate. City's diversions shall not exceed a maximum rate of 25 MGD, unless a contrary agreement is made with Authority.

SECTION 7. MEASUREMENT.

City shall provide, operate, maintain, and read meters that will record all water diverted by City pursuant to this Agreement. Water will be measured through conventional types of approved meter(s) capable of measuring instantaneous flow rates within an accuracy of plus or minus two percent. City shall keep accurate records of all measurements of water required by this Agreement for a period of at least 10-years. All of City's books and records pertaining to the diversion and measurement of water diverted under this Agreement shall be available for inspection, copying or audit by Authority during normal business hours. If requested in writing by Authority, once in each calendar year on a date that is as near to the end of the calendar month as practical, City shall calibrate its diversion meter(s). The City shall provide the Authority reasonable notice and an opportunity to observe the calibration. If, upon any test of the diversion

meter(s), one or more meters is found to be inaccurate in excess of two percent (2%), the registration of the inaccurate meter(s) shall be corrected for a period extending back to the time when such inaccuracy began, if such time is ascertainable. If such time is not ascertainable, then registration thereof shall be corrected for a period extending back one-half (1/2) of the time elapsed since the last date of calibration, but in no event further back than a period of six (6) months. If any meter is out of service or out of repair so that the amount of water delivered cannot be ascertained or computed from the meter reading, the water delivered through the period the meter is out of service or out of repair shall be estimated and agreed upon by Authority and City upon the basis of the best data available. Upon written request by Authority, City shall install new meter(s) or repair existing meter(s). Should City fail to install new meter(s) or repair existing meter(s) after one hundred eighty (180) days following Authority's request to do so, Authority at its option may install new meters or repair existing meters at City's expense. Authority shall recover its cost for labor, materials, and interest by billing City in twelve (12) equal monthly installments on or before the tenth (10th) day of each month following the date Authority incurred the costs.

If Authority and City fail to agree upon the amount of water delivered during the inaccurately measured period, the amount of water delivered may be estimated by:

(a) Correcting the error if the percentage of the error is ascertainable by calibration tests or mathematical calculation; or

(b) Estimating the quantity of delivery by deliveries during the preceding periods under similar conditions when the meter or meters were registering accurately.

SECTION 8. CHANNEL LOSSES.

City shall not divert more than the Reservation Quantity pursuant to this Agreement, measured at CRWS' discharge point. Channel losses established by TCEQ in any future reuse amendment to Certificate of Adjudication No. 03-4799C will be accepted by both parties. If TCEQ fails to establish channel losses, the parties will agree upon the amount of channel loss from CRWS' discharge point to City's or City's designee's diversion point(s).

SECTION 9. SOURCE AND ADEQUACY OF SUPPLY.

Water supplied by Authority to City under this Agreement shall be treated wastewater discharged from CRWS and from no other source. During the term of this Agreement, Authority will reserve the Reservation Quantity of treated wastewater from CRWS for City's sole use and benefit.

SECTION 10. PAYMENTS BY CITY.

As consideration for the treated wastewater supply to be provided to City pursuant to this Agreement, City agrees, prior to diversion of any treated wastewater under this Agreement, to pay Authority, at the time and in the manner provided by this Agreement, an Annual Standby Charge of \$175,000 for reserving the Reservation Quantity. The Annual Standby Charge shall be payable in equal monthly installments and billed by Authority monthly. The first monthly payment of the Annual Standby Charge shall be due and payable within thirty (30) days from the date Certificate of Adjudication No. 03-4799C is issued and becomes final and non-appealable, provided City's Certificate of Adjudication No. 03-4799C provides for the reuse of the Reservation Quantity. The Annual Standby Charge will not be adjusted by the Consumer Price Index or subject to any inflationary factor.

City agrees to pay Authority a Reuse Water Charge of \$0.1392 per 1,000 gallons (U.S. Standard Liquid Measure) plus channel losses of water diverted by City pursuant to this Agreement as measured at the City diversion point(s) authorized under Certificate of Adjudication No. 03-4799C, as may be amended. Beginning with calendar year 2006, this rate will be adjusted annually based upon the Consumer Price Index. City's monthly payment, together with a report of the amount of water diverted, are due and payable on the tenth (10th) day of the following month. City's failure to timely make any payment due shall be sufficient grounds for Authority to exercise any remedy available to it under this Agreement. Upon the Authority receiving the first Reuse Water Charge payment by the City, the City shall be no longer obligated to pay the Authority the Annual Standby Charge. All payments shall be sent to Authority by U.S. mail, postage prepaid, as specified in Section 25 of this Agreement.

If City at any time disputes the amount to be paid to Authority, City shall nevertheless timely make the disputed payment or payments. If it is subsequently determined by agreement or a court of competent jurisdiction that the disputed amount paid by City should have been less or more, the parties shall promptly revise and reallocate City's payments in a manner that City or Authority will recover the amount owed or due.

Authority agrees that the City's rate under this section shall automatically be adjusted to a rate equal to the lowest rate charged by Authority for CRWS treated wastewater if Authority should sell treated wastewater from CRWS to another customer at a rate lower than the rate being paid by the City.

City, as a customer of CRWS, shall not participate in any of the revenues generated by Authority under this Agreement. The foregoing rates shall remain in effect for so long as the City is a member of the CRWS system.

City and Authority stipulate and agree that the rates and policies specified in this Agreement are just, reasonable, without discrimination, and in the public interest. If City initiates or participates in any proceeding regarding Authority's rates and policies set forth and agreed to between the parties in this Agreement and advocates a position that is adverse to Authority and Authority prevails, City shall pay Authority for its expenses, including attorneys' and other professional fees, in the proceeding within thirty (30) days after Authority's demand for payment. If Authority initiates or participates in any proceeding regarding City's payments or rates and policies set forth and agreed to between the Parties in this Agreement and advocates a position that is adverse to the City and City prevails, Authority shall pay City for its expenses, including attorney's and other professional fees, in the proceeding within thirty (30) days after City's demand for payment.

SECTION 11. FEASIBILITY PERIOD.

City shall have a Feasibility Period of ten (10) years from the Effective Date of this Agreement to make arrangements for the reuse of CRWS treated wastewater purchased from Authority pursuant to this Agreement. City shall pay the Annual Standby Charge during the Feasibility Period, but may cancel this Agreement without penalty if it should determine, in its sole judgement, that reuse of treated wastewater under Certificate of Adjudication No. 03-4799C or any future reuse amendment to that Certificate is not practical, provided however that City first shall voluntarily abandon, in accordance with TCEQ rules and procedures, all reuse rights it

has acquired pursuant to Certificate of Adjudication No. 03-4799C and any future reuse amendment to that Certificate. At City's option, the Feasibility Period may be extended by continuing to pay the Annual Standby Charge for each year of extension that City desires.

SECTION 12. TEXAS COMMISSION ON ENVIRONMENTAL QUALITY.

This Agreement is dependent upon Authority and City complying with the rules of TCEQ regarding water supply contracts and amendments (30 TAC §§ 295.101 and 297.102, et. seq.). Authority will file a signed copy of this Agreement with the Executive Director of TCEQ. City may not divert the treated wastewater discharged from CRWS unless Authority notifies City that Authority has received written notification from the TCEQ that a copy of this Agreement has been received, and accepted for filing. City shall provide Authority a copy of its annual water use report filed with TCEQ for diversions made under Certificate of Adjudication No. 03-4799C, and any future reuse amendment to that Certificate.

SECTION 13. REGULATORY REQUIREMENTS.

This Agreement is subject to all applicable federal, state, and local laws and any applicable ordinances, rules, orders, and regulations of any local, state, or federal governmental authority having jurisdiction. However, nothing contained in this Agreement shall be construed as a waiver by either party of any right to question or contest any law, ordinance, order, rule, or regulation in any forum having jurisdiction.

SECTION 14. QUALITY OF TREATED WASTEWATER.

THE WATER THAT AUTHORITY OFFERS TO SELL TO CITY IS NON-POTABLE, TREATED WASTEWATER. CITY HAS SATISFIED ITSELF THAT SUCH WATER IS

SUITABLE FOR ITS NEEDS. EXCEPT FOR COMPLIANCE WITH ITS CRWS WASTE DISCHARGE PERMIT, AUTHORITY EXPRESSLY DISCLAIMS ANY WARRANTY AS TO THE QUALITY OF THE TREATED WASTEWATER OR SUITABILITY OF THE WATER FOR ITS INTENDED PURPOSE. AUTHORITY EXPRESSLY DISCLAIMS THE WARRANTIES OF MERCHANTABILITY AND FITNESS. CITY AGREES THAT ANY VARIATION IN THE QUALITY OR CHARACTERISTICS OF THE TREATED WASTEWATER OFFERED FOR SALE AS PROVIDED BY THIS AGREEMENT SHALL NOT ENTITLE CITY TO AVOID OR LIMIT ITS OBLIGATION TO MAKE PAYMENTS PROVIDED FOR BY THIS AGREEMENT. THERE ARE NO WARRANTIES WHICH EXTEND BEYOND THE DESCRIPTION CONTAINED IN THIS AGREEMENT.

SECTION 15. TITLE TO TREATED WASTEWATER.

Title for liability purposes to all treated wastewater Authority provides to City under this Agreement shall be in Authority up to the point of CRWS' discharge of the water into a public watercourse. Title for liability purposes shall pass to City at the point Authority's treated wastewater is discharged into a public watercourse. While title for liability purposes remains in a party, that party hereby agrees to save and hold the other party harmless from all claims, demands, and causes of action which may be asserted by anyone on account of the transportation and delivery of the treated wastewater. This section does not abrogate Authority's responsibility pursuant to its CRWS wastewater discharge permit issued by TCEQ, or any liability resulting from Authority's failure or inability to fully comply with the requirements of that permit and other legal requirements independently applicable to the quality of the CRWS effluent discharged.

SECTION 16. OTHER CHARGES.

In the event that any sales or use taxes, or taxes, assessments, or charges of any similar nature, are imposed on diverting, storing, delivering, impounding, taking, selling, using, or consuming the treated wastewater received by City from CRWS, the amount of such tax, assessment, or charge shall be borne by City, in addition to all other payments by City to Authority under this Agreement. If Authority is required to pay, collect, or remit any tax, assessment, or charge on treated wastewater received by City, then City shall promptly pay or reimburse Authority for the tax, assessment, or charge in the manner directed by Authority.

SECTION 17. DEFAULT IN PAYMENTS.

All amounts due and owing to Authority by City shall, if not paid when due, bear interest at the Texas post-judgment interest rate set out in TEX. FIN. CODE ANN. § 304.003 (Vernon Supp. 2004), or any successor statute, from the date when due until paid, provided however that such rate shall never be usurious or exceed the maximum rate permitted by law. If any amount due and owing by City to Authority is placed with an attorney for collection, City shall pay Authority, in addition to all other payments provided for by this Agreement, Authority's collection expenses, including court costs and attorneys' fees.

SECTION 18. WAIVER AND AMENDMENT.

Failure to enforce or the waiver of any provision of this Agreement or any breach or nonperformance by Authority or City shall not be deemed a waiver by either party of the right in the future to demand strict compliance and performance of any provision of this Agreement. Regardless of any provision contained in this Agreement to the contrary, any right or remedy for any default under this Agreement, except the right of Authority to receive the payment amounts

which shall never be waived, shall be deemed to be conclusively waived unless asserted by an appropriate proceeding in law or equity within two (2) years plus one (1) day after the occurrence of the default.

No officer or agent of Authority or City is authorized to waive or modify any provision of this Agreement. No modifications to or rescission of this Agreement may be made except by a written document signed by Authority's and City's authorized representatives.

SECTION 19. REMEDIES.

It is not intended hereby to specify (and this Agreement shall not be considered as specifying) an exclusive remedy for any default, but all other remedies (other than termination) existing in law or equity are available to each party to this Agreement and shall be cumulative. Recognizing, however, that failure in the performance of any party's obligations hereunder cannot be adequately compensated in money damages alone, each party agrees that in the event of any default on its part, the other party shall have available to it the equitable remedy of mandamus and specific performance.

SECTION 20. FORCE MAJEURE.

If for any reason of force majeure either Authority or City shall be rendered unable, wholly or in part, to carry out its obligations under this Agreement, other than the obligation of City to make the payments required under the terms of this Agreement, then if that party shall give notice of such reasons in writing to the other party within a reasonable time after the occurrence of the event or cause relied on, the obligation of the party giving the notice, so far as it is affected by the "force majeure," shall be suspended during the continuance of the inability

then claimed, but for no longer period. A force majeure condition shall be remedied with all reasonable dispatch. The term "force majeure," as used in this Agreement, shall mean acts of God, strikes, lockouts, or other industrial disturbances, acts of public enemies, terrorist attacks, orders or actions of any kind of government of the United States or of the State of Texas, or any civil or military authority, insurrections, riots, epidemics, land slides, lightning, earthquakes, fires, hurricanes, storms, floods, washouts, droughts, arrests, restraints of government and people, civil disturbances, explosions, breakage or accident to dams, machinery, pipelines, canals, or other structures, partial or entire failure of water supply, including pollution (accidental or intentional), and any inability on the part of Authority to deliver treated wastewater or of City to receive water, due to any other cause not reasonably within the control of the party claiming the inability.

SECTION 21. NON-ASSIGNABILITY.

City agrees that any contract between City and any third party which assigns or conveys all or any part of this Agreement shall not relieve City of its liabilities under the Agreement, unless City first obtains Authority's written consent to the assignment or conveyance. However, this Agreement shall not prohibit City from reselling the treated wastewater the City is receiving from the Authority to a third or more parties, if the requirements of Section 4 are satisfied.

SECTION 22. NO THIRD-PARTY BENEFICIARIES.

This Agreement shall inure only to the benefit of the parties hereto and third persons not privy hereto shall not, in any form or manner, be considered a third-party beneficiary of this Agreement. Each party hereto shall be solely responsible for the fulfillment of its customer

contracts or commitments. Authority shall not be construed to be responsible for City's contracts or commitments by virtue of this Agreement or any provision contained in this Agreement.

SECTION 23. RELATIONSHIP OF THE PARTIES.

This Agreement is by and between Authority and City and is not intended, and shall not be construed to create, the relationship of agent, servant, employee, partnership, joint venture, or association as between Authority and City or between Authority or the City and any officer, employee, contractor, or representative of the other party. No joint employment is intended or created by this Agreement for any purpose. City and Authority each agree to so inform its employees, agents, contractors, and subcontractors who are involved in the implementation of or construction under this Agreement.

SECTION 24. ENTIRE AGREEMENT.

The terms and provisions of this Agreement and the TRA and the City of Irving Settlement Agreement of even date with this Agreement contain the entire Agreement between the Authority and the City with respect to reuse of wastewater treated at CRWS. The Settlement Agreement is incorporated into this Agreement for all purposes. In the event of a conflict between this Agreement and the Settlement Agreement, this Agreement shall prevail.

SECTION 25. SEVERABILITY.

The provisions of this Agreement are severable, and if for any reason any one or more of the provisions contained in this Agreement shall be held to be invalid, illegal, or unenforceable in any respect, the invalidity, illegality, or unenforceability shall not affect any other provision of

this Agreement. This Agreement shall remain in effect and be construed as if the invalid, illegal, or unenforceable provision had never been contained in the Agreement.

SECTION 26. NOTICES AND PAYMENTS.

All notices and written communications under this Agreement shall be sent by hand-delivery, by fax and U.S. mail, postage prepaid, addressed to the following:

For Authority

Trinity River Authority
5300 S. Collins
P.O. Box 240
Arlington, TX 76004-0240
(817) 465-0970 (fax)
Attn.: General Manager

For City

City of Irving
825 Irving Blvd.
P.O. Box 152288
Irving, TX 75015
(972) 721-2420 (fax)
Attn.: City Manager

Either party to this Agreement may change the addressee or address upon fifteen (15) days notice to the other party.

SECTION 27. PLACE OF PERFORMANCE.

All amounts due under this Agreement, including but not limited to payments due under this Agreement shall be due and payable in Tarrant County, Texas. The place of performance agreed to by the parties to this Agreement is Tarrant County, Texas. Exclusive venue for any legal proceeding brought to construe or enforce this Agreement, or any provision of this Agreement, shall be in Tarrant County, Texas.

SECTION 28. DUPLICATE ORIGINALS.

City and Authority, acting under the authority of their respective governing bodies, shall authorize the execution of this Agreement in several counterparts, each of which shall be an

original. City shall submit written evidence in the form of bylaws, charters, resolutions, or other written documentation specifying the authority of City's representative to sign this Agreement, which evidence shall be attached to this Agreement as Exhibit 1. Authority shall submit written evidence in the form of bylaws, charters, resolutions, or other written documentation specifying the authority of Authority's representative to sign this Agreement, which evidence shall be attached to this Agreement as Exhibit 2.

CITY OF IRVING

BY: Joe Putnam
JOE PUTNAM

TITLE: Mayor

DATE: 4-21-05

ATTEST:

Janice Canoll
City Secretary, City of Irving

APPROVED AS TO FORM AND LEGALITY:

BY: Charles R. Anderson
Attorney for City

Approved <u>4-21-05</u> Resolution # <u>4-21-05-135</u>
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TRINITY RIVER AUTHORITY OF TEXAS

BY: _____

DANNY F. VANCE

TITLE: General Manager

DATE: April 27, 2005

ATTEST:

Jane Lee Murphy
Secretary, Trinity River Authority of Texas

APPROVED AS TO FORM AND LEGALITY:

BY: _____

Jane Lee Murphy
Attorney for Authority



EXHIBIT 1

AUTHORIZATION TO EXECUTE ON BEHALF OF CITY

SECRETARY'S CERTIFICATE

I, the undersigned, Secretary of the City of Irving, Texas, certify that the following motion was duly made and unanimously passed during the April 21, 2005 meeting of the Irving City Council and is included in the minutes of that meeting which are contained in the official files of the City of Irving.

TRINITY RIVER AUTHORITY OF TEXAS AND CITY OF IRVING, TEXAS,

CRWS TREATED WASTEWATER SUPPLY CONTRACT

Upon the motion of Council Person James Dickens, seconded by Council Person Joe Philipp, the City Council unanimously:

Authorized the Mayor to execute the CRWS Treated Wastewater Supply Contract between the Trinity River Authority of Texas and the City of Irving, Texas.

I further certify that, as of this date, Joe Putnam is the Mayor of the City of Irving, Texas.

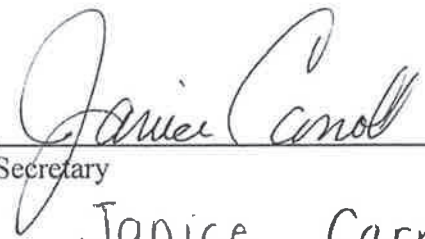

Secretary
Janice Carroll
(Print Name)
City of Irving, Texas

EXHIBIT 2

AUTHORIZATION TO EXECUTE ON BEHALF OF AUTHORITY

SECRETARY'S CERTIFICATE

I, the undersigned, Secretary of the Board of Directors of the Trinity River Authority of Texas, do certify that the following motion was duly made and unanimously passed during the April 27, 2005 meeting of the Board of Directors and is included in the minutes of that meeting which are contained in the official files of the Trinity River Authority of Texas:

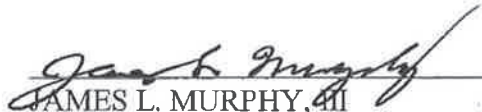
TRINITY RIVER AUTHORITY OF TEXAS AND CITY OF IRVING, TEXAS,

CRWS TREATED WASTEWATER SUPPLY CONTRACT

Upon the motion of Director Harold L. Barnard, seconded by Director Benny L. Fogleman, the Board of Directors unanimously:

Authorized the General Manager to execute the CRWS Treated Wastewater Supply Contract between the Trinity River Authority of Texas and the City of Irving, Texas.

I further certify that, as of this date, Danny F. Vance is the General Manager of the Trinity River Authority of Texas.


JAMES L. MURPHY, III
Secretary
Board of Directors
Trinity River Authority of Texas

TARRANT REGIONAL WATER DISTRICT

AGENDA ITEM 11

DATE: September 16, 2025

SUBJECT: **Consider Approval of Contract with McKee Utility Contractors, LLC for Dallas Phase 3 Pipeline Section 19 Micro Tunnel Crossings of the Integrated Pipeline Project**

FUNDING: Dallas Bond Fund Phase 3

RECOMMENDATION:

Management recommends approval of a contract **in the amount of \$127,474,740** with McKee Utility Contractors, LLC for construction of the Integrated Pipeline Section 19 Micro Tunnel Crossing Project.

DISCUSSION:

In October 2019, Dallas requested that the District proceed with the design and construction of Phase 3 of the Integrated Pipeline Project with an operational date by the end of 2027. Phase 3 spans roughly forty-seven miles from Lake Palestine to a connection point near Cedar Creek Reservoir.

The Section 19 Micro Tunnel Crossings of the Integrated Pipeline Project is part of the system that enables pumping of Dallas' permitted water from Lake Palestine through the IPL to a Dallas delivery point in Grand Prairie. Micro tunnelling allows for trenchless installation with personnel operating the tunnel boring machine from an operator station located on the surface. This contract includes five micro tunneled crossings under environmentally sensitive features along the Section 19 alignment and approximately five miles of 84-inch adjacent pipeline connections.

Competitive sealed proposals were received from four offerors on August 15, 2025. The IPL Project Selection Team, consisting of three District members and two Dallas members, evaluated and scored the proposals. The selection team determined that McKee Utility Contractors, LLC, a regional company with offices in Dallas, Texas, submitted the proposal that provides the best value to Dallas and the District. McKee proposed the lowest cost proposal and a completion date within the IPL schedule. McKee's proposal demonstrated an excellent approach to the project and professionally qualified key personnel. McKee has also successfully performed similar pipeline project work for water agencies in North Texas.

Management additionally requests the Board of Directors grant authority to the General Manager or his designee to execute all documents associated with the contract described herein.

The Recommendation by Staff and Offeror Selection Worksheet and are attached.

This item was reviewed by the Construction and Operations Committee on September 9, 2025.

Submitted By:

Ed Weaver
IPL Program Manager



Memo

TO: Ed Weaver

FROM: Shelly Hattan

DATE: August 26, 2025

SUBJECT: Recommendation for Award of Contract for Construction of Section 19 Micro Tunnel Crossings of the Integrated Pipeline Project to McKee Utility Contractors, LLC

Four prospective Contractors submitted Competitive Sealed Proposals on August 15, 2025 for the referenced project.

The IPL selection team evaluated the four Proposals. Scoring by the selection team is based on reviews of the Proposals by the members of the selection team. The Selection Team was assisted in their evaluation efforts by reports from the Review Team consisting of IPL staff members charged with reviewing documents and investigating references submitted by the Offerors. The results of the selection process are as follows in the Offeror Evaluation Worksheet:

IPL Section 19 Micro Tunnel Crossings (PL19MT) – IPL-CSP-25-042						
Offeror Selection Worksheet						
Tabulation of Scoring						
Criteria	Criteria	Points	McKee Utility	Garney Companies	Harper Brothers	Traylor Sundt JV
A	Proposed Contract Price and Contract Time	40				
	Proposed Contract Price		\$127,474,740	\$136,046,212	\$162,996,760	\$202,441,235
	Substantial Completion Days		804	785	830	807
	Point Value		40.0	37.5	31.5	27.2
B	Contractor's Approach to the Project	20	18.6	18.6	16.8	17.8
C	Experience / Past Performance of Offeror	15	13.8	14.0	13.2	14.0
D	Experience and Qualifications of Proposed Key Personnel	15	13.6	13.4	11.4	12.4
E	FOPC Participation	10	6.0	7.0	8.0	10.0
Total Points			92.0	90.5	80.9	81.4

The selection team determined that McKee Utility Contractors, LLC, a regional company with offices in Dallas, Texas, submitted the Proposal that provides the best value to Dallas and the District. McKee proposed the lowest cost proposal and a completion date within the IPL schedule. McKee's proposal demonstrated an excellent approach to the project and professionally qualified key personnel.

McKee has successfully completed several projects in Texas of similar scope and complexity.

It is recommended that a contract be awarded to McKee Utility Contractors, LLC, in the amount of \$127,474,740.00 to construct the Project.

Tabulation of Offers Received					
Project: IPL Section 19 Micro Tunnel Crossings (PL19MT)			Project Number:		
Owner: Tarrant Regional Water District			IPL-CSP-25-04		
Engineer: HDR Engineering & BGE, Inc.			Date: August 15, 2025		
Name of Offeror	Addenda Received	Bid Bond Attached	Total Offer Amount	Substantial Completion Days	Final Completion Days
McKee Utility Contractors, LLC	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	\$127,472,740.00	804	864
Garney Companies, Inc.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	\$136,046,212.00	785	845
Harper Brothers Construction, LLC	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	\$162,996,760.00	830	890
Traylor Sundt Joint Venture	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	\$202,541,235.00	807	867

TARRANT REGIONAL WATER DISTRICT

AGENDA ITEM 12

DATE: September 16, 2025

SUBJECT: **Consider Approval of Contract with Hydros Consulting, Inc., for Technical Support**

FUNDING: Fiscal Year 2026 Revenue Fund Budget - \$138,000

RECOMMENDATION:

Management recommends approval of an annual on-call service contract **in an amount not-to-exceed \$138,000 annually** with an option to renew for two additional one-year periods with Hydros Consulting, Inc. (Hydros).

DISCUSSION:

RiverWare is a river, reservoir, and pipeline water system modeling tool that the District uses for operational decision-making, responsive forecasting, operational policy evaluation, system optimization, and long-term resource planning. Engineers with Hydros have been assisting the District in analyses of the District's water supply operations using the RiverWare model since 2005.

The District anticipates that ongoing technical support related to the use and expansion of the RiverWare model will be needed. Hydros will aid staff in maintenance and development of TRWD's suite of RiverWare water supply planning tools, support with Capital Improvement Program (CIP) studies, assistance with long-term water supply planning and/or optimization studies, database support, and training. This is a time and materials contract for on-call services. The scope of work is attached.

This item was reviewed by the Construction and Operations Committee on September 9, 2025.

Submitted By:

Zachary Huff, P.E.
Water Resources Engineering Director

SCOPE OF SERVICES and BUDGET
TRWD On-Call Water Resources Services – FY26-FY28

Purpose: Hydros Consulting, Inc., has been working with Tarrant Regional Water District (the District) since 2005, assisting the District in analysis, evaluation, and studies of the District's water supply operations. Recently, Hydros has assisted in integrating the RiverWare forecasting model with the TRWD SupplyOpt hydraulics optimization model, and completed several long-term planning studies, including the updated Integrated Water Supply Plan (IWSP).

This scope of services is for technical support for the TRWD RiverWare model and associated RiverWare model enhancements.

Hydros will provide TRWD with water resources services as requested by Vinicius de Oliveira, Nicole Rutigliano, and others at the District. The tasks will include but are not limited to:

1. Assist TRWD with ongoing maintenance and development of TRWD's suite of RiverWare Water Supply Planning Tools. These include TRWD's RiverWare model, ruleset, Excel databases, global-downscaling-based forecasting tools for the eastern and western portions of the TRWD system, Markov-chain-based hydrologic trace generation tool, interface with TRWD's SupplyOpt hydraulics model, evaporation, precipitation and soil moisture tools, RiverSMART interfaces for running Planning Studies, and post-processing scripts.
2. Integrate new water management strategies, operating rules, and automation tools developed during the most-recent TRWD Integrated Water Supply Plan into the RiverWare Template model. Assist in evaluation of additional scenarios if needed.
3. Assist with Capital Improvement Project (CIP) studies.
4. Assist with long-term planning and/or optimization studies, which may include a re-development of the Benbrook Target Elevation Curve, the Eagle Mountain Outlet Demand operating rules, the Arlington Critical Path Elevation, the Bridgeport to Eagle Mountain Release rules, the Eagle Mountain to Worth Maintenance Release rules, the Benbrook Pumping to Rolling Hills Percentages, and more.

5. Continued refinement of the System Impact Calculator Configuration in the TRWD RiverWare model.
6. Support TRWD staff in adding yearly record data, updating the trace generation tool, and sampling from an extended database during the Markov-chain hydrologic trace generation process for RiverWare Forecasting runs.
7. Continue to streamline the RiverWare set-up process and reduce model runtime.
8. Add additional slot descriptions describing where operational variables and tables came from, and removing unnecessary model pieces and policy.
9. Assist TRWD with their ongoing development of a TRWD RiverWare model user manual, forecasting tools user-manual, evaporation data tool user-manual, and model policy guide.
10. Ongoing tech support.
11. Training of TRWD staff in using all of the tools listed in #1.

Budget and Schedule

The estimated total budget for TRWD On-Call Water Resources Services from October 1, 2025 to September 30, 2026 is \$138,000.

TARRANT REGIONAL WATER DISTRICT

AGENDA ITEM 13

DATE: September 16, 2025

SUBJECT: Consider Approval of Contract with Freese and Nichols, Inc. for Construction Management and Inspection Services for the Fort Worth Operations Compound

FUNDING: Bond Fund

RECOMMENDATION:

Management recommends approval of a contract **in an amount not-to-exceed \$4,897,711** with Freese and Nichols, Inc. for construction management and inspection services for the Fort Worth Operations Compound.

DISCUSSION:

Freese and Nichols, Inc. (FNI) will provide construction phase services upon receiving its Notice to Proceed. FNI will function as an extension of Owner's staff and provide support, advice, and technical expertise on construction-related issues.

Construction Management and Inspection	\$3,828,247
Construction Material Testing, Weld Inspection, and Coatings Inspection	\$1,069,464
Total	\$4,897,711

The anticipated duration of the project is 24 months, during which FNI will deliver services including the management of project resources, ongoing monitoring of progress and cost controls, and oversight of construction to verify compliance with design specifications.

A Request for Statement of Qualifications was issued under Texas Government Code Chapter 2254, resulting in five submissions. The evaluation team selected Freese and Nichols as the most qualified vendor, and the attached document outlines the negotiated scope and fee.

This item was reviewed by the Operations and Construction Committee on September 9, 2025.

Submitted By:

Mick Maguire
Chief Administration Officer

EXHIBIT A: SCOPE OF SERVICES

TRWD New Operations Compound Construction Management Services

1.00—BASIC SERVICES

- 1.01 Basic Services are services that are required for the Project and authorized by the execution of this Agreement.
- 1.02 General Provisions
- A. Freese and Nichols, Inc (FNI) will provide construction phase services upon receiving its Notice to Proceed. FNI will function as an extension of Owner's staff and provide support, advice, and technical expertise on construction-related issues. FNI will endeavor to protect Owner in providing these services; however, it is understood that FNI does not guarantee the Contractor's performance, nor is FNI responsible for supervision of the Contractor's operations and employees. FNI will not have authority over or be responsible for the means, methods, techniques, sequences, or procedures of construction selected or used by the Contractor, or the safety precautions and programs incident thereto, for security or safety at the Site, nor for any failure of the Contractor to comply with Laws and Regulations applicable to Contractors furnishing and performing of its work. FNI will not be responsible for the acts or omissions of Contractor.
 - B. The fees for these construction phase services are based on an anticipated construction duration of 24 months. If such period of service is extended, FNI's compensation will be equitably adjusted. For a shorter construction duration, the compensation will be equitably adjusted, provided, however, that the compensation will not be reduced if the accelerated construction schedule requires additional effort to administer the Construction Contract.
 - C. Owner will provide complete and functional office facilities, telephone, internet, and other utility services, and equipment through its Contractor.
 - D. Construction management as performed by FNI consists of a series of core management tasks focused on the construction and commissioning phases of the Project. FNI's services are provided to:
 - 1. Organize and manage the resources required by the Project.
 - 2. Administer, coordinate, monitor, and report on the Project and activities associated with the Project.
 - 3. Plan, schedule, conduct, and document Project meetings.
 - 4. Provide a focal point for collecting, disseminating, and storing documents and information.
 - 5. Manage the Project to meet Project goals and objectives.
 - 6. Recommend action to the Owner related to the management of the design and construction of the Project.
 - 7. Manage schedule and cost control systems to monitor and report on the progress of the overall Project.

1.03 Preconstruction Services

A. Constructability Reviews

1. Review the Technical Memoranda and Appendices prepared by the Engineer on the final design documents and provide input, advice, and recommendations on constructability, materials and equipment selections, and availability. The review will consider the following:
 - a. General concepts
 - 1) Construction cost.
 - 2) Construction duration.
 - 3) Completeness, consistency, and clarity of the Contract Documents.
 - b. Constructability, including sequencing or coordination issues
 - 1) Adequacy of details for construction.
 - 2) Potential conflicts during construction.
 - 3) Feasibility of construction.
 - 4) Construction sequencing.
 - 5) Acquisition of materials and equipment.
 - 6) Ability to coordinate among subcontractors and suppliers.
 - 7) Coordination between Contract Documents.
 - c. Operability
 - 1) Ability to minimize disruptions to existing operations.
 - 2) Ability to complete construction connections to existing facilities or utilities.
 - 3) Modifications to facilitate initial startup and performance testing.
 - 4) Ability of Owner to operate/maintain the facility when completed.
 - d. Risk Management
 - 1) Review the risk assessment and resulting Risk Register to assess the risk impact and risk management strategies to minimize associated costs. Add additional threats and opportunities if any.
 - 2) Provide recommendations for appropriate allocation of construction risks.
 - 3) Identify additional information that will help with risk assessment.
 - 4) Suggest additional procurement/contractual strategies to minimize risk.
 - 5) Review possible impacts associated with the use of patented or copyrighted products.
 - 6) Review legal requirements for subcontractors and equipment procurement for risk impacts.
2. FNI is not responsible for design of the Project and does not control the Project design or contents of the Contract Documents other than those prepared by FNI under this

Paragraph 1.02 and does not assume responsibility or liability for the design by performing these reviews.

B. Prepare Division 00/ 01 Documents

1. Review and comment on Proposal Documents, Contract Documents and General Requirements (Divisions 00 / 01 documents) prepared by the Engineer and based on the current TRWD standard documents.
2. Review with Owner and Engineer and revise as appropriate to incorporate review comments
3. Provide final draft of recent Division 00 /01 documents to Engineer for inclusion in the Proposal and Contract documents.

C. Procurement Phase Services for Contractor Selection Using Competitive Sealed Proposals

1. Assist Owner with selecting and engaging a contractor using the Competitive Sealed Proposal process in accordance with the provisions of applicable Laws and Regulations.
2. Attend a pre-proposal conference with Owner and Engineer. Response to questions at the pre-proposal conference will be in the form of addenda, prepared by the engineer, issued after the conference.
3. Assist Owner with managing responses to questions posted on OpenGov. Provide responses to questions related to the procurement process or management and administration of the Construction Contract. Engineer will provide responses to questions related to the design or other technical aspects of the Contract Documents.
4. Review and comment on items requiring addenda. Engineer will prepare addenda to document changes to the Contract Documents made during the Procurement Phase, items related to the procurement process or management and administration of the Construction Contract, and items related to the design or other technical aspects of the Contract Documents.
5. Evaluation of Proposals
 - a. Assist Owner with evaluating the Proposals received. Review the information in the Proposals and advise Owner regarding the interpretation of the information provided as it relates to the selection criteria. Provide reference checks on key personnel from the information provided in the Proposal and review the qualifications of key personnel offered. Report findings of the review of Proposals and investigations to the selection committee. Facilitate scoring of Proposals by the selection committee and assist in determining which Proposals appear to provide the best value to the Owner (short-list) on the basis of Proposals received.
 - b. Assist the Owner in coordinating and conducting interviews with the top two or three ranking Proposers. Assist in developing pertinent interview questions. Facilitate the interview process and work with the selection committee to determine what, if any, adjustments should be made to the scoring based on information obtained in the interviews.

- c. Provide documentation of the selection process, including a tabulation of the scoring assigned to each offeror for each of the selection criteria. Prepare a letter of recommendation for the selected contractor that outlines the recommendation of the selection committee.
- d. Assist with presentation of recommendation to the Owner.
- 6. Conform Contract Documents for execution by incorporating information from the selected Offeror and their surety into the Contract Documents.
- 7. Prepare proposals for public release by removing confidential information and provide a copy of the tabulation of scoring for public release.
- 8. Assist the Owner in providing exit interviews for those Offerors not selected.

1.04 Construction Contract Administration

- A. Provide full-time, on-Site Project Construction Manager (PCM) to manage and administer the day-to-day requirements of the Project and manage construction management field staff observe the Work in progress to:
 - 1. Determine that completed Work will comply in general with the Contract Documents;
 - 2. Provide Construction Contract administration services and determine that the quality control programs of the Contractor are producing acceptable results.
- B. Primary roles and responsibilities of PCM include the following:
 - 1. Serve as the primary point of contact, with primary responsibility for construction contract administration and quality assurance.
 - 2. Provide periodic observation of construction on each site to determine that construction is in conformance with Contract Documents.
 - 3. Provide direction and manage the efforts of Resident Project Representatives (RPR) on their assigned responsibilities to determine that their duties are performed in a timely manner and in accordance with TRWD processes and procedures. Serve as a backup RPR or reallocate resources to cover the project when a RPR must be away from the Project site.
 - 4. Manage the efforts of quality control efforts of materials testing laboratories and specialty observers. Coordinate services provided by other consultants under direct contract to the District as requested by the District. Review invoices for services provided for the project by the District and recommend payment to District Project Manager (DPM).
 - 5. Annotate Drawings and Specifications to incorporate information furnished by Contractor and RPR showing changes in the Project made during construction in Record Documents and real time as built (RTAB) data collected. Support TRWD GIS with gathering RTAB data. Provide annotated documents to Engineer so revisions can be made to electronic files of the drawings in their native format.
 - 6. Work directly with DPM to coordinate construction activities with the District's operations.
 - 7. Work with Contractors and District Land department to help resolve issues with property owners.

8. Work with consultants providing O&M documentation and training to coordinate their efforts with construction and operations and to coordinate training and start up activities.
9. Project Closeout
 - a. Participate in an inspection of the Work with Contractor and OPT to determine if Work is substantially complete. Provide the Substantial Completion–related Construction Manager services contemplated by the Contract Documents, including establishment of a list of deficiencies and, if appropriate, issuance of a Certificate of Substantial Completion.
 - b. Assist Owner in obtaining legal releases, permits, warranties, maintenance and operating instructions, and keys from the Contractor.
 - c. Participate in an inspection of the Work with Contractor and OPT to determine if Work is finally complete and if appropriate issue a Certificate of Final Completion.
 - d. Provide all Construction Manager services contemplated by the Contract Documents with respect to the final payment application. Include adjustments to the Contract Price in the final Payment Application for:
 - 1) Approved Change Orders and Contract Amendments;
 - 2) Allowances not previously adjusted by Change Order;
 - 3) Deductions for Defective Work that have been accepted by the Owner;
 - 4) Penalties and bonuses;
 - 5) Deduction for all final set-offs;
 - 6) Final settlement for claims and damages if any;
 - 7) and
 - 8) Other adjustments if needed.
 - e. Prepare a final Change Order reflecting the approved adjustments to the Contract Price which have not been covered by previously approved Change Orders or Contract Amendments and, if necessary, to reconcile estimated unit price quantities with actual quantities
 - f. Provide the following with the final Payment Application:
 - 1) Evidence of payment or release of Liens on the forms provided by the Construction Manager and as required by the General Conditions.
 - 2) Consent from surety to final payment.
 - g. Prepare the memorandum to the Board of Directors recommending acceptance for the Project and the Notice of Completion.
10. Post Construction Phase Services
 - a. Scheduled Correction Period Inspection—Within one month before the end of the Construction Contract’s correction period, conduct an inspection of the Work to ascertain whether any portion of the Work or the repair of any damage to the Site

or adjacent areas is defective and subject to correction by Contractor. Consult with Engineer regarding design and technical matters.

- b. **Unscheduled Post-Completion Inspections—Return to the Site with Contractor and OPT to inspect any apparent or discovered defects in the Work, or unrepaired damage to the Site or adjacent areas. Consult with Engineer regarding recommendations as to replacement or correction of such defective Work, or the need to repair any damage.**
- c. **Send required notices of defective Work or damage to Contractor and represent Owner in consultations and discussions with Contractor concerning correction of any the defective Work and needed repairs.**

1.05 Document Management

- A. **Provide Record Project Manager and Document Technician services to support general electronic records management and litigation support of all Project documentation in accordance with District's Records Management Policy as well as basic technical administration of the PMIS.**
 - 1. **Maintain PMIS for Project documents and records, both electronic and printed copy, in accordance with established District Records Management Policies and Procedures.**
 - 2. **Determine the location of Project documents/records and assist users and stakeholders in the location of documents/records within the PMIS.**
 - 3. **Manage the quality of and final determination of how Project records are to be classified according to District retention policies.**
 - 4. **Provide litigation support to District attorneys such as Discovery requests, issue and release of litigation holds, and working with District Information Services (IS) to create litigation sites in the PMIS as needed.**
 - 5. **Assist District attorneys and staff with Public Information Requests by performing searches and providing documents for review and production.**
 - 6. **Stay abreast of business needs as phases of projects begin and end to ensure PMIS continues to support all user needs. Analyze and make process improvement suggestions as needed to support any additions or modifications to PMIS.**
- B. **Receive, review, and manage distribution of documents posted on the PMIS to provide a focal point for collecting, disseminating, and storing documents and information for each Project. Determine that information required by Project Controls is provided.**
 - 1. **Prepare and post baseline Record Documents on the PMIS for use in recording real time as built information during the construction phase. Engineer will provide PDF versions of contract documents with a separate file for each drawing sheet and each specification section.**
 - 2. **Prepare a Project specific set of document templates for use in administering the construction contract and post this library of templates on the PMIS.**
- C. **Basic, Technical Administration of PMIS**

1. Perform basic, technical administration of PMIS including basic user permissions and Construction eForm resolutions. Anything beyond basic user level administration will be forwarded to District IS department for assistance.
- D. Manage the receipt, processing, and distribution of Contractor's submittals, including but not limited to Notifications, product information, test reports, schedules, payment applications, and other record data throughout the Project.
 1. Provide monthly reports indicating the status of all submittals in the review process.
 2. Monitor the progress of the Contractor, Engineer, and District in sending and processing submittals to see that documentation is being processed in accordance with schedule requirements of the Contract Documents.
 3. Review record and administrative documents submitted in accordance with the Contract Documents.
 4. Forward product submittals to the Engineer for review and comment. Prepare the response to the Contractor.
- E. PMIS Document Closeout of Construction Contracts
 1. Record Project Manager to work with DPM/PCM to determine that closeout of construction contract documentation adheres to the PCM Procedure for PMIS Closeout developed by the PCM and Record Project Manager.
 2. Record Project Manager to work as liaison between DPM and Record Technician for conforming final construction documents that require technical and accuracy updates (i.e. Construction Projects: Shop Drawing incomplete, CTR mislabeled, Change Orders without signature blocks, Record As Built Bundling, etc. or Design Projects: Contracts missing parts, incomplete reports and technical memoranda, deliverables not compiled, files mislabeled, etc.)
 3. Perform quality control/assurance checks for each closed design and construction site to verify accuracy / completeness of record classification and capture of relevant metadata. Incorporate assistance of record technician when appropriate.
 4. Participate in various meetings with DPM/PCM and District Records Staff to ensure ongoing collaboration of construction closeout procedures. Coordinate with District Records Staff to verify that all documents are filed in accordance with District standards, practices, and procedures.

1.06 Communications

- A. PCM serves as the liaison between the Contractor and the Owner's Project Team (OPT.)
- B. Prepare a Communications Plan for the project.
- C. Receive and respond to Contractor's Requests for Information (RFI.) In consultation with Engineer, issue clarifications and interpretations of the Contract Documents. Conduct or coordinate any investigations, analyses, and studies necessary to render such clarifications and interpretations.
- D. Meetings
 1. Conduct a pre-construction conference with the Contractor. The agenda will include establishing communications procedures with Owner and Contractor; discussing

Construction Contract administration procedures; and reviewing schedules and other documents required by the Contract Documents. Prepare and distribute meeting records.

2. Conduct monthly progress meetings with the Contractor. Discuss Contractor's progress to date, planned efforts for the coming month, status of submittals, proposed Construction Contract modifications, and any issues or concerns that need to be addressed to allow construction of the Project to progress. Review schedules, preliminary applications for payment, and other documents required by the Contract Documents. Prepare and distribute meeting records.
3. Conduct pre-documentation and pre-installation meetings as required in the Specifications or as determined to be necessary. Prepare and distribute meeting records.
4. Conduct weekly coordination meetings with the Contractor to discuss activities planned for the following weeks, review coordination issues, testing requirements, and other issues. No meeting records will be prepared; however, Action Item Registers and Decision Registers will be updated to record key information as appropriate.
5. Conduct project team coordination meetings monthly or as often as necessary to discuss and resolve issues relating to the management of the Project. Document the meetings and record action items assigned to Project team members. Project team members may include District and construction contractor staff.

E. Reporting

1. Prepare reports and other documentation in accordance District's Construction Management standards.
 - a. Prepare and submit daily construction reports which provide an account of each day's activity, including work completed, observed defects and corrective action, discussions with the Contractor, weather conditions, and other issues pertinent to the Contractor's progress. Include photographs that record Contractor's progress or other pertinent elements of the Project. File additional photographs in the PMIS.
 - b. Submit a monthly report describing construction progress in general terms and summarize Project costs, cash flow, construction schedule, and pending and approved Construction Contract modifications.
 - c. Monitor and review reporting provided by the Contractor in accordance with the Contract Documents.

1.07 Cost Management

- A. Work with the Contractor to establish the Schedule of Values and Schedule of Anticipated Payments based on Proposed Amounts. Prepare the Payment Application template to be used for periodic payments.
- B. Review Payment Applications and supporting documentation each payment period and recommend the amount to be paid to the Contractor by District on monthly and final Payment Applications in accordance with the provisions of the Contract Documents. Recommend reductions in payment (setoffs) based on the provisions for setoffs stated in

the Construction Contract. Such recommendations of payment will be in writing and will constitute Construction Manager's representation to Owner, based on such observations and review, that, to the best of Construction Manager's knowledge, information, and belief:

1. Contractor's Work has progressed to the point indicated;
 2. The Work is generally in accordance with the Contract Documents subject to an evaluation of the Work as a functioning whole prior to or upon Substantial Completion, to the results of any subsequent tests called for in the Contract Documents, and to any other qualifications stated in the recommendation;
 3. Conditions precedent to Contractor's being entitled to such payment appear to have been fulfilled in so far as it is FNI's responsibility to observe the Work; and
 4. Final determinations of quantities and classifications of the Work, subject to any subsequent adjustments allowed by the Contract Documents, have been made for unit price Work.
- C. Review Change Proposals to determine that cost proposed is fair and reasonable, and calculated in accordance with the Contract Documents. Update the Payment Application form to incorporate approved Contract Modifications that impact Contract Price.
- D. Compare Actual Payments for Earned Value to Schedule for Schedule of Anticipated Payment to assess progress.

1.08 Time Management

- A. Review baseline, progress, and recovery schedules in accordance with the Contract Documents.
- B. Review Near Term Look Ahead (NTLA) schedules at progress meetings. Review work planned but not executed to determine the impact on the overall schedule. Compare NTLA to current progress schedule.
- C. Compare time components of the Payment application comparing Schedule of Anticipated payments to actual payments. Note any indication that contractor is behind schedule.
- D. Review requests for a time extension submitted with Change Proposals, including a time impact analysis schedule. Use this information to assess the impact of Construction Contract changes on the Project to negotiate an equitable change in the Contract Times or Contract Price, if warranted. Recommend days to be allowed if any.
- E. Work with Contractor to provide a recovery schedule when the contractor's schedule, considering pending time extensions, indicates the contractor is 30 days or more behind schedule.
- F. Issue a Notice of Failure to Meeting Contract Times if contractor does not achieve Substantial Completion for the Project of specified Project Milestones for phased Work.
- G. Coordinate effort for completing the project at substantial completion using NTLA schedules for completion of items on the list of deficiencies.

1.09 Quality Management

- A. Review Contractors Quality Management Plan (CQMP). Coordinate CQMP with District's Quality Program and the requirements of the Contract Documents. Coordinate the plans

with the scope of services to be provided by the Construction Materials Inspection and Testing (CMIT) firm, and FNI's specialty consultants for quality control inspections to determine that materials incorporated into the project comply with Specifications.

- B. Provide RPR(s) to observe the Work in progress for compliance with the Contract Documents. Primary roles and responsibilities of RPRs include the following:
 - 1. Inspect the work to verify compliance with the Contract Documents. Inform the Contractor and OPT of work that does not comply with the requirements of the Contract Documents.
 - 2. Record the delivery of materials to the site and inspect the materials for apparent defects. Work with the PCM to provide additional testing as required to resolve any concerns about materials as delivered.
 - 3. Review survey data and procedures to see that line, grade, and locations have been properly established, and that they are followed during construction.
 - 4. Prepare Daily Construction Reports per Paragraph 1.05.D.1. Note defective work and corrective action.
 - 5. Make periodic estimates of the quantity of construction completed.
 - 6. Take construction documentation photographs. Take additional photographs to document differing site conditions, change order and claim items, and any special or unique conditions as they arise.
 - 7. Record GPS coordinates of work in place to assist with development of real time as-built drawings.
- C. Review quality-related documents provided by the Contractor such as test reports, equipment installation reports, and other documentation required by the Contract Documents. Notify the Contractor and OPT of defective Work.
- D. Record defective Work in Daily Construction Reports, Action Item Register or Defective Work Notices as appropriate. Coordinate correction of the defective Work with the Contractor. Withhold payment for defective Work until corrections have been completed. Report the status of corrections and determine that defective Work is corrected before payment is made. Record completion of corrective Work. Determine that all recorded defects have been corrected, unless accepted by the Owner per the General Conditions.
- E. Coordinate with Contractor for pre-work meetings. Conduct prove-out testing for pipelaying operations, deep dynamic compaction, and coatings.
- F. Coordinate the efforts of testing laboratories required for the testing or inspection of materials, witnessed tests, factory testing, acceptance tests, and performance acceptance testing for the Project.

1.10 Change Management

- A. Initiate Request for Change Proposal when the District and Engineer agree that a change is needed. Engineer will prepare a Description of Modification for design changes. Prepare estimates of proposed changes to the Contract Documents for comparison with Contractor's pricing and for use in negotiating an equitable price for changes to the Construction Contract.

- B. Review Change Proposals submitted by the Contractor and prepare recommendations to the Owner on the timeliness, merit, and value of the Change Proposals based on the terms of the Contract, information submitted by the Contractor or available in project documentation.
 - 1. Conduct investigations, analyses, and studies of proposed modifications to the Contract Documents including proposed substitutions of equipment and/or materials, corrections of defective or deficient work of the Contractor, or other deviations from the construction Contract Documents.
 - 2. CM will coordinate with the Engineer who will review for consistency with design intent in support of these investigations, analyses, and studies and make recommendations on the acceptability of the proposed changes or provide recommendation for changes that will comply with the design intent.
 - 3. CM will collaborate with the Contractor on behalf of the District to reach an agreement on the scope and changes in Contract Price or Contract Times, if any. If an agreement acceptable to the Owner is reached, prepare the contract modification (Field Order, Work Change Directive, Change Order, or Contract Amendment) for signatures, and prepare a memorandum recommending approval of the Contract Modification to the District suitable for writing a Board Agenda item if needed.
 - 4. If agreement cannot be reached on the Change Proposal, notify the Contractor of the reason for not approving the Change Proposal. Track issues that appear will not be resolved in the Change Proposal process. Establish an “Issues” file when issues appear to be a potential Claim. If Contractor chooses to file a claim under the provisions of the Contract, manage in accordance with Paragraph 2.01 Claims.
- C. Modify the Payment Application to incorporate the Contract Modification and administer payment for the Contract Modification as part of the Cost Management process in Paragraph 1.04.

1.11 Risk Management

- A. Review the Project risk register with the Contractor and OPT. Reassess and update for identified risk elements in the risk management plan and develop countermeasures for those risk elements not already addressed in the Contract Documents.
- B. Review risk register at periodic meetings and update based on progress of the work.

2.00—ADDITIONAL SERVICES

2.01 Additional Services are services that may be required and have been identified in this Section. CM agrees to provide these services if authorized in writing by the Owner to do so.

2.02 Claims Management

- A. Receive and evaluate claims, as defined in the Construction Contract, and make recommendations to the Owner on the timeliness, merit, and value of the claim based on information submitted by the Contractor, available in project documentation and the requirements of the Contract Documents. Provide a time impact analysis in the event of claims for time or extended overhead. Recommend options to OPT based on the merits of the issue under the terms and conditions of the Contract. Provide similar services if the District files a claim against the Contractor.

- B. Work with Contractor to resolve claims. If an agreement is reached, prepare Contract Modifications to document the agreement.

2.03 Disputes

- A. Provide services required to resolve bid or proposal protests, or to rebid the Project.
- B. Advise the District if it appears that the claim may not be resolved and will move to dispute resolution provisions of the contract.
- C. Assisting Owner in preparing for or appearing at litigation, mediation, arbitration, dispute review boards, or other legal and/or administrative proceedings in the defense or prosecution of disputes, or the final resolution of disputes with Contractor.
- D. Preparing data and reports for assistance to Owner in preparation for hearings before regulatory agencies, courts, arbitration panels, or any mediator.
- E. Preparing for and giving testimony, personally or by deposition, before any regulatory agency, court, arbitration panel, or mediator.

2.04 Land Department Support

- A. Assist District with the coordination necessary for construction and operation of Project facilities. Activities include:
 - 1. Escort contractors and consultants onto properties containing District assets as needed.
 - 2. Work as liaison between contractors and landowners for pre-construction work as well as monitor contractor activities.

2.05 Other Additional Services

- A. Any services required as a result of default or failure, for any reason, of the Contractor(s) to complete the work within the Contract Times.
- B. Providing services after the completion of the construction phase not specifically listed in Basic Services.
- C. Providing Basic Services or Additional Services on an accelerated time schedule. The scope of this service includes cost for overtime wages of employees and FNI subconsultants.
- D. Providing services made necessary because of unforeseen, concealed, or differing site conditions, or due to the presence of a Constituent of Concern.
- E. Providing follow-up construction management services during Contractor's warranty period in addition to those describe as a Basic Service.
- F. Collaborating with Contractor's surety in the event of Contractor default or termination for cause.

3.00—SPECIAL SERVICES

- 3.01 Owner may authorize the Construction Manager in writing to provide Special Services not contemplated at the time this Agreement was signed and not identified as Basic or Additional Services.

EXHIBIT B COMPENSATION

Compensation to FNI for Basic Services in Attachment A shall be the cost plus max of Four Million Eight Hundred Ninety Seven Thousand Seven Hundred Eleven Dollars (\$4,897,711).

If FNI sees the Scope of Services changing so that Additional Services are needed, including but not limited to those services described as Additional Services in Attachment A, FNI will notify OWNER for OWNER's approval before proceeding. Additional Services shall be computed based on the following Schedule of Charges.

<u>Position</u>	<u>Hourly Rate</u>
Professional 1	139
Professional 2	170
Professional 3	193
Professional 4	219
Professional 5	257
Professional 6	297
Construction Manager 1	120
Construction Manager 2	150
Construction Manager 3	163
Construction Manager 4	203
Construction Manager 5	245
Construction Manager 6	282
Construction Representative 1	108
Construction Representative 2	120
Construction Representative 3	150
Construction Representative 4	163
CAD Technician/Designer 1	118
CAD Technician/Designer 2	155
CAD Technician/Designer 3	189
Corporate Project Support 1	114
Corporate Project Support 2	137
Corporate Project Support 3	182
Intern / Coop	77

Rates for In-House Services and Equipment

<u>Mileage</u>	<u>Bulk Printing and Reproduction</u>		<u>Equipment</u>	
Standard IRS Rates	<u>B&W</u>	<u>Color</u>	Valve Crew Vehicle (hour)	\$75
	Small Format (per copy)	\$0.10	Pressure Data Logger (each)	\$500
	Large Format (per sq. ft.)		Water Quality Meter (per day)	\$100
	Bond	\$0.25	Microscope (each)	\$150
	Glossy / Mylar	\$0.75	Ultrasonic Thickness Gauge (per day)	\$275
	Vinyl / Adhesive	\$1.50	Coating Inspection Kit (per day)	\$275
			Flushing / Cfactor (each)	\$500
	Mounting (per sq. ft.)	\$2.00	Backpack Electrofisher (each)	\$1,000
	Binding (per binding)	\$0.25		
			<u>Survey Grade</u>	<u>Standard</u>
			Drone (per day)	\$200 \$100
			GPS (per day)	\$150 \$50

OTHER DIRECT EXPENSES:

Other direct expenses are reimbursed at actual cost times a multiplier of 1.10. They include outside printing and reproduction expense, communication expense, travel, transportation and subsistence away from the FNI office. For other miscellaneous expenses directly related to the work, including costs of laboratory analysis, test, and other work required to be done by independent persons other than staff members, these services will be billed at a cost times a multiplier of 1.10. For Resident Representative services performed by non-FNI employees and CAD services performed in-house by non-FNI employees where FNI provides workspace and equipment to perform such services, these services will be billed at cost times a multiplier of 2.0. This markup approximates the cost to FNI if an FNI employee was performing the same or similar services.

These ranges and/or rates will be adjusted annually in February. Last updated 2025.

TRWD New Operations Compound Cost Breakdown	
Task Description	Total
Construction Management and Inspection	\$ 3,828,247
Construction Materials Testing, Weld Inspection, and Coatings Inspection	\$ 1,069,464
Total Effort	\$ 4,897,711

TARRANT REGIONAL WATER DISTRICT

AGENDA ITEM 14

DATE: September 16, 2025

SUBJECT: Consider Adoption of Panther Island Canal System Manual

FUNDING: N/A

RECOMMENDATION:

Management recommends:

1. Adoption of the Panther Island Canal System Manual; and,
2. Delegation of authority to the General Manager or his designee to interpret Canal System Standards and approve waivers thereof that achieve overall objectives of the Manual and do not conflict with City of Fort Worth requirements.

DISCUSSION:

The Panther Island Canal System Manual has been developed to consolidate and update relevant portions of the following technical and design standards and guidelines that were previously published.

- 2016 Form Based Code
- 2017 Canal Design Standards and Guidelines
- 2024 Strategic Vision and Update (Vision 2.0)
- 2024 Canal Value Engineering and Technical Evaluation

TRWD will primarily construct and exclusively own and operate the Canal System in TRWD right-of-way. As a result, TRWD possesses authority to govern the standards and guidelines of the system.

Key Changes from prior regulations include the following:

1. Includes information about canal bridges and canal system maintenance responsibilities post-construction.
2. Provides a framework to prioritize development that is served by existing or planned segments of the canal system while preserving the rights of property owners to proceed with development of their property.
3. Updates standards and guidelines for the paseo to consider cost of construction and future maintenance while ensuring quality development.
4. References technical requirements of plant materials, irrigation systems, illumination standards and equipment, etc. to facilitate quality and future operations and maintenance.
5. Clarifies roles and responsibilities between Tarrant Regional Water District, the City of Fort Worth, a future Public Improvement District, and developers.

The manual also includes a provision, consistent with current administrative authority, to allow TRWD to enter Community Facilities Agreements when appropriate for developers to construct canal system facilities with TRWD participation in oversizing at a cost of up to \$150,000. Similarly, TRWD may administratively waive financial obligations of a developer of up to \$150,000 when deemed appropriate to catalyze development or otherwise meet objectives of the District.

Stakeholders were engaged in the drafting of the Manual, including operations staff and leadership of Tarrant Regional Water District and the City of Fort Worth; Seco Ventures (significant property owner); and the Real Estate Council of Greater Fort Worth. In addition, the document was posted on the Panther Island website for more than 30 days beginning in July 2025. Feedback from these parties was incorporated as appropriate.

This item was reviewed by the Construction and Operations Committee on September 9, 2025.

Submitted By:

Susan Alanis
Program Director, Panther Island

Tarrant Regional Water District

Panther Island Canal System Manual

SEPT 2025

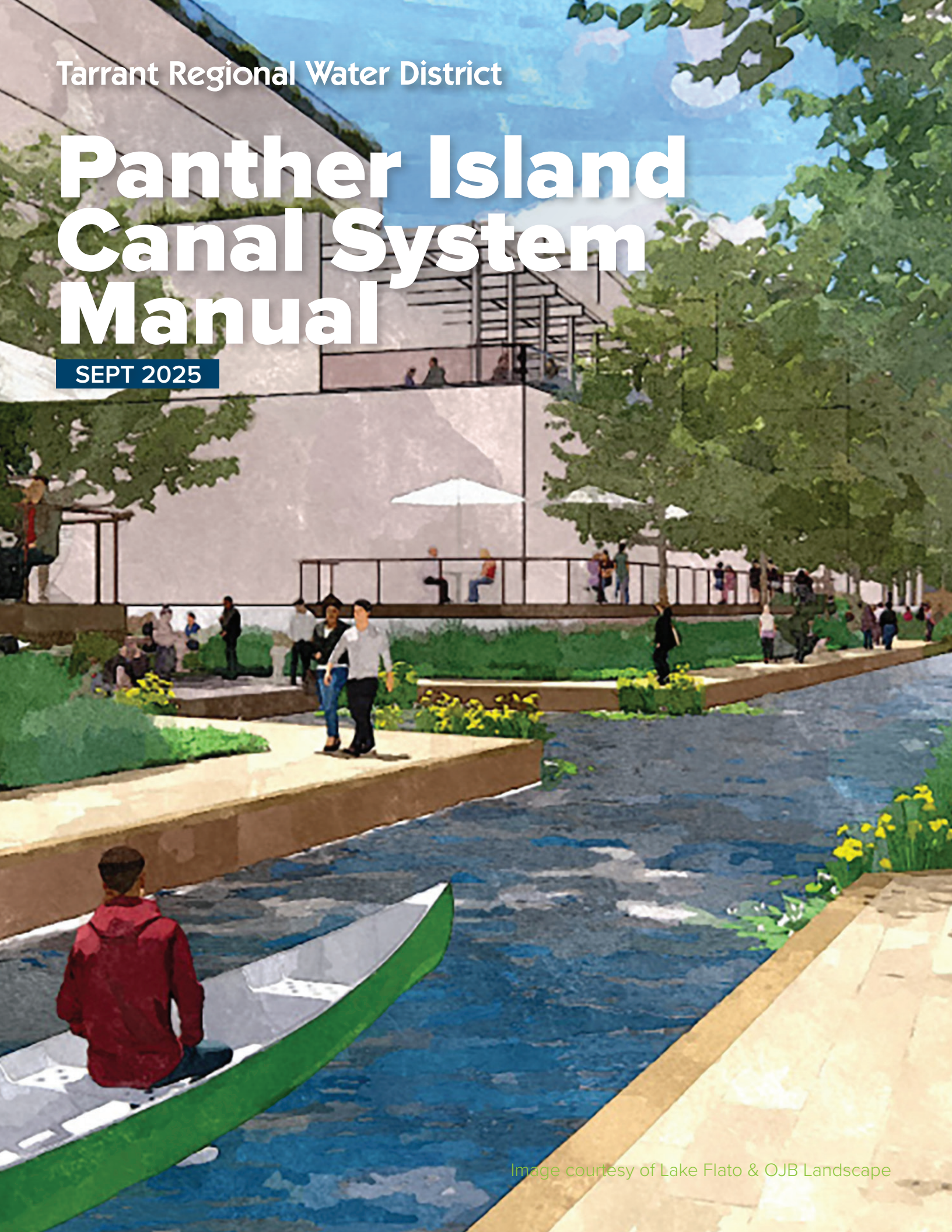


Image courtesy of Lake Flato & OJB Landscape

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LIST OF ACRONYMS

- CFW – City of Fort Worth or “The City”
- FBC – Panther Island Form Based Code Zoning District
- FWCC – USACE Fort Worth Central City project
- PROWAG – Public Right-of-Way Accessibility Guidelines
- TAS - The Texas Accessibility Standards
- TCEQ – Texas Commission on Environmental Quality
- TRWD – Tarrant Regional Water District (TRWD) or simply “The District”
- TxDOT – Texas Department of Transportation
- USACE – United States Army Corps of Engineers

INTRODUCTION, PURPOSE, AND AUTHORITY

1.1 INTRODUCTION

Panther Island offers a unique opportunity to convert a historic industrial area into a vibrant and sustainable community informed by the 2024 update of the [Panther Island Vision 2.0](#). The Panther Island community, and neighboring communities such as Northside, Downtown, and the Historic Stockyards, will have access to the Trinity River, the USACE bypass channel, the urban lake, the interior Canal System, and open spaces (see **Figure 1**).

The [Panther Island Form Based Code](#) governs the overall development Standards and Guidelines related to urban design, buildings and sites including those on private property facing the Canal System, streetscapes, public parks and plazas, and land uses. This manual focuses on Standards, Guidelines, and processes limited to the Panther Island Canal System, also distinguished from the Interior River Channel, the Bypass Channel, and the Urban Lake.

The Canal System

The Panther Island Canal System will allow development opportunities for a mix of private and public buildings and open spaces to provide an authentic experience for residents and visitors. The Canals will link open spaces and the riverfront and fulfill infrastructure requirements throughout Panther Island. They will serve as linear pedestrian spines, function as stormwater detention and floodwater protection systems, and provide a distinctive waterfront experience to enhance connectivity and access.

Flood Protection

The Canal System is ultimately dependent on the US Army Core of Engineers (USACE) [Fort Worth Central City \(FWCC\) Project](#). The USACE FWCC project includes a bypass channel, dam, isolation gates, stormwater pump station, valley storage sites, and ecosystem restoration. The FWCC dam is downstream of the Panther Island area and will set the normal water surface elevation for the bypass channel, river, and Canals. During large rain events, the FWCC isolation gates will close, and the FWCC TRWD stormwater pump station will control the 100-year flood event maximum water surface elevation for the Canal System. The Canal System, including the Paseo, is designed to be inundated during 100-year storm events. Until the USACE FWCC project is completed, and the existing levees are decommissioned, the Canals can only be constructed on the dry side of the existing levee system. **Figure 1** shows the limits of the Canal System and the location of some of the FWCC features.

The Canal System is a critical component of the Panther Island flood control system. In the Interim Condition, prior to the completion of the FWCC project, the Canals establish normal water surface elevation, provide detention for the Panther Island developments, and convey stormwater through existing outfalls to the Trinity River. In the Ultimate Condition, after completion of the FWCC project, the Canals provide detention for the Panther Island developments, convey stormwater directly to the Trinity River, and provide flood protection to Panther Island.

1.2 CANAL SYSTEM

There are four canals within Panther Island currently known as Canals A, B, C, and D (see Figure 1 – Panther Island Canal System). A portion of Canal B was the first segment of the Canal System constructed in tandem with the Encore Multifamily project in 2021.

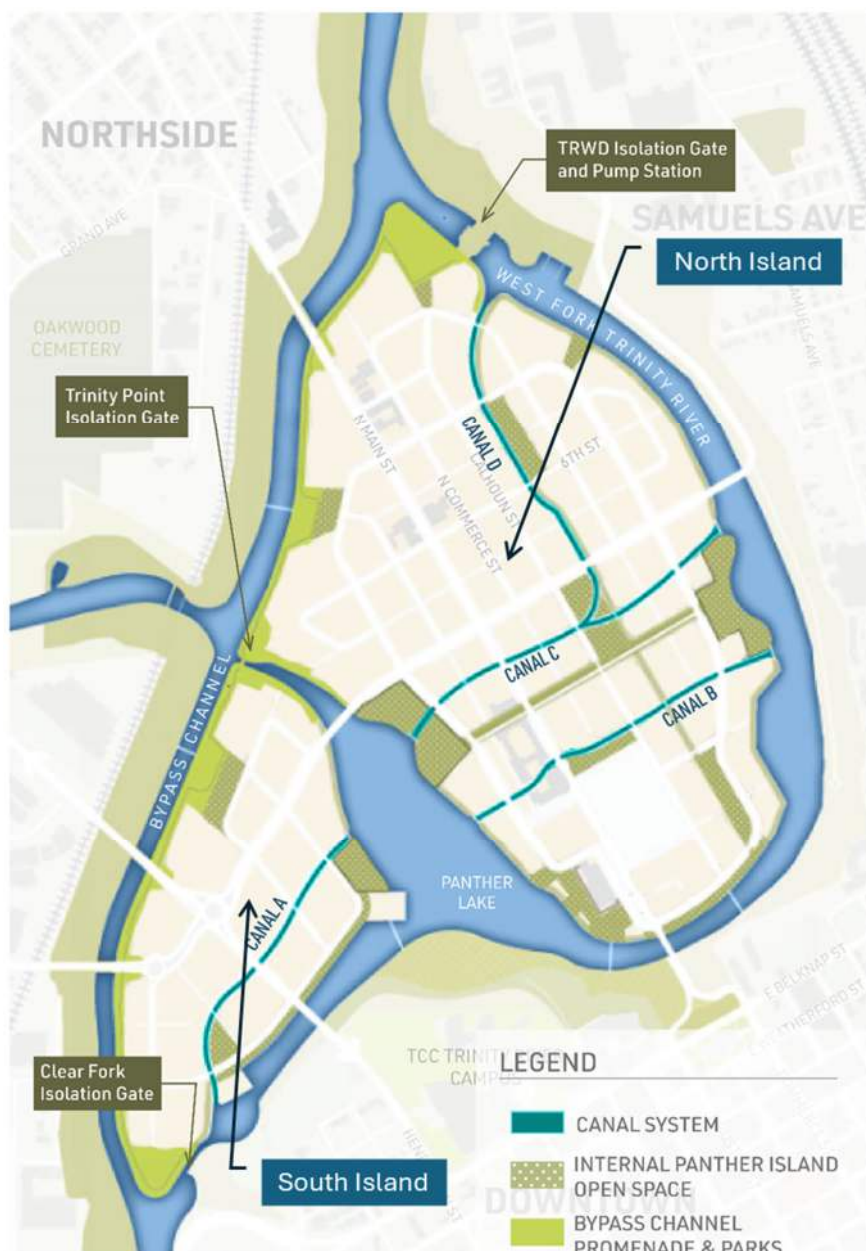


Figure 1 – Panther Island Canal System & USACE Ft. Worth Central City Features

1.3 PURPOSE OF THE CANAL SYSTEM MANUAL AND RELATED REGULATIONS

The purpose of this manual is to guide and facilitate development and waterfront access within Panther Island through implementation of the Canal System. It replaces the TRWD Canal Design

Standards & Guidelines (2018 Kimley-Horn) and incorporates information from the Strategic Vision Update (2024 Lake Flato) and the Canal Value Engineering and Technical Evaluation (2024 Freese and Nichols, Inc.)

This manual will serve the following primary purposes:

- Define Canal System ownership, funding, dedication, sequencing limitations, maintenance, and contracting responsibilities and protocols
- Outline the review process and roles for development projects
- Provide design principles, Standards, and Guidelines for construction of the Canal System

The City of Fort Worth's [Panther Island Form Based Code](#) established the Canal System alignments, and the City's [Panther Island Vision 2.0](#) provided recommendations for Canal System character and experiences.

The intended audiences for the TRWD Panther Island Canal System Manual include:

- **Developers** – Summary of requirements and procedures for development impacting the Canal System.
- **Engineers, Landscape Architects, and Designers** – Design and Operation and Maintenance requirements for the Canal System. In addition, several other sections provide relevant information, including planting palettes for vegetation selection.
- **TRWD and Adjacent Jurisdictions** – Outline of the jurisdictions, responsibilities, and design review resources.

This manual is intended to be a living document and will be updated as necessary.

1.4 APPLICABILITY AND APPROVAL AUTHORITY

This manual describes the process for funding and construction of the Canal System that is within TRWD Right-of-Way or easements on Panther Island. TRWD developed these Standards and Guidelines through the authority of its Board to govern property and public infrastructure owned and controlled by TRWD. This includes the authority to authorize construction of the Canal System, subject to the City's adopted rules and regulations, including but not limited to required building permits.

This manual also describes the process for a development project to access an existing Canal for purposes of detention and stormwater conveyance.

Review, approval, and permitting of infrastructure that conforms to the Standards and financial obligations of the developer will be assigned to designated TRWD staff.

Authority for Waivers from Standards and Financial Obligations

TRWD, through its General Manager or their designee(s), reserves the right to administratively approve any waivers or interpretations of Canal System Standards that achieve the overall objective and do not contradict requirements of the City of Fort Worth. Board approval is

required for land transactions and Development Agreements, Community Facilities Agreements – TRWD, or similar agreements with a value of \$150,000 or more that:

- Commit the District to participate financially in the construction or oversizing of Canal System infrastructure.
- Waive ordinary financial obligations of a developer described in this Manual and other supporting documents.

TRWD will not approve waivers that create financial obligations of the City without the City's written consent.

[NOTE: Information regarding the Canal fee structure and additional logistical details will be added as they are developed.]

1.5 DEFINITIONS

- Canal – The 19-foot to 42-foot-wide concrete drainage structure with a normal water surface elevation of 525 feet. Also known as the Canal basin.
- Canal Right-of-Way (Canal ROW) – The area of property defined by the interim and ultimate condition 100-year flood event water surface elevation of 528 feet. The Canal ROW will be owned by TRWD. If the Canal ROW abuts a structure, TRWD's ownership will start at the face of the structure.
- Canal System – All canal segments and TRWD improvements within the Canal ROW which includes the Canal and the Paseos.
- Community Facilities Agreement – City of Fort Worth (CFA - CFW) A contract between the city and a developer that is required whenever the construction of public infrastructure is funded entirely or in part by a private developer. It ensures that new development is adequately served by public infrastructure and that infrastructure improvements are constructed according to city standards.
- Community Facilities Agreement – Tarrant Regional Water District (CFA – TRWD) – A contract between TRWD and a developer that is required whenever the construction of public infrastructure is funded entirely or in part by a private developer. It ensures that new development is adequately served by public infrastructure and that infrastructure improvements are constructed according to city standards. In some instances, TRWD participation in the cost of oversizing is included.
- Future Improvement Agreement – City of Fort Worth (FIA – CFW) – Contractual agreement between developer and the City to deposit funding of 125% of the estimated cost of an improvement in lieu of constructing required City public infrastructure improvements that allows the City to construct the improvements, or improvements in the vicinity, at a time convenient to the City.
- Future Improvement Agreement – Tarrant Regional Water District (FIA – TRWD) – Contractual agreement between developer and the City to deposit funding of 125% of

the estimated cost of an improvement in lieu of constructing required TRWD public infrastructure improvements that allows the City to construct the improvements, or improvements in the vicinity, at a time convenient to TRWD.

- Guidelines – Subjective statements, illustrated with photographs, through which TRWD proposes additional design strategies. The guidelines should be suitable for most projects, and developers should endeavor to ensure that the intent and spirit of the design guidelines are followed to the extent possible. TRWD will work with developers to explore design approaches that maximize conformance with development guidelines and principles.
- Infrastructure Plan Review Center (IPRC) – City of Fort Worth office that is responsible for the project management of new public infrastructure improvements, also known as developer-funded infrastructure improvements, associated with residential, commercial and industrial development.
- Interim Condition – The development condition prior to the USACE completion of the FWCC project and decommissioning of the existing levees.
- Panther Island Form Based Code (FBC) – the zoning regulations for Panther Island.
- Paseo – The area between the outer boundary Canal ROW and edge of the Canal water surface including the sidewalks, pedestrian walkways, planter boxes, plantings, walls, irrigation systems, decorative features, and all other areas to which the public has access adjacent to the Canal. The Paseo will be publicly accessible.
- Standards – Objective, measurable regulations illustrated through diagrams and sketches with which all projects must comply. Unless noted as a guideline, all provisions in this document are Standards. TRWD may waive Standards.
- Stormwater Best Management Practices (BMPs) – Devices, practices, or methods that are used to manage stormwater runoff by controlling peak runoff rate, improving water quality, and managing runoff volume as described in the [TRWD Water Quality Guidance Manual](#).
- Stormwater Laterals – Underground storm drainage improvements required per the City of [Fort Worth Trinity River Vision Storm Drain Master Plan](#) (to be linked when updated). Despite their size, they are referred to as laterals since they are the minor pipes feeding the Canals that serve as trunk lines.
- Sump – Area that does not have a positive drainage outfall.
- Ultimate Condition – Development condition after USACE completion of the FWCC project and decommissioning and removal of the existing levees.

1.6 OWNERSHIP

TRWD will own, operate, and maintain, or cause to be maintained, the Canal System within the Canal ROW. The Canal ROW will include any property below the USACE Central City ultimate condition 100-year floodplain elevation of 528.00 feet. The Canal ROW is intended to end at a

structural feature like a retaining wall or stairs (see **Figure 2 – Canal ROW**). If the structural feature is part of the development, TRWD ownership, in most instances, is expected to end at the face of the development's structural feature. The development owner will own and maintain any structures, including footing that extends into the Canal ROW.

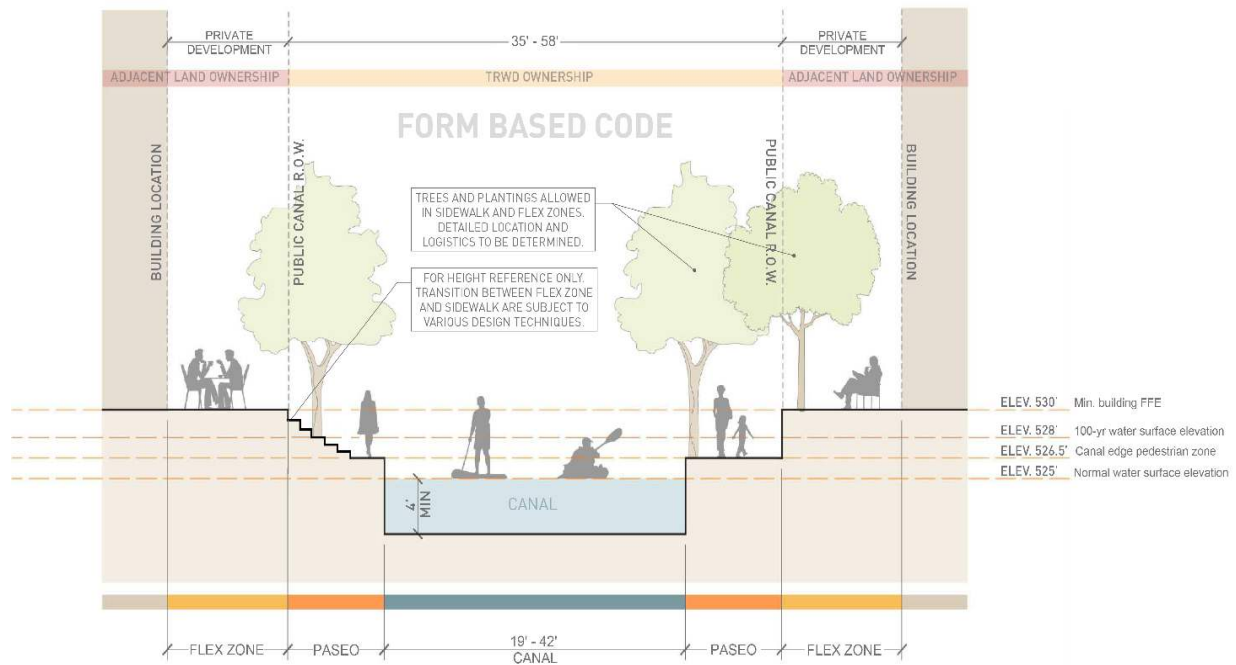


Figure 2 – Canal ROW

At locations where the Canal System crosses under City ROW, TRWD and the City will enter into a joint use and maintenance agreement for the construction and maintenance of the Canal and the Canal bridges. For N. Main Street and Henderson, TRWD and TxDOT will enter into a joint use and maintenance agreement for the construction and maintenance of the Canal and the Canal bridges.

1.7 SEQUENCING

Until the USACE FWCC project is completed, and the existing levees are decommissioned, development and Canal construction are limited on Panther Island. The [Panther Island Vision 2.0](#) provides preliminary recommendations on sequencing of development as shown in **Figure 3**; however, final sequencing will depend on funding, developer interest, and planned disposition of publicly owned land.

- Zones 1, 2A, 2B, and 3 are areas that can be developed prior to the completion of the USACE FWCC project.
- Zone 4 represents the future phases that can be developed after the USACE FWCC project has been completed and the levees are decommissioned.
- Development within Zones 1, 2A, 2B, and 3 will require sections of Canals B, C, and D to be completed for the development to meet its stormwater detention requirements.

During the pre-application meeting with TRWD, the capacity of the existing Canal System will be evaluated to determine if the proposed development can be served without additional construction.

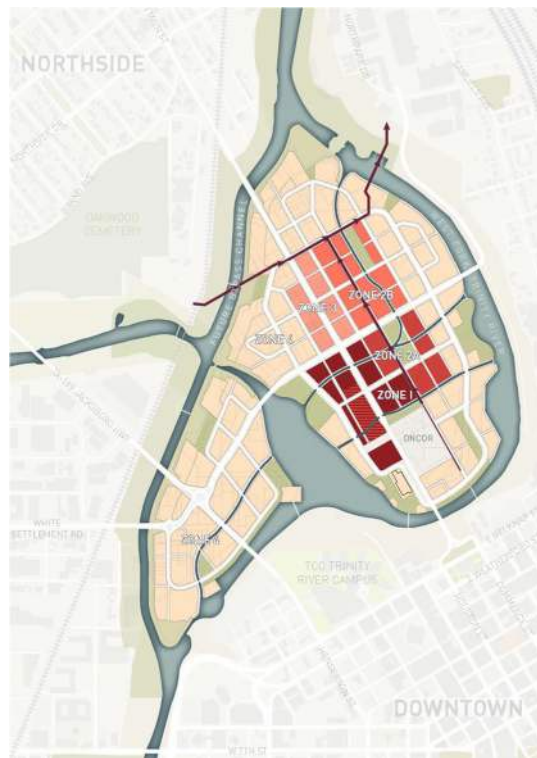


Figure 3 – Panther Island Development Sequencing

1.8 FUNDING

TRWD is designing and planning to construct the Canal, maintenance dams, access for maintenance, and limited portions of the Paseo. The construction schedule will be dictated by the availability of funding and development demand and objectives. TRWD has identified the following future funding sources for these components of the Canal System:

- Sale of TRWD public land
- Canal connection fees from development based on volume of stormwater runoff. This fee structure is being developed.

The developer and TRWD may agree that the developer will construct the Canal and receive credit against fees otherwise due. If the developer builds any portion of the Canal System, TRWD may participate in the cost based on excess detention capacity or extension of the Paseo beyond the developer's property lines. The developer and TRWD will include the financial guarantee and the terms of TRWD's participation in a separate CFA – TRWD.

The developer will be responsible for the design, construction, and/or improvement of the Paseo within the TRWD ROW adjacent to their development for any sections that have not been previously constructed by TRWD or other developers. The Paseo improvements include

hardscape, landscaping, irrigation, water quality devices, illumination, boat launches, and other features. TRWD will review and approve the Paseo design for each development. The developer and TRWD will include the financial guarantee in a separate CFA – TRWD.

All developer-performed work will be subject to permitting, inspection and approval by TRWD as outlined in the CFA - TRWD.

[Note: The fee structure and full process for application of funding is under development by TRWD.]

SECTION 2 DEVELOPMENT PROCESS

2.1 ROLES AND RESPONSIBILITIES

[Interlocal Agreement for Canal System Development Processes to be adopted with the City.]

TRWD

- TRWD will own, operate, and maintain, or cause to be maintained, the Canal System (see Section 6 Maintenance Responsibilities).
- TRWD has jurisdiction over and responsibility for the Standards and Guidelines for Canal System construction.
- For the storm drain connections to the Canal System, TRWD has authority over the stormwater discharge into the Canal System for detention or conveyance. Water quality devices and standards are required by the [TRWD Water Quality Guidance Manual](#).
- TRWD will review all facilities and materials within the Paseo explicitly for appropriateness given periodic inundation of the area. This includes hardscape, landscaping materials, furnishings, water features, etc.
- TRWD may require an adjacent property owner to agree to maintain all or portions of the Paseo for features that are not supported by TRWD baseline maintenance or the Public Improvement District. This will require a maintenance agreement between the developer and TRWD to be executed prior to the commencement of construction.

City of Fort Worth

- The City of Fort Worth has jurisdiction over zoning, platting, drainage studies, building permits, and the requirements included in the [Panther Island Form Based Code](#) (FBC).
- Deviations from the FBC Standards for land development will require both Urban Design Commission, or a similarly designated body, and City Council approval. Height and setback requests will require Board of Adjustment approval.
- For the storm drain connections to the Canal System, the City has authority over the installation of the storm drain laterals. The City will use the TRWD canal system design to guide location and sizing of laterals.
- The City will own, operate, and maintain, or cause to be maintained, the vehicular and pedestrian bridges over the Canal System and has jurisdiction and responsibility for their construction. (see Section 6 Maintenance Responsibilities)
- The City has jurisdiction over and responsibility for vehicular and pedestrian bridge construction and will coordinate with the franchise utilities to relocate their facilities within the ROW.

Private Property and Developer

- The developers of properties adjacent to the Canal System are expected to construct all or some portions of the Paseo that are not finished by TRWD. The requirements will be

- governed by a Community Facilities Agreement – TRWD (CFA – TRWD) and require TRWD design approval prior to construction.
- In some instances, private developers may be required to enter into an agreement to maintain features in the Paseo that exceed base requirements as a condition of approval of their plans.
- The private property owners within Panther Island will be subject to a Panther Island Public Improvement District (PID), or similar special district, assessment, if formed.
- If sufficient stormwater capacity is not available to meet CFW requirements, the developer will be required to enter into a CFA – TRWD to establish responsibilities for construction of necessary infrastructure or a Future Improvement Agreement – TRWD, as applicable.
- The developer will be responsible for paying a Canal Connection Fee, receiving appropriate credit for infrastructure that they construct.

2.2 TRWD REQUIREMENTS

This section outlines the development process for the design and construction of properties on Panther Island. This process is not intended to bypass any of the City’s development processes but to provide coordinated requirements for the development of the TRWD Canal System.

TRWD Pre-Application Meeting(s) – Canal System Capacity and Requirements: The developer shall submit a site plan for the proposed development to TRWD and request a pre-application meeting with TRWD and City of Fort Worth staff (PICC Capital Project Officer, Assistant Director of Zoning and Design Review, TRWD Panther Island Program Director, IPRC representative, Stormwater Development Services representative). These meetings are meant to be “discovery” meetings to help developers in their project due diligence. The site plan should include:

- Existing property lines and improvements on and adjacent to the site.
- Proposed building(s)
- Proposed utilities
- Proposed Canal System improvements.

The following items will be discussed at a pre-application meeting:

- Platting
- CFW stormwater criteria including additional Panther Island requirements
- Drainage study
- Drainage improvements
- Requirements of the [TRWD Water Quality Guidance Manual](#)
- Detention

- Street Crossings / City Bridges
- TRWD Canal construction phasing
- Canal funding and TRWD Canal connection fee
- Public infrastructure required by IPRC
- Development agreement
- ADA access and TRWD trail connections

TRWD will determine if the existing Canal System has sufficient capacity to meet CFW detention requirements for the proposed development. A CFA – TRWD will be required to define responsibilities for construction of an extension of the Canal System if necessary.

- If sufficient capacity exists to support the proposed development, the developer will be required to pay the Canal Connection fee and construct their portion of the Paseo as necessary, with eligible expenses credited against fees otherwise due.
- If sufficient Canal segments have not been constructed to provide adequate drainage for a property, the developer or TRWD may build, at the developer's expense and credited against fees otherwise due, a minimum of one block of the Canal pursuant to a CFA-TRWD to meet the detention requirements of CFW. TRWD will participate in the cost of excess capacity if funding is available; alternatively, a front foot charge may be calculated that can be reimbursed from future development. Additional construction of the Paseo by the developer would be required if the property is adjacent to the Canal System.
- If construction of the Canal segment is not feasible due to absence of necessary bridges or other physical requirements, TRWD may allow temporary onsite detention in coordination with CFW and require a deposit of 125% of the cost pursuant to a Future Improvements Agreement - TRWD.

Other TRWD Requirements –

Canal Property Conveyance: If Canal ROW is on the developer's property, the Canal ROW and temporary construction easements for the TRWD improvements shall be conveyed to TRWD by plat or via separate instrument. A replat is anticipated after 60 percent design when the contour boundaries of the Canal System are defined. The value of any property that conveys from TRWD to the developer with the replat will be compared to the square footage of the initial plat and deducted or added to fees otherwise due. De minimus land totaling less than x square feet will not be charged or credited. TRWD will not reimburse developer for additional square feet conveyed by the developer to meet their design objectives.

Canal Construction Documents: It is anticipated that TRWD, in most instances, will design and construct the Canal unless determined otherwise in coordination with the developer. Canal construction documents will be submitted to the City and the City's development process followed.

In rare instances, if the developer constructs the Canal, the developer shall adhere to design documents provided by TRWD, if available. If unavailable, the developer shall be responsible to engage an engineer that is approved by TRWD to design the segment or any transitions to

existing systems and adhere to TRWD construction design Standards. Construction documents shall be provided by TRWD. The TRWD canal construction documents will be submitted to the City and follow the City's development process.

Paseo Construction Documents: In most instances, the developer will be responsible for the design and construction of the TRWD Paseo improvements. These improvements will be constructed after completion of the TRWD Canal and the developer's infrastructure adjacent to the Canal ROW. TRWD will grant the developer a temporary construction easement to construct the Paseo improvements on TRWD property. TRWD will review and approve the plans. The developer will be responsible for obtaining any permits or encroachment agreements required by TRWD.

Note: TRWD Administrative Guides and Checklists under Development:

Canal Connection Fee

Paseo Design Submittal and Approval Process

Canal Construction Process if performed by Developer

Canal System Permitting and Inspection Process

2.3 RELATED CITY OF FORT WORTH REQUIREMENTS

The Canal System will convey public stormwater so all improvements require City review and approval. TRWD approval is also required for the following:

General Pre-Development Meeting: Following the Pre-Application meeting, it is prudent for the developer to schedule a Pre-Development meeting with the City of Fort Worth to cover building, public infrastructure and fire code requirements. TRWD Panther Island Program Director or Program Manager will attend the meeting(s).

Stormwater Pre-Development Meetings: A Stormwater Pre-Development Conference is recommended, and a Stormwater Pre-Submittal meeting is required with City of Fort Worth stormwater staff prior to drainage study submittal. TRWD Panther Island Program Manager will attend the meeting.

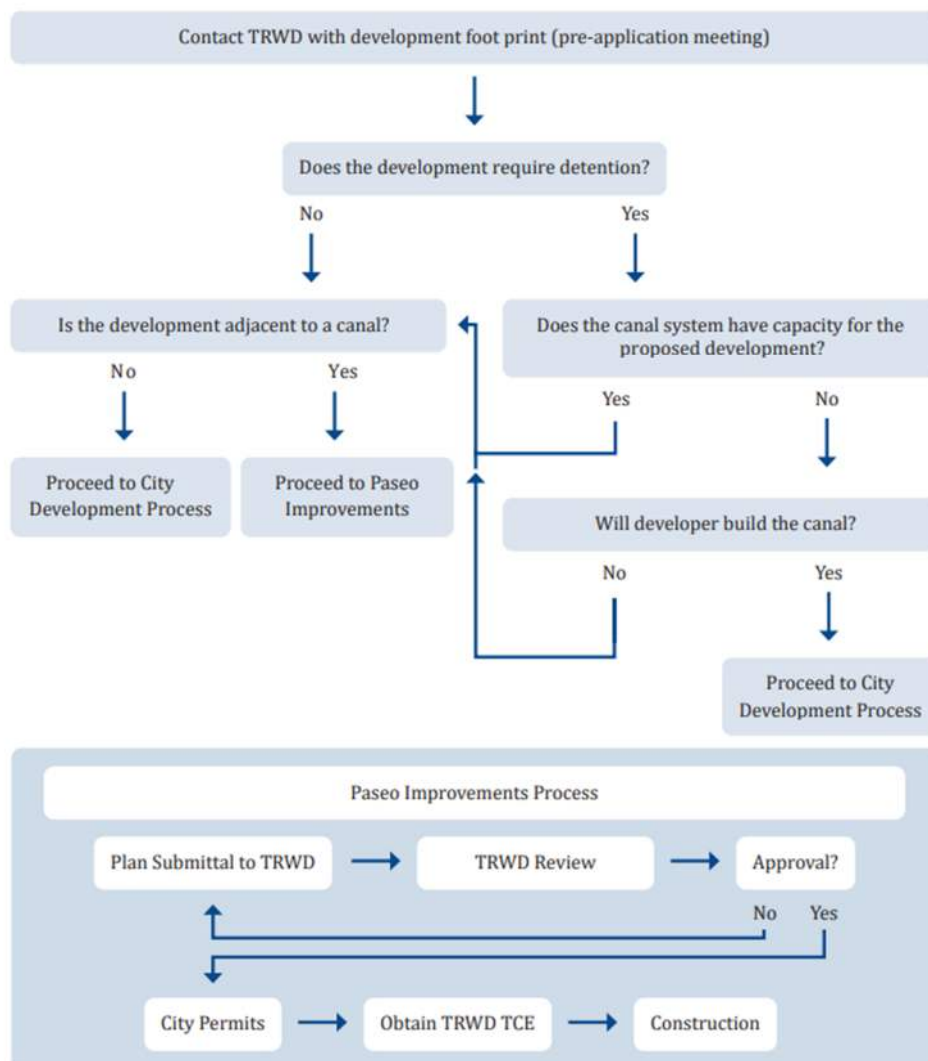
Infrastructure Plan Review Center Process: IPRC provides project management of new public infrastructure improvements, also known as developer-funded infrastructure improvements, associated with development. The role includes preliminary and final plan review, contract specification review, easement document review, acceptance of plans for construction, and coordination with the developer's engineer during the construction phase of the project. More information can be found at [City of Fort Worth - Infrastructure Division](#).

A representative from TRWD (PI Program Director or Manager) will attend to affirm conformance with the Canal requirements and schedule determined in the Pre-Application meeting(s).

Drainage Study: As part of the IPRC Process, the developer is required to submit a drainage study to the City which will be shared with TRWD for concurrent review. TRWD will review detention calculations and proposed storm drain connections to the TRWD Canal System

and provide comments to the City to share with the developer. Refer to City criteria, standards and ordinances for full details.

A high-level diagram of the approval process is included below more detailed development review information for TRWD can be found at [future link] and for CFW can be found at [future link]:



2.4 UTILITY RELOCATION COORDINATION

The construction of the Canal System will require relocation of City and franchise utilities located in City ROW. The City and franchise utilities, at the direction of the City, will be responsible for the relocation of their facilities. These relocations shall be completed prior to starting construction of Canal improvements.

The Canals will also cross TxDOT and the City ROW. The City will be responsible for the design and construction of the bridges over the Canals as resources are available. The bridge construction will be phased to allow two-way traffic during the construction as is practical.

For the Canals and the Canal bridges to be constructed in the existing ROWs, all the utilities within the street ROW crossing the Canal will need to be relocated. The franchise utility relocations will follow the City's franchise utility relocation process. The City will notify the franchise utilities of the required relocations as early as possible. Based on these requirements, the following is a typical sequencing of the construction within the street ROW, depending on need to limit traffic impacts:

1. Franchise and City utility relocations construction
2. Canal bridge construction
3. Canal construction

Franchise utility companies typically do not start their relocation design until they are provided with 60 percent construction plans. Designs for both the Canal and Canal bridges will need to be submitted to the utility companies for the design of the utility relocations to be completed.

SECTION 3 CANAL DESIGN AND CONSTRUCTION

3.1 CANAL SYSTEM TYPICAL CROSS SECTION

The FBC has established that the Canal will be 19 feet to 42 feet wide measured from the wall and will be in a Canal ROW between 35 feet and 58 feet. There is no minimum width for the Paseo since it will vary based on minimum widths and undulation of the Canal and other components such as walkways and landscaping. The typical width of the Canal is anticipated to be 30 feet.

Figures 4 and 5 show typical cross sections of the Canals in the north and south islands. Canal A has an additional requirement for a 25-foot-wide utility easement, which falls within Canal ROW and private property, as shown in Figure 5, below.

FORM BASED CODE - NORTH ISLAND CANALS

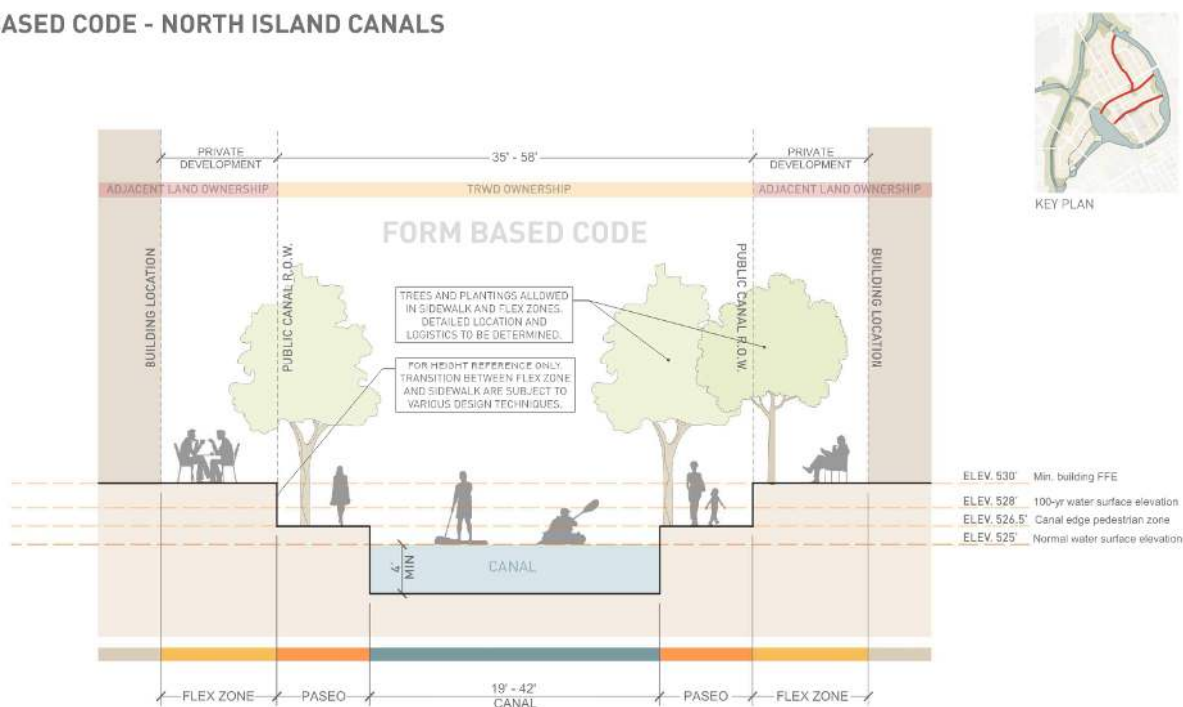


Figure 4 – North Island Canal Typical Section

FORM BASED CODE - SOUTH ISLAND CANAL

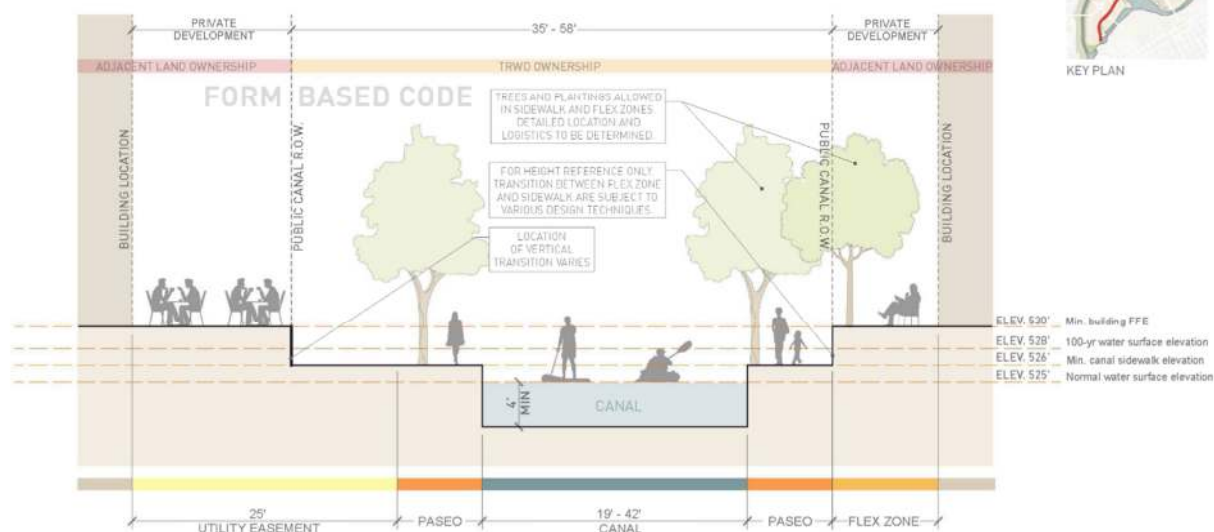


Figure 5 – South Island Canal Typical Section

3.2 CANAL CONSTRUCTION STANDARDS

The Canals are being designed by TRWD and will be primarily constructed by TRWD. The Canals shall be designed in accordance with the following Standards (see **Appendix D – Canal Details**):

Water Level Standards

- Normal water surface elevation of 525 feet.
- After completion of the USACE FWCC project (Samuels Avenue Dam), ground water elevation is expected to increase to approximately 525 feet.
- 100-year water surface elevation of 528 feet.
- Minimum normal water depth of 4 feet.

Construction Standards

- The Canals shall be U-shaped with a reinforced concrete bottom. The Canal walls can be reinforced concrete or sheet piles with concrete facing.

- Between the Canal connections to the existing river and the Canal normal width, the Canal can be sheet pile wall with concrete facing that has decorative treatment from elevation 523 to the top.
- Concrete structure shall be watertight.
- The development owner's structure is not allowed to bear, or depend structurally, on the Canal System structure in any way.
- Top of Canal wall shall have a minimum elevation of 526 feet. At locations where the Canal wall height is extended above an elevation of 526.5 feet, a 3-inch by 3-inch recessed ledge shall be installed. Refer to Appendix D, Canal Safety graphic.
- Factor of safety against flotation when Canal is dewatered shall be between 1.5 and 1.2.
- A form liner approved by TRWD shall be required on the water side of the Canal wall from the top of the wall to an elevation of 523 feet to enhance the visual aspects of the Canal walls.
- At locations upstream of a maintenance dam, the Canal footing shall have a sump for dewatering of the Canal. A minimum measurement of the sump is 2 feet by 2 feet by 2 feet deep.
- A 1-foot safety ledge shall be constructed at the bottom of the Canal with a top elevation of 522 feet. Refer to Appendix D, Canal Safety graphic.
- Canals A, B, & C shall have a 1% eastward bottom slope. Canal D shall have a 1% northward bottom slope. The result is greater depth at the low end of the Canals.

3.3 CANAL MAINTENANCE FEATURE STANDARDS

Canal maintenance operations will be different in the Interim Condition and Ultimate Condition. The Interim Condition includes development prior to the levees being removed. In the Interim Condition, stormwater will drain through connections to the existing storm drain system and outfalls.

TRWD is responsible for the following:

- For longer term maintenance, generally, each Canal is set on a 1 percent grade, to allow periodic dewatering and placement of equipment in the Canal to push water to a low point (sump) adjacent to a maintenance dam.
- Required maintenance dam locations are shown on Figure 6 with a ramp required to get street level equipment down to Canal grade. **Appendix D** includes detailed maintenance dam Standards.
- Portable pumps will dewater the Canals to clean out debris and sediment. There may be instances when a crane is necessary to lower equipment down into the Canals. Potential site locations for equipment storage and maintenance facilities are shown on **Figure 6**.

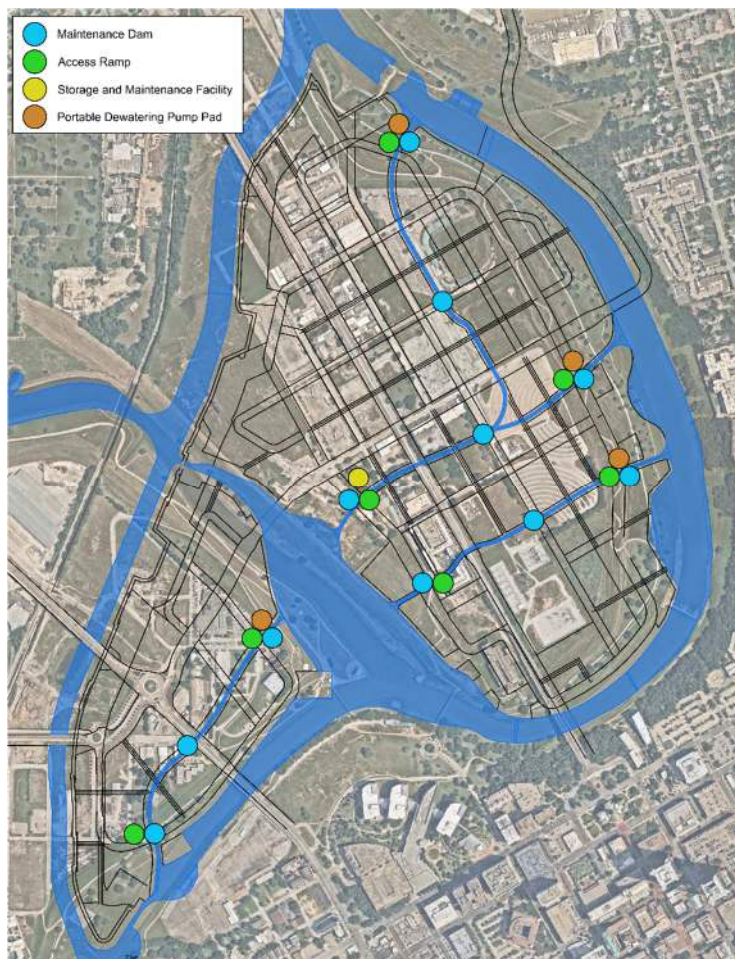


Figure 6 – TRWD Canal Operations and Maintenance Locations

3.4 STORM DRAIN CONNECTIONS

As outlined in the [Trinity River Vision Storm Drain Master Plan](#) (to be linked when updated) and as development progresses, various storm drain penetrations into the Canal System will be needed. Watertight gaskets are required in storm drain lines due to the potential stormwater back up into the storm drain lines. Storm drainage connections and storm drain lines below the elevation of 528 feet shall be watertight per [USACE Engineering Manual](#) (EM) 1110-2-1913. The storm drain outfalls into the Canals will be incorporated into the Canal design and constructed for private development to tie into as sites are developed. Stormwater connection locations are being planned to limit the number of penetrations to the Canal.

3.5 DETENTION STANDARDS

The City requires each development to detain the difference between the pre- and post-development stormwater runoff. In the Interim and Ultimate Conditions, the Canal System will be utilized to meet the detention requirements on Panther Island. In the Ultimate Condition, the Panther Island development will require a total of 34.12-acre feet of detention. The Canal

System configuration based on the [Panther Island Form Based Code](#) will satisfy the total required detention for the 100-year floodplain elevation of 528 feet.

3.6 WATER QUALITY STANDARDS

To cost-effectively meet water quality goals from stormwater runoff originating from Panther Island, TRWD requires development to meet the requirements in the [TRWD Water Quality Guidance Manual](#).

Stormwater originating from private property shall also be treated before entering the Canal System. Stormwater from a development shall drain to the stormwater practices in the public ROW and into the public storm drain system. The public storm drain system shall connect into the Canal. Within the Canal ROW, the Paseo shall drain away from the Canal into a stormwater BMP as shown in Figure 7.

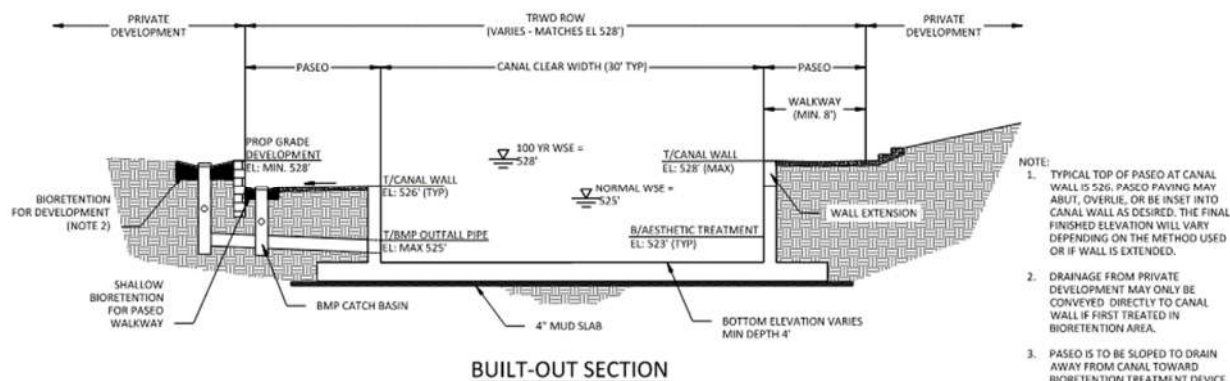


Figure 7 – Canal Water Quality

SECTION 4 BRIDGES

As shown in **Figure 8**, there are 16 proposed vehicular bridges and 10 proposed pedestrian and bike bridges crossing the Canal System; however, final determinations regarding designation of bridges for vehicles or pedestrians may evolve as development needs and funding clarifies. The vehicular Panther Island Boulevard bridges and pedestrian bridges crossing the bypass channel and the West Fork Trinity River shown in **Figure 8** have different design requirements and are not included in this Canal System Manual. Any modifications to BR US 287/North Main Street or SH 199/Henderson Street require TxDOT approval as state facilities.

It is anticipated that the City of Fort Worth will construct and fund all bridges in coordination with partner funding agencies. The final schedule will be determined by Canal construction schedules and funding availability.

4.1 BRIDGE CONSTRUCTION STANDARDS

See Appendix B for additional details.

- For the vehicular Canal bridges, the TxDOT Prestressed Concrete Slab Beam (PCSB) bridge or approved equal will be constructed. The TxDOT standard detail for the PCSB bridge is included in Appendix.
- For the pedestrian and bike bridges, the Contech Pedestrian Truss bridge or equal will be constructed.
- Vehicular bridges maximum span length 50 feet.
- Pedestrian bridges maximum span length 60 feet.
- Roadway cross section for the bridges shall be per the FBC except for the N. Main Street (BUS 287) and Henderson (SH-199) Canal bridges, which will match the existing roadway cross section.
 - A conceptual plan and profile for Canal C at N. Main Street is included in Appendix.
- Minimum clearance over the Canal sidewalk is 7 feet.
- Minimum Canal sidewalk elevation of 526 feet.
- Normal Canal water surface elevation of 525 feet.
- 100-year flood event elevation of 528-feet.
- Future possible ground water elevation up to 525 feet.
- Piers will be designed for the future Canal construction and Canal retaining wall between the Canal sidewalk and the bridge piers.
- It is anticipated that the storm drain, water, sanitary sewer lines, and relocated franchise utilities will be placed between the bridge piers. Bridge piers will need to be designed to accommodate the relocation alignments. Clearances shall be in accordance with City infrastructure design criteria.
- For the navigable Canals, the bridges shall have a low chord elevation of 534 feet.
 - TRWD and the City envision all Canals to be navigable, subject to funding availability to modify affected streets. This is of particular concern at the Canal D bridges at NE 6th Street, NE 7th Street, and the future road north of NE 7th

Street, which may require additional coordination with the developer, the City, and TRWD to meet the clearance requirements for a navigable Canal.

- The Canal B bridge at N. Main Street is adjacent to the historic N. Main Street Viaduct Bridge; therefore, it has unique requirements to make sure there are no impacts to the historic structure:
 - Maximum span length of 37 feet.
 - Roadway width of 55 feet.
- A conceptual plan and profile for Canal B at N. Main Street is included in Appendix B.

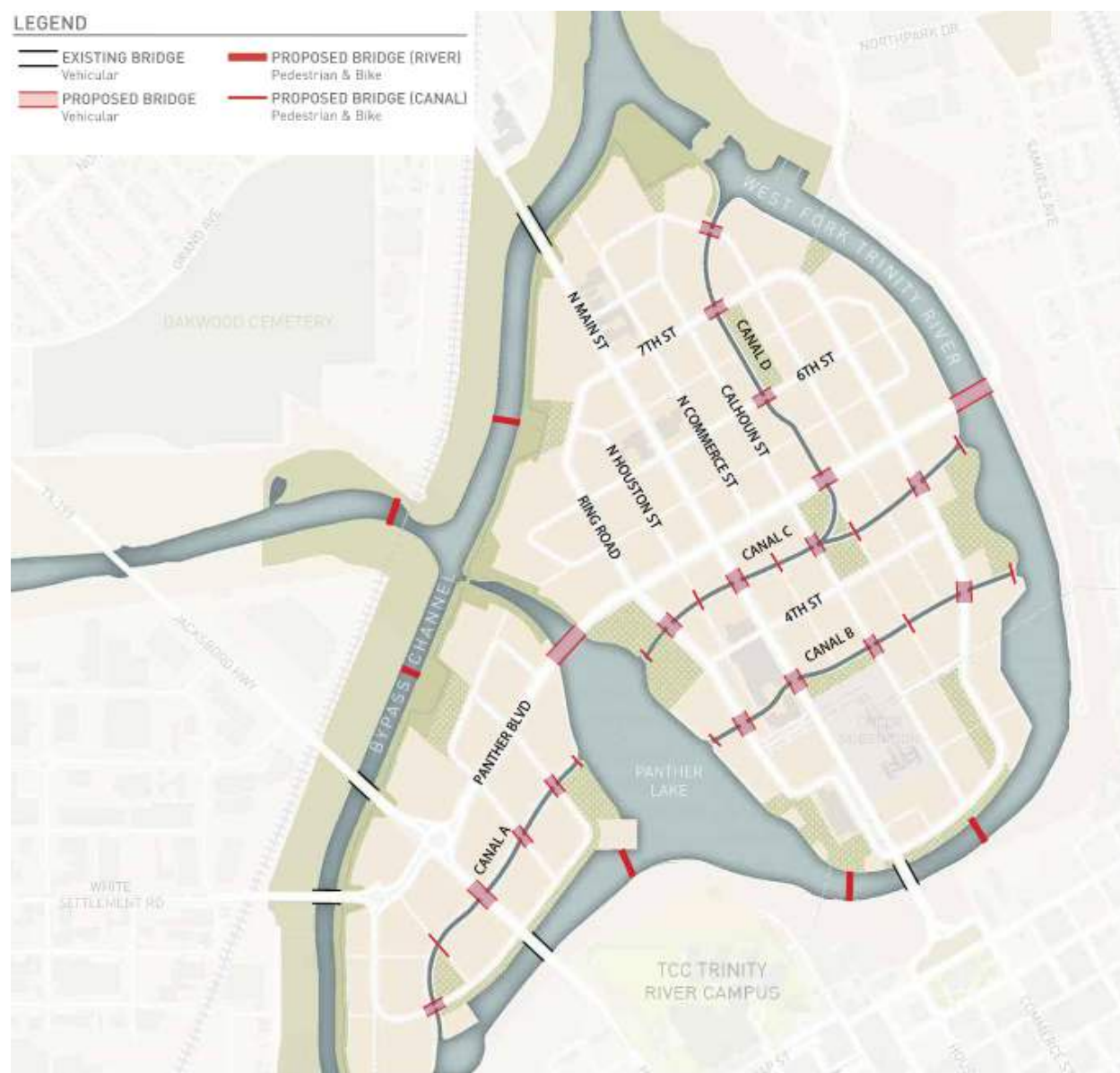


Figure 8 – Panther Island Canal Bridges

4.2 TRANSIT CONSIDERATIONS

Transit is expected to play an important role in the future of Panther Island and the City of Fort Worth and will affect street and bridge design. Vision 2.0 highlights a local circulator and a potential north/south transit trunk line. Final alignments require coordination with TxDOT, NCTCOG, and Trinity Metro and must follow processes outlined by federal and state regulations. As shown in Figure 9, a future high-capacity transit line is planned for N. Main Street. The mobility loop, shown in orange in Figure 9, may also have a transit line. The bridge designs will need to accommodate these future transit lines.

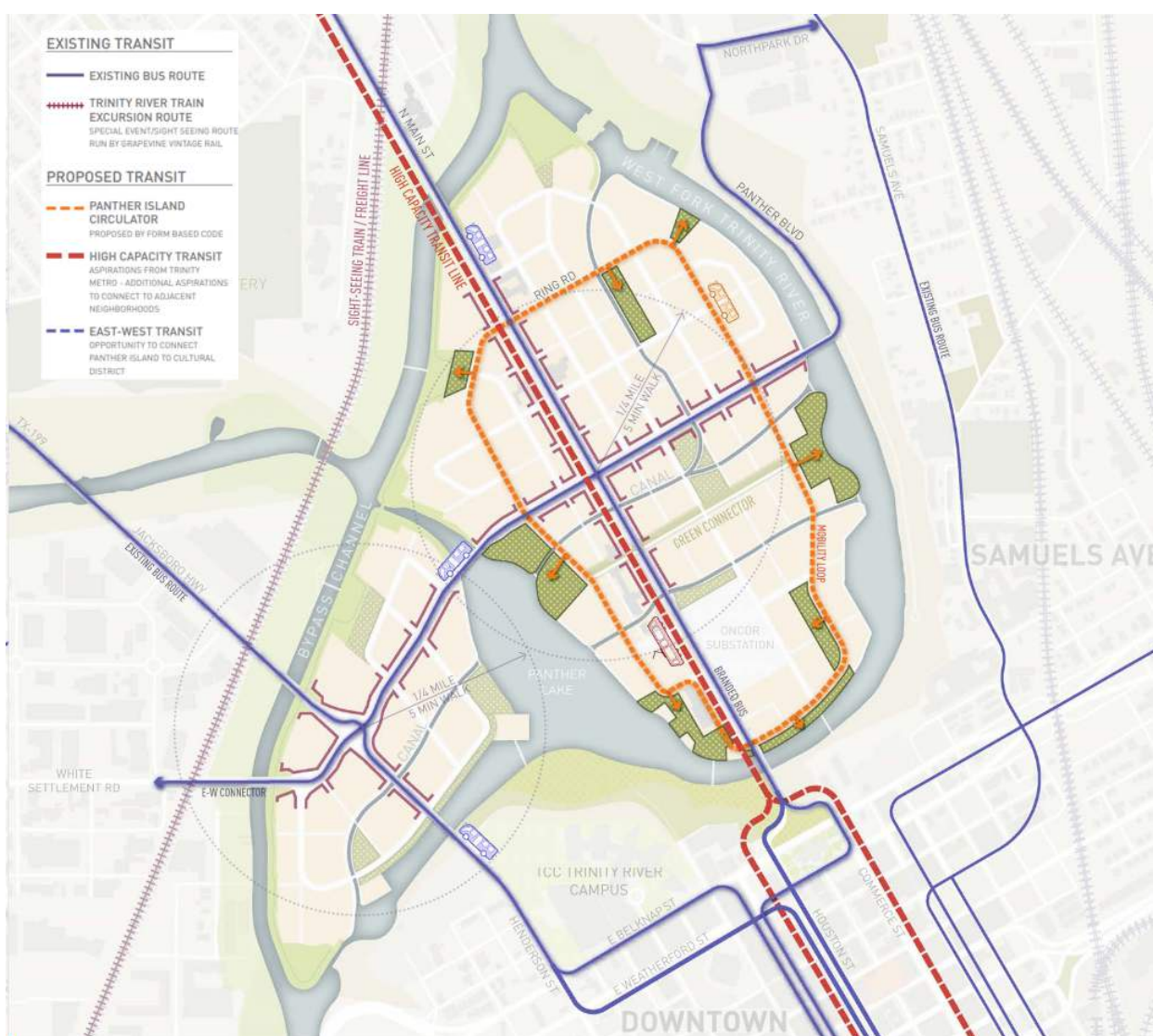


Figure 9 – Panther Island Transit Network

SECTION 5 PASEO DESIGN GUIDING PRINCIPLES, STANDARDS, AND GUIDELINES

5.1 PASEO DESIGN GUIDING PRINCIPLES

These Standards and Guidelines are intended to be a framework for design professionals based on the following guiding principles:

- Use of **quality materials** on the Paseo that will age well over time and reflect the historical and cultural heritage of Fort Worth.
- Sufficient consistency of materials and design to create a **contiguous feel while providing flexibility** to create unique and interesting experiences.
- Development of public access and interaction with the water throughout the corridor.
- Support of a variety of degrees of **activation of public spaces** ranging from defined gathering spaces to quiet reflection spaces.
- Encouragement of the development and **activation of adjacent properties**.
- Implementation of **sustainable designs** that strengthen the advanced water and air quality goals of the District in collaboration with its environmental partners.

5.2 DESIGN PRECEDENTS

The length of the Canal System and the diversity of surrounding developments offer a wide range of design opportunities. The images below are intended to reflect an array of design examples while later images reflect the materials and features that will create a special atmosphere in appropriate concentrations.



River Walk, San Antonio





The Woodlands Waterway



The Pearl, San Antonio



Encore Development



Las Colinas Canal Walk

Bricktown OKC



5.3 PASEO CONCEPTS

The Paseos will be an integral part of the open space network, pedestrian environment, and waterfront recreation. **Figure 10** is a conceptual exhibit of the Canal System showing transitions for different Canal widths, landscaping, sidewalk, and pavement. Bike lanes are not shown in the Canal System concept because bikes are prohibited on the paseo. It is anticipated that TRWD will conduct public space master planning with each Canal section or development as they are constructed. This may allow TRWD to consider constructing certain Paseo elements that facilitate interaction with the water.

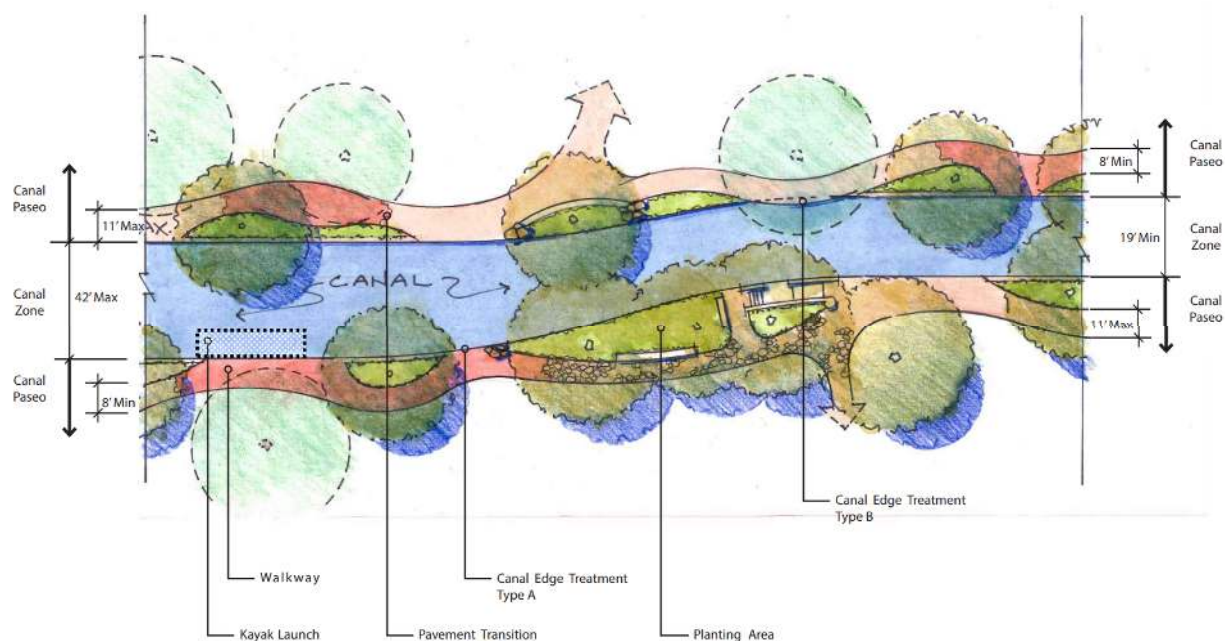


Figure 10 – Paseo Concept

5.4 PEDESTRIAN ELEMENTS

The public will have access along the Paseos and connections from the public streets and the trail system. Adjacent property owners are responsible for securing their private spaces from public access where appropriate.

All pedestrian elements shall comply with the most recently adopted Final Rule Accessibility Guidelines for Pedestrian Facilities in the Public Right-of-Way (PROWAG) as published in the Federal Register, Vol. 88, No. 151. Applicable pedestrian elements include but are not limited to:

- Sidewalks
- Ramps
- Pedestrian access routes
- Warning surfaces
- Watercraft loading zones
- Signs and pavement markings
- Street furniture
- Drinking fountains (above 528 feet)
- Tables
- Benches
- Handrails
- Stairs and elevators

TRWD also anticipates incremental planning and construction of trail connections and interim pedestrian facilities to support development as it occurs.

Public pedestrian Canal access points comply with the Texas Accessibility Standards at approximate locations described in **Figure 11**. TRWD will further identify required accessibility facilities with the master planning of each Canal segment. Accessible pedestrian access points shall be placed near intersections, transit stops, and accessible on-street parking.

- Sidewalk, ramp, and curb ramp slopes and turning spaces shall comply with the current version of the PROWAG
- Outdoor lifts shall be provided where required by the Texas Accessibility Standards.
- Variation in walking surfaces should be appropriately joined to not cause tripping hazards.

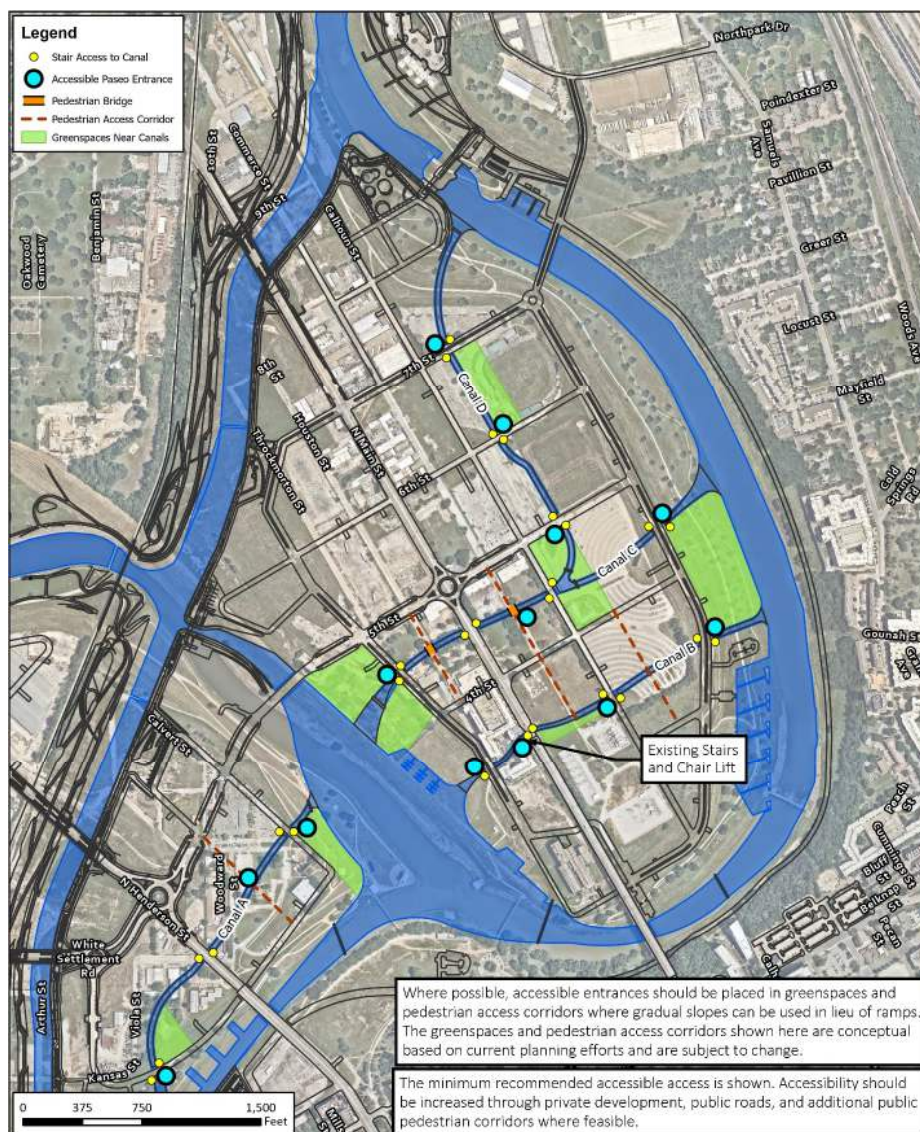


Figure 11 – Pedestrian Access

5.5 CANAL EDGE/COPING ELEMENTS

Canal Edge Guidelines

Design variations along the Canal edge are encouraged to enhance pedestrian interaction and add visual interest throughout the corridor. Where appropriate and where water interaction is desired, the coping may be stepped down to form a refuge area, set back from the main pedestrian pathway. Canal wall height will be generally consistent unless specifically approved by TRWD.

Materials used to define the Canal edge should contribute to the area's informal and organic aesthetic, with elements such as brick, stone, flagstone, or limestone block highly favored. Various elements such as fountains, planters, steps, or boulders should also be considered for incorporation wherever extra visual interest is desired.

Changes in condition should be signified through changes to colors, textures, or materials, such as when different uses or buildings are adjacent to the pedestrian path.

In areas where pedestrians are not interacting directly with the water, coping should serve as a visual edge that enhances pedestrian sense of physical security. Where more interaction is desired, a step-down edging can be incorporated. This could take the form of an actual step down or a naturalistic boulder edge for sitting and climbing. Additional examples can be found in Appendix G. For extensions of the Canal wall and the concrete cap for the sheet pile Canal wall, see Appendix D.

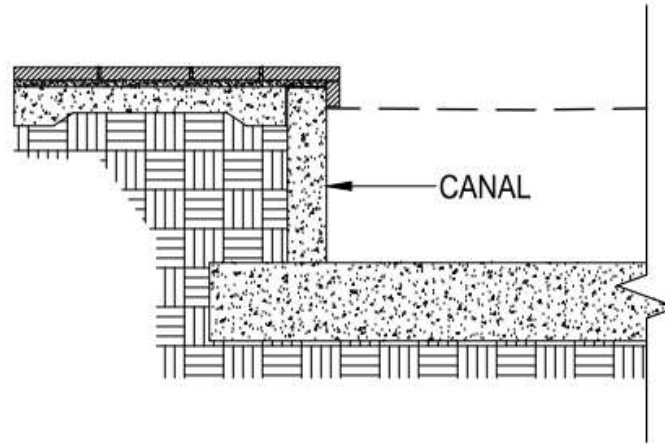


Rough Stone Block Wall/Coping

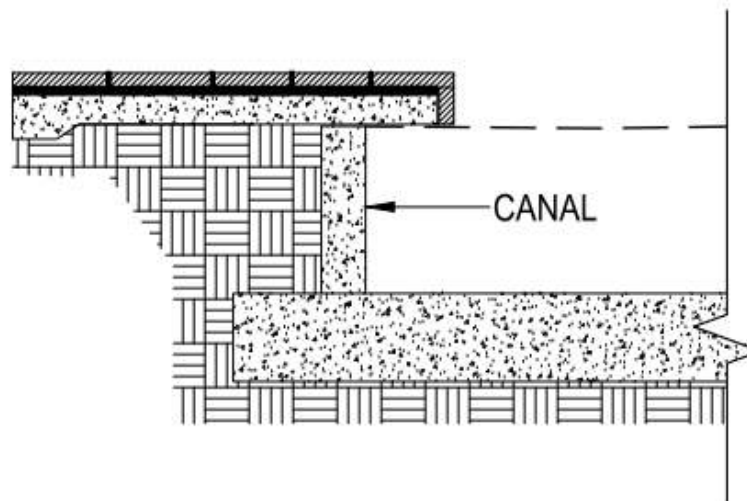
Construction Standard (See Figure 13)

- A visual edge with a change in material shall be provided where a pedestrian path directly abuts the Canal and where brick or flagstone less than 3 feet wide is used adjacent to the Canal.
- The coping can be either flush or raised where interaction with the water is not desired, as long as all Texas Accessibility Standards requirements are met. (Canal Edge Treatment Type A)
- The walkway may be cantilevered over the edge of the water, subject to TRWD review and approval for safety, design stability and maintenance of canal width. Applications that

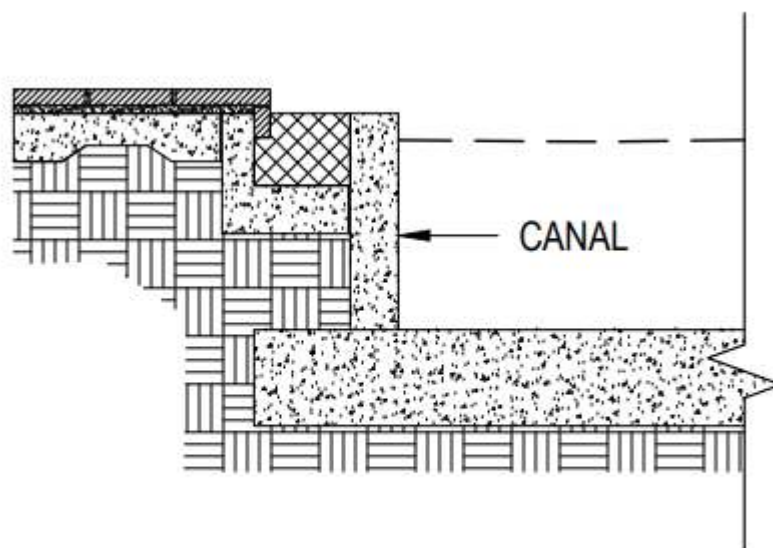
- enhance the pedestrian's sense of connection to the water, create attractive shadow lines, and reduce splashing will be considered favorably. (Canal Edge Treatment Type B)
- The design of coping shall be of sufficient manner to rigidly adhere to the wall.



Canal Edge Treatment Type A



Canal Edge Treatment Type B



Canal Edge Treatment Type C

Figure 13 – Canal Edge Treatment

Material Standards

- A “natural” look is required to create a rustic, informal aesthetic. Allowable materials include brick, decorative Mexican tile, flagstone, stone block, and similar natural elements. Use of non-listed materials must be approved by TRWD on a case-by-case basis. Pavestone and concrete bricks are not allowed.
- Material must be mortared in place.
- Concrete may be used as an accent material but cannot comprise more than 25 percent of the coping length.

Railing Standards

- In areas where dining or non-fixed street furniture abuts the Canal, a minimum 42-inch railing is required to be anchored to the coping.
-

5.6 PASEO PAVING

Paseo Paving Guidelines

- Informal designs and patterns are encouraged, along with a mixture of materials, colors, and textures to create interest along the pedestrian walkway.
- Materials that reflect historic Texas and Fort Worth architecture, such as brick, limestone, and sandstone, are highly favored. Consideration shall be given to avoid

excessive use of these materials where they may have consistent exposure to water resulting in deterioration over time.

- Architectural concrete is a valuable material because of the flexibility it offers in form, durability, texture, and color, and it is encouraged to be integrated with other materials—such as brick, flagstone, or cobbles—or with other contrasting patterns and colors of concrete to create a more varied and interesting visual texture.
- Variation in the width and a meandering course are desired to create an aesthetic that is loose and organic in form. Long, uninterrupted and monotonous designs are discouraged.
- Paving materials should be used to clearly define spaces, access to the waterfront, and access to various uses, such as plazas, restaurants, or building facades. Examples can be found in Appendix E.

Paving Materials Standards

- Materials shall promote a strong relationship between the surrounding neighborhood and the Paseo including building facades and spaces adjacent to the pedestrian path.
- Allowable materials include concrete (limited to 25 percent except paths as described below), brick, decorative Mexican tile, flagstone, stone block, and similar natural elements. Use of non-listed materials must be approved by TRWD on a case-by-case basis. Permeable pavers, pavestone, concrete bricks, decomposed granite, gravel, and other loose materials are not allowed.
- Paths, as described under Path Standards, do not have a limit on the use of concrete but require the use of finishes that add aesthetic texture and interest. Appropriate examples include patterns, scoring, embellishments, rock-salt or sand blast finishes. Concrete finishes should not be used to imitate other, more expensive materials.
- Integral colored concrete is permitted; concrete stains or dyes are not.
- Paving materials shall have a slip resistant surface
- Bricks shall conform to ASTM standards for Pedestrian and Light Traffic Paving.
- Paving materials shall be mortared in place on a concrete base to withstand periodic inundation.

Path Standards

- Paths are clear walkways that provide contiguous pedestrian access in the Paseo. Paths shall be a minimum of 8 feet wide and a maximum of 11 feet wide. However, the width can be reduced to 5 feet with the approval of TRWD when crossing under vehicular or pedestrian bridges that are intentionally limited to a 50-foot span to manage roadway transitions and grade separation with adjacent development. TRWD will review other unavoidable constraints to meeting the minimum widths on a case-by-case basis.
- Paths and other paved surfaces in the Paseo shall be graded to drain to Best Management Practices in the landscaped areas rather than directly into the Canal basin.

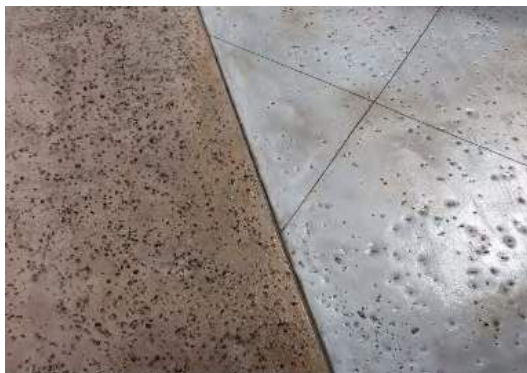
- Paths shall incorporate changes in width and gentle curves to create a more dynamic and engaging route, avoiding abrupt changes in width.
- Paths shall incorporate changes in width and gentle curves to create a more dynamic and engaging route, avoiding abrupt changes in width.
- Straight edges of more than 30 feet are not allowed.
- Cut-outs and refuge areas are required to allow pedestrians to enjoy views of the Canal without blocking paths. A minimum of one per block extending at least 3 feet from the path with a width of at least 20 feet, per side should be provided.
- The pedestrian path shall be continuous along the Canals and promote access to various buildings and uses along the Canal and will be open to the public.
- Each development along the Canal shall have at least one pedestrian access point in the form of stairs or ramps that align with pedestrian refuges. These access points may be restricted to the public at the determination of the developer and concurrence of TRWD.
- Paving and landscaped areas shall incorporate green stormwater infrastructure. Where pavement is adjacent to shade trees, structural soil systems beneath the surface shall be implemented when feasible to support healthy root growth. Refer to [TRWD Water Quality Guidance Manual](#), noting that while allowed in other settings, permeable pavers are not permissible for use in the Paseo due to periodic inundation.



Brick – Mixed Patterns



Embellished Concrete



Rock Salt and Scoring Treatments



Cascading Plant Bed at Water's Edge

5.7 SEATING AND RETAINING WALLS

Guidelines

Seating and retaining walls are an integral component of the Paseo. These elements delineate spaces, transition elevations, frame plantings and pathways, and offer places of respite to pedestrians along the path.

- Seating and retaining walls should primarily use traditional materials like stone blocks, cobbles, or brick to convey a natural aesthetic, while accents such as tile may be added to enhance visual interest and character.
- Undulations and variations in height are encouraged to establish an informal character. Examples can be found in Appendix F.
- Inclusion of design elements such as tile inlay and mixing of materials like stone walls with brick are encouraged.

Standards

- Materials shall complement adjacent paving and buildings.
- Natural materials such as stone, cobbles, and brick are required.
- Materials should have a rough appearance (e.g., tumbled stone or split face block).
- Concrete may be used as a wall material, provided it has textural treatment and a cap.
- Walls shall have variation in height and materials to create visual interest.
- Walls shall not have expanses of more than 30 feet without undulation in course and variation in height to break up their length.
- Planting beds behind retaining walls shall be a minimum of 6 feet wide where large trees are contained, 5 feet where small trees are contained and 4 feet wide where no trees are present. Variation in the width of the bed is required to create an informal appearance.
- Seat walls shall have sufficient clearance to allow free movement of pedestrians along the pathway. Seats that are recessed back a minimum of 18 inches to create a sense of refuge are required. The height of seat walls shall be 16 to 21 inches.



5.8 WATER FEATURES

Water features are encouraged to enhance the pedestrian experience, create connections to the Canal's water elements, and offer soothing sound and natural cooling.



In addition, the use of channels that can be walked over provide unique experiences for the public. Such elements can add creativity to defining the outdoor spaces along the canals.



Standards

If placed in the 100-year floodplain, water features must include special filters/shut offs to aid in the success and long life of the fountain fixture.

5.9 PLANTERS AT CANAL EDGE

Standards

- Planters placed between the pedestrian walkway and the Canal edge at periodic intervals are required to break up the edge of the walkway and provide planting space for shade trees.
- These planters shall encompass 15 percent of the frontage unless in conflict with the [TRWD Water Quality Guidance Manual](#) which will prevail. The planters shall have a minimum width of 4 feet, with conformance to space required for small and large trees. Coping Treatment Type C (Figure 13) may count toward reaching the 15 percent of frontage.

5.10 LANDSCAPE

This section is intended to guide the planting of trees and landscaping along the Canal to provide a strong canopy of native and adapted trees that provides shade and a sense of enclosure for the site. Well-designed landscaping can help mitigate urban heat islands, enhance the quality of stormwater entering the Canal System and rivers, and promote sustainability using native, adapted, and drought-tolerant plant species. Trees should be provided with the greatest possible soil volume to support healthy root development, enhance long-term vitality, and minimize maintenance needs.

Plantings and landscaping should be informal in nature; the design intent is to create a space that feels as if it has evolved and developed over many years. Strict geometry and rigid lines in plantings should be the exception rather than the rule.



Cedar Elm

Standards

- All plant material and landscape shall comply with the [TRWD Allowable Species List](#) and an approved Paseo improvement plan.
- A minimum of 30 percent of the Paseos will be set aside as planting area. Each development shall be individually subject to this Standard unless it is achieved in combination with an existing adjacent development within the same block and approved by TRWD.
- Existing trees of allowable species should be preserved where possible. Note the City Tree Ordinance does not apply to the Paseo.
- One canopy shade tree shall be required for every 30 feet on center except where vehicular bridges cross.
 - Shade trees can be clustered, but gaps shall not exceed 300 feet.
 - Three ornamental trees may be substituted for each required canopy tree where appropriate to address size constraints and approved by TRWD. This is in addition to the required ornamental trees noted below.
- Shade trees shall be a minimum of four-inch caliper when planted and have a 7-foot, 6-inch minimum clearance.
- No more than one-third of canopy shade tree plantings shall be from the same genus/sub-genus to ensure healthy diversity.
- One ornamental tree shall be provided every 50 linear feet, in addition to required canopy shade trees.
- Ornamental trees will need to be maintained to have a 7-foot clearance, if they encroach upon a path.
- Ornamental trees, if multi-trunked, shall have a minimum of 3 canes.
- Planting methods and soil requirements shall conform to [TRWD's Planting Standards](#).

- Trees shall be planted in open planters, except where space restrictions make this requirement unfeasible, as approved by TRWD on a case-by-case basis.
- TRWD may approve tree grates where adequate shade canopy over the Paseo is necessary and open planters are impractical, jeopardize pedestrian safety, and cannot be addressed with other solutions, such as a suspended pavement system (like silva cells) or native river gravel. Any approved tree grates shall conform to equipment specifications established by TRWD.
- Stormwater management systems may be incorporated under pavement adjacent to planters to provide space for root growth and drainage, as approved by TRWD staff.
- Landscape areas within the Paseo shall limit the use of hardwood mulch or other floatable material to 1.5" of topdressing.

[Note: TRWD Planting Standards under development.]

5.11 IRRIGATION

An irrigation system is required to sustain the landscaping installed within the Paseos. The developer will include an irrigation design with the Paseo improvements plan that conforms to standards established by TRWD. The design will be completed by a licensed professional irrigator and will connect to the City's water system. TRWD will be the owner of the irrigation water lines and meters. Power for the timer controller will be from TRWD's electric meter. The location of the electric meter will be coordinated with the developer's electrical transformers and meters. Water from the river or the Canals cannot be used for the irrigation system.

[Note: TRWD is developing irrigation equipment and installation standards including quick coupler valves for power washing.]

5.12 ILLUMINATION

The Canal System shall be illuminated and meet TRWD design specifications and safety standards for pedestrian walkways. The developer can apply the lighting from adjacent development to comply with illumination requirements. If illumination fixtures are designed within the Paseo, they shall follow TRWD specifications. Festival lighting is also permitted along the Canal. Temporary seasonal tree wrapping with lights is allowed and requires TRWD approval.

[Note: TRWD is developing illumination standards and specifications.]

5.13 SIGNAGE

Along the Paseo there should be informational signage. This includes but is not limited to wayfinding, hours of operation, emergency contacts, and prohibited activities. All signage along the Canals shall be approved by TRWD.

[Signage standards will be developed by TRWD as Canal development progresses.]

SECTION 6 Canal System Maintenance

Within the Canal System, responsibility for maintenance is shared among the following organizations. Responsibilities of the PID and the adjacent property owner will be established by separate written agreement with TRWD.

[Interlocal Agreement for Canal System Funding and Maintenance to be adopted with City.]

6.1 TRWD RESPONSIBILITIES

- Canal basin.
- Repairs of damaged or failed equipment as soon as possible considering the circumstances of the repair.
- Canal water depth is generally set at 4-foot to keep algae and bacterial growth from occurring. During the Interim Condition, periodic water filling, mixing, and dewatering to keep water fresh in the Canals will be required.
- Addition of water to Canal from the river to maintain a standard water surface elevation during extended dry weather conditions.
- Water quality devices.
- Monitoring of water quality parameters during the routine cycle data collection. If water quality is a problem, TRWD Environmental staff will address using methods acceptable to local, state, and federal regulations.
- On a yearly basis, TRWD will evaluate the sediment at the bottom of the Canal system to determine if removal of the sediment is required. If required, TRWD will install the maintenance dams, drain the water from the Canal, and remove the sediment from the bottom of the Canal. TRWD will make repairs to the Canal structure if necessary with appropriate notice to adjacent property owners.
- Restoration of landscape and hardscape areas after a flood event that inundates Paseo including desilting following mud removal from Paseo that is directed into the Canals.
- Mowing and care of any sections of the Paseo that do not have permanent improvements.
- Routine capital maintenance of the Paseo retaining walls, planters, seating, and walkways with the expectation that significant capital investments in the long-term will be negotiated in good faith with the City.
- Any water features assigned to TRWD for maintenance via separate agreement.

6.2 PUBLIC IMPROVEMENT DISTRICT (PID) RESPONSIBILITIES

Frequencies will be established and scheduled by the PID.

- Routine maintenance and necessary replacements of landscape set in any of the hardscaped areas to include weeding, mulching, tree care (pruning, fertilizing, replacement), plant and groundcover care, irrigation system checks and repair on a frequency established by the PID.

- Seasonal plantings in locations approved by the PID.
- Seasonal system modifications/inspections of irrigation systems and ongoing maintenance (eg. broken heads needing immediate attention) vs a system check
- Routine litter removal from the Canal.
- Litter collection on the Paseo with goal of prevention of litter settling in the Canal.
- Water and electric service for the Paseo.
- Replacement or repair of non-fixed seating that is not owned by adjacent property owner.
- Any water features assigned to PID for maintenance via separate agreement.
- Annual inspection and maintenance of any approved tree grates.
- Inspection and maintenance of Best Management Practices in the Canal System and Street Rights-of-Way.

[Note: These responsibilities to be further defined upon creation of the PID, an informal advisory committee of property owners, and the permanent governance structure. Assumed responsibilities will be documented in a Service and Assessment Plan.]

6.3 ADJACENT PROPERTY OWNER RESPONSIBILITIES

Responsibilities will be established via a development agreement or as a condition of permitting.

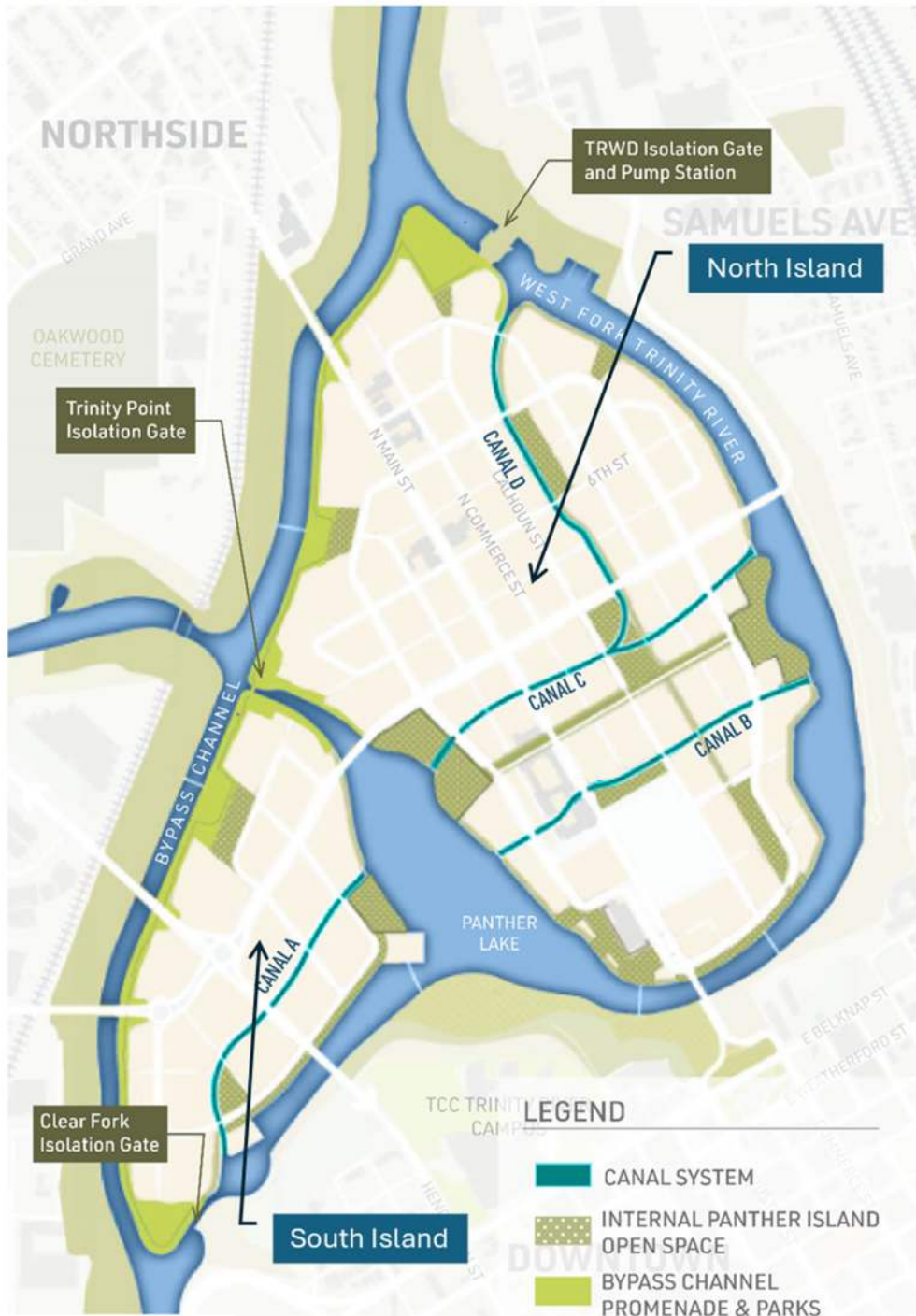
- Amenities such as water features and specialized materials that cannot be maintained by the PID or are at extraordinary risk of damage during inundation at the discretion of TRWD at the time of permitting.
- The developer or property owner may hire a vendor to perform the litter or flood event clean up in the Paseo at their own expense if they desire a more timely remedy or higher level of service. A developer may also request to assume contractual responsibility to maintain any element in the public realm that they believe requires a higher standard of care than contracted to be provided by TRWD or the PID. The developer or property owner will be required to execute an agreement with TRWD to perform, or allow a third party to perform, these activities on TRWD property.
- Any desired litter abatement or power-washing that exceeds the PID schedule.
- Securing or removal of any moveable furniture or fixtures that serve their development as needed daily or in preparation for anticipated inundations. Unless otherwise agreed in writing, the PID and TRWD will not be responsible for replacement or repair of these features.

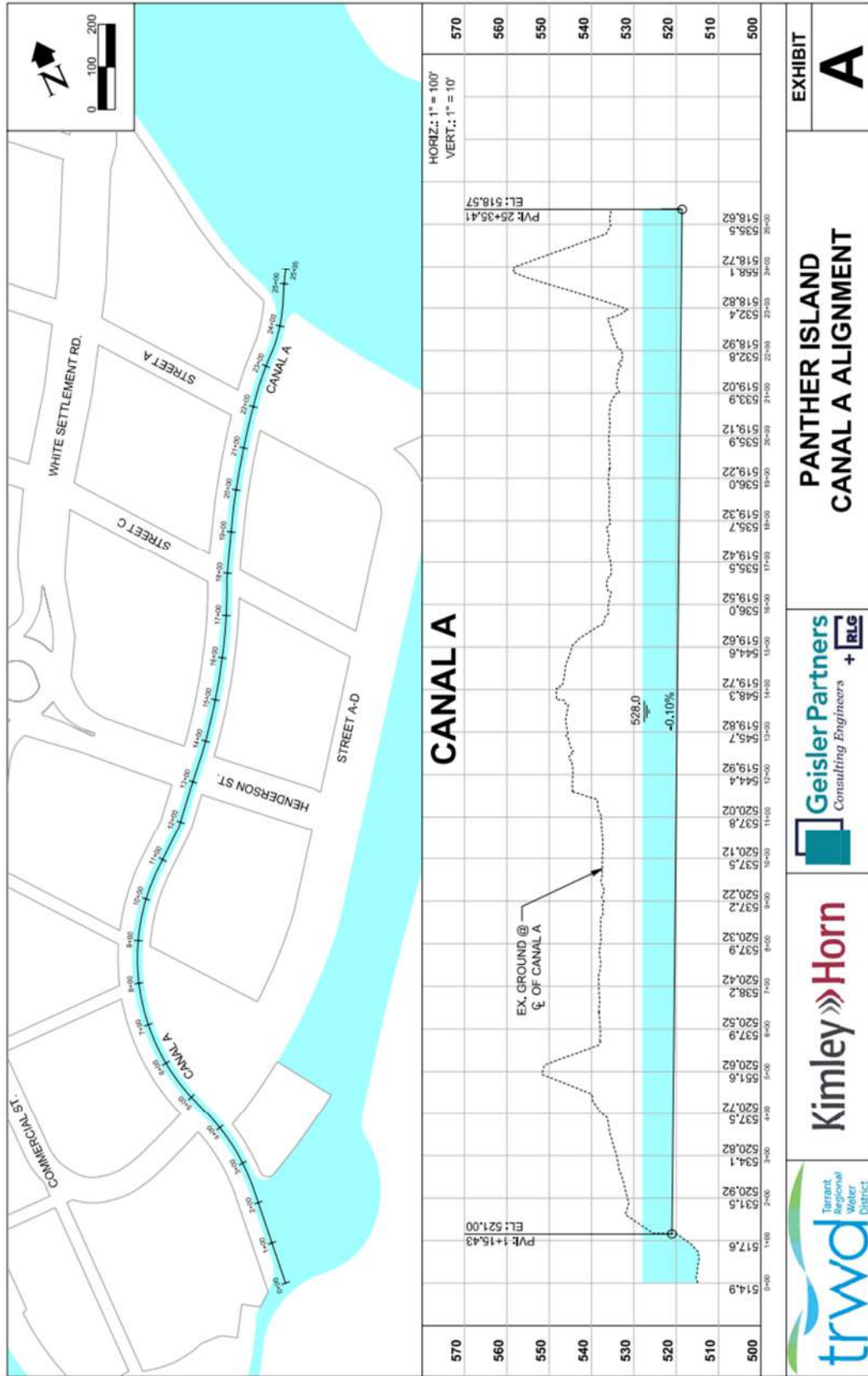
6.4 CITY RESPONSIBILITIES

- Future collaboration on funding for capital maintenance and improvements of the Paseo based on economic and tourism impact to the City.
- Capital maintenance of pedestrian and vehicular bridges.

Appendix A

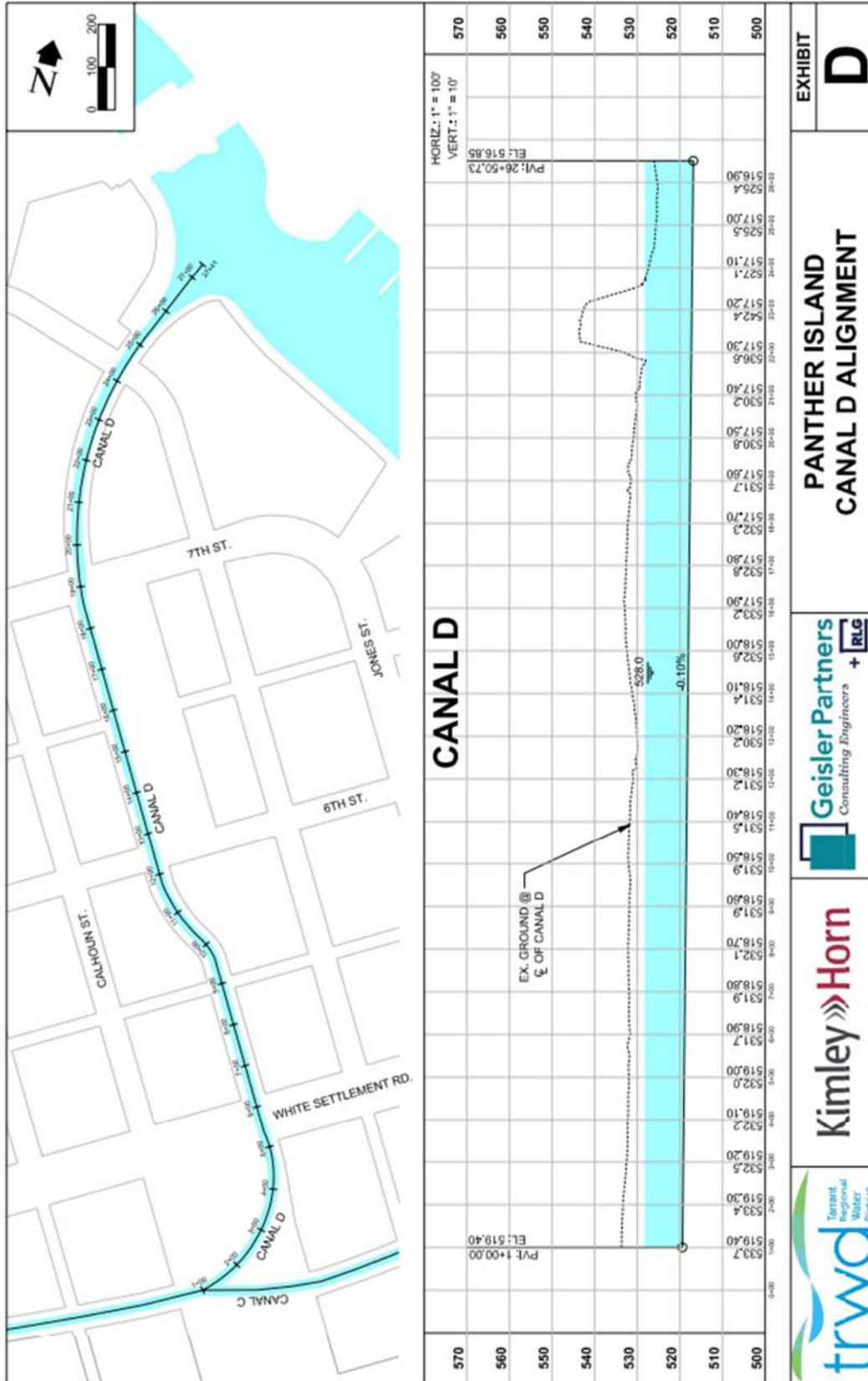
Conceptual Canals Plan and Profiles











Tarrant Regional Water District

Kimley»Horn

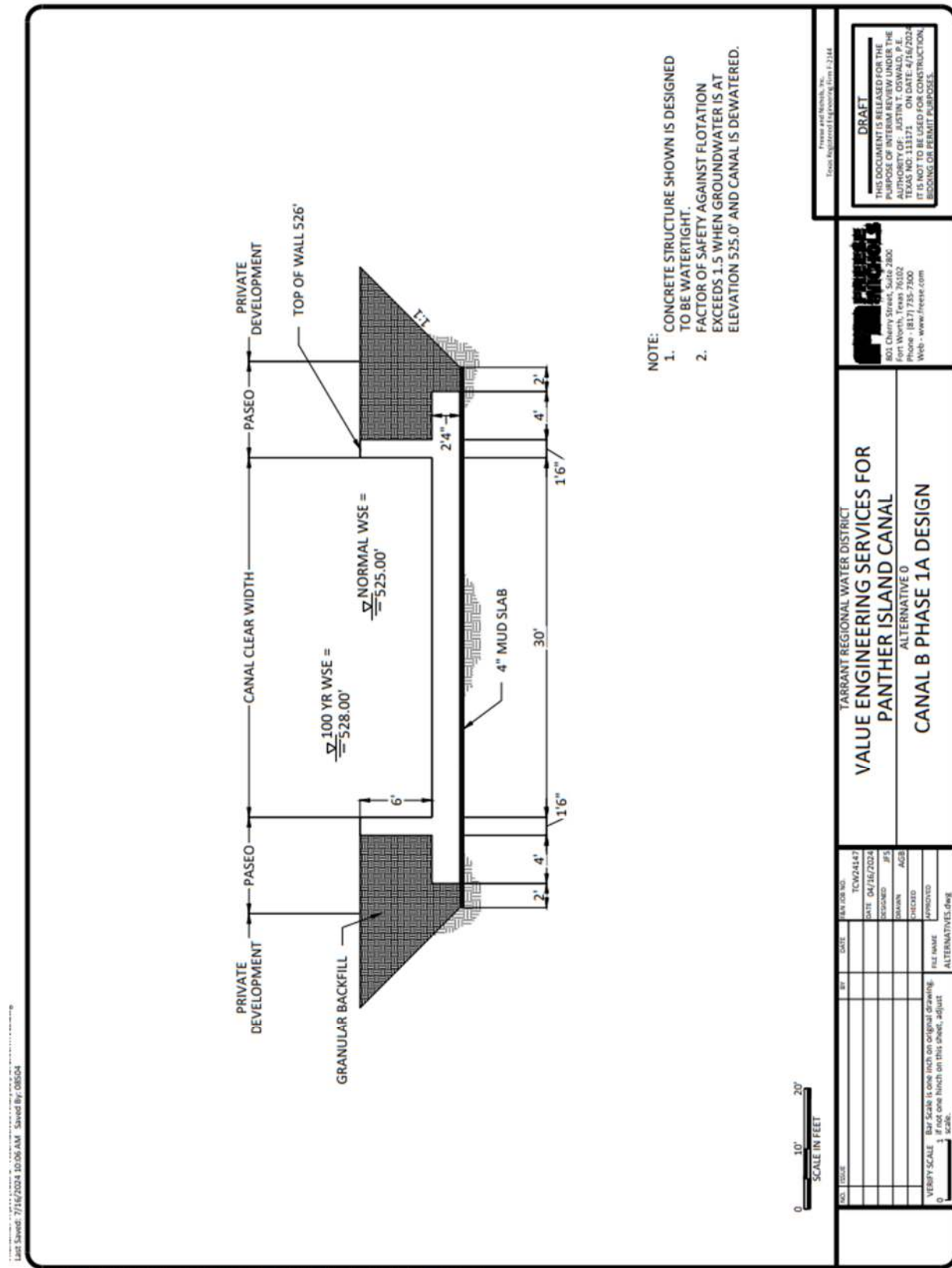
GeislerPartners
Consulting Engineers + RLC

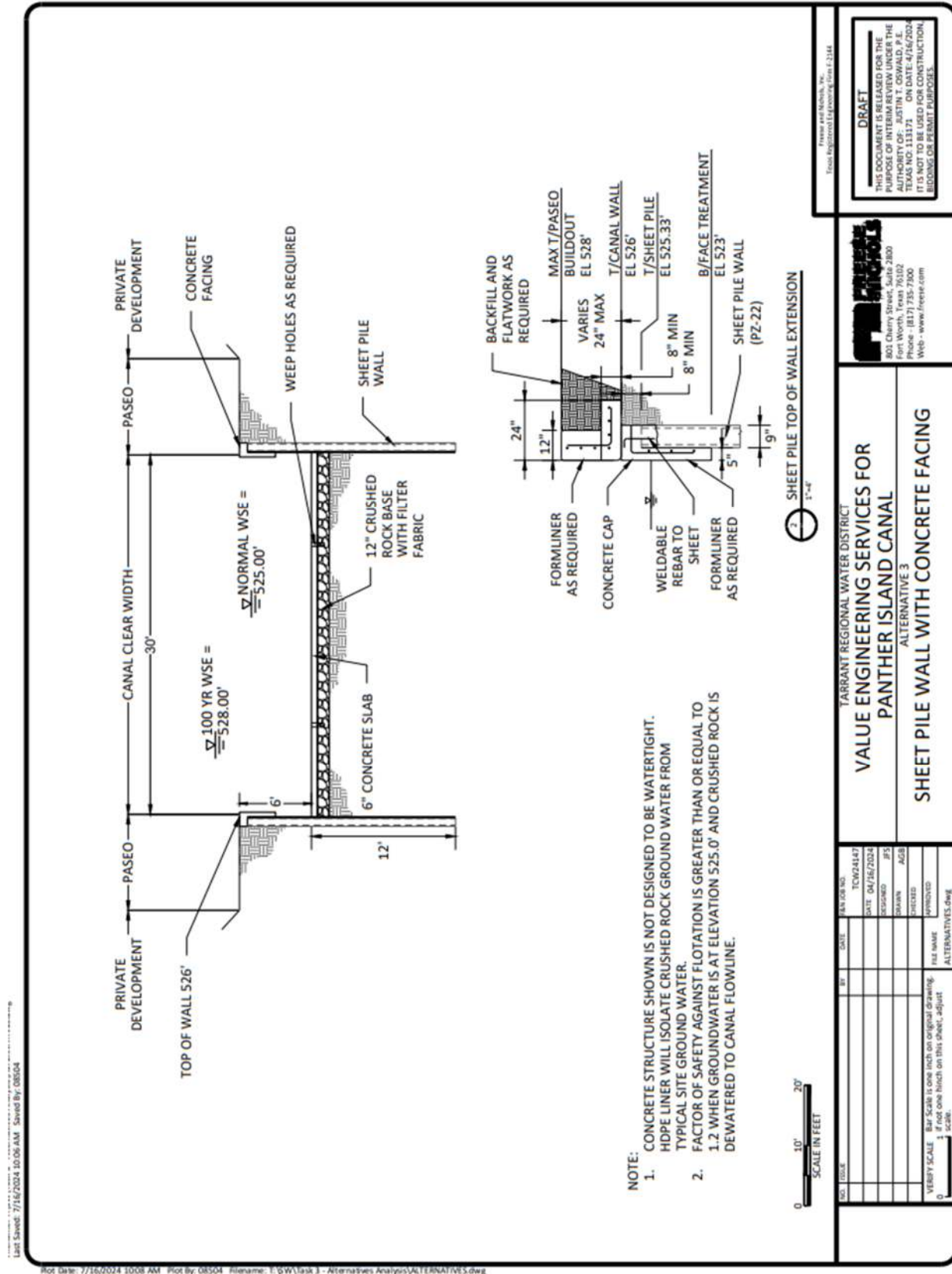
**PANTHER ISLAND
CANAL D ALIGNMENT**

EXHIBIT **D**

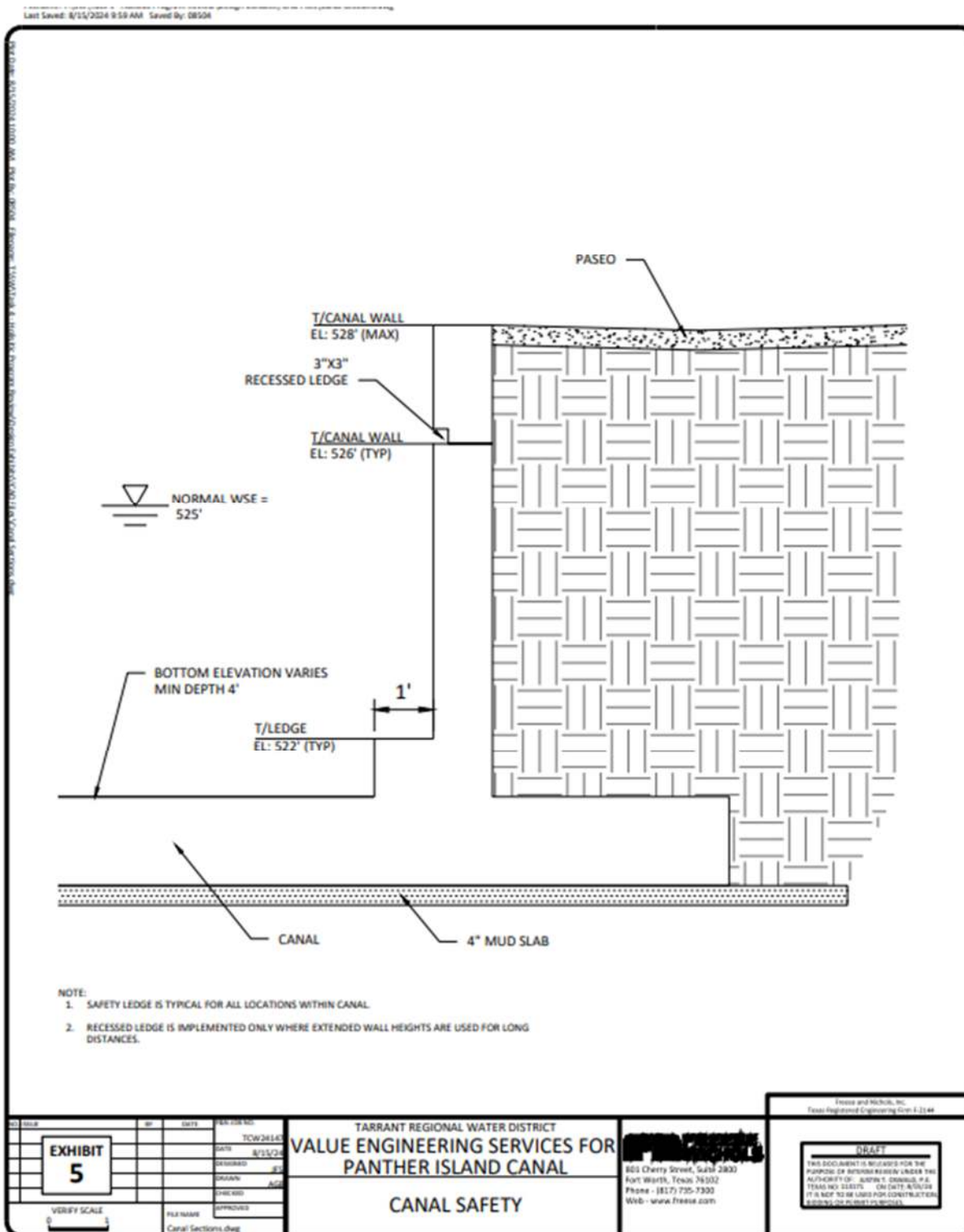
Appendix B

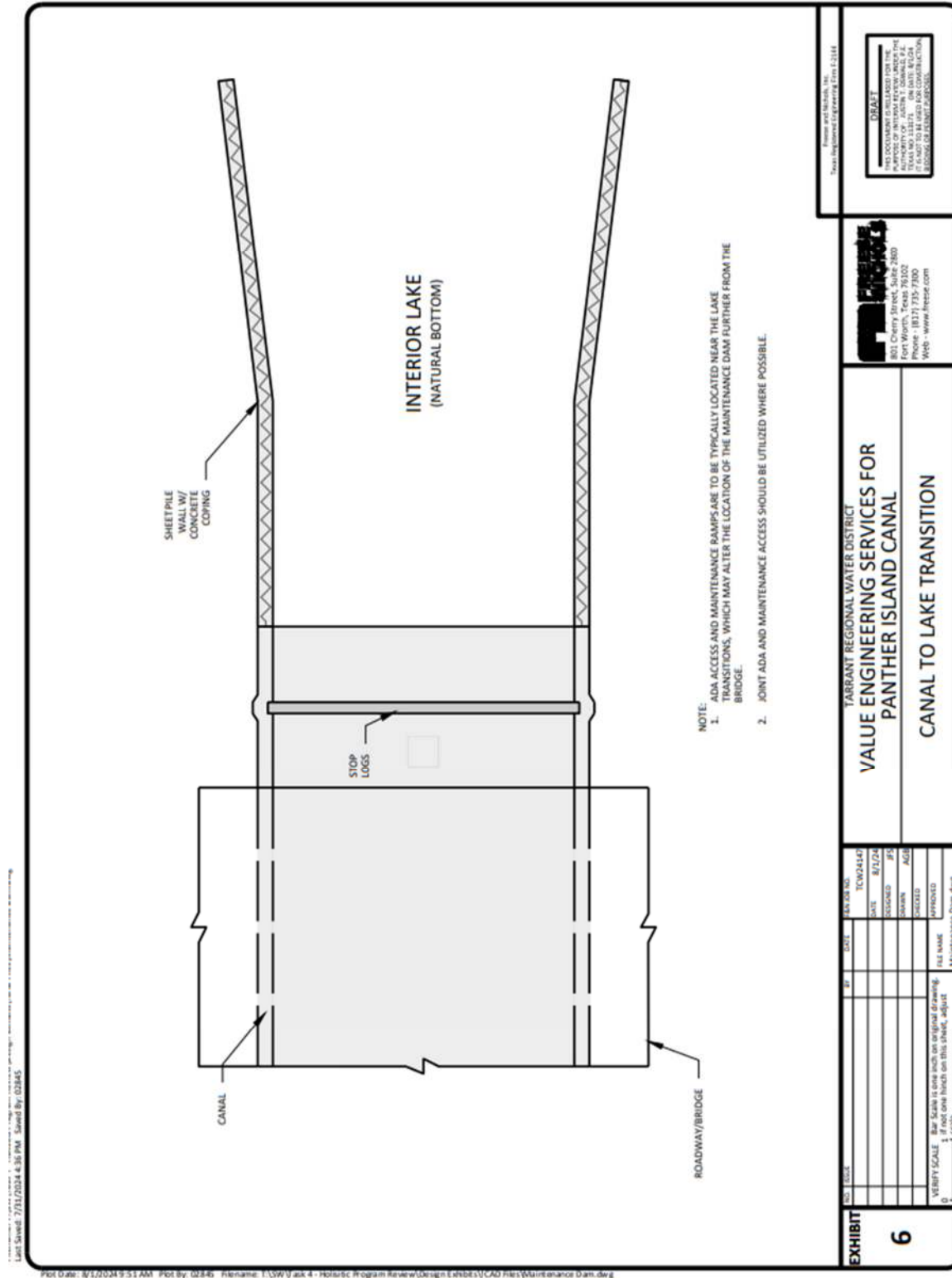
Canal Details

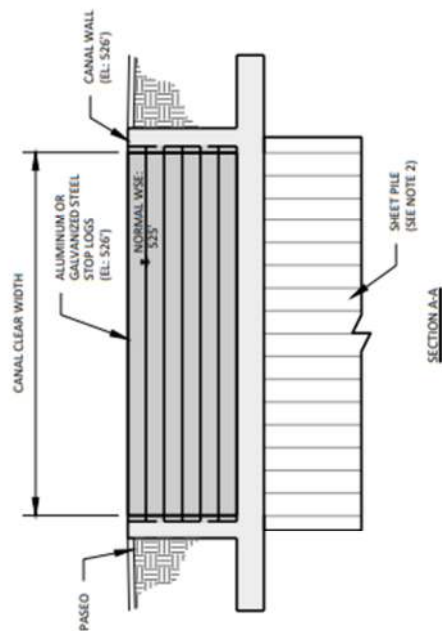












NOTE:
1. CANAL CONSTRUCTED ON EITHER SIDE OF THE MAINTENANCE DAM COULD EITHER BE A CAST-IN-PLACE OR SHEET PILE WALL SYSTEM.

2. A SHEET PILE CUTOFF IS INCLUDED BELOW THE MAINTENANCE DAM WHEN A SHEET PILE WALL CANAL SYSTEM IS USED.
3. NO VERTICAL ELEMENTS SHOULD BE PLACED DIRECTLY ABOVE MAINTENANCE DAM LOCATION THAT WOULD INTERFERE WITH PLACEMENT AND REMOVAL OF STOP LOGS.

7

TARRANT REGIONAL WATER DISTRICT
VALUE ENGINEERING SERVICES FOR
PANTHER ISLAND CANAL

MAINTENANCE DAM CONCEPT

TARRANT REGIONAL WATER DISTRICT

CO

801 Cherry Street, Suite 2800
Fort Worth, Texas 76102
Phone - (817) 735-7300
Web - www.fretse.com

HEALTH

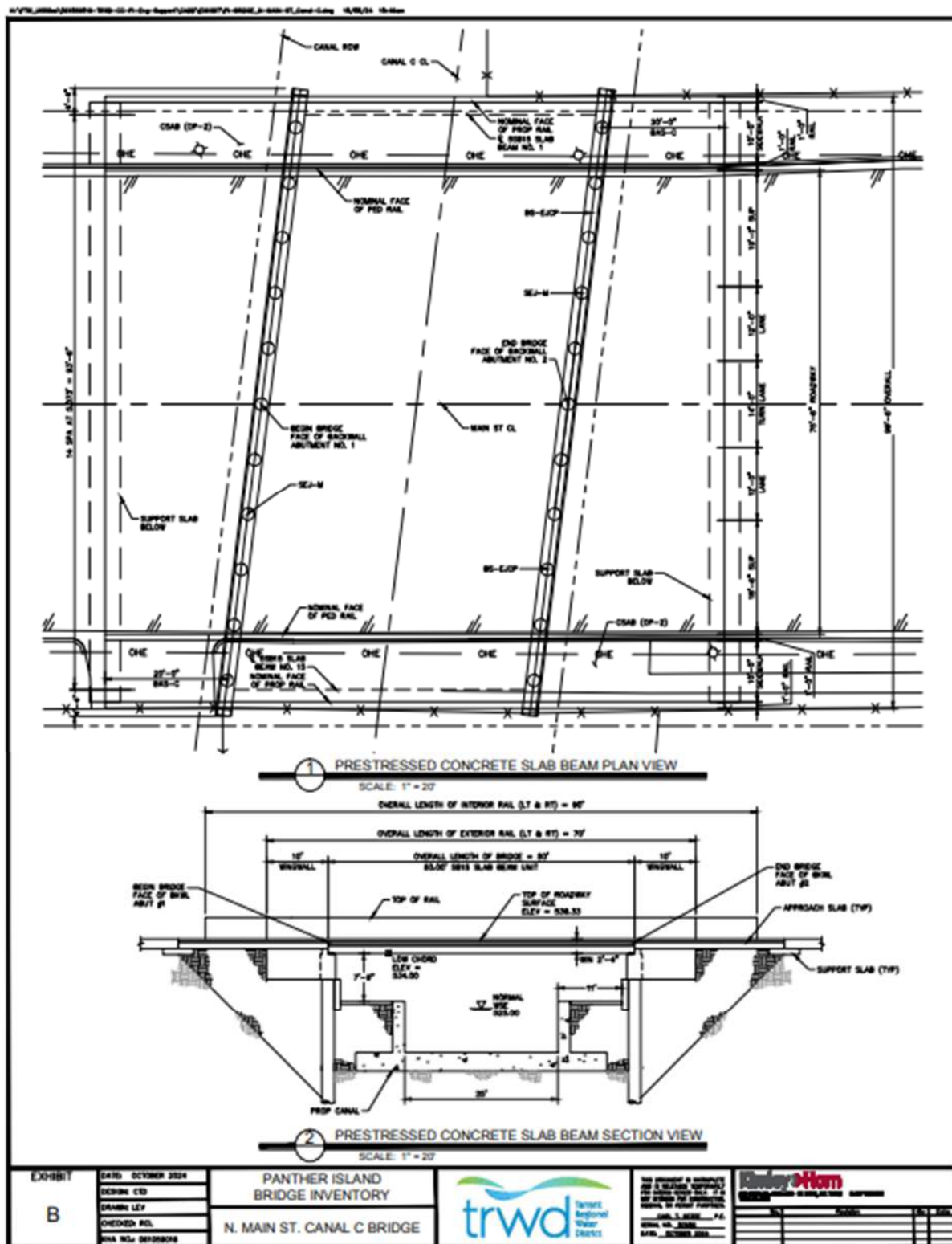
THIS DOCUMENT IS RELEASED FOR THE PURPOSE OF INTEREST REVENUE UNDER THE AUTHORITY OF: JUSTIN T. OWLAND, P.E.
 TERMS NO. 113171 ON DATE 8/11/08
 IT IS NOT TO BE USED FOR CONSTRUCTION

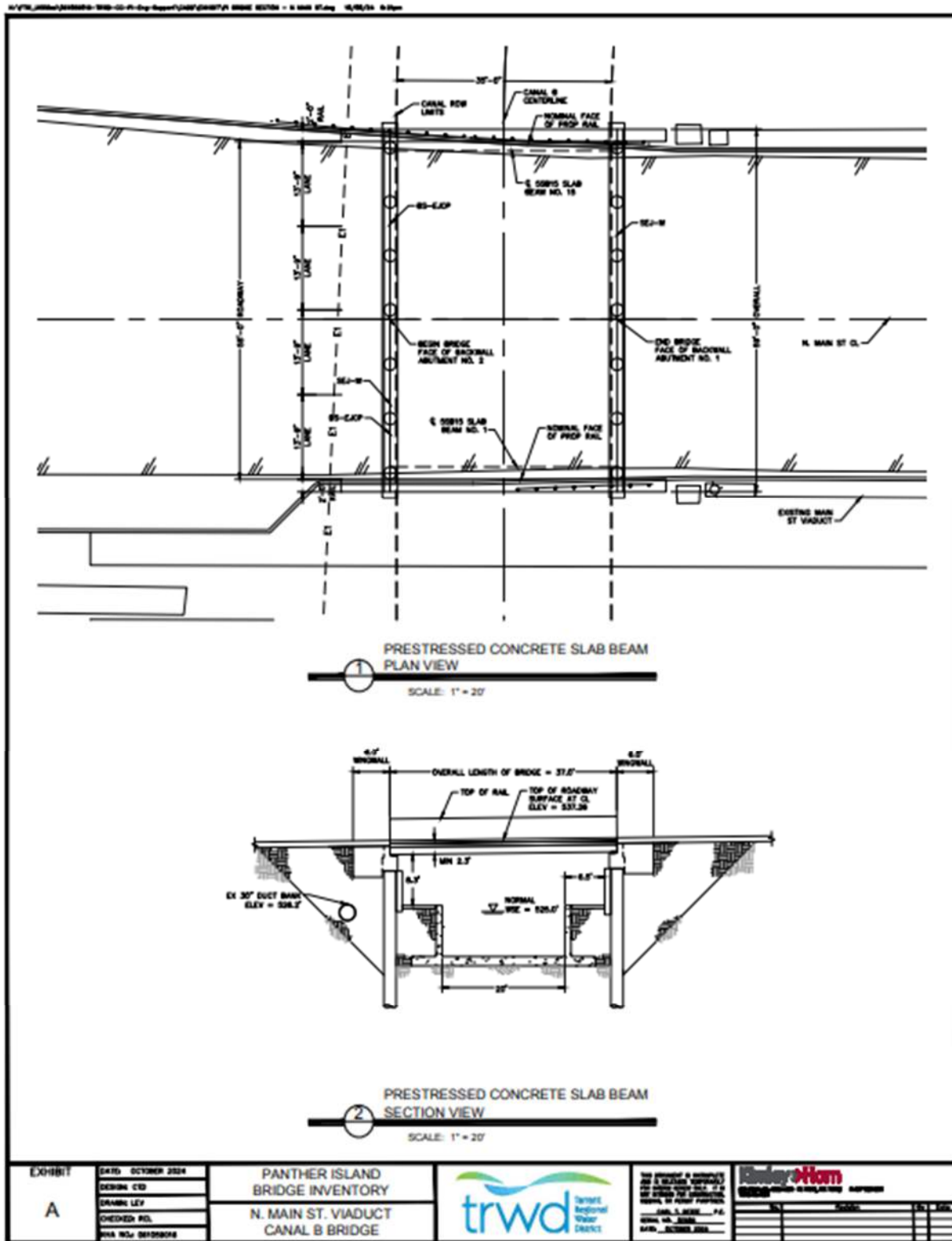
Appendix C

Canal Bridges

The use of this standard is governed by the Texas Engineering Practice Act. No warranty of any kind is made by TxDOT for any purpose whatsoever. TxDOT assumes no responsibility for the completion of this standard or other forecasts or for incorrect results or damages resulting from its use.

[illegible]





Appendix D

Design Precedents Examples



Texas Limestone



Historic Red Brick



Tile Inlay Paver Detail



Hot Oil Dipped Iron Paver Inlay



Tile Inlay Detail



Cast Iron French Drain



Tile and Limestone Detailing



Suspended Lights



Mixed Materials and Textures

Appendix E

Paving Examples



Brick - Herringbone



Flagstone Paving Pattern



Brick - Fan Pattern



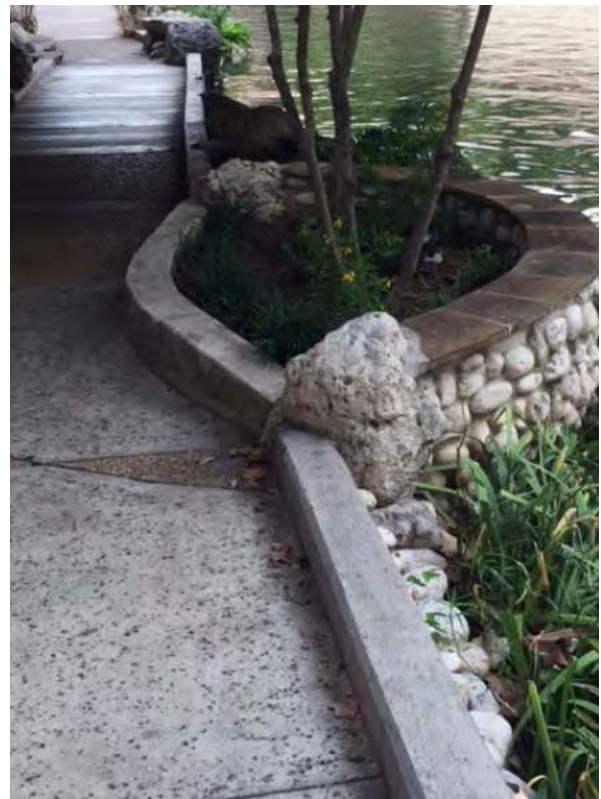
Mixed Materials



Flagstone Paving Pattern



Sandstone Pavers



Mixing Finishes can Create a Varied,
Eclectic Aesthetic

Variation in Patterns and Edges Creates
Visual Interest

Appendix F

Seating and Retaining Walls



Concrete Wall with Cap



Precast Concrete Seat Wall



Limestone Block Wall



Mexican Cobblestone - Accent



Limestone Wall



Cobble Stone Wall with Brick Coping



Bright Tile Creates a Colorful Contrast



Brick Wall with Mexican Tile Accents



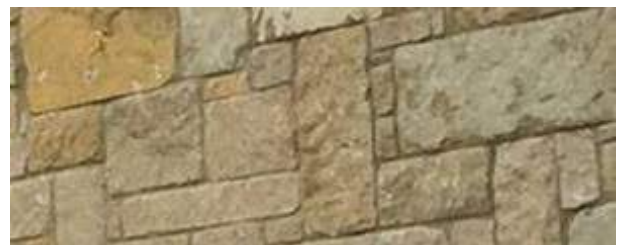
Wood and Stone bench



Stone with Mortar



Dry Stack Stone



Lueder Limestone Natural Shell Finish



Appendix G

Canal Edge/Coping Elements



Coping along a Canal



Boulder/Natural Edge Treatment



Bioretention Drainage with a Stone Edge



Corten Edging Creates an Interesting material contrast



Brightly Colored Tile Contrasts with Rough Stone Steps



Cantilevers Bring Pedestrians Closer to the Water



Rough Stone Block Wall/Coping



Stone Mosaic Creates an Interesting Edge that Contrasts with the Pavement



Step Down Coping Allows Access to Water



Steps Down to the Water Create Areas to Interact with the Water out of the Way of Other Pedestrians



Rough Flagstone Coping



Raised Limestone Coping



Corten Edging



Areas of Refuge Allow Pedestrians to Look at Maps



TARRANT REGIONAL WATER DISTRICT

AGENDA ITEM 15

DATE: September 16, 2025

SUBJECT: Consider Approval to Accept Grant from Texas A&M Forest Service for Tree Planting and Irrigation

FUNDING: N/A

RECOMMENDATION:

Management recommends acceptance of a grant **in the amount of \$20,000** from Texas A&M Forest Service which will be used to plant trees and install temporary irrigation.

DISCUSSION:

Texas A&M Forest Service is a state agency that supports large and small landowners in coordinating incident response and recovery and providing programs to aid communities across the state with forest management and wildfire response. In response to TRWD Recreation's Tree Planting Along the Trinity Trails grant application, they would like to grant one-time funds of \$20,000 to the District. These Community Forestry Grant funds are provided on a matching up-to \$20,000 basis, with requirements such as the community in which the funding will be utilized, needs it will solve, visibility within the community, public awareness and involvement. These items are being met by the District's selected locations and Arbor Day planting designations. Management recommends that the Board accept this grant as it will further support the District's Recreation Master Plan's strategic tree planting initiatives.

This item was reviewed by the Recreation Committee on September 8, 2025.

Submitted By:

Darrell Beason
Chief Operations Officer

TARRANT REGIONAL WATER DISTRICT

AGENDA ITEM 16

DATE: September 16, 2025

SUBJECT: Consider Approval of Contract with Stovall Commercial Contractors LLC for Removal and Replacement of Eagle Mountain Underground Storage Tanks

FUNDING: Fiscal Year 2026 Revenue Fund

RECOMMENDATION:

Management recommends approval of a contract in the amount of \$530,570.86 with Stovall Commercial Contractors LLC for removal and replacement of Eagle Mountain underground storage tanks.

DISCUSSION:

The contract will be for the removal of the existing underground fuel storage tanks systems according to TCEQ guidance. Existing tanks will be replaced with above-ground storage tanks, new dispensers and new canopy.

The contract purchase will be utilizing the Interlocal Cooperative Buy Board #772-25 in accordance with Government Code 791.025.

All statutory bidding requirements have been satisfied.

This item was reviewed by the Construction and Operations Committee on September 9, 2025.

Submitted By:

Darrell Beason
Chief Operations Officer

TARRANT REGIONAL WATER DISTRICT

AGENDA ITEM 17

DATE: September 16, 2025

SUBJECT: Executive Session

FUNDING: N/A

RECOMMENDATION:

Section 551.071 of the Texas Government Code, for Private Consultation with its Attorney about Pending or Contemplated Litigation or on a Matter in which the Duty of the Attorney to the Governmental Body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas Clearly Conflicts with this Chapter; and

Section 551.072 of the Texas Government Code, to Deliberate the Purchase, Exchange, Lease or Value of Real Property on Panther Island

DISCUSSION:

- Pending litigation
- Real property issues

Submitted By:

Stephen Tatum
General Counsel

Next Scheduled Board Meeting

October 21, 2025, at 9:00 AM