



2022-2024

STRATEGIC PLAN



TEXAS
WATER
TRADE

Our mission is to catalyze sustainable water transactions in Texas to ensure clean, flowing water for people and nature.

LETTER FROM THE CEO



As we approach our fourth anniversary, it is with great pride that we at Texas Water Trade publish our strategic plan for our next chapter. We are no longer a startup and have grown with the support of our collaborators, contributors and Board of Directors to become an established nonprofit with a proven track record of catalyzing a transformative, market-oriented approach to build a future of clean, flowing water for all Texans.

Since our launch in 2019, Texas Water Trade has raised millions of dollars to pioneer voluntary water transactions that are advancing economic growth and ecological resilience across Texas. We have shown that we can deliver innovative water solutions that are strengthening water supplies while sustaining and restoring critical aquifers, rivers, and coastal estuaries.

In our first 2019-2021 Strategic Plan, we outlined a vision for demonstrating the efficacy of voluntary water markets to secure healthy flows while also creating financial value for water rights holders and local economies.

We are energized by our achievements against those early ambitions. With our first Texas Flows Fund grants to the Galveston Bay Foundation and The Nature Conservancy of Texas, we are delivering dedicated freshwater to some of the state's most productive coastal ecosystems. In West Texas, we negotiated a historic agreement with one of the state's largest pecan growers to invest in irrigation efficiency improvements – with the water saved dedicated to remaining in the Edwards-Trinity Aquifer for 15 years. In the fast-growing Texas Triangle, we're working with water utilities and the private sector to create 'new' water supplies by tapping into water reuse.

Amidst these inspiring gains, we're also honored to be collaborating with the University of Texas at El Paso on an ambitious initiative to deliver safe, affordable drinking water to thousands of underserved Texans who lack access to clean drinking water today. Through this work, we are making a new market. As important, we are creating more equitable access to water solutions already being adopted by well-resourced communities across Texas to remote, rural Texans whom the market would otherwise overlook. Their access to safe, reliable water is no less critical to Texas' future.

No doubt, our future is promising. By diversifying our funding and expanding our partnerships, we intend to scale our on-the-ground impacts and our internal capacities over the next five years.

This 2022-2024 Strategic Plan sets that trajectory and quantifies our goals for the next three years. It also outlines our core strategies for deepening and broadening our work. Beyond our quantitative goals, we outline a new set of 'geographic playbooks' where we will test innovative, market-based solutions tailor-made for some of Texas' most important and distinct landscapes: our coastal waters teeming with life, the rapidly-urbanizing Texas Triangle, and the energy-rich Permian Basin. Our strategies in these geographies are remarkably different from each other, focused on different types of water, different economic stakeholders, different scales and forms of infrastructure and transactional design. These regional differences reflect the real-world diversity of our state and our waters.

Before Texas Water Trade was created, there was no playbook for how to solve the problem of providing adequate water for nature and people in a place as diverse as Texas. What works well in a coastal basin with significant water storage does not translate to a fast-growing Hill Country suburb or a river winding through the world's largest oil play. Over the last three years we have experimented with distinct strategies in these vastly different terrains. Over the next three years we intend to refine, replicate and scale regionally-appropriate strategies through each of our four geographic playbooks. In so doing, our goal is to inspire and enable other conservation actors and large institutional players to do their part to ensure abundant water for people and nature across our great state.

By 2024, the end of the period covered in this three-year Strategic Plan, we will have protected or restored at least an additional 30,000 acre-feet of water in priority aquifers, rivers and bays, catalyzed at least 5 million gallons of additional water reuse capacity, and launched safe drinking water services in two high-need communities. By 2026, our impacts will be significantly larger.

We look forward to undertaking our next chapter with you, and invite you to raise a glass to our shared water future.

A handwritten signature in white ink, appearing to read 'Sharlene'.

Sharlene Leurig
Chief Executive Officer



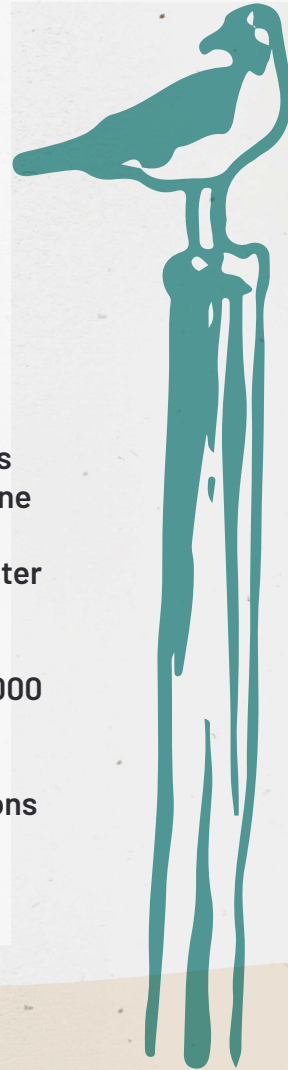
LOOKING BACK 2019-2021

PRIOR THREE-YEAR GOALS

- Raise at least \$900,000 for a newly-created Texas Flows Fund, a competitive funding source for flows restoration and protection projects in Texas
- Launch Texas Water Market Makers, a program for qualified conservation groups which will compete for strategic support to pursue water transactions to advance water resilience in priority basins and aquifers
- Design market-based solutions to restore or protect at least one significant spring, working in collaboration with a Groundwater Conservation District
- Restore or protect at least 10,000 acre-feet of water instream
- Motivate at least 5 million gallons of additional onsite water capacity in the I-35 Corridor

ACCOMPLISHMENTS

- Launched Texas Flows Fund with \$900,000 of support, half of which has been allocated for water transactions delivering nearly 7,000 acre-feet of water in Galveston and Matagorda Bays
- Built strong, effective partnerships in diverse geographies, including Galveston Bay, the Pecos River Basin and the Blanco River Basin through our Texas Water Market Makers
- Established a voluntary water market resulting in the protection of 1,500 acre-feet of groundwater, with significant potential for more, in the Comanche Springs Management Zone of the Edwards-Trinity Aquifer in West Texas
- Secured \$500,000 in seed money to launch Vida Water, a subscription-based safe drinking water service for underserved populations in Texas
- Prompted construction of onsite water reuse systems at the new City of Austin Permitting and Development Center, designed to generate 1.5 million gallons a year of water from onsite air conditioning condensate, rainwater and blackwater treatment



MISSION

Catalyze sustainable water transactions in Texas to ensure clean, flowing water for people and nature.

FIVE-YEAR STRATEGIC GOALS

Together with our public, nonprofit and private partners, by the end of 2026, Texas Water Trade will have protected and restored at least an additional 50,000 acre-feet of water in priority aquifers, rivers and bays.

These freshwater flows will benefit thousands of acres of critical coastal wildlife habitat (terrestrial and submerged) and more than 100 miles of aquatic/riparian habitat in West Texas.

We will also be providing safe drinking water services to 50,000 Texans in at least three high-need communities.

WATER FOR PEOPLE.

WATER FOR NATURE.



STRATEGIC FRAMEWORK 2022-2024

OUR PRINCIPLES

TEXAS VALUES, TEXAS LANDSCAPE

Working across the diverse cultures and landscapes of our vast state, we seek to leverage Texas' commitments to private property rights and market forces to achieve sustained water abundance for people and nature.

SCIENCE

We rely on science to inform our decisions and work to advance scientific understanding of how we can optimize outcomes for natural systems and human economies.

EQUITY

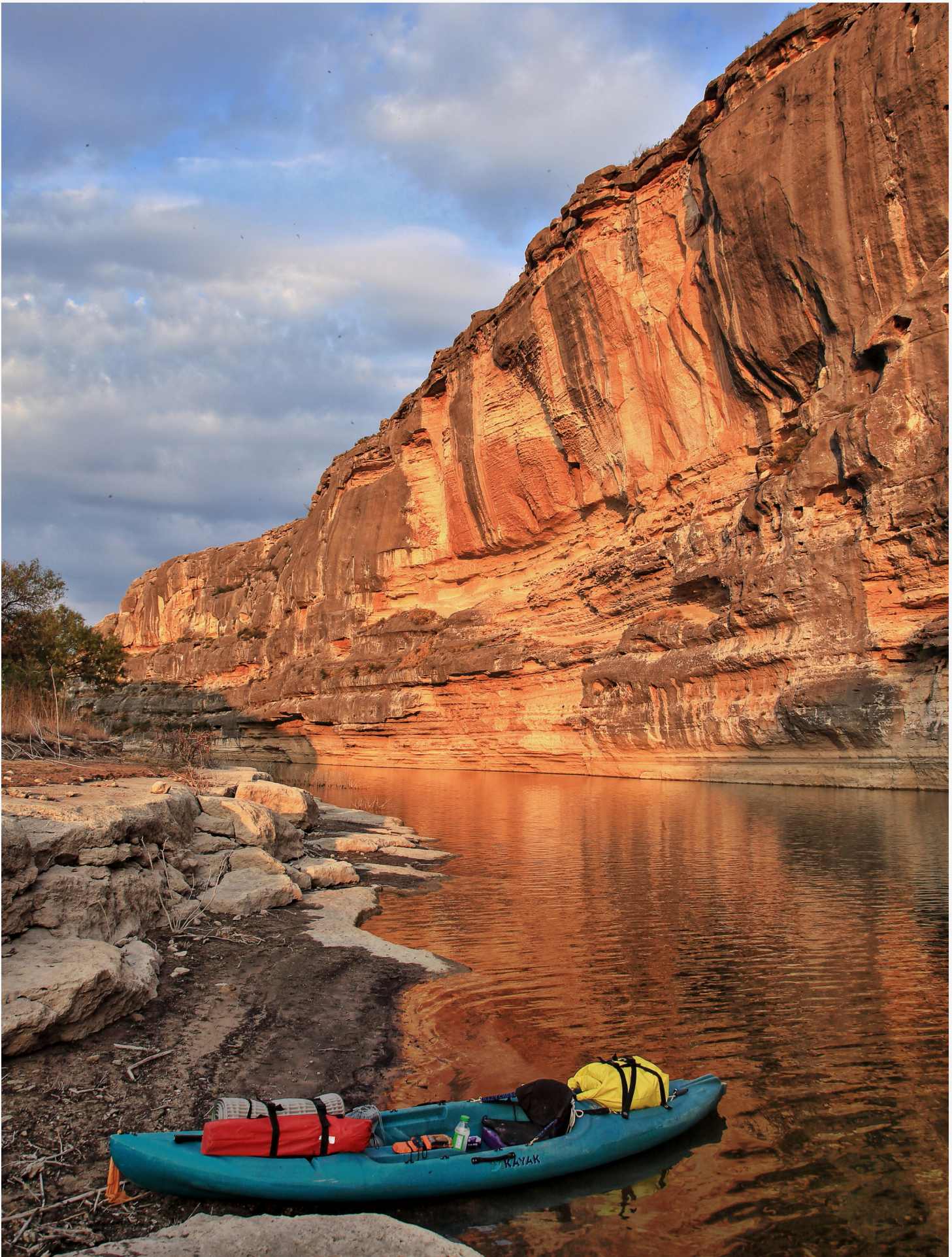
We view access to clean water as a fundamental benchmark of economic vitality and will work to advance market and technological innovation in ways that can benefit all Texans – no matter their income or zip code.

MUTUAL GAINS

Durable solutions to water insecurity must advance the interests of multiple stakeholders. We facilitate the co-creation of lasting investments in water resilience among economic stakeholders to demonstrate that clean, flowing water is achievable for all Texans.

COLLABORATION

Partnerships, collaboration and sharing of 'lessons learned' are core foundations of our work across Texas.



STRATEGIC THREE-YEAR GOALS 2022-2024

IMPACT

- **Protect or restore at least an additional 30,000 acre-feet of water** in priority aquifers, rivers and bays (60% of 5-year goal)
- **Catalyze at least 5 million gallons of additional onsite water capacity** in fast-growing regions
- **Launch initial safe drinking water service in two high-need markets**, reaching more than 5,000 Texans

INFLUENCE

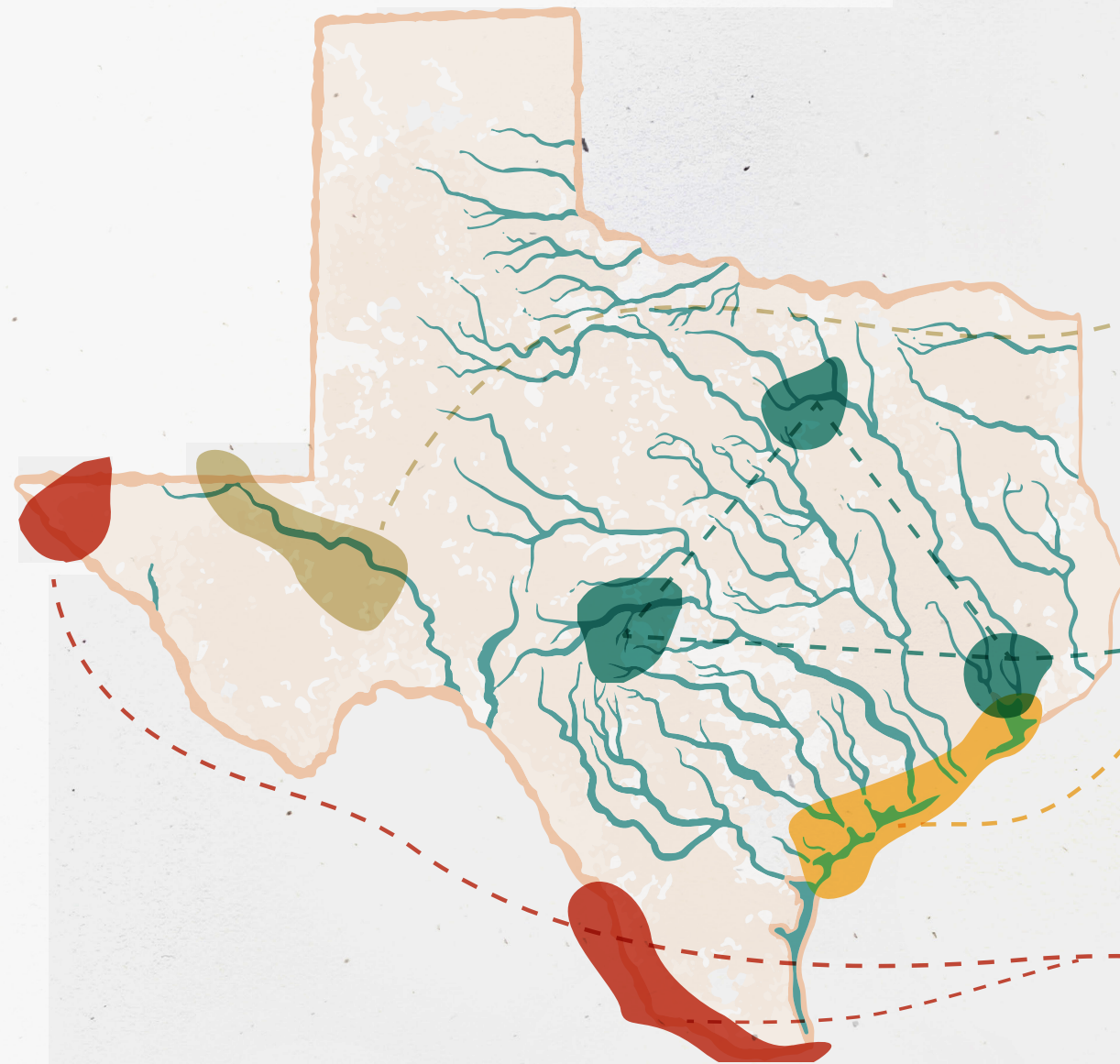
- **Strengthen and broaden partnerships** with conservation groups, water rights holders and other stakeholders advancing water resilience in coastal and inland watersheds
- **Matchmake at least a dozen corporate commitments** with water generation, restoration or protection projects on the ground
- **Disseminate learning** from 'next generation' water and wildlife monitoring of freshwater inflows using Machine Learning and satellite imagery

CAPACITY

- **Achieve more sustainable and diversified funding for voluntary water transactions**, with a major focus on renewable corporate and governmental funding streams
- **Raise an additional \$3 million for the Texas Flows Fund** with diversified funding from companies, government, foundations and individual giving, and use that to leverage an additional \$1 million for freshwater protection
- **Raise \$1 million for a Net Zero Water Fund** to support water reuse in new civic projects, such as schools, libraries and affordable housing, demonstrating that water reuse can be accessible to all
- **Earn up to \$4 million** of the \$10 million committed by Lyda Hill Philanthropies to launch our safe drinking water service
- **Expand the organization's internal capacity** to achieve five-year impact goals, with a key focus on fundraising, public outreach and onsite water reuse expertise
- **Raise a total of \$3.3 million in general operating funds** for programmatic and staffing growth, including additional Net Zero and Communications staffing
- **Launch an endowment campaign** to support long-lasting operational, programmatic and financial growth



NEXT MOVES: GEOGRAPHIC PLAYBOOKS



CONNECTED COAST

**BUILDING WATER SUPPLY CHAINS
TO BENEFIT COASTAL RESOURCES
AND LOCAL ECONOMIES**

WATER SECURITY FOR RURAL ECONOMIES

**A SUSTAINABLE WATER PLAYBOOK
FOR THE FUTURE OF RURAL TEXAS**

NET ZERO WATER

**ENSURING WATER SECURITY IN THE
FAST-GROWING TEXAS TRIANGLE**

CLEAN WATER FOR ALL TEXANS

**ENDING WATER POVERTY FOR THE
STATE'S MOST MARGINALIZED
POPULATIONS**

**OUR WORK IS ORGANIZED
AROUND FOUR GEOGRAPHIC
PLAYBOOKS**

CONNECTED COAST

BUILDING WATER SUPPLY CHAINS TO BENEFIT COASTAL RESOURCES AND LOCAL ECONOMIES

GOAL

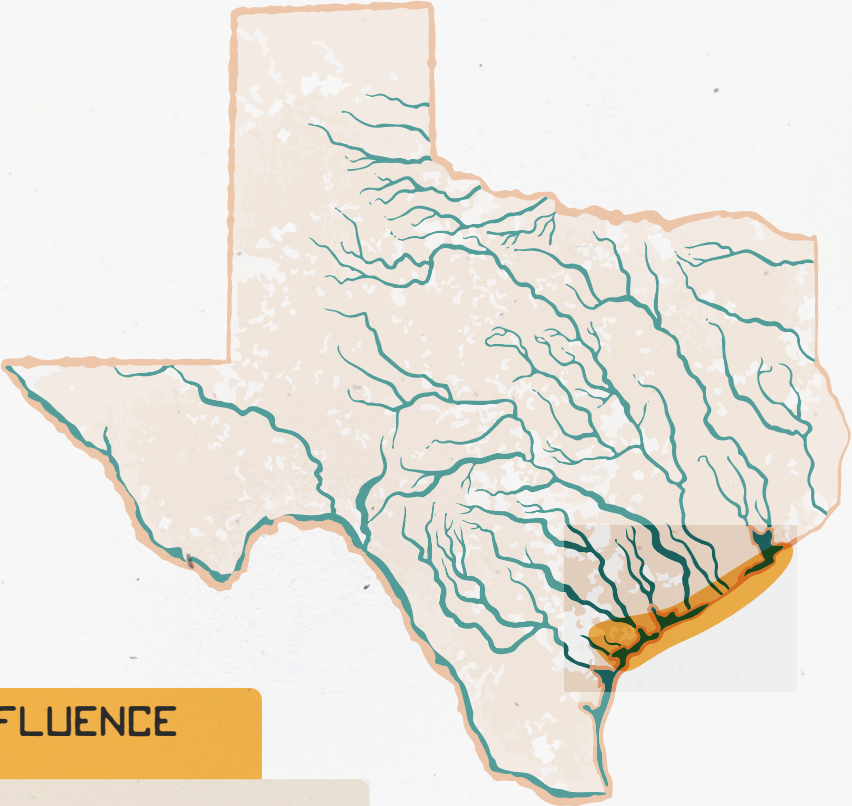
Demonstrate viability of voluntary water transactions as a long-lasting conservation tool for Texas coastal resources

Before the 20th century, the water that nourished Texas’ coastal estuaries started as rainfall in the grasslands of the Texas Plains, the savannahs of Central Texas and the forests of East Texas. That water wove its way through our state’s vast lands and rivers before giving life to some of the most abundant coastal fisheries in the world.

As the state’s population grew along with our economy, so did upstream demands for water. Today, our remarkable coastal wetlands and estuaries receive far less freshwater during normal years of rainfall. During drought, these critical ecological hotspots—nesting and feeding grounds for hundreds of bird species and nurseries for more than 90% of commercially-relevant fisheries in the Gulf of Mexico—can receive too little water to support healthy populations. The precariousness of our coastal environmental inflows threatens to undermine hard-won conservation advancements for coastal habitats and species. These conservation hotspots are also important for local economies, generating several billion dollars each year in hunting, birding and fishing revenues.

In response to this water security threat, Texas Water Trade has launched a dedicated environmental water fund to secure multiyear water contracts for freshwater delivery to coastal wetlands and estuaries. Working with our Texas Water Market Maker, the Galveston Bay Foundation, and other coastal partners, we are enlisting private landowners and public land stewards to test how we can sustain healthy coastal habitats by applying the right amount of water at the right time – a concept known as “focused flows.” Building on our first pilots delivering more than 6,000 acre-feet of water to critical bird and fish habitat in Galveston and Matagorda Bays, we will collaborate with water managers, ecologists and coastal stakeholders to monitor and optimize our focused flow deliveries. Our goal is to grow the total amount of water we can deliver to these basins in any given year, and to extend the number of years when we can deliver reliable water. We will also expand and broaden these efforts to other coastal basins, including San Antonio Bay, where we will work with our newest Texas Water Market Maker, the International Crane Foundation, to expand habitat for endangered whooping cranes.

STRATEGIC OBJECTIVES



IMPACT

- **Strengthen partnerships with local conservation groups** advancing water resilience in coastal basins, including Galveston, Matagorda and San Antonio Bays
- **Fund and execute freshwater flow transactions** totaling more than 25,000 acre-feet of additional water
- **Secure needed freshwater flows** for hundreds of acres of critical coastal wildlife habitat, including submerged and terrestrial lands

INFLUENCE

- **Secure at least one renewable governmental funding stream** to support long-lasting environmental flow transactions in at least one coastal basin
- **Disseminate learning from ‘next generation’ water and wildlife monitoring** of freshwater inflows to test the effectiveness of focused flows in meeting freshwater needs of coastal ecosystems
- **Matchmake** at least three corporate commitments with water generation, restoration or protection projects on the ground

CAPACITY

- **Strengthen remote monitoring capacity** to evaluate hydrological and ecological benefits of freshwater delivery in coastal habitats, thereby reducing the cost of program delivery



WATER SECURITY FOR RURAL ECONOMIES

A SUSTAINABLE WATER PLAYBOOK FOR THE FUTURE OF RURAL TEXAS

GOAL

Demonstrate a diverse suite of market-based solutions to achieve water abundance and economic vitality in the Permian Basin Region

In West Texas, water has been a resource more likely to inspire competition than collaboration. The region's prospects for a vibrant future depend upon a different approach to water management, one that enables collaborative investments in water resilience for all water users.

Texas Water Trade is using market-based water solutions to re-imagine the region's economic future – a future where ample water resources can mutually support the energy sector, agriculture, recreational tourism, and the environment. Our work focuses on two important freshwater resources: the Edwards-Trinity Aquifer and the Pecos River.

In the Fort Stockton region, we are building a voluntary water marketplace to sustain the resilience of one of Texas' most prolific aquifers, the Edwards-Trinity. In 2022, we achieved a historic agreement with the state's largest pecan producer to co-invest in irrigation efficiency improvements – with the 1,500 acre-feet of water saved dedicated to remaining in the aquifer for 15 years.

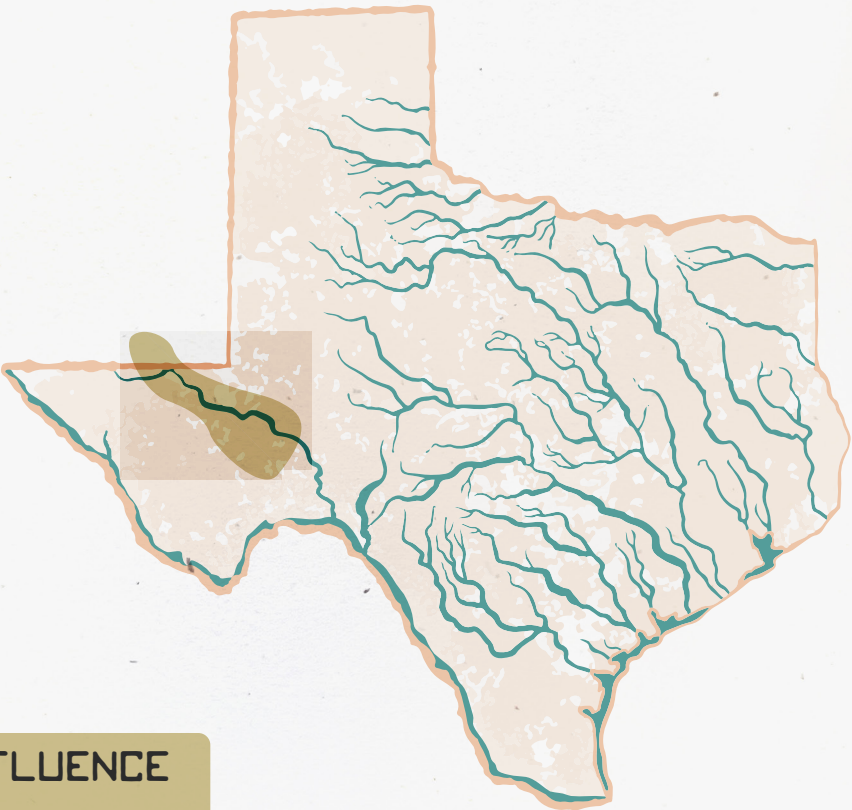
Over the next three years, we will seek to secure additional, voluntary transactions to reduce annual water demand in the aquifer by 4,000 acre-feet – specifically in the Comanche Springs Management Zone. These irrigation savings create immediate operational efficiencies for irrigators through lower energy and labor costs and contribute to water resilience for all groundwater users dependent on this shared resource. Reduced demand on the aquifer also advances our bold experiment to sustain and restore flows at Comanche Springs, once Texas' sixth largest spring, which went dry in the 1960s due to a rapid increase in groundwater production in its contributing zone. With local stakeholders in Fort Stockton, we will continue to test the potential for heritage tourism to support this voluntary water conservation marketplace with the mutually-reinforcing goals of enhancing flows at Comanche Springs and growing the local tourism economy.

We are also re-imagining how the Pecos River can be managed to sustain a vibrant energy sector while restoring

agricultural production and wildlife habitat. The Pecos, which slices through the heart of the Permian Basin, is a critical freshwater resource for migratory birds passing through the Central Flyway. In coordination with Audubon Texas, one of our Texas Water Market Makers, we will test the potential to boost water deliveries on the Pecos River for agriculture and for wildlife. We will also engage with strategic partners on the potential to repurpose legacy energy resources for the benefit of agricultural producers and Texas' freshwater-dependent wildlife.



STRATEGIC OBJECTIVES



IMPACT

- **Establish the first Aquifer Resilience Fund** in Texas, thereby enabling collaborative investments in aquifer resilience by groundwater users in West Texas
- **Fund and execute water-saving transactions** resulting in the protection of 4,000 acre-feet of groundwater in the Comanche Springs Management Zone of the Edwards-Trinity Aquifer
- **Boost water deliveries in the Pecos River Basin**, resulting in dozens of acres of restored wetland habitat for migratory birds and aquatic/riparian improvements along 60 river miles

INFLUENCE

- **Support and identify new funding streams** that could finance additional, long-lasting water-savings in the agriculture sector
- **Matchmake at least three corporate water commitments** that support water generation, restoration or protection projects in Pecos County
- **Engage with strategic partners**, including industry, conservation groups and government, on safe reuse of produced water beyond the oilfield for agricultural and environmental benefits

CAPACITY

- **Strengthen monitoring capacity** in the Comanche Springs Management Zone to highlight the relationship between water usage, aquifer storage and spring flows
- **Enhance monitoring capacity** to track flow benefits on the Pecos River mainstem below the Red Bluff Reservoir
- **Grow internal capacity** to engage with industrial and agricultural water users in the Permian Basin

NET ZERO WATER

ENSURING WATER SECURITY IN THE FAST-GROWING TEXAS TRIANGLE

GOAL

Demonstrate a diverse suite of market-based solutions to protect and restore groundwater and surface flows in the state's fastest-growing regions

The Texas Triangle – the region between Dallas-Fort Worth, San Antonio and Houston—is one of the fastest-growing regions in the country. Meeting the water demands of this dizzying growth without starving downstream communities of water they rely on for agriculture, industry and environmental flows cannot be achieved through water conservation alone. We need investments in reliable water supplies that truly add new water to our state's portfolio. Texas Water Trade believes this can be achieved if we look at growth as a source of water – not just a source of demand. With a diverse suite of market-based solutions, we see a path forward to ensure growth and long-term water security in this booming region.

Water reuse is one of our biggest opportunities. Texas Water Trade is working with the private and public sectors to develop new supplies of sustainable, climate-resilient water through an approach known as Net Zero Water. Net Zero Water can be achieved in many ways, including buildings that harvest and reuse water resources onsite, from rainwater and air conditioning condensate to wastewater reuse.

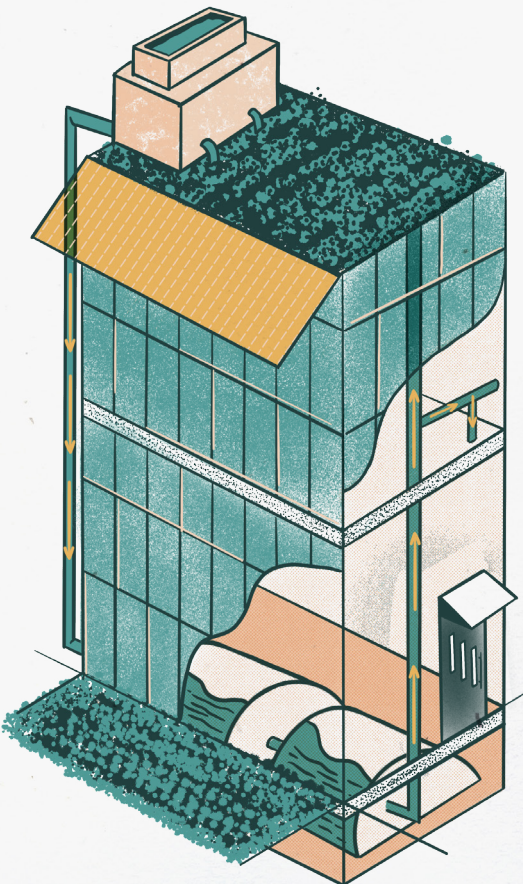
Corporate water offsets can also fund Net Zero activities such as on-farm water efficiency upgrades and purchasing water for environmental benefits. Texas Water Trade is already working with corporate partners to help them offset their new water demands in the Texas Triangle through on-farm and instream investments. In the next three years, we plan to expand the suite of Net Zero options available for corporate water offsets and regional water planners. This will include opportunities to invest in building-scale water reuse projects that make water reuse accessible to all, including public libraries, schools, and affordable housing developments. To enable such projects, we'll be launching a Net Zero Water Fund to help defray capital and financing costs for water reuse projects.

We will also pursue other market-based solutions to reduce localized water supply pressures in the Texas Triangle, including land protection and source switches to shift demands to more resilient water sources. In Hays County, we will work with our Texas Water Market Maker, The Watershed Association, to enable municipal water users to shift their demand away from the overstressed Middle Trinity Aquifer in the Jacob's Well Groundwater Management Zone. We will continue our groundbreaking work with Hays County to use State Revolving Fund monies for land protection in critical aquifer recharge areas, and coordinate with stakeholders in other counties to expand the use of this financing tool for land and source water protection. Finally, we will continue coordinating with entities like the Texas PACE Authority to expand the use of existing financing tools to make water reuse an affordable option for private and public development projects.

STRATEGIC OBJECTIVES

IMPACT

Through our Net Zero Water Fund and efforts to expand water reuse in the private sector, add at least 5 million gallons of water reuse a year – saving water that would otherwise be withdrawn from local water resources



INFLUENCE

- **Support development of an alternative drinking water supply project** in Hays County to help municipal water users reduce pressure on the Middle Trinity Aquifer in the Jacob's Well Groundwater Management Zone
- **Matchmake at least three corporate water commitments** with water generation, protection or restoration projects on the ground

CAPACITY

- **Strengthen our staff and funding capacity** to support onsite water reuse activity
- **Raise \$1 million for a Net Zero Water Fund** to support water reuse in new civic projects, such as schools, libraries and affordable housing, demonstrating that water reuse can be accessible to all
- **Enhance monitoring capabilities** to ensure onsite water reuse projects are in active use and offsetting withdrawals from local water resources

CLEAN WATER FOR ALL TEXANS

ENDING WATER POVERTY FOR THE STATE'S MOST MARGINALIZED POPULATIONS

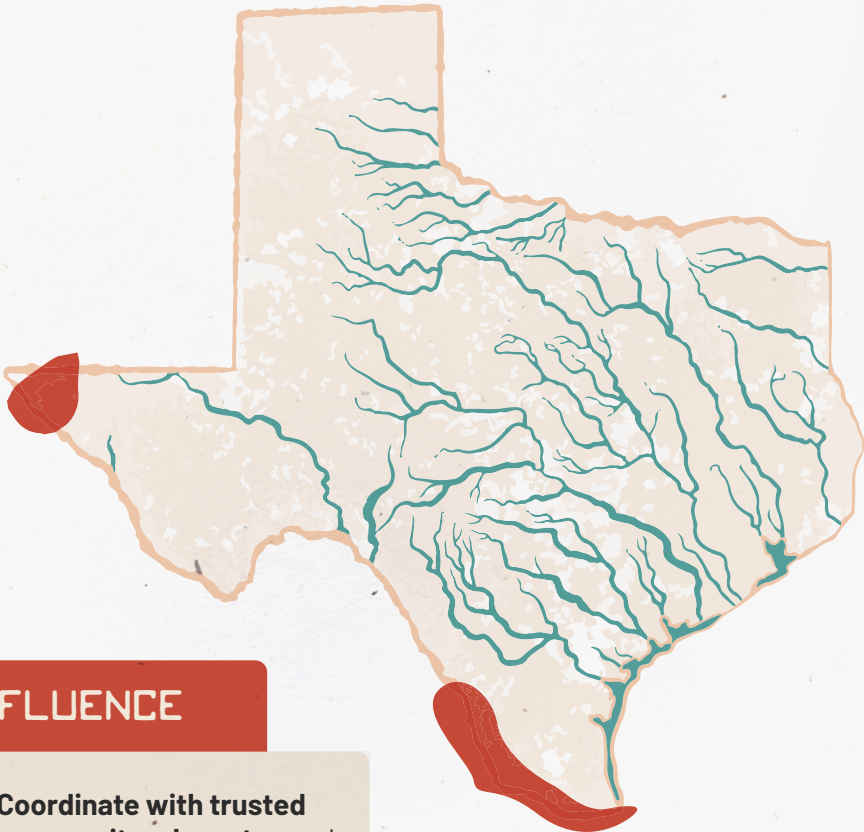
GOAL

Demonstrate the viability of closing the clean water gap in Texas through business model innovation

Every day, more than 1 million Texan households lack access to clean, affordable drinking water – whether due to a lack of indoor plumbing or contaminated source water. The problem is pervasive across geographies, income levels and race, but communities of color are disproportionately affected. Even with the state's abundant resources, neither the market nor the public sector have found a way to deliver clean, affordable water for the state's poorest and most marginalized.

Texas Water Trade is launching a water service subsidiary, Vida Water, that will provide safe water to any Texan, no matter their income or zip code. Starting in 2023, Vida Water will deploy and maintain onsite water treatment technologies for households and schools using a subscription payment system designed to beat what the lowest income Texans pay today for bottled water. Our initial efforts will be focused in two markets, most likely El Paso and the Lower Rio Grande Valley, where large populations have no water services at all. We'll then expand into other geographies facing water insecurity, including Central Texas, the Dallas-Fort Worth Metroplex and Greater Houston.

STRATEGIC OBJECTIVES



IMPACT

- **Collaborate with the University of Texas at El Paso** to survey more than 650 underserved households on their water spending habits, water quality concerns and willingness to pay for dependable, safe water services
- **Launch initial service in two high-need markets,** reaching more than 5,000 Texans

INFLUENCE

- **Coordinate with trusted community advocates** and ambassadors in at least three regions to identify households, childcare facilities and schools most at risk from unsafe water
- **Educate councils of government in priority regions** on the clean water access gap in their communities and tools that could close the gap
- **Provide technical advice and support** to help strategic partners access funds from the Bipartisan Infrastructure Law, ensuring that communities whose safe water needs can be met through centralized water treatment solutions can do so
- **Matchmake at least three corporate commitments** that support clean water access and availability for Texans that lack clean, safe drinking water today

CAPACITY

- **Build a skilled workforce of licensed professionals** to install and maintain water systems in homes, schools and childcare facilities
- **Earn up to \$4 million of the \$10 million** committed by Lyda Hill Philanthropies to launch our safe drinking water service



TexasWaterTrade.org