



City of Childress

2025-2026 Annual Report

Growth, stewardship, and a plan for Childress water

Kevin Hodges
City Manager





Nine Years of Progress Under Kevin Hodges

City Manager since 2017: what has changed for Childress



\$215K → \$13.1M

All-funds balance, July 2017 to July 2026



11 → 0

Audit findings, 2017 to 2021-2023 (one in 2024)



+85%

Average wage: \$12.75 (2017) to \$23.64 (2026)



\$2K → \$630K

Annual interest earned, 2017 to 2024



233 blocks

Paved since 2021, including 66 blocks of new streets



\$16.7M

TWDB drinking water funding for Childress water



City's Condition

Financial health, 2025-2026





Financial Highlights



Clean Audits

- 2017: 11 findings
- 2021-2023: ZERO findings
- 2024: 1 finding



Better Budgeting

- New and improved budget book
- Created new funds for clearer tracking



Strong Credit

- S&P Global Ratings: A
- Tax Note, Series 2024: \$1,003,500 in I&S proceeds
- CO Series 2023: water and sewer projects



Growing Revenue

- Significant increases in Sales Tax and Hotel Occupancy (HOT) Tax



\$16,739,700

Texas Water Development Board (TWDB) Drinking Water State Revolving Fund

The largest investment in Childress water in a generation. Details in the Water section.



Bank Account Balances

As of September 30, 2025 and September 30, 2026

Account	9/30/2025	9/30/2026	Change
General Fund	\$9,494,063.15	\$8,701,068.50	-\$792,994.65
Interest & Sinking	\$158,098.71	\$162,995.45	+\$4,896.74
Money Market	\$2,464,227.98	\$3,059,463.31	+\$595,235.33
ORCA	\$11,705.11	\$12,148.19	+\$443.08
New Paving	\$71,067.99	\$71,290.21	+\$222.22
TWDB Construction	\$1.07	\$706,673.61	+\$706,672.54
TWDB I&S	\$26,719.57	\$32,509.64	+\$5,790.07
TWDB Principal Forgiveness	\$2,140.30	\$2,221.32	+\$81.02
PD State	\$88,300.32	\$33,184.77	-\$55,115.55
PD Comptroller	\$4,845.04	\$4,724.20	-\$120.84
PD Forfeiture	\$200.13	\$207.71	+\$7.58
Total	\$12,321,369.37	\$12,786,486.91	+\$465,117.54

TWDB Construction

\$1 → \$706,674

Water project dollars are now flowing into Childress

Total in the bank

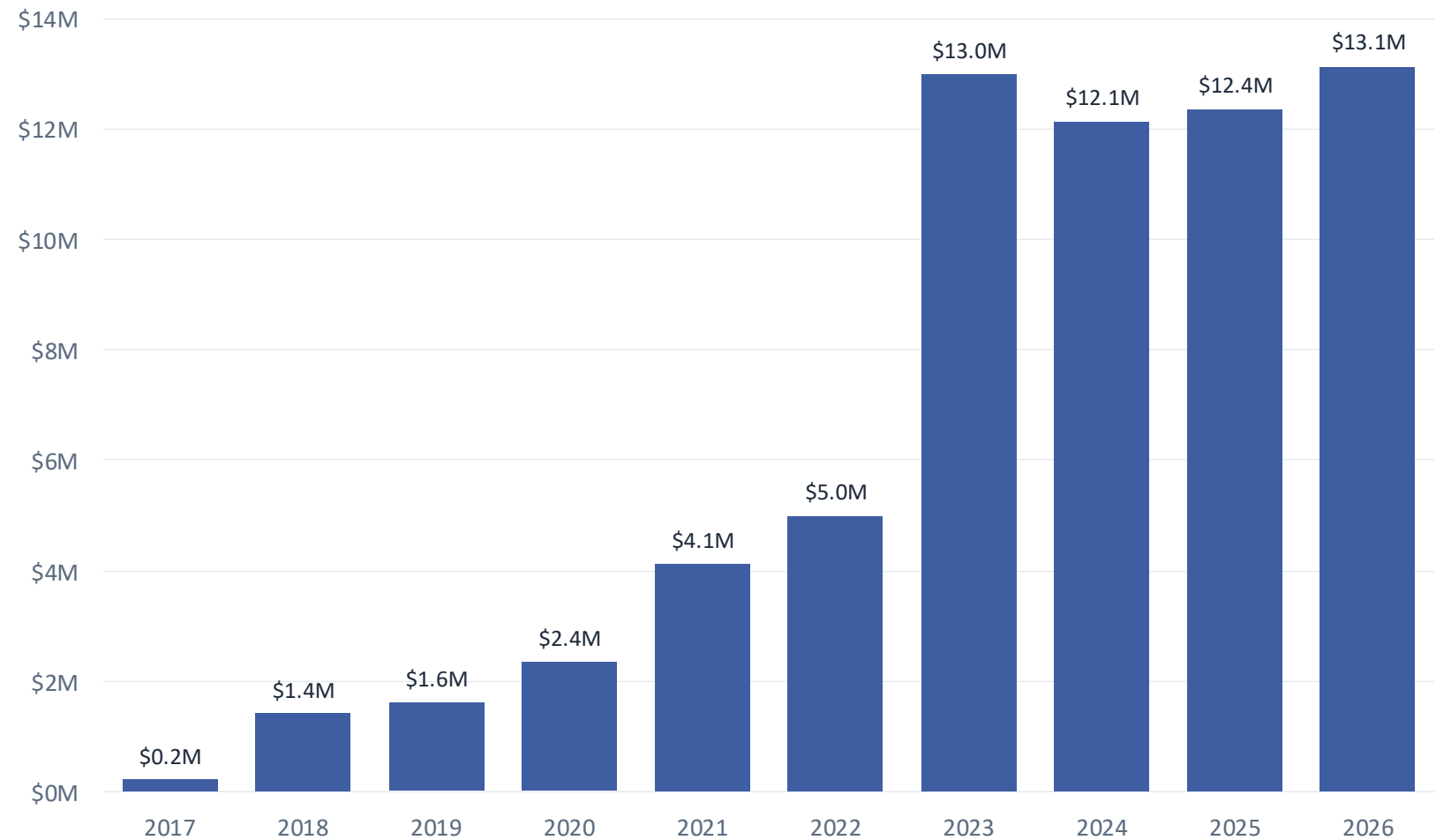
\$12.8M

at 9/30/2026, across the accounts shown



All Funds: From \$215K to \$13.1M

Total balance across all City funds, July of each year



61x

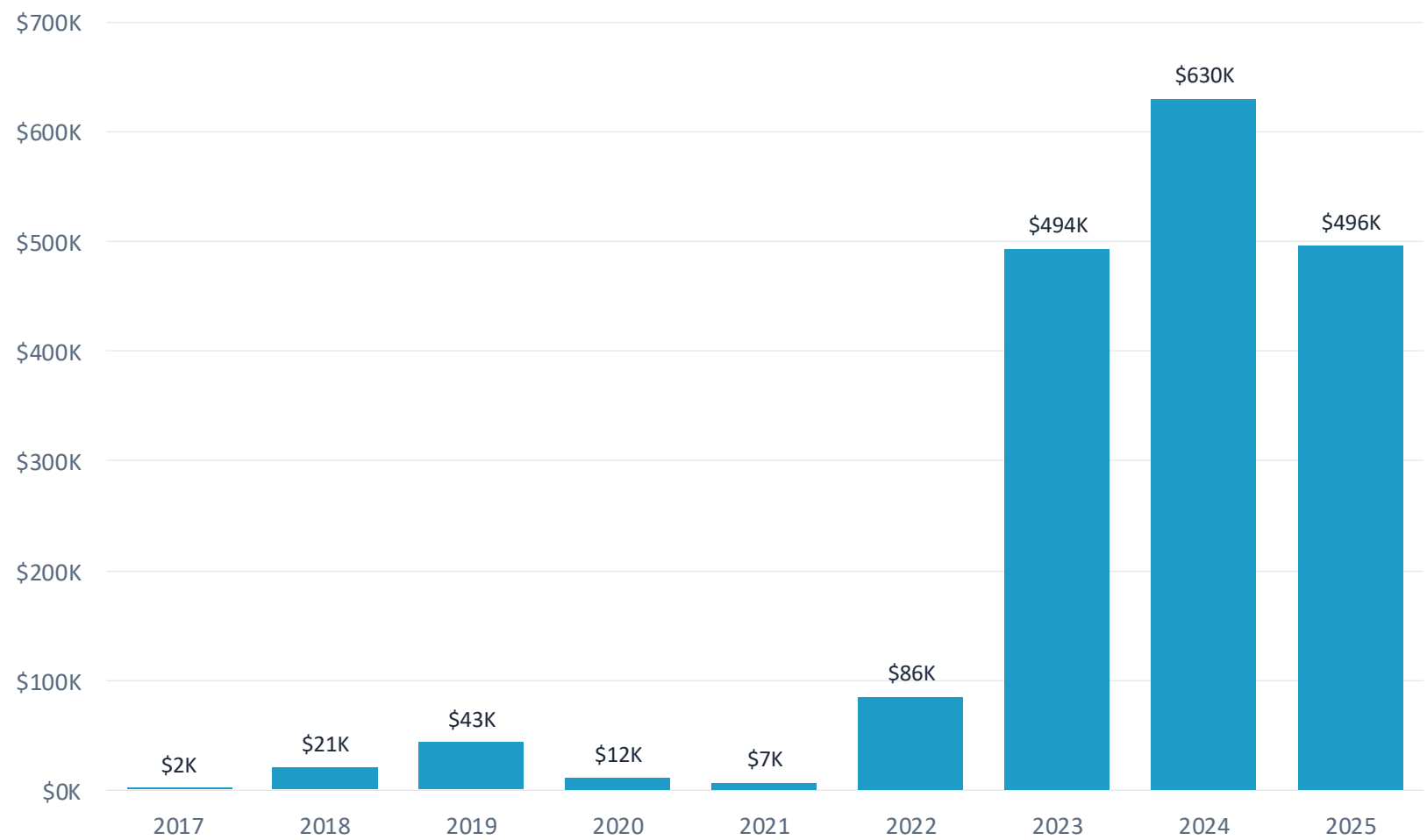
growth in the City's all-funds balance since 2017

Under City Manager Kevin Hodges, the City built reserves year after year while still investing in streets, water, equipment and people.



Interest Earned: Putting Idle Cash to Work

Total interest earned on City accounts, by calendar year (December)



\$1.12M

earned in 2023 and 2024 combined

What changed

In 2021-2022 the City renegotiated its depository agreement with help from Valley View Consulting. Rates jumped from 0.20% to over 4%.



Interest Earned by Account, 2021-2025

Account	2021	2022	2023	2024	2025
<i>Rate earned (APYE)</i>	<i>0.20%</i>	<i>4.28%</i>	<i>5.34%</i>	<i>4.46%</i>	<i>3.52%</i>
General Fund	\$4,669.05	\$50,096.10	\$383,404.14	\$491,656.52	\$383,174.37
I&S	\$1,116.50	\$9,344.82	\$43,658.09	\$74,341.80	\$22,789.65
Money Market	\$601.21	\$7,825.27	\$23,407.69	\$28,541.77	\$82,120.55
ARPA	\$435.40	\$13,056.08	\$31,326.94	\$26,020.36	—
PD State	\$256.89	\$3,702.99	\$6,555.90	\$3,690.74	\$3,154.31
New Paving	\$122.22	\$1,050.96	\$3,184.43	\$3,368.23	\$2,806.74
TWDB I&S	\$12.87	\$269.44	\$723.17	\$886.42	\$1,141.19
ORCA	\$20.15	\$173.09	\$524.49	\$554.76	\$462.28
TWDB Principal	\$17.58	\$153.01	\$358.64	\$222.03	\$84.53
PD Comptroller	\$5.19	\$39.69	\$182.59	\$144.20	\$172.50
PD Forfeiture	\$2.22	\$14.52	\$53.81	\$56.92	\$34.59
TWDB Construction	\$0.16	\$50.40	\$169.62	\$130.99	\$10.03
Total	\$7,259.44	\$85,776.37	\$493,549.51	\$629,614.74	\$495,950.74

Rates shown are the rate on most accounts; PD accounts earned slightly different rates in some years. ARPA account closed before 2025.



Cost-Share Projects and Debt



Cost-Share with Childress ISD



Girls Softball Field

New water well, shared with CISD



Boys Baseball Field

New water well, shared with CISD

Wells for ball fields keep irrigation off the City's treated drinking water.



Debt Obligations, Current Year

Current year debt service \$999,181

Less: scraper balloon payment (\$320,993.93)

Ongoing debt service \$678,187



New debt: Fire Truck

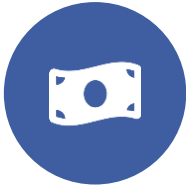
\$985,000



Assets Purchased with Cash

No financing, no interest: equipment paid for up front

2026 Polaris Ranger (ATV) City	VAC Trailer Water Dept	Golf Rough Mowers (2) Golf Dept
2019 Ford F250 Water Dept	2026 Chevy Silverado Fire Dept	2026 Dodge Ram Police Dept
2023 Chevy Suburban Admin Dept	Virning Mulcher Parks Dept	EZ Valve Service Kit Water Dept



Cash Payment



No Interest



Improved Condition

Grant and Funding Activity

Outside dollars working for Childress taxpayers



TWDB DWSRF

\$16,739,700

Drinking Water State Revolving Fund financing, with principal forgiveness that becomes direct savings to taxpayers.

Principal forgiveness → Savings to taxpayers



\$2,000,000

Federal Drought Response Program



\$895K / \$375K / 0.78%

Texas Water Development Board



\$3,000,000

TxDOT HSIP (Highway Safety)



\$1,750,000

SS4A Safe Streets for All



\$100,000

Airport Ramp

Investing in Our Employees



Average hourly wage, City of Childress employees



+85%

average wage growth, 2017 to 2026

Competitive pay helps Childress hire and keep the people who run its water system, streets, police and fire.



City's Position

Projects, water, streets and people





Budgeted Projects, 2024-2025





Water: Our Biggest Challenge

And the plan to solve it





From Restrictions to Solutions

STAGE 4

Water Restrictions

Enacted April 4, 2025

The City's response

- Conserve now: restrictions, conservation initiatives, and replacing leaking lines
- Find new water: alternative sources, new wells, and treatment technology
- Fund it smartly: TWDB and federal drought dollars instead of local tax increases alone



Apr 4, 2025

Stage 4 restrictions enacted



May 14, 2025

Toured Alice, TX reverse osmosis plant



Jul 1, 2025

Toured Wolfforth, TX EDR plant



TWDB

\$16.74M DWSRF water funding



Federal

\$2M Drought Response Program

Site Visit: Alice, Texas



AI-generated illustration, not a photo of the Alice, Texas facility

May 14, 2025

Reverse Osmosis Treatment Facility

Reverse osmosis (RO) pushes water through fine membranes under pressure, removing salts and minerals.

- Turns brackish or poor-quality water into drinking water
- Proven technology used by Texas cities
- Expands the sources Childress can draw from

Why we went: to see a working Texas plant before choosing the right treatment path for Childress.

Site Visit: Wolfforth, Texas



AI-generated illustration, not a photo of the Wolfforth, Texas facility

July 1, 2025

Electrodialysis Reversal (EDR) Facility

EDR uses electric current to pull dissolved salts out of water through membranes, reversing polarity to keep them clean.

- Another path to treating brackish groundwater
- A West Texas city with similar water challenges
- Comparing options helps pick the best fit and cost

Why we went: to see a working Texas plant before choosing the right treatment path for Childress.



TWDB: Funding Childress's Water Future

Texas Water Development Board, Drinking Water State Revolving Fund (DWSRF)



\$16,739,700

in DWSRF funding being planned for Childress's drinking water system

The largest water investment in the City's recent history



Principal forgiveness

Part of the TWDB financing does not have to be repaid, which means direct savings to Childress taxpayers.



Dollars already moving

The TWDB Construction account grew from \$1.07 (9/30/25) to \$706,673.61 (9/30/26).



A proven partner

The City's earlier TWDB funding (\$895K / \$375K at 0.78%) shows a track record with the Board.



Stacked with federal help

A \$2M Federal Drought Response Program award adds to the water plan.

Fixing the System We Have

Water lines, conservation and compliance

\$1.75 million

Ave E NW & Ave I SE water line replacement
(budgeted 2024-2025)

\$100,000

Water system improvements (budgeted
2024-2025)

Completed

- ✓ TL Roach Unit water conservation
- ✓ Two CISD ball field water wells (cost share)

- ✓ Lead & Copper Rule Revisions (TCEQ) compliance
- ✓ New VAC trailer and EZ Valve service kit



AI-generated illustration



The Childress Water Plan

Five fronts, one goal: reliable water for Childress



Supply

- Greenbelt contract
- Alternative water sources
- New water wells



Treatment

- RO and EDR options studied
- Water System Master Plan



Distribution

- Ave E NW to Ave I SE waterline replacement
- Waterline infrastructure



Conservation

- Stage 4 restrictions
- Water conservation initiatives
- TL Roach Unit



Funding

- TWDB DWSRF \$16.74M
- Federal Drought Response \$2M
- Principal forgiveness



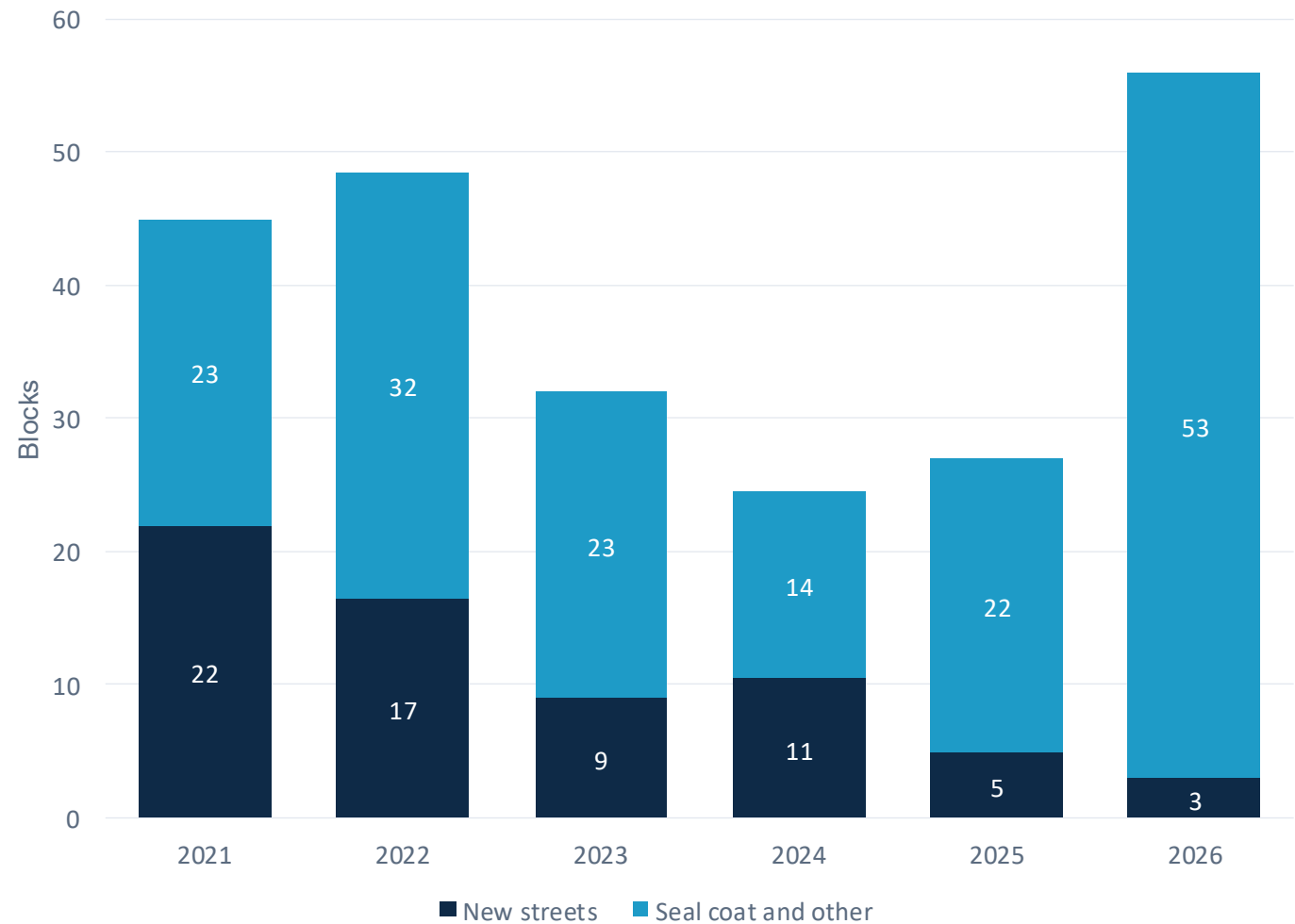
City Streets

233 blocks paved since 2021





Paving Projects by Year



2024 24.5 blocks

10.5 new streets, 12 seal coat, 2 fog seal, 1 RV unit

2025 27 blocks

5 new streets, 22 seal coat, football field parking lot

2026 56 blocks

3 new streets, 53 seal coat, Baylor Lake, PD parking lot

Paving Summary, 2021-2026



233

blocks paved

66

blocks of new streets

167

blocks seal coated

Also includes



City streets



Fair Park



Baylor Lake



Football field and PD parking lots



Completed Projects: Personnel

Nine new positions strengthening City services



New
Assistant Fire Chief



New
Police Corporal



New
Police Sergeant



New
Water Department Supervisor



New
Code Enforcement Clerk



New
Golf Course Maintenance Supervisor



New
Finance Manager



New
Municipal Court Clerk



New
Water Clerk



Completed Projects: Facilities and Parks



Facilities

- Water Dept: new roof
- New Police Department office
- Auditorium A/V upgrades
- Auditorium patio
- Auditorium lights
- Municipal Court front renovations



Parks and Recreation

- 2026 Paving Project
- Fair Park landscaping improvements
- Fair Park walking path improvements
- New amphitheater
- Golf course fence
- Grazing and hunting leases: Baylor and Childress Lakes



Water and Services

- 120 Water: Lead & Copper Rule Revisions (TCEQ)
- TL Roach Unit: water conservation
- IT professional support



Completed Projects: Operations and Equipment



Operations

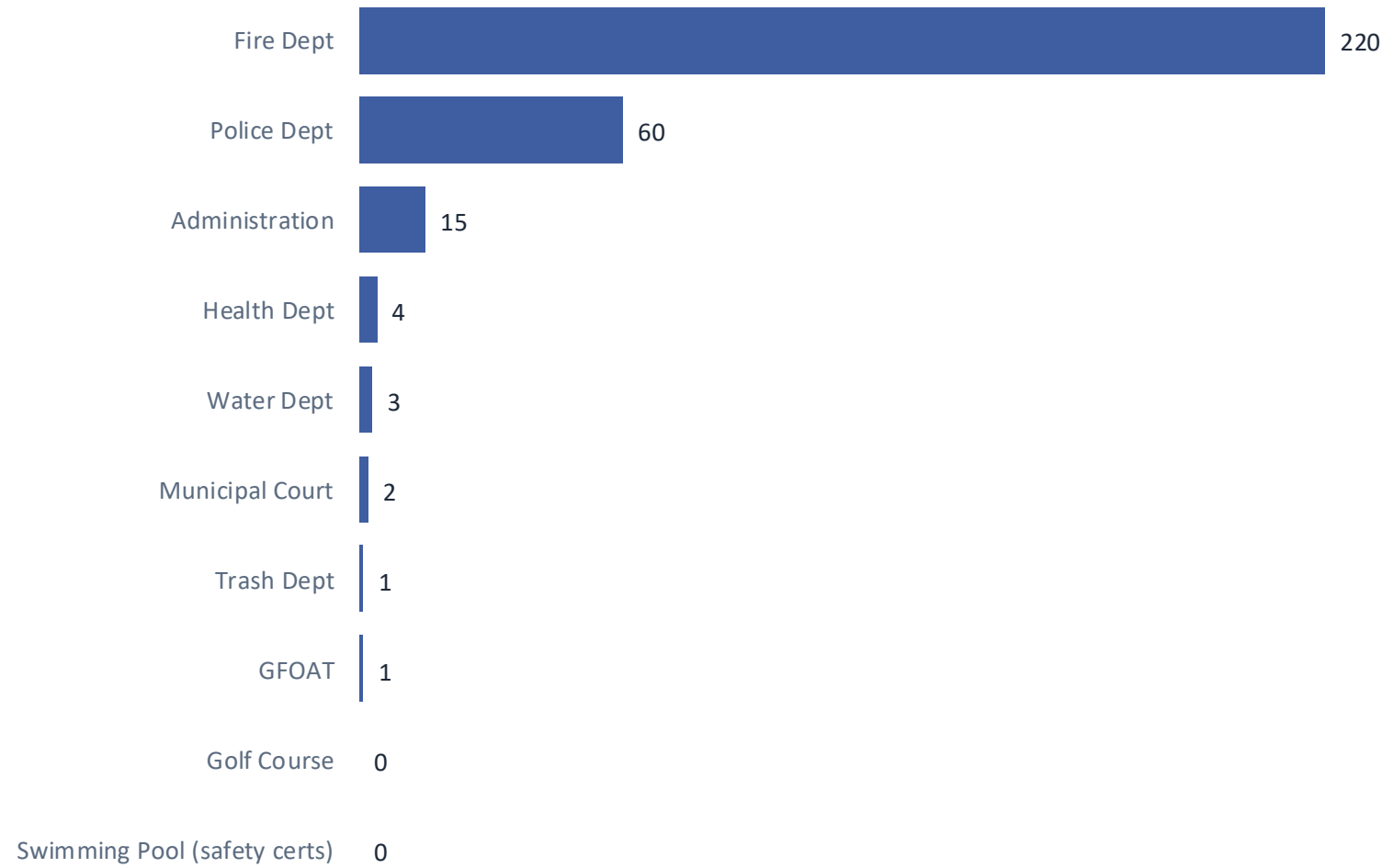
- Contract with TCG: code enforcement
- Ave E water line cost estimates
- New permit for main WWTP
- PD body equipment
- New awning for PD vehicles
- Concrete and tin horns on Ave L NW
- RV parking stage area (MDD)
- Wage increases and benefits
- Emergency preparedness plan



Equipment

- Gooseneck trailer
- JD 2550 mower
- CAT SSL comp
- DRI Prime diesel pump
- JD rock grapppler
- JD trencher
- TPHT Derby trailer
- Storage container

Training Courses Completed



306

training courses completed across
City departments

220

courses by the Fire Department
alone

Major Capital Projects Ahead

Water leads the list



Water

- Greenbelt contract
- Alternative water sources
- Water System Master Plan
- Water conservation initiatives
- Waterline infrastructure
- Ave E NW to Ave I SE waterline replacement
- New water wells



Wastewater

- Wastewater System Master Plan
- Wastewater treatment facilities



Growth

- Development
- Zoning
- Legislative updates



Proactive. Dedicated. Driven.

That is how Childress keeps making progress.

Thank you to the Mayor and City Council, City staff, and the citizens of Childress.

Kevin Hodges
City Manager

