

EXHIBIT

"A"

# Capital Improvements Plan Progress

Semi-Annual Report  
May 2023



## **SUMMARY**

The Local Government Code Section 395.058 requires the Capital Improvement Advisory Committee (CIAC) to report to the political subdivision the progress of the capital improvements plan and any perceived inequities in implementing the plan or imposing the Impact Fee. Included herein is the semi-annual report for the reporting period of October 1, 2022, to March 31, 2023. This report consists of assessing the actual growth rate in comparison to the projected growth rate, the status update of capital improvement projects, and the Impact Fees collected during the reporting period.

The local government code also requires the CIAC to advise the City Council on updating the land use assumptions, capital improvements plan, and Impact Fees. The City last updated these items in November 2020.

Figure 1 shows the groundwater and surface water produced and the number of active water services over the past two years. Although the City continues to grow, the total water production over the past several years has remained relatively steady. However, because water usage is highly dependent on weather patterns, this past summer we experienced a significant increase in water demand. The City's conservation and reuse water programs are also important factors impacting water usage.

**Figure 1**

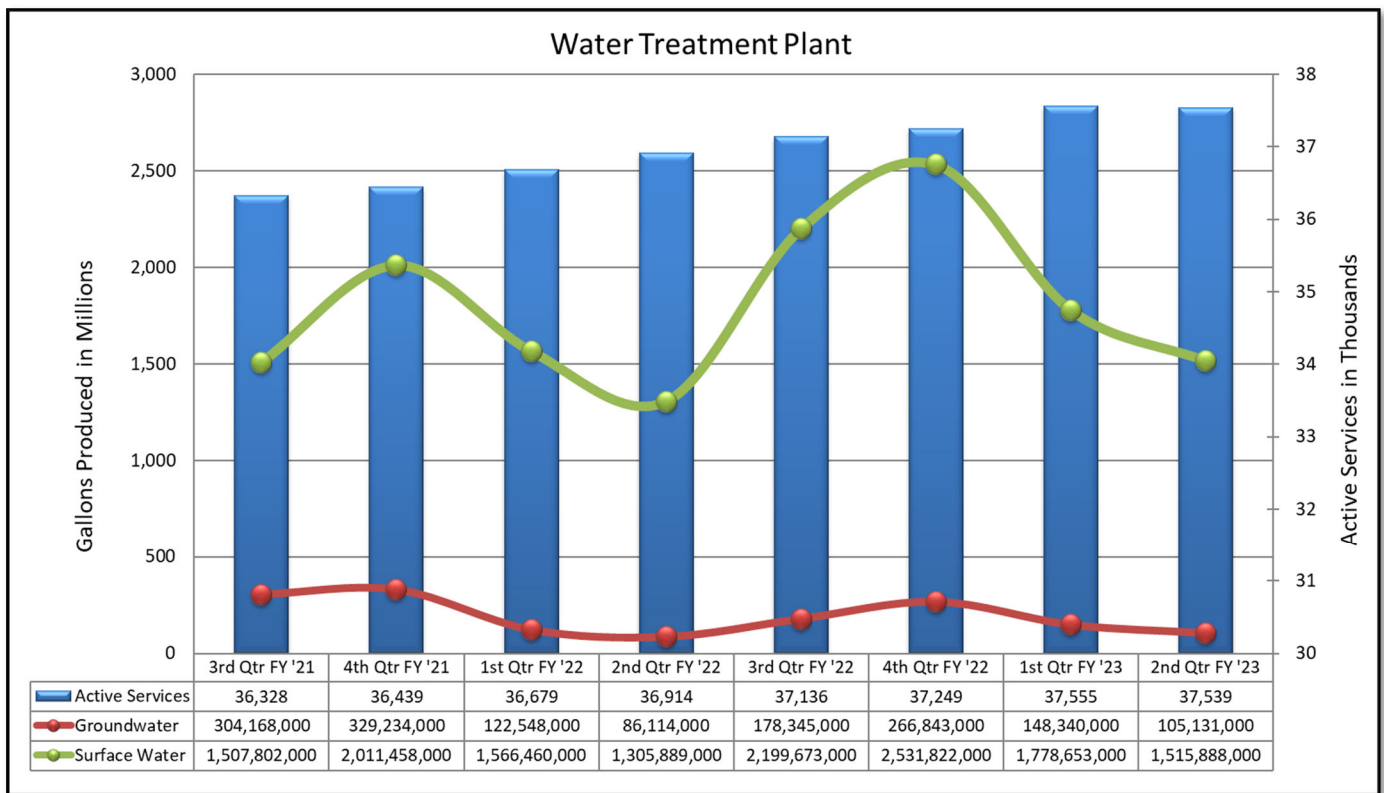


Figure 2 reflects the daily average of potable water produced each month over the last five years. Total water production is dependent on weather conditions; therefore, discretionary water usage is higher during the summer months.

**Figure 2**

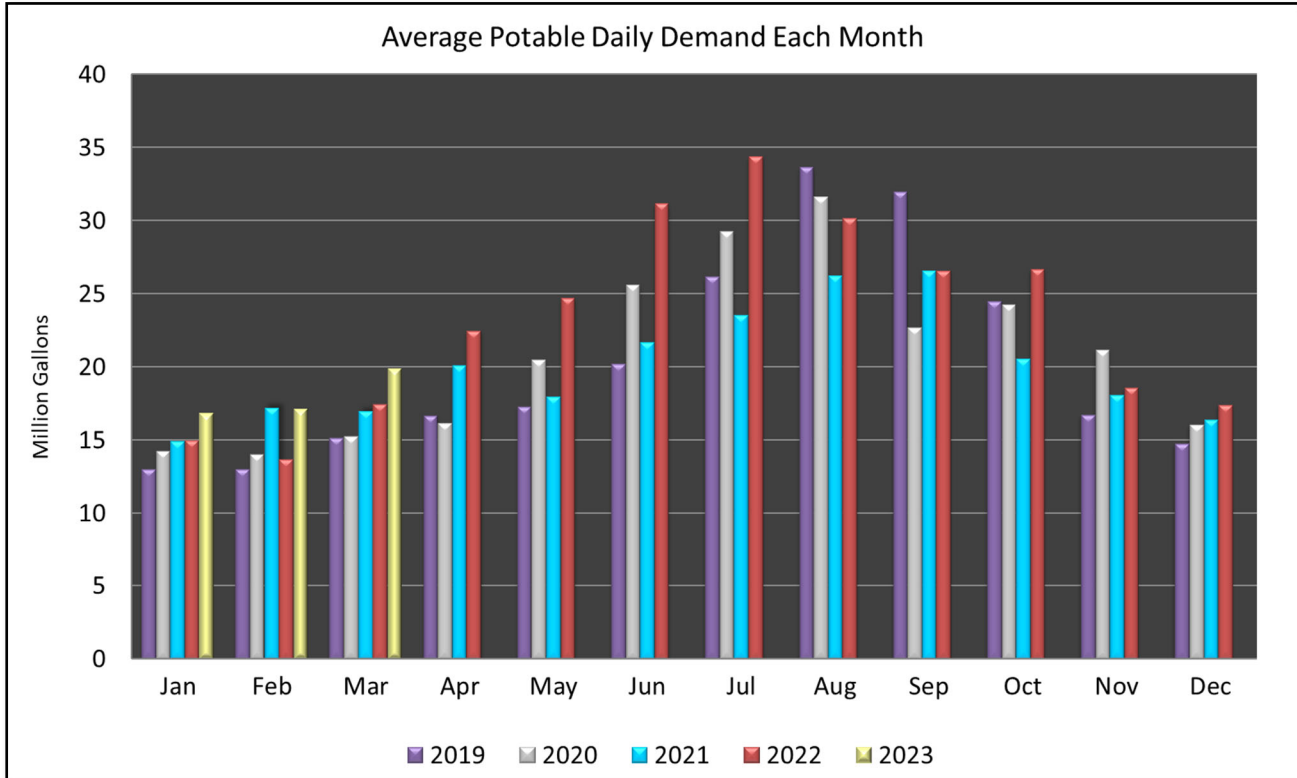


Figure 3 reflects the monthly potable treated water production and the Type I Reuse treated water production. The City's reuse water system began production in October 2012 with three customers: Old Settlers Park, Dell Diamond, and Forest Creek Golf Course. The City has since expanded the system to Forest Creek HOA, Legends Village Subdivision, Austin Community College, Texas A&M Health Science Center, Forest Grove and Vizcaya Subdivisions, and Kalahari Resort. The City continues to promote reuse water in the northeast part of Round Rock, and as depicted in Figure 3, the demand continues to grow.

**Figure 3**

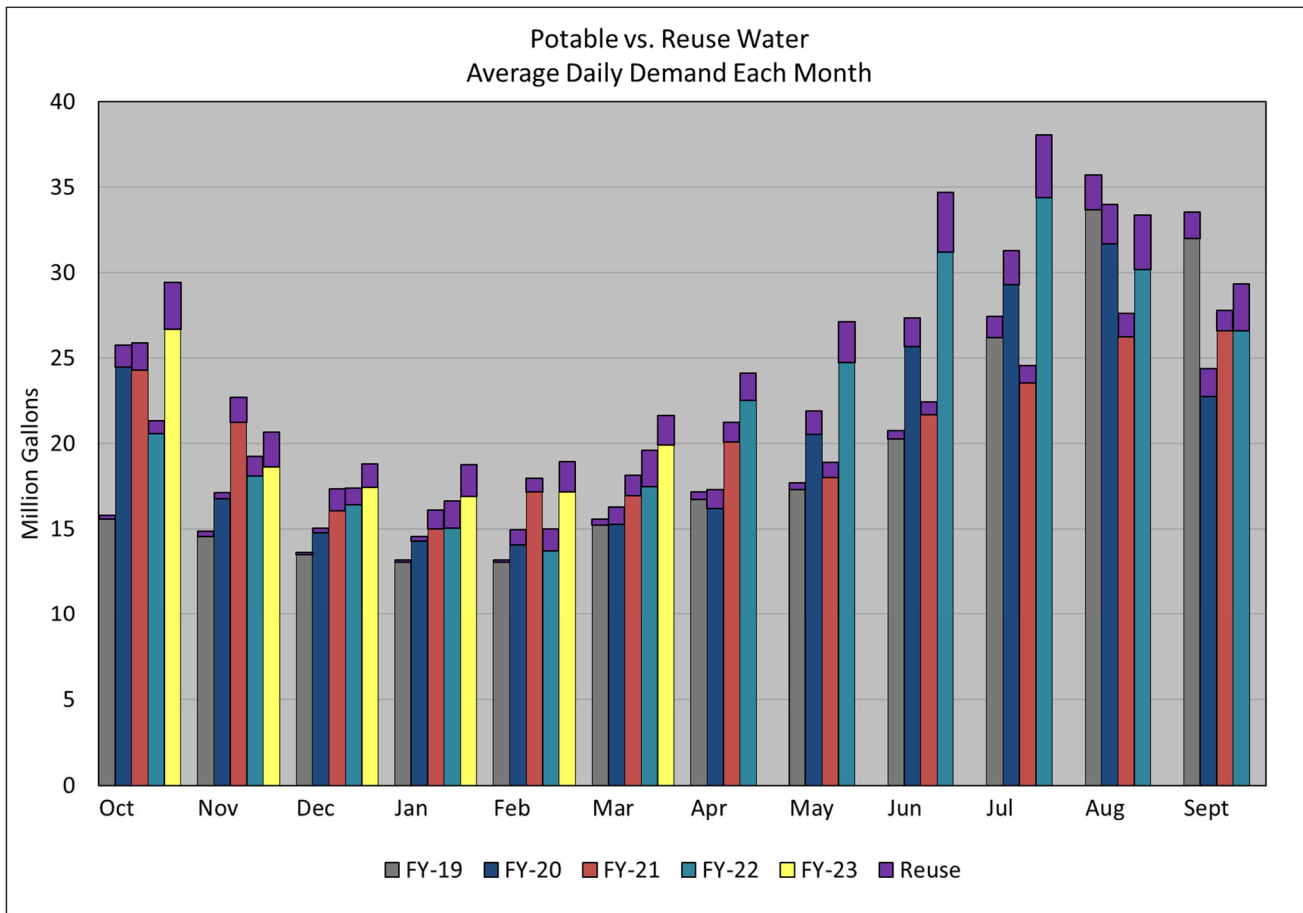


Figure 4 shows the number of new single-family building permits issued in the City of Round Rock and the City's extra-territorial jurisdiction (ETJ). Over the past five years, new single-family housing starts in the City have ranged from 556 to 1,057 per year. However, during the first six months of FY-23, new permits are down about 120 units from the previous six months.

**Figure 4**

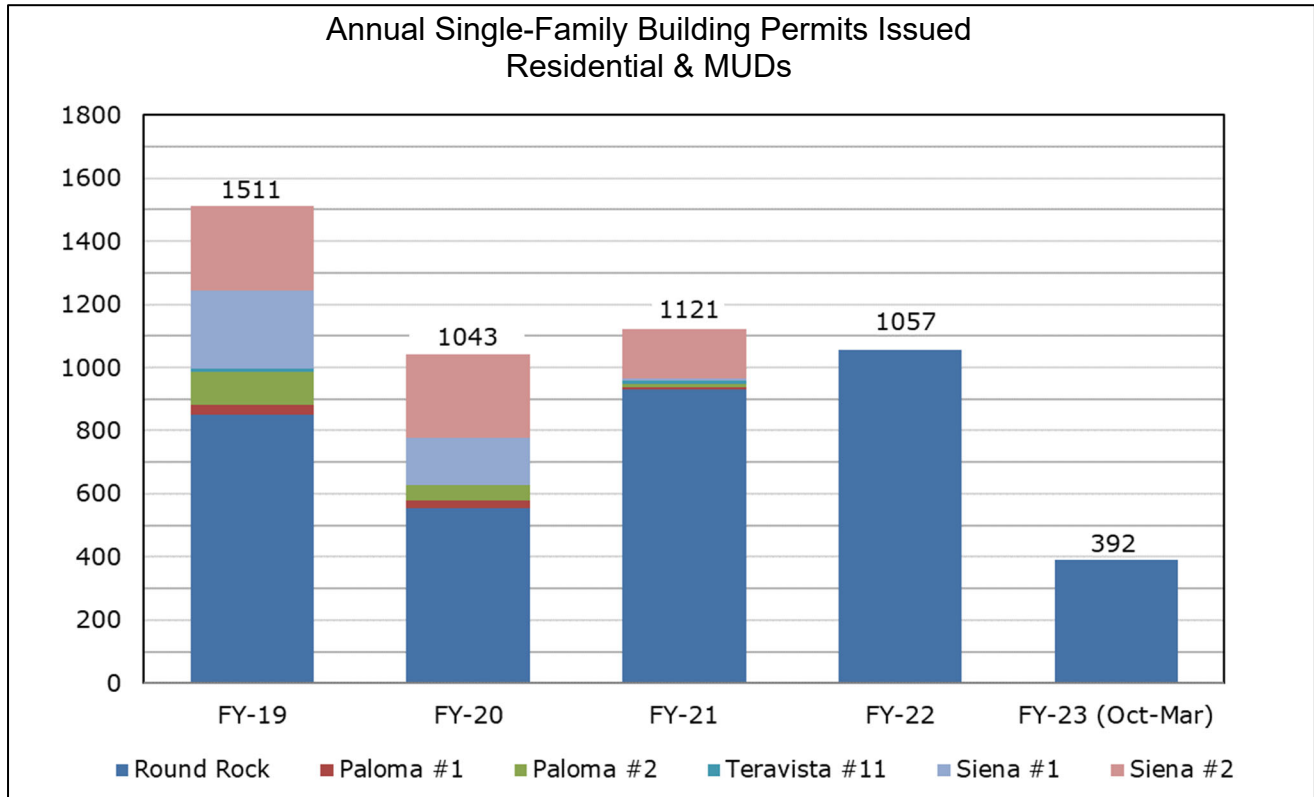


Table 1 reflects the number of multi-family units permitted annually. Currently, we have five multi-family projects that were permitted in FY-22 that are under construction. This includes the Reserve on University, Crossing at Palm Valley, Aura Avery II, Broadstone La Frontera, and Avery Center East.

We also have two new projects that are different from what we typically see in the City. These are multi-family (rental units), but instead of going vertical like a typical apartment complex, each unit is 900-1,000 square feet, similar to a single-family development. Those projects are called Stillwell and Urbana, with a total of 470 units.

**Table 1**

<b>In-City Retail</b>	
<b>Fiscal Year</b>	<b>Multi-Family Units</b>
FY 2019	432 (218 LUEs)
FY 2020	430 (196.5 LUEs)
FY 2021	584 (391.5 LUEs)
FY 2022	1626 (896 LUEs)
FY 2023 (Oct-Mar)	841 (420.5 LUEs)
<b>Out-of-City Wholesale</b>	
<b>Fiscal Year</b>	<b>Multi-Family Units</b>
FY 2022	720 (404.4 LUEs)

Table 2 reflects the number of new commercial building permits issued annually. Over the past five years, this number has been steady, ranging from 39 to 50 annually, and commercial development in the City continues to trend upward. Current permits have seen an increase in light industrial buildings. We have two major hospital expansion projects at St. David's and Baylor Scott & White. Kalahari is adding another outdoor swim feature with a wave river, slide pool, and swim-up bar. Several small office projects, some retail, and a couple of restaurants. Most of the commercial work is tenant finish-outs and remodels of existing structures.

**Table 2**

Fiscal Year	Commercial Building Permits
FY 2018	43 (220.5 LUEs)
FY 2019	50 (262 LUEs)
FY 2020	44 (150.5 LUEs)
FY 2021	39 (161 LUEs)
FY 2022	39 (234.5 LUEs)
FY 2023 (Oct-Mar)	17 (103.5 LUEs)

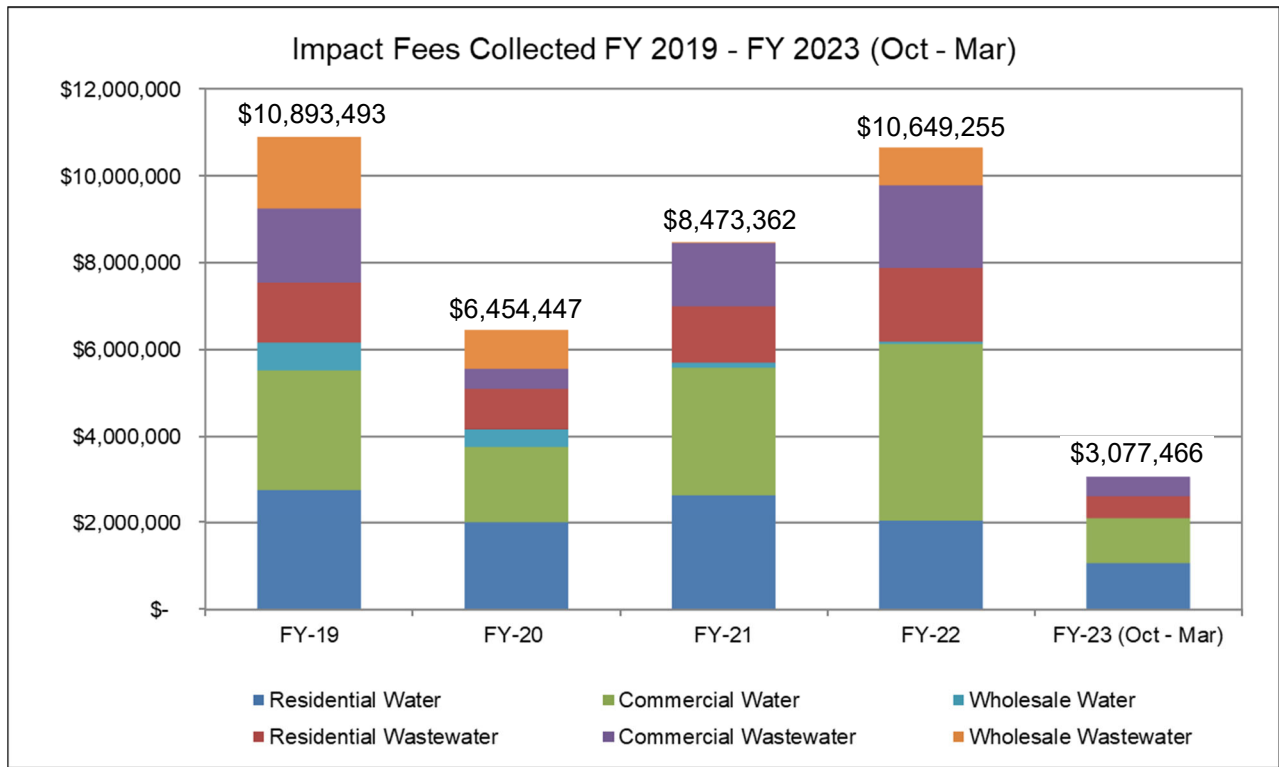


Table 3 and Figure 5 summarize the Water and Wastewater Impact Fees collected for In-City retail residential (single-family and multi-family), commercial, and Out-of-City wholesale customers. For FY-19, there was an increase in the total Impact Fees collected due to new developments; however, FY-20 showed a significant decrease attributed to the virus pandemic. FY-21 indicates that the Impact Fee collections in the City trended upward to prior FY-20 amounts, and Out-of-City wholesale decreased in FY-21 mainly due to the buildout of many of the MUDs. FY-22 showed a significant increase in impact fees collected, most significantly from In-City Commercial water and wastewater connections. The first half of FY-23 collections has slowed down significantly.

**Table 3**

Impact Fees	FY-19	FY-20	FY-21	FY-22	FY-23 (Oct-Mar)
<b>In-City Retail</b>					
Residential Water	\$ 2,770,650	\$ 2,008,822	\$ 2,649,580	\$ 2,043,907	\$ 1,068,630
Residential Wastewater	\$ 1,381,154	\$ 930,467	\$ 1,296,554	\$ 1,695,908	\$ 528,165
Commercial Water	\$ 2,750,040	\$ 1,752,110	\$ 2,934,225	\$ 4,085,751	\$ 1,031,278
Commercial Wastewater	\$ 1,701,974	\$ 461,347	\$ 1,457,580	\$ 1,900,865	\$ 449,393
<b>Out-of-City Wholesale</b>					
Water	\$ 639,567	\$ 406,253	\$ 114,713	\$ 52,534	0
Wastewater	\$ 1,650,108	\$ 895,448	\$ 20,711	\$ 870,291	0
<b>Total Collected</b>	<b>\$ 10,893,493</b>	<b>\$ 6,454,447</b>	<b>\$ 8,473,363</b>	<b>\$ 10,649,255</b>	<b>\$ 3,077,466</b>

**Figure 5**



During the latest water model update in 2020, the City assumed that 1,433 LUEs per year would be added to the water system. At an Impact Fee of \$4,234 per LUE, this would indicate that the City should be collecting approximately \$6.07 million per year in Water Impact Fees if the City's growth rate is as projected.

In addition, the wastewater model update assumed that 1,027 LUEs would be added to the wastewater system per year. At an Impact Fee of \$1,799 per LUE, this would indicate that the City should be collecting approximately \$1.85 million per year in Wastewater Impact Fees if the City's growth rate is as projected.

Comparing these assumptions to the actual Impact Fees collected indicates that the number of new connections to our water and wastewater system during FY-21 and FY-22, the City experienced more connections than anticipated in the water and wastewater model. The first half of FY-23 has experienced less connections than predicted.

Table 4 provides population projections for Round Rock and Round Rock's ETJ. These projections, anticipating a steady growth rate, indicate that capital improvements to the City's water and wastewater utility systems will be necessary to keep up with growth in Round Rock.

**Table 4**

Year	Inside City		City's ETJ	
	Projections	Growth Rate	Projections	Growth Rate
2020 (Census)	119,468	-	178,704	-
2021	122,455 (122,827)	2.5% (2.8%)	182,336	2.0%
2022	125,516 (124,614)	2.5% (1.5%)	184,993	1.5%
2023	128,292 (128,957)	2.2% (3.5%)	189,286	2.3%
2024	134,540	4.9%	196,035	3.6%
2025	139,834	3.9%	202,208	3.1%
2026	145,208	3.8%	208,843	3.3%
2027	149,621	3.0%	214,486	2.7%
2028	153,530	2.6%	219,624	2.4%
2029	157,298	2.5%	224,320	2.1%
2030	161,136	2.4%	228,933	2.1%
2031	164,982	2.4%	233,479	2.0%
2032	168,791	2.3%	237,885	1.9%
2033	172,520	2.2%	242,143	1.8%
2034	176,163	2.1%	246,273	1.7%
2035	179,507	1.9%	250,040	1.5%
2036	182,560	1.7%	253,433	1.4%
2037	185,513	1.6%	256,700	1.3%
2038	188,427	1.6%	259,901	1.2%
2039	191,306	1.5%	263,017	1.2%
2040	194,151	1.5%	266,051	1.2%

Notes: 2020 is the base year for all projections in this table  
 ( ) Annual Estimates by Planning & Development Services Department

Table 5 summarizes the status of the Water System (Impact Fee eligible) Capital Improvement Projects included in the November 2020 Impact Fee Analysis.

**Table 5**

Completed Water Projects	Completion	Impact Fee Report Estimated Cost	Actual Cost
Arterial H Waterline	2017	\$856,400	\$162,460
BCRUA Water Treatment Plant - Ph 1B	2018	\$34,000	\$31,000
South 81 Elevated Storage Tank Pump Station	2019	\$157,000	\$1,070,900
Arterial H Phase II	2020	\$1,470,500	\$1,375,045
BCRUA Phase 1C - WTP Expansion to 32MGD	2020	\$4,465,000	\$3,635,540
Water Dist. Master Plan & Impact Fee	2020	\$66,000	\$220,570
GR-05: University Blvd extension from end of 36" main to CR-110	2022	\$1,150,000	\$775,481
GR-01: E Liberty Ave, N Shephard St & Fannin Ave	2022	\$500,000	\$938,983
		<b>\$8,698,900</b>	<b>\$8,209,979</b>

Water Projects In Progress	Completion	Impact Fee Report Estimated Cost	Actual Cost
GR-02: Kenny Fort Blvd from Forest Creek Blvd to SH45	2023	\$1,570,000	\$1,787,073
GR-03: Kenny Fort Blvd from Old Settlers to Chandler Creek	2024	\$2,450,000	\$4,212,134
GR-04: Sam Bass Rd from FM-1431 to Wyoming Springs	2025	\$7,000,000	\$10,770,000
BCRUA Phase 1D - WTP Expansion to 42MGD	2025	\$4,000,500	\$4,934,911
GR-06: Redbud Ln from south of Palm Valley Blvd to Gattis School Rd	2026	\$4,560,000	\$4,560,000
BCRUA Phase 2 - Deep Water Intake	2027	\$60,608,500	\$77,437,930
		<b>\$80,189,000</b>	<b>\$103,702,048</b>

Upcoming Water Projects	Estimated Completion	Impact Fee Report Estimated Cost
GR-07: Hester's Crossing & CR-172 from west 971 zone to S-81 EST	2025	\$3,270,000
GR-08: FM-1460 toward Westinghouse Rd, east to future road	2027	\$2,350,000
GR-09: Palm Valley Blvd (north side) extension to CR-110	2029	\$600,000
GR-10: Loop from GR-09 to Westinghouse to University	2030	\$2,440,000
		<b>\$8,660,000</b>

Table 6 summarizes the status of the Wastewater System (Impact Fee eligible) Capital Improvement Projects included in the November 2020 Impact Fee Analysis.

**Table 6**

Completed Wastewater Projects	Completion	Impact Fee Report Estimated Cost	Actual Cost
Lake Creek 2	2017	\$2,652,000	\$1,916,000
Lake Creek 3	2017	\$591,000	\$563,000
McNutt Creek C2 (referred to as C5)	2018	\$1,324,000	\$1,762,000
Brushy Creek 5	2018	\$288,000	\$282,618
Brushy Creek 2	2019	\$685,000	\$349,000
Brushy Creek 4	2019	\$173,000	\$173,000
MC-1: New 6,760LF of 18-in	2022	\$1,973,000	\$0
		<b>\$7,686,000</b>	<b>\$5,045,618</b>

Wastewater Projects in Progress	Completion	Impact Fee Report Estimated Cost	Actual Cost
Lake Creek 1	2023	\$1,856,000	\$3,786,150
		<b>\$1,856,000</b>	<b>\$3,786,150</b>

Upcoming Wastewater Projects	Estimated Completion	Impact Fee Report Estimated Cost
WWTP Expansion to 40MGD - PER	2024	\$2,500,000
CC-1: Upsize 3,975LF to 12-in and 15-in	2024	\$1,026,000
Forest Creek LS and FM - Increase Capacity	2024	\$3,168,000
BC-1: Upsize 3,015LF to 12-in and 18-in	2025	\$831,000
MC-2: New 9,120LF of 12-in	2025	\$1,576,000
MC-3: New 5,155LF of 24-in	2026	\$1,602,000
Hilton Head LS and FM - Increase Capacity	2027	\$1,751,000
CC-2: Upsize 955LF to 12-in and 15-in	2027	\$230,000
		<b>\$12,684,000</b>

Table 7 summarizes the status of the Reuse Water System (Impact Fee eligible) Capital Improvement Projects included in the November 2020 Impact Fee Analysis.

**Table 7**

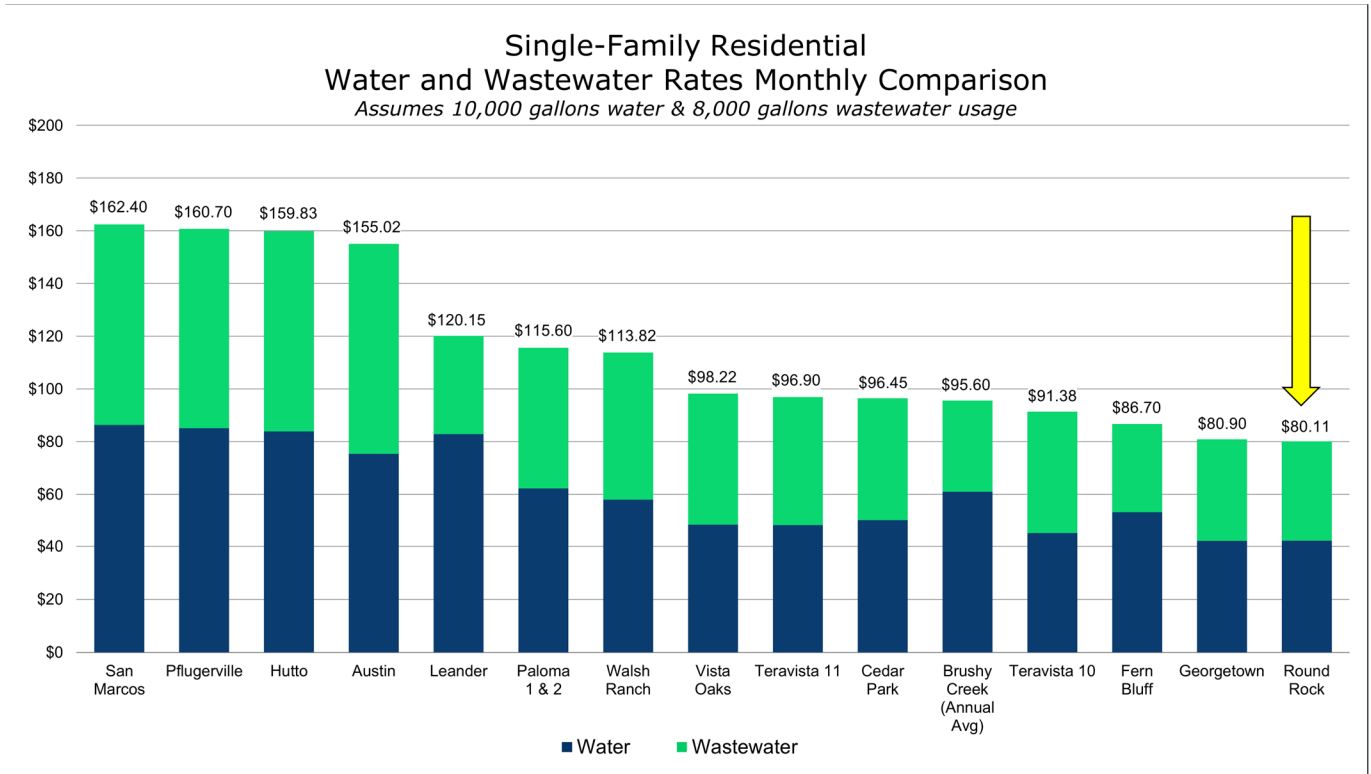
Reuse Projects Completed	Completion	Impact Fee Report Estimated Cost	Actual Cost
Reuse Phase VI	2016	\$900,000	\$900,000
Reuse Phase IV-B	2016	\$3,719,000	\$3,013,152
		<b>\$4,619,000</b>	<b>\$3,913,152</b>

Reuse Projects in Progress	Estimated Completion	Impact Fee Report Estimated Cost	Actual Cost
Reuse Ground Storage Tank	2024	\$1,628,400	\$3,200,000
		<b>\$1,628,400</b>	<b>\$3,200,000</b>

Upcoming Reuse Projects	Estimated Completion	Impact Fee Report Estimated Cost
Reuse Phase V – Stony Point High School	2025	\$614,328
		<b>\$614,328</b>

Figure 6 compares Single-Family Residential Utility Rates for Round Rock to surrounding Central Texas Municipalities and Municipal Utility Districts. As depicted, Round Rock utility rates remain among the lowest in the region.

**Figure 6**



\* assumes 10,000 gallons of water and 8,000 gallons of wastewater used

Table 8 compares Round Rock's Water and Wastewater Impact Fees to surrounding cities and Municipal Utility Districts. Historically, Round Rock had one of the highest total Impact Fees charged for new water and wastewater systems connections. However, several surrounding cities have since increased their fees and surpassed Round Rock. Round Rock's philosophy is for new customers and developments to pay for the required capital improvements due to growth.

**Table 8**

Area Impact Fee Comparison				
City/Utility	Last Updated	Water	Wastewater	Total
Brushy Creek MUD	2012	\$2,095	\$1,804	\$3,899
<b>Round Rock</b>	<b>2020</b>	<b>\$4,234</b>	<b>\$1,799</b>	<b>\$6,033</b>
Cedar Park	2020	\$3,160	\$3,170	\$6,330
San Marcos	2018	\$3,801	\$2,684	\$6,485
Leander	2017	\$4,309	\$2,820	\$7,129
Austin	2018	\$4,700	\$2,500	\$7,200
Georgetown	2018	\$6,921	\$3,115*	\$10,036
Hutto	2021	\$8,832	\$2,788	\$11,620
Pflugerville	2023	\$14,713	\$1,316*	\$16,029

\*Indicates the City has two different Wastewater Impact Fees based on service area. The amount shown above reflects the lowest fee charged by that City.



## **CONCLUSION AND RECOMMENDATIONS**

Due to the volatility in growth rates and infrastructure requirements, the City recommends a review of the Impact Fees approximately every three years. The latest Impact Fee update report was completed in November 2020, adopted by City Council on January 14, 2021, and went into effect on February 1, 2021.

Over the past few years, population growth in Round Rock has proceeded as projected in the Impact Fee Analysis. However, for the first half of FY-23, the number of connections to the water and wastewater systems has slowed down, which is indicative of the impact fee collections.

Due to the number of connections to the water and wastewater systems, and the anticipated infrastructure projects needed to serve these new connections, the City is updating the Master Plan for both the water and wastewater systems. Once these Master Plan updates are complete in early Summer 2023, the City will update the impact fees. This will ensure that the City collects the necessary fees so that new growth is paying its fair share of the cost of constructing the required water and wastewater infrastructure.

The next Capital Improvements Plan Progress Report with proposed new water and wastewater impact fees will be presented to the CIAC and the City Council in approximately six months.