

EXHIBIT

"A"

# Capital Improvements Plan Progress

Semi-Annual Report  
November 2022



## **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 April 1, 2022, to September 30, 2022. 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. These items were last updated by the City 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**

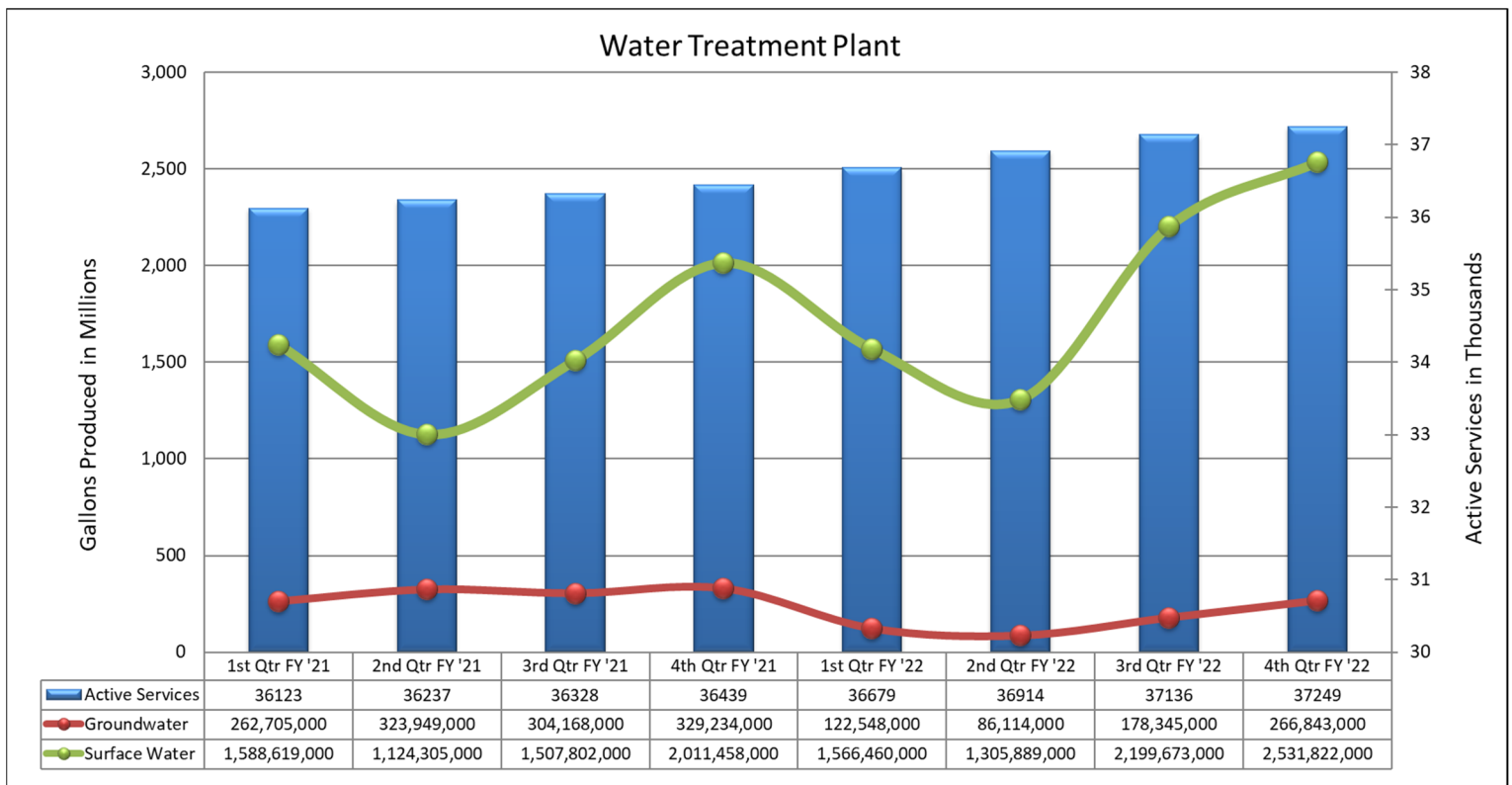


Figure 2 reflects the daily average of potable water produced each month over the last five years. Total water production is dependent on weather conditions; therefore, discretionary water usage is higher during the summer months.

**Figure 2**

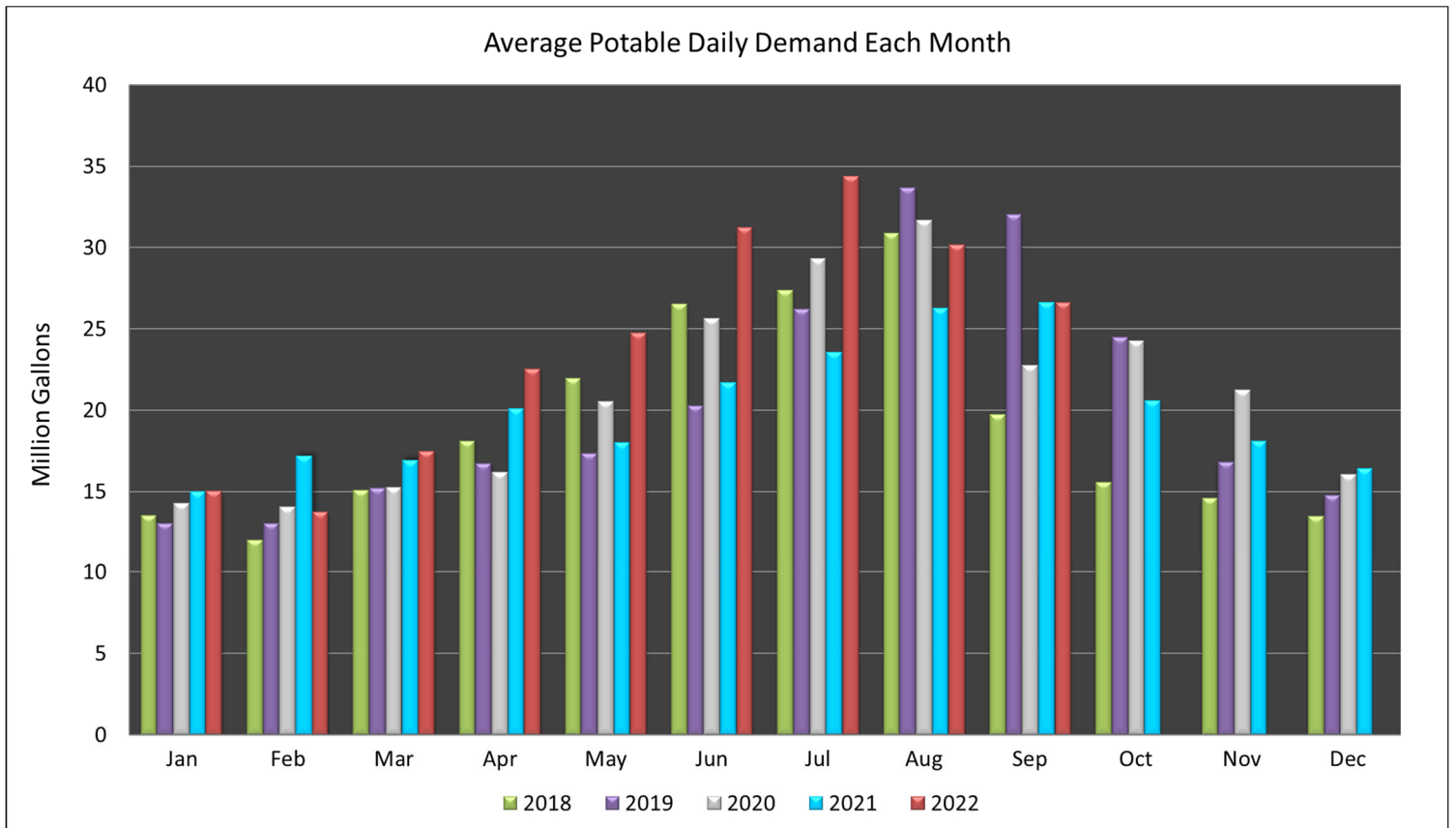


Figure 3 reflects the monthly potable treated water production and the Type I Reuse treated water production. The City's reuse water system began production in October 2012 with three customers: Old Settlers Park, Dell Diamond, and Forest Creek Golf Course. The City has since expanded the system to Forest 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**

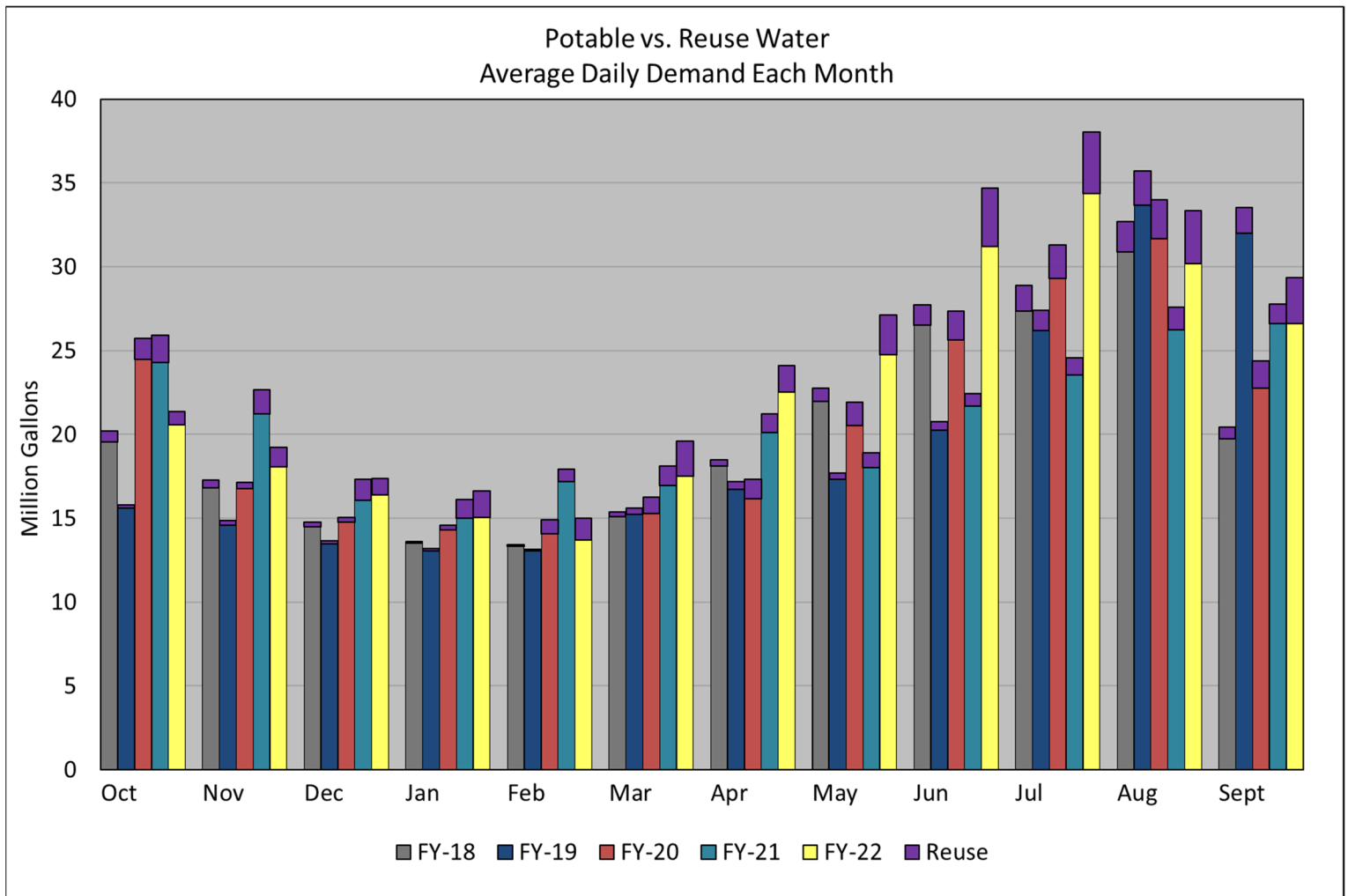


Figure 4 shows the number of new single-family building permits issued in the City of Round Rock and the City's extra-territorial jurisdiction (ETJ). Over the past five years, new single-family housing starts in the City have ranged from 556 to 1,057 per year. In the first half of FY-22, single-family permits issued increased to an average of about 90 permits per month. However, during the last six months of FY-22, new permits declined to an average of 68 permits per month. In addition, the first month of FY-23 has continued to decline in the number of new single-family building permits (14) issued as well.

Most of the current construction activity is in the northeast part of Round Rock in the Vizcaya, Salerno, Quick Ranch, Homestead, and University Heights Subdivisions. There is also new single-family construction occurring in other parts of the City in the Chisholm Trail Park, Preserve at Wyoming Springs, and Clear Creek Subdivisions.

Townhomes under construction include Sonoma Townhomes, Schulz Townhomes, Townhomes at Gattis School Road, The Depot, and Tiger Trail Townhomes.

As noted in Figure 4, Siena MUD No. 2 had no new permits issued in FY-22, which indicates that all of the Municipal Utility Districts (MUDs) in Round Rock's ETJ have potentially been built out for their single-family properties.

Figure 4

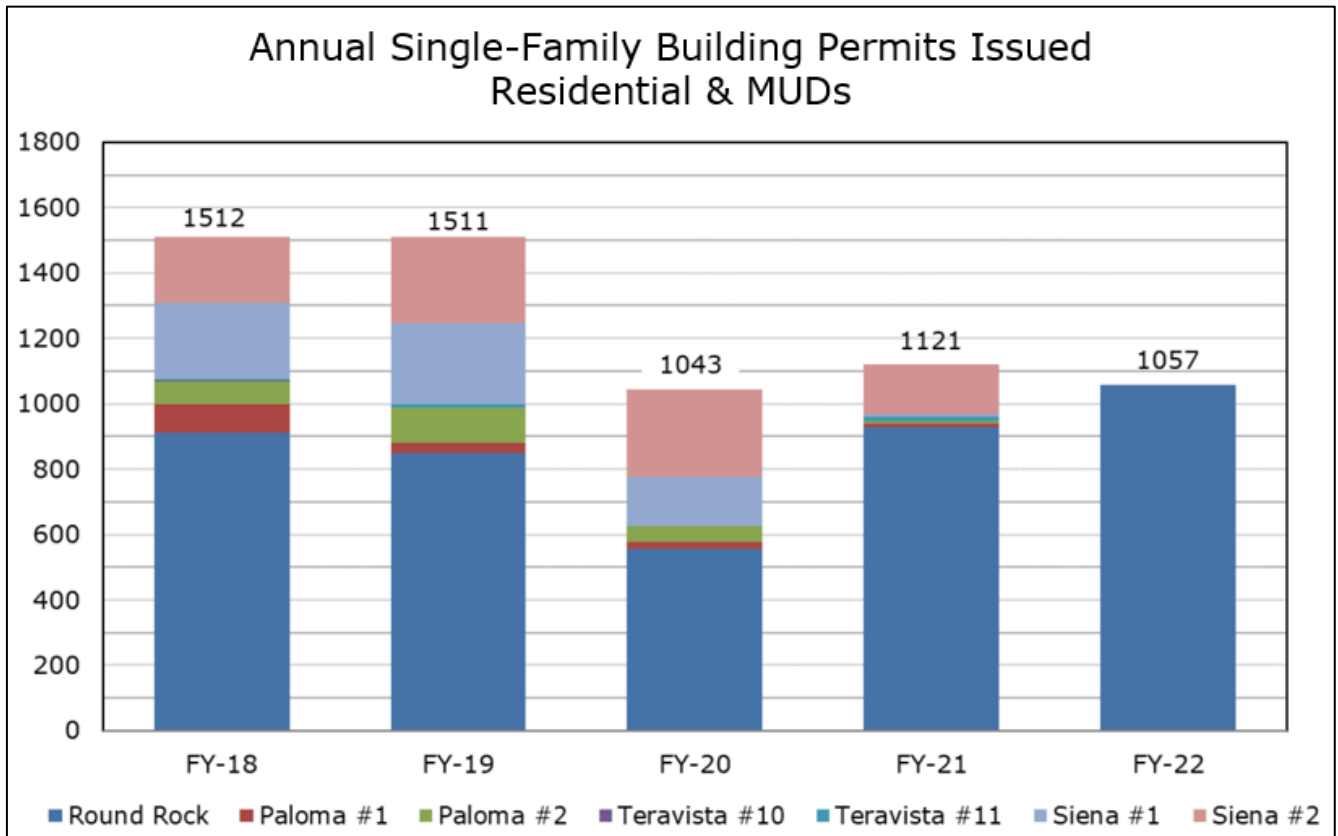


Table 1 reflects the number of multi-family units permitted annually.

Currently, there are nine multi-family complexes under construction. These include two Legacy facilities on University Boulevard and Red Bud Lane, Warner Ranch, Crossing at Palm Valley, Round Rock Phase 2 behind the outlet mall, Arrington Ridge, Broadstone at La Fronterra (376 units), Aura Avery 2 (238 units), and Larkspur (195 units).

One additional multi-family development, Stillwell with 225 units, will be issued a permit within the next month. This project is a multi-family project, but single-story with individual 900-1,000 square foot units, that are similar to a single-family development.

**Table 1**

In-City Retail	
Fiscal Year	Multi-Family Units
FY 2018	652 (327.5 LUEs)
FY 2019	432 (218 LUEs)
FY 2020	430 (196.5 LUEs)
FY 2021	584 (391.5 LUEs)
FY 2022	1626 (896 LUEs)
Out-of-City Wholesale	
Fiscal Year	Multi-Family Units
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 are mostly office property and light industrial. There are also permits in for hotels, small retail, and restaurants.

**Table 2**

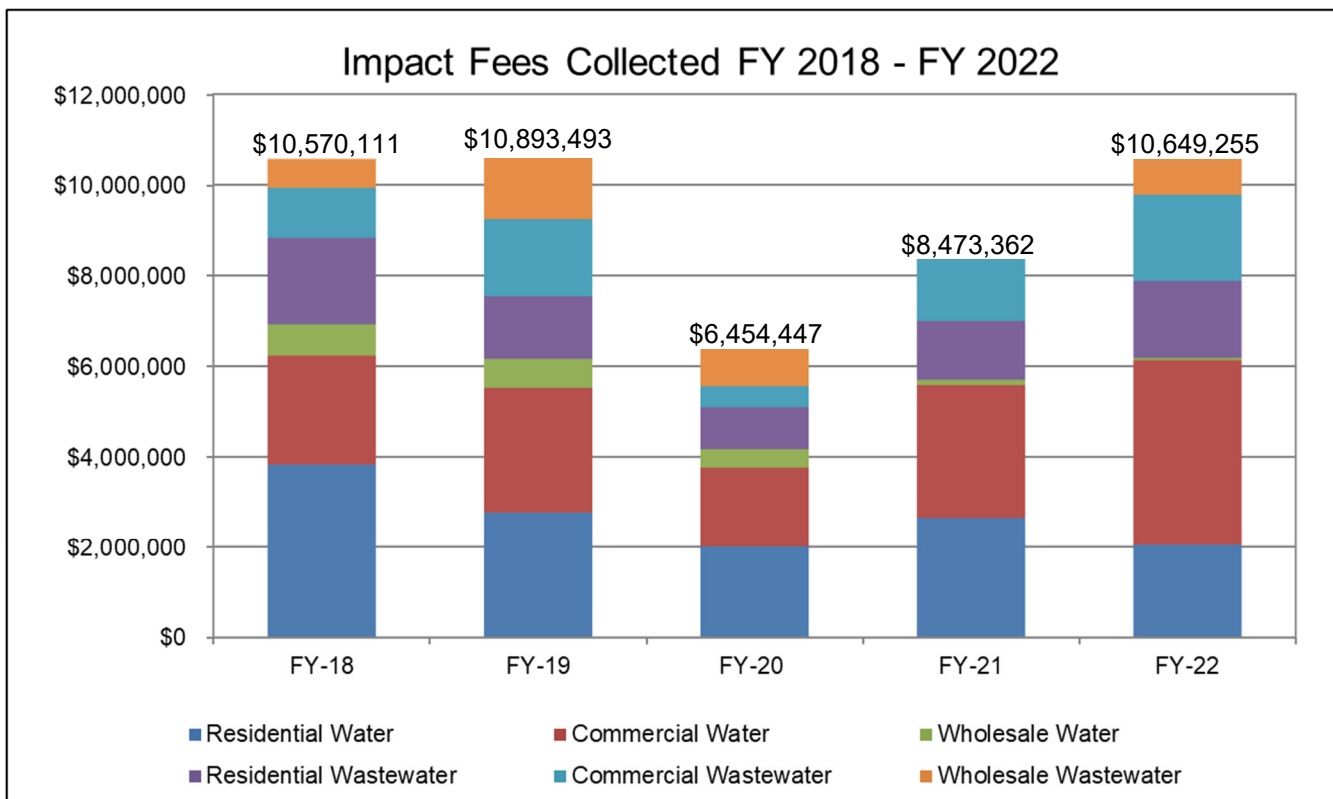
Fiscal Year	Commercial Building Permits
FY 2018	43 (220.5 LUEs)
FY 2019	50 (262 LUEs)
FY 2020	44 (150.5 LUEs)
FY 2021	39 (161 LUEs)
FY 2022	39 (234.5 LUEs)

Table 3 and Figure 5 summarize the Water and Wastewater Impact Fees collected for In-City retail residential (single-family and multi-family) and commercial customers and Out-of-City wholesale customers. For FY-18 and 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 has shown a significant increase in impact fees collected, most significantly from In-City Commercial water and wastewater connections.

**Table 3**

Impact Fees	FY-18	FY-19	FY-20	FY-21	FY-22
<b>In-City Retail</b>					
Residential Water	\$3,830,017	\$2,770,650	\$2,008,822	\$2,649,580	\$2,043,907
Residential Wastewater	\$1,905,615	\$1,381,154	\$930,467	\$1,296,554	\$1,695,908
Commercial Water	\$2,399,541	\$2,750,040	\$1,752,110	\$2,934,225	\$4,085,751
Commercial Wastewater	\$1,102,400	\$1,701,974	\$461,347	\$1,457,580	\$1,900,865
<b>Out-of-City Wholesale</b>					
Water	\$692,763	\$639,567	\$406,253	\$114,713	\$52,534
Wastewater	\$639,776	\$1,650,108	\$895,448	\$20,711	\$870,291
<b>Total Collected</b>	<b>\$10,570,111</b>	<b>\$10,893,493</b>	<b>\$6,454,447</b>	<b>\$8,473,363</b>	<b>\$10,649,255</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 systems for FY-20 occurred as expected; however, during FY-21 and FY-22 the City experienced more connections than anticipated in the water and wastewater model.

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	2.5%	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-inch main to CR-110	2022	\$1,150,000	\$775,481
GR-01: E Liberty Avenue, 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	2022	\$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 Dr	2025	\$7,000,000	\$9,980,300
GR-06: Redbud Ln from south of Palm Valley Blvd to Gattis School Rd	2026	\$4,560,000	\$4,560,000
BCRUA Phase 1D - WTP Expansion to 42MGD	2025	\$4,000,500	\$4,978,607
BCRUA Phase 2 - Deep Water Intake	2027	\$60,608,500	\$77,437,930
		<b>\$80,189,000</b>	<b>\$102,956,044</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
BC-1: Upsize 3,015LF to 12-in and 18-in	2023	\$831,000
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
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
WWTP Expansion to 40MGD - PER	2030	\$2,500,000
		<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.

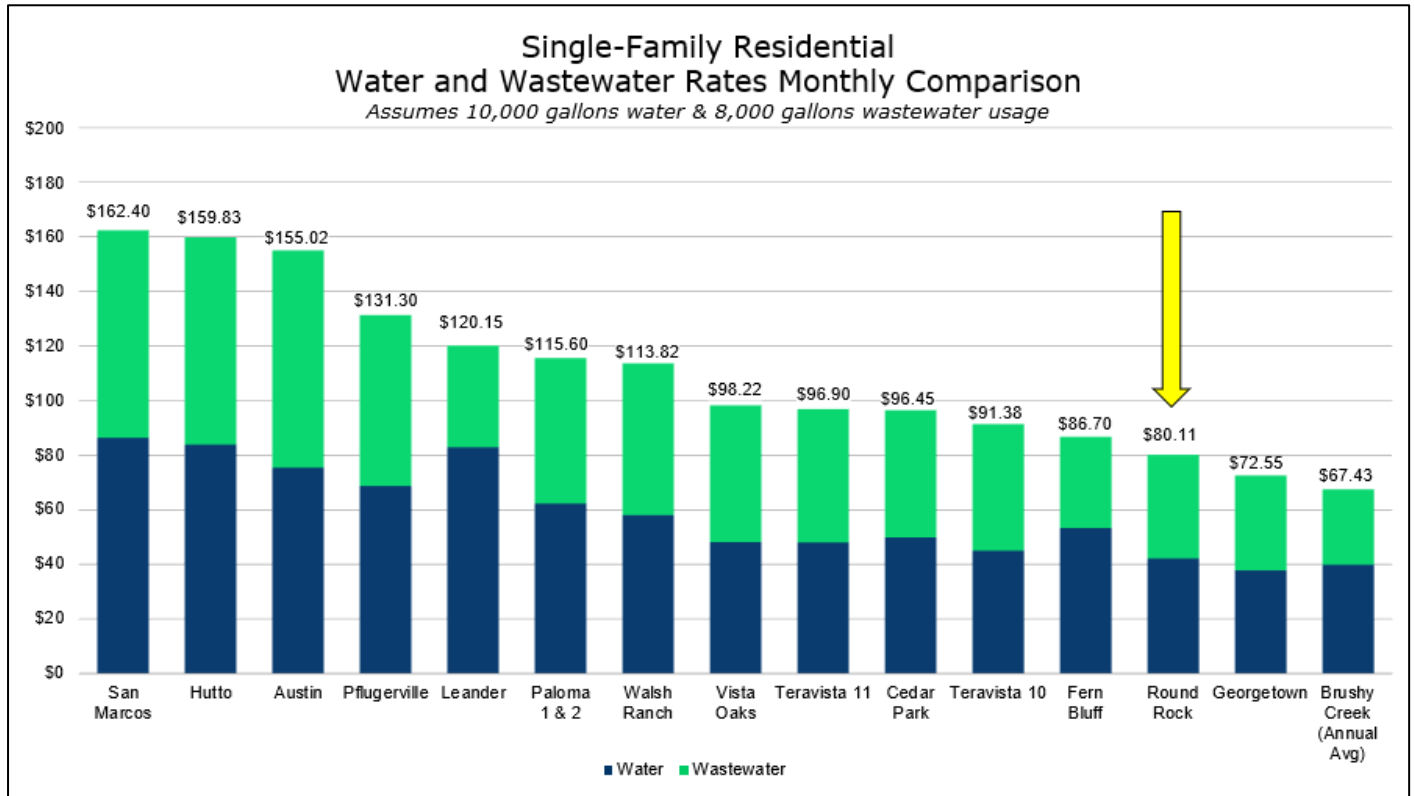
**Table 7**

Reuse Projects in Progress	Completion	Impact Fee Report Estimated Cost	Actual Cost
1.0 MG Reuse Ground Storage Tank	2023	\$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	2024	\$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 water and 8,000 gallons 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 connections to the water and wastewater systems. However, several surrounding cities have increased their fees over the past few years and surpassed Round Rock. Round Rock's philosophy is for new customers and developments to pay for the required capital improvements due to the 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
Pflugerville	2020	\$7,897	\$1,898*	\$9,795
Georgetown	2018	\$6,921	\$3,115*	\$10,036
Hutto	2021	\$8,832	\$2,788	\$11,620

\*Indicates the City has two different Wastewater Impact Fees, based on service area. The number in the table 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 couple of years, the population growth in Round Rock has proceeded slower than projected in the Impact Fee Analysis. However, the number of connections to the water and wastewater systems has increased as anticipated, and in some areas more than was expected.

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

The next Capital Improvements Plan Progress Report will be presented to the CIAC and the City Council in approximately six months.