

EXHIBIT

"A"



# **City of Round Rock Utilities & Environmental Services Department**

**Capital Improvements  
Plan Progress  
Semi-Annual Report  
June 2018**

## **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, 2017 to April 1, 2018. This report includes an updated assessment of the actual growth rate in comparison to the projections and assumptions made in the report; projects completed or initiated during the period; and impact fees collected during the period. These comparisons are used as indicators of the need to update the land use assumptions, capital improvements plan or impact fees.

The local government code also requires the Capital Improvement Advisory Committee to advise the City Council of the need to update the land use assumptions, capital improvements plan and impact fees. These items were last updated by the City in November 2015.

Figure 1 represents Ground and Surface water use, along with the number of active water services over the past two years. Although the City continues to grow, the total water production has remained fairly level over the past two years. Part of this reason could be because water usage is dependent on weather patterns; however, the City's conservation and reuse water programs are also affecting the amount of potable water usage by the City. According to the Building Inspections Division, the City typically processes about 300 permits per month. In the first three months of 2018, they experienced a drastic increase in permits processed which is reflected in active services for the 2<sup>nd</sup> Quarter of FY-18.

**Figure 1**

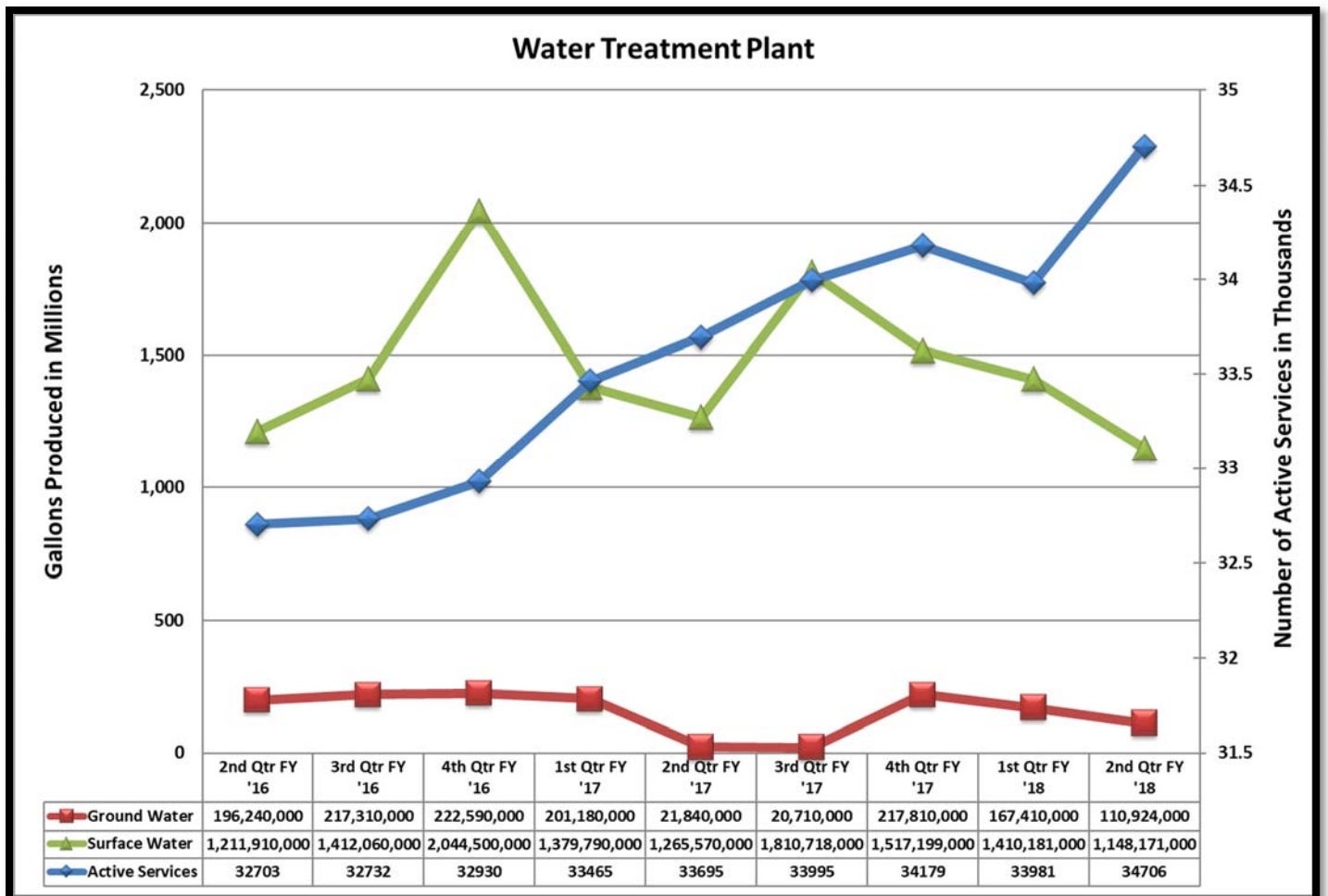


Figure 2 reflects the monthly potable water production over the past eight years. As can be expected, the average daily demand increases during the summer months; however, total water production is dependent on weather conditions, which effects discretionary water usage.

**Figure 2**

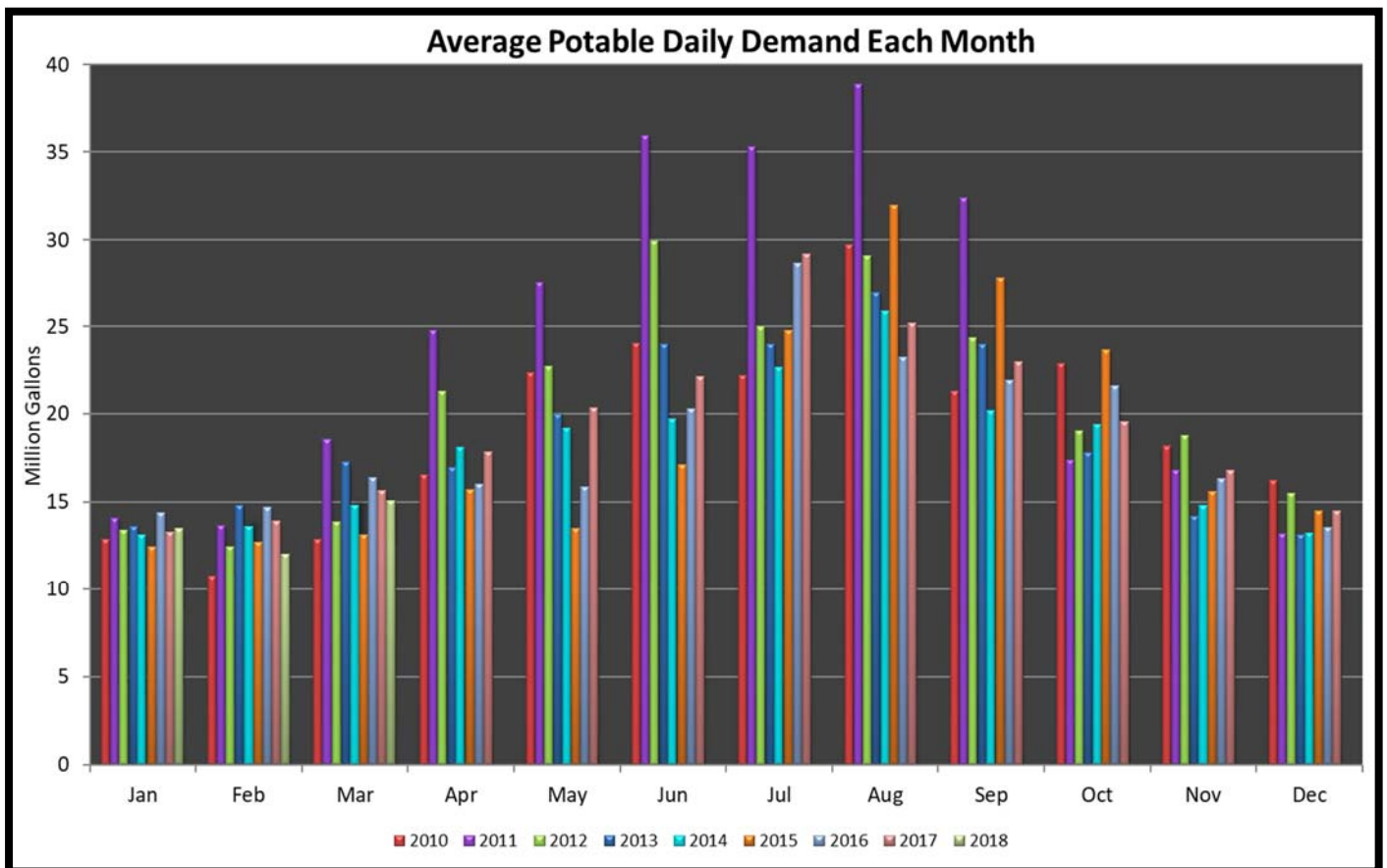


Figure 3 reflects the monthly potable treated water production and the Type I Reuse treated water production. The City's reuse water system began production in October 2012 with three customers: Old Settlers Park, Dell Diamond, and Forest Creek Golf Course. Since that time, the City has expanded the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

**Figure 3**

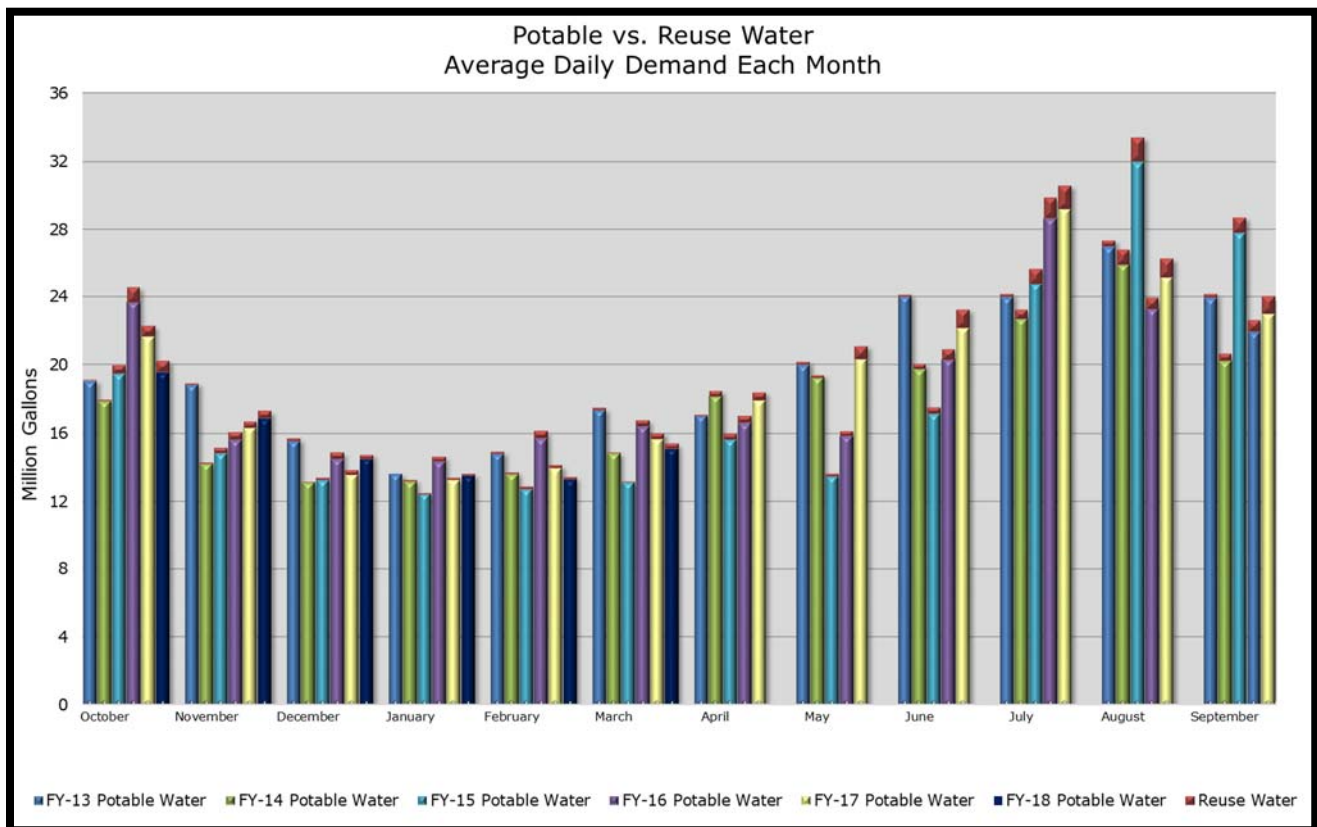


Figure 4 shows the number of single-family building permits issued annually. The number of new housing starts per year in the City of Round Rock has ranged from 222 to 592 over the past ten years. Single-family permits have remained steady over the past year due to new subdivisions available within the City. With the release of four new subdivisions, single-family permitting averaged about 60 permits per month for the second half of FY-17. Single-family building permits have continued to increase for the first half of FY-18 as well. Most of the activity is in the Vizcaya, Warner Ranch, Glen Ellyn, and Madsen Ranch subdivisions. Several Municipal Utility Districts (MUDs) located in Round Rock's extra-territorial jurisdiction (ETJ) continue to experience a steady number of single-family housing starts during this time as well.

**Figure 4**

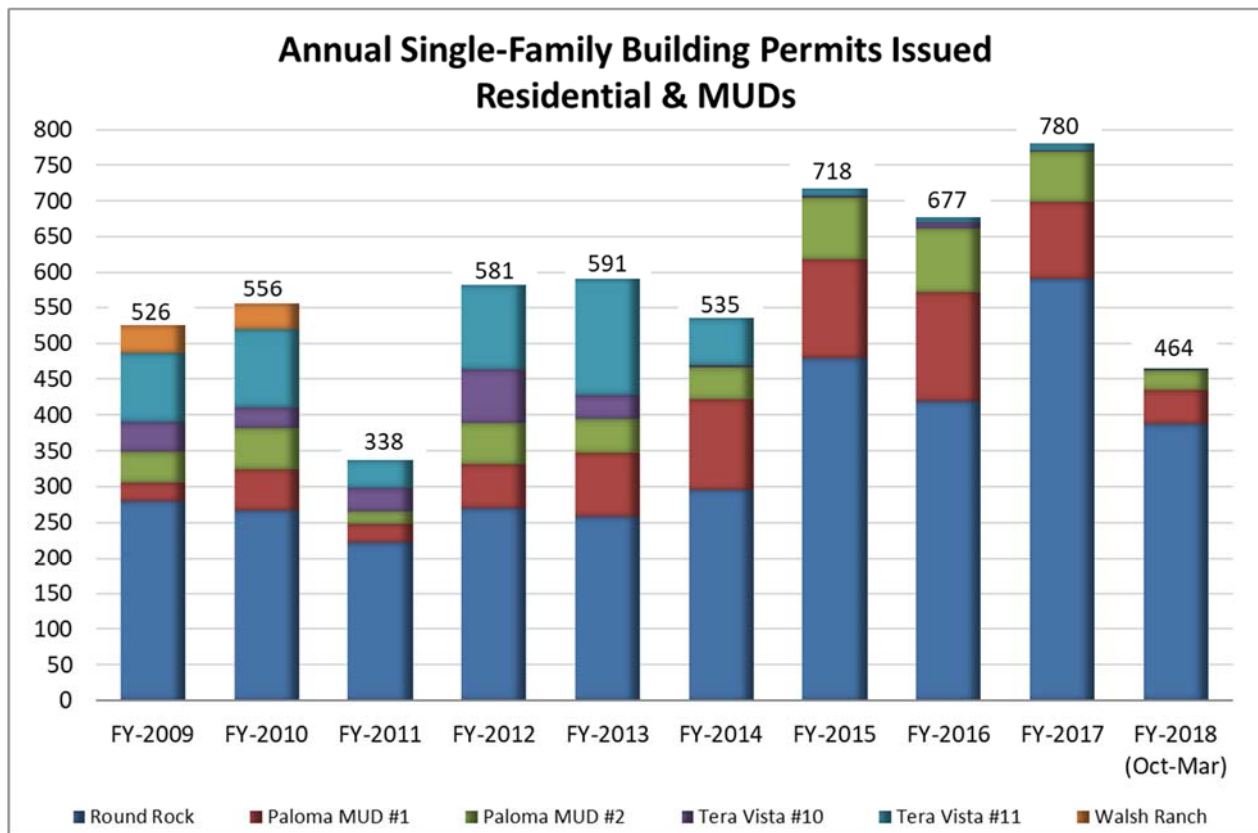


Table 1 represents the number of multi-family building permits issued annually. During FY-07, a large number of new apartment complexes were constructed within the City. This is reflected in the amount of impact fees collected during that year. The following years did not see this amount of multi-family construction; however, the population continued to grow despite the fewer permits issued. In FY-14, there was an increase in the number of multi-family projects under construction; however, these projects were permitted in FY-13, as shown in the table below. Currently, there are two multi-family complexes, Ace Apartments and Holly Brook Apartments, under construction. Several other multi-family projects are in review.

**Table 1**

<b>Fiscal Year</b>	<b>Units Permitted</b>
<b>FY 2005</b>	<b>538</b>
<b>FY 2006</b>	<b>56</b>
<b>FY 2007</b>	<b>2147</b>
<b>FY 2008</b>	<b>224</b>
<b>FY 2009</b>	<b>274</b>
<b>FY 2010</b>	<b>130</b>
<b>FY 2011</b>	<b>0</b>
<b>FY 2012</b>	<b>280</b>
<b>FY 2013</b>	<b>884 (124 LUEs)</b>
<b>FY 2014</b>	<b>334 (63.5 LUEs)</b>
<b>FY 2015</b>	<b>792 (302 LUEs)</b>
<b>FY 2016</b>	<b>608 (157 LUEs)</b>
<b>FY 2017</b>	<b>330 (170 LUEs)</b>
<b>FY 2018 (Oct-Mar)</b>	<b>652 (327.5 LUEs)</b>

Note: The number of LUEs that were determined for these developments are shown in parenthesis.

Table 2 reflects the number of new commercial building permits issued annually. Over the past several years the number of permits has been steady, ranging from 20 to 60 permits annually. However, from FY-13 thru FY-16, there was a significant increase in new commercial building permits, specifically for restaurants, hospitals, medical clinics, banks, convenient stores, and office buildings.

**Table 2**

<b>Fiscal Year</b>	<b>Commercial Building Permits</b>
<b>FY 2009</b>	30
<b>FY 2010</b>	29
<b>FY 2011</b>	27
<b>FY 2012</b>	20 (100 LUEs)
<b>FY 2013</b>	37 (185 LUEs)
<b>FY 2014</b>	33 (165 LUEs)
<b>FY 2015</b>	47 (202 LUEs)
<b>FY 2016</b>	63 (442.5 LUEs)
<b>FY 2017</b>	25 (168 LUEs)
<b>FY 2018 (Oct-Mar)</b>	15 (73.5 LUEs)

*Note: The number of LUEs for these developments is shown in parenthesis.*

In FY-17, commercial growth continued to be strong, even though the number of permits was down. Many of the permits issued in FY-17 were larger projects such as UPS. The Building Inspection's Division anticipates issuing approximately 45 permits in FY-18. Current permits are mostly hotels, strip centers, and office complexes.

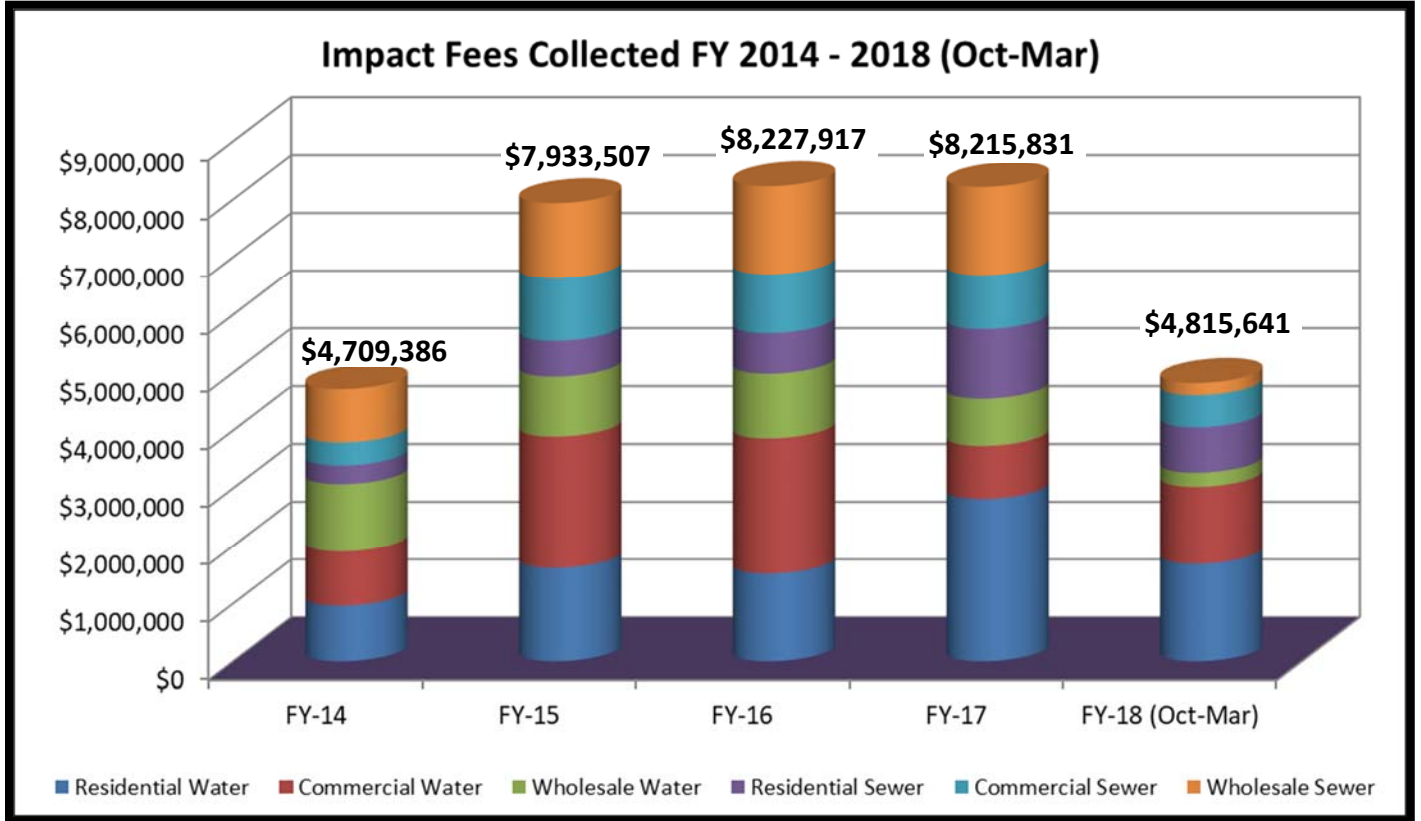


Table 3 and Figure 5 summarize the impact fees collected from FY-14 thru the first half of FY-18 for residential and commercial building permits. There has been a significant increase in the amount of impact fees collected during this time period due to the construction that occurred in single-family residential, multi-family residential and commercial developments.

**Table 3**

<b>Impact Fees</b>	<b>FY-14</b>	<b>FY-15</b>	<b>FY-16</b>	<b>FY-17</b>	<b>FY-18 (Oct-Mar)</b>
<b>Residential Water</b>	\$ 961,767	\$ 1,616,580	\$ 1,516,823	\$ 2,812,465	<b>\$ 1,687,594</b>
<b>Commercial Water</b>	\$ 941,463	\$ 2,273,857	\$ 2,342,270	\$ 915,617	<b>\$ 1,333,372</b>
<b>Wholesale Water</b>	\$ 1,163,887	\$ 1,035,951	\$ 1,117,590	\$ 818,121	<b>\$ 245,293</b>
<b>Residential Sewer</b>	\$ 322,936	\$ 618,240	\$ 701,551	\$ 1,201,518	<b>\$ 785,650</b>
<b>Commercial Sewer</b>	\$ 398,361	\$ 1,084,193	\$ 1,020,587	\$ 935,750	<b>\$ 555,250</b>
<b>Wholesale Sewer</b>	\$ 920,972	\$ 1,304,686	\$ 1,529,096	\$ 1,532,360	<b>\$ 208,482</b>
<b>Total Collected</b>	<b>\$ 4,709,386</b>	<b>\$ 7,933,507</b>	<b>\$ 8,227,917</b>	<b>\$ 8,215,831</b>	<b>\$ 4,815,641</b>

**Figure 5**



In 2015, the latest version of the water model assumed that 1,524 LUEs per year would be added to the water system. For an impact fee of \$4,025 per LUE, this would indicate that the City should have collected approximately \$6.13 million per year in water impact fees if the City would be growing as projected.

The wastewater model assumed that 1,089 LUEs would be added to the wastewater system per year. For an impact fee of \$2,099 per LUE, this would indicate that the City should have collected approximately \$2.29 million per year in wastewater impact fees if the City would be growing as projected.

Comparing these assumptions to the actual impact fees collected indicates that new connections to our water and wastewater systems are occurring as projected.

Table 4 provides population projections for Round Rock and Round Rock's ETJ over the coming years. These projections, anticipating a steady growth rate, indicate that in order to keep up with growth, capital improvements to the City's water and wastewater utility systems would be necessary. However, 2012-2018 estimates, shown in parenthesis, indicate the City's population growth rate is slightly slower than projected.

**Table 4**

Year	Inside City		City's ETJ	
	Projections	Growth Rate	Projections	Growth Rate
2010 (Census)	99,887	-	141,807	-
2011	100,659	0.8%	143,960	1.5%
2012	102,349 / (101,702)	1.7% (1.0%)	147,027	2.1%
2013	104,805 / (102,349)	2.4% (0.6%)	151,133	2.8%
2014	107,635 / (103,494)	2.7% (1.1%)	155,613	3.0%
2015	110,757 / (105,405)	2.9% (1.9%)	160,385	3.1%
2016	113,968 / (107,117)	2.9% (1.9%)	165,024	2.9%
2017	117,160 / (110,300)	2.8% (3.0%)	169,213	2.5%
2018	120,440 / (112,381)	2.8% (1.9%)	173,490	2.5%
2019	123,812	2.8%	177,859	2.5%
2020	127,279	2.8%	182,323	2.5%
2021	130,461	2.5%	186,062	2.1%
2022	133,723	2.5%	189,881	2.1%
2023	137,066	2.5%	193,508	1.9%
2024	140,492	2.5%	197,218	1.9%
2025	143,302	2.0%	200,312	1.6%
2026	146,168	2.0%	203,462	1.6%
2027	149,092	2.0%	206,670	1.6%
2028	152,073	2.0%	209,651	1.4%
2029	155,115	2.0%	212,693	1.5%
2030	158,217	2.0%	215,795	1.5%

Notes: 2010 is the base year for these projections  
( ) Annual Estimates by Planning & Development Services Department

Table 5 provides a summary of the Water System Capital Improvement Projects that have been completed or are in progress since the last impact fee analysis was completed in November 2015. In addition, projects that are anticipated over the next 10 years are also shown below.

**Table 5**

Completed Water Projects	Completion	Impact Fee Report Estimated Cost	Actual Cost
BCRUA Treated Waterline - Ph 1 Seg. 3	2015	\$8,400,000	\$8,749,000
University Blvd Waterline Ph 1	2015	\$3,634,169	\$1,877,000
Parcel 150	2015	\$2,955,650	\$3,144,000
CR 112 Phase 2 - 24" Waterline (890 PP)	2015	\$1,188,049	\$888,000
Water Dist. Master Plan & Impact Fee	2015	\$138,000	\$141,000
Creek Bend 12" Waterline	2016	\$415,000	\$415,000
Forest Creek Golf Course Reuse Rehab	2016	\$150,000	\$83,890
Arterial H Waterline	2017	\$856,400	\$1,503,000
		<b>\$17,737,268</b>	<b>\$16,800,890</b>
Water Projects In Progress	Completion	Impact Fee Report Estimated Cost	Updated Actual Cost
South 81 Elevated Storage Tank Pump	2018	\$157,000	\$157,000
BCRUA Water Treatment Plant - Ph 1B	2018	\$34,000	\$31,000
BCRUA Water Treatment Plant - Ph 1C	2020	\$4,465,000	\$4,152,000
Arterial A Waterline – 24" (Kenny Ft. Blvd.)	2022	\$5,024,000	\$5,024,000
		<b>\$9,680,000</b>	<b>\$9,364,000</b>

Upcoming Water Projects	Estimated Completion	Impact Fee Report Estimated Cost	Updated Estimated Cost
Water Dist. Master Plan & Impact Fee	2019	\$66,000	\$150,000
Meadow Lake Lines	2019	\$2,367,000	\$2,367,000
Saddle Brook Waterlines	2019	\$629,000	\$629,000
Arterial H Phase II	2019	\$1,470,500	\$2,941,000
South Creek Waterline	2020	\$1,604,000	\$1,604,000
Palm Valley Waterline	2020	\$1,180,000	\$1,180,000
Avery Center East	2020	\$4,160,000	\$4,160,000
Southeast Red Bud Lane Waterlines	2021	\$629,000	\$629,000
Brenda Lane Waterlines	2021	\$2,074,000	\$2,074,000
Palm Valley Phase II	2021	\$1,002,000	\$1,002,000
Water Dist. Master Plan & Impact Fee	2022	\$148,000	\$154,000
Gattis School Road	2023	\$1,130,600	\$5,653,000
Round Rock Glen Waterlines	2024	\$2,715,000	\$2,715,000
East Loop II	2024	\$7,795,000	\$7,795,000
South Creek Phase II	2024	\$2,419,000	\$2,419,000
Water Dist. Master Plan & Impact Fee	2024	\$75,000	\$75,000
Water Dist. Master Plan & Impact Fee	2025	\$158,000	\$158,000
2.0 MGD Elevated Storage Tank (PP 890)	2025	\$7,138,000	\$7,138,000
BCRUA Water Treatment Plant – Ph 1D	2025	\$12,905,000	\$12,905,000
BCRUA Intake & RW Line Ph2A, Seg.	2026	\$57,895,705	\$57,895,705
Sam Bass Phase I	2026	\$14,469,000	\$14,469,000
East Loop III	2027	\$7,171,000	\$7,171,000
West Loop	2028	\$17,818,000	\$17,818,000
Sam Bass Phase II	2030	\$1,578,000	\$1,578,000
		<b>\$163,300,805</b>	<b>\$168,567,705</b>

Table 6 provides a summary of the Wastewater System Capital Improvement Projects that have been completed or are in progress since the last impact fee analysis was completed in November 2015. In addition, projects that are anticipated over the next 10 years are also shown below.

**Table 6**

Completed Wastewater Projects	Completion	Impact Fee Report Estimated Cost	Actual Cost
McNutt Creek C3	2014	\$1,191,000	\$940,000
McNutt Creek C9	2015	\$2,046,000	\$1,471,000
Chandler Creek 1 (Upper)	2015	\$552,000	\$573,000
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
		<b>\$8,644,000</b>	<b>\$7,507,618</b>

Wastewater Projects in Progress	Completion	Impact Fee Report Estimated Cost	Updated Actual Cost
Brushy Creek 2	2019	\$685,000	\$349,000
Brushy Creek 4	2019	\$173,000	\$173,000
WWTP Expansion 1	2022	\$41,600,000	\$30,053,500
		<b>\$42,458,000</b>	<b>\$30,575,500</b>

Upcoming Wastewater Projects	Estimated Completion	Impact Fee Report Estimated Cost	Updated Estimated Cost
McNutt Creek C10	2019	\$1,014,000	\$1,265,887
Lake Creek 1	2019	\$1,995,000	\$2,400,000
McNutt Creek C4	2020	\$734,000	\$765,875
Chandler Creek 3	2021	\$753,000	\$857,680
Lake Creek 4	2021	\$2,235,000	\$2,235,053
Chandler Creek 2	2022	\$520,000	\$520,222
McNutt Creek 15 (referred to as 12)	2024	\$528,000	\$527,897
Hilton Head LS	2024	\$11,000	\$17,000

Upcoming Wastewater Projects Continued...	Estimated Completion	Impact Fee Report Estimated Cost	Updated Estimated Cost
McNutt Creek C12	2024	\$949,000	\$1,204,491
McNutt Creek D2	2025	\$3,678,000	\$3,339,000
SE Annex LS	2025	\$820,000	\$819,036
McNutt Creek D4	2025	\$1,394,000	\$1,131,502
Forest Creek LS	2026	\$1,211,000	\$1,600,000
Forest Creek 2	2026	\$2,148,000	\$2,148,396
Onion Creek 1	2026	\$359,000	\$1,500,000
McNutt Creek C6	2027	\$207,000	\$790,782
Onion Creek 2	2027	\$214,000	\$1,348,025
Spanish Oak 1	2027	\$1,492,000	\$1,491,858
McNutt Creek D5	2028	\$691,000	\$748,000
Mayfield Park 2	2028	\$1,960,000	\$1,960,456
McNutt Creek C8b	2028	\$823,000	\$706,355
Mayfield Park 1	2028	\$393,000	\$393,290
Stone Oak LS	2028	\$295,000	\$295,000
		<b>\$24,424,000</b>	<b>\$28,065,805</b>

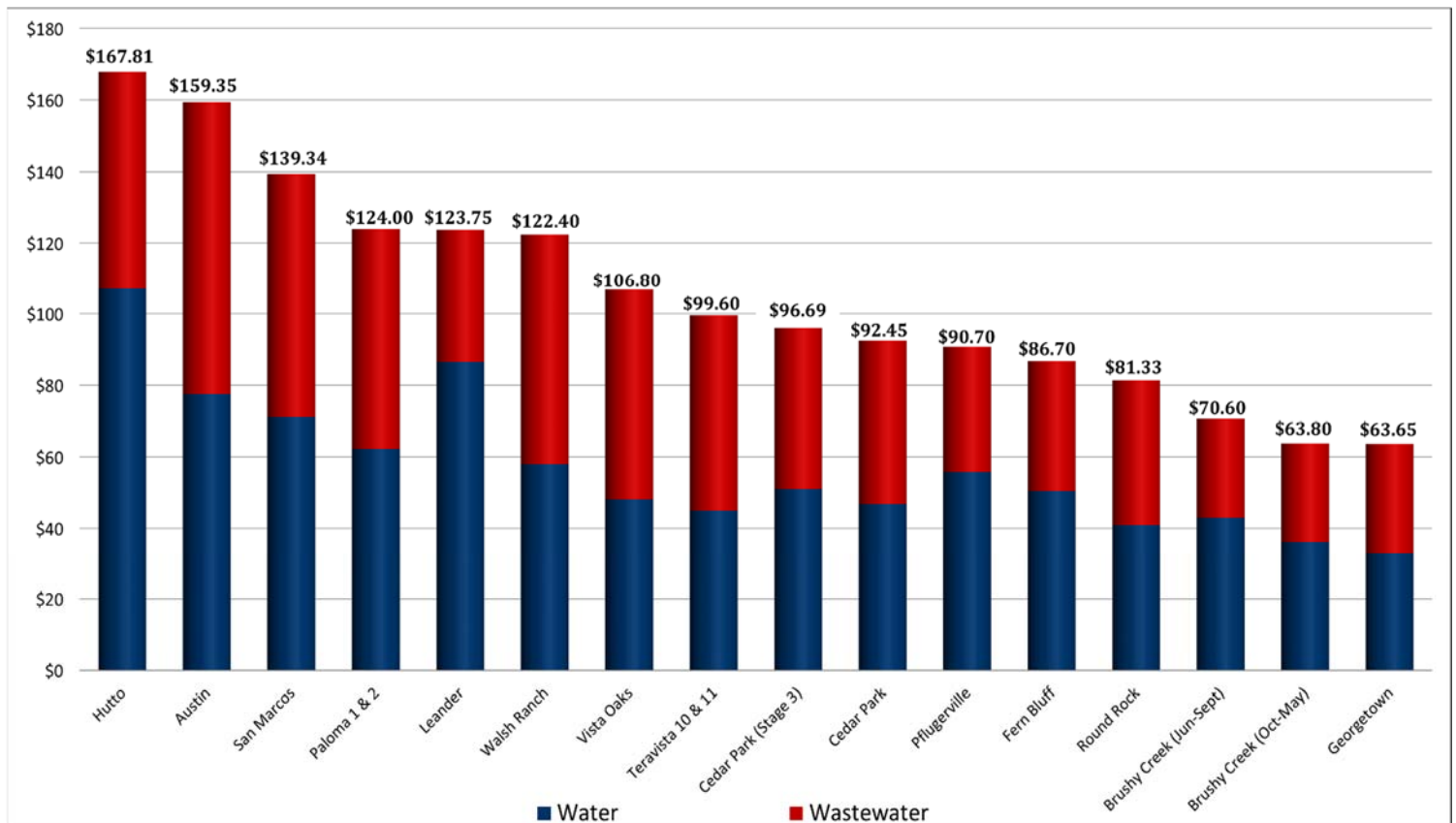
Completed Reuse Projects	Completion	Impact Fee Report Estimated Cost	Actual Cost
Reuse Phase II	2015	\$2,108,500	\$2,108,500
Reuse Phase VI	2016	\$900,000	\$900,000
Reuse Phase IV-B	2016	\$3,719,000	\$3,013,152
		<b>\$6,727,573</b>	<b>\$6,021,652</b>

Upcoming Reuse Projects	Estimated Completion	Impact Fee Report Estimated Cost	Updated Estimated Cost
Reuse Phase V – Stony Point High School	2022	\$558,376	\$600,000
		<b>\$558,376</b>	<b>\$600,000</b>

Figure 6 provides a comparison of the Single-Family Residential Utility Rates for Round Rock customers versus surrounding Central Texas City and Municipal Utility Districts. As depicted, Round Rock utility rates remain some of the lowest in the region.

**Figure 6**

Single-Family Residential  
Water and Wastewater Rates Comparison  
(monthly cost)\*



\* assumes 10,000 gallons water & 8,000 gallons wastewater used



Table 7 compares Round Rock's Water and Wastewater Impact Fees to other Central Texas cities. Historically, Round Rock had one of the highest total impact fees charged for new connections to the water and wastewater systems. However, several of the surrounding cities have increased their fees over the past few years and have surpassed Round Rock. Round Rock's philosophy is for new customers and developments to pay for the capital improvements that are required due to the growth.

**Table 7**

Area Impact Fee Comparison				
City/Utility	Last Updated	Water	Wastewater	Total
Manville WSC	2008	\$2,800	n/a	\$2,800
Brushy Creek MUD	2012	\$2,095	\$1,804	\$3,899
Cedar Park	2013	\$2,250	\$2,000	\$4,250
Hutto	2013	\$3,625	\$2,128	\$5,753
San Marcos	2014	\$2,285	\$3,506	\$5,791
Jonah Water SUD	2013	\$5,000	\$1,068	\$6,068
Round Rock	2016	\$4,025	\$2,099	\$6,124
Pflugerville	2014	\$4,241	\$2,725	\$6,966
Leander	2017	\$4,309	\$2,820	\$7,129
Austin	2014	\$5,400	\$2,200	\$7,600
Georgetown	2017	\$7,039	\$2,997	\$10,036

## **CONCLUSION AND RECOMMENDATIONS**

The CIAC and City Council approved the new Impact Fees which went into effect March 1, 2016. Although the projected population growth in Round Rock is proceeding at a slightly slower rate than what was anticipated in the impact fee report, this has not caused a significant concern since the number of connections to the water and wastewater systems are occurring at the projected rate anticipated by the City.

As a result of the potential volatility in growth rates and infrastructure requirements, the City recommends the impact fees be reviewed every three to four years so that the fees are set according to the growth patterns and needs of the water and wastewater utility system improvements. It is anticipated that we will update our Water and Wastewater Master Plans in 2018 or 2019. Following the Master Plan update, we will review our adopted impact fees. The next Capital Improvements Plan Progress Report will be presented to the CIAC and to the City Council in approximately six months.