



**FY 2026 BUDGET
ROCKDALE MUNICIPAL DEVELOPMENT DISTRICT**

PRINCIPAL OFFICIALS AND ACKNOWLEDGEMENTS

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John King – Board Vice President	Rebecca Luckey – Board Member
Denise Wallace – Board Secretary	Garrett Muston – Board Member
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ECONOMIC DEVELOPMENT DIRECTOR

James P. Gibson, CEcD MEDP

EXECUTIVE ASSISTANT

Michelle Toungate

CITY OF ROCKDALE

City Council Members

Ward Roddam – Mayor	Esme Olivares – East Ward
Lin Perry – Mayor Pro Tem – West Ward	Dave Melton – East Ward
Scott Starnes – East Ward	Daniel Willie – West Ward
Brad Caffey – West Ward	

City Manager

Tim Kelty

City Secretary

Shanna Johnson

City Finance Director

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**FY 2026 BUDGET
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ROCKDALE MUNICIPAL DEVELOPMENT DISTRICT

ORGANIZATIONAL VISION STATEMENT

The Rockdale Municipal Development District will be the premier economic development organization in the Central Texas region that helps businesses and residents prosper.

ORGANIZATIONAL VALUES STATEMENT



Stability. The Rockdale Municipal Development District will be an organization that is financially stable by producing a balanced budget, engaging in long-term financial planning, and being prudent stewards of public funds. The MDD will be operationally secure by establishing sound financial and internal control policies and governance structures. The MDD will also carefully manage and consider the risks (operational and financial) inherent in managing an economic development organization.



Transparency. The Rockdale Municipal Development District will share all available information willingly and openly.



Operational Excellence. The Rockdale Municipal Development District will follow current economic development best practices. The RMDD will strive to execute our mission to the best of everyone's ability. Any work product will be of the highest quality for our best efforts.



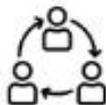
Innovation. The Rockdale Municipal Development District will be engaged in continuous learning. This learning will inspire everyone involved with the RMDD to uniquely approach problems.



Tenacity. The Rockdale Municipal Development District will not give up until our mission is complete.



Inspiring. The Rockdale Municipal Development District will be thought leaders for other community leaders and the broader business and economic development community.



Collaboration. The Rockdale Municipal Development District will openly and eagerly work as a resource with other economic development entities and local business and community organizations to help them achieve their goals.



Planning. The Rockdale Municipal Development District will view its work and actions in terms of a long range effort. This will include creating viable and realistic strategic plans that will secure the enduring success of the community.

Date: July 25, 2025
To: Rockdale Municipal Development District Board of Directors
Rockdale City Council Members
From: James P. Gibson, Jr. CEcD MEDP
Subject: FY 2026 RMDD Budget Transmittal Letter

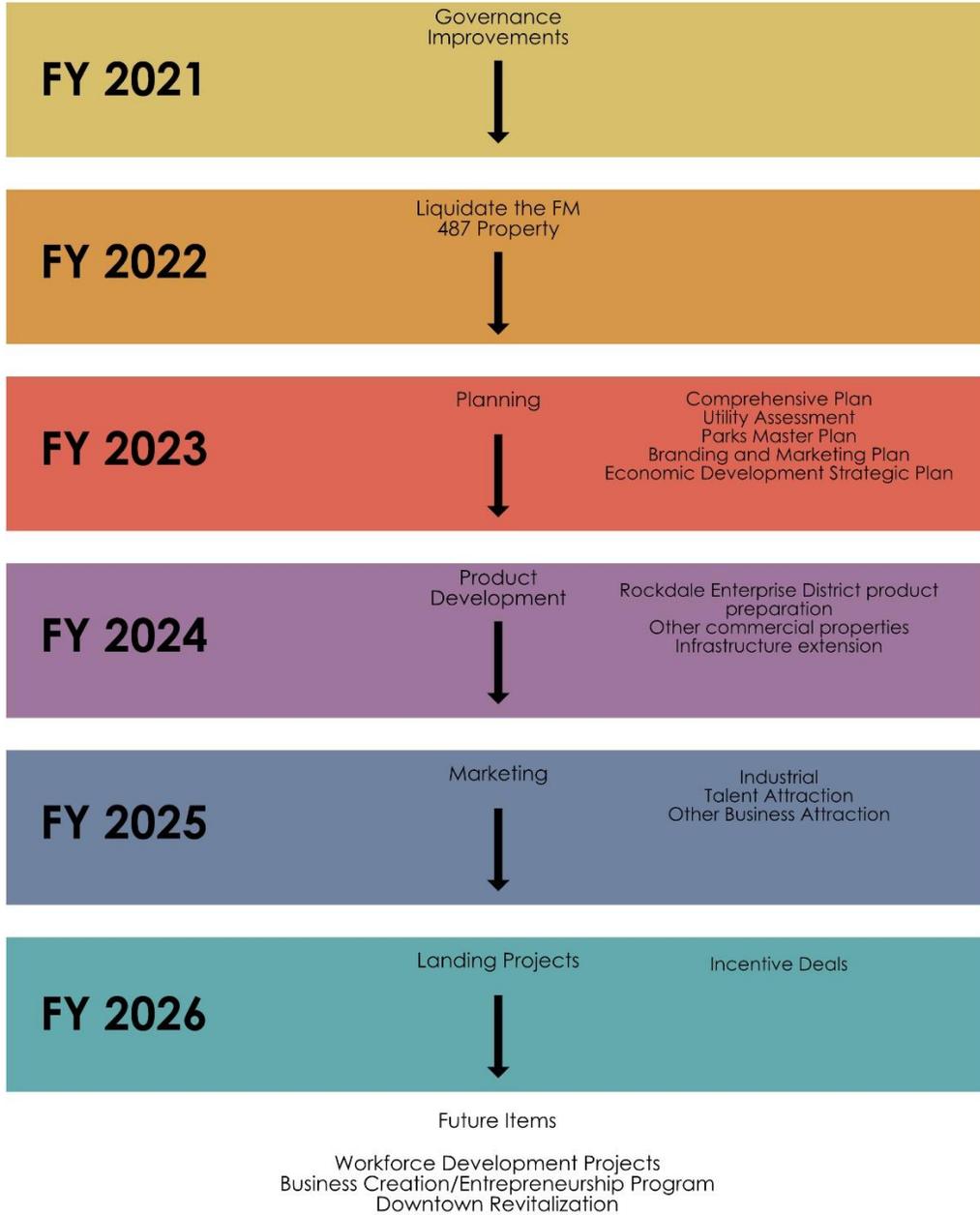
On behalf of the Rockdale Municipal Development District, I am pleased to submit this Fiscal Year 2025-2026 (FY 2026) Budget. This budget book is intended to provide a significant level of detail in the RMDD's budget in a transparent manner and accomplish the four recognized purposes of a budget.

- Budget as a Financial Document – provide thorough financial information about the composition, historic performance, and current assumptions about revenue streams and expenditures to be clear in how the RMDD acts as a fiscal steward over the public funds it is entrusted.
- Budget as a Planning Document – describe the methods in which the RMDD will achieve its goals through ongoing operational service, special programs, and capital projects.
- Budget as a Policy Document – define the policies that guide the management of the RMDD. Whether they are explicit like the Purchasing, Investment, Debt, Fund Balance Policies, or a description of choices that guide financial decisions.
- Budget as a Communication Tool – summarize information in an understandable format for public consumption and explanation of choices and options made by the RMDD.

Each budget year tends to adopt a certain theme or element which creates a particular personality. Following a leadership change in 2021, the FY 2022 theme could be described as improving/enhancing governance. The theme for FY 2023 could be described as setting the community up for anticipated growth. The FY 2024 theme could be characterized as product development – working on getting a new industrial park property ready to market. FY 2025 was the year that the Sandow Lakes Ranch (SLR) project at the former ALCOA facility property started to take on a life of its own which resulted in increased investment interest in Rockdale. Further, FY 2025 saw significant progress on some industrial projects the RMDD has been working on which should materialize in the near term.

A conceptual economic development program progression is shown on the next page. This represents an effort to systematically construct a sustainable economic development program which builds on prior accomplishments.

**ROCKDALE MUNICIPAL DEVELOPMENT DISTRICT
 ECONOMIC DEVELOPMENT PROGRAM PROGRESSION**



One of the largest challenges facing Rockdale is also its greatest opportunity. The Central Texas region is currently a hot spot for new industrial development. Businesses which would like to be close to Austin have difficulties achieving that goal, specifically water and utility availability and higher land costs - Rockdale offers a viable alternative. The challenge is to create real estate product which will be attractive for investors to choose. This budget primarily seeks to work towards activating a new industrial property.

In June 2025, the RMDD Board voted to extend an offer on a 100 acre property. The RMDD anticipates using reserve funds for documentation, property remediation, and creating utility infrastructure plans to make the property shovel-ready.

Additionally, the Samsung plant in Taylor looks to be fully operational by the end of 2026. There are numerous suppliers which need to be within a certain proximity to this facility. This property seeks to be an ideal location for some of these suppliers.

It is also anticipated that commercial and retail development may start to unlock through FY 2026. Additionally, the Cornerstone subdivision is approximately 10% built out and should increase their pace as large regional projects, such as the Samsung operation, are announced and begin production. The City is also working with a developer on a third residential subdivision.

The RMDD is in an excellent financial position with nearly six months of financial reserves and receiving record sales tax allocations. The RMDD's financial forecast shows that there are no structural or incoming deficits in the future. The FY 2026 Budget is modest – the largest expenses coming from infrastructure development being paid for using its large fund balance earned by prior surpluses and remaining proceeds from the sale of the FM 487 property.

Great things are going to happen in Rockdale and the RMDD is excited to be on the leading edge of change as the community transitions away from being a sleepy railroad town to a Central Texas community of choice.

**FY 2026 BUDGET
BUDGET USER GUIDE**

The Budget User Guide provides foundational knowledge for the reader to gain a deeper understanding of the Rockdale Municipal Development District's budget. This section is organized under the following topics:

Basis of Budgeting. This section defines the RMDD's fund, its function, which method of accounting and budgeting it uses.

Budget Format. This is a description of how the RMDD's budgetary information is presented to the reader.

Budget Formulation and Development Process. Creating the RMDD's annual budget is an involved process with many different parts. This section provides an overview of the budget development process. A calendar of key budgetary milestones is provided.

Budget Management. Once the budget is adopted, there are certain activities that occur to ensure the RMDD stays within its budget. This section describes some operational detail on how the RMDD manages its finances.

BASIS OF BUDGETING

The Rockdale Municipal Development District annual budget is prepared consistent with Generally Accepted Accounting Principles (GAAP). A basis of accounting refers to the point in time where revenues and expenditures are recognized in the RMDD's financial system and statements.

The RMDD uses the modified accrual basis of accounting, where revenues are recognized when they become available and liabilities when they are incurred.

Some exceptions to the modified accrual basis are as follows:

- Capital outlay and expenditures are capitalized and recorded as assets on a GAAP basis (if the threshold is met), but expenses annually on the budgetary basis. The budgetary method provides a more accurate description of the actual capital outlays made and planned during the year.
- Capital outlays are expressed as expenses in the budget. Any calculated depreciation expense will not be shown in the budget as expenses in the budget.
- The budgetary basis does not show the value of employee leave balances that are recorded as a liability on the RMDD's balance sheet in the audit report.
- The budget includes debt principal payments as budgetary expenditures. However, in the RMDD's audit report, debt principal payments are treated as a reduction from the associated liability.

BUDGET FORMAT

The budget format for the FY 2026 Budget is enhanced to present more information than prior budgets.

Financial Format

The information included in the budget is organized into columns (financial data over time) and budget units. The financial information contained in the budget is as follows:

FY 2023 Actual. Actual revenues, expenditures, and fund balances recorded for the period ending September 30, 2023

FY 2024 Actual. Actual revenues, expenditures, and fund balances recorded for the period ending September 30, 2024

FY 2025 Amended Budget. The budget as approved and amended by the RMDD Board – and approved by the Rockdale City Council – for the current fiscal year ending September 30, 2025, including revenues, expenditures, and fund balances.

FY 2025 Estimate. Estimated revenues, expenditures, and fund balances recorded for the period ending September 30, 2025. The estimate is calculated as of June 30, 2025.

FY 2026 Proposed. Budgeted amounts for each category for the fiscal year ending September 30, 2026.

Prime Accounts

A prime account is a line item which gives a sub-total amount to revenue or expense accounts of a similar nature. For example, all accounts associated with personnel costs are sub-totaled to “Personnel Services”. This budget employs the following prime accounts.

Personnel – All costs associated with RMDD employees, including salary/wages, retirement contributions (TMRS), health insurance, Social Security, workers compensation, unemployment insurance, etc.

Board of Directors – All costs associated with providing training and meeting expenses for the RMDD Board of Directors.

Economic Development – All project costs associated with the economic development mission of the Rockdale Municipal Development District.

Community Marketing – All costs associated with marketing and advertising Rockdale.

Training and Development – All costs related to staff professional development.

Contractual Service – All other costs associated with the management of the RMDD.

Supplies – All costs related to supplies required by the RMDD.

Maintenance - All costs related to the maintenance and operation of the RMDD office building.

Debt – All costs related to the management of the RMDD’s debt instruments.

BUDGET FORMULATION AND DEVELOPMENT PROCESS

Each year, the Rockdale Municipal Development District is required by its by-laws to adopt a balanced budget where revenues are greater than or equal to expenditures. The RMDD’s budget book serves as a guide for implementing Rockdale’s economic development plan. The budget contains general information regarding Rockdale’s strategic economic development plan, financial projections for the next five years, objectives to achieve, and major accomplishments.

Budget Pre-Planning

The RMDD’s fiscal year runs from October 1 through September 30. In the middle of March, RMDD staff begin developing a mid-year budget review and estimate. This estimate informs the development of the annual Financial Forecast, a five-year projection into the future that evaluates the interplay between growth in sales tax revenue, personnel costs, debt obligations, outstanding project commitments, operational costs, and fund balance projections.

In mid-Spring of each year, the RMDD Board of Directors reviews the Strategic Plan and Annual Action Plan, accomplishments made toward the plan, aspects of the plan that need review or alteration, and if there are desires for new initiatives.

The Board’s feedback is directed to the RMDD staff who begin work creating the annual revenue budget in mid-April.

Budget Development and Adoption

An update of the annual action plan and draft version of the budget is prepared and presented to the RMDD Board in May for the Board’s review. The Board then deliberates the budget in June and adopts it in July. The budget is then transmitted to the City of Rockdale for the August City Council budget workshop. The RMDD budget is a component part of the City of Rockdale’s budget which will be adopted in August.

The new budget goes into effect October 1.

BUDGET CALENDAR

April 28, 2025	Review financial forecast and mid-year estimates Review strategic plan. Set broad goals for the year.
May 27, 2025	Budget requests and draft budget Draft FY 2026 Action Plan

June 23, 2025	FY 2025 Budget review
July 28, 2025	FY 2025 Budget approval
August 4, 2025	Present to City Council for review
August 18, 2025	Council adopts FY 2026 Budget

BUDGET MANAGEMENT

The RMDD Board is presented with monthly revenue and expense reports which contain the current year’s budget, the current month’s spending, any outstanding encumbrances, the year-to-date total, and remaining available budget. The RMDD’s purchase order system assists the Board and staff with managing the budget. Please reference the RMDD’s Purchasing Policy in the Appendix for more information about the purchasing process.

Budget Transfers

As the fiscal year progresses, unanticipated situations may arise that could affect the budget. Items that require a simple transfer from one account to another within the RMDD budget that would not affect the total budget, can be made upon the Economic Development Director’s request and approval by the Board President. The RMDD’s Financial Policies, included in the Appendix, provide more information about this process.

Budgetary Reporting

Each month, RMDD staff prepare a revenue and expense report for the Board of Directors. Staff also prepares a cash & investment report which reflects the RMDD’s cash position and change throughout the fiscal year; and, staff prepares a project report which deducts projects and obligations from the stated cash position.

Audit

At the close of each fiscal year, the RMDD conducts an independent audit from a qualified CPA firm licensed by the State of Texas. While the audit process examines the RMDD’s books, it also studies the RMDD’s financial processes, internal controls, and compliance.

BALANCED BUDGET

According to the RMDD’s by-laws, it shall be the responsibility of the Economic Development Director to submit a balanced budget to the Board of Directors. It is the responsibility of the Board of Directors to submit a balanced budget to the Rockdale City Council. A balanced budget is defined as one where revenues are greater than or equal to expenditures.

FOR MORE INFORMATION

The budget document summarizes and condenses a substantial amount of information. However, more detailed information may be needed or further explanation required. In these instances, citizens and users may contact the Rockdale Municipal Development District office at 512/446-2111 with questions. The RMDD office is open Monday through Friday from 8:00 am to 5:00 pm.

For additional information about the Rockdale Municipal Development District, to download important forms and applications, and to view meeting agendas and minutes, please visit the RMDD website at RockdaleMDD.org

FY 2026 BUDGET

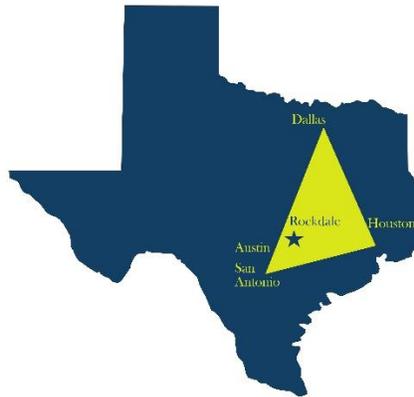
ROCKDALE MUNICIPAL DEVELOPMENT DISTRICT

BUDGET PHILOSOPHY

The Rockdale Municipal District Board of Directors adopts a spending and revenue plan to fund services for the Citizens and businesses of Rockdale. Over the long term, the Board seeks to make revenue and spending decisions operate within established principles or philosophical foundations. These values provide guidance for staff in developing the budget.

1. To link comprehensive and strategic plan components to the annual operating budget.
2. The long-term financial stability of the organization.
3. The alignment of organizational priorities to focus efforts on those projects that will affect long term growth of the City. These projects include:
 - a. Planning projects that establish a smooth long-term community growth pattern.
 - b. Real estate improvement and infrastructure projects which create industrial sites for development with the intent of landing major industries which will increase economic activity in the community.
 - c. Quality of life projects that seek to make Rockdale a community of choice.
4. Maintaining competitive pay and benefits for RMDD employees.
5. The maintenance of financial reserves to a targeted level ensuring the RMDD has sufficient cash to continue operations through a short-term income disruption.
6. Continue to be good stewards of the public's funds by keeping a balanced budget where expenditures do not exceed revenues.

FY 2026 BUDGET
PROFILE OF ROCKDALE, TEXAS



Although the FY 2026 Budget is primarily a financial document, it is also an opportunity to acquaint the reader with some of the history, highlights, facilities, and economy of Rockdale, which make it a great place to visit, live, work and do business.

City Government

The City of Rockdale operates under a Home Rule Charter with a Council-Manager form of government. The governing body, the Rockdale City Council, is composed of a Mayor and six council members, three members each represent East Ward and West Ward. The Mayor and Council members serve staggered three-year terms. The Mayor and Council are responsible for casting a vision and direction for the city, enacting legislation in the form of ordinances and resolutions, adopting and amending budgets, making appointments to city boards and commissions, and determining the general policies of the City.

Rockdale Municipal Development District

The Rockdale Municipal Development District serves as the economic development arm of the City. The RMDD is authorized under Chapter 377 of the Texas Local Government Code and is governed by a seven-member Board of Directors, which serve staggered two-year terms. The RMDD was created by an act of the voters on May 8, 2010. The Board selects from among its members the offices of Board President, Vice-President, Secretary, and Treasurer. The Board is responsible for hiring and supervising an Economic Development Director. The RMDD collects a one-half cent sales tax collected on each taxable purchase in the City and extra-territorial jurisdiction (ETJ) of Rockdale.

History of Rockdale

Rockdale, Texas, is located at the intersection of US Hwys. 79 and 77, situated perfectly in the center of the major markets of Austin/Round Rock, Bryan-College Station, and Temple/Waco. Rockdale was originally established as a railroad community as the International-Great Northern Railroad was laying the line from Austin to Hearne. The sale of town lots occurred on September 3, 1873 after B.F. Ackerman, George Green, and Frank Smith sold 400 acres to the railroad. The new town was named by Mrs. B.F. Ackerman for a nearby large rock which was twelve feet high. Rockdale was incorporated in 1874 and quickly became a shipping and supply point for area farmers to deliver their goods for transport to market.

Shallow lignite coal was discovered in the area in the 1890's and the town received an additional economic boost, which also resulted in more railroad traffic in the area. In the 1920's, oil was discovered in the area and the widespread adoption of oil as a fuel source quickly displaced the demand for coal.

In the early 1950's, the Aluminum Corporation of America (ALCOA) established an aluminum smelting facility outside of Rockdale to take advantage of the local coal deposits. This new industry revitalized the local economy and attracted many new residents.

Eventually, two power plants were constructed adjacent to the ALCOA facility and the industrial complex provided most of the employment opportunities for the area. In 2008, the ALCOA smelting plant closed and in 2013, the power plant ceased operations. The result was that all associated job opportunities and tax base disappeared.

Things began to turn around for Rockdale in 2016 when BitMain, a Chinese crypto currency miner, announced that it was going to lease the former ALCOA plant and convert it into a BitCoin mining operation. In late 2019, American company Whinstone announced that it was going to construct a new BitCoin mining facility adjacent to the former ALCOA plant.

In the early 2020's, there were a host of large industrial locations and expansions in the Austin Texas MSA. This increased demand for real estate started to spill over into Rockdale and Milam County. In late 2021, Samsung announced that it selected Taylor, Texas, (30 miles west of Rockdale) as the site for a large semiconductor chip manufacturing plant that looks to create at least 1,600 direct jobs. This further contributes to spillover effects that are driving demand for real estate in Rockdale.

Also in the Fall of 2021, XEBEC Realty announced the closure of the sale of the 31,000 acre ALCOA property. In Summer 2023, XEBEC announced the development of a 3,300 acre industrial park, the Advanced Manufacturing and Logistics Center; the development of which will be a major economic catalyst in Milam County.

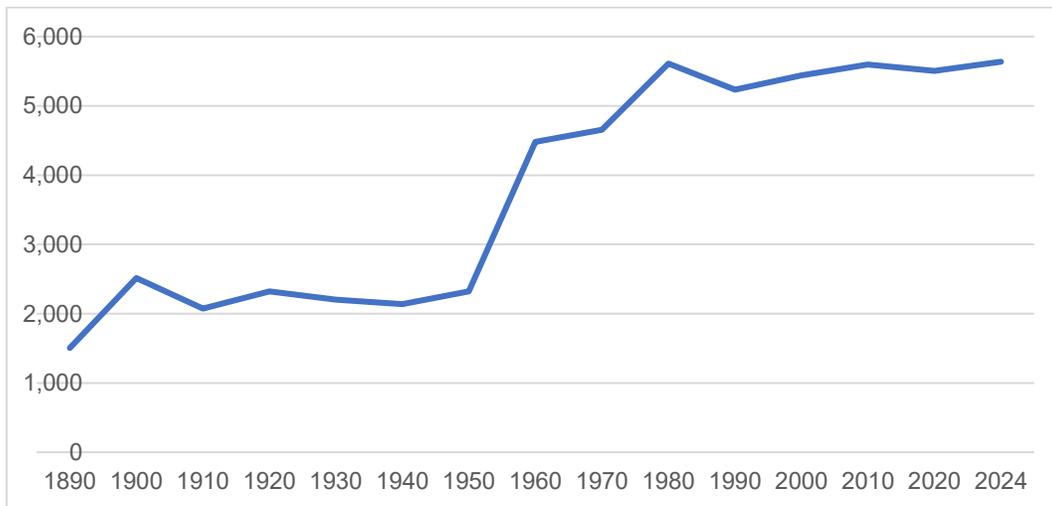
In March 2025, XEBEC announced the first tenant in their industrial park: T1 Energy who intends to manufacture solar panels and create approximately 1,800 new jobs.

Rockdale Economy

This section is intended to provide a brief snapshot of the Rockdale and Milam County economy. The topics discussed will be population, the size of Milam County’s economy as measured in Gross Domestic Product (GDP), the size of the labor force, the number of job opportunities, and the unemployment rate.

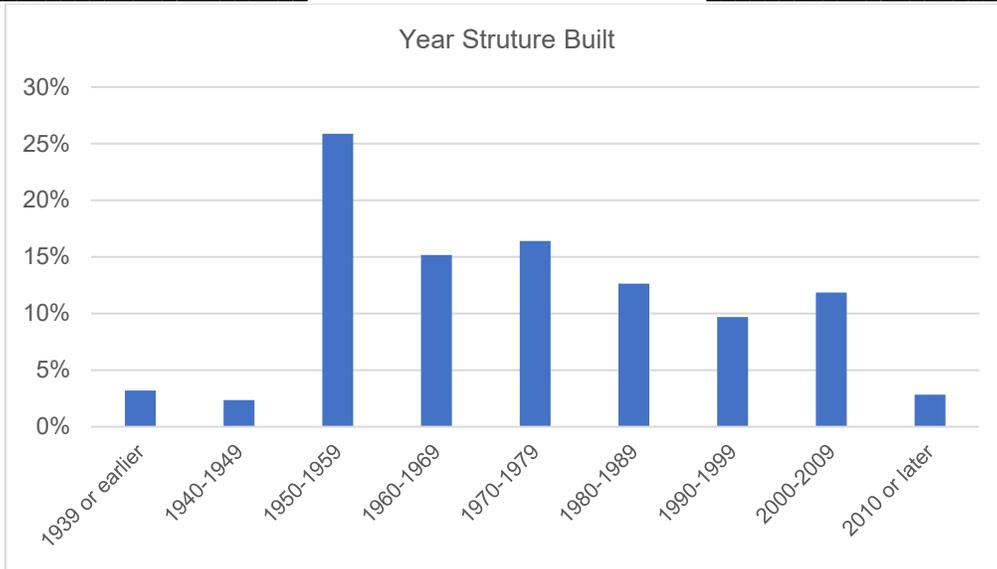
Population

The population of Rockdale went through a dramatic change in the 1950’s and 1960’s and has essentially plateaued since the 1980’s. As graph 1 illustrates, one can see this population trend.

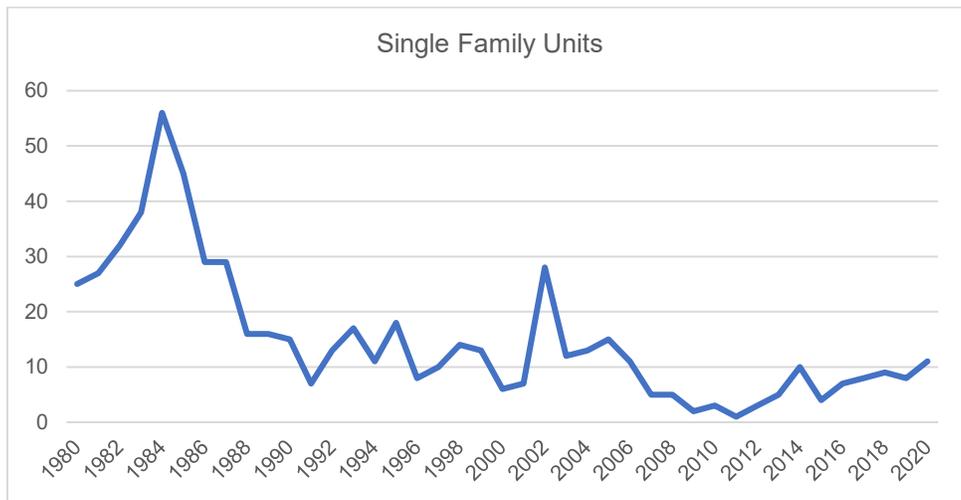


Graph 1 – US Census Population figures for Rockdale, Texas
Source: Texas State Historical Association. www.tshaonline.org

This pattern can be corroborated by exploring the patterns of housing construction and age of the local housing stock.



Graph 2 – Age of Rockdale Residential Structures
 Source: ESRI Business Analyst



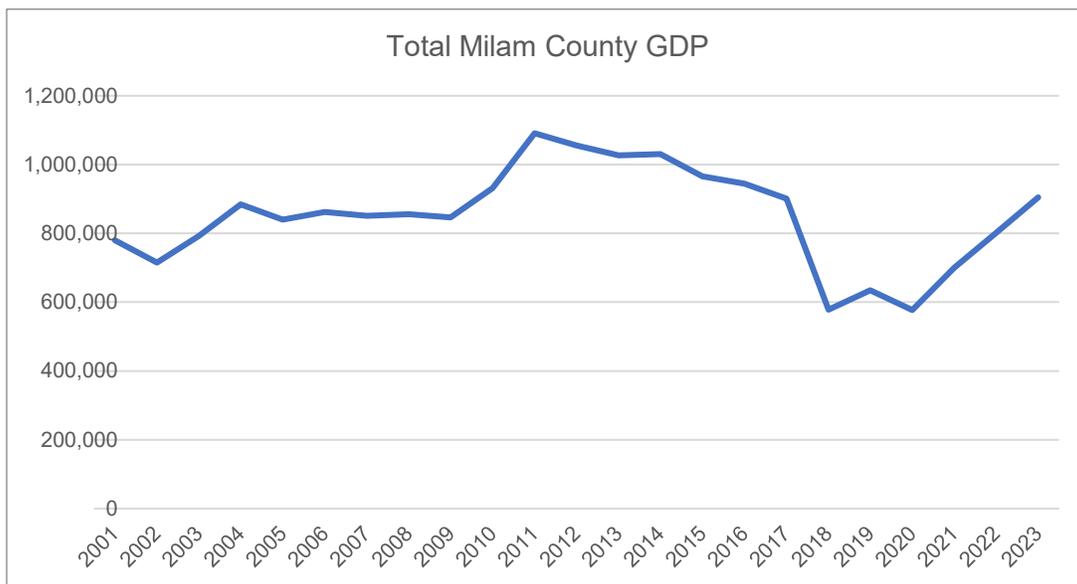
Graph 3 – Rockdale Residential Building Permits Issued
 Source: Texas A&M Real Estate Research Center

In December 2022, the City of Rockdale and RMDD sold its 166-acre FM 487 property (the Rockdale Industrial Park) to a development group who proposed to develop 672 single-family lots as the Cornerstone subdivision. The project broke ground in June 2023 and with the project being approximately 10% built out.

Size of the Economy

Gross Domestic Product (GDP) is the sum of all the goods produced and services consumed within a particular economy for a given time. It is considered the best measurement for the size of an economy. The Bureau of Economic Analysis (BEA) releases annual calculations for GDP by County; this therefore becomes the best available tool to measure the size of Milam County's economy.

Milam County's economy peaked in 2011, following the final closures of the ALCOA and power plant facilities. Since then, the size of the economy has nearly halved, shrinking 47% in ten years. The Milam County economy reached its low spot in 2020 while managing the COVID-19 pandemic. After languishing a couple of years, the economy experienced a slight rebound in 2021 and is expected to rapidly grow in the near term, initially driven by construction activity and sustained by the manufacturing sector. It is anticipated that in either 2024 or 2025, the size of Milam County's GDP should be greater than or equal to the 2011 peak.



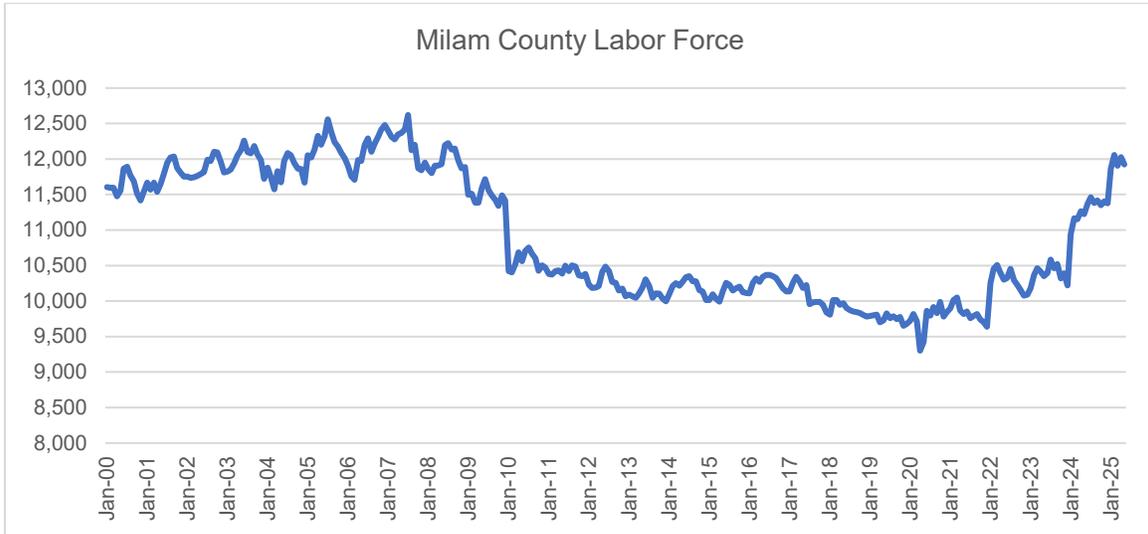
Graph 4 – Milam County GDP
Source: Bureau of Economic Analysis

Labor Force, Job Opportunities, and Unemployment Rate

Special attention needs to be made to the analysis of the local labor market as the RMDD is charged with helping to create employment opportunities in Rockdale. This can be accomplished by examining trends regarding the size of the Milam County labor force, the number of job opportunities in the County, and unemployment rate trends.

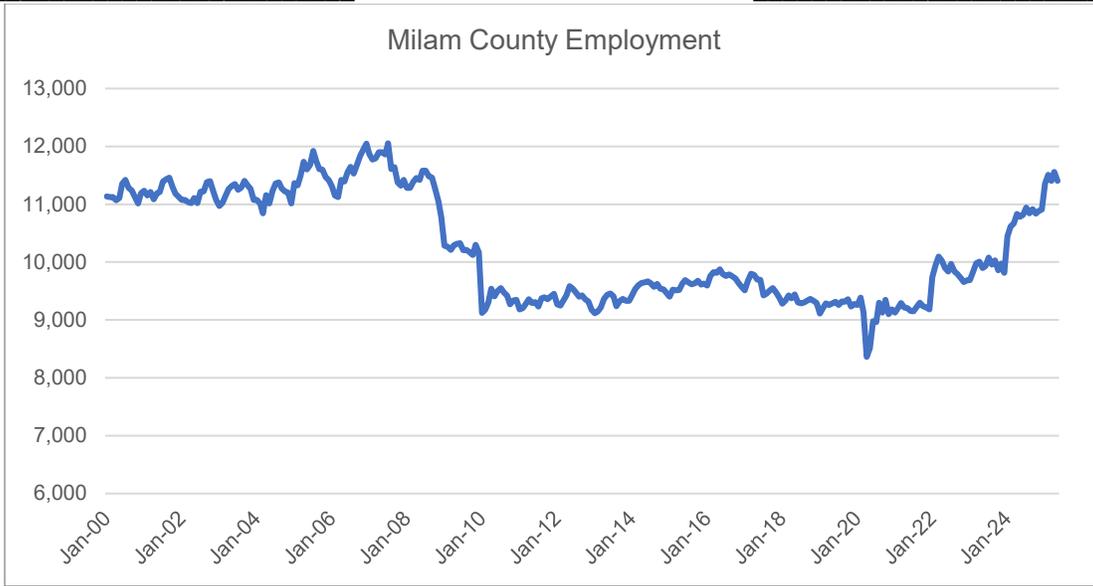
Milam County's labor force, or the number of residents who are actively participating (either working or actively seeking work) in the labor market, was in a steady decline since January 2016. However, this figure has taken

a large upswing in 2022 as a result of the nationwide tight labor market and has consistently been above 10,000 since early 2022. The size of the civilian labor force is now at levels experienced when ALCOA was operating.



Graph 5 - Milam County Civilian Workforce
 Source: Local Area Unemployment Statistics. TexasLMI.com

The number of job opportunities in Milam County also has an interesting pattern. From January 2000 to 2009, the number of jobs were fairly stable. This period represents the time prior to the closing of ALCOA and the power plants. There is a decline following the closures which then levelled off to another plateau. One can clearly observe the dip in early 2020 as a result of COVID. But at the far right of chart 6, one can see an uptick in the number of jobs in Milam County. Through 2023, this metric would bounce around the 10,000 job threshold. But, in 2024, this figure started to rapidly take off through the 11,000 threshold. The next threshold to reach and exceed is the 12,000 job mark – the high point of the number of jobs when ALCOA was operational. With additional economic activity in the County, it is expected this figure will soon reach and exceed this key threshold.



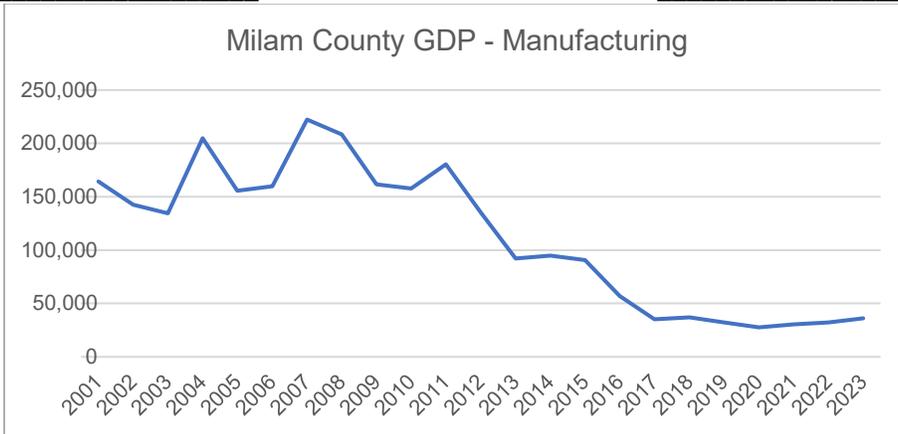
Graph 6 – Milam County Employment
 Source: Local Area Unemployment Statistics. TexasLMI.com

The final metric to analyze is the Milam County unemployment rate, which reached its lowest point in history in April 2022 at 3.6%, representing the lowest rate since April 2008. Recently, the unemployment rate has slightly increased, getting as high as 4.9% in June 2024 before falling to a recent low of 3.9% in April 2025. If 5% unemployment is considered to be “full-employment”, then Milam County is in a tight labor market.

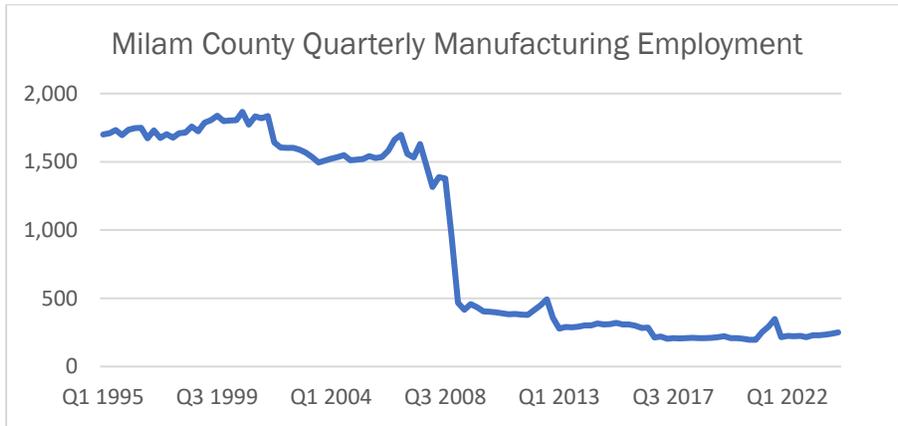
Manufacturing Jobs and GDP

Special attention needs to be paid to the composition of the Milam County economy. Economic industries are categorized into ‘traded’ and ‘local’ industries. A traded industry is one where a particular product or service is created, exported outside of the locale, and in return, dollars are imported into the community. An example of a traded industry is manufacturing or agriculture. A local industry is one that relies on the circulation of dollars within a local economy. An example of a local industry are restaurants, retail, and personal services.

Following the ALCOA closure in 2008, the Milam County manufacturing sector contracted by 84%. Approximately 90% of the manufacturing jobs were also lost.



Graph 6 – Milam County Manufacturing GDP
 Source: Bureau of Economic Analysis



Graph 7 – Milam County Manufacturing Employment
 Source: Quarterly Census of Employment and Wages. Texas Workforce Commission

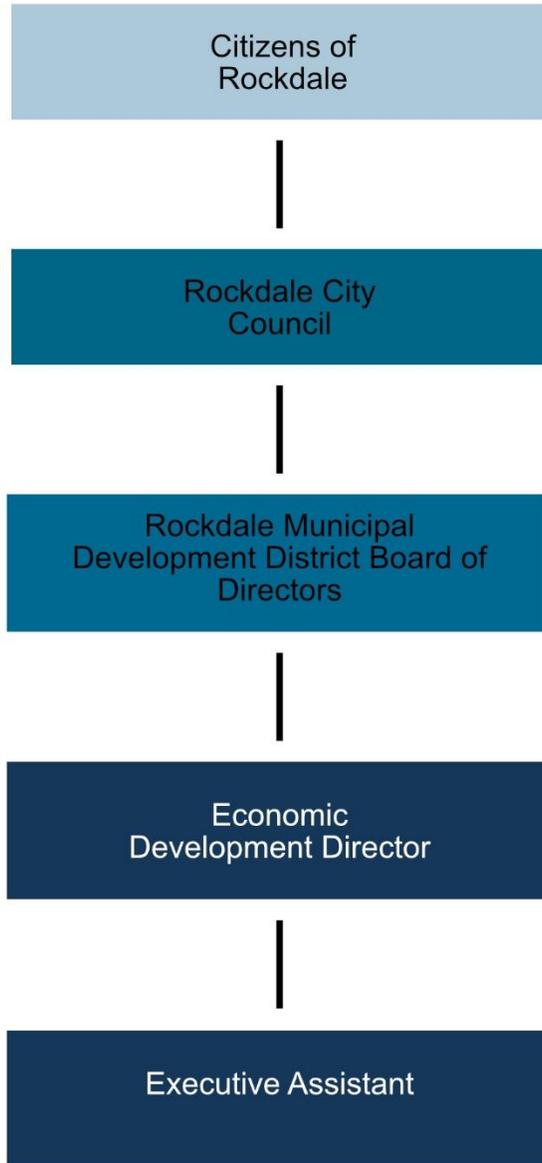
Even if the Milam County total GDP soon exceeds pre-2008 levels, a smaller share of this economic output is from traded industries. For the Milam County economy to truly recover from the loss of ALCOA, the manufacturing sector is going to have to make a comeback along with the requisite number of jobs.

Summary and Application

In summary, the data points indicate that the Rockdale local economy is healthy, yet still recovering from an economic trauma – the upside is that it is primed for growth. There are indications – the new Cornerstone subdivision, industrial attention, and a large new industrial park – that the growth will happen.

A growing economy provides justification to reasonably expect growing sales tax revenues for the organization.

ROCKDALE MUNICIPAL
 DEVELOPMENT DISTRICT
 ORGANIZATIONAL CHART



STAFFING CHART

Job Title	FY 2024	FY 2025	FY 2026
Economic Development Director	1	1	1
Executive Assistant	1	1	1
Marketing Intern	0	0.3	0.3
Total	2	2.3	2.3

FY 2026 BUDGET

ROCKDALE MUNICIPAL DEVELOPMENT DISTRICT

STRATEGIC PLAN

In 2023, the Rockdale MDD Board approved a new Strategic Plan. This document takes a deep dive into Rockdale's economic history, explores many data points which both explain Rockdale's current condition and provide points of resilience.

The chief outcome of this analysis was creating the problem statement for Rockdale's economy, that investment risk/capital avoidance in Rockdale is too high. The opportunity costs of choosing Rockdale over other communities which present a smaller risk profile are too great. The result is a market failure.

Policy solutions can then be created to correct the chief problem. Rockdale's risk profile can be improved by eliminating or ameliorating certain risks such as real estate, political, perception/reputation, workforce, financial, and time risks. While the strategic plan takes an overall view on how to accomplish these things, the annual budget serves a different purpose.

Strategic Plan Alignment

The purpose of this section of the budget book is to outline how the strategic plan and the annual budget are to be aligned. A strategic plan takes a longer time horizon into account, usually over three to five years. An annual budget allocates resources for a shorter time, a single twelve-month fiscal year for these purposes.

The intent is to have organizational resources (time and money) properly aligned with the goals of the strategic plan so that the organization, and by extension the Rockdale community, can achieve its desired goals.

Strategic Plan Summary

As stated above, the root problem to address is Rockdale's elevated investment risk profile. This has been allowed to develop over a very long time period. This risk profile starts with the fact that Rockdale was a company town when ALCOA was in operation and many of those features linger in the community today. Rockdale will need to address the following risk profiles:

- No viable industrial properties – real estate risk
- Deteriorated community appearance – perception/reputation risk
- Inadequate City water/wastewater utility system – real estate, operational, and time risk
- Lack of skilled workforce/undesirable demographics – workforce risk

Rockdale is in a unique position to capitalize on recent exuberant regional economic activity. As stated in the economic profile, Rockdale can take advantage of regional economic spillover effects which will integrate Rockdale into the regional economy and allow it to have the resources needed to grow its own economy.

Essentially, by capitalizing on these trends, Rockdale can generate the needed financial resources (i.e., tax revenue) to make investments and improvements into the community, which will work to reduce its overall risk profile, which will attract other private investment, which will generate even more financial resources. A virtuous cycle then begins which can pull Rockdale towards its desired state.

The Strategic Plan identifies seven areas of action to achieve the plan goal of reducing investment risk in Rockdale:

- Community Leadership and Organizational Development – The Rockdale MDD will build consensus in the community around its vision and mission, its capacity to achieve the community’s vision, and exhibit competence to the public.
- Quality of Place/Life – Rockdale as an Investment Location – Rockdale will become an aesthetically pleasing community which will offer desirable community amenities with a reasonable tax rate.
- Attracting New Industry – Rockdale will take advantage of its’ strategic location and current industrial trends to attract other industry to the community.
- Workforce Development – Rockdale will partner with key stakeholders and partners to take steps to invest in human capital so that new industry locating to the area can rely on a documented talent pipeline.
- Housing Development – Building upon improvements in Rockdale’s quality of place, Rockdale will be able to deliver quality housing for all price points.
- Entrepreneur Ecosystem – Rockdale will be known as a community that is supportive of entrepreneurs
- Retail Expansion – Rockdale will grow into a commercial and retail hub for the Greater Milam County area and capture retail leakage, ensuring imported dollars circulate multiple times in the community before flowing out.

An annual action plan is the method of linking elements of the strategic plan to the annual budget. The annual action plan selects the elements which are either ongoing or scheduled for implementation in a particular time period (in this case 2025-2026) and allocates the needed financial resources.

The Rockdale Municipal Development District Board held a budget workshop in April 2024 and determined that the top two areas to focus efforts on for FY 2025 are: Retail Expansion and New Industry Attraction. The following annual action plan carried the Board’s priorities forward into the next budget year.

This action plan is different from prior presentations in that it is organized by the amount of weight attached to each activity. Within each strategic plan section, the different plan elements that the board wishes to address are listed along with any special initiative or activity.

Attracting New Industry – 35%

Strategic Plan Element	Proposed Activities
<ul style="list-style-type: none"> • Get some property activated for industrial development • Complete work on updating the MDD and City incentive policy 	<ul style="list-style-type: none"> • Participate in Team Texas events: SEMICON, Select USA, Site Consultant Forum, Business road shows, etc. • Attend Site Selectors Guild Annual Conference • Continue aggressively responding to prospect leads • Network with Texas-based site consultants • Distribute quarterly newsletters to site consultants • Participate in Opportunity Austin networking and industry events • Explore partnering with WillCo EDP

Retail Expansion – 25%; Budgeted Amount

Strategic Plan Element	Proposed Activities
<ul style="list-style-type: none"> • Identify target anchor retail and market to them • Identify commercial developers and consistently communicate Rockdale's message 	<ul style="list-style-type: none"> • Utilize the Placer.ai platform for a robust retail outreach program • Attend the ICSC Red River trade show • Attend the Austin Retail Live trade show • Complete a downtown building survey and conceptual use plan

Workforce Development/Business Retention and Expansion – 15%

Strategic Plan Element	Proposed Activities
<ul style="list-style-type: none"> • Conduct regular industry visits to gather data 	

Housing Development – 10%

Strategic Plan Element	Proposed Activities
<ul style="list-style-type: none"> • Promote key candidate properties to developers and builders as the opportunities arise • Use the new brand and marketing plan to target residential audiences/recruit talent • Outreach to residential/master planned community developers 	

Community Leadership – 5%

Strategic Plan Element	Proposed Activities
<ul style="list-style-type: none"> • Evaluate the RMDD's role to reflect additional work areas identified in the Comprehensive Plan • Maintain staff professional development and credentials • Successfully produce: Annual budgets, annual clean audits, reporting requirements • Apply for and receive other economic development awards - TEDC, IEDC • Consistently produce content and publish it on local and social media 	<ul style="list-style-type: none"> • Coordinate efforts with public entities for growth management (Rockdale Growth Alliance) • Attend TEDC and IEDC conferences and professional development opportunities • Update RMDD strategic plan • Send a board member to TEDC Basic Economic Development Course

FY 2026 will have an emphasis on developing the necessary industrial real estate product that can be used for aggressive business attraction. Additionally, the RMDD will focus efforts on retail attraction leveraging continued residential development.

FY 2026 BUDGET
ROCKDALE MUNICIPAL DEVELOPMENT DISTRICT
ANNUAL ACTION PLAN

Based upon the tenets of the Strategic Plan, the Board approves an annual plan representing the steps the Board will take within the current year to make progress on the Strategic Plan and, by extension, the City's Comprehensive Plan.

Individual action plan steps are identified in the Strategic Plan section of this budget document. Specific budget requests and cost centers can be allocated to the individual goals, creating approximate dollar amounts for each goal.

Community Leadership and Organizational Development

Board of Directors Items	7,200
Staff trainings and conferences	12,200
Lunch & Learns	1,200
Memberships	5,430
CGFO annual certification	120
Zoho Survey Subscription	500
<hr/>	
Subtotal	26,650
Personnel Allocation	33,200
<hr/>	
TOTAL	59,850

Quality of Place/Life - Rockdale as an Investment

Location

Façade grant - buildings	20,000
Personnel Allocation	10,600
<hr/>	
TOTAL	30,600

Attracting New Industry

New Industrial Park infrastructure	1,250,000
Marketing, advertising, & travel	94,300
<hr/>	
Subtotal	1,344,300
Personnel Allocation	94,000
<hr/>	
TOTAL	1,438,300

Workforce Development

Personnel Allocation	9,000
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Housing Development

Personnel Allocation	18,000
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Entrepreneur Ecosystem	0
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Retail Expansion

Retail market data	28,000
Retail consultant	45,000
Marketing matching grant	3,000
Retail trade shows	3,300
<hr/>	
Subtotal	79,300
Personnel Allocation	55,400
<hr/>	
TOTAL	134,700

Organization Wide

Audit	6,000
Office decorations and supplies	2,300
Legal	5,000
Other	200
Univista Office 365	3,300
Office utilities and maintenance	18,800
Newspaper subscriptions	150
<hr/>	
Subtotal	35,750
Personnel Allocation	36,400
<hr/>	
TOTAL	72,150

TOTAL **1,762,600**

FY 2026 BUDGET

REVENUE ANALYSIS AND FORECAST

The Rockdale Municipal Development District is funded by the collection of a half-cent sales tax on all taxable goods and services inside the City of Rockdale and its Extra Territorial Jurisdiction (ETJ). This is unlike the City of Rockdale, which derives its revenue from multiple streams.

Sales Tax Composition

It would be an incomplete thought to assume that only retail sales are sales-taxable transactions under Texas law. A broad array of transactions across multiple industries makes up the sales tax allocated to the RMDD. The State of Texas Comptroller of Public Accounts provides information to the RMDD detailing where sales taxes are generated. The data set begins in January 2020 and runs through July 2025, providing insight into sales tax generated by industrial classification code. Table 2 provides the percent of receipts by industry code for the given fiscal year.

NAICS Codes		FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
100000	Agriculture, Forestry	0.0%	0.0%	0.0%	0.0%	0.0%
200000	Mining, Utilities, Construction	2.1%	11.6%	7.5%	8.7%	8.3%
300000	Manufacturing	1.8%	2.3%	2.0%	2.0%	3.6%
400000	Wholesale/Retail Trade	66.3%	59.0%	52.9%	60.7%	58.7%
500000	Finance, Real Estate, Profess.	12.5%	10.0%	22.8%	11.1%	12.6%
600000	Education	0.0%	0.1%	0.1%	0.0%	0.0%
700000	Accommodations & Food	15.5%	14.9%	12.6%	15.3%	14.5%
800000	Other	1.3%	1.7%	1.5%	1.4%	1.5%
900000	Public Admin	0.5%	0.6%	0.6%	0.7%	0.74%

Table 2 – Percentage of Sales Tax Received by Industrial Classification

Source: Texas Comptroller of Public Accounts

Most of Rockdale’s sales tax revenue originates from retail sales (4000’s), however a significant portion (an additional 35%) comes from local restaurants (700’s), professional/finance (500’s) and utilities (200’s) meaning that over 90% of Rockdale’s sales tax comes from these four industrial sectors.

The Comptroller will often give a sales tax adjustment to the City or RMDD; these can be in the form of a refund back to a payor or an additional payment to the RMDD. In October 2022, the RMDD was the beneficiary of a large one-time payment adjustment. This explains the data skew in favor of the 500’s classification code in FY 2023.

Finally, the sales tax data reveals how much of Rockdale’s sales tax is generated from local merchants. Table 3 provides summary information that shows around 70% of Rockdale’s total sales tax comes from local vendors. FY 2025 data show the smallest percentage of locally generated sales tax. This could partially be

explained by consumer patterns returning to pre-COVID activities of travelling to larger markets for retail shopping and/or an increase in online shopping. Additionally, the percentage will go down as sales tax is created from non-local businesses, such as with construction activity.

The data also is coded to identify the amount of sales tax generated from local retailers. The percentage of sales tax from local retailers is divided by total retail sales tax (the sum of all payors in the 400's NAICS code). The pattern also shows a fairly consistent pattern of local retail sales tax in the high 70%. This figure has weakened in FY 2024 and through FY 2025. A similar explanation could be presented of changing consumer behaviors.

However, any weakness in this data could be corrected with a growing local customer base resulting from the new housing development and additional retailers moving into Rockdale.

To demonstrate this, a new Dollar Tree store opened in Rockdale in Fall 2024 and a new Auto Zone store opened in May 2025. A new urgent care facility should be open by the end of 2025. The Cornerstone subdivision has approximately 70 completed homes with approximately 25% being purchased by owners from out of town.

	Local	Total	Percent Local		Local Retail	Total Retail	Percent Local Retail
FY 2021	\$316,072	\$450,964	72%		\$232,262	\$298,781	78%
FY 2022	\$396,387	\$556,178	71%		\$253,781	\$327,923	77%
FY 2023	\$394,009	\$513,541	77%		\$265,557	\$338,566	78%
FY 2024	\$395,046	\$579,464	68%		\$265,944	\$351,894	76%
FY 2025 - YTD	\$325,943	\$505,210	65%		\$217,041	\$296,745	73%

Table 3 – Sales Tax Collections by Geography
 Source – Texas Comptroller of Public Accounts

Sales Tax Collection History

The RMDD's sales tax collection history has been stable but experienced growth starting in FY 2022-2023, which is indicative of greater economic activity within the District. Between Fiscal Year's 2016, 2017, and 2018, sales tax allocations were essentially flat, declining 1.1% and then 0.5%. Since Fiscal Year 2019, the RMDD's allocations have been growing. The effect of a large one-time allocation adjustment can clearly be seen in the surge FY 2023; the following year was the only one, since FY 2019, that experienced a sales tax contraction. Fiscal year 2024 saw a return to the standard growth pattern. If the one-time payment were pulled out from the FY 2023 total, then FY 2024 is approximately 3.4% higher. Please reference table 4 below for additional detail.

Year	Total	Percent Change
FY 2016	377,926	
FY 2017	373,736	-1.1%
FY 2018	372,049	-0.5%
FY 2019	391,671	5.3%
FY 2020	431,397	10.1%
FY 2021	475,038	10.1%
FY 2022	521,573	9.8%
FY 2023	641,860	23.1%
FY 2024	580,752	-9.5%
FY 2025 - Estimate	617,000	6.2%
FY 2026 - Proposed	654,500	6.0%

Table 4 – RMDD Sales Tax Collection History

For Fiscal Year 2026, a conservative estimate is that the RMDD will receive a total sales tax allocation of \$654,500, which is a 6% increase from the FY 2025 Estimate. This is created using trend analysis.

Sales Tax Projections

To complete the RMDD’s financial forecast, a simple 6% increase was applied to the prior year. This is graphically shown in Chart 7 below. Past years are colored blue, the current fiscal year is green, the proposed budget year is in yellow, and the forecast period years are in red.

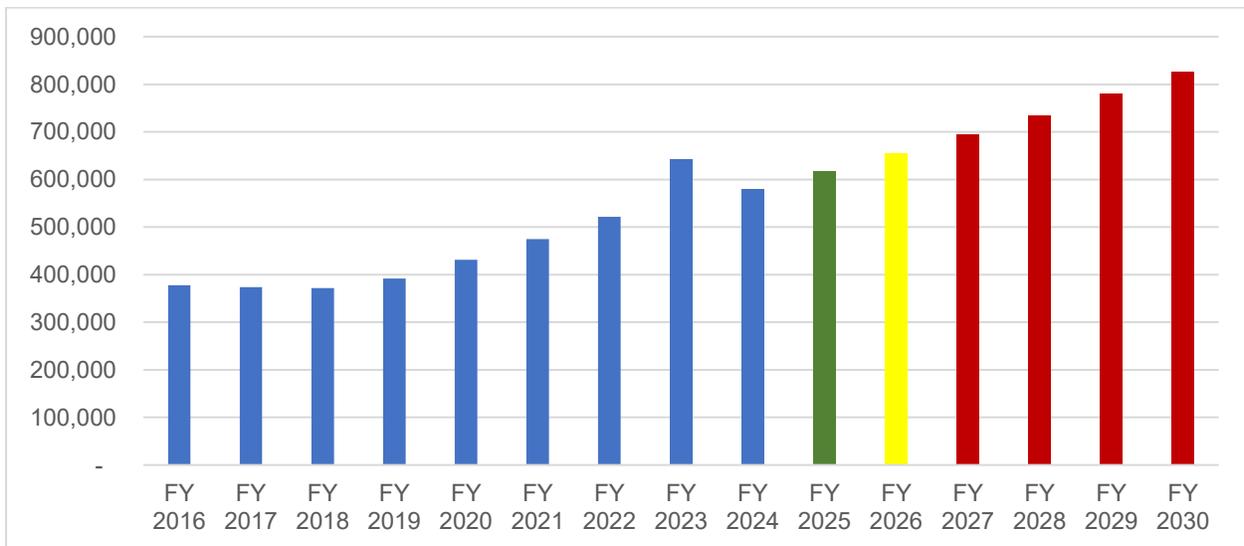


Chart 7 – Projection of RMDD Sales Tax Revenue FY 2016 – FY 2030

**FY 2026 BUDGET
FINANCIAL FORECAST**

The RMDD developed a formal process of considering a multi-year financial forecast. The Forecast's purpose is to look prospectively to anticipate problems and assess opportunities. This exercise allows the Board to plan future goals. Some issues addressed in the financial forecast are:

- **Fund Balance.** Ensuring the RMDD's fund balance and cash reserve position are such that it complies with the Fund Balance policy.
- **Revenue and Expense Policy.** Each year the Board reviews revenue levels in relation to proposed expenditures. The forecast allows for expenditures to be managed over time.
- **Debt capacity and payment requirements.**

This forecast has been prepared to provide the following benefits for the RMDD Board and for City leaders:

1. Orchestrating policy decisions with long term implications.
2. Anticipating future fiscal conditions so that strategies can be developed and action implemented to correct, minimize, or counteract potential difficulties.
3. Assist the Board in operational planning.
4. Provide more accurate estimates of revenues and expenditures during the annual budget process.
5. Indicate to bond rating, financial institutions, and other interested parties that the RMDD has a systemic financial planning process in place.
6. Help the general public understand long-term costs associated with and implications of current and proposed RMDD and City plans.

Forecast Preparation

A forecast is only one component of a financial planning program. The financial forecast, as presented, does not attempt to predict the future; current economic and regulatory conditions can be volatile, indicating the forecast is only as good as its' underlying assumptions. However, the forecast's true benefit is the potential for accuracy and the discussion and stimulated deliberation.

The RMDD uses three basic techniques to forecast revenue and expenditures: expert judgement, trend analysis, and incremental change. The expert judgement, also known as the 'best guess' approach, is used to project some revenues, specifically interest earnings and Other. Trend analysis assumes that revenues and expenditures are a function of linear factors, most often a function of time. Expenditures and revenues are also forecast using an incremental and deterministic model unless specifically noted. This assumes a constant level of services and programs offered by the RMDD. Personnel expenditures reflect expected cost of living adjustments and increases to volatile health insurance costs, yet does not show any staffing increases. As mentioned in the Revenue section, sales tax revenues are expected to increase 5% each year in the forecast period.

Forecast Analysis

Assuming RMDD staffing remains constant, sales tax continues to grow at 5-6%, there are no other major programs created, and a debt instrument is issued in the future, then the RMDD is structurally solvent through the forecast period.

Under these assumptions, the RMDD will expend all of its annual revenues through FY 2030, and then start running at a surplus. This situation could change under the following circumstances.

- Revenues grow at a rate greater than 6%
- Actual debt payments are less than what is projected
- Other operational efficiencies are realized

Even under this scenario, the RMDD's ratio of projected ending fund balance to expenditures never goes below 38.5% - slightly above the target of 33%, or three months of reserves.

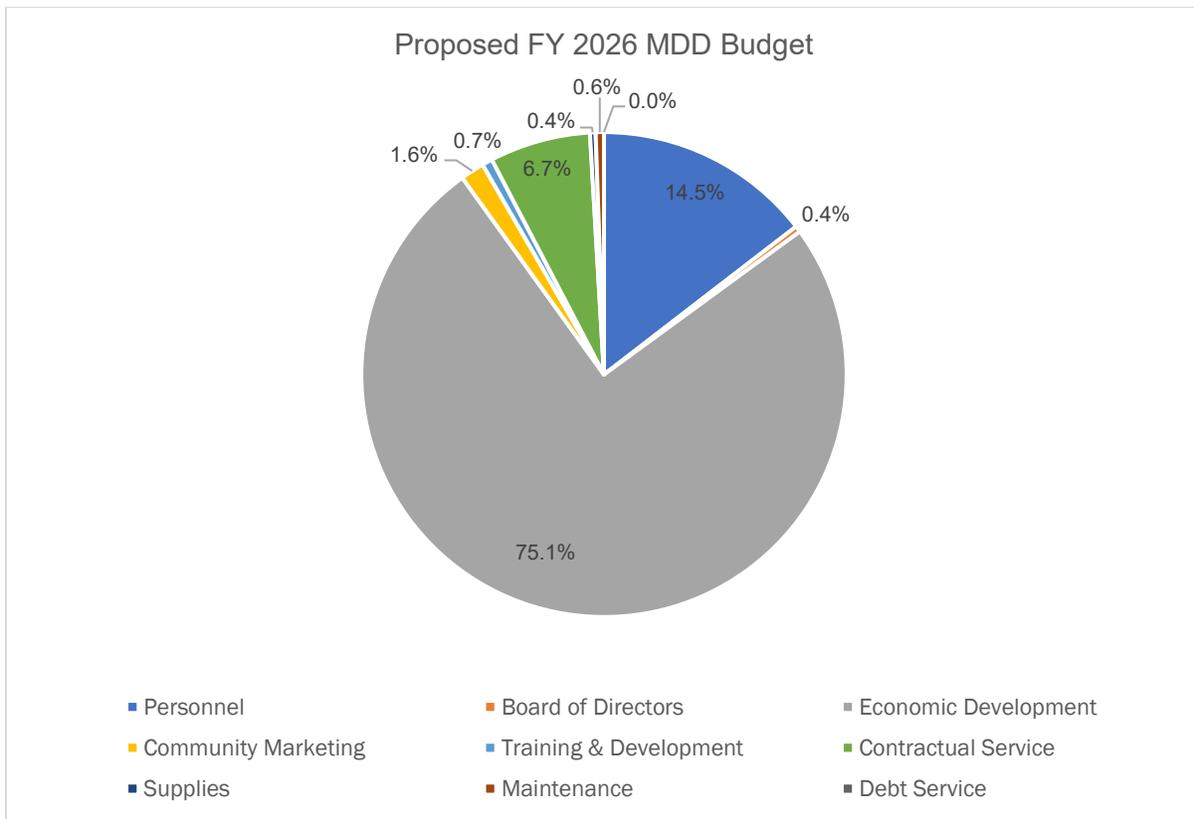
	FY 2023 Actual	FY 2024 Actual	FY 2025 Amended Budget	FY 2025 Estimate	FY 2026 Proposed Budget	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected	FY 2030 Projected
Revenues	2,152,930	668,008	642,000	689,300	659,500	697,300	737,000	781,100	827,900
Expenditures									
Personnel	196,623	223,770	250,500	250,000	256,400	265,200	274,400	283,900	294,000
Board of Directors	1,503	1,599	7,200	2,000	7,200	7,200	7,200	7,200	7,200
Economic Development	376,088	516,244	1,357,800	274,000	1,324,000	76,000	76,000	76,000	76,000
Community Marketing	16,040	17,435	26,100	29,900	28,000	35,000	37,800	51,800	54,800
Training & Development	1,744	1,008	12,200	1,500	12,200	12,000	15,000	15,000	15,000
Contractual Service	24,991	55,695	73,900	80,200	118,500	118,100	118,100	118,100	118,100
Supplies	10,268	9,189	6,600	15,600	6,600	8,000	8,000	8,000	8,000
Maintenance	18,488	9,124	9,700	11,200	9,700	8,700	8,900	9,400	9,400
Debt Service	390,567	-	-	-	-	229,100	229,100	229,100	229,100
Total	1,036,312	834,063	1,744,000	664,400	1,762,600	759,300	774,500	798,500	811,600
Unreserved Fund Balance									
Beginning Fund Balance	552,326	1,668,944	1,502,889	1,502,888	1,527,788	424,688	362,688	325,188	307,788
One Time Project Fund					1,250,000				
Change in Fund Balance	1,116,618	(166,056)	(1,102,000)	24,900	(1,103,100)	(62,000)	(37,500)	(17,400)	16,300
Ending Fund Balance	1,668,944	1,502,888	400,889	1,527,788	424,688	362,688	325,188	307,788	324,088

FY 2026 BUDGET

BUDGET OVERVIEW

	FY 2023 Actual	FY 2024 Actual	FY 2025 Amended Budget	FY 2025 Estimate	FY 2026 Proposed Budget
Revenues	2,152,930	668,008	642,000	689,300	659,500
Expenditures					
Personnel	196,623	223,770	250,500	250,000	256,400
Board of Directors	1,503	1,599	7,200	2,000	7,200
Economic Development	376,088	516,244	1,357,800	274,000	1,324,000
Community Marketing	16,040	17,435	26,100	29,900	28,000
Training & Development	1,744	1,008	12,200	1,500	12,200
Contractual Service	24,991	55,695	73,900	80,200	118,500
Supplies	10,268	9,189	6,600	15,600	6,600
Maintenance	18,488	9,124	9,700	11,200	9,700
Debt Service	390,567	0	0	0	0
Total	1,036,312	834,063	1,744,000	664,400	1,762,600
Unreserved Fund Balance					
Beginning Fund Balance	552,326	1,668,944	1,502,889	1,502,888	1,527,788
Change in Fund Balance	1,116,618	(166,056)	(1,102,800)	24,900	(1,103,100)
Ending Fund Balance	1,668,944	1,502,888	400,089	1,527,788	424,688
Reserve Requirement - 3 months		74,444		89,250	97,800
Net Fund Balance		1,428,444		1,438,538	326,888

Personnel	256,400	14.5%
Board of Directors	7,200	0.4%
Economic Development	1,324,000	75.1%
Community Marketing	28,000	1.6%
Training & Development	12,200	0.7%
Contractual Service	118,500	6.7%
Supplies	6,600	0.4%
Maintenance	9,700	0.6%
Debt Service	0	0%
Total	1,762,600	



Personnel	14.5%
Economic Development	75.1%
Debt Service	0.0%
Other	10.3%
Total	100.0%

FY 2026 BUDGET

BUDGET DETAIL

	FY 2023 Actual	FY 2024 Actual	FY 2025 Amended Budget	FY 2025 Estimate	FY 2026 Proposed Budget
REVENUE					
Sales Tax	641,860	580,752	617,000	617,000	654,500
Interest	76,581	87,140	25,000	72,300	5,000
Other	1,434,489	116	0	0	0
Total	2,152,930	668,008	642,000	689,300	659,500
EXPENDITURES					
Personnel					
Salaries	155,454	170,604	185,300	185,300	190,600
Car Allowance	1,800	7,200	7,200	7,200	7,200
COR Payroll Processing	2,500	0	5,000	5,000	5,000
Payroll Tax	11,948	13,519	20,600	20,100	20,600
Health Insurance	11,657	14,754	14,400	14,400	14,400
Retirement	13,234	17,457	17,800	17,800	18,400
Worker's Comp	30	237	200	200	200
Subtotal	196,623	223,770	250,500	250,000	256,400
Board of Directors					
Training	0	0	4,600	0	4,600
Other	0	132	200	200	200
Meeting Expense	1,503	1,467	2,400	1,800	2,400
Subtotal	1,503	1,599	7,200	2,000	7,200
Economic Development					
Projects	340,674	498,449	1,321,800	221,800	1,301,000
Project Bluebird			10,000	10,000	
KPA EDA Grant application prep			19,300	19,300	
City Water Well Enhancement			11,500	11,500	
Marketing Contract			51,000	51,000	51,000
CDBG Grant Match			50,000	50,000	
DRP Grant Match			75,000	75,000	
Economic Impact Study			5,000	5,000	
RED Infrastructure Extension			1,100,000		
Industrial Development Concept					1,250,000
Façade Grants	35,414	17,795	36,000	52,200	23,000
Subtotal	376,088	516,244	1,357,800	274,000	1,324,000
Community Marketing					
Advertising & Promotions	5,491	5,096	6,000	6,800	6,000
Shows/Conventions/Conf	2,227	4,796	5,500	9,000	4,300

TEXAS
ROCKDALE
 EST 1874
 MUNICIPAL DEVELOPMENT DISTRICT

Meals & Entertainment	2,301	406	1,600	1,600	4,200
Prospect Host Expenses	1,513	3,063	1,500	1,500	2,000
Travel Expenses	4,508	4,075	11,500	11,000	11,500
Subtotal	16,040	17,435	26,100	29,900	28,000
Training & Development	1,744	1,008	12,200	1,500	12,200
Contractual Service					
Postage	161	66	200	200	200
Cell Phone Allowance	300	300	300	300	300
Professional Fees	0	0	0	4,500	0
Subscriptions/Memberships	14,306	42,813	50,900	50,900	101,400
Insurance	845	46	1,200	5,000	5,000
Storage	480	480	600	500	600
Professional Other	3,284	2,061	10,200	10,000	0
Legal	543	2,369	5,000	3,500	5,000
Accounting/Bookkeeping	5,072	7,560	5,500	5,300	6,000
Subtotal	24,991	55,695	73,900	80,200	118,500
Supplies					
Office Supplies & Equipment	10,268	9,189	6,600	15,600	6,600
Maintenance					
Phone & Internet	1,222	1,492	0	1,000	0
Repairs & Maintenance	13,063	3,077	2,500	3,300	2,500
Utilities	3,173	3,674	4,800	4,500	4,800
Janitorial	1,030	880	2,400	2,400	2,400
Subtotal	18,488	9,124	9,700	11,200	9,700
Debt					
Principal					
Series 2013 Bonds					
Series 2016 Bonds	387,290	0	0	0	0
Series 2025 Bonds					
Interest Expense					
Series 2013 Bonds					
Series 2016 Bonds	3,277	0	0	0	0
Subtotal	390,567	0	0	0	0
TOTAL EXENDITURES	1,036,312	834,063	1,744,000	664,400	1,762,600

APPENDIX A

ROCKDALE MDD FINANCIAL POLICIES

APPENDIX B

ROCKDALE MDD FUND BALANCE POLICY

APPENDIX C

ROCKDALE MDD DEBT POLICY

APPENDIX D

ROCKDALE MDD INVESTMENT POLICY

APPENDIX E

ROCKDALE MDD INCENTIVE POLICY