

CITY COUNCIL WORK SESSION

FEBRUARY 1, 2022

The City Council of the City of McKinney, Texas met in work session in the City Hall Council Chambers, 222 N. Tennessee Street, McKinney, Texas on Tuesday, February 1, 2022, at 3 p.m.

Council Present: Mayor George Fuller, Mayor Pro Tem Rainey Rogers, and Council Members Charlie Philips, Geré Feltus, Patrick Cloutier, and Justin Beller.

Council Absent: Council Member Rick Franklin.

City of McKinney Staff Present: City Manager Paul Grimes, Assistant City Manager Kim Flom, Assistant City Manager Barry Shelton, Assistant City Manager Steve Tilton, City Attorney Mark Houser, Assistant City Attorney Alan Lathrom, Strategic Services Director Trevor Minyard, City Secretary Empress Drane, Deputy City Secretary Joshua Stevenson, City Secretary Administrative Assistant Blenda Sims, City Secretary Records Specialist Juametta Terrell, Chief of Fire Danny Kistner, Chief of Police Greg Conley, Assistant Chief of Police Matthew Kasmerski, Police Financial Analyst Cammie Martin, Director of Public Works Ryan Gillingham, Assistant Director of Public Works Paul Sparkman, Public Works Civil Engineer II Tahmidur Rahman, Executive Director of Development Services Michael Quint, Director of Engineering Gary Graham, Director of Planning Jennifer Arnold, Capital Improvement Projects Manager Nicholas Ataie, Transportation Engineering Manager Thuan Huynh, Chief Financial Officer Mark Holloway, Financial Compliance Manager Chance Miller, Director of Libraries Spencer Smith, Director of Organizational Development & Performance Management Joseph Mazzola, Performance Manager Steven Smith, Housing & Community Development Manager Janay Tieken, Transit Administrator Akia Pichon, McKinney Economic Development Corporation (MEDC) President Peter Tokar, MEDC Executive Vice President of Operations Abby Liu, McKinney Community Development Corporation (MCDC) President Cindy Schneible, and Information Technology Service Desk Manager Nicholas Martin.

McKinney Economic Development Corporation Board Present: Chair Michael Jones and Board Member Kenneth Sipiora.

McKinney Community Development Corporation Board Present: Chair Angela Richardson-Woods, and Board Members Deborah Bradford and David Riche.

There were five (5) members of the public present in the audience.

Mayor Fuller called the meeting to order at 3:01 p.m. upon determining a quorum of the Council was present.

Mayor Fuller called for Public Comments on Agenda items. There were none.

Mayor Fuller called for the discussion of the Agenda items to be presented at the City Council Regular Meeting of Tuesday, February 1, 2022, at 6:00 p.m. There was no discussion of those items.

Mayor Fuller called for the Work Session Agenda.

22-0098 Presentation on Pavement Management Plan

The presentation from the MCDC will be included in the appendix of the Minutes as "Appendix A – 22-0098 MCDC Presentation."

The presentation from the MEDC will be included in the appendix of the Minutes as "Appendix B – 22-0098 MEDC Presentation."

The Council reached consensus against using elections to fund pavement management and directed staff to explore other sustainable options.

22-0099 Request of Support for North Central Council of Governments (NCTCOG) Autonomous Vehicle Project, as proposed by Feonix Mobility Rising

22-0093 Consider/Discuss Guiding Principles for Boards & Commissions Member Appointments

The presentation for this item will be included in the appendix of the Minutes as "Appendix C – 22-0093 Board & Commissions Guiding Principles Presentation".

Due to time constraints, Mayor Fuller asked Council Members to postpone any Council Liaison updates until the City Council Regular Meeting at 6:00 p.m.

Mayor Fuller called for Executive Session at 5:30 p.m., in accordance with the Texas Government Code:

A. Section 551.071(2) Consultations with Attorney on any Work Session, Special Session, or Regular Session agenda item requiring confidential attorney/client advice necessitated by the deliberation or discussion of said items (as needed)

B. Section 551.071 (A) Pending or contemplated litigation

- City of McKinney v. Allegiance Benefit Plan Management, Inc. et al. Civil Action
File No. 4:21-cv-00271-ALM, Eastern District of Texas

C. Section 551.072. Deliberations about Real Property

D. Section 551.074. Personnel Matters

E. Section 551.087. Deliberation Regarding Economic Development Matters

- Project DLV

- Project Green

- TUPPS Brewery

Mayor Fuller reconvened from Executive Session and reopened the Work Session
at 5:52 p.m.

There was no action taken on Executive Agenda items.

Council unanimously approved the motion by Council Member Feltus, seconded
by Mayor Pro Tem Rogers, to adjourn the meeting at 5:52 p.m.

The video recording of the meeting is available online through the City of McKinney
video archives.

These minutes were approved by the City Council on February 15, 2022.

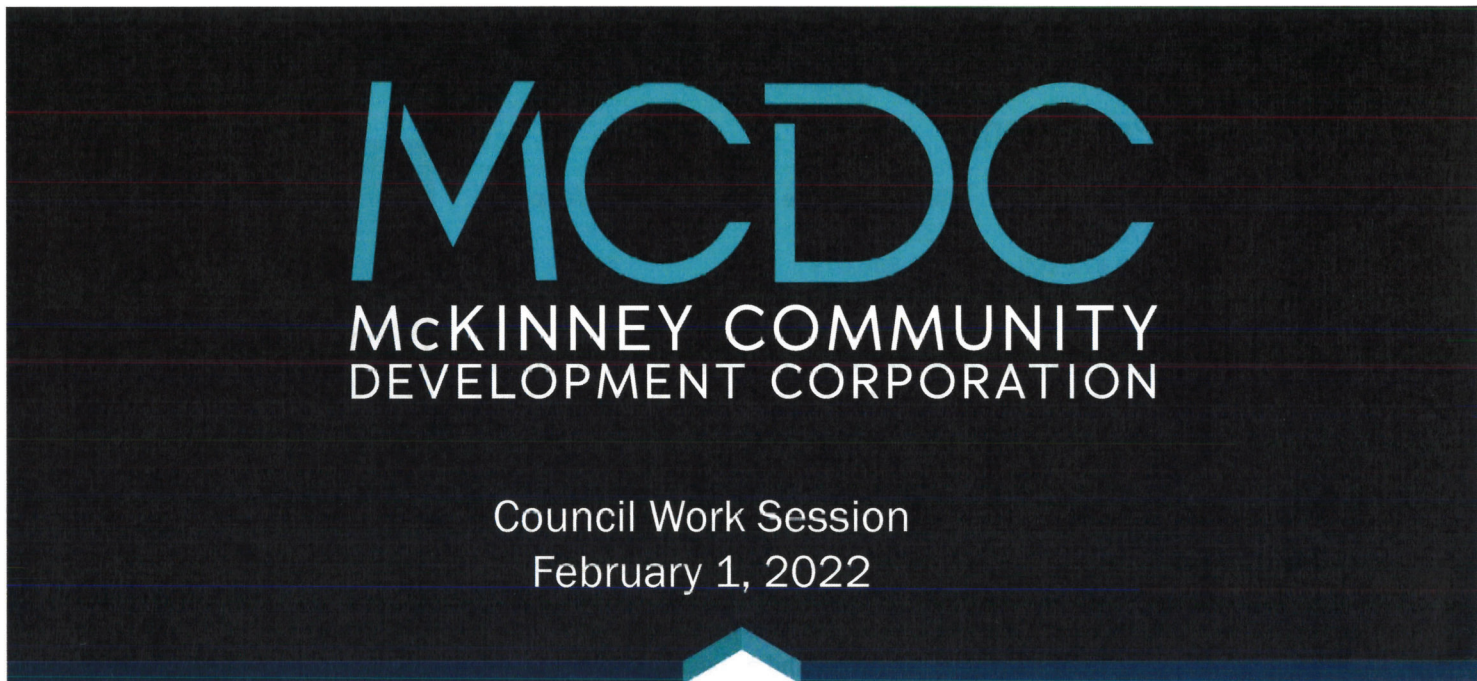
SIGNED:

GEORGE C. FULLER, Mayor

ATTEST:

EMPRESS DRANE, City Secretary
JOSHUA STEVENSON, Deputy City Secretary

City of McKinney, Texas



Background

- Established in 1996 – McKinney voters approved the creation of McKinney Community Development Corporation with dedicated ½ cent sales tax targeted for Quality of Life enhancements in McKinney, eligible under state law.

Mission: Work proactively, in partnership with others, to promote and fund community, cultural and economic development projects that maintain and enhance the quality of life in McKinney.

Community Investment: \$200 million since 1996

- Community Grants
- Collaborative Project Funding
- Retail Infrastructure Development
- Promotional and Community Event Grants



MCDC
McKINNEY COMMUNITY
DEVELOPMENT CORPORATION



Strategic Priorities for Project Funding

- **Housing** – Low-income housing – construction and/or repairs (according to statutory limitations for MCDC)
- **Destination entertainment projects/venues**
- **Historic Cultural District support/East side development**
- **Park and Open Space Development**
- **Preservation of Open Space/Natural Areas**
- **Multi-use/Mixed-use Projects**
- **Public Transportation** (limited to equipment and/or facilities)
- **Community gathering facility** (new or existing) for programming focused on community development, artistic expression, idea-sharing, cultural understanding, and diversity – targeted toward youth
- **Signage** – wayfinding, parks and promotional
- **Collaborative projects with community partners** – City of McKinney, McKinney Economic Development Corporation and others
- **“Buy McKinney/It’s My McKinney” Campaign** – continued implementation



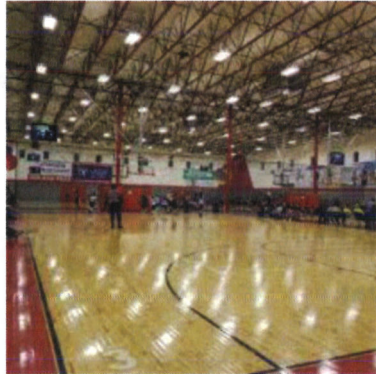
COMMUNITY IMPACT

\$200 million project grant funding approved by MCDC Board since 1996



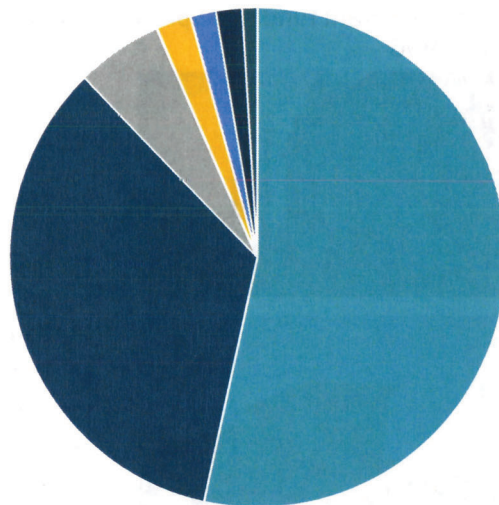
- **Community Projects:** \$4.3 million
- **Economic Development Projects:** \$3.9 million
- **City of McKinney Projects:** \$40.2 million
- **McKinney Parks & Recreation:** \$125 million
- **Affordable Housing:** \$5.3 million
- **Recreation (not McK Parks & Rec):** \$2.3 million
- **Museum/Tourist:** \$3.9 million
- **Entertainment Destination:** \$13.3 million
- **Transit:** \$218,000

COMMUNITY IMPACT



- **TUPPS Brewery Project:** \$16 million (recovered through lease and % of revenue)
- **PSA:** \$3.2 million (loan repaid)
- **Retail Infrastructure Development** (landmark retail): \$117,000 to date)
- Partnership with City to bring Byron Nelson to McKinney: \$1 million
- COVID 19 Small Business grants: \$525,000

Distribution of MCDC Funding: 1996-2021



- Parks
- Entertainment/Destination
- Econ. Dev. Projects
- Recreation (Non McKinney Parks)
- City of McKinney Projects
- Affordable Housing
- Museum/Tourist
- Transit



MCDC FUTURE IMPACT

MCDC board members recognize the importance of finding a solution to address road maintenance issues in McKinney – and look forward to working in partnership with Council, City management and MEDC to identify a sustainable solution. We encourage Council to keep the following in mind as approaches are considered:

Over the past four years, MCDC has been able to increase funding for community projects by 40%. It is likely that funding for these projects will remain static or decrease with an allocation for pavement maintenance.

The pressure on MCDC resources, for funding support, has increased significantly over the past two years resulting in an approximately 50% decrease in fund balance:

- District 121 - \$2.1 million
- TUPPS Brewery Project - \$16 million
- Apex Centre Improvements: \$3.7 million
- Project Gemstone: \$3 million
- The Hub: \$2.6 million

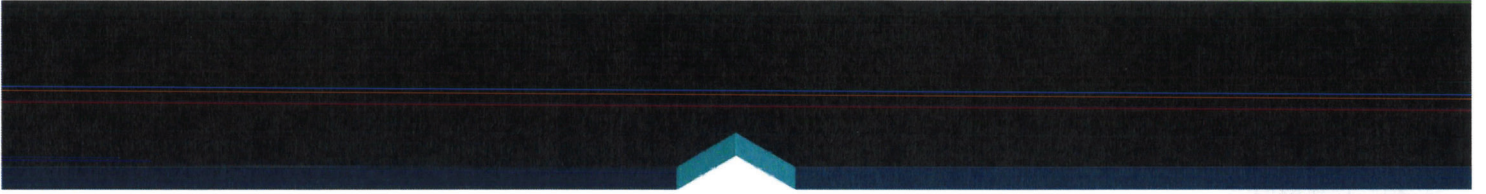
The flexibility provided by a healthy fund balance to support these types of projects will be limited



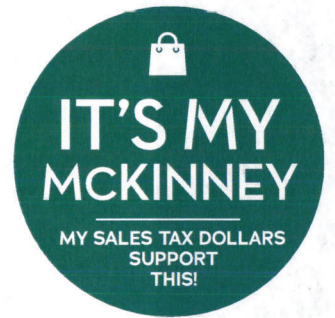
MCDC FUTURE IMPACT

There are significant projects on the horizon, important to the future of the City, that will request/require MCDC support:

- Collaborative projects with MEDC and City: \$39.5 million
- City projects: \$15 million
- Parks and Rec projects: \$38 million
- Support for the Affordable/Balanced Housing Strategy and Plan



MCDC
McKINNEY COMMUNITY
DEVELOPMENT CORPORATION



www.McKinneyCDC.org



UNIQUE MCKINNEY

Council Work Session

February 1, 2022



BACKGROUND



History

Created in 1993 to support the development, expansion, and relocation of new and existing companies in McKinney, Texas.



Purpose

The Type A sales tax is primarily intended for manufacturing and industrial development. EDCs may use Type A revenue to fund land, buildings, equipment, facilities expenditures, targeted infrastructure and improvements for projects.

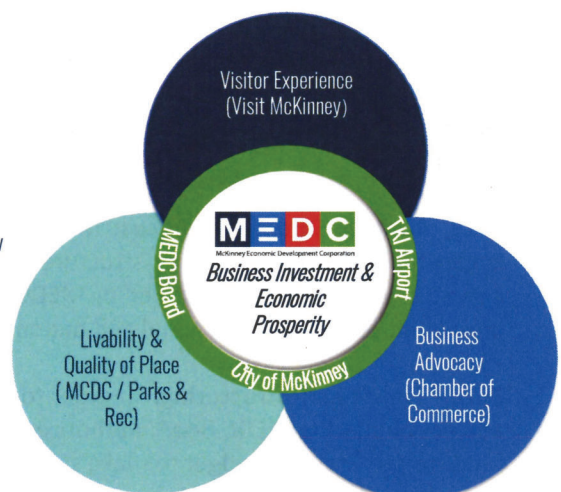


Vision

To make McKinney the most desirable location in North Texas for business by encouraging growth through strategic investments in corporate culture, talent development, and capital assets.

Mission

To create an environment in which community - oriented businesses can thrive.





2018 Renewed Priorities for Economic Development

- Innovate Economic Development efforts of the MEDC to increase organizational performance, project success rate and competitive advantage.
- Differentiate McKinney in the regional and national landscape as a tech centric forward focused city for development and investment.
- Utilize newly acquired land assets to create unique experiential destination driven developments that can serve as a catalyst for future high end corporate recruitment.
- Fund the creation of an innovation ecosystem that supports the development and recruitment of high-tech industries and deploy advanced technology infrastructure to position McKinney as a next gen city.



Critical Success Factors 2018 - 2021

- **2017-8 – Land Acquisition:** MEDC Board of Directors authorized the purchase of \$60 Million (Cash + Debt) of land along SRT 121 to preserve the future development potential of the corridor for the highest and best use. This strategy changed the financial position of the MEDC from capital heavy to asset heavy.
- **2018 - Strategic Direction Refocus:** MEDC Board of Directors brought in new MEDC executive leadership to create new policy, structure and innovate economic development in McKinney. The new strategic direction developed by MEDC Leadership and Staff has propelled McKinney to a prominent player in the regional and national economic development competitive landscape.
- **2020 – Financial Restructuring:** In order to maximize the competitive advantage of the MEDC locally and nationally, the MEDC Board authorized the restructuring of our debt service to allocate MORE funds to our Projects budget to make sure that the MEDC has the resources at our disposal to support large scale development projects and major corporate recruitments.



MEDC Project Performance

Year	Total Cap-X	Total Incentive	% Incentives/Cap-X
2010 - 2017	\$370,755,660	\$33,040,844	8.91%
2018 - 2021	\$649,472,108	\$30,886,079	4.76%

- Since our strategic refocusing, we have almost doubled the amount of capital investment in the city in the last 4 years vs the prior 7. Our ROI for every dollar spent has almost doubled as well.
- The quality and size of our projects has increased, but so has our cost per project. The financial restructuring in 2020 provided \$11M annually for projects which we have been fully utilizing each year to generate increased investment.
- We currently have over \$2.4 Billion of potential investment in our project pipeline. These range from corporate relocation and expansion projects to major mixed-use development projects. In our current financial situation, we do not have enough resources to fund all projects.

Investment By District	
District 1	
Total Projects:	30
Total Cap-X:	\$429,332,708
Total Incentives:	\$20,040,713
District 2	
Total Projects:	22
Total Cap-X:	\$139,865,000
Total Incentives:	\$20,145,600
District 3	
Total Projects:	18
Total Cap-X:	\$428,985,000
Total Incentives:	\$21,832,960
District 4	
Total Projects:	6
Total Cap-X:	\$22,045,000
Total Incentives:	\$1,910,650
*Performance between 2010-2021	



MEDC Future Impact

- The MEDC recognizes the importance and value of road sustainability to the city. It is our goal to aid in finding a sustainable solution in partnership with the CDC and City of McKinney. We encourage Council to keep the following in mind as approaches are considered:
- **Dual Citizen Hardship.** The current iterations of funding sources either place a financial hardship on the City of McKinney residents or financial hardship on the economic and community development efforts of the MEDC and MCDC who provide new tax revenues to the city and finance community amenities that provide quality of life enhancements to the residents. In all current scenarios, some form of hardship is passed to the residents of McKinney.
- **Opportunity Cost.** Since 2010, the total capital investment generated from the MEDC is \$1.02 Billion. The ROI for incentives paid to these projects has generated a 16:1 return for every dollar invested. The allocation of \$5M per year to road maintenance would calculate out to an average of **\$80,000,000** in lost capital investment per year to the city which generates new Ad Valorem tax and new jobs to the City of McKinney.
- **Competitiveness.** The economic development landscape continues to get more and more competitive. The amazing growth that has come to DFW and North Texas alone has garnered national attention. We are currently in the most highly sought-after relocation destination in the country. All EDC revenue streams are growing and the competition for project wins may call for increased investment where it is merited. We echo the CDC in stating the flexibility of a healthy fund balance increases our chances of winning larger impact projects vs our local competitors in the region.

Boards & Commissions Member Appointments

Procedures & Guiding Principles

Opportunities & Benefits

- Volunteer service – time and expertise
- Learn more about the city
- Make recommendations to the City Council
- Make decisions where authorized by law
- Participate in governmental affairs and influence public policy

Overview

- Terms of Board Service
- Candidate Requirements
- Council Considerations



Terms of Service

- Annual Appointment Cycle (August)
- Regular or Alternate Membership
- Two-year terms
- Term limits for Regular Members
- Oath of Office and Open Government Training
- Board-Elected Officers
- Subject to state and local laws, including Code of Ethics, Boards & Commissions policy, and bylaws
- Support the goals of the City Council
- Attendance Requirements



Candidate Requirements

- Resident of the city, in most cases
- Registered voter
- Relevant knowledge or interest
- Restrictions on some familial and business relationships with Council members
- Recent Application / Application Deadline
- Interview Event



Council Considerations

- 1) Term Limits
- 2) District Representation
- 3) Interview Process & Council Liaisons
- 4) Preferencing Methods
- 5) Information Resources



1. Term Limits

Section III (c) – Term

Section III (g) – Term Limits

- Policy allows for members to serve three (3) consecutive 2-year terms
- Members appointed to partial terms are eligible for 3 consecutive full terms thereafter
- Appointments to Alternate membership are not counted towards term limit
- Term policy updated 2017, with prior memberships not counting toward term limit

2. District Representation

Section II. Appointment Process

“City Council members shall actively recruit candidates for service on City boards and commissions.

Recognizing the City has four City Council districts, the City Council will strive to have adequate representation from all geographic areas in the overall appointment process.

The City Council shall endeavor to appoint Board and Commission membership reflective of the City of McKinney’s diversity of residents.”

- Methods for promoting Boards & Commissions and recruiting candidates**



3. Interviews Process & Council Liaisons

Section II - Appointment Process

Update interview format from Liaison teams to Council Panel

Maintain other Liaison duties

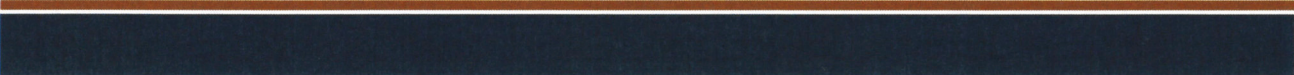
- Attend board meetings
- Observe meetings with limited engagement as directed by policy
- Report Board actions to the City Council
- Seek Council input on behalf of the Board



4. Preferencing Methods

Section II. Appointment Process

Recommendations for preferencing process

- Preferencing lists prior to Appointment event
 - Council Work session prior to Appointment event
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5. Informational Resources

Digital Handbook Tool

- Real-time access to information
- Executive preview and training

QUESTIONS?