

RESOLUTION NO. 2022-06-___ (R)

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MCKINNEY, TEXAS, ADOPTING THE “TRANSPORTATION INFRASTRUCTURE INITIATIVE AND ECONOMIC DEVELOPMENT PROGRAM” IN PARTNERSHIP WITH THE MCKINNEY ECONOMIC DEVELOPMENT CORPORATION (MEDC) AND THE MCKINNEY COMMUNITY DEVELOPMENT CORPORATION (MCDC) TO FURTHER ECONOMIC DEVELOPMENT IN THE CITY; PROVIDING FOR STREET AND ROAD FUNDING BY THE MEDC AND THE MCDC TO PROMOTE AND DEVELOP NEW AND EXPANDED BUSINESS ENTERPRISES IN THE CITY PURSUANT TO TEXAS LOCAL GOVERNMENT CODE SECTION 501.103; PROVIDING FOR THE METHODOLOGY FOR DETERMINING THE AMOUNTS OF FUNDING BY THE MEDC AND MCDC; PROVIDING FOR THE CONCURRENT FUNDING OF STREET AND ROAD MAINTENANCE IMPROVEMENTS THROUGH THE GENERAL FUND AS A BYPRODUCT OF THIS PROGRAM; PROVIDING FOR THE CRITERIA AND ATTRIBUTES OF THOSE TYPES OF TRANSPORTATION INFRASTRUCTURE WHICH QUALIFY FOR FUNDING TO PROMOTE AND DEVELOP NEW AND EXPANDED BUSINESS DEVELOPMENT IN THE CITY; PROVIDING FOR BUDGETARY MECHANISMS TO MANAGE FUNDING UNDER THE PROGRAM; PROVIDING FOR THE AMENDMENT TO THE CITY’S FINANCIAL POLICIES TO SO REFLECT THE FUNDING OF THIS PROGRAM; PROVIDING FOR NECESSARY COMPONENT UNIT BYLAWS AMENDMENTS TO ESTABLISH THIS PROGRAM AS A PROJECT FOR CONTINUOUS FUTURE FUNDING BY THE MEDC AND MCDC; PROVIDING FOR AUTHORIZATION AND DIRECTION TO THE CITY MANAGER TO EFFECTUATE THE INTENT OF THE PROGRAM; PROVIDING FOR A REQUEST TO THE BOARDS OF DIRECTORS OF THE MEDC AND MCDC TO AMEND THEIR BYLAWS TO EFFECTUATE THIS RESOLUTION; PROVIDING FOR A SUNSET REVIEW PROCESS; PROVIDING FOR THOSE FURTHER ACTIONS OF THE CITY COUNCIL, MEDC AND MCDC NECESSARY TO IMPLEMENT THIS PROGRAM; AND PROVIDING FOR AN EFFECTIVE DATE

WHEREAS, the City Council of the City of McKinney, Texas, has long recognized the importance of economic development as an essential goal of the City to further the health, safety and welfare of the citizens; and

WHEREAS, a fundamental element of economic development is the City’s ability to provide quality transportation infrastructure, namely streets and roads, to facilitate mobility and provide access to employees and markets for McKinney’s existing and future businesses; and

WHEREAS, the funding of transportation infrastructure is a key component of the state legislation which created the Type A and Type B economic development corporation under the Texas Local Government Code, Section 501.103; and

WHEREAS, the City Council desires to partner with the MEDC and MCDC to enact a program, the “Transportation Infrastructure Initiative and Economic Development Program”, hereinafter the “Program”, for the ongoing funding of transportation infrastructure to promote and develop new or expanded business enterprises in the City; and

WHEREAS, City staff has engaged a nationally prominent transportation engineering firm, Kimley- Horn, to study and analyze the types of transportation infrastructure within the City’s Master Thoroughfare Plan that provide the requisite nexus between the acquisition, engineering, financing, and construction/ reconstruction of streets and roads and increased economic development in the City, namely new and expanded business enterprises; and

WHEREAS, the findings of the Kimley-Horn Technical Memorandum, dated May 31, 2022, indicate that those streets and roads identified as Principal Arterial, Major Arterial, Greenway Arterial, Minor Arterial and other streets and roads with certain requisite attributes/qualities provide the appropriate nexus to the creation of economic development under state law; and

WHEREAS, the utilization of MEDC and MCDC funding for new and reconstructed transportation infrastructure under the Program necessarily allows the City to fund from the General Fund the maintenance and rehabilitation of other substandard roadways in the City that need repair to preserve their lifespan under the City’s Pavement Management Plan; and

WHEREAS, the increased General Fund funding of existing roadways in need of ongoing maintenance is a byproduct of the Program, thus allowing for the concurrent enhancement of economic development and promotion of new and expanded business enterprises while simultaneously maintaining quality streets and roads which do not qualify for funding under the Program; and

WHEREAS, the City Council has publicly discussed and deliberated upon several options to determine its preferred methodology to yield the appropriate amount of funding from the MEDC and MCDC to best effectuate the Program while maintaining adequate funding for other projects of these boards; and

WHEREAS, the City Council has determined that “Option 3”, as presented at its March 15, 2022 work session, is the preferred methodology wherein fifty (50%)

percent of that amount of annual sales tax received by the MEDC and MCDC, collectively, exceeding the final, audited sales tax collected in fiscal year 2021-22, currently estimated to be approximately \$40,000,000, in the aggregate, would be transferred to the City's Program Fund up to an aggregate cap of sales taxes equaling \$0.25 of total sales taxes received by MEDC and MCDC; and

WHEREAS, the City Council desires its adopted financial policies be amended to reflect the funding of the Program; and

WHEREAS, the annual fiscal budgets of the City, MEDC and MCDC will hereafter be amended to reflect the ongoing funding of the Program, to include an annual projected budget growth rate and a subsequent "true-up" of actual sales tax revenues; and

WHEREAS, the City Council desires that the Bylaws of the MEDC and MCDC be amended to acknowledge the Program as an ongoing Project to be funded annually by the respective boards, including any specific processes required by the respective Type A and Type B statutes; and

WHEREAS, the City Council desires that the respective MEDC and MCDC boards prior to July 31, 2022 and submit approved Bylaws to the City Council for its ratification prior to the current fiscal year; and

WHEREAS, the City Manager shall be charged with the further implementation of the Program, including but not limited to preparing and presenting annual reports to the City Council, MEDC, MCDC of construction/reconstruction of eligible streets and roadways, preparing the amended financial policies, preparing guidelines for annual funding, administering the Program Fund, providing and presenting reports on the Pavement Management Plan; and providing other information requested by the City Council; and

WHEREAS, the City Council desires the Program to be comprehensively reviewed every ten (10) fiscal years to determine whether the Program has yielded an "adequate public benefit" to warrant continuation of the Program for the health, safety and welfare of the citizens of McKinney.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MCKINNEY, TEXAS, THAT:

Section 1. The City Council of the City of McKinney, Texas hereby creates and establishes the Transportation Infrastructure Initiative and Economic Development Program, hereinafter the "Program".

Section 2. The Recitals above shall be fully incorporated herein as if set out verbatim, which Recitals describe the primary elements of the Program.

- Section 3. The City Council finds that the Program will promote and develop new and expanded business enterprises in the City.
- Section 4. The findings of the Kimley-Horn Technical Memorandum, attached hereto as Exhibit A and made a part hereof, be adopted for the Program, establishing the roadways which are eligible for funding by sales taxes collected by the City on behalf of the MEDC and MCDC.
- Section 5. The Program will allow the City to better utilize the General Fund for primary maintenance and repair of roadways described in the Pavement Management Plan.
- Section 6. Funding "Option 3," as described in Exhibit B and made a part hereof, shall be implemented as the methodology for funding the Program whereby fifty (50%) percent of that amount of annual sales tax received by the MEDC and MCDC, collectively, exceeding the final, audited sales tax collected in fiscal year 2021-22, currently estimated to be approximately \$40,000,000, in the aggregate, would be transferred to the City's Program Fund up to an aggregate cap of sales tax equaling \$0.25 of total, annual sales tax received by MEDC and MCDC.
- Section 7. The City Manager, through the Finance Department, shall implement transparent processes for the periodic transfer of sales tax from the MEDC and MCDC funds into the Program Fund.
- Section 8. The City's Financial Policies shall be amended to reflect the elements of the Program.
- Section 9. The annual budgets of the City, MEDC and MCDC shall be reflective of the elements of the Program, including any necessary line items identifying transfers into the Program Fund for budgeted expenditures in a respective fiscal year.
- Section 10. This Resolution shall operate as a request by the City Council to the respective boards of the MEDC and MCDC to amend their respective Bylaws by July 31, 2022 to acknowledge the Program as an ongoing Project to be funded annually by the respective boards, including any specific processes required by the respective Type A and Type B statutes.
- Section 11. The City Manager shall fully implement of the Program including, but not limited to preparing and presenting annual reports to the City Council, MEDC, MCDC of construction/reconstruction of eligible streets and roadways, preparing the amended financial policies, preparing guidelines for annual funding, administering the Program Fund, providing and presenting reports on the Pavement Management Plan, and providing any

other needed documents, agreements or reports needed to effectuate the goals of the Program.

Section 12. The Program shall be comprehensively reviewed at the end of ten (10) fiscal years, and every ten (10) fiscal years thereafter, and the City Council shall be required to make a finding of “adequate public benefit” to continue the Resolution beyond any review period, short of which finding this Resolution shall automatically terminate.

Section 13. This Resolution shall take effect immediately from and after the date of passage and is so resolved.

DULY PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF MCKINNEY, TEXAS ON THE 21st DAY OF JUNE 2022.

CITY OF MCKINNEY, TEXAS

GEORGE C. FULLER
Mayor

ATTEST:

EMPRESS DRANE
City Secretary
JOSHUA STEVENSON
Deputy City Secretary

APPROVED AS TO FORM:

MARK S. HOUSER
City Attorney