

CITY COUNCIL REGULAR MEETING

SEPTEMBER 16, 2014

The City Council of the City of McKinney, Texas met in regular session in the Council Chambers of the Municipal Building on September 16, 2014 at 6:00 p.m.

Council Present: Mayor Brian Loughmiller, Mayor Pro Tem Travis Ussery, Council members: Geralyn Kever, Don Day, Ray Ricchi, Roger Harris, and Randy P. Pogue.

Mayor Loughmiller called the meeting to order at 6:05 p.m. after determining a quorum was present.

Staff Present: Interim Assistant City Manager Barry Shelton; City Attorney Mark Houser; City Secretary Sandy Hart; Chief Financial Officer Rodney Rhoades; Director of Planning Michael Quint; Director of Engineering Mark Hines; Fire Chief Danny Kistner; Fire Captain Steve Dorris; Firefighter Austin Hendricks; Senior Plans Examiner Jeff Harris; Chief Building Official Rick Herzberger; Interim Human Resources Director Kathryn Usrey; Executive Director of Utilities & Infrastructure Chris Browning; Assistant Director of Development Services Rick Leisner; IT Service Desk Supervisor Amy Greer; Police Officer Trent Davis; Assistant Airport Director Mark Jaraczewski; Deputy Police Chief Jody Morse; Interim Police Chief David James; Assistant Director of Water Utilities and Infrastructure Paul Sparkman; and Budget Manager Mark Holloway.

There were 25 guests present.

Invocation given by Senior Minister Neill Grimes, First Christian Church of McKinney. Mayor Loughmiller led the Pledge of Allegiance.

14-902 PANDAS Awareness Day Proclamation. Mayor Loughmiller presented the PANDAS Awareness Day Proclamation to Beth McGuire.

14-903 Professional Firefighters of McKinney Presentation of Proceeds from the Muscular Dystrophy Fill the Boot Campaign. Professional Firefighters of McKinney presented a check for \$25,259.45 to the Muscular Dystrophy Association for the 2014 Fill the Boot Campaign.

Mayor Loughmiller called for Citizen Comments.

The following individuals spoke against the location of the proposed downtown parking garage:

Mr. Anthony Nagid, 201 W. Davis Street, McKinney

Mr. David Salas, 202 W. Davis Street, McKinney

Mr. Don Simmons, 204 W. Davis Street, McKinney

Ms. Juanita Horne, 3400 Craig Drive, McKinney spoke about the amount of time that the Eldorado Bridge and US 75 road construction is taking.

Mr. Thomas Tolan, 710 N. Church Street, spoke about the asphalt street surface for Church Street from Heard to University.

Council unanimously approved the motion by Council member Harris, seconded by Mayor Pro Tem Ussery, to approve the following consent items:

- 14-904** Minutes of the City Council Regular Meeting of September 2, 2014
- 14-837** Minutes of the McKinney Convention & Visitors Bureau Board Meeting of July 22, 2014
- 14-838** Minutes of the McKinney Convention & Visitors Bureau Development Committee Meeting of May 14, 2014
- 14-839** Minutes of the McKinney Convention & Visitors Bureau Finance Committee Meeting of May 22, 2014
- 14-840** Minutes of the McKinney Convention & Visitors Bureau Marketing Committee Meeting of May 22, 2014
- 14-841** Minutes of the McKinney Convention & Visitors Bureau Finance Committee Meeting of July 17, 2014
- 14-842** Minutes of the McKinney Convention & Visitors Bureau Marketing Committee Meeting of July 17, 2014
- 14-762** Minutes of the Main Street Board Meeting of July 10, 2014
- 14-847** Minutes of the Planning and Zoning Commission Regular Meeting of August 12, 2014
- 14-871** Minutes of the Tax Reinvestment Zone Number One Meeting of March 17, 2014
- 14-869** Minutes of the Tax Reinvestment Zone Number Two Meeting of March 18, 2014
- 14-905** Consider/Discuss/Act on an Ordinance Establishing Speed Limit on Laud

Howell Parkway from US 75 to Trinity Falls Parkway. Caption reads as follows:

ORDINANCE NO. 2014-09-068

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MCKINNEY, TEXAS ESTABLISHING A SPEED LIMIT ON LAUD HOWELL PARKWAY IN MCKINNEY; AMENDING THE CODE OF ORDINANCES, CITY OF MCKINNEY, TEXAS; PROVIDING FOR PUBLICATION OF THE CAPTION OF THE ORDINANCE, EFFECTIVE DATE HEREOF AND A PENALTY CLAUSE

- 14-906** Consider/Discuss/Act on a Resolution Authorizing the Interim City Manager to Release a Portion of a Water Line Easement Located within the Republic Self Storage Addition. Caption reads as follows:

RESOLUTION NO. 2014-09-105 (R)

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MCKINNEY, TEXAS, AUTHORIZING THE INTERIM CITY MANAGER TO RELEASE A PORTION OF A WATERLINE EASEMENT WITHIN THE REPUBLIC SELF STORAGE ADDITION

- 14-908** Consider/Discuss/Act on a Resolution Authorizing the Interim City Manager to Execute a Contract with Rich Leidl, P.C. for Federal Legislative Services. Caption reads as follows:

RESOLUTION NO. 2014-09-106 (R)

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MCKINNEY, TEXAS, AUTHORIZING THE INTERIM CITY MANAGER TO EXECUTE AN AGREEMENT FOR FEDERAL LEGISLATIVE CONSULTING SERVICES FROM RICH LEIDL, P.C. OF WASHINGTON, DC

- 14-909** Consider/Discuss/Act on a Resolution Authorizing the Interim City Manager to Execute a Contract with "The Retail Coach" for a Retail Economic Development Plan. Caption reads as follows:

RESOLUTION NO. 2014-09-107 (R)

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MCKINNEY, TEXAS, AUTHORIZING THE INTERIM CITY MANAGER TO EXECUTE A CONTRACT IN THE AMOUNT OF \$50,000 WITH THE RETAIL COACH FOR A RETAIL ECONOMIC DEVELOPMENT PLAN

- 14-912** Consider/Discuss/Act on a Resolution Adopting the Fiscal Year 2014-2015 Financial Policies. Caption reads as follows:

RESOLUTION NO. 2014-09-108 (R)

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
McKINNEY, TEXAS, ADOPTING THE FINANCIAL POLICIES

- 14-914** Consider/Discuss/Act on a Resolution Adopting the Investment Policy for
Fiscal Year 2014-2015. Caption reads as follows:

RESOLUTION NO. 2014-09-109 (R)

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
McKINNEY, TEXAS, ADOPTING THE INVESTMENT POLICY

- 14-915** Consider/Discuss/Act on a Resolution Amending the Policy on Board and
Commission Member Appointment and Eligibility and Mayor's Liaison
Appointments. Caption reads as follows:

RESOLUTION NO. 2014-09-110 (R)

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
MCKINNEY, TEXAS, AMENDING ITS POLICY FOR BOARD AND
COMMISSION MEMBER APPOINTMENTS; AND PROVIDING
FOR AN EFFECTIVE DATE

- 14-923** Consider/Discuss/Act on a Resolution Authorizing the Interim City
Manager to Execute an Agreement with Affion Public for an Assistant
City Manager Search. Caption reads as follows:

RESOLUTION NO. 2014-09-111 (R)

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
McKINNEY, TEXAS, AUTHORIZING THE INTERIM CITY
MANAGER TO EXECUTE A CONTRACT WITH AFFION PUBLIC
FOR EXECUTIVE SEARCH SERVICES FOR AN ASSISTANT
CITY MANAGER

- 14-924** Consider/Discuss/Act on a Resolution Authorizing the Interim City
Manager to Execute an Agreement with The Mercer Group for a Chief of
Police Search. Caption reads as follows:

RESOLUTION NO. 2014-09-112 (R)

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
McKINNEY, TEXAS, AUTHORIZING THE INTERIM CITY
MANAGER TO EXECUTE A CONTRACT WITH THE MERCER
GROUP FOR EXECUTIVE SEARCH SERVICES FOR A CHIEF
OF POLICE

13-195Z5 Mayor Loughmiller called for a Public Hearing to Consider/Discuss/Act on the Request by Skorburg Company, on Behalf of Amegy Bank, for Approval of a Request to Rezone Fewer than 13 Acres from "PD" - Planned Development District to "PD" - Planned Development District, Generally to Allow Townhome Uses and Modify the Development Standards, Located Approximately 600 Feet South of Virginia Parkway and on the East Side of Hardin Boulevard, and Accompanying Ordinance. Director of Planning Michael Quint stated that the applicant is requesting to rezone approximately 13 acres to allow for 44 townhome units. The property is currently zoned for office uses. The 44 townhome units the applicant is proposing is not in compliance with the City's desire to preserve its non-residential tax base and as such staff is recommending denial. Staff feels the special ordinance provisions being proposed by the applicant do not insure the level of quality appropriate for the community. The Planning and Zoning Commission did recommend denial of this item so a super majority vote by Council will be required for this item to be approved. The applicant did provide a modified land use plan that shows a larger amount of alley served products in order to eliminate on-street parking. Staff is still opposed to the layout as it does not address all of the city's alley serve and parking concerns. The applicant indicated to staff that it would be difficult for them to go 100% alley serve. Applicants Mr. Dick Skorburg and Mr. Adam Buczek, Skorburg Company, indicated that they would have all alleys on this project, except for 13 units where an open space amenity backs up to the units. The applicant noted that they would change from 85% masonry to 90% masonry, greater than the city's requirement. If Council requires all alleys, the applicant requests that they be allowed to put an alley in that terminates with a crash gate. The additional cost to construct all alleys is \$100,000 and will result in the loss of three units. Adam Buczek presented their commitment to the neighbors in regards to

the creek maintenance. He stated that from the center line of the creek to the south, with the final plat, that area will be deeded to the individual homeowners which will extend their lot line back and would become private property. From the center line of the creek to the townhome side, it will be part of and maintained by this development's HOA. Council member Pogue inquired if the developer had 100% agreement with the homeowners who will be deeded the additional property to the creek. Mr. Buczek stated that there were two homeowners they did not have commitment from and these would be handled on a case by case basis. Mr. Quint stated that staff would be able to support a 100% alley served and 90% masonry component in terms of land use but the final plat would still need to be reviewed and approved by the fire department and engineering. Mayor Loughmiller expressed concern due to the fact that Planning and Zoning made its recommendation based on a different layout than what Council is considering. City Attorney Mark Houser stated that it is staff's preference that it go back to the Planning and Zoning Commission if the Council wants to reconsider those items mentioned. Mr. Quint stated that if Council were to approve the zoning request as proposed by the applicant with the increase from 85% to 90% masonry and 100% alley served, the new exhibit would not be attached to the zoning request and the applicant could work through the issues with the fire department and engineering as part of the platting process. If the new exhibit was attached to the zoning and fire or engineering standards necessitated a change, they would have to rezone the property to modify this layout. Mr. Adam Buczek stated their commitment to the neighbors in regards to the creek maintenance. He stated that from the center line of the creek to the south, with the final plat that will be deeded to the individual homeowners which will extend their lot line back and would become private property. From the center line of the creek to the townhome side, it will be part of and maintained by this development's

Homeowners Association. Council unanimously approved the motion by Mayor Pro Tem Ussery, seconded by Council member Harris, to close the public hearing. Council unanimously approved the motion by Council member Keever, seconded by Mayor Pro Tem Ussery, to table this item indefinitely.

14-144A3 Mayor Loughmiller called for a Public Hearing to Consider/Discuss on the Request by Shaddock Developers, Ltd., on Behalf of Clyde and Lucretia Geer and Frances Melton, a Petition to Annex Fewer than 30 Acres, Located Approximately 1,900 Feet North of Eldorado Parkway and on the East Side of Custer Road, and Accompanying Ordinance. Director of Planning stated that the property owner is proposing to annex approximately 29 acres into the City of McKinney. The City considers a number of factors prior to annexing property, one of which is the current population of the property, also the ability to provide city services and utilities and the fiscal impact to the City. Staff has evaluated all of these factors and has no concerns. State law requires a number of public hearings, the first being on August 18th, the second being August 19th, and the third one tonight. Staff recommends Council conduct the final public hearing and recommends denial of the annexation due to the associated rezoning request and lack of conformance with the Comprehensive Plan. However, if the associated rezoning request is approved by Council, staff would recommend approval of this annexation request. Applicant Mr. Will Shaddock, Shaddock Developers, was present to answer questions. Mayor Loughmiller called for public comment.

Mr. Jon Dell' Antonia, President of the Board of Directors of Stonebridge Ranch Association, spoke in favor of the annexation and stated that the homeowners association would welcome the development and annex them into the Homeowners Association.

Council unanimously approved the motion by Council member Keever,

seconded by Council member Harris, to close the public hearing.

14-145Z2 Mayor Loughmiller called for a Public Hearing to Consider/Discuss/Act on the Request by Shaddock Developers, Ltd., on Behalf of Frances Melton and Clyde and Lucretia Geer, for Approval of a Request to Zone Fewer than 30 Acres to "PD" - Planned Development District, Located Approximately 1,900 Feet North of Eldorado Parkway and on the East Side of Custer Road, and Accompanying Ordinance. Director of Planning Michael Quint stated that the applicant is requesting to rezone the subject property to a planned development district with a base zoning designation of SF5 with the following special ordinance provisions: a maximum density of 4.5 dwelling units per acre be allowed; the minimum mean lot size shall be 7,160 square feet; and the minimum median lot size shall be 7,000 square feet. In addition to the special ordinance provisions, the applicant is also proposing that all dwelling units shall be 100% masonry, brick or stone on the first floor and 50% masonry, brick or stone above the first floor. The final special ordinance provision is a requirement that street trees shall be planted at a spacing of 1:30 along Custer Road. The applicant has submitted a preliminary final plat to staff for review and shows the applicant's desire to lay out the property in this manner. The densities requested are in excess of those allowed by the Comprehensive Plan and the minimum mean and median lot sizes are 7,200 square feet. Staff is recommending denial of this zoning request from a policy standpoint. From a professional opinion standpoint staff is also recommending denial because staff sees no reason why the applicant cannot modify the request to address the Comprehensive Plan's stated goals and objectives. Applicant Mr. Will Shaddock stated that Shaddock Homes and American Legend Homes are the builders but do not currently own the property. Should they become annexed, zoned, and platted, they plan to be zoned into Stonebridge Ranch. The developer has looked at the surrounding areas in regards to density and

set the lot sizes based on marketability of the area. The applicant noted that the Stonebridge annexation will begin immediately after the closing of the property. Mayor Loughmiller called for public comment.

Mr. Clyde Geer, 2417 S. Custer Road, McKinney, noted that he is part of the family selling the property and they support this development.

Council unanimously approved the motion by Council member Harris, seconded by Council member Keever, to close the public hearing.

14-144A3 Mayor Loughmiller called back this item to Consider/Discuss/Act on the Request by Shaddock Developers, Ltd., on Behalf of Clyde and Lucretia Geer and Frances Melton, a Petition to Annex Fewer than 30 Acres, Located Approximately 1,900 Feet North of Eldorado Parkway and on the East Side of Custer Road, and Accompanying Ordinance. Council unanimously approved the motion by Mayor Pro Tem Ussery, seconded by Council member Keever, to approve an Ordinance annexing fewer than 30 acres, located approximately 1,900 feet north of Eldorado Parkway and on the east side of Custer Road. Caption reads as follows:

ORDINANCE NO. 2014-09-069

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MCKINNEY, TEXAS, ANNEXING CERTAIN TERRITORIES TO THE CITY OF MCKINNEY; PROVIDING FOR THE PUBLICATION OF THIS ORDINANCE AND PROVIDING FOR AN EFFECTIVE DATE THEREOF

14-145Z2 Mayor Loughmiller called back for Consideration/Discussion/Action on the Request by Shaddock Developers, Ltd., on Behalf of Frances Melton and Clyde and Lucretia Geer, for Approval of a Request to Zone Fewer than 30 Acres to "PD" - Planned Development District, Located Approximately 1,900 Feet North of Eldorado Parkway and on the East Side of Custer Road, and Accompanying Ordinance. Council unanimously approved the motion by Mayor Pro Tem Ussery, seconded by Council member Harris, to approve an Ordinance zoning fewer than 30 Acres to "PD" - Planned Development District, Located Approximately 1,900 Feet North of Eldorado Parkway and on the East Side of Custer

Road, with the following special ordinance provisions: the subject property shall develop in conformance with Section 146-106 ("SF5" - Single Family Residential District) of the Zoning Ordinance, and as amended, except as follows: the maximum density shall be 4.5 dwelling units per acre; the minimum mean lot size shall be 7,160 square feet and the minimum median lot size shall be 7,000 square feet; all dwelling units shall be 100 percent masonry (brick or stone) on the first floor, and 50 percent masonry (brick or stone) above the first floor, exclusive of openings, architectural awnings, trim, iron fixtures, wood accents, cantilevered areas, and wood column-supported sections; and street trees shall be planted at one tree per thirty (30) linear feet along Custer Road. Caption reads as follows:

ORDINANCE NO. 2014-09-070

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MCKINNEY, TEXAS, AMENDING THE ZONING MAP OF THE CITY OF MCKINNEY, TEXAS; SO THAT AN APPROXIMATELY 29.02 ACRE PROPERTY, LOCATED APPROXIMATELY 1,900 FEET NORTH OF ELDORADO PARKWAY AND ON THE EAST SIDE OF CUSTER ROAD, IS ZONED "PD" – PLANNED DEVELOPMENT DISTRICT, GENERALLY FOR SINGLE FAMILY DETACHED RESIDENTIAL USES; PROVIDING FOR SEVERABILITY; PROVIDING FOR INJUNCTIVE RELIEF, PROVIDING FOR NO VESTED INTEREST; PROVIDING FOR THE PUBLICATION OF THE CAPTION OF THIS ORDINANCE; PROVIDING FOR A PENALTY FOR THE VIOLATION OF THIS ORDINANCE; AND PROVIDING FOR AN EFFECTIVE DATE HEREOF

- 14-916** Mayor Loughmiller called for Consideration/Discussion/Action on a Development Agreement with Frances Melton, Clyde Geer, and Lucretia Geer, Located Approximately 1,900 Feet North of Eldorado Parkway and on the East Side of Custer Road. Director of Planning Michael Quint stated that this is a standard Development Agreement that is related to the previous annexation and zoning agenda items. Staff is recommending approval. Council unanimously approved the motion by Council member Harris, seconded by Council member Pogue, to approve a Development Agreement with Frances Melton, Clyde Geer, and Lucretia Geer, located approximately 1,900 feet north of Eldorado

Parkway and on the east side of Custer Road.

Council member Pogue stepped down from the dais for the following agenda item.

- 14-215Z2** Mayor Loughmiller called for a Public Hearing to Consider/Discuss/Act on the Request by SLC McKinney Partners, L.P., for Approval of a Request to Rezone Fewer than 14 Acres from "PD" - Planned Development District and "CC" - Corridor Commercial Overlay District to "PD" - Planned Development District and "CC" - Corridor Commercial Overlay District, Generally to Modify the Development Standards, Located on the Northwest Corner of Fleetwood Street and State Boulevard, and Accompanying Ordinance. Director of Planning Michael Quint stated that the applicant is requesting to rezone approximately 13 acres of land to modify the setbacks. The property currently has six foot side yard setbacks. The applicant is proposing to modify that down to five foot. Staff is recommending approval. Applicant, Trevor Cross with Southern Land Company, 1550 West McEwen Drive, Franklin, Tennessee, was available to answer questions and there were none. Mayor Loughmiller called for public comment and there were none. Council approved the motion made by Council member Harris, seconded by Council member Day, to close the public hearing and approve an Ordinance rezoning fewer than 14 acres from "PD" - Planned Development District and "CC" - Corridor Commercial Overlay District to "PD" - Planned Development District and "CC" - Corridor Commercial Overlay District, generally to modify the development standards, located on the northwest corner of Fleetwood Street and State Boulevard, with the following special ordinance provisions: the subject property be rezoned to "PD" - Planned Development District and be developed according to the following standards: the subject property shall develop in accordance with "PD" - Planned Development District Ordinance No. 2010-10-042, except that the attached pattern book sheets shall replace pages 18 and 19 of "PD" -

Planned Development District Ordinance No. 2010-10-042, with a vote of 5-0-2, Council members Pogue and Kever abstaining. Caption reads as follows:

ORDINANCE NO. 2014-09-071

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MCKINNEY, TEXAS, AMENDING THE ZONING MAP OF THE CITY OF MCKINNEY, TEXAS; SO THAT AN APPROXIMATELY 13.09 ACRE PROPERTY, LOCATED ON THE NORTHWEST CORNER OF FLEETWOOD STREET AND STATE BOULEVARD, IS REZONED FROM "PD" – PLANNED DEVELOPMENT DISTRICT AND "CC" – CORRIDOR COMMERCIAL OVERLAY DISTRICT TO "PD" – PLANNED DEVELOPMENT DISTRICT AND "CC" – CORRIDOR COMMERCIAL OVERLAY DISTRICT, GENERALLY TO MODIFY THE DEVELOPMENT STANDARDS; PROVIDING FOR SEVERABILITY; PROVIDING FOR INJUNCTIVE RELIEF, PROVIDING FOR NO VESTED INTEREST; PROVIDING FOR THE PUBLICATION OF THE CAPTION OF THIS ORDINANCE; PROVIDING FOR A PENALTY FOR THE VIOLATION OF THIS ORDINANCE; AND PROVIDING FOR AN EFFECTIVE DATE HEREOF

Council member Pogue returned to the dais.

- 14-148Z3** Mayor Loughmiller called for a Public Hearing to Consider/Discuss/Act on the Request by Megatel Homes III, L.L.C., on Behalf of Betty M. Bacon Trust and McKinney Independent School District, for Approval of a Request to Rezone Fewer than 20 Acres from "AG" - Agricultural District to "RS 45" - Single Family Residence District, Located Approximately 1,400 Feet South of U.S. Highway 380 (University Drive) and on the West Side of Bois D'Arc Road, and Accompanying Ordinance (REQUEST TO BE TABLED). Director of Planning Michael Quint stated that staff is requesting the item be tabled indefinitely. Applicant, Mr. Don Plunk, representing Mayfield Homes, stated they are in agreement with Mr. Quint's request to table the item. Mayor Loughmiller called for public comment and there were none. Council approved the motion made by Council member Harris, seconded by Council member Pogue, to table this item indefinitely, with a vote of 6-0-1, Council member Kever abstaining.

14-917 Mayor Loughmiller called for a Second Public Hearing to Consider/Discuss/Act on the Adoption of the Budget Appropriation Ordinance for FY 2014-15. Chief Financial Officer Rodney Rhoades presented the proposed FY 2014-15 Budget. Mr. Rhoades noted the revisions to Fiscal Year 2014 budget that includes an increase in revenues based on monitoring of receipts in the General Fund. On the expenditure side, there have been a number of expense decreases and staff has made proposed transfers to the new Facilities and Equipment Replacement Fund for depreciation expense. Salaries have been adjusted down to allow for vacancies. For Fiscal Year 2015, staff is proposing a balanced General Fund budget of \$108.2 million of revenues and expenditures. On the revenue side, property taxes make up approximately 52% of the revenue, sales tax approximately 18%, franchise fees approximately 13%, and various other revenue sources make up the balance. Mr. Rhoades detailed the expenditures of the 2015 Fiscal Year budget and proposed staffing increases requested within the budget, noting that critical staffing areas in Development Services and Information Technology were the main focus. Mr. Rhoades noted that the new Risk and Insurance Fund was created to better account for the city's risk and insurance related expenses. The General Fund is transferring a little less than \$1.2 million in Fiscal 2015 to this Fund. The City will continue to transfer \$600,000 to the Airport and will monitor operations at the airport to determine if future transfers will be necessary. The City is proposing to transfer in a sizeable amount from the General Fund to the newly created Facilities and Equipment Replacement Fund, as well as proposing to fully fund the fleet replacement schedule this year. Overall fund balances for the General Fund will be slightly over \$27 million or 25% of expenditures and staff is proposing a 36% or \$39.4 million projected ending fund balance for FY 2015. The Water and Wastewater Fund revenues are slightly up from

expenditures in FY 2014-15 as the revenues include the planned 2.5% rate increase. This will be the third year of a five year implementation for the rate increase. Required fund balance for water and wastewater is 90 days. Staff is proposing to carry 165 days with a drawdown to 93 days out to 2018 which will put us in line with our fund balances. The City is proposing a lower tax rate of \$0.5830, a decrease of one-quarter cent reduction. An effort has been made with the proposed budget to address market competitiveness in terms of salary as well as a merit-based pool for performance increases. Mayor Loughmiller called for public comment.

Mr. Rick Kieffer, 6709 Stony Hill, McKinney, inquired why residents received a 2.5% water rate increase when they have been asked to reduce water usage. Lowering the tax rate by a quarter of a cent and raising the water rate by 2.5% does not balance in his book.

Council unanimously approved the motion by Council member Keever, seconded by Council member Pogue, to close the public hearing.

Mayor Loughmiller noted that as a member city of the North Texas Municipal Water District, there are issues in dealing with the take-or-pay structure. The water rates that the District passes on to member cities causes a constant struggle and debate on what the methodology should be for charging for water. Our City Manager's office is working with the Water District and the City Managers of the other 12 cities to come up with a better methodology than what is currently in place. Council unanimously approved the motion by Council member Keever, seconded by Mayor Pro Tem Ussery, to approve adopting the Budget Appropriation Ordinance for FY 2014-15 with the following record vote:

Mayor Loughmiller – For

Mayor Pro Tem Ussery – For

Council member Ricchi – For

Council member Day – For

Council member Kever – For

Council member Pogue – For

Council member Harris – For

Caption reads as follows:

ORDINANCE NO. 2014-09-072

AN ORDINANCE ADOPTING A BUDGET FOR THE ENSUING FISCAL YEAR BEGINNING OCTOBER 1, 2014, AND ENDING SEPTEMBER 30, 2015, IN ACCORDANCE WITH THE CHARTER OF THE CITY OF MCKINNEY, APPROPRIATING THE VARIOUS AMOUNTS THEREOF, AND REPEALING ALL ORDINANCES OR PARTS OF ORDINANCES IN CONFLICT THEREWITH; PROVIDING FOR PUBLIC HEARINGS; PROVIDING FOR PUBLICATION OF THIS ORDINANCE AND FOR AN EFFECTIVE DATE HEREOF

14-918 Mayor Loughmiller called for Consideration/Discussion/Action on an Ordinance to Ratify the Property Tax Revenue Increase in the Fiscal Year 2014-15 Budget as a Result of the City Receiving More Revenues from Property Taxes than the Previous Fiscal Year. Chief Financial Officer Rodney Rhoades stated that this item is ratifying the property tax revenue increase and is required by law because of the increase in the revenues due to the increase in property tax over the last year. Council unanimously approved the motion by Council member Kever, seconded by Council member Day, to approve an Ordinance ratifying that this year's budget will raise more total property taxes than last year's budget by \$8,601,923 or 12.34% and of that amount, \$3,239,360 is tax revenue to be raised from new property added to the tax roll this year. Caption reads as follows:

ORDINANCE NO. 2014-09-073

AN ORDINANCE OF THE CITY OF MCKINNEY, TEXAS, RATIFYING THE PROPERTY TAX REVENUE INCREASE IN THE 2014-15 BUDGET AS A RESULT OF THE CITY RECEIVING MORE REVENUES FROM PROPERTY TAXES IN THE 2014-15 BUDGET THAN IN THE PREVIOUS FISCAL YEAR; AND PROVIDING AN EFFECTIVE DATE

14-919 Mayor Loughmiller called for Consideration/Discussion/Action on an Ordinance Adopting a Tax Rate for Fiscal Year 2014-15. Chief Financial

Officer Rodney Rhoades stated that the taxable value for FY 2015 came in at \$13.4 billion. The property tax rate for FY2015 is proposed at \$0.583000 which is a quarter cent reduction over FY2014 adopted tax rate. Of this \$0.583000 rate, staff is proposing \$0.167563 be dedicated to the debt service and \$0.415437 be dedicated to the Maintenance and Operations. Council unanimously approved the motion by Council member Kever, seconded by Council member Harris, to approve an Ordinance that adopts the property tax rate be increased by the adoption of a tax rate of \$.538000, which is effectively an 8.32 percent increase in the tax rate Fiscal Year 2014-15 with the following record vote:

Mayor Loughmiller – For

Mayor Pro Tem Ussery – For

Council member Ricchi – For

Council member Day – For

Council member Kever – For

Council member Pogue – For

Council member Harris – For

Caption reads as follows:

ORDINANCE NO. 2014-09-074

AN ORDINANCE LEVYING TAXES FOR THE CITY OF MCKINNEY, TEXAS, FOR THE TAX YEAR 2014; PROVIDING FOR A DATE ON WHICH SUCH TAXES BECOME DELINQUENT; PROVIDING FOR A LIEN ON ALL REAL AND PERSONAL PROPERTY TO SECURE THE PAYMENT OF TAXES DUE THEREON; PROVIDING FOR PENALTY AND INTEREST FROM AN EFFECTIVE DATE HEREOF; PROVIDING FOR A 15% COLLECTION FEE FROM AN EFFECTIVE DATE HEREOF; PROVIDING FOR ACCEPTANCE OF THE TAX ROLL TOGETHER WITH ANY SUPPLEMENTS THERETO; AND PROVIDING FOR PUBLICATION OF THE CAPTION OF THIS ORDINANCE

14-920 Mayor Loughmiller called for Consideration/Discussion/Action on an Ordinance to Change Rates/Fees for City Services. Chief Financial Officer Rodney Rhoades presented a summary of the proposed fees. He noted the 2.5% increase in water/wastewater service and an increase in

a number of commercial and residential water service connection, reconnection fees, and meter set fees. There are also increases in various Airport Fixed Based Operations (FBO) charges. Mr. Rhoades referenced the wording change relating to the FBO in Section 4, Appendix A, Section 30-205 as it relates to petroleum pricing markups and provides for the City to adjust those periodically. There is a summary of the proposed fee changes on page 72 of the proposed budget which is available online. Council unanimously approved the motion by Council member Harris, seconded by Council member Randy to approve an Ordinance to change rates/fees for City Services. Caption reads as follows:

ORDINANCE NO. 2014-09-075

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MCKINNEY, TEXAS, AMENDING THE CODE OF ORDINANCES OF THE CITY OF MCKINNEY, TEXAS, RELATING TO FEES, BY AMENDING APPENDIX A, IN PART, BY AMENDING SECTIONS 30-86, 30-175, 30-205, 74-79, 110-35, 110-37, 110-40, 110-42, 110-43, 110-44, 110-45, 110-95, 110-139, 110-141 AND 110-230; PROVIDING A SEVERABILITY CLAUSE; PROVIDING A REPEALER CLAUSE; AND PROVIDING FOR AN EFFECTIVE DATE HEREOF

- 14-921** Mayor Loughmiller called for a Public Hearing to Consider/Discuss/Act on a Sign Variance Request by CR Midway Investments, LP, Appealing the Denial of a Sign Permit for Additional Wall Signage, Located at the Southeast Corner of University Drive and Graves Street. Senior Plans Examiner Jeff Harris stated that the applicant has made an additional application for additional wall signage on a wall feature above the roof line. The City of McKinney Sign Ordinance prohibits such wall signage above the roofline. Staff is recommending denial of the sign variance request. Applicant, Mr. Matt King, 1212 Cabernet Dr., Allen, TX, Architect, stated that the Planning and Zoning Commission approved the vertical wall element in August. The request is for a prototypical design that they use at other locations. Mr. King explained the proposed sign variance. He gave examples of other businesses that have similar

features that were taller than their roofline and got approved by the City of McKinney. Mayor Loughmiller called for public comment and there were none. Council unanimously approved the motion by Council member Pogue, seconded by Council member Day, to approve closing the public hearing. Council unanimously approved the motion by Council member Day, seconded by Council member Pogue, to approve a sign variance request by CR Midway Investments, LP, for additional wall signage, located at the southeast Corner of University Drive and Graves Street.

14-925 Mayor Loughmiller called for Consideration/Discussion/Action on a Chapter 380 Economic Development Agreement between the City of McKinney and Landon Homes, LP. Interim Assistant City Manager Barry Shelton stated that this is a request from Landon Homes for a Chapter 380 Economic Development Agreement to source local taxes on materials purchased elsewhere for the construction of homes with the City of McKinney. They are requesting to get a direct tax permit from the State of Texas that will allow them to source taxes at a project location rather than the material purchase location. This is an effort to share the revenue from those sales tax or use taxes with the City of McKinney. The MEDC and MCDC would continue to receive their ½ cent sales tax each and the City's one cent sales tax would be split with 8/10 of one cent would be going to the home builder and 2/10 of one cent would go to the City of McKinney. For Landon Homes current inventory of 150 lots in McKinney, the estimated revenue over the next two years would bring the City approximately \$16,400, MEDC and MCDC would receive approximately \$41,000 each, and Landon Homes would receive approximately \$65,000. Landon Homes currently has an agreement with the City of Frisco but they have not yet put it into place. Mr. Shelton stated that staff is recommending to amend the language regarding the definition of City, in Section 2.01a, include all areas subject to the

imposition of sales and use tax under a Strategic Partnership Agreement executed in pursuant to Section 43.0751k of the Texas Local Government Code. It will allow the City to have the same authority to collect sales tax in any district where the City has a Strategic Partnership Agreement to collect sales and use taxes. Currently, Trinity Falls is an example of this type of agreement. Council approved the motion by Council member Day, seconded by Council member Harris, to approve a Chapter 380 Economic Development Agreement between the City of McKinney and Landon Homes, LP, with a vote of 4-3-0, Mayor Pro Tem Ussery, Council members Pogue and Kever voting against.

14-926 Mayor Loughmiller called for Consideration/Discussion/Action on a Chapter 380 Economic Development Agreement between the City of McKinney and Pulte Homes of Texas, LP. Interim Assistant City Manager stated that this is the same Chapter 380 Agreement as the previous item with Landon Homes with Pulte Homes. This agreement would be with a homebuilder who has a few more lots currently in the City of McKinney. The estimates on the City's two tenths of 1 cent would be \$18,900. MEDC and MCDC would be just over \$47,000. Pulte Homes would stand to gain about \$79,000. Staff would recommend that the same language be included on the definition of City so that if this homebuilder choses to build in any special district where the City collects sales or use taxes that it would be included even if outside the City limits. Mr. Shelton stated that he did request that language be added to the agreement that this would not apply to any purchases made within the City of McKinney. They were hesitant to include that language into the agreement. Mr. Shelton stated that it would cost the Finance Department approximately \$125 per month in staff time to administer the sales and use tax. The builders have estimated that the monthly revenue would be approximately \$650 per month. Council approved the motion by Mayor Loughmiller, seconded by Council member Harris, to approve a Chapter

380 Economic Development Agreement between the City of McKinney and Pulte Homes of Texas, LP with the modification of the language pertaining to the Trinity Falls Development as well as a modification to state the Chapter 380 Economic Development Agreement would not apply if the purchases of material or other products are from a City of McKinney merchant, with a vote of 4-3-0, Mayor Pro Tem Ussery, Council members Pogue and Keever voting against.

14-925 Mayor Loughmiller called for Reconsideration/Discussion/Action on a Chapter 380 Economic Development Agreement between the City of McKinney and Landon Homes, LP. Council unanimously approved the motion by Council member Brian Loughmiller, seconded by Council member Harris, to reopen this item. Council approved the motion by Mayor Loughmiller, seconded by Council member Harris, to amend the prior motion to approve a Chapter 380 Economic Development Agreement between the City of McKinney and Landon Homes, LP with the modification of the language pertaining to state” “that the Chapter 380 agreement would not apply to purchases of materials or items from a McKinney merchant”, with a vote of 4-3-0, Mayor Pro Tem Ussery, Council members Pogue and Keever voting against.

Mayor Loughmiller called for Citizen Comments and there were none.

Mayor Loughmiller called for Council and Manager Comments.

Council member Pogue thanked the Fire Department for the Fill the Boot Campaign for the Muscular Dystrophy Association.

Council member Harris did not have any comments.

Council member Ricchi did not have any comments.

Council member Day did not have any comments.

Council member Keever stated that she and Council member Pogue call the spirit when you step in the saddle when someone is missing the “12th Man Spirit”. Ms. Keever thanked Interim Assistant City Manager Barry Shelton for having the “12th Man Spirit” and for stepping in for his colleagues so ably and effectively this week.

Mayor Pro Tem Ussery stated that Oktoberfest this year has been expanded to three days and will be held on September 26, 27, and 28. They have added McKinney food providers and plenty for the beer connoisseurs. This year they are accepting credit cards for the food and beverage tickets. Communications and Marketing has secured two digital billboards for promoting the event. Mr. Ussery stated that the Risk Manager has helped to get a weather policy to protect them in the event of rain. Mr. Ussery thanked staff for what they do each and every day. Mr. Ussery stated that while Chief Financial Officer Rodney Rhoades' attire is somewhat colorful, his work is very meaningful and clear.

Mayor Loughmiller stated that there have been a lot of activities in McKinney. This past weekend there was an event for Habitat for Humanity as well as other weekend events. Mr. Loughmiller thanked Mayor Pro Tem Ussery for his help and support by filling in for him when he has had other commitments. Mr. Ussery has attended these events every time he has been asked.

Interim Assistant City Manager Barry Shelton stated that regarding Ms. Kevers' comments, that is the closest thing to an Aggie that he ever cared to be. Mr. Shelton stated that Oktoberfest will be held September 26-28th in downtown McKinney. There will be lots of activities for all ages including the younger citizens. Mr. Shelton stated that Kathleen Kent will be speaking at the Heard-Craig Hall on October 9th. Anyone interested can buy tickets through the City's website. The Communications and Marketing Department has been awarded a Savvy award for the annual report. This year's report will be presented at the State of the Community that will be held on November 6th.

Council unanimously approved the motion by Mayor Pro Tem Ussery, seconded by Council member Harris, to adjourn. Mayor Loughmiller adjourned the meeting at 8:27 p.m.

BRIAN LOUGHMILLER
Mayor

ATTEST:

SANDY HART, TRMC, MMC
City Secretary