

CITY COUNCIL WORK SESSION

JUNE 7, 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, June 7, 2022 at 3 p.m.

Council Present: Mayor George Fuller, and Council Members Charlie Philips, Geré Feltus, Patrick Cloutier, Rick Franklin, and Justin Beller.

Council Absent: Mayor Pro Tem Rainey Rogers.

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, Director of Strategic Services Trevor Minyard, City Secretary Empress Drane, Deputy City Secretary Joshua Stevenson, City Secretary Administrative Assistant Blenda Sims, City Secretary Records Specialist Juametta Terrell, City Secretary Accreditation & Reporting Specialist, McKinney Economic Development Corporation (MEDC) President Peter Tokar, McKinney Community Development Corporation (MCDC) President Cindy Schneible, Executive Director of Development Services Michael Quint, Director of Engineering Gary Graham, Transportation Engineering Manager Thuan Huynh, CIP Manager Nick Ataie, Director of Planning Jennifer Arnold, Principal Planner Aaron Bloxham, Director of Public Works Ryan Gillingham, Assistant Director of Public Works Paul Sparkman, Civil Engineer II Tahmidur Rahman, Chief Financial Officer Mark Holloway, Procurement Services Manager Lisa Littrell, Procurement Services Supervisor Tonya Hall, Director of Housing & Community Development Janay Tieken, Affordable Housing Administrator Cristel Todd, Executive Director of Visit McKinney Aaron Werner, Communications/Marketing Manager Beth Shumate, Director of Parks & Recreation Michael Kowski, McKinney Performing Arts Center (MPAC) & Main Street Program Director Amy Rosenthal, Performance Manager Steven Smith, and Service Desk Technician II Robert Lisenby.

There was approximately ten (10) members of the public present in the audience.

Mayor Fuller called the meeting to order at 3:04 p.m. upon determining a quorum of the Council was present.

Council Member Feltus joined the meeting at 3:05 p.m.

Mayor Fuller called for Public Comments on Agenda items.

Clint Scofield, 1101 Hill St., McKinney, TX 75069, spoke regarding Agenda item # 22-0492.

Mayor Fuller called for the following Work Session Agenda items.

22-0491 Presentation on Type A/B Sales Tax for Roadway Infrastructure Investment

The presentation for this item will be included in the appendix of these Minutes as "Appendix A – 22-0491 Presentation on Type A/B Sales Tax for Roadway Infrastructure Investment".

Council Member Cloutier left the Work Session at 3:41 p.m. and returned at 3:43 p.m.

22-0492 Consider/Discuss Property Tax Options for Residents Over Age 65 and the Disabled

The presentation for this item will be included in the appendix of these Minutes as "Appendix B – 22-0492 Presentation on Property Tax Option for Residents Over Age 65 and the Disabled".

22-0493 Update on 2022 City Boards & Commissions Member Appointments

The presentation for this item will be included in the appendix of these Minutes as "Appendix C – 22-0492 Presentation to Update on 2022 City Boards & Commissions Member Appointments".

22-0494 Consider/Discuss Mayoral Assignments of City Council Liaisons to the various Boards & Commissions of the City

22-0495 Consider/Discuss Report on FY2023 Strategic Goals

Council Member Feltus left the Work Session at 4:36 p.m. and returned at 4:38 p.m.

Council Member Cloutier left the Work Session at 4:38 p.m. and returned at 4:40 p.m.

22-0496 Update on the New Code McKinney Initiative (Development Regulations Update)

Mayor Fuller called for Council liaison updates regarding various City Boards & Commissions. There were none when called for.

Mayor Fuller called for Executive Session at 4:49 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

C. Section 551.072. Deliberations about Real Property

- Municipal Facilities

D. Section 551.074. Personnel Matters

E. Section 551.087. Deliberation Regarding Economic Development Matters

- Ch. 380 Agreement--Hub Partners, LLC

Mayor Fuller reconvened from Executive Session and reopened the Work Session at 5:19 p.m.

Council Members Philips and Beller did not return from Executive Session.

Council present unanimously approved the motion by Council Member Cloutier, seconded by Council Member Feltus, to Adjourn the meeting at 5:19 p.m. in a vote of 4-0.

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 June 21, 2022.

SIGNED:

GEORGE C. FULLER, Mayor

ATTEST:

EMPRESS DRANE, City Secretary
JOSHUA STEVENSON, Deputy City Secretary

City of McKinney, Texas

Roadway Infrastructure Investment

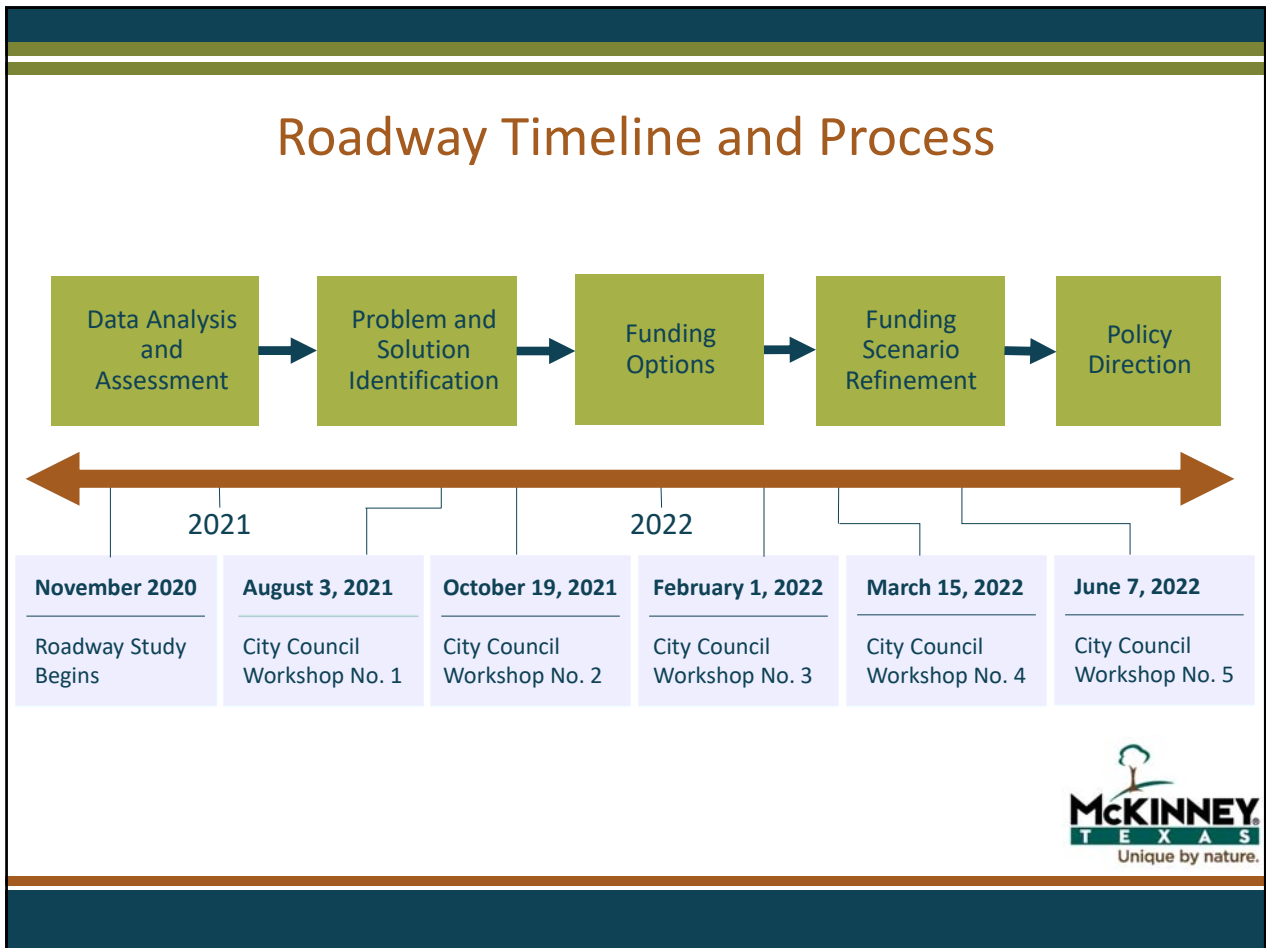


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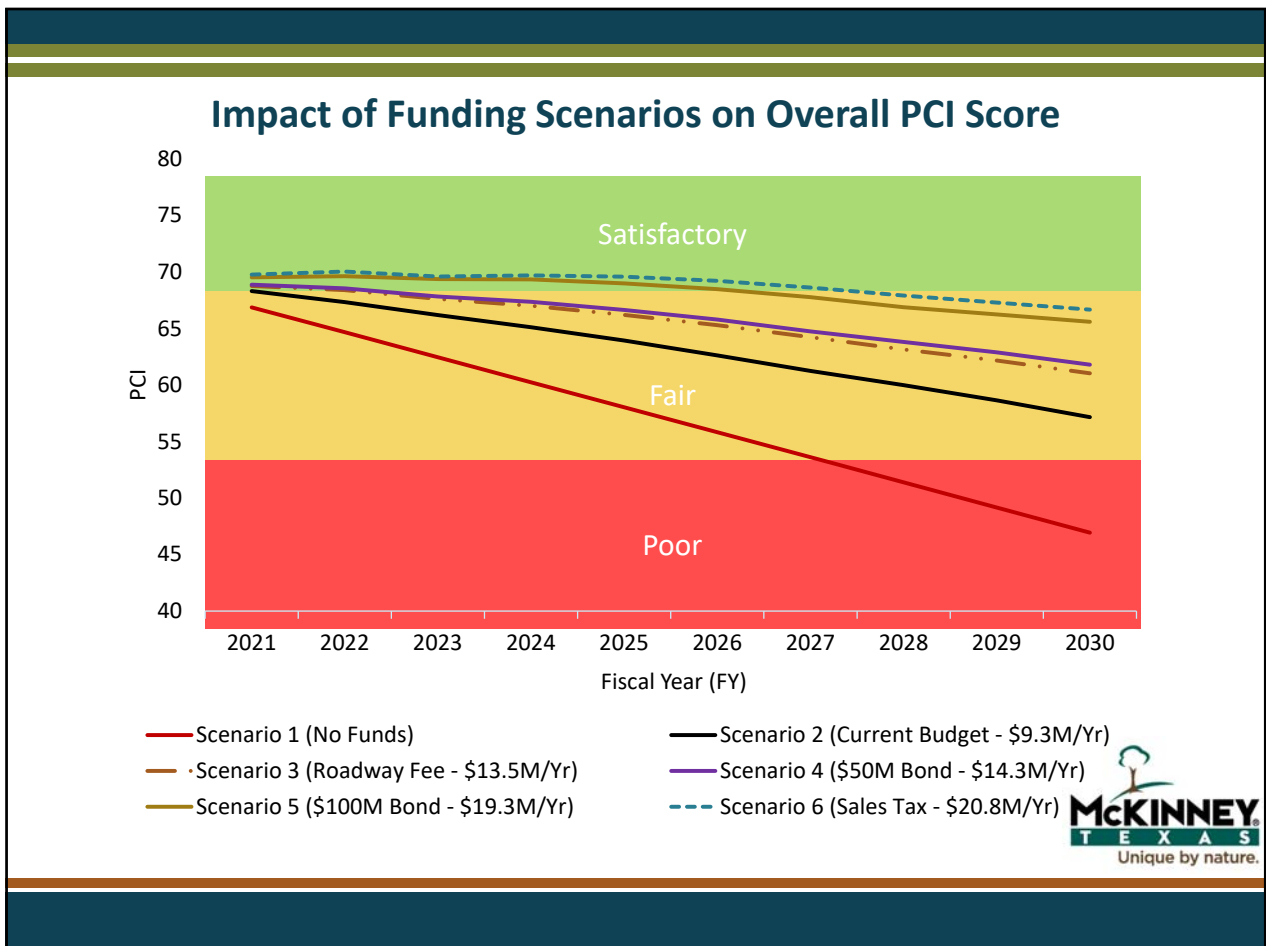


Identify and develop maintenance, rehabilitation and funding strategies for preserving and replacing existing roadway infrastructure.

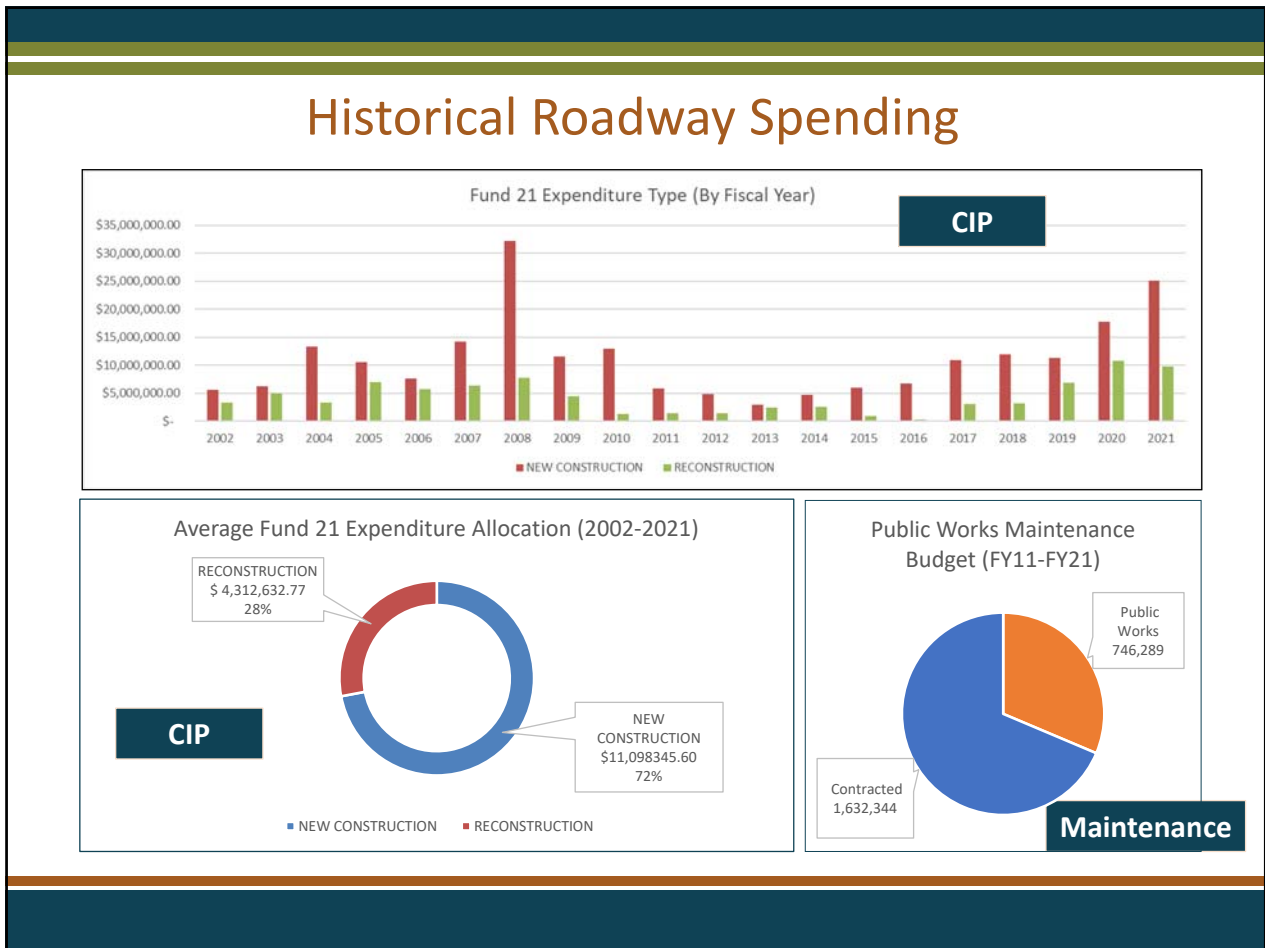
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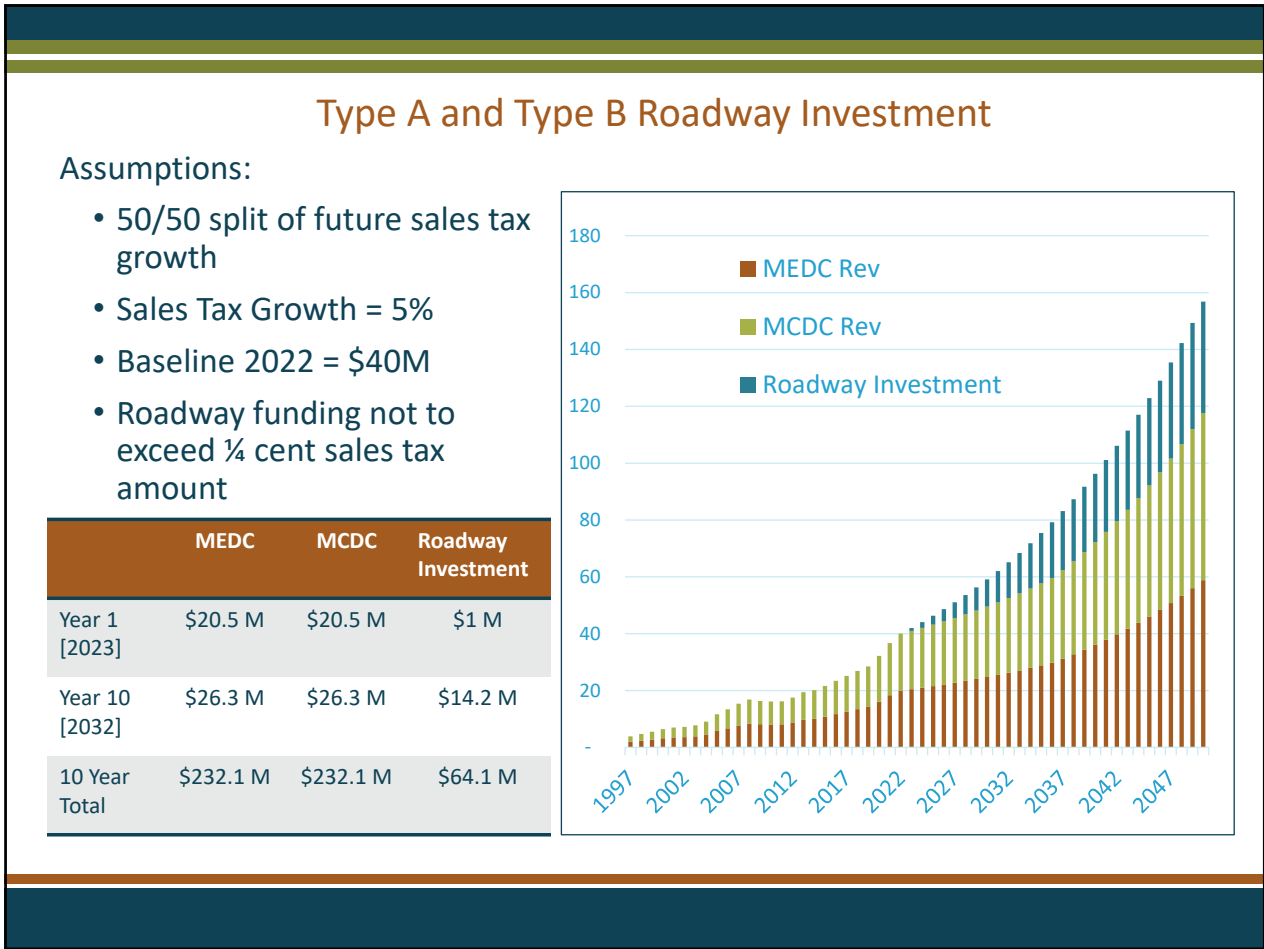
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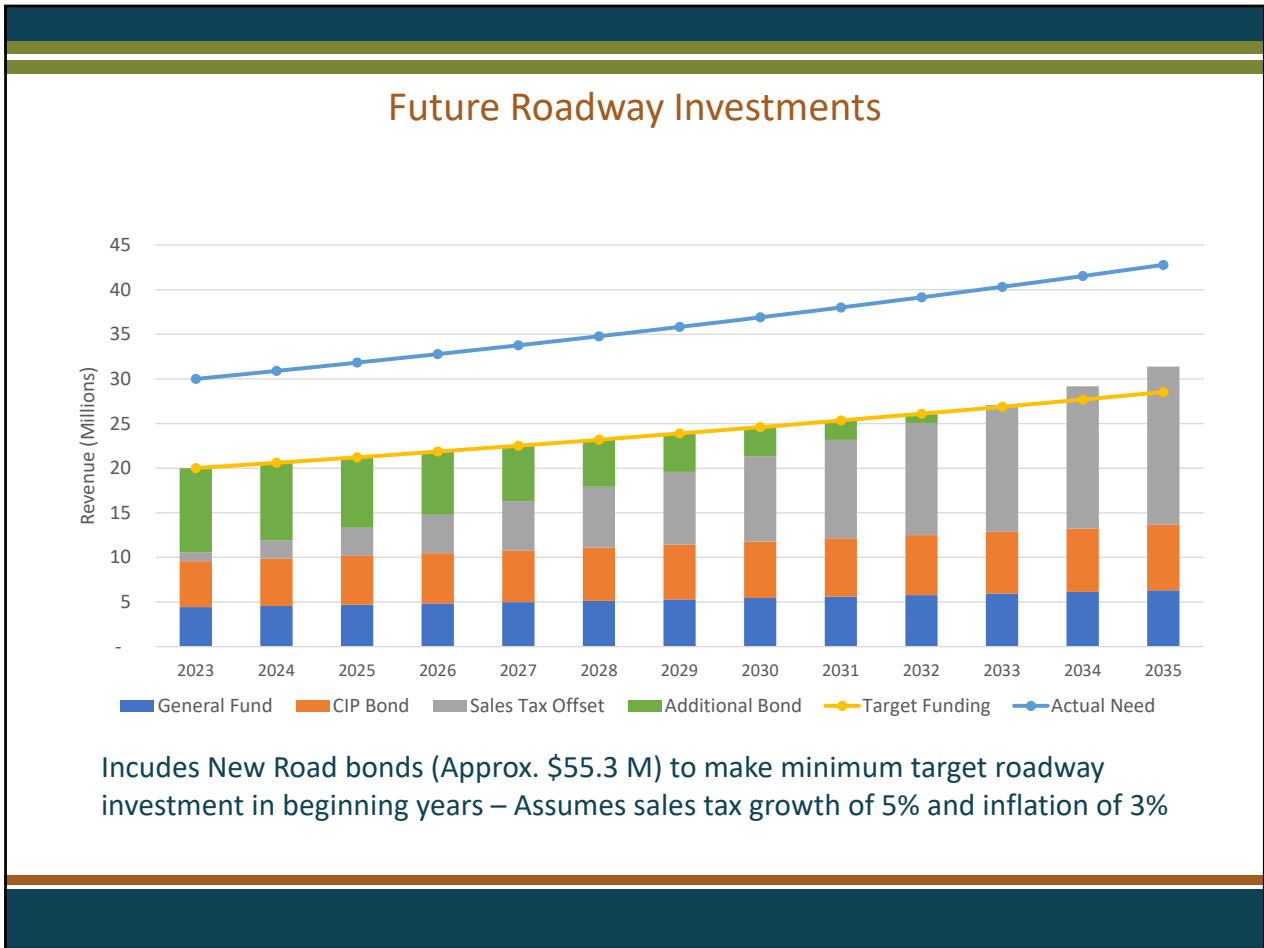
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- ### Council Feedback
1. Roadway improvements need to be funded at a higher level
 2. Support for long term, sustainable funding source for roadways that grows over time
 3. Roadway maintenance sales tax referendum is not preferred
 4. Phasing in of roadway funding is preferred
 5. Support for designating future Type A and Type B sales tax revenues for roadway investment that support economic development [Option 3 - Split future sales tax growth 50/50]
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Roadways That Support Economic Development

- The Texas Local Gov't. Code allows for the expenditure of MEDC and MCDC sales tax on infrastructure, including streets and roads, found by the boards of directors to promote or develop new or expanded business enterprises.
- With these board findings, MEDC and MCDC funds can be used for the construction, reconstruction and/or rehabilitation of eligible streets and roads.
- The City's transportation/roadway impact fee consultant, Kimley-Horn, has provided a technical memorandum and analysis of those types of streets and roads that create the nexus between infrastructure and economic development, thus being eligible for funding.

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Roadways That Support Economic Development

Roadways designated in Master Thoroughfare Plan as arterial or higher are eligible as they support economic development

Other roadways may be eligible, but would require separate analysis [i.e. roadway to new industrial park]



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Next Steps

- Adopt Resolution to partner with MEDC / MCDC to designate a portion of Type A and Type B sales tax for roadway improvements that support economic development [June 21, 2022]
 - Legislative Authority, Texas Local Government Code, Section 501.103
 - Purpose of partnership is to promote and develop new or expanded business enterprises in the City
 - Use Roadway Master Thoroughfare Plan as tool to identify future projects
 - Report yearly to MEDC / MCDC on project identification and progress
 - Review program objectives and effectiveness every 10 years
- Identify bond fund options for addressing short term funding needs
- Continue the process of evaluating, ranking and recommending roadway improvements as part of CIP

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Potential Revenue Sources For Roadways



PROPERTY TAX	SALES TAX	OTHER
<ul style="list-style-type: none"> Dedicated Budget Item For Streets Financing – Bonds or yearly allocations 	<ul style="list-style-type: none"> Current City Sales Tax <ul style="list-style-type: none"> 1.0% - State Authorized 0.5% - Type A - MEDC <u>0.5% - Type B - MCDC</u> 2.0% - Total Road Maintenance Tax 	<ul style="list-style-type: none"> Grants – State and Federal Water and Wastewater Funds Street Maintenance Fee

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Roadway CIP Funding Sources

- **Traditional Funding Sources**
 - General Fund Revenues
 - General Obligation Bonds
 - Roadway Impact Fees
 - Type A and Type B Funds
 - Grants
 - Collin County
 - NCTCOG/TxDOT
 - Federal

Funding Flexibility

Most Flexible

Least Flexible

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Roadway CIP Project Types

Project Type	Supports Economic Development
<u>New Construction</u>	
Arterials	<input checked="" type="checkbox"/>
Minor Arterials	<input checked="" type="checkbox"/>
Collectors	<input checked="" type="checkbox"/> / <input type="checkbox"/>
Residential	<input type="checkbox"/>
<u>Road Reconstruction</u>	
Arterials	<input checked="" type="checkbox"/>
Minor Arterials	<input checked="" type="checkbox"/>
Collectors	<input checked="" type="checkbox"/> / <input type="checkbox"/>
Residential	<input type="checkbox"/>

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Roadway CIP Projects

- Typical items included in projects:
 - Grading
 - Paving
 - Drainage
 - Bridge Structures
 - Traffic Signals and Lighting
 - Right-of-way/Easement Acquisition
 - Engineering/Survey/Geotech/Material Testing

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FY22 Senior/Disabled Tax Exemption



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Types of Exemptions

- **Over 65/Disabled Exemption**
 - Targeted
 - Changeable
 - Evaluated Yearly
- **Over 65/Disabled Tax Freeze**
 - Targeted
 - Permanent
- **Homestead Exemption**
 - All Homeowners
 - Places More Tax Burden on Businesses



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Over 65 Tax Exemption

- Reduces the amount of taxable value eligible homeowners pay
- Current exemption \$65,000
- Current exemption equals \$323 in reduced taxes at current tax rate
- Exemption last increased in 2018
- For every \$5,000 increase in exemption, eligible homeowners will pay \$25 less in taxes at current tax rate
- For every \$5,000 increase in exemption, non-eligible homeowners will pay \$2.80 more in taxes at current tax rate
- At current exemption level of \$65,000, non-eligible homeowners pay \$36 more in taxes per year at current tax rate



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City of McKinney Over 65 Property Tax Exemption Increase FY23 Estimate

Current Number of Property Exemptions: 8,933
Current Over 65 Tax Exemption: \$65,000

FY23 Estimated Property Exemptions: 9,290

McKinney Population Makeup	FY18	FY22 Actual	% Change
Total Population	179,804	206,654	15%
Single Family Res (excludes Over 65)	47,773	55,238	16%
Over 65 Exemptions	7,147	8,933	25%
Total Percent of Over 65	13%	14%	

FY23 Estimated Impact						
Exemption Amount	\$65,000	\$70,000	\$75,000	\$80,000	\$85,000	\$90,000
Total Exempted Value	\$ 584,470,942	\$ 630,922,542	\$ 677,374,142	\$ 723,825,742	\$ 770,277,342	\$ 816,728,942
Tax Revenue Exempted	2,908,649	3,139,818	3,370,986	3,602,155	3,833,324	4,064,492
Increase in Exempted Revenue		231,169	462,337	693,506	924,675	1,155,844

FY23 Estimated Taxable Value: \$411,719

FY22 Estimated Market Value: \$374,290

Estimated Impact of Over 65 Freeze	FY23	FY24	FY25	FY26	FY27	FY28
Total Over 65 Value Current Year	\$ 3,825,001,260	\$ 4,375,801,442	\$ 5,005,916,849	\$ 5,466,461,199	\$ 5,855,673,237	\$ 6,272,597,171
Total Over 65 Value Previous Year + New	\$ 3,477,273,873	\$ 3,630,273,923	\$ 3,805,305,981	\$ 4,005,542,655	\$ 4,224,201,103	\$ 4,458,428,032
Value Exempted	347,727,387	745,527,518	1,200,610,868	1,460,918,544	1,631,472,134	1,814,169,139
Exempted Revenue at Current Rate	1,730,483	3,710,155	5,974,900	7,270,334	8,119,103	9,028,303



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Preliminary Taxable Valuation

- **Existing Valuation**
 - Preliminary Increase of 9.8% on Existing Property
 - Aggregate estimate – further breakdown to come from CCAD by July 25th
- **New Construction**
 - Preliminary Addition of 3.3% in New Property
 - Total Preliminary Value of New Construction – \$867.4 Million
 - Aggregate estimate – further breakdown to come from CCAD by July 25th
- **2022 Average Homestead Market Value**
 - Preliminary Average of \$492,000
- **Any Change to Current Exemption Must be Adopted by July 1**



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Current Exemptions of Collin County Cities

	<u>Over 65/Disabled</u>	<u>Tax Freeze</u>	<u>Homestead</u>	<u>Tax Rate</u>
Allen	\$50,000	No	None	\$ 0.470000
Carrollton	\$60,000	No	20%	\$ 0.582500
Dallas	\$107,000	No	20%	\$ 0.773300
Frisco	\$80,000	No	10%	\$ 0.446600
Garland	\$56,000	No	10%	\$ 0.756965
McKinney	\$65,000	No	None	\$ 0.497655
Plano	\$40,000	Yes	20%	\$ 0.446500
Richardson	\$100,000	No	None	\$ 0.615160
Wylie	\$30,000	Yes	None	\$ 0.643751



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McKinney City Council

Informational Series

Update on 2022 City Boards & Commissions Member Appointment

City Secretary's Office

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BOARDS & COMMISSIONS APPOINTMENTS

- On August 23, the McKinney City Council will appoint members to various Boards & Commissions. Those appointed will serve terms effective October 1, 2022-September 30, 2024.
- Interested individuals (including eligible incumbent members) must complete an application and participate in an interview
- Application Deadline: June 17, 2022. Apply online at <https://mckinney.granicus.com/boards/apply>

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BACKGROUND

- Every year, approximately half of all McKinney Boards & Commissions appointments expire, with those vacancies filled by City Council vote.
- On February 1, City Council discussed pertinent factors and guiding principles for the appointments process:
 - Rising number of qualified applicants relative to the limited number of member seats
 - District representation and opportunities for memberships to reflect the diversity of the city
 - Meeting attendance requirements
 - City Council preferencing methods
- Each member may serve up to two (2) or three (3) full consecutive terms, depending on their respective board. (Policy Amendment, March 1, 2022)



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BACKGROUND

- **Council Liaisons** – As part of the annual process and in accordance with policy, the mayor will assign two (2) Council Member Liaisons to each of the following boards:
 - McKinney Community Development Corporation
 - McKinney Economic Development Corporation
 - McKinney Housing Authority
 - McKinney Main Street Board
 - Parks, Recreation & Open Space Advisory Board
 - Planning & Zoning Commission
 - Visit McKinney Board
- The mayor may also assign informal liaisons to the remaining boards.



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MEMBERSHIP TYPES

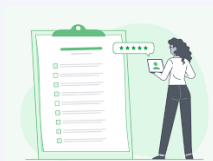
- **REGULAR** – active members, regularly engaging in meeting discussion and votes
- **ALTERNATE** – reserve status, serving in the absence of a regular member; term limits do not apply
- **AD-HOC** – (Sep 2021) selected by Council to be appointed to regular memberships in 2022:
 - o Joy Booth MCDC
 - o Bruce Mead PROS
 - o Tamara Mader Arts Commission



Attendance expectations apply to all member types.

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IMPORTANT DATES



- **June 17** Application Deadline
 - **July 8** Candidate Packet to Council
 - **Candidate Interviews** (5:30pm at Council Chambers)
 - o Monday, July 18
 - o Wednesday, July 20
 - o Monday, July 25
 - o Thursday, July 28
 - o Wednesday, August 3
 - o Monday, August 8
- Eligible candidates will receive an invitation to register for an interview



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IMPORTANT DATES



- **August 12** Nomination preferences due
- **August 16** City Council Work Session - Preferencing
- **August 23** City Council Special Meeting - Appointments
- **September 15** Open Government Training
- **September TBD** Televised Boards Technology & Procedures Training
- **October 1** New terms start date



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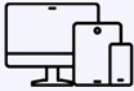
CANDIDATE / APPOINTEE READINESS

- Candidates are encouraged to attend public meetings and should be familiar with the general purpose and procedures of their boards of interest.
- Information about McKinney Boards & Commissions and Open Government is provided in this agenda report and available online at <https://mckinneytexas.org/Boards>
 - Prior to October 1, new and reappointed members must complete Board Member Orientation conducted by the Board Staff and / or Office of the City Secretary



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Multiple social media platforms



- <https://www.mckinneytexas.org/228/Stay-Connected>



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Questions?

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