

## CITY COUNCIL WORK SESSION

**AUGUST 9, 2024**

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 Friday, August 9, 2024, at 8:30 a.m.

The work session was broadcast live on cable television Spectrum Channel 16 and AT&T U-Verse Channel 99; and online at <https://mckinneytx.new.swagit.com/views/130>. A video recording of the meeting is available to members of the public through the City of McKinney meeting archive.

Mayor George Fuller called the work session to order at 8:31 a.m. upon determining a quorum including himself and the following Council members were present: Mayor Pro Tem Geré Feltus, Councilmembers Justin Beller, Patrick Cloutier, Rick Franklin, and Michael Jones.

Councilmember Charlie Philips arrived at 9:52 a.m.

The following City of McKinney staff was present: City Manager Paul Grimes, Assistant City Manager Kim Flom, Assistant City Manager Barry Shelton, Director of Strategic Services Trevor Minyard, City Secretary Empress Drane, City Attorney Mark Houser, Director of Public Safety Greg Conley, Director of Organization Development and Performance Management Joe Mazzola, Chief Financial Officer Mark Holloway, Director of Public Works Ryan Gillingham, Fire Chief Paul Dow, Director of Engineering Gary Graham, Deputy City Secretary Tenitrus Bethel, Assistant Fire Chief Sean Stephens, Budget Manager Trevor Daggon, Financial Analyst Palama Rodriguez, Audio/Visual Technician Joshua Arias, and ICA Fellow Larenz Taylor.

There were approximately 5 members of the public present including Dan Jackson with Willdan Consulting Services.

Mayor Fuller called for Public Comments on Agenda Items. There were no requests to speak.

Mayor Fuller called for Work Session Items.

**24-1839** Discuss Fiscal Year 2024-25 Budget

The presentation not posted on the meeting agenda, is included in these minutes as *Appendix A: Budget Presentation*

Mayor Fuller called for Council Liaison Updates regarding City Boards & Commissions. There were no updates at this time.

The Council unanimously approved the motion by Mayor Fuller, seconded by Mayor Pro Tem Feltus, to adjourn the work session at 10:27 a.m.

These minutes were approved by the City Council on August 20, 2024.

SIGNED:

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GEORGE C. FULLER, Mayor  
GERÉ FELTUS, Mayor Pro Tem

ATTEST:

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EMPRESS DRANE, City Secretary  
TENITRUS BETHEL, Deputy City Secretary

City of McKinney, Texas

*Appendix A: Budget Presentation*

# City Council Budget Work Session

City of McKinney  
August 9, 2024



## Agenda

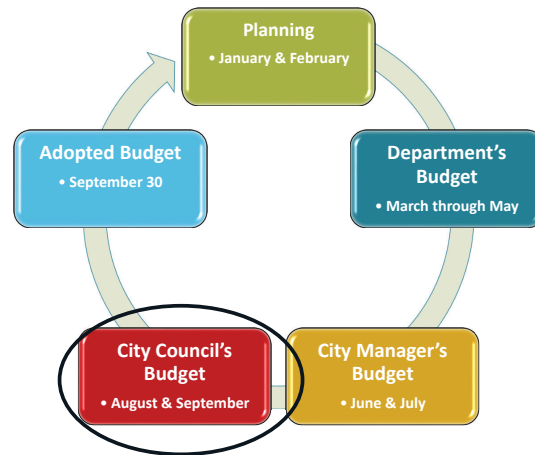
- Budget Process
- Water / Wastewater Rates
- Stormwater Rates
- FY25 Budget Overview
- Property Tax
- General Fund Revenues & Expenditures
- Capital Improvements Program
- Solid Waste, Surface Water Drainage & Replacement Fund
- Component Units
- Budget Calendar



# Budget Process



## Budget Development Cycle



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### McKINNEY FIRST CITY COUNCIL GOALS & STRATEGIES FY25 (Oct. 1, 2024 – Sept. 30, 2025)



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## Budget Philosophy & Strategy

- **Policy Tool**
  - Forces prioritization of level of service policy decisions
- **Management Tool**
  - Allocates resources based on need and priority
- **Communications Tool**
  - Provides insight as to the level of service being provided and prioritization of available resources



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**Long Term Planning Initiatives**

- City has created two plans with a 10-year horizon
  - General Obligation Debt Service Plan
    - Outlines total debt capacity
    - Maintains I&S rate
  - General Fund Plan
    - Provides 10-year projection of operating revenues and expenditures
- CIP Leadership Team



**Budget Guidelines – Fiscal Year 2024-25**

- General Fund
  - Fully funded and balanced budget
  - Maintain conservative tax levy
  - Police and Fire sworn personnel pay structures based on current Meet and Confer agreement
  - Maintain minimum fund balances and reserves as required by the City’s financial policies with a General Fund reserve of not less than 25% of budgeted expenditures
- Utility Funds (Water, Sewer, Drainage)
  - Long-term financial sustainability of the funds
  - Implementation of rate adjustments as recommended by appropriate rate studies or rate adjustments

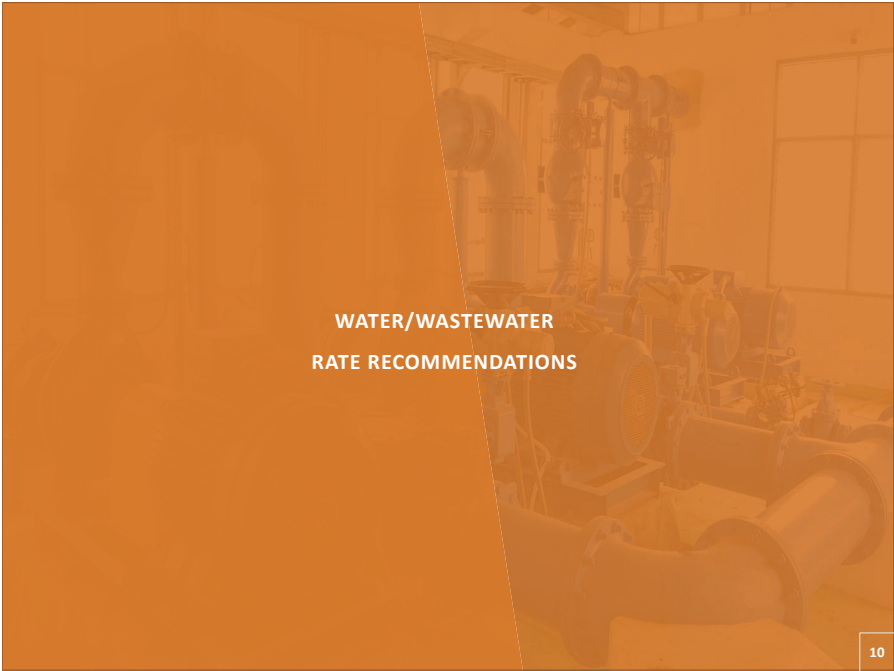


**City of McKinney**

2024 Water and Wastewater Rate Study  
2024 Stormwater Fee Study

City Council Presentation  
August 2024





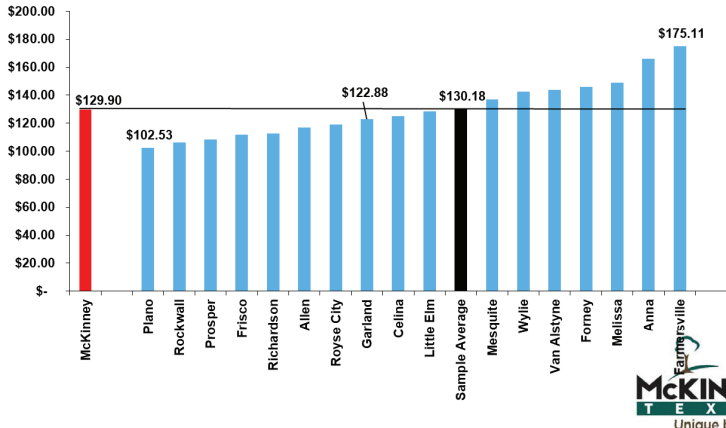
WATER/WASTEWATER  
RATE RECOMMENDATIONS

Changes to Utility  
Since 2023 Rate Study

- Budget in line with previous year’s forecast
- NTMWD:
  - Water rate increases through 2028 less than previous year’s forecast
  - WW rate increases are significantly higher than previous year’s forecast
- Amount of debt required to fund CIP has decreased from 2023 estimates due to grants
- The combination of these factors results in decrease in magnitude of adjustments to long-term rate plan



Monthly Residential Charge Comparison  
10,000 Gal Water 5,000 Gal WW



## Water and Wastewater Accounts | Test Year 2024

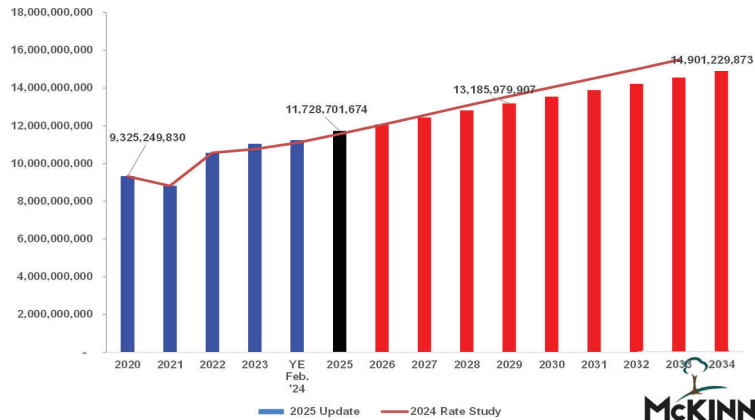
WATER Customer Accounts		WASTEWATER Customer Accounts	
Residential Inside	61,047	Residential Inside	60,100
Residential Outside	5,020	Residential Outside	4,169
Commercial Inside	3,742	Commercial Inside	3,436
Commercial Outside	148	Commercial Outside	31
MU	93	MU	60
Irrigation	2,834		
<b>Total Accounts</b>	<b>73,400</b>	<b>Total Accounts</b>	<b>68,053</b>

Water Account growth over period 2024-2033 forecast to be on average 2,462 new accounts per year.

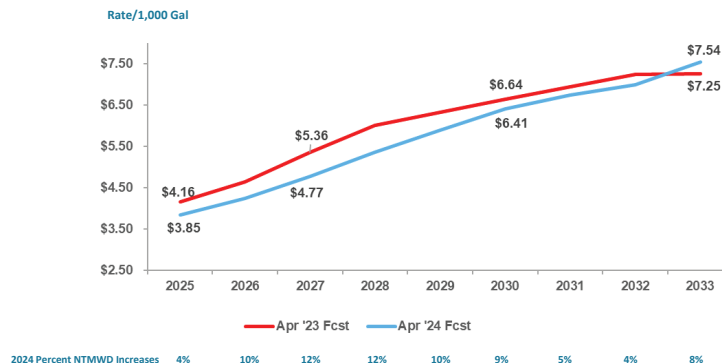
Wastewater Account growth over period 2024-2033 on average 2,258 new accounts per year.



## Actual and Forecast Water Consumption



## NTMWD 2023 & 2024 Water Rate Forecasts

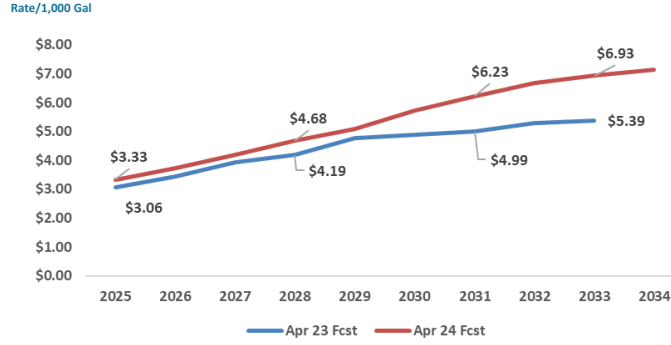


2024 Percent NTMWD Increases

4% 10% 12% 12% 10% 9% 5% 4% 8%



### NTMWD WW Rate Forecasts 2023 (FY24 Update) vs. 2024 (FY25 Update)



### Debt Issues

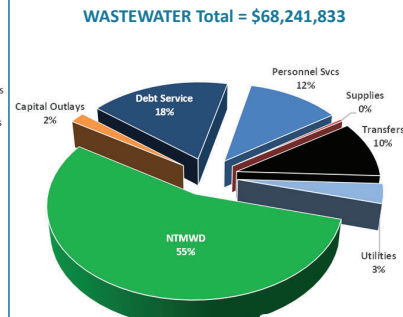
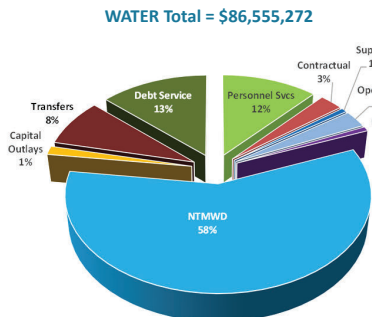
2025 - 2029 Additional \$158M in grants from Collin County and TXDOT funding 380 Bypass projects

Bond Issues	Total	Water	Wastewater
2025	\$ 59,650,000	\$ 41,875,000	\$ 17,775,000
2026	85,100,000	72,025,000	13,075,000
2027	45,500,000	29,875,000	15,625,000
2028	75,425,000	46,837,500	28,587,500
2029	50,300,000	33,375,000	16,925,000
<b>Total</b>	<b>\$ 315,975,000</b>	<b>\$ 223,987,500</b>	<b>\$ 91,987,500</b>

2023 Estimate = \$501,255,000

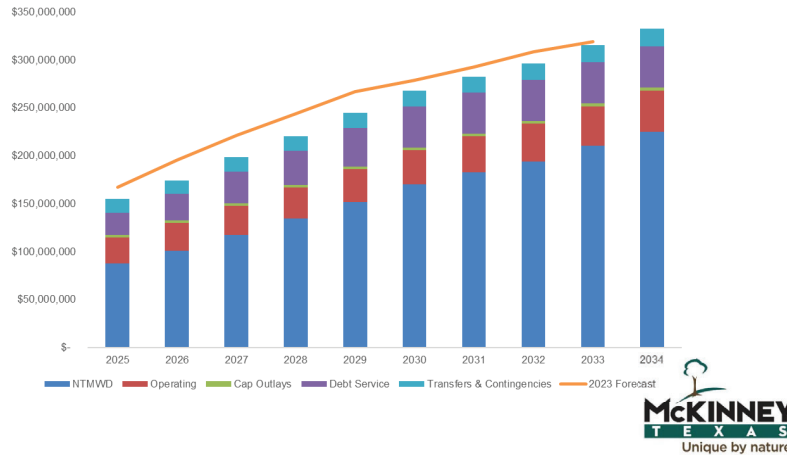


### Test Year 2025 Cost of Service





### Cost of Service Forecast



### FY 2025 Rate Recommendations

- Water rate adjustment less than FY 2023 forecast:
  - Lessened increase in FY25 NTMWD wholesale water rate
  - Anticipated grant receipts from Collin County and TXDOT (\$130M) to fund 380 Bypass projects
  - Significant decrease in lost and accounted water volumes versus last rate update
- WW rate adjustment nominally higher than FY 2023 forecast:
  - Increase in FY25 NTMWD wholesale WW treatment rate from 2023 forecast



### 2024 Update Proposed Water Rate Plan

WATER		Current	Effective Oct-24
<b>Water Rates - Residential Inside</b>			
Monthly Minimum Charge			
	\$	18.70	19.05
Volume Rate Per 1,000 Gal			
1"		4.70	4.80
7,001	20,000	6.50	6.65
20,001	40,000	8.20	8.35
40,001	Above	9.85	10.05
<b>Water Rates - Commercial Inside</b>			
Monthly Minimum Charge			
3/4"		18.70	19.05
1"		32.85	33.50
1 1/2"		56.25	57.40
2"		78.85	80.45
3"		138.85	141.65
4"		206.50	210.65
6"		384.95	392.65
8"		760.45	775.65
10"		1,438.90	1,467.70
12"		2,690.00	2,743.89
Volume Rate Per 1,000 Gal			
1"	Above	5.45	5.55

WATER		Current	Effective Oct-24
<b>Water Rates - MU</b>			
Monthly Minimum Charge			
		-	-
Volume Rate Per 1,000 Gal			
1	Above	4.05	4.15
<b>Water Rates - Irrigation</b>			
Monthly Minimum Charge			
3/4"		18.70	19.05
1"		32.85	33.50
1 1/2"		56.25	57.40
2"		78.85	80.45
3"		138.85	141.65
4"		206.50	210.65
6"		384.95	392.65
8"		760.45	775.65
Volume Rate Per 1,000 Gal			
1	7,000	4.70	4.80
7,001	20,000	6.50	6.65
20,001	40,000	8.20	8.35
40,001	Above	9.85	10.05

Outside City Customers Pay 1.25x Inside City Rate FY25 and Beyond



2024 Update Proposed Wastewater Rate Plan

WASTEWATER	Current		Effective	
			Oct-24	
<b>Wastewater Rates - Residential Inside</b>				
Monthly Minimum Charge	\$	24.55	\$	26.75
Volume Rate/1,000 Gal		6.85		7.45
<b>Wastewater Rates - Commercial Inside</b>				
<u>Monthly Minimum Charge</u>				
3/4"		24.55		26.75
1"		40.25		43.85
1 1/2"		66.45		72.45
2"		85.50		94.30
3"		135.65		147.85
4"		192.30		209.60
6"		328.55		358.10
8"		642.85		700.70
10"		1,323.30		1,442.40
12"		2,699.25		2,942.20
Volume Rate/1,000 Gal		6.85		7.45
<b>Wastewater Rates - MU</b>				
<u>Monthly Minimum Charge</u>				
Volume Rate/1,000 Gal		-		-
1 Above		5.20		5.65

Outside City Customers Pay 1.25x Inside City Rate FY25 and Beyond



Monthly Charges  
Impact on Ratepayers

	Current	Effective		Forecast	Forecast	Forecast
		Oct-24	Oct-25	Oct-25	Oct-26	Oct-27
<b>Residential Monthly Charges -- 3/4"</b>						
5,000 Water	5,000 WW	\$ 101.00	\$ 107.05	\$ 114.90	\$ 125.30	\$ 136.60
	Increase -- \$		6.05	7.85	10.40	11.30
10,000 Water	5,000 WW	129.90	136.60	146.00	159.25	173.65
	Increase -- \$		6.70	9.40	13.25	14.40
<b>Commercial Monthly Charges -- 2"</b>						
40,000 Water	40,000 WW	\$ 657.35	\$ 694.75	\$ 745.25	\$ 814.10	\$ 888.50
	Increase -- \$		37.40	50.50	68.85	74.40



Monthly Charges  
Impact on Ratepayers

	Current	Effective		Forecast	Forecast	Forecast
		Oct-24	Oct-25	Oct-25	Oct-26	Oct-27
<b>Residential Monthly Charges -- 3/4"</b>						
5,000 Water	5,000 WW	\$ 101.00	\$ 108.80	\$ 117.10	\$ 126.60	\$ 138.85
	2023 Rate Study					
	2024 Rate Study	101.00	107.05	114.90	125.30	136.60
	Difference	-	(1.75)	(2.20)	(1.30)	(0.25)
10,000 Water	5,000 WW	129.90	140.00	150.75	163.35	176.95
	2023 Rate Study					
	2024 Rate Study	129.90	136.60	146.00	159.25	173.65
	Difference	-	(3.40)	(4.75)	(4.10)	(3.30)



STORMWATER FEE  
RECOMMENDATIONS

Background on Stormwater Utility

- Monthly fee has not changed since 2014
- Account growth expected to be similar to water – 1,500-2,000 accounts per year
- Most expenses increase 3-5% per year
- Key factor driving fee plan: **\$39.8 million** in Capital Improvements over next five years
  - Paid for by bond issues funded entirely from rates



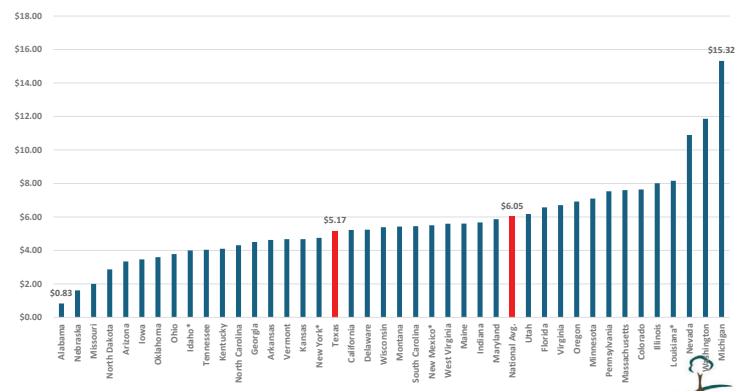
DFW Monthly Stormwater Fees

Eules	\$ -	Lewisville	\$ 4.00	Corinth	\$ 6.00
Coppell	1.00	<b>McKinney</b>	<b>4.00</b>	DeSoto	6.00
Sherman	1.00	Frisco	4.14	Trophy Club	6.00
Terrell	1.00	Richardson	4.25	North Richland Hills	6.31
Sachse	1.66	Flower Mound	4.35	Mansfield	6.50
Cleburne	2.75	Bedford	4.50	Haltom City	6.81
Stephenville	3.00	Weatherford	4.50	Colleyville	7.00
The Colony	3.00	Mesquite	4.50	Keller	7.00
Irving	3.00	Princeton	4.85	Arlington	7.25
Plano	3.10	Red Oak	4.85	Dallas	7.38
Garland	3.23	Prosper	5.15	Celina	7.75
Little Elm	3.35	Grand Prairie	5.43	Fairview	7.75
Allen	3.50	Denton	5.45	Lancaster	7.97
Kennedale	3.50	Rowlett	5.50	Richland Hills	8.00
Grapevine	4.00	Highland Village	5.73	Southlake	8.00
Hurst	4.00	Fort Worth	5.75	Addison	10.50
<b>State Average</b>	<b>5.17</b>	<b>National Average</b>	<b>6.05</b>	Watauga	11.00
				University Park	31.44

Source: 2023 Western Kentucky University Stormwater Rate Survey (National Avg. pg. 11)



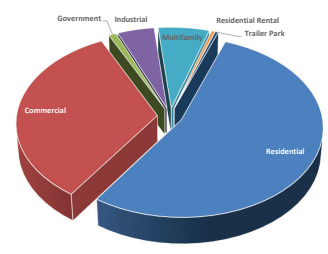
### Monthly Residential Stormwater Fees-State Avg.



Data compiled from Western Kentucky University Stormwater Utility Survey 2023.  
\* State survey sample = only one public entity.



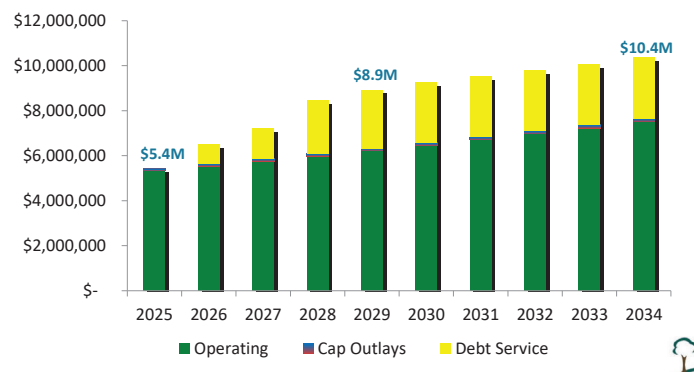
### Total SFLUEs FY25



	Parcels	Percent	
<b>Residential</b>	<b>Total</b>	<b>58,769</b>	<b>54.0%</b>
<b>Non-Residential</b>			
Commercial	36,302	33.3%	
Government	1,017	0.9%	
Industrial	4,979	4.6%	
Multifamily	6,932	6.4%	
Residential Rental	465	0.4%	
Trailer Park	415	0.4%	
Other	-	0.0%	
<b>Total</b>	<b>108,878</b>	<b>100.0%</b>	



### Stormwater Utility -- Forecast Cost of Service



### Proposed Monthly Stormwater Fees

	Current	Proposed	Forecast			
		Oct-24	Oct-25	Oct-26	Oct-27	Oct-28
<b>Residential -- Total</b>	\$ 4.00	\$ 4.50	\$ 5.25	\$ 5.50	\$ 6.50	\$ 6.50
<b>Non-Residential -- Per Parcel</b>						
Commercial Government Industrial	3.00	3.50	4.25	4.50	5.50	5.50
Multifamily Residential Rental Trailer Park	4.00	4.50	5.25	5.50	6.50	6.50





**WILLDAN**

**QUESTIONS & DISCUSSION**

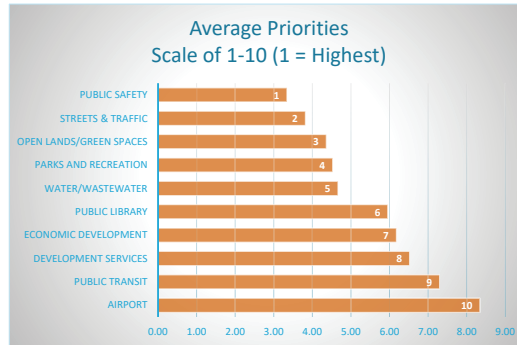
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## FY 2025 Budget Overview



### Citizens Budget Survey – Virtual Town Hall FY25

- Survey completed by 221 citizens on the allocation of City funds



### FY 2025 Budget Opportunities

- Decrease property tax rate by **1.2 cents** to **\$0.41513**
- Sales Tax remains strong
- Provide market adjustments for all non-sworn personnel
  - Allowance for Market Study
  - Step Increases for FY25
- Planned step increases for sworn personnel
- Continued funding for Street Maintenance
- Staffing
  - Public Safety/Police & Fire
  - Development Services
  - Parks and Recreation
  - Public Works
  - Water/Wastewater



### Bond Updates

#### 2019 Bond Package - \$350 Million

	Voter Approved	Issued	Remaining
Public Safety Facilities	\$75M	\$58.45M	\$16.55M
Municipal Community Complex	\$50M	\$50M	-
Parks and Recreation	\$91M	\$91M	-
Public Works Facilities	\$34M	\$16.75M	\$17.25M
Street Improvements	\$100M	\$100M	-
<b>Total</b>	<b>\$350M</b>	<b>\$316.2M</b>	<b>\$33.8M</b>

#### 2024 Bond Package - \$449.5 Million

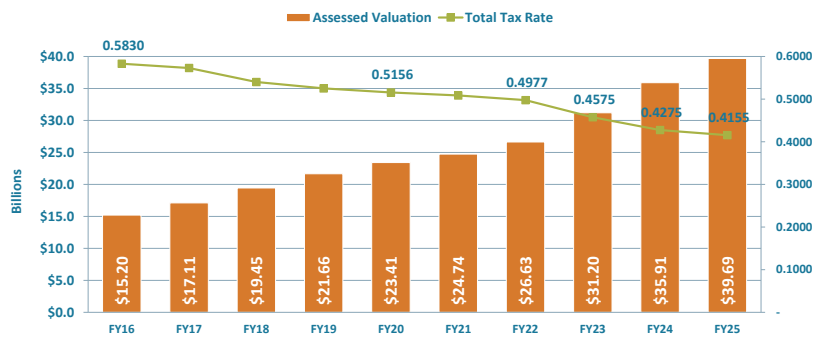
	Voter Approved	Issued	Remaining
Public Safety Facilities	\$70M	-	\$70M
Parks and Recreation	\$106M	\$20M	\$86M
Public Works Facilities	\$30M	-	\$30M
Street Improvements	\$243.5M	-	\$243.5M
<b>Total</b>	<b>\$449.5M</b>	<b>\$20M</b>	<b>\$429.5M</b>



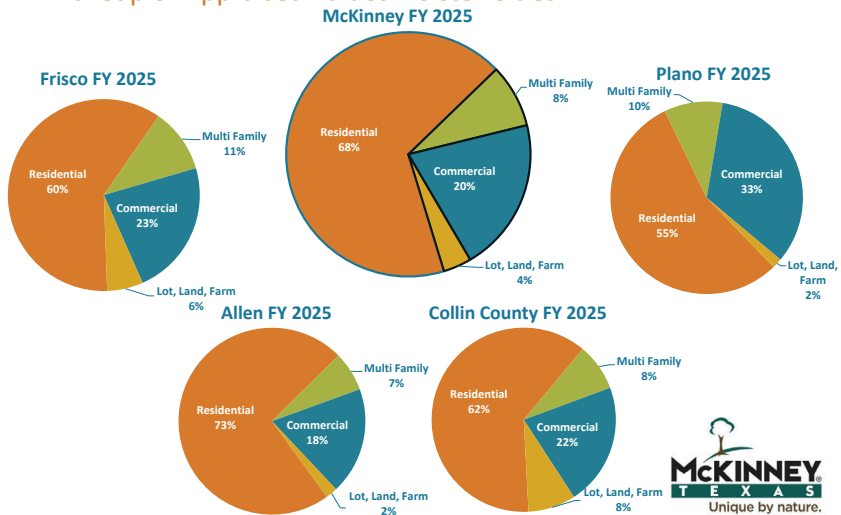
# Property Tax



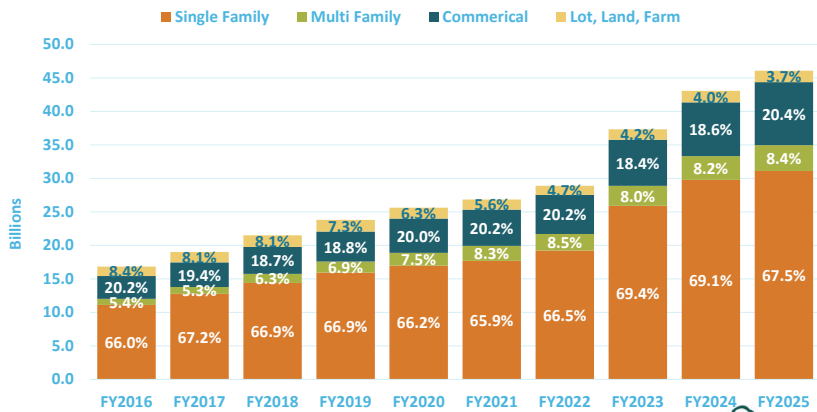
## Taxable Value & Tax Rate History



## Makeup of Appraised Values – Sister Cities



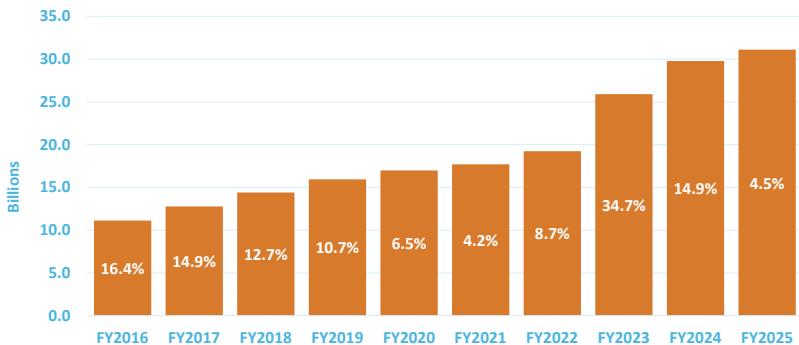
### Makeup of Appraised Values



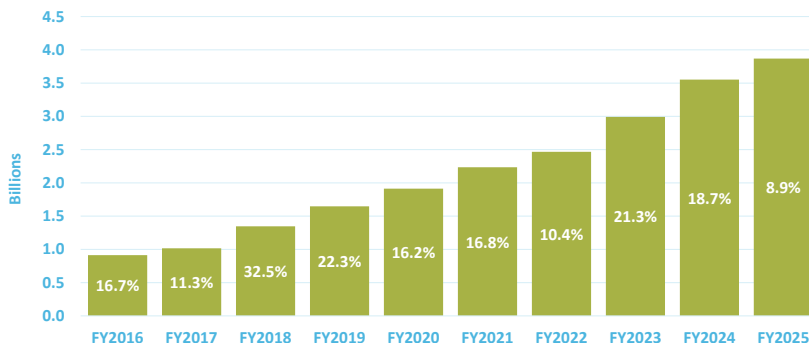
Source: Collin Central Appraisal District



### Single Family Residence Values - % of Change

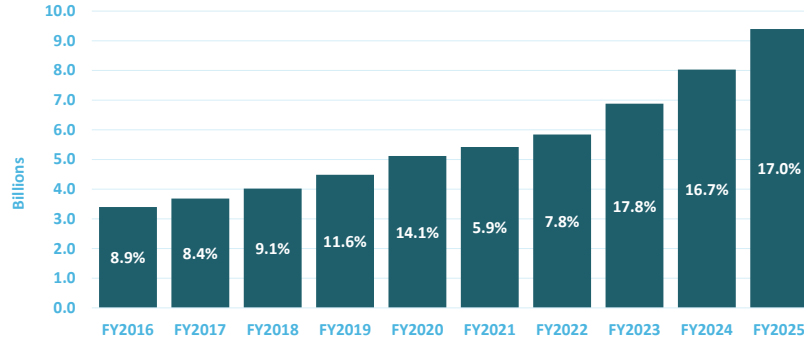


### Multi Family Values - % of Change

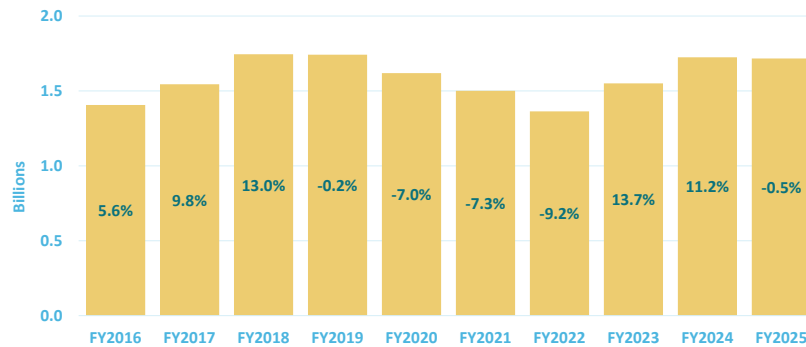




Commercial Values - % of Change



(Vacant) Land Value - % of Change



5-Year CPI Rates vs McKinney Tax Rate (% Above NNR Rate)

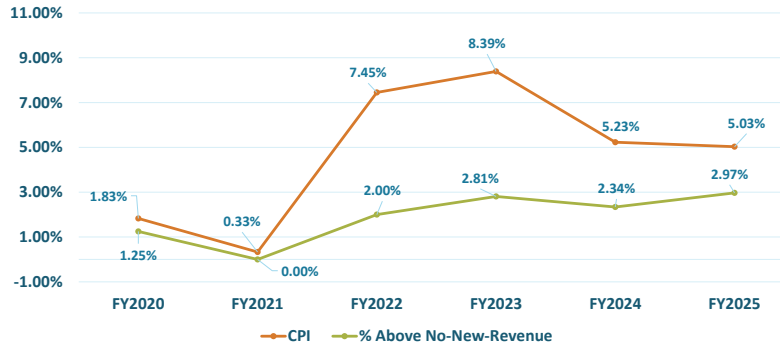
- 2019 – 1.83% CPI
- 2020 – 0.33% CPI
- 2021 – 7.45% CPI
- 2022 – 8.39% CPI
- 2023 – 5.23% CPI
- 2024 – 5.03% CPI (May to May)
- FY20 – 1.25% Above NNR
- FY21 – 0.00% Above NNR
- FY22 – 2.00% Above NNR
- FY23 – 2.81% Above NNR
- FY24 – 2.34% Above NNR

**FY25 Proposed Tax Rate**  
**0.415513 (2.97% Above NNR)**

\*All CPI numbers are for Dallas-Fort Worth-Arlington, TX area, Table Series ID - CUURS37ASA0



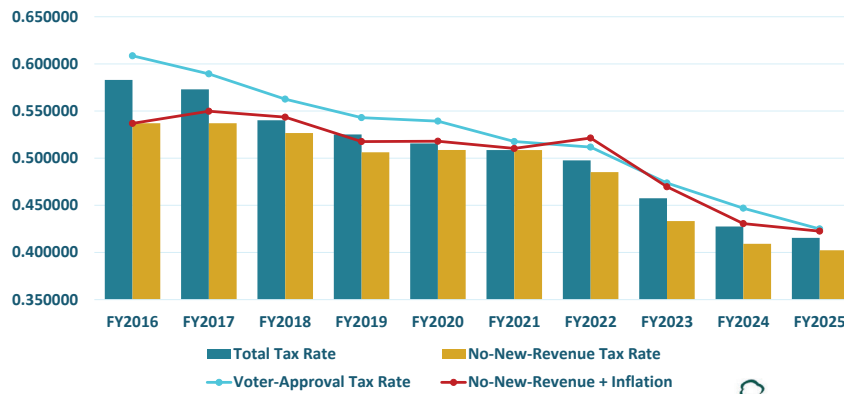
### 5-Year CPI Rates vs McKinney Tax Rate (% Above NNR Rate)



\*All CPI numbers are for Dallas-Fort Worth-Arlington, TX area, Table Series ID - CUURS37ASA0



### Total Tax Rate Comparison

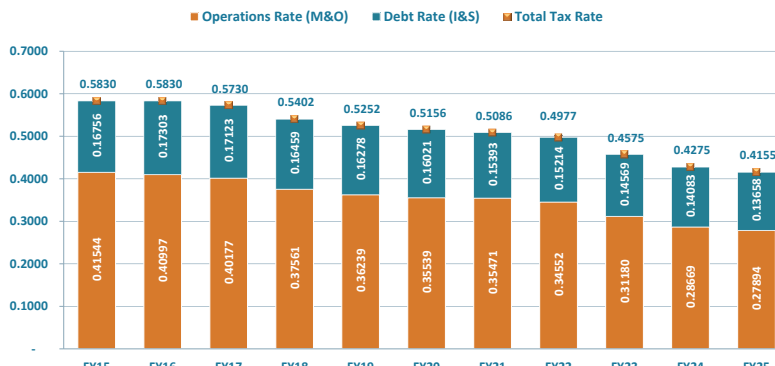


\*All CPI numbers are for Dallas-Fort Worth-Arlington, TX area, Table Series ID - CUURS37ASA0



### Property Tax Rate

#### Operations & Debt Rate History

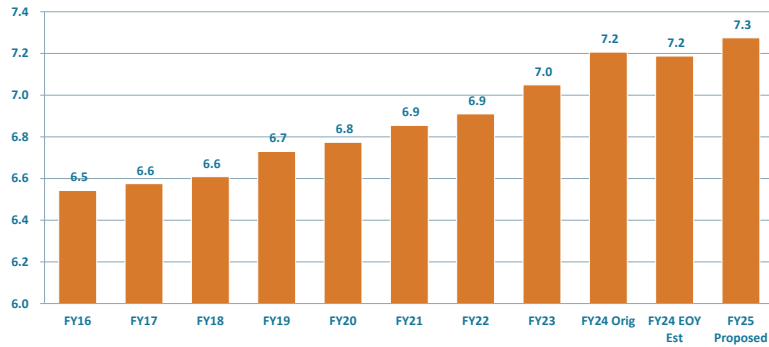


### Tax Rate/Average Home Value

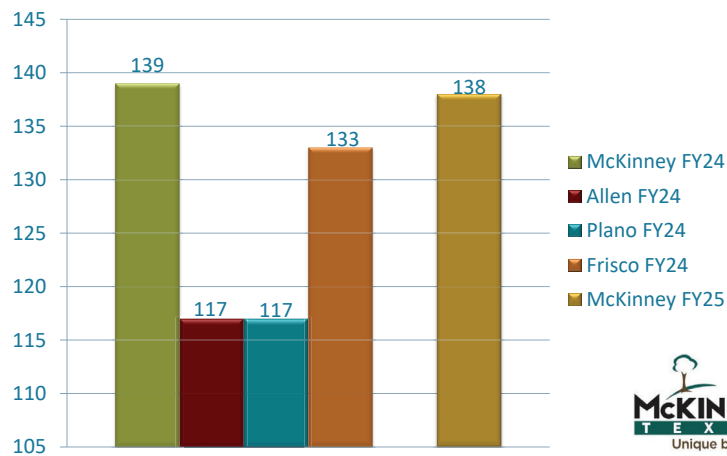
<u>2023 Tax Year</u> (FY24)	<u>2024 Tax Year</u> (FY25)
Tax Rate \$0.427513	Tax Rate \$0.415513
Avg. Market Value \$561,660	Avg. Market Value \$574,579
Avg. Taxable Value \$466,249	Avg. Taxable Value \$514,460
<u>Average Tax Levy</u> \$1,993	<u>Average Tax Levy</u> \$2,137



### Citizens Served Per Employee



### Citizens Served – Sister Cities



# General Fund Revenues



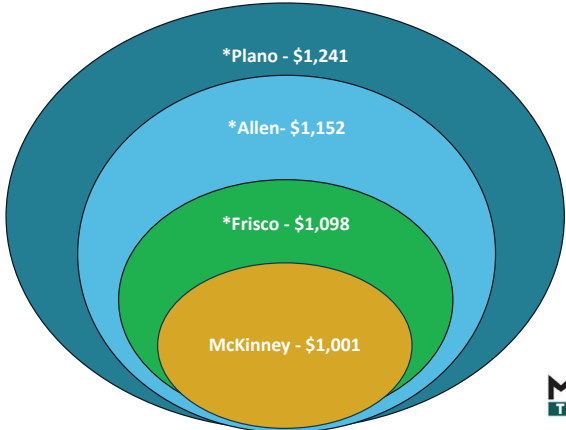
### FY 2025 Revenue Estimates

- Budget for sales tax conservative
  - FY24 + 5.0%
- Building Permits
  - Up \$1.8 Million from FY24 Budget
  - Budgeted at 29% over FY23 actual
  - Current year actuals have already surpassed FY24 budget
- Charges and Fines
  - Current year actuals for fines up 8% over last year at this time
  - Overall Charges and Fines budgeted 14% above 24EOY
- Franchise Fees
  - Budgeted 2.8% above FY24 EOY budget
  - Have remained relatively flat

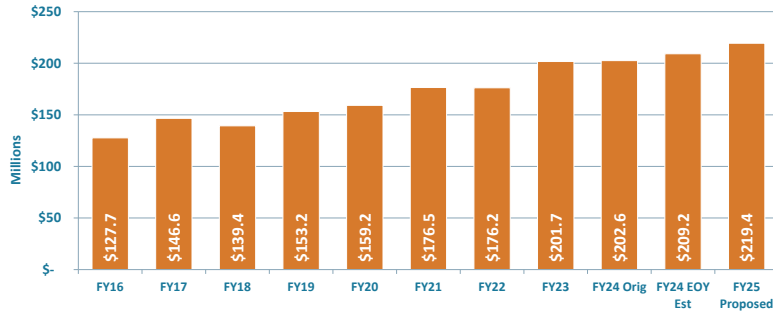


### Sister Cities GF Revenues Per Capita

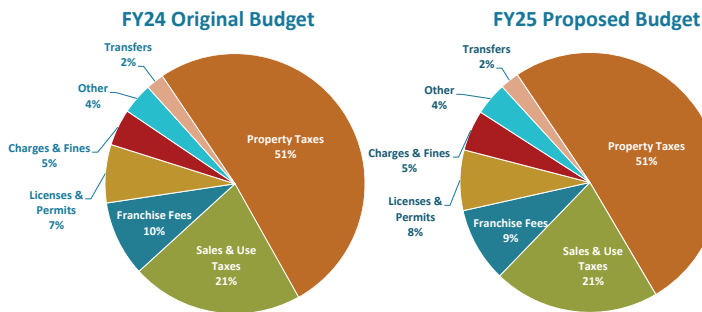
\*Based on FY2024 Adopted Budgets



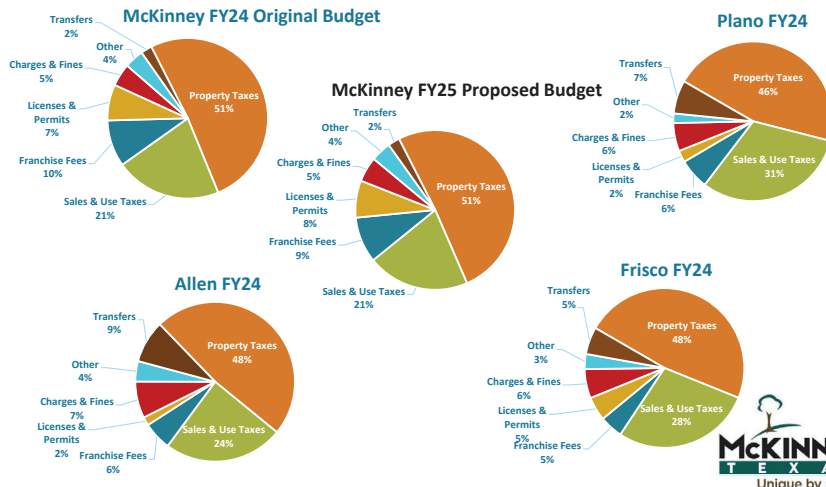
### General Fund Revenues



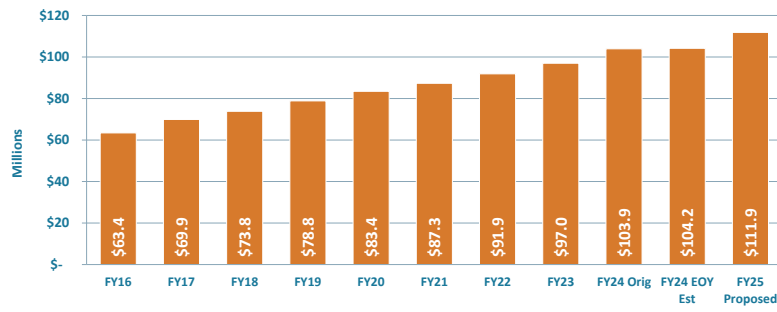
### General Fund Revenue Makeup



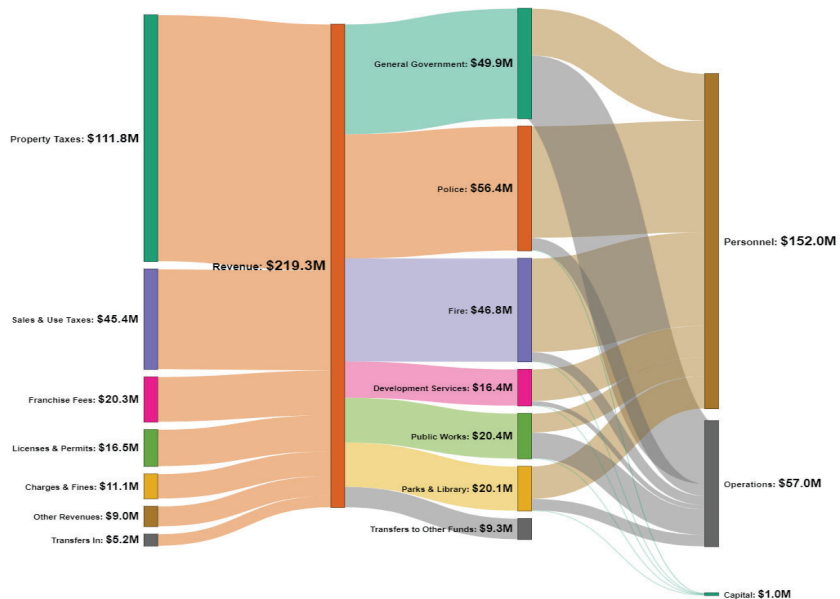
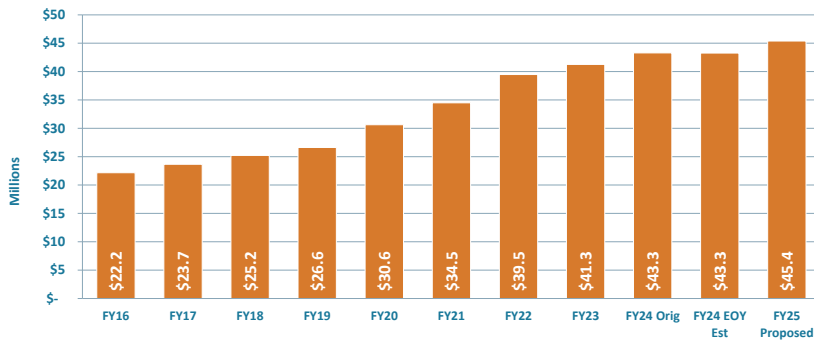
### General Fund Revenue Makeup – Sister City Comparison



### Property Tax Revenue



### Sales Tax Revenue

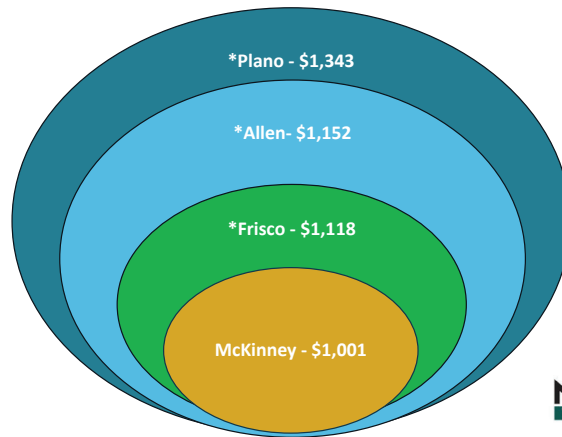


# General Fund Expenditures



## Sister Cities GF Expenditures Per Capita

\*Based on FY2024 Adopted Budgets

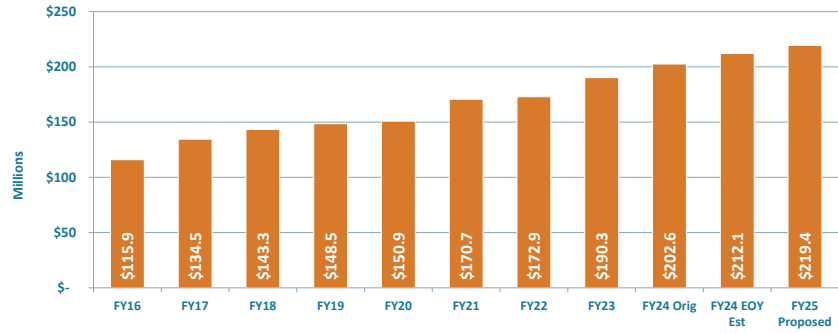


## General Fund Expenditure Highlights

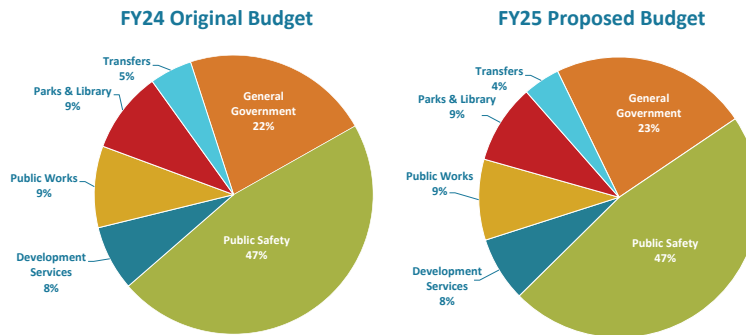
- \$6,600,000 – New Employees & Equipment
- \$1,900,000 – Public Safety Step Increases
- \$1,600,000 – Step Increases for General Government Employees
  - Plus, an additional allowance for Market Study results
- Funding for maintenance costs at new city hall
- Transfer to Capital Equipment Replacement Fund for:
  - 20 Police Marked Tahoe Replacements - \$1.8M
  - Fire Engine Replacement - \$2.4M



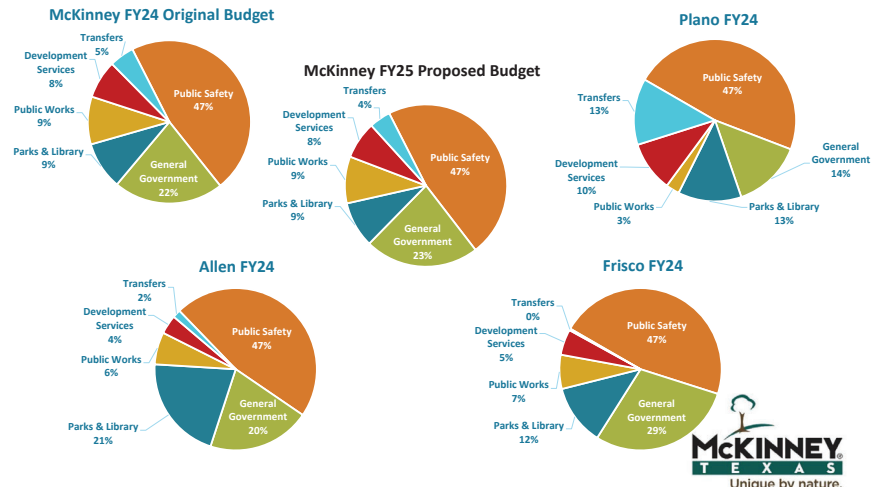
### General Fund Expenditures



### General Fund Expense Makeup

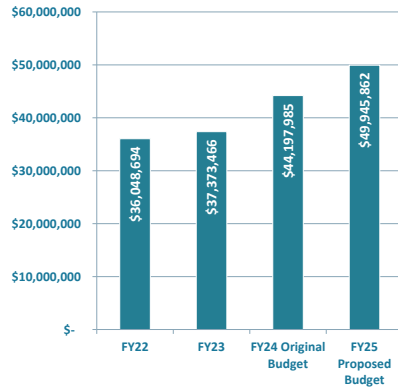


### General Fund Expense Makeup – Sister City Comparison





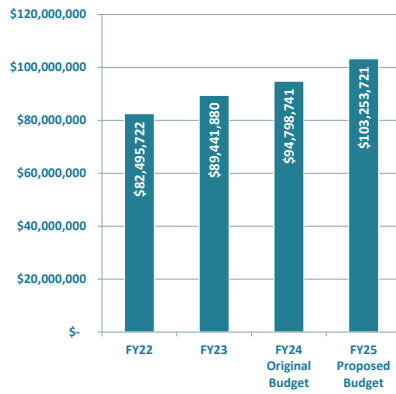
### General Government



- 172 Authorized Positions
- Includes all internal business functions
- FY25 expenditures include new:
  - Well-Being Coordinator
  - GIS analyst (IT)
  - Accountant
  - Sr. Communications & Marketing Specialist



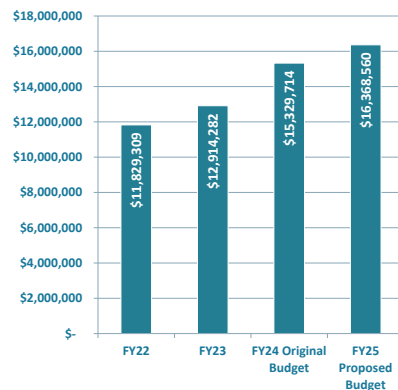
### Public Safety



- 625 Authorized Positions
- FY25 expenditures include new:
  - Police Dept. Employees (10)
    - 6 First Responders
    - 2 Forensic Investigators
    - 2 Detectives
  - Fire Dept. Employees (11)
    - 8 Firefighter/Paramedics
    - Nurse Practitioner
    - 2 Public Service Officers



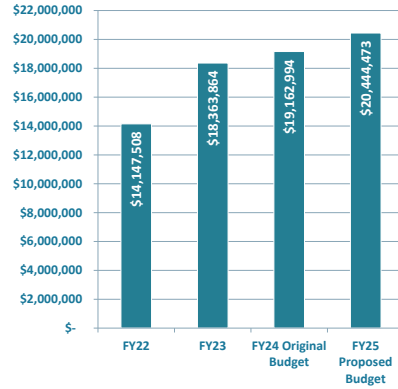
### Development Services



- 126 Authorized Positions
- FY25 expenditures include new:
  - 2 Code Compliance Officers
  - Combination Building Inspectors
  - Business Intelligence Analyst
  - Urban Forester
  - Construction Tech



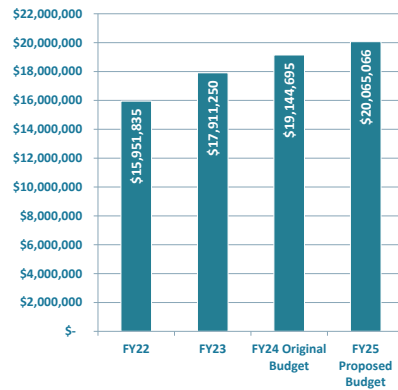
### Public Works



- 87 Authorized Positions
- FY25 expenditures include new:
  - Facility Construction Supervisor
  - Building Attendant
  - Maintenance Crew Leader
  - Right-of-Way Inspector



### Parks & Library



- 209 Authorized Positions
- FY25 expenditures include new:
  - 2 Maintenance Technicians
  - Park Construction Project Coordinator



### Grants to Community

- Adopted annually as part of General Fund appropriations
- Organizations do not reapply annually

Arts Commission	200,000
Community Support Grants	225,000
Downtown Security	75,000
Volunteer McKinney	75,000
Pecan Grove Memorial Service	950
Boys and Girls Club	15,000
One Heart McKinney	15,000
Downtown Holiday Decorations	50,000
Unassigned Assistance	20,000
	675,950



# Capital Improvements Program



## Capital Improvements Program – FY 2025-2029

Project Type	Funded Thru FY24 (Incl BA)	FY24 Adjustments	FY24-25	FY25-26	FY26-27	FY27-28	FY28-29	TOTAL
Airport	\$ 119,678,084	\$ 439,500	\$ 51,724,301	\$ 1,731,652	\$ -	\$ -	\$ -	\$ 173,573,537
Drainage	8,632,050	4,000,000	-	-	-	-	-	12,632,050
Facilities	190,603,206	(16,250,000)	7,000,000	32,625,000	32,625,000	-	-	246,603,206
Public Safety Improvements	58,350,947	27,002,000	19,075,000	8,550,000	3,000,000	19,000,000	37,500,000	172,477,947
Law Enforcement	450,000	-	-	-	-	-	-	450,000
Library	1,202,940	-	-	-	-	-	-	1,202,940
Parks	138,508,157	24,135,137	15,055,945	13,410,000	12,410,000	30,180,000	28,000,000	261,699,239
Streets	225,234,721	14,528,204	21,750,000	46,885,000	41,050,000	42,800,000	26,550,000	418,797,925
Technology Improvements	21,650,761	1,750,000	760,000	-	-	-	-	24,160,761
Traffic	24,985,107	3,758,405	2,100,000	4,165,000	3,715,000	3,715,000	3,715,000	46,153,512
Water	320,260,965	(102,090,031)	163,750,000	85,900,000	30,450,000	51,475,000	38,950,000	588,695,934
Wastewater	117,706,236	(34,142,564)	43,550,000	9,400,000	15,050,000	23,950,000	11,350,000	186,863,672
<b>Grand Total</b>	<b>\$ 1,227,263,174</b>	<b>\$ (76,869,349)</b>	<b>\$ 324,765,246</b>	<b>\$ 202,666,652</b>	<b>\$ 138,300,000</b>	<b>\$ 171,120,000</b>	<b>\$ 146,065,000</b>	<b>\$ 2,133,310,723</b>



## Major Projects – FY 2025 Funding

- **Airport Projects**
  - Potential FAA grant funding:
    - East Side Development & Infrastructure \$29.5M
    - Parallel Taxiway - East Side of RWY 18-36 \$14.1M
- **Facilities Projects**
  - Public Safety Phase 6 Expansion & Renovations \$10.3M
  - Public Works Complex - College Street Service Center Campus Renovations \$7.0M
- **Parks Projects**
  - Erwin Park Improvements \$5.7M
  - Towne Lake District - Wilson Creek Parkway to Eldorado \$4.0M
- **Streets Projects**
  - Tennessee St / Lamar St Infrastructure Improvements \$9.0M
  - Bloomdale Lanes 1 & 2 (Custer - Ridge) \$4.0M
- **Water / Wastewater Projects**
  - US 380 Utility Relocations (Collin Co Grant) \$147.65M
  - Stonebridge 30" Water Line fm Tucker Hill to Bloomdale - 920PP \$22.15M



## 2024 Bond Election

### ▪ Original Total Bond Package - \$485.5 Million

#### –Passed Bond Propositions

- Public Safety Facilities - \$70 Million
- Parks and Recreation - \$106 Million
- Public Works Facilities - \$30 Million
- Street Improvements - \$243.5 Million

#### –Failed Bond Propositions

- Municipal Court Facility - \$36 Million



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## Water and Wastewater Fund



### Water and Wastewater Highlights

- Continue water line replacement program
- Anticipate a debt sale for capital projects in FY25
- Real Loss of Treated Water down to 7%
  - Was up to 28% back in Fiscal Year 2014
- Supplementals proposed include:
  - Construction Inspector
  - MARS Test Bench (Meters)
  - 2 Combo Vac Operators
  - Wastewater Maintenance Technician
  - 2 Pump Operators
  - Water Quality Supervisor



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## Water and Wastewater Rates

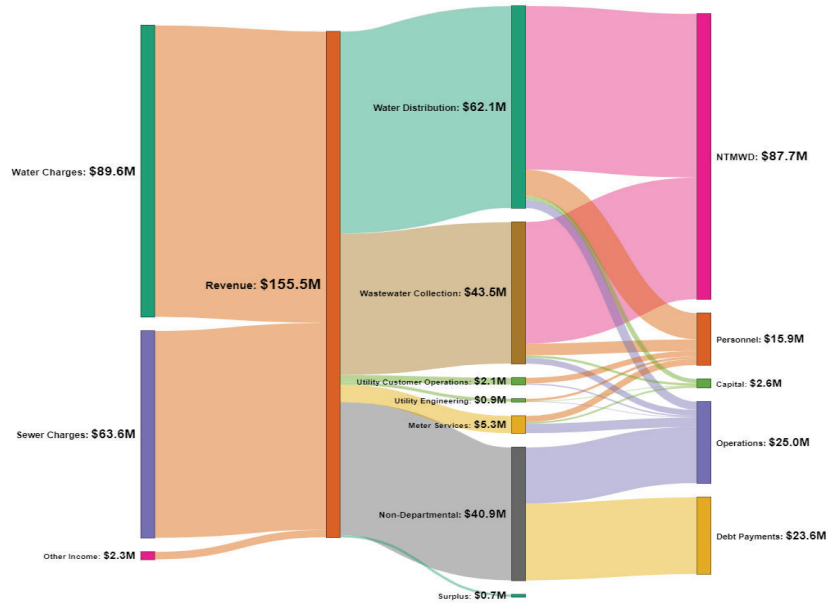
### ▪ Rates and NTMWD

#### – NTMWD FY25

- 4% Increase on Water
- 17% Increase on Wastewater
- Increased rates due to market conditions, commodity prices, capital improvements district wide, & increased regulatory requirements

#### – City of McKinney proposes

- 2% increase on Water
- 9% increase on Wastewater
- Allows for Water/Wastewater fund to remain self-sufficient



## Solid Waste, Surface Water Drainage & Replacement Fund



### Solid Waste Fund

- City will have a new Solid Waste provider, Frontier, beginning October 1<sup>st</sup>
- Solid Waste rates will increase for Residential customers
- Commercial rate changes as well
- Supplementals proposed include:
  - Code Officer
  - Maintenance Technician



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### Surface Water Drainage Fund

- Proposing change to the Surface Water Drainage Utility fee
  - Increase of \$0.50 to both Residential and Commercial Rates
- Fees were last changed in 2014 (FY15)
- Estimate almost 20% increase in revenue for Surface Water Drainage Fund
- Plan to use for funding future Capital Drainage Projects
- Supplementals proposed include:
  - Drainage Inspector



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### Equipment & Facilities Replacement Fund

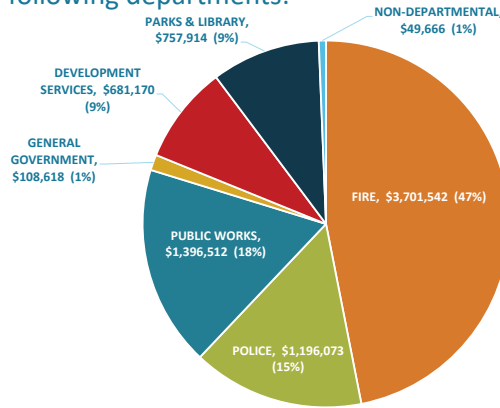
- Fund initiated in FY14 to address needed fleet replacements and facilities upgrades and repairs
- Attempting to fund depreciation in all funds, as funds are available, to lessen dependence on debt
- This fund has replaced HVAC units, addressed failing roofs, and provided upgrades for several facilities and parks.



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### Equipment & Facilities Replacement Fund

- During FY24, over \$7.9M has been used for replacements in the following departments:



## McKinney National Airport



### McKinney National Airport

- Presenting a balanced budget for FY25
  - Reinvestment in Airport Construction Fund
  - Debt payments for new corporate hanger and customs facility began in FY24
- Supplementals proposed include:
  - Fuel Farm Transfer Pump



## Component Units



### Hotel/Motel Tax Fund

- Under Texas law, Hotel/Motel Tax must be expended under 2 criteria:
  - Criteria #1: Every expenditure must directly enhance and promote tourism and the convention and hotel industry.
  - Criteria #2: Every expenditure of the hotel occupancy tax must clearly fit into one of nine statutorily provided categories for expenditure of local hotel occupancy tax revenues.
- Estimated FY25 Hotel/Motel Tax Collection \$2,975,000



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### Visit McKinney Budget Notes

- Total operating costs up \$236,000 over FY24 Adopted
  - \$1.31M to \$1.55M
- Supplementals proposed include:
  - Simpleview Web Services
  - Increased Tourism Marketing
  - Exterior Signage
  - Indoor Touch Kiosk
  - PlayEasy Sports Lead Generator
  - Connect Texas Trade Shows and Marketing
  - Texas Hotel and Lodging Association Group Listings



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### Visit McKinney Budget and Current Staffing

STATEMENT OF REVENUES AND EXPENDITURES	Actual FY 21-22	Actual FY 22-23	Original FY 23-24	EOY Estimate FY 23-24	Proposed FY 24-25
<b>REVENUES</b>					
Interest Income	\$ 830	\$ 2,992	\$ 2,000	\$ 4,586	\$ 3,000
Other Income	4,686	3,878	4,460	64,460	49,260
Transfers from Hotel/Motel Fund	895,000	1,030,000	1,252,000	1,282,000	1,452,000
<b>Total Revenues</b>	<b>\$ 900,515</b>	<b>\$ 1,036,870</b>	<b>\$ 1,258,460</b>	<b>\$ 1,351,046</b>	<b>\$ 1,504,260</b>
<b>EXPENDITURES</b>					
Personnel	\$ 542,566	\$ 588,117	\$ 703,828	\$ 707,394	\$ 744,945
Supplies	8,494	17,374	19,374	69,374	75,374
Maintenance	-	-	750	750	750
Services/Sundry	412,601	439,487	542,266	524,066	724,969
Capital	-	-	43,388	43,388	-
<b>Total Expenditures</b>	<b>\$ 963,662</b>	<b>\$ 1,044,978</b>	<b>\$ 1,309,606</b>	<b>\$ 1,344,972</b>	<b>\$ 1,546,038</b>
<b>NET INCOME</b>	<b>(63,146)</b>	<b>(8,108)</b>	<b>(51,146)</b>	<b>6,074</b>	<b>(41,778)</b>
<b>BEGINNING FUND BALANCE</b>	<b>140,179</b>	<b>77,033</b>	<b>72,300</b>	<b>68,925</b>	<b>74,999</b>
<b>ENDING FUND BALANCE</b>	<b>\$ 77,033</b>	<b>\$ 68,925</b>	<b>\$ 21,154</b>	<b>\$ 74,999</b>	<b>\$ 33,221</b>

STAFFING	Grade	EOY Estimate	
		FY 23-24	Proposed FY 24-25
Executive Director of CVB	D3	1.00	1.00
Communications & Media Specialist, Senior +	16	1.00	1.00
MCVB Sales Manager	15	1.00	1.00
Meeting & Event Services Manager	14	1.00	1.00
MCVB Communications Manager +	14	0.00	0.00
Digital Communications Coordinator	12	1.00	1.00
Executive Assistant	12	1.00	1.00
Administrative Assistant	8	0.00	0.00
Staff Assistant <1,560 hrs	5B	0.75	0.75
Staff Assistant <1,000 hrs	5A	0.50	0.50
+ Position(s) reclassified in FY 23-24.			
<b>Total</b>		<b>7.25</b>	<b>7.25</b>



### MEDC

- Main Source of Funds – ½ Cent Type A Sales Tax
  - FY25 Estimated Collection \$24,592,569
- Type A Funds may be used for land, buildings, facilities, improvements, and expenditures related to:
  - Manufacturing, industrial, R&D, corporate headquarter facilities, and distribution centers
  - Job Training
  - Business airport facilities
  - Light rail, commuter rail, or motor buses
  - Infrastructure assistance to retail or commercial projects
  - Type B projects (with voter approval)



### MEDC Budget and Current Staffing

STATEMENT OF REVENUES AND EXPENDITURES	Actual FY 21-22	Actual FY 22-23	Original FY 23-24	EOY Estimate FY 23-24	Proposed FY 24-25
<b>REVENUES</b>					
Sales Taxes	\$ 21,187,337	\$ 22,306,184	\$ 23,359,039	\$ 23,421,494	\$ 24,592,569
Interest Income	108,573	840,013	615,000	972,430	941,000
Other Operating Income	-	353,372	468,111	468,111	468,111
Sale of Land	916	73,413	-	-	-
Bond Proceeds	-	-	-	-	-
<b>Total Revenues</b>	<b>\$ 21,296,826</b>	<b>\$ 23,572,982</b>	<b>\$ 24,442,150</b>	<b>\$ 24,862,035</b>	<b>\$ 26,001,680</b>
<b>EXPENDITURES</b>					
Personnel	\$ 1,541,929	\$ 1,459,288	\$ 1,698,003	\$ 1,484,590	\$ 1,737,102
Supplies	46,601	325,647	68,500	68,500	68,500
Maintenance	-	1,339	2,750	2,750	3,039
Services/Sundry	11,491,261	19,698,345	20,201,887	35,208,452	21,393,087
Capital	264,040	199,658	-	-	-
Transfers to Other Funds	2,472,226	2,472,839	2,471,010	2,471,010	2,473,952
<b>Total Expenditures</b>	<b>\$ 15,816,056</b>	<b>\$ 24,157,117</b>	<b>\$ 24,442,150</b>	<b>\$ 39,235,302</b>	<b>\$ 25,675,680</b>
<b>NET INCOME</b>	<b>5,480,770</b>	<b>(584,135)</b>	<b>0</b>	<b>(14,373,267)</b>	<b>326,000</b>
<b>BEGINNING FUND BALANCE</b>	<b>20,354,081</b>	<b>25,834,851</b>	<b>10,457,397</b>	<b>25,250,716</b>	<b>10,877,449</b>
<b>ENDING FUND BALANCE</b>	<b>\$ 25,834,851</b>	<b>\$ 25,250,716</b>	<b>\$ 10,457,397</b>	<b>\$ 10,877,449</b>	<b>\$ 11,203,449</b>



MEDC Budget and Current Staffing (Cont.)

STAFFING	Grade	EOY Estimate	Proposed
		FY 23-24	FY 24-25
MEDC President	D10	1.00	1.00
MEDC Executive Vice President of Operations	27	0.00	0.00
MEDC Senior Vice President	27	2.00	2.00
MEDC Director of Technology & Research +	23	0.00	0.00
MEDC Director of Business Retention & Workforce Development	23	1.00	1.00
MEDC Special Project & Events Manager +	19	0.00	0.00
MEDC Project Manager	19	2.00	2.00
MEDC Operations Manager	19	1.00	1.00
MEDC Marketing & Social Media Manager	18	1.00	1.00
MEDC Marketing & Special Events Coordinator +	16	1.00	1.00
Economic Development Specialist +	14	1.00	1.00
Executive Assistant	12	1.00	1.00
+ Position(s) reclassified in FY 23-24.			
<b>Total</b>		<b>11.00</b>	<b>11.00</b>



MCDC

- Main Source of Funds – ½ Cent Type B Sales Tax
  - FY25 Estimated Collection \$24,592,569
- Type B Funds may be used for everything authorized under the Type A Sales Tax and:
  - Quality of Life Projects (Parks, Sports Facilities, Entertainment Facilities, Affordable Housing, and Other Improvements)
  - Water Supply Facilities (with voter approval)
  - Hangars, airport maintenance and repair facilities, air cargo facilities, and related infrastructure



MCDC Budget and Current Staffing

STATEMENT OF REVENUES AND EXPENDITURES	Actual FY 21-22	Actual FY 22-23	Original FY 23-24	EOY Estimate FY 23-24	Proposed FY 24-25
<b>REVENUES</b>					
Sales Tax	\$ 21,187,337	\$ 22,306,184	\$ 23,359,039	\$ 23,421,494	\$ 24,592,569
Interest Income	422,548	2,158,496	994,000	1,754,088	1,565,000
Other Income	1,000,000	544,438	13,329	134,959	217,970
<b>Total Revenues</b>	<b>\$ 22,609,885</b>	<b>\$ 25,009,119</b>	<b>\$ 24,366,368</b>	<b>\$ 25,310,541</b>	<b>\$ 26,375,539</b>
<b>EXPENDITURES</b>					
Personnel	\$ 310,649	\$ 331,146	\$ 332,806	\$ 373,640	\$ 456,651
Supplies	1,725	82,475	15,250	16,750	18,750
Maintenance	-	1,282	2,500	2,500	2,500
Services/Sundry	11,349,959	12,884,321	23,895,812	52,269,531	25,228,566
Capital	5,274,820	10,477,971	120,000	2,307,749	100,000
<b>Total Expenditures</b>	<b>\$ 16,937,154</b>	<b>\$ 23,777,915</b>	<b>\$ 24,366,368</b>	<b>\$ 54,370,170</b>	<b>\$ 25,806,467</b>
<b>NET INCOME</b>	<b>\$ 5,672,733</b>	<b>\$ 1,231,204</b>	<b>\$ -</b>	<b>\$ (29,059,629)</b>	<b>\$ 669,072</b>
<b>BEGINNING FUND BALANCE</b>	<b>61,429,112</b>	<b>67,101,845</b>	<b>28,614,901</b>	<b>68,333,868</b>	<b>38,674,239</b>
<b>ENDING FUND BALANCE</b>	<b>\$ 67,101,845</b>	<b>\$ 68,333,868</b>	<b>\$ 28,614,901</b>	<b>\$ 38,674,239</b>	<b>\$ 39,243,311</b>

STAFFING	Grade	EOY Estimate FY 23-24	Proposed FY 24-25
MCDC President	D5	1.00	1.00
MCDC Grant Program & Marketing Manager +	19	1.00	1.00
Administrative and Marketing Coordinator +	15	1.00	1.00
+ Position(s) reclassified in FY 23-24.			
<b>Total</b>		<b>3.00</b>	<b>3.00</b>



Grants to the Community

- Additional asks:
  - McKinney Education Foundation of \$250,000 in FY25
- If funded with tax rate:
  - Current proposed M&O of 0.278935 provides a balanced General Fund Budget
  - Proposed total tax rate of 0.415513 would increase to 0.416142
    - 3.20% above No-New-Revenue rate
  - Would increase average tax bill by another \$3.24
- Other options:
  - Look at cuts to current Grants to Community budget
  - Cuts to proposed supplementals



Grants to Community

- Adopted annually as part of General Fund appropriations
- Organizations do not reapply annually

Arts Commission	200,000
Community Support Grants	225,000
Downtown Security	75,000
Volunteer McKinney	75,000
Pecan Grove Memorial Service	950
Boys and Girls Club	15,000
One Heart McKinney	15,000
Downtown Holiday Decorations	50,000
Unassigned Assistance	20,000
	675,950



Budget Calendar

