



CITY OF McKINNEY, TEXAS

Agenda

Reinvestment Zone Number One

Tuesday, January 17, 2017

5:15 PM

Council Chambers
222 N. Tennessee Street
McKinney, Texas

CALL TO ORDER

17-043 [Oaths of Office](#)

17-044 [Election of Vice Chair](#)

CONSENT ITEMS

This portion of the agenda consists of non-controversial or "housekeeping" items required by law. Items may be considered individually by any Commission member making such request prior to a motion and vote on the Consent items.

17-045 [Minutes of the Reinvestment Zone Number One Meeting of August 16, 2016](#)

Attachments: [Minutes](#)

REGULAR ITEMS

17-046 [Consider/Discuss/Act on the 2016 Annual Report for Tax Increment Reinvestment Zone One \(TIRZ No. 1 / Town Center\)](#)

Attachments: [TIRZ 1 Project Status & Fund Balance Annual Report](#)

ADJOURN

Posted in accordance with the Texas Government Code, Chapter 551, on the 13th day of January, 2017 at or before 5:00 p.m.

Sandy Hart, TRMC, MMC
City Secretary

Accommodations and modifications for people with disabilities are available upon request. Requests should be made as far in advance as possible, but no less than 48 hours prior to the meeting. Call 972-547-2694 or email contact-adacompliance@mckinneytexas.org with questions or for accommodations.

17-043



TITLE: Oaths of Office

SUPPORTING MATERIALS:

17-044



TITLE: Election of Vice Chair

SUPPORTING MATERIALS:

17-045



TITLE: Minutes of the Reinvestment Zone Number One Meeting of August 16, 2016

SUPPORTING MATERIALS:

[Minutes](#)

REINVESTMENT ZONE NUMBER ONE

AUGUST 16, 2016

The Reinvestment Zone Number One of the City of McKinney, Texas met in regular session in the Council Chambers, 222 N. Tennessee Street, McKinney, Texas on August 16, 2016 at 5:15 p.m.

Board members Present: Chairman Don Day, Vice Chairman Tracy Rath, Board members: Chuck Branch and Bill Cox. Board member Randy P. Pogue arrived at 5:23 p.m. Absent: Board members Brian Loughmiller, Rainey Rogers, and Chris Hill.

Staff Present: City Manager Paul Grimes; Deputy City Manager Jose Madrigal, Assistant City Manager Barry Shelton; City Attorney Mark Houser; City Secretary Sandy Hart; Executive Director of Development Services Michael Quint; Senior Financial Analyst Trevor Minyard; Planning Manager Samantha Pickett; and Director of Strategic Services Chandler Merritt.

There were three guests present.

Chairman Day called the Reinvestment Zone Number One meeting to order at 5:18 p.m. after determining a quorum present.

Board members unanimously approved the motion by Board member Ussery, seconded by Board member Cox, to approve the following consent item:

- 16-811** Minutes of the Tax Increment Reinvestment Zone Number One Meeting of May 17, 2016
- 16-812** Chairman Day called for Consideration/Discussion/Action on the Fiscal Year 2016-2017 Annual Budget for Tax Increment Reinvestment Zone One (TIRZ No. 1 / Town Center). Senior Financial Analyst Trevor Minyard provided a summary of the expenditures and revenues. As you can see, we have increases in the property tax, sales tax. The major changes that have occurred, a little bit of an overview. There's quite a bit of activity in the \$100,000 line item that staff and the Board use to evaluate applications for smaller projects. There is the same \$100,000 included in the proposed budget for further small type project applications. The General and Administrative (G & A) fee will be

increased. The G & A fee had been static since 2011 so this was something that came about during the cost allocation study done by the City. The fee includes Staff time for reporting, preparing and managing the budgetary items, the Planning Department in reviewing applications for grants, other departmental staff time, and anything in regards to responding toward inquiries. There are currently catalyst projects that include \$500,000 for the new parking lot that happened at the Cotton Mill and you can see we are making headway in the underutilized sites and buildings through those grants issued from time to time. The annual report will be presented to the Board after November when final sales tax numbers are received from the State Comptroller. Board members unanimously approved the motion by Board member Branch, seconded by Board member Ussery, to approve the Fiscal Year 2016-2017 Annual Budget for Tax Increment Reinvestment Zone One (TIRZ No. 1 / Town Center).

- 16-813** Chairman Day called for Consideration/Discussion/Action on an Amendment to the Chapter 380 Economic Development and Project Plan Implementation Agreement with Coit/Plano Parkway, Ltd. for the Façade Improvement Project at 101 Louisiana Street. Planning Manager Samantha Pickett stated that the applicant is asking for an extension for the façade improvements. The proposed amendment to the Chapter 380 Economic Development Agreement with Coit/Plano Parkway, Ltd. ("C.P.P., Ltd.") is to extend the deadline of the obligation to complete the façade improvements by 90 days (from August 31, 2016 to November 30, 2016). Due to delays during the streetscape improvements phase, commencement of the façade improvements was delayed and as such was unable to be completed by the stated August 31, 2016 deadline. The streetscape improvements (approved by the TIRZ #1 Board on February 2, 2016) including construction of the ramp and sidewalk at 101 Louisiana Street have been completed. Staff has no objections.

Applicant, Mr. Jack Harvard, expressed appreciation for consideration of the extension. Board members unanimously approved the motion by Board member Ussery, seconded by Board member Branch, to approve an Amendment to the Chapter 380 Economic Development and Project Plan Implementation Agreement with Coit/Plano Parkway, Ltd. for the Façade Improvement Project at 101 Louisiana Street.

Board members unanimously approved the motion by Board member Bill Cox, seconded by Board member Travis Ussery, to adjourn. Chairman Day adjourned the meeting at 5:25 p.m.

DON DAY
Chairman

ATTEST:

Sandy Hart, TRMC, MMC
City Secretary



TITLE: Consider/Discuss/Act on the 2016 Annual Report for Tax Increment Reinvestment Zone One (TIRZ No. 1 / Town Center)

COUNCIL GOAL: Fiscally Sound Government

MEETING DATE: January 17, 2017

DEPARTMENT: Budget Department

CONTACT: Mark Holloway

RECOMMENDED CITY COUNCIL ACTION:

- Approval of 2016 Annual Report

ITEM SUMMARY:

- Amount and source of revenue:
 - \$1,595,563 from Ad Valorem and Sales & Use Taxes
- Amount and purpose of expenditures:
 - General and Administrative Expense
 - \$10,500
 - 101 W. Louisiana Street (Roof Restoration, Cornice, & Sidewalk Improvements)
 - \$50,000

BACKGROUND INFORMATION:

- N/A

FINANCIAL SUMMARY:

- N/A

BOARD OR COMMISSION RECOMMENDATION:

- N/A

SUPPORTING MATERIALS:

TIRZ 1 Project Status & Fund Balance
Annual Report



TIRZ 1 Project & Fund Balance Status

City of McKinney
Financial Services

TIRZ 1 Project Status



Project Plan Status				
<i>Allocation Type</i>	<i>Allocated Dollars</i>	<i>Dollars Spent</i>	<i>Allocation Remaining</i>	<i>Allocation % Remaining</i>
<i>Catalyst Projects</i>	\$ 85,000,000.00	\$ 500,000.00	\$ 84,500,000.00	99.41%
<i>Vacant, Underutilized Sites, and/or Buildings</i>	3,000,000.00	125,000.00	2,875,000.00	95.83%
<i>Mixed Income Housing</i>	2,000,000.00	-	2,000,000.00	100.00%
<i>Administration and Implementation</i>	1,000,000.00	42,000.00	958,000.00	95.80%
<i>Project Plan Total</i>	\$ 91,000,000.00	\$ 667,000.00	\$ 90,333,000.00	99.27%

TIRZ 1 Project History



- Catalyst Projects
 - \$500,000 – Cotton Mill Parking Lot
- Vacant/Underutilized Buildings
 - \$25,000 – Hope Hardware (Façade Improvement)
 - \$25,000 – Hope Hardware (2nd Floor)
 - \$25,000 – 101 W. Louisiana Street (Roof Restoration & Cornice Improvements)
 - \$25,000 – 101 W. Louisiana Street (Sidewalk Improvement)
 - \$25,000 – 106, 108, and 110 S. Tennessee (Façade Improvement)
- Mixed Income Housing
 - N/A
- Administration
 - \$42,000 – G&A Fees



TIRZ 1 Fund Balance

- \$5,037,198.10



Tax Increment Reinvestment Zone Number One

Annual Report 2016

With a copy to the State of Texas Comptroller's Office, Collin County, McKinney Independent School District and Collin College District

City of McKinney, Texas

City Officials

City Council

Mayor	Brian Loughmiller
At Large	Randall Pogue, Mayor Pro-Tem
At Large	Tracy Rath
District 1	Don Day
District 2	Rainey Rogers
District 3	Travis Ussery
District 4	Chuck Branch

City Staff

City Manager	Paul Grimes
Deputy City Manager	Jose Madrigal
Assistant City Manager	Vacant
Assistant City Manager	Barry Shelton
Chief Financial Officer	Mark Holloway
Senior Financial Analyst	Trevor Minyard

TIRZ No.1

City of McKinney, Texas

Board of Directors

Don Day, Chairman City Council District 1	
Travis Ussery City Council District 3	Rainey Rogers City Council District 2
Bill Cox Planning & Zoning Designee	Brian Loughmiller Mayor
Tracy Rath City Council At Large	Chuck Branch City Council District 4
Chris Hill Collin County Commissioner Precinct 3	Randall Pogue City Council At Large Mayor Pro-Tem

Note: Collin College District and McKinney Independent School District have waived their rights to appoint members to the Board of Directors for TIRZ No.1

Purpose: To make recommendations to City Council concerning administration of the TIRZ No.1 (Town Center TIRZ).

Duties & Responsibilities: The Board of Directors has been granted authority and duties related to the reinvestment zone project plan and financing plan. An annual budget will be adopted by the Board, which has the authority to enter into contracts and agreements within the fiscal year budget allocation.

Membership: TIRZ No.1 is comprised of nine board members, each serving a staggered two-year term. Each year, the City Council shall designate one Board of Directors member to serve as chairman for a one-year term that begins on January 1 of the following year. The Council shall endeavor to appoint a member from the Planning and Zoning Commission.

Description of Zone

In accordance with the Tax Increment Financing Act (Texas Tax Code Chapter 311), Reinvestment Zone Number One, McKinney, Texas (TIRZ No.1) was established by Ordinance 2010-09-034 of the McKinney City Council on September 21, 2010.

TIRZ No.1 consists of 947 acres located generally in and around the historic Town Center of McKinney and along State Highway 5 from US 380 to Spur 399/US 75 Interchange.

An illustrative site plan of the TIRZ No.1 boundaries is found on page 6 (*Figure 1*).

Purpose of Zone

The purpose of TIRZ No.1, also known as the Town Center TIRZ, is to provide support for infrastructure and projects, such as the Flour Mill, that will support continued revitalization of the Historic Town Center.

The adopted Town Center Study calls for the preservation of the Historic Core with enhancements for an eventual Transit Village around the proposed rail transit station.



Town Center TIRZ 1
(Historic Downtown McKinney)

Financial State of Zone

Chapter 311.016 (a)(1) of the Texas Tax Code requires an annual status report be filed with the chief officer of each taxing unit that levies property taxes in a reinvestment zone and the state comptroller. The established base year for TIRZ No. 1 reporting was 2010.

During the 2013 TIRZ 1 board of directors meeting, a motion was passed to transition the TIRZ 1 tax increment reporting period from a calendar year (January 1st – December 31st) to the City of McKinney's fiscal year (October 1st – September 30th). **Therefore, the 2016 report reflects a reporting period of October 1st, 2015 through September 30th, 2016.**

1. Amount and source of revenue:

\$1,595,563 from Ad Valorem and Sales & Use Taxes

2. Amount and purpose of expenditures:

The TIRZ 1 fund had two expenditures for the 2016 reporting period as follows:

- General and Administrative Expense
 - \$10,500
- 101 W. Louisiana Street (Roof Restoration, Cornice, & Sidewalk Improvements)
 - \$50,000
 - Before & after pictures in Figure 2

3. Amount of Principal and Interest due on outstanding indebtedness:

\$ 0 - TIRZ No. 1 has not incurred any indebtedness.

4. Tax Increment base and current captured appraised value retained:

Ad Valorem

Taxing Jurisdiction	Base Year Value (2010) ¹	Net Taxable Value (2015)	Captured Appraised Value (2015) ²
City of McKinney	\$209,880,377	\$280,146,014	\$70,265,637
Collin County	\$208,256,060	\$269,529,339	\$61,273,279

¹ *Base Year Value* is the total appraised value of all real property in the zone taxable as of January 1, 2010 (per the Certified Totals reports prepared by the Collin Central Appraisal District).

² *Captured Appraised Value* is the total appraised value of all real property in the zone taxable for the current reporting year LESS the *Base Year Value*.

5. **Captured appraised value (ad valorem) shared by the municipality and other taxing units, the total amount of the tax increment (sales & use tax) received, and any additional information necessary to demonstrate compliance with the tax increment financing plan adopted by the governing body of the municipality.**

Ad Valorem

Taxing Jurisdiction & Participation Rate	Captured Appraised Value (2015)	Tax Rate per \$100/Value (2015)	Amount of Increment (2015) ³
City of McKinney (100%)	\$70,265,637	0.583	\$409,648.66
Collin County (50%)	\$61,273,279	0.225	\$68,932.44

³ *Amount of Increment (current reporting year)* is equal to 100% of ad valorem taxes levied and collected in the zone by the City of McKinney and 50% of ad valorem taxes levied and collected in the zone by Collin County.

Sales & Use Tax

Taxing Jurisdiction & Participation Rate	Base Year Value (2010) ⁴	Collected Sales & Use Tax (2016) ⁵	Captured Sales & Use Tax Increment (2016) ⁶
City of McKinney (100%)	\$1,396,599	\$2,513,580	\$1,116,981

⁴ *Base Year Value* is the total sales and use taxes collected in the zone by the City of McKinney for the 2010 calendar year (January 1 - December 31).

⁵ *Collected Sales & Use Tax* only includes tax increment reporting for October 1st, 2015 through September 30th, 2016.

⁶ *Captured Sales & Use Tax Value* is the total value of all sales & use tax collected in the zone by the City of McKinney for the current reporting year LESS the *Base Year Value*.

Total 2016 Increment	\$ 1,595,562.58
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Figure 1: TIRZ No. 1 Boundary (Town Center)

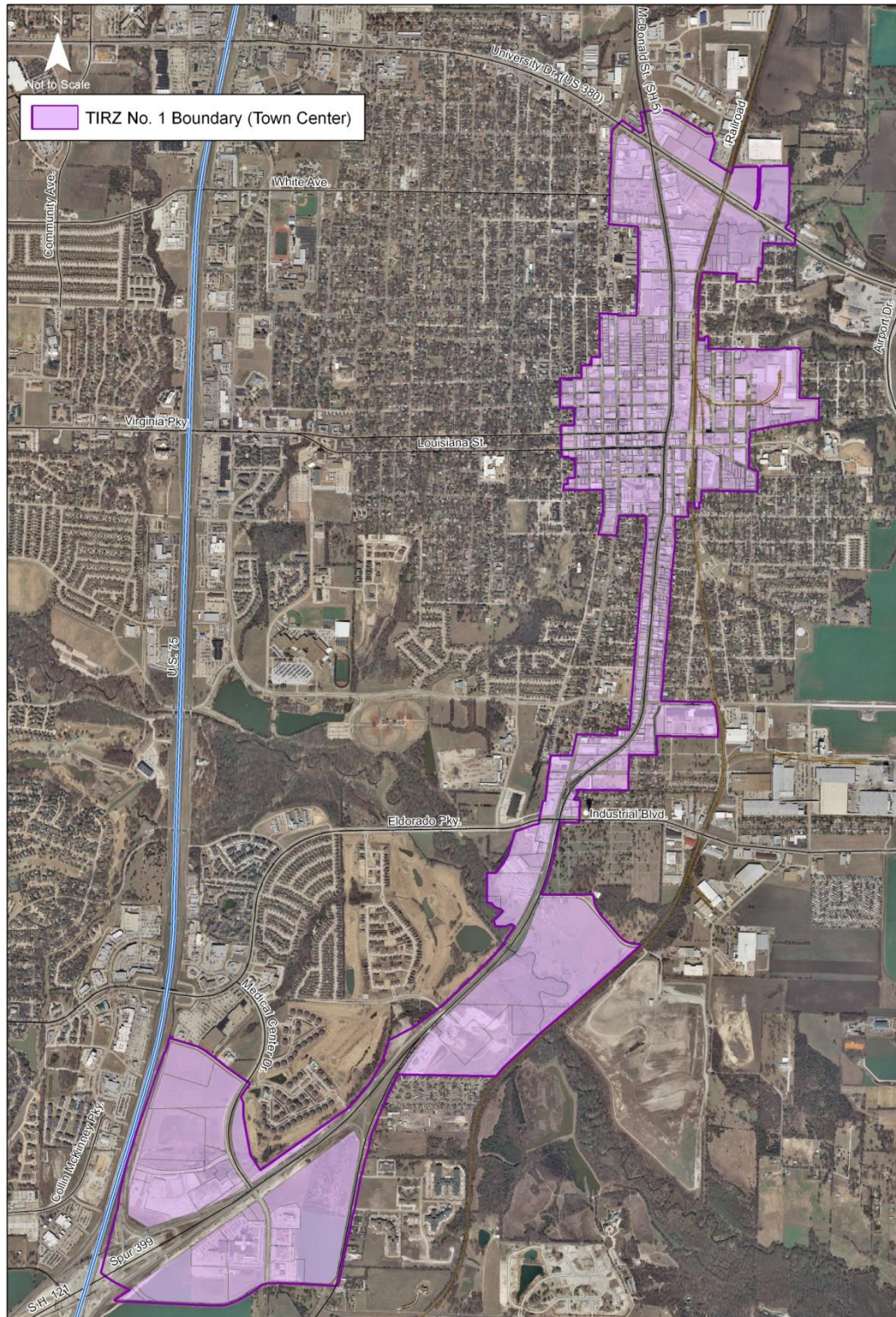


Figure 2: Progress Photo of Façade Improvements

Before –



After –

