

CITY COUNCIL WORK SESSION

MARCH 5, 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 Tuesday, March 5, 2024 at 3:00 p.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 3:06 p.m. upon determining a quorum consisting of himself and the following members were present: Mayor Pro Tem Charlie Philips; and Councilmembers Justin Beller, Patrick Cloutier, Geré Feltus, Rick Franklin, Michael Jones

These City of McKinney staff were present: City Manager Paul Grimes; Assistant City Managers Kim Flom, Barry Shelton and Steve Tilton; Executive Director of Development Services Michael Quint; Director of Planning Jennifer Arnold; Director of Engineering Gary Graham; Director of Public Safety Greg Conley; Police Chief Joe Ellenburg; Director of Public Works Ryan Gillingham; City Attorney Mark Houser; City Attorney Alan Lathrom; MEDC President Michael Kowski; MDCD President Cindy Schneible; Deputy City Secretary Tenitrus Bethel; Assistant Director of Engineering Shelley Lang; Assistant Director of Parks & Recreation Ryan Mullins; Assistant Fire Chief James Floyd; Facilities Construction Manager Patricia Jackson; MEDC Vice President Michael Talley; Apex Centre Manager Erica Lyght; Human Resources Manager Olivia Nahas; Environmental Manager Kyle Odom; CIP Manager Katie McCarty; CIP Manager Blake Sills; Planning Manager Caitlyn Strickland; Transportation Engineering Manager Thuan Huynh; Assistant Procurement Services Manager Mindy Smith; Parks Planning & Development Manager Jenny Baker; Buyer II Sean Fu; Senior Engineer II Paul Tucker; Civil Engineer II Brook Retta; Senior Planner Kaitlin Sheffield; Planner I Araceli Botello; and Graduate Engineer Alvin Maliakal.

Mayor Fuller called for Public Comments on work session agenda items; at which time there were no requests to address the Council.

Mayor Fuller called for discussion on regular meeting agenda items for the City Council Regular Meeting to be held on Tuesday, March 5, 2024, at 6:00 p.m. There was no discussion on said items.

Mayor Fuller called for Work Session Item:

24-1290 Presentation on APEX Centre Rate Study

The presentation for this item will be included in the appendix of these minutes as "*Appendix A: Apex Rate Study*"

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

Mayor Fuller called for Executive Session at 3:37 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)

- Settlement Agreement by and between North Texas Municipal Water District and its Member Cities, dated effective October 29, 2020

B. Section 551.071 (A) Pending or contemplated litigation

- Master Services Agreement by and between City of McKinney, Texas and Sierra-Cedar, LLC dated January 25, 2021

C. Section 551.072. Deliberations about Real Property

D. Section 551.074. Personnel Matters

E. Section 551.087. Deliberation Regarding Economic Development Matters

- Project Hemispheres

- Project Vibes

ACTION ON EXECUTIVE SESSION

Council approved the motion by Mayor Pro Tem Philips, seconded by Councilmember Franklin, to Approve the binding terms sheet agreement for Project Vibes as discussed in Executive Session with a vote of 5 - 1 - 0, Councilmember Beller voting no.

Council unanimously approved the motion by Mayor Pro Tem Philips, seconded by Councilmember Jones, to adjourn the work session at 5:29 p.m.

These minutes were approved by the City Council on March 19, 2024.

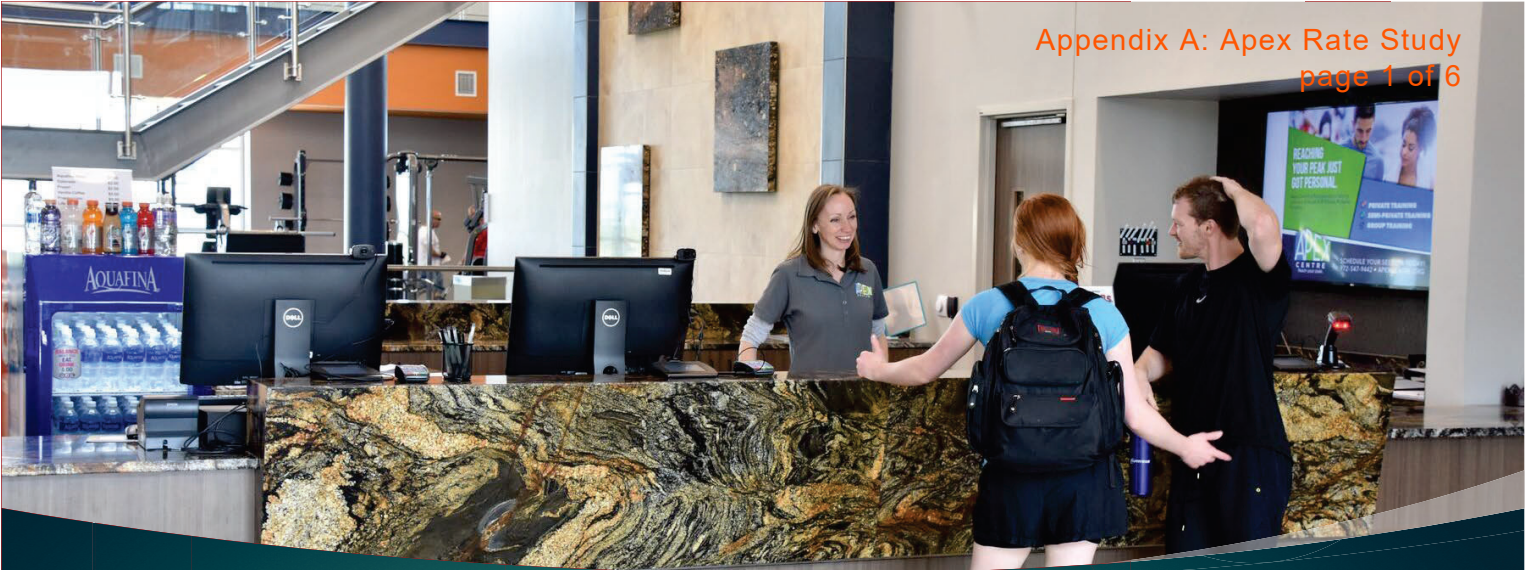
SIGNED:

GEORGE C. FULLER, Mayor
CHARLIE PHILIPS, Mayor Pro Tem

ATTEST:

EMPRESS DRANE, City Secretary
TENITRUS BETHEL, Deputy City Secretary

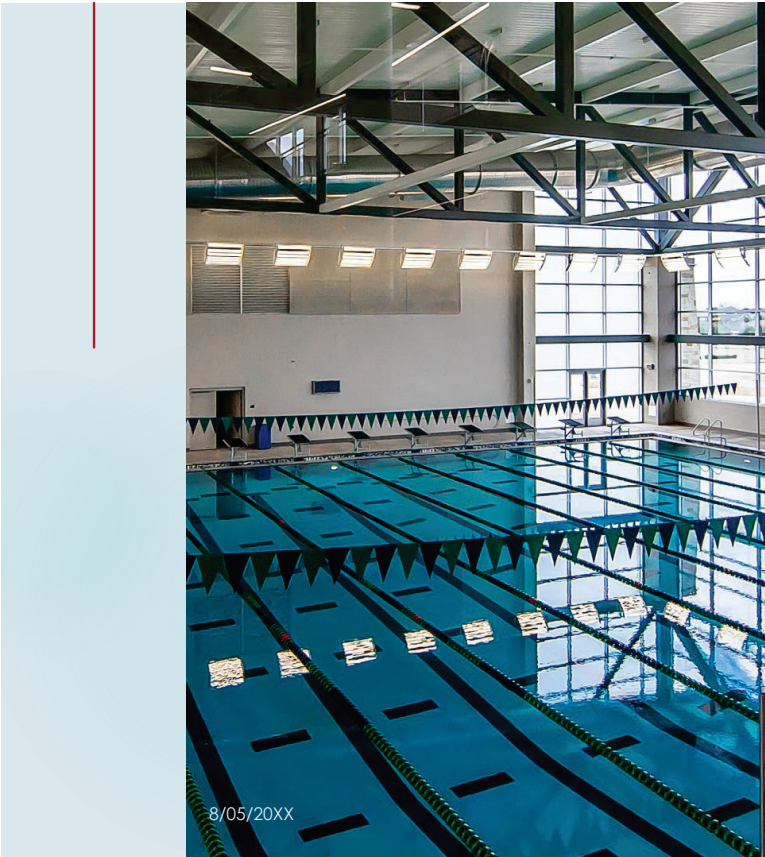
City of McKinney, Texas



Apex Centre FY2024



- Agenda
- History
 - Current Status
 - Improvements
 - Future Plans
 - Price Structure / Rate Comparison
 - Recommendation for Rate Increase



Apex Centre

We are an 80,000 square foot facility with world-class amenities, including an indoor competition pool, indoor and outdoor leisure pools, a supervised play area, and party rooms that are ideal for special occasions. Our multi-floor fitness hub features top-tier equipment catering to all fitness levels, along with our multiple fitness and cardio studio rooms, a dry sauna, gymnasium, basketball courts, and a 1/8 mi track!

Our Members

The facility opened in 2017. By October 2018, we had grown to a little over 5,000 active households in our database. Today, we sit between 5,800-6,000 households which equates to a little over 16,000 individual members.



Current Membership Data

- ▶ 89% are residents
- ▶ 61% of memberships are monthly
- ▶ 64% are family memberships
- ▶ We average 1,000 day pass users per month
- ▶ We average 40,000 member visits per month in the off season (September-May).
- ▶ During the months of May-August, we add an additional 800-1000 new households to our membership base. This takes us to over 18,000 members in the summer.



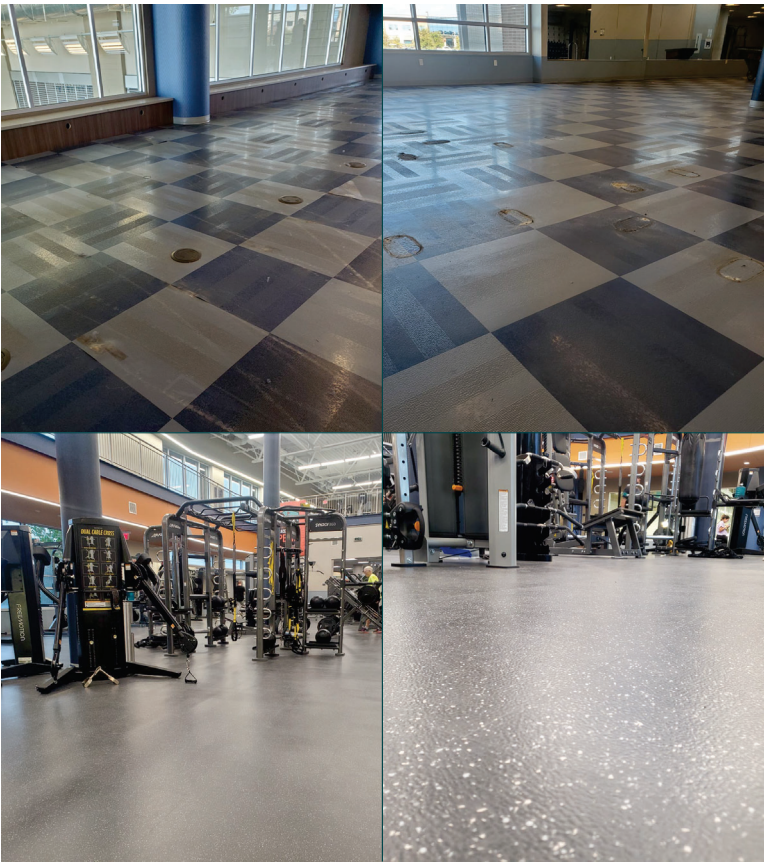
Peak Improvements

- ▶ Dry Sauna
- ▶ Added a 5th Cabana
- ▶ Replaced sails over the outdoor tot pool



Peak Improvements

- ▶ Fitness Floor and Lobby Entrance Floor Replaced
- ▶ Annual replacement of fitness equipment (\$250K budget)



Future Plans

OUTDOOR FITNESS COURT

Future Capital Improvements

- ▶ Replace outdoor slide stairs (\$143K) – FY24
- ▶ Replaster all pools (\$300k+ per pool) – FY25-FY29
- ▶ Water Heaters (4 @ \$10-15K each) – FY26-FY27

Financials

| | <u>FY2019</u> | <u>FY2023</u> | <u>Increase</u> |
|----------------------------------|--------------------|--------------------|--------------------|
| <u>Major Increases to Budget</u> | | | |
| Payroll | \$2,627,274 | \$3,149,456 | \$522,182 |
| Building Maintenance | \$514,163 | \$686,630 | \$172,467 |
| Fitness Equipment Replacement | \$29,122 | \$213,669 | \$184,547 |
| Utilities | \$421,660 | \$530,652 | \$108,992 |
| Contractors/Camp Field Trips | \$11,441 | \$45,889 | \$34,488 |
| Total Revenue | \$5,068,621 | \$5,550,116 | \$ 481,495 |
| Total Expenditures | \$4,487,757 | \$5,569,610 | \$1,081,853 |

We are requesting your support for a membership rate increase

- ▶ Our last membership rate increase was in 2019.
- ▶ Our ability to generate enough revenue to cover the ever-increasing expenditures is becoming flat due to space limitations and the ability to grow our programs.



Current Annual Rates

**last increase in 2019*

Annual Membership* (One-time Payment - Paid in Full)

| | Res | Non-Res |
|----------------------------|-------|---------|
| Youth 3 - 17* / Senior 60+ | \$345 | \$460 |
| Adults 18 - 59 | \$575 | \$690 |
| Family | \$805 | \$978 |

Current Monthly Rates

**last increase in 2019*

***\$75 initiation fee*

Monthly Membership (Auto-Renewal)*

Resident Non-Res

Youth 3 - 17** / Senior 60+ \$35/mo. \$46/mo.

Adults 18 - 59 \$58/mo. \$69/mo.

Family \$81/mo. \$98/mo.

Rate Comparison

| BUSINESS NAME | NOTES | FAMILY ANNUAL | | SENIOR ANNUAL | | ADULT ANNUAL | | YOUTH ANNUAL | | FAMILY MONTHLY | | SENIOR MONTHLY | | ADULT MONTHLY | | YOUTH MONTHLY | | INITIATION FEE |
|---|--|---------------|---------|---------------|-------|--------------|-------|--------------|-------|--------------------|-------|----------------|------|---------------|------|---------------|-------|-------------------|
| Lifetime Allen | No Annual option | \$3,588 * | | N/A | | \$2,148* | | N/A | | \$299, family of 3 | | N/A | | \$179 | | N/A | | \$0 |
| Lifetime McKinney | No Annual option | \$4,428 * | | N/A | | \$2,628 * | | N/A | | \$369, family of 3 | | N/A | | \$219 | | N/A | | \$0 |
| LA Fitness McKinney | No Annual option | \$1,428 * | | N/A | | \$468 * | | N/A | | \$119, family of 3 | | N/A | | \$39 | | N/A | | \$75+, per person |
| *The facilities above do not offer an annual option. The annual fee listed above is based on their monthly fee x 12 months. | | | | | | | | | | | | | | | | | | |
| RECREATION CENTERS | NOTES | Res | NR | Res | NR | Res | NR | Res | NR | Res | NR | Res | NR | Res | NR | Res | NR | |
| Stephen Terrell Rec Center-Allen | No Annual option Subsidized. Goal to reach 83% by year 3 | \$1,020 | \$1,380 | \$420 | \$588 | \$696 | \$972 | \$420 | \$588 | \$85 | \$115 | \$35 | \$49 | \$58 | \$81 | \$35 | \$49 | \$75 |
| Frisco Athletic Center | Offers Adult couple less than family. Subsidized | \$700 | \$1,050 | \$350 | \$550 | \$450 | \$700 | \$350 | \$550 | \$70 | \$105 | \$35 | \$55 | \$45 | \$70 | \$35 | \$55 | None |
| Plano Recreation Center(s) Tom Muehlenbeck Rec Center Carpenter Park Rec Center | subsidized | \$399 | \$679 | \$119 | \$200 | \$155 | \$260 | \$95 | \$160 | \$49 | \$79 | \$15 | \$25 | \$19 | \$29 | \$11 | \$21 | None |
| | | | | | | | | | | | | | | | | | | |
| Apex Centre(Current) | | \$805 | \$978 | \$345 | \$460 | \$575 | \$690 | \$345 | \$460 | \$81 | \$98 | \$35 | \$46 | \$58 | \$69 | \$35 | \$46 | \$75 |
| Proposed 10% increase | | \$886 | \$1,076 | \$380 | \$506 | \$633 | \$759 | \$380 | \$506 | \$89 | \$108 | \$39 | \$51 | \$64 | \$76 | \$39 | \$ 51 | |
| Proposed 15% increase | | \$926 | \$1,125 | \$397 | \$529 | \$661 | \$794 | \$397 | \$529 | \$93 | \$113 | \$40 | \$53 | \$67 | \$79 | \$40 | \$ 53 | |

Our Recommendation

A 10-15% increase would generate approximately \$450K-\$670K annually.

| | | Current Rate | | 10% increase | |
|------------|--------|--------------|--------------|--------------|--------------|
| | | Resident | Non-Resident | Resident | Non-Resident |
| Membership | | | | | |
| Month | | | | | |
| | Adult | \$ 58 | \$ 69 | \$ 64 | \$ 76 |
| | Family | \$ 81 | \$ 98 | \$ 89 | \$ 108 |
| | Senior | \$ 35 | \$ 46 | \$ 39 | \$ 51 |
| | Youth | \$ 35 | \$ 46 | \$ 39 | \$ 51 |
| Annual | | | | | |
| | Adult | \$ 575 | \$ 690 | \$ 633 | \$ 759 |
| | Family | \$ 805 | \$ 978 | \$ 886 | \$ 1,076 |
| | Senior | \$ 345 | \$ 460 | \$ 380 | \$ 506 |
| | Youth | \$ 345 | \$ 460 | \$ 380 | \$ 506 |

Increases revenue by approx. \$452,438

| | | Current Rate | | 15% increase | |
|------------|--------|--------------|--------------|--------------|--------------|
| | | Resident | Non-Resident | Resident | Non-Resident |
| Membership | | | | | |
| Month | | | | | |
| | Adult | \$ 58 | \$ 69 | \$ 67 | \$ 79 |
| | Family | \$ 81 | \$ 98 | \$ 93 | \$ 113 |
| | Senior | \$ 35 | \$ 46 | \$ 40 | \$ 53 |
| | Youth | \$ 35 | \$ 46 | \$ 40 | \$ 53 |
| Annual | | | | | |
| | Adult | \$ 575 | \$ 690 | \$ 661 | \$ 794 |
| | Family | \$ 805 | \$ 978 | \$ 926 | \$ 1,125 |
| | Senior | \$ 345 | \$ 460 | \$ 397 | \$ 529 |
| | Youth | \$ 345 | \$ 460 | \$ 397 | \$ 529 |

Increases revenue by approx. \$670,785



Thank you!