

CITY COUNCIL SPECIAL MEETING & WORK SESSION
BUDGET APPROPRIATION AND TAX RATE ADOPTION
FOR FISCAL YEAR 2018-19

SEPTEMBER 17, 2018

The City Council of the City of McKinney, Texas met in special session in the McKinney City Council Chambers, 222 N. Tennessee Street, McKinney, Texas, on September 17, 2018 at 5:30 p.m.

City Council Members Present: Mayor George C. Fuller, Mayor Pro Tem Tracy Rath, Council Members: Charlie Philips, Scott Elliott, Rainey Rogers, Chuck Branch, and La'Shadi Shemwell.

City of McKinney Staff Present: City Manager Paul Grimes; Deputy City Manager Jose Madrigal; Assistant City Manager Barry Shelton; Assistant City Manager Steve Tilton; City Attorney Mark Houser; Assistant to the City Manager Trevor Minyard; Executive Director of Development Services Michael Quint; Director of Parks and Recreation Michael Kowski; Assistant Director of Parks and Recreation Ryan Mullins; Assistant Director of Public Works Paul Sparkman; Director of Engineering Gary Graham; Planning Manager Samantha Pickett; President of McKinney Community Development Corporation Cindy Schneible; Chief of Police Greg Conley; Fire Chief Danny Kistner; Assistant Fire Chief Chris Lowry; Human Resources Director Ike Obi; Financial Analyst Trevor Daggon; Airport Director Kenneth Carley; Chief Financial Officer Mark Holloway; Video Production Technician Joey Barr; Transportation Engineering Manager Matthew Tilke; Director of McKinney Performing Arts Center and Main Street Programs Amy Rosenthal; and City Secretary Empress Drane.

There were thirteen guests present.

Mayor Fuller called the meeting to order at 5:34 p.m. after determining a quorum was present of the Council was present.

Mayor Fuller called for Citizens Comments. There were no requests to speak.

SPECIAL AGENDA

18-772 Mayor Fuller called for a Second Public Hearing to Consider/Discuss/Act

on the Adoption of the Budget Appropriation Ordinance for FY 2018-19. Chief Financial Officer Mark Holloway recounted information from the First Public Hearing: A balanced general fund budget is being proposed, as required by policy; there is as proposed 1.5 cent reduction in the tax rate; the proposed budget will address Public Safety needs related to Fire Station No. 10 and adding nine new sworn Police officers; \$2.5 million will be allocated to street reconstruction. Safety and Streets were two major issues to be addressed based on citizen input. Property tax and sales tax make up the largest portion of general fund revenue, approximately 70%. Public Safety accounts for around 46% of general fund expenditures, followed by Parks, Libraries, the general fund portion of Public Works, and Development Services. Mr. Holloway stated new personnel will be added to the Fire Department and Parks Maintenance. There were no requests to speak at the Public Hearing.

Council approved the motion by Mayor Fuller, seconded by Council Member Rogers, to close the public hearing to Consider/Discuss/Act on the Adoption of the Budget Appropriation Ordinance for FY 2018-19 with a vote of 6 - 1 - 0, Chuck Branch voting no.

Council approved by roll call vote of 6 to 1 the motion by Mayor Fuller, seconded by Mayor Pro Tem Tracy Rath, to adopt the Budget Appropriation Ordinance for FY 2018-19 with member voting as follows:

Mayor Fuller – Aye

Mayor Pro Tem Rath – Aye

Council Member Philips – Aye

Council Member Elliott – Aye

Council Member Rogers – Aye

Chuck Branch – Nay

Council Member Shemwell - Aye

Ordinance Caption reads as follows:

ORDINANCE NO. 2018-09-066

AN ORDINANCE ADOPTING A BUDGET FOR THE ENSUING FISCAL YEAR BEGINNING OCTOBER 1, 2018, AND ENDING SEPTEMBER 30, 2019, 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

18-773 Mayor Fuller called for Consideration/Discussion/Action on an Ordinance to Ratify the Property Tax Revenue Increase in the Fiscal Year 2018-19 Budget as a Result of the City Receiving More Revenues from Property Taxes than the Previous Fiscal Year. Chief Financial Officer Mark Holloway stated this item is a procedural vote required before the actual setting of the tax rate any time a governing body will raise more in taxes than was raised the previous fiscal year. Mr. Holloway confirmed that the rate of inflation is greater than the tax rate increase thus greater revenue is required to account for inflation.

Council approved the motion by Mayor Pro Tem Rath, seconded by Council Member Rogers, that the increased revenue from property taxes in the 2018-19 City budget is hereby ratified with the following declaration:

Based on the Tax Rate of \$0.525170:

“This budget will raise more total property taxes than last year’s budget by \$7,465,085 or 7.02%, and of that amount, \$5,183,6354 is tax revenue to be raised from new property added to the tax roll this year.”

The motion passed 5 – 2, with Council Members Philips and Branch voting against. Ordinance Caption reads as follows:

ORDINANCE NO. 2018-09-067

AN ORDINANCE OF THE CITY OF MCKINNEY, TEXAS, RATIFYING THE PROPERTY TAX REVENUE INCREASE IN THE 2018-19 BUDGET AS A RESULT OF THE CITY RECEIVING MORE REVENUES FROM PROPERTY TAXES IN THE 2018-19 BUDGET THAN IN THE PREVIOUS FISCAL YEAR; AND PROVIDING AN EFFECTIVE DATE

18-774 Mayor Fuller called for Consideration/Discussion/Action on an Ordinance Adopting a Tax Rate for Fiscal Year 2018-19. Chief Financial Officer Mark Holloway stated this is a required vote to set the tax rate. The proposed

tax rate is 0.525170 which is a 1.5 cent decrease in the tax rate from fiscal year 2018. Mr. Holloway explained the Maintenance and Operations (M&O) portion of the tax rate which covers the operations of the City 2.94% increase over the effective tax rate, going from 0.352 to 0.362 representing an increase of about one penny. On the debt side the rate is going to 0.162 from 0.164 in order to maintain a debt rate level and have flexibility to do projects. The debt rate is determined to ensure coverage of the already established debt service for the year.

Council approved the motion by Mayor Pro Tem Rath, seconded by Council Member Rogers, with a roll call vote that the "property tax rate be increased by the adoption of a tax rate of 0.525170, which is effectively a 3.73 percent increase in the tax rate." Council member votes recorded as follows:

Mayor Fuller – Aye

Mayor Pro Tem Rath – Aye

Council Member Philips – Aye

Council Member Elliott – Aye

Council Member Rogers – Aye

Council Member Branch – Nay

Council Member Shemwell – Aye

Ordinance Caption reads as follows:

ORDINANCE NO. 2018-09-068

AN ORDINANCE LEVYING TAXES FOR THE CITY OF MCKINNEY, TEXAS, FOR THE TAX YEAR 2018; 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

18-775 Mayor Fuller called for Consideration/Discussion/Action on an Ordinance to Change Rates/Fees for City Services. Chief Financial Officer Mark Holloway stated changes to fees are fairly modest such as water and

wastewater rates increasing by about 5 percent and 7 percent respectively in order to cover the increased cost in service for the North Texas Municipal Water District. Mr. Holloway thanked staff Donna Chamberlain and Trevor Daggon for their work, putting in “countless hours” on the budget project.

Council unanimously approved the motion by Council Member Shemwell, seconded by Council Member Elliott, to approve an Ordinance to Change Rates/Fees for City Services. Ordinance Caption reads as follows:

ORDINANCE NO. 2018-09-069

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MCKINNEY, TEXAS, AMENDING THE CODE OF ORDINANCES OF THE CITY OF MCKINNEY, TEXAS, THROUGH THE AMENDMENT OF CHAPTER 14, “ALCOHOLIC BEVERAGES,” ARTICLE III, “LAWFUL SALE OF ALCOHOLIC BEVERAGES,” BY AMENDING PORTIONS OF SECTION 14-51, BY DELETING CURRENT SECTION 14-52 IN ITS ENTIRETY AND RENUMBERING SECTION 14-53 THROUGH 14-56 AS PROVIDED HEREIN BELOW; ESTABLISHING VIOLATIONS AND PENALTIES; AND RELATING TO FEES, BY AMENDING APPENDIX A, IN PART, BY DELETING CURRENT SECTION 14-52 IN ITS ENTIRETY, BY RENUMBERING SECTION 14-53, AND BY AMENDING SECTIONS 30-70, 30-71, 30-85, 30-86, 30-175, 30-205, 110-44, 110-45, 110-139, 110-141, 110-228, AND 110-230; PROVIDING A SEVERABILITY CLAUSE; PROVIDING A REPEALER CLAUSE; PROVIDING FOR PUBLICATION OF THE CAPTION OF THIS ORDINANCE; AND PROVIDING FOR AN EFFECTIVE DATE HEREOF

- 18-776** Mayor Fuller called for Consideration/Discussion/Action on the Appointment of a New Member to the Parks & Recreation Advisory Board. Mayor Fuller recommended Kip Dixon to be reappointed to the board, as Mr. Dixon was not reappointed to the Parks & Recreation Advisory board during the selection of board members by Council on August 27 Council. Mayor Fuller stated he felt it was an oversight. Council Member Elliott stated he would “highly, highly like to see” Mr. Dixon reappointed as Mr. Dixon has been a “great chairman to that board and a great advocate for the City.” Mayor Pro Tem Rath said Mr. Dixon “shows great leadership and is tremendously involved in the parks.”

Council unanimously approved the motion by Council Member Shemwell, seconded by Council Member Branch, to approve the appointment of a New Member (Kip Dixon) to the Parks & Recreation Advisory Board to

replace a member who recently withdrew. The service term for Mr. Dixon will be October 1, 2018 to September 30, 2020.

Mayor Fuller called for Discussion on the following items with no action taken:

- 18-777** Discuss and Provide Background about Downtown and Third Party Special Events Held Across the City of McKinney
- 18-778** Consider/Discuss Automotive Sales Uses along Major Corridors in the City of McKinney

Mayor Fuller called for Council and City Manager Comments.

Council Member Philips had no comments.

Council Member Rogers had no comments.

Council Member Shemwell had no comments.

Council Member Branch had no comments.

Mayor Pro Tem Rath stated she attended the McKinney Main Street board meeting last Thursday morning and the board decided to purchase weather insurance for the Oktoberfest event as it “makes or breaks” the rest of the Main Street events, so the board decided to spend money to protect the ability to put on other City events.

City Manager Grimes had no comments.

Mayor Fuller stated that he will be absent from the next day’s meeting on September 18 and regrets missing as he anticipates a large attendance of people interested in the Hwy 380 improvement. Mayor Fuller stated that he understands the issues and concerns of those to potentially impacted by the decision of how Texas Department of Transportation (TxDot) will move forward with the project; however the Council will not take a position on supporting any decision until the Council receives more information from TxDot in order to make the best decision for the City as a whole.

Council Member Elliott stated that he has a position on the Hwy 380 project and would state the position at the next evening’s meeting on September 18. Mr. Elliott stated he would only be speaking for himself and not Council.

Council went into Executive Session at 7:25 p.m. with no action taken.

Council returned from Executive Session at 8:47 p.m.

Council unanimously approved the motion by Mayor Pro Tem Rath, seconded by Council Member Rogers, to adjourn the meeting. Mayor Fuller adjourned the meeting at 8:48 p.m.

GEORGE C. FULLER

Mayor

ATTEST:

EMPRESS DRANE

City Secretary