

CITY COUNCIL WORK SESSION

AUGUST 11, 2023

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 11, 2023, at 8:30 a.m.

The meeting 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 of the City Council consisting of himself and the following members were present Councilmembers Justin Beller, Gere Feltus, Charlie Philips, Michael Jones, Patrick Cloutier and Rick Franklin.

These City of McKinney staff were present: City Manager, Paul Grimes; Executive Director of Development Services, Michael Quint; Director of Parks and Recreation, Mike Kowski; Director of Organizational Development & Performance Management, Joe Mazzola; Director of Strategic Services, Trevor Minyard; Chief Financial Officer, Mark Holloway; City Attorney, Mark Houser; City Secretary, Empress Drane; Director of Public Safety, Greg Conley; Director of Public Works, Ryan Gilliam; Director of Engineering, Gary Graham; Fire Chief, Paul Dow; Assistant Fire Chief, Jim Floyd; Assistant Fire Chief, Chris Lowry; Budget Manager, Trevor Daggon; Financial Analyst, Palama Rodriguez; Fire Financial Analyst, Bipasha Ahmed; and Deputy City Secretary, Tenitrus Bethel.

Members of the public present included Dan Jackson with Wildan Financial.

Mayor Fuller called for public comments on agenda items at which time there were no requests to address the council.

Mayor Fuller called for these work session items:

23-0642 Discuss Fiscal Year 2023-24 Budget

The presentation for this item will be included in the appendix of these minutes as “Appendix A – 2023 Budget Work Session Presentation”.

The council unanimously approved the motion by Mayor Pro Tem Philips,
seconded by Councilmember Feltus, to adjourn the meeting at 10:50 a.m.

These minutes were approved by the City Council on October 2, 2023.

SIGNED:

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

ATTEST:

EMPRESS DRANE, City Secretary
TENITRUS BETHEL, Deputy City Secretary

City of McKinney, Texas

APPENDIX "A"

City Council Budget Work Session

City of McKinney
August 11, 2023



Agenda

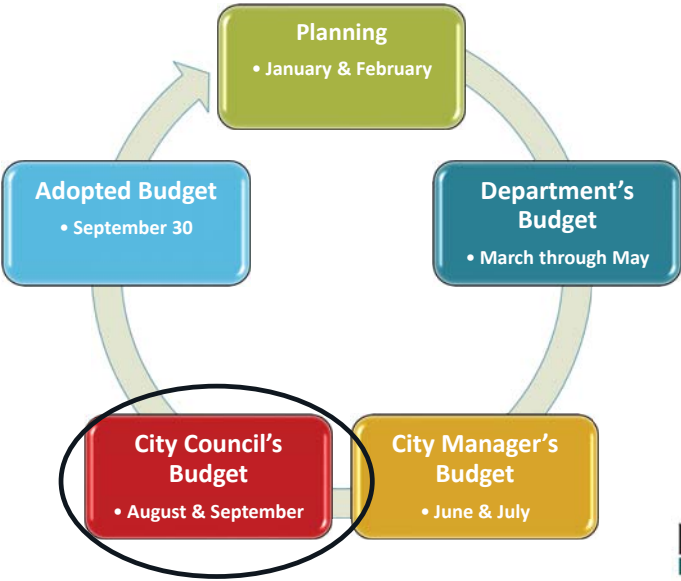
- Budget Process
- Water / Wastewater Rates
- FY24 Budget Overview
- Property Tax
- General Fund Revenues & Expenditures
- Capital Improvements Program
- Bond Election
- Solid Waste, Surface Water Drainage & Replacement Fund
- Component Units
- Budget Calendar



Budget Process



Budget Development Cycle



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



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



Budget Guidelines – Fiscal Year 2023-24

- 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

2023 Water and Wastewater

Rate Study and Financial Forecast

City Council Presentation



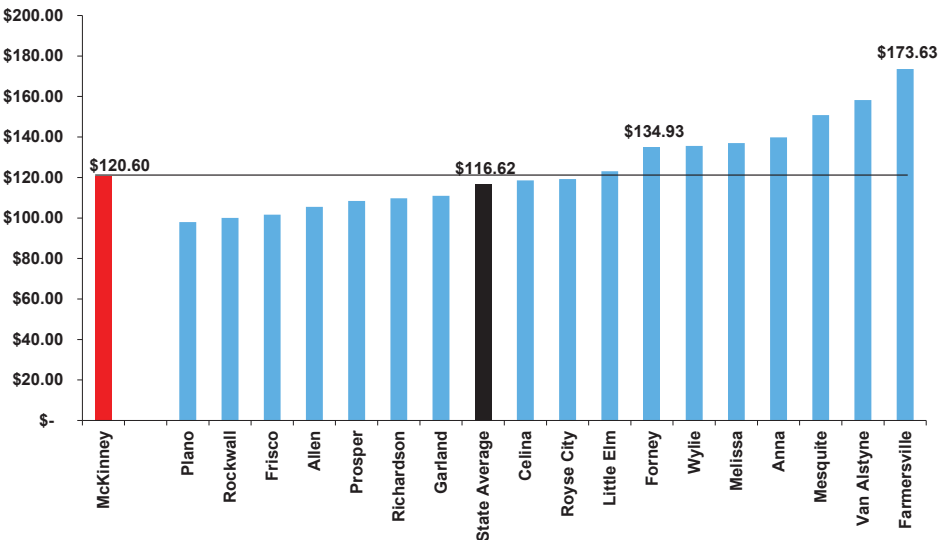
Changes to Utility
Since 2022 Rate Study



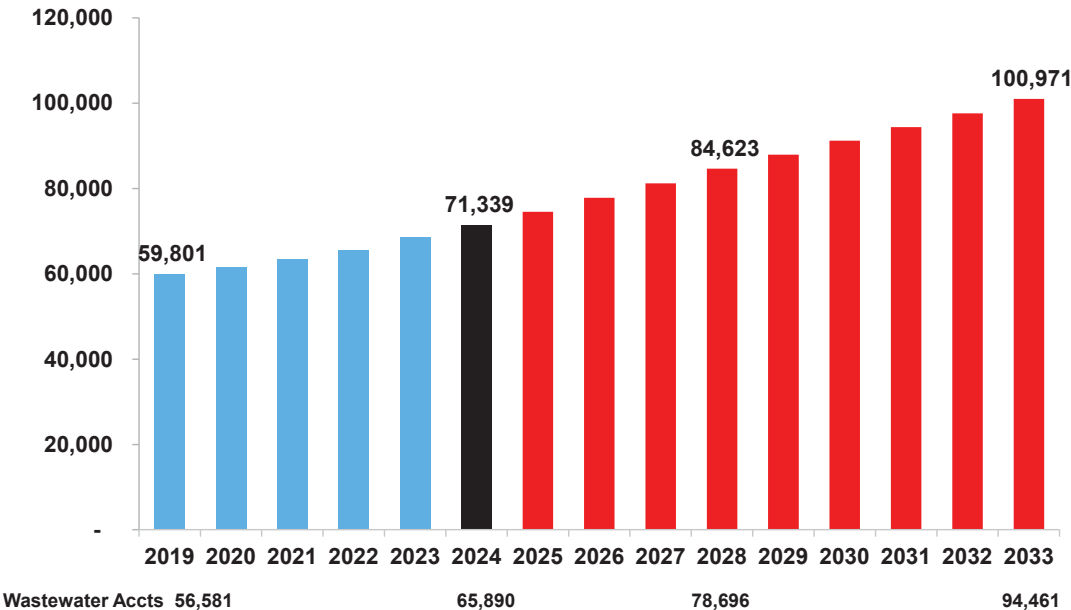
- Water usage declining nominally after 2022 summer peaks
- NTMWD 2023 water and wastewater rate forecast is substantially higher than previous years
- FY 2024 budget operating costs are increasing due to inflation
- Amount of debt required to fund CIP has increased significantly from 2022 estimates
- The combination of these factors results in higher overall costs and need for adjustment to long-term rate plan



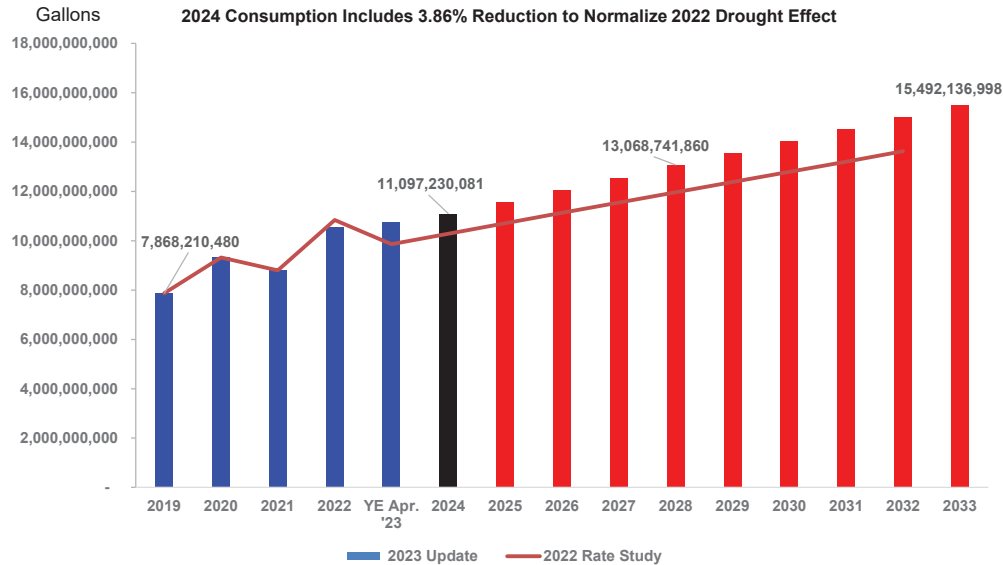
Monthly Residential Charge Comparison
10,000 Gal W, 5,000 Gal WW



Actual and Forecast
Total Water Accounts



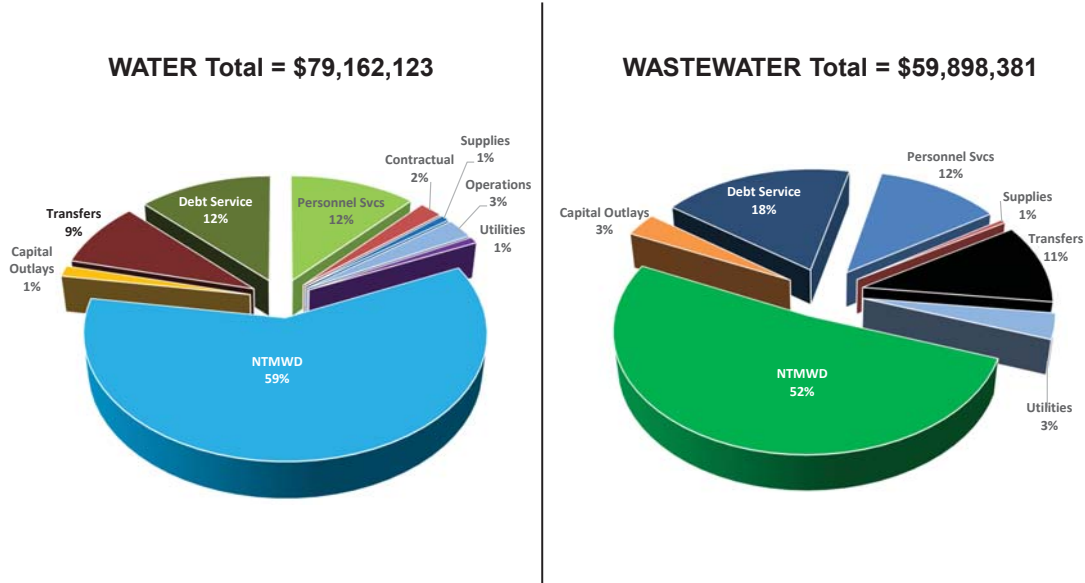
Actual and Forecast Water Consumption



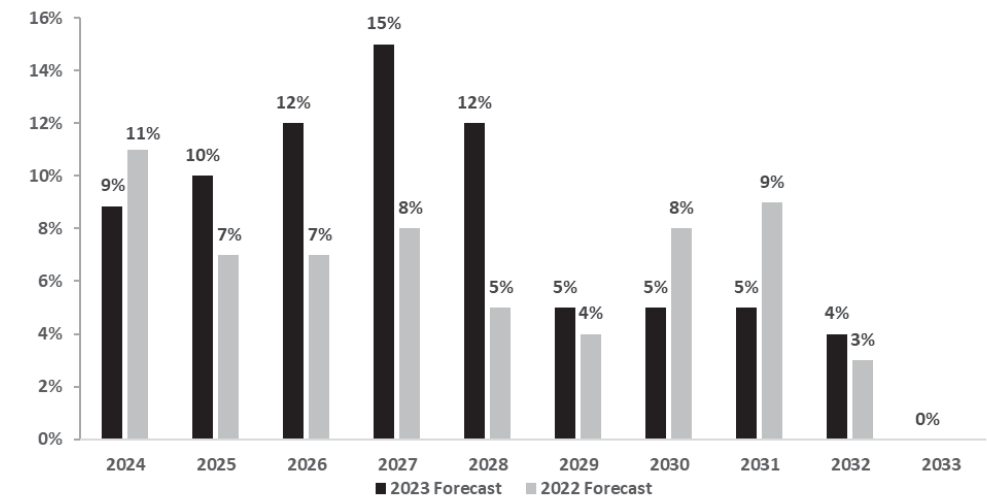
Avg Residential Monthly Gallons/Connection = 9,072



Test Year 2024 Cost of Service



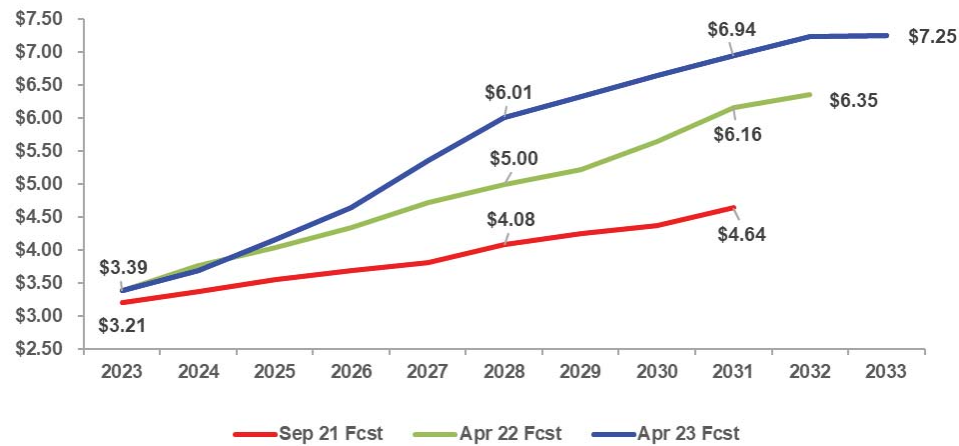
NTMWD Water Rate Increases 2022 and 2023 Forecasts



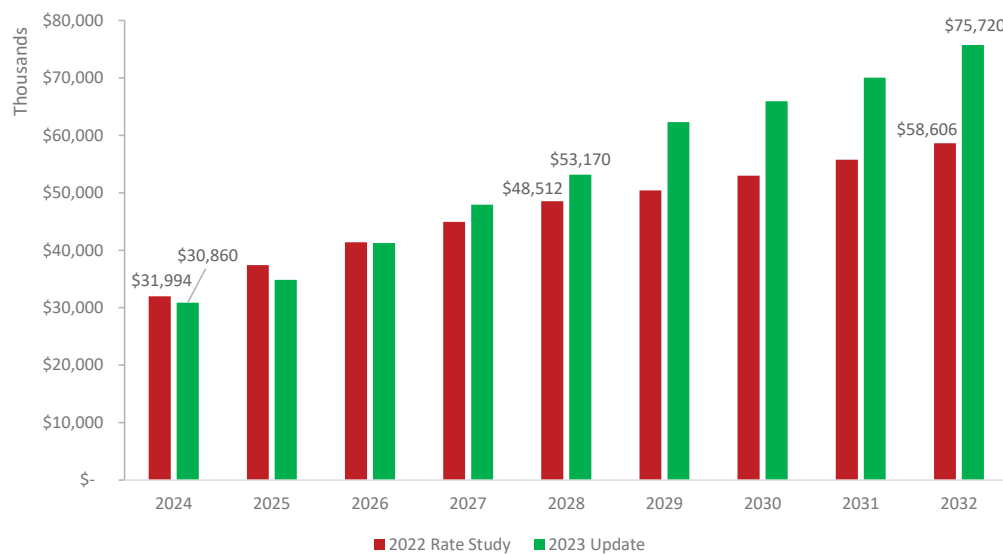
NTMWD
2021, 2022 & 2023 Rate Forecasts



Rate/1,000 Gal



NTMWD Wastewater Charges
2022 vs 2023



Rate Plan Scenarios



- 2024 rate recommendation remains same as forecast last year
- However, future years rates forecast to be higher due to NTMWD and CIP increases
- Two Scenarios to be Presented:
 - Scenario I** – CIP Without U.S. 380 Bypass -- \$315,475,000 in new debt
 - Scenario II** – CIP With U.S. 380 Bypass -- \$462,925,000 in new debt



CIP
2022 Rate Study vs 2023 Update



2022 Study CIP Total =\$202,200,000



Scenario I - 2023 Updated CIP No Bypass
Total = \$315,975,000



Scenario II - 2023 Update CIP Bypass
Total = \$468,425,000



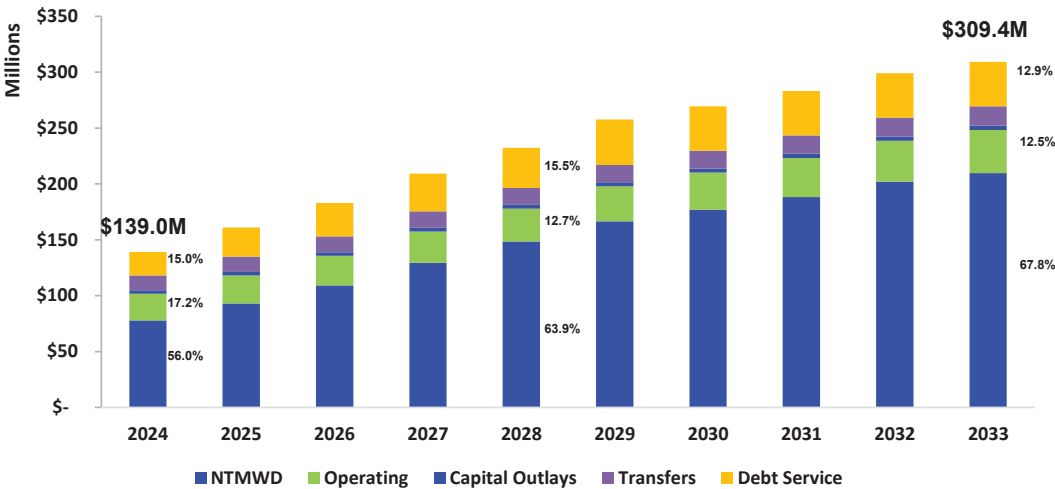
Water/Wastewater
Forecast Bond Issues



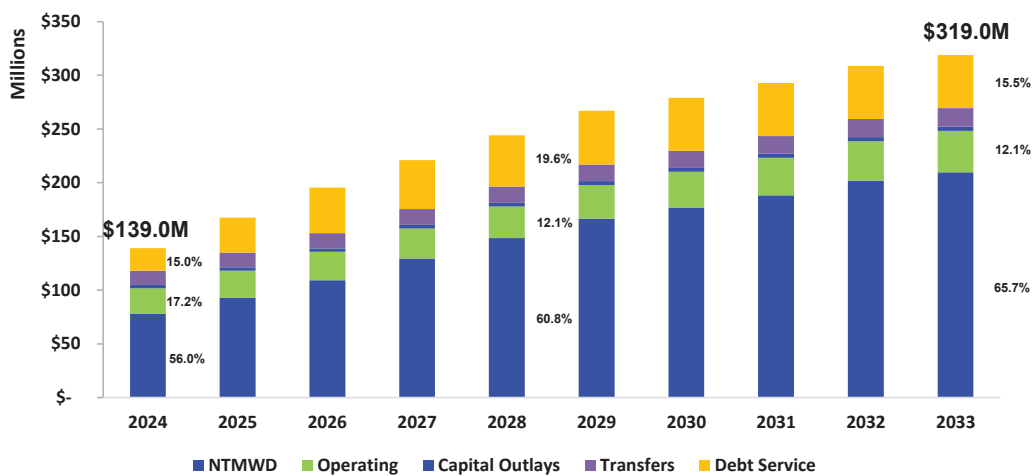
Forecast Bond Issues	2022 Rate Study		2023Update	
	Scenario I	Scenario II	Scenario I	Scenario II
2023	\$ 57,465,000	\$ 57,465,000	\$ 38,330,000	\$ 38,330,000
2024	54,500,000	54,500,000	82,250,000	181,100,000
2025	30,500,000	30,500,000	56,125,000	150,125,000
2026	32,500,000	32,500,000	57,800,000	47,300,000
2027	29,500,000	29,500,000	35,250,000	35,250,000
2028	41,000,000	41,000,000	84,050,000	49,150,000
Sub-Total	188,000,000	188,000,000	315,475,000	462,925,000
Total Debt	245,465,000	245,465,000	353,805,000	501,255,000



Scenario I -- Water and Wastewater
Forecast Cost of Service – 2023 Update



Scenario II -- Water and Wastewater
Forecast Cost of Service – 2023 Update



2023 Update – Scenario I (No Bypass)
Proposed Water Rate Plan



		Effective		Forecast		Forecast		Forecast		Forecast			
		Current	Oct-23	Oct-24	Oct-25	Oct-26	Oct-27						
WATER													
Water Rates -- Residential Inside													
Monthly Minimum Charge		\$	17.65	\$	18.70	\$	19.80	\$	21.00	\$	22.45	\$	24.00
Volume Rate Per 1,000 Gal													
1	7,000		4.35	4.70	5.10	5.50	6.00	6.55					
7,001	20,000		6.00	6.50	7.00	7.55	8.25	9.00					
20,001	40,000		7.60	8.20	8.85	9.55	10.40	11.35					
40,001	Above		9.10	9.85	10.65	11.50	12.55	13.70					
Water Rates -- Commercial Inside													
Monthly Minimum Charge													
3/4"			17.65	18.70	19.80	21.00	22.45	24.00					
1"			31.00	32.85	34.80	36.90	39.50	42.25					
1 1/2"			53.05	56.25	59.65	63.25	67.70	72.45					
2"			74.40	78.85	83.60	88.60	94.80	101.45					
3"			131.00	138.85	147.20	156.05	166.95	178.65					
4"			194.80	206.50	218.90	232.05	248.30	265.70					
6"			363.15	384.95	408.05	432.55	462.85	495.25					
8"			717.40	760.45	806.10	854.45	914.25	978.25					
10"			1,357.45	1,438.90	1,525.25	1,616.75	1,729.90	1,851.00					
12"			2,537.75	2,690.00	2,851.40	3,022.50	3,234.10	3,460.50					
Volume Rate Per 1,000 Gal													
1	Above		5.05	5.45	5.90	6.35	6.90	7.50					

Outside City Customers Pay 1.225x Inside City Rate In FY24; 1.25x Inside City Rate FY25 and Beyond

2023 Update – Scenario I (No Bypass)
Proposed Water Rate Plan



			Effective	Forecast	Forecast	Forecast	Forecast
		Current	Oct-23	Oct-24	Oct-25	Oct-26	Oct-27
WATER							
Water Rates - MU							
Monthly Minimum Charge		-	-	-	-	-	-
Volume Rate Per 1,000 Gal							
1	Above	3.80	4.10	4.45	4.80	5.25	5.70
Water Rates - Irrigation							
Monthly Minimum Charge							
3/4"		17.65	18.70	19.80	21.00	22.45	24.00
1"		31.00	32.85	34.80	36.90	39.50	42.25
1 1/2"		53.05	56.25	59.65	63.25	67.70	72.45
2"		74.40	78.85	83.60	88.60	94.80	101.45
3"		131.00	138.85	147.20	156.05	166.95	178.65
4"		194.80	206.50	218.90	232.05	248.30	265.70
6"		363.15	384.95	408.05	432.55	462.85	495.25
8"		717.40	760.45	806.10	854.45	914.25	978.25
Volume Rate Per 1,000 Gal							
1	7,000	4.35	4.70	5.10	5.50	6.00	6.55
7,001	20,000	6.00	6.50	7.00	7.55	8.25	9.00
20,001	40,000	7.60	8.20	8.85	9.55	10.40	11.35
40,001	Above	9.10	9.85	10.65	11.50	12.55	13.70

Outside City Customers Pay 1.225x Inside City Rate In FY24; 1.25x Inside City Rate FY25 and Beyond

2023 Update – Scenario I (No Bypass)
Proposed Wastewater Rate Plan



		Current	Effective Oct-23	Forecast Oct-24	Forecast Oct-25	Forecast Oct-26	Forecast Oct-27
WASTEWATER							
Wastewater Rates - Residential Inside							
Monthly Minimum Charge	\$	22.75	\$ 24.55	\$ 26.50	\$ 28.60	\$ 30.90	\$ 33.35
Volume Rate/1,000 Gal		6.35	6.85	7.40	8.00	8.65	9.35
Wastewater Rates - Commercial Inside							
Monthly Minimum Charge							
3/4"		22.75	24.55	26.50	28.60	30.90	33.35
1"		37.25	40.25	43.45	46.95	50.70	54.75
1 1/2"		61.55	66.45	71.75	77.50	83.70	90.40
2"		80.10	86.50	93.40	100.85	108.90	117.60
3"		125.60	135.65	146.50	158.20	170.85	184.50
4"		178.05	192.30	207.70	224.30	242.25	261.65
6"		304.20	328.55	354.85	383.25	413.90	447.00
8"		595.25	642.85	694.30	749.85	809.85	874.65
10"		1,225.30	1,323.30	1,429.15	1,543.50	1,667.00	1,800.35
12"		2,499.30	2,699.25	2,915.20	3,148.40	3,400.25	3,672.25
Volume Rate/1,000 Gal		6.35	6.85	7.40	8.00	8.65	9.35
Wastewater Rates - MU							
Monthly Minimum Charge		-	-	-	-	-	-
Volume Rate/1,000 Gal							
1 Above		4.80	5.20	5.60	6.05	6.55	7.05

Outside City Customers Pay 1.225x Inside City Rate In FY24; 1.25x Inside City Rate FY25 and Beyond



Scenario I – Monthly Charges
Impact on Ratepayers



		Current	Effective Oct-23	Forecast Oct-24	Forecast Oct-25	Forecast Oct-26	Forecast Oct-27
Residential Monthly Charges – 3/4"							
5,000 Water	5,000 WW	\$ 93.90	\$ 101.00	\$ 108.80	\$ 117.10	\$ 126.60	\$ 136.85
	Increase – \$		7.10	7.80	8.30	9.50	10.25
	Increase – %		7.6%	7.7%	7.6%	8.1%	8.1%
10,000 Water	5,000 WW	120.60	129.90	140.00	150.75	163.35	176.95
	Increase – \$		9.30	10.10	10.75	12.60	13.60
	Increase – %		7.7%	7.8%	7.7%	8.4%	8.3%
Commercial Monthly Charges – 2"							
40,000 Water	40,000 WW	\$ 610.50	\$ 657.35	\$ 709.00	\$ 763.45	\$ 825.70	\$ 893.05
	Increase – \$		46.85	51.65	54.45	62.25	67.35
	Increase – %		7.7%	7.9%	7.7%	8.2%	8.2%



Water and Wastewater Monthly Charges
Scenario I, Scenario II and 2022 Forecast



		Current	Effective Oct-23	Forecast Oct-24	Forecast Oct-25	Forecast Oct-26	Forecast Oct-27
Residential Monthly Charges – 3/4"							
5,000 Water	5,000 WW	\$ 93.90	\$ 101.00	\$ 107.65	\$ 112.70	\$ 116.85	\$ 119.65
	2022 Rate Study	93.90	101.00	108.80	117.10	126.60	136.85
	2023 Scen I	93.90	101.00	110.40	121.45	133.65	147.10
	2023 Scen II						
10,000 Water	5,000 WW	120.60	129.90	138.35	145.20	150.90	155.50
	2022 Rate Study	120.60	129.90	140.00	150.75	163.35	176.95
	2023 Scen I	120.60	129.90	142.40	156.95	173.15	191.00
	2023 Scen II						
Commercial Monthly Charges – 2"							
40,000 Water	40,000 WW	610.50	657.35	701.35	735.20	763.60	783.60
	2022 Rate Study	610.50	657.35	709.00	763.45	825.70	893.05
	2023 Scen I	610.50	657.35	720.25	793.45	874.30	962.90
	2023 Scen II						



Presentation Summary
Next Steps



- ▢ Rate recommendation for FY 2024 is the same as last year’s forecast
- ▢ Future rates will depend on two factors:
 - ▢ Account growth
 - ▢ NTMWD increases
 - ▢ CIP and 380 bypass expenditures
- ▢ Recommend continue annual reviews to ensure that any changes in assumptions are fully factored into rate plans



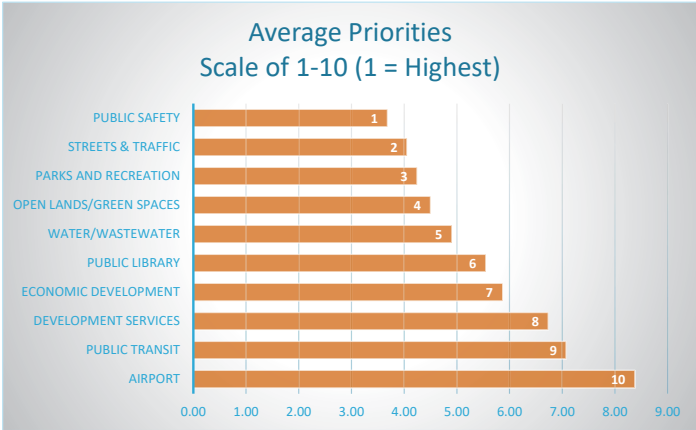
Questions?

FY 2024 Budget Overview



Citizens Budget Survey – Virtual Town Hall FY24

- Survey completed by 182 citizens on the allocation of City funds



FY 2024 Budget Opportunities

- Decrease property tax rate by **3.0 cents** to \$0.427513
- Sales Tax remains strong
- Step Increases for Employees in FY24
- 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



2019 Bond Package

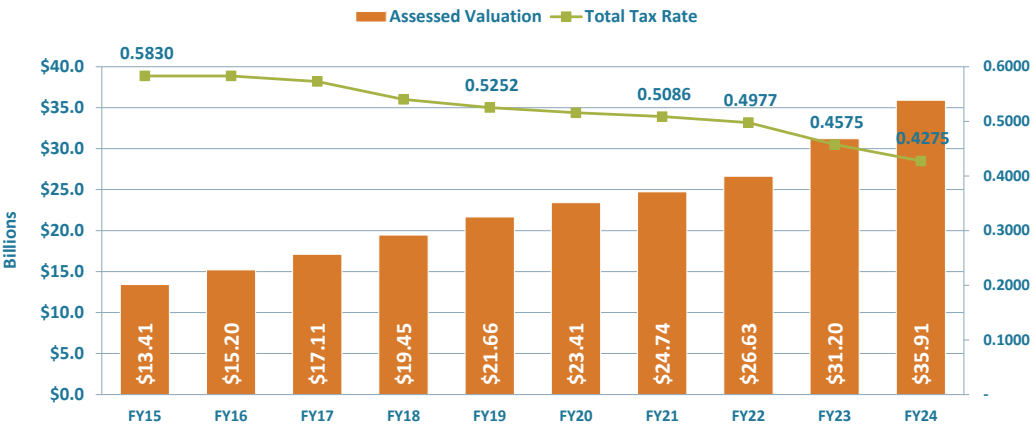
- Total Bond Package - \$350 Million
 - Public Safety Facilities \$75 Million
 - \$31.45 million issued
 - Municipal Community Complex \$50 Million
 - \$50 million issued
 - Parks and Recreation Facilities \$91 Million
 - \$46.09 million issued
 - Public Works Facilities \$34 Million
 - \$16.75 million issued
 - Street Improvements \$100 Million
 - \$65.09 million issued
- Total Issued - \$209.38 Million



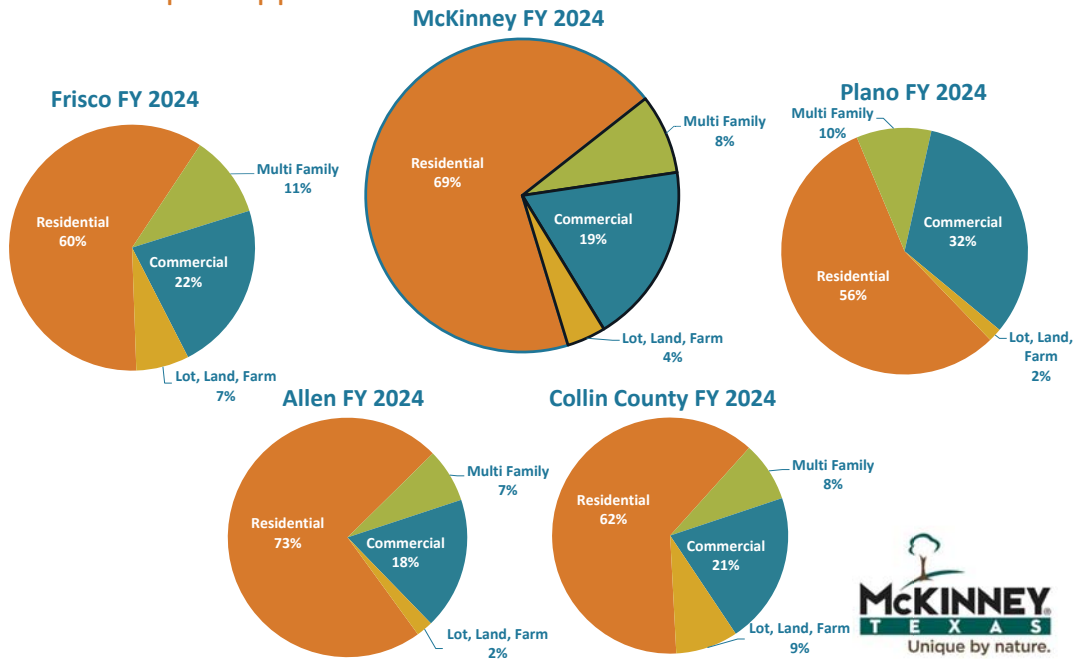
Property Tax



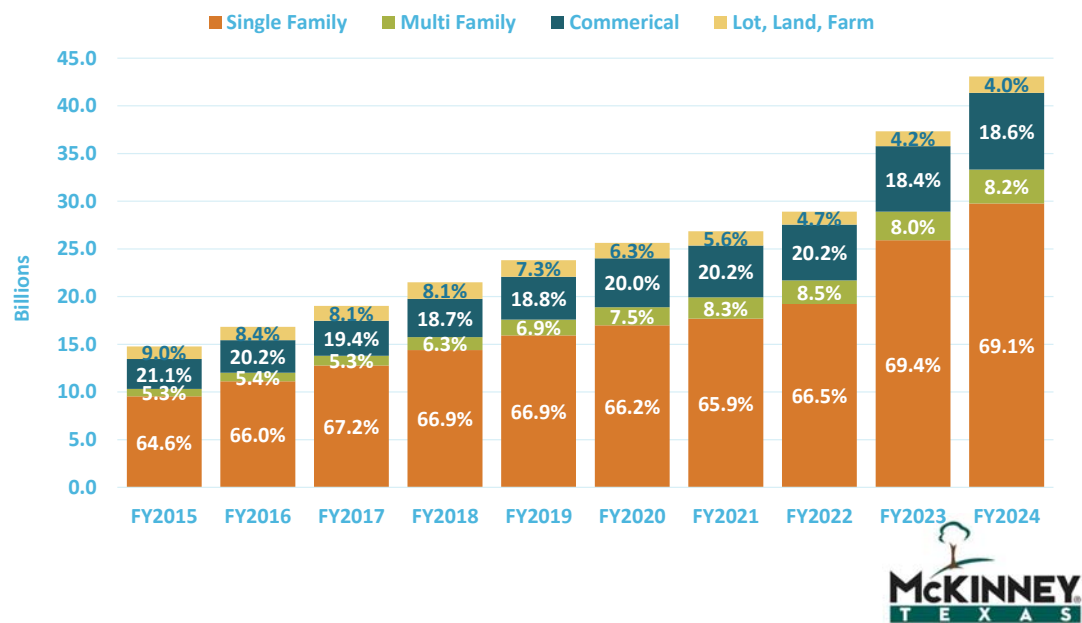
Taxable Value & Tax Rate History



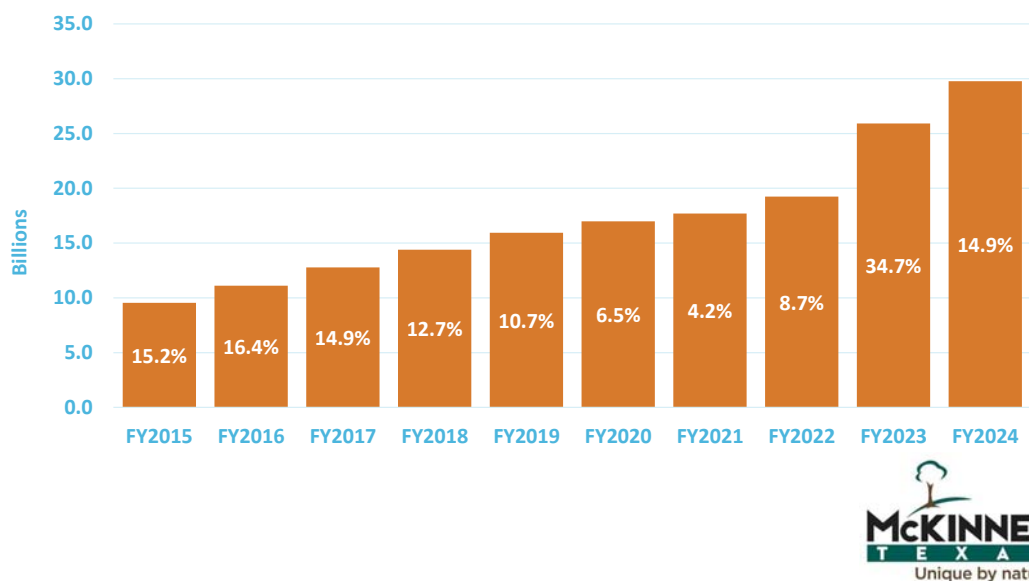
Makeup of Appraised Values – Sister Cities



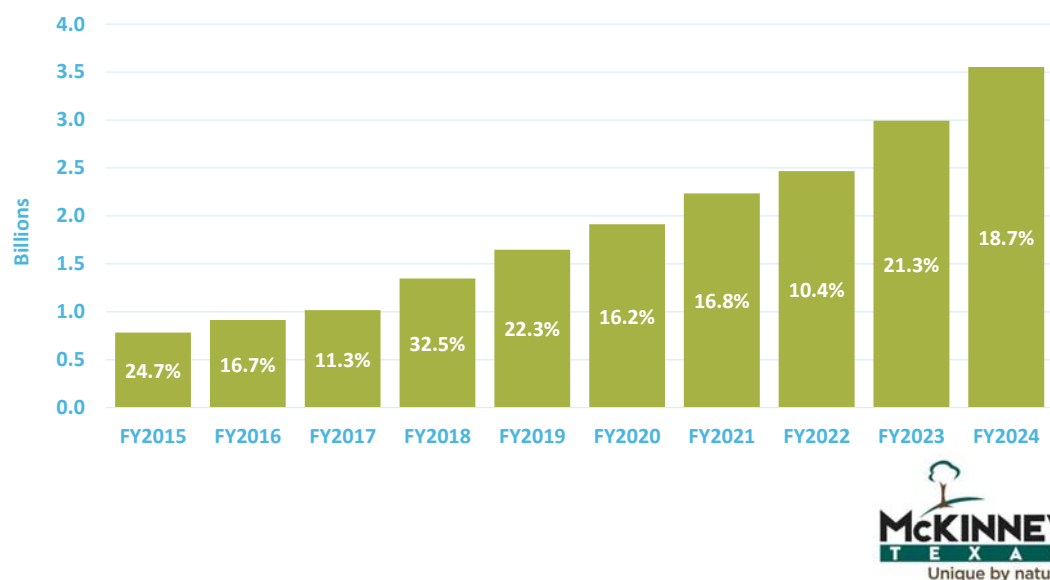
Makeup of Appraised Values



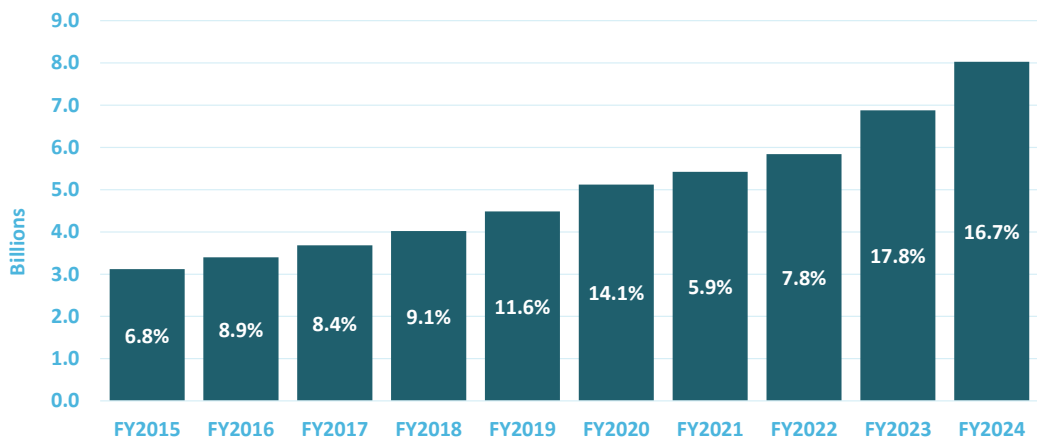
Single Family Residence Values - % of Change



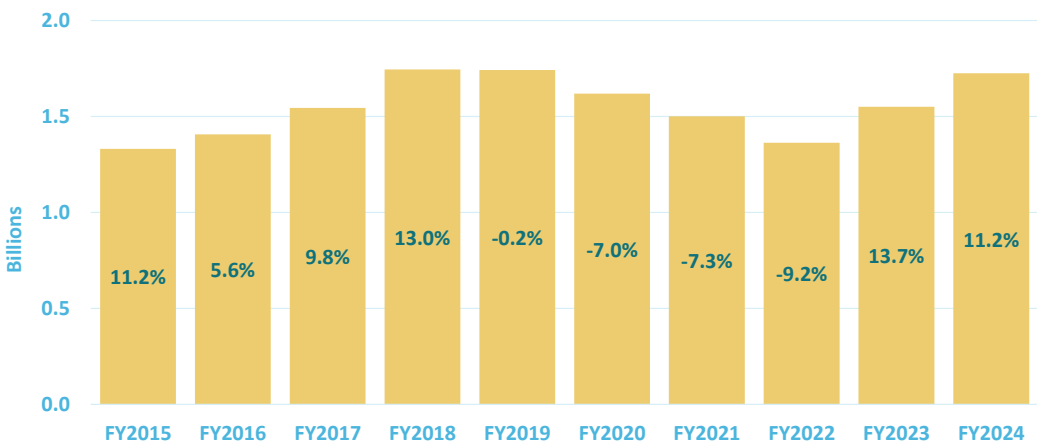
Multi Family Values - % of Change



Commercial Values - % of Change



(Vacant) Land Value - % of Change



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

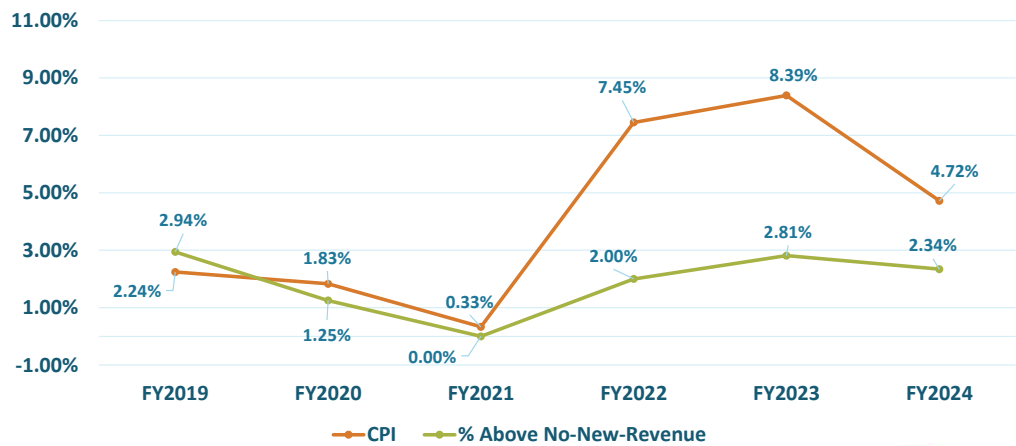
- 2018 – 2.24% CPI
 - 2019 – 1.83% CPI
 - 2020 – 0.33% CPI
 - 2021 – 7.45% CPI
 - 2022 – 8.39% CPI
 - 2023 – 4.72% CPI (May to May)
- FY19 – 2.94% Above NNR
 - FY20 – 1.25% Above NNR
 - FY21 – 0.00% Above NNR
 - FY22 – 2.00% Above NNR
 - FY23 – 2.81% Above NNR

FY24 Proposed Tax Rate

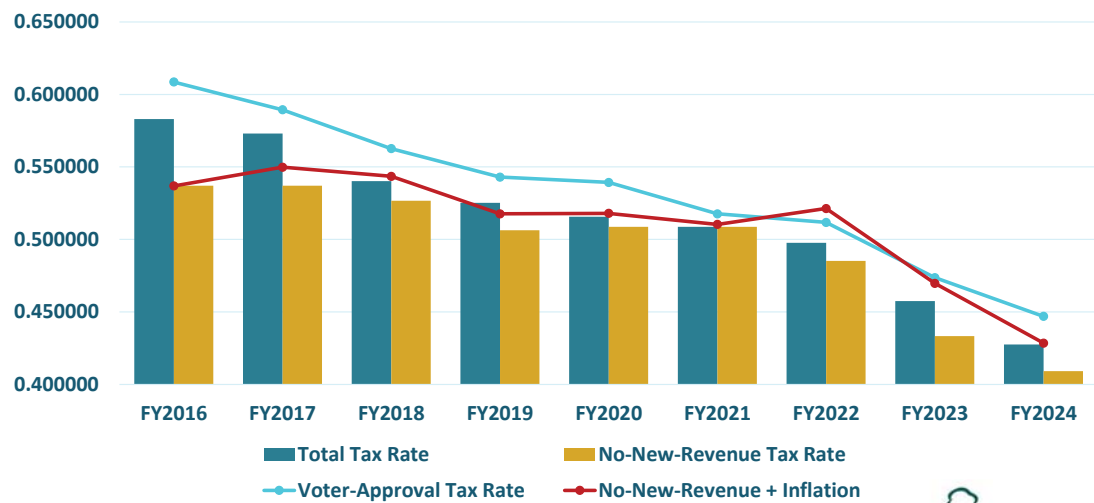
- FY2024 - .427513 (2.34% Above NNR)



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

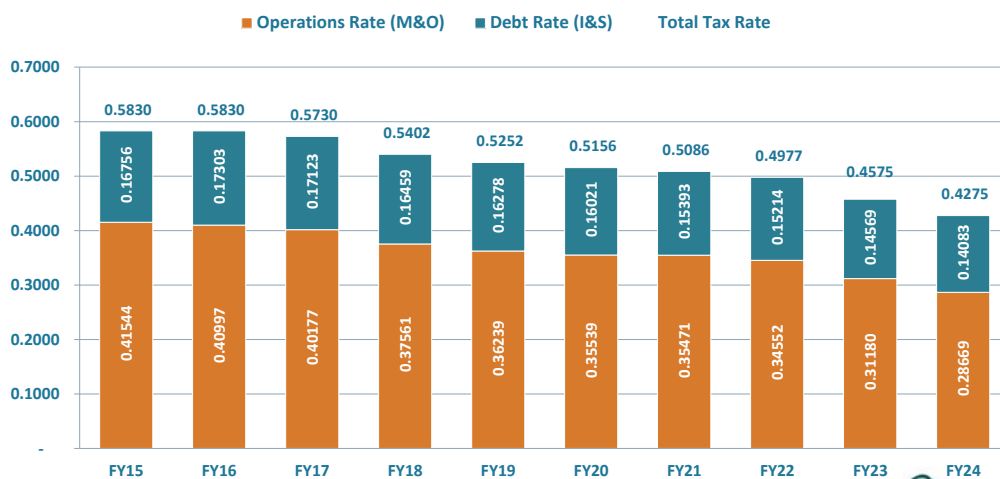


Total Tax Rate Comparison



Property Tax Rate

Operations & Debt Rate History

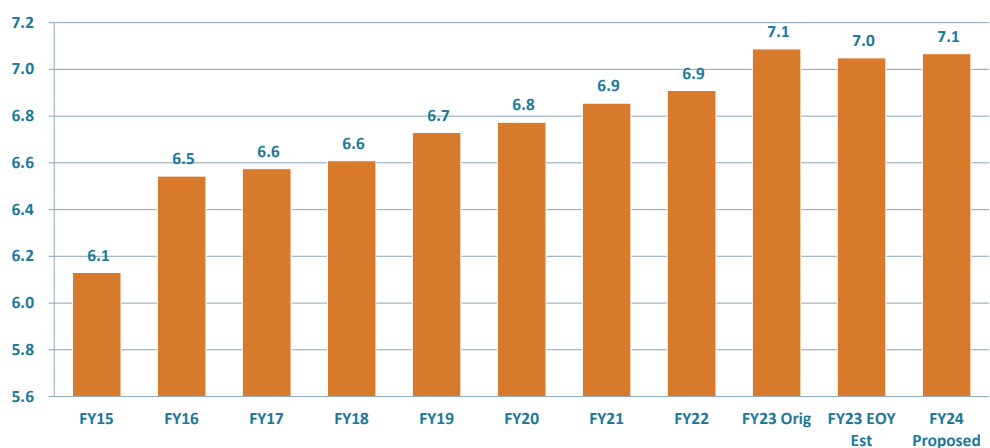


Tax Rate/Average Home Value

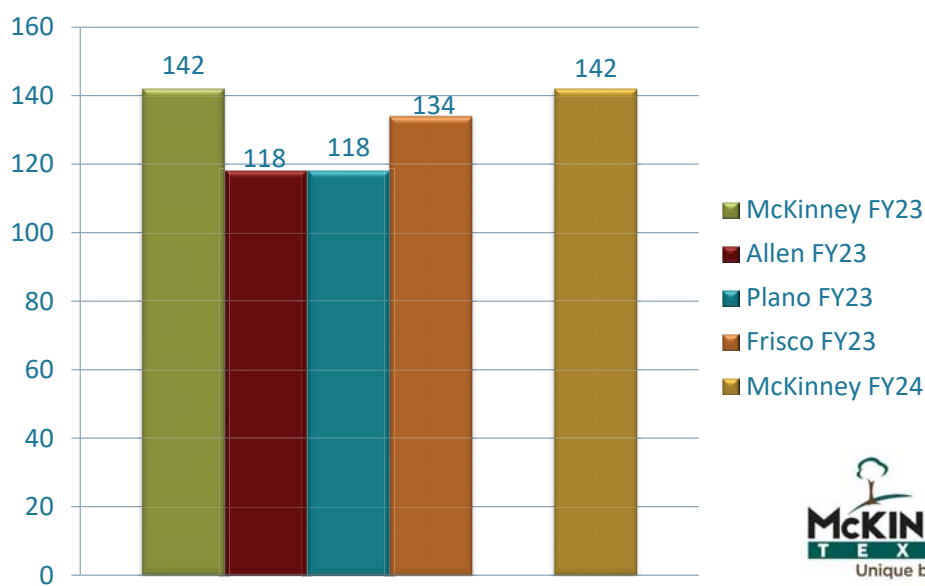
<u>2022 Tax Year</u>	<u>2023 Tax Year</u>
(FY23)	(FY24)
Tax Rate \$0.457485	Tax Rate \$0.427513
Avg. Market Value \$496,438	Avg. Market Value \$561,541
Avg. Taxable Value \$415,259	Avg. Taxable Value \$466,249
<u>Average Tax Levy</u>	<u>Average Tax Levy</u>
\$1,899	\$1,993



Citizens Served Per Employee



Citizens Served – Sister Cities



General Fund Revenues



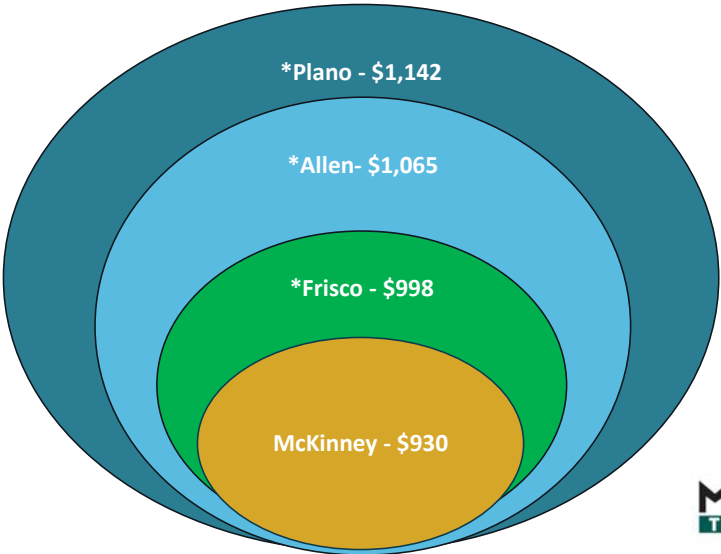
FY 2024 Revenue Estimates

- Budget for sales tax conservative
 - FY23 + 5.0%
- Building Permits
 - Up \$500,000 from FY23 Budget
 - Budgeted at 2% over FY22 actual
 - FY23 engineering inspections are used as indicator
- Interest Income
 - \$863,000 more than FY23 EOY
- Franchise Fees
 - Budgeted 2% above FY23 EOY budget
 - Have remained relatively flat

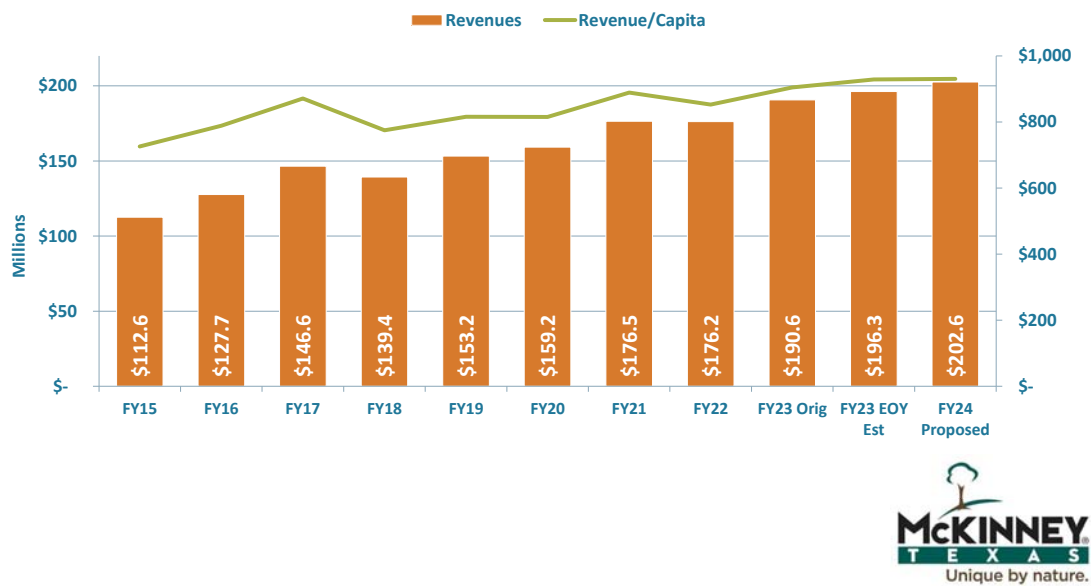


Sister Cities GF Revenues Per Capita

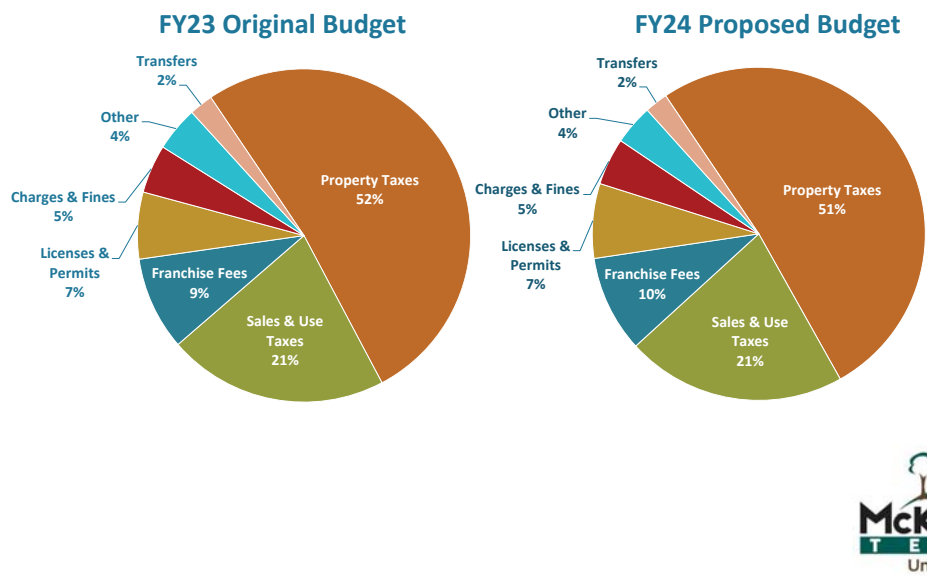
*Based on FY2023 Adopted Budgets



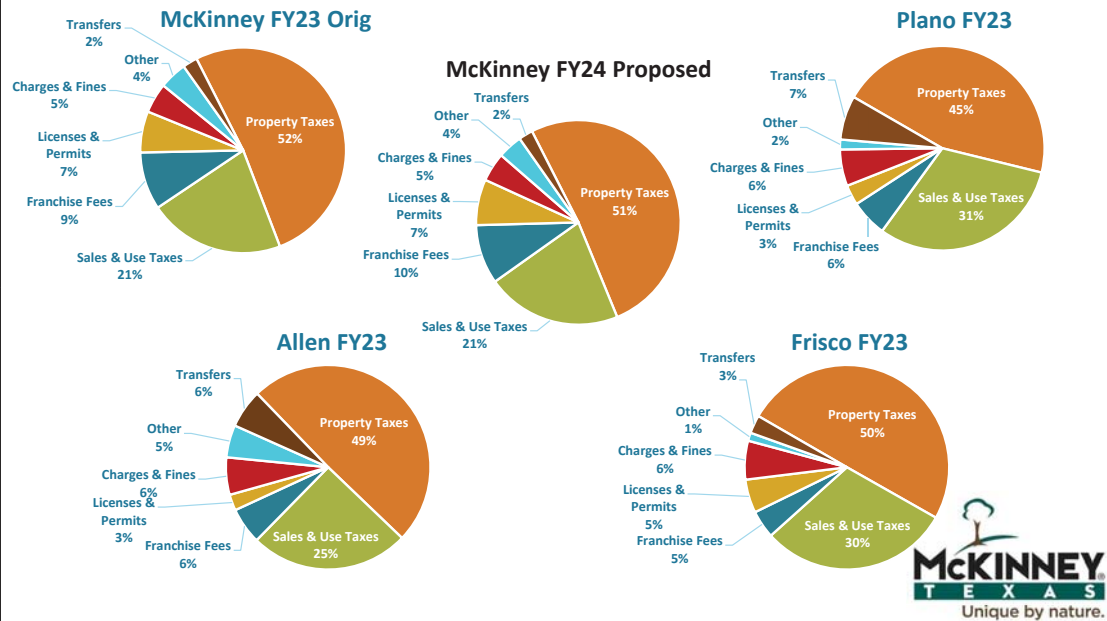
General Fund Revenues



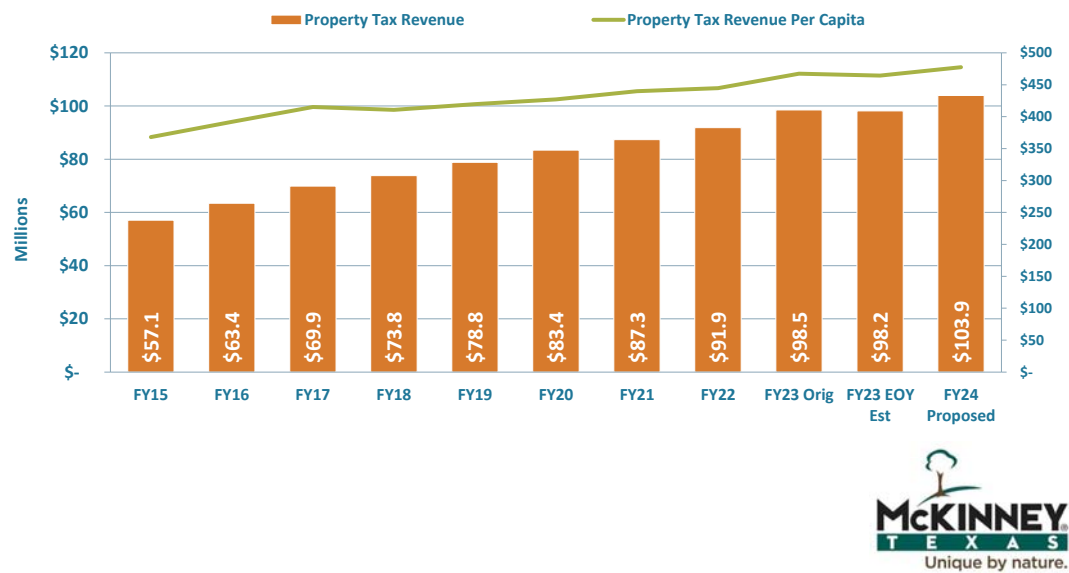
General Fund Revenue Makeup



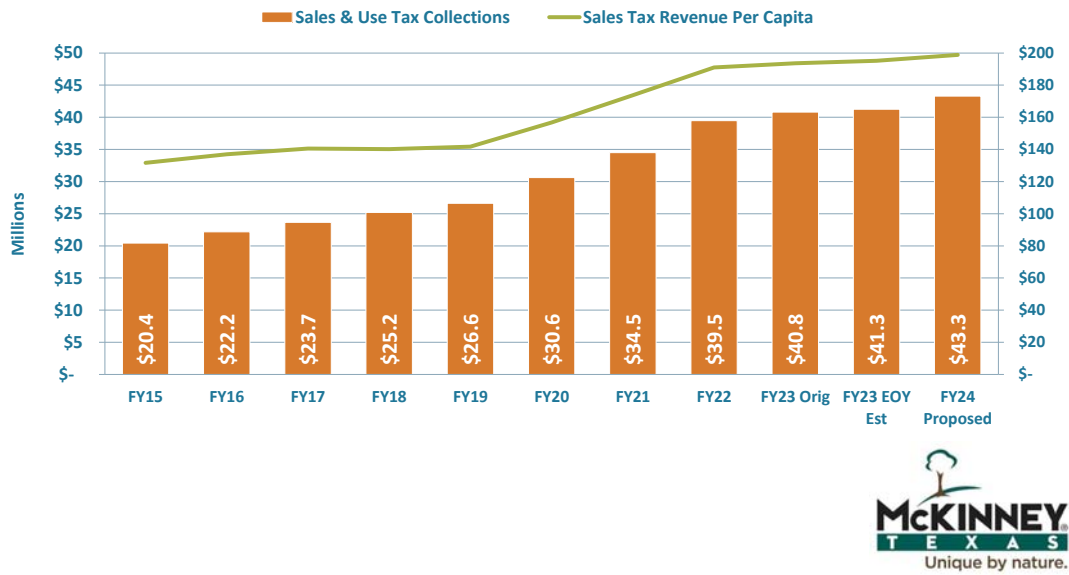
General Fund Revenue Makeup – Sister City Comparison



Property Tax Revenue



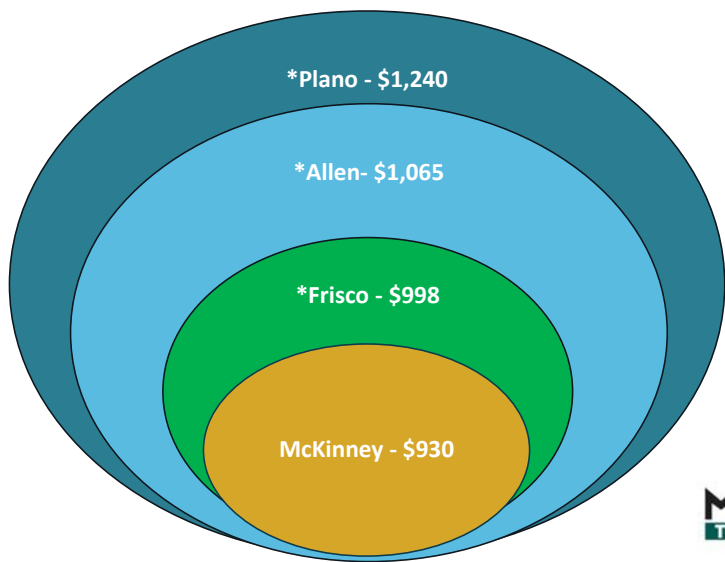
Sales Tax Revenue



General Fund Expenditures

Sister Cities GF Expenditures Per Capita

*Based on FY2023 Adopted Budgets

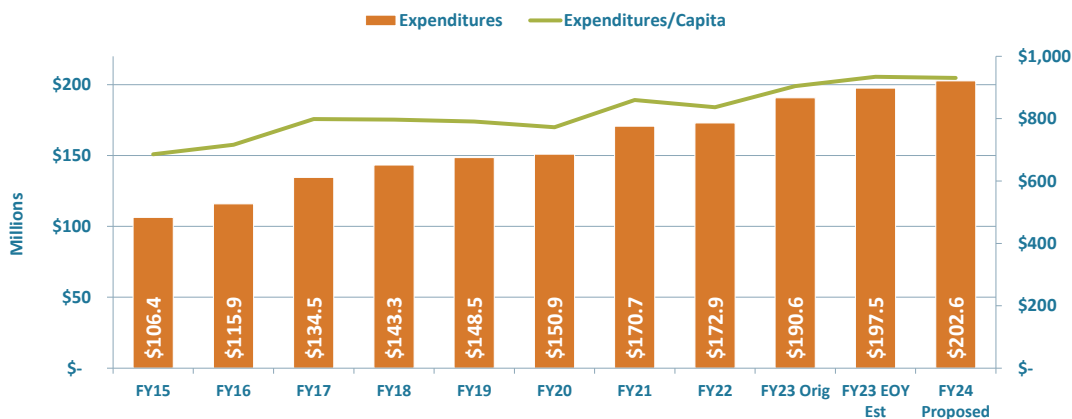


General Fund Expenditure Highlights

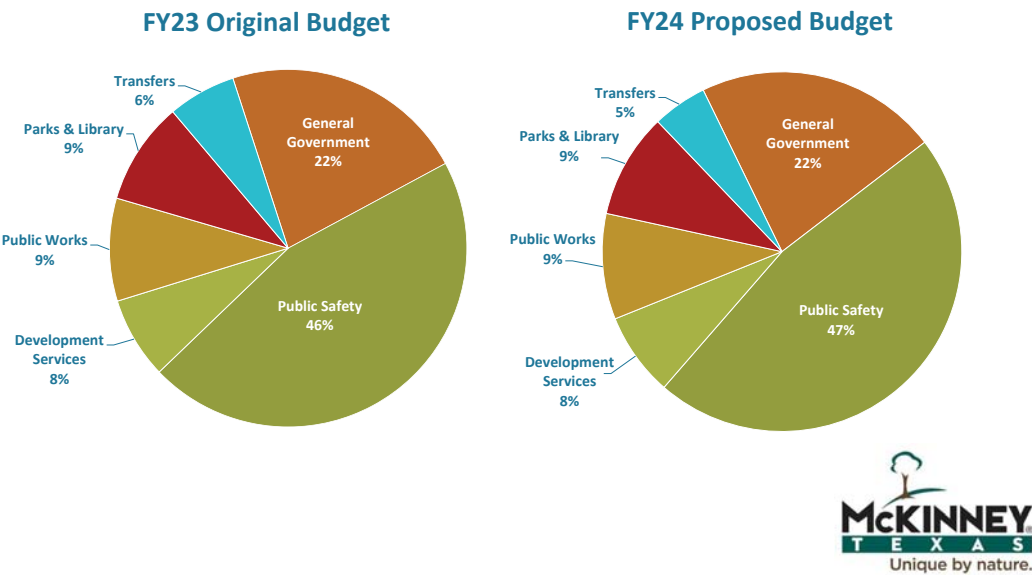
- \$6,500,000 – New Employees & Equipment
- \$1,700,000 – Public Safety Step Increases
- \$1,500,000 – Step Increases for General Government Employees
- Salary Plan updated based off Market Study done in FY23



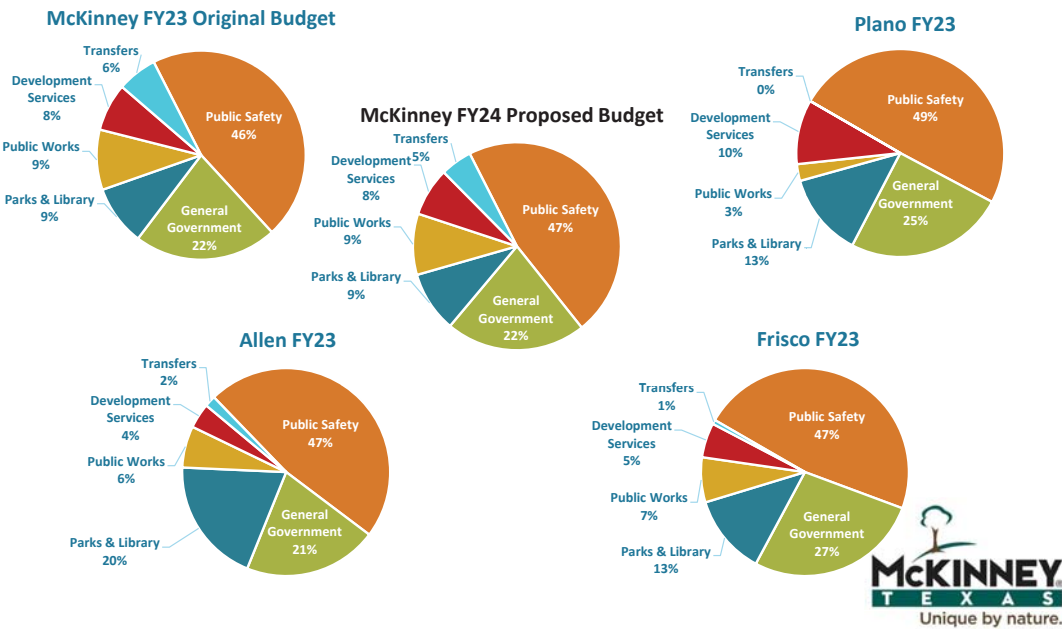
General Fund Expenditures



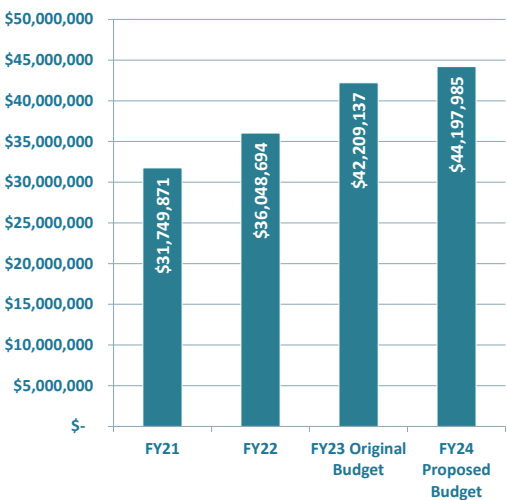
General Fund Expense Makeup



General Fund Expense Makeup – Sister City Comparison



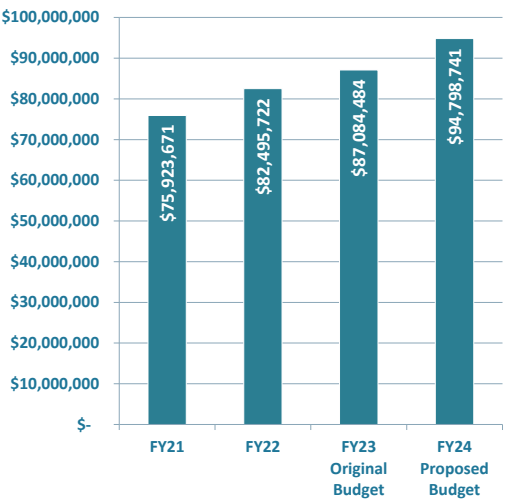
General Government



- 167 Authorized Positions
- Includes all internal business functions
- FY24 expenditures include new:
 - Risk Manager
 - Deputy City Marshal
 - 50% of Program Coordinator



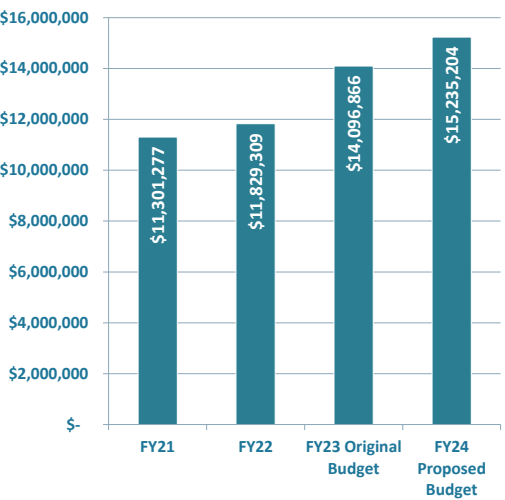
Public Safety



- 600 Authorized Positions
- FY24 expenditures include new:
 - Police Dept. Employees (10)
 - 6 First Responders
 - Sergeant
 - Radio Systems Specialist
 - 2 Detectives
 - Fire Dept. Employees (7)
 - 6 Firefighter/Paramedics
 - Graduate Fire Protection Engineer



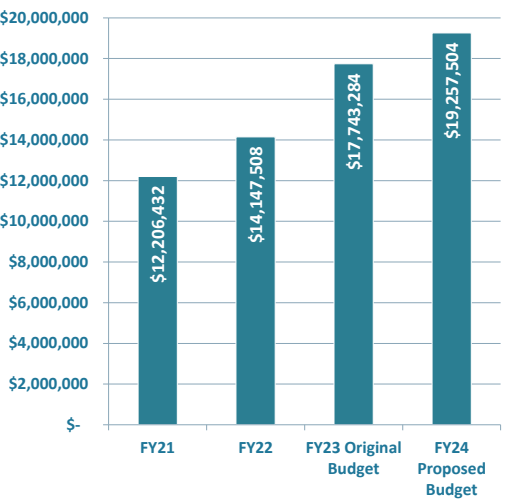
Development Services



- 119 Authorized Positions
- FY24 expenditures include new:
 - CIP Manager
 - 2 Combination Building Inspectors



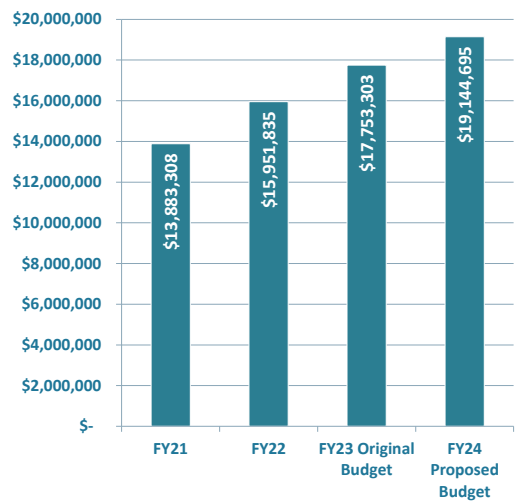
Public Works



- 83 Authorized Positions
- FY24 expenditures include new:
 - HVAC Supervisor
 - Sr. Facilities Maintenance Mechanic
 - Facilities Maintenance Mechanic II
 - Right of Way Inspector



Parks & Library



- 206 Authorized Positions
- FY24 expenditures include new:
 - Juneteenth Celebration
 - Assistant Director of Parks
 - 2 Maintenance Technicians
 - Maintenance Crew leader
 - Maintenance Specialist
 - Library Volunteer and Partnerships Coordinator



Grants to Community

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

Arts Commission	200,000
Community Support Grants	175,000
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
	<hr/>
	625,950



Capital Improvements Program



Capital Improvements Program – FY 2024-2028

Project	Funded Thru FY23 (Incl BA)	FY23 Adjustments	FY23-24	FY24-25	FY25-26	FY26-27	FY27-28	TOTAL
Airport	\$ 74,474,433	\$ 600,000	\$ 14,871,181	\$ 7,130,847	\$ 1,864,181	\$ -	\$ -	\$ 98,940,642
Drainage	7,730,000	-	-	-	-	-	-	7,730,000
Facilities	182,603,206	(17,250,000)	25,250,000	-	-	-	-	190,603,206
Public Safety Improvements	67,555,997	(11,000,000)	746,147	40,000,000	3,550,000	-	-	100,852,144
Library	-	-	-	-	-	-	-	-
Parks	97,898,099	9,543,231	50,167,756	5,070,000	160,000	160,000	180,000	163,179,086
Streets	192,311,141	4,750,000	44,315,000	-	-	-	-	241,376,141
Technology Improvements	21,280,761	170,000	1,250,000	-	-	-	-	22,700,761
Traffic	17,928,128	(300,055)	7,319,230	-	-	-	-	24,947,303
Water	181,620,735	10,601,000	136,225,000	117,950,000	34,150,000	17,200,000	21,450,000	519,196,735
Wastewater	80,899,466	(10,551,000)	49,875,000	32,175,000	13,150,000	18,050,000	27,700,000	211,298,466
Grand Total	\$ 924,301,966	\$ (13,436,824)	\$ 330,019,314	\$ 202,325,847	\$ 52,874,181	\$ 35,410,000	\$ 49,330,000	\$ 1,580,824,484



Major Projects – FY 2024 Funding

- Airport Projects
 - Taxi lane A Realignment and Rehabilitation \$8.2M
- Facilities Projects
 - Public Works Complex - College Street Service Center Campus Renovations \$17.3M
 - City Hall Technology and Furnishings \$8.0M
- Parks Projects
 - Craig Ranch Soccer Complex \$30.0M
 - Old Settler's Park and Aquatic Renovation \$10.0M
- Streets Projects
 - Seneca Washington Wattlely Town Thoroughfare Improvements \$16.5M
- Water / Wastewater Projects
 - US 380 Utility Relocations \$43.5M
 - Stonebridge Water Line from US 380 to Bloomdale 920 PP \$34.9M
 - SH5 Utility Relocations Phase 2 \$15.5M
 - Airport Boulevard Water Line - North Loop \$15.2M
 - Wilson Creek Parallel Sanitary Sewer - North (Virginia to US 75) \$10.5M
 - US 380 Utility Relocations \$10.0M



Unfunded Projects

Project Type	FY24	FY25	FY26	FY27	FY28	Total
Airport	308,135,819	6,191,153	2,469,152	-	37,733,000	354,529,124
Drainage	11,675,000	1,400,000	1,400,000	400,000	400,000	15,275,000
Facilities	-	-	64,500,000	-	-	64,500,000
Public Safety	-	18,000,000	7,500,000	58,500,000	20,000,000	104,000,000
Library	-	13,000,000	-	-	-	13,000,000
Parks	-	35,000,000	-	-	-	35,000,000
Streets	23,250,000	31,885,000	61,650,000	36,500,000	20,500,000	173,785,000
Traffic	-	2,300,000	300,000	2,000,000	-	4,600,000
Wastewater	-	-	-	-	500,000	500,000
Total	343,060,819	107,776,153	137,819,152	97,400,000	79,133,000	765,189,124



Major Unfunded Projects

- Airport Projects
 - East Side Development & Infrastructure \$260.5M
 - Parallel Taxiway – East Side of RWY 18-36 \$39.5M
 - Extend Runway 18 – Phase 2 Additional 500’ \$37.7M
- Drainage Projects
 - Laud Howell Parkway Bridge – Honey Creek \$9.3M
- Facilities Projects
 - Public Works Complex - College Street Service Center Campus Renovations \$25.0M
 - Municipal Court Facility – New Construction \$36.0M
- Parks & Library Projects
 - New Senior Center \$35.0M
 - Roy & Helen Hall Memorial Library Renovation \$10.0M
- Public Safety Projects
 - (Future) Fire Station – Virginia/Hardin (without Apparatus) \$13.5M
 - Fire Station #8 Reconstruction – 3445 Alma Road (without Apparatus) \$12.5M
 - (Future) Fire Station and Apparatus Storage Facility – Redbud Blvd \$22.0M
 - (Future) Fire Station – Inside Airport Secured Area \$15.0M
 - Public Safety Phase 7 Expansion & Renovations \$20.0M
- Various Street Projects \$75.4M



Bond Election Important Dates

- September – Form Bond Committee
- October through December – Bond Committee Meetings
- February 16th – Deadline for Council to Call Election
- May 4th – Bond Election



Water and Wastewater Fund



Water and Wastewater Highlights

- Continue water line replacement program
- Anticipate a debt sale for capital projects in FY24
- Supplementals proposed include:
 - 2 Meter Maintenance Crew Leader
 - Meter Data Analyst
 - 2 Wastewater Maintenance Technicians
 - Wastewater Crew Leader
 - Water Quality & Sampling
 - Safety Equipment for Water Maintenance
 - Emergency Response Equipment



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Water and Wastewater Rates

- Rates and NTMWD
 - NTMWD FY24
 - 9% Increase on Water
 - 11.3% Increase on Wastewater
 - Increased rates due to market conditions, commodity prices, capital improvements district wide, & increased regulatory requirements
 - City of McKinney proposes
 - 8% increase on Water
 - 8% increase on Wastewater
 - Allows for Water/Wastewater fund to remain self-sufficient



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Solid Waste, Surface Water Drainage & Replacement Fund



Solid Waste Fund

- Solid Waste rates increased \$0.96 for Residential customers & increased 5% for Commercial
 - 2021 was first rate increase to customers since FY2006
- Contracts for collection of Solid Waste & Recycling and Recycling Processing will be presented to council 8/15
- Supplementals proposed include:
 - Asset Management Analyst
 - Environmental Outreach Coordinator
 - Grapple Truck



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Surface Water Drainage Fund

- No changes to fee schedule (updated in FY15)
- Supplementals proposed include:
 - Asset Management Analyst



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Equipment & Facilities Replacement Fund

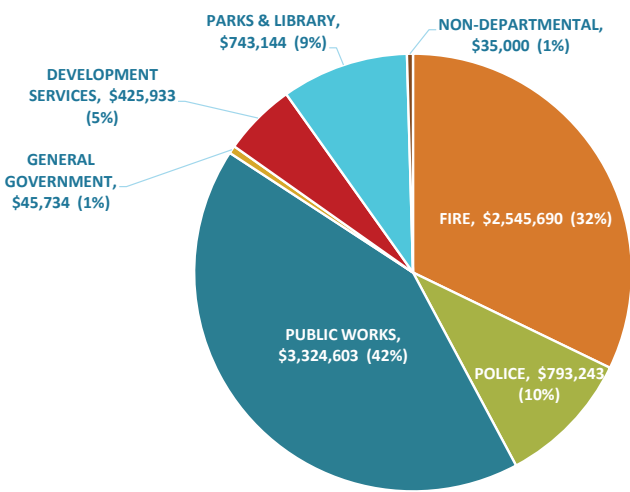
- Fund initiated in FY14 to address needed fleet replacements and facilities upgrades and repairs
- Attempting to fund depreciation in all funds, as funds are available, to lessen dependence on debt
- This fund has replaced HVAC units, addressed failing roofs, and provided upgrades for several facilities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



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Equipment & Facilities Replacement Fund

- During FY23, over \$7.9M has been used for replacements in the following departments:



McKinney National Airport



McKinney National Airport

- Surplus of \$153K presented for FY24
 - Reinvestment in Airport Construction Fund
 - Annual General Fund contribution ended FY20
- Supplementals proposed include:
 - PT/Seasonal Maintenance
 - Maintenance Specialist
 - FBO Truck
 - Maintenance Truck
 - FBO GPU
 - Tug
 - New Badging System
 - Mowers (x3)



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 FY23 Hotel/Motel Tax Collection \$2,600,000



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Visit McKinney Budget Notes

- Total operating costs up \$273,000 over FY23 Adopted
 - \$1.04M to \$1.31M
- Supplementals proposed include:
 - Visit McKinney Store Merchandise
 - PT Coordinator
 - Digital Content Coordinator
 - Staff Vehicle
 - Increased Tourism Marketing
 - Simpleview Support Hours
 - HOT Tax Collection Software



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Visit McKinney Budget and Current Staffing

STATEMENT OF REVENUES AND EXPENDITURES	Actual FY 20-21	Actual FY 21-22	Original FY 22-23	EOY Estimate FY 22-23	Proposed FY 23-24
REVENUES					
Interest Income	\$ 290	\$ 830	\$ 2,000	\$ 2,500	\$ 2,000
Other Income	3,846	4,686	4,460	4,460	4,460
Transfers from Hotel/Motel Fund	878,000	895,000	1,030,000	1,030,000	1,252,000
Total Revenues	\$ 882,137	\$ 900,515	\$ 1,036,460	\$ 1,036,960	\$ 1,256,460
EXPENDITURES					
Personnel	\$ 540,583	\$ 542,566	\$ 580,975	\$ 586,534	\$ 703,828
Supplies	4,715	8,494	9,774	9,774	19,374
Maintenance	-	-	-	-	750
Services/Sundry	314,299	412,601	445,385	445,385	542,266
Capital	-	-	-	-	43,388
Total Expenditures	\$ 859,598	\$ 963,662	\$ 1,036,134	\$ 1,041,693	\$ 1,309,606
NET INCOME	22,539	(63,146)	326	(4,733)	(51,146)
BEGINNING FUND BALANCE	117,640	140,179	1,659	77,033	72,300
ENDING FUND BALANCE	\$ 140,179	\$ 77,033	\$ 1,985	\$ 72,300	\$ 21,154

STAFFING	Grade	EOY Estimate FY 22-23	Proposed FY 23-24
Executive Director of CVB	D3	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	1.00	1.00
Executive Assistant	12	1.00	1.00
Digital Content Coordinator*	12	0.00	1.00
Administrative Assistant	8	0.00	0.00
PT Center Coordinator*	6B	0.00	0.75
Staff Assistant <1560 hrs	5B	0.00	0.00
Staff Assistant <1000 hrs	5A	1.00	0.50
* Position(s) added in FY 23-24.			
Total		6.00	7.25



MEDC

- Main Source of Funds – ½ Cent Type A Sales Tax
– FY23 Estimated Collection \$23,359,039
- 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 20-21	Actual FY 21-22	Original FY 22-23	EOY Estimate FY 22-23	Proposed FY 23-24
REVENUES					
Sales Taxes	\$ 18,349,959	\$ 21,187,337	\$ 21,772,226	\$ 22,246,704	\$ 23,359,039
Interest Income	7,624	108,573	287,000	712,600	615,000
Other Operating Income	-	-	218,111	218,111	468,111
Sale of Land	87,106	916	-	-	-
Bond Proceeds	-	-	-	-	-
Total Revenues	\$ 18,444,688	\$ 21,296,826	\$ 22,277,337	\$ 23,177,415	\$ 24,442,150
EXPENDITURES					
Personnel	\$ 1,161,570	\$ 1,541,929	\$ 1,556,721	\$ 1,307,467	\$ 1,698,003
Supplies	35,531	46,601	87,500	87,500	68,500
Maintenance	-	-	2,750	2,750	2,750
Services/Sundry	6,961,653	11,491,261	17,918,528	34,171,353	20,201,887
Capital	-	264,040	77,000	512,960	-
Transfers to Other Funds	3,967,690	2,472,226	2,472,839	2,472,839	2,471,010
Total Expenditures	\$ 12,126,444	\$ 15,816,056	\$ 22,115,338	\$ 38,554,869	\$ 24,442,150
NET INCOME	6,318,245	5,480,770	161,999	(15,377,454)	0
BEGINNING FUND BALANCE	14,035,836	20,354,081	8,216,610	25,834,851	10,457,397
ENDING FUND BALANCE	\$ 20,354,081	\$ 25,834,851	\$ 8,378,609	\$ 10,457,397	\$ 10,457,397



MEDC Budget and Current Staffing (Cont.)

STAFFING	Grade	EOY Estimate FY 22-23	Proposed FY 23-24
MEDC President	D10	1.00	1.00
MEDC Executive Vice President of Operations +	27	0.00	0.00
MEDC Senior Vice President*	27	1.00	2.00
MEDC Director of Technology & Research	23	1.00	1.00
MEDC Director of Business Retention & Workforce Development +	23	1.00	1.00
MEDC Special Project & Events Manager	19	1.00	1.00
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
Executive Assistant	12	1.00	1.00
* Position(s) added in FY 23-24.			
+ Position(s) reclassified in FY 22-23.			
Total		10.00	11.00



MCDC

- Main Source of Funds – ½ Cent Type B Sales Tax
– FY21 Estimated Collection \$23,359,039
- 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 20-21	Actual FY 21-22	Original FY 22-23	EOY Estimate FY 22-23	Proposed FY 23-24
REVENUES					
Sales Tax	\$ 18,349,959	\$ 21,187,337	\$ 21,772,226	\$ 22,246,704	\$ 23,359,039
Interest Income	53,378	422,548	1,921,000	1,557,780	994,000
Other Income	5,250	1,000,000	13,329	163,329	13,329
Total Revenues	\$ 18,408,586	\$ 22,609,885	\$ 23,706,555	\$ 23,967,813	\$ 24,366,368
EXPENDITURES					
Personnel	\$ 295,084	\$ 310,649	\$ 319,676	\$ 323,145	\$ 332,806
Supplies	2,391	1,725	15,250	15,250	15,250
Maintenance	-	-	2,500	2,500	2,500
Services/Sundry	13,821,490	11,349,959	19,769,129	49,105,755	23,895,812
Capital	6,447,062	5,274,820	3,600,000	13,008,107	120,000
Total Expenditures	\$ 20,566,028	\$ 16,937,152	\$ 23,706,555	\$ 62,454,757	\$ 24,366,368
NET INCOME	(2,157,442)	5,672,733	-	(38,486,944)	-
BEGINNING FUND BALANCE	63,586,553	61,429,112	22,959,185	67,101,845	28,614,901
ENDING FUND BALANCE	\$ 61,429,112	\$ 67,101,845	\$ 22,959,185	\$ 28,614,901	\$ 28,614,901

STAFFING	Grade	EOY Estimate FY 22-23	Proposed FY 23-24
MCDC President	D5	1.00	1.00
Administrative and Marketing Coordinator	14	1.00	1.00
Total		2.00	2.00



Budget Calendar

