CITY COUNCIL WORK SESSION

AUGUST 7, 2026

The City Council of the City of McKinney, Texas met in work session in the City Hall Council Chambers, 401 E. Virginia Street, McKinney, Texas on Friday, August 7, 2026, at 8:30 a.m.

The work session was streamed 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 Pro Tem Rick Franklin called the work session to order at 8:35 a.m., upon determining a quorum consisting of himself and the following McKinney City Councilmembers were present: Patrick Cloutier, Rick Franklin, Michael Jones, Geré Feltus, and Ernest Lynch.

Mayor Bill Cox arrived at 8:43 a.m.

Councilmember Justin Beller was absent.

These City of McKinney staff were present: City Manager Paul Grimes, Assistant City Manager Barry Shelton, Assistant City Manager Trevor Minyard, Assistant City Manager Jennifer Arnold, Assistant to the City Manager Nimra Zubair, Management Analyst Madison Bushong, City Attorney Mark Houser, First Assistant City Attorney Benjamin Samples, Director of Public Works Ryan Gillingham, Director of Parks & Recreation Amy Kinkade, Chief Financial Officer Mark Holloway, Director of Engineering Gary Graham, Deputy City Secretary Tenitrus Parchman, Assistant Director of Parks & Recreation Erica Lyght, Assistant Director of Parks & Recreation Robert Gaylor, Assistant Fire Chief Sean Stephens, Assistant Fire Chief Chris Lowry, Administrative Assistant Sheridan Burns, Audio Visual Technician Joshua Arias, Budget Manager Trevor Daggon, Financial Analyst Palama Rodgriguez, Financial Analyst Tracy Phelan, Executive Assistant Lottie Bock, and Police Officer Kendall Sam.

There were approximately two (2) members of the public present, including Dan Jackson with Wildan Consulting.

Mayor Pro Tem Franklin called for public comments on agenda items; at which time there were none.

Mayor Pro Tem Franklin called for Agenda Items.

26-0755 Discuss Fiscal Year 2026-27 Budget

The revised presentation, not included on the posted agenda, can be found in these minutes as Appendix A: Budget Presentation.

Mayor Cox called for a recess at 10:18 a.m.

The Council reconvened at 10:37 a.m.

The Council did not recess into executive session.

Council unanimously approved the motion by Councilmember Cloutier, seconded by Mayor Pro Tem Franklin, to adjourn the work session at 11:58 a.m.

These minutes were approved by the City Council on August 18, 2026.

SIGNED:

____
BILL COX, Mayor
RICK FRANKLIN, Mayor Pro Tem

ATTEST:

____
EMPRESS DRANE, City Secretary
TENITRUS PARCHMAN, Deputy City Secretary

City of McKinney, Texas

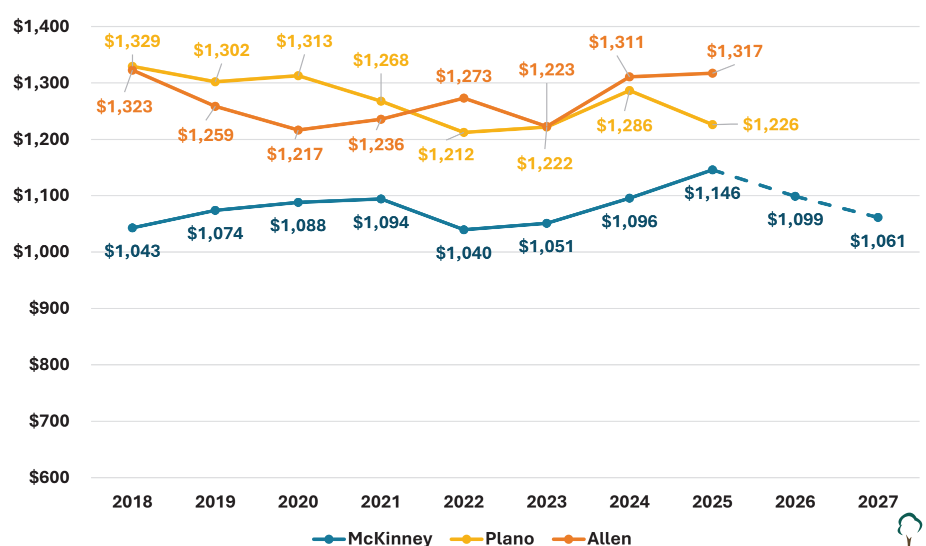
Appendix A: Budget Presentation.

City Council Budget Work Session

City of McKinney

August 7, 2026

City Expenses – Cost Per Capita



Source: Lewis McLain analysis, Augus 2026. Inflation adjusted numbers.

Your Tax Dollar

Many taxpayers are surprised to learn that only **23¢** of every dollar paid in property taxes goes to the City of McKinney to fund vital services like public safety, streets and parks. This chart shows how property tax dollars are distributed among the four taxing entities.

BASED ON A TOTAL PROPERTY TAX BILL OF $9,082 ASSESSED ON A MEDIAN McKINNEY HOME VALUE OF $518,165.

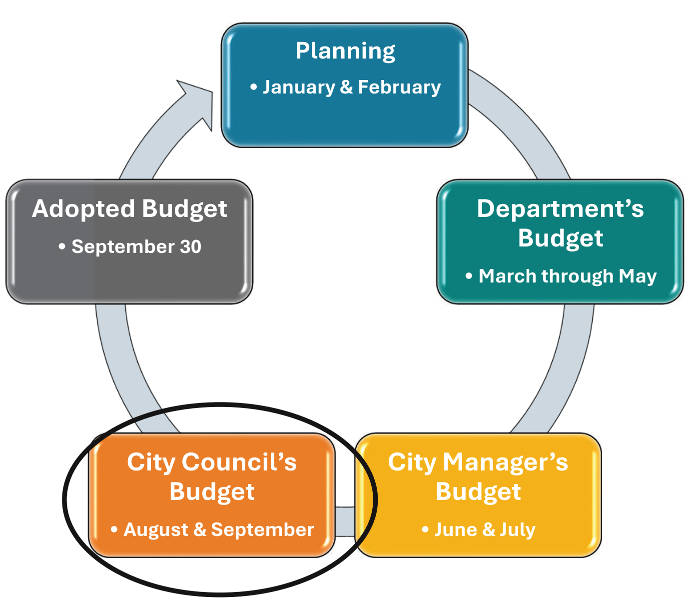
*Entity's FY26 Adopted Rate

Agenda

- Budget Process
- Water / Wastewater Rates
- FY27 Budget Overview
- Property Tax
- General Fund Revenues & Expenditures
- Capital Improvements Program
- Solid Waste & Surface Water Drainage
- Airport
- Component Units
- Budget Calendar

Budget Process

Budget Development Cycle



5

McKINNEY FIRST

CITY COUNCIL GOALS & STRATEGIES

FY27 (Oct. 1, 2026 – Sept. 30, 2027)

- DIRECTION FOR STRATEGIC AND ECONOMIC GROWTH
- OPERATIONAL EXCELLENCE
- MAXIMIZE THE DEVELOPMENT OF THE MCKINNEY NATIONAL AIRPORT
- FINANCIALLY SOUND GOVERNMENT
- ENHANCE THE QUALITY OF LIFE IN MCKINNEY
- SAFE & SECURE COMMUNITY

McKINNEY TEXAS
Unique by nature.

6

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

7

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

McKINNEY TEXAS
Unique by nature.

Budget Guidelines – Fiscal Year 2026-27

- 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

McKINNEY TEXAS Unique by nature.

McKINNEY TEXAS Unique by nature.

2026 Water and Wastewater Rate Study
And Financial Forecast
City Council Workshop

August 2026

Updated: August 3 2026

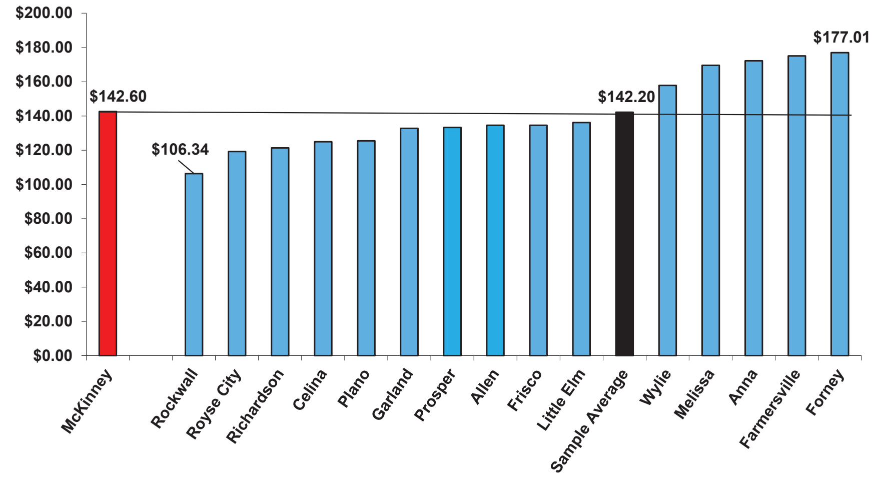
WILLDAN

INTRODUCTION AND BACKGROUND ON RATES

Changes to Utility Since 2025 Rate Study

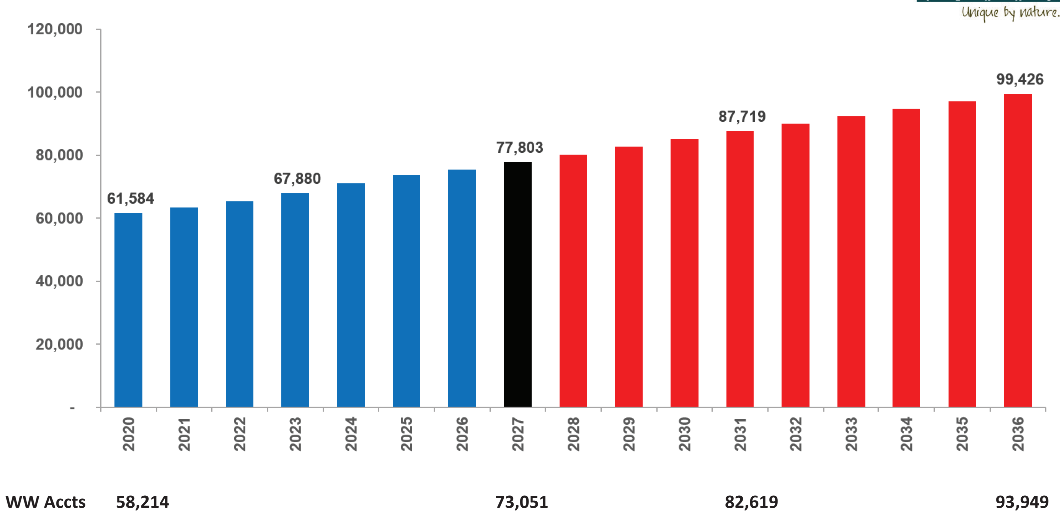
- Annual water usage has increased 2.0% per year from 2022 -- 2025
- NTMWD:
  - Water rate increases less than 2025 forecast until 2035
  - WW rate increases substantially higher than 2025 forecast
- Amount of debt required to fund CIP has increased from 2025 forecast
- Account growth in 2026 is nominally lower than forecast, but expected to recover in 2027
- Overall cost of service is equivalent to 2025 forecast for 2027-2028 but higher in 2029 and beyond

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

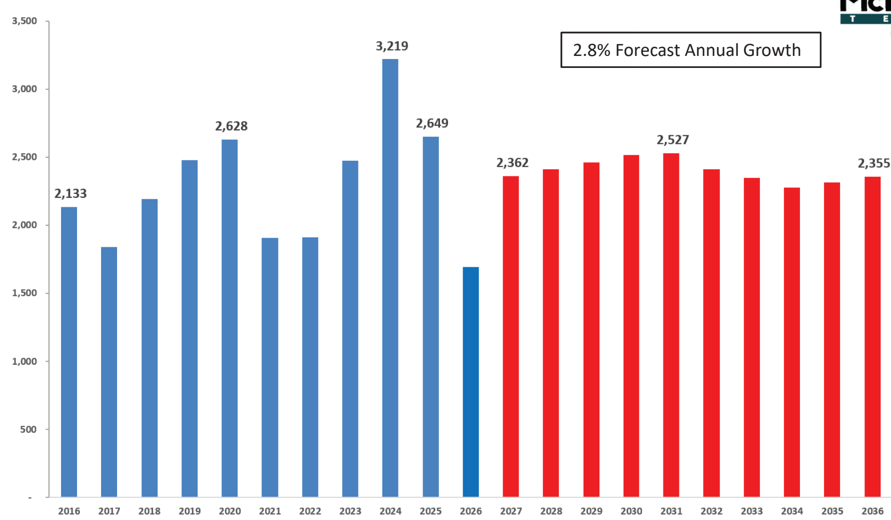


CUSTOMERS & VOLUMES

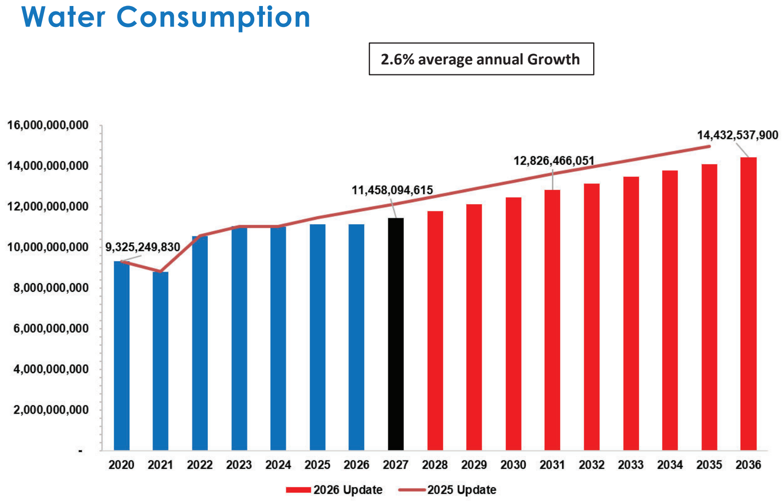
Historical and Forecast Total Water Accounts



Historical and Forecast Annual New Water Accounts



Historical and Forecast Water Consumption



Water consumption decreased through March 2026.

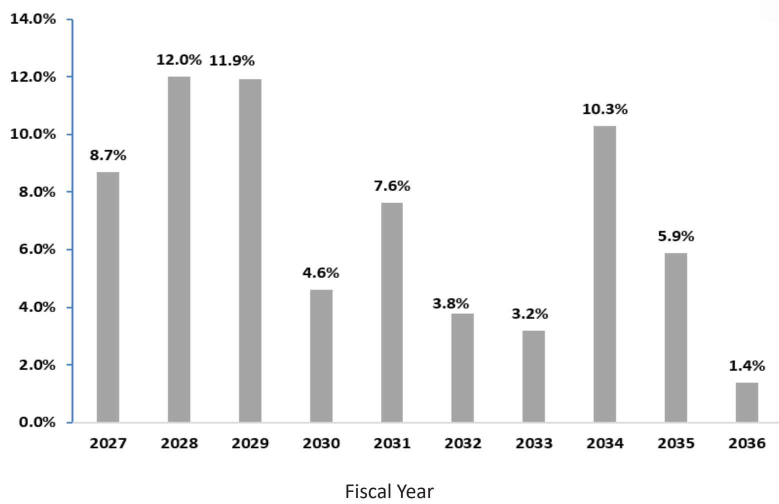
Reduction caused by wet summer 2025 and reduced flushing.

To be conservative, slight reduction in consumption used for forecast.

However, annual percent growth is expected to remain at the 2025 forecast level.

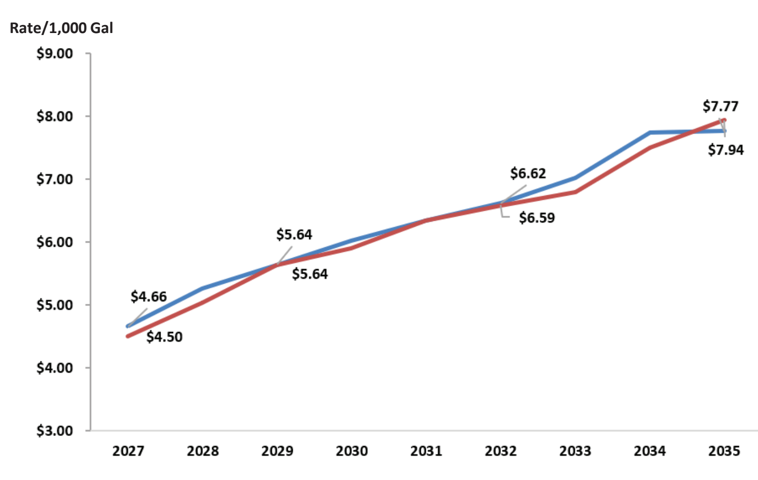
WATER AND WASTEWATER
CURRENT AND FORECAST COST OF SERVICE

NTMWD Water Rate Increases 2026 Forecast



SOURCE: NTMWD

NTMWD 2025 & 2026 Water Rate Forecasts



SOURCE: NTMWD

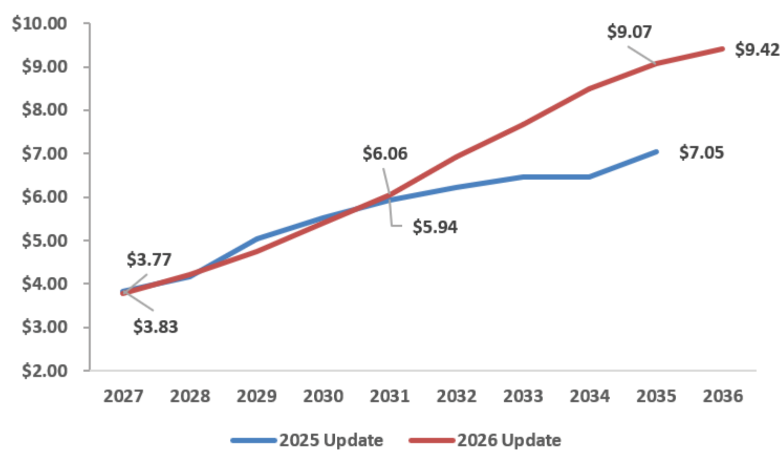
NTMWD Wastewater Financial Plan 2027 -- 2032

- Annual rate increases significantly higher than 2025 forecast
  - 16.8% -- Regional System annual increase 2027-2032
  - 9.5% -- Upper East Fork annual increase 2027-2032
- Stated objectives of $1.7B capital improvement plan:
  - Provide additional treatment capacity
  - Address aging infrastructure
  - Manage peak flow to address overflows

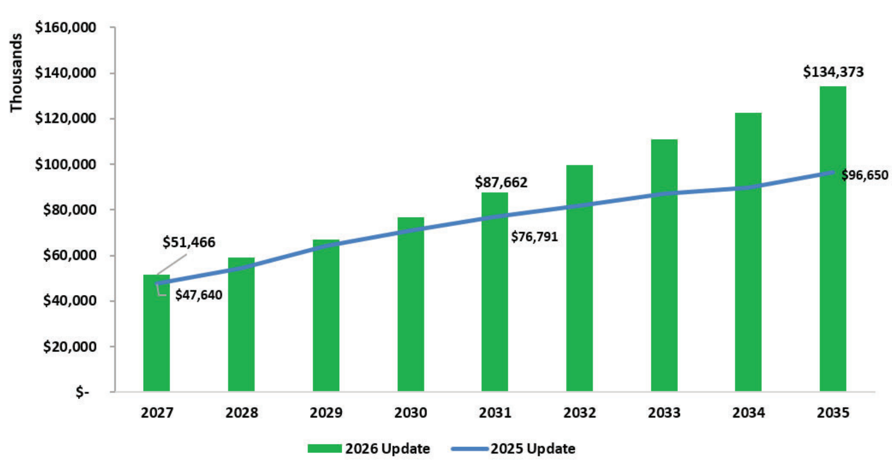
NTMWD CAPITAL IMPROVEMENT PLAN 2027-2032

Regional Wastewater System	
$ 606,000,000	Sister Grove Regional Facility
433,000,000	Trinity East Fork Regional Facility
290,000,000	Rowlett Creek Regional WWTP
1,329,000,000	
Upper East Fork System	
$ 178,000,000	Stover Creek Lift Station/Force Main
61,000,000	Preston Rd Lift Station/Storage Tank
147,000,000	Turkey Creek Lift Station/Force Main
386,000,000	
1,715,000,000	**Total 5 Year CIP**

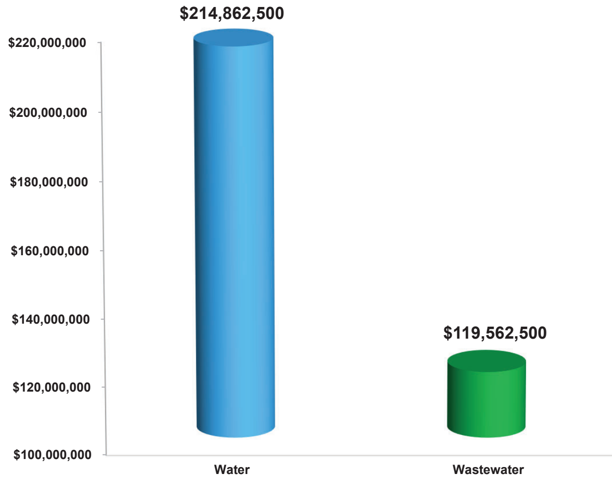
NTMWD Wastewater Rate Forecasts 2025 Update vs. 2026 Update



NTMWD Wastewater Treatment Costs 2025 Update vs. 2026 Update



Capital Improvement Plan 2027 - 2031



Total CIP

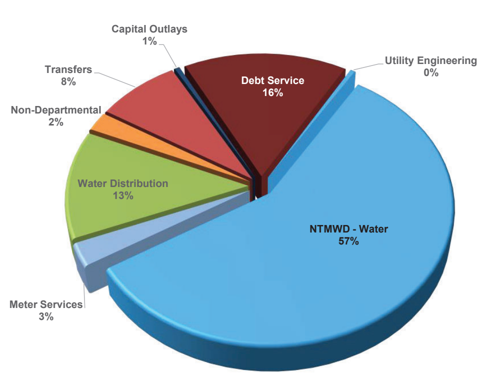
2025 = $266,525,000
2026 = $334,425,000

Forecast Debt Issues 2027 - 2031

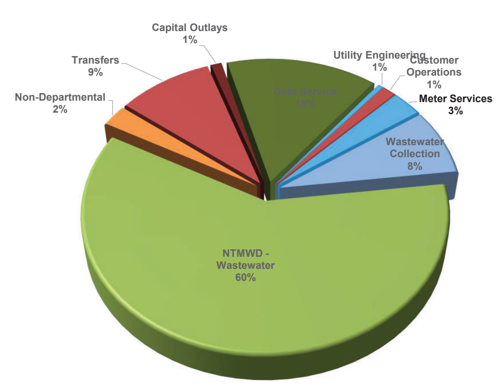
Year	Water	Wastewater	Total
2027	$ 40,800,000	$ 33,600,000	$ 74,400,000
2028	40,562,500	20,662,500	61,225,000
2029	42,925,000	30,125,000	73,050,000
2030	48,400,000	17,400,000	65,800,000
2031	41,375,000	17,775,000	59,150,000
Total	**214,062,500**	**119,562,500**	**333,625,000**

Test Year 2027 Cost of Service

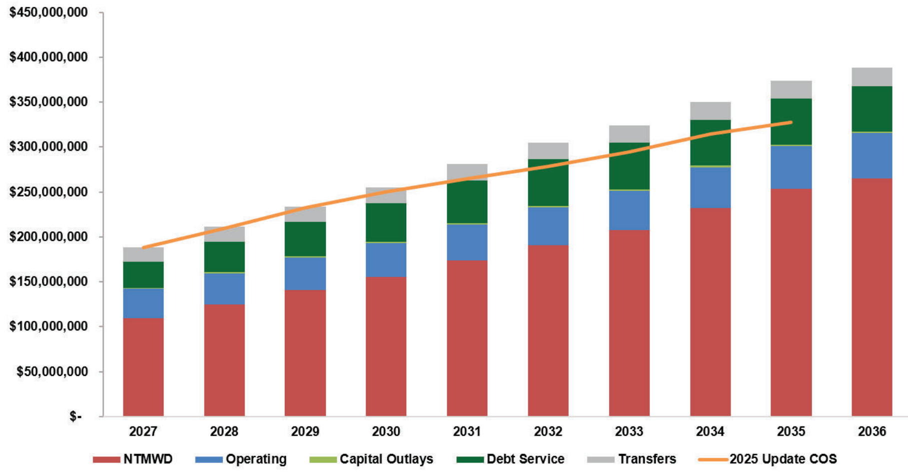
WATER Total = $102,890,599



WASTEWATER Total = $85,862,527

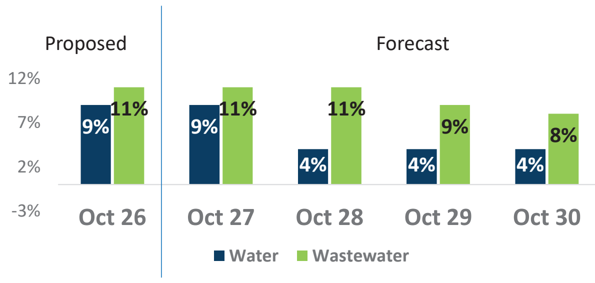


Cost of Service Forecast



Proposed Rate Plan – FY 2027

- Water rate adjustment equivalent to 2025 forecast
- WW rate adjustment nominally higher than 2025 forecast
- Rate plan to take effect October 2026



2026 Update Proposed Water Rate Plan

		Current	Effective Oct-26	Forecast Oct-27	Forecast Oct-28	Forecast Oct-29	Forecast Oct-30
WATER							
Residential Inside							
Base Charge		$ 19.80	**$ 21.60**	$ 23.55	$ 24.50	$ 25.50	$ 26.50
Volume Rate Per 1,000 Gal							
-	7,000	5.00	**5.45**	5.95	6.20	6.45	6.70
7,001	20,000	6.90	**7.50**	8.20	8.55	8.90	9.25
20,001	40,000	8.70	**9.50**	10.35	10.75	11.20	11.65
40,001	Above	10.45	**11.40**	12.45	12.95	13.45	14.00
Commercial Inside							
Base Charge							
3/4"		$ 19.80	**$ 21.60**	$ 23.55	$ 24.50	$ 25.50	$ 26.50
1"		34.85	**38.00**	41.40	43.05	44.75	46.55
1 1/2"		59.70	**65.05**	70.90	73.75	76.70	79.75
2"		83.65	**91.20**	99.40	103.40	107.55	111.85
3"		147.30	**160.55**	175.00	182.00	189.30	196.85
4"		219.10	**238.80**	260.30	270.70	281.55	292.80
6"		408.35	**445.10**	485.15	504.55	524.75	545.75
8"		806.70	**879.30**	958.45	996.80	1,036.65	1,078.10
10"		1,526.40	**1,663.80**	1,813.55	1,886.10	1,961.55	2,040.00
12"		2,853.55	**3,110.35**	3,390.30	3,525.90	3,666.95	3,813.65
Volume Rate Per 1,000 Gal							
-	Above	5.75	**6.25**	6.80	7.05	7.35	7.65

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

2026 Update Proposed Water Rate Plan

		Current	Effective Oct-26	Forecast Oct-27	Forecast Oct-28	Forecast Oct-29	Forecast Oct-30
WATER							
MU							
Base Charge		$ -	**$ -**	$ -	$ -	$ -	$ -
Volume Rate Per 1,000 Gal		4.30	**4.70**	5.10	5.30	5.50	5.70
Residential Rental							
Base Charge		$ 19.80	**$ 21.60**	$ 23.55	$ 24.50	$ 25.50	$ 26.50
Volume Rate Per 1,000 Gal							
-	7,000	5.00	**5.45**	5.95	6.20	6.45	6.70
7,001	20,000	6.90	**7.50**	8.20	8.55	8.90	9.25
20,001	40,000	8.70	**9.50**	10.35	10.75	11.20	11.65
40,001	Above	10.45	**11.40**	12.45	12.95	13.45	14.00
Irrigation							
Base Charge							
3/4"		$ 19.80	**$ 21.60**	$ 23.55	$ 24.50	$ 25.50	$ 26.50
1"		34.85	**38.00**	41.40	43.05	44.75	46.55
1 1/2"		59.70	**65.05**	70.90	73.75	76.70	79.75
2"		83.65	**91.20**	99.40	103.40	107.55	111.85
3"		147.30	**160.55**	175.00	182.00	189.30	196.85
4"		219.10	**238.80**	260.30	270.70	281.55	292.80
6"		408.35	**445.10**	485.15	504.55	524.75	545.75
8"		806.70	**879.30**	958.45	996.80	1,036.65	1,078.10
Volume Rate Per 1,000 Gal							
-	7,000	5.00	5.45	5.95	6.20	6.45	6.70
7,001	20,000	6.90	7.50	8.20	8.55	8.90	9.25
20,001	40,000	8.70	9.50	10.35	10.75	11.20	11.65
40,001	Above	10.45	11.40	12.45	12.95	13.45	14.00

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

2025 Update Proposed Wastewater Rate Plan

		Current	Effective Oct-26	Forecast Oct-27	Forecast Oct-28	Forecast Oct-29	Forecast Oct-30
WASTEWATER							
Residential Inside							
Base Charge		$ 28.10	$ 31.20	$ 34.65	$ 38.45	$ 41.90	$ 45.25
Volume Rate Per 1,000 Gal							
-	Above	7.80	8.65	9.60	10.65	11.60	12.55
Commercial Inside							
Base Charge							
3/4"		28.10	31.20	34.65	38.45	41.90	45.25
1"		46.05	51.10	56.70	62.95	68.60	74.10
1 1/2"		76.05	84.40	93.70	104.00	113.35	122.40
2"		99.00	109.90	122.00	135.40	147.60	159.40
3"		155.25	172.35	191.30	212.35	231.45	249.95
4"		220.10	244.30	271.15	301.00	328.10	354.35
6"		376.00	417.35	463.25	514.20	560.50	605.35
8"		735.75	816.70	906.55	1,006.25	1,096.80	1,184.55
10"		1,514.50	1,681.10	1,866.00	2,071.25	2,257.65	2,438.25
12"		3,089.30	3,429.10	3,806.30	4,225.00	4,605.25	4,973.65
Volume Rate Per 1,000 Gal							
-	Above	7.80	8.65	9.60	10.65	11.60	12.55
Residential Rental							
Base Charge		$ 28.10	$ 31.20	$ 34.65	$ 38.45	$ 41.90	$ 45.25
Volume Rate Per 1,000 Gal							
-	Above	7.80	8.65	9.60	10.65	11.60	12.55
MU							
Base Charge		$ -	$ -	$ -	$ -	$ -	$ -
Volume Rate Per 1,000 Gal							
-	Above	5.95	6.60	7.35	8.15	8.90	9.60

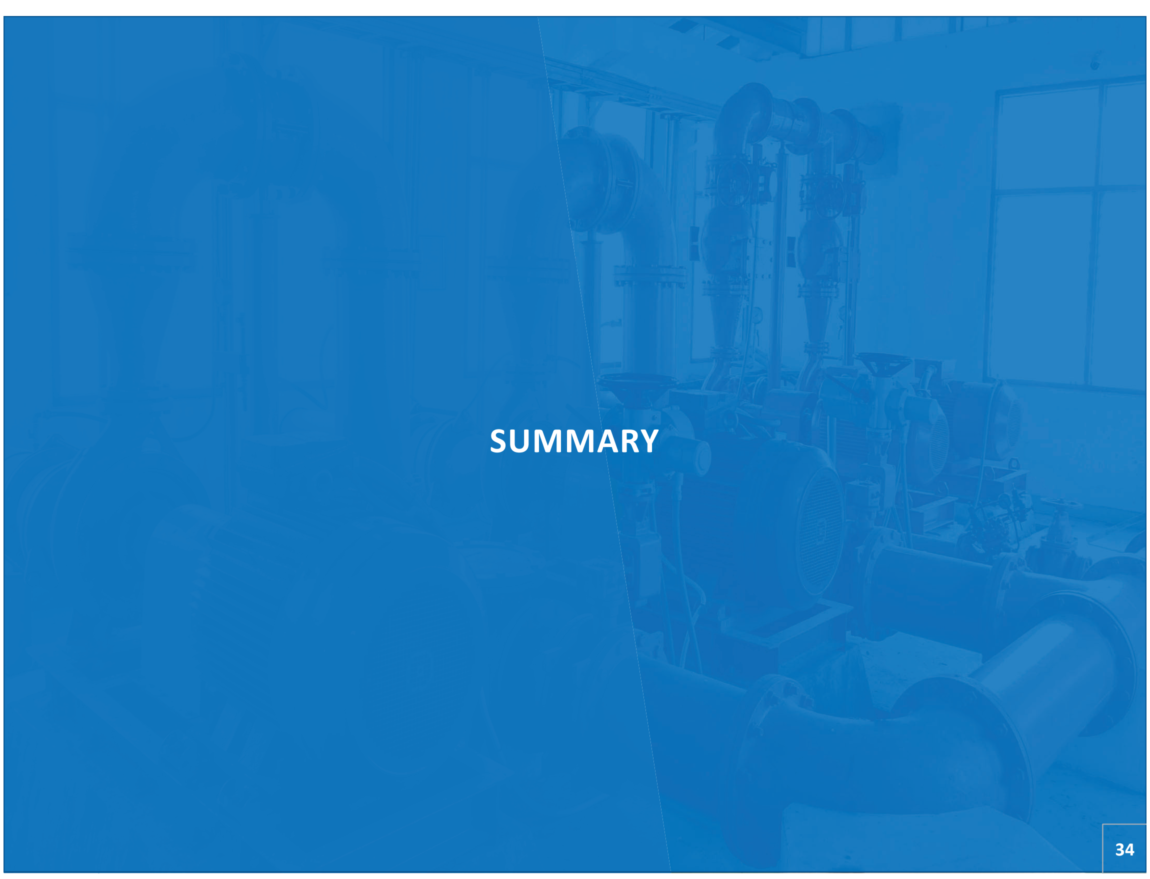
Outside City Customers Pay 1.25x Inside City Rate FY25 and Beyond

Monthly Charges Impact on Ratepayers

			Effective	Forecast			
			Oct-26	Oct-27	Oct-28	Oct-29	Oct-30
Residential Monthly Charges Inside -- 3/4"							
5,000 Water	Total	$ 111.90	$ 123.30	$ 135.95	$ 147.20	$ 157.65	$ 168.00
5,000 WW	Increase -- $		11.40	12.65	11.25	10.45	10.35
	Increase -- %		10.2%	10.3%	8.3%	7.1%	6.6%
10,000 Water	Total	$ 142.60	$ 156.70	$ 172.45	$ 185.25	$ 197.25	$ 209.15
5,000 WW	Increase -- $		14.10	15.75	12.80	12.00	11.90
	Increase -- %		9.9%	10.1%	7.4%	6.5%	6.0%
Commercial Monthly Charges Inside -- 2"							
40,000 Water	Total	$ 724.65	$ 797.10	$ 877.40	$ 946.80	$ 1,013.15	$ 1,079.25
40,000 WW	Increase -- $		72.45	80.30	69.40	66.35	66.10
	Increase -- %		10.0%	10.1%	7.9%	7.0%	6.5%
50,000 Water	Total	$ 860.15	$ 946.10	$ 1,041.40	$ 1,123.80	$ 1,202.65	$ 1,281.25
50,000 WW	Increase -- $		85.95	95.30	82.40	78.85	78.60
	Increase -- %		10.0%	10.1%	7.9%	7.0%	6.5%

Monthly Charges Impact on Ratepayers

			Effective	Forecast			
		Current	Oct-26	Oct-27	Oct-28	Oct-29	Oct-30
Residential Monthly Charges Inside -- 3/4"							
5,000 Water	5,000 WW						
	2025 Rate Study	$ 111.90	120.65	131.55	140.70	147.25	152.15
	2026 Rate Study	111.90	123.30	135.95	147.20	157.65	168.00
	Difference	**-**	**2.65**	**4.40**	**6.50**	**10.40**	**15.85**
10,000 Water	5,000 WW						
	2025 Rate Study	142.60	154.05	168.05	178.75	186.85	193.30
	2026 Rate Study	142.60	156.70	172.45	185.25	197.25	209.15
	Difference	**-**	**2.65**	**4.40**	**6.50**	**10.40**	**15.85**



Presentation Summary

- Recommend adoption of October 2026 rate recommendations
- Benefits of rate plan:
  - Will ensure that revenues continue to cover all costs
  - Will allow for continued investment in infrastructure necessary to serve existing and new customers
  - Will ensure continued financial health of utility

35

36

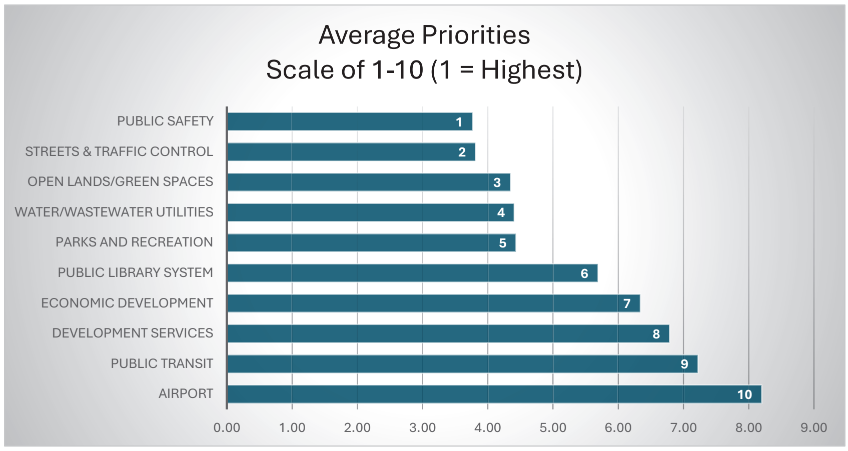
FY 2027 Budget Overview

McKINNEY TEXAS Unique by nature.

38

Citizens Budget Survey – Virtual Town Hall FY27

- Survey completed by 394 citizens on the allocation of City funds



39

FY 2027 Budget Opportunities

- Increase property tax rate from $0.412284 to $0.417876
- Sales Tax remains steady
  - Stronger than expected in current year
- Provide step increases for all non-sworn personnel
- Cost of Living Adjustment of 1% for all non-sworn personnel
- Planned step increases for sworn personnel
- Expanded funding for Street Maintenance
- Staffing
  - Public Works
  - Public Safety/Police & Fire
  - IT
  - Development Services
  - Parks and Recreation
  - Public Works
  - Water/Wastewater

40

Bond Updates

- 2019 Bond Package - $350 Million

	Voter Approved	Issued	Remaining
Public Safety Facilities	$75M	$75M	-
Municipal Community Complex	$50M	$50M	-
Parks and Recreation	$91M	$91M	-
Public Works Facilities	$34M	$16.75M	$17.25M
Street Improvements	$100M	$100M	-
Total	$350M	$332.75M	$17.25M

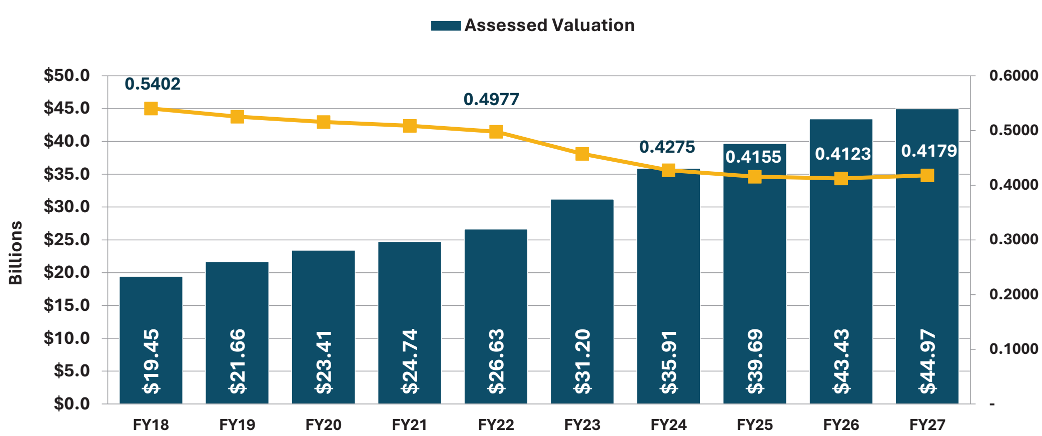
- 2024 Bond Package - $449.5 Million

	Voter Approved	Issued	Remaining
Public Safety Facilities	$70M	$4.25M	$65.75M
Parks and Recreation	$106M	$27M	$56.5M
Public Works Facilities	$30M	-	$30M
Street Improvements	$243.5M	$38.7M	$181.8M
Total	$449.5M	$69.95M	$334.05M

Property Tax

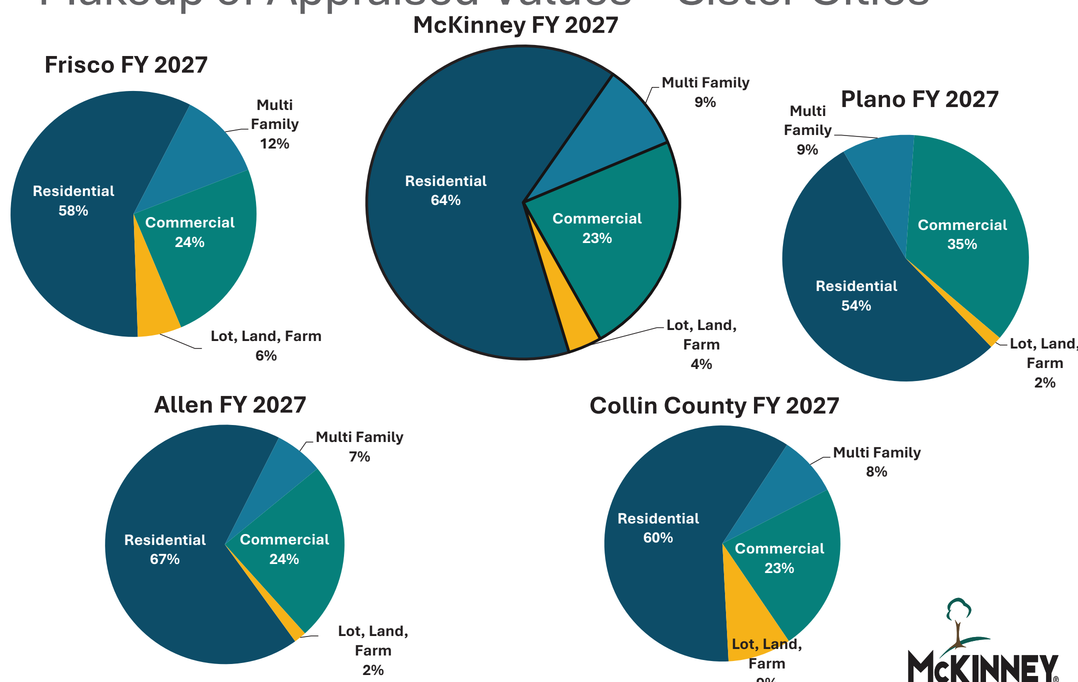
42

Taxable Value & Tax Rate History



43

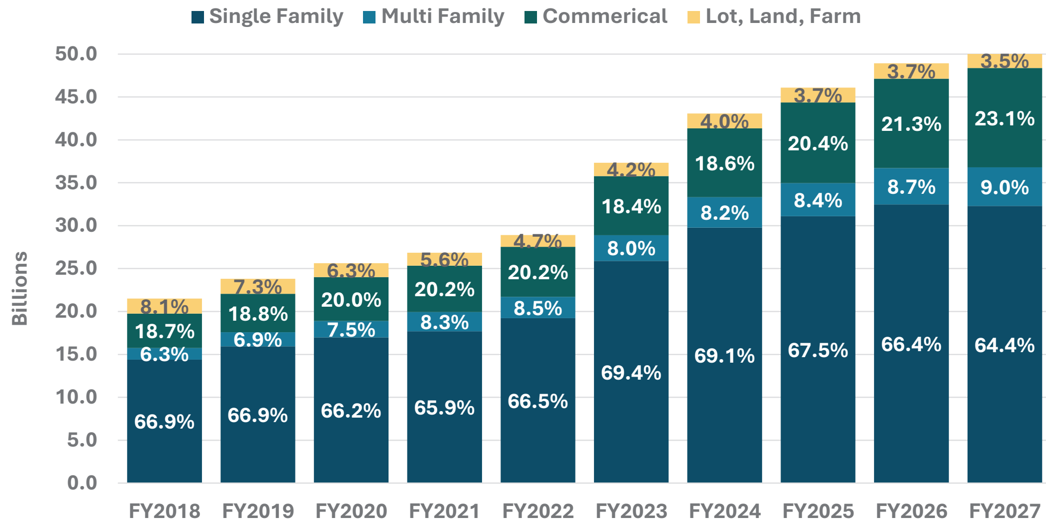
Makeup of Appraised Values – Sister Cities



Source: Collin Central Appraisal District

44

Makeup of Appraised Values

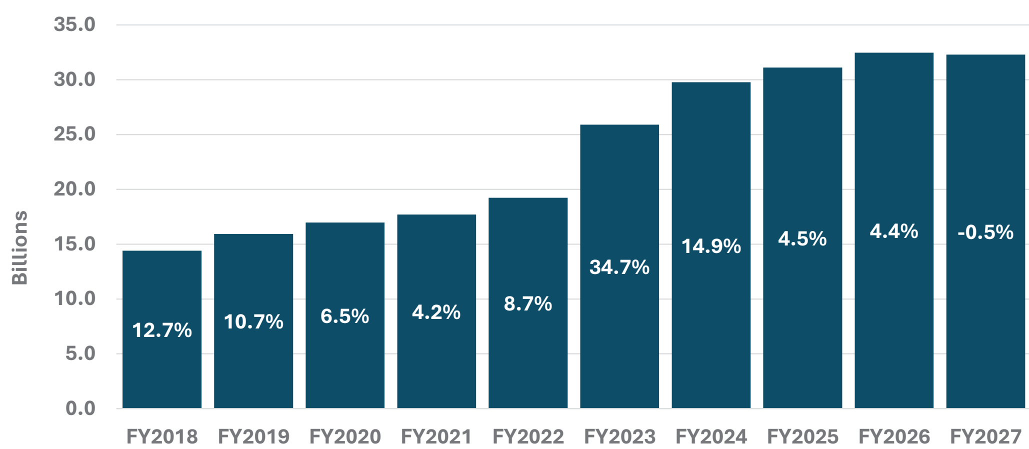


Source: Collin Central Appraisal District

McKINNEY TEXAS Unique by nature.

45

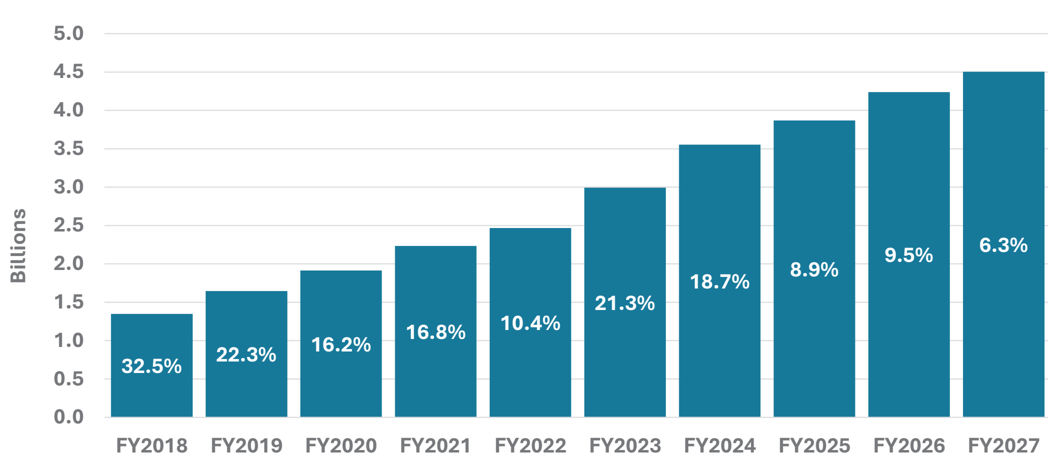
Single Family Residence Values - % of Change



McKINNEY TEXAS Unique by nature.

46

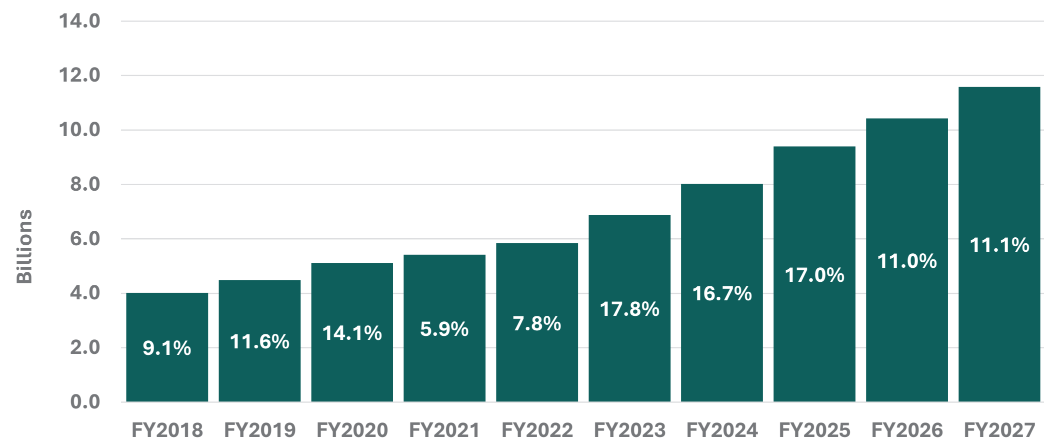
Multi Family Values - % of Change



McKINNEY TEXAS Unique by nature.

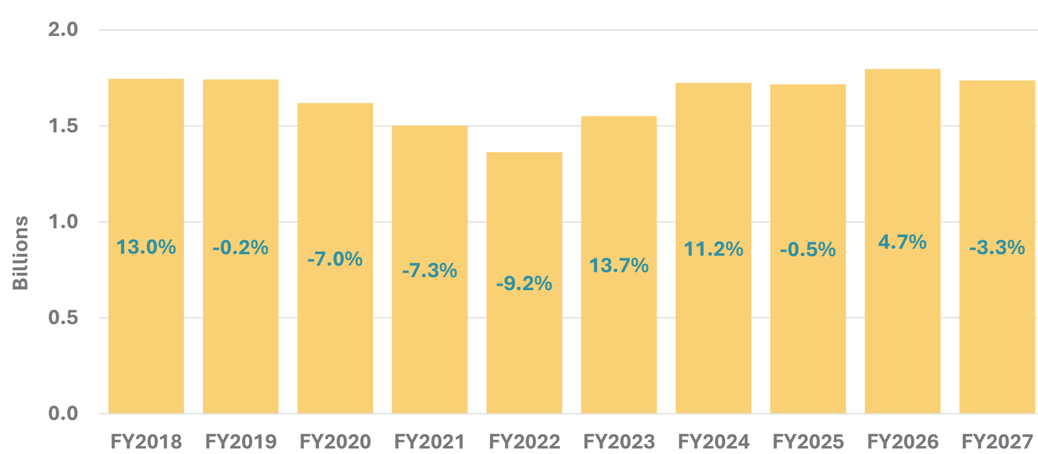
47

Commercial Values - % of Change



48

(Vacant) Land Value - % of Change



49

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

- 2021 – 5.24% CPI
- 2022 – 8.84% CPI
- 2023 – 5.16% CPI
- 2024 – 3.94% CPI
- 2025 – 1.32% CPI
- 2026 – 2.61% CPI (May to May)
- Average CPI last 5 years – 4.90%

- FY22 – 2.00% Above NNR
- FY23 – 2.81% Above NNR
- FY24 – 2.34% Above NNR
- FY25 – 2.97% Above NNR
- FY26 – 2.88% Above NNR
- Average above NNR last 5 years – 2.60%

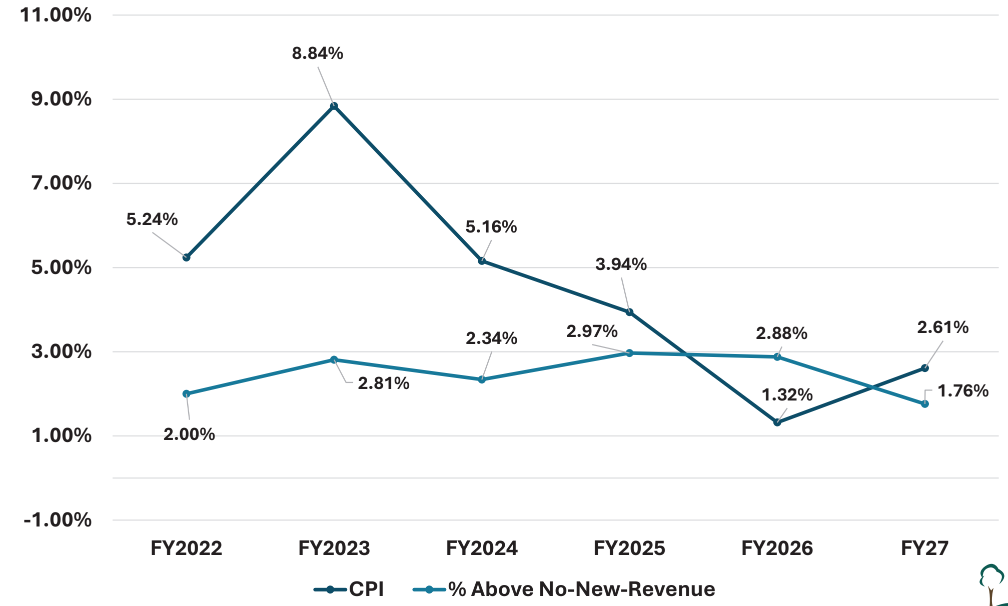
FY27 Proposed Tax Rate

0.417876 (1.76% Above NNR)

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

50

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



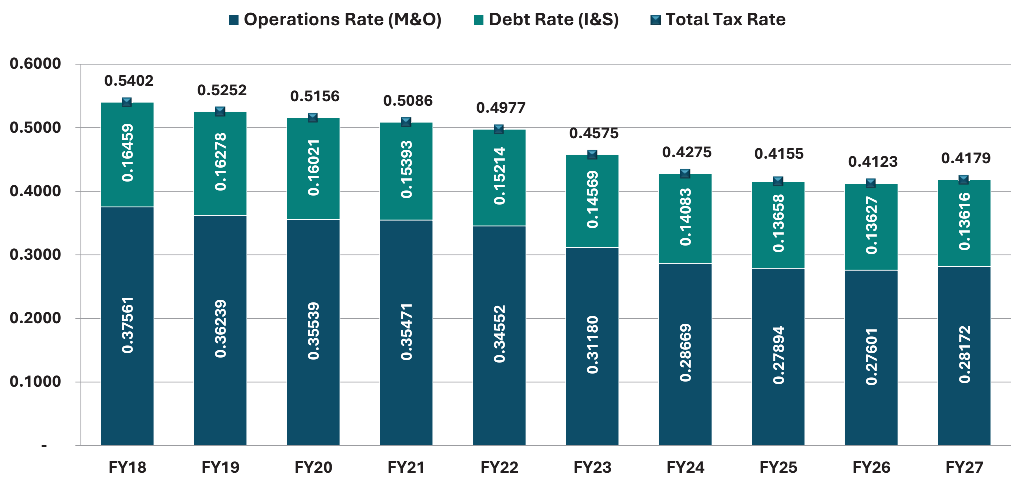
*All CPI numbers are for Dallas-Fort Worth-Arlington, TX area, Table Series ID - CUURS37ASA0

McKINNEY TEXAS Unique by nature.

51

Property Tax Rate

Operations & Debt Rate History



McKINNEY TEXAS Unique by nature.

52

Tax Rate/Median Home Value

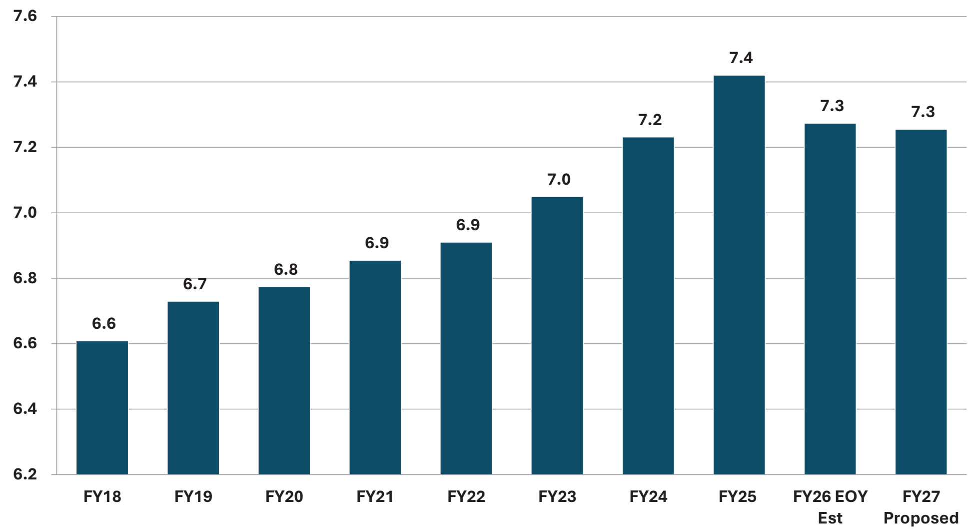
2025 Tax Year (FY26)	2026 Tax Year (FY27)
Tax Rate $0.412284	Tax Rate $0.417876
Median Market Value $537,190	Median Market Value $518,165
Median Taxable Value $534,400	Median Taxable Value $518,165
Tax Levy - $2,203	Tax Levy - $2,165

*Tax Levy would be about $38 less on a median valued home

McKINNEY TEXAS Unique by nature.

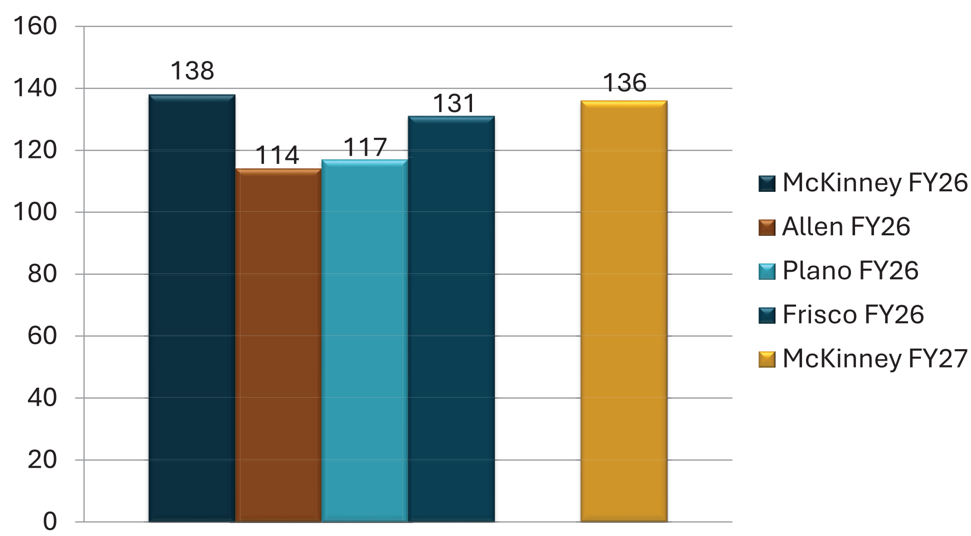
53

Employees per 1,000 Citizens



54

Citizens Served Per Employee– Sister Cities



General Fund Revenues

56

FY 2027 Revenue Estimates

Budget for sales tax conservative - FY26 + 3.5%

Building Permits

- Budgeted level with FY26 EOY Budget
- Actuals for current year up 4% over last year at this time

Franchise Fees

- Budgeted 3.5% above FY26 EOY budget
- Steady increases year over year*

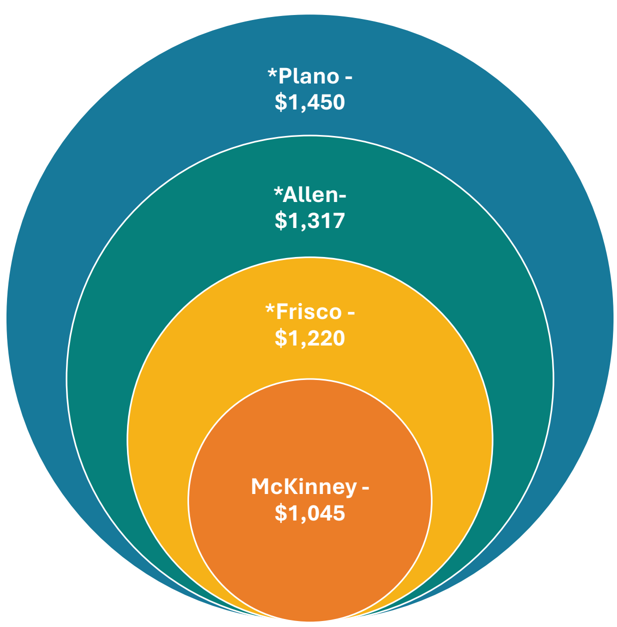
Interest Income budgeted $1M above FY26 EOY Budget

McKINNEY TEXAS Unique by nature.

57

Sister Cities GF Revenues Per Capita

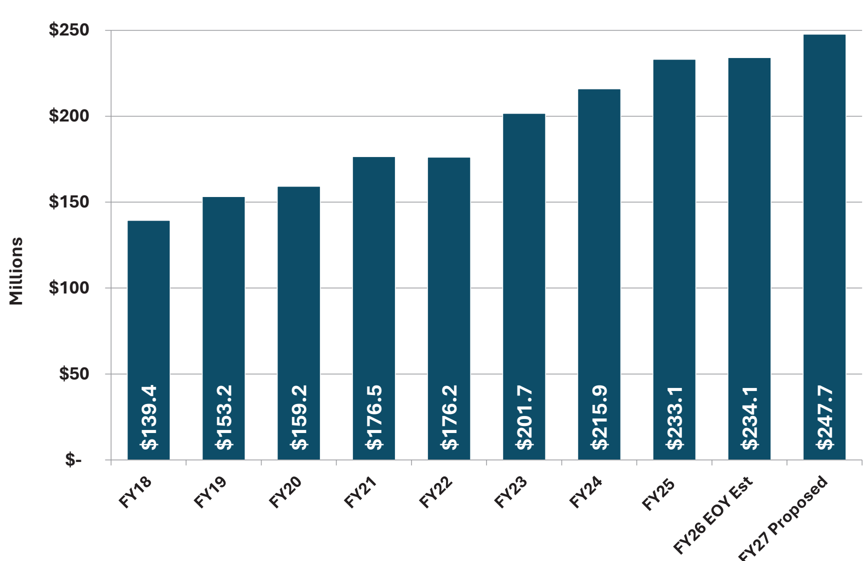
***Based on FY2026 Adopted Budgets**



McKINNEY TEXAS Unique by nature.

58

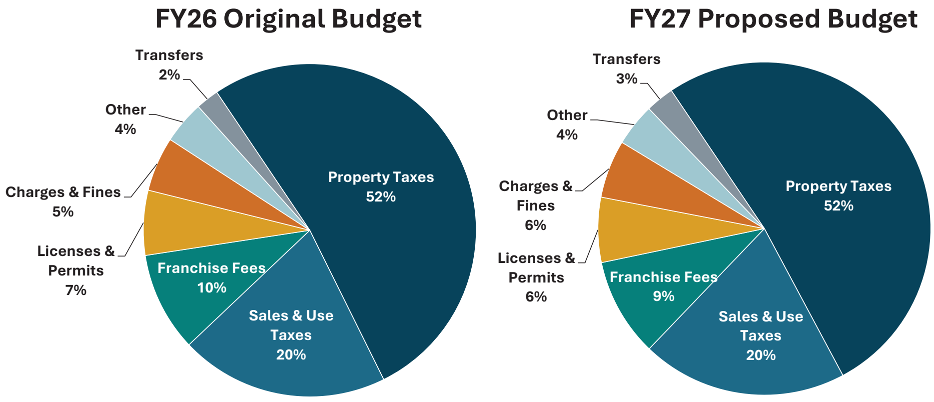
General Fund Revenues



McKINNEY TEXAS Unique by nature.

59

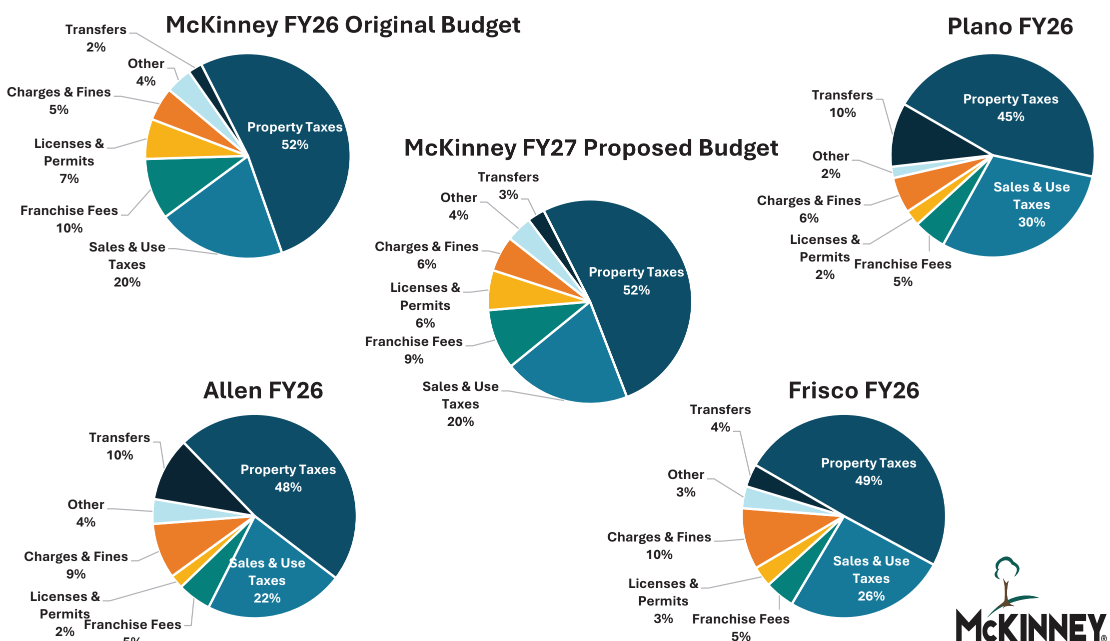
General Fund Revenue Makeup



McKINNEY TEXAS Unique by nature.

60

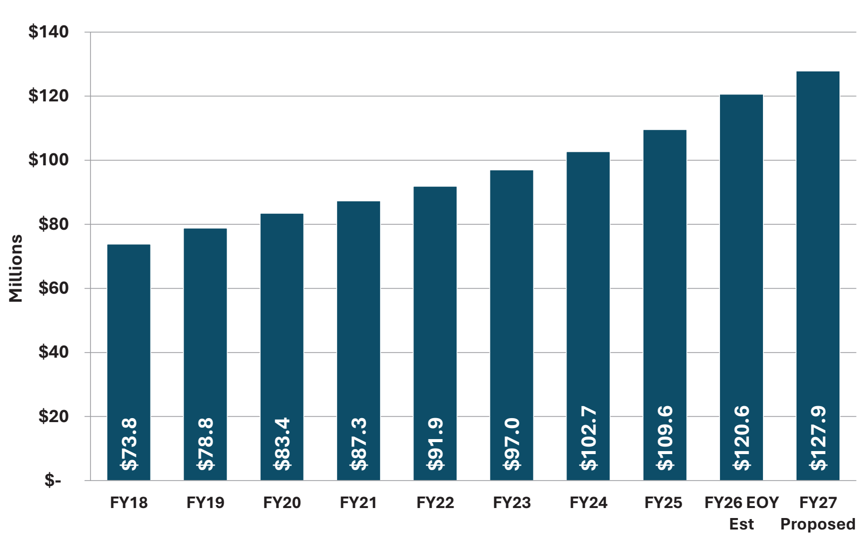
General Fund Revenue Makeup – Sister City Comparison



McKINNEY TEXAS Unique by nature.

61

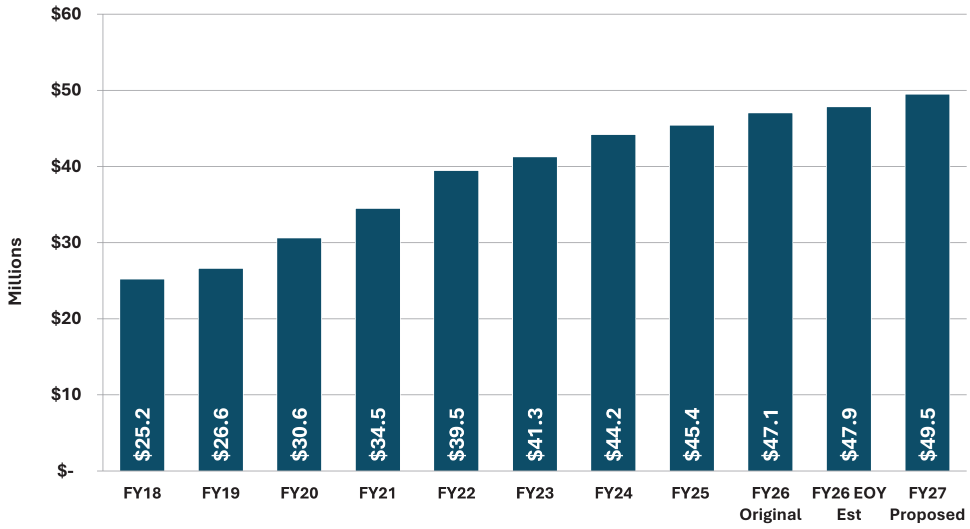
Property Tax Revenue



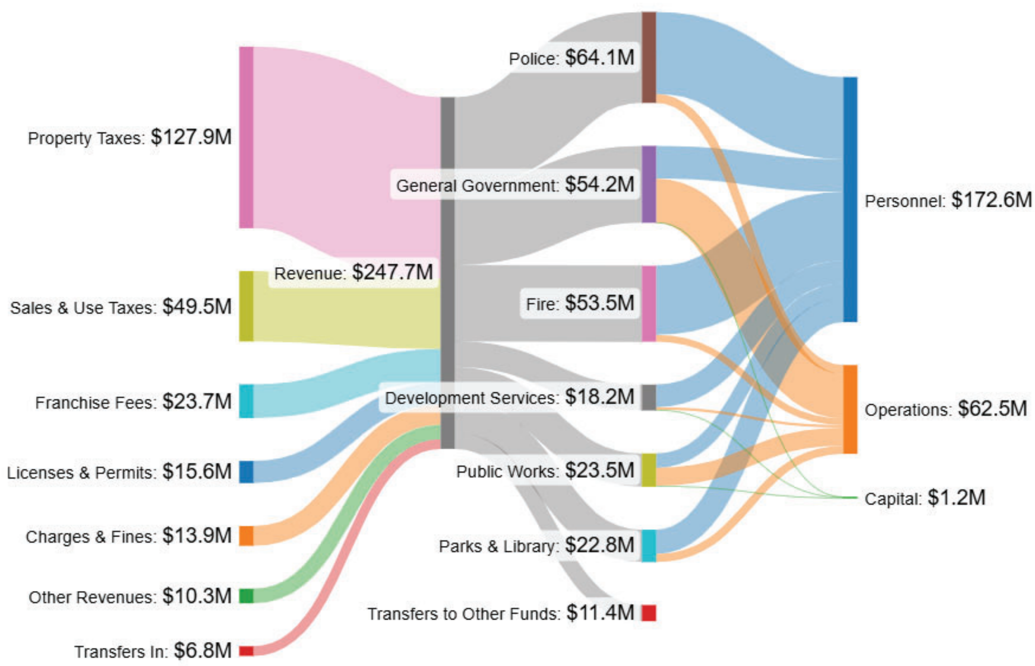
McKINNEY TEXAS Unique by nature.

62

Sales Tax Revenue



63

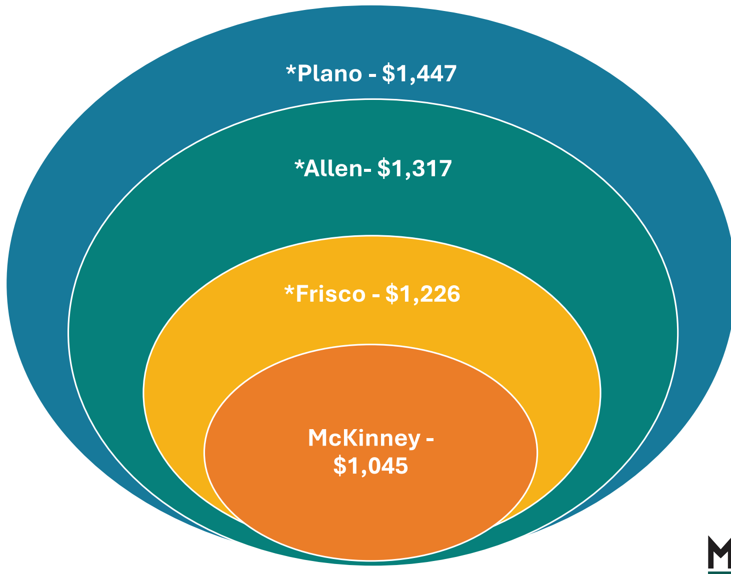


General Fund Expenditures

65

Sister Cities GF Expenditures Per Capita

***Based on FY2026 Adopted Budgets**



McKINNEY TEXAS Unique by nature.

66

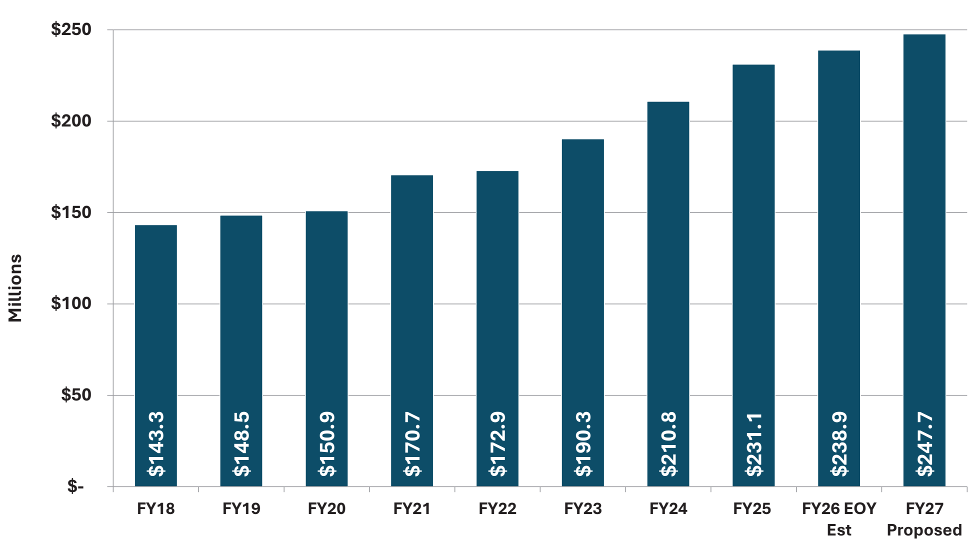
General Fund Expenditure Highlights

- $7,100,000 – New Employees & Equipment
- $2,100,000 – Public Safety Step Increases
- $2,500,000 – Step Increases for General Government Employees
  - Includes 1% COLA from Recent Market Study
- Transfer to Capital Equipment Replacement Fund for:
  - 17 Marked Police Pursuit Vehicle Replacements - $1.8M
  - Fire Ladder Truck & Ambulance Replacement - $2.3M
  - Facility Upgrades and Replacements - $1M
- Includes Public Safety Funding for Commercial Terminal
  - Total of $1.25M Reimbursed by TIRZ 2:
  - 4 Certified Officers & 1 Sergeant
  - Fire Staffing Coverage

McKINNEY TEXAS Unique by nature.

67

General Fund Expenditures

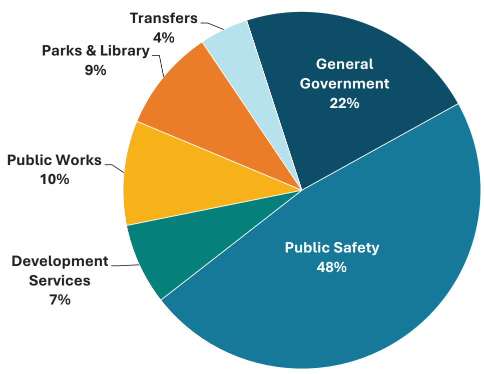


McKINNEY TEXAS Unique by nature.

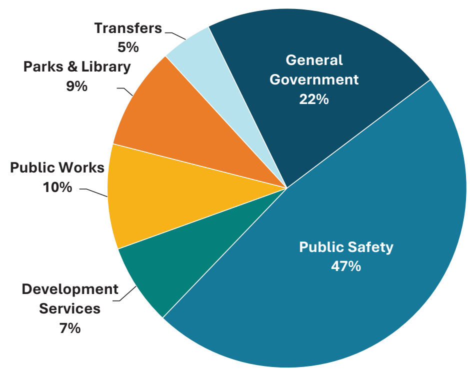
68

General Fund Expense Makeup

FY26 Original Budget



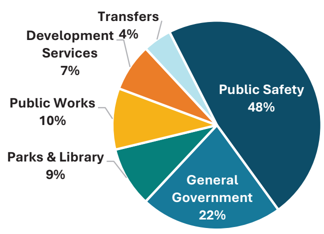
FY27 Proposed Budget



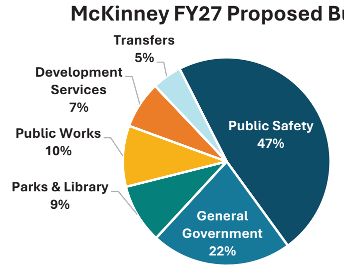
69

General Fund Expense Makeup – Sister City Comparison

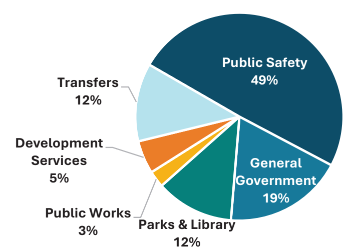
McKinney FY26 Original Budget



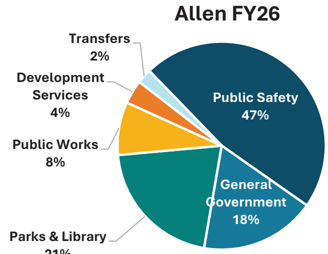
McKinney FY27 Proposed Budget



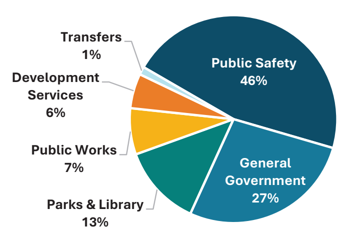
Plano FY26



Allen FY26



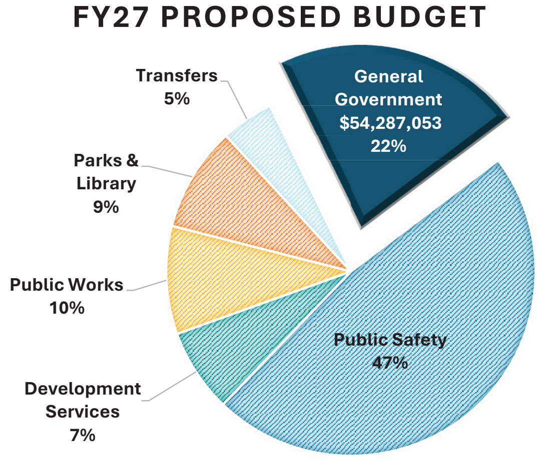
Frisco FY26



70

General Government

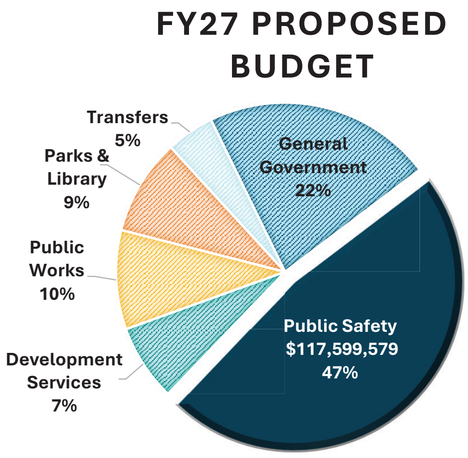
FY27 PROPOSED BUDGET



- 184 Authorized Positions
- FY27 expenditures include new:
  - Housing Services Manager
  - Part-time Marshal
  - Data Loss Prevention Program
  - IT Network Security Architect
  - Solutions Engineer
  - Server Systems Administrator

71

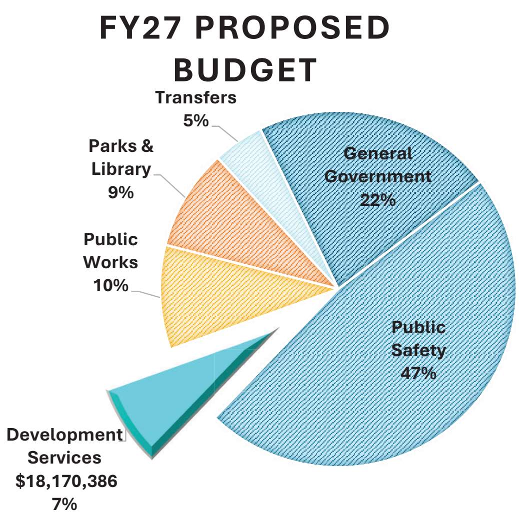
Public Safety



- 655 Authorized Positions
- FY27 expenditures include new:
  - Police Dept. Employees (9)
    - 4 Officers & 1 Sergeant for Commercial Terminal
    - Background Investigator
    - Training Compliance Coordinator
    - Police Records Supervisor
    - Communications Specialists
  - Fire Dept. Employees (10)
    - 4 Firefighter/Paramedics
    - 3 Fire Captains
    - 3 Drivers
    - Index B Staffing for Commercial Terminal

72

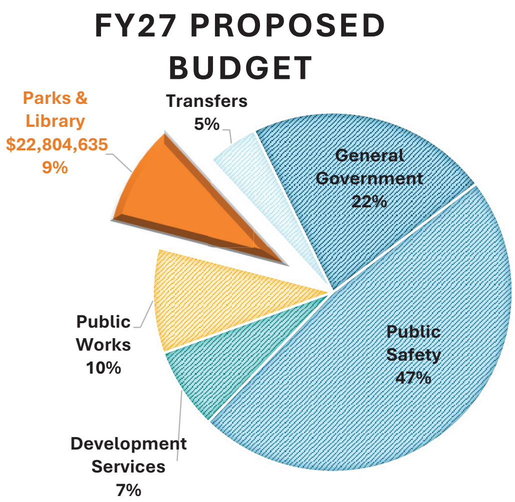
Development Services



- 133 Authorized Positions
- FY27 expenditures include new:
  - Erosion Control Inspector
  - Signal Systems Operator
  - Animal Services Officer
  - Code Compliance Officer

73

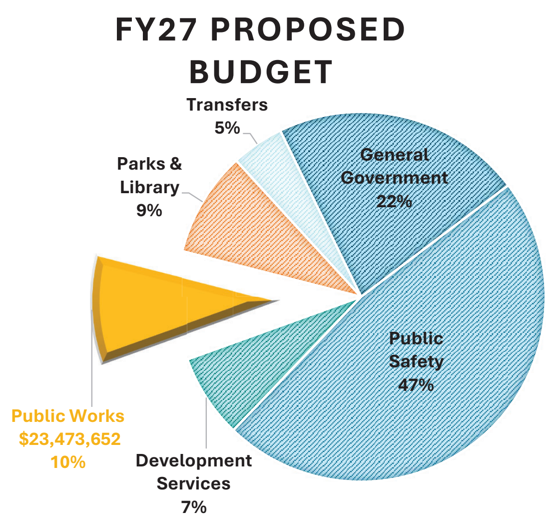
Parks & Library



- 217 Authorized Positions
- FY27 expenditures include new:
  - Application Systems Specialist
  - Facilities Maintenance Manager
  - Library Security Camera Upgrade
- $600K in Parks Vehicles & Equipment funded by MCDC

74

Public Works



- 99 Authorized Positions
- FY27 expenditures include new:
  - Pothole Maintenance Program
    - 2 Street Technicians & Equipment
  - Facilities Construction Coordinator
  - Facilities Preventative Maintenance Program
    - 2 Facility Crew Leaders
    - 2 Facility Maintenance Mechanics

75

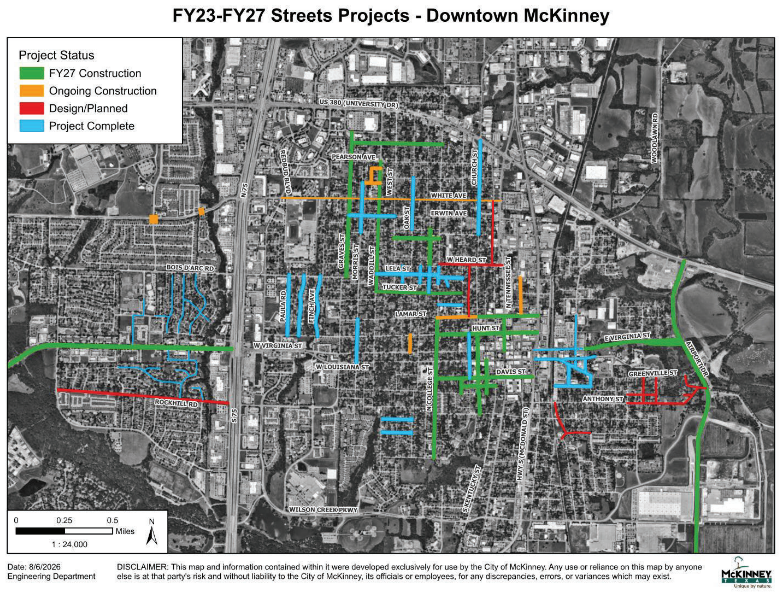
Grants to Community

- Adopted annually as part of General Fund appropriations

Arts Commission	$200,000
Community Support Grants	405,000
Neighborhood Engagement Grants	15,000
Downtown Security	100,000
Pecan Grove Memorial Service	1,500
Downtown Holiday Decorations	60,000
	$781,500

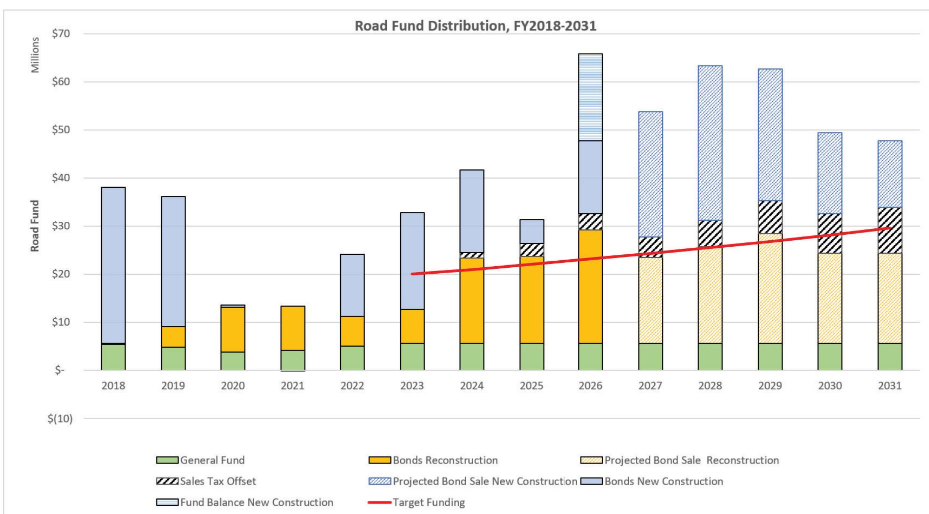
Capital Improvements Program

Street Reconstruction Update



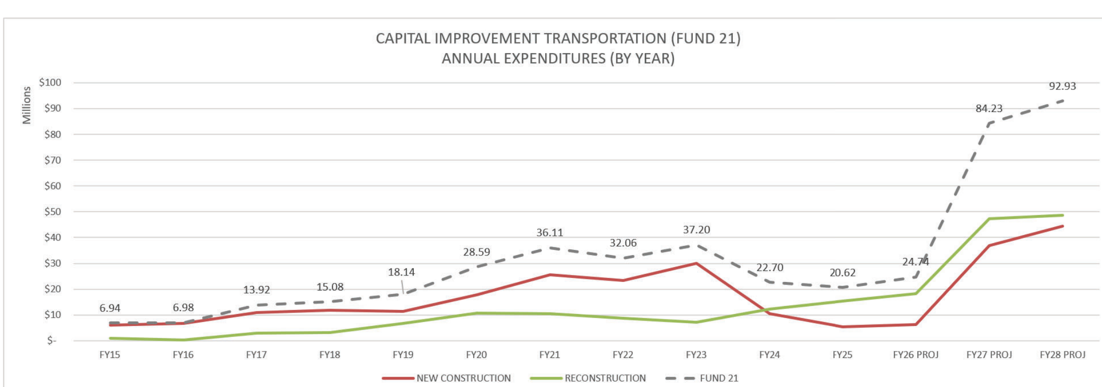
McKINNEY TEXAS Unique by nature.

Street Funding



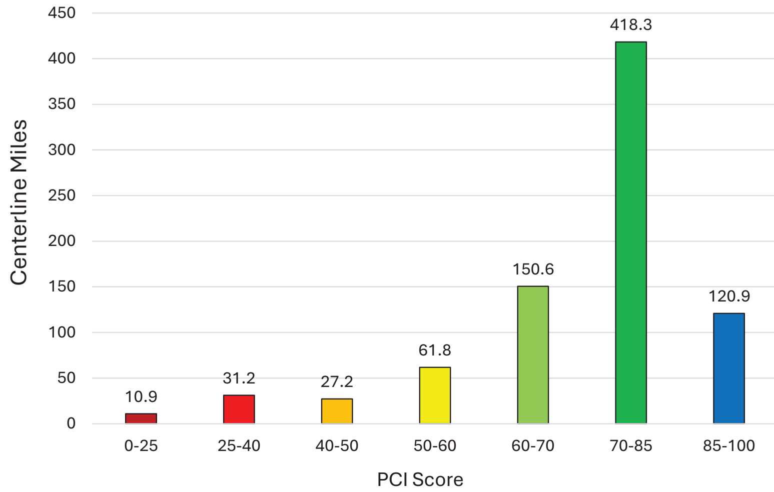
McKINNEY TEXAS Unique by nature.

Historical Street Spending

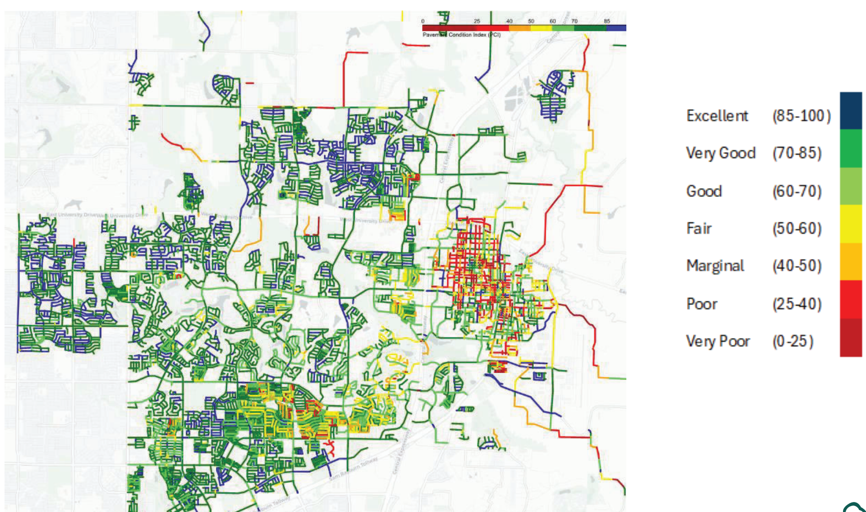


McKINNEY TEXAS Unique by nature.

Condition of Our Roadways



Network Condition Map



Capital Improvements Program – FY 2027-2031

Project Type	Funded Thru FY26 (Incl BA)	FY26 Adjustments	FY26-27	FY27-28	FY28-29	FY29-30	FY30-31	TOTAL
Airport	$ 182,155,992	$ (7,245,000)	$ 23,681,000	$ 33,787,000	$ -	$ -	$ -	$ 232,378,992
Drainage	12,644,359	-	-	-	-	-	-	12,644,359
Facilities	174,253,508	(20,125,000)	26,275,000	51,125,000	-	-	-	231,528,508
Public Safety Improvements	82,046,124	550,000	4,500,000	13,500,000	3,000,000	17,000,000	27,750,000	148,346,124
Law Enforcement	-	-	-	-	-	-	-	-
Library	21,502,940	-	-	-	-	-	-	21,502,940
Parks	183,305,326	13,750,000	41,550,199	25,430,000	180,000	180,000	180,000	264,575,525
Streets	292,508,526	32,936,270	40,725,000	41,800,000	45,150,000	24,000,000	-	477,119,796
Technology Improvements	13,098,837	-	1,200,000	-	-	-	-	14,298,837
Traffic	32,042,555	(1,125,000)	6,980,000	10,125,000	9,100,000	4,400,000	-	61,522,555
Water	361,492,382	(26,015,000)	44,250,000	45,575,000	43,800,000	53,850,000	47,200,000	570,152,382
Wastewater	115,421,702	13,438,732	30,150,000	15,850,000	24,250,000	12,150,000	12,150,000	223,410,434
Grand Total	**$ 1,470,472,251**	**$ 6,165,002**	**$ 219,311,199**	**$ 237,192,000**	**$ 125,480,000**	**$ 111,580,000**	**$ 87,280,000**	**$ 2,257,480,452**

Major Projects – FY 2027 Funding

- Airport Projects
  - Taxiway C Phase II Design and Construction (Grant) $15.071M
  - Texas DPS Facility - Phase II (Grant) $8.0M
- Facilities Projects
  - Public Works Northwest Campus $26.125M
  - Future Fire Station, Driver Training Pad & Apparatus Storage $3.0M
- Parks Projects
  - Multi-Generational Recreation Center $20.116M
  - Towne Lake Redevelopment $11.25M
- Streets Projects
  - Stonebridge Drive (US 380 - Tucker Hill) $16.1M
  - Virginia Parkway and Airport Road Street Rehab $5M
- Water / Wastewater Projects
  - Stonebridge 42 " Water Line fm US 380 to Bloomdale – 920PP $28.5M
  - Comegys Creek Wastewater Improvements $10.0M
  - Couch Drive Wastewater Capacity Improvements $10.0M

Water and Wastewater Fund

Water and Wastewater Highlights

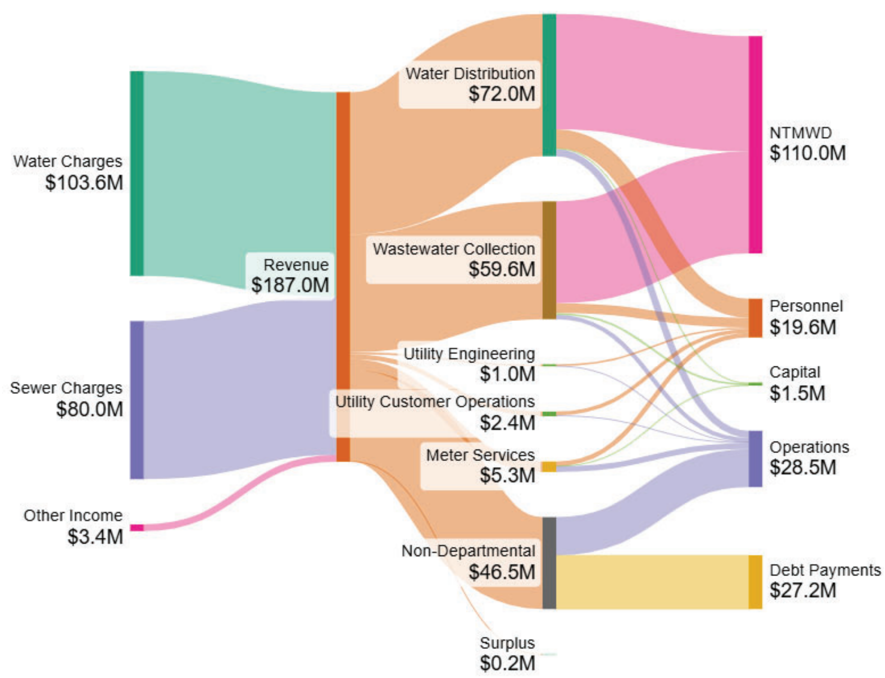
- Continue water line replacement program
- Continue implementation of I&I Program
- Anticipate a debt sale for capital projects in FY27
- Real Loss of Treated Water down to 8%
  - 28% in Fiscal Year 2014
- Supplementals proposed include:
  - Pipe Assessment and Metrics Program
  - Construction Inspector
  - Pump Station Staffing
  - Additional Wastewater Technicians

86

Water and Wastewater Rates

- Rates and NTMWD
  - NTMWD FY27
    - Increases for both Water & Wastewater
    - Increased rates due to capital improvements district wide, market conditions, commodity prices, & increased regulatory requirements
  - City of McKinney proposes
    - 9% increase on Water
    - 11% increase on Wastewater
    - Allows for Water/Wastewater fund to remain self-sufficient

87



Solid Waste, & Surface Water Drainage Funds

89

Solid Waste Fund

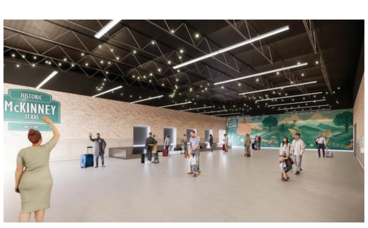
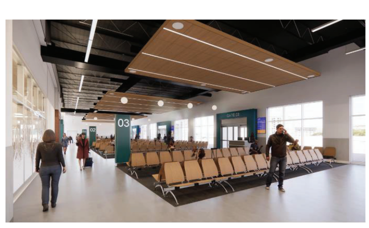
- Solid Waste rates for Residential customers will increase to $20.99
  - A $0.63 increase over current rate
- Commercial rate increases proposed as well
- Allows Solid Waste Fund to remain self-sufficient

90

Surface Water Drainage Fund

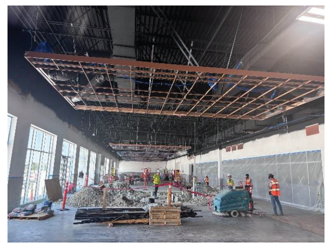
- Proposing change to the Surface Water Drainage Utility fee
  - Increase of $0.25 to both Residential and Commercial Rates
- Fee changes based on rate study done in 2024
- Estimate almost 8% increase in revenue for Surface Water Drainage Fund
- Plan to use for funding future Capital Drainage Projects
- Supplementals proposed include:
  - Storm Drain Cleaning Program

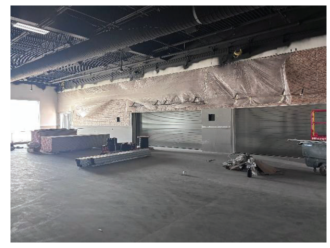
McKinney National Airport


McKinney National Airport Terminal

- Construction Update
  - The passenger terminal is on schedule to open November 11th.
  - Construction is now focusing on finishes including ceilings, flooring, tile work, and IT systems.
  - Construction is also proceeding on Taxiway Charlie and the roundabout.
- Operational Expenses
  - The proposed budget funds three Operations Agents, who ensure regulatory compliance as a Part 139 airport, and four Line Service Technicians, who will be responsible for the airline fueling operations at the new terminal.

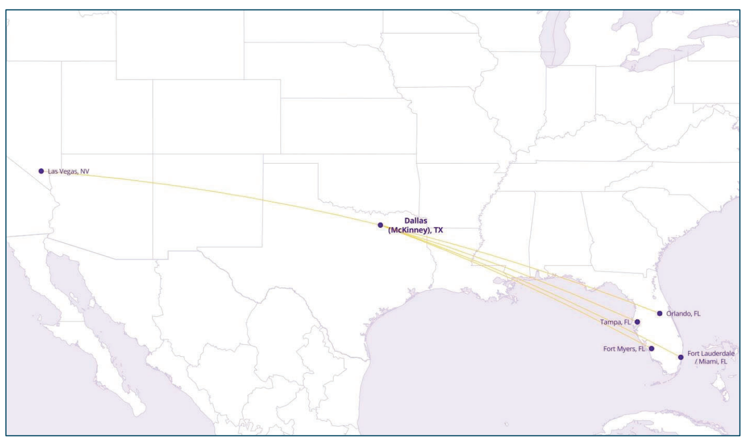




McKINNEY TEXAS
Unique by nature.

Avelo Airlines

- Avelo Airlines announced their first five routes that will begin on November 11, 2026.
- Avelo is a low-cost carrier that targets small, easy to use airports in major markets.



McKINNEY TEXAS
Unique by nature.

Ad Valorem Tax Revenue

Annual Entity Tax Revenue from Airport*						
Tax Year	Fiscal Year	City	MISD	County	College	Total
2016	2017	$409,201	$1,156,905	$148,823	$58,004	$1,772,933
2017	2018	$537,476	$1,611,835	$191,277	$79,408	$2,419,996
2018	2019	$501,874	$1,519,470	$172,766	$77,619	$2,271,728
2019	2020	$679,965	$1,962,812	$230,723	$107,114	$2,980,613
2020	2021	$580,721	$1,683,667	$196,979	$92,731	$2,554,099
2021	2022	$688,647	$1,905,056	$232,596	$112,394	$2,938,693
2022	2023	$797,699	$2,317,325	$265,809	$141,620	$3,522,452
2023	2024	$903,821	$2,383,690	$315,732	$171,710	$3,774,953
2024	2025	$690,207	$1,869,065	$248,073	$134,914	$2,942,259
2025	2026	$866,148	$2,288,926	$309,549	$168,348	$3,632,970
Total Tax Revenue		$6,655,759	$18,698,750	$2,312,326	$1,143,862	$28,810,697

*Data Source: Collin County Appraisal District

McKINNEY TEXAS
Unique by nature.

Component Units

96

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 FY27 Hotel/Motel Tax Collection $3,682,343

97

Visit McKinney Budget Notes

- Total operating costs up $96,000 over FY26 Adopted
  - $1.72M to $1.82M
- Supplementals proposed include:
  - Tourism Master Plan

98

Visit McKinney Budget and Current Staffing

STATEMENT OF REVENUES AND EXPENDITURES	Actual FY 23-24	Actual FY 24-25	Original FY 25-26	EOY Estimate FY 25-26	Proposed FY 26-27
REVENUES					
Interest Income	$ 4,868	$ 2,197	$ 3,000	$ 1,539	$ 3,000
Other Income	62,563	46,285	44,260	44,260	44,260
Transfers from Hotel/Motel Fund	1,282,000	1,452,000	1,702,000	1,702,000	1,727,000
Total Revenues	**$ 1,349,431**	**$ 1,500,482**	**$ 1,749,260**	**$ 1,747,799**	**$ 1,774,260**
EXPENDITURES					
Personnel	$ 698,949	$ 790,177	$ 780,228	$ 799,838	$ 807,565
Supplies	47,948	50,316	66,374	66,374	64,374
Maintenance	41	62	750	750	750
Services/Sundry	561,381	678,149	876,429	876,679	947,123
Capital	-	36,842	-	-	-
Total Expenditures	**$ 1,308,320**	**$ 1,555,547**	**$ 1,723,781**	**$ 1,743,641**	**$ 1,819,812**
NET INCOME	**41,112**	**(55,064)**	**25,479**	**4,158**	**(45,552)**
BEGINNING FUND BALANCE	**68,925**	**110,036**	**10,615**	**54,972**	**59,130**
ENDING FUND BALANCE	**$ 110,036**	**$ 54,972**	**$ 36,094**	**$ 59,130**	**$ 13,578**

STAFFING	Grade	EOY Estimate FY 25-26	Proposed FY 26-27
Executive Director of MCVB	D3	1.00	1.00
Assistant Director of MCVB	19	1.00	1.00
Communications & Media Specialist, Senior	16	1.00	1.00
MCVB Sales Manager	15	1.00	1.00
Digital Communications Coordinator	12	1.00	1.00
Executive Assistant	12	1.00	1.00
Staff Assistant <1,560 hrs	5B	0.75	0.75
Staff Assistant <1,000 hrs	5A	0.50	0.50
Total		**7.25**	**7.25**

McKINNEY TEXAS
Unique by nature.

99

MEDC

- Main Source of Funds – ½ Cent Type A Sales Tax
  - FY27 Estimated Collection $26,867,675
- 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)

McKINNEY TEXAS
Unique by nature.

100

MEDC Budget and Current Staffing

STATEMENT OF REVENUES AND EXPENDITURES	Actual FY 23-24	Actual FY 24-25	Original FY 25-26	EOY Estimate FY 25-26	Proposed FY 26-27
REVENUES					
Sales Taxes	$ 23,883,071	$ 24,617,454	$ 25,453,309	$ 25,959,106	$ 26,867,675
Interest Income	1,487,367	1,603,345	1,598,000	1,624,151	1,736,000
Other Operating Income	399,110	651,172	468,111	468,111	468,111
Sale of Land	890,156	-	-	-	-
Bond Proceeds	-	63,238,636	-	-	-
Total Revenues	**$ 26,659,704**	**$ 90,110,607**	**$ 27,519,420**	**$ 28,051,368**	**$ 29,071,786**
EXPENDITURES					
Personnel	$ 1,304,690	$ 1,593,035	$ 2,066,736	$ 1,976,850	$ 2,313,733
Supplies	44,642	56,981	69,500	69,500	69,500
Maintenance	353	1,153	3,039	3,039	2,947
Services/Sundry	9,591,554	31,387,626	19,167,133	38,596,269	20,454,058
Capital	-	51,409,511	-	745,366	-
Transfers to Other Funds	2,471,010	3,730,070	6,213,012	6,213,012	6,231,548
Total Expenditures	**$ 13,412,249**	**$ 88,178,376**	**$ 27,519,420**	**$ 47,604,036**	**$ 29,071,786**
NET INCOME	**13,247,455**	**1,932,231**	**-**	**(19,552,668)**	**-**
BEGINNING FUND BALANCE	**25,250,716**	**38,498,171**	**19,391,836**	**40,430,402**	**20,877,735**
ENDING FUND BALANCE	**$ 38,498,171**	**$ 40,430,402**	**$ 19,391,836**	**$ 20,877,735**	**$ 20,877,735**

STAFFING	Grade	EOY Estimate FY 25-26	Proposed FY 26-27
MEDC President	D10	1.00	1.00
MEDC Senior Vice President	27	1.00	1.00
MEDC Director of Business Retention & Workforce Deve	23	1.00	1.00
MEDC Director of Strategy & Operations	23	1.00	1.00
MEDC Managing Director of the McKinney Innovation Ex	23	1.00	1.00
MEDC Project Manager + /++	19	1.00	2.00
MEDC Operations Manager	19	1.00	1.00
MEDC Marketing & Social Media Manager	19	1.00	1.00
MEDC Business Intelligence Analyst	18	1.00	1.00
MEDC Marketing & Special Events Coordinator	16	1.00	1.00
Data Analyst ++ / *	15	0.00	0.50
Economic Development Specialist	14	2.00	2.00
Executive Assistant	12	1.00	1.00
Graduate Intern	3A	1.00	1.00
+ Position(s) reclassed in FY 25-26.			
++ New Position in FY27 / *Split funded with MCDC			
Total		**14.00**	**15.50**

McKINNEY TEXAS
Unique by nature.

101

MCDC

- Main Source of Funds – ½ Cent Type B Sales Tax
  - FY27 Estimated Collection $26,867,675
- 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)
    - In FY27 MCDC will be funding approximately $600K in Parks Vehicles and Equipment
  - Water Supply Facilities (with voter approval)
  - Hangars, airport maintenance and repair facilities, air cargo facilities, and related infrastructure

McKINNEY TEXAS Unique by nature.

102

MCDC Budget and Current Staffing

STATEMENT OF REVENUES AND EXPENDITURES	Actual FY 23-24	Actual FY 24-25	Original FY 25-26	EOY Estimate FY 25-26	Proposed FY 26-27
REVENUES					
Sales Tax	$ 23,883,071	$ 24,617,454	$ 25,453,309	$ 25,959,106	$ 26,867,675
Interest Income	4,305,135	3,727,530	1,442,037	3,558,327	3,558,000
Donations / Contributions	95,728	-	-	-	-
Other Income	3,457,513	30,568,947	416,028	416,028	430,028
Total Revenues	**$ 31,741,447**	**$ 58,913,931**	**$ 27,311,374**	**$ 29,933,461**	**$ 30,855,703**
EXPENDITURES					
Personnel	$ 357,933	$ 456,522	$ 472,120	$ 471,877	$ 560,429
Supplies	7,183	10,064	15,250	15,250	16,200
Maintenance	-	386	2,500	2,500	2,500
Services/Sundry	16,505,022	47,048,225	26,722,004	58,138,510	30,196,574
Capital	2,124,886	28,930	99,500	190,570	80,000
Total Expenditures	**$ 18,995,023**	**$ 47,544,127**	**$ 27,311,374**	**$ 58,818,707**	**$ 30,855,703**
NET INCOME	**12,746,424**	**11,369,804**	**-**	**(28,885,246)**	**-**
BEGINNING FUND BALANCE	**68,333,868**	**81,080,292**	**49,795,394**	**92,450,096**	**63,564,851**
ENDING FUND BALANCE	**$ 81,080,292**	**$ 92,450,096**	**$ 49,795,394**	**$ 63,564,851**	**$ 63,564,851**

STAFFING	Grade	EOY Estimate FY 25-26	Proposed FY 26-27
MCDC President	D6	1.00	1.00
MCDC Grant Program & Marketing Manager	19	1.00	1.00
Administrative and Marketing Coordinator	15	1.00	1.00
Data Analyst + / ++	15	0.00	0.50
+ New Position in FY27 / ++ Split funded with MEDC			
Total		**3.00**	**3.50**

McKINNEY TEXAS Unique by nature.

103

Budget Calendar

August 4
- Tax Rate Record Vote

August 18
- Budget – Citizen Input Meeting

Sept. 1
- Budget – Public Hearing
- Tax Rate – Public Hearing
- Ratification of Property Tax Revenue Increase
- Adopt Budget, Tax Rate, and Fee/Rate Ordinance

McKINNEY TEXAS Unique by nature.