CITY COUNCIL WORK SESSION

AUGUST 8, 2025

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 8, 2025, 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 Bill Cox called the work session to order at 8:38 a.m. upon determining a quorum consisting of himself and the following McKinney City Council members were present: Councilmembers Michael Jones, Justin Beller, and Ernest Lynch.

Mayor Pro Tem Geré Feltus and Councilmembers Patrick Cloutier and Rick Franklin were absent.

These city staff members were present: City Manage Paul Grimes, Assistant City Manager Barry Shelton, Assistant City Manager Trevor Minyard, Assistant City Manager Jennifer Arnold, City Attorney Mark Houser, Chief Financial Officer Mark Holloway, Director of Engineering Gary Graham, Budget Manager Trevor Daggon, Deputy City Secretary Tenitrus Parchman, Financial Analyst Palama Rodriguez, Financial Analyst Tracy Phelan, Audio Visual Technician Joshua Arias and Management Analyst Emily Brier.

There were approximately 6 (six) members of the public present including Dan Jackson and Dan Lanning with Willdan Consulting Services.

Mayor Cox called for Public Comments on Agenda Items, at which time there were none.

Mayor Cox called for Work Session Items.

25-3023 Discuss Fiscal Year 2025-26 Budget

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

The Council recessed at 9:37 a.m.

The Council reconvened at 9:51 a.m.

Council unanimously approved the motion by Councilmember Beller, seconded by Councilmember Lynch, to adjourn the work session at 11:45 a.m.

CITY COUNCIL MINUTES AUGUST 8, 2025 PAGE 2

These minutes were approved by the City Council on August 19, 2025.

SIGNED:
BILL COX, Mayor GERÉ FELTUS 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 8, 2025



Agenda

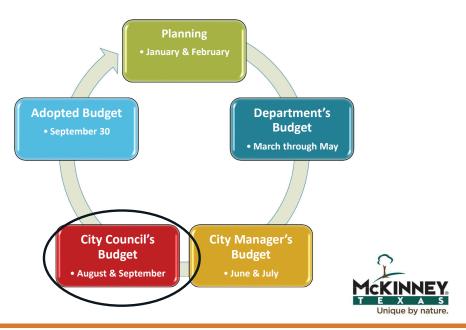
- Budget Process
- Water / Wastewater Rates
- FY26 Budget Overview
- Property Tax
- General Fund Revenues & Expenditures
- Housing
- Capital Improvements Program
- Solid Waste & Surface Water Drainage
- Airport
- Component Units
- Budget Calendar



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

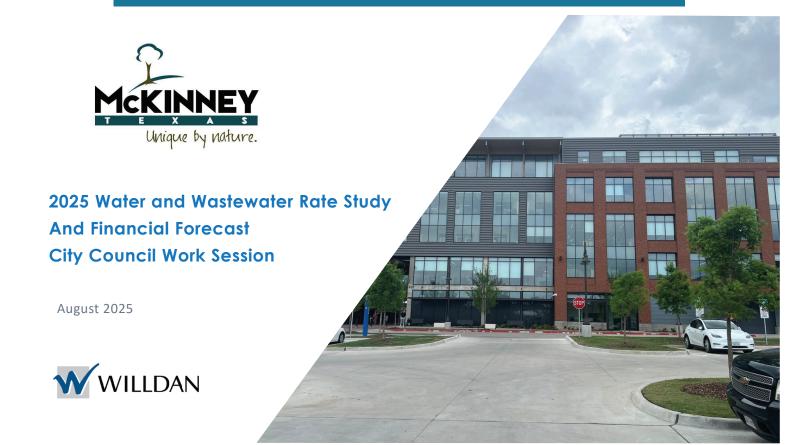
- City has created two plans with a 10-year horizon
 - -General Obligation Debt Service Plan
 - Outlines total debt capacity
 - Maintains I&S rate
 - -General Fund Plan
 - Provides 10-year projection of operating revenues and expenditures
- CIP Leadership Team



Budget Guidelines – Fiscal Year 2025-26

- 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





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Annual water usage has increased by average 2.0% per year from 2022 -- 2025

NTMWD:

Changes to Utility

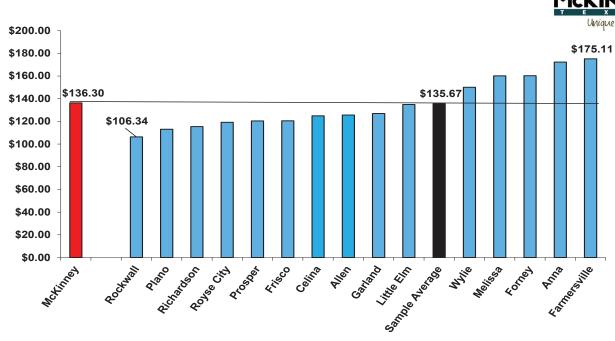
Since 2024 Rate Study

- Water rate increases through 2035 less than previous year's forecast
- WW rate increases are higher than previous year's forecast, but offset by a decrease in forecast WW flows
- Amount of debt required to fund CIP has decreased from 2024 estimates due to staff securing grants
- The combination of these factors results in lower overall costs and decrease in magnitude of rate adjustments



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



Water and Wastewater Accounts | Test Year 2026

Total



3

Mć	KIN	INE	Y
7	e x Unique	by nat	s ure.

WATER Customer Acc	counts
Residential Inside	63,199
Commercial Inside	3,947
MU	94
Residential Rental	826
Irrigation	2,957
Residential Outside	5,532
Commercial Outside	137
_	

76,692

Total

WASTEWATER Customer	Accounts
Residential Inside	60,945
Commercial Inside	3,711
MU	59
Residential Rental	826
Residential Outside	5,007
Commercial Outside	31
	_

70,579

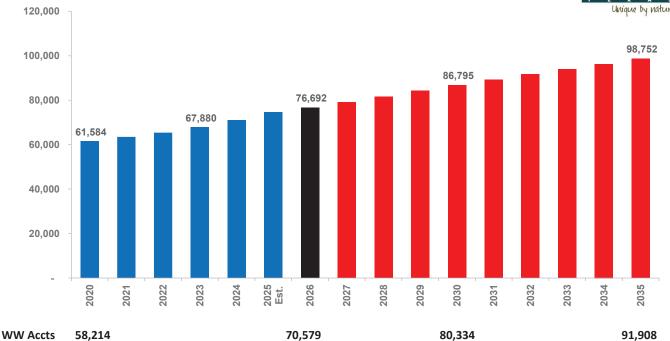
accounts per year. **Wastewater Account**

Water Account growth over period 2027-2035 forecast to be on average 2,451 new

growth over period 2027-2035 on average 2,370 new accounts per year.

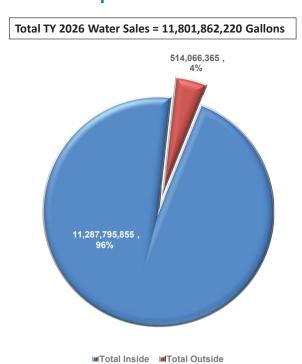
Historical and Forecast Total Water Accounts





5

Test Year 2026 Consumption Inside vs. Outside Service



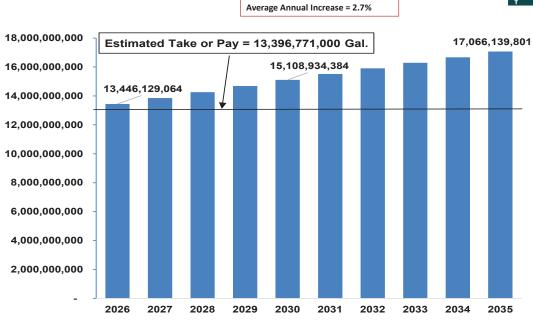
Outside city customers pay 1.25x inside city rates

Outside city rate calculations using "utility basis" per AWWA guidelines (providing a return on city's equity in W/WW system) justifies the 1.25x premium implemented by the City.

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NTMWD Forecast Water Purchases

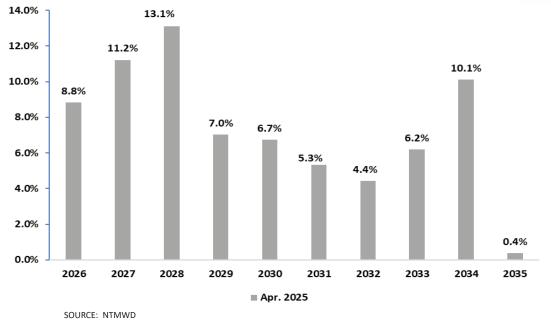




Note: percentage of lost water continues to decline

NTMWD Water Rate Increases 2025 Forecast

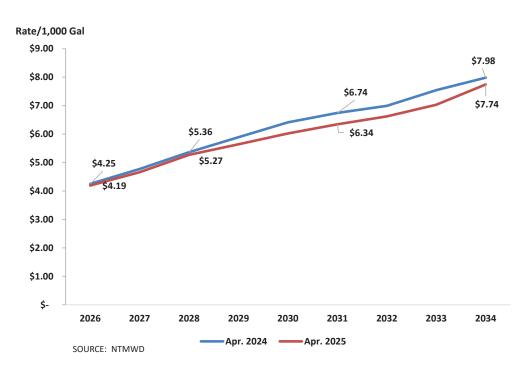




NTMWD 2024 & 2025 Water Rate Forecasts

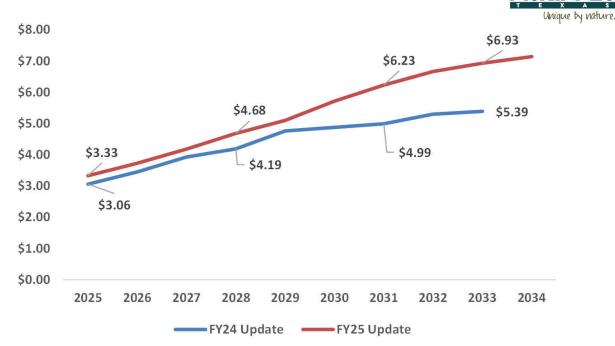


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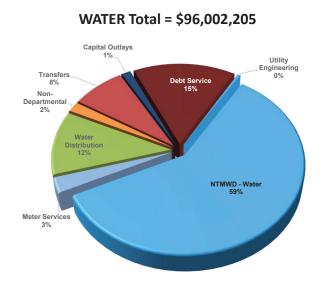
NTMWD Wastewater Rate Forecasts 2024 (FY24 Update) vs. 2025 (FY25 Update)



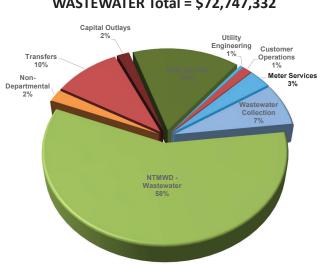
Forecast Debt Issues Required to Fund CIP 2026 - 2029

Year	Water			Vastewater	Total
2026	\$	70,425,000	\$	11,775,000	\$ 82,200,000
2027		29,875,000		15,625,000	45,500,000
2028		46,837,500		28,587,500	75,425,000
2029		33,375,000		16,925,000	50,300,000
Total		180,512,500		72,912,500	253,425,000

Test Year 2026 Cost of Service







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Cost of Service Forecast \$350,000,000 Unique by nature. \$300,000,000 \$250,000,000 \$200,000,000 \$150,000,000 \$100,000,000 \$50,000,000 2026 2028 2031 2032 2033 2029 2030 Operating = Capital Outlays Debt Service -2024 Update COS



- Water rate adjustment nominally lower than 2024 rate study forecast:
 - Lessened increase in NTMWD wholesale water rate
 - Anticipated grant receipts from Collin County and TXDOT to fund 380 Bypass projects
 - Continued lower lost and accounted for water volumes
- WW rate adjustment also lower than 2024 rate study forecast:
 - Overall decrease in NTMWD wholesale WW charges (higher rate, lower flows)



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2025 Update Proposed Water Rate Plan

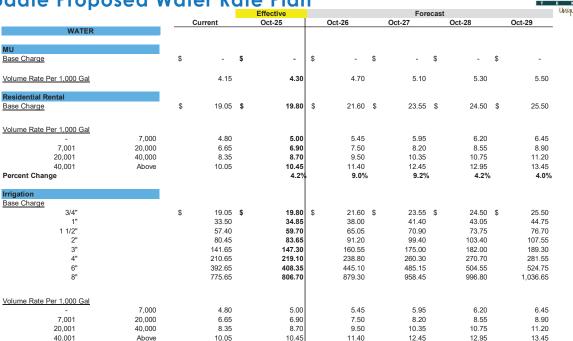


				Effective			Forecast	Forecast			
		Current		Oct-25		Oct-26	Oct-27	Oct-28	Oct-29		
WATER											
Residential Inside											
Base Charge		\$ 19.05	\$	19.80	\$	21.60 \$	23.55 \$	24.50 \$	25.50		
Percent Change				3.9%	ľ	9.1%	9.0%	4.0%	4.1%		
Volume Rate Per 1,000 Gal											
-	7,000	4.80)	5.00		5.45	5.95	6.20	6.45		
7,001	20,000	6.65	5	6.90		7.50	8.20	8.55	8.90		
20,001	40,000	8.35	5	8.70		9.50	10.35	10.75	11.20		
40,001	Above	10.05	5	10.45		11.40	12.45	12.95	13.45		
Percent Change				4.2%		9.0%	9.2%	4.2%	4.0%		
Commercial Inside											
Base Charge											
3/4"		\$ 19.05	\$	19.80	\$	21.60 \$	23.55 \$	24.50 \$	25.50		
1"		33.50)	34.85		38.00	41.40	43.05	44.75		
1 1/2"		57.40		59.70		65.05	70.90	73.75	76.70		
2"		80.45	5	83.65		91.20	99.40	103.40	107.55		
3"		141.65	5	147.30		160.55	175.00	182.00	189.30		
4"		210.65	5	219.10		238.80	260.30	270.70	281.55		
6"		392.65	5	408.35		445.10	485.15	504.55	524.75		
8"		775.65	5	806.70		879.30	958.45	996.80	1,036.65		
10"		1,467.70)	1,526.40		1,663.80	1,813.55	1,886.10	1,961.55		
12"		2,743.80)	2,853.55		3,110.35	3,390.30	3,525.90	3,666.95		
Percent Change				3.9%		9.1%	9.0%	4.0%	4.1%		
Volume Rate Per 1,000 Gal											
-	Above	5.55	,	5.75		6.25	6.80	7.05	7.35		
Percent Change				3.6%		8.7%	8.8%	3.7%	4.3%		

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

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2025 Update Proposed Water Rate Plan



2025 Update Proposed Wastewater Rate Plan

			Effective			Forecast						
		Current		Oct-25		Oct-26		Oct-27		Oct-28		Oct-29
WASTEWATER												
Residential Inside												
Base Charge	\$	26.75	\$	28.10	\$	30.05	¢.	32.75	¢.	35.70	¢.	37.50
base Charge	φ	20.75	φ	20.10	φ	30.03	Φ	32.73	Φ	33.70	Φ	37.30
Volume Rate Per 1.000 Gal												
- Above		7.45		7.80		8.35		9.10		9.90		10.40
- Above		7.43		7.00		0.55		9.10		9.90		10.40
Commercial Inside												
Base Charge												
3/4"		26.75		28.10		30.05		32.75		35.70		37.50
3/4 1"		43.85		46.05		49.25		53.70		58.55		61.50
1 1/2"		72.45		76.05		81.35		88.65		96.65		101.50
2"		94.30		99.00		105.95		115.50		125.90		132.20
3"		147.85		155.25		166.10		181.05		197.35		207.20
3 4"		209.60		220.10		235.50		256.70		279.80		293.80
6"		358.10		376.00		402.30		438.50		477.95		501.85
8"		700.70		735.75		787.25		858.10		935.35		982.10
10"												
10"		1,442.40		1,514.50		1,620.50		1,766.35		1,925.30		2,021.55
12		2,942.20		3,089.30		3,305.55		3,603.05		3,927.30		4,123.65
Volume Rate Per 1,000 Gal												
		7.45		7.80		8.35		9.10		9.90		10.40
- Above		7.45		7.80		8.33		9.10		9.90		10.40
Residential Rental												
	\$	26.75	•	28.10	\$	30.05	\$	32.75	Φ.	35.70	Φ.	37.50
Base Charge	Ф	20.75	ф	28.10	Э	30.05	Ф	32.75	Ф	35.70	Ф	37.50
Volume Rate Per 1,000 Gal												
- Above		7.45		7.80		8.35		9.10		9.90		10.40
- Above		7.45		7.00		0.33		9.10		9.90		10.40
MU												
	_		_		١.		_		_		_	
Base Charge	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
V. I												
Volume Rate Per 1,000 Gal		F 0F		5.05		0.25		0.00		7.50		7.00
- Above		5.65		5.95	l	6.35		6.90		7.50		7.90

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

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Monthly Charges Impact on Ratepayers



				Effective	Forecast				
				Oct-25	Oct-26		Oct-27	Oct-28	Oct-29
Residential Mon	thly Charges Inside 3/4"								
5,000 Water	Total	\$ 107.05	\$	111.90	\$ 120.65	\$	131.55	\$ 140.70 \$	147.25
5,000 WW	Increase \$			4.85	8.75		10.90	9.15	6.55
	Increase %			4.5%	7.8%		9.0%	7.0%	4.7%
10,000 Water	Total	\$ 136.60	\$	142.60	\$ 154.05	\$	168.05	\$ 178.75 \$	186.85
5,000 WW	Increase \$			6.00	11.45		14.00	10.70	8.10
	Increase %			4.4%	8.0%		9.1%	6.4%	4.5%
Commercial Mor	nthly Charges Inside 2"								
40,000 Water	Total	\$ 694.75	\$	724.65	\$ 781.15	\$	850.90	\$ 907.30 \$	949.75
40,000 WW	Increase \$			29.90	56.50		69.75	56.40	42.45
	Increase %			4.3%	7.8%		8.9%	6.6%	4.7%
50,000 Water	Total	\$ 824.75	\$	860.15	\$ 927.15	\$	1,009.90	\$ 1,076.80 \$	
50,000 WW	Increase \$			35.40	67.00		82.75	66.90	50.45
	Increase %			4.3%	7.8%		8.9%	6.6%	4.7%

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Monthly Charges Impact on Ratepayers



			Effective		Foreca	ast	
		 urrent	Oct-25	Oct-26	Oct-27	Oct-28	Oct-29
Residential Monthly	Charges Inside 3/4"						
5,000 Water	5,000 WW 2024 Rate Study 2025 Rate Study Difference	\$ 107.05 107.05 -	114.90 111.90 (3.00)	125.30 120.65 (4.65)	136.60 131.55 (5.05)	147.60 140.70 (6.90)	156.30 147.25 (9.05)
10,000 Water	5,000 WW 2024 Rate Study 2025 Rate Study Difference	136.60 136.60	146.00 142.60 (3.40)	159.25 154.05 (5.20)	173.65 168.05 (5.60)	187.25 178.75 (8.50)	198.80 186.85 (11.95)

Presentation Summary Benefits of Proposed Rate Plan

- Provides full funding of operating expenses and NTMWD charges
- Allows for \$253 million in investment in City infrastructure
- Allows utility to continue to maintain financial health
- Rates will remain competitive when compared to other neighboring utilities



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FY 2026 Budget Overview



Citizens Budget Survey – Virtual Town Hall FY26

 Survey completed by 293 citizens on the allocation of City funds





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FY 2026 Budget Opportunities

- Decrease property tax rate by <u>0.3 cents</u> to \$0.412284
- Sales Tax remains steady
- Provide step increases for all non-sworn personnel
- Planned step increases for sworn personnel
- Expanded funding for Street Maintenance
- Staffing
 - -Public Safety/Police & Fire
 - -Development Services
 - —Parks and Recreation
 - -Public Works
 - -Water/Wastewater



1:

Bond Updates

2019 Bond Package - \$350 Million

	Voter Approved	Issued	Remaining
Public Safety Facilities	\$75M	\$69.95M	\$5.05M
Municipal Community Complex	\$50M	\$50M	-
Parks and Recreation	\$91M	\$91M	-
Public Works Facilities	\$34M	\$16.75M	\$17.25M
Street Improvements	\$100M	\$100M	-
Total	\$350M	\$327.7M	\$22.3M

2024 Bond Package - \$449.5 Million

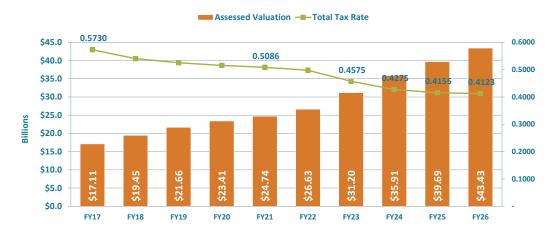
	Voter Approved	Issued	Remaining
Public Safety Facilities	\$70M	-	\$70M
Parks and Recreation	\$106M	\$22.5M	\$83.5M
Public Works Facilities	\$30M	-	\$30M
Street Improvements	\$243.5M	\$23M	\$220.5M
Total	\$449.5M	\$45.5M	\$404M



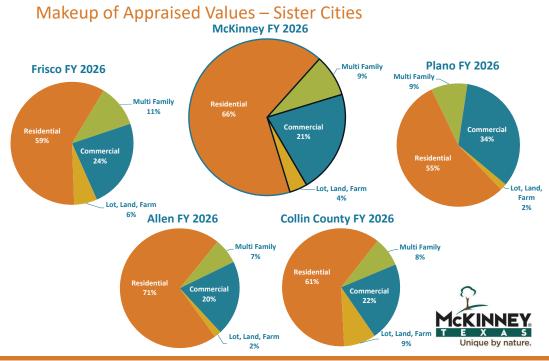
Property Tax



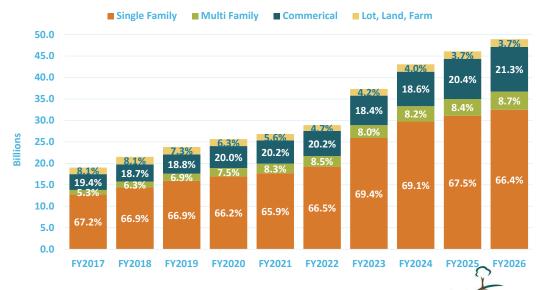
Taxable Value & Tax Rate History







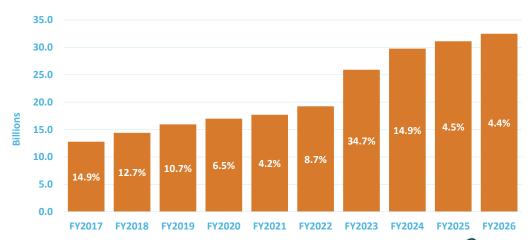
Makeup of Appraised Values



Source: Collin Central Appraisal District

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Single Family Residence Values - % of Change



MCKINNEY T E X A S Unique by nature.

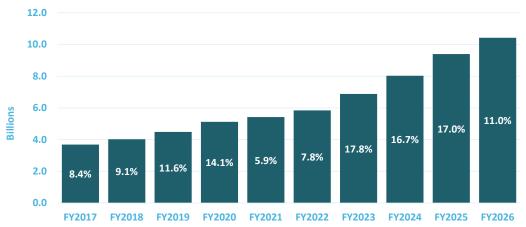
17

Multi Family Values - % of Change



MCKINNEY E X A S Unique by nature.

Commercial Values - % of Change





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(Vacant) Land Value - % of Change





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

- 2020 0.57% CPI
- 2021 5.24% CPI
- 2022 8.84% CPI
- 2023 5.16% CPI
- 2024 3.94% CPI
- 2025 0.59% CPI (May to May)Average CPI last 5 years 4.75%
- FY23 2.81% Above NNR
- FY22 2.00% Above NNR

■ FY21 – 0.00% Above NNR

- FY24 2.34% Above NNR
- FY25 2.97% Above NNR
- Average above NNR last 5 years 2.02%

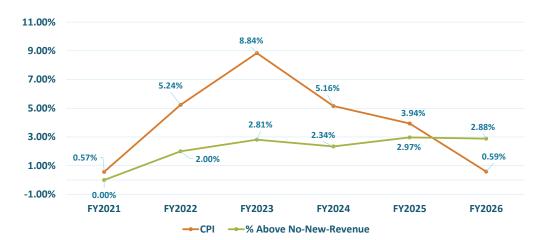
FY26 Proposed Tax Rate

0.412284 (2.88% Above NNR)

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



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



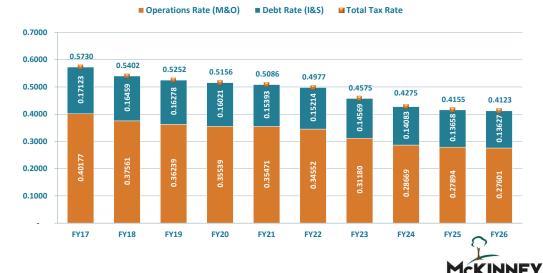
McKINNEY.
T E X A S
Unique by nature

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

2.

Property Tax Rate

Operations & Debt Rate History



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Tax Rate/Average Home Value

2024 Tax Year (FY25)

Tax Rate \$0.415513

Median Market Value \$537,000

Median Taxable Value \$459,195

> <u>Tax Levy</u> \$1,908

2025 Tax Year

(FY26)

Tax Rate \$0.412284

Median Market Value \$538,544

Median Taxable Value \$495,634

Tax Levy

\$2,043



FY2026 Tax Levy Based on Home Values

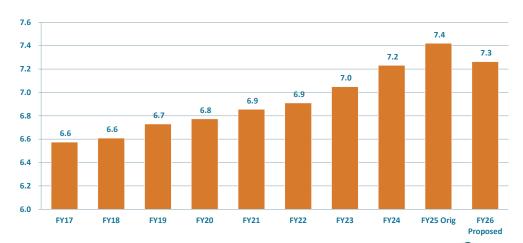
- Based on proposed FY2026 tax rate of 0.412284
- \$100,000 in value equates to a \$412 in tax levy
- \$50,000 in value equates to a \$206 in tax levy

Home Value	\$1,000,000	\$900,000	\$800,000	\$700,000	\$600,000	\$500,000	\$400,000	\$350,000	\$300,000	\$250,000
Tax Levy	\$4,123	\$3,711	\$3,298	\$2,886	\$2,474	\$2,061	\$1,649	\$1,443	\$1,237	\$1,031



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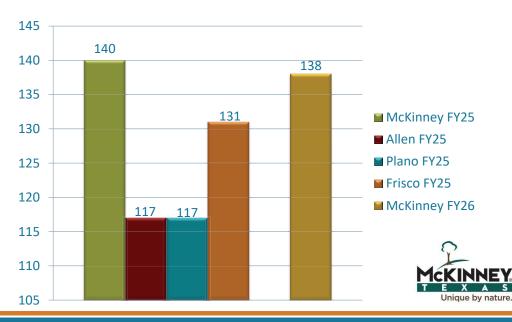
Citizens Served Per Employee



MCKINNEY TEXAS Unique by nature.

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Citizens Served – Sister Cities



General Fund Revenues



FY 2026 Revenue Estimates

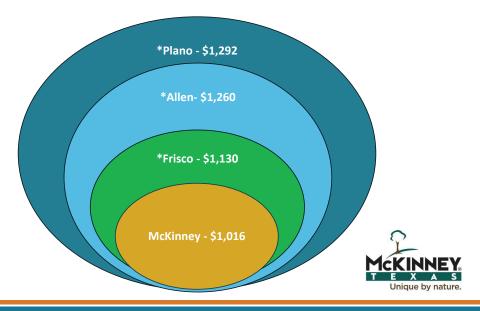
- Budget for sales tax conservative
 - -FY25 + 3.5%
- Building Permits
 - -Budgeted level with FY25 Budget
 - -Actuals for current year up 2% over last year at this time
 - -Even though flat budget, still highest levels since FY17 and FY18
- Interest Income budgeted 7% above FY25 Budget
- Franchise Fees
 - -Budgeted 3% above FY25 EOY budget
 - -Steady increases year over year



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Sister Cities GF Revenues Per Capita

*Based on FY2025 Adopted Budgets



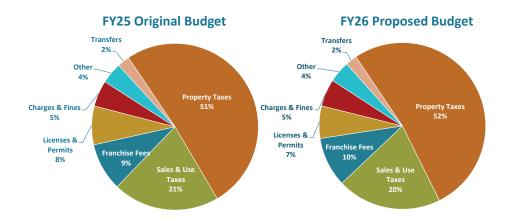
General Fund Revenues





31

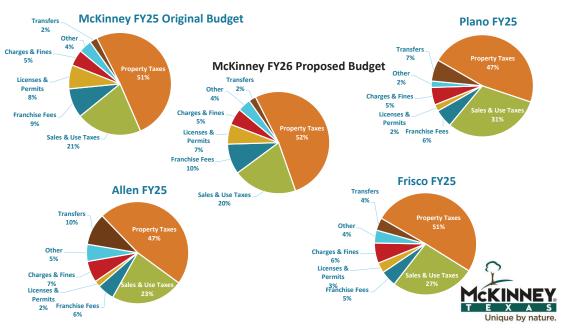
General Fund Revenue Makeup



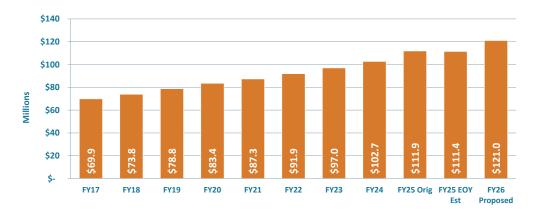


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General Fund Revenue Makeup – Sister City Comparison



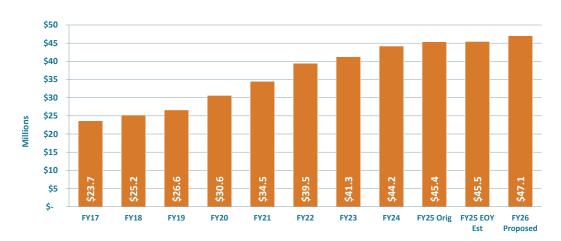
Property Tax Revenue





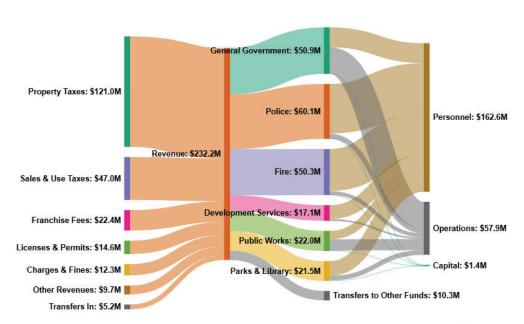
34

Sales Tax Revenue





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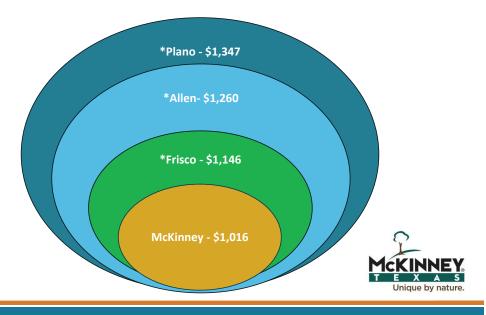


General Fund Expenditures



Sister Cities GF Expenditures Per Capita

*Based on FY2025 Adopted Budgets

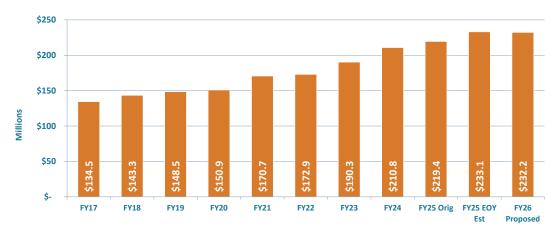


General Fund Expenditure Highlights

- \$5,700,000 New Employees & Equipment
- \$2,000,000 Public Safety Step Increases
- \$1,800,000 Step Increases for General Government Employees
- Transfer to Capital Equipment Replacement Fund for:
 - -22 Marked Police Pursuit Vehicle Replacements \$2.1M
 - -Fire Engine Replacement \$2.3M
 - -Facility Upgrades and Replacements \$3M



General Fund Expenditures





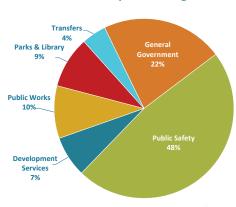
40

General Fund Expense Makeup

FY25 Original Budget

Public Works 9% Development Services 8% Transfers General Government 23% Public Safety 47%

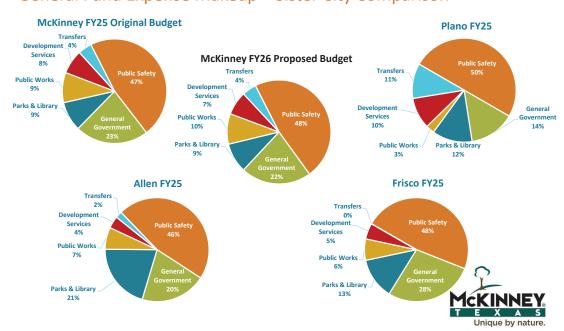
FY26 Proposed Budget





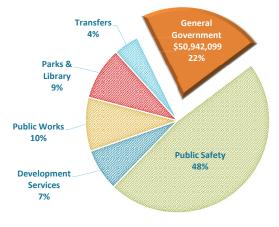
41

General Fund Expense Makeup – Sister City Comparison



General Government

FY26 PROPOSED BUDGET



- 179 Authorized Positions
- FY26 expenditures include new:
 - -Data Engineer
 - -Data Architect
 - -Public Meeting Clerk
 - -HR Risk Analyst
 - -IT Security Software



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Office Rent Budget Savings

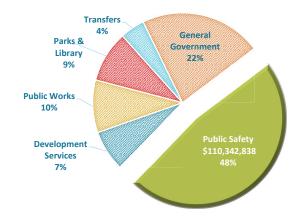
- Business operations moved to City Hall in January 2025
- Annualized rent savings of \$800K+
- FY26 proposed budget excludes office rent appropriations
- * Lease includes a non-appropriation provision at council's direction.

Department	Location	Annualized Rent Savings	Lease Expires	Leassor Name
IT / Utility Billing	210 N. Tennessee St	503,500.00	July 2027*	Hope For Ever LLC - GO Property Mgmt
Comm & Marketing	216 N. Tennessee St	36,000.00	March 2025	El Dorado Properties
Human Resources	201/203 W. Louisiana St	133,000.00	August 2025	Richardson Family Living Trust
Code / Housing	406/410 N. Tennessee St	135,000.00	July 2025	IDA Realty
		807,500.00		^

MCKINNEY T E X A S Unique by nature.

Public Safety

FY26 PROPOSED BUDGET

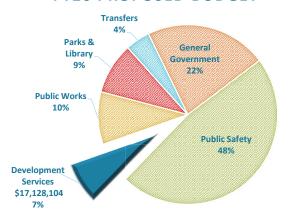


- 636 Authorized Positions
- FY26 expenditures include new:
 - –Police Dept. Employees (5)
 - 2 First Responders
 - 1 Sergeant
 - 1 Detective
 - NIBRS Specialist
 - -Fire Dept. Employees (5)
 - 4 Firefighter/Paramedics
 - Battalion Chief



Development Services

FY26 PROPOSED BUDGET



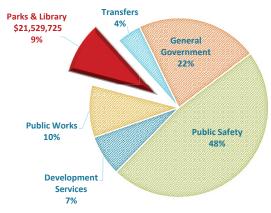
- 129 Authorized Positions
- FY26 expenditures include new:
 - -CRASH Software
 - Real East Acquisitions Specialist
 - -Senior Engineer Traffic



46

Parks & Library

FY26 PROPOSED BUDGET



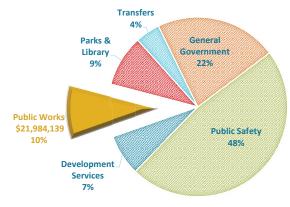
- 214 Authorized Positions
- FY26 expenditures include new:
 - Park Maintenance Technician
 - -Park Ranger
 - -Planetarium Coordinator
 - -Exhibits Coordinator



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Public Works

FY26 PROPOSED BUDGET

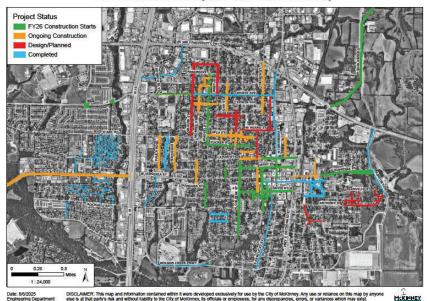


- 92 Authorized Positions
- FY26 expenditures include new:
 - –2 Street Maintenance Technicians
 - Equipment for concrete repair
 - -HVAC Technician



Street Reconstruction Update

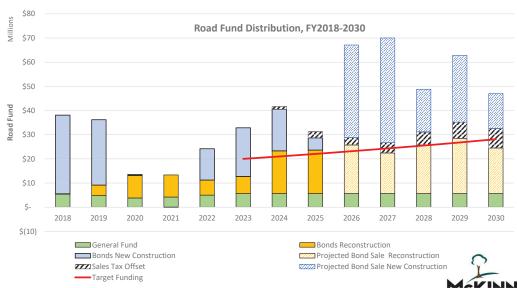
FY22-FY26 Streets Projects - Downtown McKinney





4

Street Funding



Project Substantially Complete

E X A
Unique by na

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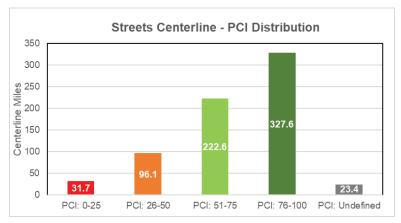
Historical Street Spending

CAPITAL IMPROVEMENT TRANSPORTATION (FUND 21) ANNUAL EXPENDITURES (BY YEAR)





Pace of Reconstruction



PCI: 0-25	Streets Centerline Miles
Completed	11.39
Planned	8.43
Deferred	11.88
TOTAL	31.7



5

Pavement Condition Assessment Update

- The last assessment was conducted in 2021
- The plan was to conduct these assessments every 4-5 years
- Pavement Condition Assessment Underway
- Anticipate an update to the City Council First Quarter 2026



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Grants to Community

Adopted annually as part of General Fund appropriations

Arts Commission	200,000
Community Support Grants	330,000
Neighborhood Engagement Grants	15,000
Downtown Security	100,000
Volunteer McKinney	75,000
Pecan Grove Memorial Service	1,500
Downtown Holiday Decorations	60,000
	781,500



AFFORDABLE HOUSING

FY 25-26 Objectives

- Develop an Affordable Housing Strategy
- Encourage affordable housing development while ensuring sufficient community benefits to offset tax exemptions
- Purchase infill lots for development of affordable ownership products
- Host an affordable housing summit
- Complete housing rehabs/emergency repairs





5!

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PROGRAMS

- McKinney Housing Finance Corporation
- McKinney Public Facilities Corporation
- Community Land Trust
- Community Grants
 Advisory Committee
- McKinney Voucher Program
- McKinney Front Porch
 Team
- Housing Summit
- LIFT Program
- Utility Water Assistance Program
 - Legal Services Program

- Flex Fund
- Housing Rehab Program
- Affordable Housing Analysis + Strategy
- Downpayment and Closing Cost Assistance Program
- Property Maintenance Program
- Texas Homebuyer Program
- Tenant-based Rental Assistance
- Low-income Housing Tax
- Neighborhood Engagement Grants



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(**

PROGRAMS

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- Low-income Housing Tax
- Neighborhood Engagement Grants
- Engagement Grants



Capital Improvements Program



Capital Improvements Program – FY 2026-2030

	Funded Thru F	Y25						
Project Type	(Incl BA)	FY25 Adjustments	s FY25-26	FY26-27	FY27-28	FY28-29	FY29-30	TOTAL
Airport	\$ 189,521,	179 \$ 8,812,000) \$	- \$ -	\$ -	\$ -	\$ -	\$ 198,333,179
Drainage	12,444,	359 200,000)		-	-	-	12,644,359
Facilities	181,103,	206 6,000,000	20,125,000	39,625,000	12,500,000	-	-	259,353,206
Public Safety Improvements	85,640,	529 (7,000,000	9,580,000	3,000,000	19,000,000	37,500,000	-	147,720,529
Law Enforcement	450,	- 000	-		-	-	-	450,000
Library	21,502,	940 -	-		-	-	-	21,502,940
Parks	159,818,	354 1,876,228	3 23,320,000	12,410,000	30,180,000	28,180,000	180,000	255,965,082
Streets	240,465,	501 (5,361,152	2) 89,179,500	54,700,000	28,800,000	46,000,000	7,550,000	461,333,849
Technology Improvements	21,655,	3,000,000	2,230,000	-	-	-	-	26,885,821
Traffic	27,093,	315 2,388,135	5,121,860	5,400,000	8,850,000	4,450,000	2,410,000	55,713,810
Water	376,467,	309 (182,360,245	166,700,000	104,250,000	51,825,000	39,300,000	36,800,000	592,982,064
Wastewater	93,761,	182 7,838,638	11,500,000	15,850,000	24,250,000	12,150,000	12,150,000	177,500,120
Grand Total	\$ 1,409,924,	995 \$ (164,606,396	5) \$ 327,756,360	235,235,000	\$ 175,405,000	\$ 167,580,000	\$ 59,090,000	\$ 2,210,384,959



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Major Projects – FY 2026 Funding

٠	Combined Infrastructure Projects	
	 Graves & First Street Reconstruction 	\$10.5M
	 Florence St & North St Improvements 	\$5.99M
٠	Facilities Projects	
	 Public Works Complex - College Street Service Center Campus Renovations 	\$20.125M
	 Public Safety Phase 6 Expansion & Renovations 	\$5.3M
٠	Parks Projects	
	 Towne Lake District - Wilson Creek Parkway to Eldorado 	\$11.25M
	 Old Settler's Park and Aquatic Renovation 	\$3.8M
٠	Streets Projects	
	 Laud Howell Parkway Bridge Over Honey Creek 	\$18.5M
÷	Water / Wastewater Projects	
	 US 380 Utility Relocations (Collin Co Grant) 	\$114.0M
	 Stonebridge 30" Water Line fm Tucker Hill to Bloomdale - 920PP 	\$21.55M



Water and Wastewater Fund



Water and Wastewater Highlights

- Continue water line replacement program
- Anticipate a debt sale for capital projects in FY26
- Real Loss of Treated Water down to 7%
 - -28% in Fiscal Year 2014
- Supplementals proposed include:
 - -I&I Program
 - -Wastewater Maintenance Program
 - -Concrete Program
 - -Pump Station Staffing
 - -Combo Vac Operator

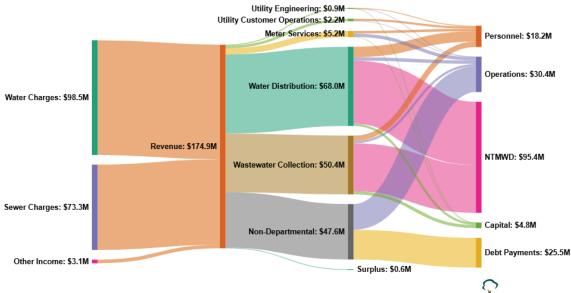


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Water and Wastewater Rates

- Rates and NTMWD
 - -NTMWD FY26
 - Increases for both Water & Wastewater
 - Increased rates due to capital improvements district wide, market conditions, commodity prices, & increased regulatory requirements
 - -City of McKinney proposes
 - 4% increase on Water
 - 5% increase on Wastewater
 - Allows for Water/Wastewater fund to remain self-sufficient





MCKINNEY TEXAS Unique by nature.

Solid Waste & Surface Water Drainage Funds



Solid Waste Fund

- Last year City contracted with new solid waste provider Frontier
- Solid Waste rates for Residential customers will increase to \$20.36
 A \$0.61 increase over current rate
- Commercial rate increases proposed as well
- Supplementals proposed include:
 - -Code Compliance Officer
 - Consulting Services for Recycling Study



Surface Water Drainage Fund

- Proposing change to the Surface Water Drainage Utility fee
 Increase of \$0.75 to both Residential and Commercial Rates
- Fees updated last year for the first time since 2014 (FY15)
- Estimate almost 18% increase in revenue for Surface Water Drainage Fund
- Plan to use for funding future Capital Drainage Projects
- Supplementals proposed include:
 - -Storm Sewer Cleaning and Inspection Program



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McKinney National Airport



Ad Valorem Tax Revenue

	Annual Entity Tax Revenue from Airport*												
Tax Year	Fiscal Year	City	MISD	County	County College								
2015	2016	\$396,687	\$1,136,308	\$153,095	\$55,768	\$1,741,859							
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							
Total Tax Revenue		\$6,186,299	\$17,546,133	\$2,155,872	\$1,031,282	\$26,919,586							

*Data Source: Collin County Appraisal District



McKinney National Airport Terminal

Construction Update

- Earthwork, including the building pad is scheduled to be complete by the end of August.
 Water line installation is ongoing
- Coordination with franchise utilities

Operational Expenses

- The terminal will begin incurring operational expenses in the fourth quarter of the upcoming fiscal year as Operations Agents and **Communications Center Dispatchers** are hired.
- Marketing efforts will increase in 2026 as we prepare for opening.









Existing Funding for Airport Construction Fund

Annual Transfer <u>+</u> \$1.7 Million

Operations Fund

- - Services/Sundry

Construction Fund

- Capital Improvements
- Grant Matching Funds



Funding for Upcoming Terminal Operational Expenses

Reduced Transfer

Operations Fund

- Services/Sundry

Construction Fund

- Capital Improvements
- Grant Matching Funds



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 FY26 Hotel/Motel Tax Collection \$3,365,000



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Visit McKinney Budget Notes

- Total operating costs up \$177,000 over FY25 Adopted -\$1.55M to \$1.72M
- Supplementals proposed include:
 - -Marketing and Promotional Plan



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Visit McKinney Budget and Current Staffing

		Actual	Actual		Original	E	OY Estimate		Proposed
STATEMENT OF REVENUES AND EXPENDITURES		FY 22-23	FY 23-24		FY 24-25		FY 24-25		FY 25-26
REVENUES									
Interest Income	\$	2,992	\$ 4,868	\$	3,000	\$	3,000	\$	3,000
Other Income		3,878	62,563		49,260		49,260		44,260
Transfers from Hotel/Motel Fund		1,030,000	1,282,000		1,452,000		1,452,000		1,702,000
Total Revenues	\$	1,036,870	\$ 1,349,431	\$	1,504,260	\$	1,504,260	\$	1,749,260
EXPENDITURES									
Personnel	\$	588,117	\$ 698,949	\$	744,945	\$	764,931	\$	780,228
Supplies		17,374	47,948		75,374		75,374		66,374
Maintenance		-	41		750		750		750
Services/Sundry		439,487	561,381		724,969		726,169		876,429
Capital		-	-		-		36,457		-
Total Expenditures	\$	1,044,978	\$ 1,308,320	\$	1,546,038	\$	1,603,681	\$	1,723,781
NET INCOME		(8,108)	41,112		(41,778)		(99,421)		25,479
BEGINNING FUND BALANCE		77,033	68,925		74,999		110,036		10,615
ENDING FUND BALANCE	Ś	68,925	\$ 110,036	Ś	33,221	Ś	10,615	Ś	36,094

		EOY Estimate	Proposed
STAFFING	Grade	FY 24-25	FY 25-26
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



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MEDC

- Main Source of Funds ½ Cent Type A Sales Tax
 - -FY26 Estimated Collection \$25,453,309
- 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)



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MEDC Budget and Current Staffing

MEDC budget and Curr	ent Stanni	8							
	Actual		Actual		Original	E	OY Estimate		Proposed
STATEMENT OF REVENUES AND EXPENDITURES	FY 22-23		FY 23-24		FY 24-25		FY 24-25		FY 25-26
REVENUES									
Sales Taxes	\$ 22,306,184	\$	23,883,071	\$	24,592,569	\$	24,592,569	\$	25,453,30
Interest Income	840,013		1,487,367		941,000		1,453,622		1,598,00
Other Operating Income	353,372	2	399,110		468,111		468,111		468,11
Sale of Land	73,413		890,156		-		-		
Bond Proceeds		-	-		-		62,400,000		
Total Revenues	\$ 23,572,982	\$	26,659,704	\$	26,001,680	\$	88,914,302	\$	27,519,42
EXPENDITURES									
Personnel	\$ 1,459,288	\$	1,304,690	\$	1,737,102	\$	1,656,381	\$	2,066,73
Supplies	325,647	'	44,642		68,500		68,500		69,50
Maintenance	1,339)	353		3,039		3,039		3,03
Services/Sundry	19,698,345	,	9,591,554		21,393,087		61,036,386		19,167,13
Capital	199,658	3	-		-		41,526,261		
Transfers to Other Funds	2,472,839)	2,471,010		2,473,952		3,730,070		6,213,01
Total Expenditures	\$ 24,157,117	\$	13,412,249	\$	25,675,680	\$	108,020,637	\$	27,519,42
NET INCOME	(584,135	5)	13,247,455		326,000		(19,106,335)		
BEGINNING FUND BALANCE	25,834,851		25,250,716		10,877,449		38,498,171		19,391,83
ENDING FUND BALANCE	\$ 25,250,716	Ś	38,498,171	Ś	11,203,449	Ś	19,391,836	Ś	19,391,83

		EOY Estimate	Proposed
STAFFING	Grade	FY 24-25	FY 25-26
MEDC President	D10	1.00	1.00
MEDC Senior Vice President	27	1.00	1.00
MEDC Director of Strategy & Operations	23	0.00	1.00
MEDC Director of Business Retention & Workforce Development	23	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	19	1.00	1.00
MEDC Business Intelligence Analyst	18	1.00	1.00
MEDC Marketing & Special Events Coordinator	16	1.00	1.00
Economic Development Specialist	14	1.00	2.00
Executive Assistant	12	1.00	1.00
Graduate Intern	3A	1.00	1.00
Total		12.00	14.00



MCDC

- Main Source of Funds ½ Cent Type B Sales Tax
 FY26 Estimated Collection \$25,453,309
- 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



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MCDC Budget and Current Staffing

	Actual	Actual	Original	E	OY Estimate	Proposed
STATEMENT OF REVENUES AND EXPENDITURES	FY 22-23	FY 23-24	FY 24-25		FY 24-25	FY 25-26
REVENUES						
Sales Tax	\$ 22,306,184	\$ 23,883,071	\$ 24,592,569	\$	24,592,569	\$ 25,453,309
Interest Income	2,158,496	4,305,135	1,565,000		2,442,577	1,442,037
Donations / Contributions	-	95,728	-		-	-
Other Income	544,438	3,457,513	217,970		30,217,970	416,028
Total Revenues	\$ 25,009,119	\$ 31,741,447	\$ 26,375,539	\$	57,253,116	\$ 27,311,374
EXPENDITURES						
Personnel	\$ 331,146	\$ 357,933	\$ 456,651	\$	463,057	\$ 472,120
Supplies	82,475	7,183	18,750		18,750	15,250
Maintenance	1,282	-	2,500		2,500	2,500
Services/Sundry	12,884,321	16,505,022	25,228,566		88,383,127	26,722,004
Capital	10,477,871	2,124,886	100,000		100,000	99,500
Total Expenditures	\$ 23,777,095	\$ 18,995,023	\$ 25,806,467	\$	88,967,434	\$ 27,311,374
NET INCOME	1,232,024	12,746,424	569,072		(31,714,318)	-
BEGINNING FUND BALANCE	67,101,845	68,333,868	38,674,239		81,080,292	49,365,974
ENDING FUND BALANCE	\$ 68,333,868	\$ 81,080,292	\$ 39,243,311	\$	49,365,974	\$ 49,365,974

		EOY Estimate	Proposed
STAFFING	Grade	FY 24-25	FY 25-26
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
Total		3.00	3.00

MCKINNEY TEXAS Unique by nature.

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Budget Calendar

