

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 Manager 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.

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

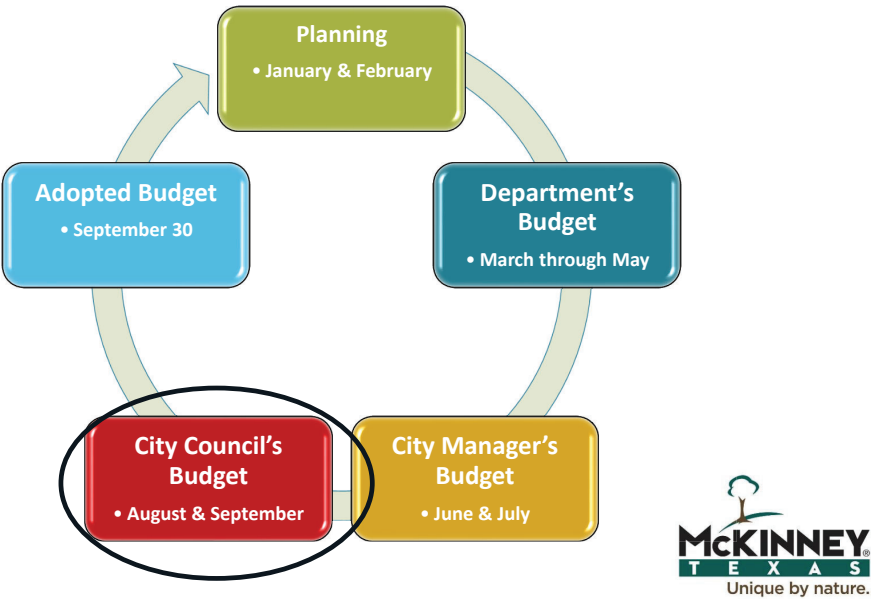
- Budget Process
- Water / Wastewater Rates
- FY26 Budget Overview
- Property Tax
- General Fund Revenues & Expenditures
- Housing
- Capital Improvements Program
- Solid Waste & Surface Water Drainage
- Airport
- Component Units
- Budget Calendar



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



2025 Water and Wastewater Rate Study
And Financial Forecast
City Council Work Session

August 2025





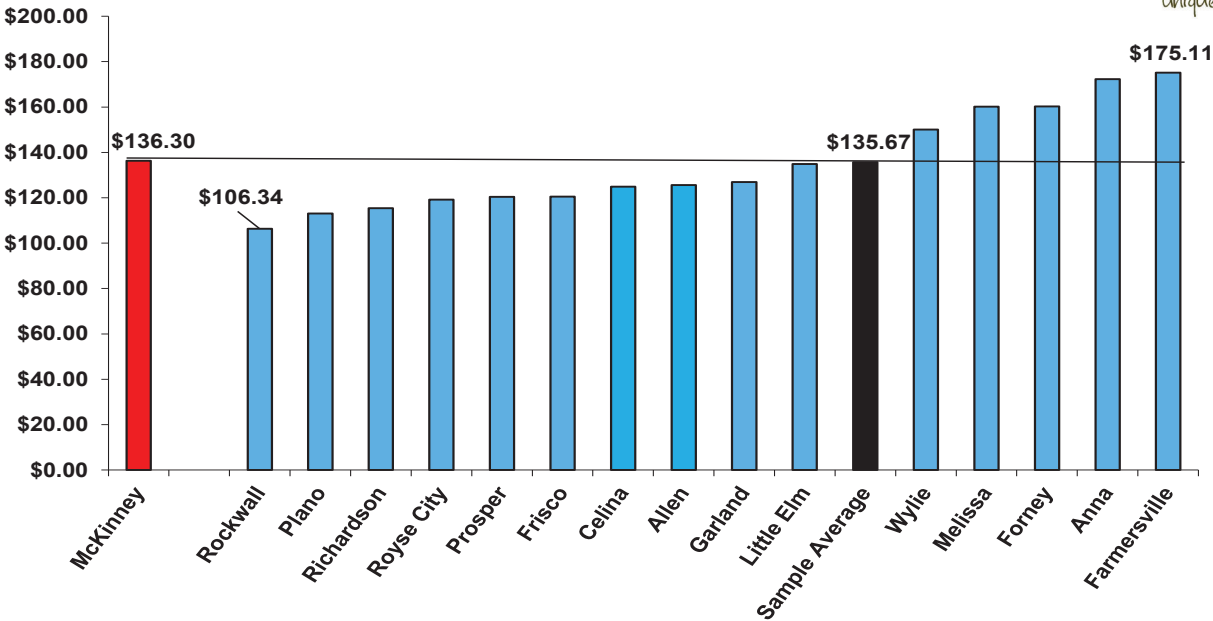
Changes to Utility Since 2024 Rate Study

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



3

Water and Wastewater Accounts | Test Year 2026



WATER Customer Accounts	
Residential Inside	63,199
Commercial Inside	3,947
MU	94
Residential Rental	826
Irrigation	2,957
Residential Outside	5,532
Commercial Outside	137
Total	76,692

WASTEWATER Customer Accounts	
Residential Inside	60,945
Commercial Inside	3,711
MU	59
Residential Rental	826
Residential Outside	5,007
Commercial Outside	31
Total	70,579

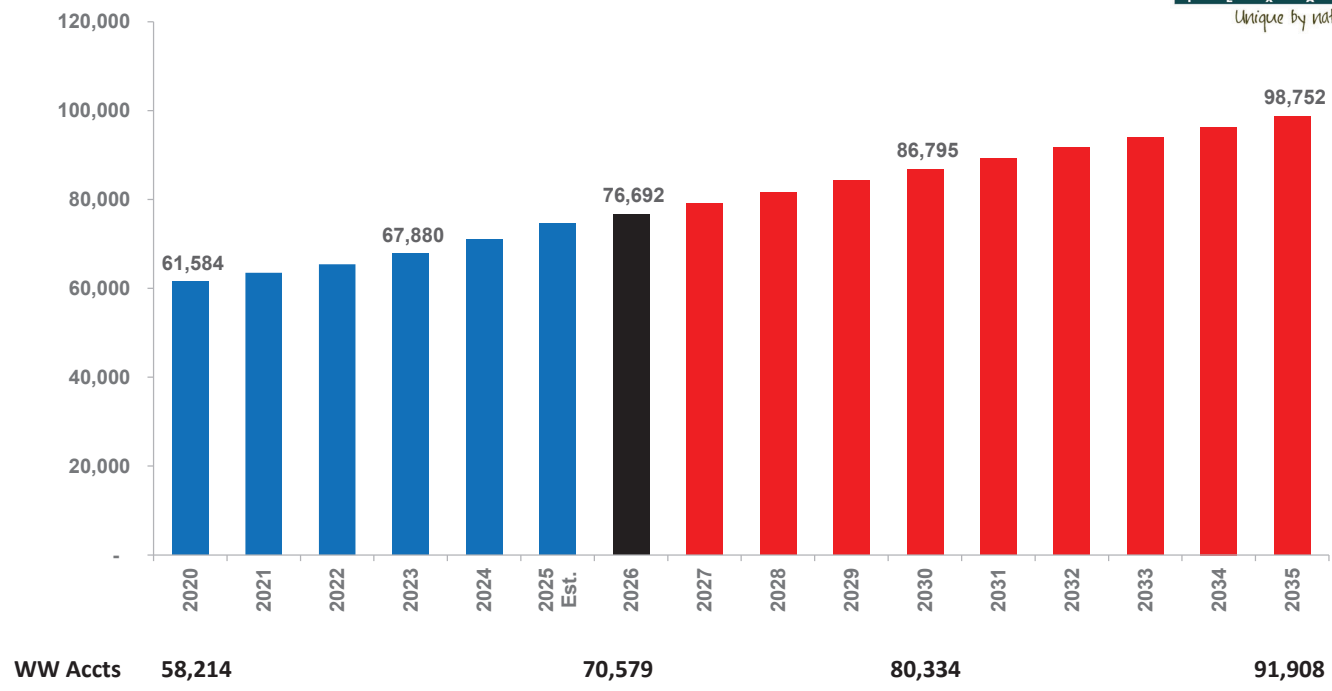
Water Account growth over period 2027-2035 forecast to be on average 2,451 new accounts per year.

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

4

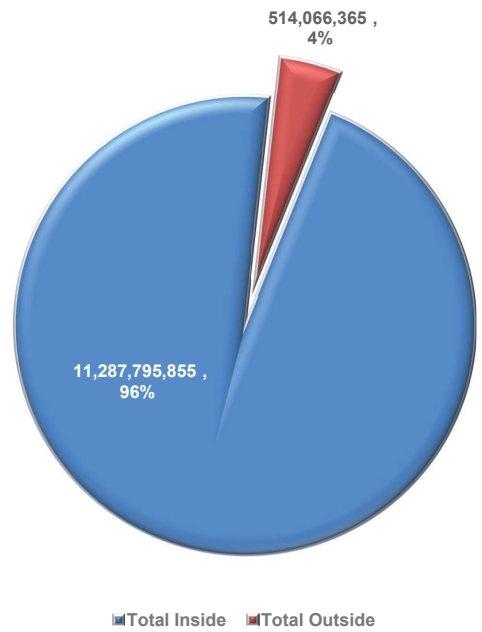


Historical and Forecast Total Water Accounts



Test Year 2026 Consumption Inside vs. Outside Service

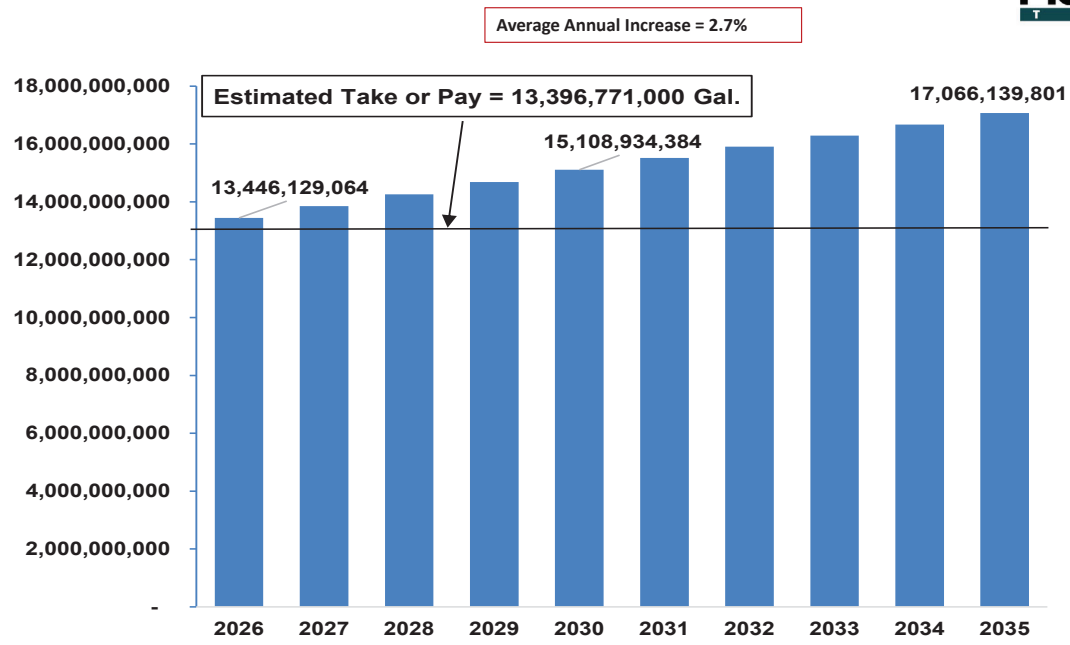
Total TY 2026 Water Sales = 11,801,862,220 Gallons



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.

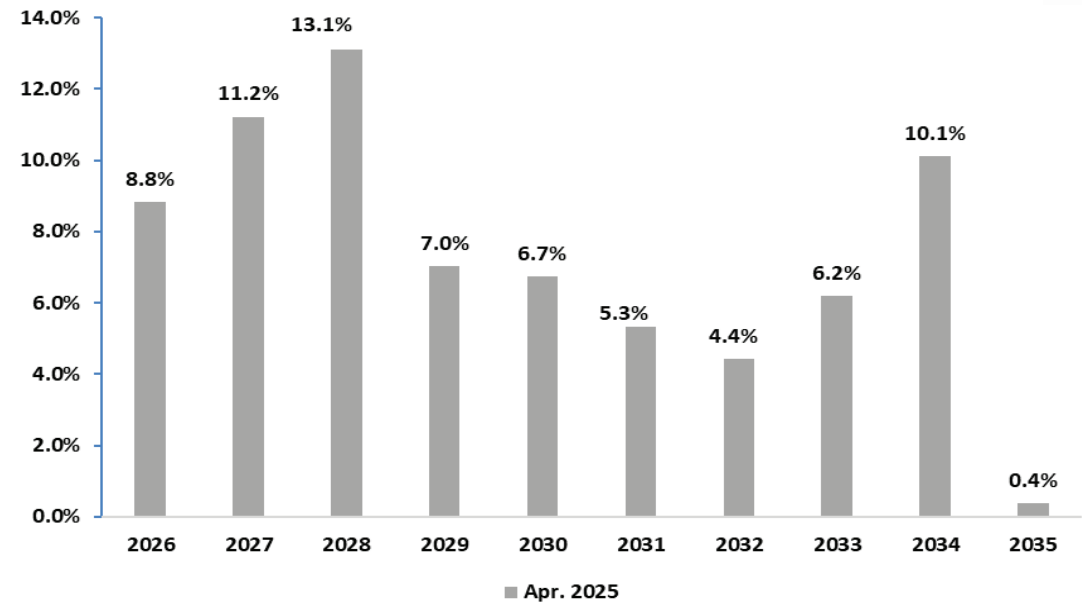
NTMWD Forecast Water Purchases



Note: percentage of lost water continues to decline

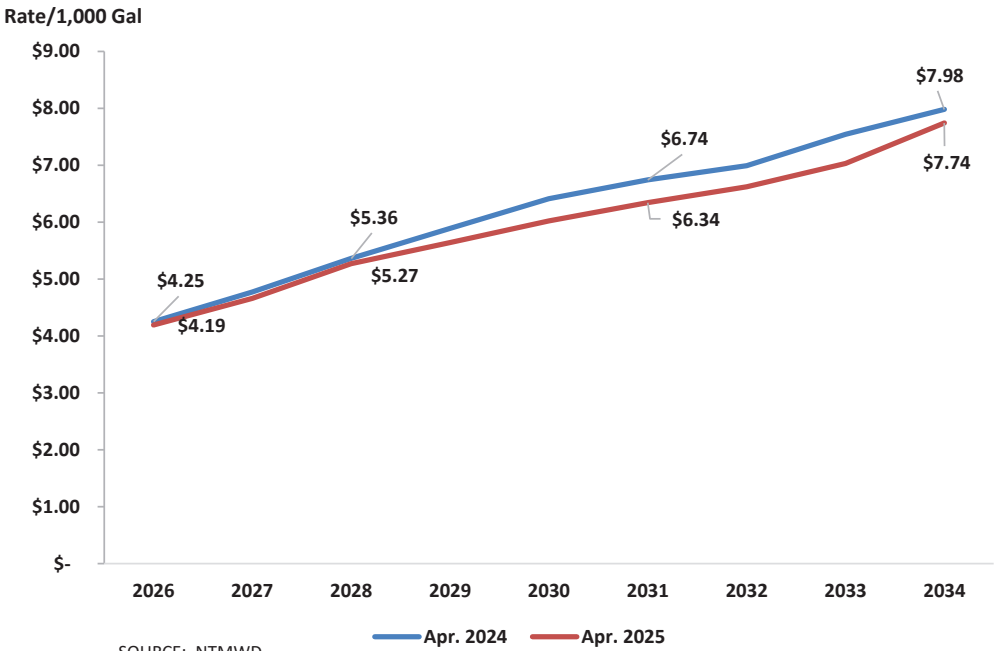


NTMWD Water Rate Increases 2025 Forecast



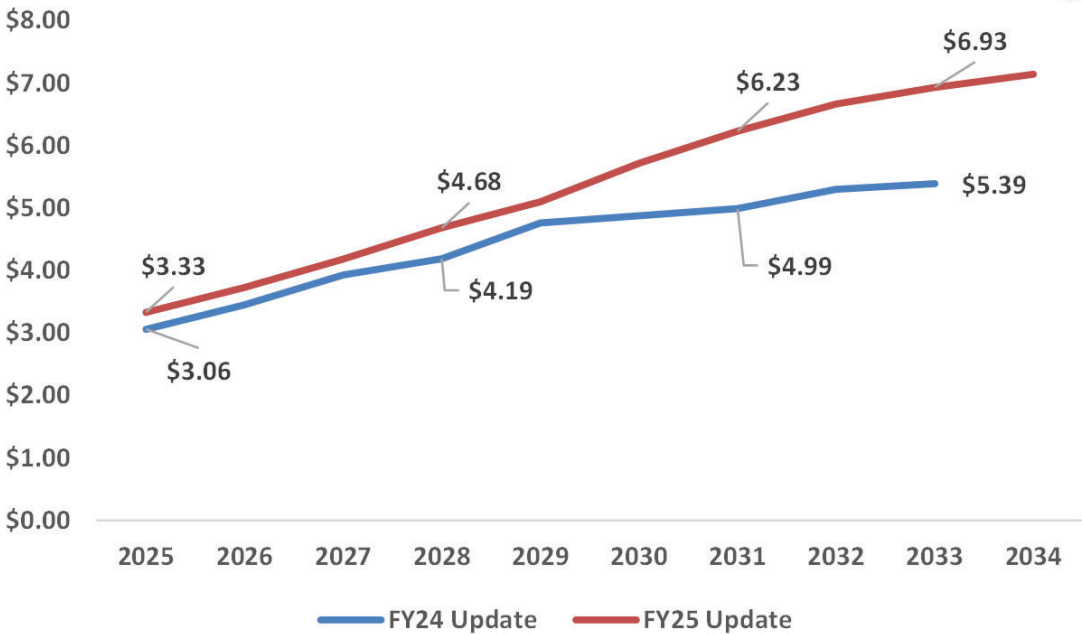
SOURCE: NTMWD

NTMWD 2024 & 2025 Water Rate Forecasts



SOURCE: NTMWD

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

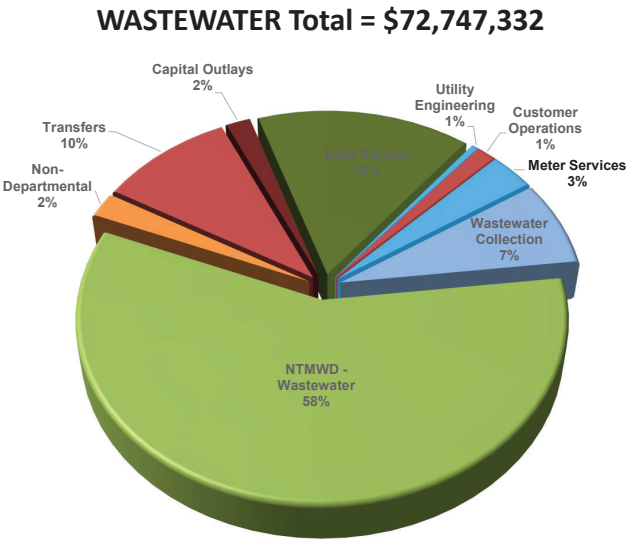
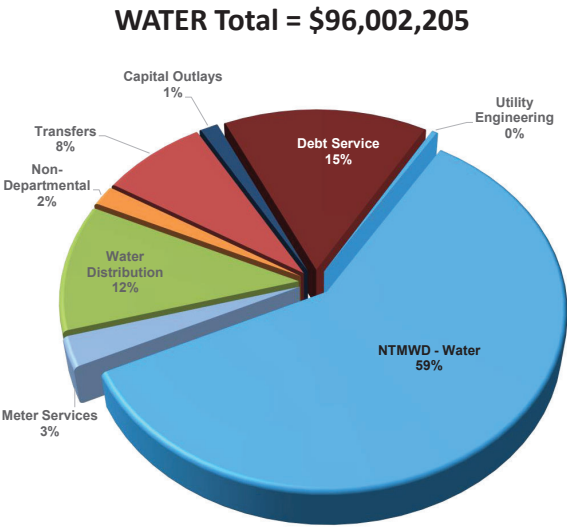


Forecast Debt Issues Required to Fund CIP
2026 - 2029

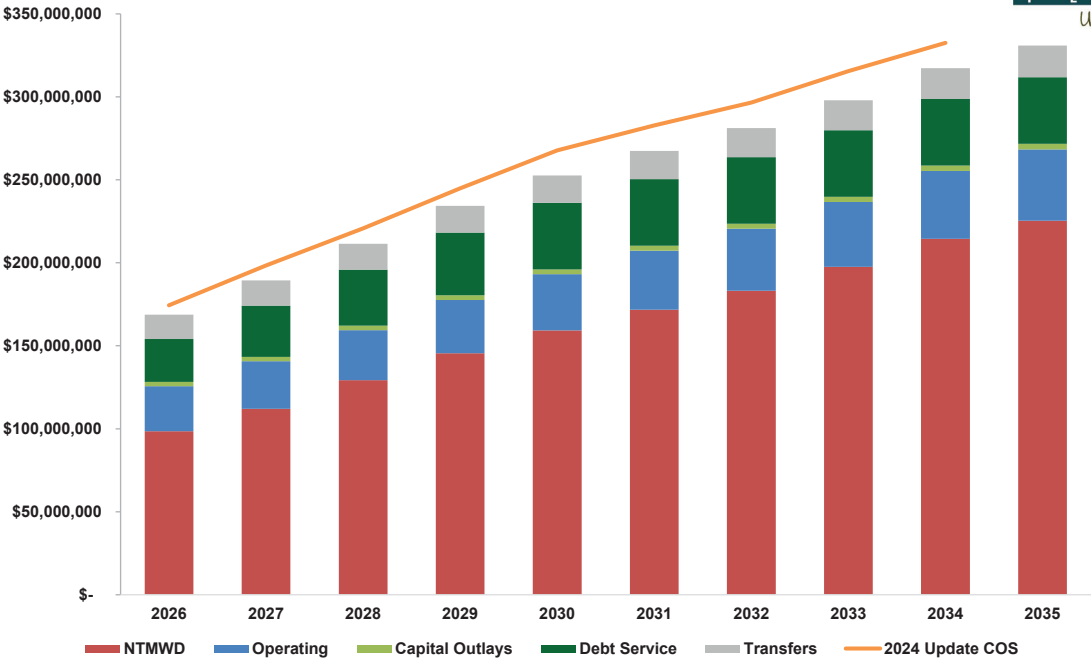


Year	Water	Wastewater	Total
2026	\$ 70,425,000	\$ 11,775,000	\$ 82,200,000
2027	29,875,000	15,625,000	45,500,000
2028	46,837,500	28,587,500	75,425,000
2029	33,375,000	16,925,000	50,300,000
Total	180,512,500	72,912,500	253,425,000

Test Year 2026
Cost of Service



Cost of Service Forecast





Proposed Rate Plan

- 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)



2025 Update Proposed Water Rate Plan



WATER		Effective		Forecast				
		Current	Oct-25	Oct-26	Oct-27	Oct-28	Oct-29	
Residential Inside								
Base Charge		\$ 19.05	\$ 19.80	\$ 21.60	\$ 23.55	\$ 24.50	\$ 25.50	
Percent Change			3.9%	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	6.90	7.50	8.20	8.55	8.90	
20,001	40,000	8.35	8.70	9.50	10.35	10.75	11.20	
40,001	Above	10.05	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	83.65	91.20	99.40	103.40	107.55	
3"		141.65	147.30	160.55	175.00	182.00	189.30	
4"		210.65	219.10	238.80	260.30	270.70	281.55	
6"		392.65	408.35	445.10	485.15	504.55	524.75	
8"		775.65	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

2025 Update Proposed Water Rate Plan



WATER		Effective		Forecast				
		Current	Oct-25	Oct-26	Oct-27	Oct-28	Oct-29	
MU								
Base Charge		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Volume Rate Per 1,000 Gal								
-		4.15	4.30	4.70	5.10	5.30	5.50	
Residential Rental								
Base Charge		\$ 19.05	\$ 19.80	\$ 21.60	\$ 23.55	\$ 24.50	\$ 25.50	
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	6.90	7.50	8.20	8.55	8.90	
20,001	40,000	8.35	8.70	9.50	10.35	10.75	11.20	
40,001	Above	10.05	10.45	11.40	12.45	12.95	13.45	
Percent Change			4.2%	9.0%	9.2%	4.2%	4.0%	
Irrigation								
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	83.65	91.20	99.40	103.40	107.55	
3"		141.65	147.30	160.55	175.00	182.00	189.30	
4"		210.65	219.10	238.80	260.30	270.70	281.55	
6"		392.65	408.35	445.10	485.15	504.55	524.75	
8"		775.65	806.70	879.30	958.45	996.80	1,036.65	
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	6.90	7.50	8.20	8.55	8.90	
20,001	40,000	8.35	8.70	9.50	10.35	10.75	11.20	
40,001	Above	10.05	10.45	11.40	12.45	12.95	13.45	

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

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
Volume Rate Per 1,000 Gal							
- Above		7.45	7.80	8.35	9.10	9.90	10.40
Commercial Inside							
Base Charge							
3/4"		26.75	28.10	30.05	32.75	35.70	37.50
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
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"		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							
- Above		7.45	7.80	8.35	9.10	9.90	10.40
Residential Rental							
Base Charge		\$ 26.75	\$ 28.10	\$ 30.05	\$ 32.75	\$ 35.70	\$ 37.50
Volume Rate Per 1,000 Gal							
- Above		7.45	7.80	8.35	9.10	9.90	10.40
MU							
Base Charge		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Volume Rate Per 1,000 Gal							
- Above		5.65	5.95	6.35	6.90	7.50	7.90

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

Monthly Charges
Impact on Ratepayers



		Effective		Forecast			
			Oct-25	Oct-26	Oct-27	Oct-28	Oct-29
Residential Monthly 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 Monthly 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	\$ 1,127.25
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%

Monthly Charges
Impact on Ratepayers



		Effective		Forecast			
		Current	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	\$ 107.05	114.90	125.30	136.60	147.60	156.30
	2025 Rate Study	107.05	111.90	120.65	131.55	140.70	147.25
	Difference	-	(3.00)	(4.65)	(5.05)	(6.90)	(9.05)
10,000 Water	5,000 WW						
	2024 Rate Study	136.60	146.00	159.25	173.65	187.25	198.80
	2025 Rate Study	136.60	142.60	154.05	168.05	178.75	186.85
	Difference	-	(3.40)	(5.20)	(5.60)	(8.50)	(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



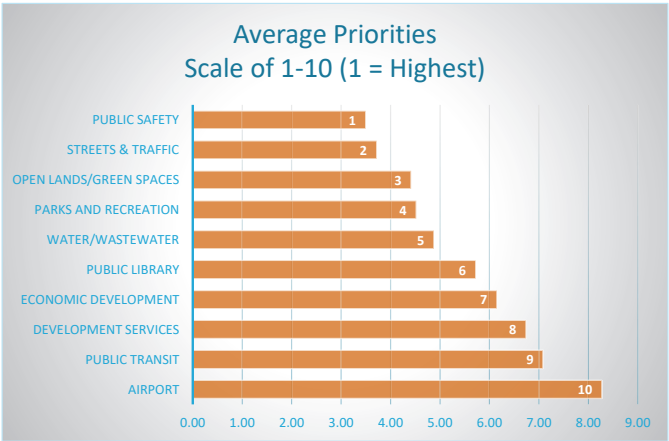
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QUESTIONS & DISCUSSION

FY 2026 Budget Overview



Citizens Budget Survey – Virtual Town Hall FY26

- Survey completed by 293 citizens on the allocation of City funds



FY 2026 Budget Opportunities

- Decrease property tax rate by 0.3 cents 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



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

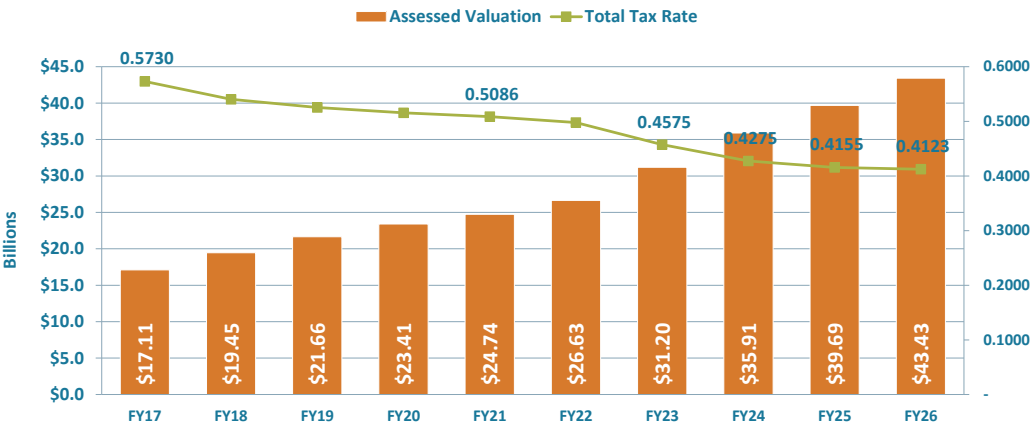
	Voter Approved	Issued	Remaining
Public Safety Facilities	\$70M	-	\$70M
Parks and Recreation	\$106M	\$22.5M	\$83.5M
Public Works Facilities	\$30M	-	\$30M
Street Improvements	\$243.5M	\$23M	\$220.5M
Total	\$449.5M	\$45.5M	\$404M



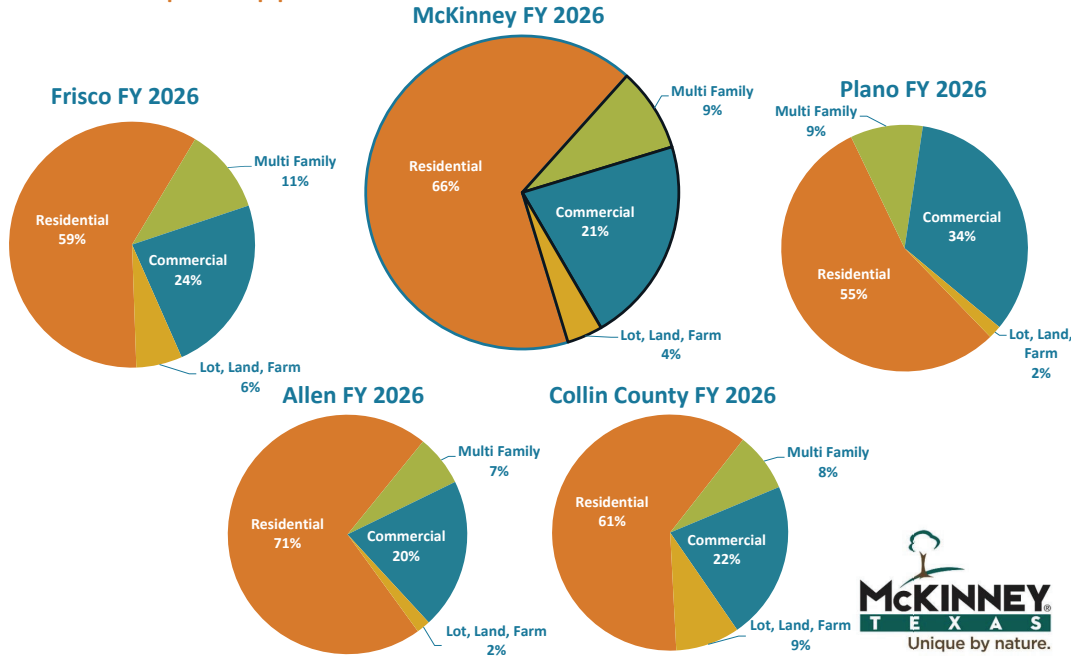
Property Tax

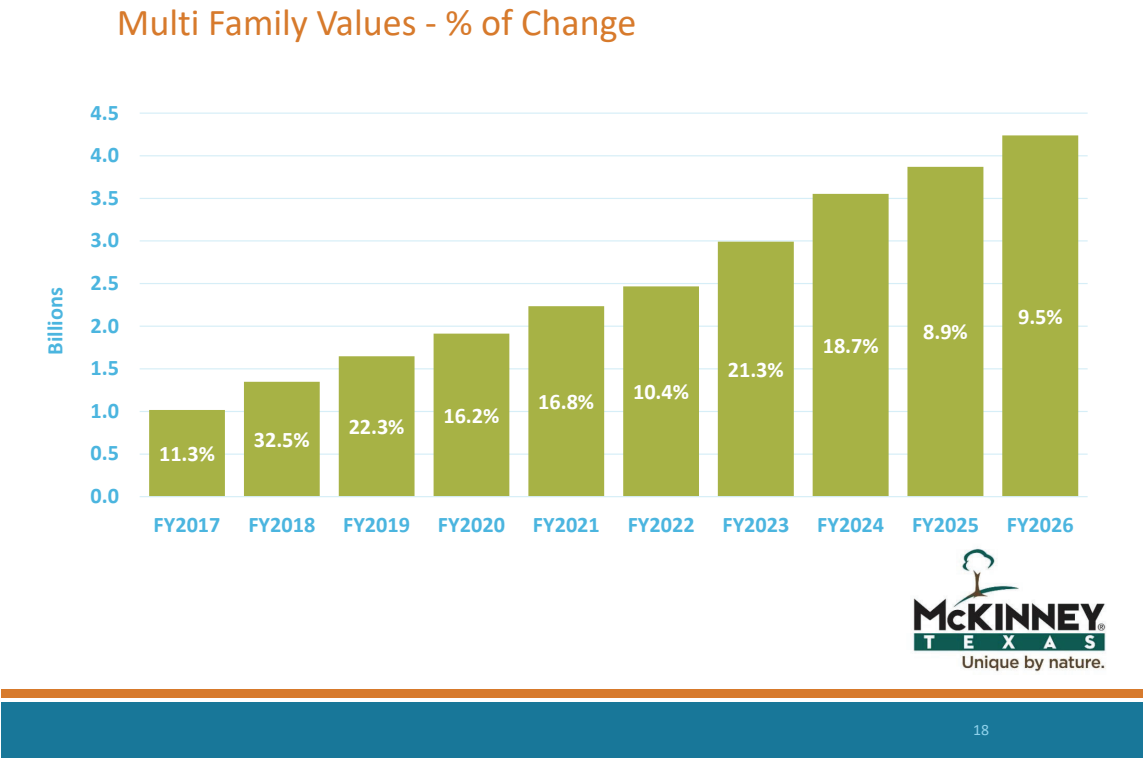
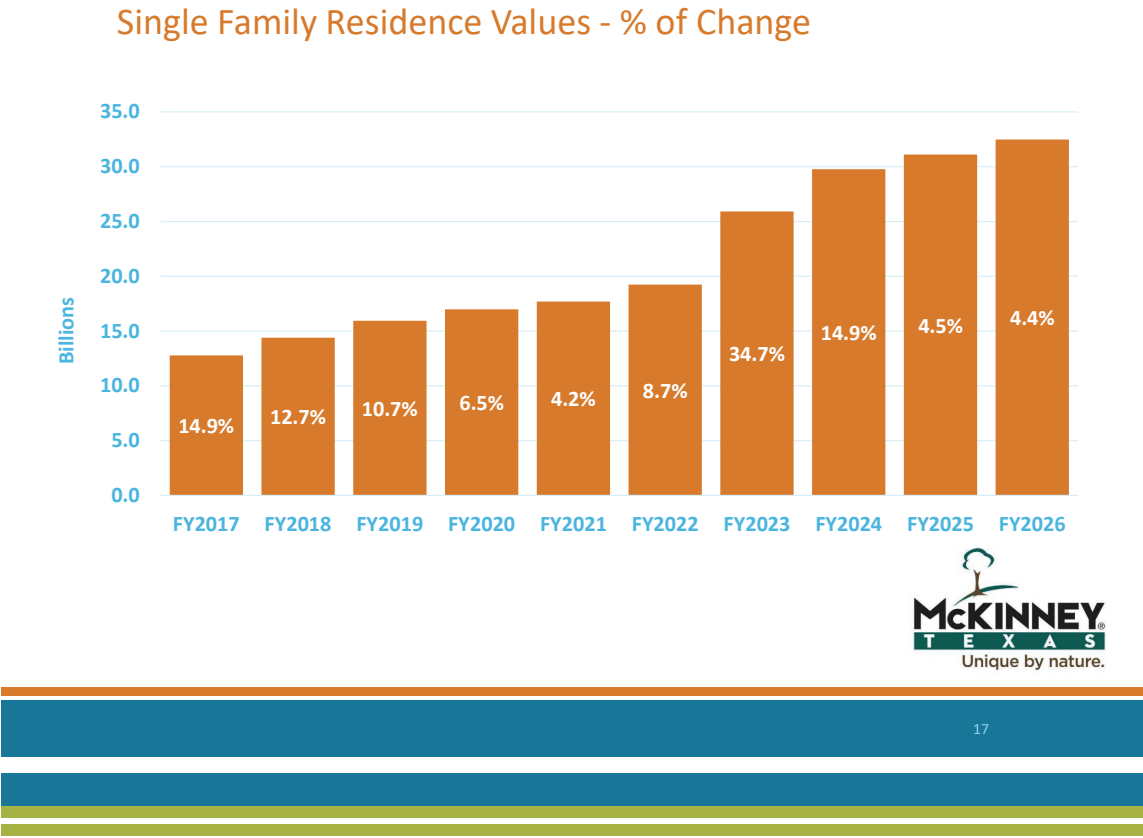
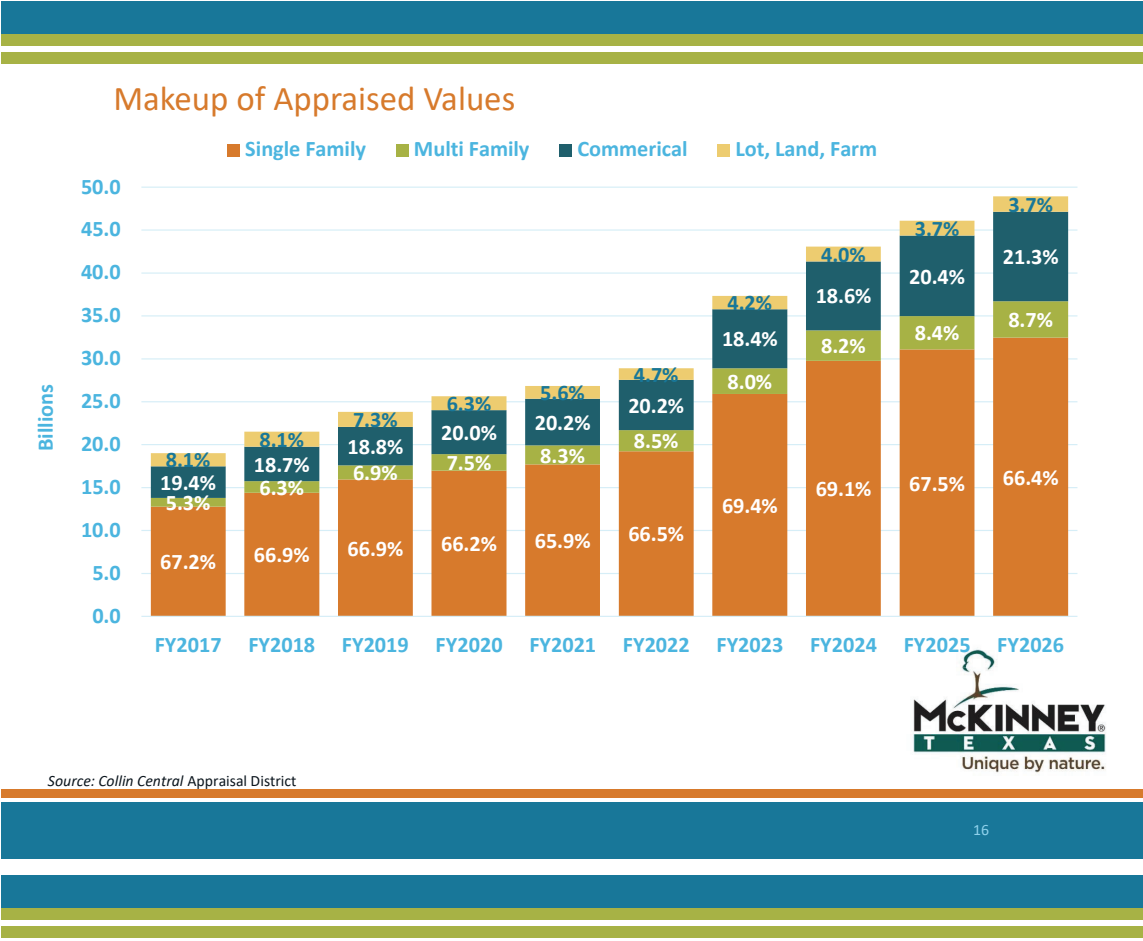


Taxable Value & Tax Rate History

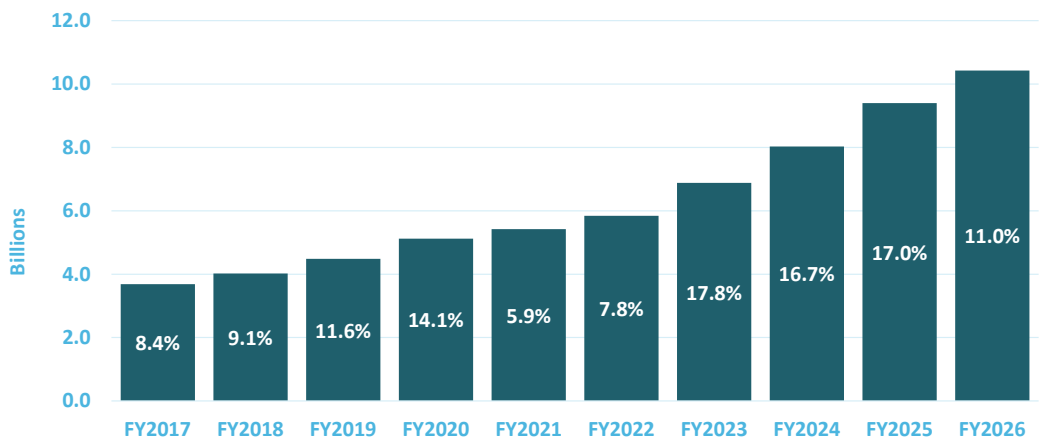


Makeup of Appraised Values – Sister Cities

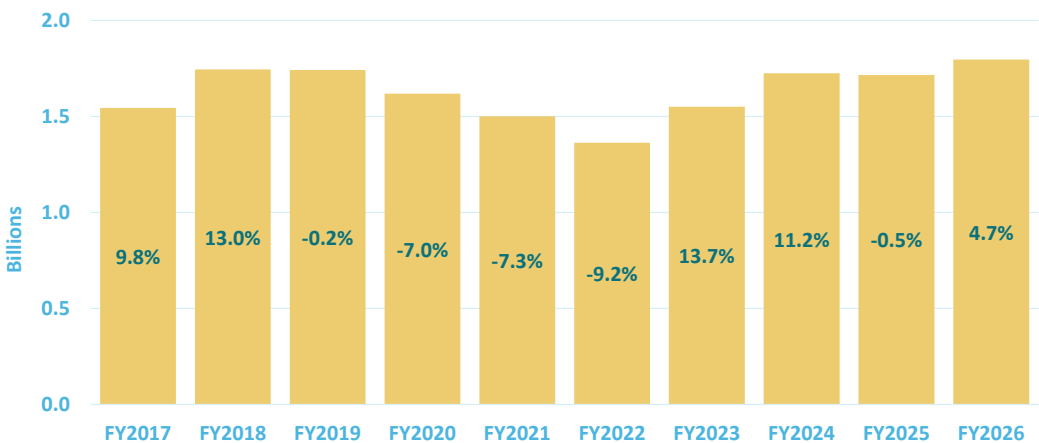




Commercial Values - % of Change



(Vacant) Land Value - % of Change



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

- | | |
|------------------------------------|--|
| ▪ 2020 – 0.57% CPI | ▪ FY21 – 0.00% Above NNR |
| ▪ 2021 – 5.24% CPI | ▪ FY22 – 2.00% Above NNR |
| ▪ 2022 – 8.84% CPI | ▪ FY23 – 2.81% Above NNR |
| ▪ 2023 – 5.16% CPI | ▪ FY24 – 2.34% Above NNR |
| ▪ 2024 – 3.94% CPI | ▪ FY25 – 2.97% Above NNR |
| ▪ 2025 – 0.59% CPI (May to May) | |
| ▪ Average CPI last 5 years – 4.75% | ▪ Average above NNR last 5 years – 2.02% |

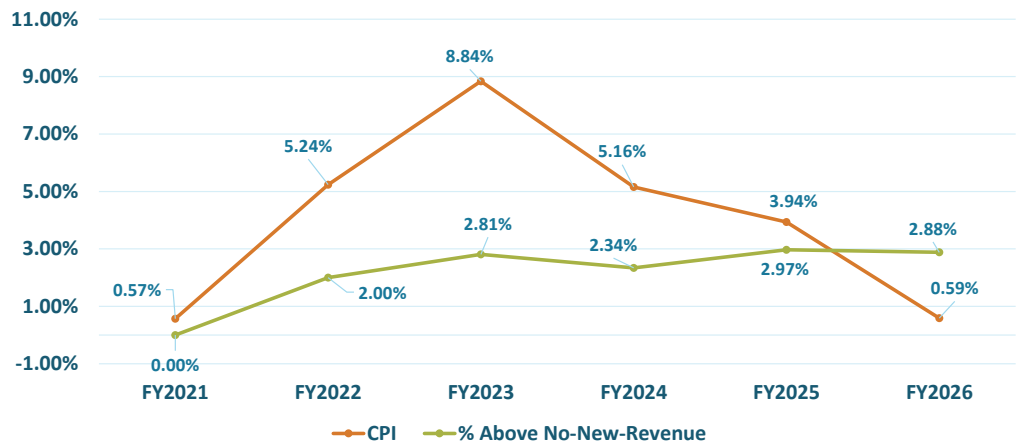
FY26 Proposed Tax Rate

0.412284 (2.88% Above NNR)

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



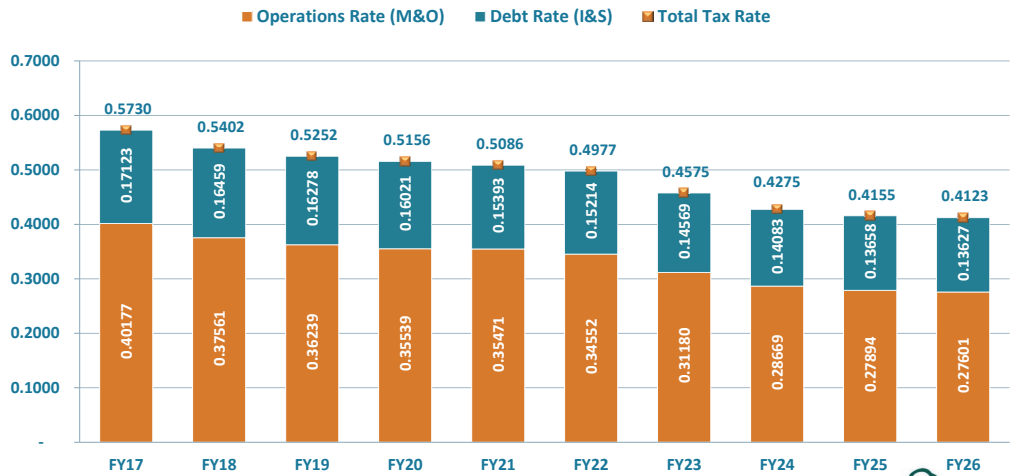
5-Year CPI Rates vs McKinney Tax Rate (% Above NNR Rate)



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



Property Tax Rate
Operations & Debt Rate History



Tax Rate/Average Home Value

2024 Tax Year
(FY25)
Tax Rate \$0.415513
Median Market Value \$537,000
Median Taxable Value \$459,195
Tax Levy
\$1,908

2025 Tax Year
(FY26)
Tax Rate \$0.412284
Median Market Value \$538,544
Median Taxable Value \$495,634
Tax Levy
\$2,043



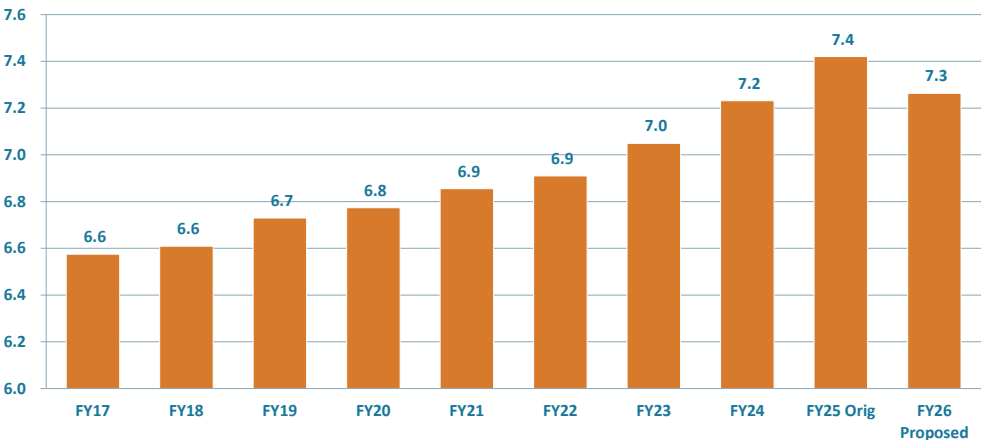
FY2026 Tax Levy Based on Home Values

- 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

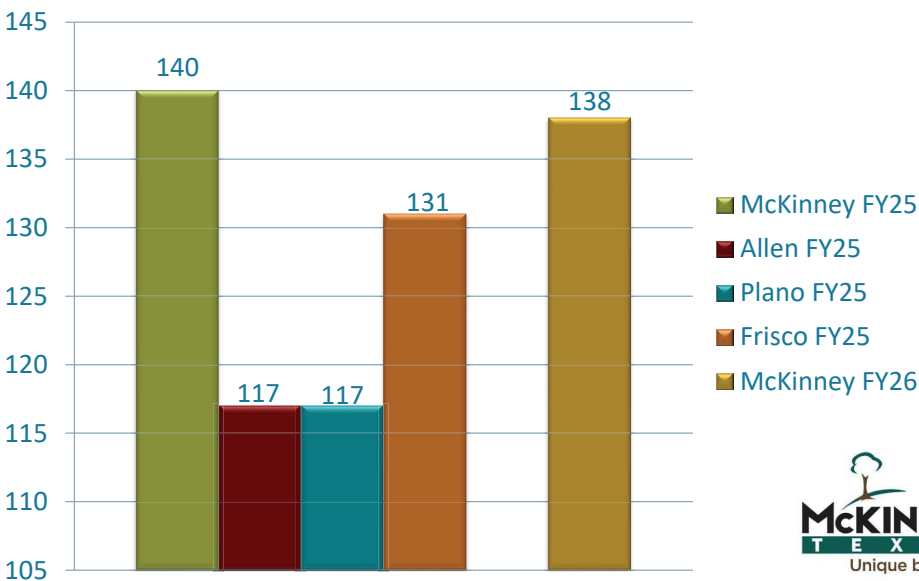
Home Value	\$1,000,000	\$900,000	\$800,000	\$700,000	\$600,000	\$500,000	\$400,000	\$350,000	\$300,000	\$250,000
Tax Levy	\$4,123	\$3,711	\$3,298	\$2,886	\$2,474	\$2,061	\$1,649	\$1,443	\$1,237	\$1,031



Citizens Served Per Employee



Citizens Served – Sister Cities



General Fund Revenues



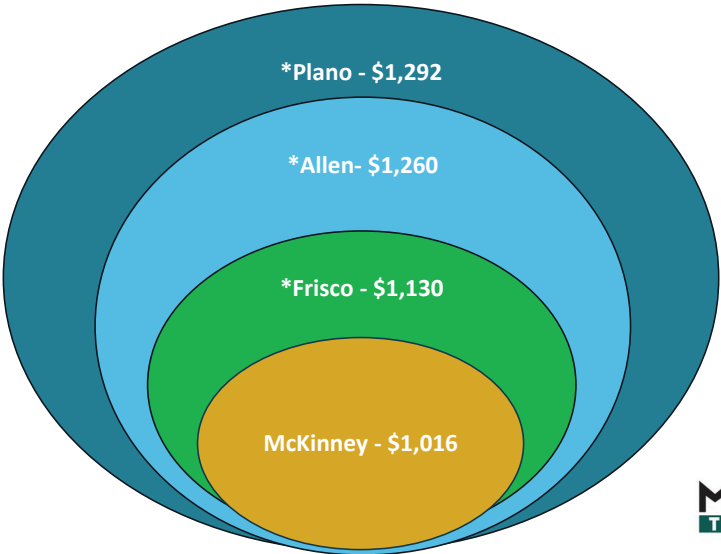
FY 2026 Revenue Estimates

- 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

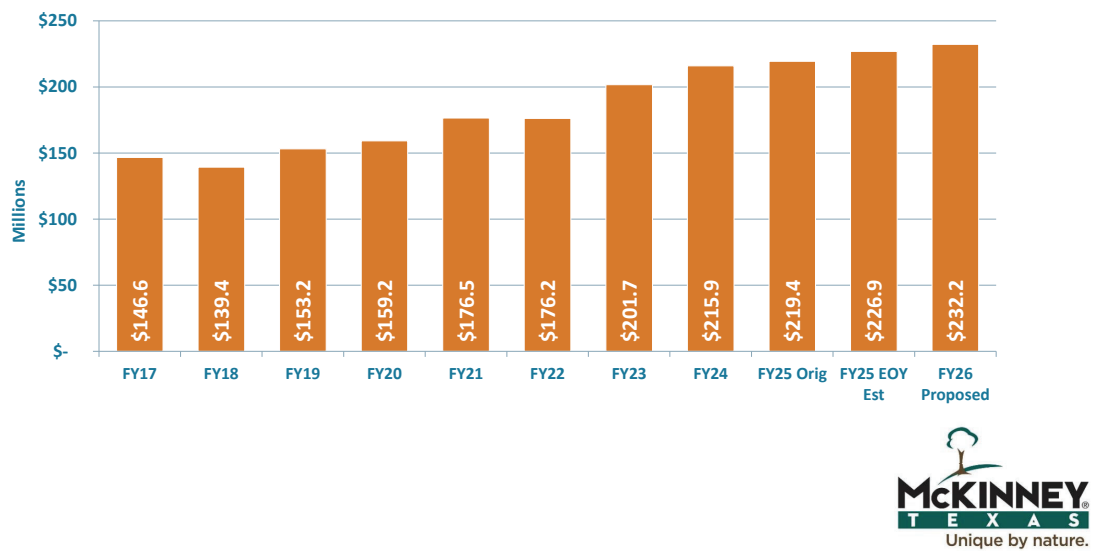


Sister Cities GF Revenues Per Capita

*Based on FY2025 Adopted Budgets

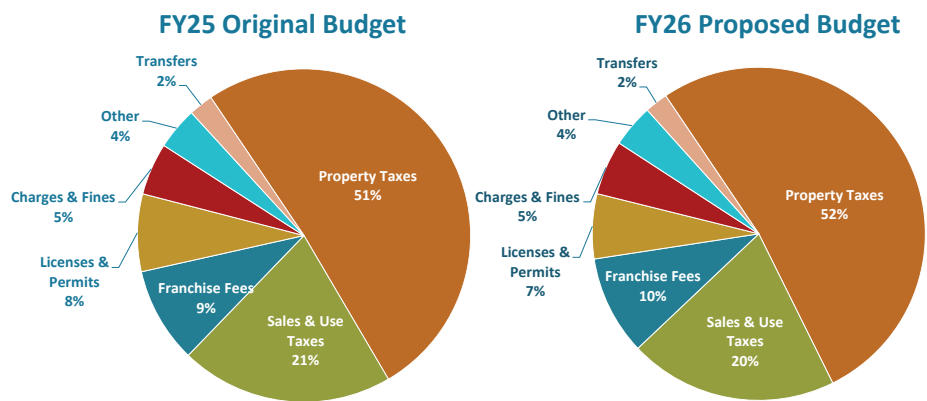


General Fund Revenues



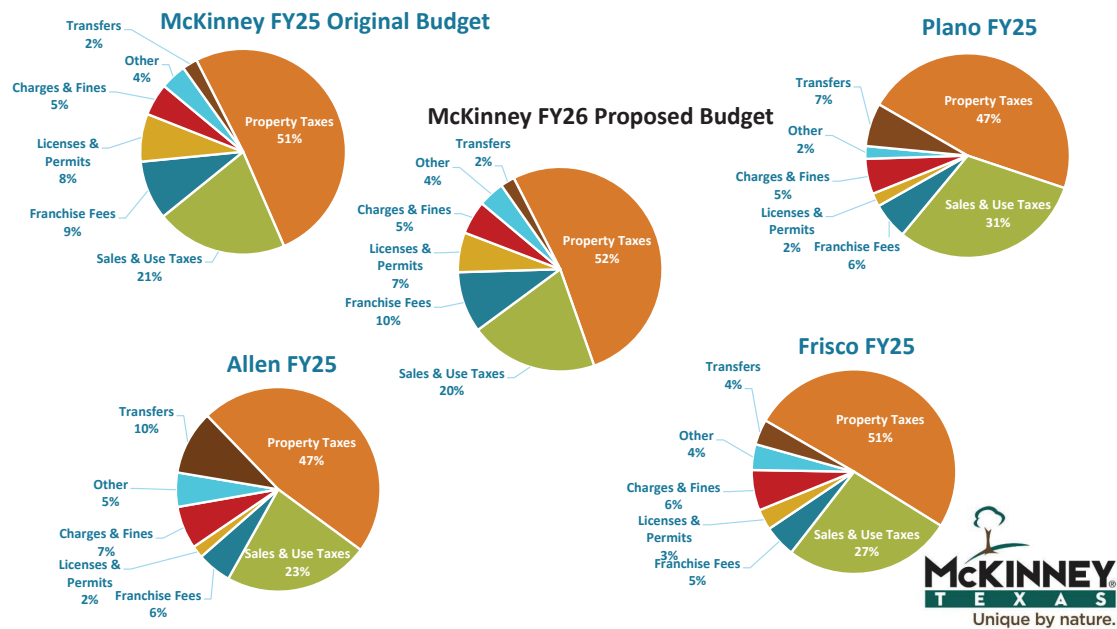
31

General Fund Revenue Makeup



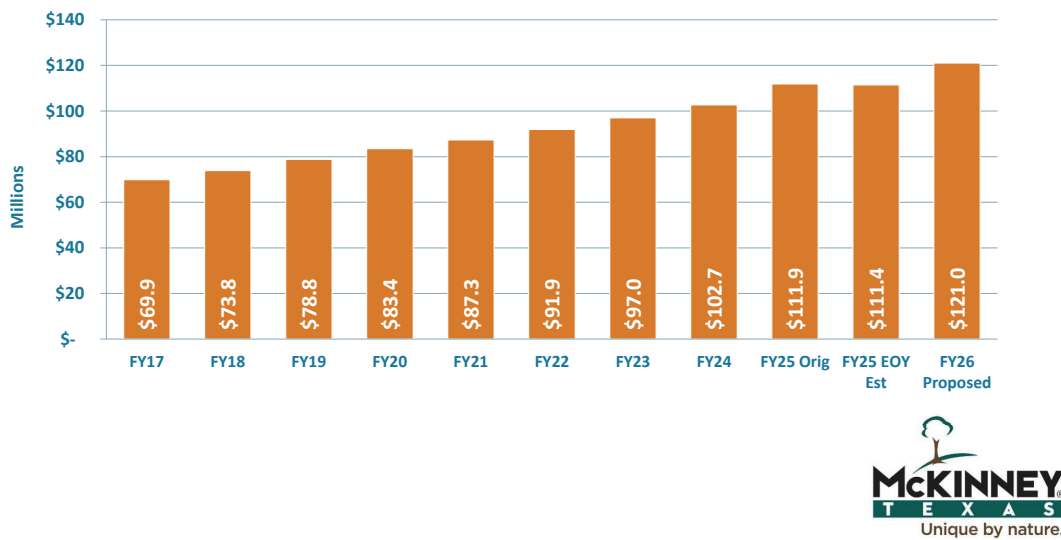
32

General Fund Revenue Makeup – Sister City Comparison

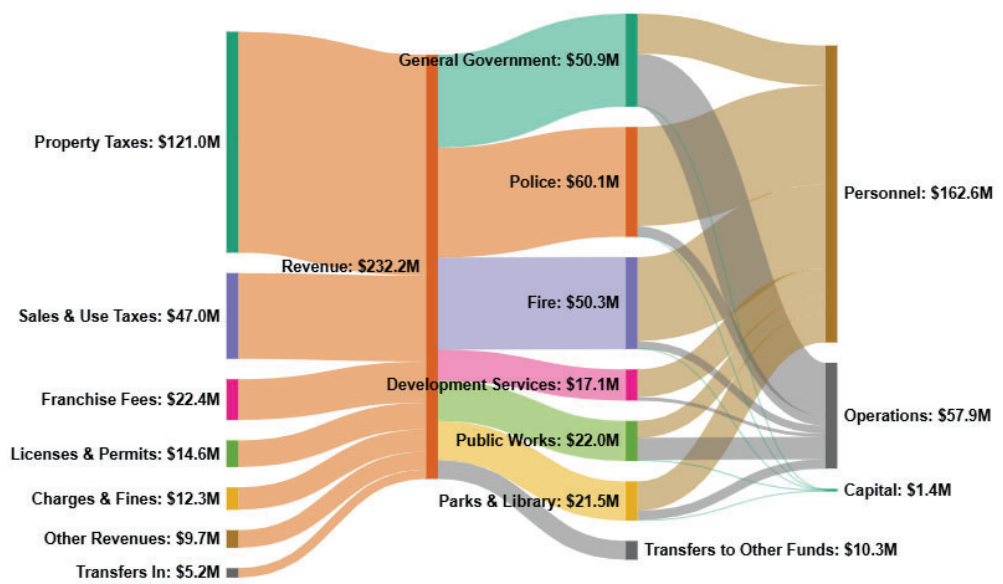
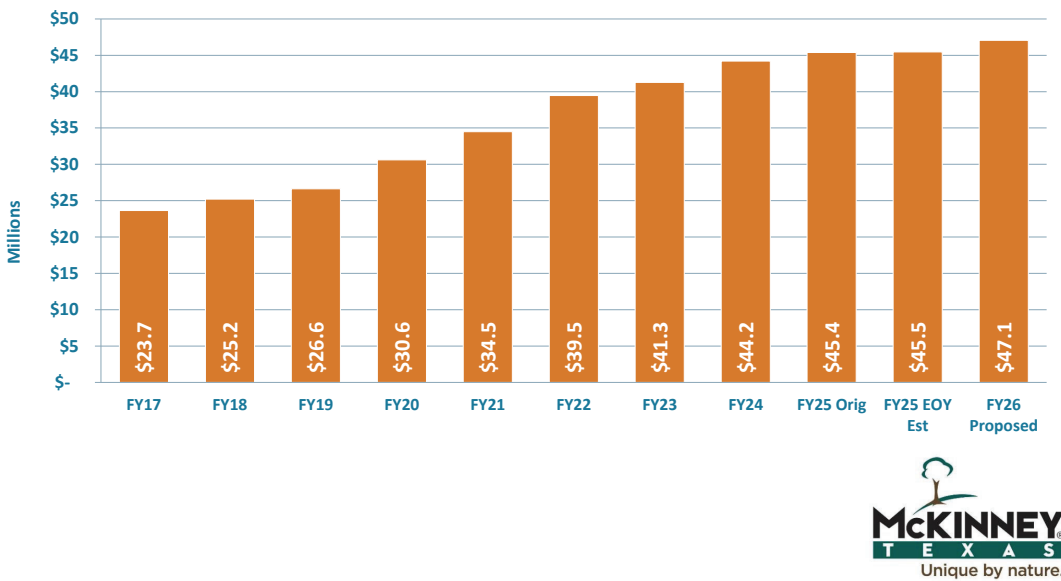


33

Property Tax Revenue



Sales Tax Revenue

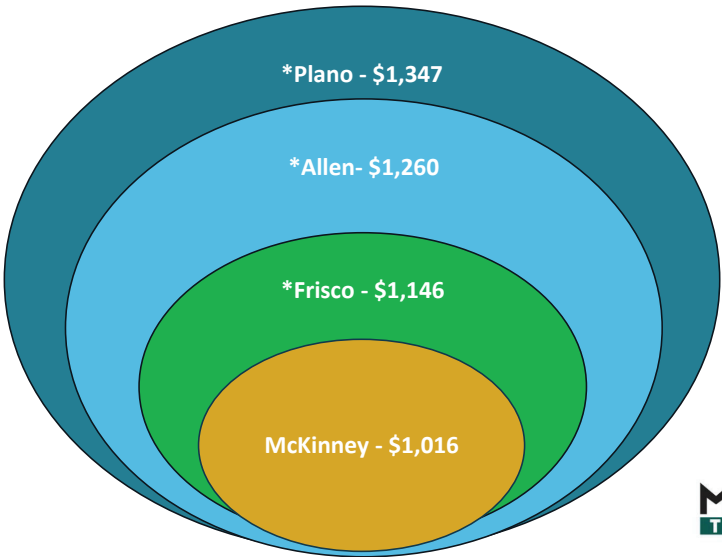


General Fund Expenditures



Sister Cities GF Expenditures Per Capita

*Based on FY2025 Adopted Budgets

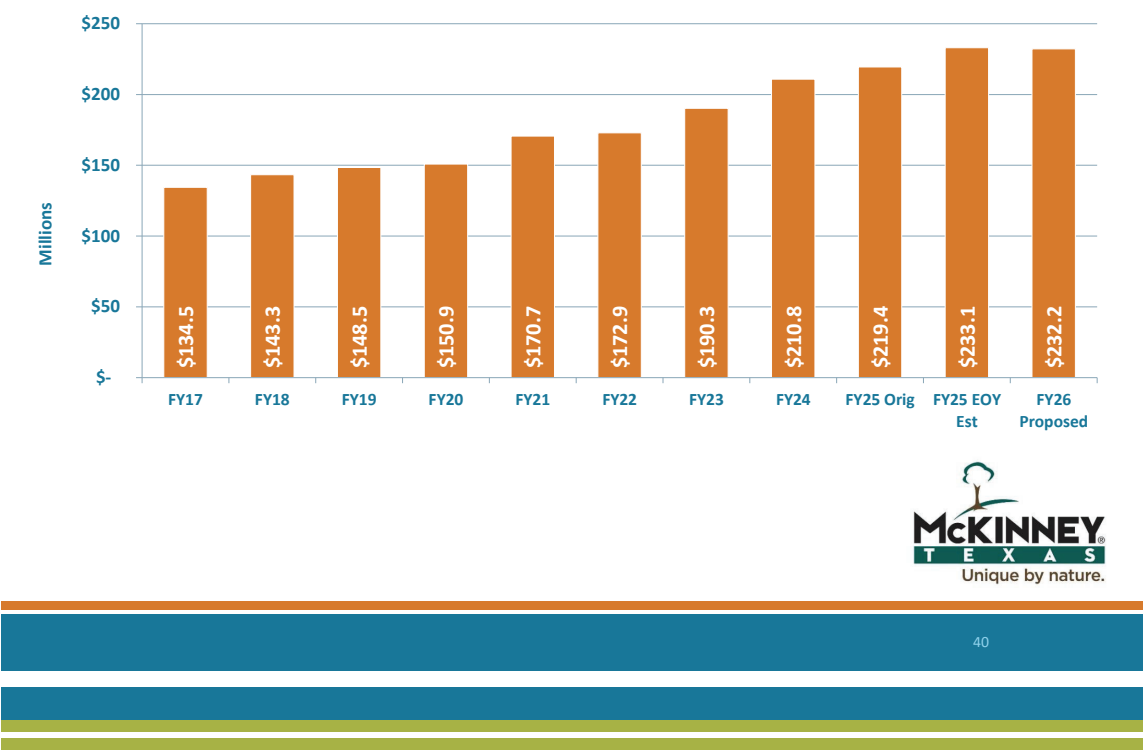


General Fund Expenditure Highlights

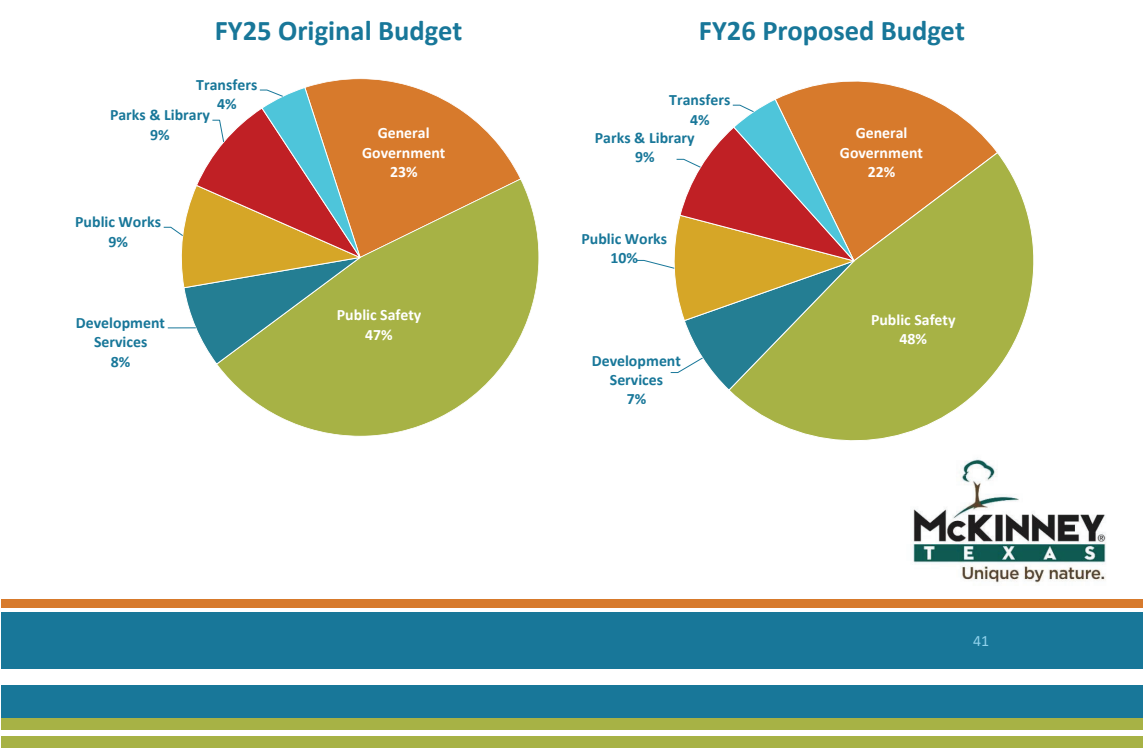
- \$5,700,000 – New Employees & Equipment
- \$2,000,000 – Public Safety Step Increases
- \$1,800,000 – Step Increases for General Government Employees
- Transfer to Capital Equipment Replacement Fund for:
 - 22 Marked Police Pursuit Vehicle Replacements - \$2.1M
 - Fire Engine Replacement - \$2.3M
 -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



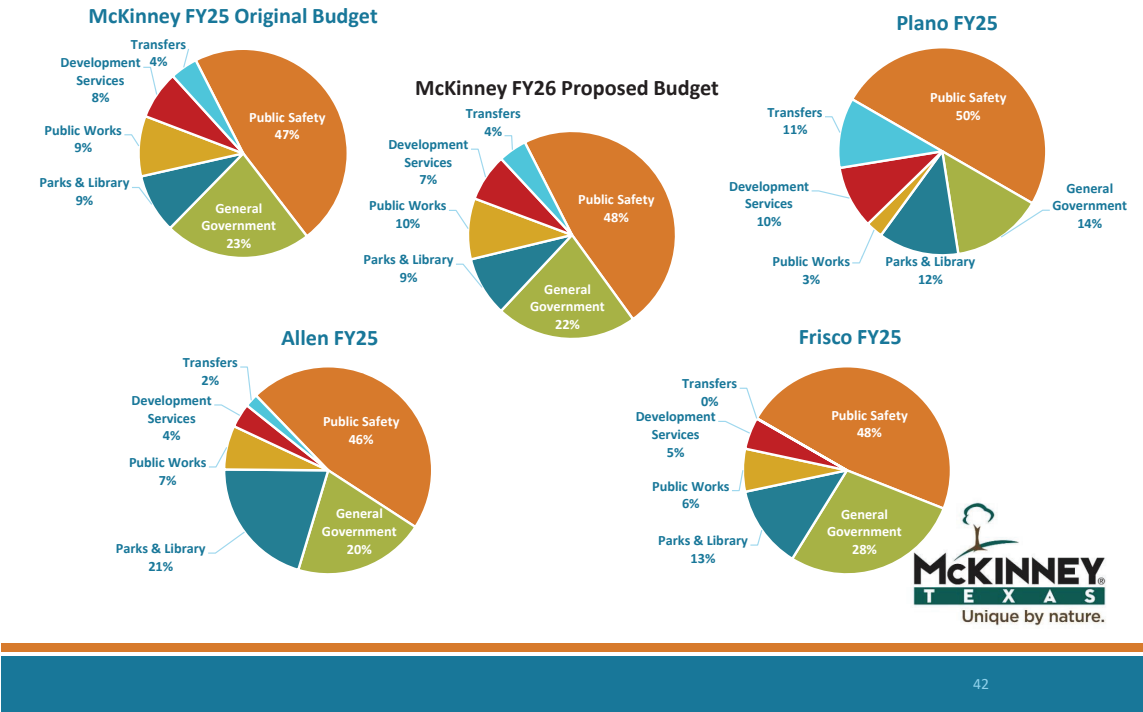
General Fund Expenditures



General Fund Expense Makeup

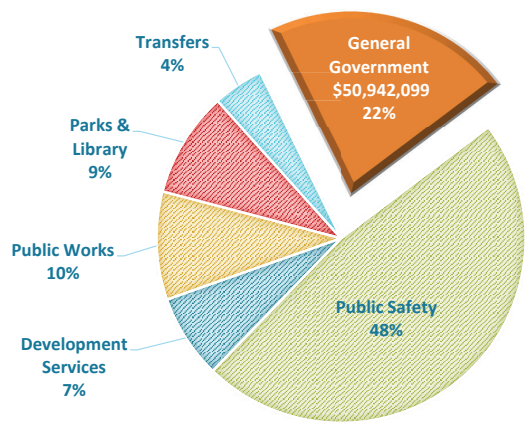


General Fund Expense Makeup – Sister City Comparison



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



Office Rent Budget Savings

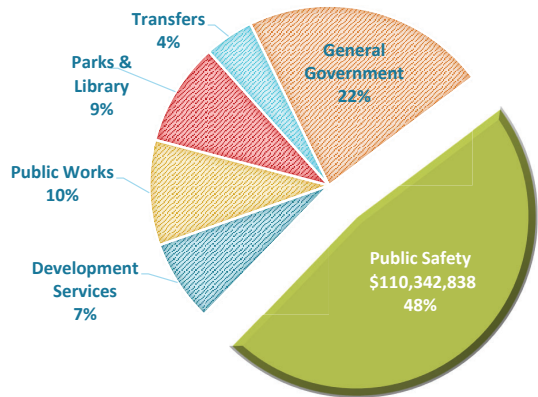
- Business operations moved to City Hall in January 2025
- Annualized rent savings of \$800K+
- FY26 proposed budget excludes office rent appropriations
- * Lease includes a non-appropriation provision at council’s direction.

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		



Public Safety

FY26 PROPOSED BUDGET

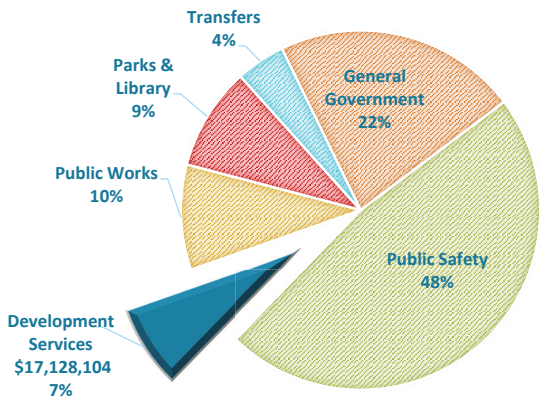


- 636 Authorized Positions
- FY26 expenditures include new:
 - Police Dept. Employees (5)
 - 2 First Responders
 - 1 Sergeant
 - 1 Detective
 - NIBRS Specialist
 - Fire Dept. Employees (5)
 - 4 Firefighter/Paramedics
 - Battalion Chief



Development Services

FY26 PROPOSED BUDGET

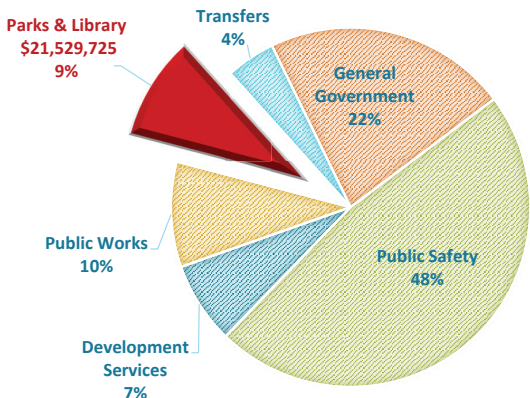


- 129 Authorized Positions
- FY26 expenditures include new:
 - CRASH Software
 - Real East Acquisitions Specialist
 - Senior Engineer - Traffic



Parks & Library

FY26 PROPOSED BUDGET

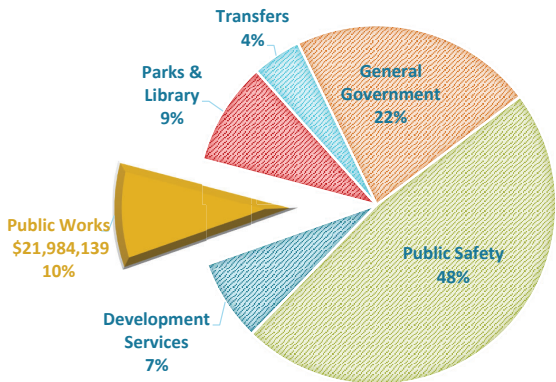


- 214 Authorized Positions
- FY26 expenditures include new:
 - Park Maintenance Technician
 - Park Ranger
 - Planetarium Coordinator
 - Exhibits Coordinator



Public Works

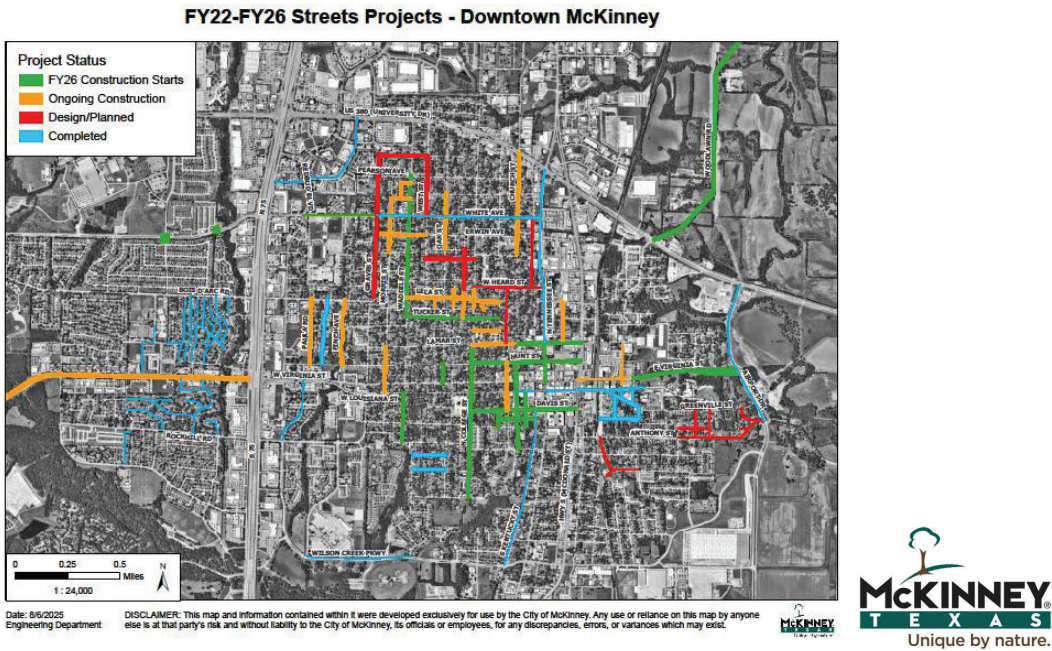
FY26 PROPOSED BUDGET



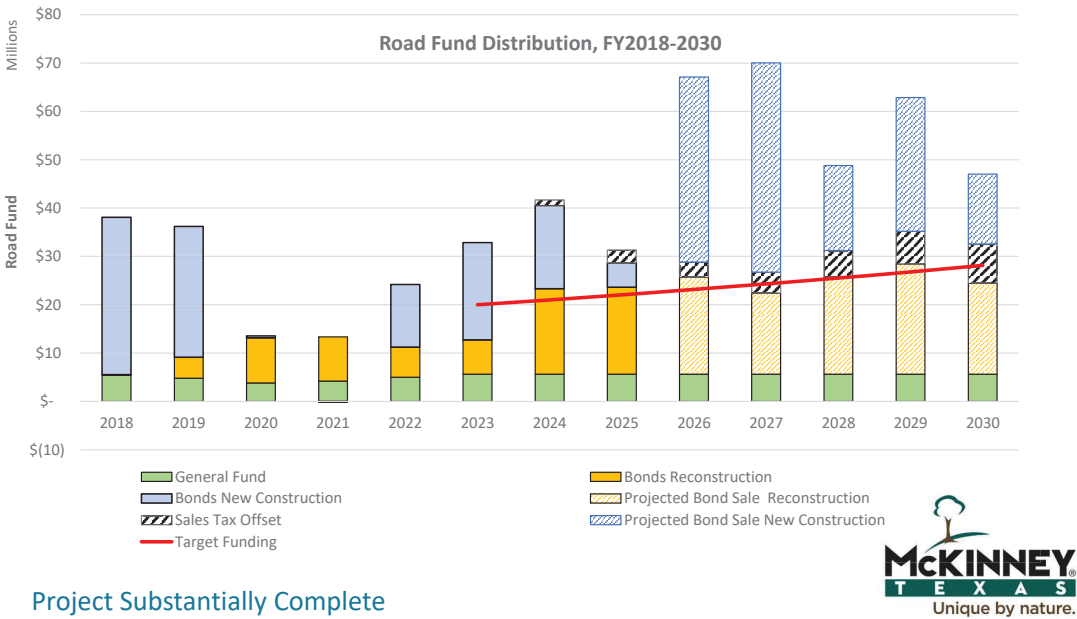
- 92 Authorized Positions
- FY26 expenditures include new:
 - 2 Street Maintenance Technicians
 - Equipment for concrete repair
 - HVAC Technician



Street Reconstruction Update

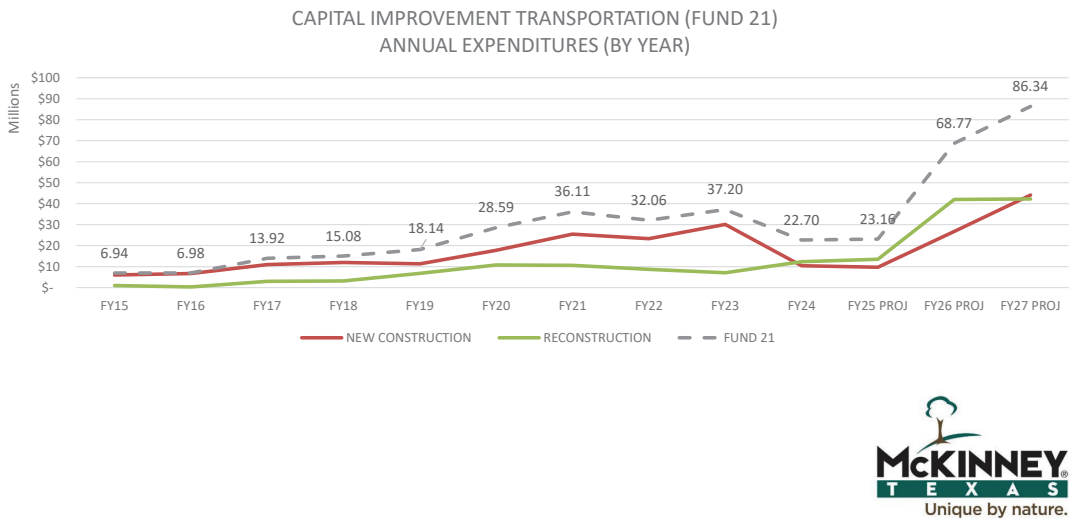


Street Funding

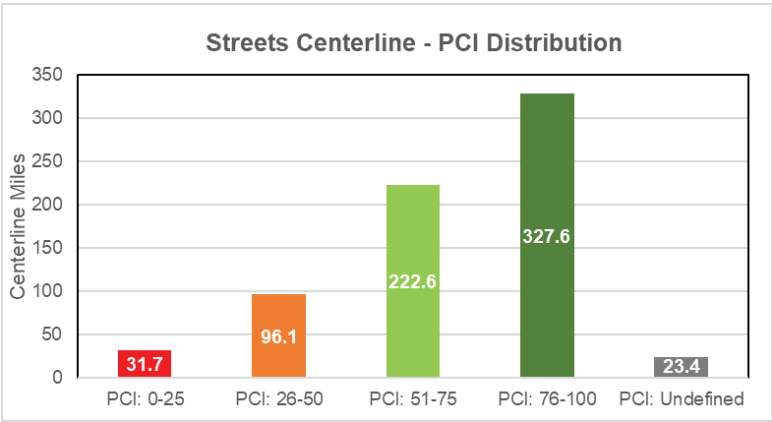


Project Substantially Complete

Historical Street Spending



Pace of Reconstruction



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



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



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



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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 Credits
- Neighborhood Engagement Grants



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Capital Improvements Program



Capital Improvements Program – FY 2026-2030

Project Type	Funded Thru FY25 (Incl BA)	FY25 Adjustments	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	159,818,854	1,876,228	23,320,000	12,410,000	30,180,000	28,180,000	180,000	255,965,082
Streets	240,465,501	(5,361,152)	89,179,500	54,700,000	28,800,000	46,000,000	7,550,000	461,333,849
Technology Improvements	21,655,821	3,000,000	2,230,000	-	-	-	-	26,885,821
Traffic	27,093,815	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	93,761,482	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)	\$ 327,756,360	\$ 235,235,000	\$ 175,405,000	\$ 167,580,000	\$ 59,090,000	\$ 2,210,384,959



Major Projects – FY 2026 Funding

- Combined Infrastructure Projects
 - Graves & First Street Reconstruction \$10.5M
 - Florence St & North St Improvements \$5.99M
- Facilities Projects
 - Public Works Complex - College Street Service Center Campus Renovations \$20.125M
 - Public Safety Phase 6 Expansion & Renovations \$5.3M
- Parks Projects
 - Towne Lake District - Wilson Creek Parkway to Eldorado \$11.25M
 - Old Settler's Park and Aquatic Renovation \$3.8M
- 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

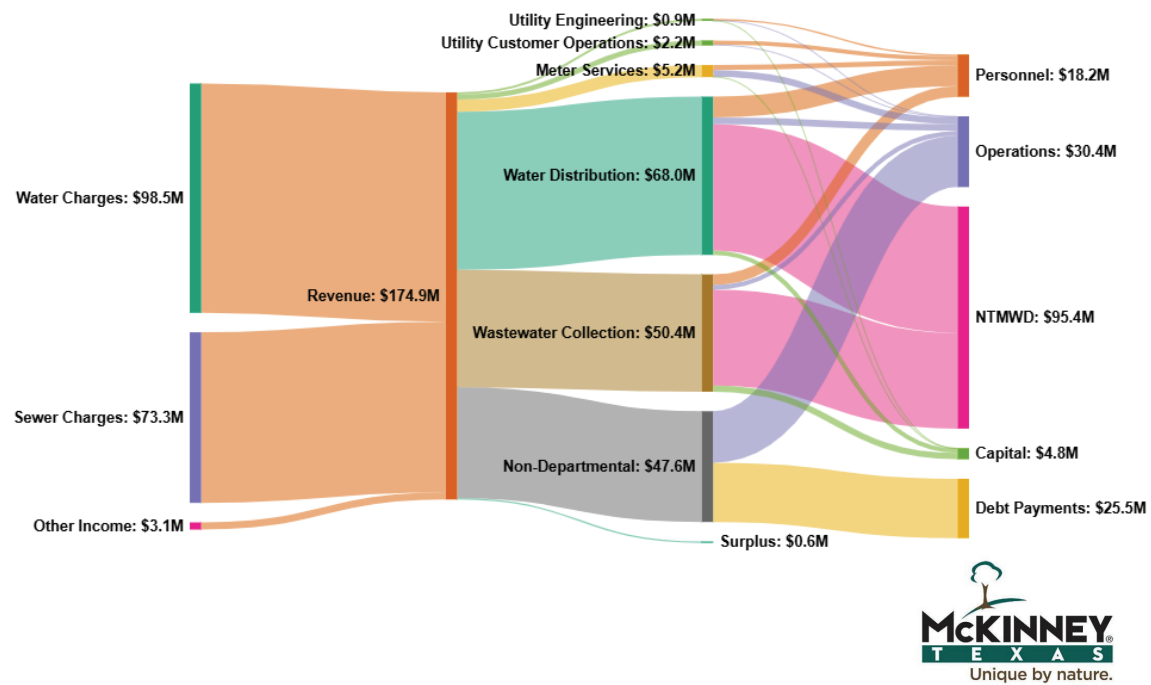
- Continue water line replacement program
- Anticipate a debt sale for capital projects in FY26
- Real Loss of Treated Water down to 7%
 - 28% in Fiscal Year 2014
- Supplementals proposed include:
 - I&I Program
 - Wastewater Maintenance Program
 - Concrete Program
 - Pump Station Staffing
 - Combo Vac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



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





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



McKinney National Airport



Ad Valorem Tax Revenue

Annual Entity Tax Revenue from Airport*						
Tax Year	Fiscal Year	City	MISD	County	College	Total
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.

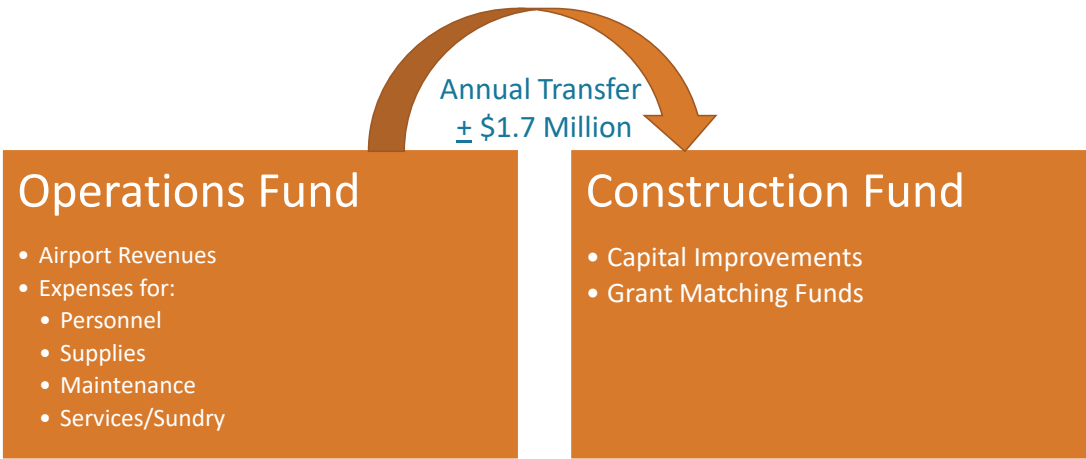


SWINERTON

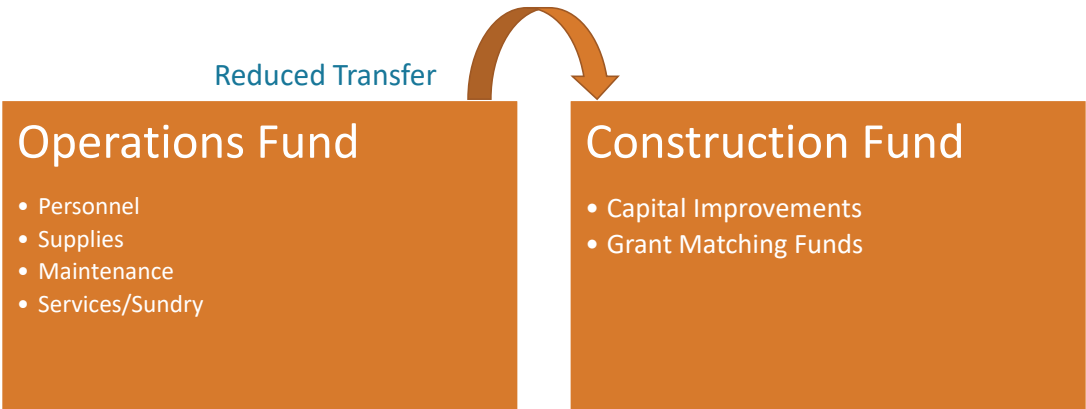
McKinney National Airport
Commercial Terminal



Existing Funding for Airport Construction Fund



Funding for Upcoming Terminal Operational Expenses



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



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



Visit McKinney Budget and Current Staffing

STATEMENT OF REVENUES AND EXPENDITURES	Actual FY 22-23	Actual FY 23-24	Original FY 24-25	EOY Estimate FY 24-25	Proposed 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	\$ 68,925	\$ 110,036	\$ 33,221	\$ 10,615	\$ 36,094

STAFFING	Grade	EOY Estimate FY 24-25	Proposed 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



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)



MEDC Budget and Current Staffing

STATEMENT OF REVENUES AND EXPENDITURES	Actual FY 22-23	Actual FY 23-24	Original FY 24-25	EOY Estimate FY 24-25	Proposed FY 25-26
REVENUES					
Sales Taxes	\$ 22,306,184	\$ 23,883,071	\$ 24,592,569	\$ 24,592,569	\$ 25,453,309
Interest Income	840,013	1,487,367	941,000	1,453,622	1,598,000
Other Operating Income	353,372	399,110	468,111	468,111	468,111
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	\$ 27,519,420
EXPENDITURES					
Personnel	\$ 1,459,288	\$ 1,304,690	\$ 1,737,102	\$ 1,656,381	\$ 2,066,736
Supplies	325,647	44,642	68,500	68,500	69,500
Maintenance	1,339	353	3,039	3,039	3,039
Services/Sundry	19,698,345	9,591,554	21,393,087	61,036,386	19,167,133
Capital	199,658	-	-	41,526,261	-
Transfers to Other Funds	2,472,839	2,471,010	2,473,952	3,730,070	6,213,012
Total Expenditures	\$ 24,157,117	\$ 13,412,249	\$ 25,675,680	\$ 108,020,637	\$ 27,519,420
NET INCOME	(584,135)	13,247,455	326,000	(19,106,335)	-
BEGINNING FUND BALANCE	25,834,851	25,250,716	10,877,449	38,498,171	19,391,836
ENDING FUND BALANCE	\$ 25,250,716	\$ 38,498,171	\$ 11,203,449	\$ 19,391,836	\$ 19,391,836

STAFFING	Grade	EOY Estimate FY 24-25	Proposed 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



MCDC Budget and Current Staffing

STATEMENT OF REVENUES AND EXPENDITURES	Actual FY 22-23	Actual FY 23-24	Original FY 24-25	EOY Estimate FY 24-25	Proposed 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

STAFFING	Grade	EOY Estimate FY 24-25	Proposed 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



Budget Calendar

