

CITY COUNCIL WORK SESSION

SEPTEMBER 3, 2024

The City Council of the City of McKinney, Texas met in work session in the City Hall Council Chambers, 222 N. Tennessee Street, McKinney, Texas on Tuesday, September 3, 2024 at 3:00 p.m.

The work session was broadcast live on cable television Spectrum Channel 16 and AT&T U-Verse Channel 99; and online at <https://mckinneytx.new.swagit.com/views/130>. A video recording of the meeting is available to members of the public through the City of McKinney meeting archive.

Mayor George Fuller called the work session to order at 3:00 p.m. upon determining a quorum of the City Council consisting of himself and the following members were present: Mayor Pro Tem Geré Feltus, and Councilmembers Charlie Philips, Justin Beller, Patrick Cloutier, Rick Franklin, and Michael Jones.

The following City of McKinney staff were present: City Manager Paul Grimes, Assistant City Manager Kim Flom, Assistant City Manager Barry Shelton, Assistant City Manager Steve Tilton, Director of Organizational Development and Performance Management Joe Mazzola, Director of Strategic Services Trevor Minyard, City Secretary Empress Drane, Chief Financial Officer Mark Holloway, City Attorney Mark Houser, City Attorney Alan Lathrom, Director of Planning Jennifer Arnold, Executive Director of Development Services Michael Quint, Director of Engineering Gary Graham, Director of Public Works Ryan Gillingham, Director of Parks and Recreation Amy Kinkade, Fire Chief Paul Dow, Chief Building Official Suzanne Arnold, Assistant Director of Public Works Paul Sparkman, Assistant Director of Parks and Recreation Ryan Mullins, Deputy City Secretary Tenitrus Bethel, Division Chief Assistant Fire Marshal Brian Roach, Environmental Services Manager Eric Hopes, CIP Manager Katie McKenzie, Apex Center Manager Erica Lyght, Recreation & Events Supervisor Trish Yanes, Parks Superintendent Marty Sillito, Aquatics Supervisor John White, Recreation Supervisor Laura Cegelski, Assistant Senior Recreation Center Supervisor Courtney Davis, Civil Engineer II Robyn Root, Accreditation & Reporting Specialist Edith Ruiz, Audio Visual Technician Joshua Arias, Recreation Events Coordinator Isabel Henry, Recreation Coordinator Katie Thompson, Recreation Aide Breana Burgess, Recreation Coordinator

Preston Elliott, Recreation Coordinator Kerry Showens, Aquatics Coordinator Cianna Alliot, Recreation Aide Olga Rodriguez, Recreation Aide Raya Sella, Recreation Aide Rishuna Rosenberg, Recreation Coordinator Jennifer Williams, Custodian Maria Hidalgo and Trolley Bus Driver Donald Cole.

Mayor Fuller called for Information Sharing items.

24-1908 Proclamation for National Senior Center Month

Mayor Fuller called for Public Comments On Agenda Items at which time there were none.

Mayor Fuller called for discuss on Regular Meeting Agenda Items for the City Council Regular Meeting to be held on Tuesday, September 3, 2024 at 6:00 p.m. Mayor Fuller inquired if agenda item 24-0043Z4 had been withdrawn.

Mayor Fuller called for Work Session Items.

24-1909 Presentation on Solid Waste Rates and Operations

The presentation for this item as not included on the agenda but is included in these minutes as *Appendix A: Solid Waste Presentation*

24-1910 Presentation on Downtown Fire Suppression

24-1911 Presentation on the City of McKinney's Proposed Legislative Priorities for the 89th Session of the Texas State Legislature

Mayor Fuller called Council Liaison Updates regarding City Boards & Commissions, at which time there were no updates.

Mayor Fuller called for the Executive Session at 4:29 p.m. in Accordance with the Texas Government Code:

A. Section 551.071(2) Consultations with Attorney on any Work Session, Special Session, or Regular Session agenda item requiring confidential attorney/client advice necessitated by the deliberation or discussion of said items (as needed)

B. Section 551.071 (A) Pending or contemplated litigation

- 310 E. University Dr. and 1020 N. McDonald St., Lot 1R, Block A of the Hisun Motors USA Addition, and being 11.034 acres out of the William Davis Survey, Abstract No. 248, City of McKinney, Collin County, Texas

A quorum of the City Council consisting of Mayor Fuller and Councilmembers Philips, Cloutier and Franklin returned from Executive Session at 4:53 p.m. taking no action on items discussed.

The Council unanimously approved the motion by Councilmember Cloutier, seconded by Councilmember Franklin, adjourn the work session at 4:53 p.m.

These minutes were approved by the City Council on September 17, 2024.

SIGNED:

GEORGE C. FULLER, Mayor
GERÉ FELTUS, Mayor Pro Tem

ATTEST:

EMPRESS DRANE, City Secretary
TENITRUS BETHEL, Deputy City Secretary

City of McKinney, Texas

Appendix A: Solid Waste Presentation

Solid Waste Rates / Operations

City Council Work Session September 3, 2024

Agenda

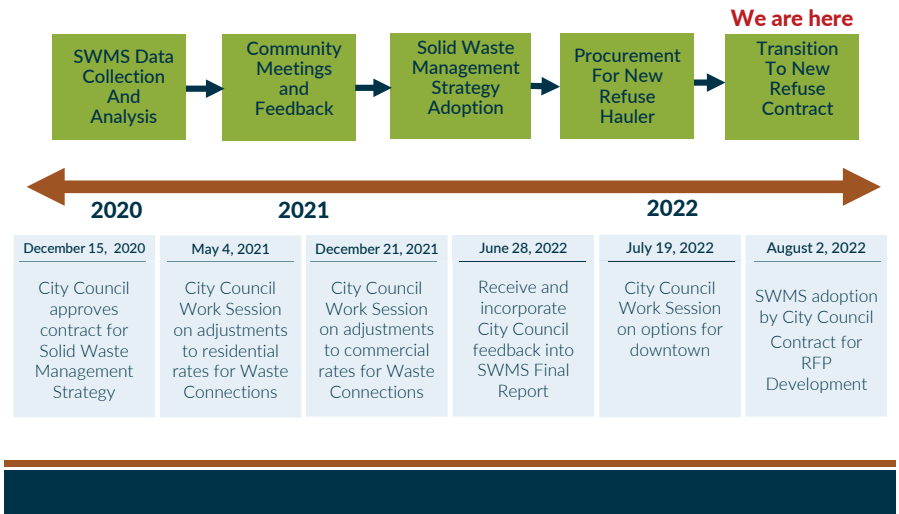
-  Solid Waste Transition Updates
-  FY2025 Rates
-  Central Business District
 - Services & Operations
 - Proposed Fee Structure
-  Solid Waste Ordinance Updates
-  Next steps



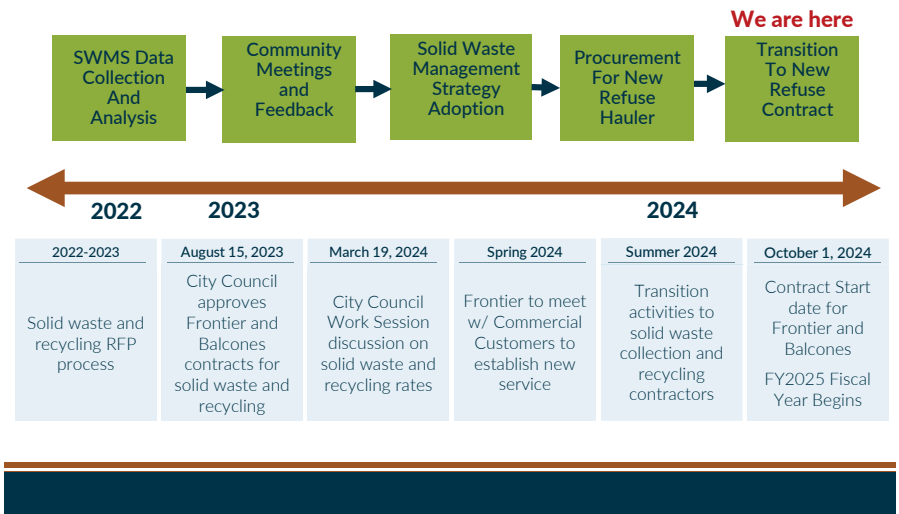
Solid Waste Transition Updates



Solid Waste Management Strategy Timeline and Process



Solid Waste Management Strategy Timeline and Process



Solid Waste Collections Transition

◆ October 1, 2024: Frontier's Official Start Date



Carts

Residential Carts:
All delivered

Commercial Carts:
Nearing completion, all will be delivered by Oct. 1



Service

Tapered service transition between Waste Connections and Frontier started in July

Provisions for all equipment and personnel completed



Facilities

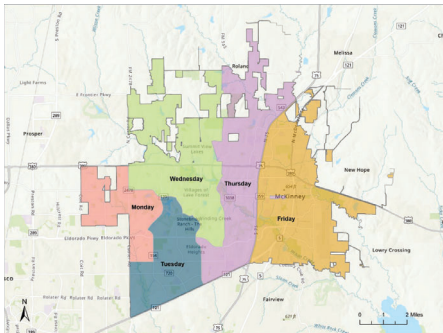
Temporary Frontier Facility and Yard: Operational on US380

Long-term Frontier Facility: on Airport Road, underway

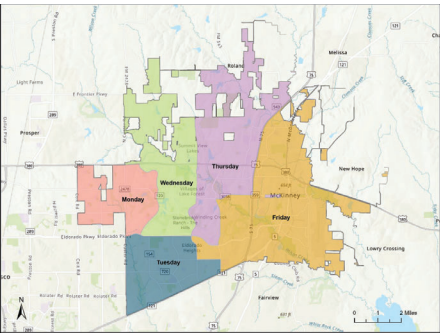
Development of Balcones \$62M Recycling Facility: underway and on schedule for completion in April 2026

Route Changes

◆ Old



◆ New



Approximately 15,791 residential properties will change their garbage pickup day to rebalance the routes as portions of the community grow and others stay the same

Route Changes



- Changes will be communicated on website and direct mailers to residents in September



Rate Structure Comparison to Sister Cities

FY25 RESIDENTIAL RATE COMPARISON

City	FY24	FY25	FY25 Rank	Cost Increase
Allen	\$18.09	\$19.09 ↑	1	+ \$1.00
McKinney	\$18.61	\$19.75 ↑	2	+ \$1.14
Frisco	\$21.00	\$22.05 ↑	3	+ \$1.05
Plano	\$23.60	\$24.60 ↑	5	+ \$1.00
Richardson	\$23.09	\$25.09 ↑	4	+ \$2.00
5- City Average	\$20.88	\$22.12		Average ↑ +\$ 1.24

Annual refuse cost escalators tied to Consumer Price Index (CPI)
Garbage & Trash Collection but may not exceed 5% per year.



Central Business District (CBD)



CBD Trash Services

- Current Operations:
 - Four centralized dumpster locations
 - 70 carts, 95-gallons each
 - Trash is picked up six days per week
 - Businesses pay Waste Connections Directly



CBD Trash Finances

- Currently 69 accounts (out of 180+) in the CBD pay approximately \$62,000 per year
- Latest Solid Waste Rate Study estimates that the cost of service for CBD is \$850,000 per year (\$788,000 subsidy by other rate payers)

Level	Current Services	Equivalent Services
Low	\$28.48	\$63.30
Moderate	\$62.85	\$279.84
High	\$109.00	\$583.49 +

CBD Feedback



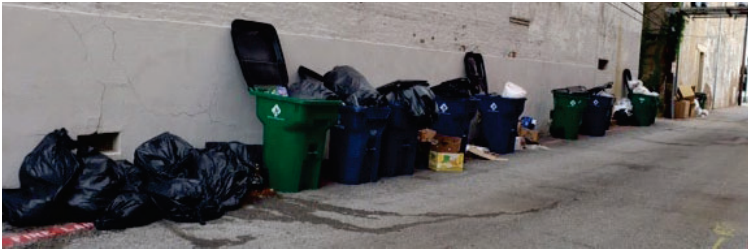
Economics
Keep pricing as low as possible



Fairness and Compliance
Approximately 62% do not have refuse accounts



Aesthetics
Keep service level high



Solid Waste Rate Models

A

Isolated Cost of Service Rate Model
Each customer class is assigned respective costs

B

Shared Cost of Service of Rate Model
CBD costs are shared across commercial businesses as follows:
Year 1: All CBD Business pay for service at current rates
Year 2: 25% of CBD costs paid by CBD businesses
Year 3,4,5: 50% of CBD costs assigned to CBD businesses

C

Averaged Shared Cost of Service of Rate Model
Same as B, except rates are averaged over 5 years

CBD Development of Rates

Year	Description	CBD Expenses	CBD Revenues	CBD Subsidy
Year 1 – FY25	All CBD Businesses pay current rates	\$854,383	\$123,000	\$731,383
Year 2 – FY26	25% of CBD trash costs paid by CBD Businesses	\$892,517	\$223,129	\$669,388
Year 3 – FY27	50% of CBD trash costs paid by CBD Businesses	\$982,357	\$491,178	\$491,179

CBD Proposed Rate Structure

◆ Year 1

Low	Medium	High	Exception
\$28.48	\$62.85	\$109.00	Rate Individually Assessed
Medium Service	Small Restaurant	Large Restaurant	Hotel
Low Service	Medium Bar	Medium Restaurant	Mixed Business
Small Office	Small Bar	Large Bar	Specialty
Medium Office	Medium Retail	Large Retail	
	Large Office		
	Small Retail		
	Large Service		

CBD Proposed Rate Structure

◆ Year 2 & 3

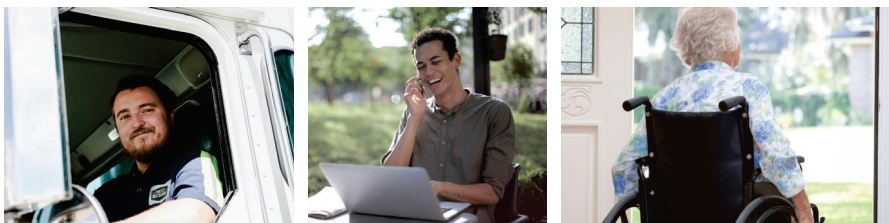
Rate Class	Class A	Class B	Class C	Class D	Class E	Class F	Exceptions
Cost	\$\$\$\$\$\$\$	\$\$\$\$\$	\$\$\$\$	\$\$\$	\$	\$	Rate Individually Assessed
Restaurant	Large Restaurant	Medium Restaurant	Small Restaurant				Hotel
Bar		Large Bar	Medium Bar	Small Bar			Mixed Business
Retail			Large Retail	Medium Retail	Small Retail	Residential	Specialty
Bank				Large Bank	Medium Bank	Small Bank	
Office				Large Office	Medium Office	Small Office	
Church				Large Church	Medium Church	Small Church	

Solid Waste Ordinance Updates

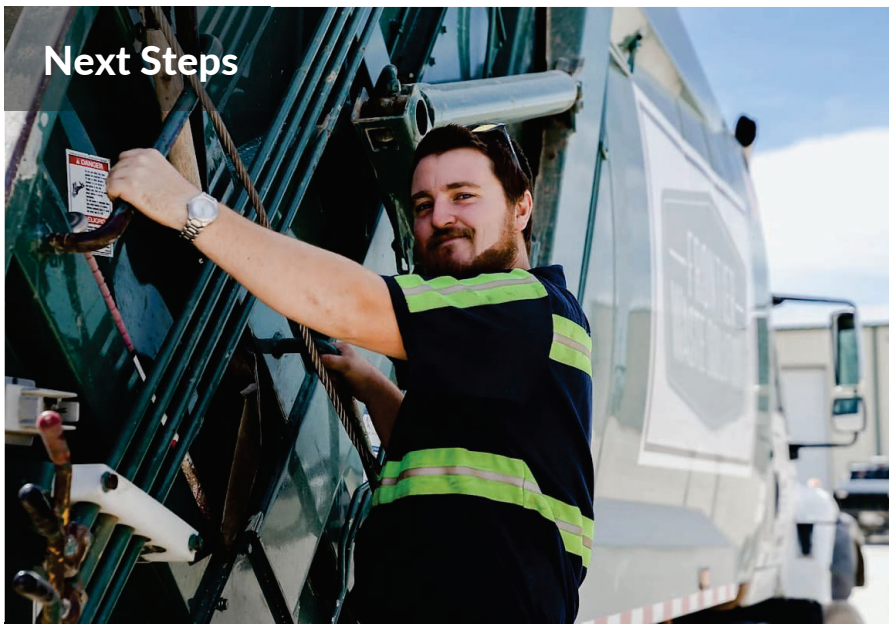


Ordinance Highlights

- Solid waste fees will be included on water bill
- Total fee will be based on businesses associated with water bill
- Clarify door side collection assistance for disabled residents
- Updates for current practices and industry standards



Next Steps



Next Steps

- October 1, 2024 - Frontier starts collection services
- FY25 - Develop, communicate and coordinate cost allocation model for businesses in CBD
- FY25 - Complete rate study for FY26
- FY25 - Incorporate proposed rate CBD structure into FY25-26 Budget for October 1, 2025 start.
- FY25 - Develop Sustainability Roadmap based on adopted Solid Waste Management Strategy
- Future Ordinance Considerations
 - Commercial & Multi-Family Recycling
 - Construction and Demolition Debris Diversion
 - Composting



Questions



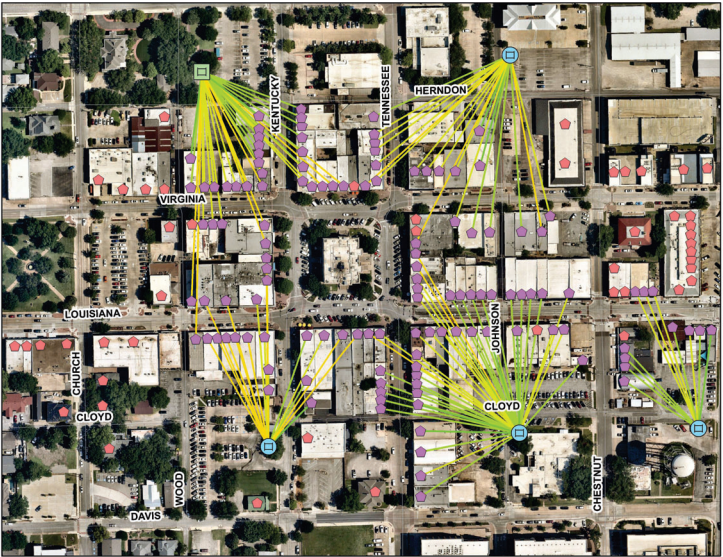
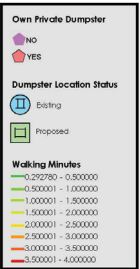
Extra Slides



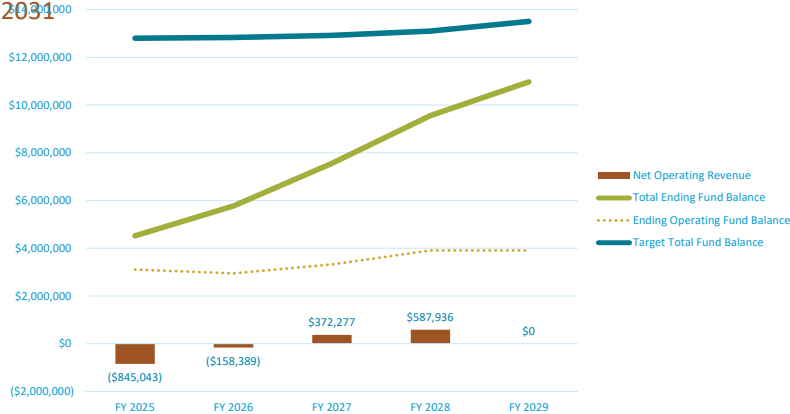
CBD Boundaries



Proposed
CBD
Enclosure



Proposed Rates Position Fund to Meet Target Operating Reserve by FY 2031



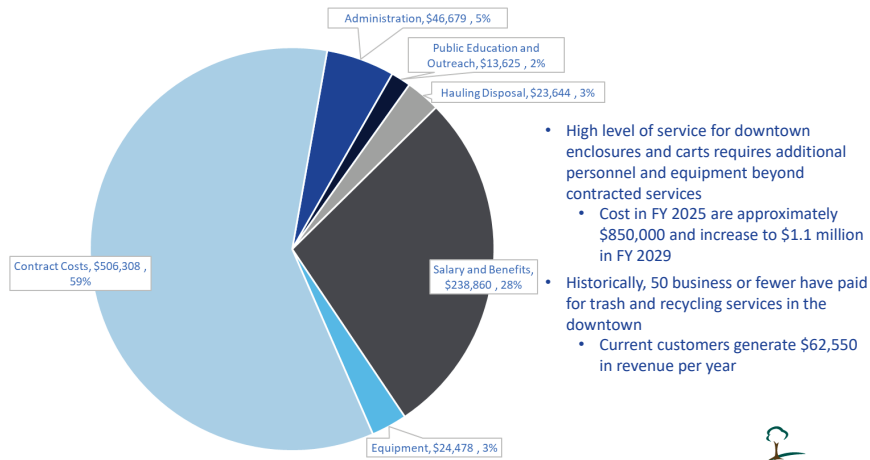
Target Fund Balance:

- 90-day operating reserve
- Cart replacement cost requirements based on a 7-year cart useful life

Cart Replacement:

- Money set aside for cart replacement counted as an expense
- Savings for cart replacement added back into the Ending Fund Balance

CBD Cost Service Breakdown



Proposed CBD Rate Structure

		Demand		
		Level 1	Level 2	Level 3
		Office Space	Retail	Restaurant
Size	0 - 1,000 sq. ft.	Rate A \$ _____	Rate D \$ _____	Rate G \$ _____
	1,001 sq. ft. to 2,000 sq. ft.	Rate B \$ _____	Rate E \$ _____	Rate H \$ _____
	2,000 sq. ft. +	Rate C \$ _____	Rate F \$ _____	Rate I \$ _____



Proposed Rate Increases – Isolated Cost of Service

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Residential	4.9%	0.3%	0.9%	3.4%	6.3%
Commercial Trash	3.4%	3.9%	5.3%	5.8%	8.6%
Commercial Recycling	37.3%	-1.0%	-1.2%	5.1%	8.2%
Commercial Roll-Off	4.8%	4.8%	4.8%	4.8%	4.8%
Downtown (CBD) Services	594.6%	4.5%	10.1%	0.6%	10.8%



Proposed Rate Increases – Shared Cost of Service Model

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Residential	4.9%	0.3%	0.9%	3.4%	6.3%
Commercial Trash	14.2%	1.6%	3.7%	5.5%	8.7%
Commercial Recycling	37.3%	-1.0%	-1.2%	5.1%	8.2%
Commercial Roll-Off	4.8%	4.8%	4.8%	4.8%	4.8%
Downtown (CBD) Services	0.0%	149.7%	59.9%	0.6%	10.8%



Proposed Rate Increases – Averaged Shared Cost of Service Model

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Residential	3.1%	3.1%	3.1%	3.1%	3.1%
Commercial Trash	6.6%	6.6%	6.6%	6.6%	6.6%
Commercial Recycling	8.8%	8.8%	8.8%	8.8%	8.8%
Commercial Roll-Off	4.8%	4.8%	4.8%	4.8%	4.8%
Downtown (CBD) Services	34.8%	34.8%	34.8%	34.8%	34.8%

