

CITY COUNCIL SPECIAL MEETING & WORK SESSION

JUNE 6, 2023

The City Council of the City of McKinney, Texas met in special session and work session in the City Hall Council Chambers, 222 N. Tennessee Street, McKinney, Texas, on Tuesday, June 6, 2023, at 3:00 p.m.

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

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

These city staff were present: City Manager Paul Grimes, Assistant City Manager Kim Flom, Assistant City Manager Barry Shelton, Assistant City Manager Steve Tilton, Assistant City Attorney Alan Lathrom, City Secretary Empress Drane, City Secretary Accreditation & Reporting Specialist Edith Ruiz, Director of Engineering Gary Graham, Assistant Director of Public Works Paul Sparkman, Director of Planning Jennfier Arnold, Budget Manager Trevor Daggon, Director of Parks, Recreation & Open Space Michael Kowski, President of McKinney Community Development Corporation (MCDC) Cindy Schneible, Director of Housing & Community Development Janay Tieken, Housing Administrator Cristel Todd, and Chief Financial Officer Mark Holloway.

There were four (4) members of the public present in the audience.

Mayor Fuller called for the Information Sharing item:

23-0445 Presentation of the Blue Star Flag

Director of Organizational Development & Performance Management received the recognition for his daughter United States Army Captain Marissa Mazzola.

Mayor Fuller called for Public Comments:

Clint Scofield, 1101 Hill St, McKinney TX 75069, spoke regarding agenda item #23-0449 recommending the Council should limit the amount of taxes imposed on residents who are aged 65 and older.

Mayor Fuller called for the Special Agenda item:

23-0446 Consider/Discuss/Act on Appointing a Member to the McKinney Public Facility Corporation (MPFC) Board of Directors

Council unanimously approved the motion by Mayor George Fuller, seconded by Council member Patrick Cloutier, to appoint Council Member Michael Jones to the MPFC Board of Directors.

Mayor Fuller called for discussion of the agenda items for the City Council Regular Meeting to be held on Tuesday, June 6, 2023 at 6:00 p.m. There was no discussion of those items.

Mayor Fuller called for the Work Session items:

23-0447 Update on Boards & Commissions Appointments Program

23-0448 Update on Affordable Housing Development Utilizing Public Private Partnership with the McKinney Housing Finance Corporation

23-0449 Consider/Discuss Property Tax Options for Residents Including Those Over Age 65 and the Disabled

The presentation for this item not included on the posted agenda is included in these minutes as *Appendix A: Tax Options Presentation*.

Mayor Fuller called for Council Liaison Updates regarding city boards & commissions.

Council members Philips announced the Animal Services team will host a pet adoption event on June 11, 2023 and encouraged everyone to take advantage of discounted fees offered at the event.

Mayor Fuller called for the Executive Session at 3:40 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)

- First Amendment To North Texas Municipal Water District Regional Water Supply Facilities Amendatory Contract

- McKinney Public Facility Corporation Public/Private Partnership with McKinney Housing Finance Corporation

Mayor Fuller reconvened the work session at 5:01 p.m. with all members present. No action was taken on items discussed in the Executive Session.

Council unanimously approved the motion by Council member Patrick Cloutier, seconded by Council member Rick Franklin, to adjourn the special meeting and work session at 3:42 p.m.

These minutes were approved by the City Council on February 6, 2024.

SIGNED:

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

ATTEST:

EMPRESS DRANE, City Secretary
TENITRUS BETHEL, Deputy City Secretary

City of McKinney, Texas

Appendix A: Tax Options Presentation

FY24 Property Tax Exemptions



Types of Exemptions

- **Over 65/Disabled Exemption**
 - Targeted
 - Changeable
 - Evaluated Yearly
- **Homestead Exemption**
 - All Homeowners
 - Changeable
 - Reduces tax burden on homeowners
- **Over 65/Disabled Tax Freeze**
 - Targeted
 - Permanent



Over 65/Disabled Tax Exemption

- Reduces the amount of taxable value eligible homeowners pay
- Current exemption \$80,000
- Current exemption equals \$366 in reduced taxes at current tax rate
- Exemption last increased in 2022
- For every \$5,000 increase in exemption, eligible homeowners will pay \$23 less in taxes at current tax rate
- For every \$5,000 increase in exemption, non-eligible homeowners will pay \$3.34 more in taxes at current tax rate
- At current exemption level of \$80,000, non-eligible homeowners pay \$51 more in taxes per year at current tax rate



Homestead Exemption

- Reduces the amount of taxable value eligible homeowners pay
- Currently no City homestead exemption
- Homestead Exemption can be either a % or flat amount
- Based on –
 - Average FY23 Home Value of \$496,438
 - Current City Tax Rate 0.457485

Homestead Exemption	5%	6%	7%	8%	9%	10%
Current year taxes	2,271	2,271	2,271	2,271	2,271	2,271
Current year taxes w/ HS exemption	2,158	2,135	2,112	2,089	2,067	2,044
Amount Reduced	114	136	159	182	204	227
HS + Current Sr./Dis Exemption of \$80,000	5%	6%	7%	8%	9%	10%
Current year taxes	2,271	2,271	2,271	2,271	2,271	2,271
Current Year Taxes w/ HS & Sr. Exemptions	1,792	1,769	1,746	1,723	1,701	1,678
Amount Reduced	480	502	525	548	570	593



City of McKinney
Over 65/Disabled Property Tax Exemption Increase
FY24 Estimate

Current Number of Over 65 Property Exemptions: 9,090 FY24 Estimated Over 65 Property Exemptions: 9,454

Current Over 65 Tax Exemption: \$80,000

McKinney Population Makeup	FY18	FY23 Actual	% Change
Total Population	179,804	206,654	15%
Single Family Res (excludes Over 65)	40,626	44,735	10%
Over 65 Exemptions	7,147	9,090	27%
Total Percent of Over 65	15%	17%	

FY24 Estimated Impact of Increased Over 65 Exemption	Exemption Amount	\$80,000	\$85,000	\$90,000	\$95,000	\$100,000	\$105,000
Total Exempted Value		\$ 730,997,668	\$ 778,265,668	\$ 825,533,668	\$ 872,801,668	\$ 920,069,668	\$ 967,337,668
Tax Revenue Exempted at Current Rate		3,344,205	3,560,449	3,776,693	3,992,937	4,209,181	4,425,425

Estimated Annual Impact of Current Over 65 Exemption	Exemption Amount - \$80,000	FY24	FY25	FY26	FY27	FY28	FY29
Total Exempted Value		\$ 730,997,668	\$ 732,161,188	\$ 733,371,249	\$ 734,629,712	\$ 735,938,514	\$ 737,299,668
Tax Revenue Exempted at Current Rate		3,344,205	3,349,528	3,355,063	3,360,821	3,366,808	3,373,035

Estimated Impact of Over 65 Freeze	FY24	FY25	FY26	FY27	FY28	FY29
Value Exempted	\$ 469,312,628	\$ 1,006,206,274	\$ 1,313,309,439	\$ 1,514,523,433	\$ 1,730,063,864	\$ 1,960,950,773
Tax Revenue Exempted at Current Rate	2,147,035	4,603,243	6,008,194	6,928,718	7,914,783	8,971,056

Potential Homestead Exemption	Estimated Impact of 5% Homestead Exemption	FY24	FY25	FY26	FY27	FY28	FY29
Taxable Value Exempt		\$ 1,117,384,840	\$ 1,229,123,324	\$ 1,290,579,490	\$ 1,329,296,875	\$ 1,369,175,781	\$ 1,410,251,055
Tax Revenue Exempted at Current Rate		5,111,868	5,623,055	5,904,208	6,081,334	6,263,774	6,451,687



Preliminary Taxable Valuation

- Existing Valuation
 - Preliminary Increase of 6.6% on Existing Property
 - Aggregate estimate – further breakdown to come from CCAD by July 25th
- New Construction
 - Preliminary Addition of 3.1% in New Property
 - Total Preliminary Value of New Construction – \$1 Billion
 - Aggregate estimate – further breakdown to come from CCAD by July 25th
- 2023 Average Homestead Market Value
 - Preliminary Average of \$557,700
- Any Change to Current Exemption Must be Adopted by July 1



Current Exemptions of Collin County Cities

	<u>Over 65/Disabled</u>	<u>Tax Freeze</u>	<u>Homestead</u>	<u>Tax Rate</u>
Allen*	\$50,000 / \$25,000	No	5%	\$ 0.421200
Carrollton	\$80,000	No	20%	\$ 0.562500
Dallas	\$115,500	No	20%	\$ 0.745800
Frisco	\$80,000	Yes	12.5%	\$ 0.446600
Garland	\$56,000	No	10%	\$ 0.716692
McKinney	\$80,000	No	None	\$ 0.457485
Plano	\$40,000	Yes	20%	\$ 0.417600
Richardson	\$105,000	No	None	\$ 0.560950
Wylie	\$30,000	Yes	None	\$ 0.562333

*Allen Homestead will take effect Tax Year 2023



(End of Appendix A: Tax Options Presentation)