



17-249A3

**TITLE:** Conduct a Public Hearing to Consider/Discuss/Act on a Request by the City of McKinney to Annex Approximately 3,821 Acres of Land along the Northwestern Boundary of the City of McKinney's Corporate Limits Generally Located in Areas Described as Being: Along and Extending to the North and the South from the East-West Section of FM 1461 from FM 2478 to East of CR 166 and Extending to the North, South and East from and about Geren Trail; at and Around Stover Creek and the North-South Section of CR 161 Between US Highway 380 (University Drive) and CR 123 and Extending along and from a Portion of CR 124; at and Around the North Side of US Highway 380 (University Drive) Between Ridge Road and Lake Forest Drive; at and Around the Northeast Quadrant of Lake Forest Drive and Wilmeth Road Extending to the Western Boundary of Erwin Park and Extending as far North as CR 1006; at and Around the Northwest Quadrant of Hardin Boulevard and Wilmeth Road Extending to the North and West; at and Around CR 164 South and East of Erwin Park and at and Around CR 201 Extending to the Eastern Boundary of Erwin Park and Extending North to CR 1006; and Extending to the South from the Southern Boundary of the McKinney Municipal Utility District No. 1 of Collin County (Trinity Falls M.U.D.) and FM 543 and Along and Around Both the North-South Section and the East-West Section of CR 202 in a Southerly Direction to the City's Current Northern Corporate Boundary Extending in an Easterly Direction from CR 201 and CR 1200 and Extending to the East and West Along and Around Both Sides of Trinity Falls Parkway into the City of McKinney's Corporate Limits

**COUNCIL GOAL:** Direction for Strategic and Economic Growth

**MEETING DATE:** October 25, 2017

**DEPARTMENT:** Development Services - Planning Department

**CONTACT:** Jennifer Arnold, Planning Manager  
Aaron Bloxham, Planner II  
Brian Lockley, AICP, Director of Planning

**RECOMMENDED CITY COUNCIL ACTION:**

- Receive public comment regarding the proposed annexation.

#### **ITEM SUMMARY:**

- This item is to conduct a public hearing in association with the city-initiated annexation of approximately 3,821 acres of land located in the extraterritorial jurisdiction (ETJ) of McKinney.
- A written protest signed by more than 10 percent of the adults who are permanent residents of the proposed annexation area was received by the City Secretary's Office on Wednesday, October 11. In accordance with Section 43.063 of the Texas Local Government Code, this public hearing is being held at a site located within the area proposed for annexation (Nature Nate's (North Dallas Honey Company LP) located at 2910 Nature Nate Farms, McKinney, Texas 75071).
- In accordance with State Law, the purpose of the public hearing is to provide interested persons with an opportunity to comment on the proposed annexation and associated Service Plan. No formal action on the proposed annexation occurs during the public hearing.
- Proposed annexation of the area has been initiated by the City of McKinney in an effort to implement the goals and strategies identified by City Council to provide direction for strategic and economic growth. This is primarily in relationship to the high amount of growth expected in the coming years, the development pressures being felt in many areas of the city's ETJ, and the city's investment in public infrastructure projects.
- The area proposed for annexation is within the northwest sector of McKinney and is currently located in the ETJ. The purpose of the ETJ is to promote and protect the general health, safety and welfare of persons residing in and adjacent to municipalities. While the Subdivision Ordinance applies to properties within the ETJ, the Zoning Ordinance does not.
- If annexed, the properties included in the proposed annexation area will be zoned "AG" - Agricultural District.
- As well, the attached service plan has been prepared pursuant to Chapter 43.056 of the Texas Local Government Code and describes the municipal services to be provided to the annexation area following annexation.
- In accordance with Section 43.056 of the Texas Local Government Code, the service plan outlines the provision of services for the annexation area in the same manner by which the city extends services to any other area of the municipality. The attached service plan includes the following sections:

- A. Police Protection
- B. Fire Protection
- C. Fire Prevention
- D. Solid Waste Collection
- E. Water Service
- F. Sanitary Sewer Service
- G. Streets
- H. Parks and Recreation
- I. Environmental Health and Code Enforcement Services
- J. Planning and Zoning
- K. Miscellaneous
- L. Capital Improvements Program
- M. Other Municipal Services

#### **BACKGROUND INFORMATION:**

- The annexation of land is governed by Chapter 43 of the Texas Local Government Code. This code chapter outlines the steps and procedures that must be followed in order to incorporate land that is within a municipality's extraterritorial jurisdiction (ETJ) into its corporate city limits. The proposed annexation is following these statutory procedures.
- During the August 28, 2017 City Council Meeting, the Council approved Resolution No. 2017-08-160, authorizing the initiation of annexation proceedings for approximately 3,821 acres of land generally located along the northwestern boundary of the City of McKinney's corporate limit. The area proposed for annexation is minimally populated.
- During the September 19<sup>th</sup> City Council meeting, City Council formally directed Staff to prepare a Service Plan for the proposed annexation area and also authorized the City Manager to execute all necessary development agreements in association with the proposed annexation.
- The McKinney Fire Department currently provides fire and emergency medical services in this area. Currently, police response is provided by Collin County. Texas Local Government Code §43.056 stipulates that a city must provide police and fire protection and emergency medical services to a newly annexed area on the effective date of the annexation.
- Texas Local Government Code §43.056 also stipulates that a city must provide solid waste collection to a newly annexed area upon the effective date of the annexation.

- It is proposed that full municipal services shall be provided in accordance with the attached service plan.
- The proposed annexation area is located within the McKinney and Prosper Independent School Districts. McKinney ISD and Prosper ISD have been informed of the proposed annexation.
- In accordance with the Texas Local Government Code, the City Council conducted public hearings to consider the proposed annexation on the following dates and times:
  - October 16, 2017 at 5:30 pm (Public Hearing)  
Special City Council Meeting  
Jack Hatchell Administration Building, 4<sup>th</sup> Floor - Commissioners Court  
2300 Bloomdale Road, McKinney, TX 75071
  - October 17, 2017 at 6 pm (Public Hearing)  
Regular City Council Meeting  
Jack Hatchell Administration Building, 4<sup>th</sup> Floor - Commissioners Court  
2300 Bloomdale Road, McKinney, TX 75071
- The City Council has/will also conduct a public hearing in the area proposed for annexation on the following day and time:
  - October 25, 2017 at 12:00 pm (Public Hearing)  
Special City Council Meeting  
Nature Nate's (North Dallas Honey Company LP)  
2910 Nature Nate Farms, McKinney, TX 75071
- In accordance with the Texas Local Government Code, the City Council is expected to consider/discuss/act on the proposed annexation on the following dates and times:
  - November 7, 2017 at 6 pm (First Consideration and Potential Action)  
Regular City Council Meeting  
Council Chambers - City Hall  
222 North Tennessee Street, McKinney, TX 75071
  - November 15, 2017 at 6 pm (Final Consideration and Action)  
Regular City Council Meeting  
Council Chambers - City Hall  
222 North Tennessee Street, McKinney, TX 75071

## **FINANCIAL SUMMARY:**

Annexation of additional property has financial implications for the City. Some, but not all, of the financial implications are listed below:

- As private development occurs in the proposed annexation area, the ultimate developer(s) will be responsible for upgrading roads and extending utilities. However, the long-term maintenance of those facilities will be the City's responsibility.
- The ISO rating determines insurance rates in McKinney. Availability of water resources in proposed annexed areas have impacts on ISO ratings.
- An ISO rating is based on a 105 point system:
  - 40 points for water system (supply, distribution, fire flow, hydrants, maintenance, etc.)
  - 50 points for evaluation of the Fire Department itself
  - 10 points for alarm systems
  - 5 points for code enforcement, plan review, etc.
- The effects of additional annexation on ISO ratings are cumulative. The City's current ISO rating is 1 on a scale of 1 to 10, with 1 being the best and 10 being the worst. The latest evaluation was conducted in 2014. An ISO rating of 1 is required to be evaluated every 4 years.
- The Fire Department has indicated that the proposed annexation request may have the potential for a negative impact upon the City's ISO rating due to extended response time to citizens living within the area to be annexed or due to the current water supply and roadway infrastructure to the property which may impact firefighting capabilities.
- Annexed parcels are subject to City property tax. However, as part of the proposed annexation, the City has offered development agreements to all property owners within the annexation area. Two different types of agreements were offered as follows:
  - Development Agreement (for Agricultural properties). Many of the properties in the proposed annexation area currently have an agricultural valuation classification with the Collin Central Appraisal District (CCAD). An AG exemption is given to properties in active agricultural uses, which allows the property to have a lower appraisal value and thus, lower taxes.

- In accordance with Texas Local Government Code §43.035(a), prior to annexing properties that have an agricultural, wildlife management or timber land ad valorem classification (AG exemption) filed on them, a municipality must first offer a development agreement that would (1) guarantee that the ETJ status of the property continue for a stated period of time, or until any type of development plat or related development document for the property is filed; and (2) authorizes the enforcement of all regulations and planning authority of the municipality that do not interfere with the agricultural, wildlife management, or timber use(s).
- Of the approximately 3,821 acres being considered for annexation, approximately 3,521 acres (represented by roughly 100 unique owners) are classified as AG exempt properties. As such, the City has offered this type of development agreement to these property owners.
- When property with an AG exemption is developed, it is subject to rollback taxes for each of the previous five years. As such, at such time that these properties are developed, the property owner will be required to pay all applicable taxes which had been exempted during that five-year period.
- Development Agreement (for Non-Agricultural properties). Although not required by State Law, the City Council has elected to offer a 3-year reimbursement of ad valorem taxes to those non-agricultural properties who are subject to immediate annexation.
- Of the approximately 3,821 acres being considered for annexation, approximately 300 acres (represented by roughly 60 unique owners) are classified as non-agricultural properties.
- As such, the City has offered a Chapter 212 Development Agreement to these property owners which would reimburse ad valorem taxes for three years following annexation.
- Based on high-level calculation, the ad valorem taxes on these properties would be estimated at approximately \$104,000 in 2018 (based on the newly adopted McKinney tax rate of \$0.540199 per \$100 valuation).
- Due to the ongoing execution of development agreements, a true estimation of ad valorem tax revenues and/or assumed forgone revenues will not be known until after the annexation process is complete.

**SUPPORTING MATERIALS:**

[Location Map & Aerial Exhibit](#)  
[Service Plan](#)  
[PowerPoint Presentation](#)