CITY COUNCIL REGULAR MEETING

SEPTEMBER 15, 2015

The City Council of the City of McKinney, Texas met in regular session in the Council Chambers of the Municipal Building on September 15, 2015 at 6:00 p.m.

Council Present: Mayor Brian Loughmiller, Mayor Pro Tem Travis Ussery, Council members: Chuck Branch, Don Day, Randy P. Pogue, Tracy Rath, and Rainey Rogers.

Staff Present: Interim City Manager Tom Muehlenbeck; Deputy City Manager Jose Madrigal; Assistant City Manager Barry Shelton; City Attorney Mark Houser; City Secretary Sandy Hart; Chief Financial Officer Rodney Rhoades; Assistant Director of Development Services Rick Leisner; Executive Director of Development Services Michael Quint; Director of Engineering Mark Hines; Finance - Mark Holloway, Trevor Minyard, Donna Chambers, and Eric Corder; Interim Assistant to the City Manager Chandler Merritt; Director of Parks and Recreation Rhoda Savage; Assistant Director of Parks and Recreation Ryan Mullins; Director of Public Works Chris Browning; Assistant Director of Public Works Paul Sparkman; IT Systems Analyst Richard Sewell; Police Officer Travis Ray; Assistant Fire Chief Chris Lowry; Assistant Fire Chief Tim Mock; Parks Superintendent Tony Nielsen; Assistant Airport Director Mark Jaraczewski; and Police Chief Greg Conley.

There were 25 guests present.

Mayor Loughmiller called the meeting to order at 6:00 p.m. after determining a quorum was present. Invocation was given by Reverend John McLarty, Stonebridge United Methodist Church. Mayor Loughmiller led the Pledge of Allegiance.

15-871 Constitution Week Proclamation. Mayor Loughmiller presented the Constitution Week Proclamation to Carolyn Underwood.

Mayor Loughmiller called for Citizen Comments.

Ms. Tonya Fisher, 808 Maples Avenue, McKinney, thanked the City and the Police Department for the way they handled the pool incident in June.

Mr. Kevin Magavern, 409 Byrne, McKinney, spoke against the Bond Proposition regarding the airport.

Ms. Jennifer Druckamiller, 1305 W. Virginia Street, McKinney, spoke against Bond Proposition 5 regarding a downtown parking garage.

Council unanimously approved the motion by Mayor Pro Tem Ussery, seconded by Council member Pogue, to approve the following consent items:

15-872 Minutes of the City Council Special Meeting of August 24, 2015

15-873 Minutes of the City Council Work Session of August 31, 2015

15-874 Minutes of the City Council Regular Meeting of September 1, 2015

15-801 Minutes of the Board of Adjustment Meeting of July 22, 2015

15-831 Minutes of the Historic Preservation Advisory Board Regular Meeting of August 6, 2015

15-875 Minutes of the McKinney Housing Authority Meeting of July 28, 2015

15-824 Minutes of the Planning and Zoning Commission Regular Meeting of August 11, 2015

15-829 Minutes of the Reinvestment Zone Number One Meeting of May 5, 2015

15-826 Minutes of the Reinvestment Zone Number Two Meeting of December 1, 2014

15-876 Consider/Discuss/Act on a Resolution Authorizing the Interim City Manager to Execute a Contract with Rich Leidl, P.C. for Federal Legislative Services. Caption reads as follows:

RESOLUTION NO. 2015-09-101 (R)

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF McKINNEY, TEXAS, AUTHORIZING THE INTERIM CITY MANAGER TO EXECUTE AN AGREEMENT FOR FEDERAL LEGISLATIVE CONSULTING SERVICES FROM RICH LEIDL, P.C. OF WASHINGTON, DC

15-877 Consider/Discuss/Act on a Resolution Adopting the Fiscal Year 2015-2016 Financial Policies. Caption reads as follows:

RESOLUTION NO. 2015-09-102 (R)

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF McKINNEY, TEXAS, ADOPTING THE FINANCIAL POLICIES

15-878 Consider/Discuss/Act on a Resolution Adopting the Investment Policy for Fiscal Year 2015-2016. Caption reads as follows:

RESOLUTION NO. 2015-09-103 (R)

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF McKINNEY, TEXAS, ADOPTING THE INVESTMENT POLICY

15-879 Consider/Discuss/Act on a Resolution Authorizing the Interim City Manager to Execute an Agreement with the McKinney Sunrise Rotary Club for the Design and Construction of an All-Inclusive Playground at Bonnie Wenk Park. Caption reads as follows:

RESOLUTION NO. 2015-09-104 (R)

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF McKINNEY, TEXAS, AUTHORIZING THE INTERIM CITY MANAGER TO EXECUTE AN AGREEMENT WITH THE SUNSHINE ROTARY CLUB ALLOWING FOR THE DESIGN AND CONSTRUCTION OF AN ALL-INCLUSIVE PLAYGROUND AT BONNIE WENK PARK

15-880 Consider/Discuss/Act on a Resolution Authorizing the Interim City Manager to Execute a Contract with Freese Nichols, Inc., for the University Drive Area Drainage Analysis. Caption reads as follows:

RESOLUTION NO. 2015-09-105 (R)

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF McKINNEY, TEXAS, AUTHORIZING THE INTERIM CITY MANAGER TO EXECUTE A CONTRACT IN THE AMOUNT OF $70,400.00 FOR ENGINEERING SERVICES FOR THE UNIVERSITY DR. AREA DRAINAGE ANALYSIS AND AUTHORIZING ANY SUPPLEMENTAL AGREEMENTS

END OF CONSENT

Interim City Manager Muehlenbeck requested that the following item be removed from the agenda and no action be taken.

15-881 Consider/Discuss/Act on a Resolution Authorizing the Interim City Manager to Execute a Professional Services Contract with Conduit A+D of McKinney, Texas for Architectural and Engineering Services Related to the Design and Construction of Fire Station # 9.

15-882 Mayor Loughmiller called for the Second Public Hearing to Consider/Discuss/Act on the Adoption of the Budget Appropriation Ordinance for FY 2015-16. Chief Financial Officer Rodney Rhoades

stated this is the second public hearing for the FY 2015-16 Budget Appropriations. Budget Manager Mark Holloway stated no changes have occurred in the budget since the September 1st public hearing. Total appropriations this year are anticipated to be $317 million. We are presenting a balanced FY 2016 budget with revenues and expenditures around $116.9 million. General Fund revenues include property taxes at 54%, sales tax at 18%, franchise tax at 12%, license permits at 7% and the final 10% in smaller categories. As far as general fund expenditures, 45% is Public safety, general government is 20%, Development Services is 8%, Public Works is 10% and Parks and Libraries are about 11%. Since the August budget retreat, three more first responders were added to the police department for a total of seven new positions that allows for the retention of the mounted patrol. Water and Wastewater Fund includes an 11% water rate increase that is necessary to pass through the North Texas Municipal Water District mandated increase and 13% increase for wastewater. We plan to conduct a comprehensive review of the fee structures and a new long-range plan in FY 16. Council member Pogue stated he would like to see a comparison with our sister cities of the percentages in the general fund expenditure chart. Chief Financial Officer Rhoades stated that throughout the budget process, the City has been increasing rates between 2% and 3% over the last three years while the North Texas Municipal Water District had been increasing rates by 10% to 14% over the same period of time. Because we have only increased those rates by 2% and 3%, we absorbed slightly over $4.5 million in the water and wastewater fund. Mr. Rhoades stated that we are not anticipating the possibility of a deficit for fiscal 2015 as a result of the slower than anticipated water sales. Mr. Holloway stated the average personnel cost in FY 2015 is around $65,000 with fire and sworn police positions included. Once you remove the public safety, the average salary is around $56,000 and about $78,000 including benefits. Interim

City Manager Muehlenbeck stated that when Council sat down in late 2014, to develop a 10 year plan, the 10 year plan reflected a level, stable tax rate for 10 years. That was intended to not only fund the capital projects that will be coming online if the bond referendum passes in total, it also provides for the operating expenses for these various improvements or capital projects coming online. If we look at reducing the revenues that will flow to the 10-year plan, we could be endangering our ability to fund the operating cost for these capital projects coming online. There is no question as a result of the increase in tax values this year, we will have to take a look before we start working on next year's budget and adjust the figures accordingly. Mayor Loughmiller called for public comment and there was none. Council unanimously approved the motion by Mayor Pro Tem Ussery, seconded by Council member Pogue, to close the public hearing. Council unanimously approved the motion by Mayor Pro Tem Ussery, seconded by Council member Pogue, to approve adopting the Budget Appropriation Ordinance for FY 2015-16 with the following record vote:

Mayor Loughmiller - For

Mayor Pro Tem Ussery – For

Council member Rogers – For

Councilwoman Rath – For

Council member Branch – For

Council member Day – For

Council member Pogue – For

Caption reads as follows:

ORDINANCE NO. 2015-09-082

AN ORDINANCE ADOPTING A BUDGET FOR THE ENSUING FISCAL YEAR BEGINNING OCTOBER 1, 2015, AND ENDING SEPTEMBER 30, 2016, IN ACCORDANCE WITH THE CHARTER OF THE CITY OF MCKINNEY, APPROPRIATING THE VARIOUS AMOUNTS THEREOF, AND REPEALING ALL ORDINANCES OR PARTS OF ORDINANCES IN CONFLICT THEREWITH; PROVIDING FOR PUBLIC HEARINGS; PROVIDING FOR PUBLICATION OF THIS ORDINANCE AND FOR AN EFFECTIVE DATE HEREOF

15-883 Mayor Loughmiller called for Consideration/Discussion/Action on an Ordinance to Ratify the Property Tax Revenue Increase in the Fiscal Year 2015-16 Budget as a Result of the City Receiving More Revenues from Property Taxes than the Previous Fiscal Year. Chief Financial Officer Rodney Rhoades stated that this is an item that requires a motion to ratify the property tax revenue increase, as required by state law. The City's Fiscal Year 2015-16 Budget has an increase in property tax revenues as compared to the previous year. Council unanimously approved the motion by Mayor Pro Tem Ussery, seconded by Mayor Loughmiller, to approve an Ordinance ratifying that this year's budget will raise more total property taxes than last year's budget by $9,624,480 or 12.18% and of that amount, $3,445,751 is tax revenue to be raised from new property added to the tax roll this year. Caption reads as follows:

ORDINANCE NO. 2015-09-083

AN ORDINANCE OF THE CITY OF MCKINNEY, TEXAS, RATIFYING THE PROPERTY TAX REVENUE INCREASE IN THE 2015-16 BUDGET AS A RESULT OF THE CITY RECEIVING MORE REVENUES FROM PROPERTY TAXES IN THE 2015-16 BUDGET THAN IN THE PREVIOUS FISCAL YEAR; AND PROVIDING AN EFFECTIVE DATE

15-884 Mayor Loughmiller called for Consideration/Discussion/Action on an Ordinance Adopting a Tax Rate for Fiscal Year 2015-16. Chief Financial Officer Rodney Rhoades stated this is to adopt the tax rate for fiscal 2016. The tax rate is proposed to remain the same at $0.5830. It is consistent with the Council's adopted 10-year plan. Overall, for fiscal year 2016, existing property values increased by 9%, while new construction accounted for about 4.4%. We are proposing a split between the tax rate of just over $0.40 for the Maintenance and Operation and $0.17 for the debt service rate for the total of $0.5830. This motion does require a record vote with specific wording. Council unanimously approved the motion by Councilwoman Rath, seconded by Council member Pogue, to approve an Ordinance that adopts the property tax

rate be increased by the adoption of a tax rate of $.538000, which is effectively an 8.55 percent increase in the tax rate Fiscal Year 2015-16 with the following record vote:

Mayor Loughmiller - For

Mayor Pro Tem Ussery - For

Council member Rogers - For

Councilwoman Rath - For

Council member Branch - For

Council member Day - For

Council member Pogue – For

Caption reads as follows:

ORDINANCE NO. 2015-09-084

AN ORDINANCE LEVYING TAXES FOR THE CITY OF MCKINNEY, TEXAS, FOR THE TAX YEAR 2015; PROVIDING FOR A DATE ON WHICH SUCH TAXES BECOME DELINQUENT; PROVIDING FOR A LIEN ON ALL REAL AND PERSONAL PROPERTY TO SECURE THE PAYMENT OF TAXES DUE THEREON; PROVIDING FOR PENALTY AND INTEREST FROM AN EFFECTIVE DATE HEREOF; PROVIDING FOR A 15% COLLECTION FEE FROM AN EFFECTIVE DATE HEREOF; PROVIDING FOR ACCEPTANCE OF THE TAX ROLL TOGETHER WITH ANY SUPPLEMENTS THERETO; AND PROVIDING FOR PUBLICATION OF THE CAPTION OF THIS ORDINANCE

15-885 Mayor Loughmiller called for Consideration/Discussion/Action on an Ordinance to Change Rates/Fees for City Services. Chief Financial Officer Rodney Rhoades stated this is the revised fee schedule for fiscal year 2016. The fee changes are occurring with the airport, the water / wastewater rates, and the third year of a three-year plan on the meter set fees. There is also a slight increase on the specific use permit application fee. Assistant Airport Director Mark Jaraczewski stated that the fuel pricing, when compared to area airports, is competitive with the area market. Our rate is $3.88, compared to Addison at $5.89 and Love Field at $6.19. Volumes of fuel this year were up 18% over last year. When you look at facility fees and user fees, we are extremely competitive and below-market average for the area. Council

unanimously approved the motion by Councilwoman Rath, seconded by Council member Pogue, to approve an Ordinance changing rates/fees for City Services. Caption reads as follows:

ORDINANCE NO. 2015-09-085

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MCKINNEY, TEXAS, AMENDING THE CODE OF ORDINANCES OF THE CITY OF MCKINNEY, TEXAS, RELATING TO FEES, BY AMENDING APPENDIX A, IN PART, BY AMENDING SECTIONS 2-1, 30-86, 30-175, 30-205, 74-75, 74-76, 74-78, 74-79, 74-141, 74-190, 74-212, 110-139, 110-141, 110-144, 110-230 AND 146-193; PROVIDING A SEVERABILITY CLAUSE; PROVIDING A REPEALER CLAUSE; AND PROVIDING FOR AN EFFECTIVE DATE HEREOF

15-886 Mayor Loughmiller called for Consideration/Discussion/Action on the Composition and Creation of a Visioning Advisory Committee for the Park Master Plan Update Initiative. Director of Parks and Recreation Rhoda Savage stated that this item is requesting the formation of a Visioning Advisory Committee for the Park Master Plan Update. The members being requested for appointment tonight are three representatives from City Council, three from the Parks and Recreation Open-Space Board, and three from McKinney Community Development Corporation. Council unanimously approved the motion by Council member Rogers, seconded by Council member Branch, to appoint Mayor Pro Tem Ussery, Councilwoman Rath, Council member Branch, MCDC Board members: Rick Glew, David Clarke, and Hamilton Doak; and Parks, Recreation, and Open Space Board members: Jackie Brewer, Brian Perkins, and Kip Dixon to the Visioning Advisory Committee for the Park Master Plan Update Initiative.

15-887 Mayor Loughmiller called for Consideration/Discussion/Action on a Resolution Nominating Member(s) to the Collin Central Appraisal District Board of Directors. Mayor Loughmiller stated that this is an opportunity for us to place somebody on the Appraisal Board. This is an opportunity for McKinney to cast votes for somebody. We can table the item until the next meeting and give everyone an opportunity to think through possible

recommendations. Council unanimously approved the motion by Mayor Pro Tem Ussery, seconded by Council member Pogue, to table until the October 6, 2015 Regular meeting.

15-896 Consider/Discuss/Act on a Appointing a Member to the Planning and Zoning Commission. City Secretary Sandy Hart stated that on August 24th, City Council appointed Gary Townsend to serve on the Planning and Zoning Commission for a two-year term. Mr. Townsend has informed staff that he does not desire to serve on the Commission. Council member Pogue stated he and Council member Day conducted the Planning and Zoning Commission applicant interviews and they are recommending Jim Schwalls and Janet Cobbel. Council approved the motion by Mayor Pro Tem Ussery, seconded by Council member Pogue, to appoint Janet Cobbel to serve on the Planning and Zoning Commission from October 1, 2015 through September 30, 2017, with a vote of 6-1-0, Council member Branch voting against.

15-900 Mayor Loughmiller called for Consideration/Discussion/Action on a Resolution Approving the Fifth Amended Bylaws for the McKinney Economic Development Corporation Bylaws. City Attorney Houser stated the McKinney Economic Development Corporation met today and approved the Fifth Amended Bylaws that were submitted by City Council by a vote of four in favor, zero against, and one abstention. Council unanimously approved the motion by Mayor Pro Tem Ussery, seconded by Council member Pogue, adopting a Resolution approving the Fifth Amended Bylaws for the McKinney Economic Development Corporation Bylaws. Caption reads as follows:

RESOLUTION NO. 2015-09-106 (R)

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF McKINNEY, TEXAS, APPROVING THE FIFTH AMENDED BYLAWS OF THE McKINNEY ECONOMIC DEVELOPMENT CORPORATION; AND PROVIDING AN EFFECTIVE DATE

Mayor Loughmiller called for Citizen Comments and there were none.

Mayor Loughmiller called for Council and Manager Comments.

Council member Rogers did not have any comments.

Councilwoman Rath expressed her thanks to Yolanda Greer and Sonya Paul who planned the National Back to Church event held at Bonnie Wenk Park. I appreciate them working on it to pull the community together.

Council member Branch did not have any comments.

Council member Day stated that he has not only heard tonight but hearing over the past few weeks that there is opposition to the location of the downtown parking garage. As someone who has lived and works in downtown for 20 years and has been pushing for a parking garage for 15 years, this is a subject dear to my heart so I want to make some comments. When this came up about a year ago, we held four open meetings and discussed three different sites. The site that was selected was not my first choice because of the size and size only. We could have a larger parking garage on the other sites. During those open meetings, we had citizens come out. We had strong oppositions to site two, which was my preferred site. The Council also looked at the money we had to spend and came to the consensus that the site selected was the best site. People need to understand what a no vote on November 3rd means. It means no parking garage. It doesn't mean you don't like the location and we will move it. If the vote is no, there will be no parking garage. The bond elections only happen every four or five years. So it would not come up again for four or five more years and there is no way to know whether it would be on a future election. If the Downtown Parking Garage Proposition fails, there will not be a downtown parking garage for the foreseeable future. I think people need to understand, we are not voting on a location, we are voting to either have or not have one. It was also mentioned tonight that the location is beside Rick's Chophouse and the Grand Hotel. I own Rick's Chophouse and the Grand Hotel and I will make the point that we are currently contracting for over 200 parking spaces on private property. So whether the garage goes up or not, it will not affect our operation. I want to reiterate, a vote no for the parking garage proposition is vote for no downtown parking garage. The second thing I want to mention also came up tonight about the low flying airplanes. I think people need to understand that we are not supporting an airport or spending money on an airport to benefit one percent of the population. In the City of McKinney, the average home sells for $270,000. It takes a

$400,000 home to generate enough property taxes to educate the kids that live in those homes and pay for the fire, police, and other City services. On an average home of $270,000, we are about one third short of the revenue needed to pay for those services. We have to have businesses. Currently, our businesses and the raw land make up that gap, but just barely. So we are trying to build our airport because one large commercial jet pays about the same property taxes as a Walmart. We need to build our airport so we can continue to be the number one City in the nation, educate our kids, and pay for the services that we have to provide. I want to make the point that the airport will benefit everyone, not one percent.

Council member Pogue did not have any comments.

Mayor Pro Tem Ussery thanked Ms. Dianne Craig and the members of the Historic Neighborhood Association for allowing former Councilman Harris, Mr. Muehlenbeck and City staff to come before them to make a bond presentation and have a dialogue about matters of interest. I appreciate staff members being there and all the work they do. I want to say, you make the City of McKinney what it is. Thank you.

Mayor Loughmiller followed up on Council member Day's comments. As it relates to the parking garage, I want to talk about the process because I know there is information out there and questions being raised about the process. Even to the point of suggestions that we did not have public meetings or there was effort to influence a specific location. We have been talking about a parking garage in downtown since 2005. We were talking about a parking garage before there was three-hour parking that we have around the square. The three-hour parking was the original alternative to a parking garage. Since that time, we have had a number of public meetings and a number of strategic planning meetings that are open to the public. They last from 4 to 8 hours and sometimes longer, where we talk about goals and strategies. There is always discussion about whether we need a parking garage and it always comes back to the issue of structured parking in downtown being a benefit to downtown. The big issue is how much does it cost and how do we pay for it and would there be participation from local merchants. Council wanted to see if we could do something that would be more in the nature of free parking so we could be competitive with other retail areas. Part of the money for the parking garage that is currently on the table is from a

2010 bond election where we allocated $3 million for a parking garage. Any location suggested would meet with some opposition from somewhere because different locations would bring different opposition. When we had public meetings on this item, the reality was, we were not going to have consensus on the top two sites that were in the study. To the extent that the site we picked was supported by a majority vote was because of the belief that there was a need for downtown parking garage and the project was supported by the people of McKinney, especially people in downtown. I agree with Mr. Day's statement, as it relates to the bond election, do we want a parking garage or not? No site will be perfect. I understand the issues and the concerns about this site and the architecture. Most importantly, whether you agree or not or vote for it or not, I take seriously this City Council's obligation to be transparent and provide information to the public and do it in a public forum. Any suggestion that we have not done that is flat out wrong because we have not taken this project on other than in this room and we publicly voted at a public meeting. If you do not support it, that is your choice. That is the process we went through. As it relates to the airport, if you go back through the history of the airport, we have been working very hard on noise abatement procedures, on notification to residents, and on master planning updates. We have invited members of the community and members of our surrounding communities. We have an airport layout plan on file with the state of Texas in Austin that is a public document. We have been very careful to try to lay out publicly why the airport is considered to be an economic engine for the City. As far as the benefit, the one thing I want to say, is even if you look at the current projects with no expansion, if we just stay with what we have, the airport generates $2 million of tax revenue for the McKinney Independent School District. From a standpoint of benefiting students and school districts and helping out with the revenue stream, this airport, because of its location, is a direct benefit to the school district. As we increase the revenues, it will increase the benefit to the school district. It does not just benefit the City from a revenue standpoint, it benefits other entities. I believe that is the right decision.

Interim City Manager Muehlenbeck stated that the City is looking forward to Oktoberfest, which will be held September 25th through the 27th in downtown McKinney. All three days include activities for kids and families, face painting, beer barrel races

and dog races. This year, we have expanded the festival with a beer garden and carnival. Find out more at MckinneyOktoberfest.com. McKinney is also participating in a National Drug Take Back event on September 26th. Bring any unwanted, unused or expired prescription drugs to anonymously dispose of them in a safe way. For more information or to see a list of accepted items, visit McKinneyTexas.org/drug take back. Thank you.

Mayor Loughmiller recessed the meeting into executive session at 7:02 p.m. per Texas Government Code Section 551.071 (2) Consultation with City Attorney on any Work Session, Special or Regular Session agenda item requiring confidential, attorney/client advice necessitated by the deliberation or discussion of said items (as needed), and Section 551.074 Personnel Matters, as listed on the posted agenda. Mayor Loughmiller recessed to the open session at 7:22 p.m.

Council unanimously approved the motion by Council member Pogue, seconded by Mayor Pro Tem Ussery, to adjourn. Mayor Loughmiller adjourned the meeting at 7:23 p.m.

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BRIAN LOUGHMILLER
Mayor

ATTEST:

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SANDY HART, TRMC, MMC
City Secretary