STATE OF TEXAS §
January 19, 2021
COUNTY OF GRAYSON §

BE IT REMEMBERED THAT A Called Meeting of the City Council of the City of Sherman, Grayson County, Texas was begun and held in the Sherman Municipal Ballroom on January 19, 2021.

MEMBERS PRESENT: **MAYOR DAVID PLYLER; DEPUTY MAYOR WILLIE STEELE. COUNCIL MEMBERS HOLLAND, HOWETH, MELTON, STEVENSON, TEAMANN.**

MEMBERS ABSENT: **NONE.**

CALL TO ORDER

Mayor Plyler called the meeting to order at 5:00 p.m. The Pledge of Allegiance and Invocation were given by Council Member Shawn Teamann.

CITIZEN'S COMMENTS

There were no citizen's comments.

CONSENT AGENDA

The Council reviewed the Consent Agenda. Council Member Stevenson moved to approve the Consent Agenda, as presented. Second by Council Member Howeth. All present voted AYE.

ORD 6352 ANNEXATION HERITAGE RANCH EAST

Mayor Plyler introduced Ordinance No. 6352 and called for a public hearing:
AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, EXTENDING THE CORPORATE LIMITS OF SAID CITY SO AS TO ANNEX AN AREA OF LAND CONSISTING OF APPROXIMATELY 57.88 ACRES GENERALLY LOCATED NORTH OF U.S. HIGHWAY 82, EAST OF PLAINVIEW ROAD AND WEST OF F.M. 131, ADJACENT TO THE SHERMAN CITY LIMITS AND IN THE CITY OF SHERMAN'S EXTRATERRITORIAL JURISDICTION, ON APPLICATION OF THE LANDOWNER; PROVIDING THAT THE OWNERS AND INHABITANTS OF THE SUBJECT AREA OF LAND SHALL BE ENTITLED TO THE RIGHTS AND PRIVILEGES OF OTHER CITIZENS OF THE CITY OF SHERMAN AND SHALL BE BOUND BY THE ACTS AND ORDINANCES NOW IN EFFECT AND HEREINAFTER ADOPTED; AUTHORIZING EXECUTION OF THE ANNEXATION SERVICE PLAN AGREEMENT; PROVIDING FOR A PENALTY FOR A VIOLATION OF THIS ORDINANCE AND SHERMAN'S GENERAL ZONING ORDINANCE, ORDINANCE NO. 2280; PROVIDING A SAVINGS/REPEALING CLAUSE, SEVERABILITY CLAUSE AND AN EFFECTIVE DATE. AND PROVIDING FOR THE PUBLICATION OF THE CAPTION HEREOF.

Clint Philpott, Assistant City Manager, at the last Council Meeting, the annexation schedule was set for two parcels of land that are within a larger development.

This first parcel is about 58 acres and is located north of Hwy 82, between Plainview Road and North Travis Street. The property owner requested annexation and the service plan agreement. Adoption of this ordinance will be the final action for annexation of this property.

No citizens appeared before the City Council to discuss Ordinance No. 6352.

ORD 6353 ANNEXATION HERITAGE RANCH WEST

Mayor Plyler introduced Ordinance No. 6353 and called for a public hearing:
AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, EXTENDING THE CORPORATE LIMITS OF SAID CITY SO AS TO ANNEX AN AREA OF LAND CONSISTING OF APPROXIMATELY 136.94 ACRES GENERALLY LOCATED NORTH OF U.S. HIGHWAY 82, EAST OF F.M. 1417 AND WEST OF PLAINVIEW ROAD, ADJACENT TO THE SHERMAN CITY LIMITS AND IN THE CITY OF SHERMAN'S EXTRATERRITORIAL JURISDICTION, ON APPLICATION OF THE LANDOWNER; PROVIDING THAT THE OWNERS AND INHABITANTS OF THE SUBJECT AREA OF LAND SHALL BE ENTITLED TO THE RIGHTS AND PRIVILEGES OF OTHER CITIZENS OF THE CITY OF SHERMAN AND SHALL BE BOUND BY THE ACTS AND ORDINANCES NOW IN EFFECT AND HEREINAFTER ADOPTED; AUTHORIZING EXECUTION OF THE ANNEXATION SERVICE PLAN AGREEMENT; PROVIDING FOR A PENALTY FOR A VIOLATION OF THIS ORDINANCE AND SHERMAN'S GENERAL ZONING ORDINANCE, ORDINANCE NO. 2280; PROVIDING A SAVINGS/REPEALING CLAUSE, SEVERABILITY CLAUSE AND AN EFFECTIVE DATE; AND PROVIDING FOR THE PUBLICATION OF THE CAPTION HEREOF.

Mr. Philpott said this is the second parcel of the larger development and consists of approximately 137 acres, and is located north of Hwy 82, and between Plainview Road and FM 1417.

The property owner requested annexation and the service plan agreement. Adoption of this ordinance will be the final action for annexation of this property.

No citizens appeared before the City Council to discuss Ordinance No. 6353.

ORD 6354 ZONE CHANGE PLANNED DEVELOPMENT DISTRICT

Mayor Plyler introduced Ordinance No. 6354 and called for a public hearing:
AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AMENDING SECTION 6.11, SUBSECTION (5)(A), AND SECTION 12, ORDINANCE NO. 2280, SO AS TO REZONE PROPERTY GENERALLY LOCATED IN THE 3500-4500 BLOCKS OF NORTH F.M. 1417 (HERITAGE PARKWAY) AND THE 600-1900 BLOCKS OF WEST U.S. HIGHWAY 82, BEING APPROXIMATELY 439 ACRES IN THE JOHN JENNINGS SURVEY, ABSTRACT NO. 647, AND THE URIAH BURNS SURVEY, ABSTRACT NO. 121, AS A PLANNED

DEVELOPMENT DISTRICT SUBJECT TO THIS ORDINANCE AND ORDINANCE NO. 2280 (TPJ PROPERTIES LTD AND HERITAGE RANCH LAND HOLDINGS, LTD, OWNERS; RYAN JOHNSON, REPRESENTATIVE; COVENANT DEVELOPMENT, DEVELOPER; NORRIS DESIGN, PLANNER/LANDSCAPE ARCHITECT; JHP, ARCHITECT; AND UNDERWOOD DRAFTING AND SURVEYING, SURVEYOR); PROVIDING THAT THE PROPERTY IS REZONED AND PLACED IN THE ZONING CLASSIFICATION OF PLANNED DEVELOPMENT; DESCRIBING THE PROPERTY TO BE REZONED; PROVIDING A PENALTY NOT TO EXCEED $2,000.00; PROVIDING A REPEALING/SAVINGS CLAUSE, SEVERABILITY CLAUSE AND AN EFFECTIVE DATE.

Rob Rae, Director of Development Services, said this item is for a zone change from R-A, R-1, and C-1 Districts to a Planned Development District, known as Heritage Ranch.

The City staff and consultants, Halff Associates have reviewed the proposed Heritage Ranch Development and comments about the project were addressed by the developer, prior to the last Planning and Zoning Commission Meeting. The Planning and Zoning Commission recommended approval of this Planned Development.

<u>Ryan Johnson, 5523 W. Houston</u>
Mr. Johnson appeared representing Covenant Development. He said they have worked with City staff over the past year, and more recently, with Halff Associates, on the Heritage Ranch Planned Development.

He said this planned development is very similar to other planned developments that the City has considered, in that it mixes residential and commercial development.

The development is about 440 acres and is a mixed-use, lifestyle community. It is a balanced community and includes a residential region, a commercial/retail region, an entertainment region, and a parks/open space region.

They've taken a thoughtful and strategic approach to this development, and want to emphasize the heritage of Sherman. Sherman has a rich history dating back to the 1800's, but it is a town that continues to grow, and they wanted to merge that history with the growth.

Mr. Johnson presented the conceptual plan, which includes 105 acres of commercial development, 112 acres of entertainment development, 138 acres of residential development, and 60 acres of park and open space development. He said there would be a good mix of areas for an integrated, balanced community.

Their goal for greenspace is for "walkability" and interconnectedness, with hiking and biking trails, to promote an active lifestyle.

He also presented a Transportation Master Plan for the development, with Plainview Road and the minor arterial road, moving traffic north-south through the development. There will also be some collector roads entering the development from FM 1417 and FM 131.

Mr. Johnson reiterated that the development would be an integrated, balanced community, and would be a showcase development for Sherman.

He said the residential region is currently under design and construction is planned to begin in the fourth quarter. Construction of the key infrastructure is also scheduled to begin during the fourth quarter of 2021. They are in active discussions with several commercial users that would serve as an anchor for Heritage Ranch.

No other citizens appeared before the City Council to discuss Ordinance No. 6354.

The Public Hearing was closed.

ADOPTION OF ORDINANCES

Ordinance 6352

ORD 6352 ANNEXATION HERITAGE RANCH EAST

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, EXTENDING THE CORPORATE LIMITS OF SAID CITY SO AS TO ANNEX AN AREA OF LAND CONSISTING OF APPROXIMATELY 57.88 ACRES GENERALLY LOCATED NORTH OF U.S. HIGHWAY 82, EAST OF PLAINVIEW ROAD AND WEST OF F.M. 131, ADJACENT TO THE SHERMAN CITY LIMITS AND IN THE CITY OF SHERMAN'S EXTRATERRITORIAL JURISDICTION, ON APPLICATION OF THE LANDOWNER; PROVIDING THAT THE OWNERS AND INHABITANTS OF THE SUBJECT AREA OF LAND SHALL BE ENTITLED TO THE RIGHTS AND PRIVILEGES OF OTHER CITIZENS OF THE CITY OF SHERMAN AND SHALL BE BOUND BY THE ACTS AND ORDINANCES NOW IN EFFECT AND HEREINAFTER ADOPTED; AUTHORIZING EXECUTION OF THE ANNEXATION SERVICE PLAN AGREEMENT; PROVIDING FOR A PENALTY FOR A VIOLATION OF THIS ORDINANCE AND SHERMAN'S GENERAL ZONING ORDINANCE, ORDINANCE NO. 2280; PROVIDING A SAVINGS/REPEALING CLAUSE, SEVERABILITY CLAUSE AND AN EFFECTIVE DATE. AND PROVIDING FOR THE PUBLICATION OF THE CAPTION HEREOF.

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AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, EXTENDING THE CORPORATE LIMITS OF SAID CITY SO AS TO ANNEX AN AREA OF LAND CONSISTING OF APPROXIMATELY 136.94 ACRES GENERALLY LOCATED NORTH OF U.S. HIGHWAY 82, EAST OF F.M. 1417 AND WEST OF PLAINVIEW ROAD, ADJACENT TO THE SHERMAN CITY LIMITS AND IN THE CITY OF SHERMAN'S EXTRATERRITORIAL JURISDICTION, ON APPLICATION OF THE LANDOWNER; PROVIDING THAT THE OWNERS AND

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ORD 6354
ZONE CHANGE
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Ordinance 6354
AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AMENDING SECTION 6.11, SUBSECTION (5)(A), AND SECTION 12, ORDINANCE NO. 2280, SO AS TO REZONE PROPERTY GENERALLY LOCATED IN THE 3500-4500 BLOCKS OF NORTH F.M. 1417 (HERITAGE PARKWAY) AND THE 600-1900 BLOCKS OF WEST U.S. HIGHWAY 82, BEING APPROXIMATELY 439 ACRES IN THE JOHN JENNINGS SURVEY, ABSTRACT NO. 647, AND THE URIAH BURNS SURVEY, ABSTRACT NO. 121, AS A PLANNED DEVELOPMENT DISTRICT SUBJECT TO THIS ORDINANCE AND ORDINANCE NO. 2280 (TPJ PROPERTIES LTD AND HERITAGE RANCH LAND HOLDINGS, LTD, OWNERS; RYAN JOHNSON, REPRESENTATIVE; COVENANT DEVELOPMENT, DEVELOPER; NORRIS DESIGN, PLANNER/LANDSCAPE ARCHITECT; JHP, ARCHITECT; AND UNDERWOOD DRAFTING AND SURVEYING, SURVEYOR); PROVIDING THAT THE PROPERTY IS REZONED AND PLACED IN THE ZONING CLASSIFICATION OF PLANNED DEVELOPMENT; DESCRIBING THE PROPERTY TO BE REZONED; PROVIDING A PENALTY NOT TO EXCEED $2,000.00; PROVIDING A REPEALING/SAVINGS CLAUSE, SEVERABILITY CLAUSE AND AN EFFECTIVE DATE.

ACTION TAKEN.
Motion by Council Member Stevenson to adopt Ordinance Nos. 6352, 6353, and 6354, as presented. Second by Council Member Teamann.
VOTING AYE: Holland, Howeth, Melton, Steele, Stevenson, Teamann.
VOTING NAY: None.
MOTION CARRIED.

RES 6693
DEVELOPMENT
AGREEMENT
WYLDEWOOD HOMES

RESOLUTION NO. 6693 – AUTHORIZING EXECUTION OF A DEVELOPMENT AGREEMENT WITH WYLDEWOOD HOMES, LLC FOR THE CONSTRUCTION OF PUBLIC FACILITIES IN WASHINGTON MEADOWS, PHASE I, A 15.983-ACRE DEVELOPMENT EAST OF HERITAGE PARKWAY (F.M. 1417) AND SOUTH OF WASHINGTON STREET IN THE CITY OF SHERMAN
A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AUTHORIZING EXECUTION OF A DEVELOPMENT AGREEMENT WITH WYLDEWOOD HOMES,

LLC FOR THE CONSTRUCTION OF PUBLIC FACILITIES IN WASHINGTON MEADOWS, PHASE I, A 15.983-ACRE DEVELOPMENT EAST OF HERITAGE PARKWAY (F.M. 1417) AND SOUTH OF WASHINGTON STREET IN THE CITY OF SHERMAN.

Wayne Lee, Director of Engineering, said this is an agreement with Wyldewood Homes for construction of Washington Meadows, Phase 1, consisting of almost 16 acres and 57 residential lots.

The developer will be constructing nearly 4,000 feet of streets, water, and sewer, and about 1,300 feet of storm sewer. All will be constructed to City standards and dedicated to the City.

ACTION TAKEN.
Motion by Council Member Melton to adopt Resolution No. 6693, as presented. Second by Council Member Stevenson.
VOTING AYE: Holland, Howeth, Melton, Steele, Stevenson, Teamann.
VOTING NAY: None.
MOTION CARRIED.

RES 6694
DEVELOPMENT
AGREEMENT
ASTORIA HOMES

RESOLUTION NO. 6694 – AUTHORIZING EXECUTION OF A DEVELOPMENT AGREEMENT WITH ASTORIA HOMES, LLC FOR THE CONSTRUCTION OF PUBLIC FACILITIES IN THE AUSTIN LANDING, PHASE IV, A 40.84-ACRE DEVELOPMENT WEST OF NORTH TRAVIS STREET AND SOUTH OF KREAGER ROAD IN THE CITY OF SHERMAN
A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AUTHORIZING EXECUTION OF A DEVELOPMENT AGREEMENT WITH ASTORIA HOMES, LLC FOR THE CONSTRUCTION OF PUBLIC FACILITIES IN AUSTIN LANDING, PHASE IV, A 40.84-ACRE DEVELOPMENT WEST OF NORTH TRAVIS STREET AND SOUTH OF KREAGER ROAD IN THE CITY OF SHERMAN.

Mr. Lee said this is a development agreement with Astoria Home for the construction of the fourth phase of Austin Landing Subdivision, consisting of about 41 acres and 135 residential lots.

The developer will be constructing about 5,700 feet of streets, water, sewer, and about 5,300 feet of storm sewer. All will be constructed to City standards and dedicated to the City.

ACTION TAKEN.
Motion by Council Member Stevenson to adopt Resolution No. 6694, as presented. Second by Council Member Howeth.
VOTING AYE: Holland, Howeth, Melton, Steele, Stevenson, Teamann.
VOTING NAY: None.
MOTION CARRIED.

RES 6695 PROJECT DEVELOPMENT AGREEMENT WITH JOHNSON CONTROLS

RESOLUTION NO. 6695 – AUTHORIZING EXECUTION OF A PROJECT DEVELOPMENT AGREEMENT (PDA) WITH JOHNSON CONTROLS, INC. VIA TIPS #170103 FOR DEVELOPMENT OF AN ENERGY SAVINGS PERFORMANCE CONTRACT PROJECT

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AUTHORIZING EXECUTION OF A PROJECT DEVELOPMENT AGREEMENT (PDA) WITH JOHNSON CONTROLS, INC. VIA TIPS #170103 FOR DEVELOPMENT OF AN ENERGY SAVINGS PERFORMANCE CONTRACT PROJECT.

Mary Lawrence, Director of Finance, said Johnson Controls approached the City last year about developing a program to provide the City with energy and operational savings under Local Government Code Chapter 302.

Under LGC 302, a City may enter into an energy savings performance contract that guarantees savings that will meet or exceed the City's obligations related to the project cost. Johnson Controls met with staff, and reviewed the City's facilities on a "30 foot level" and determined that a project such as this was feasible and the savings would be enough to pay the debt service.

She said this agenda item is for Johnson Controls to prepare a detailed project plan. However, it does not obligate the City to implement that project plan. The final plan would be brought back to the Council for approval.

If the City decides to move forward with the plan, the cost of the plan is included in the implementation cost. If the Council decides not to implement the plan, the City would need to pay for the cost of the plan.

Terrance Watts, 3021 W. Bent Drive, Irving, Texas
Mr. Watts is a Senior Account Executive with Johnson Controls, and said they are excited to work with the City of Sherman. He was impressed with the amount of growth that the community has seen, and wants to help Sherman update some infrastructure without placing the burden on taxpayers.

Rodrick Roach, 509 Corbin Drive, Mansfield, Texas
Mr. Roach is a Senior Account Executive with Johnson Controls. He said their company works to address the aging infrastructure in the City, with little or no impact to the budget.

They identify aged equipment and systems within the facilities, and look to upgrade those systems, with new equipment and new technology. That creates a new operational cost with budget predictability.

He said that Johnson Controls is a manufacturer of these types of systems, and the solution gives the City the power to choose the type of system they will purchase for their facility. The solution they will present will be a turnkey solution with

one contract. Essentially, Johnson Controls will be acting as the general contractor for the project, which allows the City not to have to deal with multiple vendors.

The solution will be a fixed-cost project, and Johnson Controls will carry all the risks and all the cost of any change orders, in addition to guaranteeing the savings. They will also have a "local presence" in Sherman, which will allow them to respond quickly.

Mr. Watts said, at a high level view, they have identified that there are potential vulnerabilities that could end up costing the City $1.5 to $2 million in critical needs. They were looking at utilities and the current operational spend, and were able to calculate, that by replacing the aging structure with new technology and new equipment, the City's utility expense could be reduced between $70,000 and $80,000 per year.

They also calculated operations and maintenance savings. Currently the City is spending $20,000 to $30,000 a year when the chiller breaks down. With new equipment, there will be less service calls.

By approving the contract tonight, it allows Johnson Controls to perform an audit and determine a fixed project cost, and will guarantee the savings by LGC Chapter 302. The City also has the opportunity to work with them on financing for the project.

He outlined the timeline for implementation of the project development process, which includes 30 to 45 days for partner selection; 90 to 120 days for the design and investment grade audit phase, 9 to 12 months for implementation, and the project would be guaranteed for 15 years, with an annual accountability report to the City.

Council Member Melton said Johnson Controls is a company that's going to come in and tell us what's wrong and what equipment needs to be replaced. She said it's their job to find things that may or may not need to be replaced, and it's their job to sell the City the equipment. She asked if they were going to replace things before they are broken.

Mr. Watts said the City is already spending money on the chiller. Each piece of equipment has an end of use life. The majority of the equipment has reached its end of life, which is about 15 to 18 years.

He explained that the equipment will need to be replaced at the end of its life. Under this program, the guarantee is that the savings will pay for the new equipment. Council Member Melton expressed concern about paying to replace equipment prior to it breaking. Mr. Watts said the City pays for an increase in utility costs and for aging infrastructure.

He said they are asking the Council to consider giving them the authority to move forward with the study. That would give

them additional information to calculate the actual utility costs and the actual savings.

Council Member Melton asked about the fee if Johnson Controls completes the study, but the City decides that they don't want to move forward with the project. Mr. Watts said the cost to be reimbursed would be $50,000.

Council Member Teamann also confirmed that the City could purchase equipment from any carrier or manufacturer of their choosing and it does not have to be the brand represented by Johnson Controls. He also confirmed that Johnson Controls would carry the debt, and the savings from the project would cover the debt service on the project. A performance bond is also issued against Johnson Controls, to the benefit of the City.

Mr. Watts said the City would own the equipment. The financing vehicle is called a tax exempt lease-purchase. He said they provide efficiencies through technology, and a more "sustainable solution."

Council Member Teamann confirmed that the $50,000 report would belong to the City, if they choose not to do the project. He said there is a difference between being proactive and reactive.

Jim Notman, 1009 Kingston Drive, Mansfield, Texas
Mr. Notman is the Market Team Engineering Manager with Johnson Controls. He confirmed that the projects are in the Municipal Building and are served by the chiller. He said they will present a menu of options for the projects and Council Members can make the final decision.

Mayor Plyler asked if the staff had this equipment on a replacement cycle. Mr. Hefton said there is an inventory of the units, equipment, and furnishings, but there's not a specific replacement schedule. He said if the savings don't equate to the cost annually, Johnson Controls writes a check to the City of Sherman.

Council Member Stevenson asked what the City spent last year on energy costs. Mr. Hefton said the City spends "millions each year" on electricity costs. He asked about how financing would work if the City decided to pay cash for the projects. Council Members discussed possible ways to pay for the project.

He said Johnson Controls are experts in this type of project and can complete it more efficiently than the City staff can. While using them, the City receives a guarantee. Another advantage is that staff time has some value and the City would not be spending staff time on the project.

Mr. Hefton didn't know exactly how much money the City currently spends on electrical charges, but said they used to spend over $2 million annually.

Mayor Plyler asked how this project would affect the new Water Treatment Plant. Mr. Hefton said they would not be looking at the City's processes, and probably wouldn't review that facility, since it is so new. Johnson Controls said they did decide to exclude a review of that facility.

Council Member Howeth verified their guarantee and that they have local people if any repairs would be needed.

Deputy Mayor Holland said the study would cost $50,000, if the Council choose not to proceed with the project. He asked if the number of buildings that they included in the inventory changed, would that change the cost? They confirmed that the cost would not change whether buildings were added or removed from the study.

Mr. Hefton asked if they were asking for a list, by building, so they could track, over time, what the usage is. That would be included in the report back to the City.

Mayor Plyler summed up that they would include the four fire stations, Kidd-Key Auditorium, City Hall, and current Police Station. Mr. Hefton added the Parks and Recreation Building, Taylor Street Gym, Glennie O. Ham, and other buildings. Mr. Watts said the study would also include the lighting and parks. Mayor Plyler felt that $50,000 was a fair price for the study.

Council Member Howeth asked to see a list of the buildings that would be included. Mr. Hefton said there is a list, and he "stopped counting" at 42 buildings.

Mr. Watts said there is a third party engineer that verifies the savings, the kilowatt usage, and the guarantee, that is not an employee of Johnson Controls and does not represent the City of Sherman. They are a completely separate entity that makes sure everything they are saying is guaranteed and is correct.

Zach Christensen, 2403 Lancastor Ct., College Station, Texas
Mr. Christensen, Program Manager with Johnson Controls, was also in attendance at the meeting to answer any questions.

ACTION TAKEN.
> **Motion by Council Member Stevenson to adopt Resolution No. 6695, as presented. Second by Council Member Melton.**

VOTING AYE: Holland, Howeth, Melton, Steele, Stevenson, Teamann.
VOTING NAY: None.
MOTION CARRIED.

RES 6696 SOUTH SIDE INDUSTRIAL SANITARY SEWER REPLACEMENT PROJECT

RESOLUTION NO. 6696 – AUTHORIZING EXECUTION OF A PROFESSIONAL ENGINEERING DESIGN SERVICES AGREEMENT WITH BINKLEY & BARFIELD, INC. FOR DESIGN OF THE SOUTH SIDE INDUSTRIAL SANITARY SEWER REPLACEMENT PROJECT

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AUTHORIZING EXECUTION OF A PROFESSIONAL ENGINEERING DESIGN SERVICES AGREEMENT WITH BINKLEY & BARFIELD, INC. FOR DESIGN OF THE SOUTH SIDE INDUSTRIAL SANITARY SEWER REPLACEMENT PROJECT.

CONSENT AGENDA.

REQ TO ADVERTISE PARK RESTROOM CLEANING SERVICES

REQUEST TO ADVERTISE

ANNUAL PARK RESTROOM CLEANING SERVICES

The City Council approved the request to advertise for the private contact cleaning of multiple public park restrooms. The Parks and Recreation Department annually contracts the cleaning of its park restrooms and they are seeking proposals to include cleaning and securing the facilities, seven days a week for a nine month period, at a minimum.

CONSENT AGENDA.

OTHER BUSINESS

POLICE HEADQUARTERS DESIGN

RECEIVE PRESENTATION FROM POLICE CHIEF ZACHARY FLORES AND HIDELL & ASSOCIATES ARCHITECT AARON BABCOCK ON THE INITIAL CONCEPT FOR THE SHERMAN POLICE DEPARTMENT HEADQUARTERS

Zach Flores, Police Chief, introduced Aaron Babcock, from Hidell & Associates Architect, to update the Council on the status of the design for the new Police Department Headquarters.

Mr. Babcock said part of the presentation today is to discuss the architectural style of the building, and to establish a vision as to what the facility will offer. He explained the process they used to begin the project.

There are three main components of a police building, the main building, an annex that typically houses equipment, and secured parking. He outlined the typical areas that were included in the main facility and in the annex, but said they were recommending some modifications that they saw in College Station.

This change took three areas which are traditionally found in the main building and moved them to the annex to increase efficiency and functionally. Their recommendation is that the annex facility should include equipment storage and vehicle processing, but would also move a SWAT ready room, special investigations, and a training room into the annex.

Mr. Babcock also outlined the site layout, which is located in the northeast corner at West Travis Street and Northgate Drive. This would allow for two access points for patrol to leave the facility. The back of the site also has a higher

elevation and there is about 20 feet of "fall line" to tier the facility. This would also prevent any vehicles from driving up and hitting the facility. The entire site is 10 acres, but they are using about 7.2 acres. The rest of the property would allow for future expansion.

Mr. Babcock said the main facility is about 27,000 square feet, and he discussed the layout. The CID and patrol room would allow the City to double the staff in the future. The building itself, could also be extended in the future, if needed. There is one entrance into the building and it enters into a vestibule, which can be secured after hours.

The training room would be accessible for use by both staff and the public, and includes a lot of storage area. He discussed the other departments and how the building was laid out. He said what they were really trying to do was to control the public in the lobby area and lead them to control access points, instead of allowing free access to the entire facility.

The facility includes evidence storage, a small crime lab to process some evidence that is brought in, and the dispatch center and data room. The dispatch center would currently have four workstations, but could be expanded to eight.

Mr. Babcock said the facility includes a break room and a locker room, that will accommodate 78 men and 16 women. The configuration would also allow for doubling the patrol officers, over time. There is a patrol room with workstations, a CID room, and offices for administration with a briefing room.

He also described the annex, which includes a gym, meeting room, SWAT ready room, equipment storage, a K-9 area, armory, workstations, and a vehicle processing area, consisting of a covered bay where they can outfit their vehicles.

Council Member Steele confirmed with Chief Flores, that, currently there are just over 40 sworn officers in the Police Department. He said they would be able to double the amount of patrol officers that they currently have with the layout of the new facility.

Mr. Babcock said he would like to get feedback from the Council to make sure that they are going in the right direction, and that this is also the vision of the Council. He said they want to be sure that Sherman has a building that they can be proud of for 50 years. He discussed specific types of architecture and materials that might be used in the new facility. He asked Council Members if they were "on the right track?"

Council Member Melton expressed concern about the facility having so many windows. Mr. Babcock said the front of the

building would be higher than the road, and would therefore have a higher vantage point. It would also use bullet resistant glass, at least at the lower levels. They wanted to use natural light, while still limiting the window exposure.

Council Member Steele felt there should be some continuity with the City's other buildings, such as the new Fire Station. Mr. Babcock said the buildings may have different shapes and forms, but the façade should compliment the other City buildings. He agreed that the buildings should use a pallet that can be used repeatedly, and felt that they would use a compatible stone to what is on the Fire Station near this site.

Deputy Mayor Holland felt that they were on the right track with what had been presented. Council Member Teamann said they hadn't talked about the Annex prior to this and he asked if there was something that changed and created a need for the Annex.

Chief Flores said typically the Annex is for vehicle storage and they are about to purchase an armored vehicle for the Special Response Team, and it will be parked in the Annex. He said they visited other entitles and they generally build to fit their needs at the time. By adding the Annex they will have a place to store this armored vehicle.

He said there are also other operations that would have been included in the original building, but it will cost more per square foot. They looked at what part of the operation could be moved to the Annex, and housed at a lower cost. The Annex became an avenue to reduce the cost of the facility, and assess operations.

He said the Special Investigations Unit, or narcotics officers, will be housed in the Annex, because they are not typically seen by the public. He added that the people they interact with are not the ones you would want coming to the Police Headquarters. This will allow the officers to continue their covert work.

Council Member Stevenson said by oversizing an Annex, the City will pay less money per square foot, and will better "future-proof" the facility. Chief Flores said they explored a way to increase the lifespan of this facility by increasing the square footage. But they also explored a way to lower the cost on that additional square footage.

Council Member Steele asked if this plan allowed for growth. Mr. Babcock said it did, and explained how CID, patrol, administration, and the locker room could be expanded. He said these were the most likely areas that would need to grow.

Mr. Hefton said, if the City doubles in size, that growth should be proportional to the growth needed at the Police Department. He felt that this facility could serve a population of 80,000 to 100,000, under roof. He didn't know how many

years that would be, but it would double the number of officers they currently have.

Council Member Stevenson said he was "very happy with the concept."

Mr. Babcock also presented a timeline for the project. With the proposed timeline, construction on the facility is expected to take 14 to 15 months. It is expected to begin in October 2021, culminating in January 2023.

DEBT ISSUANCE PRESENTATION

<u>RECEIVE PRESENTATION FROM CITY MANAGER ROBBY HEFTON REGARDING POTENTIAL DEBT ISSUANCE</u>
Mr. Hefton briefed the Council on the potential for a possible debt issuance. He said the City has an opportunity to take advantage of some historically low borrowing rates, and there are several projects, such as the Police Headquarters, that are upcoming.

He asked the Council for their thoughts on the timing of a bond issue and the types of projects that it could fund. He said debt capacity is the City's ability to afford to issue debt. He said the City would have to "bond" the debt for construction of a new Police Department.

He explained that it would be "tax supported debt," which means it relates to property taxes, which is a function of the Property Tax Rate and the Property Tax Base. The current rate if $0.489 per $100 valuation. The Tax Base is about $3.85 billion. By multiplying those together, it equals the total tax revenue. He offered several new values to support $1 million in new debt. In some reinvestment zones, the City would be supplementing their revenue with County revenue.

He also explained the I&S Rate and the M&O Rates and what they account for. The I&S Rate doesn't change, but how the M&O Rate is divided does change. A portion of that amount is carved out for projects, only in the reinvestment zones. The amount increases when it is combined with the County's money in the TIRZ.

Mr. Hefton said currently the cost of debt in the market is around 2%. He said for 20 to 25 years of debt, the cost would be about $50,000 to $60,000 per year, per $1 million. Tax Notes are a maximum of seven years, and are at less than 1%.

He said the City's last bonded debt was in 2019, and was a $19.1 million issue, at 3.07% for 25 years. The annual cost is about $1.1 million and it was used for streets and parks.

The current bond rate environment is about 2%. He said, going forward, there are indications that the rates could increase. At the Federal level, when spending increases, inflation increases rates at which you borrow.

He said if the City issued the 2019 CO at today's rates, they would have saved $3.3 million in interest costs. That savings would allow for an additional $2.5 million in projects. Mr. Hefton said there is "millions of dollars of benefit" just in the rate environment today.

Debt capacity is a function of what the values are and what the rates are. Assuming that the tax rate stays the same, what is the additional capacity for debt, based on value. He outlined this additional capacity based on known projects. Just on new value alone, the I&S rate of $0.15, would have an increase in value of between $70 and $80 million in hew projects. Using the total tax rate of $0.49, it grows to up to $250 million in increased capacity.

Mr. Hefton said if the City was to do a $20 million bond issue, he asked when this bond issue would be covered, with the City's projected growth in tax base. He said it would probably be during the FY 2023 or FY 2024 timeframe. Using total tax increment, then it would be sometime next year.

He addressed upcoming debt needs. The new Police Headquarters, bricks and mortar and fixtures and equipment, will be about $15 million. There are also some major roads and infrastructure, for various TIRZ and/or Planned Developments; parks and trails; and future funding for another fire station.

Mr. Hefton said the City should be ready for construction on the Police Headquarters in FY 2022, with an estimated cost of $13 million to $15 million. At 2019 CO rates, the City would incur about $6.7 million in interest. At today's rates, the City would incur about $4.2 million in interest. This is a savings of $2.5 million over the last bonded issue. He said if rates move from 2% to 2.5%, that would cost the City an additional $1.1 million in debt service.

He also addressed other funding opportunities, with TIRZ #7, which is Bel Air Village. The City plans to use land that they own as funding for building part of the infrastructure. He felt that the more time that passes, the more valuable that land will become. He asked if the City should wait for development to start happening, so that the land value will increase, and there will be a greater ability to fund the infrastructure with money in hand.

To do that, he said the City would most likely issue Tax Notes, which have a rate of less than 1%. He said the City's interest cost in borrowing through Tax Note, would be between $10,000 and $15,000 per year.

He asked Council, if the City should spend $10,000 to $15,000 per year, to gain an additional value for the sale of the land. He said, originally the Council did not want to borrow on the first phase of the development. However, there might be a cost to benefit on this plan.

Mr. Hefton discussed the risk of issuing debt now, versus in the future. He said the cost over 20 years, rates aside, will be the same, whether you start it now, or a year from now. He said there's not really a risk of issuing early, unless the City wasn't going to issue the debt in the first place. He said there's also a small risk that rates will go down, but he did not think that would happen.

He asked Council to give direction on issuing debt sooner than originally expected; if so, when and for how much; and the TIRZ #7 opportunities, land sale now or wait.

Council Member Melton said she didn't like putting the City in debt, and felt that it would be putting "the cart before the horse."

Council Member Stevenson said, is the property going to increase more in value, over the interest the City would pay on the tax bond, and he felt it would increase more. He added that not only will interest rates increase, but construction costs will increase too. He felt it would be doing the citizens a disservice waiting for the rates to increase. He felt the Council was committed to moving forward with the Police Department and other projects.

Council Member Melton said they need to know exactly what the projects are.

Council Member Stevenson said the Council will have to issue debt next year and the interest rates will increase. The City would save "a few million dollars" by borrowing now.

Mr. Hefton reiterated that Council Member Melton was saying, before debt is issued, she wants to know what it's for. He said if the Council is interested, the staff would come back at the next meeting with a proposed list of projects, and estimates for the amounts.

Council did want to see a list of proposed projects at the next Council meeting. He asked for Council input on the TIRZ.

Council Member Teamann said the money for the TIRZ is low cost, but he didn't want to do anything until the City sells the property. They won't know the rate until they sell the property. He felt moving forward with that before they know the value of the land, could be "premature."

Council Member Howeth expressed concern that the Council might miss an opportunity to save some money for taxpayers. She was concerned that the land might not sell.

Mr. Hefton said the City ended up better than where they originally felt they would be nine or ten months ago.

Council Members did not want to consider TIRZ #7 at this time. It will be brought back as development continues to occur.

Mr. Hefton said the staff will bring back a list of projects with estimated costs at the next Council Meeting for their consideration.

APPROVE QUARTERLY INVESTMENT REPORT FOR QUARTER ENDED DECEMBER 31, 2020

QUARTERLY INVESTMENT REPORT

The City Council approved the Quarterly Investment Report for the quarter ended December 31, 2020. As of December 31, 2020, the portfolios were in compliance with applicable State laws and the City's Investment Policy.

The operating investment portfolio had a book value of about $9.9 million, a decrease of about $1.5 million, from the prior quarter of $11.4 million, due to the maturity of a certificate of deposit, a call on an agency security and the purchases of State of Texas political subdivision obligations.

The underlying investments were adequately diversified among four different types of securities. This portfolio is appropriately liquid, and its weighted-average maturity was about 444 days, down from 460 days from last quarter.

The portfolio yield of 1.23% for the quarter is 113 basis points above the benchmark yield of .10%. The portfolio value on the City's books is about $0.5 million below market due to falling market interest rates.

The debt proceeds portfolio balance of $14.1 million was invested in a Local Government Investment Pool and an FDIC insured investment account. Transactions in this portfolio include payments for capital projects and the receipt of interest income. The yield of .16% was above the benchmark yield of .08% for this portfolio. Book value and market value were about the same.
CONSENT AGENDA.

MEDIA QUESTIONS

MEDIA QUESTIONS

There were no media questions.

COUNCIL COMMENTS

COUNCIL COMMENTS

There were no Council Comments.

EXECUTIVE SESSION – IN ACCORDANCE WITH CHAPTER 551, GOVT. CODE, V.T.C.S., (OPEN MEETINGS LAW)

EXECUTIVE SESSION

THE CITY COUNCIL WILL NOW HOLD AN EXECUTIVE SESSION PURSUANT TO THE PROVISIONS OF THE OPEN MEETINGS LAW, CHAPTER 551, GOVERNMENT CODE, VERNONS TEXAS CODES ANNOTATED, IN ACCORDANCE WITH THE AUTHORITY CONTAINED IN THE FOLLOWING SECTIONS.

TEX. GOV'T CODE § 551.071 --
SEEKING THE ADVICE OF ITS ATTORNEY ABOUT PENDING OR CONTEMPLATED LITIGATION, SETTLEMENT OFFERS OR ANY MATTER IN WHICH THE DUTY OF THE ATTORNEY TO THE CITY COUNCIL UNDER THE TEXAS DISCIPLINARY

RULES OF PROFESSIONAL CONDUCT OF THE STATE BAR OF TEXAS CLEARLY CONFLICTS WITH THE TEXAS OPEN MEETINGS ACT
CONSULTATION WITH CITY ATTORNEY REGARDING ENFORCEMENT OF LEASE AGREEMENTS AT SHERMAN MUNICIPAL AIRPORT

TEX. GOV'T CODE § 551.072 --
DELIBERATING THE PURCHASE, EXCHANGE, LEASE OR VALUE OF REAL PROPERTY IF DELIBERATION IN AN OPEN MEETING WOULD HAVE A DETRIMENTAL EFFECT ON THE POSITION OF THE CITY IN NEGOTIATIONS WITH A THIRD PERSON

TEX. GOV'T CODE § 551.073 --
DELIBERATING A NEGOTIATED CONTRACT FOR A PROSPECTIVE GIFT OR DONATION TO THE CITY IF DELIBERATION IN AN OPEN MEETING WOULD HAVE A DETRIMENTAL EFFECT ON THE POSITION OF THE CITY IN NEGOTIATIONS WITH A THIRD PERSON

TEX. GOV'T CODE § 551.074 --
DELIBERATING THE APPOINTMENT, EMPLOYMENT, EVALUATION, REASSIGNMENT, DUTIES, DISCIPLINE OR DISMISSAL OF A PUBLIC OFFICER OR EMPLOYEE; OR TO HEAR A COMPLAINT OR CHARGE AGAINST AN OFFICER OR EMPLOYEE UNLESS THE OFFICER OR EMPLOYEE WHO IS THE SUBJECT OF THE DELIBERATION OR HEARING REQUESTS A PUBLIC HEARING

TEX. GOV'T CODE § 551.076 –
DELIBERATING THE DEPLOYMENT, OR SPECIFIC OCCASIONS FOR IMPLEMENTATION, OF SECURITY PERSONNEL OR DEVICES OR A SECURITY AUDIT

TEX. GOV'T CODE § 551.087 –
DISCUSSING OR DELIBERATING COMMERCIAL OR FINANCIAL INFORMATION THAT THE CITY HAS RECEIVED FROM A BUSINESS PROSPECT THAT THE CITY SEEKS TO HAVE LOCATE, STAY OR EXPAND IN OR NEAR THE CITY AND WITH WHICH THE CITY IS CONDUCTING ECONOMIC DEVELOPMENT NEGOTIATIONS; OR DELIBERATING THE OFFER OF A FINANCIAL OR OTHER INCENTIVE TO A BUSINESS PROSPECT

TEX. GOV'T CODE § 551.089 --
DELIBERATING SECURITY ASSESSMENTS OR DEPLOYMENTS RELATING TO INFORMATION RESOURCES TECHNOLOGY, NETWORK SECURITY INFORMATION, OR THE DEPLOYMENT OR SPECIFIC OCCASIONS FOR IMPLEMENTATION OF SECURITY PERSONNEL, CRITICAL INFRASTRUCTURE OR SECURITY DEVICES

On Motion duly made and carried, the Open Meeting recessed and reconvened in Executive Session at 7:30 p.m.

On Motion duly made and carried, the Executive Session recessed at 7:36 p.m. and reconvened in Open Meeting.

OPEN MEETING

Reconvene into Open Meeting and take action, if any, on items discussed in Executive Session.

OPEN MEETING

ADJOURNMENT

On Motion duly made and carried, the meeting adjourned at 7:37 p.m.

ADJOURNMENT

MAYOR

CITY CLERK