

STATE OF TEXAS §

January 11, 2016

COUNTY OF GRAYSON §

**BE IT REMEMBERED THAT A** Called Meeting of the Sherman City Council was begun and held in the City Council Chambers on January 11, 2016.

**COUNCIL MEMBERS PRESENT:** Mayor David Plyler; Deputy Mayor Jason Sofey.  
Council Members Couch, Davis, Johnson, Steele, Watt.

**COUNCIL MEMBERS ABSENT:** None.

**CITY STAFF PRESENT:** Robby Hefton, City Manager; Brandon Shelby, City Attorney; Don Keene, Assistant City Manager; Mark Gibson, Director of Utilities; Scott Shadden, Director of Development Services; Steve Ayers, Director of Community and Support Services; Clay Barnett, Director of Public Works and Engineering; Otis Henry, Police Chief; Mary Lawrence, Director of Finance; Jim Cross, Assistant Public Works Director; Clint Philpott, City Engineer; Lisa Whitfield, Engineering and Development Coordinator; Nate Strauch, Communications Manager; Pam Cloer, Assistant to the City Manager; Linda Ashby, City Clerk.

**PURPOSE:** Call to Order, Quorum Determined, Meeting Declared Open

Invocation by Council Member Terrence R. Steele

Discussion of Transportation Issues

Adjournment

**CALL TO ORDER, QUORUM DETERMINED, MEETING DECLARED OPEN**

Mayor Plyler called the meeting to order at 11:04 a.m., declared a quorum present, and opened the Called City Council Meeting.

**INVOCATION BY COUNCIL MEMBER TERRENCE R. STEELE**

**DISCUSSION OF TRANSPORTATION ISSUES**

Robby Hefton, City Manager, introduced the first Transportation Summit held by the City of Sherman to discuss transportation issues. He said the meeting was informational and no Council action was required. The meeting will set the stage for future discussions on transportation issues, including the timing, the extent, and how they will be financed.

Clay Barnett, Director of Public Works and Engineering, said at the April 21, 2015 Budget Planning Meeting the Council begin talking about transportation needs, especially along the Heritage Parkway Corridor and in the northwest quadrant of Sherman. A contract was awarded to Kimley-Horn and Associates for a study of that area.

Mr. Barnett introduced Rob Rae, Project Manager with Kimley-Horn, to present the City's Thoroughfare Plan, which determines alignment, preserves the right-of-way, and defines design guidelines. A Thoroughfare Plan is a 25 year plan, but it is usually updated every five to ten years and is based on demographics and land use changes.

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### **Transportation Plan Update**

The City's Thoroughfare Plan is currently included in the 2009 Comprehensive Master Plan, and many things did stay the same. Mr. Rae said the document was removed from the Master Plan and made a "stand alone" document. He outlined updates to the plan.

The work that has recently been done through the Sherman-Denison Metropolitan Planning Organization has created a new MPO Travel Demand Model. The model has a 2010 base year and a 2040 forecast year. The plan used several scenarios that would increase population and employment in this northwest sector that were based on improved traffic forecast data from the Sherman-Denison MPO.

Mr. Rae said the thoroughfare map was also updated in the northwest quadrant to understand where future roadways are needed and where right-of-way will need to be acquired. None of the roadway classifications changed on the map and they remain major arterial, minor arterial, and collector roads. The northwest quadrant is bounded by Hwy 75 on the east, Hwy 82 on the north, Hwy 289 on the west and Hwy 56 on the south.

The design standards were also updated in the plan and show the roadway classifications, pavement width, and the right-of-way width. This plan was expanded to include regional freeways, major arterial, minor arterial, commercial and industrial collectors, residential collectors, urban and rural streets, and alleys. Each of these designations includes the right-of-way, the number of lanes, the pavement width, and whether or not there needs to be a median. Mr. Rae said some of these changes may need to be included as an update to the subdivision regulations. He added that the new plan also includes standard cross-sections, which help developers to understand what is expected and how much right-of-way is needed.

Major arterial standards include both a four-lane divided and a six-lane divided roadway. The four-lane divided road actually preserves right-of-way in the median so if the roadway ever needs to be expanded to six-lanes, the growth would occur in the median so there would not be an impact to the right-of-way or adjacent properties.

Mr. Hefton reiterated that the right-of-way width is the same for a four-lane and a six-lane major arterial in order to preserve the right-of-way until it is actually needed. He said the Council will soon be considering the right-of-way needed for Taylor Street and Washington Street and they need to consider the highest level of build-out that will be needed. In this case, it will be the same amount of right-of-way needed for a four or six lane divided arterial roadway. Mr. Rae confirmed this was correct and said this assures that the impact to adjacent property owners only happens once and not twice.

Mr. Rae showed standards for a minor arterial and for both the commercial/industrial collector and the residential collector. The commercial/industrial collector will have a center turn lane and the residential collector does not. On a commercial/industrial collector, there are more driveways, more access is needed, and there is more turning movement. A two-lane roadway in a residential area is usually sufficient.

The plan establishes a new stand-alone document that is separate from the Comprehensive Plan and can be updated without having to change the Comprehensive Plan.

Council Member Steele asked, in designing this plan, what were the barriers to the east side growth of Sherman. Mr. Rae said this study focused on the northwest quadrant of Sherman. Mr. Hefton said this is step one of several updates. They started with the northwest quadrant, but the other quadrants of Sherman will be updated at a later date. Council Member Steele confirmed that all of Sherman will eventually be included in the Thoroughfare Plan.

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Mr. Hefton asked about the major east-west thoroughfares in Sherman. Mr. Rae said many “trips” take Washington Street to Hwy 75. As this area develops, those trips should be accommodated with roads that are wide enough. Taylor, Washington, and Lamberth are all somewhat right-of-way constrained with many homes. Even though the Thoroughfare Plan dedicates a wider street, the ability to widen those streets in the near future is somewhat limited.

Mr. Hefton reiterated that, as traffic moves from west to east, from Hwy 289 toward Hwy 1417, higher volumes of traffic will be driven either north to Hwy 82 or south to Hwy 56, because Taylor, Washington, and Lamberth already have constraints and are as wide as they are going to be. Lamberth Road is not intended to be a four-lane, divided median thoroughfare from Hwy 289 to Hwy 75. He said the main discussion will be what does Lamberth Road look like as it goes west, not what it looks like east of Hwy 1417.

In the future, there will be discussions about O.B. Groner Road, Park Street, and the Texas Department of Transportation Loop, as thoroughfares. Hwy 1417 is the destination for these trips between Hwy 289 and Hwy 1417. The heavy trips will have to be on Hwy 82 or Hwy 56 to move farther east.

Bill Magers, Grayson County Judge, asked, as traffic moves west, out of the City limits, towards Hwy 289, on Washington Street for example, does it make sense to have a wider right-of-way to Hwy 289. He said that decision will impact the County. Mr. Barnett said the road will be the same width to Hwy 289.

### **Transportation Planning**

Mr. Barnett showed examples of municipal planning from 1902 and 1909 which showed transportation modes from the central part of the City to the outlying areas. He also showed Texas cities that have highway “loops” around their central cities, including cities as small as Palestine with a population of 18,617 to Dallas with a population of 1.28 million.

According to Mr. Barnett, Paris, Texas, with a population of 24,895, also has a highway loop. Since Sherman does not have a loop, he explained that TxDOT’s District Headquarters is located in Paris. He said Sherman needs to be more proactive in talking to TxDOT about highway issues such as this to protect Sherman’s part of the highway funding.

He said a portion of the loop around Paris was actually constructed using money designated for Hwy 1417, from Hwy 82 to Taylor Street, about six or seven years ago. Money was budgeted for Hwy 1417 and was taken away from that segment and used for the segment in Paris. Mr. Barnett said TxDOT does have a new District Engineer in Paris now, so it is important to work to protect funds that are dedicated to Sherman.

As for the plans for Hwy 1417, the road is complete from Hwy 691 to Hwy 11 and a section from Hwy 56 to Hwy 82. There are two sections left to complete. One is on TxDOT’s “books” and is actually designed. However it remains incomplete.

He added this is an important reason to preserve the right-of-way. Without preserving the right-of-way, development can occur within the area and would change the nature of the street. Currently there is still room to swing Hwy 1417 around Dos Lagos, but there is no doubt that Dos Lagos introduced a barrier to extending the roadway.

Mr. Barnett said the City needs to continue the transportation planning effort. There are a couple of issues with the current plan, in that it does not show the Hwy 1417 loop, and North Creek Drive was

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built as a collector road instead of a minor arterial road. The City needs to design a viable plan and stick to that plan. If changes continue to be made it will be more difficult to go toward the center of the City.

Council Member Steele said many times developers ask why the City is requiring them to build a road to a certain standard, and he verified that the requirements are for future growth that is planned for the City. Mr. Barnett said that puts the burden on the developer to build something that their development will use but that can be used by all citizens of Sherman. He added that the City needs to look at “partnering” with developers to put in these roadways to help reduce the cost for the developers.

Mr. Barnett said the south half of the Thoroughfare Plan also needs to be adjusted. Park Avenue is shown as a principal arterial six-lane divided roadway, but that is not feasible. There is a huge floodplain that would be cost prohibitive to cross with a bridge. This area also needs to be re-examined.

There are other areas in the south half of the Thoroughfare Plan that need to be addressed. The Travis Street realignment is actually shown on the TxDOT Transportation Maps and the City needs to make sure it is included in their plan. Howe Drive and O.B. Groner are also areas that need to be addressed.

Mr. Barnett presented the cost of continuing to update the Transportation Plan, which would be included in three projects. The southwest quadrant would be addressed in 2017 at a cost of \$25,000; the northern half in 2018 at a cost of \$25,000; and the southeast portion in 2019 at a cost of \$30,000. These updates would complete the Transportation Plan effort.

He explained the need for a City Planner to oversee planning assignments such as the Transportation Study, the Comprehensive Master Plan development, and the Zoning Map development. The Planner would analyze population growth patterns and make recommendations for public infrastructure improvements such as parks and roadways, as well as review Comprehensive Plan amendments, rezonings, annexations, site plans, and plats.

### **City Street Extensions**

Mr. Barnett said the estimated cost for Phase 1 of the Taylor Street West Alignment is \$3.4 million and includes a roundabout. He explained that a vehicle will yield to enter a roundabout but once on, there is no yielding. The vehicle simply exits at the desired location. They are more efficient and used in place of traffic signals to minimize delays.

Phase 2 of the Taylor Street Alignment will go from west of Bentbrook, out to Washington Street. Estimated cost of the project is \$9.7 million for construction only, not for the engineering portion. Phase 3 will go from Washington Street to Hwy 289. The estimated cost of Phase 3 is \$8.9 million.

Other projects include Lamberth Road from Shady Oaks to Meadowlake at an estimated cost of \$3.9 million; Phase 1 of Friendship Road from Hwy 56 to the new Taylor Street realignment at an estimated cost of \$6.1 million; Phase 2 of Friendship Road from Taylor Street to Lamberth Road at an estimated cost of \$8.1 million; extending Quail Run to Friendship Road at an estimated cost of \$3 million; and connecting Swan Ridge (McGee Street) at an estimated cost of \$1.7 million.

Mr. Barnett emphasized the importance of acquiring the right-of-way prior to development of the area. If the right-of-way is not obtained and the area is developed, the plans could be negated with no way to extend the roadways. He added that the cost of right-of-way acquisition for the projects discussed is about \$600,000 and engineering costs for the projects would be approximately \$6 million.

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### **Loy Lake Road Update**

Mr. Barnett updated the City Council on the status of Loy Lake Road. The staff currently has 90% of the plans under review. They are still working on the lighting system and landscaping plans. The request to advertise will be on the January 18, 2016 City Council Agenda and the contract is expected to be awarded at the February 15 Council Meeting. The plans have been given to franchise utilities to relocate their facilities in the right-of-way. He said there is one "hurdle" with Verizon, but they hope to stay on schedule. The anticipated completion date is November 18, 2016. The estimated cost of construction is \$2.15 million.

Council Member Steele verified that the lighting will still be on poles and not underground. Mr. Hefton said Verizon does have fiber optic cables underground in the area and that could hamper the project. There is a major fiber optic connection box located at Gallagher Road and Loy Lake Road that will need to be moved. He said the City would work with Verizon to get it moved as quickly as possible.

Mr. Hefton said the road will be a four lane road with a divided median and landscaping. He said the cost estimate is just an estimate at this time.

City Council Members took a lunch break from 11:38 a.m. to 11:53 a.m.

Council Member Sofey entered the City Council Meeting at 11:52 a.m.

### **Federal and State Initiatives in Transportation**

Mr. Barnett said there was a lot of discussion about transportation funding, both at the Federal and State level. Congress recently passed the FAST Act (Fixing America's Surface Transportation Act) which allocates \$305 billion for five years for Federal transportation programs.

As for State funding, Prop 1 passed on November 4, 2014, which allocates an estimated \$1.2 billion annually for State roadways, and Prop 7 passed on November 3, 2015, which allocates an estimated \$2.5 billion annually for State roadways. He said, because of oil prices, the Prop 1 funding has been cut in half.

Mr. Barnett said the Federal-Aid Highway Act of 1962 required that all metropolitan areas of over 50,000 population have an MPO in order to spend Federal dollars on transportation improvements. The Sherman-Denison MPO was created in 1982 to coordinate transportation planning within the 20 year urban boundary.

The Sherman-Denison MPO estimated funding includes \$15 million over 25 years from the Urban Mobility Funds, all of which is allocated for FY 2018 for Hwy 131 and Hwy 1417; an estimated \$1.71 million annually from Prop 1 Funds; and an estimated \$7.85 million annually from Prop 7 Funds. He discussed how projects were ranked for funding by the Sherman-Denison MPO, by considering safety, maintenance and system efficiency, congestion, and community interest. Mr. Barnett clarified that the information applies to TxDOT facilities, Farm-to-Market roads and above, not City streets.

A list of Sherman-Denison MPO projects was created for the 25 year horizon. The two projects, widening Hwy 131 and Hwy 1417 from Taylor Street to Hwy 82, were funded through Urban Mobility Funds and the other projects were funded through Prop 1 and Prop 7 funds. A member of the audience asked if these were today's dollars or future dollars. Mr. Barnett said they are estimated, but they do include an inflation rate.

Projects for Sherman or adjacent to Sherman (Hwy 691) add up to \$62 million. All projects named by the Sherman-Denison MPO add up to \$108 million. Sherman's percentage of the projects is quiet healthy. Sherman has 42% of the population within the MPO and 52% of the funds will be spent in or around Sherman.

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Sherman's projects include:

- Travis Street, from Hwy 75 to North Creek, at an estimated cost of \$15.8 million
- Heritage Parkway, from Hwy 82 to Taylor Street, at an estimated cost of \$7.8 million
- Hwy 691 East of Hwy 75, from the Hospital to Texoma Parkway, at an estimated cost of \$4.5 million – project will widen to a four-lane, divided road
- Heritage Parkway, from Houston Street to Taylor Street, at an estimated cost of \$9.5 million
- Northeast Loop, from Hwy 691 to Hwy 1417, at an estimated cost of \$10.82 million
- Hwy 691 West of Hwy 1417, on TxDOT's plan to tie into Plainview Road and continue to Hwy 289, at an estimated cost of \$7.8 million

Council Member Steele verified that the projects for Hwy 691 would continue what has already been completed. Mayor Plyler verified that the Travis Street project included a new overpass over Hwy 82. Mr. Barnett added that it is for a four-lane, undivided section, due to right-of-way constraints. Mr. Barnett said on the Northeast Loop project, the City will have to "work around" Dos Lagos.

Mr. Barnett said these projects were planned for Prop 1 money. In November 2015, the State added Prop 7 money. Since that time they have cut Prop 1 money in half. Going forward the MPO will either create a new list of projects or will condense the current list. The necessity for right-of-way will continue to be the subject of much discussion.

Sherman's future funding priorities are Hwy 56, from Case/Riddles Road to Archer Drive. The first segment will be between Case/Riddles Road and Hwy 1417. There is a "hump" at Friendship Road that is dangerous to navigate and a portion of the project would be to eliminate that "hump." After that, the project would include completion of the southeast portion of the loop.

- Hwy 56 West of Hwy 1417, at an estimated cost of \$5.53 million
- Southeast Loop of Hwy 1417, from Lamar Street to Hwy 11, at an estimated cost of \$5.6 million

Mr. Barnett said on October 19, 2015, the City Council approved an agreement with the Sherman-Denison MPO to provide project management services. This agreement will help reduce the cost, provide local representation in the design process, and avoid any conflict of interest issues out of hiring an engineering firm to perform the engineering management oversight services.

The Paris District of TxDOT includes Grayson, Fannin, Lamar, Hunt, Delta, Hopkins, Rains, Red River, and Franklin Counties. In FY 2014, construction expenditures for the District were \$62.9 million. Prop 1 funds were estimated at \$22.2 million annually, and Prop 7 funds were estimated at \$44.4 million annually, for a total available estimated funding for construction of almost \$130 million annually. The Sherman-Denison MPO has estimated annual funding of \$10 million. The City of Sherman is working to receive a good portion of the \$10 million, but there is another \$130 million in Paris that the City needs to be proactive about getting.

Mr. Barnett said TxDOT has made a commitment to extend the Service Road to the Dallas North Tollway, which is an \$8.1 million project; ramp reversals at Hwy 120 in Denison for \$4.5 million; and rebuilding Hwy 75 from Shepherd Drive to the Red River.

As the design process for Hwy 75 begins, the City needs to discuss with TxDOT issues such as the flooding of the highway, the Travis Street Realignment, entry and exit ramp locations, and the Hwy 75/Hwy 82 interchange. Mr. Barnett said there will be a design committee composed of the policy board and the TAC to discuss these and other issues concerning Hwy 75.

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### **Leveraging Local Funds**

Mr. Barnett discussed a local match to help fund transportation projects saying the local match can include designing the projects, acquiring the right-of-way, or funding a percentage of the construction cost. The benefits of a local match are that they show the City has a vested interest in the success of the project, the project can be designed to fit the City's needs, it helps avoid delays and loss of funding, and can get the project moved up on the list. He gave several examples on how a local match could be used for specific projects.

For example, for the Travis Street project between Hwy 75 and North Creek, the estimated cost of acquiring the right-of-way is \$500,000 and must be done in the FY 2017 Budget to avoid the loss of funding for the project. The City could chose to participate in the design cost at an estimated cost of \$1.6 million. This would allow the City to make the bridge look like they want it to look and to have the proper drainage. With a proposed match of \$2.1 million, the City could ask TxDOT to move the project from Sherman-Denison MPO money to the Road and Bridge Fund, which would free up the MPO money for another project.

Council Member Steele asked if the TxDOT District Office had been receptive to this type of local match in the past. Mr. Barnett said the City of Sherman has not been very active about using that method, but the Cities of Denison and Van Alstyne have been, and have received a lot of money for projects. TxDOT has an incentive to participate because it also allows them to free up some of their money for other projects. He said they are open to the local match, but you need to approach them with a plan and some collateral.

He outlined several other possible opportunities to use the local match to leverage funds for projects in Sherman including the ramp reversal for Hwy 75 at Hwy 1417, Hwy 1417 from Taylor Street to Hwy 82, Hwy 1417 from Hwy 56 to Taylor Street, Hwy 56 from Riddles Road to the "split", Hwy 1417 Northeast Loop, Hwy 691 from Hwy 1417 to Hwy 289, and the Hwy 1417 Southeast Loop.

He explained that City participation on each project could include participation in the design cost, in the construction cost, and in some cases, acquiring the right-of-way. Mr. Barnett said Grayson County and the City of Denison have also discussed participating in the Hwy 691 project. By participating in the design of the projects, the City will have a little more control over how they look, with drainage, landscaping, and lighting, and can design for future growth by the use of medians.

Mr. Hefton said by participating in the design of the project, it takes TxDOT out of the design business and makes them a pass through agency for funding only, and essentially expedites the project. TxDOT has said that anytime the City helps them with the design and the right-of-way, that will help expedite the project.

Mr. Barnett said the local match can also apply to traffic signals. Currently the City has 15 traffic signals with one under design. Most of the signals are outdated. TxDOT has 45 signals within the City limits and most of these are also outdated. It is anticipated that Sherman's population will be between 42,000 and 45, 000 by 2020 and between 48,000 and 52,000 by 2030. When the population reaches 50,000, the City will be required to take over maintenance of the TxDOT traffic signals.

He showed the TS1 signal cabinet vs the TS2 signal cabinet. The TS1 is very basic and the signals change from green to yellow to red. With the TS2 cabinet, the programmer can control timing and better control the flow of traffic through town. There are also signals with mutual inductance loops that actually have wires in the pavement that trigger the changing of the signals. Over time the sensors get depressed and continuously signal that a vehicle is there. These are high maintenance signals. The new system is video detection and detects a vehicle as it comes into the travel path. This is a very low maintenance system and a better way to handle traffic. The new communication systems will also allow maintenance without being on the scene.

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Mr. Barnett proposed a local match to take over the signal system early from TxDOT in exchange for upgrading the signals. This year the City has hired a traffic signal technician instead of utilizing the Street Department Manager, and is training a second individual. In time, Mr. Barnett said they hope to add a third person.

### **Cost Summary and Funding Options**

Mr. Barnett outlined a cost summary of the projects. Sherman's Construction Phases 1 and 2 are estimated at \$13.4 million, and includes Lamberth Road, Taylor Street to McGee Street, Friendship Road, Quail Road, and Swan Ridge.

Phase 3 is estimated at \$17.8 million and includes the second phase of Friendship Road and the second phase of Taylor Street. Phase 4 is estimated at \$8.9 million and is the last phase of Taylor Street.

TxDOT's Construction Phase 1 is estimated at \$28.1 million, Phases 2 and 3 are estimated at \$10.35 million, and Phase 4 is estimated at \$26.21 million. The estimated cost of the Traffic Signal Project would be \$4 million.

In summary, he outlined the City and TxDOT's costs for the projects. The total proposed local match is almost \$13.5 million and TxDOT construction dollars only is almost \$69 million. Mr. Barnett said this shows the power of leverage. For a \$13,377,000 investment, the City would get \$68,710,000 in infrastructure.

Mr. Hefton said the estimates proposed are just that, estimates. He asked the Council to realize this is not the official plan. That plan will be developed over the next several months as the budget process begins. Since the timing is not actually known, the years stated are simply "place holders." From a conceptual standpoint, Mr. Hefton said these are the priorities over the next few years. Plans for the southwest quadrant of Sherman are not included in these estimates yet, but depending on development, there may be some other projects that are moved to the forefront.

Mr. Hefton said Sherman's primary growth corridor is Hwy 1417 and west. He said there are some opportunities to leverage local dollars to expedite and/or enhance what TxDOT is doing. Some of these TxDOT projects are years away and if the City wants to move these up on the list, there might be some local dollars that could be spent to complete those projects in a way that is beneficial to Sherman and in a timeframe that benefits Sherman. He said there is a phased approach that the staff will be coming back with for all the projects.

Mr. Hefton said sometimes retail follows rooftops, but rooftops are grown through a combination of things such as jobs, schools and education, community amenities, well designed and built cities, and a vibrant and diversified economy. He said Sherman has elements of all of those things and different "players" that the City partners with to grow them. The City has a lot of control over community amenities and how well Sherman is designed and built. He added that industrial, commercial, and retail development always subsidizes residential services, especially in the General Fund. They pay higher taxes because their tax base is high, but they don't use the services. Therefore it is important to have a diversified industrial and commercial base.

Mr. Hefton discussed financing for the City. He said \$1 million in debt is serviced by \$70,000 in revenue. The two major revenue sources in the General Fund are property taxes and sales taxes. From a property tax standpoint, at the City's current tax rate, it would take \$20 million in additional property tax revenue to support \$1 million in debt. From a sales tax standpoint, an "average" national chain fast-food restaurant would service about \$1 million of debt. Therefore, where it would take

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about 150 new homes, it would just take one average, retail restaurant to pay for \$1 million in debt service. Sales tax cannot be used as a security for issuing debt through bonds. It must be secured with property taxes.

Mr. Hefton said \$.01 on the tax rate will fund about \$4 million of debt service or new projects. He said Panda II is still on track, even though there is no guarantee they will open in Sherman. They are currently in the permitting process and expect to hear something from the State by summertime. If Panda II does open in Sherman, even after the abatement, their property taxes alone would support \$4 million to \$6 million in new debt. Their taxable amount will be between \$80 million and \$120 million in new property that comes on the rolls.

In a high growth City, and even though Sherman is not growing as fast as Frisco or McKinney, Mr. Hefton said we have seen a higher rate of growth over the last couple of years. He felt that rate of growth would continue with the industrial, retail, and commercial development that is happening. In 2015, Sherman saw the construction of 130 or 140 new houses that averaged about \$160,000 per household. The average household in Sherman currently is about \$100,000 per household, so this new construction is 60% more valuable than the current average. Sherman is currently seeing growth that hasn't been seen in many years.

Mr. Hefton said Sherman can't possibly grow the tax base fast enough to pay for the transportation projects that are needed. He said sales taxes fund operations and property taxes fund both operations and capital items, such as roads and a new fire station. In the upcoming months, the staff will be coming back to the Council for funding items such as the Library renovation and a new southwest Fire Station. These things will be supported by property tax dollars, either through growth in the property tax base or in the rates, or in a combination of both.

He added that all healthy cities, whether they're growing or not, have some reasonably large portion of their tax rate that is used to support debt. Of the cities compared, the average part of the tax rate that goes to support debt is \$0.17 and the part that supports management and operations is \$0.49. Sherman's part of the tax rate that goes to support debt is \$0.04 and the part that supports management and operations is \$0.33. He said those with the higher proportionate debt tax rate are those that are experiencing higher growth. A City must borrow to pay for that type of growth and to do that, they must build up their tax rate. Mr. Hefton said to pay for growth, you must "take out a mortgage."

Mr. Hefton said Sherman is on "the heels of growth" and the pressure we are beginning to feel is from a transportation standpoint. He expressed the importance of future planning for transportation issues so that later, accommodations don't have to be made for development that has forced changes to the original plan. He said, since there is a Transportation Plan, it is imperative that the right-of-way for the planned thoroughfares be obtained to protect the planned transportation corridors.

Mr. Hefton said Hwy 1417 is the next "growth corridor" in Sherman and is already having a big impact. He said land prices are increasing and will continue to increase as development continues. It is important that the corridor be handled correctly and transportation is one of the key factors.

He added that growth and development along Hwy 1417 will increase revenues and allow more to be done and more debt to be issued, without having to increase the tax rate. He urged incremental changes to fund the projects, but he said it can't be done with growth in the property and sales tax base alone. It must be helped out by the rates. He said \$10 million in debt costs about 2½ cents on a tax rate. He said the staff will have a better plan in April for budget discussions, but he urged the Council to think about how to minimize the effect to the taxpayer, but also recognize that the City can't keep up with the growth on a pay-as-you-go basis.

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Mr. Hefton asked for any questions that the Council might have.

Council Member Watt verified that Sam's Club is "on board" for reworking the Loy Lake Road Expansion Project. Mr. Hefton added that the City is trying to work with Verizon to get their utilities moved out of the project area.

Council Member Sofey said it is exciting to see the staff and Council working on these projects. In the past the City has been reactive, and if there are problems with any road in Sherman, it can gridlock the entire town, because there aren't east-west thoroughfares. The bulk of the growth is toward the west and he said these projects are very exciting.

Mr. Hefton said this is a great staff and to actually work with the consultants and get a plan on paper is great. He said there's not a plan yet as to how the projects will be accomplished, but the first step is recognizing that there is an issue and then taking steps toward addressing the issue. He said there might be some "pain" to get where they need to go, but they want to be able to say they did the right thing and made hard decisions that were the right thing to do. He also urged a "pro-development" approach to dealing with developers.

Council Member Watt asked if, during the budget work sessions, Mr. Hefton anticipated recommending that the City do the design work on Hwy 1417 to help the process and upgrade the road. Mr. Hefton said all of Hwy 1417, but especially from Hwy 82 to Hwy 56, Phase 1 should be done immediately; at Taylor Street, lining up the right-of-way from where it exists today, to the roundabout, to Hwy 289; expediting some of the TxDOT projects, like Hwy 1417 or Travis Street; and then going from there.

Mr. Hefton said, from a TxDOT standpoint, he felt the City could have the same affect in moving the projects forward, if the City would do the engineering and right-of-way. Mr. Barnett proposed doing the engineering, right-of-way, and 10% of the construction costs. Mr. Hefton said he felt the City should offer to contribute the money for engineering and right-of-way, which equals about 10% to 15% of the project costs and not the additional 10% of the construction cost too. He felt that would be enough to get the project completed through TxDOT.

He asked the City Council if the staff was "heading in the right direction." If so, Mr. Hefton, Mr. Barnett, and Mayor Plyler will be making trips to the TxDOT District Office in Paris to talk with Paul Montgomery, District Engineer, to begin this process. He said the City needs to be proactive, saying they have the available resources to do this and it's important to Sherman. He felt it would be well received and could move those projects along.

### **Richard Hose, P.O. Box 2044, Sherman**

Mr. Hose complimented Mr. Hefton on the work that has been done so far. He has previously lived in Carrollton and Grand Prairie and been involved in planning with TxDOT. He felt there was not enough multi-family development in Sherman. He also felt that good mass transit was needed. He said the Texoma Area Paratransit System or whatever company takes over, needs to be focused on a good mass transit system.

Mr. Hefton said a robust planning effort is needed whether it is for single-family, multi-family, commercial, or industrial development. That type of development doesn't happen as it should without good planning. Those things come naturally as a result of good planning.

**COUNCIL MINUTES – JANUARY 11, 2016**

**ADJOURNMENT**

There being no further business to come before the City Council, motion was duly made and approved to adjourn the Called Meeting at 1:05 p.m.

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MAYOR

ATTEST

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CITY CLERK