

STATE OF TEXAS §

April 19, 2024

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 April 19, 2024.

COUNCIL MEMBERS PRESENT: Mayor David Plyler; Deputy Mayor Shawn Teamann.
Council Members Dobbs, Holland, Howeth, Marroquin, Stevenson.

COUNCIL MEMBERS ABSENT: None.

CITY STAFF PRESENT: Robby Hefton, City Manager; Terrence Steele, Assistant City Manager; Clint Philpott, Assistant City Manager; Zach Flores, Assistant City Manager; Ryan Pittman, Attorney; Abernathy, Roeder, Boyd, Hullett; Rob Rae, Director of Development Services; Wayne Lee, Director of Engineering; Mary Lawrence, Chief Financial Officer; Billy Hartsfield, Fire Chief; Jason Jeffcoat, Police Chief; Jana Walker, Controller; Tom Pruitt, Utility Engineer; Nathan Whiddon, Wastewater Superintendent; Shawn Hackworth, IT Manager; Eric Sandberg, Quality Services Manager; Leah Campbell, Human Resources/OD Administrator; Nate Strauch, Community and Support Services Manager; Jim Cross, Water Systems Manager; Theresa Hutchinson, Parks and Recreation Manager; Jimmy Mrozinski, Solid Waste Superintendent; Bart Bowman, Deputy Fire Chief/EMS; Steven Davis, Assistant Fire Marshal; Travis Overturf, Civil Engineer; Tasheena Taylor, Administrative Assistant; Moises Duran, Emergency Management Coordinator; Melissa Eason, Library Services Administrator; Trevor Deaton, IT Support Tech; Teri Fine, Assistant to the City Manager; Linda Ashby, City Clerk.

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

Pledge of Allegiance and Invocation by Council Member Juston Dobbs

Citizen Comments

Financial Update and Council Input for 2024-2025 Budget Year

Council Comments

Executive Session

In Accordance with the Texas Open Meetings Act, Chapter 551 of the Texas Government Code, the City Council may hold an Executive Session if the discussion of any of the items identified in this agenda, or any of the items identified below, concern one or more of the following:

TEX. GOV'T CODE § 551.071 --

Seeking the advice of its attorney about pending or contemplated

COUNCIL MINUTES – APRIL 19, 2024

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.

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

Open Meeting

Adjournment

CALL TO ORDER, QUORUM DETERMINED, MEETING DECLARED OPEN

Mayor Plyler called the meeting to order at 11:14 a.m., declared a quorum present, and opened the Called City Council Meeting.

PLEDGE OF ALLEGIANCE AND INVOCATION BY COUNCIL MEMBER JUSTON DOBBS

CITIZEN COMMENTS

COUNCIL MINUTES – APRIL 19, 2024

There were no citizen's comments.

FINANCIAL UPDATE AND COUNCIL INPUT FOR 2024-2025 BUDGET YEAR

Robby Hefton, City Manager, said this would be an update on the where the City stands financially, in FY 2024, and discuss long-term planning issues, the upcoming budget year and future projects, and expectations for revenues. He also asked Council Members to advise the staff if there are things they would like to consider and bring back for discussion at the Budget Work Shop.

FY 2024 Work Plan Update

Mr. Hefton updated the Council on the FY 2024 Work Plan items and their current status of completion. There are challenges in the Solid Waste Fund and he said they could postpone a rate adjustment this year, in lieu of a transfer from the General Fund, however they will need to discuss future options. He also addressed rate issues from the FY 2024 Budget. He also briefly discussed the status of the major CIP projects for the budget year.

Financial Update -- Operations

Mary Lawrence, Chief Financial Officer, discussed the ending reserves for FY 2023 in the General Fund, which were at 118 days, slightly below what was budgeted. Staff expects that FY 2024 expenditures will be above budget due to the replacement of the City Hall HVAC, and transfers to the Solid Waste and Tourism programs.

In the Utility Fund, ending reserves were up because of projected well repairs that weren't completed last year, however those will be seen in FY 2024. Projected revenues are better than expected.

Reserves were up in the Solid Waste Fund, mainly due to the deferment of the purchase of two trucks this year.

All projected fund balances, as of September 30, 2024 are at, or above projected fund balances, so the financial performance is generally good.

Ms. Lawrence covered revenues and expenditures for all the major funds. She discussed several financial indicators, including new value and growth in property, and property taxes, and how Sherman's rate compared to comparable cities. A portion of FY 2023 and FY 2024 sales tax revenue is "one-time money" from the construction of Texas Instruments and GlobalWafers.

Mr. Hefton also addressed Texoma Solid Waste Authority gate fees in the Solid Waste Fund, which has increased 27% in the last two years. Ms. Lawrence said the commercial solid waste rates are within market, but the residential rates are 280% below the average market rate. She addressed other challenges in the Solid Waste Fund. The Solid Waste Fund is an "enterprise fund" which means it's funded by user fees.

Council Member Holland entered the Council Meeting at 11:39 a.m.

Transfers out of the Solid Waste Fund, Utility Fund, and General Fund are going into the Employee Insurance Fund.

Long-Term Planning -- CIP, 5_Year Projections, and Debt Update

Ms. Lawrence presented a list of the Capital Improvement Projects, but said there will be a separate meeting later to cover these items in detail. She also discussed the specific types of debt that the City has, from Certificates of Obligation, General Obligation debt, and Tax Notes. Mr. Hefton discussed the possible use of Tax Notes to help the Solid Waste Fund and possible capital outlay for major equipment purchases.

COUNCIL MINUTES – APRIL 19, 2024

Ms. Lawrence addressed several years of “challenges” on bond payments, and Mr. Hefton said sales tax revenue is expected to go down some, due to the large industrial construction. The normal spending is “healthy,” but the large industrial construction has been a big part of the revenue for the last few years. This was expected to be “one-time money.”

34:39 Pg CIPs

FY 2024 Workplan and Budget Focus

Council Input

COUNCIL COMMENTS

There were no Council comments.

EXECUTIVE SESSION

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No Executive Session was needed.

ADJOURNMENT

There being no further business to come before the City Council, motion was duly made and approved to adjourn the Called Meeting at 12:59 p.m.

MAYOR

ATTEST

CITY CLERK