

STATE OF TEXAS §

October 12, 2016

COUNTY OF GRAYSON §

BE IT REMEMBERED THAT A Joint Meeting of the Sherman City Council and the Main Street Advisory Board was begun and held in the City Council Chambers on October 12, 2016.

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

COUNCIL MEMBERS ABSENT: Council Member Howeth.

MAIN STREET ADVISORY BOARD MEMBERS PRESENT: Sherry Little, Ginger Nye, Daron Holland, Verna Gilbert-Morneau, Felicia Herron, Robin Phillips, Kevin Couch (Ex-Officio).

MAIN STREET ADVISORY BOARD MEMBERS ABSENT: Karen Tooley (Ex-Officio).

CITY STAFF PRESENT: Robby Hefton, City Manager; Don Keene, Assistant City Manager; Brandon Shelby, City Attorney; Steve Ayers, Director of Community and Support Services; Scott Shadden, Director of Development Services; Mary Lawrence, Director of Finance; Nate Strauch, Communications Manager; Sarah McRae; Tourism/Main Street Manager; Pam Cloer, Assistant to the City Manager; Matt Joseph, Systems Coordinator; Linda Ashby, City Clerk.

PURPOSE: Call to Order, Quorum Determined, Meeting Declared Open, Recognition of Guests and Visitors

Invocation by Mayor David Plyler

PRESENTATION

Receive Briefing on a Downtown Incentive Policy

RESOLUTION NO. 6149

Adopting a Downtown Incentive Policy for the City of Sherman

OTHER BUSINESS

ADJOURNMENT

CALL TO ORDER, QUORUM DETERMINED, MEETING DECLARED OPEN, RECOGNITION OF GUESTS AND VISITORS

Mayor Plyler called the meeting to order at 12:00 p.m., declared a quorum present, and opened the City Council Meeting. Robin Phillips, Chairman of the Main Street Advisory Board, declared a quorum present, and opened the Board Meeting.

INVOCATION BY MAYOR DAVID PLYLER

PRESENTATION

RECEIVE BRIEFING ON A DOWNTOWN INCENTIVE POLICY

COUNCIL MINUTES – OCTOBER 12, 2016

Robby Hefton, City Manager, said a few months ago, Council Member Couch approached him with some ideas to invigorate the downtown area, especially as it relates to retail and restaurant development. The request also came about through a meeting that downtown representatives had with the State. The staff researched incentives that were offered by other cities to enhance their downtown areas. He felt the proposed program could be a great thing for downtown and could be a “flashpoint” for encouraging momentum. After that, the program will be re-evaluated to determine if it should continue.

Council Member Couch said he is a Council Member, but also a business owner and a resident of downtown. He said it is critical to “grow” the Central Business District through both public and private partnerships. The proposed incentives will be partnerships between the public sector and the private sector. He added that this is the first step the City has taken since 2005, to allocate money to incentivize the Central Business District and Tax Increment Financing program.

Council Member Couch said the City spent about \$150,000 to gain \$1.5 million in private investment in the Central Business District, which is “a huge win.” He added that these are leveraged investments from the private sector. The Main Street Advisory Board has also become a part of the Texas Historical Commission and they have adopted a four-point approach. One of those points is for economic vitality, with a goal to identify new market opportunities for the commercial district, find new uses for the historical commercial buildings, and stimulate investment in properties.

Nate Strauch, Communications Manager, gave a presentation on the proposed incentives. He said revitalization in the downtown area has increased considerably in the last three or four years. Many new businesses have opened, structures have been revitalized, and the Façade Grant has been an important part of the process. Historically, Sherman’s retail center has moved from downtown to Sher-Den Mall to Midway Mall to Town Center, and they now hope to move some of the focus back to downtown.

The Central Business District Historic Building Restoration and Improvement Grant, or Façade Grant, was established in November of 2005, and has supported nine downtown projects by funneling \$143,870 from the Hotel/Motel Tax Fund. Private money that was spent on these projects was \$1.47 million, which is a huge return on investment.

Mr. Strauch said the next step was Main Street. In October 2015, Sherman received the Main Street designation and Sarah McRae was hired as the new Main Street Manager in January 2016. Texas First Lady Cecilia Abbott dedicated the program in May 2016 and “injected enthusiasm” into the program. In July 2016, representatives from Austin, Texas, that are experts in downtown revitalization, visited Sherman, toured the downtown area, and presented a report of where Sherman’s been, where we are, and where we could be. The idea for the proposed incentives came from that report.

The incentives, known as “Project Jumpstart the Heart,” were a product of the input from the Texas Main Street Advisory Board. Since the Façade Grant has been so successful, it will be supplemented with two additional incentive policies designed for different types of entrepreneurs. The Façade Grant has a narrow focus and is meant for people that want to restore a historic building.

In order to expand the downtown incentives to other types of entrepreneurs, the staff is proposing an Occupancy Incentive and a Fee Waiver Incentive to capitalize on the recent momentum and to “push it forward.”

Occupancy Incentives are somewhat popular in Texas and have proven successful in increasing the number of businesses downtown. They are typically short-lived and would be available during a one-year window, to encourage the opening of downtown businesses. After that first year, the incentive

COUNCIL MINUTES – OCTOBER 12, 2016

would end, unless the City Council decided to extend the program for a longer period. Mr. Strauch said other cities have seen a 15% to 20% increase in occupancy rates downtown through this incentive. This incentive would utilize the \$50,000 originally budgeted for the Façade Grant this year. Because the Façade Grant was only used once last year, \$33,000 was left over and will be kept for Façade Grants during this fiscal year.

He added that any new restaurant or retail shop downtown could apply for the incentive. Because the funding is from Hotel/Motel Tax dollars, they must be given to businesses that are tied to tourism promotion. He explained that approved applicants will receive 50% of their mortgage payments after they have been in business for one year. This will allow the City to invest in “successful businesses.” The amount of the incentives will be capped at \$6,250, which will allow for eight applicants to receive the incentive.

Mr. Strauch explained that the Fee Waiver Incentive is also a common form of economic incentive and would be available to new construction or renovation projects. Once the applicant was approved, they would be exempt from paying City fees for a period of one year. The waiver would not apply to recurring fees such as trash or water service. Construction fees would be waived.

Mr. Strauch added that some types of businesses were excluded from the Fee Waiver Incentive because the City did not want to incentivize their development in downtown Sherman. These include temporary businesses, kiosks, and sexually oriented businesses. The Fee Waiver Incentive also only applies to the Central Business District. Any project approved for the Façade Grant would automatically be enrolled for fee waivers, since they would have already met a higher requirement.

He also outlined several other considerations of the program including that the City Manager will work with the Planning and Zoning Department to ensure that downtown permits aren't caught in red tape. The staff is also evaluating the scope of the Central Business District to determine if its boundaries are appropriate or if it should be expanded.

Another idea from the Texas Main Street Meeting was to label certain streets as “rows” such as “Retail Row” and “Restaurant Row,” which could help with downtown branding. Mr. Strauch said the Main Street Advisory Board will continue to explore ways to improve the downtown area.

Mr. Hefton said the City actually has multiple programs and policies that reference the Central Business District. Some relate to the regulations for zoning, some relate to the reinvestment zone program, and some relate to the Community Development Block Grant program. During research for this program, it was determined that there might need to be an evaluation of the boundaries of the Central Business District, in order to make them more uniform for all of the programs.

He said this proposed incentive program is not intended to be an on-going program and the plan is to commit for one year. The program would be re-evaluated next year and the Council could choose whether or not to continue the incentives. If approved, the incentive program would be managed in a similar way as the Façade Grant. Normally the requestor contacts the City staff with information about the project and the staff evaluates the request and works with the requestor to prepare the application for City Council consideration. There would be no additional work for the City Council, other than for consideration and approval.

Council Member Davis clarified that the Façade Grant would apply more to owners of a building that want to renovate or remodel their own property, and the Occupancy Incentive would apply more to the lessee that was going to start a business in someone else's building.

COUNCIL MINUTES – OCTOBER 12, 2016

A citizen in the audience asked if there would be a cap on the types of businesses that would be approved for the incentive. She said Sherman didn't need five pizza restaurants downtown, they needed diversity. Mr. Strauch said each applicant will be considered by the City Council for approval.

Another citizen in the audience asked about the boundaries for the Central Business District. Mr. Strauch said currently the boundaries border on the southeast side by Jones Street, on the southwest side by US Hwy 75, to the railroad tracks, then to Montgomery Street, and back to Jones Street.

A citizen asked if the grant would apply to a current business that wants to remodel their business or add something to their current operation. Mr. Strauch said the Fee Waiver would apply, however the Occupancy Incentive would not apply. The Occupancy Incentive would be for new businesses or businesses that are moving downtown.

RESOLUTION NO. 6149

ADOPTING A DOWNTOWN INCENTIVE POLICY FOR THE CITY OF SHERMAN

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, ADOPTING A DOWNTOWN INCENTIVE POLICY FOR THE CITY OF SHERMAN.

Council Member Couch felt there should be a "sense of urgency" for the Occupancy Incentive since it would encourage a potential business owner that might have been only considering opening a business to go ahead and move forward.

Mr. Hefton recognized Mr. Strauch for his hard work on the incentive program.

ACTION TAKEN.

Motion by Council Member Johnson to approve Resolution No. 6149, as presented.

Second by Council Member Couch.

VOTING AYE: Couch, Davis, Johnson, Sofey, Steele.

VOTING NAY: None.

MOTION CARRIED.

OTHER BUSINESS

ADJOURNMENT

There being no further business to come before the City Council or the Main Street Advisory Board, motion was duly made and approved to adjourn the Joint Meeting at 12:22 p.m.

MAYOR

ATTEST

CITY CLERK